AIRPORT ECONOMIC REGULATION · AERA FOURTH CONTROL PERIOD

# India's Airport Tariff Model Is Evolving

HYDERABAD RAJIV GANDHI INTERNATIONAL AIRPORT · Kempegowda INTERNATIONAL AIRPORT BENGALURU · DELHI INDIRA GANDHI INTERNATIONAL AIRPORT

India is experimenting with three new dimensions of airport tariff design: ***incidence, segmentation and timing.***

3 changes to airport tariff design: charging both arriving and departing pax, differentiating UDF by travel class, and linking recovery to when assets enter service.

## 1 WHO PAYS: ARRIVAL / DEPARTURE SPLIT

### Charging both ends

Not entirely new. Delhi previously levied UDF on disembarking passengers until 2017.

**BENGALURU (BLR) — UDF, ₹ PER PASSENGER**

| | DOMESTIC | | INTERNATIONAL | |
|---|---|---|---|---|
| | OLD | NEW | OLD | NEW |
| Departing | 550 | 300 | 1,500 | 997 |
| Arriving | — | 125 | — | 426 |

Round-trip burden falls 23% domestic and 5% international. Wider base, lower rate.

**HYDERABAD (HYD) — UDF, ₹ PER PASSENGER**

| | DOMESTIC | | INTERNATIONAL | |
|---|---|---|---|---|
| | OLD | NEW | OLD | NEW |
| Departing | 750 | 515 | 1,500 | 1,030 |
| Arriving | — | 220 | — | 440 |

First time: UDF on arriving domestic and international pax.

Arriving pax now contribute towards the airport services they use

## 2 HOW MUCH THEY PAY: TARIFF BY CLASS OF TRAVEL

### Business premium

First in India. Delhi, international passengers only.

**DELHI (DEL) — INTERNATIONAL UDF, ₹ PER PASSENGER**

| | ECONOMY | BUSINESS |
|---|---|---|
| Departing | 650 | 810 |
| Arriving (new) | 275 | 345 |

Domestic held at **₹129 — no class split, no arrival charge**. Domestic is **~80%** of traffic.

**IATA:** "Unnecessarily complex and discriminatory"; argues it conflicts with ICAO non-discrimination principles and DIAL's OMDA.

Introduces willingness-to-pay segmentation; cost-relatedness remains contested

## 3 WHEN THEY PAY: INCREMENTAL ARR APPROACH

### Pay when it opens

Incremental ARR for high-value CapEx enters the tariff only when projects are commissioned.

**BENGALURU (BLR) — FOURTH CONTROL PERIOD**

2026-27 · 2027-28 · 2028-29 · **2029-30+**

- Eastern Cross Taxiway
- Terminal 2 Phase 2
- T2 Phase 2 apron

**Recovery begins**

**HYDERABAD (HYD) — FOURTH CONTROL PERIOD**

2026-27 · 2027-28 · 2028-29 · **2029+**

**INCREMENTAL UDF IMPACT, ₹ PER PASSENGER**

| | DOM DEP | DOM ARR | INT DEP | INT ARR |
|---|---|---|---|---|
| Northern Runway | +122 | +52 | +175 | +75 |
| Northern Precinct | +164 | +70 | +160 | +70 |
| **Total incremental** | **+286** | **+122** | **+335** | **+145** |

**USER PAY PRINCIPLE**

Recovery commences only after assets are completed & commissioned

## WHY IT MATTERS

**Tariff design is becoming more sophisticated**
Incidence, segmentation and timing are now levers in cost recovery

**Cost recovery is being redistributed**
Pax pay across both ends of the journey and, in some cases, by travel class

**Recovery follows delivery**
Defers incremental recovery until assets are operational, setting an important precedent

Source: AERA tariff orders for IGI Delhi (4th CP, FY2025–29), Kempegowda Bengaluru (4th CP, FY2027–31), Rajiv Gandhi Hyderabad (4th CP, FY2027–31)

UDF = User Development Fee · ARR = Aggregate Revenue Requirement

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