

F. No. AERA/20010/AAI-UDF/2009-10  
Airports Economic Regulatory Authority of India  
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Room No.1,  
New Administrative block  
Safdarjung Airport  
New Delhi – 110 003.

Dated the 9<sup>th</sup> April, 2010

OFFICE MEMORANDUM

**Subject: Minutes of Stakeholder Consultation Meeting held on  
05.04.2010**

The undersigned is directed to forward herewith minutes of the Stakeholder Consultation meeting, held on 05.04.2010 at 1100 hrs, in the Conference Room of the Trivandrum International Airport, Trivandrum.

  
(C.V. Deepak)  
OSD -II  
Tel: 2461 8539

Encl As Above.

1. **Shri V.P Agrawal**, Chairman, Airports Authority of India, Rajiv Gandhi Bhawan, New Delhi.
2. **Shri Arvind Jadhav**, Chairman & Managing Director, NACIL, Air India Building, Nariman Point, Mumbai.
3. **Shri Naresh Goyal**, Chairman Jet Airways, SM Centre, Andheri Kurla Road, Andheri (East), Mumbai.
4. **Shri Naresh Goyal**, Chairman, Jetlite (India) Ltd, SM Centre, Andheri Kurla Road, Andheri (East), Mumbai.
5. **Dr. Vijay Mallya**, Chairman, Kingfisher Airlines, Kingfisher House, Vile Parle East, Mumbai-400 057.
6. **Shri Sanjay Aggarwal**, CEO, Spicejet Airlines Ltd., Plot No. 319, Udyog Vihar, Phase-IV, Gurgaon, Haryana.
7. **Shri Jeh Wadia**, Managing Director, Go Airlines, Paper Box House, Off Mahakali Caves Road, Andheri(E), Mumbai-400093.
8. **Shri Gopal Goyal**, Chairman & Managing Director, DLR Airlines Pvt. Ltd., MDLR House, SCO 2, 3, 4 Old Judicial Complex, Sector 15 Gurgaon, Haryana.

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9. **Shri Rahul Bhatia**, Group Managing Director, InterGlobe Aviation Limited ("IndiGo") Tower C Global Business Park, M-G Road Gurgaon 122002, Haryana.
10. **Shri M. Thiagrajan**, Managing Director, Paramount Airways Pvt. Ltd., Alexander Square, 35, Sardar Patel Road, Guindy, Chennai.
11. **Ms. Tulsi Nowlakha Mirchandaney**, Managing Director, Blue Dart Aviation Ltd., No. 88-89 Old International Terminal, Meenambakkam Airport, Chennai-600 027.
12. **Capt. G. R. Gopinath**, Chairman & Managing Director, Deccan Cargo & Express Logistics Pvt. Ltd., 4th & 5th Floor, Raheja Paramount, 138, Residency Road, Bangalore-560 025.
13. **Mr. Ansbert D'souza**, Chief Operating Officer, Air India Express, Old Airport, Santa Cruz (E), Mumbai 400027.
14. **Shri Sunil Kishen**, Managing Director, Alliance Air, 205, G + 5 Building, IGI Airport, Terminal – II, New Delhi 110037.
15. **Shri Amitabh Khosla**, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.
16. **Shri Anil Baijal**, Secretary General, Federation of Indian Airlines, Reservation Building, 1st Floor, Safdarjung Airport, New Delhi – 110 003.
17. **Ms Rohita Jaidka**, Chairperson, Board of Airline Representatives (India), C/o NACIL, Air India Building, Nariman Point, Mumbai.
18. **Dr. Amit Mitra**, Secretary General, Federation of Indian Chambers of Commerce & Industry, Federation House, Tansen Marg, New Delhi-110001.
19. **Shri D.S. Rawat**, Secretary General, Associated Chambers of Commerce & Industry, ASSOCHAM Corporate Office, 1, Community Centre Zamrudpur, Kailash Colony, New Delhi – 110 048.
20. **Shri Chandrajeet Banerjee**, Director General, Confederation of Indian Industry, the Mantosh Sondhi Centre, 23, Institutional Area, Lodi Road, New Delhi-110003
21. **Shri Ajay Sahai**, Director General, Federation of Indian Export Organizations, Niryat Bhawan, Rao Tula Ram Marg, Opp. Army Hospital Research & Referral, New Delhi-110057.

Contd/-

22. **Shri Ram Khanna**, Managing Trustee, Voluntary Organization in Interest of Consumer Education, 441, Jangpura, Mathura Road, New Delhi - 110014.
23. **Shri P. K. Ghosh**, IAS Retd., Managing Director, Consumer Education and Research Center, 'Suraksha Sankool', Thaltej, Sarkhej-Gandhinagar Highway, Ahmedabad-380054, Gujarat.
24. **Shri Pradeep S. Mehta**, Secretary General, Consumer Unity & Trust Society (CUTS), D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, Rajasthan.

**Copy to :**

1. **Mrs. Neela Gangadharan, Chief Secretary**, Govt. of Kerala, Secretariat, Thiruvananthapuram-695001
2. **Sr. PPS to Secretary, Ministry of Civil Aviation, Shri K.P. Nair**, Rajiv Gandhi Bhawan, Safdarjung, New Delhi - 110 003
3. **Shri Bharat Bhushan, JS & FA**, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung, New Delhi - 110 003
4. **Smt. Abha Shukla**, Director, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung, New Delhi - 110 003

**Internal Circulation**

1. PS to Chairperson
2. PS to Member
3. ~~PS to Secretary~~

**F. No. AERA.20010/AAI-UDF/2009-10**  
**Airports Economic Regulatory Authority of India**  
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**Minutes of Stakeholder Consultation Meeting held on 5.04.2010**

**Subject: Consultation Paper containing AERA's proposed decision on the proposal of AAI to levy User Development Fee (UDF) at Trivandrum International Airport (Consultation Paper No.05/2009-10 dated 26.3.2010).**

A stakeholder consultation meeting was convened by the Authority on 5.04.2010 at 1100 hrs., in the Conference Room of the Trivandrum International Airport, Trivandrum to elicit the views of the stakeholders on the Consultation Paper No 05/2009-10 issued by the Authority setting out its proposed decision in respect of proposal of AAI to levy UDF at Trivandrum International Airport pursuant to the 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 32000 sq. mt. area has been constructed. International operations shall be shifted to this new building by 30.04.2010.
- (ii) With the commissioning of the terminal building, the terminal area for international operations would increase from 9000 sq. mt. to 32000 sq. mt. and the passenger handling capacity would increase from 800 to 1600.
- (iii) The distance from the city centre to the new international terminal is just 6 kms as against 12 kms of the existing terminal building.
- (iv) The new terminal building has 3 aero bridges, inline baggage screening system, CUTE enabled check-in counters and 3X60 mt. inclined baggage conveyor system on the arrival side.
- (v) After the commissioning of the new international terminal building, the existing international terminal building would be utilized as domestic terminal whereas the AAI is still to finalize the plan for utilization in respect of the existing domestic terminal building.
- (vi) The project is not financially viable without levy of UDF and levy is proposed to bridge the viability gap.

operations. While taking the final decision in the matter, they would certainly take on board the AERA's final decision regarding UDF levy.

11. The representative of FIA stated that he has no specific comments to make.
12. Additional Secretary, Transport, Government of Kerala stated that they have no specific comments to make at this stage and the views of the State Government will be submitted in writing to the Authority.
13. 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.
  - (ii) AAI, in principle, supports the integrated terminal building concept. However, wherever due to paucity of space they are unable to construct an integrated terminal building, stand alone international and domestic terminals are planned. In the case of Trivandrum airport, new building has been constructed only for international traffic due to land constraints.
14. Secretary, AERA indicated that:
  - (i) AERA does not propose to permit any UDF in respect of domestic passengers.
  - (ii) The non-aero revenue has been considered by AAI in its proposal on hybrid till (30%) basis. AERA while examining the proposal, for the time being, did not challenge projections in respect of non-aeronautical revenue. However, it has considered the proposal on single till basis which has, inter-alia, led to significant reductions in the UDF rates.
  - (iii) 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 Trivandrum International Airport.
15. In his concluding remarks, Chairperson, AERA stated that:
  - (i) It is true that airport assets are long-term assets with life beyond 10 or 15 years. However, the long-term debt market [in our country has not matured. In fact, normally, even for an infrastructure project, debt is available for a tenure of 8 to 10 years. In the present case, AAI has, for the first time, borrowed money from the market and apportioned a part of the same in respect of the Trivandrum airport. Thus, UDF rates are proposed on the basis of figures for 10 years period keeping in view the viability of the project in the above background. ]x'

Annexure

List of Participants:

AERA:

1. Shri Yashwant Bhawe, Chairperson - in Chair
2. Shri M. P. Vijayakumar, Member
3. Shri Sandeep Prakash, Secretary
4. Shri C. V. Deepak, OSD-II

Government of Kerala:

5. Smt. P. Crestha, Additional Secretary, Transport Department

Airports Authority of India:

6. Shri S. C. Chhatwal, Member (Finance)
7. Shri R. Devraj, Regional Executive Director, Southern Region
8. Shri V. N. Chandran, APD, Trivandrum

NACIL:

9. Shri Sunil Kishan, Regional Director, Southern Region,
10. Smt. Vineeta Bhandari, Executive Director (Integration)
11. Shri Surendra Gupte, General Manager
12. Shri Sanjay Tandon, Manager (Finance)

Air India Express:

13. Shri A. S. Gopinath

Jet Airways:

14. Shri Vijay Kumar
15. Shri A. Ramachandran

Kingfisher Airlines:

16. Shri M. Ramachandran

InterGlobe Aviation Limited (Indigo):

17. Shri Rajat Kumar, Director

Federation of Indian Airlines:

18. Shri Ujjwal Dey



## Introduction Trivandrum International Airport

Stakeholder Meeting / Trivandrum / 5<sup>th</sup> April 2010

S.C Chhatwal  
Member (Finance)



## History

- Came into existence in 1935.
- First international operation in Dec '77.
- Declared International Airport on 1<sup>st</sup> Jan '91.
- Started 24 Hrs operations from 1<sup>st</sup> Sept. 2000.

## Facts & Figures



- Located 12 km from city centre
- One runway (14 / 32- 3398 X 45 m – PCN 65)
- One apron ( 11 parking stands, 1 aerobridge)
- Cat I ILS on RW 32
- High Intensity GLS
- 2 Terminals – INT and DOM
- 14 international and 4 domestic airlines
- Total airport area - 623.08 Acres

4/7/2010

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## Airlines Operating from Trivandrum



### International

- NACIL (Air India, Indian & Air India Express)
- Kuwait Airways
- Oman Air
- Gulf Air
- Emirates
- Qatar Airways
- Etihad Airways
- Sri Lankan Airlines
- Air Arabia
- Jet Airways
- Island Aviation-Maldivian
- Silk Air
- Air Asia
- Expo Aviation (Non-Sked cargo)

4/7/2010

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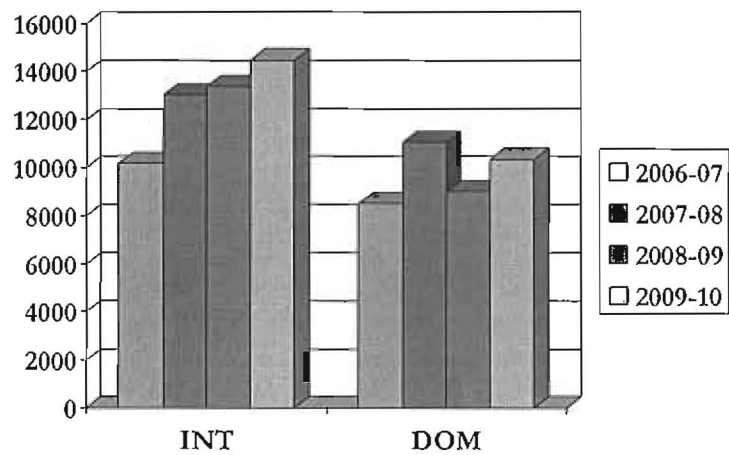


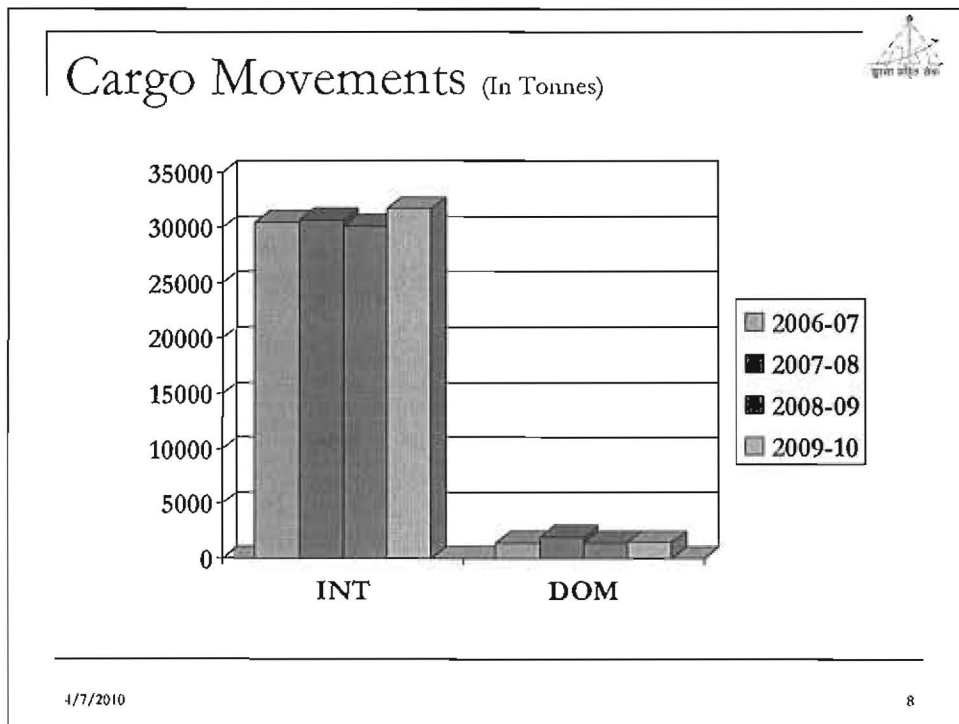
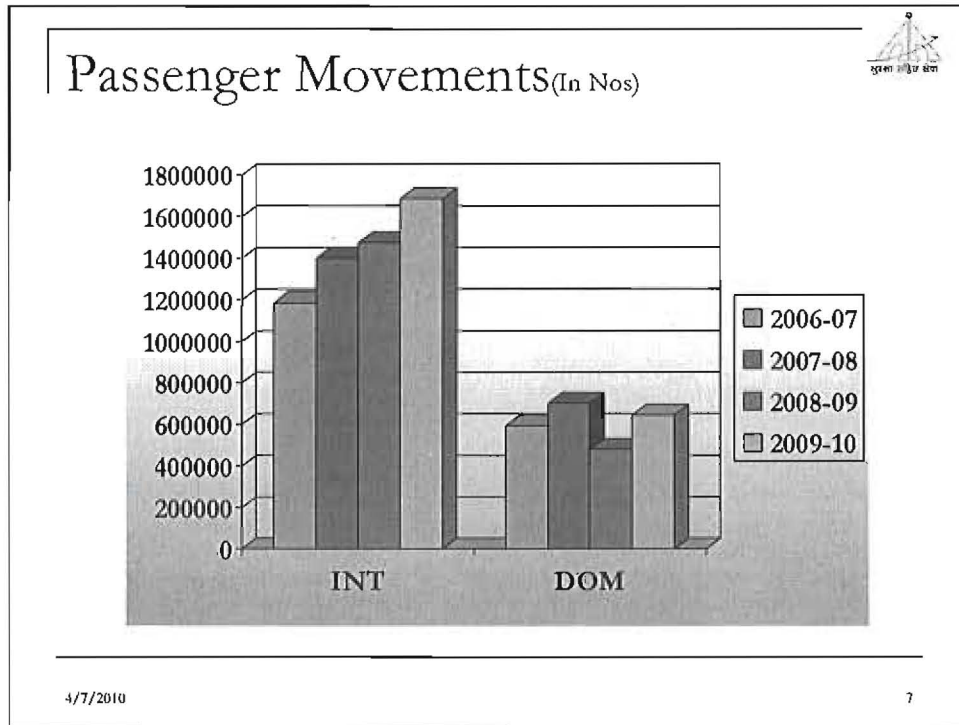
## Airlines Operating from Trivandrum

### Domestic

- NACIL (Air India & Indian)
- Jet Airways
- Kingfisher
- Paramount Airways

## Aircraft Movements (In Nos.)





## New International Terminal Building (NITB)



- Completed
- Shifting of Operations by 30<sup>th</sup> April 2010.
- Roadmap prepared and regular coordination with all stakeholders being done.

4/7/2010

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## Features



- Area 32000 Sq.Mtrs
- Glass & Steel modular construction.
- Environment friendly.
- Optimum use of natural light.
- Integrated Building Management System (BMS).
- Automatic sprinkler fire fighting system.
- Aerobridges- 3 Nos

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## Features

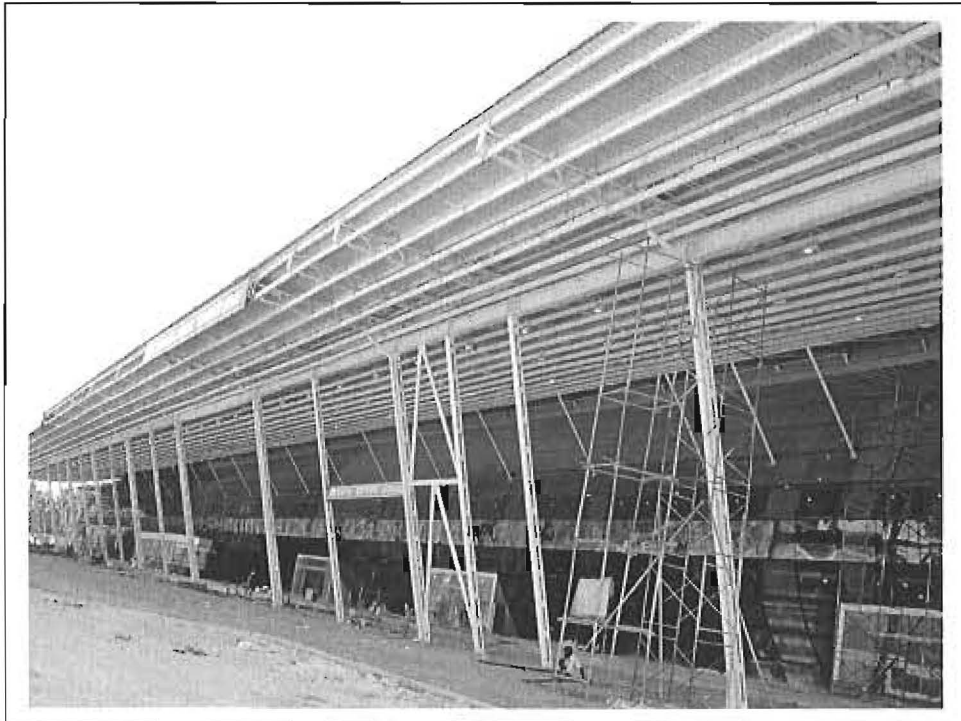


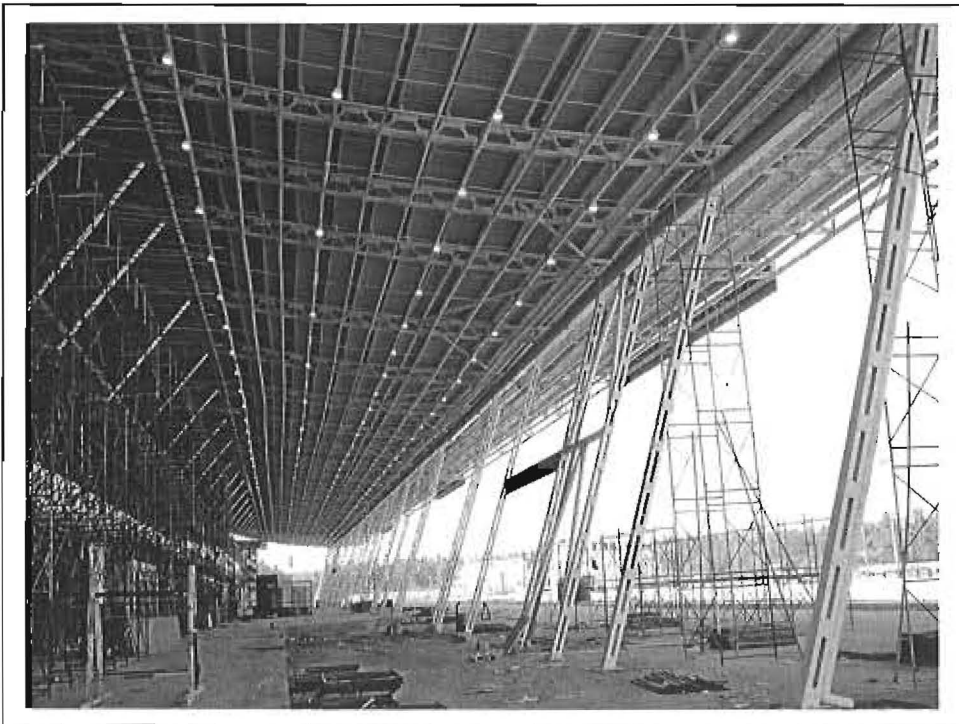
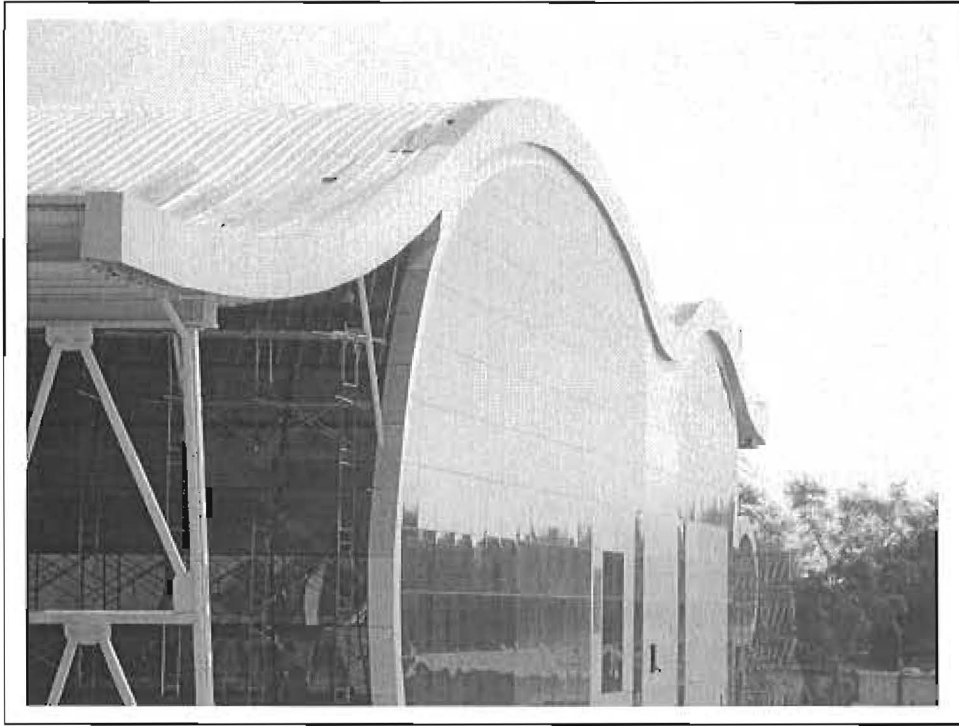
- Escalators – 4 Nos
- Machine-room-less elevators- 5 Nos
- In-line baggage screening system
- CUTE enabled check-in counters
- Visitors' area for ARR / DEP
- Full generator backup for all terminal facilities except AC.
- 3 X 60 m inclined baggage conveyor system at Arrival.

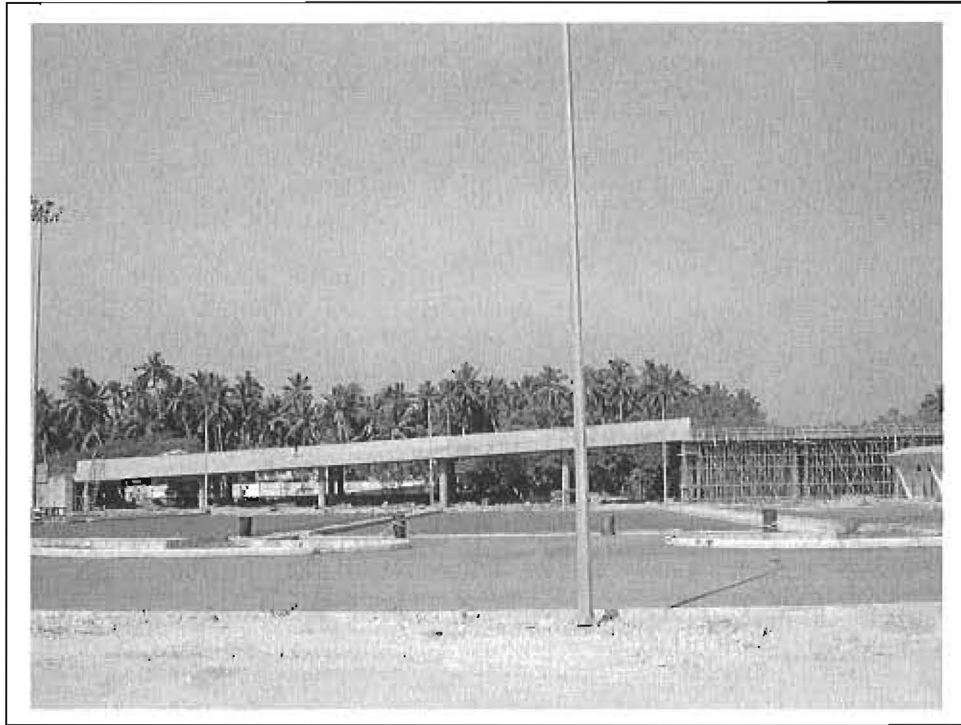
## Existing Terminal-2 vs. NITB

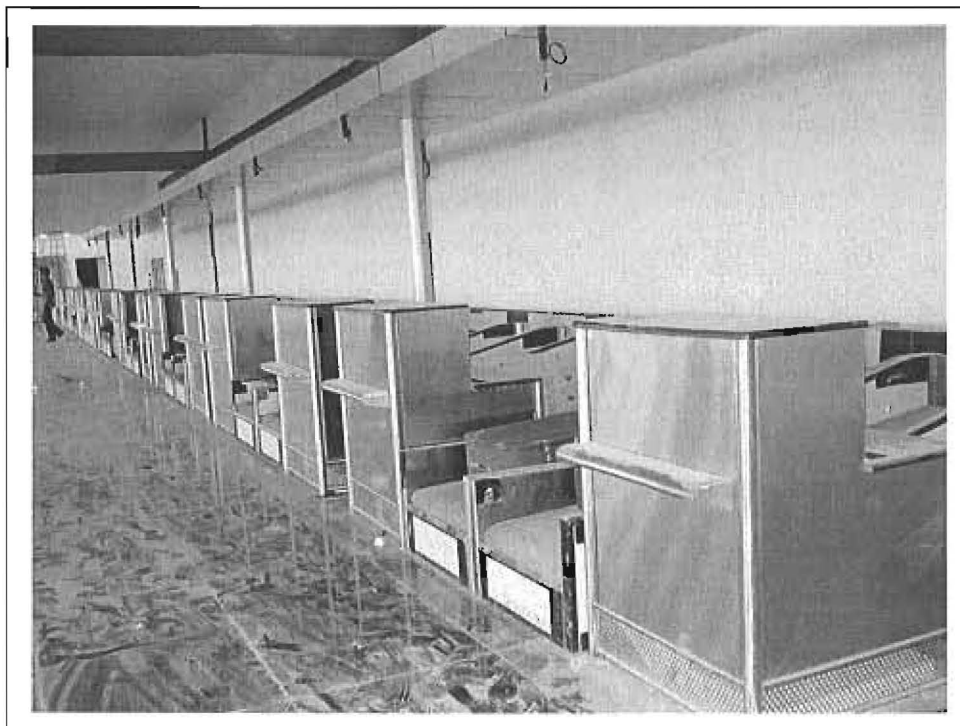
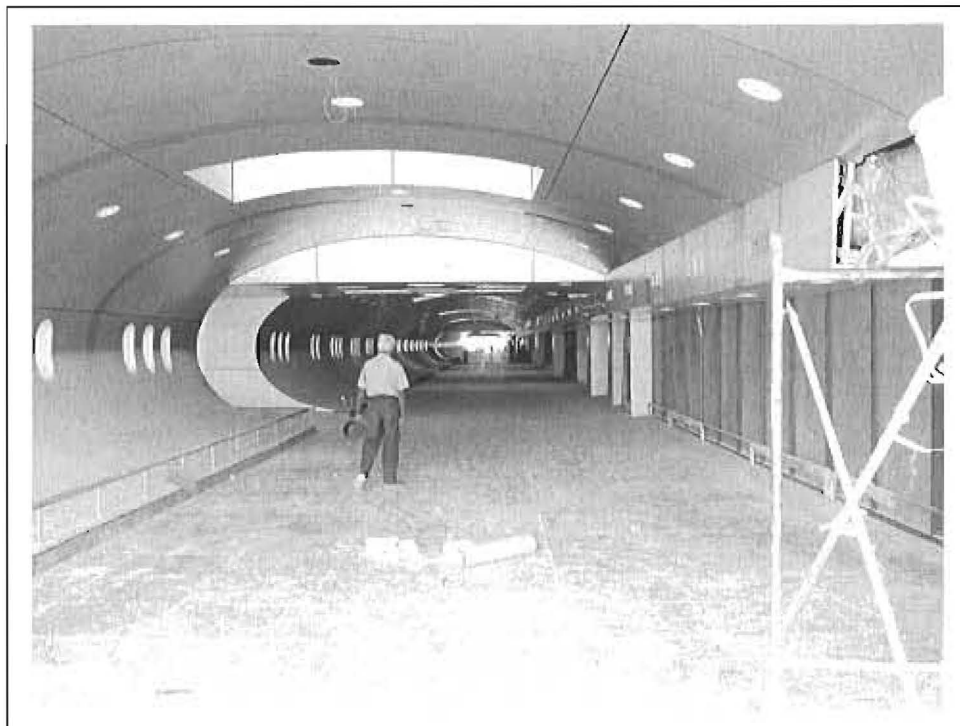


- Terminal area increases from 9000 sq.m to 32000 sq.m
- Passenger handling capacity increases from 800 to 1600.
- Number of check-in counters increases from 17 to 30.
- Distance from City centre reduces from 12 km to 6 km.
- Vehicle parking capacity increases from 250 to 780 cars and 20 coaches.

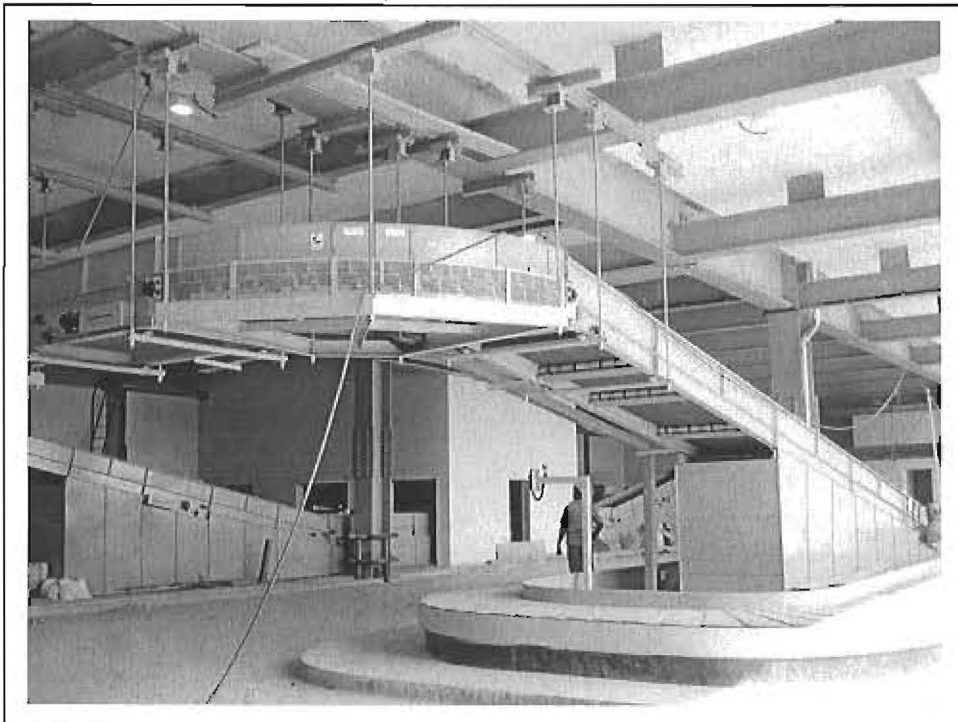
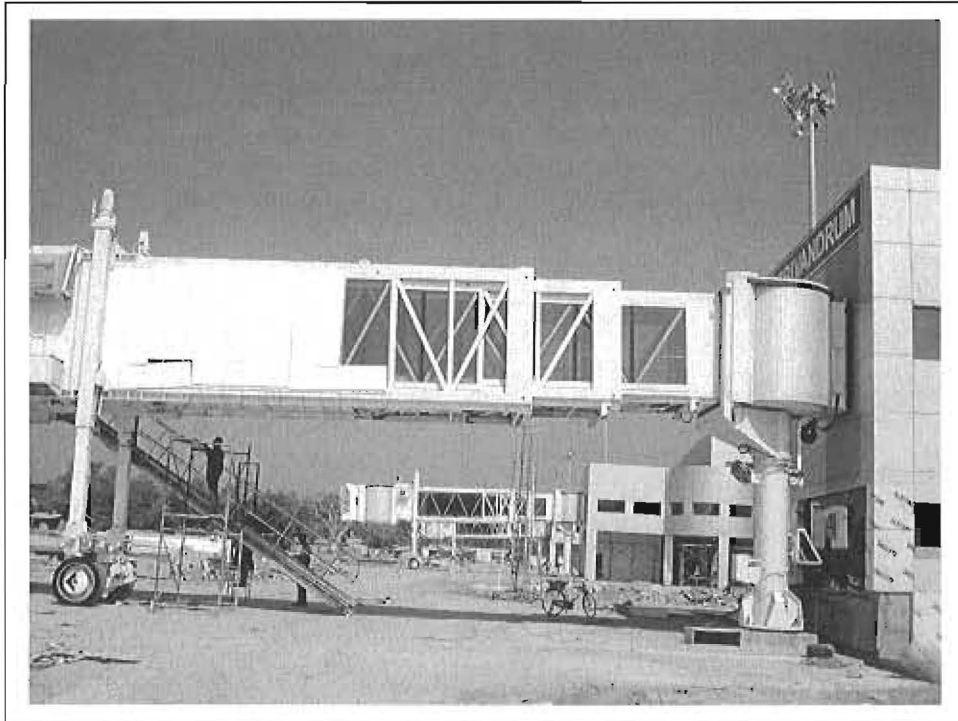












### User Development Fee (UDF)

- Aircraft Rules, 1937 Part XI section 89, Permits Levy of UDF with the prior approval of AERA / Central Govt.
- Section 29 of ICAO's Policies on Airport Charges states that the users shall ultimately bear their full and fair share of cost of providing the Airport.
- In view of the above, Levy of UDF is in compliance with the International Guidelines as well as with in the existing Legal Frame work.

### User Development Fee (UDF)

- The project (NITB) is not viable financially without levy of UDF
- Levy of UDF proposed to bridge the viability gap
- Levy of UDF is necessitated to get reasonable return on the Investment made by AAI

