

फा.सं. ऐरा/20010/एम.वाई.टी.पी./ए.ए.आई - जयपुर/सी.पी.-दो/2016-17

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
ऐरा भवन, प्रशासनिक कॉम्प्लेक्स,
सफदरजंग एयरपोर्ट,
नई दिल्ली-110003

दिनांक : 4, अगस्त, 2017

विषय: दूसरे नियंत्रण अवधि (01.04.2016-31.03.2021) के लिए जयपुर अंतर्राष्ट्रीय हवाई
अड्डा, जयपुर (जेआईए) के संबंध में वैमानिक टैरिफ के निर्धारण के मामले में

उपर्युक्त विषय पर दिनांक 04.08.2017 का टैरिफ आदेश संख्या 10/2017-18 सूचना और
अनुपालन के लिए संलग्न है।

भवदीय,

(वी. के. सचदेवा)
उप महा प्रबंधक (वित्त)

सेवा में,

1. भारतीय विमानपत्तन प्राधिकरण, राजीवगांधी भवन, सफदरजंग एयरपोर्ट, नई दिल्ली-110001

प्रतिलिपि सचिव, नागर विमानन मंत्रालय, राजीवगांधी, भवन, सफदरजंग एयरपोर्ट, नई दिल्ली-110003



Airports Economic Regulatory Authority of India

सत्यमेव जयते

**In the matter of determination of aeronautical tariffs
in respect of Jaipur International Airport, Jaipur (JIA) for the
second Control Period (01.04.2016 – 31.03.2021).**

4th August, 2017

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



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1. Introduction

1.1. Jaipur International Airport (JIA) is one of the major airports in North India and connects 6 international and 10 domestic air routes.

1.2. The traffic handled by JIA during the 1st control period is given in table below:

Table 1 - Passenger and ATM traffic during the 1st control period at JIA

Year	Dom. Pax (mn)	Int. Pax (mn)	Total Pax (mn)	Dom. ATMs	Int. ATMs	Total ATMs
2012	1.6	0.2	1.8	16,733	1,870	18,603
2013	1.6	0.2	1.8	16,460	1,800	18,260
2014	1.7	0.3	2.0	17,771	2,037	19,808
2015	1.9	0.3	2.2	17,110	2,742	19,852
2016	2.5	0.4	2.9	21,109	2,923	24,032

1.3. JIA, with a traffic of more than 1.5 mppa, is a major airport as defined in Section 2 (i) of AERA Act. Accordingly, tariff determination of aeronautical services at the airport is undertaken by AERA.

1.4. Technical and Terminal building details of JIA are provided in the table below:

Table 2 – Technical and Terminal building details of JIA

Technical Details of JIA	
Particulars	Details
Total airport area	776.19 acres
Runway orientation and length	09/27 and 3,407 metres
No. of Taxi Tracks	08
No. of Apron Bays	21/23
Aerodrome Category	4E
Navigational Aids	DVOR DME ILS CAT – IIIB outer locator
Operational hours	24*7
Terminal building Details	
Particulars	Domestic / International (T-II)
Terminal Building Area	18,000 Sq.m
Immigration Counters	09/15
Customs Counters	02/02
Security Counters	07
Departure Conveyor	02
Arrival Conveyor	02
Peak hour passenger capacity	360/360
No. of Check-in Counters (CUTE)	20
Total Area of Car Parking	17,000 sq. m.



- 1.5. AAI has submitted MYTP for revising aeronautical charges for 2nd control period. The Authority's consideration of this proposal and its tentative views in respect of relevant issues were placed for stakeholder consultations vide Consultation Paper Number 08/2017-18 on 16.06.2017. The last date for receipt of comments was 10.07.2017.
- 1.6. A meeting with stakeholders for inviting responses on proposed decisions of the Authority was held on 03.07.2017.
- 1.7. This order of the Authority takes into account proposals of AAI, views expressed by stakeholders in the meeting, written submissions received from stakeholders and examination by the Authority with reference to its guidelines for airport operators.



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2. Summary of stakeholders' comments on Consultation Paper No. 08/ 2017-18

2.1. In response to Consultation Paper No. 08/2017-18 dated 16.06.2017, the Authority received several responses from stakeholders. List of stakeholders, who have commented on the Consultation Paper No. 08/2017-18, is presented below.

Table 3 – Summary of stakeholders' comments

Sr. No.	Stakeholder	Issues Commented
1.	Federation of Indian Airlines (FIA)	<ul style="list-style-type: none">• Methodology of Tariff Determination• True-up for 1st control period• Traffic• Fair Rate of Return (FRoR)• Annual Tariff Proposal
2.	Hindustan Petroleum Corporation Limited (HPCL)	<ul style="list-style-type: none">• Annual Tariff Proposal
3.	Business Aircraft Operators Association (BAOA)	Annual Tariff Proposal

2.2. The Authority has carefully considered comments made by stakeholders and has obtained response from AAI on these comments. The position of the Authority in its Consultation Paper No. 08/2017-17, issue-wise comments of the stakeholders on the Consultation Paper, response from AAI thereon, Authority's examination, and its decision are given in the relevant sections of this order.

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3. Methodology for Tariff determination

3.1. The Authority, vide its Order No. 13/2010-11 dated 12.01.2011 ("Airport Order") and Direction No. 5/2010/11 dated 28.02.2011 ("Airport Guidelines"), has issued guidelines to determine tariffs at major airports based on Single Till mechanism. Subsequently, the Authority has amended guidelines vide its Order No. 14, 2016-17 dated 12.1.2017 to determine future tariffs using Hybrid Till.

3.2. The tariff determination process consists of true-up for 1st control period and determination of building blocks for 2nd control period. The Authority had proposed to undertake true-up of 1st control period based on actual financials and traffic data under Single Till (as was applicable during 1st control period) and determination of building blocks for 2nd control period under Hybrid Till.

3.3. The Aggregate Revenue Requirement (ARR) under regulatory framework of Authority is calculated as under

$$ARR = \sum_{t=1}^5 (ARR_t) \text{ and}$$
$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - \alpha \times NAR_t$$

Where

3.3.1. t is the Tariff Year in the control period;

3.3.2. ARR_t is the Aggregate Revenue Requirement for year t ;

3.3.3. $FRoR$ is the Fair Rate of Return for the control period;

3.3.4. RAB_t is the Aeronautical Regulatory Asset Base for year t ;

3.3.5. D_t is the Depreciation corresponding to the Aeronautical RAB for year t ;

3.3.6. O_t is the Aeronautical Operation and Maintenance Expenditure for year t , which include all expenditures incurred by the Airport Operator(s) towards aeronautical activities including expenditure incurred on statutory operating costs and other mandatory operating costs;

3.3.7. T_t is the Tax in year t , which includes payments by Airport Operator in respect of corporate tax on income from assets/ amenities/facilities/services taken into consideration for determination of ARR for year t ;

3.3.8. α is 30% cross subsidy factor for revenue from services other than aeronautical services under Hybrid Till for 2nd control period. α is 100% cross



subsidy factor under Single Till for 1st control period; and

3.3.9. NAR_t is revenue from services other than aeronautical services (Non-Aeronautical Revenues or NAR) for year t .

3.4. Based on ARR, Yield per Passenger is calculated as per formula given below:

$$\text{Yield per Passenger (Y)} = \frac{\sum_{t=1}^5 \frac{PV(ARR_t)}{\sum_{t=1}^5 (VE_t)}}$$

Where,

3.4.1. Present value (PV) of ARR_t for a tariff year t is calculated at the beginning of the control period and the discounting rate for calculating PV is equal to the Fair Rate of Return determined by the Authority.

3.4.2. VE_t is the Traffic volume in a tariff year t as estimated by the Authority

3.4.3. ARR_t is the Aggregate Revenue Requirement for tariff year t .

3.5. While determining building blocks and ARR for JIA, Authority proposed to-

3.5.1. Allocate CHQ/ RHQ overhead expenses on revenue basis as per the approach followed by the Authority while determining tariffs for Guwahati and Lucknow airports

3.5.2. Adopt depreciation rates consistent with Companies Act and for assets not defined in the Companies Act at 3.33% from FY 2011-12 onwards.

3.6. The Authority caps airport tariffs at a level where revenue generated through approved tariffs is equal to the permissible ARR for the Airport Operator. The Authority's approach on the above is detailed in subsequent sections.

3.7. The true-up for 1st control period and determination of building blocks for 2nd control period are detailed in subsequent sections.

Stakeholders' comments and Authority's observations

Comments from FIA

3.8. FIA in its comments has stated that the Authority ought to follow Single Till model and provided additional comments as below:

3.8.1. Hybrid Till is followed, which is in contravention to AERA tariff guidelines.

3.8.2. It is noteworthy that in a matter pending adjudication before the Hon'ble Airports Economic Regulatory Authority Appellate Tribunal ("AERAAT"), MoCA



had submitted by way of its Counter-Affidavit that the Authority is an independent regulator and suggestions of Government of India/ MoCA are not legally binding on it. Further, it has submitted that MoCA has no role to play with respect to determination of aeronautical tariff. The Authority being a party to the said matter is aware of the contents of MoCA's Counter Affidavit in the said matter.

3.8.3. Single Till is premised on the following legal framework being:

(a) Section 13 (1) (a) (v) of AERA Act envisages that while determining tariff for aeronautical services, the Authority shall take into consideration revenue received from services other than the aeronautical services.

(b) Clause 4.2 of AERA Guideline recognizes Single Till approach which sets out the following components on the basis of which ARR will be calculated:-

- i) Fair Rate of Return applied to the Regulatory Asset Base
- ii) Operation & Maintenance Expenditure
- iii) Depreciation
- iv) Taxation
- v) Revenues from services other than aeronautical services

(c) AERA in its Single Till Order has held that "Single Till is most appropriate for the economic regulation of major airports in India"

3.8.4. Determination of aeronautical tariff warrants a comprehensive evaluation of the economic model and realities of the airport – both capital and revenue elements. JIA's approach of Hybrid Till deserves to be discarded

3.8.5. In the Single Till order, Authority has strongly made a case in favour of the determination of tariff on the basis of 'Single Till'. It is noteworthy that the Authority in its inter alia Single Till order has:

- (a) Comprehensively evaluated the economic model and realities of the airport – both capital and revenue elements.
- (b) Taken into account the legislative intent behind Section 13 (1) (a) (v) of the AERA Act.
- (c) Concluded that the Single Till is the most appropriate for the economic



regulation of major airports in India

(d) The Criteria for determining tariff after taking into account standards followed by several international airports (United Kingdom, Australia, Ireland and South Africa) and prescribed by ICAO.

3.8.6. The Authority in its AERA Guidelines (Clause 4.3) has followed the Single Till approach while laying down the procedure for determination of ARR for Regulated Services. In this respect, the matter must be dealt with by the Authority considering the ratio pronounced by the Constitutional Bench in the Hon'ble Supreme Court Judgment in PTC vs. CERC reported as (2010) 4 SCC 603 (please ref: Paragraph Nos. 58 to 64 at Page Nos. 639 to 641). Wherein it is specifically stated that regulation under enactment/ statute, as a part of regulatory framework, intervenes and even overrides the existing contracts between the regulated entities inasmuch as it casts a statutory obligation on the regulated entities to align their existing and future contracts with the said regulations.

3.8.7. The fundamental reasoning behind 'Single Till' approach is that if the consumers/ passengers are offered cheaper air-fares on account of lower airport charges, the volume of passengers is bound to increase leading to more foot-fall and probability of higher non-aeronautical revenue. The benefit of such non aeronautical revenue should be passed on to consumers/ passengers and that can be assured only by way of lower aeronautical charges. It is a productive chain reaction which needs to be taken into account by the Authority.

(a) Single Till Model ought to be applied to ALL the airports regulated by the Authority regardless of whether it is a public or private airport or works under the PPP model and in spite of the concession agreements as the same is mandated by the statute.

(b) Single Till is in the public interest and will not hurt the investor's interest and given the economic and aviation growth that is projected for India, Fair Rate of Return (FRoR) alone will be enough to ensure continued investor's



interest.

(c) MoCA's view(s) with respect to any issue at best can be considered as that of a Stakeholder and by no means are binding to Authority's exercise of determination of aeronautical tariff as is admitted by MoCA itself before the AERAAT.

3.8.8. In view of the above, it is submitted without prejudice that determination of aeronautical tariff on Hybrid Till basis for the first control period has set the tone and precedent for determination of aeronautical tariff in subsequent control periods contrary to the applicable legal framework. Thus, it is submitted that Authority should discard the option of determination of aeronautical tariff on Hybrid Till and follow Single Till scrupulously.

3.8.9. AERA vide its order 13/ 2015-16 dated 17.04.2015 had decided to continue existing tariffs on ad-hoc basis and advised AAI to submit MYTP for the 2nd control period well in time.

3.8.10. It may kindly be noted that AAI has submitted its proposal on 06.11.2015 (7 months from the order) and almost 4 months well before start of 2nd control period and further AERA allowed AAI to resubmit the MYTP under hybrid till on 01.02.2017 (with a time gap of 14 months from first submission) post release of NCAP (June, 2016) and revised submission on 22.03.2017. AERA circulated this Consultation Paper on 16.06.2017 (almost 18 months from the first submission). This can be treated as an intentional delay, allowing AAI to move from Single Till to Hybrid Till.

AAI's submission to FIA's comments

3.9. AAI stated that Ministry of Civil Aviation has in the recently announced Civil Aviation Policy stated that: "To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidize aeronautical charges. In case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the



future.”

AERA vide letter No. F.No. AERA/20010/Civil Aviation Policy/2014-15/9408 dated 4th August, 2016 has requested AAI to re-submit the Multi Year Tariff Proposal for determination of Aeronautical Tariff for the 2nd control period on 30% Hybrid Till basis for Seventeen Major Airports and true up of eleven major Airports for the first control period.

Authority's examination of FIA's comments and AAI's submission to FIA's comments

- 3.10. The Authority has noted comments from FIA related to the regulatory Till applicable for Jaipur airport and the response of AAI to FIA's comments. The Authority has decided to adopt Hybrid Till as per the revised guidelines issued vide its Order No. 14, 2016-17 dated 12.01.2017 and would consider the order to be issued by Appellate Tribunal at an appropriate time with regards to applicability of regulatory Till.
- 3.11. The Authority has also noted the comment from FIA related to timelines for Jaipur's submissions and issue of consultation paper. The delay in finalizing tariff order was mainly due to the on-going discussions on apportionment of CHQ/RHQ expenses and the appropriate methodology for the same.

Authority's general views on adoption of Hybrid Till

- 3.12. The Authority's earlier decision to use 'Single Till' approach to fix the tariff for airports at a time when most of the new airports were being developed on 'Hybrid Till' basis resulted in differential treatment with one set of airports under the 'Single Till' and the other group under the 'Hybrid Till'. It was difficult to justify the basis for such differential treatment and it has also caused some regulatory uncertainty which is not warranted at a time when greater emphasis is being placed on private investments for airport development.
- 3.13. The Authority adequately responded to the stakeholders' comments on the adoption of Hybrid Till in its Order No. 14, 2016-17 and passed the following order:
- “(i) The Authority will in future determine the tariffs of major airports under “Hybrid Till” wherein 30% of non-aeronautical revenues will be used to cross-subsidize aeronautical charges. Accordingly, to that extent the airport operator guideline of the Authority shall be amended. The provisions of the Guidelines issued by the Authority, other than

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regulatory Till, shall remain the same.

(ii) In case of Delhi and Mumbai airports, tariff will continue to be determined as per the SSA entered into between Government of India and the respective airport operators at Delhi and Mumbai.”

3.14. In view of the above, the Authority decides to determine aeronautical tariffs at JIA for first control period on Single Till basis and for second control period on Hybrid Till basis.

Decision no. 1 – Methodology for tariff determination

1.a. The Authority decides to determine aeronautical tariffs at JIA for first control period on Single Till basis and for second control period on Hybrid Till basis.



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4. Multi Year Tariff Proposal of JIA

- 4.1. In the 1st control period, the Authority, vide its Order No. 13/2015-16 dated 17.04.2015 had decided that the tariffs at JIA would continue at the existing level on ad-hoc basis and advised AAI to submit MYTP for the 2nd control period well in time along with the actual financials till FY 2014-15 and the aggregate revenue requirements for the 1st control period.
- 4.2. Accordingly, AAI made submissions dated 06.11.2015 to the Authority for determination of tariffs for 2nd control period. Subsequent to the announcement of National Civil Aviation Policy, AAI made revised submissions under Hybrid Till on 01.02.2017 and on 22.03.2017. AAI has further revised their submission under Hybrid Till on 27.04.2017 and on 03.05.2017 as part of clarifications submitted in line with the comments provided by AAI for Trivandrum airport consultation paper for the 2nd control period. The Authority has adopted the model proposed by AAI as on 22.03.2017 and considered subsequent submissions made by AAI for this order.
- 4.3. The Authority is aware of the ongoing bid process for privatization of O&M of the terminal and in case of any major changes following privatization, AERA will consider the revised proposal, if required.
- 4.4. AAI provides Communication, Navigation, Surveillance/ Air Traffic Management (CNS/ATM) services in addition to landing, parking and other aeronautical services at JIA. AAI has submitted that the tariff proposal does not consider revenues, expenditure and assets on account of CNS/ATM services. This consultation paper discusses the determination of tariffs for aeronautical services at the airport excluding CNS/ ATM services.
- 4.5. AAI has informed that accounts of AAI are audited by C&AG of India as mandated by the AAI Act. The C&AG's resident audit party audits the financial records and statements of AAI airports, regional/ field offices. However, the C&AG issues the final audit certificate for the AAI as a whole and only trial balance is available for JIA. The Authority has utilized these documents as submitted by AAI for determination of tariffs.



5. True-up for First control period

5.1. True-up for 1st control period is calculated as difference between

5.1.1. Permissible aeronautical revenue calculated based on actual traffic and financials

5.1.2. Actual aeronautical revenue received by AAI for 1st control period

5.2. AAI has submitted opening RAB for the 1st control period under Single Till at ₹ 185.8 crores.

Table 4 – Opening RAB for the 1st control period as per AAI – Single Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Assets excluding CNS/ATM related assets as on 01.04.2011	298.9
2	Accumulated Depreciation as on 01.04.2011	113.1
3	Opening RAB[(1)-(2)] as on 01.04.2011	185.8

Permissible aeronautical revenues

5.3. AAI has calculated Aggregate Revenue Requirement of ₹ 453.0 crores (PV of ARR is ₹ 358.0 crores as on 1st April 2012) for 1st control period.

Table 5 - ARR as per AAI for the 1st control period – Single Till

Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Opening RAB	185.8	162.8	144.7	122.8	101.6
Assets capitalized during the year	2.6	5.8	1.5	1.9	10.5
Disposals/ Transfer	0	0	0	0	0
Depreciation	25.6	23.9	23.3	23.1	23.7
Closing RAB	162.8	144.7	122.8	101.6	88.4
Average RAB	174.3	153.7	133.8	112.2	95.0
Return on Average RAB@14%	24.4	21.5	18.7	15.7	13.3
Operating Expenditure	57.4	68.2	55.4	70.2	66.1
Depreciation	25.6	23.9	23.3	23.1	23.7
Corporate Tax	0.0	0.0	0.0	0.0	0.0
Less- Revenue from services other than Regulated services	13.4	11.1	15.7	17.0	20.5
ARR as per AAI	94.0	102.6	81.8	92.0	82.5
Total ARR as per AAI	453.0				
Discounted ARR	94.0	90.0	63.0	62.1	48.9
PV of ARR for the control period as on 01.04.2012	358.0				



Actual aeronautical revenues

5.4. AAI has submitted that it has earned total aeronautical revenues of ₹ 254.2 crores during 1st control period. Further, AAI has submitted that it has a shortfall of ₹ 361.0 crores (future value as on 01 April 2017) during the 1st control period. The aeronautical revenues for the 1st control period is shown below:

Table 6 - Aeronautical revenue earned for the 1st control period as per AAI Submission – Single Till

No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
A	Revenues from Regulated Services					
1	Landing Charges:					
1.1	Domestic	8.8	10.6	9.8	9.1	11.9
1.2	International	2.4	1.7	2.7	3.5	3.5
1.3	Total Landing Charges	11.2	12.3	12.5	12.6	15.4
2	Parking and Housing Charges:	0.1	0.1	0.1	0.2	0.1
3	PSF(Facilitation Charges(FC)):					
3.1	Domestic	7.3	6.4	7.1	7.3	9.9
3.2	International	0.7	0.8	0.8	1.1	1.3
3.3	Total PSF (FC)	8.0	7.2	7.9	8.4	11.1
4	User Development Fees (UDF):					
4.1	Domestic	12.4	11.2	11.8	12.1	16.0
4.2	International	8.8	10.8	11.5	15.1	16.4
4.3	TOTAL UDF	21.3	22.0	23.3	27.1	32.4
5	Fuel Throughput Charges	0.6	0.6	0.4	0.5	0.7
6	Ground Handling Charges	1.0	1.6	1.1	2.7	3.1
7	Cargo revenues	0.2	0.2	0.2	0.4	2.0
8	CUTE services	0.5	1.0	1.1	1.2	1.5
	Total Aeronautical Revenues	43.0	45.0	46.6	53.1	66.4

Table 7 - ARR and its resultant shortfall as per AAI for 1st control period – Single Till

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	ARR for year	94.0	102.6	81.8	92.0	82.5	453.0
2	Aeronautical Revenue	43.0	45.0	46.6	53.1	66.4	254.2
3	Shortfall	51.1	57.6	35.2	38.9	16.1	198.9



No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
4	Future Value of shortfall as on 01.04.2017	112.1	110.9	59.5	57.6	20.9	361.0

Authority's Examination

5.5. The Authority had proposed adjustments on the following building blocks for calculating true-up of 1st control period

5.5.1. Adjustment of depreciation

5.5.2. Adjustment of non-aeronautical revenues

Adjustment for Depreciation

5.6. AAI has used depreciation rates as per the accounting policy approved by AAI board.

The depreciation rates used by AAI for key assets are –

Table 8 - Depreciation rates as submitted by AAI

No.	Asset Class	As per AAI
1	Land	0%
2	Runways/taxiway	13%
3	Apron	13%
4	Roads bridges & culverts	13%
5	Terminal buildings	8%
6	Temporary building	100%
7	Residential building	5%
8	Temporary b/wall	100%
9	Boundary wall (operational)	8%
10	Boundary wall(residential)	5%
11	Other buildings	8%
12	Computers & I.T. hardware	20%
13	Intangible assets- computer software	20%
14	Plant & machinery	11%
15	Tools & plant	20%
16	Furniture-office	20%
17	Vehicles	14%
18	Cars/jeeps	14%
19	Electrical installations	11%
20	Office equipment. & appliances	18%
21	F&F- operational area	20%
22	X-ray baggage system	11%
23	CFT & firefighting equipment	13%



5.7. The Authority had proposed the following depreciation rates

5.7.1. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards

5.7.2. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.

5.8. Depreciation for the 1st control period has been calculated on the basis of actual date of capitalization of assets.

5.9. The revised depreciation for the 1st control period under Single Till is given below:

Table 9 – The Authority's consideration on depreciation for 1st control period – Single Till

No.	Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	As per AAI	25.6	23.9	23.3	23.1	23.7	119.7
2	As per Authority	7.6	7.8	7.8	12.7	13.2	49.0

5.10. In respect of cost of land, the Authority noted that land is not a depreciable asset and if taken into RAB, the return over it has to be paid perpetually. Besides, if the principle of FRoR based on cost of capital is applied on cost of land the aeronautical charges may have to be fixed at exorbitantly high rates. Since the Authority has so far not come across instances where the land cost is significant part of the RAB, it is necessary to examine all the ramifications of taking the value of cost of land into RAB. The Authority realizes that unless some kind of return is given on future land acquisitions for airport purposes, it could become a major hurdle for airport development. Therefore, it is proposed to conduct a study based on which the treatment to be given to cost of land can be determined on a sound reasoning.

5.11. In the case of JIA it is proposed to exclude the existing cost of land (₹ 15.2 crores in FY 2011-12) from the RAB till a final decision is taken on the Issue.

5.12. The change in depreciation rates and exclusion of land from RAB results in a change in average RAB of the 1st control period as shown below –



Table 10 – The Authority's consideration of average RAB for 1st control period – Single Till

No	Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
1	As per AAI					
	Opening RAB	185.8	162.8	144.7	122.8	101.6
	Additions	2.6	5.8	1.5	1.9	10.5
	Disposals	0	0	0	0	0
	Depreciation	25.6	23.9	23.3	23.1	23.7
	Closing RAB	162.8	144.7	122.8	101.6	88.4
	Average RAB	174.3	153.7	133.8	112.2	95.0
2	As per Authority					
	Opening RAB	170.6	165.6	163.6	157.3	146.5
	Additions	2.6	5.8	1.5	1.9	10.5
	Disposals	0	0	0	0	0
	Depreciation	7.6	7.8	7.8	12.7	13.2
	Closing RAB	165.6	163.6	157.3	146.5	143.8
	Average RAB	168.1	164.6	160.5	151.9	145.2

Adjustment for Non-Aeronautical revenues

5.13. The Authority noted that AAI has considered lease rental revenues from ground handling agencies, oil companies and cargo as non-aeronautical revenues during the 1st control period. As per the provisions of the AERA Act, the services rendered in respect of ground handling, oil companies and cargo are aeronautical services.

5.14. The Authority had proposed to consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.

Table 11 – Comparison of NAR as considered by AAI and the Authority for 1st control period

NAR (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
NAR as submitted by AAI (1)	13.4	11.1	15.7	17.0	20.5
Adjustment					
<i>Revenue from Cargo, Ground handling and fuel services treated as aeronautical (2)</i>	0.8	1.6	1.4	1.5	2.6
NAR as per Authority (3 = 1 - 2)	12.6	9.5	14.3	15.5	18.0

Adjustment for operating expenditure (CHQ/ RHQ expenditure apportionment)

5.15. Total CHQ/ RHQ expenses for AAI is as shown in table below. AAI has requested the apportionment of CHQ/ RHQ expenses while determining tariffs of major airports. CHQ/ RHQ expenses consist of three components – Expenditure for JIA employee's retirement



benefit allocated at CHQ, overheads at CHQ and overheads at RHQ. The CHQ/ RHQ expense considered for apportionment have been netted off against the income received by CHQ/ RHQ.

5.16. The retirement benefit is allocated on the basis of number of employees at JIA. The Authority had proposed to allocate the CHQ/ RHQ overhead expenses for the airport services after excluding the ANS expenses on revenue basis which is consistent with the approach adopted by the Authority in MYTP of 1st Control Period for Guwahati and Lucknow airports. The Authority observes that as per the above methodology the CHQ/ RHQ overhead expenses are allocated in proportion to the capacity of the airport to absorb higher cost of CHQ/ RHQ. Under this methodology, a portion of CHQ/ RHQ expenses are allocated to Delhi and Mumbai airports based on revenue received by AAI from these airports.

Table 12 - Summary of CHQ/ RHQ Overheads as submitted by AAI for 1st control period

No.	in ₹ cr.	2012	2013	2014	2015	2016
Apportionment of CHQ/ RHQ overheads						
1	CHQ Expenses	259.3	331.2	303.8	397.3	404.6
2	Less - CHQ Revenue	93.8	152.6	183.5	236.8	227.7
3	Net CHQ Expenses (1-2)	165.6	178.7	120.3	160.5	176.9
1	Northern Region - RHQ Expenses	89.3	116.1	124.6	167.1	155.5
2	Less - Northern Region - RHQ Revenues	7.7	16.1	16.8	11.0	15.5
3	Net Northern Region RHQ Expenses (1-2)	81.6	100.0	107.3	156.1	140.0
	Total of Net CHQ and RHQ Expenses	247.1	278.6	227.6	316.6	316.9
	CHQ/ RHQ Overheads allocated to JIA	8.4	6.3	5.3	7.5	7.5
Apportionment of Retirement Benefits at CHQ						
	Total provision of retirement benefits at CHQ	159.7	289.4	160.0	275.2	182.9
	Provision of Retirement Benefits at CHQ for JIA	4.1	7.9	3.6	6.6	3.6

5.17. In view of the above, the O&M expenditure for 1st control period is given in table below.

Table 13 - Summary of O&M expenditure as per the Authority for 1st control period -Single Till

No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
1	Pay roll Expenditure of JIA	23.0	24.5	23.8	22.3	20.2

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No.	Particulars (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	4.1	7.9	3.6	6.6	3.6
A	Total Pay roll Expenditure (1+2)	27.2	32.5	27.3	28.8	23.9
3	Administrative and General Expenditure	1.7	1.9	1.9	2.7	3.2
4	Apportionment of administration & General expenditure of CHQ/RHQ	8.4	6.3	5.3	7.5	7.5
B	Total Administration & General Expenditure(3+4)	10.1	8.3	7.2	10.2	10.7
C	Repairs and Maintenance Expenditure	5.0	6.9	4.4	7.9	8.5
5	Power Charges	2.6	3.0	2.9	3.2	4.0
6	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure	2.6	3.0	2.9	3.2	4.0
E	Consumption of Stores and Spares	0.3	0.3	0.5	0.3	0.4
F	Other Outflows	0.4	0.3	0.3	0.8	0.3
	Total (A+B+C+D+E+F)	45.5	51.3	42.6	51.2	47.8

Adjustment in base year for calculating present value of shortfall

5.18. The Authority noted that the present value factor considered by AAI for the shortfall in aggregate revenue collection in comparison to allowable aggregate revenue for the 1st control period (refer to Table 7) is calculated as on 01.04.2017 instead of 01.04.2016.

The Authority had proposed to consider the present value of shortfall as on 01.04.2016.

Tax calculation for 1st control period

5.19. The tax calculation as submitted by AAI for 1st control period apportions actual tax liability of AAI based on the profit before tax of JIA and profit before tax of AAI.

5.20. The Authority noted that the tax liability of AAI would include tax as a result of income from Delhi and Mumbai airports. Therefore, the Authority had proposed to determine tax for JIA by applying provisional tax rate on the standalone profit before tax of the airport. In addition, for calculation of tax, the Authority had proposed to determine depreciation considering the depreciation rates applicable under Income Tax laws.

5.21. AAI has submitted revised tax calculations based on standalone financials of JIA. The Authority had proposed to consider the tax calculation as given below.

Table 14 – Revised amount of Tax as considered by Authority for the 1st control period

Particular (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Aeronautical Revenues	43.8	46.6	47.9	54.6	69.0



Particular (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Non-Aeronautical Revenues	12.6	9.5	14.3	15.5	18.0
O&M (excluding retirement benefits and CHQ/ RHQ Overheads)	33.0	37.0	33.7	37.2	36.6
Retirement benefits and CHQ/ RHQ Overheads	12.5	14.3	8.8	14.1	11.2
Depreciation as per IT Act	22.0	19.9	17.5	15.5	15.2
PBT	-11.2	-15.1	2.2	3.5	24.0
Tax	0.0	0.0	0.7	1.2	8.3

Revised Aggregate Revenue Requirement

5.22. The ARR for the 1st control period has been revised based on adjustments detailed above.

5.22.1. Change in depreciation rates as per Table 28

5.22.2. Apportionment of CHQ/RHQ costs and change in tax calculation

5.22.3. Lease rentals from ground handling agencies, oil companies and cargo to be treated as aeronautical revenues

5.22.4. Correction of present value factor for shortfall calculation

Table 15 - ARR as per Authority for the 1st control period – Single Till

Details (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16
Average RAB	168.1	164.6	160.5	151.9	145.2
Return on Average RAB@14%	23.5	23.0	22.5	21.3	20.3
Operating Expenditure	45.5	51.3	42.6	51.2	47.8
Depreciation	7.6	7.8	7.8	12.7	13.2
Corporate Tax	0.0	0.0	0.7	1.2	8.3
Less- Revenue from services other than Regulated services	12.6	9.5	14.3	15.5	18.0
ARR as per Authority	64.1	72.6	59.3	70.8	71.6
Total ARR as per Authority	338.4				
Discounted ARR	64.1	63.7	45.6	47.8	42.4
PV of ARR for the control Period as on 01.04.2012	263.6				

5.23. Correspondingly, the shortfall during the 1st control period between permissible aeronautical revenues and actual aeronautical revenues is calculated as below:

Table 16 - ARR, yield and shortfall as per Authority for 1st control period – Single Till

No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
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No.	Components (₹ crore)	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	ARR for year (refer Table 15)	64.1	72.6	59.3	70.8	71.6	338.4
2	Aeronautical Revenue	43.8	46.6	47.9	54.6	69.0	261.9
3	Shortfall	20.3	26.0	11.3	16.2	2.6	76.5
4	Future Value of shortfall as on 01.04.2016	39.1	43.9	16.8	21.0	3.0	123.9

5.24. Based on the material before it and its analysis, the Authority proposed the following:

5.24.1. To true-up the 1st control period on the basis of Single Till

5.24.2. To apportion CHQ/RHQ overheads on revenue basis.

5.24.3. To consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.

5.24.4. To apply following depreciation rates

5.24.4.1. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards

5.24.4.2. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.

5.24.5. To consider short fall of ₹ 123.9 crores in the 1st control period to be added to ARR for the 2nd control period.

Stakeholders' comments and Authority's observations

Comments from FIA

5.25. With respect to the Authority's proposal related to the treatment of land, FIA submitted that AERA proposed to conduct a study based on which the treatment to be given to cost of land can be determined on a sound reasoning. AERA should share the timelines of the study and likely date of the report.

Authority's examination of FIA's comments

5.26. The Authority noted FIA's comment related to treatment of land and the Authority proposes to conduct the study and issue the consultation paper for stakeholder



consultation in the financial year 2017-18.

AAI's submission

5.27. AERA has noted that PSF (F) has fallen for the FY 2012-2013 as compared to FY 2011-2012 in respect of Jaipur Airport. The PSF (F) in the FY 2013-2014 has not increased commensurate with the increase in the growth rate. This is mainly due to cross booking of PSF (F) and UDF for the FYs 2011-2012, 2012-2013 & 2013-2014 respectively. The overall booking of PSF and UDF for the FY 2011-2012, 2012-2013 & 2013-2014 is correct.

Authority's examination of AAI's submission

5.28. The Authority noted the AAI's clarification regarding the PSF FC and UDF revenues in the 1st control period.

Decision no. 2 – True-up for the 1st control period

- 2.a The Authority decides to true-up the 1st control period on the basis of Single Till
- 2.b The Authority decides to adopt CHQ/RHQ overheads apportionment on revenue basis.
- 2.c The Authority decides to consider the revenues from Cargo facility, Ground Handling Services and Supply of fuel to aircraft including land lease rentals as aeronautical revenue.
- 2.d The Authority decides to apply following depreciation rates:
 - a. For asset types not defined under Companies Act (runway, taxiway and aprons): 3.33% based on useful life of 30 years from FY 2011-12 onwards.
 - b. For asset types defined under Companies Act: rates prevalent under the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014. The depreciation rates as submitted by AAI and as considered by the Authority are given in Table 28.
- 2.e The Authority decides to consider short fall of ₹ 123.9 in the 1st control period to be added to ARR for the 2nd control period.



6. Traffic forecast

6.1. The traffic growth rates as submitted by AAI for 2nd control period are as follows:

Table 17 - Traffic Growth rates assumed by AAI for the 2nd control period

YEAR	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
2016-17	25%	10%	23%	22%	10%	21%
2017-18	12%	8%	12%	10%	6%	10%
2018-19	12%	8%	12%	10%	6%	10%
2019-20	12%	8%	12%	10%	6%	10%
2020-21	12%	8%	12%	10%	6%	10%

6.2. AAI submitted that traffic growth rate for FY 2016-17 is based on extrapolation of actual traffic from April, 2016 to February, 2017.

Authority's Examination

6.3. The Authority observed that the actual traffic data is available for FY 2016-17 for JIA. Accordingly, AAI submitted that traffic growth rate for FY 2016-17 can be revised by the Authority based on actual traffic during FY 2016-17. The Authority had proposed to revise traffic growth rates for FY 2016-17 as per Table 19.

6.4. The Authority calculated CAGR (Compounded Annual Growth Rate) for ATM and passenger traffic from FY 2010-11 to FY 2015-16 (5 year CAGR) and from FY 2005-06 to FY 2015-16 (10 year CAGR) for JIA. The details have been provided in table below:

Table 18 - CAGR for Traffic at JIA

	Growth rates as per AAI (FY18 to FY21)	10 Year CAGR (FY06 to FY16)	5 Year CAGR (FY11 to FY16)
Passenger			
Domestic	12%	20%	12%
International	8%	21%	8%
ATM			
Domestic	10%	11%	11%
International	6%	9%	5%

6.5. After evaluation of 5 and 10 year CAGR of traffic, the Authority is of the view that 10 years CAGR is high due to lower initial base traffic and 5 years CAGR provides more realistic traffic growth rates for future projections. Hence, the Authority had proposed to



adopt growth rates for passenger and ATM traffic from FY 2017-18 to FY 2020-21 based on 5 years CAGR.

Table 19 - Traffic growth rates and Traffic as considered by Authority for the 2nd control period

YEAR	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth Rates						
2016-17	32%	24%	31%	35%	28%	35%
2017-18	12%	8%	12%	11%	5%	10%
2018-19	12%	8%	12%	11%	5%	10%
2019-20	12%	8%	12%	11%	5%	10%
2020-21	12%	8%	12%	11%	5%	10%
Traffic						
2016-17	3,332,496	450,962	3,783,458	28,596	3,744	32,340
2017-18	3,745,163	487,011	4,232,174	31,647	3,938	35,584
2018-19	4,208,931	525,943	4,734,873	35,023	4,141	39,164
2019-20	4,730,127	567,986	5,298,114	38,759	4,354	43,114
2020-21	5,315,865	613,390	5,929,255	42,894	4,579	47,473

6.6. The Authority had proposed to true-up traffic as per actual growth achieved during the current control period at the time of determination of tariff for 3rd control period as explained in earlier orders of the Authority.

6.7. Based on the material before it and its analysis, the Authority proposed the following:

6.7.1. To consider the ATM and passenger traffic as per Table 19.

6.7.2. To true up the traffic volume (ATM and Passengers) based on actual traffic in 2nd control period while determining tariffs for the 3rd control period.

Stakeholders' comments and Authority's observations

Comments from FIA

6.8. There was runway closure (from 1200 hours to 2000 hours) between 18.09.2015 to 28.02.2017. Still actual traffic growth for FY 16-17 was 20% (DOM) and 14% (INTL). But AERA has taken 50% of the future growth rate from FY 17-16 onwards, at time when there will be no runway closure. Therefore, AERA needs to re-examine the traffic growth projection.

6.9. With respect to true-up of traffic, FIA submitted that AERA agrees to true-up the actual growth achieved in the 2nd control period while determining tariff for the 3rd control



period. But same the principle is not been implemented while determining tariff for the 2nd control period – ignoring actual growth rate for FY 2016-17.

Authority's examination of FIA's comments

- 6.10. The Authority noted FIA's comment related to runway closure and it is clarified the comment is not relevant for Jaipur airport as there was no runway closure.
- 6.11. The Authority noted and analysed FIA's observation on the traffic growth rate. As mentioned in para 6.5, the Authority had proposed the forecasted traffic growth rates after due consideration of the past 5 years and 10 years CAGR
- 6.12. The Authority noted and analysed FIA's observation on the traffic true-up. It is clarified that the Authority has already considered traffic as per actuals for FY 2016-17 as mentioned in Para 6.3

Decision no. 3 – Traffic Forecast

- 3.a The Authority decides to consider the ATM and passenger traffic as per Table 19.
- 3.b The Authority decides to true up the traffic volume (ATM and Passengers) based on actual traffic in 2nd control period while determining tariffs for the 3rd control period.

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7. Allocation of Assets (Aeronautical and Non-Aeronautical)

7.1. Under Hybrid Till, only aeronautical assets are included as part of the Regulatory Asset Base. As a result of the shift from Single Till to Hybrid Till at the end of 1st control period, the assets need to be segregated and opening RAB for 2nd control period needs to be recalculated.

7.2. For the allocation of assets between aeronautical and non-aeronautical services, AAI had divided assets into aeronautical, non-aeronautical and common components. Common components have been further segregated into aeronautical and non-aeronautical assets by applying one of the following two ratios:

- Terminal Area Ratio - ratio of aeronautical area to non-aeronautical area (applied for Terminal related assets)
- Employee Ratio - ratio of staff providing commercial services (5 employees) to staff providing aeronautical services (160 employees)

7.3. The allocation of gross block of assets as on 01.04.2016 as submitted by AAI is given in the table below:

Table 20 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as submitted by AAI

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
1	Land	15.2	15.2	100%
2	Runways/taxiway	38.3	38.3	100%
3	Apron	37.9	37.9	100%
4	Roads bridges & culverts	13.0	13.0	100%
5	Terminal buildings	94.6	103.0	92%
6	Temporary building	0.8	0.8	100%
7	Residential building	0.7	0.7	100%
8	Temporary b/wall	0.8	0.8	100%
9	Boundary wall (operational)	4.6	4.6	100%
10	Boundary wall(residential)	0.0	0.0	100%
11	Other buildings	3.1	3.1	100%
12	Computers & I.T. hardware	0.3	0.3	99%
13	Intangible assets- computer software	0.1	0.1	100%
14	Plant & machinery	16.4	16.5	100%
15	Tools & plant	3.5	3.6	99%
16	Furniture-office	1.1	1.1	100%
17	Vehicles	0.9	0.9	100%



Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
18	Cars/jeeps	0.8	0.8	100%
19	Electrical installations	53.3	56.5	94%
20	Office equipment. & appliances	0.9	0.9	98%
21	F&F- operational area	2.7	2.8	100%
22	X-ray baggage system	3.3	3.3	100%
23	CFT & firefighting equipment	17.0	17.0	100%
	Total	309.4	321.1	96.35%

Authority's Examination

Allocation based on Terminal Area Ratio

7.4. AAI submitted the workings for the calculation of aeronautical area to non-aeronautical area ratio vide letter dated 01.02.2017.

Table 21 – Workings of Terminal Area Ratio calculation as submitted by AAI for FY 2015-16

S.No.	Category	Domestic Terminal /International Terminal (Sq.m)
1	Restaurant / Snack Bars	332.9
2	T.R. Stall	471.8
3	Duty Free Shop	42.8
4	Hoarding & Display	0.0
5	Building Non-Residential	941.2
6	Admission Tickets	0.0
7	Cargo	0.0
8	Offices of AAI commercial, land & rest room	0.0
	Total Non-aeronautical area	1,788.7
	Total Terminal area	18,000
	TB Ratio	10%

7.5. The Authority had proposed to adopt 90% as aeronautical area for asset allocation of Terminal related assets in line with terminal area ratio calculations submitted by AAI.

7.6. Specific assets under Furniture & Fixtures, Machinery, Tools & Plant, inside Terminal Building have been considered as aeronautical by AAI. The Authority had proposed to allocate these assets in the ratio of 90% to 10%.

7.7. Residential building related assets have been considered as aeronautical by AAI. The Authority had proposed to allocate these assets based on employee ratio.



7.8. Specific assets under Electrical Installations related to the Terminal Building have been considered as aeronautical by AAI. The Authority had proposed to allocate these assets in the ratio of 90% to 10%.

7.9. Assets related to vehicles have been considered as aeronautical assets by AAI. The Authority had proposed to use the employee ratio of 97% (ratio of employees for aeronautical activities to total employees) for allocation of specific assets related to vehicles (Vehicles and Cars/Jeeps).

7.10. The asset allocation proposed by Authority is tabulated below:

Table 22 – Change in allocation of gross block of assets existing as on 01.04.2016 between aeronautical and non-aeronautical services proposed by the Authority

Sr. No.	Particulars	Aero Assets	Justification
1	Terminal buildings	90.9%	Total assets are ₹ 103.0 crores out of which ₹ 13.8 crores are purely aeronautical assets and common assets are ₹ 88.6 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
2	Temporary building	99.0%	Total assets are ₹ 0.8 crores out of which ₹ 0.5 crores are purely aeronautical assets and common assets are ₹ 0.2 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
3	Residential building	97.0%	Total assets are ₹ 0.7 crores and common assets are ₹ 0.7 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
4	Machinery	98.7%	Total assets are ₹ 16.5 crores out of which ₹ 14.9 crores are purely aeronautical assets and common assets are ₹ 1.5 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
5	Tools & plant	95.5%	Total assets are ₹ 3.6 crores out of which ₹ 2.0 crores are purely aeronautical assets and common assets are ₹ 1.5 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
6	Furniture-office	90.6%	Total assets are ₹ 1.1 crores out of which ₹ 0.85 crores are purely aeronautical assets and common assets are ₹ 0.16 crores. Common assets are allocated based on 90% ratio as

Sr. No.	Particulars	Aero Assets	Justification
			aeronautical assets.
7	Vehicles	98.6%	Total assets are ₹ 0.9 crores out of which ₹ 0.5 crores are purely aeronautical assets and common assets are ₹ 0.4 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
8	Cars/jeeps	98.0%	Total assets are ₹ 0.8 crores out of which ₹ 0.3 crores are purely aeronautical assets and common assets are ₹ 0.5 crores. Common assets are allocated based on 97% ratio as aeronautical assets (employee ratio).
9	Electrical installations	93.7%	Total assets are ₹ 56.5 crores out of which ₹ 22.5 crores are purely aeronautical assets and common assets are ₹ 33.8 crores. Common assets are allocated based on 90% ratio as aeronautical assets.
10	F&F- operational area	92.9%	Total assets are ₹ 2.8 crores out of which ₹ 0.9 crores are purely aeronautical assets and common assets are ₹ 1.8 crores. Common assets are allocated based on 90% ratio as aeronautical assets.

7.11. The cost of land has been excluded from the RAB of 2nd control period as in Para 5.11.

7.12. The allocation of gross block of assets as on 01.04.2016 as considered by the Authority based on revised asset allocation is given in the table below:

Table 23 – Allocation of gross block of assets as on 01.04.2016 between aeronautical and non-aeronautical services as considered by the Authority

Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
1	Land	-	-	-
2	Runways/taxiway	38.3	38.3	100%
3	Apron	37.9	37.9	100%
4	Roads bridges & culverts	13.0	13.0	100%
5	Terminal buildings	93.6	103.0	91%
6	Temporary building	0.7	0.8	99%
7	Residential building	0.7	0.7	97%
8	Temporary b/wall	0.8	0.8	100%
9	Boundary wall (operational)	4.6	4.6	100%
10	Boundary wall(residential)	0.0	0.0	100%
11	Other buildings	3.1	3.1	100%
12	Computers & I.T. hardware	0.3	0.3	99%

Order no. 10/2017-18



Sr. No.	Assets	Aero Assets (₹ crore)	Total Assets (₹ crore)	% Aero
13	Intangible assets- computer software	0.1	0.1	100%
14	Plant & machinery	16.3	16.5	99%
15	Tools & plant	3.4	3.6	96%
16	Furniture-office	1.0	1.1	91%
17	Vehicles	0.9	0.9	99%
18	Cars/jeeps	0.8	0.8	98%
19	Electrical installations	52.9	56.5	94%
20	Office equipment. & appliances	0.9	0.9	98%
21	F&F- operational area	2.6	2.8	93%
22	X-ray baggage system	3.3	3.3	100%
23	CFT & firefighting equipment	17.0	17.0	100%
	Total	292.2	305.9	95.50%

7.13. Based on the material before it and its analysis, the Authority proposed to allocate assets as on 1st April 2016 between aeronautical and non-aeronautical assets as detailed in Table 23.

Decision no. 4 – Allocation of assets सत्यमेव जयते

4.a The Authority decides to allocate assets as on 1st April 2016 between aeronautical and non-aeronautical assets as detailed in Table 23

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8. Opening Regulatory Asset Base for Second control period

8.1. Opening RAB for 2nd control period under Hybrid Till as per AAI submission dated 22.03.2017 is ₹ 88.4 crores.

Table 24 - Calculation of opening RAB as on 1st April 2016 as per AAI submission – Hybrid Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	287.5
2	Aeronautical asset addition during the 1 st control period	22.0
3	Cost of Aeronautical Assets [(1)+(2)] as on 01.04.2016	309.4
4	Accumulated Depreciation as on 01.04.2016	221.0
5	Opening RAB[(3)-(4)] as on 01.04.2016	88.4

8.2. The Authority had proposed to adopt depreciation rates as detailed earlier in Para 5.7 for calculating RAB for 2nd control period.

8.3. The Authority had proposed the allocation of assets between aeronautical and non-aeronautical assets as detailed in Table 23.

8.4. Based on revised depreciation rates and revised asset allocation, the opening RAB for 2nd control period considered by the Authority under Hybrid Till is ₹ 136.0 crores.

Table 25 - Calculation of opening RAB as on 1st April 2016 as per the Authority – Hybrid Till

S. No.	Particulars	Amount (₹ crore)
1	Original Cost of Airport Aeronautical Assets excluding CNS/ATM related assets as on 01.04.2011	270.5
2	Aeronautical asset addition during the 1 st control period	21.7
3	Cost of Aeronautical Assets [(1)+(2)] as on 01.04.2016	292.2
4	Accumulated Depreciation as on 01.04.2016	156.2
5	Opening RAB[(3)-(4)] as on 01.04.2016	136.0

Decision No. 5. Opening Regulatory Asset Base for the 2nd control period

5.a. The Authority decides to consider the opening regulatory base for the 2nd control period under Hybrid Till as ₹ 136 crore



9. Capital Expenditure for Second control period

9.1. AAI has forecasted aeronautical capital expenditure of ₹ 1,316.5 crores for the 2nd control period as shown below:

Table 26 – Aeronautical assets to be capitalized at JIA for 2nd control period as per AAI

S.N.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Runways/ Taxiways	126.5	0.0	23.0	0.0	0.0
2	Aprons	0.0	0.0	0.0	60.0	0.0
3	Road, Bridges & Culverts	0.1	0.0	9.2	0.0	0.0
4	Terminal Building	0.5	0.0	0.0	11.3	530.0
5	Operational Boundary Wall	2.1	1.9	0.0	0.0	0.0
6	Residential Boundary Wall	0.1	0.0	0.0	0.0	0.0
7	Other Buildings	0.0	0.0	8.0	9.0	0.0
8	Machinery	1.1	0.0	0.0	0.0	0.0
9	Tools and Plant	0.6	0.0	0.0	0.0	0.0
10	Electrical Installation	2.0	0.0	0.0	0.0	530.0
11	X-Ray	1.1	0.0	0.0	0.0	0.0
	Total	134.1	1.9	40.2	80.3	1,060.0

9.2. AAI has submitted following details of the proposed capital works to be undertaken during the control period:

9.2.1. Extension and strengthening of Runway for Category 'E' type of aircraft operation

Jaipur is one of the airport being developed under the 35 non-metro airports. It is proposed to increase the runway length from 9,174 feet to 11,500 feet along with CAT-II lighting systems and CAT-II ILS operations to cater to operations of 'E' category aircrafts.

The proposed works include extension of runway 09 by 710 m x 45 m to make a total length of 3507 m x 45 m along with strengthening for critical aircraft of 'E' category along with other related works such as design to cater to aircraft of 'E' category with proper PCN value, construction of new turn pad, construction of blast pads at the extremity of runway, provision of runway shoulders of 7.5 m width on either side on the extended portion of runway and provision of RESA of dimension 240 m x 150 m at both ends of the runway.

9.2.2. Expansion of Terminal Building to cater 5,000 peak hour passenger at a time



The existing passenger terminal building at Jaipur Airport is serving both domestic and international passengers and has a capacity to handle 720 peak hour passenger at a time. The building has been saturated, therefore, it is proposed to expand the terminal building for integrated operations to cater to the passenger convenience in future growth of Jaipur airport.

The expansion of the terminal building has been proposed to handle total 5000 peak hour passenger at a time (Annual capacity 5 million) which will serve up to the year of 2025-26. The terminal building is planned to be completed within the area of 1,25,000 Sq.m. (excluding the existing terminal building area of 18,000 Sq.m.). In addition to this, 20,000 Sq.m. of basement area has been planned for services.

9.2.3. Construction of Parallel Taxiway

Presently part Parallel Taxi Track of 486 m long only is available. There is occupancy of runway during aircraft movements. The air traffic / aircraft movements are increasing day by day at Jaipur Airport. To reduce runway occupancy time, part parallel taxi track to be extended by 2,600m for effective control of air traffic.

9.2.4. Construction of Boundary Wall

Approximately 60 acres land has been acquired in three pockets. The boundary wall is proposed to be constructed in all the three pockets.

9.2.5. Terminal Building modification for integrated operations

As the existing terminal building has already been saturated and as the expansion of the building has been proposed to be taken up and the completion of the same will be 2020-2021. For immediate relief of the passengers, the modification of the existing Terminal building is required for smooth functioning.

9.2.6. Construction of Admin Block

Presently AAI Offices are accommodated in Terminal-1. ATC Block and Fire Station are on the other side of Terminal-1. There is inconvenience and operational difficulty due to movements of AAI vehicles in the operational



area. Moreover, the space in the Terminal Building, presently occupied for offices can be effectively utilized for passenger facilities. Accordingly, to accommodate engineering office, HR Office, Account Office and APD Office, an administrative office block is being planned at the side of ATC Block.

9.2.7. Construction of Apron, Link Taxi and Isolation Bay

In order to cater the increased demand, the Apron has been proposed for additional 8-10 bays. The Link taxi is required for connecting the proposed Apron. Presently, there is no isolation bay at Jaipur Airport. On the disused runway the isolation bay has been designated. The extension of runway has already been taken up to cater E-category aircrafts. In synchronization with this the Isolation Bay also to be made for E-category aircrafts.

9.2.8. Construction of Fire Station IX near Runway 27

Present Fire Station is of category-VII which is situated in the mid portion of the present runway strip. The Runway is being extended to Cater E-Category aircrafts. Due to the expansion the present Fire Station will not remain equidistant from the Runway ends. For optimum use of Fire Station it has to be shifted to make it equidistant from the Runway ends. Moreover along with the higher category usage of Runway, the Fire Station also requires to be expanded for serving E-Category aircrafts.

9.2.9. Provision of covering Nallaha

A drain /Nallaha is passing in the operational area which falls in the Basic Strip. As per the Civil Aviation Requirements, the drain either to be diverted away from the Basic strip or to be properly covered. Considering the functional and economical parameters it has been planned to properly cover the drain.

Authority's Examination

9.3. The Authority requested AAI to submit the capital expenditure to be incurred in FY 2016-17 based on current status. In response to this, AAI vide submission dated 22.03.2017 provided the revised capital expenditure to be incurred in FY 2016-17 and 2nd control period and accordingly the Authority has updated the capital expenditure in



2nd control period. The Authority noted that total amount for expansion of Terminal building capital expenditure is ₹ 1,177 crores and the aeronautical component is ₹ 1,060 crores as per AAI submissions in FY 2020-21. The Authority noted that the capital expenditure for expansion of terminal building is tentative and hence had proposed to exclude the same for the tariff determination in the 2nd control period. In case, AAI incurs the capital expenditure towards the expansion of terminal building and capitalizes the same during the 2nd control period, it will be trued up while determining tariff for 3rd control period. In case the expenditure is incurred during the 2nd control period and AAI feels that this will lead to significant increase in tariff, it may propose revision of tariffs after capitalization of the Terminal Building.

9.4. The Authority noted that total amount for Terminal building modification for integrated operations is ₹ 12.5 crores and the Authority had proposed to use 90% as aeronautical for asset allocation of terminal building modifications for integrated operations and had proposed to consider ₹ 11.25 crores as aeronautical capital expenditure. The other capital expenditure details have been updated based on capital expenditure status provided by AAI vide their submission dated 22.03.2017.

Table 27 - Revised aeronautical capital expenditure for 2nd control period as considered by the Authority

S.N.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Runways/ Taxiways	126.5	26.0	0.0	0.0	0.0
2	Aprons	0.0	0.0	0.0	60.0	0.0
3	Road, Bridges & Culverts	0.3	6.4	0.0	0.0	0.0
4	Terminal Building	0.5	0.0	0.0	11.3	0.0
5	Operational Boundary Wall	1.6	1.9	0.0	0.0	0.0
6	Residential Boundary Wall	0.2	0.0	0.0	0.0	0.0
7	Other Buildings	0.0	0.0	8.0	9.0	0.0
8	Machinery	1.1	0.0	0.0	0.0	0.0
9	Tools and Plant	0.6	0.0	0.0	0.0	0.0
10	Electrical Installation	2.0	0.0	0.0	0.0	0.0
11	X-Ray	1.1	0.0	0.0	0.0	0.0
	Total (₹ 256.4 crore)	133.8	34.3	8.0	80.3	0.0

9.5. The Authority expects AAI to undertake capital works in the 2nd control period in accordance with Order No. 07/ 2016-17 dated 13 June, 2016 on normative approach.

9.6. The Authority had proposed to consider the total aeronautical capital expenditure to be

Order no. 10/2017-18



capitalized and added to RAB at ₹ 256.4 crores.

9.7. The Authority noted that the cost of the planned works is indicative. The Authority proposed to consider the addition to aeronautical assets during the 2nd control period as given in Table 27 subject to true-up of RAB based on actual aeronautical asset addition while determining tariffs for the 3rd control period.

9.8. In the 2nd control period, project works related to Construction of Parallel Taxi Track including Bridge (₹ 26 crores), Construction of Apron, Link taxi & isolation bay (₹ 60 crores), construction of admin block (₹ 9 crores) and construction of sub fire station near runway 27 end (₹ 8 crores) are proposed to be taken up. These require user consultation as per the Guidelines. The Authority expects AAI to provide all the required project information as part of the consultation process with users.

9.9. Based on the material before it and its analysis, the Authority proposed the following:

9.9.1. To consider allowable project cost of ₹ 256.4 crores and accordingly to reckon the amount of ₹ 256.4 crores as addition for total assets during the 2nd control period.

9.9.2. Direct AAI to undertake user stakeholder consultation process for major capital expenditure items as per the Guidelines.

9.9.3. To true-up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalisation of underlying assets in a given year.

Decision no. 6 – Capital Expenditure

6.a. The Authority decides to consider allowable project cost of ₹ 256.4 crore and accordingly reckon the amount of ₹ 256.4 crore as additions to total assets during the 2nd control period.

6.b. The Authority directs AAI to undertake user stakeholder consultation process for major capital expenditure items as per the Guidelines.

6.c. The Authority expects AAI to undertake capital works in the 2nd control period in accordance with Order No. 07/ 2016-17 dated 13 June, 2016 on normative approach.



6.d. The Authority decides to true-up the Opening RAB of the next control period depending on the capital expenditure incurred and date of capitalisation of underlying assets in a given year.

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10. Depreciation

10.1. AAI has submitted that the depreciation rates used are as per AAI's approved accounting policy. The salient aspects of AAI's depreciation policy being followed are as under:

10.1.1. Method of depreciation: straight line;

10.1.2. 100% of depreciation rates of assets if assets are used in a financial year for 180 days or more. If the assets are used for less than 180 days in a year the depreciation is charged at 50% of the depreciation rates. This policy is effective from the financial year 2012-13;

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

Authority's Examination

10.2. The Authority noted that the depreciation policy of AAI is not in accordance with the depreciation rates adopted by the Authority in other private airports. AAI is a statutory body established under the AAI Act and it does not come under the Companies Act. The Board of AAI has approved the depreciation policy that has been adopted by AAI.

10.3. The Authority noted that on some of the assets the depreciation charged by AAI is not in line with the Companies Act 2013. The Authority is of the view that adoption of depreciation rates as prescribed under the Companies Act at any point of time is appropriate, considering the variation in policies adopted by the airport operators. The Authority further noted that there is no specific mention of the classes of assets viz. apron, taxiway and runway in the Companies Act 2013 or 1956 or in the Income Tax Act 1961.

10.4. In this regard, the Authority has separately commissioned a study to determine appropriate depreciation rates for regulation of airports in line with the provisions of the Companies Act 2013. The Authority proposes to consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.

10.5. In light of above, for the categories of assets (runway, taxiway and apron) where no



specific depreciation rate/ useful life has been mentioned in the Companies Act, the Authority had proposed to adopt depreciation rate of 3.33%. This rate is proposed to be applied on runway, taxiway and apron assets existing as on 01.04.2011 and on these assets added during 1st and 2nd control period.

10.6. The Authority had proposed to adopt the depreciation rates mentioned under Companies Act for assets as per the Companies Act 1956 till FY 2013-14 and as per the Companies Act 2013 from FY 2014-15 onwards as the effective date of implementation of the Companies Act 2013 is 01.04.2014.

10.7. The Authority had proposed that for the new assets to be capitalized in the 2nd control period, depreciation is charged at 50% of the depreciation rates in the year of capitalization.

10.8. The depreciation rates as submitted by AAI and as considered by the Authority during the 1st and 2nd control period are given below:

Table 28 - Depreciation rates as submitted by AAI and as considered by the Authority

No.	Asset Class	As per AAI	As per Authority till FY 2014	As per Authority FY2015 onwards
1	Land	0%	0.00%	0.00%
2	Runways/taxiway	13%	3.33%	3.33%
3	Apron	13%	3.33%	3.33%
4	Roads bridges & culverts	13%	1.63%	3.33%
5	Terminal buildings	8%	1.63%	3.33%
6	Temporary building	100%	100.00%	33.33%
7	Residential building	5%	1.63%	3.33%
8	Temporary b/wall	100%	100.00%	33.33%
9	Boundary wall (operational)	8%	1.63%	3.33%
10	Boundary wall(residential)	5%	1.63%	3.33%
11	Other buildings	8%	1.63%	3.33%
12	Computers & I.T. hardware	20%	16.21%	16.67%
13	Intangible assets- computer software	20%	20.00%	20.00%
14	Plant & machinery	11%	4.75%	6.67%
15	Tools & plant	20%	4.75%	6.67%
16	Furniture-office	20%	6.33%	10.00%
17	Vehicles	14%	9.50%	12.50%
18	Cars/jeeps	14%	9.50%	12.50%
19	Electrical installations	11%	4.75%	10.00%



No.	Asset Class	As per AAI	As per Authority till FY 2014	As per Authority FY2015 onwards
20	Office equipment. & appliances	18%	4.75%	20.00%
21	F&F- operational area	20%	6.33%	10.00%
22	X-ray baggage system	11%	4.75%	6.67%
23	CFT & firefighting equipment	13%	4.75%	6.67%

10.9. The revised depreciation for the 2nd control period as per Hybrid Till as proposed by the Authority is given below:

Table 29 - Authority's consideration on depreciation for the 2nd control period – Hybrid Till

No.	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
1	As per AAI	36.8	32.8	32.2	40.3	140.2	282.3
2	As per Authority	14.7	17.5	17.8	18.4	17.3	85.6

10.10. Based on the material before it and its analysis, the Authority proposed the following:

10.10.1. To adopt depreciation rates as per Table 28 and depreciation for the 2nd control period as per Table 29.

10.10.2. To consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.

Decision No. 7. Treatment of Depreciation

7.a. The Authority decides to adopt depreciation rates as per Table 28 and depreciation for the 2nd control period as per Table 29.

7.b. The Authority proposes to consider the recommendations of the study on depreciation and finalize the depreciation rates in consultation with the stakeholders. It shall make necessary adjustments in RAB and true up of depreciation while considering tariff determination in future.



11. RAB for Second control period

11.1. AAI has submitted Regulatory Asset Base for 2nd control period under Hybrid Till as follows:

Table 30 - Summary of the RAB and Depreciation for JIA (Airport Services) as per AAI for the 2nd control period

	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
A	Opening Aeronautical RAB	88.4	185.7	154.8	162.8	202.8
B	Aeronautical Additional Assets capitalized during the year	134.1	1.9	40.2	80.3	1,060.0
C	Disposals/Transfers					
D	Depreciation	36.8	32.8	32.2	40.3	140.2
E	Closing Aeronautical RAB (A+B-C-D)	185.7	154.8	162.8	202.8	1,122.6
	Average RAB (A+E)/2	137.1	170.3	158.8	182.8	662.7

Authority's Examination

11.2. The Authority had proposed to adopt opening RAB for FY 2016-17 as detailed in Table 25.

11.3. The Authority had proposed to adopt depreciation as proposed in Table 29.

11.4. The Authority had proposed ₹ 256.4 crores as the addition of aeronautical assets to RAB as detailed in Table 27.

11.5. The revised Regulatory Asset Base as calculated by the Authority for 2nd control period under Hybrid Till is as follows:

Table 31 - Summary of forecast and Roll forward RAB and Depreciation for JIA (Airport Services) considered by the Authority for 2nd control period – Hybrid Till

	Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
A	Opening Aeronautical RAB	136.0	255.1	271.9	262.1	324.0
B	Aeronautical Assets capitalized during the year	133.8	34.3	8.0	80.3	0.0
C	Disposals/Transfers					
D	Depreciation	14.7	17.5	17.8	18.4	17.3
E	Closing Aeronautical RAB (A+B-C-D)	255.1	271.9	262.1	324.0	306.8
	Average RAB (A+E)/2	195.5	263.5	267.0	293.1	315.4



11.6. The Authority had proposed to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates, at the time of determination of tariff for the 3rd control period.

11.7. Based on the material before it and its analysis, the Authority proposed the following:

11.7.1. To consider RAB for 2nd control period as given in Table 31

11.7.2. To true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the outcome of the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.

Decision no. 8 – RAB for 2nd control period

8.a. The Authority decides to consider RAB for 2nd control period as given in Table 31.

8.b. The Authority decides to true up the RAB of 2nd control period based on actual asset addition and revised depreciation rates based on the Authority's decision on the study commissioned by the Authority, at the time of determination of tariff for the 3rd control period.

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12. Cost of Equity, Cost of Debt, Gearing, and Fair Rate of Return (FRoR)

12.1. AAI has considered Fair Rate of Return (FRoR) as 14% at par with the decision taken by the Authority in Chennai, Kolkata Guwahati and Lucknow Airports for the 1st control period.

12.2. AAI has not apportioned any debt for JIA and financing activities are undertaken centrally at the corporate office of AAI. Due to lack of any debt on JIA's books, FRoR is determined based on capital structure of AAI as a whole.

Authority's Examination

12.3. The Authority has recognised that AAI's capital structure may not be regarded as an efficient one in that it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing. The Authority may also consider a normative capital structure to determine the FRoR at a later date. It may not be reasonable to expect AAI to contract large amounts of debt over a short period of time.

12.4. The Authority noted that as per a study conducted in respect of the 'Fair Rate of Return Estimation for AAI' in July 2011 it estimated a figure of 14.96% as Fair Rate of Return for AAI. The Authority notes that it has considered FRoR at 14% for Chennai and Kolkata airport in the 1st control period considering the recommendations of another study done by NIPFP. Based on the decision taken for Chennai and Kolkata airport, the Authority considered FRoR at 14% for Guwahati and Lucknow airport for 1st control period.

12.5. Based on the material before it and its analysis, the Authority proposed the following:

12.5.1. To consider the FRoR at 14% for JIA for the 1st and 2nd control period.

12.5.2. To undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.

Stakeholders' comments and Authority's observations

Comments from FIA

12.6. With respect to FRoR, FIA submitted that the Authority proposes to consider FRoR at the rate of 14%. Cost of equity at 14% pa for state is unreasonable and without any justification. AAI being a state undertaking is under the constitutional obligation to cater



the public interest and not commercial interest. Therefore, cost of equity of 14% pa is very high and is arbitrary.

AAI's submission to FIA comments

12.7. AAI stated that AERA allows 16% rate of return on cost of equity. For AAI's major airports, AERA has allowed 14% rate of return in line with Kolkata, Chennai, Lucknow, Guwahati Airport order of First Control period.

Authority's examination of FIA's comments and AAI's submission to FIA's comments

12.8. The Authority has given careful consideration to the comments from FIA on the FRoR and the response of AAI to FIA's comments. The Authority had proposed to undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole. The decision on the FRoR will be taken after considering the results of such study.

Decision no. 9 – FRoR

9.a. The Authority decides to consider the FRoR at 14% for JIA for the 1st and 2nd control period.

9.b. The Authority decides to undertake a study to determine FRoR for major AAI airports given the low debt structure of AAI as a whole.

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13. Revenue from services other than aeronautical services

13.1. AAI has forecasted revenue from services other than aeronautical services as below:

Table 32 - Revenue from Non-aeronautical Services – Projected by AAI for 2nd control period

No.	Revenue from services other than Regulated Services (₹ crore)	2015-16 (base)	2016-17	2017-18	2018-19	2019-20	2020-21
	Trading Concessions						
1	Restaurants/Snack Bar	0.8	0.9	1.0	1.2	1.3	1.7
2	TR Stall/others	3.2	3.7	4.0	4.4	4.9	6.1
3	Hoardings & Displays	3.6	4.1	4.6	5.3	6.0	7.5
	Rent and Services						
4	Land Leases	2.1	2.2	2.4	2.6	2.7	3.0
5	Buildings (Residential)	0.0	0.0	0.0	0.0	0.0	0.0
6	Buildings (Non-Residential)	5.1	5.9	6.7	7.6	8.7	10.9
	Miscellaneous						
7	Duty Free Shops	0.8	0.9	1.1	1.2	1.4	1.7
8	Car Rentals	1.2	1.3	1.5	1.7	2.0	2.5
9	Car Parking	1.9	2.1	2.4	2.8	3.2	4.0
10	Porterage	0.3	0.4	0.4	0.5	0.6	0.7
11	Admission Tickets	0.5	0.5	0.6	0.7	0.8	1.0
12	Other Miscellaneous Income	1.0	1.1	1.1	1.2	1.3	1.3
	Total	20.5	23.1	26.0	29.2	32.8	40.3

13.2. The growth rates assumed by AAI for forecasting non aeronautical revenues are given below:

Table 33 – Assumption (growth rates) for Service other than Regulated Services for the 2nd Control Period as per AAI

No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1	Restaurants/Snack Bar	14%	14%	14%	14%	25%
2	TR Stall/others	14%	10%	10%	10%	25%
3	Hoardings & Displays	14%	14%	14%	14%	25%
4	Land Leases	7.5%	7.5%	7.5%	7.5%	7.5%
5	Buildings (Residential)					
6	Buildings (Non-Residential)	14%	14%	14%	14%	25%
7	Duty Free Shops	14%	14%	14%	14%	25%
8	Car Rentals	14%	14%	14%	14%	25%
9	Car Parking	14%	14%	14%	14%	25%
10	Porterage	14%	14%	14%	14%	25%
11	Admission Tickets	14%	14%	14%	14%	25%
12	Other Miscellaneous Income	5%	5%	5%	5%	5%



Authority's Examination

13.3. The Authority noted that as part of clarifications provided dated 27.04.2017, AAI has revised the growth rates to 10% (from 14% as submitted earlier) for revenues from services other than regulated service except for land lease revenues and other miscellaneous revenues. AAI has proposed these growth rates based on the contractual agreements. The Authority had proposed to consider the revised growth rates as submitted by AAI dated 27.04.2017 for the determination of tariff for the 2nd control period as they are as per the contracts/ agreements signed or projected as per the contracts/ agreements to be signed in future with the service providers.

13.4. The Authority had proposed that non-aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues. The Authority had proposed to accept the revenues from services other than regulated services as submitted by AAI except for adjustments as detailed below.

Adjustment of lease rentals

13.5. AAI has allotted following land to cargo, ground handling and fuel companies (CGF) for their operations. AAI has considered income from such land lease as non-aeronautical revenues

Table 34 – Details of land allotted to cargo, ground handling and supply of fuel service providers in 2nd control period

Service	Service Provider	Land Allocated (Sq.m)		Land Lease revenues (FY 2015-16) ₹ crore
		Paved	Unpaved	
Fuel	IOCL	-	3,346	0.83
Fuel	BPCL	-	4,089	1.01
Fuel	RIL	-	1,600	0.16
Fuel	HPCL	-	1,000*	-
Ground Handling	Indo Thai Airport Management Services	982.3	-	0.20



Service	Service Provider	Land Allocated (Sq.m)		Land Lease revenues (FY 2015-16) ₹ crore
		Paved	Unpaved	
Cargo	AAICLAS	-	723.97	0.07

Allotted in March 2017 and revenues to be received from FY 2017-18 onwards

13.6. Additionally, AAI has allotted 31.06 Sq.m. of space in Terminal building to GHA and has allotted 245.78 Sq.m. to cargo operators and revenues received from the same have been considered under rent from building non-residential.

13.7. AAI has outsourced cargo activities. AAI has created a wholly owned subsidiary AAI Cargo Logistics and Allied Services Company Ltd (AAICLAS) in the FY 2016-17. The proposal for Cargo activities will be filed separately by AAICLAS for determination of Cargo tariff. As per AAI, AAI will not receive any revenue from AAICLAS for the second control period for cargo operations. However, the Authority noted that as part of the earlier clarifications provided for commercial details dated 18.04.2017, AAI has projected land lease and building rent revenues from Cargo operations for the 2nd control period. The Authority had proposed to consider the land lease and building rent revenue projections provided by AAI dated 18.04.2017 from cargo as aeronautical revenues for determination of aeronautical tariffs for the 2nd control period.

13.8. The Authority noted that AAI in their submission dated 27.03.2017 have increased land lease rentals from cargo, ground handling agencies and oil companies by 7.5% per annum and had proposed to accept the same. The Authority noted that AAI has increased rent revenues from building non-residential for GH agencies by 10% and had proposed to accept the same.

13.9. As per the provisions of the AERA Act, services rendered in respect of cargo, ground handling and fuel supply are aeronautical services.

13.10. The Authority had proposed to consider land lease revenues and building non-residential rent revenues on account of the aeronautical services of CGF as aeronautical revenue.

13.11. The Authority observes that non-aeronautical revenue at JIA is low and expects AAI



to utilize its resources better and maximize its non-aeronautical revenue to keep the aeronautical tariff down.

13.12. The Authority had proposed to consider non-aeronautical revenues as given below:

Table 35 – Adjustment to Revenue from Non-aeronautical Services considered by Authority for 2nd control period

Revenue from services other than Regulated Services (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Aeronautical Revenues as per AAI (A)	23.1	26.0	29.2	32.8	40.3
Adjustment:					
Change in revenue from cargo, ground handling and fuel services considered as aeronautical revenues and change in growth rates (B)	3.5	4.4	5.5	6.9	10.8
Non-Aeronautical Revenues as per Authority (A-B)	19.7	21.6	23.7	26.0	29.5

13.13. Based on the material before it and its analysis, the Authority proposed the following:

13.13.1. To consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical revenue.

13.13.2. To consider the Non Aeronautical Revenue as per Table 35

13.13.3. Non-aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues.

Stakeholders' comments and Authority's observations

Comments from MIAL

13.14. In response to the Authority's proposal to consider revenues from cargo, ground handling and supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical, MIAL has submitted as follows:

The Authority has proposed to consider following revenues in the hands of AAI as aeronautical revenues:



- i) Rental income from land leased to CGF service providers
- ii) Rental income from non-residential building given to CGF service providers

In this connection we wish to state that the nature of revenues in the hands of airport operator has to be decided based on services provided by it and not by any third party (CGF service providers). When the airport operator gives its land or space for lease/ license, it does not provide any service at all leave alone any aeronautical service. It is completely irrelevant as to for what purpose underlying land/ space is /will be utilized by the third party (CGF service provider) while determining nature of revenues in the hands of lessor or licensor (airport operator).

It is already well settled position across the world that rental income from leasing/ licensing of land/ space in the hands of airport operators is to be treated as non-aeronautical irrespective of the services provided by the lessee/ licensee of the land/ space. We wish to draw attention of the Authority to the following:

a) ICAO clearly considers rentals as separate non-aeronautical revenues. Reference from documents issued by ICAO are as under:

- i) ICAO's Policies on charges for Airports and Air Navigation Services – Doc 9082; defines Revenues from Non-Aeronautical sources as under:

"Any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of premises and land, and "free-zone" operations, even though such arrangements may in fact apply to activities that may themselves be considered to be of an aeronautical character (for example, concessions granted to oil companies to supply aviation fuel and lubricants and the rental of terminal building space or premises to aircraft operators). Also intended to be included are the gross revenues, less any sales tax or other taxes, earned by shops or services operated by the airport itself."

- ii) ICAO's Airport Economics Manual – Doc 9562; defines Rentals as under:

"Rentals – Rentals payable by commercial enterprises and other entities for the use of airport-owned building space, land or equipment. Such rentals should include those payable by aircraft operators for airport-owned premises and facilities (e.g.



check-in counters, sales counters and administrative offices) other than those already covered under “air traffic operations” above.

“Para 5.11 – With respect to rentals, in addition to the rental of premises for merchandising purposes, office space in terminal buildings, if available, can be leased. The main lessees would normally be airlines and government agencies. Rentals of hangars, workshops and warehouses (other than bonded warehouses) by the airport tend to be less common, as they are often owned by other entities although usually constructed on land leases from the airport.”

Going by the proposal of the Authority, if a person leases out his property to a medical professional who practices in the said property, the income in the hands of that person would assume the colour of the profession carried out in said property and would be assessed as income from business profession instead of income from house property in the hands of the lessor. Clearly such lease rental income cannot assume colour of the service rendered by the medical professional.

c) Authority’s this proposal is against its own decisions in various other Orders for determination of aeronautical tariffs wherein it has consistently treated such incomes as non-aeronautical in the hands of the airport operators.

This clearly shows that approach adopted by the Authority is completely flawed and at variance from established ICAO principles and policies. We request Authority not to consider such rental incomes as aeronautical in the hands of the airport operator.

AAI’s submission to MIAL’s comments

13.15. AAI agrees with views expressed by GVK (MIAL) with respect to the treatment of rental income / land lease of Oil Companies & GHA while determining the tariff of Calicut, Jaipur and Trivandrum Airport MYTP.

Authority’s examination of MIAL’s comments and AAI’s submission to MIAL’s comments

13.16. The Authority has noted MIAL’s comments that the CGF services should not be considered as Aeronautical Revenue. The Authority notes that the AERA Act defines CGF services as aeronautical services. The Authority decides to consider the CGF services as Aeronautical Services and to consider the revenue earned by the Airport Operator, whether by directly rendering the service or through Third Party concessionaires either



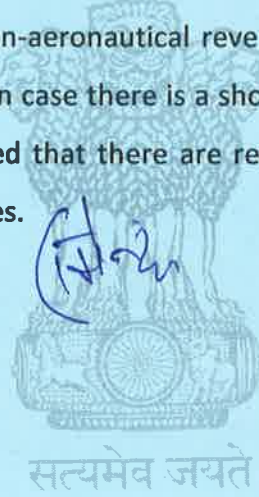
as a revenue share or in any other form, be treated as Aeronautical Revenues.

Decision no. 10 –Non-Aeronautical Revenues

10.a. The Authority decides to consider the revenues accruing to AAI on account of the aeronautical services of Cargo facility, Ground Handling Services and Supply of fuel to aircraft (FTC) including land lease rentals and building rent from these activities as aeronautical revenue.

10.b. The Authority decides to consider the Non Aeronautical Revenue as per Table 35

10.c. The Authority decides that non-aeronautical revenues will be trued up if it is higher than the projected revenues. In case there is a shortfall, true-up would be undertaken only if the Authority is satisfied that there are reasonably sufficient grounds for not realizing the projected revenues.



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14. Operation and Maintenance Expenditure

14.1. Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into:

- (i) Payroll expenses; (ii) Admin and General Expenditure; (iii) Repair and Maintenance Expenditure; (iv) Utilities and Outsourcing Expenditure; and (v) Other Outflows

14.2. Summary of aeronautical expenses proposed by AAI for 2nd control period is as below:

Table 36 - Summary of Aeronautical O&M expenditure as submitted by AAI for 2nd control period on Hybrid Till

No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Pay roll Expenditure of JIA	22.8	27.3	29.7	32.4	35.2
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	3.8	4.6	4.8	5.1	5.3
3	Common Expenses related to ANS and non-aero	1.7	2.0	2.2	2.4	2.6
A	Total Pay roll Expenditure (1+2-3)	24.9	29.9	32.3	35.0	38.0
4	Administrative and General Expenditure	3.0	3.3	3.6	3.9	4.2
5	Apportionment of administration & General expenditure of CHQ/RHQ	27.1	28.4	29.8	31.3	32.9
B	Total Administration & General Expenditure(4+5)	30.1	31.7	33.4	35.2	37.1
C	Repairs and Maintenance Expenditure (Total)	8.7	9.6	10.5	11.6	12.7
6	Power Charges	4.0	4.0	4.0	4.0	4.0
7	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure (6+7)	4.0	4.0	4.0	4.0	4.0
E	Consumption of Stores and Spares	0.4	0.4	0.4	0.5	0.5
F	Other Outflows	0.3	0.4	0.4	0.5	0.5
	Total (A+B+C+D+E+F)	68.4	75.9	81.2	86.8	92.8

14.3. The details of the assumptions made by AAI for O&M Expenditure are given below:

Table 37 – Assumptions made by AAI for each item of O&M expenditure

No.	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
1	Payroll Expenses					
	Salaries and Wages	9%	20%	9%	9%	9%



No	Particular	2016-17	2017-18	2018-19	2019-20	2020-21
	PF contribution	9%	20%	9%	9%	9%
	Fringe benefits including perks & medical expenses	9%	20%	9%	9%	9%
	Overtime	5%	20%	5%	5%	5%
	Allocation of Retirement Benefit provided at CHQ in r/o JIA Employees	5%	20%	5%	5%	5%
2	R&M Expenses	10%	10%	10%	10%	10%
3	Utility and outsourcing Expenditure					
	Power & Water charges	0%	0%	0%	0%	0%
	Other outsourcing costs	8%	8%	8%	8%	8%
4	Administration and General Expenditure					
	Admin & General Expenses	10%	10%	10%	10%	10%
	Insurance and Travelling expenses	5%	5%	5%	5%	5%
	Telephone Charges	7%	7%	7%	7%	7%
	Printing & stationery	8%	8%	8%	8%	8%
	Hire Charges – Car/Jeep	15%	15%	15%	15%	15%
	Apportionment of CHQ/RHQ Expenses	5%	5%	5%	5%	5%
5	Other Outflows					
	Collection charges on UDF	12%	12%	12%	12%	12%
	Collection charges on PSF	12%	12%	12%	12%	12%

* Higher growth rate for increase in Payroll costs in FY 2017-18 is due to 7th Pay Commission revision

14.4. AAI has segregated total O&M expenditure for the 2nd control period into aeronautical expenses, non-aeronautical expenses, and common expenses. Common expenses in turn have been allocated between aeronautical and non-aeronautical services.

14.5. Expense allocation as submitted by AAI for 2nd control period is tabulated below:

Table 38 – O&M Expense allocation as submitted by AAI

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
1	Payroll Expenses - Non-CHQ	95%	5%
2	Payroll Retirement benefit expenses Apportionment – CHQ	100%	0%
3	Admin and General Expenses – Non CHQ	88%	12%
4	Admin and General overheads Expenses Apportionment – CHQ/RHQ	100%	0%
5	R&M Expenses	93%	7%
6	Utility and Outsourcing Charges	98%	2%
7	Other Outflows	100%	0%
	Total	97%	3%



Authority's Examination

14.6. The Authority considered the operating expenses and their projections submitted by AAI and noted the following.

Forecasting of payroll expenses

14.6.1. The Authority noted that payroll costs components – Salaries and Wages, Fringe Benefits, including perks & medical expenditure and PF contribution have been increased by AAI at the growth rate of 9% annually for 2nd control period except for FY 2017-18. These growth rates appear to be on a higher side. The Authority had proposed growth rate of 7% for the above payroll components.

14.6.2. The Authority noted that expenditure on apportionment of retirement benefits provided to CHQ in respect of JIA employees is increased at 5% annually for 2nd control period which is different from the 7% for the above mentioned payroll components. The Authority had proposed to apply the same growth rate of 7% annually except for FY 2017-18 for expenditure on apportionment of retirement benefits provided to CHQ in respect of JIA employees (as per discussion with AAI).

14.6.3. The Authority has in particular noted that an increase of 20% has been projected in the pay roll expenditure in FY 2017-18 due to tentative increase in salary and wages on account of wage revision. However, as part of clarifications provided dated 03.05.2017, AAI has revised the growth rate for the payroll expenditure in FY 2017-18 to 40% from earlier 20%. The Authority noted that Public Sector Undertakings are covered under separate wage revision mechanism. Moreover, the Authority is of the view that as on date there is no actual evidence for the said outflow in FY 2017-18 and hence proposed to true up the expenditure in the 3rd control period. In view of above, an increase of 25% is proposed for projection of the pay roll expenditure for FY 2017-18 in line with the order issued for Trivandrum for the 2nd control period.

14.6.4. AAI has submitted apportionment of CHQ/RHQ expenses on cost basis. The Authority had proposed to adopt CHQ/RHQ overheads apportionment for the



2nd control period based on actual revenue basis data provided by AAI. The Authority had proposed to increase CHQ/RHQ overheads apportionment costs (admin & general expenditure of CHQ/RHQ) by 5% per annum for the 2nd control period as submitted by AAI.

Segregation of aeronautical expenses

14.7. The Authority noted that the Payroll Costs in the operational expenditure have been allocated using percentage of employees for aeronautical services to total employees which is 97%. To account for common service employees handling both aeronautical and non-aeronautical activities, the Authority had proposed to use ratio of 95% to 5% for allocation of payroll costs.

14.8. The Authority noted that apportionment of retirement benefits provided in CHQ in respect of Jaipur airport and apportionment of admin CHQ/RHQ expenses have been considered as 100% aeronautical expenses. The Authority had proposed to use the ratio of 90% to 10% for aeronautical and non-aeronautical allocation for apportionment of admin CHQ/RHQ expenses. The Authority had proposed to use the ratio of 95% to 5% for aeronautical and non-aeronautical allocation for retirement benefits provided at CHQ in respect of employees at Jaipur airport.

14.9. The Authority noted that the expenses related to vehicles such as R&M – Vehicles and Consumption of petrol/ lubricants etc. have been considered 100% aeronautical expense. The Authority had proposed to allocate aforementioned expenses using employee ratio into aeronautical and non-aeronautical expenses.

14.10. Terminal Area ratio for calculation of aeronautical assets is proposed as 90%. This ratio has been applied to specific expenses in R&M – Civil, R&M – Electrical, R&M - Electronics and Conservancy Charges/ Consumption of spares.

Correction in projection

14.11. The Authority has carried out minor revision in the operational expenditure pertaining to conservancy charges for ANS after consultation with AAI.

14.12. The O&M expenditure for FY2015-16 which includes both aeronautical and non-aeronautical expense is given in the table below:



Table 39 – Total O&M expenditure for FY 2015-16 as proposed by the Authority

No.	Particulars (₹ crore)	2015-16
1	Pay roll Expenditure of JIA	21.8
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	3.6
3	Less - Pay and Allowances of ANS unit and non-aero	1.8
A	Total Pay roll Expenditure (1+2-3)	23.7
4	Administrative and General Expenditure	3.2
5	Apportionment of administration & General expenditure of CHQ/RHQ	7.5
B	Total Administration & General Expenditure(4+5)	10.7
C	Repairs and Maintenance Expenditure (Total)	8.5
6	Power Charges	4.0
7	Water Charges	-
8	Others	0.5
D	Utility and Outsourcing Expenditure (6+7+8)	4.5
E	Other Outflows	0.3
	Total (A+B+C+D+E)	47.6

14.13. Expense allocation proposed to be considered by the Authority after above changes for 2nd control period is tabulated below:

Table 40 – Expense allocation between aeronautical and non-aeronautical services proposed by the Authority

Sr. No.	Particulars	Aero Expense	Non-Aero Expense
1	Payroll Expenses - Non-CHQ	94%	6%
2	Payroll Retirement benefit expenses Apportionment – CHQ	95%	5%
3	Admin and General Expenses – Non CHQ	88%	12%
4	Admin and General overheads Expenses Apportionment – CHQ/RHQ	90%	10%
5	R&M Expenses	93%	7%
6	Utility and Outsourcing Charges	93%	7%
7	Other Outflows	100%	0%
	Total	93%	7%

14.14. In view of above, the O&M expenditure is reworked for the purpose of determination of aeronautical tariffs for the 2nd control period under Hybrid Till and given in table below.

Table 41 - Summary of Aeronautical O&M expenditure as per the Authority for the 2nd control period as per Hybrid Till

Order no. 10/2017-18



No.	Particulars (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
1	Pay roll Expenditure of JIA	21.9	27.4	29.3	31.3	33.5
2	Expenditure for JIA employees' retirement benefits allocated at CHQ	3.7	4.6	5.0	5.3	5.7
3	Less - Pay and Allowances of ANS and non-aero	1.8	2.2	2.4	2.6	2.7
A	Total Pay roll Expenditure (1+2-3)	23.8	29.8	31.8	34.0	36.4
4	Administrative and General Expenditure	3.0	3.3	3.6	3.9	4.2
5	Apportionment of administration & General expenditure of CHQ/RHQ	7.1	7.4	7.8	8.2	8.6
B	Total Administration & General Expenditure(4+5)	10.1	10.7	11.4	12.1	12.8
C	Repairs and Maintenance Expenditure (Total)	8.6	9.5	10.4	11.5	12.6
6	Power Charges	4.0	4.0	4.0	4.0	4.0
7	Water Charges	0.0	0.0	0.0	0.0	0.0
D	Utility and Outsourcing Expenditure (6+7)	4.0	4.0	4.0	4.0	4.0
E	Consumption of Stores and Spares	0.4	0.4	0.4	0.5	0.5
F	Other Outflows	0.3	0.4	0.4	0.5	0.5
	Total (A+B+C+D+E+F)	47.3	54.8	58.6	62.6	66.9

14.15. It appears that O&M expenditure at JIA is on higher side and expects AAI to reduce the O&M expenditure over a period of time.

14.16. Based on the material before it and its analysis, the Authority proposed the following:

14.16.1. To consider the operational and maintenance expenditure as given in Table 41 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.

14.16.2. That AAI should endeavour to reduce O&M expenditure over a period of time.

14.16.3. To true up the O&M expenditure for FY 2016-17 to FY 2020-21 of the 2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.



Stakeholders' comments and Authority's observations

AAI's comments

- 14.17. Regarding the pay revision, AAI submitted that as per last pay revision effective from FY 2007-08, there was approx. increase of 50% in salary and wages expenditure. Hence, AERA may consider the increase of 35% as projected.
- 14.18. The actual amount of retirement benefits for non-aeronautical employees can be calculated & deducted from the Retirement benefits under the head retirement benefits of Jaipur employees. Considering 5% as non-aeronautical portion towards retirement benefits is considered to be on higher side when the actual salary expenses for non-aeronautical staff is 3%. Similarly, the same ratio can be used to calculate the Non-Aero portion for CHQ/RHQ overhead expenditure instead of 10% as Non-Aero portion. Hence AERA may consider ratio as per actual.

Authority's examination of AAI's comments

- 14.19. The Authority noted that salaries at AAI are revised every 10 years and during the first year of revision, the increase in salary cost is in the range of 25% to 30%. During the last pay revision, the increase was 50% in the first year but the Authority has considered 25% increase in the current order.
- 14.20. The Authority has noted the comments from AAI on the employee ratio used for allocation of the employee costs. The Authority has examined the employee details submitted by AAI and is satisfied that the ratio of 95% to 5% is reasonable. Similarly, the CHQ/RHQ overheads expenses apportioned to Jaipur have been allocated to aeronautical and non-aeronautical component based on 90%:10% ratio to account for non-aeronautical area in the terminal which is consistent with ratio applied to allocate terminal related assets.

Decision no. 11 – Operational and Maintenance expenditure

- 11.a. The Authority decides to consider the operational and maintenance expenditure as given in Table 41 above, for the purpose of determination of aeronautical tariffs for the 2nd control period.
- 11.b. The Authority expects AAI to reduce O&M expenditure over a period of time.



11.c. The Authority decides to true up the O&M expenditure for 2016-17 to 2020-21 of the 2nd control period based on the actuals at the time of determination of tariffs for the 3rd control period.

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15. Taxation

15.1. AAI has submitted tax calculations using provisional tax rate of 34.60 % for the 2nd control period. AAI had calculated tax considering depreciation rates applicable under Income Tax laws.

Authority's Examination

Adjustment for 30% of non-aeronautical revenues

15.2. AAI vide their submissions dated 22.03.2017 calculated tax for aeronautical services under Hybrid Till taking into account 30% of revenues from services other than regulated services as part of total revenues. As per MIAL Order No. 32/2012-13 (Decision No. XV), the Authority had decided to consider corporate tax pertaining to earnings from aeronautical services under shared till. Therefore, the Authority had proposed to exclude non-aeronautical component from revenues considered while determining tax for aeronautical services.

Adjustment of aeronautical capital expenditure

15.3. The Authority had proposed to consider aeronautical capital expenditure of ₹ 256.4 crores as given in Table 27 while calculating depreciation as per IT Act

Adjustment of O&M Expenses

15.4. The Authority had proposed to consider O&M expenses as given in Table 41.

Adjustment of aeronautical revenues on account of CGF lease and rent correction

15.5. The Authority had proposed to modify total aeronautical revenues considering lease rentals from CGF as aeronautical as mentioned in Para 13.9.

Continuation of existing tariffs in FY 2016-17

15.6. The Authority had proposed to consider existing tariffs while calculating aeronautical revenues for FY 2016-17 as the revised tariffs as submitted by AAI are proposed to be applicable from 01.09.2017 onwards.

Revised Tax as considered by the Authority

15.7. The amount of tax as per submission of AAI and that arrived by the Authority after considering the above mentioned changes is given below:

Table 42 - Amount of Tax for aeronautical services as per AAI submission and as calculated



by the Authority for the 2nd control period - Hybrid Till

Income Tax (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21	Total
As per AAI	0.0	6.3	11.0	13.6	0.0	31.0
As per Authority	7.9	11.5	22.0	27.8	34.9	104.1

15.8. The detailed calculation of tax for aeronautical service by the Authority is given in table below:

Table 43 - Amount of Tax for aeronautical services as calculated by the Authority for the 2nd control period - Hybrid Till

Particular (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Aeronautical Revenues	92.4	120.0	152.2	174.7	200.6
Aeronautical O&M (excluding CHQ/ RHQ Overheads)	36.5	42.7	45.8	49.1	52.6
CHQ/ RHQ Overheads	10.8	12.1	12.8	13.5	14.3
Depreciation as per IT Act	22.3	31.8	30.2	31.8	32.8
PBT	22.8	33.4	63.4	80.3	100.9
Tax for aeronautical services	7.9	11.5	22.0	27.8	34.9

15.9. The Authority noted the variation between the tax determined by AAI and the Authority due to changes proposed by the Authority in operational expenditure, depreciation and capital expenditure.

15.10. The taxes actually paid/ apportioned in the 2nd control period are proposed to be trued up after review in the next control period.

15.11. Based on the material before it and its analysis, the Authority proposed the following:

15.11.1. To consider the corporate tax for aeronautical activities as per Table 43 for the 2nd control period.

15.11.2. To true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.

Stakeholders' comments and Authority's observations

AAI's comments

15.12. AAI has stated that tax portion pertaining to 30% non-aero adjusted against ARR may



be considered by AERA. AAI further submitted that at least after tax Non-Aeronautical revenue may be considered.

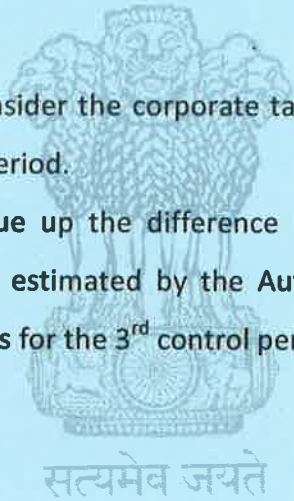
Authority's examination of AAI's comments

15.13. The Authority has noted the comments from AAI on the taxation. As stated earlier in para 15.2, as per MIAL order no. 32/ 2012-13 (Decision No. XV), the Authority has decided to consider corporate tax pertaining to earnings from aeronautical services under Hybrid Till.

Decision no. 12 – Taxation

12.a. The Authority decides to consider the corporate tax for aeronautical activities as per Table 43 for the 2nd control period.

12.b. The Authority decides to true up the difference between the actual/ apportioned corporate tax paid and that estimated by the Authority for the 2nd control period during determination of tariffs for the 3rd control period.



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16. Aggregate Revenue Requirement for Second control period

16.1. AAI has submitted Aggregate Revenue Requirement (ARR) and the yield per passenger (YPP) for the 2nd control period as per Hybrid Till. AAI has shown the true-up value separately from yield calculations for 2nd control period. During discussions, AAI had requested for including true-up while calculating tariff for 2nd control period.

Table 44 - ARR and Yield as per AAI for the 2nd control period – Hybrid Till

Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Average Aeronautical RAB	137.1	170.3	158.8	182.8	662.7
Return on Average Aeronautical RAB@14%	19.2	23.8	22.2	25.6	92.8
Aeronautical Operating Expenditure	68.4	75.9	81.2	86.8	92.8
Depreciation on aeronautical RAB	36.8	32.8	32.2	40.3	140.2
Aeronautical Corporate Tax @34.60%	0.0	6.3	11.0	13.6	0.0
Less- 30% of Non-Aeronautical Revenues	6.9	7.8	8.8	9.9	12.1
ARR as per AAI	117.5	131.0	137.9	156.5	313.7
Total ARR as per AAI	856.6				
No. of Passengers (as per Actual/Projected)	3,554,481	3,965,030	4,423,567	4,935,745	5,507,894
Discounted ARR	117.5	114.9	106.1	105.6	185.7
True up short fall in 1st control period as on 01.04.2016	361.0				
PV of ARR for the control period as on 01.04.2016	990.9				
Total Passengers during the control period	22,386,717				
Yield per passenger for the control period (PV of ARR for the control period/Total passengers during the control period)	442.64				

Authority's examination

16.2. The Authority has examined the calculations of AAI for various elements of the regulatory building blocks that contribute to the calculation of ARR.

16.3. The Authority has estimated the following ARR and yield for the 2nd control period under Hybrid Till based on various submissions of AAI and proposals considered by Authority in earlier sections on the building blocks.



Table 45 - ARR and Yield as per Authority for the 2nd control period – Hybrid Till

Details (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Average Aeronautical RAB	195.5	263.5	267.0	293.1	315.4
Return on Average Aeronautical RAB@14%	27.4	36.9	37.4	41.0	44.2
Aeronautical Operating Expenditure	47.3	54.8	58.6	62.6	66.9
Depreciation on aeronautical RAB	14.7	17.5	17.8	18.4	17.3
Aeronautical Corporate Tax @34.6%	7.9	11.5	22.0	27.8	34.9
Less – 30% of Non-Aeronautical Revenues	5.9	6.5	7.1	7.8	8.9
True up short fall in 1 st control period as on 01.04.2016	123.9				
ARR as per Authority	215.2	114.2	128.6	142.0	154.4
Total ARR as per Authority					754.4
Discounted ARR	215.2	100.2	98.9	95.8	91.4
PV of ARR for the control period as on 01.04.2016					601.6
No. of Passengers (as per Projected)	3,783,458	4,232,174	4,734,873	5,298,114	5,929,255
Total Passengers during the control period					23,977,874
Yield per passenger for the control period (PV of ARR for the control period/Total passengers during the control period)					250.9
Target yield per passenger	304.0	316.8	330.0	343.9	358.3
Target Aeronautical Revenues	115.0	134.1	156.3	182.2	212.4
PV of Target Aeronautical Revenues					601.6

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17. Annual Tariff Proposal

17.1. AAI has submitted ATP(s) for all years of the 2nd control period.

17.2. AAI has submitted the revision in tariff w.e.f. 01.04.2017 till 31.03.2021.

17.3. AAI has proposed for a scheme of rebate in landing charges depending on the number of landings per week for domestic flight operations.

17.4. Accordingly AAI has submitted the ATP(s) for 2nd control period in respect of JIA. The ATP(s) as submitted by AAI for the tariff years 2017-18 onwards (w.e.f. 01.04.2017) is annexed herewith for stakeholder consultation.

Authority's Examination

17.5. The Authority had proposed to merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

17.6. The Authority noted that if the existing tariffs applicable at Jaipur airport are not increased for the second control period, there will be actual shortfall of ₹ 126.9 crore vis-à-vis ARR. The shortfall can either be met by increasing various aeronautical charges such as Landing, Parking & Housing and fuel throughput or increasing UDF or both. Even with the increased landing, parking & housing charges and fuel throughput charges proposed by AAI there will be aeronautical revenues shortfall vis-à-vis ARR for which the UDF is proposed to be increased to bridge the gap. After considering the revised landing, parking & housing and fuel throughput charges as proposed by AAI applicable from 01.09.2017, the resultant shortfall is INR ₹ 109.6 crore without any increase in UDF. To bridge the remaining shortfall, AAI has proposed the revised UDF of ₹ 350 per departing domestic passenger and ₹ 1,100 per departing international passenger as given in Table 46.

17.7. The revised tariffs as applicable from 01.09.2017 as submitted by AAI and as proposed by the Authority are given in table below:

Table 46 - Revised aeronautical tariffs as submitted by AAI and as proposed by the Authority

Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Rate per landing - International Flight			



Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Up to 10 MT	₹ 122.1 Per MT		
Above 10 MT up to 20 MT	₹ 1,221 + ₹ 179.3 per MT in excess of 10 MT		
Above 20 MT up to 50 MT	₹ 3,014 + ₹ 354.2 per MT in excess of 20 MT		
Above 50 MT up to 100 MT	₹ 13,640 + ₹ 413.6 per MT in excess of 50 MT		
Above 100 MT	₹ 34,320 + ₹ 471.9 per MT in excess of 100 MT		
Up to 25 MT		₹ 240 Per MT	₹ 240 Per MT
Above 25 MT up to 50 MT		₹ 6,000 + ₹ 450 per MT in excess of 25 MT	₹ 6,000 + ₹ 450 per MT in excess of 25 MT
Above 50 MT up to 100 MT		₹ 17,250 + ₹ 520 per MT in excess of 50 MT	₹ 17,250 + ₹ 520 per MT in excess of 50 MT
Above 100 MT up to 200 MT		₹ 43,250 + ₹ 600 per MT in excess of 100 MT	₹ 43,250 + ₹ 600 per MT in excess of 100 MT
Above 200 MT		₹ 103,250 + ₹ 720 per MT in excess of 200 MT	₹ 103,250 + ₹ 720 per MT in excess of 200 MT
Rate per Landing - Domestic Flight			
Up to 10 MT	₹ 67.1 Per MT		
Above 10 MT up to 20 MT	₹ 671 + ₹ 117.7 per MT in excess of 10 MT		
Above 20 MT	₹ 1,848 + ₹ 231 per MT in excess of 20 MT		
Up to 25 MT		₹ 160 Per MT	₹ 160 Per MT
Above 25 MT up to 50 MT		₹ 4,000 + ₹ 280 per MT in excess of 25 MT	₹ 4,000 + ₹ 280 per MT in excess of 25 MT
Above 50 MT up to 100		₹ 11,000 + ₹ 320 per MT in excess of 50 MT	₹ 11,000 + ₹ 320 per MT in excess of 50 MT



Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
Above 100 MT up to 200 MT		₹ 27,000 + ₹ 390 per MT in excess of 100 MT	₹ 27,000 + ₹ 390 per MT in excess of 100 MT
Above 200 MT		₹ 66,000 + ₹ 440 per MT in excess of 200 MT	₹ 66,000 + ₹ 440 per MT in excess of 200 MT
Housing Charges			
Up to 40 MT	₹ 3.5 Per Hour Per MT		
Above 40 MT up to 100 MT	₹ 140 + ₹ 6.8 per MT per Hour in excess of 40 MT		
Above 100 MT	₹ 548 + ₹ 10.3 per MT per Hour in excess of 100 MT		
Up to 25 MT		₹ 6 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT		₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100		₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT		₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT		₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT
Parking Charges			
Up to 40 MT	₹ 1.8 Per Hour Per MT		
Above 40 MT up to 100 MT	₹ 72 + ₹ 3.4 per MT per Hour in excess of 40 MT		
Above 100 MT	₹ 276 + ₹ 5.2 per MT per Hour in excess of 100 MT		
Up to 25 MT		₹ 3 Per Hour Per MT	₹ 3 Per Hour Per MT
Above 25 MT up to 50 MT		₹ 75 + ₹ 4 per Hour	₹ 75 + ₹ 4 per Hour



Particular	Existing Tariff	Revised tariff by AAI	Revised tariff proposed by Authority
		per MT in excess of 25 MT	per MT in excess of 25 MT
Above 50 MT up to 100		₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT		₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT
Above 200 MT		₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT
Throughput Charges			
Rate per KL	₹ 112.10	₹ 117.70	₹ 117.70
Passenger Service Fee (PSF) – Facilitation			
Domestic Passenger (per embarking passenger)	77	₹ 350	Nil
		\$ 8.75	Nil
International Passenger (per embarking passenger)	77	₹ 1,100	Nil
		\$ 27.50	Nil
User Development Fee (UDF) (UDF proposed by Authority instead of PSF(FC) above)			
Domestic Passenger	150	Nil	₹ 350
			\$ 8.75
International Passenger	1000	Nil	₹ 1,100
			\$ 27.50
Passenger Service Fee (PSF) – Security*			
Domestic Passenger (per embarking passenger)	₹ 130	₹ 130	₹ 130
	\$ 3.25	\$ 3.25	\$ 3.25
International Passenger (per embarking passenger)	₹ 130	₹ 130	₹ 130
	\$ 3.25	\$ 3.25	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

17.8. Additionally, from 01.04.2018, the increase in tariffs as submitted by AAI is given below. The Authority had proposed to accept the increase in tariffs for the second control period as submitted by AAI.

17.8.1. Yearly increase of 4% per annum every subsequent year (FY 2018-19

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onwards) in UDF per departing passenger

17.8.2. Yearly increase of 4% every subsequent year (FY 2018-19 onwards) in landing charges

17.8.3. Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period

17.9. The Authority noted that AAI's proposed tariff applicable from 01.09.2017 along with the UDF will not be able to recover the proposed ARR for the 2nd control period. Hence, the Authority had proposed to accept the revised tariffs as submitted by AAI which would be applicable from 01.09.2017. The estimated aeronautical revenues based on tariffs as proposed by AAI is indicated in Table 47.

17.10. The Authority noted that revenue from tariff as proposed by AAI would not meet aeronautical revenue permissible for the 2nd control period. The resultant shortfall as on 01.04.2016 is ₹ 50.2 crores. The Authority had proposed to consider the shortfall of ₹ 50.2 crores as on 01.04.2016 in the 2nd control period while determining tariffs for the 3rd control period.

Table 47 - Projected Revenue, Target Revenue and shortfall as per the Authority for the 2nd control period

Projected Aero Revenue based on AAI proposed tariffs (₹ crore)	2016-17	2017-18	2018-19	2019-20	2020-21
Landing (A)	20.6	26.5	33.3	38.0	43.3
Parking and Housing (B)	0.1	0.3	0.4	0.4	0.5
FTP+ITP and lease rentals (C)	3.2	3.8	4.2	4.6	5.0
UDF/PSF as per existing rates (D)	62.2	68.8	76.2	84.4	93.5
Ground Handling Charges and lease rentals (E)	4.0	4.4	4.8	5.2	5.8
CUTE (F)	1.9	2.1	2.3	2.6	2.9
Cargo Charges (G)	0.4	0.4	0.5	0.5	0.6
Total Projected Revenue as per existing UDF/PSF (H = A+B+C+D+E+F+G)	92.4	106.2	121.7	135.7	151.5
Target Aero Revenue	109.0	127.0	148.1	172.7	201.3
Short fall (-)/ Excess (+) in revenue, i.e. difference (Projected – Permissible)	(16.6)	(20.8)	(26.4)	(36.9)	(49.8)



PV value as on 01.04.2016 with Discount rate (14.00%)	(16.6)	(18.3)	(20.3)	(24.9)	(29.5)
Total PV of difference as on 01.04.2016 for the control period	(109.6)				
UDF as per revised rates (I)	62.2	82.5	106.7	123.3	142.6
Total Projected Revenue with revised UDF (J = H-D+I)	92.4	120.0	152.2	174.7	200.6
Revised Target Aero Revenue	115.1	134.1	156.3	182.2	212.4
Short fall (-)/ Excess (+) in revenue, i.e. difference (Projected – Permissible)	(22.6)	(14.1)	(4.1)	(7.5)	(11.8)
PV value as on 01.04.2016 with Discount rate (14.00%)	(22.6)	(12.4)	(3.1)	(5.1)	(7.0)
Total PV of difference as on 01.04.2016 for the control period	(50.2)				

17.11. The Authority noted that AAI has taken 6% inflation rate while determining the Yield per Passenger for tariff years in the 2nd control period and X factor of 0.01% from FY 2018-19 onwards. As per RBI issued Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 45, the WPI inflation is forecasted to be 4.2% for the next 5 years. The Authority had proposed to revise WPI for the 2nd control period to 4.2%.

17.12. The Authority had proposed that any shortfall/ excess in revenues for the 2nd control period based on proposed tariffs by AAI to be considered while determining aeronautical tariffs for the 3rd control period.

17.13. The Authority noted that ASQ rating at Jaipur has been more than 3.75 in every quarter of 1st control period as required under Section 6.14.3 of Airport Guidelines. Details of the ASQ ratings are provided below.

Table 48 – Quarterly ASQ rating of JIA during the 1st control period

Quarter	2012	2013	2014	2015	2016
Q1		3.91	4.06	4.83	4.60
Q2		3.94	4.17	4.86	4.70
Q3		3.97	4.41	4.66	4.79
Q4	4.07	4.03	4.63	4.78	4.49
Average	-	3.96	4.32	4.78	4.65



17.14. Based on the material before it and its analysis, the Authority proposed the following:

- 17.14.1. To accept Annual Tariff Proposals as given in Table 46 (and Annexure) for determination of tariff during 2nd control period as the present value of proposed revenues (yield) by AAI is lower than the present value of ARR (yield) as per Authority.
- 17.14.2. To continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide order no. G.17018/7/2001- AAI dated 9th Feb.2004 in order to encourage and promote intra-regional connectivity at JIA.
- 17.14.3. To provide waiver of landing and other charges in line with National Civil Aviation Policy under Regional Connectivity Scheme.
- 17.14.4. To merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017
- 17.14.5. To consider shortfall in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.

Stakeholders' comments and Authority's observations

Comments from FIA

17.15. In response to tariff card, FIA submitted that:

- 17.15.1. We witnessed substantial jump in landing charges (31% & 26%- Domestic, 26% & 24% International sector) for JIA.
- 17.15.2. FIA members pointed out that collection charges of ₹ 5 per passenger in case of UDF and 2.5% on PSF SC was decided almost a decade back. During last decade, these charges kept on increasing, whereas collection charges remained static. Rather in some cases it used to be exclusive of tax, now in recent orders of AERA they are inclusive of tax - 18% in GST. The same needs to be looked into by AERA.



- 17.15.3. In case of JIA, 2.5% collection charges on PSF security was not mentioned in the consultation paper, FIA requested AERA to clarify the same and spell out in the order.
- 17.15.4. There was a note specified under the UDF charges stating that in case of any outstanding, carrier will not be entitled for collection charges. FIA members pointed out that in a going concern there will always be dues and some of them may be disputed. This line should be removed from the note.
- 17.15.5. The issue of delay in settlement of collection charges by airport operator was raised by the member airlines. It was stated that if AERA or airport operator specifies that PSF/UDF should be paid within 15 days, they should also include the reciprocate condition that collection charges should be settled within 15 days of submission of invoice by carrier as in certain cases sometime it is pending for more than one year and never settled before 3 months. FIA members stated, else airport operator should pay 18% interest.
- 17.15.6. FIA members raised the issue of steep hike in UDF charges by almost 100% in Jaipur on account of USD pax.
- 17.15.7. With the introduction of GST the industry has an additional impact of ₹ 3,000 crores, a substantial part of which may not be set-off due to restricted Input Tax Credit on economy class and will sit in their financial statement as cost. The airport operator has recently revised their land rates by 270%, which may not be in the prerogative of AERA but all these things will lead to passing on the burden to customer. Over & above if UDF charges are increased, it will be detrimental to industry interest. AERA needs to consider the overall market scenario.

AAI's submission to FIA's comments

- 17.16. In regards to FIA's comments on increase in landing charges, AAI stated that the landing charges have been increased by 31% and 26% on international and domestic aircraft movements. The revenue requirement of Jaipur Airport is more than that of existing Aeronautical Charges, necessitating the proposed increase.
- 17.17. In regards to FIA's comments on the collection charges applicable on UDF and PSF,



AAI stated that the collection charges of ₹ 5.00 per passenger in case of UDF has been proposed by AAI whereas in case of DIAL and MIAL, only ₹ 2.5 per passenger is allowed as collection charges. Over the period of ten years, the number of passengers has increased substantially, so the total amount of collection charges to be paid to the airlines has also increased.

17.18. In regards to FIA's comments that in case of any outstanding, carrier will not be entitled for collection charges, AAI stated that airlines are eligible for collection charges if it is settled within 15 days of submission of invoice. Airlines will not be eligible for collection charges if any outstanding is there for that carrier. In case of DIAL and MIAL, the same principle is applied. The words in the collection charges of DIAL's order are as under:

"To be eligible to claim this collection charges, the airlines should have no overdue on any other account with DIAL."

17.19. In regards to FIA's comments on hike in UDF charges, AAI stated that there is a hike in UDF charges because the revenue requirement of Jaipur Airport is more than that of the existing Aeronautical Charges, necessitating the proposed increase.

17.20. In response to FIA's comments on increase in land rates, AAI stated that AERA considers land lease revenue as Aeronautical Revenue. The increase in land lease rentals by AAI has been considered by AERA as Aeronautical Revenue on Hybrid Till basis. In fact this approach has the effect of reducing the charges.

Authority's examination of FIA's comments and AAI's submission to FIA's comments

17.21. The Authority noted FIA's comment related to substantial increase in landing charges and UDF and the response of AAI to FIA's comments. It is clarified that the tariffs are determined such that the present value of revenues is equal to the present value of ARR for 2nd control period. It is to be noted that even after revised tariffs to be applicable from 01.09.2017 and the annual increase in the tariffs thereafter, AAI will not be able to meet the target ARR for 2nd control period and has shortfall of ₹ 50.2 crore as on 01.04.2016. UDF is proposed to bridge the revenue gap of projected revenue vis-à-vis ARR after considering increase in Landing, Parking, Housing and Fuel throughput charges. The revenue shortfall is mainly due to the following reasons:



- a) shortfall of ₹ 123.9 crore in the 1st control period
- b) capital expenditure of ₹ 256.4 crore proposed in the 2nd control period
- c) operational expenditure will increase for JIA during the second control period due to pay revision

17.22. With respect to collection charges and settlement period, the Authority clarifies that wherever the collection charges are payable the amount shall be settled within 15 days.

17.23. The Authority noted FIA's comments that collection charges for PSF SC have not been mentioned in the consultation paper. It is clarified that the collection charges for PSF SC have been provided as part of tariff cards in this order.

Comments from BAOA

17.24. In response to the tariff card submitted by AAI and proposed by the Authority, BAOA has stated that:

17.24.1. As per para 2 of AERA Act. Ground Handling (GH) Services are aeronautical services at a public airport. The tariff plan proposed by AERA vide Consultation Paper doesn't include GH charges for various services provided at the airport.

17.24.2. As per para 2 of AERA Act, maintenance hangars, provided for undertaking essential line/base maintenance services to ensure continuous airworthiness of aircraft to undertake safe flying operation, lift aeronautical services at an airport. Therefore, rental charges for leasing these hangars to aircraft operators should have been included in the tariff plan.

17.24.3. The UDF charges should be linked to specific improvement in facilities for the passengers at these public airports. Otherwise, these would remain charges levied without any stated targets for improving facilities for the passengers.

AAI's submission to BAOA's comments

17.25. In regards to BAOA's comments on inclusion of Ground Handling charges in the Consultation Paper, AAI stated that it has considered GHA as Aeronautical Revenue. The charges of GHA is regulated by AERA. AERA will separately fix the charges of independent service provider.



17.26. In regards to BAOA's comments on inclusion of rental charges for leasing hangars to aircraft operators in the tariff plan, AAI stated that it has considered Hangar Charges as Non-Aeronautical Revenue and 30% of the Hangar rental is considered in calculating Aggregate Revenue Requirement for 2nd control period.

17.27. In regards to BAOA's comments on UDF charges, AAI stated that in Jaipur Airport, new terminal building will come up in the FY 2020-21. The other investments in Jaipur Airport are also mentioned in the consultation paper.

Authority's examination of BAOA's comments and AAI's submission to BAOA's comments

17.28. The Authority has noted the comment from BAOA regarding the ground handling charges and the response of AAI to BAOA's comments. It is clarified that ground handling activities at Jaipur airport are undertaken by ground handling agencies and not by airport operator. Hence, ground handling charges are not included in the consultation paper and tariff order of the airport operator.

17.29. The Authority has noted the comment from BAOA regarding the maintenance hangars charges and the response of AAI to BAOA's comments. It is clarified that there are no hangars at JIA. Hence, the issue of fixing charges for leasing of hangars does not arise for JIA.

17.30. The Authority has noted the comment from BAOA regarding the UDF charges and the response of AAI to BAOA's comments. It is clarified that the tariffs are determined such that the present value of revenues is equal to the present value of ARR for 2nd control period. It is to be noted that even after revised tariffs to be applicable from 01.09.2017 and the annual increase in the tariffs thereafter, AAI will not be able to meet the target ARR for 2nd control period and has shortfall of ₹ 50.2 crore as on 01.04.2016. UDF is proposed to bridge the revenue gap of projected revenue vis-à-vis ARR after considering increase in Landing, Parking, Housing and Fuel throughput charges. The revenue gap is because of the following reasons:

- a) due to shortfall of ₹ 123.9 crore in the 1st control period
- b) capital expenditure of ₹ 256.4 crore is proposed in the 2nd control period
- c) operational expenditure will increase for JIA during the second control



period due to pay revision

Comments from HPCL

17.31. HPCL has submitted that AERA has proposed Fuel throughput charges 117.70 per kl applicable from 01.08.2017 to 31.03.2018 to 31.03.2018 and from 01.04.2018, yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) during the 2nd control period. We shall abide by the decision taken by AERA. However, any revision in fuel throughput charges should be approved on prospective basis only.

AAI's submission to HPCL's comments

17.32. In regards to FIA's comments on Fuel Throughput Charges, AAI stated that the Fuel Throughput Charges proposed by AAI for Jaipur Airport is prospective. The rate of Fuel Throughput Charges will be applicable w.e.f. 01.09.2017.

Authority's examination of HPCL's comments and AAI's submission to HPCL's comments

17.33. With respect to HPCL's comment on determining FTC on prospective basis, the Authority notes that the FTC at JIA and many other airports operated by AAI are subject to the commercial agreement between AAI and oil companies. In as much as, the Authority has considered 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 Hybrid Till. Having considered all these factors, the Authority decides to accept levy of revised FTC as proposed by AAI. This rate shall be effective from 01.09.2017.

Decision no. 13 – Tariff rate card

13.a. The Authority decides to accept Annual Tariff Proposal for 2017-18 as given in Table 46 (and Annexure) for determination of tariff during 2nd control period as the present value of proposed revenues (yield) by AAI is lower than the present value of ARR (yield) as per Authority. The Authority decides to accept the increase in tariffs for subsequent years of the second control period as below:

- a) Yearly increase of 4% per annum every subsequent year (FY 2018-19 onwards) in UDF per departing passenger

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b) Yearly increase of 4% every subsequent year (FY 2018-19 onwards) in landing charges

c) Yearly increase of 5% per annum every subsequent year (FY 2018-19 onwards) in fuel throughput charges during the 2nd control period

13.b. The Authority decides to continue with waiver of landing charges for (a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic scheduled operators (b) Helicopters of all types as approved by Govt. of India vide order no. G.17018/7/2001- AAI dated 9th Feb 2004 in order to encourage and promote intra-regional connectivity at JIA.

13.c. The Authority decides to provide waiver of landing and other charges in line with the Order No. 20/ 2016-17 dated 31.03.2017 of the Authority.

13.d. The Authority decides to merge UDF and PSF (facilitation) charges and only UDF charges to be applicable on each domestic and international embarking passenger w.e.f. 01.09.2017.

13.e. The Authority decides to consider shortfall in revenues for the 2nd control period based on proposed tariffs by AAI while determining aeronautical tariffs for the 3rd control period.

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19. Order

19.1. In exercise of powers conferred by Section 13 (1) (a) of the AERA Act, 2008 and based on the above decisions, the Authority hereby determines, the aeronautical tariffs to be levied at Jaipur Airport from 01.09.2017 are placed at Annexure I. The tariffs for the subsequent tariff years (i.e. FY 2018-19, FY 2019-20 and FY 2020-21) will be effective from 1st April of each Tariff Year, during the current Control Period with increase in tariffs as specified under Decision no. 13.

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 card at Annexure I. These rates will be effective from 01.09.2017.

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

सत्यमेव जयते



(Ramendra Pratap Shukla)
Deputy Chief

To,

Airports Authority of India
Rajiv Gandhi Bhavan
Safdarjung Airport
New Delhi -110003

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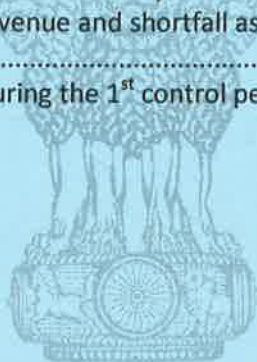


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Annexure I – Detailed Tariff Card applicable from 01.09.2017 to 31.03.2018

I) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 240 Per MT
Above 25 MT up to 50 MT	₹6,000 + ₹ 450 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 17,250 + ₹ 520 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 43,250 + ₹ 600 per MT in excess of 100 MT
Above 200 MT	₹ 103,250 + ₹ 720 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 160 Per MT
Above 25 MT up to 50 MT	₹ 4,000 + ₹ 280 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,000 + ₹ 320 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 27,000 + ₹ 390 per MT in excess of 100 MT
Above 200 MT	₹ 66,000 + ₹ 440 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.08.2017 to 31.08.2017 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- The initial Aircraft movement per operator per fortnight will be taken from 16.08.2017 to 31.08.2017. The actual Aircraft movement per operator for the period 16.08.2017 to 31.08.2017 would be frozen for the entire Financial Year (01.09.2017 to 31.03.2018) for the purpose of calculation of discount.
- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.08.2017 to 31.08.2017 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%
Notes: <ul style="list-style-type: none">The initial Aircraft movement per operator per fortnight will be taken from 16.08.2017 to 31.08.2017. The actual Aircraft movement per operator for the period 16.08.2017 to 31.08.2017 would be frozen for the entire Financial Year (01.09.2017 to 31.03.2018) for the purpose of calculation of discount.Percentage increase in Aircraft will be rounded off to the nearest whole number.Discount on total Landing will be offered only if the payment is made within the stipulated time	

Notes

1)	No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
2)	All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Notes

- 1) 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 actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Jaipur Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 117.70

IV) PASSENGER SERVICE FEE (PSF) – SECURITY*

Per embarking passenger	
₹ 130	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

Notes

1)	Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No PSF (Security) will be levied for Transit Passengers.
3)	For conversion of US \$ into INR the rate as on 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

V) USER DEVELOPMENT FEE (UDF)

Particulars	Rate
Domestic per embarking passenger	₹ 350
	\$ 8.75
International per embarking passenger	₹ 1,100
	\$ 27.50

Notes

1)	Collection charges: If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 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 account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operator/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted
4)	Revised UDF charges will be applicable on tickets issued on or after 01.09.2017.
5)	No UDF will be levied for Transit Passengers

Order no. 10/2017-18



VI) Exemption from levy and collection from UDF and PSF (SC) at the Airports

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & PSF (Security).

(a)	Children (under age of 2 years),
(b)	Holders of Diplomatic Passport,
(c)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
(d)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
(e)	Persons traveling on official duty for United Nations Peace Keeping Missions.
(f)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
(g)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding of GST. GST at the applicable rates are payable in addition to above charges.

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Annexure II – Detailed Tariff Card applicable from 01.04.2018 to 31.03.2019

I) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 250 Per MT
Above 25 MT up to 50 MT	₹6,250 + ₹ 468 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 17,950 + ₹ 541 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 45,000 + ₹ 624 per MT in excess of 100 MT
Above 200 MT	₹ 107,400 + ₹ 749 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 166 Per MT
Above 25 MT up to 50 MT	₹ 4,150 + ₹ 291 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,425 + ₹ 333 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 28,075 + ₹ 406 per MT in excess of 100 MT
Above 200 MT	₹ 68,675 + ₹ 458 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2018 to 31.03.2018 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- The initial Aircraft movement per operator per fortnight will be taken from 16.03.2018 to 31.03.2018. The actual Aircraft movement per operator for the period 16.03.2018 to 31.03.2018 would be frozen for the entire financial year (01.04.2018 to 31.03.2019) for the purpose of calculation.
- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2018 to 31.03.2018 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- The initial Aircraft movement per operator per fortnight will be taken from 16.03.2018 to 31.03.2018. The actual Aircraft movement per operator for the period 16.03.2018 to 31.03.2018 would be frozen for the entire financial year (01.04.2018 to 31.03.2019) for the purpose of calculation.
- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time

Notes

1)	No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
2)	All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Notes

- 1) 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 actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Jaipur Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 123.60

IV) PASSENGER SERVICE FEE (PSF) – SECURITY*

Per embarking passenger	
₹ 130	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

Notes

1)	Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No PSF (Security) will be levied for Transit Passengers.
3)	For conversion of US \$ into INR the rate as on 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

V) USER DEVELOPMENT FEE (UDF)

Particulars	Rate
Domestic per embarking passenger	₹ 364
	\$ 9.10
International per embarking passenger	₹ 1,144
	\$ 28.60

Notes

1)	Collection charges: If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 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 account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operator/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted
4)	No UDF will be levied for Transit Passengers



VI) Exemption from levy and collection from UDF and PSF (SC) at the Airports

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & PSF (Security).

(a)	Children (under age of 2 years),
(b)	Holders of Diplomatic Passport,
(c)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
(d)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
(e)	Persons traveling on official duty for United Nations Peace Keeping Missions.
(f)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
(g)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding of GST. GST at the applicable rates are payable in addition to above charges.

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Annexure III – Detailed Tariff Card applicable from 01.04.2019 to 31.03.2020

I) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 260 Per MT
Above 25 MT up to 50 MT	₹6,500 + ₹ 487 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 18,675 + ₹ 563 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 46,825 + ₹ 649 per MT in excess of 100 MT
Above 200 MT	₹ 111,725 + ₹ 779 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 173 Per MT
Above 25 MT up to 50 MT	₹ 4,325 + ₹ 303 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 11,900 + ₹ 346 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 29,200 + ₹ 422 per MT in excess of 100 MT
Above 200 MT	₹ 71,400 + ₹ 476 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2019 to 31.03.2019 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%
Notes: <ul style="list-style-type: none"> The initial Aircraft movement per operator per fortnight will be taken from 16.03.2019 to 31.03.2019. The actual Aircraft movement per operator for the period 16.03.2019 to 31.03.2019 would be frozen for the entire financial year (01.04.2019 to 31.03.2020) for the purpose of calculation. Percentage increase in Aircraft will be rounded off to the nearest whole number. Discount on total Landing will be offered only if the payment is made within the stipulated time 	



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2019 to 31.03.2019 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%
Notes: <ul style="list-style-type: none">The initial Aircraft movement per operator per fortnight will be taken from 16.03.2019 to 31.03.2019. The actual Aircraft movement per operator for the period 16.03.2019 to 31.03.2019 would be frozen for the entire financial year (01.04.2019 to 31.03.2020) for the purpose of calculation.Percentage increase in Aircraft will be rounded off to the nearest whole number.Discount on total Landing will be offered only if the payment is made within the stipulated time	

Notes

1)	No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
2)	All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)



II) PARKING AND HOUSING CHARGES

	Rates (In ₹)	Rates (In ₹)
Weight of the Aircraft	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Notes

- 1) 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 actual time taken in the movement of aircraft after landing and before takeoff.
- 2) For calculating chargeable parking time any part of an hour shall be rounded off to the next hour.
- 3) Charges shall be calculated on the basis of nearest MT.
- 4) Charges for each parking period shall be rounded off to nearest Rupee
- 5) At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 6) It is decided to waive off the night parking charges in principle for all domestic scheduled operators at Jaipur Airport if the State Government has brought the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State



III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 129.80

IV) PASSENGER SERVICE FEE (PSF) – SECURITY*

Per embarking passenger	
₹ 130	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

Notes

1)	Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No PSF (Security) will be levied for Transit Passengers.
3)	For conversion of US \$ into INR the rate as on 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

V) USER DEVELOPMENT FEE (UDF)

Particulars	Rate
Domestic per embarking passenger	₹ 379
	\$ 9.50
International per embarking passenger	₹ 1,190
	\$ 29.80

Notes

1)	Collection charges: If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 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 account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operator/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted
4)	No UDF will be levied for Transit Passengers



VI) Exemption from levy and collection from UDF and PSF (SC) at the Airports

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF & PSF (Security).

(a)	Children (under age of 2 years),
(b)	Holders of Diplomatic Passport,
(c)	Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
(d)	Persons travelling on official duty on aircraft operated by Indian Armed Forces,
(e)	Persons traveling on official duty for United Nations Peace Keeping Missions.
(f)	Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
(g)	Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

VII) GENERAL CONDITION:

- Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/ 2016-17 dated 31.03.2017 of the Authority from the date the scheme is operationalized by GOI.
- All the above Charges are excluding of GST. GST at the applicable rates are payable in addition to above charges.

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Annexure IV – Detailed Tariff Card applicable from 01.04.2020 to 31.03.2021

I) LANDING CHARGES

Rate per landing - International Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 270 Per MT
Above 25 MT up to 50 MT	₹ 6,750 + ₹ 506 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 19,400 + ₹ 586 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 48,700 + ₹ 675 per MT in excess of 100 MT
Above 200 MT	₹ 116,200 + ₹ 810 per MT in excess of 200 MT

Rate per Landing - Domestic Flight

Weight of the Aircraft	Rate Per Landing (In ₹)
Up to 25 MT	₹ 180 Per MT
Above 25 MT up to 50 MT	₹ 4,500 + ₹ 315 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 12,375 + ₹ 360 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 30,375 + ₹ 439 per MT in excess of 100 MT
Above 200 MT	₹ 74,275 + ₹ 495 per MT in excess of 200 MT

Incentives for increasing the Domestic Flight Operation:

Percentage increase in Aircraft (Landing Domestic) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2020 to 31.03.2020 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- The initial Aircraft movement per operator per fortnight will be taken from 16.03.2020 to 31.03.2020. The actual Aircraft movement per operator for the period 16.03.2020 to 31.03.2020 would be frozen for the entire financial year (01.04.2020 to 31.03.2021) for the purpose of calculation.
- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time



Incentives for increasing the International Flight Operation:

Percentage increase in Aircraft (Landing International) per fortnight per operator from the actual Aircraft movement or the summer schedule for the period 16.03.2020 to 31.03.2020 whichever is higher	Discount offered on all the movements per fortnight per operator
10%	1%
15%	2%
20%	3%
25%	4%
30%	5%

Notes:

- The initial Aircraft movement per operator per fortnight will be taken from 16.03.2020 to 31.03.2020. The actual Aircraft movement per operator for the period 16.03.2020 to 31.03.2020 would be frozen for the entire financial year (01.04.2020 to 31.03.2021) for the purpose of calculation.
- Percentage increase in Aircraft will be rounded off to the nearest whole number.
- Discount on total Landing will be offered only if the payment is made within the stipulated time

Notes

1)	No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic scheduled operators at airport and b) helicopters of all types c) DGCA approved Flying school/flying training institute aircrafts.
2)	All domestic legs of International routes flown by Indian Operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
3)	Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg)



II) PARKING AND HOUSING CHARGES

Weight of the Aircraft	Rates (In ₹)	Rates (In ₹)
	Parking Charges Rates per Hour	Housing Charges Rates per Hour
Up to 25 MT	₹ 3 Per Hour Per MT	₹ 6 Per Hour Per MT
Above 25 MT up to 50 MT	₹ 75 + ₹ 4 per Hour per MT in excess of 25 MT	₹ 150 + ₹ 8 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	₹ 175 + ₹ 8 per MT per Hour in excess of 50 MT	₹ 350 + ₹ 16 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	₹ 575 + ₹ 10 per MT per Hours in excess of 100 MT	₹ 1,150 + ₹ 20 per MT per Hours in excess of 100 MT
Above 200 MT	₹ 1,575 + ₹ 11 per MT per Hours in excess of 200 MT	₹ 3,150 + ₹ 22 per MT per Hours in excess of 200 MT

Notes

- 1) 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 actual time taken in the movement of aircraft after landing and before takeoff.
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III) THROUGHPUT CHARGES

Rate Per KL (IN ₹)
₹ 136.30

IV) PASSENGER SERVICE FEE (PSF) – SECURITY*

Per embarking passenger	
₹ 130	\$ 3.25

* PSF-Security is determined by MoCA and the rates as provided by MoCA from time to time shall be applicable

Notes

1)	Collection charges: if the payment is made within 15 days of receipt of invoice, then collection charges at INR 2.50% of PSF per passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the PSF to AAI within the credit period of 15 days. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No PSF (Security) will be levied for Transit Passengers.
3)	For conversion of US \$ into INR the rate as on 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted. If the payment is made within 15 days of receipt of bills, then collection at 2.5% of PSF per passenger is payable.

V) USER DEVELOPMENT FEE (UDF)

Particulars	Rate
Domestic per embarking passenger	₹ 394
	\$ 9.85
International per embarking passenger	₹ 1,237
	\$ 30.93

Notes

1)	Collection charges: If the payment is made within 15 days of receipt of invoice then collection charges at ₹ 5 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 account with AAI. Wherever collection charges are payable the amount shall be settled within 15 days.
2)	No collection charges are payable to casual operator/non-scheduled operators
3)	For conversion of US\$ into ₹ the rate as on the 1 st day of the month for 1 st fortnightly billing period and rate as on 16 th of the month for the 2 nd fortnightly billing period shall be adopted
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(e)	Persons traveling on official duty for United Nations Peace Keeping Missions.
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