

50  
[F. No. AERA/20011/DIAL-DF/2009]

Consultation Paper 1/2009-10



**Airports Economic Regulatory Authority of India**

**Consultation  
On  
Review of Development Fee levied at  
IGI Airport, New Delhi**

**New Delhi: 10<sup>th</sup> September, 2009**

**Rajiv Gandhi Bhawan  
Near Safdarjung Airport  
New Delhi - 110003**

M/s Delhi International Airport Pvt. Ltd. (DIAL) are levying and collecting development fee (DF) at IGI Airport, New Delhi @ Rs. 200/- per departing domestic passenger and @ Rs. 1300/- per departing international passenger, inclusive of all applicable taxes w.e.f. 1.03.2009, with the previous approval of the Central Government, in terms of section 22A of the Airports Authority of India Act, 1994. The Central Government had accorded its approval in the matter, on ad-hoc basis, vide letter No. AV.24011/002/2008-AD dated 9.02.2009 wherein it was stated that levy of DF at the aforesaid rates was approved, purely on ad-hoc basis, for a period of 36 months w.e.f. 1.03.2009. The approval was to be reviewed 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 31.08.2009.

It was also stated that the final determination of levy shall be made by the Government/Regulator upon compliance with (a) and (b) above.

2. In the meantime, the Central Government have established Airports Economic Regulatory Authority (AERA) under Section 3(1) of the Airports Economic Regulatory Authority of India Act, 2008 (the Act) w.e.f. 12.05.2009. Further, by virtue of section 54 of the Act, the section 22A of the AAI Act, 1994 has been amended to the effect that the levy and collection of development fee at major airport shall be at the rate as may be determined under the clause (b) of sub-section (1) of section 13 of the Act by AERA. The aforesaid amendment to the AAI Act, 1994 has taken effect from the date of establishment of AERA, i.e., 12.5.2009. It may also be noted that all the provisions of the Act have come into force w.e.f. 1.01.2009 (except Chapter III and Chapter VI of the Act) and w.e.f. 1.09.2009 (Chapter III and Chapter VI of the Act).

3. AERA has, now, received a letter Ref: DIAL/2009-10/MoCA-DF/ dated 31.08.2009 from DIAL wherein it has been submitted that:

- (i) They are in the process of reviewing the bidding process in respect of Hospitality District. Out of the total 13 asset areas, in the first tranche of 45 acres, license has been finalized in respect of 8 asset areas whereas in respect of balance 5 asset areas, Board of Directors, DIAL have decided to go for rebidding. This process is likely to be concluded in next 4 to 6 months. The final ascertainment of quantum of deposits from the first tranche of commercial property development will be possible only thereafter.



- (ii) The project is being implemented on design and construction methodology. Number of packages involved in the project has increased from 78 to 114 due to splitting. As on date, 91 packages have been awarded and balance 23 are pending. Hence, final project cost can undergo change over the next few months. They expect to complete the final assessment of project cost by end of February, 2010.

In view of the above, DIAL have requested AERA to permit them to submit the data required for review by February, 2010. A copy of the DIAL's aforesaid letter dated 31.08.2009 (with all enclosures) is attached.

4. In terms of section 13(4) read with section 2(o) of the Act, AERA hereby solicits comments of all airlines, including the non-scheduled operators, operating at IGI Airport, New Delhi and associations representing the passengers at IGI Airport, New Delhi on the aforesaid request received from DIAL. The comments/submissions may be furnished latest by 30.09.2009 at the following address:

Shri Sandeep Prakash,  
Secretary,  
Airports Economic Regulatory Authority of India,  
Room No. 58, B-Block, Rajiv Gandhi Bhawan,  
New Delhi-110003.  
Tel: 011-24616025  
Fax: 011-24656214 e-mail: [sandeep.moca@nic.in](mailto:sandeep.moca@nic.in)

While making their submissions, the airlines/associations may also indicate whether they would like to make submissions in person to AERA failing which it will be presumed that the concerned airline/association is not interested in making any personal submissions.



**(Yashwant S. Bhawe)**  
**Chairperson, AERA**

**Encl: As Above**