



CENTRE FOR AVIATION POLICY SAFETY AND RESEARCH

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To

The Honourable Cabinet Minister

Ministry of Civil Aviation

Government of India

N.Delhi-110003.

SUBJECT: Proposal for National Civil Aviation Aircraft Acquisition Policy for India

Kind Attn.: Shrimant Jyotiraditya Scindia

Respected Sir

Greetings from CAPSR INDIA !!

We are delighted to submit our research work on a centralised policy for acquisition of aircraft in the country. As our aviation industry is growing the selection of aircraft is also a vital decision before the nation to streamline the entire operation to achieve self-sustainable industry.

The draft proposal copy is attached with this letter. We hope, it will be read and discussed within the department to check its viability. We are always ready to present and share our comprehensive research if asked for the same by your esteemed office.

Your time and consideration in this matter shall be greatly appreciated. We assure you that this policy is designed to create a robust framework for the acquisition of civil aviation aircraft in India, fostering collaboration, innovation, and sustainable growth in the industry.

Sincerely,

Rishikesh Mishra, Director

Centre for Aviation Policy Safety and Research

National Civil Aviation Aircraft Acquisition Policy for India

Objective: The primary objective of the National Civil Aviation Aircraft Acquisition Policy (NCAAAP) is to establish a transparent, efficient, and collaborative framework for the annual acquisition of civil aviation aircraft in India. This policy aims to ensure that the country's civil aviation sector has a modern and diverse fleet that meets the evolving needs of operators while fostering competition, innovation, and economic growth.

A. Benefits of common procurement of airlines in India

Combining the procurement of airlines in India through joint or consortium-based approaches can offer several benefits to both the individual operators and the aviation industry as a whole. Here are some reasons why a combined procurement strategy can be advantageous:

Economies of Scale:

Joint procurement allows airlines to benefit from economies of scale. By purchasing aircraft in larger quantities, operators can negotiate bulk discounts, reduced procurement costs, and more favourable financial terms with manufacturers. This can lead to significant cost savings for each participating airline.

Increased Bargaining Power:

A consolidated approach enhances the bargaining power of airlines when negotiating with aircraft manufacturers. Manufacturers may be more willing to offer better pricing, warranties, and support agreements to a consortium of operators, as it represents a substantial and unified market.

Risk Mitigation:

Sharing the procurement process among multiple airlines spreads the risk associated with large capital investments. If one operator faces financial challenges or operational issues, the impact on the overall consortium is minimized. This risk-sharing model can contribute to the financial stability of the participating airlines.

Fleet Standardization:

Joint procurement facilitates fleet standardization among participating airlines. Standardized fleets can lead to operational efficiencies, simplified maintenance, and reduced training costs for pilots and ground staff. It also streamlines spare parts inventory and facilitates collaboration on maintenance and repairs.

Enhanced Negotiation Expertise:

The formation of a consortium involves pooling the expertise of multiple airlines, regulatory bodies, and other stakeholders. This collective knowledge and experience can enhance the negotiation process, ensuring that the consortium secures the best possible terms in terms of pricing, delivery schedules, and contractual agreements.

Technology Adoption:

Joint procurement allows airlines to collectively invest in the latest technologies, fuel-efficient engines, and environmentally friendly aircraft. This supports the industry's efforts to stay technologically competitive and align with global environmental standards, promoting sustainability in civil aviation.

Streamlined Regulatory Approvals:

Coordinated procurement efforts can streamline regulatory approvals, as the consortium can collectively address regulatory requirements and standards. This can expedite the introduction of new aircraft into the national airspace and improve overall operational efficiency.

Resource Optimization:

Shared procurement resources, such as negotiation teams, legal experts, and technical evaluators, can optimize the use of human and financial resources. This collaborative approach ensures that the expertise required for a successful procurement process is efficiently utilized across participating airlines.

Fostering Industry Collaboration:

Joint procurement fosters collaboration and partnership among airlines, regulators, and government entities. This collaborative spirit can extend beyond procurement to areas such as research and development, safety initiatives, and infrastructure development, contributing to the overall growth and resilience of the aviation industry.

In summary, combined procurement in the airline industry offers tangible benefits in terms of cost savings, risk mitigation, operational efficiency, and technological advancement. It aligns with the industry's goal of achieving sustainable growth and competitiveness on both national and global scales.

B. Policy Components for Implementation:

Annual Submission of Requirements:

All civil aviation operators, including airlines, charter operators, and other relevant entities, shall submit their annual aircraft requirements to the designated regulatory body.

Formation of the Acquisition Committee:

An Aircraft Acquisition Committee (AAC) will be formed, comprising representatives from civil aviation operators, regulatory bodies, and the Ministry of Commerce. The committee will be responsible for overseeing the entire acquisition process.

Needs Assessment:

The AAC will conduct a comprehensive needs assessment based on the submitted requirements, taking into consideration factors such as fleet modernization, route expansion, environmental impact, and technological advancements.

Negotiation and Consortium Formation:

The AAC will negotiate with aircraft manufacturers to determine the most favourable terms for the acquisition of the required aircraft. To promote collaboration and economies of scale, the committee may encourage operators to form consortia for joint procurement.

Fair and Competitive Bidding Process:

A transparent bidding process will be implemented to select aircraft manufacturers. This process will be based on fair competition, adherence to international standards, and consideration of factors such as cost, delivery timelines, and after-sales support.

Technology and Environmental Considerations:

The acquisition committee will prioritize aircraft that adhere to the latest technological standards and environmental sustainability practices. Emphasis will be placed on fuel efficiency, reduced emissions, and compliance with global aviation environmental standards.

Financial Assistance and Incentives:

The Ministry of Commerce may explore financial assistance and incentives, such as tax breaks or subsidies, to support operators in acquiring modern and environmentally friendly aircraft. This aims to promote the adoption of cutting-edge technology and enhance the overall competitiveness of the civil aviation sector.

Regulatory Compliance:

The selected aircraft models must comply with all relevant national and international aviation safety and regulatory standards. The AAC will work closely with regulatory bodies to ensure seamless integration of new aircraft into the national airspace.

Annual Review and Adjustments:

The policy will undergo an annual review to assess its effectiveness and make necessary adjustments based on changes in the aviation landscape, technological advancements, and emerging market trends.

Implementation Timeline:

The NCAAAP will be implemented annually, with a clear timeline for each stage of the acquisition process. The policy will be subject to periodic reviews and updates to align with the evolving needs of the civil aviation sector.