

MIAL/VPR/2021-22/05

14th July 2021

**The Secretary,
The Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi 110 003**

Sir,

Sub: Feedback / Suggestions on Consultation Paper No. 08/2021-22 dated 15th June, 2021 (this CP) for determination of aeronautical tariff for Cochin International Airport, Kochi (COK) for the 3rd Control Period (01.04.2021 – 31.03.2026)

With reference to above we give below our feedback/suggestions on this CP for determination of aeronautical tariff for the 3rd control period (TCP):

1. CSR Expenses not considered for true up of second control period (SCP) working as well as TCP (Para 9.2.18):

Honoring the judgment of Hon'ble TDSAT dated 16th December, 2020 in case of Bengaluru International Airport in respect of expenses on Corporate Social Responsibility (CSR), the Authority should suo moto allow such expenses for true-up as well as determination of tariff for the TCP.

2. Exclusion of Land not presently in use (Para 8.2.9 of this CP):

Not providing return on land, earmarked for future expansion, to be used for aeronautical purposes shall dis-incentivize the airports to acquire land for future use. The incidence on the Users shall be much increased if the airport waits for purchase of land when it would be actually used in future when price of such land shall have skyrocketed. Availability of required land in future shall also be a challenge. The Authority should allow return on such land if its future usage is aeronautical purpose from the time of purchase which is also in line with Section 13(1)(a)(i) of the Act which states that the Authority while determining tariff for aeronautical service shall take into account "the capital expenditure incurred and timely

investment in improvement of airport facilities”.

In case the Authority does not allow return on such land from the date of purchase, then it should agree to allow return when such land is put to use, at the market value to be determined when the same is put to use.

3. Financing Allowance excluded for true up of SCP and also for the TCP tariff determination (Para 4.4.39 and 6.2.61 of this CP):

The Authority should allow return considering financing allowance in accordance with para 5.2.7 of its 'Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 (own Guidelines). The Authority is kindly requested to allow financing allowance on the capital works in progress in line with its own Guidelines. By allowing only IDC, the airport operator is being denied return on its own funds used for financing the capex, which is against the provisions of Section 13(1)(a)(i) of the AERA Act, 2008.

4. In view of the Covid-19 pandemic, the traffic volumes considered by the Authority for the TCP seem to be on a higher side. The Authority is kindly requested to relook the traffic volumes in view of ensuing disruption due to Covid-19 pandemic and its future impact on traffic due to further waves of Covid-19.

The Authority is kindly requested to consider the above points raised by us while determining the tariff for COK.

Thanking you,

Yours Sincerely

For Mumbai International Airport Ltd.



(Sanjiv Bhargava)

Vice President (Regulatory)