GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 815
(TO BE ANSWERED ON THE 25th July 2022)

STATES' STAKE IN THE ASSETS CREATED BY PRIVATISATION OF AIRPORTS

815. SHRI RAM NATH THAKUR

Will the Minister of CIVIL AVIATION be pleased to state:-

(a) whether it is a fact that many States are claiming their stake in the assets created in the wake of privatisation of various airports in the country;

(b) if so, the details thereof;

(c) the basis on which the States are claiming their stake in the privatisation of airports; and

(d) whether Government is considering to provide share to the States as per their demands?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(GEN. (DR) V. K. SINGH (RETD))

(a) to (d): Yes, Sir. One State Government had proposed that in case an airport in the State is privatized, the value of the land, given by the State Government to the Airports Authority of India (AAI) for development of the airport should be converted as equity of the State Government in the Airport Project Special Purpose Vehicle (SPV) or an appropriate revenue sharing arrangement proportionate to investment should be arrived at.

The airport lands have been acquired and transferred by the State Government voluntarily and without any condition and hence, the airport lands are vested to AAI in terms of the AAI Act, 1994. The State Government therefore, cannot stake a claim on revenue earned by AAI from such lands irrespective of the fact whether the airports are run by AAI itself or through third party by way of a lease.

Airports of AAI are not privatized but leased out in public interest for its better management utilizing private sector efficiency and investment. AAI remains the owner of airport land throughout the lease period and land and other assets would come back to

AAI after expiry of the lease period, as per the provisions of the Concession Agreement.

Moreover, States and its residents are the ultimate beneficiary of enhanced airport infrastructure and facilities created by private partner, who operates, manages and develops the leased airport under Public Private Partnership(PPP). Airports have emerged as a nucleus of economic activities and have multiplier effect on the economy of the State. The revenue received by AAI from the leased airports is also utilized in development of airport infrastructure across the country.

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