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**URGENT
OUT TODAY**

AV-20036/414/2015-AAI-MoCA
Government of India
Ministry of Civil Aviation

'B' Block, Rajiv Gandhi Bhawan,
Safdarjung Airport, New Delhi
Dated, the 02nd March, 2017

To
Chairman,
AERA,
Safdarjung Airport,
New Delhi.

Subject: **Request for inclusion of land cost as a part of RAB in the matter of determination of aeronautical tariffs in respect of CHIAL for the first control period (01.04.2016-31.03.2021).**

Sir,

I am directed to forward herewith copies of D.O. letter No.PS/PSCA/2017/296 dated 28.02.2017 and PS/ACS(CA)/2017/181-L dated 28.02.2017 as received from the State Governments of Haryana and Punjab respectively on the subject mentioned above and to say that both the State Governments have requested to consider land cost as part of RAB and an aeronautical asset for ARR determination of aeronautical tariffs in respect of CHIAL for the first control period.

2. Both the State Governments have 24.5% equity stake each in the Joint Venture in the form of land and the cost of land has been equally shared between both the State Governments. Since equity is considered as part of RAB, the requests of both the State Governments are for consideration of AERA.
3. AERA is requested to take further necessary action in the matter.

Yours faithfully



(P J Thomas)
Under Secretary to the Government of India
☎ 24610361

Encl: As above

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Dr. Mahavir Singh, IAS



D.O. No. PS/PSCA/2017/296

Principal Secretary to Govt. Haryana
Civil Aviation and
Higher Education Department,

Chandigarh

Dated: 28.02.2017

Dr (vn)

Subject: Non-inclusion of land cost as a part of RAB- In the matter of Determination of Aeronautical Tariffs in respect of CHIAL for the first Control Period (01.04.2016 – 31.03.2021) by AERA.

Dear Arun,

This is with reference to File No. AERA/ 20010/ MYTP/ CHIAL/ CP-II/ 2016-17, Consultation Paper No. 3/ 2016-17 dated 14.02.2017. I may bring it to your notice that Chandigarh International Airport Limited (CHIAL) is a joint venture company incorporated under Companies Act, 1956 by Airports Authority of India (a Government of India Enterprise) having 51% Equity Stake, in association with Punjab Government through Greater Mohali Area Development Authority (GMADA) having 24.5% Equity Stake and Haryana Government through Haryana Urban Development Authority (HUDA) having 24.5% Equity Stake to operate and maintain Chandigarh International Airport.

The cost of Land has been equally shared between the Government of Punjab and Haryana which has been capitalized in the books of CHIAL and has been counted towards the equity contribution of GMADA and HUDA. Thus, the cost of Land is the part of Project Cost.

This is to submit that land is a costly and rare resource which is essential to propagate construction of such new Greenfield Airports. If the cost of land is not taken for RAB purposes than this model will fail and no State Govt. in future will be willing to part with the land resulting into scarcity of infrastructure for civil aviation. It is therefore, requested that Ministry should pursue our submission to consider the land cost as a part of RAB and aeronautical asset for ARR determination which will help in making this project viable.

With best wishes.

Yours faithfully,

(Dr. Mahavir Singh), IAS

Sh. Arun Kumar, IAS
Joint Secretary, Ministry of Civil Aviation
Government of India, Rajiv Gandhi Bhawan
Safdarjung Airport, New Delhi-110 003

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SG (AAE)

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M. K. Kishore