



“India is dangerously underprepared to develop airport capacity”

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Shortfall of airport capacity in context of future projections of air traffic in India.

Airport Capacity is a fundamental and non-negotiable requirement for a sustainable and viable civil aviation industry in India. The National Transport Development Policy Committee (NTDPC) report mentioned that in order to arrive at the capacity requirement and investment requirements at airports, it is imperative to arrive at the forecasts of passenger and cargo throughput. As per MoCA estimate, passengers forecasted for 2026-27 is 743.5 million and for 2031-32 is 1,144.1 million. Total investment of Rs 3,77,275 crore has been estimated for airport infrastructure development work by 2031-32. However it is important to note that the Airport capacity cannot be developed and resolved overnight.

As per CAPA report even if all current airport cites in India are building out to their full design capacity and the proposed new airports are also opened like Navi Mumbai, still 40 per cent of the unconstrained demand in India will be choked in the absence of any new airport being developed. India requires at least \$40 billion investment in airport. According to CAPA report, India is dangerously underprepared to develop the airport capacity, it desperately needs. In the absence of advance planning the poor development is being reflected from the fact that 12th Five-Year Plan envisaged Rs 70,000 crore of investment in airports, however

only approximately Rs 20,000 crore are expected to be spent so far, while the plan period is just about to end.

What can the AAI, Civil Aviation Ministry and private airport operators do to meet this shortfall gap?

As far as meeting the shortfall of Airport capacity is concerned, APAO believes that major responsibility lies with the Ministry of Civil Aviation. The following are few suggestions which are to be addressed by the Ministry of Civil Aviation.

- PPP is an important approach for development of airport infrastructure in the country. The Kelkar Committee report on reforming PPP projects must be implemented urgently.
- Government must act quickly to make this sector investor friendly by ensuring reasonable rate of return on investments and proper policy orientation to ensure sustainability, economic viability and orderly growth of the sector.
- Regulatory policies should be in sync with government policies and sectoral requirements. Regulator should be reasonable, balanced, and should ensure fair rate of return to the investor. There should be clear and well defined tariff Policy and tariff determination methodology which addresses the concern of investors. The policy should encourage developing non-aeronautical revenue which is extremely critical for airport development, upgradation, and

modernisation. Adopt a Dual Till or at least a 30 per cent Hybrid Till regime which will in the longer run ensure affordable tariffs to the end customer. Ministry to issue a clear direction to the Regulator on the above mentioned issues.

- Foreign investors are losing faith in present Indian regulatory and policy regime which are perceived as unpredictable and economically unviable. All policy framework must be decided upfront.
- Concession agreements to be fully adhered to and honoured both in letter and spirit by all the Authorities.
- Funding constraints should be addressed and government must facilitate availability of low cost loans/funds for a longer term to airport operators. This is essential since airport business are highly capital intensive with long gestation periods.
- The issues and challenges in land acquisition, environmental clearances, providing multi-modal connectivity must be addressed on priority basis. An integrated approach (Single Window clearances) must be adopted in such issues which require clearance of more than one ministry.
- All strategically located major PPP airports which have now world-class facilities must be developed into aviation hubs.
- Speed up privatisation of six AAI Airports which were planned earlier. **CBT**