



11 May 2010

Shri Sandeep Prakash  
Secretary  
Airports Economic Regulatory Authority of India  
Room no. 58, B Block, Rajiv Ghandi Bhawan  
New Delhi 110003

Dear Shri Prakash,

**AERA CONSULTATION PAPER No.3/2010-11**

This refers to your letter D.O. No.AERA/20010/AAI-UDF/2009-10/21 of 27 April 2010 regarding the proposal of AAI to levy User Development Fee at Sardar Vallabh Bhai Patel International Airport, Ahmedabad.

IATA's views are as follows.

- IATA supports the use of User Development Fee (UDF) as a means to recover capital investment in facilities used by passengers. In alignment with its stance of 'user pays', IATA believes that the entire spectrum of aeronautical charges should be re-balanced to provide for an appropriate weightage of direct passenger charges (such as UDF) that better reflects the usage of facilities by passengers.
- With the important objective in mind of keeping UDF as low as possible in order to minimize any negative impact on passenger demand, the period of collection of UDF should be stretched as long as possible. As such, IATA favours computation of UDF based on collection over 15 years (or longer) rather than 10 years.
- The traffic projections used by AAI are too low compared to past growth rates. With a new passenger terminal building in place, it is reasonable to expect future traffic growth to exceed CAGR of the past eight years.
- The difference in UDF between domestic departing passengers and international departing passengers has not been properly explained. There needs to be transparency and proper justification on:
  - Why international passengers should pay a higher UDF even though usage of facilities by domestic and international passengers are the same; and
  - How the relative proportions of international UDF and domestic UDF are arrived at.

International Air Transport Association

207-208, Kailash Building, 26 K.G Marg  
New Delhi - 110001, INDIA  
Tel: +91 11 41524671  
Fax: +91 11 41524675

[www.iata.org](http://www.iata.org)

- In AAI's submission (Paragraph 5 – Period of Construction), it is mentioned that *"Though the new terminal was envisaged to be used as International terminal building, however it is now proposed to be used as Domestic Terminal and the existing domestic terminal would be used as International Terminal"*. In AERA's order on UDF at Trivandrum International Airport, the Authority had allowed UDF to be applied only to international departing passengers on the basis that the new terminal building would be used only by international passengers. As AERA's reasoning has to be consistent, it would mean that there should be no UDF for international departing passengers at Ahmedabad.

Yours sincerely,



Amitabh Khosla  
Country Director - India