

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO. : 1762
TO BE ANSWERED ON THE 9th March 2026

**UDF AND OTHER CHARGES FOR IMPROVING AIRPORT
INFRASTRUCTURE AND FACILITIES**

1762. DR. KANIMOZHI NVN SOMU

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) the percentage of the increased user development fee (UDF) and other charges that are reinvested into improving airport infrastructure and facilities;
- (b) whether Government has issued any guidelines to ensure that these revenues are directed towards passenger-centric improvements rather than private profit maximization and if so, the details thereof along with the mechanism in place to ensure it;
- (c) whether there is transparency in the collection and utilization of passenger fees for development of airports; and
- (d) if so, the details thereof, and if not, the reasons therefor?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION (Shri Murlidhar Mohol)

(a) to (d): Airports Economic Regulatory Authority of India (AERA) established under an Act of Parliament as an independent tariff regulator determines tariffs for aeronautical services at major airports, including User Development Fees (UDF), landing and parking charges considering the following factors:

- (i) Return on Investment (RoI) for aeronautical assets
- (ii) Operating expenditure
- (iii) Depreciation
- (iv) Taxes

AERA regulates aeronautical tariffs using a 'cost plus' mechanism for a control period of five years, ensuring a fair balance between the interests of airport operators and passengers. UDF and other charges are allowed by AERA to airport operators for recovering their investment for upgradation/modernization or new infrastructure development at the respective airports to meet both current and future passenger demand. Therefore, these charges are in lieu of investment made by the airport operators for development of airport infrastructure/ aeronautical assets and operation of the airport only.

Furthermore, to maintain transparency and encourage stakeholder participation, AERA conducts extensive consultations while determining airport tariffs. It publishes a draft consultation paper on its website, detailing its regulatory approach and the financial aspects of the respective airport. This framework ensures that passenger fees are utilized effectively for airport development while upholding financial accountability and promoting sustainable growth in the aviation sector.
