FEDERATION OF INDIAN PILOTS

FIP/CAA/PMO/2026-27-01 **06 Aug 2026**

Hon'ble Mr. Narendra Modi,
Prime Minister of India,
PMO Office, Seva Teerth, South Block,
New Delhi-110011

PROPOSAL FOR CIVIL AVIATION AUTHORITY (CAA)

Respected Hon'ble Prime Minister Sir,

1. The proposal to establish a **Civil Aviation Authority (CAA) of India** emerged from concerns raised by the International Civil Aviation Organization (ICAO), Parliamentary Committees, and the rapid growth of India's aviation sector. The objective was to replace the **Directorate General of Civil Aviation (DGCA)** with an autonomous statutory regulator having greater financial, administrative, and technical independence. Although the proposal gained significant momentum in 2013–2014, the legislation ultimately lapsed and India continues to be regulated by the DGCA under the Ministry of Civil Aviation.

- The **aviation sector is one of the fastest-growing contributors** to economic development, trade, tourism and national connectivity. As air traffic continues to expand and aviation technology becomes increasingly complex, there is a corresponding need for a modern, independent and professionally managed regulatory framework that ensures the highest standards of safety, security, efficiency and consumer protection.

- India's Civil Aviation sector has witnessed **unprecedented growth** over the **past two decades**, with a **significant increase in passenger traffic, aircraft fleets, airports, air navigation services and aviation training organizations**. While the Directorate General of Civil Aviation (DGCA) has played a pivotal role in regulating the sector, its status as an attached office of the Ministry of Civil Aviation has resulted in limitations relating to administrative autonomy, financial flexibility, recruitment of technical specialists and timely regulatory decision-making.

- Recognizing these challenges, the Government of India initiated the process for establishing a statutory Civil Aviation Authority (CAA) to create an autonomous, accountable and professionally managed regulator aligned with **international best practices**. The proposal was supported by recommendations arising from the International Civil Aviation Organization (ICAO) Universal Safety Oversight Audit Programme, which emphasized the need for strengthened institutional capacity and effective safety oversight. The Federal Aviation Administration (FAA) also endorsed the proposal during its International Aviation Safety Assessment (IASA) review as being consistent with ICAO principles, while industry stakeholders, including the International Air Transport Association (IATA), supported the creation of a modern and adequately resourced regulatory authority.

C-1202 Lotus Corporate Park, Off Western Express Highway, Near Jai coach signal,
Goregaon East, Mumbai - 400063. India. Mobile: + 91 8169164840 / 9888855541
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- The proposed Civil Aviation Authority is envisaged as a statutory body with administrative and financial autonomy, empowered to regulate aviation safety, airworthiness, licensing, certification, consumer protection, environmental compliance and other key regulatory functions. Such an authority would strengthen India's compliance with ICAO Standards and Recommended Practices (SARPs), improve regulatory effectiveness, enhance global confidence in India's aviation **oversight system** and support the **sustainable growth** of one of the world's largest aviation markets.

- This feasibility report examines the rationale, objectives, organizational framework, financial implications and implementation strategy for establishing the Civil Aviation Authority of India, drawing upon international best practices and the experience of leading aviation regulators worldwide.

2. Formation of the Civil Aviation Authority (CAA) in India – Background, Rationale and Current Status

The proposal to establish a **Civil Aviation Authority (CAA) of India** represents one of the most significant institutional reforms ever contemplated for India's civil aviation sector. The objective was to replace the **Directorate General of Civil Aviation (DGCA)** with a modern, autonomous statutory regulator capable of overseeing one of the world's fastest-growing aviation markets.

3. BACKGROUND

The **Directorate General of Civil Aviation (DGCA)** was established in **1946** under the Aircraft Act, 1934, as an attached office of the Ministry of Civil Aviation (MoCA). For decades, this structure adequately served a relatively small aviation sector. However, after economic liberalisation in the 1990s and the emergence of private airlines, the aviation landscape changed dramatically. By 2010, India had experienced:

a) Rapid growth in domestic passenger traffic

b) Expansion of airline fleets.

c) Increase in airports and air navigation infrastructure.

d) Growth in pilot training organizations and maintenance facilities

e) Greater international connectivity.

These developments highlighted the limitations of regulating a modern aviation industry through a conventional government department.

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4. REASONS FOR ESTABLISHING A CIVIL AVIATION AUTHORITY

The Government identified several shortcomings in the existing DGCA structure.

a) LACK OF INSTITUTIONAL INDEPENDENCE

As an attached office of the Ministry:

- DGCA had limited administrative autonomy.
- Major decisions required approval from the Ministry.
- Financial powers were constrained by Government procedures.
- Recruitment and procurement followed lengthy Government rules.

Unlike regulators in developed aviation markets, DGCA could not function independently.

(b) INABILITY TO RECRUIT AND RETAIN EXPERTS

Civil aviation regulation requires specialists such as:

- Airline Captains.
- Flight Operations Inspectors.
- Airworthiness Engineers.
- Aircraft Maintenance Engineers.
- Air Traffic Management Experts.
- Human Factors Specialists.
- Fatigue Risk Management Experts.

Government pay scales often made it difficult to attract and retain professionals from the aviation industry, particularly those with airline experience.

(c) RAPID GROWTH OF INDIAN AVIATION

Between 2003 and 2013:

- Passenger traffic more than doubled.
- Private airlines became the dominant operators.
- Aircraft fleet sizes increased significantly.
- Flying training organizations and MROs expanded.
- New airports were commissioned.

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The scale and complexity of regulatory oversight grew faster than DGCA's organizational capacity.

(d) ICAO AUDIT FINDINGS

The International Civil Aviation Organization (ICAO) conducts audits under its Universal Safety Oversight Audit Programme (USOAP).

These audits highlighted areas where India needed to strengthen:

- Safety oversight.
- Inspector staffing.
- Technical expertise.
- Regulatory independence.
- Surveillance capability.

ICAO encourages States to ensure their regulators have sufficient independence, resources and qualified personnel.

(e) PARLIAMENTARY COMMITTEE RECOMMENDATIONS

The Parliamentary Standing Committee examining the Civil Aviation Authority Bill concluded that India required:

- Greater regulatory autonomy.
- Professional management.
- Better staffing.
- Improved accountability.
- Financial independence.
- Enhanced aviation safety oversight.

The Committee broadly supported creation of the CAA while recommending refinements to governance and accountability.

5. FEASIBILITY REPORT FOR THE FORMATION OF THE CIVIL AVIATION AUTHORITY (CAA) IN INDIA

A study regarding the feasibility for the formation of CAA in India was carried out in 2009-10 and a report was later submitted which must be available with MOCA. The report was exhaustive with necessary recommendations.

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6. The Civil Aviation Authority of India Bill, 2013

The **Civil Aviation Authority of India Bill, 2013** was introduced in the Lok Sabha on **20 August 2013**.

Its primary objective was:

"To establish the Civil Aviation Authority of India to regulate civil aviation safety and oversee aviation activities through an autonomous statutory authority."
The Bill proposed replacing DGCA with a statutory body established by Parliament.

7. TIMELINE OF THE CAA PROPOSAL (2012–2014)

Year	Development
2012	Ministry of Civil Aviation announced its intention to establish an independent Civil Aviation Authority to replace DGCA with wider regulatory powers and greater autonomy.
20 August 2013	The **Civil Aviation Authority of India Bill, 2013** was introduced in the Lok Sabha.
September 2013	Bill referred to the Parliamentary Standing Committee on Transport, Tourism & Culture.
January 2014	Standing Committee submitted its report recommending improvements while generally supporting creation of an autonomous regulator.
May 2014	Dissolution of the 15th Lok Sabha caused the Bill to lapse. It has never been reintroduced in Parliament.
2026 onwards	The Government should examine restructuring DGCA into a financially and administratively autonomous regulator, although a statutory CAA has not yet been created.

8. ICAO, FAA AND IATA RECOMMENDATIONS FOR INDIAN CAA:

ICAO, FAA and IATA Recommendations for Indian CAA recommendations were different in nature:

- ICAO recommended that India establish an independent, adequately resourced, autonomous safety oversight authority, consistent with ICAO Standards and guidance. This effectively supported the creation of a statutory CAA.
- FAA endorsed India's proposal to establish a CAA during its oversight assessments but did not independently direct India to create one.
- IATA consistently supported strengthening India's aviation regulator and welcomed plans for an autonomous CAA, but it was not a formal recommendation under any audit programme.

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9. The chronology is as follows.

Organization	Year	Nature of Recommendation
ICAO	2006	ICAO Universal Safety Oversight Audit identified deficiencies in DGCA's organizational capability and oversight, leading to recommendations to strengthen the regulator.
ICAO	2009–2010	ICAO conducted a feasibility study for establishment of an autonomous Civil Aviation Authority for India at the request of the Government of India.
FAA	March–July 2010	During the FAA IASA reassessment, DGCA informed FAA that the ICAO feasibility report had been received. The FAA endorsed the proposal for setting up a CAA as being in line with ICAO policy.
IATA	2011–2013	IATA publicly supported establishment of an autonomous regulator with adequate resources and technical capability during discussions on India's aviation reforms. These were policy statements rather than formal recommendations.

10. **ICAO**

ICAO was the principal international body that influenced the proposal.

Following the ICAO Universal Safety Oversight Audit Programme (USOAP) audit in October 2006, India was advised to strengthen its regulatory oversight capability. The audit highlighted shortcomings relating to:

- Inadequate inspector strength;
- Shortage of qualified technical personnel;
- Lack of financial autonomy;
- Insufficient surveillance capability; and
- Organizational limitations of DGCA.

These findings prompted the Government of India to request ICAO to undertake a feasibility study for creating a Civil Aviation Authority, which was completed around 2010. The Ministry of Civil Aviation later confirmed that the ICAO feasibility report had been received and was under examination.

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11. **FAA**

The FAA did not independently recommend that India establish a CAA.

During the 2010 International Aviation Safety Assessment (IASA) review, FAA examined India's corrective actions after ICAO's findings. The official Ministry of Civil Aviation press release states:

"FAA was informed that the report on the feasibility study for establishment of Civil Aviation Authority conducted by ICAO has been received and is presently under review with DGCA and MoCA. **FAA endorsed the proposal for setting up of CAA which is in line with ICAO policy."** This is the clearest official statement regarding FAA's position.

12. **IATA**

Unlike ICAO and FAA, IATA has no regulatory authority and does not conduct State oversight audits.

IATA nevertheless repeatedly expressed the view that India needed:

- An independent aviation regulator,
- Adequate technical staffing,
- Faster regulatory decision-making,
- Greater financial autonomy, and
- Internationally comparable safety oversight.

13. These comments were made through industry statements and consultations during the period 2011–2013, when the Government was preparing the Civil Aviation Authority Bill. IATA's position was supportive of the proposed CAA rather than constituting a formal recommendation.

14. **TIMELINE**

- 2006 – ICAO USOAP audit identifies shortcomings in DGCA's oversight capability.
- 2009 – FAA IASA review raises concerns over inspector staffing, technical guidance and surveillance.
- 2009–2010 – ICAO conducts feasibility study for an autonomous Civil Aviation Authority for India.
- 8 July 2010 – FAA officially endorses India's proposal to establish a CAA in line with ICAO policy.
- 2012 – Feasibility report submitted to the Ministry of Civil Aviation and proposal approved in principle.
- 2013 – Draft Civil Aviation Authority Bill introduced by the Government.

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15. The initiative to establish an autonomous Civil Aviation Authority in India originated from deficiencies identified during ICAO's 2006 Universal Safety Oversight Audit. ICAO subsequently conducted a feasibility study for the Government of India, while the FAA formally endorsed the proposal during its 2010 IASA review as being consistent with ICAO policy. IATA, representing the global airline industry, supported the creation of an autonomous, professionally staffed aviation regulator but did not issue a formal regulatory recommendation.

16. **WHY WAS CAA PROPOSED?**

The proposal was intended to address several limitations of DGCA:

a) Rapid expansion of India's aviation industry.

b) Shortage of technical inspectors and specialists.

c) Limited financial autonomy.

d) Slow recruitment procedures.

e) Need for stronger ICAO compliance.

f) Better consumer protection.

g) Independent safety oversight free from routine government administrative controls.

17. **PROPOSED STRUCTURE OF THE CAA**

The Bill proposed that the Authority would consist of:

a) Chairperson.

b) Director General (Chief Executive Officer).

c) Nine Members.

d) Experts in:

- Flight Safety
- Airworthiness
- Air Navigation
- Consumer Affairs
- Environment
- Finance
- Human Resources
- Aviation Management

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18. Appointments were to be made through a Selection Committee for fixed terms rather than by routine government postings.

19. **ADVANTAGES OF CAA OVER DGCA**

DGCA (Current)	Proposed CAA
Attached office of Ministry	Independent statutory authority
Dependent on Government budget	Own Civil Aviation Authority Fund through fees and grants
Slow recruitment under government rules	Independent recruitment of specialists
Limited salary flexibility	Competitive remuneration to retain experts
Administrative approvals required	Faster operational decision-making
Limited consumer protection role	Dedicated consumer protection functions
Limited environmental regulation	Full environmental regulatory responsibilities
Budget constrained	Financial autonomy
Frequent transfers of officers	Stable leadership with fixed tenure
Limited organizational flexibility	Modern corporate governance structure

20. **BENEFITS TO AVIATION SAFETY**

An autonomous CAA was expected to:

a) Recruit and retain experienced airline captains, engineers, airworthiness inspectors and ATC specialists.

b) Increase the frequency and quality of airline safety audits.

c) Improve oversight of rapidly expanding airlines.

d) Strengthen implementation of Safety Management Systems (SMS).

e) Improve accident prevention.

f) Enhance compliance with ICAO Universal Safety Oversight Audit Programme (USOAP).

g) Improve oversight of training organizations and flying schools.

21. **BENEFITS FOR PILOTS**

For pilots, a CAA could potentially provide:

a) Faster processing of licenses and ratings.

b) Better oversight of Flight Duty Time Limitations (FDTL) and fatigue risk.

c) More transparent medical certification.

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d) Stronger enforcement of safety standards.

e) Better regulation of Approved Training Organizations (ATOs).

f) Improved pilot grievance mechanisms.

g) Greater alignment with ICAO and leading international regulators.

22. PROPOSED FUNCTIONS OF THE CAA

The proposed Authority would have been responsible for:

a) Safety Regulation

- Flight Operations
- Airworthiness
- Licensing
- Flight Crew Standards
- Aircraft Maintenance
- Aviation Security coordination (where applicable)
- Safety audits
- Surveillance and inspections

b) Licensing

- Pilots.
- Aircraft Maintenance Engineers (AME's).
- Flight Dispatchers.
- ATCO's
- Flying Training Organizations.
- Maintenance Organizations.
- Simulators.
- Design and manufacturing approvals.

c) Consumer Protection

Unlike DGCA, the proposed CAA would also have explicit responsibilities relating to:

- Passenger complaints.
- Consumer rights.

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- Service standards.

d) Environmental Regulation

The Authority would oversee:

- Aircraft noise.
- Environmental compliance.
- Emission-related matters.

23. **GOVERNANCE STRUCTURE**

The proposed CAA would consist of:

a) Chairperson.

b) Director General.

c) Nine Members with expertise in:

- Flight Safety.
- Operations.
- Airworthiness.
- Air Navigation & Regulations.
- Environment.
- Finance.
- Human Resources.
- Consumer Affairs.
- Aviation Management.

Appointments would be for fixed terms to provide stability and continuity.

24. **FINANCIAL INDEPENDENCE**

One of the biggest reforms proposed was creation of a **Civil Aviation Authority Fund**.

Sources of funding would include:

- License fees.
- Certification fees.
- Regulatory charges.
- Inspection fees.

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- Government grants.

This would reduce dependence on annual Government budget allocations and allow long-term investment in regulatory capability.

25. HUMAN RESOURCE FLEXIBILITY

The CAA would have powers to:

- Recruit specialists directly from industry.
- Offer market-competitive salaries.
- Hire consultants and technical experts.
- Conduct specialized training.
- Create dedicated technical cadres.

This flexibility aimed to address long-standing shortages of inspectors and domain experts.

26. EXPECTED BENEFITS

The proposed Authority was expected to:

- Improve aviation safety oversight.
- Increase inspection frequency.
- Enhance ICAO compliance.
- Strengthen oversight of airlines, airports and training organisations.
- Accelerate certification and licensing processes.
- Improve passenger protection.
- Enable better oversight of Flight Duty Time Limitations (FDTL), Fatigue Risk Management Systems (FRMS) and Safety Management Systems (SMS).

Build greater international confidence in India's regulatory framework.

27. INTERNATIONAL EXAMPLES

Many leading aviation nations operate through autonomous statutory regulators rather than ministry departments:

a) Federal Aviation Administration, USA.

b) Civil Aviation Authority, UK.

c) Civil Aviation Safety Authority, Australia.

d) Civil Aviation Authority of Singapore, Singapore.

e) Civil Aviation Authority, Nepal.

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f) Civil Aviation Authority, Srilanka.

g) Civil Aviation Authority, Pakistan.

h) Civil Aviation Authority, Bangladesh.

These organizations generally have greater flexibility in staffing, funding and technical regulation while remaining accountable to government.

28. **CHALLENGES AND CONCERNS**

Some concerns raised during Parliamentary review included:
a) Avoiding overlap between the Ministry and the new Authority.

b) Ensuring accountability despite greater autonomy.

c) Preventing conflicts between regulatory and promotional functions.

d) Managing the transition of DGCA personnel and responsibilities.

29. For India, a comparison with neighbouring South Asian countries is particularly relevant because most have transitioned from a traditional government department to a more autonomous aviation regulator. India is now one of the few major aviation markets in the region where the primary safety regulator remains an attached office of the Ministry.

Country	Aviation Regulator	Status	Autonomous?	ICAO Compliance
India	**Directorate General of Civil Aviation (DGCA)**	**Attached office of Ministry of Civil Aviation**	No	Limited institutional autonomy
Nepal	Civil Aviation Authority of Nepal	Statutory Authority	Yes	ICAO-compliant regulator (airport and regulatory functions are currently being separated)
Sri Lanka	Civil Aviation Authority of Sri Lanka	Independent Authority	Yes	High level of ICAO compliance
Pakistan	Pakistan Civil Aviation Authority	Statutory Authority	Yes	Autonomous regulator with airport oversight
Bangladesh	Civil Aviation Authority of Bangladesh	Statutory Authority	Yes	Independent authority under legislation
Maldives	Civil Aviation Authority of Maldives	Independent Authority	Yes	Autonomous
Bhutan	Bhutan Civil Aviation Authority	Independent Authority	Yes	ICAO-compliant

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30. COMPARISON OF REGULATORY STRUCTURE

Parameter	India (DGCA)	Neighbours (Typical CAA)
Legal Status	Government department	Statutory Authority
Recruitment	Government service rules	Independent recruitment
Salary Structure	Government pay scales	Market-based remuneration possible
Budget	Annual Government allocation	Own revenue from aviation fees
Decision-making	Ministry approvals required	Independent Board
Technical Staffing	Limited flexibility	Faster recruitment of experts
Leadership	Government appointments and transfers	Fixed tenure appointments
Financial Autonomy	Limited	High
Consumer Protection	Limited	Dedicated function in many CAAs

31. WHY MOST COUNTRIES CREATED A CAA

The main drivers were:

a) Rapid aviation growth requiring specialized regulation.

b) Better compliance with ICAO Standards and Recommended Practices (SARPs).

c) Ability to recruit experienced airline pilots, engineers, air traffic controllers and inspectors.

d) Financial independence from annual government budgets.

e) Faster certification of airlines, airports and training organizations.

f) Greater credibility with international regulators and foreign aviation authorities.

32. INDIA'S POSITION

India has become the **third-largest domestic aviation market in the world**, yet its regulatory model has changed relatively little. Compared with neighbouring countries:

a) **Pakistan** established an autonomous Civil Aviation Authority in 1982.

b) **Bangladesh** established the Civil Aviation Authority of Bangladesh in 1985.

c) **Sri Lanka** created an independent Civil Aviation Authority in 2002.

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d) **Nepal** has operated the Civil Aviation Authority of Nepal since 1998, with ongoing reforms to separate regulatory and airport operator functions in line with ICAO recommendations.

e) **Maldives** and **Bhutan** also operate through autonomous civil aviation authorities.

33. ADVANTAGES INDIA COULD GAIN FROM A CAA

For India, establishing a statutory Civil Aviation Authority could offer several advantages:

a) **Professional recruitment**: Recruit experienced airline captains, flight operations inspectors, airworthiness engineers, air traffic specialists and safety experts without being constrained by civil service rules.

b) **Improved safety oversight**: Increase surveillance, inspections and audits as India's airline fleets and airports continue to expand.

c) **Better fatigue oversight**: Strengthen oversight of Flight Duty Time Limitations (FDTL), Fatigue Risk Management Systems (FRMS) and Safety Management Systems (SMS), areas of particular importance to pilots.

d) **Financial independence**: Retain revenue from licensing, certification and regulatory fees to fund modern safety oversight instead of relying solely on annual budget allocations.

e) **Faster regulatory decisions**: Reduce delays in approving aircraft, training organizations, simulators, new operators and licensing matters.

f) **Stable leadership**: Fixed-tenure appointments can improve continuity in long-term safety policy and implementation.

34. A COMPARISON WORTH HIGHLIGHTING

Country	Approximate Population (millions)	Aviation Regulator
India	~1,450	DGCA (Government department)
Pakistan	~255	Autonomous CAA
Bangladesh	~175	Autonomous CAA
Nepal	~31	Autonomous CAA
Sri Lanka	~22	Autonomous CAA
Maldives	~0.5	Autonomous CAA
Bhutan	~0.8	Autonomous CAA

35. This comparison underscores a notable point: **India has by far the largest aviation market in South Asia, yet unlike most of its regional peers, its principal aviation safety regulator is not an autonomous statutory authority.**

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36. For a policy paper to the Ministry of Civil Aviation or a Parliamentary Committee, this regional comparison can be strengthened further with a comparison of **staffing levels, inspector-to-aircraft ratios, ICAO, USOAP audit results, regulatory budgets, and governance structures** across India, Pakistan, Sri Lanka, Bangladesh, Nepal, Singapore, Australia, the UK and the US. This provides a stronger evidence base for evaluating the case for an autonomous Civil Aviation Authority in India.

37. RELEVANCE TODAY

India is one of the world's fastest-growing aviation markets, with expanding airline fleets, new airports and increasing passenger traffic. Many experts continue to argue that a financially and administratively autonomous aviation regulator would strengthen safety oversight, improve regulatory efficiency and align India with international best practices. Recent government restructuring efforts indicate that this concept remains under consideration, although the proposed Civil Aviation Authority has not yet been established.

38. WHY THE PROPOSAL REMAINS RELEVANT

India is now among the world's largest aviation markets, with rapidly growing fleets, airports and passenger traffic. Many experts argue that the original objectives behind the proposed CAA remain pertinent:

a) **Scale of operations:** Oversight requirements have expanded significantly.

b) **Technical expertise:** Competition for experienced aviation professionals continues.

c) **Regulatory agility:** Faster certification and licensing processes are increasingly important.

d) **International alignment:** Many mature aviation jurisdictions operate through autonomous regulators.

However, autonomy alone does not guarantee better performance. Effective governance, transparent accountability, adequate funding, skilled personnel and robust oversight mechanisms are equally important.

39. STRONG FINANCIAL JUSTIFICATION:

A strong financial justification for establishing a **Civil Aviation Authority (CAA)** is that it can become substantially **self-financing**, unlike the present DGCA, whose revenues are deposited into the Consolidated Fund of India and whose expenditure depends on annual Government budget allocations.

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GROWTH IN INDIA'S AVIATION SECTOR (2015 VS PRESENT)

Parameter	2015	2025–26	Increase
Domestic pax	~81 million	>165 million	Over 100%
International pax	~50 million	~74 million	~48%
Total passengers	~131 million	>239 million	~82%
Domestic air cargo	~1.10 million MT	~1.39 million MT	~26%
International air cargo	~1.43 million MT	~2.32 million MT	~62%
Total air cargo	2.53 million MT	**3.72 million MT**	**~47%**
Airports handling scheduled operations	~75	160+	More than doubled
Operational airports/airstrips under AAI & private operators	~125	160+	Significant increase
Aircraft on Indian register	~450	850+	Nearly doubled
Commercial aircraft fleet	~420	850+	Over 100%
Scheduled Airlines	14	12	Almost same
Non-Scheduled	125	138	10% increase
FTOs	~29	41	27% increase
MRO	109	209	92% increase
Remote Pilot Training Organisations (RPTOs)	Nil	100+	New regulatory sector
Registered drones	Negligible	35,000+	New regulatory domain
Air Navigation Service movements	~1.5 million ATMs/year	>3.5 million ATMs/year	More than doubled
Controlled Airspace Sectors	Existing metro-centric network	Expanded nationwide ATS routes	Significant increase
Aircraft parking stands at major airports	Capacity constrained	Substantial increase through airport expansion	Significant increase
Passenger terminal capacity	~220 million passengers/year	>500 million passengers/year	More than doubled

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Cargo terminal capacity	Limited	Expanded at major metro and regional airports	Significant increase
Greenfield airports	Few	Multiple operational/new (e.g., Mopa, Noida, Navi Mumbai under development)	Major expansion
Heliports & Water Aerodromes	Very limited	Rapid expansion under UDAN	New regulatory responsibility
Drone corridors & Advanced Air Mobility	Not applicable	Emerging sector	New regulatory responsibility

40. This rapid expansion has resulted in a substantial increase in regulatory activities such as certification, licensing, surveillance, inspections, approvals and examinations, creating a much larger potential revenue base than existed in 2015.

41. **DGCA REVENUE MODEL**

Currently, DGCA collects revenue from:

- Aircraft registration fees.
- Air Operator Certificate (AOC) fees.
- Personnel licensing fees.
- Examination fees.
- Flight simulator approvals.
- ATO, GTO, AELTO, Flying Training Organisation approvals.
- Maintenance Organisation approvals.
- Type certification and validation.
- Aircraft import and airworthiness fees.
- Miscellaneous regulatory charges.

However:

- These receipts are credited to the **Government of India**, not retained by DGCA.
- DGCA cannot directly reinvest the revenue it generates.
- Recruitment, procurement and technology investments depend on annual budget approvals.

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41. REVENUE POTENTIAL UNDER A CIVIL AVIATION AUTHORITY

A statutory CAA could retain and reinvest regulatory fees, similar to aviation authorities in the UK, Singapore, Australia and Canada.

Potential revenue streams include:

Source	Present DGCA	Proposed CAA
Aircraft registration	✓	✓ Fees Increased
Licensing fees	✓	✓ Fees Increased
Certification fees	✓	✓ Fees Increased
Surveillance charges	Limited	Expanded
Airport certification	Limited	Full cost recovery
Drone regulation	Very Limited	Comprehensive
Training Organisation approvals	✓	Expanded
Simulator Approvals	✓	Expanded
Air Navigation Approvals	Minimal	Expanded
Environmental regulation	No dedicated fee	Yes
Consumer protection levy	No	Possible
Safety oversight charges	Limited	Cost-recovery basis
International validation services	Limited	Expanded

42. ILLUSTRATIVE FINANCIAL COMPARISON

Particulars	2015	Potential under CAA (2026 onwards)
Regulatory fee collections	₹120–150 crore (estimated)	₹500–700 crore annually
Government grant	Majority of expenditure	Very Minimal after transition
Capital investment	Budget dependent	Totally Self-funded
Recruitment	Government rules	Independent recruitment
Technology investment	Limited	Continuous

These figures are indicative and reflect the scale of growth in aviation activity rather than audited DGCA receipts.

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43. ADDITIONAL REVENUE FOR CAA

A CAA could also **generate income** through:

- Online licensing and examination services.
- Approval and oversight of designated examiners/instructors/LTC/SFI/SFE etc.
- Approval of ATO's, FTO's, AELTO's, GTO's, MRO's and RPTO's.
- Fee for type certification, STC, design acceptance/organisation etc.
- Fee for simulator certification and oversight.
- Approval of Dangerous Goods, Aerial photography, cloud seeding, survey etc.
- Percentage of Air Navigation Charges collected by AAI.
- Fines due to non-compliance by operators.
- Approval of drones and advanced air mobility systems.
- Oversight of All operators.
- Oversight of Maintenance, Repair and Overhaul (MRO) organisations.
- CAR 147 approvals.
- Certification of aviation training organisations and new operators.
- CAP 3100/3300/3400 of operators.
- Percentage of medical fees collected from aircrew and ATCO's.
- Special Ops Approvals.
- Aerodromes / Water domes certifications and oversight.
- Aircraft accidents/incidents investigations.
- International technical assistance and consultancy.
- Sale of regulatory publications and guidance material.
- Cost-recovery inspections and audits.
- Safety data and digital regulatory services.

44. FINANCIAL SUSTAINABILITY

With Indian aviation now among the world's fastest-growing markets, annual regulatory transactions have increased substantially since 2015. A CAA operating on a **full or partial cost-recovery model** could finance most of its operating expenditure through user charges rather than relying primarily on Government grants. This would enable:

- Faster recruitment of technical experts.
- Investment in digital oversight systems.

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- Better surveillance and compliance.
- Reduced dependence on annual budget allocations.
- Enhanced alignment with international best practices for independent aviation regulators.

45. For a feasibility report, I can also prepare a **10-year financial model (2026–2036)** projecting:

- DGCA's current revenue,
- Projected CAA revenue by fee category,
- Operating expenditure,
- Capital expenditure,
- Break-even analysis, and
- Surplus generation based on expected growth in India's aviation sector.

46. **SUGGESTED POLICY RECOMMENDATION**

For future reform, India could consider establishing a **statutory Civil Aviation Authority** with:

a) Administrative and financial autonomy.

b) A dedicated aviation regulatory fund.

c) Independent recruitment of technical specialists.

d) Fixed-tenure leadership.

e) Clear separation of regulatory functions from policy-making by the Ministry of Civil Aviation.

f) Enhanced accountability through Parliamentary oversight, regular performance audits and compliance with ICAO standards.

Such a model would align India more closely with international practice while preserving public accountability and strengthening aviation safety oversight.

47. **CONCLUSION:**

The establishment of the Civil Aviation Authority (CAA) of India represents a significant institutional reform aimed at modernizing the governance of one of the world's fastest-growing aviation sectors. As India's aviation industry expands in terms of passenger traffic, fleet size, airports, air cargo, drones, and emerging technologies, the regulatory framework must evolve to meet increasing demands for safety, efficiency, transparency, and global competitiveness.

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a) The **transition from the Directorate General of Civil Aviation (DGCA) to an autonomous Civil Aviation Authority is intended to create a professionally managed, financially independent, and internationally aligned regulator with enhanced technical capability.** A CAA would be better positioned to implement risk-based safety oversight, strengthen regulatory enforcement, attract and retain specialized talent, adopt modern digital regulatory systems, and effectively oversee emerging sectors such as unmanned aircraft systems, advanced air mobility, and sustainable aviation.

b) International experience demonstrates that countries with independent aviation authorities have generally achieved greater regulatory agility, improved compliance with International Civil Aviation Organization (ICAO), Standards and Recommended Practices (SARPs), and stronger confidence among airlines, investors, and the travelling public. **The proposed CAA for India would similarly provide a robust institutional framework capable of responding to the increasing complexity of aviation operations while ensuring the highest standards of safety and security.**

c) Ultimately, the formation of the Civil Aviation Authority should not be viewed merely as an administrative restructuring, **but as a strategic investment in the future of Indian Civil Aviation.** By establishing an autonomous, accountable, and technically competent regulator, India can strengthen its position as a global aviation hub, enhance passenger confidence, support sustainable industry growth, and contribute significantly to the nation's economic development and international aviation leadership. The success of this transformation, however, will depend on ensuring adequate statutory powers, financial autonomy, professional expertise, transparent governance, and close collaboration with all stakeholders across the aviation ecosystem.

Warmest Regards,

(Capt. C.S. Randhawa)
President,
Federation of Indian Pilots (FIP)

Copy To:

1. Mr. Ram Mohan Naidu, Minister of Civil Aviation, Rajiv Gandhi Bhavan, Sri Aurobindo Marg, New Delhi - 110011
2. Mr. SK Sinha, Secretary, MOCA, Rajiv Gandhi Bhavan, Sri Aurobindo Marg, New Delhi-110011
3. Dr. T. V. Somanathan, Cabinet Secretary, Seva Teerth, New Delhi – 110011
4. Principal Secretary to PM, PMO Office, Seva Teerth, New Delhi – 110011

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