Inauguration of Pokhara International Airport: A cause for joy or worry?

The Pokhara International Airport is now officially ready to welcome international flights, with the inauguration ceremony held on 1 January 2023. The airport’s construction began in July 2017 with a total amount of NRs. 22 billion (current value about NRs. 28.5 billion) received from the Chinese government. 25 percent of the total amount was provided as a grant, while the remaining 75 percent is a loan with a 2 percent interest rate.

Since the beginning, several questions have been raised about the airport’s transparency, corruption, and the possibility of financial return. Initially, there were speculations that the government had signed an Engineering, Procurement, Construction, and Financing (EPCF) contract with the China CAMC Engineering Co. (CAMC) before announcing the tenders. Moreover, for the airport’s construction, the government had announced a bid of NRs. 17.5 billion, but the lowest bidder was China CAMC Engineering Co. (CAMC) with a bid of NRs. 30.5 billion. The government awarded the project to the CAMC at NRs. 21.59 billion after negotiations. But, the Gautam Buddha Regional Airport, which has been built on the same scale, was completed on NRs. 7.61 billion, while the Pokhara International Airport on today’s date has cost about NRs. 30 billion. Why is there such a huge difference in construction costs?

Even now, the Pokhara International Airport has several challenges to face - the biggest of which will be revenue collection. The airport has to pay about NRs. 420 million as interest every year to the Exim Bank of China. As per the data of the old Pokhara Airport, the airport earned only NRs. 115.9 million in the last fiscal year. The newly built Gautam Buddha Regional Airport has only been able to attract one international flight so far, while the Pokhara International Airport has been vacant, and the airport could potentially fall into severe debt.

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The Department of Passport (DoP) has stopped the distribution of passports until further notice, citing technical issues since 1 January 2023. The DoP had been facing widespread criticism for the shutdown and had also received orders from the Council of Ministers to make an action plan to improve the infrastructure and make arrangements to distribute passports without a long queue.

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The government has decided to provide labor permits for foreign employment from the Labor and Employment Office located at Janakpur and Biratnagar as well. Previously, similar services were extended to Pokhara and Butwal. The action aims to decentralize the services from Kathmandu to other parts of the country.

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