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Strategic Approach and Policy Framework for Air Traffic at Khajuraho Airport

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ABSTRACT

Due to liberalization of aviation policies, Airports as an organization are emerging as economic and international business hubs. Volume of air traffic in India and State level at different airports are the reflection of strategies and policy framework designed for its effective implementation and management. Khajuraho being heritage city of Madhya Pradesh and a prominent attraction at domestic and international level is chosen as an area of study. This paper is an effort to explore the strategic directions related to volume of air traffic at Khajuraho airport. All the three aspects of air traffic in terms of Aircraft movements, Passenger movements and Freight movements are included at domestic and international level. The era of integrated development and expansion of aviation industry is chosen as time period of the study The research is an outcome of inputs given by aviation professionals and published sources.

Keywords: Airport, Air traffic, Domestic, International freight

INTRODUCTION

One of the toughest challenge that any airport as an organization face is the choice of appropriate strategy and its implementation to enhance and handle air traffic. So air traffic serves as a catalyst for transformation of airports into dynamic and commercial business accelerating economy, commerce, industry and tourism. Madhya Pradesh being the heart of India has a competitive and locational advantage to get connected through air

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routes to other cities in and outside india. Khajuraho being the major attraction of religious tourism for domestic and international passengers is chosen as the area of study. Khajuraho airport is located in Chhatarpur district located at three kilometers to the South of Khajuraho town. It furnishes air travel facilities through Air India regional, Jet airways with its connectivity to Delhi, Mumbai and Varanasi. Flights sometimes connect Khajuraho to Nepal too. It is a heritage city that once operated international flights to and from the airport. The land area of existing Khajuraho airport is 590.36 acres and elevation is 728 feet.

LITERATURE REVIEW

Neufville Richard, Odone Amedi [1] (2003) "in the study "Management of Multi-Airport Systems: A Development Strategy" proposed a dynamic strategy for developing the multi-airport systems for needed for large metropolitan regions. This is adopted for all metropolitan regions generating more than 10million originating passengers a year have several airports serving commercial carriers. Its foundation is fundamental factors viz the pattern of airline traffic at specific airports, and secondly the dynamics of the competition amongst airlines and airports. It sets limits on the proper management and development of multi-airport systems which are a major issues of airport managers worldwide. Choosing an initial strategy of development commits to a first phase, but good managers will therefore choose their investments in later phases according to how the market and traffic have developed. Practically, for planning multi-airport systems, dynamic strategic planning to give the reason the accessibility to compete effectively with other regions for business, industrial and touristy activity by building up the capabilities of the primary airport in a system. In order to protect the development of new multi airports in future, such as new runways or second airports in the system. The limitation of this study was that it is not applicable in smaller cities and involves heavy capital outlay.

Graham Anne (2004) [2] in his research titled"Airport Strategies to gain competitive advantage" analysed the airport strategies and highlight the relevance of general competitive strategy theory to airport industry.

1   Neufville Richard, odone amedi-"Airport systems planning, design and management", Mcgraw Hill publications, 2003

2   Graham Anne, Airport Competition and Benchmarking of Airports, "Airport Strategies to Gain Competitive Advantage", Bremen, November 2004.,pp.19 20

The competition among airports is increasing. As a result new strategy has to be developed to gain competitive advantage. Since airlines are interdependent, due to passenger demand the competing forces are found to be different so it is important to focus on the airport management strategy. It is easier to influence non aeronautical product for passengers rather than fixed airport product allocation. Due to airport privatization, horizontal integration has to be adapted. This paper emphasizes the need of LCC and alternative of strategic direction for requirement of the airlines. The available alternative to LCC's is a challenge for small and medium size airport.

Welch Timothy [3] (2006) presents in study "Airlines Security and Strategy for Change" that air transport workers have not known the best strategy, for the safe and secure conduct of air commerce which is of national and international importance. It is the changes in airport design, new methods of securing aircraft, awareness by travelers and the arming of pilots which may create more secure industry

Frost Suvillan [4] (2009) states in their report "Strategic Opportunities in the Indian Airport Infrastructure market" that many business models can be imparted to increase revenue on airport infrastructure by developing, modernizing and analyzing expenditures of airport the public private partnership (PPP) framework.

Loura Jitendra, Yadav [5] (2013) states in their article "Human Factors and Stress in Air Traffic Controllers- A study of Air Traffic Controllers at I.G.I Airport, New Delhi" that stress experienced by air traffic controllers at Indira Gandhi international airport can be coped up. Thus leading to positive result in their job performance and helping new crew members to cope with on the job and off the job stress. Stress was defined as a comparison of demands and capacities of the recent past and near future. If capacities exceed the internal and external demands, people perceive no stress and vice versa. This study was an effort to identify the cause of stress, coping styles performing by air traffic controllers and physical behavioral or emotional symptoms experiencing by air traffic controllers. These studies gave insight to me for writing the present research paper on strategic perspective of air traffic at Khajuraho.

3   Welch Timothy, "Airlines Security and Strategy for change" 2006.
4   Frost Suvillan "Strategic Opportunities in the Indian Airport Infrastructure Market", Aviation Today, 2009.
5   Loura Jitendra, Yadav," International Journal of Trends in Business Administration,, Volume 2 Issue 7, 2013.

BACKGROUND OF THE STUDY

Strategic Approach And Areas

Airport as an organization work on different strategies like Growth, diversification, and restructuring. The most common strategies at metro airports and airline operators are strategic alliances. However Khajurahostill has restructuring strategy ad focus strategy for airport and airlines operations. More precisely, Airport directional Strategies can be growth, Diversification, Concentric, Conglomerate, Concentration, Vertical growth, Horizontal growth, Stability strategies viz No Change,, Retrenchment strategies viz. Turnaround, Divestment, Liquidation and Stability strategies is less risky and useful in predictable environment which focuses on incremental improvement in functional per formation. Pause/proceed with caution means attempt to postpone strategic shift it is an opportunity to rest before environment changes Growth Strategy includes vertical growth occur when few airport management function is taken up by other company in order to reduce cost and maintain quality horizontal integration by accruing and other business that produces almost similar services can be done at airports. Focus strategy is used as a low cost approach as it concentrates on less airline services but it leaves large volume of standardized market to cost leader Turnkey operation that involves building opera rating facilities like airport infrastructure or taxiway for a fess and transferring the facilities to host airports The compatibility of strategy and local environment for airport is important for effective functioning of air line services. The main strategic directions for airports are market penetration, market development, product development and diversification. It relates to which products and services should be developed and for which markets. Market penetration involves increasing market share of existing products in existing markets whilst market development entails introducing existing products into new market areas. The airports manager play crucial role in shaping strategic leadership. Globalization calls for cargo expansion at airports to be develop in accordance with institutional & ownership changes in development v/s Management in Airports by altering economic reforms. Airports with low traffic volume are difficult to privatize with low traffic volumes may be difficult to privatize since private entrepreneurs may not find them viable and attractive enough.. In civil airports like Khajuraho, profit rate is lower than the average profit rate of metro airports for competitors. declining profit and loss of competitive advantage lead to airport services failure due to inertia, prior strategic commitments and too much inner directedness. Airports do not change according to market condition and

the commitments which were made in terms of huge investment, decision and facilities resulted in competitive disadvantage. So airlines operating at the airport follow penetration pricing(low price of air services to capture market share) at low price to gain high market share in long term rather than skim pricing (High Price when competitors are few).

POLICY FRAMEWORK AND REGULATION FOR AVIATION INDUSTRY

Aviation industry including airports and airlines around the globe operate under regulatory framework of ICAO (International Civil Aviation organization, IATA (International air traffic association and ACI (Airports council international).

At global level, ICAO is the permanent body charged with the administration of the principles laid out in the Convention. It sets the standards for aviation safety, security, efficiency and regularity, as well as for aviation environmental protection, and encourages their implementation. The objective of efficiency and continuity for air services effectiveness is measured in terms of passenger aircraft movement and cargo operations to enhance the efficiency of aviation operations. ACI goals are to build ACI's worldwide organizational capacity and resources to several members and efficiently maximize cooperation and mutual assistance among airports, advance the development of aviation system by enhancing public awareness of the economic and social importance of airport development, influence international and national legislation, rules and policies, standards and practices achieve cooperation among all segments of the aviation industry and their stakeholders however these are limited to global perspective. IATA was funded in Havana, Cuba, in April 1945 as a vehicle for inter-airline cooperation in promoting safe, reliable, secure and economical air services

In Indian context, Various air service agreements and PPP (Public Private Participation)) around 2003 were entered inclusive of airlines and airports all over India. The aviation sector remained closed towards private sector participation until around 2003, when Air Deccan was granted the license for pan-India operations. Around the same time, concession agreements for the development of Greenfield airports at Bangalore and Hyderabad by private players were signed and talks for the modernization of Delhi and Mumbai airports through PPP came to the forefront MoCA (Ministry of Civil Aviation) is the nodal agency responsible for the formulation of national policies and programmes for the development and regulation of the civil aviation sector. It is also responsible for devising and implementing schemes for the orderly growth and expansion of civil air transport

DGCA(Directorate General of Civil Aviation) is the principal regulat
body that coordinates all its regulatory functions with the Internatio
Civil air transport services in accordance with the Aircraft Rules, 19
including bilateral and multilateral agreements with foreign count
and policies of the central government, formulation and enforcemen
civil air regulations, air safety, and airworthiness standards. BCAS is
Bureau of Civil Aviation security which is responsible for laying do
the standards of pre-embarkation (which means those passengers wh
air journey begins at the reporting airport) security at airports and a
sabotage measures in respect of flights in India.

Various Acts and policies are also operational at Indian Airp
including civil airport like Khajurao. Aircraft Act, 1934 includes the Ru
made there under by the Central Government govern the developme
maintenance and operation of all airports, including the Greenfield airp
projects (which is setup by AAI and constructed through and finan
substantially through public private partnership route. Airports Author
of India Act, 1994 was constituted under the AAI Act, 1994. The A
applies to all airports where air port services are operated or are intenc
to be operated (other than airports and airfields belonging to, or subj
to the control of any armed force of India), all civil enclaves, aeronauti
communication stations, training stations, establishments and worksh
relating to air transport services AERA (Airport economic and regulat
Act) 2008 has also come into picture. Before the establishment of AER
airport tariffs were fixed by the airport operator, whether it is the A
or the private player. AERA is now responsible for fixing, review
and approving the tariff structure for aeronautical services, the use
development fees (levied by the service provider for development of
airport), and passenger service fees as well as for monitoring performa
standards at such airports

Policy on Airport Infrastructure, 1991 was announced in 1997
outlined the Government's views on the use and development of airp
infrastructure. The primary objective of the policy was to enhance airp
capacity ahead of demand, enhance airport facilities to make airports m
user-friendly, ensure safety and security of aircraft operations, pro v
multimodal linkages, and ensure transparency and clarity in decisi
making processes of the government and public sector units. The r
ground handling policy was finalized by the Union Government in 2 C
The policy permits three parties to carry out ground handling operati
the respective airport operator itself (AAI or other operators as the c

may be) or its JV, subsidiary companies of the national carriers India or their JVs specialized in ground handling services, or third parties of these subsidiaries or their JVs on the basis of revenue sharing with the airport operator. The Greenfield airport policy was approved by the Union Government in April 2008. According to the policy, any Greenfield airport to be set up by the MI (Ministry of Independent charge) would preferably be constructed through the PPP (Public Private Partnership) route and financed substantially through PPP concessions. Domestic Air Transport Policy, 1997 covers the Route Dispersal Guidelines specified classification of air routes under various categories taking into account the need for air transport services in different regions of the country. New Civil Aviation Policy i.e. Vision 2020 policy aimed at liberalizing rules for regional airlines and focus on revising the duties of the Airports Authority of India. Under this policy, the Ministry has proposed the establishment of an Essential Air Services Fund (EASF) to provide subsidy to airlines that operate on 'uneconomical but essential routes like Khajuraho. The subsidy support from the fund would be established through a transparent process of minimum subsidy bidding. Apart from this, Airport revenue models and charges are also framed according to air fleet turnover at airports. Safety and security regulation under DGCA and BCAS for baggage handling and surveillance hydraulic boards are also managed by airport regulation bodies like Airports Authority of India. Operation GAGAN for better air traffic, better fuel efficiency and better air space management is noteworthy policy and for regulation of environment like bird reduction and noise abatement, Ministry of Environment and Forestry play a regulatory role.

STRATEGIC ISSUES FOR AIR TRAFFIC AT KHAJURAHO

The causes of strategic issues related to air traffic volume at Khajuraho includes its ineffective handling includes delayed warning of forthcoming problems, lack of focus on customers, distorted communication within the airlines, customers and airport handling agencies, absence of financial data, incapability to handle passenger and cargo capacity and failure to develop retailing operations at airport for passengers. Moreover priority was given to compliance of safety and security standards at other airports in Bhopal and Indore but Khajuraho was ignored. The shortage of airlines staff and slow air travel trends are seen at Khajuraho. Pending projects of Construction of modernizing infrastructure e g the new terminal building at Khajuraho airport was started in on 3rd Jan.2010 and the scheduled date of completion was June-2011 is one of the major bottleneck for poor air