

# **PART I — AIRLINES/AIR TAXIS**

## **HISTORY OF CIVIL AVIATION IN INDIA**

The Indian civil aviation sector was nationalised in the 1953 with the passage of the Air Corporation Act, 1953, which enabled the Government of India to acquire all existing airlines to form two national airlines. Air-India, the international flag carrier, began in 1932 as Tata Airlines. It now operates 22 aircraft to 40 destinations, and was ranked by IATA as the 41st largest international airline 1991. Indian Airlines, the domestic carrier, began in 1953. It now operates 52 aircraft to 65 destinations, and was ranked by IATA as the 17th largest domestic airline in 1991. Throughout the 1960s and 1970s, under successive socialist inspired governments, the private sector was prevented from entering the airline or charter business, and was not encouraged to expand into corporate or private flying, or flight training.

In 1981, the Government created Vayudoot, a third level feeder airline, principally to service outlying areas in northeastern India. Vayudoot did not adhere to this mandate and began to add populous areas to its service, evolving into an airline operating in wide-ranging regions, lacking cohesion and incurring mounting financial losses. At its peak, Vayudoot served 105 destinations and was touted by its then Chairman to be the world's fastest growing airline. By 1992, Vayudoot had reduced its destinations to 35, and in May 1993, it was merged with Indian Airlines.

The fourth national carrier, Pawan Hans, was originally established in October 1985 as the Helicopter Corporation of India Limited. It now operates 22 helicopters on a charter basis, primarily for the Oil and Natural Gas Commission.

The mid-1980s saw subtle changes take place in the Government's attitude to civil aviation. While Indian Airlines and Vayudoot had established a very comprehensive domestic network, they had an unfortunate service record, in particular with "on-time" scheduling and customer handling. This was perhaps noted most easily by foreign visitors and Indians who had travelled abroad. In 1986, Prime Minister Rajiv Gandhi, who was himself a former Indian Airlines pilot, suggested that his government look at allowing the private sector to operate "air taxis", aimed at the business and tourist passenger markets. This suggestion eventually came into being in April 1990 under the "Open Sky" policy. These airborne taxis were to augment and complement Indian Airlines and Vayudoot operations. By mid-1993, six private airlines and another five private air charter companies were operating under air taxi permits.

Since 1988, many ad hoc decisions have been taken, which have liberalized air taxi operations. However, the Air Corporations Act, 1953 still remains in effect. This Act does not permit private industry to operate "scheduled" air services. So, private airlines are technically licensed as non-scheduled, or "air taxi", operators. Since May 1992, a bill has been pending to amend the Air Corporations Act.

Over 35 foreign carriers currently operate air services to and through India. In addition, twenty foreign airlines have received permission to overfly Indian territory. The on-line carriers are listed in Appendix A.

## **MINISTRY OF CIVIL AVIATION**

As in most countries, civil aviation in India is a federal responsibility. The Central Government, through the Ministry of Civil Aviation and Tourism, frames policy guidelines and exercises executive control. Since civil aviation and tourism depend on each other, India has a composite Ministry of Civil Aviation and Tourism. The current Minister, Mr. Ghulam Nabi Azad, took office on January 18, 1993. The Ministry's organisation chart and a brief description of the organisations under its administrative control are included in Appendix B.

### **DIRECTORATE GENERAL OF CIVIL AVIATION (DGCA)**

The DGCA is responsible for regulation of air transport services to, from and within India, and for enforcement of civil air regulations, air safety and airworthiness. It is headed by the Director General of Civil Aviation, an ex-officio Additional Secretary in the Ministry of Civil Aviation. The organisation chart of the DGCA and a brief description of its functions are included in Appendix C.