

[AS PASSED BY THE NATIONAL ASSEMBLY]

A

BILL

to amend the Carriage by Air Act, 2012

WHEREAS it is expedient to amend the Carriage by Air Act, 2012 (IV of 2012), in the manner and for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title and commencement.**— (1) This Act may be called the Carriage by Air (Amendment) Act, 2026.
(2) It shall come into force at once.
2. **Amendment of section 2, Act IV of 2012.**— In the Carriage by Air Act, 2012 (IV of 2012), hereinafter called as the said Act, in section 2, clause (c) shall be renumbered as clause (d), the following clause (c) shall be inserted:
“(c) “Court” means the Consumer Court established under any law or, in the absence of the Consumer Court, any other court of competent jurisdiction as notified by the Federal Government; and”.
3. **Amendment of section 3, Act IV of 2012.**— In the said Act, in section 3, after sub-section (10), the following sub-section (11) shall be inserted:
“(11) The Federal Government may, by notification in the official Gazette, amend the Fourth Schedule and revise the limit of liability for international carriage by air to give effect to international commitments.”
4. **Amendment of section 4, Act IV of 2012.**— In the said Act, in section 4, sub-section (2) shall be omitted.
5. **Amendment of section 5, Act IV of 2012.**— In the said Act, in section 5, for sub-section (3), the following shall be substituted:
“(3) The Federal Government may, once in every three years by notification in the official Gazette, amend the Fifth Schedule and enhance the limit of liability for carriage by air, not being international carriage by air, based on average official inflation rate of the intervening period.”
6. **Insertion of sections 5A and 5B, Act IV of 2012.**— In the said Act, after section 5, the following sections 5A and 5B shall be inserted:
“5A. **Court proceedings.**— (1) No action against a carrier or carrier's servant or agent which arises out of damage to which any of the Carriage by Air Conventions applies shall, if he was acting within the scope of his employment, be brought after more than two years, reckoned from the date of arrival at the destination or from the date on which the aircraft ought to have arrived, or from the date on which the carriage stopped.
(2) The Court before which any such action is brought under this Act may, at any stage of the proceedings, make any interim or final order as appears to the Court to be just and equitable in view of the provisions of a Schedule and keeping in view any other proceedings in or out of Pakistan.
(3) The Court may rely on the documents produced by the parties or, for reasons to be recorded in writing, allow production of oral evidence by one or more parties to the proceedings.
(4) The Court shall pass the final order or decree within six months from the date of institution of proceedings under this Act.

(5) If the Court fails to decide the case within six months, it shall proceed with the case on day-to-day basis and report the reasons of delay to the High Court whose decision on such report shall be final.

5B. Amendment of a Schedule.—(1) If, at any time, the Federal Government has agreed to a revision of any Carriage by Air Conventions, the Federal Government may, by notification in the official Gazette, make such amendments in a Schedule as it may consider appropriate to give effect to the revision of the Convention.

(2) In sub-section (1), "revision" means an omission from, addition to or alteration of the Convention and includes replacement of the Convention or part of it by another convention."

7. Insertion of section 8, Act IV of 2012.— In the said Act, after section 7, the following section 8 shall be inserted:

"8. Power to make rules.—(1) The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

(2) The rules may contain provisions for swift disposal of disputes and payment of liability by the carrier or any other person under this Act."

8. Amendment of the Fourth Schedule, Act IV of 2012.— In the said Act, in the Fourth Schedule:

(a) in rule 21, for the figure "100,000", wherever occurs, the figure "151,880" shall be substituted;

(b) in rule 22:

(i) in paragraph (1), for the figure "4150", the figure "6303" shall be substituted;

(ii) in paragraph (2), for the figure "1000", the figure "1519" shall be substituted; and

(iii) in paragraph (3), for the figure "17", the figure "26" shall be substituted; and

(c) for rule 28, the following shall be substituted:

"28. Advance payments.—(1) In case of aircraft accident resulting in death of a passenger, the carrier shall, within thirty days from the date of submission of succession certificate, make full advance payment under rule 21 to a natural person or persons who is or are entitled to claim compensation.

(2) In case of aircraft accident resulting in injury to a passenger, the carrier shall, in accordance with the annual general or special direction of the Pakistan Civil Aviation Authority, make advance payments without delay to a natural person or persons who is or are entitled to claim compensation in order to meet the immediate economic needs of such person or persons.

(3) Any advance payment under this rule shall not constitute recognition of liability and may be offset against any amounts subsequently paid as damages by the carrier."

9. Amendment of the Fifth Schedule, Act IV of 2012.— In the said Act, in the Fifth Schedule:

(a) for rule 21, the following shall be substituted:

"21. Compensation in case of death or injury.— (1) For damages arising under paragraph (1) of rule 17 not exceeding Rs. 20,000,000/- for each passenger, the carrier shall not be able to exclude or limit its liability.

(2) The carrier shall not be liable for damages arising under paragraph (1) of rule 17 to the extent that they exceed for each passenger Rs. 20,000,000/- if it is proved that:

(a) such damage was not due to the negligence or other wrongful act or omission of the carrier or its servants or agents; or

(b) such damage was solely due to the negligence or other wrongful act or omission of a third party."

(b) in rule 22, for the figure "1000", wherever occurs, the figure "5000" shall be substituted;

- (c) in rule 23, for the expression "section 4(5) of this Bill at five-year intervals", the expression "subsection (3) of section 5 of this Act" shall be substituted; and
- (d) for rule 27, the following shall be substituted:

"27. Advance payments.—(1) In case of aircraft accident resulting in death of a passenger, the carrier shall, within thirty days from the date of submission of succession certificate, make full advance payment under rule 21 to a natural person or persons who is or are entitled to claim compensation.

(2) In case of aircraft accident resulting in injury of a passenger, the carrier shall, in accordance with the annual general or special direction of the Pakistan Civil Aviation Authority, make advance payments without delay to a natural person or persons who is or are entitled to claim compensation in order to meet the immediate economic needs of such person or persons.

(3) Any advance payment under this rule shall not constitute recognition of liability and may be offset against any amounts subsequently paid as damages by the carrier."; and

- (e) in rule 29, for paragraph (3), the following shall be substituted:

"(3) Save in respect of the carriage of cargo, the provisions of paragraphs (1) and (2) of this rule shall not apply if it is proved that the damage resulted from an act or omission of the servant or agent of the carrier done with intent to cause damage or recklessly and with knowledge that damage would probably result."

10. Amendment of the Sixth Schedule, Act IV of 2012.—In the said Act, in the Sixth Schedule:

- (a) for rule 6, the following shall be substituted:

"6. (1) Any person competent to bring an action under rule 2 may apply for the succession certificate under the Succession Act, 1925 (XXXIX of 1925) following the death of the passenger for the grants of a certificate to the effect that only the persons named therein are the members of the passenger's family for whose benefit the liability is enforceable under rule 1.

(2) A certificate under sub-rule (1) shall set out the proportion in which each member mentioned therein shall receive the amount recoverable; and the proportion shall be such as may be agreed upon amongst the members or, in the absence of such agreement, as may be determined in the certificate."; and

- (b) rule 7 shall be omitted.

STATEMENT OF OBJECTS AND REASONS

Pakistan is party to Montreal Convention of 1999 (Convention). The Convention establishes an airlines liability in case of international flights for death or injury to a passenger or delay, damage or loss of baggage and cargo. The Convention is adapted as law under the 4th Schedule of the Carriage by Air Act, 2012. It contains the limit of liability of the carrier in the Special Drawing Rights (SDR) which is an international reserve asset created by IMF to supplement official reserves of its member countries. The value of SDR is determined on daily basis by IMF based on a basket of five currencies i.e. USD, Euro, Chinese yuan renminbi, Japanese Yen and British Pound. International Civil Aviation Organization (ICAO) reviews and revises SDR denominated liability after every five years. In December 2019 and now from December 2024, ICAO has revised the limit of liability under the Convention in case of international flights, as follows:

	Montreal Convention 1999	Article 21, 22(1) & 22(2) Schedule	Original limit in SDR	Revised limit in SDR	Revised limit in PKR
1.	Article 21	Rule 21: In case of death	100,000	128,821	151,880
2.	Article 22, paragraph 1	Rule 22(1): damage/ delay of passenger	4,150	5,346	6303
3.	Article 22, paragraph 2	Rule 22(2): damage/ delay of baggage	1,000	1,288	1519
4.	Article 22, paragraph 3	Rule 22(3): damage/ delay of cargo	17 (per kg)	22 (per kg)	26 (per kg)

This ICAO determination is binding on Pakistan and requires amendments in the 4th Schedule of the Carriage by Air Act, 2012. Further, in case of domestic carriage by air, the compensation amount in PKR was fixed in 2012 @ 5 million (in case of death of passenger). It and other amounts also require revision which are proposed to be enhanced in this Bill.

There are changes in the amount of compensation in regular intervals. In fact, next review of limit of liability under the Convention is likely by December 2029. In view of this, it proposed that the Federal Government may be empowered to incorporate requisite changes through notification in the official Gazette based on implementation of the international commitments and inflationary trends in case of domestic air carriers. Provisions relating to swift disposal of disputes are also required along with empowering the courts to provide interim relief to the aggrieved persons. A mechanism for decision of cases under this Act within six months is also proposed with authority of the Federal Government to make detailed rules for swift disposal of dispute relating to liability and payment of compensation. Further, the passengers of air carriers and those who book cargo by air are consumers. Consumer Courts have jurisdiction to redress their grievances. The definition of "Court" will bring clarity of forum for redressal of grievances under this Act. Hence this Bill.

MINISTER FOR DEFENCE