

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 956
ANSWERED ON MONDAY THE 08th FEBRUARY, 2021
[MAGHA 19, 1942 (SAKA)]**

BIDDING FOR AIRPORTS

QUESTION

956. SHRI G. S. BASAVARAJ:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Ministry of Finance and NITI AAYOG had red-flagged the 2019 airport bidding process, which were over-ruled clearing the way for a clean sweep of six airports, by an Ahmedabad based Corporate major and if so, the details thereof;
- (b) whether the Competition Commission of India had marked the Civil Aviation sector for a review of market dominance and if so, the details thereof; and
- (c) whether the Department of Economic Affairs had commented on a referral by the Public Private Partnership Appraisal Committee that not more than two airports be awarded to the same bidder factoring high financial risk and performance issues and if so, the details thereof?

ANSWER

**THE MINISTER OF STATE FOR FINANCE
AND CORPORATE AFFAIRS**

(SHRI ANURAG SINGH THAKUR)

वित्त एवं कारपोरेट कार्य मंत्रालय में राज्य मंत्री

(श्री अनुराग सिंह ठाकुर)

(a) to (c) As per the information received from the Ministry of Civil Aviation, Airports Authority of India (AAI) has awarded six airports namely, Ahmedabad in Gujarat, Jaipur in Rajasthan, Lucknow in Uttar Pradesh, Guwahati in Assam, Thiruvananthapuram in Kerala and Mangaluru in Karnataka for Operations, Management and Development under Public Private Partnership (PPP) for 50 years. 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 of 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 finalized 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;**
- iii. Per Passenger Fee as bidding parameter instead of revenue sharing.**

The Department of Economic Affairs (DEA) has stated that neither the Ministry of Finance nor NITI Aayog had red flagged the 2019 airport bidding process. The bidding was conducted through a transparent competitive bidding process and award thereof was on the basis of the approved bid parameter, i.e., the highest per passenger fee quoted.

In the Public Private Partnership Appraisal Committee (PPPAC) appraisal process, concerned Ministries/ Departments give their comments/ suggestions approved at appropriate level. In case of DEA, it is issued by the PPP cell with the approval of the Joint Secretary. The PPPAC being the appraisal body takes the final decision.

In this case, the appraisal note dated 10.12.18 was given by the PPP cell of DEA which, inter-alia, included the suggestion to incorporate the clause that not more than two airports will be awarded to the same bidder.

The Cabinet in its meeting held on 08.11.2018 had approved the constitution of Empowered Group of Secretaries (EGoS) headed by CEO, NITI Aayog, with Secretary MoCA, Secretary DoE and Secretary DEA as members, to take a decision on the issues falling beyond the scope of the PPPAC in the matter relating to leasing out of the six airports through PPP mode. The said EGoS, in its meeting held on 17.11.2018 decided that no restriction needs to be placed on the number of airports to be bid for or to be awarded to a single entity.

Subsequently, in the 85th meeting held on 11.12.2018, the PPPAC, acknowledging the decision of the EGoS, decided not to examine the matters which were already decided by the EGoS in its meetings held on 17.11.2018 unless there is an apparent deviation from the PPPAC guidelines.

Again, in the meeting dated 09.8.19, the EGoS, inter-alia, deliberated upon the comments of the PPP Cell of the DEA on the issue of number of airports to be awarded to a single bidder, given vide Appraisal Note dated 10.12.2018. The EGoS while acknowledging the decision of the PPPAC in the meeting dated 11.12.2018 (not to examine the matters which were already decided by the EGoS in its meetings held on 17.11.2018 unless there is an apparent deviation from the PPPAC guidelines) reconfirmed that the decision of the EGoS in this regard was a considered decision with a view to place minimum restrictions on the bidders so that more and better bids are drawn for the project.

The Competition Commission of India (CCI) has informed that it has not marked the Civil Aviation sector for review of market dominance.
