IndiGo

13 July 2026

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

Subject: Submission towards AERA Consultation Paper No. 01/2026-27 dated 12.06.2026 in the matter of determination of Aeronautical Tariffs for Kempegowda International Airport, Bengaluru (BLR) for the Fourth Control Period (01.04.2026 – 31.03.2031)

Dear Sir,

At the outset, we appreciate the opportunity provided by AERA to offer comments on the Consultation Paper (CP) relating to tariff determination for Kempegowda International Airport, Bengaluru (BIAL) for the fourth control period.

IndiGo is well aware that growth in airport infrastructure is critical for expansion of the airline industry in India and that such infrastructure growth requires continued investment by airport operators. IndiGo also recognizes the role that AERA has played in the development of airport infrastructure by way of development of tariff fixation policies and rationalizing airport tariffs.

It is pertinent to mention that Indian carriers are operating under significant cost pressures arising from high ATF costs, high airport charges, weakening of rupee etc and are operating with razor thin margins. Accordingly, we strongly support regulatory interventions that promote cost efficiency, tariff stability, and protection of the interests of airport users. In this regard, we sincerely appreciate AERA's efforts to undertake a detailed scrutiny of BIAL's proposed capital expenditure, operating expenditure and other building blocks and to rationalize several cost elements prior to their inclusion in ARR.

We have following suggestions with regard to the CP:

1) Incremental Aggregate Revenue Requirement (ARR) framework:

We welcome AERA's proposal to adopt an Incremental ARR framework for identified high-capex projects at BIAL. The proposed approach appropriately incorporates the user-pay principle by ensuring that airport users bear the cost of infrastructure only after such assets are commissioned and become available for operational use. The framework will help moderate tariff increases during the Fourth Control Period, incentivize timely project delivery, and safeguard airlines and passengers from premature recovery of capital costs.

2) User Development Fee (UDF):

i) Applicability of UDF rates:

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As the airline ticket booking system allows advance reservations of up to one year, UDF is collected from passengers at the time of booking based on the prevailing UDF rates at that time. Since ticket prices and charges are fixed at the time of booking, any later change in UDF without commensurate timeline / advance notice for "coming into effect" can create a mismatch between what has been collected by the airline and what is actually payable. Any under collection owing to the above results in a direct financial loss for the airlines, as airlines are typically not in a position to recover any shortfall from passengers once tickets are issued. This imposes a substantial financial burden on airlines, especially at large airports such as Bengaluru, with this impact being further amplified at a time when airlines continue to grapple with the adverse financial effects of geopolitical tensions, elevated ATF costs, weakening of rupee etc., all of which have significantly increased operating costs.

We trust that AERA will appreciate that any changes in tariffs should be informed and implemented in a manner that allows airlines to adjust their airfare to incorporate UDF and other revised charges in their reservations systems. BIAL's recommendations at point C of Annexure 1 of the BIAL Tariff Card (to be based on date of travel for any changes from 1st April 2027 onwards) however, do not take this into account, thereby placing risk of significant financial burden on the airlines.

Accordingly, we request AERA that any revision to the UDF should be based on the booking (ticket issuance) date, not the travel date, and that too on prospective basis. Defining the booking date as the basis is essential for airlines because ticket prices, taxes, and charges are fixed at the time of booking. If changes are made later without clear rules, it creates system and accounting difficulties, as airlines cannot reprice tickets that have already been issued or recover additional amounts from passengers.

In sum, all changes to UDF and other pass-through charges should be notified as being applicable only for tickets sold from a certain future date, and the time gap between any notification and the applicable / effective date should be at least 60 days, to allow airlines sufficient time to program the changes in their systems. This lead time assumes even greater importance in view of the fact that AERA is implementing incremental ARR at BIAL, which will necessitate multiple revisions to UDF in the forthcoming control period. A long lead time is also necessary as, airlines need time to make changes and test the same; also at times, airlines systems may be undergoing changes / upgrades or an airline may be moving to a new system altogether, which may fall outside the typical 7 to 10 days window provided for such changes.

Similarly, any changes in aeronautical charges such as landing, parking, housing, etc., should also be notified well in advance to enable airlines to adjust air fares to cover the additional cost, to the extent applicable.

ii) Collection charges on UDF:

With respect to Note (2) under UDF (i.e. collection charges on UDF), BIAL has proposed that the airline operator will be entitled to Collection Charges of Rs. 5/- per embarking passenger.

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AERA is requested to consider that in light of the increasing administrative expenses due to inflation and other reasons, the collection charges should be increased to keep pace with the proposed increase in UDF, as airlines currently only get a fixed rate (i.e. Rs. 5/- per embarking passenger) and this has remained unchanged for a long time, i.e. from the beginning of airport operations at BIAL.

Therefore, we would request AERA that the collection charges be specified at the rate of 2.5% on the UDF payable gross amount, in line with the existing rate of collection charges being paid to airlines by National Aviation Security Fund Trust (NASFT) as collection charges for Aviation Security Fees.

iii) With respect to Note (3) under UDF, we request AERA to clearly specify the exemption categories in strict alignment with the provisions prescribed under DGCA AIC No. 14/2019 dated 16.05.2019 and DGCA AIC No. 06/2023 dated 29.04.2023.

Any additional requirements or clarifications may be stated separately from the exemption categories. For example:

- *For all UDF Exemptions, the airline is expected to submit necessary documentary proofs (eg, Passenger Transfer Message (non-Personal Identification Info only), flight Closure Message, APIs) electronically/automated manner to substantiate the same.*

- *For any travel happening between 1st September 2026 and 31st March 2027, the applicable UDF will be based on the date of ticket booking. For any travel beyond 31st March 2027, the respective period UDF charges shall be applicable, based on the date of travel.*

3) Landing Charges:

It is requested that Landing charges be calculated on the basis of the nearest rounded off MT.

4) Parking Charges:

i) With respect to Note (2) under proposed Parking Charges, the following sentence should be added as per industry practice and for sake of clarity.

"While calculating the free parking time, standard time of 15 minutes is added on account of time taken between touchdown and actual parking time on the parking stand, Another standard time of 15 minutes is added on account of taxiing time of aircraft from parking stand to take off point and collectively referred as free parking."

ii) With respect to Note (3) under proposed Parking Charges, it is requested that the Note be revised as follows:

"The charges set for the herein shall be calculated based on the nearest rounded off MT. For calculating chargeable parking & housing time, part of an hour shall be rounded off to the nearest 15-min interval and charges shall be applied on a pro-rata basis."

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iii) With respect to Note (4) under proposed Parking Charges, it is requested that clarification be provided on the following:

a. We request AERA to kindly clarify if "housing charges" as mentioned, refer to the parking charges specified for more than 4 hours in the relevant table.

b. It is requested to define nature and/or circumstances which constitute unauthorized overstay.

c. We also request AERA to kindly waive off the overstay charges, considering that the parking rates beyond four hours is already levied at higher than the normal rate (about 1.6-1.7 times). Since the increased rate inherently covers the intent of discouraging prolonged parking, the additional overstay penalty becomes duplicative and should be reconsidered.

5) CUSS/CUTE/BRS Charge:

i) CUSS/CUTE/BRS charges are being levied in USD. In our opinion, these charges should be in INR, as an Indian carrier within an Indian airport should not bear the burden of foreign exchange risk. In this regard we request AERA's attention to NMI's and DXN's charges for CUSS/CUTE/ BRS which are denominated in INR for domestic embarking passengers and in USD for international embarking passengers.

ii) With reference to Note (2) under the proposed CUSS/CUTE/BRS charges, we recommend that CUSS/CUTE/BRS charges be applicable on UDF paying passengers only.

iii) We also note that BIAL proposes to charge airlines for consumables for CUSS / CUTE kiosks, which, as per our understanding, is an unprecedented charge. While we presume that BIAL would have reduced their operational costs to the extent of revenues earned from this proposed charge, in the instant case, not only are Indian carriers, who form the bulk of operations and passenger carriage from Indian airports, being asked to bear the foreign exchange risk, but are also being burdened with a new charge category which, in our opinion, is unwarranted. Furthermore, this requirement will impose additional administrative burden and cost on airlines and will also set a precedent for creation of newer categories in the future.

6) Bridge Mounted Equipment (BME) Charges:

For context, the ATP/Consultation Paper submitted by Noida International Airport (DXN) did not include BME charges as part of the stakeholder consultation process. However, such charges were subsequently incorporated in the final Tariff Order.

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In this regard, BME charges have also not been included in BIAL's ATP/Consultation Paper currently under consultation. Accordingly, IndiGo understands that BME charges are outside the scope of the present consultation exercise. Should BIAL / AERA propose the introduction of BME charges at a later stage in the tariff determination, the revenues therefrom should be taken into consideration appropriately.

7) Lead time for implementation of revised tariff card:

We would request AERA to provide a lead time of at least 60 days for implementation of tariff card by airlines into their systems from the date of issuance of final AERA order. Adequate advance notice is essential to allow airlines to adjust pricing structures and commercial planning accordingly.

We look forward to AERA's consideration of our above submissions.

Sincerely,

Rajan Malhotra
Vice President – Aeropolitical & Industry Affairs

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