

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2255
(To be answered on the 4th July 2019)

REDUCTION OF UDF AT KEMPEGOWDA INTERNATIONAL AIRPORT

2255. SHRI P.C.MOHAN

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a): whether the benefits of reduction in User Development Fee (UDF) at the Kempegowda International Airport (KIA) in Bengaluru is reaching the passengers and it is translating into reduction in flight fares;
- (b): if so, the details thereof and if not, the reasons therefor;
- (c): whether the reduction in UDF would impact the expansion plan of the airport, including the Terminal 2 project, if so, the details thereof; and
- (d): whether the Government proposes to collect UDF on providing metro link to the airport and if so, the details thereof?

ANSWER

Minister of State (IC) in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a) to (c): Airfares are dynamic in nature and are determined by Airlines, based on various factors including demand and supply. User Development Fee (UDF) is one of the factors in overall ticket cost charged by airlines to the passenger. Further, Government of India has established Airports Economic Regulatory Authority (AERA) to determine the tariffs in respect of aeronautical services provided at major airports in the country. AERA determines aeronautical tariff including UDF based on traffic projection made by an airport operator for a given control period of five years, fair rate of return on investment and provisions to meet operation and maintenance cost. Therefore, reduction in previous UDF will not affect the expansion plan of an airport operator.

(d): As per AERA regulation, all assets including metro station that are owned and located within Airport premises are considered as Regulatory Asset Base for tariff determination. However, the determination of tariff can be done only after the assets are commissioned and put to use.
