



Public Private Partnership (PPP) – Case study

<http://www.icao.int/sustainability/Pages/im-ppp.aspx>

*Infrastructure Management Programme
Economic Development of Air Transport*

Region: Asia and Pacific

State: India

Airports:

- Cochin International Airport (ICAO: VOCl, IATA: COK)
- Delhi International Airport (ICAO: VIDP, IATA: DEL)
- Hyderabad Rajiv Gandhi International Airport (ICAO: VOHS, IATA: HYD)
- Kazi Nazrul Islam International Airport (ICAO: VEDG, IATA: RDP)
- Shimoga, Gulbarga, and Bijapur in the Indian state of Karnataka

Airport: Cochin International Airport (ICAO: VOCl, IATA: COK)

Cochin International Airport is operated by **Cochin International Airport Ltd. (CIAL)**, a unique entity founded in 1994. It is the first green field airport in the country, build from scratch, with private participation and is thus a pioneer of the Indian airport public-private partnership (PPP) model.

Shareholders are the **Government of Kerala, financial institutions, non-resident Indians (NRIs), financial institutions, airport service providers and foreign countries**, with around 18,000 shareholders from more than 25 countries, among them being **Bharat Petroleum, India, and Air India**.

The Kochi International Airport Society (KIAS) was founded by the Government of Kerala in 1993 in order to plan the international airport and to mobilize and manage financial resources under the PPP project.

The novel financing scheme proposed included government founding, interest free loans and donations from NRIs, airport users, foreign countries, financial institutions and airport service providers. Contributors were entitled to certain facilities such a special lounge and a separate check-in counter after the opening of the airport.

Airport: Delhi International Airport (ICAO: VIDP, IATA: DEL)

Delhi International Airport is managed by the **Delhi International Airport Limited (DIAL)** since 2006. Following an international complete bidding process, the concession to operate and develop Delhi airport was signed between Airport Authority in India (AAI) and Delhi International Airport Limited. The initial period of the concession is for 30 years.



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Delhi International Airport Limited is a joint venture, formed as a consortium between three major players: **GMR Group** (64%), **AAI** (26%) and **Fraport AG** (10%). In March 2015 Malaysia Airports (Mauritius) Private Limited left the consortium by entering into an agreement with GMR Group which acquired its 10% share for a consideration of \$80 million.

The consortium was formed to oversee the operation and construction of Delhi International Airport's terminal and runway buildings.

Delhi International Airport Limited took over the management of Delhi International Airport in January 2006 and commenced with the improvement essential to upgrade the passenger services to the world standard requirement. In June 2010 Delhi International Airport Limited opened an integrated passenger terminal (terminal 3) which increases the capacity of departure for Delhi airport and can handle up to 37 million passengers per annum.

Airport: Hyderabad Rajiv Gandhi International Airport (ICAO: VOHS, IATA: HYD)

Hyderabad Rajiv Gandhi International Airport is operated by the **Hyderabad International Airport Limited (HIAL)** which signed a concession agreement with the Government of India in December 2004 for a period of 30 years. The inauguration of the airport was in March 2008.

Hyderabad International Airport Limited is a joint venture formed as a consortium between **GMR Group** (63%), **Government of India** (13%), **Government of Telangana** (13%) and **Malaysia Airports Holding Bhd** (11%). The model of PPP for Hyderabad Airport is based on a Build-Own-Operate-Transfer (**BOOT**) basis.

During the period of concession, the consortium was incorporated to design, finance, build and maintain the greenfield Hyderabad Airport, which has the flexibility to increase capacity to handle over 40 million international and domestic travelers per annum.



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Airport: Kazi Nazrul Islam International Airport – Durgapur (ICAO: VEDG, IATA: RDP)

Kazi Nazrul Islam International Airport is part of India's first private sector aerotropolis project developed by **Bengal Aerotropolis Projects Limited (BAPL)**, a venture of local entrepreneurs, specialized in infrastructure and in the planning of aerotropolis projects in India.

Bengal Aerotropolis Projects Limited's promoters are the following: **Changi Airports India Pte. Limited, Singapore** (32.2%) a subsidiary of Changi Airport International (CAI), Singapore, **IL&FS Airports Ltd.** (12.7%) **West Bengal Industrial Development Corporation** (1.2%). The other 53.9% are equally held by three promoters (Utsav Parekh, R. R. Modi and Partha Ghosh) through **various companies** which have vast experience in social infrastructure.

These companies are Pragati Social Infrastructure & Development Ltd., Pragati 47 Development Ltd., Lend Lease Company (India) Ltd. and Citystar Infrastructures Ltd. Valuable contributions are made by each actor according to their specialization: Changi Airports has rich experience in developing an operational airport, Citystar Group has vast knowledge about social infrastructure, Pragati Group has broad expertise in dealing with government entities and Lend Lease has wide experience in the financial market.

The airport opened on 12 May 2015, with commercial operations commencing on 18 May 2015.

Airport: Kempegowda International Airport – Bangalore area (ICAO:VOBL, IATA:BLR)

Bangalore International Airport Limited (BIAL) designed, built, owns and operates (DBOO) the Kempegowda International Airport. The concession agreement between the Government of India and BIAL was signed in July 2004 and the airport became operational in May 2008.

A foreign consortium holds a 74% stake in BIAL which consists of the following private promoters: **GVK Group India** (43%), **Siemens Project Ventures GmbH** (26%) and **Flughafen Zurich AG Ltd.** (5%). The remaining 26% are owned by State promoters; **AAI** as well as the **Karnataka State Industrial Investment & Development Corporation Limited (KSIIDC)** hold each 13%.

Bangalore International Airport Limited is granted the exclusive right to manage the airport for a period of 30 years (option for extension), starting from its opening date, and to carry out the development, design, financing, construction and operation. Furthermore, BIAL may perform any activity related to the handling



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of aircraft, passengers, baggage and cargo at the airport. It may also grant service providers to carry out such activities.

Airport: Mumbai Chhatrapati Shivaji International Airport (ICAO: VABB, IATA: BOM)

With the privatization of the Mumbai Chhatrapati Shivaji International Airport (CSIA), India experienced a momentous change in its civil aviation history.

In 2006, **Mumbai International Airport Pvt. Ltd. (MIAL)**, a joint venture between the **GVK led consortium (74%) and Airports Authority of India - AAI (26%)**, was awarded the mandate to modernize and upgrade CSIA in order to meet higher demands resulting from rapid growth and higher passenger traffic.

The consortium consists of the following actors: **GVK Group India, Airports Company South Africa**, which is 75,78% owned by the **South African Ministry of Transport**, and Bidvest.

The improvement plan for Mumbai Chhatrapati Shivaji International Airport was drafted by **Changi Airports International Pte Ltd (CAI), Singapore**.

MIAL was charged with the objectives of operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the airport. Some of the key objectives were the refurbishment of domestic terminals 1A & 1B, the international terminals 2B & 2C and the opening of a brand new domestic terminal 1C and terminal 2. Moreover, MIAL was responsible for the commissioning of new taxiways, aprons, reconstruction of the runway intersection and the reconstruction of both the main runway 09/27 and the secondary runway 14/32. A new ATC tower has been constructed as well.

Airport: Shimoga, Gulbarga, and Bijapur in the Indian state of Karnataka

Shimoga airport and Bijapur airport are greenfield airports planned to be built in the future under the structure of PPP. Meanwhile, Gulbarga airport is a greenfield airport being built to serve local passengers in Gulbarga. As projects are due to delays and interruptions, the Government of Karnataka is tending to find other new partners to complete these projects.



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Changi Airports International Pte Ltd (CAI) showed the expression of interest for the operation of the three airports in the Indian state of Karnataka. The company is bidding jointly with Tata Real estate to develop three airports in the future.

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