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भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

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दिनांक : 8 मई, 2019

विषय: प्रथम नियंत्रण अवधि (01.04.2018 से 31.03.2023) के लिए जयप्रकाश नारायण अंतर्राष्ट्रीय हवाई अड्डा, पटना के संबंध में वैमानिक शुल्कों के निर्धारण के मामले में।

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उपरोक्त विषय पर दिनांक 8 मई, 2019 का टैरिफ परामर्श पत्र सूचना और अनुपालन के लिए संलग्न है।

उपरोक्त परामर्श पत्र सं 03/2019 -20 पर हितधारकों से लिखित साक्ष्य-आधार राय, टिप्पणियां और सुझाव प्रस्तुत करने की अंतिम तिथि 31.05.2019 हैं।

भवदीया,

गीता साहू

08-05-19

(गीता साहू)

सहायक महाप्रबंधक (वित्त)

**File No. AERA/20010/MYTP/AAI-PAT/CP-I/2018-19**

## Consultation Paper No. 03/2019-20



# Airports Economic Regulatory Authority of India

**In the matter of determination of aeronautical tariffs in respect of  
Jay Prakash Narayan International Airport (PAT), Patna for the  
first Control Period (01.04.2018 to 31.03.2023)**

**8<sup>th</sup> May, 2019**

AERA Building  
Administrative Complex  
Safdarjung Airport  
New Delhi - 110003

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## 1. Introduction

- 1.1 Jay Prakash Narayan International Airport (PAT), located in the city of Patna is the 23<sup>rd</sup> busiest airport in India with a high growing annual passenger traffic.
- 1.2 Technical and terminal building details of Patna Airport are provided in the table below:

*Table 1: Technical details and terminal building details*

<b>Technical Details of PAT</b>	
<b>Particulars</b>	<b>Details</b>
Total airport area	260.81 Acre
Runway orientation and length	07-25 and 2072 m
No. of taxi tracks	03
No. of apron bays	05
Operational hours	24 hours
<b>Terminal building details (domestic plus international)</b>	
<b>Particulars</b>	<b>Details</b>
Terminal building area	7,864 sq. meters
Arrival conveyors	02
Peak hour passenger capacity	Security Hold Area (SHA)-1200 Check in area - 300
No. of check-in counters	15
Total area of car parking	5910 sq. meters

- 1.3 In the financial year ending March 31, 2016, Patna Airport crossed annual passenger throughput of 1.5 million to become a Major Airport, as defined in Section 2(i) of Airports Economic Regulatory Authority of India (AERA, the Authority) Act. Accordingly, starting from financial year 2016-17, tariff determination of aeronautical services at the airport is to be undertaken by the Authority.
- 1.4 AAI has accordingly submitted its Multi-Year Tariff Proposal dated 27/11/2018 to the Authority for determination of aeronautical tariffs for the 1<sup>st</sup> control period. Based on this MYTP, the Authority reviewed the submissions made by AAI with respect to various building blocks. The Authority visited Patna Airport and reviewed the proposal with respect to expansion of terminal to address the immediate capacity constraints as well as the proposal for a new terminal for long term capacity. The Authority noticed substantial changes required in the MYTP to suitably consider them towards determination of tariff and accordingly requested AAI to submit a revised MYTP. AAI accordingly submitted a revised MYTP on 14.03.2019. The chapters below in this Consultation Paper present the Authority's review of both the original MYTP as well as of the revised MYTP. The Authority's position on various building blocks are on the final requests made by AAI as part of the revised MYTP.

## 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"), had 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 12/01/2017 to determine the future tariffs using Hybrid Till.
- 2.2 The Authority had decided the 1<sup>st</sup> control period for the airport to be the five year period from FY 2018-19 till FY 2022-23. However considering that the airport came under the definition of a major airport by FY 2016-17, the Authority decided to include FY 2016-17 and FY 2017-18 under its regulatory ambit and accordingly consider the shortfall/surplus of these two financial years towards determination of aeronautical tariff for the 1<sup>st</sup> control period. The tariff determination process consists of determination of regulatory building blocks for the 1<sup>st</sup> control period under Hybrid Till.
- 2.3 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated as under:

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

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

Where,

- 2.3.1 t is the tariff year in the control period, ranging from 1 to 5
- 2.3.2  $ARR_t$  is the Aggregate Revenue Requirement for tariff 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 tariff year t
- 2.3.5  $D_t$  is the Depreciation corresponding to the Regulatory Asset Base for tariff year t
- 2.3.6  $O_t$  is the Aeronautical Operation and Maintenance expenditure for the tariff year t
- 2.3.7  $T_t$  is the aeronautical taxation expense for the tariff year t
- 2.3.8  $\alpha$  is the cross subsidy factor for revenue from services other than aeronautical services. Under the Hybrid Till methodology followed by the Authority,  $\alpha = 30\%$ .
- 2.3.9  $NAR_t$  is the Non-Aeronautical Revenue in tariff year t.
- 2.4 Based on ARR, Yield per passenger (Y) is calculated as per the formula given below:

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

Where,

- 2.4.1  $PV (ARR_t)$  is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. Further, the date considered by the Authority for discounting of cash flows is one year from the start of the control period, i.e., 1<sup>st</sup> April, 2019.
- 2.4.2  $VE_t$  is the passenger traffic in year  $t$ .
- 2.5 Further, shortfall/surplus of FY 2016-17 and FY 2017-18 is adjusted for time value of money and added to the ARR as computed above. For this purpose, ARR for FY 2016-17 and FY 2017-18 is computed in a manner similar to para 2.4. This ARR is compared with actual aeronautical revenues of the airport for these two financial years. The future value of this shortfall/surplus is added to the ARR computed for the control period.



### **3. Multi-Year Tariff Proposal of Patna Airport**

- 3.1 AAI made submissions dated 27/11/2018 to the Authority for determination of tariffs for the 1<sup>st</sup> control period (01/04/18 to 31/03/23) on the basis of Hybrid Till. As discussed in para 1.4 above, AAI further revised the MYTP with submissions dated 14/03/2019.
- 3.2 AAI provides Air Navigation Services (ANS) in addition to landing, parking and other aeronautical services at Patna Airport. AAI has submitted that the tariff proposal does not consider revenues, expenditure and assets on account of ANS. This consultation paper discusses the determination of tariffs for aeronautical services at the airport excluding ANS.
- 3.3 AAI has further submitted that all cargo operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), its wholly owned subsidiary and the tariff proposal does not consider revenues, expenditure and assets on account of cargo operations. This consultation paper discusses the determination of tariffs for aeronautical services at the airport excluding cargo operations. The tariffs for cargo operations will be determined separately since the operations are carried out by a separate entity.
- 3.4 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 and field offices. However, the C&AG issues the final audit certificate for the AAI as a whole and only trial balance is available for Patna Airport. The Authority has utilized these documents as submitted by AAI for determination of tariffs.

## 4. Traffic forecast

4.1 The historical traffic at the airport has been shown in the table below.

*Table 2: Historical passenger and ATM traffic at Patna Airport*

Year	Domestic passengers	International passengers	Domestic ATM	International ATM
2006-07	3,11,171	-	4,970	20
2007-08	3,87,303	-	5,858	16
2008-09	3,44,446	-	5,220	8
2009-10	5,52,440	-	7,456	10
2010-11	8,38,509	-	9,541	8
2011-12	10,21,544	-	10,356	6
2012-13	10,03,169	-	9,956	13
2013-14	10,45,237	-	9,900	16
2014-15	11,96,540	-	11,054	16
2015-16	15,84,013	-	13,944	6
2016-17	21,12,150	-	15,508	3
2017-18	31,11,273	-	21,916	-
<b>Past 10 years CAGR</b>	<b>23.2%</b>	<b>NA</b>	<b>14.1%</b>	<b>NA</b>
<b>Past 5 years CAGR</b>	<b>25.4%</b>	<b>NA</b>	<b>17.1%</b>	<b>NA</b>

4.2 The traffic growth rates as submitted by AAI for the 1<sup>st</sup> control period are as follows:

*Table 3: Traffic growth rates proposed by AAI as per initial submission*

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
<b>Growth rates</b>						
2018-19	15%	NA	15%	13%	NA	13%
2019-20	15%	NA	15%	13%	NA	13%
2020-21	15%	NA	15%	13%	NA	13%
2021-22	15%	NA	15%	13%	NA	13%
2022-23	15%	NA	15%	13%	NA	13%
<b>Traffic</b>						
2018-19	35,77,964	-	35,77,964	24,765	-	24,765
2019-20	41,14,659	-	41,14,659	27,984	-	27,984
2020-21	47,31,858	-	47,31,858	31,622	-	31,622
2021-22	54,41,637	-	54,41,637	35,733	-	35,733
2022-23	62,57,883	-	62,57,883	40,378	-	40,378

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

### **Authority's Examination:**

- 4.4 The Authority has duly examined the submissions from AAI. As part of its examination of AAI's forecast of traffic at Patna Airport, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2007-08 to FY 2017-18 (10 year CAGR), FY 2012-13 to FY 2017-18 (5 year CAGR) and FY(2014-15 to 2017-18).

The details have been provided in the table below:

*Table 4: CAGR as per AAI's submission*

<b>Particulars</b>	<b>10 year CAGR</b>	<b>5 year CAGR</b>	<b>3 year CAGR</b>
<b>Passengers:</b>			
Domestic	23.2%	25.4%	37.5%
International	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>ATM:</b>			
Domestic	14.1%	17.1%	25.6%
International	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>After considering actuals of FY 2018-19*:</b>			
Domestic passengers	28.3%	31.8%	37.9%
Domestic ATM	18.8%	24.1%	27.9%
<i>*Based on actuals up to Dec 2018 and linear extrapolation</i>			

- 4.5 The Authority has noted the spurt in traffic in the recent past, which causes CAGR for 5 year period to be higher than that for 10 year period. The Authority also notes that existing traffic at PAT Airport (3.1 million for FY 2017-18) exceeds its terminal capacity (at 0.5 million) and to that extent, the future growth may not follow the high growth trend of recent past till capacity expansion is undertaken by PAT Airport.
- 4.6 The Authority observed the actual traffic from April 2018 to December 2018. The airport served 3.1 million passengers in this nine-month period. Extrapolating the same to full year and assuming equal distribution throughout the year, the airport may serve up to 4.1 million passengers in FY 2018-19 itself, a growth of about 33% from the previous year. Therefore, for the first year FY 2018-19, the Authority proposes to consider domestic passenger traffic at 4.1 million. The Authority also proposes corresponding ATM projections based on similar methodology. This has been computed at 29,148 domestic aircraft movements.
- 4.7 After detailed discussions with AAI, and considering the actual traffic from April 2018 to December 2018 growth in FY 2018-19, the

Authority proposes to use revised passenger traffic growth of 28% (10-year CAGR) for the 2<sup>nd</sup> year of the control period (i.e. FY 2019-20). The Authority understands that the airport is undertaking short term and temporary measures to address the severe capacity constraint being experienced by the passengers. These measures are expected to enable the airport only in handling the current constraints and may not be able to support the same growth rates in future. Therefore, the Authority proposes a change in the passenger growth rate from 28% to 15% for FY 2020-21 and FY 2021-22. Subsequently the airport plans to operationalize a new terminal building, along with airside expansion works in the last year of the control period. These will enhance the airport's terminal and airside capacity. Accordingly, the Authority proposes to resume the 28% growth in the last year, i.e. FY 2022-23.

4.8 With respect to ATM (2<sup>nd</sup> year of the control period and onwards), the Authority proposes the growth rates in line with revised 10-year CAGR, i.e. 18%.

4.9 The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the 1<sup>st</sup> control period have been given in the table below.

*Table 5: Traffic forecast as considered by the Authority*

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
<b>Growth rates</b>						
2018-19	33%	NA	33%	14%	NA	33%
2019-20	28%	NA	28%	14%	NA	18%
2020-21	15%	NA	15%	14%	NA	18%
2021-22	15%	NA	15%	14%	NA	18%
2022-23	28%	NA	28%	14%	NA	18%
<b>Traffic</b>						
2018-19	4,137,993	-	4,137,993	29,148	-	29,148
2019-20	5,296,631	-	5,296,631	34,395	-	34,395
2020-21	6,091,126	-	6,091,126	40,586	-	40,586
2021-22	7,004,795	-	7,004,795	47,891	-	47,891
2022-23	8,966,138	-	8,966,138	56,511	-	56,511

4.10 Currently as of April 2019, the civil aviation scenario in India is going through some challenges, which may lead to structural changes in the industry in the near future. Jet Airways has temporarily suspended all its operations. Other airlines like Spicejet and Indigo are facing pilot shortages, leading to short term flight cancellations. These may have an adverse impact on passenger growth numbers for Patna Airport. At the stage of passing the Tariff Order, the Authority will assess the

situation in further detail after due consultations with stakeholders. Meanwhile, the Authority proposes to consider passenger traffic growth projections in line with the assessment in previous paragraphs.

- 4.11 The Authority proposes to true-up the traffic as per actual growth achieved during the 1<sup>st</sup> control period at the time of determination of tariff for the 2<sup>nd</sup> control period.

**Proposal No. 1: Regarding traffic forecast**

- 1.a. The Authority proposes to consider the ATM and passenger traffic for the 1<sup>st</sup> Control Period for Patna Airport as per Table 5.
- 1.b. The Authority proposes to true-up the traffic volume (ATM and passengers) on the basis of actual traffic in 1<sup>st</sup> control period while determining tariffs for the 2<sup>nd</sup> control period

## 5. Allocation of assets between aeronautical and non-aeronautical

- 5.1 Under Hybrid Till, only aeronautical assets are included as part of the Regulatory Asset Base (RAB). Therefore, all airport assets need to be segregated between aeronautical and non-aeronautical. Further, projections of capitalizations during the control period with regard to only aeronautical assets need to be considered as part of RAB.
- 5.2 For the purposes of this segregation, AAI has divided its assets into three components – aeronautical, non-aeronautical and common. Common components have been further segregated into aeronautical and non-aeronautical assets by applying one of the following ratios:
- a) **Terminal Area Ratio:** This is a ratio of aeronautical area to non-aeronautical area and is applied for all terminal related common assets.
  - b) **Employee Ratio:** This is a ratio of number of staff providing non-aeronautical services (i.e. commercial and land management) to number of staff providing aeronautical services, excluding ANS and cargo.
  - c) **Quarter ratio:** This is a ratio based on number of non-aeronautical staff to aeronautical staff residing at the residential quarters at the airport. It is applied to assets pertaining to such residential quarters.

5.3 The table below provides the details of these ratios used for allocation.

*Table 6: Ratios used by AAI for allocation of assets into aeronautical and non-aeronautical*

Particulars	Ratio (FY 2015-16)
Terminal Area Ratio	14.08%
Employee Ratio	3:98
Quarter ratio	0 (no non-aeronautical employees using residential quarters)

5.4 The allocation of gross block of assets as on 01/04/2016 between aeronautical and non-aeronautical services as submitted by AAI is given in the table below:

*Table 7: Allocation of gross block of assets between aeronautical and non-aeronautical as per AAI*

S. No.	Asset category	Total assets (INR Crores)	Aero assets (INR Crores)	% Aero
1.	Leasehold Land	0.38	0.38	100.0%

S. No.	Asset category	Total assets (INR Crores)	Aero assets (INR Crores)	% Aero
2.	Runways, Aprons and Taxiways	3.78	3.78	100.0%
3.	Road, Bridges & Culverts	14.36	14.36	100.0%
4.	Building – Terminal	11.38	9.30	81.7%
5.	Building – Temporary	0.30	0.30	100.0%
6.	Building- Residential	4.56	4.56	100.0%
7.	Boundary Wall – Operational	3.97	3.97	100.0%
8.	Boundary Wall – Residential	0.33	0.33	100.0%
9.	Computer - End user	0.35	0.34	98.1%
10.	Computer - Servers and networks	0.52	0.52	100.0%
11.	Intangible Assets – Software	0.40	0.40	99.9%
12.	Plant & Machinery	12.54	12.54	100.0%
13.	Tools & Equipment	0.73	0.73	100.0%
14.	Furniture & Fixtures: Other Than Trolley	1.43	1.43	100.0%
15.	Furniture & Fixtures: Trolley	0.41	0.41	100.0%
16.	Vehicles	1.04	1.04	99.8%
17.	Electrical Installations	16.32	15.45	94.6%
18.	Other Office Equipment	0.70	0.70	100.0%
19.	X Ray Baggage System	3.86	3.86	100.0%
20.	CFT/Fire Fighting Equipment	11.54	11.54	100.0%
	<b>Total</b>	<b>88.93</b>	<b>85.96</b>	<b>96.7%</b>

### ***Authority's examination***

- 5.5 AAI submitted the workings for the calculation of the terminal area ratio, i.e., ratio of non-aeronautical portion to the aeronautical portion of the terminal building. This has been presented in the table below.

*Table 8: Terminal Area Ratio*

S. No.	Category	Area (Sq. meters)
1	Commercial Entities- Restaurant / Snack Bars	739.33
2	Commercial Entities- T.R. Stall	126.75
3	Regulatory & allied agencies	84.60
4	Airlines	258.50
	<b>Total non-aeronautical area (1)</b>	<b>1209.18</b>
	<b>Total area of terminal (2)</b>	<b>8589.00</b>
	<b>Terminal area ratio (1/2)</b>	<b>14.08%</b>

- 5.6 The Authority observed that 1,570 sq. ft. or 146 sq. mt. of area was used for advertising purposes. However, this area does not occupy any floor space and has therefore, not been considered while calculating Terminal Area Ratio.

- 5.7 The Authority verified the above working, with details of exact area given to various entities – commercial, airlines, and regulatory and allied agencies. The Authority proposes to consider the terminal area ratio as proposed by AAI.
- 5.8 The Authority observed that no staff providing non-aeronautical services reside at the residential quarters at the airport. Therefore, the quarter ratio is considered to be 0.
- 5.9 The Authority verified the workings provided by AAI for employee ratio. On the basis of its verification, the Authority proposes to consider the ratio as proposed by AAI.
- 5.10 The Authority observed the use of various ratios for segregation of common assets into aeronautical and non-aeronautical. These are explained in the table below.

*Table 9: Allocation of common assets as per Authority*

<b>S. No.</b>	<b>Asset category</b>	<b>Common Assets (INR cr.)</b>	<b>Aero Assets</b>	<b>Ratio used for allocation of common assets</b>	<b>Remarks</b>
1.	Building – Terminal	2.03	1.74	Terminal Area Ratio- 14.08%	All common assets of INR 2.03 crore have been appropriately allocated as per the Terminal area ratio.
2.	Building – Residential	0.03	0.03	Quarter ratio- 0	No non-aeronautical employees use the quarters. Therefore, 100% of the common assets have been allocated to aeronautical assets.
3.	Intangible Assets – Software	0.0112	0.0108	Employee Ratio- 3:98	These assets pertain to software used by the employees. Therefore, these are allocated on the basis of Employee Ratio.
4.	Electrical Installations	3.55	3.06	Terminal Area Ratio- 14.08% Employee Ratio- 3:98	Out of total common assets of INR 3.55 crore, 99.75% pertain to electrical installations in the terminal area. Therefore, they have been appropriately allocated on the basis of terminal area ratio.  AAI allocated the balance assets as 100% aeronautical. However, because these assets are used commonly by all



					employees, the Authority proposes to allocate these on the basis of Employee Ratio.
5	Other Office Equipment	0.07	0.06	Employee Ratio: 3:98	AAI proposed an allocation of 100% aeronautical for these assets. However, because these assets pertain to office equipment used by the employees, the Authority proposes to allocate these on the basis of Employee Ratio.

5.11 The Authority observed that Furniture and fixtures: Other than Trolley, have been allocated as 100% aeronautical. However, these assets pertain to both aeronautical as well as non- aeronautical operations. The Authority proposes allocating asset worth INR 0.02 crores pertaining to office chairs on the basis of Employee Ratio of 3:98 and INR 0.34 crores pertaining to interior decoration with respect to airport on the basis of Terminal Area ratio of 14.08%.

5.12 The Authority observed that majority portion of Electrical Installations have been allocated as purely aeronautical asset. The Authority proposes allocating INR 1.86 crores pertaining to electrical installations and replacements in the airport terminal on the basis of Terminal Area ratio of 14.08%.

5.13 The Authority observed that Other Office Equipment has been allocated as 100% aeronautical and proposes allocating, assets worth INR 0.12 crore pertaining to office equipment needed by the employees on the basis of Employee Ratio of 3:98.

5.3 On the basis of its observations, the Authority proposes the allocation of gross block of assets in accordance with the table below.

*Table 10: Allocation of assets proposed by the Authority (gross block)*

S. No.	Asset category	Total assets (INR Crores)	Aero assets (INR Crores)	% Aero
1.	Leasehold Land	0.00	0.00	0.0%
2.	Runways, Aprons and Taxiways	3.78	3.78	100.0%
3.	Road, Bridges & Culverts	14.36	14.36	100.0%
4.	Building – Terminal	11.38	9.30	81.7%
5.	Building – Temporary	0.30	0.30	100.0%
6.	Building- Residential	4.56	4.56	100.0%
7.	Boundary Wall – Operational	3.97	3.97	100.0%
8.	Boundary Wall – Residential	0.33	0.33	100.0%
9.	Computer - End user	0.35	0.34	98.1%
10.	Computer - Servers and networks	0.52	0.52	100.0%

<b>S. No.</b>	<b>Asset category</b>	<b>Total assets (INR Crores)</b>	<b>Aero assets (INR Crores)</b>	<b>% Aero</b>
11.	Intangible Assets – Software	0.40	0.40	99.9%
12.	Plant & Machinery	12.54	12.54	100.0%
13.	Tools & Equipment	0.73	0.73	100.0%
14.	Furniture & Fixtures: Other Than Trolley	1.43	1.38	96.6%
15.	Furniture & Fixtures: Trolley	0.41	0.41	100.0%
16.	Vehicles	1.04	1.04	99.8%
17.	Electrical Installations	16.03	14.88	92.8%
18.	Other Office Equipment	0.62	0.61	99.3%
19.	X Ray Baggage System	3.86	3.86	100.0%
20.	CFT/Fire Fighting Equipment	11.54	11.54	100.0%
	<b>Total</b>	<b>88.16</b>	<b>84.87</b>	<b>96.3%</b>

**Proposal No. 2: Regarding allocation of assets between aeronautical and non-aeronautical**

- 2.a. The Authority proposes the allocation of gross block of assets as on 1<sup>st</sup> April 2016 between aeronautical and non-aeronautical assets as detailed in Table 10.

## 6. Initial Regulatory Asset Base

- 6.1 As per AAI's submission, the Initial RAB as on 31/03/16 amounted to INR 15.85 crores. AAI submitted the following working for the computation of initial RAB.

*Table 11: Initial RAB as per AAI's submission (figures in INR crores)*

<b>Asset category</b>	<b>Opening gross block</b>	<b>Accumulated depreciation</b>	<b>Opening net block</b>
Leasehold Land	0.38	-	0.38
Runways, Aprons and Taxiways	3.78	3.31	0.47
Road, Bridges & Culverts	14.36	12.94	1.43
Building – Terminal	9.30	8.00	1.30
Building – Temporary	0.30	0.30	0.00
Building- Residential	4.56	1.71	2.86
Boundary Wall – Operational	3.97	2.42	1.55
Boundary Wall – Residential	0.33	0.13	0.21
Computer - End user	0.34	0.27	0.07
Computer - Servers and networks	0.52	0.52	0.00
Intangible Assets – Software	0.40	0.39	0.01
Plant & Machinery	12.54	11.80	0.74
Tools & Equipment	0.73	0.69	0.05
Furniture & Fixtures: Other Than Trolley	1.43	1.33	0.10
Furniture & Fixtures: Trolley	0.41	0.38	0.03
Vehicles	1.04	0.86	0.18
Electrical Installations	15.45	11.31	4.14
Other Office Equipment	0.70	0.42	0.28
X Ray Baggage System	3.86	3.68	0.18
CFT/Fire Fighting Equipment	11.54	9.67	1.87
<b>Total</b>	<b>85.96</b>	<b>70.11</b>	<b>15.85</b>

### **Authority's examination:**

- 6.2 The Authority observed that Leasehold Land was included in RAB. However, the Authority is undertaking a separate study to analyse the appropriate treatment of the cost of land and meanwhile, proposes to exclude the cost of land from initial RAB. Further, on the basis of the outcome of the study, the Authority proposes to true-up the RAB during the 2<sup>nd</sup> control period.
- 6.3 The Authority observed that there are assets under the category 'Electrical Installations' amounting to INR 0.3 crore and one asset under the category 'Other Office Equipment' amounting to INR 0.05 crore, which pertain to ANS operations. The Authority proposes to remove the same from RAB.

6.4 The revised Initial RAB after the above changes has been presented below.

*Table 12: Initial RAB as proposed by Authority (figures in INR crores)*

<b>Asset category</b>	<b>Opening gross block</b>	<b>Accumulated depreciation</b>	<b>Opening net block</b>
Leasehold Land	-	-	-
Runways, Aprons and Taxiways	3.78	3.31	0.47
Road, Bridges & Culverts	14.36	12.94	1.43
Building – Terminal	9.30	8.00	1.30
Building – Temporary	0.30	0.30	0.00
Building- Residential	4.56	1.71	2.86
Boundary Wall – Operational	3.97	2.42	1.55
Boundary Wall – Residential	0.33	0.13	0.21
Computer - End user	0.34	0.27	0.07
Computer - Servers and networks	0.52	0.52	0.00
Intangible Assets – Software	0.40	0.39	0.01
Plant & Machinery	12.54	11.80	0.74
Tools & Equipment	0.73	0.69	0.05
Furniture & Fixtures: Other Than Trolley	1.38	1.28	0.10
Furniture & Fixtures: Trolley	0.41	0.38	0.03
Vehicles	1.04	0.86	0.18
Electrical Installations	14.89	10.81	4.07
Other Office Equipment	0.61	0.37	0.24
X Ray Baggage System	3.86	3.68	0.18
CFT/Fire Fighting Equipment	11.54	9.67	1.87
<b>Total</b>	<b>84.88</b>	<b>69.51</b>	<b>15.36</b>

### **Proposal No. 3: Regarding Initial RAB**

- 3.a. The Authority proposes to consider the initial regulatory asset base for the 1<sup>st</sup> Control Period for Patna Airport as INR 15.36 crores in accordance with Table 12.

## 7. Capital Expenditure for the 1st control period

7.1 AAI has proposed aeronautical capital expenditure of INR 951.41 crores for the 1<sup>st</sup> control period. This has been shown in the table below.

Table 13: Capital expenditures proposed by AAI (figures in INR crores)

Asset category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Runways, Aprons and Taxiways	7.60	-	-	-	4.48	12.08
Road, Bridges & Culverts	-	-	-	-	81.68	81.68
Building – Terminal	5.59	34.71	-	-	480.70	521.00
Building – Residential	-	49.04	-	-	-	49.04
Plant & Machinery	4.06	-	-	-	-	4.06
Electrical Installations	1.59	24.30	-	-	278.88	304.77
CFT/Fire Fighting Equipment	4.03	-	-	-	-	4.03
Others	2.38	-	-	-	-	2.38
<b>Total</b>	<b>25.25</b>	<b>108.05</b>	<b>-</b>	<b>-</b>	<b>845.74</b>	<b>979.04</b>

### **Authority's Examination**

7.2 The Authority observed the following in respect of the proposed capital expenditures.

7.2.1 AAI had conducted AUCC meeting on 17<sup>th</sup> January 2017. As per the minutes of that meeting observed by the Authority, the discussions in the meeting were limited to a broad set of needs regarding Patna Airport. No concrete and quantitative proposals were made.

The proposals therein were restricted to six points:

- i) Provision of State Police out post
- ii) 24-hour flight operations
- iii) To increase to capacity of terminal building (increase by 3 mppa)
- iv) Environmental clearances
- v) Space for fuel bowsers in airside
- vi) Infrastructure for non-scheduled international flight

Post this date, AAI has not conducted any AUCC meeting, despite significant deviations and additions from previous meeting with respect to proposed capital expenditures. The Authority communicated the same to AAI. AAI has submitted that a fresh AUCC meeting would be conducted for Patna Airport before passing of the Tariff Order. The outcomes from the meeting will have a bearing on aeronautical tariffs, which the Authority will assess before passing the final Tariff Order.

In case this fresh AUCC meeting is not held, the Authority will not consider the proposed capital expenditures in RAB, and therefore, the tariffs will be revised accordingly.

## 7.2.2 Capital expenditure with respect to the new Terminal Building and related airside and terminal works - INR 926.2 crores

7.2.2.1 The existing capacity of the airport is 0.5 million passengers while the airport served 3.1 million passengers in FY 2017-18 which is six times its actual capacity. This traffic is expected to grow further in future. To accommodate this growing traffic, AAI has proposed to build a new terminal building. The total cost for this new terminal building, along with the associated airside and residential expansion works, is proposed by AAI to be INR 926.2 crores.

The table below shows a detailed breakup of the above mentioned cost:

Table 14: Additions in relation to the new terminal building and associated expansion works as per AAI (INR crores)

Particulars	Project Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Construction of Apron Phase-2 for 2nos. C-Type aircrafts	Runways, Aprons and Taxiways	7.6					7.6
Apron-Civil work	Runways, Aprons and Taxiways					4.5	4.5
Elevated 6 Lane road & 2 lane Ramps apron work	Road, Bridges & Culverts					76.3	76.3
Link Bridge-MLCP to Terminal Building-Civil work	Road, Bridges & Culverts					5.4	5.4
Construction of NTB Ph-I-Fire station-civil work	Building – Terminal		11.8				11.8
Construction of NTB Ph-II-Terminal Building-civil work	Building – Terminal		0.0			454.4	454.4
Construction of NTB Ph-II-Admn block & surface parking-civil work	Building – Terminal		0.0			13.3	13.3
Construction of NTB Ph-II-MT Pool-civil work	Building – Terminal		0.0			9.2	9.2
Construction of NTB Ph-II-Community Hall-civil work	Building – Terminal		0.0			3.9	3.9
Construction of NTB Ph-II-Residential QTRS-civil work	Building – Residential		49.0				49.0
Construction of NTB Ph-I-Fire station-Elect work	Electrical Installations		1.5				1.5
Construction of NTB Ph-II-Terminal Building-elect work	Electrical Installations					269.4	269.4
Construction of NTB Ph-II-Admn block &	Electrical Installations					4.4	4.4

Particulars	Project Type	Year 1	Year 2	Year 3	Year 4	Year 5	Total
surface parking-Elect work							
Construction of NTB Ph-II-MT Pool-Elect work	Electrical Installations					3.4	3.4
Construction of NTB Ph-II-Residential QTRS-Elect work	Electrical Installations		10.5				10.5
Link Bridge-MLCP to Terminal Building-Civil work	Electrical Installations					0.7	0.7
Construction of NTB Ph-II-Community Hall-civil work	Electrical Installations					0.9	0.9
<b>Total</b>		<b>7.6</b>	<b>72.8</b>	<b>0.0</b>	<b>0.0</b>	<b>845.7</b>	<b>926.2</b>

7.2.2.2 The Authority examined the rationale behind the proposed capital expenditure, along with its status. Further, the Authority sought and observed a detailed break-up of the expected costs for this capital expenditure.

7.2.2.3 The Authority has adopted the normative approach towards determination of cost of terminal building. The Authority has considered a normative cost of INR 100,000 per sq. meters. The Authority has given clarification regarding this normative cost in previous tariff orders pertaining to other airports such as Guwahati, Lucknow. The Authority undertook studies for a few major airports for determining the reasonableness of the capital expenditures for their respective terminal buildings. As per these studies, the cost worked out to be in the range of 0.95 to 1.25 lakhs per sq. meter. Accordingly the Authority decides to adopt INR 100,000 per sq. meter for terminal buildings of this design and specifications. This cost is subject to review during the determination of tariff for the 2<sup>nd</sup> control period.

7.2.2.4 As per details received from AAI, the terminal building will spread across an area of 65,155 square meters. Moreover, AAI informed the Authority that 10.97% of the new terminal building will be used for non-aeronautical operations. The Authority found the normative cost as per the above mentioned order to be 651.55 crore and the aeronautical portion of this to be 580.07 crore. The Authority thus concluded that the cost proposed by AAI for terminal building, i.e. INR 723.80 crores (INR 454.40 for civil work and INR 269.40 crores for electric installations) was not within the normative cost. Therefore, the Authority proposes to take the normative cost, i.e. INR 580.07 crores (INR 364.17 for civil work and INR 215.91 crores for electric installations) as cost for terminal building. Considering that the non-aeronautical ratio of 10.97% is in line with other existing AAI airports, the Authority proposes to consider the same.

- 7.2.2.5 The Authority sought from AAI details with respect to the total area of the proposed pavement assets. As per the details received from AAI, the normative cost of these pavement assets comes out to be INR 9 crores, as against INR 12.08 crores proposed by AAI. Therefore, the Authority proposes to revise the cost of these assets to INR 9 crores. The computation of normative cost has been shown below.

Particulars	Phase 1	Phase 2	Total
Area	9,800	5,550	15,350
Cost per sq. mt. as on 1st April 2016 (INR)	4,700	4,700	
Inflation % assumed	5%	5%	
Number of years of inflation	3	7	
Inflation factor	1.16	1.41	
Normative cost (INR crores)	5.33	3.67	9.00
Cost proposed by AAI (INR crores)	7.60	4.48	12.08
<b>Cost proposed by Authority (INR crores)</b>	<b>5.33</b>	<b>3.67</b>	<b>9.00</b>

- 7.2.2.6 The Authority considered the current status of these projects, and found that they should be completed by 31/3/23. The Authority notes that should AAI fail to commission the same by the proposed date, in addition to the normal true-up with carrying cost, 1% additional penalty, by way of reduction of the said value from ARR, will be imposed on AAI.

### 7.2.3 **Semi-permanent expansion of terminal building – INR 35. 23 crores:**

- 7.2.3.1 AAI has proposed that additional expense of INR 35.23 crores would be incurred in the 1<sup>st</sup> control period for the capacity expansion and renovation of the existing terminal building. As explained in para on page 22, the normative cost of INR 100,000 per sq. meter is adopted for terminal buildings of this design and specifications.
- 7.2.3.2 As per details received from AAI, the terminal building expansion will spread across an area of 1,850 square meters. Moreover, AAI informed the Authority that 100% of the existing terminal building will be used for aeronautical operations. The Authority found the normative cost as per the above mentioned order to be INR 18.50 crore and the aeronautical portion of this to be INR 18.50 crore based on 100% allocation to aeronautical operations. The Authority found the 100% allocation to be appropriate based on existing capacity constraints and no plans by AAI to conduct any non-aeronautical activities in this area. The Authority has concluded that the cost proposed by AAI for expansion of terminal building, i.e. INR 35.23 crores is not within the normative cost. Therefore, the Authority proposes to consider the normative cost, i.e. INR 18.50



crores as cost for expansion and renovation of the terminal building.

- 7.2.3.3 AAI has submitted that this building is to be used only for semi-permanent purposes, to accommodate the rising passenger traffic, until the new terminal building becomes operational. Further, AAI submitted that the area where this temporary building will be built, will eventually be used for apron expansion and construction. Therefore, this semi-permanent building will need to be demolished after three years of its operation.
- 7.2.3.4 The Authority observed that AAI classified this semi-permanent terminal building in the asset category – “Building - Terminal”, thereby resulting in a useful life of 30 years. The Authority proposes to change this classification to “Building – Temporary”, with a useful life of 3 years. This useful life of 3 years is based on Authority’s discussions with AAI about its intent to use this semi-permanent terminal building.
- 7.2.3.5 After three years, there will be assets within this building that will have potential for re-use. These include various equipment, counters, etc. Therefore, the Authority proposes to consider a residual value of 15% for this building.
- 7.2.3.6 Because it is proposed to be used only for three years, the Authority encourages AAI to economize the cost of this building. Further, AAI is advised to plan ahead of time with respect to managing traffic at congested airports like Patna. Any planning for accommodation of traffic should be done on an advanced basis. The proposed new terminal building should have been planned at least three to four years in advance to avoid the congestion that the airport faces today, avoiding inconvenience to the passengers.
- 7.2.3.7 During tariff determination for the second control period, the Authority will examine the actual cost of this semi-permanent building and its use. Any changes therein will be accommodated by way of true-up.

**7.2.4 Others:**

Other than the above mentioned assets, AAI has proposed other assets of smaller nature amounting to a total of INR 17.65 crores. The prominent ones among these include the following.

- a) Supply of ACFT (REVs) in tariff year 1 amounting to INR 4.03 crores.
- b) SITC of Biometric Access control system in tariff year 1 amounting to INR 2.63 crores.

- c) Pre-fabricated / pre-engineered structure for extension of security hold area for decongestion – INR 2.27 crores.
- d) Provision of metallic false ceiling and allied work in terminal building in tariff year 1 amounting to 1.33 crores.
- e) Refurnishing and renovation of existing public concourse arrival and departure – INR 1.65 crores.

For these assets, the Authority verified the administrative approvals and award letters, and discussed the rationale with AAI for proposing them. The Authority proposes to consider these asset additions as proposed by AAI.

7.3 The Authority observed that an existing MET building will be demolished and a new MET building will be constructed at a separate location because of the construction of the new terminal building in FY 2022-23. The cost associated with this construction, i.e. INR 10.14 crores (INR 7.87 crores + 2.27 crores) has been added to repairs and maintenance expense. As per the narration given in the MYTP, these expenses pertain to construction of a new building and therefore, creation of a new asset, which makes it a capital expenditure, and not a revenue expenditure. The Authority proposes to shift this amount from Operations and Maintenance Expense to Additions made to RAB.

7.4 In accordance with above, the Authority proposes the capital expenditure as per the table below.

Table 15: Capital expenditure as proposed by the Authority (figures in INR crores)

<b>Asset category</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
Runways, Aprons and Taxiways	5.33	-	-	-	3.67	9.00
Road, Bridges & Culverts	-	-	-	-	81.68	81.68
Building – Terminal	5.59	11.81	-	-	398.35	415.75
Building – Temporary	0.95	18.50	-	-	-	19.45
Building – Residential	-	49.04	-	-	-	49.04
Plant & Machinery	4.06	-	-	-	-	4.06
Electrical Installations	1.59	11.98	-	-	227.66	241.22
CFT/Fire Fighting Equipment	4.03	-	-	-	-	4.03
Others	1.43	-	-	-	-	1.43
<b>Total</b>	<b>22.98</b>	<b>91.32</b>	<b>-</b>	<b>-</b>	<b>711.36</b>	<b>825.66</b>

#### **Proposal No. 4: Regarding capital expenditures**

- 4.a. The Authority proposes to adopt the capital expenditures for the 1<sup>st</sup> control period in accordance with Table 15, subject to AAI holding a fresh AUCC meeting as per Para 7.2.1.

## 8. Depreciation

- 8.1 AAI follows its own set of rates of depreciation for different asset classes, which are approved by its Board. While submitting the Multi-Year Tariff proposal for the first control period, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders. Accordingly, AAI has proposed three different sets of rates. These are based on three different periods – up to FY 2015-16, from 01/04/16 to 31/03/18, and beyond 01/04/18.
- 8.2 In the first period, i.e., up to FY 2015-16, the airport was not under the definition of a Major Airport as per Section 2(i) of Airports Economic Regulatory Authority of India Act. Therefore, the depreciation rates for this period has been proposed by AAI to be as per AAI's accounting policy. For the second period, i.e., from 01/04/16 to 31/03/18, the airport was covered under the definition of the Major Airport. Therefore, the depreciation rates for this period has been proposed by AAI to be as per the Authority's examination. For the 3rd period, i.e., beyond 01/04/18, the depreciation rates has been proposed by AAI to be as per the Authority's order No. 35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets", which defines the normative useful lives for various airport assets.
- 8.3 Further, depreciation has been computed separately on opening block of assets and on proposed additions.
- 8.4 The depreciation rates proposed by AAI have been summarized in the table below.

*Table 16: Depreciation rates proposed by AAI*

Asset category	Up to FY 2016	Between FY 2016 and FY 2018		Beyond FY 2018	
		For opening block of assets	For proposed additions	For opening block of assets	For proposed additions
Leasehold Land	0%	0%	0%	0%	0%
Runways, Aprons and Taxiways	13%	3.33%	3.33%	3.33%	3.33%
Road, Bridges & Culverts	13%	3.33%	3.33%	10.00%	10.00%
Building – Terminal	8%	3.33%	3.33%	3.33%	3.33%
Building – Temporary	100%	33.33%	33.33%	33.33%	33.33%
Building – Residential	5%	3.33%	3.33%	3.33%	3.33%
Boundary Wall – Operational	8%	3.33%	3.33%	10.00%	10.00%
Boundary Wall – Residential	5%	3.33%	3.33%	10.00%	10.00%
Computer - End user	20%	16.67%	16.67%	33.33%	33.33%
Computer - Servers and	20%	16.67%	16.67%	16.67%	16.67%

Asset category	Up to FY 2016	Between FY 2016 and FY 2018		Beyond FY 2018	
networks					
Intangible Assets – Software	20%	20.00%	20.00%	20.00%	20.00%
Plant & Machinery	11%	6.67%	6.67%	6.67%	6.67%
Tools & Equipment	20%	6.67%	6.67%	6.67%	6.67%
Furniture & Fixtures: Other Than Trolley	20%	10.00%	10%	14.29%	14.29%
Furniture & Fixtures: Trolley	20%	6.67%	10%	33.33%	33.33%
Vehicles	14%	12.50%	12.50%	12.50%	12.50%
Electrical Installations	11%	10.00%	10.00%	10.00%	10.00%
Other Office Equipment	18%	20.00%	20.00%	20.00%	20.00%
X Ray Baggage System	11%	6.67%	6.67%	6.67%	6.67%
CFT/Fire Fighting Equipment	13%	6.67%	6.67%	6.67%	6.67%

8.5 The depreciation amount proposed by AAI for the 1<sup>st</sup> control period has been presented in the table below.

*Table 17: Depreciation proposed by AAI (figures in INR crores)*

Particulars	Pre control regulatory period		Control period				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Depreciation	2.40	2.51	3.70	6.54	8.85	8.41	34.14

#### **Authority's Examination:**

8.6 The Authority has noted the submission of three different rates of depreciation by AAI for different periods under consideration and has duly examined these for consideration towards determination of aeronautical tariff.

8.7 For period up to FY 2016, the Airport did not come under the regulatory ambit of the Authority. Therefore, the Authority has determined that the depreciation rates used by AAI according to its internal accounting policies are allowed to be followed in order to compute the net block of initial RAB. The Authority observed that the depreciation rates used by AAI up to FY 2016 were in line with its accounting policies, and hence the Authority does not propose any change in these.

8.8 As far as the period between 01/04/2016 and 31/03/2018 is considered, the Authority has had reference to its previous Tariff Orders for various AAI airports (Order No. 23/2017-18 dated 27/11/2017 for Kolkata airport, Order No. 10/2017-18 dated 04/08/2017 for Jaipur airport, and Order No. 03/2017-18 dated 02/06/2017 for Trivandrum Airport). In these Tariff Orders, the

Authority considered the depreciation rates as prescribed in the Companies Act, 2013 for the purposes of tariff determination. Continuing with this approach, the Authority proposes to consider these rates of depreciation for the period between 01/04/2016 and 31/03/2018 for the purposes of tariff determination of Patna Airport as well.

- 8.9 Upon examination of rates of depreciation proposed by AAI for this period, the Authority observed that except in case of one asset category, the rates proposed by AAI are in line with the above mentioned previous tariff orders. In case of RAB for "Furniture and Fixtures: Trolley", AAI has used 6.67% rate. However, the Authority proposes to revise this to 10% in accordance with the above mentioned previous tariff orders. The rates used and proposed for this assets category is presented in the table below.

*Table 18: Differences in appropriate depreciation rates for the period between 01/04/2016 and 31/03/2018*

<b>Asset category</b>	<b>Rate as per Authority's previous orders for AAI airports</b>	<b>Rate used by AAI</b>	<b>Difference between both rates</b>
Furniture and fixtures – trolley	10%	6.67%	-3.33%

- 8.10 For the period from 01/04/2018 onwards, the Authority has had reference to its study, which was commissioned to determine appropriate depreciation rates for regulation of airports in line with the provisions of the Companies Act, 2013.

- 8.11 As a result of this study, the Authority, vide its Order No. 35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets", spelled out the normative depreciation rates which need to be used for computation of Aggregate Revenue Requirement.

- 8.12 These normative depreciation rates of airport assets as per the above mentioned Order, relevant to Patna Airport, have been presented in the table below.

*Table 19: Depreciation rates as per Authority's Order No. 35 / 2017-18*

<b>Asset category</b>	<b>Beyond FY 2018</b>
Leasehold Land	0%
Runways, Aprons and Taxiways	3.33%
Road, Bridges & Culverts	10.00%
Building – Terminal	3.33%
Building – Temporary	33.33%
Building – Residential	3.33%
Boundary Wall – Operational	10.00%

<b>Asset category</b>	<b>Beyond FY 2018</b>
Boundary Wall – Residential	10.00%
Computer - End user	33.33%
Computer - Servers and networks	16.67%
Intangible Assets – Software	20.00%
Plant & Machinery	6.67%
Tools & Equipment	6.67%
Furniture & Fixtures: Other Than Trolley	14.29%
Furniture & Fixtures: Trolley	33.33%
Vehicles	12.50%
Electrical Installations	10.00%
Other Office Equipment	20.00%
X Ray Baggage System	6.67%
CFT/Fire Fighting Equipment	6.67%

8.13 The Authority observed that the depreciation rates used by AAI for the period beyond 01/04/2018 are in line with the rates as per the above mentioned Order. Therefore, the Authority does not propose any change in these.

8.14 Combining its observations across the three periods, the Authority proposes the depreciation rates to be considered for tariff determination in respect of Patna Airport as per the following table.

*Table 20: Depreciation rates proposed by the Authority*

<b>Asset category</b>	<b>Up to FY 2016</b>	<b>Between FY 2016 and FY 2018</b>		<b>Beyond FY 2018</b>	
		<b>For opening block of assets</b>	<b>For proposed additions</b>	<b>For opening block of assets</b>	<b>For proposed additions</b>
Leasehold Land	0%	0%	0%	0%	0%
Runways, Aprons and Taxiways	13%	3.33%	3.33%	3.33%	3.33%
Road, Bridges & Culverts	13%	3.33%	3.33%	10.00%	10.00%
Building – Terminal	8%	3.33%	3.33%	3.33%	3.33%
Building – Temporary	100%	33.33%	33.33%	33.33%	33.33%
Building – Residential	5%	3.33%	3.33%	3.33%	3.33%
Boundary Wall – Operational	8%	3.33%	3.33%	10.00%	10.00%
Boundary Wall – Residential	5%	3.33%	3.33%	10.00%	10.00%
Computer - End user	20%	16.67%	16.67%	33.33%	33.33%
Computer - Servers and networks	20%	16.67%	16.67%	16.67%	16.67%
Intangible Assets – Software	20%	20.00%	20.00%	20.00%	20.00%
Plant & Machinery	11%	6.67%	6.67%	6.67%	6.67%

<b>Asset category</b>	<b>Up to FY 2016</b>	<b>Between FY 2016 and FY 2018</b>		<b>Beyond FY 2018</b>	
Tools & Equipment	20%	6.67%	6.67%	6.67%	6.67%
Furniture & Fixtures: Other Than Trolley	20%	10.00%	10%	14.29%	14.29%
Furniture & Fixtures: Trolley	20%	10%	10%	33.33%	33.33%
Vehicles	14%	12.50%	12.50%	12.50%	12.50%
Electrical Installations	11%	10.00%	10.00%	10.00%	10.00%
Other Office Equipment	18%	20.00%	20.00%	20.00%	20.00%
X Ray Baggage System	11%	6.67%	6.67%	6.67%	6.67%
CFT/Fire Fighting Equipment	13%	6.67%	6.67%	6.67%	6.67%

8.15 The Authority observed that depreciation amount for Air Conditioning System under the asset category, "Electrical Installations" worth INR 0.35 crores was inserted as a hard coded values which differs from actual should-be values. The Authority proposes to change these values to appropriate figures obtained using proper depreciation rates. The proposed depreciation amounts for this asset is as follows:

*Table 21: Depreciation amount proposed for Air Conditioning System (figures in INR crores)*

<b>Particulars</b>	<b>FY 17</b>	<b>FY 18</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Depreciation Amount Recorded by AAI</b>	0.02	0.02	0.02	0.02	0.02	-0.02	-0.06
<b>Depreciation Amount Proposed by the Authority</b>	0.03	0.03	0.03	0.01	-	-	-

8.16 On account of changes in depreciation rates, and the changes in proposed capital expenditure, the Authority proposes the following depreciation during the 1<sup>st</sup> control period.

*Table 22: Depreciation proposed by the Authority (figures in INR crores)*

<b>Particulars</b>	<b>Pre control regulatory period</b>		<b>Control period</b>				
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Depreciation	2.39	2.50	3.63	8.03	11.95	11.71	28.14

### **Proposal No. 5: Regarding depreciation**

- 5.a. The Authority proposes to adopt depreciation rates for Patna airport as per Table 20 for the 1<sup>st</sup> control period.
- 5.b. The Authority proposes depreciation amounts as per Table 22 for the 1<sup>st</sup> control period.

## 9. Regulatory Asset Base for the 1<sup>st</sup> control period

9.1 AAI has submitted RAB for the 1<sup>st</sup> control period as follows:

Table 23: RAB for the 1<sup>st</sup> control period as per AAI's submission (figures in INR crores)

S. No.	Particulars	Pre-control regulatory period		Control period				
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A	Opening RAB	15.9	17.8	19.7	41.2	142.7	133.9	125.4
B	Capitalizations	4.4	4.3	25.2	108.0	-	-	845.7
C	Disposals	-	-	-	-	-	-	-
D	Depreciation	2.4	2.5	3.7	6.5	8.8	8.4	34.1
E	Closing RAB	17.8	19.7	41.2	142.7	133.9	125.4	937.1
<b>F</b>	<b>Average RAB</b>	<b>16.8</b>	<b>18.7</b>	<b>30.4</b>	<b>92.0</b>	<b>138.3</b>	<b>129.7</b>	<b>531.3</b>

### Authority's Examination:

9.2 During interactions with the Authority, AAI submitted that residential buildings are proposed to be demolished. After further discussions, AAI submitted that residential building worth INR 0.15 crore was demolished in FY 2017-18 and residential building worth INR 0.31 was demolished in FY 2018-19. The Authority proposes to revise the deletion schedule in accordance with AAI submissions.

9.3 Further, in line with paragraph 7.2.3.3, the Authority proposes to dispose of the semi-permanent terminal building in FY 2022-23.

9.4 The Authority has duly examined each element of RAB in the previous chapters. The Authority proposes to adopt the Initial RAB as per Table 12, the capital expenditures in accordance with Table 15, and the depreciation amounts in accordance with Table 22.

9.5 Combining all its propositions, RAB to be considered by the Authority for determination of aeronautical tariff for the 1<sup>st</sup> Control Period in respect of Patna Airport is as follows:

Table 24: RAB for the 1<sup>st</sup> control period after Authority's examination (figures in INR crores)

S. No.	Particulars	Pre-control regulatory period		Control period				
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
A	Opening RAB	15.4	17.3	19.0	38.1	121.4	109.4	97.7
B	Capitalizations	4.4	4.3	23.0	91.3	0.0	0.0	711.4
C	Disposals	0.0	0.1	0.3	0.0	0.0	0.0	5.2



S. No.	Particulars	Pre-control regulatory period		Control period				
		FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
D	Depreciation	2.4	2.5	3.6	8.0	11.9	11.7	28.1
E	Closing RAB	17.3	19.0	38.1	121.4	109.4	97.7	775.7
<b>F</b>	<b>Average RAB</b>	<b>16.3</b>	<b>18.2</b>	<b>28.5</b>	<b>79.7</b>	<b>115.4</b>	<b>103.6</b>	<b>436.7</b>

#### **Proposal No. 6: Regarding average RAB**

- 6.a. The Authority proposes to consider average RAB for the 1<sup>st</sup> control period for Patna airport as per Table 24.

## **10. Fair Rate of Return (FRoR)**

- 10.1 AAI has considered Fair Rate of Return (FRoR) as 14% at par with the decision taken by the Authority for other AAI airports, including Kolkata, Jaipur and Trivandrum, among others.
- 10.2 AAI has submitted that all financing activities are undertaken centrally at the corporate office of AAI. The funds are apportioned among airports by the corporate office.

### ***Authority's Examination:***

- 10.3 The Authority has recognized 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.
- 10.4 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 other AAI airports considering the recommendations of another study done by NIPFP.
- 10.5 Based on the above, the Authority proposes to consider FRoR at the rate of 14% for Patna Airport for the 1<sup>st</sup> control period as submitted by AAI.

### **Proposal No. 7: Regarding Fare Rate of Return (FRoR)**

- 7.a. The Authority proposes to consider FRoR at 14% for Patna Airport for the 1<sup>st</sup> control period.

## 11. Non-aeronautical revenue

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

Table 25: Non-aeronautical revenue projections as per AAI (figures in INR crores)

Particulars	Pre control regulatory period		Control period				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>1. Trading concessions</b>							
Restaurant / snack bars	1.35	1.54	2.47	3.24	3.57	3.93	4.32
T.R. stall	1.01	1.13	1.42	1.61	1.77	1.94	2.14
Hoarding & display	1.89	2.35	2.58	2.84	3.13	3.44	3.78
<b>2. Rent and services</b>							
Land leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building (residential)	0.03	0.04	0.04	0.04	0.04	0.04	0.05
Building (non-residential)	3.96	4.40	4.84	5.32	5.85	6.44	7.08
<b>3. Miscellaneous</b>							
Car rentals	0.07	0.07	0.07	0.08	0.09	0.10	0.11
Car parking	1.03	1.18	2.94	3.20	3.52	3.87	4.26
Admission tickets	0.24	0.17	0.19	0.21	0.23	0.25	0.28
Other income/ sale of scrap etc.	0.80	0.65	0.68	0.71	0.75	0.78	0.82
<b>Total</b>	<b>10.37</b>	<b>11.52</b>	<b>15.23</b>	<b>17.25</b>	<b>18.94</b>	<b>20.80</b>	<b>22.83</b>

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

Table 26: Growth rates assumed by AAI for non-aeronautical revenue

Particulars	Control period				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>1. Trading concessions</b>					
Restaurant / snack bars	Bottom up	Bottom up	10%	10%	10%
T.R. stall	Bottom up	Bottom up	10%	10%	10%
Hoarding & display	10%	10%	10%	10%	10%
<b>2. Rent and services</b>					
Land leases	0%	0%	0%	0%	0%
Building (residential)	5%	5%	5%	5%	5%
Building (non-residential)	10%	10%	10%	10%	10%
<b>3. Miscellaneous</b>					
Car rentals	10%	10%	10%	10%	10%
Car parking	Bottom up	Bottom up	10%	10%	10%
Admission tickets	10%	10%	10%	10%	10%
Other income/ sale of scrap etc.	5%	5%	5%	5%	5%

Particulars	Control period				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Total</b>	<b>32%</b>	<b>13%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>

***Authority's Examination:***

11.3 The Authority examined the non-aeronautical revenues for FY 2016-17 and FY 2017-18 from the trial balances of the respective years submitted by AAI. There were three instances where revenues from ANS services were included as part of non-aeronautical revenues.

- a) In FY 2017-18, under 'T.R. Stall', the Authority observed that revenue amounting to INR 0.23 lakhs pertaining to ANS services was excluded twice.
- b) In FY 2016-17, under 'Building (residential)', the Authority observed that revenue amounting to INR 0.90 lakhs pertaining to ANS services was included.
- c) In FY 2016-17, under 'Other income/ sale of scrap etc.', the Authority observed that revenue amounting to INR 4.91 lakhs pertaining to ANS services was included.

Because ANS services are considered separate from airport operations, the Authority proposes to exclude these from non-aeronautical revenues. Other than the above three instances, the Authority found the revenue figures to be in line with the trial balances for FY 2017 and FY 2017-18.

11.4 **Car Parking:** The Authority observed that AAI has awarded a new concession agreement with respect to car/ vehicle parking at the airport. The concession was applicable for one year. The concession fee was decided as INR 26,66,666 per month. Further, this would increase by 10% each year.

11.5 **Retail/ Snack Bars:** The Authority observed that with effect from FY 2018-19, AAI has entered into two new concession agreements for retail and snack bars. These new concessions were an extension of the previous retail operations at the airport.

- a) For retail outlets, AAI awarded a concession to set up a branded snack bars at Patna airport. The concession is applicable for five years. The concession fee was decided as INR 9,53,301 per month. Further, this would increase by 10% each year.
- b) AAI awarded a concession to set up a fast food facility at Patna airport. The concession is applicable for five years. The concession

fee was decided as INR 6,53,777 per month with an escalation of 10% each year.

11.6 **T.R. Stall:** The Authority observed that, AAI has entered into two concession agreements for T.R. stall during the control period. These are discussed below:

- a) AAI awarded a concession to set up a money exchange counter at Patna airport. The concession is applicable for five years. The concession fee was decided as INR 2,25,000 per month with an escalation of 10% each year.
- b) AAI awarded a concession to set up a CSIBS facility at Patna Airport. The concession is applicable for seven years. The concession fee was decided as INR 4,20,000 per month with an escalation of 10% each year. However, the Authority observed that this revenue was not included in MYTP. Therefore, the Authority proposes to include this revenue as a part of non-aeronautical revenue under "T.R. Stall".

11.7 The Authority verified the above mentioned concession agreements and found the projections to be in line with the same.

11.8 The Authority observed that the growth rates proposed by AAI in the last year (FY 2022-23) is consistent with the other years of the control period. This does not take into consideration, operationalization of the new terminal building in the last year, which will boost the non-aeronautical revenues at the airport. Therefore, the Authority proposes to change the growth rates in FY 2022-23 assumed for:

- a. "Trading Concessions", Car Rentals and Car Parking – from 10% to 15%
- b. Land Leases- from 0% to 7.5%
- c. Admission tickets- from 10% to 23%(passenger traffic growth in FY23)
- d. Building(non-residential) from 10% to 20%

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

Table 27: Growth rates in non-aeronautical revenue considered by the Authority

Particulars	Control period				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>1. Trading concessions</b>					
Restaurant / snack bars	Bottom up	Bottom up	10%	10%	15%
T.R. stall	Bottom up	Bottom up	10%	10%	15%
Hoarding & display	10%	10%	10%	10%	15%
<b>2. Rent and services</b>					
Land leases	0.0%	0.0%	0.0%	0.0%	7.5%
Building (residential)	5%	5%	5%	5%	5%
Building (non-residential)	10%	10%	10%	10%	20%
<b>4. Miscellaneous</b>					
Car rentals	10%	10%	10%	10%	15%
Car parking	Bottom up	Bottom up	10%	10%	15%
Admission tickets	10%	10%	10%	10%	23%
Other income/ sale of scrap etc.	5%	5%	5%	5%	5%
<b>Total</b>	<b>35%</b>	<b>16%</b>	<b>10%</b>	<b>10%</b>	<b>16%</b>

11.10 The revised non-aeronautical revenues as per Authority's examination have been presented in the table below.

Table 28: Non-aeronautical revenues proposed by the Authority (figures in INR crores)

Particulars	Pre control regulatory period		Control period				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>1. Trading concessions</b>							
Restaurant / snack bars	1.35	1.54	2.47	3.24	3.57	3.93	4.51
T.R. stall	1.01	1.13	1.72	2.44	2.68	2.95	3.39
Hoarding & display	1.89	2.35	2.58	2.84	3.13	3.44	3.95
<b>2. Rent and services</b>							
Land leases	-	-	-	-	-	-	-
Building (residential)	0.02	0.04	0.03	-	-	-	-
Building (non-residential)	3.96	4.40	4.84	5.32	5.85	6.44	7.73
<b>4. Miscellaneous</b>							
Car rentals	0.07	0.07	0.07	0.08	0.09	0.10	0.11
Car parking	1.03	1.18	2.94	3.20	3.52	3.87	4.45
Admission tickets	0.24	0.17	0.19	0.21	0.23	0.25	0.31
Other income/ sale of scrap etc.	0.75	0.65	0.68	0.71	0.75	0.78	0.82
<b>Total</b>	<b>10.31</b>	<b>11.52</b>	<b>15.52</b>	<b>18.04</b>	<b>19.81</b>	<b>21.76</b>	<b>25.30</b>

### Proposal No. 8: Regarding non-aeronautical revenues

8.a. The Authority proposes to consider non-aeronautical revenues for the 1<sup>st</sup> control period for Patna airport in accordance with Table 28.

## 12. Operation and maintenance expenditure

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

- a) Payroll expenses,
- b) Admin and general expenditure,
- c) Repair and maintenance expenditure,
- d) Utilities and outsourcing expenditure, and
- e) Other outflows, i.e. collection charges on UDF

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

12.3 AAI has segregated the expenses into aeronautical expenses, non-aeronautical expenses, and common expenses. The common expenses have been further segregated into aeronautical and non-aeronautical on the basis of relevant ratios.

12.4 AAI submitted that the allocation of CHQ/RHQ expenses among individual airports has been done on the basis of revenue.

12.5 The summary of aeronautical expenses proposed by AAI for the 1<sup>st</sup> control period has been presented in the table below:

*Table 29: Operation and Maintenance (O&M) expenditure (in INR crore) as per AAI*

Particulars	Pre control regulatory period		Control period				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Payroll expenses - non CHQ/RHQ	10.75	14.12	17.16	18.43	19.72	21.10	24.68
Payroll expenses - CHQ/RHQ	2.37	2.49	3.01	3.22	3.44	3.68	4.31
Administration and General expenses - non CHQ/RHQ	1.73	3.06	2.46	2.68	2.93	3.20	3.59
Administration and General expenses - CHQ/RHQ	18.61	19.54	20.52	21.55	22.62	23.76	24.94
Repairs and maintenance	2.96	4.60	4.17	9.77	10.22	10.73	21.83
Utilities and outsourcing expenses	1.50	1.62	2.17	2.20	2.24	2.28	2.51
Other outflows - Collection Charges on UDF	0.14	0.22	0.25	0.29	0.34	0.39	0.44
<b>Total</b>	<b>38.07</b>	<b>45.65</b>	<b>49.74</b>	<b>58.13</b>	<b>61.51</b>	<b>65.13</b>	<b>82.31</b>

12.6 The summary of growth rates assumed by AAI for the operation and maintenance expenses have been presented in the table below:

Table 30: Growth rates in O&M as per AAI

Particulars	Control period				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Payroll expenses - non CHQ/RHQ	22%	7%	7%	7%	17%
Payroll expenses - CHQ/RHQ	21%	7%	7%	7%	17%
Administration and General expenses - non CHQ/RHQ	-20%	9%	9%	9%	12%
Administration and General expenses - CHQ/RHQ	5%	5%	5%	5%	5%
Repairs and maintenance	-9%	134%	5%	5%	103%
Utilities and outsourcing expenses	34%	2%	2%	2%	10%
Other outflows - Collection Charges on UDF	15%	15%	15%	15%	15%
<b>Total</b>	<b>9%</b>	<b>17%</b>	<b>6%</b>	<b>6%</b>	<b>26%</b>

12.7 Further, summary of allocation of expenses between aeronautical and non-aeronautical as proposed by AAI is given in the table below:

Table 31: Allocation of O&M expenses as per AAI in 2017-18

Particulars	Aeronautical	Non-aeronautical
Payroll expenses - non CHQ/RHQ	97%	3%
Payroll expenses - CHQ/RHQ	95%	5%
Administration and General expenses - non CHQ/RHQ	99%	1%
Administration and General expenses - CHQ/RHQ	95%	5%
Repairs and maintenance	95%	5%
Utilities and outsourcing expenses	90%	10%
Other outflows - Collection Charges on UDF	100%	0%

### **Authority's Examination:**

12.8 The Authority examined the trial balances for FY 2017 and FY 2018 to ensure that the actual figures considered by AAI for these two years are accurate. In all instances except the following, the numbers were found to be consistent with the trial balances.

- For FY 2017, an expense included in Travelling expenses under 'Administration and General Expenses' amounting to INR 0.05 lakh pertaining to Cargo was deducted twice while calculating aeronautical expense. The Authority proposes to revise the same.

12.9 The Authority observed that INR 10.54 crores (INR 7.87 crores + 2.67 crores) has been added to repairs and maintenance expense in FY 23. However, the Authority reviewed the documents pertaining to this expenditure and discovered that the correct value for electrical



installation with respect to the MET building is 2.27 crores which changes the total value of the MET building to INR 10.14 crores (INR 7.87 crores + 2.27 crores). The Authority proposes to change the same. Moreover, as per the narration given in the MYTP, these expenses pertain to construction of MET building, which will be shifted to a different location due to the construction of the new terminal building. This makes it a capital expenditure, and not a revenue expenditure. The Authority proposes to shift this amount from Operations and Maintenance Expense to Additions made to RAB.

12.10 The Authority examined the allocation of expenses between aeronautical and non-aeronautical. The Authority compared the allocation proposed by AAI to its recent orders for other AAI airports. A summary of these has been presented in the table below.

*Table 32: Comparison of allocation of O&M expenses with other AAI airports*

<b>Expense category</b>	<b>Patna</b>	<b>Kolkata</b>	<b>Jaipur</b>	<b>Trivandrum</b>
Payroll expenses - non CHQ/RHQ	97%	88%	94%	95%
Payroll expenses - CHQ/RHQ	95%	88%	95%	95%
Administration and General expenses - non CHQ/RHQ	99%	96%	88%	94%
Administration and General expenses - CHQ/RHQ	95%	85%	90%	90%
Repairs and maintenance	95%	89%	93%	97%
Utilities and outsourcing expenses	90%	91%	93%	98%
Other outflows - Collection Charges on UDF	100%	93%	100%	100%

12.11 The Authority observed that 99.44% of the Administration and General expenses - non CHQ/RHQ were allocated to aeronautical expenses. To ensure that these expenses are allocated between aeronautical and non-aeronautical in an appropriate manner, the Authority examined them in detail. These expenses comprise various other sub-expenses. The Authority made the following observations for these sub-expenses:

- 'Upkeep expenses' pertain to the terminal building, and hence are proposed to be allocated in terminal area ratio.
- 'Travelling expenses' pertain to the employees, and hence are proposed to be allocated as per employee ratio. However, AAI informed the Authority that that no non-aeronautical employees travelled or incurred any travelling expenses therefore, all expenses have been allocated to aeronautical expenses.
- 'Telephone Charges' pertain to the telephones used by the employees and are proposed to be allocated as per employee ratio.

Refer Chapter 5 for details of these ratios. After incorporating these changes, the overall allocation of administration and general expenses (non-CHQ/RHQ) is proposed to be revised to 96.3%.

12.12 The Authority observed that AAI has allocated 94.8% of Repairs and Maintenance expenses to aeronautical expenses. However, the Authority is of the opinion that the allocation should be done based on the RAB allocation as repairs and maintenance is a function of its assets. The Authority therefore, proposes to allocate 96% of repairs and maintenance to aeronautical expenses as per Table 10.

12.13 The Authority verified the workings provided by AAI for allocation of payroll expenses (non-CHQ/RHQ) and Utilities and outsourcing expenses. On the basis of its verification, the Authority accepts the allocation of payroll expenses as proposed by AAI.

12.14 The Authority observed that the payroll expenses – CHQ/RHQ and administration and general expenses – CHQ/RHQ were allocated to aeronautical expenses at 95%. The Authority found it to be appropriate based on AERA's decision in other AAI airports.

12.15 The Authority proposes the following allocation of O&M expenses into aeronautical and non-aeronautical.

*Table 33: Allocation of O&M expenses as per the Authority*

<b>Particulars</b>	<b>Aeronautical</b>	<b>Non-aeronautical</b>
Payroll expenses - non CHQ/RHQ	97%	3%
Payroll expenses - CHQ/RHQ	95%	5%
Administration and General expenses - non CHQ/RHQ	96%	4%
Administration and General expenses - CHQ/RHQ	95%	5%
Repairs and maintenance	96%	4%
Utilities and outsourcing expenses	90%	10%
Other outflows - Collection Charges on UDF	100%	0%

12.16 The Authority examined the growth rates considered by AAI. For payroll expenses, AAI has considered an overall growth rate of approximately 21% for FY 2019. This was on account of revised pay commission, which is applicable to employees of AAI. Upon examination and consultation with AAI, it was found that the revised pay commission was implemented by AAI in FY 2018 for executive grade employees. The implementation for non-executive grade employees is proposed to be done in FY 2019. Therefore, the Authority proposes to consider that the growth in overall payout of non-executive grade employees should be similar to the actual growth in

payout of executive grade of employees in FY 2018 based on revised pay commission. The Authority found this to be an increment of 37.16% for non-executive grade employees. Based on the proportion of employees in the two grades, the Authority has found the overall growth of 21% in FY 2019 to be reasonable.

12.17 AAI considered a growth rate of 7% in payroll expenses beyond FY 2019. This rate is consistent with other AAI airports and the Authority considered it to be reasonable. AAI has also considered a growth rate of 17% in payroll expenses in FY 2022-23 due to operations of new terminal building. The Authority has found the same to be appropriate.

12.18 AAI considered a 40% increase in electricity charges in FY 2018-19 due to commencement of 24-hour operations (earlier 19-hours) at the airport with effect from 25/03/2018. Considering the fact that the additional five hours will be during the night, the increase of 40% is found to be reasonable. The Authority further verified the consumption of electricity from invoices presented by AAI. AAI has also considered an additional increase of 10% in electricity charges in FY 2022-23 due to operations of new terminal building. The Authority has found the same to be appropriate.

12.19 AAI has proposed expenses pertaining to re-carpeting of runway at the in FY 2019-20 of INR 25.91 crores. Further, the expense has been deferred equally in five years, four of which fall in the 1<sup>st</sup> control period. The Authority evaluated the cost computations and found the same to be reasonable.

12.20 The Authority examined actual growth trend of expenses for the past few years at the airport. Further, the Authority examined a few contractual agreements with vendors on a sample basis to understand the escalation dynamics. On the basis of these checks, the Authority has found the considered growth rates to be reasonable.

12.21 For other outflows, i.e., collection charges on UDF, AAI considered the growth rate to be the same as that of ATM traffic. The Authority found the same to be a reasonable driver.

12.22 Based on above considerations, the Authority proposes the following growth rates in operation and maintenance expenses.

*Table 34: Growth rates in O&M expenses considered by the Authority*

Particulars	Control period				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Payroll expenses - non CHQ/RHQ	22%	7%	7%	7%	17%
Payroll expenses - CHQ/RHQ	21%	7%	7%	7%	17%

Particulars	Control period				
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Administration and General expenses - non CHQ/RHQ	-21%	9%	9%	9%	12%
Administration and General expenses - CHQ/RHQ	5%	5%	5%	5%	5%
Repairs and maintenance	-8%	132%	5%	5%	5%
Utilities and outsourcing expenses	34%	2%	2%	2%	10%
Other outflows - Collection Charges on UDF	23%	23%	15%	15%	23%
<b>Total</b>	<b>9%</b>	<b>17%</b>	<b>6%</b>	<b>6%</b>	<b>10%</b>

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

*Table 35: Operation and maintenance (O&M) expenses as revised by the Authority (INR crores)*

Particulars	Pre control regulatory period		Control period				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Payroll expenses - non CHQ/RHQ	10.75	14.12	17.16	18.43	19.72	21.10	24.68
Payroll expenses - CHQ/RHQ	2.37	2.49	3.01	3.22	3.44	3.68	4.31
Administration and General expenses - non CHQ/RHQ	1.67	2.97	2.35	2.56	2.80	3.05	3.42
Administration and General expenses - CHQ/RHQ	18.61	19.54	20.52	21.55	22.62	23.76	24.94
Repairs and maintenance	2.96	4.60	4.23	9.84	10.30	10.81	11.38
Utilities and outsourcing expenses	1.50	1.62	2.17	2.20	2.24	2.28	2.51
Other outflows - Collection Charges on UDF	0.14	0.22	0.29	0.38	0.43	0.50	0.64
<b>Total</b>	<b>38.01</b>	<b>45.56</b>	<b>49.74</b>	<b>58.17</b>	<b>61.55</b>	<b>65.18</b>	<b>71.88</b>

### Proposal No. 9: Regarding O&M expenses

- 9.a. The Authority proposes to consider O&M expenses for the 1st Control Period for Patna Airport as per Table 35.

## 13. Taxation

13.1 To compute depreciation for tax purposes, AAI has used the depreciation rates in accordance with the following table:

*Table 36: Depreciation rates for tax purposes as per AAI*

<b>Asset category</b>	<b>IT Depreciation rate - up to FY 18</b>	<b>IT Depreciation rate - from FY 19</b>
Freehold Land	0%	0%
Runways, Aprons and Taxiways	15%	10%
Road, Bridges & Culverts	10%	10%
Building – Terminal	10%	10%
Building – Residential	100%	100%
Boundary Wall – Operational	5%	5%
Boundary Wall – Residential	10%	15%
Other Buildings	5%	5%
Computer - End user	60%	40%
Computer - Servers and networks	60%	40%
Intangible Assets – Software	60%	40%
Plant & Machinery	15%	15%
Tools & Equipment	15%	15%
Office Furniture	10%	10%
Furniture & Fixtures: Other Than Trolley	10%	10%
Furniture & Fixtures: Trolley	15%	15%
Vehicles	10%	10%
Vehicles - car and jeep	15%	15%
Electrical Installations	15%	15%
Other Office Equipment	15%	15%
X Ray Baggage System	0%	0%
CFT/Fire Fighting Equipment	15%	10%

13.2 The tax calculation as submitted by AAI has been presented in the table below:

*Table 37: Taxation as per AAI (figures in INR crores)*

<b>Particulars</b>	<b>Pre control regulatory period</b>		<b>Control period</b>				
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Aero revenue with revised rates	21.00	31.66	37.42	94.02	108.81	125.93	145.77
O&M expenses	38.07	45.65	49.74	58.13	61.51	65.13	82.31
Depreciation	1.85	2.14	4.08	9.27	12.38	11.13	52.42
<b>Profit before tax</b>	<b>-18.92</b>	<b>-16.14</b>	<b>-16.40</b>	<b>26.61</b>	<b>34.91</b>	<b>49.67</b>	<b>11.04</b>
Tax rate (%)	34.07%	34.07%	34.94%	34.94%	34.94%	34.94%	34.94%
<b>Taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.30</b>	<b>12.20</b>	<b>17.36</b>	<b>3.86</b>

### **Authority's Examination:**

- 13.3 The Authority observed that AAI had proposed 01/1/2019 as the implementation date of the new tariffs. The Authority proposes to revise the same to 01/05/2019. This had an impact on the projected aeronautical revenues, leading to difference in tax computation.
- 13.4 The Authority examined the depreciation rates considered by AAI and compared them with the rates prescribed in the Income Tax Act, 1961. The Authority observed that in case of one asset category, the depreciation rates proposed by AAI were not in line with the Income Tax Act, 1961. These have been presented in the table below.

*Table 38: Difference in depreciation rates for tax purposes*

Asset category	Up to FY 2018	
	Rate used by AAI	Rate as per Income Tax Act, 1961
Boundary wall-operational	15%	10%

- 13.5 The Authority observed that depreciation rates proposed by AAI for FY 2020-21, FY 2021-22 and FY 2022-23 were the rates applicable up to FY 2017-18. The Authority proposes to use the depreciation rates relevant for FY 2018-19 onwards as presented in Table 36.
- 13.6 The Authority observed that the tax treatment of losses by AAI is not appropriate. AAI did not consider carry-forward of losses and their set-off in subsequent years of profit. In the period between FY 2016-17 and FY 2017-18, existing airport charges were levied. Further, till the first month of the second year of the control period, i.e. FY 2019-20, existing charges are being levied until the implementation of revised charges. The Authority observed that the existing charges led to aeronautical losses in the first year of the control period (FY 2018-19). In its computation of tax expenses, AAI did not consider the benefit of these losses on taxable aeronautical profits of subsequent years, leading to increase in overall projected tax expenses. The Authority proposes to consider the carry forward and set-off of these losses.
- 13.7 Furthermore, the Authority has considered Patna Airport on standalone basis, as it has done for other AAI airports as well. Treatment on standalone basis for computation of aeronautical taxes as a building block for determination of ARR means computing tax based on levels of profitability of these airports individually and not getting clouded by levels of profitability at the corporate or group level.
- 13.8 The Authority observed that the tax rate for FY 17 and FY 18 has been taken as 34.068%. The Authority proposes to revise it to 34.608%. This percentage is based on 30% basic tax, plus 12% surcharge plus 4% cess.

13.9 The projected aeronautical revenues for the control period are based on the charges proposed by AAI as part of its initial submission of Multi-Year Tariff Proposal.

13.10 The Authority observed that two revenue streams - land lease income from oil companies, and lease income from ground handling service providers were not included in aeronautical revenues while computing aeronautical taxes. The Authority proposes to add the same in aeronautical revenues for calculating tax.

13.11 The Authority proposes to consider the O&M expenses in accordance with Table 35 for computation of tax expense.

13.12 The Authority proposes to consider the capital expenditures for computation of depreciation in accordance with Table 15.

13.13 After considering all the above observations, the Authority proposes the following tax expense during the 1<sup>st</sup> control period.

*Table 39: Tax expense as per Authority (figures in INR crores)*

Particulars	Pre control regulatory period		Control period				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Aero revenue with proposed rates	22.49	33.53	43.90	89.93	109.58	129.12	162.19
O&M expenses	38.01	45.56	49.74	58.17	61.55	65.18	71.88
Depreciation	1.84	2.11	3.89	16.49	17.73	7.68	42.53
<b>Profit before tax</b>	<b>-17.36</b>	<b>-14.13</b>	<b>-9.73</b>	<b>15.26</b>	<b>30.30</b>	<b>56.27</b>	<b>47.78</b>
Set-off of loss	-	-	-	15.26	25.96	-	-
<b>Profit before tax after set-off of loss</b>	<b>-17.36</b>	<b>-14.13</b>	<b>-9.73</b>	<b>-</b>	<b>4.34</b>	<b>56.27</b>	<b>47.78</b>
Tax rate (%)	34.6%	34.6%	34.9%	34.9%	34.9%	34.9%	34.9%
<b>Taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.52</b>	<b>19.66</b>	<b>16.70</b>

#### **Proposal No. 10: Regarding tax expense**

10.a. The Authority proposes to consider the tax expense for the 1st Control Period for Patna Airport as per Table 39.

## 14. True up

- 14.1 The Authority considered the Aggregate Revenue Requirement, or ARR, for the first two years, i.e. FY 2016-17 and FY 2017-18. This ARR was compared with the actual aeronautical revenues earned by AAI. Any shortfall (or surplus) would be added (true-up) to the ARR for the five-year control period.
- 14.2 AAI submitted a computation of true up based on actual figures of FY 2016-17 and FY 2017-18.
- 14.3 The shortfall has been compounded up to 1<sup>st</sup> April, 2019. The true-up computation proposed by AAI has been presented in the table below.

*Table 40: True up calculation as per AAI (figures in INR crores)*

Particulars	FY 2017	FY 2018	FY 2019
ARR(1)	39.71	47.33	
Actual aero revenues(2)	22.49	33.44	
<b>Shortfall(1-2)</b>	<b>17.22</b>	<b>13.89</b>	
Future value factor at 14% FRoR	1.14	1.30	
<b>Future value of shortfall at 14%</b>	<b>22.38</b>	<b>15.83</b>	<b>38.22</b>

### Authority's examination:

- 14.4 The Authority observed that the cargo operations were with AAI for FY 2016-17 before being handed over to AAICLAS from FY 2017-18 onwards. The Authority has accordingly included the ARR and revenue from cargo operations in its calculation of true-up for FY 2016-17 and outlined its approach below:
- 14.4.1 The Authority sought from AAI the agreement between AAICLAS and AAI for such details in terms of revenue share / other nature of payments to be made by AAICLAS to AAI in lieu of transfer of cargo business. AAI confirmed that the agreement is a work in progress, and as of now, there are no payments exchanged between the two entities. The Authority is of the view that an arms-length business transaction would involve monies to be paid by AAICLAS to AAI in lieu of transfer of business and assets thereof. Therefore, the Authority decided to consider notional revenue from AAICLAS to be included in projected revenue for AAI at Patna Airport. The Authority will true this up once actual details are shared by AAI at the time of determination of aeronautical tariff for Patna Airport for the next Control Period.
- 14.4.2 To estimate this notional revenue from AAICLAS to AAI for Patna Airport, the Authority has considered the past trend in revenue from cargo operations at Patna Airport and sought this information from AAI. AAI informed that revenue from cargo operations accrued to



AAICLAS from FY 2017-18 onwards. Revenue from cargo operations were as follows:

*Table 41: Revenue from cargo operations at Patna Airport (in INR crores)*

	<b>FY 2016*</b>	<b>FY 2017*</b>	<b>FY 2018*</b>
Cargo Revenue (INR crores)	0.12	0.43	0.31
CAGR			62%
* - Revenue Values as received from AAI			

The Authority has considered the CAGR of 62% as calculated in Table 41 as the estimated growth in revenue from cargo operations at Patna airport and considered 30% of this estimated revenue as the notional revenue from AAICLAS to AAI. The computation of this has been presented below:

*Table 42: Notional revenue from AAICLAS (in INR crores)*

	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Notional revenue from AAICLAS						
Estimated revenue from cargo operations (INR crores)	0.31	0.50	0.82	1.33	2.15	3.48
<b>Notional revenue from AAICLAS to AAI (@ 30%)</b>	0.09	0.15	0.25	0.40	0.64	1.05

The Authority decides to treat the above notional revenue as aeronautical revenue.

14.4.3 The Authority observed that management of cargo operations was transferred to AAICLAS from FY 2017-18. Because for FY 2016-17, these operations were still under AAI, ARR for cargo operations for FY 2016-17 has been calculated separately and added to its total ARR. The calculation of ARR for cargo operations has been presented in the table below.

*Table 43: Computation of ARR for Cargo Operations- Final (in INR crores)*

<b>Cargo ARR Calculations</b>	<b>FY 2016-17</b>
Average RAB (INR crores)	0.01
Fair Rate of Return	14%
Return on average RAB (INR crores)	0.001
O&M expenses (INR crores)	0.14
Depreciation (INR crores)	0.001
Tax expense (INR crores)	0.10
<b>ARR (INR crores)</b>	<b>0.24</b>

14.5 The Authority proposes to revise the true-up computation on the basis of its proposals of various regulatory building blocks discussed in this paper, as those observations and proposals are applicable for these

two years as well. Accordingly, the Authority's computation of true-up is presented in the table below.

*Table 44: True up calculation as per the Authority (figures in INR crores)*

<b>Particulars</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
ARR(1)	39.84	47.15	
Actual aero revenues(2)	22.91	33.53	
<b>Shortfall(1-2)</b>	<b>16.93</b>	<b>13.62</b>	
Future value factor at 14% FRoR	1.14	1.30	
<b>Future value of shortfall at 14%</b>	<b>22.00</b>	<b>15.52</b>	<b>37.52</b>

### **Proposal No. 11: Regarding true-up**

- 11.a. The Authority proposes to consider the true up calculations for the 1st Control Period for Patna Airport as per Table 44.

## 15. Aggregate Revenue Requirement for the 1<sup>st</sup> control period

- 15.1 AAI has submitted Aggregate Revenue Requirement (ARR) and yield per passenger (Y) for the 1<sup>st</sup> control period as per the regulatory building blocks discussed.
- 15.2 All cash flows are assumed to occur at the end of the year. Further, all cash flows are discounted to 1<sup>st</sup> April, 2019.
- 15.3 The summary of ARR and Yield has been presented in the table below.

*Table 45: ARR and Yield as per AAI*

Particulars	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Average RAB (INR crores)	30.43	91.95	138.28	129.65	531.25
Fair Rate of Return	0.14	0.14	0.14	0.14	0.14
Return on average RAB (INR crores)	4.26	12.87	19.36	18.15	74.38
O&M expenses (INR crores)	49.74	58.13	61.51	65.13	82.31
Depreciation (INR crores)	3.70	6.54	8.85	8.41	34.14
Tax expense (INR crores)	0.00	9.30	12.20	17.36	3.86
Less: 30% NAR (INR crores)	-4.57	-5.18	-5.68	-6.24	-6.85
<b>ARR per year (INR crores)</b>	<b>53.14</b>	<b>81.68</b>	<b>96.23</b>	<b>102.81</b>	<b>187.83</b>
Add: True up	38.22				
PV of ARR based @14% (INR crores)	91.35	71.65	74.05	69.39	111.21
Sum Present value of ARR (INR cr.)	417.65				
Total traffic (million passengers)	24.12				
<b>Yield per passenger (Y) (INR)</b>	<b>173.13</b>				

### **Authority's Examination:**

- 15.4 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by AAI in computation of ARR and Yield in the Table 45 above, the Authority proposes as below:
- 15.4.1 To consider the average RAB in accordance with Table 24.
- 15.4.2 To consider the FRoR at 14%.
- 15.4.3 To consider the O&M expenses as per Table 35.
- 15.4.4 To consider the depreciation as per Table 22.
- 15.4.5 To consider the tax expense as per Table 39.

15.4.6 To consider the non-aeronautical revenue as per Table 28.

15.4.7 To consider the total traffic in accordance with Table 5.

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

*Table 46: ARR and Yield as per Authority*

<b>Particulars</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Average RAB (INR crores)	28.55	79.71	115.38	103.55	436.69
Fair Rate of Return	0.14	0.14	0.14	0.14	0.14
Return on average RAB (INR crores)	4.00	11.16	16.15	14.50	61.14
O&M expenses (INR crores)	49.74	58.17	61.55	65.18	71.88
Depreciation (INR crores)	3.63	8.03	11.95	11.71	28.14
Tax expense (INR crores)	0.00	0.00	1.52	19.66	16.70
Less: 30% NAR (INR crores)	-4.66	-5.41	-5.94	-6.53	-7.59
<b>ARR per year (INR crores)</b>	<b>52.71</b>	<b>71.94</b>	<b>85.23</b>	<b>104.53</b>	<b>170.27</b>
Add: True up	37.52				
PV of ARR based @14% (INR crores)	90.23	63.11	65.58	70.55	100.81
Sum Present value of ARR (INR cr.)	390.28				
Total traffic (million passengers)	31.50				
<b>Yield per passenger (Y) (INR)</b>	<b>123.91</b>				

15.6 It is to be noted that the above yield is based on total passengers expected at the airport, i.e., departing as well as embarking. It is an indicative figure, not to be confused with revenue entitlement to the airport per departing passenger only. The yield per departing passenger in similar terms would be twice of yield as per the above table, i.e. INR 247.82.

### **Proposal No. 12: Regarding Aggregate Revenue Requirement**

12.a. The Authority proposes to consider the ARR and Yield for the 1<sup>st</sup> control period for Patna airport in accordance with Table 46.

## 16. Annual Tariff Proposal

- 16.1 As part of the Multi-year Tariff proposal, AAI submitted a tariff card for all five years of the first control period. This tariff card has been reproduced in this chapter. The Authority examined AAI's Multi-year Tariff Proposal, along with all regulatory building blocks. The Authority's examination has been discussed in this consultation paper in the previous chapters.
- 16.2 AAI has proposed the implementation date of new tariffs from 01/11/2018. The Authority has proposed to revise the implementation date to 01/07/2019.
- 16.3 The tariff card proposed for the first control period has been reproduced here. This is based on tariff card proposed by AAI, revised with the changes proposed by the Authority. For purposes of comparison, the existing aeronautical charges have been provided along with each charge.
- 16.4 Because there are no international operations at present at Patna airport, and no international traffic projections made for the first control period, the Authority proposes same tariff for international operations, as is being approved for domestic operations. This measure is just to allow levy of tariff on an international operation, if and when it happens. As and when the international operations appear to sustain for a period at Patna Airport, AAI may approach the Authority with a separate tariff proposal for international operations.

### **I) LANDING CHARGES**

*Table 47: Landing charges proposed for the first control period*

<b>Weight of the Aircraft</b>	<b>Domestic rate per landing (INR)</b>
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

Landing charges are proposed to be increased by 4% on a compounded basis every year.

*Table 48: Existing landing charges*

<b>Weight of Aircraft</b>	<b>Domestic flights</b>
Up to 10 MT	INR 67.10 per MT
Above 10 MT up to 20 MT	INR 671 plus INR 117.70 per MT in excess of 10 MT
Above 20 MT up to 50 MT	INR 1,848 plus INR 231 per MT in excess of 20 MT

<b>Weight of Aircraft</b>	<b>Domestic flights</b>
Above 50 MT up to 100 MT	NA
Over 100 MT	NA

16.4.1 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 schedule operators at airport, b) helicopters of all types, and c) DGCA approved Flying school/flying training institute aircrafts.

16.4.2 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.

16.4.3 Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).

## **II) PARKING AND HOUSING CHARGES**

*Table 49: Parking and housing charges proposed for the first control period*

<b>Weight of the Aircraft</b>	<b>Parking Charges Rates per Hour (INR) (up to two hours after first two free hours)</b>	<b>Parking Charges Rates per Hour (INR) (beyond first four hours)</b>
Up to 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+4.00 per Hour per MT in excess of 25 MT	150.00+8.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	175.00+8.00 per MT per Hour in excess of 50 MT	350.00+16.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	575.00+10.00 per MT per Hours in excess of 100 MT	1150.00+20.00 per MT per Hours in excess of 100 MT
Above 200 MT	1575.00+11.00 per MT per Hours in excess of 200 MT	3150.00+22.00 per MT per Hours in excess of 200 MT

Parking and housing charges are proposed to be increased by 4% on a compounded basis every year.

*Table 50: Existing parking, housing and night parking charges*

<b>Weight of Aircraft</b>	<b>Domestic flights</b>	<b>International flights</b>
<b>Housing charges:</b>		
Up to 40 MT	INR 3.50 per hour per MT	INR 4.10 per hour per MT
Above 40 MT up to 100 MT	INR 140 plus INR 6.80 per hour per MT in excess of 40 MT	INR 164 plus INR 7.90 per hour per MT in excess of 40 MT

<b>Weight of Aircraft</b>	<b>Domestic flights</b>	<b>International flights</b>
Above 100 MT	INR 548 plus INR 10.30 per hour per MT in excess of 100 MT	INR 638 plus INR 11.90 per hour per MT in excess of 100 MT
<b>Parking charges:</b>		
Up to 40 MT	INR 1.80 per hour per MT	INR 2.10 per hour per MT
Above 40 MT up to 100 MT	INR 72 plus INR 3.40 per hour per MT in excess of 40 MT	INR 84 plus INR 3.90 per hour per MT in excess of 40 MT
Above 100 MT	INR 276 plus INR 5.20 per hour per MT in excess of 100 MT	INR 318 plus INR 6.00 per hour per MT in excess of 100 MT
<b>Night parking charges (between 2200 hours and 0600 hours):</b>		
Up to 40 MT	INR 0.90 per hour per MT	INR 1.10 per hour per MT
Above 40 MT up to 100 MT	INR 36 plus INR 1.70 per hour per MT in excess of 40 MT	INR 44 plus INR 2.00 per hour per MT in excess of 40 MT
Above 100 MT	INR 138 plus INR 2.60 per hour per MT in excess of 100 MT	INR 164 plus INR 3.00 per hour per MT in excess of 100 MT

16.4.4 No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.

16.4.5 For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.

16.4.6 Charges shall be calculated on the basis of nearest MT.

16.4.7 Charges for each period parking shall be rounded off to nearest rupee.

16.4.8 At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.

16.4.9 Night parking charges (between 2200 hours to 0600 hours) will be similar to the parking and housing charges as per table above. It is

proposed to waive off the night parking charges in principle for all domestic scheduled operators at Patna Airport if the State Government has brought the rate of tax (VAT) on ATF  $\leq 5\%$ . The above waiver of night parking charges will be made applicable from the date of implementation of  $\leq 5\%$  tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State.

### **III) FUEL THROUGHPUT CHARGES**

<b>Proposed Rate Per KL (IN INR)</b>
171.70 (0% escalation)

### **IV) PASSENGER SERVICE FEE (PSF) – FACILITATION/USER DEVELOPMENT FEES (UDF)**

<b>Category</b>	<b>Existing rate – PSF (FC) - INR per embarking passenger</b>	<b>Proposed rate – UDF - INR per embarking passenger</b>
Domestic	77	197 (0% escalation)

#### **Note:**

- PSF (FC) is proposed to be subsumed under UDF. PSF (SC) would be applicable as prescribed by the Ministry of Civil Aviation.
- Originally, AAI proposed a UDF of INR 298 per embarking domestic passenger. However, after examination of the regulatory building blocks by the Authority and the resultant ARR, there was a surplus in projected aeronautical revenues when compared with ARR. Therefore, to ensure that the projected aeronautical revenues match with the ARR, AAI has proposed the UDF per embarking domestic passenger at INR 202 for domestic passengers.

- 16.4.10 Collection charges to be paid by AAI to airlines for collection of UDF on its behalf shall be as per AAI's policy, and as per amount agreed by AAI with the airlines. The Authority does not determine the collection charges.
- 16.4.11 For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- 16.4.12 Revised UDF charges will be applicable on tickets issued on or after **01/05/2019**.



## **V) Exemption from levy and collection from UDF at the Airports**

The following categories of persons are exempted from levy and collection of UDF:

- 16.4.13 Children (under age of 2 years),
- 16.4.14 Holders of Diplomatic Passport,
- 16.4.15 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),
- 16.4.16 Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- 16.4.17 Persons traveling on official duty for United Nations Peace Keeping Missions,
- 16.4.18 Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hours. A passenger is treated in transit only if onward travel journey is within 24 hours from arrival into airport and is part of the same ticket. In case two separate tickets are issued, it would not be treated as transit passenger), and
- 16.4.19 Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

## **VI) Passenger Service Fee (PSF)- Facilitation Component:**

- PSF (FC) is subsumed under UDF. PSF (SC) would be applicable as prescribed by the Ministry of Civil Aviation.

## **VI) GENERAL CONDITIONS:**

- All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.
- Flights operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2016-17 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GoI.

## **Aeronautical revenue under the proposed tariff card:**

- 16.4.20 The Authority ensured that the proposed tariff card leads to projected revenues in line with the ARR. This has been further detailed in the table below.

Table 51: Computation of shortfall or surplus from proposed aeronautical charges (in INR crores)

Particulars	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>Total PV of ARR including true up</b>	<b>390.3</b>				
<b>Landing charges:</b>					
Domestic	21.4	32.5	40.6	49.9	61.2
International	-	-	-	-	-
<b>Parking and housing charges:</b>					
Domestic	0.0	0.0	0.0	0.0	0.0
International	-	-	-	-	-
Fuel Throughput charges	0.7	0.9	1.0	1.2	1.4
Ground handling charges	0.4	0.4	0.5	0.6	0.7
Land lease - Oil companies	1.3	1.3	1.3	1.3	1.3
Land lease- Ground Handling	0.5	0.5	0.5	0.5	0.5
CUTE charges	3.6	4.6	5.3	6.1	7.8
Cargo Revenue	0.2	0.2	0.4	0.6	1.0
<b>Total - before UDF</b>	<b>28.0</b>	<b>40.4</b>	<b>49.6</b>	<b>60.2</b>	<b>73.9</b>
PV factor	1.0	0.9	0.8	0.7	0.6
PV of above	28.0	35.5	38.2	40.6	43.8
<b>Σ PV of above</b>	<b>186.0</b>				
<b>Shortfall before UDF</b>	<b>204.3</b>				
<b>UDF:</b>					
Domestic	15.9	49.5	60.0	68.9	88.2
International	-	-	-	-	-
PV of UDF	15.9	43.4	46.1	46.5	52.2
<b>Σ PV of UDF</b>	<b>204.3</b>				
<b>Surplus / Shortfall</b>	<b>0.0</b>				

### Authority's examination:

16.5 As can be observed from the table above, as per Authority's proposals, AAI is entitled to recover an ARR of INR 390.3 crores. From the tariff card proposed and further revised by AAI and as per Authority's proposals, the present value of total projected aeronautical revenues based on the Authority's proposed UDF charge is INR 390.3 crores (INR 186.0 crores + INR 204.3 crores), matching the proposed ARR.

### Proposal No. 13: Regarding tariff rate card

- 13.a. The Authority proposes a tariff card for 1st Control Period as given in Annexure-1.
- 13.b. The Authority proposes to set tariff for international operations at the same levels as for domestic operations at Patna Airport.

## **17. Summary of proposals**

Proposal No. 1: Regarding traffic forecast.....	12
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## **18. Stakeholders' Consultation Timeline**

- 18.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 17 – Summary of proposals read with the relevant discussion in the other chapters of the paper is hereby put forth for Stakeholders' Consultation.
- 18.2 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.
- 18.3 The Authority welcomes written evidence based feedback, comments and suggestions from stakeholders on the proposal made in Chapter 17 above, latest by **31/05/2019** at the following address.

**Chairperson,**

**Airports Economic Regulatory Authority of India**

**AERA Building, Administrative Complex Safdarjung Airport**

**New Delhi -110003**

**Tel: 011-24695044-47, Fax: 011-24695048**

**Email: [chairperson@aera.gov.in](mailto:chairperson@aera.gov.in),**

**[gita.sahu@aera.gov.in](mailto:gita.sahu@aera.gov.in)**

## **Annexure 1 – Tariff card for Patna Airport for the 1<sup>st</sup> Control Period proposed by the Authority**

**Note: Tariff for International Operations during the 1<sup>st</sup> control period, if any, will be same as applicable to Domestic Operations.**

### **1. Landing charges:**

<b>Weight of the Aircraft</b>	<b>FY 2019-20 (from 1/5/19)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Domestic rate per landing (INR)</b>				
Up to 25 MT	160 Per MT	166 Per MT	173 Per MT	180 Per MT
Above 25 MT up to 50 MT	4,000+280 per MT in excess of 25 MT	4,160+291 per MT in excess of 25 MT	4,326+303 per MT in excess of 25 MT	4,499+315 per MT in excess of 25 MT
Above 50 MT up to 100	11,000+320 per MT in excess of 50 MT	11,440+333 per MT in excess of 50 MT	11,898+346 per MT in excess of 50 MT	12,374+360 per MT in excess of 50 MT
Above 100 MT to 200 MT	27,000+390 per MT in excess of 100 MT	28,080+406 per MT in excess of 100 MT	29,203+422 per MT in excess of 100 MT	30,371+439 per MT in excess of 100 MT
Above 200 MT	66,000+440 per MT in excess of 200 MT	68,640+458 per MT in excess of 200 MT	71,386+476 per MT in excess of 200 MT	74,241+495 per MT in excess of 200 MT

- 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 schedule operators at airport, b) helicopters of all types, and c) DGCA approved Flying school/flying training institute aircrafts.
- 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.
- Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).

### **2. Parking Charges**

<b>Weight of the Aircraft</b>	<b>FY 2019-20 (from 1/5/19)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Parking Charges Rates per Hour (in INR)</b>				
Up to 25 MT	3.00 Per Hour Per MT	3.12 Per Hour Per MT	3.24 Per Hour Per MT	3.37 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+4.00 per Hour per MT in excess of 25 MT	78 + 4.16 per Hour per MT in excess of 25 MT	81.12 + 4.33 per Hour per MT in excess of 25 MT	84.36 + 4.5 per Hour per MT in excess of 25 MT
Above 50 MT up to 100	175.00+8.00 per MT per Hour	182 + 8.32 per Hour per MT in	189.28 + 8.65 per Hour per	196.85 + 9 per Hour per MT in

<b>Weight of the Aircraft</b>	<b>FY 2019-20 (from 1/5/19)</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Parking Charges Rates per Hour (in INR)</b>				
	in excess of 50 MT	excess of 50 MT	MT in excess of 50 MT	excess of 50 MT
Above 100 MT to 200 MT	575.00+10.00 per MT per Hours in excess of 100 MT	598 + 10.4 per Hour per MT in excess of 100 MT	621.92 + 10.82 per Hour per MT in excess of 100 MT	646.8 + 11.25 per Hour per MT in excess of 100 MT
Above 200 MT	1575.00+11.00 per MT per Hours in excess of 200 MT	1638 + 11.44 per Hour per MT in excess of 200 MT	1703.52 + 11.9 per Hour per MT in excess of 200 MT	1771.66 + 12.38 per Hour per MT in excess of 200 MT
<b>Parking Charges Rates per hour (beyond four hours) (in INR)</b>				
Up to 25 MT	6.00 Per Hour Per MT	6.24 Per Hour Per MT	6.49 Per Hour Per MT	6.75 Per Hour Per MT
Above 25 MT up to 50 MT	150.00+8.00 per MT per Hour in excess of 25 MT	156 + 8.32 per Hour per MT in excess of 25 MT	162.24 + 8.65 per Hour per MT in excess of 25 MT	168.73 + 9 per Hour per MT in excess of 25 MT
Above 50 MT up to 100	350.00+16.00 per MT per Hour in excess of 50 MT	364 + 16.64 per Hour per MT in excess of 50 MT	378.56 + 17.31 per Hour per MT in excess of 50 MT	393.7 + 18 per Hour per MT in excess of 50 MT
Above 100 MT to 200 MT	1150.00+20.00 per MT per Hours in excess of 100 MT	1196 + 20.8 per Hour per MT in excess of 100 MT	1243.84 + 21.63 per Hour per MT in excess of 100 MT	1293.59 + 22.5 per Hour per MT in excess of 100 MT
Above 200 MT	3150.00+22.00 per MT per Hours in excess of 200 MT	3276 + 22.88 per Hour per MT in excess of 200 MT	3407.04 + 23.8 per Hour per MT in excess of 200 MT	3543.32 + 24.75 per Hour per MT in excess of 200 MT

- No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
- For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
- Charges shall be calculated on the basis of nearest MT.
- Charges for each period parking shall be rounded off to nearest rupee.

- 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.
- Night parking charges (between 2200 hours to 0600 hours) will be similar to the parking and housing charges as per table above. Night parking charges are waived off in principle for all domestic scheduled operators at Patna Airport if the State Government has brought the rate of tax (VAT) on ATF  $\leq$  5%. The above waiver of night parking charges will be made applicable from the date of implementation of  $\leq$  5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State.

**3. Fuel Throughput Charges** – INR 171.70 per kilolitre from 1/5/19.

**4. User Development Fees (UDF)**

<b>Passenger</b>	<b>UDF - INR per embarking passenger</b>
Domestic	197 (0% escalation)

- Collection charges to be paid by AAI to airlines for collection of UDF on its behalf shall be as per AAI's policy, and as per amount agreed by AAI with the airlines. The Authority does not determine the collection charges.
- For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- The UDF charges will be applicable on tickets issued from **01/07/2019**.

**5. Exemption from levy and collection from UDF 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.
  - Children (under age of 2 years),
  - Holders of Diplomatic Passport,
  - 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),

- (iv) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- (v) Persons traveling on official duty for United Nations Peace Keeping Missions,
- (vi) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hours. A passenger is treated in transit only if onward travel journey is within 24 hours from arrival into airport and is part of the same ticket. In case two separate tickets are issued, it would not be treated as transit passenger), and
- (vii) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

#### **6. Passenger Service Fee (PSF)- Facilitation Component:**

PSF (FC) is subsumed under UDF. PSF (SC) would be applicable as prescribed by the Ministry of Civil Aviation.

#### **7. General conditions:**

- All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.
- Flights operating under Regional connectivity scheme will be completely exempted from charges as per Order No. 20/2016-17 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GOI.





# भारतीय विमानपत्तन प्राधिकरण AIRPORTS AUTHORITY OF INDIA

FNO- No. AAI/CHQ/AERA/MYTP-Patna/2018/626

Dated: 27/11/2018

The Secretary,  
Airports Economic Regulatory Authority of India,  
AERA Building,  
Administrative Complex,  
Safdarjung Airport  
New Delhi-110003

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
सफ़दरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त  
13167  
27/11/18  
आयरी नं०  
तारीख

**Sub:- Submission of revised Multi Year Tariff proposal (MYTP) in respect of Patna Airport**

Madam,

Reference is invited to this office letter dated 12/09/2017, letter dated 25/06/2017 received from AERA and letter of this office dated 29/06/2018 on the subject noted above.

Based on the meeting held in the office of Chairman AERA regarding shifting of control period from 2016-2021 to 2018 - 2023, the revised proposal of MYTP of Bhubaneswar considering the shortfall of FY 2016-17 and FY 2017-18 in control period 2018-2019 to 2022-2023 is enclosed herewith.

- A. As per Hybrid till, Regulatory Asset Base as on 01.04.2016 has been bifurcated into  
a) Aeronautical Assets b) Non-Aeronautical Assets and c) Common Assets.
- B. The expenses appearing in the Trial Balance for the FY 2016-17 & 2017-18 have been bifurcated into a) Aeronautical Expenses b) Non-Aeronautical expenses and c) Common Expenses.
- C. The effective date of new Tariff has been considered as 01.01.2019.
- D. The Traffic data has been updated up to the F.Y. 2017-18. The ATM and pax growth has been taken 13% & 15% respectively for Domestic sector only for FY 2018-2023 as per data given by Dte of CP&MS. There is no international services available as on date. Hence no projection has been made.
- E. The space of earmarked for non-aero activities is 14.08% & 14.45% for FY.201617 and FY201718 respectively.

- F. The data for expenses, income and assets have been trued up for the FY 2016-17 and 2017-18.
- G. The calculation of Depreciation has been done as per AAI's depreciation rate upto FY 2015-16 and depreciation on Regulatory Assets base and addition to fixed assets FY 2016-17 and FY 2017-18 have been calculated as per Companies Act 2013 . From FY 2018-19 onwards deprecation has been worked out as per rates prescribed by AERA. Half yearly rate of depreciation has been calculated for additions in Assets in form 10 (a) for 1st year of capitalization.
- H. The Income tax calculation has been worked out on the basis of rates of depreciation as per Income Tax Act.
- I. An increase of 37.16% has been proposed for wage revision for non-executive staff (45% of total strength) in FY 2018-19 and 7 % increase on Year on year basis from FY 2019-20 in respect of staff cost (Executive/non-Executive) as considered by AERA in Tariff Order of Ahmedabad.
- J. Provisions for retirement benefit made at CHQ has been allocated for FY 2016-17 & FY 2017-18 on the basis of actuals allocations done in FY 2015-16 with 5% increase on year on year basis.
- K. Apportionment of CHQ/RHQ overheads has been allocated for FY 2016-17 & FY 2017-18 on the basis of actuals allocations done in FY 2015-16 with 5% increase on year on year basis. Further 95% of CHQ/RHQ overhead expenses have been considered as Aeronautical activities. (5% considered for Non-Aeronautical activities).
- L. The capex amounting to Rs 951.55 crs have been taken in MYTP, the details of major capex are as under
- a) Construction of Terminal Building(45600 sqmtr excluding basement area) –Rs 723.80 crs PDC in FY 2022-23(5%-Non-Aero)
  - b) Construction of Elevated six lines road and two lane ramp apron work –Rs 76.28 crore PDC in FY 2022- 23
  - c) Construction of residential quarters- Rs 59.56 crs PDC in 2022-23 (Qtr.Ratio)
  - d) Construction of Admin Block-Rs 17.69 crs PDC in 2022-23 (Emp.Ratio)
  - e) Construction of fire station-Rs 13.26 crs PDC in FY 2019-20.
  - f) Construction of MT pool-Rs 12.51 crs PDC in FY 2022-23
  - g) Apron work-Rs.12.08 cr PDC in 2022-23.
  - h) Construction of Link Bridge – MLCP to Terminal Building- Rs5.40 cr PDC in 2022-23

- i) Construction of Community Hall- Rs 4.85 crs PDC in FY 2022-23.(Emp.Ratio)
- j) ACFT-Rs4.03 crs.
- k) SITC of Biometric Access control system -Rs 2.63 cr
- l) Provision of Prefab engineered structure for extension of SHA –Rs 2.27 cr PDC in 2018-19.
- m) Renovation of existing public Concourse area arrival/Departure-Rs 1.65 crs PDC in 2018-19
- n) Provision of metallic false ceiling-Rs 1.33 crs PDC in 2018-19

M. Amount of Rs 10.14 crs to be spent on construction of MET Department Building due to construction of New Terminal Building will be charged off in the FY 2022-23 under the head R&M (Civil& Electrical)

N. As per MYTP, the present value of Aggregate Revenue Requirement (ARR) for the control period on Hybrid Till basis (FY 2018-2023) has been worked out to Rs.366.68 crores which includes shortfall of Rs 38.21 crs (compounded @ 14%)for the FY 2016-17 & FY 2017-18 and excess recovery of Rs 0.15 crs as on 31.03.2023 which shall be adjusted in the next control period.

**The following revenue streams are available to recover the ARR:**

1. Landing charges.
2. Parking Charges.
3. Fuel Throughput Charges.
4. UDF.

**The following charges have been proposed:**

1. **Landing Charges-** It is proposed to increase average domestic landing charges by 31% from the existing charges w.e.f. 01.01.2019 till 31.03.2019. An increase of 4% thereafter on year on year basis from FY 2019-20 onwards is proposed.
2. **Parking Charges -** Parking charges are proposed to increase by 114% from the existing charges w.e.f. 01.01.2019 till 31.03.2023.
3. **Fuel Throughput Charges** – 15% increase is proposed for FY 2018-19 year w.e.f. 01.01.2019. No increase is proposed for the subsequent Years.
4. **PSF(Facilitation) charges of Rs 77/-** charged presently for Domestic passenger is withdrawn.
5. **UDF –**  
It is proposed to levy UDF of Rs 275 per pax and Rs 300 per pax for domestic and international passenger respectively from 01/01/2019 to 31/03/2023.  
(No increase in UDF is proposed for the subsequent Years.)

The up-dated MYTP along with the Annual Tariff Proposals is enclosed for your consideration and approval.

Thanking you,

Yours faithfully,

  
( V. Vidya)

General Manager(JVC& Tariff)

Encl:- a.a.

016

# Annexure- I

## AIRPORTS AUTHORITY OF INDIA

### PATNA AIRPORT - PROPOSED RATE CARD FOR AERONAUTICAL SERVICES

### FOR F.Y. 2018-19

EFFECTIVE FROM 1<sup>st</sup> JANUARY 2019 TO 31 MARCH 2019

<b>(I) Landing Charges - International flights</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
Upto 25 MT	240 Per MT
Above 25 MT up to 50 MT	6000+450 per MT in excess of 25 MT
Above 50 MT up to 100	17250+520 per MT in excess of 50 MT
Above 100 MT to 200 MT	43250+600 per MT in excess of 100 MT
Above 200 MT	103250+720 per MT in excess of 200 MT

<b>(I) –a Landing Charges – Domestic Flights</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
Upto 25 MT	160 Per MT
Above 25 MT up to 50 MT	4000+280 per MT in excess of 25 MT
Above 50 MT up to 100	11000+320 per MT in excess of 50 MT
Above 100 MT to 200 MT	27000+390 per MT in excess of 100 MT
Above 200 MT	66000+440 per MT in excess of 200 MT

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 schedule 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 of the scheme is operationalized by GOI.

## **II) PARKING CHARGES**

<b>Proposed Rates (In INR)</b>		
<b>Weight of the Aircraft</b>	<b>Parking Charges per Hour( First two hours after free parking period)</b>	<b>Parking Charges per Hour(beyond four hours)</b>
Upto 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+4.00 per Hour per MT in excess of 25 MT	150.00+8.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	175.00+8.00 per MT per Hour in excess of 50 MT	350.00+16.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	575.00+10.00 per MT per Hours in excess of 100 MT	1150.00+20.00 per MT per Hours in excess of 100 MT
Above 200 MT	1575.00+11.00 per MT per Hours in excess of 200 MT	3150.00+22.00 per MT per Hours in excess of 200 MT

### **Notes-**

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxiing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.

3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
6. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Patna Airport if the State Government has brought the rate of tax (VAT) on ATF  $\leq 5\%$ . The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of  $\leq 5\%$  tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
7. .Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.

### **III) THROUGHPUT CHARGES**

<b>Proposed Rate Per KL (IN INR)</b>
<b>Rs. 164.54</b>

### **IV) PASSENGER SERVICE FEE (PSF) – FACILITATION/USER DEVELOPMENT FEES (UDF)**

<b>Passenger</b>	<b>Proposed rate in INR (per embarking passenger)</b>
Domestic	Rs. 275/-
International Passenger	Rs. 300/-

### **Notes:-**

- a) Collection charges: if the payment is made within 15 days of receipt of bills, then collection charges at Rs 5 per departing pax is payable by AAI to Airline operators. No collection charges shall be payable if the operator fails to pay the PSF/UDF to AAI within the credit period and incase of part payment. Airlines to make full payment of PSF/UDF collection to AAI and raise a separate invoice for the collection charges on PSF/UDF to AAI. To be eligible to claim this collection charges , the airlines should have no overdue on any account with AAI.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For conversion of US\$ into INR 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.

- d) Revised PSF (F) charges will be applicable on tickets issued on or after 01/01/2019.
- e) No PSF (Facilitation) will be levied for Transit Passengers.

## **V) PASSENGER SERVICE FEE (PSF) – SECURITY : Existing Rate will continue.**

- a) **Rs. 130/-** per embarking International/ Domestic passenger.
- b) **US \$ 3.25 (US \$ Three and twenty five cents only)** per passenger in respect of the tickets issued against Dollar Tariff.
- c) **Collection charges:** if the payment is made within 15 days of receipt of invoice, then collection charges at INR 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days.
- d) No PSF (Security) will be levied for Transit Passengers.
- e) For conversion of US \$ into INR the rate as on 1<sup>st</sup> day of the month for 1<sup>st</sup> fortnightly billing period and rate as on 16<sup>th</sup> of the month for the 2<sup>nd</sup> fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

## **VI Exemption from levy and collection from UDF/PSF 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.

- (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.

## **VII) GENERAL CONDITION:**

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



