NATIONAL CIVIL AVIATION POLICY 2016

1. Introduction

1.1 India has the potential to be among the global top three nations in terms of domestic and international passenger traffic. It has an ideal geographical location between the eastern and western hemisphere, a strong middle class of about 30 crore Indians and a rapidly growing economy. Despite these advantages, the Indian aviation sector has not achieved the position it should have and at present it is ranked 10th in the world in terms of number of passengers.

1.2 The Government has proposed to promote the growth of Indian aviation sector in a significant manner as the development of this sector has a multiplier effect on the economy. As per an International Civil Aviation Organisation (ICAO) study, the output multiplier and employment multiplier are 3.25 and 6.10 respectively. The aim of the Government is to provide an eco-system for the harmonised growth of various aviation sub-sectors, i.e Airlines, Airports, Cargo, Maintenance Repairs and Overhaul services (MRO), General Aviation, Aerospace Manufacturing, Skill Development, etc.

1.3 The Government has proposed to take flying to the masses by making it affordable and convenient. For example, if every Indian in middle class income bracket takes just one flight in a year, it would result in a sale of 35 crore tickets, a big jump from 7 crore domestic tickets sold in 2014-15. This will be possible if the air-fares, especially on the regional routes, are brought down to an affordable level. The reduction in costs will require concessions by the Central and State Governments and Airport Operators.

1.4 Systems and processes which affect this sector will need to be simplified and made more transparent with greater use of technology without compromising on safety and security. The growth in aviation will create a large multiplier effect in terms of investments, tourism and employment generation, especially for unskilled and semi-skilled worker.

1.5 The National Civil Aviation Policy (NCAP 2016) is a step in that direction. The NCAP 2016has been finalised on the basis of the feedback received from the public, other stakeholders and experts.

2. NCAP 2016 – Vision, mission and objectives

a) **Vision**: To create an eco-system to make flying affordable for the masses and to enable 30 crore domestic ticketing by 2022 and 50 crore by 2027, and international ticketing to increase to 20 crore by 2027. Similarly, cargo volumes should increase to 10 million tonnes by 2027.

b) **Mission**: Provide safe, secure, affordable and sustainable air travel for passengers and air transportation of cargo with access to various parts of India and the world.

c) **Objectives**

i) Establish an integrated eco-system which will lead to significant growth of civil aviation sector, which in turn would promote tourism, increase employment and lead to a balanced regional growth.

ii) Ensure safety, security and sustainability of aviation sector through the use of technology and effective monitoring.

iii) Enhance regional connectivity through fiscal support and infrastructure development.

iv) Enhance ease of doing business through deregulation, simplified procedures and e-governance.

v) Promote the entire aviation sector chain in a harmonised manner covering cargo, MRO, general aviation, aerospace manufacturing and skill development.

3. The Policy

NCAP 2016 covers the following policy areas:

a) Regional connectivity
b) Safety
c) Air Transport Operations
d) Route Dispersal Guidelines
e) 5/20 Requirement for International Operations
f) Bilateral traffic rights
g) Code-share agreements
h) Fiscal Support
i) Airports developed by State Govt, Private sector or in PPP mode
j) Airports Authority of India
k) Air Navigation Services
l) Aviation security, Immigration and Customs
m) Helicopters
n) Charters
o) Maintenance, Repair and Overhaul
p) Ground handling
q) Air-cargo
r) Aeronautical ‘ Make in India’

s) Aviation education and skill development

t) Sustainable aviation

u) Miscellaneous

v) Essential Services Maintenance Act, 1968

4. Regional Connectivity

a) The Regional Connectivity Scheme (RCS) will come into effect in the second quarter of 2016-17.

b) Ministry of Civil Aviation **(MoCA)** will target an indicative airfare of Rs 2500 per passenger approximately, indexed to inflation, for a significant part of the capacity of the aircraft for a distance of 500kms to 600 kms. on RCS routes (equivalent to about one hour of flight). The cap for helicopters under RCS will be higher. The scheme will offer a flexible menu of options to the interested scheduled airline operators.

c) This will be implemented by way of:

   i) Revival of un-served or under-served airports/ routes, including routes connecting Agatti and Leh,

   ii) Concessions by different stakeholders,

   iii) Viability Gap Funding **(VGF**) for operators under RCS

   iv) Cost-effective security solutions by Bureau of Civil Aviation Security **(BCAS)** and State Governments.

d) Currently around 75 out of 450 airstrips/airports have scheduled operations. Revival of the remaining air strips and airports will be "demand driven", depending on firm demand from airline operators, as No-Frills Airports will be done at an indicative cost of Rs 50 crore to Rs 100 crore, without insisting on its financial viability. Inputs from and willingness of the State Governments will be taken before revival of any airport is undertaken. AAI/ State Govts can explore possibilities of developing these airports through PPP also.

e) RCS will be made operational only in those States which reduce VAT on Aviation Turbine Fuel (**ATF)** at these airports to 1% or less for a period of 10 years.

f) State Government will provide land free of cost and free from all encumbrances and also provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc) as required.

g) For upto10 years from the date of commencement of flight operations under RCS:

   i) There will be no airport charges levied for operations under RCS. Landing, parking and Terminal Navigation Landing charges (**TNLC**) shall be waived and Route Navigation and Facilitation charges **(RNFC)** will be levied on a nominal basis.

   ii) Service tax on tickets will be levied on 10% of the taxable value (abatement of 90%) of tickets for passengers embarking from or terminating in an RCS airport, without any input credits for an initial period of 1 year from the date of commencement of operations of the RCS airport as notified by MoCA.

   iii) State government will provide police and fire services free of cost. Power, water and other utilities will be provided at substantially concessional rates.

iv) Self ground handling by airlines will be allowed for operations under RCS at all airports.

v) Excise duty at a rate of 2% shall be levied on Aviation Fuel drawn by operators from the RCS airports for an initial period of three yearsfrom the date of notification.

vi) VGF indexed to ATF prices and inflation will be provided for a particular route, on a competitive bidding basis if necessary, for a period upto 10 years from commencement of operation by an airline.

h) VGF will be shared between MoCA and the State Government in the ratio of 80:20. For the North Eastern States, the ratio will be 90:10.The payment of the full amount of VGF will be made to the airline operator from the Regional Connectivity Fund **(RCF)** and the State Governments will be subsequently asked reimbursement.

i) MoCA's share of VGF will be provided through the RCF.

j) RCF will be funded by a levy from a date to be notified by the Government under Section 5(2)(ab) of the Aircraft Act 1934. The RCF levy per departure will be applied on all domestic routes other than Cat II / Cat IIA routes, RCS routes and small aircraft below 80 seats irrespective of the routes. The rate of the levy will be decided by the Ministry of Civil Aviation from time t time.

k) The premium realised, if any, from the allotment of additional capacity entitlements on international routes will also go to RCF.

l) The RCF will be collected and operated by AAI or any other entity identified by MoCA. This Implementing Agency shall be provided appropriate administrative charges for implementing the scheme. The Implementing Agency will also provide necessary details to the State Governments for collecting the share of VGF from them.

m) Similarly, upto 10 years from the date of commencement of cargo operations at the RCS airports, the air freighters will be entitled to the following:

- There will be no airport charges levied for operations under RCS. TNLC shall be waived and RNFC will be levied on a nominal basis.
- Excise Duty on ATF drawn by cargo operators from the RCS airports shall be at the rate of 2% for a period of 3 years from the date of notification.
- However, Cargo operators will not be entitled to VGF.

n) Continuance of VGF for a particular route will be subject to appropriate Passenger Load Factor continuously for a prescribed period and subject to review after 3 years.

o) Prioritisation of routes will be carried out and reviewed from time to time so that there is balanced growth of regional connectivity in different parts of the country.

p) Operators will be provided a menu of options, with in-built mechanism for ease of entry into and exit from RCS.

q) They will have freedom to enter into code shares with both domestic and international airlines.

5. Safety

a) The government places topmost priority on aviation safety. The focus will be on pre-empting and preventing accidents/ incidents. Safety violations will be treated with zero-tolerance. DGCA will be given administrative and financial autonomy for an effective aviation safety oversight system.

b) DGCA will strive to create a single-window system for all aviation related transactions, queries and complaints. The services rendered by DGCA will be fully automated by implementing eGCA project on priority in a phased manner starting from May, 2016 onwards with a target date of completion by December, 2016.

c) DGCA will implement State Safety Programme (SSP) and develop State Safety Plan periodically which addresses the aggregate safety risks at the National level. Under the SSP, it will be ensured that relevant service providers implement the Safety Management Systems (SMS), proactively identify operational hazards and apply risk management principle for the mitigation of these hazards. A State Safety database will be developed to act as a basis for identification of safety risks.

d) DGCA will ensure real-time safety tracking and prompt incident reporting.

e) The Aircraft Accident and Incident Investigation Bureau (**AAIIB**) will be further strengthened with manpower on contract basis, if necessary, in order to undertake speedy, independent, professional and effective investigations. The investigations would be completed within specific time frame and the implementations of the recommendations of these investigation reports would be reviewed periodically by the Ministry.

f) A consultative group of industry experts will be created at DGCA level to meet once every quarter and identify areas of improvement in various aspects of Civil Aviation.

g) DGCA will carry out a review of all Civil Aviation Requirements (CARs) as and when required on need basis and at least once every 5 years starting from FY 2016-17.Such a review may be done by engaging an outside agency or by engaging experts on contract basis for a limited period.

h) DGCA will be authorised to impose fines and penalties depending upon the nature of violations. For this, appropriate amendments, wherever required, will be carried out in Acts, Rules and Regulations.

i) DGCA will be allowed to fill up posts for its technical personnel directly for those sanctioned posts where posts are to be filled up by promotion or deputation by suitably amending the recruitment rules by exempting them from UPSC for this purpose.

j) In order to attract and retain talent in DGCA compensation will be paid at par with the industry in consultation with Department of Personal & Training and Ministry of Finance.

k) A suitable programme for capacity building of DGCA officers and staff will be implemented including exposure to global best practices.

6. Air Transport Operations: Commercial

MoCA will promote growth of civil air transport operations with a focus on regional connectivity with categorization of the commercial air transport into three main categories. Entry pre-requisites in terms of equity and number of aircraft as well as certification and operating regulations would be graded depending upon the size of aircraft and complexity of operations with greater flexibility being provided to commuter and smaller aircraft. The categorization for commercial operations will be as follows:-

i. Scheduled Air Transport Operator (Domestic and International operations)- There will be no change in the existing provisions.

ii. Scheduled Commuter Operator-

    i. This category of operators will operate with aircraft having a maximum All Up Weight (**AUW**) not exceeding 40 Tons. The minimum equity capital requirements would be on the basis of number and size of aircraft in the fleet. Commuter operators will predominantly provide connectivity on regular basis on domestic routes.

    ii. There would be a prescribed minimum number of aircraft with such operators to maintain the regularity of operations.

    iii. Operators whose principal business is to carry out commuter operations may additionally carry out domestic charter operations provided the schedule of operations of principal business is not affected.

iv. They would be permitted to have code share with other airlines, both domestic and international.

iii. Non- Scheduled operator-

This category of operations will provide charter services on domestic and international routes. The minimum equity requirements would be on the basis of number and size (All Up Weight) of the aircraft in the fleet.

In respect of non- commercial operations, existing provisions shall continue.

7. **Route Dispersal Guidelines (RDG)**

RDG was introduced in 1994 to provide air connectivity to Jammu and Kashmir, North East Region, Andaman& Nicobar Islands, Lakshadweep, Tier-2 and Tier-3 cities, by way of internal cross-subsidy by airlines using their revenues on the Trunk Routes (12 in number). RDG has succeeded in creating connectivity to remote locations. At present, the capacity actually deployed on Category II and III routes is in excess of the RDG threshold, highlighting the business potential in these regions. The following action will be taken to rationalise the RDGs:

a) Category I routes will be rationalised once in five years, by adding more routes based on transparent criteria. The criteria proposed for a Cat I route are a flying distance of more than 700 km, average seat factor of more than 70% and annual traffic of 5 lakh passengers over two full schedules (i.e. summer and winter), based on information available with DGCA. MoCA will endeavour that the rationalization of Cat I routes does not cause undue financial and operational burden on airlines and sufficient time will be provided to them for adjusting their future schedules, as indicated in (d) below..

b) The traffic to be deployed on Cat II and IIA routes expressed in terms of a percentage of CAT I traffic will remain the same. However, routes to Uttarakhand and Himachal Pradesh will be included in Category II. For CAT III routes, the percentage will be 35% of CAT I traffic in view of the fact that RCS is being implemented for a similar purpose.

c) For the purpose of meeting the RDG requirements, the Scheduled airlines (both Air Transport Operator and Commuter Operator) will be permitted to trade Available Seat kilometres (**ASKM**) of helicopters and other small aircraft (maximum AUW not exceeding 40 tons) operating under Regional Connectivity Scheme to extend the last mile connectivity seamlessly to under-served or un-served areas.

d) Revised categorization of routes under RDG will apply from the winter schedule of 2017 in order to allow sufficient time to airlines to plan their operations. The review of routes under different categories will be done by MoCA once every 5 years after its first revision in 2016 (effective from the winter schedule of 2017).

e) Withdrawal or revision of domestic operations to and within North East Region, Island territories and Ladakh, subject to full compliance of RDG, can be done under prior intimation to MoCA and DGCA at least three months before the withdrawal or revision of the service.

8. 5/20 Requirement for International Operations

a) In October 2004, the Union Cabinet stipulated that for Indian carriers to fly abroad, they must fly on domestic routes for 5 years and have a fleet of 20 aircraft. Keeping in view the developments since its implementation, various options were considered. It was felt that this stipulation, which is unique to India, needs to be replaced by a scheme which provides a completely level playing field and allows airlines, both new and old, to commence international operations provided they continue to meet some obligation for domestic operation. Accordingly, after extensive consultations with stakeholders the following requirement is stipulated:

b) The requirement for 5/20 is modified and all airlines can commence international operations provided that they deploy 20 aircraft or 20% of total capacity (in term of average number of seats on all departures put together), whichever is higher for domestic operations. For this purpose, the published schedule of airlines will be the basis for monitoring, assuming that one aircraft would have six departures per day.

c) Withdrawal or revision of domestic operations to and within North East Region, Island territories and Ladakh can be done as indicated in para 7(e) above.

d) The Route Dispersal Guidelines (RDG) will continue to be applicable to all domestic airlines.

9. Bilateral traffic rights

The bilateral rights have their origin in the Chicago Convention 1944. India has Air Service Agreements (ASA) with 109 countries covering aspects relating to the number of flights, seats, landing points and code-share. Utilization of bilateral rights at any point of time differs from country to country and is subject to periodic renegotiation. In this regard, the Policy will be as follows:

a) The government plans to liberalize the regime of bilateral rights leading to greater ease of doing business and wider choice to passengers.

b) The government will enter into an 'Open sky' ASA on a reciprocal basis with SAARC countries and countries with territory located entirely beyond a 5000 km radius from New Delhi. Unlimited flights above the existing bilateral rights will be allowed directly to and from major international airports within the country as notified by MoCA from time to time. However, the points of call at other airports under the existing ASA will continue to be honoured till the same are renegotiated.

c) For countries partly or fully within 5000 km radius, where the designated carriers of India have not fully utilised 80% of their capacity entitlements, but foreign carriers /countries have utilised their bilateral rights and are pressing for increase in capacity, a method will be recommended by a Committee headed by the Cabinet Secretary for the allotment of the additional capacity entitlements.

d) Whenever designated carriers of India have utilised 80% of their capacity entitlements and seek additional capacity entitlements, the capacity entitlements (bilaterals) will be renegotiated in the usual manner.

e) Indian cargo airlines with 74% FDI cannot normally be designated carriers and are not able to undertake scheduled international operations at present due to the 'Substantial Ownership and Effective Control (SOEC)' clause in the ASA. The ASA will be suitably amended in consultation with the country concerned based on the concept of "principal place of business" and "effective regulatory control" of the host country. The criteria for "effective regulatory control' will be defined by MoCA while issuing the implementation orders.

10. Code Share Agreements (CSA)

A Code-Share Agreement between two airlines allows one airline ('Marketing airline') to sell seats on a flight operated by another airline ('Administrating airline'), with the airline code and flight number of the marketing airlines. This helps in seamless connectivity for passenger. In this regard, the Policy will be as follows:

a) Domestic Code-share Points in India shall be liberalised within the framework of the ASA.

b) Indian carriers will be free to enter into domestic code-share agreements with foreign carriers to any point in India available under the respective ASA.

c) For the designated carriers of India, international code-share arrangements with foreign carriers will be liberalized as per the provisions relating to code-share arrangements in the ASA, and no prior approval from MoCA will be required. The designated carriers of India simply need to inform MoCA 30 days prior to starting the code-share flights. However, if it is found at any point of time that the code share agreement violates the ASA, the same shall be disallowed, notwithstanding prior intimation given to MoCA.

d) A review will be carried out as and when required on need basis and at least once in 5 years to consider the requirement of further liberalization in code-share agreements.

11. Fiscal Support

MRO, ground handling, cargo and ATF infrastructure facilities co-located at an airport, (including heliport licensed by DGCA) are covered under the 'Harmonised List of Infrastructure and will get the benefit of 'infrastructure' sector.

12. Airports developed by State Governments, Private sector or in PPP mode

MoCA will continue to encourage development of airports by the State Governments or the private sector or in PPP mode. MoCA will also encourage the State Governments to develop new airports in their State by forming SPV with Airport Authority of India or with other interested Public Sector Undertakings/ Industry in order to create stake and ownership. Wherever so required, MoCA will endeavour to provide regulatory certainty with the following framework:

a) MoCA will coordinate with AERA, AAI, airlines, airport operators and stakeholders like cargo, MRO, ground handling, etc to identify ways to bring down airport charges, while abiding by the provisions of existing concession agreements and contracts.

b) MoCA will endeavour that the future airport projects in India, both greenfield and brownfield, have cost efficient functionality with no compromise on safety, security and efficiency.

c) To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a ‘hybrid till’ basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidise aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the future.

d) There are restrictions on the use of land allocated for commercial use of airport. MoCA will explore ways to unlock the potential of the same by liberalising the end-use restrictions for existing (excluding PPP) and future greenfield and brownfield airports of AAI and future greenfield and brownfield airport projects under PPP.

e) MoCA will coordinate with respective ministries and state governments to provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc).

f) In future concessions/development of Airports, it will be necessary to ensure a minimum level and standard of cargo facility at the airport.

13. Airports Authority of India (AAI)

Out of 125 airports of AAI, about 95 are operational of which71 have scheduled commercial operations as of 1st Jan 2016. AAI will take up development of airports as per the following broad framework:

a) AAI will take up new greenfield or brownfield airports subject to the following conditions:

   i) Project should be financially viable with non- zero IRR, except for no-frills airports developed under RCS.

   ii) State/Central government will provide VGF to AAI if the project is strategically important but financially unviable.

   iii) Land will be provided free of cost and free from all encumbrances by state government without treating it as equity.

   iv) Land will include sufficient space on city side for commercial use as per applicable law.

b) AAI may be suitably compensated by Government of India and/or the State Government or the private sector airport operator in case a new greenfield airport is approved in future within a 150 km radius of an existing operational AAI airport (not applicable to civil enclaves). However, such a compensation will be considered only if the current capacity of the existing AAI airport is not reaching the saturation point in the year of commissioning of the new project. As an alternative to compensation, AAI may be given option at the discretion of the airport developer to either have the right of first refusal, or equity participation between 26% to 49% in the new airport or AAI may be allowed to form JV with the participating state government. Once the options are given to AAI and if AAI chooses not to avail of any of these options, then no compensation will be due. As far as existing airport governed by OMDA/concession agreement are concerned, the present provisions of the same will prevail and the above compensation clause shall not apply.

c) AAI will continue to modernize the existing airports and upgrade quality of services. AAI will maintain an ASQ rating of 4.5 or more across all airports which have a throughput above 1.5 mppa and ASQ rating of 4.0 or more for the rest.

d) AAI will also explore the possibility of giving out O&M contracts for a cluster of existing and/or new airports.

e) AAI airports with throughput above 0.5 mppa will strive to generate non-aeronautical revenue in excess of 35% of the airport's total revenue.

14. Air Navigation Services (ANS)

AAI is ranked among the top ANS providers in the world. Upgradation and modernisation of ANS in India is in line with global trends. With the launch of GAGAN, India has become the fourth country in the world to use satellite-based navigation system. The following further steps will be taken for the growth of air navigation services:

a) AAI will provide a fully harmonised Air Navigation System considering ICAO's Global Air Navigation Plan, Aviation system Block Upgrade, Modern performance based technologies and procedures.

b) AAI will continue to provide necessary financial support and facilitate technological upgradation of ANS to keep pace with the global best practices. In order to ensure that technical, financial and administrative requirements are met fully, MoCA will play an effective supervisory role and issue directions to AAI from time to time in this regard.

c) ANS' training institute – CATC Allahabad – will be developed into a world-class training centre for ANS professionals for the Indian and global market.

d) All aircraft being registered in India from 1stJan 2019 will mandatorily have to be GAGAN enabled.

e) AAI will explore opportunities to incentivise the airlines by way of concessions in ANS charges for getting their existing aircraft retrofitted with GAGAN receivers.

15. Aviation Security, Immigration and Customs

a) Government will develop performance norms for these agencies in terms of speed of passenger processing and grievance handling. Accordingly, MoCA will develop non-legal and indicative 'service delivery modules for aviation security, Immigration, Customs, quarantine officers etc in consultations with respective Ministries/Departments.

b) Global best practices in IT, passenger check-in, baggage handling, mobile phone based boarding passes, security checking procedures, immigration and customs etc will be introduced after consultation with the agencies concerned and due security vetting keeping the Indian context in mind.

c) The government will review and appropriately modify the AVSEC order 5/2009 on deployment of airline security personnel within four months of the approval of this Policy, in consultation with the stakeholders.

d) The government will allow Indian carriers to provide security services to other domestic airlines during the times when they have surplus capacity, subject to approval from BCAS and MoCA, after due consultation with stakeholders.

e) Facilities for government agencies like CISF, Immigration, Customs, Police etc, other than reasonable office space and operational area, will be arranged for by the government on payment basis, except for items to be billed to Passenger Service Fees (**PSF**) or those covered under Handling of Cargo in Customs Area Regulation 2009 and CISF Act . No cost will be levied on the airport operator. Norms for such facilities will be finalized in consultation with the stakeholders.

f) The Government will encourage use of private security agencies at airports for non- core security functions which will be decided in consultation with MHA. BCAS will provide scope of work and norms for the same. The private agencies will function within the scope of providing aviation security at the airport under the overall supervision of the government agency.

g) Private security agencies will comprise preferably of retired personnel from military and para-military forces satisfying qualification norms laid down by BCAS. The private security agencies will be registered under the ‘PASARA (Private Security Agencies (Regulation) Act, 2005) and will also be separately accredited by BCAS. Training and testing of the private security personnel will be carried out by CISF on payment basis.

h) Security auditors of BCAS will carry out regular and surprise audits with the power to penalize and blacklist the errant agencies.

i) Subject to minimum benchmarks being met, security architecture at the different airports will be proportionate to the threat classification and traffic volume. This would also mean that for small airports having very limited flights, the security architecture will be aircraft centric instead of being airport centric, subject to threat classification in consultation with security agencies.

j) Government will formulate appropriate mechanism to monitor and regulate land use activity including construction and other activities outside the perimeter wall upto a distance of 100 meters in case of all airports and to address security and safety concerns arising therefrom.

16. Helicopters

Helicopters play a key role in remote area connectivity, intra-city movement, tourism, law enforcement, disaster relief, search and rescue, emergency medical evacuation, etc. India currently has less than 300 civilian helicopters which is very low as compared to other developing nations. The Government will promote helicopter usage in the following manner:

a) Separate regulations for helicopters will be notified by DGCA, after due stakeholder consultation.

b) The government will facilitate the development of at least four heli-hubs initially, across the country to promote regional connectivity.

c) MoCA will coordinate with MoF, MHA, NHAI, Indian Railways, insurance companies, hospitals, Pawan Hans Limited and other helicopter operators to facilitate Helicopter Emergency Medical Services (HEMS). DGCA will bring out Regulations exclusively for HEMS, which will stipulate that helicopters under HEMS operations shall not be used for any other purpose. Such being the case, helicopters under HEMS operations will not require any operational clearance , including landing at accident and emergency sites from any agency except Air Defence Clearance because of the very nature of their operations. No landing charges and RNFC will be levied for HEMS operations.

d) Helicopters will be free to fly from point to point without prior ATC clearance in airspace below 5000 feet and areas other than controlled airspace, prohibited and restricted ones, Temporary Segregated Areas (TSAs) and Temporary Restricted Areas (TRAs) after obtaining the Air Defence clearance, wherever required and intimating the following information to the nearest ATC: Point of Origin, Destination, Level, Expected Time of departure (ETD), Expected Time of Arrival (ETA) and the duration of flight. For this Ministry of Defence and MoCA will set up web-based platforms.

e) AAI may provide or earmark / lease land for helicopter operations at AAI airports on appropriate commercial terms from where helicopters can operate without interfering with fixed wing traffic.

f) Airport charges for helicopter operations will be suitably rationalized.

g) A separate helicopter cell will be created in DGCA.

h) The Ministry of Defence, through the Air Force, will create a system whereby expeditious air defence clearance may be granted.

17. Charter operations

The government intends to liberalise international charter operations by the following:-

a. International Charter Operations: The existing policy of allowing Inclusive tour package (ITP) charters will be further reviewed to include more categories of passenger charter flights recognised globally.

b. The revised guidelines may include marketing rules, geographical and route identification, capacity control etc.

c. Detailed guidelines will be framed after due stakeholder consultations.

18. Maintenance, Repair and Overhaul (MRO)

The MRO business of Indian carriers is around Rs 5000 crore, 90% of which is currently spent outside India – in Sri Lanka, Singapore, Malaysia, UAE etc. Given our technology and skill base, the government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines.

A. Accordingly, the following provisions have been made in the Budget announcements for 2016-17 :

a) The tools and tool-kits used by the MRO have been exempted from Customs duty. The exemption shall be given on the basis of list the tools and tool kits certified by the Directorate General of Civil Aviation approved Quality Managers of aircraft maintenance organisations.

b) MROs were required to provide proof of their requirements of parts, or orders from their client airlines. The process for the clearance of the parts has been brought in line with that of the tool –kits for a one time certification by DGCA approved Quality Managers in MRO's.

c) To enable economies of scale, the restriction of one year for utilisation of duty free parts has been extended to three years.

d) To allow import of unserviceable parts including aircraft components like engines and landing gears by MROs for providing exchange / advance exchange, the concerned notification has been revised to enable advance export of serviceable parts.

e) Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months, whichever is lesser, provided it undertakes no commercial flights during the stay period. The aircraft may, however, carry passengers in the flights at the beginning and end of the stay period in India. For stay beyond 6 months, DGCA's permission will be required.

B. The following steps are also being proposed for ease of doing business and to provide further incentive to this sector:

a) Foreign MRO/OEM experts will be provided visas promptly, and in cases of an Aircraft on Ground (AOG) situation, Temporary Landing Permits shall be issued, subject to conditions.

b) Foreign pilots operating an aircraft to and from India for the purpose of servicing at an Indian MRO entity will be issued Temporary Landing Permits, subject to conditions.

c) Airport Entry Passes (AEPs) for MROs will be need based and not restricted if required conditions are met.

d) MoCA will persuade State Governments to make VAT zero-rated on MRO activities.

e) Provision for adequate land for MRO service providers will be made in all future airport/heliport projects where potential for such MRO services exists.

f) Airport royalty and additional charges will not be levied on MRO service providers for a period of five years from the date of approval of the policy.

19. Ground handling

The existing Ground Handling Policy/Instructions/Regulations will be replaced by a new framework given below:

a) The airport operator will ensure that there will be three Ground Handling Agencies (GHA) including Air India's subsidiary/JV at all major airports as defined in AERA Act 2008 to ensure fair competition.

b) Non-major airports are exempted from minimum number of ground handlers. Airport operator will decide on the numbers, based on the traffic output, airside and terminal building capacity.

c) In case of third party ground handling, Air India's subsidiary/JV will match the royalty/revenue share offered by the other ground handling agency. If there are more than 1 ground handlers, Air India will match the lowest royalty/revenue offered by the other ground handlers.

d) All domestic scheduled airline operators including helicopter operators will be free to carry out self-handling at all airports. Self-handling includes the ground handling services of its own aircraft operations, using equipment owned or taken on lease. The self-handling by an Airline may be done by its own subsidiary, through own employees or employees of their own subsidiary taken on regular employment.

e) Hiring of employees through manpower supplier will not be permitted. However, if equipment is taken on hire from outside agencies without manpower, it will be permitted. Airlines and agencies allowed to carry out ground-handling services at airports shall ensure compliance to security provisions as required under the law.

f) The details of airlines functions, airport functions and security functions will be notified separately.

20. Air cargo

Promotion of both domestic and international Air cargo and express delivery services is a key objective of the government, given its importance from a 'Make in India', e-Commerce and exports perspective. Revenue from air cargo helps airlines subsidize the cost of passenger tickets and take flying to the masses. Air cargo, particularly domestic has a high employment potential, especially for semi-skilled workers. Currently air cargo volumes in India are very low as compared to other leading countries due to high charges and high turnaround time. Within the air cargo ecosystem, Express Delivery Services (EDS) has a distinct operational nature and is becoming pivotal especially in the light of double digit growth in e-commerce. The following framework is expected to ensure growth of air cargo business:

a) Cargo facilities co-located at an airport are covered under the 'Harmonised List of Infrastructure and will get the benefit of 'infrastructure' sector.

b) The Air Cargo Logistics Promotion Board (**ACLPB)** has been constituted to promote growth in air cargo by way of cost reduction, efficiency improvement and better inter-ministerial coordination. The Board and the industry will submit a detailed action plan after stakeholder consultation, with the objective of reducing dwell time of air cargo from 'aircraft to truck' to below 48 hours by 31 December 2016 and to 24 hours by 31 December 2017by reduction in free time and other measures. For exports, Dwell Time will be reduced to 12 hours by 31st December, 2016 and 8 hours by 31st December, 2017.The action plan proposed by ACLPB will be forwarded to Central Customs Coordination Committee (**CCFC**) to achieve the stated objectives.

c) The government will streamline and simplify Customs procedures and ensure a shift to paper-less air-cargo processing through use of digital signatures for transmission of messages. ACLPB will chalk out an action plan for this by 1 April 2017. Customs will also facilitate Risk Management System (RMS) for exports and will consider outsourcing some of their activities to Cargo Terminal Operators as the latter are appointed by Customs.

d) ACLPB will develop non-legal and indicative Service Delivery Modules after extensive consultations with stakeholders for all elements of the air cargo express cargo value chain such as – airlines, airports, terminal operators, Customs House Agents (CHA), freight forwarders, and government agencies like Customs, CISF, quarantine officers etc. An Air Cargo Community System will also be developed to avoid delays.

e) BCAS will continuously review and simplify security procedures for air cargo in light of the changing business dynamics and evolving technology, while ensuring adequate checks and balances, in consultation with stakeholders.

f) Advance Cargo Information (ACI) system will be implemented in a phased manner after a universally accepted international template has emerged. This will help in faster processing.

g) MoCA plans to leverage the untapped trans-shipment opportunity. The ACLPB will propose specific action steps to promote trans-shipment at Indian airports and the same will be monitored by MoCA. Free Trade and Warehousing Zones will be set up to facilitate transhipment cargo.

h) The space allocated for cargo on the air-side and city side at most Indian airports is inadequate. ACLPB will recommend norms for space allocation for air-cargo, including express cargo for all greenfield airports. The action plan for space-augmentation at existing airports will be developed by ACLPB on a case by case basis in consultation with stakeholders.

i) The government will endeavour that all relevant central government authorities are available through a single window at the cargo terminals. These include Customs, wild life clearance, Drug Controller, Plant and Animal Quarantine, FSSAI, Archaeological Survey of India, DGCI etc. Clearances will be given promptly and online after necessary checks through a Single Window System.

j) The government has commenced 24x7 Customs operations at several airports. However, it has not been utilised optimally by industry. ACLPB will work closely with industry and propose action steps to spread out cargo handling round the clock including provision of adequate manpower. The suggestions /recommendations of ACLPB will be placed before the Central CCFC for appropriate action.

k) ACLPB will promote global good practices like Free-Trade Warehousing Zones (FTWZ), Air Freight Stations, Bonded trucking, dedicated cargo airports etc.

l) Freighter aircraft suffer from low priority accorded in terms of time slots and parking bays. ACLPB will recommend norms to address the issue.

m) ACLPB will work with AERA and Airport operators and recommend user charges which are competitive vis-a-vis competing aviation hubs. In particular for the non-metro airports, the lease and other fixed charges levied by AAI on cargo facility will be kept low so that it does not become an entry barrier.

n) Airport operators will be encouraged to provide space for at least a10-year lease to operators of express cargo freighters who may then develop dedicated infrastructure to improve their operational efficiency.

o) MoCA will encourage development of cargo-villages near airports.

21. Aeronautical 'Make in India'

a) MoCA will be nodal agency for developing commercial aero-related manufacturing and its eco-system in India.

b) MoCA and MoD will work together to ensure that commercial aero-manufacturing is covered under defence offsets requirements.

c) MoCA will encourage Indian carriers to consolidate their future demand for commercial aircraft.

d) The government will encourage global OEMs for establishment of aircraft assembly plant in India along with its ancillary industries.

e) Area where aero-manufacturing takes place will be notified as SEZ after following the due process. The government will provide fiscal and monetary incentives and fast-track clearances to global OEMs and their ancillary suppliers.

f) In case the cost of made-in-India aircraft and components work out to be higher than those supplied from their original sources, the government will consider an incentive package to nullify the cost differential.

22. Sustainable aviation

a) MoCA will strive to develop a sustainable Indian aviation industry. It will work with DGCA, Ministry of Environment, Forest and Climate Change and industry stakeholders to develop an appropriate action plan.

b) MoCA will strengthen policy guidelines on energy conservation, sustainable practices, improvements in emission measurement and information dissemination; training and awareness building.

c) MoCA will pursue limitation of CO_2 emission in Indian aviation in coordination with ICAO under the principles and provisions of the United Nations Framework Convention on Climate Change **(UNFCCC**) and its Paris agreement.

d) MoCA will strive to optimise Flexible Use of Airspace (**FUA**) in consultation with Ministry of Defence.

e) MoCA will encourage roll out of Airport Collaborative Decision Making (**CDM**) to reduce on-ground and aerial congestion.

f) All equipment operating within the airport environment will be in compliance with latest emission norms by 1 April 2017. Ground handling vehicle will use alternative fuels that can provide significant Local Air Quality (LAQ) emission benefits compared with petrol and diesel equipment. Options include LPG/ CNG vehicles, low emissions vehicles (LEV), hydrogen vehicles, and electric vehicles.

g) Airports will be encouraged to use Fixed Ground Electrical Power (FGEP) and Pre-Conditioned Air (PCA) units. Airlines will be encouraged to use single engine taxiing and dispatch-towing.

h) All airports should undertake energy audit and adopt an energy conservation plan. All greenfield airports should have a concrete plan of energy efficiency and conservation. Airports should also have their own waste management facilities for solid and liquid waste**.**

23. Aviation education and skill building

The growth of Civil Aviation in the country has been hamstrung by the shortage of appropriate skills required in different sectors of civil aviation. This is not only in the area of trained pilots but also aircraft engineers and technicians, cabin crew, ground handling staff, cargo handling staff, administrative and sale staff, etc. According to certain estimates, the incremental human resource requirement of the Civil Aviation Sector by 2025 would be in the region of 3.3 lakhs. Although there are large number of private institutions in the country providing aviation education and training, the courses and infrastructure facilities will have to be improved to meet the demands of industry. The manpower crunch has twin implications – it raises the cost of operations of airlines / airports / MROs etc. on the one hand and on the other, has safety implications as well. It is, therefore, pertinent to address these shortages on priority.

a) The Government will create the necessary eco system and architecture for ensuring full utilisation of the skill development capacities of the institutes under the control of Government/Public Sector Undertaking. The attempt will be to bring down the cost of skill development on a self sustaining basis without converting these institutes into commercial centres with profit motive and that all training in the non licenced category will conform to National Skill Qualification Framework (NSQF) standards.

b) Government will expedite the commencement of courses by the National Aviation University (NAU) in the financial 2016-17 after due consultations with Stakeholders.

c) MoCA will provide full support to the Aviation Sector Skill Council (AASSC) and other similar organisations/agencies for imparting skills for the growing aviation industry in India after detailed skill gap analysis of the sector. MoCA will facilitate greater involvement of private sector in sponsoring aviation institutions, industrial training and R&D projects.

d) MoCA, DGCA and BCAS will continue to undertake strict monitoring of aviation related educational institutions. Institutions not meeting the prescribed standards will invite appropriate action. DGCA will also undertake appropriate modifications in the relevant CARs.

e) MoCA will endeavour to have the Flight training schools, Aircraft Maintenance Engineering schools and other training schools providing training in the aviation sector registered/ recognised under law or as a part of an approved vocational education course or as training partners approved by the National Skill Development Corporation or the Sector Skill Council.

f) After obtaining a Commercial Pilot Licence (CPL), it is necessary to get type rated to get employment in an airline. This puts an enormous financial burden on the pilot having CPL as type rating costs can be of the order of Rs. 25-30 lakhs. There are nearly 8000 pilots holding CPL but who have not found any regular employment. MoCA will develop a scheme for providing financial support for Type- rating of Pilots. The detailed scheme will be worked out separately either by setting up the facility at Indira Gandhi Rashtriya Udaan Academy or Air India or in PPP mode. Alternatively, training in existing institutes will be subsidized. This scheme will be operational from 2017-18, subject to availability of funds.

24. Miscellaneous

a) The Government will promote the use of seaplanes for growth of tourism and regional connectivity along India's 7,500 km coastline. Seaplanes shall also be permitted to fly from point to point without prior ATC clearance in airspace below 5000ft, outside the controlled air space, Temporary Segregated Areas (TSAs) and Temporary Restricted Areas (TRAs) and intimating the following information to the nearest ATC: Point of Origin, Destination, Level, Expected Time of departure (ETD), Expected Time of Arrival (ETA) and the duration of flight.

b) MOCA will promote growth of General Aviation and Aero-sports activities with regulatory regime commensurate with the type of operations or aircraft in line with international best practices.

c) Satellite airports existing or new for non-commercial operations will be encouraged even within 150 kms from the PPP airports subject to the provisions of OMDA/ Concessionaire Agreements.

d) The Government will issue suitable guidelines for operation of Remotely Piloted Aircraft Systems (RPAS) and their use for civil operations, in consultation with Ministry of Defence and Ministry of Home Affairs.

25. Essential Services Maintenance Act, 1968

As per ESMA Act 1968, essential services include '...any service connected with the operation or maintenance of aerodromes, or with the operation, repair or maintenance of aircraft'. The Government will coordinate with State Governments to include the following under ESMA Act 1968: ground handling, catering and aircraft fuelling.

26. Power to amend the Policy:

a) Not withstanding anything contained in the foregoing paras, the Ministry of Civil Aviation, with the approval of Competent Authority, may amend various aspects of this Policy from time to time depending upon the experience gained during implementation, availability of funds, public interest etc.

b) The existing sub-sectoral policies, if any, will automatically stand amended and modified to the extent of provisions contained in this National Civil Aviation Policy with effect from the date of approval of this policy.