



AERA Amendment Bill, 2021

Why in News

Recently, the Lok Sabha passed the [Airports Economic Regulatory Authority of India \(AERA\) Amendment Bill, 2021](#).

- It was **first introduced in March 2021** and subsequently referred to a **parliamentary standing committee on transport, tourism and culture**, which approved it without any changes.
- It seeks to amend the **Airports Economic Regulatory Authority of India Act, 2008**.

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| <ul style="list-style-type: none">■ Lok Sabha passed AERA amendment Bill to modify definition of 'major airport'■ A major airport is one which handles or is designed to handle 3.5 mn passengers annually■ There are around 25 major airports in the country | <ul style="list-style-type: none">■ Amendment will allow the Centre to privatise a small loss-making airport, along with each of the six airports, by clubbing them■ Currently, AERA determines tariff of a single airport; amendment will allow for tariff fixation of more than one airport |
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- **THE CENTRE ALREADY DECIDED TO PRIVATISE SIX AIRPORTS AUTHORITY OF INDIA AIRPORTS AT AMRITSAR, VARANASI, BHUBANESWAR, INDORE, RAIPUR, AND TIRUCHIRAPALLI**

Key Points

- **Major Provisions:**
 - **Definition:**
 - It proposes to **amend the definition of major airport** to include a group of airports.
 - The 2008 Act designates an airport as a **major airport if it has an annual passenger traffic of at least 35 lakh**.
 - The central government **may also designate any airport as a major airport by a notification**.
 - **Tariff:**

- It will allow AERA to **regulate tariff and other charges for aeronautical services** for not just major airports with annual passenger traffic of more than 35 lakh, but also a group of airports.
- **Profitable Clubbing:**
 - The government will be **able to club profitable and non-profitable airports** as a combination/package to bidders to make it a viable combination for investment under **PPP (Public-Private Partnership)** mode.
- **Significance:**
 - It will **help in expanding the air connectivity** to relatively remote areas and as a result, expediting the [UDAN regional connectivity scheme](#).
 - It will **encourage development of smaller airports**.
- **Concern:**
 - Lack of clarity in the bill on the **criterion for deciding which airports will be clubbed together** to qualify under 'a group of airports' definition, whether it will be the passenger traffic of more than 3.5 million or some other factors too.

Airports Economic Regulatory Authority of India

- **Background:**
 - Initially, the [Airports Authority of India \(AAI\)](#) was **running and managing the airports**. After some time, a change was made in the civil aviation policy as some private players were also given airports to run. The reason behind this was to provide consumers with great services.
 - Typically, **airports run the risk of becoming a monopoly because cities usually have one civilian airport** which controls all aeronautical services in that area.
 - To **ensure that private airport operators do not misuse their monopoly, the need for an independent tariff regulator** in the airport sector was felt.
- **About:**
 - The Airports Economic Regulatory Authority of India Act, 2008 (AERA Act) was passed which set up the AERA as a **statutory body**.
 - It was set up, keeping in mind that the **country needs to have an independent regulator** who has transparent rules and can take care of the interests of the service providers as well as that of the consumers.
- **Functions:**
 - The AERA **regulates tariffs and other charges** (development fee and passenger service fee) **for aeronautical services** (air traffic management, landing and parking of aircraft, ground handling services) at major airports.

[Source: TH](#)

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