

File No. AERA/20010/MYTP/AAI-Jaipur/CP-II/2016-17

Consultation Paper No.08/2017-18



Airports Economic Regulatory Authority of India

**In the matter of determination of aeronautical tariffs
in respect of Jaipur International Airport, Jaipur (JIA) for the
second Control Period (01.04.2016 – 31.03.2021).**

16th June, 2017

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

Table of Contents

1. Introduction	2
2. Methodology for Tariff determination	3
3. Multi Year Tariff Proposal of JIA	5
4. True-up for First control period	6
5. Traffic forecast	15
6. Allocation of Assets (Aeronautical and Non-Aeronautical)	17
7. Opening Regulatory Asset Base for Second control period	22
8. Capital Expenditure for Second control period	23
9. Depreciation	28
10. RAB for Second control period	31
11. Cost of Equity, Cost of Debt, Gearing, and Fair Rate of Return (FRoR)	33
12. Revenue from services other than aeronautical services	34
13. Operation and Maintenance Expenditure	38
14. Taxation	45
15. Aggregate Revenue Requirement for Second control period	47
16. Annual Tariff Proposal	49
17. Summary of Proposals	55
18. Stakeholders' Consultation Timeline	56

1. Introduction

1.1. Jaipur International Airport (JIA) is one of the major airports in North India and connects about 6 international and 10 domestic air routes.

1.2. The traffic handled by JIA during the 1st control period is given in table below:

Table 1 - Passenger and ATM traffic during the 1st control period at JIA

Year	Dom. Pax (mn)	Int. Pax (mn)	Total Pax (mn)	Dom. ATMs	Int. ATMs	Total ATMs
2012	1.6	0.2	1.8	16,733	1,870	18,603
2013	1.6	0.2	1.8	16,460	1,800	18,260
2014	1.7	0.3	2.0	17,771	2,037	19,808
2015	1.9	0.3	2.2	17,110	2,742	19,852
2016	2.5	0.4	2.9	21,109	2,923	24,032

1.3. JIA, with a traffic of more than 1.5 mppa, is a major airport as defined in Section 2 (i) of AERA Act. Accordingly, tariff determination of aeronautical services at the airport is undertaken by AERA.

1.4. Technical and Terminal building details of JIA are provided in the table below:

Table 2 – Technical and Terminal building details of JIA

Technical Details of JIA	
Particulars	Details
Total airport area	776.19 acres
Runway orientation and length	09/27 and 3,407 metres
No. of Taxi Tracks	08
No. of Apron Bays	21/23
Aerodrome Category	4E
Navigational Aids	DVOR DME ILS CAT – IIIB outer locator
Operational hours	24*7
Terminal building Details	
Particulars	Domestic / International (T-II)
Terminal Building Area	18,000 Sq.m
Immigration Counters	09/15
Customs Counters	02/02
Security Counters	07
Departure Conveyor	02
Arrival Conveyor	02
Peak hour passenger capacity	360/360
No. of Check-in Counters (CUTE)	20
Total Area of Car Parking	17,000 sq. m.

2. Methodology for Tariff determination

- 2.1. The Authority, vide its Order No. 13/2010-11 dated 12.01.2011 (“Airport Order”) and Direction No. 5/2010/11 dated 28.02.2011 (“Airport Guidelines”), has issued guidelines to determine tariffs at major airports based on Single Till mechanism. Subsequently, the Authority has amended guidelines vide its Order No. 14, 2016-17 dated 12.1.2017 to determine future tariffs using Hybrid Till.
- 2.2. The tariff determination process consists of true-up for 1st control period and determination of building blocks for 2nd control period. The Authority proposes to undertake true-up of 1st control period based on actual financials and traffic data under Single Till (as was applicable during 1st control period) and determination of building blocks for 2nd control period under Hybrid Till.
- 2.3. The Aggregate Revenue Requirement (ARR) under regulatory framework of Authority is calculated as under

$$ARR = \sum_{t=1}^5 (ARR_t) \text{ and}$$
$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - \alpha \times NAR_t$$

Where

- 2.3.1. t is the Tariff Year in the control period;
- 2.3.2. ARR_t is the Aggregate Revenue Requirement for year t;
- 2.3.3. FRoR is the Fair Rate of Return for the control period;
- 2.3.4. RAB_t is the Aeronautical Regulatory Asset Base for year t;
- 2.3.5. D_t is the Depreciation corresponding to the Aeronautical RAB for year t;
- 2.3.6. O_t is the Aeronautical Operation and Maintenance Expenditure for year t, which include all expenditures incurred by the Airport Operator(s) towards aeronautical activities including expenditure incurred on statutory operating costs and other mandatory operating costs;
- 2.3.7. T_t is the Tax in year t, which includes payments by Airport Operator in respect of corporate tax on income from assets/ amenities/facilities/services taken into consideration for determination of ARR for year t;
- 2.3.8. α is 30% cross subsidy factor for revenue from services other than aeronautical services under Hybrid Till for 2nd control period. α is 100% cross

subsidy factor under Single Till for 1st control period; and

2.3.9. NAR_t is the revenue from services other than aeronautical services (Non-Aeronautical Revenues or NAR) for year t.

2.4. Based on ARR, Yield per Passenger is calculated as per formula given below:

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

Where,

2.4.1. Present value (PV) of ARR_t for a tariff year t is calculated at the beginning of the control period and the discounting rate for calculating PV is equal to the Fair Rate of Return determined by the Authority.

2.4.2. VE_t is the Traffic volume in a tariff year t as estimated by the Authority

2.4.3. ARR_t is the Aggregate Revenue Requirement for tariff year t.

2.5. While determining building blocks and ARR for JIA, Authority proposes to-

2.5.1. Allocate CHQ/ RHQ overhead expenses on revenue basis as per the approach followed by the Authority while determining tariffs for Guwahati and Lucknow airports

2.5.2. Adopt depreciation rates consistent with Companies Act and for assets not defined in the Companies Act at 3.33% from FY 2011-12 onwards.

2.6. The Authority caps airport tariffs at a level where revenue generated through approved tariffs is equal to the permissible ARR for the Airport Operator. The Authority's approach on the above is detailed in subsequent sections.

2.7. The true-up for 1st control period and determination of building blocks for 2nd control period are detailed in subsequent sections.

3. Multi Year Tariff Proposal of JIA

- 3.1. In the 1st control period, the Authority, vide its Order No. 13/2015-16 dated 17.04.2015 had decided that the tariffs at JIA would continue at the existing level on ad-hoc basis and advised AAI to submit MYTP for the 2nd control period well in time along with the actual financials till FY 2014-15 and the aggregate revenue requirements for the 1st control period.
- 3.2. Accordingly, AAI made submissions dated 06.11.2015 to the Authority for determination of tariffs for 2nd control period. Subsequent to the announcement of National Civil Aviation Policy, AAI made revised submissions under Hybrid Till on 01.02.2017 and on 22.03.2017. AAI has further revised their submission under Hybrid Till on 27.04.2017 and on 03.05.2017 as part of clarifications submitted in line with the comments provided by AAI for Trivandrum airport consultation paper for the 2nd control period. The Authority has adopted the model proposed by AAI as on 22.03.2017 and considered subsequent submissions made by AAI for this consultation paper.
- 3.3. The Authority is aware of the ongoing bid process for privatization of O&M of the terminal and in case of any major changes following privatization, AERA will consider the revised proposal, if required.
- 3.4. AAI provides Communication, Navigation, Surveillance/ Air Traffic Management (CNS/ATM) services in addition to landing, parking and other aeronautical services at JIA. AAI has submitted that the tariff proposal does not consider revenues, expenditure and assets on account of CNS/ATM services. This consultation paper discusses the determination of tariffs for aeronautical services at the airport excluding CNS/ ATM services.
- 3.5. AAI has informed that accounts of AAI are audited by C&AG of India as mandated by the AAI Act. The C&AG's resident audit party audits the financial records and statements of AAI airports, regional/ field offices. However, the C&AG issues the final audit certificate for the AAI as a whole and only trial balance is available for JIA. The Authority has utilized these documents as submitted by AAI for determination of tariffs.

4. True-up for First control period

4.1. True-up for 1st control period is calculated as difference between

4.1.1. Permissible aeronautical revenue calculated based on actual traffic and financials

4.1.2. Actual aeronautical revenue received by AAI for 1st control period

4.2. AAI has submitted opening RAB for the 1st control period under Single Till at ₹ 185.8 crores.

Table 3 – Opening RAB for the 1st control period as per AAI – Single Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Assets excluding CNS/ATM related assets as on 01.04.2011	298.9
2	Accumulated Depreciation as on 01.04.2011	113.1
3	Opening RAB[(1)-(2)] as on 01.04.2011	185.8

Permissible aeronautical revenues

4.3. AAI has calculated Aggregate Revenue Requirement of ₹ 453.0 crores (PV of ARR is ₹ 358.0 crores as on 1st April 2012) for 1st control period.

Table 4 - ARR as per AAI for the 1st control period – Single Till

Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Opening RAB	185.8	162.8	144.7	122.8	101.6
Assets capitalized during the year	2.6	5.8	1.5	1.9	10.5
Disposals/ Transfer	0	0	0	0	0
Depreciation	25.6	23.9	23.3	23.1	23.7
Closing RAB	162.8	144.7	122.8	101.6	88.4
Average RAB	174.3	153.7	133.8	112.2	95.0
Return on Average RAB@14%	24.4	21.5	18.7	15.7	13.3
Operating Expenditure	57.4	68.2	55.4	70.2	66.1
Depreciation	25.6	23.9	23.3	23.1	23.7
Corporate Tax	0.0	0.0	0.0	0.0	0.0
Less- Revenue from services other than Regulated services	13.4	11.1	15.7	17.0	20.5
ARR as per AAI	94.0	102.6	81.8	92.0	82.5
Total ARR as per AAI	453.0				
Discounted ARR	94.0	90.0	63.0	62.1	48.9
PV of ARR for the control period as on 01.04.2012	358.0				

Actual aeronautical revenues

4.4. The Authority notes that the revenues from PSF (FC) have fallen in FY 2012-13 with respect to FY 2011-12. AAI has submitted that it has earned total aeronautical revenues of ₹ 254.2 crores during 1st control period. Further, AAI has submitted that it has a shortfall of ₹ 361.0 crores (future value as on 01 April 2017) during the 1st control period. The aeronautical revenues for the 1st control period is shown below:

Table 5 - Aeronautical revenue earned for the 1st control period as per AAI Submission – Single Till

No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
A	Revenues from Regulated Services					
1	Landing Charges:					
1.1	Domestic	8.8	10.6	9.8	9.1	11.9
1.2	International	2.4	1.7	2.7	3.5	3.5
1.3	Total Landing Charges	11.2	12.3	12.5	12.6	15.4
2	Parking and Housing Charges:	0.1	0.1	0.1	0.2	0.1
3	PSF(Facilitation Charges(FC)):					
3.1	Domestic	7.3	6.4	7.1	7.3	9.9
3.2	International	0.7	0.8	0.8	1.1	1.3
3.3	Total PSF (FC)	8.0	7.2	7.9	8.4	11.1
4	User Development Fees (UDF):					
4.1	Domestic	12.4	11.2	11.8	12.1	16.0
4.2	International	8.8	10.8	11.5	15.1	16.4
4.3	TOTAL UDF	21.3	22.0	23.3	27.1	32.4
5	Fuel Throughput Charges	0.6	0.6	0.4	0.5	0.7
6	Ground Handling Charges	1.0	1.6	1.1	2.7	3.1
7	Cargo revenues	0.2	0.2	0.2	0.4	2.0
8	CUTE services	0.5	1.0	1.1	1.2	1.5
	Total Aeronautical Revenues	43.0	45.0	46.6	53.1	66.4

Table 6 - ARR and its resultant shortfall as per AAI for 1st control period – Single Till

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	ARR for year	94.0	102.6	81.8	92.0	82.5	453.0

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
2	Aeronautical Revenue	43.0	45.0	46.6	53.1	66.4	254.2
3	Shortfall	51.1	57.6	35.2	38.9	16.1	198.9
4	Future Value of shortfall as on 01.04.2017	112.1	110.9	59.5	57.6	20.9	361.0

Authority's Examination

4.5. The Authority proposes adjustments on the following building blocks for calculating true-up of 1st control period

4.5.1. Adjustment of depreciation

4.5.2. Adjustment of non-aeronautical revenues

Adjustment for Depreciation

4.6. AAI has used depreciation rates as per the accounting policy approved by AAI board.

The depreciation rates used by AAI for key assets are –

Table 7 - Depreciation rates as submitted by AAI

No.	Asset Class	As per AAI
1	Land	0%
2	Runways/taxiway	13%
3	Apron	13%
4	Roads bridges & culverts	13%
5	Terminal buildings	8%
6	Temporary building	100%
7	Residential building	5%
8	Temporary b/wall	100%
9	Boundary wall (operational)	8%
10	Boundary wall(residential)	5%
11	Other buildings	8%
12	Computers & I.T. hardware	20%
13	Intangible assets- computer software	20%
14	Plant & machinery	11%
15	Tools & plant	20%
16	Furniture-office	20%
17	Vehicles	14%
18	Cars/jeeps	14%
19	Electrical installations	11%
20	Office equipment. & appliances	18%
21	F&F- operational area	20%

22	X-ray baggage system	11%
23	CFT & firefighting equipment	13%

4.7. The Authority proposes the following depreciation rates

4.7.1. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards

4.7.2. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 27.

4.8. Depreciation for the 1st control period has been calculated on the basis of actual date of capitalization of assets.

4.9. The revised depreciation for the 1st control period under Single Till is given below:

Table 8 – The Authority's consideration on depreciation for 1st control period – Single Till

No.	Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	As per AAI	25.6	23.9	23.3	23.1	23.7	119.7
2	As per Authority	7.6	7.8	7.8	12.7	13.2	49.0

4.10. In respect of cost of land, the Authority notes that land is not a depreciable asset and if taken into RAB, the return over it has to be paid perpetually. Besides, if the principle of FRoR based on cost of capital is applied on cost of land the aeronautical charges may have to be fixed at exorbitantly high rates. Since the Authority has so far not come across instances where the land cost is significant part of the RAB, it is necessary to examine all the ramifications of taking the value of cost of land into RAB. The Authority realizes that unless some kind of return is given on future land acquisitions for airport purposes, it could become a major hurdle for airport development. Therefore, it is proposed to conduct a study based on which the treatment to be given to cost of land can be determined on a sound reasoning.

4.11. In the case of JIA it is proposed to exclude the existing cost of land (₹ 15.2 crores in FY 2011-12) from the RAB till a final decision is taken on the Issue.

4.12. The change in depreciation rates and exclusion of land from RAB results in a change

in average RAB of the 1st control period as shown below –

Table 9 – The Authority's consideration of average RAB for 1st control period – Single Till

No	Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
1	As per AAI					
	Opening RAB	185.8	162.8	144.7	122.8	101.6
	Additions	2.6	5.8	1.5	1.9	10.5
	Disposals	0	0	0	0	0
	Depreciation	25.6	23.9	23.3	23.1	23.7
	Closing RAB	162.8	144.7	122.8	101.6	88.4
	Average RAB	174.3	153.7	133.8	112.2	95.0
2	As per Authority					
	Opening RAB	170.6	165.6	163.6	157.3	146.5
	Additions	2.6	5.8	1.5	1.9	10.5
	Disposals	0	0	0	0	0
	Depreciation	7.6	7.8	7.8	12.7	13.2
	Closing RAB	165.6	163.6	157.3	146.5	143.8
	Average RAB	168.1	164.6	160.5	151.9	145.2

Adjustment for Non-Aeronautical revenues

4.13. The Authority noted that AAI has considered lease rental revenues from ground handling agencies, oil companies and cargo as non-aeronautical revenues during the 1st control period. As per the provisions of the AERA Act, the services rendered in respect of ground handling, oil companies and cargo are aeronautical services.

4.14. The Authority proposes to consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.

Table 10 – Comparison of NAR as considered by AAI and the Authority for 1st control period

NAR (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
NAR as submitted by AAI (1)	13.4	11.1	15.7	17.0	20.5
Adjustment					
<i>Revenue from Cargo, Ground handling and fuel services treated as aeronautical (2)</i>	0.8	1.6	1.4	1.5	2.6
NAR as per Authority (3 = 1 - 2)	12.6	9.5	14.3	15.5	18.0

Adjustment for operating expenditure (CHQ/ RHQ expenditure apportionment)

4.15. Total CHQ/ RHQ expenses for AAI is as shown in table below. AAI has requested the apportionment of CHQ/ RHQ expenses while determining tariffs of major airports.

CHQ/ RHQ expenses consist of three components – Expenditure for JIA employee's retirement benefit allocated at CHQ, overheads at CHQ and overheads at RHQ. The CHQ/ RHQ expense considered for apportionment have been netted off against the income received by CHQ/ RHQ.

4.16. The retirement benefit is allocated on the basis of number of employees at JIA. The Authority proposes to allocate the CHQ/ RHQ overhead expenses for the airport services after excluding the ANS expenses on revenue basis which is consistent with the approach adopted by the Authority in MYTP of 1st Control Period for Guwahati and Lucknow airports. The Authority observes that as per the above methodology the CHQ/ RHQ overhead expenses are allocated in proportion to the capacity of the airport to absorb higher cost of CHQ/ RHQ. Under this methodology, a portion of CHQ/ RHQ expenses are allocated to Delhi and Mumbai airports based on revenue received by AAI from these airports.

Table 11 - Summary of CHQ/ RHQ Overheads as submitted by AAI for 1st control period

No.	in ₹ cr.	2012	2013	2014	2015	2016
	Apportionment of CHQ/ RHQ overheads					
1	CHQ Expenses	259.3	331.2	303.8	397.3	404.6
2	Less - CHQ Revenue	93.8	152.6	183.5	236.8	227.7
3	Net CHQ Expenses (1-2)	165.6	178.7	120.3	160.5	176.9
1	Northern Region - RHQ Expenses	89.3	116.1	124.6	167.1	155.5
2	Less - Northern Region - RHQ Revenues	7.7	16.1	16.8	11.0	15.5
3	Net Northern Region RHQ Expenses (1-2)	81.6	100.0	107.3	156.1	140.0
	Total of Net CHQ and RHQ Expenses	247.1	278.6	227.6	316.6	316.9
	CHQ/ RHQ Overheads allocated to JIA	8.4	6.3	5.3	7.5	7.5
	Apportionment of Retirement Benefits at CHQ					
	Total provision of retirement benefits at CHQ	159.7	289.4	160.0	275.2	182.9
	Provision of Retirement Benefits at CHQ for JIA	4.1	7.9	3.6	6.6	3.6

4.17. In view of the above, the O&M expenditure for 1st control period is given in table below.

Table 12 - Summary of O&M expenditure as per the Authority for 1st control period -Single Till

No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
1	Pay roll Expenditure of JIA	23.0	24.5	23.8	22.3	20.2
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	4.1	7.9	3.6	6.6	3.6
A	Total Pay roll Expenditure (1+2)	27.2	32.5	27.3	28.8	23.9
3	Administrative and General Expenditure	1.7	1.9	1.9	2.7	3.2
4	Apportionment of administration & General expenditure of CHQ/RHQ	8.4	6.3	5.3	7.5	7.5
B	Total Administration & General Expenditure(3+4)	10.1	8.3	7.2	10.2	10.7
C	Repairs and Maintenance Expenditure	5.0	6.9	4.4	7.9	8.5
5	Power Charges	2.6	3.0	2.9	3.2	4.0
6	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure	2.6	3.0	2.9	3.2	4.0
E	Consumption of Stores and Spares	0.3	0.3	0.5	0.3	0.4
F	Other Outflows	0.4	0.3	0.3	0.8	0.3
	Total (A+B+C+D+E+F)	45.5	51.3	42.6	51.2	47.8

Adjustment in base year for calculating present value of shortfall

4.18. The Authority noted that the present value factor considered by AAI for the shortfall in aggregate revenue collection in comparison to allowable aggregate revenue for the 1st control period (refer to Table 6) is calculated as on 01.04.2017 instead of 01.04.2016. The Authority proposes to consider the present value of shortfall as on 01.04.2016.

Tax calculation for 1st control period

4.19. The tax calculation as submitted by AAI for 1st control period apportions actual tax liability of AAI based on the profit before tax of JIA and profit before tax of AAI.

4.20. The Authority noted that the tax liability of AAI would include tax as a result of income from Delhi and Mumbai airports. Therefore, the Authority proposes to determine tax for JIA by applying provisional tax rate on the standalone profit before tax of the airport. In addition, for calculation of tax, the Authority proposes to determine depreciation considering the depreciation rates applicable under Income Tax laws.

4.21. AAI has submitted revised tax calculations based on standalone financials of JIA. The Authority proposes to consider the tax calculation as given below.

Table 13 – Revised amount of Tax as considered by Authority for the 1st control period

Particular (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Aeronautical Revenues	43.8	46.6	47.9	54.6	69.0
Non-Aeronautical Revenues	12.6	9.5	14.3	15.5	18.0
O&M (excluding retirement benefits and CHQ/ RHQ Overheads)	33.0	37.0	33.7	37.2	36.6
Retirement benefits and CHQ/ RHQ Overheads	12.5	14.3	8.8	14.1	11.2
Depreciation as per IT Act	22.0	19.9	17.5	15.5	15.2
PBT	-11.2	-15.1	2.2	3.5	24.0
Tax	0.0	0.0	0.7	1.2	8.3

Revised Aggregate Revenue Requirement

4.22. The ARR for the 1st control period has been revised based on adjustments detailed above.

4.22.1. Change in depreciation rates as per Table 27

4.22.2. Apportionment of CHQ/RHQ costs and change in tax calculation

4.22.3. Lease rentals from ground handling agencies, oil companies and cargo to be treated as aeronautical revenues

4.22.4. Correction of present value factor for shortfall calculation

Table 14 - ARR as per Authority for the 1st control period – Single Till

Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Average RAB	168.1	164.6	160.5	151.9	145.2
Return on Average RAB@14%	23.5	23.0	22.5	21.3	20.3
Operating Expenditure	45.5	51.3	42.6	51.2	47.8
Depreciation	7.6	7.8	7.8	12.7	13.2
Corporate Tax	0.0	0.0	0.7	1.2	8.3
Less- Revenue from services other than Regulated services	12.6	9.5	14.3	15.5	18.0
ARR as per Authority	64.1	72.6	59.3	70.8	71.6
Total ARR as per Authority	338.4				
Discounted ARR	64.1	63.7	45.6	47.8	42.4
PV of ARR for the control Period as on 01.04.2012	263.6				

4.23. Correspondingly, the shortfall during the 1st control period between permissible aeronautical revenues and actual aeronautical revenues is calculated as below:

Table 15 - ARR, yield and shortfall as per Authority for 1st control period – Single Till

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	ARR for year (refer Table 14)	64.1	72.6	59.3	70.8	71.6	338.4
2	Aeronautical Revenue	43.8	46.6	47.9	54.6	69.0	261.9
3	Shortfall	20.3	26.0	11.3	16.2	2.6	76.5
4	Future Value of shortfall as on 01.04.2016	39.1	43.9	16.8	21.0	3.0	123.9

Proposal No. 1. True-up for the 1st control period

- 1.a. The Authority proposes to true-up the 1st control period on the basis of Single Till
- 1.b. The Authority proposes to apportion CHQ/RHQ overheads on revenue basis.
- 1.c. The Authority proposes to consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.
- 1.d. The Authority proposes the following depreciation rates.
 - a. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards
 - b. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 27.
- 1.e. The Authority proposes to consider short fall of ₹ 123.9 crores in the 1st control period to be added to ARR for the 2nd control period.

5. Traffic forecast

5.1. The traffic growth rates as submitted by AAI for 2nd control period are as follows:

Table 16 - Traffic Growth rates assumed by AAI for the 2nd control period

YEAR	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
2016-17	25%	10%	23%	22%	10%	21%
2017-18	12%	8%	12%	10%	6%	10%
2018-19	12%	8%	12%	10%	6%	10%
2019-20	12%	8%	12%	10%	6%	10%
2020-21	12%	8%	12%	10%	6%	10%

5.2. AAI submitted that traffic growth rate for FY 2016-17 is based on extrapolation of actual traffic from April, 2016 to February, 2017.

Authority's Examination

5.3. The Authority observed that the actual traffic data is available for FY 2016-17 for JIA. Accordingly, AAI submitted that traffic growth rate for FY 2016-17 can be revised by the Authority based on actual traffic during FY 2016-17. The Authority proposes to revise traffic growth rates for FY 2016-17 as per Table 18.

5.4. The Authority calculated CAGR (Compounded Annual Growth Rate) for ATM and passenger traffic from FY 2010-11 to FY 2015-16 (5 year CAGR) and from FY 2005-06 to FY 2015-16 (10 year CAGR) for JIA. The details have been provided in table below:

Table 17 - CAGR for Traffic at JIA

	Growth rates as per AAI (FY18 to FY21)	10 Year CAGR (FY06 to FY16)	5 Year CAGR (FY11 to FY16)
Passenger			
Domestic	12%	20%	12%
International	8%	21%	8%
ATM			
Domestic	10%	11%	11%
International	6%	9%	5%

5.5. After evaluation of 5 and 10 year CAGR of traffic, the Authority is of the view that 10 years CAGR is too high due to lower initial base traffic and 5 years CAGR provides more realistic traffic growth rates for future projections. Hence, the Authority proposes to

adopt growth rates for passenger and ATM traffic from FY 2017-18 to FY 2020-21 based on 5 years CAGR.

Table 18 - Traffic growth rates and Traffic as considered by Authority for the 2nd control period

	Passenger			ATM		
YEAR	Domestic	International	Combined	Domestic	International	Combined
Growth Rates						
2016-17	32%	24%	31%	35%	28%	35%
2017-18	12%	8%	12%	11%	5%	10%
2018-19	12%	8%	12%	11%	5%	10%
2019-20	12%	8%	12%	11%	5%	10%
2020-21	12%	8%	12%	11%	5%	10%
Traffic						
2016-17	3,332,496	450,962	3,783,458	28,596	3,744	32,340
2017-18	3,745,163	487,011	4,232,174	31,647	3,938	35,584
2018-19	4,208,931	525,943	4,734,873	35,023	4,141	39,164
2019-20	4,730,127	567,986	5,298,114	38,759	4,354	43,114
2020-21	5,315,865	613,390	5,929,255	42,894	4,579	47,473

5.6. The Authority proposes to true-up traffic as per actual growth achieved during the current control period at the time of determination of tariff for 3rd control period as explained in earlier orders of the Authority.

Proposal No. 2. Traffic Forecast

- 2.a. The Authority proposes to consider the ATM and passenger traffic as per Table 18.
- 2.b. The Authority proposes to true up the traffic volume (ATM and Passengers) based on actual traffic in 2nd control period while determining tariffs for the 3rd control period.

6. Allocation of Assets (Aeronautical and Non-Aeronautical)

6.1. Under Hybrid Till, only aeronautical assets are included as part of the Regulatory Asset Base. As a result of the shift from Single Till to Hybrid Till at the end of 1st control period, the assets need to be segregated and opening RAB for 2nd control period needs to be recalculated.

6.2. For the allocation of assets between aeronautical and non-aeronautical services, AAI had divided assets into aeronautical, non-aeronautical and common components. Common components have been further segregated into aeronautical and non-aeronautical assets by applying one of the following two ratios:

- a) Terminal Area Ratio - ratio of aeronautical area to non-aeronautical area (applied for Terminal related assets)
- b) Employee Ratio - ratio of staff providing commercial services (5 employees) to staff providing aeronautical services (160 employees)

6.3. The allocation of gross block of assets as on 01.04.2016 as submitted by AAI is given in the table below:

Table 19 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as submitted by AAI

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
1	Land	15.2	15.2	100%
2	Runways/taxiway	38.3	38.3	100%
3	Apron	37.9	37.9	100%
4	Roads bridges & culverts	13.0	13.0	100%
5	Terminal buildings	94.6	103.0	92%
6	Temporary building	0.8	0.8	100%
7	Residential building	0.7	0.7	100%
8	Temporary b/wall	0.8	0.8	100%
9	Boundary wall (operational)	4.6	4.6	100%
10	Boundary wall(residential)	0.0	0.0	100%
11	Other buildings	3.1	3.1	100%
12	Computers & I.T. hardware	0.3	0.3	99%
13	Intangible assets- computer software	0.1	0.1	100%
14	Plant & machinery	16.4	16.5	100%
15	Tools & plant	3.5	3.6	99%
16	Furniture-office	1.1	1.1	100%
17	Vehicles	0.9	0.9	100%

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
18	Cars/jeeps	0.8	0.8	100%
19	Electrical installations	53.3	56.5	94%
20	Office equipment. & appliances	0.9	0.9	98%
21	F&F- operational area	2.7	2.8	100%
22	X-ray baggage system	3.3	3.3	100%
23	CFT & firefighting equipment	17.0	17.0	100%
	Total	309.4	321.1	96.35%

Authority's Examination

Allocation based on Terminal Area Ratio

6.4. AAI submitted the workings for the calculation of aeronautical area to non-aeronautical area ratio vide letter dated 01.02.2017.

Table 20 – Workings of Terminal Area Ratio calculation as submitted by AAI for FY 2015-16

S.No.	Category	Domestic Terminal /International Terminal (Sq.m)
1	Restaurant / Snack Bars	332.9
2	T.R. Stall	471.8
3	Duty Free Shop	42.8
4	Hoarding & Display	0.0
5	Building Non-Residential	941.2
6	Admission Tickets	0.0
7	Cargo	0.0
8	Offices of AAI commercial, land & rest room	0.0
	Total Non-aeronautical area	1,788.7
	Total Terminal area	18,000
	TB Ratio	10%

6.5. The Authority proposes to adopt 90% as aeronautical area for asset allocation of Terminal related assets in line with terminal area ratio calculations submitted by AAI.

6.6. Specific assets under Furniture & Fixtures, Machinery, Tools & Plant, inside Terminal Building have been considered as aeronautical by AAI. The Authority proposes to allocate these assets in the ratio of 90% to 10%.

6.7. Residential building related assets have been considered as aeronautical by AAI. The Authority proposed to allocate these assets based on employee ratio.

6.8. Specific assets under Electrical Installations related to the Terminal Building have been considered as aeronautical by AAI. The Authority proposes to allocate these assets in the ratio of 90% to 10%.

6.9. Assets related to vehicles have been considered as aeronautical assets by AAI. The Authority proposes to use the employee ratio of 97% (ratio of employees for aeronautical activities to total employees) for allocation of specific assets related to vehicles (Vehicles and Cars/Jeeps).

6.10. The asset allocation proposed by Authority is tabulated below:

Table 21 – Change in allocation of gross block of assets existing as on 01.04.2016 between aeronautical and non-aeronautical services proposed by the Authority

Sr. No.	Particulars	Aero Assets	Justification
1	Terminal buildings	90.9%	Total assets are ₹ 103.0 crores out of which ₹ 13.8 crores are purely aeronautical assets and common assets are ₹ 88.6 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
2	Temporary building	99.0%	Total assets are ₹ 0.8 crores out of which ₹ 0.5 crores are purely aeronautical assets and common assets are ₹ 0.2 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
3	Residential building	97.0%	Total assets are ₹ 0.7 crores and common assets are ₹ 0.7 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
4	Machinery	98.7%	Total assets are ₹ 16.5 crores out of which ₹ 14.9 crores are purely aeronautical assets and common assets are ₹ 1.5 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
5	Tools & plant	95.5%	Total assets are ₹ 3.6 crores out of which ₹ 2.0 crores are purely aeronautical assets and common assets are ₹ 1.5 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
6	Furniture-office	90.6%	Total assets are ₹ 1.1 crores out of which ₹ 0.85 crores are purely aeronautical assets and common assets are ₹ 0.16 crores. Common assets are allocated based on 90% ratio as

Sr. No.	Particulars	Aero Assets	Justification
			aeronautical assets.
7	Vehicles	98.6%	Total assets are ₹ 0.9 crores out of which ₹ 0.5 crores are purely aeronautical assets and common assets are ₹ 0.4 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
8	Cars/jeeps	98.0%	Total assets are ₹ 0.8 crores out of which ₹ 0.3 crores are purely aeronautical assets and common assets are ₹ 0.5 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
9	Electrical installations	93.7%	Total assets are ₹ 56.5 crores out of which ₹ 22.5 crores are purely aeronautical assets and common assets are ₹ 33.8 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
10	F&F- operational area	92.9%	Total assets are ₹ 2.8 crores out of which ₹ 0.9 crores are purely aeronautical assets and common assets are ₹ 1.8 crores. Common assets are allocated based on 90% ratio as aeronautical assets.

6.11. The cost of land has been excluded from the RAB of 2nd control period as in para 4.11.

6.12. The allocation of gross block of assets as on 01.04.2016 as considered by the

Authority based on revised asset allocation is given in the table below:

Table 22 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as considered by the Authority

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
1	Land	-	-	-
2	Runways/taxiway	38.3	38.3	100%
3	Apron	37.9	37.9	100%
4	Roads bridges & culverts	13.0	13.0	100%
5	Terminal buildings	93.6	103.0	91%
6	Temporary building	0.7	0.8	99%
7	Residential building	0.7	0.7	97%
8	Temporary b/wall	0.8	0.8	100%
9	Boundary wall (operational)	4.6	4.6	100%
10	Boundary wall(residential)	0.0	0.0	100%
11	Other buildings	3.1	3.1	100%
12	Computers & I.T. hardware	0.3	0.3	99%

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
13	Intangible assets- computer software	0.1	0.1	100%
14	Plant & machinery	16.3	16.5	99%
15	Tools & plant	3.4	3.6	96%
16	Furniture-office	1.0	1.1	91%
17	Vehicles	0.9	0.9	99%
18	Cars/jeeps	0.8	0.8	98%
19	Electrical installations	52.9	56.5	94%
20	Office equipment. & appliances	0.9	0.9	98%
21	F&F- operational area	2.6	2.8	93%
22	X-ray baggage system	3.3	3.3	100%
23	CFT & firefighting equipment	17.0	17.0	100%
	Total	292.2	305.9	95.50%

Proposal No. 3. Allocation of assets between Aeronautical and Non-aeronautical services

3.a.The Authority proposes the allocation of assets as on 1st April 2016 between aeronautical and non-aeronautical assets as detailed in Table 22.

7. Opening Regulatory Asset Base for Second control period

7.1. Opening RAB for 2nd control period under Hybrid Till as per AAI submission dated 22.03.2017 is ₹ 88.4 crores.

Table 23 - Calculation of opening RAB as on 1st April 2016 as per AAI submission – Hybrid Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	287.5
2	Aeronautical asset addition during the 1 st control period	22.0
3	Cost of Aeronautical Assets [(1)+(2)] as on 01.04.2016	309.4
4	Accumulated Depreciation as on 01.04.2016	221.0
5	Opening RAB[(3)-(4)] as on 01.04.2016	88.4

7.2. The Authority proposes to adopt depreciation rates as detailed earlier in para 4.7 for calculating RAB for 2nd control period.

7.3. The Authority proposes the allocation of assets between aeronautical and non-aeronautical assets as detailed in Table 22.

7.4. Based on revised depreciation rates and revised asset allocation, the opening RAB for 2nd control period considered by the Authority under Hybrid Till is ₹ 136.0 crores.

Table 24 - Calculation of opening RAB as on 1st April 2016 as per the Authority – Hybrid Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	270.5
2	Aeronautical asset addition during the 1 st control period	21.7
3	Cost of Aeronautical Assets [(1)+(2)] as on 01.04.2016	292.2
4	Accumulated Depreciation as on 01.04.2016	156.2
5	Opening RAB[(3)-(4)] as on 01.04.2016	136.0

Proposal No. 4. Opening Regulatory Asset Base for the 2nd control period

4.a. The Authority proposes to consider the opening regulatory base for the 2nd control period under Hybrid Till as ₹ 136.0 crores

8. Capital Expenditure for Second control period

8.1. AAI has forecasted aeronautical capital expenditure of ₹ 1,316.5 crores for the 2nd control period as shown below:

Table 25 – Aeronautical assets to be capitalized at JIA for 2nd control period as per AAI

S.N.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Runways/ Taxiways	126.5	0.0	23.0	0.0	0.0
2	Aprons	0.0	0.0	0.0	60.0	0.0
3	Road, Bridges & Culverts	0.1	0.0	9.2	0.0	0.0
4	Terminal Building	0.5	0.0	0.0	11.3	530.0
5	Operational Boundary Wall	2.1	1.9	0.0	0.0	0.0
6	Residential Boundary Wall	0.1	0.0	0.0	0.0	0.0
7	Other Buildings	0.0	0.0	8.0	9.0	0.0
8	Machinery	1.1	0.0	0.0	0.0	0.0
9	Tools and Plant	0.6	0.0	0.0	0.0	0.0
10	Electrical Installation	2.0	0.0	0.0	0.0	530.0
11	X-Ray	1.1	0.0	0.0	0.0	0.0
	Total	134.1	1.9	40.2	80.3	1,060.0

8.2. AAI has submitted following details of the proposed capital works to be undertaken during the control period:

8.2.1. Extension and strengthening of Runway for Category ‘E’ type of aircraft operation

Jaipur is one of the airport being developed under the 35 non-metro airports. It is proposed to increase the runway length from 9,174 feet to 11,500 feet along with CAT-II lighting systems and CAT-II ILS operations to cater to operations of ‘E’ category aircrafts.

The proposed works include extension of runway 09 by 710 m x 45 m to make a total length of 3507 m x 45 m along with strengthening for critical aircraft of ‘E’ category along with other related works such as design to cater to aircraft of ‘E’ category with proper PCN value, construction of new turn pad, construction of blast pads at the extremity of runway, provision of runway shoulders of 7.5 m width on either side on the extended portion of runway and provision of RESA of dimension 240 m x 150 m at both ends of the runway.

8.2.2. Expansion of Terminal Building to cater 5,000 peak hour passenger at a time

The existing passenger terminal building at Jaipur Airport is serving both domestic and international passengers and has a capacity to handle 720 peak hour passenger at a time. The building has been saturated, therefore, it is proposed to expand the terminal building for integrated operations to cater to the passenger convenience in future growth of Jaipur airport.

The expansion of the terminal building has been proposed to handle total 5000 peak hour passenger at a time (Annual capacity 5 million) which will serve up to the year of 2025-26. The terminal building is planned to be completed within the area of 1,25,000 Sq.m. (excluding the existing terminal building area of 18,000 Sq.m.). In addition to this, 20,000 Sq.m. of basement area has been planned for services.

8.2.3. Construction of Parallel Taxiway

Presently part Parallel Taxi Track of 486 m long only is available. There is occupancy of runway during aircraft movements. The air traffic / aircraft movements are increasing day by day at Jaipur Airport. To reduce runway occupancy time, part parallel taxi track to be extended by 2,600m for effective control of air traffic.

8.2.4. Construction of Boundary Wall

Approximately 60 acres land has been acquired in three pockets. The boundary wall is proposed to be constructed in all the three pockets.

8.2.5. Terminal Building modification for integrated operations

As the existing terminal building has already been saturated and as the expansion of the building has been proposed to be taken up and the completion of the same will be 2020-2021. For immediate relief of the passengers, the modification of the existing Terminal building is required for smooth functioning.

8.2.6. Construction of Admin Block

Presently AAI Offices are accommodated in Terminal-1. ATC Block and Fire Station are on the other side of Terminal-1. There is inconvenience and operational difficulty due to movements of AAI vehicles in the operational

area. Moreover, the space in the Terminal Building, presently occupied for offices can be effectively utilized for passenger facilities. Accordingly, to accommodate engineering office, HR Office, Account Office and APD Office, an administrative office block is being planned at the side of ATC Block.

8.2.7. Construction of Apron, Link Taxi and Isolation Bay

In order to cater the increased demand, the Apron has been proposed for additional 8-10 bays. The Link taxi is required for connecting the proposed Apron. Presently, there is no isolation bay at Jaipur Airport. On the disused runway the isolation bay has been designated. The extension of runway has already been taken up to cater E-category aircrafts. In synchronization with this the Isolation Bay also to be made for E-category aircrafts.

8.2.8. Construction of Fire Station IX near Runway 27

Present Fire Station is of category-VII which is situated in the mid portion of the present runway strip. The Runway is being extended to Cater E-Category aircrafts. Due to the expansion the present Fire Station will not remain equidistant from the Runway ends. For optimum use of Fire Station it has to be shifted to make it equidistant from the Runway ends. Moreover along with the higher category usage of Runway, the Fire Station also requires to be expanded for serving E-Category aircrafts.

8.2.9. Provision of covering Nallaha

A drain /Nallaha is passing in the operational area which falls in the Basic Strip. As per the Civil Aviation Requirements, the drain either to be diverted away from the Basic strip or to be properly covered. Considering the functional and economical parameters it has been planned to properly cover the drain.

Authority's Examination

8.3. The Authority requested AAI to submit the capital expenditure to be incurred in FY 2016-17 based on current status. In response to this, AAI vide submission dated 22.03.2017 provided the revised capital expenditure to be incurred in FY 2016-17 and 2nd control period and accordingly the Authority has updated the capital expenditure in

2nd control period. The Authority noted that total amount for expansion of Terminal building capital expenditure is ₹ 1,177 crores and the aeronautical component is ₹ 1,060 crores as per AAI submissions in FY 2020-21. The Authority notes that the Capital expenditure for expansion of terminal building is tentative and hence proposes to exclude the same for the tariff determination in the 2nd control period. In case, AAI incurs the capital expenditure towards the expansion of terminal building and capitalizes the same during the 2nd control period, it will be trued up while determining tariff for 3rd control period. In case the expenditure is incurred during the 2nd control period and AAI feels that this will lead to significant increase in tariff, it may propose revision of tariffs after capitalization of the Terminal Building.

8.4. The Authority noted that total amount for Terminal building modification for integrated operations is ₹ 12.5 crores and the Authority proposed to use 90% as aeronautical for asset allocation of terminal building modifications for integrated operations and proposes to consider ₹ 11.25 crores as aeronautical capital expenditure. The other capital expenditure details have been updated based on capital expenditure status provided by AAI vide their submission dated 22.03.2017.

Table 26 - Revised aeronautical capital expenditure for 2nd control period as considered by the Authority

S.N.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Runways/ Taxiways	126.5	26.0	0.0	0.0	0.0
2	Aprons	0.0	0.0	0.0	60.0	0.0
3	Road, Bridges & Culverts	0.3	6.4	0.0	0.0	0.0
4	Terminal Building	0.5	0.0	0.0	11.3	0.0
5	Operational Boundary Wall	1.6	1.9	0.0	0.0	0.0
6	Residential Boundary Wall	0.2	0.0	0.0	0.0	0.0
7	Other Buildings	0.0	0.0	8.0	9.0	0.0
8	Machinery	1.1	0.0	0.0	0.0	0.0
9	Tools and Plant	0.6	0.0	0.0	0.0	0.0
10	Electrical Installation	2.0	0.0	0.0	0.0	0.0
11	X-Ray	1.1	0.0	0.0	0.0	0.0
	Total (₹ 256.4 crore)	133.8	34.3	8.0	80.3	0.0

8.5. The Authority expects AAI to undertake capital works in the 2nd control period in accordance with Order No. 07/ 2016-17 dated 13 June, 2016 on normative approach.

8.6. The Authority proposes to consider the total aeronautical capital expenditure to be

capitalized and added to RAB at ₹ 256.4 crores.

8.7. The Authority notes that the cost of the planned works is indicative. The Authority proposes to consider the addition to aeronautical assets during the 2nd control period as given in Table 26 subject to true-up of RAB based on actual aeronautical asset addition while determining tariffs for the 3rd control period.

8.8. In the 2nd control period, project works related to Construction of Parallel Taxi Track including Bridge (₹ 26 crores), Construction of Apron, Link taxi & isolation bay (₹ 60 crores), construction of admin block (₹ 9 crores) and construction of sub fire station near runway 27 end (₹ 8 crores) are proposed to be taken up. These require user consultation as per the Guidelines. The Authority expects AAI to provide all the required project information as part of the consultation process with users.

Proposal No. 5. Capital Expenditure

5.a. The Authority proposes to consider allowable project cost of ₹ 256.4 crores and accordingly to reckon the amount of ₹ 256.4 crores as addition for total assets during the 2nd control period.

5.b. AAI should undertake user stakeholder consultation process for major capital expenditure items as per the Guidelines.

5.c. The Authority proposes to true-up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalisation of underlying assets in a given year.

9. Depreciation

9.1. AAI has submitted that the depreciation rates used are as per AAI's approved accounting policy. The salient aspects of AAI's depreciation policy being followed are as under:

9.1.1. Method of depreciation: straight line;

9.1.2. 100% of depreciation rates of assets if assets are used in a financial year for 180 days or more. If the assets are used for less than 180 days in a year the depreciation is charged at 50% of the depreciation rates. This policy is effective from the financial year 2012-13;

9.1.3. Residual value for each asset is taken as Re.1 balance to be provided by way of depreciation as per prescribed rates.

Authority's Examination

9.2. The Authority notes that the depreciation policy of AAI is not in accordance with the depreciation rates adopted by the Authority in other private airports. AAI is a statutory body established under the AAI Act and it does not come under the Companies Act. The Board of AAI has approved the depreciation policy that has been adopted by AAI.

9.3. The Authority notes that on some of the assets the depreciation charged by AAI is not in line with the Companies Act 2013. The Authority is of the view that adoption of depreciation rates as prescribed under the Companies Act at any point of time is appropriate, considering the variation in policies adopted by the airport operators. The Authority further notes that there is no specific mention of the classes of assets viz. apron, taxiway and runway in the Companies Act 2013 or 1956 or in the Income Tax Act 1961.

9.4. In this regard, the Authority has separately commissioned a study to determine appropriate depreciation rates for regulation of airports in line with the provisions of the Companies Act 2013. The Authority proposes to consider the recommendations of the study on depreciation and finalize 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.

9.5. In light of above, for the categories of assets (runway, taxiway and apron) where no

specific depreciation rate/ useful life has been mentioned in the Companies Act, the Authority proposes to adopt depreciation rate of 3.33%. This rate is proposed to be applied on runway, taxiway and apron assets existing as on 01.04.2011 and on these assets added during 1st and 2nd control period.

9.6. The Authority proposes to adopt the depreciation rates mentioned under Companies Act for assets as per the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014.

9.7. The Authority proposes that for the new assets to be capitalized in the 2nd control period, depreciation is charged at 50% of the depreciation rates in the year of capitalization.

9.8. The depreciation rates as submitted by AAI and as considered by the Authority during the 1st and 2nd control period are given below:

Table 27 - Depreciation rates as submitted by AAI and as considered by the Authority

No.	Asset Class	As per AAI	As per Authority till FY 2014	As per Authority FY2015 onwards
1	Land	0%	0.00%	0.00%
2	Runways/taxiway	13%	3.33%	3.33%
3	Apron	13%	3.33%	3.33%
4	Roads bridges & culverts	13%	1.63%	3.33%
5	Terminal buildings	8%	1.63%	3.33%
6	Temporary building	100%	100.00%	33.33%
7	Residential building	5%	1.63%	3.33%
8	Temporary b/wall	100%	100.00%	33.33%
9	Boundary wall (operational)	8%	1.63%	3.33%
10	Boundary wall(residential)	5%	1.63%	3.33%
11	Other buildings	8%	1.63%	3.33%
12	Computers & I.T. hardware	20%	16.21%	16.67%
13	Intangible assets- computer software	20%	20.00%	20.00%
14	Plant & machinery	11%	4.75%	6.67%
15	Tools & plant	20%	4.75%	6.67%
16	Furniture-office	20%	6.33%	10.00%
17	Vehicles	14%	9.50%	12.50%
18	Cars/jeeps	14%	9.50%	12.50%
19	Electrical installations	11%	4.75%	10.00%

No.	Asset Class	As per AAI	As per Authority till FY 2014	As per Authority FY2015 onwards
20	Office equipment. & appliances	18%	4.75%	20.00%
21	F&F- operational area	20%	6.33%	10.00%
22	X-ray baggage system	11%	4.75%	6.67%
23	CFT & firefighting equipment	13%	4.75%	6.67%

9.9. The revised depreciation for the 2nd control period as per Hybrid Till as proposed by the Authority is given below:

Table 28 - Authority's consideration on depreciation for the 2nd control period – Hybrid Till

No.	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	As per AAI	36.8	32.8	32.2	40.3	140.2	282.3
2	As per Authority	14.7	17.5	17.8	18.4	17.3	85.6

Proposal No. 6. Treatment of Depreciation

6.a. The Authority proposes to adopt depreciation rates as per Table 27 and depreciation for the 2nd control period as per Table 28.

6.b. The Authority proposes to consider the recommendations of the study on depreciation and finalize 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.

10. RAB for Second control period

10.1. AAI has submitted Regulatory Asset Base for 2nd control period under Hybrid Till as follows:

Table 29 - Summary of the RAB and Depreciation for JIA (Airport Services) as per AAI for the 2nd control period

	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
A	Opening Aeronautical RAB	88.4	185.7	154.8	162.8	202.8
B	Aeronautical Additional Assets capitalized during the year	134.1	1.9	40.2	80.3	1,060.0
C	Disposals/Transfers					
D	Depreciation	36.8	32.8	32.2	40.3	140.2
E	Closing Aeronautical RAB (A+B-C-D)	185.7	154.8	162.8	202.8	1,122.6
	Average RAB (A+E)/2	137.1	170.3	158.8	182.8	662.7

Authority's Examination

10.2. The Authority proposes to adopt opening RAB for FY 2016-17 as detailed in Table 24.

10.3. The Authority proposes to adopt depreciation as proposed in Table 28.

10.4. The Authority proposes ₹ 256.4 crores as the addition of aeronautical assets to RAB as detailed in Table 26.

10.5. The revised Regulatory Asset Base as calculated by the Authority for 2nd control period under Hybrid Till is as follows:

Table 30 - Summary of forecast and Roll forward RAB and Depreciation for JIA (Airport Services) considered by the Authority for 2nd control period – Hybrid Till

	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
A	Opening Aeronautical RAB	136.0	255.1	271.9	262.1	324.0
B	Aeronautical Assets capitalized during the year	133.8	34.3	8.0	80.3	0.0
C	Disposals/Transfers					
D	Depreciation	14.7	17.5	17.8	18.4	17.3
E	Closing Aeronautical RAB (A+B-C-D)	255.1	271.9	262.1	324.0	306.8
	Average RAB (A+E)/2	195.5	263.5	267.0	293.1	315.4

10.6. The Authority proposes to true up the RAB of 2nd control period based on actual asset

addition and revised depreciation rates, at the time of determination of tariff for the 3rd control period.

Proposal No. 7. RAB for 2nd control period

7.a. The Authority proposes to consider RAB for 2nd control period as given in Table 30

7.b. The Authority proposes to true up the RAB of 2nd 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 3rd control period.

11. Cost of Equity, Cost of Debt, Gearing, and Fair Rate of Return (FRoR)

11.1. AAI has considered Fair Rate of Return (FRoR) as 14% at par with the decision taken by the Authority in Chennai, Kolkata Guwahati and Lucknow Airports for the 1st control period.

11.2. AAI has not apportioned any debt for JIA and financing activities are undertaken centrally at the corporate office of AAI. Due to lack of any debt on JIA's books, FRoR is determined based on capital structure of AAI as a whole.

Authority's Examination

11.3. The Authority has recognised that AAI's capital structure may not be regarded as an efficient one in that it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing. The Authority may also consider a normative capital structure to determine the FRoR at a later date. It may not be reasonable to expect AAI to contract large amounts of debt over a short period of time.

11.4. The Authority notes that as per a study conducted in respect of the 'Fair Rate of Return Estimation for AAI' in July 2011 it estimated a figure of 14.96% as Fair Rate of Return for AAI. The Authority notes that it has considered FRoR at 14% for Chennai and Kolkata airport in the 1st control period considering the recommendations of another study done by NIPFP. Based on the decision taken for Chennai and Kolkata airport, the Authority considered FRoR at 14% for Guwahati and Lucknow airport for 1st control period.

11.5. Based on the above, the Authority proposes to consider FRoR at the rate of 14% for JIA for the 1st and 2nd control period as submitted by AAI.

Proposal No. 8. FRoR

8.a. The Authority proposes to consider the FRoR at 14% for JIA for the 1st and 2nd control period.

8.b. The Authority will undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.

12. Revenue from services other than aeronautical services

12.1. AAI has forecasted revenue from services other than aeronautical services as below:

Table 31 - Revenue from Non-aeronautical Services – Projected by AAI for 2nd control period

No.	Revenue from services other than Regulated Services (₹ crore)	2015-16 (base)	2016-17	2017-18	2018-19	2019-20	2020-21
	Trading Concessions						
1	Restaurants/Snack Bar	0.8	0.9	1.0	1.2	1.3	1.7
2	TR Stall/others	3.2	3.7	4.0	4.4	4.9	6.1
3	Hoardings & Displays	3.6	4.1	4.6	5.3	6.0	7.5
	Rent and Services						
4	Land Leases	2.1	2.2	2.4	2.6	2.7	3.0
5	Buildings (Residential)	0.0	0.0	0.0	0.0	0.0	0.0
6	Buildings (Non-Residential)	5.1	5.9	6.7	7.6	8.7	10.9
	Miscellaneous						
7	Duty Free Shops	0.8	0.9	1.1	1.2	1.4	1.7
8	Car Rentals	1.2	1.3	1.5	1.7	2.0	2.5
9	Car Parking	1.9	2.1	2.4	2.8	3.2	4.0
10	Porterage	0.3	0.4	0.4	0.5	0.6	0.7
11	Admission Tickets	0.5	0.5	0.6	0.7	0.8	1.0
12	Other Miscellaneous Income	1.0	1.1	1.1	1.2	1.3	1.3
	Total	20.5	23.1	26.0	29.2	32.8	40.3

12.2. The growth rates assumed by AAI for forecasting non aeronautical revenues are given below:

Table 32 – Assumption (growth rates) for Service other than Regulated Services for the 2nd Control Period as per AAI

No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1	Restaurants/Snack Bar	14%	14%	14%	14%	25%
2	TR Stall/others	14%	10%	10%	10%	25%
3	Hoardings & Displays	14%	14%	14%	14%	25%
4	Land Leases	7.5%	7.5%	7.5%	7.5%	7.5%
5	Buildings (Residential)					
6	Buildings (Non-Residential)	14%	14%	14%	14%	25%
7	Duty Free Shops	14%	14%	14%	14%	25%
8	Car Rentals	14%	14%	14%	14%	25%
9	Car Parking	14%	14%	14%	14%	25%
10	Porterage	14%	14%	14%	14%	25%
11	Admission Tickets	14%	14%	14%	14%	25%
12	Other Miscellaneous Income	5%	5%	5%	5%	5%

Authority's Examination

12.3. The Authority noted that as part of clarifications provided dated 27.04.2017, AAI has revised the growth rates to 10% (from 14% as submitted earlier) for revenues from services other than regulated services all the revenues except for land lease revenues and other miscellaneous revenues. AAI has proposed these growth rates based on the contractual agreements. The Authority proposes to consider the revised growth rates as submitted by AAI dated 27.04.2017 for the determination of tariff for the 2nd control period as they are as per the contracts/ agreements signed or projected as per the contracts/ agreements to be signed in future with the service providers.

12.4. The Authority proposes that non-aeronautical revenues will be trued up if it is 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 realizing the projected revenues. The Authority proposes to accept the revenues from services other than regulated services as submitted by AAI except for adjustments as detailed below.

Adjustment of lease rentals

12.5. AAI has allotted following land to cargo, ground handling and fuel companies (CGF) for their operations. AAI has considered income from such land lease as non-aeronautical revenues

Table 33 – Details of land allotted to cargo, ground handling and supply of fuel service providers in 2nd control period

Service	Service Provider	Land Allocated (Sq.m)		Land Lease revenues (FY 2015-16) ₹ crore
		Paved	Unpaved	
Fuel	IOCL	-	3,346	0.83
Fuel	BPCL	-	4,089	1.01
Fuel	RIL	-	1,600	0.16
Fuel	HPCL	-	1,000 *	-
Ground Handling	Indo Thai Airport Management Services	982.3	-	0.20

Service	Service Provider	Land Allocated (Sq.m)		Land Lease revenues (FY 2015-16) ₹ crore
		Paved	Unpaved	
Cargo	AAICLAS		723.97	0.07

* Allotted in March 2017 and revenues to be received from FY 2017-18 onwards

12.6. Additionally, AAI has allotted 31.06 Sq.m. of space in Terminal building to GHA and has allotted 245.78 Sq.m. to cargo operators and revenues received from the same have been considered under rent from building non-residential.

12.7. AAI has outsourced cargo activities. AAI has created a wholly owned subsidiary AAI Cargo Logistics and Allied Services Company Ltd (AAICLAS) in the FY 2016-17. The proposal for Cargo activities will be filed separately by AAICLAS for determination of Cargo tariff. As per AAI, AAI will not receive any revenue from AAICLAS for the second control period for cargo operations. However, the Authority noted that as part of the earlier clarifications provided for commercial details dated 18.04.2017, AAI has projected land lease and building rent revenues from Cargo operations for the 2nd control period. The Authority proposes to consider the land lease and building rent revenue projections provided by AAI dated 18.04.2017 from cargo as aeronautical revenues for determination of aeronautical tariffs for the 2nd control period.

12.8. The Authority noted that AAI in their submission dated 27.03.2017 have increased land lease rentals from cargo, ground handling agencies and oil companies by 7.5% per annum and proposes to accept the same. The Authority noted that AAI has increased rent revenues from building non-residential for GH agencies by 10% and proposes to accept the same.

12.9. As per the provisions of the AERA Act, services rendered in respect of cargo, ground handling and fuel supply are aeronautical services.

12.10. The Authority proposes to consider land lease revenues and building non-residential rent revenues on account of the aeronautical services of CGF as aeronautical revenue.

12.11. The Authority observes that non-aeronautical revenue at JIA is low and expects AAI to utilize its resources better and maximize its non-aeronautical revenue to keep the

aeronautical tariff down.

12.12. The Authority proposes to consider non-aeronautical revenues as given below:

Table 34 – Adjustment to Revenue from Non-aeronautical Services considered by Authority for 2nd control period

Revenue from services other than Regulated Services (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Aeronautical Revenues as per AAI (A)	23.1	26.0	29.2	32.8	40.3
Adjustment:					
Change in revenue from cargo, ground handling and fuel services considered as aeronautical revenues and change in growth rates (B)	3.5	4.4	5.5	6.9	10.8
Non-Aeronautical Revenues as per Authority (A-B)	19.7	21.6	23.7	26.0	29.5

Proposal No. 9. Non Aeronautical Revenues

- 9.a. The Authority proposes to consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical revenue.
- 9.b. The Authority proposes to consider the Non Aeronautical Revenue as per Table 34
- 9.c. The Authority proposes that non-aeronautical revenues will be trued up if it is 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 realizing the projected revenues.

13. Operation and Maintenance Expenditure

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

(i) Payroll expenses; (ii) Admin and General Expenditure; (iii) Repair and Maintenance Expenditure; (iv) Utilities and Outsourcing Expenditure; and (v) Other Outflows

13.2. Summary of aeronautical expenses proposed by AAI for 2nd control period is as below:

Table 35 - Summary of Aeronautical O&M expenditure as submitted by AAI for 2nd control period on Hybrid Till

No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Pay roll Expenditure of JIA	22.8	27.3	29.7	32.4	35.2
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	3.8	4.6	4.8	5.1	5.3
3	Common Expenses related to ANS and non-aero	1.7	2.0	2.2	2.4	2.6
A	Total Pay roll Expenditure (1+2-3)	24.9	29.9	32.3	35.0	38.0
4	Administrative and General Expenditure	3.0	3.3	3.6	3.9	4.2
5	Apportionment of administration & General expenditure of CHQ/RHQ	27.1	28.4	29.8	31.3	32.9
B	Total Administration & General Expenditure(4+5)	30.1	31.7	33.4	35.2	37.1
C	Repairs and Maintenance Expenditure (Total)	8.7	9.6	10.5	11.6	12.7
6	Power Charges	4.0	4.0	4.0	4.0	4.0
7	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure (6+7)	4.0	4.0	4.0	4.0	4.0
E	Consumption of Stores and Spares	0.4	0.4	0.4	0.5	0.5
F	Other Outflows	0.3	0.4	0.4	0.5	0.5
	Total (A+B+C+D+E+F)	68.4	75.9	81.2	86.8	92.8

13.3. The details of the assumptions made by AAI for O&M Expenditure are given below:

Table 36 – Assumptions made by AAI for each item of O&M expenditure

No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
-----	------------	---------	---------	---------	---------	---------

No .	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1	Payroll Expenses					
	Salaries and Wages	9%	20%	9%	9%	9%
	PF contribution	9%	20%	9%	9%	9%
	Fringe benefits including perks & medical expenses	9%	20%	9%	9%	9%
	Overtime	5%	20%	5%	5%	5%
	Allocation of Retirement Benefit provided at CHQ in r/o JIA Employees	5%	20%	5%	5%	5%
2	R&M Expenses	10%	10%	10%	10%	10%
3	Utility and outsourcing Expenditure					
	Power & Water charges	0%	0%	0%	0%	0%
	Other outsourcing costs	8%	8%	8%	8%	8%
4	Administration and General Expenditure					
	Admin & General Expenses	10%	10%	10%	10%	10%
	Insurance and Travelling expenses	5%	5%	5%	5%	5%
	Telephone Charges	7%	7%	7%	7%	7%
	Printing & stationery	8%	8%	8%	8%	8%
	Hire Charges – Car/Jeep	15%	15%	15%	15%	15%
	Apportionment of CHQ/RHQ Expenses	5%	5%	5%	5%	5%
5	Other Outflows					
	Collection charges on UDF	12%	12%	12%	12%	12%
	Collection charges on PSF	12%	12%	12%	12%	12%

* Higher growth rate for increase in Payroll costs in FY 2017-18 is due to 7th Pay Commission revision

13.4. AAI has segregated total O&M expenditure for the 2nd control period into aeronautical expenses, non-aeronautical expenses, and common expenses. Common expenses in turn have been allocated between aeronautical and non-aeronautical services.

13.5. Expense allocation as submitted by AAI for 2nd control period is tabulated below:

Table 37 – O&M Expense allocation as submitted by AAI

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
1	Payroll Expenses - Non-CHQ	95%	5%
2	Payroll Retirement benefit expenses Apportionment – CHQ	100%	0%
3	Admin and General Expenses – Non CHQ	88%	12%
4	Admin and General overheads Expenses Apportionment – CHQ/RHQ	100%	0%
5	R&M Expenses	93%	7%

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
6	Utility and Outsourcing Charges	98%	2%
7	Other Outflows	100%	0%
	Total	97%	3%

Authority's Examination

13.6. The Authority considered the operating expenses and their projections submitted by AAI and noted the following.

Forecasting of payroll expenses

13.6.1. The Authority notes that payroll costs components – Salaries and Wages, Fringe Benefits, including perks & medical expenditure and PF contribution have been increased by AAI at the growth rate of 9% annually for 2nd control period except for FY 2017-18. These growth rates appear to be on a higher side. The Authority proposes growth rate of 7% for the above payroll components.

13.6.2. The Authority notes that expenditure on apportionment of retirement benefits provided to CHQ in respect of JIA employees is increased at 5% annually for 2nd control period which is different from the 7% for the above mentioned payroll components. The Authority proposes to apply the same growth rate of 7% annually except for FY 2017-18 for expenditure on apportionment of retirement benefits provided to CHQ in respect of JIA employees (as per discussion with AAI).

13.6.3. The Authority has in particular noted that an increase of 20% has been projected in the pay roll expenditure in FY 2017-18 due to tentative increase in salary and wages on account of wage revision. However, as part of clarifications provided dated 03.05.2017, AAI has revised the growth rate for the payroll expenditure in FY 2017-18 to 40% from earlier 20%. The Authority notes that Public Sector Undertakings are covered under separate wage revision mechanism. Moreover, the Authority is of the view that as on date there is no actual evidence for the said outflow in FY 2017-18 and hence proposes to true up the expenditure in the 3rd control period. In view of above, an increase of 25% is proposed for projection of the pay roll

expenditure for FY 2017-18 in line with the order issued for Trivandrum for the 2nd control period.

13.6.4. AAI has submitted apportionment of CHQ/RHQ expenses on cost basis. The Authority proposes to adopt CHQ/RHQ overheads apportionment for the 2nd control period based on actual revenue basis data provided by AAI. The Authority proposes to increase CHQ/RHQ overheads apportionment costs (admin & general expenditure of CHQ/RHQ) by 5% per annum for the 2nd control period as submitted by AAI.

Segregation of aeronautical expenses

13.7. The Authority notes that the Payroll Costs in the operational expenditure have been allocated using percentage of employees for aeronautical services to total employees which is 97%. To account for common service employees handling both aeronautical and non-aeronautical activities, the Authority proposes to use ratio of 95% to 5% for allocation of payroll costs.

13.8. The Authority notes that apportionment of retirement benefits provided in CHQ in respect of Jaipur airport and apportionment of admin CHQ/RHQ expenses have been considered as 100% aeronautical expenses. The Authority proposes to use the ratio of 90% to 10% for aeronautical and non-aeronautical allocation for apportionment of admin CHQ/RHQ expenses. The Authority proposes to use the ratio of 95% to 5% for aeronautical and non-aeronautical allocation for retirement benefits provided at CHQ in respect of employees at Jaipur airport.

13.9. The Authority noted that the expenses related to vehicles such as R&M – Vehicles and Consumption of petrol/ lubricants etc. have been considered 100% aeronautical expense. The Authority proposes to allocate aforementioned expenses using employee ratio into aeronautical and non-aeronautical expenses.

13.10. Terminal Area ratio for calculation of aeronautical assets is proposed as 90%. This ratio has been applied to specific expenses in R&M – Civil, R&M – Electrical, R&M - Electronics and Conservancy Charges/ Consumption of spares.

Correction in projection

13.11. The Authority has carried out minor revision in the operational expenditure pertaining to conservancy charges for ANS after consultation with AAI.

13.12. The O&M expenditure for FY2015-16 which includes both aeronautical and non-aeronautical expense is given in the table below:

Table 38 – Total O&M expenditure for FY 2015-16 as proposed by the Authority

No.	Particulars (₹ crore)	2015-16
1	Pay roll Expenditure of JIA	21.8
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	3.6
3	Less - Pay and Allowances of ANS unit and non-aero	1.8
A	Total Pay roll Expenditure (1+2-3)	23.7
4	Administrative and General Expenditure	3.2
5	Apportionment of administration & General expenditure of CHQ/RHQ	7.5
B	Total Administration & General Expenditure(4+5)	10.7
C	Repairs and Maintenance Expenditure (Total)	8.5
6	Power Charges	4.0
7	Water Charges	-
8	Others	0.5
D	Utility and Outsourcing Expenditure (6+7+8)	4.5
E	Other Outflows	0.3
	Total (A+B+C+D+E)	47.6

13.13. Expense allocation proposed to be considered by the Authority after above changes for 2nd control period is tabulated below:

Table 39 – Expense allocation between aeronautical and non-aeronautical services proposed by the Authority

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
1	Payroll Expenses - Non-CHQ	94%	6%
2	Payroll Retirement benefit expenses Apportionment – CHQ	95%	5%
3	Admin and General Expenses – Non CHQ	88%	12%
4	Admin and General overheads Expenses Apportionment – CHQ/RHQ	90%	10%
5	R&M Expenses	93%	7%
6	Utility and Outsourcing Charges	93%	7%
7	Other Outflows	100%	0%
	Total	93%	7%

13.14. In view of above, the O&M expenditure is reworked for the purpose of

determination of aeronautical tariffs for the 2nd control period under Hybrid Till and given in table below.

Table 40 - Summary of Aeronautical O&M expenditure as per the Authority for the 2nd control period as per Hybrid Till

No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Pay roll Expenditure of JIA	21.9	27.4	29.3	31.3	33.5
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	3.7	4.6	5.0	5.3	5.7
3	Less - Pay and Allowances of ANS and non-aero	1.8	2.2	2.4	2.6	2.7
A	Total Pay roll Expenditure (1+2-3)	23.8	29.8	31.8	34.0	36.4
4	Administrative and General Expenditure	3.0	3.3	3.6	3.9	4.2
5	Apportionment of administration & General expenditure of CHQ/RHQ	7.1	7.4	7.8	8.2	8.6
B	Total Administration & General Expenditure(4+5)	10.1	10.7	11.4	12.1	12.8
C	Repairs and Maintenance Expenditure (Total)	8.6	9.5	10.4	11.5	12.6
6	Power Charges	4.0	4.0	4.0	4.0	4.0
7	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure (6+7)	4.0	4.0	4.0	4.0	4.0
E	Consumption of Stores and Spares	0.4	0.4	0.4	0.5	0.5
F	Other Outflows	0.3	0.4	0.4	0.5	0.5
	Total (A+B+C+D+E+F)	47.3	54.8	58.6	62.6	66.9

13.15. It appears that O&M expenditure at JIA is on higher side and expects AAI to reduce the O&M expenditure over a period of time.

Proposal No. 10. Operation and Maintenance expenditure

10.a. The Authority proposes to consider the operational and maintenance expenditure as given in Table 40 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.

10.b. The Authority expects AAI to reduce O&M expenditure over a period of time.

10.c. The Authority proposes to true up the O&M expenditure for 2016-17 to 2020-21 of the

2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.

14. Taxation

14.1. AAI has submitted tax calculations using provisional tax rate of 34.60 % for the 2nd control period. AAI had calculated the tax considering depreciation rates applicable under Income Tax laws.

Authority's Examination

Adjustment for 30% of non-aeronautical revenues

14.2. AAI vide their submissions dated 22.03.2017 calculated tax for aeronautical services under Hybrid Till taking into account 30% of revenues from services other than regulated services as part of total revenues. As per MIAL Order No. 32/2012-13 (Decision No. XV), the Authority had decided to consider corporate tax pertaining to earnings from aeronautical services under shared till. Therefore, the Authority proposes to exclude non-aeronautical component from revenues considered while determining tax for aeronautical services.

Adjustment of aeronautical capital expenditure

14.3. The Authority proposes to consider aeronautical capital expenditure of ₹ 256.4 crores as given in Table 26 while calculating depreciation as per IT Act

Adjustment of O&M Expenses

14.4. The Authority proposes to consider O&M expenses as given in Table 40.

Adjustment of aeronautical revenues on account of CGF lease and rent correction

14.5. The Authority proposes to modify total aeronautical revenues considering lease rentals from CGF as aeronautical as mentioned in para 12.7

Continuation of existing tariffs in FY 2016-17

14.6. The Authority proposes to consider existing tariffs while calculating aeronautical revenues for FY 2016-17 as the revised tariffs as submitted by AAI are proposed to be applicable from 01.08.2017 onwards.

Revised Tax as considered by the Authority

14.7. The amount of tax as per submission of AAI and that arrived by the Authority after considering the above mentioned changes is given below:

Table 41 - Amount of Tax for aeronautical services as per AAI submission and as calculated

by the Authority for the 2nd control period - Hybrid Till

Income Tax (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
As per AAI	0.0	6.3	11.0	13.6	0.0	31.0
As per Authority	7.9	12.4	22.0	27.8	34.9	105.0

14.8. The detailed calculation of tax for aeronautical service by the Authority is given in table below:

Table 42 - Amount of Tax for aeronautical services as calculated by the Authority for the 2nd control period - Hybrid Till

Particular (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Aeronautical Revenues	92.4	122.5	152.2	174.7	200.6
Aeronautical O&M (excluding CHQ/ RHQ Overheads)	36.5	42.7	45.8	49.1	52.6
CHQ/ RHQ Overheads	10.8	12.1	12.8	13.5	14.3
Depreciation as per IT Act	22.3	31.8	30.2	31.8	32.8
PBT	22.8	35.9	63.4	80.3	100.9
Tax for aeronautical services	7.9	12.4	22.0	27.8	34.9

14.9. The Authority notes the variation between the tax determined by AAI and the Authority due to changes proposed by the Authority in operational expenditure, depreciation and capital expenditure.

14.10. The taxes actually paid/ apportioned in the 2nd control period are proposed to be trued up after review in the next control period.

Proposal No. 11. Taxation

11.a. The Authority proposes the corporate tax for aeronautical activities as per Table 42 for the 2nd control period.

11.b. The Authority proposes to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.

15. Aggregate Revenue Requirement for Second control period

15.1. AAI has submitted Aggregate Revenue Requirement (ARR) the yield per passenger (YPP) for the 2nd control period as per Hybrid Till. AAI has shown the true-up value separately from yield calculations for 2nd control period. During discussions, AAI had requested for including true-up while calculating tariff for 2nd control period.

Table 43 - ARR and Yield as per AAI for the 2nd control period – Hybrid Till

Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Average Aeronautical RAB	137.1	170.3	158.8	182.8	662.7
Return on Average Aeronautical RAB@14%	19.2	23.8	22.2	25.6	92.8
Aeronautical Operating Expenditure	68.4	75.9	81.2	86.8	92.8
Depreciation on aeronautical RAB	36.8	32.8	32.2	40.3	140.2
Aeronautical Corporate Tax @34.60%	0.0	6.3	11.0	13.6	0.0
Less- 30% of Non-Aeronautical Revenues	6.9	7.8	8.8	9.9	12.1
ARR as per AAI	117.5	131.0	137.9	156.5	313.7
Total ARR as per AAI	856.6				
No. of Passengers (as per Actual/Projected)	3,554,481	3,965,030	4,423,567	4,935,745	5,507,894
Discounted ARR	117.5	114.9	106.1	105.6	185.7
True up short fall in 1st control period as on 01.04.2016	361.0				
PV of ARR for the control period as on 01.04.2016	990.9				
Total Passengers during the control period	22,386,717				
Yield per passenger for the control period (PV of ARR for the control period/Total passengers during the control period)	442.64				

Authority's examination

15.2. The Authority has examined the calculations of AAI for various elements of the regulatory building blocks that contribute to the calculation of ARR.

15.3. The Authority has estimated the following ARR and yield for the 2nd control period under Hybrid Till based on various submissions of AAI and proposals considered by Authority in earlier sections on the building blocks.

Table 44 - ARR and Yield as per Authority for the 2nd control period – Hybrid Till

Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Average Aeronautical RAB	195.5	263.5	267.0	293.1	315.4
Return on Average Aeronautical RAB@14%	27.4	36.9	37.4	41.0	44.2
Aeronautical Operating Expenditure	47.3	54.8	58.6	62.6	66.9
Depreciation on aeronautical RAB	14.7	17.5	17.8	18.4	17.3
Aeronautical Corporate Tax @34.6%	7.9	12.4	22.0	27.8	34.9
Less – 30% of Non-Aeronautical Revenues	5.9	6.5	7.1	7.8	8.9
True up short fall in 1st control period as on 01.04.2016	123.9				
ARR as per Authority	215.2	115.1	128.6	142.0	154.4
Total ARR as per Authority	755.3				
Discounted ARR	215.2	101.0	98.9	95.8	91.4
PV of ARR for the control period as on 01.04.2016	602.4				
No. of Passengers (as per Projected)	3,783,458	4,232,174	4,734,873	5,298,114	5,929,255
Total Passengers during the control period	23,977,874				
Yield per passenger for the control period (PV of ARR for the control period/Total passengers during the control period)	251.2				
Target yield per pax	304.4	317.2	330.5	344.3	358.7
Target Aeronautical Revenues	115.2	134.2	156.5	182.4	212.7

16. Annual Tariff Proposal

16.1. AAI has submitted ATP(s) for all years of the 2nd control period.

16.2. AAI has submitted the revision in tariff w.e.f. 01.04.2017 till 31.03.2021.

16.3. AAI has proposed for a scheme of rebate in landing charges depending on the number of landings per week for domestic flight operations.

16.4. Accordingly AAI has submitted the ATP(s) for 2nd control period in respect of JIA. The ATP(s) as submitted by AAI for the tariff years 2017-18 onwards (w.e.f. 01.04.2017) is annexed herewith for stakeholder consultation.

Authority's Examination

16.5. The Authority proposes to merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.08.2017.

16.6. The revised tariffs as applicable from 01.08.2017 as submitted by AAI and as proposed by the Authority are given in table below:

Table 45 - Revised aeronautical tariffs as submitted by AAI and as proposed by the Authority

Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Rate per landing - International Flight			
Up to 10 MT	₹ 122.1 Per MT		
Above 10 MT up to 20 MT	₹1,221 + ₹ 179.3 per MT in excess of 10 MT		
Above 20 MT up to 50 MT	₹ 3,014 + ₹ 354.2 per MT in excess of 20 MT		
Above 50 MT up to 100 MT	₹ 13,640 + ₹ 413.6 per MT in excess of 50 MT		
Above 100 MT	₹ 34,320 + ₹ 471.9 per MT in excess of 100 MT		
Up to 25 MT		₹ 240 Per MT	₹ 240 Per MT
Above 25 MT up to 50 MT		₹6,000 + ₹ 450 per MT in excess of 25 MT	₹6,000 + ₹ 450 per MT in excess of 25 MT

Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Above 50 MT up to 100 MT		₹ 17,250 + ₹ 520 per MT in excess of 50 MT	₹ 17,250 + ₹ 520 per MT in excess of 50 MT
Above 100 MT up to 200 MT		₹ 43,250 + ₹ 600 per MT in excess of 100 MT	₹ 43,250 + ₹ 600 per MT in excess of 100 MT
Above 200 MT		₹ 103,250 + ₹ 720 per MT in excess of 200 MT	₹ 103,250 + ₹ 720 per MT in excess of 200 MT
Rate per Landing - Domestic Flight			
Up to 10 MT	₹ 67.1 Per MT		
Above 10 MT up to 20 MT	₹ 671 + ₹ 117.7 per MT in excess of 10 MT		
Above 20 MT	₹ 1,848 + ₹ 231 per MT in excess of 20 MT		
Up to 25 MT		₹ 160 Per MT	₹ 160 Per MT
Above 25 MT up to 50 MT		₹ 4,000 + ₹ 280 per MT in excess of 25 MT	₹ 4,000 + ₹ 280 per MT in excess of 25 MT
Above 50 MT up to 100		₹ 11,000 + ₹ 320 per MT in excess of 50 MT	₹ 11,000 + ₹ 320 per MT in excess of 50 MT
Above 100 MT up to 200 MT		₹ 27,000 + ₹ 390 per MT in excess of 100 MT	₹ 27,000 + ₹ 390 per MT in excess of 100 MT
Above 200 MT		₹ 66,000 + ₹ 440 per MT in excess of 200 MT	₹ 66,000 + ₹ 440 per MT in excess of 200 MT
Housing Charges			
Up to 40 MT	₹ 3.5 Per Hour Per MT		
Above 40 MT up to 100 MT	₹ 140 + ₹ 6.8 per MT per Hour in excess of 40 MT		
Above 100 MT	₹ 548 + ₹ 10.3 per MT per Hour in excess of 100 MT		
Up to 25 MT		₹ 6 Per Hour Per MT	₹ 6 Per Hour Per MT

Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Above 25 MT up to 50 MT		₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100		₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT		₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT		₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT
Parking Charges			
Up to 40 MT	₹ 1.8 Per Hour Per MT		
Above 40 MT up to 100 MT	₹ 72 + ₹ 3.4 per MT per Hour in excess of 40 MT		
Above 100 MT	₹ 276 + ₹ 5.2 per MT per Hour in excess of 100 MT		
Up to 25 MT		₹ 3 Per Hour Per MT	₹ 3 Per Hour Per MT
Above 25 MT up to 50 MT		₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT
Above 50 MT up to 100		₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT		₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT
Above 200 MT		₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT
Throughput Charges			
Rate per KL	₹ 112.10	₹ 117.70	₹ 117.70
Passenger Service Fee (PSF) – Facilitation			
Domestic Passenger (per embarking passenger)	77	₹ 350	Nil
		\$ 8.75	Nil

Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
International Passenger (per embarking passenger)	77	₹ 1,100	Nil
		\$ 27.50	Nil
User Development Fee (UDF) (UDF proposed by Authority instead of PSF(FC) above)			
Domestic Passenger	150	Nil	₹ 350
			\$ 8.75
International Passenger	1000	Nil	₹ 1,100
			\$ 27.50
Passenger Service Fee (PSF) – Security*			
Domestic Passenger (per embarking passenger)	₹ 130	₹ 130	₹ 130
	\$ 3.25	\$ 3.25	\$ 3.25
International Passenger (per embarking passenger)	₹ 130	₹ 130	₹ 130
	\$ 3.25	\$ 3.25	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

16.7. Additionally, from 01.04.2018, the increase in tariffs as submitted by AAI is given below. The Authority proposes to accept the increase in tariffs for the second control period as submitted by AAI.

16.7.1. Yearly increase of 4% per annum every subsequent year (FY 2018-19 onwards) in UDF per departing passenger charges

16.7.2. Yearly increase of 4% every subsequent year (FY 2018-19 onwards) in landing charges

16.7.3. Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period

16.8. The Authority noted that AAI's proposed tariff applicable from 01.08.2017 will not be able to recover the proposed ARR for the 2nd control period. Hence, the Authority proposes to accept the revised tariffs as submitted by AAI which would be applicable from 01.08.2017. The estimated aeronautical revenues based on tariffs as proposed by AAI is indicated in Table 46.

16.9. The Authority notes that revenue from tariff as proposed by AAI would not meet

aeronautical revenue permissible for the 2nd control period. The resultant shortfall as on 01.04.2016 is ₹ 48.7 crores. The Authority proposes to consider the shortfall of ₹ 48.7 crores as on 01.04.2016 in the 2nd control period while determining tariffs for the 3rd control period.

Table 46 - Projected Revenue, Target Revenue and shortfall as per the Authority for the 2nd control period

Projected Aero Revenue based on AAI proposed tariffs (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Landing	20.6	27.0	33.3	38.0	43.3
Parking and Housing	0.1	0.3	0.4	0.4	0.5
UDF + PSF	62.2	84.5	106.7	123.3	142.6
FTP+ITP and lease rentals	3.2	3.8	4.2	4.6	5.0
Ground Handling Charges and lease rentals	4.0	4.4	4.8	5.2	5.8
CUTE	1.9	2.1	2.3	2.6	2.9
Cargo Charges	0.4	0.4	0.5	0.5	0.6
Total Projected Revenue	92.4	122.5	152.2	174.7	200.6
Target Aero Revenue	115.2	134.2	156.5	182.4	212.7
Short fall (-)/ Excess (+) in revenue, i.e. difference (Projected – Permissible)	(22.8)	(11.7)	(4.3)	(7.7)	(12.1)
PV value as on 01.04.2016 with Discount rate (14.00%)	(22.8)	(10.3)	(3.3)	(5.2)	(7.1)
Total PV of difference as on 01.04.2016 for the control period	(48.7)				

16.10. The Authority noted that AAI has taken 6% inflation rate while determining the Yield per Passenger for tariff years in the 2nd control period and X factor of 0.01% from FY 2018-19 onwards. As per RBI issued Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 45, the WPI inflation is forecasted to be 4.2% for the next 5 years. The Authority proposes to revise WPI for the 2nd control period to 4.2%.

16.11. The Authority proposes that any shortfall/ excess in revenues for the 2nd control period based on proposed tariffs by AAI to be considered while determining aeronautical tariffs for the 3rd control period.

16.12. The Authority notes that ASQ rating at Jaipur has been more than 3.75 in every

quarter of 1st control period as required under Section 6.14.3 of Airport Guidelines. Details of the ASQ ratings are provided below.

Table 47 – Quarterly ASQ rating of JIA during the 1st control period

Quarter	2012	2013	2014	2015	2016
Q1		3.91	4.06	4.83	4.60
Q2		3.94	4.17	4.86	4.70
Q3		3.97	4.41	4.66	4.79
Q4	4.07	4.03	4.63	4.78	4.49
Average	-	3.96	4.32	4.78	4.65

Proposal No. 12. Tariff rate card

- 12.a. To accept Annual Tariff Proposals as given in Table 45 (and Annexure) for determination of tariff during 2nd control period as the present value of proposed revenues (yield) by AAI is lower than the present value of ARR (yield) as per Authority. Detailed tariff card is provided in Annexure for stakeholder comments.
- 12.b. To continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide order no. G.17018/7/2001-AAI dated 9th Feb.2004 in order to encourage and promote intra-regional connectivity at JIA.
- 12.c. To provide waiver of landing and other charges in line with National Civil Aviation Policy under Regional Connectivity Scheme.
- 12.d. To merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.08.2017.
- 12.e. The Authority proposes to consider shortfall in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.

17. Summary of Proposals

Proposal No. 1. True-up for the 1 st control period	14
Proposal No. 2. Traffic Forecast	16
Proposal No. 3. Allocation of assets between Aeronautical and Non-aeronautical services ...	21
Proposal No. 4. Opening Regulatory Asset Base for the 2 nd control period	22
Proposal No. 5. Capital Expenditure	27
Proposal No. 6. Treatment of Depreciation	30
Proposal No. 7. RAB for 2 nd control period	32
Proposal No. 8. FRoR.....	33
Proposal No. 9. Non Aeronautical Revenues	37
Proposal No. 10. Operation and Maintenance expenditure.....	43
Proposal No. 11. Taxation	46
Proposal No. 12. Tariff rate card.....	54

18. Stakeholders' Consultation Timeline

18.1. In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposal contained in the Section – Summary of proposals (Section 17 above) read with the relevant discussion in the other sections of the paper is hereby put forth for Stakeholders' Consultation. To assist the Stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as **Annexure I**. For removal of doubts, it is clarified 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.

18.2. The Authority welcomes written evidence based feedback, comments and suggestions from stakeholders on the proposals made in (Section 17 above), latest by 10.07.2017 at the following address.

Secretary

Airports Economic Regulatory Authority of India

AERA Building, Administrative Complex Safdarjung Airport

New Delhi -110003

Tel: 011-24695043, Fax: 011-24695039

Email:

Chairperson

List of Tables

Table 1 - Passenger and ATM traffic during the 1 st control period at JIA	2
Table 2 – Technical and Terminal building details of JIA	2
Table 3 – Opening RAB for the 1 st control period as per AAI – Single Till.....	6
Table 4 - ARR as per AAI for the 1 st control period – Single Till	6
Table 5 - Aeronautical revenue earned for the 1 st control period as per AAI Submission – Single Till ..	7
Table 6 - ARR and its resultant shortfall as per AAI for 1 st control period – Single Till	7
Table 7 - Depreciation rates as submitted by AAI.....	8
Table 8 – The Authority’s consideration on depreciation for 1 st control period – Single Till	9
Table 9 – The Authority’s consideration of average RAB for 1 st control period – Single Till	10
Table 10 – Comparison of NAR as considered by AAI and the Authority for 1 st control period.....	10
Table 11 - Summary of CHQ/ RHQ Overheads as submitted by AAI for 1 st control period	11
Table 12 - Summary of O&M expenditure as per the Authority for 1 st control period -Single Till.....	11
Table 13 – Revised amount of Tax as considered by Authority for the 1 st control period	13
Table 14 - ARR as per Authority for the 1 st control period – Single Till	13
Table 15 - ARR, yield and shortfall as per Authority for 1 st control period – Single Till.....	14
Table 16 - Traffic Growth rates assumed by AAI for the 2 nd control period	15
Table 17 - CAGR for Traffic at JIA	15
Table 18 - Traffic growth rates and Traffic as considered by Authority for the 2 nd control period	16
Table 19 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as submitted by AAI	17
Table 20 – Workings of Terminal Area Ratio calculation as submitted by AAI for FY 2015-16.....	18
Table 21 – Change in allocation of gross block of assets existing as on 01.04.2016 between aeronautical and non-aeronautical services proposed by the Authority	19
Table 22 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as considered by the Authority.....	20
Table 23 - Calculation of opening RAB as on 1 st April 2016 as per AAI submission – Hybrid Till.....	22
Table 24 - Calculation of opening RAB as on 1 st April 2016 as per the Authority – Hybrid Till.....	22
Table 25 – Aeronautical assets to be capitalized at JIA for 2 nd control period as per AAI.....	23
Table 26 - Revised aeronautical capital expenditure for 2 nd control period as considered by the Authority.....	26
Table 27 - Depreciation rates as submitted by AAI and as considered by the Authority	29
Table 28 - Authority’s consideration on depreciation for the 2 nd control period – Hybrid Till	30
Table 29 - Summary of the RAB and Depreciation for JIA (Airport Services) as per AAI for the 2 nd control period	31
Table 30 - Summary of forecast and Roll forward RAB and Depreciation for JIA (Airport Services) considered by the Authority for 2 nd control period – Hybrid Till.....	31
Table 31 - Revenue from Non-aeronautical Services – Projected by AAI for 2 nd control period.....	34
Table 32 – Assumption (growth rates) for Service other than Regulated Services for the 2 nd Control Period as per AAI.....	34
Table 33 – Details of land allotted to cargo, ground handling and supply of fuel service providers in 2 nd control period.....	35
Table 34 – Adjustment to Revenue from Non-aeronautical Services considered by Authority for 2 nd control period	37
Table 35 - Summary of Aeronautical O&M expenditure as submitted by AAI for 2 nd control period on Hybrid Till	38
Table 36 – Assumptions made by AAI for each item of O&M expenditure.....	38
Table 37 – O&M Expense allocation as submitted by AAI.....	39

Table 38 – Total O&M expenditure for FY 2015-16 as proposed by the Authority	42
Table 39 – Expense allocation between aeronautical and non-aeronautical services proposed by the Authority	42
Table 40 - Summary of Aeronautical O&M expenditure as per the Authority for the 2 nd control period as per Hybrid Till	43
Table 41 - Amount of Tax for aeronautical services as per AAI submission and as calculated by the Authority for the 2 nd control period - Hybrid Till	45
Table 42 - Amount of Tax for aeronautical services as calculated by the Authority for the 2 nd control period - Hybrid Till	46
Table 43 - ARR and Yield as per AAI for the 2 nd control period – Hybrid Till	47
Table 44 - ARR and Yield as per Authority for the 2 nd control period – Hybrid Till.....	48
Table 45 - Revised aeronautical tariffs as submitted by AAI and as proposed by the Authority	49
Table 46 - Projected Revenue, Target Revenue and shortfall as per the Authority for the 2 nd control period	53
Table 47 – Quarterly ASQ rating of JIA during the 1 st control period	54

Annexure I – Detailed Tariff Card as proposed by the Authority to be applicable from 01.08.2017 to 21.03.2018

1) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Proposed - Rate Per Landing (In ₹)
Up to 25 MT	₹ 240 Per MT
Above 25 MT up to 50 MT	₹6,000 + ₹ 450 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 17,250 + ₹ 520 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 43,250 + ₹ 600 per MT in excess of 100 MT
Above 200 MT	₹ 103,250 + ₹ 720 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Proposed - Rate Per Landing (In ₹)
Up to 25 MT	₹ 160 Per MT
Above 25 MT up to 50 MT	₹ 4,000 + ₹ 280 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,000 + ₹ 320 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 27,000 + ₹ 390 per MT in excess of 100 MT
Above 200 MT	₹ 66,000 + ₹ 440 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Proposed	
No. of Landing (Domestic) per week per operator for Incentives	*Incentive offered on total landing charges
100	1%
125	2%
150	3%
175	4%
200	5%
Incentive on total landing Charges will be offered only if the payment is made within the stipulated time.	

Note

	Proposed
1)	No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.

2)	All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)
4)	Flight operating under Regional Connectivity Scheme will be completely exempted from landing charges from the date the scheme is operationalized by GOI

II) PARKING AND HOUSING CHARGES

	Proposed Rates (In ₹)	Proposed Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Note

	Proposed
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 takeoff.
2)	For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
3)	Charges shall be calculated on the basis of nearest MT.
4)	Charges for each parking period 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

	Proposed
	scheduled operators at Jaipur Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) 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
7)	Flight operating under Regional Connectivity Scheme will be completely exempted from parking charges from the date the scheme is operationalized by GOI.

III) THROUGHPUT CHARGES

Proposed
Proposed Rate Per KL (IN ₹)
₹ 117.70

IV) PASSENGER SERVICE FEE (PSF) – FACILITATION

	Proposed
Domestic Embarking Passenger	Nil
International Embarking Passenger	Nil

V) PASSENGER SERVICE FEE (PSF) – SECURITY*

Proposed per embarking passenger	
₹ 130	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

VI) USER DEVELOPMENT FEE (UDF)

Particulars	Proposed
Domestic per embarking passenger	₹ 350
	\$ 8.75
International per embarking passenger	₹ 1,100
	\$ 27.50

Notes

	Proposed
1)	If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 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 credit period of 15 days or in case of any part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.

2)	No collection charges are payable to casual operator/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1st day of the month for 1st fortnightly billing period and rate as on 16th of the month for the 2nd fortnightly billing period shall be adopted
4)	Revised UDF charges will be applicable on tickets issued on or after 01.08.2017.
5)	No UDF will be levied for Transit Passengers

VII) Exemption from levy and collection from UDF and PSF (SC) at the Airports

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & PSF (Security).

(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.

VIII) GENERAL CONDITION:

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