

Aviation News

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Policy

■ The **South-East Asian regional grouping** has invited the **Indian government** to **join the Asean open-sky agreement** that **initially proposes allowing unlimited flights between capital cities**. During the second stage, members would also be entitled to operate unlimited flights to the secondary cities in these areas. If India does join the open sky agreement, it would offer Indian airlines the opportunity of launching unlimited flights to Singapore, Bangkok, Kuala Lumpur, Yangon and Manila among others. A decision on this is likely to be made by the end of this month. The proposed regional open sky agreement is to be implemented in 2010. Currently, the open-sky agreement with Asean allows the designated airlines of India to operate daily services to the capitals of 10 member states.

■ The **draft bill** for the **formation of the Airports Economic Regulatory Authority (AERA)** is **ready** and **will soon** be **placed before the Union Cabinet**. Subsequently, the bill will be placed before Parliament. According to Mr Ajay Prasad, Union civil aviation secretary, the proposed authority will be a three-member body. Apart from the chairman, there will be two other individuals with experience in this sector.

Airports

■ The **mode of development** for the **modernisation** of the **Chennai and Kolkata airports** is **expected** to be **decided in a month's time**. The views of both the state governments and other stakeholders would be considered before taking a final decision on airport modernisation. While the Tamil Nadu government wanted Chennai airport to be modernised through public-private participation (PPP), the West Bengal government had insisted that the work be done solely by the Airports Authority of India (AAI). Also, as against his earlier stance, the civil aviation minister, Mr Praful Patel, has also welcomed the West Bengal government's initiative in setting up a greenfield airport in Kolkata. However, the minister has added that the greenfield airport should not interfere with the operations of the existing airport.

■ The **Ministry of Civil Aviation** has **already received 25 project reports** for **upgradation** of the **35 non-metro airports**. The remaining 10 reports are due by the end of this month. Once the reports are completed, the ministry will be inviting expressions of interest from private players interested in working with AAI in this regard. Work had already begun in places like Srinagar, Dibrugarh, Udipur and Visakhapatnam. The estimated outlay for the upgradation of the 35 airports is expected to be around Rs 40 billion. Meanwhile, the International Civil Aviation Organisation has also given clearance for the proposed greenfield airport in Navi Mumbai, subject to certain conditions being met.

■ **AAI** has **prepared a report** for the **Sikkim greenfield airport**. The cost of the airport will be Rs 3.40 billion. The Sikkim state government has assured Rs 1 billion and also the land required for construction. During the Tenth Five-Year Plan period, AAI will be spending Rs 1.25 billion on the modernisation, upgradation and improvement of airport facilities in the North-east.

■ **GMR Hyderabad International Airport Limited (GHIAL)**, which is **developing** the **new international greenfield airport** in **Hyderabad**, has **entered into two in-flight catering concessional agreements** with **LSG Sky Chef** and **Sky Gourmet**. LSG Sky Chef is a 100-per cent subsidiary of Lufthansa, and the world's largest provider of airline catering and in-flight solution, while Sky Gourmet Catering Private Limited operates under the trade name of "skygourmet" and is one of the leading airline catering companies in the country with operations spread across Mumbai, Delhi, Bangalore and Pune. The in-flight catering concessions involve financing, constructing, operating and maintaining in-flight kitchen facilities for catering to the in-

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flight kitchen services at GHAL. Both the in-flight catering units will have an initial capacity of around 7,500 meals each per day.

Airlines

■ The **deadline** for the **proposed merger** of the **two state-run airlines, Air India and Indian**, has been **fixed** as **March 31, 2007**. Consultants – Accenture India Limited - are in the process of preparing both short-term and long-term reports for the same after studying the changing dynamics of the global and domestic aviation sector. Meanwhile the initial public offer (IPO) of Indian has been temporarily shelved. An IPO will now be considered only after the merger of Indian and Air India as the chances of getting a better valuation will increase after the merger.

■ **Indian** is to **reintroduce** a **daily flight between Delhi** and the **Khajuraho sector** from **September 15, 2006**. The flight will be operated with an Airbus 320 aircraft. The newly reintroduced flight will operate on the Delhi-Khajuraho-Varanasi sector and offer more than a 1,000 seats a week.

■ **Air Deccan** plans to **introduce direct daily flights** from **Delhi to Kulu** starting from **October 17, 2006**. The airline will fly its 48-seater ATR aircraft on the route. Air Deccan's fare on this sector starts at Rs 74 (plus taxes), and moving through various price points it goes up till the last day, as against a fixed fare of Rs 4,150 (plus taxes).

■ **Emirates Airlines** is **open** to the **option** of **picking up a stake** in an **airline in India** provided the **government relaxes investment norms** for **foreign airlines**. Emirates has a code share agreement with Jet Airways and has a joint venture with Sri Lankan Airlines. Over the last one year, the airline has also added 6,000 seats from India. The airline's current fares are at least 20 per cent lesser than what they were a year ago. Meanwhile the airline also plans to launch eight flights a week from Bangalore from October 29, 2006. This is being done to service the medical tourism boom in Bangalore. As part of the airline's inaugural offer, a return fare will cost Rs 14,000. Return fares to New York begin at Rs 38,400 and for the European countries, Rs 20,000. All travel will be through the airline's hub which is in Dubai.

■ **Air India** has **awarded** a **contract worth \$70 million** to **France-based Thales** for **installation** of an **advanced passenger entertainment system** on the **airline's 23 Boeing aircraft** to be **inducted from February next year**. As per the agreement, the entertainment system would comprise Thales Top Series digital audio and video on-demand entertainment systems at every seat. In addition, a 23-inch display system would be installed in the First Class followed by 15 inch and 10.6 inch in Business and Economy classes. Air India had earlier signed up with Thales to install a similar system on the six Boeing 747-400 aircraft at a cost of \$35 million.

■ Meanwhile, **Air-India** is **all set to pick up stake** in the **proposed \$100-million maintenance, repair and overhaul (MRO) facility** of the **US-based aircraft manufacturer Boeing Company** in **Nagpur**. Air-India's stake in the facility will be in the form of contribution of its engineering assets and infrastructure located at its base in Mumbai as well as its human resources. The airline will hire an independent firm to value its engineering infrastructure and human resources to ascertain the proposed stake in the MRO project.

■ **Air India Express**, India's first international budget airline, will **link Amritsar and Mangalore to Dubai from the next month**. By introducing this service, it will fulfill the long pending demand of travellers from these regions. The flight will take-off on October 2, 2006. Two weekly flights will fly between Amritsar and Dubai. A large chunk of travellers from Punjab

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go to Dubai for employment purposes and they have been seeking a direct link between the border district and Gulf nation. These flights would be progressively stepped up in the near future depending upon the strength of passengers.

Promotional schemes

■ **Paramount Airways** has announced the launch of an evening flight on the **Chennai-Madurai sector**. The service will be available from September 15, 2006. The airline currently operates two morning flights on the sector. The fare starts at Rs 1,999. The airline will also be connecting Madurai and Hyderabad via Chennai with an all-inclusive starting throughfare of Rs 5,949. A 50-per cent discount on full fare to senior citizens and special group rates for college and school students have also been announced. Further, a discount of 50 per cent to all disabled passengers has been introduced and disabled children below 12 years will be eligible to fly free.

Finance

■ According to reports, **AAI plans to raise around Rs 40 billion** from the **debt market** for the **several modernisation projects** that it will be **undertaking** in the **near future**. A senior official of the civil aviation ministry said that Rs 40 billion is the upper limit for the fund-raising capability of AAI. At a later stage AAI might also float bonds. However, AAI has not yet finalised the amount that will be raised. The authority, which has already got an AAA rating from Crisil, is presently preparing its cost involvement for the proposed modernisation of 35 non-metro airports. Apart from the airport, other facilities such as hotels and roads will also be developed at these airports in partnership with private companies.

Miscellaneous

■ Toulouse-based **Avions de Transport Regionale (ATR)** is **eyeing a significant presence** in **India**. Aiming at proximity with its domestic clients like Air Deccan and Kingfisher Airlines, ATR, a \$540-million equal partnership firm promoted by European Aeronautic Defence and Space (EADS) and Alenia Aeronautica, is launching a customer support office in Bangalore and a spare parts distribution centre in New Delhi. Both the centres are expected to become operational in 2006. In addition, ATR is also looking at setting up a maintenance centre in Bangalore in collaboration with Hindustan Aeronautical Limited, Air Deccan or Kingfisher Airlines. The company is also in talks with some domestic airlines to launch ATR cargo aircraft in India as well as to establish training centres with Air Deccan in Bangalore and with Kingfisher Airlines in Mumbai. From the beginning of 2005, ATR has sold 140 aircraft worldwide, including 65 to Indian carriers.

Data

Tourist charter operations under Open Sky Policy

Airport	Number of flights operated	Number of passengers flown	Average number of passengers flown per flight
Delhi	23	5,838	254
Goa	518	121,999	236
Trivandrum	23	2,096	178
Others	43	5,417	126
Total	607	135,350	226