

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2445
ANSWERED ON:30.08.2007
STRINGENT CRITERIA FOR PRIVATE AIRLINES
Bhargav Shri Girdhari Lal

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has made criteria more stringent for private airlines to start their operation;
- (b) if so, the details thereof and the reasons therefor;
- (c) the affect of these measures likely to be caused on aviation industry; and
- (d) the details of the action taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a):- Yes, Sir.

(b):- The paid up equity capital for scheduled operators upto first five aircraft having take off mass exceeding 40,000 Kgs. and having take off mass not exceeding 40000 kgs. will be Rs. 50 Crore & Rs. 20 Crore respectively. For each addition upto five aircraft additional equity requirement would be Rs. 20 Crores and Rs. 10 Crores respectively.

All existing Private Operators will be required to comply with the above requirement and whenever necessary will have to raise their authorised and paid up capital to the prescribed minimum level within a period of one year. However, there will be no need for further enhancement of equity if the paid up equity/reserves of Rs. 100 Crores is available with the airlines.

The basic purpose of enhancing the entry capital norms in respect of scheduled airline operators was that the operators have sound financials and adequate financial commitment to provide sustained passenger airline services over a period of time.

(c) and (d):- Only serious companies having sound financial background will be able to provide the Scheduled Air Transport Services in the country on a sustainable basis leading to stability in the sector.