

**F. No. AERA/2001/DIAL-DF/2009**  
**Airports Economic Regulatory Authority of India**

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**B-Block, Rajiv Gandhi Bhawan**  
**New Delhi – 110003.**

**Dated the 23<sup>rd</sup> April, 2010**

**Public Notice No. 03/2010-11**

**Subject: Review of Levy of Development Fee (DF) at IGI Airport, New Delhi.**

Attention of all concerned is invited to the Authority's Consultation Paper No. 04/2009-10 dated 23.3.2010 on the above subject.

2.1 Briefly stated, the Central Government, vide letter dated 9.02.2009, had conveyed their approval under Section 22A of the Airports Authority of India Act, 1994 for levy of Development Fee (DF) by DIAL at IGI airport, New Delhi @ Rs.200/-per departing domestic passenger and @ Rs.1300/- per departing international passenger, inclusive of all applicable taxes, purely on an 'ad-hoc' basis, for a period of 36 months, w.e.f. 01.03.2009. The 'ad-hoc' approval granted was subject to review, specifically upon following milestones:

- (a) DIAL would submit final project cost estimates within 6 months of the commencement of levy, i.e., latest by 31.08.2009. The project costs so submitted, including amount of contingencies, and their utilization shall be audited by an independent technical auditor to be appointed by AAI or as the Regulator/Government may decide.
- (b) DIAL would undertake a review of the bidding process in respect of the hospitality district. They may approach the Government with the outcome of the review within 6 months of the commencement of levy, i.e., latest by 31.8.2009.

Above approval was also subject, inter-alia, to the condition that the final determination of levy may be made by the Government/Regulator upon compliance with (a) and (b) above.

2.2 Pursuant to its establishment and conferment of regulatory functions in respect of major airports on the Authority, DIAL had requested for extension of time for submission of information as at (a) and (b) above. The Authority, after due stakeholder consultation, vide order No. 01/2009-10 dated 4.11.2009, extended the date of submission upto 31.01.2010.

2.3 DIAL submitted the information relating to (b) above on 31.1.2010. However, it failed to submit the information in respect of the final project cost. The Authority took a serious note of failure of DIAL to submit the project cost information within the extended timeline and directed them to submit the same immediately. Finally, Authority tentatively decided as under-

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- (i) DIAL should submit the final project cost at the earliest. In case, the submission is so delayed that the Authority is not in a position to obtain final project cost, duly audited by the independent technical auditor, latest by 31.07.2010 the levy of DF shall not be permitted with effect from 01.08.2010. Therefore, keeping in view the indicative timelines discussed in para 9(vii) above, the final project cost information should be submitted by DIAL latest by 15.4.2010.
- (ii) In the meantime, DIAL may be permitted to continue levy of DF @ Rs.200/- per departing domestic passenger and @ Rs.1300/- per departing international passenger, with effect from 01.03.2009 to bridge an estimated funding gap of Rs. 1267.49 crores (NPV as on 1.3.2009), exclusive of taxes, on an 'ad-hoc' basis. Based on the above calculations and on the assumption that the final project cost would be restricted to the original estimate of Rs. 8975 crores, the period of this levy may need to be reduced to 24.5 months in the final determination.

The above proposed decision of the Authority was placed for stakeholder consultation vide aforesaid Consultation Paper No. 04/2009-10.

2.4 In response thereof, DIAL has, on 31.3.2010, submitted the final project cost information to the Authority.

3.1 Pursuant to the submission of requisite information by DIAL, the matter has been further considered by the Authority.

3.2 Since the proposed decision of the Authority (as indicated in preceding para 2.3) required DIAL to submit the final project cost information by 15.04.2010 and in default contemplated certain actions in the matter and as the project cost information has been submitted by the DIAL by the due date, Authority is of the opinion that the action contemplated in default has been become infructuous. Therefore, the Consultation Paper No. 4/2009-10 dated 23.03.2010 is hereby withdrawn.

4. It is also stated for information of all concerned that, in accordance with condition of ad-hoc approval, the Authority has decided to request AAI to immediately appoint an independent technical auditor to audit the project cost, including the amount of contingencies and their utilisation. The audit report is expected to be available by 30.06.2010. Thereafter, the Authority will take up the final determination of DF, in respect of IGI airport, Delhi, after following the procedure including consultation with the stakeholders.

  
(Sandeep Prakash)  
Secretary  
Tel: 24616025