



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**.



- 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
- 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

- **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

PDF Reference URL: <https://www.drishtias.com/printpdf/aera-amendment-bill-2021>