

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1354

ANSWERED ON:17.08.2012

NEW CIVIL AVIATION ACT

Annayagari Shri Sai Prathap;Bapurao Shri Khatgaonkar Patil Bhaskarrao;Chitthan Shri N.S.V.;Gaikwad Shri Eknath Mahadeo;Paranjpe Shri Anand Prakash

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Government proposes to bring in new Civil Aviation Act, 2012/Civil Aviation Policy;
- (b) if so, the details thereof and the purpose behind such move;
- (c) whether the new Civil Aviation Act is likely to ease FDI in aviation sector;
- (d) if so, the details thereof;
- (e) whether International Airlines are not enthusiastic about the proposed Government move;
- (f) if so, the details thereof; and
- (g) the steps taken/being taken by the Union Government to boost the ailing aviation sector and attract investors to Indian market and for establishment and renovation of airports in the country?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a) and (b): 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. Comments received from various organizations are under examination.

(c) to (f): The issue of allowing FDI by foreign airlines in domestic carriers is under consideration of Department of Industrial Policy and Promotion (DIPP).

(g): The Government has taken several measures to revive the aviation industry and ensure long term viability of the sector.

(1) A Working Group was constituted under the Chairmanship of Secretary, Civil Aviation with Finance Secretary; Secretary, Financial Services; Secretary, M/o Petroleum & Natural Gas; DGFT and Joint Secretary, Civil Aviation to discuss the factors causing stress in civil aviation and to suggest solutions to the same. Based on its recommendations following step have been taken by government.

(i) The issue of rationalization of VAT on ATF, has been taken up with the State Govts.

(ii) Director General of Foreign Trade has allowed direct import of ATF by airlines on actual user basis.

(iii) The Ministry has undertaken a study of ATF pricing and fiscal structure through experts. The report has been submitted to Ministry of Civil Aviation.

(2) ECB upto \$ USD 1 billion has been permitted for the airlines to meet their working capital requirement.

For establishment and renovation of airports in the country, the following Sector specific measures have been taken by the Government:

(i) Easier FDI Policy for airports has been put in place vide which 100% FDI, through automatic route, has been permitted in Greenfield airports

(ii) A new policy for greenfield airports has been envisaged.

(iii) To create world class airport infrastructure, upgradation/ modernization of a number of metro and non-metro airports have been

undertaken by Airports Authority of India (AAI) as well as through Joint Venture Companies.

(iv) The infrastructure at the airports, Air Traffic Control and Navigation is constantly upgraded to meet the future demand of the airlines.