INDIAN GOVERNMENT TO ANNOUNCE NEW CIVIL AVIATION POLICY TODAY

News / Airlines

The civil aviation ministry on Friday will announce India's new civil aviation policy, which has been under discussion for over a year and aims to provide wings to the country's 300 million-strong middle-class, officials said.

"The focus of the policy is going to be on reducing the cost of operations for airlines and providing affordable regional connectivity across the country," said a senior civil aviation ministry official, who did not want to be identified. The finance ministry has agreed to announce tax breaks for maintenance, repair and overhaul service providers as well as regional carriers for a limited time, continuation of which will depend on the review, the official said.

He said the policy will propose to allow airlines to bid for the right to operate flights between hundreds of small towns and cities located within one hour of flying distance. Airfares between these cities will be capped at 2,500 rupees per passenger and the balance of the cost will be paid back to these airlines by the government through the levy of a cess on national and international flights. The plan is to levy a cess of 2% on passengers taking commercial flights.

The regional flights will be exempted from service tax and viability gap funding will be provided

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

only to states that announce a VAT reduction in ATF to 5% or below.

The flights connecting smaller cities of the country are likely to start operations from the next fiscal as the government is likely to announce a service tax waiver for these routes in the budget for 2016-17, officials said. With these incentives, the government aims to facilitate flying for the middle-class people in the country at least once a year. If this were to happen, it would make India the third largest aviation market in the world. The draft civil aviation policy will seek views on abolition or replacement of the so-called 5/20 eligibility rule that bars Indian carriers from flying overseas until they complete five years of domestic service and have a fleet of 20 aircraft.

Apart from lifting all restrictions, as the Prime Minister favours and ET reported in September, the policy could look at options such as replacing the 5/20 norm with domestic flying credits formula requiring 300 points for flying international and a requirement to deploy at least five aircraft in the domestic sector. Another option is to reduce the requirement to 1/5 or one year of flying experience and a fleet of five aircraft.

30 OCTOBER 2015

SOURCE: THE ECONOMIC TIMES
ARTICLE LINK:
https://ids.50skyshades.com/news/airlines/indian-government-to-announce-new-civil-aviation-policy-today

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.