



Federation of Indian Airlines

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

18 August 2025

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

Kind Attention – Shri. S.K.G. Rahate, Ji

Sub: FIA submission to the AERA CP no. 02/2025-26 for the determination of Aeronautical Tariff in respect of the Veer Savarkar International Airport, Port Blair for the First Control Period (01.04.2025 - 31.03.2030)

Ref: AERA stakeholder consultation meeting dated 4th August, 2025.

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. 02/2025-26 issued by the Airports Economic Regulatory Authority of India (“**AERA**” or “**Authority**”) in the matter of determination of Aeronautical Tariff in respect of the Veer Savarkar International Airport, Port Blair for the First Control Period (01.04.2025 - 31.03.2030) (**‘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 conducting the Stakeholder consultation meeting on 4th August, 2025.

Sir, FIA submits that, according to the Investment Information and Credit rating Agency of India (‘ICRA’) the industry is estimated to report a net loss of INR 5,000-6,000 crores in FY24 and FY25. However, it may be noted that, while the aviation industry may have reached stability, it has not yet fully recovered from the strong financial headwinds caused by many factors such as the hostile financial environment of the economy, geo-political instability, fallout from the devastating COVID-19 pandemic, significant global supply chain issues, increased Aviation Turbine Fuel (ATF) prices, limited government financial support, limited capacity of customer to pay, and foreign exchange fluctuations etc.

It may be noted that, despite the gradual improvement in passenger traffic the elevated ATF prices and depreciation of INR will have a major bearing on airlines. As the airline's cost is rendered due to ATF and other operational costs which are majorly denominated in dollar terms.

AERA is requested to note the following submission:

1. Reference is drawn to **Table A and Table B (Annexure A)** and it is submitted that AAI has proposed a substantial escalation in Aircraft Parking Charges - both Domestic and International—by approximately 290%, effective 01 August 2025, followed by a 6% year-on-year increase thereafter. Concurrently, a reduction of 19% in User Development Fee (UDF) for both Domestic and International departing passengers has been proposed for FY 2025-26, with the fee remaining static in FY 2026-27. From FY 2027-28 onwards, a progressive increase of 7%, 6%, and 4% is envisaged annually.



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Additionally, AAI has introduced a new UDF for Disembarking Passengers at INR 200 per pax, applicable from FY 2027-28, with an annual escalation of approximately 10% for domestic and 15% for international passengers. In view of the excessive nature of these proposals, it is strongly recommended that the proposed tariff structure be reconsidered to ensure a balanced and sustainable approach.

2. **AAI proposed UDF Charges:** We respectfully draw AERA's attention to **Note 1 under UDF charges in Annexure II of the Consultation Paper**, which states that the rate of collection of UDF charges shall be determined based on the agreement between the Airport Operator and the Airline. In this regard, we request AERA to kindly consider specifying the UDF collection charges at a fixed rate of ₹5.00 per embarking passenger, in alignment with the proposal outlined by AAI in Note to UDF in Annexure I. This will help ensure consistency and transparency in the collection mechanism across stakeholders. Further, AERA is kindly requested to consider that in light of the increasing administrative expenses due to inflation and other reasons (example - 5% inflationary / administrative increase each year), the collection charges may kindly be increased to keep pace with the proposed increase in UDF, as airlines only get a fixed rate, which results in disincentivizing the airlines.

Reference is also drawn to **Note 3 under UDF charges in Annexure II of the Consultation Paper**, stating revised UDF charges will be applicable on tickets issued on or after 01/08/2025 for FY 2025-26 and thereafter applicable on date of travel from 1st April 2026 to 31st March 2030. In this regard, AERA is requested to kindly clarify/elaborate the words "date of travel" as mentioned above with the help of an iteration/ example.

3. **AAI proposed Parking Charges:** Reference is drawn to the following notes:

a) **"Note 5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges."**

- It is suggested that to avoid any confusion, this note may be deleted as the rate for parking beyond the first six hours has already been defined in Table 64 and 66 Table.

b) **"Note 8. For unauthorized overstay of aircraft an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable or as per revised rate if any."**

- It is requested to please define the nature and/or circumstances which come under unauthorised stay of aircraft.

c) Reference is drawn to para 5.2.4 of the Consultation Paper and the following are the submissions:

a. The only study considered by AERA is of IATA dated 30th April 2025, which largely emphasizes on the industry-wide passenger load factor, gains of domestic travel, international growth etc. However, keeping in view that Port Blair airport is fairly new to be a 'major airport', with low traffic (as mentioned under table 24 of the CP), especially international traffic, it would be prudent to conduct an independent study on traffic for Port Blair airport.

b. Without independent study it may not be prudent to conclude the traffic projections, which helps in identifying the exact needs of the airport. It may also help in avoiding any unnecessary utilization of CAPEX/OPEX.



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5. In addition to the above, AERA is requested to note the following observations/submissions:
- Traffic Forecast Realism:** Given the projected passenger demand of 1.94 MPPA for FY 2025-26 against a built capacity of 5 MPPA and considering that current traffic levels are still at 85% of FY 2019 volumes, the assumed growth trajectory of 18% in FY26, followed by 15% in FY27, and 14% annually from FY28 to FY30, appears optimistic and warrants further validation.
 - Capacity Saturation Timeline and Tariff Structuring:** Assuming a more realistic 10% annual growth rate post-FY26, the 5 MPPA capacity is expected to reach saturation only by FY 2036.
 - Phased Tariff Recovery Approach:** Based on revised demand estimates, we recommend restructuring the airport tariff model for CAPEX recovery of ₹675.76 crore through a phased development approach. Airlines may be charged only for infrastructure corresponding to 3 MPPA capacity (i.e., ~₹400 crore or 60% of total capacity) during the first control period (FY 2025–30), while the cost associated with the remaining 2 MPPA capacity (~₹275.76 crore) may be deferred to the subsequent control period. In line with regulatory principles, only assets that are “used and useful” should be included in the Regulatory Asset Base (RAB) for tariff determination. Accordingly, ₹400 crore may be considered for the first control period, with the balance deferred until the infrastructure becomes operationally necessary.
 - Request for Methodology Disclosure:** We request AAI to kindly share the demand forecasting methodology, including the variables, assumptions, and modelling framework used to derive the proposed traffic projections.

We hope that the Authority 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

Thanks and Regards

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ANNEXURE A

TABLE A: Parking Charges

Particulars	Unit	Existing Rates	Tariff Proposed by Airport Operator					
			FY 2025-26 (Tariff w.e.f. 01.04.2025 to 31.07.2025) Existing Rate	FY 2025-26 (Tariff w.e.f. 01.08.2025 to 31.03.2026)	FY 2026-27 (Tariff w.e.f. 01.04.2026 to 31.03.2027)	FY 2027-28 (Tariff w.e.f. 01.04.2027 to 31.03.2028)	FY 2028-29 (Tariff w.e.f. 01.04.2028 to 31.03.2029)	FY 2029-30 (Tariff w.e.f. 01.04.2029 to 31.03.2030)
DOMESTIC (INR Per HOUR /MT) (for 1st 2 chargeable hrs)	INR/Hr/MT in excess of 50MT		0	0	0	0	0	0
For next 2 hours								
Eg: Impact on A320 Parking charges (Rs.)	79 MT	5.6	21.75	23.05	24.45	25.9	27.45	
Variance % from existing			288%	312%	337%	363%	390%	
Variance % from YoY			288%	6%	6%	6%	6%	
Beyond first 4 hrs (including first 2 free hrs)								
Eg: Impact on A320 Parking charges (Rs.)	79 MT	11	43.5	46.1	48.9	51.8	54.9	
Variance % from existing			295%	319%	345%	371%	399%	
Variance % from YoY			295%	6%	6%	6%	6%	
INTERNATIONAL (INR Per HOUR /MT) (for 1st 2 chargeable hrs)			0	0	0	0	0	
For next 2 hours								
Eg: Impact on A320 Parking charges (Rs.)	79 MT	6.3	24.75	26.25	27.85	29.5	31.25	
Variance % from existing			293%	317%	342%	368%	396%	
Variance % from YoY			293%	6%	6%	6%	6%	



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Beyond first 4 hrs (including first 2 free hrs)							
Eg: Impact on A320 Parking charges (Rs.)	79 MT	12.6	49.5	52.5	55.7	59	62.5
Variance % from existing			293%	317%	342%	368%	396%
Variance % from YoY			293%	6%	6%	6%	6%

TABLE B: UDF Charges

Particulars	Unit	Existing Rates	Tariff Proposed by Airport Operator				
			Tariff Proposed by Airport Operator	FY 2026-27 (Tariff w.e.f. 01.04.2026 to 31.03.2027)	FY 2027-28 (Tariff w.e.f. 01.04.2027 to 31.03.2028)	FY 2028-29 (Tariff w.e.f. 01.04.2028 to 31.03.2029)	FY 2029-30 (Tariff w.e.f. 01.04.2029 to 31.03.2030)
DOMESTIC	Per Embarking	745.00	600.00	600.00	640.00	680.00	710.00
Variance % from existing			-19%	-19%	-14%	-9%	-5%
Variance from YOY			-19%	0%	7%	6%	4%
International	Per Embarking	745.00	600.00	600.00	670.00	700.00	770.00
Variance % from existing			-19%	-19%	-10%	-6%	3%
Variance from YOY			-19%	0%	12%	4%	10%
DOMESTIC	Per Disembarking	-	200.00	200.00	220.00	240.00	260.00
Variance % from existing			100%	100%	100%	100%	100%
Variance from YOY			100%	0%	10%	9%	8%
International	Per Disembarking	-	200.00	200.00	230.00	270.00	300.00
Variance % from existing			100%	100%	100%	100%	100%
Variance from YOY			100%	0%	15%	17%	11%