

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2970
ANSWERED ON:20.03.2008
AGREEMENT WITH GMR
Dube Shri Ramesh

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Union Government had agreed to shut down some existing airports in the country after the airports being developed by GMR led consortium;
- (b) if so, the details and the terms and conditions agreed to by the Union Government with GMR led Consortium before awarding airport development contract to GMR;
- (c) whether the Union Government had properly evaluated various aspects relating to aviation sector in the country before entering into contract with the GMR;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

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

(a),(b),(c),(d)&(e): Government of India (GoI) has entered into a Concession Agreement (CA) with HIAL a Joint Venture Company in which a Consortium led by GMR holds majority share, for construction and development of a greenfield international airport at Shamshabad near Hyderabad. The decision to construct a greenfield airport was taken in view of growing traffic and constraints on expansion of the capacity of the existing airport. The CA entails obligations of the JVC regarding the implementation of the project and require them to construct, develop and maintain the airports as per the standards stipulated in the agreement. On its part, the GoI is obliged to close commercial operations at the existing Begumpet airport once the new airport becomes operational. The CA specifies the consequences of default by each party. However, the existing Begumpet airport would continue to remain operational for general aviation (barring certain categories), defence purposes, national emergencies etc.