

# AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

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## **Minutes of the Stakeholders Consultation Meeting held on 11<sup>th</sup> July, 2018 at 11:00 AM in the matter of Determination of Aeronautical Tariff in respect of Indira Gandhi International Airport, Delhi with respect to Base Airport Charges.**

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The Stakeholder Consultation Meeting was convened by the Authority on 11.07.2018 at 11.00 AM in the Conference Room, first floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit the views of the stakeholders on the Consultation Paper issued in the matter of Aeronautical Tariff in respect of Indira Gandhi International Airport, Delhi with respect to Base Airport Charges. The list of participants is enclosed at **Annexure-I**.

2. Chairman, AERA invited DIAL to present their proposal:

### **Delhi International Airport Ltd. (DIAL)**

DIAL gave a presentation on its proposal for implementation of Base Airport Charges as provided in OMDA and SSA. It was informed by Sh. KN Rao, Director GMR that the tariff determined by AERA for the 2<sup>nd</sup> control period is lower than the Base Airport Charges provided in OMDA. Hence, it has been proposed by DIAL that the BAC + 10% of BAC as guaranteed in Schedule 6 of SSA be allowed to Delhi Airport.

Sh. GRK Babu, CFO DIAL gave a brief on the IGI Airport from the time of taking over the airport by DIAL and the improvements made afterwards by DIAL in its infrastructure & service offered. He also briefed on the applicability of each element of BAC.

3. Chairperson, AERA thanked DIAL for the presentation and invited the stakeholders to express their views.

### **3.1 Air India**

Shri Vinod K, DGM (F) from Air India stated that the excess charges collected by DIAL during 2<sup>nd</sup> control period should also be considered by Authority while fixing the Base Airport Charges. He also stated that the X-Ray charges should not be collected in accordance with MoCA circular dated 16.04.2010 which provide that airport operator shall not charge 'X-Ray' screening charges from airlines.

### **3.2 Association of Private Airport Operators (APAO)**

Shri Satyan Nayar supported the proposal of DIAL and said that schedule 6 of SSA, provides that at any time the tariff for Delhi Airport should not fall below the level of Base Airport Charges+ 10% of BAC and the same should be honored.

### **3.3 Interglobe Aviation (Indigo)**

Shri Dushyant Deep, senior legal counsel from Indigo expressed that the 2<sup>nd</sup> control period Order of DIAL is under appeal, hence it is not proper to implement any tariff order now. He further suggested that there should not be automatic escalation every year. To this Chairperson, AERA clarified that the 10% increase in BAC is only for one time and there is no annual escalation.



### **3.4 Jet Airways**

Shri Mukesh Trehan, GM (F) stated that X-Ray charges should not be collected as per MoCA circular dated 16.04.2010.

Mr. Mukesh further requested to the Authority, also consider the excess collection made by DIAL during 2<sup>nd</sup> control period. He further said that any revision if required, should be effected in 3<sup>rd</sup> control period only. He also said that the SSA, provided that AERA may consider the BAC which implies that the same were not mandatory to implement.

Chairperson, AERA clarified that in its recent Order, TDSAT has also upheld to honour the SSA signed by the airport operator with the government.

### **3.5 Business Aircraft Operators Association (BAOA)**

Shri R.K. Bali stated that OMDA should only be followed, in terms of the AERA Act, and every stakeholder should be fairly dealt with. He further stated that FTC is decided arbitrarily in airports, and hence should not be provided. AERA should determine tariff as per its own philosophy & guideline and not by concession agreement alone.

### **3.6 Federation of Indian Airlines (FIA)**

Shri Ujjwal Dey, Associate Director asked whether AERA has conducted any study to analyse the proposal of DIAL, and whether is it overlapping 2<sup>nd</sup> control period. Chairperson, AERA clarified that SSA provided for BAC + 10% at any point of time and it is a onetime increase over BAC and not a 10% increase every year.

### **3.7 Mumbai International Airport Ltd. (MIAL)**

Shri Sanjiv Bhargava, Vice President appreciated the Authority for considering Base Airport Charges at IGI Delhi.

### **3.8 International Air Transport Association (IATA)**

Shri Amitabh Khosla, director, IATA stated that current tariff applicable at Delhi reflects the proper assessment of AERA, after calculating the Aggregate Revenue Requirement and this needs to be respected and implemented. Applying minimum charges undermines the main purpose of economic regulation of airport. He further stated that FTC was not a part BAC therefore it gives AERA discretion on how to set this particular charge. He further stated that IATA disagrees with providing the 2009 rate of Rs.500/KL for FTC and felt that, it would be appropriate to use the 2006 level rate of Rs.100/KL. He further stated that since the FTC was not included in BAC the present proposal unjustifiably increase revenues of DIAL by around Rs.103 crores compared to tariff prevailing as per 2<sup>nd</sup> control period. He also suggested that AERA should fix the FTC at the level of Rs. 131/- to satisfy the stipulation on BAC and the need to maintain the ARR at the level calculated by AERA for the second control period. He also referred the over recovery made by DIAL up to July 2017, estimated at Rs.5200 crores and requested AERA to true up the same in 3<sup>rd</sup> control period only and not to extend it to 4<sup>th</sup> control period.

The Meeting ended with a vote of thanks to the chair.

  
(Puja Jindal)  
(Secretary)

**List of Participants:-**

**Airports Economic Regulatory Authority Of India**

1. Shri. S. Machendranathan, Chairperson- in Chair
2. Shri Subrata Samanta, Member.
3. Shri Sudhir Raheja, Member.
4. Ms. Geetha Sahu, AGM (Fin)
5. Shri. Jaimon Sakaria, Manager (F)
6. Shri A.B. Saxena, Consultant.

**DIAL**

7. Shri KN Rao, Director
8. Shri Madhukar Dodaraja, Vice President.
9. Shri GRK Babu, CFO
10. Shri Harsh Gulati, Head (Regulatory).
11. Shri Ajay Kharbanda,
12. Shri Ramit Choudhary

**Air India**

13. Shri Vinod Kumar, DGM (Fin).

**APAO**

14. Shri Satyan Nayar

**Inter Globe Aviation (Indigo)**

15. Shri Dushyant Deep, Senior Legal Counsel.

**DCSC**

16. Shri Vipin Jain, COO
17. Shri Avinash Razdan

**Jet Airways**

18. Shri Mukesh Trehan, GM (Fin)

**BAOA**

19. Gp. Capt. R.K. bali

**FIA**

20. Shri Ujjwal Dey, Associate Partner.

**MIAL**

21. Shri Sanjay Bhargava, VP (Regulation)
22. Shri Abhay Saboo

**IATA**

23. Shri Amitabh Khosla, Country Director