

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:404

ANSWERED ON:24.11.2005

PRIVATISATION OF DELHI AND MUMBAI AIRPORTS

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has proposed to privatise Delhi and Mumbai airports;
- (b) if so, the extent to which the airport activities would be privatised;
- (c) whether the Government is aware that privatisation of these two airports would affect the sustainability of other airports which are being largely financed by major profit earned by these two airports; and
- (d) if so, the reasons as to why the Government is going for privatisation of these profit-making airports?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a): Government has decided to restructure & modernise airports of Airports Authority of India (AAI) at Delhi and Mumbai by adopting a joint venture route by establishing two separate Joint Venture Companies (JVCs). AAI & other Public Sector Undertaking (PSU) would hold 26% equity and the balance 74% equity would be held by joint venture partners.

(b): The Joint Venture Companies would develop & manage all activities at Delhi and Mumbai airports, except Air Traffic Management and Security functions. Further, Customs, Immigration, Plant & Animal Quarantine, Health & Meteorological services at airports would continue to be regulated by Government.

(c) & (d): Restructuring and modernisation of Delhi and Mumbai airports by joint venture route would not affect the sustainability of other airports as the JVCs would be required to pay AAI a lump-sum upfront amount as also an annual fee (Concession fee) as a percentage of their gross revenue with a minimum of 5%. Further, AAI will also get benefit from the distribution of profit in the form of dividends by the JVCs. AAI would continue to be a profitable organisation and generate cash surplus and its ability to operate, maintain and develop other airports will not be eroded.