

**File No. AERA/20010/MYTP/AAI/Raipur/CP-I/2020-21**

**Consultation Paper No. 34/2020-21**



**Airports Economic Regulatory Authority of India**

**In the matter of determination of Aeronautical tariffs in respect of  
Swami Vivekananda Airport, Raipur (RPR) for the  
First Control Period (April 1, 2020 to March 31, 2025)**

**18<sup>th</sup> September, 2020**

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Administrative Complex  
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## **STAKEHOLDERS' COMMENTS**

The Authority is aware of the fact that the Aviation Sector is undergoing unprecedented turbulence and uncertainty on account of the COVID-19 pandemic and the associated lockdown situation in the major cities around the world has resulted in restrictions in air travel, both domestic and international. The Authority has released this Consultation Paper, after examining the impact of COVID-19 pandemic on the various assumptions stipulated in the Multi Year Tariff Proposal ('MYTP') submitted by the Airport Operator. Accordingly, the Authority's opinion on the various aspects forming part of the tariff determination process has been explained in detail in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 34/2020-21 dated 18/09/2020 are invited from the stakeholders, preferably in electronic form at the following address:

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**Last Date for submission of comments: 18.10.2020**

**Last Date for submission of counter comments: 28.10.2020**

Comments and counter comments will be posted on AERA's website: [www.era.gov.in](http://www.era.gov.in).

For any clarification/ information, Director (P&S, Tariff) may be contacted at Telephone Number: Tel: 011-24695044-47.

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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 & 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
DGCA	Directorate General of Civil Aviation
E&M	Electrical & Mechanical
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
GoI	Government of India
GST	Goods and Services Tax
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 & Commissioning
UDF	User Development Fees
YPP	Yield Per Passenger

## 1. INTRODUCTION

- 1.1 Swami Vivekananda Airport, Raipur (RPR or ‘Raipur Airport’) is the primary airport serving the state of Chhattisgarh, India. The airport located at Mana between Raipur and Naya Raipur, is currently 28<sup>th</sup> and 27<sup>th</sup> busiest airport<sup>1</sup> in India by passengers handled and by aircraft movement, respectively. 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 movement (‘ATM’).
- 1.2 Technical and terminal building details of Swami Vivekananda Airport, Raipur 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	24 hours
Terminal building details (domestic)	
Particulars	Details
Terminal building area	<b>19,955 sq.mt.</b> - 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.

- 1.3 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) doesn’t 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 tariffs for Raipur Airport to provide a transparent view to the various bidders, as the same is proposed for leasing in the 2nd phase of PPP 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 that

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

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 situation.

- 1.4 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 applicable tariffs shall be reduced by 10% till fresh application for tariff determination is submitted by the Concessionaire.***
- 1.5 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.
- 1.6 AAI had submitted its Multi-Year Tariff Proposal ('MYTP') originally on March 19, 2020 to AERA ('the Authority') for determination of Aeronautical tariffs 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 and with the perspective of encouraging investors in airport facilities for efficient, economic & 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. The ensuing chapters in this Consultation Paper present the Authority's review of the revised MYTP submitted by AAI. The Authority's position on various building blocks are based on the final submission made by AAI including their inputs on the queries raised by the Authority.

## **2. TARIFF SETTING PRINCIPLES**

- 2.1 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 tariffs 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 tariffs using Hybrid Till methodology.
- 2.2 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.
- 2.3 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<sub>t</sub> is the Aggregate Revenue Requirement for tariff year ‘t’

FRoR is the Fair Rate of Return for the Control Period

RAB<sub>t</sub> is the Aeronautical Regulatory Asset Base for tariff year ‘t’

D<sub>t</sub> is the Depreciation corresponding to the Regulatory Asset Base for tariff year ‘t’

O<sub>t</sub> is the Aeronautical Operation and Maintenance expenditure for the tariff year ‘t’

T<sub>t</sub> 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<sub>t</sub> is the Non-Aeronautical Revenue in tariff year ‘t’.

- 2.4 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<sub>t</sub>) 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<sub>t</sub> is the passenger traffic in year ‘t’.

- 2.5 All the figures presented in this Consultation Paper, have been rounded off up to two decimals.



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

- 3.1 AAI submitted revised MYTP on June 1, 2020 to the Authority for determination of tariffs for the First Control Period (April 1, 2020 to March 31, 2025) on the basis of Hybrid Till.
- 3.2 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 consultation paper discusses the determination of tariffs for Aeronautical services at the airport excluding ANS.
- 3.3 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.
- 3.4 This consultation paper discusses the determination of tariffs 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.
- 3.5 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 tariffs.

#### 4. TRAFFIC FORECAST

4.1 The historical traffic<sup>2</sup> 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	-
<b>Past 10-year CAGR</b>	<b>17.0%</b>	-	<b>8.0%</b>	-
<b>Past 5-year CAGR</b>	<b>18.0%</b>	-	<b>15.0%</b>	-
<b>Past 3-year CAGR</b>	<b>14.9%</b>	-	<b>15.0%</b>	-

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

*Table 3: Traffic growth rates proposed by AAI as per initial submission*

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
<b>Growth rates</b>						
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%
<b>Traffic</b>						
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

4.3 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.

<sup>2</sup> Source: Traffic News from AAI website

### **Authority's examination:**

4.4 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*

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

4.5 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 profile and ATM.

4.6 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.

#### **4.7 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 study and analysis by the following agencies on the impact of COVID-19 pandemic on the Aviation sector:

##### **4.7.1 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%).*

##### **4.7.2 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.*

#### 4.7.3 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.

#### 4.8 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 FY 2021-22 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 proposes to use 3-year CAGR for estimating Passenger traffic and ATM for the last 2 years of the First Control Period (FY 2023-24 & FY 2024-25).

4.9 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*

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
<b>Growth rates</b>						
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%
2024-25	14.90%	NA	14.90%	15.00%	NA	15.00%
<b>Traffic</b>						
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

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
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

4.10 The Authority proposes 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.

***Proposal No. 1: Regarding traffic forecast***

- 1.a. The Authority proposes to consider the passenger traffic and ATM for the First Control Period for Raipur Airport as per Table 5.
- 1.b. The Authority proposes to true-up the traffic volume (passenger and ATM) on the basis of actual traffic in the First Control Period while determining tariff for the Second Control Period.

## **5. ALLOCATION OF ASSETS BETWEEN AERONAUTICAL AND NON-AERONAUTICAL**

- 5.1 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 with regard to only Aeronautical assets need to be considered as part of RAB.
- 5.2 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:
- a) **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.
  - b) **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.
  - c) **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.
- 5.3 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*

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

5.4 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	% Aeronau- tical
						Aero- nautical	Non- Aerona- tical		
	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 & 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 & 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 & Fixtures: Other Than Trolley	1.51	-	0.02	1.49	-	-	-	1.49	98.68%
Furniture & 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 & Machinery	9.72	2.13	-	7.59	-	-	-	7.59	78.09%
R/W, T/Way & Apron	80.64	-	-	80.64	-	-	-	80.64	100.00%
Residential Building	4.12	1.12	-	3.00	-	-	-	3.00	72.82%
Road, Bridge & 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 & 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%
<b>Total</b>	<b>318.26</b>	<b>12.33</b>	<b>2.50</b>	<b>200.35</b>	<b>103.08</b>	<b>93.84</b>	<b>9.24</b>	<b>294.19</b>	<b>92.44%</b>

### **Authority’s examination:**

- 5.5 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 Consultation Paper, the MoCA has asked AERA to determine the Aeronautical tariffs for Raipur Airport by declaring it as “Major Airport”. The reason attributed for this decision is that Raipur Airport is proposed to be privatized in next round of PPP leasing by AAI. 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 and including FY 2019-20 under the regulatory ambit.
- 5.6 AAI has submitted the details of common asset 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).
- 5.7 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*

<b>S. No.</b>	<b>Category</b>	<b>Area (sq.mt.)</b>
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
	<b>Total Non-Aeronautical area (1)</b>	<b>1,789.75</b>
	<b>Total area of terminal (2)</b>	<b>19,955.51</b>
	<b>Terminal non-Aeronautical area ratio (=1/2)</b>	<b>8.97%</b>
	<b>Terminal Aeronautical area ratio (= 100% – non-Aeronautical %)</b>	<b>91.03%</b>

- 5.8 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.
- 5.9 The Authority verified the above working, with details of exact area given to various entities – commercial, airlines, and regulatory & 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 in similar airports.



5.10 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*

(₹ 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%

5.11 On the basis of above observations, the Authority proposes the allocation of gross block of assets in accordance with the Table 10.

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

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 & 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 & 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 & Fixtures: Other than Trolley	1.51	-	0.02	1.49	-	-	-	1.49	98.68%
Furniture & 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 & Machinery	9.72	2.13	-	7.59	-	-	-	7.59	78.09%
R/W, T/Way & Apron	80.64	-	-	80.64	-	-	-	80.64	100.00%
Residential Building	4.12	1.12	-	3.00	-	-	-	3.00	72.82%
Road, Bridge & 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 & 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%
<b>Total</b>	<b>318.26</b>	<b>12.33</b>	<b>2.50</b>	<b>200.35</b>	<b>103.08</b>	<b>93.84</b>	<b>9.24</b>	<b>294.19</b>	<b>92.44%</b>

***Proposal No. 2: Regarding allocation of assets between Aeronautical and Non-Aeronautical***

2.a. The Authority proposes the allocation of gross block of assets as on April 1, 2019 between Aeronautical and Non-Aeronautical assets as detailed in Table 10.

## 6. INITIAL REGULATORY ASSET BASE

6.1 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 & 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 & Servers	0.53	0.53	0.00
Electrical Installation	49.76	32.12	17.64
Furniture & Fixtures: Other than Trolley	1.47	1.37	0.10
Furniture & 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 & Machinery	7.59	3.80	3.79
R/W, T/Way & Apron	23.34	20.64	2.70
Residential Building	3.00	1.21	1.79
Road, Bridge & 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 & 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
<b>Total</b>	<b>219.30</b>	<b>130.60</b>	<b>88.70</b>

### **Authority's examination:**

6.2 The initial RAB as on April 1, 2019 and April 1, 2020 has been computed by the Authority based on opening Aeronautical assets as on April 1, 2018 and April 1, 2019, addition to the assets and depreciation for FY 2018-19 and FY-2019-20, respectively. 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*

<b>Asset category</b>	<b>Opening gross block on April 1, 2018</b>	<b>Accumulated depreciation</b>	<b>Opening net block on April 1, 2018</b>	<b>Addition for FY 2018-19*</b>	<b>Depreciation FY 2018-19</b>	<b>Opening net block on April 1, 2019</b>
Boundary Wall	0.17	0.08	0.09	0.00	0.01	0.08
CFT & 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 &	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 & Fixtures:	1.47	1.37	0.10	0.02	0.03	0.09
Furniture & 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 & Machinery	7.59	3.80	3.79	0.00	0.83	2.96
R/W, T/Way & 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 & 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 & 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
<b>Total</b>	<b>219.30</b>	<b>130.60</b>	<b>88.70</b>	<b>74.88</b>	<b>27.74</b>	<b>135.84</b>

*\* 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*

(₹ Crores)

Asset category	Opening net block on April 1, 2019	Addition for FY 2019-20	Depreciation FY 2019-20	Opening net block on April 1, 2020
Boundary Wall (Residential)	0.08	-	0.01	0.07
CFT & Fire Fighting Equipment	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 & Servers	0.00	-	-	-
Electrical Installation	13.25	0.71	4.64	9.32
Furniture & Fixtures: Other	0.09	-	0.02	0.07
Furniture & 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 & Machinery	2.96	-	0.51	2.45
R/W, T/Way & Apron	52.11	-	2.02	50.09
Residential Building	1.64	-	0.10	1.54
Road, Bridge & 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 & 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
<b>Total</b>	<b>135.84</b>	<b>7.17</b>	<b>14.15</b>	<b>128.86</b>

***Proposal No. 3: Regarding Initial RAB***

- 3.a. The Authority proposes 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.

## 7. CAPITAL EXPENDITURE FOR THE FIRST CONTROL PERIOD

7.1 AAI has proposed the total expenditure of ₹ 54.28 Crores (from FY 2020-21 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	-	-	-	-
<b>Runways, Taxiway &amp; Aprons</b>	<b>6.12</b>	<b>6.12</b>	<b>100%</b>			<b>6.12</b>				
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	-	-	-	-	-
<b>Road, Bridges &amp; Culverts</b>	<b>5.82</b>	<b>5.82</b>	<b>100%</b>		<b>2.97</b>	<b>2.85</b>				
Construction of fixed finger Rotunda- civil work	1.21	1.21	100%	Mar-21	-	1.21	-	-	-	-
Augmentation of parking Area & covering of walkway with tensile fabric in front of NITB	2.03	2.03	100%	Mar-21	-	2.03	-	-	-	-
<b>Terminal Building</b>	<b>3.24</b>	<b>3.24</b>	<b>100%</b>			<b>3.24</b>				
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	-	-	-	-
<b>Boundary wall - operational</b>	<b>4.04</b>	<b>4.04</b>	<b>100%</b>		<b>1.07</b>	<b>2.97</b>				
Construction of Fire station, Medical	12.77	12.77	100%	Dec-20	-	12.77	-	-	-	-

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
emergency centre Fire drill tower										
<b>Other building</b>	<b>12.77</b>	<b>12.77</b>	<b>100%</b>			<b>12.77</b>				
SITC of Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System (AVDGS)	2.64	2.64	100%	Mar-21	-	2.64	-	-	-	-
<b>Plant &amp; Machinery</b>	<b>2.64</b>	<b>2.64</b>	<b>100%</b>			<b>2.64</b>				
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	-	-	-	-
<b>Tools and Equipment</b>	<b>13.14</b>	<b>13.14</b>	<b>100%</b>			<b>13.14</b>				
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	-	-	-	-
<b>Electrical installation</b>	<b>7.08</b>	<b>7.08</b>	<b>100%</b>			<b>7.08</b>				
219 XBIS	1.02	1.02	100%	Mar-21	-	1.02	-	-	-	-
<b>X-Ray Baggage System</b>	<b>1.02</b>	<b>1.02</b>	<b>100%</b>			<b>1.02</b>				
Others (less than ₹ 1 crore)	5.58	5.62	99.28%		3.13	2.25	0.20	-	-	-
<b>Total</b>	<b>61.45</b>	<b>61.49</b>	<b>99.93%</b>		<b>7.17</b>	<b>54.08</b>	<b>0.20</b>	-	-	-

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.

7.2 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 & Aprons	6.12	-	-	-	-	<b>6.12</b>
Road, Bridges & Culverts	2.95	-	-	-	-	<b>2.95</b>
Building- Terminal	3.24	-	-	-	-	<b>3.24</b>
Building – Temporary	-	-	-	-	-	<b>0</b>
Building – Residential	0.05	-	-	-	-	<b>0.05</b>
Security Fencing – Temporary	-	-	-	-	-	<b>0</b>
Boundary Wall -Operational	2.97	-	-	-	-	<b>2.97</b>
Boundary Wall – Residential	-	-	-	-	-	<b>0</b>
Other Buildings-Unclassified	13.06	0.05	-	-	-	<b>13.11</b>
Computers End Users	-	-	-	-	-	<b>0</b>
Computers: Servers and Networks	-	-	-	-	-	<b>0</b>
Intangible Assets- Software	-	-	-	-	-	<b>0</b>
Plant & Machinery	2.64	-	-	-	-	<b>2.64</b>
Tools & Equipment	13.72	0.09	-	-	-	<b>13.81</b>
Office Furniture	-	-	-	-	-	<b>0</b>
Vehicles	0.44	-	-	-	-	<b>0.44</b>
Vehicle- Cars & Jeeps	-	-	-	-	-	<b>0</b>
Electrical Installations	7.42	0.06	-	-	-	<b>7.48</b>
Solar Plant	-	-	-	-	-	<b>0</b>
Other Office equipment	-	-	-	-	-	<b>0</b>
Furniture & Fixtures-Other than Trolley	-	-	-	-	-	<b>0</b>
Furniture & Fixtures- Trolley	0.45	-	-	-	-	<b>0.45</b>
X Ray Baggage System	1.02	-	-	-	-	<b>1.02</b>
CFT/Fire Fighting Equipment	-	-	-	-	-	<b>0</b>
<b>Total</b>	<b>54.08</b>	<b>0.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.28</b>



### **Authority's examination:**

- 7.3 Consequent to the lockdown imposed due to the COVID-19 pandemic, it is noted that the AUCC meeting could not be conducted. Accordingly, the outcome of such a meeting is not a matter for discussion in this Consultation Paper.
- 7.4 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.
- 7.5 The Authority examined the rationale behind the proposed capital expenditure of ₹ 54.28 Crores for the First Control Period, along with its status.
- 7.6 The Authority has also test-checked the above capital expenditure proposed by AAI with administrative approval, sanctioning of expenditure, letters of award as applicable.

7.7 In accordance with the above, the Authority proposes the capital expenditure for the First Control Period as per the table below:

*Table 16: Capital expenditure as proposed by the Authority for the 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	-	-	-	-
<b>Runways, Taxiway &amp; Aprons</b>	<b>6.12</b>	<b>6.12</b>	<b>100%</b>			<b>6.12</b>				
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	-	-	-	-	-
<b>Road, Bridges &amp; Culverts</b>	<b>5.82</b>	<b>5.82</b>	<b>100%</b>		<b>2.97</b>	<b>2.85</b>				
Construction of fixed finger Rotunda- civil work	1.21	1.21	100%	Mar-21	-	1.21	-	-	-	-
Augmentation of parking Area & covering of walkway with tensile fabric in front of NITB	2.03	2.03	100%	Mar-21	-	2.03	-	-	-	-
<b>Terminal Building</b>	<b>3.24</b>	<b>3.24</b>	<b>100%</b>			<b>3.24</b>				
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	-	-	-	-
<b>Boundary wall - operational</b>	<b>4.04</b>	<b>4.04</b>	<b>100%</b>		<b>1.07</b>	<b>2.97</b>				
Construction of Fire station, Medical emergency centre Fire drill Tower	12.77	12.77	100%	Dec-20	-	12.77	-	-	-	-
<b>Other building</b>	<b>12.77</b>	<b>12.77</b>	<b>100%</b>			<b>12.77</b>				

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
SITC of Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System (AVDGS).	2.64	2.64	100%	Mar-21	-	2.64	-	-	-	-
<b>Plant &amp; Machinery</b>	<b>2.64</b>	<b>2.64</b>	<b>100%</b>			<b>2.64</b>				
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	-	-	-	-
<b>Tools and Equipment</b>	<b>13.14</b>	<b>13.14</b>				<b>13.14</b>				
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	-	-	-	-
<b>Electrical installation</b>	<b>7.08</b>	<b>7.08</b>	<b>100%</b>			<b>7.08</b>				
219 XBIS	1.02	1.02	100%	Mar-21	-	1.02	-	-	-	-
<b>X-Ray Baggage System</b>	<b>1.02</b>	<b>1.02</b>	<b>100%</b>			<b>1.02</b>				
Others (less than ₹ 1 crore)	5.58	5.62	99.28%		3.13	2.25	0.20	-	-	-
<b>Total</b>	<b>61.45</b>	<b>61.49</b>	<b>99.93%</b>		<b>7.17</b>	<b>54.08</b>	<b>0.20</b>	<b>-</b>	<b>-</b>	<b>-</b>

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.

7.8 Accordingly, the Authority proposes the aeronautical capitalization for the First Control Period (grouped at asset block level) as per the table below:

*Table 17: Aeronautical Capitalization (asset block level) proposed by the Authority 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 & Aprons	6.12	-	-	-	-	6.12
Road, Bridges & 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 & Machinery	2.64	-	-	-	-	2.64
Tools & Equipment	13.72	0.09	-	-	-	13.81
Office Furniture	-	-	-	-	-	0
Vehicles	0.44	-	-	-	-	0.44
Vehicle- Cars & Jeeps	-	-	-	-	-	0
Electrical Installations	7.42	0.06	-	-	-	7.48
Solar Plant	-	-	-	-	-	0
Other Office equipment	-	-	-	-	-	0
Furniture & Fixtures-Other than Trolley	-	-	-	-	-	0
Furniture & Fixtures- Trolley	0.45	-	-	-	-	0.45
X Ray Baggage System	1.02	-	-	-	-	1.02
CFT/Fire Fighting Equipment	-	-	-	-	-	0
<b>Total</b>	<b>54.08</b>	<b>0.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.28</b>

***Proposal No. 4: Regarding Capitalisation of Aeronautical Expenditure***

- 4.a. The Authority proposes to adopt the capitalisation of Aeronautical expenditure for the First Control Period in accordance with Table 17.
- 4.b. To true-up the Capital expenditure on actuals at the time of determination of tariff for the Second Control Period.

## 8. DEPRECIATION

- 8.1 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.
- 8.2 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.
- 8.3 Depreciation has been computed separately on opening block of assets and on the proposed additions.
- 8.4 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 & Servers	20.00%	20%	16.67%
Computer Software	12.17%	20%	20.00%
Plant & Machinery	12.17%	11%	6.67%
Tool & 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 & Fixtures: Other than trolley	12.17%	20%	14.29%
Furniture & Fixtures: trolley	12.17%	20%	33.33%
X-Ray Baggage Inspection System – XIBS	12.17%	11%	6.67%
CFT & Fire Fighting Equipment	19.19%	13%	6.67%

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

*Table 19: Depreciation proposed by AAI*

Particulars	(₹ Crores)				
	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
<b>Total</b>	<b>15.66</b>	<b>14.51</b>	<b>13.14</b>	<b>12.83</b>	<b>12.68</b>

**Authority’s examination:**

8.6 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.

8.7 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.

8.8 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).

8.9 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 & 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 & Machinery	6.67%
Tools & Equipment	6.67%
Furniture & Fixtures: Other Than Trolley	14.29%

<b>Asset Category</b>	<b>Beyond FY 2017-18</b>
Furniture & 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%

8.10 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. Therefore, the Authority does not propose any change in the depreciation schedule.

8.11 Combining its observations across the two periods, the Authority proposes 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*

<b>Asset category</b>	<b>Beyond FY 2019-20</b>
Runways, Aprons and Taxiways	3.33%
Road, Bridges & 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 & Networks	16.67%
Intangible Assets – Software	20.00%
Plant & Machinery	6.67%
Tools & Equipment	6.67%
Furniture & Fixtures: Other Than Trolley	14.29%
Furniture & 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%

8.12 On account of the above, the Authority has concluded that no further change is required to the depreciation submitted by AAI and proposes the following depreciation for the First Control Period.

*Table 22: Depreciation proposed by the Authority*

(₹ Crores)

<b>Particulars</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>
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
<b>Total</b>	<b>15.66</b>	<b>14.51</b>	<b>13.14</b>	<b>12.83</b>	<b>12.68</b>

***Proposal No. 5: Regarding depreciation***

- 5.a. The Authority proposes to adopt depreciation rates for Raipur Airport as per Table 21 for the First Control Period.
- 5.b. The Authority proposes depreciation amounts as per Table 22 for the First Control Period.



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

9.1 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.	<b>Average RAB</b> [(1) + (5)]/2	<b>148.07</b>	<b>160.12</b>	<b>146.39</b>	<b>133.41</b>	<b>120.66</b>	<b>708.65</b>

### Authority's examination:

9.2 The Authority has duly examined each element of RAB in the previous chapters. The Authority proposes 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.

9.3 Combining all its propositions, the Authority proposed 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*

(₹ 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.	<b>Average RAB</b> [(1) + (5)]/2	<b>148.07</b>	<b>160.12</b>	<b>146.39</b>	<b>133.41</b>	<b>120.66</b>	<b>708.65</b>

### *Proposal No. 6: Regarding average RAB*

6.a. The Authority proposes to consider average RAB for the First Control Period for Raipur Airport as per Table 24.

## **10. FAIR RATE OF RETURN ('FROR')**

- 10.1 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.
- 10.2 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.

### **Authority's examination:**

- 10.3 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.
- 10.4 The Authority had earlier considered the Fair Rate of Return at 14% for similar airports such as Jaipur, Patna, Chennai etc. Accordingly, the Authority proposes to consider the Fair Rate of Return at 14%.
- 10.5 Based on the above, the Authority proposes 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*

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%

### ***Proposal No. 7: Regarding Fare Rate of Return (FRoR)***

- 7.a. The Authority proposes to consider FRoR for Raipur Airport for the First Control Period as per Table 25.

## 11. NON-AERONAUTICAL REVENUE

11.1 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
<b>1. Trading concessions</b>							
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 & display	3.07	1.54	2.15	3.07	3.38	3.72	13.86
<b>2. Rent and services</b>							
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
<b>3. Miscellaneous</b>							
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
<b>Total</b>	<b>21.56</b>	<b>10.59</b>	<b>14.68</b>	<b>20.80</b>	<b>22.85</b>	<b>25.09</b>	<b>94.01</b>

\*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.

11.2 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
<b>1. Trading concessions</b>					
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 & display	-50.00%	40.00%	42.86%	10.00%	10.00%
<b>2. Rent and services</b>					
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%
<b>3. Miscellaneous</b>					
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%

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
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%

### **Authority's examination:**

- 11.3 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 FY 2018-19. The figures for FY 2019-20 are provisional and subject to actual audited financials.
- 11.4 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.
- 11.5 **Restaurant/Snack Bars:** AAI has submitted that the Master Concession shall operate for ₹ 52.22 lakhs per month for 7 Years with effect from October 2018 with an annual escalation of 10%.
- 11.6 **T.R. Stall:** AAI has submitted that the Master Concession shall operate for ₹ 41.00 lakhs per month for 7 Years with effect from July 2018 with an annual escalation of 10%.
- 11.7 **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.
- 11.8 **Advertisement & Hoarding:** AAI has submitted contracts valid for a period of 10 years with an annual 10% escalation.
- 11.9 The Authority verified the above-mentioned concession agreements and found the projections to be in line with the same.
- 11.10 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%.
- 11.11 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*

(₹ Crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
<b>1. Trading concessions</b>						
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 & 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
<b>2. Rent and services</b>						
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
<b>3. Miscellaneous</b>						
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
<b>Total</b>	<b>10.59</b>	<b>14.68</b>	<b>20.80</b>	<b>23.77</b>	<b>26.10</b>	<b>95.94</b>

11.12 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*

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
<b>1. Trading concessions</b>						
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 & display	-50.00%	40.00%	42.86%	15.00%	10.00%	11.57%
<b>2. Rent and services</b>						
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%
<b>3. Miscellaneous</b>						
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%

***Proposal No. 8: Regarding Non-Aeronautical revenues***

8.a. The Authority proposes to consider Non-Aeronautical revenues for the First Control Period for Raipur Airport in accordance with Table 28.

## **12. OPERATION AND MAINTENANCE EXPENDITURE**

12.1 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

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

12.3 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.

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

12.5 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
<b>Total</b>	<b>37.89</b>	<b>40.65</b>	<b>43.39</b>	<b>46.35</b>	<b>49.56</b>	<b>217.84</b>

12.6 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%

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
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 & PSF (F)	-29.23%	25.00%	15.00%	15.00%	10.00%
<b>Total</b>	<b>7.92%</b>	<b>7.25%</b>	<b>6.68%</b>	<b>6.87%</b>	<b>6.92%</b>

12.7 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%	-

### **Authority's examination:**

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

12.9 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%
Other outflows - Collection Charges on UDF	100%	93%	100%

12.10 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.

12.11 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:

12.11.1 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 on the basis of an appropriate driver (such as number of employees).

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

- Security expenses
- Provision of interest on 3<sup>rd</sup> 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

12.11.3 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 on the basis of 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.

12.12 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 in other AAI airports.

12.13 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.

12.14 The Authority proposes the following allocation of O&M expenses into Aeronautical and Non-Aeronautical.

*Table 34: Allocation of O&M expenses as per the Authority*

<b>Particulars</b>	<b>Aeronautical</b>	<b>Non-Aeronautical</b>
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%	-



- 12.15 AAI considered a growth rate of 7% in payroll expenses beyond FY 2018-19. However, considering the de-growth in passenger traffic caused by the COVID-19 pandemic and the resultant decrease in aeronautical revenues, including profitability, and the austerity measures, the Authority proposes to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21. The above restriction in the growth rate in payroll expenses, is being proposed with the perspective of rationalizing the costs of the Airport.
- 12.16 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.
- 12.17 AAI has projected a 65% reduction in electricity expenses for April 20 and May 20 due to country-wide lock down. The total electricity expenses for FY 2020-21 is 11% lesser than FY 2019-20. However, electricity expenses for FY 2021-22 is projected at the same level as of FY2019-20.
- 12.18 AAI has proposed an expense of ₹ 0.65 Crores 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 & 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 1 MPPA 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 ₹ 0.65 Crores has been proposed by AAI from FY 2020-21 to FY 2024-25. The Authority finds the same to be appropriate.*
- 12.19 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.
- 12.20 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 proposes to use the same fundamental approach, as it finds the same to be a reasonable driver.
- 12.21 Based on above considerations, the Authority proposes the following growth rates in operation and maintenance expenses.

*Table 35: Operational and maintenance (O&M) expenses as revised by the Authority*

(₹ 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
<b>Total</b>	<b>31.91</b>	<b>34.17</b>	<b>36.35</b>	<b>38.75</b>	<b>41.32</b>	<b>182.50</b>

*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%

***Proposal No. 9: Regarding O&M expenses***

- 9.a. The Authority proposes to consider O&M expenses for the First Control Period for Airport as per Table 35.
- 9.b. The Authority proposed to consider a growth rate of 5% in payroll expenses for the First Control period beginning from FY 2020-21.

### 13. AERONAUTICAL REVENUE

13.1 AAI has proposed to increase the Aeronautical tariffs 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.

13.2 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 AAICLS	0.36	0.48	0.56	0.64	0.70	2.74
<b>Total Revenue</b>	<b>47.48</b>	<b>68.52</b>	<b>79.02</b>	<b>90.88</b>	<b>100.77</b>	<b>386.67</b>

#### **Authority’s examination:**

13.3 AAI had submitted its Multi-Year Tariff Proposal (‘MYTP’) originally on March 19, 2020 to AERA (‘the Authority’) for determination of Aeronautical tariffs 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.

13.4 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 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. 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.

13.5 AAI has proposed that the new tariff shall be implemented with effect from August 1, 2020. However, the Authority is of the view that considering the present scenario of the adverse effect of the COVID pandemic on the Aviation sector, the new tariffs proposed by AAI shall be implemented only from the FY 2021-22 (effective from April 1, 2021).

13.6 The Authority proposes 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.

13.7 The Authority proposes to allow UDF of ₹ 500, as proposed by AAI with effect from April 1, 2021.

13.8 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 is of the view that above ISP shall obtain approval from the Authority on the cute charges (currently ₹ 37 per passenger) levied by it on the Airlines.

13.9 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*

(₹ 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	<b>95.46</b>
Parking charges	0.02	0.04	0.05	0.06	0.07	<b>0.24</b>
UDF/ PSF (Facilitation)	5.71	48.22	57.86	66.48	76.39	<b>254.66</b>
Revenue from Extension of Watch Hours	0.25	0.06	0.06	0.06	0.07	<b>0.5</b>
Land Lease	0.42	0.58	0.83	0.89	0.96	<b>3.68</b>
Ground Handling charges	0.29	0.38	0.46	0.52	0.60	<b>2.25</b>
Cute charges	1.30	1.69	2.03	2.33	2.68	<b>10.03</b>
Revenue share from AAICLS	0.36	0.48	0.56	0.64	0.70	<b>2.74</b>
<b>Total Revenue</b>	<b>16.24</b>	<b>66.32</b>	<b>81.47</b>	<b>94.90</b>	<b>110.63</b>	<b>369.56</b>

**Proposal No. 10: Regarding Aeronautical Revenue**

10.a. The Authority proposes to consider Aeronautical revenue for the First Control Period for Raipur Airport as per Table 38.

## 14. TAXATION

14.1 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 & 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 & Machinery	15%	15%
Tools & Equipment	15%	15%
Furniture & Fixtures: Other Than Trolley	10%	10%
Furniture & 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%

14.2 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	<b>24.12</b>	<b>47.48</b>	<b>68.52</b>	<b>79.02</b>	<b>90.88</b>	<b>100.77</b>	<b>386.67</b>
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
<b>Profit before tax</b>	-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%	
<b>Taxes</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4.94</b>	<b>9.48</b>	<b>14.42</b>

### **Authority's examination:**

- 14.3 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 proposes to consider Aeronautical revenues as per Table 38.
- 14.4 The Authority proposes to consider the O&M expenses in accordance with Table 35 for computation of tax expense.
- 14.5 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
- 14.6 After considering all the above observations, the Authority proposes the following tax expense during the First Control Period.

*Table 41: Tax expense as per the Authority*

(₹ Crores)

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	<b>369.56</b>
O&M expenses	<b>31.91</b>	<b>34.17</b>	<b>36.35</b>	<b>38.75</b>	<b>41.32</b>	<b>182.50</b>
Depreciation	18.38	19.43	17.22	15.26	13.53	83.81
<b>Profit before tax</b>	-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
<b>Profit before tax after set-off of loss</b>	-34.04	0.00	0.00	0.00	52.36	18.33
Tax rate (%)	0.25	0.25	0.25	0.25	0.25	
<b>Taxes</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>13.18</b>	<b>13.18</b>

### ***Proposal No. 11: Regarding tax expense***

- 11.a. The Authority proposes to consider the tax expense for the First Control Period for Raipur Airport as per Table 41.

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

15.1 AAI has submitted Aggregate Revenue Requirement and yield per passenger (Y) for the First Control Period as per the regulatory building blocks discussed.

15.2 All cash flows are discounted based on current report date, hence, discount factor of 1 is assigned to FY 2020-21 cash flows and consequent discount factor for subsequent years are applied from FY 2021-22 onwards (refer Table 51).

15.3 The summary of ARR and Yield has been presented in the table below.

*Table 42: ARR and Yield as per AAI*

Particulars	(₹ Crores)					
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Average RAB (₹ Crores) – (A)	132.35	148.07	160.12	146.39	133.41	120.66
Fair Rate of Return – (B)	14%	14%	14%	14%	14%	14%
Return on average RAB (₹ Crores) – (C = A*B)	18.53	20.73	22.42	20.50	18.68	16.89
Depreciation (₹ Crores) – (D)	14.16	15.66	14.52	13.14	12.83	12.68
O&M expenses (₹ Crores) – (E)	35.13	37.91	40.66	43.37	46.35	49.56
Tax expense (₹ Crores) – (T)	0.00	0.00	0.00	0.00	4.94	9.48
Less: 30% NAR (₹ Crores)	6.47	3.18	4.40	6.24	6.85	7.53
<b>ARR per year (₹ Crores) – (C+D+E+T – NAR)</b>	<b>61.35</b>	<b>71.12</b>	<b>73.19</b>	<b>70.77</b>	<b>75.94</b>	<b>81.09</b>
Add: True up shortfall of FY 2019-2020, claimed by AAI *						
Discount rate	14%	14%	14%	14%	14%	14%
PV of ARR (₹ Crores)		71.12	64.20	54.45	51.26	48.01
Sum Present value of ARR (₹ Crores)		289.04				
Total traffic (million passengers)		5.37				
<b>Yield per passenger (YPP) (₹ )</b>		<b>538.33</b>				

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

### **Authority's examination:**

15.4 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 42 above, the Authority proposes as below:

- To consider the average RAB in accordance with Table 24.
- To consider the FRoR in accordance with Table 25.
- To consider the depreciation as per Table 22.

- To consider the O&M expenses as per Table 35.
- To consider the tax expense as per Table 41.
- To consider the Non-Aeronautical revenue as per Table 28.
- To consider the total traffic in accordance with Table 5.

15.5 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.

15.6 After considering the above, the Authority proposes the following ARR and Yield, as presented in the table below.

*Table 43: ARR and Yield as proposed by the Authority*

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

- 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 Rs 33.94 crores, due to downward revision in the allocation of CHQ/ RHQ expenses by AAI (as mentioned in para 12.11) and consideration of return @ 7% instead of 14% (as mentioned in para 15.5.)
- 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.

**Proposal No. 12: Regarding Aggregate Revenue Requirement (ARR)**

12.a. The Authority proposes to consider the ARR and Yield for the First Control Period for Raipur Airport in accordance with Table 43.



## 16. ANNUAL TARIFF PROPOSAL

16.1 As part of the Multi-Year Tariff proposal, AAI submitted a tariff card for all five years of the first Control Period. This tariff card has been reproduced in this chapter. The Authority examined AAI's Multi-Year Tariff Proposal, along with all regulatory building blocks. The Authority's examination has been discussed in this consultation paper in the previous chapters.

16.2 AAI had proposed the implementation date of new tariffs from August 1, 2020. However, the Authority has proposed to implement the revised tariff on Landing charges, Parking charges and the User Development Fees (UDF) with effect from April 1, 2021.

16.3 The tariff card proposed by AAI for the first Control Period has been reproduced here. For purposes of comparison, the existing aeronautical charges have been provided along with the charges proposed by AAI.

### i) Landing charges

*Table 44: 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 45: 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

**Landing charges proposed by the Authority:** The existing Landing charges (as per Table 44) are proposed to be increased by 45% in the FY 2021-22, by 10% in the FY 2022-23 and thereafter by 6% on a compounded basis up to FY 2024-25. Existing Landing charges as per Table 44 shall be applicable up to March 31, 2021.

16.4 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.

16.5 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.

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

16.7 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 46: 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

Weight of Aircraft	Rate per hour
Above 100,000 kgs	₹ 276 + ₹ 5.20 per 1,000 kgs per hour in excess of 100,000 kgs

*Table 47: 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 ₹ 6.80 per hour per 1,000 kgs in excess of 40,000 kgs
Over 100,000 kgs	₹ 548 plus ₹ 10.30 per hour per 1,000 kgs in excess of 100,000 kgs

*Table 48: 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

**Parking charges proposed by the Authority:** The existing Parking charges are proposed to be increased by 45% in the FY 2021-22, by 10% in the FY 2022-23 and thereafter by 6% on a compounded basis up to FY 2024-25. Existing Parking (as per Table 46) and Housing charges (as per Table 47) shall be applicable up to March 31, 2021.

16.8 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.

16.9 For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.

16.10 Charges shall be calculated on the basis of nearest MT.

16.11 Charges for each period parking shall be rounded off to nearest rupee.

16.12 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.

16.13 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.

16.14 Flight operating under Regional Connectivity Scheme shall be completely governed by AIC Sl. No. 19/2017 dated August 30, 2017 issued by DGCA.

16.15 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 49: Existing PSF (F), UDF Proposed by AAI and the Authority (per embarking passenger)*

Passenger	Existing PSF(F)	UDF proposed by AAI and by the Authority on tickets issued on or after 1 <sup>st</sup> April 2021
Domestic	₹ 77	₹ 500

PSF (F) is proposed to be subsumed in the UDF. Existing PSF (F) as per Table 49 shall be applicable up to March 31, 2021.

**Notes:**

- Collection charges: if the payment is made in accordance within 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.
- No collection charges are payable to casual operator/non-scheduled operators.
- 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 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
- Revised UDF charges will be applicable on tickets issued on or after 1<sup>st</sup> April, 2021.
- No UDF/PSF (Facilitation) will be levied for Transit Passengers.

**iv) Extension of watch Hours (effective August 1, 2020)**

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

*Table 50: 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:

- Children (under-age of 2 years),
- Holder of Diplomatic Passport,
- Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
- Persons travelling on official duty on aircraft operated by Indian Armed Forces,
- Persons traveling on official duty for United Nations Peace Keeping Missions.
- 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").
- 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 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 March 31, 2017 of the Authority from the date the scheme is operationalized by Government of India.

**Authority's examination:**

**Aeronautical revenue under the proposed tariff card:**

16.16 The Authority ensured that the proposed tariff card leads to projected revenues in line with the ARR. This has been further detailed in the table below:

*Table 51: 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	
<b>Total PV of ARR including true up</b>	<b>285.64</b>					
<b>Landing charges:</b>	7.89	14.87	19.62	23.92	29.16	<b>95.46</b>
<b>Parking and housing charges:</b>	0.02	0.04	0.05	0.06	0.07	<b>0.24</b>
Revenue from Extension of Watch Hours	0.25	0.06	0.06	0.06	0.07	<b>0.5</b>
Land Lease - Oil Companies (₹ Crores)	0.42	0.58	0.83	0.89	0.96	<b>3.68</b>
Ground handling charges (₹ Crores)	0.29	0.38	0.46	0.52	0.6	<b>2.25</b>
CUTE charges (₹ Crores)	1.3	1.69	2.03	2.33	2.68	<b>10.03</b>
Cargo Revenue (₹ Crores)	0.36	0.48	0.56	0.64	0.7	<b>2.74</b>
Total Aeronautical Revenue (₹ Crores) - before UDF	10.53	18.1	23.61	28.42	34.24	<b>114.9</b>
PV factor	1	0.87719	0.76947	0.67497	0.59208	
<b>PV of Aeronautical revenue (before UDF)</b>	<b>10.53</b>	<b>15.88</b>	<b>18.17</b>	<b>19.18</b>	<b>20.27</b>	<b>84.03</b>
<b>∑ PV of above</b>	<b>84.03</b>					
<b>Shortfall before UDF (a)</b>	<b>- 201.76</b>					
UDF/ PSF (F)	5.71	48.22	57.86	66.48	76.39	<b>254.66</b>
PV of UDF	5.71	42.30	44.52	44.87	45.23	<b>182.63</b>
<b>∑ PV of UDF (b)</b>	<b>182.63</b>					
<b>Surplus/ (Shortfall) (a-b)</b>	<b>-18.98</b>					

16.17 As can be observed from the above table, as per the Authority's proposals, AAI is entitled to recover an ARR of INR 285.64 crores from the tariff card proposed. The present value of total projected aeronautical revenues based on the Authority's proposed Landing, Parking and Housing, UDF charges are INR 266.66 crores, thus resulting in a net shortfall of INR 18.98 crores that shall be carried forward to the next Control Period.

## **17. SUMMARY OF AUTHORITY'S PROPOSALS**

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## **18. STAKEHOLDERS' CONSULTATION TIMELINE**

- 18.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 17 – Summary of proposals read with the relevant discussion in the other chapters of the paper is hereby put forth for Stakeholders' Consultation.
- 18.2 For removal of doubts, it is clarified that the contents of this consultation paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders' in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.
- 18.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in Chapter 17 above, latest by **18/10/2020**.

**Secretary,**

**Airports Economic Regulatory Authority of India**

**AERA Building, Administrative Complex**

**Safdarjung Airport New Delhi -110003**

**Tel: 011-24695044-47, Fax: 011-24695048**

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**(Chairperson)**

**AERA PROPOSED RATE CARD FOR AAI RAIPUR AIRPORT - FOR  
AERONAUTICAL SERVICES FOR THE  
1<sup>ST</sup> CONTROL PERIOD (FY 2020-21 to 2024-25)**

The Existing tariffs shall continue up to 31st March 2021

PROPOSED TARIFF EFFECTIVE FROM 1<sup>st</sup> April 2021 TO 31 MARCH 2022

**Note: Tariff for International Operations during the 1<sup>st</sup> control period, if any, will be same as applicable to Domestic Operations.**

<b>(I) Landing Charges (FY 2021-2022)</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
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 100MT	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 200MT

<b>(I) Landing Charges (FY 2022-2023)</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
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 100MT	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)**

<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
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 100MT	14,782.5 +391.90 per MT in excess of 50 MT
Above 100 MT to 200 MT	34,377.5 + 396.40 per MT in excess of 100 MT
Above 200 MT	74,017.5 + 382.60 per MT in excess of 200MT

**(I) Landing Charges (FY 2024-2025)**

<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
Up to 25 MT	223.90 Per MT
Above 25 MT up to 50 MT	<b>5,597.5</b> + 402.90 per MT in excess of 25 MT
Above 50 MT up to 100MT	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 200MT

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. 1000 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**

<b>Proposed Rates (In INR) (FY 2021-22)</b>		
<b>Weight of the Aircraft</b>	<b>Parking Charges per Hour( First two hours after free parking period)</b>	<b>Parking Charges per Hour(beyond four hours)</b>
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 100MT	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 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

<b>Proposed Rates (In INR) (FY 2022-23)</b>		
<b>Weight of the Aircraft</b>	<b>Parking Charges per Hour( First two hours after free parking period)</b>	<b>Parking Charges per Hour(beyond four hours)</b>
Up to 25 MT	2.8 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 100MT	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

<b>Proposed Rates (In INR) (FY 2023-24)</b>		
<b>Weight of the Aircraft</b>	<b>Parking Charges per Hour( First two hours after free parking period)</b>	<b>Parking Charges per Hour(beyond four hours)</b>
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 100MT	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 Hours in excess of 100 MT	930.00 + 17.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,345 + 9.00 per MT per Hours in excess of 200 MT	2,690 + 18.00 per MT per Hours in excess of 200 MT

<b>Proposed Rates (In INR) (FY 2024-25)</b>		
<b>Weight of the Aircraft</b>	<b>Parking Charges per Hour( First two hours after free parking period)</b>	<b>Parking Charges per Hour(beyond four hours)</b>
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 100MT	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

**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  $\leq$  5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of  $\leq$  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 Rs. 20.00 per hour per MT beyond 24 hours is to be payable.

### **III) USER DEVELOPMENT FEES (UDF)**

<b>Passenger</b>	<b>Proposed UDF (per embarking passenger) On tickets issued on or after 01.04.2021  (Rate from 01.04.2021 to 31.03.2025)</b>
Domestic	Rs. 500/-

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

#### **Notes:-**

- a) Collection charges: if the payment is made in accordance within period prescribed under credit policy of AAI, then collection charges at Rs. 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 calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after 01/04/2021.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

#### **( IV ) Extension of watch Hours.(w.e.f. 01.04.2021)**

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

Particulars	Proposed Rates (per hour) in INR
Extn of Watch Hour ( ILS STATION)	14130

➤ **Concessional rates per hour (in Rs) ( w.e.f. 01.04.2021)**

Type of user	% of Normal rates	ILS (ILS provided by AAI) in INR
Helicopter	10	1410
Aircraft up-to MTOW 10,000 Kgs.	20	2820
Aircraft up-to MTOW having MTOW more than 10,000 Kgs. but less than 20,000 kgs.	40	5640
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 & IFR.	
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 & NCC.	
3.	The charges are payable at the Airports where extension is availed at the time of landing / taking off as the case may be.	
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.	
5.	Fraction of hours may be rounded off to the next half an hour and charged accordingly.	
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.	
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.	
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.	
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.	
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.	

- |     |  |
|-----|--|
| 11. | The Charges indicated above are only for the services rendered by AAI.   |
| 12. | The Charges for Extension of Watch Hours are applicable to the airports which are having designated watch hours. |

## **V) Aviation Security Fee :**

Applicable as prescribed by Ministry of Civil Aviation.

## **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 & vide Letter no. AV.13024/659/2015-AS dated 30.11.2011 & 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 & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),
- (d) Persons travelling on official duty on aircraft operated by Indian Armed Forces
- (e) Persons traveling on official duty for United Nations Peace Keeping Missions.
- (f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").
- (g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

## **VII) GENERAL CONDITION:**

- 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.



FNO- No. AAI/CHQ/MYTP-Raipur/

Dated:01/06/2020

The Secretary,  
Airports Economic Regulatory Authority of India,  
AERA Building,  
Administrative Complex,  
Safdarjung Airport  
New Delhi-110003

**Sub:- Submission of revised Multi Year Tariff proposal (MYTP) in respect of Raipur Airport for the control period (01/04/2020 to 31/03/2025)**

Sir/Madam,

Reference is invited this office letter dated 20/03/2020 wherein the tariff proposal in respect Raipur airport was submitted to AERA for determination of Aeronautical Tariff.

AERA vide mail dt.14<sup>th</sup> May 2020 had advised AAI to review the Tariff proposal considering the impact of Covid-19 on aviation sector.

Accordingly, AAI has decided to review the Tariff proposal and following changes have been incorporated in the proposal considering the impact of Covid-19 on Aviation Sector.

**1. (A) Capex**

Raipur for control period( 01/04/2020 to 31/03/2025)		
Project name	PDC taken in Tariff proposal	Revised PDC
Construction of new of Terminal Building - Rs.762.65 crs ( Total cost Rs. 897.24 crs. Aero portion is 85%)	PDC, 2024-2025, Sept 2024	PDC 2026-27 (Deferred by 2 years )
Expansion of apron for four bays i/c link taxi.-Rs. 26.36 cr.,	PDC 2023-24	PDC 2025-26 (Deferred by 2 years )
Construction of Fire station, Medical Emergency Centre Fire drill Tower: Rs. 14.73 cr	PDC: 2019-20	PDC 2020-21
Construction of one no. additional parking bays for code 4C, AB-320/321 type of aircrafts – 2.82 cr.,	PDC2019-20	PDC 2020-21
Leveling and grading of extended Runway 24 Aera: Rs.3.48 cr.,	PDC: 2020-21.	PDC 2020-21
Construction of perimeter road along new boundary wall at 24 side on balance land. Rs. 2.85 cr.	PDC: 2020-21	PDC 2020-21
Construction of perimeter road along new constructed operational Boundary wall from fire station to state hanger Rs. 2.97 cr.	PDC: 2019-20	Work completed

Construction of fixed finger Rotunda- 1.30 cr.	PDC: 2020-21.	PDC 2020-21
Augmentation of parking Area & covering of walkway with tensile fabric in front of NITB:- Rs. 2.03 cr.	PDC: 2020-21.	PDC 2020-21
Construction of Boundary Wall from the fire station to fire pit- Rs. 1.07 cr.	PDC 2019-20.	Work Completed
Construction of Boundary wall on Balance land: Rs. 2.97 cr.	PDC: 2020-21.	PDC: 2020-21
SITC of Passenger Boarding bridge (PBB) and Advance Visual Docking Guidance System. (AVDGS). Rs. 2.64 cr. (assuming 1 \$-71.04) excluding CAMC,	PDC: 2020-21.	PDC: 2020-21
SITC of New FIDS system: Rs. 1.13 cr.	PDC: 2020-21	PDC: 2020-21
ILBS – trans installation: Rs. 3.00 cr.	PDC 2020-21.	PDC: 2020-21
Body scanner: Rs. 7.8 cr.	PDC: 2020-21.	PDC: 2020-21
FIDS: Rs. 1.20 cr.	PDC: 2019-20.	PDC: 2020-21
SITC of additional conveyor belt in arrival area: Rs. 3.39 cr.	PDC: 2020-21.	PDC: 2020-21
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: Rs. 1.92 cr.	PDC-2019-20.	PDC: 2020-21
XBIS- Rs. 1.02 cr.	PDC-2020-21.	PDC: 2020-21

Capitalization of following works have been shifted from FY2019-20 to 2020-21

ETD Rs. 0.31 cr.	PDC 2019-20	PDC 2020-21
DFMD Rs. 0.09 cr.	PDC 2019-20	PDC 2020-21
Mobile Command Post: Rs. 0.44 cr	PDC 2019-20	PDC 2020-21

Total amount of Rs 2.06 Lakhs on account of procurement of 35 BR helmet @ 5884.75 has been capitalized in FY 2019-20

Following works have been removed from the Capitalization of FY2019-20 as these being charged off as expenditure.

- 90 Nos. of Baggage Trays, Rs. 0.01 cr.
- Construction of Temporary MT pool - provision of electrical work and – Rs. -0.04 crs.
- Provision of Illuminated bay indication Boards for the newly constructed apron bays- Rs. 0.05 crs.

- Replacement of existing non-frangible wind sock with frangible wind sock –Rs. 0.03 crs.
- And Replacement of faulty cable of street light of colony-Rs. 0.06 crs.

### **(B) Growth**

The Revised Traffic growth has been projected on actual up to Mar 2020 as given by Dte. Of CPMS considering the impact of Covid-19 which is as under:

Financial Year	Dom. Passenger	Dom. ATM	Dom. Freight
2019-20 (in no.)	2119417	17277	6306(in Tones)
2020-21 (%)	-29.2%	-21.10%	-28.64%
2021-22(%)	25.0%	20.0%	35.0%
2022-23(%)	15.0%	11.0%	15.0%
2023-24(%)	15.0%	11.0%	15.0%
2024-25(%)	10.0%	9.0%	10.0%

Movement of ATM for Extension of Watch Hours has been linked to ATM Growth.

### **(C) Operating Expenditure:-**

- 10% additional expenditure ( R&M-Civil) is proposed for FY2020-21 for sanitization/PPE Kit/temporary Partition etc. for maintaining social distancing due to Covid-19.
- 65% reduction is proposed in Electricity for April 20 & May 20 due to lock down. ( as intimated by station)

### **(D) Revenue from Land Lease/Commercial Contracts:**

Revenue from land lease and commercial contracts are proposed in FY 2020-21 50% of FY19-20. Further 70% and 100% of revenue of FY 2019-20 have been proposed in FY 2021-22 and in FY2022-23 respectively. Thereafter 10% annual escalation is proposed for FY 2023-24 and FY 2024-25 and for Land Lease 7.5%

### **2. Fair Rate of Return (FRoR)**

FRoR has been taken 14% for FY 19-20 to FY2024-25

### **3. Proposed Date of implementation of new Tariff**

Earlier the date of implement of new tariff was proposed 1<sup>st</sup> April 2020.The revised proposed date of implementation of new tariff is 1<sup>st</sup> August 2020.



#### 4. Aggregate Revenue Requirement (ARR)

As per the MYTP, Aggregate Revenue Requirement (ARR) for the first control period on Hybrid Till basis (FY 2020-21 to FY 2024-25) has been worked out to Rs.372.11 crores and PV of ARR is Rs. 331.49 cr including short recovery of Rs.42.44 cr. For FY 2019-20. The total projected revenue at the proposed rate is 289.39 Cr. against the PV of ARR of Rs.331.49 Cr. The shortfall for the FY 19-20 works out to Rs.42.44 crs. which is to be adjusted in the first control period. The short recovery of ARR Rs. 42.09 Cr. is to be adjusted in the next control period to avoid very steep increase in the tariffs.

For short recovery, a suitable Clause will be incorporated in the draft concession agreement by AAI during the next round of PPP transaction.

#### 5. Revenue Stream to recover ARR

The following revenue streams are available to recover the ARR:

**(a).Landing Charges:** - Landing charges have been increase based on the average landing charges of the aircraft and is proposed to increase by 65.1% for Domestic landing from the existing charges w.e.f. 01.08.2020 till 31.03.2021. An increase of 4% thereafter on year on year basis from FY 2021-22 onward s is proposed. Existing and Proposed Landing charges are as under:

Landing Average	Existing (Rs.)	Proposed Earlier(Rs.)	Proposed Now (Rs.)	Increase (%)
Average Revenue per ATM (Dom)	13043.10	19134.23	21534.16	65.1

**(b) 2.Parking Charges:** -Parking Charges are proposed to increases in Domestic Parking by 472.3% from the existing charges w.e.f. 01.08.2020 till 31.03.2021. An increase of 4% thereafter on year on year basis from FY 2021-22 onwards. Existing and Proposed Parking charges are as under:

Parking & Housing Average	Existing(Rs.)	Proposed Earlier(Rs.)	Proposed Now (Rs.)	Increase (%)
Average Revenue per ATM (Dom)	32.39	74.17	185.6	472.3%

**( c) UDF:** - The above charges have been proposed to recover ARR and balance is proposed to recover from the UDF. The revised UDF for both Domestic and International are proposed w.e.f 01.08.2020:-

Per departing passenger	UDF (INR)			
	Existing	Proposed Earlie r(Rs.)	Proposed	Increase (%)

	PSF (F) Rates	( 01.04. 2020 to 31.03. 2025)	Proposed Rates (01.08.2020 To 31.03.2025)	
Domestic (PAX)	77/-	417/-	500/-	549%

PSF(F) is proposed to be subsumed with UDF.

**(d) Aviation Security Fee (ASF)** will continue to be charged as rate prescribed by MoCA.

The up-dated MYTP along with the Annual Tariff Proposals is enclosed for your consideration and approval.

This issues with the approval of Competent Authority.

Yours faithfully,

*[Signature]*  
01/06/2020

(Pradeep Kumar)  
Executive Director(JVC/Tariff)

**Encl:- As above**

## AIRPORTS AUTHORITY OF INDIA

### RAIPUR AIRPORT - PROPOSED RATE CARD FOR AERONAUTICAL SERVICES FOR F.Y. 2020-2021

EFFECTIVE FROM 1<sup>st</sup> August 2020 TO 31 MARCH 2021

<b>(I) Landing Charges</b>	
<b>Weight of the Aircraft</b>	<b>Proposed Rate Per Landing (In INR)</b>
Upto 25 MT	202 Per MT
Above 25 MT up to 50 MT	5050+355 per MT in excess of 25 MT
Above 50 MT up to 100	13925+405 per MT in excess of 50 MT
Above 100 MT to 200 MT	34175+494 per MT in excess of 100 MT
Above 200 MT	83575+557 per MT in excess of 200

Same rate applicable in case of International Flight.

- 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.
- 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.
- Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).
- 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**

<b>Proposed Rates (In INR)</b>		
<b>Weight of the Aircraft</b>	<b>Parking Charges per Hour( First two hours after free parking period)</b>	<b>Parking Charges per Hour(beyond four hours)</b>
Upto 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	1068+45 per MT per Hour in excess of 50 MT

Above 100 MT to 200 MT	1659+ 28.13 per MT per Hours in excess of 100 MT	3318+56.26 per MT per Hours in excess of 100 MT
Above 200 MT	4472+ 30.93 per MT per Hours in excess of 200 MT	8944+61.86 per MT per Hours in excess of 200 MT

Same rate applicable in case of International Flight.

**Notes-**

- 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.
- For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
- Charges shall be calculated on the basis of nearest MT.
- Charges for each period parking shall be rounded off to nearest rupee.
- 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.
- 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  $\leq$  5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of  $\leq$  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.
- Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.
- For unauthorized overstay of aircraft an additional charge of Rs. 20.00 per hour per MT beyond 24 hours is to be payable.

### **III) USER DEVELOPMENT FEES (UDF)**

<b>Passenger</b>	<b>Proposed UDF (per embarking passenger)</b>
Domestic	Rs. 500/-

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

At present there is no international flight at Raipur Airport.  
Same rate applicable in case of International PAX

**Notes:-**

- a) Collection charges: if the payment is made in accordance within period prescribed under credit policy of AAI, then collection charges at Rs. 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 calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after 01/08/2020.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

#### **( IV ) Extension of watch Hours.(w.e.f. 01.08.2020)**

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

Extn of Watch Hour ( ILS STATION)	Proposed Rates (per hour)
Average Revenue per ATM (Dom) Rs.	15543

➤ **Concessional rates per hour (in Rs) - AAI Airport ( w.e.f 01.08.2020)**

Type of user	% of Normal rates	ILS (ILS provided by AAI) in INR
Helicopter	10	1554
Aircraft up-to MTOW 10,000 Kgs.	20	3109
Aircraft up-to MTOW having MTOW more than 10,000 Kgs. but less than 20,000 kgs.	40	6217
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 & IFR.	
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 & NCC.	
3.	The charges are payable at the Airports where extension is availed at the time of landing / taking off as the case may be.	
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.	
5.	Fraction of hours may be rounded off to the next half an hour and charged accordingly.	
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.	
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.
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.
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.
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.
11.	The Charges indicated above are only for the services rendered by AAI.
12.	The Charges for Extension of Watch Hours are applicable to the airports which are having designated watch hours.

**V) Aviation Security Fee** : Applicable as prescribed by MoCA.

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

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- (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.

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