

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1657
ANSWERED ON:23.08.2007
REVIEW OF BILATERAL AIR SERVICE AGREEMENT
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Will the Minister of CIVIL AVIATION be pleased to state:

- (a): whether the Government proposes to review bilateral air service agreement and do away with existing commercial contracts over the next two years ;
- (b): if so, the details thereof ;
- (c): whether after doing away with the existing system the fares are likely to come down, particularly in the gulf region ;
- (d): if so, the details thereof ;
- (e): whether GoM on aviation policy has proposed that commercial contracts be junked in phased manner by December,2009 ;
- (f): if so, the detailed plan chalked out by the Government in this regard; and
- (g): the profit likely to go to Air India and other airlines after new system ?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a), (b),(e) and (f) : In December, 2004, it was decided that all existing Government mandated commercial agreements would be reviewed and phased out over the next five years and all new operations by foreign carriers, both on new destinations as well as on existing routes would be free from the obligations of mandated commercial agreements. Subsequently, it has been decided that smaller airlines having 7 services or less to India may be exempted from mandated commercial agreement w.e.f. 1st January, 2008.

(c)&(d): While the air fares are determined by market forces, it would be reasonable to expect that the airlines would be in a position to lower the fares once the mandated commercial agreements cease to exist.

(g): The new system is expected to bring about a level playing field between the National carriers and the foreign carriers on the international operations.