

AVN.HQ.MKT.13.AERA

June 11, 2018

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

Consultation Paper No. 04/2018-19
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

Dear Madam,

This is with reference to consultation Paper No. 04/2018-19 on the subject.

~~Our comments~~ are given below.

The terms and conditions for transfer of land by the land owner to the airport operator is a commercial decision between the parties and we have no comments.

However we feel that the land rentals being charged by the airports to the oil companies need to be considered as aeronautical charges and taken under the purview of AERA. Rentals charged are at very high rates and in most cases have no relevance to charges paid by the airport operator to the land provider or the fair market values. Our view is that AERA may consider regulating these charges and devise a formula for rentals which may be linked to the actual cost to the airport operator or the market rate (maybe the circle rate) as the case may be.

Since these charges form input costs for the oil companies and ultimately affect the fuel price and thereby the ticket costs to the end customers, they need to be fair and reasonable. Regulation of the same will go a long way in fulfilling the Governments objective of making air travel affordable for the common citizen.

Thanking you.

Yours Faithfully,
For Bharat Petroleum Corporation Limited


Vijay Ranjan
CGM – Aviation

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