



ASSEMBLY — 36TH SESSION

ECONOMIC COMMISSION

Agenda Item 41 : Regulation of the provision of airports and air navigation services

DEVELOPMENT OF AIRPORT INFRASTRUCTURE IN INDIA

(Presented by India)

EXECUTIVE SUMMARY

This paper presents current traffic trends in India, forecast traffic and developments taking place in the area of airport infrastructure. It also provides a brief overview of the changing scenario particularly in respect of development of airport infrastructure through Public Private Partnership (PPP). The paper presents an overview about the current airport developments and the action plan for meeting the upcoming challenges in India. The Assembly is requested to note the developments taking place in India in the area of airport infrastructure.

<i>Strategic Objectives:</i>	This working paper relates to Strategic Objective B and D: Security & Efficiency.
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<i>Financial implications:</i>	Not applicable.
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<i>References:</i>	
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1. INTRODUCTION

1.1 India in recent years has witnessed phenomenal growth in air traffic which has led to challenging situations including congestion at some of the busy airports. It has become imperative to plan expansion of capacity at existing airports, development of new airports, induction of modern technology for overall efficient handling of aircraft and passengers thereby deriving synergy through optimum utilization of resources. This paper reports on the strategies being evolved to meet the challenging situations including management of congestion at some of the busy airports in India.

2. AIRPORT INFRASTRUCTURE IN INDIA

2.1 **Airports** - AAI manages 133 airports which include 14 international airports, 2 joint venture airports, 8 custom airports, 28 civil enclaves, 79 domestic airports and 6 airports where AAI provides CNS/ATM facilities only.

3. TRAFFIC AND FORECAST

3.1 The growth in civil aviation traffic is unprecedented i.e. growth during 2006-07 over the year 2005-06 in respect of aircraft movement has been 28%, and in respect of passengers 33%. Impressive growth in air traffic due to booming Indian economy indicates that passenger traffic forecast over the next 10-15 years will be in the order of 12-15% CAGR (Compound Average Growth Rate) and 14% CAGR in respect of cargo traffic.

4. THE CURRENT SCENARIO IN INDIA

4.1 There is urgent need to build world class airports with modern technology and efficient management practices so as to make the airports user-friendly and achieve higher level of customer satisfaction. There is also emphasis on development of infrastructure for remote and inaccessible areas, to provide airport capacity ahead of demand at busy airports and to encourage overall greater efficiency in airport operations.

4.2 **Development of airports** – For better and efficient management of airports in India, a single authority namely Airports Authority of India (AAI) was formed by an Act of Parliament i.e. Airports Authority of India Act, 1994. Airports Authority of India Act, 1994 was amended in 2003, which, *inter alia* provides exclusion of ‘Private Airports’ from the ambit of AAI Act. The Aircraft Rules, 1937, were also amended, which, *inter alia*, provide conditions for grant of licence, validity of licence, tariff fixation including levy of Passenger Service Fee and User Development Fee, Ground Handling provisions, etc.

4.3 **Airport Development strategy** – Development of airport infrastructure in India is undertaken through a mix strategy involving public sector/private enterprise including joint venture and PPP models.

4.3.1 AAI has taken action for development of infrastructure in the country through Joint Venture route in respect of modernization of existing Delhi and Mumbai Airports and development of greenfield airports at Bangalore and Hyderabad. AAI has also drawn an action plan to develop and modernize 35 non-metro airports and further development and modernization of two metro airports at Kolkata & Chennai. In addition, regular development works required at other airports are being taken up as per requirements.

4.3.2 **Development of Greenfield Airports at Bangalore and Hyderabad** Greenfield Airports at Devanhalli near Bangalore and at Shamshabad near Hyderabad are being developed on a Build Own, Operate and Transfer (BOOT) basis. The airports have been leased for 30 years to M/s BIAL (Bangalore International Airport Ltd) and M/s HIAL (Hyderabad International Airport Ltd) respectively with an option for extension. AAI and respective State Governments hold 26% equity and balance 74% is with the respective private operators. These airports are likely to be commissioned by March 2008. The BIAL and HIAL will invest US\$450 million and 390 million in these airports and handle 11 and 7 million respectively.

4.3.3 **Development of joint venture airports at Delhi and Mumbai** – With an objective to build world class airports with state-of-the-art technology, to achieve higher level of customer satisfaction, to encourage overall greater efficiency and customer friendliness at airports, Government initiated development of Delhi and Mumbai Airports under the Joint Venture (JV) route. On 3rd May 2006, Delhi and Mumbai Airports have been handed over to respective joint venture companies

with 74% equity participation by the private consortium and 26% by AAI. These airports have been given on long-term lease period of 30 years with an option for extension by another 30 years. These projects involve overall capital investment of more than US\$ 5700 million over a period of time.

4.3.3.1 Delhi Airport – The first phase of the modernization of airport by the GMR led consortium will be completed in 2010. The total cost of modernization is about US \$ 2 billion. In the first phase, GMR will upgrade the existing terminals and construct an interim domestic terminal along with a new runway (4430 meters). The terminal will cater to about 10 million passengers annually. This infrastructure will be in place before the commencement of Commonwealth Games in 2010. In the first phase, the airport will be capable to handle 37 million passengers per annum, the ultimate design capacity of 100 million passengers will be achieved over a period of time. The master plan envisages improving access to the airport via the dedicated Metro train service.

4.3.3.2 Mumbai Airport – GVK led consortium will invest US\$ 1600 million for the modernization of Mumbai International Airport. Company plans to transform the airport into an international landmark on global benchmark standards for airport operations. After upgradation, airport will be able to handle 40 million passengers per year against the present 18 million.

4.3.4 Development of Kolkata and Chennai Airports – AAI has taken up development and modernization of Kolkata and Chennai Airports.

4.3.4.1 Kolkata Airport - Kolkata Airport which has passenger handling capacity of 0.73 million passengers annually and 4.7 million domestic passengers annually is likely to saturate by the year 2008-09 and 2006-07 respectively. AAI has recently added cargo handling capacity and it is sufficient to cater to the demand by the year 2015-16. Continuing with the development plans, AAI has taken up development of a modern integrated passenger terminal building to handle 20 million passengers which will be sufficient to meet the demand until the year 2015-16. the work is already in progress in respect of 9 domestic bays, 3 cargo bays and 11 additional parking bays will be provided along with the new integrated terminal building. In addition, automation will be introduced in CNS/ATM operations and a new control tower will be built. This project envisages an investment of more than US\$ 450 million.

4.3.4.2 Chennai Airport – AAI has also undertaken development of Chennai Airport with a new modern terminal building with an annual handling capacity of 10 million domestic passengers which also has provision to integrate the existing terminals along with the new terminal building over a period of time which will provide the overall handling capacity of 22 million domestic passengers and 7.5 million international passengers and it will be sufficient to cater to the demand up to the year 2015-16/2016-17. It envisages an investment of about US\$ 450 million.

4.3.4.3 Development of 35 non-metro airports – Continuing with the development plans, AAI has undertaken the development and modernization of 35 non-metro airports in a time frame manner with the prime objective of development of modern infrastructure and upgradation of handling capacity and enhancement of non-aeronautical revenue.

4.3.4.3.1 To achieve overall enhancement of non-aeronautical revenue which will be undertaken through PPP route. AAI has appointed consultants who will assist AAI in selection process of JVP for city side development at selected airports. An investment of over US \$ 1600 million is envisaged at these airports.

4.3.4.3.2 The Schedule – Works at 24 airports are scheduled to be completed by March 2009 while balance 11 will be completed by March 2010.

4.3.5 In addition, works are at under various stages of development in respect of other 13 airports which include Akola, Belgaum, Calicut, Cooch Behar, Dibrugarh, Gondia, Hubli, Kullu, Mysore, Rajamundry, Srinagar, Surat and Vijaywada.

4.4 **Development of infrastructure in respect of night parking stands, strengthening/extension of runways** – AAI has taken up development of 200 night parking stands at different airports, in addition strengthening and extension of runway is also planned/taken up at 25 airports.

4.5 **Development of other Greenfield airports** – New greenfield airports are at various stages of consideration which includes Kannur (Kerala), MOPA (Goa), Chakan (Pune, Maharashtra), Navi Mumbai (Maharashtra).

5. **SUMMING UP**

5.1 Thus investment of more than US \$ 9 billion is planned in airport infrastructure over the next 4-5 years in India.

5.2 AAI is a consistently profit making organization. AAI's revenue for the year 2006-07 was US\$850 million and profit before tax is expected to be over US\$ 340 million. AAI has been accorded 'AAA' rating which is stable outlook rating and AAI will be able to raise funds as and when required for future mega projects.

5.3 The Assembly is requested to note the developments taking place in India in the area of airport infrastructure.

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