

Background

There have been several media reports on different aspects of the bid evaluation for award of long-term concessions for Delhi and Mumbai airports. Several issues and concerns are being widely debated and the bid evaluation process has acquired a great deal of visibility. Besides dealing with substantive issues, public perception would also need to be addressed.

Mandate for Evaluation of Technical Bids

2. In the last meeting of the EGOM held on December 5, 2005, the Finance Minister had rightly raised the issue regarding the nature and extent of mandate for evaluation of technical bids. From the process point of view, this is an important issue that would determine the responsibility and accountability for bid evaluation. Independent of the substantive issues, this aspect has been examined and the following comments are submitted.

3. The RFP document approved by the EGOM (paragraph 5.1) refers to the approach to be applied by AAI and its advisers (emphasis added) when evaluating offers. If this is to be interpreted strictly, the responsibility and mandate for evaluation lies with the AAI. In any case, the primary responsibility for bid evaluation must rest with AAI since the airports are vested in AAI under the AAI Act and the lease is also to be granted by AAI under the provisions of section 12 A, *albeit* with prior permission of the Government under section 21. This position is consistent with the bidding process which has been undertaken in the name of AAI, and not the Central Government. Moreover, there is no precedent where bid evaluation or approval for a contract/ concession to be awarded by a Central Public Sector Undertaking (CPSU) or statutory body was considered by the Central Government without any recommendation of the concerned entity.

4. In view of the above, evaluation should be done by AAI (with the assistance of experts, if necessary) and its report should be considered and approved by the IMG/ EGOM. This would also enable AAI to discharge its statutory functions. The Government has the power to issue directions under section 40 of the Act and this power can be exercised for withdrawing bid