

भारतीय विमानपत्तन प्राधिकरण AIRPORTS AUTHORITY OF INDIA

FNO- No. AAI/CHQ/AERA/MYTP-Varanasi/2019

dated:03/12/2019

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

Sub:- Submission of revised Multi Year Tariff proposal (MYTP) in respect of Varanasi Airport for the control period (01/04/2019 to 31/03/2024)

Sir/Madam,

Reference is invited to this office letter dated 08/11/2017 and letter dated 08th March 2019 received from AERA on the subject noted above (Copy enclosed).

AERA declared Varanasi Airport as the major airport vide letter dated 10.01.2019 and further decided to shift control period from 01.04.2017-31.03.2022 to 01.04.2019 to 31.03.2024. Accordingly, the revised proposal of MYTP of Varanasi Airport considering the shortfall of FY 2017-18 and FY 2018-19 in control period 2019-2020 to 2023-2024 has been prepared and enclosed herewith.

MoCA vide letter no. AV-24011/141/2015-AD (Vol.V) dt.01.10.2019 directed AERA to determine the Tariff of Varanasi Airport which is proposed for leasing in 2nd phase of PPP (copy enclosed).

MoCA vide letter no. 24033/001/2010-AAI dt. 01.11.2010 had approved UDF at Varanasi airport for 20 years (Copy enclosed).

The Revised proposal has been prepared for Varanasi Airport as per AERA Methodology.

1.Growth

The Traffic data has been updated up to F.Y.2018-19 as actual. Thereafter the growth rate as given by Dte. Of CPMS has been taken which is as under :

Year	Domestic Passenger	International Passenger	ATM (Dom)	ATM (Intl)	Cargo Growth
2019-20	25.0%	15.0%	25.0%	12.0%	10.0%
2020-21	12.0%	10.0%	11.0%	09.0%	08.0%
2021-22	12.0%	10.0%	11.0%	09.0%	08.0%
2022-23	12.0%	10.0%	11.0%	09.0%	08.0%
2023-24	10.0%	10.0%	9.0%	09.0%	06.0%

2.Capex

The details of Proposed Capex are as under:-

- a) Construction of New Terminal Building - Rs. 830.45 cr.(Total Cost Rs.948 crs and aero portion is 87.6%). (PDC:2023-24, April 2023).
- b) Modification of Existing Terminal Building including consultancy work-Rs.23.52 crs (Total Cost Rs.25 crs and aero portion is 94.07%). (PDC 2021-22).
- c) Construction of Residential Quarters- Rs.32.03crs (total cost Rs.74 crs and quarter ratio of aero portion is 58/134). (PDC:2021-22).
- d) Construction of Additional Parking Bays-Rs.9.5crs. (PDC-2022-23).
- e) Surface Grading of entire operational area, construction of drainage system and construction of rain water harvesting system – Rs.14.60crs. (PDC 2020-21).
- f) Provision of 2 nos of Passenger Boarding Bridge (PBB) -Rs.2.23 crs (PDC: 2020-21).
- g) Renovation of washrooms and construction of New toilets in International Arrival before Immigration including Electrical PA system i/c renovation of VIP lounge (both)- Rs.4.50 crs.(PDC 2020-21).
- h) Construction of New Fire Station & Medical Centre-Rs.11.85 crs.(PDC 2020-21)
- i) Construction of localizer and glide path building hut and antenna platform Rs.3.67 crs.
- j) Extension of existing 2nos arrival carousal -Rs.1.31 crs
- k) Provision of one no. additional arrival carousal- Rs.3.71 crs.
- l) Runway Mechanical Sweeper- Rs.7.3 crs
- m) CFT 1 nos -Rs.4.5 crs
- n) Construction of R/way End Safety Area (RESA) at both ends of Runway- Rs.1.81 crs.
- o) Expansion of Apron for 2 nos .4C type of aircraft- Rs.7.94 crs. (PDC:2019-20).
- p) Vertical Extension of CISF Barrack i/c Quarter Guard. Rs. 2.20 crs.
- q) Construction of Administrative Block for AAI Staff. Rs.9.62 crs(total cost Rs.25.41 crs and applied employee ratio i.e 95/251) (PDC 2019-20).
- r) Purchase of PBB and AVDGS (2 nos). Rs.4.08 crs.
- s) Provision of way finding sinages. Rs.1.49 crs
- t) Supply of Passenger Baggage Trolley. Rs.2.02 crs.
- u) Provision of UPS and GLF System. Rs.1.08crs.
- v) Modification of domestic BHS system for inline X-BIS. Rs.3.35 crs.
- w) Provision of Inline Xbis- Rs.19 crs.

3.Airport User Consultative Committee (AUCC)

As per AERA Guidelines, AUCC has already been conducted on 08th November 2019 at Varanasi wherein Major Capex Proposed to be taken in control period was discussed before stakeholders. The copy of the minutes of meeting are enclosed.

4.Operating Expenditure

i.Till :-

Hybrid till as per the guidelines of AERA/National Civil Aviation Policy 2016, has been adopted for calculating operating expenditure. Under Hybrid till, the 30% of Non-Aeronautical Revenue will be used to cross-subsidies the Aeronautical charges. Accordingly, Regulatory Asset Base as on 01.04.2017 has been bifurcated into a) Aeronautical Assets b) Non-Aeronautical Assets and c) Common Assets.

ii.Expenses:-

The expenses appearing in the Trial Balance for the F.Y.2017-18 & F.Y. 2018-19 has been bifurcated into a) Aeronautical Expenses b) Non-Aeronautical expenses and c) Common Expenses.

iii.Data :-

The data for expenses, income and assets are actuals for the F.Y.2017-18 and F.Y. 2018-19 and have been duly audited by CAG.

The space earmarked for Non-Aero activities in existing Terminal Building is 5.93% and 12.40% for proposed New Terminal Building as per details shared by Dte. of Planning/Engg (Scope of Work & Drawing).

iv.Retirement benefit: -

Allocation for retirement benefit has been made on revenue basis and has been allocated for FY 2017-18 on the basis of actual and for FY 2018-19. 7% increase for Executive and 36% increase for Non-Executive (Due to pay revision of Non-Executive) have been taken. Allocations done in FY 2019-20 with 7% increase on year to year basis and additional 10% increase due to start of operation of New Domestic Terminal Building is proposed (total 17%) in F.Y.2023-24. This has been accepted by AERA while determining the Aeronautical tariff of Patna Airport.

v.Overheads: -

Apportionment of CHQ/ RHQ overheads made at CHQ on revenue basis and has been allocated for FY 2017-18 on the basis of actual allocations done in FY 2017-18 with 5% increase on year to year basis. Further 95% of CHQ / RHQ overhead expenses have been considered as Aeronautical activities. (5% considered for Non- Aeronautical activities). The above assumption/basis have been accepted by AERA while determining the Aeronautical tariff of Patna Airport.

The following assumption have been made for projecting increase in Expenditure and Revenue due to operationalize New Domestic Terminal Building(FY23-24):

- a. Additional 10% increase in cost of Pay & Allowances.
- b. Additional increase in cost of Upkeep expenses has been proposed as per proportionate increase in area of the building (213%) and 10% in watch & Ward.
- c. Additional 5% increase in cost of R&M(Civil) and 10% in R&M (Elect. & Electronics).
- d. Additional 100% increase in cost of Electricity.
- e. Additional 10% increase in Non-Aeronautical Revenue.

The above assumptions have been considered as discussed with APD Varanasi and as considered in the tariff proposal of Patna airport where the new terminal building is also proposed in the control period and AERA has accepted the same.

5. Fair Rate of Return (FRoR)

FRoR has been taken 14% for FY 17-18 to FY2022-23 and 12.03% for FY 2023-24 assuming that 60% Debt for construction of New Terminal Building will be taken in the last year i.e. FY 2023-24.

The above rates have been accepted by AERA while finalization tariff of Patna airport.

6. Depreciation

AAI's depreciation rate has been calculated upto March 2017 (F.Y.2016-17). From FY 2017-18 onwards depreciation has been worked out as per rates prescribed by AERA.Half yearly rate of depreciation has been calculated for additions in form 10(a) for 1st year of capitalization.

7. Taxation

Tax Rate have been taken 34.608% for FY2017-18, 34.944% for FY 2018-19 and 25.17% from FY 2019-20 till FY 2023-24 as per Corporate Tax prescribed by CBDT.

The Income tax calculation has been worked out on the basis of depreciation rates as per Income Tax Act.

8. Aggregate Revenue Requirement (ARR)

ARR has been worked out as per the AERA Methodology considering the above building blocks: -

ARR = (FROR on Capex+Opex+Depreciation+Tax)-30% of Non-Aeronautical Revenue.

As per the MYTP, Aggregate Revenue Requirement (ARR) for the first control period on Hybrid Till basis (FY 2019-20 to FY 2023-24) has been worked out to Rs.599.24 crores and PV of Target revenue is Rs.446.87 cr. The shortfall for the FY 17-18 and FY 18-19 works out to Rs.26.84 Cr. The total projected revenue at the proposed rate is 473.28 Cr. against the target revenue of Rs. 473.72 Cr. The short recovery of ARR Rs. 0.44 Cr. is to be adjusted in the next control period.

9. Revenue Stream to recover ARR

The following revenue streams are available to recover the ARR:

- i. **Landing Charges:** - Landing charges have been increased based on the average landing of the aircraft and is proposed to increase by 41% for Domestic landing and by 18% International landing from the existing charges w.e.f. 01.01.2020 till 31.03.2020. An increase of 4% thereafter on year on year basis from FY 2020-21 onwards is proposed. The charges have been proposed in order to have a uniformity with other major airports of AAI and have been approved by AERA in the recent past i.e. Patna Airport.
- ii. **Parking Charges:** -Parking Charges are proposed to increases in Domestic Parking by 120% and International parking charges by 91% from the existing charges w.e.f. 01.01.2020 till 31.03.2020. An increase of 4% thereafter on year on year basis from FY 2020-21 onwards. Existing and Proposed Landing charges are as under:
The charges have been proposed in order to have a uniformity with other major airports of AAI and have been approved by AERA.
- iii. **Fuel Throughput Charges:** - In order to rationalize,5% increase is proposed for FY w.e.f. 01.01.2020. No increase is proposed for the subsequent years. (Proposed Rate-Rs.237.60 per KL and Existing Rate-Rs. 226.29 per KL).

Oil Throughput	Existing	Proposed	Increase (%)
Average Through put Rate Rs.	226.29	237.60	5

- iv. **UDF:**-The above charges have been proposed to recover ARR and balance is proposed to recover from the UDF. The revise UDF for both Domestic and International are proposed w.e.f 01.01.2020.

Per departing passenger	UDF (INR)			
	Existing		Proposed	Percentage Increase
	PSF (F) Rates	UDF Rates	Proposed Rates (01.01.2020 To 31.03.2024)	
Domestic (PAX)	77/-	150/-	346/-	52%
International (PAX)	89/-	1127/-	1216/-	No Increase

PSF(F) is proposed to be subsumed with UDF.

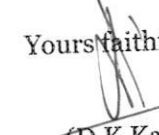
No Increase in UDF for International Passenger is proposed only PSF(F) is subsumed with UDF.

v. **Aviation Security Fee (ASF)** will continue to be charged as rate prescribed by MoCA.

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

This issues with the approval of Competent Authority.

Yours faithfully,


(D.K. Kamra) 3.12.2019
Executive Director(JVC/Tariff)

Encl:- As above

Copy to:

1. Regional Executive Director, AAI, Northern Region, New Delhi
2. Airport Director, AAI, Varanasi Airport.

Copy for information to:

1. OSD to Chairman
2. Member(Planning) / ED Engg NR

AIRPORTS AUTHORITY OF INDIA

VARANASI AIRPORT - PROPOSED RATE CARD FOR AERONAUTICAL SERVICES

FOR F.Y. 2019-20

EFFECTIVE FROM 1st JANUARY 2020 TO 31 MARCH 2020

(I) (a) Landing Charges - International flights

Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	260 Per 1MT
Above 25 MT up to 50 MT	6500+ 487 per 1MT in excess of 25 MT
Above 50 MT up to 100	18675+ 563 per 1MT in excess of 50 MT
Above 100 MT to 200 MT	46825+ 649 per 1MT in excess of 100 MT
Above 200 MT	111725+ 779 per 1MT in excess of 200 MT

(b) Landing Charges – Domestic Flights

Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	173 Per 1MT
Above 25 MT up to 50 MT	4325+ 303 per 1MT in excess of 25 MT
Above 50 MT up to 100	11900+ 346 per 1MT in excess of 50 MT
Above 100 MT to 200 MT	29200+ 422 per 1MT in excess of 100 MT
Above 200 MT	71400+ 476 per 1MT 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

Proposed Rates (In INR)		
Weight of the Aircraft	Parking Charges per Hour(First two hours after free parking period)	Parking Charges per Hour(beyond four hours)
Upto 25 MT	3.37 Per Hour Per 1MT	6.75 Per Hour Per MT
Above 25 MT up to 50 MT	84.36+4.50 per Hour per MT in excess of 25 MT	168.73+9.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	196.85+9.00 per 1MT per Hour in excess of 50 MT	393.70+18.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	646.80+11.25 per 1MT per Hours in excess of 100 MT	1293.59+22.50 per MT per Hours in excess of 100 MT
Above 200 MT	1771.66+12.37 per 1 MT per Hours in excess of 200 MT	3543.32+24.75 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. 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 Varanasi 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.
7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
8. For unauthorized overstay of aircraft an additional charge of Rs. 20.00 per hour per MT beyond 24 hours is to be payable.

III) FUEL THROUGHPUT CHARGES

Proposed Rate Per KL (IN INR)
Rs. 237.60/-

IV) USER DEVELOPMENT FEES (UDF)

Passenger	Proposed UDF (per embarking passenger)
Domestic	Rs. 346/-
International Passenger	Rs. 1216/-

PSF (F) is proposed to be subsumed in the UDF.

Notes:-

- a) Collection charges: if the payment is made in accordance within period prescribed under credit policy of AAI, then collection charges at INR Rs. 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment. 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 UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after 01/01/2020.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

V) Aviation Security Fee : Applicable as prescribed by MoCA.

VI Exemption from levy and collection from UDF/ASF at the Airports

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

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

VII) GENERAL CONDITION:

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