

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:5617

ANSWERED ON:07.09.2011

COST OF TERMINALS AND FACILITIES BY DIAL

Das Shri Khagen;Nimmala Shri Kristappa;Panda Shri Prabodh;Singh Shri Sushil Kumar

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the cost of building new terminals and facilities as per world class standards has escalated many fold though the projects are completed within the target date by DIAL;
- (b) if so, the reasons therefor;
- (c) whether his Ministry was not informed on regular basis regarding the escalation;
- (d) if so, the reasons therefor;
- (e) whether a consultation paper has been released by AERA on project enhancement cost of DIAL;
- (f) if so, whether the paper has been tailor made to suit the interest of DIAL;
- (g) if so, whether the Government intends to do a CAG audit on cost escalation before approving the revised cost of DIAL; and
- (h) if not, the reasons therefor alongwith the steps taken by the Government to ensure transparency in the whole process?

Answer

MINISTER OF OVERSEAS INDIAN AFFAIRS & MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI)

(a), (b), (c) & (d): As per the provisions of State Support Agreement (SSA) and Operation, Management and Development Agreement (OMDA) with M/s Delhi International Airport Pvt. Ltd. (DIAL) by Government of India (GoI) and Airports Authority of India (AAI) respectively, M/s DIAL was required to submit a Master Plan for development of IGI Airport, New Delhi within a stipulated time frame. Accordingly, DIAL had submitted the Master Plan for development of the airport, including construction of the new Terminal-3. As per the Master Plan, DIAL had earlier informed that the estimated project cost for development of phase-I of the airport would be Rs.8975/- crores. However, after completion of the phase-I development of the project, DIAL has informed about the final project cost of the airport as Rs.12857/- crores. DIAL has informed that the main reasons of the cost escalation are as under:

- (i) increase in gross floor area,
- (ii) increase due to additional apron area,
- (iii) increase in project cost towards rehabilitation of Runway 10-28, and
- (iv) escalation for reinforcement due to increase in area of passenger terminal building and piers and change in scope during detailed engineering.

(e): Yes, Madam. Based on the audit of the project cost by the technical and financial consultants appointed by AAI, their views, and the inputs received from various stakeholders and submissions made by M/s DIAL, the Airports Economic Regulatory Authority (AERA) in terms of Section 13(4) of the AERA Act, 2008 had issued a Consultation Paper No. 02/2011-12 dated 21.04.2011.

(f): No, Madam. AERA has got the project cost of DIAL audited by M/s Engineers India Limited (technical audit) and by M/s KPMG (financial audit), before releasing the consultation paper for consultation with stake holders.

(g) & (h) There is no provisions under the agreements executed with DIAL for the Government to approve their project cost.