

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 2896
(TO BE ANSWERED ON THE 27th March 2023)

PRIVATISATION OF SIX AIRPORTS

2896. SHRI JAWHAR SIRCAR

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

- (a) whether it is a fact that Finance Ministry had suggested the incorporation of a clause at PPA finalisation stage that not more than two airports will be awarded to the same bidder when six airports were notified for privatisation;
- (b) whether it is also a fact that Niti Aayog had suggested the rationale of prior technical experience; and
- (c) whether the Finance Ministry had issues about the Ministry not providing key details crucial to compare the technical proposals submitted by bidders, such as total project cost?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

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

(a) & (b): Airports Authority of India (AAI) has awarded six airports namely Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvananthapuram and Mangaluru for Operations, Management and Development under Public Private Partnership (PPP) for a period of 50 years in the year 2020-2021. The terms and conditions of the transaction of PPP of six airports were decided by the Empowered Group of Secretaries (EGoS) chaired by CEO, NITI Aayog which inter-alia comprised Secretaries of Ministry of Finance (Department of Economic Affairs and Department of Expenditure) also. Therefore, the Ministry of Finance and NITI Aayog were part of the decision making process and the EGoS finalised the contours of the bidding process for PPP of six airports.

In order to ensure more competition and to give more flexibility to bidders, the following conditions among others were stipulated:-

- i. No prior airport experience
- ii. No cap on number of airports for which a participating entity could bid for
- iii. Per Passenger Fee as bidding parameter instead of revenue sharing.

(c): The Concessionaires have been selected through competitive bidding process by evaluating the technical and financial capacity of the bidders. The decision of EGoS was considered and after detailed deliberation on relevant issues, Public Private Partnership

Appraisal Committee (PPPAC) recommended the proposal. The PPPAC, chaired by Secretary, Department of Economic Affairs comprising Members from NITI Aayog, Department of Expenditure, Department of Legal Affairs, Ministry of Civil Aviation and AAI in its meeting held on 11.12.2018 had deliberated the issue of Total Project Cost (TPC). To a suggestion that TPC should be estimated upfront, the PPPAC noted that it is not possible to work out the TPC over the proposed concession period of 50 years as it would depend on the basis of demand to be assessed by the Concessionaire. It was also noted by PPPAC that there is no one size fits all strategy and termination payment have been taken care of in a unique manner and not in terms of TPC.
