

No. AERA/20011/MYTP/AAI/Kolkata/2011-12

Order No. 35/ 2012-13



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Airports Economic Regulatory Authority of India

**In the matter of Determination of Aeronautical Tariff in
respect of Netaji Subhash Chandra Bose International
Airport, Kolkata for the first Control Period
(01.04.2011-31.03.2016)**

Date of Order: 23rd January, 2013

Date of Issue: 24th January, 2013

[This order may be read with this Authority's Public Notice No.13/2012-13
dated 13th February, 2013 which has been appended at the end of this order
for ease of reference]

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi - 110003**



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Safdarjung Airport,
New Delhi – 110 003**

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Subhash Chandra Bose International Airport, Kolkata for the 1st Control Period
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1. Brief Facts of the case

1.1. Airports Authority of India (AAI) was constituted under the Airports Authority of India Act 1994 (“AAI Act”) and came into being on 1st April 1995 by merging erstwhile National Airports Authority and International Airports Authority of India. The merger brought into existence a single organization entrusted with the responsibility of creating, upgrading, maintaining and managing civil aviation infrastructure, both on the ground and air space in the country.

1.2. Currently, there are 127 airports under AAI’s managerial responsibilities, which include 11 international airports, 8 custom airports, 81 domestic airports and 27 enclaves at Defence Airfields. Total passenger throughput was 162.3 million and total cargo handled was 2.3 million tonnes at all AAI airports during 2011-12.

1.3. The Netaji Subhash Chandra Bose International Airport, Kolkata (i.e. NSCBIA) is one of the 11 international airports which are under the management and ownership of AAI. The

annual passenger throughput at NSCBIA during 2010-11 and 2011-12 was 9.6 million and 10.3 million respectively.

1.4. The Airports Economic Regulatory Authority of India (the Authority) was established in May, 2009 under the Airports Economic Regulatory Authority of India Act, 2008 (AERA Act). The functions of the Authority, inter alia, include determination of tariffs for aeronautical services provided at major airports and to monitor performance standards at these airports.

1.5. The Authority undertook a comprehensive and transparent approach to arrive at its regulatory philosophy and approach for economic regulation of Airport Operators, which was finalized vide Order Number 13/2010-11 dated 10.01.2011 (Airport Order). Further, the Authority finalized the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators), Guidelines 2011 as per Direction Number 5/2010-11 dated 28.02.2011 (Airport Guidelines).

1.6. As per Section 2(m) of the AERA Act, an airport with annual passenger throughput exceeding 1.5 million has been defined as a major airport. As the passenger throughput at NSCBI Airport is in excess of 1.5 million, NSCBIA is a major airport and, thus, is considered for regulation of tariff and other charges by the Authority.

1.7. As per the Airport Guidelines, all airport operators were required to submit their Multi Year Tariff Proposal (MYTP) for first Control Period (set as five year period beginning from 2011-12) to the Authority for its consideration. Based on the MYTP, the Authority is to determine tariffs for the aeronautical services by initially determining an yield per passenger under the tariff determination process and subsequently reviewing detailed Annual Tariff Proposal(s) (ATP) from Airports Operators (pertaining to the approved yield per passenger). The last date for submission of the MYTP, in terms of the Airport Guidelines, was 30.06.2011.

1.8. Conscious of the fact that in the nature of the timelines specified in the Airport Guidelines, it would not be possible to determine the tariff in respect of any of the major airports before 01.04.2011, the Authority decided that the airport operators shall continue charging their existing tariffs for aeronautical services in the interim period, vide Order Number 17/2010-11 dated 31.03.2011.

1.9. In respect of NSCBIA, AAI informed the Authority that although the process of formulation of MYTP was being carried out, changes were being incorporated to capture the information/data related to regulatory matters and hence requested an extension. On considering this, the Authority extended the timeline upto 31.08.2011 for submission of MYTP for NSCBIA.

1.10. Accordingly, AAI, vide submission dated 26.08.2011, filed the MYTP in respect of NSCBIA. The MYTP was scrutinized for sufficiency of information and wherever clarifications were required, the same were called for from AAI.

1.11. AAI considered the observations of the Authority and submitted its revised MYTP, along with Annual Tariff Proposal (ATPs) for 1st year of the first Control Period, on 19.04.2012. AAI also informed the Authority that the New Integrated Terminal Building and other related works at NSCBIA would be completed by 30.09.2012 (subsequently revised to 31.10.2012). The Authority notes that the New Integrated Terminal Building has now been completed and inaugurated on 20.01.2013.

1.12. Along with the revised MYTP, AAI submitted clarifications on depreciation policy, traffic forecasting methodology, details for debt for Modernization and Expansion of NSCBIA, details of revenue and expenditure and details of the component wise project cost. AAI also submitted a note on key assumptions regarding growth rates of various revenue and expenditure sources. AAI also clarified that separate Responsibility/Cost Centre have been assigned in AAI's accounting system for capturing accounting information relating to Cargo Operation Income, Expenditure and assets pertaining to Cargo service at unit level. All such assumptions, accounting policies and scientific methodology were extensively discussed between the Authority and AAI.

1.13. AAI also submitted to the Authority that the audit for each airport of AAI, including NSCBIA, is conducted by Comptroller & Auditor General of India (C&AG). However, the Audit Certificate by C&AG is provided to AAI as a whole.

1.14. The Authority held extensive meetings with AAI to study the MYTP for NSCBIA to scrutinize the implicit and explicit assumptions of the tariff proposal and the underlying details

of the submissions. Through these meetings and discussions, the Authority arrived at its tentative decisions for tariff proposal for NSCBIA.

1.15. The Authority's consideration and its tentative views in respect of all relevant issues were placed for stakeholder consultations vide Consultation Paper Number 17/2012-13 on 30.08.2012. The last date for receipt of comments was 28.09.2012.

1.16. A meeting with the stakeholders for inviting responses on the tentative decisions taken by the Authority (was held on 17.09.2012). Following stakeholders were present in the meeting:-

- Airport Authority of India (AAI)
- Air India Limited
- InterGlobe Aviation Limited (IndiGo)
- International Air Transport Association (IATA)
- Lufthansa
- Lufthansa Cargo
- Emirates
- Qatar Airways
- Kingfisher Airlines
- Federation of Indian Airlines (FIA)
- Bharat Petroleum Corporation Limited (BPCL)
- Hindustan Petroleum Corporation Limited (HPCL)
- Indian Oil Corporation Limited (IOCL)

1.17. After a brief presentation on technical and financial aspects of NSCBIA and the tariff proposal by AAI, comments were invited from the various stakeholders. Stakeholders, such as, Federation of Indian Airlines (FIA), International Air Transport Association (IATA), Oil Marketing Companies and Air India requested for extension of time for submission of comments in response to the Consultation Paper Number 17/2012-13.

1.18. These requests made by the stakeholders were considered by the Authority and the date for submission of comments on Consultation Paper Number 17/2012-13 was extended upto 12.10.2012 vide Public Notice Number 04/2012-13 dated 27.09.2012.

1.19. Minutes of the stakeholder consultation meeting were uploaded on the website of the Authority for information of all concerned.

2. Summary of Stakeholder's Comments on the Consultation Paper Number 17/2012-13

2.1. In response to Consultation Paper Number 17/2012-13 dated 30.08.2012, the Authority received several responses from stakeholders, which were uploaded on the website of the Authority vide Public Notice Number 06/2012-13 dated 17.10.2012 for information of all concerned. The list of stakeholders, who have commented on the Consultation Paper Number 17/2012-13 dated 30.08.2012, is presented below.

Table 1: Stakeholder's Comments

S. N.	Stakeholder	Issues Commented Upon
1	Hong Kong Dragon Airlines (Dragonair)	<ul style="list-style-type: none"> • Consultation Process • Approach to Tariff Determination • Project Cost • Operation and Maintenance Expenditure • Cost of Debt, Cost of Equity and Weighted Average Cost of Capital • Annual Tariff Proposal
2	IOCL	<ul style="list-style-type: none"> • Annual Tariff Proposal
3	HPCL	<ul style="list-style-type: none"> • Annual Tariff Proposal
4	BPCL	<ul style="list-style-type: none"> • Fuel Throughput Charge • Annual Tariff Proposal
5	IATA	<ul style="list-style-type: none"> • Consultation Process • Approach to Tariff Determination • Project Costs • Regulatory Asset Base • Fuel Throughput Charge • Traffic Forecasts • Revenue from Services other than Aeronautical Services • Cost of Equity, Cost of Debt and Weighted Average Cost of Capital • Quality of Service • Annual Tariff Proposal
6	FIA	<ul style="list-style-type: none"> • Consultation Process

S. N.	Stakeholder	Issues Commented Upon
		<ul style="list-style-type: none"> • Approach to Tariff Determination • Project Costs • Regulatory Asset Base • Fuel Throughput Charge • Revenue from Services other than Aeronautical Services • Cost of Equity, Cost of Debt and Weighted Average Cost of Capital • Operations and Maintenance Expenditure • Quality of Service • Annual Tariff Proposal

2.2. The comments and submissions received from stakeholders have been analysed by the Authority. In general, stakeholders have submitted their observations regarding determination of fair rate of return, components of regulatory asset base and depreciation policy of AAI considered by the Authority in the Consultation Paper Number 17/2012-13 for determination of aeronautical tariffs.

2.3. FIA has submitted that there is a critical relationship between passenger traffic and growth of the civil aviation sector and a reasonable and transparent passenger tariff, both direct and indirect, would benefit both the airport as well as the airlines, since then the airlines will be able to attract more passengers and the airports would benefit both through higher collection of aeronautical charges as also enhanced non aeronautical revenue at the airports. FIA has submitted that the Authority must balance the interest of airlines and the passengers which is of paramount importance for the aviation industry.

2.4. A number of stakeholders have commented on the calculation and assumptions used by the airport operator to estimate FRoR. While the stakeholders have generally submitted that the FRoR for NSCBIA is on the higher side, IATA has referred to an alternate calculation provided by it as part of the consultations for Consultation Paper Number 16/2012-13, leading to a lower FRoR of 9.3%, based on different values for various variables. In particular IATA, inter alia, has stated that a nominal value of 1.5 for debt-equity ratio and an asset beta of 0.61 can be used for estimation of WACC for NSCBIA.

2.5. IATA, FIA and Dragonair have requested the Authority to re-examine its position of giving some allowance for the uncertainties in estimation of parameters of WACC.

2.6. IATA has raised objections against considering AAI's depreciation policy and has stated that the current depreciation policy employed for NSCBIA MYTP leads to much smaller depreciation periods for airport assets. IATA has also submitted that these periods fall much below the global norms for useful life of airport assets and result in higher airport charges in terms of front-loading costs. FIA has seconded this opinion by stating that the accounting life of assets at NSCBIA is coming out as 8-10 years, even though assets of an airport have useful life of 30 years.

2.7. IATA has commented upon the averaging of CAGR and AAI's forecasts in respect of tariff forecasts and has submitted that CAGR is a sufficient methodology.

2.8. Regarding Operation and Maintenance Expenditure, FIA has stated that there is a need to develop optimal benchmarks, such as O&M expenses per passenger or O&M expenses per landing, as a measure for efficiency in O&M costs.

2.9. IATA and FIA have commented on the transition period for establishment of operational standards and procedures at NSCBIA. While IATA has requested that such procedures be placed in the course of next six months, FIA states that the transition period be limited to 2 months in AAI's case as project will be over in forthcoming months.

2.10. Projections of non-aeronautical revenue are being considered as conservative by FIA. FIA is of the view that airports of similar sizes, such as Hong-Kong, yield much higher revenue. Further, it has also been stated by FIA that revenue from such sources would be higher than proposed as area meant for such revenues will increase by more than 4 times.

2.11. Some stakeholders have objected to a high tariff increase and have stated that such an increase would impact the viability of airlines' operation at NSCBIA. FIA has expressed concerns regarding lack of justification for increases in various charges such as landing, parking, FTC etc.

2.12. The Authority notes that the wordings of the comments submitted by FIA for Consultation Paper Number 17/2012-13 in the matter of determination of aeronautical tariffs in respect of Netaji Subhash Chandra Bose International Airport, Kolkata for the 1st Control Period (01.04.2011-31.03.2016) as well as for Consultation Paper Number 16/2012-13 in the matter of determination of aeronautical tariffs in respect of Chennai International Airport, Chennai for

the 1st Control Period (01.04.2011-31.03.2016) are very similar to each other (being almost identical).

2.13. The stakeholder comments to Consultation Paper Number 17/2012-13 were forwarded to AAI for its response, which replied with its observation vide its letter dated 25.10.2012. The Authority has carefully deliberated on all comments and its proposals and responses regarding all these matters have been documented in the following sections.

3. Tariff determination methodology

3.1. The Authority vide its Order Number 13/2010-11 dated 12.01.2011, i.e., Airport Order and Direction Number 5/2010-11 issued on 28.02.2011, i.e., Airport Guidelines, had laid down the regulatory approach and process for determination of tariff for aeronautical services provided by the Airport Operators.

3.2. The Authority, vide its Order Number 12/2010-11 dated 10.01.2011 (CGF Order) and Direction Number 04/2010-11 (CGF Guidelines) issued on 10.01.2011, had laid down the regulatory approach and process for determination of tariff for any service provided for (i) ground handling services relating to aircraft, passengers and cargo at an airport; (ii) the cargo facility at an airport; and (iii) supplying fuel to the aircraft at an airport.

3.3. The Authority, through Airport Order and Airport Guidelines, had indicated its position on aspects such as form of regulation, regulatory till, framework for determination of fair rate of return, various Regulatory Building Blocks, traffic forecasting, quality of service, and the regulatory process for tariff determination at major airports.

3.4. The Authority, through CGF Order, indicated its approach towards regulatory philosophy and approach in economic regulation of services provided for cargo facility, ground handling and supply of fuel to the aircraft at major airports and civil enclaves.

4. Cargo Facility Service at NSCBIA- Regulatory Approach

4.1. AAI, in addition to being the Airport operator at NSCBIA, also manages and operates the International Cargo facility at NSCBIA. The Authority, vide its Order Number 11/2010-11 dated

05.01.2011, in the matter of AAI's proposal for revision of Cargo Tariff at Chennai and Kolkata Airports had approved a 5% revision of the schedule of cargo charges (Terminal Storage and Processing, Demurrage) at these airports over the existing charges, purely on an ad-hoc basis with immediate effect and had ordered that this ad-hoc determination would be reviewed at the stage of tariff determination for the first cycle and thereafter as the Authority may decide.

4.2. As per the requirements under the Airport Guidelines and CGF Guidelines, AAI had submitted a separate MYTP as well as ATP for airport services and cargo services at NSCBIA, Kolkata.

4.3. The Authority examined AAI's submissions in the MYTP related to cargo services at NSCBIA and identified them as "material and not competitive", since the percentage share of cargo volume for NSCBIA, as per April' 2010 to March' 2011 AAI Traffic statistics, is 9.6%, which is greater than 2.5% Materiality Index fixed for cargo service and the cargo service at NSCBIA is being provided only by AAI. As per the provisions of the CGF Guidelines, the Authority had further considered the the reasonableness of user agreements and user consultation by AAI with respect to cargo services at NSCBIA and in view of the facts provided by AAI, had proposed to determine the tariff for cargo services provided by AAI at NSCBIA under "light touch approach" for the first Control Period.

4.4. In addition, the Authority had proposed in the Consultation Paper Number 17/2012-13 to allow AAI an increase of 8% over the prevailing cargo tariff w.e.f. 01.11.2012 and further increase of 8% w.e.f. 01.04.2013, 01.04.2014 and 01.04.2015, during the remaining period of the first Control Period.

Stakeholders' Comments

4.5. In response to the tentative decision taken by the Authority regarding adoption of "Light Touch Approach" for determination of tariffs for cargo facility services at NSCBIA, Dragonair has stated that the broad understanding between AAI and Trade Bodies on the tariff for cargo services should be revisited in conjunction with the current tariff determination and that with proceeding ahead with the proposed approach, there might be an issue that the proposed tariff for airport services is subsidizing the cargo services.

4.6. IATA has stated that the AAI's proposal for an annual increase of 8% should not be allowed as there had been no user consultation to settle on an agreed rate of increase and the 8% increase sought is also higher than the 5% that trade bodies had agreed to pay for 2010-11 and 2011-12.

4.7. AAI, in its response to the stakeholder's comments on regulatory approach for Cargo facility services, has stated that, as per CGF Guidelines, Cargo services provided by AAI at Kolkata airport for the first Control Period meets the criteria for services to be assessed as "Material but competitive" and hence tariff for cargo services is considered under "Light Touch Approach" by AERA.

4.8. Responding to Dragonair's comments on entire burden of tariff increase being passed on to passenger airlines, AAI has submitted that the increase in landing and parking charges is also applicable to Cargo Freight Operators.

Authority's Examination

4.9. The Authority noted the comments of the stakeholders and AAI's response thereto and observed that AAI does not appear to have fully appreciated the approach of the Authority for proposing a "Light Touch approach". The proposed approach is based on the reasonableness of user agreements between AAI and the users and not because the service at NSCBIA is deemed "material but competitive". The CGF Guidelines issued by the Authority make this clear that if the airport operator produces user agreements in respect of an aeronautical service (Cargo Facility/Ground Handling/Supply of Fuel to an aircraft), the Authority would adopt "Light Touch Approach" even if the airport operator is the only provider of such aeronautical service.

4.10. Further, the Authority also noted that it appears that in its comments on this issue, IATA has used the term, "trade bodies" to refer to "users" of a particular aeronautical service. The Authority notes the comments made by IATA that the existing agreements with the users are for a 5% annual increase in the cargo tariffs and that the 8% increase sought by AAI is higher than the 5% that users had agreed to pay for 2010-11 and 2011-12. Taking into consideration the existing agreements and the fact that a light touch approach is being adopted based on reasonableness of existing user agreements, the Authority decides to allow a 5% annual increase in tariffs related to cargo services as against 8% as sought by AAI.

4.11. The Authority recognizes that AAI is a single provider of cargo related services at NSCBIA. It has also noted the comments of the stakeholders in this regard. It has also noted the response of AAI of treating the stakeholders' consultation being undertaken by the Authority, vide Consultation Paper Number 17/2012-13, as also the consultation process for revising the annual increase from 5% to 8%. It has also noted that the trade bodies during consultation with AAI had accepted an annual increase of 5% upto 2011-12. The Authority feels that AAI should hold consultations with the users as per the CGF Guidelines. In Authority's view, the responses or absence thereof, to the proposed revision of annual increase in cargo charges from 5% to 8% in the Consultation Paper Number 17/2012-13 does not appear to be adequate to regard this as effective consultation.

4.12. Having considered the issue and various submissions by AAI and stakeholders, the Authority has come to the conclusion that for the current Control Period the annual increase in the rates for cargo service be kept at 5%. The Authority has already noted that the trade bodies had agreed for increase in cargo rates at 5% till 31.03.2012. AAI had not increased these rates after this date. It had submitted its tariff proposal (which had included increase in the cargo rates by 8%) before these dates. Having regard to these circumstances, the Authority is now determining an increase of 5% in the rates for cargo services in this order.

4.13. If another cargo service provider at NSCBIA, Kolkata becomes operational in the remaining part of the current Control Period, then the case would fall in the category of cargo service being "material but competitive". Alternatively, AAI may, after due users' consultation, present its proposal to the Authority for revision of the annual increase. Should AAI present the proposal for a revision of annual increase (instead of current 5%), the Authority may consider the proposal appropriately.

Decision No1. Regarding Cargo facility Service at NSCBIA

- 1.a. The Authority decides to determine the tariffs for cargo facility services provided by AAI at NSCBIA under "light touch approach" (as envisaged in CGF Guidelines) for the first Control Period.**

- 1.b. **The Authority decides to allow an increase of 5% over the prevailing cargo tariff w.e.f. 16.02.2013 and thereafter further increase of 5% w.e.f. 01.04.2013, 01.04.2014 and 01.04.2015, during the current Control Period.**
- 1.c. **The Authority notes that currently AAI is the only cargo service provider at NSCBIA, Kolkata. If another cargo service provider at NSCBIA, Kolkata becomes operational in the remaining part of the current Control Period, the case would fall in the category of cargo service being “material but competitive”. Alternatively, AAI may, after due users’ consultation, present a proposal to the Authority for revision of the annual increase. Should AAI present the proposal for a revision of annual increase (instead of current 5%), the Authority decides to consider the proposal appropriately.**

5. Airport Services at NSCBIA – Regulatory Approach

5.1. The Authority had proposed in the Consultation Paper Number 17/2012-13 to determine the Aggregate Revenue Requirement (ARR) for AAI as a whole, i.e., after taking into account the investments and costs for both, the airport services as well as cargo services.

Stakeholder’s Comments

5.2. IATA has submitted that the treatment of revenue derived by the airport in the area of cargo services as non-aeronautical revenue is inconsistent with the categorization of cargo services as aeronautical services in the AERA Act and believes that it would be appropriate to consider revenue derived by the airport in the area of cargo services as aeronautical revenue for the airport operator.

5.3. The Authority has received conflicting comments about determining the ARR for AAI as a whole, taking into account the investments and costs for both-the airport services as well as cargo services. While Dragonair has submitted that the investments and facilities at the airport are also being used for freight operations and has favoured an approach wherein the tariffs should be determined altogether for airport as a whole, including the cargo facilities and operations, IATA has submitted that the proposed solution is not ideal as it results in costs being wrongly allocated among two different groups of users (passenger airlines and freighter

airlines) and is therefore in contravention of ICAO's cost-based charging policy. IATA has recommended AAI to separate costs between airport operation and cargo services to facilitate a more appropriate and equitable tariff determination process.

Authority's Examination

5.4. It appears to the Authority that IATA may not have fully understood Authority's approach towards tariff determination to services related to provision of Cargo services at NSCBIA. In the Airport Guidelines, the Authority had made a distinction in (i) Revenues from services other than aeronautical services, when an independent service provider provides royalty/ revenue share/ dividend etc. for service(s) provided for ground handling services relating to aircraft, passengers and cargo at a Major Airport; the cargo facility at a Major Airport; and supplying fuel to the aircraft at a Major Airport, to the airport operator and (ii) revenues from Regulated Services subject to separate control, when such services are provided by the airport operator on its own. However, in a single till approach, all the revenues can be considered together for determination of overall passenger yield.

5.5. The Authority has noted that AAI has already separated accounts pertaining to airport and cargo services for preparation of MYTP for Airport and Cargo services at NSCBIA as per the Airport and CGF Guidelines issued by Authority. The Authority has also noted in the Consultation Paper Number 17/2012-13 that it is in favour of treating all cost elements of NSCBIA (including those for cargo services) together as it provides a more comprehensive basis for determination of ARR from the building blocks as a whole for the airport. The Authority is of the view that this approach is in consonance with the definition of "airport user" in the AERA Act, which defines it as "any person availing of passenger or cargo facility at an airport".

5.6. The Authority, thus, as proposed in the Consultation Paper Number 17/2012-13, has determined the Aggregate Revenue Requirement (ARR) for AAI as mentioned hereunder.

$$ARR_{Airport\ Services} = ARR_{Airport+Cargo\ Operations} - Projected\ Revenue_{Cargo\ Services}$$

Note: It is to be noted that the ARR includes revenues from services other than aeronautical services.

Decision No2. Regarding Regulatory Approach for Airport Services

- 2.a. **The Authority decides to determine the Aggregate Revenue Requirement (ARR) for NSCBIA, Kolkata, taking into account the investments and costs for both the airport services as well as cargo services as per Para. 5.6 above.**

6. Project Cost and Regulatory Asset Base

6.1. In the Consultation Paper Number 17/2012-13, the Authority had proposed to consider the project cost of Rs. 2,938 crores for the purpose of determining Regulatory Asset Base (RAB) for tariff determination. Of the total cost, Rs. 2,325 crores for the project were approved by Ministry of Civil Aviation for the Construction of new integrated terminal building structure for arrivals and departures at NSCBIA, Rs. 458 crores was proposed by AAI towards strengthening of Runway, Airfield Lighting etc., and Rs. 155 crores was proposed by AAI towards cargo facility upgradation.

6.2. The Authority had also noted in the Consultation Paper that the project is yet to be completed and the final project cost needs to be reckoned and appropriate adjustments to the RAB would need to be carried out (including the exclusion from RAB, if required, on account of decommissioning of old international terminal building). The Authority had thus proposed to adjust the RAB as per the final project cost in respect of NSCBIA at the beginning of the next Control Period.

6.3. The Authority had further proposed to consider Rs. 246.47 crores as initial RAB for determination of tariffs on the basis of the audited accounts of NSCBIA for FY2010-11, audited by C&AG.

6.4. Regarding determination of depreciation, use of depreciation for calculation of forecast RAB for NSCBIA for the first Control Period and the average RAB for the purpose of tariff determination, the Authority had proposed to consider the depreciation policy followed by AAI.

6.5. The salient features of AAI's depreciation policy are as under:

- 6.5.1. Method of Depreciation –Straight Line Method;
- 6.5.2. Additions to Fixed Assets:-Depreciation to be provided for full year irrespective of month of installation/completion;

6.5.3. No depreciation to be provided in the year the asset is disposed off/retired from active use;

6.5.4. Residual value for each asset to be taken as Re. 1 balance to be provided by way of depreciation as per prescribed rates.

6.6. The Authority had also noted the fact that the depreciation policy of AAI is not in accordance with the Airport Order and Airport Guidelines of the Authority (*in respect of depreciation to be provided for full year irrespective of month of installation/completion; No depreciation to be provided in the year the asset is disposed off/retired from active use; Residual value for each asset*). However, the Authority had proposed to adopt AAI's depreciation policy on the basis that:

6.6.1. AAI has been established under the AAI Act and the depreciation policy adopted by AAI has been approved by the Board of AAI;

6.6.2. AAI's formats of accounts have been formulated in consultation with the C&AG of India, who audits the accounts of AAI as mandated under the AAI Act. The C&AG have not commented adversely on the depreciation methodology adopted by AAI;

6.6.3. Moreover, as per Section 28(4) of the AAI Act, all accounts of the NSCBIA, once audited by C&AG, are laid before the Parliament.

6.7. The Authority had finally proposed the RAB, as indicated in Table 2 below, for analysis and determination of aeronautical tariffs for NSCBIA and had proposed to make appropriate adjustments to RAB at the beginning of the next Control Period, depending on the capex incurred and timing thereof.

Table 2: Summary of the forecast and Roll forward RAB for NSCBIA (Airport and Cargo Services)

	Details (Rs.in crore)	Tariff Year 1-2011-12	Tariff Year 2-2012-13	Tariff Year 3 2013-14	Tariff Year 4-2014-15	Tariff Year 5-2015-16
A	Opening RAB-A	246.47	348.75	2480.12	2304.09	2084.23
B	Additions - WIP Capitalisation-B	163.62	2413.14	114.50	76.50	170.00
C	Disposals/Transfers-C	0.00	0.00	0.00	0.00	0.00
D	Depreciation-D	61.34	281.77	290.53	296.36	314.24
E	Closing RAB(A+B-C-D)	348.75	2480.12	2304.09	2084.23	1939.99

	Details (Rs.in crore)	Tariff Year	Tariff Year	Tariff Year	Tariff Year	Tariff Year
F	Average RAB (A+E)/2	297.61	1414.44	2392.11	2194.16	2012.11

Note: The Authority noted that AAI has factored in an average depreciation of around 10% -12% of RAB. It has also noted that AAI depreciates assets like runway in 7 years.

Stakeholder's Comments

6.8. Dragonair has submitted that the details of the project costs were not included in the Consultation Paper Number 17/2012-13 and the level of details is insufficient to consider if those costs involved are entitled to be included in the airport project.

6.9. IATA has submitted that since AAI has clearly stated its intention to not use the existing International Terminal Building after commissioning of the New Integrated Terminal Building, the Authority should exclude the asset value of the existing Terminal Building in the current Control Period rather than address this only in the next Control Period.

6.10. In its submission, FIA has noted that the proposed project cost of Rs. 2,938 represents a 26.4% escalation above Rs. 2,325 crores in cost for NSCBIA project that was approved by MOCA and that such escalation in costs should be strictly scrutinized. FIA has further stated that the Consultation Paper Number 17/2012-13 does not mention of any approval from MoCA for an additional proposed capex of Rs. 613 crores nor prudently examine or explain the reasons for accepting escalation of project cost.

6.11. FIA has also stated that by leaving the project cost to be trued up, Authority is indirectly allowing AAI to further escalate the project cost without realizing that existing 26.4% escalation in project cost is way extra than what MoCA had approved.

6.12. FIA has further stated that:

“It is settled position of law that future consumers cannot be burdened with additional costs as there is no reason as why they should bear the brunt. Such quick fix attitude is not acceptable. As such, the approach in the Consultation Paper does not appear to deal with the present economic realities and interests of consumers while proposing the tariff in its present form. Authority being a creature of statute is under a duty to balance the interest of all the stakeholders and consumers, which it is mandated to do under the AERA Act.”

6.13. FIA has also presented to the Authority, a comparison between the increase in capex from original sanctioned amounts between NSCBIA Kolkata and IGI Airport Delhi and have stated that check on project cost at NSCB International Airport, Kolkata is suffering from the same infirmities which were noticed in the case of escalated project cost at IGI Airport, Delhi. FIA has also presented a 36% difference in the capex per square meter between NSCB International Airport, Kolkata and Chennai International Airport.

6.14. FIA has further proposed that a good industrial benchmark, with respect to optimal capex per square meter be established by the Authority and any spend over and above this benchmark should be considered as a business risk of the airport operator.

6.15. Dragonair and FIA have raised concerns that AAI has not undertaken any prior detailed and public discussions or consultation among the airport users in accordance with Airport Guidelines on major capital projects planned at the airport. FIA has further stated that in the Consultation Paper Number 17/2012-13, the Authority has not specified the ‘Competent Authority’, which has approved the ‘Project of construction of New Integrated Terminal Building at NSCB International Airport, Kolkata’ and on the strength of whose approval, AAI has not conducted the User Consultation.

6.16. FIA and IATA have also commented upon the Authority’s proposal to consider AAI’s depreciation policies. IATA has made a reference to the ICAO Doc 9562 – Airport Economics Manual and has submitted that the AAI’s depreciation periods for the main capital spend fall well below the ranges shown in that document. An extract of that document, as provided by IATA is provided below.

Table 3: Useful life of assets (ICAO Doc 9562, to calculate Depreciation – IATA’s submission)

Examples of range of depreciation periods	
Building(freehold)	20-40 years
Buildings(leasehold)	Over a period of lease
Runways & Taxiways	15-30 years
Aircraft parking areas	15-30 years
Furniture and fittings	10-15 years
Motor Vehicles	4-10 years
Electronic equipment(including telecommunications equipment)	7-15 years
General equipment	7-10 years
Computer equipment	5-10 years

Examples of range of depreciation periods	
Computer software	3-8 years

6.17. IATA has further submitted that AAI has to review its depreciation rates to be more in line with global best practices in order to avoid front-loading costs that can lead to unsustainably high airport charges and that in the final order for NSCBIA, AERA must adjust the depreciation costs for major asset items based on the depreciation periods that are in line with global norms.

6.18. FIA has stated that the AAI's depreciation policy is not in accordance with the Airport Order and Airport Guidelines and that the Authority has ignored its own Guidelines. They have further stated that the Authority should determine the depreciation as per Airport Order and Airport Guidelines for the purpose of computing ARR as it is settled position of law that the statutory authority is bound by its own Regulations /Guidelines.

6.19. FIA has further stated that by employing AAI's proposed rate of depreciation, the accounting life of the assets is only 8-10 years whereas usually airports assets have useful life of 30 years. FIA has presented that while AAI at NSCB International Airport, Kolkata mentions depreciation of Runways over a period of 7 years only, FIA understands that Changi Airport, Singapore is depreciating it over 30 years and Beijing Capital International Airport over 40 years.

6.20. FIA has also presented the following analysis and has stated that the Authority should spread out the useful life of the assets over a period of 30 years, which would reduce the target revenues by approximately Rs. 208.05 crores in FY 2012-13 and by Rs. 620.27 crores over a period of 5 years.

Table 4: Computation of impact considering useful life of asset as 30 years presented by FIA

Rs. in crores							
Tariff year	1	2	3	4	5	Total	
Particulars	2011-12	2012-13	2013-14	2014-15	2015-16		
Opening RAB	246.47	400.24	2764.88	2792.97	2780.19		
Additions-WIP	163.62	2413.14	114.50	76.50	170.00		
Depreciation@3%	9.85	48.50	86.41	89.28	92.98	327.02	
Closing RAB	400.24	2764.88	2792.97	2780.19	2857.21		
Average RAB	323.36	1582.56	2778.92	2786.58	2818.70		
A Reduction in depreciation	51.49	233.27	204.12	207.08	221.26	917.22	
B Increase in Average RAB	25.75	168.13	386.82	592.42	806.59		

C	Impact of increase RAB on return on equity @ 15%(B X 15%)	3.86	25.22	58.02	88.86	120.99	296.95
D	Net impact of change in useful life to 30 years(a-c)	47.63	208.05	146.09	118.22	100.27	620.27
	Assumptions:						
1	Method of depreciation-Straight Line Method						
2	Useful life of the asset is considered as 30 years. Hence, Depreciation considering 10% residual value would be 3%						
3	Additions during the year are depreciated @ 50% assuming in mid of financial year						
4	All figures are in INR crores						

FIA has submitted that the depreciation-methodology being presently considered by the Authority is erroneous and ignores the reality that such an approach would result in artificial increase in the depreciation charge and will have an unjust inflationary impact on passengers/airlines by front loading of tariff in the initial years.

6.21. Responding to comments on cost escalation of 26.4% in the project cost, AAI has submitted that the capex of Rs. 2,938 crores for the Control Period comprises of cost of mega project works, including Integrated terminal building, extension of runway and additional Aircraft parking bays etc. amounting to Rs. 2325 crores approved by Ministry of Civil Aviation, which is the Competent Authority for the same and that the Public Investment Board (PIB) has already recommended for approval of project cost of Rs. 2325 crores. The balance amount Rs. 613 crores is towards other capital works, including cargo works, parallel taxi track etc. and not escalation of project cost, for which AAI is the competent authority as per Delegation of Powers of AAI.

6.22. AAI has also refuted FIA's comments that project cost per square metres at NSCBIA is similar to IGI Delhi airport. According to AAI, the project cost of Rs. 2325 crores includes cost towards extension of Runway, payment to electricity board etc. and the cost per sq. mt. of new terminal at NSCBIA (at Rs. 91,845 per sq. mt.) and it is less than IGI Airport (Rs. 123,187 per sq. mt.) due to cost prudence and value engineering exercised in firming of the project proposals at the appraisal stage. AAI has further submitted that the cost per sq. mt. of new terminal at NSCBIA is similar to the cost of expanded terminal at Chennai International Airport (at Rs. 91,000 per sq. mt.).

6.23. In response to stakeholders' comments regarding the User Consultation Process, AAI has stated that the New Terminal Project at NSCBIA was approved by the Ministry of Civil Aviation and project work commenced well before the AERA Guidelines for Airport Operators came into effect. AAI has further stated that the user consultation will be under taken as per AERA Guidelines in respect for future projects.

6.24. Responding to stakeholders' comments on Depreciation policies, AAI has submitted that:

"AAI is charging depreciation as per the policy approved by AAI Board. The depreciation policy of AAI has been formulated after considering the factors such as minimum useful service life of various assets based on technical assessment, obsolescence etc. The depreciation policy adopted by AAI is also accepted by C&AG."

6.25. AAI has further submitted that -

"The minimum useful service life of various assets is reviewed from time to time for the purpose of scrapping and replacement considering the technical factors prevailing at the airports and also due to fast changes in technology and the obsolescence factor aviation sector etc. Accordingly, the depreciation rates for various assets were reviewed and revised depreciation rates were made effective from FY 2006-07. This has been accepted by C&AG. Further, the depreciation rates adopted by Beijing Capital Intl. airport are comparable (except runway) to the rates adopted by AAI. However, it is pertinent to note that assets value is subjected to annual review by the Beijing airport
"The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount" (Beijing Airport Annual report 2011 – Notes to financial statement 2(e))."

6.26. FIA in its comments, has further stated that even if the claim of AAI for the project cost be treated as valid and admissible, the Authority must consider and decide as to whether any capital investment so made must not go into the Regulatory Asset Base and be secured through return on equity/return on capital employed as well as conduct a prudence check on each claim

of capex along the lines of the established accounting standards and practices which would disallow unreasonable, unfair or extravagant expenditure.

6.27. FIA has stated that:

“Being a creature of statute, the Authority is mandated to analyze the documents and conduct prudence check to ensure balance between reasonable recovery of efficient and prudent costs while preventing usurious windfalls, viz.-

(a) Section 13 (1)(a)(i) of the AERA Act envisages that the Authority shall consider the actual expenditure incurred and timely investment in improvement of airport facilities.

(b) It is submitted that prudence check is an intrinsic and essential part of the process of tariff determination as is also evident from Section 13 of the AERA Act. Any expenditure incurred by AAI cannot be accepted by the Authority on the face of it and passed on to the consumers directly or indirectly. The Authority is required to evaluate the claims made by AAI and only after satisfying itself through a rigorous prudence check which involves:-

(i) Scrutiny of the expenditure made by AAI and assessment of whether the same has been reasonably and properly incurred.

(ii) Examining the resultant benefit from the said expenditure in terms of enhanced efficiency.

(iii) Appraising the working parameters of the utility with the prevalent norms, benchmarks and standards.

27. In view of the foregoing, it is submitted that for any increase in cost, the Authority is mandated to conduct prudence check and it is vital to scrutinize each and every claim made by AAI.”

6.28. FIA has also presented a reference to a judgment dated 29.08.2006 of the Appellate Tribunal for Electricity in the matter of KPTCL vs. KERC & Ors. reported as 2007 APTEL 223¹⁰ and has stated that the judgement has clearly held that utilities are free to decide their plans of investment for improvement of system or expansion to meet the demand including upgradation and maintenance for a better and quality supply and that the

Commission/Regulator shall undertake a prudent check and if deem fit allow the claim and in appropriate cases, disallow such cases of utility and it is for the utility to bear the brunt of such investment and it cannot pass it on to consumers.

Authority's Examination

6.29. The Authority notes that the New Integrated Terminal Building at NSCBIA, Kolkata, has now been completed and inaugurated on 20.01.2013.

6.30. With regard to proposed project cost, AAI has submitted that the details of the projected year-wise capitalisation during the Control Period was provided vide form no. F10(a) of the tariff proposal. The Authority notes that the same was provided as annexure to the Consultation Paper Number 17/2012-13.

6.31. The Authority noted that in its submissions, AAI has stated that out of the total projected capitalisation during the current Control Period of Rs. 2,938 crores, the project cost of Rs. 2,325 crores was taken up with the approval of Ministry of Civil Aviation/ Govt. With respect to remaining works costing Rs. 613 crores, this expenditure is on a number of works. The expenditure of Rs. 613 crores has been approved by the competent authority in AAI under financial delegation. The Authority notes that AAI is a board managed statutory organization with senior level representation from the Ministry of Civil Aviation and DGCA. It also has on board, independent directors.

6.32. AAI has submitted that the work of extension of Cargo Apron (towards Southern side) scheduled to be taken up in 2014-15 is the only work above Rs. 50 crores for which stakeholder consultation will be held. AAI has stated that the rest of the works included in Rs. 613 crores are either already in progress/completed or well below Rs. 50 crores.

6.33. The Authority notes that as per Airport Guidelines, the minimum value of capital project for which user consultation is required to be held by the airport operator is Rs. 50 crores and therefore, based on AAI's submission, AAI is required to undertake user consultation for extension of Cargo Apron (towards Southern side).

6.34. The Authority decides that it will review the outcome of the user consultation process for the said project and may make appropriate adjustments to the RAB at the beginning of the

next Control Period depending on the outcome of user consultation, capex incurred and timing thereof. The Authority has also noted the AAI's assurance to undertake user consultation as per AERA Guidelines for future projects.

6.35. With respect to FIA's comment that future consumers cannot be burdened with additional costs, the Authority notes that the formulation considered by the Authority in the Airport Guidelines is such that projected capex is considered as part of RAB only upon completion of the asset and thus the consumers pay for the facilities completed.

6.36. In view of the above, the Authority decides that it will proceed with the project cost of Rs. 2,938 crores for the purpose of determining Regulatory Asset Base (RAB) for tariff determination. The Authority expects that AAI will undertake user consultation for all future capital expenditure projects going forward as per Airport Guidelines.

6.37. The Authority has noted the FIA's suggestion to establish a good industrial benchmark for the optimal capex per square meter. However, the Authority is also minded of the fact that the capex per square meter at different airports as well as for different kind of projects may vary, depending upon a number of factors which come into play while undertaking a capital investment project and which may not be possible to envisage or account for.

6.38. The Authority also noted IATA's submission that since AAI has clearly stated its intention to not use the existing International Terminal Building after commissioning of the New Integrated Terminal Building, the Authority should exclude the asset value of the existing Terminal Building in the current Control Period rather than address this only in the next Control Period. The Authority observes that the new integrated Terminal Building was commissioned on 20.01.2013. However, the Authority notes that while the international operations may start shortly from the new terminal building, the complete shifting of operations to this new building may take some time.

6.39. In this regard, the Authority observes that during the stakeholder consultation meeting held on 17.09.2012, the Chairman AAI, had stated that there is no question of demolishing the old building structure and that the operation will be temporarily suspended and the building will be refurbished and re-commissioned and had assured the best service at least cost. Hence, upon shifting of international operations to new Integrated Terminal Building, the existing

international terminal building may be put to use by AAI in a manner it may decide at that time. In case the existing international terminal building is decommissioned or decided not to be used at all, then the same would merit to be removed from RAB. As the existing international terminal building is still in use, the Authority decides not to remove it from RAB for the present and to consider this issue at the beginning of the next Control Period or as and when the final usage of the existing international terminal building is decided by AAI.

6.40. Various stakeholders have commented on the depreciation policy of AAI. The Authority has carefully considered these comments. As noted in Consultation Paper Number 17/ 2012-13, the Authority has also observed that the depreciation policies of AAI are at variance with the Authority's Airport Guidelines. The Authority has noted that it will generally accept the depreciation policy of the company unless there are cogent and convincing reasons for not doing so. FIA has given examples of Changi and Beijing Airports in respect to the number of years over which the runway is depreciated at those airports (30 years in Changi and 40 years in Beijing). These different years would yield presumably different depreciation rates for these airports. It would appear to the Authority that FIA is of the view that "useful life" of Changi airport is 30 years, which is less than that of Beijing Airport namely 40 years.

6.41. The Authority is conscious of the fact that different countries have different accounting treatments for recognizing revenue and depreciation. The useful life of a project not only depends on the nature of the project but equally on the level of maintenance, upgradation etc. The Authority therefore decides to accept the accounting policy of the respective companies in this regard. The Authority is informed that under Indian Tax jurisprudence the runway is categorized as "plant and machinery" for the purposes of depreciation. AAI has adopted certain depreciation policies which have not been commented upon by C&AG. The accounts of AAI are also laid before the Parliament of India. The Authority therefore finds no reason not to accept the said depreciation policy.

6.42. On balance, the Authority decides to accept AAI's policy on depreciation.

Decision No3. Regarding Project Cost and Regulatory Asset Base

- 3.a. The Authority decides to consider the project cost of Rs. 2,938 crores for the purpose of the current tariff determination.**

- 3.b. **The Authority decides to consider the Initial RAB at Rs. 246.47 crores, as furnished by AAI.**
- 3.c. **The Authority decides to consider the depreciation policy of AAI, the depreciation calculated in accordance thereof and Roll Forward RAB during the Control Period as given in para 6.7 for the purpose of determination of tariffs for aeronautical services at NSCBIA.**

Truing Up: 1. Truing up of Project Cost and Regulatory Asset Base

- 1.a. **The Authority decides that depending on the capex incurred and timing thereof (i.e. the date of capitalisation of the underlying assets in a given year) the Authority will make appropriate adjustments to the RAB at the beginning of the next Control Period, taking into account, the accounting policies of AAI regarding depreciation as well as actual expenditure incurred and capitalized.**

7. Traffic Forecast

7.1. The Authority had analysed the traffic forecast submitted by AAI for NSCBIA, which, as per AAI submission, was prepared keeping in view the regression / econometric analysis with GDP, Index of Industrial Production (IIP) and foreign tourist as predictor variables.

7.2. As per AAI, the traffic forecast had also factored in the forecasts of other international organisations like, ICAO, IATA, ACI and aircraft manufacturers, traffic trends, infrastructure facilities, safety and secure environment and finally moderated taking in to account other factors contributing to the traffic growth like fleet of airline, subjective factors like increase in oil prices, safe and secure air travel, environment and other infrastructure like road and rail connectivity, hotels and tourist places of attraction.

7.3. The traffic growth rate submitted by AAI is as follows:

Table 5: Traffic Growth rates assumed by AAI

Particulars	Growth rates adopted (%)
Passenger Growth	12% increase in passenger traffic in 2011-12, and thereafter 10% growth is projected till the end of the Control Period 2015-16.
ATM	Aircraft movement (both domestic and international) has shown an increase by 9% in 2011-12 followed by 8% in subsequent years.
Freight	6% in 2011-12 10% in 2012-13 to 2016-17 and 12% thereafter.

7.4. The Authority had also compared the traffic forecasts by AAI with the 10-year CAGR (2002-03 to 2011-12) and had observed that the percentage increase in ATM and Passengers traffic forecasts factored in by AAI in the tariff proposal are lower than the CAGR for NSCBIA over the period 2002-03 to 2011-12. In respect of freight, the growth rate proposed by AAI is higher than actual.

7.5. In view of the variations, the Authority had proposed to consider the average of the growth projected by AAI and CAGR for NSCBIA over the period 2002-03 to 2011-12 for the purpose of determination of aeronautical tariffs for NSCBIA.

7.6. The traffic growth rates considered in the Consultation Paper Number 17/2012-13 were as follows:

Table 6: Traffic Growth rates considered by the Authority

Particular	International	Domestic
ATM	10.30%	10.96%
Passenger	11.78%	13.16%
Freight	7.77%	-

7.7. The Authority had also acknowledged that, based on the past data, there is volatility in growth rates of traffic and had also proposed to true up the traffic projection on the actual value as they become available.

Stakeholder's Comments

7.8. IATA has commented on the traffic forecast proposed by the Authority for the purpose of tariff determination. IATA, in its comments on traffic forecast, has stated the following:

“IATA is of the view that use of CAGR in itself for forecasting traffic growth is an acceptable methodology and averaging is not necessary and unjustified. Furthermore, given that the airport’s capacity will be significantly enhanced, the potential for stronger traffic growth is greater provided that airport charges are kept moderate. A lower traffic projection used for tariff determination can be self-fulfilling if the resultant higher charges puts a drag on growth. AERA should work on a realistic scenario that can stimulate traffic growth particularly since a shortfall if it happens will be trued up in the next control period. “

7.9. In its response to comments from IATA, AAI has responded that -

“Since, there is a gap between CAGR and AAI projected traffic growth rates, in order to take balanced view, AAI had decided to consider traffic growth based on average of CAGR and AAI projected growth rates.”

Authority’s Examination

7.10. The Authority has noted IATA’s comments and AAI’s response on the issue of traffic forecast. As presented in its Consultation Paper Number 17/2012-13, the Authority had proposed that traffic forecasts for first Control Period at NSCBIA would be trued up in the next Control Period beginning from 2016-17 based on the actual traffic. The Authority is of the view that by referencing the traffic forecast for NSCBIA to last 10-year CAGR, it has followed an approach to arrive at a reasonably realistic traffic forecast. The Authority is further of the view that since traffic forecast will be trued up, it will take care of variations from the forecast and hence no other adjustments / modifications in the traffic forecast proposed in the Consultation Paper Number 17/2012-13 is required.

7.11. In view of the above, the Authority decides to continue with the traffic forecasts proposed in the Consultation Paper Number 17/2012-13.

Decision No4. Regarding Traffic Forecast at NSCBIA

4.a. The Authority decides to consider the following traffic Forecast for NSCBIA for the first Control Period:

- i) ATM growth rate of 10.96% and 10.30% for Domestic and International ATMs, respectively.**

ii) Passenger growth rate of 13.16% and 11.78% for Domestic and International Passenger Traffic, respectively.

iii) Freight growth rate of 7.77% for International cargo only.

Truing Up: 2. Truing up of Traffic Forecast at NSCBIA

2.a. The Authority decides to true up the traffic volume based on actual growth.

8. Revenue from services other than aeronautical services

8.1. AAI had submitted the forecasts of the various components of non-aeronautical revenue streams by applying the following growth rates to historical revenues and establishing relationship with available commercial area.

Table 7: Assumptions taken by AAI for each item of Non Aeronautical Revenue at NSCBIA

Sl no	Item	Assumptions	
1	Restaurant/ Snack Bar/ Flight Kitchen	10% increase in 2011-12 & 25% increase in 2012-13	Due to commissioning of new building
2	Hoarding/Display	& 10% thereafter in 2013-14 to 2015-16	
3	Duty free Shop		
4	Ground Handling	11% increase in 2011-12 & 10% increase in 2012-13 onwards	Normal annual escalation
5	Car Rentals/ other Misc.	10% increase in 2011-12 onwards	Nominal growth
6	Land Rent/Lease & Hanger Building non-residential	10% increase in 2011-12 & 25% increase in 2012-13 and 10% thereafter in 2013-14, 2015-16	Based on RE 2011-12 and thereafter normal annual escalation. 25% due to commissioning of new building.
7	Miscellaneous Income	10% increase in 2011-12 onwards;	As per normal trend 10% growth is estimated

8.2. With regard to assessment and projection of the non-aeronautical revenue for NSCBIA, the Authority was informed that AAI is in the process of identifying, planning and concessioning out various areas/ locations within the new terminal building at NSCBIA for non-aeronautical purposes even as the underlying area has not been finalized in this regard.

8.3. The Authority had also noted that as per the Airport Order and Airport Guidelines any upside or down side of non-aeronautical revenue would not be trued up and had also recognised that in absence of any firm plans regarding the area to be utilised towards non aeronautical activities, the non-aeronautical revenue projections, as submitted by AAI, are likely to be tentative.

8.4. The Authority had also noted that the past growth of non-aeronautical revenue may not serve either as a benchmark or guide in making the forecast on account of the new terminal at NSCBIA, as this new terminal is more than 4 times the existing terminal. Therefore, the Authority had noted that the amount of non-aeronautical revenues, that AAI may be able to obtain at NSCBIA, is difficult to estimate.

8.5. Accordingly the Authority, in the Consultation Paper Number 17/2012-13, had proposed that for the first Control Period, it will consider AAI's submission of non-aeronautical revenue for determination of aeronautical tariffs for NSCBIA. The Authority further proposed to true up the non-aeronautical revenue at NSCBIA on actuals while determining tariffs for the next Control Period.

8.6. The projections of revenue stream from Non-Aeronautical sources at NSCBIA, as considered by the Authority in Consultation Paper Number 17/2012-13 are provided in the table below.

Table 8: Non-aeronautical revenues considered by Authority

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Public Admission Fee	2.36	2.59	2.85	3.14	3.45
Trading Concession	51.84	69.94	99.64	109.60	120.56
Rent & Services	46.94	52.44	56.72	61.37	66.40
Other Revenue	10.77	11.86	13.04	14.34	15.78
Ground Handling	6.60	7.26	7.99	8.78	9.66
Total	118.52	144.10	180.25	197.25	215.86

All figures in crores.

8.7. The Authority had also observed that ground handling services at NSCBIA have been concessioned out to an Independent Service Provider (ISP) and as per the Airport Guidelines the license fee receivable from ISP will be considered as a source of non-aeronautical revenue.

Stakeholder's Comments

Amongst the stakeholders, FIA has expressed that the estimation of non-aeronautical revenue for NSCBIA is on a conservative side and IATA, while holding the view that there is huge upside potential for NSCBIA on the non-aeronautical revenue, has expressed consent with the Authority's approach for truing-up this stream of revenue.

8.8. IATA has submitted that *"AAI should be encouraged to increase the contribution of non-aeronautical revenue at Chennai. IATA supports the idea of setting the forecast of non-aeronautical revenue provided by AAI as a floor in the truing up process as this can provide the necessary impetus to AAI to strive for higher non-aeronautical revenue."* (It appears to the Authority that IATA has inadvertently mentioned Chennai in their response to Consultation Paper Number 17/2012-13 pertaining to NSCBIA, Kolkata.)

8.9. With respect to Ground Handling services, IATA has submitted that in the AERA Act, ground handling services, fuel supply services and cargo services are classified as aeronautical services and, on that basis and as a matter of consistency, license fee from ground handling should be treated as aeronautical revenue in the same way that Fuel Throughput Charge is treated.

8.10. FIA, making reference to Changi Airport, Singapore and Hong Kong International Airport, has suggested that these airports have much higher share of total revenue as revenues arising from sources other than aeronautical services. In particular, FIA mentions that:

"AAI has projected non-aeronautical revenue at merely 25% of total revenue during control period, whereas a quick glance at airports like Changi Airport, Singapore; Hong Kong International Airport, etc. reveals that said airports are earning approximately 60% of their total revenues arising out of services other than non-aeronautical services."

8.11. FIA has further suggested that:

".... Authority should reasonably estimate or appoint a Consultant to determine revenue from new premises as it may not be appropriate to burden the airlines and passengers with higher tariff in this control period and provide relief for the same in subsequent period."

8.12. Responding to IATA’s comments on considering revenues from Ground Handling license fee as aeronautical revenue, AAI has submitted that the MYTP is based on Single Till Basis and considering royalty from Ground Handling Agency as non-aeronautical revenue as per AAI or as aeronautical revenue as suggested by IATA, will not have any impact on the over-all tariff determination.

8.13. AAI has defended its estimation and projection of non-aeronautical revenue by submitting that it is more appropriate to consider the market potential prevalent in Kolkata rather than compare with Changi Airport.

8.14. Responding to FIA’s comment on 25% revenue share from services other than aeronautical services, AAI has stated that:

“.....The non-aeronautical revenue, including cargo at Kolkata airport contributes to around 48% of the total revenue of the airport.”

Authority’s Examination

8.15. The Authority has noted the comments made by the Stakeholders and the response from AAI to the observations of the Stakeholders.

8.16. With regards to the stakeholders’ concern that estimation of non-aeronautical revenue is conservative, the Authority had considered this aspect in detail in the Consultation Paper Number 17/2012-13 and considering the difficulties in estimating non aeronautical revenues, such as plans regarding area to be utilised towards non aeronautical activities not being firmed up yet and also concessions not having been granted, the Authority had proposed to consider AAI’s projections.

8.17. The Authority is not in a position to consider IATA’s submission that AAI should be encouraged to increase the contribution of non-aeronautical revenue at Chennai. The present determination is with respect to Kolkata airport and the Authority shall consider any relevant aspects for Chennai airport at the time of tariff determination of Chennai airport.

8.18. With respect to IATA’s view of considering current projection by AAI of non-aeronautical revenues at NSCBIA as a floor, the Authority has already considered the issue and expressed its opinion in para 7.7 of the Consultation Paper Number 17/2012-13, where it stated that:

“...the Authority also considered whether the forecast of non-aeronautical revenues provided by AAI can be taken as a floor. On balance, the Authority felt that in the absence of any alternative reasonable projections of non-aeronautical revenues at NSCBIA for the first control period, the projection of non-aeronautical revenue at NSCBIA by AAI may not be considered as a floor and thus true up the non-aeronautical revenues on actuals....”

8.19. Appreciating the possibility that non-aeronautical revenue may differ considerably from the projections, the Authority believes that the current projection of non-aeronautical revenues may not serve as floor and further that the Authority may revisit this issue in the next Control Period and may consider the non-aeronautical revenues for the current Control Period as a floor for the next Control Period.

8.20. With respect to AAI comment that *“.....The non-aeronautical revenue, including cargo at Kolkata airport contributes to around 48% of the total revenue of the airport.”*, the Authority is not in agreement with AAI’s response that cargo is non-aeronautical revenue. According to the AERA Act, cargo service is an aeronautical service. As has been analysed in detail by the Authority in its Order Number 32/2012-13 dated 15.01.2013 (in the matter of determination of tariff for aeronautical services in respect of CSI Airport, Mumbai), the revenue from an aeronautical service, when provided by the airport operator himself, is aeronautical revenue. Hence, the revenue to AAI from cargo service (which is provided by AAI itself) is aeronautical revenue. Further, the Authority also notes that AAI has stated that they are making efforts to maximise non-aeronautical revenues.

8.21. In view of the above, the Authority is minded not to change its position from that expressed in the Consultation Paper Number 17/2012-13.

Decision No5. Regarding Non Aeronautical Revenue

- 5.a. The Authority decides to consider the projection of Revenue from services other than aeronautical services as submitted by AAI for determination of aeronautical tariffs for the current Control Period in respect of NSCBIA.**
- 5.b. The Authority may consider the non-aeronautical revenues for the current Control Period as a floor for the next Control Period.**

Truing Up: 3. Truing up for Non Aeronautical Revenue at NSCBIA

- 3.a. **The Authority decides to true up the non-aeronautical revenue based on the actual non-aeronautical revenue at NSCBIA during the current Control Period while determining the tariffs for the next Control Period.**

9. Fuel Throughput Charge

9.1. Fuel Throughput Charge (FTC) at NSCBIA is determined by a commercial agreement between AAI and Oil companies providing services at many of AAI's airports and this agreement has been a result of competitive tendering process.

9.2. AAI have, in their ATP, proposed for a 5% annual increase w.e.f. 01.11.2012 with further increase of 5% p.a w.e.f. 01.04.2013; 01.04.2014 and 01.04.2015 as per the contractual arrangements with the Oil Marketing companies.

9.3. The Authority had proposed to approve the 5% increase in fuel throughput charge as per the contractual agreement with Oil Marketing Companies and give its effect as aeronautical revenue in the hands of AAI while determining aeronautical tariffs for the current Control Period.

Stakeholders' Comment

9.4. BPCL, IATA and FIA have submitted that the current fuel throughput charges at NSCBIA are second highest in India that were set by virtue of a flawed tender process in 2007 which caused the fee to increase by 17 times.

9.5. IATA has further stated that:

“There is no justification for allowing this already high concession fee which has no cost basis to automatically escalate at 5% per year because of a contractual agreement with a monopoly which the oil marketing companies had little choice but to sign. Notwithstanding the fact that revenue from fuel throughput fees would be treated as aeronautical in nature for determination of aeronautical tariffs, AERA should set the fundamentals right by not permitting a fee that has no cost basis to escalate automatically every year.”

9.6. FIA has also submitted that the Authority ought to examine:

“(a) The impact of FTC enhancement since the cost of the fuel constitutes around 40% of operating cost of an airline.

(b) The impact of failure of the AAI to provide any justification for the revision in FTC. Since at the Airports the Fuel suppliers are already paying and loading exorbitant land rentals for locating fuel facility on to airlines. In addition to such land rentals, the AAI are allowed to charge FTC with no cost basis.

(c) AAI has only provided the land and access to the Oil Companies. The cost of land is recovered separately through the rentals. Therefore, it is the value of concessions which would have to be considered while fixing the FTC.

(d) FTC is an impost not on the Oil Companies but on the airlines. Thus, in the form of FTC the airlines face a cost impost as the airlines cannot avoid purchasing fuel at locations with FTC, which is being charged by the AAI over and above the normal lease rental.”

9.7. FIA has further submitted that:

“.....considering that Authority's Order No.07/2010-11 dated 04.11.2010 is pending adjudication before the Airports Economic Regulatory Authority Appellate Tribunal ("AERAAT") in Appeal No. 5/2012 (MIAL Vs. AERA & Others), it would be better if any decision regarding FTC should be taken pursuant to the outcome of the said Appeal.”

9.8. BPCL, HPCL and IOCL have requested the Authority to approve the proposal for increase in Fuel Throughput Charges only on prospective basis, applicable from first day of the subsequent month, in which AERA issues the order, in view of difficulty to recover throughput fee from Airlines from any back date from scheduled airlines as well as non-scheduled airlines.

9.9. IOCL has stated that, in case NIL escalation of the Fuel Throughput Charges is proposed by Airports Authority of India, as mentioned during the stakeholder meeting of 17.09.2012, it would be welcome by all stakeholders.

9.10. In response to comments from various stakeholders, AAI has stated that the FTC at NSCBIA, Kolkata is based on the outcome of open bidding process as per the rates quoted by the oil companies and in case 5% increase in fuel throughput charges is not effected the revenue shortfall on this account will have an impact on other tariff structure.

Authority's Examination

9.11. The Authority has observed that in its MYTP, AAI treated the revenue from FTC as aeronautical revenue. This is in consonance with the Authority's position in this regard as reflected in the Consultation Paper Number 17/2012-13 dated 30.08.2012 wherein the Authority had reckoned this revenue for determination of ARR for the current Control Period (the AERA Act defines fuel supply to aircrafts as an aeronautical service). The Authority has also given its detailed analysis of FTC in its Order Number 32/2012-13 dated 15.01.2013 in the matter of determination of aeronautical tariffs in respect to CSI Airport, Mumbai. In the referred order, the Authority has noted that Fuel Throughput Charge, as an aeronautical charge, is fully reckoned towards determination of aeronautical tariffs and to that extent would lower the burden on the passengers, especially with respect to UDF.

9.12. The Authority has carefully examined the comments made by the stakeholders in respect of the Authority's position on revenue from Fuel Throughput Charge, presented in the Consultation Paper Number 17/2012-13. The Authority has noted that various stakeholders like airlines, their representative bodies (FIA, IATA), etc. have commented on this issue and have supported the treatment of FTC as aeronautical revenue.

9.13. The Authority has noted the comment of BPCL that:

"Overwhelming Market Power of AAI as Airport Operator and role of AERA: It is pertinent to note that in February 2007 when AAI came out with tender for Kolkata airport, AERA Act had not been enacted and there was no regulation of Fuel throughput fee as aeronautical charges. It meant that any eligible Oil Company participating in tender process for the piece of land has no compunction in quoting any throughput fee as it would be a pass-through item

BPCL had represented to AAI that such steep rise in Fuel Throughput is grossly unjustified. However, despite our protests, we were asked to match and pay the fee quoted by highest bidder.

As per AERA Act, 2008, the authority has to now perform functions, in respect of major airports, which include determining tariff for the aeronautical services taking into

consideration the parameters and factors provided in Section 13 of Act. We feel that Fuel throughput fee should not be increased even by 5% for the following key reasons:

- There is no rationale for charging Fuel throughput fees as it does not have cost basis;*
- Fuel throughput fees significantly increases the cost of fuel; and*
- Airport Operators had used overwhelming market power for fixation of charges.”*

9.14. In this regard, the Authority notes that the issue raised by BPCL pertains to exercise of monopolistic market power by AAI in the process of fixation of FTC at NSCBIA, Kolkata. However, it is observed that BPCL has not submitted any evidence towards this. Further, the issue of abuse of market power falls within the domain of Competition Commission of India.

9.15. The Authority observes that while the Airlines and their representative bodies (IATA, FIA) as well as BPCL have suggested either abolishing the FTC itself or disallowing any increase in FTC as there is no cost basis for the same, the oil companies (BPCL, IOCL and HPCL) have requested for making the increase in FTC a prospective measure and not a retrospective measure.

9.16. The Authority notes that the FTC at NSCBIA and many other airports operated by AAI are subject to the commercial agreement between AAI and oil companies. Though, this commercial agreement was a result of transparent bidding process, the Authority notes that the parties like airlines as well as passengers who are or likely to be directly affected by FTC are not part of the commercial agreements between AAI and Oil Marketing Companies. Inasmuch as, AAI has, in its submission, regarded FTC as an aeronautical charge and revenues arising therefrom as aeronautical revenues, such revenue in the hands of AAI would be reckoned towards aeronautical charges, apart from the regulatory mechanisms of single till. Having considered all these factors, the Authority decides to determine FTC as proposed by AAI during the current Control Period.

Decision No6. Regarding Fuel Throughput Charge

- 6.a. Having noted that AAI, in its submissions, have treated FTC as an aeronautical charge, (consistent with the Authority's position thereon), the Authority decides to determine the FTC as charge for aeronautical service, namely, supply of fuel to an aircraft at an airport, treating it as aeronautical revenue in the hands of AAI while determining aeronautical tariffs for the current Control Period.
- 6.b. The Authority decides to determine the fuel throughput charges as per rates at Annexure I.

10. Operation and Maintenance (O&M) Expenditure

10.1. AAI had projected the following operation and maintenance expenditure for the first Control Period:

Table 9: Summary of operational and maintenance expenditure actual/projected by AAI (Rs in crores)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Staff Cost	157.06	168.42	180.40	193.31	207.22	222.20
Administrative and General Expenditure	9.73	11.08	12.77	13.60	14.92	16.36
Repairs and Maintenance (R&M)	18.98	21.02	25.94	28.53	31.39	34.53
Utility and Outsourcing Expenditure	18.18	24.00	40.03	44.69	49.97	55.87
Other miscellaneous expenditure	1.02	1.84	2.15	21.48	21.67	20.79
Total	204.96	226.35	261.29	301.61	325.16	349.75

10.2. The Authority had noted in the Consultation Paper Number 17/2012-13 that:

"...the C&AG is the auditor of all the accounts of AAI – including the expenditures incurred. The audit of the accounts by C&AG is comprehensive and the Audit report thereof is placed before the Parliament of India. The Audit Report of the C&AG is not only on the mathematical accuracy of accounts or their incurrence in accordance with the set procedure, but also on the propriety of such expenditure. In this light, the Authority proposes to accept the historical figures as provided by AAI, for the present."

10.3. With respect to future projections of O&M costs, the Authority had proposed to:

- 10.3.1. Accept AAI's projection of staff cost in order to determine tariffs and noted that certain elements of Staff Cost have been adjusted for inflation;
- 10.3.2. Consider the Repairs & Maintenance costs as projected by AAI for the tariff determination exercise for NSCBIA;
- 10.3.3. Consider AAI's submission for Administrative and General Expenditure at NSCBIA for the purpose of tariff determination;
- 10.3.4. Consider the change in per unit rate of cost related to electricity and water charges for the purpose of corrections to tariffs and had ruled out any truing up of quantity of water and electricity used; and
- 10.3.5. Not consider AAI's submission of including interest payments on long term debt as a component of O&M expenses.

10.4. The Authority had thus proposed to consider the operational and maintenance expenditure as provided in the table below for the purpose of determination of aeronautical tariffs for the first Control Period for NSCBIA.

Table 10: Summary of reworked operational and maintenance expenditure (Rs in crores)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Staff Cost	157.06	168.42	180.40	193.31	207.22	222.20
Administrative and General Expenditure	9.73	11.08	12.77	13.60	14.92	16.36
Repairs and Maintenance (R&M)	18.98	21.02	25.94	28.53	31.39	34.53
Utility and Outsourcing Expenditure	18.18	24.00	40.03	42.53	45.28	48.22
Other miscellaneous expenditure	1.02	1.84	2.15	2.32	2.51	2.71
Total	204.97	226.36	261.29	280.29	301.32	324.02

10.5. The Authority had also proposed to review the following factors for the purpose of corrections (adjustments) to tariffs:

- (i) *Mandated costs incurred due to directions issued by regulatory agencies like DGCA;*

- (ii) *Change in per unit rate of costs related to electricity and water charges as determined by the respective regulatory agencies;*
- (iii) *All statutory levies in the nature of fees, levies, taxes and other such charges by Central or State Government or local bodies, local taxes/levies, directly imposed on and paid for by AAI on final product/ service provided by AAI.*

Stakeholder's Comments

10.6. Dragonair has commented that the basis to determine the annual increase in Staff Cost, Repairs and Maintenance, Utility and Outsourcing Expenditure, Administrative and General Expenditure is not mentioned and disclosed in the Consultation Paper Number 17/2012-13 which makes it hard for the airlines to comment on the justification of the proposal.

10.7. FIA has stated that operating expenditure is one of the major components for determining ARR and hence the Authority should evaluate these expenses in detail rather than only relying on projections provided by AAI.

10.8. FIA has further submitted that:

"In respect of the future projections, the Authority is cognizant of the fact that expenditure partly includes inflation e.g. in case of Salary and Wages (Dearness Allowance). It is submitted that considering, WPI of 6% has been separately considered, all the expenditure should be delinked from inflation and accordingly Annual Revenue Requirement ("ARR") needs to be adjusted."

10.9. FIA has also submitted that the Authority should establish some optimal operating benchmarks be laid down for the airports to keep operations efficient e.g. opex per passenger or per landing which can be based on some model efficient airports.

10.10. AAI, in response to the comments from various stakeholders, has submitted that the increase in salary and wages projected by 7% is on account of annual increments in basic salary, increase in perks, including HRA, Provident Fund contribution etc., which are directly related to basic salary.

Authority's Examination

10.11. Authority had provided various details and assumptions submitted by AAI for projecting operation and maintenance expenditure as Annexure III in Consultation Paper Number 17/2012-13.

10.12. From the FIA comment, the Authority understands that since inflation is already provided for in the formulation of “WPI – X” for the purpose of determination of aeronautical tariff, inflationary impact should not be considered in determination of operation expenses, as it leads to a multifold impact of inflation on the tariff determination.

10.13. The Authority has specified the formulation of “WPI – X” in the Airport Guidelines for the purpose of determination of aeronautical tariff and has followed the same for the tariff model in respect of NSCBIA, Kolkata. The formulation considered by the Authority in the Airport Guidelines is based on the present value of projected Aggregate Revenue Requirement being equated with the present value of projected revenues determined using a ‘1+WPI-X’ factor for calculation of yield per passenger i.e. explicitly considering inflation.

10.14. The Authority feels that for the purpose of a meaningful calculation of ARR, all the building blocks should be considered on same basis (either nominal or real). Since the projected yield per passenger takes into account the impact of inflation, the building blocks for the determination of ARR, including the operation and maintenance expenses would need to be considered on a nominal basis (i.e. inflation adjusted) as well.

10.15. The Authority is thus of the view that the use of nominal operating expenses for the purpose of determination of aeronautical tariff is in consonance with the Airport Guidelines.

Decision No7. Regarding Operation and Maintenance expenditure

- 7.a. **The Authority decides to consider the operational and maintenance expenditure – as given in Table 10 above, for the purpose of determination of aeronautical tariffs for the first Control Period.**

Truing Up: 4. Truing up for Operation and Maintenance expenditure

- 4.a. **The Authority decides that the following factors will be reviewed for the purpose of corrections (adjustments) to tariffs:**
- (i) **Mandated costs incurred due to directions issued by regulatory agencies like DGCA.**

- (ii) **Change in per unit rate of costs related to electricity and water charges, as determined by the respective regulatory agencies.**
- (iii) **All statutory levies in the nature of fees, levies, taxes and other such charges by Central or State Government or local bodies, local taxes/levies, directly imposed on and paid for by AAI on final product/ service provided by AAI, will be reviewed by the Authority for the purpose of corrections (adjustments) to tariffs on a Tariff Year basis. Furthermore, any additional payment by way of interest payments, penalty, fines and other such penal levies associated with such statutory levies, which AAI has to pay for either any delay or non-compliance, the same will not be trued up. On the input side if AAI has to pay higher input costs even on account of change in levies/ taxes on any procurement of goods and services, the same will not be trued up.**

11. Treatment of Taxation

11.1. The Authority had, in the Consultation Paper Number 17/2012-13 dated 30.08.2012, proposed to consider corporate income tax @ 32.445%, instead of 37.5% as considered by AAI, for the purpose of the determination of tariffs during the current Control Period.

11.2. The Authority had also proposed to true up the difference between the projected corporate tax for NSCBIA and the actual corporate tax paid by AAI ascribed to NSCBIA, while determining the aeronautical tariffs in the next Control Period commencing w.e.f. 01.04.2016.

Stakeholder's Comments

11.3. FIA has raised concerns regarding Authority's proposal to true-up the corporate tax for actuals while determining the aeronautical tariffs in the next Control Period commencing w.e.f. 01.04.2016. FIA has submitted that the Authority should not leave everything to true up and attempt to make all the projections and assessments as accurately possible on the basis of available data.

Authority's Examination

11.4. The Authority has noted FIA's comment to make all the projections and assessments as accurately possible on the basis of available data. While the Authority would like to accurately

project the corporate income tax paid by AAI ascribed to NSCBIA, the Authority observes that any projection at this stage would still be a projection. The Authority does not intend to burden either the users or AAI for variation in corporate income tax as assessed currently which could be due to a number of factors such as change in corporate income tax rate, variations in projected corporate income tax for NSCBIA and the actual corporate tax paid by AAI ascribed to NSCBIA etc. The Authority had thus proposed to true-up the corporate tax based on actual corporate tax paid by AAI ascribed to NSCBIA.

Decision No8. Regarding Taxation

- 8.a. **The Authority decides to consider corporate income tax @ 32.445%, for the purpose of the determination of aeronautical tariffs during the current Control Period.**

Truing Up: 5. Truing up of Taxation

- 5.a. **The Authority decides to true up the difference between the projected corporate income tax for NSCBIA and the actual corporate tax paid by AAI ascribed to NSCBIA, while determining the aeronautical tariffs in the next Control Period commencing w.e.f. 01.04.2016.**

12. Cost of Equity, Cost of Debt, Leverage and Weighted Average Cost of Capital (WACC)

12.1. In the Consultation Paper Number 17/2012-13, the Authority had proposed a WACC of 15% for the purpose of tariff determination for NSCBIA. It was proposed having regard to the actual debt-equity structure of AAI (or that of NSCBIA), a weighted average cost of debt of 8.03% and considering that in the first Control Period, the Authority is inclined to give some allowance for the uncertainties in estimation of different parameters.

12.2. The Authority is cognizant of the fact that the high WACC value is due to the higher preponderance of equity in the capital structure of AAI. In this context, the Authority had reiterated that in order to moderate aeronautical charges, AAI should make effort towards efficient debt-equity ratio with higher proportion of debt.

Stakeholder's Comments

12.3. A number of stakeholders have commented on the Debt/ Equity structure of AAI. IATA and Dragonair have submitted that the current debt to equity ratio of AAI is very inefficient and it is unacceptable that AAI is allowed to extend this same inefficient financing structure to future capital funding, leaving the users to bear the brunt of this inefficiency. They have submitted that there should be a need to re-adjust a reasonable balance on the proportion of debt vs. equity in the financing structure of AAI and that the airport users should not be penalized or paid for the inefficient financing structure of AAI.

12.4. FIA and Dragonair have also noted that the Authority had indicated in its Order Number 03/2012-13 dated 20.04.2012, in the matter of determination of aeronautical tariffs for IGI Airport, New Delhi, that the proportion of debt of around 60% in the capital structure could be regarded as an efficient means of finance. IATA has also stated that the Authority must use a notional debt equity ratio of 1.5 to protect users against unfair cost pass-through arising from the airport's own inefficiency.

12.5. IATA has further submitted that in a competitive market, which economic regulation is supposed to emulate, AAI would have been driven to attain a more efficient financing structure in a short span of time and hence AAI must be compelled to move quickly towards attaining such an efficient capital structure. It has stated that AERA, as its mandate requires, must protect the users by ensuring that the higher financing cost does not get passed through.

12.6. Dragonair has stated that there are no specifications of the selection criteria of "comparable airports" chosen in the KPMG report and that the median value (0.92) of asset beta for these selected airports to be used as the estimation of the asset beta for AAI airports is questionable. It has further submitted that, given the fact that it was mentioned in the Consultation Paper Number 17/2012-13 the average asset beta can be taken at 0.61 (on the basis of the comparator set used by National Institute of Public Finance and Policy (NIPFP)), without taking into account any risk mitigating factors, it does not understand the reason and rationale behind Authority's proposal to use 0.92 instead.

12.7. Dragonair has also stated that AAI being a government solely owned company should not expect the same return as the private sector and therefore using market return indicator of

BSE Sensex for the benchmark of the expected rate of return is inappropriate and on the higher side.

12.8. Dragonair has further raised objection to the allowance for the uncertainties of FROR and has submitted that it will greatly affect the end result of the annual tariff proposal.

12.9. IATA has said that it is unacceptable that AERA proposes to accept AAI's WACC figure for NSCBIA of 15% in spite of some skewed assumptions made by KPMG in deriving the figure such as:

(i) using a comparator set that is limited to countries like China, Mexico and Malaysia which is at odds with AERA's position that the comparator set should not be restricted to developing/emerging countries;

(ii) deriving an asset beta by using a median value of an inappropriate comparator set;

(iii) taking NSCBIA's gearing ratio to be the same as that for AAI as a whole; and

(iv) Using a grossly inefficient financing structure for future funding requirements.

12.10. IATA has also referred to its computation of the appropriate WACC (9.3%) in its earlier submission to AERA's Consultation Paper Number 17/2012-13 on tariff determination for Chennai International Airport and has submitted that the same computation is equally applicable to NSCBIA.

12.11. FIA is opposed to any allowance being given for the uncertainties in estimation of different parameters, and has stated that the Authority must examine it in detail before allowing such high WACC/FRoR when in other cases, for e.g. IGI Airport (being operated by DIAL), the WACC/FRoR determined is 10.33 % per annum, as a higher WACC/FRoR results in higher ARR and thus higher aeronautical tariffs.

12.12. FIA has further submitted that:

"It is pertinent to note that that for calculating WACC/FRoR, though the Authority has arrived at the figure of 14% but has allowed 15%. Thus, Authority has accepted KPMG's proposal in spite of finding loopholes in Asset Beta as determined by KPMG. It is submitted that for the difference of 1% in WACC/FRoR on this scale would unnecessarily increase the

Aeronautical Tariff. In view of the foregoing, it is submitted that considering assumptions taken by KPMG w.r.t Asset Beta and gearing ratio are not appropriate, Authority should re-compute the WACC after appropriate adjustments.”

12.13. With respect to stakeholder’s comments on asset beta, AAI has stated that:

“Since there is no listed airport operator in India, M/s KPMG had considered Betas of listed airport operators in the emerging markets as a proxy for the systematic risk of AAI. Consultant had taken a filtered approach while identifying comparable airports, like – country of operations - Emerging markets, Business model, Regulatory environment and Liquidity of the stock.

In view of above, the methodology adopted by the KPMG for estimating asset beta for AAI is appropriate”

12.14. AAI has refuted the stakeholders’ contention on Debt-Equity structure for determination of FRoR. AAI has submitted that:

“Normally higher debt proportion in the capital structure is desirable in case where new companies formed for the purpose of undertaking the new projects. This is not the case in case of AAI, which is already in existence and managing the airports and generating the internal resources from the airport operations. As such AAI opted to finance the project mainly from internal resources. Further, in case of higher debt also, there would be outflow on account of servicing the debt. Further, it is also mention that AAI Act also permits creation of Reserve fund for the purpose of up-gradation of existing infrastructure and creation of new facilities Accordingly, the accumulated reserve fund has been utilized by AAI for financing of the project.”

12.15. AAI has further stated that:

“The proportion of debt of around 60% in the capital structure may be appropriate in case of new company formed for the purpose establishment of new Airport projects and not the existing airport operators like AAI. The MYTP proposal of AAI is as per the Guidelines of AERA..”

Authority’s Examination

12.16. The Authority has carefully examined the comments of various stakeholders regarding Fair Rate of Return for NSCBIA, Kolkata.

12.17. The Authority had noted in the Consultation Paper Number 17/2012-13 that on the basis of the comparator set used by National Institute of Public Finance and Policy (NIPFP) which contained airports of the developing regions (emerging markets) and developed regions, average asset beta for NSCBIA can be taken at 0.61 without taking into account any risk mitigating factors.

12.18. The Authority decides on certain risk mitigating measures as under:

12.18.1. Truing up of Traffic: The Authority decides to true up the volumes of traffic;

12.18.2. Truing up of non-aeronautical revenue: The Authority decides to true up the non-aeronautical revenue in this Control Period.

12.19. The Authority expects that these measures would give a downward push to the asset beta of NSCBIA, Kolkata. The Authority would thus regard 0.61 as the upper bound of the asset beta. According to the submissions of AAI, the actual debt-equity ratio of NSCBIA is 11.56% based on an average outstanding debt of Rs.232 crore and average equity of Rs.2,009 crore in the first Control Period.

12.20. The Authority had already discussed in sufficient detail the impact of high gearing on re-levering of asset beta and consequently its impact on WACC. In that context it had decided to re-lever the asset beta at a notional debt-equity ratio of 60:40. If the same ratio is applied in the instant case and the various parameters of CAPM as recommended by NIPFP are considered, the WACC is calculated as 14.03% or say 14%. The Authority has already noted that an asset beta of 0.61 can be considered as the upper bound. The debt contracted by AAI was Rs. 232 crores and the new terminal has now been completed. Considering all these factors the

Authority decides that the WACC of NSCBIA, Kolkata be fixed at 14% for the current Control Period.

12.21. On stakeholders' comments regarding capital structure of AAI, the Authority has recognised that AAI capital structure is not an efficient structure. However, the Authority also notes that historically AAI has been practically a debt-free entity and recognizes that it may not be possible for AAI to change their capital structure in a very short time to achieve a 60:40 debt-equity ratio. The Authority has however noted that of late AAI has contracted larger amounts of debt and appears to be moving along the path towards efficient financing structure. The Authority understands that change in a capital structure has to be a gradual transition process. The Authority also recognizes that AAI being a government entity, raising of debt on account of ownership may also be a longer process.

Decision No9. Regarding WACC (as Fair Rate of Return)

9.a. **The Authority decides to consider WACC at 14% for NSCBIA for the first Control Period.**

Truing Up: 6. Truing up for WACC (as Fair Rate of Return)

6.a. **The Authority expects AAI to take steps to move towards more efficient means of finance (i.e. not financing the project with overwhelming proportion of equity). As and when, this happens the Authority would take into account any change in the value of WACC giving effect to the same in the next Control Period.**

13. Quality of Service

13.1. The Authority had proposed in the Consultation Paper Number 17/2012-13 to use the rebate mechanism as indicated in the Airport Order and Airport Guidelines for AAI. The Authority had also considered providing a one year transition period from the date of tariff determination as reasonable for AAI to appropriately align their processes/ procedures and make any other required interventions.

13.2. The Authority had further proposed that the implementation of the rebate scheme would be applicable from the 4th Tariff year of the Current Control Period i.e., 2014-15 and the

rebate for year 2014-15 would be carried out in 2016-17, which is the first tariff year of the next Control Period.

Stakeholder's Comments

13.3. FIA has submitted that the Authority should not grant AAI a transition period of 1 year as the New Integrated Terminal Building will be completed and commissioned in forthcoming months. It has further submitted that for such transition, Authority should limit the transition period to not more than 2 months as benefit of any rebates arising out of implementation of the scheme of quality of service measurement to the consumers of NSCBIA, Kolkata would not be available for almost a year. It has also submitted that denial of such benefit for one year would not be in the interest of airlines.

13.4. IATA has submitted that it is inequitable for airlines to pay higher charges from the third tariff year and not have the recourse for a rebate in the event of obvious service quality shortfalls. IATA has further submitted that the AAI must be required to put in place its processes/procedures within the next six months (by end of second quarter 2013) instead of a year so that there is sufficient time buffer to ensure that these processes/procedures are indeed installed before the start of the fourth tariff year.

13.5. In response to the comments received from other stakeholders, AAI has stated that a transition period of one year for implementation of quality service measurement and determination of any rebate is reasonable for making appropriate systemic and procedural changes in line with Service quality requirement of AERA guidelines. AAI has further stated that it will put in place systems/procedures at the earliest within the time frame fixed by AERA.

Authority's Examination

13.6. The Authority has noted the submissions of the stakeholders. The Authority notes that this is the first Control Period for NSCBIA, almost two years of which have elapsed and that the expansion project at NSCBIA has been completed only in the last quarter of the second tariff year. The Authority is aware of that fact that the airport operator may face some teething problems at the commencement of operations of the new project and thus considers it reasonable to provide a transition period of 1 year for AAI to appropriately align their processes/ procedures and make any other required interventions.

Decision No10. Regarding Quality of Service

- 10.a. **The Authority decides to use the rebate mechanism for NSCBIA as indicated in the Airport Order and the Airport Guidelines.**
- 10.b. **The implementation of the rebate scheme would be applicable from the 4th Tariff year of the Current Control Period i.e., 2014-15. Rebate for year 2014-15 would be carried out in 2016-17, which is the first tariff year of the next Control Period.**

14. Matters Regarding Error Correction and Annual Compliance Statement

14.1. The Authority proposed in the Consultation Paper to make adjustments/ corrections for factors like roll forward RAB, traffic projections, non-aeronautical revenues after the completion of the current Control Period. The Authority further considered that in the light of true up being carried out at the end of the first Control Period, there may not be any requirement for the Annual Compliance Statement to be submitted as per the timelines indicated in the Airport Guidelines. The Authority thus proposed that NSCBIA should submit the Annual Compliance Statements for the individual tariff years of the first Control Period along with the MYTP for the next Control Period.

14.2. The Authority further proposed that since there will be no Annual Compliance Statement during the first Control Period, the multi-year Annual Tariff Proposal(s) submitted by AAI in respect of NSCBIA could be considered at the MYTP stage itself.

Stakeholder's Comments

14.3. Dragonair has submitted that in other international airports in USA, true up of actual costs and revenues are done at the end of each year and that in order to have a clearer picture of the cost and revenue involved in the project and to be fair to the facilities users, yearly reconciliation of all costs and revenues should be considered.

Authority's Examination

14.4. The Authority has carefully considered the submissions of the Dragonair. As highlighted in the Consultation Paper Number 17/2012-13, a period of close to two years has already elapsed and the tariff being determined is to be recovered in the balance period of about three

years of the current Control Period and thus had proposed to carry out all the corrections/ true-up at the end of Control Period.

Decision No11. Regarding Error Correction and Annual Compliance Statement

11.a. The Authority decides that NSCBIA should submit the Annual Compliance Statements (duly supported by Auditor Certificate) for the individual tariff years of the first Control Period along with the MYTP for the next Control Period.

15. Aggregate Revenue Requirement for NSCBIA (ARR)

15.1. The Aggregate Revenue Requirement proposed by the Authority in Consultation Paper Number 17/2012-13 is presented in the table below:

Table 11: Proposed ARR and Yield per pax for NSCBIA (excluding cargo revenue)

Details (Rs.in Crores)	Tariff Year 1 2011-12	Tariff Year 2 - 2012-13	Tariff Year 3 - 2013-14	Tariff Year 4 - 2014-15	Tariff Year 5 - 2015-16
Average RAB	297.61	1414.44	2392.11	2194.16	2012.11
Return on Average RAB @15%	44.64	212.17	358.82	329.12	301.82
Operating Expenditure	226.35	261.29	280.29	301.32	324.02
Depreciation	61.34	281.77	290.53	296.36	314.24
Corporate tax @32.445%	0.03	7.41	155.36	207.53	266.92
LESS-Revenue from services other than Regulated Services	118.52	144.10	180.25	197.25	215.86
LESS-Revenue from CARGO services	36.45	42.42	49.38	57.47	66.89
ARR(Airport operations, excluding Cargo)	177.39	576.12	855.37	879.61	924.25
No. of Passengers	10303991	11638384	13145837	14848825	16772746
Yield (Rs / pax)	172.16	495.02	650.68	592.38	551.04
Note: Operating expenditure includes cargo expenditure. ARR is for Airport Services					

15.2. The reworked ARR after taking into consideration the change in Fair Rate of Return (from 15% to 14%) and annual rate of increase in charges related to cargo services (from 8% to 5%) made by the Authority has been computed in the table below:

Table 12: Reworked ARR and Yield per pax for NSCBIA for Airport as a whole after factoring the cargo activity

Details (Rs.in Crores)	Tariff Year 1 2011-12	Tariff Year 2 - 2012-13	Tariff Year 3 - 2013-14	Tariff Year 4 - 2014-15	Tariff Year 5 - 2015-16
Average RAB	297.61	1414.44	2392.11	2194.16	2012.11
Return on Average RAB @14%	41.67	198.02	334.90	307.18	281.70
Operating Expenditure for airport operations (excluding cargo)	199.54	232.07	250.87	271.83	294.69
Depreciation	61.34	281.77	290.53	296.36	314.24
Corporate tax @32.445%	0.03	-	167.27	222.00	284.37
LESS - Revenue from services other than Regulated Services	118.52	144.10	180.25	197.25	215.86
LESS - Surplus from CARGO services*	9.64	10.32	17.25	23.35	30.43
ARR (Airport operations, excluding Cargo)	174.42	557.45	846.06	876.78	928.70
No. of Passengers	10303991	11638384	13145837	14848825	16772746
Yield (Rs / pax)	169.27	478.97	643.60	590.47	553.70
* Netting the revenues and operation and maintenance expenditure of cargo services.					

16. Annual Tariff Proposal

16.1. In the Consultation Paper Number 17/2012-13, the indicative rate card, as submitted by AAI for NSCBIA, was put up for stakeholder consultation along with the proposal that the tariff increases pertaining to airlines may be given effect from 1st November, 2012 and UDF w.e.f 1st January, 2013.

16.2. AAI had also submitted as part of ATP that *“Though the MYTP calculation suggest a levy of UDF to Domestic departing pax @ Rs. 697 & @ Rs. 1,996 to Intl. departing passengers, in order to minimize burden on travelling passengers, it is proposed to restrict UDF levy to Rs. 400 and Rs.1,000 for domestic and international passenger respectively effective from 1st January, 2013. It is requested that AERA may please allow AAI to recover shortfall in required ARR in the subsequent control period (2nd Regulatory Control Period)”*.

16.3. Considering AAI’s request for reduced UDF, the Authority had proposed to calculate the shortfall in ARR on account of charging of lesser UDF. The Authority had further proposed that depending on the calculations and stakeholders’ consultation, the Authority will consider if and

to what extent the calculated shortfall will be reckoned as additional revenue requirement during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period).

Stakeholder's Comments

Landing, Parking and Housing Charges

16.4. Dragonair has submitted that the proposed increase of 118% in international landing charges and 83% in parking & housing charges is very high and such an increase in rates will cause a very huge financial impact to the airlines and would force the airline to review the commercial viability of the route and reconsider their operations at NSCBIA.

16.5. Dragonair has further stated that the proposed increase will only serve to further dampen demand, compel airlines to review the commercial viability of the route, or choose other airports as transit stops and consequently affect the economic development of India, lowering regional prosperity to the benefit of competing airports and cities.

16.6. IATA has objected to the notion that airport charges need to go up significantly because it has not been raised for a number of years. IATA has submitted that the annual increases in airport charges is not a given and is not common practice globally. IATA has further stated that the airport charges could in fact go down as a result of economies of scale and the airport increasing its proportion of non-aeronautical revenue and that at many airports around the world, airport charges have remained stable for many years which has facilitated air traffic growth and brought benefits to all stakeholders in the industry.

16.7. IATA has also stated that:

“AAI’s mission should be a primary consideration when determining airport charges. The steep increases proposed in the Consultation Paper would dampen traffic growth at NSCBIA and consequently adversely impact economic growth and prosperity of India. AAI should be concerned as the outcome would run contrary to its mission.”

16.8. FIA has submitted that the airlines have been going through difficult times and have suffered losses significantly in the last two years due to high ATF and recent depreciation of the

rupee. FIA further submits that increase in various components of aeronautical tariffs as proposed by the Authority will erode airlines capabilities to increase fares to sustain its operational capabilities.

16.9. FIA has submitted that the while the Authority has proposed a minimum Landing Fee of Rs. 5000/-per landing, it should also prescribe a maximum bracket.

16.10. AAI has refuted IATA's comment that AAI has not made any significant investment at many airports in India and have submitted that the total investment made by AAI at various airports during 10th plan period (2002-2007) and 12th Plan period (2007-2012) was Rs 3534.62 crores and Rs 11868.40 crores respectively.

16.11. AAI has stated that keeping in view the AAI's mission, AAI has constructed the new integrated terminal building along with up-gradation of other airport infrastructure at Kolkata airport to provide better facilities to the Users and formulated the MYTP as per the AERA guidelines.

16.12. On FIA's submission regarding prescribing a maximum bracket for landing Charges, AAI has stated that the landing charges vary for different categories of aircraft depending on the weight of the aircraft and accordingly, no maximum rate of landing charges can be fixed.

User Development Fee

16.13. FIA has also questioned the permissibility and purpose of levying the UDF Charges under the Airport Authority of India Act, 1994 ("AAI Act") or AERA Act. FIA has stated that the Authority has introduced an absolutely new stream of revenue in favour of AAI, which is not envisaged under the Airport Authority of India Act, 1994 ("AAI Act") or AERA Act. FIA has further stated that:

"It is a settled position of law that any levy or compulsory exaction which is in the nature of tax/cess cannot be levied without a statutory foundation/charging section, as laid down in a catena of judgements by the Hon'ble Supreme Court. It is well settled principle of law that no tax, fee or any compulsory charge can be imposed by any bye-law, rule or regulation unless

the statute under which the subordinate legislation is made specifically authorises the imposition. There is no room for intendment.”

16.14. FIA has also raised concerns that AERA Act nowhere provides for provision of determination or levy of UDF on passengers and that the Authority has not deliberated upon the rationale for levying UDF. FIA has further submitted that Further, there is also no evidence that Authority has undertaken the exercise of determining the amount of UDF as there is no basis for levy Rs. 400 and Rs. 1000 towards UDF on embarking domestic and international passengers respectively.

16.15. FIA has submitted that any increase on fees payable directly by passengers ultimately affects the interests of airlines as the passenger is concerned with the total cost of his travelling and not with the specific break-up of charges. As per FIA’s response, such enhancement in the cost of the air ticket not only works as a deterrent for the prospective traveller but also reduces the ability of the airlines to recover its costs and thus affects the business interests inter alia of airlines and aviation industry.

16.16. AAI has responded to the FIA’s comment regarding permissibility of UDF levy under relevant law by stating that the Rule 89 of the Aircraft Rules, 1937 permit the licensee to levy and collect at a major airport the User Development Fee at such rate as may be determined under clause (b) of sub-section (1) of section 13 of the Airports Economic Regulatory Authority of India Act, 2008.

Differential Charges

16.17. Dragonair, IATA and FIA have raised concerns on the differentiation between domestic and international carriers for aeronautical charges like UDF, LPH etc. IATA has stated that differential in landing charges between international and domestic flights contravenes the ICAO’s policy on non-discrimination and cost based charging and there is no justification for an aircraft using the same landing facilities to be charged differently by virtue of where it came from. IATA has also submitted that *“Contrary to what some may suggest, this is not common practice around the world.”*

16.18. IATA has further submitted that the differential between international and domestic UDF (at 2.5 times) does not justify the difference in usage of airport facilities between these

two groups of passengers. the facilities offered are similar in nature, there is no justification for any differentiation in UDF for domestic and international passengers and thus the UDF must be the same for both domestic and international passengers.

16.19. IATA has highlighted to the Authority that the Competition Commission of India has issued an advisory to the Ministry of Civil Aviation mentioning the discriminatory development fees between international and domestic passengers that are charged at Delhi Airport.

16.20. Responding to the comments on differential rates between domestic and international passengers/ flights, AAI has submitted that the differential landing charges for domestic and international carriers have been worked out considering market conditions and different facilities being extended to domestic and international passengers. AAI has further submitted that charging different rates for domestic and international carriers is a practice prevalent at many foreign airports.

Other comments on ATP

16.21. Dragonair has commented on the effective date of the new tariffs and have stated that revised tariffs should only be effective from the date when the new facilities and terminals are available to be used by the airport users. FIA has also submitted that there is no clarity on the date from which the Multi Year Tariff Order pursuant to the present consultation will come into effect from.

16.22. FIA has raised questions regarding the proposed increase in tariffs being fair and justifiable on financial/economic basis in a prudent, regulated, price cap mechanism as envisaged under the Act read with the AERA Guidelines of the Authority.

16.23. AAI has responded to the stakeholders' comments regarding increase in tariffs at NSCBIA by stating that the increase tariffs at NSCBIA have been proposed considering the substantial capital investments made at NSCBIA for providing better facilities to passengers and airlines.

Authority's Examination

16.24. The Authority has determined the ARR for NSCBIA based on the provisions of the Airport Guidelines, taking into consideration the investments made at the airport, the projected

operation and maintenance costs, depreciation, tax, revenues from services other than aeronautical services, revenues from services subject to separate control and the projected passenger traffic. The Authority believes that the investment made at the airport will enable AAI to provide better facilities to the end users and will improve the competitiveness of the airport.

16.25. FIA has commented on the inability of airlines to increase fares due to increase in aeronautical tariffs. The Authority notes that revision in fares is a business decision of the airlines which might be impacted by many factors apart from the Airport Charges. The airport charges are required to be determined in accordance with the provisions of the AERA Act and the Authority has undertaken the exercise accordingly.

16.26. The Authority does not agree with FIA's comment on the permissibility of levy of UDF Charges. As responded by AAI, Rule 89 of the Aircraft Rules, 1937 permits the licensee to levy and collect at a major airport, User Development Fee at such rate as may be determined under clause (b) of sub-section (1) of Section 13 of the Airports Economic Regulatory Authority of India Act, 2008.

16.27. The Authority has noted the submission of various stakeholders on the discrimination between domestic and international users for various charges. In this regard, the Authority has noted that IATA had, in the stakeholder consultation (on 29.10.2012) for determination of aeronautical tariffs in respect to CSI Airport, Mumbai, as well as its comments on the issue of level of Development Fee for CSI Airport, Mumbai, accepted the position of having a differential between charges for domestic passengers and international passengers. IATA had felt that a ratio of 2:1 would be acceptable.

16.28. The Authority is also informed that there are differential in airport charges for different categories of users (domestic, international, regional etc.) in many parts of the world and IATA's submission that this is not a common practice around the world does not appear to be in consonance with the actual practice at various airports across the world.

16.29. With respect to FIA's submissions questioning the basis for levy of UDF, the Authority has noted the AAI's submission that the proposed tariff structure is to recover the computed ARR during the Control Period and in case UDF is not levied as proposed, the other components

of aeronautical charges including Landing and Parking as well as Fuel Throughput Charge will have to be increased. The Authority also notes that once the quantum of ARR is determined, its recovery depends on how it is proposed to be recovered from different components of revenue accruing to the airport operator, the passenger charge of UDF being one of them.

16.30. The Authority has estimated the shortfall in ARR on account of charging of lesser UDF by AAI. Depending on the calculations and stakeholders' consultation, the Authority will consider, if and to what extent, the calculated shortfall will be reckoned as additional revenue requirement during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period).

16.31. The Authority therefore feels that on balance the rate cards at Annexure I takes into account reasonable interests of all the stakeholders and therefore decides to determine the aeronautical charges accordingly.

16.32. The Authority has also estimated the shortfall on account of reduced UDF being proposed by AAI and accordingly determined by the Authority. This shortfall would need to be factored at the time of tariff determination with respect to NSCBIA, Kolkata for the next Control Period. The Authority notes that the tax on corporate income is one of the building blocks for determination of ARR. The Authority has also noted its position that the tax would be given on actual basis and hence would be trued up at the end of Control Period.

16.33. The Authority further notes that a reduced UDF would result in less revenue for AAI for NSCBIA, Kolkata as against the ARR calculated in Table 12. This will have a downward impact on the tax which AAI would need to pay with respect to NSCBIA, Kolkata.

16.34. Based on, inter alia, WACC at 14% and increase in cargo charges at 5% per annum, and all other factors remaining constant, the value of the shortfall at the end of the current Control Period with carrying cost is estimated at around Rs. 800 crores (this shortfall is calculated after netting out the tax component in the ARR). At the time of the next Control Period, the Authority would be in a position to take into account the actual figures of ARR as well as the tax component to arrive at the shortfall that would be reckoned for the next Control Period. Depending on these calculations and stakeholder consultations, the Authority will consider, if and to what extent, the calculated shortfall will be reckoned as additional revenue requirement

during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period), along with any associated outflow for tax on account of the calculated shortfall.

16.35. The Authority has also noted that the Passenger Service Fee (PSF) being collected at NSCBIA is comprised of two components [PSF Security component (SC) – Rs.130 and Facilitation Component (FC) - Rs.77]. While proposing the levy of UDF for passengers at NSCBIA, AAI have included the facilitation component of the Passenger Service Fee i.e., Rs.77 in the proposed UDF levy. AAI, presently, have not proposed any increase in the PSF Security component at NSCBIA and the same shall remain at Rs.130 per passenger. The Authority has decided to approve AAI's submission for continuing the PSF Security component (SC) – Rs.130.

Decision No12. Regarding Annual Tariff Proposal

- 12.a. The Authority decides to consider the multi-year ATP(s) submitted by AAI in respect of NSCBIA, Kolkata at the MYTP stage itself.**
- 12.b. The Authority determines the tariffs for the Tariff Years 2012-13 to 2015-16 for aeronautical services in respect of NSCBIA as per Annexure I. The tariffs for FY2012-13 would be effective from 16.02.2013. The tariffs for the Tariff Years 2013-14, 2014-15 and 2015-16 will be effective from 1st April of the respective Tariff Years.**
- 12.c. The Authority decides to merge the passenger facilitation component (Rs. 77 per departing passenger) of the Passenger Service Fee (PSF), in the UDF. Thus, the PSF would be limited only to the security component.**
- 12.d. The rates approved are the maximum rates allowed to be charged, exclusive of taxes if any.**

Truing Up: 7. Truing up of Annual Tariff Proposal

- 7.a. The Authority notes that after the issue of this Order, DGCA issues Aeronautical Information Circular (AIC) acting upon which the airlines will incorporate the UDF in the tickets for passengers travelling on or after 16.02.2013.**
- 7.b. The Authority decides to true-up the short-fall in UDF on account of passengers travelling on or after 16.02.2013 but who have not been charged UDF in their tickets.**

- 7.c. **The Authority decides to calculate shortfall (presently estimated at around Rs. Rs. 800 crores approximately) in ARR on account of charging of lesser UDF by AAI. Depending on the calculations and stakeholders' consultation, the Authority will consider, if and to what extent, the calculated shortfall will be reckoned as additional revenue requirement during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period).**

17. Miscellaneous

17.1. Appointment of Independent Consultant

17.1.1. IATA and FIA have commented upon the appointment of consultant by AAI for assisting the Authority for tariff determination at NSCBIA. They have submitted that such an approach throws into doubt the true independence of the tariff determination process and the independence of opinions expressed by the consultants.

Authority's Examination

17.1.2. The scope of work of the consultants has been determined by the Authority and not by AAI. This scope included assisting the Authority in its work of tariff determination. The consultants have worked under the direct control and supervision of the Authority. In this process the consultants reviewed the relevant documents including those submitted by AAI. Hence, the concerns regarding either any conflict of interest or independence of the consultants vitiating the process of tariff determination is misplaced.

17.2. Consultation Process

17.2.1. Dragonair has commented that the time and details allowed for parties who are interested in the subject to provide inputs to the Consultation Paper Number 17/2012-13 is inadequate. Dragonair has further stated that a period of at least three months is given in other countries where similar consultation process is conducted.

17.2.2. Dragonair has also requested the Government of India to make visible the financial performance of NSCBIA, Kolkata preferably in the form of a business plan of NSCBIA for a reasonably lengthy period in the life span of the project.

17.2.3. AAI has appreciated the concern of the stakeholder and has submitted that one & half year of current Control Period has already elapsed, any further delay in finalization of tariff determination will ultimately impact the tariff rates. Responding to Dragonair's comment on adequacy of information, AAI has submitted that the requisite details of project cost, Revenue, Expenses & Traffic growth etc. considered by AAI for formulation of MYT proposal for NSCBIA is available in the Consultation Paper Number 17/2012-13.

Authority's Examination

17.2.4. The Authority notes the comments by Dragon Air regarding inadequacy of time provided for giving their responses. The time provided for consultation, in the opinion of the Authority is adequate to enable the stakeholders to make effective submissions in this behalf.

17.2.5. Regarding Dragon Air's request for documents regarding financial performance of NSCBIA, Kolkata preferably in the form of a business plan of NSCBIA for a reasonably lengthy period in the life span of the project, the Authority notes that such document was provided in Annexure I in the Consultation Paper Number 17/2012-13.

17.3. Approach to Tariff Determination

17.3.1. FIA has commented that the Authority's proposal for tariff determination is retrospective, which is impermissible. FIA has further quoted the Hon'ble Supreme Court's judgment in Binani Zinc Ltd. Vs. Kerala State Electricity Board & Others reported as (2009) 11 sec 2442, wherein the Hon'ble Supreme Court has held that it is only after the Regulatory commission is constituted that it will be the sole authority to determine the tariff.

17.3.2. FIA has also commented that any 'determination' by a statutory authority must clearly show the application of mind and analysis carried out by the authority and in the present

determination the Authority has proposed increase in various charges (for instance FTC, Landing Charges, Parking Charges, etc.) without any justification or analysis for the same.

17.3.3. FIA has further submitted that Section 13(1)(4)(c) of the AERA Act mandates that any decision by the Authority must be fully documented and explained. In this regard, FIA has made reference to a judgment of the Hon'ble Supreme Court in the case of **Ashok Leyland Ltd. Vs. State of Tamil Nadu and Anr.** reported as **(2004) 3 SCC 1 (FB)(at Para 94)** and has submitted that

"...Hon'ble Supreme Court held that the word 'Determination' must also be given its full effect to, which pre-supposes application of mind and expression of the conclusion. It connotes the official determination not a mere opinion or finding. The Hon'ble TDSAT has also held that determination requires application of mind in the Judgment dated 16.12.2010 in Appeal No 3(C) of 2010 titled as ZEE Turner Ltd. Vs. TRAI & Ors. (At Para 150)."

17.3.4. FIA has further submitted that order passed by an administrative authority, affecting the rights of parties, must be a speaking order supported with reasons and has invited Authority's attention to a judgment of the Hon'ble Supreme Court in the case of Kranti Associates Private Limited & Another Vs. Masood Ahmed Khan & Others reported as (2010) 9 SCC 4966. FIA has presented the following findings of the said judgment:

"51. Summarizing the above discussion, this Court holds:

a. In India the judicial trend has always been to record reasons, even in administrative decisions, if such decisions affect anyone prejudicially.

b. A quasi-judicial authority must record reasons in support of its conclusions.

c. Insistence on recording of reasons is meant to serve the wider principle of justice that justice must not only be done it must also appear to be done as well.

d. Recording of reasons also operates as a valid restraint on any possible arbitrary exercise of judicial and quasi-judicial or even administrative power.

e. Reasons reassure that discretion has been exercised by the decision maker on relevant grounds and by disregarding extraneous considerations.

f. Reasons have virtually become as indispensable a component of a decision making process as observing principles of natural justice by judicial, quasi-judicial and even by administrative bodies.

g. Reasons facilitate the process of judicial review by superior Courts.

h. The ongoing judicial trend in all countries committed to rule of law and constitutional governance is in favour of reasoned decisions based on relevant facts. This is virtually the life blood of judicial decision making justifying the principle that reason is the soul of justice.

i. Judicial or even quasi-judicial opinions these days can be as different as the judges and authorities who deliver them. All these decisions serve one common purpose which is to demonstrate by reason that the relevant factors have been objectively considered. This is important for sustaining the litigants' faith in the justice delivery system.

j. Insistence on reason is a requirement for both judicial accountability and transparency.

k. If a Judge or a quasi-judicial authority is not candid enough about his/her decision making process then it is impossible to know whether the person deciding is faithful to the doctrine of precedent or to principles of incrementalism.

l. Reasons in support of decisions must be cogent, clear and succinct. A pretence of reasons or 'rubber-stamp reasons' is not to be equated with a valid decision making process.

m. It cannot be doubted that transparency is the sine qua non of restraint on abuse of judicial powers. Transparency in decision making not only makes the judges and decision makers less prone to errors but also makes them subject to broader scrutiny. (See David Shapiro in Defence of Judicial Candor (1987) 100 Harvard Law Review 731-737).

n. Since the requirement to record reasons emanates from the broad doctrine of fairness in decision making, the said requirement is now virtually a component of human rights and was considered part of Strasbourg Jurisprudence. See (1994) 19

EHRR 553, at 562 para 29 and Anya v. University of Oxford 2001 EWCA Civ 405, wherein the Court referred to Article 6 of European Convention of Human Rights which requires, "adequate and intelligent reasons must be given for judicial decisions".

o. In all common law jurisdictions judgments play a vital role in setting up precedents for the future. Therefore, for development of law, requirement of giving reasons for the decision is of the essence and is virtually a part of "Due Process"."

17.3.5. Referring to the judgments presented in para 17.3.3 and 17.3.4 above, FIA has submitted that the Authority ought to undertake the exercise of 'Determination' by application of mind and pass reasoned order on any issue and the increase in aeronautical tariff.

Authority's Examination

17.3.6. The Authority does not agree with FIA's comments that the tariff determination is retrospective. The Authority has specified in the Airport Guidelines itself that the first Control Period shall start from 1.04.2011. The Supreme Court judgment quoted by FIA also states that the tariff can be determined after the regulatory commission is constituted. The Authority would like to point out that not only was Authority already constituted before 01.04.2011 but even the Guidelines for tariff determination were issued prior to that.

17.3.7. Additionally, the ARR calculation has been worked out considering the Control Period of 5 years period commencing from FY 2011-12 and the tariff revision is proposed to be implemented only prospectively.

17.3.8. The Authority notes the FIA's submission that the Authority has not applied its mind while proposing the increase in tariffs at NSCBIA, Kolkata. The Authority has given its full consideration to each element of the building blocks before arriving at its estimates of the ARR. It needs to be noted by FIA that as per Authority's Airport Guidelines, the increase in various tariffs are based on the determination of Yield per Passenger which is further determined on the basis of projection for various regulatory building blocks, the explanation for which had been clearly articulated and presented in the Consultation Paper Number

17/2012-13 and the reasoning have been given in this order after taking into account the comments of the stakeholders.

17.4. Doctrine of Infrastructural Essential Facilities

17.4.1. FIA has submitted that under the competition law, an enterprise is under an obligation to extend its essential infrastructural facility at a reasonable cost and has stated that AAI's control over NSCBIA, Kolkata renders it a monopolist having control over 'essential infrastructural facility' of the airport in the city of Kolkata and the eastern region of the country.

17.4.2. FIA has given following reference to a judgement of the Supreme Court of United States of America in **United States vs. Terminal Railroad Assn**, reported as **224 U.S. 383 (1912)**.

“Under the principles of access to essential facility, the following four factors must be proven:-

(a) Control of the essential facility by a monopolist;

(b) A competitor's inability practically or reasonably to duplicate the essential facility;

(c) The denial of the use of the essential facility to a competitor; and

(d) The feasibility of providing the essential facility to competitors.”

17.4.3. FIA has further placed reliance on the case of **Apartment Source of Philadelphia vs. Philadelphia Newspapers**, reported as **1999 WL 191649** to submit that to seek access to essential facility, the asset in question also must not be available from other sources or capable of duplication by the firm seeking access.

17.4.4. Based on the judicial precedents presented in para 17.4.2 and 17.4.3 above, FIA has submitted that AAI assumes the position of a monopolist since it exercises control over NSCBIA, Kolkata and thus, per this doctrine, should not be allowed to charge an exorbitant price for accessing his facility. It has further submitted that such enormous hike in tariff by a monopolist AAI may be viewed as 'abuse of its dominance' and accordingly liable under Section 4 of the Competition Act, 2002 ("Competition Act") which promulgates the "economic development of the country" amongst other things, protect the interests of the consumers.

17.4.5. In view of the foregoing, FIA has submitted that the Authority is mandated to prevent any opportunity which lead to the abuse of monopolistic power by the airports and that stand in the way of effective economic regulation.

Authority's Examination

17.4.6. The economic regulation of airport the world over (including in USA) is based on the extant laws of the country. In India the economic regulation of major airports is done in accordance with the provision of the AERA Act. The Authority has accordingly proceeded with such determination. In the opinion of the Authority, an airport is a facility to provide aeronautical services to the users as well as stakeholders. Airport users are defined in the act to mean any person availing of passenger or cargo facility at an airport. A stakeholder is defined to include "a licensee of an airport, airlines operating thereat, a person who provides aeronautical services or any association of individuals, which in the opinion of the Authority represents the passenger or cargo facility users."

17.4.7. In accordance with this mandate of the AERA Act, the Authority, after due consultations has published a list of the stakeholders including association of individuals representing the passengers as well as cargo facility users. FIA is of the view that such enormous hike in tariff by a monopolist AAI may be viewed as 'abuse of its dominance'. As has been explained in this order, the hike in aeronautical charges as determined by the Authority is based on sound economic principles and due application of mind. The revision in tariffs has been determined by the Authority within the framework of the Act and its own guidelines.

17.4.8. Authority had followed a comprehensive and transparent process wherein the Authority determined its regulatory philosophy and approach in economic regulation of Airport Operators which was finalized as per the Airport Order. Further, the Authority also finalized the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators), Guidelines 2011 as per Direction Number 5/2010-11 dated 28.02.2011.

17.4.9. The tariff increase proposed for aeronautical services at NSCBIA is worked out on the basis of Aggregate Revenue Requirement (ARR) computed for the Control Period following the Airport Guidelines. The Authority therefore does not feel that the judgments referred to

by FIA are applicable to the case of tariff determination of NSCBIA, Kolkata by the Authority. The Authority would also note that the issues regarding competitions etc. fall within the domain of Competition Commission, as has been indicated by FIA.

17.5. Benchmarking of costs

17.5.1. FIA has submitted that since the determination of aeronautical tariff of various major airports is evolving, it would be relevant if a standard benchmarking with respect to optimal capex per square meter and opex per passenger/landing is established by the Authority which would be useful for all the Stakeholders while examining the various tariff proposals.

17.5.2. FIA has further submitted that:

“There is a need for guidance to the industry by the Regulator so that norms for operation are determined for the industry base on the technology, industry performance and in order to ensure optimum utilisation of assets with efficient and economic operation. Normative level can be determined by the Regulator on the basis of Benchmarking.....

.....The purpose behind using a benchmarking approach is that to the extent that a utility is more efficient than the industry or is able to achieve higher rates of productivity changes, it will retain these benefits forever. Thus, the advantage of using a benchmark is that it creates an incentive for an enterprise to be more efficient.”

Authority’s Examination

17.5.3. The Authority notes FIA’s comment in terms of benchmarking capex and opex costs. In terms of providing benefits to a utility which is more efficient than the industry as a whole, the Authority is of the view that such an objective is inherent in a price cap regulatory approach such that an airport operator is encouraged to reduce costs related to capital expenditure and operation and maintenance expenditure and retain benefits during the Control Period.

17.6. Material issues for tariff determination

17.6.1. FIA has also submitted that the present consultation paper raises inter alia the following important and critical questions for consideration of the Authority:

- a. Whether the claim of AAI for increase in Aeronautical Tariff is justifiable on financial economic basis?
- b. Under what circumstances, when and to what extent can such diversion in project cost be permitted to be revised without complying with the requirements of prudence?
- c. Is levy of UDF permissible under the relevant law? If so, for what purposes can levy of UDF be termed justifiable?
- d. Is Authority's reliance only on AAI's data for determining following is justifiable:-
 - i. Operating Expenditure is one of the major components for determining ARR?
 - ii. Non-aeronautical revenue i.e. revenue generated from services other than aeronautical services?
- e. Can the proposed Aeronautical tariff be considered as a fair, just or reasonable claim of AAI in a prudent, regulated, price cap mechanism as envisaged under the Act read with the AERA Guidelines of the Authority?

Authority's Examination

17.6.2. The Authority notes that the questions raised by FIA are relevant and appropriate for the present determination.

17.6.3. FIA has queried that *"Whether the claim of AAI for increase in Aeronautical Tariff is justifiable on financial economic basis?"* The Authority has analysed the submissions of AAI with respect to the various building blocks in the tariff determination process including Fair Rate of Return. After its analysis, it had tentatively arrived at certain conclusions which we have presented in the Consultation Paper Number 17/2012-13. Based on responses received, the Authority has finalized its determination of aeronautical charges that in its opinion are based on financial and economic consideration.

17.6.4. FIA has also queried that *"Under what circumstances, when and to what extent can such diversion in project cost be permitted to be revised without complying with the requirements of prudence?"*. It appears that FIA query refers not to diversions in project costs but in the increase (escalation) thereof. As has been deliberated, both the components of the project

costs namely Rs. 2325 crores and Rs. 613 crores have been duly approved the competent authorities. The Authority has found no grounds to doubt any of these costs. It has also noted that the accounts of AAI are audited by C&AG. AAI also follows detailed codes and procedures for estimating the project cost, award of tenders etc. The Authority therefore believes that AAI has exercised adequate prudence in making estimates as well as award of work in respect of NSCBIA, Kolkata.

17.6.5. FIA has queried that *“Is levy of UDF permissible under the relevant law? If so, for what purposes can levy of UDF be termed justifiable?”*. In this regard, the Authority observes that determination of development fees is one of the functions of the Authority under Section 13 (1) (b) of the AERA Act. Further, as per Rule 89 of the Aircraft Rules, 1937:

“The licensee may, -

(i) levy and collect at a major airport the User Development Fee at such rate as may be determined under clause (b) of sub-section (1) of section 13 of the Airports Economic Regulatory Authority of India Act, 2008;

(ii) levy and collect at any other airport the User Development Fees at such rate as the Central Government may specify.”

17.6.6. Hence, levy of UDF is in consonance with the provisions of Section 13 (1)(b) of the AERA Act read with Rule 89 of the Aircraft Rules. Hence, the levy of UDF is permissible under relevant law and the Authority has been mandated to determine the same. As far as its justification is concerned, as mentioned above, it is levied so as to permit the airport operator (AAI in this case) to achieve/recover the computed ARR. In case UDF is not levied, the other aeronautical charges notably landing, parking, housing etc. would need to be increased. Hence, the levy of UDF is based on sound economic and financial considerations.

17.6.7. FIA has further queried that *“Is Authority’s reliance only on AAI’s data for determining following is justifiable:*

- i. Operating Expenditure is one of the major components for determining ARR?*
- ii. Non-aeronautical revenue i.e. revenue generated from services other than aeronautical services”*

The Authority has noted the APTEL judgment quoted by FIA itself wherein it was held that the regulatory authority should not deviate from the projections made by the regulated entity without any cogent reasons. It is also mentioned in the said judgment that the expenditures of the regulated entity should not be underestimated. FIA appears to expect the Authority to depress the element of operating expenditure and increase the non-aeronautical revenue. The Authority has not found any cogent reason to depress the operating expenditure. As regards the non-aeronautical expenditure, it decides to true-up the same on account of detailed reasoning given elsewhere.

17.6.8. FIA has also queried that, *“Can the proposed Aeronautical tariff be considered as a fair, just or reasonable claim of AAI in a prudent, regulated, price cap mechanism as envisaged under the Act read with the AERA Guidelines of the Authority? ”*. The Authority has already indicated that its determination of aeronautical tariffs is based on sound economic and financial principles including Fair rate of Return to the airport operator and at the same time keeping in view the reasonable interests of passengers and cargo facility users.

17.7. True-up Exercise

17.7.1. With respect to true-up exercise, FIA has stated that *“In the present CP No. 17/2012-13, the tariff plan is subject to truing up in next control period with respect to following variables:*

(a) Project Cost

(b) RAB, Roll Forward RAB and depreciation

(c) Traffic Forecast

(d) Non Aero Revenue

(e) Operation and Maintenance expenditure

(f) Taxation

(g) Shortfall in collection of UDF

17. “It is submitted that in the present case not only Authority has not applied its mind but indiscriminately left aforementioned components for future in the garb of truing up exercise during next control period.”

17.7.2. FIA has also submitted an extract of a judgement of APTEL in the case of BSES Rajdhani Power Limited vs. Delhi Electricity Regulatory Commission reported as 2009 ELR (APTEL)

880. FIA has further submitted that the judgment has been followed by APTEL in various other cases like **NDPL vs. Electricity Regulatory Commission** reported as **2010 ELR (APTEL)**

891. Relevant para of the judgement is as following:

“116. Before parting with the Judgment we have to remind the Commission of the observations in our Judgment in Appeal No. 265 of 2006, 266 of 2006 and 267 of 2006 in the case of North Delhi Power Ltd. v. Delhi Electricity Regulatory Commission in which we said the following:

Before parting with the Judgment we are constrained to remark that the Commission has not properly understood the concept of truing up. While considering the Tariff Petition of the utility the Commission has to reasonably anticipate the Revenue required by a particular utility and such assessment should be based on practical considerations. ...The truing up exercise is meant (sic) to fill the gap between the actual expenses at the end of the year and anticipated expenses in the beginning of the year. When the utility gives its own statement of anticipated expenditure, the Commission has to accept the same except where the Commission has reasons to differ with the statement of the utility and records reasons thereof or where the Commission is able to suggest some method of reducing the anticipated expenditure. This process of restricting the claim of the utility by not allowing the reasonably anticipated expenditure and offering to do the needful in the truing up exercise is not prudence.

117. All projections and assessments have to be made as accurately as possible. Truing up is an exercise that is necessarily to be done as no projection can be so accurate as to equal the real situation. Simply because the truing up exercise will be made on some day in future the Commission cannot take a casual approach in making its projections. We do appreciate that the Commission intends to keep the burden on the consumer as low as possible. At the same time one has to remember that the burden of the consumer is not ultimately reduced by under estimating the cost today and truing it up in future as such method also burdens the consumer with carrying cost.”

17.7.3. FIA has further stated that *“In view of the foregoing, it is submitted that Authority should not leave everything to true up and attempt to make all the projections and assessments as accurately possible on the basis of available data.”*

Authority’s Examination

17.7.4. The Authority has noted the concern of FIA that true-up exercise should be conducted sparingly by the Authority. FIA has given six items where, in its opinion, the Authority has not applied its mind in deciding the true-up. It appears that FIA has not appreciated the import of the true up exercise indicated by the Authority.

17.7.5. The Airport Guidelines enumerate the components for which the Authority shall provide corrections. These include components related to determination of RAB, Traffic Forecast, Mandated and Statutory Operation and Maintenance Costs as well as change in rate of corporate tax on income. The Authority also notes that the FIA had not given any comment on the error-correction or true-up during the consultation of Airport Guidelines.

17.7.6. The only additional elements for which the Authority had proposed to true-up in the Consultation Paper 17/ 2012-13 includes Revenues from services other than Regulated Services, the quantum of corporate tax on income and shortfall in collection of UDF. The reasons of the Authority for allowing these additional true-up have been explained elsewhere as well as below. The Authority had also given its reasoning for carrying out the true-up exercise at the end of current Control Period in the Consultation Paper Number 17/2012-13.

17.7.7. The comments of the Authority on the various points are indicated below:

Project Cost

17.7.8. The Authority has already indicated that some elements of project cost are yet to be capitalized. As and when they are capitalized, they would need to enter into the RAB. This is to reflect the true and fair picture of the capitalized airport infrastructure in regulatory order. The meaning of true up is that these project costs would be considered as capitalized in the respective years and would be factored while calculating ARR.

RAB Roll Forward/RAB and Depreciation

17.7.9. The roll forward of RAB is for the next Control Period. Whatever expenditure that has been capitalized, as indicated during current Control Period in the submissions of airport operator, would be taken into account while determining the RAB at the beginning of the next Control Period. This is a standard regulatory practice, as otherwise RAB at the beginning of the next Control Period would not reflect true and fair picture of the investments that have gone into the project. As regards the depreciation, the true up is on account of the submissions of IATA with respect of actual date of capitalization of the asset in question. The Authority had in the Consultation Paper Number 17/2012-13 indicated that assets capitalized in a particular year would be deemed to have been capitalized at the middle of that particular year, namely, 30th September, and depreciation calculated accordingly. IATA had felt that this could not reflect the correct amount of depreciation because if some assets are capitalized in the second half of Control Period, they would still get benefit of depreciation for a period longer than what should be held admissible in such assets that are capitalized beyond September 30th of that year. To take care of this concern and to balance the interests of the passengers as well of those of the airport operator, the Authority decides to calculate depreciation on the capitalized assets on the date of its capitalization.

Traffic Forecast

17.7.10. The Authority had made reasonable efforts to estimate future traffic forecasts based on past trends. Authority was also cognizant of the fact that ups and downs in the traffic can be significant in the Aviation sector as has been witnessed for the past couple of years. IATA has also been saying that Aviation business is cyclical.

17.7.11. Any forecast by its very nature is only an estimation of as to what is likely to happen in future. If the actual passenger traffic goes much beyond the forecast, this would mean that the airport operator has got much higher returns than was envisaged. Looking at it from a different perspective, the passengers have been required to pay UDF that is higher than what they would have been if the higher outturn of the traffic volume was known in advance. Conversely, if the actual traffic falls much below the forecast, this would mean that airport has lost out on some of the revenue that it should get to enable it to earn a fair

rate of return. Since the probability of the actual traffic going up or down, as compared to the forecast, may or may not be symmetrical, the Authority felt that to true up the actual traffic is the best and impartial method of balancing the interests both of the passengers as well as those of the airport operator.

Non-Aeronautical Revenue

17.7.12. The forecast of non-aeronautical revenue, howsoever made, is also subject to fluctuations on account of many factors including the traffic, the state of GDP, peoples outlook about the future, increase or otherwise of the passengers' spent at the non-aeronautical activities at the airport, composition of domestic and international passengers, composition of international passengers with respect to the nationalities of such passengers, etc. Since all these factors cannot be factored into the forecast, the actual non-aeronautical revenue obtained in future would differ from the forecasted estimate. The forecast is further made more difficult by the fact that the new terminal at Kolkata airport has been commissioned and the work of award of tenders for non-aeronautical activities is underway. Here again, if the actual non-aeronautical revenue concern are put higher than the forecasted figure, it would give undue benefit to the airport operator at the expense of the passengers. The reverse would happen if the actual non-aero revenue were to fall short of the forecasted figure. This is similar to what is already explained in case of traffic forecast. Hence, after considering all these factors, the Authority decided to finally true up the non-aeronautical revenue to balance the interests of both the passengers and the airport operator.

Operations and Maintenance Expenditure

17.7.13. The Authority has not decided to true up the Operations and Maintenance expenditure except for any Mandated and Statutory Operation and Maintenance Costs.

Taxation

17.7.14. Based on its estimate of the traffic and consequently the revenue in the hands of the airport operator, the amount of taxes actually paid by the airport operator would be determined. This would invariably differ from the forecast of the taxes. The tax is a component of the building block in the determination of aeronautical tariffs and is a

payment to the Government. The Authority believes that any short fall or excess in such payment should not be reason for any benefit or otherwise to the airport operator which would arise at the expense of the passengers. That is why, the Authority decides to true up the taxation based on actual.

17.7.15. The Authority's approach is in accordance with the observations quoted by FIA in the judgement of APTEL in the case of BSES Rajdhani Power Limited Vs Delhi Electricity Regulatory Commission reported as 2009 ELR/APTEL (AT) wherein the Appellate Authority has stated that all projections and assessments have to be made as accurately as possible. Truing up is an exercise that is necessarily be done as no projection can be so accurate as to equal the real situation. The Appellate Tribunal has also observed that *"when the utility gives its own statement of anticipated expenditure, the Commission has to accept the same except where the Commission has reasons to differ with the statement of the utility and records reasons thereof or where the Commission is able to suggest some method of reducing the anticipated expenditure."* Herein the Appellate Authority has stated that in normal course the statement of the utility with regard to anticipated expenditures need to be accepted by the regulatory commission. The Appellate Authority further goes on to observe *"this process of restricting the claim of the utility by not allowing the reasonably anticipated expenditure and offering to do the needful in the truing up exercise is not prudence."* It would appear that in fact the Appellate Authority was not in favour of unnecessarily and without reason trying to reduce the expenditure as projected by the regulated entity in order to reduce the burden on the passengers. In AERA's case, its approach is entirely in consonance with the regulatory observations of APTEL as to the true meaning and import of truing up exercise. The Authority had no separate reason to disbelieve the projections made by the regulated entity, namely, Airports Authority of India.

17.7.16. It would be clear that on all these points the Authority has considered truing up based on valid and germane reasons and considerations.

17.7.17. The Authority is, therefore, unable to accept FIA's contention that the Authority has not given due consideration for projecting various factors for the purpose of tariff determination. As mentioned supra, the Authority has carefully considered the projections

and assessment of various components as reasonably as possible. The Authority's projections are based on a rational process and are hence in consonance with the ratio of the judgment referred to by FIA. Also, as mentioned in the referred judgment, truing up is an exercise that is necessarily to be done as no projection can be so accurate as to equal the real situation.

18. Summary of Decisions and Correction/ Truing up

Decision No1. Regarding Cargo facility Service at NSCBIA..... 13

1.a. The Authority decides to determine the tariffs for cargo facility services provided by AAI at NSCBIA under “light touch approach” (as envisaged in CGF Guidelines) for the first Control Period. 13

1.b. The Authority decides to allow an increase of 5% over the prevailing cargo tariff w.e.f. 16.02.2013 and thereafter further increase of 5% w.e.f. 01.04.2013, 01.04.2014 and 01.04.2015, during the current Control Period. 14

1.c. The Authority notes that currently AAI is the only cargo service provider at NSCBIA, Kolkata. If another cargo service provider at NSCBIA, Kolkata becomes operational in the remaining part of the current Control Period, the case would fall in the category of cargo service being “material but competitive”. Alternatively, AAI may, after due users’ consultation, present a proposal to the Authority for revision of the annual increase. Should AAI present the proposal for a revision of annual increase (instead of current 5%), the Authority decides to consider the proposal appropriately. 14

Decision No2. Regarding Regulatory Approach for Airport Services 15

2.a. The Authority decides to determine the Aggregate Revenue Requirement (ARR) for NSCBIA, Kolkata, taking into account the investments and costs for both the airport services as well as cargo services as per Para. 5.6 above..... 16

Decision No3. Regarding Project Cost and Regulatory Asset Base 26

3.a. The Authority decides to consider the project cost of Rs. 2,938 crores for the purpose of the current tariff determination..... 26

3.b. The Authority decides to consider the Initial RAB at Rs. 246.47 crores, as furnished by AAI. 27

3.c. The Authority decides to consider the depreciation policy of AAI, the depreciation calculated in accordance thereof and Roll Forward RAB during the Control Period as given in para 6.7 for the purpose of determination of tariffs for aeronautical services at NSCBIA. 27

Truing Up: 1. Truing up of Project Cost and Regulatory Asset Base	27
1.a. The Authority decides that depending on the capex incurred and timing thereof (i.e. the date of capitalisation of the underlying assets in a given year) the Authority will make appropriate adjustments to the RAB at the beginning of the next Control Period, taking into account, the accounting policies of AAI regarding depreciation as well as actual expenditure incurred and capitalized.	27
Decision No4. Regarding Traffic Forecast at NSCBIA.....	29
4.a. The Authority decides to consider the following traffic Forecast for NSCBIA for the first Control Period:.....	29
i) ATM growth rate of 10.96% and 10.30% for Domestic and International ATMs, respectively.	29
ii) Passenger growth rate of 13.16% and 11.78% for Domestic and International Passenger Traffic, respectively.	30
iii) Freight growth rate of 7.77% for International cargo only.	30
Truing Up: 2. Truing up of Traffic Forecast at NSCBIA.....	30
2.a. The Authority decides to true up the traffic volume based on actual growth.	30
Decision No5. Regarding Non Aeronautical Revenue.....	34
5.a. The Authority decides to consider the projection of Revenue from services other than aeronautical services as submitted by AAI for determination of aeronautical tariffs for the current Control Period in respect of NSCBIA.....	34
5.b. The Authority may consider the non-aeronautical revenues for the current Control Period as a floor for the next Control Period.....	34
Truing Up: 3. Truing up for Non Aeronautical Revenue at NSCBIA	35
3.a. The Authority decides to true up the non-aeronautical revenue based on the actual non-aeronautical revenue at NSCBIA during the current Control Period while determining the tariffs for the next Control Period.	35

Decision No6. Regarding Fuel Throughput Charge 38

6.a. Having noted that AAI, in its submissions, have treated FTC as an aeronautical charge, (consistent with the Authority’s position thereon), the Authority decides to determine the FTC as charge for aeronautical service, namely, supply of fuel to an aircraft at an airport, treating it as aeronautical revenue in the hands of AAI while determining aeronautical tariffs for the current Control Period. 39

6.b. The Authority decides to determine the fuel throughput charges as per rates at Annexure I. 39

Decision No7. Regarding Operation and Maintenance expenditure 42

7.a. The Authority decides to consider the operational and maintenance expenditure – as given in Table 10 above, for the purpose of determination of aeronautical tariffs for the first Control Period. 42

Truing Up: 4. Truing up for Operation and Maintenance expenditure 42

4.a. The Authority decides that the following factors will be reviewed for the purpose of corrections (adjustments) to tariffs: 42

(i) Mandated costs incurred due to directions issued by regulatory agencies like DGCA. 42

(ii) Change in per unit rate of costs related to electricity and water charges, as determined by the respective regulatory agencies. 43

(iii) All statutory levies in the nature of fees, levies, taxes and other such charges by Central or State Government or local bodies, local taxes/levies, directly imposed on and paid for by AAI on final product/ service provided by AAI, will be reviewed by the Authority for the purpose of corrections (adjustments) to tariffs on a Tariff Year basis. Furthermore, any additional payment by way of interest payments, penalty, fines and other such penal levies associated with such statutory levies, which AAI has to pay for either any delay or non-compliance, the same will not be trued up. On the input side if AAI has to pay higher input costs even on account of change in levies/ taxes on any procurement of goods and services, the same will not be trued up..... 43

Decision No8. Regarding Taxation	44
8.a. The Authority decides to consider corporate income tax @ 32.445%, for the purpose of the determination of aeronautical tariffs during the current Control Period.	44
Truing Up: 5. Truing up of Taxation	44
5.a. The Authority decides to true up the difference between the projected corporate income tax for NSCBIA and the actual corporate tax paid by AAI ascribed to NSCBIA, while determining the aeronautical tariffs in the next Control Period commencing w.e.f. 01.04.2016.	44
Decision No9. Regarding WACC (as Fair Rate of Return)	49
9.a. The Authority decides to consider WACC at 14% for NSCBIA for the first Control Period.	49
Truing Up: 6. Truing up for WACC (as Fair Rate of Return)	49
6.a. The Authority expects AAI to take steps to move towards more efficient means of finance (i.e. not financing the project with overwhelming proportion of equity). As and when, this happens the Authority would take into account any change in the value of WACC giving effect to the same in the next Control Period.	49
Decision No10. Regarding Quality of Service	51
10.a. The Authority decides to use the rebate mechanism for NSCBIA as indicated in the Airport Order and the Airport Guidelines.....	51
10.b. The implementation of the rebate scheme would be applicable from the 4 th Tariff year of the Current Control Period i.e., 2014-15. Rebate for year 2014-15 would be carried out in 2016-17, which is the first tariff year of the next Control Period.	51
Decision No11. Regarding Error Correction and Annual Compliance Statement	52
11.a. The Authority decides that NSCBIA should submit the Annual Compliance Statements (duly supported by Auditor Certificate) for the individual tariff years of the first Control Period along with the MYTP for the next Control Period.....	52

Decision No12. Regarding Annual Tariff Proposal..... 60

12.a. The Authority decides to consider the multi-year ATP(s) submitted by AAI in respect of NSCBIA, Kolkata at the MYTP stage itself. 60

12.b. The Authority determines the tariffs for the Tariff Years 2012-13 to 2015-16 for aeronautical services in respect of NSCBIA as per Annexure I. The tariffs for FY2012-13 would be effective from 16.02.2013. The tariffs for the Tariff Years 2013-14, 2014-15 and 2015-16 will be effective from 1st April of the respective Tariff Years. 60

12.c. The Authority decides to merge the passenger facilitation component (Rs. 77 per departing passenger) of the Passenger Service Fee (PSF), in the UDF. Thus, the PSF would be limited only to the security component. 60

12.d. The rates approved are the maximum rates allowed to be charged, exclusive of taxes if any. 60

Truing Up: 7. Truing up of Annual Tariff Proposal 60

7.a. The Authority notes that after the issue of this Order, DGCA issues Aeronautical Information Circular (AIC) acting upon which the airlines will incorporate the UDF in the tickets for passengers travelling on or after 16.02.2013..... 60

7.b. The Authority decides to true-up the short-fall in UDF on account of passengers travelling on or after 16.02.2013 but who have not been charged UDF in their tickets. 60

7.c. The Authority decides to calculate shortfall (presently estimated at around Rs. Rs. 800 crores approximately) in ARR on account of charging of lesser UDF by AAI. Depending on the calculations and stakeholders' consultation, the Authority will consider, if and to what extent, the calculated shortfall will be reckoned as additional revenue requirement during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period). 61

19. ORDER of the Authority

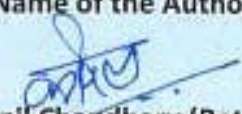
19.1. In exercise of powers conferred by Section 13(1)(a) of the AERA Act, 2008, the Authority hereby determines, the tariffs for aeronautical services provided at NSCBIA, Kolkata as placed at Annexure I. These rates will be effective from 16.02.2013. The tariffs for the subsequent tariff years (i.e. FY 2013-14, FY 2014-15 and FY 2015-16) will be effective from 1st April of each Tariff Year, during the current Control Period.

19.2. In exercise of powers conferred by Section 13(1)(b) of the AERA Act, 2008, read with Rule 89 of the Aircraft Rules, 1937, the Authority hereby determines the rate of UDF as indicated in the rate cards at Annexure I. These rates will be effective from 16.02.2013. The UDF for the subsequent tariff years (i.e. FY 2013-14, FY 2014-15 and FY 2015-16) will be effective from 1st April of each Tariff Year, during the current Control Period.

19.3. The tariffs determined herein are ceiling rates, exclusive of taxes, if any.

By the Order of and in the

Name of the Authority


(Capt. Kapil Chaudhary (Retd.))
Secretary

To,

Airports Authority of India Limited
(Through Shri.V P Agrawal, Chairman, AAI)
Rajiv Gandhi Bhawan
Safdarjung Airport,
New Delhi – 110003



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21. List of Annexures

Annexure 1: Tariff Rate Card

Airports Authority of India

Netaji Subhash Chandra Bose International Airport, Kolkata

Airport Charges - effective FY 2012-13 from 16th February 2013

Contents

Airport Charges

- 1. Landing, Parking and Housing charges**
 - 2. User Development Fee (UDF)**
 - 3. Fuel Throughput Charges**
 - 4. Cargo Charges**
-

1. Landing, Parking and Housing charges

1.1. Landing Charges per single landing

Weight of Aircraft	Rate Per Landing – International flight	Rate Per Landing – (other than International flight)
Upto 100 MT	Rs. 546.10 per MT	Rs. 278.10 per MT
Above 100 MT	Rs. 54,610/- + [Rs. 733.80] ¹ per MT in excess of 100 MT	Rs. 27,810/- + Rs. 373.70 per MT in excess of 100 MT

Note:

- Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e.1,000 kgs.) of the aircraft..
- A surcharge of 25% will be levied on landing charges for supersonic aircraft.
- A minimum fee of Rs. 5,000 shall be charged per single landing for all types of aircraft/ helicopter flights, including but not limited to domestic landing, international landing and general aviation landing, however this will not apply to training flights operated by Flying Clubs.
- Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).
- All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as air side airport user charges are concerned, irrespective of the flight number assigned to such flights.

1.2. Housing and Parking Charges

Weight of Aircraft	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Upto 100 MT	Rs. 7.50 per MT	Rs. 14.80 per MT
Above 100 MT	Rs. 750/- + Rs. 9.90 per MT per hour in excess of 100 MT	Rs. 1480/- + Rs.19.80 per MT per hour in excess of 100 MT

Note:

- No Parking Charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of the actual time taken in the movement of aircraft after landing and before takeoff.
- For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

¹ Amended to Rs.733.80 per MT vide Public Notice No.13/2012-13 dated 13th February, 2013

- c) Charges shall be calculated on the basis of next MT.
- d) Charges for each period parking shall be rounded off to nearest Rupee.
- e) Whilst in contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, Housing Charges shall be levied.

2. User Development Fee (UDF)

The User Development Fee per embarking passenger shall be payable as under

Rate per embarking Passenger	International	Domestic
Per embarking passenger	Rs. 1000/-	Rs. 400/-

Note:

- a) In respect of tickets issued in foreign currency, the UDF shall be levied in US Dollars.
- b) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. to be eligible to claim this collection charges, the airlines should have no overdue on any other account with AAI.
- c) Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure), the passenger does not include passenger on return journey.

3. Fuel Throughput Charges

The Fuel Throughput charges shall be payable as under:

Charges per Kilolitre of Fuel
Rs. 1277.56 w.e.f from 16 th Feb 2013

General Condition

- a) All the above Charges are excluding of Service Tax. Service Tax at the applicable rates will be paid by the aircraft operator in addition to above charges.

4. Cargo Charges

NSCBI AIRPORT- RATE CHART FOR CARGO SERVICES

FOR THE YEAR 2012-13

(Effective from 16th February 2013 to 31st Mar 2013)

A – EXPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.78	130.00
2	Special	1.54	260.00
3	Perishable	0.78	130.00

II) DEMURRAGE CHARGES (Leviable from Shipper)

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.80	130.00
2	Special	1.60	260.00
3	Perishable	0.80	130.00

NOTES: [Export Cargo]

1. The free period for export cargo shall be one working day (24 hours) for examination/processing by the Shippers.
2. 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
3. Terminal, Storage and Processing charges applicable to Newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignments of human remains, coffin including unaccompanied baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.

5. Terminal, Storage and Processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
6. Special cargo consists of live animals, hazardous goods and valuable cargo.
7. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment, whichever is higher. Wherever the '**gross weight**' and (or) '**volume weight**' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**', whichever is higher.
8. For misdeclaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to valuable cargo.
9. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations
are between / and

Rounded off amount will be

102.5 - 107.4

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107.5 - 112.4

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10. As an incentive to trade to utilize the lean hours, 20% discount in the Terminal, Storage and Processing charges will be granted to Export cargo admitted between 1000 hrs. to 1500 hrs., subject to levy of minimum rate per consignment as given in Scale of Charges.
11. Merchant Over Time (MOT) charges @ Rs.210.00 per consignment for admitting cargo beyond normal working hours.

SCHEDULE OF CHARGES

B – IMPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl. No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	5.20	140.00
2	Special and Valuable	10.40	280.00

II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (05 working days). If clearance is affected after 120 hrs. (05 working days), demurrage will accrue for the entire period from the date / time of the arrival of the flight, as follows:-

S. No	Type of Cargo	PERIOD	Rate per Kilogram Rs. / P	Minimum rate per consign- ment (Rs. / P.)
1	General Cargo	Upto 120 hrs. (5 days working) including free period	1.52	340.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	3.00	
		Beyond 720 hrs. (30 days)	4.52	
2	Special Cargo	Upto 120 hrs. (5 days working) including free period	3.00	670.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	6.00	
		Beyond 720 hrs. (30 days)	9.00	
3	Valuable Cargo	Upto 120 hrs. (5 days working) including free period	6.00	1347.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	12.05	
		Beyond 720 hrs. (30 days)	18.06	

NOTES: [Import Cargo]

1. Consignments of human remains, coffin including baggage of deceased & human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
2. No separate Forklift charges will be levied.
3. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment whichever is higher. Wherever the '**gross weight**' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**' or '**chargeable weight**' whichever is higher.
4. Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.
5. Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
6. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations
are between / and

Rounded off amount will be

102.5 - 107.4

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107.5 - 112.4

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Schedule of Charges leviable on Non-Scheduled Operators

S.No.	Particular of services	Charges
1	Storage charges for export cargo uplifted beyond free period	3.14 / Kg. / day
2	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	6.32/ Kg. / day
3	<p>(A) Storage charges for import general cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft per kg./day:</p> <p> i) Bulk Cargo</p> <p> ii) Loaded ULD</p> <p>(B) Storage charges for special import cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft:-</p> <p> i) Valuable</p> <p> ii) Perishable/Hazardous/Live animal</p> <p>(C) Minimum charges per consignment (AWB)</p>	<p>3.14 / Kg. / day</p> <p>1254</p> <p>7.90 / Kg. / day</p> <p>5.23 / Kg. / day</p> <p>436.00</p>

Notes:

1. Demurrage charges on Import Transshipment cargo will be as applicable to import cargo except that no handling charges shall be charged.
2. Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
3. The free period for export cargo for the NSOs would be 48 hrs. in the bonded area since the time of bonding.
4. All bills preferred by the handling company i.e. AAI shall be rounded off to the nearest higher of Rs.5/=.
5. All charges by NSOs shall be on cash and carry basis.
6. No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
7. In case of transit ULDs brought by the Airlines handed over to AAI for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para 3 shall be levied.

DOMESTIC OUTBOUND CARGO CHARGES LEVIABLE ON SHIPPERS/CONSIGNOR(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM	PER KG
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)	INR	INR
a) General Cargo	116.00	0.80
b) Special (AVI) #	231.00	1.60
c) PER/DGR/VAL	231.00	1.60
2. Demurrage Charges / Storage (per day)		
a) General Cargo	116.00	0.80
b) Special (AVI)#	231.00	1.60
c) PER/DGR/VAL(If cold storage is used)	231.00	1.60
3. Courier Handling	126.00	1.05
4. Amendment of Airway Bill	105.00 per AWB	
5. Return Cargo Charges	105.00 per AWB	
6. Strapping Charges	10.50 per Bag	
7. In addition to the above, in the event of mis-Declaration of Weight, following charges based on the difference will apply		
2% - 5% variation	2 times of excess weight	
More than 5% (Not Applicable in VAL Cargo)	5 times of excess weight	

Notes:

- The free period for outbound domestic cargo shall be one working day for examination/processing by the shipper/consignor/authorized representative etc.
- 10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned.**
- The domestic cargo handling charges applicable to newspaper and TV reel consignments shall be 50% of the prescribed charges.
- Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
- The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
- #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
- Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- For mis-declaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling

charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.

9. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations are between / and Rounded off amount will be

102.5 - 107.4	105
107.5 - 112.4	110

DOMESTIC INBOUND CARGO CHARGES LEVIABLE ON CONSIGNEE(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM(INR)	PER KG. (INR)
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)		
a) General Cargo	116.00	0.80
b) Special (AVI) #	231.00	1.60
c) PER/DGR/VAL*	231.00	1.60
2. Demurrage Charges / Storage (per day)		
a) General Cargo	116.00	0.80
b) Special (AVI)	231.00	1.60
c) PER/DGR/VAL* (If cold storage is used)	231.00	1.60
3. Courier Handling	126.00	1.05

Note:

1. The free period for inbound domestic cargo shall be one working day for examination/processing/delivery by the consignee/authorized representative etc.
2. **10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own loaders for loading cargo into their vehicles for delivery at designated areas from the airlines concerned.**
3. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
4. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
5. Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
6. #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.

7. *Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travellers cheques, diamonds (including diamonds for industrial use), diamond jewellery, jewellery & watches made of silver, gold platinum & items valued at US\$ 1000 and above.
8. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

**When the results of calculations are Rounded off amount will be
between / and**

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107.5	-	112.4	110

**SCHEDULE OF CHARGES/DISCOUNTS/INCENTIVES LEVIABLE/PAYABLE ON/
TO AIRLINES FOR VARIOUS CARGO HANDLING SERVICES RENDERED BY AAI
AT THE CARGO TERMINAL,**

S.N.	Particulars	Rates (Rs.)		
01.	(i)Storage charges for General export uplifted beyond free period	1.90 per kg		
	(ii) Storages charges for valuable Export Cargo Perishable/ Live Animals and Hazardous Cargo uplifted beyond free period shall be two times of normal	3.80 per kg Rates		
02	(i) Storage charges for Import Cargo not handed over and remain unchecked after a free period of 24 hours from time per day of arrival of an aircraft	<u>General Bulk Cargo</u>		<u>Loaded ULD</u>
		(in Rs)(Kg /day)		in Rs)(ULD/day)
		1.90		760
	(ii) Storage charges for 'Val'/Haz/ Perishable/Live Animal Import Cargo	Valuable	Haz. / Peri/LA	Per Consign /AWB
(per Kg/day) (in Rs)		(per Kg/day)(in Rs)	(in Rs)	
4.80		3.15	265	

NOTES:

- Demurrage charges on Import Transhipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAI where the TP cargo handed over to the airlines on airside designated area on the airport
- Demurrage charges on transhipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period.
- The free period for export cargo for the carrier from the date of entry in bonded area till upliftment shall be as per Government Directives
- All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee.

- 5 No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.

- 6 In case of Transit ULDs brought by the Airlines handed over to AAI for Storage in the Bonded Area/ETV stacker for any reasons, the Storage Charges as per para 2(i) & 2(ii) shall be levied.

Airports Authority of India

Netaji Subhash Chandra Bose International Airport, Kolkata

Airport Charges – for the FY 2013-14 from 1st April 2013

Contents

Airport Charges

- 1. Landing, Parking and Housing charges**
 - 2. User Development Fee (UDF)**
 - 3. Fuel Throughput Charges**
 - 4. Cargo Charges**
-

1. Landing, Parking and Housing charges

1.1. Landing Charges per single landing

Weight of Aircraft	Rate Per Landing – International flight	Rate Per Landing – (other than International flight)
Upto 100 MT	Rs. 578.90 per MT	Rs. 294.80 per MT
Above 100 MT	Rs. 57890/- + Rs. 777.80 per MT in excess of 100 MT	Rs. 29480/- + Rs. 396.10 per MT in excess of 100 MT

Note:

- Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e.1,000 kgs.) of the aircraft..
- A surcharge of 25% will be levied on landing charges for supersonic aircraft.
- A minimum fee of Rs. 5,000 shall be charged per single landing for all types of aircraft/ helicopter flights, including but not limited to domestic landing, international landing and general aviation landing, however this will not apply to training flights operated by Flying Clubs.
- Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).
- All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as air side airport user charges are concerned, irrespective of the flight number assigned to such flights.

1.2. Housing and Parking Charges

Weight of Aircraft	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Upto 100 MT	Rs. 8.00 per MT	Rs. 15.70 per MT
Above 100 MT	Rs. 800/- + Rs. 10.50 per MT per hour in excess of 100 MT	Rs. 1570/- + Rs.21.00 per MT per hour in excess of 100 MT

Note:

- No Parking Charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of the actual time taken in the movement of aircraft after landing and before takeoff.
- For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

- c) Charges shall be calculated on the basis of next MT.
- d) Charges for each period parking shall be rounded off to nearest Rupee.
- e) Whilst in contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, Housing Charges shall be levied.

2. User Development Fee (UDF)

The User Development Fee per embarking passenger shall be payable as under

Rate per embarking Passenger	International	Domestic
Per embarking passenger	Rs. 1000/-	Rs. 400/-

Note:

- a) In respect of tickets issued in foreign currency, the UDF shall be levied in US Dollars.
- b) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. to be eligible to claim this collection charges, the airlines should have no overdue on any other account with AAI.
- c) Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure), the passenger does not include passenger on return journey.

3. Fuel Throughput Charges

The Fuel Throughput charges shall be payable as under:

Charges per Kilolitre of Fuel
Rs. 1341.44

General Condition

- a) All the above Charges are excluding of Service Tax. Service Tax at the applicable rates will be paid by the aircraft operator in addition to above charges.

4. Cargo Charges

NSCBI AIRPORT RATE CHART FOR CARGO SERVICES

FOR THE YEAR 2013-14

(Effective from 1st April 2013 to 31st Mar 2014)

A – EXPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.82	140.00
2	Special	1.62	275.00
3	Perishable	0.82	140.00

II) DEMURRAGE CHARGES (Leviable from Shipper)

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.84	140.00
2	Special	1.68	275.00
3	Perishable	0.84	140.00

NOTES: [Export Cargo]

1. The free period for export cargo shall be one working day (24 hours) for examination/processing by the Shippers.
2. 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
3. Terminal, Storage and processing charges applicable to Newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignments of human remains, coffin including unaccompanied baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
5. Terminal, Storage and Processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.

6. Special cargo consists of live animals, hazardous goods and valuable cargo.
7. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment, whichever is higher. Wherever the '**gross weight**' and (or) '**volume weight**' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**', whichever is higher.
8. For misdeclaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to valuable cargo.
9. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations</u> <u>are between / and</u>	<u>Rounded off amount will be</u>
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102.5 - 107.4	105
107.5 - 112.4	110

10. As an incentive to trade to utilize the lean hours, 20% discount in the Terminal, Storage and Processing charges will be granted to Export cargo admitted between 1000 hrs. to 1500 hrs., subject to levy of minimum rate per consignment as given in Scale of Charges.
11. Merchant Over Time (MOT) charges @ Rs.220.00 per consignment for admitting cargo beyond normal working hours.

SCHEDULE OF CHARGES

B – IMPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl. No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	5.50	150.00
2	Special and Valuable	10.95	295.00

II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days), including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (05 working days). If clearance is affected after 120 hrs. (05 working days), demurrage will accrue for the entire period from the date / time of the arrival of the flight, as follows:-

S. No	Type of Cargo	PERIOD	Rate per Kilogram Rs. / P	Minimum rate per consign- ment (Rs. / P.)
1	General Cargo	Upto 120 hrs. (5 days working) including free period	1.60	360.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	3.15	
		Beyond 720 hrs. (30 days)	4.75	
2	Special Cargo	Upto 120 hrs. (5 days working) including free period	3.15	700.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	6.30	
		Beyond 720 hrs. (30 days)	9.45	
3	Valuable Cargo	Upto 120 hrs. (5 days working) including free period	6.30	1415.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	12.65	
		Beyond 720 hrs. (30 days)	18.96	

NOTES: [Import Cargo]

1. Consignments of human remains, coffin including baggage of deceased & human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
2. No separate Forklift charges will be levied.
3. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment whichever is higher. Wherever the '**gross weight**' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**' or '**chargeable weight**' whichever is higher.
4. Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.
5. Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
6. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations
are between / and

Rounded off amount will be

102.5 - 107.4

105

107.5 - 112.4

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Schedule of Charges leviable on Non-Scheduled Operators

S.No.	Particular of services	Charges
1	Storage charges for export cargo uplifted beyond free period	3.30 / Kg. / day
2	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	6.64/ Kg. / day
3	<p>(A) Storage charges for import general cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft per kg./day:</p> <p> i) Bulk Cargo</p> <p> ii) Loaded ULD</p> <p>(B) Storage charges for special import cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft:-</p> <p> i) Valuable</p> <p> ii) Perishable/Hazardous/Live animal</p> <p>(C) Minimum charges per consignment (AWB)</p>	<p>3.30/ Kg. / day</p> <p>1317</p> <p>8.30 / Kg. / day</p> <p>5.50 / Kg. / day</p> <p>458.00</p>

Notes:

1. Demurrage charges on Import Transshipment cargo will be as applicable to import cargo except that no handling charges shall be charged.
2. Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
3. The free period for export cargo for the NSOs would be 48 hrs. in the bonded area since the time of bonding.
4. All bills preferred by the handling company i.e. AAI shall be rounded off to the nearest higher of Rs.5/=.
5. All charges by NSOs shall be on cash and carry basis.
6. No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
7. In case of transit ULDs brought by the Airlines handed over to AAI for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para 3 shall be levied.

DOMESTIC OUTBOUND CARGO CHARGES LEVIABLE ON SHIPPERS/CONSIGNOR(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM	PER KG
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)	INR	INR
a) General Cargo	122.00	0.84
b) Special (AVI) #	243.00	1.68
c) PER/DGR/VAL	243.00	1.68
2. Demurrage Charges / Storage (per day)		
a) General Cargo	122.00	0.84
b) Special (AVI)#	243.00	1.68
c) PER/DGR/VAL(If cold storage is used)	243.00	1.68
3. Courier Handling	133.00	1.10
4. Amendment of Airway Bill	110.00 per AWB	
5. Return Cargo Charges	110.00 per AWB	
6. Strapping Charges	11.00 per Bag	
7. In addition to the above, in the event of mis-Declaration of Weight, following charges based on the difference will apply		
2% - 5% variation	2 times of excess weight	
More than 5% (Not Applicable in VAL Cargo)	5 times of excess weight	

Notes:

1. The free period for outbound domestic cargo shall be one working day for examination/processing by the shipper/consignor/authorized representative etc.
2. **10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned.**
3. The domestic cargo handling charges applicable to newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
5. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
6. #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
7. Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
8. For mis-declaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling

charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.

9. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations are between / and	Rounded off amount will be
102.5 - 107.4	105
107.5 - 112.4	110

DOMESTIC INBOUND CARGO CHARGES LEVIABLE ON CONSIGNEE(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM(INR)	PER KG. (INR)
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)		
a) General Cargo	122.00	0.84
b) Special (AVI) #	243.00	1.68
c) PER/DGR/VAL*	243.00	1.68
2. Demurrage Charges / Storage (per day)		
a) General Cargo	122.00	0.84
b) Special (AVI)	243.00	1.68
c) PER/DGR/VAL* (If cold storage is used)	243.00	1.68
3. Courier Handling	133.00	1.10

Note:

- The free period for inbound domestic cargo shall be one working day for examination/processing/delivery by the consignee/authorized representative etc.
- 10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own loaders for loading cargo into their vehicles for delivery at designated areas from the airlines concerned.**
- Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
- The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
- Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.

7. *Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travellers cheques, diamonds (including diamonds for industrial use), diamond jewellery, jewellery & watches made of silver, gold platinum & items valued at US\$ 1000 and above.
8. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

**When the results of calculations are Rounded off amount will be
between / and**

102.5	-	107.4	105
107.5	-	112.4	110

**SCHEDULE OF CHARGES/DISCOUNTS/INCENTIVES LEVIABLE/PAYABLE ON
/TO AIRLINES FOR VARIOUS CARGO HANDLING SERVICES RENDERED BY AAI
AT THE CARGO TERMINAL,**

S.N.	Particulars	Rates (Rs.)		
01.	(i)Storage charges for General export uplifted beyond free period	2.00 per kg		
	(ii) Storages charges for valuable Export Cargo Perishable/ Live Animals and Hazardous Cargo uplifted beyond free period shall be two times of normal Rates	4.00 per kg Rates		
02	(i) Storage charges for Import Cargo not handed over and remain unchecked after a free period of 24 hours from time per day of arrival of an aircraft	<u>General Bulk Cargo</u>		<u>Loaded ULD</u>
		<u>(in Rs)(Kg /day)</u>		<u>in Rs)(ULD/day)</u>
		2.00		800
	(ii) Storage charges for 'Val'/Haz/ Perishable/Live Animal Import Cargo	Valuable	Haz. / Peri/LA	Per Consgn /AWB
(per Kg/day) (in Rs)		(per Kg/day)(in Rs)	(in Rs)	
5.05		3.30	280	

NOTES:

- Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAI where the TP cargo handed over to the airlines on airside designated area on the airport
- Demurrage charges on transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period.
- The free period for export cargo for the carrier from the date of entry in bonded area till upliftment shall be as per Government Directives

All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee.

4
5 No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.

6 In case of Transit ULDs brought by the Airlines handed over to AAI for Storage in the Bonded Area/ETV stacker for any reasons, the Storage Charges as per para 2(i) & 2(ii) shall be levied.

Airports Authority of India

Netaji Subhash Chandra Bose International Airport, Kolkata

Airport Charges – for FY 2014-15 from 1st April 2014

Contents

Airport Charges

- 1. Landing, Parking and Housing charges**
 - 2. User Development Fee (UDF)**
 - 3. Fuel Throughput Charges**
 - 4. Cargo charges**
-

1. Landing, Parking and Housing charges

1.1. Landing Charges per single landing

Weight of Aircraft	Rate Per Landing – International flight	Rate Per Landing – (other than International flight)
Upto 100 MT	Rs. 613.60 per MT	Rs. 312.50 per MT
Above 100 MT	Rs. 61360/- + Rs. 824.50 per MT in excess of 100 MT	Rs. 31250/- + Rs. 419.90 per MT in excess of 100 MT

Note:

- Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e.1,000 kgs.) of the aircraft..
- A surcharge of 25% will be levied on landing charges for supersonic aircraft.
- A minimum fee of Rs. 5,000 shall be charged per single landing for all types of aircraft/ helicopter flights, including but not limited to domestic landing, international landing and general aviation landing, however this will not apply to training flights operated by Flying Clubs.
- Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).
- All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as air side airport user charges are concerned, irrespective of the flight number assigned to such flights.

1.2. Housing and Parking Charges

Weight of Aircraft	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Upto 100 MT	Rs. 8.50 per MT	Rs. 16.60 per MT
Above 100 MT	Rs. 850/- + Rs. 11.10 per MT per hour in excess of 100 MT	Rs. 1660/- + Rs.22.30 per MT per hour in excess of 100 MT

Note:

- No Parking Charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of the actual time taken in the movement of aircraft after landing and before takeoff.
- For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

- c) Charges shall be calculated on the basis of next MT.
- d) Charges for each period parking shall be rounded off to nearest Rupee.
- e) Whilst in contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, Housing Charges shall be levied.

2. User Development Fee (UDF)

The User Development Fee per embarking passenger shall be payable as under

Rate per embarking Passenger	International	Domestic
Per embarking passenger	Rs. 1060/-	Rs. 424/-

Note:

- a) In respect of tickets issued in foreign currency, the UDF shall be levied in US Dollars.
- b) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. to be eligible to claim this collection charges, the airlines should have no overdue on any other account with AAI.
- c) Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure), the passenger does not include passenger on return journey.

3. Fuel Throughput Charges

The Fuel Throughput charges shall be payable as under:

Charges per Kilolitre of Fuel
Rs. 1408.51

General Condition

- a) All the above Charges are excluding of Service Tax. Service Tax at the applicable rates will be paid by the aircraft operator in addition to above charges.

4. Cargo charges

NSCBI AIRPORT RATE CHART FOR CARGO SERVICES
FOR THE YEAR 2014-15
(Effective from 1st April 2014 to 31st Mar 2015)

A – EXPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.86	150.00
2	Special	1.70	290.00
3	Perishable	0.86	150.00

II) DEMURRAGE CHARGES (Leviable from Shipper)

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.88	150.00
2	Special	1.77	290.00
3	Perishable	0.88	150.00

NOTES: [Export Cargo]

1. The free period for export cargo shall be one working day (24 hours) for examination/processing by the Shippers.
2. 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
3. Terminal, Storage and Processing charges applicable to Newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignments of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
5. Terminal, Storage and Processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.

6. Special cargo consists of live animals, hazardous goods and valuable cargo.
7. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment, whichever is higher. Wherever the '**gross weight**' and (or) '**volume weight**' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**', whichever is higher.
8. For misdeclaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to valuable cargo.
9. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations</u>	<u>Rounded off amount will be</u>
<u>are between / and</u>	

102.5 - 107.4	105
107.5 - 112.4	110

10. As an incentive to trade to utilize the lean hours, 20% discount in the Terminal, Storage and Processing charges will be granted to Export cargo admitted between 1000 hrs. to 1500 hrs., subject to levy of minimum rate per consignment as given in Scale of Charges.
11. Merchant Over Time (MOT) charges @ Rs.230.00 per consignment for admitting cargo beyond normal working hours.

SCHEDULE OF CHARGES

B – IMPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl. No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	5.80	160.00
2	Special and Valuable	11.50	310.00

II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (05 working days). If clearance is affected after 120 hrs. (05 working days), demurrage will accrue for the entire period from the date / time of the arrival of the flight, as follows:-

S. No	Type of Cargo	PERIOD	Rate per Kilogram Rs. / P	Minimum rate per consign- ment (Rs. / P.)
1	General Cargo	Upto 120 hrs. (5 days working) including free period	1.70	380.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	3.30	
		Beyond 720 hrs. (30 days)	5.00	
2	Special Cargo	Upto 120 hrs. (5 days working) including free period	3.30	735.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	6.60	
		Beyond 720 hrs. (30 days)	9.95	
3	Valuable Cargo	Upto 120 hrs. (5 days working) including free period	6.60	1485.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	13.30	
		Beyond 720 hrs. (30 days)	19.90	

NOTES: [Import Cargo]

1. Consignments of human remains, coffin including baggage of deceased & Human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
2. No separate Forklift charges will be levied.
3. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment whichever is higher. Wherever the '**gross weight**' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**' or '**chargeable weight**' whichever is higher.
4. Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.
5. Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
6. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations
are between / and

Rounded off amount will be

102.5 - 107.4

105

107.5 - 112.4

110

Schedule of Charges leviable on Non-Scheduled Operators

S.No.	Particular of services	Charges
1	Storage charges for export cargo uplifted beyond free period	3.50 / Kg. / day
2	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	7.00/ Kg. / day
3	(A) Storage charges for import general cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft per kg./day: i) Bulk Cargo ii) Loaded ULD (B) Storage charges for special import cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft:- i) Valuable ii) Perishable/Hazardous/Live animal (C) Minimum charges per consignment (AWB)	3.47/ Kg. / day 1385 8.72 / Kg. / day 5.78 / Kg. / day 480.00

Notes:

1. Demurrage charges on Import Transshipment cargo will be as applicable to import cargo except that no handling charges shall be charged.
2. Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
3. The free period for export cargo for the NSOs would be 48 hrs. in the bonded area since the time of bonding.
4. All bills preferred by the handling company i.e. AAI shall be rounded off to the nearest higher of Rs.5/=.
5. All charges by NSOs shall be on cash and carry basis.
6. No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
7. In case of transit ULDs brought by the Airlines handed over to AAI for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para 3 shall be levied.

DOMESTIC OUTBOUND CARGO CHARGES LEVIABLE ON SHIPPERS/CONSIGNOR(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM	PER KG
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)	INR	INR
a) General Cargo	128.00	0.88
b) Special (AVI) #	255.00	1.77
c) PER/DGR/VAL	255.00	1.77
2. Demurrage Charges / Storage (per day)		
a) General Cargo	128.00	0.88
b) Special (AVI)#	255.00	1.77
c) PER/DGR/VAL(If cold storage is used)	258.00	1.77
3. Courier Handling	140.00	1.16
4. Amendment of Airway Bill	115.00 per AWB	
5. Return Cargo Charges	115.00 per AWB	
6. Strapping Charges	12.00 per Bag	
7. In addition to the above, in the event of mis-Declaration of Weight, following charges based on the difference will apply		
2% - 5% variation	2 times of excess weight	
More than 5% (Not Applicable in VAL Cargo)	5 times of excess weight	

Notes:

1. The free period for outbound domestic cargo shall be one working day for examination/processing by the shipper/consignor/authorized representative etc.
2. **10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned.**
3. The domestic cargo handling charges applicable to newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
5. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
6. #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
7. Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.

8. For mis-declaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
9. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

**When the results of calculations are Rounded off amount will be
between / and**

102.5 - 107.4	105
107.5 - 112.4	110

DOMESTIC INBOUND CARGO CHARGES LEVIABLE ON CONSIGNEE(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM(INR)	PER KG. (INR)
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)		
a) General Cargo	128.00	0.88
b) Special (AVI) #	255.00	1.77
c) PER/DGR/VAL*	255.00	1.77
2. Demurrage Charges / Storage (per day)		
a) General Cargo	128.00	0.88
b) Special (AVI)	255.00	1.77
c) PER/DGR/VAL* (If cold storage is used)	255.00	1.77
3. Courier Handling	140.00	1.16

Note:

1. The free period for inbound domestic cargo shall be one working day for examination/processing/delivery by the consignee/authorized representative etc.
2. **10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own loaders for loading cargo into their vehicles for delivery at designated areas from the airlines concerned.**
3. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
4. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
5. Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.

- All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee.
- 4
- 5 No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
- 6 In case of Transit ULDs brought by the Airlines handed over to AAI for Storage in the Bonded Area/ETV stacker for any reasons, the Storage Charges as per para 2(i) & 2(ii) shall be levied.

Airports Authority of India

Netaji Subhash Chandra Bose International Airport, Kolkata

Airport Charges – for FY 2015-16 from 1st April 2015

Contents

Airport Charges

- 1. Landing, Parking and Housing charges**
 - 2. User Development Fee (UDF)**
 - 3. Fuel Throughput Charges**
 - 4. Cargo charges**
-

1. Landing, Parking and Housing charges

1.1. Landing Charges per single landing

Weight of Aircraft	Rate Per Landing – International flight	Rate Per Landing – (other than International flight)
Upto 100 MT	Rs. 650.40 per MT	Rs. 331.30 per MT
Above 100 MT	Rs. 65040/- + Rs. 874.00 per MT in excess of 100 MT	Rs. 33130/- + Rs. 445.10 per MT in excess of 100 MT

Note:

- Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e.1,000 kgs.) of the aircraft..
- A surcharge of 25% will be levied on landing charges for supersonic aircraft.
- A minimum fee of Rs. 5,000 shall be charged per single landing for all types of aircraft/ helicopter flights, including but not limited to domestic landing, international landing and general aviation landing, however this will not apply to training flights operated by Flying Clubs.
- Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).
- All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as air side airport user charges are concerned, irrespective of the flight number assigned to such flights.

1.2. Housing and Parking Charges

Weight of Aircraft	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Upto 100 MT	Rs. 9.00 per MT	Rs. 17.60 per MT
Above 100 MT	Rs. 900/- + Rs. 11.80 per MT per hour in excess of 100 MT	Rs. 1760/- + Rs.23.60 per MT per hour in excess of 100 MT

Note:

- No Parking Charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of the actual time taken in the movement of aircraft after landing and before takeoff.
- For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

- c) Charges shall be calculated on the basis of next MT.
- d) Charges for each period parking shall be rounded off to nearest Rupee.
- e) Whilst in contact stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, Housing Charges shall be levied.

2. User Development Fee (UDF)

The User Development Fee per embarking passenger shall be payable as under

Rate per embarking Passenger	International	Domestic
Per embarking passenger	Rs. 1124	Rs. 449/-

Note:

- a) In respect of tickets issued in foreign currency, the UDF shall be levied in US Dollars.
- b) Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days or in case of any part payment. to be eligible to claim this collection charges, the airlines should have no overdue on any other account with AAI.
- c) Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure), the passenger does not include passenger on return journey.

3. Fuel Throughput Charges

The Fuel Throughput charges shall be payable as under:

Charges per Kilolitre of Fuel
Rs. 1478.94

General Condition

- a) All the above Charges are excluding of Service Tax. Service Tax at the applicable rates will be paid by the aircraft operator in addition to above charges.

4. Cargo charges

NSCBI AIRPORT RATE CHART FOR CARGO SERVICES

FOR THE YEAR 2015-16

(Effective from 1st April 2015 to 31st Mar 2016)

A – EXPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.91	160.00
2	Special	1.79	305.00
3	Perishable	0.91	160.00

II) DEMURRAGE CHARGES (Leviable from Shipper)

Sl.No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	0.93	160.00
2	Special	1.86	305.00
3	Perishable	0.93	160.00

NOTES: [Export Cargo]

1. The free period for export cargo shall be one working day (24 hours) for examination/processing by the Shippers.
2. 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
3. Terminal, Storage and Processing charges applicable to Newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignments of human remains, coffin including unaccompanied baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
5. Terminal, Storage and Processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
6. Special cargo consists of live animals, hazardous goods and valuable cargo.
7. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment, whichever is higher. Wherever the '**gross weight**' and (or) '**volume weight**' is wrongly indicated on the Airway Bill and is found more,

charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**', whichever is higher.

8. For misdeclaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to valuable cargo.
9. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations</u>	<u>Rounded off amount will be</u>
<u>are between / and</u>	
102.5 - 107.4	105
107.5 - 112.4	110

10. As an incentive to trade to utilize the lean hours, 20% discount in the Terminal, Storage and Processing charges will be granted to Export cargo admitted between 1000 hrs. to 1500 hrs., subject to levy of minimum rate per consignment as given in Scale of Charges.
11. Merchant Over Time (MOT) charges @ Rs.240.00 per consignment for admitting cargo beyond normal working hours.

SCHEDULE OF CHARGES

B – IMPORT CARGO

I) TERMINAL , STORAGE AND PROCESSING CHARGES:

Sl. No.	Type of Cargo	Rate per Kilogram Rs. / P	Minimum rate per consignment Rs. / P
1	General	6.10	170.00
2	Special and Valuable	12.10	330.00

II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (05 working days). If clearance is affected after 120 hrs. (05 working days), demurrage will accrue for the entire period from the date / time of the arrival of the flight, as follows:-

S. No	Type of Cargo	PERIOD	Rate per Kilogram Rs. / P	Minimum rate per consign- ment (Rs. / P.)
1	General Cargo	Upto 120 hrs. (5 days working) including free period	1.80	400.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	3.47	
		Beyond 720 hrs. (30 days)	5.25	
2	Special Cargo	Upto 120 hrs. (5 days working) including free period	3.47	775.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	6.93	
		Beyond 720 hrs. (30 days)	10.45	
3	Valuable Cargo	Upto 120 hrs. (5 days working) including free period	6.93	1560.00
		Between 120 hrs. and 720 hrs. (6 and 30 days)	13.97	
		Beyond 720 hrs. (30 days)	20.90	

NOTES: [Import Cargo]

1. Consignments of human remains, coffin including baggage of deceased & Human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
2. No separate Forklift charges will be levied.
3. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment whichever is higher. Wherever the '**gross weight**' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**' or '**chargeable weight**' whichever is higher.
4. Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.
5. Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
6. All Bills shall be rounded off to the nearest of Rs.5/=. As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations</u>	<u>Rounded off amount will be</u>
<u>are between / and</u>	
102.5 - 107.4	105
107.5 - 112.4	110

Schedule of Charges leviable on Non-Scheduled Operators

S.No.	Particular of services	Charges
1	Storage charges for export cargo uplifted beyond free period	3.68 / Kg. / day
2	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	7.35/ Kg. / day
3	(A) Storage charges for import general cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft per kg./day: i) Bulk Cargo ii) Loaded ULD (B) Storage charges for special import cargo unchecked after a free period of 24 hours from the time of arrival of an aircraft:- i) Valuable ii) Perishable/Hazardous/Live animal (C) Minimum charges per consignment (AWB)	3.65/ Kg. / day 1455 9.19 / Kg. / day 6.07 / Kg. / day 505.00

Note:

1. Demurrage charges on Import Transshipment cargo will be as applicable to import cargo except that no handling charges shall be charged.
2. Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
3. The free period for export cargo for the NSOs would be 48 hrs. in the bonded area since the time of bonding.
4. All bills preferred by the handling company i.e. AAI shall be rounded off to the nearest higher of Rs.5/=.
5. All charges by NSOs shall be on cash and carry basis.

6. No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
7. In case of transit ULDs brought by the Airlines handed over to AAI for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para 3 shall be levied.

DOMESTIC OUTBOUND CARGO CHARGES LEVIABLE ON SHIPPERS/CONSIGNOR(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM	PER KG
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)	INR	INR
a) General Cargo	135.00	0.93
b) Special (AVI) #	268.00	1.86
c) PER/DGR/VAL	268.00	1.86
2. Demurrage Charges / Storage (per day)		
a) General Cargo	135.00	0.93
b) Special (AVI)#	268.00	1.86
c) PER/DGR/VAL(If cold storage is used)	268.00	1.86
3. Courier Handling	147.00	1.22
4. Amendment of Airway Bill	120.00 per AWB	
5. Return Cargo Charges	120.00 per AWB	
6. Strapping Charges	13.00 per Bag	
7. In addition to the above, in the event of mis-Declaration of Weight, following charges based on the difference will apply		
2% - 5% variation	2 times of excess weight	
More than 5% (Not Applicable in VAL Cargo)	5 times of excess weight	

Notes:

1. The free period for outbound domestic cargo shall be one working day for examination/processing by the shipper/consignor/authorized representative etc.
2. **10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned.**
3. The domestic cargo handling charges applicable to newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
5. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
6. #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
7. Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.

8. For mis-declaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
9. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations are between / and Rounded off amount will be

102.5 - 107.4	105
107.5 - 112.4	110

DOMESTIC INBOUND CARGO CHARGES LEVIABLE ON CONSIGNEE(S) ETC.

ACTIVITY	AAI CHARGES	
	MINIMUM(INR)	PER KG. (INR)
1. Standard Charges for processing & Handling (TSP charges inclusive of off-loading / Loading/ Shifting & Forklift Usage)		
a) General Cargo	135.00	0.93
b) Special (AVI) #	268.00	1.86
c) PER/DGR/VAL*	268.00	1.86
2. Demurrage Charges / Storage (per day)		
a) General Cargo	135.00	0.93
b) Special (AVI)	268.00	1.86
c) PER/DGR/VAL* (If cold storage is used)	268.00	1.86
3. Courier Handling	147.00	1.22

Note:

1. The free period for inbound domestic cargo shall be one working day for examination/processing/delivery by the consignee/authorized representative etc.
2. **10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own loaders for loading cargo into their vehicles for delivery at designated areas from the airlines concerned.**
3. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
4. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
5. Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.

6. #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
7. *Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travellers cheques, diamonds (including diamonds for industrial use), diamond jewellery, jewellery & watches made of silver, gold platinum & items valued at US\$ 1000 and above.
8. All the Bills shall be rounded off to the nearest of Rs.5/- . As per IATA Tact Rule Book Clause 5.7.2, the rounding off procedure, when the rounding off Unit is 5.

**When the results of calculations are Rounded off amount will be
between / and**

102.5	-	107.4	105
107.5	-	112.4	110

**SCHEDULE OF CHARGES/DISCOUNTS/INCENTIVES LEVIABLE/PAYABLE ON
/TO AIRLINES FOR VARIOUS CARGO HANDLING SERVICES RENDERED BY AAI
AT THE CARGO TERMINAL,**

S.N.	Particulars	Rates (Rs.)		
01	(i) Storage charges for General export uplifted beyond free period	2.20 per kg		
	(ii) Storages charges for valuable Export Cargo Perishable/ Live Animals and Hazardous Cargo uplifted beyond free period shall be two times of normal	4.40 per kg Rates		
02	(i) Storage charges for Import Cargo not handed over and remain unchecked after a free period of 24 hours from time per day of arrival of an aircraft	<u>General Bulk</u>		<u>Loaded ULD</u>
		<u>Cargo</u>		
		(in Rs)(Kg /day)		in Rs)(ULD/day)
	2.20		885	
	(ii) Storage charges for 'Val'/Haz/ Perishable/Live Animal Import Cargo	Valuable	Haz. / Peri/LA	Per Consgn /AWB
(per Kg/day) (in Rs)		(per Kg/day)(in Rs)	(in Rs)	
5.60		3.70	310	

NOTES:

1. Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAI where the TP cargo handed over to the airlines on airside designated area on the airport
2. Demurrage charges on transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period.

3 The free period for export cargo for the carrier from the date of entry in bonded area till upliftment shall be as per Government Directives

4 All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee.

5 No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.

6 In case of Transit ULDs brought by the Airlines handed over to AAI for Storage in the Bonded Area/ETV stacker for any reasons, the Storage Charges as per para 2(i) & 2(ii) shall be levied.

F.No. AERA/20011/MYTP/AAI/Kolkata/2011-12
Airports Economic Regulatory Authority of India

**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003**

Dated the 13th February, 2013

Public Notice No.13/2012-13

**Subject : In the matter of Multi Year Tariff Proposal in respect of
Netaji Subhash Chandra Bose International Airport, Kolkata**

Attention of all concerned is invited to Order No. 35/2012-13 issued on 24th January, 2013 by this Authority.

2. In Annexure-I of the Order No. 35/2012-13, the landing charges per single landing in respect of international flights for aircrafts with weight above 100 MTs :-

For : “Rs. 54,610/- + Rs. 773.80 per MT in excess of 100 MT”

Read : “Rs. 54,610/- + Rs. 733.80 per MT in excess of 100 MT”

3. The Order No. 35/2012-13 dated 24th January, 2013 is amended to this extent.


[Capt. Kapil Chaudhary(Retd.)]
Secretary