



INDIA

**AIRPORT DEVELOPMENT PLANS
AND FINANCING THEREOF**

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FDI POLICY ON AIRPORT INFRASTRUCTURE

- Greenfield Projects – 100% (Automatic)
- Existing Projects - Up to 74%
(Automatic)

Beyond 74% with special permission of Govt.

AIRPORT DEVELOPMENT

(During the XI Plan Period 2007-12)

- **Main Objectives**

- To boost Infrastructure in Aviation sector.
- To provide World-Class infrastructure facilities.
- To meet the increased demand by enhancement of Aircraft/Pax/Cargo handling capacity.
- To provide safe Air Traffic Services.
- To achieve efficiency by improving Air Traffic Flow Management.

AIRPORT DEVELOPMENT PLAN

Focus of the Airport Development plans -

- Modernization and Expansion of Major International and Domestic Airports.
- Construction of Greenfield Airports.
- Enhancement of Air Cargo Handling Facilities.
- Upgradation /Modernization of Air Traffic Management system.

AIRPORT DEVELOPMENT INVESTMENT PLANS

- Task Force set up in 2006 for Financing Plan for Airports.
- An Investment of USD 8000 million envisaged in the Report.

MAJOR INVESTMENT PLANNED

SNo	Particulars	Planned Investment in the year 2006 (USD million)
1	Delhi & Mumbai	3000
2	Chennai & Kolkata	1000
3	Greenfield airports	2000
4	Modernisation & Upgradation of other airports & Air Traffic Services	2000
	TOTAL	8000

AIRPORT DEVELOPMENT PROGRAMME

- Modernization of **Delhi & Mumbai Airports** through **Public Private Partnership (PPP)**.
- Modernization of **Chennai & Kolkata Airports** by **AAI**.
- Modernization of **Non-Metro Airports** by **AAI**.
- **City-Side Development** of Non-Metro Airports through **PPP**.
- Greenfield airports at **Bangalore and Hyderabad** **already commissioned in 2008, through PPP**.

AIRPORT DEVELOPMENT PROGRAMME (contd..)

- **Greenfield Airports** at New locations would be **through PPP**
- Upgradation of Technology from **Ground Based CNS/ATM** facilities to **Satellite based CNS/ATM** facilities.

FINANCING MODEL

Delhi & Mumbai Airports –

- Investment USD 4000 million
 - 74% Equity by Private Players in consortium with Foreign party.
 - 26% equity by AAI.
 - Rest through Borrowings.

(Borrowings mainly for Project finance by Domestic Banks/Financial Institutions besides some portion through ECB)

FINANCING MODEL

Bangalore & Hyderabad Airports

- Total Investment – USD 1000 million
 - 74% Equity by Private Players in consortium with Foreign party.
 - 13% Equity by State Governments & balance 13% equity by AAI.
 - Rest through State Support and Borrowings.

(Borrowings mainly for Project finance by Domestic Banks/Financial Institutions besides some portion through ECB)

FINANCING MODEL

Chennai & Kolkata Airports

- To be developed by AAI
- Total Investment over USD 800 million
- Funding mainly through Internal Resources & partly through market borrowings
- Modernization work has commenced at both airports and work is in full swing
- Completion by early 2011

FINANCING MODEL

Other Non-Metro Airports

- To be developed by AAI.
- 35 non metro airports identified;
- Modernization work completed in 12 airports; Work in progress at rest of the airports;
- Total Investment over USD 1100 million.
- Funding mainly through Internal Resources & partly through Borrowings.

FINANCING MODEL

Modernization of CNS/ATM Services

- Total Investment - over USD 340 million.
- Funding mainly through Internal Resources and partly through Borrowings.

FINANCING MODEL

CITY SIDE DEVELOPMENT

- Is being developed through Public Private Partnership route (PPP).
- 24 such airports identified.
- Total Investment over USD 300 million.

INVESTMENT BY AAI

XI Plan (2007-12)

- Planned Investment **USD 2500 million.**
- Financing
 - Mainly through Internal Resources
 - Relatively small portion through Budgetary Support
 - Balance through Borrowings.

BORROWING PLAN OF AAI

– Present Estimates (USD 1020 million)

– Credit Rating

- Awarded AAA stable by CRISIL and L AAA by ICRA for AAI Bonds.
- Awarded A1+ by ICRA for Short-term Loan/ Commercial Papers.

BORROWING PLAN OF AAI

(Contd...)

Raising Long-Term Loan by way of :-

- Issue of Bonds in Domestic Market.
- Exploring ECB mode as well as ECB by guarantee of Exim Bank, USA.
- Exploring Loan from JBIC/World Bank.

INDEPENDENT REGULATOR

- The GoI established the Airports Economic Regulatory Authority (AERA) to independently
 - regulate tariff and other charges for the aeronautical services rendered at airports and to
 - monitor performance standards of airports.

AERA - Functions

- To determine the tariff for aeronautical services;
- To determine the amount of development fee
- To determine the amount of user fees;
- To monitor the set performance standards relating to quality, continuity and reliability of service;
- To perform such other functions relating to tariff as may be entrusted to it by the Central Government.

SUMMING UP

- Airports are solid investments in comparison to others in the infrastructure sector.
- AAI, is not only committed but totally engrossed in doing tremendous work around the length and breadth of the country.
- The GoI through AAI is committed to developing airport infrastructure to meet the aspirations of the ever demanding air traveling population.

THANK YOU