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December 8, 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

Subject: Response to the AERA Consultation Paper No. 19/2023-24 dated 17 November, 2023 on determination of tariff for M/s IndoThai Pune Private Limited (IPPL), at Pune International Airport for the First Control Period (FY2023-24 to FY2027-28)

Dear Sir,

We write in response to the Subject Consultation Paper (CP) and express our sincere gratitude to the Authority for inviting stakeholder comments. The proposed high ground handling tariffs would burden airlines and could lead to reduced air traffic and financial crisis of airlines. Thus, we request the Authority to not implement the same and also not to implement any year-over-year (Y-O-Y) increase in tariffs.

Without prejudice to the above, and as desired by the Authority, please find below our comments on the Consultation Paper:

1. Review of Tendering Process: License Agreements (Refer Para 1.2 of the CP):

The Authority is requested to ensure that Airport Operators do not award concession agreements to independent service providers based solely on the revenue share offered, as this breeds inefficiencies and could disproportionately increase costs for airlines.

In addition, the Authority is requested to review and ensure that due process for all Related Party Transactions in connection with award of concession to IPPL has been followed and approved as per appropriate governance practices.

2. Projected Opex: (Refer Table 6 & 7 of the CP):

The costs of Repair and Maintenance appears to be on a higher side, especially for FY 2024-25. Authority is requested to kindly review the same. It may please be noted

that cost incurred by IPPL impacts the airlines, as such cost is passed through or borne mostly by the airlines. In order to ensure that there is no adverse impact/increase in the tariff, we request the Authority to kindly put on hold any increase in operational expenditure by IPPL not related to safety or security.

3. Abolishment of Royalty Charges/ Concession Fee: (Refer Table 6 & 7 of the CP):

We urge the Authority to take measures to abolish royalty which may be included in any of the cost items, making it a burden on the airlines, thus leading to higher air fares and lower traffic. 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.

4. Tariff: (Refer Table 8, 9 & 10 and Annexure I, II, III of the CP):

It is noted that the some of the proposed tariffs are excessively high as compared the Tariffs for similar services for International flights in recent consultation papers, like of GSEC Indo-Thai at Jaipur, e.g. Air Conditioning Units and Air Starter Unit. Authority is requested to kindly conduct a thorough review of the proposed Tariffs for similar services at comparable airports before arriving at a decision. It is requested that the maximum rates of IPPL should not be allowed to be higher for similar services at than other comparable airports.

Thus, it is humbly submitted that the Authority does not take any steps, including by way of approving the proposed high tariffs, during the First Control Period. We also humbly request the Authority to not implement any Y-O-Y increase in tariffs during the First Control Period and defer any increase in the same to the subsequent control period, given the scenario described above.

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

We thank you for your continued support in advance.

Yours Truly,
For SpiceJet Limited


Suryavir Singh Bisht
Sr. General Manager – Regulatory Affairs
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Copy to: Director (P&S Tariff), Airports Economic Regulatory Authority of India