

**F. No. AERA/20010/MYTP/Goa/CP-III/2021-26**

**Consultation Paper No. 29/2021-22**



**AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA**

**IN THE MATTER OF  
DETERMINATION OF AERONAUTICAL TARIFF FOR  
GOA INTERNATIONAL AIRPORT  
FOR THE THIRD CONTROL PERIOD  
(01.04.2021 - 31.03.2026)**

**Date of issue: 27.01.2022**

**AERA Building  
Administrative Complex  
Safdarjung Airport  
New Delhi – 110003**

## STAKEHOLDERS' COMMENTS

The Authority is aware of the fact that since the early months of 2020 the Aviation Sector has been faced with severe disruptions and uncertainty on account of the COVID-19 global pandemic. The Authority is also cognizant of the recent trends on account of the second wave of infections and their impact on the industry as a result of the prevailing restrictions in air travel, both domestic and international, across the world. The Authority is inclined to avoid any delay in approval and implementation of tariffs for the Third Control Period and therefore has released this Consultation Paper currently in which the proposals have been put forward based on Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by the Airport Operator.

The Authority, in the context of the COVID-19 pandemic, after considering all information currently available, the views of the Airport Operators, industry bodies such as IATA, ACI, and CAPA on this matter, and analysing various scenarios, has reviewed the necessary adjustments in traffic and other regulatory building blocks on account of the expected changes and uncertainties in the prevailing business scenario. However, these adjustments would be finalised only after consideration of valuable comments from the stakeholders.

For this Consultation Paper, the Authority has considered the audited financial results (being the audited Trial Balance for Goa Airport) for all the 5 tariff years of the Second Control Period (FY 2017- FY 2021).

The Authority shall consider written evidence-based feedback, comments and suggestions from all the stakeholders on the proposals made in the Consultation Paper and pass a suitable Order determining the Tariff for airport services.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 29/2021-22 dated January 27, 2022 are invited from the stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)  
Airports Economic Regulatory Authority of India (AERA),  
AERA Administrative Complex,  
Safdarjung Airport, New Delhi – 110003, India  
Email: [rajan.guptal@aera.gov.in](mailto:rajan.guptal@aera.gov.in), copy to [director-ps@aera.gov.in](mailto:director-ps@aera.gov.in) and [secretary@aera.gov.in](mailto:secretary@aera.gov.in)

<b>Stakeholder Consultation Meeting:</b>	February 15, 2022
<b>Last Date for submission of comments:</b>	February 28, 2022
<b>Last Date for submission of counter comments:</b>	March 10, 2022

Comments will be posted on AERA's website: [www.aera.gov.in](http://www.aera.gov.in).

For any clarification/ information, Director (P&S, Tariff) may be contacted at Telephone Number: Tel: 011-24695043

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**GLOSSARY**

Abbreviation	Full Form
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
AERA	Airports Economic Regulatory Authority of India
ANS	Air Navigation Services
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
AOCC	Airports Operations Control Centre
AUCC	Airport Users Consultative Committee
BCAS	Bureau of Civil Aviation Security
BIAL	Bangalore International Airport Limited
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
Capex	Capital Expenditure
CFT	Crash Fire Tender
CHQ	Central Headquarters
CIAL	Cochin International Airport Limited
CISF	Central Industrial Security Force
CSR	Corporate Social Responsibility
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
FA	Financing Allowance
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
GHIAL	GMR Hyderabad International Airport Limited
GoI	Government of India
GST	Goods and Services Tax
IDC	Interest During Construction
MoCA	Ministry of Civil Aviation
MoU	Memorandum of Understanding
MPPA	Million Passengers per Annum
MYTP	Multi-Year Tariff Proposal
MIAL	Mumbai International Airport Limited
NAR	Non-aeronautical revenue
PCN	Pavement Classification Number
PMC	Project Management Consultancy
PPP	Public Private Partnership
PSF	Passenger Service Fee
PTB	Passenger Terminal Building
RAB	Regulatory Asset Base
RHQ	Regional Headquarters
SITC	Supply, Installation, Testing & Commissioning
Sq.m.	Square Metres
UDF	User Development Fees



## GLOSSARY

Abbreviation	Full Form
YPP	Yield per Passenger

## 1 INTRODUCTION

### 1.1. Background

- 1.1.1. Dabolim International Airport ('Goa International Airport' or 'Goa Airport'), owned and operated by the Airports Authority of India as a civil enclave in an Indian Navy naval airbase named INS Hansa, is currently the 9<sup>th</sup> busiest airport (as per data on top 50 busiest airports for FY 2019-20)<sup>1</sup> in India by passengers handled and 9<sup>th</sup> busiest airport (as per data on top 50 busiest airports for FY 2019-20)<sup>2</sup> by air traffic movements.
- 1.1.2. The airport was inaugurated and received international airport status in December 2013. It is situated 5 kilometres from the nearest city, Vasco da Gama, and 23 kilometres from Margao, and about 30 kilometres from the Goa state capital, Panjim city.

### 1.2. Goa International Airport

- 1.2.1. The total area of Goa Airport is 44 acres. The total area of the Airport's integrated Terminal Building is of 65,235 Sq.m, which handles both domestic and international operations:
- The Aeronautical area within the above Terminal Building is of 60,402 Sq.m. and the Non-aeronautical area is of 4,833 Sq.m.
  - The Airport has the capacity to handle 750 (domestic and international passengers) at Arrival and 2,000 (domestic and international passengers) at Departure during peak hours.
- 1.2.2. As per the AERA (Amendment) Act 2019, a "major airport" means any airport which has or is designated to have, passenger throughput in excess of 3.5 MPPA or any other airport as the Central Government may by notification, specify as such. Goa International Airport is a major airport, which initially had a designated capacity of 4.55 MPPA. Later, after restructuring of the airport, the designated capacity had been enhanced from 4.55 MPPA to 7.65 MPPA. The domestic passengers for FY 2019-20 were 7.65 MPPA (92% of total passenger traffic) and international passengers for FY 2019-20 was 0.7 MPPA (8% of total passenger traffic).
- 1.2.3. The length of the Airport's Runway is about 3,426 metres and it has one parallel taxi track. Further, it has 15 link taxi tracks and 11 apron bays. The total area of car parking is about 11,543 Sq.m.

### 1.3. Cargo Operations

- 1.3.1. The following Cargo airlines fly to the Goa Airport:

#### a) Domestic

- Air India
- Indigo Airlines
- Air Asia
- SpiceJet
- Go First (erstwhile GoAir)
- Vistara

#### b) International

- Air India
- Air Arabia
- Qatar Airways
- Oman Air

<sup>1</sup> As per data on top 50 busiest airports for FY 2019-20, published by AAI

<sup>2</sup> As per data on top 50 busiest airports for FY 2019-20, published by AAI

## 2 MULTI YEAR TARIFF PROPOSAL SUBMISSION BY GOA INTERNATIONAL AIRPORT

### 2.1. Introduction

2.1.1 AERA was established by the Government of India vide notification No. GSR 317(E) dated 12<sup>th</sup> May 2009. The functions of AERA, in respect of major airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') which are as below:

- a) To determine the tariff for Aeronautical services taking into consideration –
  - i. the capital expenditure incurred and timely investment in the improvement of airport facilities.
  - ii. the service provided, its quality and other relevant factors.
  - iii. the cost for improving efficiency.
  - iv. economic and viable operation of major airports.
  - v. revenue received from services other than the Aeronautical services.
  - vi. the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and
  - vii. any other factor which may be relevant for the purpose of the Act.
- b) To determine the amount of the development fees in respect of Major Airports.
- c) To determine the amount of the passengers service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.
- d) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorised by it in this behalf.
- e) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and
- f) To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act.

2.1.2 The terms "aeronautical services" and "major airports" are defined in Sections 2(a) and 2(i) of the Act, respectively.

2.1.3 As per AERA Act, the following are the Aeronautical services for which tariff is determined by the Authority:

- i. Aeronautical services provided by the airport operators.
- ii. Cargo, Ground Handling and Fuel Supply Services; and
- iii. Air Navigation Services.

Tariff determination for Air Navigation Services is carried out by the Ministry of Civil Aviation (MoCA) across all airports to maintain uniformity.

2.1.4 AERA has, after extensive stakeholder consultation, finalised its approach to the economic regulation of services categorised in para 2.1.3 above. Detailed Guidelines laying down information requirements, periodicity and procedure for Tariff determination have also been issued. The details of Orders and

## MULTI YEAR TARIFF PROPOSAL SUBMISSION BY GOA INTERNATIONAL AIRPORT

Guidelines issued in this behalf are as under:

- i. Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators); and
- ii. Order No. 05 dated 02.08.2010 ((Regulatory philosophy and approach in Economic Regulation of the services provided for Cargo facility, Ground Handling and Supply of Fuel to aircrafts); Order No. 12 dated 10.01.2011 and Direction No. 4 dated 10.01.2011 (Terms and conditions for determination of tariff for services provided for Cargo facility, Ground Handling and Supply of Fuel to aircrafts).
- iii. Order No. 07/2016-17 dated 13.06.2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).
- iv. Order No. 14/2016-17 dated 23.01.2017 (Aligning certain aspects of AERA's regulatory approach with the provisions of the National Civil Aviation Policy – 2016).
- v. Order No. 20/2016-17 dated 31.03.2017 (Allowing concession to RCS flights under Regional Connectivity Scheme (RCS)).
- vi. Order No. 35/2017-18 dated 12.01.2018 and Amendment No. 01 to Order No. 35/2017-18 dated 09.04.2018 (In the matter of determination of useful life of Airport assets).
- vii. Order No. 42/2018-19 dated 05.03.2019 (Determination of FRoR to be provided on the cost of Land incurred by various Airport Operators in India).

- 2.1.5 AAI had submitted Multi Year Tariff Proposal (MYTP) for the Second Control Period from April 1, 2016, till March 31, 2021. AERA vide its Order No. 16/2017-18 dated October 30, 2017, had determined tariffs for Aeronautical services for Goa International Airport for the Second Control Period.
- 2.1.6 As per proviso to clause 3.1 of the Airport Guidelines, the Airport Operator(s) are required to submit to the Authority for its consideration, a Multi-Year Tariff Proposal (MYTP) for the respective Control Periods within the due date as specified by the Authority. Goa International Airport has submitted the MYTP for the Third Control Period commencing from FY 2021-22 to FY 2025-26 on August 17, 2021. The document is available on the AERA's website along with the Consultation Paper.
- 2.1.7 The Authority had appointed an independent consultant, M/s R. Subramanian and Company LLP to assess the MYTP submitted by AAI for Goa International Airport. Accordingly, M/s R. Subramanian and Company LLP has assisted the Authority in examining the MYTP of the Airport Operator, including verifying the data from various supporting documents submitted by the Airport Operator, examining the building blocks in tariff determination, and ensuring that the treatment given to it is consistent with the Authority's methodology and approach.
- 2.1.8 AAI has informed that accounts of AAI are audited by the Comptroller and Auditor General of India ('CAG') as mandated by the AAI Act. The CAG audits the financial records and statements of AAI airports, regional and field offices. However, the CAG issues the final audit certificate for the AAI as a whole and only trial balance is available for Goa Airport. The Authority has examined the audited trial balance submitted by AAI for determination of tariff.
- 2.1.9 The Authority as part of its examination of the MYTP had raised queries and sought clarification on the assumptions used in the MYTP submitted by AAI. The Authority has reviewed the MYTP and the clarifications submitted by AAI from time to time and has considered the same in its examination of

the regulatory building blocks, which have been explained in the ensuing chapters.

2.1.10 All the figures presented in this Consultation Paper, have been rounded off up to two decimals.

### 3 FRAMEWORK FOR DETERMINATION OF TARIFF FOR GOA INTERNATIONAL AIRPORT

#### 3.1. Methodology

3.1.1. The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 and the Airport Guidelines issued by AERA.

3.1.2. As per the guidelines, for the Second Control Period, the Authority had adopted the Hybrid-Till mechanism for tariff determination, wherein, only 30% of the Non-aeronautical revenue is to be used for cross-subsidising the Aeronautical charges. The Authority has considered the same methodology in the true up of the Second Control Period and for tariff determination in the Third Control Period.

3.1.3. The ARR under hybrid till for the Control Period (ARR) shall be expressed as under:

$$ARR = \sum_{t=1}^5 ARR_t$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - s \times NAR_t$$

Where,

- $t$  is the tariff year in the control period, ranging from 1 to 5
- $ARR_t$  is the Aggregate Revenue Requirement for tariff year ‘ $t$ ’
- $FRoR$  is the Fair Rate of Return for the Control Period
- $RAB_t$  is the Aeronautical Regulatory Asset Base for tariff year ‘ $t$ ’
- $D_t$  is the Depreciation corresponding to the Regulatory Asset Base for tariff year ‘ $t$ ’
- $O_t$  is the Aeronautical Operation and Maintenance expenditure for the tariff year ‘ $t$ ’
- $T_t$  is the Aeronautical taxation expense for the tariff year ‘ $t$ ’
- $s$  is the cross-subsidy factor for revenue from services other than Aeronautical services. Under the Hybrid Till methodology followed by the Authority,  $s = 30\%$ .
- $NAR_t$  is the Non-aeronautical revenue in tariff year ‘ $t$ ’.

3.1.4. Based on ARR, Yield per passenger (Y) is calculated as per the formula given below:

$$Yield\ per\ passenger(Y) = \frac{\sum_{t=1}^5 PV(ARR_t)}{\sum_{t=1}^5 VE_t}$$

- Where,  $PV(ARR_t)$  is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. The Authority has considered discounting cash flows, one year from the start of the Control Period.
- $VE_t$  is the passenger traffic in year ‘ $t$ ’.

#### 3.2. Control Period

3.2.1. In terms of Direction No. 5 issued on 28 February 2011, Control Period means “a period of five Tariff Years during which the Multi Year Tariff Order and Tariff(s) as determined by the Authority pursuant to such order shall subsist”. The Second Control Period for Goa International Airport was from April 1,

2016 to March 31, 2021. The Third Control Period is from April 1, 2021 till March 31, 2026.

**3.3. Revenues from Air Navigation Services (ANS) and Cargo**

- 3.3.1. AAI provides Air Navigation Services (ANS) in addition to landing, parking and other Aeronautical services at Goa Airport. AAI has submitted that the tariff proposal does not consider revenues, expenditure, and assets on account of ANS. This Consultation Paper discusses the determination of tariffs for Aeronautical services at the airport excluding ANS.
- 3.3.2. AAI has further submitted that all Cargo Operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), its wholly owned 100% subsidiary and the tariff proposal does not consider expenditure and assets on account of cargo operations. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's internal agreement with AAICLAS.
- 3.3.3. This Consultation Paper discusses the determination of tariff for Aeronautical services at Goa International Airport excluding Cargo Operations. The tariff related to Cargo Operations of Goa International Airport will be determined separately since its operations are carried out by AAICLAS.

## 4 TRUE UP FOR THE SECOND CONTROL PERIOD

### 4.1 Goa International Airport's submission on True up for the Second Control Period

4.1.1. Goa International Airport has submitted the following shortfall of ₹ 350.16 Crores for the Second Control Period, as part of its MYTP submission for the Third Control Period:

Table 1: True up for Second Control Period submitted by AAI

(₹ Crores)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Total
<b>Total Revenue from Regulated Services (a)</b>	<b>50.90</b>	<b>67.80</b>	<b>151.90</b>	<b>149.67</b>	<b>49.37</b>	<b>469.65</b>
Revenue from services other than Regulated Services (30% considered for Hybrid Till) (b)	14.24	14.87	26.56	33.37	2.76	<b>91.81</b>
Operating Expenditure (c)	48.86	66.84	89.53	100.93	102.86	<b>409.02</b>
Working Capital Interest (d)	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Depreciation (e)	14.29	16.38	18.80	22.10	25.40	<b>96.97</b>
Total Expenditure (c) + (d) + (e) = (f)	63.14	83.21	108.33	123.04	128.26	<b>505.99</b>
Regulatory operating Profit (a) + (b) - (f) = (g)	2.00	(0.54)	70.12	60.01	(76.12)	<b>55.47</b>
Average RAB = (h)	269.27	298.93	323.49	360.96	411.83	<b>1,664.47</b>
Return on Average RAB (h) * 14% (i)	37.90	42.03	45.45	50.68	57.79	233.85
Return on Land (j)	0.00	0.00	0.00	0.01	0.01	<b>0.02</b>
Financing Allowance for the First Control Period (k)	1.61	0.00	0.00	0.00	0.00	<b>1.61</b>
Tax @ 34.944% (FY18-19) & 25.17% w.e.f. FY 19-20 on (g) = (l)	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
(Excess)/Shortfall of FCP (m)	53.00					<b>53.00</b>
<b>ARR</b> [(f)+(i)+(j)+(k)+(l)+(m)]-(b) = (n)	<b>141.41</b>	<b>110.37</b>	<b>127.22</b>	<b>140.35</b>	<b>183.29</b>	<b>702.65</b>
<b>(Excess)/Shortfall (a-n)</b>	<b>90.50</b>	<b>42.57</b>	<b>(24.67)</b>	<b>(9.32)</b>	<b>133.92</b>	<b>233.00</b>
<b>Shortfall including Return @14%</b>	<b>174.26</b>	<b>71.90</b>	<b>(36.55)</b>	<b>(12.11)</b>	<b>152.67</b>	<b>350.16</b>

### 4.2 Authority's analysis of True up for the Second Control Period

4.2.1. The Authority has looked into the decisions taken at the time of determination of tariff for the Second Control Period and has then proceeded to examine the same as part of the tariff determination for the current Control Period.

4.2.2. The decisions taken at the time of determination of tariff for Aeronautical services for the Second Control Period vide Order No. 16/ 2017-18 dated October 30, 2017 have been reproduced below:

- **Decision No:3b – Traffic Forecast:** The Authority decides to true up the traffic volume (ATM and Passengers) based on actual traffic in Second Control Period while determining tariff for the Third Control Period.
- **Decision No. 6b – Capex:** The Authority directs AAI to undertake user stakeholder consultation process for major capital expenditure items as per the Guidelines
- **Decision No. 6c – Capex:** The Authority decides to true up the opening RAB of the next control period depending on the Capex incurred and date of capitalisation of underlying assets in a given year.
- **Decision No. 7b – Depreciation:** The Authority decides to consider the recommendations of the



## TRUE UP FOR THE SECOND CONTROL PERIOD

*study on depreciation and finalise the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.*

- **Decision No. 8b - RAB:** *The Authority decides to true up the RAB of Second Control period based on actual asset addition and revised depreciation rates based on the outcome of the study commissioned by the Authority at the time of determination of tariff for the Third Control Period.*
- **Decision No. 10c – Non-aeronautical revenues:** *The Authority decides that Non-aeronautical revenues will be trued up if its higher than the projected revenues. In case there is a shortfall, true up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realising the projected revenues.*
- **Decision No. 11b – O&M expenses:** *The Authority expects AAI to reduce O&M expenditure over a period of time.*
- **Decision No. 11c - O&M expenses:** *The Authority decides to true up the O&M expenses for 2016-17 to 2020-21 of the 2nd Control Period based on the actuals at the time of determination of tariffs for the Third Control Period.*
- **Decision No. 11d – O&M expenses:** *The Authority decides the following factors for corrections while determining tariffs for the next control period:*
  - i. *Mandated cost incurred due to directions issued by Regulatory Agencies like DGCA*
  - ii. *Cost of actual operating expenses including electricity*
  - iii. *All statutory levies in the nature of fees, levies, taxes and such other charges by Central or State Government or local bodies, local taxes, levies directly imposed on and paid by AAI on final product/ service provided by AAI will be reviewed by the Authority for the purpose of corrections.*
- **Decision No. 12b – Taxation:** *The Authority decides to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the Second Control period during determination of tariffs for the Third Control Period.*

### 4.3 True up of Traffic

- 4.3.1. Goa International Airport has submitted Passenger Traffic and ATM for the Second Control Period as follows:

*Table 2: AAI's submission for True up of traffic for the Second Control Period for Goa International Airport*

Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
2016-17	60,51,602	8,04,760	68,56,362	42,698	5,103	47,801
2017-18	67,71,985	8,35,264	76,07,249	45,666	4,901	50,567
2018-19	76,85,581	7,81,745	84,67,326	52,401	4,545	56,946
2019-20	76,51,362	7,04,878	83,56,240	53,636	4,019	57,655
2020-21	28,50,679	39,866	28,90,545	21,785	356	22,141
<b>Total</b>	<b>3,10,11,209</b>	<b>31,66,513</b>	<b>3,41,77,722</b>	<b>2,16,186</b>	<b>18,924</b>	<b>2,35,110</b>

**Authority's examination and proposal for traffic as part of tariff determination for the current control period:**

- 4.3.2. The Authority verified the actual Passenger traffic and ATM (as per Table 2) for the Second Control

## TRUE UP FOR THE SECOND CONTROL PERIOD

Period with AAI's website and noted no variances. The traffic approved by the Authority in the Tariff Order No. 16/ 2017-18 for the Second Control Period is shown in the table below:

*Table 3: Passenger traffic and ATM approved by the Authority in the Tariff Order for the Second Control Period*

Year	Domestic Passengers	International Passengers	Total traffic	Domestic ATM	International ATM	Total ATM
2016-17	60,51,602	8,04,760	68,56,362	42,701	5,094	47,795
2017-18	69,03,138	8,43,247	77,46,385	47,120	5,347	52,467
2018-19	78,74,495	8,83,575	87,58,070	51,996	5,612	57,608
2019-20	89,82,535	9,25,832	99,08,367	57,376	5,890	63,266
2020-21	1,02,46,489	9,70,109	1,12,16,598	63,313	6182	69,495
<b>Total</b>	<b>4,00,58,259</b>	<b>44,27,523</b>	<b>4,44,85,782</b>	<b>2,62,506</b>	<b>28,125</b>	<b>2,90,631</b>

- 4.3.3. The Authority notes from the above table that the actual Passenger traffic and ATM for the first three tariff years of the Second Control Period (as per Table 3) is more or less in line with that approved by the Authority in the Tariff Order for the Second Control Period, although there are minor deviations
- 4.3.4. Further, the Authority notes that there is substantial variance in the passenger traffic and ATM for the FY 2019-20 between the actual traffic and the projections approved in the Tariff Order for the Second Control Period, which is attributable to the adverse impact of COVID-19 pandemic. After the outbreak of COVID-19 pandemic in December 2019, many chartered flights were cancelled from January 2020, due to which the domestic and international passenger traffic have been showing a decreasing trend.
- 4.3.5. The actual traffic for the 5<sup>th</sup> tariff year viz., FY 2020-21 is significantly lower than the projections submitted in Tariff order for the Second Control Period, due to the adverse impact of the ongoing COVID-19 pandemic.
- 4.3.6. Based on the above analysis, the Authority proposes to consider the actual traffic submitted by AAI for the Second Control Period, as shown in Table 2.

## 4.4 True up of Capital Expenditure and Depreciation

- 4.4.1. Capex approved by the Authority in the Tariff Order for Second Control Period is ₹ 155.30 Crores. *(a)*
- 4.4.2. Actual Capex for the Second Control Period is ₹ 260.58 Crores. *(b)*
- 4.4.3. Variance *(b-a)*: ₹ 105.28 Crores (68%). These have been detailed in the below tables.

*Table 4: Capital expenditure approved in the Tariff Order for the Second Control Period*

(₹ Crores)							
S. No	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	Runways, Taxiways, Aprons-Freehold	-	-	-	-	90.0	90.0
2	Terminal and Other Buildings	0.7	19.6	-	-	-	20.3
3	Building Residential	-	26.8	-	-	-	26.8
4	Security Fencing- Temporary	-	1	-	-	-	1.0
5	Tools and Equipment	1.1	-	-	-	-	1.1
6	Electrical installations	0.5	15.5	-	-	-	16
7	CFT/Fire fighting Equipment	-	0.1	-	-	-	0.1

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S. No	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Total
	<b>Total</b>	<b>2.3</b>	<b>63.0</b>	<b>0.0</b>	<b>0.0</b>	<b>90.0</b>	<b>155.3</b>

*Table 5: Capital additions during the Second Control Period submitted by AAI for Goa International Airport*

(₹ Crores)

S. No	Asset category	Capex approved by AERA	Actual capex incurred	Financing Allowance	Remarks
<b>A. Capex incurred towards projects approved by AERA for Second Control Period</b>					
1	Runways, Taxiways, Aprons-Freehold	90.00	67.44	9.10	Refer Annexure III for item wise details
2	Terminal and Other Buildings	20.30	52.02	3.58	
3	Building Residential	26.80	0.00		
4	Security Fencing- Temporary	1.00	-		
5	Tools and Equipment	1.10	26.31	0.12	
6	Electrical installations	16.00	0.00		
7	CFT/Fire-fighting Equipment	0.10	0.03		
	<b>Total Approved Capex (A)</b>	<b>155.30</b>	<b>145.80</b>	<b>12.80</b>	
<b>B. Unplanned/ Unapproved Capex incurred by Goa International Airport during Second Control Period</b>					
8	Roads, Bridges & culverts	-	0.28		Refer Annexure IV for item wise details
9	Temporary Building	-	0.86		
10	Computers & Peripherals	-	0.89	0.01	
11	Software	-	0.14		
12	Plant and Machinery	-	68.06	1.68	
13	Vehicles	-	0.69		
14	Office Equipment	-	1.00		
15	Furniture & Fixtures - Operational Area	-	9.09	0.02	
16	ATM Furniture	-	1.49		
17	X-Ray	-	17.78		
	<b>Total Unapproved Capex (B)</b>	<b>-</b>	<b>100.28</b>	<b>1.71</b>	
	<b>Total Capex incurred (A+B)</b>	<b>-</b>	<b>246.08</b>	<b>14.51</b>	

**Authority's examination and proposal for Capital expenditure and depreciation as part of tariff determination for the current control period:**

- 4.4.4. The Authority analyzed the variances between Approved Capex (as per the Tariff Order for the Second Control Period) and the Actual Capex for the Second Control Period. The major items of variances have been presented asset-wise in the below paragraphs.

**A. Capex incurred towards projects approved by AERA for Second Control Period**

**A2. Terminal Building and other Buildings:**

The variance between the Approved Capex and Actual Capex for the Second Control Period for Terminal and Other Buildings were on account of the following:

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- Extension of Western side finger at a cost of ₹ 38.76 Crores for both civil and electrical works which is capitalized in the second control period in the Aeronautical ratio of Terminal Building i.e. 92.5%:7.5%.
- Construction of Admin Block at a cost of ₹ 2.20 Crores.
- Final payments for construction of New International Terminal Block approved in the First Control Period along with suitable modifications required for segregation of Domestic and International passengers to meet the requirements of robust traffic growth and passenger facilitation at Goa Airport. The same has been approved in the AUCC meeting no AAI/GOA/APD/AERA/2017/889/1623 dated March 28, 2017.

**A3. Building Residential:** The Authority noted that Construction of Residential quarters amounting to ₹ 26.77 Crores was completed on July 31, 2018. However, due to certain policy changes by the State Government of Goa, there was delay in the grant of Panchayat License, which was subsequently issued on July 29, 2020. After the receipt of the above license, AAI was in the process of securing MPDA permission (which was obtained on September 16, 2021). AAI has stated that completion certificate from MPDA and Occupation certificate from Chicalim Panchayat is awaited, after which the asset is expected to be put to use in March 2022. The Authority has considered the same and included the above capex towards Residential quarters in the RAB for the Third Control Period (in the FY 2021-22).

**A5. Tools and Equipment majorly** comprises of expenditure incurred towards

- Installation of threat containment vessel (This is a fully enclosed vessel designed to safely transport and test explosive devices) at Goa Airport amounting to ₹ 8.69 Crores
- Purchase of Mobile Radio Operative vehicle (MROV) at a cost of ₹1.60 Crores – which is part of Bomb detection and Disposal System (BDDS).
- Installation of Access Control System at Goa Airport amounting to ₹ 6.17 Crores.
- Other items such as Luggage containment vessel, Passenger processing service, Human Life detectors etc.

### **B. Unplanned/ Unapproved Capex incurred by Goa International Airport during Second Control Period**

**B12. Plant and Machinery:** The Authority noted that capital expenditure incurred for plant and machinery includes the following:

- Supply, Installation, testing and commissioning of Inline Baggage System (ILBS) at a cost of ₹ 15.84 Crores for faster movement and flawless security screening of baggage in order to manage the increased passenger movement.
- Installation of Aerobridges and other equipment of ₹ 14.71 Crores in the New International Terminal Block (NITB).
- Additional Passenger Boarding Bridges & AVDGS for ₹ 7.91 Crores incurred for passenger facilitation due to increase in passengers.
- Other items (for ₹ 29.90 crores) include expenditure incurred on construction of elevators, air conditioners, conveyors, CCTVs etc., due to extension of NITB on Western Finger for operation requirement & facilitation of passengers.

**B15. Furniture and Fixtures – Operational area:** The Authority noted that capital expenditure of ₹ 9.09 Crores was incurred towards providing realignment of immigration counters, fixing roll carpets and decorative LED smart panels at NITB as a part of operational requirements to facilitate passengers and also to increase ASQ rating by enhancing the outlook of the NITB.

**B17. X-Ray:** The Authority noted that an amount of ₹ 17.78 Crores incurred towards Registered Baggage X-ray system procured & supplied by CHQ to meet the operational & security requirements.

4.4.5. Upon analysis of the above capital expenditure, the Authority is of the view that most of these expenses were incurred by Goa International Airport for Security or Passenger facilitation purposes to mitigate threats and improve operational needs.

4.4.6. The Authority noted that Goa International Airport has capitalized Financing allowance of ₹ 14.51 Crores towards:

- Extension of Apron (₹ 9.10 Crores) and
- Construction of New International Arrival Block (₹ 5.41 Crores included under Terminal Building, Plant and Machinery and other assets as shown under Table 5) in the MYTP submitted for the true up of the Second Control Period.

Also, Goa Airport has claimed ₹ 1.61 Crores towards Financing allowance for the First Control Period. However, at the time of submission of the MYTP for the Second Control Period, such Financing allowance was not proposed by Goa Airport and the Authority also had not approved the same in the Tariff Order issued for Goa Airport for the Second Control Period. Further, it was noted that the above capital expenditure was carried out by Goa Airport using its own funds. The Authority is of the view that Financing allowance is essentially the Interest During Construction (IDC) for a project and should be provided only on the debt borrowings availed for execution of a project.

4.4.7. The Authority considers that giving an assured return on the equity investment even on the work-in-progress assets would result in reducing the risks associated with equity investment in capital projects. However, the airport operator is given a fair rate of return on equity when the capital assets are capitalized.

4.4.8. The Authority notes that developments at greenfield airports inherently take longer durations to commission and operationalize. Thus, Airport Operators would have to wait for a considerable duration before getting returns on large capital projects. Keeping this in view, the Authority had earlier provisioned for financing allowance in initial stages to such airports. It may be further noted that the Authority has never provided financing allowance in the case of brownfield airports. Further, financing allowance for Greenfield airports of BIAL, HIAL, and CIAL was allowed only for the initial stages of their development, after which such allowance was permitted only on the debt portion of the proposed capital expenditure.

The Authority also notes that Goa International Airport being one of the oldest airports in India, would not be eligible for such an allowance on the equity portion of newly funded capital projects. Further, it may also be noted that Financing Allowance is a notional allowance and would be different from the actual investment incurred by the Airport Operator which would include the interest during construction among other things. Therefore, the provision of Financing Allowance on the entire capital work in progress would lead to a difference between the projected capitalization and actual cost incurred, especially when the Airport Operator funds the projects through a mix of equity and debt.

Accordingly, based on the above analysis, the Authority proposes not to allow the Financing allowance of ₹ 14.51 Crores claimed by AAI for the Second Control Period and of ₹ 1.61 Crores claimed for the

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- 4.4.9. The Authority proposes to consider the actual capex as ₹ 246.08 Crores (after making the above adjustments on Financing allowance) for the purpose of true up for the Second Control Period. The same is detailed in the table below:

*Table 6: Capital additions as proposed by the Authority for True up of the Second Control Period*

(₹ Crores)

S. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
<b>A. Capex incurred towards projects approved by AERA for Second Control Period</b>							
1	Runways & Aprons	2.95	-	-	58.45	6.05	<b>67.45</b>
2	Building – Terminal & others	2.04	42.51	2.50	2.68	2.29	<b>52.02</b>
3	Building – Residential	-	-	-	-	-	<b>-</b>
4	Tools & Equipment	2.08	0.59	13.05	2.74	7.85	<b>26.31</b>
5	CFT & Fire- fighting equipment	0.03	-	-	-	-	<b>0.03</b>
	<b>Total (A)</b>	<b>7.10</b>	<b>43.10</b>	<b>15.55</b>	<b>63.87</b>	<b>16.19</b>	<b>145.81</b>
<b>B. Unplanned/ Unapproved Capex incurred by Goa International Airport during Second Control Period</b>							
6	Roads, Bridges & culverts	-	-	0.28	-	-	<b>0.28</b>
7	Temporary Building	-	-	0.86	-	-	<b>0.86</b>
8	Computers and Peripherals	0.27	0.10	0.34	0.15	0.03	<b>0.89</b>
9	Computer Software	-	0.04	0.03	0.06	-	<b>0.14</b>
10	Machinery	15.73	15.80	2.45	20.12	13.95	<b>68.06</b>
11	ATM Furniture	0.45	0.53	0.10	0.41	-	<b>1.49</b>
12	Vehicles	-	-	0.20	0.49	-	<b>0.69</b>
13	Office Equipment	0.64	0.29	0.05	0.01	0.00	<b>1.00</b>
14	Furniture & Fixtures – Trolleys	0.31	0.56	0.84	6.86	0.53	<b>9.09</b>
15	X-Ray Equipment	0.38	0.22	0.05	2.58	14.55	<b>17.78</b>
	<b>Total (B)</b>	<b>17.78</b>	<b>17.54</b>	<b>5.19</b>	<b>30.68</b>	<b>29.06</b>	<b>100.28</b>
	<b>Financing Allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (A+B)</b>	<b>24.88</b>	<b>60.64</b>	<b>20.75</b>	<b>94.55</b>	<b>45.25</b>	<b>246.08</b>

- 4.4.10. The depreciation on the above Capex has been recomputed by the Authority as ₹ 95.91 Crores and the same is presented in table below.

*Table 7: Depreciation proposed by the Authority for True up of the Second Control Period*

(₹ Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
Runways/Taxiway	0.44	0.44	0.44	0.44	0.44	2.22
Apron	0.05	0.10	0.10	1.07	2.15	3.46
Roads Bridges & Culverts	0.04	0.04	0.14	0.16	0.16	0.55
Terminal Buildings	7.83	8.57	9.29	9.35	9.43	44.48
Temporary Building	0.00	0.00	0.14	0.28	0.28	0.71

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Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
Residential Building	0.02	0.02	0.02	0.02	0.01	0.09
Temporary Boundary Wall	0.00	0.00	0.00	0.00	0.00	0.00
Boundary Wall (Operational)	0.00	0.00	0.00	0.00	0.00	0.00
Boundary Wall (Res.)	0.00	0.00	0.00	0.00	0.00	0.00
Other Buildings	0.00	0.00	0.03	0.06	0.06	0.15
Computers & I.T. Hardware	0.03	0.06	0.18	0.26	0.29	0.82
Intangible Assets- Computer Software	0.00	0.00	0.01	0.02	0.03	0.06
Plant & Machinery	2.18	3.23	3.84	4.59	5.72	19.55
Tools & Equipment	0.11	0.20	0.64	1.17	1.52	3.64
Furniture-Office	0.30	0.30	0.42	0.42	0.41	1.86
Vehicles	0.03	0.02	0.03	0.07	0.09	0.24
Cars/Jeeps	0.00	0.00	0.00	0.00	0.00	0.00
Elect. Installations	2.44	2.34	2.22	2.00	1.90	10.89
Office Eqpt. & Appliances	0.15	0.23	0.24	0.22	0.20	1.04
F&F- Operational Area	0.13	0.17	0.29	0.83	1.34	2.76
ATM Furniture-Trolley	0.05	0.09	0.42	0.46	0.50	1.52
X-Ray Baggage Sys.	0.22	0.24	0.25	0.34	0.81	1.85
CFT & Fire Fighting Equip.	0.00	0.00	0.00	0.00	0.00	0.01
<b>TOTAL</b>	<b>14.02</b>	<b>16.07</b>	<b>18.73</b>	<b>21.75</b>	<b>25.34</b>	<b>95.91</b>

4.4.11. The RAB for the Second Control Period is provided in the Table below:

*Table 8: RAB proposed by the Authority for True up of the Second Control Period*

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
Opening RAB (1)	263.00*	273.86	318.43	320.45	393.25	
Additions (2) (refer Table 6)	24.89	60.64	20.75	94.55	45.25	<b>246.08</b>
Disposal/Transfers (3)	0.00	0.27	0.00	0.00	0.00	<b>0.27</b>
Depreciation (4) (Refer Table 7)	14.02	16.07	18.73	21.75	25.34	<b>95.91</b>
Closing RAB (5) = [(1) + (2) – (3) – (4)]	273.86	318.43	320.45	393.25	413.17	
<b>Average RAB = [(1) + (5)]/2</b>	<b>268.43</b>	<b>296.15</b>	<b>319.44</b>	<b>356.85</b>	<b>403.21</b>	

\* This was the closing RAB as on March 31, 2016

## 4.5 True up of Non-aeronautical revenues

4.5.1. Non-aeronautical revenue approved by the Authority in the Tariff Order for Second Control Period is ₹



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180.60 Crores (a)

4.5.2. Actual Non-aeronautical revenue earned during the Second Control Period is ₹ 306.22 Crores (b)

*Table 9: Non-aeronautical revenue approved by the Authority for the Second Control Period*

(₹ Crores)

S. No	Revenue categories	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
1	Restaurant & Snack Bar	3.9	4.5	5.1	5.8	6.6	25.9
2	Stalls	2.4	2.8	3.1	3.6	4.1	16.0
3	Hoardings & Displays	4.5	5.2	5.9	6.7	7.6	29.9
4	Buildings (Residential)	0.0	0.0	0.0	0.0	0.0	0.0
5	Buildings (Non-Residential)	4.2	4.6	5.1	5.6	6.2	25.7
6	Duty Free Shops	8.2	9.1	10.0	11.0	12.1	50.4
7	Car rentals	0.0	0.2	0.2	0.3	0.3	1.0
8	Car Parking	3.1	2.5	2.7	3.0	3.3	14.6
9	Admission tickets	0.5	0.6	0.6	0.7	0.7	3.1
10	Miscellaneous Income (Including cargo handling)	5.0	5.3	5.6	5.8	6.1	27.8
11	Sale of Fixed Assets	0.0	0.0	0.0	0.0	0.0	0.0
	<b>Sub-Total</b>	<b>32.0</b>	<b>34.6</b>	<b>38.3</b>	<b>42.4</b>	<b>47.0</b>	<b>194.3</b>
<b>Less:</b>	Adjustments for change in revenue of ground handling charges and cargo considered as Aeronautical revenues	(0.9)	(2.2)	(2.8)	(3.5)	(4.3)	(13.7)
	<b>Total</b>	<b>31.1</b>	<b>32.4</b>	<b>35.5</b>	<b>38.9</b>	<b>42.7</b>	<b>180.6</b>

*Table 10: Actual Non-aeronautical revenue for the Second Control Period submitted by AAI for Goa International Airport*

(₹ Crores)

S. No.	Revenue categories	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
1	Restaurant & Snack Bar	3.29	7.66	4.73	35.65	1.52	52.85
2	Stalls	8.49	13.05	52.42	48.10	0.08	122.14
3	Hoardings & displays	3.72	4.03	4.81	7.85	1.72	22.12
4	Land Lease	0.12	0.07	0.17	0.19	0.02	0.58
4	Buildings (Residential)	(0.02)	0.00	0.00	0.00	0.00	(0.02)
5	Buildings (Non-Residential)	10.49	2.88	2.86	3.04	2.24	21.51
6	Duty Free Shops	10.05	8.33	9.31	9.07	0.11	36.87
7	Car rentals	0.00	0.00	0.14	0.31	0.03	0.49
8	Car Parking	3.40	3.57	2.33	1.78	0.73	11.81
9	Admission tickets	0.64	0.35	0.50	0.23	0.21	1.92
10	Miscellaneous Income (including Cargo handling)	7.03	9.76	11.16	4.99	2.44	35.38
11	Sale of Fixed Assets	0.27	0.05	0.11	0.04	0.11	0.58
	<b>Total</b>	<b>47.47</b>	<b>49.76</b>	<b>88.54</b>	<b>111.25</b>	<b>9.20</b>	<b>306.22</b>

**Authority's examination and proposal for Non-aeronautical revenue as part of tariff**



**determination for the Second Control Period:**

- The Authority noted that the total actual Non-aeronautical revenue (₹ 306.22 Crores) submitted by AAI for Goa International Airport for the Second Control Period is higher than that approved by AERA in the tariff order for the Second Control Period (₹ 180.60 Crores). The Authority examined variances between projected and actual revenue of the following categories:
    - **Restaurants and Snack bar:** The revenue projected in this category was ₹ 25.90 Crores, whereas the actual revenue is ₹ 52.85 Crores (which is higher than the projections). The revenue for the year 2019-20 was higher than the other years (at ₹ 35.65 Crores) due to award of Master concession for Food & Beverage (F&B) outlets to the party M/s Travel Food Services Private Limited at ₹ 3.88 Crores per month. This agreement was in place only for FY 2018-19 and 2019-20 and after which it was foreclosed in November 2020, due to COVID-19 pandemic. This had resulted in decrease in the revenues for the FY 2020-21.
    - **T.R Stalls:** The revenue projected in this category was ₹ 16.00 Crores, whereas the actual revenue is ₹ 122.10 Crores (which is higher than the projections). The revenue for FY 2018-19 was higher than the other years (at ₹ 52.42 Crores) due to award of Master concession for Individual Retail outlets to the party M/s FLFL Travel Retail West Private Limited at ₹ 2.92 Crores per month. The above revenue was not forecasted by AAI, while submitting their MYTP for the Second Control Period to AERA and hence there is significant increase in the actual revenue as compared to that approved in the Tariff Order for the Second Control Period. This agreement was in place only for the FY 2018-19 and FY 2019-20 and after which it was foreclosed in July 2020, due to COVID-19 pandemic. This had resulted in decrease in the revenues for the FY 2020-21.
- Further, such short duration Master Concessionaire agreements (mentioned under Restaurants and Snack Bar and T.R Stalls above) that were in existence only in FY 2018-19 and FY 2019-20, and foreclosed in FY 2020-21 due to COVID-19 uncertainties, had resulted in substantial increase in Non-aeronautical revenues during the above years. This had impacted the revenues for FY 2020-21 (as these agreements were terminated in FY 2020-21) and also the projections made towards Non-aeronautical revenues during the Third Control Period, as the projections were based on the actual Non-aeronautical revenues earned in the FY 2020-21.
- There are variances in the other revenue streams (like duty free shops, car parking, admission ticket etc.), which is also on account of drop in the revenues in FY 2020-21 due to the impact of COVID-19 pandemic.
  - **Building residential:** There is negative entry of ₹ 0.02 Crores on account of refund of excess recovery of License fees from the employee.
- The Authority proposes to consider the actual Non-aeronautical revenue as presented in Table 10 for the purpose of true up for the Second Control Period.

**4.6 True up of Operational and Maintenance (O&M) expenses**

- 4.6.1. O&M expenses approved by the Authority in the Tariff Order for Second Control Period is ₹ 195.9 Crores. *(a)*
- 4.6.2. Actual O&M expenses for the Second Control Period is ₹ 409.02 Crores. *(b)*
- 4.6.3. Variance *(b-a)*: ₹ 213.12 Crores (52%).

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*Table 11: O&M expenses as per the Tariff Order for the Second Control Period*

(₹ Crores)

S. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
1	Pay roll expenditure of Goa International Airport	10.9	13.7	14.6	15.7	16.7	<b>71.6</b>
2	Expenditure for Goa International Airport employee's retirement benefits allocated at CHQ	1.7	1.8	1.9	2.1	2.2	<b>9.7</b>
<b>A</b>	<b>Total Payroll expenditure (1+2)</b>	<b>12.6</b>	<b>15.5</b>	<b>16.5</b>	<b>17.8</b>	<b>18.9</b>	<b>81.3</b>
3	Administrative and General Expenditure	2.6	2.9	3.2	3.5	3.9	<b>16.1</b>
4	Apportionment of administration & General expenditure of CHQ/RHQ	5.1	5.4	5.7	6	6.3	<b>28.5</b>
<b>B</b>	<b>Total Administration and General expenditure (3+4)</b>	<b>7.8</b>	<b>8.3</b>	<b>8.9</b>	<b>9.5</b>	<b>10.1</b>	<b>44.6</b>
<b>C</b>	<b>Repair &amp; Maintenance Expenditure (Total)</b>	<b>4.8</b>	<b>5.3</b>	<b>5.8</b>	<b>6.4</b>	<b>7</b>	<b>29.3</b>
5	Power Charges	7.3	7.3	7.3	7.3	7.3	<b>36.5</b>
6	Water Charges	0.4	0.4	0.4	0.4	0.4	<b>2</b>
7	Consumption of Stores and Spares	0	0.1	0.1	0.1	0.1	<b>0.4</b>
<b>D</b>	<b>Utility and Outsourcing Expenditure (5+6+7)</b>	<b>7.8</b>	<b>7.8</b>	<b>7.8</b>	<b>7.8</b>	<b>7.8</b>	<b>39</b>
<b>E</b>	<b>Other Outflows</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>1.9</b>
	<b>Total (A+B+C+D+E)</b>	<b>33.3</b>	<b>37.2</b>	<b>39.4</b>	<b>41.7</b>	<b>44.3</b>	<b>195.9</b>

*Table 12: Actual O&M expenses submitted by AAI for Goa International Airport for the Second Control Period*

(₹ Crores)

S. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
1	Pay roll expenditure of Goa International Airport	9.49	12.43	11.92	12.99	12.96	<b>59.79</b>
2	Expenditure for Goa International Airport employee's retirement benefits allocated at CHQ	0.25	1.73	3.37	1.15	1.23	<b>7.72</b>
<b>A</b>	<b>Total Payroll expenditure (1+2)</b>	<b>9.74</b>	<b>14.16</b>	<b>15.29</b>	<b>14.13</b>	<b>14.19</b>	<b>67.52</b>
3	Administrative and General Expenditure	3.05	6.38	7.55	9.47	10.10	<b>36.54</b>
4	Apportionment of Administration & General expenditure of CHQ/RHQ	19.80	26.13	35.20	47.45	49.83	<b>178.41</b>
<b>B</b>	<b>Total Administration and General expenditure (3+4)</b>	<b>22.84</b>	<b>32.51</b>	<b>42.75</b>	<b>56.92</b>	<b>59.92</b>	<b>214.95</b>

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S. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
C	<b>Repair &amp; Maintenance Expenditure (Total)</b>	<b>5.47</b>	<b>6.81</b>	<b>17.34</b>	<b>15.46</b>	<b>18.58</b>	<b>63.66</b>
5	Power Charges	9.86	11.77	11.90	12.36	9.68	<b>55.57</b>
6	Water Charges	0.57	0.59	0.57	0.52	0.44	<b>2.69</b>
7	Other charges	0.04	0.04	0.05	0.10	0.01	<b>0.26</b>
D	<b>Utility and Outsourcing Expenditure (5+6+7)</b>	<b>10.47</b>	<b>12.41</b>	<b>12.53</b>	<b>12.98</b>	<b>10.12</b>	<b>58.51</b>
E	<b>Other Outflows</b>	<b>0.33</b>	<b>0.94</b>	<b>1.63</b>	<b>1.44</b>	<b>0.04</b>	<b>4.38</b>
	<b>Total (A+B+C+D+E)</b>	<b>48.86</b>	<b>66.84</b>	<b>89.53</b>	<b>100.93</b>	<b>102.86</b>	<b>409.02</b>

### Notes:

- There is significant variance in Administration and General expenditure of CHQ/ RHQ of ₹ 178.41 Crores as against approved expenses of ₹ 28.50 Crores, due to which the total Administration expenses is much higher than the projections.
- The Actual repairs and maintenance expenses of ₹ 63.66 Crores is much higher than the approved expense of ₹ 29.30 Crores. Also, the actual power expenses are ₹ 55.57 Crores as against approved power expense of ₹ 36.50 Crores.

### Authority's examination and proposal for O&M expenses as part of tariff determination for the current control period:

4.6.4. The Authority examined the variances between the projected and actual O&M expenses and has noted the following:

- **Payroll expenses:** The Authority noted that payroll expenses for FY 2020-21 submitted by AAI is based on actuals reported in the Trial Balance for the FY 2020-21 and the same is 0.23% lesser than that of FY 2019-20. The Authority proposes to consider the actual payroll expenses of FY 2016-17 to FY 2020-21 for true up of the Second Control Period.
- The Authority examined the actual **Administration and General expenditure and Repair & Maintenance expenditure** for the Second Control Period and noted the following:
  - **CHQ/ RHQ allocation** –. The Authority reviewed the basis adopted by AAI for allocation of CHQ and RHQ expenses to Goa International Airport and other airports and noted the following:
    - All expenses incurred by CHQ and RHQ (like staff costs, Admin and Gen. expenses, Repairs and Maintenance, utilities, outsourcing expenses etc.) is allocated to all the AAI airports, in the ratio of revenues earned by each Airport.
    - Expenses such as legal costs, interest/ penalties are related to some specific airports. However, these have been allocated to the common pool and apportioned to all the AAI airports.

The Authority is of the view that the above process followed by AAI for allocating the expenses is not transparent and necessitates adoption of a scientific/ rational approach for justifiable allocation of expenses to the Airports. Towards this objective, the Authority has examined the major expense components of CHQ and RHQ for the FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 and

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FY 2020-21 submitted by AAI in November and December 2021 and has proposed the following views on allocation of CHQ/ RHQ expenses:

### a) Pay and Allowances of CHQ and RHQ:

- AAI has considered pay and allowances of Commercial department at CHQ and RHQ as Aeronautical expenses, whereas such expenses are Non-aeronautical in nature.
- AAI has excluded pay and allowances of employees involved in ATM, CNS and Cargo departments at CHQ and RHQ while working out the allocation to the airport. However, no exclusion has been done for support services of the departments of HR, Finance, Civil, Terminal Management (Housekeeping), etc.
- Manpower of CHQ and RHQ also provide services to Non-aeronautical activities, ATC, and CNS cadres at respective airports. Hence, pay and allowances need to be adjusted accordingly.

Considering all the facts and figures as stated above, the Authority is of the view that 20% of pay and allowances of CHQ and RHQ is to be excluded towards the following:

- i. Support services to ANS, Cargo and Commercial at CHQ, RHQ and Airports.
- ii. Officials of Directorate of Commercial.

Balance 80% of pay and allowances of CHQ and RHQ have been allocated to the Airports.

### b) Administration & General Expenses of CHQ and RHQ:

- AAI has incurred Legal & Arbitration Expenses at both CHQ and RHQ level. The Authority is of the view that this expense should be analysed and distributed to stations on a case-to-case basis. As the above details have not been provided by AAI, the same has not been allocated to the stations. Further, the Authority is of the view that considering the present scenario where the COVID-19 pandemic has significantly impacted the Aviation sector, it is imperative for the Airport Operators to rationalise their costs and plan the operations in an efficient manner.
- AAI has paid interest/penalties to Government of India at both CHQ and RHQ levels. The Authority is of the view that the stakeholders should not be burdened with interest/penalties paid to Government of India, due to various lapses/delays on the part of the Airport Operator. Hence such expenses have not been allocated to the airports.

Based on the above methodology, the Authority has derived the revised allocation of CHQ and RHQ expenses and the same is presented in the table below:

*Table 13: Re-allocation of CHQ/ RHQ – Admin and Gen expenses by the Authority for the Second Control Period*

(₹ Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
CHQ/ RHQ – Admin & General expenses (allocation done by AAI)	19.80	26.13	35.20	47.45	49.83	<b>178.41</b>
<b>Revised allocation of CHQ/ RHQ expenses by the Authority</b>	16.41	16.73	17.60	33.87	35.20	<b>119.81</b>

The Authority is of the view that the users should pay only for the services availed by them. Further, in line with section 13 of the AERA Act, 2008 the Authority has a scope of determining tariff in respect of Aeronautical services provided/ capital expenditure incurred only by that particular airport. This view is also consistent with ICAO's principle of 'Cost-relatedness'. Based on the above principles, the Authority had tried to rationalise the CHQ/ RHQ expenses being allocated to Goa International Airport.

The Authority feels that the allocation of CHQ & RHQ expenses by AAI on the basis of revenue is not transparent and efficient method, as it brings large variation in such expenses Year on Year, due to change in revenue and is against the basic principle of cost relatedness in tariff determination. Users of the major airports have to pay higher tariff due to higher allocation of CHQ/RHQ expenses to these airports. Further, as the revenue from these airports goes up due to higher tariffs, it further leads to higher allocation of CHQ/RHQ expenses with chain of cascading effect. The Authority, therefore expects AAI to examine these issues in detail and devise a full proof method for allocation of CHQ & RHQ expenses on priority.

Further, the Authority feels that AAI should exploit the potential of its non-traffic avenues fully so that 30% of the same, by cross subsidisation can be used to cover Aeronautical expenses.

- **Administration expenses (Other than CHQ/ RHQ):** - There is significant increase in Admin Expenses between the cost approved (₹16.10 Crores) and actual cost incurred (₹ 36.54 Crores). The Authority noted that that such increase in Admin is due to finalisation of MESS contract for maintenance services and also hiring of vehicles and of manpower, which were needed for operational requirements. The Authority would like to draw reference to its Decision No. 11b on O&M expenditure that the Authority expects AAI to reduce O&M expenditure over a period of time. In view of this decision, the Authority notes that sufficient effort has not been initiated by AAI to reduce its O&M expenses. The Authority based on its analysis and in view of the above decision on O&M expenses, proposes to allow an increase of 10% over the approved costs of ₹16.10 Crores towards Administration expenses- other than CHQ/ RHQ (which works out to ₹17.71 Crores).

The Authority is of the view that AAI should estimate its expenses towards Administration expenses based on an analysis of its need, essentiality and in accordance with the other physical conditions (such as the current COVID-19 pandemic), such that the variance between the projections and the actual expenses is within the acceptable limits (such as say within 10%).

- **Repair and Maintenance:** The Authority noted that the huge variance in the repair and maintenance cost which was approved by AERA in the Tariff Order for the Second Control Period (₹ 29.30 Crores) and the actual expense submitted by AAI for the Second Control Period (₹ 63.66 Crores). The Authority noted the following reasons for the above variance:
  - In FY 2018-19 expenses such as development of Concessionaire area and other area (₹1.06 Crores), modification of toilet in Terminal Building and entry gates (amounting to ₹ 5.31 Crores) has been charged off to repair and maintenance in accordance with the accounting policy of AAI.
  - In FY 2019-20 expenses of ₹ 2.22 Crores incurred towards repainting of portal frames, modification of toilet and miscellaneous civil works in the Terminal Building had been charged off to repair and maintenance, as per the Accounting Policy of AAI.
  - In FY 2020-21 expenses of ₹ 11.60 crores were incurred towards repairs of HVAC, miscellaneous civil works within Terminal building (elevators, escalators, etc.) and ₹ 3.05 crores incurred towards repairs and maintenance of AOCC.
  - Apart from the above, following capital expenditure were incurred during the Second Control

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Period resulting incurrence of additional cost towards Annual Maintenance Charges (AMC), which are also forming part of O & M expenses.

- ✓ HVAC of Western side finger
- ✓ Supply, Installation, testing and commissioning of three passenger boarding bridges
- ✓ Supply, Installation, testing and commissioning of five AHU in the western side of Terminal Building
- ✓ Supply, Installation, testing and commissioning of Elevators in Western side finger
- ✓ Maintenance of Flood lights of Apron and of additional 400 TR Chiller.
- Based on the above analysis the Authority is of the view that Repairs and Maintenance expenses are at reasonable levels (within the range of 2.1% to 5.5% of opening Net Block of assets for each tariff year in the Second Control Period).
- **Power Charges:** The Authority noted that the variance between approved and actual power costs during the Second Control Period is due to commissioning of additional facilities such as installation of HVAC in the Western Side Finger (of the Terminal Building), commissioning of Parallel Taxi Track, supply installation testing and commissioning of Passenger Boarding Bridges, and elevators in the Western Side Finger.

The Authority noted that the above power costs incurred during the Second Control Period and claimed by AAI as a part of true up, are net of recoveries made from the Concessionaires. The total power costs incurred, recoveries made from Concessionaires and the net power costs have been summarised in the table below:

*Table 14: Details of power costs incurred and recoveries made from Concessionaires*

(₹ Crores)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
Total power costs (A)	10.63	12.50	12.91	14.12	10.75	<b>60.91</b>
Recoveries from Concessionaires (B)	0.77	0.73	1.01	1.76	1.07	<b>5.34</b>
Recoveries (%) = (B/A%)	7%	6%	8%	12%	10%	
<b>Net power costs (A-B)</b>	<b>9.86</b>	<b>11.77</b>	<b>11.90</b>	<b>12.36</b>	<b>9.68</b>	<b>55.57</b>

4.6.5. AAI has incurred ₹ 1.09 Crores (₹ 0.35 Crores for FY 2019-20 and ₹ 0.74 Crores for FY 2020-21) towards CSR expenses. The Authority examined AAI's submission regarding CSR expenses under Administration & General expenses and noted that the same are within the mandatory spend values such as 2% of the average profits of the preceding 3 financial years as defined under the statutory requirement under the Companies Act, 2013. The Authority proposes to allow the above expenses incurred by AAI towards CSR expenses.

4.6.6. Based on the above review and analysis, the revised Operation and Maintenance expenses proposed to be considered by the Authority for the Second Control Period is provided in the table



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below:

*Table 15: O&M expenses as proposed by the Authority for True up of the Second Control Period*

(₹ Crores)

S. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	Pay roll expenditure	9.49	12.43	11.92	12.99	12.96	<b>59.79</b>
2	Expenditure for Goa International Airport employee's retirement benefits allocated at CHQ	0.25	1.73	3.37	1.15	1.23	<b>7.72</b>
<b>A</b>	<b>Total Payroll expenditure (1+2)</b>	<b>9.74</b>	<b>14.16</b>	<b>15.29</b>	<b>14.13</b>	<b>14.19</b>	<b>67.52</b>
3	Administrative and General Expenditure	2.86	3.19	3.52	3.85	4.29	<b>17.71</b>
4	Apportionment of administration & General expenditure of CHQ/RHQ	16.41	16.73	17.60	33.87	35.20	<b>119.81</b>
<b>B</b>	<b>Total Administration and General expenditure (3+4)</b>	<b>19.27</b>	<b>19.92</b>	<b>21.12</b>	<b>37.72</b>	<b>39.49</b>	<b>137.52</b>
<b>C</b>	<b>Repair &amp; Maintenance Expenditure</b>	<b>5.47</b>	<b>6.81</b>	<b>17.34</b>	<b>15.46</b>	<b>18.58</b>	<b>63.66</b>
5	Power Charges	9.86	11.77	11.90	12.36	9.68	<b>55.57</b>
6	Water Charges	0.57	0.59	0.57	0.52	0.44	<b>2.69</b>
7	Other charges	0.04	0.04	0.05	0.10	0.01	<b>0.26</b>
<b>D</b>	<b>Utility and Outsourcing Expenditure (5+6+7)</b>	<b>10.47</b>	<b>12.41</b>	<b>12.53</b>	<b>12.98</b>	<b>10.12</b>	<b>58.51</b>
<b>E</b>	<b>Other Outflows</b>	<b>0.33</b>	<b>0.94</b>	<b>1.63</b>	<b>1.44</b>	<b>0.04</b>	<b>4.38</b>
	<b>Total (A+B+C+D+E)</b>	<b>45.28</b>	<b>54.24</b>	<b>67.91</b>	<b>81.73</b>	<b>82.42</b>	<b>331.58</b>

### 4.7 True up of Return on Land

4.7.1. Goa International Airport has claimed the following Return on land for the First and Second Control Periods:

*Table 16: Return on land claimed by Goa International Airport for Second Control Period*

(₹ Crores)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Return on Land claimed for Second Control Period	0	0	0	0.01	0.01	<b>0.02</b>
Total						<b>0.02</b>

### Authority's examination and proposal for Return on Land as part of tariff determination for the current control period

4.7.2. The Order No. 42/ 2018-19 dated March 5, 2019, which prescribes methodology for computing Return on Land states that the same will take effect from the next control period (para 4.1.8 of the said order). Hence, the Authority proposes to allow Return on Land only for the Third Control Period and not for the

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earlier Control Periods.

### 4.8 True up of Aggregate Revenue Requirement (ARR) for the Second Control Period

4.8.1. Based on analysis as detailed in the earlier sections, the Authority has derived the ARR for true up of the Second Control Period which is enumerated in the table below:

*Table 17: ARR proposed by the Authority for True up of the Second Control Period*

(₹ Crores)

Particulars	Formula	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Average RAB (refer Table 8)	a	268.43	296.15	319.44	356.85	403.21	
FRoR	b	14%	14%	14%	14%	14%	
Return on Average RAB	(c) = (a) * (b)	37.58	41.46	44.72	49.96	56.45	<b>230.17</b>
O&M expenses (refer Table 15)	(d)	45.28	54.24	67.91	81.73	82.42	<b>331.58</b>
Depreciation (refer Table 7)	(e)	14.02	16.07	18.73	21.75	25.34	<b>95.91</b>
Tax	(f)	0	0	0	0	0	0
Total Expenditure	(g) = (d) + (e) + (f)	<b>59.30</b>	<b>70.31</b>	<b>86.64</b>	<b>103.48</b>	<b>107.76</b>	<b>427.49</b>
Add: Under recovery of First Control Period	(h)	53.00	-	-	-	-	<b>53.00</b>
Gross ARR	(i) = (g + h + c)	149.88	111.77	131.36	153.44	164.21	710.66
NAR (refer Table 10)		47.47	49.76	88.54	111.25	9.20	<b>306.22</b>
Less 30% NAR	(j)	14.24	14.93	26.56	33.37	2.76	<b>91.86</b>
Net ARR	(k) = (i - j)	135.64	96.84	104.80	120.07	161.45	618.80
Actual Aeronautical Revenue	(l)	<b>50.90</b>	<b>67.80</b>	<b>151.90</b>	<b>149.67</b>	<b>49.37</b>	<b>469.65</b>
Discount Factor	(o)	1.93	1.69	1.48	1.3	1.14	
Discounted ARR	(m)	261.79	163.66	155.11	156.09	184.05	920.70
Discounted Aeronautical revenue	(n)	98.24	114.58	224.81	194.57	56.28	<b>688.48</b>
(Under)/ Over recovery of Second Control Period as on March 31, 2022	(n-m)	<b>(163.55)</b>	<b>(49.08)</b>	<b>69.71</b>	<b>38.48</b>	<b>(127.77)</b>	<b>(232.22)</b>
True up of Under Recovery of Second Control Period as on March 31, 2022		<b>(232.22)</b>					

4.8.2. The Authority notes that there is an under-recovery of ₹ 232.22 Crores in the Second Control Period and proposed to readjust the same in the ARR computation of the Third Control Period. The shortfall has arisen mainly on account of the following factors:

- Reduction in traffic due to COVID-19 pandemic in FY 2020-21 and FY 2019-20
- Reduction in Aeronautical revenues collected in FY 2020-21 and FY 2019-20 due to above factor, by approximately ₹173.56 crores as compared to Second Control Period tariff order projections
- Increase in Operation and Maintenance expenditure due to increase in CHQ/ RHQ allocation expenses by approximately ₹ 92 crores, from the estimates approved in the Tariff Order for the Second Control Period.

### 4.9 Authority's proposal regarding True up for the Second Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to true up of the Second Control Period for Goa Airport

4.9.1. The Authority proposes to consider capital additions as detailed in Table 6 for true up of the Second



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Control Period.

- 4.9.2. The Authority proposes to consider Aeronautical depreciation as mentioned in Table 7 for true up for the Second Control Period.
- 4.9.3. The Authority proposes to consider RAB as per Table 8 for true up for the Second Control Period.
- 4.9.4. The Authority proposes to consider the Non-aeronautical revenues as presented in Table 10 for the purpose of true up of the Second Control Period.
- 4.9.5. The Authority proposes to consider the O&M expenses as detailed in Table 15 for the purpose of true up of the Second Control Period.
- 4.9.6. The Authority proposes not to allow Return on Land claimed by Goa International Airport for the First and Second Control Period, in accordance with its Order 42/ 2018-19 dated March 5, 2019.
- 4.9.7. The Authority proposes to consider ARR, and Shortfall as detailed in Table 17 for true up of the Second Control Period for Goa Airport and readjust the shortfall for the Third Control Period.

## TRAFFIC FOR THE THIRD CONTROL PERIOD

### 5 TRAFFIC FOR THE THIRD CONTROL PERIOD

#### 5.1 Goa International Airport's submission of Traffic for the Third Control Period

5.1.1. The historical passenger traffic<sup>3</sup> and ATM at the airport has been shown in the table below:

*Table 18: Historical passenger and ATM traffic at Goa Airport*

Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
2009-10	21,98,151	4,30,903	26,29,054	21,298	3,028	24,326
2010-11	25,04,150	5,75,887	30,80,037	19,988	4,030	24,018
2011-12	29,43,295	5,78,256	35,21,551	23,560	3,870	27,430
2012-13	28,86,472	6,56,325	35,42,797	22,725	4,085	26,810
2013-14	31,49,112	7,36,340	38,85,452	24,478	4,426	28,904
2014-15	39,00,091	6,13,110	45,13,201	29,117	4,305	33,422
2015-16	47,29,710	6,45,845	53,75,555	34,604	4,426	39,030
2016-17	60,51,602	8,04,760	68,56,362	42,698	5,103	47,801
2017-18	67,71,985	8,35,264	76,07,249	45,666	4,901	50,567
2018-19	76,85,581	7,81,745	84,67,326	52,401	4,545	56,946
2019-20	76,51,362	7,04,878	83,56,240	53,636	4,019	57,655
2020-21	28,50,679	39,866	28,90,545	21,785	356	22,141

5.1.2. The traffic growth rates as submitted by AAI for the Third Control Period are as follows:

*Table 19: Traffic growth rates and traffic proposed by AAI*

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
<b>Growth rates</b>						
2021-22	80.00%	50.00%	79.59%	75.00%	44.94%	74.52%
2022-23	5.00%	40.00%	5.40%	2.50%	35.00%	2.93%
2023-24	25.00%	80.00%	25.84%	20.00%	74.99%	20.96%
2024-25	15.00%	80.00%	16.42%	10.00%	74.98%	11.65%
2025-26	12.00%	70.00%	13.96%	9.00%	64.98%	11.22%
<b>Traffic</b>						
2021-22	51,31,222	59,799	51,91,021	38,124	516	38,640
2022-23	53,87,783	83,719	54,71,502	39,077	697	39,774
2023-24	67,34,729	1,50,693	68,85,423	46,893	1,219	48,112
2024-25	77,44,939	2,71,248	80,16,187	51,582	2,133	53,715
2025-26	86,74,331	4,61,122	91,35,453	56,224	3,519	59,743

<sup>3</sup> Source: Traffic News from AAI website

## TRAFFIC FOR THE THIRD CONTROL PERIOD

- 5.1.3. AAI submitted that the passenger traffic and aircraft movement projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework.

### 5.2 Authority's analysis of Goa International Airport's submission of Traffic for the Third Control Period

- 5.2.1. As part of its examination of AAI's forecast of traffic at Goa Airport, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2009-10 to FY 2019-20 (10-year CAGR), FY 2014-15 to FY 2019-20 (5-year CAGR) and FY 2016-17 to FY 2019-20 (3-year CAGR).
- 5.2.2. For the computation of CAGR, the Authority has considered the traffic data of FY 2019-20 as the base, since FY 2020-21 being an exceptional event year, may not provide an appropriate basis for arriving at CAGR. The CAGR details so computed have been provided in the table below:

Table 20: CAGR for passenger traffic and ATM

Particulars	10-year CAGR	5-year CAGR	3-year CAGR
<b>Passengers:</b>			
Domestic	13.3%	14.4%	8.1%
International	5.0%	2.8%	-4.3%
Total Passenger Traffic	12.3%	13.1%	6.8%
<b>ATM:</b>			
Domestic	9.7%	13.0%	7.9%
International	2.9%	-1.4%	-7.7%
Total ATM	9.0%	11.5%	6.4%

- 5.2.3. The Authority has noted the wide variation in traffic in the recent past, which causes CAGR for 5-year period to be the highest for Domestic passenger profile.
- 5.2.4. There is a de-growth of 63% and 94% in domestic passenger traffic and international passenger traffic respectively for FY 2020-21 (over previous financial year), due to the adverse impact of COVID-19 pandemic on the domestic and international travels. Similarly, a de-growth of 59% and 91%, respectively in domestic ATM and international ATM for FY 2020-21 (over previous financial year).
- 5.2.5. AAI assumes the traffic volume to revive in FY 2021-22 and have projected a growth of 80% in domestic passenger traffic and of 50% in international passenger traffic. Likewise, AAI has projected a growth of 75% in domestic ATM and 45% in international ATM in FY 2021-22.

### 5.3 Computation of revised traffic forecasts by the Authority, considering the impact of COVID-19 pandemic

The revised traffic forecasts have been computed by the Authority, after considering the study and analysis by the following agencies regarding the impact of COVID-19 pandemic on the Aviation sector:

#### 5.3.1. Airport International Council (ACI)

ACI in its report on November 9, 2021, has projected the following air passenger traffic outlook for the year 2021:

- *The COVID-19 outbreak reduced the number of passengers at the world's airports by more than 5.6 billion in 2020 and is forecast to remove an additional 4.6 billion passengers by the end of 2021, compared to 2019 volumes. Global passenger traffic in 2021 is expected to reach only half of what*

*it was in 2019, totalling only 4.6 billion of the 9.2 billion passengers served two years ago.*

- *There was a sharp reduction in global aircraft movements in 2020, decreasing by 39.5% to reach only 62 million.*
- *The global air cargo declined by 9.6% in 2020 compared to 2019, with 108 million tonnes handled in 2020.*
- *Due to COVID-19 related travel restrictions worldwide, domestic passenger traffic continues its trend from 2020 into 2021 of recovering faster than the international market—especially in China and in the US, the latter being the world's largest domestic market. Globally, domestic traffic will continue to increase in 2021 to reach more than 3.1 billion passengers by the end of the year, a level corresponding to 58.5% of that achieved in 2019.*

### 5.3.2. International Air Transport Association (IATA)

IATA in its report as on October 4, 2021, has reported the following air passenger traffic:

- *IATA estimates that travel (measured in revenue passenger kilometres or RPKs) will recover to 40% of 2019 levels for 2021 rising to 61% in 2022. Total passenger numbers are expected to reach 2.3 billion in 2021 and rise to 3.4 billion in 2022, which is similar to 2014 levels, but significantly below the 4.5 billion travellers of 2019.*
- ***International passenger traffic** is the slowest to recover owing to continuing restrictions on the freedom of movement across borders, quarantine measures and traveller uncertainty. In 2021 international demand is expected to reach 22% of 2019 levels and expected to reach 44% in 2022.*
- ***Domestic passenger traffic** with fewer restrictions in most countries, is driving the recovery. Accumulated consumer savings is supporting the alleviation of pent-up demand in unrestricted domestic markets. In 2021 domestic demand is expected to reach 73% of 2019 levels and is expected to reach 93% in 2022.*

### 5.3.3. CAPA India

CAPA India has also stated the following with respect to recovery of passenger traffic:

- *Domestic air passenger traffic in India is expected to surge 52% this fiscal, while international passenger traffic is expected to rise 60%, rebounding from the turbulence caused by the pandemic.*
- *CAPA India expects about 80 million passengers to fly within the country and 16 million to travel overseas this fiscal, up from 53 million domestic passengers and 10 million international passengers during FY2021.*

## 5.4 Conclusion on traffic forecasts based on the above assumptions

- 5.4.1. Considering the extraordinary adverse impact of COVID-19 pandemic on domestic and international air travel, the Authority has taken into consideration the forecast/data published by ACI, IATA and CAPA India cited in para 5.3 above for arriving at the revised traffic projections.
- 5.4.2. In the Authority's opinion, the impact of COVID-19 pandemic on the global aviation market is still prevalent and is expected to continue till the end of FY 21-22. However, with the gradual revival of the economy, increase in the uptake of the vaccines, measures taken by the GoI to make the air travel safe along with easing of air travel by various countries, the aviation industry is expected to recover at a better pace in the next few years.
- 5.4.3. Considering the positive outlook of the GDP growth predicted by the GoI and relatively better

## TRAFFIC FOR THE THIRD CONTROL PERIOD

revival of the domestic aviation market, the Authority is of the view that domestic passenger traffic and ATM will revert to pre-Covid levels (of FY 2019-20) by FY 2022-23.

- 5.4.4. Further, the Authority notes that AAI has reduced the passenger traffic and ATM estimates for FY 2022-23 by around 20%, due to operationalisation of Greenfield Airport at MoPA, Goa. The Authority considers the same to be appropriate and has also factored it in its estimation of passenger traffic and ATM.
- 5.4.5. The Authority notes that the international flights in many countries have not been operationalised. Considering the slow growth in international passenger traffic estimated by the Agencies (as mentioned in para 5.3), the Authority feels that international passenger traffic and ATM will reach to pre-Covid levels (FY 2019-20) only over a period. The Authority is of the view that international passenger traffic and ATM at Goa International Airport, will reach to 93% of the level of FY 2019-20 by the end of the current Control Period.
- 5.4.6. Considering the trend in the growth of traffic data, the Authority considers the growth rate of 25% in domestic passenger traffic and of 20% in domestic ATM for the FY 2023-24, as projected by AAI in their MYTP to be appropriate.
- 5.4.7. The Authority proposes to use the 5-year CAGR for projecting domestic passenger traffic & ATM for the last 2 tariff years (FY 2024-25 & FY 2025-26), as it believes that 5-year CAGR represents normalized economic scenarios, weeding out short-term macro-economic fluctuations.
- 5.4.8. The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the Third Control Period has been given in the table below:

*Table 21: Traffic proposed to be considered by the Authority for the Third Control Period*

<b>Domestic Passengers (in Lacs)</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
As submitted by Goa Airport	51.31	53.88	67.35	77.45	86.74	336.73
As proposed by the Authority	48.46	62.03	77.54	88.70	101.48	378.21
Goa Airport's submission as a % of FY 2019-20 traffic	67%	70%	88%	101%	113%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic	63%	81%	101%	116%	133%	
<b>International Passengers (in Lacs)</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
As submitted by Goa Airport	0.60	0.84	1.51	2.71	4.61	10.27
As proposed by the Authority	0.60	1.50	2.70	4.86	6.56	16.22
Goa Airport's submission as a % of FY 2019-20 traffic	8%	12%	21%	38%	65%	
Proposed traffic as per Authority as a % of FY 2019-20 traffic	8%	21%	38%	69%	93%	
<b>Total passengers (in Lacs)</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
Total as per Goa Airport's submission	51.91	54.72	68.85	80.16	91.35	346.99
Total (Domestic and International) proposed by the Authority	49.06	63.53	80.24	93.56	108.04	394.43

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Proposed total traffic as per Goa Airport's submission as a % of FY 2019-20 traffic	62%	65%	82%	96%	109%	
Proposed total traffic as per Authority as a % of FY 2019-20 traffic	59%	76%	96%	112%	129%	
<b>Domestic ATM (in '000)</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
Domestic ATM submitted by Goa Airport	38.12	39.08	46.89	51.58	56.22	231.89
Domestic ATM proposed by the Authority	35.95	46.01	55.21	62.39	70.50	270.06
Goa Airport's submission as a % of FY 2019-20 ATM	71%	73%	87%	96%	105%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM	67%	86%	103%	116%	131%	
<b>International ATM (in '000)</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
International ATM submitted by Goa Airport	0.52	0.70	1.22	2.13	3.52	8.09
International ATM proposed by the Authority	0.57	0.97	1.79	3.31	4.64	11.28
Goa Airport's submission as a % of FY 2019-20 ATM	13%	17%	30%	53%	88%	
Proposed ATM traffic as per Authority as a % of FY 2019-20 ATM	14%	24%	45%	82%	115%	
<b>Total ATM (in '000)</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
Total ATM (Domestic and International) as per Goa Airport's submission	38.64	39.77	48.11	53.71	59.74	239.97
Total ATM (Domestic and International) proposed by the Authority	36.51	46.98	57.00	65.70	75.14	281.33
Goa Airport's submission as a % of FY 2019-20 total ATM	67%	69%	83%	93%	104%	
Proposed total ATM as per Authority as a % of FY 2019-20 ATM	63%	81%	99%	114%	130%	

5.4.9. The Authority proposes to true up the traffic as per actual growth achieved during the Third Control Period at the time of determination of tariff for the Fourth Control Period.

### 5.5 Authority's Proposal regarding Traffic for the Third Control Period

Based on the available facts and analysis thereupon, the Authority proposes the following with regard to traffic forecast for the Third Control Period:

- 5.5.1. The Authority proposes to consider the ATM and passenger traffic for the Third Control Period for Goa Airport as per Table 21.
- 5.5.2. The Authority proposes to true up the traffic volume (ATM and passengers) on the basis of actual traffic in the Third Control Period while determining tariffs for the Fourth Control Period.

## REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

### 6 REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

#### 6.1. Background

6.1.1. The Authority has presented its analysis on this chapter in the following order:

- Allocation of Gross block of assets in to Aeronautical and Non-aeronautical.
- Capital expenditure proposed for Third Control Period
- Depreciation for the Third Control Period
- Regulatory Asset Base for the Third Control Period

#### 6.2. Allocation of Gross block of assets into Aeronautical and Non-aeronautical

6.2.1. AAI has submitted for Goa International Airport the following allocation of gross block of assets as on April 1, 2021, between Aeronautical and Non-aeronautical services:

*Table 22: Allocation of opening gross block of assets for April 1, 2021, between Aeronautical and Non-aeronautical as per AAI*

(₹ Crores)

Asset Category	Total Assets (Inclusive of ANS)	ANS Assets	Non- Aero Assets	Pure Aero- nautical Assets	Common Assets	Common Assets		Total Aeronauti- cal Assets	% Aeronautical
						Aero	Non- Aero		
	A= B+C+D+E	B	C	D	E = F+G	F	G	H= D+F	I=H/A
Land freehold	2.28	-	-	2.28	-	-	-	2.28	100.0%
Runway, Taxi Way & Apron	98.46	-	-	98.46	-	-	-	98.46	100.0%
Road, Bridge & Culverts.	2.00	-	0.01	1.98	-	-	-	1.98	99.3%
Terminal Building	319.33	-	0.13	40.39	278.81	257.90	20.91	298.29	93.4%
Buildings - Temporary	1.01	-	-	0.97	0.04	0.04	0.00	1.01	99.7%
Buildings - Residential	0.60	-	-	0.60	-	-	-	0.60	100.0%
Security Fencing	0.20	-	-	0.20	-	-	-	0.20	100.0%
Buildings - Others	4.35	-	2.50	1.85	-	-	-	1.85	42.6%
Computers & Peripherals	1.74	-	-	1.38	0.37	0.34	0.03	1.72	98.4%
Computer Software	0.18	-	-	0.14	0.04	0.03	0.00	0.18	98.4%
Machinery	98.09	0.91	0.01	97.16	0.01	0.01	0.00	97.17	99.1%
Tools & Equipment	27.38	-	-	27.38	-	-	-	27.38	100.0%
Office Furniture	3.30	-	-	3.30	-	-	-	3.30	100.0%
Vehicles	1.48	-	-	1.40	0.08	0.07	0.01	1.47	99.6%
Electrical Installations	29.71	0.05	0.00	29.13	0.52	0.48	0.04	29.61	99.7%
Office Equipment	1.67	-	-	1.39	0.28	0.26	0.02	1.65	98.7%
Furniture & Fixtures-Freehold- Operational Area	11.64	-	-	11.64	-	-	-	11.64	100.0%
Furniture & Fixtures – Trolleys	1.88	-	-	1.88	-	-	-	1.88	100.0%
X-Ray Equipment	23.68	-	-	23.68	-	-	-	23.68	100.0%
CFT & Firefighting equipment	0.05	-	-	0.05	-	-	-	0.05	100.0%
<b>Total</b>	<b>629.03</b>	<b>0.97</b>	<b>2.65</b>	<b>345.26</b>	<b>280.15</b>	<b>259.14</b>	<b>21.01</b>	<b>604.40</b>	<b>96.1%</b>



## REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

### Authority's analysis on Allocation of assets

- 6.2.2. The Authority has examined that the common assets within the Terminal Building have been apportioned as Non-aeronautical by Goa International Airport in the Terminal Building ratio of 7.5% during the FY 2018-19 and FY 2019-20. Considering the passenger profile at the Airport, the Authority is of the opinion that the Terminal Building ratio of 7.5% (Non-aeronautical area to total area) is lesser as compared to the similar airports such as Varanasi, Amritsar, Trichy, Calicut and Raipur. Hence, the Authority proposes to consider a revised Terminal Building ratio of 8% as reasonable, in line with the optimum Non-aeronautical proportion of 8%-12% approved for similar airports while apportioning the common assets within the Terminal Building.
- 6.2.3. Also, as mentioned under para 4.4.6 (under True up of Capital Expenditure), the Authority has not allowed Financing allowance of ₹ 14.51 Crores (₹ 9.10 Crores towards project on expansion of Apron and ₹ 5.41 Crores towards construction of New International Terminal Block (NITB)), capitalized by Goa Airport during the Second Control Period, as the allowance was not claimed by Goa Airport as part of their MYTP submitted for the Second Control Period and the Authority had also not approved the same in the Tariff Order issued for Goa Airport for the Second Control Period. Further, the capital expenditure was carried out by the Goa Airport using their own funds and the Authority is of the view that such an allowance is essentially the Interest During Construction (IDC) for a project and should be provided only on the debt borrowings availed for execution of a project. Accordingly, the Authority has considered IDC to be provided based on revisions in the proposed capital expenditure discussed for the Third Control Period and the notional gearing considered for the Third Control Period. Further, the above Financing allowance which has not been allowed by the Authority has been adjusted against the respective assets such as Apron, Terminal Building and Plant and Machinery and the same is provided in Table 23 below.
- 6.2.4. Based on the above observations, the Authority has presented the allocation of Gross Block of assets as on April 1, 2021 between Aeronautical and Non-aeronautical as per table below:

*Table 23: Allocation of Opening Gross Block of Assets as on April 1, 2021 between Aeronautical and Non-aeronautical proposed by the Authority*

(₹ Crores)

Asset Category	Total Assets (Inclusive of ANS)	ANS Assets	Non-Aero Assets	Pure Aero-nautical Assets	Common Assets	Common Assets		Total Aero Assets	% Aeronautical
						Aero	Non-Aero		
	A= B+C+D+E	B	C	D	E = F+G	F	G	H= D+F	I=H/A
Land freehold	2.28	-	-	2.28	-	-	-	2.28	100.0%
Runway, Taxi Way & Apron	89.37	-	-	89.37	-	-	-	89.37	100.0%
Road, Bridge & Culverts.	2.00	-	0.01	1.98	-	-	-	1.98	99.3%
Terminal Building	315.77	-	0.13	36.82	278.81	256.51	22.31	293.33	92.9%
Buildings - Temporary	1.01	-	-	0.96	0.04	0.04	0.00	1.00	99.7%
Buildings - Residential	0.60	-	-	0.60	-	-	-	0.60	100.0%
Security Fencing	0.20	-	-	0.20	-	-	-	0.20	100.0%
Buildings - Others	4.34	-	2.50	1.84	-	-	-	1.84	42.4%
Computers & Peripherals	1.73	-	-	1.37	0.37	0.29	0.07	1.66	95.8%
Computer Software	0.18	-	-	0.14	0.04	0.03	0.00	0.18	97.5%
Machinery	96.41	0.91	0.01	95.48	0.01	0.01	0.00	95.49	99.0%



## REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

Asset Category	Total Assets (Inclusive of ANS)	ANS Assets	Non-Aero Assets	Pure Aero-nautical Assets	Common Assets	Common Assets		Total Aero Assets	% Aeronautical
						Aero	Non-Aero		
Tools & Equipment	27.27	-	-	27.27	-	-	-	27.27	100.0%
Office Furniture	3.30	-	-	3.30	-	-	-	3.30	100.0%
Vehicles	1.48	-	-	1.40	0.08	0.07	0.01	1.47	99.4%
Electrical Installations	29.71	0.05	0.00	29.13	0.52	0.48	0.04	29.61	99.7%
Office Equipment	1.67	-	-	1.39	0.28	0.26	0.02	1.65	98.9%
Furniture & Fixtures-Freehold-Operational Area	11.61	-	-	11.61	-	-	-	11.61	100.0%
Furniture & Fixtures – Trolleys	1.88	-	-	1.88	-	-	-	1.88	100.0%
X-Ray Equipment	23.68	-	-	23.68	-	-	-	23.68	100.0%
CFT & Firefighting equipment	0.05	-	-	0.05	-	-	-	0.05	100.0%
<b>Total</b>	<b>614.52</b>	<b>0.97</b>	<b>2.65</b>	<b>330.75</b>	<b>280.15</b>	<b>257.70</b>	<b>22.45</b>	<b>588.45</b>	<b>95.8%</b>

### 6.3. Capital expenditure proposed for Third Control Period

6.3.1. AAI has proposed capital expenditure of ₹ 263.95 Crores for the Third Control Period for Goa International Airport. The capital addition projects submitted by AAI for Goa International Airport for the Third Control Period has been divided into the following:

A. Capital Addition projects initiated in Second Control Period and being executed in Third Control Period.

B. New Capital expenditure proposed for the Third Control Period

6.3.2. The capital additions stated in A & B above have been explained project-wise in the same sequence in the table below:

*Table 24: Project wise Capital Expenditure submitted by AAI for Goa International Airport for Third Control Period*

(₹ Crores)

S. No	Capital Expenditure Project	Financial Year of Commissioning	Project cost (includes design, PMC, Pre-operative expenses etc)	Financing allowance (FA)	Total Capex (incl. FA)
<b>A. Projects initiated in Second Control Period and proposed to be executed in Third Control Period</b>					
1.	<b>Runways, Taxiway &amp; Aprons</b>				
	Construction of Apron	2022-23	8.36	-	8.36
	IDC on Apron	2022-23	0.21	-	0.21
2.	<b>Terminal Building</b>				
	Extension of Existing TB	2022-23	79.43	-	79.43
	Modification of Existing TB	2022-23	2.98	-	2.98
	IDC on TB	2022-23	2.41	-	2.41

**REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD**

S. No	Capital Expenditure Project	Financial Year of Commissioning	Project cost (includes design, PMC, Pre-operative expenses etc)	Financing allowance (FA)	Total Capex (incl. FA)
	Buildings- Financial Allowance	2022-23	-	0.63	0.63
3.	<b>Electrical Installations</b>				
	Extension of Existing TB	2022-23	52.95	-	52.95
	IDC on TB	2022-23	1.61	-	1.61
	Financing allowance (Electrical. Portion)	2022-23	-	0.42	0.42
4.	<b>Buildings- Others</b>				
	Beautification of City side of NITB by providing decorative tile work at Goa Airport, Goa.	2021-22	0.85	-	0.85
	Financial Allowance for beautification	2021-22	-	0.07	0.07
	Providing and fixing glazing in existing railing at Goa airport.	2021-22	3.08		3.08
	Renovation of Balance Toilets in Terminal Building at Goa Airport.	2021-22	2.43		2.43
	Modification to Flooring in NITB.	2021-22	0.97		0.97
	Provision of Roll Carpet for Ramps of Aerobridge No. 6,7,8	2021-22	1.07		1.07
	Construction of Overhead glass canopy for remote glass at Goa International Airport, Goa	2021-22	1.56		1.56
	Construction of Residential Quarters	2021-22	26.77	-	26.77
	Buildings- Financial Allowance	2021-22	-	0.13	0.13
	CISF infrastructure at Goa Airport. SH: - Construction of Bachelor Accommodation (Barracks) i/c Kote, Armory, Ammunition etc. & Dog Kennel at Goa Airport.	2021-22	15.43	-	15.43
	Construction of carpark and ancillary buildings at land PT No. 162 at Goa Airport.	2021-22	3.41	-	3.41
	Construction of hardstanding in open car parking & surrounding garbage disposal area at Goa International Airport	2021-22	0.55		0.55
	Financial Allowance for CISF infrastructure	2021-22	-	0.59	0.59
5.	<b>Plant and Machinery</b>				
	SITC OF 124 NO. ETD(Goa-4nos.)	2021-22	0.51	-	0.51
	Construction of Existing TB-S.H-airport system & IT	2022-23	35.79	-	35.79
<b>Total Capex initiated in the Second Control Period and proposed to be executed in the Third Control Period (A)</b>			<b>240.37</b>	<b>1.84</b>	<b>242.21</b>
<b>B. New Capital expenditure proposed for the Third Control Period</b>					
1.	<b>Plant and Machinery</b>				
	Procurement of SCCTV	2023-24	1.00	-	1.00
	Procurement of FIDS	2024-25	1.00	-	1.00
	Procurement of PA System	2025-26	1.00	-	1.00
2.	<b>Electrical Installations</b>				

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S. No	Capital Expenditure Project	Financial Year of Commissioning	Project cost (includes design, PMC, Pre-operative expenses etc)	Financing allowance (FA)	Total Capex (incl. FA)
	Laying of 33KV Cable from Sancoale Substation to Goa Airport.	2021-22	4.36	-	4.36
	Financing allowance	2021-22	-	0.05	0.05
	Improvement of Air-conditioning system at Domestic and International departure.	2021-22	1.65	-	1.65
	Modification of existing drinking water fountains to touchless systems at Goa Airport.	2021-22	0.06	-	0.06
	Construction of Car Parking and ancillary building at Land PT No.162	2021-22	3.41	-	3.41
	Provision of UVGI in existing AHU's for air quality improvement at NITB, Goa Airport.	2021-22	0.32	-	0.32
	Provision of Inflatable Mobile lighting tower with DG set at Goa Airport.	2021-22	0.06	-	0.06
	Provision of Security equipment with Civil works at Goa Airport.	2021-22	1.00	-	1.00
	Procurement of Portable fire extinguisher at Goa Airport	2021-22	0.13	-	0.13
	Provision of fire fighting system for Electrical / CNS installation at Goa Airport. SH Provision of clean gas based fire extinguishers & surge diverters.	2021-22	0.51	-	0.51
3.	<b>Furniture and Fixtures Operational Area</b>				
	Procurement of 01-R/W sweeping Machine & 250 Chairs.	2022-23	3.60	-	3.60
	ATM Furniture - Procurement of 250 Trolleys (with Brake)	2023-24	0.58	-	0.58
4.	<b>X-RAY</b>				
	Procurement of X-Bis	2023-24	3.00	-	3.00
<b>New Capital expenditure proposed for the Third Control Period (B)</b>			<b>21.68</b>	<b>0.05</b>	<b>21.73</b>
<b>GRAND TOTAL (A+B)</b>			<b>262.06</b>	<b>1.89</b>	<b>263.95</b>

## Authority's analysis of capitalisation of Aeronautical Expenditure for the Third Control Period

6.3.3. While analysing the MYTP regarding capitalization of Aeronautical Expenditure for the Third Control Period, the Authority has taken into consideration the reduced traffic due to COVID-19 pandemic and has appropriately rationalized the proposed capex as given in the following paragraphs.

6.3.4. The following table summarises the capital expenditure in respect of projects

A. Initiated in the Second Control Period and being executed in Third Control Period – The Authority noted that these capital projects were not approved by AERA in the Second Control period. However, AAI had started implementing these projects in the Second Control Period.

B. New Capital expenditure proposed for the Third Control Period.

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*Table 25: Summary of Capital Expenditure projects submitted by AAI for Goa International Airport for Third Control Period*

(₹ Crores)

Reference	Project/ Group	No.	Particulars	Capex proposed by AAI for Goa International Airport
A	Capital Addition projects initiated in Second Control Period and being executed in Third Control Period	A1	Runways, Taxiway & Aprons	8.57
		A2	Extension and modification of existing Terminal Building	84.82
		A3	Electrical installations on extension of Terminal Building	54.56
		A4	Building others – Construction of Residential quarters	26.77
		A5	Building others – Construction of CISF barracks	15.43
		A6	Building others – Construction of car park and ancillary buildings at land PT No. 162 at Goa Airport.	3.41
		A7	Building others – other minor civil works	10.51
		A8	Plant and Machinery – related to Extension of Terminal Building	36.30
		A	<b>Capex projects initiated in the Second Control Period and being executed in the Third Control Period</b>	<b>240.37</b>
	<b>Financing allowance (FA)</b>			<b>1.84</b>
	<b>Total A (including FA)</b>			<b>242.21</b>
B	New Capital expenditure proposed for the Third Control Period	B1	Plant and Machinery	3.00
		B2	Electrical Installations	11.50
		B3	Furniture and Fixtures Operational Area	4.18
		B4	X-Ray	3.00
		B	<b>New Capital expenditure proposed for the Third Control Period</b>	<b>21.68</b>
	<b>Financing allowance (FA)</b>			<b>0.05</b>
	<b>Total B (including FA)</b>			<b>21.74</b>
	<b>Grand Total (A+B)</b>			<b>263.95</b>

6.3.5. The Authority reviewed the process of Administrative Approval and Expenditure Sanction (AAES)/ Work orders initiated by AAI and also witnessed the physical progress of the said assets during its visit conducted through its independent consultant. The Capital Expenditure projected for the Third Control Period includes projects that were initiated in the Second Control Period and being executed during the Third Control Period and some new projects proposed for the Third Control Period. The same have

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been explained below:

### 6.3.5.1 Projects initiated during Second Control Period and executed in the Third Control Period

- A1: Runway, Taxiway and Apron:** The Authority noted that the capital expenditure (including Interest During Construction) relating to Apron amounting to ₹ 8.57 Crores had been capitalized in the Second Control Period and the same had been inadvertently included in the capex projections for the Third Control Period. The Authority proposes to exclude the above capital expenditure relating to Apron from the RAB for the Third Control period.
- A2: Extension and modification of existing Terminal Building:** The Terminal Building currently has the capacity to handle 7.65 MPPA. However, in FY 2018-19 and FY 2019-20, the actual passenger traffic was in the range of 8.46 MPPA and 8.35 MPPA respectively, which were higher than the Terminal Building capacity. To cater the requirement of robust traffic growth at Goa airport (which is expected to reach 10 MPPA by end of the Control Period), AAI had proposed to extend the existing Terminal Building (vide work order AAI/Engg. (C)/Goa/ TB-Extn/2019-20/78 dated December 3, 2019). The capacity of the Terminal Building after the above extension is expected to reach to 9.65 MPPA. The Authority reviewed the AUCC meeting conducted by AAI for Goa Airport on March 28, 2017, with respect to the above project on extension of Terminal Building. The Authority also reviewed the physical progress of the extension of the Terminal Building during its visit to the Airport through its independent consultant and noted that only 14% of the construction work has happened. It was noted that the project was under slow progress due to COVID-19 pandemic and the monsoon season. Further, it was noted that the Environmental clearance for this project was obtained only in May 2021. AAI had projected the completion of this project by FY 2022-23. However, considering the slow progress of the execution of work, the Authority proposes to consider completion of this project by FY 2024-25 and shift the capitalization of the cost of extension of Terminal Building (including IDC) to FY 2024-25. Further, the Authority noted that the total capital expenditure pertaining to Terminal Building has been allocated to Aeronautical services in the ratio of 92.5%:7.5 % which the authority proposes to revise and allocate in the ratio of Terminal Building i.e., 92%:8% in order to be in line with similar airports.
- A3: Electrical installations on extension of Terminal Building:** These include electrical fittings and other electrical installations that are proposed to be undertaken alongside the completion of civil work pertaining to the extension of the existing Terminal Building of Goa Airport. Considering the current progress of the civil work on extension of Terminal Building, the Authority considers shifting the above capital expenditure (including IDC) to FY 2024-25. Further, the Authority noted that the above capital expenditure on Electrical Installations has been allocated to Aeronautical services in the ratio of 92.5%:7.5 % which the authority proposes to revise and allocate in the ratio of Terminal Building i.e., 92%:8% in order to be in line with similar airports.
- A4: Building Others - Construction of Residential quarters:** This includes ₹ 26.77 Crores incurred towards construction of Residential Quarters, which was completed on July 31, 2018. However, due to certain policy changes by the Government of Goa, there was delay in the grant of Panchayat license, which was issued on July 29, 2020. After the receipt of the above license, AAI was in the process of securing MPDA permission (which was obtained on September 16, 2021). AAI has stated that completion certificate from MPDA and Occupation certificate from Chicalim Panchayat is awaited, after which the asset is expected to be put to use in March 2022. However, the Authority proposes to consider capitalizing the Residential quarters in FY 2022-23, after the asset is put to use in March 2022.

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**A5: Building others – Construction of CISF barracks:** The Authority examined the progress of construction of CISF barracks and observed delays in the commencement and execution of this project. Administrative approval (AAES) for this project was obtained in December 2013 and the contract was awarded in December 2015. Further, the consent to execute the work as per the terms of the agreement was obtained from the contractor only in September 2018 and mobilization advance was provided in January 2019. The construction work, which had commenced in January 2019, was suspended due to COVID-19 pandemic and again resumed in 2021. The Authority noted that as on the date of its review, only 40% of the work has been completed. Further, during a recent physical visit to the Airport through its independent consultant, the Authority noted that the work had been suspended due to the monsoon season. Further, it was noted that there is deep valley quite close to the CISF barrack accommodation and a retaining wall is needed for the safety of the above barrack accommodation. Considering the above delays in the issuance of contract, commencement of work and the continued slow progress in the execution of the project, the Authority proposes to shift the capital expenditure pertaining to this project (which is projected for ₹ 15.43 crores) to the next Control Period.

**A6: Building others – Construction of car park and ancillary buildings at land PT No. 162 at Goa Airport:** The Authority examined the physical progress of the above construction of car park and ancillary buildings during its visit to the Airport through its independent consultant and noted that the same is 71% complete. AAI has considered the above asset as 100% Aeronautical. However, the Authority noted that the above car park is constructed outside the Terminal Building and should be treated as 100% Non-aeronautical asset. Hence, the Authority proposes to consider the capital expenditure on the construction of car park and ancillary buildings as 100% Non-aeronautical and exclude the same from RAB.

**A7: Building others – other minor civil works:**

- a. The Authority noted that the other civil works pertaining to beautification of city side of NITB, fixing glazing in existing railing at Goa Airport, Renovation of toilets, modification to flooring at NITB, provision of Roll Carpet for Ramps of Aerobridges, Construction of Overhead glass canopy for remote glass at the Goa Airport have been completed and the assets have been capitalized by AAI in the FY 2021-22. The Authority is in agreement with the same.
- b. The Authority noted that AAI has revised the timelines for completion of civil work pertaining to Construction of hard standing in open car parking & surrounding garbage disposal area at the Airport from FY 2021-22 to FY 2022-23.

**A8: Plant and Machinery:** This comprises of capital expenditure projected towards Airport and IT system works for the extended Terminal building. The Authority is of the view that the above Airport and IT systems will be installed only after completion of the civil and electrical works. Considering the current progress of the extension of Terminal Building (as mentioned in A2 above, where the capitalization has been shifted by the Authority to FY 2024-25), the Authority considers shifting the above capital expenditure on Airport and IT systems to the FY 2025-26.

### 6.3.5.2 Capital expenditure newly proposed for the Third Control Period

The Authority noted that some items of Plant and Machinery, Electrical installations and Furniture and fixtures have been newly proposed for the Third Control Period such as

**B1: Plant and Machinery** – which includes Procurement of SCCTV, FIDS and Passenger Announcement (PA) system. As these assets are needed for operational requirements, the Authority considers the same to be reasonable.

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### **B2: Electrical installations** – these include

- a. Laying of 33KV Cable from Sancoale Substation to Goa Airport.
- b. Electrical works relating to Construction of Car Parking and ancillary building at Land PT No.162
- c. Improvement of Air-conditioning system at Domestic and International departure.
- d. Modification of existing drinking water fountains to touchless systems at Goa Airport.
- e. Provision of UVGI in existing AHU's for air quality improvement at NITB, Goa Airport.
- f. Provision of Inflatable Mobile lighting tower with DG set at Goa Airport.
- g. Provision of Security equipment with Civil works at Goa Airport.
- h. Procurement of Portable fire extinguisher at Goa Airport
- i. Provision of fire-fighting system for Electrical / CNS installation at Goa Airport. SH Provision of clean gas-based fire extinguishers & surge diverters.

The Authority noted that the works on electrical installations mentioned under point (c) to (i) have been completed at Goa Airport. The work stated under point (a), is scheduled to be completed by FY 2022-23.

The Authority noted that the total costs of construction of carpark and ancillary buildings at land PT No. 162 (amounting to ₹ 3.41 crores) at Goa Airport have been included under Building others (as detailed under para A7 above) and also under Electrical installations, resulting in duplication of projection of total project costs. The Authority has corrected the above error in its computation of capitalisation of total costs of construction of carpark and ancillary buildings at land PT No. 162

### **B3: Furniture and Fixtures** – includes:

- a. Procurement of 01-R/W sweeping Machine & 250 Chairs.
- b. Procurement of 250 Trolleys (with Brake)

The Authority has reviewed the above projections done by AAI and is of the view that considering the slowdown in the growth of passenger traffic, the projected cost of above furniture and fixtures may be revisited by AAI. Accordingly, the Authority proposes to consider only 50% of the above projected cost of furniture and fixtures.

### **B4: X-Ray** – this includes procurement of X-Bis.

The Authority noted that the above Capex on X-Ray equipment have been projected to meet the operational requirements at the Airport, with the extension of Terminal Building and the Authority considers the same to be reasonable.

- 6.3.6. Based on Authority review of the progress of work (civil and electrical), AAI had revised the timelines for completion of the following works which were earlier projected to be completed by FY 2021-22 to FY 2022-23.



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*Table 26: Summary of Capital Expenditure projects submitted by AAI for Goa International Airport for Third Control Period*

S. No	Project Name	Original timeline for completion of work	Revised timeline	Amount (₹ crores)
1	Construction of hardstanding in open car parking & surrounding garbage disposal area at Goa International Airport	FY 21-22	FY 22-23	0.55
2	Laying of 33KV Cable from Sancoale Substation to Goa Airport.	FY 21-22	FY 22-23	4.36

The Authority noted that the other civil and electrical works mentioned under para 6.3.5.1 (A7) and 6.3.5.1 (B2) which were projected by AAI to be completed by FY 2021-22, have been completed as on the date of its review.

6.3.7. The Authority noted that Goa International Airport has claimed Financing allowance of ₹ 1.89 Crores out of which ₹ 0.69 Crores incurred towards project on Extension and Modification of Terminal Building, ₹ 0.73 Crores towards construction of car park and residential quarters and ₹ 0.47 Crores towards laying of electrical cable in the MYTP submitted for the Third Control Period. The Authority proposes not to allow the above Financing allowance which is computed on the above capital expenditure projects that are proposed to be carried out using own funds/ equity.

6.3.8. The Authority proposes to reduce 1% of the project cost from the ARR in case any particular capital project is not completed/capitalised as per the approved capitalisation schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalisation schedule, due to any reason beyond the control of AAI or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fourth Control Period.

6.3.9. In accordance with above, the Authority proposes the capital expenditure for the Third Control Period as per the table below:

*Table 27: Capital Expenditure (Project-wise) proposed by the Authority for Third Control Period*

(₹ Crores)

Reference		Project Group	Description of the Project	Year of Capitalisation		Submitted by AAI (1)	Proposed by the Authority (2)	Difference (3) = (2)-(1)
				Submitted by AAI	Proposed by Authority			
<b>A.</b>	A1	Capital Addition projects initiated in Second Control Period and being executed in Third Control Period	Runways, Taxiway & Aprons	2022-23	-	8.57	-	(8.57)
	A2		Extension and Modification of Existing Terminal Building	2022-23	2024-25	82.41	81.97	(0.44)
			IDC*			2.41	8.34	5.93
	A3		Electrical Installations on Extension of Existing	2022-23	2024-25	52.95	52.66	(0.29)

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Reference		Project Group	Description of the Project	Year of Capitalisation		Submitted by AAI (1)	Proposed by the Authority (2)	Difference (3) = (2)-(1)
				Submitted by AAI	Proposed by Authority			
			Terminal Building					
			IDC*			1.61	5.56	3.95
	A4.		Building others – Construction of Residential quarters	2021-22	2022-23	26.77	26.77	-
	A5		CISF infrastructure at Goa Airport. Construction of Bachelor Accommodation (Barracks) i/c Kote, Armory, Ammunition etc. & Dog Kennel at Goa Airport.	2021-22	2025-26	15.43	-	(15.43)
	A6		Construction of carpark and ancillary buildings at land PT No. 162 at Goa Airport.	2021-22	2021-22	3.41	-	(3.41)
	A7		<b>Building others - Other civil works</b>					
			Beautification of City side of NITB by providing decorative tile work at Goa Airport, Goa.	2021-22	2021-22	0.85	0.85	-
			Providing and fixing glazing in existing railing at Goa airport.	2021-22	2021-22	3.08	3.08	-
			Renovation of Balance Toilets in Terminal Building at Goa Airport.	2021-22	2021-22	2.43	2.43	-
			Modification to Flooring in NITB.	2021-22	2021-22	0.97	0.97	-
			Provision of Roll Carpet for Ramps of Aerobridge No. 6,7,8	2021-22	2021-22	1.07	1.07	-
			Construction of Overhead glass	2021-22	2021-22	1.56	1.56	-

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Reference		Project Group	Description of the Project	Year of Capitalisation		Submitted by AAI (1)	Proposed by the Authority (2)	Difference (3) = (2)-(1)
				Submitted by AAI	Proposed by Authority			
			canopy for remote glass at Goa International Airport, Goa					
			Construction of hard standing in open car parking & surrounding garbage disposal area at Goa International Airport	2021-22	2022-23	0.55	0.55	-
	A8		<b>Plant and Machinery – related to Extension of Terminal Building</b>					
			SITC OF 124 NO. ETD(Goa-4nos.)	2021-22	2021-22	0.51	0.51	-
			Construction of Existing TB-Airport & IT system	2022-23	2025-26	35.79	35.79	-
			<b>Total (A)</b>			<b>240.37</b>	<b>222.11</b>	<b>(18.26)</b>
<b>B.</b>	B1.	New Capital expenditure proposed for the Third Control Period	<b>Plant and Machinery</b>					
			Procurement of SCCTV	2023-24	2023-24	1.00	1.00	-
			Procurement of FIDS	2024-25	2024-25	1.00	1.00	-
			Procurement of PA System	2025-26	2025-26	1.00	1.00	-
	B2.		<b>Electrical Installations</b>					
			Laying of 33KV Cable from Sancoale Substation to Goa Airport.	2021-22	2022-23	4.36	4.36	-
			Construction of Car Parking and ancillary building at Land PT No.162	2021-22	2021-22	3.41	-	(3.41)
			Improvement of Air-conditioning system at Domestic and International departure.	2021-22	2021-22	1.65	1.65	-
			Modification of existing drinking water fountains	2021-22	2021-22	0.06	0.06	-

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Reference		Project Group	Description of the Project	Year of Capitalisation		Submitted by AAI (1)	Proposed by the Authority (2)	Difference (3) = (2)-(1)
				Submitted by AAI	Proposed by Authority			
			to touchless systems at Goa Airport.					
			Provision of UVGI in existing AHU's for air quality improvement at NITB, Goa Airport.	2021-22	2021-22	0.32	0.32	-
			Provision of Inflatable Mobile lighting tower with DG set at Goa Airport.	2021-22	2021-22	0.06	0.06	-
			Provision of Security equipment with Civil works at Goa Airport.	2021-22	2021-22	1.00	1.00	-
			Procurement of Portable fire extinguisher at Goa Airport	2021-22	2021-22	0.13	0.13	-
			Provision of fire-fighting system for Electrical / CNS installation at Goa Airport. SH Provision of clean gas-based fire extinguishers & surge diverters.	2021-22	2021-22	0.51	0.51	-
	B3.		<b>Furniture and Fixtures Operational Area</b>					
			Procurement of 01-R/W sweeping Machine & 250 Chairs.	2022-23	2022-23	3.60	1.80	(1.80)
			ATM FURNITURE Procurement of 250 Trolleys (with Brake)	2023-24	2023-24	0.59	0.30	(0.29)
	B4.		<b>X-RAY</b>					
			Procurement of X-Bis	2023-24	2023-24	3.00	3.00	-
			<b>Total (B)</b>			<b>21.69</b>	<b>16.19</b>	<b>(5.50)</b>

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Reference	Project Group	Description of the Project	Year of Capitalisation		Submitted by AAI (1)	Proposed by the Authority (2)	Difference (3) = (2)-(1)
			Submitted by AAI	Proposed by Authority			
		<b>Total (A+B)</b>			<b>262.06</b>	<b>238.30</b>	<b>(23.76)</b>
		<b>Financing Allowance</b>			<b>1.89</b>	<b>-</b>	<b>(1.89)</b>
		<b>Grand Total</b>			<b>263.95</b>	<b>238.30</b>	<b>(25.65)</b>

\* IDC incurred up to the financial year of capitalisation of the asset has been included.

The Authority proposes to consider capitalisation of Aeronautical expenditure for Goa Airport for the Third Control Period as ₹ 238.30 Crores.

### 6.4. Depreciation for the Third Control Period

#### Goa International Airport's submission of Depreciation for the Third Control Period

6.4.1. Goa International Airport follows its approved rates of depreciation for different asset classes. While submitting the Multi-Year Tariff proposal for the Third Control Period for Goa International Airport, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (*Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'*). Accordingly, the rates of depreciation approved by the Authority have been applied by Goa International Airport from FY 2018-19 onwards.

6.4.2. Depreciation has been computed separately on opening block of assets and on the proposed additions.

6.4.3. The depreciation amount proposed by Goa International Airport for the Third Control Period has been presented in the table below.

*Table 28: Depreciation proposed by AAI for Goa International Airport for the Third Control Period*

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land	-	-	-	-	-	-
Runways/Taxiway	0.44	0.44	0.44	0.44	0.44	<b>2.22</b>
Apron	2.55	2.69	2.83	2.83	2.83	<b>13.74</b>
Roads Bridges & Culverts	0.14	0.13	0.09	0.03	0.03	<b>0.41</b>
Terminal Buildings	9.79	11.38	12.80	12.78	12.78	<b>59.54</b>
Temporary Building	3.61	6.94	6.94	2.62	-	<b>20.12</b>
Residential Building	0.45	0.90	0.90	0.90	0.90	<b>4.05</b>
Temporary Boundary Wall	-	-	-	-	-	-
Boundary Wall (Operational)	-	-	-	-	-	-
Boundary Wall (Res.)	-	-	-	-	-	-
Other Buildings	0.06	0.06	0.06	0.06	0.06	<b>0.31</b>
Computers & I.T. Hardware	0.08	-	-	-	-	<b>0.08</b>
Intangible Assets- Computer Software	0.03	0.03	0.02	0.00	-	<b>0.07</b>
Plant & Machinery	6.31	7.42	8.63	8.68	8.75	<b>39.79</b>

### REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Tools & Equipment	1.78	1.78	1.78	1.78	1.78	8.88
Furniture-Office	0.32	0.00	-	-	-	0.32
Vehicles	0.09	0.09	0.09	0.09	0.09	0.43
Cars/Jeeps	-	-	-	-	-	-
Elect. Installations	2.39	5.60	7.97	6.72	6.65	29.33
Office Eqpt. & Appliances	0.20	-	-	-	-	0.20
F&F- Operational Area	1.30	1.56	1.82	1.82	1.82	8.31
ATM Furniture-Trolley	-	-	0.58	-	-	0.58
X-Ray Baggage Sys.	1.25	1.22	1.30	1.39	1.39	6.54
CFT & Fire Fighting Equip.	0.00	0.00	0.00	0.00	0.00	0.01
<b>TOTAL</b>	<b>30.80</b>	<b>40.24</b>	<b>46.25</b>	<b>40.14</b>	<b>37.52</b>	<b>194.94</b>

#### Authority's analysis of Depreciation for the Third Control Period

- 6.4.4. The Authority has noted the submission of two different rates of depreciation by Goa International Airport for different periods under consideration (Second and Third Control Period) and has duly examined these for consideration towards determination of Aeronautical tariff.
- 6.4.5. The Authority observed that the depreciation rates used by Goa International Airport for the Third Control Period are in line with the rates as per the Order No. 35/ 2017-18 dated January 12, 2018, and Amendment No. 01 to Order No. 35. Therefore, the Authority does not propose any change in the depreciation schedule.
- 6.4.6. Considering the above depreciation rates, changes in the allocation of opening gross block of assets and proposed capital expenditure, the Authority proposes the following depreciation for the Third Control Period.

*Table 29: Depreciation proposed by the Authority for the Third Control Period*

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land	0.00	0.00	0.00	0.00	0.00	0.00
Runways/Taxiway	0.44	0.44	0.44	0.44	0.44	2.22
Apron	2.25	2.25	2.25	2.25	2.25	11.23
Roads Bridges & Culverts	0.14	0.13	0.09	0.03	0.03	0.41
Terminal Buildings	9.63	9.80	9.80	11.28	12.79	53.29
Temporary Building	0.28	0.38	0.47	0.00	0.00	1.13
Residential Building	0.00	0.45	0.90	0.90	0.90	3.14
Temporary Boundary Wall	0.00	0.00	0.00	0.00	0.00	0.00
Boundary Wall (Operational)	0.00	0.00	0.00	0.00	0.00	0.00
Boundary Wall (Residential)	0.00	0.00	0.00	0.00	0.00	0.00
Other Buildings	0.06	0.06	0.06	0.06	0.06	0.31
Computers & I.T. Hardware	0.08	0.00	0.00	0.00	0.00	0.08
Intangible Assets- Computer Software	0.03	0.03	0.02	0.00	0.00	0.07
Plant & Machinery	6.20	6.11	6.13	6.18	7.45	32.07

## REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Tools & Equipment	1.77	1.77	1.77	1.77	1.77	8.84
Furniture-Office	0.32	0.00	0.00	0.00	0.00	0.32
Vehicles	0.09	0.09	0.09	0.09	0.09	0.43
Cars/Jeeps	0.00	0.00	0.00	0.00	0.00	0.00
Elect. Installations	2.00	2.28	2.12	3.79	6.63	16.83
Office Equipment & Appliances	0.20	0.00	0.00	0.00	0.00	0.20
F&F- Operational Area	1.30	1.43	1.56	1.56	1.56	7.39
ATM Furniture-Trolley	0.13	0.00	0.05	0.10	0.10	0.37
X-Ray Baggage System	1.25	1.22	1.30	1.39	1.39	6.54
CFT & Fire Fighting Equipment	0.00	0.00	0.00	0.00	0.00	0.01
<b>TOTAL</b>	<b>26.17</b>	<b>26.43</b>	<b>27.03</b>	<b>29.82</b>	<b>35.43</b>	<b>144.89</b>

The Authority proposes to consider depreciation for Goa Airport for the Third Control Period as ₹ 144.89 Crores.

### 6.5. Regulatory Asset Base (RAB) for the Third Control Period

#### Goa International Airport's submission of RAB for the Third Control Period

6.5.1. Goa International Airport has submitted RAB for the Third Control Period as follows:

*Table 30: RAB submitted by AAI for Goa International Airport for the Third Control Period*

(₹ Crores)						
Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB	426.27	464.46	612.61	570.94	531.80	
Additions	68.99	188.39	4.58	1.00	1.00	<b>263.95</b>
Disposal/Transfers	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Depreciation	30.80	40.24	46.25	40.14	37.52	<b>194.94</b>
<b>Closing RAB</b>	<b>464.46</b>	<b>612.61</b>	<b>570.94</b>	<b>531.80</b>	<b>495.28</b>	
<b>Average RAB</b>	<b>445.36</b>	<b>538.53</b>	<b>591.78</b>	<b>551.37</b>	<b>513.54</b>	

#### Authority's analysis of RAB for the Third Control Period

6.5.2. The Authority proposes to adopt the capitalisation of Aeronautical Expenditure in accordance with Table 27 and the depreciation amounts in accordance with Table 29.

6.5.3. Combining all its propositions, RAB proposed to be considered by the Authority for determination of Aeronautical tariff for the Third Control Period is as follows:



## REGULATORY ASSET BASE (RAB) AND DEPRECIATION FOR THE THIRD CONTROL PERIOD

*Table 31: RAB proposed to be considered by the Authority for the Third Control Period*

(₹ Crores)						
Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB (1) (refer Table 8)	413.17	401.21	408.26	385.52	505.23	
Additions (2) (Refer Table 27)	14.21	33.48	4.29	149.53	36.79	<b>238.30</b>
Disposal/Transfers (3)	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Depreciation (4) (refer Table 29)	26.17	26.43	27.03	29.82	35.43	<b>144.89</b>
<b>Closing RAB (5) = [(1) + (2) – (3) – (4)]</b>	401.21	408.26	385.52	505.23	506.59	
<b>Average RAB = [(1) + (5)]/2</b>	<b>407.19</b>	<b>404.74</b>	<b>396.89</b>	<b>445.38</b>	<b>505.91</b>	

The Authority proposes to consider Average RAB for the Goa Airport for the Third Control Period as detailed in Table 31.

### 6.6. Authority's proposal regarding Regulatory Asset Base and Depreciation for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Regulatory Asset Base and Depreciation for the Third Control Period.

- 6.6.1. The Authority proposes allocation of gross block of assets as on April 1, 2021, between Aeronautical and Non-aeronautical assets as detailed in Table 23.
- 6.6.2. The Authority proposes to adopt the capitalisation of Aeronautical Expenditure for the Third Control Period in accordance with Table 27.
- 6.6.3. To true up the Capital expenditure on actuals at the time of determination of tariff for Fourth Control Period.
- 6.6.4. To reduce (adjust) 1% of the project cost from the ARR in case any particular capital project is not completed/capitalised as per the approved capitalisation schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fourth Control Period.
- 6.6.5. The Authority proposes depreciation as per Table 29 for the Third Control Period.
- 6.6.6. The Authority proposes to consider average RAB for the Third Control Period for Goa Airport as per Table 31.

## 7 FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD

### 7.1. Goa International Airport's submission of FRoR for the Third Control Period

7.1.1. AAI submitted that Goa International Airport would require debt to fund the capital expenditure that have been projected for the Third Control Period. Further, AAI also submitted that a debt: equity ratio of 60%:40% has been considered for the cost of extension of Terminal Building and other capital additions. Considering this composition of capital for the Third Control Period, AAI has submitted the projected debt and equity computation as follows.

#### Debt and cost of Debt

7.1.2. The cost of debt submitted by AAI for the FRoR calculation of the Third Control Period pertaining to Goa International Airport is 6.21% per annum.

7.1.3. The outstanding debt and cost of debt as submitted by AAI for the Third Control Period for Goa International Airport is summarized in the table below

Table 32: Debt computation for the Third Control Period submitted by AAI

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening debt	0.00	38.67	137.27	112.64	87.53
Closing debt	38.67	137.27	112.64	87.53	79.54
Average Debt	19.33	87.97	124.96	100.08	83.53
Cost of Debt (%)	6.21%	6.21%	6.21%	6.21%	6.21%

#### Equity and cost of Equity

7.1.4. The cost of equity as submitted by AAI for the Third Control Period is 16% per annum.

7.1.5. The equity projections of Goa International Airport for the Third Control Period as submitted by AAI is summarized in the table below:

Table 33: Equity computation for the Third Control Period submitted by AAI

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Equity	426.03	450.56	466.82	451.28	430.01
Cost of Equity (%)	16%	16%	16%	16%	16%

#### Fair Rate of Return

7.1.6. Based on the financing pattern as discussed above, AAI has computed the FRoR for the Third Control Period as summarized in the table below:

Table 34: FRoR for the Third Control Period submitted by AAI

(₹ Crores)

Particulars	Reference	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Debt	A	19.33	87.97	124.96	100.08	83.53

FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD

Particulars	Reference	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Equity	B	426.03	450.56	466.82	451.28	430.01
% of Debt	$C=A/(A+B)$	4%	16%	21%	18%	16%
% of Equity	$D=B/(A+B)$	96%	84%	79%	82%	84%
Cost of Debt (%)	E	6.21%	6.21%	6.21%	6.21%	6.21%
Cost of Equity (%)	F	16%	16%	16%	16%	16%
FRoR	$G=[(C*E)+(D*F)]$	15.58%	14.40%	13.93%	14.22%	14.41%

## 7.2. Authority's analysis of FRoR for the Third Control Period

### Debt and cost of debt

- 7.2.1. The Authority also notes that AAI has considered capital expenditure funding where 60% of the capital requirement is funded through debt and 40% from internal accruals. The Authority also notes that AAI has accounted for depreciation in its submission of debt proportion. The Authority proposes to rectify the same and recalculate the debt proportion (excluding depreciation) for Goa International Airport in the Third Control Period.
- 7.2.2. From the next Control Period, the Authority may use the notional debt-equity ratio of AAI airports in line with the PPP Airports
- 7.2.3. The Authority has recalculated the debt computation considering the total fund requirement as per the capitalization for the Third Control Period and the same is presented in the table below:

*Table 35: Debt computation proposed to be considered by the Authority for the Third Control Period*

(₹ Crores)

Particulars	Reference	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Opening debt	A	0.00	8.53	27.40	27.10	113.78
Drawdown (additional loan taken)	B	8.53	20.09	3.79	93.64	29.03
Repayment	C	0.00	1.22	4.09	6.96	6.96
Closing debt	$D=A+B-C$	8.53	27.40	27.10	113.78	135.85
Average debt	$E=(A+D)/2$	4.26	17.97	27.25	70.44	124.82
Cost of debt (%)		6.21%	6.21%	6.21%	6.21%	6.21%

### Equity and Cost of Equity

- 7.2.4. The Authority has analyzed the cost of equity pertaining to Goa International Airport as submitted by AAI for the Third Control Period. The Authority acknowledges the debt taken by AAI for Goa International Airport in the Third Control Period and its impact on FRoR. However, the Authority is of the opinion that the gearing ratio is still suboptimal and does not justify a cost of equity of 16% per annum as submitted by AAI. The Authority has drawn reference to the independent studies conducted in the tariff determination exercise for DIAL (Refer to Order No. 57/2020-21), MIAL (Refer to Order No.64/2020-21), HIAL (Refer Order No.12/2020-21), BIAL (Refer Order No.11/2020-21) and CIAL (Refer Order No.08/2020-21). The independent study considers an optimal gearing ratio of 48%:52% and determined a cost of equity in the range of 15% to 15.50%. Given that the debt-equity ratio for Goa International Airport ranges between 4% to 21% in the Third Control Period, the Authority proposes to

## FAIR RATE OF RETURN (FRoR) FOR THE THIRD CONTROL PERIOD

maintain a cost of equity of 14% across the Third Control Period

- 7.2.5. Considering the changes in the capitalization plan for the Third Control Period and the cost of equity, the Authority has recalculated the equity computation of Goa International Airport and the same has been summarised in the table below:

*Table 36: Equity computation proposed to be considered by the Authority for the Third Control Period*

(₹ Crores)					
Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Equity	402.93	386.77	369.64	374.94	381.10
Cost of Equity (%)	14%	14%	14%	14%	14%

### **Fair Rate of Return**

- 7.2.6. The FRoR recalculated by the Authority after considering the analysis discussed above is shown in the table below:

*Table 37: Fair Rate of Return proposed to be considered by the Authority for the Third Control Period*

(₹ Crores)						
Particulars	Reference	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Debt	A	8.53	27.40	27.10	113.78	135.86
Equity	B	402.93	386.77	369.64	374.94	381.10
Debt + Equity	C= A+B	411.45	414.17	396.74	488.72	516.95
Cost of Debt	D	6.21%	6.21%	6.21%	6.21%	6.21%
Cost of Equity	E	14%	14%	14%	14%	14%
Individual Year Gearing	F	2%	7%	7%	23%	26%
Weighted Average Gearing	G	14.03%				
Cost of Debt	H	6.21%				
Cost of Equity	I	14%				
<b>FRoR</b>	<b>J = G*H+(1-G)*I</b>	<b>12.91%</b>				

### **7.3. Authority's proposal regarding Fair Rate of Return (FRoR) for the Third Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to FRoR for the Third Control Period.

- 7.3.1. The Authority proposes to consider cost of debt at 6.21% as per Table 35.
- 7.3.2. The Authority proposes to consider cost of equity at 14% as per Table 36.
- 7.3.3. The Authority proposes to consider FRoR of 12.91% for Goa Airport for the Third Control Period as per Table 37.
- 7.3.4. To true up the FRoR during the tariff determination exercise for the Fourth Control Period.

## **8 INFLATION FOR THE THIRD CONTROL PERIOD**

### **8.1. Goa International Airport's submission on inflation for the Third Control Period**

8.1.1. AAI has not made any submission related to inflation as part of its MYTP submission for Goa International Airport for the Third Control Period.

### **8.2. Authority's analysis on inflation**

8.2.1. The Authority proposes to consider median of WPI inflation forecasts (WPI Non-food Manufactured products) for the FY 2021-22 as per the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 69" published by the Reserve Bank of India (RBI). An extract of the results of RBI's annual forecast of WPI inflation (WPI Non-food Manufactured products) for the 4<sup>th</sup> quarter of FY 2020-21 and the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters of FY 2021-22 is reproduced below:

- 4<sup>th</sup> Quarter of FY 2020-21 – 5.5%
- 1<sup>st</sup> Quarter of FY 2021-22 – 6.2%
- 2<sup>nd</sup> Quarter of FY 2021-22 – 5.8%
- 3<sup>rd</sup> Quarter of FY 2021-22 – 4.3%
- 4<sup>th</sup> Quarter of FY 2021-22 – 2.6%

### **8.3. Authority's proposal relating to inflation**

Based on the material before it and its analysis, the Authority proposes:

8.3.1. To consider WPI inflation at 4.9% for the Third Control Period based on average of the median WPI inflation forecasts of the 4th quarter of FY 2020-21 and of FY 2021-22 given in the 69<sup>th</sup> round of survey of professional forecasters on macroeconomic indicators of RBI.

## 9 NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

### 9.1. Goa International Airport's submission of Non-aeronautical revenue for the Third Control Period

9.1.1. AAI has forecasted revenue from services other than Aeronautical services as below:

*Table 38: Non-aeronautical revenue projections submitted by AAI for Goa International Airport*  
(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
<b>1. Passenger related revenue</b>						
Restaurant / snack bars	4.11	11.66	12.83	14.11	15.52	<b>58.22</b>
T.R. stall	4.33	11.58	12.74	14.01	15.41	<b>58.07</b>
Hoarding & display	3.66	4.11	6.73	8.14	9.65	<b>32.29</b>
Duty Free	4.23	4.75	7.77	9.41	11.15	<b>37.32</b>
Car rentals	0.14	0.16	0.27	0.32	0.38	<b>1.28</b>
Car parking	0.83	0.93	1.53	1.85	2.19	<b>7.32</b>
Admission tickets	0.11	0.12	0.20	0.24	0.28	<b>0.94</b>
Other Misc. Income	2.33	2.62	4.28	5.18	6.14	<b>20.54</b>
<b>2. Other Revenue</b>						
Land leases	0.02	0.02	0.02	0.02	0.03	<b>0.12</b>
Building (residential)	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Building (non-residential)	2.47	2.72	2.99	3.29	3.61	<b>15.07</b>
Sale of scrap or Fixed Asset	0.11	0.12	0.13	0.13	0.14	<b>0.63</b>
<b>Total</b>	<b>22.34</b>	<b>38.79</b>	<b>49.46</b>	<b>56.70</b>	<b>64.51</b>	<b>231.80</b>

9.1.2. The growth rates assumed by AAI have been presented in the table below.

*Table 39: Growth rates assumed by AAI for Goa International Airport for Non-aeronautical revenue*

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
<b>1. Passenger related revenue</b>					
Restaurant / snack bars	171.25%	183.63%	10.00%	10.00%	10.00%
T.R. stall	5055.09%	167.17%	10.00%	10.00%	10.00%
Hoarding & display	112.80%	12.43%	63.59%	21.08%	18.52%
Duty Free	3796.33%	12.43%	63.59%	21.08%	18.52%
Car rentals	408.26%	12.43%	63.59%	21.08%	18.52%
Car parking	14.10%	12.43%	63.59%	21.08%	18.52%
Admission tickets	-49.18%	12.43%	63.59%	21.08%	18.52%
Other income etc.	-4.47%	12.43%	63.59%	21.08%	18.52%
<b>2. Other Revenue</b>					
Land leases*	0.00%	5.00%	5.00%	5.00%	5.00%
Building (residential)	0.00%	10.00%	0.00%	0.00%	0.00%

## NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Building (non-residential)	10.00%	10.00%	10.00%	10.00%	10.00%
Other income/ sale of scrap etc.	-4.47%	12.43%	63.59%	21.08%	18.52%

*\* There is no increase in land lease rentals projected for the first tariff year (FY 2021-22). Hence, the growth rate is shown as “zero” in FY 2021-22.*

### 9.2. Authority’s analysis of Non-aeronautical revenue for the Third Control Period

9.2.1. The Authority notes that AAI’s projection of Non-aeronautical revenues for the Third Control Period for Goa Airport (₹ 231.80 Crores) is lesser than the actual revenue reported by Goa Airport for true up of the Second Control Period (which is at ₹ 306.04 Crores). Further, as also mentioned in para 4.5.2, there were short duration Master Concessionaire agreements which were in existence only during FY 2018-19 and FY 2019-20 and had resulted in substantial increase in Non-aeronautical revenues during those years (under the category ‘Restaurants & Snack Bar’ and ‘T.R Stalls’). Upon termination of these agreements, the revenues for FY 2020-21 were adversely impacted. Consequently, the projections for Non-aeronautical revenues for the Third Control Period, computed from FY 2020-21 revenues were also correspondingly reduced.

9.2.2. Further, the Authority notes that the projections towards Operation and Maintenance expenses for the Third Control Period have increased substantially, compared to the Non-aeronautical revenues. The Authority would like the stakeholders to comment on the above aspect.

9.2.3. The Authority examined the Non-aeronautical revenues for FY 2020-21 (which is considered as a basis for projecting Non-aeronautical revenues for the Third Control Period) submitted by AAI and found the figures to be in line with the trial balances for FY 2020-21.

#### **Utilisation of earmarked commercial space**

9.2.4. The Authority notes that out of the earmarked commercial space of 15,715.15 Sq.m, nearly 94% (14,769.15 Sq.m.) has been allotted to the Concessionaires. Further the Authority noted that the proportion of Non-aeronautical area to total Terminal Building area is only 7.41 % (Terminal Building ratio) as against the ratio of Non-aeronautical area of other similar airports such as Trichy, Raipur, Varanasi and Amritsar. Also, the Authority notes that currently, the Terminal Building is being extended by 18,300 Sq.m.

9.2.5. With the optimal utilisation of the earmarked commercial space and with the extension of Terminal Building, the Authority believes that Goa Airport will be able to increase the proportion of Non-aeronautical area to the total Terminal Building area from the existing 7.41% to around 8% to 12% (being the optimum Terminal Building ratio as approved in similar airports).

#### **Revenue from Passenger related services**

9.2.6. AAI has proposed revenues from Concession Agreements for FY 2021-22 and FY 2022-23 at the rate of 80% of FY 2019-20. Thereafter, an annual increase of 4%, 8% and 12% for revenues from Trading Concessions (other than Restaurant/ Snack Bars and TR Stalls) and Miscellaneous have been proposed for the last 3 tariff years, viz., FY 2023-24, FY 2024-25 and FY 2025-26, factoring in the growth in traffic for the above tariff years by assuming the passenger traffic for FY 2019-20 as the base. The Authority noted that the above waiver in the contractual revenues (20%) from the Concessionaires is allowed by AAI vide its Commercial Circular No. 24/ 2020 and 26/ 2020, considering the impact of COVID-19 on the Aviation sector. The revenue from Restaurant/ Snack Bars and TR Stalls have been proposed by AAI to be increased by 10% for the last 3 tariff years, viz., FY 2023-24, FY 2024-25 and



# NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

FY 2025-26.

- 9.2.7. Assuming that passenger traffic for the last three tariff years would revert to the pre COVID-19 levels (of FY 2019-20), the Authority proposes to consider a growth rate of 15% in the revenues (based on the passenger traffic forecasted by the Authority) from Passenger related revenue (Trading Concessions) for FY 2023-24 to FY 2025-26.
- 9.2.8. The AAI has entered into Concessionaire agreement with M/s Travel Food Services Private Limited to manage and maintain food beverage outlets at Goa Airport via agreement number AAI/Goa/Comm/ MC/F&B/2021/194/263 dated July 28, 2021. The Authority noted a business incubation period of 60 days and after Concession Agreement is proposed to be executed. The authority proposes to consider the revenue from the Concession Agreement (₹0.93 Crores per month) for FY 2021-22 with effect from October 1, 2021 onwards.

## Other revenue – Rent and Services

- 9.2.9. The Authority has noted that AAI has estimated revenue from land lease for FY 2021-22 by assuming a 0% growth over FY 2020-21 revenues. AAI has used a growth of 5% per annum to estimate revenue from land leases. The Authority proposes to consider the increase in revenues as submitted by AAI on Land Lease, Building (Residential and Non- Residential) and sale of scrap for the Third Control Period.
- 9.2.10. The revised Non-aeronautical revenues as per Authority's examination have been presented in the table below:

*Table 40: Non-aeronautical revenues proposed by the Authority for the Third Control Period*

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
<b>1. Passenger related revenue</b>						
Restaurant / snack bars	6.53	11.66	12.84	14.77	16.98	<b>62.78</b>
T.R. stall	4.33	11.58	13.32	15.31	17.61	<b>62.15</b>
Hoarding & display	3.66	4.77	8.67	10.11	11.67	<b>38.88</b>
Duty Free	4.23	5.52	10.02	11.68	13.49	<b>44.94</b>
Car rentals	0.14	0.19	0.34	0.40	0.46	<b>1.53</b>
Car parking	0.83	1.08	1.97	2.29	2.65	<b>8.82</b>
Admission tickets	0.11	0.14	0.25	0.29	0.34	<b>1.13</b>
Other Misc. Income	2.23	3.04	5.51	6.43	7.42	<b>24.63</b>
<b>2. Other revenue</b>						
Land leases	0.02	0.02	0.03	0.03	0.03	<b>0.13</b>
Building (residential)	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Building (non-residential)	2.47	2.72	3.12	3.59	4.13	<b>16.03</b>
Sale of scrap or Fixed Asset	0.11	0.12	0.14	0.16	0.18	<b>0.71</b>
<b>Total</b>	<b>24.66</b>	<b>40.84</b>	<b>56.20</b>	<b>65.06</b>	<b>74.97</b>	<b>261.73</b>

- 9.2.11. The revised growth rates as per Authority's examination have been presented in the table below:

## NON-AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

*Table 41: Growth rates in Non-aeronautical revenue proposed by the Authority*

Particulars	FY	FY	FY	FY	FY
	2021-22	2022-23	2023-24	2024-25	2025-26
<b>1. Passenger related revenue</b>					
Restaurant / snack bars	331%	79.00%	15.00%	15.00%	15.00%
T.R. stall	5051%	167.17%	15.00%	15.00%	15.00%
Hoarding & display	113%	37.86%	81.76%	16.61%	15.43%
Duty Free	3800%	38.35%	81.52%	16.57%	15.50%
Car rentals	391%	35.71%	78.95%	17.65%	15.00%
Car parking	14%	38.46%	82.41%	16.24%	15.72%
Admission tickets	-47%	40.00%	78.57%	16.00%	17.24%
Other income	-8%	38.18%	81.25%	16.70%	15.40%
<b>2. Other Revenue</b>					
Land leases*	0%	5.00%	15.00%	15.00%	15.00%
Building (residential)	0%	10.00%	0.00%	0.00%	0.00%
Building (non-residential)	10%	10.00%	15.00%	15.00%	15.00%
Sale of scrap etc.	-8%	38.18%	81.25%	16.70%	15.40%

*\* There is no increase in land lease rentals projected for the first tariff year (FY 2021-22). Hence, the growth rate is shown as “zero” in FY 2021-22.*

### 9.3. Authority’s proposal regarding Non-aeronautical revenues for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Non-aeronautical revenue for the Third Control Period.

- 9.3.1. The Authority proposes to consider Non-aeronautical revenues for the Third Control Period for Goa Airport in accordance with Table 40.

## 10 OPERATION AND MAINTENANCE EXPENDITURE FOR THE THIRD CONTROL PERIOD

### 10.1 Goa International Airport's submission of Operation and Maintenance expenditure for the Third Control Period

10.1.1. Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into the following:

- Payroll Expenses,
- Admin and General Expenditure,
- Repair and Maintenance Expenditure,
- Utilities and Outsourcing Expenditure, and
- Other outflows, i.e., Collection Charges on UDF

10.1.2. The expenses related to AAICLAS, ANS, and CISF Security, have not been considered by AAI.

10.1.3. AAI has segregated the expenses into Aeronautical expenses, Non-aeronautical expenses, and Common Expenses. The Common Expenses have been further segregated into Aeronautical and Non-aeronautical based on the relevant Ratios.

10.1.4. AAI submitted that the allocation of CHQ/RHQ expenses among individual airports has been done based on the revenue of each Airport.

10.1.5. The summary of Aeronautical expenses proposed by Goa Airport for the Third Control Period has been presented in the table below:

*Table 42: Operation and Maintenance (O&M) expenditure submitted by AAI for Goa International Airport*

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Payroll Costs - Excluding CHQ/RHQ	13.87	14.84	17.45	18.67	19.98	<b>84.81</b>
Payroll Costs - CHQ/RHQ	1.31	1.40	1.64	1.76	1.88	<b>8.00</b>
Repair & Maintenance	20.45	22.51	31.50	33.04	34.83	<b>142.34</b>
Utilities & Outsourcing Expenses	10.41	10.71	12.09	12.44	12.80	<b>58.46</b>
Upkeep Expenses	5.47	6.02	8.49	9.34	10.27	<b>39.58</b>
Admin. & Other Expenses - Excluding CHQ/RHQ	5.64	6.20	7.36	8.09	8.90	<b>36.18</b>
Admin. & Other Expenses - CHQ/RHQ	52.32	54.93	57.68	60.56	63.59	<b>289.08</b>
Other Outflows	0.07	0.08	0.10	0.11	0.13	<b>0.49</b>
<b>Total O&amp;M Expenditure</b>	<b>109.54</b>	<b>116.69</b>	<b>136.31</b>	<b>144.01</b>	<b>152.38</b>	<b>658.94</b>

10.1.6. The summary of growth rates assumed by AAI for the O&M expenses have been presented in the table below:

## OPERATION AND MAINTENANCE EXPENDITURE FOR THE THIRD CONTROL PERIOD

*Table 43: Growth rates in O&M expenditure submitted by Goa International Airport*

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Payroll Costs - Excluding CHQ/RHQ	7%	7%	17%	7%	7%
Payroll Costs - CHQ/RHQ	7%	7%	17%	7%	7%
Repair & Maintenance	10%	10%	40%	5%	5%
Utilities & Outsourcing Expenses	3%	3%	13%	3%	3%
Upkeep Expenses	10%	10%	41%	10%	10%
Admin. & Other Expenses - Excluding CHQ/RHQ	10%	10%	20%	10%	10%
Admin. & Other Expenses - CHQ/RHQ	5%	5%	5%	5%	5%
Other Outflows	80%	5%	26%	16%	14%

10.1.7. Further, the summary of allocation of expenses between Aeronautical and Non-aeronautical as proposed by AAI is given in the table below:

*Table 44: Allocation of O&M expenses submitted by AAI for Goa International Airport for FY 2020-21*

Particulars	Aeronautical	Non-aeronautical
Payroll Costs – Excluding CHQ/RHQ	95.65%	4.35%
Payroll Costs –CHQ/RHQ	95.00%	5.00%
Repair & Maintenance – Civil	92.59%	7.41%
Repair & Maintenance – Electricity	92.59%	7.41%
Repair & Maintenance - IT	96.15%	3.85%
Utilities	99.99%	0.01%
Upkeep Expenses	92.59%	7.41%
Admin. & Other Expenses - Excluding CHQ/RHQ	96.15%	3.85%
Admin. & Other Expenses - CHQ/RHQ	95.00%	5.00%
Other Outflows	100%	0.00%

### 10.2 Authority's analysis of Operation and Maintenance expenditure for the Third Control Period

10.2.1. The Authority examined the trial balance for FY 2020-21 and noted that the expense figures have been correctly considered by AAI. Further, it was noted that the O&M expenses approved by AERA in the tariff order for the Second Control Period for Goa Airport was for ₹ 195.90 Crores (refer Table 11), against which actual expenses of ₹ 409.02 Crores (refer Table 12) was submitted by AAI for Goa Airport for true up of the Second Control Period. The Authority examined the above actual O&M expenses and approved ₹ 331.58 Crores (refer Table 15) to be trued up for the Second Control Period. However, AAI has submitted its O&M expenses for Goa International Airport for the Third Control Period for ₹ 658.94 Crores, which is 99% higher than the O&M expenses approved by the

Authority for true up of the Second Control Period (which is for ₹ 331.58 Crores).

**Allocation of O&M expenses to Aeronautical and Non-aeronautical activities**

- 10.2.2. The Authority examined the allocation of Operational and Maintenance expenses by AAI between Aeronautical and Non-aeronautical activities for Goa International Airport. The same is explained in the following paragraphs.
- 10.2.3. AAI has segregated the payroll expenses excluding CHQ/RHQ between Aeronautical and Non-Aeronautical in the employee ratio of 95.65%: 4.35% which was derived based on the headcount of aeronautical and Non-Aeronautical staff within the airport. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.
- 10.2.4. AAI has segregated the expenses towards utilities between Aeronautical and Non-aeronautical after considering the recoveries made from the Concessionaires. The Authority noted that the Aeronautical proportion of 96.15% has been derived by considering the headcount of Non-aeronautical staff within the Airport. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.
- 10.2.5. Upkeep expenses (included under Administrative and General Expenses) and Repairs & Maintenance (Civil and Electrical) have been apportioned in the ratio of Terminal Building by AAI which is 92.59%: 7.41% However, the Authority prefers to apportion the above expenses in the revised Terminal Building ratio of 92%:8%, as detailed in the earlier chapter on Allocation of assets (Chapter 6).

**Payroll expenses**

- 10.2.6. AAI considered a growth rate of 7% in payroll expenses for the period 2021-22 and 2022-23 and an additional 10% increase had been made to the FY 2023-24. It was noted that the additional increase in growth rate has been proposed by AAI due to extension of Terminal Building. However, considering the de-growth in passenger traffic caused by the COVID-19 pandemic and the resultant decrease in Aeronautical revenues, including profitability, and the austerity measures, the Authority proposes to consider a growth rate of 6% year on year in payroll expenses for the Third Control period beginning from FY 2021-22, as was also considered for similar AAI Airports. The above restriction in the growth rate in payroll expenses, is being proposed with the perspective of rationalising the costs of the Airport. Also, as there is no increase in manpower deployed for the maintenance of the extended Terminal Building, the Authority proposes to consider the growth rate of only 6% of payroll expenses other than CHQ and RHQ, for all the 5 years in the Third Control Period.

**CHQ/ RHQ Administration and General expenses**

- 10.2.7. The Authority reviewed the basis for allocation of CHQ and RHQ expenses to Goa International Airport for the Third Control Period. Based on the methodology explained under para 4.6.4, the Authority has derived the allocable expenses of CHQ and RHQ to Goa International Airport for the Third Control Period, by escalating the spend for each tariff year by 5% based on the CHQ/ RHQ expenses allocated for the FY 2020-21. The same is presented in Table 46.

**Repairs and Maintenance expenses**

- 10.2.8. The Authority noted that AAI has proposed an increase in repairs and maintenance costs by 40% in the FY 2023-24 on account of the following:
- AAI has proposed to charge off the interest cost on debts availed for extension of Terminal Building and the maintenance cost on the extended Terminal Building (₹ 0.73 crores per annum as

per the terms of the Contract), under operational and maintenance expenses from the FY 2023-24 onwards, post capitalisation of the extension of the Terminal Building.

- The Authority has re-computed the total interest costs for extension of Terminal Building (after excluding the interest costs on debts proposed for Apron, which had already been capitalized in the Second Control Period).
- Further, as the Authority proposes to shift the capitalisation of the costs of extension of Terminal Building to the FY 2024-25 (as mentioned in para 6.3.5 and Table 27), it has included the interest costs (IDC) as part of capitalisation costs of the asset. The interest costs of the debts availed for extension of the Terminal Building only pertaining to the FY 2025-26 (of ₹ 3.58 crores) has been included under Repairs and Maintenance. The Authority is of the view that the said interest costs should be accounted separately as financial costs. Also, the Authority has included the maintenance costs (₹ 0.73 crores per annum) of the extended Terminal Building from the FY 2025-26, post capitalisation of the cost of the extended Terminal Building in the FY 2024-25.
- The Authority notes that AAI has proposed an increase of 10% year- on- year on civil, electrical and other repairs for the Third Control Period. The Authority is of the view that Goa International Airport is extending its Terminal Building and has installed/ proposed to install new electrical fittings during the Third Control Period. As most of these assets are newly constructed/ installed and are also covered under warranty clauses, the same may need only minimum repairs and maintenance. Hence, the Authority proposes to increase repairs and maintenance costs year-on-year by 6% instead of 10%, as proposed by AAI.

**Administration and General expenses (other than CHQ/ RHQ, upkeep and CSR expenses)**

- 10.2.9. The Authority noted that AAI has projected a 10% increase in Administration and General expenses (other than CHQ/ RHQ, Upkeep and CSR expenses) year-on-year and an additional 10% increase in FY 2023-24 due to operationalisation of the extended Terminal Building in the FY 2022-23. However, as the Authority has shifted the capitalisation of extended Terminal Building to FY 2024-25, it proposes to consider only 10% increase in Administration and General expenses (other than CHQ/ RHQ, Upkeep and CSR expenses) year-on-year for the Third Control Period.

**Expenses towards Utilities**

- 10.2.10. The Authority examined the expenses towards utilities and noted the following:

- **Power expenses:** AAI has projected the power costs, after netting off the recoveries made from the Concessionaires (which is assumed to be 10% of the total power costs). The Authority notes that the power recovery percentage is significantly lower than that of comparable airports. The Authority is of the view that with the gradual increase in the Non-aeronautical operations, AAI should increase the power recovery from the Concessionaires. Accordingly, the Authority proposes to consider power recoveries at a notional rate of 25% in the tariff order of the Third Control Period. The Authority invites stakeholder comments on the same and proposes to analyse this further in the Tariff Order for the Third Control Period.

The Authority noted that AAI has increased the net power costs of FY 2020-21 by 3% year-on-year for the Third Control Period. Further, AAI has proposed a 10% increase in FY 2023-24, due to operationalisation of the extended Terminal Building in FY 2022-23. However, as the Authority has shifted the capitalisation of extended Terminal Building to FY 2024-25, it proposes to consider only 3% increase in power expenses across all the 5 tariff years in the

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Third Control Period.

- **Water charges:** AAI has assumed 0% increase in water charges for the first 2 tariff years in Third Control Period and have projected 10% increase in the water costs for FY 2023-24 due to operationalisation of the extended Terminal Building in FY 2022-23. However, as the Authority has shifted the capitalisation of extended Terminal Building to FY 2024-25, it proposes to consider 0% increase in water expenses across all the 5 tariff years in the Third Control Period.

### Upkeep expenses

- 10.2.11. The Authority has reviewed the tender document of the contractor MESS (for upkeep expenses) and noted that the contracted rates are effective for 3 years and is extendable for 2 more years. There is no clause on escalation of the contracted rates during the above period. The Authority is of the view that for each tariff year across the Third control period, an increase of 4.9% towards inflationary effect should only be considered, instead of the 10% increase year-on-year as proposed by AAI. Hence, the Authority proposes to consider a 4.9% increase in Upkeep expenses year on year across the third control period.
- 10.2.12. The Authority noted that AAI has proposed an increase in upkeep expenses for FY 2023-24 due to operationalisation of the extended Terminal Building, wherein there is an increase in the space by 18,300 Sq.m. The Authority also noted that the upkeep expenses pertaining to the extended Terminal Building had been derived by AAI on a proportionate basis considering the existing land area and the cost per Sq.m. The Authority considers the above basis and assumptions followed by AAI to be reasonable. However, as discussed in para 6.3.5, the Authority has shifted the cost of capitalisation of the extended Terminal Building to the FY 2024-25. Accordingly, the Authority proposes to shift the above increase in upkeep expenses of the extended Terminal Building to FY 2025-26, as the same would take effect only after the completion of the extended Terminal Building which is proposed to be completed only by FY 2024-25.

### Collection charges on UDF

- 10.2.13. For other outflows, i.e., Collection Charges on UDF, AAI considered the growth rate to be the same as that of passenger traffic. The Authority proposes to use the same fundamental approach, as it finds the same to be a reasonable driver.

### CSR expenses

- 10.2.14. AAI has projected ₹ 4.98 Crores as contribution towards CSR expenses (shown as part of other expenses under Administration and General expenses). The Authority examined AAI's submission regarding CSR expenses under Admin & General expenses and has re-computed the same in accordance with the statutory requirement under the Companies Act, 2013, viz., 2% of the average profits of the preceding 3 financial years. The computation is shown in the table below:

*Table 45: Projected CSR Costs Vis-à-vis Maximum Cost mandated under the Companies Act, 2013*  
(₹ Crores)

Particulars	FY 2018- 19	FY 2019- 20	FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24	FY 2024- 25	FY 2025- 26	Total
Aeronautical revenues	151.90	149.67	49.37	85.58	123.16	171.04	213.43	261.11	<b>1,205.27</b>
Non-aeronautical revenues (30% considered for Hybrid till)	26.56	33.37	2.76	7.40	12.25	16.86	19.52	22.49	<b>141.22</b>



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<b>Particulars</b>	<b>FY 2018- 19</b>	<b>FY 2019- 20</b>	<b>FY 2020- 21</b>	<b>FY 2021- 22</b>	<b>FY 2022- 23</b>	<b>FY 2023- 24</b>	<b>FY 2024- 25</b>	<b>FY 2025- 26</b>	<b>Total</b>
Total revenues = (a)	<b>178.46</b>	<b>183.05</b>	<b>52.13</b>	<b>92.98</b>	<b>135.41</b>	<b>187.90</b>	<b>232.94</b>	<b>283.60</b>	<b>1,346.48</b>
Operating expenses (other than CSR included in Admin & Gen Expenses)	89.53	100.93	102.77	92.10	97.1	102.42	108.00	119.95	<b>812.81</b>
Depreciation	18.41	21.70	24.84	26.17	26.43	27.03	29.82	35.43	<b>209.83</b>
Working Capital Interest	-	-	-	-	0.42	-	-	-	<b>0.42</b>
Total expenses = (b)	<b>107.94</b>	<b>122.64</b>	<b>127.61</b>	<b>118.27</b>	<b>123.95</b>	<b>129.45</b>	<b>137.82</b>	<b>155.38</b>	<b>1,023.05</b>
Regulatory profit before tax (a-b)	70.52	60.41	(75.48)	(25.29)	11.47	58.45	95.12	128.22	<b>323.43</b>
Average of previous 3 FY's		24.19	43.57	18.48	(13.45)	(29.77)	14.88	55.01	<b>112.92</b>
2.00% of the average PBT (mandatory spend value) = (c)		0.48	0.87	0.37	-	-	0.30	1.10	<b>3.12</b>
Amount proposed to be spent on CSR = (d)		0.35	0.74	0.81	0.90	0.99	1.08	1.19	<b>6.07</b>
Amount higher than the mandatory spends = (d-c)		-	-	0.45	0.90	0.99	-	-	<b>2.34</b>
Amount allowed by the Authority towards CSR				0.37	-	-	0.30	1.10	<b>1.77</b>

As shown in the above table, the Authority proposes to allow ₹ 1.77 Crores towards CSR expenses for the Third Control Period for Goa International Airport.

10.2.15. After incorporating the above observations by the Authority, the revised O&M expenses have been presented in the table below:

*Table 46: Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the Third Control Period*

<i>(₹ Crores)</i>						
<b>Particulars</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>Total</b>
Payroll Costs - Excluding CHQ/RHQ	13.74	14.57	15.51	16.45	17.43	<b>77.70</b>
Payroll Costs - CHQ/RHQ	1.29	1.35	1.42	1.49	1.57	<b>7.12</b>
Repair & Maintenance	19.65	20.85	22.10	23.42	29.13	<b>115.15</b>
Utilities & Outsourcing Expenses	10.41	10.71	11.02	11.34	11.67	<b>55.15</b>
Upkeep Expenses	5.19	5.44	5.71	5.99	8.05	<b>30.37</b>
Admin. & Other Expenses - Excluding CHQ/RHQ, Upkeep expenses and other expenses	4.79	5.28	5.80	6.39	7.02	<b>29.29</b>
Other expenses – Admin and Gen (including CSR expenses)	0.40	0.02	0.03	0.33	1.14	<b>1.92</b>
Admin. & Other Expenses - CHQ/RHQ	36.96	38.81	40.75	42.79	44.93	<b>204.24</b>
Other Outflows	0.07	0.09	0.11	0.13	0.15	<b>0.55</b>
<b>Total O&amp;M Expenditure</b>	<b>92.50</b>	<b>97.12</b>	<b>102.45</b>	<b>108.33</b>	<b>121.09</b>	<b>521.49</b>

## OPERATION AND MAINTENANCE EXPENDITURE FOR THE THIRD CONTROL PERIOD

10.2.16. Based on above considerations, the Authority proposes the following growth rates in Operation and Maintenance expenses, as compared to the previous year's actuals/ projections.

*Table 47: Growth rates in O&M expenses considered by the Authority for the Third Control Period*

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Payroll Costs - Excluding CHQ/RHQ	6%	6%	6%	6%	6%
Payroll Costs - CHQ/RHQ	5%	5%	5%	5%	5%
Repair & Maintenance	6%	6%	6%	6%	24%
Utilities & Outsourcing Expenses	3%	3%	3%	3%	3%
Upkeep Expenses	4.9%	4.9%	4.9%	4.9%	35%
Administration & General Expenses - Excluding CHQ/RHQ, Upkeep and other expenses	10%	10%	10%	10%	10%
Administration & General Expenses - CHQ/RHQ	5%	5%	5%	5%	5%
Other Outflows	70%	29%	26%	16%	15%

### 10.3 Authority's proposal regarding O&M expenses for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to O&M expenses for the Third Control Period.

10.3.1. The Authority proposes to consider O&M expenses for the Third Control Period for Goa Airport as per Table 46.

## 11 TAXATION FOR THE THIRD CONTROL PERIOD

### 11.1 Goa International Airport's submission of Tax Expense for the Third Control Period

11.1.1. AAI has calculated the revenue generated from regulated services, Aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per income tax. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% was applied, after setting off prior losses. The Aeronautical taxes submitted by Goa International Airport are shown in the table below:

Table 48: Tax Expense submitted by AAI for Goa International Airport for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Aeronautical Revenue with Revised Rates	109.94	192.15	313.96	534.45	878.28	<b>2,028.78</b>
O&M expenses	109.55	116.70	136.31	144.01	152.38	<b>658.95</b>
Interest on working capital	1.14	-	-	-	-	<b>1.14</b>
Depreciation	48.65	56.16	51.49	46.00	40.91	<b>243.21</b>
<b>Profit Before Tax</b>	<b>(49.41)</b>	<b>19.29</b>	<b>126.16</b>	<b>344.43</b>	<b>685.00</b>	<b>1,125.48</b>
Set-off of prior period tax losses	-	(19.29)	(126.16)	(16.44)	-	<b>(161.89)</b>
PBT after set-off of prior period losses	(49.41)	-	-	328.00	685.00	<b>851.09</b>
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	-	-	-	82.56	172.41	<b>254.97</b>

### 11.2 Authority's analysis of Tax Expense for the Third Control Period

11.2.1. The Authority notes that Goa International Airport has calculated income tax based on the projected Aeronautical revenues. The Authority has re-computed the taxes based on the revised regulatory blocks for the Third Control Period proposed in the previous chapters. The following table summarizes the Aeronautical taxes proposed by the Authority for the Third Control Period.

Table 49: Tax Expense proposed to be considered as per the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Aeronautical Revenue with Revised Rates	85.57	123.16	171.04	213.43	261.11	<b>854.32</b>
O&M expenses (including interest on working capital)	92.92	97.12	102.45	108.33	121.09	<b>521.91</b>
Depreciation	36.34	33.93	31.25	35.21	41.53	<b>178.26</b>
<b>Profit Before Tax</b>	<b>(43.68)</b>	<b>(7.88)</b>	<b>37.34</b>	<b>69.88</b>	<b>98.49</b>	<b>154.15</b>
Prior period tax losses of First and Second Control Period ( <i>Refer Note</i> )	(109.92)					
Set-off of prior period tax losses	-	-	(37.34)	(69.88)	(54.25)	
PBT after set-off of prior period tax losses	-	-	-	-	44.24	<b>44.24</b>
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	-	-	-	-	11.13	<b>11.13</b>

**Note:** Prior period losses of ₹109.92 Crores include losses incurred during the Financial Years from FY 2013-14 up to FY 2020-21.

### **11.3 Authority's proposal regarding Tax Expense for the Third Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Tax Expense for the Third Control Period.

- 11.3.1. The Authority proposes to consider the Tax Expense for the Third Control Period for Goa Airport as per Table 49.

## 12 RETURN ON LAND COST FOR THE THIRD CONTROL PERIOD

### 12.1 Goa International Airport's submission on Return on Land cost for the Third Control Period

12.1.1 AAI has claimed the following Return on Land cost for Goa International Airport for the Third Control Period:

*Table 50: AAI's submission of Return on Land for Goa International Airport for the Third Control Period*

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land Value (₹ Crores)	1.60	1.60	1.60	1.60	1.60	
Rate of Return	10.29%	10.29%	10.29%	10.29%	10.29%	
<b>Return Value (₹ Crores)</b>	0.0112	0.0123	0.0136	0.0150	0.0165	<b>0.0687</b>

### 12.2 Authority's analysis regarding Return on land for the Third Control Period

12.2.1. Authority noted that the land in which the Goa International Airport had been constructed was handed over by Indian Navy at free of cost and AAI had not claimed any return on this land. Further, the State Government had handed over 25,395 Sq.m. of land for ₹ 1.73 Crores to AAI as per details given below:

- 19,495 Sq.m. for construction of CISF Barrack.
- 5,900 Sq.m. for construction of Security Hut, Left Luggage Room, Drivers room, Canteen & Bus parking.

12.2.2. Goa International Airport had submitted in the MYTP that the total land area handed over by State Govt. as 42,715 Sq.m, out of which car parking area (Non-aeronautical area) is 3,300 Sq.m. and the balance land area of 39,415 Sq.m. is used for Aeronautical purposes

12.2.3. However, the Authority during its review noted that the above land area considered by AAI in the MYTP was based on estimates and that the actual land area purchased from State Government was for only 25,395 Sq. m.

12.2.4. The Authority has summarized its analysis of the usage of the above land as per the table below:

*Table 51: Authority's analysis of usage of land by Goa International Airport*

Particulars	(Area in Sq.m.)	Classification	Land Area used for Aeronautical activities
Total Land area (in Sq.m.) = (a)	<b>25,395</b>		
Land used for other purposes such as	5,900	Non -Aeronautical	0
• Car Parking			
• Construction of Security Hut			
• Left luggage room			
• Toilet Block			
Land used for other purposes such as	19,495	Aeronautical	19,495
• CISF Barracks Area			
• Air side apron, taxi track, basic strip and other areas			
• Flyover/road area city side			
Total	<b>25,395</b>		<b>19,495</b>

## RETURN ON LAND COST FOR THE THIRD CONTROL PERIOD

- 12.2.5. As per the Land Return Order No. 42/2018-19 dated March 5, 2019, the Return on Land should be given only on the cost of land used for Aeronautical activities. Hence, out of the total land, only 19,495 Sq. m is used for Aeronautical activities (as per Table 51) and the same is proposed to be considered by the Authority for providing return on land.
- 12.2.6. As per Land Return Order No. 42/2018-19 dated March 5, 2019, for Land purchased by airport operating company either from private parties or from government, the compensation will be by way of equated annual installment computed at actual cost of debt or SBI rate plus 2% whichever is lower over a period of 30 years.
- 12.2.7. The Authority noted that AAI has considered 10.29% (SBI base rate plus 2%) for computing Return on Land. However, the Authority proposes to consider cost of debt at 6.21% (as the debts are consolidated at CHQ level) for computing the Return on Land, as the same is lower than the SBI rate plus 2%.
- 12.2.8. Based on the above observations, the Authority has re-computed the Return on the cost of Land as follows:

*Table 52: Return on cost of land recomputed by the Authority for the Third Control Period*

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Land Value (₹ Crores)	1.33	1.33	1.33	1.33	1.33	
Rate of Return	6.21%	6.21%	6.21%	6.21%	6.21%	
<b>Return Value* (₹ Crores)</b>	0.02	0.02	0.02	0.02	0.02	<b>0.10</b>

*\* Return Value = Equated Annual Instalment computed at actual cost of debt  
Equated Annual Instalment =  $[Cost * Rate * (1 + Rate)^{30}] / [(1 + Rate)^{30} - 1]$*

### 12.3. Authority's proposals relating to Return on Land for the Third Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Return on Land for the Third Control Period:

- 12.3.1. The Authority proposes to consider land area used for Aeronautical activities as per Table 51.
- 12.3.2. The Authority proposes to consider Return on Land as per Table 52.

### 13 QUALITY OF SERVICE FOR THE THIRD CONTROL PERIOD

#### 13.1 Goa International Airport's submission relating to Quality of Service

13.1.1. Goa International Airport has not made any submission related to Quality of Service as part of its MYTP submission. The Authority was informed that the same is available in AAI's website (station-wise).

#### 13.2 Authority's analysis relating to Quality of Service

13.2.1. The Authority notes that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *"monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf."*
- As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration *"the service provided, its quality and other relevant factors."*

13.2.2. The Authority noted from AAI's website that the ACI ASQ survey results for Goa International Airport for the years 2017 to 2020 have been in the range of 4.56 to 4.92 (overall score), as against the average score of AAI Airports which ranges from 4.57 to 4.72.

Table 53: ASQ rating for Goa International Airport for the years 2017-2020

Year	ASQ rating
2017	4.56
2018	4.63
2019	4.65
2020	4.92

13.2.3. The Authority notes that the ASQ rating awarded to Goa International Airport is quite close to the average rating of the AAI airports.

13.2.4. Also, the Authority reviewed the MoU between AAI and MoCA for the FY 2019-20 and noted that the ASQ rating target for FY 2019-20 was 4.68. The actual ASQ rating achieved by Goa International Airport for FY 2019-20 was 4.92 (variance between actual and the target was 0.24).

13.2.5. The Authority does not propose any adjustment towards tariff determination for the Third Control Period on account of quality of service maintained by Goa International Airport.

#### 13.3 Authority's proposal relating to Quality of Service

Based on the material before it and its analysis, the Authority proposes the following with regard to Quality of Service for the Third Control Period:

13.3.1. Not to consider any adjustment towards tariff determination for the Third Control Period with regards to Quality of Service.



## 14 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

### 14.1 Goa International Airport's submission of ARR for the Third Control Period

14.1.1. AAI has submitted ARR and Yield per Passenger (YPP) for the Third Control Period as per the regulatory building blocks discussed.

14.1.2. The summary of ARR and YPP has been presented in the table below.

*Table 54: ARR submitted by AAI for Goa International Airport for the Third Control Period*

(₹ Crores)						
Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB	445.36	538.53	591.78	551.37	513.54	2,640.58
Fair Rate of Return	14%	14%	14%	14%	14%	14%
Return on average RAB	62.35	75.39	82.85	77.19	71.90	369.68
O&M expenses	109.54	116.69	136.31	144.01	152.38	658.94
Depreciation	30.92	40.36	46.35	40.20	37.55	195.38
Working capital interest	1.14	0.00	0.00	0.00	0.00	1.14
Return on Land	0.01	0.01	0.01	0.01	0.02	0.07
Tax expense	0.00	0.00	0.00	82.56	172.41	254.97
Less: 30% NAR	6.70	11.64	14.84	17.01	19.35	69.54
<b>ARR per year (₹ Crores)</b>	<b>197.38</b>	<b>220.92</b>	<b>250.76</b>	<b>327.03</b>	<b>414.95</b>	<b>1,411.06</b>
Discount factor (@ 14%)	1	0.88	0.77	0.68	0.59	
PV of ARR	197.38	193.79	192.95	220.74	245.69	<b>1,050.56</b>
Sum Present value of ARR (₹ Crores)	<b>1,050.56</b>					
Add: True up shortfall of Second Control Period claimed by AAI	350.16					
Total Traffic (million passengers)	16.64					
<b>Yield per passenger (YPP) (₹)</b>	<b>841.57</b>					

### 14.2 Authority's analysis of Aggregate Revenue Requirement (ARR) for the Third Control Period

14.2.1. The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by AAI in computation of ARR and Yield in the table above, the Authority proposes as below:

- To consider the average RAB in accordance with Table 31.
- To consider the FRoR in accordance with Table 37.
- To consider the Depreciation as per Table 29.
- To consider the O&M expenses as per Table 46.
- To consider the Tax expense as per Table 49.
- To consider the Non-aeronautical revenue as per Table 40.
- To consider Return on Land as per Table 52.

# AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE THIRD CONTROL PERIOD

- To consider True up of Second Control Period as per Table 17.
- To consider the total traffic in accordance with Table 21.

14.2.2. The Authority also reviewed the computation of working capital requirements by AAI based on the proposed Aeronautical revenue and Operation and Maintenance expenses for each Tariff Year and the interest on the above working capital proposed to be incurred during the first two tariff years such as FY 2021-22 and FY 2022-23. The Authority has reworked the working capital requirement and the interest thereon based on its revised Aeronautical revenue derived as per Table 59, Non-aeronautical revenue derived as per Table 40, O&M expenditure derived as per Table 46 and the same is presented in Table 55.

14.2.3. After considering the above, the Authority proposes the following ARR and YPP, as presented in the table below.

*Table 55: ARR proposed to be considered by the Authority for the Third Control Period*

(₹ Crores)							
Particulars	Table Ref.	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB = A	31	407.19	404.74	396.89	445.38	505.91	
Fair Rate of Return = B	37	12.91%	12.91%	12.91%	12.91%	12.91%	
Return on average RAB C= A*B		52.57	52.25	51.24	57.50	65.31	<b>278.87</b>
O&M expenses – D	46	92.50	97.12	102.45	108.33	121.09	<b>521.49</b>
Depreciation – E	29	26.17	26.43	27.03	29.82	35.43	<b>144.89</b>
Working capital interest – F		0.42	0.00	0.00	0.00	0.00	<b>0.42</b>
Return on Land – G	52	0.02	0.02	0.02	0.02	0.02	<b>0.10</b>
Tax expense – H	49	0.00	0.00	0.00	0.00	11.13	<b>11.13</b>
<b>ARR per year = SUM (C:H)</b>		<b>171.68</b>	<b>175.82</b>	<b>180.74</b>	<b>195.67</b>	<b>232.99</b>	<b>956.90</b>
Shortfall carried forward from Second Control Period	17	<b>232.22</b>					
Gross ARR – I		<b>403.90</b>	<b>175.82</b>	<b>180.74</b>	<b>195.67</b>	<b>232.99</b>	<b>1,189.12</b>
NAR	40	24.66	40.84	56.20	65.06	74.97	<b>261.73</b>
Less: 30% NAR – J		7.40	12.25	16.86	19.52	22.49	<b>78.52</b>
Net ARR = (I-J)		396.50	163.57	163.88	176.15	210.50	<b>1,110.60</b>
Discount factor (@ 12.91%)		1.00	0.89	0.78	0.69	0.62	
PV of ARR (₹ Crores)		396.50	146.11	128.55	122.37	129.51	<b>923.04</b>
Sum Present value of ARR (₹ Crores)		<b>923.04</b>					
Total Traffic (million passengers)		19.72					
<b>Yield per passenger (YPP) (₹)</b>		<b>468.07</b>					

**14.3. Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the Third Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to ARR for the Third Control Period.

- 14.3.1 The Authority proposes to consider the ARR and Yield for the Third Control Period for Goa Airport in accordance with Table 55.

## 15 AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

### 15.1 Goa International Airport's submission of Aeronautical Revenue for the Third Control Period

- 15.1.1. AAI has proposed to consider a YoY increase in Aeronautical Revenues based on the growth rates in Traffic as proposed by AAI for all the traffic related revenues i.e., Parking & Housing, UDF, Ground handling and CUTE revenues.
- 15.1.2. For revenues based on agreements i.e., Land lease from oil companies and from ground handling agencies, AAI has proposed to consider the same revenue of FY 2020-21 for FY 2021-22, and a 5% growth increase YoY from FY 2022-23.
- 15.1.3. AAI has proposed to increase the Aeronautical tariffs with effect from October 1, 2021 as per the schedule below:
- **Parking and housing charges** - For domestic and international ATM, AAI has proposed a one-time increase of 40% from the existing charges w.e.f. October 1, 2021 and thereafter by 10% year on year.
  - **User Development Fee (UDF)** – AAI has proposed the following growth rates in UDF from the existing rates of ₹ 301 (Domestic) and ₹ 604 (International) for the Third Control Period.

Table 56: Increase in UDF rates proposed by AAI

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Domestic UDF	50%	44%	31%	47%	43%
International UDF	41%	41%	46%	43%	44%

Table 57: Aeronautical revenue submitted by AAI for Goa International Airport for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Parking charges	0.35	0.47	0.62	0.76	0.93	3.13
UDF charges	98.51	180.13	299.41	517.96	859.79	1,955.80
Land Lease	1.44	1.52	1.59	1.67	1.76	7.98
Ground Handling charges	4.85	4.99	6.04	6.74	7.50	30.11
CUTE charges	4.45	4.69	5.90	6.87	7.83	29.73
Revenue Share from AAICLAS	0.33	0.37	0.40	0.44	0.49	2.04
<b>Total Revenue</b>	<b>109.94</b>	<b>192.15</b>	<b>313.96</b>	<b>534.45</b>	<b>878.28</b>	<b>2,028.78</b>

### 15.2 Authority's analysis of Aeronautical Revenue for the Third Control Period

- 15.2.1 The Authority notes that air traffic demand has been widely impacted due to challenges posed by the COVID-19 pandemic and the resultant slowdown in the economy. Moreover, airport operators have ongoing capital expenditure projects as also other planned works, thus resulting in a higher ARR. Further, the Authority notes that the existing traffic base is not sufficient for complete recovery of ARR in the Third Control Period and that this would require a significant increase in tariffs.
- 15.2.2 The Authority is cognisant of the situation and is of the view that keeping the tariff at the current level

## AERONAUTICAL REVENUE FOR THE THIRD CONTROL PERIOD

for the entire control period and postponing the full recovery of shortfalls to the next control period will create substantial recovery burden and lead to steep tariff increases in the Fourth Control Period. Besides, it would also adversely impact the cash flows of the airport operator in the Third Control Period. The Authority, however, is of the view that targeting a full recovery at this time may not be fair to all stakeholders and may dampen the stakeholders' efforts to revive demand. The Authority notes that the Airport Operator has the provision of the true up of any shortfalls in revenue recovery in the Fourth Control Period.

15.2.3 Based on the above analysis, the Authority proposes not to increase any Aeronautical tariff both for domestic and international traffic in the current FY 2021-22 and proposes to revise the Parking charges and UDF from July 1, 2022. The Authority proposes to allow a one-time increase of 15% in the Domestic and International Parking charges in the FY 2022-23 (w.e.f. July 1, 2022) and an increase by 5% thereafter year-on-year till FY 2025-26.

15.2.4 The Authority proposes to allow the following tariff towards UDF for the Third Control Period for Goa Airport.

*Table 58: UDF charges proposed by the Authority for Goa Airport for the Third Control Period*

Passenger	FY 2021-22 (existing rates)	FY 2022-23 (01.04.2022 to 30.06.2022)	FY 2022-23 (01.07.2022 to 31.03.2023)	FY 2023- 24	FY 2024- 25	FY 2025-26
Domestic (in ₹)	301.00	301.00	350.00	375.00	400.00	425.00
International (in ₹)	604.00	604.00	650.00	675.00	700.00	725.00

15.2.5 The Authority has determined the Aeronautical revenue based with the proposed Aeronautical charges as follows:

*Table 59: Aeronautical revenues and Shortfall proposed to be considered by the Authority for the Third Control Period*

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023- 24	FY 2024- 25	FY 2025- 26	Total
<b>Total PV of ARR including true up (₹ in Crores) (a) (as per Table 55)</b>	<b>923.04</b>					
<b>Parking and housing charges:</b>						
Parking Charges (₹ in Crores)	0.28	0.40	0.52	0.63	0.76	<b>2.60</b>
Land Lease - Oil Companies (₹ in Crores)	1.44	1.52	1.59	1.67	1.76	<b>7.98</b>
Ground handling charges (₹ in Crores)	4.58	5.89	7.15	8.24	9.43	<b>35.30</b>
CUTE charges (₹ in Crores)	4.20	5.44	6.87	8.02	9.26	<b>33.79</b>
Royalty from AAICLAS (₹ in Crores)	0.33	0.37	0.40	0.44	0.49	<b>2.04</b>
<b>Total Aeronautical Revenue, before UDF (₹ in Crores) (b)</b>	<b>10.84</b>	<b>13.62</b>	<b>16.55</b>	<b>19.01</b>	<b>21.69</b>	<b>81.70</b>

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<b>Particulars</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023- 24</b>	<b>FY 2024- 25</b>	<b>FY 2025- 26</b>	<b>Total</b>
PV factor	1.00	0.89	0.78	0.69	0.62	
PV of Aeronautical revenue (before UDF) (₹ in Crores)	10.84	12.16	12.98	13.21	13.34	<b>62.53</b>
<b>∑ PV Aero Revenue (before UDF) (c)</b>	<b>62.53</b>					
<b>Shortfall before UDF (c) - (a) = (d)</b>	<b>(860.51)</b>					
<b>UDF/ PSF (F)</b>						
Domestic (₹ in Crores)	72.93	104.75	145.38	177.41	215.64	<b>716.12</b>
International (₹ in Crores)	1.81	4.79	9.11	17.01	23.78	<b>56.50</b>
<b>Total UDF (e)</b>	<b>74.74</b>	<b>109.54</b>	<b>154.50</b>	<b>194.42</b>	<b>239.42</b>	<b>772.62</b>
<b>Total Revenue (b + e)</b>	<b>85.58</b>	<b>123.16</b>	<b>171.04</b>	<b>213.43</b>	<b>261.11</b>	<b>854.32</b>
<b>PV of UDF</b>	74.74	97.85	121.19	135.06	147.31	<b>576.15</b>
<b>∑ PV of UDF (f)</b>	<b>576.15</b>					
<b>∑ PV Projected Aero Revenue including UDF (c) + (f) = (g)</b>	<b>638.68</b>					
<b>Surplus/ (Shortfall)</b>						
<b>Proposed to be carried forward for Next Control Period (g) – (a) (derived as on March 31, 2022)</b>	<b>(284.36)</b>					

15.2.6 As can be observed from the above table, as per the Authority's proposals, AAI is entitled to recover an ARR of ₹ 923.04 Crores. The present value of total projected Aeronautical revenues based on the Authority's proposed Parking and UDF charges is ₹ 638.68 Crores, thus resulting in a net shortfall of ₹ 284.36 Crores.

15.2.7 The Authority took cognisance of the fact the AAI has reduced the traffic forecast for FY 2022-23 by 20% by giving credence to the possible impact on passenger traffic and ATM on account of operationalisation of the new Greenfield Airport at MoPA, Goa. However, the Authority notes that the following:

- The Capital expenditure and Operational and Maintenance expenses submitted by AAI for the Third Control Period for Goa International Airport have not been rationalised for the fact that the above Greenfield Airport is likely to become operational at Goa from FY 2022-23. This has resulted in higher ARR of Goa Airport.
- Goa International Airport is a Civil Enclave airport, which has limitations on the timing of operations. This consequently impacts the growth of passenger traffic and ATM, which is further expected to deteriorate with the operationalisation of new Greenfield Airport, MoPA Goa. This may result in lower Aeronautical revenues due to which the ARR of Goa Airport for the Third Control Period may not be fully recovered.
- However, with a view to not burden the airlines further, which are already suffering with the COVID-19 pandemic's impact on the Aviation sector, as also the other Users with excessive tariff at this juncture, the Authority proposes to levy Parking and UDF charges in a progressive manner and carry-forward the shortfall of ₹ 284.36 crores (as per Table 59) to the subsequent

Control Period.

- However, the Authority proposes to adjust the above shortfall based on the Aeronautical revenue achieved by Goa International Airport in line with the actual traffic data of the Third Control Period.

### **15.3 Authority's proposal regarding Aeronautical Revenue for the Third Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Aeronautical Revenue for the Third Control Period.

- 15.3.1. The Authority proposes to consider Aeronautical revenue for the Third Control Period for Goa Airport as per Table 59.
- 15.3.2. To true up Aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.



## 16 SUMMARY OF AUTHORITY'S PROPOSALS

### Chapter 4: True Up for the Second Control Period

- 4.9.1 The Authority proposes to consider capital additions as detailed in Table 6 for true up of the Second Control Period.
- 4.9.2 The Authority proposes to consider Aeronautical depreciation as mentioned in Table 7 for true up for the Second Control Period.
- 4.9.3 The Authority proposes to consider RAB as per Table 8 for true up for the Second Control Period.
- 4.9.4 The Authority proposes to consider the Non-aeronautical revenues as presented in Table 10 for the purpose of true up of the Second Control Period.
- 4.9.5 The Authority proposes to consider the O&M expenses as detailed in Table 15 for the purpose of true up of the Second Control Period.
- 4.9.6 The Authority proposes not to allow Return on Land claimed by Goa International Airport for the First and Second Control Period, in accordance with its Order 42/ 2018-19 dated March 5, **2019**.
- 4.9.7 The Authority proposes to consider ARR, and Shortfall as detailed in Table 17 for true up of the Second Control Period for Goa Airport

### Chapter 5: Traffic for the Third Control Period

- 5.5.1 The Authority proposes to consider the ATM and passenger traffic for the Third Control Period for Goa Airport as per Table 21.
- 5.5.2 The Authority proposes to true up the traffic volume (ATM and passengers) on the basis of actual traffic in the Third Control Period while determining tariffs for the Fourth Control Period.

### Chapter 6: Regulatory Asset Base and Depreciation for the Third Control Period

- 6.6.1 The Authority proposes allocation of gross block of assets as on April 1, 2021, between Aeronautical and Non-aeronautical assets as detailed in Table 23.
- 6.6.2 The Authority proposes to adopt the capitalisation of Aeronautical Expenditure for the Third Control Period in accordance with Table 27.
- 6.6.3 To true up the Capital expenditure on actuals at the time of determination of tariff for Fourth Control Period.
- 6.6.4 To reduce (adjust) 1% of the project cost from the ARR in case any particular capital project is not completed/capitalised as per the approved capitalisation schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fourth Control Period.
- 6.6.5 The Authority proposes depreciation as per Table 29 for the Third Control Period.
- 6.6.6 The Authority proposes to consider average RAB for the Third Control Period for Goa Airport as per Table 31.

**Chapter 7: Authority's proposal regarding Fair Rate of Return (FRoR) for the Third Control Period**

- 7.3.1 The Authority proposes to consider cost of debt at 6.21% as per Table 35.
- 7.3.2 The Authority proposes to consider cost of equity at 14% as per Table 36.
- 7.3.3 The Authority proposes to consider FRoR of 12.91% for Goa Airport for the Third Control Period as per Table 37.
- 7.3.4 To true up the FRoR during the tariff determination exercise for the Fourth Control Period.

**Chapter 8: Authority's proposal relating to inflation for the Third Control Period**

- 8.3.1 To consider WPI inflation at 4.9% for the Third Control Period based on average of the median WPI inflation forecasts of the 4th quarter of FY 2020-21 and of FY 2021-22 given in the 69th round of survey of professional forecasters on macroeconomic indicators of RBI.

**Chapter 9: Authority's proposal regarding Non-aeronautical revenues for the Third Control Period**

- 9.3.1 The Authority proposes to consider Non-aeronautical revenues for the Third Control Period for Goa Airport in accordance with Table 40.

**Chapter 10: Authority's proposal regarding O&M expenses for the Third Control Period**

- 10.3.1 The Authority proposes to consider O&M expenses for the Third Control Period for Goa Airport as per Table 46.

**Chapter 11: Authority's proposal regarding Tax Expense for the Third Control Period**

- 11.3.1 The Authority proposes to consider the Tax Expense for the Third Control Period for Goa Airport as per Table 4

**Chapter 12: Authority's proposals relating to Return on Land for the Third Control Period**

- 12.3.1 The Authority proposes to consider land area used for Aeronautical activities as per Table 51.
- 12.3.2 The Authority proposes to consider Return on Land as per Table 52.

**Chapter 13: Authority's proposal relating to Quality of Service for the Third Control**

**Period**

- 13.3.1 Not to consider any adjustment towards tariff determination for the Third Control Period with regards to Quality of Service.

**Chapter 14: Aggregate Revenue Requirement (ARR) for the Third Control Period**

- 14.3.1 The Authority proposes to consider the ARR and Yield for the Third Control Period for Goa Airport in accordance with Table 55.

**Chapter 15: Aeronautical revenue for the Third Control Period**

- 15.3.1 The Authority proposes to consider Aeronautical revenue for the Third Control Period for Goa Airport as per Table 59.
- 15.3.2 To true up Aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period.

## 17 STAKEHOLDERS' CONSULTATION TIMELINE

- 17.1. In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 16 – Summary of proposals read with the relevant discussion in the other chapters of the Paper is hereby put forth for Stakeholders' Consultation.
- 17.2. For removal of doubts, it is clarified and explained that the contents of this Consultation Paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 17.3. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in Chapter 16 above, latest by **February 28, 2022**.

**Secretary,  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex  
Safdarjung Airport New Delhi -110003  
Tel: 011-24695044-47, Fax: 011-24695048**

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**(Chairperson)**

## 18 LIST OF ANNEXURES

### 18.1 Annexure I: Annual Tariff proposal submitted by AAI for Goa International Airport for the Third Control Period

18.1.1 As part of the Multi-year Tariff proposal, AAI submitted a Tariff Card for all five years of the Third Control Period. This Tariff Card has been reproduced in this Chapter. The Authority examined AAI's Multi-year Tariff Proposal, along with all regulatory building blocks. The Authority's examination has been discussed in this Consultation Paper in the previous Chapters.

18.1.2 AAI had proposed the following increase in Aeronautical tariffs with effect from October 1, 2021:

- Parking and housing charges - For domestic and international ATM, AAI has proposed a one-time increase of 40% from the existing charges w.e.f. October 1, 2021 and thereafter by 10% year on year.
- User Development Fee (UDF) – AAI has proposed following increase in UDF:
  - Domestic UDF: A one-time increase of 50% for FY 2021-22 (w.e.f. October 1, 2021), then by 44% increase in FY 2022-23, followed by 31% in FY 2023-24, then by 47% in FY 2024-25 and by 43% in FY 2025-26.
  - International UDF: A one-time increase of 41% for FY 2021-22 (w.e.f. October 1, 2021), then by 41% increase in FY 2022-23, followed by 46% in FY 2023-24, then by 43% in FY 2024-25 and by 44% in FY 2025-26.

18.1.3 The tariff card proposed by AAI for the Third Control Period has been reproduced here. For purposes of comparison, the existing Aeronautical charges have been provided along with the charges proposed by AAI.

#### i. Parking and Housing Charges

Table 60: Existing Parking and Housing charges

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to two hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	3.30 per Hour per MT	6.70 per Hour per MT
Above 25 MT up to 50 MT	82.50+4.60 per Hour per MT in excess of 25 MT	167.50+8.90 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	197.5+8.90 per MT per Hour in excess of 50 MT	390 + 18 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	642.50+11.20 per MT per Hour in excess of 100 MT	1,290+22.50 per MT per Hour in excess of 100 MT
Above 200 MT	1,762.50 +12.40 per1 MT per Hour in excess of 200 MT	3,540+ 24.80 per MT per Hour in excess of 200 MT

Table 61: Parking charges proposed by AAI for the Third Control Period (FY 2021-22)

Weight of the Aircraft	Parking Charges Rates per Hour (₹) (up to two hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	4.62 per Hour per MT	9.38 per Hour per MT
Above 25 MT up to 50 MT	115.50+ 6.44 per Hour per MT in excess of 25 MT	234.50+12.46 per MT per Hour in excess of 25 MT

Weight of the Aircraft	Parking Charges Rates per Hour (₹) (up to two hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Above 50 MT up to 100 MT	276.5+ 12.46 per MT per Hour in excess of 50 MT	546 + 25.20 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	899.5+15.68 per MT per Hour in excess of 100 MT	1,806 + 31.50 per MT per Hour in excess of 100 MT
Above 200 MT	2,468+ 17.36 per 1 MT per Hour in excess of 200 MT	4,956 + 34.72 per MT per Hour in excess of 200 MT

- 18.1.4 No Parking Charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
- 18.1.5 For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
- 18.1.6 Charges shall be calculated on the basis of nearest MT.
- 18.1.7 Charges for each period parking shall be rounded off to nearest rupee.
- 18.1.8 At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 18.1.9 Night parking charges (between 2200 hours to 0600 hours) will be similar to the parking and housing charges as per table above. Night parking charges are waived off in principle for all domestic scheduled operators at Goa Airport if the State Government has brought the rate of tax (VAT) on ATF <5%. The above waiver of night parking charges will be made applicable from the date of implementation of <5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State.
- 18.1.10 Flights operating under Regional Connectivity Scheme shall be completely governed by AIC issued on this subject by DGCA.
- 18.1.11 For unauthorised overstay of Aircraft on Ground, an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable as approved by Authority.

## ii. User Development Fees (UDF)

Table 62: UDF Proposed by AAI (per embarking passenger)

Rate in (₹)

Passenger	Existing UDF	UDF proposed by AAI				
		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Domestic	301	450	650	850	1,250	1,791
International	604	850	1,200	1,750	2,500	3,600

### Notes:

- a) Collection charges: if the payment is made in accordance with period prescribed under credit policy of AAI, then collection charges at ₹ 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after October 1, 2021.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

**iii. Aviation Security Fee: Applicable as prescribed by MoCA**

**iv. Exemption from levy and collection from UDF/ASF at the Airports:**

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated November 30, 2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF.

- a) Children (under-age of 2 years),
- b) Holders of Diplomatic Passport,
- c) Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
- d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

**v. General Condition:**

- a) All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.
- b) Flight operating under regional connectivity scheme will be completely exempted from charges as per Order No.20/2016-17 dated March 31, 2017 of the Authority from the date the scheme is operationalized by GoI.



## 18.2 Annexure II: Annual Tariff proposed by the Authority for Consultation process

18.2.1. As detailed in Table 59 (Chapter 15), Goa Airport is entitled to recover an ARR of ₹ 923.04 Crores. The present value of total projected Aeronautical revenues based on the Authority's proposed Parking and UDF charges is ₹ 638.68 crores, thus resulting in a net shortfall of ₹ 284.36 Crores that shall be carried forward to the next Control Period.

18.2.2. The Authority has examined the Annual Tariff Proposal submitted by Goa International Airport. After examination as given in Chapter 15.2, the Authority has proposed the following Aeronautical tariffs for Goa International Airport for the Third Control Period for consultation process:

*Table 63: Parking charges (per hour) up to two hours after free hours for the Third Control Period proposed to be considered by the Authority*

(Rates in ₹)

Weight of the Aircraft	FY 2021-22 (Existing rates)	FY 2022-23 Tariff w.e.f. 01.04.2022 to 30.06.2022	FY 2022-23 Tariff w.e.f. 01.07.2022 to 31.03.2023	FY 2023-24 Tariff w.e.f. 01.04.2023	FY 2024-25 Tariff w.e.f. 01.04.2024	FY 2025-26 Tariff w.e.f. 01.04.2025
Up to 25 MT	3.30 per Hour per MT	3.30 per Hour per MT	3.80 per Hour per MT	4.00 per Hour per MT	4.20 per Hour per MT	4.40 per Hour per MT
Above 25 MT up to 50 MT	82.50+4.60 per Hour per MT in excess of 25 MT	82.50+4.60 per Hour per MT in excess of 25 MT	95.00+ 5.30 per Hour per MT in excess of 25 MT	100.00 + 5.60 per Hour per MT in excess of 25 MT	105.00 + 5.90 per Hour per MT in excess of 25 MT	110.00 + 6.20 per Hour per MT in excess of 25 MT
Above 50 MT up to 100 MT	197.50+8.90 per MT per Hour in excess of 50 MT	197.50+8.90 per MT per Hour in excess of 50 MT	227.50+ 10.20 per MT per Hour in excess of 50 MT	240.00 + 10.70 per MT per Hour in excess of 50 MT	252.50 + 11.20 per MT per Hour in excess of 50 MT	265.00 + 11.80 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	642.50+ 11.20 per MT per Hour in excess of 100 MT	642.50+11.20 per MT per Hour in excess of 100 MT	737.50+12.90 per MT per Hour in excess of 100 MT	775.00 + 13.50 per MT per Hour in excess of 100 MT	812.50 + 14.20 per MT per Hour in excess of 100 MT	855.00 + 14.90 per MT per Hour in excess of 100 MT
Above 200 MT	1,762.50 +12.40 per MT per Hour in excess of 200 MT	1,762.50 +12.40 per MT per Hour in excess of 200 MT	2,027.50+ 14.30 per MT per Hour in excess of 200 MT	2,125.00 + 15.00 per MT per Hour in excess of 200 MT	2,232.50 + 15.80 per MT per Hour in excess of 200 MT	2,345.00 + 16.60 per MT per Hour in excess of 200 MT

*Table 64: Parking charges beyond first four hours for the Third Control Period proposed to be considered by the Authority*

(Rates in ₹)

Weight of the Aircraft	FY 2021-22 (Existing rates)	FY 2022-23		FY 2023-24	FY 2024-25	FY 2025-26
		Tariff w.e.f. 01.04.2022 to 30.06.2022	Tariff w.e.f. 01.07.2022 to 31.03.2023	Tariff w.e.f. 01.04.2023	Tariff w.e.f. 01.04.2024	Tariff w.e.f. 01.04.2025
Up to 25 MT	6.70 per Hour per MT	6.70 per Hour per MT	7.70 per Hour per MT	8.10 per Hour per MT	8.50 per Hour per MT	8.90 per Hour per MT
Above 25 MT up to 50 MT	167.50+8.90 per MT per Hour	167.50+8.90 per MT per Hour	192.50 + 10.20 per MT per Hour in excess of 25	202.50 +10.70 per MT per Hour in excess of 25	212.50 +11.20 per MT per Hour	222.50 +11.80 per MT per Hour in excess of 25

Weight of the Aircraft	FY 2021-22 (Existing rates)	FY 2022-23		FY 2023-24	FY 2024-25	FY 2025-26
		Tariff w.e.f. 01.04.2022 to 30.06.2022	Tariff w.e.f. 01.07.2022 to 31.03.2023	Tariff w.e.f. 01.04.2023	Tariff w.e.f. 01.04.2024	Tariff w.e.f. 01.04.2025
	in excess of 25 MT	in excess of 25 MT	MT	MT	in excess of 25 MT	MT
Above 50 MT up to 100 MT	390 + 18 per MT per Hour in excess of 50 MT	390 + 18 per MT per Hour in excess of 50 MT	447.50 + 20.70 per MT per Hour in excess of 50 MT	470.00 + 21.70 per MT per Hour in excess of 50 MT	492.50 + 22.80 per MT per Hour in excess of 50 MT	517.50 + 23.90 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	1,290+22.50 per MT per Hour in excess of 100 MT	1,290+22.50 per MT per Hour in excess of 100 MT	1,482.50 + 25.90 per MT per Hour in excess of 100 MT	1,555.00 + 27.20 per MT per Hour in excess of 100 MT	1,632.50 + 28.60 per MT per Hour in excess of 100 MT	1,712.50 + 30.00 per MT per Hour in excess of 100 MT
Above 200 MT	3,540+ 24.80 per MT per Hour in excess of 200 MT	3,540+ 24.80 per MT per Hour in excess of 200 MT	4,072.50 + 28.50 per MT per Hour in excess of 200 MT	4,275.00 + 29.90 per MT per Hour in excess of 200 MT	4,492.50 + 31.40 per MT per Hour in excess of 200 MT	4,712.50 + 33.00per MT per Hour in excess of 200 MT

**Notes-**

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
6. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Raipur Airport if the State Government has brought the rate of tax (VAT) on ATF  $\leq 5\%$ . The above waiver of night parking charges (between 2200 hrs. to 0600 hrs.) will be made applicable from the date of implementation of  $\leq 5\%$  tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
8. For unauthorised overstay of aircraft an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable.

**User Development Fees (UDF)***Table 65: UDF (per embarking passenger) for the Third Control Period proposed to be considered by the Authority*

Passenger	FY 2021-22 (existing rates)	FY 2022-23 Tariff w.e.f. 01.04.2022 to 30.06.2022	FY 2022-23 Tariff w.e.f. 01.07.2022 to 31.03.2023	FY 2023-24 Tariff w.e.f. 01.04.2023	FY 2024-25 Tariff w.e.f. 01.04.2024	FY 2025-26 Tariff w.e.f. 01.04.2025
Domestic (in ₹)	301.00	301.00	350.00	375.00	400.00	425.00
International (in ₹)	604.00	604.00	650.00	675.00	700.00	725.00

**Notes:**

1. Collection charges: If payment is made within 15 days from receipt of invoice, then collection charges per departing passenger shall be paid by AAI, as per the policy pertaining to such charges between the Airport Operator and the airlines. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment.
2. No collection charges are payable to casual operator/non-scheduled operators.
3. For calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
4. No UDF will be levied for transit passengers.

18.2.3. **Aviation Security Fee:** Applicable as prescribed by MoCA from time to time.

18.2.4. Exemption from levy and collection from UDF/ASF at the Airports.

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008- AAI & vide Letter no. AV.13024/659/2015-AS dated 30.11.2011 & 13.06.2019 respectively has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF.

- (a) Children (under age of 2 years),
- (b) Holders of Diplomatic Passport,
- (c) Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
- (d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- (e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- (f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- (g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

**18.2.5. General Condition:**

- a) All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

- b) Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2016-17 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GoI.

**18.3. Annexure III: Approved vis-a-vis Actual Capex incurred by Goa International Airport for the Second Control Period**

S. No	Asset category	Description of the project	Capex approved by AERA (₹ in Crores)	Actual capex incurred by Goa International Airport (₹ in Crores)	Remarks
1	Runways, Taxiways, Aprons-Freehold	Construction of Parallel taxi track and expansion of Apron along New International Terminal Block on the southern side of Airport	90	76.55	This includes Financing allowance for ₹ 9.10 Crores (included under ₹ 76.55 cr), which has been disallowed by the Authority
2	Terminal and Other Buildings	Extension of Western side finger and construction of Admin Block	20.3	55.60	This includes Financing allowance for ₹ 3.57 Crores (included under ₹ 55.60 cr), which has been disallowed by the Authority
3	Building Residential	Construction of Residential quarters	26.8	0.00	Due to certain policy changes by Govt. of Goa and also due to delay in the grant of Panchayat Licence, AAI has stated that completion certificate from MPDA and Occupation certificate from Chicalim Panchayat is awaited, after which the asset is expected to be put to use in March 2022. Hence the Authority proposes to include the capex in the third control period.
4	Security Fencing-Temporary		1.00	-	
5	Tools and Equipment	1.Installation of threat containment vessel 2.o Purchase of Mobile Radio Operative vehicle (MROV) 3. Installation of Access Control System at Goa Airport	1.1	26.43	
6	Electrical installations		16	0.00	Electrical installations have been capitalised as part of Terminal Building
7	CFT/Fire fighting equipment		0.1	0.03	
			<b>155.3</b>	<b>158.60</b>	

#### 18.4. Annexure IV: Unapproved/ Additional Capex incurred by Goa International Airport during the Second Control Period

S. No	Asset category	Description of the project	Amount (₹ in Crores)	Remarks
1	Land		0.00	
2	Roads, Bridges & culverts		0.28	
3	Temporary Building		0.86	
4	Temporary Wall		0.00	
5	Operational Boundary Wall		0.00	
6	Residential Boundary wall		0.00	
7	Computers & Peripherals		0.90	
8	Software		0.14	
9	Plant and Machinery	Supply, Installation, testing and commissioning of Inline Baggage System (ILBS)	15.84	As per latest BCAS guidelines CTX based Inline Baggage Handling system need to be installed by 2021 hence Upgradation in the existing ILBS with CTX based XBIS carried out. Inline baggage screening systems, which are automated screening equipment that remotely screen and clear a bag without the use of a physical inspection.
		Installation of Aerobridges in the NITB	14.71	The Construction and Installation of Aerobridges in the New International terminal block (NITB) commenced in the First Control Period. The above capex incurred in the Second Control Period pertains to the same project which had been initiated in the First Control Period. and no new projects were undertaken
		Construction of additional Passenger Boarding Bridges & AVDGS	7.91	This construction had been incurred towards additional Passenger Boarding Bridges & AVDGS for passenger facilitation due to increase in passenger traffic.
		CCTV SYSTEM for Dispensing with stamping	1.38	Due to change in policy & dispensing of stamping of boarding pass system CCTV was installed for operational requirement
		Others	29.90	Other expenditure includes expenditure incurred on construction of elevators, air conditioners etc., due to extension of NITB on Western Finger for operation requirement & passenger facilitation

## LIST OF ANNEXURES

S. No	Asset category	Description of the project	Amount (₹ in Crores)	Remarks
10	Furniture & Fixtures - Office		0.00	
11	Vehicles		0.69	
12	Cars/Jeeps		0.00	
13	Office Equipment		1.00	
14	Furniture & Fixtures - Operational Area	1. Display of artwork at Dabolim Airport 2. Realignment of immigration counters, fixing roll carpets and decorative LED smart panels at NITB	9.11	The capex towards furniture and fixtures were incurred as a part of operational requirements in order to facilitate passengers and also to increase ASQ rating by enhancing the outlook of the NITB.
15	ATM Furniture		1.49	
16	X-Ray		17.79	The total amount of capex was incurred towards Registered baggage X-ray system procured & supplied by CHQ to meet the operational & security requirements.
	<b>Total Unapproved Capex (B)</b>		<b>101.99</b>	