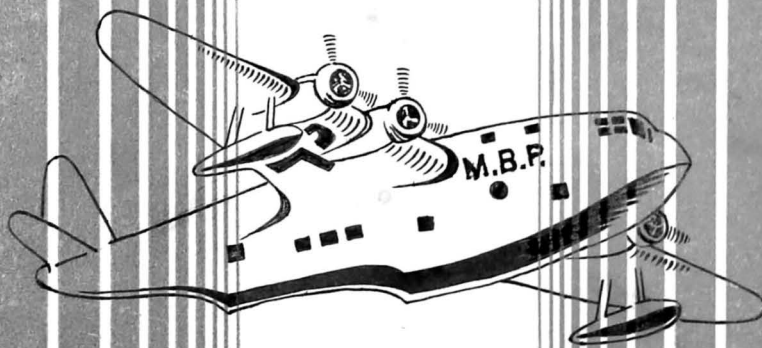


**COMMERCIAL  
AIR  
TRANSPORT  
WITH  
SPECIAL REFERENCE  
TO  
INDIA**



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M.A;M.COM.**

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## I Introduction.

The study presented in this treatise was undertaken by the writer as he felt that there is a genuine need for investigating the historical evolution of air transport in India during the short period of twenty years, and secondly because, time had come when the performance of the Commercial aircraft should be subjected to the laws of the Utility Economics. Hitherto, aircraft has received too much attention from the engineering and Strategic angles of views. This was because between the two World Wars, transport aircraft was looked upon essentially as an instrument of national policy rather than as a vehicle of Commerce. Consequently, strategy and prestige played more important part in the working of the Commercial lines which were liberally subsidised in almost all the countries of the world. With the end of the Second War, transport aircraft will now turn to the mission of commerce, leaving its battle-dress behind. War, in a way, was the best advertisement for the aircraft, and, with the cessation of hostilities, most of the countries are reconsidering the aviation's role in the transport web of the country. Aviation has been subjected to rapid technological changes during the last twenty years, and consequently has not attained that stability which railway and road transport have reached. Economics of air transport has therefore yet to be evolved. The present study is a modest attempt in that direction. The economic aspect of commercial air transport will now demand increasing attention in the future growth. In attempting an economic analysis of the aircraft performance, the writer has not overlooked two important limitations. Firstly, there have been too many uncertainties in the performance of the transport aircraft arising out of technological changes, and secondly, the available

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data for commercial aviation has been too much diluted by subsidies of various kinds. The writer has greatly depended upon the American data and particularly one by Dr. Edward P. Warner about Dc.3. There are reasons for such a preference. It was not possible in spite of the best efforts to get any operating data for the Indian airlines. The European data, as might be expected, holds a veil of secrecy. American data is not of course free from the element of public aid but the U.S.A. Government and the airlines have been more free with such information. American data is, therefore, probably of more truly economic significance than data from any other country. America, again, leads in the world's commercial aviation under the spirit of competition and the American experience and practices in aviation have been widely copied in other parts of the world. Though the writer has exclusively depended upon the American data, he has not overlooked the exceptional conditions prevailing in that country. But, with proper modifications, the lessons and conclusions from this data have their own value not only for evolving the economic significance but also for practical purposes in countries like India. The study mainly tries to focus attention on the economic implications of the aircraft performance and the cost aspect in particular. The first two chapters explain the economic characteristics of the transport aircraft. The latter Chapter contains the peculiar features of the short and long haul performance of the aircraft. The third Chapter is devoted to explain how air transport is essentially a study in Utility Economics, and, in that light, explains the Cost aspects and the need of public aid under certain circumstances. The fourth Chapter attempts a discussion of rates and rate-making considerations. The fifth chapter is devoted to the problem of ownership and role of the State, while the sixth one discusses post-war aviation problem



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with particular reference to 'Freedom of the Air'. The <sup>remaining</sup> ~~last two~~ chapters are given over to evolution of Indian air transport and kindred problems. The writer has emphasised in his treatment of the Indian air transport problems, the extremely limited scope, aviation will have in the transport web of the country. There have been unfortunately many exaggerated ideas about the future of aviation in this country. In the light of Cost analysis carried in the earlier chapters of this study, the writer proves that such hopes are not likely to materialise in India, at least in the early post-war period - in spite of ideal geographical and climatic conditions that prevail. For some years to come at least, India will remain a high cost country where air travel will be a luxury for the fortunate few. Conditions in India are not therefore favourable at least for the present for too rapid a growth of commercial aviation. The limiting factors in this connection have been analysed in appropriate places. The study does not advocate a policy but tries to explain the economic limits within which commercial aviation will have to work at least in the immediate future. Technology has been full of promise and the economic controls which have been explained in the study may soon become obsolete. For the present at least, the theoretical phases presented, cannot be overlooked by all those who are interested in the commercial efficiency of the aircraft performance. In presenting the study, the writer has to state the limitations within which he has worked. The University had permitted the writer to take up the study independently and had also granted a studentship for a period of six months. The study was undertaken between 1944-46, when there was practically a blackout on all aviation information including aviation Statistics. Aviation literature on the economic side is extremely limited and was not freely available during the war period. The writer has therefore



depended upon such primary and secondary sources as were available to him.

The writer is under special obligations to Principal D.R.Gadgil of the Gokhale Institute of Politics and Economics, Poona, <sup>and</sup> Principal D.G.Karve of the B.M.College of Commerce, Poona, for their generous encouragement, fruitful criticism and helpful suggestions in the preparation of this study. The writer is indeed grateful to them both as also to those airline executives and Government officials who so kindly gave their time for interviews and correspondence. The writer has to acknowledge in particular the assistance thus received from Sir Gurunath V. Bevoor, Sir Frederick Tymms and Mr.G.L.Mehta. The acknowledgement is not, however meant to imply that these persons necessarily agree or approve of what appears in the contents of this study.

The writer in conclusion has to thank Miss Flora Luduigton, Librarian U.S. Information Library Bombay, for permitting an access to the American literature on the subject as well as to the Counsel-General United States of America in India for securing from his country such literature as was requested for. I must confess that but for their assistance it would not have been possible to have access to American data particularly in times like war. Finally thanks are also due to the library authorities of the B.M.College of Commerce, and the Fergusson College Poona, for their unfailing courtesy.

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