

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:421

ANSWERED ON:14.07.2014

PRIVATIZATION OF AIRPORTS

Kumar Shri Kaushalendra;Reddy Shri Mekapati Rajamohan

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government proposes to privatise certain airports in various States/UT of the country during the 12th Five Year Plan period and if so, the details of such airports, State/UT-wise;

(b) whether the Government has permitted Foreign Direct Investment for certain services in aviation sector and if so, the details thereof along with the reasons therefor; and

(c) the steps taken or being taken by the Government for development of Civil Aviation sector /Civil Aviation departments of various States including Bihar?

Answer

Minister of State in the Ministry of CIVIL AVIATION (Shri G. M. Siddeshwara)

(a): No, Madam. However, the Task Force on Financing Plan for 12th Plan Period, set up by Planning Commission, recommended for implementation of Public Private Partnership (PPP) project at select airports of Airports Authority of India for operation and maintenance of the airport to world class standards, commercial exploitation for maximizing the revenue potential, real estate development in the form of hotels, convention centres and related businesses, development and operation of cargo and logistics facilities, and construction of additional facilities specified upfront (based on future traffic growth).

(b): Government has permitted different limits of Foreign Direct Investment (FDI) for different services in aviation sector to meet the need of funds of private airport/airline operators in the country for their operations and service upgradation to meet the global standards. The details of FDI in civil aviation sector are at Annexure-I.

(c): Civil Aviation is a dynamic sector which requires continuous adjustment according to global and domestic needs. Government has taken several measures to revive the aviation industry and ensure long term viability of the sector such as promulgation of Greenfield Airport Policy, 2008, Establishment of Airports Economic Regulation Authority of India (AERA) to create level playing field in airport sector, upgradation of existing airports /airstrips by Airports Authority of India, persuading State Governments to reduce Value Added Tax (VAT) on Aviation Turbine Fuel (ATF), allowing direct import of ATF by Indian carriers as actual users, permitting FDI in the sector, allowing External Commercial Borrowing (ECB) for working capital requirement of airline industry for a period of one year subject to total ceiling of US \$ 1 billion and tax concession for parts of aircraft and testing equipment for third party maintenance, repair and overhaul of civil aircraft, etc.