



भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

No. AAI/CHQ/AERA/Misc /2018 /334

11th June, 2018

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

Sub: - In the matter of determination of Fair Rate of Return(FROR) to be provided on Cost of Land incurred by various airport Operators of India.

Madam,

Reference is invited to AERA Consultation Paper No. 04/2018-19 dated 8th May, 2018 in the matter of determination of Fair Rate of Return(FROR) to be provided on Cost of Land incurred by various airport Operators of India.

On the perusal of the Consultation Paper, it is observed that in both the options, the cost of the land is not fully recovered and also no return on land has been considered. However, considering that AAI is incurring cost of land for which no return would accrue to AAI, AERA is requested to consider the scenario given below:

AERA may consider a moderated FROR based on G-Sec reference rate/Bank rate or any other rate considered relevant for this purpose. Land cost will not be considered as a part of RAB but notionally reduced over a normative period of 30 years for the purpose of providing FROR.

Thanking you,

Yours faithfully,

(G. Ravichandran)
Executive Director(IA,JVC& Tariff)