



# AIR CARRIERS REQUIRED TO SUBMIT FOREIGN OPERATION PLANS TO THE MINISTRY

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## **Air carriers required to submit foreign operation plans to the Ministry**

The Civil Aviation Ministry (“Ministry”) has sought the foreign operation plans till 2014 from all domestic airlines. This move is in light of major expansion in operations carried out by foreign airlines and the Ministry wants to assess the level of preparedness of domestic airlines to meet the challenge. The Ministry plans on holding a meeting for discussing the foreign operation plans wherein the data in terms of flight crew, fleet size, and bilateral rights used would be discussed and the areas for improvement will be identified.

**PSA view** – The efforts of the Ministry are in the correct direction; however, it remains to be seen what suggestions are made by the Ministry. If the Ministry’s suggestion does not sit well with the airline’s business plan, it could lead to operational issues and cause further loss to an already ailing industry. The Ministry must engage in active discussions and keep in mind the strengths of each airline before making suggestions.

## **DIAL made responsible for developing Delhi airport**

The Comptroller and Auditor General of India has announced that DIAL has violated bid conditions awarding the Operation Maintenance and Development Agreement (“OMDA”) to GMR Group as DIAL is levying user development fee from passengers. This observation is based on the fact that DIAL has acquired acres of land on which the current airport is situated at nominal lease rent and therefore its earning is not adequately calculated.

**PSA view** – The principal idea behind having a user development fee is to bridge the gap between the estimated project cost and the actual project cost; however, the gap is being created by the DIAL artificially. As pointed out by the CAG, DIAL is responsible for raising debt and equity for the development of the project and charging UDF is against the spirit of the OMDA. It will be interesting to see DIAL’s response to the statements of the CAG and if any justification is offered.

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