



AIRCRAFT ACQUISITION COMMITTEE ABOLISHED

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April 2013

The Civil Aviation Ministry (“Ministry”) has simplified norms for import of aircrafts into India by abolishing the Aircraft Acquisition Committee (“AAC”). An initial No Objection Certificate (“NOC”) to launch scheduled or non-scheduled air transport services and in-principle approval for acquisition of aircraft is still required from the Ministry, as this is a statutory requirement under the Aircraft Rules and Reserve Bank of India guidelines. But, the permission for actual induction of aircraft is no longer required from the Ministry.

PSA view – AAC, which was established in October 2012, required the civil aviation minister to approve each aircraft import request personally. This resulted in serious delays for airline operators, which in turn, affected their commercial decisions to acquire and fly new planes and, thus, the profits. It is illogical to have multiple steps in one process, especially when there is a mere duplication without much value addition. The goal should be to minimize delays, increase efficiency and reduce time lags in approval processes to make the system investor-friendly. With this step, the Ministry is moving towards a more liberalized aviation regime.

Airlines plan on hiring more expat pilots

According to media reports, many domestic airline operators, including Jet Airways have planned to hire expat pilots due to lack of experienced Indian pilots. Many such airlines have approached recruiting agencies, despite the December 2013 deadline implemented by the DGCA for aircrafts such as the Boeing 777, for which, there are inadequate trained pilots in India who can command the flight.

PSA view – While it is reasonable for airlines to staff their flights with expat pilots due to unavailability of adequately trained pilots, it will be interesting to see how airlines tackle this situation with the deadline to phase out expat pilots closing in. In-house training of pilots seems to be the only solution available for airlines, considering the lack of adequate training institutes for all types of aircrafts and it seems the cost is going to be borne ultimately by the consumer.

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