

**AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA**

**MINUTES OF THE STAKEHOLDERS CONSULTATION MEETING HELD ON 17.02.2025 AT 2:30 PM IN HYBRID MODE AT INDIAN AVIATION ACADEMY, VASANT KUNJ, NEW DELHI REGARDING THE CONSULTATION PAPER NO. 07/2024-25 IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFF FOR INDIRA GANDHI INTERNATIONAL AIRPORT (IGIA), NEW DELHI FOR THE 4<sup>TH</sup> CONTROL PERIOD (FY 2024-25 TO FY 2028-29).**

1. For ensuring transparency in the process of determination of tariff for aeronautical services, Section 13(4)(a) of the Airports Economic Regulatory Authority of India Act, 2008 ("AERA Act") empowers AERA to undertake Stakeholders Consultation Meeting in the wider interest of all the stakeholders including the public. Accordingly, a Stakeholders Consultation Meeting was convened by the Authority on 17.02.2025, at 2:30 PM in hybrid mode at Indian Aviation Academy, Vasant Kunj, New Delhi to elicit the views/suggestions/comments of the Stakeholders on the proposals made in the Consultation Paper No. 07/2024-25 issued by the Authority on 31.01.2025 in the matter of determination of Aeronautical Tariff for Indira Gandhi International Airport (IGIA), New Delhi for the 4<sup>th</sup> Control Period (FY 2024-25 to FY 2028-29).

The list of participants is enclosed at **Annexure – I**.

2. At the outset, Chairperson, AERA, welcomed all the participants attending the Stakeholders Consultation Meeting. He stated that IGIA is the largest airport of the country with passenger traffic of 74 Mn as against the total passenger traffic of 374 Mn recorded across various airports in India for FY 2024 i.e. around 20% of the total passenger traffic of the country. Since, the Airport is in the national capital and is of prime importance, AERA has given wide publicity for this Stakeholder Meeting by issuing advertisements in the leading newspapers so that maximum number of stakeholders can join this consultation meeting kept in hybrid mode. He acknowledged the presence of participating stakeholders that included officials from Delhi International Airport Limited (DIAL), AAI, BIAL, Noida International Airport, Adani Group, FIA, Airlines like Air India, IndiGo, SpiceJet, various Industry Bodies and Passenger Associations including representatives from public. He briefly outlined the important features of Tariff Guidelines and Regulatory Approach as well as relevant provisions of the AERA Act that guided the tariff determination exercise for IGI Airport, New Delhi. He also highlighted that Stakeholders Consultation Meeting is kept in hybrid mode to ensure wider participation.
3. Chairperson further stated that DIAL submitted the Multi-Year Tariff Proposal (MYTP) for the period from April 01, 2024 to March 31, 2029 on May 29, 2024. He provided an overview of the analysis and due diligence done by the Authority in respect of the MYTP submitted by DIAL which culminated in the issuance of the said Consultation Paper. As per the MYTP, DIAL submitted Target Revenue of Rs. 30,500 Cr on present value basis with an X-Factor of 731%. The Authority after analysis, prudence check and due diligence assessed Target Revenue of Rs. 9,541 Cr on present value basis with an X-Factor of 140%.

4. Chairperson also highlighted that with the upcoming Noida International Airport, Jewar the Delhi-NCR region will shortly operate as a dual airport system which shall demand requisite alignment of regulatory framework to factor in the various issues emerging from the operations of more than one airport in the same catchment area. He told the participants that DIAL's proposed Tariff Rate Card for the 4<sup>th</sup> Control Period is based on differential pricing that includes time of travel (peak/off-peak) and class of passenger (economy/business). He stated that AERA is open to the idea of differential pricing of airport charges based on time and class as it will encourage competition between the 2 airports resulting in better services to passengers on quality and cost parameters but this will of course be subject to requisite provisions in the Tariff Guidelines. AERA will take a final decision with regard to the Tariff Rate Card submitted by DIAL based on the comments and feedback received during this Stakeholders Consultation Meeting. The Authority is keenly looking forward to the views/comments of the stakeholders on the various proposals of the Authority contained in the Consultation Paper. Chairperson reiterated that AERA is committed to ensuring transparency as per the provisions of Section 13(4) of the AERA Act, 2008. The consultation meeting is a vital step for ensuring that all stakeholders views and comments are received and considered on merit before the finalisation of the tariff of IGI Airport for the 4<sup>th</sup> Control Period. He further stated that all the participants can also send their written submissions/comments/views/suggestions by March 3, 2025.
5. Chairperson then invited DIAL officials to make their presentation after which the stakeholders present will be given the opportunity to offer their comments.

**Delhi International Airport Limited (DIAL)**

6. Mr. Videh Kumar Jaipuriar, CEO, DIAL, thanked AERA on behalf of DIAL and made a presentation on Consultation Paper No. 07/2024-25 issued by AERA on 31.01.2025 in respect of the IGI Airport. His presentation covered following areas:

**a) Introduction**

- DIAL submitted the MYTP for the 4<sup>th</sup> Control Period of IGI Airport from April 01, 2024 to March 31, 2029 to the Authority on May 29, 2024.
- DIAL conducted AUCC for the proposed Capex for IGI Airport on 6<sup>th</sup> January 2025.
- The Authority has issued Consultation Paper No. 07/2024-25 of IGI Airport on 31<sup>st</sup> January 2025.
- The average aeronautical revenue per passenger proposed by the Authority for the remaining 4 years of the 4<sup>th</sup> Control Period, i.e. April 2025 to March 2029 is Rs. 370 per Pax.
- DIAL has submitted on 7<sup>th</sup> February 2025 the Annual Tariff Proposal (ATP) based on the Target Revenue approved by the Authority for the period from April 2025 to March 2029.

**b) Overview of GMR Group**

- DIAL presented a short video on the overview of the GMR Group and the airports operated by the GMR Group.

**c) Overview of IGI Airport**

- The Airport has 3 passenger terminals with the total handling capacity of 100 MPPA, with 4 runways for smooth operations. It also has 2 cargo terminals with a total capacity of 1.8 MMT.
- During FY 2024, the Airport handled passenger traffic of 73.7 Mn and cargo traffic of more than 1 MMT.
- DIAL also gave an overview of the significant improvements made by the Airport across all Key Performance Indicators (KPIs) between FY 2006 and FY2024.
  - Average ATMs per day increased from 414 in FY 2006 to around 1,209 in FY 2024.
  - Average passenger traffic increased from 44,500 pax per day in FY 2006 to 2 lakh pax per day in FY 2024.
  - Annual passenger traffic increased from 16.2 Mn in FY 2006 to 73.7 Mn in FY 2024.
  - The number of destinations covered by IGI Airport increased from 96 in FY 2006 to 148 in FY 2024.
  - The Airport capacity increased from 12 MPPA in FY 2006 to 100 MPPA in FY 2024.
  - The cargo tonnage handled by IGI Airport increased from 3,83,000 MT in FY 2006 to 1 Million MT in FY 2024.
  - Renewable energy installed capacity increased from Nil in FY 2006 to 7.84 MW in FY 2024.

**d) Awards and Accolades won by IGI Airport include:**

- ACI ASQ: Best Airport in the region for the category of more than 40 MPPA for 6 consecutive years.
- Level 3 in ACI Airport Customer Experience Upgradation Programme.
- Level 5 certified under ACI's Airport Carbon Accreditation 2020.
- Silver Award in ACI Asia-Pacific and Middle East Green Airports Recognition 2024 (35 MPPA+ Category).
- Skytrax: Best Airport in India and South Asia for 6<sup>th</sup> consecutive time and only Airport in India in world's Top 40 Airports.
- Skytrax: 4 Star Airport and the Best Airport and Cleanest Airport in India/South Asia.
- 'Best Airport of the Year' and 'Sustainability Champion' at the Wings India Awards 2024.
- LEED Platinum rating for Terminal 3; New Terminal 1 LEED Platinum pre-certified.
- IGI Airport has won more than 100 international and national awards and accolades over the years.

**e) ESG (Environmental, Social and Governance) Practices of IGI airport**

- DIAL is the largest airport in the world to achieve ACI Level 5 accreditation - Net Zero Carbon Emission as per ACI ACA.
- 1<sup>st</sup> Indian Airport to be certified Single Use Plastic Free and is aiming towards Zero Waste to landfill.
- 1<sup>st</sup> Indian Airport to issue Green Bonds.
- Switched to 100% clean electricity.
- Terminals certified as Green Buildings under USGBC/IGBC.
- Undertaken strategic projects to reduce scope 3 GHG emissions such as Cross Taxiway and TaxiBots.
- Investments in social welfare through GMR Varalakshmi Foundation.
- Eastern Cross Taxiway is expected to reduce the carbon footprint by 55,000 Tonnes annually and usage of taxi-bot reduces the carbon footprint in airside.
- DIAL has developed 10 TPD material recovery facility.
- The terminal buildings of the DIAL are Green Buildings and received Platinum LEED certification.
- DIAL has completely switched to EV vehicles for 4 wheelers.
- Work ongoing for LEED Platinum certification (final)
- Working with the stakeholders to reduce the scope 3 emissions.

**f) DIAL Master Plan and Major Capex**

- DIAL showcased the overview of IGI Airport in 2034 as per the master plan prepared in 2016. DIAL also informed that they have appointed AECOM for undertaking the updation of the master plan 2016.
- DIAL explained the works undertaken as part of the Phase 3A expansion between 2019 and 2024. DIAL also explained the scope of the works along with current status.
- DIAL presented the key features of Terminal 1 pre and post completion of Phase 3A expansion. The capacity of Terminal 1 increased from 17 MPPA to 40 MPPA after Phase 3A expansion.
  - DIAL also presented the increase in capacity of other facilities like check-in counters, CUSS machines, baggage make-up carousels, passenger boarding bridges, baggage reclaim carousels, departure forecourt, arrival forecourt, buses at apron stands, hand baggage/ATRS after completion of the Phase 3A expansion works.
- DIAL also explained the key features of the airside expansion works undertaken as part of Phase 3A expansion.
  - New runway with a length of 4.4 kms with RETs and RSA/RESA development.

- Isolation Bay at 11L/29R (4<sup>th</sup> RWY).
- Refurbishment of Runway 09/27 with RSA/RESA development and associated works including taxiways and RETs.
- RETs and Runway Entry Taxiways of Runway 10- 28.
- Northern Parallel Taxiway, TWY E2 and several other taxiways and RETs.
- 60 km drain network for all Northern and Southern Airfields.
- DIAL also explained the key features of land side expansion works undertaken as part of Phase 3A expansion.
  - Departure forecourt increased from 6 to 9 lanes while the arrival forecourt increased from 8 to 11 lanes.
  - Reorientation of ramp, access road and kerb.
  - Flyover at Aerocity metro junction, widening of Central Spine Road, Northern Access Road underpass at Radisson Road.
- Eastern Cross Taxiway:
  - 2.2 km dual elevated cross taxiways connecting northern and southern airfields. This is a first of its kind in India and among a select few in the world.
- The total capacity of IGI Airport increased from 66 MPPA to 100 MPPA after completion of Phase 3A expansion works.
- DIAL also presented an overview of proposed Capex projects for the 4<sup>th</sup> Control Period.

#### Capacity Enhancement Capex

- Enhancement of International Capacity - Conversion of T3 Pier C to International at Rs. 70 Cr.
- Enhancement of Domestic Capacity - Development of Pier E in T3 at Rs. 1,511 Cr.
- Enhancement of Airside Capacity- New remote parking stands at Rs. 518 Cr.

#### Sustenance Capex.

- Terminal 2 refurbishment at Rs. 120 Cr.
- General Capex at Rs. 2,602. Cr.

#### **g) Proposed Tariff Rate Card**

- DIAL also presented the proposed Tariff Rate Card for IGIA from April 01, 2025 to March 31, 2029, submitted to the Authority on 7<sup>th</sup> February 2025.
- The proposed Tariff Rate Card comprises of landing charges, parking charges, X ray baggage charges and User Development Fee (UDF).
- DIAL proposes higher Tariff in the first two FYs i.e. FY 2026 and FY 2027 and lower tariff in the subsequent years to meet the bond repayment obligations falling due in October 2026.



- Further, DIAL proposes differential UDF pricing wherein UDF would be charged on both embarking and disembarking passengers. The domestic UDF would be charged separately for peak and off-peak hours while the international UDF would be charged separately for economy and business class passengers.
- Further, a variable tariff plan is also provided for the landing charges for flights satisfying following conditions.
  - New international destination which was unserved in previous 2 IATA sessions.
  - Direct flights only.
  - New international destination with a distance of more than or equal to 5000 kms from IGI Airport.
  - The aircraft used shall be a wide body aircraft.
- DIAL stated that the detailed Tariff Card along with the terms may be referred in the Tariff Rate Card provided to the Authority.

***h) Non-implementation of the Hon'ble TDSAT Judgement***

- DIAL stated that the Hon'ble TDSAT had issued judgments with regards to the tariff determined for the Airport Operators (DIAL, MIAL and GHIAL) as per the previous tariff orders which were requested to be implemented in the 4<sup>th</sup> Control Period tariff determination process including true up of past Control Periods.
- DIAL stated that the Authority in the draft Consultation Paper has proposed to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the 3<sup>rd</sup> Control Period and that the final decision with regard to the issues raised by the Authority against the TDSAT orders in the Civil Appeal in the Supreme Court will be taken up once the matter attains finality in the proceedings before the Hon'ble Supreme Court:
- DIAL requested the Authority to conduct a mid-term review of the Tariff Order once the Hon'ble Supreme Court judgment is pronounced.

DIAL further informed that they are currently going through the Consultation Paper issued by the Authority for IGI Airport. A detailed written response would be submitted to the Authority by 3<sup>rd</sup> March 2025.

Chairperson, AERA thanked DIAL for the comprehensive presentation made and then asked the Director (Tariff) to conduct further proceedings of the Stakeholders Consultation Meeting.

Mr. Ram Krishan, Director (Tariff) told that as the meeting is being conducted in hybrid mode (physical and online), all the participants may please present their views one by one.

**7. Airport Operators & Other Stakeholders**

**7.1. Airports Authority of India (AAI):**

Mr. R. Prabhakar, GM (Finance) representing AAI informed that they would submit the comments in writing by the due date.

#### **7.2. Adani Airports:**

Mr. Madhur, representing Adani Group, thanked AERA for inviting them for the Stakeholders Consultation Meeting. He informed that they are currently going through the consultation paper and would submit their comments in writing. Further, he observed that the Tariff Rate Card submitted by DIAL is multi-dimensional which would benefit all the stakeholders and help in economic viability of airports. He further requested AERA to allow actual Cost of Debt rather than a certain benchmark plus spread. He also stated that certain expenses which were allowed in the previous Control Periods are not being allowed in the current Control Period and hence requested AERA to re-consider the same.

#### **7.3. Bangalore International Airport Limited (BIAL):**

Mr. Bhaskar V., representing BIAL, appreciated AERA that the Consultation Paper is balanced and reasonable. The Tariff Rate Card proposed by DIAL is very comprehensive and covers every aspect. With regard to the Cost of Debt, AERA has proposed SBI's 1-year MCLR as a benchmark rate. Since the funding for the airports is from various institutions like public sector banks, private sector banks and Development Financial Institutions (DFIs), he suggested a consolidated benchmark by taking into account the benchmark rates of all Banks/FIs in the country. He also stated that they would present their comments in writing.

#### **7.4. Noida International Airport Limited (NIAL)**

Ms. Nitu Samra, representing Noida International Airport, thanked AERA for inviting them in the Stakeholders Consultation Meeting and conveyed that NIAL, in-principle, supports the Tariff Rate Card proposed by DIAL. They would present their comments/views in writing by 3<sup>rd</sup> March 2025.

### **8. Airlines and Airline Associations**

#### **8.1. IndiGo Airline**

Mr. Rajan Malhotra, representing IndiGo Airlines, agreed that enhancement or development of infrastructure in Airports come at a cost. He requested the Authority to moderate the overall quantum of the cost and the manner in which it is loaded across the years. He stated that moderating the cost will help in reducing the burden on Airlines as they have to pay a higher cost if there is a supply and demand mismatch.

#### **8.2. SpiceJet Airline**

Ms. Poonam Yadhav, Senior Manager, Ground Services stated that she has few observations on the Consultation Paper and requested clarity from the Authority.

- a) **CUTE charges:** It has been classified that for DIAL, as per OMDA/SSA, CUTE is under non-aeronautical revenue but she couldn't find the CUTE charges in the Consultation Paper.

- b) **Non-aeronautical charges:** DIAL has under estimated Non aeronautical revenue. The Authority is requested to look into this issue as it might impact aeronautical charges in the future.
- c) **Power Charges:** DIAL is proposing a 13% increase in the power charges in the 4<sup>th</sup> Control Period. She requested the Authority regarding the moderation of these escalations.

Director (Tariff) responded that CUTE charges have been suitably factored/ considered as part of non-aeronautical revenue in the relevant table in the Consultation Paper. Other issues too have been noted.

Chairperson, AERA, requested DIAL to comment on the non-aeronautical revenue and power charges. DIAL stated that they will provide clarification on these issues in writing.

### 8.3. Federation of Indian Airlines (FIA)

Mr. Ujjawal Dey, Associate Director, FIA appreciated AERA's initiative to organize the Stakeholder Meeting in hybrid mode and he appreciated AERA's due diligence in determining the Target Revenue for IGI Airport. He stated that AERA has carried out a detailed in-depth analysis to reduce the target revenue from Rs. 42,000 Cr to Rs. 13,500 Cr and the corresponding X-Factor from 730% to 140%.

Mr. Dey thanked AERA for moderating the projected under recovery of Rs. 10,000 Cr in the 3<sup>rd</sup> Control Period by DIAL to an over recovery of Rs. 800 Cr and mentioned that these are crucial workings carried out by AERA to rationalize the Target Revenue. He stated that Airlines bear the cost and pass it on to the passenger and thanked AERA for rationalizing the Yield Per Passenger (YPP) to Rs. 220 Per passenger.

Mr. Dey conveyed that AERA could rationalize further on various other regulatory blocks. Firstly, he sought clarity on the concept of Airport Operator Fee by stating that 3% of the total income of previous year is paid by DIAL to the designated Airport Operator as per the OMDA i.e. Fraport and indicated that Airport Operator Fee as claimed by DIAL is approximately Rs. 1,000 Cr which is significantly high and has been moderated to Rs. 300 cr by the Authority but is still on the higher side.

Mr. Dey stated that DIAL claims to be operating on 100% clean energy but the Consultation Paper states that solar power is only 4% of total power consumption and sought clarity on this variation. He mentioned that only the total non-aeronautical revenue has been mentioned in the Consultation Paper but the heads under which various non-aeronautical revenue is classified has not been provided. He also mentioned that it will be helpful for the Stakeholders to understand the non-aeronautical revenue much better if the headwise breakup is provided and he also suggested that this will help AERA to further rationalize the non-aeronautical revenue in a much better manner.

Mr. Dey raised one more observation pertaining to non-aeronautical revenue. He stated that non-aeronautical revenue projected by the Authority for the 4<sup>th</sup> Control Period is



around Rs. 21,000 Cr which is in fact more than Aeronautical revenue of the Airport. The Airport is operated under Hybrid Till Model and 30% of Non-Aeronautical revenue is considered in the calculation of Target Revenue. He indicated that DIAL will be left with ~Rs. 14,000 – 15,000 Cr of non-aeronautical revenue even if 30% of non-aeronautical revenue is considered for calculation of Target Revenue. He questioned the requirement of outstanding debt of Rs. 15,000 Cr despite huge non-aeronautical revenue.

Mr. Dey sought clarity regarding the legal expenses incurred by DIAL as he felt that legal expenses incurred should not be allowed to be recovered as part of DIAL's expenses and he also stated that these expenses does not add any value addition to the airport user. He mentioned that charging the Airlines and passenger for the legal cost incurred by DIAL is unfair and sought clarification from AERA regarding the fairness of including legal cost under aeronautical tariffs.

Mr. Dey further mentioned that the Annual Tariff Plan (ATP) provided to Stakeholders during this meeting is not detailed enough to perform an in-depth study and moreover only 4 working days have been provided to the stakeholders. He informed that they will carry out an analysis to the best of their abilities and thanked the Authority for the opportunity.

Director (Tariff) clarified that Airport Operator fee has been allowed as per the provisions of OMDA after the receipt of required clarifications and justifications from DIAL which has also been reflected in the Consultation Paper. Director (Tariff) also requested DIAL to explain the concept of Airport Operator fee for better understanding of Stakeholders. It was also clarified that legal expenses have been disallowed in the 4<sup>th</sup> Control Period and the head wise break-up of non-aeronautical revenue has been provided in the respective chapter of the Consultation Paper.

Chairperson, AERA, asked DIAL team to elaborate on the concept of the Airport Operator Fee and its continuation. DIAL stated that the continuance of Airport Operator is as per the provisions of OMDA and a detailed response would be provided in writing.

Mr. Dey appreciated AERA's stand of not implementing Hon'ble TDSAT order till the final verdict of Hon'ble Supreme Court.

#### **8.4. Air India Express**

Mr. Sunil Joshi, representing Air India Express, thanked AERA for inviting them to the Stakeholders Consultation meeting and stated that they will be submitting their comments in writing within the stipulated time.

#### **8.5. Association of Private Airport Operators (APAO)**

Mr. Satyan Nayar, representing APAO, raised a concern to AERA regarding the economic viability of DIAL. He indicated that DIAL signed an OMDA with AAI in 2006 and have invested more than Rs. 30,000 Cr till date. He also stated that DIAL has not made any profit till now and have a debt outstanding of approximately Rs. 15,000 Cr. In addition, DIAL has to pay a revenue share of 46% to AAI. He requested the

Authority to consider the economic viability of DIAL while determining the tariff thereby considering the well-being of all Stakeholders and civil aviation sector of India.

#### **8.6. Air India**

Mr. Amit Pandey, representing Air India, stated that as per the Tariff Rate Card of DIAL, the landing charges seems to be on the higher side. He mentioned that for wide body aircraft, landing charges have increased by 45% for domestic and 43.9% for international sectors.

Mr. Pandey then indicated that parking charges are also on the higher side. He stated that Delhi is the major hub of operations for Air India, Air India Express and IndiGo Airlines. He highlighted that three-hours parking charges for wide body aircraft has increased by 212.80% and six hours parking charges for wide body aircraft has increased by 503.20%.

Mr. Pandey also indicated that UDF has also increased exorbitantly.

Another representative from Air India stated that DIAL's request for front loading of aeronautical charges will be beneficial for DIAL's financial performance but it will have a significant negative impact on the financial performance of Airlines. He also stated that the YPP of 4<sup>th</sup> Control Period even before front loading is significantly higher than the 3<sup>rd</sup> Control Period. He mentioned that front loading of aeronautical charges in FY 26 and FY 27 will lead to a huge increase in landing, parking and UDF which will lead to significant negative impact. Therefore, he requested AERA to consider the interest of Airlines before considering the front loading of Aeronautical charges.

He also stated that a 15% discount is provided to airlines for landing charges if the payment is made within 15 days. He also brought out that the Tariff Card doesn't provide such a discount and he sought clarity from the Authority if the discount is still applicable and whether this will form part of the final tariff order.

Director (Tariff) clarified that the 15% discount prevailing in earlier Control Period is part of Base Airport Charges but in the 4<sup>th</sup> Control Period, base airport charges are not applicable. Hence, discount for landing charges will not be available in the tariff for the 4<sup>th</sup> Control Period. It was also stated that AERA follows standard apportionment ratio under different heads while determining tariff and the final tariff will be based on such apportionment ratio on the basis of merits.

#### **8.7. Airline Operators Association (AOA)**

Mr. Kasif Khan, representing Airline Operators Association, appreciated DIAL for the comprehensive presentation and stated that they will be submitting their comments in writing within the stipulated time. However, he also provided some initial observations on the Consultation Paper. He stated that in the 2<sup>nd</sup> and 3<sup>rd</sup> Control Periods, DIAL incurred a huge capex for development of Eastern Cross Taxiway and fourth runway and he would like to understand the increase in the operational efficiency after development of the Eastern Cross Taxiway and fourth runway as the same was objected to by AOA at the time of the earlier deliberations.

He appreciated AERA for adopting fairness in Cost of Debt. He also stated that the Tariff Rate Card submitted by DIAL proposes differential charges based on time and class. He requested DIAL to reconsider time and class based charges as passengers are not getting enhanced benefits.

DIAL replied that the data related to improvement in operational efficiency on account of 4<sup>th</sup> Runway and Eastern Cross Taxiway would be provided in writing.

#### **8.8. International Air Transport Association (IATA)**

Mr. Amitabh Khosla, IATA appreciated AERA for the diligent work and scrutiny as reflected in the Consultation Paper. He stated that the pricing proposal submitted by DIAL is discriminatory and is against the relevant provisions of ICAO related to the principle of non-discrimination of charges and pricing responsibility of JVC. He stated that the Tariff Rate Card submitted by DIAL discriminates between wide and narrow body aircraft. Further, Airlines are required to pay lounge charges in addition to the charges enumerated in the Tariff Rate Card. The Tariff Rate Card is much complex and would be difficult to implement. The responsibility of implementation of Tariff Rate Card is on the Airlines and he is not sure if Airlines have necessary systems in place to factor the proposed tariff card in the ticket prices. He requested AERA to disallow the tariff structure submitted by DIAL. IATA also requested for moderation in Aeronautical Charges by postponing certain portion of Target Revenue to the next Control Period so that the tariff burden reduces for the Airlines. In general, IATA requested AERA that all tariff cards submitted by Airport Operators in future should accompany the proportionate increase from the existing charges so that it is easily understood by all the stakeholders.

With regard to Phase 3A expansion Capex, there has been a cost escalation of Rs. 1,600 Cr. However, AERA has allowed around Rs. 800 Cr for the purpose of tariff determination. This would mean that the entire business risk of Airports is borne by the Airport users. Accordingly, WACC has to be lowered as the business risk is born by Airport users. Further, no cost escalation should be considered by AERA as it arises due to the inefficiency of the Airport Operators. IATA also requested AERA for introduction of necessary mechanism, wherein the charges are refunded to Airport users in case the envisaged facility doesn't come up. Some of the building block-wise concerns raised by IATA are as follows:

**Traffic:** The Consultation Paper mentions the overall ATM and billable ATM. It may be noted that the billed ATMs bear the cost of excluded ATMs (RCS flights). This results in the non-RCS users paying twice for the RCS scheme, due to exclusion of the levy of landing charges.

**Capex:** IATA appreciated the detailed due diligence done by the Authority on Capex. The proposed Automatic People Mover (APM) from T1 to T3 has not been included in the Capex. It is not sure whether the users will pay for the same and whether AERA will regulate the charges. IATA thanked AERA for the letter issued in January 2025 with regard to the conduct of AUCC by Airport Operators. In fact, IATA felt that the AUCC should be conducted during the entire life cycle of the project. IATA also recommended

regulatory enhancements for disallowance of projects which were not proposed during the consultation stage. AERA should also carry out an independent review of projects during design stage itself. Further, the master plan needs to be updated once in every 5 years instead of the present practice of once in every 10 years. It also needs to be understood whether all the Capex projects proposed in the 4<sup>th</sup> Control Period are integrated with the master plan currently under preparation. IATA also wanted to understand whether the parking charges from grounded aircraft has been factored in the Aeronautical revenue in the Consultation Paper.

**Cost of Debt:** The cost of debt allowed by AERA for DIAL at 10.15% is very high when compared to the cost of debt of 7.85% allowed by AERA for BIAL.

**Inflation:** AERA has considered an inflation rate of 4.6%. IATA questioned the necessity of considering the inflationary increase in the Opex as the same will not lead to efficiency improvement. AERA needs to come up with benchmarks like cost per Pax or cost per ATM for efficient Opex. IATA supports exclusion of legal expenses in the 4<sup>th</sup> Control Period and requested AERA to implement the same for the 3<sup>rd</sup> Control Period as well.

It was further informed that IATA will submit their comments in writing by 3<sup>rd</sup> March 2025.

With regard to APM, DIAL replied that as already explained in the AUCC meeting, the APM will be operated through a separate service provider. Further, as per the model being worked out, there will not be any charge for transit passengers. However other users will have to bear the charges.

Director (Tariff), AERA, replied that the differential charges for economy and business class passengers are not discriminatory as the business class passengers enjoy enhanced level of services/ privileges including separate/ faster check in, security check, priority in boarding, etc. He also stated that the Cost of Debt is dependent on the credit rating and in the case of DIAL the credit rating is lower as compared to BIAL. He further informed that AERA has taken note of all the concerns raised by IATA.

## **9. Individuals and Other Stakeholders**

**9.1.** Mr. Raju Chutani spoke about the new Noida International Airport at Jewar. He also highlighted the starting of operations from Hindon Airport and enquired how it will impact the operations at Delhi and Jewar Airport. Director (Tariff) replied that Hindon is a non-major airport and does not come under the ambit of AERA.

**9.2.** Mr. Koti Reddy raised the following concerns:

- a) Need for walkways between the terminals especially from Terminal 1 to Terminals 2 & 3.
- b). Longer time taken for baggage reclaim at Delhi Airport faced by him in a specific instance.
- c) Dynamic pricing followed by Airlines leading to exorbitant airfares. This leads to huge burden on the passengers.



DIAL stated that they have already started work on Automatic People Mover (APM) with a distance of 7.7 kms. The same is presently under bidding stage.

Chairperson, AERA, pointed out that AERA is concerned with the determination of Charges for Aeronautical Services at Major Airports. He also stated that at the national level, the average UDF charged by major airports under the ambit of AERA in the FY 2023-24 comes to Rs. 472 per passenger which would approximately amount to around 4% of the average airfare across major sectors in the country. Further, it was clarified that UDF is fixed on yearly basis for the 5 year Control Period and that in between there is no dynamic variation in UDF based on any festivals or major events. Airlines on the other hand follow dynamic pricing based on market forces and demand/supply due to which we witness huge spikes in airfare before/during major festivals and other big events. However, there is an airfare monitoring unit operating under DGCA which is doing close monitoring of the airfares. As far as AERA is concerned it has always been the endeavour of AERA to keep airport charges within a reasonable limit.

- 9.3. Mr. Vijay Singh from CUTS thanked AERA for arranging virtual meeting. He also enquired about exorbitant airfares which may be due to the high UDF charged by the airports. He further stated that he has heard about MoCA proposing an amendment in the AERA Act to control the airfares and is looking forward to a positive change.

Chairperson, AERA, stated that the AERA Act only provides for regulating Airport Charges whereas airfare in the country are de-regulated. The query related to the exorbitant airfares actually does not fall under the ambit of AERA. Also, it is not right to say that UDF plays a significant role in the exorbitant airfares. Actually, the Average UDF at the 29 airports presently under the purview of AERA during the FY 2023-24 was Rs. 472 per passenger. In fact, AERA takes into consideration interest of passengers as well as all the stakeholders while deciding the Aeronautical Charges at Major Airports to ensure that airports are run in an economic, viable and safe way for providing quality services to the travelling passengers.

- 9.4. Group Captain R. K. Bali, BAOA appreciated the presentation by DIAL and stated that the UDF pricing is based on the situation (like UDF was higher in Delhi in the 1<sup>st</sup> Control Period and then came down in the 2<sup>nd</sup> Control Period) and is fair. Increase in parking charges beyond 4 hours is a judicial decision. He expressed that it would be better if parking slots are allotted online.
- 9.5. Mr. G. S. Bawa of Air Traveler's Association complimented AERA for issuance of the Consultation Paper. He informed that, in case differential pricing is adopted then standards of service needs to be clearly defined. There is a need to sensitize the Airport Service Providers for better service standards.
- 9.6. Mr. Dinesh Kumar, DACAAI thanked the Authority for listening to the comments of all the stakeholders. He highlighted that the crux of the entire discussion is that the Airports collect money to serve the passengers as well as cargo. He reiterated the point made by Airlines that the tariff determined by AERA should not decrease the demand for services. He put forth the fact that the demand is decreasing in domestic cargo and



hence this issue demands attention. He briefly explained the process of cargo handling to the Authority and he mentioned that despite all the new procedure, machinery and implementation of the tariff in the last 14 years, cargo facility has been operating from the same place (except in Bangalore and Ahmedabad) though they have paid for the increase but the commensurate upgradation/ improvement in cargo facilities have not come up. He mentioned that they have been meeting DIAL on a regular basis and it was suggested that cost of cargo cannot be different for different airports. He suggested Authority to carry out a study to make due changes in the principle to safeguard the interest of stakeholders involved in handling cargo. He requested his colleague Mr. Amit to comment on service quality.

Mr. Amit thanked the Authority for providing an opportunity to present their case and he stated that charges for the service has been demarcated but the services that will be delivered for the charges paid is not specified. He suggested that the service that will be delivered for the charges should also be defined so that it will be helpful to benchmark and arrive at a conclusion. He highlighted the difference in the transit period for domestic and international cargo and stated the difference in the storage cost for domestic and international cargo. He then mentioned that cost segregation is done on cumulative basis for domestic and international cargo and requested the Authority to look on the various cost that is involved in domestic and international cargo separately and allocate the cost accordingly. He also stated that there are multiple complex heads in cargo and for every head there is a minimal charge and that is also not standardized. He requested the Authority to fix minimum charge on overall basis so that the entire cost involved can be rationalized.

Director (Tariff) pointed out that in the light of the provisions of SSA/ OMDA the cargo tariff is not part of the Tariff Card for Delhi IGI Airport that is proposed in the Consultation Paper and mentioned that this issue will be handled separately.

Chairman mentioned that they have taken note of the comments on cargo and indicated that the multiple complex heads of tariff under cargo is being simplified and is currently under progress.

## **10. Conclusion**

- 10.1.** Ms. V. Vidya, Member-II, AERA thanked DIAL for a detailed presentation and the corporate video on GMR Aero. She stated that the stakeholders are very important in the tariff determination process and AERA follows a transparent and inclusive process of tariff determination. AERA has published advertisements in newspapers regarding Stakeholders Consultation Meeting of Delhi Airport and has conducted the meeting in hybrid mode (physical and online) to ensure more and more participation from the stakeholders. AERA has done detailed due diligence and arrived at a detailed Consultation Paper. She mentioned that AERA has noted the comments of all the stakeholders and that there are different views on differential pricing, Cost of Debt, Capex, Legal Expenses and Non-aero Revenue and AERA would take a considered decision balancing the interest of all the stakeholders. She requested for submission

- of written comments from the stakeholders by 3<sup>rd</sup> March 2025 and thanked all the stakeholders for their valuable inputs for making the consultation process meaningful.
- 10.2.** Mr. D K Kamra, Member-I, AERA stated that AERA wanted more stakeholders to participate in the Stakeholders Consultation Meeting. He appreciated the stakeholders for actively participating in the meeting. He assured all the stakeholders that their comments have been noted and the details requested will also be furnished by DIAL in due course of time. He also requested all the stakeholders to submit their comments in writing before 3<sup>rd</sup> March 2025. He also stated that the comments regarding cargo is not covered fully in the Consultation Paper for DIAL and in this regard a separate meeting has been arranged by AERA on 28<sup>th</sup> February 2025 at Stakeholders Consultation Room, AERA, Udaan Bhawan. During the said meeting, an overview of regulatory framework pertaining to cargo charges will be discussed and the points put forth regarding cargo related tariff in various platforms will also be addressed. He requested all concerned to attend the said meeting.
- 10.3.** Chairperson, AERA in his concluding remarks thanked all the stakeholders for their participation and stated that the deliberations during the Consultation Meeting has been very insightful and comprehensive. AERA has taken note of all the comments raised by the various stakeholders. He reiterated that another 15 days' time is available for all the stakeholders till 03.03.2025 for submitting their written comments.
- 10.4.** In the end, Secretary, AERA, thanked DIAL team and all the Stakeholders for actively participating in the Stakeholders Consultation Meeting. He reiterated that Stakeholders can submit their comments in writing to AERA till 3<sup>rd</sup> March 2025 and requested them all to ensure the said submission before the stipulated time.

  
(Ram Krishan)  
Director (P&S)

**List of Participants:**

**Airports Economic Regulatory Authority of India**

1. Shri S.K.G. Rahate, Chairperson
2. Shri D.K. Kamra, Member – I
3. Ms. V. Vidya, Member – II
4. Mr. Ram Krishan, Director (Tariff)
5. Mr. Anand Kumar, Director Legal – Online
6. Mr. Rajan Gupta, DGM (Finance/Tariff)
7. Mr. Satish Kumar, DGM (Finance/Tariff)
8. Mr. Inderpal Singh, Under Secretary (P&S)
9. Mr. Trilok Chand, Manager (Finance/Tariff)
10. Ms. Shreya Sharma, Bench Officer

**Airport Operators**

**Delhi International Airport Limited**

1. Mr. Narayana Rao Kada, Director
2. Mr. G.R.K. Babu, CFO Airport Sector
3. Mr. Videsh Kumar Jaipuria, CEO
4. Mr. Shyam Sundar, Deputy CEO
5. Mr. Peeyush Naidu, Head Strategy - Online
6. Mr. Harinder Deep Singh Khurana, Chief P&E Officer
7. Mr. Sudeep Lakhtakia, Executive Director – Security and Vigilance
8. Mr. Subhash Singh
9. Mr. Sri Rama Murthy Sattiraju, CDO
10. Mr. Harsh Gulati, VP (Regulatory)

**Airports Authority of India (AAI)**

1. Mr. R. Prabhakar, GM (Fin.)
2. Mr. Rajesh Khanna, GM (Fin.)
3. Mr. Rakesh Dembla, Joint GM (Fin.)
4. Mr. Ravi Kanojia, Manager (Fin.)

**Adani Group**

1. Mr. Ashu Madan, AVP
2. Mr. Madhur Arora, AGM
3. Ms Vidhi Gandhi, DGM - Online
4. Ms Krishna Laddha, Manager

### **Bangalore International Airport Limited**

1. Mr. Bhaskar V, GM, Regulatory Affairs - Online

### **Noida International Airport**

1. Ms. Nitu Samra, CFO
2. Ms. Trisha Bedi, Head Regulatory
3. Ms. Surabhi Rana
4. Mr. Akhil Goyal - Online

### **Airlines & Associations:**

#### **Spice Jet Airlines**

1. Ms. Poonam Yadhav, Senior Manager (Ground Services)

#### **IndiGo Airlines**

1. Mr. Rajan Malhotra, Vice President (Aeropolitical & Industry Affairs)
2. Mr. Lakshya Bhagnari, Senior Manager (Aeropolitical & Industry Affairs)

#### **Air India**

1. Dr. Amit Kr. Pandey
2. Ms. Ankita Jadav
3. Mr. Piyush Kharbanda
4. Mr. Amit Thaknan
5. Mr. Naveen Kapoor

#### **Air India Express**

1. Mr. Sunil Joshi

#### **Association of Private Airport Operators (APAO)**

1. Mr. Sathyan Nayar

#### **Federation of Indian Airlines (FIA)**

1. Mr. Ujjawal Dey, Associate Director
2. Ms. Devi

#### **Airline Operators Committee (AOC)**

1. Mr. Kasif Khan

**International Air Transport Association (IATA)**

1. Mr. Amitabh Khosla
2. Mr. Ujjwal Bakshi, Industry Affairs Manager

**Business Aircraft Operators Association (BAOA)**

1. Gp. Capt. Rajesh K Bali (Retd.)

**Consumer Unity & Trust Society (CUTS)**

1. Mr. Vijay Singh - Online
2. Ms. Anushka Kewlani, Research Associate – Online

**Air Traveller's Association (ATA)**

1. Mr. G. S. Bawa

**Domestic Air Cargo Agents Association of India (DACAAI)**

1. Mr. Dinesh Kumar
2. Mr. Amit

**Representative from General Public (physical):**

1. Ms. Archana Trivedi
2. Ms. Ena Kapur
3. Mr. A. K. Raman
4. Mr. Sujit Kumad
5. Mr. Nikhil Lakhwani
6. Mr. Daanish Anand
7. Mr. Rohit Vaid
8. Mr. U. K. Saxena

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1. Ms. Pragya Priyadarshini
2. Mr. Raju Chutani
3. Mr. Koti Reddy
4. Mr. Subhash Chandra
5. Mr. Vijay Chitabaram
6. Ms. Seethalakshmi
7. Mr. Tanuj Kapta
8. Ms. Varshah Vedaagar
9. Ms. Priyanshi Saxena
10. Mr. Ravi Suriyanarayan



11. Mr. Roshan
12. Ms. Aparajita
13. Mr. Ashutosh Bhandari
14. Ms. Ekta Sharma
15. Mr. Andrew Tan
16. Ms. Krithika Krishnamurthy
17. Mr. Neelabh
18. Ms. Shally Gupta
19. Mr. Abhishek Somani
20. Mr. Ankesh Desai

**AERA's Consultant – SBI Capital Markets Limited**

1. Mr. Vedavyasa Rao, Senior Vice President
2. Mr. Aarani Subhanathan S, Vice President
3. Mr. Raghul. V, Assistant Vice President
4. Mr. Sathish Kumar B S, Deputy Manager
5. Brig. Rajiv Sawhney, Aviation Expert, ICT
6. Mr. VDVP Rao, Aviation Expert, ICT
7. Mr. B K Arora, Aviation Expert, ICT