



## BUSINESS AIRCRAFT OPERATORS ASSOCIATION

Ref. No. BAOA/AERA/02/2017-18

June 04, 2018

Secretary,  
Airports Economic Regulatory Authority of India,  
AERA Building,  
Administrative Complex,  
Safdarjung Airport  
New Delhi – 110 003

**Subject:- Comments on AERA Consultation Paper 04/2018-19**

**Madam,**

Please refer the AERA Consultation Paper 04/2018-19. Following comments are offered: -

- 1) The proposal to include cost of land in airport's RAB would introduce a new practice, not hitherto considered for any public airport, whether developed by AAI on its own or through PPP model.
- 2) It is the duty of any government to provide infrastructure and an overall eco-system for higher economic growth of the region in an optimal and efficient way. Government also has the right to acquire land for such purpose and pay it through public money. It would not be fair to increase the aeronautical charges, by even a small amount, with inclusion of cost of land in RAB due to very thin margins on which air operations become sustainable. The economic benefits to any region, due to availability of a affordable airport, far outweigh the small increase in aeronautical charges due to including cost of land in RAB.
- 3) The model of providing land on lease, amortizing the cost incurred in acquisition of land, on case to case basis would be the balanced approach. Where no acquisition of land took place, like DIAL/MIAL, a minimum token amount has been taken as lease rental. However, in cases like BIAL & HIAL, being green-field airports, the amount spent for acquisition of land be amortized over 30 years at the rate of 1 to 7 % per year, in slabs of 5/7 years, based on projected growth of traffic. This would help keep charges for aeronautical services at reasonable level and also ensure state govts. get back money spent on acquisition of land.
- 4) The land acquired by state govt be infused as certain percentage in equity, on case to case basis, through mutually negotiated agreements between the different equity partners at an airport.
- 5) No doubt that the land acquired costs for airport projects are going to increase in future and, the need for more aviation infrastructure to achieve higher growth of GDP, through better connectivity. would also be a compelling factor. The balance, between cost of acquiring land and the reasonable aeronautical charges for sustainable operations, should be achieved by amortization through varying rentals on land provided in different phases of lease period.

Thanking you

For Business Aircraft Operators Association

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