

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:867

ANSWERED ON:23.10.2008

SETTING UP OF AIRPORT ECONOMIC REGULATORY AUTHORITY

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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government has any plan to create Airport Economic Regulatory Authority;

(b) if so, the details thereof; and

(c) the steps taken by the Government for liberalization of routes through Open Sky Policy for the promotion of job, tourism and trade between the countries?

Answer

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

(a)& (b) Airports Economic Regulatory Authority of India Bill, 2007 was introduced in the Lok Sabha on 5th September, 2007 for establishing an independent Regulatory Authority namely, Airports Economic Regulatory Authority (AERA) with the prime objective to create a level playing field and healthy competition amongst all major airports (Government-owned, PPP - based, private), encourage investment in airport facilities, regulation of tariffs of aeronautical services, protection of reasonable interest of users, etc. The main function of AERA would be

(i) to determine tariff for aeronautical services taking into consideration capital expenditure incurred and timely investment in improvement of airport facilities; service provided and its quality; cost for improving efficiency; and revenue from non aeronautical services,

(ii) to determine development fees,

(iii) to determine PSF,

(iv) to monitor set performance standards,

(v) to perform such other functions relating to tariff as may be entrusted to it by the Government;

(c) The Government has taken a number of steps for liberalization such as amendment of bilateral Air Services Agreements (ASAs) based on the International Civil Aviation Organisation template and addition of capacity and providing a framework for increased connectivity in the bilateral talks with foreign countries, which has contributed to the growth of trade and tourism in the country. All the above measures have helped boost tourism travel and trade in this country.