

Planning and Development of airport precinct of Dheli through public- private partnership – an analysis

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1 BACKGROUND

1.1

Delhi, the capital city of developed amongst developing countries; India is growing rapidly both in terms of economy and population. Having good external affairs' relationship with various countries including European Countries and America, the civil aviation has been in Delhi since long. Earlier an Airport covering an area of about 40.0 Ha. was functioning in the centre of the city. But immediately after the independence from British regime in 1947 and the enhanced political and economic relations with different countries, the air traffic enhanced further, hence a new airport was established at the southern periphery of the city of Delhi which housed both the domestic as well as international air traffic/flying.

1.2

The Airport Authority of India (AAI) under the Ministry of Civil Aviation, Government of India is empowered to manage the operation of the Airport under the provisions of AAI Act. As per Sub-section 3(a) of Section (12) of the Act, the AAI may plan, develop, construct and maintain runways, taxiways, aprons and terminals and ancillary buildings at the airports and civil enclaves. Sub-section 3(f) mandates AAI to establish and maintain hotels, restaurants and restrooms at or near the airports. Presently, the total land with AAI for Airport activities is about 2050.0 Ha.

1.3

The consistent increase in air traffic and rising preference towards private sectors due to the impact of globalisation for efficient functioning of the airport as well as providing facilities of truly international standards, the Government of India felt that operation and maintenance of the Airports may be done through joint venture of some reputed private sector companies along with the AAI.

2 JOINT VENTURE FOR OPERATION, MANAGEMENT AND DEVELOPMENT OF AIRPORT

AAI Act, 1994 was amended prior to restructuring of the Airport and a new Section 12 A was inserted which empowers AAI to lease out its airport premises (including buildings and structures therein) in public interest or in the interest of better management of the Airport. Thereafter, the IGI Airport, Delhi has been restructured and transferred in May, 2006 to a Joint Venture Company (JVC) called M/S Delhi International Airport (Pvt) Limited (DIAL) for operation, maintenance and development for a period of 30 years extendable by another 30 years. Airports Authority of India (AAI) has 26% equity in DIAL whereas the remaining 74% is held by a GMR Group led consortium. DIAL is obliged to develop the airport by March, 2010 to handle 37 million passengers per annum in view of the commonwealth Games, 2010. DIAL being successor-in-title of AAI in respect of IGI Airport, derives the authority of AAI through section 12 A of the Act. The legal position regarding AAI's powers of planning authority in respect of its airport premises as enshrined in Sub-section 3(a) of the Section (12) of the AAI Act has been further confirmed in a decision of the Union Cabinet. Based on the provisions of the AAI Act and the decision of the Union Cabinet, a Manual on Guidelines for construction of AAI Airports has been formulated. As a part of airport development activity, and has also programmed to develop a Hospitality District (Hotel Project) and has committed to provide 2500 hotel rooms for the Commonwealth Games.

2.1

As per operation, Maintenance and Development Agreement (OMDA) signed between AAI and DIAL, the latter is entitled to utilize 5% of the airport land for commercial development which may include projects like Hospitality District (Hotel Project). Hence DIAL is entitled to have commercial development over an area of 90.0 Ha but due to non-availability of sufficient land as more land is being utilised for operational services, the commercial development is restricted to an area of about 68.0 Ha acres which is about 3.7% of the total premises. DIAL has to undertake commercial development in a phased manner. In the first phase, it has to construct the Hospitality district project over an area of 25.0 Ha.

3 THE PROPOSAL

3.1

Delhi International Airport Pvt Ltd. (DIAL) has been given the mandate to modernize the IGI Airport of New Delhi and the documents for the same have been executed in April, 2006. As per the commitment made in the agreement with Airports Authority of India (AAI), DIAL submitted the Master Plan for modernization of the Airport during Dec'06. The Master Plan is a broad document detailing the overall plan of modernization, which is split under various phases. Each phase has to be implemented in response to the projected traffic growth. With regard to planned capacity addition vis-a-vis projected growth, the Master Plan for IGI Airport is based on the following estimates.

Year	Project Growth Million Passengers per annum	Planned Capacity Million Passengers per annum	Major Facility to be developed
2010	28.7	44	New Integrated Terminal & New Runway
2012	36.6	50	Central Spine (Road Network, net work Airside Expansion, Cargo Expansion)
2016	49.5	66	4 th Runway & new Terminal
2021	66.4	80	New Low cost Terminal New Cargo facility & Straightening of the Existing 09/27 Secondary runway
2026	82.6	100	New Terminal

3.2 The details of Land utilisation for operational, non operational and commercial purpose at the IGI Airport are as under:

Item	Area (Ha)	
Total land area of IGI Airport	2050.0 Ha	
Total land with DIAL excluding existing leased areas to Airlines, Oil companies, flight catering and other cared out assets	1790.0 Ha	Area available with DIAL for development of Aero & non-aero assets (Operational, Non Operational & commercial Use)
5% of Premises for commercial Use	90.0 Ha	Area for commercial Development
Land with existing Radisson Centaur Hotels & BPCL Retail Outlets	6.0 Ha	Existing Commercial Centuar & BPCL area will be released and handed over on Expiry of the lease agreement
Balance land for development of Non-Transfer Asset (commercial Assets)	84.0 Ha	Area DIAL can utilize for Commercial property Development, now.

3.3 Details of Land for operational & Non-operational Purpose at IGI Airport

Total Area	1790.0 Ha
Operation Area	1620.0 Ha
Non-operational area	112.0.0 Ha

3.4 Non-Operational Commercial Area

Airport Hotels at 4 locations (Not at present with DIAL)	7.0 Ha
Commercial Property Development up to year 2010	18.0 Ha
Commercial Property Development at the Existing Domestic Terminal (Not at present with DIAL)	2.0 Ha
Commercial Property Development in subsequent Phases	50.0 Ha

3.5 Hotel Projects in Phase-I (year 2010)

As indicated in the above tables, DIAL proposes to utilise 23.0 Ha of land in the first Phase 2010 of its Master Plan for commercial property development. This will include:

Commercial Property Development (LPIA)	18.0 Ha	Six no. Commercial plots for hotels
Domestic Terminal Commercial	3.0 Ha	Commercial Property Development in Phase 1 (2010)
Airport Hotel	2.0 Ha	Airport Hotel at the New integrated terminal T3

3.6

JVC will be utilizing less than 84.0 Ha (5% cap set as per OMDA for commercial property development. During the first phase (Year 2010) the total area under commercial property development will be 23.0 Ha and eventually 68.0 Ha in the ultimate phase of the Master Plan (Year 2026). The limited permissibility to the JVC which they can develop within Airport premises are as follows-

Banks/ATMs, Bureau de change, business Centre, Conference Centre, Duty Free Sales, Freight catering services, Freight consolidators/forwarders or agents, General retail shops, Hotels and Motels, Hotel reservation services, Line maintenance services, Locker rental, Logistic Centres, Messenger Services, Porter Services, Restaurants, bar and other refreshment facilities, Special Assistance Services, tourist information services, Travel agency, Vehicle fuelling services, Vehicle rental, Vehicle parking, Vending machines, Warehouses, Welcoming services. Other activities related to passenger services at the Airport, if the same is a non-Aeronautical Asset.

4 THE CONCERNS

- The land with Airport Authorities needs to be utilized optimally. The commercial activities permitted therein to make the project economically and socially viable.
- The Delhi city with a present population of 17 million persons has constantly increasing vehicle population, which is presently more than 5 million.
- The increase in number of vehicles are more than the increase in road length, resulting increasing vehicle density on road, leaving lesser road space for vehicles thereby, increase in congestion.
- The Master Plan for the development of the Airport not only to take care of the internal design of the complex facilitating smooth circulation and operation of activities but also need to fit into the surrounding developments and road/circulation net work.
- The design of the Airport Complex to be such that it facilitates easy access to the Airport from all sides and does not trouble the traffic destined to areas other than the Airport.
- The location of activities coming in the surrounding area i.e. the Convention Centre, Freight Complex, Metropolitan Passenger Terminal etc. to be considered inconformity with the activities and their

location proposed in the Master Plan of the Airport i.e. location of Cargo Terminal etc. so that criss-cross movement within the airport and surrounding areas is avoided.

- Being the capital city, large numbers of VIPs/Premiers of different countries visit the City, hence their movement in the city needs to be safe and smooth and should not pose hindrance in the movement of normal traffic.
- Increasing activities of the Airport should not pose noise hazard in surrounding residential areas.
- The economic/commercial activities should not contradict with such activities of surrounding areas otherwise they may get phased out with time.
- The future expansion of Airport is not possible (not desirable also) horizontally as the surrounding areas are built up. Hence densification of activities within the Airport needs to take place with time, with sprawl.
- The proposed Master Plan for development of Airport has to facilitate all i.e. passengers travelling by air, city population for their normal routine and movement of goods to national/international destinations.
- Sufficient infrastructure may lead to conversion of activities, which suits to the market economy and time, than what is permitted in OMDA

5 CONCLUSION

- The increasing preference for air travel due to economy of time and money (air business being competitive) the airports are bound to increase in size and activities but they must have logical link with the city circulation/road network system so that they do not pose hindrance and are easily accessible.
- The Airport/mobility hubs need to be vibrant in terms of activities and should be able to attract population for various economic and social activities but should not distort/misbalance the similar activities in the surrounding areas.
- The developments should not pose noise hazard beyond the acceptable limit in the adjoining built up areas.
- VIPs movement should not bring the traffic movement of the city to stand still for security reasons, the traffic flow should remain normal in all situations.
- The joint venture is presently for 30 years and is extendable by another 30 years therefore; the long term joint venture with one particular company should not lead to monopolistic approach.
- Joint Venture Companies are instrumental in providing better facilities both in terms of quality and quantity within shortest possible time hence may be encouraged to make the city truly global in every sense.
- Change in permissible activities may be considered in view of sufficiency of infrastructure to meet the demand of the time, market economy for increased economic viability.