

## Media Monitor

Publication : The Economic Times

Nature : Financial Newspaper

Date : June 20, 2007

Readership : 450,000

# Patel ready to play best man

## Airline Marriages Set To Get Easier With New Asset Transfer Norms

G Ganapathy Subramaniam  
NEW DELHI



**T**AKING a cue from the recent consolidation in the skies, civil aviation minister Pratul Patel has decided to back mergers & acquisitions in the sector with industry-friendly norms. Simple rules for transfer of traffic rights and right to use airport infrastructure are among the initiatives proposed in the comprehensive civil aviation policy to facilitate M&As in the sector. The policy will soon be taken up by a group of ministers (GoM).

The move is significant for airlines as several regulatory hitches emerged when Jet Airways took over Air Sahara, triggering consolidation in the industry. With UB Group's Kingfisher subsequently picking up controlling stake in Air Deccan and setting the stage for further M&As, Mr Patel's move could prove crucial in the long term.

The civil aviation ministry's stand should help M&A deals by making it clear that an airline that takes over another can use the latter's traffic rights. Parking bays, landing slots, hangars, check-in stands, lounge areas, ticketing areas and office space will all be transferred.

Unlike other sectors, management change right now makes it mandatory

for airlines to get clearances from various authorities, including the civil aviation ministry, Director General of Civil Aviation, Airports Authority of India, home ministry and corporate affairs ministry. That could change if the new policy is approved by the GoM.

The only caveat from the aviation ministry is that such assets—obtained from the government and airport authorities—should not be sold following an acquisition. In other words, an airline taking over another should either use these assets or return them.

"Transparent and simple rules on transfer of traffic rights and airport infrastructure will play a key role in facilitating airline M&As. This is very significant, especially in the case of international routes," said Rishi Sahai, director at IndusView, a consultancy that advises multinational companies on business opportunities in India. Uncertainties over revenue earnings will be avoided and that will bring stability to such deals, he added.

With three big deals—Jet-Sahara, Kingfisher-Deccan and Air India-Indian—in recent months, the civil aviation ministry has included a separate note on consolidation in the industry in the proposed policy.

► Industry awaiting policy; P 7



### GREEN SIGNAL

An airline taking over another can use the latter's traffic rights



### SOFT LANDING

Parking bays, landing slots, check-in stands can also be transferred



### NO RESALE

However, the airline should either use the assets or return them