



FNO- No. AAI/CHQ/Tariff/MYTP-Raipur

Date:28/10/2020

The Director (Policy and Statistic),
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport
New Delhi-110003

Sub: - AAI Comments on Stakeholders' comments w.r.t. Consultation Paper No:- 34/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Raipur Airport for the first Control Period (01.04.2020 to 31.03.2025).

Sir,

AERA has issued Consultation Paper No:-34/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Raipur Airport for the first Control Period (01.04.2020 to 31.03.2025) and sought AAI comments on the comments of stakeholders latest by 28.10.2020.

The replies have been made for consideration of AERA which are as under:

S No.	Comments of stakeholders	Comments of AAI.
	Federation of Indian Airlines	
1.	<p>FIA acknowledges AERA's proposal to defer the increase/hike in the above-mentioned aeronautical charges at Raipur Airport to April, 2021, FIA requests AERA to kindly not allow/implement any increase of aeronautical tariff, during the First Control Period, due to reasons stated below</p> <p>Quote :</p> <p>As you are aware, airlines have suffered adverse financial impact due to operational restrictions on scheduled domestic and international air transport, imposed by government authorities due to COVID - 19. At the same time,</p>	<p>AAI does not agree with views of FIA for no increase in aeronautical tariff in the first control period as it may lead to steep hike in charges in second control period. 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 pandemic situation.</p>



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	<p>airlines have continued to incur airport charges and further been directed to mandatorily refund cancelled tickets for certain categories of passengers w.r.t booking/travel period, which has aggravated the financial impact.</p> <p>While the scheduled domestic air transport has been permitted a calibrated opening w.e.f. 25th May, 2020, such flight operations are subject to restrictions on capacity and fare, and adherence to safety protocols, as imposed by the Ministry of Civil Aviation / Directorate General of Civil Aviation (DGCA). It may be appreciated that until there is a complete opening of scheduled domestic and international flight operations, coupled with regaining confidence of passengers in air travel, airlines will continue to face a weak financial position.</p> <p>We wish to highlight that the proposed increase in Landing Charges itself will adversely impact the operating expenditure of one of its member airlines operating at Raipur airport, by a minimum of approx. INR 13 lakh per month. This impact is likely to further increase with the Year on Year increase of tariff proposed by AERA and increase of flight operations.</p> <p>In the given circumstances, it is imperative that AERA does not take any steps, including any</p>	



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	increase in aeronautical tariff at Raipur Airport, during the First Control Period, which precipitates any further adverse financial impact on the airlines. Unquote	
2.	<p>Para of CP: 3.2,3.3 and 3.3, Revenue from Air Navigation Services and Cargo services FIA submitted that as per section 2 (a) of Airports Economic Regulatory Authority of India Act, 2008 (AERA Act), <i>"aeronautical services means any services provided-</i> <i>(i)For navigation, surveillance and supportive communication thereto for air traffic management.....</i> <i>(v) for the cargo facility at an airport.."</i></p> <p>FIA submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services and Cargo services (100% revenue accruing to AAICLAS) should form part of aeronautical revenues and accordingly Authority should take into account of the corresponding revenues from such services and recompute the Aggregate Revenue Requirement (ARR) and further revise the tariff card accordingly.</p>	<p>AAICLAS is a separate entity and Cargo revenue is to be considered by AAICLAS for the determination of Cargo Tariff.</p> <p>As per agreement AAICLAS has to pay 30% of revenue from operation as revenue share to AAI and the same has been considered for the determination of Aeronautical Tariff.</p> <p>Regarding Air Navigation Service (ANS), the revenue from ANS is considered while determining the tariff proposal for ANS charges(RNFC,TNLC and overflying) on all India basis and the expenditure/capex of ANS have not been considered in the tariff proposal of Raipur Airport.</p>
3.	<p>Para 4 of CP: Traffic While FIA acknowledges the consideration of traffic reports issued by industry bodies like CAPA and IATA, it is submitted that AERA should conduct its own independent study on traffic projections in accordance with the AERA Act.</p>	<p>It is estimated that as per the present forecast the passenger traffic is likely to be around 0.7-0.8 million against 1.5 million in the FY 2020-21 as proposed by AAI. Moreover it would be trued up by AERA while determining tariff of 2nd control period .</p>

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	<p>Without prejudice to the above, and as discussed during the stakeholder consultation meeting dated 9th October, 2020, AERA may revisit/review the conservative traffic assessment, proposed for Raipur Airport and may consider higher growth rates air traffic (passenger and ATM) taking into account the following:</p> <ul style="list-style-type: none"> (i) Relaxation of quarantine norms for domestic air travel passengers notified by the Govt. of Chhattisgarh in October, 2020; (ii) Proposed increase in flight capacity to 75%, as announced by Hon'ble Minister for Civil Aviation; and <p>Instead of a 3 Year CAGR considered by AERA, a 5 Year CAGR indicating a higher growth in traffic may be applied at Raipur airport. It is pertinent to note that a 5 Year CAGR (domestic) has been considered by AERA for determination of aeronautical tariff at Amritsar airport.</p>	
4.	<p>Para 5 of CP: Allocation of Assets between Aeronautical and Non –Aeronautical</p> <p>FIA submits that the AERA's proposal to bifurcate assets between aeronautical assets is based on information received</p>	<p>Allocation of Assets between Aeronautical and Non-aeronautical have been done on the actual usage/facility provided. The same methodology has been adopted for other AAI major airports for which the tariff orders have already been issued by AERA.</p>

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	<p>from Airports Authority of India (AAI) and no detailed technical evaluation or any independent study of the same has been done by AERA.</p> <p>FIA submits that allocation of the airport assets between Aeronautical or Non-Aeronautical categories is critical under Hybrid Till approach (adopted by AERA), hence the same should be carried out on the basis of independent study in terms of the AERA Act.</p> <p>Without prejudice to the above, FIA requests AERA to clarify the allocation ratio of terminal building and electrical installation and basis for splitting the expenditure. FIA submits that the split of new terminal building costs between electrical installation and terminal building will have significant impact on depreciation as higher allocation of electrical installation will lead to accelerated depreciation and consequently higher ARR (as depreciation rate of electrical installation is higher than the depreciation rate of building).</p>	<p>AAI has considered 65% of total cost-Civil and 35%-Electrical on estimated basis and subject to true up.</p>
5.	<p>Para 7 of CP: Capital Expenditure for the 1st Control Period</p> <p>FIA understands that AAI has proposed in its revised MYTP dated June 1, 2020 to defer capitalization of the new terminal building of ₹ 762.65 Crores (Aeronautical costs) to</p>	<p>In this regard, it is submitted that AERA mandates Airport Operator to form Airport Users Consultative Committee (AUCC) at its Major Airport for the purpose of consultation with airport users.</p> <p>Major capital works have been defined as capital investment projects that may represent more than 5% of the value of the Regulated Assets base (RAB) of the Airport</p>

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	<p>FY 2026- 27, in accordance with AERA’s suggestion vide letter dated May 14, 2020 to AAI, to revise MYTP projections pertaining to capacity enhancements, by giving credence to the impact of COVID 19 pandemic on the aviation sector. Further, the proposed capital expenditure for Raipur Airport is limited to ₹ 54.28 Crores for the First Control Period.</p> <p>In this regard, FIA submits that keeping in view of impact of COVID- 19 on passenger air traffic and aircraft movements, the need/requirement of any capital expenditure projects should be thoroughly examined by AAI/AERA post a suitable user consultation exercise/AUCC meeting. AAI/AERA may ensure that any non-essential capital expenditure projects may be deferred to the next control period.</p> <p>Further, with a view to rationalize cost for capital expenditure projects, cost allocation should be within the normative norms prescribed by the AERA under AERA Order No. 07/2016-17 “In the matter of normative approach to building blocks in economic regulation of major airports – capital costs reg.” dated 13.06.2016.</p>	<p>at the beginning of the control period or Rs. 50 crores, whichever is lower amount.</p> <p>Opening RAB (31.03.2020) is Rs. 135.84 crores 5% Opening RAB comes out to be Rs. 6.79 Crores.</p> <table><tr><th>Name of work</th><th>Rs. In Cr.</th><th>PDC</th><th>Status</th></tr><tr><td>Construction of Fire station, Medical included in the AA& ES of Rs. 14.73 cr. as under:</td><td>12.10</td><td>PDC 2020-21</td><td>The work of Construction of Fire Station completed on 06.07.2020.</td></tr><tr><td><table><tr><th>Nam e of work</th><th>AA& ES</th></tr><tr><td>Fire statio n</td><td>12.10</td></tr><tr><td>Emer gency medi cal centr e</td><td>2.27</td></tr><tr><td>Fire Drill Towe r</td><td>0.36</td></tr><tr><td>Total</td><td>14.73</td></tr></table></td><td></td><td></td><td></td></tr></table>	Name of work	Rs. In Cr.	PDC	Status	Construction of Fire station, Medical included in the AA& ES of Rs. 14.73 cr. as under:	12.10	PDC 2020-21	The work of Construction of Fire Station completed on 06.07.2020.	<table><tr><th>Nam e of work</th><th>AA& ES</th></tr><tr><td>Fire statio n</td><td>12.10</td></tr><tr><td>Emer gency medi cal centr e</td><td>2.27</td></tr><tr><td>Fire Drill Towe r</td><td>0.36</td></tr><tr><td>Total</td><td>14.73</td></tr></table>	Nam e of work	AA& ES	Fire statio n	12.10	Emer gency medi cal centr e	2.27	Fire Drill Towe r	0.36	Total	14.73			
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		Body Scanner	7.80	PDC 2020- 21	<p>This is supply item to be centrally procured by Corporate headquarter being a requirement of BCAS.</p> <p>Tender for Body Scanner is under evaluation and expected to be finalised by November 2020.</p> <p>Probable date of supply of 1st lot of materials by March'2021.</p>
6.	<p>Para 8 of CP: Depreciation</p> <p>i) Terminal Building</p> <p>FIA submits that on the review of useful life of assets at various international airports like London Heathrow, Sydney airport and Amsterdam airport indicated that terminal buildings have useful life of as long as 60 years and aprons have it for as long as 99 years.</p>	<p>It may be noted that the work of Fire station qualifying for AUCC has been completed and other work i.e. of Body Scanner is a supply item and to be procured and installed as per PDC & monitored from CHQ.</p> <p>Hence, AERA is requested to waive off the requirement of AUCC keeping in view the pandemic Covid-19 situation and considering that the works are of operational requirement.</p> <p>AAI has adopted Useful life policy issued by AERA while preparing proposal for all AAI major airports.</p>			

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	<p>FIA submits that the useful life of terminal building for Kannur and Cochin airports have been considered 60 years by AERA and accordingly the same should be applied at Raipur Airport.</p> <p>ii) Residential Building</p> <p>FIA submits that as per Sl. No. 8 of Annexure - I of the Authority's Order 35/2017-18 "In the matter of determination of useful life of Airport Assets" dated 12.01.2018, residential buildings have a prescribed useful life of 30/60 years. It is pertinent to note here that unlike in case of terminal buildings where option of 30 or 60 years is to be evaluated by Airport Operator, the election of 30 years or 60 years in case of residential buildings is not to be evaluated by Airport Operator but is to be derived from provisions of Companies Act. FIA submits that Part C of Schedule II of Companies Act 2013 prescribes the useful life of Buildings (other than factory buildings) having Reinforced Concrete Cement (RCC) frame structure to be 60 years. It is very unlikely that residential buildings will not be built on RCC Frame structure. FIA submits that residential buildings should be depreciated over a period of 60 years and not 30 years.</p> <p>In view of (i) and (ii) above, FIA submits that AERA should consider the useful life of</p>	



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	<p>Residential building and Terminal Building as 60 years as envisaged in Order 35/2017-18 read with Schedule II of Companies Act 2013, as applicable, and revise the amount of depreciation accordingly.</p>	
7.	<p>Para 10 of CP: Fair Rate of Return (FRoR)</p> <p>AERA has proposed FRoR at the rate of 14% for Raipur Airport in line with decisions for other AAI airports, including Chennai, Jaipur, Patna.</p> <p>However, as stated under Para 10.3, AERA has recognized that AAI's capital structure may not be regarded as an efficient one, as it does not optimize the cost of funds from a regulatory perspective.</p> <p>Further, AERA desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing and leveraging AAI's credit ratings. In this regard, AERA has proposed to conduct a study for normative capital structure, in future.</p> <p>In view of the above findings of AERA, FIA requests AERA to kindly expedite the study for a normative norm on capital structure to review the high cost of equity/FRoR being awarded to state entities like AAI, which are required to cater to public interest and not commercial interests.</p>	<p>14% FRoR is in line with the earlier orders of AERA wherein only internal accruals of AAI are used to meet the capital investment .</p>

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8.	<p>Para 11 of CP: Non-Aeronautical Revenue</p> <p>FIA submits that increase in non-aeronautical revenue is a function of passenger traffic growth, inflationary increase and real increase/escalations in contract rates. Accordingly, AERA is requested to examine the reasonableness of growth in such factors and accordingly review any conservative estimates.</p> <p>Without prejudice to the above, it is requested that:</p> <p>(i) AAI may kindly clarify the reasons of awarding a lesser value contract for Car Parking;</p> <p>(ii) AAI may kindly provide the minutes of meeting of JVC/ Tariff cell on May 20, 2020 wherein it was proposed to allow waiver in the contractual revenues from the Concessionaires, considering the impact of COVID-19 on the Aviation sector.</p>	<p>(i) The parking rate of car has reduced by 64%(approx.) whereas the contract value has also reduced by 64% (approx.) of the old contract value.</p> <p>The earlier car parking contract was awarded at Rs 18.31 lakh as per old parking policy where the parking rate was</p> <p>Bus/Truck=Rs 70.00 car = Rs 55.00 Bike= Rs 15.00</p> <p>As per new parking policy dated 10.12.2018 Automated parking management system has been implemented and parking rate has been revised as below</p> <p>Bus/Truck=Rs 20.00 car = Rs 20.00 Bike= Rs 10.00</p> <p>As per new policy and guidelines contract was awarded at Rs 6.57lakh pm for a period of 5 years.</p> <p>(ii) Minutes of meeting of AAI is attached.</p>
9.	<p>Para 12 of CP: Operation and Maintenance Expenditure</p> <p>FIA submits that the 'Operating and Maintenance; expenditure is one of the major components for determining ARR, hence, the AERA should evaluate such expenses in detail rather than accepting projections provided by AAI on an "as is" basis.</p> <p>FIA further submits that as per clause 5.4.2 of AERA Guidelines, while reviewing forecast of operating expenditure the</p>	<p>The operational expenditure has been projected considering the inflationary effect.</p> <p>The expenditures are mandatory for operational requirement and fixed in nature. Moreover it would be trued up in the 2nd control period.</p>

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	<p>Authority has to assess (a) baseline operation and maintenance expenditure based on review of actual expenditure indicated in last audited accounts and check for underlying factors impacting variance over the preceding year; and (b) efficiency improvement with respect to such costs based on review of factors such as trends in operating costs, productivity improvements, cost drivers as may be identified, and other factors as may be considered appropriate.</p> <p>FIA submits that in order to assess efficient operating expenditure, AERA should conduct an independent analysis in terms of AERA Act. FIA submits that Raipur Airport has already completed a significant period of operations, hence benchmarking the costs would not be difficult for AERA. However, till the time an independent study is conducted by AERA, FIA would like to highlight the aeronautical allocation ratio proposed as per AERA CP 5/2014-15 of Normative approach of 80% should be applied.</p>	
10	<p>Para 14, Taxation.</p> <p>FIA submits that business losses can be carried forward for eight (8) years and can be set off with profits in future years. FIA submits that the actual tax paid by the Company in control period shall be lower due to the setting-off the carry forward of</p>	<p>In this regard, AAI would like to submit that, AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 directed AAI that the first Control Period for Raipur Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the above Airport.</p> <p>Accordingly, the proposal was submitted as per the control period and the tax has been calculated for the</p>

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	<p>losses prior to the present control period.</p> <p>FIA submits that losses for periods prior to the present control period (if any) that are allowed to carry forward as per Income Tax Act, 1961 should be considered while computing taxation in the first control period rather than leaving it for true up in the second control period. Further, FIA submits that actual payment of income taxes should be considered for true up purposes.</p>	<p>control period on standalone basis in line with the previous orders issued by AERA for AAI major airports along with the carry forward of losses or the FY 2019-20 (Pre control period)</p> <p>So, the AERA is requested not to consider loss incurred in the FY 2018-19 while computing the taxes for the First Control Period of the Raipur Airport as this year is prior to the pre control period.</p>
11	<p>Para 2.2 of CP: Methodology for Tariff Determination – Hybrid Till Vs. Single Till</p> <p>FIA submits that as per para 2.2 of the Consultation Paper, it is stated that AERA shall determine tariffs for Raipur Airport using the Hybrid Till model.</p> <p>It is to be noted that FIA has from time to time advocated the application of a Single Till model across the airports in India. FIA submits that AERA should adopt Single Till basis the following legal framework being:</p> <p>In the AERA Order No. 13/2010-11 dated 12 January, 2011 (Single Till Order), AERA has strongly made a case in favor of the determination of tariff on the basis of 'Single Till'. It is noteworthy that AERA has in its Single Till Order, inter alia:</p>	<p>AERA may like to offer its view.</p>

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	<p>(i) Comprehensively evaluated the economic model and realities of the airport – both capital and revenue elements.</p> <p>(ii) Taken into account the legislative intent behind Section 13(1)(a)(v) of the AERA Act.</p> <p>(iii) Concluded that the Single Till is the most appropriate for the economic regulation of major airports in India.</p> <p>(iv) The criteria for determining tariff after taking into account standards followed by several international airports (United Kingdom, Australia, Ireland and South Africa) and prescribed by ICAO.</p> <p>Further, AERA in its AERA (Terms and Conditions for determination of tariff for airport operator) Guidelines, 2011 has followed the Single Till approach while laying down the procedure for determination of ARR for Regulated Services.</p> <p>The fundamental reasoning behind the 'Single Till' approach is that if the consumers/passengers are offered cheaper airfares on account of lower airport charges, the volume of passengers is bound to increase leading to more footfall and probability of higher non-aeronautical revenue. The benefit of such non aeronautical revenue should be passed on to consumers/passengers and that can be assured only by way of lower aeronautical charges.</p>	

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	Thus, the above productive chain reaction needs to be taken into account by AERA.	
12.	<p>Para 15 of CP: ARR and Annual Tariff Proposal</p> <p>FIA submits that no losses or shortfall pertaining to pre- First control period should be considered by AERA. FIA submits that the passengers travelling during the first Control Period cannot be burdened unnecessarily on account of the losses suffered by AAI/Raipur Airport prior to the First Control Period.</p>	AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 directed AAI that the first Control Period for Raipur Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the above Airport.
13.	<p>Para 16 of CP: Annual Tariff Proposal</p> <p>In Clause (e) of the Notes to User Development Fee (UDF) of the 'AERA Proposed Rate Card' (Annexure to Consultation Paper), it is stated that "<i>No UDF/PSF (Facilitation) will be levied for Transit Passengers.</i>" The requirement of Clause (e) may be reviewed as the exemption in the levy of UDF/DF/PSF from transfer/transit passengers is already covered under Clause VI of the AERA Proposed Rate Card (i.e. with reference to by Ministry of Civil Aviation letter dated 30.11.2011). Further we request AERA to kindly provide a copy of the Ministry of Civil Aviation Letter No. AV.13024/659/2015-AS dated 13.06.2019.</p> <p>AERA is requested to review the suggestions/comments on the regulatory building blocks as mentioned under Annex – A,</p>	Copy of the AIC SI No. 15/2019 dated 19.06.2019 for decision contained in Ministry of Civil Aviation Letter No. AV.13024/659/2015-AS dated 13.06.2019 is attached.

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	which are likely to reduce the ARR requirements of AAI at Raipur Airport. This will further ensure the lowering of tariff, including UDF, which will be beneficial to passengers and airlines.	
Business Aircraft Operators Association		
14	<p>Para 13.8.</p> <p>Allowing 'royalty', towards CUTE charges from ISP, needs to be looked into holistically by AERA, keeping in mind the government directive, issued though MoCA, in the beginning of the year, to abolish FTC, which was another 'royalty' charge on 'ATF'. AERA is, in the light of this government directive; need work for abolishing all types of royalties in 'aeronautical services'. 'Royalty' is basically the charge which is levied by owner/operator of the property (public airport in this case) without providing any services to the user of the place. It is a legacy of British times in India and, must become irrelevant in independent India.</p>	AERA may like to offer its view.
15.	<p>Table 47. 'Housing charges':</p> <p>Since 'housing charges' are double of the parking charges and levied on 'per hour basis for use of hangar facility at an operational public airports, it is mandatory for final AERA order to clearly specify 'housing</p>	In the consultation paper AAI has not proposed Housing Charges.

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	<p>charges' with annotation 'for parking for aircraft in hangar on per hour basis. This would help apply 'housing charges' at public airport when hangar facility are used for 'line maintenance or 'continuous airworthiness maintenance' activities of a currently flying aircraft. Presently 'housing charges' being determined by AERA are being confused with hangars meant for MRO work, which are to be leased for long duration of time.</p>	
16.	<p>Table 51 at page 52.</p> <p>'Ground Handling Charges' have not been determined in the CP. This is not as per AERA Act wherein 'Ground Handling' has clearly been defined as an aeronautical service at public airport. Here too, AERA is requested to make sure that no 'royalty' is allowed to be levied on ISPs providing GH services, especially on NSOP and Private aircraft operators. Since 'scheduled' operators' have fixed schedule and destinations are decided for six months period at a time, they mostly exercise the option of 'self-handling'. Airport operators, outsourcing GH services to ISPs, appoint GH agencies based on the 'highest royalty' offered in the bidding process. AERA is requested to fix GH charges on</p>	<p>AERA may like to offer its view.</p>

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	cost plus basis, and in scaled manner based on requirement of small aircraft operators, while allowing FROR as 14% to be charged by airport operator on accredited GH agencies, finally winning contract based on professional merit, through process of equitable distribution in a transparent and fair manner.	
	IATA	
17.	The COVID-19 pandemic continues to devastate the aviation industry with no end in sight. As per IATA's revised estimates for the impact on airlines in India, demand in terms of passenger volumes is forecasted to fall by over 100 million or 52% in 2020 year-on-year resulting in US\$12.4 billion loss of airline revenues. We noted that AERA has proposed revised traffic forecasts computed after considering the key learning's from study and analysis on the impact of COVID-19 on aviation by various industry organizations including those from IATA. As RPR is purely a domestic airport, IATA would encourage validation from domestic airlines as well based on their own traffic forecasts.	It is estimated that as per the present forecast the passenger traffic is likely to be around 0.7-0.8 million against 1.5 million in the FY 2020-21 as earlier proposed by AAI.
18.	Point 5.8— "The Authority observed that 278.70 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." Inclusion	The Terminal area ratio is the ratio of floor space area of the Terminal building utilized for Aeronautical and Non-aeronautical purposes. Hence , advertisement area which does not occupy floor space cannot be considered for calculating the Terminal Area ratio.

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	<p>of the area used for advertising purpose would add up approximately 1.4% to the non-aeronautical area, which currently stands at 8.97%. We would also request for clarification regarding the basis for calculating 278.70 sq.mt of area under this category. We would recommend that a partial inclusion is considered by AERA since infrastructure is required to support these advertisements such as walls, towers, power supply etc. A complete exclusion of such tangible elements will not be ideal and does not reflect proper cost allocation principle.</p>																			
19.	<p>We note and support AERA for its suggestion to defer the ₹ 762.65 Crores capitalisation of the terminal building until FY2026-27 taking into account the impact of COVID 19 on the sector, and appreciate the efforts to achieve this.</p> <p>We note the AERA's comment (reference 7.3) that the AUCC was unable to be conducted under the circumstances and we would therefore subsequently appreciate consideration to arrange an AUCC virtual meeting, in order to enable the AAI to answer IATA queries regarding the capital plan such as those noted in this response.</p> <p>We request further project details are shared to enable the airline community to provide better informed feedback and would request the Airport to categorise projects i.e.:</p>	<p>For Airport Users Consultative Committee (AUCC): In this regard, it is submitted that AERA mandates Airport Operator to form Airport Users Consultative Committee (AUCC) at its Major Airport for the purpose of consultation with airport users.</p> <p>Major capital works have been defined as capital investment projects that may represent more than 5% of the value of the Regulated Assets base (RAB) of the Airport at the beginning of the control period or Rs. 50 crores, whichever is lower amount.</p> <p>Opening RAB (31.03.2020) is Rs. 135.84 crores 5% Opening RAB comes out to be Rs. 6.79 Crores.</p> <table><tr><th>Name of work</th><th>Rs. In Cr.</th><th>PDC</th><th>Status</th></tr><tr><td>Construction of Fire station, Medical included in the AA& ES of Rs. 14.73 cr. as under:</td><td>12.10</td><td>PDC 2020-21</td><td>The work of Construction of Fire Station completed on 06.07.2020.</td></tr><tr><td><table><tr><th>Name of work</th><th>AA&ES</th></tr><tr><td>Fire station</td><td>12.10</td></tr><tr><td>Emergency medical centre</td><td>2.27</td></tr></table></td><td></td><td></td><td></td></tr></table>	Name of work	Rs. In Cr.	PDC	Status	Construction of Fire station, Medical included in the AA& ES of Rs. 14.73 cr. as under:	12.10	PDC 2020-21	The work of Construction of Fire Station completed on 06.07.2020.	<table><tr><th>Name of work</th><th>AA&ES</th></tr><tr><td>Fire station</td><td>12.10</td></tr><tr><td>Emergency medical centre</td><td>2.27</td></tr></table>	Name of work	AA&ES	Fire station	12.10	Emergency medical centre	2.27			
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S No.	Comments of stakeholders	Comments of AAI.								
	<ul style="list-style-type: none">• Essential Investments – safety, security, or regulatory• Capacity enhancing and passenger experience projects – IATA’s default position is to defer ALL nonessential projects in the Control Period• Asset replacements <p>The enormous impact of COVID on demand have unfortunately created an environment of extreme cost sensitivity where airlines (and passengers) are unable to afford any increases in airport charges resulting from non-essential airport investments. Relative to the airport RAB, the level of investments proposed are not unsubstantial. In addition, we request the Airport shares Business Cases for its investment proposals to explain the specific costs, benefits, risks, and dependencies etc.</p> <p>Within this context we will take the opportunity to record the following questions and queries, recognizing there is very little detail shared by the airport to date.</p> <p>Runways, Taxiways, Aprons 6.12 Crores:</p> <p>Construction of one additional parking bays for code 4C, AB-320/321 type of aircrafts – CIVIL</p> <p>Is the rationale for this project to enable more parking capacity relating to capacity enhancements?</p> <p>If so, why is it required in this</p>	<table><tr><td>Fire Drill Tower</td><td>0.36</td></tr><tr><td>Total</td><td>14.73</td></tr></table>	Fire Drill Tower	0.36	Total	14.73				
		Fire Drill Tower	0.36							
		Total	14.73							
Body Scanner	7.80	PDC 2020-21	This is supply item to be centrally procured by Corporate headquarter being a requirement of BCAS.							
			Tender for Body Scanner is under evaluation and expected to be finalised by November 2020.							
			Probable date of supply of 1 st lot of materials by March’2021.							
<p>It may be noted that the work of Fire station qualifying for AUCC has been completed and other work i.e. of Body Scanner is a supply item and to be procured and installed as per PDC & has been mandated to be installed as per BCAS requirement..</p> <p>Hence, AERA is requested to waive off the requirement of AUCC keeping in view the pandemic Covid-19 situation and considering that the works are of operational requirement.</p> <p>Regarding the need/ justification of various capex, is as under:</p> <p><u>Construction of one additional parking bays for code 4C, AB-320/321 type of aircrafts –</u></p> <p>S.V. Airport, Raipur is the only operational airport in Chhattisgarh State, belonging to AAI. 06 number apron bays are presently available at new apron for schedule flights. Operation of apron is for B-737-900 / A-321 -200</p>										

S No.	Comments of stakeholders	Comments of AAI.
	<p>control period given the impact of COVID If not, please explain the rationale for the project and why it is required now</p> <p>Leveling and grading of extended Runway 24 Area Is the purpose of this project to extent the existing runway to accommodate CODE C aircraft? Or is it for example to enable existing CODE C aircraft to operate without restriction on Maximum Take Off Weight? Are there safety elements related to this project such as runway extension safety areas? Relates, 1.92 Crores Electrical Works for Runway Lighting System, the same question applied as above</p> <p>Roads, Bridges and Culverts, 2.95 Crores: Construction of perimeter road along new boundary wall at 24 side on balance land Is the rationale to support operational or passenger traffic for capacity or efficiency? Project details are requested</p> <p>Terminal Building 3.24 Crores Construction of fixed finger rotunda, and augmentation of parking area Are these projects predominantly capacity enhancing, and if so, why are they required in this control period. If passenger</p>	<p>(Code-4C) type critical aircraft. A request had been received from Vice president, Inter Globe Aviation Ltd. (Indigo) regarding allotment of 04night parking stand at Raipur Airport. Work of 01 no. additional parking bay was awarded on 12.06.2018 i.e. much before the Pre-COVID-19 period and it has been completed on 30.07.2020 to fulfil the RCS/future requirement. Presently, no bay is available for night parking and at peak hour, there is maximum use of available 06 number of apron bays. Accordingly, keeping in view the current and future requirement, it was decided by the competent authority to upgrade the apron bays.</p> <p><u>Leveling and grading of extended Runway 24 Area-</u> Extension of runway work at 24 side, of length about 965 mtr. was completed on 17.10.2018. Extension of runway work was conceptualised in the year 2015 & work order was issued in the year 2016. The purpose of this project was to extent the existing runway to accommodate CODE C aircraft and to enable existing CODE C aircraft to operate without restriction on Maximum Take Off Weight. As per DGCA norms, area of runway basic strip is to be graded with proper slope. Hence, this work has been considered for execution so that existing extended portion of runway can be operationalised.</p> <p><u>Extension of runway at 24 beginning expansion of apron suitable for C-category of aircraft and other associated works: SH: Electrical works -Runway Lightning system.</u> Project Cost:- Rs. 1.92 Crores , Status:- Completed Justification:- The above work was part of Runway Extension work for facilitating operations of B-737-900/A-321-200 type of aircrafts without any load penalty.</p> <p><u>Construction of perimeter road along new boundary wall at 24 side on balance land-</u> Presently, the Airport is having runway 06/24 of dimension 2286 m x 45 m (7500 ft x 150 ft) suitable for B-737-900 / A-321 -200 (Code-4C) type of aircraft. The runway extension work was completed on 17.10.2018 with extension of 965 mtr and total runway length is 3251 mtr x 45 mtr. Construction of perimeter road work was considered in the scope of work of main runway extension</p>

S No.	Comments of stakeholders	Comments of AAI.
	<p>experience based with almost no traffic can they be deferred until the next control period?</p> <p>Construction of Boundary Wall on Balance Land 2.97 Crores – have options been considered to ensure the most cost effective solution has been identified, for instance perimeter fencing rather than solid walls?</p> <p>Other Building Construction of fire station, medical emergency centre, fire drill tower, 12.77 Crores While these projects are clearly health and safety and regulatory related, considering the relatively large costs has the scope and scale of the project been constructively challenged to ensure best value is being achieved, in addition to AERA's review of costs</p> <p>Plant and Machinery – 2.64 Crores Is the installation of a new PBB and AVDGS required during this Control Period if capacity enhancing projects?</p> <p>Tools and Equipment 13.14 Crores (13.81 AERA). There are a range of projects here of relatively high value. Both FIDS and Body Scanners are presumably terminal related projects and should be</p>	<p>of work, but perimeter road work was completed on the portion where operational boundary wall was available. Some portion of the operational boundary wall and Perimeter road about 2300 mtr length was not completed in the extended runway area at 24 side due to non-acquisition of land. Now, the operational boundary wall work at remaining portion is in progress at runway 24 side extension area. For operationalization of newly extended runway, the remaining perimeter road along the remaining portion of boundary wall is required. Hence this work has been taken up to complete the perimeter road at Runway 24 extension area.</p> <p><u>Construction of fixed finger rotunda, and augmentation of parking area</u> The work of "SITC of PBBs and AVDGS at various Airports in India" was accorded by CHQ, New Delhi on 05.06.2017 and conveyed vide letter no. AAI/CHQ/Engg-Elect (ER)/PBB/2017-18/181 dtd. 15.06.2017. 1 no. PBB was approved for installation at Raipur Airport. Further the station was asked to carry out Civil construction of fixed finger and Rotunda work. Accordingly, work of Construction of fixed finger rotunda was awarded on 05.03.2018 much before the Pre-COVID 19 period and work is likely to be completed by Dec. 2020. At S. V. Airport Raipur, New terminal building is in operation since last 5 years. Presently there is an open path way between car park and terminal building which causes discomfort to passengers during summer and rainy season. Also, due to wide landscaping area in parking, cars cannot be parked effectively. A new carpark contract was awarded to the agency as per new carpark policy of AAI, it was decided to provide canopy/covered shed along existing pathway from arrival/departure area to parking pickup point area for the passenger convenience. The vehicle parking area is to be enhanced by reducing the landscaping area to increase the car parking capacity. Hence, this work has been taken up.</p> <p>The boundary wall about 1850 mtr length at 24 side of runway was incomplete due to non-acquisition of land. For operationalization of newly extended runway, the remaining portion of boundary wall was required. Hence, this work has been taken up to complete the boundary wall in Runway 24 extension area.</p>

S No.	Comments of stakeholders	Comments of AAI.
	<p>classified as such.</p> <p>New FIDS – why can this project not be deferred until the next Control Period? Does this relate to replacement of existing time expired assets or the implementation of new FIDS for the new terminal?</p> <p>Body scanners – is this a regulatory requirement? Can this project be deferred? What is the purpose of the ILBS trans-installation project?</p> <p>Electrical Installation SITC of additional conveyor belt in arrival area 3.39 Crores Is this a capacity enhancing project, and if so, can it be deferred until required beyond this Control Period?</p>	<p>Construction of Boundary Wall on Balance Land 2.97 Crores The boundary wall about 1850 mtr length at 24 side of runway was incomplete due to non-acquisition of land. For operationalization of newly extended runway, the remaining portion of boundary wall was required. Hence, this work has been taken up to complete the boundary wall in Runway 24 extension area.</p> <p><u>Construction of fire station, medical emergency centre, fire drill tower, 12.77 Crores-</u> Considering the growth of air traffic over past few years and potential of future growth at Raipur Airport, various works related to the expansion of infrastructure has been undertaken at S.V. Airport, Raipur. The existing Fire Station Building is very small and doesn't meet fire safety standards. The work of Fire station and Fire drill tower work was awarded on 24.04.2017 and work has been completed on 06.07.2020. (Details mentioned at Rely at Sr. No. 5)</p> <p><u>Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System. (AVDGS)-</u> Status:- Installation and Testing Completed. Commissioning will be after the completion of fixed figure. Justification:- The above work was part of Operational requirement for due to Terminal contact bays. This is again a regulatory requirement which was in continuation prior to the COVID period.</p> <p><u>ILBS – trans installation-</u> Status:- Equipment supplied Justification:- This is again a regulatory requirement which was in continuation prior to the COVID period. This will enhance the security level of the Airport as it is falling in the Hyper Sensitive Category. Further it will reduce the additional time prior to check-in which will ultimately facilitate the departing passengers. It facilitates more timely and efficient baggage security screening. It reduces passenger congestion in airline ticketing lobbies by relocating the checked baggage screening machines to non-public area. It enhances overall safety and security of passengers. Installation work of ILBS has already started.</p>

S No.	Comments of stakeholders	Comments of AAI.
		<p><u>New FIDS</u> :- FIDS installation work has already completed for which S.A.T. completed on 06/03/2020. Old FIDS was completed its life span.</p> <p><u>Body scanners</u>:- Body scanners are the regulatory requirement and is mandated by BCAS(Bureau of Civil Aviation Security) by it BCAS Circular no. 05/2019. Project can't be deferred.</p> <p><u>SITC of additional conveyor belt in arrival area.</u> Status:- In tendering stage. Justification:-This is a passenger centric facility which will reduce the waiting time of arriving passengers for collecting their check-in baggage as presently only 2 conveyor belts are available and the passengers are having a difficult time in identifying their baggage during bunching of flights.</p>
	GMR Airports Limited.	
20.	<p>Given the present situation of COVID 19, there is high degree of uncertainty on the traffic figures. Also a dip in Non Aero revenue has been estimated by air traffic agencies to the tune of 50% on SPPs and actuals. While fall in traffic and the resulting reduction of revenues would be considered for true up based on actual in the subsequent control period, a reduction of the present scale would lead to a significant cash flow mismatch for the Concessionaire. Considering the above, we support AERAs position that the projections for traffic would be rationale, in addition to the rationalization of Non Aero Revenues.</p> <p>We would like to submit that (as has been recognized by AERA in the past) capital expenditure in the subsequent control period</p>	AERA may like to offer its view.

S No.	Comments of stakeholders	Comments of AAI.
	<p>should be based on actual costs incurred, rather than using normative approach.</p> <p>With regard to submission of fresh application for tariff determination by operator selected through competitive bidding, a 10% reduction has been proposed in the Consultation Paper in case of delay in filing. We would like to submit that for a private player, there is high dependency on AAI for the past data which will form the basis for determination of tariff for the private airport. A delay due to this would penalize the private operator. We suggest that such a huge deterrent may not be levied as a precondition.</p> <p>An effective tax rate 25.17% has been used for tax calculation. We agree with the AERA approach for adopting methodology for assessment of aero tax on a standalone aeronautical P&L drawn on the basis of various building blocks used for tariff determination.</p>	

This issue with the approval of the Competent Authority.

Your sincerely

(V. Vidya)

General Manager (JVC & Tariff)

Encl:

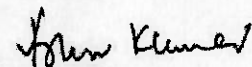
(i) Copy of the AIC SI No. 15/2019 dated 19.06.2019 for decision contained in Ministry of Civil Aviation Letter No. AV.13024/659/2015-AS dated 13.06.2019.

(ii) Minutes of meeting of AAI dated 20.5.2020.

TELEPHONE No. : 011-24622495 Aeronautical : VIDDYAYX E-Mail: dri@dgca.delhi.nic.in Fax 011-24652760	GOVERNMENT OF INDIA AERONAUTICAL INFORMATION SERVICES DIRECTOR GENERAL OF CIVIL AVIATION OPPOSITE SAFDARJUNG AIRPORT NEW DELHI-110003	AIC SI. No.15/2019 19.06.2019
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File No.09/06/2019-IR

This AIC is issued for dissemination of the decisions contained in Ministry of Civil Aviation letter No. AV.13024/659/2015-AS dated 13.06.2019.



(ARUN KUMAR)

Director General of Civil Aviation

LEVY AND COLLECTION OF AVIATION SECURITY FEE (ASF) AT INDIAN AIRPORTS

In exercise of the power conferred under Rule 88A of the Aircraft Rules, 1937, Ministry of Civil Aviation vide Order No. AV.13024/659/2015-AS dated 07.06.2019 accorded the approval of levy of Aviation Security Fees (ASF), {previously known as PSF(SC)}. The rates of ASF shall be as under and will be levied on tickets issued on or after 1st July, 2019 at 00:01 hrs:-

- (i) Aviation Security Fee for the domestic passengers will be levied at the rate of Rs. 150/- per embarking passenger.
- (ii) Aviation Security Fee for the International passengers will be levied at the rate of US\$ 4.85 or equivalent Indian Rupees per embarking passenger.

Contd/2..

2. In addition, in terms of Rule 88A of Aircraft Rules, 1937, all the airports and civil enclaves are hereby directed to exempt the following categories of persons from levy and collection of ASF at all airports and civil enclaves in the country:

- (i) Children (under age of 2years),
- (ii) Holders of Diplomatic Passport,
- (iii) 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 IAF.
- (v) Persons travelling 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 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 a transit passenger").
- (vii) Passenger departing from any Airport due to involuntary re-routing i.e. technical problems or weather conditions.

JVC/TARIFF CELL

Subject: - Minutes of meeting held in Board room on 20/05/2020 regarding Capex, Traffic Growth and commercial contracts in respect of Trichy, Raipur, Amritsar & Varanasi airports

JVC/Tariff Cell had submitted the tariff proposals of Trichy, Raipur, Amritsar & Varanasi to AERA for determination of Aeronautical Tariff to Airport Economic Regulatory Authority of India (AERA)

AERA have advised that AAI may review the proposals of Trichy & Raipur considering the impact of Covid-19 which may have substantial deviation in business scenario including changes in the Traffic projections, Capital/Capacity enhancement (Capex), RAB, Depreciation & Operation Cost etc and accordingly submit the revised proposals to AERA by 22/05/2020, failure if any, AERA may issue Consultation Paper based on the existing tariff proposal submitted by AAI.

In this regards, a meeting was held in the presence of Member(HR) and Member(Planning) on 20/05/2020 wherein the Capex proposed in Tariff proposal of Trichy, Raipur, Amritsar & Varanasi were discussed. Further the Traffic forecast and commercial contracts in r/o these airports were also discussed.

The list of the officials who attended the meeting is enclosed as (Annexure-I)

The gist of discussion is as under:

(A) Regarding Capex of above airports, following was decided

1. **Trichy Airport:** - The completion period of major work like Construction of New Integrated Terminal Building, Construction of Residential Quarters,

Parking Bays may be deferred for six months considering the impact of Covid-19 and funds crisis. The other ongoing works are also deferred for six months.

(Action:-ED-Engg-SR will furnish the revised schedule of PDC of all projects based on the discussion immediately).

2. **Raipur Airport:** - The projects like Construction of New Terminal Building & Expansion of apron for four bays are deferred by two years and other works are also deferred by six months.

(Action:- ED-Engg-ER will furnish the revised schedule of PDC of all projects based on the discussion immediately).

3. **Varanasi Airport:** - The completion period of works of Construction of New Terminal Building, Modification of existing Building and Construction of Residential Quarters may be deferred by two years and for other works the completion period may be deferred by six months)

(Action:- ED-Engg NR will furnish the detailed revised schedule of completion date of all projects as per discussion held in the meeting)

4. **Amritsar Airport:** - The projects like Expansion of Terminal Building, Parallel Taxi Track are deferred by two years and other works by six months

(Action:- ED-Engg NR will furnish the detailed revised schedule of completion date of all projects as per discussion held in the meeting)

(B) Traffic Projection

The revised Traffic projections as proposed by Dte of CPMS in respect of Trichy, Raipur, Amritsar & Varanasi may be considered for revised submission of Tariff proposals to be submitted to AERA

(Action: - ED(Planning) shall furnish the revised Traffic Projections immediately along with basis/assumptions for the projections.)

(C) Commercial Contracts

It was decided to consider the expected revenue from commercial / Land contracts as 50% for the FY 2020-21 and 70% for the next FY 2021-22 and 100% thereafter in remaining control period considering the effect of Covid-19, as the Committee constituted is examining the waiver to be granted to Concessionaire and yet to give the report which is to be approved and placed before AAI Board.

Further it was also deliberated that the above assumptions have been made considering the present situation prevailing in Aviation Sector due to Covid-19 and AERA may be requested to review the proposals for true up after two years instead of five years.

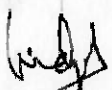
(D) Operational Cost

It was also decided that 10 % additional Operating expenditure like Sanitization/Partitions/Markings to be made for maintaining social distance due to Covid-19 may also be proposed in the revised tariff proposals in the FY 2020-21

Member(Planning) advised all the concerned Dte to furnish information to JVC/Tariff Cell immediately based on discussion held so that the revised proposals may be submitted to AERA with in time schedule

Distribution

(As Per List attached)


(V. Vidya)
GM(JVC)
21.05.20

Annexure-I

List of Officials attended the meeting

S/Sh/Smt

1. Anuj Aggarwal, Member(HR)
2. A.K. Pathak, Member(Planning)
3. H.S. Suresh (ED-Engg-SR)
4. M.N.N. Rao (ED-Engg-NR)
5. H.S. Balhara(ED-Planning)
6. Anil Gupta (ED-Land)
7. K.L. Sharma (ED-Commercial)
8. Pradeep Kumar(ED-JVC)
9. Debashish Khan (ED-Arc)
10. V.Vidya GM(JVC)
11. R. Radhika GM(Commercial)
12. Ashok Kumar GM(Engg)
13. A.S Mahesha GM(Engg)
14. S.K.Singhal GM(BDU)
15. Renu Grover JGM(CPMS)
16. Rajesh Khanna, DGM(F)
17. Ravi Kanojia, Manager(F)