Aviation Sector: AERA (amendment) Bill, 2018

What is the issue?

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- India has emerged as the third largest domestic aviation market in the world.
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- Increasing passenger load demands for better regulatory structures and hence rejiging the AERA is needed.
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What is AERA?

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- “Airports Economic Regulatory Authority (AERA) of India Act” was passed in 2008, to establish an independent aeronautical regulatory authority.
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- The authority was to work for the protection of the interest of airports, airlines and passengers and also regulate traffic for aeronautical services.

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- Aeronautical services primarily include navigation, surveillance and supportive communication for air traffic management and landing facilitation.
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- Further, housing or parking of an aircraft; ground safety, fuel and handling services, are also covered under aeronautical services.
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Why was the need for amending AERA felt?

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- **Workload -** Exponential growth in the sector and increase in the number of airports has subjected AERA to tremendous pressure.
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- The number of major airports increased from 12 to 27 between 2007 and 2017 and numerous minor airports have also seen a spike in traffic.
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- Notably, a number of private operators have also entered the airline/airport sector, and some major airports are run under public-private partnership.
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- It was felt that the expanding magnitude of AERA's workload was affecting its efficiency in determining tariffs and monitoring services at major airports.
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- **New Dynamics -** For engaging private players in projects, several business models like predetermined tariff or tariff-based bidding have come up.
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- With such structures in place, the government has found that the market itself determines the charges and hence alleviating the need for a market regulator.
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- Hence, as the 2008 AERA act doesn't cover such complexities, the government has now proposed a bill to amend it.
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What does the AERA (Amendment) Bill, 2018 seek to do?

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- It proposes to amend the definition of "major airport" as any airport with passengers in excess of 3.5 million from the existing 1.5 million.
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- Further, it seeks to update Section 13 of the 2008 Act in tune with the current business models and tariff system.
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- Notably, section 13 is an umbrella provision which covers capital expenditure incurred and timely investment in improvement of airport facilities.
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- Hence, these changes could implicitly mean changes in the tariff for

aeronautical services at major airports.
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Source: The Hindu

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