



BUSINESS AIRCRAFT OPERATORS ASSOCIATION

Ref. No. BAOA/AERA/13/2017-18
February 15, 2018

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

Subject:- Comments on AERA Consultation Paper 42/2017-18

Madam,

Please refer your Consultation Papers 42/2017-18

The following comments are offered:-

- (i) AERA has adopted 'light touch approach' for deciding the aeronautical tariff for Celebi NAS at CSIA Mumbai due to service deemed as 'material and competitive'. However, there is a lack of reasonability in charges being proposed at the airport due to no transparent and documented process of stakeholder's consultation. This situation doesn't conform to provision of 'competition laws' and the latest GH Policy of the GOI (Please refer para 3(d) of the Gazette of India F.No. AV-24011/8/2017-AAI-MoCA dated 15 December 2017).
- (ii) The 'service provider' has also not conducted any stakeholders consultation, which is critically important to ensuring reasonability of tariff in 'light touch approach'
- (iii) In view of AERA's observation at para 4.4 of CP 42/2017-18, it is required to rationalise GH charges through a transparent process of stakeholders consultations and objective feedback.
- (iv) While comparing the tariff rate of M/s Celebi NAS and M/s Air India at para 3.3, it has been observed that variation in the tariff rates of M/s Celebi NAS and M/s Air India is in the range of 2% to 115%. This should be elaborated with specific examples to further ensure rationalisation of GH charges at the airport.
- (v) Finally, it is the time AERA disallows levying of royalty / revenue share at all public airports. In this regard, please refer BAOA letter Ref. No. BAOA/AERA/01/2017-18 dt. 01 May 2017 sent in response to AERA CP 08/2016-17 (copy attached).

We are readily available for any further discussion/clarification on this issue.

Thanking you

For Business Aircraft Operators Association


Gp. Captain R.K. Bali (Retd.)
Managing Director



Enclosed:- Letter Ref. No. BAOA/AERA/01/2017-18 dt. 01 May 2017

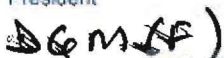
Copy:- Chairman, AERA

Rohit Kapur
President

Pradeep Agarwal
Vice President

Gp. Capt. Rajesh K Bali (Retd.)
Managing Director

Mr. Harsh Vardhan Sharma
Treasurer





BUSINESS AIRCRAFT OPERATORS ASSOCIATION

Ref No BAOA AFRA 01 2017-18

May 01, 2017

To,

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

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफ़दरजुंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
संख्या: 76-24
दिनांक: 01/05/17

Subject:- Comments on AERA Consultation Paper 8/2016-17

Dear Sir/Madam,

Our comments are as follows:-

Comments on AERA Consultation Paper 8/2016-17

Introduction

AERA, established as per AFRA Act 2008 passed by parliament, was formed to regulate tariff and other charges for aeronautical services rendered at 'public airports'. Para 2 (a)(v) of AFRA Act defines Ground Handling (GH) services relating to aircraft, passengers and cargo at an airport as aeronautical services. Further para 2(a)(ii) of AFRA Act defines landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport as aeronautical service. The above, well-defined aeronautical services in AFRA Act, have not yet been fully regulated by AERA, as per the 'Act' in spite of being in existence for over seven years now.

Ground Handling Services

Ground Handling (GH) services are well-defined aeronautical services at an airport. Therefore, in addition of being so defined in AFRA Act 2008, government further issued AIC 3/2010 (as attached) on 'grant of permission for providing GH services at airports, other than those controlled by AAI'. The attached AIC 3/2010 lists out all the GH services to be provided at Annex A & B. The AIC 3/2010, para 1.1 (iii) and AFRA Act 2008, para 2 a (vii), also give Central Government authority to additionally specify any activity, it considers, should be part of aeronautical services at public airports. While 'self-management of GH services' remains the right of each operator whether scheduled or non-scheduled, AFRA being the regulatory authority, has to decide charges for aeronautical services at all

Rohit Kapur
President

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public airports as per guidelines given in State Support Agreement (SSA), specifically for PPP model airports. There is no provision of any royalty to be considered by AI RA while deciding charges for aeronautical services at any public airport. Royalty is a legacy of British India and used to be called 'Lagaan' during pre-partition times. Even the dictionary meaning of 'Royalty' disqualifies it to be part of costing at a 'public airport'. 'Royalty has been defined, in accounting terms, as 'payments made to someone whose invention, idea or 'property' is used. Therefore, at public airports charging royalty, over and above charges for aeronautical services, is illegal, unethical and akin to being an 'organised loot' in monopolistic situation, of common man in India travelling through medium of air. All operators, whether scheduled and 'non-scheduled' pass on these illegally charged amounts of 'royalty' to the common public which is using air transportation as means to commute to save their time and better use their skills in more progressive way for growth of Indian economy. Therefore, illegal charging of 'royalty' is impeding optimum growth of aviation industry.

We would like to draw the kind attention of 'Authority' to the variable royalties being charged at different 'GH' Agencies across public airports in India. Attached as Annex II & III. Even AAI has region-wise variable rates of royalty at public airports operated by it. In case of 'public airports', operated under PPP model, AI RA has so far given free run to airport operators to follow any model of own choice-'royalty' or 'revenue sharing'. And, this model is being allowed by AI RA in addition to the 'rental or licence fee' for using the premises of 'airports for ground services that are part of aeronautical services, as defined in 'AI RA Act'. The 'Act' makes it obligatory on part of AI RA to fix charges of all aeronautical services at a public airport on 'cost plus basis' as provided in SSA, including Independent Service Providers (ISP's) giving cargo facility and 'supply of fuel'.

Once the charges are fixed in a rational and 'cost-plus' basis, allowing 14-15% return on investments, the airport operator at a public airport, whether, AAI or 'under PPP' should not be allowed to charge any amount above the AI RA's prescribed ceiling to the public. It may be left to the airport operator to provide these essential aeronautical services under own 'safety certified' arrangements or, thru accredited GH Agencies by any of the three - 'Revenue Sharing', 'Licence Fee', 'Mixed Revenue sharing & Licence-Fee'- mechanism. This is the only way AI RA should be discharging its responsibilities to ensure Indian public pays reasonable and the right charges for all aeronautical services provided at public airports.

Maintenance Hangars under DGCA's approved CAR 145 at Public Airports

The Consultation Paper has not addressed the issue of maintenance hangars at a public airport functioning under CAR 145 approvals. The licence fee for rental of these maintenance hangars, providing aeronautical services as per AERA Act para 2 a (ii) for ensuring continuous airworthiness and safe flying operations of aircraft at a public airport, has to be fixed by AI RA in accordance with the Act & OMDA Annex 5 (attached). Besides, giving free hand to airport operators (both AAI & under PPP) for fixing licence fee as non aeronautical charges, AERA has, further, not even stopped charging of 'royalty' in addition the licence fee at these public airports. The 'licence fee' of these maintenance hangars has been astronomically increased without any justification. Please see attached rates of 2006 and 2013 for reference (Annex VI).

In view of the above, while addressing issue of royalty for GH, Cargo & Fuel Supply, AI RA should immediately fix license fee, rental for maintenance hangars at all 'public airports' as per provisions of AI RA Act and completely remove and additional fee / charges under any head, like 'royalty' or 'revenue sharing' etc., being charged, hitherto.



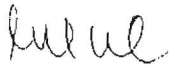
Conclusion

ALRA should be complimented for bringing out the Consultation Paper 8/2016-17 as part of its public duty to ensure all aeronautical services at public airports are charged reasonably and on cost plus basis. No further time should be allowed to pass to correct the situation and, 'royalty', which is the legacy of British India, be abolished completely and instantaneously.

The ALRA consultation paper 8/2016-17 relates to capping of Royalty at 30%. BAOA strongly contests the very existence of Royalty because it is illegal, unethical, and prejudicial. Further, it runs counter to the functioning of ALRA as the sole regulator of aeronautical charges at public airports in India. BAOA also strongly questions the recent trend of ISP's changing the word 'Royalty' to 'Revenue Share', indicating an underhand attempt to force upon the illegal charges under different nomenclature.

Thanking you

For Business Aircraft Operators Association



Gp. Captain R.K. Bali (retd.)
Managing Director

Enclosed:- Annex I (AIC 3/2010)
 Annex II & III (Royalty & GH charged at various airports)
 Annex IV (Extract of ALRA)
 Annex V (OMDA Schedule 5)
 Annex VI (Maintenance Hangar Licence fee 2006 & 2013)

Date: 15th February, 2018

**The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003**

Ref: Consultation Paper No. 42/2017-18

Dear Sir/Madam,

In reference to the above mentioned Consultation Paper issued for Multi Year Tariff Proposal for the 2nd Control Period (01.04.2016 to 31.03.2021) and Annual Tariff Proposal of our Company, we would like to draw your kind attention towards the following points:

1. Annexure IV.D - Price list of Bridge Mounted Equipment Services - PCA (per 5 hour in INR) should be PCA (per hour In INR)
2. This is in reference to clause 4.4 of the consultation paper, it was proposed that the current tariffs should be valid for FY 2018-19 as well which means no price hike for consecutive four years. Considering the above we hereby request that the price for FY 2018-19 should be considered after we file Annual Tariff Proposal (ATP) for FY 2018-19 which will be submitted shortly.

It is humbly requested to consider the above request and oblige us.

For Celebi NAS Airport Services India Pvt Ltd



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Chief Financial Officer
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