

## Civil Aviation

9.76 Air traffic trends in both domestic and international sectors have been encouraging. Domestic traffic grew by 9.3 per cent in the period January to December, 2003 over the same period in the previous year. Demand for travel to India from other countries in the winter of 2003 increased by nearly 23 per cent.

9.77 In the airline industry, Indian Airlines along with three private airlines provide regular domestic air services. In addition, there are 37 non-scheduled operators providing air taxi/non-scheduled air transport services. The private sector now accounts for 60.1 per cent of the domestic air traffic. The Airports Authority of India (AAI) earned a profit after tax of Rs.282 crore in 2002-03 as compared to Rs.267 crore in 2001-02. The higher profit is due to growth in traffic. The estimated profit after tax for 2003-04 is Rs. 294 crore.

9.78 AAI is currently in the process of setting up two separate companies for Delhi and Mumbai airports. It has been decided to restructure and modernize the Mumbai and Delhi airports through the Joint Venture route. To assist in the restructuring process, M/s ABN-AMRO Asia corporate Finance (I) Pvt. Limited have been appointed as the Financial Consultant. An Empowered Group of Ministers has been constituted to oversee the process of restructuring.

9.79 Two new greenfield airports with private sector participation are proposed to be set up at Bangalore and Hyderabad. These airports are to be set up as joint ventures where the

private partners will hold 74 per cent equity and State Governments and AAI will together hold the balance 26 per cent. The State Governments of Andhra Pradesh and Karnataka have selected the private sector partners for Hyderabad and Bangalore airports respectively. The Bangalore and Hyderabad International Airports and Airports Authority of India have signed the shareholders agreements.

9.80 The project of the new greenfield airport at Devanahalli near Bangalore is to be implemented on a Build Own and Operate (BOO) basis. The Government of Karnataka, through Karnataka State Investment and Industries Development Corporation (KSIIDC), and AAI will together hold 26 per cent equity (AAI's investment in the equity to be capped at Rs.50 crores) and the strategic joint venture partner will hold the balance 74 per cent. Financial closure is expected to be achieved shortly after the Concession Agreement is finalized. The target opening date for the airport is 33 months from the date of financial close.

9.81 In August 2003, a Committee was setup under the Chairmanship of Shri Naresh Chandra, to prepare a road map for the Civil Aviation Sector that would provide a basis for the National Civil Aviation Policy. The Committee has since submitted first part of its recommendations in December 2003. The Committee has made wide-ranging recommendations which would be used as inputs to draw up a comprehensive Civil Aviation Policy.