

RAJYA SABHA

***SYNOPSIS OF DEBATE**

(Proceedings other than Questions and Answers)

Tuesday, July 16, 2019 / Ashadha 25, 1941 (Saka)

**Felicitations to Indian Sportspersons for Winning Medals at
30th World Summer Universiade, Italy**

MR. CHAIRMAN: Hon'ble Members, on behalf of the whole House and on my own behalf, I congratulate Miss Dutee Chand for winning the Gold Medal in the 100-metre sprint event at the 30th World Summer Universiade, held at Napoli in Italy, from the 3rd to the 14th of July, 2019.

I also congratulate Miss Valarivan Elavenil for winning the Silver medal in the Women's 10-metre Air Rifle event; Miss Nina Chandel, Miss Valarivan Elavenil and Miss Aayushi Gupta for winning the Bronze medal in the Women's Team 10-metre Air Rifle event and Shri Angad Vir Singh Bajwa for winning the Bronze Medal in the Men's Skeet event at the World Universiade.

The victory of all these young sportspersons, particularly women, is a matter of pride for the entire nation.

*This Synopsis is not an authoritative record of the proceedings of the Rajya Sabha.

The victory of Miss Dutee Chand is all the more significant, as she has become the first Indian to win a Gold Medal in a 100-metre sprint event at a global event. I am sure, all of them will inspire the youth of our country to face challenges with grit and determination and budding sportspersons to excel in their field of sports.

We wish all sportspersons all success in their future endeavours and hope that they would continue to make the country proud by bringing many more laurels in the coming years.

GOVERNMENT BILL

The Airports Economic Regulatory Authority of India (Amendment) Bill, 2019

THE MINISTER OF STATE OF THE MINISTRY OF HOUSING AND URBAN AFFAIRS, THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION AND THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI HARDEEP SINGH PURI), moving the motion for consideration of the Bill, said: The Airports Economic Regulatory Authority of India (Amendment) Bill follows from the AERA, which was introduced as legislation, in the year 2008. Prior to that, the Airports Authority of India performed the role of the airport operator as well as regulator. The privatisation of two major airports during that period resulted in the need to establish an independent regulatory to fix basic issues like aeronautical charges, tariffs for aeronautical services, protection of reasonable interests of users and operation of efficient and usable airports. In the year, 2006, the total number of passengers which Indian airports had by way of traffic was in the range of approximately 1.5 million passengers per annum. In 2009, the number of major airports which had this kind of traffic of 1.5 million passengers per annum was two. In the year 2016, this went up to 24. Today, the passenger throughput at the Airport Authority of India airports is in the vicinity of 344.69 million. So, the limited purpose of this Amendment is to substitute the figure 1.5 million by the figure 3.5 million which accurately reflects the state of traffic

today. In addition, we also seek to introduce a small additional change where it will be said that the Airports Authority shall not determine the tariff or tariff structures in the case of airports which are privatized because the tariff structure is part of the bid, which is offered at the time of the privatization where different people, different economic entities, bidding for the contract, offer the tariff rates as part of their bids.

SHRI VIVEK K. TANKHA: It is not a Bill which is protecting the interest of 344 million people, rather it is a Bill which is now going to deeply enter the pockets of 344 million people. From the regime of the Airports Authority of India, we shifted to the next regime of this AERA. We shifted because the Airports Authority of India was doing a dual function. It was an operator and a regulator. When an operator also becomes a regulator, there is problem because there are conflicts. So, in 2003, the Government started thinking of privatization and finally resulted in a regulator being born. By amending the definition of a major airport, you are reducing the reach or jurisdiction of a regulator. You brought a regulator to regulate the money to be taken from passengers who enter the airport. This money is under two heads- the aeronautical and the fee. If you hand it over to a private entity that private entity is going to be the master of that airport. Fee means quid pro quo. They will charge whatever they are going to spend. A regulator is by nature an independent body. A regulator is not an anti-thesis of privatisation. If you do not have a level playing field, then, people in authority, would do what they want to do. Today, so often, in courts, we see cases being filed by consumers, by commuters who go there and say this fee is excessive, this is the service they are not rendering, or this could not have been charged. If it is part of the bid document, then, you are rendering the entire Act otiose for major number of airports. Today, about 31 airports come under the category of major airports. Out of those 31, I think, because of this change of definition, immediately, there will be only 14 major airports. Rest of the airports, you are leaving to the dictates of either the Airports Authority or private operators. Now, Airports Authority was diluted by this Act only because you did not want the Airports Authority to do that function. So, I feel that this

amendment does not subserve the interests of the consumers, at least. Government should improve the capacity of AERA so that they can do a better job in all the airports. There should be one regulator for all airports. What you are doing is that you are reducing and diluting the role of a regulator. And nowhere in the world, the role of a regulator is being diluted. In fact, everywhere it is being enhanced whether it be electricity or water. If you carry on with this Bill, you are, in fact, finishing this Act and bringing a new regime where this Act will have no value and we will have no control over what is going to be charged as fee and tariff.

SHRI MAHESH PODDAR: I rise to speak in support of this proposal. We remember what was the status of our airports before the year 2008 or the year 2014. The aviation sector has grown rapidly and the new airports have been built at a fast pace. There was a big idea behind all of these things. This big idea was that a common man will also travel by air. When the AERA law was enacted in 2008, then an authority was created to regulate airports. Since the private sector has come, we have created a number of laws and standards and are providing services according to those standards. In 2008, there were 11 airports under the AERA law, which have now gone up to 31. For this, the government has thought that we should take control of some major airports and leave the rest to regulate themselves. It has also been provided that the authority will not determine the service fees or development fees. The AERA law will not apply to those airports where the same have been fixed and notified after consulting the Authority at the time of bidding. This is necessary and we all believe private investment in this area should be there. These regulators have become slightly more stringent. There is a provision in which it has been clearly specified that it should be combined with inflation. If we decide rates coupled with inflation in consultation with the regulatory authority, then many doubts are over. In the end I will just say that both of these proposals have been brought in the amendment of this bill, they have been brought with far-sighted thinking. In those small places where constructing and operating the airport is not feasible, there is a need of this for inviting investors to invite them to work under an assured and guaranteed provision.

SHRI N. GOKULAKRISHNAN: There are two amendments in the Bill. One of the amendments under Section 2 of the Act envisages a change in the definition of the major airports, thereby only airports with a passenger flow of 3.5 million per annum will be classified as major airports as against the existing 1.5 million. Another amendment under Section 13 of the principal Act enables fixing of fees for landing, parking and other charges under these airports. Instead of strengthening the role of the regulator, its purview is being reduced. Owing to the proposed amendment, the Government can lease out airport projects on the basis of pre-determined tariff. Now the passengers will stand to benefit. I also request for bringing Karaikal, one of the four enclaves of Puducherry, under the air connectivity ambit. The Government should consider connecting Puducherry to more places. This will definitely increase the tourism potential of Puducherry which is a major source of income to the Government. With the hope that the Government will consider my request favourably, I support the Amendment.

SHRI AHAMED HASSAN: Apart from Make in India, Stand up India, this Government also has a policy called 'Sell India', under which the Government has taken the shortcut by selling loss-making Government enterprises like Air India without even genuinely attempting to revive it. Another issue that concerns us all is the way this Government has been bypassing Standing Committees by not sending Bills for scrutiny. The new Bill seeks to change the definition of a "major airport" by increasing its threshold to 3.5 million annual passengers from 1.5 million currently. With these amendments, the Government is reducing the number of airports under the Airport Economic Regulatory Authority and going against the spirit of the original Bill. The second amendment to the Bill involves amending Section 13 of the AERA Act, 2008 which allows for a predetermined tariff model under which the Government will fix the fee to be charged by the prospective private airport operator, which will be linked to inflation for any future increase. This amendment is a welcome step as it will assure some amount of certainty for the investors. The move will also eliminate frequent fluctuations in charges levied on the passengers.

SHRI SURENDRA SINGH NAGAR: This is amendment bill. This was a dream plan of the Central Government that a person wearing sandals should also travel by air. I can certainly say that the number of common travellers and the growth rate of the passengers, will definitely decrease and the central government's dream of air travelling of common men can not be fulfilled. There is no regulatory body on the airports given to the private sector, they have been given rights in the bid that they themselves will decide how much the fee will be. Jobs will be reduced by giving airport to private sector. OBCs, SCs also be taken care of by the government. Apart from this, inflation will definitely increase. Of course, the dream of achieving the 10-11 per cent growth rate of the government is not going to come true. Today the condition of civil aviation sector in this country is the worst. Government should avoid the disinvestment of the Air India Company. It is true that in our country, the airport should be built and the government should set up new airports, but the owner of the land whose land is acquired should also get proper compensation. Farmers' land should not be grabbed at the cheap rate in the name of development. According to the law, they should be compensated four times their land.

SHRI AMAR PATNAIK: This Amendment to the Act at this stage to take more airports outside the regulatory regime, defies the real logic. The second aspect is to have certain number of airports under regulatory regime, and a large number outside the regulatory regime, will have a differential structure. Since we are inviting private sector in a large scale into the airport sector, it is a good step but, there is a need for a regulator to ensure that the bid provisions need to be also monitored, and it should be revised. It can be put under a regulatory regime. Otherwise, the Government, will be facing with a situation of having different structures at different points of time. The main object of the Act is that you will not have a conflict of interest between the Airports Authority of India and the regulator. The third point that I would like to bring out is the definition of the aeronautical services under the OMDA. I think that should have been addressed.

SHRI RAMCHANDRA PRASAD SINGH: I support this Bill. I would like to make a request to the minister for just one thing, the time by which it will be effective. Currently Hindustan Civil Aviation is the third largest sector in the world but private sector airlines are getting shut down one by one. Therefore, we should think deeply about how it is stabilized. You are about to start international flights from Darbhanga, flights from Bhagalpur area should also be started. Earlier Patna was directly connected to Kathmandu. If you consider this, surely this will benefit our entire area. The whole country will be benefitted. In the end, I would like to request that there should be some mechanism for the monitoring of private companies.

DR. BANDA PRAKASH: The present Bill redefines 'major airport' as a civilian airport with annual passenger traffic of over 35 lakhs. Under the proposed Bill, the executive and private operators must remember that they are only custodians of public assets on behalf of the people of India. It tries to achieve equilibrium between administered pricing and market pricing. The model says the concessionaire can price certain services outside the administered pricing regime, but subject to regulation. This is left unclear what regulation means or what shape it will take in practice. Two fundamental points need consideration. One is, the regulator regime referred to in the model will presumably be governed by the AERA and the second point, all airports are built on public land and any agreement or PPP arrangement, allowing a private sector company to build and operate on that land, has to keep in mind the hierarchy of rights in relation to the ownership of that land. I request the hon. Minister to please take note of UDAN projects where small airports are totally neglected.

SHRI ELAMARAM KAREEM: This Bill aims to amend the Airports Economic Regulatory Authority of India Act. The meaning of the 'limited resources available' should be clearly spelt out and responsibility for this should be fixed. The authority can be strengthened by the Government to give better service to the people. You are handing over the activities of the authority in the hands of private entities. The AERA will not be having any say in determining

the tariff or service that will be provided by the private entities. The fees will be determined by the market forces. In such a situation, our valuable airports are being given in the hands of private entities. This will lead to shooting up of all the service charges. The Air India is also planned to be sold and you have also decided to privatize the Railways.

PROF. MANOJ KUMAR JHA: In aviation, there is a concept called 'clear air turbulence' there is turbulence in the aviation sector, which has been caused by high landing charges, high parking fees, costly aviation turbine fuel. In just a few years, dozens of airlines have disappeared. We are seeking solution from a source, which is the cause of the problem. I stand against it. The teachers are using business ethics in business schools and the case studies are being taught to prevent these subsequently faulting airlines from being lended loans. There is a commitment to private airlines. Saving Maharaja is not only the responsibility of the opposition but of the treasury bench too. This is the Maharaja of common man. AERA was created to look after the interests of the consumers as well as the interests of the airlines. This has not proved to be in the national interest. My last comment is that our priorities are being decided by someone else. The government's priorities are being decided by the government's people, it is not so. The hands of capitalists are very big. In the name of the nation's property, nothing will remain in the name of National Carrier.

SHRI V. VIJAYASAI REDDY: When it was originally passed in 2008, the threshold limit was 15 lakh passengers. At that point of time, when the Bill was passed, 11 airports came under the purview of this Bill, the AERA Bill. Under this Bill, the Hon'ble Minister proposes to increase the threshold limit to 35 lakh passengers. AERA is not in a position to withstand this increase in the workload. The ideal solution is, improve the infrastructure and increase the manpower. You can classify them under two categories. Category-I, you should have the airports where the passenger traffic is between 15 lakhs and 35 lakhs. Category-II, you should have passengers over and above 35 lakhs.

SHRI SURESH PRABHU: I stand in support of this bill. The civil aviation sector has truly revolutionized in the last five years. Every person wearing a pair of sandals is flying on air today. The reason this revolution has taken place is due to the big changes in the air sector. Due to these changes it has expanded. If anyone has got the biggest benefit of this, this is the common man of the country. The development of air connectivity in the last five years has been a huge achievement of the government. We know that a new scheme named 'UDAN' has been launched to increase air connectivity. I appreciate this plan called 'UDAN'. The central government, in collaboration with the Assam government, has decided that international flights will start flying from Assam. The plane can now land on the water, not just at the airport. There are 13 such states in our country, including the Union Territory, which are called the coastal states. In such states, the airplane will be able to reach. Today, India has become the third largest aviation sector in the world. We need to have a viable air sector. As long as our airports are not developed, our air service will not be able to truly develop. Our Prime Minister has the prime target of doubling the income of farmers, for this, the government has set up an 'Agricultural Export Policy'. Today more than 130 airports have been made functional in the country. The bill which has been brought today in this regulation has been given importance. Because we all thought that if there is no regulation then this area can not be developed. I believe that the most important purpose of any public policy should be that public interest should be protected and sometimes public-private partnership models can be developed in order to protect public interest. Public interest should not only be encouraged and protected, but also because we know that regulation is important. We realize that there are two components of regulation in India today. One, the Airports Authority itself determines the tariff for the airport. Secondly, the pre-determined tariff, we have taken a new initiative in this regard that if the auction of the airport takes place then the tariff will be mentioned. The government has also created a passenger charter. All these initiatives have been initiated. Therefore, I believe that today a new chapter will be started due to this bill, in which we will be able to make a right balance between public interest

and private sector involvement. So, we feel that we all must support this Bill to make sure that we really move forward and make flying a memorable, pleasurable experience for all the common people of India.

SHRI B.K. HARIPRASAD: This is a matter of pleasure that the Hon'ble Minister has introduced this Bill. It is not a limited Amendment. As you all know, the entire Civil Aviation Industry is bleeding so badly. Some of the major Airlines have been closed down. The reasons are not known. I don't know Air India is a national carrier it is very unfortunate that the national carrier also has been targeted by this NDA Government. We have to protect Air India it is one of the oldest Airlines. There is a myth especially in the NDA that the private sector is the best sector for the development of India. We are not opposed to PPP model, we are for it. But the way the things are getting privatised, it is not a good sign. There should be a provision that Authority may be not consulted but its concurrence should definitely be taken. Government is not able to handle the pressure of aviation industry. The airlines in India have been appealing to the Government for the reduction of taxes on fuel. The fundamental issues of the business have not been addressed by the Government. India is a price-sensitive market. If the fuel price is low, the airlines can make money even in the current revenue levels. Before privatizing these airports or the airlines, the government have to be very cautious. The privatization of airlines and airports make the customer or the passengers to pay heavy price even for travelling short distances. If this Bill has got a good real meaning, it should help the passengers. The government should not underestimate the public sector. Underestimating the public sector, the government is underestimating the real nationalists of this country.

SHRI TIRUCHI SIVA: This should be an indicator, whether a country is a developed country, when all its citizens are properly fed three times a day. It cannot be measured by the figures of people flying in the aeroplanes. The purpose of this Bill is not just to facilitate something. It says that many private players are going to come in. The government should encourage them by giving them some green

airports, not the existing airports. If too many airports come under the purview of AERA, it will not be able to perform its functions efficiently. At one place, the government is dissolving all the river tribunals, creating a single tribunal and centralizing powers, while here the government is decentralizing the regularity authority. It means whenever a private player comes, the government will decentralize the powers and distribute it to them. Earlier this regulatory body was a determining body, but now it is only a consultative body. We clearly understand that it is to encourage some private players. My request is not to reduce the powers of regulatory authority.

SHRI SANJAY SINGH: The Government wants to bring some airports in the list of major airports under this Amendment. Under this amendment, the government wants to bring itself in losses and wants to benefit some private players. Your policy is being implemented everywhere. The government's plan is to sell everything to private players. If the government keeps giving everything in private hands, then gradually the country will be sold one day. The government arbitrarily supports capitalists. Employees of Jet Airways are on the brink of hunger but no body is there to support them. The government should reconsider its policies.

SHRI VEER SINGH: The definition of airport has been modified by this amendment bill. The Regulatory Authority will no longer determine the fee structure. The role of the Regulator is being weakened and its scope is being reduced. In the last few years private partnership has started operating civil airports and they want to monopolize the airports. Private airport operators should not abuse their monopoly, for this only the Authority was set up, which controls the fees for aeronautical services at major airports. I would request the government that before the inclusion of such tariff in the bidding process, consultation with the Concession Authority and Civil Aviation Ministry must be consulted and such tariff should also be notified. I ask the government to fix the model operating costs in Delhi and Mumbai and from that particular tariff assessment, so that it can be applied to other airports also. The efficiency study of

these two airports should also be done and it should be seen whether the costs like maintenance and labour are appropriate for fixing the tariff or not. Passenger service charges, user development fees and development charges imposed on passengers must be waived off. In this system also, reservation for the Scheduled Castes/Scheduled Tribes and Backward Class must be given.

SHRI RAMKUMAR VERMA: Now in every field of our country, investors are coming through PPP model. This Amendment Bill has been introduced to provide better services to strengthen the same concept. Now the tariff will be pre-determined. Now there will be transparency in the bid. There would be conditions in this PPP model. The Airport Authority will be included and the employment will be generated. Developers will work keeping in mind the interests of the passengers. This amendment will provide protection for both the country's airways and passengers.

SHRI HARSHVARDHAN SINGH DUNGARPUR: Over the last few years, India has emerged as the third largest domestic aviation market in the world and the number of major airports has increased. The private operators are entering into the sector in the form of Public Private Partnership (PPP). For engaging private partners in the infrastructure projects, several models are followed such as predetermined tariff or tariff based on bidding. The major part of this Bill is to amend the definition of major airports. Accordingly, the User Development Fee would be cut to Rs. 10 for each departing domestic passenger. For international travellers, it would be Rs. 45 and arriving passengers would not be required to pay any fee. The Delhi Airport run by the GMR Group challenged the order and got a stay. The case is still pending. The airport operators have moved tribunal challenging AERA's order. The regulator has to take steps to remove uncertainties in the tariff regulatory philosophy. The tariff is based on certain parameters and that takes into consideration expenses, assets, return, over-investment and taxes paid by the operators. Airport charges are comparatively higher. However, these charges get substantially reduced as the investment for development is recovered. In many western economies, the regulator plays a very

limited role. We need to upgrade Goa and Jaipur airports. It is very important to start Mysore airport. The loss in Air India is much larger than private airlines.

The Hon'ble Minister, replying to the discussion, said:

I would like to start by thanking all the hon. Members who have taken the floor. We have the third largest civil aviation sector in the world today. It is one of the fastest growing sectors. The 'Maharaja' was the sentiment, the symbol, the pride of India. Air India should remain in Indian hands. On 31st March, 2019, Air India's operating profits/loss was to the tune of Rs. 7, 330 crores. If an Airline has run up something like Rs. 70,000 crore as a cumulative loss, it is not a viable Airline. It is, in fact, a first class asset. It has 125 planes. It flies to forty international destinations. It flies to eighty domestic destinations. The Airline has an unsustainable debt burden. We owe a duty to the citizens of India. We have to provide them efficient and reliable services at low cost. After April 2019, when a large airline company ceased operations, we had 540 planes in the air. Air fares have come down. This Bill is entirely necessary. References have been made to 'Udan'. 'Udan' is a demand-driven scheme. Under Modiji's leadership, we have operationalised 174 Udan routes. After the amendment, 16 airports will still be under the jurisdiction of AERA. Tariff fixation, etc. of airports will not be privatised except major airports. All the other airports which would not be major airports will continue to be looked after by the Ministry of Civil Aviation. So far as privatisation of airports is concerned, we were inviting bids for privatisation. The number of bidders has increased substantially. This is a much more scientific way of bidding where the tariffs, the contribution of bid will be determined on the basis of the number of passengers. Airlines are already in the private sector. Jet Airways made a lot of money and then it suddenly started losing. It produces its own business plan. Jet Airways ceased its operations. Several members of its staff committed suicide. We are in touch with all the other private airline operators and we are suggesting them that the surplus staff of the erstwhile Jet Airways be taken on board. Hundreds of employees have been taken on the rolls of other operating airlines. The Ministry of Civil Aviation determines tariffs of all non-major airports, AAI and private airports.

The AERA will now deal with only those airports which have the passenger capacity of 3.5 million per annum. The beneficiary is the Indian citizen and the State gets resources which it can be utilized for subsidization to the UDAN Scheme. A question was asked by Shri Ram Chandra Prasad Singh about the new terminal building and expansion of the existing terminal building in Patna. The existing airport cannot be expanded. Now we are in the process to finalize this. The attempt here is to make all-out efforts to link the non-functional airports in tier II and tier III cities. Most of these will serve a developmental purpose. The common man who need to travel from areas which are under-served, will be benefitted by the UDAN Scheme. Airlines pay 35 to 40 per cent on Aviation Turbine Fuel. They also pay very high on other taxes. The original equipment manufacturers are making money but all the airlines are operating on a very thin margin. This Bill seeks to reflect the change that has already come about in the civil aviation market.

The motion for consideration of the Bill, was adopted.

Clauses etc. were adopted.

The Bill was passed.

* * * * *
* * * * *

Desh Deepak Verma,
Secretary-General.

rssynop@sansad.nic.in

***Supplement covering rest of the proceedings is being issued separately.