

3

2368

DIAL/2012-13/CR/699  
July 9, 2012

Commr. (Pig) - II  
Despatch..... 4367  
Date..... 11-7-12

To  
The Commissioner Planning (Dr. Bansal) (Pig.)  
DDA, 5<sup>th</sup> Floor, Vikas Minar  
New Delhi-110 002

Lead Central Dy. No 29  
Dated ..10/7/12  
R&D Section, Vikas Minar  
Delhi Development Authority  
Deputy Asst

OFFICE OF THE DIR (Pig.)  
MPP/TS, D.D.A. IN DELHI-2  
Dy.No..... 1-96  
Dated..... 19/7/12

Dear Sir,

**Ref: Non Transfer Assets – Land Usage at IGI Airport New Delhi**

According to the recent "Economic Impact assessment of Delhi International Airport, conducted by "National Council of Applied Economic Research, 2012" (Enclosure-I):

"Aviation sector brings enormous benefits to communities and economies around the globe. It is a key enabler of economic growth, social development and tourism providing connectivity and access to markets. Air transport currently supports 56.6 million jobs and over US\$2.2 trillion of global GDP. It is a strategic contributor to economic growth and development."

**Contribution to Indian and regional GDP**

"Delhi airport's operations contributed in (2009-10) Rs 294.7 billion (0.45 per cent) to the national GDP and its contribution relative to Delhi's GSDP is 13.53 per cent..."

By 2020, the overall economic impact of Delhi Airport is expected to be approx. Rs 909.5 billion, which will be 0.7 per cent of the National GDP and relative to Delhi's GSDP would be 22.2 per cent..."

**Contribution to Employment**

Delhi airport's operation sector contributes 1578 thousand jobs (0.34 per cent of national employment) and this represents as a ratio to Delhi's employment a significant 25.9 per cent...  
Delhi airport's construction activities contributed total 614 thousand jobs in each of the three years of construction phase...

The study has illustrated the significant linkages of the Civil Aviation Sector with the rest of the economy. It has highlighted the catalytic role the sector can play in supporting economic growth of the region and the country. We should also note that linkages of the national and regional economies are also multifaceted and exact demarcation of these effects is also difficult."

T-3 is a World Class 7<sup>th</sup> largest airport in the world and on the service levels IGI Airport Delhi has been declared as second best airport in the category of 25-40 million passengers and 6<sup>th</sup> best airport in respect of all categories.

Director (Pig) MPR/TS,  
D.D.A. Vikas Minar N. DELHI-2  
Dy.No..... 1183  
Dated..... 18.07.12

A. Bhatt  
For m/s



Handwritten signature and date 13/7/12

Handwritten signature and date 13/7/12

Striving for number one position Benchmarking of comparable international airports revealed the trend that most of the International airports are utilising considerable amount of land for commercial/non-aeronautical services. ***On an average 22% percent of land is being utilised by for commercial/non aeronautical revenue stream. Percentage of land use of course varies from 10.29 to 34.30%.*** Summary of land earmarked for commercial activity in comparable airports have been drawn for easy reference –Enclosure-II.

***At national level also it is found that while Mumbai Airport is provided with an opportunity to utilise 10% of its land, the Bangalore airport have no such limitation.***

For Bangalore and Hyderabad airports there are no restriction stipulated but more than 20% of land is earmarked for commercial development.

DIAL has been granted rights to perform Aeronautical and Non-Aeronautical Services at Delhi Airport on the entire leased land by AAI admeasuring approximately 4600 acres vide OMDA dt.4/4/2006. Accordingly land area earmarked for Non-Transfer Assets is 5% or such different percentage as set forth in the master plan norms of the total land area. MPD-2021 does not set forth any percentage.

In the absence of any percentage set forth in the Master Plan for Delhi (MPD-2021) for Non-Transfer Assets the specified limit of 5% prevails and puts Delhi Airport at competitive disadvantage vis-à-vis not only international airports like Schiphol, Toronto, Melbourne but also Domestic airport like Mumbai or Navi Mumbai (proposed), Hyderabad and Bangalore.

"Higher the commercial component, greater the chance of making these airports preferred and competitive as Revenue from Non Transfer Assets facilitates faster development of Aeronautical assets by way of reducing the cost of capital for Aeronautical development." Globally, many international airports earn substantial revenues from non-aeronautical sources such as retail, real estate development, hotels, malls etc. by developing airports not only as transit points, but as a destination in themselves for the city they are in, reflecting local flavour, along with amenities.

DIAL's concern is that the prevailing percentage for Non-Transfer Assets will not be sufficient to:  
generate expected contribution to the national GDP in near future;  
provide world class user experience;  
make it more preferred and competitive by better commercial exploitation of airport land  
and there exists a dire need to increase the percentage for Non-Transfer Assets at the airport land.

#### **DDA's Airport Layout Plan**

The airport area is earmarked under Zone G/Subzone 15, approximately 2260 hac. and para 1.4.3 of ZPD states that the development/redevelopment proposals are to be prepared by the AAI (now DIAL) within the overall frame work of the Master Plan. "AAI should prepare MP of airport and have an arrangement with local bodies so that MP of the airport does not violate MP of local bodies such as DDA".

**We understand that modification of the layout plan is within the jurisdictions of DDA and as MPD-2021 does not set forth any percentage of the total land for Non-Transfer Assets, any increase in area allocated for Non Transfer Asset to the extent of 10% to 15% of the total land will not in any-way violate the provisions of Master-Plan of Delhi.**

Moreover collections from Non Transfer Assets will directly contribute towards the development of aeronautical assets which will provide immense benefit to the AAI revenue and multi stake holders.

Further upon expiry of OMDA, the rights of DIAL in terms of lease rentals on Non Transfer Assets shall get transferred to AAI. Hence Government of India/AAI will stand largely benefitted by immediate increase in Revenue in the short term as well as by transfer of Non transfer of Assets to it in the long term through increase in the area earmarked for Non –Transfer Assets.

**Delhi airport being PPP, whatever revenues are generated from the commercial activity, Government will be the major and biggest beneficiary** as the GOI through AAI is getting 45.99% revenue share on the gross revenues (topline) and also getting dividend on its 26% equity holding. Therefore even after taking care of aeronautical requirement as per the Master plan for Delhi i.e. developing the airport to 100 million passenger capacity & 3 million tons of Cargo capacity, to enhance the Government revenues, it is highly desirable and advantageous to have at least 10% of land for commercial use in the master plan which is still lower than most of the international as well as domestic airports.

Considering the huge benefits to the GOI as well as the aviation stakeholders it is requested that the master plan norms of Delhi be suitably modified providing at least 10% land for commercial development without compromising/sacrificing the aeronautical development as per the Delhi master Plan.

Thanking You,

Yours Sincerely,

For **DELHI INTERNATIONAL AIRPORT PVT. LTD**

  
**K NARAYANA RAO**  
**DIRECTOR**

Enclosures:

- A) Executive Summary: Economic Impact assessment of Delhi International Airport; National Council of Applied Economic Research, 2012
- B) Summary of the land usage at Airports

## Enclosure I

**Executive Summary: Economic Impact assessment of Delhi International Airport; National Council of Applied Economic Research, 2012**

# Executive Summary

## About the Study

· Modernisation and expansion of infrastructure is crucial to economic growth and development. India's Civil Aviation Sector has also attempted to keep pace with the rising demands from economic growth. This study provides an assessment of the economic impact of Delhi International Airport on the regional and the national economies in terms of output, value add (income) and employment.

## About Delhi Airport

- Delhi airport is one of the busiest and fastest growing airports in the country and the Asia Pacific region. It is ranked 1st in the country in terms of passengers and 2nd in terms of freight. It is also ranked as the 2nd best airport worldwide in the 25–40 million passengers category for Airport Service Standards (ACI ASQ Rating, 2011). Delhi airport connects 51 international and 41 domestic routes. It ranks 47th in the world's top 100 international airports in terms of passenger traffic in 2010.
- During 2010–11, Delhi airport handled 29.94 million passengers and was ranked at the top spot in the total passengers handled in the country surpassing Mumbai airport (29.07 million). During 2011-12, Delhi Airport handled approx 35.94 million (Provisional) passengers
- The traffic ratio of Delhi airport is 31:69, that is 31.0 per cent are international travellers and the remaining traffic is domestic.
- In tourism, 91 per cent of the foreign tourists arrived by air in India in 2010 out of which Delhi airport's contribution was 34 per cent, the highest amongst the metropolitan airports.
- In terms of economic performance, a major portion of Delhi airport's revenue comes from non-aeronautical services (44.8 per cent) followed by aeronautical services (36.4 per cent) and the remaining portions of revenue comes from services like cargo, CPD and other income.
- In aeronautical revenue, airlines landing fee contributed about 69.5 per cent followed by passenger fee (26.4 per cent) in 2010–11. In the non-aeronautical revenue, the highest percentage share came from rental and services followed by retail and concession.
- DIAL's total expenditure suggests that the share of operating expenditure in total expenditure was the highest in 2010–11 (49.4 per cent) followed by staff costs (25.8 per cent) and administration and other costs (24.8 per cent).
- The total revenue per Pax increased from Rs. 419 in 2008–09 to Rs 421 in 2010–11. On the other hand, total cost per Pax declined substantially from Rs. 195 in 2008–09 to Rs. 188 in 2010–11. However, the revenue and cost ratio remained within the range of 1.2 to 1.3 since 2008–09.

## Passenger Profile

A sample survey of passengers was carried out in this study to understand the profile of passengers using the airport and their expenditure pattern. In this survey, a total of 4,747 passengers were surveyed, out of which 3,278 (69.1 per cent) were domestic and 1,468 (30.9 per cent) were international passengers. The ratio is not an estimate of the ratio of international to domestic passengers but it is merely a description of the sample. The survey was spread over 10 days in the domestic and international departure and arrival sections.

- Among the Indian residents travelling by international flights, the top 20 per cent reported an average monthly income to the extent of Rs 4.2 lakh per month and the bottom 20 per cent had a monthly income of Rs. 15, 525 per month.
- Among non-Indian residents travelling by international flights, the top one-fifth had a monthly personal income to the extent of US\$ 18.7 thousand per month. The monthly personal income reported by the 1st quintile group (or bottom 20 per cent) was US\$ 712 per month.

- The spending profile of air passengers in Delhi suggested that about 70 per cent of those who had come for business purposes spent more than Rs 5,000 on hotels. Similarly, about 80 per cent of the passengers who had come for Tourism purposes spent more than Rs.5,000 on hotels. About 70 per cent of the passengers in these two categories spent between Rs 1,001–10,000 on transportation.
- On the quality of services at Delhi airport, about 60 per cent of passengers said that they were ‘good’ and 20 per cent said ‘excellent’ on a scale of (poor/fair/average/good/ excellent).

## Economic Impact of Delhi Airport

### Contribution to Indian and regional GDP

Delhi airport’s operations contributed in (2009–10) Rs 294.7 billion (0.45 per cent) to the national GDP and its contribution relative to Delhi’s GSDP is 13.53 per cent. The total comprises of:

- Rs 42.9 billion directly contributed through value added (air transport and airport services)
- Rs 77.2 billion indirectly contributed through supply chain (multipliers impact).
- Rs 174.6 billion in induced impact through tourism and investment.

By 2020, the overall economic impact of Delhi Airport is expected to be approx Rs 909.5 billion, which will be 0.7 per cent of the National GDP and relative to Delhi’s GSDP would be 22.2 per cent.

Delhi airport’s construction sector contributed INR 68.23 billion (0.104 per cent) to the national GDP (in 2009–10) and its contribution relative to Delhi’s GSDP is 3.13 per cent. This is a one-time impact which includes one-third of the total project cost. The total impact of the construction phase would, therefore, be three times this estimate but spread over three years. This total impact of construction phase in a year comprises of:

- INR 25.7 billion directly contributed through value added.
- INR 42.6 billion indirectly contributed through supply chain (multipliers impact).

### Contribution to Employment

Delhi airport’s operation sector contributes 1578 thousand jobs (0.34 per cent of national employment) and this represents as a ratio to Delhi’s employment a significant 25.9 per cent.

The total comprises of:

- 64 thousand directly contributed jobs.
- 452 thousand indirectly contributed jobs through supply chain (multiplier impact).
- 1062 thousand jobs in induced impact through tourism and investment.

Delhi airport’s construction activities contributed total 614 thousand jobs in each of the three years of construction phase. This total comprises of:

- 35 thousand directly contributed jobs.
- 579 thousand indirectly contributed jobs through multiplier effects.

The study has illustrated the significant linkages of the Civil Aviation Sector with the rest of the economy. It has highlighted the catalytic role the sector can play in supporting economic growth of the region and the country. We should also note that linkages of the national and regional economies are also multifaceted and exact demarcation of these effects is also difficult.

The study has required use of combination of approaches and assumptions to come up with the estimates of the economic impact, given the complexity of the sector. We believe that the insights from the study would be of significant value to the understanding of the role of the sector in the economy and to policies to enhance the positive effects of infrastructure development.

**Enclosure II**

**Summary of the land usage at Airports**

**“Ultimate passenger capacity of airports and area earmarked for development of commercial properties”**

<b>Sl. Airport No.</b>	<b>Total Land Area (Ha)</b>	<b>Aeronautical Area (Ha)</b>	<b>Commercial Area (Ha)</b>	<b>% of Total Area</b>	<b>Commercial Land/ Mn.Pax per annum</b>
<b>International</b>					
Athens	1750 Ha	1467 Ha	180 Ha	10.29%	3.60 Ha/MPPA
Auckland	1497 Ha	1070 Ha	427 Ha	28.52%	9.70 Ha/MPPA
Toronto	1867 Ha	1439 Ha	428 Ha	22.92%	8.50 Ha/MPPA
Dallas	7285 Ha	5181 Ha	2104 Ha	28.88%	21.04 Ha/MPPA
Melbourne	2379 Ha	1935 Ha	262 Ha	11.01%	4.37 Ha/MPPA
Paris	6684 Ha	4601 Ha	1233 Ha	18.44%	12.33 Ha/MPPA
Amsterdam	3201 Ha	2103 Ha	1098 Ha	34.30%	13.73 Ha/MPPA