



भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

F/No. AAI/JVC/Port Blair -Tariff/2025-26

1745

Date: -26.08.2025

The Secretary,
Airport Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport
New Delhi-110003

Subject: -Submission of AAI's Counter comments in response to stakeholder comments on AERA's consultation paper No. 02/2025-26 in the matter of determination of aeronautical tariff for 1st control period (01.04.2025 to 31.03.2030) of Veer Savarkar International Airport, Sri Vijaya Puram.

Sir,

Please find enclosed here with AAI's counter comments in response to stakeholder comments on AERA's consultation no 02/2025-26 in respect of Veer Savarkar International Airport, Sri Vijaya Puram issued by Airport Economic Regulatory Authority of India (AERA).

This issues with the approval of the Competent Authority.

Thanking You.

Yours sincerely,

(Rajesh Khanna)

General Manager (Finance-Tariff)

Encl: -As above

भारतीय विमानपत्तन आधिक विनिमायक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

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तारीख.....25/8/25.....

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DGM (GM)

Veer Savarkar International Airport, Port Blair-Counter Comments

AAI's counter comments in response to stakeholder's comments on Consultation Paper No. 02/2025-26 dated 18th July 2025 Determination of Aeronautical Tariff for Veer Savarkar International Airport, Port Blair for the 2nd Control Period (01.04.2025 - 31.03.2030).



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Counter Comments of AAI in response to stakeholder comments on Consultation Paper (CP) 02/2025-26 for Determination of Aeronautical Tariff of Veer Savarkar International Airport, Port Blair

1. Comments of Ahmedabad International Airport Ltd. on CP 02/2025-26

Please find below the submission of Ahmedabad International Airport Ltd. for the kind consideration of AERA

To consider Pre-Control Period from July 1, 2023 and on NPV basis:

- Para 4.1.4. the Authority proposes to consider Pre-Control Period for the Port Blair airport from April 1, 2024 to March 31, 2025.
- Further, Para 4.10.1... The Authority... proposes to consider the Under Recovery of FY2024-25 (Pre-Control Period) not in Net Present Value (NPV) but without the compounding factor.

Submission of AAI

We agree with the comments of Ahmedabad International Airport Limited, for consideration of pre control period from 01.07.2023 to 31.03.2025 and carry forward of under recovery /short fall with carrying cost of capital on NPV basis. The extracts of comments Ahmedabad International is reproduced below as under:

"Factually, the Airport became a Major Airport under AERA Act by virtue of its designated capacity exceeding 3.5 MPPA on July 1, 2023. Therefore, going by the AERA Act and Guidelines, Pre-Control Period should be considered right from the date of being designated a Major Airport.

Further, we also request AERA that Under Recovery of Pre-Control Period (which we propose be considered from July 1, 2023) should also be consistent with the AERA Guidelines, i.e. Recovery along with the carrying cost of capital on NPV basis. The Airport Operator have themselves suo-moto proposed deferment of recovery. Therefore, it is requested that Airport Operator is not to be penalized further".

In view of the above, AERA is requested to consider Pre-Control Period from 01.07.2023 to 31.03.2025 and carry forward of under recovery/short fall with carrying cost of capital on NPV basis as requested by AAI vide letter no. AAI/JVC/Pot Blair-Tariff/2025-26/1732 dated 18.08.2025 regarding comments

on Consultation Paper.

2. FIA Comments on CP no. 02/2025-26

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.

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% 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.

Submission of AAI

Parking charges are applicable after two hours free parking available to airlines. Parking of Aircraft is neither encouraged by the Airport Operators nor by the Airlines Operators. Parking of aircraft beyond two hours at any airport reflects inefficiency of Airport Operations as well as Airline Operations. Further, it contributes less than 5% of revenue.

In respect of chargeability of UDF it is one of the methodology to recover the cost incurred by Airport operator.

Further it is mentioned that AAI in MYTP proposed to carry forward 38% of ARR in next control period in order to avoid burden on air travellers in current control period.

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 1. 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.

Submission of AAI

Collection charge is paid by AAI as per the approved credit policy of AAI. This charge is payable to Airlines if they make the payment within the due period.

The new rates of UDF will be applicable as per the Tariff Order of AERA on ticket issued on or after the date of applicability of the new tariff for the current financial year e.g. If a ticket is issued before implementation of Tariff Card for travel date in future, the UDF will be levy as per the existing tariff.

Further 'If a ticket issued after the implementation of Tariff Card for travel date in future, the UDF will be levy as per the new tariff.

The example is given as under:-

Date of applicability of New Tariff :-01.09.2025

- i) Ticket issued on 31.08.2025 for travel date 10.09.2025, the existing UDF will be levied.
- ii) Ticket issued on 31.08.2025 for travel date 30.08.2026, the existing UDF will be levied.
- iii) Ticket issued on 01.09.2025 for travel date 10.09.2025, the new UDF(FY2025-26) will be levied as per tariff order.
- iv) Ticket issued on 01.09.2025 for travel date 30.08.2026, the new UDF (FY2026-27) will be levied as per tariff order.

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

3.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.

Submission of AAI on 3a)

"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." is general condition Note (5) under Head Parking Charges in the tariff card

3.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

Submission of AAI on 3b)

An Aircraft which is not permitted to be parked without any valid reason beyond the permissible parking hours, shall be treated as unauthorised stay.

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

- (i) 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.
- (ii) 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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Submission of AAI on 3c)

We may request AERA to comment.

4. In addition to the above, AERA is requested to note the following observations/submissions

- a) **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.
- b) **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.

Submission of AAI to point 4 (a) & (b)

Due to the saturation of the Existing Terminal Building, Port Blair airport has constructed New Terminal Building of 5MPPA to cater the future growth for the next 10 years as per IMG Norms.

- c) **Phased Tariff Recovery Approach:** Based on revised demand estimates, we recommend restructuring the airport tariff model for CAPEX recovery of Rs.675.76 crore through a phased development approach (60% of total capacity) during the first control period (FY 2025-30), while the cost associated with the Airlines may be charged only for infrastructure corresponding to 3 MPPA capacity (ie 400 crore or 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 for tariff determination. Accordingly, Rs.400 crores maybe may be considered for the first control period, with the balance deferred until infrastructure becomes operationally necessary.

Submission of AAI on 4 (c)

We may request AERA to comment.

- (d) **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.

Submission of AAI on 4 (d)

As requested forecast methodology and Assumptions are as under:-

Methodology adopted for traffic forecast

- i. For making the forecast, trend analysis of the airport's historical traffic is done.
- ii. Recent traffic growth trend is analyzed. The five year and ten years historical CAGR upto 2019-20 was 15.2 % and 12.3% respectively. It is observed that the airport has reached 95% of its pre-covid level peak traffic in FY 25.
- iii. Econometric Analysis is undertaken with GDP as predictor variable.
- iv. The traffic growth rates derived from regression analysis is further adjusted based on other macroeconomic factors and inputs from the stakeholders.
- v. Airport specific factors are also taken into consideration. Tourist traffic is main contributor to Port Blair Airport traffic. It is observed that tourist footfall has been witnessing healthy growth in recent years.

The above methodology is used for passengers traffic forecast, whereas the aircraft movements is projected based on the trends in passengers and aircraft movements ratios.


Assumptions involved in Traffic Forecast

The following assumptions have been made while preparing the forecast:

- i. Favourable economic growth will continue at the national and the regional level. There will be no major economic disruptions, worldwide or in India.
- ii. There will be no major disruption in the operation of air services, globally or within India, due to terrorist activities natural disasters or global / regional health issues.
- iii. There will be no major hike in the price of aviation fuel.
- iv. There will be no major shift in policies that would have a negative impact on the growth of air transport.
- v. Adequate infrastructure will be created, and capacity constraints will not be allowed to operate.

- vi. It is assumed that government will actively promote Port Blair as an International tourist destination.

3) Air Travellers Association Comments on CP 02/2025-26

- a) Opposition to Tariffs for Air Travellers at Port Blair Airport and other RCS Airports. Travellers at Port Blair Airport and RCS airports. While we appreciate AERA's efforts to regulate airport tariffs We, the Air Travellers Association, are writing to express our strong opposition to the proposed tariff for air we believe that imposing additional tariffs on air travellers at these airports would be counterproductive to the governments through the RCS and UDAN Scheme.
- b) The government has been actively promoting air travel in India through various sides to including the Regional Connectivity Scheme (RCS) Under this scheme, the government provides subsidies to airlines to operate on new routes, making air travel more affordable for passengers. However, imposing additional tariffs on air travellers at RCS airports would negate the benefits of these subsidies and potentially hinder the growth of air travel in these regions.
- c) We would like to highlight the policy paradox that exists in this situation. On one hand, the government is spending money to promote aviation activities and make air travel more affordable for passengers. On the other hand, imposing additional tariffs on air travellers would increase the cost of air travel, making it less affordable for passengers. This paradox highlights the need for a more cohesive and aligned policy approach to support the aviation industry's development.
- d) Considering this paradox, we request that AERA reconsider its decision to impose tariffs on air travellers at Port Blair Airport and RCS airports. Instead, we propose that these airports be exempted from tariff regulations for a specified period, say five to seven years, allowing them to focus on promoting air travel and supporting the growth of the aviation industry in these regions. There are clear examples of such tax holidays for many States for establishing industrial and trade centres in their catchment areas.
- e) ATA requests AERA to reconsider its decision to impose tariffs on air travellers at Port Blair airport in particular, and the RCS airports in general. Sir, the proposed levy needs to be evaluated in the context that Air connectivity to Port Blair is a very basic necessity for the entire inhabitants of the island.
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- f) We believe that this approach would be consistent with the government's objectives of promoting air travel in India and would support the sustainable growth of the aviation industry. Thank you for considering our representation.

Submission of AAI

There is no RCS operation at the Port Blair airport, however if any RCS Flight is operated from/to Port Blair airport in future, no aeronautical charges shall be levied except 42.5% of RNFC.

The Aeronautical charges proposed in the MYTP are rationalized comparing with the existing charges in order to avoid the extra burden on air traveller. Further, it has also been proposed to carry forward of 38% of the ARR to the next control period in MYTP.

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