



SpiceJet Limited
319 Udyog Vihar, Phase-IV,
Gurugram 122016, Haryana, India.
Tel: + 91 124 3913939
Fax: + 91 124 3913844

December 22, 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. 20/2023-24 dated 01 December, 2023 on determination of tariff for M/s IndoThai Bhubaneswar Private Limited (ITBPL), at Biju Patnaik 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 1.1 of the CP):

The Authority is requested to ensure that Airport Operators do not award concession agreements to ISPs 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 ITBPL has been followed and approved as per appropriate governance practices.

2. Deferment of Capital Expenditure (Refer Para 4.1 & 4.2 and Table 4 & 5 of the CP):

The projected initial market share of around 34% in FY 2023-24 appears to be extremely high. It is unlikely that all the Capex equipment as proposed would be required. In order to support the airlines to continue and sustain its operations, all non-essential CAPEX proposed by ITBPL should be put on hold/deferred to the Second Control Period, unless deemed operational necessary or critical from a safety or security compliance perspective.

Page 1 of 2

3. Projected Opex: (Refer Para 5.4 and Table 7 of the CP):

The costs for Payroll and that of Repair & Maintenance appears to be on a higher side. Authority is requested to kindly review the same. It may please be noted that cost incurred by ITBPL 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 ITBPL not related to safety or security.

4. Abolishment of Royalty Charges/ Concession Fee: (Refer Para 5.5(c) and Table 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.

5. Tariff: (Refer Para 6.1, 6.2 and Table 8 & 9 and Annexure I, II, III of the CP):

It is noted that the some of the proposed tariffs for international operations are higher as compared the Tariffs for similar services in recent consultation papers for same concessionaire M/s IndoThai Airport Management Services Pvt. Ltd. at Jaipur, which is a comparable airport. Authority is requested to kindly conduct a thorough review of the proposed Tariffs for similar services at comparable airports before arriving at a decision. Further, it is also requested that the maximum rates of ITBPL may not exceed the rates as approved by the Authority for M/s AI Airport Services Limited for similar services being rendered by them at the same airport for the relevant periods should.

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 you will consider the above recommendations positively, 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

SpiceJet Ltd |319 | Udyog Vihar | Phase IV | Gurgaon - 122016| India

Phone: +91 124-3913939 Extn: 71774 Mobile: +91-9650037598

W: www.spicejet.com F: facebook.com/flyspicejet T: @flyspicejet

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