

Bill No. 51 of 2024

THE AIRFARE REGULATORY BOARD BILL, 2024

By

SHRI SHAFI PARAMBIL, M.P.

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BILL

to provide for the establishment of an Airfare Regulatory Board for monitoring and regulation of airfare and for matters connected therewith.

BE it enacted by Parliament in the Seventy-fifth Year of the Republic of India as follows:—

1.(1) This Act may be called the Airfare Regulatory Board Act, 2024.

(2) It extends to the whole of India.

5 (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title
extent and
commencement.

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| Definitions. | 2. In this Act, unless the context otherwise requires,— | |
| | (a) “airline” means all commercial flights operating in the country either on domestic or international routes; | |
| | (b) “appropriate Government” means in the case of a State, the Government of that State and in all other cases the Central Government; | 5 |
| | (c) “Board” means the Airfare Regulatory Board established under section 3; | |
| | (d) “member” means a member of the Board; and | |
| | (e) “prescribed” means prescribed by rules made under this Act. | |
| Establishment of the Airfare Regulatory Board. | 3. (1) The Central Government shall, by notification in the Official gazette, establish a quasi-judicial body to be known as the Airfare Regulatory Board (hereinafter referred to as the Board) to exercise the powers conferred on and to perform the functions assigned to it under this Act. | 10 |
| | (2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued. | 15 |
| | (3) The head office of the Board shall be at New Delhi and the Board may establish such offices at other places in the country as it deems necessary for carrying functions under this Act. | |
| | (4) The Board shall consist of,— | 20 |
| | (a) a Chairperson; | |
| | (b) two Members, | |
| | to be appointed by the Central Government from amongst person of ability and integrity and having extensive experience and adequate professional knowledge in the domain of civil aviation, consumer affairs, law, economics and public policy in such manner as may be prescribed. | 25 |
| | (5) The Chairperson and members of the Board shall hold office for such period, not exceeding four years as may be specified by the Central Government in this behalf. | |
| | (6) The Central Government may appoint such number of officers and staff including experts to the Board as may be required for its efficient functioning. | 30 |
| | (7) The salary and allowances payable to, and other terms and conditions of service of the Chairperson, member, officers, staff and experts of the Board shall be such as may be prescribed. | |
| | (8) The Board shall have the power to regulate its own procedure. | |
| Functions of the Board. | 4. The Board shall,— | 35 |
| | (i) function as an apex quasi-judicial authority for regulating and monitoring the tariff of all airlines operating in the country; | |
| | (ii) design a regulatory environment for commercial airlines keeping into account the economic viability of airline operations, cost of operations, reasonable profits, rate and value of the services, cost of fuel and changes in existing tax structure; | 40 |
| | (iii) determine an upper limit of the airfare that can be collected from a passenger in each class and route; | |
| | (iv) monitor the tariff of airlines on a regular basis and issue directions and take disciplinary actions against any airline, if the Board is satisfied that the specific airline has charged excessive or predatory tariff; | 45 |
| | (v) call for such information and records which are necessary for determining the upper limit or maximum airfare to be collected from passengers in each route and class; | |
| | (vi) hold due consultations with all the relevant stakeholders while determining the air tariff and any other matter as may be referred to it; | |

(vii) call upon the representative of any airline to furnish in writing any such information and explanation related to its functions and operations;

(viii) direct any of its officers and staff to inspect the website, books of account and relevant document of the airline; and

5 (ix) advise the appropriate Government in any other matter as may be referred to it, from time to time.

5. The Board shall, while investigating any matter referred to it in section 4, have all the powers of a Civil Court trying a suit and, in particular in respect of the following matters, namely:—

Board to have powers of Civil Court.

10 (a) summoning and enforcing the attendance of any person from any part of India and examining him on oath;

(b) requiring the discover and production of any document;

(c) receiving evidence on affidavits;

(d) requisitioning any public record or copy thereof from any court or office;

15 (e) issuing commission for the examination of witness and documents; and

(f) any other matter which may be prescribed.

6. The appropriate Government shall consult the Board on all policies related to the monitoring and regulation of airfare in the country.

Appropriate Government to consult the Board.

20 **7. The Central Government shall, after due appropriation made by Parliament, by law in this behalf, provide adequate funds to the Board for carrying out the purposes of this Act.**

Central Government to provide funds.

25 **8. (1)** The Board shall prepare, in such form and at such time in each financial year, as may be prescribed, its annual report, giving a true and full accounts of its activities undertaken under section 4 during the previous financial year and submit a copy thereof to the Central Government.

Annual Report.

(2) The Central Government shall cause the annual report to be laid, as soon as may be after receipt of the report under sub-section (1), before each House of Parliament along with a memorandum explaining the reasons for not accepting any of the recommendations made thereto.

30 (3) Where the report or any of its part is related to any of the issues connected with a State Government, a copy of such report shall be forwarded to the Governor of that State, who shall in turn, along with an explanatory memorandum concerned with the action taken or proposed to be taken on the recommendations related to the State, if any, and reasons for not accepting any of the recommendations, cause to be laid such report before each House of the State legislature.

35 **9. (1)** If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as appear to it to be necessary for removal of difficulty:

Power to remove difficulties.

40 Provided that no order shall be made under this section after the expiry of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

45 **10.** The provisions of this Act and the rules made thereunder shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Act to have overriding effect.

11. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

Power to make rules.

50 (2) Every rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which

may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both the Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

STATEMENT OF OBJECTS AND REASONS

The exorbitant increase in airfare has been recognized as a serious issue ever since the airline sector has been de-regulated. With the repeal of Air Corporations Act in March, 1994, airlines are free to fix reasonable tariffs under the provisions of sub-rule (1) of Rule 135 of Aircraft Rules, 1937. Therefore, there is no regulating and monitoring mechanism to rationalize the airfare without affecting the passengers. In some sectors, the Directorate General of Civil Aviation has created 'Tariff Monitoring Unit'. But these units only ensure that the fares charged by the airlines are within the prescribed tariffs of the airlines displayed on their websites. As a result, the airlines often charge excessive rates particularly during festival or holiday seasons.

The airfare is dynamic in nature and follows the principle of demand and supply. Besides, the airline companies are always influenced by shareholder interests and revenue management rather than passenger concern and affordability. All these issues seriously affect the passengers. The expatriates who work in the Gulf region are often the victims of this unscrupulous airfare charges as they are forced to pay three to four times of the regular fare during vacations reasons.

Realizing the gravity of the situation, the Parliamentary Committee on Transport, Tourism and Culture have also expressed their concern on the self-regulating mechanism of the current airline monitoring regime which is inadequate to address the financial burden of the passengers on the one hand and the predatory tariff structure of the airline companies on the other. The Committee also suggested the establishment of a quasi-judicial entity to regulate and monitor the air tariff in an ethical and equitable manner. Since there is no such monitoring agency to regulate the airfare in the current context of liberalized economy, there is an urgent need to set up an apex authority with all the relevant powers and functions to regulate the airfare dynamics and fix an upper limit to the maximum tariff. The establishment of the Airfare Regulatory Board would be the right direction in this regard.

Hence this Bill.

NEW DELHI;
July 2, 2024.

SHAFI PARAMBIL

FINANCIAL MEMORANDUM

Clause 3 of the Bill provides for the establishment of the Airfare Regulatory Board. It also provides for the appointment of a Chairperson, members, officers, staff and experts to the Board. Clause 7 provides for the Central Government to provide funds to the Board for carrying out the purposes of this Act. The Bill, therefore, if enacted, would involve expenditure from the Consolidated Fund of India. It is estimated that about rupees one hundred crore will be incurred per annum from the Consolidated Fund of India.

A non-recurring expenditure of about rupees fifty crore is also likely to be involved.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 11 of the Bill empowers the Central Government to make rules for carrying out the purposes of the Act. As the rules will relate to the matters of detail only, the delegation of legislative power is, of a normal character.

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(Shri Shafi Parambil, M.P.)