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Kamal Bali
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12 July 2026

Dear Shri Rahate

Response to Consultation Paper issued by AERA for 4th Control Period

Ref: Consultation Paper No 01/2026-27 published by AERA on 12th June 2026

This has reference to the Consultation Paper No. 01/2026-27 issued by the Airport Economic Regulatory Authority (AERA) on 12 June 2026 in respect of the Fourth Control Period of Kempegowda International Airport Bengaluru (KIAB).

The Confederation of Indian Industry (CII), representing a broad cross-section of Indian industry, appreciates the role played by the Airport Economic Regulatory Authority in balancing consumer interests with the need for sustainable development of India's aviation sector.

Bengaluru today is one of India's foremost economic engines and a globally recognised centre for technology, innovation, Global Capability Centres (GCCs), advanced manufacturing, aerospace, biotechnology and entrepreneurship. The city attracts significant domestic and international investment, is home to a large concentration of multinational corporations and startups, and continues to generate high-value employment that contributes materially to India's economic growth.

Kempegowda International Airport is a critical enabler of this growth. It is not merely an airport but strategic economic infrastructure that connects Bengaluru to global markets, facilitates trade, tourism and investment, and strengthens Karnataka's competitiveness as a preferred destination for business. As passenger and cargo demand continue to grow, it is imperative that airport infrastructure keeps pace with the city's economic aspirations.

The Government of India has also articulated its vision of developing Delhi, Mumbai and Bengaluru as globally competitive aviation hubs capable of handling seamless international transfers. Achieving this vision requires infrastructure to be planned well ahead of demand so that airport capacity does not become a constraint on future economic growth. Decisions relating to airport infrastructure should therefore be evaluated not only from the perspective of current traffic levels, but also in the context of India's long-term aviation strategy and the broader economic benefits that such investments create.

Against this backdrop, CII respectfully submits the following observations for the Authority's consideration.

1. Sustained investment in airport infrastructure is essential for Bengaluru's continued economic growth

Bengaluru's continued success depends on its ability to provide infrastructure that matches its global economic stature. Airports are long-life infrastructure assets requiring careful planning and timely investment, with development cycles extending over several years.

Infrastructure created after demand has materialised inevitably leads to congestion, operational constraints and significantly higher long-term costs.

Timely investments in airport capacity generate benefits that extend well beyond aviation. They improve regional connectivity, attract investment, facilitate exports, support tourism, create employment and enhance India's overall competitiveness. CII therefore encourages the Authority

to adopt a long-term perspective while evaluating BIAL's capital investment programme, recognising that prudent investments today will create enduring economic value for passengers, airlines, businesses and the wider economy.

2. Terminal 2 is a benchmark for Indian infrastructure and a source of national pride
Terminal 2 has become one of India's most admired public infrastructure projects and a powerful symbol of the country's ability to deliver infrastructure that meets global standards. Its recognition through the prestigious Skytrax 5-Star Airport Terminal Rating is a testament to the quality of its design, sustainability, passenger experience and operational excellence. For investors, multinational corporations, business leaders and visitors arriving in Bengaluru, Terminal 2 creates an important first impression of both the city and the country.

As Bengaluru progresses towards becoming a leading international aviation hub, it is important that the next phase of Terminal 2 development is planned with adequate long-term capacity while preserving the high standards that have earned international recognition. We therefore request the Authority to adopt a holistic and forward-looking approach while finalising the infrastructure requirements for Terminal 2 Phase 2.

3. Eastern Connectivity Tunnel is integral airport infrastructure that directly benefits passengers
The proposed Eastern Connectivity Tunnel is a strategic infrastructure project that will substantially improve airport accessibility for passengers travelling from East Bengaluru by providing direct connectivity from State Highway 104 to the airport campus.

The project is expected to reduce travel distance by over 12 kilometres and save approximately 30 to 45 minutes of travel time for a significant section of airport users. In addition to improving passenger convenience, it will reduce congestion on NH-44, lower travel costs, improve journey reliability and contribute to lower vehicular emissions.

In our view, the Eastern Connectivity Tunnel should be regarded as an integral component of airport infrastructure rather than an ancillary external road project. Improved access to the airport directly enhances passenger experience, operational efficiency and the long-term functionality of the airport ecosystem.

Accordingly, CII respectfully requests the Authority to reconsider its proposed treatment of the Eastern Connectivity Tunnel and permit the investment to be considered as part of the Regulated Asset Base, thereby facilitating timely implementation of infrastructure that delivers clear and measurable benefits to airport users and the broader public.

4. Regulatory certainty is fundamental to sustaining long-term infrastructure investment
India's airport sector has emerged as one of the most successful examples of public-private partnership in infrastructure. This success has been underpinned by a regulatory framework that has sought to balance affordability for users with the need to encourage substantial private investment in world-class infrastructure.

Airport projects require investments running into thousands of crores of rupees, with assets that have operational lives extending over several decades. Such investments are planned and committed many years in advance based on established regulatory principles governing the recovery of prudent costs. A stable, transparent and predictable regulatory framework is therefore fundamental to enabling long-term infrastructure planning and maintaining investor confidence.

Frequent changes in the interpretation or application of tariff determination principles, particularly where they depart from established regulatory precedents without compelling justification, may introduce uncertainty into investment decisions and affect the confidence of long-term institutional investors who finance critical infrastructure.

As India seeks to mobilise significant private capital to meet its ambitious infrastructure development objectives, regulatory certainty assumes even greater importance. Consistency in the application of established regulatory principles not only strengthens investor confidence but also supports the timely development of infrastructure necessary to meet the country's rapidly growing aviation demand.

CII therefore respectfully requests the Authority to continue providing a stable, transparent and predictable regulatory framework while finalising the tariff determination for the Fourth Control Period, consistent with the principles that have supported the successful development of India's airport sector over the past two decades.

In conclusion, CII reiterates its appreciation for the Authority's role in fostering a robust and sustainable aviation sector. We respectfully submit that investments in airport infrastructure should be viewed as investments in India's long-term economic competitiveness. A forward-looking regulatory approach that supports timely infrastructure development, while maintaining an appropriate balance between consumer interests and investment sustainability, will contribute significantly towards realising the Government of India's vision of positioning Bengaluru as a globally competitive aviation hub.

We request the Authority to kindly consider the above submissions while finalising the tariff determination for the Fourth Control Period.

With best regards

Yours Sincerely,

Kamal Bali

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