Federation of Indian Airlines
E-166, Upper Ground Floor,
Kalkaji,
New Delhi - 110019.
Website: www.fiaindia.in

MOST URGENT

05 September 2022

To,
The Chairperson,
Airports Economic Regulatory Authority,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi- 110 003.

Kind Attention – Shri. Balwinder Singh Bhullar Ji

Sub: FIA Response to the AERA Consultation Paper No. 07/2022-23 dated 05th August 2022 on determination of Aeronautical Tariff for Mangaluru International Airport, Mangaluru for the First Control Period (01.04.2021 – 31.03.2026)

Ref: *AERA stakeholder consultation (virtual) meeting dated 22 August, 2022.*

Dear Sir,

We, the Federation of Indian Airlines (on behalf of our members, IndiGo, SpiceJet and Go First) write in response to the Consultation Paper No. 07/2022-23 issued by the Airports Economic Regulatory Authority of India ("**AERA**" or "**Authority**") in the matter of determination of Aeronautical Tariff for Mangaluru International Airport, Mangaluru ('**MIA'**) for the First Control Period (01.04.2021 – 31.03.2026) ('**Consultation Paper**' or '**CP**').

At the outset, we would like to express our sincere gratitude to AERA for inviting stakeholder comments on the CP, and further acknowledging the impact of COVID-19 on the aviation sector.

Sir, you will appreciate that airlines which are the 'catalyst' for the global economy including the aviation sector, have been adversely impacted due to significant headwinds, including travel restrictions during COVID-19, increase in prices of Aviation Turbine Fuel (ATF) and fluctuation in foreign exchange *etc*.

As per industry estimates issued by IATA and CAPA, it will take almost another one (1) - two (2) years for airline operations to reach pre COVID-19 level, in terms of number of flights and passengers, if subsequent variants of COVID-19 do not further impact the recovery. In the current situation, airlines in India are staring at significant losses and with limited financial support from the Government, airlines are constrained to implement severe cost control measures to sustain its operations.

The CP proposes a huge increase in the aeronautical tariffs by MIA – as mentioned under **Annex - A**. Authority is kindly requested to take note of our observations mentioned therein.

In this regard, we humbly request AERA to not implement any increase in the aeronautical tariff in the First Control Period and defer any increase in the same to subsequent control period, if any, given the adverse financial impact of COVID-19.

Without prejudice to the above, we request AERA to kindly note our submissions in the format desired by AERA i.e., **Annex – B** hereto and not increase any tariffs.

We hope that your good self will positively consider such recommendations/ comments as it will help in achieving the affordability and sustainability of the airline, which is also outlined as a key objective in the National Civil Aviation Policy, 2016.

We look forward to your continued support in these challenging times.

Thanking you in advance.

Yours Truly,

For and on behalf of the Federation of Indian Airlines,

UJJWAL DEY
Associate Director

Copy to:
Director (P&S Tariff), Airports Economic Regulatory Authority of India (AERA)

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Annex - A
Observations on proposed Tariff Card (Proposed by MIA)

Authority is kindly requested to take note of our observations mentioned on the proposed Tariff card.

Overall Summary – YoY increase:

Charge Category	Period			
	Oct'22 to Mar'23	Apr'23 to Mar'24	Apr'24 to Mar'25	Apr'25 to Mar'26
Domestic				
Landing Charges	65%	250%	76%	0%
Xray Charges	100%	0%	35%	0%
PSF and UDF per pax	10%	130%	26%	0%
International				
Landing Charges	41%	0%	250%	219%
Xray Charges	100%	0%	0%	0%
UDF	-43%	0%	129%	0%
Overall	49%	117%	74%	22%

Landing & Parking Charges:

Particulars	Existing Tariff		Proposed by MIA (Apt. operator)			
	MT	**FY 2021-22 (Existing rates eff 01.03.2021)**	**FY 2022-23 (Tariff w.e.f. 01.10.2022 to 31.03.2023)**	**FY 2023-24 (Tariff w.e.f. 01.04.2023 to 31.03.2024)**	**FY 2024-25 (Tariff w.e.f. 01.04.2024 to 31.03.2025)**	**FY 2025-26 (Tariff w.e.f. 01.04.2025 to 31.03.2026)**
LANDING CHARGES - Per MT						
DOMESTIC - Per /MT	**Upto 10**	.@Rs. 67.10 per MT	.@Rs. 325 per MT	.@Rs. 1,138 per MT	.@Rs. 2,003 per MT	.@Rs. 2,003 per MT
	Above 10 MT up to 20 MT	.@Rs. 671 + 117.70 per MT in excess of 10 MT	.@Rs. 325 per MT	.@Rs. 1,138 per MT	.@Rs. 2,003 per MT	.@Rs. 2,003 per MT
	Above 20 MT up to 100 MT	.@Rs. 1,848 + 231 per MT in excess of 20 MT	.@Rs. 325 per MT	.@Rs. 1,138 per MT	.@Rs. 2,003 per MT	.@Rs. 2,003 per MT

	Above 100 MT	.@Rs. 1,848 + 231 per MT in excess of 20 MT	.@Rs. 32,500 + 293 per MT in excess of 100 MT	.@Rs. 113,800 + 1,024 per MT in excess of 100 MT	.@Rs. 200,300 +1,803 per MT in excess of 100 MT	.@Rs. 200,300 +1,803 per MT in excess of 100 MT
Eg: Q400 Landing charges for 80 & PLUS seater (Rs.)	**30 MT**	4158	9750	34140	60060	60060
Eg: B737-800 (Rs.)	**79 MT**	15477	25675	89902	158237	158237
Variance % from existing	**Q-400**		134%	721%	1344%	1344%
	B737-800		66%	481%	922%	922%
INTERNATIONAL - Per /MT	**Upto 10**	.@Rs. 122.10 per MT	.@Rs. 450 per MT	.@Rs. 450 per MT	.@Rs. 1,575 per MT	.@Rs. 5,025 per MT
	Above 10 MT up to 20 MT	.@Rs. 1,221 + 179.30 per MT in excess of 10 MT	.@Rs. 450 per MT	.@Rs. 450 per MT	.@Rs. 1,575 per MT	.@Rs. 5,025 per MT
	Above 20 MT up to 50 MT	.@Rs. 3,014 + 354.20 per MT in excess of 20 MT	.@Rs. 450 per MT	.@Rs. 450 per MT	.@Rs. 1,575 per MT	.@Rs. 5,025 per MT
	Above 50 MT up to 100 MT	.@Rs. 13,640 + 413.60 per MT in excess of 50 MT	.@Rs. 450 per MT	.@Rs. 450 per MT	.@Rs. 1,575 per MT	.@Rs. 5,025 per MT
	Above 100 MT	.@Rs. 34,320 + 471.90 per MT in excess of 100 MT	.@Rs. 45,000 + 405 per MT in excess of 100 MT	.@Rs. 45,000 + 405 per MT in excess of 100 MT	.@Rs. 1,57,500 + 1,418 per MT in excess of 100 MT	.@Rs. 5,02,500 + 4,523 per MT in excess of 100 MT
Eg: Q400 Landing charges for 80 & PLUS seater (Rs.)	**30 MT**	6556	13500	13500	47250	150750
Eg: B737-800	**79 MT**	25634	35550	35550	124425	396975
Variance % from existing	**Q-400**		106%	106%	621%	2199%
	B737-800		39%	39%	385%	1449%

PARKING CHARGES - Per Hr. per MT						
DOMESTIC Per Hour/MT- (Chargeable Above 2 hours)	**Upto 40 MT**	.@Rs. 1.80 per Hr per MT	.@Rs. 8 per Hr per MT	.@Rs. 28 per Hr per MT	.@Rs. 49 per Hr per MT	.@Rs. 49 per Hr per MT
	Above 40 MT up to 100 MT	.@Rs. 72 + 3.40 per Hr per MT in excess of 40 MT	.@Rs. 8 per Hr per MT	.@Rs. 28 per Hr per MT	.@Rs. 49 per Hr per MT	.@Rs. 49 per Hr per MT
	Above 100 MT	.@Rs. 276 + 5.20 per Hr per MT in excess of 100 MT	.@Rs. 800 + 16 per Hr per MT in excess of 100 MT	.@Rs. 2,800 + 56 per Hr per MT in excess of 100 MT	.@Rs. 4,928 + 99 per Hr per MT in excess of 100 MT	.@Rs. 4,928 + 99 per Hr per MT in excess of 100 MT
Eg: Q-400	**30 MT**	54	240	840	1470	1470
Eg:B737-800 (Rs.)	**79 MT**	204.6	632	2212	3871	3871
Variance % from existing	**Q-400**		344%	1456%	2622%	2622%
	B737-800		209%	981%	1792%	1792%
INTERNATIONAL Per Hour/MT- (Chargeable Above 2 hours)	**Upto 40 MT**	.@Rs. 1.80 per Hr per MT	.@Rs. 8 per Hr per MT	.@Rs. 8 per Hr per MT	.@Rs. 28 per Hr per MT	.@Rs. 89.60 per Hr per MT
	Above 40 MT up to 100 MT	.@Rs. 72 + 3.40 per Hr per MT in excess of 40 MT	.@Rs. 8 per Hr per MT	.@Rs. 8 per Hr per MT	.@Rs. 28 per Hr per MT	.@Rs. 89.60 per Hr per MT
	Above 100 MT	.@Rs. 276 + 5.20 per Hr per MT in excess of 100 MT	.@Rs. 800 + 16 per Hr per MT in excess of 100 MT	.@Rs. 800 + 16 per Hr per MT in excess of 100 MT	.@Rs. 2,800 + 56 per Hr per MT in excess of 100 MT	.@Rs. 48,960 + 179.20 per Hr per MT in excess of 100 MT
Eg: Q400 Landing charges for 80 & PLUS seater (Rs.)	**30 MT**	54	240	240	840	2688
Eg: B737-800 (AUW 79016) (Rs.)	**79 MT**	204.6	632	632	2212	7078
Variance % from existing	**Q-400**		344%	344%	1456%	4878%
	B737-800		209%	209%	981%	3360%

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UDF Charges:

(In Rs.)

Particulars	Existing Tariff			Proposed by MIA (Apt. Operator)			
			FY 2021-22 (Existing rates eff 01.03.2021)	FY 2022-23 (Tariff w.e.f. 01.10.2022 to 31.03.2023)	FY 2023-24 (Tariff w.e.f. 01.04.2023 to 31.03.2024)	FY 2024-25 (Tariff w.e.f. 01.04.2024 to 31.03.2025)	FY 2025-26 (Tariff w.e.f. 01.04.2025 to 31.03.2026)
UDF CHARGES (DOMESTIC) - If charges only on Embarking Passenger considered							
Domestic – Embarking	Rs.	Per Departing Pax.	127.12 (+PSF Rs. 77) Applicable only on Embarking	250 (On Embarking)	575 (On Embarking)	725 (On Embarking)	725 (On Embarking)
Variance % from existing				22%	181%	255%	255%
UDF CHARGES (DOMESTIC) - If charges on both Embarking AND Disembarking Passenger considered							
Domestic – Embarking AND Disembarking	Rs.	Total Charges for Embarking & Dis-embarking	127.12 (+PSF Rs. 77) Applicable only on Embarking	500 (Including Embarking AND Dis-embarking)	1150 (Including Embarking AND Dis-embarking)	1450 (Including Embarking AND Dis-embarking)	1450 (Including Embarking AND Dis-embarking)
Variance % from existing				145%	461%	610%	610%
UDF CHARGES (INTERNATIONAL) - If charges only on Embarking Passenger considered							
International - Embarking	Rs.	Per Departing Pax .	699.15 (+PSF Rs. 77) Applicable only on Embarking	525 (On Embarking)	525 (On Embarking)	1,200 (On Embarking)	1,200 (On Embarking)
Variance % from existing				(32)%	(32)%	54%	54%
UDF CHARGES (INTERNATIONAL) - If charges on both Embarking AND Disembarking Passenger considered							
International - Embarking & Disembarking	Rs.	Total Charges for Embarking & Dis-embarking	699.15 (+PSF Rs. 77) Applicable only on Embarking	1050 (Including Embarking AND Dis-embarking)	1050 (Including Embarking AND Dis-embarking)	2,400 (Including Embarking AND Dis-embarking)	2,400 (Including Embarking AND Dis-embarking)
Variance % from existing				35%	35%	209%	209%

Kindly Note the following from the above table:

1. MIA has proposed increase in the Landing Charges (Domestic) on B-737-800 approximately between 66% to 922% from existing charges; and on Q-400 (80 & above seater) approximately between 134% to 1344% from existing charges. Similarly, for Landing Charges (International) on B-737-800 approximately between 39% to 1449 % from existing charges; and on Q-400 (80 & above seater) approximately between 106% to 2199 % from existing charges.

2. MIA has proposed to increase in the Parking Charges (Domestic) on B-737-800 approximately between 209% to 1792% from existing charges; and on Q-400 (80 & above seater) approximately between 344% to 2622% from existing charges. Similarly, for Parking Charges (International) on B-737-800 approximately between 209% to 3360% from existing charges; and on Q-400 (80 & above seater) approximately between 344% to 4878% from existing charges

3. MIA has proposed increase in the UDF of up to 610 % on Domestic Passengers and up to 209% on International Passengers for the First Control Period with the proposed introduction of charge on UDF on dis-embarking passengers as well, in addition to embarking passengers.

It is in the interest of all the stakeholders that the proposed tariffs not be implemented as the proposals are excessive. AERA is requested to reconsider the same, as also keeping in view our points as mentioned in **Annex - B** of this letter.

FEDERATION OF INDIAN AIRLINES

Annex - B

We humbly request AERA to not implement any increase in the aeronautical tariff in the First Control Period. In addition, we request AERA to kindly note FIA's submissions to the AERA CP. No. 07/2022-23 on determination of Aeronautical Tariff for Mangaluru International Airport for the First Control Period (01.04.2021 – 31.03.2026)

S. No.	AERA's Proposal under each Chapter	FIA Comments
1.	Background, Framework of tariff determination	Para 3.2 It is submitted that as per section 2 of Airport Economic Regulatory Authority of India Act, 2008 (AERA Act), under sub-section (a), *"aeronautical services means any services provided -* *(i)For navigation, surveillance and supportive communication thereto for air traffic management.."* It is submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services, should form part of aeronautical revenues and accordingly AERA should take into account of the corresponding revenue and revise the tariff card.
2.	True up of AAI for the period from FY 2017 TO COD	Para 4.3.3 We submit that: (a) No Fair Rate of Return (FRoR) to airport operators should be provided as such fixed/ assured return favours the service provider/airport operators, which creates an imbalance against the airlines, which are already suffering from huge losses and bear the adverse financial impact through higher tariffs.

		Due to such fixed/assured returns, Airport Operators have no incentive to look for productivity improvement or ways of increasing efficiencies, take steps to reduce costs, as they are fully covered for all costs plus their hefty returns. Such a scenario breeds inefficiencies and higher costs, which are ultimately borne by airlines. (b) We observe that Fair Rate of Return of 14% provided to AAI is higher than comparison to the same being given to the present airport operator i.e. MIA/ Mangaluru International Airport Limited i.e. @ 12.21%. Without prejudice to (a) above, there appears no rationale to provide higher return to AAI in comparison to MIA and accordingly AERA may reduce the FROR suitably. <u>Para 4.3.112 – 4.3.11.6</u> We recommend that no adjustment of RAB should be provided in favour of AAI for period after the COD i.e. October 31,2020, post which the operational control of the Mangaluru Airport is transferred to MIA.
3.	True up of Airport Operator for the period from COD till March 31, 2021	<u>Para 5.3.3.</u> Same as Comment for Para 4.3.3 above
4.	Traffic for the First Control Period	<u>Para 6.2.3 – 6.2.4</u> We agree with the proposal of AERA of not excluding ATM traffic covered under the RCS scheme. Accordingly, for the said reason, we request AERA that billable

		ATM/ passengers as proposed by MIA in their tariff card *(i.e. reduction over the traffic computed by AERA*) should not be accepted.
5.	Regulatory Asset Base (RAB) and Depreciation for the First Control Period	The entire ecosystem needs to be operationally efficient, which can be brought about, amongst other things by capital expenditure efficiency studies, which AERA is requested to conduct. <u>Para 7.3.4, A1 (b), A2 (e)</u> We request that AERA applies the normative norms for the capex projects as mentioned under AERA Order No. 7/2016-17 dated 13 June, 2016 in order to keep the overall cost control and efficiencies in capex projects. <u>Para 7.3.15</u> We observe that AERA has remarked on the trend of multiple revisions to the capital projects and projection of factually incorrect capital projects, inconclusive design reports which reflects near and long-term planning of capital projects by MIA. In this regard, AERA should undertake an independent study on Efficient Capex at Mangaluru International Airport. <u>Para 7.3.29</u> While FIA acknowledges the depreciation rate applied by AERA in accordance with AERA Order No. 35/2017-18 the ‘Useful Life of Airport Assets’, FIA requests that it is pertinent to note that useful life of assets at various international airports like London Heathrow, Sydney airport and Amsterdam airport indicated that terminal buildings have useful life of as

		long as sixty (60) years and aprons have it for as long as ninety-nine (99) years. FIA submits that the useful life of terminal building for Kannur and Cochin airports have been considered sixty (60) years by AERA and accordingly AERA should prescribe sixty (60) years for the 'Building' including 'Terminal Building as' is practiced by some of the developed aviation ecosystem. <u>Para 7.3.9. (B4)(a) & Para 7.3.9. (B4)(a):</u> It is mentioned that the through put demand for the Airport during the Pre-COVID period was of around 4,200 KL per month (i.e. approx. 140 KL per day). However, since the IOCL ATF fuel facility already has a storage capacity of approx. 500 KL, can it please be clarified the reason to build additional storage capacity of 500 KL within the First Control period, as even if the pre COVID-19 volumes are doubled per day to 280 KL per day during the First Control Period, the current storage facility is more than sufficient to cater to this demand during the First Control Period. It is requested that the same may be kindly reviewed and the need for expansion in the storage capacity, which has been proposed to be capitalised at RS. 17.14 Crores be please put on hold until the next control period. Accordingly, the proposal of the Airport operator in its MYTP for the revised pricing for Fuel Infrastructure Cost, Aircraft Defueling and Re-fuelling of defueled products may kindly not be accepted.

		In addition to above: (i) In order to support the airlines to continue and sustain its operations, it is requested that all non-essential capital expenditure proposed by Airport operator be put on hold/ deferred, unless deemed critical from a safety or security compliance perspective. Further, in case Airport operator wants to make capital expenditure, then it should be at no additional expense to the airlines until the project is completed and put to use by the airlines. Similarly, if any proposed Capex projects can be deferred from the First Control Period to the Second Control Period, same is requested to be considered by the AERA. (ii) We recommend that an adjustment of 1% or higher of the project cost from the ARR, as deemed fit, is made by AERA for capital expenditure projects is/are not completed/capitalised as per the approved capitalisation schedule other than those affected solely by the adverse impact of COVID-19. Such adjustments can be made by AERA during the tariff determination for the Second Control Period.
6.	Fair Rate of Return (FRoR) for the First Control Period	Para 8.2.10 & 8.3 AERA has considered a FRoR of 12.21%, which is net of income tax return to the airport operator, for the First Control Period. However, while such fixed/ assured return favours the service provider/airport operators, which creates an imbalance against the airlines, which are already suffering from huge losses and bear the adverse financial impact through higher tariffs.

		Due to such fixed/assured returns, Airport Operators have no incentive to look for productivity improvement or ways of increasing efficiencies, take steps to reduce costs as they are fully covered for all costs plus their hefty returns. Such a scenario breeds inefficiencies and higher costs, which are ultimately borne by airlines. In view of above, in the present scenario any assured return on investment to any services providers like MIA, in excess of three (3) % (including those on past orders), i.e., being at par with bank fixed deposits (i.e., return on investment after the income tax), will be onerous for the airlines. Without prejudice to the above, in case the AERA is unable to accept our recommendation mentioned above, the AERA is requested to conduct an independent study for determination of FRoR to be provided to Airport operator. Such independent study can be exercised by the powers conferred under the AERA Act and in line with studies being conducted by AERA in case of certain major airport operators.
7.	Inflation for the First Control Period	NIL
8.	Operation and Maintenance Expenditure for the First Control Period	<u>Para 10.1.1 read with 10.2.22 (Fuel Operating Expenses)</u> AERA should not permit outsourcing of fuel facility on a 'Cost plus margin basis' and instead should lowest cost model through competitive bidding. <u>Para 10.2.12 (Utility Expenses)</u>

		Airport operator is requested to clarify whether any report of the Committee on Power Expenses has been submitted to AERA? If yes, request a copy of the same is provided to stakeholders. <u>Para 10.2.25 (Cargo Operating Expenses)</u> It is requested that the Customs Cost Recovery Charges for Customs staff posted at Air Cargo complexes, courier terminals etc. as prescribed by the Central Board of Excise and Customs needs to be levied on custodians, and not on the airlines. Para 10.1.15 & Table 77 & 78: It appears that no cost cutting/reduction in O&M expenses have taken place and on the contrary, as per para 10.1.13 and Table 77 of the CP, a further increase is proposed O&M expenditure for First Control Period. We submit that while the aviation sector, including airlines have incurred huge losses and are struggling to meet their operational costs, the Airport operator on the other hand seems to have incurred/will incur incremental expenses which may not appear prudent considering the significant losses incurred by the aviation sector.
9.	Non-aeronautical revenue for the First Control Period	**A: Non-Aeronautical Revenue** <u>Para 11.2.3 – 11.2.9</u> We observe that the non-aeronautical revenues projected by Airport operator is substantially low / conservative. It is requested that Airport operator explores

		all avenues to maximise revenue from the utilisation from the expansion of terminal building for non-aeronautical purposes. As mentioned in para 11.2.3, the non-aeronautical revenue projected by the Airport operator for First Control Period is substantially lower than the actual NAR revenue earned by AAI for Pre-COVID-19 period from 2016-17 to COD. Accordingly, we request AERA to encourage Airport operator to enter into suitable agreements with concessionaires to exploit the potential/ growth of non-aeronautical revenue. In this regard we also request AERA to kindly undertake detailed examination with the assistance of an independent study to be conducted on the non-aeronautical revenue before the tariff determination of the First Control Period. Without prejudice to the above, we submit that increase in non-aeronautical revenue (**NAR**) is function of increase in terminal building area, passenger traffic growth, inflationary increase and real increase in contract rates. Despite all these factors increasing during the control period, on examination of the non-aeronautical revenue projected for the first control period by AERA, it was noted by that a conservative approach has been taken by the AERA. AERA is requested to ensure no adjustments are proposed to non-aeronautical revenue which is not dependent on traffic but are derived from agreements with concessionaires. Further in para 11.2.11, AERA has remarked that NAR projected by MIA is significantly less than PPP airports - which

		are generally not less than 50% of the total O&M Expenses of the respective airports. In view of the above, we request AERA to allow higher non-aeronautical revenues being not less than 50% of the projects O&M Expenses for MIA, as approved by AERA. In this regard, AERA may undertake suitable independent study. **B: Royalty** Any attempt to award the contracts by the airport operator on highest revenue share basis should be discouraged as it breeds inefficiencies and tends to disproportionately increase the cost. It is general perception service providers has no incentive to reduce its expenses as any such increase will be passed on to the airlines through tariff determination mechanism process and indirectly airlines will be forced to bear these additional costs. There needs to be a mechanism for incentivizing the parties for increasing efficiencies and cost savings and not for increasing the royalty for the airport operator. As you are aware, royalty is in the nature of market access fee, charged (by any name or description) by the Airport operator under various headings without any underlying services. These charges are passed on to the airlines by the airport operator or other services providers. The rates of royalty at the airport are as high as up to 45.5% for some services. It may be pertinent to note that market

		access fee by any name or description is not practiced in most of the global economies, including European Union, Australia etc. Sometimes it is argued by the airport operators that 'Royalty' on 'Aero Revenues' helps in subsidizing the aero charges for the airlines, however royalty in 'Non-Aero Revenues' hits the airlines directly without any benefit. In view of the above, we humbly urge AERA to abolish such royalty which may be included in any of the cost items.
10.	Taxation for the First Control Period	Tax Efficiencies: Airlines are now paying separately for FIC and ITP which was earlier part of ATF pricing. Such FIC and ITP along with GST thereon becomes part of ATF pricing and suffers from Excise Duty and Sales Tax. The additional burden of non-creditable taxes becomes sixty-four (64) % - seventy (70) % on the airlines. We would also like to urge Authority to devise methods or pass an order stating that FIC and ITP should be directly invoiced by fuel farm operator or the services providers to the airlines to avoid circuitous billing and for the sake of 'Ease of doing businesses and 'Transparency'. This will also help in avoiding unnecessary tax on tax to the tune of sixty-four (64) % - seventy (70) % sixty-seven (67) % to Airlines. We would also like to urge Authority to devise methods or pass an order stating that FIC and ITP should be directly invoiced by fuel farm operator or the services providers to the airlines to avoid circuitous billing and for the sake of 'Ease of doing businesses and 'Transparency'. This will also help in avoiding unnecessary

		tax on tax to the tune of sixty-four (64) % - seventy (70) % sixty-seven (67) % to Airlines.
12.	Aggregate Revenue Requirement (ARR) for the First Control Period	NIL
13.	Annual Tariff Proposal (Tariff Rate Card)	AERA is requested to review the suggestions/comments on the regulatory building blocks as mentioned above which is likely to reduce the ARR. This will further ensure the lowering of tariff including UDF, which will be beneficial to passengers and airlines. It is in the interest of all the stakeholders that the proposed excessive hikes in the tariffs be reduced and also in order to encourage middle class people to travel by air, which will help in sharp post-COVID-19 recovery of aviation sector. It is the stated vison of the government to make UDAN ("Ude Desh ka Aam Naagrik") a reality and this can only happen if we have the lowest possible cost structure, such that we can bring more and more people to airports to travel by air. In addition, we request AERA and MIA to clarify the following: 1. It may kindly be noted that the Airport operator has proposed a UDF on not only embarking passengers, but on disembarking passengers as well. This is a something new and would request AERA to review the same. Please clarify the rationale for applying UDF on disembarking passengers? 2. We request AERA to clarify in the Tariff Order, the date and method of applicability of change in UDF charges, if any (as done through addendums for MAA & CCJ airport vide addendum

		to order no. 38/2021-22 dated 4th March 2022 and addendum to order no. 39/2021-22 dated 8th March 222, respectively. 3. Collection Charges: We would like to invite AERA's attention to notes 2 of UDF charges in the Public notice 10/2022-23, wherein the rate of collection of UDF charges has been proposed to be reduced by MIA from the current Rs. 5.00 per embarking/disembarking passenger to Rs. 2.50 per embarking/disembarking passenger. As airlines have not agreed to this reduction, we request AERA to consider the collection charges to be reverted to Rs. 5.00 embarking/disembarking passenger, in line with other Airports. 4. There is no mention of Collection charges for PSF in the MYTP submitted by the Airport operator. In the event the PSF is subsumed in the UDF, then airlines may kindly be eligible to claim collection charges at 2.5% of PSF per passenger, is being done currently. Id PSF is not subsumed in the UDF, then current practices may kindly be continued. 5. We further request that in the Collection Charges, the entitlement by airlines for the same may kindly be against Airport operator having received the 'undisputed' invoiced UDF amount within the applicable due date.

		6. CUTE, CUPPS, CUSS: As these are aeronautical revenues, we could neither find a proposal for the same in the MYTP submitted by the Airport operator for the First Control Period, nor any comment by AERA on regulating these charges in the CP for the First Control Period. We would like to state that (i) the current prices are excessive; (ii) whatever bouquet of services is agreed between the Airport operator and the service provider, this is enforced upon the airlines; (iii) the airlines have no say on the prices (unbundling), even if the airlines do not require all the services; and (iv) are in foreign currency at certain airports, making airlines vulnerable due to currency fluctuations. AERA is kindly requested to inform us the guidelines for price regulation on the same. **7. Table on Landing Charges from 1st October 2022 to 31st March 2023 (International Flights)** Query: Whether rates will be charged in INR or US$ for international flight? **8. Parking Charges effective from 1st October 2022 to 31st March 2023** *"3.Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre. (AOCC)."*

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		Comment: As per standard practice, 15mins time each after touchdown and before takeoff of aircraft is provided as an exemption. We would want to propose the same industry practice to be implemented here. **9. Parking Charges effective from 1st October 2022 to 31st March 2023** *"6.In case of an aircraft being parked beyond 24 hours due to technical or any other reasons, the parking charges shall be levied on a weekly basis in-line with the governing tariff order.* Query: Please clarify which governing tariff order is being mentioned above. Please provide the corresponding rate card. **10. Parking Charges effective from 1st April 2025 to 31st March 2026** In the table dealing appended to point no. 5 of Exemption in Landing Charges and Parking Charges, there are no charges appearing for applicability of UDF on disembarking passenger. Please clarify. **11. UDF effective from 1st October 2022 to 31st March 2023** (I) Query: Will the above UDF effective date shall be considered as Travel date or Sale date or Both-travel and sale date?

		(II) Query: Please clarify the rationale for applying UDF on disembarking passengers? (III) Comment to No. 2 of Collection Charges: Please note that the same is paid by airport operator to airlines separately after airlines raises an invoice against the same as a standard industry practice. We request the same practice is applied. **12. X Ray Charges effective from 1st April 2024 to 31st March 2026** *General Conditions No. 2: Invoices for* ***international passengers*** */ international carriers will be done in USD.* Query: Does that mean all international passengers flown by Domestic scheduled operators also will be invoiced in USD? And if so, INR rates are applicable on which passenger/operator? **13. Variable Tariff Plan for Scheduled Passenger Airlines** 1. ***"New Route****: A flight to a new destination that is currently unserved from Mangalore by any airline already operating at Mangalore. (Destination must be unserved for the previous 12 months)"* Query: We understand "Unserved" means no scheduled operations. Please confirm.

		2. *In the table of **VTP Applicable Rates for Scheduled Passenger Airlines,*** *Rate per MTOW (MTOW >100 MT) appears to be repeated, with no additional conditions. Please clarify the same.* 14. AERA to review our comment at Sr. No. 4 (Traffic) above.
11.	Any Other Comment	<u>Shrinkage in Control Period</u> FIA submits that the Hon'ble TDSAT Order dated 16 December, 2020 for BIAL stated as follows: *'100…However, there is substance in this grievance and AERA will do well to ensure that if delay is caused by the Airport operator, its consequences should not fall upon the users. Tariff orders should be prepared well in time so that the burden of recovery is spread over the entire period for which the order is passed...'* In view of the above, AERA is requested to ensure that airlines/passengers are not burdened in view of the apparent shrinkage in the period of recovery of the aeronautical tariff from passengers/airlines, as the AERA Tariff Order for MIA - First Control Period, will now be issued after the commencement of the Control Period i.e., 1 April, 2021.