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CHAPTER-1

INTRODUCTION

INTRODUCTION:

We live in an age where travel and information are bedrock of the world economy. Among all public utility systems, transport is a great public utility service, which has been recognised centuries ago. Transport the de-facto barometer of economic, social and commercial progress has transformed the entire world into one organised unit. It carries the ideas and inventions to the public; and has considerably contributed to the evolution of civilization. Though the demand for transport is not so fundamental in human nature as the demand for essential commodities, yet it is an indispensable part of the culture, as the hallmark of civilization. Now a day's economic and commercial importance of the greatest magnitude is attached to the development of transport. The transport industries, which undertake nothing more than the movement of persons and things from one place to another, have constituted one of the most important activities of man in every stage of advanced civilization. In fact, the whole structure of industry and commerce rests on the well-laid foundation of transport.

The significance of transport comprising of railway, road, water, and air in the field of economics is very great as it is related to production, exchange, distribution, and consumption of wealth. In any country, aviation industry is very closely linked with the economic growth where transport sector acts as a catalyst for the development programs. The growth in transport sector is further linked with the global trends in development of trade, industry, commerce, and growth of free commercial activities and bilateral relations. Due to the International character of aviation industry, the impact of growth and development in this sector in one country has a snowballing effect in several other countries due to the movement
of people; increase in trade and commerce which is independent in these days.

Air transport can rightly be described as the third dimension in transportation. Aviation has evolved as one of the world's largest and the most important high technology industry. Civil Aviation represents an essential instrument for economic development and social progress on a global scale. Today the Aeroplane is the prime and the most effective communication system between nations.

Today, the International character and scope of Air transport are self-evident. International aviation is undergoing the most dramatic changes in its history. Globalization, deregulation, liberal bilateral Air Transport agreements, International alliances, privatization of Airlines and Airports and economic constraints are some of the factors challenging establishment management and business practices. Over the years, the aviation industry has become more complex and highly specialized, resulting in an ever increasing need for information on International Civil Aviation activities and developments, especially concerning the standards and procedures to enhance efficient and safe scheduled Air services.

In five and half decades after the Chicago convention, tremendous progress has been made in all areas of Civil Aviation. Basic policies, principles, and techniques were established and implemented for the development of Airways, Airports and Air navigation facilities world wide so as to provide safe, regular, efficient and economical transport.

1.1 CIVIL AVIATION IN DEVELOPING COUNTRIES:

It is widely recognized that the aeroplane is one of the most effective means of communication and makes a powerful contribution to the exchange of ideas among the people of the world. It fosters global tourism, trade, and economic development and is an
important source of foreign exchange earnings. In developing countries which account for over 60% of world countries and 77% of world population air transport plays a particularly significant role in their economic development and social progress in the absence of adequate surface transport facilities.

1.2 IMPORTANCE OF CIVIL AVIATION:

Civil Aviation constitutes one of the core infrastructure facilities, the growth of which is not just essential but critical for the development of various sectors of economy. It is an essential prime mover that accelerates the process of development and growth. The Civil Aviation sector is characterised by a large investment in equipment and infrastructure facilities. The modern Civil Aviation system is an expensive piece of equipment and requires an elaborate and costly array of technical personnel and instruments to keep it in a safe operation, through technical development and pressure of competition. Particularly for the International operations it becomes necessary or desirable to modify or replace the equipment and upgrade infrastructure facilities at short and frequent intervals. Consequently, capital requirements have been high which continue to rise. The problem is compounded when the bulk of capital requirements are in foreign exchange.

The main features of air transport are,

1) Speed.
2) Frequency.
3) Flexibility.
4) Regularity.
5) Comfort.
6) Safety.

Speed is a notable feature of air transport. No other form of transportation can approach the aircraft in speed of travel over
long distances. This aspect of air transport helps to optimist technological, managerial and administrative skills in a resource scarce economy.

In this modern age and when the world is shrinking and the concept of a global village is becoming a reality, communication plays a very crucial role in all round economic development of a country. In fact Civil Aviation constitutes one of the core infrastructure facilities, the growth of which is not just essential but critical for the development of various sectors of the economy.

The traditional perception that Civil Aviation caters to the requirements of the sound section of the elite society is no longer valid. It is because of this perception that the growth of the Civil Aviation sector has remained stagnant. The size of this sector is not at all commensurate with the magnitude of the economic activity being generated in the country on the massive geographical expanse of nation. Inadequacy of this reliable and speedy mode of transport is one of the main bottlenecks in the process of rapid economic development. Today, Investors and entrepreneurs are highly mobile and would like to move from one place to another with speed and comfort. Air lifting of an increasing number of items of cargo is most cost effective, and in the case of high value exports and perishables, is the preferred mode of transportation.

Moreover, the air transport is considered to be a second line of defence. In case of war, for supplying war materials and civilian goods, air services are considered as most necessary. Not only this, in case of natural calamities likes floods, famines, earthquakes etc. when there will be disruption of rail and road traffic, air transport is considered to be an indispensable mean of transport.

Like India, many other countries has witnessed a phenomenal growth of aviation and has come of a long way since its independence in 1947. But for enormously increasing population of
India, the problem of transportation and communication has been far from adequate. The problem has become more visible in the light of India's rapid and large-scale industrialisation program. The large Indian railroad network has in no way reduced the importance and growth of Indian Civil Aviation.

The rising trend of the expansion of air transport is expected only to rise in coming years because of the following reasons:

1) Rapid industrialisation and consequent need for faster and extensive travel and communication by economic trade and political operations.

2) Expanding tourism industry.

3) Awareness and acceptance of air travel by the growing cross section of the society.

There is a direct interaction of the air transport industry with several other sectors of the national economy. But the developing countries have a tendency to treat air transportation as a strain on their financial resources, especially on the foreign exchange. But this is not exactly true. While examining the growth of various modes of transport in our country it becomes evident that Civil Aviation sector has been growing at a much faster rate than rail, and road transport, in value at least if not in volume.

Air transport promotes tourism and also earns substantial amount of foreign exchange. The Govt. collects domestic and international travel tax, which brings in crores of rupees. In a country like France, the service industry has been promoted mainly due to aviation. It is believed that one quarter of the French economy gets support from the aviation sector.

The growth of air transport sector also brings in several and invisible benefits to the country. It also promotes several other opportunities offering employment to large number of people.
The aspect of national unity is more invisible but it is a factor of paramount importance in the greater national context. The Civil Aviation sector has played a vital role in bringing in the national mainstream of the country to such areas which were otherwise cut off due to hills, terrain's or where it was impossible to lay rail road network.

1.3 REVIEW OF LITERATURE:

Transport has been a neglected field of study. However Dr. Dhekne was keen to submit a thesis in 1949 for Ph.D. (Commerce), entitled. "Commercial Air Transport With Special Reference to India".

The author pointed out certain important conclusions. He has observed and stated that there are inadequate overhaul facilities, regular shortage of spares, equipments and other facilities for normal maintenance of available fleet. Due to lack of personnel and proper fleet maintenance, the industry is under continuous pressure of unutilised capacity of larger workshop accommodation on aerodromes.

Except Air India, every other company suffered heavy losses and was not in a position to make adequate provisions for depreciation and replacement of the fleet. The issue of replacement was very important as the fleets were nearly outdated and needed to be replaced immediately. But the replacement was not possible in the absence of adequate depreciation reserves.

He also pointed out that uneconomical working of air services was due to an insufficient route mileage for each operator. The route mileage in India was 7000 miles but there were 9 companies with a total combined fleet of 110 large aircrafts. This gave each company a mileage of less than 800 miles under conditions of equitable mileage distribution amongst all the companies giving an average fleet of 12.22 aircrafts. He had suggested that each unit of aircraft fleet must operate for at least
1500 Hours per annum if economic stability is to be secured. In the absence of 1500 hours per annum, the companies would be unable to meet the overhead expenses and also find it practically impossible to accumulate sufficient replacement reserves. The remunerative routes were limited in numbers than large centers of population stride. As such the traffic between such centers was limited. As the remunerative routes were limited, the uneconomic units needed to be amalgamating by voluntary amalgamations with pioneer companies carrying bulk of the traffic.

The Govt. was equally responsible for the sorry state of affairs for it had no clear-cut policy for proper and orderly growth of Civil Aviation. It results in blowing all possibilities of rationalization.

It was also opined that the multiple sector routes and smooth routes, which are expensive to operate, need Govt. assistance initially. These routes need to be developed with subsidies and 1000 frequencies until the traffic is built over a period of year. But, it was the responsibility of the operators to bear the cost of rationalization and to discard expensive equipments and instead install economic equipments. The companies took all possible efforts to bring down the cost by proper and highest possible utilization of the fleet. The fall in cost would be possible because the overhead expenses would get spread over a large amount of productive work. Also cost reduction was possible through, it action with the industry to decide matters like traffic development, selling agencies and maintenance.

He was of the opinion that the future of Civil Aviation depends on practical considerations. The success of such a highly specialized industry was dependent not on govt. assistance but on the initiative, enterprise and efficiency of entrepreneurs, accompanied by the volume of public support that air services will be able to attract through their usefulness based largely on efficiency, safety, comfort and speed.
Also the productivity and prosperity of India as evident in the national income, its distribution, steadiness and variability of that magnitude which will determine the growth of this sector.

The above thesis states that Air Transport had a limited past but it has immense future so the problem facing India is, how far she can go not how far she has advanced. The answer really depends on the collective efforts of the airlines, the govt. and the supportive civilized society.

In presenting the above study, the writer has stated the limitations within which he had to work.

In a thesis entitled "Civil Aviation in India" submitted for M.Com. To Mumbai University on 20th December 1948, Mr. W.R. Gawande suggested some remedies which proved necessary for improving this vital industry.

This industry is operated by nine companies with an average route mileage of slightly more than 1000 miles for each. This is too small a figure for the smallest scale of operation for which 3 – 4 operators would be optimum, over the present routes, as reallocation of routes are necessary.

For this purpose it is further necessary to consolidate the present 9 operating companies in only 3-4 with operational bases at Delhi, Calcutta, Bombay, Madras. As the managing agents would oppose such a scheme, compulsory consolidation is the only measure possible to activate the results.

The present fleet of 96 Dakotas, 15 Vikings and 60 other types of aircrafts are almost 3-4 times greater than is necessary under present schedules of existing scale of operations. The enormous waste of machine is occurring at the moment. It is necessary to remedy these states of affairs in the immediate requirement programme.
Further, Indian operators have depended too largely on foreign imports of aircrafts spare fuel and oil. It is undesirable because much dependence on imports does not encourage indigenous aircraft industry. It also endangers our position in emergencies, as spares may not be available rendering present aircraft useless. Development of the local industry need therefore be vigorously under taken immediately. Dependence on foreign imports of fuel should also be minimized by similar methods.

The present industry is manned by appropriately 60% foreigners. Such labour is very costly, and in present conditions, profitability of the industry is lowered down. Inspite of it, Indian technical labour is abundantly available that can be of more profitable on present scale with available Indian technical labour. There is triplication of labour, resulting in under utilisation.

As we have too many operators there are large funds blocked up in unprofitable operations, lack of opportunities for developing new industry is responsible for over investment in this industry. Half the present funds should be more than adequate. A reconstruction by the consolidating is necessary if the industry is to be stabilized.

Regulation, which has been half-hearted so far, is needs to be radically changed to create confidence amongst the operators. More positive action and reconstitution of the board with impartial keen and vigorous members is necessary for active developments of the industry.

Nationalization without giving any scope for regulation was a healthy sign for this industry. The evils of the industry could be remedied by it. Yet we should be alert and learn something from British and French experiments in this regard.

Such vital service with potential source of defence must be run on efficient lines. Though our own resources are safe,
industry today is at great loss, the reconstruction of which is necessary and must be carried out at the earliest.

As per the author, if such an industry gets into trouble it would generate serious repercussions. He felt these remedies necessary for the reconstruction and proper development of the industry.

In this regard Mr. S. Venketeswaran has submitted a thesis entitled "Economics of Air Transport in India" in January 1975 for Ph.D. degree, to the Mumbai University. The author made an attempt to understand the performance of air transport in India with some very genuine economic conclusions. He has made following threefold comparisons.

1) A comparison of the Indian Air Transport industry with other Air Transport Industries of the world.

2) A comparison of the Indian air transport with other key Indian industries in the Pvt. Sector.

3) A comparison of the Indian air transport industry with other Indian industries in the public sector.

The units of measurement employed for assessing the performance of the air transport industry in India are following.

1) Time Schedule and Punctuality.

2) Care of resources, technical know-how, and efficiency.

3) Accounting, Budgeting and Financial Control.

4) Publicity, Public relations, and International relations.

5) Industrial Relations.

6) Planning and Research.

7) Production.

8) Sales.

9) Size.
10) Liquidity.
11) Profitability.
12) Productivity.

The study has concluded that air transport industry in India has certainly benefited by state ownership and state management.

Air India is respected abroad and is considered as one of the most efficient and first class airlines.

The author opined that Air India has made significant contribution to the foreign exchange earnings of our country. Air India also contributes indirectly to the foreign exchange earnings of the country by cutting down its overseas expenditure and getting its requirements met locally.

He has pointed out in his study that Air India by its intensive, extensive and popular campaign has been able to attract considerable volume of tourist traffic in India. He opined that Air India provided the best example in the country in the healthy relationship between a public sector industry and the Government.

The study shows that as far as resource usage is concerned, Air India has taken proper care of its resources by adopting proper and efficient mechanised accounting systems in India. Indian Airlines incurred heavy losses mainly on account of lack of proper planning and control over its cost inspite of a good framework of the accounting system.

As far as the performance of Air India is concerned it was ranked 33rd in sales whereas Indian Airlines was 22nd in rank amongst 40 airlines of the world as per the report published on 31st Dec. 1962. During the year 1962-63 Air India earned a massive profit of RS. 3.45 crores and paid it to Government.

The liquidity and profitability positions of Indian Airlines highlighted the following facts.
1) The ratio of reserves and surplus to paid up capital was the lowest in the world at 2.30%.

2) The current ratio was 328% in 1969 and the airline was ranked 3rd in 40 airlines of the world.

4) The ratio of gross profit to sales was 2.67% and its ranking was 18th in the world.

5) The ratio of gross profit capital employed was 2.23% and its ranking was 20th in the world.

The liquidity and profitability positions of Air India highlighted the following facts.

1) The ratio of reserves and surplus to paid up capital was 21.60% and it was ranked 22nd in world.

2) The current ratio was 469% in 1969 and it was ranked 1st amongst airlines in the world.

3) The debt capital to capital employed ratio was 50.50% as on 31st March 1962 and it was ranked 25th in the world.

4) The gross profit to sales ratio was 3.67% and the corporation was ranked 16th in the world.

5) The gross profit to capital employed ratio was 2.23% and it was ranked 19th in the world.

The study concluded that, compared to other Indian industries, Air India and Indian Airlines have stable industrial peace. He opined that there is a scope and room for improvement in on-time performance of the domestic carrier.

He has highlighted on Air India’s spectacular success by giving the credit to following factors.

1) The standard fleet of Boeing 707.

2) Optimum size and scale of operation.

3) Pooling agreements.
4) Commercial bias in operation.
5) Low operating cost per A.T.K.M.

Mr. Rajinder Shriram Arora emphasized in a thesis entitled "AIR TRANSPORT IN INDIA" which he has submitted for Ph.D. degree to Mumbai University, in December 1994.

The author has done a serious attempt to study the evolution and growth of air transport in India. He has also taken serious efforts to draw a complete picture of the deficiency of air transport based on their financial status and profitability during the period ten years (from 1981-82 to 1989-90.) He also attempted to present a comparative study of air transport in India with the airlines of few other countries.

He has concluded and arrived at the following suggestions.

He has stated that there has been a remarkable progress in the air transport sector during independence.

The domestic airline passenger has recorded a growth of 10.50% p.a. during independence whereas the International airline passenger's traffic has recorded a growth of 12.50% p.a. during independence.

He observed that the plan outlay the Civil Aviation during the planned period has increased from Rs. 29 crores in the first plan to Rs.729 crores in the seventh plan on annual interest of 64.46%.

Although the capacity of the air transport has increased appreciably the airlines have not been able to utilize the available capacity effectively.

He has stated that, the domestic carrier has an average excess capacity of 294.871 million tonne kilometers during the decade 1989-90. This capacity is increased by 21.012% p.a. during the decade. On the International front the excess capacity is increased by 735.316 million tonne kilometers on an average the
annual increased being 5801% during the some period. This shows that the supply demand gap is widening.

The study shows that less than 5% of the Indian population has been using this mode of transport.

He opined that, the policy makers have always given undue weightage to increase the frequency and fleet and make ignored the need for developing infrastructure facilities.

He has cited that, the aviation industry in India is characterized by poor capacity utilization. The weight load factor and passenger load factors are low mainly due to the poor reputation of the airlines that keep passengers away from the Indian Airlines.

He has cited that, frequent flight cancellations and delays, frequent labour problems which force management to cancel many flights are the major leakage's that need to be avoided by maintaining a high standard of maintenance, reducing labour disputes and avoiding the frequent cancellations and delays.

He has observed that, the poor standard maintenance and continuous use of outdated fleet are unaffordable decision for a country like India, where air transport is the least preferred mode of transport. If the fleets are replaced, the maintenance cost will reduce which will lead to increase in safety and improvement of load factor and revenue and per passenger can avoid the losses.

He opined that, the policy makers as well as management are equally responsible for the performance of air transport sector. This is clearly brought out by the fact that Air India is in a better position than Indian Airlines in many ways.

The study clearly points out that financial problems are the main barriers faced by the aviation industry in India. The unsound capital structure and low profitability of air transport corporations in India are the prime cause for their poor performance and efficiency.
The failures to improve the operational efficiency, selecting the investment options are direct outcomes of financial constraints.

It is possible to earn profits through a proper capital structure, improvement in infrastructure facilities leading to increase in load factors and effective cost control techniques.

The study shows that, there was more stress on borrowed funds, which has been responsible for the high interest burden. It not only creates a fixed cost but also prevents the corporations from deriving the benefits of trading on equity.

With privatisation the guarantee facility by Government will cease and the long-term loans would be available to the corporations on their own creditworthiness which right now is very poor. The option available before Air India is to create reserves form its profits and ploughback the same, as and when, additional doses of capital are required instead of raising fresh loans every time. In case of Indian Airlines the situation is more serious because it has been incurring losses leaving no scope for creating reserves. In fact the losses have been eroding its existing capital base. Keeping these facts in mind, the corporations should introduce equity to improve their capital base.

Both corporations have a very low capital base but at the same time the net worth increased drastically due to a high proportion being transferred to various reserves and surplus.

On an average, the production capacity and utilisation capacity of both the corporations have increased but the low turnover is noticed in both the corporations due to poor fleet utilization.

Both the units under study showed a higher growth rate in revenue compared to the total assets, with Air India slightly better than Indian Airlines. With the help of Ratio Analysis, he has tried to compare the performance of Indian Airlines and Air India Ltd.
Inflight survey of International air travellers

Client-International Trade Administration conducted by CIC Research Inc.

Work Content:

The primary purpose of the survey is to define the characteristics and behavior of International air travelers to and from the United States. Survey data is gathered from self-administered questionnaires, which are distributed and collected in-flight by airline flight crew personnel. Questionnaire are distributed monthly, and approximately 80,000 responses are collected annually. The traveler may select to receive an Arabic, Chinese, French, German, Italian, Japanese, Korean, Portuguese, Spanish, or English version of the questionnaire. There are approximately 61 U. S. and foreign flag carriers participating in the survey on a voluntary basis, and random samples of their International flights have been selected in each monthly survey. CIC is responsible for selecting the flights to be surveyed, distributing to the airlines, and collecting the completed questionnaires, coding, editing, keypunching, and data quality assurance. In addition, CIC prepares quarterly and annual reports and submits it to Tourism Industries (formerly USTTA). Tourism Industries then publish the data in their major publication. Customs reports are also prepared by participating airlines and other users of travel statistics. CIC has been conducting this survey since 1985.

Market analysis of overseas visitors to Las Vegas

Work Content:

CIC Research, Inc. was requested by the Director of Mc'Carran International Airport to provide the market data on overseas visitors to Las Vegas, Nevada. CIC is to provide follow up support by contacting Intentional Carriers (scheduled and charter), presenting the basic market information on International visitors to Las Vegas, and developing additional custom analysis as requested.
by carriers. CIC will also provide specific market data with the help of relevant Departments of Transportation regarding the routes, proceedings as necessary.

**Market profile and economic impact of visitors to Detroit:**

**Client—McCarran International Airport (LAS).**

**Work Content:**

CIC Research Inc. Conducts various types of visitors research studies for the Metro Detroit CONVIS. Generated from 1,800 annual face-to-face intercepts through Detroit, a market profile analysis details the visitors purpose of visit, mode of transportation, activities in the area, accommodation type, expenditure levels and residence. Additionally, CIC conducts telephone survey in the Tri-country Detroit area to determine the proportion of households with overnight visitors. Each month, CIC provides the Bureau with a summary sheet of visitor industry and economic indicators such as hotel occupancy rates, room inventory, attraction attendance, and air passenger traffic volumes. Based on the visitors market profile survey, the household telephone survey, and the monthly economic indicators, CIC Research develops visitor economic impact estimates. These estimates include the total annual volume of visitors to the area by type of accommodation and purpose of trip as well as estimates of total spending within the local economy.

**Tourism strategic marketing plans for six cities in Baja California:**

**Client—Secretaria de turismo del estado de Baja California.**

**Work Content:**

The purpose of this study is to develop tourism strategic marketing plans for six cities in Baja California (Ensenada, Mexicali, Rosarito, San Felipe, Tecate, and Tijuana). CIC reviews all existing tourism industry and socioeconomic data for Baja California and for each city. In addition, CIC collects business operators in Baja California.
Data is collected from a large sample of Baja California hotels on room nights sold and room revenue by guest origin market and by purpose of trip (e.g., business v. leisure). Selected origin markets within the U.S. and Mexico are evaluated for potential growth and marketing promotions. CIC develops estimates of southern California tourism volume and trip characteristics for each Baja California City.

The strategic plans provide a step by step outline for improving services and the quality of the tourism product/experience for the Baja California visitor. Trend comparisons are developed from CIC's in 1992 of southern California visitation and perceptions of Baja California as a leisure tourism destination.

**The economic impact of the sea world on San Diego region economy:**

**Work Content:**

The objective of the study is to determine the current and forecasted economic and fiscal impacts of the sea world on San Diego regional economy. Extensive historical attendance data and marketing expenditures are collected from the sea world. CIC has been conducting monthly surveys of sea world visitors for last 20 years. The data on attendance, marketing, and visitors profile surveys are compared with the data on San Diego tourism economy forming the basis of a regression analysis and forecasting model. Current and future economic impacts are measured in terms of direct and indirect regional sales, employment and income as a part of the regional economic impact modeling. Fiscal tax revenues accruing to local government are estimated based on these total economic property tax, and other payments to municipal government. Economic and fiscal impacts of the sea world are compared for two development scenarios: -

1. Build-out of the sea world at its present up size.
An economic impact analysis of an expanded San Diego convention center

Client - San Diego Convention Center Corporation

Work Content:

The San Diego convention Center Corporation proposed to double the size of the existing 750,000 square feet convention center. CIC Research has been retained by the San Diego Convention Center Corporation to determine the economic impact (direct and indirect) of the construction of the expanded center and the forecasted expenditure of future convention delegates attracted by the larger center. CIC delegates countrywide. An economic profile is developed for San Diego Convention Center delegates compared with delegates attending conventions at other smaller facilities within the country. Post conventions housing data is tabulated by CIC to determine the number of convention generated room nights sold by property.

Form the survey data, convention attendance, and the post-convention housing data, CIC estimates the total direct expenditure of San Diego Convention Center delegates on (1) port tidelands, (2) within the city of San Diego, and (3) within the rest of the country. The total economic impact of these direct expenditures is determined using CIC's regional input-output model for San Diego country. The resulting total economic and fiscal impacts are measured in terms of (1) total gross, regional sales, (2) total wages and salaries, (3) total employment and (4) sales taxes and transient occupancy taxes.
1.4 NEED FOR THE STUDY OF GROWTH AND DEVELOPMENT OF CIVIL AVIATION IN INDIA

i) The country's economy has been undergoing fundamental structural changes with the share of primary sector declining while that of the manufacturing and service sector increasing.

ii) Civil Aviation is a fundamentally mature commercial industry with a tremendous economic potential.

iii) In India Cosmopolitan cities which are going to convert into Cosmopolitan cities. The level of economic activity in urban areas has also been increasing rapidly. This implies that the Cosmopolitan cities, which are far apart and widely dispersed, should be, linked by roads, rails and air transport.

iv) The increased transport requirement in future has to be met primarily through improvement in productivity.

v) High rate of growth of traffic is likely to put a heavy burden on the transport system that is currently saturated.

vi) Civil air transport has become the fastest growing mode of transport over the other modes of transport during the last three decades.

vii) The rate of growth in passenger traffic experienced by air transport is greater as compared to any other mode of transport.

viii) There has been substantial growth in country's palletization and containerization of cargo.

ix) India is today on the crossroads as far as aviation is concerned. There are immense opportunities in this sector as aviation industry is globally accepted as a strong economic force.

x) Along with India's serious export drive, there is an urgent need to develop aviation sector in India to meet International standards of the services.
xi) The structural changes which the economy has been experiencing along with the economic reform process, the globalisation of Indian economy and policy of the new government to raise the rate of growth to 7% or 8% are bound to raise transport demand.