

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2131
ANSWERED ON:24.08.2012
HIGH AIRPORT CHARGES
Mani Shri Jose K.;Sudhakaran Shri K.

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether proposal from the private operators of Delhi airport for an increase in airport and handling cost is under consideration of the Airports Economic Regulatory Authority;
- (b) if so, the details thereof along with its likely per passenger burden;
- (c) whether various airlines including Malaysian budget carrier Air Asia has already pulled out of airports because of prohibitive airport/handling charges;
- (d) if so, the details and names of such airlines along with reasons therefor;
- (e) whether IATA officials have also made certain observations in this regard;
- (f) if so, the details thereof; and
- (g) the appropriate steps the Government proposes to take to rationalize the things and to avoid such situations in future?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a) & (b): Airports Economic Regulatory Authority (AERA) has determined the tariff for aeronautical services in respect of IGI Airport, New Delhi. The details of the revised tariff is at Annexure-I.

(c): No, Madam.

(d): Does not arise.

(e), (f) & (g): AERA is the independent regulatory established under AERA Act, 2008 to determine the aeronautical tariff at major airports. In accordance with the provisions of State Support Agreement (SSA) and Operation, Management & Development Agreement (OMDA) signed by Government of India and Airports Authority of India respectively with M/s Delhi International Airport Pvt. Ltd. (DIAL), M/s DIAL submitted a proposal for tariff revision to pursuant to their submission of the proposal, AERA has determined revision in Aeronautical Charges for Indira Gandhi International Airport (IGIA), Delhi vide their order No 03/2012-12 dated April 20, 2012 (issued on 24.04.2012) for first five year control period (i.e. 2009-10 to 2013-14), with effect from May 15, 2012 after following a series of discussions, meetings, presentations and consultations process. In response to the Consultation Paper, International Air Transport Association (IATA) had, inter-alia, submitted that while the proposed increase in tariff (X=334%) is meant to produce a fair rate of return for the airport, the AERA must also ensure that the overall health of the industry is not adversely impacted as a result, which would necessitate AERA to look beyond the financial computation and consider all possible measures to bring the tariff increase down to a level that can be readily absorbed by the industry. AERA had given due consideration to the observations made by all stakeholders including IATA and arrived at revised tariff to cover the cost of investment made by the M/s Delhi International Airport Pvt. Ltd. (DIAL) and ensure fair rate of return for the airport. It AERA's orders are appealable before the Airports Economic Regulatory Authority Appellate Tribunal.