

Order No.34/2013-14



सत्यमेव जयते

Airports Economic Regulatory Authority of India

**In the matter of Determination of Aeronautical Tariffs in
respect of Lokpriya Gopinath Bordoloi International Airport,
Guwahati for the first Control Period (01.04.2011 –
31.03.2016)**

Date of Order: 18th November, 2013

Date of Issue: 19th November, 2013

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



Contents

1.	Brief facts of the case	1
2.	Airports Economic Regulatory Authority of India (AERA)	2
3.	LGBIA Multi Year Tariff Proposal submitted by AAI	3
4.	Tariff determination methodology	4
5.	Airport Services at LGBIA - Regulatory Approach	5
6.	Initial Regulatory Asset Base (RAB)	7
7.	Project Details	8
8.	Depreciation	9
9.	Roll Forward of RAB	11
10.	Traffic Forecast	12
11.	Cargo, Ground Handling and Supply of Fuel to Aircraft Services (CGF)	15
	<i>11.1. Cargo and Ground Handling Services at LGBIA:</i>	<i>15</i>
	<i>11.3. Supply of Fuel to Aircraft:</i>	<i>15</i>
12.	Revenue from services other than aeronautical services:	16
13.	Operation and Maintenance Expenditure	18
14.	Taxation	21
15.	Cost of Equity, Cost of Debt, Leverage, and Weighted Average Cost of Capital	22
16.	Quality of Service	24
17.	Matters regarding Error Correction and Annual Compliance Statement	24
18.	Aggregate Revenue Requirement for LGBIA	25
19.	Annual Tariff Proposal	27
20.	Summary of Decisions	29
21.	ORDER of the Authority	32
22.	List of Tables	33
23.	List of Annexures	34

File No. AERA/20010/MYTP/AAI-GUWAHATI/2011-12
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period (01.04.2011-31.03.2016)**

1. Brief facts of the case

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

1.2. According to AAI, currently there are 125 Airports under AAI’s managerial responsibilities, which include 16 International Airports, 8 Customs Airports, 76 Domestic Airports, and 25 Civil Enclaves. Total Passenger throughput was 68 million and total cargo handled was 0.7 million tonnes at all AAI Airports during 2011-12.

1.3. The Lokpriya Gopinath Bordoloi International Airport (LGBIA), Guwahati is one of the 16 International Airports which is under the management and ownership of AAI. The passenger throughput at LGBIA was 2.08 million during 2012-13.

1.4. The Authority notes that Airports Authority of India has already released an advertisement for “Request for Qualification for Operation, Management and Transfer of Guwahati Airport through Public Private Partnership Model”. The proposal is to select a private entity to which the project may be awarded for undertaking Operation, Management and Development of Guwahati Airport, the details of which are available on the AAI website at http://www.aai.aero/tenders/RFQ_Guwahati_18092013.pdf

2. Airports Economic Regulatory Authority of India (AERA)

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

2.2. The Authority undertook a comprehensive and transparent approach to arrive at its regulatory philosophy and approach for economic regulation of Airport Operators, which was finalised vide its Order No. 13/2010-11 dated 12.01.2011 (Airport Order). Further, the Authority finalized the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators), Guidelines 2011 as per its Direction No. 5/2010-11 dated 28.02.2011 (Airport Guidelines).

2.3. As per section 2(i) of AERA Act, any airport with annual passenger throughput exceeding 1.5 million has been categorized as a major airport. As the passenger throughput at LGBIA exceeds 1.5 million, LGBIA is a major airport and, thus, is considered for regulation of tariff and other charges by the Authority.

2.4. As per the Airport Guidelines, all airport operators were required to submit the Multi Year Tariff Proposal (MYTP) for first Control Period (set as five year period beginning from 2011-12) to the Authority for its consideration. Based on the MYTP, the Authority is to determine tariffs for the aeronautical services by initially determining an yield per passenger under the tariff determination process and

subsequently reviewing detailed Annual Tariff Proposal(s) (ATP) from Airport Operators (pertaining to the approved yield per passenger). The last date for submission of the MYTP in terms of Airport Guidelines was 30.06.2011.

2.5. Conscious of the fact that in the nature of the timelines specified in the Airport Guidelines, it would not be possible to determine the tariff in respect of any of the major airports before 01.04.2011, the Authority decided that the airport operators shall continue charging their existing tariffs for aeronautical services in the interim period, vide Order No. 15/2010-11 dated 24.03.2011.

3. LGBIA Multi Year Tariff Proposal submitted by AAI

3.1. In respect of LGBIA, AAI informed the Authority that although the process of formulation of MYTP was being carried out, changes were being incorporated to capture the information/data related to regulatory matters and hence requested for an extension. On considering this, the Authority extended the timeline up to 30.09.2011. AAI made its MYTP submissions in respect of LGBIA vide letter dated 30.09.2011 and its later submission dated 29th May 2013.

3.2. As a part of MYTP submission, AAI had submitted key assumptions in respect of LGBIA for its Airport Services, including growth rates assumed for various Revenue and Expenditure heads. Based on those assumptions the Projected Profit and Loss Account, Balance Sheet and Cash Flow Statement were prepared.

3.3. AAI had submitted clarification on the depreciation policy, traffic forecasting methodology and details of the capital expenditure incurred/projected for the first control period. AAI had also furnished breakup of the revenue and expenditure and a brief note justifying the growth rates assumed and details of the project cost. Similarly the expected date of completion of each component and its means of finance in respect of LGBIA are also given.

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

3.5. The Authority held meetings with AAI to study the MYTP for LGBIA to scrutinize the assumptions of the tariff proposal and the underlying details of the submissions. Through the analysis of data submitted by AAI, followed by further understanding at these meetings and discussions, the Authority had arrived at its proposals as contained in Consultation paper Number 20/2013-14 that was put up for Stakeholders' Consultations. The Stakeholder meeting was fixed on 24th October, 2013 and the last date for receipt of comments was 12th November, 2013.

3.6. Meeting with the Stakeholders for inviting responses on the proposals contained in the CP was held on 24th October, 2013. Following Stakeholders were present in the meeting:-

- 3.6.1. Airports Authority of India (AAI)
- 3.6.2. Federation of Indian Airlines (FIA)
- 3.6.3. International Air Transport Association (IATA)
- 3.6.4. Bharat Petroleum Corporation Limited (BPCL)
- 3.6.5. Hindustan Petroleum Corporation Limited (HPCL)
- 3.6.6. Indian Oil Corporation Limited (IOCL)
- 3.6.7. InterGlobe Aviation Limited (IndiGo)

3.7. By the scheduled date viz. Tuesday, 12th November, 2013, written comments only from IATA and IOCL were received.

4. Tariff determination methodology

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

4.2. The Authority vide its Order Number 12/2010-11 dated 10.01.2011 (CGF Order) and Direction Number 04/2010-11 (CGF Guidelines) issued on 10.01.2011 had laid down the regulatory approach and process for tariff determination for (i) ground

handling services relating to aircraft, passengers and cargo at an airport; (ii) the cargo facility at an airport; and (iii) supplying fuel to the aircraft at an airport.

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

4.4. Authority's orders and directions have been issued after wide consultation with stakeholders. The Authority, through Airport Order and Airport Guidelines, had indicated its position on aspects such as form of regulation, regulatory till, framework for determination of fair rate of return, various Regulatory Building Blocks, traffic forecasting, quality of service, and the regulatory process for tariff determination at major airports.

4.5. In view of MoCA letter No. AV.20036/19/2013-AD dated 24.09.2013, the Authority had proposed to consider the revenue from Cargo and Ground Handling Services as aeronautical Revenue irrespective of the providers of such Aeronautical Services.

5. Airport Services at LGBIA - Regulatory Approach

5.1. The Authority had proposed in the Consultation Paper Number 20/2013-14 to determine the Aggregate Revenue Requirement (ARR) for LGBIA, taking into account the investments and costs for airport services.

5.2. The ARR for the current Control Period has been calculated based on the following Regulatory Building Blocks with reference to the submissions made by AAI:

5.2.1. Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB)

5.2.2. Operation and Maintenance Expenditure (O)

5.2.3. Depreciation (D)

5.2.4. Taxation (T)

5.2.5. Revenue from services other than aeronautical services (NAR). Revenue from services other than aeronautical services (NAR) is meant to include revenues in the hands of the airport operator from services other than those under aeronautical revenue.

5.3. The ARR under Single Till for the Control Period (ARR) will be calculated as

$$\text{under: } ARR = \sum_{t=1}^5 (ARR_t) \text{ and}$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

Where

- 5.3.1. t is the Tariff Year in the Control Period;
- 5.3.2. ARR_t is the Aggregate Revenue Requirement for year t ;
- 5.3.3. $FRoR$ is the Fair Rate of Return for the control period;
- 5.3.4. RAB_t is the Regulatory Asset Base for the year t ;
- 5.3.5. D_t is the Depreciation corresponding to the RAB for the year t ;
- 5.3.6. O_t is the Operation and Maintenance Expenditure for the year t , which include all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandated operating costs;
- 5.3.7. T_t is the Taxation for the year t , which includes payments by the Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of ARR for the year t ;
- 5.3.8. NAR_t is the Revenue from services other than aeronautical services for the year t .

Decision No. 1. **Regarding Regulatory Approach for Airport Services**

1.a. **The Authority decides to determine the Aggregate Revenue Requirement (ARR) for LGBIA, Guwahati, taking into account the investments and cost for airport services as per para 5.3 above.**

6. Initial Regulatory Asset Base (RAB)

6.1. As per clause 5.2.4 of Airport Guidelines, the initial RAB is to be calculated taking into consideration the original cost of fixed assets as reduced by accumulated depreciation, accumulated capital receipts, subsidies or user contribution.

Table 1 : Calculation of initial RAB as on 1st April 2011 as per AAI Submission (Rs. in crore)

S. No.	Particulars	Amount	Amount
1	Original Cost of Fixed Assets		204.58
2	North Eastern Council (NEC) Grants		(30.10)
3	Cost Less NEC Grants [(1)-(2)]		174.48
4	Accumulated Depreciation	(96.33)	
5	Accumulated Capital Receipts of the nature of contribution from stakeholder	(NIL)	
6	Assets Value Adjustment for assets excluded from the scope of RAB	(NIL)	
7	Land Value Adjustment for assets excluded from the scope of RAB	(NIL)	
8	Total (4+5+6+7)		(96.33)
	Initial RAB [(3)-(8)]		78.15

6.2. AAI further clarified that the opening RAB indicated in the Form 7 (Direction no 5 dated 28th February 2011) includes the airport assets only and does not include any Air Navigation Services (ANS-CNS/ATM) assets. The Authority observed that AAI in its submission indicated the total cost of fixed assets in respect of LGBIA and reduced the amount of assets funded through NEC Grants. AAI further considered depreciation only on such net value of fixed assets (arrived after deducting NEC Grants from total assets). The details of calculation are given in Table 1. Having regard to the above analysis the Authority decides to consider initial RAB at Rs. 78.15 Crore.

Decision No. 2. **Regarding initial RAB**

2.a. **The Authority decides to consider initial RAB at Rs. 78.15 crore.**

7. Project Details

7.1. In the consultation paper no. 20/2013-14, the Authority had proposed to consider the project cost amounting to Rs. 123.11 crore, which comprised of Rs. 93.63 crore to be funded by AAI and balance of Rs. 29.48 crore to be met from NEC Grants. The details are given in Table 2 below:-

Table 2: Cost of the Project and allied Capital works at LGBIA showing the contribution by AAI and through NEC Grants (As given by AAI)(Rs in crore)

S. no.	Project Name	Year of Capitalisation	Funding through NEC grants	Funding through AAI Sources	Total
1	Expansion and Modification of Terminal Building	2015-16		20.82	20.82
2	Construction of Hangars and New Fire Station	2014-15	20.18	13.46	33.64
3	Expansion related to Residential Building (Excluding Rs.13.32 crore for ANS Staff)	2015-16		6.78	6.78
4	Construction related to Temporary Building	2013-14	0.30	0.91	1.21
5	Expenditure related to Land for filling of low lying Areas	2011-12		28.81	28.81
6	Construction of Apron	2011-12		0.83	0.83
7	Construction of shoulder on periphery road connecting old and new Apron and other associated works	2013-14		2.03	2.03
8	Operational Boundary wall	2014-15	9.00	11.00	20.00
9	Plant and Machinery and Tools and Equipments	2011-12		2.10	2.10
10	Electric Installation	2011-12		6.01	6.01
11	Other Operation Allied works	2011-12		0.88	0.88
	Total Project Cost		29.48	93.63	123.11

7.2. AAI provided justification of the major capital works proposed to be undertaken during the current control period. The justification of major capital works was indicated in the Consultation Paper Number 20/2013-14.

7.3. The Authority noted that an amount of Rs. 20.10 crore has been indicated by AAI as expansion related to residential building. This amount includes Rs. 13.32 crore towards CNS/ATM staff. Hence the expenditure apportionable to airport's requirement works out to be Rs. 6.78 crore. This is the amount that has been

reckoned for inclusion towards RAB of LGBIA. Apart from the amount of Rs. 13.32 crore disallowed for reason mentioned above, the Authority does not propose to make any other disallowances from the capital expenditure of Rs. 136.43 crore (including DoNER grant of Rs. 29.48 crore).

7.4. As noted by the Authority in the Consultation Paper No. 20/2013-14, there are various items of Capital Expenditure which have been proposed but yet to be incurred. The final project cost needs to be reckoned and appropriate adjustments to the RAB needs to be carried out. The Authority had proposed to adjust the RAB as per the final project cost in respect of LGBIA at the beginning of the next control period.

Decision No. 3. Regarding Project Cost

3.a. **The Authority decides to consider allowable project cost of Rs. 123.11 crore (Rs. 136.43 crore minus Rs. 13.32 crore) comprising of Rs. 93.63 crore to be funded by AAI and the balance of Rs. 29.48 crore to be met from NEC grants. The Authority therefore decides to reckon the amount of Rs. 93.63 crore as additions to RAB in the current control period.**

Truing Up: 1. **Correction / Truing up for Decision No. 3**

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

8. Depreciation

8.1. Regarding depreciation (as well as calculation of forecast RAB for LGBIA for the first control period and Average RAB for the purpose of tariff determination), the Authority had proposed to consider the depreciation policy followed by AAI. The salient features of AAI's depreciation policy are as under:

- 8.1.1. Method of Depreciation- Straight Line Method;
- 8.1.2. Charging of Depreciation at 100% in case asset(s) 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 will be charged at 50%. This policy is effective from the financial year 2012-13. Up to 2011-12, for addition to fixed assets, depreciation was provided for full year irrespective of month of capitalization and no depreciation was provided in the year, the asset is disposed off; and
- 8.1.3. Residual value for each asset to be taken as Re. 1. Balance to be provided by way of depreciation as per prescribed rates.

8.2. The Authority also noted that the assets capitalized during the financial year 2012-13 onwards have been assumed to be used for more than 180 days.

8.3. As per Clause 5.3.3 of the Airport Guidelines, the minimum residual value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the original cost of the asset.

8.4. As per clause 5.2.5(e) of the Airport Guidelines, for projecting Depreciation on forecast of assets to be commissioned or disposed-off during a control period, it shall be assumed that such assets have been commissioned or disposed off half way through the tariff year and Depreciation related to such assets shall be calculated on pro-rata basis.

8.5. The Authority had noted the fact that the depreciation policy of AAI is not in accordance with the Airport Guidelines of the Authority. However, the Authority had proposed to adopt AAI's depreciation policy on the basis that:

- 8.5.1. AAI has been established under the AAI Act and the depreciation policy adopted by AAI has been approved by the Board of AAI.
- 8.5.2. AAI have stated that the assets are reflected in the proposal part of the initial RAB and the accumulated depreciation of these assets are as per the figures reflected in the audited accounts of LGBIA, which are subject to the scrutiny of C&AG.

8.5.3. As per section 28(4) of the AAI Act, all accounts of LGBIA, once audited by C&AG, are laid before the parliament.

Decision No. 4. Regarding treatment of Depreciation

4.a. **The Authority decides to consider the approved depreciation policy of charging 100% depreciation by AAI.**

4.b. **The residual value for each asset is to be taken as Re. 1.**

4.c. **For the year 2011-12, the Authority in consideration of the depreciation policy of AAI, decides to charge full depreciation, irrespective of the month of capitalization. Furthermore the Authority decides not to consider any depreciation in the year 2011-12 if that particular asset(s) was disposed off/ retired in 2011-12.**

4.d. **From the year 2012-13 onwards, the Authority in consideration of the depreciation policy of AAI decides to follow charging of full depreciation, in case of asset(s) are used in a financial year for 180 days or more, and if the asset(s) are used for less than 180 days the depreciation will be equivalent to 50% depreciation of the financial year.**

Truing Up: 2. Correction / Truing up for Decision No. 4

2.a. The Authority also decides to true up the depreciation considered during the present aeronautical tariff determination exercise, based on the actual capitalised assets in the current control period (i.e. the date of capitalisation of the underlying assets in a given year), while determining aeronautical tariffs for the next control period.

9. Roll Forward of RAB

9.1. The Authority had proposed to consider the RAB as given in the Table 3 below (Table 6 in the Consultation paper Number 20/2013-14), for the analysis and determination of aeronautical tariffs for LGBIA. The summary of forecast and Roll forward RAB for LGBIA are as under:

Table 3: Summary of the forecast and Roll forward RAB for LGBIA (Airport Services) as per the Authority (Rs. in crore)

	Details	2011-12	2012-13	2013-14	2014-15	2015-16
A	Opening RAB	78.15	100.85	88.00	83.16	87.87
B	Additional Assets capitalized during the year	36.97	0.67	9.78	19.46	26.75
C	Disposals/Transfers	0.00	0.00	0.00	0.00	0.00
D	Depreciation	14.27	13.52	14.62	14.75	16.38
E	Closing RAB(A+B-C-D)	100.85	88.00	83.16	87.87	98.24
	Average RAB (A+E)/2	89.50	94.43	85.58	85.51	93.05

9.2. The Authority has also proposed to make appropriate adjustments to RAB at the beginning of the next control period, depending on the capex capitalised and timing thereof.

Decision No. 5. Regarding Roll forward RAB

5.a. **Authority decides to consider Roll Forward RAB during the Control Period as given in Table 3 above for the purpose of determination of tariffs for aeronautical services at LGBIA in the current control period.**

Truing Up: 3. **Correction / Truing up for Decision No. 5**

3.a. The Authority also decides to true up the average RAB in the next control period based on the actual capitalized assets in the current control period.

10. Traffic Forecast

10.1. The Authority had noted that the traffic forecast submitted by AAI for LGBIA, was prepared taking into account economic & regression analysis, pertinent economic factors and policy framework etc.

10.2. The Traffic Growth rate assumed by AAI was as follows:

Projected Growth Rate as per AAI submission

Year	ATM		Passengers		Cargo
	Domestic	International	Domestic	International	Domestic
2013-14	8%	9%	10%	10%	12%
2014-15	8%	8%	10%	10%	12%
2015-16	8%	7%	10%	10%	12%

10.3. The Authority had also compared the traffic forecasts by AAI with the 10-year CAGR (2003-04 to 2012-13).

Table 4: CAGR 2003-04 to 2012-13 for LGBIA (10 years) (in %)

CAGR 2003-04 TO 2012-13	International	Domestic	Total
ATM	29.7%	7.9%	8.1%
Passenger	19.6%	16.1%	16.1%
Cargo	-2.0%	3.7%	3.6%

10.4. The Authority had observed that the ATM growth forecasted by AAI in the tariff proposal is almost equivalent to the CAGR for LGBIA over the period 2003-04 to 2012-13. The passenger growth forecast factored by AAI is lower than the CAGR for LGBIA over the period of 10 years. However the percentage increase considered by AAI in Cargo traffic forecast is higher than the CAGR for LGBIA over the period from 2003-04 to 2012-13. The Authority had also noted that LGBIA had witnessed a negative passenger growth at the rate of (-) 7.47% in 2012-13.

10.5. In view of the above variations, the Authority had also compared the AAI growth projection with the methodology generally adopted by the Authority.

Table 5: Traffic Growth Rate- calculated as the Average of growth projected in MYTP and 10 year CAGR

Year	ATM			PAX			Cargo		
	AAI Forecast	CAGR 10Y	Avg. of AAI and CAGR	AAI Forecast	CAGR 10Y	Avg. of AAI and CAGR	AAI Forecast	CAGR 10Y	Avg. of AAI and CAGR
Domestic	8%	7.91%	7.96%	10%	16.0%	13.0%	12%	3.71%	7.86%
International	8%	29.7%	18.8%	10%	19.5%	14.7%		-2.02%	
Combined	8%	8.06%	8.03%	10%	16.1%	13.0%	12%	3.59%	7.80%

10.6. The Authority noted that taking 13% growth rate of passenger (Average of AAI and CAGR) would be inappropriate. The Authority had also noted that in case of ATM, the AAI forecast very closely matches with the methodology adopted by Authority (8.03%). The Authority noted that the Cargo forecast (12%) submitted by AAI is more aggressive than that would have been arrived at by adopting Authority's methodology (7.8%).

10.7. The Authority had therefore proposed to adopt growth forecast of 8% for ATM, 10% for passengers and 12% for cargo including the separation proposed by AAI with respect to domestic and international sectors. Further, the Authority had also acknowledged that based on the past data there is volatility in growth rates of traffic and had also proposed to true up the traffic projection on the actual value as they become available.

10.8. As presented in its Consultation Paper Number 20/2013-14, the Authority had proposed that traffic forecasts for first Control Period at LGBIA would be trued up in the next Control Period beginning from 2016-17 based on the actual traffic. The Authority is of the view that by referencing the traffic forecast for LGBIA to last 10-year CAGR, it has followed an approach to arrive at a reasonably realistic traffic forecast. The Authority further is of the view that since traffic forecast will be trued up; it will take care of variations between the forecast and actual traffic.

10.9. In view of the above, the Authority decides to continue with the traffic forecasts proposed in the Consultation Paper Number-20/2013-14.

Decision No. 6. Regarding Traffic Forecast

6.a. The Authority decides to consider the growth rates proposed by AAI for the balance period of 2013-14 to 2015-16 in the current control period (as per Para 10.7 above).

Truing Up: 4. Correction / Truing up for Decision No. 6

4.a. To true up the traffic volume (Passengers, ATM and Cargo) based on actual growth during the current control period while determining aeronautical tariffs for the next control period commencing w.e.f. 01.04.2016.

11. Cargo, Ground Handling and Supply of Fuel to Aircraft Services (CGF)

11.1. Cargo and Ground Handling Services at LGBIA:

11.1.1. As per the provisions of the AERA Act, the Authority considers the services rendered in respect of Cargo and Ground Handling, as the aeronautical services.

11.1.2. The Authority notes that as per AAI, at LGBIA the cargo and ground handling services are provided by the airlines themselves, through various agencies as indicated in Table 6

Table 6: List of Cargo/Ground Handling Agencies

S. No	Airlines	Cargo Handling Agencies	Ground Handling Agencies
1.	Spice Jet	J P Aviation Pvt Ltd	Janus Aviation Pvt Ltd
2.	Go Air	Sovika	Janus Aviation Pvt Ltd
3.	Air India		Self
4.	Indigo		Janus Aviation Pvt Ltd
5.	Jet Airways		Neherbs
6.	Jet Lite		Neherbs
7.	Druk Air		Janus Aviation Pvt Ltd
8.	Pawan Hans		Gautam Ground Services Pvt Ltd
9.	McLeod Russel India Ltd		Gautam Ground Services Pvt Ltd

11.2. In view of MoCA letter No. AV.20036/19/2013-AD dated 24.09.2013, the Authority had proposed to consider the revenue from Cargo/ Ground Handling Services as Aeronautical Revenue irrespective of providers of such Aeronautical Services.

11.3. Supply of Fuel to Aircraft:

11.3.1. Fuel Throughput Charges at LGBIA is determined by a commercial agreement between AAI and Oil companies providing Services at AAI's Airports.

11.3.2. In the case of Guwahati Airport, the fuel is supplied to the aircraft directly by the Oil Marketing Companies through Oil Tankers. AAI charges FTC

from these Oil Marketing Companies, under an agreement, towards the entry/supply throughput of fuel into the airport.

11.3.3. AAI in their submission has made no proposal for increase in the Fuel Throughput charges in ATP for the current control period. The Authority vide its Order No. 07/2010-11 dated 4th Nov, 2010 had approved the Fuel throughput Charges of Rs. 112.10 per KL for LGBIA. The same price has been considered for the current control period.

11.3.4. AAI has considered the throughput fee received from oil marketing companies as aeronautical revenues for the purpose of current tariff determination, which is in line with the Authority's approach.

11.4. The Authority notes that Indian Oil Corporation Limited, in response to the Consultation paper Number 20/2013-14, vide its communication dated 12th November, 2013, has shown broad agreement to the proposal for maintaining the existing rate of Fuel Throughput Charges, without any escalation.

Decision No. 7. Regarding Revenue from Cargo, Ground Handling Services and Supply of fuel to aircraft

7.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 as aeronautical revenue irrespective of the providers of such Aeronautical Services.**

7.b. **The Authority notes that the approved fuel throughput charges at LGBIA is Rs. 112.10 per KL with effect from 1st April, 2010 and AAI has not proposed any increase in the Fuel Throughput Charges during the balance period of the current control period.**

12. Revenue from services other than aeronautical services:

12.1. AAI had submitted the forecasts of various components of non-aeronautical revenue and the basis of assumptions which are as under:

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

S no.	Item	Assumption	
1	Restaurant/ Snack Bar/ Flight Kitchen	10% increase per annum in 2013-14 onwards	It is based on normal annual escalation in the contracts
2	Flight Catering	8% increase per annum in 2013-14 onwards	Growth rate in-flight catering is linked with Aircraft movement
3	Hording/ Display	10% increase per annum in 2013-14 onwards	It is based on normal annual escalation in the contracts
4	Rent and Services (Land Rent/ Lease and Hangar Building non-residential)	Flat increase of 7.5% (Land Lease) and 10% p.a. on other items for 13-14 onwards.	Normal annual escalation allowed in license fee in the land.
5	Car Parking	10% increase per annum in 2013-14 onwards	It is based on normal annual escalation in the contracts
6	Admission Tickets	10% increase per annum in 2013-14 onwards	It is based on normal annual escalation in the contracts
7	Other Misc. items/interest income	5-10% increase per annum in 2013-14 onwards	Growth rate of Misc. Income is expected to increase nominally or normal escalation.

12.2. The Authority noted that the projections made by AAI, incorporates the revenues that AAI receives or is expected to receive from the third party concessionaires providing aeronautical services of CGF as Non-Aeronautical Revenues. The Authority considers the revenue from CGF as Aeronautical revenue (as per Para 11.2 above).

12.3. Accordingly the Authority, in the Consultation Paper Number 20/2013-14, had considered revenue from Non-Aeronautical Services as under:

Table 8: Revenue from Non Aeronautical Sources assessed by Authority (Rs. in crore)

	Details	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
A	Trading Concessions	2.06	2.44	2.68	2.95	3.25	3.57
B	Rent and Services	3.95	4.33	4.75	5.21	5.72	6.27
C	Car parking	0.72	1.07	1.17	1.29	1.42	1.56
D	Public Admission Fees	0.31	0.42	0.46	0.51	0.56	0.62
E	Other Misc. Revenue	1.35	2.00	1.53	1.64	1.76	1.89
	Total Revenues	8.40	10.26	10.60	11.60	12.70	13.91
	Total Non-Aeronautical Revenue during the current control period						59.07

12.4. The Authority further proposed to true up the Non-Aeronautical Revenue at LGBIA on actual while determining the tariff for the next control period.

Decision No. 8. **Regarding Non Aeronautical Revenues**

8.a. **The Authority decides to consider the Non Aeronautical Revenue as given in Table 8 for determination of aeronautical tariffs for the current control period.**

Truing Up: 5. **Correction / Truing up for Decision No. 8**

5.a. The Authority decides to true up the Non-Aeronautical Revenue considered by the Authority in the present aeronautical tariff determination exercise, based on the actual non aeronautical revenue earned by AAI during the current control period, while determining aeronautical tariffs for the next control period.

13. Operation and Maintenance Expenditure

13.1. AAI had projected the following operation and maintenance expenditure for the first control period:

Table 9: Summary of O&M expenditure actual/projected by AAI (Rs. in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Pay Roll Expenses	17.00	22.07	23.81	25.69	27.73	29.94
Administrative and General Expenditure	8.22	10.97	11.54	12.18	12.89	13.64
Repairs and Maintenance Expenditure	3.55	5.40	4.49	4.64	5.10	5.61
Utility and Outsourcing Expenditure	2.60	2.74	2.91	3.13	3.36	3.60
Other Miscellaneous Expenditure (PSF collection charges and Landing discount)	1.43	0.98	0.18	0.14	0.16	0.17
Total	32.80	42.16	42.93	45.78	49.24	52.97

13.2. The Authority also noted the assumptions made by AAI for each item of Operation and Maintenance Expenditure which are as under:

Table 10: Assumptions made by AAI for each item of Operation and Maintenance Expenditure

S no.	Item	Assumption
1	Pay Roll Expenses	Combined effect of annual increments, promotions, increase in DA, perks and allowances comes around 9% approx Hence the payroll expenses have been assumed to increase at the rate of 9% from 2013-14 onwards. This does not cater for any increase due to increase in the staff strength.

S no.	Item	Assumption
2	Repair and Maintenance Expenses	An increase of 10% p.a. has been considered in case of civil works, electrical work, vehicle, equipment & furniture. An increase of 11-13% has been considered in case of computers /electronics peripherals from 2013-14 onwards.
3	Utility and Outsourcing Expenditure	6-7% p.a. increase in the expenditure on account of increased consumption for utilities has been considered. However there is no change in the unit rate in the power.
4	Administration and General Expenditure	Overall increase of 9% from the year 2013-14. Other expenses of CHQ are proportionately apportioned to airports based on revenue of the airports as per existing methodology of AAI.
5	Other Miscellaneous Expenditure	Other Expenses mainly include PSF collection charges and discount on landing charges have been increased by 10% from the year 2013-14 onwards.

13.3. The Authority had noted in the Consultation Paper Number 20/2013-14 that- *“.....the C&AG is the auditor of all the accounts of AAI – including the expenditures incurred. The audit of the accounts by C&AG is comprehensive and the Audit report thereof is placed before the Parliament of India. The Audit Report of the C&AG is not only on the mathematical accuracy of accounts or their incurrence in accordance with the set procedure, but also on the propriety of such expenditure.....”*.

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

13.4.1. Accept AAI’s projection of staff cost in order to determine tariffs and noted that certain elements of Staff Cost have been adjusted for inflation,

13.4.2. Consider the Repairs & Maintenance costs as projected by AAI for the tariff determination exercise for LGBIA,

13.4.3. Consider AAI’s submission for Administrative and General Expenditure at LGBIA for the purpose of tariff determination,

13.4.4. Consider the AAI’s submission for Utility & Outsourcing Expenditure at LGBIA, which included uniform unit rate for power charges.

13.4.5. Not consider AAI’s submission of Landing Discount as a component of other outflows.

13.5. The Authority had thus proposed to consider the operational and maintenance expenditure as provided in the table below for the purpose of determination of aeronautical tariffs for the first control period for LGBIA.

Table 11: Summary of O&M expenditure assessed by Authority (Rs.crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Pay Roll Expenses Cost	17.00	22.07	23.81	25.69	27.73	29.94
Administrative and General Expenditure	8.22	10.97	11.54	12.18	12.89	13.64
Repairs and Maintenance Expenditure	3.55	5.40	4.49	4.64	5.10	5.61
Utility and Outsourcing Expenditure	2.60	2.74	2.91	3.13	3.36	3.60
Other Miscellaneous Expenditure (Excluding landing discount)	0.19	0.12	0.13	0.14	0.16	0.17
Total	31.56	41.29	42.88	45.78	49.24	52.97

13.6. The Authority proposes to review the following factors for the purpose of corrections (adjustments) to tariffs:

13.6.1. Mandated costs incurred due to directions issued by regulatory agencies like DGCA;

13.6.2. Change in per unit rate of costs related to electricity was determined by the respective regulatory agencies;

13.6.3. All statutory levies in the nature of fees, levies, taxes and other such charges of Central or State Government or local bodies, local taxes/levies, directly imposed on and paid for by AAI on final product/ service provided by AAI.

Decision No. 9. **Regarding Operation and Maintenance expenditure**

9.a. **The Authority decides to consider the Operational and Maintenance Expenditure as given in Table 11 above, for the purpose of determination of Aeronautical Tariffs for the first Control Period.**

Truing Up: 6. **Truing up of Operation and Maintenance Expenditure**

6.a. *The Authority decides that the following factors be reviewed for the purpose of corrections (adjustments) to tariffs for the current Control Period while determining tariffs in the next Control Period, commencing w.e.f 01.04.2016:*

i) Mandated costs required to be incurred due to directions issued by regulatory agencies like DGCA;

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

14. Taxation

14.1. The Authority, in the Consultation Paper Number 20/2013-14 dated 08.10.2013, had proposed to consider corporate tax @ 32.445%, as considered by AAI, for the purpose of the determination of tariffs during the current Control Period.

14.2. The Authority had also proposed to true up the difference between the projected corporate tax for LGBIA and the actual corporate tax paid by AAI ascribed to LGBIA, while determining the aeronautical tariffs in the next Control Period.

Decision No. 10. Regarding Taxation

10.a. **The Authority decides to consider tax as actually paid towards calculations of Aeronautical Tariff determination. Accordingly Authority had proposed to take taxes actually paid by AAI for F.Y. 2011-12 and 2012-13.**

10.b. **The Authority decides to consider corporate income tax @ 32.445%, for the remaining period of the current control period to estimate the taxes that are likely to be paid by AAI.**

Truing Up: 7. **Correction / Truing up for Decision No. 10**

7.a. The Authority decides to true up the difference between the actual corporate tax paid and that used by the Authority for determination of tariff for the current control period, the Authority had proposed that this truing up will be done in the next control period commencing 01.04.2016.

15. Cost of Equity, Cost of Debt, Leverage, and Weighted Average Cost of Capital

15.1. In the Consultation Paper Number 20/2013-14, the Authority had proposed a WACC at the rate of 14% for the purpose of tariff determination at LGBIA.

15.2. The Authority had noted that the AAI has not apportioned any debt for LGBIA. Guwahati has no separate capital structure as financing activities are located centrally at AAI. Therefore, the cost of capital to be applied to the airports should be estimated based on capital structure of AAI as a whole.

15.3. The Authority had also suggested that AAI should gradually attempt overtime to move from all equity finance structure to a more efficient capital structure of 60:40 as debt/equity ratio. Since the cost of the debt is lower than the cost of the equity, this would result in lowering of WACC thereby benefiting the passengers.

15.4. The Authority had proposed to consider WACC at the rate of 14% for LGBIA for the first control period as considered in the tariff determination process in respect of Chennai and Kolkata airports.

15.5. Comments of IATA: IATA in its letter dated 11th November, 2013 has furnished its comments on the proposals contained in the Consultation Paper No.20/2013-14. While generally in agreement with the proposals contained in the Consultation Paper, IATA has, on the issue of efficient Capital Structure, indicated as under:

“IATA is of the view that not apportioning any loan to LGBIA resulting in 100% financing using equity is an unacceptable situation and is not in the interest of airport users. AERA has acknowledged that a debt

equity ratio of 60:40 is the optimal financing structure. Notwithstanding what the airport's actual capital structure is, the financing structure that should be used for tariff determination that best serves the interests of airport users should be the one generally recognized to be optimal i.e. 60:40. For the tariff determination at MAA and CCU, AAI's overall debt to equity ratio of 9.6% was used. Although this ratio is also highly sub-optimal, it is relatively fairer than using 0% gearing.

- AERA had suggested that AAI should gradually attempt over time to move from all equity financed structure to a more efficient capital structure of 60:40 debt/equity ratio. IATA strongly views that a definite timeframe should be set for AAI to attain an efficient capital structure rather than leaving this open-ended. Making the users pay for the slowness of AAI to achieve an efficient financing structure is unfair and unacceptable. The cost should be borne by AAI if it does not move quickly towards achieving an efficient capital structure"*

15.6. Analysis of the Authority

15.6.1. The Authority notes that in its calculation of cost of equity as well as that of WACC, it would broadly follow the efficient capital structure as well as the audited balance sheet figures. The Authority also notes that it has followed this policy consistently in respect of aeronautical tariff determinations of the Airports at Delhi, Mumbai, Chennai and Kolkata. It does not find any cogent reason to deviate from the same in respect of LGBIA.

15.6.2. As far as the issue of notional apportionment of some debt to LGBIA, is concerned, the Authority notes that AAI has only recently initiated the process of taking on some debt/bonds. However, owing to the organizational structure and the legal provisions, determining any timeline for attaining efficient capital structure is, in the considered opinion of the Authority, therefore not feasible at this stage.

15.6.3. Having regard to these considerations, the Authority believes that its determination both of the cost of equity as well as WACC, as indicated above, is reasonable and is in the best interest both of the airport as well as that of the passengers.

Decision No. 11. **Regarding WACC (FRoR)**

11.a. **The Authority decides to consider the WACC at 14% for Lokpriya Gopinath Bordoloi International Airport for the first control period.**

16. Quality of Service

16.1. The Authority had proposed in the Consultation Paper Number 20/2013-14 to use the rebate mechanism as indicated in the Airport Order and Airport Guidelines for AAI. The Authority had also considered providing a one year transition period from the date of tariff determination as reasonable for AAI to appropriately align their processes/ procedures and make any other required interventions.

16.2. The Authority had further proposed that the implementation of the rebate mechanism would be applicable from the 5th Tariff Year of the Current Control Period i.e., 2015-16 and the rebate for year 2015-16 would be carried out in 2017-18, which is the Second tariff year of the next Control Period.

16.3. The Authority further notes that this is the first Control Period for LGBIA, almost two and half years of which have elapsed. The Authority is also cognizant of the Physical and Geographical limitation at LGBIA.

Decision No. 12. **Regarding Quality of Service**

12.a. **The Authority decides to use the rebate mechanism as indicated in the Airport Order and the Airport Guidelines for LGBIA.**

12.b. **The implementation of the rebate scheme would be applicable from the 5th Tariff year of the Current Control period i.e., 2015-16. Rebate for year 2015-16 is proposed to be carried out in 2017-18, which is the second tariff year of the next control period.**

17. Matters regarding Error Correction and Annual Compliance Statement

17.1. The Authority had proposed in the Consultation Paper Number 20/2013-14 to make adjustment to the RAB at the beginning of next control period in respect of

actual investments. It had also proposed to consider the depreciation policy of AAI, the depreciation calculated in accordance thereof and roll forward RAB during the current control period. The Authority had also proposed to true up the traffic projection based on the actual growth. It had also proposed that Non-Aeronautical revenue would be trued up after the completion of the current control period.

17.2. The Authority had proposed that in view of all corrections/truing up to be carried out at the end of the control period, there may not be any requirement for LGBIA to submit annual compliance statements as per the timelines indicated in the Airport Guidelines. LGBIA should submit the annual compliance statements along with MYTP for the next control period.

Decision No. 13. Regarding Error Correction and Annual Compliance Statement

13.a. **The Authority decides that LGBIA should submit the Annual Compliance Statements for the individual tariff years of the first control period along with the MYTP for the next Control Period.**

18. Aggregate Revenue Requirement for LGBIA

18.1. The Aggregate Revenue Requirement (ARR) computed by AAI for LGBIA and the Yield per passenger (YPP) is as follows:

Table 12: ARR and Yield as per AAI (Rs. in crore)

Details Rs in Crore	Tariff Year 1 2011-12*	Tariff Year 2 2012-13*	Tariff Year 3 2013-14	Tariff Year 4 2014-15	Tariff Year 5 2015-16
Average RAB	89.50	94.46	85.64	85.57	99.40
Return on Average RAB @14%	12.53	13.22	11.99	11.98	13.92
Operating Expenditure	42.16	42.93	45.78	49.24	52.97
Depreciation	14.28	13.52	14.63	14.75	17.04
Corporate Tax @32.445%	0	0	13.40	25.96	31.39
Less- Revenue from Services other than Regulated Services	11.03	11.34	12.40	13.56	14.83
ARR	57.93	58.34	73.40	88.37	100.49
No. of Passengers (as per actual)	2,244,684	2,076,938	2,284,632	2,513,095	2,764,405
Yield (Rs./ Passenger) (as per	258.10	280.88	321.27	351.64	363.53

Details Rs in Crore	Tariff Year 1 2011-12*	Tariff Year 2 2012-13*	Tariff Year 3 2013-14	Tariff Year 4 2014-15	Tariff Year 5 2015-16
actual)					
PV of ARR for the Control period as on 01-04-2013					370.04
Total Passengers during the Control Period					11,883,754
Yield per Passenger for the Control Period (PV of ARR for control period /Total Passengers during the control period (in Rs)					311.38
* Actuals					

18.2. As per Authority Guidelines, the ARR is calculated on present value (PV) basis as of beginning of the control period. However the Authority notes that the yield per passenger calculated by AAI in the MYTP is based on the calculation of the Present Value of ARR as on 01-04-2013. Since the control period starts from 01-04-2011, the Present Value of ARR is to be calculated as of 01-04-2011.

18.3. The reworked ARR for LGBIA as considered in the Consultation Paper Number 20/2013-14 is indicated in the Table 13 below:

Table 13: Reworked ARR and Yield as per Authority (Rs. in crore)

Details	Tariff Year 1 2011-12*	Tariff Year 2 2012-13*	Tariff Year 3 2013-14	Tariff Year 4 2014-15	Tariff Year 5 2015-16
Average RAB	89.50	94.43	85.58	85.51	93.05
Return on Average RAB @14%	12.53	13.22	11.98	11.97	13.03
Operating Expenditure	41.29	42.88	45.78	49.24	52.97
Depreciation	14.28	13.52	14.62	14.75	16.38
Corporate Tax @32.445%	0	0	0	4.39	6.33
Less- Revenue from Services other than Regulated Services	10.26	10.60	11.60	12.70	13.91
ARR	57.85	59.01	60.78	67.65	74.80
No. of Passengers (as per actual)	2,244,684	2,076,938	2,284,632	2,513,095	2,764,405
Yield (Rs./ Passenger) (as per actual)	257.71	284.13	266.05	269.18	270.58
PV of ARR for the Control period as on 01-04-2011					246.33
Total Passengers during the Control Period (No.)					11,883,754
Yield per Passenger for the Control Period (PV of ARR for control period /Total Passengers					207.28

Details	Tariff Year 1 2011-12*	Tariff Year 2 2012-13*	Tariff Year 3 2013-14	Tariff Year 4 2014-15	Tariff Year 5 2015-16
during the control period (in Rs)					
* Actuals					

19. Annual Tariff Proposal

19.1. In the Consultation Paper Number 20/2013-14, the indicative rate card as submitted by AAI for LGBIA, was put up for stakeholder consultation along with the proposal that the tariff increase pertaining to airlines and UDF may be given effect from 1st Jan, 2014.

19.2. The Authority has already indicated in its Consultation Paper (Chapter 20) that it has suggested in its Annual Tariff Proposals (ATPs) the level of UDF for both domestic and international passengers at Rs. 295 per departing passenger. AAI had also indicated that it is proposing this level of UDF because according to it and having regard to the conditions at LGBIA, higher UDF may not be sustainable. AAI had also stated that with this level of UDF, they would not be able to get a fair rate of return on their investment over the current control period, and that there would be a shortfall.

19.3. The Authority had indicated in the Consultation Paper Number 20/2013-14 that AAI had requested the Authority to allow the recovery of the shortfall in ARR for the first control period, (due to lower recovery of Aeronautical charges) in the next control period. The Authority noted that the Tariff Card proposed in the Consultation Paper would result in the short recovery of Rs. 95 crore approx. (PV as on 01-04-2011, as indicated in Table 14) for the current control period as compared to what AAI would have got based on the Regulatory Building Blocks. The Authority had also proposed that depending on the traffic obtaining at the end of the control period and AAI submissions regarding tariff determination for the next control period, the Authority would consider, if and to what extent, the calculated shortfall may be reckoned as additional revenue requirement during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period).

Table 14: Calculation of Shortfall during the control period (Rs. in crore)

S.no	Particulars	Tariff Year 1 2011-12	Tariff Year 2 2012-13	Tariff Year 3 2013-14	Tariff Year 4 2014-15	Tariff Year 5 2015-16	Total
A	Required Revenue as per ARR as per the building blocks	57.85	59.01	60.78	67.65	74.80	320.09
B	Aeronautical Revenue in the year- Actual	21.64	20.28				41.92
C	Aeronautical Revenue in the year- with proposed revised rates			30.55	64.82	74.96	170.33
D	Shortfall in ARR (A-B) for 2011-12 and 2012-13 and (A-C) for the rest of the years	36.21	38.73	30.23	2.83	(-)0.16	107.84
E	PV of shortfall as of 01-04-2011	36.21	33.97	23.26	1.91	(-)0.09	95.26

Decision No. 14. Regarding tariff rate card and short recovery of ARR

14.a. **The Authority decides to determine the aeronautical tariff as per the tariff rate card as per Annexure I , to be effective from 1st January 2014.**

14.b. **The Authority notes that the tariffs as indicated in Annexure I would leave a shortfall of Rs. 95.26 crore as of 01-04-2011 (refer Table 14).**

14.c. **Depending on the traffic obtaining at the end of the control period and AAI submissions regarding tariff determination for the next control period, the Authority decides to consider, if and to what extent, the calculated shortfall may be reckoned as additional revenue requirement during the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period).**

20. Summary of Decisions

Decision No. 1. Regarding Regulatory Approach for Airport Services.....6

1.a. The Authority decides to determine the Aggregate Revenue Requirement (ARR) for LGBIA, Guwahati, taking into account the investments and cost for airport services as per para 5.3 above.6

Decision No. 2. Regarding initial RAB7

2.a. The Authority decides to consider initial RAB at Rs. 78.15 crore.7

Decision No. 3. Regarding Project Cost.....9

3.a. The Authority decides to consider allowable project cost of Rs. 123.11 crore (Rs. 136.43 crore minus Rs. 13.32 crore) comprising of Rs. 93.63 crore to be funded by AAI and the balance of Rs. 29.48 crore to be met from NEC grants. The Authority therefore decides to reckon the amount of Rs. 93.63 crore as additions to RAB in the current control period.9

Truing Up: 1. Correction / Truing up for Decision No. 39

1.a. The Authority also decides that depending on the capex incurred and timing thereof (i.e. the date of capitalisation of the underlying assets in a given year) the Authority will make appropriate adjustments to the RAB at the beginning of the next control period, taking into account, the accounting policies of AAI regarding depreciation as well as actual expenditure incurred and capitalised.9

Decision No. 4. Regarding treatment of Depreciation11

4.a. The Authority decides to consider the approved depreciation policy of charging 100% depreciation by AAI.11

4.b. The residual value for each asset is to be taken as Re. 1.11

4.c. For the year 2011-12, the Authority in consideration of the depreciation policy of AAI, decides to charge full depreciation, irrespective of the month of capitalization. Furthermore the Authority decides not to consider any depreciation in the year 2011-12 if that particular asset(s) was disposed off/ retired in 2011-12.....11

4.d. From the year 2012-13 onwards, the Authority in consideration of the depreciation policy of AAI decides to follow charging of full depreciation, in case of asset(s) are used in a financial year for 180 days or more, and if the asset(s) are used for less than 180 days the depreciation will be equivalent to 50% depreciation of the financial year.....11

Truing Up: 2. Correction / Truing up for Decision No. 411

2.a. The Authority also decides to true up the depreciation considered during the present aeronautical tariff determination exercise, based on the actual capitalised assets in the current control period (i.e. the date of capitalisation of the underlying assets in a given year), while determining aeronautical tariffs for the next control period.11

Decision No. 5. Regarding Roll forward RAB12

5.a. Authority decides to consider Roll Forward RAB during the Control Period as given in Table 3 above for the purpose of determination of tariffs for aeronautical services at LGBIA in the current control period.....12

Truing Up: 3. Correction / Truing up for Decision No. 5	12
3.a. The Authority also decides to true up the average RAB in the next control period based on the actual capitalized assets in the current control period.	12
Decision No. 6. Regarding Traffic Forecast	14
6.a. The Authority decides to consider the growth rates proposed by AAI for the balance period of 2013-14 to 2015-16 in the current control period (as per Para 10.7 above).	14
Truing Up: 4. Correction / Truing up for Decision No. 6	14
4.a. To true up the traffic volume (Passengers, ATM and Cargo) based on actual growth during the current control period while determining aeronautical tariffs for the next control period commencing w.e.f. 01.04.2016.	14
Decision No. 7. Regarding Revenue from Cargo, Ground Handling Services and Supply of fuel to aircraft 16	
7.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 as aeronautical revenue irrespective of the providers of such Aeronautical Services.	16
7.b. The Authority notes that the approved fuel throughput charges at LGBIA is Rs. 112.10 per KL with effect from 1 st April, 2010 and AAI has not proposed any increase in the Fuel Throughput Charges during the balance period of the current control period.	16
Decision No. 8. Regarding Non Aeronautical Revenues.....	18
8.a. The Authority decides to consider the Non Aeronautical Revenue as given in Table 8 for determination of aeronautical tariffs for the current control period.	18
Truing Up: 5. Correction / Truing up for Decision No. 8	18
5.a. The Authority decides to true up the Non-Aeronautical Revenue considered by the Authority in the present aeronautical tariff determination exercise, based on the actual non aeronautical revenue earned by AAI during the current control period, while determining aeronautical tariffs for the next control period.	18
Decision No. 9. Regarding Operation and Maintenance expenditure.....	20
9.a. The Authority decides to consider the Operational and Maintenance Expenditure as given in Table 11 above, for the purpose of determination of Aeronautical Tariffs for the first Control Period.	20
Truing Up: 6. Truing up of Operation and Maintenance Expenditure	20
6.a. The Authority decides that the following factors be reviewed for the purpose of corrections (adjustments) to tariffs for the current Control Period while determining tariffs in the next Control Period, commencing w.e.f 01.04.2016:.....	20
i) Mandated costs required to be incurred due to directions issued by regulatory agencies like DGCA; 20	
ii) Change in per unit rate of costs related to electricity as determined by the respective regulatory agencies;.....	21

iii)	All statutory levies in the nature of fees, levies, taxes and other such charges by Central or State Government or local bodies, local taxes/levies, directly imposed on and paid for by AAI on final product/ service provided by AAI, will be reviewed by the Authority for the purpose of corrections (adjustments) to tariffs on a Tariff Year basis. Furthermore, any additional payment by way of interest payments, penalty, fines and other such penal levies associated with such statutory levies, which AAI has to pay for either any delay or non-compliance, the same will not be trued up. On the input side if AAI has to pay higher input costs even on account of change in levies/ taxes on any procurement of goods and services, the same will not be trued up.....	21
Decision No. 10.	Regarding Taxation.....	21
10.a.	The Authority decides to consider tax as actually paid towards calculations of Aeronautical Tariff determination. Accordingly Authority had proposed to take taxes actually paid by AAI for F.Y. 2011-12 and 2012-13.....	21
10.b.	The Authority decides to consider corporate income tax @ 32.445%, for the remaining period of the current control period to estimate the taxes that are likely to be paid by AAI.....	21
Truing Up: 7.	Correction / Truing up for Decision No. 10	22
7.a.	The Authority decides to true up the difference between the actual corporate tax paid and that used by the Authority for determination of tariff for the current control period, the Authority had proposed that this truing up will be done in the next control period commencing 01.04.2016.	22
Decision No. 11.	Regarding WACC (FRoR).....	24
11.a.	The Authority decides to consider the WACC at 14% for Lokpriya Gopinath Bordoloi International Airport for the first control period.....	24
Decision No. 12.	Regarding Quality of Service	24
12.a.	The Authority decides to use the rebate mechanism as indicated in the Airport Order and the Airport Guidelines for LGBIA.	24
12.b.	The implementation of the rebate scheme would be applicable from the 5th Tariff year of the Current Control period i.e., 2015-16. Rebate for year 2015-16 is proposed to be carried out in 2017-18, which is the second tariff year of the next control period.....	24
Decision No. 13.	Regarding Error Correction and Annual Compliance Statement.....	25
13.a.	The Authority decides that LGBIA should submit the Annual Compliance Statements for the individual tariff years of the first control period along with the MYTP for the next Control Period.....	25
Decision No. 14.	Regarding tariff rate card and short recovery of ARR	28
14.a.	The Authority decides to determine the aeronautical tariff as per the tariff rate card as per Annexure I , to be effective from 1 st January 2014.....	28
14.b.	The Authority notes that the tariffs as indicated in Annexure I would leave a shortfall of Rs. 95.26 crore as of 01-04-2011 (refer Table 14).	28
14.c.	Depending on the traffic obtaining at the end of the control period and AAI submissions regarding tariff determination for the next control period, the Authority decides to consider, if and to what extent, the calculated shortfall may be reckoned as additional revenue requirement during	

the next Control Period (over and above what would be required on the basis of calculations only for the next Control Period).28

21. ORDER of the Authority

21.1. In exercise of powers conferred by Section 13(1)(a) of the AERA Act, 2008, the Authority hereby determines, the tariffs for aeronautical services provided at of Lokpriya Gopinath Bordoloi International Airport (LGBIA), Guwahati as placed at **Annexure I**. These rates will be effective from 01.01.2014. The tariffs for the subsequent tariff years (i.e. FY 2014-15 and FY 2015-16) will be effective from 1st April of each Tariff Year, during the current control period.

21.2. 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 leviable at LGBIA, Guwahati as indicated in the rate cards at **Annexure I**. These rates will be effective from 01.01.2014. The UDF for the subsequent tariff years (i.e. FY 2014-15 and FY 2015-16) will be effective from 1st April of each Tariff Year, during the current control period.

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

By the Order of and in the
Name of the Authority

भा.वि.आ.वि.प.
AERA


(Alok Shekhar)
Secretary

To,

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



22. List of Tables

Table 1 : Calculation of initial RAB as on 1st April 2011 as per AAI Submission (Rs. in crore) ..	7
Table 2: Cost of the Project and allied Capital works at LGBIA showing the contribution by AAI and through NEC Grants (As given by AAI)(Rs in crore).....	8
Table 3: Summary of the forecast and Roll forward RAB for LGBIA (Airport Services) as per the Authority (Rs. in crore).....	12
Table 4: CAGR 2003-04 to 2012-13 for LGBIA (10 years) (in %)	13
Table 5: Traffic Growth Rate- calculated as the Average of growth projected in MYTP and 10 year CAGR.....	13
Table 6: List of Cargo/Ground Handling Agencies.....	15
Table 7: Assumptions taken by AAI for each item of Non Aeronautical Revenue at LGBIA ...	17
Table 8: Revenue from Non Aeronautical Sources assessed by Authority (Rs. in crore)	17
Table 9: Summary of O&M expenditure actual/projected by AAI (Rs. in crore).....	18
Table 10: Assumptions made by AAI for each item of Operation and Maintenance Expenditure	18
Table 11: Summary of O&M expenditure assessed by Authority (Rs.crore).....	20
Table 12: ARR and Yield as per AAI (Rs. in crore)	25
Table 13: Reworked ARR and Yield as per Authority (Rs. in crore)	26
Table 14: Calculation of Shortfall during the control period (Rs. in crore)	28

23. List of Annexures

Annexure I [Tariff Rate Card for Airport Services for the Control Period effective from 01.01.2014 to 31.03.2016](#)



Airports Authority of India

Lokpriya Gopinath Bordoloi International Airport, Guwahati

Airport Charges for the first control period - effective FY 2013-14 from 1st January, 2014 to 31st March 2016

Contents

1.	Airport Charges for FY 2013-14 effective from 1st January, 2014	2
1.1.	Landing, Parking and Housing charges	2
1.2.	Parking and Housing Charges	2
1.3.	Throughput Charges	3
1.4.	User Development Fee (UDF)	3
1.5.	Extension of Service Hours (Airport) [Watch Hours]	4
1.6.	General Condition	5
2.	Airport Charges for FY 2014-15 effective from 1st April, 2014	6
2.1.	Landing, Parking and Housing charges	6
2.2.	Parking and Housing Charges	6
2.3.	Throughput Charges	7
2.4.	User Development Fee (UDF)	7
2.5.	Extension of Service Hours (Airport) [Watch Hours]	8
2.6.	General Condition	9
3.	Airport Charges for FY 2015-16 effective from 1st April, 2015	10
3.1.	Landing, Parking and Housing charges	10
3.2.	Parking and Housing Charges	10
3.3.	Throughput Charges	11
3.4.	User Development Fee (UDF)	11
3.5.	Extension of Service Hours (Airport) [Watch Hours]	12
3.6.	General Condition	13

1. Airport Charges for FY 2013-14 effective from 1st January, 2014

1.1. Landing, Parking and Housing charges

1.1.1. Domestic/ International Landing Charges – per single landing

Weight of the Aircraft	Rate Per Landing (In INR)
Up to 20 MT	180.00 per MT
Above 20 MT up to 50 MT	3600.00 + 285.00 per MT in excess of 20 MT
Above 50MT up to 100 MT	12150.00 + 292.00 per MT in excess of 50 MT
Above 100 MT	26750.00 + 390.00 per Mt in excess of 100 MT

Note:

1.1.1.a. In order to encourage air connectivity to the North Eastern Region (NER) and to promote Intra regional connectivity it has been decided to retain 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.

1.1.1.b. Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e. 1,000 kgs.) of the aircraft.

1.1.1.c. A surcharge of 25% will be levied on landing charges for supersonic aircraft.

1.1.1.d. A minimum fee of INR 3000/- shall be charged per single landing to General Aviation Aircrafts (not applicable to Regional Airlines & Scheduled Domestic Airlines) and foreign Airlines.

1.1.1.e. Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).

1.2. Parking and Housing Charges

Weight of Aircraft	RATES (In INR)	
	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Up to 40 MT	4.20 per hour per MT	8.40 per hour per MT
Above 40 MT up to 100 MT	168.00 + 8.00 per hour per MT in excess of 40 MT	336.00 + 15.60 per hour per MT in excess of 40 MT
Above 100 MT	648.00 + 10.40 per MT per hour in excess of 100 MT	1272.00 +20.00 per MT per hour in excess of 100 MT

Note:

1.2.1.a. AAI has decided in principle to waive off the night parking charges for all domestic scheduled operators at those airports where the State Government levies the rate of tax (VAT) on

ATF up to 5%. The above waiver of night parking charges (between 22:00 hrs to 06:00 hrs) will be made applicable from the date of implementation of the levy of tax (VAT) on ATF up to 5% by the respective State Govt. (s). This relief shall be applicable initially for a period of five years and will be reviewed thereafter. In the event of upward revision in the tax rate of ATF by the respective State Govt. (s), 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(s).

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

1.2.1.c. For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

1.2.1.d. Charges shall be calculated on the basis of next MT.

1.2.1.e. Charges for each parking period shall be rounded off to nearest Rupee.

1.2.1.f. Whilst in-contact stands, after free parking, for the next two hours parking charges shall be levied. After this period, Housing Charges shall be levied.

1.3. **Throughput Charges**

Rate Per KL (In INR)
112.10

1.4. **User Development Fee (UDF)**

Rate (In INR)	
Domestic/International Passenger	295 per embarking passenger

Note:

1.4.1.a. Collection charges: If the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days.

1.4.1.b. Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure) then the

passenger is not treated as Transit passenger. Transit passenger does not include passenger on return journey.

1.5. Extension of Service Hours (Airport) [Watch Hours]

Rate (In INR)
9180 Per Hour Per Aircraft

Note:

1.5.1.a. The charges are payable by all operators/agencies operating outside the watch hours, except aircraft(s) belonging to any armed force of the Union, including BSF & NCC.

1.5.1.b. The charges are payable at the Aerodromes where extension is availed at the time of landing / taking off as the case may be.

1.5.1.c. When the two aircrafts use the facility at the same time, Charges for Extension of Service Hours (Airport) [Watch Hours] for each aircraft would be charged separately and no sharing of charges between the aircrafts is permissible.

1.5.1.d. The charges for Extension of Service Hours (Airport) shall be levied as per the rate indicated above on hourly basis for a minimum period of one hour.

1.5.1.e. Subsequent fraction of hours may be rounded off to the next half an hour and charged accordingly.

1.5.1.f. If the aircraft has taken off just before the closing of watch hours, watch hours should be extended at least for a period of 30 minutes after take off as is the normal practice, this will not attract extra service charge. If the aircraft returns to land due to any technical reason, extended period beyond the normal watch hour, if any, should not be charged. However, any extension required after such landing should be charged as per rates applicable.

1.5.1.g. Any extension of Service Hours provided to accommodate an aircraft experiencing technical problem and requesting emergency landing should not be charged. Any extension required after such landing should be charged as per rates applicable.

1.5.1.h. No charges will be levied for extension of Service hours due to inescapable delays because of runway blockage/VIP Movements/weather conditions at the station.

1.5.1.i. If an Operator, after obtaining approval of AAI for extension of service hours, subsequently intends to withdraw the request under any circumstances, shall inform AAI at least 6 hours in advance of the scheduled departure or arrival time. If the Operator fails to do so, he shall be charged Service Charges for Extension of Service Hours for a period of 4 hours as penalty.

1.5.1.j. The Service Charges indicated above are only for the services rendered by AAI.

1.6. **General Condition**

1.6.1. All the above Charges are excluding of Service Tax. Service Tax at the applicable rates are payable in addition to above charges.

1.6.2. PSF (Security) will be continued to be levied at the applicable rate.

1.6.3. PSF (Facilitation) will be continued to be charged till UDF levy is implemented.

2. Airport Charges for FY 2014-15 effective from 1st April, 2014

2.1. Landing, Parking and Housing charges

2.1.1. Domestic/International Landing Charges - per single landing

Weight of the Aircraft	Rate Per Landing (In INR)
Up to 20 MT	190.80 per MT
Above 20 MT up to 50 MT	3816.00 + 302.10 per MT in excess of 20 MT
Above 50 MT up to 100 MT	12879.00 +309.50 per MT in excess of 50 MT
Above 100 MT	28354.00 + 413.40 per MT in excess of 100 MT

Note:

2.1.1.a. In order to encourage air connectivity to the North Eastern Region (NER) and to promote Intra regional connectivity it has been decided to retain 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.

2.1.1.b. Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e.1,000 kgs.) of the aircraft.

2.1.1.c. A surcharge of 25% will be levied on landing charges for supersonic aircraft.

2.1.1.d. A minimum fee of INR 3000/- shall be charged per single landing to General Aviation Aircrafts (not applicable to Regional Airlines & Scheduled Domestic Airlines) and foreign Airlines.

2.1.1.e. Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).

2.2. Parking and Housing Charges

Weight of Aircraft	RATES (In INR)	
	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Up to 40 MT	4.50 per hour per MT	8.90 per hour per MT
Above 40 MT up to 100 MT	180.00 + 8.50 per hour per MT in excess of 40 MT	356.00 + 16.50 per hour per MT in excess of 40 MT
Above 100 MT	690.00 + 11.00 per MT per hour in excess of 100 MT	1346.00 +21.20 per MT per hour in excess of 100 MT

Note:

2.2.1.a. AAI has decided in principle to waive off the night parking charges for all domestic scheduled operators at those airports where the State Government levies the rate of tax (VAT) on

ATF up to 5%. The above waiver of night parking charges (between 22:00 hrs to 06:00 hrs) will be made applicable from the date of implementation of the levy of tax (VAT) on ATF up to 5% by the respective State Govt. (s). This relief shall be applicable initially for a period of five years and will be reviewed thereafter. In the event of upward revision in the tax rate of ATF by the respective State Govt. (s), 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(s).

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

2.2.1.c. For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

2.2.1.d. Charges shall be calculated on the basis of next MT.

2.2.1.e. Charges for each parking period shall be rounded off to nearest Rupee.

2.2.1.f. Whilst in-contact stands, after free parking, for the next two hours parking charges shall be levied. After this period, Housing Charges shall be levied.

2.3. Throughput Charges

Rate Per KL (In INR)
112.10

2.4. User Development Fee (UDF)

Rate (In INR)	
Domestic/International Passenger	313 per embarking passenger

Note:

2.4.1.a. Collection charges: If the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days.

2.4.1.b. Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure), then the

passenger is not treated as Transit passenger. Transit passenger does not include passenger on return journey.

2.5. Extension of Service Hours (Airport) [Watch Hours]

Rate (In INR)
9731 Per Hour Per Aircraft

Note:

2.5.1.a. The charges are payable by all operators/agencies operating outside the watch hours , except aircraft(s) belonging to any armed force of the Union, including BSF & NCC.

2.5.1.b. The charges are payable at the Aerodromes where extension is availed at the time of landing / taking off as the case may be.

2.5.1.c. When the two aircraft use the facility at the same time, Charges for Extension of Service Hours (Airport) [Watch Hours] for each aircraft would be charged separately and no sharing of charges between the aircrafts is permissible.

2.5.1.d. The charges for Extension of Service Hours (Airport) shall be levied as per the rate indicated above on hourly basis for a minimum period of one hour.

2.5.1.e. Subsequent fraction of hours may be rounded off to the next half an hour and charged accordingly.

2.5.1.f. If the aircraft has taken off just before the closing of watch hours, watch hours should be extended at least for a period of 30 minutes after take off as is the normal practice, this will not attract extra service charge. If the aircraft returns to land due to any technical reason, extended period beyond the normal watch hour, if any, should not be charged. However, any extension required after such landing should be charged as per rates applicable.

2.5.1.g. Any extension of Service Hours provided to accommodate an aircraft experiencing technical problem and requesting emergency landing should not be charged. Any extension required after such landing should be charged as per rates applicable.

2.5.1.h. No charges will be levied for extension of Service hours due to inescapable delays because of runway blockage/VIP Movements/weather conditions at the station.

2.5.1.i. If an Operator, after obtaining approval of AAI for extension of service hours, subsequently intends to withdraw the request under any circumstances, shall inform AAI at least 6 hours in advance of the scheduled departure or arrival time. If the Operator fails to do so, he shall be charged Service Charges for Extension of Service Hours for a period of 4 hours as penalty.

The Service Charges indicated above are only for the services rendered by AAI.

2.6. **General Condition**

2.6.1. All the above Charges are excluding of Service Tax. Service Tax at the applicable rates are payable in addition to above charges.

2.6.2. PSF (Security) will be continued to be levied at the applicable rate.

3. Airport Charges for FY 2015-16 effective from 1st April, 2015

3.1. Landing, Parking and Housing charges

3.1.1. Domestic/International Landing Charges - per single landing

Weight of the Aircraft	Rate Per Landing (In INR)
Up to 20 MT	202.20 per MT
Above 20 MT up to 50 MT	4044.00 + 320.20 per MT in excess of 20 MT
Above 50 MT up to 100 MT	13650.00 + 328.10 per MT in excess of 50 MT
Above 100 MT	30055.00 +438.20 per MT in excess of 100 MT

Note:

3.1.1.a. In order to encourage air connectivity to the North Eastern Region (NER) and to promote Intra regional connectivity it has been decided to retain 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.

3.1.1.b. Charges shall be calculated on the basis of nearest Metric Ton (MT) (i.e.1,000 kgs.) of the aircraft.

3.1.1.c. A surcharge of 25% will be levied on landing charges for supersonic aircraft.

3.1.1.d. A minimum fee of INR 3000/- shall be charged per single landing to General Aviation Aircrafts (not applicable to Regional Airlines & Scheduled Domestic Airlines) and foreign Airlines.

3.1.1.e. Weight of aircraft means maximum takeoff weight (MTOW) as indicated in the Certificate of Airworthiness filed with Director General of Civil Aviation (DGCA).

3.2. Parking and Housing Charges

Weight of Aircraft	Rates (In INR)	
	Parking Charges Rate per MT per Hour	Housing Charges Rate per MT per Hour
Up to 40 MT	4.80 per hour per MT	9.40 per hour per MT
Above 40 MT up to 100 MT	192.00 + 9.00 per hour per MT in excess of 40 MT	376.00 + 17.50 per hour per MT in excess of 40 MT
Above 100 MT	732.00 + 11.70 per MT per hour in excess of 100 MT	1426.00 +22.50 per MT per hour in excess of 100 MT

Note:

3.2.1.a. AAI has decided in principle to waive off the night parking charges for all domestic scheduled operators at those airports where the State Government levies the rate of tax (VAT) on ATF up to 5%. The above waiver of night parking charges (between 22:00 hrs to 0:600 hrs) will be made applicable from the date of implementation of the levy of tax(VAT) on ATF up to 5% by the respective State Govt. (s). This relief shall be applicable initially for a period of five years and will be reviewed thereafter. In the event of upward revision in the tax rate of ATF by the respective State Govt. (s),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(s).

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

3.2.1.c. For calculating chargeable parking time, any part of an hour shall be rounded off to the next hour.

3.2.1.d. Charges shall be calculated on the basis of next MT.

3.2.1.e. Charges for each parking period shall be rounded off to nearest Rupee.

3.2.1.f. Whilst in-contact stands, after free parking, for the next two hours parking charges shall be levied. After this period, Housing Charges shall be levied.

3.3. Throughput Charges

Rate Per KL (In INR)
112.10

3.4. User Development Fee (UDF)

Rate (In INR)	
Domestic/International Passenger	332 per embarking passenger

Note:

3.4.1.a. Collection charges: If the payment is made within 15 days of receipt of invoice, then collection charges at INR 5.00 per departing passenger shall be paid by AAI. No collection charges

shall be paid in case the airline fails to pay the UDF invoice to AAI within the credit period of 15 days.

3.4.1.b. Transit/Transfer passengers: A passenger is treated in-transit/transfer only if the onward journey is within 24 hours from the time of arrival at airport and the onward travel is part of same ticket. In case 2 separate tickets are issued (one for arrival and one for departure), then the passenger is not treated as Transit passenger. Transit passenger does not include passenger on return journey.

3.5. Extension of Service Hours (Airport) [Watch Hours]

Rate (In INR)
10315 Per Hour Per Aircraft

Note:

3.5.1.a. The charges are payable by all operators/agencies operating outside the watch hours , except aircraft(s) belonging to any armed force of the Union, including BSF & NCC.

3.5.1.b. The charges are payable at the Aerodromes where extension is availed at the time of landing / taking off as the case may be.

3.5.1.c. When the two aircraft use the facility at the same time, Charges for Extension of Service Hours (Airport) [Watch Hours] for each aircraft would be charged separately and no sharing of charges between the aircrafts is permissible.

3.5.1.d. The charges for Extension of Service Hours (Airport) shall be levied as per the rate indicated above on hourly basis for a minimum period of one hour.

3.5.1.e. Subsequent fraction of hours may be rounded off to the next half an hour and charged accordingly.

3.5.1.f. If the aircraft has taken off just before the closing of watch hours, watch hours should be extended at least for a period of 30 minutes after take off as is the normal practice, this will not attract extra service charge. If the aircraft returns to land due to any technical reason, extended period beyond the normal watch hour, if any, should not be charged. However, any extension required after such landing should be charged as per rates applicable.

3.5.1.g. Any extension of Service Hours provided to accommodate an aircraft experiencing technical problem and requesting emergency landing should not be charged. Any extension required after such landing should be charged as per rates applicable.

3.5.1.h. No charges will be levied for extension of Service hours due to inescapable delays because of runway blockage/VIP Movements/weather conditions at the station.

3.5.1.i. If an Operator, after obtaining approval of AAI for extension of service hours, subsequently intends to withdraw the request under any circumstances, shall inform AAI at least 6 hours in advance of the scheduled departure or arrival time. If the Operator fails to do so, he shall be charged Service Charges for Extension of Service Hours for a period of 4 hours as penalty.

The Service Charges indicated above are only for the services rendered by AAI.

3.6. General Condition

3.6.1. All the above Charges are excluding of Service Tax. Service Tax at the applicable rates are payable in addition to above charges.

3.6.2. PSF (Security) will be continued to be levied at the applicable rate.