

Good afternoon all

We are sending this to you as companies we know are interested in India. If you have further insights, jump in! Think how powerful this group could be from a New Zealand viewpoint!!

You'll know that there has been a change of government in India following the election.

Ashok Gajapathi Raju Pusapati has been appointed Minister of Civil Aviation in the new BJP administration. The previous BJP Government (1999-2004) implemented policies to encourage private sector participation in the aviation industry. The industry has grown rapidly in the last 10 years - domestic traffic at a CAGR of 14.3%, international traffic at a CAGR of 10.8%, US\$30b in investment (including the development of many World-class airports), 40,000 to 50,000 new jobs and LCC airline IndiGo has become a star.

However institutional capabilities have not been significantly strengthened with many commentators stating that the previous government 'lost its way' in aviation policy development. Challenges include the development of a civil aviation policy that supports safe and sustainable industry development, strengthening and changing government agencies to reflect current and future needs (Ministry of Civil Aviation, DGCA, AAI), addressing operational constraints faced by airlines, revising airport development policies, and implementing policies to encourage the development of a GA industry. Pusapati has a finance background (state government politics) and there have been some early comments that he is affable, listens and is open to new ideas.

CAPA India has produced a free report on a possible agenda for the new Indian administration. A copy is attached. For info about the substantive 300+ page CAPA India Outlook 2014/15, to be produced soon, contact capaindia@centreforaviation.com

The First 100 Day Agenda

The new Prime Minister has set an agenda for 100 days and the Government has come up with 10 priorities:

- Remove hurdles to economic growth, contain inflation
- Prioritize education, health, water, energy and roads
- Push reforms in infrastructure, focus on attracting investments
- Provide people oriented government and governance
- Ensure time bound implementation of policy
- Maintain stability and consistency in policy
- Promote e-auctioning in tenders and other government work to increase transparency
- Build confidence in bureaucracy
- Improve inter-ministerial co-ordination
- Empower bureaucrats and welcome innovative ideas from them

Air Asia India to fly on 12 June

Air Asia is likely to connect Bangalore with Chennai and Goa and today is 'open for bookings'.

The new venture is the first by a foreign airline since India relaxed foreign investment rules in 2012 allowing overseas carriers to take up to a 49-per cent stake in domestic firms. AirAsia owns 49 per cent, the Tata group 30 per cent and Telstra the balance of 21 per cent. SpiceJet has responded immediately with reductions in fares for Bangalore-Chennai and Bangalore-Goa services for travel from 12 June.

Air India??

Pusapati has already met the Air India Chairman and commented publicly that the airline may have to be privatised because the continued infusion of public funds 'can not be endless'. He will be looking at possibilities and is open to ideas.

What does this mean?

Uncertainty for some time with all sorts of 'public' advice. Companies will continue doing business and the long term market fundamentals are sound. It's a time to remain in contact with the market – customers and potential customers. Also, as you see comments in the public domain about future needs of the industry, it is a time to position some of your broader

capabilities that could meet those needs. Changes will come! Basically, this is a good time to promote yourself!

Best wishes
John

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We aim to lead, inspire and grow the New Zealand aviation industry through harnessing partnerships, focussing resources and reducing constraints.