

'Consumers should be prepared to pay reasonable fares'

Ashwini Phadnis

The Madurai-based Paramount Airways that took to the skies in 2005 and plans to have a national presence by 2010-11 is currently looking to expand operations to Kerala. The airline is also looking to diversify and could set up the first Embraer Maintenance, Repair and Overhaul (MRO) facility in the Asia-Pacific region at Madurai. The airline Managing Director, Mr M. Thiagarajan, outlined the airline's future plans in an interview to Business Line during a recent visit to the Capital.

Excerpts from the interview:

How does Paramount plan to increase its reach? Is the airline planning to convert to a regional airline?

We have a national licence, even though Paramount is currently operating in one region. We have no plans of converting our licence to a regional airline licence.

Between 2008 and 2011, we would be inducting almost one aircraft every 40 days. As per the plan, in 2008 the airline will expand into the western region and by 2011, we will look to have a national presence. This growth would be entirely organic. Inorganic growth is based on valuation and I had

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**M. THIAGARAJAN,
MD, PARAMOUNT
AIRWAYS**

rather not talk about it till something has been finalised. There are a number of issues that need to be considered while acquiring a company including infrastructure, marketing set-up and efficiency of operations. But one thing is certain, if we do go in for an acquisition then it would be a total acquisition.

The south is to soon see three regional airlines coming up. What impact is the arrival of these airlines likely to have on Paramount?

There is no route on which

Paramount flies alone. We are already competing with Air Deccan, Indian and Kingfisher. Entry of more players would not make any significant difference especially as our customer retention is close to 100 per cent unless we do not fly on that route or seats are not available.

The airline industry recently met the Kerala Chief Minister. What is the significance of this meeting?

The Chief Minister of Kerala recently held a meeting with various airlines and indicated

that the State Government would look to reduce airport user charges. Paramount is planning to increase flights to Kerala. We will be getting another aircraft towards the end of October and plan to operate flights on the Kochi-Thiruvananthapuram-Kozhikode sector and also between Kozhikode and Bangalore.

Is the airline interested in operating abroad?

We would look at international operations after 2011-12. Even if there is a change in Government policy, our focus would be national. However,

on a selective basis we can look at operating to Colombo or Maldives, cities that can be a natural extension of existing routes.

Is Paramount looking at other projects also?

We are in talks with Embraer for setting up a MRO set-up, which would be the first in the Asia-Pacific region at Madurai. We will have more than 51 per cent stake in the project. If the project goes through, then the MRO should be ready by the end of 2009.

Air fares have been steadily increasing. Do you think this is likely to lead to consumer demand waning?

The aviation industry is on the path of recovery. With the Re 1 ticket, I would often joke that travelling in a bullock cart was more expensive. Now I believe that even among the low-cost airlines, the least price of a ticket is around Rs 2,000. Personally, I believe that the consumer should be made aware and he should be prepared to pay a reasonable fare for a flight.

If we reach a situation where airlines go out of business, then how does it help the customer as we would reach a situation of duopoly where there would be just 3 or 4 players and then again the customer would suffer.

