



F. No. CL-11049/31/2020-Commercial / ///

Dated: 23.03.2021

To

The Regional Executive Directors,  
Airports Authority of India,  
Northern/Western/Southern/Eastern/North-Eastern Region  
Delhi/Mumbai/Chennai/Kolkata/Guwahati.

The Airport Directors,  
Chennai/Kolkata.

**COMMERCIAL CIRCULAR NO. 33/2021**

**Subject: Standard Operating Procedure (SOP) for monitoring commercial contracts at airports - reg.**

Corporate Vigilance Directorate, as part of systemic improvement, has suggested for developing a 'Standard Operating Procedure' for monitoring of Commercial Contracts. Accordingly, on the basis of provisions given in the Commercial Manual, 2019 read with subsequent amendments, an SOP has been prepared and the same is placed at Annexure - A.

2. The attached SOP may be circulated to all concerned and REDs/APDs (Chennai/Kolkata) are personally requested to ensure strict compliance of the same at stations.
3. This issues with the approval of Member (HR).

[Sanjay Jain]

Executive Director (Commercial)

**Copy to:**

1. All Airport Directors/All Airport in-charges
2. Regional Commercial In-charges (NR/WR/SR/ER/NER)
3. Commercial in-charges (Chennai/Kolkata Airports)
4. GM (IT), AAI, - for uploading on AAI website.

**STANDARD OPERATING PROCEDURE (SOP)**  
**FOR MONITORING COMMERCIAL CONTRACTS AT AIRPORTS**

1. In the backdrop of augmenting non-aeronautical revenue for the organization, efficient and effective contract management and monitoring are the key deliverables. This, inter-alia, envisages smooth contract management, revenue generation, improved passenger facilitation, etc. Not only this, efficient contract management and effective monitoring rule out the risk of inviting unwarranted complaints, procedure lapses, audit objections, etc.
2. The management of commercial contracts and monitoring thereto would encompass mainly three phases viz., pre-award stage, tendering stage and post award stage. **Standard Operating Procedure (SOP)** towards these three stages have been broadly brought out under ensuing paras: -
3. **Pre-Tender Stage (Concession Planning)**: This stage broadly includes identification of locations, layout finalization, requisite approvals, design, fabrication, etc. In this regard, details have been brought out under **Chapter 6 of the Commercial Manual, 2019**.
4. **Tendering Stage (Concession Procedure)**: Tendering stage broadly encompasses MRLF Fixation, preparation of tender document, uploading of tender, pre-bid meeting, evaluation of bids, award of contract with the approval of competent authority, etc. In this regard, detailed description of standard procedures to be adopted for tendering stage have been brought out under **Chapter 7 of the Commercial Manual, 2019**. Further, **Annexure XXI at page 291 of the Commercial Manual, 2019** specifies this aspect.
5. **Post – award Stage**: This stage commences right from the beginning of issuance of Letter of Intent to Award (LOIA/Award Letter) and continues till the determination of contract including incidental and ancillary aspect thereto. Detailed guidelines/procedures have been given in the **Chapter 8 (Concession/License Management) of Commercial Manual, 2019**, in this regard.
  - (i) To ensure compliance of all contractual formalities, as per Award letter, within prescribed timelines. Deviation, if any to be approved by the competent authority.
  - (ii) Handing Over/Taking Over of Site/Facility, as per Award Letter.
  - (iii) To provide assistance/coordinate with the agencies and Regulatory authorities for obtaining clearances/permits etc., as the case may be, being pre-requisites or necessity for the concerned facility.
  - (iv) To ensure management of Security Deposit/Bank Guarantee, as per laid down procedure, viz., receipt of SD/BG, confirmation of BG, custody of BG with F&A, monitoring validity of underlying instrument and remedial measures thereto.
  - (v) To ensure commencement of the facility within the prescribed timelines as per contract provisions.
  - (vi) To ensure implementation of EPOS, wherever applicable.

- (vii) To perform billing as per contract provisions.
- (viii) To realize dues as per contract provisions.
- (ix) To adjust outstanding dues, if any, from the security deposit and subsequently ensuring recouping of the same.
- (x) To ensure diligent compliance of the terms and conditions of the license agreement of the contracts.
- (xi) To ensure action, as prescribed, in case of breach of contract.
- (xii) Usage of AIMS/other prevailing system for billing, MIS, reporting purpose etc.
- (xiii) Before expiry of the contract, tender action to be initiated within the prescribed timelines as per laid down procedure to avoid extension of the existing contract.
- (xiv) All records, files and registers and documentation regarding tender, contract, SDs, BGs etc. to be diligently maintained and monitored.

**5. Dispute / Outstanding Dues aspect:**

**(i) Dispute Resolution:**

(a) **Dispute Resolution Committee:** Subject to provision of License Agreement, dispute, if any, with the licensee, has to be referred to Dispute Resolution Committee, at first instance. Detailed procedure/guidelines towards 'Dispute / Grievance Redressal and Resolution' has already been prescribed in **Chapter 8.9 of the Commercial Manual, 2019**. The prescribed procedure inter-alia, includes timelines and competent authority for resolution of such disputes.

(b) **Arbitration:** Subject to provision of License Agreement, in case of invocation of Arbitration clause, a detailed SOP has been prescribed under **Annexure XX of the Commercial Manual, 2019 at page 288** under the heading '**SOP for Arbitration**'. This, inter-alia, includes competent authority for appointment of Arbitrator, Venue, Process, etc.

(ii) **Realization of Outstanding Dues:** As stipulated in Para 8.4.2 of the Commercial Manual, 2019, if the dues are equivalent to 50% of the security deposit or three months' license fee, whichever is lower, dues along with penal interest shall be adjusted from the security deposit, as per **Annexure XIV of the Commercial Manual 2019 at page 280**. Irrespective of tender accepting authority, for realization of outstanding dues, concerned Airport Director is the competent authority for realizing dues by adjusting security deposit or encashing bank guarantee. This aspect has been specified under **Para 8.5.16 of the Commercial Manual, 2019**.

**6. Escalation:** Further, in respect of contract management, as outlined above, requisite guidance from RHQ/CHQ may be taken by airport units.

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