



एयरपोर्ट्स अथारिटी एम्पलाइज यूनियन  
**Airports Authority Employees' Union**  
(Regd. No. 3515 & Recognised)



All India President : Com. S.R. SANTHANAM, Ph. (R) (040) 27768269, (O) 27902721, (M) 09490681924

General Secretary : Com. BALRAJ SINGH AHLAWAT, (O) 24619274, (M) 09871717521

AAEU/CHQ/Misc./2021/

Dated: 19/03/2021

To

**Shri Narendra Modi Ji,**  
Hon'ble Prime Minister of India  
Prime Minister Office, South Block  
New Delhi.-110001.

**Subject: Deliberate Attempts to cover up the illegalities and irregularities in leasing out of six airports of AAI to M/s Adani Enterprises-Request for immediate intervention of PMO by ordering a true and Fair inquiry.**

Sir,

Kind attention is invited to the decision of AAI to hand over six of its major airports to M/s Adani Enterprises through an ill-treated tendering process.

Airports Authority Employees' Union and its members did a lot of sincere and honest efforts to bring the illegalities to the notice of concerned. But, all our efforts were foiled by the Ministry of Civil Aviation and AAI, by submitting replies, which are far from the truth and facts. Now, we have no option other than to represent it before the Hon'ble Prime Minister of India with a request to issue necessary directive to conduct a true and fair inquiry into the entire affairs.

**STATEMENT OF FACTS**

The Union Cabinet held on 08.11.2018 gave " In Principle" Approval for leasing out Six Airports of AAI viz, Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvananthapuram and Mangalore for operation, management and development under Public Private partnership ( PPP) through Public Private partnership Appraisal Committee ( PPPAC) The Union Cabinet also constituted an Empowered Group of Secretaries ( EGoS) , headed by NITI Aayog to decide on any issue falling beyond the scope of PPPAC.

Ministry of Civil Aviation submitted the Project report, PPPAC memo and Request for Proposal ( RFP) to PPP Cell on 05.12.2018 and the PPP Cell circulated the same to NITI Aayog , Department of Economic Affairs and other PPPAC members on 06.12.2018 for their comments and observations.

Both Department of Economic Affairs and NITI Aayog had sent their comments on 10.12.2018 to PPP Cell for considering the same in PPPAC meeting, scheduled on 11.12.2018. DEA and NITI Aayog , in their appraisal note clearly mentioned that the Project was poorly prepared by AAI/ Ministry of Civil Aviation and is not in accordance with the existing PPP guidelines and policies, notified by Government of India.

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*Balraj Singh Ahlawat*





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Some of the major observations of DEA/NITI Aayog are: -

- The Minimum "Per Passenger Fee", arrived on the basis of Existing Revenue was neither worked out nor mentioned in the tender document as: Minimum Reserve Price."
- The Project is not properly prepared by AAI / Ministry of Civil Aviation and most of the crucial financial covenants including Total Project Cost were kept open by the Ministry for lack of clarity about the project.
- Both DEA and NITI Aayog admit that they could not evaluate all the six projects in a short span of time ( i.e., 4 days) and the comments were drawn on the basis of Project Report of One Airport.
- Almost all the financial covenants including Technical Capacity, Financial Net worth etc are remained same for all six Airports, though each airport is unique in terms of Traffic, Net worth, Scope for Future Investments etc.
- The Request for Proposal and Draft Concession Agreement (tender Document) are deviating from the Model documents, notified by Ministry of Finance.
- The Ministry/ AAI had not submitted the Draft Request for Qualification / Expression of Interest (EOI), which is a pre-requisite for issuing RFP as per PPPAC regulations.
- The Operation and Management Experience Clause (O & M Clause) had been deleted from Request for Qualification.
- The RFP does not permit AAI to get the Revenue share from Commercial Operation, which AAI used to get from DIAL/ MIAL etc.

The above are only some of the vital adverse remarks and on careful evaluation of their Appraisal Note, one could easily draw the conclusion that no public asset can be sold out /leased out on the basis of such Poorly visualized and prepared Project Reports, giving undue advantage for the private partner to exploit the Public resources. The DEA was concluding its report stating that "the project is unlikely to invoke good investor response". It is true that the response as well as quality of potential Investors were so poor when comparing with response to tenders for DIAL/ MIAL and other Green Field Airports in India.

In spite of all these short comings, the PPPAC gave " In Principle" and " Final" approval for the proposal on 11.12.2018, though there is no provision in PPP regulations to do so. On careful analysis of Minutes of the 85<sup>th</sup> Meeting of PPPAC, one can easily draw the conclusion that the powers of PPPAC were unilaterally subsumed by EGoS (Empowered

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Group of Secretaries), though the Cabinet did not give any nod for EGoS to exercise the powers which are well within the powers of PPPAC.

The stand of CEO of NITI Aayog is also questionable and suspicious, as he batted for approval of defective project Report, when the Economic Office of His own department drew serious drawbacks and false doing in the Tender Documents, submitted by Ministry of Civil Aviation.

As per the Clarificatory statement, submitted by Under Secretary, Ministry of Civil Aviation before the Hon'ble High Court of Kerala, The Civil Aviation minister had approved the Leasing out of six Airports, whereas as per Statute, Cabinet Committee on Economic Affairs is the approving authority for projects having Total Project cost of more than Rs. 1000 Crores.

It is also pertinent to note that AAI Act, passed by Parliament, AAI can enter into any lease contract for a maximum period of 30 years, whereas the Lease period under the current contracts are for a period of 50 years.

By totally neglecting all the irregularities and illegalities, AAI invited Bids from prospective investors by uploading the tenders in AAI website and CPPP portal. Though AAI/ Ministry tried to create hype among public that the tendering process was done in a most competitive and transparent manner, in reality, the result was poor. Out of the nine participants, only two are having Airport operations and remaining are either Institutional investors or Real estate companies. The global response was also poor and their quotes were too low, giving the impression that the proposal was not properly conceived by the prospective bidders. The rate quoted by one of the private Airport Players in India is also very meager when the same airport operator quoted Rs. 303/- for Bhogapuram Airport.

The rate quoted by Adani Enterprises is naturally much higher than their competitors but its low when compared with the rate of Rs. 303/- quoted for entirely new Airport by GMR. It may be noted that AAI did not undertake any study to find out that the present "Per passenger Income" is less than the rate quoted by Adani Enterprises for these Airports.

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Our findings are well supported by Documentary evidences and they are also the subject matter of the Special leave petition pending before the Supreme Court. We had experienced that the officials of AAI/ Ministry of Civil Aviation and their Counsels are confusing the Judiciary by deviating from the core issues and by rendering false statements. Moreover, it's a matter, involving technical, financial and legal matters, it needs to be reviewed by an Independent Agency constituted either by the Cabinet, parliament or judiciary. We further offer to share our findings before any sort of legally constituted Investigation Authority.

It is pertinent to discuss the "Select Employee Clause", incorporated in the Tender document. The Concept is absolutely new and never ever mentioned in any of the Model Concession Agreement, published by NITI Aayog. AAI management kept the "Select Employee clause" out of discussion with the Recognized Union and deliberate attempt was made by Ministry to prevent its circulation and discussion in Public Domain. It may be noted that the "Select Employee clause" was not disclosed in RFP (Request for Proposal). Instead it was mentioned in "Draft Concession Agreement." Though the Draft concession agreement was akin of RFP, it was accessible only to the prospective bidders and not accessible to General Public. The condition in relation to Select Employees are vague and did not give any assurance to AAI employees that the service conditions including Pay and allowances will be protected by Private player in the long run.

These being the facts, we, on behalf of entire employees of AAI earnestly request to review the entire process leading to the leasing out of all six major airports to M/s Adani Enterprises and we request your good honour that not to forward this letter to Ministry of Civil Aviation or Airports Authority of India as they will give the same answer what they were giving of our earlier representation

Thanking you,

Yours faithfully,

*Balraj Singh Ahlawat*  
12-03-2021  
(Balraj Singh Ahlawat)  
General Secretary