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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

Viswajeet Khanna, IAS,
Addl. Chief Secretary -

ਵਧੀਕ ਮੁੱਖ ਸਕੱਤਰ

2741285

Tele. No. :
ਟੈਲੀਫੋਨ ਨੰ.



D.O. No. PS/ACS(CA)/2017/181-L
ਅੰਕ ਸ. ਪੰ. ਨੰ.

Government of Punjab
ਪੰਜਾਬ ਸਰਕਾਰ

Department of **Civil Aviation**
ਵਿਭਾਗ

Chandigarh, the
ਚੰਡੀਗੜ੍ਹ
28th February, 2017

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 Mr. Arun Kumar,

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. 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 which has come up as a new state of art International Airport at Mohali, Punjab.

Punjab Government acquired the Land as an investment in CHIAL. The cost of Land has subsequently been equally shared between the Government of Punjab and Haryana and has been capitalized in the books of CHIAL. It has been counted towards the equity contribution of GMADA and HUDA as per the original MoU and subsequent agreement between the three joint Ventures & partner i.e. Airport Authority of India, Government of Punjab and Government of Haryana. Thus, the cost of Land is the part of Project Cost.

It is to submit that land is a cash resource and very costly. If we require the State Government to promote further construction of new Greenfield Airports and the cost of land is not taken for RAB purposes, then this model will fail and no State Govt. in future will be willing to or be able to afford to part with land.

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resulting in stagnation in creation of infrastructure for civil aviation purposes. It is requested that the Ministry should endorse our stand that land cost should be considered a part of RAB and an aeronautical asset for ARR determination which will help in making projects viable.

With regards,

Yours faithfully,


(Viswajeet Khanna)

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