



विपणन प्रभाग

Marketing Division

Ref: IOC/BD/AERA/FRoR

Date: 05.06.2018

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

Sub: Comments on 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

Respected Sir/Madam,

This has reference to the subject Consultation Paper where the Airport Operators are seeking FRoR on the Cost of Land while finalising their Aeronautical charges.

As mentioned in the consultation paper, if the cost of land is considered while finalising Aeronautical charges, most of the charges will shoot up abruptly. The high aeronautical charges by airports operators have already been criticized by the Airlines time and again.

Further, the airport operators are also charging land rental at the rates given below:-

Sr No.	Airports	Land rate paid by Airport Operators	Land rental rate charged (Present) excl GST
1	Delhi	Rs 100/- Rs per Acre	7280 Rs/ Sq Mtr
2	Mumbai	Rs 100/- Rs per Acre	7280 Rs/ Sq Mtr
3	Chandigarh	Through Equity	16305 Rs/ Sq Mtr
4	Cochin	Through Equity	1075 Rs/ Sq Mtr

It can be observed from the Table 2 in page 6 / 7 of page 14 of the consultation paper that the land at Delhi and Mumbai Airport were provided to Airport Operators at Rs 100/- per Acre where as the rental being charged is very high as stated above. Also the land at Chandigarh, Cochin and Kannur has been provided by the State Government in the form of equity against which the investor would be getting Return on Investment by way of dividend.

We would like to submit that the airport operators are also charging throughput charges from Oil Companies and other service providers over and above the land rentals. It may be noted that the land rental are not part of the aeronautical charges finalized by AERA, although the same is being used for providing the aeronautical services by Oil Companies.

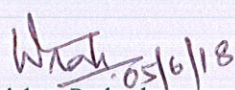
Hence, the plea of airport operators that return on land has not been provided to Airport Operators is not entirely true. Further we would like to submit that airport operators are revising the land rental rates exorbitantly, as and when they desire.

It may be noted that airports should not be considered as a quick way to raise cash for the government or airports operators. The focus should rather be on wider economic benefit. Hence our suggestions:-

1. The cost of land should not be considered while finalizing the Aeronautical charges so that the aeronautical charges should not increase.
2. The land rental rate at airports to be brought under the purview of AERA so that an equitable and rational land rental shall be fixed.

Thanking you,

Yours faithfully
For Indian Oil Corporation Ltd


Krishna Prakash
Dy. General Manager (Aviation)