

## **AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA**

Minutes of the Stakeholders' Consultation Meeting (virtual) held on 15.09.2023 at 11:00 am on the proposals made in Consultation Paper No. 11/2023-24 in the matter of determination of aeronautical tariff for Manohar International Airport, Mopa, Goa for the First Control Period (01.04.2023 to 31.03.2028)

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1. Section 13(iv)(a) of the Airports Economic Regulatory Authority of India Act, 2008 empowers AERA to ensure transparency in Consultation Process for determination of tariff in the wider interest of the public and the stakeholders. Accordingly, a Stakeholder Consultation Meeting was convened by the Authority on 15.09.2023 at 11.00 AM through Video Conferencing to elicit the views of the Stakeholders on the proposals made in the Consultation Paper No. 11/2023-24 dated 31.08.2023 issued by the Authority in the matter of determination of aeronautical tariff for Manohar International Airport, Mopa, Goa for the First Control Period (01.04.2023 – 31.03.2028). The list of participants is enclosed at **Annexure-I**.
2. At the start of the meeting, Chairperson, AERA welcomed all the participants and extended greetings on behalf of the Authority. Chairperson, AERA further appreciated the presence of the State Government representative, Mr. Amarsen Rane, Director, Civil Aviation, Govt. of Goa. He highlighted that this is the first time when AERA is in the process of determining aeronautical tariff for an airport where there is another airport in the same vicinity.

Further, he invited Goa International Airport Limited (Airport Operator/ 'GIAL') to present their respective submissions in response to the proposals made in the Consultation Paper No. 11/2023-24 for Manohar International Airport, Mopa, Goa and also assured that all other stakeholders would also be given an opportunity to present their views as the response of stakeholders is very essential for the tariff determination process of the major airport.

### **Goa International Airport Limited (GIAL)**

3. Mr. Narayan Rao Kada, Dy. Managing Director attended the meeting on behalf of GIAL assured to submit the written comments/ response on or before the stipulated timeline i.e. 29<sup>th</sup> September 2023. Thereafter, Mr. R V Sheshan, CEO, GIAL and Mr. Kanwarbir Singh Kalra, Dy. CEO, GIAL made a presentation which detailed GIAL's submission to the Consultation Paper No. 11/2023-24 with respect to the tariff determination for the period from Commercial Operation Date (COD) to 31<sup>st</sup> March 2023 and for the First Control Period.
  - 3.1. Mr. R. V. Seshan, CEO of GIAL, presented on the progress of the Goa International Airport project. He explained the current status on the airport development, collaboration with the Government of Goa and notable achievements. The presentation also delved into crucial aspects such as revenue sharing, concession period, environmental clearances and airport development in a phased manner. The airport's strategic location, its close proximity to key areas in North Goa, and the expected expressway were highlighted as key advantages.



3.2. Furthermore, Chief Airport Officer, Mopa, Goa addressed the challenges faced during the project's evolution, which included legal proceedings and environmental considerations. The presentation concluded with an overview of the airport's planned infrastructure, encompassing both airside and landside components. This covered runway specifications, state-of-the-art air traffic control facilities, and comprehensive passenger terminal arrangements.

3.3. Mr. Kanwarbir Singh Kalra, Dy. CEO, GIAL further carried forward the presentation on their goals and objectives going forward and highlighted the air traffic growth pattern adopted for the First Control Period for Mopa Goa airport. He also mentioned that the airport capacity will be enhanced to 7.7 MPPA in the year 2024 and 11.1 MPPA in the year 2026.

He further stressed upon the tariff structure and rates adopted for Manohar International Airport, Mopa Goa, based on the Aggregate Revenue Requirement (ARR) proposed in the Consultation Paper. During the meeting, it was made clear that AERA will keep the tariff structure simple and uniform, as being adopted in case of other airports.

3.4. Based on the Landing, Parking and UDF rates presented by GIAL for Manohar International Airport, Mopa, Goa. It was made clear that AERA has to balance the tariff across stakeholders. It is not possible for AERA to benefits one set of users at the expense of the others.

Chairperson, AERA asked GIAL to detail their expectation with respect to the ARR to be carried forward/deferred to the next Control Period. In this regard, GIAL clarified that Mopa, Goa is a greenfield airport, which includes huge investment in the initial phases of the airport development. However, GIAL submits that they may propose some carry forward, if so, in their written comments to the Authority on the Consultation Paper.

3.5. AERA also expressed their concerns regarding various services performed at the airport awarded by the Airport Operator to their own subsidiary group companies. In this regard, AERA, requested the representative of the Government of Goa to look into the issues/practices with respect to related party issues being adopted by the Airport Operator in the wider interest of the passengers and transparent & efficient operations of MIA, Mopa, Goa.

In this regard, Mr. Amarsen Rane, Director, Civil Aviation, Govt. of Goa mentioned that related party issues have been dealt in a careful manner. However, the concern of AERA will be taken care seriously.

3.6. With the above submission, Mr. Narayan Rao Kada, Managing Director, concluded the presentation with an acknowledgment of the efforts of the Government of Goa in supporting the project and requested to address any questions from the forum, if any.

4. Chairperson, AERA thanked GIAL officials for their presentations and invited other stakeholders to present their views/comments on the Consultation Paper No.11/2023-24 dated 31.08.2023

## 5. Airport Operators

### 5.1 Airports Authority of India (AAI)

5.1.1 Ms. Vidya, ED, JVC explained the concerns about traffic growth projections and requesting a review of market share figures.

Chairperson, AERA asked Ms. Vidya to provide a graphical presentation of their concerns with regards to the market share considered for Manohar International Airport, Mopa, Goa emphasizing the need for clarity with their detailed written comments.

AAI was also asked about their concerns, if any, with respect to tariff rate card. ED, JVC, AAI confirmed that they will submit their concerns relating to tariff rate card in their written comments to the Authority.

## **5.2 Adani Airports**

5.2.1 Mr. Ashu Madan, General Manager, Adani Airports Holding Ltd. stated that they will submit written comments to the Authority on the Consultation Paper.

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

5.3.1 Mr. Satyan Nayar from APAO stated that they would submit written comments to the Authority on the Consultation Paper

## **6. Airlines and Airline Associations**

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

6.1.1 Mr. Ujjawal Dey from FIA had raised the following concerns:

6.1.2 Requested for a status quo on the landing charges increase (01.10.2023 to 31.12.2023).

Chairperson, AERA mentioned that the current landing charges are approved on an ad-hoc basis. However, the tariff rate card including landing charges will be changed in the final tariff order, which would be issued in due course of time, based on the inputs/comments received from all the Stakeholders.

6.1.3 A request for a two-weeks extension for written submissions was made, citing the complexity of the tariff issue.

Chairperson, AERA emphasizing the importance of timely feedback, mentioned that in past AERA has not allowed any extension as the timelines stated in the Consultation Paper is sufficient to submit the written comments, thereby stakeholders' input/comments beyond 29.09.2023 will not be accepted/considered.

6.1.4 FIA also raised their concern on the justification of asset allocation ratio being applied in the ratio of 90:10

Chairperson, AERA mentioned that the aeronautical ratio of 90:10 has been applied uniformly being considered for other similar airports in past and as per the IMG norms.

6.1.5 With the above submission, Mr. Ujjawal Dey stated that he will submit written comments to the Authority on the Consultation Paper.

### **6.2 SpiceJet Airline**

6.2.1 Mr. G P Gupta, representative of SpiceJet Airline, stated that FRoR proposed by AERA is very high, considering that airport investment is one of the safest investments globally and there is lower risk associated with such investments. The current return on Fixed Deposits

is said to be around 7%-8% and also the post-tax return on Fixed Deposit is only around 5%. A guaranteed return is receivable for GIAL whereas such benefit is not awarded to the Airlines. As compared to this, a return of 12.21% is quite high.

- 6.2.2 Concerns were also raised about the asymmetry in risk allocation between Airport Operators and Airlines. It was noted that while operators receive guaranteed returns, Airlines, as major stakeholders, do not have the same level of assurance.
- 6.2.3 He expressed need to regulate tariff with the presence of two airports in the same city. It was suggested that a regulatory framework should be established to prevent excessive differentials in pricing.
- 6.2.4 He also highlighted the issue of royalty or market access fees. It was pointed out that such fees are discouraged in many Western countries. The suggestion was made to align practices with global standards and consider eliminating or minimizing royalties.

### **6.3 Indigo Airlines**

- 6.3.1 Mr. Dushyant Deep from Indigo Airlines, requested for clarification on UDF (User Development Fee) charges for disembarking passengers and sought clarification on whether this practice aligns with regulatory principles.

Chairperson, AERA mentioned that Mopa, Goa being a greenfield airport, UDF charges will be kept in a simple manner as being kept in case of other airports.

- 6.3.2 Mr. Sukethu raised concerns regarding differential ICT charges for domestic and international passengers. He mentioned that there is no discernible difference in services provided, and charges should be uniform.

Chairperson, AERA mentioned that AAI is charging a very nominal tariff rates for this service at their various airports. AERA shall rationalised these charges appropriately for other airports as well.

- 6.3.3 Mr. Sukethu mentioned that the proposed tariff for international services is quoted in US dollars and recommended that all tariffs be presented in Indian Rupees to avoid forex conversion losses for Airlines.

Chairperson emphasized that considering the tariff in Indian Rupees would not be feasible, as flight operations span across the global market. However, for domestic services same shall be considered in Indian Rupees.

- 6.3.4 Mr. Dushyant also mentioned about Independent Studies should be conducted for the efficient O&M and asset allocation.

Chairperson, AERA mentioned that at this stage Independent Studies may not be possible, as there is no historical trend analysis to assess the reasonability of the operating expenses or to consider any other factor, for this airport, being a greenfield airport.



#### **6.4 AIASL**

- 6.4.1 Mr. Amit Mishra and Mr. Amit Toraskar raised concerns with regard to the practice of monopoly in Input Service provider categories specifically Ground Handling policy wherein at present the M/s Celebi is the only provider of such services for the Airport Operator.
- 6.4.2 Mr. Mr. R. V. Seshan responded to the raised concern stating the fact that AIASL had not participated in the bidding process conducted to select the service provider for the Airport. Chairperson, AERA replied that the Authority will not encourage a single party to provide services and instead, expects GIAL to bring in competitors into such areas and have more than one service provider for these services at the airport.

#### **7. International Air Transport Association (IATA):**

- 7.1 Mr. Amitabh agreed with the request made by the Chairperson AERA to the representative of the State Government with regards to the Related Party Transactions. He raised concerns regarding the scale of related party transactions and their influence on concessions and overall revenue and GAL's substantial ownership in GIAL and the potential ramifications of such transactions.
- 7.2 Mr. Amitabh stated that the Airport Operator has entered into a Master Concessionaire agreement for 20.25% of Gross revenues. He opined that in this context 30% of non-aeronautical revenue (based on hybrid till method) means 30% of 20.25% i.e., only 6% and not actually 30% and that 30% revenue of the total Non-Aero Revenues should be considered as NAR.
- 7.3 Mr. Amitabh raised concern on the impact on Airline costs due to the limited competition in ground handling services. There was a notable concern over the revenue distribution structure, particularly the disparity between domestic and international Airlines. Mr. Amitabh requested the urgency of implementing regulatory oversight in this domain to ensure fair and equitable practices.
- 7.4 He highlighted regarding the cancellation and retendering of the Master Services Agreement (MSA). Worries were expressed about potential repercussions on non-aeronautical revenue, prompting a call for more transparent and balanced agreements. Mr. Amitabh requested for a thorough evaluation of the implications of such decisions on the broader financial landscape.
- 7.5 Additionally, there was a specific concern raised for the Government of Goa regarding potential impacts on their revenue share (36.99%) due to the structure of concessions. Mr. Amitabh underscored the necessity for transparency and accountability in all agreements and transactions, particularly those involving public funds.
- 7.6 Mr. Amitabh requested the Chairperson to establish such principles in the final order which would serve as a precedent for future projects, highlighting the importance of careful consideration of issues related to royalties, tariff parity, and competition in upcoming ventures.

Chairperson, AERA in reply asked the representative of Government of Goa to assure the transparency in related party transactions. In response, Director, Civil Aviation, Govt. of Goa confirms that they will do proper due diligence, if so, to address the concerns of AERA, in this regard.



## 8. ASSOCHAM

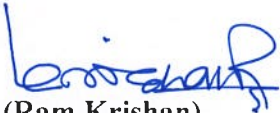
- 8.1 Ms. Kavita Sharma mentioned that the economic viability of Airport should be ensured. She also stated that they would submit written comments to the Authority on the Consultation Paper.

## 9. Continental Group

- 9.1 Mr. Girish Sharma raised concerns pointing out the lack of information provided in the issued Consultation Paper with respect to Cargo operations and ATF followed by GIAL.

Chairperson AERA mentioned that the tariff for Cargo Services are determined separately for the ISP providing these services at the airport.

10. Chairperson AERA invited Mr. D.K Kamra, Member, AERA for his comments. The Member listed and elaborated all the points made by the stakeholders in the meeting. He also thanked and appreciated all the stakeholders for attending the meeting and providing their valuable feedback. He said that AERA has taken cognizance of all the comments/views raised by the stakeholders and would consider the same on merits, while finalising the Tariff Order. Regarding related party transaction, Mr. Kamra also mentioned that arms-length practices have to be adopted, as ultimately it is the public money. He also emphasized on the E-tendering process that all the Airport Operators should adopt it with full Vigor and spirit, to bring in more transparency. Further, AERA relied on the inputs and approvals granted by Government of Goa, in this regard
11. Chairperson AERA invited Mr. Shirish Krishna Vyawahare, Member, AERA to conclude the meeting with the vote of thanks to all the participants.
12. Mr. Shirish Krishna Vyawahare, Member, AERA concluded the meeting with a vote of thanks to all the stakeholders and also to GIAL for making an informative presentation which helped in a smooth discussion with the Stakeholders. He requested all the Stakeholders to provide their written comments latest by **29<sup>th</sup> September 2023** in order to issue the Tariff Order in a timely manner.

  
(Ram Krishan)  
Director (P&S)

**List of Participants:**

**Airports Economic Regulatory Authority of India**

1. Mr. B S Bhullar, Chairperson
2. Mr. Shirish Krishna Vyawahare, Member
3. Mr. D K Kamra, Member
4. Mr. Manu Sooden, Secretary AERA
5. Mr. Ram Krishan, Director (P&S)
6. Mr. Rajan Gupta, DGM (Fin) -Tariff
7. Mr. Satish Kumar, DGM (Fin) -Tariff

**Manohar International Airport Limited**

1. Mr. R V Sheshan, CEO
2. Mr. Narayan Rao Kada, Dy MD
3. Mr. Kanwarbir Singh Kalra, Dy. CEO
4. Mr. Rajesh Madan
5. Mr. Harsh Gulati

**Representative from Government of Goa**

1. Mr. Amarsen Rane (Director of Civil Aviation)

**Airports Authority of India**

1. Ms. V. Vidya, ED, JVC
2. Mr. S V T Dhanamjaya Rao, APD , Goa International Airport, Dabolim, Goa

**Representative from Adani Airports**

1. Mr. Ashu Madan, GM
2. Mr. Madhur Arora

**Representative from APAO**

1. Mr. Satyan Nayar (Secretary General)

**Representative from Federation of Indian Airlines (FIA)**

1. Mr. Ujjwal Dey, Associate Director

**Representative from Spicejet Airlines**

1. Mr. G P Gupta, Chief Strategy Officer
2. Mr. Suryavir S. Bisht, Sr. General Manager, Regulatory Affairs

**Representative from Indigo Airlines**

1. Mr. Dushyant Deep
2. Mr. Sukethu

**Representative from AIASL**

1. Mr. Amit Toraskar
2. Mr. Amit Mishra

**Representative from Continental Group**

1. Mr. Girish Sharma

**Representative from International Air Transport Association (IATA)**

1. Mr. Amitabh Khosla, Country Head
2. Mr. Ujjwal Bakshi

**Representative from ASSOCHAM**

1. Ms. Kavita Sharma

**Representative from PKF Shridhar & Santhanam, LLP (AERA Consultants)**

1. Ms. Seethalakshmi
2. Ms. Yamini Goyanka
3. Ms. Smrithi Ashok Rao