

Which are the airports being privatised? | Explained

How were the places selected? When is the tender process likely to begin? What are the privatisation goals a part of? When was the revenue-sharing model replaced by per passenger fee? How does it impact airfares? What are some of the issues being raised by airports and passengers?

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JAGRITI CHANDRA



The airports were selected from among all Airports Authority of India facilities handling 0.1–1 million passengers annually. File | Photo Credit: The Hindu

The story so far:

The third round of airport privatisation, covering 11 airports to be opened for bids in five bundled groups, has moved a step forward with the Ministry of Civil Aviation sending a proposal to the Public Private Partnership Appraisal Committee (PPPAC) for its in-

principle clearance and detailed scrutiny. According to government officials, the five bundles, each comprising metro and non-metro airports, include airports at Amritsar and Kangra; Varanasi, Kushinagar and Gaya; Bhubaneswar and Hubli; Raipur and Aurangabad; Tiruchi and Tirupati.

What is the process?

Once the PPPAC completes its appraisal and the Union Cabinet signs off on the plan, bids will be invited from private operators, with the government planning to launch the tender process by March 2026.

The 11 airports were selected from among all AAI (Airports Authority of India) facilities handling 0.1-1 million passengers annually. Projections of future traffic growth and investment requirements as well as proximity of airport to each other for bundling then narrowed the list to these top performers for the third privatisation round.

The development comes six years after the plan for privatising 25 airports was first shared by AAI on the conclusion of the privatisation of six airports, bagged by the Adani Group. Sources say the remaining 14 airports would be taken up for privatisation in subsequent rounds.

The privatisation goals are also part of the National Monetisation Pipeline (NMP) that aims at monetising operating public infrastructure to unlock idle capital and reinvest that in other assets. Launched in August 2021, the NMP set an aggregate indicative target of ₹6 lakh crore to be raised by leasing brownfield infrastructure assets over the four-year period from FY 2022 to FY 2025.

The target for the airport sector through the privatisation of 25 airports was pegged at ₹20,782 crore, or nearly 4% of the overall NMP value. In all, 88.3% of the total NMP target has been achieved by various infrastructure ministries, of which roads and railways remain the top contributors, but the aviation sector remains a laggard. The Union Budget 2025-26 announced the launch of the Asset Monetisation Plan 2025-30 to plough back ₹10 lakh crore.

When did the privatisation of airports start?

Privatisation of airports started in 2003 under the NDA government. It approved the privatisation of two brownfield airports, i.e., Delhi and Mumbai airports, with 26% AAI stake and 74% stake owned by private JV partners. Delhi went to a GMR-led consortium in 2006, Mumbai to a GVK-led consortium in the same year via competitive bidding

based on a revenue-share model. Two greenfield PPP airports followed, which included Bengaluru and Hyderabad in 2004.

In 2019, six more airports (Ahmedabad, Lucknow, Jaipur, Mangaluru, Guwahati, Thiruvananthapuram) were privatised, which were all won by the Adani Group. The revenue-share model was replaced by per passenger fee. For instance, at Ahmedabad airport, the Adani Group paid AAI ₹177 in 2020, the first year of privatisation, with a 5% annual hike thereafter.

For the third round of privatisation, which is the first time bundling of airports is being attempted, the PPPAC will evaluate key aspects, including revenue-sharing models versus per-passenger fees, cross-subsidisation between metro and non-metro airports in a bundle, and the need for a cap on the number of airports a single entity bags. It will also assess optimal land parcels for non-aeronautical revenue streams that are used to offset airline and passenger fees, and whether the User Development Fee collected from passengers as a component in the airfare will be determined for each airport independently or as a joint asset. Some of these factors will be crucial to ensure that the cost of air travel for smaller cities remains affordable.

What are the concerns?

Recently, when IndiGo was forced to cancel nearly 5,000 flights in the first two weeks of December, widespread concern was raised about the risks of a duopoly in India's aviation sector. Similar dangers are now emerging in the airport sector, where a monopoly has steadily taken shape over the past five years, with the Adani Group bagging 8 airports — six through privatisation, followed by Mumbai and Navi Mumbai airports, where it acquired GVK's stake.

Consider the recent dispute involving telecom operators, who approached the Department of Telecommunications over what they describe as “extortionary” charges levied at the newly inaugurated Navi Mumbai Airport to allow the use of its in-building solutions and refusal of right of way to set up infrastructure to provide cellular services. Earlier, corporate titans such as Essar Group, Aditya Birla Group, JSW Steel and Taj Group were left fuming over an eviction order targeting their business jets at Mumbai airport and being asked to relocate to Navi Mumbai.

Congress demands probe into airport privatisation as part of JPC inquiry into Adani bribery allegations

Why are costs rising for both airlines and passengers?

While privatisation is intended to improve efficiency, modernise infrastructure, and augment AAI's revenues, it often raises concerns about rising costs for airlines and passengers, even as infrastructure investment increases. These concerns are magnified when a large monopoly emerges, leaving airline operators with limited bargaining power and passengers with virtually none.

Take the example of Thiruvananthapuram Airport, where, following its first tariff revision after privatisation to Adani, which was approved by the Airport Economic Regulatory Authority (AERA), the user development fee charged to passengers as part of the airfare increased from ₹506 to ₹770 for domestic travellers for one year, followed by further hikes in subsequent years. Aircraft landing charges were also sharply increased. For the first time, arriving passengers were required to pay a disembarkation fee of ₹330. The disembarking fee was later adopted by Delhi and Mumbai airports during their own tariff revisions.

Additionally, the regulator pulled up the airport for under-reporting its projection of non-aeronautical revenues, which are meant to cross-subsidise charges levied on airlines and passengers. AERA noted that the projections submitted were lower than pre-privatisation and pre-COVID revenues earned by AAI.

The common man's grievances include high taxi charges at airports, congestion within terminal buildings, limited access to wheelchairs, and being compelled to pay for porter services to overcome challenges of accessibility. A beginning has been made with the airport tariff regulatory body moving towards evaluating airports on service delivery benchmarks and proposing a penalty if these are not met. The service benchmarks include wait time at security gates, check-in time, availability of help desks, and time taken to travel between terminals, among others. It plans a third-party evaluation of these parameters and a penalty in the form of 5% reduction on airport tariff, so that it results in reduced user development fee for passengers.

What lies ahead?

Only about 6% of Indians currently travel by air, highlighting the enormous scope for growth in what is already the world's third-largest aviation market. While affordability remains a key factor, the low penetration rate makes it clear that air travel in India is far from saturated. To meet rising demand, the government has set a goal of building 50 new airports over the next five years and expanding the existing network of 163 airports. By

FY2026, India's airports are expected to have a combined passenger-handling capacity of around 550 million passengers per annum (mppa), factoring in new facilities such as Navi Mumbai Airport and the upcoming Noida International Airport. Industry estimates suggest that airport capacity will need to grow to about 850 mppa within five years. Supporting this growth will require more than just new airports and will also depend on the presence of financially robust airlines.

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In Case You Missed It



'Act of war':
NYC Mayor
Zohran
Mamdani...



Aviation sector
to take wings in
A.P. as
Bhogapuram...



Transforming a
waste-ridden
urban India



Grok user
making illegal
content will
suffer same...



Metro peak-
hour services
stepped up on
key stretch to...



KKR drops
Bangladeshi
pacer
Mustafizur...



A.P. Forest dept.
urged to clear
16.25 acres of
forest land to...



Actor Ashish
Vidyarthi, wife
injured in
accident