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Order No. 54/2020-21



AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

IN THE MATTER OF

**DETERMINATION OF AERONAUTICAL TARIFFS FOR
SWAMI VIVEKANANDA AIRPORT, RAIPUR (RPR) FOR THE
FIRST CONTROL PERIOD**

(01.04.2020– 31.03.2025)

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AERA BUILDING
ADMINISTRATIVE COMPLEX
SAFDARJUNG AIRPORT
NEW DELHI - 110003



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LIST OF ABBREVIATIONS

Abbreviation	Full Form
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
AERA	Airports Economic Regulatory Authority
ALCMS	Airfield Lighting Control and Monitoring System
ANS	Air Navigation Services
ARR	Annual Revenue Requirement
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
AVDGS	Advanced Visual Docking Guidance System
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CFT	Crash Fire Tender
CHQ	Central Headquarter
DIAL	Delhi International Airport Limited
DGCA	Directorate General of Civil Aviation
DPE	Department of Public Enterprises
E&M	Electrical and Mechanical
FIDS	Flight Information Display System
FROR	Fair Rate of Return
GoI	Government of India
GST	Goods and Services Tax
MIAL	Mumbai International Airport Limited
MoCA	Ministry of Civil Aviation
MYTP	Multi-Year Tariff Proposal
NAR	Non-aeronautical Revenue
PBB	Passenger Boarding Bridge
PMC	Project Management Consultancy
PPP	Public Private Partnership
PSF	Passenger Service Fee
PTB	Passenger Terminal Building
RAB	Regulatory Asset Base
RHQ	Regional Headquarter
SITC	Supply, Installation, Testing and Commissioning
UDF	User Development Fees
YPP	Yield Per Passenger



CHAPTER 1. INTRODUCTION**1.1. Profile of the Airport**

1.1.1 Swami Vivekananda Airport, Raipur (RPR or 'Raipur Airport') is the primary airport serving the State of Chhattisgarh, India. The airport is located at Mana between Raipur and Naya Raipur, and, is currently the 28th busiest airport¹ in India in terms of the number of passengers handled, and, ranked 27th in terms of aircraft movements. The New Integrated Terminal of the above Airport commenced its commercial operations in the year 2012. Presently, Raipur Airport handles only Domestic Passenger Traffic and Air Traffic Movements ('ATM').

1.1.2 Technical and Terminal Building details of Swami Vivekananda Airport, Raipur (RPR) as depicted in the table below:

Table 1: Technical details and Terminal Building details

Technical Details of Raipur Airport	
Particulars	Details
Total airport area	1,059.99 acres
Runway orientation and length	06/24 and 2286 m X 45 m
No. of taxi tracks	04
No. of apron bays	08
Operational hours	16 hours (06:30 Hours IST to 22:30 Hours IST)
Terminal building details (domestic)	
Particulars	Details
Terminal building area	19,955 sq.mt. - Aeronautical area: 18,165 sq.mt. - Non-aeronautical area: 1,790 sq.mt.
Arrival conveyors	02
Peak hour passenger capacity	700
No. of check-in counters	15
Total area of car parking	17,200 sq.mt.

1.2. Background of the Tariff determination exercise

1.2.1 As per AERA (Amendment) Act 2019, the passenger handling threshold for definition of 'Major Airports' was revised from 1.5 million passengers ('MPPA') to 3.5 million annually. Raipur Airport, with a throughput of 2.12 MPPA for FY 2019-20 (period from April 1, 2019 to March 31, 2020) does not qualify as Major Airport. However, Ministry of Civil Aviation vide letter no. AV-24011/141/2015-AD (Vol. V) dated October 1, 2019 notified Raipur as a Major Airport. Ministry of Civil Aviation also asked AERA to determine the tariff for Raipur Airport to provide a transparent view to the various prospective bidders, as the Airport is proposed for leasing in the 2nd phase of PPP

¹As per data on top 50 busiest airports for FY 2019-20, published by AAI.



exercise. AERA, vide letter no. AERA/20010/MoCA-Reference/2018-19/Vol-III/13092 dated October 14, 2019, clarified that the tariff determination shall be done on the basis of AAI's financial statements including capital expenditure incurred by AAI as on the date of determination and capital expenditure projections for the Control Period along with the capital structure and cost of funds of AAI. AERA clarified to the Ministry that these underlying factors may change substantially once the Airport is handed over to the prospective bidder and accordingly the tariff determined may not remain reflective of the changed scenario. The Ministry, while noting the views of AERA, reiterated its earlier stand regarding determination of the tariff for Raipur Airport.

- 1.2.2 As discussed above, once the airport is handed over to the prospective bidder, the inputs for tariff determination such as capital expenditure projections for the Control Period, capital structure, cost of funds etc. may change. *Accordingly, the Authority will direct the Concessionaire, once the privatization takes place, to submit a fresh application for tariff determination based on their financials, within a year of handing over the airport, failing which the prevailing tariff (Landing charges, Parking charges and UDF) shall be reduced by 10% till the date of submission of MYTP by the Concessionaire.*
- 1.2.3 AERA, vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020, intimated to AAI that the First Control Period for Raipur Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/ surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the Airport.

1.3. **Steps performed towards determination of tariff for Raipur Airport**

- 1.3.1 AAI had submitted its Multi-Year Tariff Proposal ("MYTP") originally on March 19, 2020 to AERA ("the Authority") for determination of Aeronautical tariff for the First Control Period. The Authority, upon consideration of the substantial deviations in business scenarios caused due to the outbreak of the Covid-19 pandemic and with the objective of encouraging investors in airport facilities for efficient, economic and viable operations and also to protect reasonable interest of the passengers, had suggested to AAI on May 14, 2020 to submit a revised MYTP. The Authority further suggested such revision in MYTP to factor in the impact of Covid-19 pandemic on the key elements forming part of the tariff determination process, including assumptions underlying traffic forecasts and capacity enhancements. Accordingly, AAI had submitted a Revised MYTP to the Authority on June 1, 2020. The Authority has reviewed the revised submissions made by AAI with respect to various building blocks.
- 1.3.2 Pursuant to its analysis of the revised MYTP of Raipur Airport and associated information, the Authority issued its Consultation Paper No. 34/ 2020-21 dated September 18, 2020. The Authority proposed its views on the various building blocks for determination of Aeronautical tariff for the First Control Period for Raipur Airport and invited comments from the Stakeholders on the proposed tariff by October 18, 2020.
- 1.3.3 The following Stakeholders submitted their comments on the Consultation Paper:
- Airport Authority of India (AAI)
 - Federation of Indian Airlines (FIA)
 - International Air Transport Association (IATA)
 - Business Aircraft Operators Association (BAOA)
 - GMR Airports Limited

- 1.3.4 The Comments from AAI were received on October 16, 2020. The counter comments from AAI on



the comments raised by the other Stakeholders were received on October 28, 2020.

- 1.3.5 The Authority has examined the submission of AAI and the comments of various stakeholders and after considering all the relevant aspects, has finalized this Tariff Order.
- 1.3.6 The Tariff Order is structured in a manner wherein under each regulatory building block, the initial submission made by AAI in the MYTP is listed out, followed by the Authority's examination and proposals for the First Control Period. The same is followed by the comments and counter comments by the various stakeholders, followed by the Authority's examination and its final decision on the subject matter.



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CHAPTER 2. TARIFF SETTING PRINCIPLES

2.1. Background

- 2.1.1 The Authority, vide its Order No. 13/2010-11 dated January 12, 2011 (“Airport Order”) and Direction No. 5/2010-11 dated February 28, 2011 (“Airport Guidelines”), had issued guidelines to determine tariff at ‘major’ airports based on Single Till mechanism. Subsequently, the Authority issued amendment in its guidelines vide its Order No. 14, 2016-17 dated January 12, 2017 to determine the future tariff using Hybrid Till methodology.
- 2.1.2 The Authority has determined the First Control Period for the airport to be the five-year period from FY 2020-21 to FY 2024-25. The tariff determination process consists of determination of regulatory building blocks for the First Control Period under Hybrid Till.

2.2. Methodology for determining Aggregate Revenue Requirement (ARR)

- 2.2.1 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated as under:

$$ARR = \sum_{t=1}^5 ARR_t$$
$$ARR_t = (FROR \times RAB_t) + D_t + O_t + T_t - s \times NAR_t$$

Where,

t is the tariff year in the Control Period, ranging from 1 to 5

ARR_t is the Aggregate Revenue Requirement for tariff year ‘t’

FRoR is the Fair Rate of Return for the Control Period

RAB_t is the Aeronautical Regulatory Asset Base for tariff year ‘t’

D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year ‘t’

O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year ‘t’

T_t is the Aeronautical taxation expense for the tariff year ‘t’

‘s’ is the cross-subsidy factor for revenue from services other than Aeronautical services. Under the Hybrid Till methodology followed by the Authority, s = 30%.

NAR_t is the Non-aeronautical Revenue in tariff year ‘t’.

- 2.2.2 Based on ARR, Yield per passenger (Y) is calculated as per the formula given below:

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

Where, PV (ARR_t) is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. Further, the date considered by the Authority for discounting of cash flows is one year from the start of the Control Period, i.e., April 1, 2020.

VE_t is the passenger traffic in year ‘t’.

- 2.2.3 All the figures presented in this Tariff Order, have been rounded off up to two decimals.



2.3. Stakeholders' Comments regarding Tariff Setting Principles for the First Control Period:

FIA's comments on Tariff Setting Principles for the First Control Period:

2.3.1 FIA submits that as per para 2.2 of the Consultation Paper, it is stated that AERA shall determine tariff for Raipur Airport using the Hybrid Till model. It is to be noted that FIA has from time to time advocated the application of a Single Till model across the airports in India. FIA submitted that AERA should adopt Single Till basis the following legal framework being:

"In the AERA Order No. 13/2010-11 dated 12 January 2011 (Single Till Order), AERA has strongly made a case in favor of the determination of tariff on the basis of 'Single Till'. It is noteworthy that AERA has in its Single Till Order, inter alia:

- (i) Comprehensively evaluated the economic model and realities of the airport – both capital and revenue elements.
- (ii) Taken into account the legislative intent behind Section 13(1)(a)(v) of the AERA Act.
- (iii) Concluded that the Single Till is the most appropriate for the economic regulation of major airports in India.
- (iv) The criteria for determining tariff after taking into account standards followed by several international airports (United Kingdom, Australia, Ireland and South Africa) and prescribed by ICAO.

Further, AERA in its (Terms and Conditions for determination of tariff for airport operator) Guidelines, 2011 has followed the Single Till approach while laying down the procedure for determination of ARR for Regulated Services.

The fundamental reasoning behind the 'Single Till' approach is that if the consumers/passengers are offered cheaper airfares on account of lower airport charges, the volume of passengers is bound to increase leading to more footfall and probability of higher Non-aeronautical revenue. The benefit of such Non-aeronautical revenue should be passed on to consumers/passengers and that can be assured only by way of lower Aeronautical charges. Thus, the above productive chain reaction needs to be taken into account by AERA".

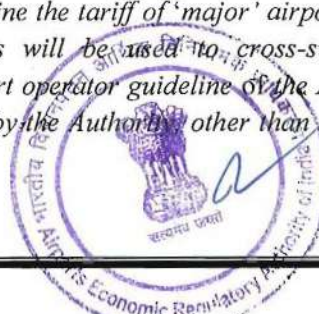
2.4. AAI's response to FIA's comments regarding Tariff Setting Principles for the First Control Period

2.4.1 AAI requested AERA to offer its view on the comments of FIA in this matter.

2.5. Authority's examination and decision regarding issues on Tariff Setting Principles for the First Control Period:

2.5.1 The Authority has noted the comments from FIA regarding the regulatory till applicable for the airport. The Authority has decided to adopt Hybrid Till as per the revised guidelines issued vide its Order No. 14, 2016-17 dated 12.01.2017. The Authority has provided detailed reasoning and adequately responded to the Stakeholders' comments on the adoption of Hybrid Till in its Order No. 14/ 2016-17 and passed the following Order:

- "The Authority will in future determine the tariff of 'major' airports under "Hybrid Till" wherein 30% of non-aeronautical revenues will be used to cross-subsidize Aeronautical charges. Accordingly, to that extent the airport operator guideline of the Authority shall be amended. The provisions of the Guidelines issued by the Authority other than regulatory Till, shall remain the



same.

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

2.6. Authority's Decision regarding Tariff setting principles for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 2.6.1 The Authority decides to determine Aeronautical tariff for Raipur Airport for the First Control Period on "hybrid till" basis.



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CHAPTER 3. MULTI-YEAR TARIFF PROPOSAL ('MYTP') OF RAIPUR AIRPORT

3.1. Background

- 3.1.1 AAI submitted revised MYTP on June 1, 2020 to the Authority for determination of tariff for the First Control Period (April 1, 2020 to March 31, 2025) on the basis of Hybrid Till.
- 3.1.2 AAI provides Air Navigation Services ('ANS') in addition to Landing, Parking and other Aeronautical services at Raipur Airport. AAI has submitted that the tariff proposal does not consider revenues, expenditure and assets on account of ANS. This Order is for determination of tariff for Aeronautical services at the airport excluding ANS.
- 3.1.3 AAI has further submitted that all cargo operations have been transferred to AAI Cargo Logistics and Allied Services ('AAICLAS'), its wholly owned subsidiary, and the tariff proposal does not consider expenditure and assets on account of cargo operations. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenue as per AAI's internal agreement.
- 3.1.4 This tariff Oder is for determination of tariff for Aeronautical services at the airport excluding cargo operations. The tariff for cargo operations shall be determined separately since the operations are carried out by a separate entity of AAI.
- 3.1.5 AAI has informed that accounts of AAI are audited by the Comptroller and Auditor General of India ('CAG') as mandated by the AAI Act. The CAG audits the financial records and statements of AAI airports, regional and field offices. However, the CAG issues the final audit certificate for the AAI as a whole and only trial balance is available for Raipur Airport. The Authority has utilized these documents as submitted by AAI for determination of tariff.

3.2. Stakeholders' Comments regarding MYTP for the First Control Period:

FIA's comments on the MYTP for the First Control Period:

- 3.2.1 In respect of para 3.2, 3.3 of the Consultation Paper in the matter of revenue from air navigation services and cargo services FIA submitted that as per section 2 (a) of Airports Economic Regulatory Authority of India Act, 2008 (AERA Act),

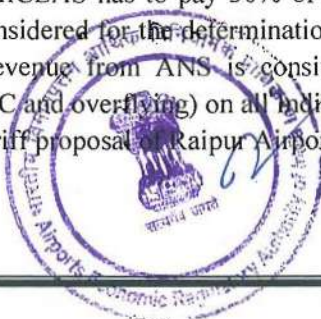
"Aeronautical services means any services provided-

- (i) For navigation, surveillance and supportive communication thereto for air traffic management.....
(v) for the cargo facility at an airport."

FIA submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services and Cargo services (100% revenue accruing to AAICLAS) should form part of Aeronautical revenues and accordingly Authority should take into account of the corresponding revenues from such services and re-compute the Aggregate Revenue Requirement (ARR) and further revise the tariff card accordingly.

3.3. AAI's response to FIA's comments regarding the MYTP for the First Control Period:

- 3.3.1 AAICLAS is a separate entity and Cargo revenue is to be considered by AAICLAS for the determination of Cargo Tariff. As per agreement, AAICLAS has to pay 30% of revenue from operation as revenue share to AAI and the same has been considered for the determination of Aeronautical Tariff. Regarding Air Navigation Service (ANS), the revenue from ANS is considered while determining the tariff proposal for ANS charges (RNFC, TNLC and overflying) on all India basis and the expenditure/capex of ANS have not been considered in the tariff proposal of Raipur Airport.



3.4. Authority's examination and decisions regarding issues on the MYTP for the First Control Period:

3.4.1 **Revenue from AAICLAS:** The Authority carries out a separate exercise for determination of tariff for cargo handling services, wherever these services are provided by Independent Service Providers (ISP) other than the Airport Operator. The Authority considers expenses, revenues, and assets pertaining to these services separately while determining tariff for these services. Under the current exercise of determination of Aeronautical tariff for the airport operations, the Authority has considered the earnings accruing to AAI by way of revenue share (which is 30% of revenue from AAICLAS) and rent from these service providers.

3.4.2 **Revenue from ANS:** Tariff for ANS is presently regulated by the Ministry of Civil Aviation. All the assets, expenses and revenues pertaining to ANS are considered separately by the Ministry while determining tariff for ANS services. Further, the tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the revenues from ANS.

3.5. Authority's Decisions regarding MYTP for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

3.5.1 The Authority decides not to consider the revenues from AAICLAS and ANS while determining Aeronautical tariff for the Raipur Airport.



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CHAPTER 4. TRAFFIC FORECAST**4.1. AAI's submission regarding Traffic Forecast for the First Control Period**

4.1.1 The historical traffic² at the airport has been shown in the table below:

Table 2: Historical passenger and ATM traffic at Raipur Airport

Year	Domestic Passengers	International Passengers	Domestic ATM	International ATM
2008-09	-	-	-	-
2009-10	4,36,620	-	7,870	-
2010-11	5,32,323	-	7,384	-
2011-12	8,02,583	-	10,411	-
2012-13	8,10,435	-	10,496	-
2013-14	8,39,534	-	9,279	-
2014-15	9,25,504	-	8,425	-
2015-16	12,06,844	-	10,185	-
2016-17	13,96,179	-	11,280	-
2017-18	16,28,134	-	12,802	-
2018-19	20,28,548	-	16,901	-
2019-20	21,19,417	-	17,277	-
Past 10-year CAGR	17.0%	-	8.0%	-
Past 5-year CAGR	18.0%	-	15.0%	-
Past 3-year CAGR	14.9%	-	15.0%	-

4.1.2 The traffic growth rates as submitted by AAI for the First Control Period are as follows:

Table 3: Traffic growth rates proposed by AAI at Raipur Airport

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates						
2020-21	-29.23%	-	-29.23%	-21.07%	-	-21.07%
2021-22	25.00%	-	25.00%	20.01%	-	20.01%
2022-23	15.00%	-	15.00%	11.00%	-	11.00%
2023-24	15.00%	-	15.00%	11.00%	-	11.00%
2024-25	10.00%	-	10.00%	9.00%	-	9.00%
Traffic						
2020-21	15,00,000	-	15,00,000	13,636	-	13,636
2021-22	18,75,000	-	18,75,000	16,364	-	16,364
2022-23	21,56,250	-	21,56,250	18,164	-	18,164
2023-24	24,79,688	-	24,79,688	20,162	-	20,162
2024-25	27,27,656	-	27,27,656	21,976	-	21,976

²Source: Traffic News from AAI website



4.1.3 AAI submitted that the domestic passenger traffic and air traffic movement (as Raipur Airport handles only domestic operations) projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework. However, additionally, AAI has factored in the expected disruption from Covid-19 pandemic by forecasting a de-growth in passenger traffic and ATM for FY 2020-21.

4.2. Authority's examination regarding Traffic Forecast for the First Control period at Consultation stage:

4.2.1 The Authority has duly examined the traffic forecasts submitted by AAI. As part of its examination, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2009-10 to FY 2019-20 (10-year CAGR), FY 2014-15 to FY 2019-20 (5-year CAGR) and FY 2016-17 to FY 2019-20 (3-year CAGR). The details have been provided in the table below:

Table 4: CAGR for passenger traffic and ATM

Particulars	10-year CAGR	5-year CAGR	3-year CAGR
Domestic Passenger Traffic	17.0%	18.0%	14.9%
Domestic ATM	8.0%	15.0%	15.0%

4.2.2 The Authority has noted the wide variation in traffic in the recent past, which causes CAGR for 5-year period to be the highest for domestic passenger movement and ATM.

4.2.3 AAI has estimated a de-growth of 29.23% and 21.07% in passenger traffic and ATM, respectively for FY 2020-21, considering the adverse impact of Covid-19 pandemic on domestic air travel. However, it also assumes the traffic volume to revive in FY 2021-22 and has projected a growth of 25.0% and 20.01% in passenger traffic and ATM respectively for the FY 2021-22.

4.2.4 Computation of revised traffic forecasts proposed by the Authority, considering the impact of Covid-19 pandemic

The proposed revised traffic forecasts have been computed by the Authority, after considering the key learnings from the study and analysis by the following agencies on the impact of Covid-19 pandemic on the Aviation sector:

4.2.4.1 CAPA India (as on April 06, 2020)

- Traffic demand will be suppressed due to economic slowdown, lower/ negative GDP growth, broken supply chain and low customer confidence. Accordingly, traffic growth for first 2 quarters of FY 2021 appears to be weak. It is assumed that normalcy with respect to steady traffic growth may resume only from the second half of FY 2021.
- Domestic traffic is expected to decline from an estimated 140 million in FY20 to around 80-90 million in FY21.
- International traffic is expected to fall from approximately 70 million in FY2020 to 35-40 million in FY2021.
- Around 200-250 aircrafts, out of current fleet of 650 may remain idle for a period of 6 -12 months (around 40%).

4.2.4.2 Airports Council International ('ACI')

- ACI in its latest report as on April 17, 2020 has projected a negative growth of 42.1% in passenger traffic for Asia Pacific airports in 2020.



- Further, the total revenues of the airports across the world is expected to drop by as much as 45 per cent, with the highest decline of 49 % likely to be reported in North America followed by 48% in Asia Pacific airports.

4.2.4.3 International Air Transport Association ('IATA')

- IATA in its latest report as on April 14, 2020 has projected a decline of 55% in airline passenger revenues in 2020, as compared to 2019.
- Further, it has projected the full-year passenger demand (domestic and international) to be down by 48% compared to 2019 due to factors such as overall economic development (sharp fall in GDP growth) and travel restrictions.
- Also, it has projected the domestic flights to see an upturn in demand starting from Q3 of 2020. However, international markets/ flights will see a slow growth due to travel restrictions.

4.2.5 Conclusions based on the above studies of revised traffic forecasts

- Considering the extraordinary adverse impact of Covid-19 pandemic on domestic and international air travel, the Authority has taken guidance of the CAPA, ACI and IATA forecasts cited in section 4.7 above for arriving at the revised traffic projections.
- In the Authority's opinion, the global aviation market is relatively saturated, and the growth of aviation industry has, accordingly sharply slowed down. However, the aviation market in India is relatively nascent and hence, is expected to recover at a better pace.
- By giving credence to the above factors, the Authority estimates the traffic volumes for FY 2020-21 to be lower by 30% for passenger traffic and ATM as compared to FY 2019-20. The Authority expects the economy to revive and the traffic volume to grow by 30% (passenger traffic and ATM) in FY2021-22 and by 20% in FY 2022-23.
- The traffic volume is expected to revert to FY 2019-20 levels (see Table 2), only over the next 36 months, i.e. during FY 2022-23 (see Table 3).
- Considering the steady growth in passenger traffic and ATM in the recent years (in the pre-Covid-19 pandemic scenario), the Authority decides to consider 3-year CAGR for estimating Passenger traffic and ATM for the last 2 years of the First Control Period (FY 2023-24 and FY 2024-25).

4.2.6 The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the First Control Period has been given in the table below:

Table 5: Traffic forecast as considered by the Authority – Consultation stage

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates						
2020-21	-30.00%	NA	-30.00%	-30.00%	NA	-30.00%
2021-22	30.00%	NA	30.00%	30.00%	NA	30.00%
2022-23	20.00%	NA	20.00%	20.00%	NA	20.00%
2023-24	14.90%	NA	14.90%	15.00%	NA	15.00%



Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
2024-25	14.90%	NA	14.90%	15.00%	NA	15.00%
Traffic						
2020-21	14,83,592	NA	14,83,592	12,094	NA	12,094
2021-22	19,28,669	NA	19,28,669	15,722	NA	15,722
2022-23	23,14,403	NA	23,14,403	18,866	NA	18,866
2023-24	26,59,249	NA	26,59,249	21,696	NA	21,696
2024-25	30,55,478	NA	30,55,478	24,951	NA	24,951

4.2.7 The Authority decides to true-up the traffic as per actual growth achieved during the First Control Period at the time of determination of tariff for the Second Control Period.

4.3. Stakeholders' Comments regarding Traffic Forecasts for the First Control Period:
FIA's comments on Traffic Forecasts for the First Control Period:

4.3.1 FIA acknowledged the consideration of traffic reports issued by industry bodies like CAPA and IATA by AERA while estimating traffic forecasts. However, FIA has commented that AERA should conduct its own independent study on traffic projections in accordance with the AERA Act.

4.3.2 FIA further submitted that without prejudice to the above, and as discussed during the stakeholder consultation meeting dated October 9, 2020, AERA may revisit/review the conservative traffic assessment, proposed for Raipur Airport and may consider higher growth rates for air traffic (passenger and ATM) taking into account the following:

- (i) Relaxation of quarantine norms for domestic air travel passengers notified by the Government of Chhattisgarh in October 2020.
- (ii) Proposed increase in flight capacity to 75%, as announced by Hon'ble Minister for Civil Aviation; and

4.3.3 FIA further commented that instead of a 3-year CAGR considered by AERA, a 5-year CAGR indicating a higher growth in traffic may be applied at Raipur airport. It is pertinent to note that a 5-year CAGR (domestic) has been considered by AERA for determination of Aeronautical tariff at Amritsar airport.

IATA's comments on Traffic Forecasts for the First Control Period:

4.3.4 IATA had commented that the Covid-19 pandemic continues to devastate the aviation industry with no end in sight. "As per IATA's revised estimates for the impact on airlines in India, demand in terms of passenger volumes is forecasted to fall by over 100 million or 52% in 2020 year-on-year resulting in US\$12.4 billion loss of airline revenues: We noted that AERA has proposed revised traffic forecasts computed after considering the key learning's from study and analysis on the impact of Covid-19 on aviation by various industry organizations including those from IATA. As RPR is purely a domestic airport, IATA would encourage validation from domestic airlines as well based on their own traffic forecasts".

GMR Airports Limited's comments on Traffic Forecasts for the First Control Period:

4.3.5 GMR Airports Limited had commented that "given the present situation of Covid-19, there is high



degree of uncertainty on the traffic figures. Also, a dip in Non-Aero revenue has been estimated by air traffic agencies to the tune of 50% on SPPs and actuals. While fall in traffic and the resulting reduction of revenues would be considered for true-up based on actual in the subsequent control period, a reduction of the present scale would lead to a significant cash flow mismatch for the Concessionaire. Considering the above, we support AERA's position that the projections for traffic would be rationale, in addition to the rationalization of Non-Aero Revenues".

4.4. AAI's counter comments and response to stakeholder comments regarding traffic forecast for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Traffic Forecast for the First Control Period are presented below:

AAI's response to FIA's and IATA's comments regarding Traffic Forecast for the First Control Period:

- 4.4.1 It is estimated that as per the present forecast the passenger traffic is likely to be around 0.7 - 0.8 million against 1.5 million in the FY 2020-21 as proposed by AAI. Moreover, it would be trued up by AERA while determining tariff of Second Control Period.

AAI's response to GMR Airports Limited's comments regarding Traffic Forecast for the First Control Period:

- 4.4.2 AAI requested the Authority to offer its view.

4.5. Authority's examination and decisions regarding Traffic Forecast for the First Control Period:

- 4.5.1 The Authority has carefully examined the comments raised by FIA regarding traffic projections. FIA has suggested that the Authority may consider higher growth rate for air traffic (passenger and ATM). The Authority has derived the traffic projections after due consideration of the impact of the Covid-19 pandemic on air travel. Further, the data on actual traffic for FY 2020-21 also corresponds to the fact that the de-growth in air traffic due to the outbreak of Covid-19 is severe and may revive only gradually over a period. The Authority prefers to adhere to its traffic projections (passenger traffic and ATM) as shown under Table 5 in this Tariff Order.
- 4.5.2 Regarding the comment raised by FIA pertaining to traffic growth rate assumption for the last two years of the First Control Period, the Authority has considered 3-year CAGR after a careful assessment of traffic growth patterns, which reveal a trend of steady growth in passenger traffic and ATM over the last 3 years, prior to the Covid-19 pandemic. Although there has been an economic and aviation traffic downturn caused by the Covid-19 pandemic, the industry bodies' forecasts and recent year-to-date traffic data for FY 2020-21 suggests a near-term recovery and expected return to normal levels of traffic growth during FY 2023-24 and FY 2024-25. Based on the above analysis and actual data pertaining to the Raipur airport, the Authority decides to use 3-year CAGR for estimating passenger traffic and ATM for the last two years of the First Control Period (FY 2023-24 and FY 2024-25). It may also be mentioned that each Airport has its own peculiar traffic growth trends and uniform growth rates may not hold true across all the Airports.
- 4.5.3 The Authority has examined the comments from FIA on conducting an independent study on the traffic projections in accordance with the AERA Act and the Authority is of the view that Raipur Airport is a small Airport which does not have as many complex operations as other larger airports. The requirement for an independent study on traffic projections depends upon the size, scale, and

complexity of operations at the Airport. As Raipur is a small airport and does not have any complex operations, the Authority has decided not to conduct an independent study on the traffic projections.

- 4.5.4 The Authority has examined the comments raised by IATA and GMR Airports Limited on the traffic projections for Raipur Airport and the Authority emphasizes that it has adopted a rational approach in determining traffic growth in the light of the current economic and aviation traffic downturn, while also taking into consideration that Raipur Airport has only domestic operations, which witnessed a trend of steady growth in the passenger traffic and ATM in the last 3 years.

4.6. **Authority's Decisions regarding Traffic Forecast for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

- 4.6.1 The Authority decides to consider the passenger traffic and ATM for the First Control Period for Raipur Airport as per Table 5.
- 4.6.2 The Authority decides that subject to the terms and conditions of the privatization of Raipur Airport, it will consider to true-up the traffic volume (passenger and ATM) based on the actual traffic in the First Control Period while determining tariff for the Second Control Period.



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CHAPTER 5. ALLOCATION OF ASSETS BETWEEN AERONAUTICAL AND NON-AERONAUTICAL

5.1. AAI's submission regarding Allocation of Assets for the First Control Period

5.1.1 Under Hybrid Till, only Aeronautical assets are included as part of the Regulatory Asset Base ('RAB'). Therefore, all airport assets need to be segregated between Aeronautical and Non-aeronautical. Further, projections of capitalizations during the Control Period regarding Aeronautical assets only needs to be considered as part of RAB.

5.1.2 For the purposes of this segregation, AAI has divided its assets into three components—Aeronautical, Non-aeronautical and common. Common components have been further segregated into Aeronautical and Non-aeronautical assets by applying one of the following ratios:

- Terminal Area Ratio:** This is a ratio of Non-aeronautical area to the total area of terminal building and is applied for all terminal related Common assets.
- Employee Ratio:** This is a ratio of number of staff providing Non-aeronautical services (i.e., commercial and land management) to number of staff providing Aeronautical services, excluding ANS and Cargo.
- Quarters ratio:** This is a ratio based on number of Non-aeronautical staff to Aeronautical staff residing at the residential quarters at the airport. It is applied to assets pertaining to such residential quarters.

5.1.3 The table below provides the details of these ratios used for allocation.

Table 6: Ratios used by AAI for allocation of assets into Aeronautical and Non-aeronautical

Particulars	Ratio (2019-20)
Terminal Area Ratio	8.97% (Non-Aero to Total area)
Employee Ratio	2:66 (Non-Aero: Aero)
Quarter ratio	0:16 (Non-Aero: Aero)

5.1.4 The allocation of gross block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical services as submitted by AAI is given in the table below:

Table 7: Allocation of opening gross block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical as per AAI

(₹ Crores)

Asset category	Total assets (inclusive of ANS and cargo assets)	ANS Assets	Non-Aero Assets (including cargo)	Pure Aero-nautical Assets	Common Assets	Common Asset		Total Aero-nautical assets	% Aeronautical
						Aero-nautical	Non-aeronautical		
	A= B+C+D+E	B	C	D	E = F + G	F	G	H = D + F	I = H / A
Boundary Wall (Residential)	0.24	0.07	-	0.17	-	-	-	0.17	70.83%
CFT and Fire Fighting Equipment	20.34	-	-	20.34	-	-	-	20.34	100.00%
Computer Software	0.19	0.01	-	0.18	-	-	-	0.18	94.74%

Asset category	Total assets (inclusive of ANS and cargo assets)	ANS Assets	Non-Aero Assets (including cargo)	Pure Aero- nautical Assets	Common Assets	Common Asset		Total Aero- nautical assets	% Aeronau- tical
						Aero- nautical	Non- aerona- utical		
	A= B+C+D+E	B	C	D	E = F + G	F	G	H = D + F	I = H / A
Computers: End Users Devices	0.30	0.04	-	0.26	-	-	-	0.26	86.67 %
Computers: Network and Servers	0.53	-	-	0.53	-	-	-	0.53	100.00%
Electrical Installation	54.11	2.39	0.01	39.93	11.78	10.72	1.06	50.65	93.61%
Furniture and Fixtures: Other Than Trolley	1.51	-	0.02	1.49	-	-	-	1.49	98.68%
Furniture and Fixtures: Trolley	0.82	-	-	0.82	-	-	-	0.82	100.00%
Office Appliances	0.47	0.13	0.01	0.33	-	-	-	0.33	70.21%
New office (in old terminal building)	0.16	-	-	0.16	-	-	-	0.16	100.00%
Operational Boundary Wall	11.25	-	-	11.25	-	-	-	11.25	100.00%
Other Building	4.34	2.94	-	1.25	0.15	0.14	0.01	1.39	32.03%
Plant and Machinery	9.72	2.13	-	7.59	-	-	-	7.59	78.09%
R/W, T/Way and Apron	80.64	-	-	80.64	-	-	-	80.64	100.00%
Residential Building	4.12	1.12	-	3.00	-	-	-	3.00	72.82%
Road, Bridge and Culverts	10.40	-	2.46	7.94	-	-	-	7.94	76.35%
Security Fencing	0.36	-	-	0.36	-	-	-	0.36	100.00%
Temporary Building	0.39	-	-	0.39	-	-	-	0.39	100.00%
Terminal Building	91.24	-	-	0.09	91.15	82.98	8.17	83.07	91.05%
Rotunda	0.99	-	-	0.99	-	-	-	0.99	100.00%
Tool and Equipment	21.85	3.38	-	18.47	-	-	-	18.47	84.53%
Vehicle	1.07	0.12	-	0.95	-	-	-	0.95	88.79%
X Ray Baggage Inspection System	3.22	-	-	3.22	-	-	-	3.22	100.00%
Total	318.26	12.33	2.50	200.35	103.08	93.84	9.24	294.19	92.44%

5.2. Authority's examination regarding Allocation of Assets for the First Control period at Consultation stage:

5.2.1 AAI has submitted the opening gross block as on April 1, 2019 which has been presented in the table above. Even though, the threshold for defining 'Major' Airports was revised to 3.5 million passengers annually as per AERA (Amendment) Act, 2019 as discussed in Section 1 of this Tariff Order, the MoCA has asked AERA to determine the Aeronautical tariff for Raipur Airport by declaring it as Major Airport under Section 2(i) of AERA Act, 2008, dated October 1, 2019. The Authority has determined the initial RAB as on April 1, 2020, considering the First Control Period to be from FY 2020-21 to FY 2024-25.

5.2.2 AAI has submitted the details of common assets and its allocation between Aeronautical and Non-aeronautical assets as on April 1, 2019. Further, AAI has submitted the details of additions to the Aeronautical assets and net depreciation for FY 2019-20 for arriving at the initial RAB as on April 1, 2020. The depreciation for FY 2018-19 has been computed considering the depreciation rates as per



AAI's internal accounting policies and the depreciation from FY 2019-20 onwards has been computed in accordance with AERA guidelines (Amendment 1 to Order No. 35/2017-18 dated April 9, 2018).

- 5.2.3 AAI submitted the workings for the calculation of the Terminal Area ratio, i.e., ratio of Aeronautical portion to Non-aeronautical portion of the terminal building. This has been presented in the table below.

Table 8: Terminal Area Ratio

S. No.	Category	Area (sq.mt.)
1	Commercial Entities- Restaurant / Snack Bars	566.00
2	Commercial Entities- Retail Facility	1,026.74
3	Building Non-Residential	191.01
4	Admission Tickets	6.00
	Total Non-aeronautical area (1)	1,789.75
	Total area of terminal (2)	19,955.51
	Terminal Non-aeronautical area ratio (=1/2)	8.97%
	Terminal Aeronautical area ratio (= 100% – Non-aeronautical %)	91.03%

- 5.2.4 The Authority observed that 278.70 sq.mt. of area was used for advertising purposes. However, this area does not occupy any floor space and has therefore, not been considered while calculating Terminal Area Ratio.
- 5.2.5 The Authority verified the above working, with details of exact area given to various entities – commercial, airlines, and regulatory and allied agencies. Considering the passenger profile at the Airport, the Authority considers the terminal building ratio (Non-aeronautical area to total area) of 8.97% as reasonable, in line with the optimum terminal building ratio of 8%-12% as approved for similar airports.
- 5.2.6 The Authority observed the use of various ratios for segregation of common assets into Aeronautical and Non-aeronautical. These are explained in the table below:

Table 9: Allocation of Common assets as per the Authority (Consultation stage)

(₹ Crores)					
S. No.	Asset category	Common Assets	Aeronautical Assets	Non-aeronautical Assets	Common Assets allocation ratio
1.	Electrical Installation	11.78	10.72	1.06	Terminal Area Ratio – 91.03%
2.	Other Building	0.15	0.14	0.01	Terminal Area Ratio – 91.03%
3.	Terminal Building	91.15	82.98	8.17	Terminal Area Ratio – 91.03%

- 5.2.7 On the basis of above observations, the Authority had proposed to consider the allocation of gross block of assets in accordance with the Table 10, during Consultation stage.



Table 10: Allocation of assets proposed by the Authority (Gross block as on April 1, 2019) (Consultation stage)

(₹ Crores)

Asset category	Total assets (inclusive of ANS and cargo assets)	ANS Assets	Non-Aero Assets (including cargo)	Pure Aeronautical Assets	Common Assets	Common Asset		Total Aeronautical assets	% Aeronautical
						Aero-nautical	Non-aeronautical		
	A=B+C+D+E	B	C	D	E= F + G	F	G	H = D + F	I = H / A
Boundary Wall (Residential)	0.24	0.07	-	0.17	-	-	-	0.17	70.83%
CFT and Fire Fighting Equipment	20.34	-	-	20.34	-	-	-	20.34	100.00%
Computer Software	0.19	0.01	-	0.18	-	-	-	0.18	94.74%
Computers: End Users Devices	0.30	0.04	-	0.26	-	-	-	0.26	86.67%
Computers: Network and Servers	0.53	-	-	0.53	-	-	-	0.53	100.00%
Electrical Installation	54.11	2.39	0.01	39.93	11.78	10.72	1.06	50.65	93.61%
Furniture and Fixtures: Other than Trolley	1.51	-	0.02	1.49	-	-	-	1.49	98.68%
Furniture and Fixtures: Trolley	0.82	-	-	0.82	-	-	-	0.82	100.00%
Office Appliances	0.47	0.13	0.01	0.33	-	-	-	0.33	70.21%
New office (in old terminal building)	0.16	-	-	0.16	-	-	-	0.16	100.00%
Operational Boundary Wall	11.25	-	-	11.25	-	-	-	11.25	100.00%
Other Building	4.34	2.94	-	1.25	0.15	0.14	0.01	1.39	32.03%
Plant and Machinery	9.72	2.13	-	7.59	-	-	-	7.59	78.09%
R/W, T/Way and Apron	80.64	-	-	80.64	-	-	-	80.64	100.00%
Residential Building	4.12	1.12	-	3.00	-	-	-	3.00	72.82%
Road, Bridge and Culverts	10.40	-	2.46	7.94	-	-	-	7.94	76.35%
Security Fencing	0.36	-	-	0.36	-	-	-	0.36	100.00%
Temporary Building	0.39	-	-	0.39	-	-	-	0.39	100.00%
Terminal Building	91.24	-	-	0.09	91.15	82.98	8.17	83.07	91.05%
Rotunda	0.99	-	-	0.99	-	-	-	0.99	100.00%
Tool and Equipment	21.85	3.38	-	18.47	-	-	-	18.47	84.53%
Vehicle	1.07	0.12	-	0.95	-	-	-	0.95	88.79%
X Ray Baggage Inspection System	3.22	-	-	3.22	-	-	-	3.22	100.00%
Total	318.26	12.33	2.50	200.35	103.08	93.84	9.24	294.19	92.44%



5.3. **Stakeholders' Comments regarding Allocation of Assets for the First Control Period:**

FIA's comments on Allocation of Assets for the First Control Period:

- 5.3.1 FIA submitted that the AERA's proposal to bifurcate assets between Aeronautical assets is based on information received from Airports Authority of India (AAI) and no detailed technical evaluation or any independent study of the same has been done by AERA.
- 5.3.2 FIA further submitted that allocation of the airport assets between Aeronautical or Non- Aeronautical categories is critical under Hybrid Till approach (adopted by AERA), hence the same should be carried out on the basis of independent study in terms of the AERA Act.
- 5.3.3 Without prejudice to the above, FIA requested AERA to clarify the allocation ratio of terminal building and electrical installation and basis for splitting the expenditure. FIA submits that the split of new terminal building costs between electrical installation and terminal building will have significant impact on depreciation as higher allocation of electrical installation will lead to accelerated depreciation and consequently higher ARR (as depreciation rate of electrical installation is higher than the depreciation rate of building).

IATA's comments on Allocation of Assets for the First Control Period:

- 5.3.4 Regarding para 5.8 of the Consultation Paper, IATA had commented that "the Authority observed that 278.70 sq.mt. of area was used for advertising purposes. However, this area does not occupy any floor space and has therefore, not been considered while calculating Terminal Area Ratio." Inclusion of the area used for advertising purpose would add up approximately 1.4% to the non-Aeronautical area, which currently stands at 8.97%. We would also request for clarification regarding the basis for calculating 278.70 sq.mt of area under this category. We would recommend that a partial inclusion is considered by AERA since infrastructure is required to support these advertisements such as walls, towers, power supply etc. A complete exclusion of such tangible elements will not be ideal and does not reflect proper cost allocation principle".

5.4. **AAI's counter comments and response to stakeholder comments regarding Allocation of Assets for the First Control Period:**

- 5.4.1 Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Allocation of Assets for the First Control Period are presented below:

AAI's response to FIA's comments regarding Allocation of Assets for the First Control Period:

- 5.4.2 Allocations of Assets between Aeronautical and Non-Aeronautical have been done on the actual usage/facility provided. The same methodology has been adopted for other AAI major airports for which the tariff orders have already been issued by AERA.
- 5.4.3 AAI has considered 65% of total project cost to be Civil component and 35% to be Electrical component on an estimated basis and subject to true-up.

AAI's response to IATA's comments regarding Allocation of Assets for the First Control Period:



5.4.4 AAI has responded that the Terminal Area ratio is the ratio of floor space area of the Terminal building utilized for Aeronautical and Non-Aeronautical purposes. Hence, advertisement area which does not occupy floor space cannot be considered for calculating the Terminal Area ratio.

5.5. **Authority's examination and decisions regarding Allocation of Assets for the First Control Period:**

5.5.1 The Authority has examined the comments from FIA on conducting an independent study on the allocation of assets and the Authority is of the view that Raipur Airport is a small Airport that does not have any complex operations.

5.5.2 The requirement of an independent study on allocations of assets will depend upon the size, scale, complexity, and multiple ownerships of overall assets to ascertain the Aeronautical portion. In this context, the Authority would like to emphasize that an independent agency was appointed in the recent past to study the allocation of assets for bigger airports such as DIAL and MIAL. However, Raipur is a relatively smaller airport in terms of complexity, scale of operations, and value of Aeronautical assets, and the Authority could accomplish this exercise in house.

5.5.3 The Authority, based on its past experience and the appropriate approach adopted in other similar airports, believes that a ratio of 65:35 for allocation of civil and electrical costs, respectively of the terminal building is realistic and practicable.

5.5.4 The Authority has examined the comments raised by IATA on the advertising space and clarifies that the 278.70 sq.mt. of area was derived by considering the total dimensions of the advertisements (sign boards and banners) displayed, including within the terminal building, city-side parking area, apron roads and aircraft parking bays. The Authority is of the view that since the advertising media is hanging from the ceiling / attached to the wall or kept on roads in the airside area and does not occupy any floor space, the same need not be considered in the computation of Terminal Area ratio. Further, the revenue from the above advertising is considered as part of Non-aeronautical revenue.

5.6. **Authority's Decisions regarding allocation of assets between Aeronautical and Non-aeronautical for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

5.6.1 The Authority decides to consider the allocation of gross block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical assets as detailed in Table 10.



CHAPTER 6. INITIAL REGULATORY ASSET BASE**6.1. AAI's submission regarding Initial Regulatory Asset Base for the First Control Period**

6.1.1 As per AAI's submission, the RAB as on March 31, 2018 amounted to ₹ 88.70 Crores. AAI submitted the following working for the computation of initial RAB.

Table 11: Opening Gross and Net Block as on April 1, 2018 as per AAI's submission

(₹ Crores)

Asset category	Opening gross block	Accumulated depreciation	Opening net block
Boundary Wall (Residential)	0.17	0.08	0.09
CFT and Fire Fighting Equipment	15.05	7.16	7.89
Computer Software	0.18	0.17	0.01
Computers: End Users Devices	0.22	0.19	0.03
Computers: Network and Servers	0.53	0.53	0.00
Electrical Installation	49.76	32.12	17.64
Furniture and Fixtures: Other than Trolley	1.47	1.37	0.10
Furniture and Fixtures: Trolley	0.55	0.55	0.00
Office Appliances	0.31	0.26	0.05
Old Terminal Building	0.16	0.01	0.15
Operational Boundary Wall	11.25	3.29	7.96
Other Building	1.39	0.69	0.70
Plant and Machinery	7.59	3.80	3.79
R/W, T/Way and Apron	23.34	20.64	2.70
Residential Building	3.00	1.21	1.79
Road, Bridge and Culverts	7.94	5.10	2.84
Security Fencing	0.36	0.36	0.00
Temporary Building	0.39	0.39	0.00
Terminal Building	83.07	43.65	39.42
Terminal Building	0.99	0.47	0.52
Tool and Equipment	7.55	6.20	1.35
Vehicle	0.81	0.49	0.32
X Ray Baggage Inspection System	3.22	1.87	1.35
Total	219.30	130.60	88.70

6.2. Authority's examination regarding Initial Regulatory Asset Base for the First Control period at Consultation stage:

6.2.1 The initial RAB as on April 1, 2019 had been computed by the Authority based on the opening Aeronautical assets as on April 1, 2018, addition to the Aeronautical assets and depreciation provided during the FY 2018-19.

6.2.2 The initial RAB as on April 1, 2020 was derived by adjusting the above initial RAB derived for April 1, 2019 with the addition to the Aeronautical assets and depreciation provided during the FY 2019-20. The same has been presented in Table 12 and Table 13 below:



Table 12: Initial RAB as on April 1, 2019 derived by the Authority

(₹ Crores)

Asset category	Opening gross block on April 1, 2018 (A)	Accumulated depreciation (B)	Opening net block on April 1, 2018 C=(A-B)	Addition for FY 2018-19* D	Depreciation FY 2018-19 E	Opening net block on April 1, 2019 F=C+D-E
Boundary Wall	0.17	0.08	0.09	0.00	0.01	0.08
CFT and Fire Fighting	15.05	7.16	7.89	5.29	2.35	10.83
Computer Software	0.18	0.17	0.01	0.00	0.00	0.01
Computers: End Users	0.22	0.19	0.03	0.03	0.02	0.04
Computers: Network and	0.53	0.53	0.00	0.00	0.00	0.00
Electrical Installation	49.76	32.12	17.64	0.89	5.28	13.25
Furniture and Fixtures:	1.47	1.37	0.10	0.02	0.03	0.09
Furniture and Fixtures:	0.55	0.55	0.00	0.27	0.05	0.22
Office Appliances	0.31	0.26	0.05	0.02	0.03	0.04
New office (in Old	0.16	0.01	0.15	0.00	0.01	0.14
Operational Boundary	11.25	3.29	7.96	0.00	0.89	7.07
Other Building	1.39	0.69	0.70	0.00	0.10	0.60
Plant and Machinery	7.59	3.80	3.79	0.00	0.83	2.96
R/W, T/Way and Apron	23.34	20.64	2.70	57.30	7.89	52.11
Residential Building	3.00	1.21	1.79	0.00	0.15	1.64
Road, Bridge and Culverts	7.94	5.10	2.84	0.00	0.82	2.02
Security Fencing	0.36	0.36	0.00	0.00	0.00	0.00
Temporary Building	0.39	0.39	0.00	0.00	0.00	0.00
Terminal Building	83.07	43.65	39.42	0.00	6.08	33.34
Terminal Building (100%Aeronautical)	0.99	0.47	0.52	0.00	0.08	0.44
Tool and Equipment	7.55	6.20	1.35	10.92	2.84	9.43
Vehicle	0.81	0.49	0.32	0.14	0.09	0.37
X Ray Baggage	3.22	1.87	1.35	0.00	0.19	1.16
Total	219.30	130.60	88.70	74.88	27.74	135.84

* Addition to the assets for FY 2018-19 have been derived from the Fixed Assets Register (FAR) of AAI.



Table 13: Initial RAB as on April 1, 2020 as proposed by the Authority (Consultation stage)

(₹ Crores)

Asset category	Opening netblock on April 1, 2019 (A)	Addition for FY 2019-20 (B)	Depreciation FY 2019-20 (C)	Opening netblock on April 1, 2020 D= A+B-C
Boundary Wall (Residential)	0.08	-	0.01	0.07
CFT and Fire Fighting	10.83	0.02	1.20	9.65
Computer Software	0.01	-	-	0.01
Computers: End Users Devices	0.04	-	0.03	0.01
Computers: Network and	0.00	-	-	-
Electrical Installation	13.25	0.71	4.64	9.32
Furniture and Fixtures: Other	0.09	-	0.02	0.07
Furniture and Fixtures: Trolley	0.22	-	0.09	0.13
Office Appliances	0.04	-	0.01	0.03
New office (in Old Terminal)	0.14	-	0.01	0.13
Operational Boundary Wall	7.07	1.65	1.09	7.63
Other Building	0.60	0.10	0.04	0.66
Plant and Machinery	2.96	-	0.51	2.45
R/W, T/Way and Apron	52.11	-	2.02	50.09
Residential Building	1.64	-	0.10	1.54
Road, Bridge and Culverts	2.02	2.97	0.72	4.27
Security Fencing	0.00	-	-	-
Temporary Building	0.00	-	-	-
Terminal Building	33.34	-	2.53	30.81
Terminal Building (100%Aeronautical)	0.44	-	0.03	0.41
Tool and Equipment	9.43	0.94	0.86	9.51
Vehicle	0.37	0.74	0.12	0.99
X Ray Baggage Inspection	1.16	-	0.12	1.04
Solar Plant	-	0.04	-	0.04
Total	135.84	7.17	14.15	128.86

6.3. **Stakeholders' Comments regarding Initial Regulatory Asset Base for the First Control Period:**

6.3.1 No comments were received from the stakeholders.

6.4. **Authority's Decisions regarding Initial RAB for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

6.4.1 The Authority decides to consider the Initial Regulatory Asset Base (RAB) for the First Control Period for Raipur Airport as ₹ 128.86 crores in accordance with Table 13.



CHAPTER 7. CAPITAL EXPENDITURE FOR THE FIRST CONTROL PERIOD**7.1. AAI's submission regarding Capital Expenditure for the First Control Period**

7.1.1 AAI has proposed the total expenditure of ₹ 54.28 crores (from FY2020-21 to FY 2024-25) for the First Control Period. The item wise capex phasing, physical and financial progress submitted by AAI has been shown in table below. Capex details for FY 2019-20 (being a regulated year) has also been included:

Table 14: Capital expenditure as proposed by AAI for First Control Period

(₹ Crores)

Component	Aeronautical Cost	Total Cost	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Construction of one additional parking bays for code 4C, AB-320/321 type of aircrafts – CIVIL	2.64	2.64	100%	Jul-20	-	2.64	-	-	-	-
Leveling and grading of extended Runway 24 Area	3.48	3.48	100%	Mar-21	-	3.48	-	-	-	-
Runways, Taxiway and Aprons	6.12	6.12	100%			6.12				
Construction of perimeter road along new boundary wall at 24 side on balance land.	2.85	2.85	100%	Mar-21	-	2.85	-	-	-	-
Construction of perimeter road along new constructed operational Boundary wall from fire station to state hanger	2.97	2.97	100%	Mar-20	2.97	-	-	-	-	-
Road, Bridges and Culverts	5.82	5.82	100%		2.97	2.85				
Construction of fixed finger Rotunda- civil work	1.21	1.21	100%	Mar-21	-	1.21	-	-	-	-
Augmentation of parking Area and covering of walkway with tensile fabric in front of NITB	2.03	2.03	100%	Mar-21	-	2.03	-	-	-	-
Terminal Building	3.24	3.24	100%			3.24				
Construction of Boundary Wall from the fire station to fire pit	1.07	1.07	100%	Jun-19	1.07	-	-	-	-	-
Construction of Boundary wall on Balance land	2.97	2.97	100%	Dec-20		2.97	-	-	-	-

Component	Aeronautical Cost	Total Cost	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Boundary wall - operational	4.04	4.04	100%		1.07	2.97				
Construction of Fire station, Medical emergency center Fire drill tower	12.77	12.77	100%	Dec-20	-	12.77	-	-	-	-
Other building	12.77	12.77	100%			12.77				
SITC of Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System (AVDGS)	2.64	2.64	100%	Mar-21	-	2.64	-	-	-	-
Plant and Machinery	2.64	2.64	100%			2.64				
SITC of New FIDS system.	1.14	1.14	100%	Oct-20	-	1.14	-	-	-	-
ILBS – trans-installation	3.00	3.00	100%	Oct-20	-	3.00	-	-	-	-
Body scanner	7.80	7.80	100%	Oct-20	-	7.80	-	-	-	-
FID m/s IDDS Pvt. Ltd.	1.20	1.20	100%	Sep-20	-	1.20	-	-	-	-
Tools and Equipment	13.14	13.14	100%			13.14				
SITC of additional conveyor belt in arrival area	3.39	3.39	100%	Mar-21	-	3.39	-	-	-	-
Extension of runway at 24 beginning expansion of apron suitable for C-category of aircraft and other associated works: SH: Electrical works - Runway Lightning system.	1.92	1.92	100%	Mar-21	-	1.92	-	-	-	-
Construction of new Fire station	1.77	1.77	100%	Dec-20	-	1.77	-	-	-	-
Electrical installation	7.08	7.08	100%			7.08				
219 XBIS	1.02	1.02	100%	Mar-21	-	1.02	-	-	-	-
X-Ray Baggage System	1.02	1.02	100%			1.02				
Others (less than ₹ 1 crore)	5.58	5.62	99.28%		3.13	2.25	0.20	-	-	-
Total	61.45	61.49	99.93%		7.17	54.08	0.20	-	-	-



Note: Total Aeronautical cost of ₹ 61.45 Crores represents the sum of ₹ 7.17 Crores for regulated year FY 2019-20 and ₹ 54.28 Crores for the First Control commencing from FY 2020-21 to FY 2024-25.

7.1.2 AAI has proposed Aeronautical capitalization of ₹ 54.28 Crores for the First Control Period. This has been grouped into relevant block of assets and shown in the table below:

Table 15: Aeronautical Capitalization (asset block level) proposed by AAI for First Control Period

(₹ Crores)

Asset Category	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Runways, Taxiway and Aprons	6.12	-	-	-	-	6.12
Road, Bridges and Culverts	2.95	-	-	-	-	2.95
Building- Terminal	3.24	-	-	-	-	3.24
Building – Temporary	-	-	-	-	-	0
Building – Residential	0.05	-	-	-	-	0.05
Security Fencing – Temporary	-	-	-	-	-	0
Boundary Wall -Operational	2.97	-	-	-	-	2.97
Boundary Wall – Residential	-	-	-	-	-	0
Other Buildings-Unclassified	13.06	0.05	-	-	-	13.11
Computers End Users	-	-	-	-	-	0
Computers: Servers and Networks	-	-	-	-	-	0
Intangible Assets- Software	-	-	-	-	-	0
Plant and Machinery	2.64	-	-	-	-	2.64
Tools and Equipment	13.72	0.09	-	-	-	13.81
Office Furniture	-	-	-	-	-	0
Vehicles	0.44	-	-	-	-	0.44
Vehicle- Cars and Jeeps	-	-	-	-	-	0
Electrical Installations	7.42	0.06	-	-	-	7.48
Solar Plant	-	-	-	-	-	0
Other Office equipment	-	-	-	-	-	0
Furniture and Fixtures-Other than Trolley	-	-	-	-	-	0
Furniture and Fixtures- Trolley	0.45	-	-	-	-	0.45
X-Ray Baggage System	1.02	-	-	-	-	1.02
CFT/Fire Fighting Equipment	-	-	-	-	-	0
Total	54.08	0.20	-	-	-	54.28



7.2. Authority's examination regarding Capital Expenditure for the First Control period at Consultation stage:

- 7.2.1 The Authority notes AAI's submission that the AUCC meeting could not be conducted due to the lockdown imposed due to the Covid-19 pandemic. Accordingly, the outcome of such a meeting is not a matter for discussion in this Tariff Order.
- 7.2.2 The Authority noted that AAI has proposed in its revised MYTP dated June 1, 2020 to defer capitalization of the new terminal building of ₹ 762.65 Crores (Aeronautical costs) to FY 2026-27, in accordance with AERA's suggestion vide letter dated May 14, 2020 to AAI, to revise MYTP projections pertaining to capacity enhancements, by giving credence to the impact of Covid-19 pandemic on the aviation sector.
- 7.2.3 The Authority examined the rationale behind the proposed capital expenditure of ₹ 54.28 Crores for the First Control Period, along with its status.
- 7.2.4 The Authority has also test-checked the above capital expenditure proposed by AAI with administrative approval, sanctioning of expenditure, letters of award, as applicable.
- 7.2.5 In accordance with the above, the Authority had proposed to consider the capital expenditure for the First Control Period as per the table below, during Consultation-stage:

Table 16: Capital expenditure as proposed by the Authority for the First Control Period (Consultation stage)

(₹ Crores)

Component	Aeronautical Cost	Total Cost	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Construction of one additional parking bays for code 4C, AB-320/321 type of aircrafts – CIVIL	2.64	2.64	100%	Jul-20	-	2.64	-	-	-	-
Leveling and grading of extended Runway 24 Area	3.48	3.48	100%	Mar-21	-	3.48	-	-	-	-
Runways, Taxiway and Aprons	6.12	6.12	100%			6.12				
Construction of perimeter road along new boundary wall at 24 side on balance land.	2.85	2.85	100%	Mar-21	-	2.85	-	-	-	-
Construction of perimeter road along new constructed operational Boundary wall from fire station to state hanger	2.97	2.97	100%	Mar-20	2.97	-	-	-	-	-
Road, Bridges and Culverts	5.82	5.82	100%		2.97	2.85				
Construction of fixed finger Rotunda- civil work	1.21	1.21	100%	Mar-21	-	1.21	-	-	-	-
Augmentation of parking Area and covering of walkway with tensile	2.03	2.03	100%	Mar-21		2.03				

Component	Aeronautical Cost	Total Cost	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
fabric in front of NITB										
Terminal Building	3.24	3.24	100%			3.24				
Construction of Boundary Wall from the fire station to fire pit	1.07	1.07	100%	Jun-19	1.07	-	-	-	-	-
Construction of Boundary wall on Balance land	2.97	2.97	100%	Dec-20	-	2.97	-	-	-	-
Boundary wall - operational	4.04	4.04	100%		1.07	2.97				
Construction of Fire station, Medical emergency center Fire drill Tower	12.77	12.77	100%	Dec-20	-	12.77	-	-	-	-
Other building	12.77	12.77	100%			12.77				
SITC of Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System (AVDGS).	2.64	2.64	100%	Mar-21	-	2.64	-	-	-	-
Plant and Machinery	2.64	2.64	100%			2.64				
SITC of New FIDS system.	1.14	1.14	100%	Oct-20	-	1.14	-	-	-	-
ILBS – trans-installation	3.00	3.00	100%	Oct-20	-	3.00	-	-	-	-
Body scanner	7.80	7.80	100%	Oct-20	-	7.80	-	-	-	-
FID m/s IDDS Pvt. Ltd.	1.20	1.20	100%	Sep-20	-	1.20	-	-	-	-
Tools and Equipment	13.14	13.14				13.14				
SITC of additional conveyor belt in arrival area	3.39	3.39	100%	Mar-21	-	3.39	-	-	-	-
Extension of runway at 24 beginning expansion of apron suitable for C-category of aircraft and other associated works: SH: Electrical works - Runway Lightning system.	1.92	1.92	100%	Mar-21	-	1.92	-	-	-	-
Construction of new Fire station	1.77	1.77	100%	Dec-20		1.77	-	-	-	-
Electrical installation	7.08	7.08	100%			7.08				

Component	Aeronautical Cost	Total Cost	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capitalisation (FY)					
					2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
219 XBIS	1.02	1.02	100%	Mar-21	-	1.02	-	-	-	-
X-Ray Baggage System	1.02	1.02	100%			1.02				
Others (less than ₹ 1 crore)	5.58	5.62	99.28%		3.13	2.25	0.20	-	-	-
Total	61.45	61.49	99.93%		7.17	54.08	0.20	-	-	-

Note: Total Aeronautical cost of ₹ 61.45 Crores represents the sum of ₹ 7.17 Crores for regulated year FY 2019-20 and ₹ 54.28 Crores for the First Control Period commencing from FY 2020-21 to FY 2024-25.

7.2.6 Accordingly, the Authority had proposed to consider the Aeronautical capitalization for the First Control Period (grouped at asset block level) as per the table below, during Consultation stage:

Table 17: Aeronautical Capitalization (asset block level) proposed by the Authority for First Control Period (Consultation stage)

Asset Category	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Runways, Taxiway and Aprons	6.12	-	-	-	-	6.12
Road, Bridges and Culverts	2.95	-	-	-	-	2.95
Building- Terminal	3.24	-	-	-	-	3.24
Building - Temporary	-	-	-	-	-	0
Building - Residential	0.05	-	-	-	-	0.05
Security Fencing - Temporary	-	-	-	-	-	0
Boundary Wall -Operational	2.97	-	-	-	-	2.97
Boundary Wall - Residential	-	-	-	-	-	0
Other Buildings-Unclassified	13.06	0.05	-	-	-	13.11
Computers End Users	-	-	-	-	-	0
Computers: Servers and Networks	-	-	-	-	-	0
Intangible Assets- Software	-	-	-	-	-	0
Plant and Machinery	2.64	-	-	-	-	2.64
Tools and Equipment	13.72	0.09	-	-	-	13.81
Office Furniture	-	-	-	-	-	0
Vehicles	0.44	-	-	-	-	0.44
Vehicle- Cars and Jeeps	-	-	-	-	-	0
Electrical Installations	7.42	0.06	-	-	-	7.48
Solar Plant	-	-	-	-	-	0
Other Office equipment	-	-	-	-	-	0
Furniture and Fixtures-Other than Trolley	-	-	-	-	-	0



Asset Category	FY	FY	FY	FY	FY	Total
Furniture and Fixtures- Trolley	0.45	-	-	-	-	0.45
X Ray Baggage System	1.02	-	-	-	-	1.02
CFT/Fire Fighting Equipment	-	-	-	-	-	0
Total	54.08	0.20	-	-	-	54.28

7.3. Stakeholders' Comments regarding Capital Expenditure for the First Control Period:

AAI's comments on Capital Expenditure for the First Control Period:

- 7.3.1 AAI has submitted that only two projects fall under the category of Major Capital works at Raipur airport viz., 'construction of fire station, emergency medical center and fire drill tower' and 'purchase of body scanner'. AAI has further submitted that the work of fire station, which mandates AUCC, has been completed and the Body Scanner is a supply item that is to be procured and installed as per PDC and monitored from CHQ. AAI has requested AERA to waive the requirement of AUCC keeping in view the pandemic situation and considering that the works are part of Operational requirement.

FIA's comments on Capital Expenditure for the First Control Period:

- 7.3.2 In the matter of capital expenditure, FIA understands that AAI has proposed in its revised MYTP dated June1,2020 to defer capitalization of the new terminal building of ₹ 762.65 Crores (Aeronautical costs) to FY 2026- 27, in accordance with AERA's suggestion vide letter dated May14,2020 to AAI, to revise MYTP projections pertaining to capacity enhancements, by giving credence to the impact of Covid-19 pandemic on the aviation sector. Further, the proposed capital expenditure for Raipur Airport is limited to ₹ 54.28 Crores for the First Control Period.
- 7.3.3 FIA further submitted that keeping in view of impact of Covid-19 on passenger air traffic and aircraft movements, the need/requirement for any capital expenditure projects should be thoroughly examined by AAI/AERA post a suitable user consultation exercise/AUCC meeting. AAI/AERA may ensure that any non-essential capital expenditure projects may be deferred to the next control period.
- 7.3.4 Regarding the capital expenditure, FIA further submitted that with a view to rationalize cost for capital expenditure projects, cost allocation should be within the normative norms prescribed by the AERA under AERA Order No. 07/2016-17 "In the matter of normative approach to building blocks in economic regulation of major airports-capital costs reg." dated June 13, 2016.

IATA's comments on Capital Expenditure for the First Control Period:

- 7.3.5 IATA has supported AERA for its suggestion to defer the ₹ 762.65 Crores capitalization of the terminal building until FY 2026-27 considering the impact of Covid-19 on the sector and appreciates the efforts to achieve this.
- 7.3.6 Regarding AUCC meeting IATA had commented that they would appreciate it if the Authority considers arranging an AUCC virtual meeting, to enable the AAI to answer IATA queries regarding the capital plan such as those noted in this response. IATA further requested that project details are shared to enable the airline community to provide better informed feedback and would request the Airport to categorize projects i.e.:



- Essential Investments – safety, security, or regulatory
- Capacity enhancing and passenger experience projects – IATA’s default position is to defer ALL nonessential projects in the Control Period
- Asset replacements

7.3.7 IATA further commented that the enormous impact of Covid on demand have unfortunately created an environment of extreme cost sensitivity where airlines (and passengers) are unable to afford any increases in airport charges resulting from non-essential airport investments. “Relative to the airport RAB, the level of investments proposed are not unsubstantial. In addition, we request the Airport shares Business Cases for its investment proposals to explain the specific costs, benefits, risks, and dependencies etc”.

7.3.8 IATA had raised the following questions in its submission:

Project	Queries
Runways, Taxiways, Aprons ₹ 6.12 Crores: Construction of one additional parking bays for code 4C, AB-320/321 type of aircrafts – CIVIL	Is the rationale for this project to enable more parking capacity relating to capacity enhancements? If so, why is it required in this control period given the impact of Covid If not, please explain the rationale for the project and why it is required now
Leveling and grading of extended Runway 24 Area	Is the purpose of this project to extend the existing runway to accommodate CODE C aircraft? Or is it for example to enable existing CODE C aircraft to operate without restriction on Maximum Take Off Weight? Are there safety elements related to this project such as runway extension safety areas? Relates, 1.92 Crores Electrical Works for Runway Lighting System, the same question applied as above
Roads, Bridges and Culverts, ₹ 2.95 Crores: Construction of perimeter road along new boundary wall at 24 side on balance land	Is the rationale to support operational or passenger traffic for capacity or efficiency? Project details are requested.
Terminal Building ₹ 3.24 Crores Construction of fixed finger rotunda, and augmentation of parking area	Are these projects predominantly capacity enhancing, and if so, why are they required in this control period? If passenger experience based with almost no traffic can they be deferred until the next control period?
Construction of Boundary Wall on Balance Land ₹ 2.97 Crores–	Have options been considered to ensure the most cost-effective solution has been identified, for instance perimeter fencing rather than solid walls?
Other Building Construction of fire station, medical emergency center, fire drill tower, ₹ 12.77 Crores	While these projects are clearly health and safety and regulatory related, considering the relatively large costs has the scope and scale of the project been constructively challenged to ensure best value is being achieved, in addition to AERA’s review of costs
Plant and Machinery – ₹ 2.64 Crores	Is the installation of a new PBB and AVDGS required during this Control Period if capacity enhancing projects?
Tools and Equipment ₹ 13.14 Crores (13.81	There are a range of projects here of relatively high



Project	Queries
AERA).	value. Both FIDS and Body Scanners are presumably terminal related projects and should be classified as such.
New FIDS	why can this project not be deferred until the next Control Period? Does this relate to replacement of existing time expired assets or the implementation of new FIDS for the new terminal?
Body scanners	is this a regulatory requirement? Can this project be deferred? What is the purpose of the ILBS trans-installation project?
Electrical Installation SITC of additional conveyor belt in arrival area ₹ 3.39 Crores	Is this a capacity enhancing project, and if so, can it be deferred until required beyond this Control Period?

GMR Airports Limited's comments on Capital Expenditure for the First Control Period:

7.3.9 GMR Airports Limited had submitted that (as has been recognized by AERA in the past) capital expenditure in the subsequent control period should be based on actual costs incurred, rather than using normative approach.

7.4. AAI's counter comments and response to stakeholder comments regarding Capital Expenditure for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Capital Expenditure for the First Control Period are presented below:

AAI's response to FIA's comments regarding Capital Expenditure for the First Control Period:

7.4.1 AAI submitted that AERA mandates Airport Operator to form Airport Users Consultative Committee (AUCC) at its Major Airport for the purpose of consultation with airport users.

7.4.2 Major capital works have been defined as capital investment projects that may represent more than 5% of the value of the Regulated Assets base (RAB) of the Airport at the beginning of the control period or ₹ 50 crores, whichever is lower amount.

7.4.3 Opening RAB (March 31, 2020) is ₹ 135.84 crores. 5% Opening RAB comes out to be ₹ 6.79 Crores.

Name of work	₹ Crores	PDC	Status
Construction of Fire station, Medical included in the AA&ES of ₹ 14.73 cr. as under:	12.10	2020-21	The work of Construction of Fire Station completed on July 6, 2020.
Name of work	AA&ES		
Fire station	12.10		
Emergency medical center	2.27		
Fire Drill Tower	0.36		
Total	14.73		



Name of work	₹ Crores	PDC	Status
Body Scanner	7.80	2020-21	This is supply item to be centrally procured by Corporate headquarter being a requirement of BCAS. Tender for Body Scanner is under evaluation and expected to be finalized by November 2020. Probable date of supply of first lot of materials by March 2021.

It may be noted that the work of Fire station qualifying for AUCC has been completed and other work i.e. of Body Scanner is a supply item and to be procured and installed as per PDC and monitored from CHQ. AAI requested AERA to waive off the requirement of AUCC keeping in view the pandemic Covid-19 situation and considering that the works are of operational requirement.

AAI's response to IATA's comments regarding Capital Expenditure for the First Control Period:

- 7.4.4 In the matter of Airport Users Consultative Committee (AUCC) AAI's response to the queries raised by FIA may be referred. AAI has requested the Authority to waive the requirement for AUCC meeting.
- 7.4.5 Regarding the need / justification of various capex, AAI has submitted the following replies:

Project	Replies
Runways, Taxiways, Aprons ₹ 6.12 Crores: Construction of one additional parking bays for code 4C, AB-320/321 type of aircrafts – CIVIL	S.V. Airport, Raipur is the only operational airport in Chhattisgarh State, belonging to AAI. 06 number apron bays are presently available at new apron for schedule flights. Operation of apron is for B-737-900 / A-321 -200 (Code-4C) type critical aircraft. A request had been received from Vice president, Inter Globe Aviation Ltd. (Indigo) regarding allotment of 04night parking stand at Raipur Airport. Work of 01 no. additional parking bay was awarded on 12.06.2018 i.e. much before the Pre-Covid-19 period and it has been completed on 30.07.2020 to fulfil the RCS/future requirement. Presently, no bay is available for night parking and at peak hour, there is maximum use of available 06 number of apron bays. Accordingly, keeping in view the current and future requirement, it was decided by the competent authority to upgrade the apron bays.
Leveling and grading of extended Runway 24 Area	Extension of runway work at 24 side, of length about 965 meters was completed on 17.10.2018. Extension of runway work was conceptualized in the year 2015 and work order was issued in the year 2016. The purpose of this project was to extend the existing runway to accommodate CODE C aircraft and to enable existing CODE C aircraft to operate without restriction on Maximum Take Off Weight. As per DGCA norms, area of runway basic strip is to be graded with proper slope. Hence, this work has been considered for execution so that existing extended portion of runway can be operationalized.



Project	Replies
	<p><u>Extension of runway at 24 beginning expansion of apron suitable for C-category of aircraft and other associated works: SH: Electrical works -Runway Lightning system.</u> Project Cost: ₹ 1.92 Crores, Status: Completed Justification: - The above work was part of Runway Extension work for facilitating operations of B-737-900/A-321-200 type of aircrafts without any load penalty.</p>
<p>Roads, Bridges and Culverts, ₹ 2.95 Crores: Construction of perimeter road along new boundary wall at 24 side on balance land</p>	<p>Presently, the Airport is having runway 06/24 of dimension 2286 m x 45 m (7500 ft x 150 ft) suitable for B-737-900 / A-321 -200 (Code-4C) type of aircraft. The runway extension work was completed on 17.10.2018 with extension of 965 mtr and total runway length is 3251 mtr x 45 mtr. Construction of perimeter road work was considered in the scope of work of main runway extension of work, but perimeter road work was completed on the portion where operational boundary wall was available. Some portion of the operational boundary wall and Perimeter road about 2300 mtr length was not completed in the extended runway area at 24 side due to non-acquisition of land. Now, the operational boundary wall work at remaining portion is in progress at runway 24 side extension area. For operationalization of newly extended runway, the remaining perimeter road along the remaining portion of boundary wall is required. Hence this work has been taken up to complete the perimeter road at Runway 24 extension area.</p>
<p>Terminal Building ₹ 3.24 Crores Construction of fixed finger rotunda, and augmentation of parking area</p>	<p>The work of "SITC of PBBs and AVDGS at various Airports in India" was accorded by CHQ, New Delhi on 05.06.2017 and conveyed vide letter no. AAI/CHQ/Engg-Elect (ER)/PBB/2017-18/181 dtd. 15.06.2017. 1 no. PBB was approved for installation at Raipur Airport. Further the station was asked to carry out Civil construction of fixed finger and Rotunda work. Accordingly, work of Construction of fixed finger rotunda was awarded on 05.03.2018 much before the Pre-Covid-19 period and work is likely to be completed by Dec. 2020. At S. V. Airport Raipur, New terminal building is in operation since last 5 years. Presently there is an open pathway between car park and terminal building which causes discomfort to passengers during summer and rainy season. Also, due to wide landscaping area in parking, cars cannot be parked effectively. A new carpark contract was awarded to the agency as per new carpark policy of AAI, it was decided to provide canopy/covered shed along existing pathway from arrival/departure area to parking pickup point area for the passenger convenience. The vehicle parking area is to be enhanced by reducing the landscaping area to increase the car parking capacity. Hence, this work has been taken up</p>
<p>Construction of Boundary Wall on Balance Land</p>	<p>The boundary wall about 1850 mtr length at 24 side of</p>



Project	Replies
₹ 2.97 Crores-	runway was incomplete due to non-acquisition of land. For operationalization of newly extended runway, the remaining portion of boundary wall was required. Hence, this work has been taken up to complete the boundary wall in Runway 24 extension area.
Other Building Construction of fire station, medical emergency center, fire drill tower, ₹ 12.77 Crores	Considering the growth of air traffic over past few years and potential of future growth at Raipur Airport, various works related to the expansion of infrastructure has been undertaken at S.V. Airport, Raipur. The existing Fire Station Building is very small and does not meet fire safety standards. The work of Fire station and Fire drill tower-work was awarded on 24.04.2017 and work has been completed on 06.07.2020. (Details mentioned at Rely at Sr. No. 5)
Plant and Machinery – ₹ 2.64 Crores	<p><u>Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System. (AVDGS)-</u></p> <p>Status: Installation and Testing Completed. Commissioning will be after the completion of fixed figure.</p> <p>Justification: The above work was part of Operational requirement for due to Terminal contact bays. This is again a regulatory requirement which was in continuation prior to the Covid period.</p>
Tools and Equipment ₹ 13.14 Crores (13.81 AERA).	<p><u>ILBS – trans installation-</u></p> <p>Status: Equipment supplied</p> <p>Justification: This is again a regulatory requirement which was in continuation prior to the Covid period. This will enhance the security level of the Airport as it is falling in the Hyper-Sensitive Category. Further it will reduce the additional time prior to check-in which will ultimately facilitate the departing passengers. It facilitates more timely and efficient baggage security screening. It reduces passenger congestion in airline ticketing lobbies by relocating the checked baggage screening machines to non-public area. It enhances overall safety and security of passengers. Installation work of ILBS has already started.</p> <p><u>New FIDS:</u> FIDS installation work has already completed for which S.A.T. completed on 06/03/2020. Old FIDS was completed its life span.</p> <p><u>Body-scanners:</u> Body scanners are the regulatory requirement and is mandated by BCAS (Bureau of Civil Aviation Security) by it BCAS Circular no. 05/2019. Project can't be deferred.</p>
SITC of additional conveyor belt in arrival area	<p>Status: In tendering stage.</p> <p>Justification: This is a passenger centric facility which will reduce the waiting time of arriving passengers for collecting their check-in baggage as presently only 2 conveyor belts are available, and the passengers are having a difficult time in identifying their baggage</p>



Project	Replies
	during bunching of flights.

AAI's response to GMR Airports Limited's comments regarding Capital Expenditure for the First Control Period:

7.4.6 AAI requested the Authority to offer its view.

7.5. Authority's examination and decisions regarding Capital Expenditure for the First Control Period:

7.5.1 The Authority had examined the comments raised by FIA and IATA regarding AUCC meeting. The Authority had in the Stakeholders' Consultation meeting held on October 9, 2020, intimated to AAI to conduct AUCC meeting and update the same to all the stakeholders. The Authority has noted the comments raised by AAI that currently only two projects fall under the category of major Capital works at Raipur airport, viz., 'construction of fire station, emergency medical center and fire drill tower' and 'purchase of body scanner' and that the work of fire station (which mandates AUCC) has been completed and the Body Scanner is a supply item that is to be procured and installed as per the proposed date of capitalisation and monitored from CHQ. Also, AAI has requested for a waiver of AUCC meeting considering the current pandemic situation and that the works are part of operational nature. The Authority considered the views of AAI and suggests that in the current Covid-19 pandemic situation, AAI may organize the AUCC meeting on a virtual platform, invite all the stakeholders and evaluate their comments prior to finalizing any capital expansion plan in future.

7.5.2 The Authority has examined the comments raised by FIA that the allocation of cost should be based on the normative approach prescribed by the AERA under AERA Order No. 07/2016-17. The Authority clarifies that it had evaluated the Capital expansion plans as per the above approach and had advised AAI to revise their MYTP projections pertaining to capacity enhancements, by giving credence to the impact of Covid-19 pandemic on the aviation sector. Accordingly, AAI had deferred capitalisation of the new terminal building of ₹ 762.65 Crores (Aeronautical costs) to the next Control Period. Further, the Authority had examined the necessity of each capital expense projected for the Current Control Period and reviewed the cost allocations as per the normative approach. The Authority has exercised due diligence and sought necessary clarifications from AAI to form its view on the admissible part of the overall assets towards RAB.

7.5.3 The Authority has reviewed the comments raised by GMR Airports that the capital expenditure in the subsequent control period should be based on actual costs incurred, rather than using normative approach. In this regard, the Authority clarifies that subject to the terms and conditions of the privatization of Raipur Airport, the Authority will consider to true-up Capital Expenditure incurred based on actual cost subject to the normative approach at the time of determining tariff for the Second Control Period.

7.6. Authority's Decisions regarding Capitalisation of Aeronautical Expenditure for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

7.6.1 The Authority decides to adopt the capitalisation of Aeronautical expenditure for the First Control Period in accordance with Table 17.

7.6.2 The Authority has decided that subject to the terms and conditions of privatization of Raipur Airport, it will consider to true-up the Capital expenditure incurred based on actual costs subject to the normative approach at the time of determination of tariff for the Second Control Period.



CHAPTER 8. DEPRECIATION**8.1. AAI's submission regarding Depreciation for the First Control Period:**

- 8.1.1 AAI follows its approved rates of depreciation for different asset classes. While submitting the Multi-Year Tariff proposal for the First Control Period, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (*Order No. 35 and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'*). Accordingly, AAI has proposed three different sets of rates. These are based on three different periods – up to FY 2005-06, from April 1, 2006 to March 31, 2019, and beyond April 1, 2019.
- 8.1.2 For the period, April 1, 2019 to March 31, 2020 AAI has proposed depreciation rates as per the Authority's notified rates of depreciation (*Order No. 35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets", describing the normative useful lives for various airport assets*) considering Raipur Airport as a Major Airport. Further, the above notified depreciation rates have also been proposed by AAI for the First Control Period, i.e., from FY 2020-21 to FY 2024-25.
- 8.1.3 Depreciation has been computed separately on opening block of assets and on the proposed additions.
- 8.1.4 The depreciation rates proposed by AAI have been summarized in the table below:

Table 18: Depreciation rates proposed by AAI

Asset Category	Up to FY 2005-06	From FY 2006-07 to FY 2018-19	Beyond FY 2018-19
Runway, Taxiway and Apron	12.17%	13%	3.33%
Road, Bridge and Culvert	12.17%	13%	10.00%
Terminal Building	7.31%	8%	3.33%
Terminal Building (100% Aeronautical)	7.31%	8%	3.33%
Old terminal building	7.31%	8%	3.33%
Temporary building	100.00%	100%	33.33%
Residential building	4.00%	5%	3.33%
Security fencing	100.00%	100%	10.00%
Operational Boundary Wall	7.31%	8%	10.00%
Boundary Wall (Residential)	4.00%	5%	3.33%
Other Building	7.31%	8%	3.33%
Computers: End Users Devices	20.00%	20%	33.33%
Computers: Network and Servers	20.00%	20%	16.67%
Computer Software	12.17%	20%	20.00%
Plant and Machinery	12.17%	11%	6.67%
Tool and Equipment	12.17%	20%	6.67%
Vehicle	12.17%	14%	12.5%
Electrical Installation	12.17%	11%	10.00%
Offices Appliances	20.00%	18%	20.00%
Furniture and Fixtures: Other than trolley	12.17%	20%	14.29%
Furniture and Fixtures: trolley	12.17%	20%	33.33%
X-Ray Baggage Inspection System – XIBS	12.17%	11%	6.67%



Asset Category	Up to FY 2005-06	From FY 2006-07 to FY 2018-19	Beyond FY 2018-19
CFT and Fire Fighting Equipment	19.19%	13%	6.67%

8.1.5 The depreciation amount proposed by AAI for the First Control Period has been presented in the table below.

Table 19: Depreciation proposed by AAI

(₹ Crores)

Particulars	FY	FY	FY	FY	FY
	2020-21	2021-22	2022-23	2023-24	2024-25
Accumulated Depreciation on opening gross block	10.04	7.17	5.86	5.73	5.58
Depreciation on additions from FY 2020-21 to FY 2024-25	5.62	7.34	7.28	7.1	7.1
Total	15.66	14.51	13.14	12.83	12.68

8.2. **Authority's examination regarding Depreciation for the First Control period at Consultation stage:**

8.2.1 The Authority has noted the submission of two different rates of depreciation by AAI for different periods under consideration and has duly examined these for consideration towards determination of Aeronautical tariff.

8.2.2 For period up to FY 2018-19, the Airport was not under the regulatory ambit of the Authority and AAI had computed depreciation according to its internal accounting policies. The Authority noted that the depreciation rates used by AAI for FY 2018-19 were in line with its accounting policies.

8.2.3 However, from April 1, 2019 onwards, the Authority has drawn reference to its Order No. 35/2017-18 titled "In the matter of Determination of Useful life of Airport Assets", for working out the depreciation rates to be applied for computation of Aggregate Revenue Requirement (ARR).

8.2.4 These normative depreciation rates of airport assets as per the above-mentioned Order, relevant to Raipur Airport, have been presented in the table below:

Table 20: Depreciation rates as per Authority's Order No. 35 / 2017-18

Asset Category	Beyond FY 2017-18
Runways, Aprons and Taxiways	3.33%
Road, Bridges and Culverts	10.00%
Building – Terminal	3.33%
Building – Temporary	33.33%
Building – Residential	3.33%
Boundary Wall – Operational	10.00%
Boundary Wall – Residential	10.00%
Computer - End user	33.33%
Computer - Servers and networks	16.67%
Intangible Assets – Software	20.00%
Plant and Machinery	6.67%



Asset Category	Beyond FY 2017-18
Tools and Equipment	6.67%
Furniture and Fixtures: Other Than Trolley	14.29%
Furniture and Fixtures: Trolley	33.33%
Vehicles	12.50%
Electrical Installations	10.00%
Other Office Equipment	20.00%
X Ray Baggage System	6.67%
CFT/Fire Fighting Equipment	6.67%

- 8.2.5 The Authority observed that the depreciation rates used by AAI for the period beyond April 1, 2019 are in line with the rates as per the above-mentioned Order.
- 8.2.6 Combining its observations across the two periods, the Authority decides to consider the depreciation rates to be considered for tariff determination in respect of Airport as per the following table.

Table 21: Depreciation rates proposed by the Authority (Consultation stage)

Asset category	Beyond FY 2019-20
Runways, Aprons and Taxiways	3.33%
Road, Bridges and Culverts	10.00%
Building – Terminal	3.33%
Building – Temporary	33.33%
Building- Residential	3.33%
Security Fencing-Temp	10.00%
Boundary Wall – Operational	10.00%
Boundary Wall – Residential	10.00%
Buildings – Other	3.33%
Computer - End user	33.33%
Computer – Server and Networks	16.67%
Intangible Assets – Software	20.00%
Plant and Machinery	6.67%
Tools and Equipment	6.67%
Furniture and Fixtures: Other Than Trolley	14.29%
Furniture and Fixtures: Trolley	33.33%
Vehicles	12.5%
Electrical Installations	10.00%
Other Office Equipment	20.00%
X Ray Baggage System	6.67%
CFT/Fire Fighting Equipment	6.67%

- 8.2.7 On account of the above, the Authority has concluded that no further change is required to the depreciation submitted by AAI and had proposed to consider the following depreciation for the First Control Period, during Consultation stage.



Table 22: Depreciation proposed by the Authority (Consultation stage)

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Accumulated Depreciation on opening gross block	10.04	7.17	5.86	5.73	5.58
Depreciation on additions from FY 2020-21 to FY 2024-25	5.62	7.34	7.28	7.1	7.1
Total	15.66	14.51	13.14	12.83	12.68

8.3. Stakeholders' Comments regarding Depreciation for the First Control Period:**FIA's comments on Depreciation for the First Control Period:**

8.3.1 Regarding depreciation of terminal building, FIA commented that on the review of useful life of assets at various international airports like London Heathrow, Sydney airport and Amsterdam airport indicated that terminal buildings have useful life of as long as 60 years and aprons have it for as long as 99 years. FIA submits that the useful life of terminal building for Kannur and Cochin airports have been considered 60 years by AERA and accordingly the same should be applied at Raipur Airport.

8.3.2 Regarding depreciation of residential building, FIA submits that "as per Sl. No. 8 of Annexure - I of the Authority's Order 35/2017-18- In the matter of determination of useful life of Airport Assets dated 12.01.2018, residential buildings have a prescribed useful life of 30/60 years. It is pertinent to note here that unlike in case of terminal buildings where option of 30 or 60 years is to be evaluated by Airport Operator, the election of 30 years or 60 years in case of residential buildings is not to be evaluated by Airport Operator but is to be derived from provisions of Companies Act". FIA submitted that Part C of Schedule II of Companies Act 2013 prescribes the useful life of Buildings (other than factory buildings) having Reinforced Concrete Cement (RCC) frame structure to be 60 years. "It is very unlikely that residential buildings will not be built on RCC Frame structure." FIA submitted that residential buildings should be depreciated over a period of 60 years and not 30 years.

In view of the 8.3.1 and 8.3.2 above, FIA submits that AERA should consider the useful life of Residential building and Terminal Building as 60 years as envisaged in order no. 35/ 2017-18 read with Schedule II of Companies Act 2013 and revise the amount of depreciation accordingly.

8.4. AAI's counter comments and response to stakeholder comments regarding Depreciation for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Depreciation for the First Control Period are presented below:

AAI's response to FIA's comments regarding Depreciation for the First Control Period:

8.4.1 AAI has adopted Useful life policy issued by AERA while preparing proposal for all AAI major airports.

8.5. Authority's examination and decisions regarding issues on Depreciation for the First Control Period:

8.5.1 Regarding the terminal building the Authority has followed its Order No. 35 / 2017-18 dated 12th



January 2018. Following are the relevant extracts from this Order:

"As per Annexure I -Useful life of assets, the Authority decided to consider useful life of terminal building as either 30 years or 60 years. The choice between 30 years and 60 years should be evaluated by the Airport operator (AAI)."

The Authority, at the time of passing Order No. 35, had carefully evaluated these comments. In all these comments, the Authority noted that because of 24 hours operations, the airport operator felt that terminal buildings face faster wear and tear as compared to the other buildings, despite the RCC Frame Structure. In response to these comments, the Authority decided to keep the provision unchanged. Thereby, the airport operator was given the option to evaluate the useful life of the terminal building as either 30 years or 60 years. AAI has evaluated the useful life of terminal building and residential building of Raipur Airport as 30 years. The Authority decides to consider the useful life of terminal building and residential building of Raipur Airport as 30 years.

8.6. Authority's Decisions regarding Depreciation for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 8.6.1 The Authority decides to adopt depreciation rates for Raipur Airport as per Table 21 for the First Control Period.
- 8.6.2 The Authority decides to consider depreciation amounts for the First Control Period as per Table 22



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CHAPTER 9. REGULATORY ASSET BASE ('RAB') FOR THE FIRST CONTROL PERIOD

9.1. **AAI's submission regarding RAB for the First Control Period:**

9.1.1 AAI has submitted RAB for the First Control Period as follows:

Table 23: RAB for the First Control Period as per AAI's submission

(₹ Crores)							
S. No.	Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
1.	Opening RAB	128.86	167.28	152.97	139.83	127.00	715.94
2.	Capitalizations	54.08	0.20	-	-	-	54.28
3.	Disposals	-	-	-	-	-	-
4.	Depreciation	15.66	14.51	13.14	12.83	12.67	68.81
5.	Closing RAB	167.28	152.97	139.83	127.00	114.32	701.41
6.	Average RAB [(1) + (5)]/2	148.07	160.12	146.39	133.41	120.66	708.65

9.2. **Authority's examination regarding RAB for the First Control period at Consultation stage:**

9.2.1 The Authority has duly examined each element of RAB in the previous chapters. The Authority decides to adopt the Initial RAB as per Table 13, the Aeronautical capitalization in accordance with Table 17, and the depreciation amounts in accordance with Table 22.

9.2.2 Combining all its propositions, the Authority has decided to consider the following RAB to be considered for determination of Aeronautical tariff for the First Control Period in respect of Raipur Airport:

Table 24: RAB for the First Control Period after Authority's examination at Consultation stage

(₹ Crores)							
S. No.	Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
1.	Opening RAB	128.86	167.28	152.97	139.83	127.00	715.94
2.	Capitalizations	54.08	0.20	-	-	-	54.28
3.	Disposals	-	-	-	-	-	-
4.	Depreciation	15.66	14.51	13.14	12.83	12.67	68.81
5.	Closing RAB [(1) + (2) - (3) - (4)]	167.28	152.97	139.83	127.00	114.32	701.41
6.	Average RAB [(1) + (5)]/2	148.07	160.12	146.39	133.41	120.66	708.65

9.3. **Stakeholders' Comments regarding RAB for the First Control Period:**

9.3.1 No comments were received from the stakeholders.

9.4. **Authority's Decisions regarding Average RAB for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

9.4.1 The Authority decides to consider average RAB for the First Control Period for Raipur Airport as per Table 24.



CHAPTER 10. FAIR RATE OF RETURN ('FRoR')

10.1. AAI's submission regarding FRoR for the First Control Period:

- 10.1.1 AAI has considered Fair Rate of Return (FRoR) as 14% at par with the decision taken by the Authority for other AAI airports, including Chennai, Jaipur, Patna among others.
- 10.1.2 AAI has submitted that all project financing activities are undertaken centrally by AAI's Corporate Office, New Delhi. The funds are then apportioned among airports by the Corporate Office, New Delhi.

10.2. Authority's examination regarding FRoR for the First Control period at Consultation stage:

- 10.2.1 The Authority has recognized that AAI's capital structure may not be regarded as an efficient one as it doesn't optimize the cost of funds from a regulatory perspective. The Authority desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing and leveraging AAI's credit ratings. The Authority would like to highlight that it may also consider a normative capital structure to determine the FRoR at a later date.
- 10.2.2 The Authority had earlier considered the Fair Rate of Return at 14% for similar airports such as Jaipur, Patna, Chennai etc. Accordingly, the Authority decides to consider the Fair Rate of Return at 14%.
- 10.2.3 Based on the above, the Authority decides to consider FRoR as per table below for Raipur Airport for the First Control Period:

Table 25: Fair Rate of Return proposed by the Authority at Consultation stage

Particulars	First Control period				
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Fair Rate of Return	14.00%	14.00%	14.00%	14.00%	14.00%

10.3. Stakeholders' Comments regarding FRoR for the First Control Period:

FIA's comments on FRoR for the First Control Period:

- 10.3.1 FIA commented that AERA has proposed FRoR at the rate of 14% for Raipur Airport in line with decisions for other AAI airports, including Chennai, Jaipur, Patna. However, as stated under Para 10.3, AERA has recognized that AAI's capital structure may not be regarded as an efficient one, as it does not optimize the cost of funds from a regulatory perspective. Further, AERA desires that the FRoR allowed to AAI should come down over a period of time by optimizing capital gearing and leveraging AAI's credit ratings. In this regard, AERA has proposed to conduct a study for normative capital structure, in future. In view of the above findings of AERA, FIA requested AERA to kindly expedite the study for a normative norm on capital-structure to review the high cost of equity/FRoR being awarded to state entities like AAI, which are required to cater to public interest and not commercial interests.



10.4. **AAI's counter comments and response to stakeholder comments regarding FRoR for the First Control Period:**

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to FRoR for the First Control Period are presented below:

AAI's response to FIA's comments regarding FRoR for the First Control Period

10.4.1 AAI has replied that 14% FRoR is in line with the earlier orders of AERA wherein only internal accruals of AAI are used to meet the capital investment.

10.5. **Authority's examination and decisions regarding FRoR for the First Control Period:**

10.5.1 The Authority has examined the comments raised by FIA on the FRoR allowed to AAI. The Authority also feels that the capital structure of AAI is not efficient and has asked AAI to make its capital gearing efficient by raising debt funds. In this respect, the Authority has noted that in the recent times, AAI has taken steps to make its capital structure efficient by availing debt for executing capital expansion plans at certain airports. Hence, at this juncture, the Authority does not intend to conduct an independent study for assessing the normative capital structure as FRoR is expected to come down over a period on account of the above initiatives of AAI. The Authority decides to consider FRoR at 14% in line with its decision for other AAI Airports.

10.6. **Authority's Decisions regarding Fair Rate of Return (FRoR) for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

10.6.1 The Authority decides to consider FRoR for Raipur Airport for the First Control Period as per Table 25.



CHAPTER 11. NON-AERONAUTICAL REVENUE**11.1. AAI's submission regarding Non- Aeronautical Revenue for the First Control****Period:**

11.1.1 AAI has forecasted revenue from services other than Aeronautical services as below.

Table 26: Non-aeronautical revenue projections as per AAI

(₹ Crores)

Particulars	FY 2019-20*	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
1. Trading concessions							
Restaurant / snack bars	6.27	3.13	4.39	6.27	6.89	7.58	28.26
T.R. stall	5.83	2.91	4.08	5.83	6.41	7.05	26.28
Hoarding and display	3.07	1.54	2.15	3.07	3.38	3.72	13.86
2. Rent and services							
Land leases	0.02	0.01	0.01	0.02	0.02	0.02	0.08
Land leases – Hanger	0.58	0.29	0.41	0.58	0.63	0.67	2.58
Building (residential)	0.01	0.01	0.01	0.01	0.01	0.01	0.05
Building (non-residential)	1.33	0.67	0.93	1.33	1.46	1.61	6.00
3. Miscellaneous							
Duty Free	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Car rentals	2.01	1.00	1.41	2.01	2.21	2.43	9.06
Car parking	1.61	0.39	0.55	0.79	0.87	0.95	3.55
Admission tickets	0.44	0.22	0.31	0.44	0.48	0.53	1.98
Other income/ sale of scrap etc.	0.39	0.41	0.43	0.45	0.47	0.50	2.26
Total	21.56	10.59	14.68	20.80	22.85	25.09	94.01

*Data for FY 2019-20 has been furnished for reference purposes, as the projections for the First Control period (FY 2020-21 to FY 2024-25) have been done based on the revenues of FY 2019-20.

11.1.2 The growth rates assumed by AAI have been presented in the table below.

Table 27: Growth rates assumed by AAI for Non-aeronautical revenue

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1. Trading concessions					
Restaurant / snack bars	-50.00%	40.00%	42.86%	10.00%	10.00%
T.R. stall	-50.00%	40.00%	42.86%	10.00%	10.00%
Hoarding and display	-50.00%	40.00%	42.86%	10.00%	10.00%
2. Rent and services					
Land leases	-50.00%	40.00%	42.86%	7.50%	7.50%
Land leases – Hanger	-50.00%	40.00%	42.86%	7.50%	7.50%
Building (residential)	5.00%	5.00%	5.00%	5.00%	5.00%
Building (non-residential)	-50.00%	40.00%	42.86%	10.00%	10.00%
3. Miscellaneous					

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Duty Free	0.00%	0.00%	0.00%	0.00%	0.00%
Car rentals	-50.00%	40.00%	42.86%	10.00%	10.00%
Car parking	-75.52%	40.00%	42.86%	10.00%	10.00%
Admission tickets	-50.00%	40.00%	42.86%	10.00%	10.00%
Other income/ sale of scrap etc.	5.00%	5.00%	5.00%	5.00%	5.00%

11.2. **Authority's examination regarding Non-aeronautical revenues for the First Control period at Consultation stage:**

- 11.2.1 The Authority has examined the non-Aeronautical revenues for FY 2018-19 submitted by AAI and found them to be in line with the trial balances for FY2018-19. The Authority further noted AAI's submission that the figures for FY 2019-20 are provisional and subject to audit.
- 11.2.2 AAI has proposed revenues from Concession Agreements for FY 2020-21 at the rate of 50% of FY 2019-20 and the revenues for FY 2021-22 and FY 2022-23 are proposed at the rate of 70% and 100% of FY 2019-20, respectively. Thereafter, an annual increase of 10% for revenues from Trading Concessions, Miscellaneous and 7.5% for rent from land leases has been proposed. The Authority noted that AAI vide its internal meeting of JVC/ Tariff cell on May 20, 2020 had proposed to allow the above waiver in the contractual revenues from the Concessionaires, considering the impact of Covid-19 on the Aviation sector.
- 11.2.3 **Restaurant/Snack Bars:** AAI has submitted that the Master Concessionaire shall operate for ₹ 52.22 lakhs per month for 7 Years with effect from October 2018 with an annual escalation of 10%.
- 11.2.4 **T.R. Stall:** AAI has submitted that the Master Concessionaire shall operate for ₹ 41.00 lakhs per month for 7 Years with effect from July 2018 with an annual escalation of 10%.
- 11.2.5 **Car Parking:** AAI has submitted that car parking contract of ₹ 6.57 lakhs per month has been awarded with effect from November 2019 which was earlier at ₹ 18.31 lakhs per month. This has resulted in 25.52% reduction in revenues, in addition to the Covid-19 impact in FY 2020-21.
- 11.2.6 **Advertisement and Hoarding:** AAI has submitted contracts valid for a period of 10 years with an annual 10% escalation.
- 11.2.7 The Authority verified the above-mentioned concession agreements and found the projections to be in line with the same.
- 11.2.8 The Authority has revised the growth rates of revenues from Trading concessions, Duty free shops, Car Rentals, Car Parking and Admission tickets to 15% for FY 2023-24, as against 10% projected by AAI. The Authority is of the view that with the revival of economy, the growth rates can be revised to 15%.
- 11.2.9 The revised growth rates as per Authority's examination have been presented in the table below:

Table 28: Non-aeronautical revenues proposed by the Authority at Consultation stage

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
1. Trading concessions						
Restaurant / snack bars	3.13	4.39	6.27	7.21	7.92	28.92
T.R. stall	2.91	4.08	5.83	6.70	7.37	26.89
Hoarding and display	1.54	2.15	3.07	3.53	3.89	14.18

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
2. Rent and services						
Land leases	0.01	0.01	0.02	0.02	0.02	0.08
Land leases – Hanger	0.29	0.41	0.58	0.63	0.67	2.58
Building (residential)	0.01	0.01	0.01	0.01	0.01	0.05
Building (non-residential)	0.67	0.93	1.33	1.46	1.61	6
3. Miscellaneous						
Duty Free	0.00	0.00	0.00	0.00	0.00	0.00
Car rentals	1.00	1.41	2.01	2.31	2.54	9.27
Car parking	0.39	0.55	0.79	0.90	1.00	3.63
Admission tickets	0.22	0.31	0.44	0.51	0.56	2.04
Other income/ sale of scrap etc.	0.41	0.43	0.45	0.47	0.50	2.26
Total	10.59	14.68	20.80	23.77	26.10	95.94

11.2.10 The revised Non-aeronautical revenues as per Authority's examination have been presented in the table below:

Table 29: Growth rates in Non-aeronautical revenue considered by the Authority at Consultation stage

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
1. Trading concessions						
Restaurant / snack bars	-50.00%	40.00%	42.86%	15.00%	10.00%	11.57%
T.R. stall	-50.00%	40.00%	42.86%	15.00%	10.00%	11.57%
Hoarding and display	-50.00%	40.00%	42.86%	15.00%	10.00%	11.57%
2. Rent and services						
Land leases	-50.00%	40.00%	42.86%	7.50%	7.50%	9.57%
Land leases – Hanger	-50.00%	40.00%	42.86%	7.50%	7.50%	9.57%
Building (residential)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Building (non-residential)	-50.00%	40.00%	42.86%	10.00%	10.00%	10.57%
3. Miscellaneous						
Duty Free	0%	0%	0%	0%	0%	0%
Car rentals	-50.00%	40.00%	42.86%	15.00%	10.00%	11.57%
Car parking	-75.52%	40.00%	42.86%	15.00%	10.00%	6.47%
Admission tickets	-50.00%	40.00%	42.86%	15.00%	10.00%	31.57%
Other income/ sale of scrap etc.	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

11.3. **Stakeholders' Comments regarding Non-aeronautical Revenues for the First Control Period**

FIA's comments on Non-aeronautical Revenues for the First Control Period:

11.3.1 FIA submits that increase in Non-Aeronautical Revenues (NAR) is a function of passenger traffic growth, inflationary increase and real increase/escalations in contract rates. Accordingly, AERA is



requested to examine the reasonableness of growth in such factors and accordingly review any conservative estimates.

- 11.3.2 FIA requested AAI to clarify the reasons for awarding a lesser value contract for Car Parking
- 11.3.3 FIA also requested AAI to provide the minutes of meeting of JVC/ Tariff cell on May 20, 2020 wherein it was proposed to allow waiver in the contractual revenues from the Concessionaires, considering the impact of Covid-19 on the Aviation sector.

11.4. **AAI's counter comments and response to stakeholder comments regarding Non-aeronautical Revenues for the First Control Period:**

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Non-aeronautical Revenues for the First Control Period are presented below:

AAI's response to FIA's comments regarding Non-aeronautical Revenues for the First Control Period:

- 11.4.1 AAI has replied to FIA's comments as below and had also shared the Minutes of AAI (JVC/ Tariff cell) meeting held on May 20, 2020.

- (i) The parking rate of car has reduced by 64%(approx.) whereas the contract value has also reduced by 64% (approx.) of the old contract value. The earlier car parking contract was awarded at ₹ 18.31 lakh as per old parking policy where the parking rate was

Bus/Truck	₹ 70/-
Car	₹ 55/-
Bike	₹ 15/-

- (ii) As per new parking policy dated December 10, 2018, automated parking management system has been implemented and parking rate has been revised as below: As per new policy and guidelines contract was awarded at ₹ 6.57lakh pm for a period of 5 years.

Bus/Truck	₹ 20/-
Car	₹ 20/-
Bike	₹ 10/-

11.5. **Authority's examination and decisions regarding Non-aeronautical Revenues for the First Control Period:**

- 11.5.1 The Authority has examined the comments raised by FIA and it is of the view that the increase in Non-Aeronautical revenue does not have a direct correlation with increase in passenger traffic in all the cases, as it is also driven by the contractual arrangements between the Airport Operator and the Concessionaires. The Authority has examined the growth in Non-Aeronautical revenue by giving weightage to various factors such as the terms of the Concession Agreement and the one-time waiver allowed by AAI to the concessionaires on the contractual revenues considering the adverse impact of Covid-19 pandemic on the aviation sector and has accordingly determined the growth rates in the various components of Non-Aeronautical revenue.

- 11.5.2 Based on its due diligence, the Authority has increased the projections made towards Non - Aeronautical revenues for the First Control Period by ₹ 1.93 crores.



11.6. **Authority's Decisions regarding Non-aeronautical revenues for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

- 11.6.1 The Authority decides to consider Non-aeronautical revenues for the First Control Period for Raipur Airport in accordance with Table 28.



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CHAPTER 12. OPERATION AND MAINTENANCE EXPENDITURE**12.1. AAI's submission regarding Operational and Maintenance expenditure for the First Control Period**

12.1.1 Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into the following:

- a) Payroll expenses,
- b) Administration and general expenses,
- c) Repair and maintenance,
- d) Utilities and outsourcing expenses, and
- e) Other outflows, i.e., collection charges on UDF

12.1.2 The expenses related to AAICLAS, ANS and CISF security have not been considered by AAI.

12.1.3 AAI has segregated the expenses into Aeronautical expenses, Non-aeronautical expenses, and common expenses. The common expenses have been further segregated into Aeronautical and Non-aeronautical on the basis of relevant ratios.

12.1.4 AAI submitted that the allocation of CHQ/RHQ expenses among individual airports has been done based on the revenue of each Airport.

12.1.5 The summary of Aeronautical expenses proposed by AAI for the First Control Period have been presented in the table below:

Table 30: Operation and Maintenance (O&M) expenses as per AAI

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Payroll expenses - Non CHQ/RHQ	7.68	8.22	8.79	9.41	10.06	44.16
Payroll expenses - CHQ/RHQ	2.82	3.01	3.23	3.45	3.69	16.20
Administration and general expenses – Non CHQ/RHQ	4.20	4.56	4.95	5.38	5.85	24.94
Administration and general expenses - CHQ/RHQ	12.22	12.83	13.48	14.15	14.86	67.54
Repairs and maintenance	7.67	8.31	9.14	10.09	11.14	46.35
Utilities and outsourcing expenses	3.19	3.57	3.62	3.67	3.73	17.78
Other outflows - collection charges on UDF	0.12	0.15	0.18	0.20	0.22	0.87
Total	37.89	40.65	43.39	46.35	49.56	217.84

12.1.6 The summary of growth rates assumed by AAI for the operation and maintenance expenses have been presented in the table below:



Table 31: Growth rates in O&M expenses as per AAI

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Payroll expenses - non CHQ/RHQ	7.00%	7.00%	7.00%	7.00%	7.00%
Payroll expenses - CHQ/RHQ	7.00%	7.00%	7.00%	7.00%	7.00%
Administration and General expenses -Non CHQ/RHQ	30.04%	8.46%	8.58%	8.69%	8.80%
Administration and General expenses - CHQ/RHQ	5.00%	5.00%	5.00%	5.00%	5.00%
Repairs and maintenance	13.12%	8.32%	9.97%	10.46%	10.40%
Utilities and outsourcing expenses	-8.51%	11.86%	1.32%	1.43%	1.55%
Other outflows - Collection Charges on UDF and PSF (F)	-29.23%	25.00%	15.00%	15.00%	10.00%
Total	7.92%	7.25%	6.68%	6.87%	6.92%

12.1.7 Further, summary of allocation of expenses between Aeronautical and Non-aeronautical as proposed by AAI is given in the table below:

Table 32: Allocation of O&M expenses as per AAI in FY 2018-19

Particulars	Aeronautical	Non-aeronautical
Payroll expenses - non CHQ/RHQ	95.98%	4.02%
Payroll expenses - CHQ/RHQ	93.99%	6.01%
Administration and General expenses - non CHQ/RHQ	91.81%	8.19%
Administration and General expenses - CHQ/RHQ	95.00%	5.00%
Repairs and maintenance	96.34%	3.66%
Utilities and outsourcing expenses	99.96%	0.04%
Other outflows - Collection Charges on UDF	100.00%	-

12.2. Authority's examination regarding Operational and Maintenance expenses for the First Control period at Consultation stage:

12.2.1 The Authority examined the trial balance for FY 2018-19 and noted that the expense figures considered by AAI are accurate.

12.2.2 The Authority examined the allocation of expenses between Aeronautical and Non-aeronautical. The Authority compared the allocation proposed by AAI to its recent Orders for other AAI airports. A summary of these has been presented in the table below.

Table 33: Comparison of allocation of O&M expenses with other AAI airports

Expense Category	Patna	Kolkata	Jaipur
Payroll expenses - non CHQ/RHQ	97%	88%	94%
Payroll expenses - CHQ/RHQ	95%	88%	95%
Administration and General expenses - non CHQ/RHQ	99%	96%	88%
Administration and General expenses - CHQ/RHQ	95%	85%	90%
Repairs and maintenance	95%	89%	93%
Utilities and outsourcing expenses	90%	91%	93%



Expense Category	Patna	Kolkata	Jaipur
Other outflows - Collection Charges on UDF	100%	93%	100%

12.2.3 The Authority examined the various components of CHQ/ RHQ expenses being allocated to Raipur Airport and noted that the methodology followed for allocation needs to be rationalized, taking into consideration the size of operations and the revenue generated by the Raipur Airport. Accordingly, the Authority asked AAI to re-review the allocation of the said expenses and submit the revised allocation of CHQ/ RHQ expenses.

12.2.4 AAI had reviewed the Trial Balance of FY 2018-19 of CHQ/ RHQ and made the following revisions to the allocation of CHQ/ RHQ expenses:

12.2.4.1 Expenses such as Provision for Third Pension/ Gratuity/ Actuarial Valuation and payment for liveries, which were earlier booked under Airport services incorrectly, have now been re-allocated to ANS/ Airport/ Cargo based on an appropriate driver (such as number of employees).

12.2.4.2 Following expenses have not been considered for allocation of CHQ/ RHQ expenses such as:

- Security expenses
- Provision of interest on 3rd pension made in FY 2018-19 for the period Jan 2007 to March 2019
- Expenses/ provision towards Cargo
- Payment of VRS in respect of DIAL/ MIAL
- Payment for Legal/ Arbitration expenses for DIAL/ MIAL cases
- CSR/ RCS expenses
- Collection charges (UDF) paid to DIAL

12.2.4.3 The basis for allocation of certain individual expenses such as Pay and Allowances, Advertisement expense, Electricity/ Oil for DG sets, Insurance and hire charges, Repairs and Maintenance expenses etc. had been revisited and the same have been re-allocated to ANS and Airport services based on a reasonable driver (in the ratio of 50:50; 60:40 etc.).

The revised allocation of CHQ/ RHQ expenses submitted by AAI have been reviewed and considered by the Authority, in its computation of Operational and Maintenance expenses of the Raipur Airport and the same is shown in Table 35.

12.2.5 The Authority observes that AAI has allocated 95% of Payroll expenses – CHQ/RHQ and Administration and General expenses - CHQ/RHQ to Aeronautical expenses. The Authority finds it to be appropriate based on AERA's decision for other AAI airports.

12.2.6 AAI has segregated the expenses towards utilities between Aeronautical and Non-aeronautical after considering the recoveries made from the Concessionaires. The Authority noted that the Aeronautical proportion of 99.96% has been derived by considering the headcount of Aeronautical staff to Commercial staff (Non-aeronautical) within the Airport. Further, the upkeep expenses have been apportioned in the Aeronautical and Non-aeronautical ratios of terminal building. Based on the above review, the Authority considers the basis of apportionment by AAI to be appropriate.

12.2.7 The Authority decides to consider the following allocation of O&M expenses into Aeronautical and Non-aeronautical.

Table 34: Allocation of O&M expenses as per the Authority (Consultation stage)

Particulars	Aeronautical	Non-aeronautical
Payroll expenses - non CHQ/RHQ	95.98%	4.02%
Payroll expenses - CHQ/RHQ	93.99%	6.01%
Administration and General expenses - non CHQ/RHQ	91.81%	8.19%

Particulars	Aeronautical	Non-aeronautical
Administration and General expenses - CHQ/RHQ	95.00%	5.00%
Repairs and maintenance	96.34%	3.66%
Utilities and outsourcing expenses	99.96%	0.04%
Other outflows - Collection Charges on UDF	100.00%	-

12.2.8 AAI considered a growth rate of 7% in payroll expenses beyond FY 2018-19. However, it may be noted that AAI may incur losses during the current year due to the de-growth in passenger traffic caused by the Covid-19 pandemic, thereby resulting in reduction of Performance related Payments (PRP) and freezing of DA by DPE, GoI and other austerity measures. Considering these issues, the Authority has decided to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21. This restriction in the growth rate in payroll expenses has been considered in order to rationalize the costs of the Airport, keeping in view of the factors mentioned above.

12.2.9 AAI has considered an additional expenditure of 10% towards R&M Civil works for FY 2020-21 with respect to sanitization/PPE Kit/Temporary Partition, etc. for maintaining social distancing due to Covid-19 pandemic.

12.2.10 AAI has projected a 65% reduction in electricity expenses for April20 and May20 due to country-wide lock down. The total electricity expenses for FY 2020-21 are 11% lesser than FY 2019-20. However, electricity expenses for FY2021-22 are projected at the same level as of FY2019-20.

12.2.11 AAI has proposed an expense of ₹ 0.65Crores for "May I help you" in Administrative and General Expenses" (Refer Note below), resulting in a hike of overall 30% in Administration and General expenses in FY 2020-21. Similarly, 10% increase in Watch and Ward charges and 10% increase in Upkeep charges has been proposed.

Note: The Authority noted that AAI had initiated 'May I help You' counters, to facilitate Disabled passengers, Senior Citizens, VIP etc. This initiative was undertaken by AAI vide CHQ letter no. OP-45023/2/2019-Operations/2310 dated December 23,2019, wherein directions have been issued to all Airports handling IMPPA and above, to have trained and skilled manpower to man 'May I help you' counters. The above trained manpower is also proposed to manage Reserved Lounges. Accordingly, an expense of ₹ 0.65Crores has been proposed by AAI from FY 2020-21 to FY 2024-25. The Authority finds the same to be appropriate.

12.2.12 The Authority examined actual growth trend of expenses for the past few years at the Raipur Airport. Further, the Authority examined a few contractual agreements with vendors on a sample basis to understand the escalation dynamics. On the basis of these checks, the Authority finds the assumed growth rates to be reasonable, in line with other comparable airports such as Varanasi, Amritsar, Patna etc.

12.2.13 For other outflows, i.e., collection charges on UDF, AAI considered the growth rate to be the same as that of ATM traffic. The Authority has decided to adopt the same fundamental approach, as it finds the same to be a reasonable driver.

12.2.14 Based on above considerations, the Authority had proposed to consider the following growth rates in operation and maintenance expenses.



Table 35: Operational and maintenance (O&M) expenses as revised by the Authority (Consultation stage)
(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Payroll expenses - Non CHQ/RHQ	7.36	7.73	8.12	8.53	8.95	40.69
Payroll expenses - CHQ/RHQ	3.13	3.29	3.45	3.63	3.81	17.31
Administration and general expenses – Non CHQ/RHQ	4.20	4.56	4.95	5.38	5.85	24.94
Administration and general expenses - CHQ/RHQ	6.24	6.55	6.88	7.23	7.59	34.49
Repairs and maintenance	7.67	8.31	9.14	10.09	11.14	46.35
Utilities and outsourcing expenses	3.19	3.57	3.62	3.67	3.73	17.78
Other outflows - collection charges on UDF	0.12	0.16	0.19	0.22	0.25	0.94
Total	31.91	34.17	36.35	38.75	41.32	182.50

Table 36: Growth rates in O&M expenses considered by the Authority

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Payroll expenses - non CHQ/RHQ	5.00%	5.00%	5.00%	5.00%	5.00%
Payroll expenses - CHQ/RHQ	5.00%	5.00%	5.00%	5.00%	5.00%
Administration and General expenses - non CHQ/RHQ	30.04%	8.46%	8.58%	8.69%	8.80%
Administration and General expenses - CHQ/RHQ	5.00%	5.00%	5.00%	5.00%	5.00%
Repairs and maintenance	13.12%	8.32%	9.97%	10.46%	10.40%
Utilities and outsourcing expenses	-8.51%	11.86%	1.32%	1.43%	1.55%
Other outflows - Collection Charges on UDF	-30%	30.00%	20.00%	14.90%	14.90%

12.3. Stakeholders' Comments regarding Operational and Maintenance expenses for the First Control Period

AAI's comments on Operational and Maintenance expenses for the First Control Period:

12.3.1 AAI has requested to consider a growth rate of 7% in payroll expenses for the FY 2019-20 to FY 2024-25. AAI has further submitted that the 7% increase in the payroll is justified due to annual increment of 3% in salary, quarter increase in dearness allowance and employee contribution to PF and pension. Also, it is in line with the earlier tariff order issued by AERA.

FIA's comments on Operational and Maintenance expenses for the First Control Period:

12.3.2 FIA submitted that the "Operating and Maintenance; expenditure is one of the major components for determining ARR, hence, the AERA should evaluate such expenses in detail rather than accepting projections provided by AAI on an "as is" basis".

12.3.3 FIA further submitted that as per clause 5.4.2 of AERA Guidelines, while reviewing forecast of operating expenditure the Authority has to assess (a) baseline operation and maintenance expenditure based on review of actual expenditure indicated in last audited accounts and check for underlying factors impacting variance over the preceding year; and (b) efficiency improvement with respect to



such costs based on review of factors such as trends in operating costs, productivity improvements, cost drivers as may be identified, and other factors as may be considered appropriate.

12.3.4 FIA submitted that in order to assess efficient operating expenditure, AERA should conduct an independent analysis in terms of AERA Act. FIA submits that Raipur Airport has already completed a significant period of operations, hence benchmarking the costs would not be difficult for AERA. However, till the time an independent study is conducted by AERA, FIA would like to highlight the Aeronautical allocation ratio proposed as per AERA CP 5/2014-15 of Normative approach of 80% should be applied.

12.4. AAI's counter comments and response to stakeholder comments regarding Operational and Maintenance expenses for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Operational and Maintenance expenses for the First Control Period are presented below:

AAI's response to FIA's comments regarding Operational and Maintenance expenses for the First Control Period:

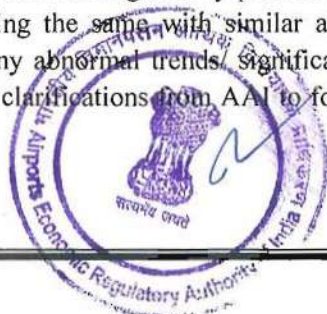
12.4.1 The operational expenditure has been projected considering the inflationary effect. The expenditures are mandatory for operational requirement and fixed in nature. Moreover, it would be trued up in the Second Control Period.

12.5. Authority's examination and decisions regarding Operational and Maintenance expenses for the First Control Period:

12.5.1 AAI considered a growth rate of 7% in payroll expenses beyond FY 2018-19. However, it may be noted that AAI may incur losses during the current year due to the de-growth in passenger traffic caused by the Covid-19 pandemic, thereby resulting in reduction of Performance related Payments (PRP) and freezing of DA by DPE, GoI and other austerity measures. Considering these issues, the Authority has decided to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21. This restriction in the growth rate in payroll expenses has been considered in order to rationalize the costs of the Airport, keeping in view of the factors mentioned above.

12.5.2 The Authority had reviewed in detail each component of the operational and maintenance expenses of the Raipur Airport. Trend analysis was performed to analyze significant fluctuations if any, and the expenses were benchmarked with similar airports considering factors such as the number of passengers and size of the airports. Further, the growth rate projected for each expense items such as Utilities, Repairs and Maintenance, Administration and General expenses, Payroll etc. was reviewed by the Authority in detail and the only the essential expenses have been considered as part of the Aeronautical Operational and Maintenance costs.

12.5.3 The Authority has also examined the comments raised by FIA on conducting an independent study to determine efficient operating expenses. The Authority is of the view that the requirement for an independent study on efficient operating expenses depends upon the size, scale, and overall complexity of the Airport operations. Raipur, being a small airport that does not have any complex operations, the Authority had exercised its own diligence by performing trend analysis of operational and maintenance expenses, benchmarking the same with similar airports, with the perspective of identifying and analyzing reasons for any abnormal trends/ significant fluctuations in the expenses. Further, the Authority sought necessary clarifications from AAI to form its view on the efficient and



admissible part of the overall expenses. Based on the above analysis and considering the size and scale of operations at Raipur Airport, the Authority has decided that an independent study is not required to be conducted to determine efficient operational expenses for the current Control Period at Raipur Airport.

12.5.4 FIA has further suggested a ballpark ratio of 80% for allocation of expenses. In the absence of any reasonable justification to do so, the Authority decides not to consider the above ballpark ratio.

12.6. **Authority's Decisions regarding O&M expenses for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

12.6.1 The Authority decides to consider Operation and Maintenance expenses for the First Control Period for Airport as per Table 35.

12.6.2 The Authority decides to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21.



CHAPTER 13. AERONAUTICAL REVENUE**13.1. AAI's submission regarding Aeronautical Revenue for the First Control Period**

13.1.1 AAI has proposed to increase the Aeronautical tariff as applicable from August 1, 2020 as per below schedule:

- Landing Charges- AAI has proposed to increase the existing charges by 65.1% for FY 2020-21 (from August 1, 2020 to March 31, 2021) and by 4% year on year thereafter.
- Parking and Housing charges – For domestic ATM, AAI has proposed a one-time hike of 472.3% for FY 2020-21 (August 1, 2020 to March 31, 2021) and 4% year on year thereafter.
- User Development Fee – AAI has proposed to subsume the PSF(F) charges to UDF charges. AAI has also sought a hike of 549% in resulting UDF charges only to recover the shortfall in ARR.

13.1.2 As per AAI's submission, table below represents the Aeronautical revenue:

Table 37: Aeronautical revenue as proposed by AAI

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Landing charges	13.52	18.32	21.15	24.42	27.68	105.09
Parking and Housing charges	0.11	0.16	0.18	0.21	0.24	0.9
UDF/ PSF (Facilitation)	31.16	46.88	53.91	61.99	68.19	262.13
Revenue from Extension of Watch Hours	0.27	0.06	0.06	0.06	0.07	0.52
Land Lease	0.42	0.58	0.83	0.89	0.96	3.68
Ground Handling charges	0.33	0.39	0.44	0.49	0.53	2.18
Cute charges	1.32	1.65	1.89	2.18	2.39	9.43
Revenue share from AAICLAS	0.36	0.48	0.56	0.64	0.70	2.74
Total Revenue	47.48	68.52	79.02	90.88	100.77	386.67

13.2. Authority's examination regarding Aeronautical revenue for the First Control period at Consultation stage:

13.2.1 AAI had submitted its Multi-Year Tariff Proposal ('MYTP') originally on March 19, 2020 to AERA ('the Authority') for determination of Aeronautical tariff for the First Control Period. The Authority, upon consideration of the substantial deviations in business scenarios caused due to the outbreak of Covid-19 pandemic had suggested to AAI on May 14, 2020 to submit a revised MYTP, factoring in the impact of the above pandemic on the key elements forming part of the tariff determination process, including assumptions underlying traffic forecasts and capacity enhancements. Accordingly, AAI had submitted a revised MYTP to the Authority on June 1, 2020, by building assumptions underlying de-growth in passenger traffic, due to the above pandemic.

13.2.2 Further, the Authority examined the various components of CHQ/ RHQ expenses being allocated to Raipur Airport and noted that the methodology followed for allocation needs to be rationalized, taking into consideration the size of operation and the revenue generated by the Raipur Airport. Accordingly, the Authority asked AAI to re-review the allocation of the said expenses and submit

the revised allocation of CHQ/ RHQ expenses. AAI had re-examined the allocation of the above expenses and submitted a revised methodology for allocation of the above expenses to Raipur Airport, to the Authority on August 11, 2020.

- 13.2.3 AAI has proposed that the new tariff shall be implemented with effect from August 1, 2020. However, the Authority has decided that considering the present scenario of the adverse effect of the Covid-19 pandemic on the Aviation sector, the new tariff proposed by AAI will be implemented only from the FY 2021-22 (effective from April 1, 2021).
- 13.2.4 The Authority has decided to allow a one-time increase of 45% in the Domestic Landing, Parking charges in the FY 2021-22, an increase of 10% in the FY 2022-23 thereafter a 6% increase on a compounded basis each year up to FY 2024-25.
- 13.2.5 The Authority has decided to allow UDF of ₹ 500, as proposed by AAI with effect from April 1, 2021.
- 13.2.6 The Authority noted that AAI receives royalty towards cute charges @ ₹ 17.55 per passenger from the Independent Service Provider (ISP), M/s SITA. The Authority directs AAI (Airport Operator) to advise M/s SITA to obtain due approval from the Authority (by filing MYTP) on the CUTE charges (currently ₹ 37 per passenger) levied by it on the Airlines.
- 13.2.7 The Authority has determined the Aeronautical revenue based on revised traffic growth rates proposed in Table 5 with the proposed tariff rates, as per the table below:

Table 38: Aeronautical revenue as proposed by the Authority (Consultation stage)

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Landing charges	7.89	14.87	19.62	23.92	29.16	95.46
Parking charges	0.02	0.04	0.05	0.06	0.07	0.24
UDF/ PSF (Facilitation)	5.71	48.22	57.86	66.48	76.39	254.66
Revenue from Extension of Watch Hours	0.25	0.06	0.06	0.06	0.07	0.5
Land Lease	0.42	0.58	0.83	0.89	0.96	3.68
Ground Handling charges	0.29	0.38	0.46	0.52	0.60	2.25
Cute charges	1.30	1.69	2.03	2.33	2.68	10.03
Revenue share from AAICLAS	0.36	0.48	0.56	0.64	0.70	2.74
Total Revenue	16.24	66.32	81.47	94.90	110.63	369.56

13.3: **Stakeholders' Comments regarding Aeronautical Revenue for the First Control Period:**

AAI's comments on Aeronautical Revenue for the First Control Period:

- 13.3.1 AAI has requested AERA to consider the increase in parking charges by at least 108% (as against 472.3% initially proposed by AAI) in order to match the parking rates for the FY 2020-21 in line with recent orders for Bhubaneswar, Indore and Patna Airport. AAI has proposed parking charges for the FY 2020-21 as given in table below. According to AAI, the incremental impact on the parking charges if the aforementioned request is considered would be ₹ 109 per hour (for A320 with all weight of 74000 kg).

Weight of Aircraft	FY 2021-22
Up to 25 MT	3.10 per hour per MT

Weight of Aircraft	FY 2021-22
Above 25 MT up to 50 MT	77.5 + 4.20 per hour per MT in excess of 25 MT
Above 50 MT up to 100 MT	182.5 + 8.30 per hour per MT in excess of 50 MT
Above 100 MT up to 200 MT	597.5 + 10.40 per hour per MT in excess of 100 MT
Above 200 MT	1,638 + 11.40 per hour per MT in excess of 200 MT

Business Aircraft Operators Association (BAOA)'s comments on Aeronautical Revenue for the First Control Period:

13.3.2 BAOA commented that allowing 'royalty' towards CUTE charges from ISP, needs to be looked into holistically by AERA, keeping in mind the government directive, issued through MoCA, in the beginning of the year, to abolish FTC, which was another 'royalty' charge on 'ATF'. AERA is, in the light of this government directive; need to work for abolishing all types of royalties in 'Aeronautical services' 'Royalty' is basically the charge which is levied by owner/operator of the property (public airport in this case) without providing any services to the user of the place. It is a legacy of British times in India and, must become irrelevant in independent India.

AAI's counter comments and response to stakeholder comments regarding Aeronautical Revenues for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Aeronautical Revenues for the First Control Period are presented below:

AAI's response to BAOA's comments regarding Aeronautical Revenues for the First Control Period

13.4.1 AAI requested AERA to offer its view.

Authority's examination and decisions regarding Aeronautical Revenues for the First Control Period:

13.5.1 The Authority had determined the tariff rates (Landing and Parking charges) with the objective of encouraging investors in airport facilities for efficient, economic and viable operations and also to protect the reasonable interest of the passengers.

13.5.2 By giving credence to the current de-growth in passenger traffic caused by the Covid-19 pandemic and the resultant decrease in Aeronautical revenues, including profitability, the Authority decides to adhere to the increase in the rates of Parking charges proposed by it earlier, viz., a one-time increase of 45% in the Domestic Parking charges in the FY 2021-22, an increase of 10% in the FY 2022-23 and thereafter a 6% increase on a compounded basis each year up to FY 2024-25.

13.5.3 With respect to royalty towards CUTE charges, the Authority believes that it is reasonable to charge royalty for the services that the Airport Operator provides, such as provision of infrastructure, utilities, and counters for hosting CUTE equipment. The Authority is of the view that the royalty should be reasonable and should be restricted to 30%, as a pass through expenditure for computing tariff. Further, any decision to stop the Royalty charges will automatically lead to increase in other Aeronautical Charges.

Authority's Decisions regarding Aeronautical Revenues for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

13.6.1 The Authority decides to consider Aeronautical revenues for the First Control Period for Raipur Airport as per Table 38.



CHAPTER 14. TAXATION**14.1. AAI's submission regarding Taxation for the First Control Period**

14.1.1 To compute depreciation for tax purposes, AAI has used the depreciation rates in accordance with the following table:

Table 39: Depreciation rates for tax purposes as per AAI

Asset category	IT Depreciation rate - up to FY 18	IT Depreciation rate – from FY 19
Leasehold Land	0%	0%
Runways, Aprons and Taxiways	15%	10%
Road, Bridges and Culverts	10%	10%
Building-Others	10%	10%
Building – Terminal	10%	10%
Building – Temporary	100%	100%
Building- Residential	5%	5%
Security Fencing-Temp	10%	10%
Boundary Wall – Operational	10%	10%
Boundary Wall – Residential	5%	5%
Computer – End user	60%	40%
Intangible Assets – Software	60%	40%
Plant and Machinery	15%	15%
Tools and Equipment	15%	15%
Furniture and Fixtures: Other Than Trolley	10%	10%
Furniture and Fixtures: Trolley	10%	10%
Vehicles	15%	15%
Electrical Installations	10%	10%
Other Office Equipment	15%	15%
X Ray Baggage System	15%	15%
CFT/Fire Fighting Equipment	15%	15%

14.1.2 The tax calculation as submitted by AAI has been presented in the table below:

Table 40: Taxation as per AAI

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Aeronautical revenue with revised rates	24.12	47.48	68.52	79.02	90.88	100.77	386.67
O&M expenses	35.13	37.91	40.66	43.37	46.35	49.56	217.85
Depreciation	16.70	18.37	19.43	17.22	15.26	13.53	83.81
Profit before tax	-27.71	-8.80	8.43	18.43	29.27	37.67	85
Prior Period Set-off	0.00	0.00	-8.43	-18.43	-9.65	0.00	-36.51
PBT after Set-off	-27.71	-8.80	0.00	0.00	19.62	37.67	48.49
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	25.17%	
Taxes	0.00	0.00	0.00	0.00	4.94	9.48	14.42

14.2. Authority's examination regarding Taxation for the First Control period at Consultation stage:

- 14.2.1 The projected Aeronautical revenues for the Control Period are based on the charges proposed by AAI as part of its revised submission of Multi-Year Tariff Proposal. The Authority decides to consider Aeronautical revenues as per Table 38.
- 14.2.2 The Authority decides to consider the O&M expenses in accordance with Table 35 for computation of tax expense.
- 14.2.3 The Authority has considered allowing the loss incurred in the FY 2018-19 while computing the taxes for the First Control Period of the Raipur Airport.
- 14.2.4 After considering all the above observations, the Authority had proposed the following tax expense for the First Control Period during the Consultation stage.

Table 41: Tax expense as per the Authority (Consultation stage)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Aeronautical revenue with proposed rates	16.24	66.32	81.47	94.90	110.63	369.56
O&M expenses	31.91	34.17	36.35	38.75	41.32	182.50
Depreciation	18.38	19.43	17.22	15.26	13.53	83.81
Profit before tax	-34.04	12.72	27.90	40.89	55.78	103.25
Set-off of loss	0.00	-12.72	-27.90	-40.89	-3.42	-84.92
Profit before tax after set-off of loss	-34.04	0.00	0.00	0.00	52.36	18.33
Tax rate (%)	0.25	0.25	0.25	0.25	0.25	
Taxes	0.00	0.00	0.00	0.00	13.18	13.18

(₹ Crores)

14.3. Stakeholders' Comments regarding Taxation for the First Control Period:

AAI's comments on Taxation for the First Control Period:

- 14.3.1 AAI has requested not to consider the loss incurred in FY 2018-19 while computing the taxes for the First Control Period of the Raipur Airport as this year is prior to the Control period. AAI has further requested to consider the revised CHQ/RHQ expenses submitted by AAI for FY 2019-20 for carry forward and set off the losses incurred in the subsequent years.

FIA's comments on Taxation for the First Control Period:

- 14.3.2 FIA submitted that business losses can be carried forward for 8 years and can be set off with profits in future years and that the actual tax paid by the Company in the control period shall be lower due to setting-off the carried forward losses prior to the present control period.
- 14.3.3 FIA submitted that losses for periods prior to the present control period (if any) that are allowed to carry forward as per Income Tax Act, 1961 should be considered while computing taxation in the First Control Period rather than leaving it for true-up in the Second Control Period. Further, FIA submits that actual payment of income taxes should be considered for true-up purposes.

GMR Airports Limited's comments on Taxation for the First Control Period:

14.3.4 Regarding taxation GMR Airports Limited had submitted that they agree with the AERA approach for adopting methodology for assessment of aero tax on a standalone Aeronautical P&L drawn on the basis of various building blocks used for tariff determination.

AAI's counter comments and response to stakeholder comments regarding Taxation for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Taxation for the First Control Period are presented below:

AAI's response to FIA's comments regarding Taxation for the First Control Period

14.4.1 In this regard, AAI submitted that, AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 directed AAI that the First Control Period for Raipur Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the above Airport. Accordingly, the proposal was submitted as per the control period and the tax has been calculated for the control period on standalone basis in line with the previous orders issued by AERA for AAI major airports along with the carry forward of losses for the FY 2019-20 (Pre control period). So, the AERA is requested not to consider loss incurred in the FY 2018-19 while computing the taxes for the First Control Period of the Raipur Airport as this year is prior to the Control Period.

14.5. Authority's examination and decisions regarding Taxation for the First Control Period:

14.5.1 The Authority has carefully examined the comments raised by AAI and other Stakeholders and has re-computed the tax expense as per the table below, by considering the revised CHQ/ RHQ expenses reported for the FY 2019-2020 and the loss incurred only for the FY 2019-20.

Table 42: Revised Tax expense computed by the Authority for the First Control Period

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Aeronautical revenue with proposed rates	16.24	66.32	81.47	94.90	110.63	369.56
O&M expenses	31.91	34.17	36.35	38.75	41.32	182.50
Depreciation	18.38	19.43	17.22	15.26	13.53	83.81
Profit before tax	-34.04	12.72	27.90	40.89	55.78	103.25
Set-off of loss	0.00	-12.72	-27.90	-15.62		-56.23
Profit before tax after set-off of loss	-34.04	0.00	0.00	25.27	55.78	47.01
Tax rate (%)	0.25	0.25	0.25	0.25	0.25	
Taxes	0.00	0.00	0.00	6.36	14.04	20.40

14.5.2 The Authority acknowledges the views of GMR Airports on the methodology adopted by the Authority for determining taxation based on a standalone Aeronautical Profit and Loss account drawn on the basis of various building blocks used for tariff determination.

14.6. Authority's Decisions regarding tax expense for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:



- 14.6.1 The Authority decides to consider the tax expense for the First Control Period for Raipur Airport as per Table 42.
- 14.6.2 It is noted that AAI has pays tax based on profits of all the airports taken together. The Authority decides to true-up the tax based on actual payment during the next Control Period.



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CHAPTER 15. AGGREGATE REVENUE REQUIREMENT ('ARR') FOR THE FIRST CONTROL PERIOD

15.1. AAI's submission regarding ARR for the First Control Period

15.1.1 AAI has submitted Aggregate Revenue Requirement and Yield Per Passenger (YPP) for the First Control Period as per the regulatory building blocks discussed.

15.1.2 All cash flows are discounted based on current report date, hence, discount factor of 1 is assigned to FY 2020-21 cash flows and discount factors of 0.8772, 0.7695, 0.6750, 0.5921 are applied for the subsequent years starting from FY 2021-22.

15.1.3 The summary of ARR and Yield has been presented in the table below:

Table 43: ARR and Yield as per AAI

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
Average RAB (₹ Crores) – (A)	132.35	148.07	160.12	146.39	133.41	120.66	841
Fair Rate of Return – (B)	14%	14%	14%	14%	14%	14%	14%
Return on average RAB(₹ Crores) – (C = A*B)	18.53	20.73	22.42	20.5	18.68	16.89	117.75
Depreciation (₹ Crores) – (D)	14.16	15.66	14.52	13.14	12.83	12.68	82.99
O&M expenses (₹ Crores) – (E)	35.13	37.91	40.66	43.37	46.35	49.56	252.98
Tax expense (₹ Crores) – (T)	0	0	0	0	4.94	9.48	14.42
Less: 30% NAR (₹ Crores)	6.47	3.18	4.4	6.24	6.85	7.53	34.67
ARR per year (₹ Crores) – (C+D+E+T – NAR)	61.35	71.12	73.19	70.77	75.94	81.09	433.46
Add: True-up shortfall of FY 2019-2020, claimed by AAI *							
Discount rate	14%	14%	14%	14%	14%	14%	14%
PV of ARR (₹ Crores)		71.12	64.2	54.45	51.26	48.01	289.04
Sum Present value of ARR (₹ Crores)		289.04					289.04
Total traffic (million passengers)		5.37					5.37
Yield per passenger (YPP) (₹)		538.33					

* Shortfall of ₹ 42.44 Crores of FY 2019-20 was omitted by AAI while computing Yield per Passenger.

15.2. Authority's examination regarding ARR for the First Control period at Consultation stage:

15.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. With respect to each element of the regulatory building blocks considered by AAI in computation of ARR and Yield in the Table 43 above, the Authority has decided to consider as below:

- The average RAB in accordance with Table 24



- The FROR in accordance with Table 25.
- The depreciation as per Table 22.
- The O&M expenses as per Table 35.
- The tax expense as per Table 41.
- The Non-aeronautical revenue as per Table 28.
- The total traffic in accordance with Table 5.

15.2.2 The Authority has compounded the shortfall of the completed FY 2019-20 @7% in line with the annual 14% cost of capital applied by AAI and considering that the cash flows have accrued evenly through the 12-month period.

15.2.3 Accordingly, the Authority had proposed to consider the following ARR and Yield, as presented in the table below, during Consultation stage.

Table 44: ARR and Yield as proposed by the Authority (Consultation Stage)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Average RAB (₹ Crores) – (A) (Refer Table 24)	148.07	160.12	146.39	133.41	120.66	708.65
Fair Rate of Return – (B) (Refer Table 25)	14%	14%	14%	14%	14%	14%
Return on average RAB – (C = A*B) (₹ Crores)	20.73	22.42	20.49	18.68	16.89	99.21
Depreciation (₹ Crores) – (D) (Refer Table 22)	15.66	14.51	13.14	12.83	12.68	68.82
O&M expenses (₹ Crores) – (E) (Refer Table 35)	31.91	34.17	36.35	38.75	41.32	182.50
Tax expense (₹ Crores) – (T) (Refer Table 41)	0	0	0	0	13.18	13.18
Less: 30% NAR (₹ Crores) (Refer Table 28)	3.18	4.4	6.24	7.13	7.83	28.78
ARR per year (₹ Crores) – (C+D+E+T- NAR)	65.12	66.70	63.74	63.13	76.24	334.93
Apportionment of shortfall of FY 2019-20 of ₹ 33.94 crores (discounted @7%) (Refer Note 1)	5%	15%	40%	20%	20%	100%
Add: True-up shortfall/(Surplus) for FY 2019-20 (apportioned in the % given above.) (Refer Note 2)	1.70	5.09	13.58	6.79	6.79	33.94
Total ARR (including shortfall)	66.82	71.79	77.32	69.92	83.03	368.87
Discount rate – 14% p.a.	1	0.8772	0.7695	0.6750	0.5921	
PV of ARR (₹ Crores) = (ARR+ True-up of FY 2019-20)	66.82	62.98	59.49	47.19	49.16	285.64
Sum Present value of ARR (₹ Crores)	285.64					
Total traffic (million passengers; average traffic as per Table 5)	5.72					
Yield per passenger (YPP) (₹)	499.37					

- Note 1 – Shortfall of FY 2019-20 (which was omitted by AAI), has been considered by the Authority in the computation of Yield. The shortfall has been reduced to ₹ 33.94 crores, due to downward revision in the allocation of CHQ/ RHQ expenses by AAI (as mentioned in para 12.2.4) and consideration of return @ 7% instead of 14% (as mentioned in para 15.2.2)
- Note 2 – It is assumed that the traffic volume is expected to revert to FY 2019-20 levels by FY 2022-23. Hence 40% of the loss of FY 2019-20 have been apportioned to FY 2022-23.



15.3. Stakeholders' Comments regarding ARR for the First Control Period

AAI's comments on ARR for the First Control Period:

- 15.3.1 AAI has requested to compound the shortfall of the completed FY 2019-20 @ 14% instead of the current 7% in line with earlier tariff order of the major airports.
- 15.3.2 AAI has requested not to apportion the shortfall of FY 2019-20 to the future years of the control period as it will result in a loss to the extent of ₹ 11.17 Crores due to time value of money. However, AAI has stated that such apportionment would be acceptable if a compound interest of 14% p.a. is offered on the apportioned amount.

FIA's comments on ARR for the First Control Period:

- 15.3.3 FIA submitted that no losses or shortfall pertaining to pre- First control period should be considered by AERA. FIA submits that the passengers travelling during the First Control Period cannot be burdened unnecessarily on account of the losses suffered by AAI/Raipur Airport prior to the First Control Period.

15.4. AAI's counter comments and response to stakeholder comments regarding ARR for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to ARR for the First Control Period are presented below:

AAI's response to FIA's comments regarding ARR for the First Control Period:

- 15.4.1 AAI has replied that AERA vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020 directed AAI that the First Control Period for Raipur Airport shall be from FY 2020-21 to FY 2024-25 and that the shortfall/surplus of FY 2019-20 shall be considered for the purpose of tariff determination of the above Airport.

15.5. Authority's examination and decisions regarding ARR for the First Control Period:

- 15.5.1 The Authority has examined the comments raised by AAI and has re-computed ARR (as shown in the table below), by considering the revised tax expense, as computed under Table 42. Further, the Authority has decided to compound the shortfall @ 7%, in line with the 14% cost of capital applied by AAI annually, considering that the cash flows have accrued evenly through the 12-month period.
- 15.5.2 The Authority has examined the views of AAI and FIA on the prior period losses and as communicated to AAI earlier vide its Letter No. AERA/15090/RFP/03/2019-20 dated February 6, 2020, the Authority decides to consider the shortfall of FY 2019-20, while determining tariff for the Raipur Airport for the First Control Period. However, the Authority decides to apportion the above shortfall of FY 2019-20, in the ratio as explained in Table 45 below.

Table 45: ARR and Yield decided by the Authority (as an addendum to the Consultation Paper)

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Average RAB (₹ Crores) -- (A) (Refer Table 24)	148.07	160.12	146.39	133.41	120.66	708.65
Fair Rate of Return -- (B) (Refer Table 25)	14%	14%	14%	14%	14%	14%
Return on average RAB -- (C = A*B) (₹ Crores)	20.73	22.42	20.49	18.68	16.89	99.21
Depreciation (₹ Crores) -- (D) (Refer Table 22)	15.66	14.51	13.14	12.83	12.68	68.82



Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
O&M expenses (₹ Crores) – (E) (Refer Table 35)	31.91	34.17	36.35	38.75	41.32	182.50
Tax expense (₹ Crores) – (T) (Refer Table 42)	0.00	0.00	0.00	6.36	14.04	20.40
Less: 30% NAR (₹ Crores) (Refer Table 28)	3.18	4.40	6.24	7.13	7.83	28.78
ARR per year (₹ Crores) – (C+D+E+T- NAR)	65.12	66.70	63.74	69.49	77.10	342.15
Apportionment of shortfall of FY 2019-20 of ₹ 33.94 crores (discounted @7%) (Refer Note 1)	5%	15%	40%	20%	20%	100%
Add: True-up shortfall/(Surplus) for FY 2019-20 (apportioned in the % given above.) (Refer Note 2)	1.7	5.09	13.58	6.79	6.79	33.94
Total ARR (including shortfall)	66.82	71.79	77.32	76.28	83.89	376.09
Discount rate - 14% p.a.	1	0.8772	0.7695	0.675	0.5921	
PV of ARR (₹ Crores) = (ARR+ True-up of FY 2019-20)	66.82	62.97	59.50	51.49	49.67	290.44
Sum Present value of ARR.(₹ Crores)	290.44					
Total traffic (million passengers; average traffic as per Table 5)	5.72					
Yield per passenger (YPP) (₹)	507.77					

- Note 1 - Shortfall of FY 2019-20 (which was omitted by AAI), has been considered by the Authority in the computation of Yield. The shortfall has been reduced to ₹ 33.94 crores, due to downward revision in the allocation of CHQ/ RHQ expenses by AAI (as mentioned in para 12.2.4) and consideration of return @ 7% instead of 14% (as mentioned in para 15.2.2).
- Note 2 - It is assumed that the traffic volume is expected to revert to FY 2019-20 levels by FY 2022-23. Hence, 40% of the loss of FY 2019-20 have been apportioned to FY 2022-23.

15.6. Authority's Decisions regarding Aggregate Revenue Requirement (ARR) for the First Control Period

Based on the material before it and its analysis, the Authority has decided the following:

- 15.6.1 The Authority decides to consider the ARR and Yield for the First Control Period for Raipur Airport in accordance with Table 45.



CHAPTER 16. ANNUAL TARIFF PROPOSAL**16.1. AAI's submission regarding Annual Tariff Proposal for the First Control Period**

16.1.1 As part of the Multi-Year Tariff proposal (submitted as on June 1, 2020), AAI submitted a tariff card for all five years of the First Control Period. This tariff card has been reproduced below. For purposes of comparison, the existing Aeronautical charges have been provided along with the charges proposed by AAI in the above-mentioned tariff card.

16.1.2 AAI had proposed the date for implementation of new tariff, in its tariff card as August 1, 2020.

i) Landing charges

Table 46: Existing Landing charges

Weight of Aircraft	Domestic rate per landing
Up to 10,000 kgs	₹ 67.10 per 1,000 kgs
10,001 kgs to 20,000 kgs	₹ 671 plus ₹ 117.70 per 1,000 kgs in excess of 10,000 kgs
Over 20,000 kgs	₹ 1848 plus ₹ 231 per 1,000 kgs in excess of 20,000 kgs

Table 47: Landing charges proposed by AAI for the First Control Period

Weight of the Aircraft	Domestic rate per landing
Up to 25 MT	₹ 202 per MT
Above 25 MT up to 50 MT	₹ 5,050+ ₹ 355 per MT in excess of 25 MT
Above 50 MT up to 100	₹ 13,925+ ₹ 405 per MT in excess of 50 MT
Above 100 MT to 200 MT	₹ 34,175+ ₹ 494 per MT in excess of 100 MT
Above 200 MT	₹ 83,575+ ₹ 557 per MT in excess of 200 MT

16.1.3 No landing charges shall be payable in respect of a) aircraft with a maximum certified capacity of less than 80 seats, being operated by domestic schedule operators at airport, b) helicopters of all types, and c) DGCA approved Flying school/flying training institute aircrafts.

16.1.4 All domestic legs of international routes flown by Indian operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.

16.1.5 Charges shall be calculated on the basis of nearest MT (i.e. 1,000 kgs).

16.1.6 Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.

ii) Parking charges

Table 48: Existing Parking charges

Weight of Aircraft	Rate per hour
Up to 40,000 kgs	₹ 1.80 per hour per 1,000 kgs
40,001 to 100,000 kgs	₹ 72 + ₹ 3.40 per 1,000 kgs per hour in excess of 40,000 kgs
Above 100,000 kgs	₹ 276 + ₹ 5.20 per 1,000 kgs per hour in excess of 100,000 kgs

Table 49: Existing Housing charges

Weight of Aircraft	Rate per Hour
Up to 40,000 kgs	₹ 3.50 per hour per 1,000 kgs
40,001 kgs to 100,000 kgs	₹ 140 plus ₹ 36.00 per hour per 1,000 kgs in excess of 40,000 kgs
Over 100,000 kgs	₹ 548 plus ₹ 10.50 per hour per 1,000 kgs in excess of 100,000 kgs



Table 50: Parking charges proposed by AAI for the First Control Period

Weight of the Aircraft	Parking Charges Rates per hour (₹) (up to two hours after first two free hours)	Parking Charges Rates per hour (₹) (beyond first four hours)
Up to 25 MT	10.11 per hour per MT	20.22 per hour per MT
Above 25 MT up to 50 MT	252.75+ 11.25 per MT per hour in excess of 25 MT	505.50+22.50 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	534+ 22.50 per MT per hour in excess of 50 MT	1,068+45 per MT per hour in excess of 50 MT
Above 100 MT to 200 MT	1659+ 28.13 per MT per hour in excess of 100 MT	3,318+56.26 per MT per hour in excess of 100 MT
Above 200 MT	4472+ 30.93 per MT per hour in excess of 200 MT	8944+61.86 per MT per hour in excess of 200 MT

- 16.1.7 No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
- 16.1.8 For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
- 16.1.9 Charges shall be calculated on the basis of nearest MT.
- 16.1.10 Charges for each period parking shall be rounded off to nearest rupee.
- 16.1.11 At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- 16.1.12 Night parking charges (between 2200 hours to 0600 hours) will be similar to the parking and housing charges as per table above. Night parking charges are waived off in principle for all domestic scheduled operators at Raipur Airport if the State Government has brought the rate of tax (VAT) on ATF <5%. The above waiver of night parking charges will be made applicable from the date of implementation of <5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn for all the airports within the jurisdiction of the said State.
- 16.1.13 Flight operating under Regional Connectivity Scheme shall be completely governed by AIC Sl. No. 19/2017 dated August 30, 2017 issued by DGCA.
- 16.1.14 For unauthorized overstay of aircraft on ground, an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable as approved by Authority.

iii) User Development Fees (UDF)

Table 51: Existing PSF (F), UDF Proposed by AAI and the Authority (per embarking passenger)

Passenger	Existing PSF(F)	UDF proposed by AAI
Domestic	₹ 77	₹ 500

PSF (F) is proposed to be subsumed in the UDF.

Notes:

- a) Collection charges: if the payment is made in accordance with the period prescribed under credit



policy of AAI, then collection charges at ₹ 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 prescribed credit period or in case of part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.

- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) AAI had initially proposed that UDF charges will be applicable on tickets issued on or after August 1, 2020. However, the date of implementation of the new UDF charges had been revised in this Tariff Order by the Authority to April 1, 2021.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

iv) Extension of watch Hours

Charge for extension of Watch Hour beyond designated Watch Hours irrespective of the weight of the aircraft is categorized as follows:

Table 52: Rates proposed for extension of Watch Hour

Extension of Watch Hour (ILS STATION)	Proposed Rates (per hour)
Average Revenue per ATM (Dom) ₹ .	15,543

v) Aviation Security Fee: Applicable as prescribed by MoCA

vi) Exemption from levy and collection from UDF/ASF at the Airports

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated November 30, 2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF:

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

vii) General Conditions:

- a) All the above charges exclude GST. GST at the applicable rates is payable in addition to above charges.
- b) Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No.20/2016-17 dated March 31, 2017 of the Authority from the date the scheme is operationalized by Government of India.



16.2. Authority's examination regarding Annual Tariff Proposal for the First Control period at Consultation stage:

- 16.2.1 The Authority examined AAI's MYTP, along with all the regulatory building blocks and its examination has been discussed in detail in the previous chapters in this Tariff Order.
- 16.2.2 Based on the Present Value of ARR arrived by the Authority at the Consultation stage (of ₹ 285.64 crores as mentioned in Table 44 of this Tariff Order), the Authority had proposed at the Consultation stage to allow a one- time increase of 45% in the Domestic Landing, Parking charges in the FY 2021-22, an increase of 10% in the FY 2022-23 thereafter a 6% increase on a compounded basis each year up to FY 2024-25.
- 16.2.3 The Authority had decided to allow UDF of ₹ 500 and the rates for Extension of watch hours, as initially proposed by AAI and as shown as per Table 51 and 52 above.
- 16.2.4 The Authority had decided to implement the revised tariff on Landing charges, Parking charges and the User Development Fees (UDF) with effect from April 1, 2021.

16.3. Stakeholders' Comments regarding Annual Tariff Proposal for the First Control Period:

AAI's comments on Annual Tariff Proposal for the First Control Period:

- 16.3.1 AAI has requested to modify the rate card in line with the 10% increase in the extension of watch hours.
- 16.3.2 AAI has requested to consider implementation of revised tariff for all revenue streams, effective January 1, 2021, in order to meet the cash flow requirement of AAI necessitated due to Covid-19.
- 16.3.3 AAI has submitted that the revised ARR be recovered leaving a shortfall of ₹ 25.15 crores to be recovered in the following control period. AAI has proposed the following rate card:

- a) **Landing Charges:** One-time increase of 45% for FY 2020-21 w.e.f. January 1, 2021 by 10% in the FY 2021-22 and thereafter by 6% on a compounded basis up to FY 2024-25.

Particulars	AERA	AAI
2020-21	--	45% w.e.f Jan 1, 2021
2021-22	45%	10%
2022-23	10%	6%
2023-24	6%	6%
2024-25	6%	6%

- b) **Parking Charges:** One-time increase of 108% for FY 2020-21 w.e.f. January 1, 2021, by 10% in the FY 2021-22 and thereafter by 6% on a compounded basis up to FY 2024-25.

Particulars	AERA	AAI
2020-21	--	108% w.e. f Jan 1, 2021
2021-22	45%	10%
2022-23	10%	6%
2023-24	6%	6%



2024-25	6%	6%
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- c) **UDF:** ₹ 500 w.e.f. January 1, 2021
d) **Extension of watch hour:** 10% increase w.e.f. January 1, 2021.

FIA's comments on Annual Tariff Proposal for the First Control Period:

16.3.4 FIA acknowledged AERA's proposal to defer the increase/hike in the above-mentioned Aeronautical charges at Raipur Airport to April 2021 and requested AERA to not allow/implement any increase of Aeronautical tariff, during the First Control Period, due to the reasons below:

- Airlines have suffered adverse financial impact due to operational restrictions on scheduled domestic and international air transport, imposed by government authorities due to Covid-19 but have continued to incur airport charges and further been directed to mandatorily refund cancelled tickets for certain categories of passengers w.r.t booking/travel period, which has aggravated the financial impact.
- While the scheduled domestic air transport has been permitted a calibrated opening w.e.f. 25th May, 2020, such flight operations are subject to restrictions on capacity and fare, and adherence to safety protocols, as imposed by the Ministry of Civil Aviation / Directorate General of Civil Aviation (DGCA). It may be appreciated that until there is a complete opening of scheduled domestic and international flight operations, coupled with regaining confidence of passengers in air travel, airlines will continue to face a weak financial position.
- The proposed increase in Landing Charges itself will adversely impact the operating expenditure of one of its member airlines operating at Raipur airport, by a minimum of approx. INR 13 lakh per month. This impact is likely to further increase with the Year-on-Year increase of tariff proposed by AERA and increase of flight operations.

16.3.5 FIA has commented that in Clause (e) of the Notes to User Development Fee (UDF) of the 'AERA Proposed Rate Card' (Annexure to Consultation Paper), it is stated that "No UDF/PSF (Facilitation) will be levied for Transit Passengers." "The requirement of Clause (e) may be reviewed as the exemption in the levy of UDF/DF/PSF from transfer/transit passengers is already covered under Clause VI of the AERA Proposed Rate Card (i.e., with reference to by Ministry of Civil Aviation letter dated 30.11.2011). Further we request AERA to kindly provide a copy of the Ministry of Civil Aviation Letter No. AV.13024/659/2015-AS dated 13.06.2019. AERA is requested to review the suggestions/comments on the regulatory building blocks as mentioned under Annex - A, which are likely to reduce the ARR requirements of AAI at Raipur Airport. This will further ensure the lowering of tariff, including UDF, which will be beneficial to passengers and airlines".

BAOA's comments on Annual Tariff Proposal for the First Control Period:

16.3.6 BAOA had commented that 'Ground Handling Charges' have not been determined in the CP. This is not as per AERA Act wherein 'Ground Handling' has clearly been defined as an Aeronautical service at public airport. Here too, AERA is requested to make sure that no 'royalty' is allowed to be levied on ISPs providing GH services, especially on NSOP and Private aircraft operators. Since 'scheduled' operators' have fixed schedule and destinations are decided for six months period at a time, they mostly exercise the option of 'self-handling'. Airport operators, outsourcing GH services to ISPs, appoint GH agencies based on the 'highest royalty' offered in the bidding process. AERA is requested to fix GH charges on cost plus basis, and in scaled manner based on requirement of small aircraft operators, while allowing FROR as 14% to be charged by airport operator on accredited GH



agencies, finally winning contract based on professional merit, through process of equitable distribution in a transparent and fair manner.

- 16.3.7 BAOA commented that 'housing charges' are double of the parking charges and levied on 'per hour basis for use of hangar facility at an operational public airport, it is mandatory for final AERA order to clearly specify 'housing charges' with annotation 'for parking for aircraft in hangar on per hour basis. "This would help apply 'housing charges' at public airport when hangar facility is used for 'line maintenance or 'continuous airworthiness maintenance' activities of a currently flying aircraft. Presently 'housing charges' being determined by AERA are being confused with hangars meant for MRO work, which are to be leased for long duration of time".

GMR Airports Limited's comments on Annual Tariff Proposal for the First Control Period:

- 16.3.8 GMR Airports Limited had submitted that with regard to submission of fresh application for tariff determination by operator selected through competitive bidding, a 10% reduction has been proposed in the Consultation Paper in case of delay in filing. It was further submitted by them that for a private player, there is high dependency on AAI for the past data which will form the basis for determination of tariff for the private airport. A delay due to this would penalize the private operator. GMR Airports Limited suggested that such a huge deterrent may not be levied as a precondition.

AAI's counter comments and response to stakeholder comments regarding Annual Tariff Proposal for the First Control Period:

Subsequent to the Stakeholder comments received by AAI as part of Stakeholder Consultation process, AAI's response to the various stakeholder comments with respect to Annual Tariff Proposal for the First Control Period are presented below:

AAI's response to FIA's comments regarding Annual Tariff Proposal for the First Control Period

- 16.4.1 AAI does not agree with views of FIA for no increase in Aeronautical tariff in the First Control Period as it may lead to steep hike in charges in second control period. AERA is requested to change the date of implementation tariff for all revenue streams w.e.f. 1.1.2021 in order to meet the cash flow requirement of AAI necessitated due to Covid-19 pandemic situations.
- 16.4.2 Copy of the AIC SI No. 15/2019 dated 19.06.2019 for the decision contained in the Ministry of Civil Aviation Letter No. AV.13024/659/2015-AS dated 13.06.2019 is shared by AAI with FIA.

AAI's response to BAOA's comments regarding Annual Tariff Proposal for the First Control Period

- 16.4.3 In the matter of housing charges, AAI has replied that no housing charges have been presented in the Consultation Paper.
- 16.4.4 In the matter of ground handling charges, AAI has requested the Authority to offer its view.

Authority's examination and decisions regarding Annual Tariff Proposal for the First Control Period:

- 16.5.1 The Authority has carefully examined the comments raised by FIA and AAI, dealt with them in the relevant chapters, and has decided that the new tariff should be implemented with effect from April 1, 2021, in order to safeguard the interest of all the stakeholders and avoid any steep increase in tariff in the Second Control Period.



- 16.5.2 The Authority has reviewed the comments raised by FIA in their letter under Annex A and has addressed all these comments/ issues under the respective chapters.
- 16.5.3 AERA determines Ground Handling charges of the Independent Service Provider (ISP), to whom the Ground Handling work has been awarded. Presently, there is no ISP agency at Raipur Airport and the Ground Handling work is done by the Airlines themselves. AERA will determine Ground Handling charges for the ISPs to whom the contract for Ground Handling is awarded by the Airport Operator and look into the concerns raised by BAOA, at the time of determination of tariff of the ISP/ Ground Handling Agency.
- 16.5.4 There are no Housing charges that are levied as per the Tariff Card issued by the Authority (Refer Annexure 1 of this Tariff Order for details) with effect from April 1, 2021. The existing housing charges for parking of aircraft in the hangar on hourly basis is applicable only till March 31, 2021.
- 16.5.5 In the interest of the passengers, the Authority wants to determine tariff within a year of privatization of the Airport. Hence, the Authority decides to reduce the tariff by 10% if there is any delay in filing a fresh application for determination of tariff. Tariff is presently determined based on financials of AAI and those would change post-privatization of the Airport.
- 16.5.6 The Authority has re-computed the surplus/ shortfall from its Aeronautical charges (in accordance with the increase in tariff rates as mentioned under para 13.2.4 in this Tariff Order), taking into consideration the revised ARR as per Table 45 and the same is reproduced below:

Table 53: Computation of shortfall or surplus from proposed Aeronautical charges by the Authority

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2020-21	2021-22	2022-23	2023-24	2024-25	
Total PV of ARR including true-up	290.44					
Landing charges:	7.89	14.87	19.62	23.92	29.16	95.46
Parking and housing charges:	0.02	0.04	0.05	0.06	0.07	0.24
Revenue from Extension of Watch Hours	0.25	0.06	0.06	0.06	0.07	0.5
Land Lease - Oil Companies (₹ Crores)	0.42	0.58	0.83	0.89	0.96	3.68
Ground handling charges (₹ Crores)	0.29	0.38	0.46	0.52	0.6	2.25
CUTE charges (₹ Crores)	1.3	1.69	2.03	2.33	2.68	10.03
Cargo Revenue (₹ Crores)	0.36	0.48	0.56	0.64	0.7	2.74
Total Aeronautical Revenue (₹ Crores) - before UDF	10.53	18.1	23.61	28.42	34.24	114.9
PV factor	1.00	0.87719	0.76947	0.67497	0.59208	
PV of Aeronautical revenue (before UDF)	10.53	15.88	18.17	19.18	20.27	84.03
∑ PV of above	84.03					
Shortfall before UDF (a)	(206.42)					
UDF/ PSF (F)	5.71	48.22	57.86	66.48	76.39	254.66
PV of UDF	5.71	42.30	44.52	44.87	45.23	182.63
∑ PV of UDF (b)	182.63					
Surplus/ (Shortfall) (a-b)	(23.78)					

- 16.5.7 The Authority decides to carry forward the revised shortfall of ₹ 23.78 crores (as per Table 53) to the Second Control Period. However, the above shortfall will be adjusted based on the Aeronautical



revenue achieved by the Raipur Airport in line with the actual traffic data of the First Control Period.

16.6. **Authority's Decisions regarding Tariff Rate Card for the First Control Period**

Based on the material before it and its analysis, the Authority has decided the following:

- 16.6.1 The Authority decides to approve the tariff for the First Control Period for Raipur Airport as given in the Tariff Card annexed as Annexure 1.
- 16.6.2 The Authority decides that the tariff for International Operations during the First Control Period, if any, at Raipur Airport will be the same as applicable to the Domestic Operations.



CHAPTER 17. SUMMARY OF AUTHORITY'S DECISIONS

The below mentioned provides a summary of the Authority's decisions (given under each Chapter) regarding the tariff determination for the First Control Period for Raipur Airport:

- Chapter 2, 2.6.1 The Authority decides to determine Aeronautical tariff for Raipur Airport for the First Control Period on "hybrid till" basis.
- Chapter 3, 3.5.1 The Authority decides not to consider the revenues from AAICLAS and ANS while determining Aeronautical tariff for the Raipur Airport.
- Chapter 4, 4.6.1 The Authority decides to consider the passenger traffic and ATM for the First Control Period for Raipur Airport as per Table 5.
- Chapter 4, 4.6.2 The Authority decides that subject to the terms and conditions of the privatization of Raipur Airport, it will consider to true-up the traffic volume (passenger and ATM) based on the actual traffic in the First Control Period while determining tariff for the Second Control Period.
- Chapter 5, 5.6.1 The Authority decides to consider the allocation of gross block of assets as on April 1, 2019 between Aeronautical and Non-aeronautical assets as detailed in Table 10.
- Chapter 6, 6.4.1 The Authority decides to consider the Initial Regulatory Asset Base (RAB) for the First Control Period for Raipur Airport as ₹128.86 crores in accordance with Table 13.
- Chapter 7, 7.6.1 The Authority decides to adopt the capitalisation of Aeronautical expenditure for the First Control Period in accordance with Table 17.
- Chapter 7, 7.6.2 The Authority has decided that subject to the terms and conditions of privatization of Raipur Airport, it will consider to true-up the Capital expenditure incurred based on actual costs subject to the normative approach at the time of determination of tariff for the Second Control Period.
- Chapter 8, 8.6.1 The Authority decides to adopt depreciation rates for Raipur Airport as per Table 21 for the First Control Period.
- Chapter 8, 8.6.2 The Authority decides to consider depreciation amounts for the First Control Period as per Table 22
- Chapter 9, 9.4.1 The Authority decides to consider average RAB for the First Control Period for Raipur Airport as per Table 24.
- Chapter 10, 10.6.1 The Authority decides to consider FRoR for Raipur Airport for the First Control Period as per Table 25.
- Chapter 11, 11.6.1 The Authority decides to consider Non-aeronautical revenues for the First Control Period for Raipur Airport in accordance with Table 28.
- Chapter 12, 12.6.1 The Authority decides to consider Operation and Maintenance expenses for the First Control Period for Airport as per Table 35.
- Chapter 12, 12.6.2 The Authority decides to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21.




- Chapter 13, 13.6.1 The Authority decides to consider Aeronautical revenues for the First Control Period for Raipur Airport as per Table 38.
- Chapter 14, 14.6.1 The Authority decides to consider the tax expense for the First Control Period for Raipur Airport as per Table 42.
- Chapter 14, 14.6.2 It is noted that AAI has pays tax based on profits of all the airports taken together. The Authority decides to true-up the tax based on actual payment during the next Control Period.
- Chapter 15, 15.6.1 The Authority decides to consider the ARR and Yield for the First Control Period for Raipur Airport in accordance with Table 45.
- Chapter 16, 16.6.1 The Authority decides to approve the tariff for the First Control Period for Raipur Airport as given in the Tariff Card annexed as Annexure 1.
- Chapter 16, 16.6.2 The Authority decides that the tariff for International Operations during the First Control Period, if any, at Raipur Airport will be the same as applicable to the Domestic Operations.



CHAPTER 18. ORDER

- 18.1 In exercise of power conferred by section 13 (1) (a) of the AERA Act, 2008 and based on the above decisions, the Authority hereby determines the Aeronautical tariff to be levied at Raipur Airport for the First Control Period from 01.04.2020 to 31.03.2025, as placed at Annexure 1. These rates will be effective from April 1, 2021.
- 18.2 In exercise of powers conferred by Section 13 (1) (b) of the AERA Act, 2008, read with Rule 89 of the Aircraft Rules, 1937, the Authority hereby determines the rate of UDF as indicated in the rate cards at Annexure 1 for the current Control Period. The rates will be effective from April 1, 2021.
- 18.3 The tariff determined herein are ceiling rates, exclusive of taxes, if any.

By the Order and in the name of the Authority


(Col. Manu Sooden)
Secretary

To,

The Chairman
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110003

Copy to:

1. **Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003.**
2. **Directorate General of Civil Aviation, for issue of AIC.**



Annexure 1 – Tariff card for Raipur Airport for the First Control Period approved by the Authority

**RATE CARD FOR AAI RAIPUR AIRPORT - FOR
AERONAUTICAL SERVICES FOR THE
FIRST CONTROL PERIOD (FY 2020-21 to 2024-25)**

The Existing tariff (Landing charges, Parking charges, Housing charges, UDF, Charges for extension of watch hours) shall continue up to March 31, 2021

APPROVED TARIFF EFFECTIVE FROM APRIL 1, 2021

Note: Tariff for International Operations during the First Control Period, if any, will be same as applicable to Domestic Operations.

I. LANDING CHARGES

(I) Landing Charges (FY 2021-2022)	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)*
Up to 25 MT	181.10 per MT
Above 25 MT up to 50 MT	4,527.50 + 326.00 per MT in excess of 25 MT
Above 50 MT up to 100 MT	12,677.50 +336.10 per MT in excess of 50 MT
Above 100 MT to 200 MT	29,482.50+340.00 per MT in excess of 100 MT
Above 200 MT	63,482.50+328.10 per MT in excess of 200 MT

(I) Landing Charges (FY 2022-2023)	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)*
Up to 25 MT	199.20 per MT
Above 25 MT up to 50 MT	4,980 + 358.60 per MT in excess of 25 MT
Above 50 MT up to 100 MT	13,945 +369.70 per MT in excess of 50 MT
Above 100 MT to 200 MT	32,430 + 374.00 per MT in excess of 100 MT
Above 200 MT	69,830 +360.90 per MT in excess of 200 MT

(I) Landing Charges (FY 2023-2024)	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)*
Up to 25 MT	211.20 Per MT
Above 25 MT up to 50 MT	5,280 + 380.10 per MT in excess of 25 MT
Above 50 MT up to 100 MT	14,782.50+391.90 per MT in excess of 50 MT



(I) Landing Charges (FY 2023-2024)	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)*
Above 100 MT to 200 MT	34,377.50 + 396.40 per MT in excess of 100 MT
Above 200 MT	74,017.50+ 382.60 per MT in excess of 200 MT

(I) Landing Charges (FY 2024-2025)	
Weight of the Aircraft	Proposed Rate Per Landing (In INR)*
Up to 25 MT	223.90 Per MT
Above 25 MT up to 50 MT	5,597.5 + 402.90 per MT in excess of 25 MT
Above 50 MT up to 100 MT	15,670 + 415.40 per MT in excess of 50 MT
Above 100 MT to 200 MT	36,440 + 420.20 per MT in excess of 100 MT
Above 200 MT	78,460 + 405.60 per MT in excess of 200 MT

* Landing charges have been computed on an average basis, by applying the one- time increase of 45% in the FY 2021-22, an increase of 10% in the FY 2022-23 and a 6% increase on a compounded basis each year up to FY 2024-25.

1. No Landing charges shall be payable in respect of a) aircraft with a maximum certified Capacity of less than 80 seats, being operated by domestic schedule operators at airport and b) helicopters of all types C) DGCA approved Flying school/flying training institute aircrafts.
2. All domestic legs of International routes flown by Indian Operators will be treated as Domestic flights as far as landing charges is concerned, irrespective of flight number Assigned to such flights.
3. Charges shall be calculated on the basis of nearest MT (i.e. 1,000 kg).
4. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.

II. PARKING CHARGES

Proposed Rates (In INR) (FY 2021-22)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)*	Parking Charges per Hour (beyond four hours)
Up to 25 MT	2.50 Per Hour Per MT	5.00 Per Hour Per MT
Above 25 MT up to 50 MT	62.50 + 3.90 per MT per Hour in excess of 25 MT	125.00 + 7.80 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	160.00 + 4.70 per MT per Hour in excess of 50 MT	320.00 + 9.40 per MT per Hour in excess of 50 MT
Above 100 MT up to 200 MT	395.00 + 7.50 per MT per Hours in excess of 100 MT	790.00 + 15.00 per MT per Hours in excess of 100 MT
Above 200 MT	1145.00 + 7.70 per MT per Hours in excess of 200 MT	2290 + 15.40 per MT per Hours in excess of 200 MT



Proposed Rates (In INR) (FY 2022-23)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)*	Parking Charges per Hour (beyond four hours)
Up to 25 MT	2.80 Per Hour Per MT	5.60 Per Hour Per MT
Above 25 MT up to 50 MT	70. + 4.30 per MT per Hour in excess of 25 MT	140.00 + 8.60 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	177.5 + 5.20 per MT per Hour in excess of 50 MT	355.00 + 10.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	437.50 + 8.30 per MT per Hours in excess of 100 MT	875.00 + 16.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,267.5 + 8.50 per MT per Hours in excess of 200 MT	2,535 + 17.00 per MT per Hours in excess of 200 MT

Proposed Rates (In INR) (FY 2023-24)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)*	Parking Charges per Hour (beyond four hours)
Up to 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75 + 4.60 per MT per Hour in excess of 25 MT	150.00 + 9.20 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	190 + 5.50 per MT per Hour in excess of 50 MT	380 + 11 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	465 + 8.80 per MT per Hour in excess of 100 MT	930.00 + 17.60 per MT per Hour in excess of 100 MT
Above 200 MT	1,345 + 9.00 per MT per Hour in excess of 200 MT	2,690 + 18.00 per MT per Hour in excess of 200 MT

Proposed Rates (In INR) (FY 2024-25)		
Weight of the Aircraft	Parking Charges per Hour (First two hours after free parking period)*	Parking Charges per Hour (beyond four hours)
Up to 25 MT	3.20 Per Hour Per MT	6.40 Per Hour Per MT
Above 25 MT up to 50 MT	80 + 4.90 per MT per Hour in excess of 25 MT	160.00 + 9.80 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	202.50 + 5.80 per MT per Hour in excess of 50 MT	405 + 11.60 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	492.50 + 9.30 per MT per Hours in excess of 100 MT	985.00 + 18.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,422.50 + 9.50 per MT per Hours in excess of 200 MT	2,845 + 19.00 per MT per Hours in excess of 200 MT



* Parking charges have been computed on an average basis, by applying the one-time increase of 45% in the FY 2021-22, an increase of 10% in the FY 2022-23 and a 6% increase on a compounded basis each year up to FY 2024-25.

Notes:

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
6. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Raipur Airport if the State Government has brought the rate of tax (VAT) on ATF < 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs.) will be made applicable from the date of implementation of < 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.
7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
8. For unauthorized overstay of aircraft an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable.

III. USER DEVELOPMENT FEES (UDF)

Passenger	UDF (per embarking passenger) On tickets issued on or after April 1, 2021 (Rate from April 1, 2021 to March 31, 2025)
Domestic	₹ 500

PSF (F) is proposed to be subsumed in the UDF.

Notes:

- a) Collection charges: if the payment is made in accordance with the period prescribed under credit policy of AAI, then collection charges at ₹ 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 prescribed credit period or in case of part payment.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after April 1, 2021.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.



IV. Extension of watch hours (w.e.f. April 1, 2021)

Charge for extension of Watch Hour beyond designated watch hours irrespective of the weight of the aircraft is categorized as follows:

Extension of Watch Hour (ILS STATION)	Approved Rates (per hour) in INR
Average Revenue per ATM (Dom) ₹	15,543

Concessional rates per hour (in ₹) - AAI Airport (w.e.f. April 1, 2021)

Type of user	% of Normal rates	ILS (ILS provided by AAI) in INR
Helicopter	10	1,554
Aircraft up-to MTOW 10,000 Kgs.	20	3,109
Aircraft up-to MTOW having MTOW more than 10,000 Kgs. but less than 20,000 Kgs.	40	6,217
<p>1. A Concession to small domestic aircrafts, helicopters and aircrafts used for training purposes by approved Flying schools/ Flying training institutes on the extension of watch hour charges irrespective of whether the flying rules followed are VFR and IFR.</p> <p>2. 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 and NCC.</p> <p>3. The charges are payable at the Airports where extension is availed at the time of landing / taking off as the case may be.</p> <p>4. When the two aircraft use the facility at the same time, Charges for Extension of Watch Hours for each Airline/aircraft should be charged separately and no sharing of charges between the Users is permissible.</p> <p>5. Fraction of hours may be rounded off to the next half an hour and charged accordingly.</p> <p>6. 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.</p> <p>7. Any extension of Watch 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.</p> <p>8. No charges will be levied for extension of Watch hours due to inescapable delays because of runway block/VVIP Movements/weather conditions at the station.</p> <p>9. If an Operator, after obtaining approval of AAI for extension of Watch 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 Charges for Extension of Watch Hours for a period of 4 hours as penalty.</p> <p>10. The charges for Extension of Watch Hours shall be levied as per revised rates per hour basis for a minimum period of one hour.</p> <p>11. The Charges indicated above are only for the services rendered by AAI.</p> <p>12. The Charges for Extension of Watch Hours are applicable to the airports which are having designated watch hours.</p>		



V. **Aviation Security Fee:** Applicable as prescribed by MoCA on time to time.

VI. **Exemption from levy and collection from UDF/ASF at the Airports**

The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI and vide Letter no. AV.13024/659/2015-AS dated 30.11.2011 and 13.06.2019 respectively has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF.

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

VII. **GENERAL CONDITION:**

- a) All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.
- b) Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2016-17 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GOI.

