

ON THE WINGS OF A DREAM

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A MILE of highway will take you a mile, but a mile of runway will take you anywhere". True that! Whoever said this has probably captured the anomaly of aviation or more specifically business aviation in the country.

India is on the road to economic development, and the reform trajectory is expected to steadily and gradually pave the way for a double digit growth over the next two decades. But what is the highway or rather the runway to development? Aviation globally is recognised as a trigger to the growth of businesses and economic development.

Aviation in India is airline centric and the entire aviation ecosystem and the value chain ranging from policies, regulations, airports and the mindsets of the policymakers is narrowly aligned to the airline business. This is not surprising given the UDAN (*udhe desh ka aam nagrik*) vision for making airborne the common man. All very good and the story promises a satisfactory beginning for UDAN. So where is the problem and where is this vision lacking?

The vision flounders when we broaden the aviation discussion with the business aviation strand. What is business aviation? Private or non-scheduled commercial aviation activity defines this space. Business aviation can play an important role and needs an equitable policy environment to fuel growth. In order to enable business aviation in India to match global stan-



dards, policy makers need to recognise its importance as a tool in overall business development and the appreciation that investment cycles grow when private aviation thrives.

Developed countries boast of a fleet of business aircraft which are used extensively as a strategic mobility vehicle by large corporates or government, providing flexibility of travel and significant economic value addition, by way of employment generation for the aviation professionals as well ancillary industries connected with aviation.

Business aviation can be a key instrument in driving growth in the hinterland. As the government focusses on developing the under developed areas in the country and creating new business opportunities, businesses need to explore the potential in untapped geographies for setting up factories etc. Business aviation provides quick access to distant places saving crucial travel time for executives and also connecting these remote places in an efficient and safe manner for entrepreneurs to drive their

projects. This will lead to quicker on ground implementation of new projects, creating jobs and help generate economic activity in these regions.

What should the government be doing to give impetus to the growth of Business aviation? The one-sided lens through which India Inc. is viewed should be set aside. The short sighted view which says "He who is rich should be punished and taxed", is not a luxury which this sector can risk at the moment. So what are some short term reforms that can change the face of business aviation, which in turn can benefit businesses impacting the economy and by implication the common man?

Infrastructure: There is a shortage of parking space at major airports, specifically Mumbai and Delhi, and this is one of the major hurdles in the growth of business aviation. There is an urgent need to create alternate solutions,

such as secondary airports in major cities that are business aviation friendly or probably even BA centric airports in Mumbai and Delhi. The revival and development of airfields/airports hitherto under used/ not used as proposed in the regional connectivity scheme, could provide adequate facilities for the business aviation operations along with rationalising airport charges and user fees.

Taxation: This is a challenge. There is a differential import duty structure for business aviation, which has two operating categories — private and commercial (NSOP or non-scheduled operating permit holders). The basic duty of 2.5 per cent is the same for both categories. In addition, a countervailing duty (CVD) and special additional duty (SAD) are levied on the private category, resulting the overall impact to add up to 21 per cent. Whereas the NSOP is levied a 2.5 per cent duty with an exemption. This differential is not necessary given the basis of the structure which was meant to protect domestic manufacturing. In the absence of

domestic manufacturing of civil or business aircraft in India, the rationale for a varied duty is missing. If rationalised compliance, transparency and revenue will be beneficial to both the government exchequer and industry and will also contribute to commerce and ease of doing business.

Regulatory: Since regulations are designed around the business of airlines this causes a peculiar set of problems for the private aviation segment. As an example, if one is recruiting a captain to command a private aircraft, it is a challenge to get pilots who satisfy the minimum 100 flying hours to be type rated for command. Add to that innumerable checks and route clearances. The challenge arises because the hours which private aircrafts ply is lesser in comparison to airlines. As a result, pilots are taken up by airlines leading to a paucity of captains in private aviation. Therefore, rules need to be more adaptable for private aviation probably involving a different set of benchmarks and measures.

Another area which needs urgent regulatory support to propel business aviation is "aircraft management and fractional ownership". Authorities need to appreciate various nuances to these models, how they create jobs, bring down cost of ownership and access to business aviation, and how they serve to help the buyer / owner of the aircraft by mitigating hassles in the management of these assets in a professional manner.

What follows is that we need to address issues such as the above in right earnest to make the Indian business aviation at par with the global benchmarks and catalyse its multiplier impact on the economy at large.