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F.No.AV-20036/05/97-VB Vol II
Government of India
Ministry of Civil Aviation

'B' Block, Rajiv Gandhi Bhavan
Safdarjung Airport, New Delhi-110 003
Dated February 19, 2008

Subject: - Construction of a Greenfield International Airport at Kannur,
Kerala

1. The undersigned is directed to state that the proposal of Government of Kerala (GOK) to set up a greenfield airport at Kannur has been considered and "in principle" approval is hereby granted by the Government of India (GOI) subject to the following conditions:

- Issued
for
19/2/08*
- (a) **Reserved Activities:** Certain activities at the airport like Security, Air Traffic Control, Customs, Immigration, MET etc. would be reserved for GOI. These would be performed by the relevant central government agencies. Provision of these services would be on cost recovery basis and the airport operator would enter into agreement with the respective agencies. Costs relating to reserved activities would be realised through a cost recovery mechanism and it would be part of revenue expenditure and as such, would not be capitalised.
 - (b) **Concession Agreement:** GOI/GOK would not be signing any concession agreement with the Joint Venture Company (JVC) that would be entrusted with the task of developing and maintaining the airport. The JVC would develop and operate the airport under the license issued by DGCA. GOK could give certain benefits and concessions to the JVC in respect of the land that would be leased/licensed to the airport company indicating its terms and conditions as well as such other conditions which the State Government may wish to impose on the JVC. GoK may also consider grant of any other financial concessions to the JVC.
 - (c) **Environment Clearance:** Towards seeking environmental clearance, GoK would submit a detailed proposal along with requisite information as per Environment Impact Assessment Notification, 2006 to the Expert Committee after the project has been firmed up.

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- (d) **Selection of Private entity:** GoK should follow a transparent competitive bidding process to select the strategic private partner. GOI has issued a Model RFQ and RFP for PPP projects and GoK may consider adopting these documents for undertaking the bidding.
- (e) **Defence land:** At least 10 acres of land shall be leased/transferred to the Indian Navy at a mutually agreed location for development of a future naval air enclave.
- (f) **Exemption for military aircrafts:** All military aircrafts using the proposed airport are to be exempted from landing and parking charges.
- (g) **Infrastructure requirement of IAF:** The JVC shall provide a suitable room to IAF for setting up the AFMLU, AFMLC etc within the ATC premises of the proposed airport.
- (h) **Security requirements:** The JVC would need to comply with certain conditions from the security angle. These would form part of the licensing conditions. The conditions are as follows:
 - a. There should be adequate provision for temporary use/taking over of the airport by the Government during exigency/emergency such as war, natural disaster/calamities, internal disturbances, etc.
 - b. The JVC would need prior clearance from the Ministry of Home Affairs regarding acquisition and installation of security equipment and verification of credentials of developers including their foreign collaborators.
 - c. The JVC will procure from the Home Ministry for provision of immigration services as per the guidelines issued by the Home Ministry from time to time.
 - d. There should be prior verification of the antecedents of foreigners before their appointment for higher decision making positions in the management of the airport.
 - e. There should be prior verification of the credentials of the foreign firms to be engaged for construction, ground handling or other important activities at the airport.
 - f. FDI limits, if any, in the construction/development of airport should be cleared by the appropriate authority and after taking views of the concerned security agencies and Ministries/Departments.
 - g. Security agencies should be nominated for anti-hijacking, anti-sabotage checks of the pilots, passengers and their baggage for each private airport.


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- h. It should be obligatory for the airport authority to adhere to the security measures laid down by the BCAS and DGCA.
- i. Requisite infrastructure for handling international flights/passengers should be in place and all international passengers must pass through Immigration, including the crew members of the international flights.

(i) The above conditions would be indicated by GOK in the bid documents.

2. The compliance of the above mentioned licensing conditions would be ensured by the DGCA while issuing the license. In addition to these the DGCA would ensure that the remaining conditions stipulated above have been fulfilled while considering the application for the grant of license to the JVC.

3. A policy for greenfield airport is on the anvil. The proposed project at Kannur would comply with the said policy as and when it is announced.


(ANNA F.C.Y.)
Director
Tel:24658991

To,

Shri PJ Thomas,
Chief Secretary,
Govt of Kerala, Secretariat,
Thiruvananthapuram, Kerala.

Copy to:

1. Shri Madhukar Gupta, Secretary, Ministry of Home Affairs, North Block, New Delhi.
2. Shri Vijay Singh, Secretary, Ministry of Defence, South Block, New Delhi.
3. Ms Meena Gupta, Secretary, Ministry of Environment & Forests, Paryavaran, Bhavan, CGO Complex, Lodhi Road, New Delhi.
4. Dr. D.Subba Rao, Secretary, Ministry of Finance, Deptt of Economic Affairs, North Block, New Delhi.
5. Shri Gajendra Haldea, Advisor to Deputy Chairman, Planning Commission, New Delhi
6. Shri K. Gohain, Director General of Civil Aviation, Opp. Safdarjung Airport, New Delhi.
7. Dr . K. Ramalingam, Chairman, AAI, R.G. Bhavan, New Delhi.