

**Left Parties Note on:**

**Modernisation of Airports  
Submitted to the UPA-Left Coordination Committee Meeting  
On January 12, 2006)**

1. To expedite setting up of world class airports at Delhi and Mumbai, the Airport Authority of India (AAI) had framed a proposal in the year 2003 to appoint global Architectural firms/consortium for providing architectural and engineering services for the terminal complex and then execute the works departmentally. The said proposal was also approved by the AAI Board at its 64<sup>th</sup> Meeting in June 2003. While working out these proposals, AAI tentatively worked out the requirements of the works to develop Delhi and Mumbai airports at a cost of Rs. 3905 crores. However, no further action was taken on this proposal due to the process initiated for privatisation of airports by the then NDA Govt. vide a Cabinet decision in September 2003.
2. Surprisingly, the UPA government stuck to the decision of the NDA Govt. inspite of the fact that NCMP of the Govt. categorically stated "profit making companies will not be privatised". NCMP also stipulated that there would be no confrontation in "labour management relations but consultation, co-operation and consensus". The employees of AAI including engineers, technicians, workers had formed a Joint Employees Forum to oppose the privatisation decision taken by the NDA Govt. and they submitted an alternative plan for modernization of the Delhi and Mumbai airports by the AAI in June 2004 to the UPA Govt., which were similar to that worked out by the AAI in the year 2003.
3. Instead of examining this proposal and allowing the AAI to expedite the modernization process, the Govt. continued with the privatisation process which was clearly in violation of the NCMP for the following reasons:
  - a) *AAI is a Profit Making Company with reserves & surplus fund of Rs. 3,000 crore with almost zero-debt status, which can meet the anticipated expenditure for the development of the airports of the country added with the borrowing capacity to raise loans from the market.*
  - b) *the consensus and co-operation of all categories of employees have been totally ignored.*
4. The whole outcome of the bidding process for privatisation which was initiated in 1999 with the appointment of advisors to the AAI till date has yielded only two bids for consideration for two airports thus resulting in a single bid situation. The impropriety, credibility and irregularity of such an exercise has led to the constitution of a plethora of committees by the Govt. as the controversy created during the bidding process has all the potential of creating a scam like situation for the Govt.

5. Meanwhile, the Alternate Plan Review Committee constituted by Ministry of Civil Aviation comprising Member Finance, AAI, Executive Director (Architecture), Executive Director (Engineering), Executive Director (Planning) and Executive Director (F&A) of AAI examined the alternate plan for modernization submitted by the AAI Employees Joint Forum and submitted their report on 1.12.2005. It is understood that the report while accepting the alternative plan in principle, reiterates the AAI's capability, both technical and financial, to modernize and develop the Delhi, Mumbai and other airports. Unfortunately, the Ministry of Civil Aviation is glossing over this report and even sometimes going to the extent of giving absurd projections about the task of the AAI to modernize 122 airports at a go (though not more than 50 airports at present are operating in the country). When the Delhi and Mumbai airports cater to more than 65% of the total revenue earned by the AAI, privatisation of these airports will give a serious setback to any development plan of infrastructure of the other airports in the country.
6. Apart from the above, the security and strategic reasons also do not justify handing over of airports in the national and commercial capital of the country to the private sector. In the proposed modernization plan for the Delhi & Mumbai airports, it has been envisaged that the entire airport including Terminal Buildings, Ancillary building, Car Park, Runway, Taxiway, Apron, Water Supply, Electrical Installations and Fire Services will also being handed over to the successful consortium of private parties. Since Delhi & Mumbai are sensitive to security threats, any leniency/ compromise on the part of the Government towards security of these airports may result in a national disaster.

It is pertinent to mention that on earlier occasions, the Government of India had not permitted private parties to undertake ground-handling services at Indian airports on the ground of security threat based on intelligence reports.

At the Delhi Airport, the Technical Area of the Indian Air Force is contiguous to the Operational Area. This includes the areas used by the Head of the visiting States including the President and the Prime Minister of India. Besides this, the hangers of aviation Research Centre, Special Protection Group (SPG) and Border Security Force (BSF) are also contiguous and come within the operational area. At CSI Airport, Mumbai the hangers of the Defence establishments are located. Further, ONGC is also conducting their operations to Bombay High from CSI Airport, Mumbai.

The Left parties feel that enough time has been lost in the ongoing privatisation process which could have been utilised by the AAI to modernize both these airports. It is therefore imperative that the AAI should be given the green signal to go ahead with its modernization plan for metro and non-metro airports as projected in the report of the Alternate Plan Review Committee. The government should utilise Mr. Sreedharan's wide experience in completing infrastructure projects like Konkan Railways and Metro Rail under government control instead of using his expertise for evaluation of what appears to be none-too transparent bids.

