

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:446
ANSWERED ON:14.03.2012
ROAD MAP FOR DEVELOPMENT OF CIVIL AVIATION SECTOR
Reddy Shri Modugula Venugopala

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has taken note of series of infirmities/problems faced by Civil Aviation Sector, both private and national carrier;
- (b) if so, the details thereof;
- (c) whether the Government has prepared a road map for the development of civil aviation sector as a whole in the country;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) the steps taken to make air travel affordable and hassle-free for the passengers; and
- (f) the details of other measures taken to improve the efficiency of the aviation sector with a view to meeting the global standards and competition?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a)and(b): Yes, Madam. The main factors causing stress in Civil Aviation Sector, as identified by the Government are as under:

Cost of Aviation Turbine Fuel (ATF) which contributes 40-45% of operational cost; high tax regime in aviation sector; inadequate fares thereby not able to cover the gap between revenue realized and cost of operations; higher percentage of operational cost being dollar denominated hence very sensitive to Foreign Exchange rate fluctuations etc. Almost all airlines have reported high operational losses. The crisis in the sector has deepened/accentuated due to the recent devaluation of the Rupee and increasing of Prime Lending Rates by Banks from 12.5% to 14%.

A Working Group has been constituted under the Chairmanship of Secretary, Civil Aviation with Finance Secretary, Secretary, Financial Services, Secretary, M/o Petroleum & Natural Gas; Director General of Foreign Trade (DGFT) and Joint Secretary (Civil Aviation) to discuss the factors causing stress in civil aviation and to suggest solutions to the same.

(c)to(f): To have a sustainable orderly growth of the aviation sector, the ministry has felt the need to spell out a long term Civil Aviation Policy addressing various issues related to the sector. Accordingly on 22.12.2011, a Committee has been constituted under the Chairmanship of Secretary, Civil Aviation to formulate a Civil Aviation Policy to address the long term issues of the sector and provide a road map for development. Government has identified focus areas and a consultation paper has been placed on the website of the Ministry (www.civilaviation.nic.in)inviting comments from all stakeholders by 10.3.2012.