



The Director (P&S),
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport
New Delhi-110003

Sub: - AAI Comments on Consultation Paper No:-05/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Varanasi Airport for the first Control Period (01.04.2019 to 31.03.2024).

Sir/Madam,

Reference is invited to consultation paper no:-05/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Varanasi airport for first control period(01.04.2019 to 31.03.2024). The following comments of AAI on CP may also be considered for determination of Aeronautical tariff of Varanasi Airport.

Sr. No.	Consultation Paper	AAI Response																																																												
1	Refer Para-4.12 of CP-Passenger Growth Rate AERA has considered Passenger growth rate 12.24% and 32.07% for Domestic and International respectively for FY 2019-20 based on actual upto Dec 2019 and linear extrapolation upto March 2020. AERA has also considered 10 year CARG i.e. 20.99% for Domestic and 5 year CAGR i.e. 34.45% for International for the 2 nd year of the control period and onwards as per Table-7 are as under: - <table><tr><td></td><td>FY</td><td>FY</td></tr><tr><td></td><td>2019-20</td><td>2020-21 to 23-24</td></tr><tr><td>D(%)</td><td>12.24</td><td>20.99</td></tr><tr><td>I(%)</td><td>32.07</td><td>34.45</td></tr></table>		FY	FY		2019-20	2020-21 to 23-24	D(%)	12.24	20.99	I(%)	32.07	34.45	AAI has submitted MYTP considering Passenger growth based on Actual upto Nov2019 as projected by CPMS which are as under: - <table><tr><td></td><td>FY</td><td>FY</td><td>FY</td><td>FY</td><td>FY</td></tr><tr><td></td><td>1920</td><td>2021</td><td>2122</td><td>2223</td><td>2324</td></tr><tr><td>D(%)</td><td>25</td><td>12</td><td>12</td><td>10</td><td>10</td></tr><tr><td>I(%)</td><td>15</td><td>10</td><td>10</td><td>10</td><td>10</td></tr></table> <p>As the Aviation Sector is going through a turbulent phase due to nationwide lockdown to contain the spread of Covid-19.</p> <p>AERA may be requested to consider the revised passenger growth based on FY1920 actual given by CPMS are as under: -</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>1920</td><td>2021</td><td>2122</td><td>2223</td><td>2324</td></tr><tr><td>D(%)</td><td>7.4</td><td>(35.3)</td><td>20</td><td>15</td><td>15</td></tr><tr><td>I(%)</td><td>16.6</td><td>(61.2)</td><td>80</td><td>25</td><td>25</td></tr></table> <p>Note: - For FY20-21, No. of Pax is assumed for 10 months due to 2 months nationwide lockdown.</p>		FY	FY	FY	FY	FY		1920	2021	2122	2223	2324	D(%)	25	12	12	10	10	I(%)	15	10	10	10	10		FY	FY	FY	FY	FY		1920	2021	2122	2223	2324	D(%)	7.4	(35.3)	20	15	15	I(%)	16.6	(61.2)	80	25	25
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	<p>AERA has considered ATM growth rate 10.84% and 23.22% for Domestic and International respectively for FY 2019-20 based on actual upto Dec 2019 and linear extrapolation upto March 2020. AERA has also considered 3 year CARG i.e. 16.47% for Domestic and 5 year CAGR i.e. 20.90% for International for the 2nd year of the control period and onwards as per Table-7 are as under: -</p> <table><tr><td></td><td>FY</td><td>FY</td></tr><tr><td></td><td>2019-20</td><td>2020-21 to 23-24</td></tr><tr><td>D(%)</td><td>10.84</td><td>16.47</td></tr><tr><td>I(%)</td><td>23.22</td><td>20.90</td></tr></table>		FY	FY		2019-20	2020-21 to 23-24	D(%)	10.84	16.47	I(%)	23.22	20.90	<p>AAI has submitted MYTP considering ATM growth based on Actual upto Nov2019 as projected by CPMS which are as under: -</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>1920</td><td>2021</td><td>2122</td><td>2223</td><td>2324</td></tr><tr><td>D(%)</td><td>25</td><td>11</td><td>11</td><td>11</td><td>9</td></tr><tr><td>I(%)</td><td>12</td><td>9</td><td>9</td><td>9</td><td>9</td></tr></table> <p>As the Aviation Sector is going through a turbulent phase due to nationwide lockdown to contain the spread of Covid-19.</p> <p>AERA is requested to consider the revised ATM growth based on FY1920 actual given by CPMS are as under: -</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>1920</td><td>2021</td><td>2122</td><td>2223</td><td>2324</td></tr><tr><td>D(%)</td><td>10</td><td>(31.8)</td><td>18</td><td>14</td><td>14</td></tr><tr><td>I(%)</td><td>12.8</td><td>(56.5)</td><td>75</td><td>22</td><td>22</td></tr></table> <p>Note:- For FY20-21, No. of ATM is assumed for 10 months due to 2 months nationwide lockdown</p>		FY	FY	FY	FY	FY		1920	2021	2122	2223	2324	D(%)	25	11	11	11	9	I(%)	12	9	9	9	9		FY	FY	FY	FY	FY		1920	2021	2122	2223	2324	D(%)	10	(31.8)	18	14	14	I(%)	12.8	(56.5)	75	22	22
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3	Refer Para-13.9 table no.48-Revenue share from AAICLAS																																																													
	<p>Revenue from AAICLAS</p>	<p>AERA is requested to consider the revenue from AAICLAS on the basis of the revised Freight growth(combined)based on FY1920 actual considering the impact of Covid-19 given by CPMS are as under:-</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>1920</td><td>2021</td><td>2122</td><td>2223</td><td>2324</td></tr><tr><td>Earlier</td><td>9.7</td><td>8</td><td>8</td><td>8</td><td>6</td></tr><tr><td>Revised (%)</td><td>34.6</td><td>(16.1)</td><td>30</td><td>20</td><td>20</td></tr></table> <p>Hence, Revenue from AAICLAS may be taken as under: (fig in Lacs)</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>Rev. from AAICLAS</td><td>11.47</td><td>9.62</td><td>12.51</td><td>15.01</td><td>18.01</td></tr></table>			FY	FY	FY	FY	FY		1920	2021	2122	2223	2324	Earlier	9.7	8	8	8	6	Revised (%)	34.6	(16.1)	30	20	20		FY	FY	FY	FY	FY		19-20	20-21	21-22	22-23	23-24	Rev. from AAICLAS	11.47	9.62	12.51	15.01	18.01																	
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4	Refer Para-5.3 –Employee ratio (Aero : Non-Aero)																																																													
	<p>Refer table 8: It is mentioned that the ratio of Non-Aero: Aero used by AAI are as under:</p> <table><tr><td>Particulars</td><td>Ratio(F.Y. 2017-18)</td></tr><tr><td>Employee ratio</td><td>3:95</td></tr><tr><td>Quarter ratio</td><td>1:74</td></tr></table>	Particulars	Ratio(F.Y. 2017-18)	Employee ratio	3:95	Quarter ratio	1:74	<p>It is hereby clarified that the ratio by AAI for Non Aero: Aero are as under:</p> <table><tr><td>Particulars</td><td>Ratio (F.Y. 2017-18)</td></tr><tr><td>Employee ratio</td><td>3:91</td></tr><tr><td>Quarter ratio</td><td>1:73</td></tr></table>		Particulars	Ratio (F.Y. 2017-18)	Employee ratio	3:91	Quarter ratio	1:73																																															
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5	Refer Para-5.10-Terminal Building Ratio (Aero : Non-Aero)																																																													
	<p>Considering that the passenger profile at Varanasi Airport, is dominated by tourists, the AERA has consider the</p>	<p>The design capacity of Terminal Building at Varanasi Airport is 2.5Mppa. The Varanasi airport has handled 2.78Mppa in FY 2018-19 and 3.01Mppa in FY2019-</p>																																																												

	<p>terminal building ratio as 10% for the bifurcation of Capex/expenditure into Aero & Non-Aero.</p> <p>, in line with the optimum terminal building ratio of 8%- 12% as approved for similar airports.</p>	<p>20. The Terminal Building is already saturated in FY 2018-19 and it has no additional space to award for Concessionaires.</p> <p>In view of the above, AAI has proposed a New Integrated Terminal Building with designed capacity of 4.5Mppa allocating 12.4% area for Non-aero.</p> <p>AERA is requested to consider the Terminal Building ratio 5.93% 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 computation of ARR.</p>
6	Refer Para-5.11–Employee Ratio-3/86	
	<p>The Authority verified the workings provided by AAI for employee ratio. AAI has considered the employee ratio without deducting the cargo employees and ANS share of employees in Finance and HR. The Authority has computed the employee ratio based on above observations as 3/86. Accordingly, the Authority proposes to consider the employee ratio as 3/86.</p>	<p>Out of 235 Employees there are 140 ANS, 1-Cargo, 3-Non-Aero (Comma. & Land) and 91-Aero ((inc.13 HR & Fin.) Common Assets have been bifurcated on actual employee's basis. (140:3:91) but as per AERA (148:3:83) considering 8 emp. HR & Fin for ANS ((13/235) *140=8 nos.)</p> <ul style="list-style-type: none"> • Cargo employee has not been considered for allocation of assets as all Cargo assets have been transferred to AAICLAS on 31.03.2017. • HR and Finance employee work for ANS, Non-Aero as well as Airport. In the same way out of 48 CNS Staff 30% to 40% work for Passenger facilitation (FIDS/CCTV/X-Bis/HHMD/DFMD etc.) but their proportion for aero has not been considered for determination of Tariff (payroll and 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. • Varanasi is proposed for next PPP model as a result only Aero amount of common assets will be paid by Concessionaire in other words ANS proportion of common assets will not be paid while all the assets used by HR & Finance staff physically will be handed over to him. • Allocation of Assets is done on the basis of actual utilization for the facility provided for like Navigation/Airport services/Non-aero Activities.

		<ul style="list-style-type: none"> Hence AERA may be requested not to consider proportion(Nos.) of HR & finance for allocation of common assets.
7	Refer Para-5.12 table no.11 s.no.6 & 7-Allocation of common assets as per Authority	
	<u>S.No.6-Electrical Installations:-</u> The total common assets of INR 35.55 crore as per Table 9 have been allocated on the basis of terminal area ratio-10%	AERA is requested to consider the Terminal Area Ratio on actual allotment basis i.e. 5.93% as per reply no.3.
	<u>S.No.7-Other Office Equipment:-</u> AAI proposed an allocation of 100% aeronautical for these assets. However, because these assets pertain to office equipment used by the employees; the Authority proposes to allocate these on the basis of Employee Ratio	AERA is requested to consider the employee ratio - 3:91 instead of 3/86 as per reply no.-4.
8	Refer Para-7.7.5 table no.17- Addition cost in addition to Normative cost of New Terminal Building	
	AERA has allowed additional cost of Utility Building, Deposit to State Electricity Board for power and Solar plant.	<p>AERA is requested to consider the following cost as additional cost in addition to Normative cost:</p> <ul style="list-style-type: none"> Rs. 33.94 cr. cost of Elevated road as the building designed with departure at 1st floor. Rs. 27.69 cr cost of full body scanners as per BCAS circular no.05/2019 dt.08.04.19 has mandated the installation of Body scanners at Pre-Embarkation Security check points of all airports. Rs.11.04 cr. Cost of canopy having area 6000sqm excluding terminal area of 71770sqm. Rs.5.39 cr. Cost of art work. This scope is addition to the scope/specification specified in AERA order Annexure-II of AERA order no. 07/2016-17 and also in addition to the scope/specification mentioned in AERA consultation paper no. 05/2014-15. Horticulture work considered by AERA as per AERA order Annexure-II of AERA order no. 07/2016-17 is not extensive/minimum whereas to comply the green building norms and obtain 4 star rating horticulture work of amounting to Rs. 0.54 Cr. has been considered. Rs. 0.88 cr. Cost of goods lift. This scope is addition to the scope/specification specified in AERA order Annexure-II of AERA order no. 07/2016-17 and also in addition to the scope/specification mentioned in AERA consultation paper no. 05/2014-15. Rs.21.35 cr cost of Baggage managements system (BMS). This scope is addition to the scope/specification specified in AERA order

		<p>Annexure-II of AERA order no. 07/2016-17 and also in addition to the scope/specification mentioned in AERA consultation paper no. 05/2014-15 .</p> <ul style="list-style-type: none"> Rs.0.60 cr. Cost of Airport system. This scope is addition to the scope/specification specified in AERA order Annexure-II of AERA order no. 07/2016-17 and also in AERA consultation paper no. 05/2014-15 . Rs.0.55 cr. Cost of Tyre killer, Rs.0.64 for Hydraulic Bollard and Rs.0.94 for Road Blocker have considered in the estimate as per new Security requirement Rs.16.94 cr cost of PMC charges are not mentioned under the Annexure I /II of AERA order no. 07/2016-17 as well as under the AERA consultation paper no. 05/2014-15. This expenditure is in addition to normal construction expenditure, which need to be incurred by AAI. Rs.91.39 for component of employer's part contribution of ESIC &EPF, CER, contingency@3% and GST equivalent to earlier applicable service tax. IDC and Depreciation may also be calculated accordingly.
9	Refer Para-7.7.8--DLP for 24 months and Capital expenditure Phasing of New Terminal Building	
	<p>Authority notes from the PMC consultancy award letter that DLP of the PTB shall be for 24 months and an amount of INR 67 Crore (equivalent of 10% of total cost) shall be withheld for a period of 24 months post the proposed COD in April 2023. Therefore, the Authority proposes to change the capital expenditure phasing as follow:</p> <p>FY20-21 15% FY21-22 30% FY22-23 30% FY23-24 15% and balance after DLP FY 2025-26.</p>	<p>The NITB will be completed in July 2023(FY23-24) and accordingly as per Accounting standards and Policy of AAI, the entire cost of asset would be capitalized.</p> <p>The withholding of amount from the payment is as contractual arrangement as per the tender conditions. Nevertheless, this does not affect the amount capitalized in the books.</p> <p>As per the AAI works manual clause no.39.1.3 of page no.184: - "The security deposit may be accepted in the form of Bank Guarantee issued by Scheduled Bank other than co-operative bank/ Gramin Bank, if the amount of Security deposit is more than Rs.5 lac.</p> <p>As per the past experiences, it has been observed that most of the contractors submit the Bank Guarantee (in the form of letter) for major projects as collateral security with the airport for not holding their hard cash as security deposit.</p> <p>In view of the above, AERA is requested to consider the amount capitalized in the books on the completion date as AAI will lose depreciation, tax benefit, IDC and FRoR.</p>

		Therefore, AERA may be requested to consider phasing of capital expenditure as proposed in MYTP: - FY20-21 16% FY21-22 32% FY22-23 32% FY23-24 20 And accordingly IDC, FRoR and depreciation may be allowed.																																																
10	Refer Para-7.8. table no.23–Normative cost of Apron																																																	
	AERA has approved the normative cost of Apron as per Table no.23	AAI has submitted details of cost of Apron on the basis of work awarded with PDC 19-20. As the work is almost finished and will be completed in June 2020, the revised breakup of area along with cost on actual work done basis are as under: -																																																
	<table><tr><th>Normative cost of Apron</th><th>As per AERA</th></tr><tr><th>Particulars</th><th>PDC- FY1920</th></tr><tr><td>Area</td><td>10850</td></tr><tr><td>Cost per Sqm as on 1st April 2016(INR)</td><td>4700</td></tr><tr><td>Inflation % assumed</td><td>5%</td></tr><tr><td>Number of years of inflation</td><td>4</td></tr><tr><td>Inflation factor</td><td>1.22</td></tr><tr><td>Normative cost (Without demolition) in cr.</td><td>6.20</td></tr><tr><td>Cost of Demolition and Earth work</td><td>0.33</td></tr><tr><td>Cost of GSE Area (1608 sqm)-in cr.</td><td>0</td></tr><tr><td>Total cost of Apron inc, GSE area-in cr.</td><td>6.53</td></tr><tr><td>Cost Proposed by AAI-in cr.</td><td>7.94</td></tr></table>	Normative cost of Apron	As per AERA	Particulars	PDC- FY1920	Area	10850	Cost per Sqm as on 1st April 2016(INR)	4700	Inflation % assumed	5%	Number of years of inflation	4	Inflation factor	1.22	Normative cost (Without demolition) in cr.	6.20	Cost of Demolition and Earth work	0.33	Cost of GSE Area (1608 sqm)-in cr.	0	Total cost of Apron inc, GSE area-in cr.	6.53	Cost Proposed by AAI-in cr.	7.94	<table><tr><th>Normative cost of Apron</th><th>As per AERA</th></tr><tr><th>Particulars</th><th>Revised DC- FY2021</th></tr><tr><td>Area(Revised-actual basis)</td><td>10971.44</td></tr><tr><td>Cost per Sqm as on 1st April 2016(INR)</td><td>4700</td></tr><tr><td>Inflation % assumed</td><td>5%</td></tr><tr><td>Number of years of inflation</td><td>5</td></tr><tr><td>Inflation factor</td><td>1.28</td></tr><tr><td>Normative cost (Without demolition) in cr.</td><td>6.58</td></tr><tr><td>Cost of Demolition and Earth work</td><td>0.24</td></tr><tr><td>Cost of GSE Area (2840.65sqm)-in cr.</td><td>0.75</td></tr><tr><td>Total cost of Apron inc, GSE area-in cr.</td><td>7.57</td></tr><tr><td>Cost Proposed by AAI in CP)(in cr.)</td><td>7.94</td></tr></table>	Normative cost of Apron	As per AERA	Particulars	Revised DC- FY2021	Area(Revised-actual basis)	10971.44	Cost per Sqm as on 1st April 2016(INR)	4700	Inflation % assumed	5%	Number of years of inflation	5	Inflation factor	1.28	Normative cost (Without demolition) in cr.	6.58	Cost of Demolition and Earth work	0.24	Cost of GSE Area (2840.65sqm)-in cr.	0.75	Total cost of Apron inc, GSE area-in cr.	7.57	Cost Proposed by AAI in CP)(in cr.)	7.94
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11	Refer Para-7.9 – Covid-19 impact on PDC of proposed capex																																																	
	Provision of Inline X-bis:- AERA has considered PDC FY2020-21.	AAI has submitted Inline X-bis work with PDC FY2019-20. The work has been completed and will be capitalized in FY2019-20. Due to impact of caovid-19 the proposed capex may be kindly revised as given under: - 1.C/o of NTB- July23 2.Modification of Existing TB-June22 3.Cons. of Residential Qtrs-June22 4.Cons. of additional Parking bay-June23 5. Surface grading of operation area-June 21. 6.Cons. of New Fire Station-Aug21.																																																

- 7.Runway mechanical sweeper-Mar22.
- 8.CFT Ino.-Mar22.
- 9.C/o RESA both end-Dec20.
- 10.Expansion of apron 2nos.-June20
- 11.Vertical extension of CISF barrack-June20
- 12.C/o Admn. Block-June23
- 13.Purchase of PBB 2nos.-June20
- 14.S/o Passenger Baggage Trolley-Dec22.
- 15.P/o UPS and GLF system-June20.

AERA is requested to consider the above changes in computation of capex addition during the control period and revise the depreciation, FRoR & return on RAB accordingly.

12 Refer Para-10.5 table no.34-Calculation of FRoR for FY23-24.

AERA has calculated the FRoR for FY 23-24 considering cost of Equity @14% on Opening Assets as per table no.34 as given: -

Calculation of FRoR for FY 23-24 (In Cr.)

	Particulars	Value
	Assumptions:-	
a	Opening RAB	210.84
b	Additions made in last year	579.13
c	Portion of Debt	60%
d	Portion of Equity	40%
e	Cost of Debt	8.03%
f	Cost of Equity (Additions)	16%
g	Cost of Equity (Initial RAB)	14%
	Calculation of FRoR:	
h	Cost of Debt(b x c x e)579.13*60%*8.03%	27.90
i	Cost of Equity- additions (b x d x f)579.13*40%*16%	37.06
j.	Cost of Equity-balance assets{ (a x g)210.84*14%	29.52
k.	Total Capital (a+b)210.84+579.13	94.48
l	FRoR-% (k/a)	11.96

The following observation has been made in calculation of FRoR as given below: -

- Opening RAB of Rs.210.84 cr.as per table no.34 is not matching with table no.32 (Rs.197.73Cr.)
- Addition made in the year (TB) is R.579.13 cr.is not matching as per table no.22 Rs.580.31(Rs.612.73Cr. Inc. IDC of Rs.32.43cr.)
- AERA has not considered cost of equity on IDC as part of Terminal Building to be capitalized during the year as per table no.34 i.e. IDC Rs.32.43cr. (Rs.612.73 cr.-580.30cr.)

AERA is requested to consider the revised FRoR as under considering the above changes: -

Calculation of FRoR for FY 23-24 (In Cr.)

	Particulars	Value
	Assumptions:-	
a	Opening RAB	210.49
b	Additions made in during the year	830.14
	Other than TB(Apn+adm.+IDC)	72.71
c	Portion of Debt	60%
d	Portion of Equity	40%
e	Cost of Debt	8.03%
f	Cost of Equity (Additions)	16%
g	Cost of Equity (Initial RAB)	14%
	Calculation of FRoR:	
h	Cost of Debt(b x c x e)830.14*60%*8.03%(Revised-NC)	40.00
i	Cost of Equity- additions (b x d x f)830.14*40%*16%	53.13
j	Cost of Equity-balance assets{ (ax g)72.71*16%(apn+IDC+adm)	11.63
k	Cost of Equity-Opening assets{ (a x g)210.49*14%	29.47
l	Total Capital (a+b)210.49+830.14+72.71)	1113.34
	FRoR-%	12.06

13	Refer Para-11.9 table no.38-Non-Aeronautical Revenue-Growth Rate in FY23-24.													
	<p>AERA has considered the growth rate in FY 2023-24 for projecting Non Aeronautical Revenue are as under: -</p> <p>a. "Trading Concessions" – from 20% to 30%</p> <p>b. Building (non-residential)–from 20% to 30%</p> <p>c. Car rental and car parking – from 20% to 30%</p> <p>d. Admission Tickets – on the basis of proposed passenger traffic growth rate (as per Table 7)</p>	<p>AAI has submitted MYTP with a proposed increase of 20%(10% additional increase due to operationalization of NTB) in FY23-24. Justification of moderate increase are as follow: -</p> <ul style="list-style-type: none"> As the NTB will be operationalized in last year.i.e. July 23. It will take time in demand of space for Trading concession/Building(Non-residential)/Car rental and car parking in NTB as NTB is not the replacement of the Existing Building. Revenue from Admission tickets also includes monthly passes to Temporary staff (Airlines/GHA/Concessionaires etc.) and secondly admission tickets may not be linked with the passenger growth as most of the passengers are frequent fliers. Due to nationwide lockdown to contain the spread of Covid-19 had also a great impact on non-aeronautical revenue. It is proposed to charge in FY 20-21 only 50% of Non-aeronautical of FY 19-20. In 2nd year 70% of FY19-20. In 3rd year 100% of FY19-20 and thereafter @10% escalation to charge. 10% additional growth has been proposed in FY 23-24 for NTB. <p>AERA is requested to consider the revised projection for the determination of Tariff.</p>												
13	Refer Para-12.8 –Operation & Maintenance Exp-R&M Civil													
	Refer para no.12.8:-An amount of INR 2.27 lakhs in item titled "Civil works" pertaining to ANS has been included erroneously as part of Repair & Maintenance Expenses;	<p>Rs.2.27 lacs is runway maintenance and has been wrongly booked in ANS as runway is also part of RAB(Aero).</p> <p>AERA is requested to update the same.</p>												
14	Refer Para-12.11 –Operation & Maintenance Exp.AERO: Non-aero													
	Refer para no.12.11 The Authority observes that AAI has allocated 2.04% 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, 2/88 i.e. 2.27%:-	<p>Out of 251 staff there are 16employees for HR and finance who also look after payroll expenses of 153 (149-ANS & 4-Cargo) employee and Percentage of ANS & Cargo for the common expenses has already been deduct from total payroll in F-11 of MYTP. Proportion of HR & Finance to ANS are as under:</p> <table border="1" data-bbox="805 1608 1401 1852"> <tr> <td>Total Airport Strength</td> <td>98</td> </tr> <tr> <td>Total ANS& Cargo Strength</td> <td>153</td> </tr> <tr> <td>Total</td> <td>251</td> </tr> <tr> <td>Finance & HR</td> <td>16</td> </tr> <tr> <td>proportion of Finance & HR to ANS</td> <td>10</td> </tr> <tr> <td>Percentage of ANS for the common expenses</td> <td>9.95</td> </tr> </table>	Total Airport Strength	98	Total ANS& Cargo Strength	153	Total	251	Finance & HR	16	proportion of Finance & HR to ANS	10	Percentage of ANS for the common expenses	9.95
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		<p>In the same way of out of 251 staff there are 16 employees for HR and finance who also look after payroll expenses of 2 Non Aero (comm.& Land) employee and Percentage of Non-aero(0.33) for the common expenses has already been deduct from total payroll (Apt staff -98 no.) in F-11 of MYTP. Proportion of HR & Finance to Non Aero are as under:</p> <table border="1"> <tr> <td>Total Airport Strength</td><td>98</td></tr> <tr> <td>Finance & HR</td><td>16</td></tr> <tr> <td>Non Aero Staff</td><td>2</td></tr> <tr> <td>proportion of Finance & HR to Non Aero</td><td>0.33</td></tr> <tr> <td>Percentage of Non Aero for Common Staff expenses</td><td>0.33</td></tr> </table> <p>AERA is requested to consider the same as proposed in MYTP.</p>	Total Airport Strength	98	Finance & HR	16	Non Aero Staff	2	proportion of Finance & HR to Non Aero	0.33	Percentage of Non Aero for Common Staff expenses	0.33
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Percentage of Non Aero for Common Staff expenses	0.33											
15	Refer Para-12.12 –Operation & Maintenance Exp. Admn. & General Exp.											
	<p>Refer para no.12.12 The Authority observes that AAI has allocated 94.15% of Administration and General expenses – non CHQ/RHQ to aeronautical expenses. The Authority proposes to modify this ratio based on the terminal building ratio and employee ratio for allocation of various components of these expenses. Accordingly, 92.75% of Administration and General expenses – non CHQ/RHQ may be allocated to aeronautical expenses.</p>	<p>AERA is requested to consider the Terminal Building ratio on actual basis i.e 5.93% and Non-aero/Aero ratio 3/95 based on No of employee basis.</p>										
16	Refer Para-12.13 –Operation & Maintenance Exp:-Utilities and outsourcing Exp.											
	<p>AAI has proposed almost 100% of the Utilities and outsourcing expenses as aeronautical expenses. However, since the Utilities and related expenses shall be proportionately utilized for Non-Aeronautical functions also, the Authority proposes to allocate 90% of Utilities and outsourcing expenses to aeronautical expenses, in line with the Terminal Building ratio.</p>	<p>Utilities and outsourcing expenses have the following components: -</p> <ul style="list-style-type: none"> • Electricity charges: - Electricity charges have been bifurcated into 25%(ANS):5%(Cargo):30% Airport:1% of Airport(Non-Aero) and the recoveries against the electricity provided to concessionaires and Staff qtr. have already been adjusted in Trail Balance. The Net Expenditure for Aero has been considered for the determination of Aeronautical Charges in Form I I-E. • Consumption of Stores & Spares includes consumption of paper glass for the passengers are 100% Aero and consumption of stores & Spares, POL have been considered on actual usage basis for aero purpose. • Fees paid to outsider & Hire charges are allocated on the actual basis. 										

		Aera is requested to consider the same amount as proposed in the MYTP.																																												
17	Refer Para-12.21 Table no.-46 Revised operation & Maintenance (O&M) expenses																																													
	Following changes in Operation & Maintenance (O&M) Expenses due to Covid-19 are proposed.	<ul style="list-style-type: none">It is proposed that in the year 2020-21 the electricity may be taken @30% for April 2020 and May 2020 due to Lockdown because of Covid-19 and additional 100% increase may be taken for 8 months in FY 2023-24 due to shift of PDC of NITB.10% of Repair and Maintenance (Civil) is proposed as Additional R&M, due to Covid-19 for Sanitization, PPE, Temporary Partition etc.Upkeep and Watch & ward expenses are proposed to be proportionate to 8 months due to shift of PDC of NITB.Financing charges (Interest on debt) of Rs.53.49 cr for post completion period i.e.8 months is to be charge off in FY23-24.CHQ/RHQ expenses and retirement benefit were projected provisional basis for FY 2018-19 based on FY17-18. Now it is proposed to project on actual basis for FY 2018-19.																																												
18	Refer Para-8.11 table no.-29 Depreciation Rate for FY 2017-18 &2018-19																																													
	Rate of Depreciation i.r.t office equipment has been taken 20% for FY 2017-18 & 2018-19.	It may be clarified that as per AAI depreciation Rate is 18% w.r.t other office equipment. AERA is requested to consider the same for FY 2017-18 and FY 2018-19.																																												
19	Refer Para : 13.9 Table 49: Aeronautical revenue (Fuel Throughput Charges)																																													
	AERA has considered Fuel Throughput Charges of Rs.1.77 cr.	Ministry of Civil Aviation has discontinued the levy of fuel throughput charge at all airports with effect from 15th January 2020 vide MoCA letter no. F.No. AV-13030/216/2016-ER (Pt.2) dated 8th January 2020. Hence AERA is requested to consider Rs. 1.57 crores for FY 2019-20 (proportionately for 9.5 months).																																												
20	Refer Para-15.5 Table no.-53 –Calculation of ARR and Yield per passenger																																													
	ARR and YPP as per AERA are as under: (in Cr.)	After considering the above changes, the Revised ARR and YPP are as under:																																												
	<table><tr><th>Particulars</th><th>Control period (2019-24)</th></tr><tr><td>Average RAB</td><td>1077.82</td></tr><tr><td>Fair Rate of Return</td><td>14/11.96</td></tr><tr><td>Return on RAB</td><td>140.89</td></tr><tr><td>O&M expenses</td><td>316.01</td></tr><tr><td>Depreciation</td><td>84.18</td></tr><tr><td>Tax Expenses</td><td>35.98</td></tr><tr><td>Less:-30% NAR</td><td>39.40</td></tr><tr><td>ARR</td><td>537.66</td></tr><tr><td>Discount Rate</td><td>14/11.96</td></tr><tr><td>Sum of PV of ARR</td><td>405.48</td></tr></table>	Particulars	Control period (2019-24)	Average RAB	1077.82	Fair Rate of Return	14/11.96	Return on RAB	140.89	O&M expenses	316.01	Depreciation	84.18	Tax Expenses	35.98	Less:-30% NAR	39.40	ARR	537.66	Discount Rate	14/11.96	Sum of PV of ARR	405.48	<table><tr><th>Particulars</th><th>Control period (2019-24)</th></tr><tr><td>Average RAB</td><td>1217.89</td></tr><tr><td>Fair Rate of Return</td><td>14/12.06</td></tr><tr><td>Return on RAB</td><td>158.03</td></tr><tr><td>O&M expenses</td><td>494.36</td></tr><tr><td>Depreciation</td><td>74.01</td></tr><tr><td>Tax Expenses</td><td>0</td></tr><tr><td>Less:-30% NAR</td><td>28.89</td></tr><tr><td>ARR</td><td>697.51</td></tr><tr><td>Discount Rate</td><td>14/12.06</td></tr><tr><td>Sum of PV of ARR</td><td>577.22</td></tr></table>	Particulars	Control period (2019-24)	Average RAB	1217.89	Fair Rate of Return	14/12.06	Return on RAB	158.03	O&M expenses	494.36	Depreciation	74.01	Tax Expenses	0	Less:-30% NAR	28.89	ARR	697.51	Discount Rate	14/12.06	Sum of PV of ARR	577.22
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Total Departing Pax (million)	12.30	Total Departing Pax (million)	6.51
Yield per passenger	329.54	Yield per passenger	886.75

21 Refer Para-16.2 –Annual Tariff Proposal (Rate Card)

AERA has proposed charges to recover full ARR: -

- **Landing charges: -**
One-time increase of 10% (Dom) and 5% (Intl) for FY 2021-22 and thereafter a 6% increase on year on year basis up to FY 2023-24 w.e.f. 1st April '2021.
- **Parking Charges:-**One time increase of 120% (Dom) and 91% (Intl) for FY 2021-22 and thereafter a 6% increase on year on year basis up to FY 2023-24 w.e.f. 1st April '2021.
- **UDF: -** Rs.219 (Dom) and Rs.1216 (Intl) for FY 2020-21 w.e.f. 1st July '2020.

AAI is proposed to recover the revised ARR leaving a shortfall of Rs.242.06 cr., the revised ATP are as under: -

- **Landing charges: -** One-time increase of 46.7% and 23% respectively in Domestic and International for FY 2020-21 and thereafter a 4% increase on year on year basis up to FY 2023-24 w.e.f. 1st August '2020.
- **Parking Charges:-**One time increase of 129% and 98% respectively in Domestic and International for FY 2021-22 and thereafter a 4% increase on year on year basis up to FY 2023-24 w.e.f. 1st August '2020.
- **UDF: -** Rs.400 and Rs.1250 respectively in Domestic and International for FY 2020-21 w.e.f. 1st August '2020

22 Refer Para-16.2 –table no.59 Existing Parking and Housing charges

Existing Housing & Parking Charges both for Domestic and International have been shown wrongly in CP.

AERA is requested to update/change the existing Housing and parking charges for both Domestic and International as per table given below: -
Existing Parking & Housing Charges: Domestic

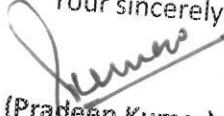
Weight of the Aircraft	Parking Rate Per Hour (In INR)	Housing Rate Per Hour (In INR)
Upto 40,000 kgs	Rs. 1.80per hour per 1,000 Kgs	Rs. 3.50per hour per 1,000 Kgs
40,001 kgs to 1,00,000 Kgs	Rs. 72/- Plus Rs. 3.40 per 1,000 kg per hour in excess of 40,000 Kgs	Rs. 140/- Plus Rs. 6.80 per 1,000 kg per hour in excess of 40,000 Kgs
above 1,00,000 kgs	Rs. 276/- Plus Rs. 5.20 per 1,000 kg in excess of 1,00,000 kgs	Rs. 548/- Plus Rs. 10.30 per 1,000 kg in excess of 1,00,000 kgs

Existing Parking & Housing Charges: International

Weight of the Aircraft	Parking Rate Per Hour (In INR)	Housing Rate Per Hour (In INR)
Upto 40,000 kgs	Rs. 2.10per hour per 1,000 Kgs	Rs. 4.10per hour per 1,000 Kgs

	40,001 kgs to 1,00,000 Kgs	Rs. 84/- Plus Rs. 3.90 per 1,000 kg per hour in excess of 40,000 Kgs	Rs. 164/- Plus Rs. 7.90 per 1,000 kg per hour in excess of 40,000 Kgs
	above 1,00,000 kgs	Rs.318/- Plus Rs. 6.00 per 1,000 kg in excess of 1,00,000 kgs	Rs. 638/- Plus Rs. 11.90 per 1,000 kg in excess of 1,00,000 kgs

This issue with the approval of the Competent Authority.

Yours sincerely

 (Pradeep Kumar)
 Executive Director (JVC & Tariff)

- (d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- (e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- (f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- (g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

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

of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State.

7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
8. For unauthorized overstay of aircraft an additional charge of Rs. 20.00 per hour per MT beyond 24 hours is to be payable.

III) USER DEVELOPMENT FEES (UDF)

Passenger	Proposed UDF (per embarking passenger)
Domestic	Rs. 400/-
International Passenger	Rs. 1250/-

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

Notes:-

- a) Collection charges: if the payment is made in accordance within period prescribed under credit policy of AAI, then collection charges at INR Rs. 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after 01/08/2020.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

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

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

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

- (a) Children (under age of 2 years),
- (b) Holders of Diplomatic Passport,
- (c) Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),

II) PARKING CHARGES

Weight of the Aircraft	Proposed Rates (In INR)	
	Parking Charges per Hour(First two hours after free parking period)	Parking Charges per Hour(beyond four hours)
Upto 25 MT	3.51 Per Hour Per MT	7.02 Per Hour Per MT
Above 25 MT up to 50 MT	87.74+ 4.68 per MT per Hour in excess of 25 MT	175.48+9.36 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	204.73+ 9.36 per MT per Hour in excess of 50 MT	409.45+18.72 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	672.67+ 11.70 per MT per Hours in excess of 100 MT	1345.34+23.40 per MT per Hours in excess of 100 MT
Above 200 MT	1842.53+ 12.87 per MT per Hours in excess of 200 MT	3685.05+25.74 per MT per Hours in excess of 200 MT

Notes-

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
6. Night parking charges (between 2200 hours to 0600 hours) will be similar to the parking and housing charges as per table above. Night parking charges are waived off in principle for all domestic scheduled operators at Varanasi Airport if the State Government has brought the rate of tax (VAT) on ATF $\leq 5\%$. The above waiver of night parking charges will be made applicable from the date of implementation of $\leq 5\%$ tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief

AIRPORTS AUTHORITY OF INDIA

VARANASI AIRPORT - PROPOSED RATE CARD FOR AERONAUTICAL SERVICES

FOR F.Y. 2020-21

EFFECTIVE FROM 1st AUGUST 2020 TO 31 MARCH 2021

(I) (a) Landing Charges - International flights	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	270 Per MT
Above 25 MT up to 50 MT	6750+506 per MT in excess of 25 MT
Above 50 MT up to 100	19400+586 per MT in excess of 50 MT
Above 100 MT to 200 MT	48700+675 per MT in excess of 100 MT
Above 200 MT	116200+810 per MT in excess of 200

(b) Landing Charges – Domestic Flights	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	180 Per MT
Above 25 MT up to 50 MT	4500+315 per MT in excess of 25 MT
Above 50 MT up to 100	12375+360 per MT in excess of 50 MT
Above 100 MT to 200 MT	30375+439 per MT in excess of 100 MT
Above 200 MT	74275+495 per MT in excess of 200

1. No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic schedule operators at airport and b) helicopters of all types C) DGCA approved Flying school/flying training Institute aircrafts.
2. All domestic legs of International routes flown by Indian Operators will be treated as Domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
3. Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).
4. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.