

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 4350
(To be answered on the 19th March 2020)**

PRIVATISATION OF AIRPORTS

4350. SHRI N.K. PREMACHANDRAN

Will the Minister of CIVIL AVIATION

नागर विमानतल मंत्री

be pleased to state:-

- (a) whether the Union Government proposes to revise its decision to privatise airports, if so, the details thereof and if not, the reasons therefor;
- (b) whether the Union Government proposes to review the decision of privatisation of Thiruvananthapuram International Airport in the light of decision of Supreme Court, if so, the details thereof;
- (c) whether the Union Government proposes to give priority to State Government for the management of Airports, if so, the details thereof and if not, the reasons therefor;
- (d) whether the Union Government considers the fact that the land for airports were given by the State Governments, if so, the decision regarding the investment made by the State Government; and
- (e) whether the Union Government proposes to provide all rights including the right to fix the charges for the services in the airport and if so, the details thereof?

ANSWER

Minister of State (IC) in the Ministry of CIVIL AVIATION

नागर विमानतल मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a): Government of India has accorded 'in-principle' approval for leasing out six airports of Airports Authority of India (AAI) viz. Ahmedabad, Lucknow, Mangaluru, Jaipur, Guwahati and Thiruvananthapuram for operation, management and development through PPP mode. AAI floated a Global Tender for inviting bids and identified the highest bidder. The Union Cabinet on 03.07.2019 accorded approval for leasing of three airports viz. Ahmedabad, Lucknow and Mangaluru airports, to the highest bidder i.e. M/s Adani Enterprises Limited (AEL) who quoted highest per passenger fee for these airports under PPP for a lease period of 50 years as per the terms and conditions of the bid documents. In pursuance of this, AAI has issued Letter of Award (LoA) on 15.7.2019 to M/s AEL in respect of Lucknow, Ahmedabad

and Mangaluru airports. The Concession Agreement between AAI and M/s AEL for Operation, Management and Development of these three airports has been signed on 14.02.2020. Award of the remaining 3 airports i.e. Jaipur, Guwahati and Thiruvananthapuram is held up due to pending litigations / other issues.

(b) & (c): Government of Kerala had requested the Government of India to allow them to form a Special Purpose Vehicle (SPV) to take over and run the Thiruvananthapuram Airport. Government of India considered the request of Government of Kerala and allowed them to participate in the bidding process with the provision of Right of First Refusal (RoFR) with price range parameter of 10%. Accordingly, Government of Kerala designated entity i.e. Kerala State Industrial Development Corporation (KSIDC) had participated in the bidding process. However, the bid quoted by KSIDC was found to be below the 10 % price range parameter quoted by the highest bidder. KSIDC challenged the bidding process before the Hon'ble High Court of Kerala. The Hon'ble High Court of Kerala in its order dated 18.12.2019 disposed of the case in favour of AAI. An SLP was filed before the Hon'ble Supreme Court challenging the judgement of the Hon'ble High Court of Kerala. The Hon'ble Supreme Court in its order dated 28.02.2020 has disposed of the case and has remitted the matter back to the High Court of Kerala. The matter is sub-judice.

(d): Airport land at six airports under PPP belongs to AAI and therefore airport land has been leased out in accordance with the provisions contained in Section 12 (A) of AAI Act, 1994 (as amended in 2003).

(e): Under the PPP model adopted by AAI at its airports, the exclusive right and authority is granted to the PPP partner during the concession period to undertake some of the functions of the AAI being the functions of operation, maintenance, development, design, construction, upgradation, modernization, finance and management of the Airport. The charges in respect of aeronautical services provided at major airports including PPP airports are determined by an independent Regulatory Authority namely Airports Economic Regulatory Authority (AERA).
