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ಮೂಲಸೌಲಭ್ಯ ಅಭಿವೃದ್ಧಿ ಇಲಾಖೆ

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ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಸಚಿವಾಲಯ
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No: IDD/19/DIA/2014

dated 22/06/2018

Dear Sir,

Sub: Consultation Paper No.05/2018-19 dated 17th May, 2018 issued by the AERA in the matter of Tariff determination of Kempegowda International Airport for 2nd control period.

With reference to the above mentioned subject I am to submit that in the ongoing tariff determination for the 2nd Control period, AERA has taken certain stands on the tariff and capital expenditure which might have an adverse impact on the timely completion of the expansion projects of BIAL. The capital expenditure considered by AERA for the determination of aeronautical tariff excludes certain projects on an approximate value of Rs.1212cr. These exclusions are in respect of the GST impact on project cost, capital expenditure for the Eastern Tunnel and other important ancillary projects such as 220 KV substation, existing terminal improvements etc.

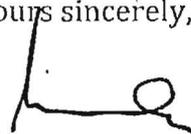
Considering all aspects, the Government of Karnataka would like to state:

1. AERA may kindly ensure that appropriate measures are taken during the tariff determination process so as to take care of the expansion and growth requirements of BIAL.
2. AERA may consider the cash flow requirements of BIAL towards capital expenditure and necessary Revenue augmentation, while determining the tariffs.
3. The Revenue augmentation can be done in terms of continuing existing tariffs for the balance period the 2nd Control period. The excess revenues collected can be trued up in the next control period and will smoothen the higher tariffs that are expected in the 3rd control period due to higher capitalization, thereby mitigating tariff spikes and shocks.
4. The Government of Karnataka has on its part assisted BIAL in providing interest free loan & land at a concessional rate. It may be now difficult for further equity infusion and therefore the expansion projects have to be completed through external borrowings and augmented revenue.

Government of Karnataka attaches great importance to KIA and for this reason the vicinity is also being developed. I am certain AERA will consider all such aspects before fixing the tariff for the 2nd Control period.

With regards,

Yours sincerely,



(SANDEEP DAVE)

**Shri S. Machendranathan,
Chairman,
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