

Chapter 2

Transaction Documents and their impact and compliance

2.1 Descriptions of the Transaction Documents

Consequent on the decision to hand over the Indira Gandhi International Airport to the Joint Venture Company and before physically handing over the airport to the latter, a number of agreements were signed among the concerned parties. These documents individually and collectively determine the terms and conditions of the handing over including economic benefits accruing to the parties. It is to be noted that when these agreements were signed, the Regulator, namely Airport Economic Regulatory Authority (AERA) was not in existence. Some of these documents contain provisions relating to areas like tariff fixation for aeronautical services, which later, with the establishment of AERA came under the Regulator's domain of decision making.

Operation, Maintenance and Development Agreement (OMDA)

Together with the State Support Agreement, this agreement is the most important document and forms the soul of the Public Private Partnership in Indira Gandhi International airport. Signed between Airport Authority of India and DIAL, this comprehensive agreement lays down the obligations and responsibilities of both the parties, the terms of revenue sharing and duration of the concession, conditions of assets transfers at present and in future, terms and conditions of land transfers etc. The agreement was signed on 4 April 2006.

OMDA in Schedules 5 and 6 defines aeronautical services and non-aeronautical services. While DIAL was free to fix tariff for non-aeronautical services, responsibilities of fixation of tariff for aeronautical services was with the Government of India and later with its establishment, the Regulator, AERA. OMDA also allowed DIAL to outsource any services.

State Support Agreement (SSA)

Complementary to the OMDA, the State Support Agreement was signed between Government of India and DIAL on 26 April 2006. It lays down the responsibilities and obligations of the Government of India and DIAL in their respective domain and to each other. It lays down in Schedule 1, the principles of tariff fixation for aeronautical services.

State Government Support Agreement

State Government Support Agreement (SGSA) was signed on 26 April 2006 between the Government of National Capital Territory of Delhi and DIAL to provide support services to the project. The agreement provided that the State Government will provide support to DIAL in matters relating to removal of encroachment,

procurement of additional land for development of airport, removal of obstruction outside the airport boundary to ensure safe and efficient air traffic movement, improve the surface area access to the airport and to provide all the utilities on payment basis to DIAL. The SGSA also provided for assistance in procuring various clearances which are required by applicable law for undertaking and implementing the project as mentioned in OMDA.

Lease Deed Agreement

The Lease Deed agreement was signed on 25 April 2006 between AAI and DIAL to lease the demised premises on “as is where is basis” on an annual lease rent of ₹ 100/- (₹ One hundred only) initially for a period of 30 years extendable for another 30 years by virtue of extension of concession period. The demised premises include all the buildings, construction or immovable assets, if any on the premises as described in the agreement with the liberty to construct, erect, renovate, alter or otherwise deal with the leased Premises.

Communication, Navigation and Surveillance (CNS)/Air Traffic Management (ATM) Agreement

The agreement was signed on 25 April 2006 between AAI and DIAL to provide air traffic services support at the airport since only AAI is authorized to provide necessary air traffic services within Indian air space and at all civil airports in India.

Shareholders Agreement

Signed on 4 April 2006 by and between AAI and DIAL and other participants, Shareholders Agreement recorded the terms and conditions to govern the relationships in their mutual capacity as the shareholders of the JVC.

Airport Operator Agreement

As per Schedule 8 of OMDA, DIAL is required to enter into an Airport Operator Agreement with the Airport Operator (AO) who is a member of the consortium (nominated if more than one AO are in the consortium). The agreement contractually set out the role, responsibilities, accountabilities and financial arrangements between the AO and DIAL. Accordingly, an agreement was signed on 1 May 2006 between DIAL and Fraport AG Frankfurt Services Worldwide to provide airport services.

2.2 Operation, Management and Development Agreement and State Support Agreement

Government of India adopted Joint Venture mode to facilitate involvement of private sector to participate aggressively in infrastructure projects being taken up for modernization. Two most important agreements- OMDA and SSA- determined the terms and conditions of transfer of Indira Gandhi International Airport to DIAL.

Conflicts between OMDA and AERA Act in defining aeronautical and non-aeronautical services

Clause 3.1 of the State Support Agreement(SSA) recognized Government of India's intention to establish an independent Airport Economic Regulatory Authority (AERA) which would be responsible for certain aspects of regulations (including regulation of aeronautical charges). Despite the above intention, provisions of OMDA or SSA were not subjected to review by the Regulator. The AERA Act establishing such an Authority, was passed in December 2008. The Act came into force on 1 January 2009. The powers and functions of AERA which are contained in Chapter III of the Act came into force on 1 September 2009.

Audit noted conflicts between provisions in OMDA and SSA on one hand and the AERA Act on the other, which will have long term repercussions on the Regulator's role on tariff fixation in Indira Gandhi International Airport. Section 13(1)(a) of the AERA Act states that one of the functions of the Authority is to determine the tariff for the aeronautical services. However, definitions of aeronautical and non-aeronautical services differ substantially between OMDA and the AERA Act, thus affecting the calculation of targeted revenue for the purpose of tariff fixation for aeronautical services at the airport. Schedule 5 and 6 of OMDA define aeronautical and non-aeronautical services. Cargo Handling Service, for example is a non-aeronautical service in accordance with OMDA but it is aeronautical service in terms of AERA Act. Similarly, Ground Handling services which have been included as non-aeronautical services in OMDA are aeronautical services in AERA Act.

Treating these as non-aeronautical services in OMDA also provides undue financial advantage as in terms of SSA, the Targeted Revenue for the purpose of Tariff fixation takes into account only 30 *per cent* of the revenue generated from non-aeronautical services.

AERA follows single till³ system in all other major airports. In the case of Delhi and Mumbai airports, however, AERA is constrained to follow the dual till system due to provisions contained in SSA, where, tariff fixation for aeronautical services is to be done as per dual till formula given in SSA which takes into account only 30 *per cent* of the gross revenue generated by DIAL from the revenue share assets. In fact the tariff fixed by the AERA according to the formula provided in the SSA did not take into account full amount of revenue generated by profitable services⁴ like cargo handling and car parking. Since OMDA and SSA are static documents without any trigger for review either by Government or by AERA at any point of time, fixation of tariff for aeronautical services for IGIA remain outside the effective jurisdiction of the Regulator.

Apart from Dual Till method, as per SSA, the target revenue does not include revenue generated from non-transfer assets- in case of IGIA- the rights of

³ Single Till method is the tariff fixation method which takes into account revenue generated both from aeronautical and non-aeronautical services.

⁴ Some of the non-aeronautical services like cargo handling and ground handling have been stated by AERA as less capital intensive and more profitable than aeronautical services.

commercial exploitation of 239.95 acres of land. Thus revenue so generated does not even form part of 30 *per cent* of the gross revenue as mentioned in the preceding paragraph. This is now confirmed by AERA order dated 20 April 2012 wherein it is mentioned that “the Authority decided to exclude the gross revenue from non-transfer assets towards cross subsidization of aeronautical cost while determining the target revenue.”

Audit noticed that several other provisions of OMDA and SSA favoured DIAL to the detriment of the financial interests of Government / AAI/public. These are discussed below:

2.3 Concession Period

Important condition in Note to Cabinet absent in the agreement

While seeking approval of Cabinet to adopt Joint Venture route for restructuring of Delhi and Mumbai airports by formation of separate companies between AAI and selected JV Partner, the Note to the Cabinet dated 1 September 2003 envisaged concession initially for 30 years which could be extended by another 30 years subject to mutual agreement and negotiation of terms. However, as per the final bid documents, the “subject to mutual agreement and negotiation of terms” was left out. The OMDA which was signed in April 2006 did not contain any provision of mutual agreement and fresh negotiations before extension of the concession period and thus was a violation of what was proposed in the Cabinet Note. It gives DIAL the right to extend the term for another 30 years.

This is not only a violation of the commitment in the initial Cabinet Note but also unilateral and unfair advantage given to DIAL which is detrimental to Government interest as it does not provide the Government any scope for review of any of the conditions in OMDA and SSA.

The four critical elements that determine such types of concession agreements in a public private partnership are traffic volumes, tariffs, concession period and capital costs. In case of OMDA, the concession period had no trigger indicating any linkage to any of the above four elements.

The initial concession period fixed as per the agreement is 30 years from the effective date. Article 18.1 (b) Chapter XVIII of OMDA provides that:

“Prior to the expiry of 30 years from the Effective Date, JVC shall have the right to extend the Term hereof by a written notice for an additional term of 30 years on the same terms and conditions⁵ provided no JVC Event of Default had taken place during the preceding five years of the 25th year from the Effective date. Such right of extension shall be exercised prior to the 25th anniversary from the Effective date but not earlier than six months from the 25th anniversary from the Effective date.”

⁵ Emphasis added by audit.

Thus DIAL enjoys the unilateral right to extend the concession period for another 30 years, unless they default during 20th to 25th year. OMDA and resultantly all other agreements including SSA gain validity of 30 plus 30 years without any trigger or scope for review except an event of default by DIAL in the small window of five years between 20th and 25th year. Effectively, DIAL as a result has been granted rights to operate the airport for a period of sixty years with the terms and conditions frozen in the OMDA.

In case of any infrastructure project, financial prudence entails systematic evaluation of benchmarks with reference to internal rate of return, return on investments, expected break even period, traffic trends which would include passenger and cargo movements before fixing the duration of concession period. In this case, neither MoCA nor AAI provided to Audit any evidence which would indicate that these inputs were considered while fixing concession period of 30 plus 30 years. No trigger of any kind has been included either in OMDA or in the SSA. The basis for fixation of 30 plus 30 years as concession period though called for but was not provided to Audit(December 2011).

The MoCA stated (March 2012) that a financial consultant was appointed and as per the advice, a period of 30 years was reasonable for the investors to recoup their investment. Claiming that concession period of 30 years is similar to other infrastructure projects in India, MoCA further stated that in case of the Delhi and Mumbai airports, the concession period and the traffic projections were not the bidding criteria. In fact, the sole bidding criterion was the revenue share. Leasing out the airports and provision for extension of the lease period was a policy decision taken by the Union Cabinet and this was known to all the bidders as it was finalized before issuing the Request for Proposal to the Pre-Qualified Bidders (PQBs).

The reply of the Ministry that the concession period of 30 years is similar to other infrastructure projects in India i.e. Ports, Highways etc. is factually incorrect. According to the model concession agreement issued by the Committee on Infrastructure of Planning Commission, the concession period typically granted by Port Trusts is 30 years. Similarly, in the case of highways, the period is usually 20 years. In the case of Male airport and Istanbul airport, where GMR is a stakeholder, the concession period is 25 and 20 years, respectively.

Audit could not find any infrastructure project except in case of Delhi and Mumbai Airports wherein the concession period is initially for 30 years which can be further extended for another 30 years at the option of the concessionaire on the same terms and conditions.

2.4 Right of First Refusal

In addition to the unilateral right of DIAL to manage the IGIA for sixty years, the State Support Agreement (SSA) for 30 years allows the Right of First Refusal (ROFR) to DIAL with regard to any second airport if planned within 150 km radius of the IGIA. State Support Agreement (SSA) provides that the Right of First Refusal with regard to any second airport being planned within a 150 km radius of Indira Gandhi International

Airport will be given to DIAL by following a competitive bidding process, in which DIAL could participate. In the event of DIAL being unsuccessful in the bidding, it would be allowed to match the most competitive bid, if its bid is within the range of 10 per cent of most competitive bid. This condition will be applicable for the first 30 years.

Allowing such right of first refusal in relation to second airport without triggers like saturation point of existing airport, traffic census, rate of return on capital and expected break-even period amounts to an undue favour to DIAL. This provision also thwarts competition and provides DIAL with a natural advantage on the second airport.

The MoCA replied (March 2012) that ROFR was considered imperative and it was a policy decision taken by the EGoM before issuing the RFP in order to protect the JVC against risks in investments if the traffic were to be diverted to a competitive airport in the vicinity after heavy investments had been made.

2.5 Misuse of the concept of Upfront fee to transfer 190.19 acres of land to DIAL at a paltry amount of ₹ 6.19 crore

As per Article 11.1.1 of OMDA, DIAL paid an upfront fee of ₹ 150 crore to the AAI on 29 April 2006. The upfront fee fixed for Delhi and Mumbai airports as per bid document was ₹ 150 crore. The basis for fixing of the onetime upfront fee amounting to ₹ 150 crore paid to AAI were called for by Audit, however, it was not made available.

As regards the nature of the upfront fee, Ministry informed (March 2012) Audit that *“after discussions it was decided by the EGOM that one time upfront fee of ₹ 150 crore will be paid by the JVC to AAI. It was also decided that only revenue sharing will be the single financial evaluation criterion and OMDA fee will not be pass through for fixation of aeronautical tariff. The EGOM also considered that a payment of upfront fee to AAI would provide some form of insurance to AAI between the effective date of OMDA and date of transfer post completion of the transition plan, since cash flow during the period will accrue to JVC only, it was further considered that the upfront fee would provide AAI with immediate funding for its 26 per cent equity contribution in the JVC. Therefore the quantum of upfront fee (₹ 150 crore) had no relation with the extent of land and asset at an airport and it was only a part of the OMDA fee.”*

Article 2.6.3 of OMDA states that *“with respect to land underlying the carved out assets, the parties further agreed that if, at any time during the term, the JVC requires the said land for providing any aeronautical services or developing and/or constructing any aeronautical assets, the parties shall come together to negotiate in good faith⁶ the terms and conditions on which the AAI shall lease to the JVC and the JVC, shall take on lease from the AAI, the said land.”*

⁶ Emphasis by Audit.

When handing over the airport to DIAL, the land area transferred to DIAL by AAI was 4608.9 acres. This land is termed as “demised premises”. AAI kept to itself land area of 497.10 acres. This is termed as “carved-out assets”.

The Board of the AAI decided in its 129 meeting on 6 March 2009 to lease out an additional 190.19 acres of land from the carved out assets to DIAL for aeronautical purpose as per Article 2.6.3 of OMDA.

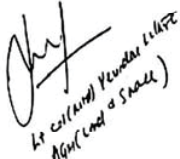
No negotiations in good faith as enjoined by the OMDA took place. It would be seen that the upfront fee was used as base to calculate the price for the additional land provided by AAI to DIAL. **This allowed AAI to lease out an additional 190.19 acres at a meager amount of ₹ 6.19 crore.**

It is to be noted that OMDA allows DIAL to use 5 per cent of demised land for commercial exploitation. The current value of 9.50 acres (5 per cent of 190.19 acres) as per AERA’s communication to Audit amounted to ₹ 950 crore. The earning potential for 58 years from 9.50 acres based on DIAL’s own projections is ₹ 6475 crore viz [₹ 681.63 * 9.50 acres].


The above is confirmed by the following document.

STATEMENT SHOWING WORKSHEET FOR CALCULATION OF UPFRONT MONEY FOR ADDITIONAL LEASE OF 77 HECTARES (190 ACRES APPROX.) OF LAND TO M/S. DIAL AT IGI AIRPORT OUT OF CARVED OUT ASSETS.

<u>EARLIER PROCESSED</u>	<u>AS PER ACTUAL</u>
5000 ACRES	5106.43 ACRES
(-) 250 ACRES	(-) 250.00 ACRES
=====	=====
4750 ACRES	4856.43 ACRES
(-) 250 ACRES	(-) 247.10 ACRES
=====	=====
4500 ACRES	4609.33 ACRES
=====	=====
UPFRONT MONEY PER ACRE = 150.00/4500 = 3.34 LAKHS	UPFRONT MONEY PER ACRE = 150.00/4609.33 = 3.254 LAKHS
COST OF 190 ACRES = 3.34 X 190 = 634.60 LAKHS	COST OF 190 ACRES = 3.254 X 190.267 = 6,19,12,882



REPRESENTATIVE OF M/S. DIAL



REPRESENTATIVE OF AAI

This decision of AAI was in sharp contrast with the decision of the Board of AAI in March 2011 to lease out 7.60 acres of land out of the carved out assets to Director General of Civil Aviation and Bureau of Civil Aviation Security. These offices were charged annual license fee at a concessional rate of 50 *per cent* applicable to Government Departments amounting to ₹ 2.41 crore per annum with annual escalation clause. Application of the same concessional licence fee with the same escalation clause for 190.19 acres of land would amount to ₹ 4534 crore for a period of 27 years. Contrasting this, the land has been leased to DIAL effectively for sixty years against a onetime payment of ₹ 6.19 crore.

MoCA stated (March 2012) that 190.19 acres of additional land leased out was purely aeronautical area and cannot be used for any construction or commercial usage. The reply was silent on the violation of Article 2.6.3 of OMDA which enjoins the parties to negotiate in good faith for any further lease of any further land out of the carved assets. Ministry's contention on upfront fee even after the issue being pointed out in Audit was in contradiction with the stand taken by AAI while valuing the land on the basis of upfront fee. This would indicate that the Ministry decided to silently ignore the violation of OMDA by AAI.

Ministry has not been able to provide a convincing reply as to why a private operator should be levied a fee which is much lower than that fixed by Government for its own departments.

2.6 Commercial exploitation of 239.95 acres valued at ₹ 100 crore per acre

In terms of Article 2.2.4 of OMDA, DIAL can utilize five *per cent* of the total demised premises of 4799.09 acres of land for provision of non-transfer assets. This amounts to 239.95 acres of land. Non-transfer assets are defined as such assets required to provide Non-Aeronautical Services as listed in Part II of Schedule 6 of OMDA. This in effect means that such land is available for commercial exploitation. This land is commonly known as hospitality land.

AERA in a communication to Audit has informed (March 2012) that value of 195⁷ acres of hospitality land has been worked out at the rate of ₹ 100 crore per acre. The valuation was made by M/s Merill Lynch in their Report of 26 August 2011. It was stated that since the remaining 45 acres had already been monetized through lease rentals, AERA did not work out the value of the 45 acres. It is felt in audit that it would be reasonable to assume that for the remaining 45 acres also, the valuation would be the same. Based on this valuation, the current value of the hospitality land would amount to ₹ 24000 crore.

DIAL in a letter dated 27 September 2007 (Annexure-I) to the Joint Secretary, MoCA worked out the earning potential of 45 acres of this area at ₹ 681.63 crore per acre. This was in addition to one time security deposit of ₹ 71.45 crore per acre.

⁷ Remaining 45 acres was already leased out by DIAL.

As of March 2012 DIAL has leased out only 45 acres of land. As against the projection of ₹ 1.92 crore per acre for 2012-2013, DIAL has actually reached a lease rental of ₹ 1.96 crore per acre for the year. DIAL has also received a security deposit of ₹ 1471 crore. While lease rental is shared by AAI, the security deposit is not.

Using DIAL's own projection for earning potential of ₹ 681.63 crore per acre, the same amounts to ₹ 163557 crore for 240 acres of land for 58 years. 45.99 *per cent* of the same amounting to ₹ 75220 crore would be AAI's share. The net present value at a discount rate of 10 *per cent* amounts to ₹ 3566 crore. The share of DIAL would amount to ₹ 88337 crore, net present value of which is ₹ 4187 crore.

Audit would like to draw attention to the fact that this area is part of the entire area of land that has been handed over to DIAL at the lease rent of ₹ 100 per annum except for ₹6.19 crore paid one time for 190.19 acres of land.

The gross revenue arising out of this asset being non-transfer asset, is not included in the target revenue for the purpose of determining the aeronautical charges in terms of State Support Agreement. Thus revenue so generated does not form part even of 30 *per cent* of the gross revenue utilized for cross subsidization of aeronautical costs. This fact was also confirmed by AERA order dated 20 April 2012 wherein it has stated that *"the Authority decided to exclude the gross revenue from non-transfer assets towards cross subsidization of aeronautical cost while determining the target revenue."*

MoCA stated (March 2012) that market value was never the basic criteria for privatization of airport business at Delhi. Further the revenue that will accrue to DIAL would also be shared with AAI.

2.7 Airport Development Fee

Article 13.1 of OMDA states:

"It is expressly understood that the JVC shall arrange for financing and /or meeting all financing requirements through suitable debt and equity contributions in order to comply with its obligations hereunder including development of the airport pursuant to the Master Plan and the major development plans."

In contradiction to the above provisions, in reality, 27.32 *per cent* of the project funding came from Airport Development Fee levied on the travelling public. As would be apparent from the various provisions of the concerned Acts and as later confirmed by the Courts, approval of the Ministry vide its order in February 2009 to the levy and collection of Airport Development Fee by DIAL was wrong. It also amounted to extension of undue advantage to DIAL.

Ministry of Civil Aviation vide their order No AV 24011/002/2008-AD dated 9 February 2009 conveyed the approval of the Central Government under Section 22A of the AAI Act 1994 as amended in 2003, for levy of Development Fee by DIAL at IGI Airport. Section 22A of the said Act reads as follows:

“Section 22A: The Authority⁸ may, after the previous approval of the Central Government in this behalf, levy on, and collect from, the embarking passengers at an airport, the development fees at the rate as may be prescribed and such fees shall be credited to the Authority and shall be regulated and utilized in the prescribed manner, for the purposes of

- (a) Funding or financing the costs of upgradation, expansion or development of the airport at which the fee is collected; or*
- (b) Establishment or development of a new airport in lieu of the airport referred to in clause (a); or*
- (c) Investment in the equity in respect of shares to be subscribed by the authority in companies engaged in establishing, owning, developing, operating or maintaining a private airport in lieu of the airport referred to in clause (a) or advancement of loans to such companies or other persons engaged in such activities.”*

As would be clear, the section did not authorise the Central Government to allow DIAL to levy and collect such development fees to meet the project cost for upgradation of the Indira Gandhi International Airport.

More importantly, allowing DIAL to levy and use the development fees violates one of the basic provisions of OMDA, which was part of the bid documents.

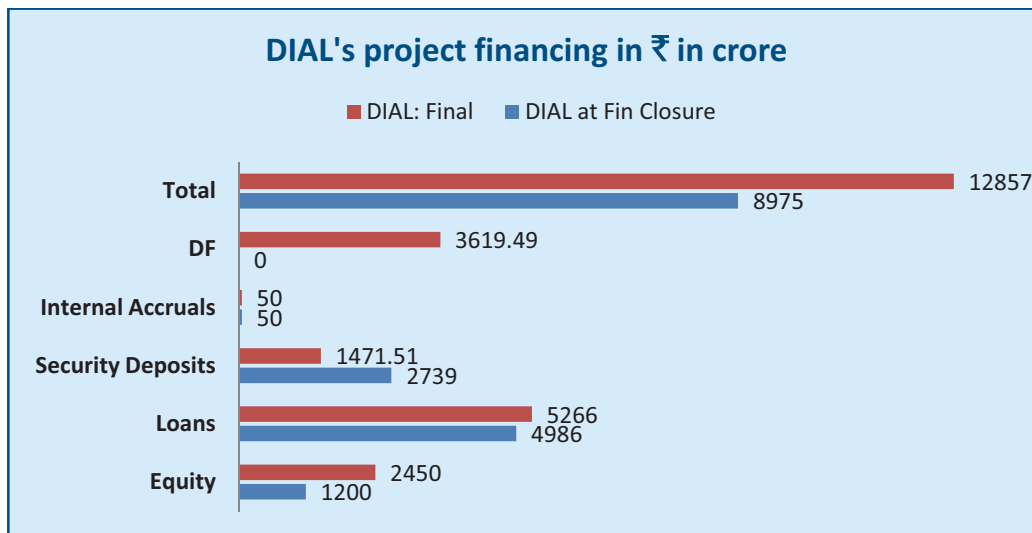
Request for Proposal (RFP)/OMDA did not mention about funding the project cost of the airport through levy of DF. In case DF was to be levied after OMDA, this decision should have been known to all the bidders at the time of bidding to ensure that all the bidders submit their bids with prior knowledge of this fact. The decision to levy DF after the effective date amounts to contractual deviation and amounts to funding of the project cost through DF collected from the passengers. **The action of the Ministry of Civil Aviation was also in contravention of the provisions in OMDA and thus vitiated the bidding process.**

DF constituted 27.32 *per cent* of the Capital Expenditure compared to 19 *per cent* equity contribution by the shareholders in DIAL. DF emerges as a significant component of project cost, as it is two and a half times of the security deposits collected by DIAL and one and a half times of the equity contribution by the shareholders of DIAL.

Further, approval of AERA for levy of DF by DIAL in exercise of the powers conferred by Section 13(1)(b) of AERA Act 2008 read with section 22 A of AAI Act 1994 to bridge the funding gap was a post contractual benefit provided to DIAL which was neither envisaged in the Request For Proposal nor included under any provision of OMDA or in the SSA. This has led to undue benefit to DIAL of ₹ 3415.35 crore collected or to be collected from passengers using Indira Gandhi International Airport.

⁸ Refers to Airports Authority of India

2.8 DIAL's financing of the Project



Out of the total capital expenditure of ₹ 12857 crore claimed by DIAL, AERA has admitted ₹ 12502.86 crore as the total project cost. The funding gap to the tune of ₹ 3415.35 crore was permitted by AERA to be collected from the passengers through levy of DF which was not envisaged in OMDA and SSA.

As would be seen from the above, out of the total capital expenditure of ₹ 12857 crore, the promoter's equity has been ₹ 2450 crore out of which 26 per cent is contributed by AAI. 74 per cent of the equity capital of ₹ 2450 crore is ₹ 1813 crore.

Out of the capital expenditure of ₹ 12857 crore, only 19 per cent of the capital expenditure has been promoters' contribution. ₹ 5266 crore have come from loans and ₹ 1471 crore has come from Security Deposits. While only ₹ 50 crore has come from internal accruals, ₹ 3415.35⁹ crore have come from Airport Development Fees.

It was also noted in audit that in case of Indira Gandhi International Airport, the contribution of internal accruals has been the barest minimum. It was only ₹ 50 crore. In case of Mumbai airport, internal accrual was ₹ 1999 crore.

Thus, with a owner's equity contribution of ₹ 2450 crore out of which 26 per cent is AAI's contribution, DIAL have got an airport in the capital of India for thirty plus thirty years and in addition commercial rights of land valued at ₹ 24000 crore. Other substantial benefits have also accrued to DIAL. The equity contribution of the private partner is ₹ 1813 crore.

⁹ The amount allowed by AERA to be collected from the passengers as Development Fees

2.9 Additional issues relating to Land

As per Article 2.6.1 of OMDA, AAI agreed to lease out land as Demised¹⁰ Premises to DIAL, along with the existing buildings, described and delineated, as per schedule 25 of OMDA, other than land along with buildings under existing leases and carved out assets as per schedule 28 and 27 respectively of OMDA, on 'as is where is' basis. Accordingly, AAI initially leased to DIAL 4608.9 acres of land out of total 5106 acres of land at IGI Airport along with buildings, constructions or immovable assets, from the effective date. This land was leased on a highly concessional annual lease rent of ₹ 100 per annum for total land, payable in advance on 1 of April of every year. Later another 190.19 acres of land were also leased out.

2.10 Lack of Land records at IGI Airport.

As per the records of Directorate of Land of the AAI, total land available on effective date at IGI Airport was 5106 acres of which 4799.09 acres was demised premises and 306.91 acres was carved out asset as on 9 February 2011. However, Audit was not able to verify the same as the details of khasara number, land award orders issued by Land Acquisition Collector were not available with AAI.

Absence of clear title deeds in respect of land at IGI Airport Delhi was also pointed out by Audit earlier while finalizing the Annual Accounts of AAI during 2005-06. MoCA stated (March 2012) that the Indira Gandhi International Airport belongs to Civil Aviation Department prior to independence and the land was subsequently transferred to AAI through AAI Act 1971 on 'as is where is' basis. It was also stated that due to the absence of any claimants to the land handed over, the land is clear of title.

It was noticed that before the public land was transferred to DIAL, no joint physical survey was conducted. Considering the commercial potential of the public land transferred to private parties, it is necessary that a survey is undertaken and physical markings are erected to identify the demised land and carved out assets for future. This is all the more important as five *per cent* of the land is allowed for commercial exploitation by DIAL.

¹⁰ Demised premises means the land handed over to DIAL on lease for development of the IGI airport