

**File no. AERA/20010/MYTP/AAI-Amritsar/CP-I/2019-20**  
**Airports Economic Regulatory Authority of India**

\*\*\*\*\*

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

**Date: 27 November, 2020**

**Public Notice No. 18/2020-21**

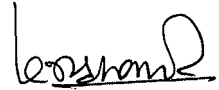
**Sub: Comments/Submissions received from Stakeholders on the Addendum to Consultation Paper No. 06/2020-21 dated 10.11.2020 regarding the determination of aeronautical tariffs in respect of AAI Amritsar Airport.**

Attention of all concerned is invited to Addendum to Consultation Paper No. 06/2020-21 dated 10.11.2020 regarding the determination of aeronautical tariffs in respect of AAI Amritsar Airport, vide which the Authority had sought comments from the Stakeholders.

2. In response thereof, the Authority has received comments/submissions from the following stakeholders.

<b>Sl. No.</b>	<b>Stakeholders</b>
1.	<u>Federation of Indian Airlines (FIA)</u>
2.	<u>Airports Authority of India (AAI)</u>

The comments/ submissions received, as above, are attached for information of all concerned.

  
**(Ram Krishan)**  
**Director (P&S)**



**Federation of Indian Airlines**  
E-166, Upper Ground Floor,  
Kalkaji,  
New Delhi - 110019.  
Website: [www.fiaindia.in](http://www.fiaindia.in)

24 November, 2020

To,  
The Hon'ble Chairperson,  
Airports Economic Regulatory Authority of India (AERA)  
AERA Building, Administrative Complex,  
Safdarjung Airport,  
New Delhi – 110003.

**Kind Attention: Shri. B.S. Bhullar, IAS**

**Sub: Response to Addendum to Consultation Paper No. 6/2020-21 dated 1 June, 2020 - In the matter of determination of aeronautical tariffs in respect of Shri Guru Ram Dass Jee International Airport, Amritsar (Amritsar Airport) for the First Control Period (1.4.2019 – 31.3.2024)**

Dear Sir,

We, the Federation of Indian Airlines (FIA), on behalf of member airlines (i.e., IndiGo, Go Air, Spice Jet), write in response to the above captioned Addendum to the Consultation Paper No. 6/2020-21 dated 1 June, 2020' ('**Consultation Paper**') in the matter of determination of aeronautical tariffs in respect of Amritsar airport, as issued by the Airports Economic Regulatory Authority of India (AERA).

At the outset, FIA is grateful to AERA for issuing an Addendum to the Consultation Paper ('**Addendum**') keeping in view the revised submissions made by the Airports Authority of India (AAI) on the traffic projections and capex plan (due to COVID- 19) and to gauge its impact on the aeronautical tariff, as also mentioned during the stakeholder consultation meeting dated 30<sup>th</sup> June, 2020.

In response to the Addendum (read along with the Consultation Paper), FIA wishes to **adopt and reiterate** views/comments of one its member airline i.e., IndiGo, submitted vide letter dated 10 July, 2020 (**IndiGo Submission**) (enclosed) and would like to **additionally** submit the following:

1. **Traffic**: FIA understands that AERA has considered traffic studies/survey by ICAO, IATA and other sectoral updates for the traffic projections for the first control period. However, keeping in view the wide fluctuations of traffic projected for the first control period by AERA (Table 2 of the Addendum) and the mandate under the Airports Economic Regulatory Authority of India Act, 2008, FIA submits that AERA should consider an independent study on traffic which may also take into account the following:
  - (i) Proposed increase in flight capacity to 70%, as issued vide Ministry for Civil Aviation's Order No. 10/2020 dated 11 November, 2020 and further relaxations, expected in due course; and
  - (ii) Gradual easing of travel restrictions by state governments and robust movement of air traffic under '*Vande Bharat Mission*' and '*Transport Bubble/Air Travel Arrangement*'.



**Federation of Indian Airlines**  
E-166, Upper Ground Floor,  
Kalkaji,  
New Delhi - 110019.  
Website: [www.fiaindia.in](http://www.fiaindia.in)

2. **Capital Expenditure**: While FIA is grateful to AERA/AAI to consider the deferment of expansion of terminal building to the subsequent control period, AAI/AERA may kindly ensure that any non-essential capital expenditure projects may also be kindly deferred to the subsequent control period. This may be done through suitable user consultations/AUCC, to the extent wherever not conducted. Further, it may be ensured that any proposed capital expenditures, deemed essential for the first control period, should be within the ceiling limits of the normative norms prescribed by AERA.
3. **Non – Aeronautical Revenue (NAR)**: The NAR may be revised keeping in view any upward revision in traffic as determined pursuant to para (1) above.
4. **Aeronautical Revenue /Tariff Card**: FIA seeks deletion of the following line as part of 'Note' to the levy of UDF under the Tariff Card/Proposal: *"To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI"*. The reasons for the same has already been stated under Sr. No. 11 of IndiGo Submission.

FIA observed that due to the revised submissions made by AAI, there is a further increase in the aeronautical tariff at Amritsar Airport, as proposed under the Addendum.

In view of the same, FIA humbly requests AERA to review the comments/suggestions on the building blocks/tariff (mentioned herein read along with IndiGo Submission, as applicable), and to take appropriate adjustment/actions including conducting independent study, which is likely to reduce the Aggregate Revenue Requirement (ARR) of AAI at Amritsar Airport.

The same will ensure lowering of tariffs including UDF, which will be beneficial to passengers and airlines.

FIA looks forward to a positive response from AERA.

Thanking you,

Yours sincerely,

**For and on behalf of Federation of Indian Airlines,**

UJJWAL DEY  
Associate Director

**Enclosed:** IndiGo Submission dated 10 July, 2020



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

**Sub: - AAI Comments on Addendum to Consultation Paper No:-06/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Amritsar Airport for the first Control Period (01.04.2019 to 31.03.2024).**

Sir/Madam,

Reference is invited to addendum to consultation paper no:- 06/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Amritsar airport for first control period(01.04.2019 to 31.03.2024).

The following comments of AAI on Addendum to CP may also be considered for determination of Aeronautical tariff of Amritsar Airport.

Sr. No	Consultation Paper	AAI Response																																																																														
1	<p><b>Refer Para-4 Traffic Forecast.</b></p> <p>AERA has considered Passenger/ -ATM growth rate. Domestic and International respectively are as under: -</p> <p><b>Passeng Growth:</b></p> <table><tr><td></td><td>FY</td><td>FY</td><td>FY</td><td>FY</td><td>FY</td></tr><tr><td></td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr><tr><td>D(%)</td><td>(5.04)</td><td>(39)</td><td>20</td><td>36.5</td><td>20</td></tr><tr><td>I(%)</td><td>2.6</td><td>(63.4)</td><td>70</td><td>60.6</td><td>20</td></tr></table> <p><b>ATM Growth:</b></p> <table><tr><td></td><td>FY</td><td>FY</td><td>FY</td><td>FY</td><td>FY</td></tr><tr><td></td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr><tr><td>D(%)</td><td>(0.7)</td><td>(32.7)</td><td>18</td><td>25.99</td><td>20</td></tr></table>		FY	FY	FY	FY	FY		19-20	20-21	21-22	22-23	23-24	D(%)	(5.04)	(39)	20	36.5	20	I(%)	2.6	(63.4)	70	60.6	20		FY	FY	FY	FY	FY		19-20	20-21	21-22	22-23	23-24	D(%)	(0.7)	(32.7)	18	25.99	20	<p>As per IATA study, IATA had revised down their passenger forecast over the next five-year period. in new forecasts, IATA expect RPKs to decline by a little more than 60% in 2020 compared to 2019, with a return to pre -COVID levels not occurring before 2024. (Report enclosed).</p> <p>As a result,the CPMS Dte of AAI has predicted the Growth rate of Passenger and ATM as under:</p> <p><b>Passenger Growth:</b></p> <table><tr><td></td><td>FY</td><td>FY</td><td>FY</td><td>FY</td><td>FY</td></tr><tr><td></td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr><tr><td>D(%)</td><td>(5.)</td><td>(39)</td><td>20</td><td>16</td><td>16</td></tr><tr><td>I(%)</td><td>2.6</td><td>(63.4)</td><td>70</td><td>25</td><td>25</td></tr></table> <p><b>ATM Growth:</b></p> <table><tr><td></td><td>FY</td><td>FY</td><td>FY</td><td>FY</td><td>FY</td></tr><tr><td></td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr></table>		FY	FY	FY	FY	FY		19-20	20-21	21-22	22-23	23-24	D(%)	(5.)	(39)	20	16	16	I(%)	2.6	(63.4)	70	25	25		FY	FY	FY	FY	FY		19-20	20-21	21-22	22-23	23-24
	FY	FY	FY	FY	FY																																																																											
	19-20	20-21	21-22	22-23	23-24																																																																											
D(%)	(5.04)	(39)	20	36.5	20																																																																											
I(%)	2.6	(63.4)	70	60.6	20																																																																											
	FY	FY	FY	FY	FY																																																																											
	19-20	20-21	21-22	22-23	23-24																																																																											
D(%)	(0.7)	(32.7)	18	25.99	20																																																																											
	FY	FY	FY	FY	FY																																																																											
	19-20	20-21	21-22	22-23	23-24																																																																											
D(%)	(5.)	(39)	20	16	16																																																																											
I(%)	2.6	(63.4)	70	25	25																																																																											
	FY	FY	FY	FY	FY																																																																											
	19-20	20-21	21-22	22-23	23-24																																																																											

	I(%)	(13.5)	(54.3)	65	32.69	22	D(%)	(0.7)	(32.7)	18	15	15																																								
							I(%)	(13.5)	(54.3)	65	22	22																																								
							AERA is requested to consider the IATA study stating that pre -COVID levels not occurring before 2024, while forecasting for the FY 2022-23 and FY 23-24.																																													
2.	Refer Para 12.3 and table 15 – Payroll expenses.																																																			
	AERA considered a growth rate of 5% in payroll expenses for the FY 2019-20 to FY2023-24.						<p>In the CP dated 1.6.2020, AERA has considered the growth rate of 7% in the payroll expenses. However in the addendum to CP dated 10.11.2020 AERA has considered the growth rate of 5% in the payroll expenses.</p> <p>AERA is be requested to consider a growth rate of 7% in payroll expenses for the FY 2019-20 to FY 2023-24</p> <p><b>Justification: 7% does not include the growth in the expenses due to increase in the number of employees deputed at the Airport.</b></p> <p><b>7% is the average increase in the payroll due to annual increment of 3% in salary, quarterly increase in Dearness allowance and Employer contribution to PF and pension.</b></p> <p>Illustration:</p> <table><tr><td>Component of salary</td><td>Existing</td><td>Incremental due to 3% annual increment</td><td>Incremental Yearly impact due to 6% ( average increase) in DA</td></tr><tr><td>Basic Salary</td><td>10000</td><td>300</td><td></td></tr><tr><td>DA</td><td>1800</td><td>54</td><td>618</td></tr><tr><td>HRA</td><td>2400</td><td>72</td><td></td></tr><tr><td>Perks</td><td>3500</td><td>105</td><td></td></tr><tr><td>Employer contribution to PF &amp; pension</td><td>1200</td><td>36</td><td>74.16</td></tr><tr><td>Total</td><td>18900</td><td>567</td><td>692.16</td></tr><tr><td>Total incremental</td><td></td><td></td><td>1259.16</td></tr><tr><td>% increase i.e. 1259.16/18900</td><td colspan="3">6.66%</td></tr><tr><td>% increase Round off</td><td colspan="3">7%</td></tr></table>						Component of salary	Existing	Incremental due to 3% annual increment	Incremental Yearly impact due to 6% ( average increase) in DA	Basic Salary	10000	300		DA	1800	54	618	HRA	2400	72		Perks	3500	105		Employer contribution to PF & pension	1200	36	74.16	Total	18900	567	692.16	Total incremental			1259.16	% increase i.e. 1259.16/18900	6.66%			% increase Round off	7%		
Component of salary	Existing	Incremental due to 3% annual increment	Incremental Yearly impact due to 6% ( average increase) in DA																																																	
Basic Salary	10000	300																																																		
DA	1800	54	618																																																	
HRA	2400	72																																																		
Perks	3500	105																																																		
Employer contribution to PF & pension	1200	36	74.16																																																	
Total	18900	567	692.16																																																	
Total incremental			1259.16																																																	
% increase i.e. 1259.16/18900	6.66%																																																			
% increase Round off	7%																																																			

3.	<b>Refer Para 5.3 – Table number 3 ( Aero : Non Aero)</b>								
	<p>Refer table 3: It is mentioned that A per Table no.5.3 &amp; 5.5 of Addendum to CP, the revised allocation Ratios proposed By AAI and AERA (FY 2017-18) the ratio of Non-Aero : Aero are as under:</p> <table border="1" data-bbox="256 389 746 465"> <tr> <th>Particulars</th><th>Ratio (F.Y. 2017-18)</th></tr> <tr> <td>Quarter ratio</td><td>2:91</td></tr> </table> <p>AAI had submitted following ratio in the MYTP (old and Revised) as well as in the comments on the CP for Non Aero : Aero :</p> <table border="1" data-bbox="783 322 1369 434"> <tr> <th>Particulars</th><th>Ratio (F.Y. 2017-18)</th></tr> <tr> <td>Quarter ratio</td><td>2:50</td></tr> </table> <p>The details of allotment of quarter given below is the basis for the quarter ratio (FY2017-18).</p> <p>2(Non aero):2 (Cargo):37 (ANS):50 (Aero) So the ratio is 2:50 for Non-Aero: Aero accordingly.</p> <p>ANS and Cargo portion had already been excluded from common assets and the balance had been further bifurcated into Non Aero and AERA using 2:50 (quarter Ratio) Hence AERA is requested to considered the Quarter ratio 2:50.</p>	Particulars	Ratio (F.Y. 2017-18)	Quarter ratio	2:91	Particulars	Ratio (F.Y. 2017-18)	Quarter ratio	2:50
Particulars	Ratio (F.Y. 2017-18)								
Quarter ratio	2:91								
Particulars	Ratio (F.Y. 2017-18)								
Quarter ratio	2:50								
4.	<b>Refer Para 5.5 Table 4, – Employee Ratios</b>								
	<p>AERA has considered the employee ratio as 5:107 considering the fact that AAI has considered the employee ratio without deducting the cargo employees and ANS share of employees in Finance and HR. Hence, The Authority has recomputed the employee ratio.</p> <p>It is to clarified here that AAI has deducted the cargo employee for all purpose. (However, the ANS share of employees in Finance and HR has been considered for payroll purposes only). and hence the ratio considered by AAI is EMP R-67(ANS):4 (Cargo):5 (Non Aero):109(Aero).</p> <ul style="list-style-type: none"> <li>• HR and Finance employee work for ANS, Non-Aero as well as Airport. In the same way out of 39 CNS Staff 40% to 50% work for Passenger facilitation(FIDS/CCTV/X-BIS) but proportion for aero has not been considered for determination of Tariff (payroll and allocation of assets).</li> <li>• Common assets have been bifurcated on the same basis i.e.5:109 but AERA has considered the 7 employees out of 19 employees of HR &amp; Finance as proportion of Finance &amp; HR to ANS for allocation of Assets. Therefore, only proportion of payroll cost of common employees to ANS/Non-aero is proposed in Form 11B in line with the previous tariff orders of AAI airports issued by AERA.</li> <li>• Allocation of Assets is done on the basis of actual utilization for the facility provided for like Navigation/Airport services/Non-aero Activities.</li> <li>• Hence AERA is requested not to consider proportion of HR &amp; finance for allocation of common assets</li> </ul>								

5.	<b>Refer Para-5.5-Terminal Building Ratio (Aero:Non-Aero)</b>																													
As per AERA Point No. 5.4 The allocation ratio must be based on the potential of the non-aeronautical services at the airport. The IATA has recommended the ideal Terminal Building ratio of 8%-12% at any airport. Given the dominance of religious tourism at the airport under consideration, the practical TB ratio must be higher than the ratio as proposed by AAI and efforts must be made by AAI to achieve the suggested Terminal Building ratio.				AAI has submitted Terminal Building Ratio 5.43% based of the actual allotment of Non-Aero in the Terminal Building.																										
				Justification: Even the present allocation of 5.43% is not fully utilized. The clientele at Amritsar is primarily Pilgrim Tourism which does not generally spend at airport. Also, the guests normally travel with a lot of luggage making it necessary to have more movement space																										
				In this regard it is also pertinent to mention that due to Covid 19 pandemic, space requirement for passengers at Check-in-Areas/SHA etc. in Terminal Building has increased in order to maintain social distance norms																										
				AERA is once again requested to consider the Terminal Building ratio 5.43% based on the actual area allotment to concessionaires to run their business at the airport.																										
				Accordingly, bifurcation of common assets and depreciation may be calculated for ARR.																										
6.	<b>Refer Table 16: Repair and Maintenance Expenses</b>																													
AERA has considered the repair and maintenance expenses as under:				It is observed that the figure of Repair and Maintenance have been revised downward for which no details are available in the addendum to CP. AERA is requested to review the figures of Repair and maintenance expenses and consider them as per revised MYTP submitted by AAI.																										
<table><tr><td>FY 19-20</td><td>FY 20-21</td><td>FY 21-22</td><td>FY 22-23</td><td>FY 23-24</td><td>Total</td></tr><tr><td>12.13</td><td>13.93</td><td>41.36</td><td>18.64</td><td>21.44</td><td>107.5</td></tr></table>				FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total	12.13	13.93	41.36	18.64	21.44	107.5	<table><tr><td>FY 19-20</td><td>FY 20-21</td><td>FY 21-22</td><td>FY 22-23</td><td>FY 23-24</td><td>Total</td></tr><tr><td>12.30</td><td>14.12</td><td>41.91</td><td>18.89</td><td>21.72</td><td>108.93</td></tr></table>		FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total	12.30	14.12	41.91	18.89	21.72	108.93	
FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total																									
12.13	13.93	41.36	18.64	21.44	107.5																									
FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total																									
12.30	14.12	41.91	18.89	21.72	108.93																									
7.	<b>Refer Para 12.3 and Table 16 Administration and General expenses- CHQ RHQ and Payroll Expenses CHQ/RHQ</b>																													
AERA observed that AAI has proposed a rampant hike in the CHQ/RHQ allocation of Administrative & General expenses and Employee expenses vis-à-vis AAI's submission in the original tariff proposal. Further, AAI has not clarified or explained the reason behind such increase in these expenses. Therefore, the Authority proposes to consider these expenses as per original tariff proposal and the same shall be revisited at the time of true-up.				In this regard it is hereby submitted that at the time of original submission the <b>Administration and General expenses and Payroll expenses of CHQ/RHQ</b> were considered taking the figures of FY 2017-18 as basis. However at the time of submission of revised proposal the the figures were considered taking FY 2018-19 as basis. The details of allocation of <b>Administration and General expenses and Payroll expenses CHQ/RHQ</b> was submitted to AERA via email earlier. So AERA is requested to consider the <b>Administration and General expenses and Payroll expenses of CHO/RHO</b> as submitted by																										

-4-

						AAI with the revised proposal based on FY 2018-19.													
8.	<b>Refer Para 12.4 and Refer Table 16 Administration and General expenses Non CHQ/RHQ</b>																		
AERA has considered the Administration and General expenses as under:			Fig in cr.			It is observed that the figure of Administration and General expenses have been revised downward for which no details are available in the addendum to CP. AERA is requested to review the figures of Repair and maintenance expenses and consider them as per revised MYTP submitted by AAI.  ( Fig in Cr.)													
FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total														
7.92	8.71	9.58	10.54	11.60	48.36														
						<table><tr><td>FY 19-20</td><td>FY 20-21</td><td>FY 21-22</td><td>FY 22-23</td><td>FY 23-24</td><td>Total</td></tr><tr><td>8.33</td><td>9.16</td><td>10.08</td><td>11.09</td><td>14.29</td><td>52.95</td></tr></table>	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total	8.33	9.16	10.08	11.09	14.29	52.95	
FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	Total														
8.33	9.16	10.08	11.09	14.29	52.95														
9.	<b>Refer Para 13.4 and Refer Table 17, Aero Revenue FY 2020-21</b>																		
The AERA has proposed the Aero revenue for the FY 2020-21 at Rs. 45.04 crores.			For FY 2020-21, AERA's proposal of Aero Revenue of Rs. 45.04 crores (against AAI submission of Rs. 26.54 cr.) particularly UDF/PSF -Rs. 28.45 crs. (against AAI submission of Rs. 4.09 cr.) appears to be very high considering the Covid 19 pandemic situation. The basis on which the amount of Rs. 45.04 crores has been arrived is not as per growth of Pax & ATM as considered by AERA..No details in this regard are available in the addendum to the CP.			Up to October2020 Aeronautical revenue in r/o Amritsar airport is Rs.7.29cr. as against Rs.45.04 for FY2020-21proposed by AERA. Details are as under:													
			<table><tr><td>Particulars</td><td>Amount in Cr.</td></tr><tr><td>LPH</td><td>4.07</td></tr><tr><td>PSF</td><td>0.86</td></tr><tr><td>UDF</td><td>1.76</td></tr><tr><td>Ground Handling Revenue</td><td>0.47</td></tr><tr><td>Royalty on CUTE Charges</td><td>0.13</td></tr><tr><td>Total</td><td>7.29</td></tr></table>			Particulars	Amount in Cr.	LPH	4.07	PSF	0.86	UDF	1.76	Ground Handling Revenue	0.47	Royalty on CUTE Charges	0.13	Total	7.29
Particulars	Amount in Cr.																		
LPH	4.07																		
PSF	0.86																		
UDF	1.76																		
Ground Handling Revenue	0.47																		
Royalty on CUTE Charges	0.13																		
Total	7.29																		

10.	Refer Para-7.5 table no.8 – Cost of PTT ( Parallel Taxi Track )																																																														
	<p>In the CP dated 1.6.2020 AERA had taken the cost of PTT at Rs.91.90 cr. AERA had allowed the following additional cost only in addition to the normative cost. Cost of IAF rehabilitation of Rs. 13.40 cr. and demolition: Rs. 0.40</p> <table><tr><th>Particular</th><th>Value</th></tr><tr><td>Area</td><td>124,000</td></tr><tr><td>Cost per sqm as on 1st April 2016 (INR)</td><td>4,700</td></tr><tr><td>Inflation % assumed</td><td>5%</td></tr><tr><td>Number of years of inflation</td><td>6</td></tr><tr><td>Inflation factor</td><td>1.34</td></tr><tr><td>Normative cost (INR crores)</td><td>78.10</td></tr><tr><td>Cost of IAF rehabilitation</td><td>13.40</td></tr><tr><td>Office support &amp; demolition</td><td>0.40</td></tr><tr><td>Total normative cost</td><td>91.90</td></tr><tr><td>Cost proposed by AAI (INR crores)</td><td>98.00</td></tr><tr><td><b>Cost proposed by AERA (INR crores)</b></td><td><b>91.90</b></td></tr></table>	Particular	Value	Area	124,000	Cost per sqm as on 1st April 2016 (INR)	4,700	Inflation % assumed	5%	Number of years of inflation	6	Inflation factor	1.34	Normative cost (INR crores)	78.10	Cost of IAF rehabilitation	13.40	Office support & demolition	0.40	Total normative cost	91.90	Cost proposed by AAI (INR crores)	98.00	<b>Cost proposed by AERA (INR crores)</b>	<b>91.90</b>	<p>AAI had given comments on CP and requested AERA to consider the cost of PTT Rs. 98.00 cr . In the addendum to CP the cost of PTT has been considered at Rs 91.90 cr. AERA is once again requested to consider the full cost of PTT at Rs. 98.00 cr. as under</p> <table><tr><th>Particular</th><th>Value</th><th>Justification.</th></tr><tr><td>Area</td><td>124000</td><td></td></tr><tr><td>Cost per sqm as on 1st April 2016 (INR)</td><td>4700</td><td></td></tr><tr><td>Inflation % assumed</td><td>5%</td><td></td></tr><tr><td>Number of years of inflation</td><td>6</td><td></td></tr><tr><td>Inflation factor</td><td>1.34</td><td></td></tr><tr><td>Normative cost (INR crores)</td><td>78.1</td><td></td></tr><tr><td>Cost of IAF rehabilitation</td><td>13.4</td><td></td></tr><tr><td>Office support &amp; demolition</td><td>0.40</td><td></td></tr><tr><td><b>Cost proposed by AERA (INR crores)</b></td><td><b>91.9</b></td><td></td></tr><tr><td>a) Cost of RCC Vent Box Culvert.</td><td>6.10</td><td rowspan="3">a) A natural drain is crossing the Runway as well as will cross the PTT at Runway end. This is specially required as per site condition which is normally not applicable to all Airports. The scope mentioned under Annexure-II of AERA order no. 07/2016-17 is mentioning only construction of pavement. Also under Annexure-I of AERA Normative order no. 07/2016-17, there no provision w.r.t. culverts are considered and only cost of pavement is considered. This</td></tr><tr><td>b) Cost for earth filling, Construction of Drain &amp; construction of 1/2/3 vent culvert and pipe culvert under the taxi for cable crossing &amp; Drainage.</td><td></td></tr><tr><td>c) Cost for Electrical</td><td></td></tr></table>	Particular	Value	Justification.	Area	124000		Cost per sqm as on 1st April 2016 (INR)	4700		Inflation % assumed	5%		Number of years of inflation	6		Inflation factor	1.34		Normative cost (INR crores)	78.1		Cost of IAF rehabilitation	13.4		Office support & demolition	0.40		<b>Cost proposed by AERA (INR crores)</b>	<b>91.9</b>		a) Cost of RCC Vent Box Culvert.	6.10	a) A natural drain is crossing the Runway as well as will cross the PTT at Runway end. This is specially required as per site condition which is normally not applicable to all Airports. The scope mentioned under Annexure-II of AERA order no. 07/2016-17 is mentioning only construction of pavement. Also under Annexure-I of AERA Normative order no. 07/2016-17, there no provision w.r.t. culverts are considered and only cost of pavement is considered. This	b) Cost for earth filling, Construction of Drain & construction of 1/2/3 vent culvert and pipe culvert under the taxi for cable crossing & Drainage.		c) Cost for Electrical	
Particular	Value																																																														
Area	124,000																																																														
Cost per sqm as on 1st April 2016 (INR)	4,700																																																														
Inflation % assumed	5%																																																														
Number of years of inflation	6																																																														
Inflation factor	1.34																																																														
Normative cost (INR crores)	78.10																																																														
Cost of IAF rehabilitation	13.40																																																														
Office support & demolition	0.40																																																														
Total normative cost	91.90																																																														
Cost proposed by AAI (INR crores)	98.00																																																														
<b>Cost proposed by AERA (INR crores)</b>	<b>91.90</b>																																																														
Particular	Value	Justification.																																																													
Area	124000																																																														
Cost per sqm as on 1st April 2016 (INR)	4700																																																														
Inflation % assumed	5%																																																														
Number of years of inflation	6																																																														
Inflation factor	1.34																																																														
Normative cost (INR crores)	78.1																																																														
Cost of IAF rehabilitation	13.4																																																														
Office support & demolition	0.40																																																														
<b>Cost proposed by AERA (INR crores)</b>	<b>91.9</b>																																																														
a) Cost of RCC Vent Box Culvert.	6.10	a) A natural drain is crossing the Runway as well as will cross the PTT at Runway end. This is specially required as per site condition which is normally not applicable to all Airports. The scope mentioned under Annexure-II of AERA order no. 07/2016-17 is mentioning only construction of pavement. Also under Annexure-I of AERA Normative order no. 07/2016-17, there no provision w.r.t. culverts are considered and only cost of pavement is considered. This																																																													
b) Cost for earth filling, Construction of Drain & construction of 1/2/3 vent culvert and pipe culvert under the taxi for cable crossing & Drainage.																																																															
c) Cost for Electrical																																																															

		<p>Installation wrt PTT.</p> <p>d) Component of GST equivalent to earlier applicable service tax i.e. 15% of 40% on (Rs. 97.89 Crs -Rs. 44.88 Crs.).</p>	<p>scope is addition to the scope/specification specified in AERA order Annexure-II of AERA order no. 07/2016-17.</p> <p>b) Also the scope/specification for Pavement mentioned in AERA consultation paper no. 05/2014-15 referred under AERA normative order no. 07/2016-17 is also limited to only civil works ( excluding cost required for earth filling , lighting and drainage )</p> <p>c) Also under working calculation at Annexure-I of AERA Normative order no. 07/2016-17, cost of pavement excluding the AG lighting is considered.</p> <p>d) Earlier VAT was part of Project cost. Service tax was to be reimbursed separately. After implementation of GST, service tax is merged is GST, hence need to be accounted for.</p>	
		<p><b>Cost proposed by AAI (INR crores)</b></p>	<p><b>98.00</b></p>	

11.	<b>Refer 12.4 Table 16&amp; Table 36 of CP: Payroll expenses</b>										
	<p>The Authority observes that AAI has allocated 4.03% of Payroll expenses – non CHQ/RHQ to Non-Aeronautical expenses. The Authority proposes to revise this in proportion of employee ratio for FY 2018-19, 5/120 i.e. 4.17%.</p> <p>AAI had earlier requested AERA to consider the % of Payroll expenses – non CHQ/RHQ to Non-Aeronautical expenses as 0.50% however AERA has proposed 4.17% for FY 2018-19. AAI has not proposed 4.03% Payroll expenses – non CHQ/RHQ to Non-Aeronautical expenses as mentioned in CP.</p> <p>Further no details and model have been shared with AAI by AERA for verifying the calculation.</p> <p>The details of calculation of Payroll expenses – non CHQ/RHQ to Non-Aeronautical expenses are as under for FY 2018-19 for AERA consideration. Accordingly, projections for the control period may be taken based on FY 2018-19.</p> <p>Out of 131 airport staff there are 17 employees for HR and finance who look after payroll expenses of 131 including commercial employees of 05 numbers. Hence the proportion of HR and Finance employee to Non-Aero (Comml. &amp; Land) is 0.65( (17/131) X 5 employee ) and Percentage of Non-aero for the common expenses is 0.5% as per details given below:</p> <table border="1" data-bbox="786 1128 1342 1375"> <tr> <td>Total Airport Strength</td><td>131</td></tr> <tr> <td>Finance &amp; HR</td><td>17</td></tr> <tr> <td>Non Aero Staff</td><td>5</td></tr> <tr> <td>proportion of Finance &amp; HR to Non Aero</td><td>0.65</td></tr> <tr> <td>Percentage of Non Aero for Common Staff expenses</td><td>0.50</td></tr> </table> <p>AERA is requested to consider 0.50% of payroll cost( non CHQ/RHQ to Non-Aeronautical expenses</p>	Total Airport Strength	131	Finance & HR	17	Non Aero Staff	5	proportion of Finance & HR to Non Aero	0.65	Percentage of Non Aero for Common Staff expenses	0.50
Total Airport Strength	131										
Finance & HR	17										
Non Aero Staff	5										
proportion of Finance & HR to Non Aero	0.65										
Percentage of Non Aero for Common Staff expenses	0.50										
12.	<b>Refer Para 13.4 , Parking Charges Growth rate.</b>										
	<p>AERA proposes a onetime increase of 45% in Domestic and International for FY 2021-22 and thereafter a 10% increase in the Fy 2022-23 and 6% increase in the FY 2023-24 <u>w.e.f. 1<sup>st</sup> April '2021.</u></p> <p>In the CP dated 1.6.2020, AERA had proposed to increase Domestic and International parking and housing charges by 120% and 91% respectively for FY 2021-22 Further, the Authority had also proposed parking and housing charges to be increased by 6% on compounded basis every year.</p> <p>however, in the addendum to CP dated 10.11.2020 AERA proposed to increase Domestic and International parking and housing charges by 45% for FY 2021-22 and thereafter 10% increase in FY 2022-23 and 6% increase in FY 2023-24.</p>										

Particulars	AERA as per CP dated 1.6.2020	AAI proposal (earlier)	AERA Addendum	AAI Proposal (now)
2020-21	----	129% (D) 98% (I) w.e.f. 1 <sup>st</sup> Jan 2021	----	120%(D.) 91% (I) w.e.f. 1.1.2021
2021-22	120% (D) 91% (I)	4%	45%	6%
2022-23	6%	4%	10%	6%
2023-24	6%	4%	6%	6%

The average increase in rates proposed by AAI are not much in absolute terms (work out rate for A-320).

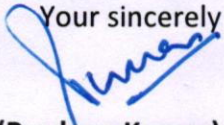
AERA is requested to consider the percentage increase in landing/parking as proposed by AERA in the CP dated 1.6.2020.

Further the date of implementation may be taken as 1.1.2021 considering the financial crisis of AAI due to Covid-19.

| 13 | **Refer para 13.4 Date of implementation of Revised tariff** |  |  |  |
|  | AERA has proposed to revise the Landing, Parking & Housing charges and UDF with effect from April 1, 2021. | AERA is requested to consider change the date of implementation tariff for all revenue streams w.e.f. 1.1.2021 considering the financial crunch faced by AAI due to the pandemic.  **Regarding UDF**  Earlier, AERA vide their CP no 06/2020-21 dated 01.06.2020 had proposed implementation of the revised UDF levy w.e.f. 01.07.2020. However, as per present addendum, revised UDF levy has been proposed to be implemented w.e.f. 01.04.2021. It is pertinent to mention that due to unprecedented Covid 19 pandemic situation, Revenue Inflows & financial position of Amritsar airport has been severely impacted.  Further it is mentioned here that the existing UDF has been discontinued in June 2020 at Amritsar airport which was approved by MoCA for a period of ten years w.e.f June 2010.  Even with the proposed increase, the Airport will be suffering losses in all the year of Control period.  Hence, AERA is requested to consider the Implementation of revised rate for all the streams as 1.1.2021 (or earlier date) in order to meet the cash flow requirement of AAI necessitated due to COVID -19. |  |  |

14.	<b>Refer Para 13.4, Annual Tariff Proposal</b>																														
	<p>AERA has allowed AAI to recover the ARR leaving a shortfall of Rs.130.45cr., with ATP are as under : -</p> <p><b>1. <u>Landing charges:-</u></b> One-time increase of 45% in Domestic and International for FY 2021-22 and thereafter a 10% increase in the FY 2022-23 and 6% increase in The FY 2023-24. <u>w.e.f. 1<sup>st</sup> April '2021.</u></p> <p><b>2. <u>Parking Charges:-</u></b>One time increase of 45% in Domestic and International for FY 2021-22 and thereafter a 10% increase in the FY 2022-23 and 6% increase in the FY 2023-24 <u>w.e.f. 1<sup>st</sup> April '2021.</u></p> <p><b>3. <u>UDF:-</u></b> Rs.500 and Rs.1300 respectively in Domestic and International for FY 2020-21 <u>w.e.f. 1<sup>st</sup> April '2021.</u></p>																														
	<p>AERA is requested to change the date of implementation tariff for all revenue streams w.e.f. 1.1.2021 in order to meet the cash flow requirement of AAI necessitated due to COVID -19.</p> <p>The revised ATP are as under: -</p> <p><b><u>1. Landing charges:-</u></b></p> <table><tr><th>Particulars</th><th>AERA</th><th>AAI proposal</th></tr><tr><td>2020-21</td><td>--</td><td>45% w.e.f. 1<sup>st</sup> Jan 2021</td></tr><tr><td>2021-22</td><td>45%</td><td>10%</td></tr><tr><td>2022-23</td><td>10%</td><td>6%</td></tr><tr><td>2023-24</td><td>6%</td><td>6%</td></tr></table> <p><b><u>2. Parking Charges:-</u></b></p> <table><tr><th>Particulars</th><th>AERA</th><th>AAI Proposal</th></tr><tr><td>2020-21</td><td>----</td><td>120%(D.) 91% (I) w.e.f. 1<sup>st</sup> Jan 2021</td></tr><tr><td>2021-22</td><td>45%</td><td>6%</td></tr><tr><td>2022-23</td><td>10%</td><td>6%</td></tr><tr><td>2023-24</td><td>6%</td><td>6%</td></tr></table> <p><b><u>3.UDF:-</u></b> Rs.700 and Rs.1300 respectively in Domestic and International for FY 2020-21 <u>w.e.f. 1<sup>st</sup> January '2021.</u></p>	Particulars	AERA	AAI proposal	2020-21	--	45% w.e.f. 1 <sup>st</sup> Jan 2021	2021-22	45%	10%	2022-23	10%	6%	2023-24	6%	6%	Particulars	AERA	AAI Proposal	2020-21	----	120%(D.) 91% (I) w.e.f. 1 <sup>st</sup> Jan 2021	2021-22	45%	6%	2022-23	10%	6%	2023-24	6%	6%
Particulars	AERA	AAI proposal																													
2020-21	--	45% w.e.f. 1 <sup>st</sup> Jan 2021																													
2021-22	45%	10%																													
2022-23	10%	6%																													
2023-24	6%	6%																													
Particulars	AERA	AAI Proposal																													
2020-21	----	120%(D.) 91% (I) w.e.f. 1 <sup>st</sup> Jan 2021																													
2021-22	45%	6%																													
2022-23	10%	6%																													
2023-24	6%	6%																													

This issue with the approval of the Competent Authority.

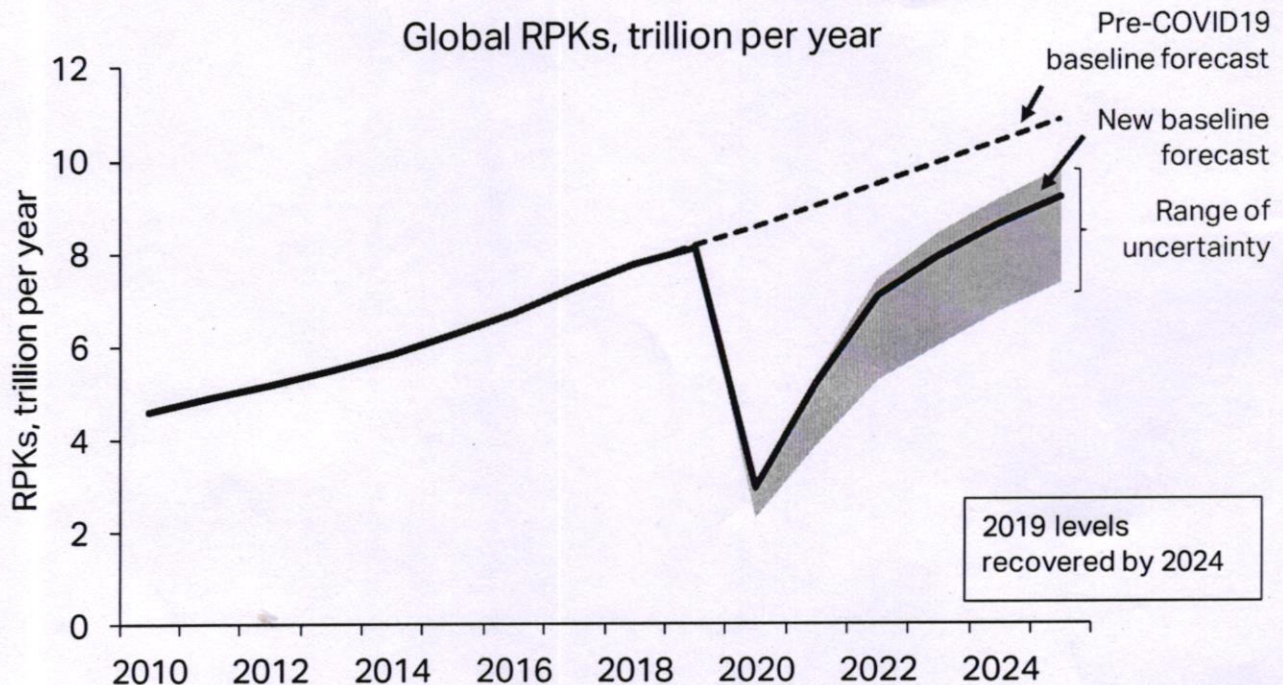
  
 Your sincerely  
**(Pradeep Kumar)**  
 Executive Director (JVC & Tariff)



## IATA Economics' Chart of the Week

30 July 2020

### Five years to return to the pre-pandemic level of passenger demand



Source: IATA/ Tourism Economics Air Passenger Forecasts

- We have recently released an interim update to our long-term Air Passenger forecasts to take into account our evolving understanding of the trajectory of COVID-19 and its impact on the wider economy and air travel. Today's chart shows the expected evolution of passenger demand over the next five years (solid blue line).
- This week's [monthly traffic note](#) for June confirmed that air travel reached a turning point in April, with signs of a very modest improvement in May and June. Overall, air travel demand is down by 58.4% in the first half of 2020 compared to the same period of last year.
- Having said that, the trajectory of new COVID-19 cases has been worse than we expected in our April forecast update. While business confidence (and we think GDP growth) has rebounded, consumer confidence has not. We will likely see a degree of pent-up demand to visit friends and family in the near-term as travel restrictions are lifted but we are less optimistic about the return of business (in particular) and leisure travel. As a result, we have revised down our passenger forecast over the next five-year period. In our new forecasts, we expect RPKs to decline by a little more than 60% in 2020 compared to 2019, with a return to pre -COVID levels not occurring before 2024.
- Many uncertainties remain around the outlook and in this update we have investigated various possible future scenarios. The main point is that the risks around our latest forecast remain clearly tilted to the downside, as depicted by the yellow shaded 'range of uncertainty' on today's chart. The upside could see travel demand return to 2019 levels in 2023, while the downside could be much more severe.

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://www.iata.org/economics-terms)  
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report, Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

IATA Economics  
[economics@iata.org](mailto:economics@iata.org)