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F. No. AERA.20010/AAI-UDF-AMD/2009-10
Airports Economic Regulatory Authority of India

Minutes of Stakeholder Consultation Meeting held on 03.05.2010

Subject: Proposal of AAI to levy User Development Fee (UDF) at Sardar Vallabhbhai Patel International Airport, Ahmedabad (Consultation Paper No.03/2010-11 dated 27.4.2010).

A stakeholder consultation meeting was convened by the Authority on 03.05.2010 at 1200 hrs., in the Conference Room of the Ceremonial Lounge of SVP International Airport, Ahmedabad, to elicit the views of the stakeholders on the Consultation Paper No 03/2010-11 issued by the Authority setting out its proposed decision in respect of proposal of AAI to levy UDF at Ahmedabad International Airport after commissioning of the New International Terminal Building at the said airport. The list of participants is enclosed.

2. Chairperson, AERA welcomed the participants and requested Member (Finance), AAI to apprise the participants about the AAI's proposal.

3. Member (Finance), AAI made a short presentation, inter-alia, highlighting the following:-

- (i) A new international terminal building with 41000 sq. mt. area is being constructed. The work is nearing completion.
- (ii) The existing international and domestic terminal building are of 7384 sq. mtrs. and 29422 sq mtrs. area respectively, i.e. total terminal floor area works out to 36806 sq. mtrs. After the commissioning of the new terminal building admeasuring 41000 sq mtrs, the total terminal floor area would become 77806 sq. mtrs., which represents an increase of 111% over the existing terminal area. The peak hour Passenger handling capacity would increase from 500 to 1400.
- (iii) The new Terminal building is being constructed with state-of-art world-class structure of steel and glass, meeting international standards.
- (iv) The new terminal building has 4 aero bridges, inline baggage screening system, CUTE enabled check-in counters, 5X74 mtrs. inclined carousal baggage conveyor system on the arrival side, 4 escalators, 2 travellators and new inter-terminal link (409 mtrs long) between domestic and international terminals having provisions of 6 travellators, 2 elevators and 4 escalators.
- (v) The new terminal building will be used for domestic operations and the existing domestic terminal building will be used for international operations.

- (vi) The project is not financially viable without levy of UDF and levy is proposed to bridge the viability gap.
4. Shri. R. R. Rajguru, Station Manager, NACIL, Ahmedabad Airport, raised the following issues:-
- (i) There should not be any UDF as airlines are already in crisis and levy of UDF will have negative impact on traffic growth.
 - (ii) Since AAI has already decided to use New International Terminal Building for domestic operations instead international operations, no UDF should be levied from international passengers.
 - (iii) The written comments of NACIL would be submitted by their Headquarters before the due date, i.e 11.05.2010.
5. Shri. Ajay Chauhan, Director (Aviation), Government of Gujarat, requested for the details of UDF being charged at other airports in India, so that Government of Gujarat could make a comparative analysis.
6. Shri. D. Kulkarni, M/s Jet Airways, Shri. Deepak Kaul, M/s Spice Jet and Shri. Sandeep Rajput, M/s Kingfisher Airlines, Shri. Sunil Shah, M/s Go Air and Shri. Arvind Bhandari, Indigo Airlines informed that they have noted the details. However, final comments/ feedback would be submitted to AERA by their respective Head Offices.
7. Shri Hemant Dholkar, M/s Blue Dart Aviation stated that their company is in the business of cargo and levy of UDF is unrelated to cargo. Hence they do not have any comments to offer, for the present. However, comments/feedback, if any, will be submitted by their head office.
8. Member (Finance), AAI clarified that:
- (i) AAI is a public sector unit. Its expenditure and revenues are regularly audited by the C&AG besides the statutory auditor. Further, the projects of this magnitude are approved by the Central Government after following due process. Therefore, the users should not have apprehensions in respect of efficiency of investment etc. The levy of UDF has been necessitated to get reasonable return on the investment made by AAI to bridge the viability gap.
 - (ii) At present UDF is being levied at the new airports at Bangalore and Hyderabad and also at AAI's airport at Jaipur at the following rates.

Airport	UDF Rate per passenger	
	Domestic	International
Bangalore	Rs. 260/-	Rs. 1070/-
Hyderabad	Rs. 375/-	Rs. 1000/-
Jaipur	Rs. 150/-	Rs. 1000/-

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In addition, Development Fee (DF) is being charged at Delhi and Mumbai Airport at the following rates:

Airport	DF Rate per passenger	
	Domestic	International
Delhi	Rs. 200/-	Rs. 1300/-
Mumbai	Rs. 100/-	Rs. 600/-

9. In his concluding remarks, Chairperson, AERA stated that:
- (i) The present determination is proposed to be made on an ad-hoc basis on the basis of figures for 10 years period. However, the entire determination will be reviewed and final UDF levy will be decided by AERA at the time of determination of aeronautical tariff for SVP International Airport, Ahmedabad.
 - (ii) In the instant case, AAI has for the first time, borrowed money from the market and apportioned a part of the same in financing the capital expenditure at SVP Airport, Ahmedabad. Thus, the UDF rates are tentatively proposed on the basis of figures for 10 year period keeping in view the viability of the project in the above background.
 - (iii) In the Consultation Paper No. 03/2009-10 dated 26.02.2010 issued by the Authority, it has been proposed that any significant capital investment should be undertaken only after effective user consultation. However, in the instant case, the investment has been made based on the traffic projections and is nearing completion. This aspect needs to be taken into account while dealing with this case.

Annexure

List of Participants:

AERA :

1. Shri. Yashwant Bhawe, Chairperson - in Chair
2. Shri. M. P. Vijayakumar, Member
3. Shri A.B. Saxena, Sr. Manager

Government of Gujarat :

4. Shri. Ajay Chauhan, Director- Aviation, Government of Gujarat

Airports Authority of India :

5. Shri. S. C. Chhatwal, Member (Finance)
6. Shri. Anuj Agrarwal, Airport Director, Ahmedabad Airport
7. Shri. N. K. Shukla, GM (Engg.), Ahmedabad Airport

NACIL :

8. Shri. R. R. Rajguru, Airport Manager, SVP Airport, Ahmedabad

Jet Airways :

9. Shri. Harish Hegiste, Airport Manager, SVP Airport, Ahmedabad
10. Shri. D. Kulkarni, Duty Manager, SVP Airport, Ahmedabad

Kingfisher Airlines :

11. Shri. Sandeep Rajput, Airport Manager, SVP Airport, Ahmedabad
12. Shri. Deepak Paneri, Supervisor, SVP Airport, Ahmedabad

InterGlobe Aviation Limited (Indigo) :

13. Shri. Arvind Bhandari, SVP Airport, Ahmedabad

Go Air :

14. Shri. Saunil Shah, SVP Airport, Ahmedabad

Blue Dart Aviation Ltd. :

15. Shri. Hemant Dhakan, Sr. Manager
16. Shri. Ram Avtar Dhindhwal, Manager

Spice Jet :

17. Shri. Deepak Kaul, Station Manager.
18. Shri. Johnson Gorge, Duty Manager.