

विनीता भंडारी

कार्यपालक निदेशक (एकीकरण एवं औ. सम्पर्क)

Vineeta Bhandari

Executive Director (Integration & I.R.)



Ref.No.ED(IC & IR)/10

11<sup>th</sup> May, 2010

Dear Shri *Prakash,*

**Subject: Proposal of AAI to levy user Development Fee at Ahmedabad International Airport**

This has reference to Consultation Paper No.3/2010-11 dated 27<sup>th</sup> April, 2010 on the above subject.

The Single Till methodology has been adopted by AERA and the non consideration of the TNL and RNF charges, which is major revenue for Airport Authority of India within the gamut of aero charges, does not reflect the correct picture in regard to the revenue earned by the Airport. These charges assume greater importance since it is an Airport Authority of India controlled/owned Airport.

In regard to the Regulatory Asset Base, the book value of the existing asset of Rs.130.02 crores is being considered. This should not form part of the RAB as these are old assets which are not part of the current project.

The Traffic Projections as per the national trend is in the range of 13% p.a. for domestic and 13.9% p.a. for international passengers. The traffic projections in the present case are being taken at a growth rate from 10% to 14% p.a. for International passengers and 10% to 12% p.a. for domestic passengers. It is essential that the traffic projections are as per the national trend.

The revenue from City Side Development has not been considered and its omission is not understood clearly. It is again reiterated that this policy of AAI is against the Single Till approach decided by AERA in their consultation paper.

Repairs and Maintenance charges are shown increased by 75%, which is very high particularly as the project has all new material and equipment. A more reasonable increase based on the life of the equipments and systems need to be considered. Normally all new equipments would be under warranty by the manufacturers & should not therefore require heavy maintenance costs.

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The UDF collection sheets placed at Annexure IV and V reflect the target deficit as also the net incremental revenue from UDF collection. The net incremental revenue from UDF is seemingly reflected higher than the Target deficit and based on the view of the Authority to levy UDF @ Rs.110/- for each domestic passenger and Rs. 415/- for each international passenger, it seems that Airport Authority of India would end up having higher Target revenue as compared to the expenditure. In case the above observation is true, then the proposed UDF needs a review.

The Collection charge on User Development Fee at the rate of Rs.5/- per departing passengers is too low for the airlines to recover the cost of manpower, establishment, services etc. spent on such collection. It is requested that AERA should consider revising this to a more reasonable percentage of 5% on the User Development fee charges. The permissible collection charge on PSF is 2.5%.


A provision of an integrated terminal goes a long way in facilitating passenger comfort and this is also in line with the international trend to have a common terminal for both domestic and international travel.

There is also a need to create Service Quality audit with well defined parameters and also performance audit so that performance can be properly monitored.

Since the global aviation scenario and particularly Indian aviation, is passing through severe financial recession, the levy of UDF would lead to further deterioration in regard to the viability of the Airlines indirectly by impacting passenger traffic and we, therefore, request that UDF should not be levied at government controlled and owned airports.

It is reiterated that the proposed UDF is very high and the above observations need to be taken into consideration for determining the need to impose UDF.

Regards

  
(Mrs. Vineeta Bhandari)

Shri Sandeep Prakash  
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