

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:474
ANSWERED ON:03.08.2011
CLOSURE OF COMMERCIAL OPERATIONS
Swamygowda Shri N Cheluvarya Swamy

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Airports Authority of India (AAI) has sought compensation from the Government for revenue loss suffered due to closure of commercial operations at Hyderabad and Bangalore;
- (b) if so, the details thereof;
- (c) whether the Government had earlier refused to issue tax free bonds to help AAI to meet its shortfall in revenue; and
- (d) if so, the reasons therefor?

Answer

MINISTER OF OVERSEAS INDIAN AFFAIRS & MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI)

(a)& (b): Yes, Madam. Airports Authority of India (AAI) has made a proposal to pass on, the four percent Concession Fees on the Gross Revenue of M/s Bangalore International Airport Limited (BIAL) and M/s Hyderabad International Airport Limited (HIAL) receivable by Government of India(GoI) as per the provisions of Concession Agreements signed between GoI and M/s BIAL & HIAL, to AAI as part compensation for closure of commercial operations of old HAL airport and Begumpet airport at Bangalore & Hyderabad respectively.

(c)& (d): Yes, Madam, The request of AAI for issue tax free bonds was not agreed to, as the Ministry of Finance was of the view that tax free bonds tend to distort the actual market determined rates of interest and lead to competing demands for issue of such bonds by other entities as well.