

Mumbai International Airport Pvt Ltd

MIAL/PR/10

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19th April, 2010

The Secretary
Airports Economic Regulatory Authority of India,
Rajiv Gandhi Bhawan,
New Delhi – 110 003.

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OSD-II

Sir,

Sub : 10% increase in Aeronautical Charges requested by Mumbai International Airport (MIAL) with effect from 03.05.2009

Ref : Consultation Paper No.1/2010-11 F.No.AERA/20010/MIAL-AC/2009 dated 12th April, 2010.

With reference to above Consultation Paper of AERA, MIAL is of the view that it is eligible for requested 10% increase because of the following reasons.

- 1) Contention of AERA that MIAL did not submit a justified proposal to support 10% increase in airport charges effective 3rd May, 2009 has to be seen in light of the factual position that no tariff guidelines have been finalised by AERA hence it was not possible for MIAL to submit a detailed proposal. In view of this fact, MIAL requested for a minimum 10% increase as stipulated in Schedule 6 of State Support Agreement dated 26th April, 2006 between Government of India and MIAL.
- 2) We wish to bring out the provision of State Support Agreement wherein vide Clause 3.1.2 it is clearly stipulated that Aeronautical Charges for any year during the Term of the Agreement shall be calculated in accordance with Schedule 6 appended thereto.
- 3) Schedule 6 vide Clause 2, states that at the least a permitted nominal increase of 10% of the Base Airport Charges will be available to the JVC for the purpose of calculating Aeronautical Charges in any year after the commencement of 4th year and thereafter for the Term, i.e. from 3rd May, 2009 onwards. Looking into the project cost involved in the development of Airport, required increase will be

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Mumbai International Airport Pvt Ltd

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higher than 10% however in absence of tariff fixation guidelines and conduct of business rules it was not possible for MIAL to file tariff application hence it is requested that the stipulated 'at the least, permitted nominal increase of 10% of the Base Airport Charges' may be approved.

- 4) The contention of AERA that if 10% increase is allowed as per MIAL interpretation it will result in doubling of airport charges in about seven years does not take into account the fact that huge capital investment may anyhow result in such levels being reached in less than seven years.
- 5) Authority has cited view of MoCA that increase is not automatic which is correct only if guidelines and conduct of business rules were in place, hence a minimum increase of 10% as stipulated in Schedule 6 needs to be sanctioned as there are no guidelines in place as on the date from when charges are to be increased.

In view of the facts mentioned above, MIAL requests AERA to review its proposed decision.

MIAL reserves its right to furnish additional information to support its view in writing and also in person.

Thanking you,

Yours sincerely,
For Mumbai international Airport Private Limited


(R.K.Jain)
President



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