



WHEN IT COMES TO INDIA'S NEW CIVIL AVIATION POLICY, LESS WOULD DEFINITELY BE MORE

News / Airlines



If local media reports are to be believed, India's government is inching closer to the final draft of its civil aviation policy – a wide-ranging rulebook that will map out the regulatory landscape for the country's airlines.

We've been here before, of course. Government officials had pledged to unveil the document last September – culminating more than a year of studies and assessments – only to delay its publication in favor of yet more consultations. With an endless stream of lobbyists vying to stamp their mark on the regulations, further delays and revisions cannot be ruled out.

One group desperate to influence policy is the Federation of Indian Airlines (FIA), an alliance of incumbent carriers that arguably have the most to lose from regulatory reform.

The FIA is vociferously opposed to two proposals in the draft document. First and foremost, it rejects efforts to replace India's controversial 5/20 rule – an arbitrary regulation that prohibits domestic airlines from flying overseas until they have operated for five years and acquired 20 aircraft. Scrapping the rule would increase competition on international markets; something the

FIA's members have little desire to encourage. Second, they oppose lifting the foreign ownership cap on domestic airlines above 49%. That is a more reasonable demand, albeit one motivated by the same distaste for free-market competition.

It should be easy for the government to see through the FIA's self-serving agenda, even with state-owned Air India singing the same tune. But these two bones of contention barely scratch the surface of the draft policy – a compendium of rules and regulations designed, clumsily and ineffectually, to “level the playing field” for passengers and airlines.

(“Levelling the playing field,” to be clear, is regulatory speak for “doing the right thing” – a unilateral distortion that presupposes an impossibly objective and omniscient grasp of market dynamics.)

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