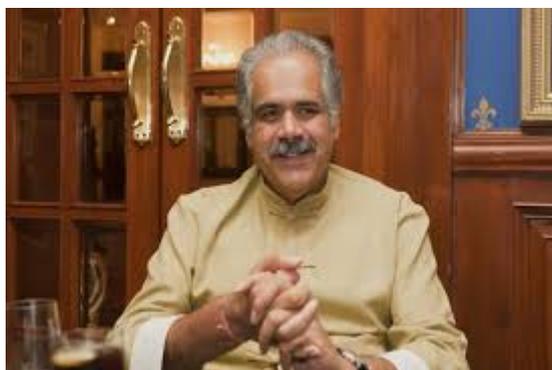


Dog Fight over the New Civil Aviation Policy Intensifies.

This is the middle of hectic lobbying. (See Lobbying) The fight is on. It is

Between

FIA – A federation of four of the country's biggest private airlines, IndiGo, Jet Airways, SpiceJet and GoAir which together control over 90 per cent of the industry. Chairman Rahul Bhatia of IndiGo.



AND

Non FIA – Vistara and AirAsia- in which Tata Sons owns substantial stake. Visible Face : Ratan Tata



FIA opposes strongly the draft aviation policy in its present form.

Areas of concern.

- . 3 components of the draft policy-
 - o The proposed abolition of the 5/20 rule, auctioning of bilateral rights and lifting the foreign ownership cap on domestic airlines above 49 per cent.
 - o The biggest beneficiaries from the proposed changes are likely to be only two new airlines- Vistara and AirAsia.
 - o Substantial ownership and effective control norms were being flouted by the foreign partners of new airlines Vistara and AirAsia. Arun Bhatia, co-founder of Air Asia had earlier threatened to go to court on grounds that it is remote controlled by Malaysian shareholders.



- . The policy is being finalised without taking FIA's concerns into account.
- . Irked by the ministry's persistent refusal to allow them to present their views about the policy.
- . The 5/20 Rule
 - o the policy has suggested doing away with the 5/20 rule
 - o replacing with a credit-based system
 - o Any decision on 5/20 rule must be taken in tandem with the Route Development Guidelines and not as an independent entity.
 - o "If 5/20 is abolished, route dispersal guidelines should go too. By merely abolishing the 5/20 rule and keeping the route development guidelines intact, the government will completely tilt the balance in favour of airlines which are effectively controlled from abroad." : Ajay Singh of Spicejet.

- o “While an IndiGo with more than 100 aircraft cannot restructure its network by withdrawing from any unprofitable routes, an airline with just five aircraft can fly abroad with the sixth one – this is not acceptable,”: Aditya Ghosh of Indigo.
- . “The proposed changes are regressive and would harm Indian aviation.” : Wolfgang Prock-Schauer of GoAir
- . Any move to auction bilateral rights which will put them at a disadvantage and lead to unfair competition with airlines from Gulf or the European Union which have deep pockets.
- . “Every country, including the US and Singapore, zealously guards its bilateral traffic rights. With auctioning of these, India will put its airlines at a disadvantage.” : Ajay Singh of Spicejet. Gulf carriers like Etihad and Emirates have already increased their footprint manifold after the previous government gave greater freedom to them – a move that was criticised by the Comptroller and Auditor General in its audit report.

Battle Lines being drawn.



FIA in its submission to the civil aviation ministry has added a copy from Justice Srikrishna who has suggested the changes as violation of constitutional rights. “In my opinion, if the draft policy is implemented in its present form. One would be entitled to challenge the same ground of hostile discrimination and infringement of their fundamental right by way of appropriate proceedings before a court,” Justice Srikrishna wrote.

Rahul Bhatia, has informed media that a legal recourse would be a possible option. "We don't want legal battles but if the ministry is not ready to listen to us, what's the option? We just want a level-playing field," he said. Responding to former Tata Group Chairman Ratan Tata's statement that older airlines were resisting changes in fear of competition, Bhatia wondered why Tata, known for his wisdom, had become so vocal on an issue where he had a vested interest. The biggest beneficiaries from the proposed changes are likely to be Vistara and AirAsia in which Tata Sons owns substantial stake.