

for lease payments. This positive change was reinforced by the February 1993 Budget which withdrew both the 3% import duty on aircraft (even for those taken on lease) and the 17% excise duty on aircraft spares.

CURRENT REGULATORY ENVIRONMENT

The current Minister of Civil Aviation and Tourism, Mr. Ghulam Nabi Azad, was appointed on January 18, 1993, after Mr. Scindia resigned following the crash of a wet-leased aircraft during the Indian Airlines pilots strike. He immediately took an opposing view to that of his predecessor. This change of attitude appeared motivated by a desire to protect Indian Airlines, and the bureaucracy has adjusted swiftly to comply with the Minister's views.

Since May 1993, the Ministry of Civil Aviation and the DGCA have thrown up a variety of new conditions to which private operators are required to adhere:

- 1) "Air taxis" are not allowed to advertise their operations, and therefore, their schedules;
- 2) "Air taxis" are not permitted to purchase or lease: jet aircraft that are either over 15 years old, have completed 75% of their specified economic cycle, or had 45,000 landings; or turboprop aircraft over 20 years old. The DGCA have in fact stated that they would prefer to see a limit of 10 years;
- 3) For every route over 700 kms, an "air taxi" operator must fly one route under 700 kms;
- 4) Foreign equity is not permitted in "air taxi" companies;
- 5) "Air taxis" are not permitted to hire Indian Airlines pilots or engineers without first obtaining a no objection certificate from Indian Airlines;
- 6) "Air taxis" must now obtain a licence from the Director General of Foreign Trade to import an aircraft into India;
- 7) "Air taxis" must install Flight Data Recorders (FDR) and Cockpit Voice Recorders (CVR). Similar installation is not required by Vayudoot; and
- 8) "Air taxis" are not permitted to use Indian Airlines' maintenance or training facilities, even on a commercial basis.

In addition to these conditions, there are a number of other bureaucratic pressures that have been applied, some subtly and some not so subtly, in order to enhance the difficulties faced by operators:

- 1) The International Airports Authority of India (IAAI) and the National Airports Authority (NAA) have respectively asked "air taxi" operators to pay their landing charges two and three months in advance;
- 2) The NAA and the IAAI state that they have no objection to leasing space at their airports to "air taxi" operators but in practice, space is quite difficult to obtain. Most "air taxi" operators carry out routine maintenance right on the tarmac; and
- 3) As air traffic control is not computerised and control towers operate on the pre-electronic slip system, there have been problems obtaining timely departure slots.

In July 1993, the private airlines began to put concerted pressure on the Government to remove the uncertainty surrounding "air taxi" operations. The Parliamentary Committee on Civil Aviation and the Air Passengers Association both recommended that private airline operations be legalized. Possibly as a result, there have been an increasing number of reports that the Government will introduce the bill to amend the Air Corporations Act in the current session of Parliament. Without the passage of this amending bill to allow "air taxis" to fly scheduled services, there will be no future for private airlines in India.

PRIVATE AIRLINES - AIR TAXIS

Since UB Air first started in May 1990, five companies have started operations and failed. More than 40 No Objection Certificates (NOC) (the first step to obtaining a permit) have been issued. Today, 15 companies have air taxi permits, 21 have NOCs and another 10 have applications pending with the DGCA for an NOC. There are currently six companies offering scheduled airline services: five with 100-seat or more aircraft on major routes; and one with less than 20-seat aircraft on regional routes: