



Airports Economic Regulatory Authority of India

**In the matter of Determination of Aeronautical Tariffs in respect of
Indira Gandhi International Airport, Delhi with respect to Base
Airport Charges (X-ray baggage charges),
for the Second Control Period (01.04.2014 to 31.03.2019).**

सत्यमेव जयते

Date of Issue: 10th January, 2019

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

AERA



1. Brief Facts

- 1.1 The Airports Economic Regulatory Authority of India in exercise of its powers under section 13(1)(a) of the AERA Act, 2008 had determined the Aeronautical Tariff in respect of the Indira Gandhi International Airport, Delhi for the Second Control Period (01.04.2014 – 31.03.2019) and issued Order No. 40/2015-16 dated 8th December 2015. However, the Authority had noted that the Hon'ble High Court had permitted DIAL to charge the applicable tariff for the first control period till AERAAT decides on the appeal filed by DIAL and therefore did not implement the order No 40/2015-16 as the matter was sub-judice.
- 1.2 Subsequently, based on an appeal by Air India, the Hon'ble Supreme Court of India in its order dated 3rd July 2017 directed the implementation of AERA's order no 40/2015-16 dated 8th December 2015 with immediate effect. The Authority's order was implemented by DIAL vide AIC No.13/2017 dated 07.07.2017.
- 1.3 DIAL vide its letter no. DIAL/2017-18/Regulatory/1263 dated 14th December 2017 approached the Authority with the contention that the aeronautical charges fixed by the Authority for the second control period have fallen below the "Base Airport Charges" and requested the Authority to implement the charges equivalent to Base Airport Charges (BAC) +10% of BAC as per clause 2 of schedule 6 read with Schedule 8 of the State Support Agreement (SSA) of DIAL.
- 1.4 The Authority then issued a Consultation Paper no. 06/ 2018-19 to elicit the views stakeholders. The Authority also conducted a meeting to discuss the issues with the stakeholders. During the consultation, it was brought to the notice of the Authority that the Ministry of Civil Aviation (MoCA) had abolished the X-Ray baggage charges vide its letter dated 16.04.2010. The matter was referred to MoCA for clarification. The Ministry vide letter dated 09.10.2018, then clarified that DIAL is eligible to charge for baggage screening in base fare, but only for equipment bought from DIAL's own funds.
- 1.5 The MoCA has also stated in its letter that DIAL has obtained a stay against reversal of PSF funds utilized for capital expenditure (including purchase of equipment). If the outcome of the Court case results into reversal of fund to PSF Account by DIAL, then the base fare revision benefit will be extended to entire security equipment by AERA.
- 1.6 The Authority sought information from DIAL regarding details of baggage screening equipment bought from PSF fund and DIAL's own fund separately. DIAL vide letter No DIAL/2018-19/Regulatory/1420 dated 24th October 2018 submitted that DIAL had procured assets relating to baggage screening equipment worth Rs. 119.66 Crores from PSF fund and Rs. 2.23 Crores from DIAL's own funds. DIAL also submitted the details of these assets supported by a Statutory Auditor and joint Statutory Auditor's certificates.



- 1.7 The Authority carefully examined the documents submitted by DIAL and the views of stakeholders and permitted DIAL to charge the tariffs equivalent to Base Airport Charges(BAC) + 10% of BAC in accordance with Clause 2 of Clause 6 read with schedule 8 of SSA in its Order No. 30/218-19 dated 19th November, 2018. However, the Authority noted that DIAL had procured the screening equipment from PSF funds and stipulated that DIAL will be entitled to charge the X-ray baggage charges (as part of BAC) if it remits back the amount spent from the PSF. The screening charges shall be applicable from the date of DIAL's remittance of required amount to PSF fund and a separate order to this effect will be issued on receipt of confirmation from Ministry of Civil Aviation in this regard. This was in line with the view taken by the Authority in the tariff order issued for the second control period whereby the Authority had decided that the return on capital investments in security will be provided on amounts remitted back in to the PSF account.

2. Authority's View

- 2.1 The view of the Authority is already detailed in Order No. 30/2018-19 dated 19.11.2018. The Authority had stipulated that the screening charges will be available to DIAL if it remits the amount it had drawn from the PSF Fund and on confirmation of such remittance by the Ministry of Civil Aviation. Therefore, DIAL remitted the amount and requested the Ministry to give the confirmation to the Authority. The Ministry has vide letter No. AV-13011/30/2015-AS-Part(1) dated 17th December, 2018 forwarded the documents confirming remittance of Rs.119.66 crores to PSF Fund for further action at AERA. The Ministry has simply forwarded the documents without commenting on the adequacy of the amount remitted by DIAL. The Authority, therefore, has relied on the auditor's certificates and decides to allow DIAL to charge X-Ray baggage charges w.e.f. 01.02.2019.
- 2.2 However, MoCA, in its letter dated 09.10.2018 had also suggested that if the Court orders DIAL to refund the entire amount to PSF Fund, and, DIAL refunds the entire amount, the Authority shall take decision as appropriate in the matter during truing up of the revenue for the 3rd control period.
- 2.3 Air India has sought clarification on applicability of X-ray baggage charges for international flights as only B-747 and DC-10 type of aircraft (wide body aircraft) have been specified under turnaround flight category as per Schedule 8 of SSA. DIAL proposed that the lower rate applicable for transit flights shall be levied to narrow body turnaround flights also. The Authority's view on the comments of stakeholders is explained at relevant paras in Order No.30/2018-19 dated 19.11.2018.
- 2.4 In addition to X-ray baggage charges, other charges and its terms and conditions as per the Authority's Order No. 30/2018-19 dated 19.11.2018 and Corrigendum dated 30.11.2018 shall be applicable in its totality.



3. Order

3.1 Upon careful consideration of the Material available on records, the Authority, in exercise of powers conferred upon it by Section 13(1)(a) of the AERA Act, 2008, hereby orders that:

- i) DIAL is permitted to charge X-ray Baggage Charges w.e.f. 01.02.2019 00:00 hours as follows:

Domestic Flights	International Flights
<u>Registered Baggage</u>	<u>Registered Baggage</u> For turnaround flights
≤25 seats: INR 110	USD 209.55 for all wide body aircrafts (Code D, Code E and Code F)
26-50 seats: INR 220	
51-100 seats: INR 495	USD 149.33 for all narrow body turnaround flights (Code C) and all transit flights
101-200 seats: INR 770	
≥201 seats: INR 880	

- ii) The Order No. 30/2018-19 dated 19.11.2018 and its Corrigendum dated 30.11.2018 shall also be applicable in totality.

By the Order and in the
Name of the Authority

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(Geetha Sahu)

Asst. General Manager

AERA

To,

Shri K Narayana Rao, Director,
GMR Delhi International Airport (P) Ltd. (DIAL),
New Udaan Bhawan, Opp. Terminal 3, IGI Airport,
New Delhi 110037.

Copy to: Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan,
New Delhi-110003

