



## Editorial Article In Employment News Dated 02.07.2016 to 08.07.2016

National Civil Aviation Policy will  
Help Create Jobs  
Jitender Bhargava

Aviation industry is globally recognized as a catalyst for economic development. As per an International Civil Aviation Organization (ICAO) study, the employment multiplier in the sector is an impressive 6.10. It is therefore surprising that it took India 83 years after JRD Tata heralded the birth of Indian civil aviation in 1932 by operating the maiden flight on the Karachi-Mumbai sector via Ahmedabad to have its National Civil Aviation Policy (NCAP).

It isn't that the policy makers were not aware of the huge growth potential that the country had but they allowed foreign carriers to harness the Indian market potential rather than laying emphasis on developing the Indian aviation industry - airlines and airports. Since foreign airlines were dominating our skies and taking away our passengers by operating more and more flights into various Indian cities, the job opportunities for pilots, cabin crew, airport personnel, maintenance engineers and technicians were also taking place in foreign countries - UAE, Qatar, Singapore, etc. rather than in India.

Not only were our young people thus denied the employment opportunities that our market was offering but it also allowed foreign airlines to remit huge foreign exchange earnings garnered from Indian passengers. The past two decades can only be

described as a period when domination of foreign airlines was encouraged at the expense of country's long term interests.

Better late than never, as they say! Now that the country has finally got NCAP, approved by the Modi government on 15 June 2016, after being under formulation and consideration for over two decades, it should give the much needed sense of direction to the industry.

The policy in its vision statement states that it will "create an eco-system to make flying affordable for the masses and to enable 30 crore domestic ticketing by 2022 and 50 crore by 2027; and international ticketing to increase to 20 crore by 2027". Further, in its objective, the policy states:

- Establish an integrated eco-system which will lead to significant growth of civil aviation sector, which in turn would promote tourism, increase employment and lead to a balanced regional growth.
- Ensure safety, security and sustainability of aviation sector through the use of technology and effective monitoring.
- Enhance regional connectivity through fiscal support and infrastructure development.
- Enhance ease of doing business through deregulation, simplified procedures and e-governance.
- Promote the entire aviation sector chain in a harmonized manner covering cargo, MRO, general aviation, aerospace manufacturing and skill development.

The all encompassing NCAP covers all facets of the industry viz. Regional connectivity, Safety, Air Transport Operations, Route Dispersal Guidelines, 5/20 Requirement for International Operations, Bilateral traffic rights, Code-share agreements, Fiscal Support, Airports developed by State Govt, Private sector

or in PPP mode, Air Navigation Services, Maintenance, Repair and Overhaul (MRO), Ground handling, etc.

The two key areas that will boost aviation sector phenomenally are the regional connectivity and MRO. As both these areas will generate huge employment opportunities, let us focus on them.

The Regional connectivity lays emphasis on providing air connectivity to tier 2 and tier 3 cities by capping the fare at an affordable Rs 2,500 for a one hour flight, and Rs 1,200 for a less than 30-minutes flight. Many have been questioning whether such low fares are at all feasible? The answer is an emphatic yes. With the state governments now mandated to develop the existing airstrip, bear the costs of maintaining the terminal building, provide security and fire services and extend concessions in sales tax on air turbine fuel, etc. the cost of operating flights for airlines will come down significantly. One should not also ignore the fact that on many existing routes of less than one hour flight duration, the all inclusive fare is still less than Rs 2,500,

A pertinent question also being asked is: why would a state government incur expenditure and offer concessions to promote regional connectivity? The reasons are simple. As aviation acts as a catalyst for economic development, operation of a flight to a remote area of the state will lead to growth in tourism, development of hotels, and movement of local produce besides enabling faster travel for people of the area. Seen in the context of capped fare of Rs 2,500, which many will be able to afford, the policy on regional connectivity should see success in the months to come. All that the country needs for giving regional connectivity the much desired impetus is some foresight on the part of our government administrators. One hardly needs to reiterate that enhanced employment opportunities will be purely incidental to activities spurred by air connectivity and operation of each new flight.

Perhaps as a measure to instill a sense of confidence in those wishing to venture out to start an airline to operate on regional routes, NCAP also provides for Viability Gap Funding (VGF) for flights operated under regional connectivity. This is considered important because just in case an operator on some regional route, fails to recover the operational costs on a capped-fare of Rs 2,500, the government can fund it to cover the deficit, thus not only ensuring profitable operations for an airline but also stability in flights.

Likewise, the growth of passengers and expansion of air connectivity network visualized by the government in the policy will naturally translate into acquisition of more aircraft. As aircraft require periodic maintenance for safe operations, the country will need more engineers and technicians. As the current regulations were making maintenance of aircraft costly in India, most airlines had been sending their aircraft abroad - to Sri Lanka, Singapore and Dubai, for maintenance. With NCAP now offering tax concessions, incentives besides granting MROs infrastructure industry status, the costs of aircraft maintenance will go down. This will ensure that airlines in India having their aircraft maintained in India. The acquisition of new and smaller aircraft for regional connectivity will also add to the business opportunities of MROs. The country may also in the process see reversal of current trend - from our airlines sending their aircraft abroad for maintenance to our MRO establishments getting aircraft of foreign airlines for maintenance.

What does this translate into? Development of MRO facilities in the country with assured sustained business and creation of job opportunities. If India has lost out in the past due to the absence of NCAP, the future can only be considered as bright. As a matter of fact, the pride should not be drawn from the global standing based on the size of the market - India is currently ranked 9th but

endeavors to become the third largest market by 2022, after USA and China, but on the robustness of our civil aviation sector, which it hasn't been in the past. NCAP aims at helping attain this objective in the not-so-distant future.