

Ref.No: DF/HQ/18/16

14th June, 2018

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

**Sub: Consultation Paper No. 06/2018-19 – Determination of Aeronautical Tariffs in respect  
IGI Airport – Second Control Period.**

Dear Sir,

Please refer to AERA Consultation paper No.06/2018-19 circulated vide reference no AERA/20010/MYTP/DIAL/CP-II/2013-14/Vol – IV dated 29<sup>th</sup> May'2018. We are giving below our views with regard to the proposed changes in the tariff w.e.f 1.7.2018:-

**1. X-Ray Baggage Charges:**

- a) Reference Annexure-5 regarding the proposed tariffs, it is observed that even though there is a slight reduction in Landing charges, Parking charges and CUTE counter charges are proposed to be made nil but due to the proposed X-Ray Baggage charges, there is over all increase in tariff for international Flights amounting to approx. Rs.6000 to Rs.6500 per flight for wide bodied aircraft resulting in approx. annual increase of Rs. 5.05 Crores in Aero charges at Delhi. More over in Annexure -5 applicable tariffs for only B- 747 and DC-10 type of aircraft (wide body aircraft) have been specified due to which there is no clarity of applicable charges for international operations with other types of aircraft. Air India and its subsidiary AI Express operates to various international destinations with other types of aircraft having different seating capacity such as B- 737, A- 319, A-320 and A-321 etc. for which the applicable rates have not been specified.
- b) Kindly refer to Ministry of Civil Aviation order no.AV.13028/001/2009-AS dated 16.04.2010 as per which the operator shall not charge the airlines for the security screening of the Baggage. (Copy Annexed). More over as per clause 3.3.5 of the SSA the JVC ( DIAL) shall be responsible for procuring and maintaining at its own cost all security systems and equipments.

Contd 2/-

ओल्ड एअरपोर्ट, कालिना, सांताक्रुज (पूर्व), मुंबई - 400 029. इंडिया. फोन : 2626 5555  
Old Airport, Kalina, Santacruz (East), Mumbai - 400 029. India. Tel.: 2626 5555

रजिस्टर्ड कार्यालय : एअर इंडिया लि., एअरलाइन्स हाऊस, 113, गुरुद्वारा रकाबगंज रोड, नई दिल्ली - 110 001. इंडिया. फोन : 2342 2000  
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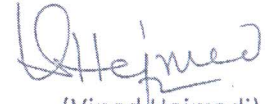
Considering the above aspects, kindly review the proposed X-Ray Baggage charges as demand from other airport operators to implement X-Ray Baggage charges will have substantial financial impact for the airline.

2. Reference para 3.11 of the Consultation paper approximately Rs.5200 Crores excess collected by DIAL needs to be adjusted from ARR for the third & fourth control period. Kindly consider the fact that the excess collected by DIAL also includes excess charges in Landing, parking, cut counter charges etc. which were collected from the airlines. The adjustment of Rs.5200 Crores in the third and fourth control period will result in huge benefit to the new airlines though they have not contributed to the excess amount collected by DIAL. It is therefore submitted that while fixing the tariffs this aspect may please be considered and the airlines who have shouldered the burden of the excess amount collected may be compensated by way of discounts in tariffs in proportion to the excess amount collected from them.
3. In order to encourage more flight operations from the airport some of the international airport operators offer volume based discounts to their domestic carriers. We request introduction of such an incentive scheme at Delhi Airport also.

The above points are submitted for favorable consideration of AERA please.

Thanking you

Yours faithfully,

  
(Vinod Hejmadi)  
Director Finance

Encl: as above

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No.AV-13028/001/2009-AS  
Government of India  
Ministry of Civil Aviation  
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'B' Block, Rajiv Gandhi Bhavan,  
New Delhi, dated: 16.04.2010.

To

1. The Commissioner of Security (CA),  
[Attn: Shri Rohit Nandan], BCAS, New Delhi.
2. The Chairman, (Attn: Shri V.P Agrawal),  
Airports Authority of India (AAI), 'A' Block, Rajiv Gandhi Bhavan,  
New Delhi.

Subject:- Expenditure to be met out of the Passenger Service Fee (Security Component) [PSF(SC)].

Sir,

I am directed to refer to this Ministry's circular of even number dated 08.01.2010 and the representations received from the various Private Airport Operators. After consultation with the Stake Holders, this issue has been reconsidered in this Ministry and the following clarifications are issued in partial modification of the above circular, for compliance:

- I. In the circular issued by the Ministry on 8<sup>th</sup> January, 2010, a distinction had been made between anti-hijacking and anti-sabotage functions with the intention to support expenditure only on anti-hijacking functions from PSF(SC). It was felt that this distinction is somewhat unreal as modern day threats to aeroplanes, passenger and airport infrastructure form part of a composite danger and hence it is decided that expenditure toward anti-hijacking as well as anti-sabotage functions is considered as allowable expenditure from PSF(SC).
- II. Considering the above, the entire cost of security equipments deployed at the airports as per the BCAS mandate is allowed to be met from PSF(SC). However, this is subject to the condition mentioned at para VII below. The following items are specifically listed as eligible:- Perimeter Intrusion Detection System (PIDS) installed over the perimeter wall, patrolling tracks, road rambles, boom barriers, bollards, tyre killers, Under Vehicle Scanning System(UVSS), CCTVs, Licence Plate Reader(LPR). However, cost of Access Control equipment installed in private commercial areas let out to airlines/concessioners etc. shall not be met out from PSF.
- III. The cost of Aviation Security Force i.e CISF shall be met out of PSF(SC). This would include salaries, perquisites and allowances of CISF as per MHA guidelines, accommodation expenses, arms and ammunition etc. Terms of eligibility of personnel will be as per norms of MHA/BCAS. Vehicles for use of the force shall be purchased as per DGS&D rate contract as prescribed in the circular No. AV. 13028/001/2009-AS dated 08.01.2010 of MoCA. The cost of accommodation as per eligible norms including leased accommodation wherever necessary, will be borne out of PSF(SC). No expenditure on account of private security or manpower deployed by the airport operator for regulation of traffic and other purposes can be met out of

PSF. Similarly, there shall be no expenditure from PSF to support private security apparatus, if any, put in place by the airport operator.

IV. The cost of the security screening equipment shall be met out of PSF. As far as Inline Baggage Screening System is concerned, only the portion of expenditure relating to baggage screening equipment can only be met from PSF and not the entire Baggage Handling System. Further, the operator shall not charge the airlines for the security screening of the Baggage.

V. The procedure for procurement of equipment and execution of projects out of PSF shall be according to Govt. Procedures, in the sense, that open tenders shall be resorted to in case of expenditure over Rs. 20 lakhs and competitive open tender in the case of expenditure below Rs. 20 lakhs.

VI. It is also decided to permit the mortgaging of security capital assets set up, for financing purposes with prior approval of MoCA. A separate amendment to the SOP will be issued in this regard by MoCA.

VII. It is clarified that in case of new airport projects, whether Brown field or green field, the entire expenditure on security infrastructure shall form part of the project cost. However, the operating expenditure relating to such eligible security equipment installed as per BCAS mandate shall be met out of the PSF.

VIII. Procedure to be followed for creating accommodation for ASF/CISF: the expenditure on creating accommodation for CISF shall be incurred after seeking the MCA/competent authority's prior approval, subject to the compliance to the Ministry of Urban Development's guidelines on eligibility of the accommodation.

2. This has the approval of Hon'ble Minister of Civil Aviation (I/C).

Yours faithfully,

  
(N. Radhakrishnan)

Under Secretary to the Govt. of India  
Tel. No. 24629323/Fax 24619226

Copy to:

1. Chief Executive Officer, (Attn: Shri P.S Nair), Delhi International Airport Ltd. (DIAL), New Udaan Bhavan, Near Terminal 1B, IGI Airport, New Delhi.
2. Managing Director, (Attn: Shri Sanjay Reddy), Mumbai International Airport Ltd. (MIAL), 1-B Terminal, CSI Airport, Mumbai.
3. Managing Director (Attn: Shri K.K. Grandhi), Hyderabad International Airport Ltd. (HIAL), Aparna Crest, 3<sup>rd</sup> Floor, Banjara Hills, Road No. 2, Hyderabad-500034.
4. Managing Director (Attn: Dr. C. G. Krishnadas Nair), Cochin International Airport Ltd. (CIAL), Kochi Airport P.O., Ernakulam - 683111, Kerala.
5. CEO (Attn: Shri Marcel Hungerbuehler), Bangalore International airport Ltd. (BIAL), Administrative Block, Bengaluru International Airport, Devanahalli, Bangalore - 560 030.



6. The Pr. Director (Commercial), [Attn: Shri D.K Bhatt, Dy. Director], O/o the Principal Director of Commercial, Audit & Ex-Officio Member, Audit Board-1, 3<sup>rd</sup> Floor, A-wing, Indraprastha Bhawan, New Delhi-110 002.



(N. Radhakrishnan)

Under Secretary to the Govt. of India

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