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

24 March 2023

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 CP. No. 16/2022-23 dated 20th February 2023 on determination of Aeronautical Tariff for Chaudhary Charan Singh International Airport, Lucknow for the Third Control Period (01.04.2021 – 31.03.2026)

Ref: *AERA stakeholder consultation (virtual) meeting dated 07th March, 2023.*

Dear Sir,

We, the Federation of Indian Airlines ("**FIA**") (on behalf of our members, IndiGo, SpiceJet, Go First and Air India) write in response to the Consultation Paper No. 16/2022-23 issued by the Airports Economic Regulatory Authority of India ("**AERA**" or "**Authority**") in the matter of determination of Aeronautical Tariff for Chaudhary Charan Singh International Airport, Lucknow (**"CCSIA")** for the Third 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*.

While the airline operations showed an upward trend from December 2020, however due to multiple waves of COVID-19 in 2021 and 2022 and subsequent emerging variants of COVID-19, as well as the geo-political instability caused due to the Russian – Ukrainian conflict which have resulted in adverse impact on global supply-chains, increase in inflation, triggered increased interest rates, devaluation of Rupee, decrease in consumer spending as well as looming recession fears have again impacted the operations to a certain extent and resultantly prolonged the process of financial recovery.

It may be noted that the major Indian Airlines made a loss of approx. Rs.11,658 cr. in FY 2021-22 (Ref: MoCA response to the Lok Sabha unstarred Q.No.201- as attached) and as per the DGCA all scheduled Indian carriers made a loss of Rs. 14,871 cr. in the FY2020-21 (Ref as attached) and it appears as per the recent industry outlook reports, they are estimated to make a loss of approx. USD 1.4-1.7 billion in the current fiscal year FY 23 and also estimated to make a consolidated loss of USD 1.6 to 1.8 billion in the next financial year.

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It also appears from the industry reports that the traffic recovery (number of flights and passengers) would take around another year for airline's international flight operations to reach pre COVID-19 levels, if no other negative event occurs. On the other hand, the same report mentions that Indian Airports are expected to report significant profits in the region of USD 420 million for the FY23.

In the current situation, airlines in India are facing adverse financial conditions with limited financial support from the Government, airlines are constrained to implement severe cost control measures to sustain their operations. Customers of airlines have limited capacity to pay for the Air Fares, and when the cost of travel goes up (caused in part due to high airport operator charges), the air traffic goes down, leading to further losses and financial crisis for airlines, which may be feared due to recession.

This Pubic Notice No.21/2022-23 dated 27th February 2023 to the CP, proposes a significant increase in the aeronautical tariffs by Lucknow International Airport Limited ("**LIAL"**) – as mentioned under **Annex – A**, AERA 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 Third Control Period and defer any increase in the same to subsequent control period, if any, given the adverse financial impact on airlines as discussed above.

Without prejudice to the above, we request AERA to kindly note our submissions as mentioned under, **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.

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.

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Annex - A

Observations on proposed Tariff Card (Proposed by LIAL)

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

TABLE – A

Landing Charges: (Refer Public Notice no 21/2022-23– Annexure A) (In Rs.)

Particulars		Existing Tariff	Proposed by Airport Operator		
	MT	Tariff w.e.f. 01.04.2022 to 31.03.2023	Tariff w.e.f. 01.04.2023 to 31.03.2024	Tariff w.e.f. 01.04.2024 to 31.03.2025	Tariff w.e.f. 01.04.2025 to 31.03.2026
LANDING CHARGES - Per MT					
DOMESTIC - Per /MT	**Upto 25 MT**	@ Rs. 294 per MT	x	x	x
	Above 25 MT up to 50 MT	@ Rs. 7,350 + 392 per MT in excess of 25 MT	x	x	x
	Above 50 MT up to 100 MT	@ Rs. 17,150 + 454 per MT in excess of 50 MT	x	x	x
	Above 100 MT up to 200 MT	@ Rs. 39,850 + 515 per MT in excess of 100 MT	x	x	x
	Above 200 MT	@ Rs. 91,350 + 576 per MT in excess of 200 MT	x	x	x
	Per MT	x	@Rs. 800 per MT	@Rs. 840 per MT	@Rs. 882 per MT
IMPACT OF NEW PROPOSED RATES					
Eg: Q400 Landing charges for 80 & PLUS seater (Rs.)	30 MT	9,310	24,000	25,200	26,460
Eg: B737-800 (AUW 79016) (Rs.)	79 MT	30,316	63,200	66,360	69,678

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% Increase from existing	Q-400		158%	171%	184%
% Increase from existing	B737-800		108%	119%	130%
INTERNATIONAL - Per /MT	**Upto 25 MT**	@ Rs. 294 per MT	x	x	x
	Above 25 MT up to 50 MT	@ Rs. 7,350 + 601 per MT in excess of 25 MT	x	x	x
	Above 50 MT up to 100 MT	@ Rs. 22,375 + 699 per MT in excess of 50 MT	x	x	x
	Above 100 MT up to 200 MT	@ Rs. 57,325 + 797 per MT in excess of 100 MT	x	x	x
	Above 200 MT	@ Rs. 1,37,025 + 920 per MT in excess of 200 MT	x	x	x
	up to 100 MT	x	@Rs. 1,200 per MT	@Rs. 1,260 per MT	@Rs. 1,323 per MT
	Above 100 MT	x	@Rs. 1,680 per MT	@Rs. 1,764 per MT	@Rs. 1,852 per MT
IMPACT OF NEW PROPOSED RATES					
Eg: Q400 Landing charges for 80 & PLUS seater (Rs.)	30 MT	10,355	36,000	37,800	39,690
Eg: B737-800 (AUW 79016) (Rs.)	79 MT	41,776	94,800	99,540	1,04,517
% Increase from existing	Q-400		248%	265%	283%
% Increase from existing	B737-800		127%	138%	150%

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TABLE – B

Parking Charges: (Refer Public Notice no 21/2022-23– Annexure A) (In Rs.)

Particulars		Existing Tariff	Proposed by Airport operator		
	MT	Tariff w.e.f. 01.04.2022 to 31.03.2023)	Tariff w.e.f. 01.04.2023 to 31.03.2024)	Tariff w.e.f. 01.04.2024 to 31.03.2025)	Tariff w.e.f. 01.04.2025 to 31.03.2026
PARKING CHARGES - Per Hr. per MT					
DOMESTIC Per Hour/MT- (Chargeable Above 2 hours)	**Upto 25 MT**	@ Rs. 3.3 per Hour per MT	x	x	x
	Above 25 MT up to 50 MT	@ Rs. 82.5 + 4.6 per hr per MT in excess of 25 MT	x	x	x
	Above 50 MT up to 100 MT	@ Rs. 197.5 + 8.9 per Hr per MT in excess of 50 MT	x	x	x
	Above 100 MT up to 200 MT	@ Rs. 642.5 + 11.2 per Hr per MT in excess of 100 MT	x	x	x
	Above 200 MT	@ Rs 1,762.5 + 12.4 per MT in excess of 200 MT	x	x	x
	Per MT	x	@ Rs. 18.22 per Hour per MT	@ Rs. 19.13 per Hour per MT	@ Rs. 20.09 per Hour per MT
IMPACT OF NEW PROPOSED RATES					
Eg: Q400 Parking charges for 80 & PLUS seater (Rs.)	30 MT	105.5	546.6	573.9	602.7
B737-800 (AUW 79016) (Rs.)	79 MT	455.6	1439.38	1511.27	1587.11

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% Increase from existing	Q-400		418%	444%	471%
% Increase from existing	B737-800		216%	232%	248%
INTERNATIONAL Per Hour/MT- (Chargeable Above 2 hours)	**Upto 25 MT**	@ Rs. 3.3 per Hour per MT	x	x	x
	Above 25 MT up to 50 MT	@ Rs. 82.5 + 4.6 per hr per MT in excess of 25 MT	x	x	x
	Above 50 MT up to 100 MT	@ Rs. 197.5 + 8.9 per Hr per MT in excess of 50 MT	x	x	x
	Above 100 MT up to 200 MT	@ Rs. 642.5 + 11.2 per Hr per MT in excess of 100 MT	x	x	x
	Above 200 MT	@ Rs 1762.5 + 12.4 per MT in excess of 200 MT	x	x	x
	up to 100 MT	x	@ Rs. 18.55 per Hour per MT	@ Rs. 19.48 per Hour per MT	@ Rs. 20.45 per Hour per MT
	Above 100 MT	x	@ Rs. 10.40 per Hour per MT	@ Rs. 10.92 per Hour per MT	@ Rs. 11.47 per Hour per MT
IMPACT OF NEW PROPOSED RATES					
Eg: Q400 parking charges for 80 & PLUS seater (Rs.)	30 MT	105.5	556.5	584.4	613.5
Eg: B737-800 (AUW 79016) (Rs.)	79 MT	455.6	1465.45	1538.92	1616
% Increase from existing	Q-400		427%	454%	482%

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% Increase from existing	B737-800		222%	238%	255%

TABLE C

UDF Charges: (Refer Public Notice no 21/2022-23– Annexure A) (In Rs.)

Particulars		**Existing Tariff**	**Proposed by Airport operator**		
	MT	**(Tariff w.e.f. 01.04.2022 to 31.03.2023)**	**Tariff w.e.f. 01.04.2023 to 31.03.2024)**	**Tariff w.e.f. 01.04.2024 to 31.03.2025)**	**Tariff w.e.f. 01.04.2025 to 31.03.2026)**
UDF					
DOMESTIC	Per Embarking	163	930	977	1,025
% Increase from existing			471%	499%	529%
INTERNATIONAL	Per Embarking	475	2,500	2,625	2,756
% Increase from existing			426%	453%	480%

Refer the above displayed Tables A, B and C, kindly note the following from the above tables:

1. Tables A: LIAL has proposed increase in the Landing Charges (Domestic) on Q-400 (80 & above seater) approximately increase between 158 % to 184 % from existing charges; and on B-737-800 approximately increase between 108 % to 130 % from existing charges. Similarly, for Landing Charges (International) on Q-400 (80 & above seater) approximately increase between 248 % to 283 % from existing charges; and on B-737-800 approximately increase between 127 % to 150 % from existing charges.

2. Tables B: LIAL has proposed to increase in the Parking Charges (Domestic) on Q-400 (80 & above seater) approximately increase between 418%% to 471% from existing charges; and on B-737-800 approximately increase between 216% to 248% from existing charges. Similarly, for Parking Charges (International) on Q-400 (80 & above seater) approximately increase between 427%% to 482% from existing charges; and on B-737-800 approximately increase between 222% to 255%.

3. Tables A & B: For Landing and Parking charges, LIAL has reduced the number of tariff slabs, which is contrary to airline interests. We request the AERA to reinstate the current tariff slabs as practiced (Landing & Parking Charges: "up to 25 MT", "Above 25 up to 50 MT", "Above 50 to 100 MT", "Above 100 to 200 MT" and "Above 200 MT") instead of the new proposal of only one slab of "per MT" for domestic and only two slabs "Up to 100 MT' and "Above 100 MT" for international flights.

4. Table C: LIAL has proposed an increase in the UDF of between 471% to 529% on Domestic Passengers and from 426% to 480% on International Passengers for the Third Control Period.

5. Tables A & B: Kindly note that there is a disproportionate increase in pricing of Landing and Parking charges between the smaller aircraft (80 seaters – Q400), as compared to the narrow body aircraft (B-737/A320) the increase proposed for the smaller aircraft is almost double that of the increase proposed in the narrow body aircraft. Kindly note that this disproportionate increase in Landing and Parking charges is in contradiction of the RCS policy of Government of India which was specifically implemented to increase connectivity to comparatively smaller regional airports like Lucknow and also to far flung airports, especially by smaller aircraft. Certain concessions were also given to smaller aircrafts under the UDAN scheme to promote operation and travel by smaller aircraft. However, this disproportionate increase in Landing and Parking charges on smaller aircraft contradicts and completely defeats the purpose of the RCS policy. Thus, AERA is requested to note the same and review the pricing such that there is a reasonable balance in pricing increases between the various class of aircraft.

It is in the interest of all the stakeholders that the proposed tariffs as noted above may not be implemented as the proposals are excessive. AERA is requested to reconsider the proposed tariff structure in view of the points mentioned above, as also in consideration of points as mentioned in Annex - B of this letter.

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Annex - B

We humbly request AERA to not implement any increase in the aeronautical tariff in the Third Control Period. In addition, without prejudice to above, we request AERA to kindly note FIA's submissions to the AERA C.P. No. 16/2022-23 on determination of Aeronautical Tariff for Chaudhary Charan Singh International Airport, Lucknow for the Third Control Period (01.04.2021 – 31.03.2026):

S. No.	AERA's Proposal under each Chapter	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 4.7 It is submitted that: (a) Fair Rate of Return (FRoR) to airport operators should be provided only at reasonable rates as any high value of fixed/ assured return favours the service provider/airport operators, 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) FAI observes that Fair Rate of Return of 14% provided to Airport Authority of India ("**AAI**") is higher than comparison to the same being given to the present Airport Operator i.e. LIAL@ 12.21% (Refer 8.2.10 of the CP). Without prejudice to (a) above, there appears no rationale to provide higher return to AAI in comparison to LIAL and accordingly AERA may reduce the FRoR suitably. <u>Para 4.14.6 and Para 4.14.7</u> Without prejudice to the above: 1. FIA recommends that no adjustment of RAB should be provided in favour of AAI for period after the COD i.e. 2th November, 2020, post which the operational control of the Lucknow Airport is transferred to LIAL. 2. Further, FIA wish to draw AERA's attention to para 2.4.4 of the CP, that any delay in submitting the Multi Year Tariff Plan by the airport operator should be taken into account, as delay in tariff determination process will lead to increase in adjusted deemed initial RAB. 3. With regard to application of compounding factor (FRoR) to determine the future value of under recovery. We request AERA to note our comments as mentioned in S.No. 02 and para (a) and (b) above.
3.	True up of Airport Operator for the period from COD till March 31, 2021	<u>Para 5.6.</u> Same as Comment for Para 4.7 (S. No. 2) above
4.	Traffic for the Third Control Period	<u>Para 6.2.1 – 6.2.3</u> It is hereby submitted, that FIA is not in agreement with the proposal of AERA to consider the billable ATM traffic after excluding the ATMs that pertain to less than 80-seater capacity for non-RCS flights that are exempted from landing charges as the same is

		without any basis. It may be noted that it will not be a true indicator of the traffic projections at the Lucknow airport and any deductions from billable traffic will adversely impact the computation of non-aeronautical revenue. FIA request AERA to reconsider the same, in line with the AERA's proposal in the recent consultation paper number 16/2022-23 dated 20th February 2023 (ref 6.2.3 of the consultation paper number 16/2022-23), which is a consistent approach followed by the AERA in this regard in line with all Major Airports. In view of the above, FIA proposes that the exempted billable ATM/passenger traffic as proposed by AERA in their tariff card) should not be accepted. <u>Para 6.2.18 and Table 57</u> While FIA appreciates that AERA has considered the traffic report issues by CAPA India (consultant appointed by the airport operator) *(refer para 6.2.1)*. FIA requests AERA to kindly conduct their own independent study, which may also include demand drivers that may not have been part of report issued by CAPA India, as deemed fit, including factors such as the traffic that would be generated due to India's Presidency of the G20 as well as the forthcoming general elections. We would also like to draw the attention of the Authority, that the trends in the recent post pandemic times may not be a reasonable benchmark, whether be it of passengers or traffic, as economic factors such as inflation or market demand / prices may not continue in the same rate or trend in the future, since the recent post pandemic trends are due to unusual factors such as the COVID-19, revenge tourism, Geo-political causes, recent financial meltdown of banks in the USA, etc. Authority may kindly take the same into consideration (and appoint independent consultants to eluate the same if deemed fit) while finalising the projected ATM and passengers.

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5.	Regulatory Asset Base (RAB) and Depreciation for the Third Control Period	The entire ecosystem needs to be operationally efficient, which can be implemented, amongst other things by capital expenditure efficiency studies, which AERA is requested to conduct. <u>Para 7.3.4 (A2)</u> Capitalisation of Terminal Building: It is humbly requested that AERA may allow only necessary modifications in a phased manner, while taking normative approach which matches the capacity to projected traffic as determined by AERA and which will avoid undue stress on the Airport end users. This view is also supported by National Civil Aviation Policy (NCAP) 2016, which intends to provide affordable and sustainable air travel for passengers/masses. Further, this view is also supported by AERA vide its Order No. 14/2016-17 dated 12th January 2017. Considering the above points, it is stressed that the expansion of the terminal building and its capitalisation should be split into at least two (or more) control periods, as per the expected traffic trends estimated at the end of each control period. <u>Para 7.3.4 A2(v)</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 7.3.17</u> We observe that AERA has remarked on the trend of revisions to the capital projects does not instil confidence in the AERA about the near and long-term planning of capital projects by LIAL. In this regard, we urge AERA to undertake an independent study on efficient Capex at LIAL.

		Fuel Infrastructure Charges Public Notice 21/2022-23: **Charges for Fuel Infrastructure** It may be noted that before privatization of airports, there were no such charges related to fuel infrastructure and into plane which were levied on the airlines. The Fuel Farm at the airport was developed by the Oil Marketing Companies (OMCs) and they were also refuelling aircrafts as per the respective airlines' requirements. Airlines are/were only paying for ATF uplifted at each of the airport at an agreed product price to OMCs. Since privatization of airports, two new charges related to fuel have been levied; first 'Fuel Infrastructure Charges' (FIC) and second 'Into Plane Charges' (ITP) at all the Privatised airports. At a lot of Privatised airports, fuel infrastructure has been bought over by the airport operator or its Joint Venture (JVs) / Holding / Subsidiary / Sister Subsidiary companies from the OMCs at a very low price. The investment made in fuel farms are also through multi-layered transactions between / among airport operators or their JVs or their Holding / Subsidiary / Sister Subsidiary companies. A lot of legal entities have been formed by the airport operator as Joint Venture (JVs) or Holding / Subsidiary / Sister Subsidiary companies with multiplicity of agreements. As a result of multiple layers of companies and transactions, there is no transparency and on top of it, multiple layers of overheads are loaded into the costs. In addition, royalty / revenue share to the airport operator or its JV / Holding / Subsidiary / Sister Subsidiary companies is also added in proposed FIC and ITP charges. FIC and ITP including royalty and / or revenue share, along with GST thereon, is charged by the airport operator from OMCs. OMCs include these charges in the cost of fuel. Once these charges become cost of fuel, they attract 'non-creditable' Excise Duty @ 11% and 'non-creditable' VAT which may vary from 1% to 29%. Average VAT rate is ~ 17% in India. As ATF is outside GST, there is no 'Input Tax Credit' (ITC) on GST

paid on FIC and ITP. Due to this circuitous billing cost of FIC and ITP become 1.53 times i.e. airlines end up paying 53% higher cost and there is no tax credit available to the airlines. It is a burden on the beleaguered airlines which are suffering from huge losses to the tune of > Rs. 23,500 cr in FY 2022.

Example:

	Amount Rs.
FIC / ITP (including royalty / revenue share of airport operator)	100.00
GST	18.00
Total	118.00
Excise Duty @ 11%	12.98
Total with Excise Duty	130.98
VAT @ average rate of 17%	22.27

Total cost with excise duty and VAT 153.25

It is clear from the above example that against original assumed cost of Rs.100 towards FIC and ITP, airlines end up paying Rs. 153.25 i.e. 53.25% additional cost and there is no tax credit against the same.

The current method of circuitous billing of FIC and ITP suffers from the following:

1. Makes the whole process non-transparent
2. Against the concept of 'Ease of Doing Business'
3. Increases cost for the airlines and is against the principle of 'Making Aviation Affordable and Sustainable'
4. Against the vision of Hon'ble Prime Minister of India, Shri Narendra Modi that he would like to see 'Hawai Chappal Wale, Hawai Jahaj Mein' as the high cost will be passed on the common man by the airlines.

		5. There is application of tax on tax, which is fundamentally wrong and adds to Airlines cost. In addition to the above, it is pertinent to note that there are number of other infrastructure services / facilities like aircraft taxi ways, runways, fire services and bird scarers etc., for which there is no separate charge as they are part of airport infrastructure however the Consultation Paper proposes separate charges for ATF in the shape of for FIC and ITP charges, which is a contradiction. In this context, reference may be drawn from the abolishment of Fuel Throughput Charges (FTC), which were being earlier charged as separate charges for provisioning of ATF but were subsequently abolished. The FTC were being charged by the Airport Operators from the airlines through OMCs with the above circuitous billing mechanism with ultimate non creditable cost of Rs. 153.25 to the airlines. Both the Ministry of Civil Aviation (MOCA) and AERA have abolished FTC vide their order dated 08 January 2020 and 15 January 2020 respectively. Subsequently their revenues have been recalibrated by AERA and there has been no loss to the airport operators. In view of all the above facts, it is recommended that FIC and ITP be abolished, and necessary calibration may be done in the revenue for airport operators for fuel farm and into plane operations. This will in turn help the airlines to address the long pending issue of circuitous billing. Thus, it is requested that the proposal of the LIAL in public Notice No. 21/2022-23 for the revised pricing for Fuel Farm Tariff (Fuel Infrastructure Cost, Aircraft Defueling and Re-fuelling of defueled products) may kindly not be accepted and recalibrated in line with FTC into other airport charges and help and support airlines with to address long pending circuitous tax billing.

		Para 7.6.4 We agree with AERA's proposal 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 Fourth Control Period. Para 7.5.11 Table 79 While acknowledging the depreciation rate applied by AERA in accordance with AERA Order No. 35/2017-18 the 'Useful Life of Airport Assets', 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. In addition to above, 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. And lastly, we appreciate AERA's consideration of deferring few proposed Capex projects from the Third Control Period to the Fourth Control Period.

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6.	Fair Rate of Return (FRoR) for the Third Control Period	<u>Para 8.2.10 & 8.3</u> FIA submits that, only reasonable Fair Rate of Return (FRoR) to airport operators should be provided. It is observed that AERA has considered FRoR of 12.21%, which is the net of income tax return to the airport operator, for the Third Control Period. However, while such fixed/ assured return favours the service provider/airport operators, but it creates an imbalance against the airlines, which are already suffering from huge losses and are bearing 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. Without prejudice to the above: 1) In the present scenario any assured return on investment to any services providers like LIAL, in excess of five (5) % (including those on past orders) will be onerous for the airlines, i.e., being at par with bank fixed deposits (i.e., return on investment after the income tax), based on the current economic situation of worldwide runaway inflation coupled with rising and historic interest rates offered by banks. 2) And, in case AERA is unable to accept our recommendation mentioned above, 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 Third Control Period	(Para 9.2.2) FIA submits that as per report published by Ministry of Finance dated 31st January 2023, the WPI inflation rate for December FY2022 is 5%. Accordingly, we request AERA to revise the inflation rate at 5% for FY22-23.
8.	Operation and Maintenance Expenditure for the Third Control Period	Para 10.2.24(iii) (Fuel Operating Expenses) FIA requests, that AERA should not permit outsourcing of fuel facility on a "Volume linked fee basis" and instead it should be on "lowest cost model" through competitive bidding. Para 10.2.4 (Utility Expenses) LIAL is requested to constitute a Committee to verify the bills relating to Power expenses or submit a report on the same to AERA, if the same has already been conducted as part of Stakeholder comments / feedback. Para 10.2.26 (Cargo Operating Expenses) 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 10.1.5 & 10.2.29 and Table 99 & 120 FIA appreciates the study conducted on Operations and maintenance expenses (O&M expenses) conducted for the Third Control Period, and AERA's revision based on rationalisation of each line item on the submitted O&M expenses by LIAL. However, FIA requests AERA to not provide such huge escalations for (i) Repairs & Maintenance expenses, (ii) Utilities and (iii) Operating expenses.

		We further 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 Third Control Period	**A: Non-Aeronautical Revenue** Para 11.2.10 It is observed, that the non-aeronautical revenues projected by LIAL is substantially low / conservative. It is requested that LIAL explores all avenues to maximise revenue from the utilisation from the expansion of terminal building for non-aeronautical purposes. As correctly observed by AERA in para 11.2.10, the non-aeronautical revenue projected by LIAL for Third Control Period is substantially lower as compared to other PPP airports. Accordingly, we request AERA to mandate LIAL to enter into suitable agreements with concessionaires to exploit the potential/ growth of non-aeronautical revenue at Lucknow airport. 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 Third Control Period. Without prejudice to the above, we submit that increase in non-aeronautical revenue ("**NAR"**) is a 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 Third control period by AERA, it was noted that a conservative approach has been taken by 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 11.2.10, AERA has remarked that NAR projected by LIAL 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 projected O&M expenses for LIAL, as approved by AERA. **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 Third 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. FIA would also like to urge AERA 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.
11.	Aggregate Revenue Requirement (ARR) for the Third Control Period	<u>Para 14.2.6</u> It is submitted that, AERA has noted that "*AO has on-going capital expenditure projects and other planned works, which have resulted in a higher ARR for the Third Control Period. Whereas, the existing traffic base is not sufficient for the complete recovery of ARR in the current Control Period and this would require a significant increase in tariff, which in the present times is likely to adversely impact the recovery of air traffic.*" Further, AERA has also observed and considered the "*guiding principles issued by the International Civil Aviation Organization (ICAO) on charges for Airports and Air Navigation Services (ICAO DoC 9082), which lays down the main purpose of economic oversight which is to achieve a balance between the interest of Airports and the Airport Users."*

		This policy document categorically specifies *"that caution be exercised when attempting to compensate for shortfalls in revenue considering its effects of increased charges on aircraft operators and end users".* This should be applied particularly during periods of economic difficulty (i.e., airlines incurring adverse financial impact post Covid-19). FIA appreciates that AERA in para 14.2.6 has considered to carry forward some portion of ARR to the next control period. However, FIA requests AERA that, keeping in view the adverse financial health of the airlines as mentioned in this letter, no tariff shall be increased for this control period. <u>Para 14.2.7</u> The tariffs on the AFS cargo should be significantly lesser than the tariff levied on General cargo. FIA submits that: 1. AFS should have 50% or lesser rates from the Terminal. 2. Processing of such Cargo may be considered for direct access to the Aircraft, thereby avoiding the charges levied by Custodian. 3. Subsidize and incentivize a certain % of cargo tonnage processed out of AFS for better sustainability to Airlines, this may boost further AFS stations in terms of revenue as well.
12.	Proposed Annual Tariff Proposal (Tariff Rate Card) <u>(Refer Public Notice 21/2022-23):</u>	In accordance with the preamble of the National Civil Aviation Policy, which envisages to make air travel affordable and sustainable, 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 LIAL to clarify the following: **1. Ref: User Development Fee (UDF)** 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. **2. Ref: Notes to User Development Fee (UDF) Charges:** Collection Charges: We would like to invite AERA's attention to notes 2 of UDF charges in the Public notice 21/2022-23, wherein the rate of collection of UDF charges has been proposed to be reduced by LIAL from the current Rs. 5.00 per embarking passenger to Rs. 2.50 per embarking 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 passenger, in line with other Airports. **3. Ref: Notes to User Development Fee (UDF) Charges:** We further request that in the Collection Charges, the entitlement by airlines for the same may kindly be against LIAL having received the 'undisputed' invoiced UDF amount within the applicable due date.

		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. If PSF is not subsumed in the UDF, then current practices may kindly be continued. **4.** CUTE, CUPPS, CUSS: As these are aeronautical revenues, we could neither find a proposal for the same in the MYTP submitted by the LIAL for the Third Control Period, nor any comment by AERA on regulating these charges in the CP for the Third Control Period. We would like to state that (i) the current prices are excessive; (ii) whatever bouquet of services is agreed between the LIAL 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 intervene and kindly regulate the CUTE, CUPPS, CUSS prices per the AERA Act. **5. Parking Charges effective from 1st April 2023 to 31st March 2026** *"3.Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre. (AOCC)."* 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.

		6. Parking Charges effective from 1st April 2023 to 31st March 2026 *"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. **7. Parking Charges effective from 1st April 2023 to 31st March 2026** *"4. For calculating chargeable parking time, part of an hour shall be rounded off to the next hour"* It is submitted that for calculating chargeable parking time, part of an hour shall be rounded off to nearest hour" **8. UDF effective from 1st April 2023 to 31st March 2026** (I) Query: Will the above UDF effective date shall be considered as Travel date or Sale date or Both-travel and sale date? (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.

		9. Variable Tariff Plan for Scheduled Passenger Airlines 1. ***"New Route**: A flight to a new destination that is currently unserved from Lucknow by any airline already operating at Lucknow. (Destination must be unserved for the previous 36 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.* **10.** AERA to review our comment at Sr. No. 4 (Traffic) above. **11.** FIA observed that, there is no mention of Aviation Security Fee ("ASF") in the Annual Tariff proposal by LIAL. In this regard, we request AERA to take note of the AIC 09/2021 dated 19th March 2021 and to state the levy, exemption and collection charges on ASF to LIAL.
13.	Any Other Comment	<u>Shrinkage in Control Period</u> 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 LIAL - Third Control Period, will now be issued after the commencement of the Control Period i.e., 1 April, 2021. We submit that cost of operations for the airlines are increasing continuously every year and airlines are incurring losses in the current challenging scenario, even while airport operators have an assured rate of return on their investment. At the same time, it is projected by most agencies that over 1,200 new civil aviation aircraft will be inducted by airlines in India over the next 5 years. While economies of scale are a big factor for the airlines to keep the cost of operations low, this applies to airport operators as well. With the huge increase in aircraft, there is bound to be huge benefits for the airport operators as well due to economies of scale. Hence we request AERA to conduct a study of the passengers and air traffic at selected airports taking data over the past 20 years wherein it may please be made transparent as to what is the cost of one take off separately to the airport operator and an airline, for various class of aircraft, at a periodicity of every 5 years (excluding the pandemic times period). It is felt that cost of business is simply passed on to the airlines by some airport operators, as it appears that there are multi layered companies undertaking various activities at the same airport, which not only add to the cost of doing business, but also force airlines to pay tax on tax for availing services though multi-layered companies. This study will then make it evident who is actually bearing the cost of doing business at the airport, and whether the same is justified.

GOVERNMENT OF INDIA

MINISTRY OF CIVIL AVIATION

LOK SABHA

UNSTARRED QUESTION NO: 201

ANSWERED ON:02.02.2023

Loss to Aviation Industry

Anumula Revanth Reddy

(a) whether the aviation industry incurred a loss of Rs. 11658 crore during the financial year 2021-22 and if so, the details thereof during the last five years, year-wise;

(b) whether the Government Conducted regular analysis of the financial status of the aviation industry and if so, the details of the last report;

(c) whether the Government has fixed any timeline to conduct a similar analysis for the improvement of the financial status of the aviation industry in the country and if so, the details thereof; and

(d) the details of the initiatives taken by the Government to reduce the financial loss of the aviation industry?

Will the Minister of CIVIL AVIATIONbe pleased to state:-

ANSWER

Minister of State in the Ministry of CIVIL AVIATION (GEN. (DR) V. K. SINGH (RETD))

(a)Based on the inputs received from the major Indian airlines and information available with the Ministry, the details of losses incurred by the industry during the last three years are as follows:;

YEAR	LOSS (Rs. in crores);
FY 2019-20	4770
FY 2020-21	12479
FY 2021-22	11658

(b) & (c) No, Sir. The airlines are run by Private Operators and the Government has deregulated the airline fares. As such, the Government does not analyse the financial status of airlines.

(d) Government has taken various initiatives to support the aviation industry. ;
I) The reduction in Value Added Tax (VAT) on Aviation Turbine Fuel (ATF) was taken up with the state Government / Union Territories levying high VAT on ATF. As a result, VAT on ATF has been reduced by 17 States/ UTs whose details are as below:
;
States which have reduced VAT on ATF in the range of 1-4%:

(i) Andaman & Nicobar Islands;
(ii) Uttarakhand;
(iii) Jammu & Kashmir;
(iv) Ladakh;
(v) Himachal Pradesh;
(vi) Tripura;
(vii) Madhya Pradesh;
(viii) Haryana;
(ix) Uttar Pradesh;
(x) Dadra and Nagar Haveli & Daman and Diu;
(xi) Arunachal Pradesh;
(xii) Manipur;
(xiii) Jharkhand;
(xiv) Mizoram ;
;
Other States which have reduced VAT on ATF:
;
(xv) Gujarat - From 30% to 5%
(xvi) Goa - From 18% to 8%
(xvii) Karnataka - From 28% to 18%
;
II) Goods and Services Tax on (GST) rate has been reduced from 18% to 5 % for domestic Maintenance, Repair and Overhaul (MRO) services.
III) Airports Authority of India (AAI) and other Airport Developers have targeted capital outlay of approximately Rs. 98,000 crore in airport sector in the next five years for expansion and modification of existing terminals, new terminals and strengthening of runways, among other activities.

IV) Government has approved Emergency Credit Line Guarantee Scheme (ECLGS) to aviation sector. Based on the industry demand, the scope of ECLGS has been enhanced to provide credit support to these companies upto 100% of their total credit outstanding (both fund based and non-fund based outstanding) as on reference dates, subject to a cap of Rs. 1500 crore per borrower, whichever is lower.

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HANDBOOK

ON

CIVIL AVIATION STATISTICS

2021-22

Scheduled Domestic Services

Passenger Carried 84+ M

Freight Carried (MT) 0.58

Departures 0.73 M

Kilometer Flown 688+ M

Hours Flown 1.2 M

ASKM 111 B

RPKM 82 B

Passengers Carried

FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
84.2 M	53.3 M	141.2 M	140.3 M	123.3 M

Departures

FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19	FY 2017-18
729.8 K	490.5 K	1054.8 K	1054.8 K	922.3 K

Contents

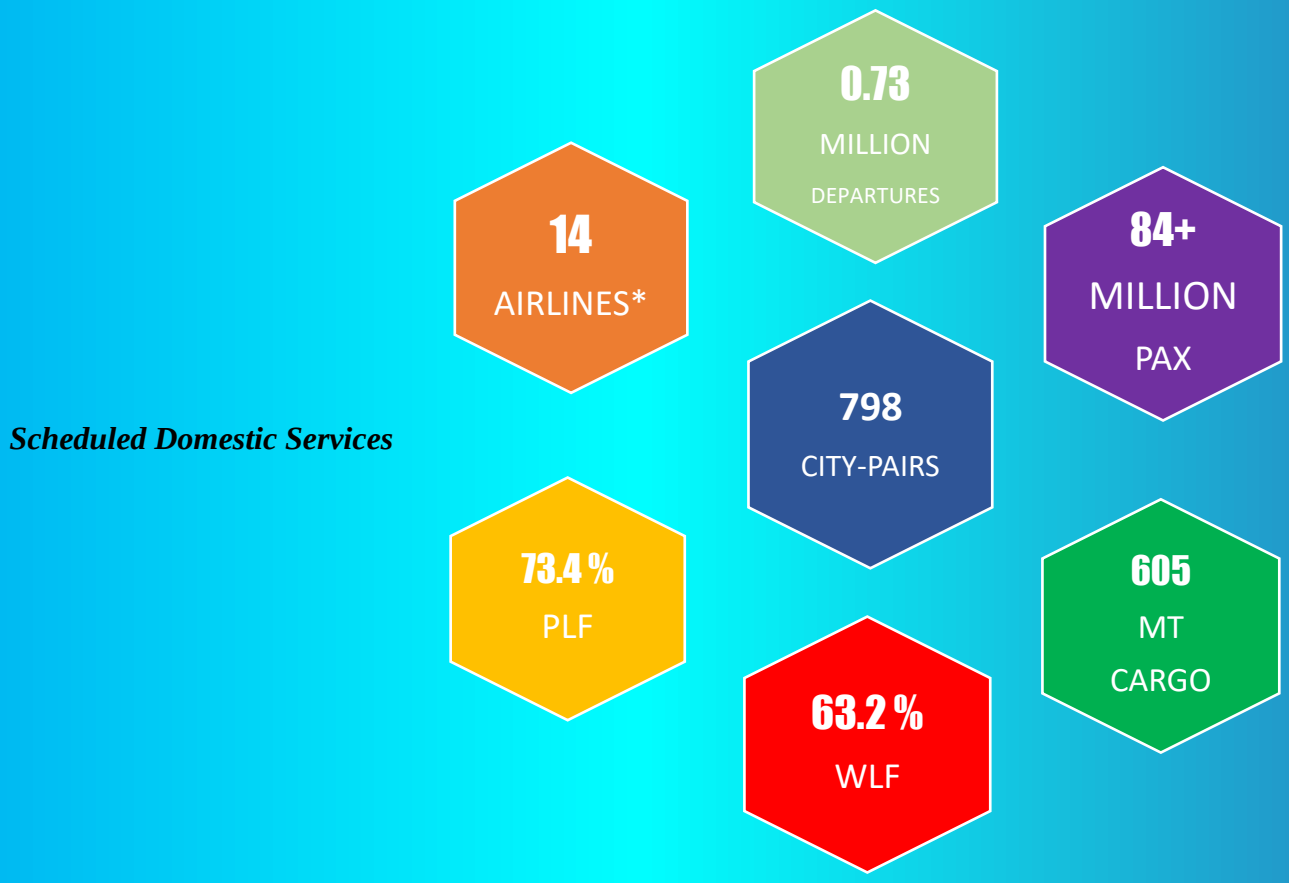
DIRECTORATE GENERAL OF CIVIL AVIATION: AN OVERVIEW

Directorate General of Civil Aviation is the regulatory body governing the safety aspects of civil aviation in India. It is responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards. It also interfaces with all the regulatory functions of International Civil Aviation Organization.

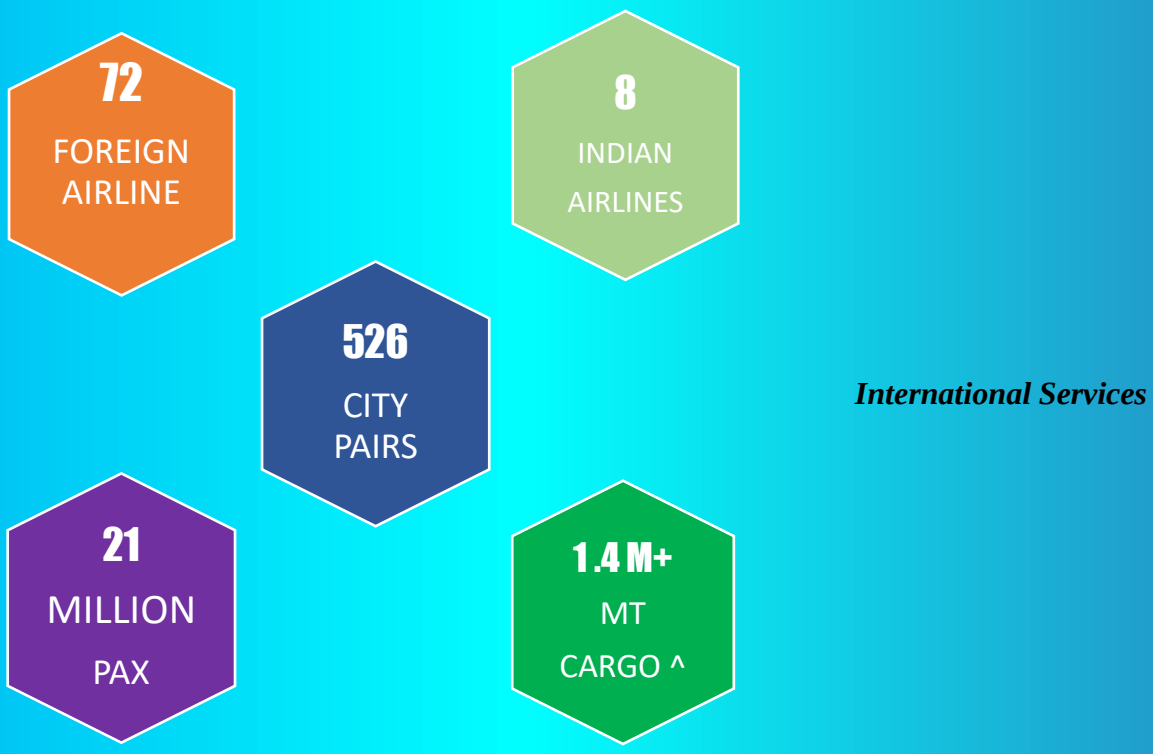
DGCA's Vision Statement:

"Endeavour to promote safe and efficient Air Transportation through regulation and proactive safety oversight system."

HIGHLIGHTS OF FINANICAL YEAR 2021-22



Scheduled Domestic Services



International Services

1. PASSENGER TRAFFIC STATISTICS

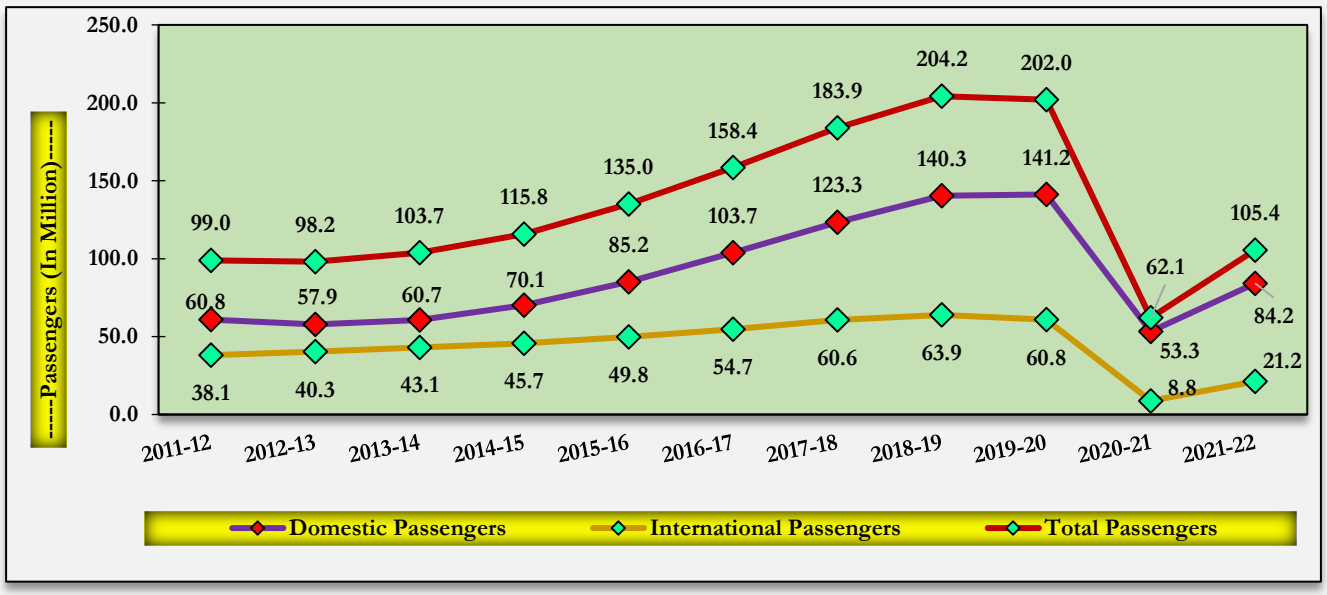
Air Passenger Traffic in India, both domestic and international witnessed a positive growth in the year 2021-22 compared to the previous year. The international operations by Scheduled Indian Operators were carried as per DGCA's circular dated 26.03.2020 & 08.03.2022.

Table 1: Passenger traffic at a glance

S. No.	TRAFFIC	UNIT	2020-21	2021-22
(1)	*(2)*	*(3)*	*(5)*	*(4)*
1.	**Domestic Passengers**	Departing Passengers	53.3 million (-62.2 %)	84.2 million (57.9%)
2.	**Domestic Airline Demand**	Revenue Passenger Kilometers (RPK)	52.9 billion (-61.3%)	81.8 billion (54.5%)
3.	**Domestic Airline Capacity**	Available Seat Kilometers (ASK)	77.4 billion (-51.2%)	111.5 billion (44.1%)
4.	**International Passengers**	Departing and Arriving Passengers	8.8 million (-85.5%)	21.2 million (141.0%)
Total Passengers (Domestic & International)			**62.1 million (-69.3%)**	**105.4 million (69.6%)**

Note: 1. Figures in parenthesis refer to percentage change over previous year.
2. ASK is calculated as the sum of products obtained by multiplying the total number of seats that are available in each flight stage by the corresponding stage distance.
3. RPK is calculated as the sum of the product obtained by multiplying the number of revenue passengers carried on each flight stage by the corresponding stage distance.

Chart 1: Passenger traffic carried by scheduled carriers over last ten years

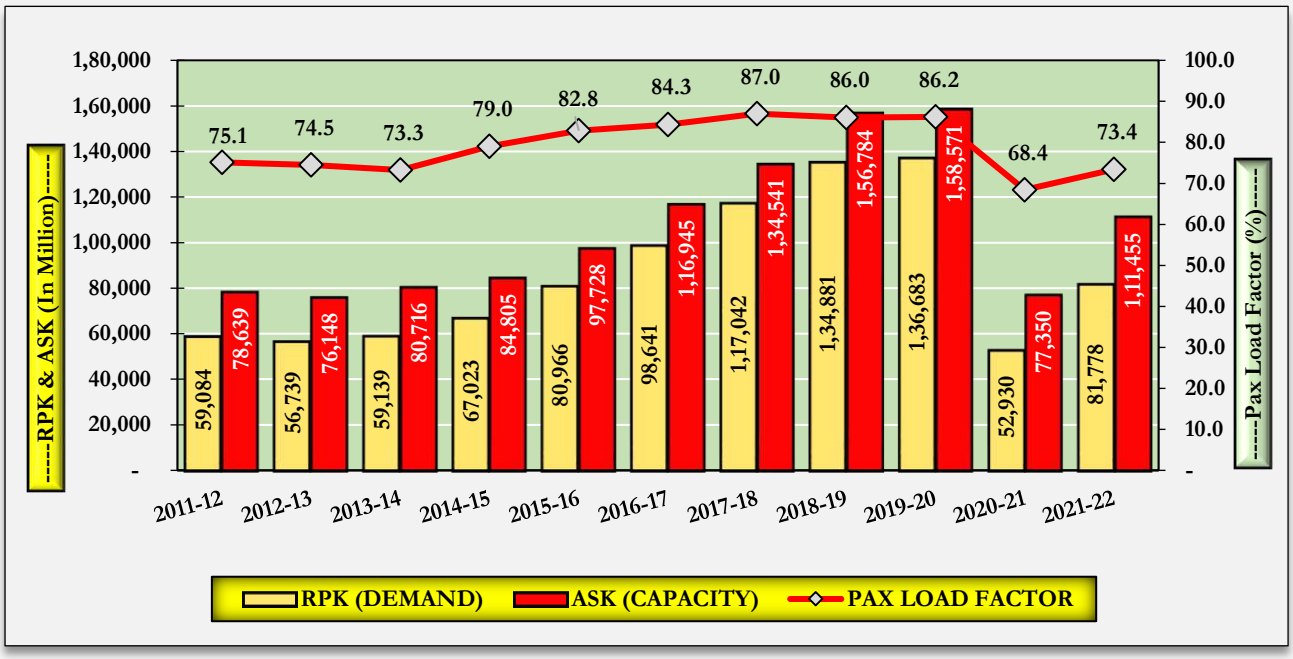


The domestic passenger traffic registered a compound annual growth rate (CAGR) of 3.3% during the period 2011-12 to 2021-22 while the international passenger traffic grew at -5.7% (CAGR) during the same period.

Table 2: Year-on-year comparison of number of scheduled domestic passengers & PLF

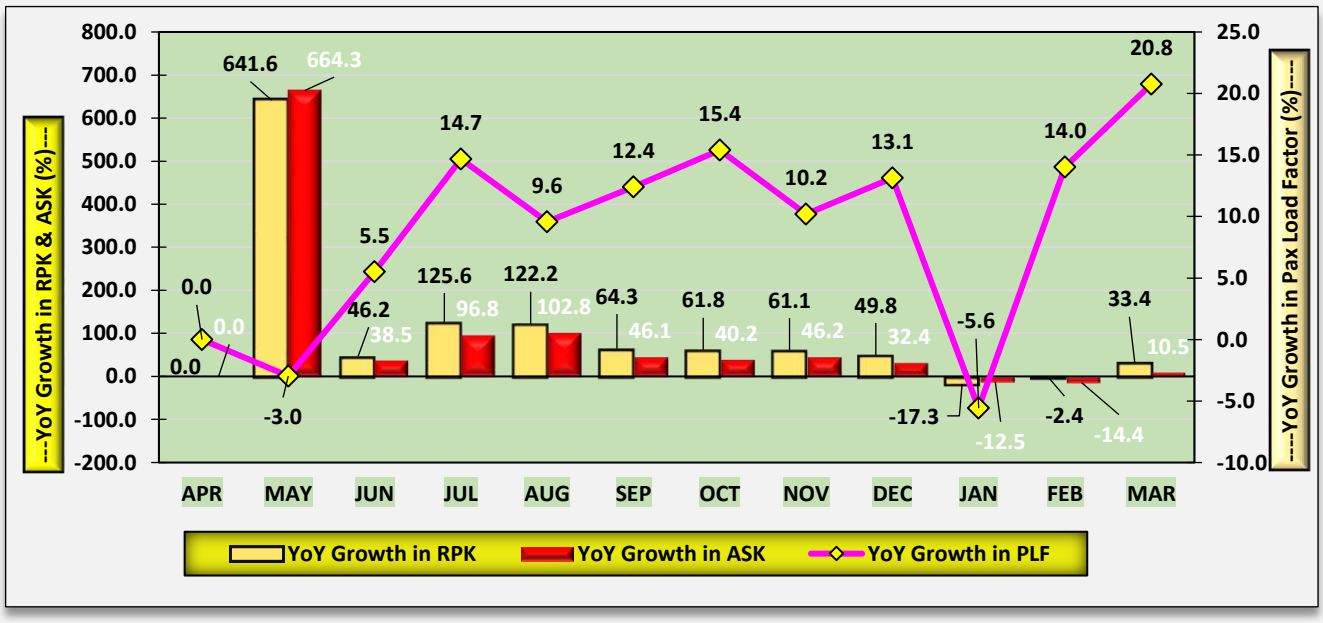
Sl. No.	Name of the Airline	Passengers (In Number)			PLF (%)		
		2020-21	2021-22	YoY Growth (%)	2020-21	2021-22	CHANGE (+/-)
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*
1.	AIR ASIA	3609627	4785571	32.6	64.1	70.1	6.0
2.	AIR INDIA	4781615	8166932	70.8	65.6	68.6	3.0
3.	AIR INDIA EXPRESS	22754	17893	-21.4	28.6	50.4	21.8
4.	AIR TAXI	183	221	20.8	23.0	34.7	11.7
5.	ALLIANCE AIR	705273	1077709	52.8	51.1	59.8	8.7
6.	FLYBIG	7238	81268	1022.8	44.9	51.1	6.2
7.	GO AIR	4018264	7970284	98.4	66.6	75.1	8.5
8.	INDIGO	29336170	46606224	58.9	68.7	73.5	4.8
9.	PAWAN HANS	1331	1530	15.0	20.4	23.7	3.4
10.	SPICEJET	7086585	8386574	18.3	75.7	80.4	4.8
11.	STAR AIR	112239	199633	77.9	72.3	73.5	1.2
12.	TRUJET	277862	147549	-46.9	54.0	47.1	-6.9
13.	VISTARA	3,371,361	6,743,071	100.0	67.2	73.2	6.1

Chart 2: Capacity v/s demand in domestic market over the last ten years.



In the year 2021-22, ASK, RPK and PLF in the domestic market registered a positive growth compared to the previous year. During the year from 2011-12 to 2021-22, the capacity (ASK) in the domestic market grew at a rate of 3.5% (CAGR) while the demand (RPK) grew at 3.3% (CAGR) during the same period.

Chart 3: Month-wise year-on-year growth in capacity v/s demand in domestic market, 2021-22



In the FY 2021-22, domestic market experienced rise in capacity as well as demand which is evident from the Chart 3 as both RPK & ASK witnessed positive growth as compared to the corresponding months in the previous year i.e. 2020-21. Also, YoY growth in PLF is positive in most of the Months.

Chart 4: Market share (%) in terms of domestic market demand (RPK)-2021-22

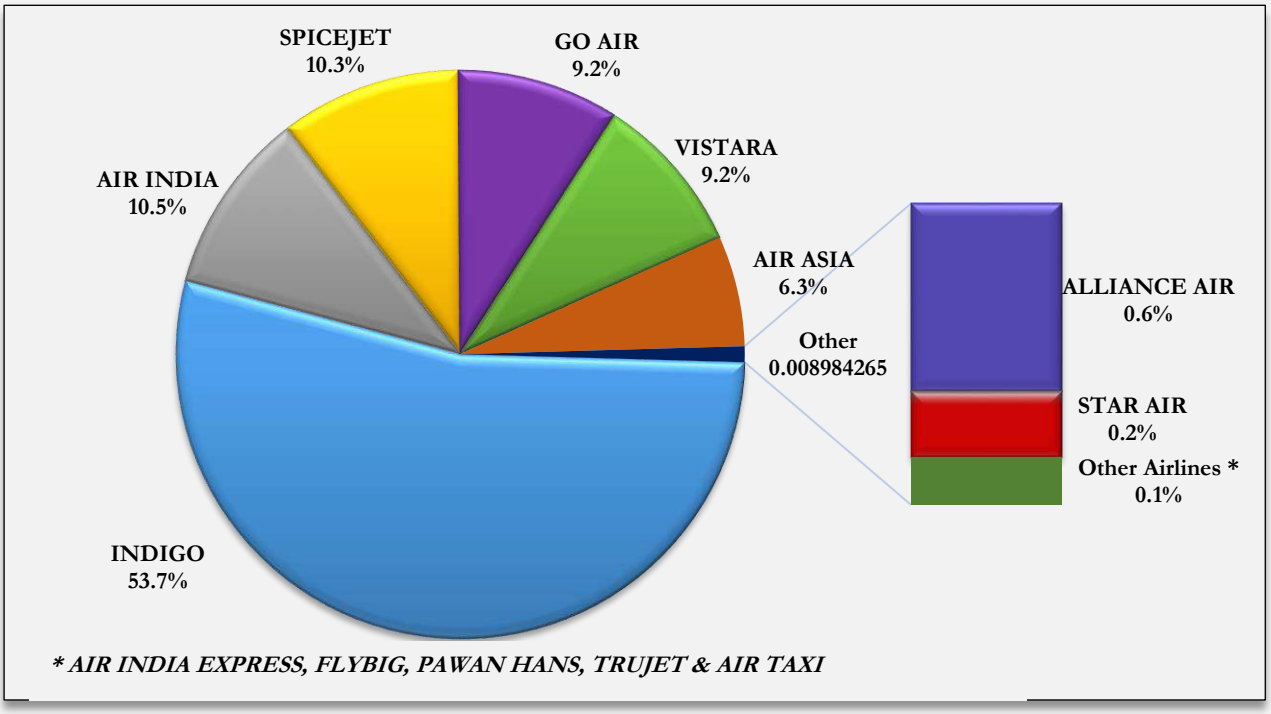
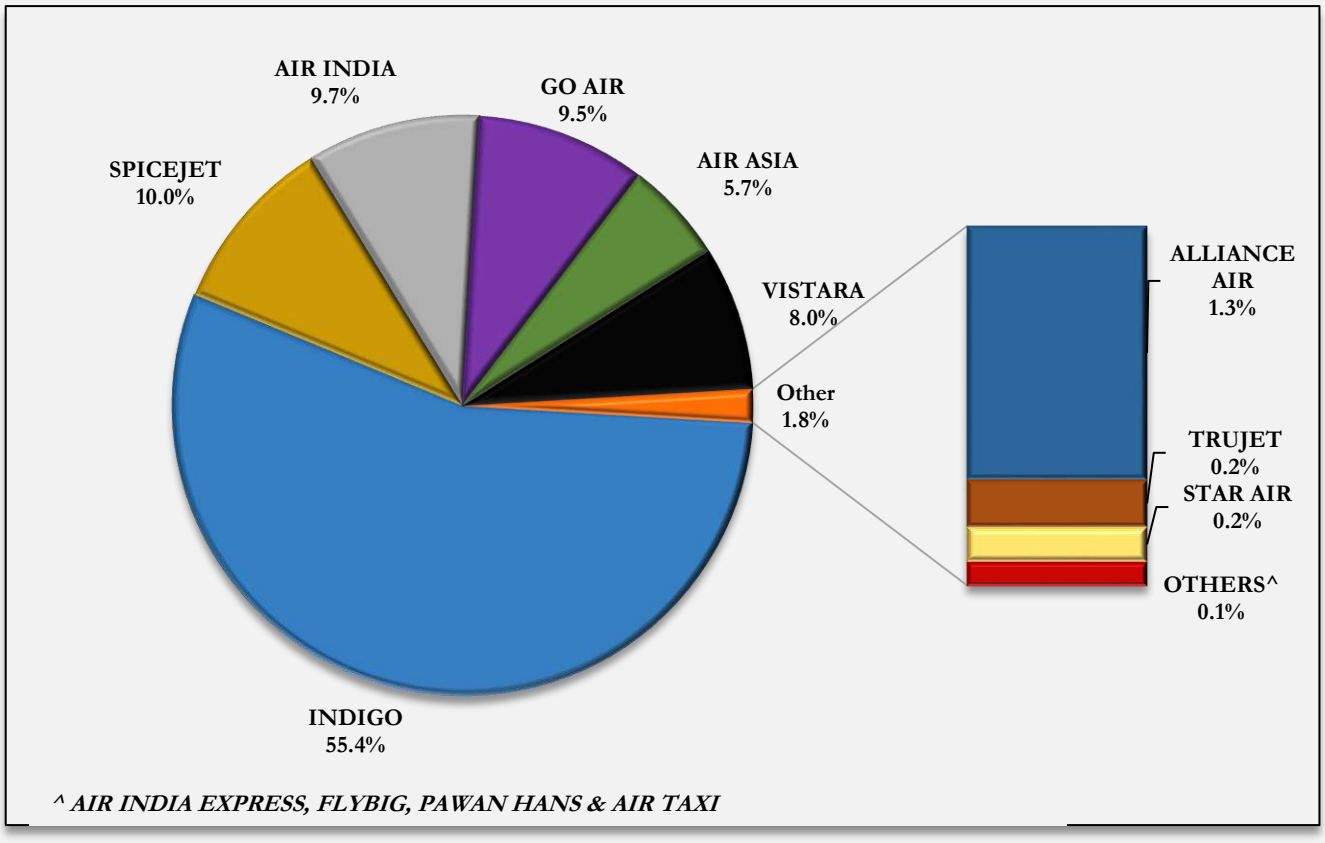
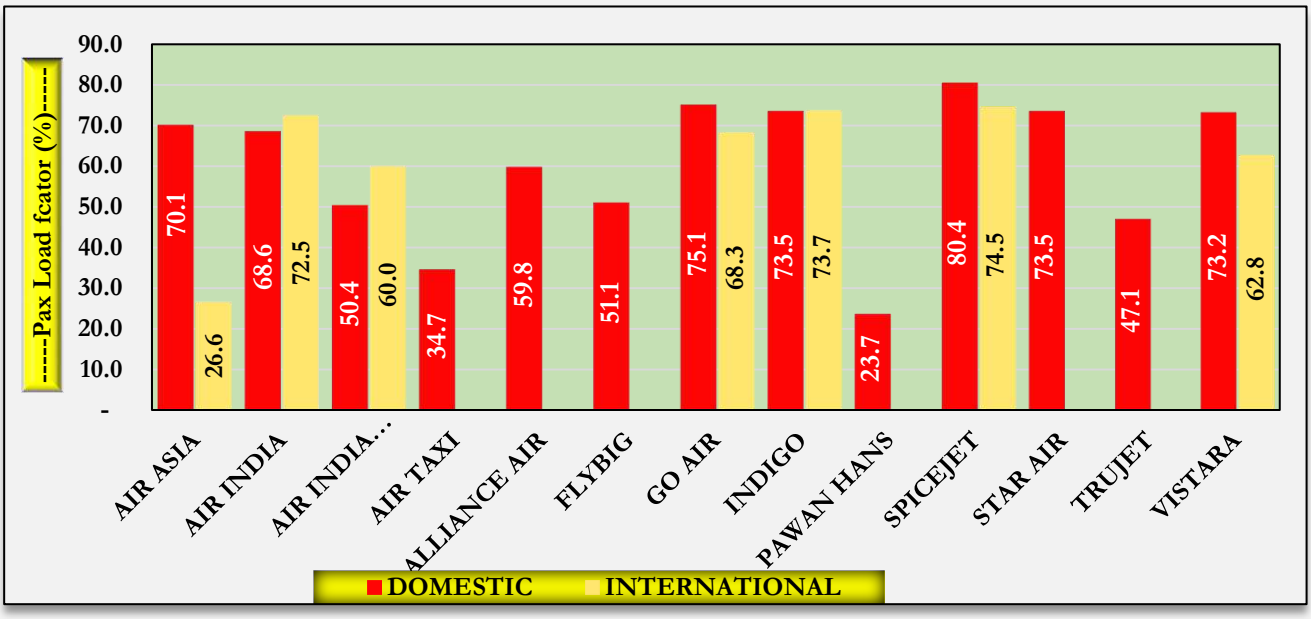


Chart 5: Domestic market share (%) in terms of passengers carried, 2021-22



In the year 2021-22 both in terms of RPK and passengers carried, IndiGo had the maximum market share followed by SpiceJet, Air India and Go Air.

Chart 6: Passenger load factor (PLF) of scheduled Indian carriers, 2021-22



In terms of Passenger Load Factor (PLF), a measure of capacity utilisation of airlines, for scheduled domestic operations, Spice Jet registered the highest PLF of 80.4% followed by Go Air (75.1%), Indigo & Star Air both at (73.5%). SpiceJet topped the position in terms of international operations with a PLF of (74.5%) followed by Indigo (73.7%).

Table 3: Market share (%) of scheduled Indian carriers and foreign carriers in terms of international passengers carried

S. No.	YEAR	FOREIGN CARRIERS	INDIAN CARRIERS
(1)	*(2)*	*(3)*	*(4)*
1.	2012-13	66.2	33.8
2.	2013-14	64.1	35.9
3.	2014-15	63.0	37.0
4.	2015-16	63.4	36.6
5.	2016-17	62.3	37.7
6.	2017-18	61.1	38.9
7.	2018-19	59.9	40.1
8.	2019-20	62.6	37.4
9.	2020-21	61.8	38.2
10.	2021-22	51.8	48.2

Table 4: Market share (%) of top 15 scheduled operators – international operations, 2021-22

S. No.	Name of the Airline	Share (In%)
(1)	*(2)*	*(3)*
1.	INDIGO	15.0%
2.	AIR INDIA	14.0%
3.	AIR INDIA EXPRESS	10.7%
4.	AIR ARABIA	8.6%
5.	QATAR AIRWAYS	7.2%
6.	EMIRATES AIRLINE	6.9%
7.	FLY DUBAI	4.6%
8.	SPICEJET	3.6%
9.	GO AIR	3.0%
10.	ETIHAD AIRLINES	2.7%
11.	UNITED AIRLINES	2.5%
12.	VISTARA AIRLINES	2.0%
13.	SRILANKAN AIRWAYS	1.7%
14.	BRITISH AIRWAYS	1.6%
15.	AIR CANADA	1.3%

Out of a total 80 scheduled international operators, top 10 operators accounted for nearly 76% of total international Passenger traffic and top 15 operators accounted for nearly 85.4% of the total international Passenger traffic in the year 2021-22. Indigo had the maximum market share (15.0%) followed by Air India (14.0%).

Chart 7: Distribution of India's inbound international passenger traffic, 2021-22

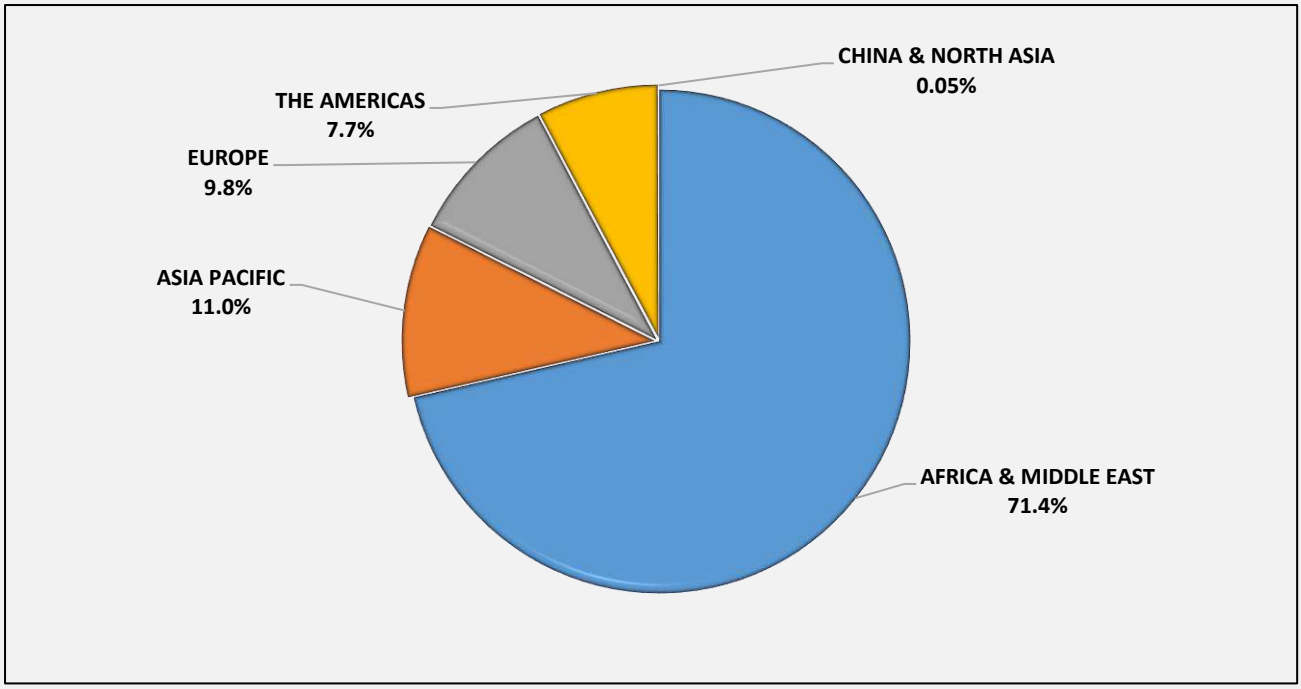
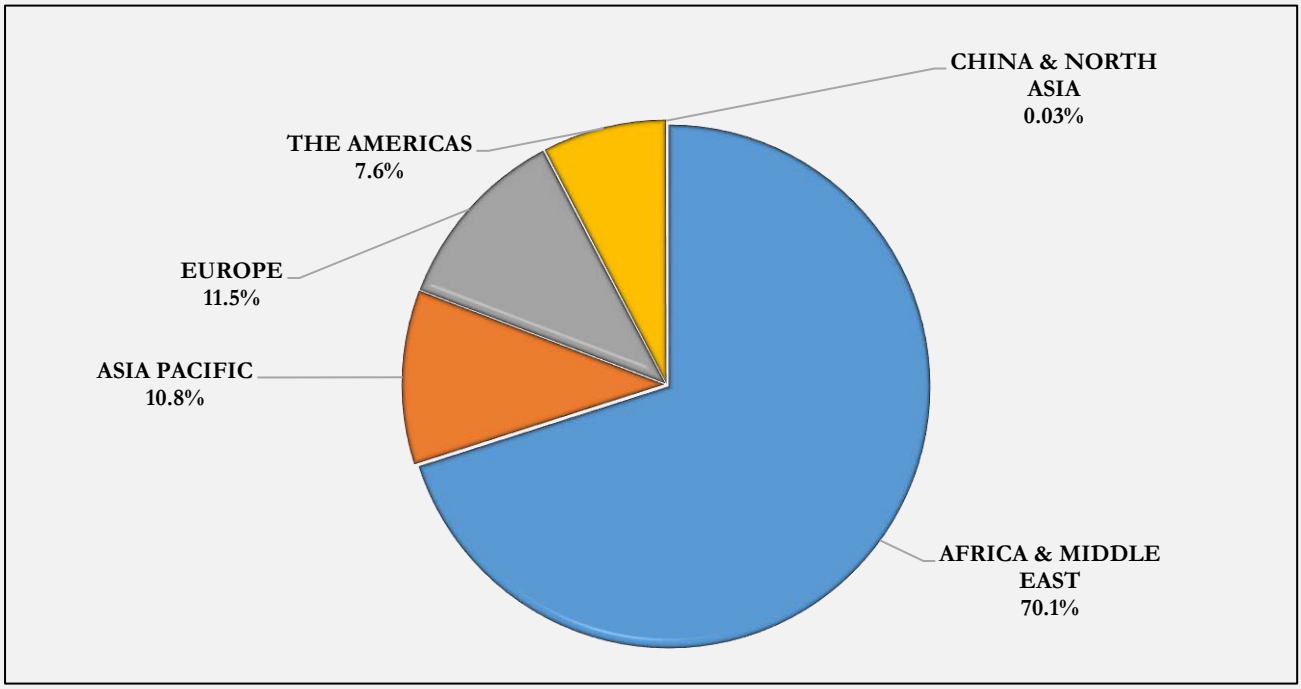


Chart 8: Distribution of India's outbound international passenger traffic, 2021-22



More than two-third of the passenger traffic to and from India is accounted for by the countries in the Africa & Middle East.

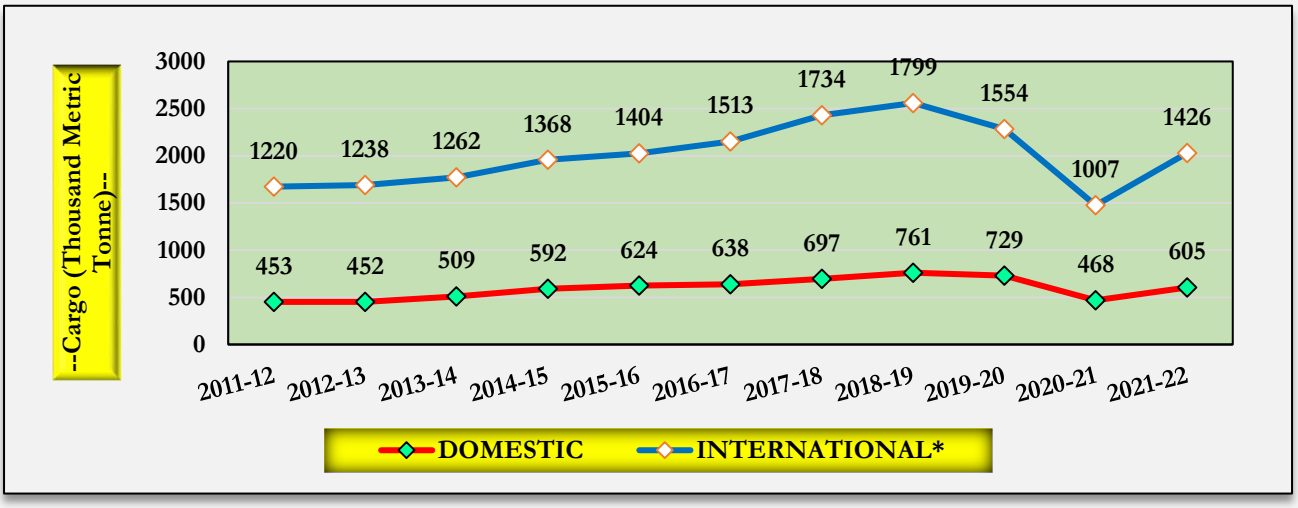
2. CARGO TRAFFIC STATISTICS

Air cargo carried by scheduled airline operators, both domestic and international witnessed a positive growth in 2021-22.

Table 5: Cargo traffic at a glance

S. No.	Cargo Traffic	2020-21	2021-22
(1)	*(2)*	*(3)*	*(4)*
1.	DOMESTIC	4.68 lakh MT	6.05 lakh MT
		(-35.6)	(29.4)
2.	INTERNATIONAL*	10.1 lakh MT	14.26 lakh MT
		(-34.8)	(41.6)
Note: Figures in parenthesis refer to percentage change over previous year; MT: Metric Tonne. ** International Cargo figures include Freight only.*			

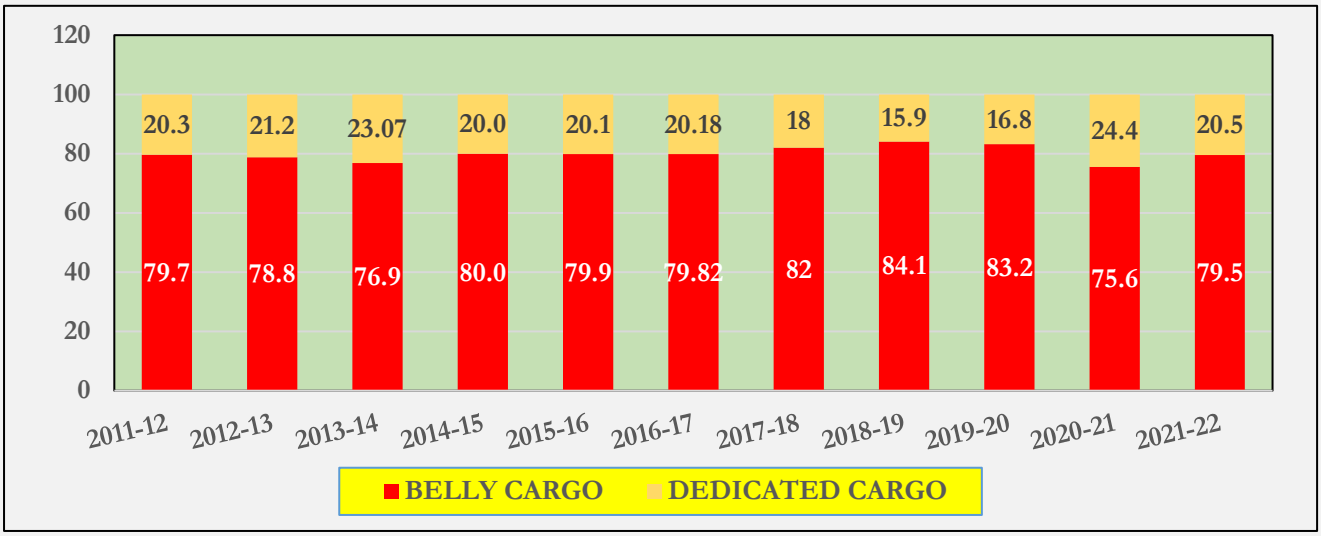
Chart 9: Cargo traffic carried by scheduled carriers over the last ten years



**International Cargo figures include Freight only.*

The domestic cargo traffic registered a growth of 2.9% (CAGR) over the period from 2011-12 to 2021-22 while International cargo traffic grew at 1.6% (CAGR) during the same period.

Chart 10: Proportion of domestic cargo carried as belly cargo and in dedicated freighters



Note: Dedicated cargo refers to the cargo carried by aircrafts solely meant for freight carriage.

The proportion of total domestic cargo carried as belly cargo registered positive growth of 5.1% in the FY 2021-22 as compared to last year. In financial year 2021-22 the dedicated cargo carrier was Blue Dart Airline only.

Table 6: Proportion of international cargo* carried by Indian and foreign carriers

S. No.	Year	Indian Carriers (%)	Foreign Carriers (%)
(1)	*(2)*	*(3)*	*(4)*
1.	2012-13	17.7	82.3
2.	2013-14	18.3	81.7
3.	2014-15	17.8	82.2
4.	2015-16	16.9	83.1
5.	2016-17	18.8	81.2
6.	2017-18	20.5	79.5
7.	2018-19	20.4	79.6
8.	2019-20	13.8	86.2
9.	2020-21	12.0	88.0
10.	2021-22	15.5	84.5

**International Cargo figures include Freight only.*

Chart 11: Distribution of India's inbound international freight traffic, 2021-22

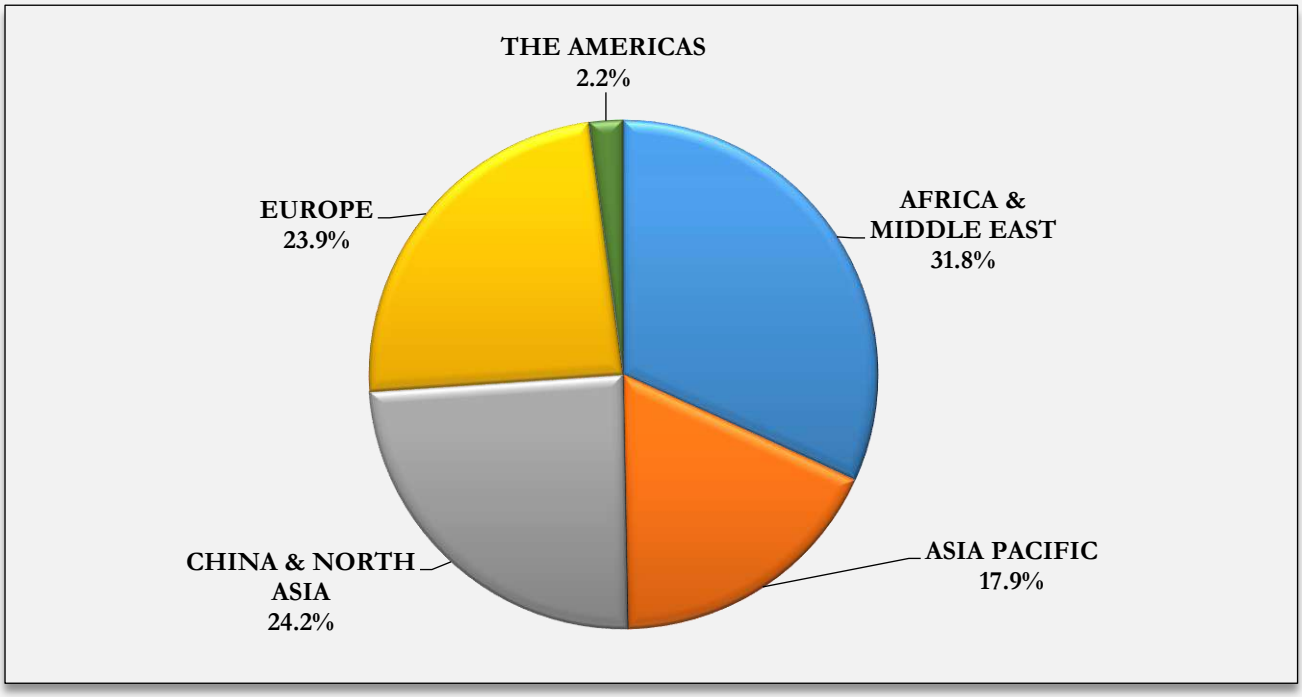
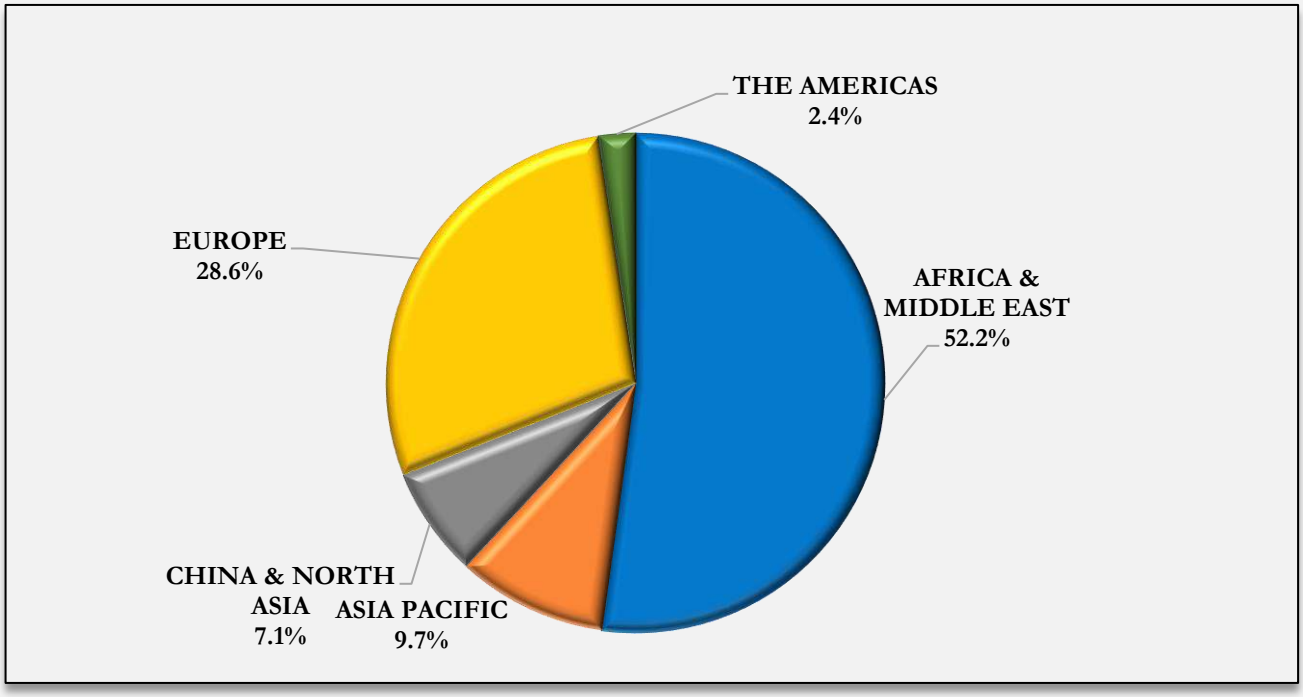


Chart 12: Distribution of India's outbound international freight traffic, 2021-22



As far as India's inbound freight traffic is concerned, Africa and Middle East tops the position with a share of 32% followed by China & North Asia and Europe while chart 12 shows that from India, almost half of the freight traffic is carried to the countries in the Africa & Middle East.

3. AIRCRAFT STATISTICS

Table 7: Aircraft statistics at a glance

S. No.	Departures (in lakhs)	2020-21	2021-22
(1)	*(2)*	*(3)*	*(4)*
1.	SCHEDULED DOMESTIC	4.91	7.30
		(-53.5)	(48.8)
2.	INTERNATIONAL*	0.90	1.78
		(-75.0)	(95.8)

Note:1. Figures in parenthesis refer to percentage change over previous year. These percentages given here are calculated using actual figures and not the rounded-off figures in lakhs.
*2. *International figure also includes the departures by Indian Airlines which operated totally outside the territory of India.*

Aircraft movement of domestic and international has registered a positive growth in the year 2021-22 over 2020-21.

Chart 13: Average seat capacity* of scheduled operating Indian fleet (2021-22)

**Average Seat Capacity= Total ASK / Total Aircraft Km. Flown.*

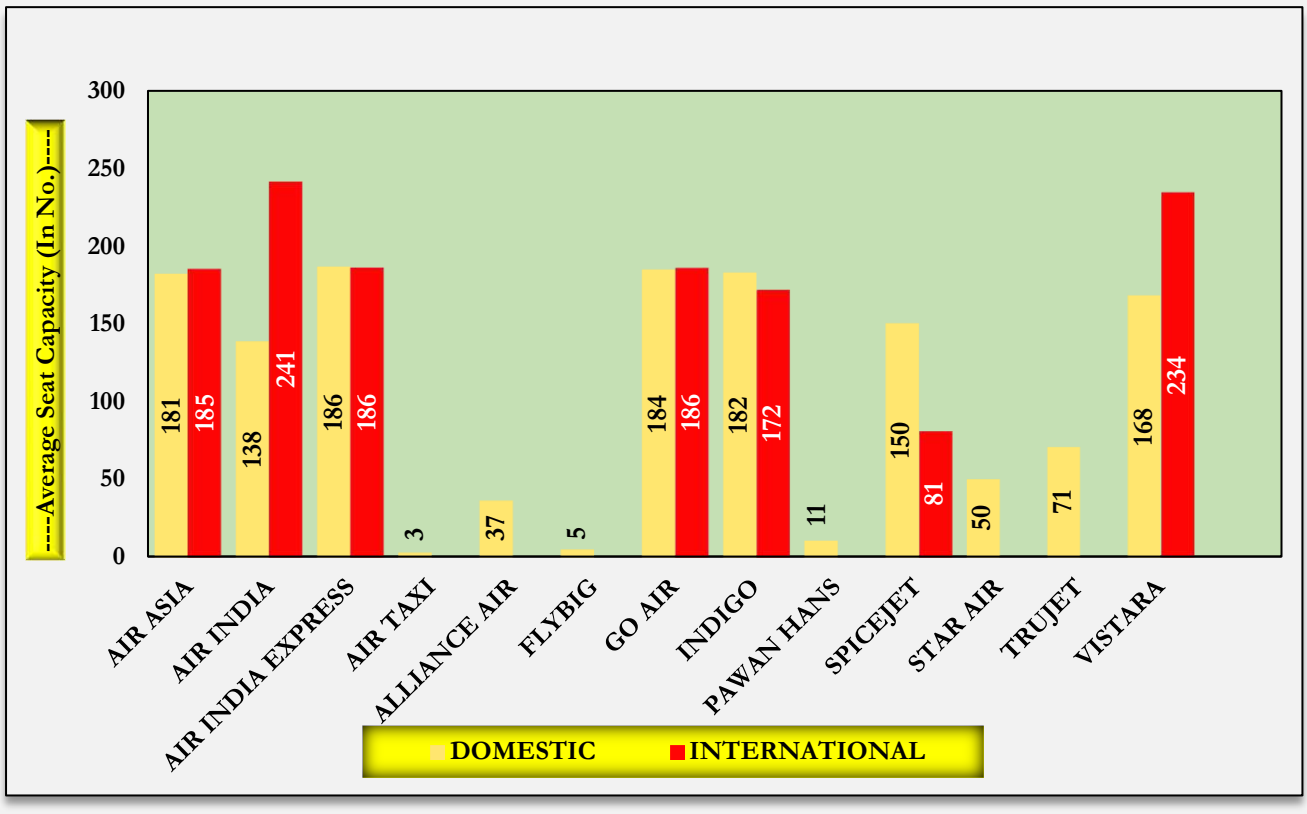


Table 8: Fleet statistics of scheduled Indian operators as on 31st March, 2021

S. No.	Name of the operator	Type of aircraft	Number of aircrafts	Seat capacity
(1)	*(2)*	*(3)*	*(4)*	*(5)*
1	AIRASIA	A320	26	180/186
2	AIR INDIA	B747- 400	4	423
		B777- 200 LR	3	238
		B777- 300 ER	13	342
		B787	27	256
		A319	22	122/144
		A320	36	162/180
		A321	20	182
3	AIR INDIA EXPRESS	B737-800	24	186
4	ALLIANCE AIR	ATR72-212A	18	70/72
5	BLUE DART	B757- 200	6	Cargo
6	GO AIR	A320	55	180/186
7	INDIGO	A320-200	220	180/186
		A321-271	39	222/232
		ATR72- 600	26	78
8	SPICE JET	B737- 700	5	144/149
		B737- 800	39	186/189
		MAX	13	189
		B737- 900ER	4	212
		DH8	32	78/90
		B737-700F	3	Cargo
		B737-800F	2	Cargo
		A340	1	Cargo
		A321	1	180
9	STAR AIR	EMB 145LR	5	50
10	VISTARA	A320- 232	37	164
		A321	2	188
		B737	6	168
		B787	2	299
11	TRUJET	ATR 72	7	72/70
TOTAL			**698**	

Table 9: Average stage length* flown (in kilometers) by scheduled Indian fleet, 2021-22

S. No.	Name of the airline	Domestic operation	International operation
(1)	*(2)*	*(3)*	*(4)*
1.	AIR ASIA	1040.6	3882.6
2.	AIR INDIA	1172.6	5341.0
3.	AIR INDIA EXPRESS	1515.5	2544.1
4.	BLUEDART	997.2	2488.0
5.	GO AIR	934.1	2357.9
6.	INDIGO	872.3	2402.2
7.	SPICEJET	892.6	2875.4
8.	VISTARA	1108.0	3298.6
9.	ALLIANCE AIR	750.6	NO INTERNATIONAL OPERATIONS
10.	AIR TAXI	279.2	
11.	FLYBIG	5368.2	
12.	PAWAN HANS	89.7	
13.	STAR AIR	761.9	
14.	TRUJET	387.2	

**Average Stage Length is calculated by dividing the total aircraft km flown by the total number of aircraft departure*

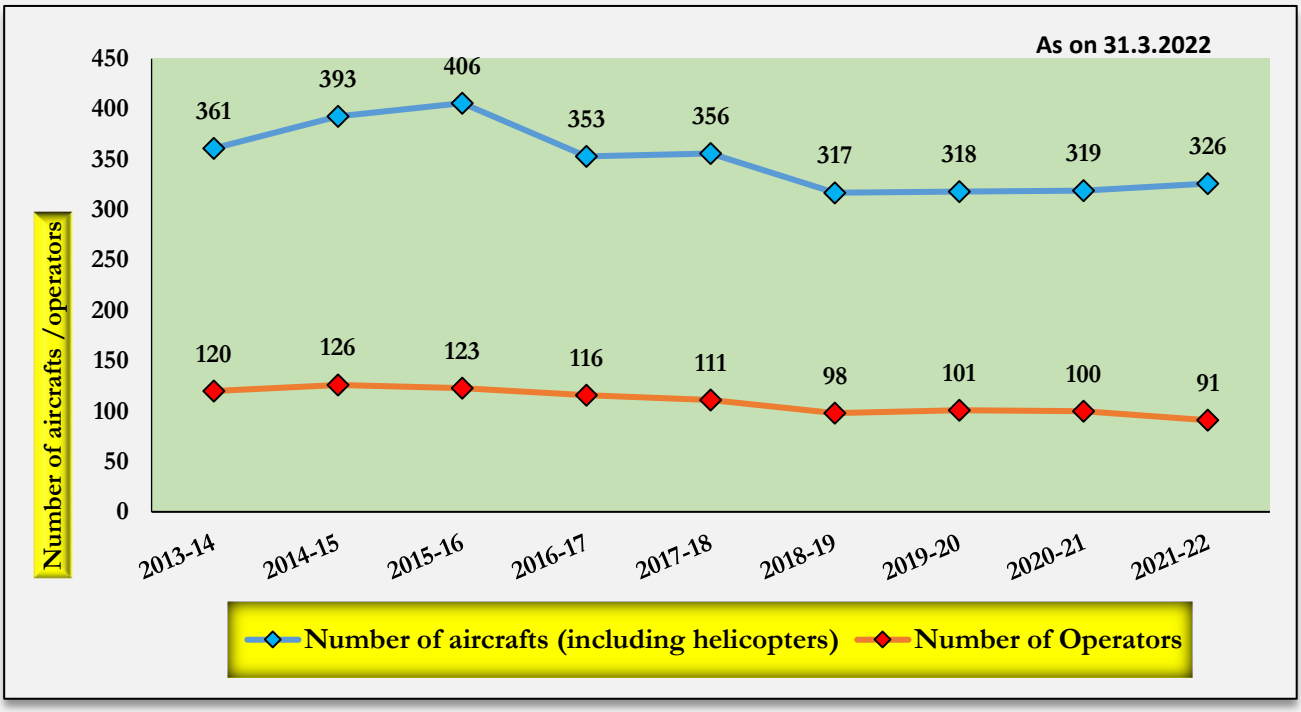
Table 10: Summary of air objects registered with DGCA as on 8th June, 2022

S. No	OPERATOR TYPE	AIRCRAFT	HELICOPTER	BALLOON	HANG GLIDER	GLIDER	MOTOR GLIDER/POWER HANG GLIDER	ULTRA-LIGHT	EXPERIMENTAL	TOTAL
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*	*(10)*	*(11)*
1.	SCHEDULED	710	03	0	0	0	0	0	0	713
2.	NON-SCHEDULED	230	223	11	03	03	0	0	0	472
3.	GOVERNMENT	80	39	0	04	23	0	0	0	146
4.	PRIVATE	130	50	14	22	11	04	11	0	245
5.	TRAINING	354	01	0	0	21	04	23	0	398
6.	MISCELLANEOUS	0	0	0	0	0	0	33	0	33
GRAND TOTAL		**1504**	**316**	**25**	**29**	**58**	**08**	**67**	**0**	**2007**

Source: Directorate of Airworthiness, DGCA.

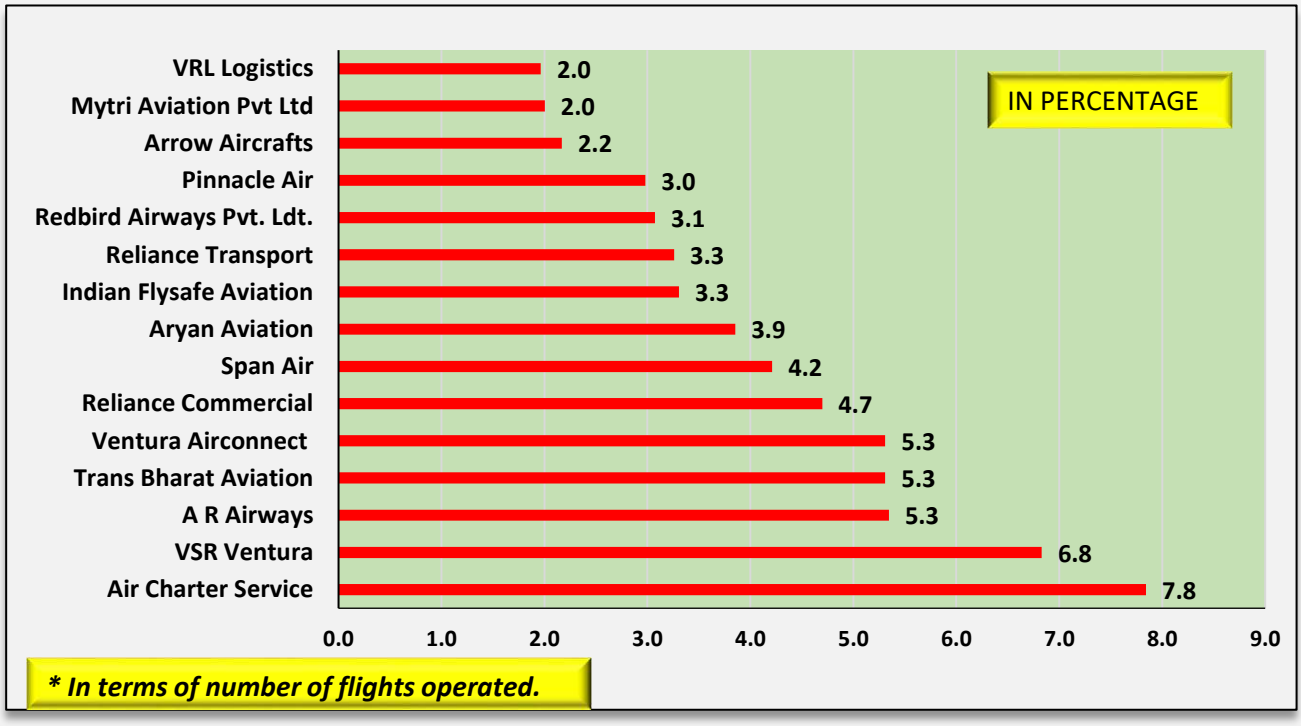
4. NON-SCHEDULED OPERATORS (NSOP) STATISTICS

Chart 14: Non-Scheduled Operators



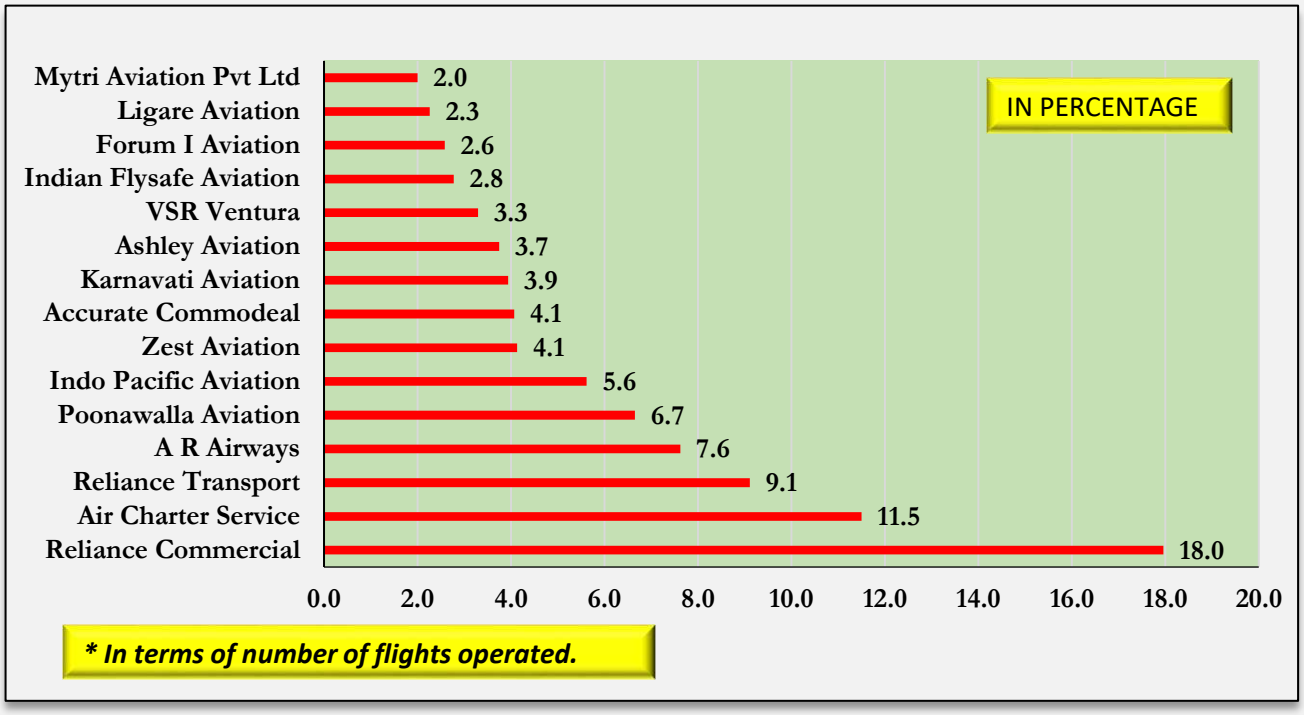
Source: Directorate of Air Transport- I

Chart 15: Top 15* NSOP-domestic (aircraft) operations (% share), 2021-22



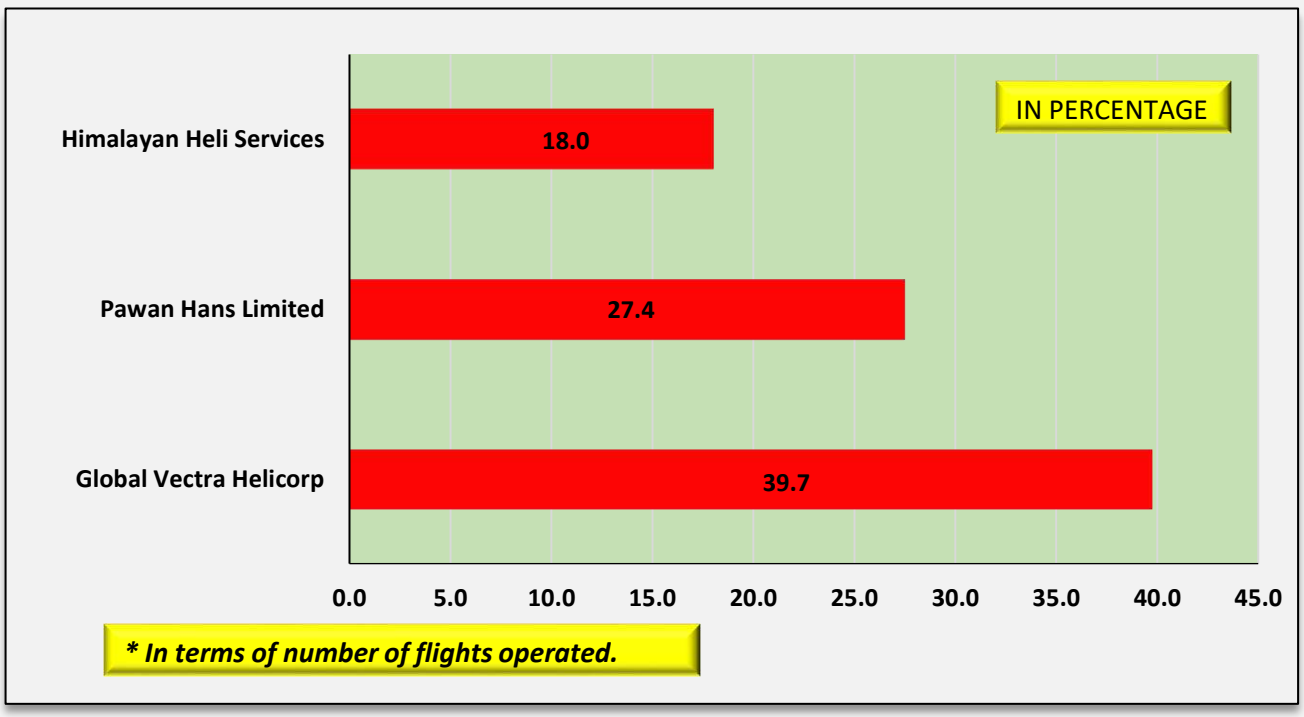
Out of the total 61 NSOP domestic (aircraft) operators, top 15 operators accounted for more than 62 % of the total number of domestic flights operated in the year 2021-22.

Chart 16: Top 15* NSOP-international (aircraft) operations (% share), 2021-22



Out of the total 61 non-scheduled international (aircraft) operators, top 15 operators accounted almost 87% of the total number of international flights operated in the year 2021-22.

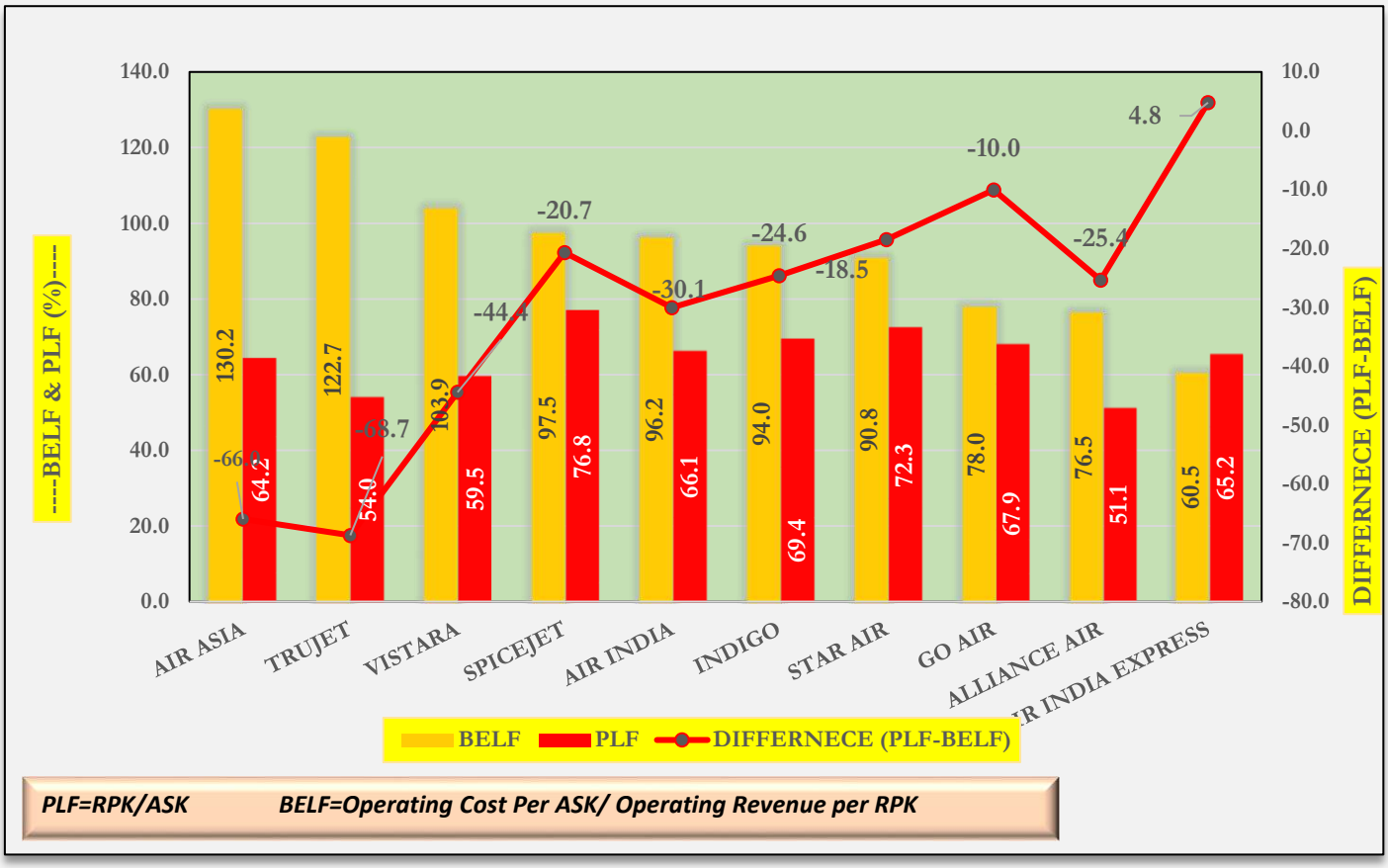
Chart 17: Top 3* Non-scheduled helicopter operations (% share), 2021-22



Out of the total 43 non-scheduled Helicopter operators, top 3 operators accounted for more than 85% of the total number of flights operated in the year 2021-22.

5. OPERATING ECONOMICS STATISTICS

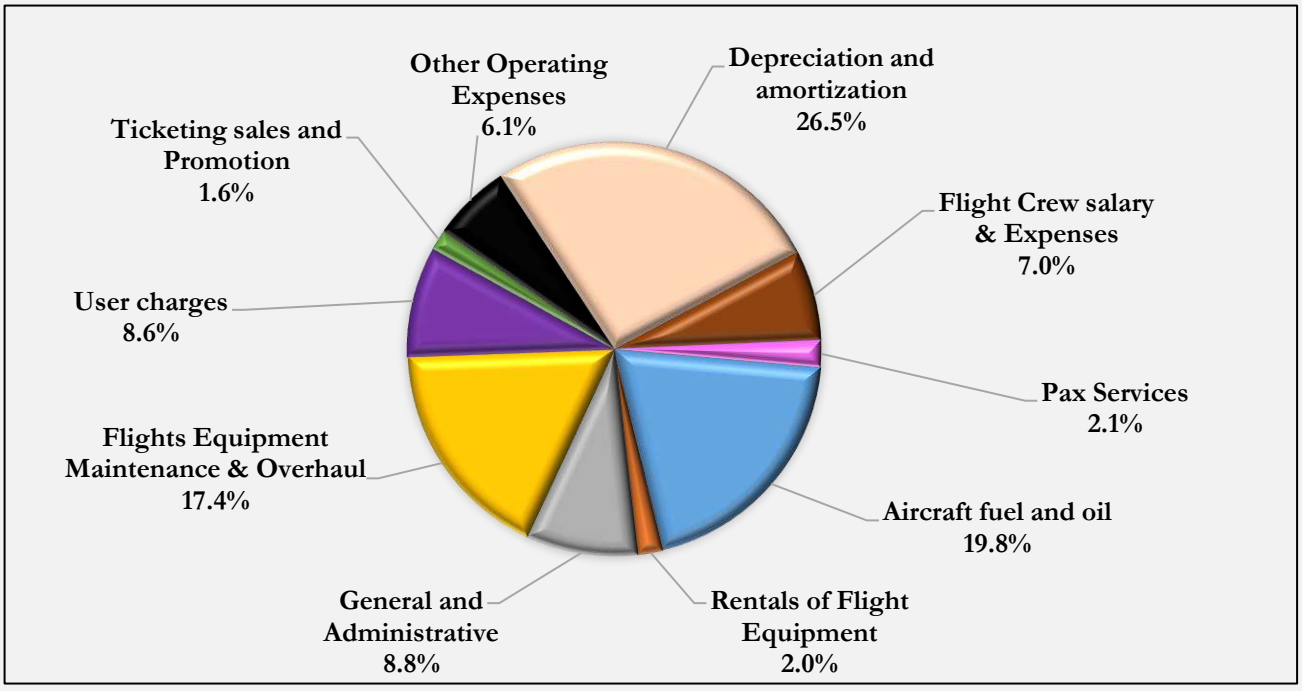
Chart 18: Comparison of Passenger Load Factor (PLF) and Break-Even Load Factor (BELF), 2020-21



A higher PLF implies that an airline is successful in selling available seats. However, higher PLF may not result in higher operating profit. When PLF is less than break-even load factor, the airline in question is running losses.

Evidently, in the year 2020-21, only Air India Express were operating at a PLF higher than break-even load factor (BELF). According to this measure of performance, Air India Express was the best performer and Trujet was the worst performer during the year 2020-21.

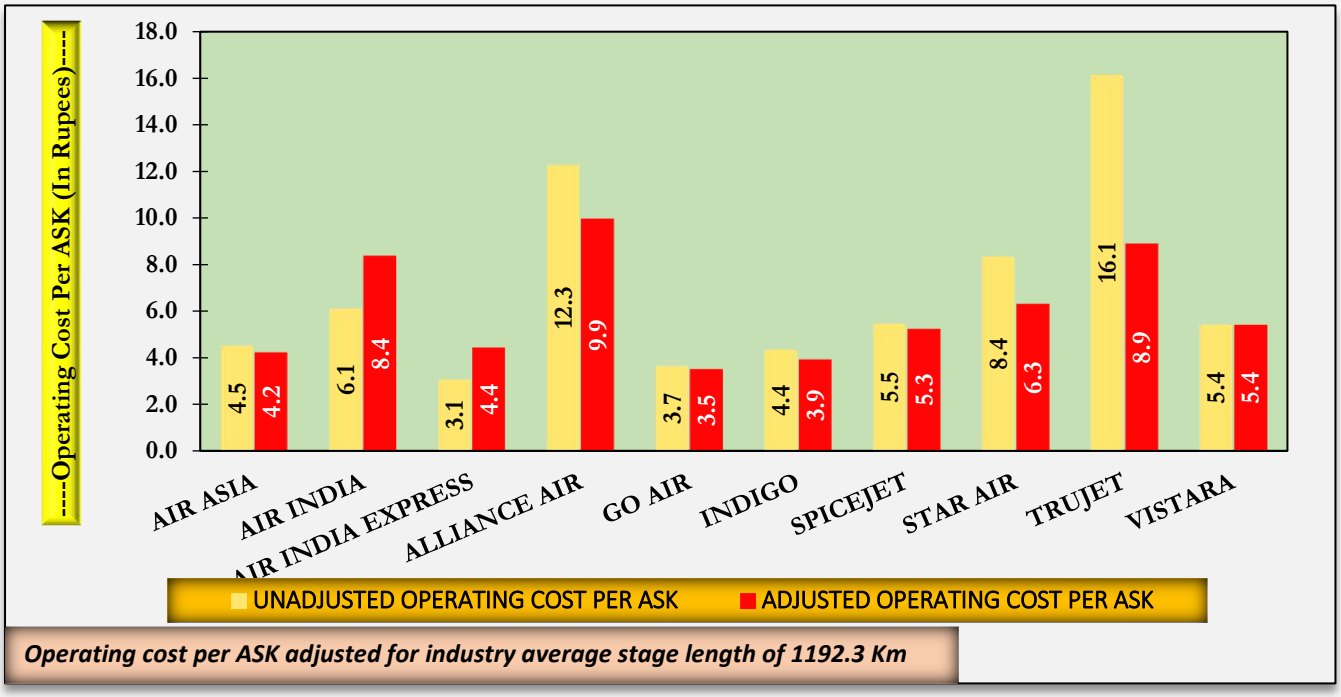
Chart 19: Approximate cost structure of aviation industry in India, 2020-21



The chart depicting the general trend of cost structure of aviation industry has been worked out from available information in AT-II division, DGCA

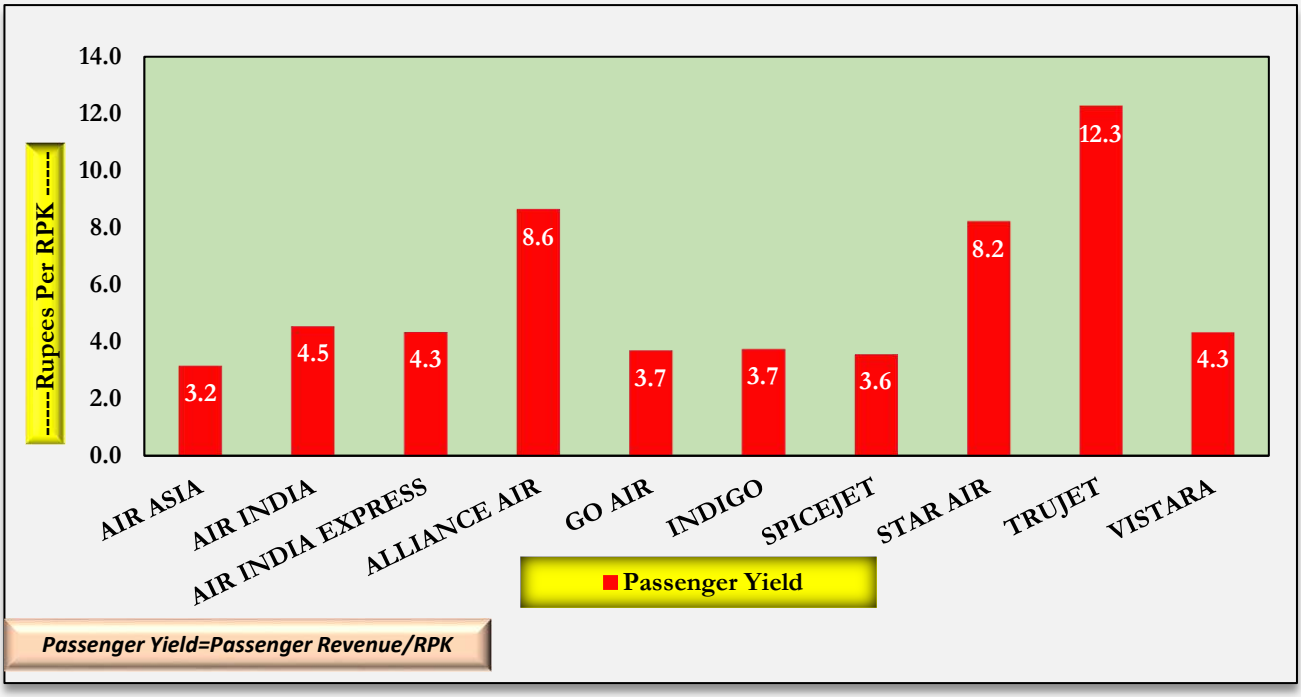
While decomposing the airline industry cost structure, it can be seen that highest cost accounts to Depreciation and amortization with 26.5% followed by Fuel (19.8%) of the of the total Operating Cost of Indian aviation industry.

Chart-20: Operating cost per ASK, 2020-21



The cost comparison was undertaken before and after adjusting Operating Cost to Average Stage Length. Because of high fixed cost of airlines unit cost decrease as distance increases. Hence, a stage length adjustment is necessary for fairer comparison. In the year 2020-21, Go Air and IndiGo had the least Adjusted Operating Cost Per ASK (adjusted for stage length) i.e. Rs 3.5 and 3.9 respectively. In the same year, Alliance Air and Trujet had the highest Adjusted Operating Cost Per ASK (adjusted for stage length) i.e. Rs.9.9 and 8.9 respectively.

Chart-21: Comparison of passenger yield of scheduled Indian carriers, 2020-21



Passenger yield is a measure of average fare paid per passenger km flown, calculated by dividing Passenger Revenue by Revenue Passenger Kilometers. In the year 2020-21, Air Asia had the lowest passenger yield followed by SpiceJet.

Table 11: Financial summary of all scheduled Indian carriers- 2020-21

S. No.	Airlines	Operating Revenue	Operating Expenses	Operating Result
(1)	*(2)*	*(3)*	*(4)*	*(5)*
				(RS. IN MILLION)
(A)	**Scheduled National Carriers**			
1.	AIR INDIA	103,376.80	150,386.40	-47,009.60
2.	AIR INDIA EXPRESS	20,394.15	18,896.52	1,497.63
3.	ALLIANCE AIR	4,535.40	6,784.60	-2,249.20
SUBTOTAL (A)		**128,306.35**	**176,067.52**	**-47,761.17**
(B)	**Scheduled Domestic Private Carriers**			
4.	AIR ASIA	13,587.20	27,547.50	-13,960.30
5.	BLUE DART	7,770.00	6,880.00	890.00
6.	GO AIR	23,261.94	26,696.10	-3,434.16
7.	INDIGO	146,406.31	198,337.26	-51,930.95
8.	SPICE JET	51,333.77	65,170.45	-13,836.68
9.	STAR AIR	733.38	920.83	-187.44
10.	TRUJET	1,368.58	3,111.58	-1,743.00
11.	VISTARA	22,434.90	39,185.80	-16,750.90
SUBTOTAL (B)		**266,896.09**	**367,849.52**	**-100,953.43**
GRAND TOTAL (A+B)		**395,202.44**	**543,917.04**	**-148,714.60**

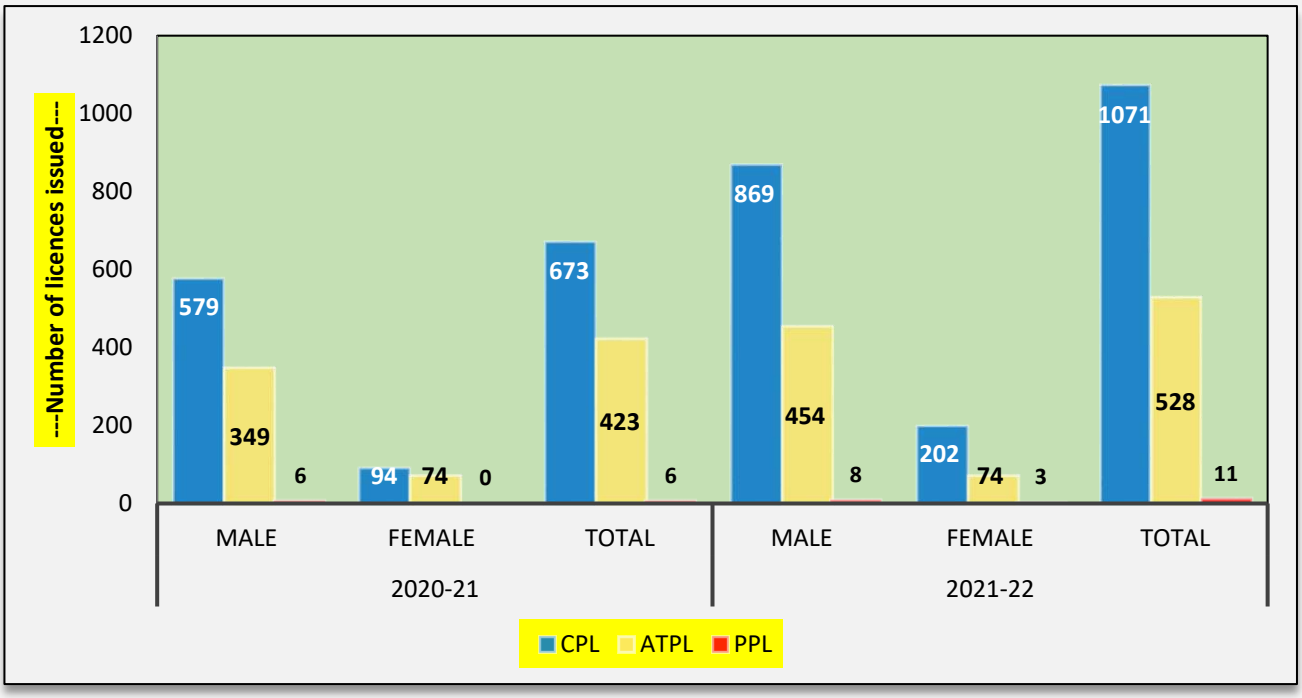
6. HUMAN RESOURCE STATISTICS

Table 12: Personnel statistics of scheduled Indian operators for the year 2020-21

S. No.	NAME OF THE AIRLINE	PILOTS & CO-PILOTS	OTHER FLIGHT CREW	CABIN CREW	MAINTENANCE & OVERHAUL PERSONAL	TICKETING & SALES PERSONNEL	ALL OTHER PERSONNEL	TOTAL (ALL PERSONNEL)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	AIR ASIA	490	83	708	447	40	1,179	2,947
2.	AIR INDIA	1,234	0	1,470	409	1,515	3,528	8,156
3.	AIR INDIA EXPRESS	326	0	620	75	46	372	1,439
4.	ALLIANCE AIR	202	0	167	0	0	474	843
5.	BLUE DART	66	0	0	157	0	960	1,183
6.	GO AIR	717	0	1,167	863	595	1,818	5,160
7.	INDIGO	3,734	228	5,278	2,012	310	12,149	23,711
8.	SPICEJET	1,132	38	2,042	985	484	9,941	14,622
9.	STAR AIR	23	0	20	65	82	163	353
10.	TRUJET	70	0	73	230	157	420	950
11.	VISTARA	579	120	1,282	446	48	1,315	3,790
Grand Total (all airlines)		8,573	469	12,827	5,689	3,277	32,319	63,154

Out of the total scheduled airline personnel of 63154, nearly 38 percent are employed by Indigo followed by Spice Jet (23%), Air India Ltd (13 %) and Go Air (8%).

Chart-22: Pilot licences issued by DGCA



CPL- Commercial Pilot License; ATPL-Air Transport Pilot License; PPL- Private Pilot License.
Source: Directorate of Training & Licensing, DGCA.

ASK per employee

Available Seat Kilometer (ASK) per Employee is an indicator of efficiency both in terms of capacity planning and utilization of work force and is calculated by dividing Available Seat Kilometers by Number of Employees. In terms of the ASK per employee, Air Asia is the most efficient after the National airlines.

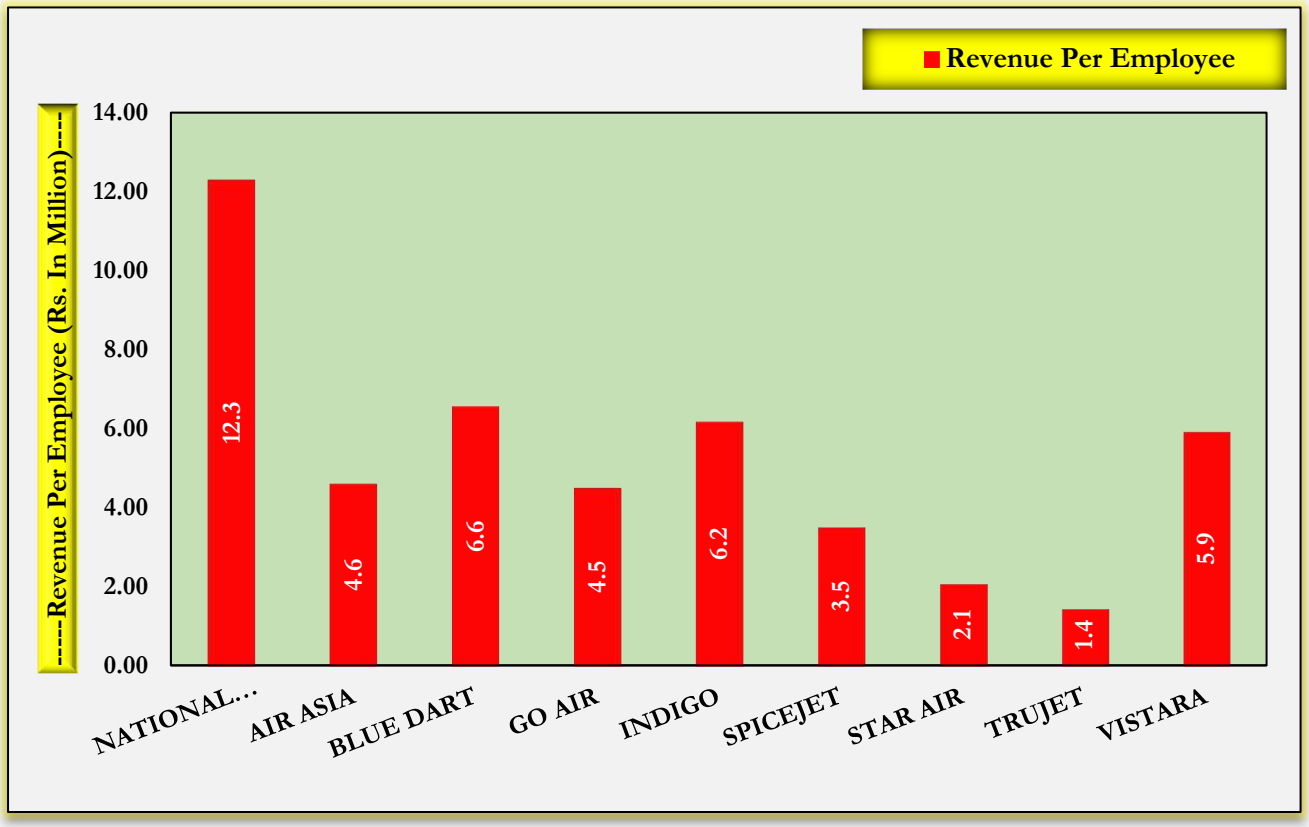
Chart-23: ASK per employee, (2020-21)

** National Airlines Includes Air India, Air India Express & Alliance Air.*

Revenue per Employee

Revenue per employee is an indicator of productivity of human resource of an airline and is calculated by dividing Operating Revenue by Number of Employees. Employee productivity was highest for National Airlines followed by BlueDart and Indigo.

Chart 24: Revenue per Employee, 2020-21



** National Airlines Includes Air India, Air India Express & Alliance Air.*

Table 13: DGCA approved AME training institutes (as on 8th June, 2022)

Region	State	Number of AME Institutes
(1)	*(2)*	*(3)*
NORTH	DELHI	3
	HARYANA	4
	UTTAR PRADESH	5
	RAJASTHAN	1
	UTTARAKHAND	1
	PUNJAB	1
	HIMACHAL	1
TOTAL(North)		**16**
EAST	BIHAR	1
	ASSAM	1
	ODISHA	1
	JHARKHAND	1
TOTAL(East)		**4**
WEST	MAHARASHTRA	11
	GUJARAT	2
	MADHYA PRADESH	3
TOTAL(West)		**16**
SOUTH	TAMIL NADU	4
	KERALA	5
	KARNATAKA	3
	TELANGANA	3
TOTAL(South)		**15**
GRAND TOTAL		**51**

Source: Directorate of Airworthiness, DGCA.

Table 14: DGCA approved flying training organisations (as on 25th May, 2022)

State	Ownership	Number of flying organization
(1)	*(2)*	*(3)*
TELANGANA	Private/Public Ltd.	3
	State Govt.	1
GUJARAT	Private/Trust/Public Ltd.	2
HARYANA	State Govt.	1
	Private	1
KARNATAKA	State Govt.	1
	Private	1
MADHYA PRADESH	Private/Public Ltd.	2
	Society	1
MAHARASHTRA	Society	1
	Private	5
	State Govt.	1
JHARKHAND	Private	1
BIHAR	State Govt.	1
ODISHA	State Govt.	1
PUNJAB	State Govt.	1
RAJASTHAN	Private	1
UTTAR PRADESH	Private/Trust	6
	Central Govt.	1
UTTRAKHAND	Private	1
KERALA	State Govt.	1
TOTAL		**34**

Source: Directorate of Flying Training, DGCA

7. AIR SAFETY STATISTICS

Table 15: Year-wise number of accidents

S. No.	Year	Type of operator						
		Scheduled operators	Non-scheduled operators	Flying training institute	Govt. Operators	Private operators	Foreign operators	Total accidents
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*
1.	2012	0	3	2	2	2	0	**9**
2.	2013	0	5	2	1	0	0	**8**
3.	2014	1	2	2	1	0	0	**6**
4.	2015	4	5	1	0	0	0	**10**
5.	2016	3	3	0	1	0	0	**7**
6.	2017	1	3	2	1	0	1	**8**
7.	2018	1	4	3	0	0	0	**8**
8.	2019	1	4	5	0	0	0	**10**
9.	2020	2	1	3	1	0	0	**7**
10	2021	04	02	02	01	NIL	NIL	**09**

Source: Directorate of Air Safety, DGCA

Table 16: Year-wise number of serious incidents

S. No.	Year	TYPE OF INCIDENT						
		Scheduled operators	Non-scheduled operators	Flying training institute	Govt. Operators	Private operators	Foreign operators	Total incidents
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*	*(7)*	*(8)*	*(9)*
1.	2017	11	0	0	0	0	1	**12**
2.	2018	17	0	0	0	0	2	**19**
3.	2019	23	2	0	0	0	0	**25**
4.	2020	9	0	0	0	1	0	**10**
5.	2021	06	NIL	02	NIL	NIL	NIL	**8**

Source: Directorate of Air Safety, DGCA.

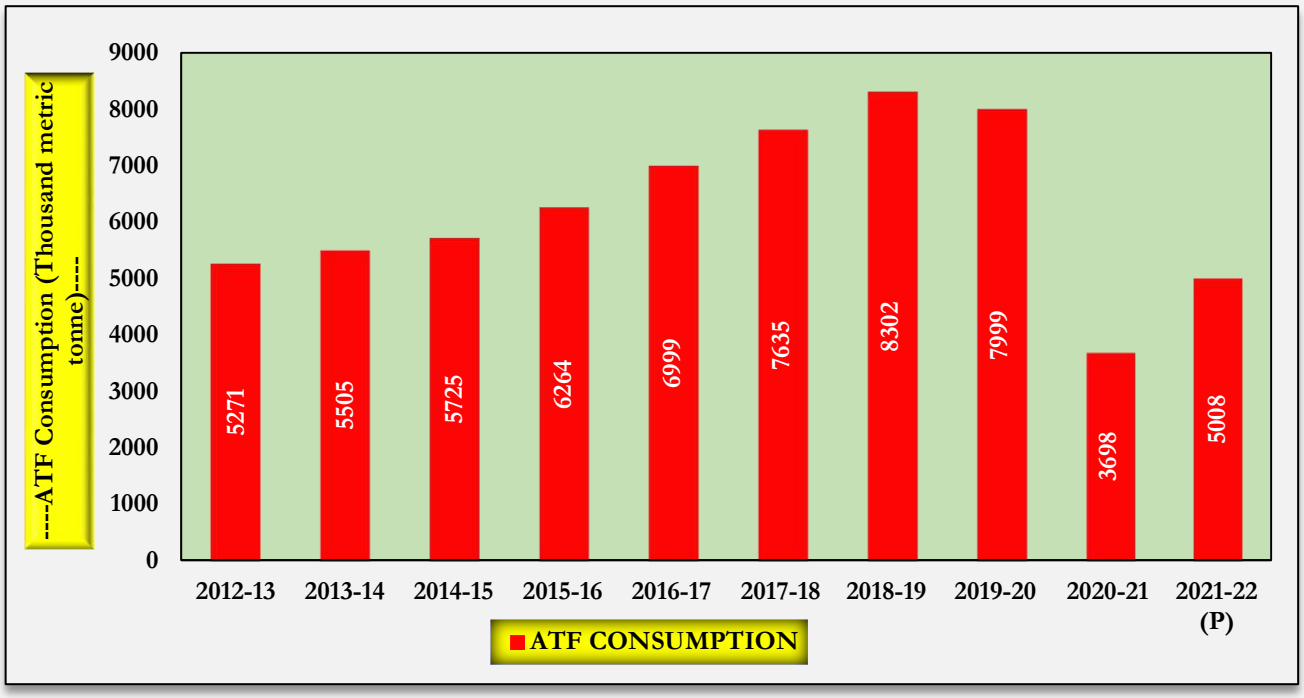
8. OTHER AVIATION RELATED STATISTICS

Chart-25: Foreign Tourist Arrival & International Inbound Passenger Traffic

Source: Ministry of Tourism.

An important aspect of international traffic to and from India pertains to trend in foreign tourist arrivals in India. In 2021, Foreign Tourist Arrivals accounted for 15% of inbound international traffic in India.

Chart 26: ATF consumption over the decade



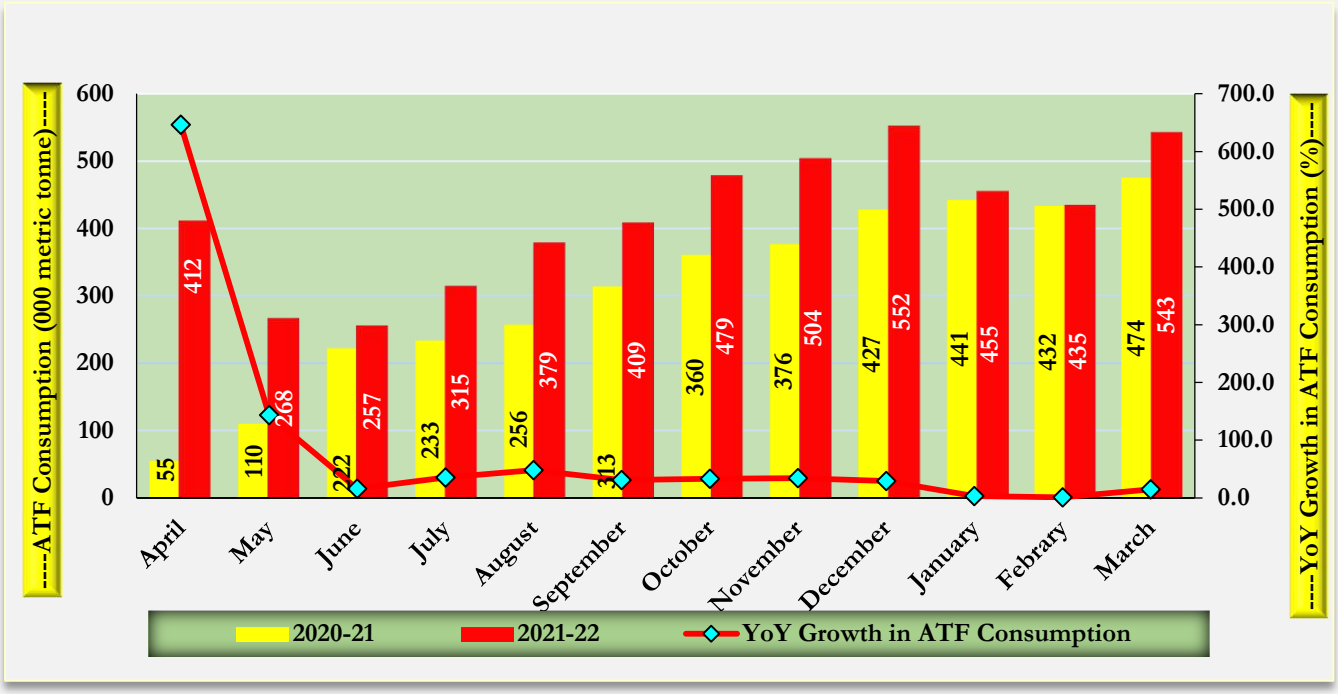
Note: 1. P- Provisional data.

2. Total may not tally due to rounding off.

Source: Ministry of Petroleum & Natural Gas.

The Air Turbine Fuel (ATF) consumption growth in India has been moving in tandem with the growth of air traffic. In the year 2021-22, ATF consumption increased by 35.4% which is consistent with an increase in aircraft and air traffic movement.

Chart 27: Year-on-Year growth of ATF consumption, 2021-22



Source: Ministry of Petroleum & Natural Gas.

Table 17: List of Airports in India as on 30th August 2022

S. No.	Type of airport	No. of Airports as on 30.08.2022
(1)	*(2)*	*(3)*
1.	INTERNATIONAL AIRPORTS OF AAI	12
2.	INTERNATIONAL AIRPORTS UNDER JVC	3
3.	INTERNATIONAL AIRPORTS UNDER LEASE / PPP	6
4.	INTERNATIONAL AIRPORTS (CIVIL ENCLAVES) OF AAI	3
5.	NON-AAI INTERNATIONAL AIRPORTS (JVC/STATE GOVT.)	5
TOTAL INTERNATIONAL AIRPORTS – (A)		**29**
6.	CUSTOMS AIRPORTS OF AAI	6
7.	CUSTOMS AIRPORTS OF AAI (CIVIL ENCLAVES)	4
TOTAL CUSTOMS AIRPORTS – (B)		**10**
8.	DOMESTIC AIRPORTS OF AAI (OPERATIONAL)	55
9.	DOMESTIC AIRPORTS OF AAI (NON-OPERATIONAL)	23
10.	DOMESTIC AIRPORTS OF AAI (CIVIL ENCLAVES)	21
11.	NON-AAI DOMESTIC AIRPORTS / CIVIL ENCLAVES (PRIVATE/STATE GOVT.)	17
12.	RCS AIRPORTS IDENTIFIED IN ALL ROUNDS OF UDAN SCHEME	106
13.	RCS HELIPORTS IDENTIFIED IN ALL ROUNDS OF UDAN SCHEME	36
14.	RCS WATER AERODROMES IDENTIFIED IN ALL ROUNDS OF UDAN SCHEME	14
TOTAL DOMESTIC AIRPORTS – (C)		**272**
TOTAL AIRPORTS (A+B+C)		**311**

Source: Airport Authority of India.

9. ABBREVIATIONS & DESCRIPTIONS

AAI	Airport authority of India	-
AI	Air India	-
ASK	Available seat kilometer	*ASK is calculated as the sum of products obtained by multiplying the total number of seats that are available in each flight stage by the corresponding stage distance.*
BELF	Break-even load factor	*BELF is calculated by dividing operating cost per ASK by operating revenue per RPK.*
K	Thousand	-
M	Million	-
MT	Metric tonne	-
PAX	Passenger	-
PLF	Passenger load factor	*PLF is a measure of capacity utilisation of airlines, which is calculated by dividing RPK by ASK.*
RPK	Revenue per kilometer	*RPK is calculated as the sum of the product obtained by multiplying the number of revenue passengers carried on each flight stage by the corresponding stage distance*
WLF	Weight load factor	*Tonne-kilometres performed expressed as a percentage of tonne-kilometres available*
-	Average seat capacity	*Average Seat Capacity is calculated by dividing total ASK by total Aircraft Km. flown.*
-	Average stage length	*Average Stage Length is calculated by dividing the total aircraft km flown by the total number of aircraft departure*

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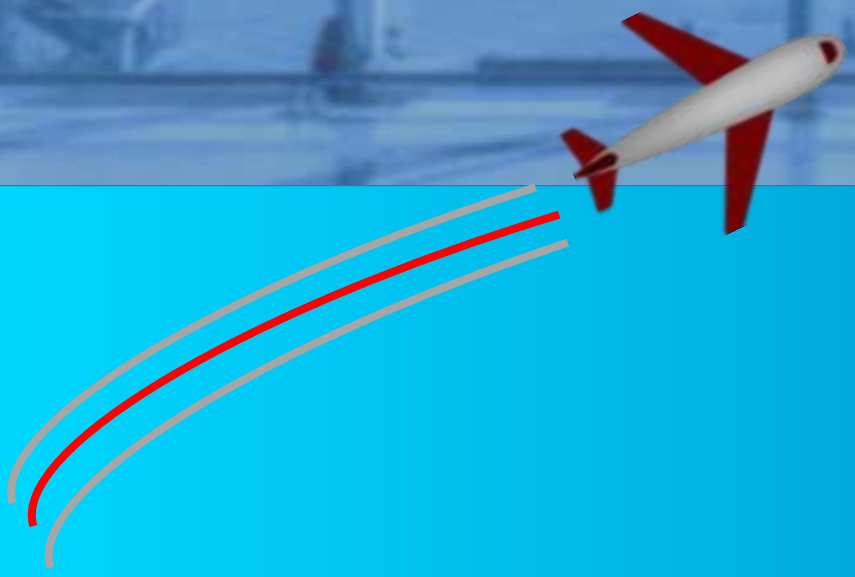
Notes:

1. Sources of data: Directorate of Air Transport- II, unless otherwise specified.
2. Data published in the handbook is **provisional**.



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