

OVERVIEW

The Airports Authority of India (Authority) came into existence on 1 April 1995 by merging the International Airports Authority of India with the National Airports Authority. The main functions of the Authority were designing, construction and maintenance of airports including operational and terminal facilities, providing communication and navigational aids and providing passenger facilitation and information systems. The Authority was managing 127 airports as on 31 March 2006.

With the opening of skies to private operators, there was a continuing need for upgradation and modernisation of air traffic services. During the period 2000-01 to 2005-06, the Authority spent Rs.3161.94 crore for creation of infrastructure facilities at the airports. There was shortfall in actual expenditure compared to the plan outlay in all the years which ranged between 1.82 *per cent* (2005-06) and 58.35 *per cent* (2000-01). These were due to delays in finalisation of schemes and tenders, midway alteration and delays by contractors during execution of work etc. In respect of Delhi and Mumbai, due to the proposed restructuring of the airports, no major infrastructure project was taken up in the four years ending 2005-06.

The 84 airports which had meager/no commercial operations continued to incur revenue expenditure and in the four years upto 2005-06, 20 such airports ended with cash loss of Rs.50.38 crore. The share of non traffic revenue in the Authority which is above 50 *per cent* internationally was woefully short at around 11 to 14 *per cent*. The Authority did not finalise a land/ space lease policy for commercial exploitation of land to increase the share of non traffic revenue.

The Authority did not standardise its procedures and contract documents. The International Airports Division (IAD) and the National Airports Division (NAD) were following different Works Manuals and procedures with attendant inconsistencies. The infirmities in the contract conditions led to contractual complications, overpayments, delays and loss of revenue. Projects were taken up without any commitment from the users. These projects yielded only negative return.

Several works were foreclosed due to non availability of work sites/disputes leading to wasteful expenditure, cost and time overrun. Encroachments were not removed in time. 702 acres of land were still under encroachment in different airports depriving the Authority of land required for infrastructure development. Land acquisition problems with State Governments and Defence authorities were not resolved in time. Project monitoring and quality assurance were inadequate as these did not meet the standard requirements.

Installation and commissioning of Communication and Navigational equipment were inordinately delayed due to delays in finalisation of orders, non availability of sites, non synchronisation of allied activities etc. Terminal facilities at 11 out of 18 airports test checked were saturated. Customer satisfaction level in a number of airports was below 70 *per cent* in respect of general comfort, toilet facilities, flight information system and trolley availability. Cargo complex constructed at Amritsar remained unutilised.

The Authority did not meet the International Civil Aviation Organisation (ICAO) recommendations on safety standards fully. There was inordinate delay in taking decision regarding fresh procurement or refurbishment of fire tenders. The Authority placed orders for procurement of 130 X-ray machines costing Rs.39.09 crore for the international airports even after being aware that these machines were not meeting the requirements as required under ICAO guidelines.

The Authority has not been able to achieve fully the objectives laid down in the Policy on Airport Infrastructure due to delays in creation and augmentation of infrastructure and operational facilities resulting in envisaged benefits not being derived.