

File No. AERA/20010/MYTP/AAI/Amritsar/CP-I/2019-20

Consultation Paper No. 06/2020-21



**Airports Economic Regulatory Authority of India
In the matter of determination of aeronautical tariffs in respect of
Sri Guru Ram Dass Jee International Airport (ATQ), Amritsar for the
First Control Period (01.04.2019 to 31.03.2024)**

Date of Issue: 1st June 2020

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STAKEHOLDER COMMENTS

The Authority is aware of the fact that the Aviation Sector is undergoing unprecedented turbulence and uncertainty on account of the COVID-19 global 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 currently in which the proposals have been put forward based on Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by the airport operator. The Authority on account of the expected substantial changes in the prevailing business scenario including the changes in traffic projections and capacity enhancement (CAPEX) going forward shall consider revised submissions by the airport operator at the time of stakeholder consultation process to form a final view on the various aspects forming part of the tariff determination process.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 06/2020-21 dated 01/06/2020 are invited from the stakeholders, preferably in electronic form at the following address;

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Last Date for submission of comments: 29/06/2020

Last Date for submission of counter comments: 10/07/2020

Comments and counter comments will be posted on AERA's website www.era.gov.in

For any clarification/information, Director (P&S, Tariff) may be contacted at Telephone. No. +91-11-24695048

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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
ATRS	Automated Tray Retrieval System
AUCC	Airport Users Consultative Committee
AVDGS	Advanced Visual Docking Guidance System
C&AG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CFT	Crash Fire Tender
CHQ	Central Headquarter
CISF	Central Industrial Security Force
DGCA	Directorate General of Civil Aviation
DLP	Defect Liability Period
E&M	Electrical & Mechanical
EB	Electricity Board
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
GoI	Government of India
GST	Goods and Services Tax
IDC	Interest During Construction
MoCA	Ministry of Civil Aviation
MPPA	Million Passenger per Annum
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
PBB	Passenger Boarding Bridge
PIB	Project Investment Board
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 Sri Guru Ram Dass Jee International Airport (ATQ), located in the city of Amritsar is the 26th busiest airport in India with annual passenger traffic witnessing high growth. DGCA granted commercial license to AAI to operate the Amritsar Airport on June 19, 2007, which has been renewed every 2 years thereafter. The license was last renewed on December 19, 2019 and is valid up to December 18, 2021.
- 1.2 Technical and terminal building details of Amritsar Airport are provided in the table below:

Table 1: Technical details and terminal building details

Technical Details of ATQ	
Particulars	Details
Total airport area	976.59 Acre
Runway orientation and length	34/16 and 3658 m
No. of taxi tracks	5
No. of apron bays	14 + 1(Cargo) (10 new Parking Stands for Code "C" under construction)
Operational hours	24 hours
Terminal building details (Domestic plus International)	
Particulars	Details
Terminal building area	40175 sq. meters
Arrival conveyors	04
Peak hour passenger capacity	1600 (1200 Domestic +400 International)
No. of check-in counters	30
Total area of car parking	20814 sq. meters

- 1.3 As per AERA (Amendment) Act 2019, the annual passenger handling threshold definition of major airports was revised from 1.5 million to 3.5 million. Amritsar, with a projected throughput of 2.58 million passenger traffic for FY 2019-20, doesn't qualify as "Major Airport" as per the new definition. However, Ministry of Civil Aviation vide letter no. AV-24011/141/2015-AD (Vol. V) dated October 1, 2019 directed AERA to determine the tariff for the Amritsar airport as AAI has proposed to include the Amritsar airport in the next round of PPP leasing in order to provide a transparent view to various bidders. 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 this may change drastically once the Airport is handed over to the prospective bidder and accordingly the tariff determined may not remain reflective of the changed situation. Further, AERA requested MoCA to issue notification/circular declaring Amritsar Airport as a "Major Airport", if it so desired, to enable the Authority to determine its tariff in the current state. Accordingly, MoCA notified Amritsar Airport as "Major Airport" in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (ii) vide letter No. AV-24011/141/2015-AD (Vol. V) dated October 10, 2019.
- 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 25% till fresh application for tariff determination is submitted by the Concessionaire.*

- 1.5 AAI has accordingly submitted its Multi-Year Tariff Proposal dated December 24, 2019 to the Authority for determination of aeronautical tariffs for the 1st Control Period. Based on this MYTP, the Authority reviewed submissions made by AAI with respect to various building blocks. The ensuing chapters in this Consultation Paper present the Authority's review of the MYTP submitted by AAI. The Authority's position on various building blocks are on the final submission made by AAI including their inputs on queries raised by the Authority.

2. Methodology for Tariff Determination

- 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 has amended guidelines vide its Order No. 14, 2016-17 dated January 12, 2017 to determine the future tariffs using Hybrid Till.
- 2.2 The Authority has decided the 1st Control Period for the airport to be the five-year period from FY 2019-20 till FY 2023-24. The tariff determination process consists of determination of regulatory building blocks for the 1st Control Period under Hybrid Till.
- 2.3 The Aggregate Revenue Requirement (ARR) under the regulatory framework of the Authority is calculated as under:

$$ARR = \sum_{t=1}^5 ARR_t$$

$$ARR_t = (FRoR \times RAB_t) + Dt + Ot + Tt - \alpha \times NAR_t$$

Where,

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

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

FRoR is the Fair Rate of Return for the Control Period

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

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

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

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

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

NAR_t 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:

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

Where,

PV (ARR_t) is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. Further, the date considered by the Authority for discounting of cash flows is one year from the start of the Control Period, i.e., 1st April, 2019.

VE_t is the passenger traffic in year ‘t’.

3. AAI's Multi-Year Tariff Proposal (MYTP) of Amritsar Airport

- 3.1 AAI made submissions dated December 24,2019 to the Authority for determination of tariffs for the 1st Control Period (01/04/19 to 31/03/24) on the basis of Hybrid Till.
- 3.2 AAI provides Air Navigation Services (ANS) in addition to landing, parking and other aeronautical services at Amritsar 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 revenues, 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 with AAICLAS. This Consultation Paper discusses the determination of tariffs for aeronautical services at the airport excluding Cargo Operations. The tariffs for cargo operations will be determined separately since the operations are carried out by a separate entity.
- 3.4 AAI has informed that accounts of AAI are audited by C&AG of India as mandated by AAI Act. The C&AG's resident audit party audits the financial records and statements of AAI airports, regional and field offices. However, the C&AG issues the final audit certificate for AAI as a whole and only Trial Balance is available for Amritsar Airport. The Authority has utilized these documents as submitted by AAI for determination of tariffs.

4. Traffic Forecast

4.1 The historical traffic at the airport has been shown in the table below:

Table 2: Historical passenger and ATM traffic at Amritsar Airport

Year	Domestic passengers	International passengers	Domestic ATM	International ATM
2006-07	108018	488310	1460	4294
2007-08	125081	552687	2108	4775
2008-09	133773	438825	2976	3517
2009-10	203133	499271	3985	3846
2010-11	296468	468726	4757	4314
2011-12	493897	398207	5660	3548
2012-13	552519	342906	6293	2874
2013-14	724340	307481	7539	2515
2014-15	749432	334252	6825	2505
2015-16	892985	357385	6802	2893
2016-17	1028317	538090	7600	4006
2017-18	1685883	634072	13314	4453
2018-19	1725293	798501	12479	5426
Past 10 years CAGR	29.14%	6.17%	15.41%	4.43%
Past 5 years CAGR	18.96%	21.03%	10.60%	16.62%

4.2 The traffic growth rates as submitted by AAI for the 1st 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
Growth rates						
2019-20	16.0%	15.0%	15.7%	15.0%	14.0%	14.7%
2020-21	12.0%	10.0%	11.4%	11.0%	9.0%	10.4%
2021-22	12.0%	10.0%	11.4%	11.0%	9.0%	10.4%
2022-23	12.0%	10.0%	11.4%	11.0%	9.0%	10.4%
2023-24	10.0%	8.0%	9.4%	9.0%	7.0%	8.4%
Traffic						
2019-20	20,01,340	9,18,276	29,19,616	14,351	6,186	20,536
2020-21	22,41,501	10,10,104	32,51,604	15,929	6,742	22,672
2021-22	25,10,481	11,11,114	36,21,595	17,682	7,349	25,031
2022-23	28,11,738	12,22,226	40,33,964	19,627	8,011	27,637
2023-24	30,92,912	13,20,004	44,12,916	21,393	8,571	29,964

4.3 AAI submitted that the passenger traffic and aircraft movement projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework.

Authority's Examination:

- 4.4 AAI has submitted the growth rate of 16% and 15% for Domestic and International Passenger Traffic respectively in FY 2019-20 and the growth rate of 15% and 14% for Domestic and International Aircraft Traffic Movement (ATM) in FY 2019-20. The Authority has verified the growth rate of actual Passenger Traffic of initial nine months of FY 2019-20 vis-à-vis initial nine months of FY 2018-19 and found it to be 2.20%. Similarly, the Authority has verified the growth rate of actual Aircraft Traffic Movement of initial nine months of FY 2019-20 vis-à-vis initial nine months of FY 2018-19 and found it to be -0.84%
- 4.5 The Authority has analyzed the trend of proportion of actual initial nine months passenger traffic data i.e. April - December over the whole years' traffic data for last three years i.e. FY 2016-17 to FY 2018-19 as shown in table below:

Table 4: Passenger traffic data for last three years (FY 2016-17 to FY 2018-19)

Financial Year	Domestic Passenger Traffic Data			International Passenger Traffic Data		
	Apr - Dec	Apr - Mar	Proportion	Apr - Dec	Apr - Mar	Proportion
FY 2018-19	1,249,847	1,725,293	72.44%	560,418	798,501	70.18%
FY 2017-18	1,191,244	1,685,883	70.66%	444,005	634,072	70.02%
FY 2016-17	747,713	1,028,317	72.71%	390,642	538,090	72.60%
Average Ratio			71.94%			70.94%

- 4.6 In line with above analysis, the Authority has also analyzed the trend of proportion of actual initial nine months ATM data i.e. April - December over the whole years' ATM data for last three years i.e. FY 2016-17 to FY 2018-19 as shown in table below:

Table 5: ATM data for last three years (FY 2016-17 to FY 2018-19)

Financial Year	Domestic ATM Data			International ATM Data		
	Apr - Dec	Apr - Mar	Proportion	Apr - Dec	Apr - Mar	Proportion
FY 2018-19	8,990	12,479	72.04%	3,930	5,426	72.43%
FY 2017-18	9,962	13,314	74.82%	3,204	4,453	71.95%
FY 2016-17	5,558	7,600	73.13%	3,036	4,006	75.79%
Average Ratio			73.33%			73.39%

- 4.7 Based on above analysis, the Authority proposes to compute the passenger traffic for FY 2019-20 by grossing up the actual initial nine months traffic data for FY 2019-20 with the average ratio as determined above. The Authority has determined the Domestic and International passenger traffic as 1,710,058 and 874,041 respectively for FY 2019-20. Similarly, the Authority has determined the Domestic and International ATM as 12,627 and 4,839 respectively for FY 2019-20.
- 4.8 Therefore, for the first year i.e. FY 2019-20, the Authority proposes to consider Domestic passenger traffic at 2.584 million and Aircraft Traffic Movements at 17,466.
- 4.9 The Authority has duly examined the submissions from AAI. As part of its examination of AAI's forecast of traffic at Amritsar Airport, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2008-09 to FY 2018-19 (10-

year CAGR), FY 2013-14 to FY 2018-19 (5 year CAGR) and FY 2015-16 to 2018-19 (3-year CAGR).

- 4.10 Further, the Authority has computed the revised 10-year CAGR, 5-year CAGR and 3-year CAGR upto FY 2019-20, using the above calculated traffic data for FY 2019-20.

The details are given in the table below:

Table 6: Revised CAGR for Passenger and ATM as per Authority

Particulars	10 year CAGR	5 year CAGR	3 year CAGR
Passengers:			
Domestic	29.14%	18.96%	24.55%
International	6.17%	21.03%	30.73%
ATM:			
Domestic	15.41%	10.60%	22.42%
International	4.43%	16.62%	23.32%
After considering actuals of FY 2019-20*:			
Passengers:			
Domestic	23.74%	17.94%	18.48%
International	5.76%	21.20%	17.55%
Total Passenger Traffic	13.91%	18.98%	18.16%
ATM:			
Domestic	12.22%	13.09%	18.44%
International	2.32%	14.07%	6.50%
Total ATM	8.35%	13.36%	14.60%

**Based on actuals up to Dec 2019 with linear extrapolation up to March 2020*

- 4.11 The Authority has noted the wide variation in traffic in the recent past, which causes CAGR for 3-year period to be higher than that for 5-year period for Domestic passenger profile, while CAGR for 5-year period to be the highest for International passenger profile
- 4.12 The Authority proposes to use revised 3-year CAGR for Domestic passenger traffic growth for the 2nd year of the Control Period and onwards; and revised 3-year CAGR for International passenger traffic growth for the 2nd year of the Control Period and onwards.
- 4.13 With respect to ATM (2nd year of the Control Period and onwards), the Authority proposes the growth rates in line with revised 5-year CAGR, i.e. 13.09% for Domestic ATM and revised 3-year CAGR i.e., 6.50% for International ATM.
- 4.14 The traffic growth rates and the corresponding traffic for Passengers and ATM as considered by the Authority for the 1st Control Period is given in the table below:

Table 7: Traffic forecast as considered by the Authority

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates						
2019-20	-0.88%	9.46%	2.39%	1.19%	-10.83%	-2.45%
2020-21	18.48%	17.55%	18.16%	13.09%	6.50%	11.27%
2021-22	18.48%	17.55%	18.16%	13.09%	6.50%	11.35%

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
2022-23	18.48%	17.55%	18.17%	13.09%	6.50%	11.42%
2023-24	18.48%	17.55%	18.17%	13.09%	6.50%	11.50%
Traffic in numbers						
2019-20	1,710,058	874,041	2584099	12,627	4,839	17,466
2020-21	2,025,996	1,027,442	3053438	14,281	5,153	19,434
2021-22	2,400,306	1,207,767	3608072	16,151	5,488	21,639
2022-23	2,843,770	1,419,740	4263509	18,266	5,844	24,110
2023-24	3,369,165	1,668,915	5038081	20,658	6,224	26,882

- 4.15 The Authority proposes to true-up the traffic as per actual growth achieved during the 1st Control Period at the time of determination of tariff for the 2nd Control Period.
- 4.16 In light of the COVID-19 pandemic, GoI's restriction on Domestic and International flights to/from India and the resultant prevailing situation, it would be difficult to accurately assess the Traffic Volume for FY 2020-21 at this instant. AERA has therefore, for the purpose of Consultation Paper, utilized the traffic projections proposed above. However, the Authority proposes to take a final view based on developments of the COVID-19 situation and after considering Stakeholders' views on the subject, in response to this Consultation Paper.

Proposal No. 1: Regarding Traffic Forecast

- 1.a. The Authority proposes to consider the ATM and passenger traffic for the 1st Control Period for Amritsar Airport as per Table 7, while factoring in para 4.16 above.
- 1.b. The Authority proposes to true-up the traffic volume (ATM and Passengers) on the basis of actual traffic in 1st Control Period while determining tariffs for the 2nd 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 aeronautical area to non-aeronautical area 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) **Quarter 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 8: Ratios used by AAI for allocation of assets into aeronautical and non-aeronautical

Particulars	Ratio (FY 2017-18)
Terminal Area Ratio	5.43%
Employee Ratio	5:118
Quarter ratio	2:52

- 5.4 The allocation of gross block of assets as on 01/04/2017 between aeronautical and non-aeronautical services as submitted by AAI is given in the table below:

Table 9: Allocation of opening gross block of assets for FY 2017-18 between aeronautical and non-aeronautical as per AAI (INR Crore)

S. No.	Asset category	Total assets	Pure Aero Assets	Common Assets	Common Asset		Aero assets	% Aero
					Aero	Non-Aero		
1.	Land	0.042	0.042	0.00	0.00	0.00	0.042	100.0%
2.	Runways, Aprons and Taxiways	116.48	116.48	0.00	0.00	0.00	116.48	100.0%
3.	Road, Bridges & Culverts	34.60	34.60	0.00	0.00	0.00	34.60	100.0%
4.	Building – Terminal	158.85	100.21	58.65	55.46	3.18	155.67	98.0%
5.	Building – Temporary	0.64	0.64	0.00	0.00	0.00	0.64	100.00%
6.	Building- Residential	4.40	3.08	1.32	1.26	0.06	4.34	98.67%
7.	Security Fencing-Temp	0.43	0.43	0.00	0.00	0.00	0.43	100%
8.	Boundary Wall – Operational	4.84	4.84	0.00	0.00	0.00	4.84	100.0%
9.	Boundary Wall – Residential	0.27	0.00	0.27	0.26	0.01	0.26	95.61%
10.	Building - Others	8.35	8.35	0.00	0.00	0.00	8.35	100%
11.	Computer - End user	1.07	1.07	0.00	0.00	0.00	1.07	100%
12.	Computer Server & Network	0.18	0.18	0.00	0.00	0.00	0.18	100%
13.	Intangible Assets – Software	0.45	0.45	0.00	0.00	0.00	0.45	100%
14.	Plant & Machinery	17.88	17.88	0.00	0.00	0.00	17.88	98.07%
15.	Tools & Equipment	7.01	7.01	0.00	0.00	0.00	7.01	100%
16.	Furniture & Fixtures: Other Than Trolley	5.31	5.31	0.00	0.00	0.00	5.31	100.0%
17.	Furniture & Fixtures: Trolley	1.22	1.22	0.00	0.00	0.00	1.22	100.0%
18.	Vehicles	1.76	1.67	0.09	0.08	0.01	1.76	99.81%
19.	Electrical Installations	74.09	68.31	5.78	5.47	0.31	73.78	99.58%
20.	Other Office Equipment	0.97	0.89	0.08	0.07	0.01	2.34	99.56%
21.	X Ray Baggage System	2.74	2.74	0.00	0.00	0.00	2.74	100.0%
22.	CFT/Fire Fighting Equipment	20.09	20.09	0.00	0.00	0.00	20.09	100.0%
	Total	461.68	395.50	66.18	62.61	3.57	458.11	99.23%

Authority’s examination

- 5.5 AAI has submitted the Initial RAB as on April 1, 2017 considering that Amritsar airport became “Major Airport” in FY 2017-18 as defined in Section 2(i) of Airports Economic Regulatory Authority of India (AERA, the Authority) Act. However, the threshold for the definition of Major Airports was revised to 3.5 million passengers per annum as per AERA (Amendment) Act, 2019.
- 5.6 As discussed in Section 1. Introduction, MoCA has directed AERA to determine the aeronautical tariffs for Amritsar Airport while declaring it as a “Major Airport” vide letter AV-24011/141/2015-AD (Vol. V) dated October 30, 2019 as it is proposed to be privatized in next round of PPP leasing by AAI. Accordingly, the Authority has determined the Initial RAB as on April 1, 2019, considering the first Control Period to be from FY 2019-20 to FY 2023-24.
- 5.7 AAI has submitted the details of common assets and their allocation between aeronautical assets and non-aeronautical assets as on April 1, 2017. The Authority for the purpose of calculating the gross Aero assets as on April 1, 2019, proposes to determine gross opening Aero assets as on April 1, 2017 as per AAI submissions and has considered the addition in aeronautical assets and net depreciation for FY 2017-18 and FY 2018-19 to compute the Initial RAB as on April 1, 2019. The depreciation for FY 2017-18 and FY 2018-19 has been computed considering the depreciation rates as per AAI’s internal accounting policies, which shall be discussed in subsequent sections.
- 5.8 AAI submitted the workings for the calculation of the terminal area ratio, i.e., ratio of non-aeronautical portion to the aeronautical portion of the terminal building. This has been presented in the table below.

Table 10: Terminal Area Ratio

S. No.	Category	Area (Sq. meters)
1	Commercial Entities- Restaurant / Snack Bars	440.19
2	Commercial Entities- Retail Facility	549.93
3	Duty Free Shop	238.04
4	Building Non-Residential	923.75
5	Admission Tickets	0.00
6	AAI Commercial office	30.80
	Total non-aeronautical area (1)	2182.71
	Total area of terminal (2)	40175.00
	Terminal area ratio (1/2)	5.43%

- 5.9 The Authority observed that 817.55 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.
- 5.10 The Authority verified the above working, with details of exact area given to various entities – commercial, airlines, and regulatory and allied agencies. However, the Authority believes that AAI should put in more efforts to increase the share of non-aeronautical activities in the terminal building. Considering that the passenger profile at Amritsar Airport is dominated by tourists, the Authority proposes to consider the terminal building ratio as 10%, in line with the optimum terminal building ratio of 8%-12% as approved for similar airports.

5.11 The Authority verified the workings provided by AAI for employee ratio. AAI has considered the employee ratio without deducting the cargo employees and ANS share of employees in Finance and HR. The Authority has computed the employee ratio based on above observations as 5/107. **Accordingly, the Authority proposes to consider the ratio as 5/107.**

5.12 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 11: Allocation of common assets as per Authority

S. No.	Asset category	Common Assets (INR cr.)	Aero Assets (INR cr.)	Non- Aero Assets (INR cr.)	Ratio used for allocation of common assets	Remarks
1.	Building – Terminal	58.74	52.87	5.87	Terminal Building ratio – 10%	All common assets of INR 58.74 crore have been allocated as per the Terminal Building ratio of 10%.
2.	Building – Residential	1.32	1.26	1.26	Quarter Ratio- 2:52	All common assets of INR 1.32 crore have been inappropriately allocated as per the Employee ratio and have been allocated as per quarter ratio.
3.	Boundary wall residential	0.30	0.26	0.26	Quarter ratio- 2:52	All common assets of INR 0.30 crore have been inappropriately allocated as per the Employee ratio and have been allocated as per quarter ratio.
4.	Electrical Installations	68.31	61.48	6.83	Terminal Area Ratio- 10%	The total common assets of INR 68.31 crore have been proposed to allocate on the basis of terminal area ratio.
5.	Office Furniture	1.38	1.32	0.06	Employee Ratio- 5:107	AAI allocated the assets as 100% aeronautical. However, because these assets are used commonly by all employees, the Authority proposes to allocate these on the basis of Employee Ratio.
6.	Other Office Equipment	0.97	0.92	0.04	Employee Ratio: 5:107	AAI proposed an allocation of ~99% aeronautical for these assets. However, because these assets pertain to office equipment used by the employees, the Authority proposes to allocate these on the basis of Employee Ratio.

5.13 On the basis of above observations, the Authority proposes the allocation of gross block of assets in accordance with the table below:

Table 12: Allocation of assets proposed by the Authority (Gross Block as on 1st April 2017)

S. No.	Asset category	Total assets	Pure Aero	Common Assets	Common Asset		Aero assets	% Aero
					Aero	Non-Aero		
1.	Land	0.042	0.042	0.00	0.00	0.00	0.042	100.0%
2.	Runways, Aprons and	116.48	116.48	0.00	0.00	0.00	116.48	100.0%
3.	Road, Bridges &	34.60	34.60	0.00	0.00	0.00	34.60	100.0%
4.	Building – Terminal	158.85	100.21	58.65	52.78	5.86	152.99	96.31%
5.	Building – Temporary	0.64	0.64	0.00	0.00	0.00	0.64	100.00%
6.	Building- Residential	4.40	3.08	1.32	1.27	0.05	4.35	98.84%
7.	Security Fencing-Temp	0.43	0.43	0.00	0.00	0.00	0.43	100%
8.	Boundary Wall –	4.84	4.84	0.00	0.00	0.00	4.84	100.0%
9.	Boundary Wall –	0.27	0.00	0.27	0.26	0.01	0.26	96.15%
10.	Building - Others	8.35	8.35	0.00	0.00	0.00	8.35	100%
11.	Computer - End user	1.07	1.07	0.00	0.00	0.00	1.07	100%
12.	Computer Server &	0.18	0.18	0.00	0.00	0.00	0.18	100%
13.	Intangible Assets –	0.45	0.45	0.00	0.00	0.00	0.45	100%
14.	Plant & Machinery	17.88	17.88	0.00	0.00	0.00	17.88	98.07%
15.	Tools & Equipment	7.01	7.01	0.00	0.00	0.00	7.01	100%
16.	Furniture & Fixtures: Other Than Trolley	5.31	5.31	1.38	1.31	0.06	5.25	98.87%
17.	Furniture & Fixtures:	1.22	1.22	0.00	0.00	0.00	1.22	100.0%
18.	Vehicles	1.76	1.67	0.09	0.08	0.01	1.76	99.81%
19.	Electrical Installations	74.09	68.31	5.78	5.21	0.58	73.51	99.22%
20.	Other Office	0.97	0.89	0.08	0.07	0.01	0.96	99.19%
21.	X Ray Baggage System	2.74	2.74	0.00	0.00	0.00	2.74	100.0%
22.	CFT/Fire Fighting	20.09	20.09	0.00	0.00	0.00	20.09	100.0%
	Total	461.68	394.12	67.56	60.98	6.58	455.10	98.57%

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 1st April 2017 between aeronautical and non-aeronautical assets as detailed in Table 12.

6. Initial Regulatory Asset Base

- 6.1 As per AAI's submission, the Initial RAB as on 31/03/17 amounted to INR 134.61 crores. AAI submitted the following working for the computation of Initial RAB.

Table 13: Initial RAB on 1st April 2017 as per AAI's submission (figures in INR crores)

Asset Category	Opening Gross Block	Accumulated Depreciation	Opening Net Block
Land	0.00	0.00	0.00
Runways, Aprons and Taxiways	116.48	63.66	52.82
Road, Bridges & Culverts	34.60	29.15	5.44
Building – Terminal	155.67	107.83	47.84
Building – Temporary	0.64	0.64	0.00
Building- Residential	4.34	2.04	2.30
Security Fencing-Temp	0.43	0.43	0.00
Boundary Wall – Operational	4.84	3.60	1.24
Boundary Wall – Residential	0.26	0.17	0.09
Building - Others	8.35	3.12	5.23
Computer - End user	1.07	1.05	0.02
Computer Server & Network	0.18	0.18	0.00
Intangible Assets – Software	0.45	0.45	0.00
Plant & Machinery	17.88	15.90	1.98
Tools & Equipment	7.01	4.30	2.71
Furniture & Fixtures: Other Than Trolley	5.31	4.30	1.01
Furniture & Fixtures: Trolley	1.22	0.76	0.46
Vehicles	1.76	1.65	0.11
Electrical Installations	73.78	60.86	12.92
Other Office Equipment	0.96	0.85	0.12
X Ray Baggage System	2.74	2.67	0.07
CFT/Fire Fighting Equipment	20.09	19.86	0.23
Total	458.07	323.46	134.61

Authority's examination:

- 6.2 AAI has worked out depreciation for FY 2017-18 and FY 2018-19 using rates as per Authority's Order No. 35/2017-18, which is applicable for Major Airports within the economic regulatory ambit of AERA. However, MoCA has directed AERA to determine the aeronautical tariffs for Amritsar Airport, while declaring it as a Major Airport, only on October 30, 2019. Accordingly, the depreciation rates as per Authority's Order No. 35/2017-18 may not be applied for the periods FY 2017-18 and FY 2018-19. Therefore, the Authority proposes to use the depreciation rates applicable as per AAI's internal accounting policies for computing the net block of Initial RAB.
- 6.3 As discussed in para 5.5, the Initial RAB as on April 1, 2019 has been computed based on opening Aeronautical Assets as on April 1, 2017, addition in assets and net depreciation for FY 2017-18 and FY 2018-19. The depreciation methodology used for FY 2017-18 and FY 2018-19 has been discussed in para 8.7 on Depreciation.

6.4 The Initial RAB has been revised mainly on account of change in Terminal Building ratio, employee ratio and depreciation rates, as presented in the following table:

Table 14: Initial RAB on 1st April 2019 as proposed by Authority (figures in INR crores)

Asset Category	Opening Gross Block on Apr' 17	Acc. Depreciation	Opening Net Block on Apr'17	Addition for FY 2017-18	Net Depreciation FY 2017-18	Addition for FY 2018-19	Net Depreciation FY 2018-19	Opening Net Block on Apr'19
Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Runways, Aprons and Taxiways	116.48	63.66	52.82	4.84	9.06	0.00	9.36	39.24
Road, Bridges & Culverts	34.60	29.15	5.44	0.00	1.28	5.96	1.54	8.58
Building – Terminal	152.99	105.73	47.26	0.00	11.97	2.21	11.20	26.31
Building – Temporary	0.64	0.64	0.00	0.00	0.00	0.00	0.00	0.00
Building-Residential	4.35	2.05	2.30	0.00	0.22	0.00	0.22	1.87
Security Fencing-Temp	0.43	0.43	0.00	0.00	0.00	0.00	0.00	0.00
Boundary Wall – Operational	4.84	3.60	1.24	0.00	0.23	0.00	0.21	0.81
Boundary Wall – Residential	0.26	0.17	0.09	0.00	0.01	0.00	0.01	0.06
Building - Others	8.35	3.12	5.23	1.67	0.62	0.63	0.69	6.22
Computer - End user	1.07	1.05	0.02	0.06	0.01	1.13	0.13	1.07
Computer Server & Network	0.18	0.18	0.00	0.00	0.00	0.00	0.00	0.00
Intangible Assets – Software	0.45	0.45	0.00	0.01	0.00	0.00	0.00	0.01
Plant & Machinery	17.88	15.90	1.98	5.45	1.11	0.17	0.91	5.58
Tools & Equipment	7.01	4.30	2.71	0.21	0.92	9.11	1.81	9.31
Furniture & Fixtures: Other Than Trolley	5.25	4.28	0.97	0.00	0.00	0.22	0.02	0.20
Furniture & Fixtures: Trolley	1.22	0.76	0.46	0.00	0.15	0.00	0.15	0.15
Vehicles	1.76	1.65	0.11	0.09	0.08	2.05	0.18	1.98
Electrical Installations	73.51	60.62	12.89	15.66	5.64	1.26	3.86	20.20
Other Office Equipment	0.96	0.84	0.12	0.00	0.32	0.04	0.29	0.51
X Ray Baggage System	2.74	2.67	0.07	0.28	0.04	0.04	0.04	0.29
CFT/Fire Fighting Equipment	20.09	19.86	0.23	0.55	0.11	5.28	0.11	5.47
Total	455.10	321.11	133.95	28.82	31.77	28.09	31.13	127.97

Proposal No. 3: Regarding Initial RAB

3.a. The Authority proposes to consider the initial regulatory asset base for the 1st Control Period for Amritsar Airport as INR 127.97 crores in accordance with Table 14.

7. Capital Expenditure for the 1st Control Period

7.1 AAI has proposed the total expenditure of INR 537.66 crore for the 1st Control Period. The item wise capex phasing, physical and financial progress as submitted by AAI has been shown in table below:

Table 15: Capital Expenditure as proposed by AAI for 1st Control period (INR crore)

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
a)	Expansion of Terminal Building [Assumption:(65% civil and 35% electrical)]	230.07	243.28	94.57%	March 2022	0.00	40.00	120.00	83.28	0.00	Nil	Nil	SOW approved.
b)	Parallel Taxi Track	84.60	84.60	100%	2022-23	0.00	0.00	38.00	46.60	0.00	Nil	Nil	SOW under finalization.
c)	Obstructions to the construction of Parallel taxi track- IAF rehabilitation	13.40	13.40	100%	2020-21	0.00	13.40	0.00	0.00	0.00			
d)	Expansion of apron for 10 Nos Code 4C type (excl. GLF work to be taken up with ALCMS work)	52.41	52.41	100%	2020-21	8.50	43.91	0.00	0.00	0.00	32%	7.5	Work in progress
e)	Upgradation of ALCMS & provision of ILCMS for CAT IIIB Lighting	34.13	34.13	100%	2021-22	0.00	10.00	20.00	4.13	0.00	Nil	Nil	A/A & E/S already accorded.
f)	Interior work of First floor TB	17.56	18.61	94.57%	15.06.2019	18.61	0.00	0.00	0.00	0.00	100%	18.83	Work completed

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
g)	SITC of Inline XBIS - 2 Phase	11.39	11.39	100%	2020-21	0.00	11.39	0.00	0.00	0.00	Nil	Nil	
h)	Body scanners	10.45	10.45	100%	2020-21	0.00	10.45	0.00	0.00	0.00	Nil	Nil	
i)	TCV	9.20	9.20	100%	2020-21	0.00	9.20	0.00	0.00	0.00	Nil	Nil	
j)	Replacement of flooring	7.57	8.00	94.57%	2021-22	0.00	4.00	4.00	0.00	0.00	Nil	Nil	
k)	Runway mechanical sweeper	7.30	7.30	100%	2020-21	0.00	7.30	0.00	0.00	0.00	Nil	Nil	
l)	CFT and RIVs	5.00	5.00	100%	2020-21	0.00	5.00	0.00	0.00	0.00	Nil	Nil	
m)	ATRS	4.00	4.00	100%	2021-22	0.00	0.00	4.00	0.00	0.00	Nil	Nil	
n)	Provision of AVDGS for parking bays (excluding maintenance cost of Rs. 0.57 crs)	3.28	3.28	100%	2019-20	3.00	0.28	0.00	0.00	0.00	70.00%	1.8	Work in progress
o)	Provision of Tensile Fabric Canopy in front of TB	2.25	2.38	94.57%	2019-20	2.38	0.00	0.00	0.00	0.00	100%	2.31	Work completed
p)	Replacement of 02 Nos. outlived Baggage Conveyors Belt by new baggage conveyor in Domestic arrival (excluding Rs. 2.17cr, for maintenance cost)	2.75	2.75	100%	2020-21	0.00	2.75	0.00	0.00	0.00	Nil	Nil	F/C accorded at RHQ.

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
q)	FIDS	2.00	2.00	100%	2021-22	0.00	0.00	2.00	0.00	0.00	Nil	Nil	
r)	Improvement of Air conditioning system in TB	1.73	1.83	94.57%	2019-20	1.83	0.00	0.00	0.00	0.00	100%	1.83	Work completed
s)	SITC of 219 DV XBIS	1.69	1.69	100%	2020-21	0.00	1.69	0.00	0.00	0.00	Nil	Nil	
t)	SITC OF SCCTV (excluding CAMC)	1.66	1.66	100%	2019-20	1.66	0.00	0.00	0.00	0.00	Nil	Nil	
u)	Procurement of Electrical Testing equipment : SH supply Testing And Training of Motorized Photometric Measuring System and other special Equipment's for maintenance of airfield Ground Lighting (AGL) system	1.60	1.60	100%	2019-20	1.60	0.00	0.00	0.00	0.00	100%	1.6	Work completed
v)	Providing Fixing and installation of fall protection and walkway system on roof of TB	1.42	1.50	94.57%	2019-20	1.50	0.00	0.00	0.00	0.00	100%	1.5	
w)	Modification to railing at central cut -out and towards air-corridor and mis work at ops and security reason	1.47	1.47	100%	2019-20	1.47	0.00	0.00	0.00	0.00	100.00%	1.47	Work completed

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalisation	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
x)	Provision of road from apron to fire station	1.44	1.44	100%	2020-21	0.00	1.44	0.00	0.00	0.00	10.00%	Nil	Work in progress
y)	Replacement of Damaged RIGIDAL aluminum standing skylight with profile sheet on roof of TB	1.22	1.29	94.57%	2019-20	1.29	0.00	0.00	0.00	0.00	100.00%	1.47	Work completed
z)	TUV, MM Bolero, Swift Dzire Truck tractor etc	1.28	1.28	100%		0.63	0.15	0.00	0.40	0.10	Nil	Nil	
aa)	SITC OF SCCTV with for 1st and Mezzanine floor (Excluding CAMC)	1.26	1.26	100%	2019-20	1.26	0.00	0.00	0.00	0.00	Nil	Nil	
ab)	Replacement of old outlived DG sets in phase-I Powerhouse	1.20	1.20	100%	2020-21	1.19	0.01	0.00	0.00	0.00	50.00%	0.6	Work in progress
ac)	SS Dustbin, Sanitary Vending Machine vertical garden PET Bottle Shredder, LED TVs	1.10	1.10	100%		0.20	0.15	0.35	0.20	0.20	Nil	Nil	
ad)	Improvement in toilet	0.97	1.03	94.57%	2019-20	1.03	0.00	0.00	0.00	0.00	50%	0.39	Work in progress
ae)	Others	7.16	7.16	100%	2019-20	7.16	0.00	0.00	0.00	0.00			
	Total	522.56	537.66			53.32	161.12	188.35	134.61	0.30			

7.2 AAI has proposed aeronautical capitalization expenditure of INR 522.57 crores for the 1st Control Period. This has been shown in the table below:

Table 16: Aeronautical Capitalization proposed by AAI for 1st Control Period (INR crore)

Asset category	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024	Total
Runways, Aprons and Taxiways	0.00	60.95	0.00	84.60	0.00	145.55
Road, Bridges & Culverts	0.53	1.44	0.00	0.00	0.00	1.96
Building – Terminal	19.34	0.00	157.11	0.00	0.00	176.45
Other Building – Unclassified	0.47	0.00	0.00	0.00	0.00	0.47
Plant & Machinery	7.32	10.95	2.00	0.00	0.00	20.27
Tools & Equipment	1.46	16.81	4.00	0.00	0.00	22.27
Office Furniture	0.25	0.15	0.10	0.15	0.25	0.90
Vehicles	0.63	0.15	0.00	0.40	0.10	1.28
Electrical Installations	7.67	8.81	114.65	0.00	0.00	131.13
Furniture & Fixtures-Other than Trolley	1.69	0.15	0.35	0.20	0.20	2.59
furniture & Fixtures- Trolley	0.30	0.00	0.15	0.00	0.30	0.75
X Ray Baggage System	0.00	13.94	0.00	0.00	0.00	13.94
CFT/Fire Fighting Equipment	0.00	5.00	0.00	0.00	0.00	5.00
Total	39.67	118.34	278.37	85.35	0.85	522.57

- 7.3 AAI has submitted that the existing capacity of the airport is 4 million passengers while the airport served 2.52 million passengers in FY 2018-19. This traffic is expected to grow further in future. To accommodate this growing traffic, AAI has proposed an expansion plan for existing terminal building.
- 7.4 The proposed expansion plan shall be the extension of existing terminal (area=40,175 sqm) and will span across an area of 16,000 sqm.
- 7.5 The expansion plan shall be met out of internal resources and is proposed to be capitalized in FY 2021-22.
- 7.6 AAI has proposed a capital expenditure of INR 98 crores towards construction of parallel taxi track including relocation and rehabilitation of IAF (Indian Air Force) structure, obstructing the proposed parallel taxi track.
- 7.7 AAI has proposed a capital expenditure of INR 52.41 crores for expansion of Apron for additional 10 nos. parking bays for 4C type of aircrafts. AAI has submitted that additional parking bays shall support by catering to the diverted flights from IGI Airport, Delhi during bad weather conditions.
- 7.8 AAI has proposed a capital expenditure of INR 4.52 crores for Up-Gradation of ALCMS & provision of ILCMS including Provision of CAT-IIIB lights on Balance Bays including Isolation Bay, Cargo Bay and upcoming 10 nos. apron bays. AAI has submitted that due to non-availability of Individual Lamp Monitoring Control System, only 4 nos. bays against 24 nos. bays (10nos. Under construction) are available in CAT-IIIB condition.

Authority's Examination

- 7.9 The Authority examined the proposed capital expenditure including its rationale, detailed line item wise breakup, current progress including procurement steps and future planning.
- 7.10 The Authority analyzed the expansion of existing terminal building being proposed including the need and objectives, proposed capital expenditure and scope of work. The proposal is still in the planning stage and yet to be awarded. Accordingly, the key takeaways are as below.
- 7.10.1 As per AAI's submissions, the expansion of existing PTB shall be spread across an area of 16,000 sqm (Ground Level – 8,000 sqm and First Floor– 8,000 sqm) with a cost estimate of INR 243.28 crores. The unit area cost for the expansion of terminal worked out to INR 152,050 per sqm.
- 7.10.2 The Authority has adopted the normative approach towards determination of cost of terminal building and has considered a normative cost of INR 100,000 per sq. meters in line with previous tariff orders pertaining to other airports such as Guwahati, Lucknow, Chennai and Patna. The Authority conducted a study of few major airports for determining the reasonableness of the capital expenditures for respective terminal buildings. As per these studies, the cost worked out to be in the range of 0.95 to 1.25 lakhs per sqm. Accordingly, the Authority decides to adopt INR 100,000 per sqm for terminal buildings of the design and specifications.
- 7.10.3 Therefore, as per the above benchmarks, the cost of expansion of existing PTB works out to INR 160 crores. The Authority has considered AAI's original allocation of 65% for Civil and 35% for E&M works for working out the breakup of PTB cost. Accordingly, the breakup of terminal cost would be INR 104 crores for civil work and INR 56 crores for E&M installations/works.

7.10.4 The Authority also sought item wise cost breakup for the proposed expansion of existing terminal building from AAI. It has been observed that the proposed items of capital expenditure include expenditure specifically necessitated due to this being a modification of the existing building, such as cost of diverting services, shifting of existing capital items etc. Such expenditures don't form a part of the benchmarking study, which was conducted from the perspective of a new Terminal Building. Accordingly, the Authority proposes following items to be allowed separately, considering these were not considered as part of Terminal Building costing in the benchmarking study:

Table 17: Additional cost proposed by Authority for expansion of existing terminal building (INR crore)

Sr. No	Particulars	Value
1.	Cost of diverting services, dismantling wall partition and other unforeseen work etc	20.67
2.	Solar Plant	3.16
3.	Cost of Sub-Station Building	4.17
4.	Shifting and Trans installation of Existing Arrival BHS -2 nos and Modification of Existing Departure BHS	5.47
5.	Additional 04 nos. escalators in Existing Building for SHA from FF to MF	2.43
6.	Total	35.90
7.	Benchmarked cost for proposed expansion of existing PTB	160.00
8.	Proposed cost for expansion of existing PTB	195.90

Thus, the Authority proposes the capital expenditure of INR 195.90 crores for the proposed expansion of existing terminal building. Considering AAI's original allocation of 65% for Civil and 35% for E&M works, the civil cost works out to INR 127.34 crores and the E&M cost works out to INR 68.56 crores.

7.10.5 AAI has submitted that the terminal building ratio shall remain the same at 5.43% for the extension portion of the existing terminal building. However, the Authority has proposed to consider the terminal building ratio as 10% as discussed in para 5.10. Accordingly, the Aeronautical Portion of projected cost for expansion plan for existing PTB works out to INR 176.31 crores.

7.10.6 AAI has proposed the date of capitalization for expansion plan as March 2022. The Authority has examined the current status of project tendering and therefore proposes to shift the date of capitalization by 6 months i.e. September 2022.

7.11 Authority has also examined the other capital expenditure proposed by AAI considering the current procurement stage such as Administrative Approval, Expenditure Sanction, status of tendering, Letters of Award and physical and financial progress of capital expenditure already under execution, as applicable. The specific observations as follows:

7.11.1 Upgradation of ALCMS & provision of ILCMS for CAT IIIB Lighting– As per AAI submission, the administrative approval and expenditure sanction has already been

accorded. Considering the current status, the Authority proposes to change the proposed date of capitalization to FY 2021-22.

- 7.11.2 The Authority sought the total area of the proposed 10 nos. of Apron bays from AAI. As per the details received from AAI, the Aprons shall span across an area of 109,100 sqm. For the purpose of prudence check, the Authority computed the normative cost of the Apron and found the awarded cost as determine in “Table 18” below is within the benchmarks cost of proposed apron.

Table 18: Benchmarked cost for proposed Apron

Particulars	Value
Area	109,100
Cost per sqm as on 1st April 2016 (INR)	4,700
Inflation % assumed	5%
Number of years of inflation	4
Inflation factor	1.26
Normative cost (INR crores)	62.33
Cost proposed by AAI (INR crores)	47.54
Cost proposed by Authority (INR crores)	47.54

- 7.11.3 Similarly, the Authority sought the total area of the proposed Parallel Taxi Track (PTT) from AAI. As per the details received from AAI, the PTT will have an area of 124,000 sqm. AAI has submitted that out of the cost estimate of INR 98 crore, INR 13.40 crores shall be incurred for the relocation/ rehabilitation of IAF structure, INR 0.20 crore will be utilized for demolition of existing concrete infrastructure and INR 0.20 crore for office support. The Authority has computed the normative cost of PTT as INR 78.10 crores, as against INR 84.60 crores proposed by AAI excluding the IAF rehabilitation. The Authority finds it appropriate to include the cost of demolition of existing concrete structure, IAF rehabilitation and cost of office support over and above the normative cost, as they were not included in the benchmark cost of taxi track as per the study. Therefore, the Authority proposes to revise the cost of these assets to INR 91.90 crores. The computation of normative cost has been shown below

Table 19: Benchmarked cost for proposed Parallel Taxi Track

Particulars	Value
Area	124,000
Cost per sqm as on 1st April 2016 (INR)	4,700
Inflation % assumed	5%
Number of years of inflation	6
Inflation factor	1.34
Normative cost (INR crores)	78.10
Cost of IAF rehabilitation	13.40
Office support & demolition	0.40
Total normative cost	91.90
Cost proposed by AAI (INR crores)	98.00
Cost proposed by Authority (INR crores)	91.90

- 7.12 AAI had conducted AUCC meeting on 13th December 2019. As per the minutes of that meeting, the Authority observed that the discussion was around the growth rate consideration

and proposal for expansion of existing terminal building in order to increase the passenger capacity from existing 4 MPPA to 5.5 MPPA.

Broadly following issues were discussed in AUCC meeting:

- Consideration of 10%-12% growth in passenger traffic
- Congestion in SHA
- Provision of direct transit area in proposed expansion plan
- Source of funding for upcoming projects
- Rationale of going for proposed expansion when Amritsar airport is shortlisted for privatization.
- Dip in Aero revenue in FY 2020-21

7.13 AAI has proposed a capital expenditure of INR 8 crores for replacement of flooring in existing terminal building. However, the Authority believes that the nature of the work is Operations & Maintenance and proposes to shift it to Repair & Maintenance expenses.

7.14 In accordance with above, the Authority proposes the capital expenditure for the 1st Control Period as per the table below:

Table 20: Capital Expenditure as proposed by the Authority for 1st Control Period (INR crore)

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalization	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
a)	Expansion of Terminal Building [Assumption:(65% civil and 35% E&M)]	176.31	195.90	90%	Sept 2023	0.00	32.12	96.35	66.87	0.00	Nil	Nil	SOW approved.
b)	Parallel Taxi Track	78.50	78.50	100%	2022-23	0.00	0.00	38.00	40.50	0.00	Nil	Nil	SOW under finalization.
c)	Obstructions to the construction of Parallel taxi track- IAF rehabilitation	13.40	13.40	100%	2020-21	0.00	13.40	0.00	0.00	0.00			
d)	Expansion of apron for 10 Nos Code 4C type (excl. GLF work to be taken up with ALCMS work)	47.54	47.54	100%	2020-21	8.50	39.04	0.00	0.00	0.00	32%	7.5	Work in progress
e)	Upgradation of ALCMS & provision of ILCMS for CAT IIIB Lighting	34.13	34.13	100%	2022-23	0.00	10.00	20.00	4.13	0.00	Nil	Nil	A/A & E/S already accorded.
f)	Interior work of First floor TB	16.75	18.61	90%	15.06.2019	18.61	0.00	0.00	0.00	0.00	100%	18.83	Work completed
g)	SITC of Inline XBIS - 2 Phase	11.39	11.39	100%	2020-21	0.00	11.39	0.00	0.00	0.00	Nil	Nil	
h)	Body scanners	10.45	10.45	100%	2020-21	0.00	10.45	0.00	0.00	0.00	Nil	Nil	

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalization	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
i)	TCV	9.20	9.20	100%	2020-21	0.00	9.20	0.00	0.00	0.00	Nil	Nil	
j)	Runway mechanical sweeper	7.30	7.30	100%	2020-21	0.00	7.30	0.00	0.00	0.00	Nil	Nil	
k)	CFT and RIVs	5.00	5.00	100%	2020-21	0.00	5.00	0.00	0.00	0.00	Nil	Nil	
l)	ATRS	4.00	4.00	100%	2021-22	0.00	0.00	4.00	0.00	0.00	Nil	Nil	
m)	Provision of AVDGS for parking bays (excluding maintenance cost of Rs. 0.57 crs)	3.28	3.28	100%	2019-20	3.00	0.28	0.00	0.00	0.00	70.00%	1.8	Work in progress
n)	Provision of Tensile Fabric Canopy in front of TB	2.14	2.38	90%	2019-20	2.38	0.00	0.00	0.00	0.00	100%	2.31	Work completed
o)	Replacement of 02 Nos. outlived Baggage Conveyors Belt by new baggage conveyor in Domestic arrival (excluding Rs. 2.17cr, for maintenance cost)	2.75	2.75	100%	2020-21	0.00	2.75	0.00	0.00	0.00	Nil	Nil	F/C accorded at RHQ.
p)	FIDS	2.00	2.00	100%	2021-22	0.00	0.00	2.00	0.00	0.00	Nil	Nil	
q)	Improvement of Air conditioning system in TB	1.65	1.83	90%	2019-20	1.83	0.00	0.00	0.00	0.00	100%	1.83	Work completed

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalization	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
r)	SITC of 219 DV XBIS	1.69	1.69	100%	2020-21	0.00	1.69	0.00	0.00	0.00	Nil	Nil	
s)	SITC OF SCCTV (excluding CAMC)	1.66	1.66	100%	2019-20	1.66	0.00	0.00	0.00	0.00	Nil	Nil	
t)	Procurement of Electrical Testing equipment: SH supply Testing And Training of Motorized Photometric Measuring System and other special Equipment's for maintenance of airfield Ground Lighting (AGL) system	1.60	1.60	100%	2019-20	1.60	0.00	0.00	0.00	0.00	100%	1.6	Work completed
u)	Providing Fixing and installation of fall protection and walkway system on roof of TB	1.35	1.50	90%	2019-20	1.50	0.00	0.00	0.00	0.00	100%	1.5	
v)	Modification to railing at central cut -out and towards air-corridor and mis work at ops and security reason	1.47	1.47	100%	2019-20	1.47	0.00	0.00	0.00	0.00	100.00%	1.47	Work completed
w)	Provision of road from apron to fire station	1.44	1.44	100%	2020-21	0.00	1.44	0.00	0.00	0.00	10.00%	Nil	Work in progress
x)	Replacement of Damaged RIGIDAL aluminum standing	1.16	1.29	90%	2019-20	1.29	0.00	0.00	0.00	0.00	100.00%	1.47	Work completed

Sr. No	Component	Aero Cost (INR Cr)	Total Cost (INR Cr)	Aero Portion (%)	Proposed Date of Capitalization	Phasing of Capital Expenditure					Physical Progress (In %)	Financial Progress (INR Crore)	Remarks
						2019-20	2020-21	2021-22	2022-23	2023-24			
	skylight with profile sheet on roof of TB												
y)	TUV, MM Bolero, Swift Dzire Truck tractor etc	1.28	1.28	100%		0.63	0.15	0.00	0.40	0.10	Nil	Nil	
z)	SITC OF SCCTV with for 1st and Mezzanine floor (Excluding CAMC)	1.26	1.26	100%	2019-20	1.26	0.00	0.00	0.00	0.00	Nil	Nil	
aa)	Replacement of old outlived DG sets in phase-I Powerhouse	1.20	1.20	100%	2020-21	1.19	0.01	0.00	0.00	0.00	50.00%	0.6	Work in progress
ab)	SS Dustbin, Sanitary Vending Machine vertical garden PET Bottle Shredder, LED TVs	1.10	1.10	100%		0.20	0.15	0.35	0.20	0.20	Nil	Nil	
ac)	Improvement in toilet	0.93	1.03	90%	2019-20	1.03	0.00	0.00	0.00	0.00	50%	0.39	Work in progress
ad)	Others	7.14	7.14	100%	2019-20	7.14	0.00	0.00	0.00	0.00			
	Total	449.06	471.32			53.29	144.46	187.25	112.29	0.30			

7.15 Accordingly, the Authority proposes the aeronautical capitalization for the 1st Control Period as per the table below:

Table 21: Aeronautical Capitalization as proposed by the Authority (INR crores)

Asset category	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024	Total
Runways, Aprons and Taxiways	0.00	60.95	0.00	78.50	0.00	139.45
Road, Bridges & Culverts	0.53	1.44	0.00	0.00	0.00	1.96
Building – Terminal	18.50	0.00	0.00	114.60	0.00	133.10
Other Building – Unclassified	0.47	0.00	0.00	0.00	0.00	0.47
Plant & Machinery	7.27	10.95	2.00	0.00	0.00	20.22
Tools & Equipment	1.46	16.81	4.00	0.00	0.00	22.27
Office Furniture	0.25	0.15	0.10	0.15	0.25	0.90
Vehicles	0.63	0.15	0.00	0.40	0.10	1.28
Electrical Installations	7.41	3.95	0.00	95.84	0.00	107.19
Furniture & Fixtures-Other than Trolley	1.62	0.15	0.35	0.20	0.20	2.52
furniture & Fixtures- Trolley	0.30	0.00	0.15	0.00	0.30	0.75
X Ray Baggage System	0.00	13.94	0.00	0.00	0.00	13.94
CFT/Fire Fighting Equipment	0.00	5.00	0.00	0.00	0.00	5.00
Total	38.45	113.47	6.60	289.69	0.85	449.06

Proposal No. 4: Regarding Aeronautical Capitalization

- 4.a. The Authority proposes to adopt the Aeronautical Capitalization for the 1st Control Period in accordance with Table 21.
- 4.b. To ask AAI/prospective PPP bidder to submit detailed explanation and justification should the cost incurred exceed 10% over the cost approved by the Authority
- 4.c. To review and true up the Project Management Cost after the project is commissioned based on the actual cost incurred and its reasonableness.
- 4.d. To true-up the Capital expenditure on actuals at the time of determination of tariffs for next Control Period
- 4.e. To impose a penalty of 1% of the terminal building expansion project cost, if AAI/ prospective PPP bidder fails to commission and capitalize the new terminal building by September 2022.

8. Depreciation

- 8.1 AAI follows rates of depreciation, approved by its board 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. Accordingly, AAI has proposed three different sets of rates. These are based on three different periods – up to FY 2015-16, from 01/04/16 to 31/03/18, and beyond 01/04/18.
- 8.2 However, for the period, i.e., from 01/04/17 to 31/03/19, AAI has proposed depreciation rates as per the Authority’s notified rates of depreciation considering Amritsar airport as Major Airport. For the 1st Control Period, i.e., FY 2019-20 onwards, the depreciation rates have been proposed as per the Authority’s 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.
- 8.3 Further, depreciation has been computed separately on opening block of assets and on proposed additions.
- 8.4 The depreciation rates proposed by AAI have been summarized in the table below.

Table 22: Depreciation rates proposed by AAI

Asset category	Up to FY 2018	Beyond FY 2018	
		For opening block of assets	For proposed additions
Leasehold Land	0.00%	0.00%	0.00%
Runways, Aprons and Taxiways	3.33%	3.33%	3.33%
Road, Bridges & Culverts	3.33%	10.00%	10.00%
Building-Others	3.33%	3.33%	3.33%
Building – Terminal	3.33%	3.33%	3.33%
Building – Temporary	33.33%	33.33%	33.33%
Building- Residential	3.33%	3.33%	3.33%
Security Fencing-Temp	33.33%	33.33%	33.33%
Boundary Wall – Operational	3.33%	10.00%	10.00%
Boundary Wall – Residential	3.33%	10.00%	10.00%
Buildings – Other	3.33%	3.33%	3.33%
Computer - End user	16.67%	33.33%	33.33%
Computer – Server & Networks	16.67%	16.67%	16.67%
Intangible Assets – Software	20.00%	20.00%	20.00%
Plant & Machinery	6.67%	6.67%	6.67%
Tools & Equipment	6.67%	6.67%	6.67%

Asset category	Up to FY 2018	Beyond FY 2018	
		For opening block of assets	For proposed additions
Furniture & Fixtures: Other Than Trolley	10.00%	14.29%	14.29%
Furniture & Fixtures: Trolley	10.00%	33.33%	33.33%
Vehicles	12.50%	12.50%	12.50%
Electrical Installations	10.00%	10.00%	10.00%
Other Office Equipment	20.00%	20.00%	20.00%
X Ray Baggage System	6.67%	6.67%	6.67%
CFT/Fire Fighting Equipment	6.67%	6.67%	6.67%

8.5 The depreciation amount proposed by AAI for the 1st Control Period has been presented in the table below.

Table 23: Depreciation proposed by AAI (figures in INR crores)

Particulars	FY ending March 31, 2018	FY ending March 31, 2019	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Depreciation	14.82	15.90	17.01	20.39	31.27	40.84	41.93

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 AAI has worked out depreciation for FY 2017-18 and FY 2018-19 using rates as per Authority's Order No. 35/2017-18, which is applicable for Major Airports within the economic regulatory ambit of AERA. However, MoCA has directed AERA to determine the aeronautical tariffs for Amritsar Airport, while declaring it as a Major Airport, only on October 30, 2019. Accordingly, the depreciation rates as per Authority's Order No. 35/2017-18 may not be applied for the periods FY 2017-18 and FY 2018-19. Therefore, the Authority proposes to use the depreciation rates applicable as per AAI's internal accounting policies for computing the net block of Initial RAB.
- 8.8 However, from April 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 which shall be used for computation of Aggregate Revenue Requirement (ARR).
- 8.9 These normative depreciation rates of airport assets as per the above-mentioned Order, relevant to Amritsar Airport, are given in the table below:

Table 24: Depreciation rates as per Authority's Order No. 35 / 2017-18 dated January 12, 2018

Asset category	Beyond FY 2018
Leasehold Land	0%
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%
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 01/04/2019 are in line with the rates as per the above-mentioned order. Therefore, the Authority does not propose any change in the depreciation rate 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 Amritsar Airport as table below.

Table 25: Depreciation rates proposed by the Authority

Asset category	For FY 2017-18 & FY 2018-19		Beyond FY 2019-20	
	For opening block of assets	For proposed additions	For opening block of assets	For proposed additions
Leasehold Land	0.00%	0.00%	0.00%	0.00%
Runways, Aprons and Taxiways	13.00%	13.00%	3.33%	3.33%
Road, Bridges & Culverts	13.00%	13.00%	10.00%	10.00%
Building – Terminal	8.00%	8.00%	3.33%	3.33%
Building – Temporary	100.00%	100.00%	33.33%	33.33%
Building- Residential	5.00%	5.00%	3.33%	3.33%
Security Fencing-Temp	100.00%	100.00%	33.33%	33.33%
Boundary Wall – Operational	8.00%	8.00%	10.00%	10.00%

Asset category	For FY 2017-18 & FY 2018-19		Beyond FY 2019-20	
	For opening block of assets	For proposed additions	For opening block of assets	For proposed additions
Boundary Wall – Residential	5.00%	5.00%	10.00%	10.00%
Buildings – Other	8.00%	8.00%	3.33%	3.33%
Computer - End user	20.00%	20.00%	33.33%	33.33%
Computer – Server & Networks	20.00%	20.00%	16.67%	16.67%
Intangible Assets – Software	20.00%	20.00%	20.00%	20.00%
Plant & Machinery	11.00%	11.00%	6.67%	6.67%
Tools & Equipment	20.00%	20.00%	6.67%	6.67%
Furniture & Fixtures: Other Than Trolley	20.00%	20.00%	14.29%	14.29%
Furniture & Fixtures: Trolley	20.00%	20.00%	33.33%	33.33%
Vehicles	14.00%	14.00%	12.50%	12.50%
Electrical Installations	11.00%	11.00%	10.00%	10.00%
Other Office Equipment	20.00%	20.00%	20.00%	20.00%
X Ray Baggage System	11.00%	11.00%	6.67%	6.67%
CFT/Fire Fighting Equipment	13.00%	13.00%	6.67%	6.67%

8.12 On account of the above depreciation rates, and the changes in proposed capital expenditure, the Authority proposes the following depreciation during the 1st Control Period.

Table 26: Depreciation proposed by the Authority (figures in INR crores)

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024	Total
Depreciation	15.62	19.22	22.09	29.32	36.54	122.78

Proposal No. 5: Regarding depreciation

- 5.a. The Authority proposes to adopt depreciation rates for Amritsar airport as per Table 25 for the 1st Control Period.
- 5.b. The Authority proposes depreciation amounts as per Table 26 for the 1st Control Period.

9. Regulatory Asset Base (RAB) for the 1st Control Period

9.1 AAI has submitted RAB for the 1st Control Period as follows:

Table 27: RAB for the 1st Control Period as per AAI's submission (figures in INR crores)

S.No.	Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
1.	Opening RAB	160.81	183.46	281.41	528.51	573.02
2.	Capitalizations	39.67	118.34	278.37	85.35	0.85
3.	Disposals	0.00	0.00	0.00	0.00	0.00
4.	Depreciation	17.01	20.39	31.27	40.84	41.93
5.	Closing RAB	183.46	281.41	528.51	573.02	531.94
6.	Average RAB	172.14	232.44	404.96	550.77	552.48

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 14, the aeronautical capitalisation in accordance with Table 21, and the depreciation amounts in accordance with Table 26.

9.3 Combining all its propositions, RAB to be considered by the Authority for determination of aeronautical tariff for the 1st Control Period in respect of Amritsar Airport is as follows:

Table 28: RAB for the 1st Control Period after Authority's examination (figures in INR crores)

S.No.	Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
1.	Opening RAB	127.97	150.80	245.05	229.52	489.89
2.	Capitalizations	38.45	113.47	6.60	289.69	0.85
3.	Disposals	0.00	0.00	0.04	0.00	0.00
4.	Depreciation	15.62	19.22	22.09	29.32	36.54
5.	Closing RAB	150.80	245.05	229.52	489.89	454.20
6.	Average RAB	139.38	197.92	237.28	359.71	472.05

Proposal No. 6: Regarding Average RAB

6.a. The Authority proposes to consider average RAB for the 1st Control Period for Amritsar airport as per Table 28.

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 Amritsar Airport for the 1st Control Period:

Table 29: Fair Rate of Return (FRoR) as proposed by the Authority

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Fair Rate of Return (FRoR)	14%	14%	14%	14%	14%

Proposal No. 7: Regarding Fair Rate of Return (FRoR)

- 7.a. The Authority proposes to consider FRoR for Amritsar Airport for the 1st Control Period as per Table 29.

11. Non-aeronautical revenue

11.1 AAI has forecast revenue from services other than aeronautical services as below.

Table 30: Non-aeronautical revenue projections as per AAI (figures in INR crores)

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
1. Trading concessions					
Restaurant / snack bars	8.82	9.71	10.68	12.81	14.09
T.R. stall	9.29	10.22	11.24	13.49	14.84
Hoarding & display	4.94	5.68	6.24	7.49	8.24
2. Rent and services					
Land leases	1.00	1.00	1.00	1.00	1.00
Building (residential)	0.04	0.04	0.04	0.05	0.05
Building (non-residential)	4.89	5.38	5.92	7.10	7.81
3. Miscellaneous					
Duty Free	9.04	9.94	10.94	13.12	14.44
Car rentals	0.97	1.06	1.17	1.40	1.55
Car parking	4.08	3.05	3.36	4.03	4.43
Admission tickets	2.31	2.54	2.80	3.35	3.69
Other income/ sale of scrap etc.	2.89	3.04	3.19	3.35	3.52
Total	48.28	51.67	56.58	67.21	73.66

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

Table 31: Growth rates assumed by AAI for non-aeronautical revenue

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
1. Trading concessions					
Restaurant / snack bars	52.37%	10.00%	10.00%	20.00%	10.00%
T.R. stall	142.67%	10.00%	10.00%	20.00%	10.00%
Hoarding & display	30.37%	15.00%	10.00%	20.00%	10.00%
2. Rent and services					
Land leases	3.94%	0.00%	0.00%	0.00%	0.00%
Building (residential)	5.00%	5.00%	5.00%	5.00%	5.00%
Building (non-residential)	7.04%	10.00%	10.00%	20.00%	10.00%
3. Miscellaneous					
Duty Free	10.00%	10.00%	10.00%	20.00%	10.00%
Car rentals	10.00%	10.00%	10.00%	20.00%	10.00%
Car parking	-10.51%	-25.22%	10.00%	20.00%	10.00%
Admission tickets	10.00%	10.00%	10.00%	20.00%	10.00%
Other income/ sale of scrap etc.	-11.53%	5.00%	5.00%	5.00%	5.00%
Total	27.02%	7.02%	9.51%	18.79%	9.60%

Authority's Examination:

- 11.3 The Authority has examined the non-aeronautical revenues for FY 2018-19 submitted by AAI and found the figures to be in line with the trial balances for FY 2018-19.
- 11.4 **Restaurant/Snack Bars:** AAI has submitted that there is a three-fold increase in the revenue from the restaurant and Snack bars due to Master Concession for INR 73.53 lakhs awarded per month.
- 11.5 **Car Parking:** AAI has submitted that car parking contract of INR 45.99 lakhs per month has expired on May 2019, subsequent to which it has been awarded being maintained by AAI with monthly revenue of INR 25.42 lakhs.
- 11.6 **Car Rentals:** AAI has submitted that a new contract has been awarded in FY 2018-19 resulting in high growth in FY 2018-19, thus normal growth of 10% has been assumed for the Control Period.
- 11.7 **Advertisement & Hoarding:** AAI has submitted that new contract has been awarded in April 2019 for 10 years, resulting in a higher growth in revenue in FY 2019-20, thereafter the normal growth of 10% has been assumed for the Control Period.
- 11.8 The Authority verified the above-mentioned concession agreements and found the projections to be in line with the same.
- 11.9 The Authority observed that AAI has proposed additional 10% escalation in some of the components of non-aeronautical revenue in FY 2022-23 considering completion of the expansion work of terminal building.
- 11.10 The revised growth rates as per Authority's examination have been presented in the table below.

Table 32: Growth rates in non-aeronautical revenue considered by the Authority

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Trading concessions					
Restaurant / snack bars	52.37%	10.00%	10.00%	20.00%	10.00%
T.R. stall	142.67%	10.00%	10.00%	20.00%	10.00%
Hoarding & display	30.37%	15.00%	10.00%	20.00%	10.00%
Rent and services					
Land leases	3.94%	0.00%	0.00%	0.00%	0.00%
Building (residential)	5.00%	5.00%	5.00%	5.00%	5.00%
Building (non-residential)	7.04%	10.00%	10.00%	20.00%	10.00%
Miscellaneous					
Duty Free	10.00%	10.00%	10.00%	20.00%	10.00%
Car rentals	10.00%	10.00%	10.00%	20.00%	10.00%
Car parking	-10.51%	-25.22%	10.00%	20.00%	10.00%
Admission tickets	10.00%	10.00%	10.00%	20.00%	10.00%
Other income/ sale of scrap etc.	-11.53%	5.00%	5.00%	5.00%	5.00%
Total	27.02%	7.02%	9.51%	18.79%	9.60%

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

Table 33: Non-aeronautical revenues proposed by the Authority (INR crores)

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Trading concessions					
Restaurant / snack bars	8.82	9.71	10.68	12.81	14.09
T.R. stall	9.29	10.22	11.24	13.49	14.84
Hoarding & display	4.94	5.68	6.24	7.49	8.24
Rent and services					
Land leases	1.00	1.00	1.00	1.00	1.00
Building (residential)	0.04	0.04	0.04	0.05	0.05
Building (non-residential)	4.89	5.38	5.92	7.10	7.81
Miscellaneous					
Duty Free	9.04	9.94	10.94	13.12	14.44
Car rentals	0.97	1.06	1.17	1.40	1.55
Car parking	4.08	3.05	3.36	4.03	4.43
Admission tickets	2.31	2.54	2.80	3.35	3.69
Other income/ sale of scrap etc.	2.89	3.04	3.19	3.35	3.52
Total	48.28	51.67	56.58	67.21	73.66

Proposal No. 8: Regarding Non-Aeronautical Revenues

8.a. The Authority proposes to consider non-aeronautical revenues for the 1st Control Period for Amritsar airport in accordance with Table 33.

12. Operation and Maintenance expenditure

- 12.1 Operation and Maintenance (O&M) expenditure submitted by AAI is segregated into the following:
- Payroll expenses;
 - Admin and general expenditure;
 - Repair and maintenance expenditure;
 - Utilities and outsourcing expenditure; and
 - 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 on the basis of revenue.
- 12.5 The summary of growth rates assumed by AAI for the operation and maintenance expenses have been presented in the table below:

Table 34: Growth rates in O&M as per AAI

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Payroll expenses - non CHQ/RHQ	6.0%	7.0%	7.0%	17.0%	7.0%
Payroll expenses - CHQ/RHQ	8.6%	7.0%	7.0%	17.0%	7.0%
Administration and General expenses - non CHQ/RHQ	27.1%	10.0%	10.0%	28.8%	10.0%
Administration and General expenses - CHQ/RHQ	5.0%	5.0%	5.0%	5.0%	5.0%
Repairs and maintenance	11.8%	30.3%	171.9%	-54.3%	8.8%
Utilities and outsourcing expenses	0.9%	0.9%	1.0%	36.6%	0.9%
Other outflows - Collection Charges on UDF & PSF (F)	15.7%	11.4%	11.4%	11.4%	9.4%
Total	8.1%	9.8%	38.0%	-11.2%	6.5%

- 12.6 The summary of aeronautical expenses proposed by AAI for the 1st Control Period has been presented in the table below:

Table 35: Operation and Maintenance (O&M) expenditure (in INR crore) as per AAI

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Payroll expenses - non CHQ/RHQ	15.69	16.79	17.97	21.02	22.49
Payroll expenses - CHQ/RHQ	2.07	2.21	2.37	2.77	2.97

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Administration and General expenses - non CHQ/RHQ	8.33	9.16	10.08	12.99	14.29
Administration and General expenses - CHQ/RHQ	29.16	30.62	32.15	33.76	35.44
Repairs and maintenance	12.33	16.07	43.69	19.98	21.74
Utilities and outsourcing expenses	7.51	7.58	7.66	10.47	10.56
Other outflows - Collection Charges on UDF	0.59	0.66	0.74	0.82	0.90
Overall Growth Rates	75.69	83.10	114.65	101.81	108.39

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

Table 36: Allocation of O&M expenses as per AAI in 2018-19

Particulars	Aeronautical	Non-aeronautical
Payroll expenses - non CHQ/RHQ	95.97%	4.03%
Payroll expenses - CHQ/RHQ	95.0%	5.0%
Administration and General expenses - non CHQ/RHQ	99%	1%
Administration and General expenses - CHQ/RHQ	95.0%	5.0%
Repairs and maintenance	85.70%	14.30%
Utilities and outsourcing expenses	100%	0%
Other outflows - Collection Charges on UDF	100%	0%

Authority's Examination:

12.8 The Authority examined the trial balance for FY 2018-19 and discrepancies are detailed below:

- a) An amount of INR 0.5 lakhs in item titled "Office Expenses" pertaining to AAICLAS & ANS has been included erroneously as part of Administrative & General Expenses;
- b) An amount of INR 2.42 lakhs in item titled "Telephone Charges" pertaining to ANS has been included erroneously as part of Administrative & General Expenses;
- c) An amount of INR 0.12 lakhs in item titled "Printing & Stationary" pertaining to ANS has been included erroneously as part of Administrative & General Expenses;
- d) An amount of INR 18.25 lakhs in item titled "Hiring of Manpower" pertaining to ANS has been included erroneously as part of Administrative & General Expenses;
- e) An amount of INR 17.69 lakhs in item titled "Electronics" pertaining to ANS has been included erroneously as part of Repair & Maintenance Expenses;

The Authority accordingly proposes to revise the same.

- 12.9 The Authority examined the allocation of expenses between aeronautical and non-aeronautical and 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 37: Comparison of allocation of O&M expenses as aeronautical 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 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.
- 12.11 The Authority observes that AAI has allocated 4.03% of Payroll expenses – non CHQ/RHQ to Non Aeronautical expenses. The Authority proposes to revise this in proportion of employee ratio for FY 2018-19, 5/120 i.e. 4.17%.
- 12.12 The Authority observes that AAI has allocated 99% of Administration and General expenses – non CHQ/RHQ to aeronautical expenses. The Authority proposes to modify this ratio based on the terminal building ratio and employee ratio for allocation of various components of these expenses. Accordingly, 93.95% of Administration and General expenses – non CHQ/RHQ may be allocated to aeronautical expenses.
- 12.13 AAI has proposed to allocate the entire Utilities and outsourcing expenses to aeronautical expenses. However, since the Utilities and related expenses shall be proportionately utilized for non aeronautical functions also, the Authority proposes to allocate 90% of Utilities and outsourcing expenses to aeronautical expenses, in line with the Terminal Building ratio.

- 12.14 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 them reasonable for projection.
- 12.15 The Authority proposes the following allocation of O&M expenses into aeronautical and non-aeronautical.

Table 38: Allocation of O&M expenses as per the Authority

Particulars	Aeronautical	Non-aeronautical
Payroll expenses - non CHQ/RHQ	95.83%	4.17%
Payroll expenses - CHQ/RHQ	95.00%	5.00%
Administration and General expenses - non CHQ/RHQ	93.95%	6.05%
Administration and General expenses - CHQ/RHQ	95.00%	5.00%
Repairs and maintenance	85.70%	14.30%
Utilities and outsourcing expenses	90.00%	10.00%
Other outflows - Collection Charges on UDF	100.00%	0.00%

- 12.16 AAI considered a growth rate of 7% in payroll expenses beyond FY 2019. This rate is consistent with other AAI airports and the Authority finds it to be reasonable. AAI has also considered a growth rate of 17% in payroll expenses in FY 2022-23 due to operationalization of expanded terminal building i.e. an additional 10% over and above annual growth rate of 7%. The Authority observes that it has earlier allowed an additional hike of 10% in case of new terminal building. However, since the proposed expansion of existing terminal building shall increase the terminal area by 40%, the Authority proposes to allow an additional growth of 5% in FY 2022-23 for payroll expenses.
- 12.17 AAI has considered an additional increase of ~40% in electricity charges in FY 2022-23 due to operationalization of the terminal building expansion area. The Authority finds the same to be appropriate, given an ~40% increase in terminal area due to the expansion.
- 12.18 AAI has proposed a capital expenditure of INR 8 crores for replacement of flooring in existing terminal building. However, the Authority believes that the nature of the said work is of Operations & Maintenance and proposes to shift it to Repair & maintenance expenses.
- 12.19 AAI has proposed an expense of INR 1.22 crores for “May I help you” in Administrative and General Expenses”, resulting in a hike of overall 27% in A&G expenses in FY 2019-20. Similarly, 10% additional increase in Watch & Ward charges and 40% additional increase in Upkeep charges has been proposed in FY 2022-23, due to operationalization of expanded terminal, thus resulting in 28% increase in A&G expenses. The Authority finds the same to be appropriate.
- 12.20 AAI has proposed a one-time expense of INR 26.27 crore in Repairs & Maintenance for “Conversion of 869M of rigid pavement of the runway to flexible”, thus resulting in a spike in growth of Repair & Maintenance expenses in FY 2021-22. The Authority finds it appropriate

and proposes the same in Repairs & Maintenance Expenses.

- 12.21 AAI has proposed a trajectory for Repair and maintenance expenses in their MYTP. The Authority examined actual growth trend of expenses for the past few years at the airport and examined AMC and other contractual agreements with vendors on a sample basis, to understand the escalation dynamics. On the basis of these checks, the Authority has found the considered growth rates to be reasonable.
- 12.22 Based on above considerations, the Authority proposes the following growth rates in operation and maintenance expenses.

Table 39: Growth rates in O&M expenses considered by the Authority

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Payroll expenses - non CHQ/RHQ	7.00%	7.00%	7.00%	12.00%	7.00%
Payroll expenses - CHQ/RHQ	7.00%	7.00%	7.00%	12.00%	7.00%
Administration and General expenses - non CHQ/RHQ	27.12%	10.00%	10.00%	28.84%	10.00%
Administration and General expenses - CHQ/RHQ	5.00%	5.00%	5.00%	5.00%	5.00%
Repairs and maintenance	11.81%	45.15%	164.19%	-57.75%	8.79%
Utilities and outsourcing expenses	0.87%	0.94%	1.03%	36.64%	0.90%
Other outflows - Collection Charges on UDF	2.39%	18.16%	18.16%	18.17%	18.17%
Overall Growth Rate	8.14%	12.28%	39.31%	-14.93%	6.57%

- 12.23 After incorporating the above observations by the Authority, the revised O&M expenses are given in the table below.

Table 40: Revised Operation and maintenance (O&M) expenses as proposed by the Authority (INR crores)

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024	Total
Payroll expenses - non CHQ/RHQ	15.88	16.99	18.18	20.36	21.79	93.20
Payroll expenses - CHQ/RHQ	2.04	2.18	2.33	2.61	2.80	11.97
Administration and General expenses - non CHQ/RHQ	7.92	8.71	9.58	12.35	13.58	52.15
Administration and General expenses - CHQ/RHQ	29.16	30.62	32.15	33.76	35.44	161.12
Repairs and maintenance	12.13	17.61	46.53	19.66	21.39	117.33
Utilities and outsourcing expenses	6.76	6.83	6.90	9.42	9.51	39.42

Other outflows - Collection Charges on UDF	0.53	0.62	0.73	0.87	1.02	3.77
Total	74.42	83.56	116.41	99.03	105.53	478.96

Proposal No. 9: Regarding O&M expenses

- 9.a. The Authority proposes to consider O&M expenses for the 1st Control Period for Amritsar Airport as per Table 40.

13. Aeronautical Revenue

13.1 AAI has proposed to increase the aeronautical tariffs as applicable from 1st February 2020 as per below schedule:

- Landing Charges- For Domestic ATM, one-time hike of 41% and 4% year on year thereafter. For International ATM, one-time hike of 18% and 4% year on year thereafter;
- Parking and housing charges - For Domestic ATM, one-time hike of 120% and 4% year on year thereafter. For International ATM, one-time hike of 91% and 4% year on year thereafter;
- User Development Fee – AAI has proposed to subsume the PSF(F) charges to UDF charges. AAI has sought a hike of 48% in Domestic UDF charges only to recover the shortfall in ARR;
- Fuel Throughput Charges – AAI has proposed to increase the through put charges at 5% year on year basis;

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

Table 41: Aeronautical revenue as proposed by AAI (INR crore)

S. No.	Particulars	Apr'19- Jan'20	Feb'20 - Mar'20	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
1.	Landing charges	24.02	6.17	42.38	48.49	55.49	62.34
2.	Parking & Housing charges	0.32	0.13	0.88	1.01	1.16	1.30
3.	UDF/PSF	62.55	14.31	95.12	105.38	116.76	127.05
4.	Fuel Throughput Charges	5.71	1.20	7.94	8.77	9.68	10.49
5.	Land Lease	0.90	0.18	1.08	1.08	1.08	1.08
6.	Ground Handling Charges	0.98	0.20	1.30	1.43	1.58	1.72
7.	Cute Charges	1.86	0.37	2.85	3.18	3.54	3.87
8.	Revenue share from AAICLS	0.53	0.11	0.71	0.79	0.89	0.98
9.	Total Revenue	96.86	22.67	152.27	170.14	190.17	208.82

Authority's Examination:

13.3 The MYTP for Amritsar Airport was submitted by AAI on 24th December 2019. However, GoI's restrictions on Domestic and International flights entering / exiting the country, in view of the COVID19 pandemic, have negatively impacted the aviation sector in general and traffic in particular.

13.4 Considering the present scenario as discussed in para 4.16, the Authority is inclined not to increase the Landing, Parking & Housing charges both for domestic and international traffic in the current financial year 2020-21 and proposes to revise the Landing, Parking & Housing

charges with effect from April 1, 2021 and the User Development Fees (UDF) from July 1, 2020.

- 13.5 The Authority proposes to allow a one-time increase of 45% and 20% respectively in Domestic and International landing charges for FY 2021-22 and thereafter a 6% increase on compounded basis every year, up to FY 2023-24.
- 13.6 The Authority proposes to increase Domestic and International parking and housing charges by 120% and 91% respectively for FY 2021-22 as proposed by AAI. Further, the Authority proposes parking and housing charges to be increased by 6% on compounded basis every year.
- 13.7 Further, the Ministry of Civil Aviation has discontinued the levy of fuel throughput charge at all airports with effect from 15th January 2020 vide MoCA letter no. F.No. AV-13030/216/2016-ER (Pt.2) dated 8th January 2020.
- 13.8 The Authority proposes to keep all other charges in line with AAI proposal.
- 13.9 The Authority has determined the aeronautical revenue with the proposed aeronautical revenue as follows:

Table 42: Aeronautical revenue as proposed by the Authority (INR crore)

S. No.	Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024	Total
1.	Landing charges	23.31	25.43	36.91	42.89	49.88	178.42
2.	Parking & Housing charges	0.31	0.33	0.74	0.86	0.99	3.22
3.	UDF/PSF	65.74	86.77	104.69	121.37	140.70	519.26
4.	Fuel Throughput Charges	5.42	0.00	0.00	0.00	0.00	5.42
5.	Land Lease	1.08	1.08	1.08	1.08	1.08	5.39
6.	Ground Handling Charges	1.00	1.11	1.24	1.38	1.54	6.28
7.	Cute Charges	2.16	2.52	2.93	3.42	3.98	15.02
8.	Revenue share from AAICLS	0.63	0.71	0.79	0.89	0.98	4.00
9.	Total Revenue	99.66	117.95	148.39	171.88	199.14	733.02

Proposal No. 10: Regarding Aeronautical Revenue

- 10.a. The Authority proposes to consider Aeronautical revenue for the 1st Control Period for Amritsar Airport as per Table 42.

14. Taxation

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

Table 43: 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 as given in the table below:

Table 44: Taxation as per AAI (figures in INR crores)

Particulars	FY ending March 31, 2018	FY ending March 31, 2019	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Aero revenue with revised rates	92.69	105.91	119.52	152.27	170.14	190.17	208.82
O&M expenses	64.82	70.03	75.69	83.10	114.65	101.81	108.39
Depreciation	17.99	16.96	19.26	26.32	44.38	57.72	55.77
Profit before tax	9.9	18.9	24.6	42.8	11.1	30.6	44.7
Prior Period Set-off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PBT after Set-off	9.9	18.9	24.6	42.8	11.1	30.6	44.7
Tax rate (%)	34.61%	34.61%	25.17%	25.17%	25.17%	25.17%	25.17%
Taxes	3.4	6.6	6.2	10.8	2.8	7.7	11.2

Authority's Examination:

- 14.3 The Authority observed that AAI has proposed 01/02/2020 as the implementation date of the tariffs. The Authority proposes to revise the Landing, Parking & Housing charges with effect from 01/04/2021 and the User Development Fees from 01/07/2020. This had an impact on the projected aeronautical revenues, leading to difference in tax computation.
- 14.4 Furthermore, the Authority has considered Amritsar Airport on standalone basis, as it has done for other AAI airports as well. Treatment on standalone basis for computation of aeronautical taxes as a building block for determination of ARR means computing tax based on levels of profitability of these airports individually and not getting clouded by levels of profitability at the corporate or group level.
- 14.5 The Authority observed that AAI has taken the tax rate for FY 2018-19 as 34.608% and as 25.17% for the 1st Control Period i.e. from FY 2019-20 to FY 2023-24. This percentage has been calculated on basis of 22% basic tax, plus 10% surcharge plus 4% cess.
- 14.6 The projected aeronautical revenues for the Control Period are based on the charges proposed by AAI as part of its initial submission of Multi-Year Tariff Proposal.
- 14.7 The Authority proposes to consider the O&M expenses in accordance with Table 40 for computation of tax expense.
- 14.8 The Authority proposes to consider the capital expenditures for computation of depreciation in accordance with Table 21.
- 14.9 After considering all the above observations, the Authority proposes the following tax expense during the 1st Control Period.

Table 45: Tax expense as per Authority (INR crores)

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Aero revenue with proposed rates	99.66	117.95	148.39	171.88	199.14
O&M expenses	74.42	83.56	116.41	99.03	105.53
Depreciation	15.62	19.22	22.09	29.32	36.54
Profit before tax	9.62	15.17	9.90	43.53	57.07
Set-off of loss	0.00	0.00	0.00	0.00	0.00
Profit before tax after set-off of loss	9.62	15.17	9.90	43.53	57.07
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%
Taxes	2.42	3.82	2.49	10.96	14.36

Proposal No. 11: Regarding tax expense

- 11.a. The Authority proposes to consider the tax expense for the 1st Control Period for Amritsar Airport as per Table 45.

15. Aggregate Revenue Requirement (ARR) for the 1st Control Period

- 15.1 AAI has submitted Aggregate Revenue Requirement (ARR) and Yield Per Passenger (YPP) for the 1st Control Period as per the regulatory building blocks discussed.
- 15.2 All cash flows are assumed to occur at the end of the year. Further, all cash flows are discounted to 1st April 2019.
- 15.3 The summary of ARR and YPP has been presented in the table below.

Table 46: ARR and Yield as per AAI

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Average RAB (INR crores)	172.14	232.44	404.96	550.77	552.48
Fair Rate of Return	0.14	0.14	0.14	0.14	0.14
Return on average RAB (INR crores)	24.10	32.54	56.69	77.11	77.35
O&M expenses (INR crores)	75.69	83.10	114.65	101.81	108.39
Depreciation (INR crores)	17.01	20.39	31.27	40.84	41.93
Tax expense (INR crores)	6.18	10.78	2.79	7.71	11.24
Less: 30% NAR (INR crores)	14.48	15.50	16.97	20.16	22.10
ARR per year (INR crores)	108.50	131.32	188.44	207.31	216.81
Add: True up Shortfall/(Surplus)	-0.90				
PV of ARR based @14% (INR crores)	107.60	115.19	145.00	139.93	128.37
Sum Present value of ARR (INR crores)	636.08				
Total traffic (million passengers)	9.12				
Yield Per Passenger (YPP) (INR)	697.47				

Authority's Examination:

- 15.4 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and YPP. With respect to each element of the regulatory building blocks considered by AAI in computation of ARR and YPP in Table 46 above, the Authority proposes as below:
- To consider the average RAB in accordance with Table 28.
 - To consider the FRoR in accordance with Table 29.
 - To consider the O&M expenses as per
 - Table 40.
 - To consider the depreciation as per Table 26.
 - To consider the tax expense as per Table 45.
 - To consider the non-aeronautical revenue as per Table 33.
 - To consider the total traffic in accordance with Table 7.

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

Table 47: ARR and YPP as per Authority

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Average RAB (INR crores) (Refer Table 28)	139.38	197.92	237.28	359.71	472.05
Fair Rate of Return	0.14	0.14	0.14	0.14	0.14
Return on average RAB (INR crores)	19.51	27.71	33.22	50.36	66.09
O&M expenses (INR crores)	74.42	83.56	116.41	99.03	105.53
Depreciation (INR crores)	15.62	19.22	22.09	29.32	36.54
Tax expense (INR crores)	2.42	3.82	2.49	10.96	14.36
Less: 30% NAR (INR crores)	14.48	15.50	16.97	20.16	22.10
ARR per year (INR crores)	97.49	118.81	157.23	169.50	200.43
Add: True up Shortfall/(Surplus)	0.00				
PV of ARR based @ 14% (INR crores)	97.49	104.22	120.99	114.41	127.01
Sum Present value of ARR (INR crores)	564.12				
Total traffic (million passengers)	9.27				
Yield Per Passenger (YPP) (INR)	608.31				

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

12.a. The Authority proposes to consider the ARR and YPP for the 1st Control Period for Amritsar airport in accordance with Table 47.

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 has proposed the implementation date of tariffs from 01/02/2020. The Authority has proposed to revise the Landing, Parking & Housing charges with effect from April 1, 2021 and the User Development Fees (UDF) from July 1, 2020.
- 16.3 The tariff card proposed for the first Control Period has been reproduced here. This is based on tariff card proposed by AAI, revised with the changes proposed by the Authority. For purposes of comparison, the existing aeronautical charges have been provided along with each charge.

D) LANDING CHARGES

Table 48: Existing International landing charges at Amritsar Airport

Weight of the Aircraft	International rate per landing (INR)
Up to 10 MT	141 Per 1MT
Above 10 MT up to 20 MT	1410+ 207.10 per 1MT in excess of 10 MT
Above 20 MT up to 50 MT	3,481 + 409.10 per 1MT in excess of 20 MT
Above 50 MT to 100 MT	15,754 + 477.80 per 1MT in excess of 50 MT
Above 100 MT	39,644+ 545.10 per 1MT in excess of 100 MT

Table 49: Existing Domestic landing charges at Amritsar Airport

Weight of the Aircraft	Domestic rate per landing (INR)
Up to 10 MT	67.10 Per 1MT
Above 10 MT up to 20 MT	671 + 117.70 per 1MT in excess of 10 MT
Above 20 MT	1,848 + 231 per 1MT in excess of 20 MT

Table 50: Landing charges proposed by AAI for the first Control Period

Weight of the Aircraft	International rate per landing (INR)	Domestic rate per landing (INR)
Up to 25 MT	260 Per 1MT	173 Per 1MT
Above 25 MT up to 50 MT	6,500+ 487 per 1MT in excess of 25 MT	4,325+ 303 per 1MT in excess of 25 MT

Weight of the Aircraft	International rate per landing (INR)	Domestic rate per landing (INR)
Above 50 MT up to 100	18,675+ 563 per 1MT in excess of 50 MT	11,900+ 346 per 1MT in excess of 50 MT
Above 100 MT to 200 MT	46,825+ 649 per 1MT in excess of 100 MT	29,200+ 422 per 1MT in excess of 100 MT
Above 200 MT	111,725+ 779 per 1MT in excess of 200 MT	71,400+ 476 per 1MT in excess of 200 MT

Landing charges are proposed to be increased by 4% on a compounded basis.

Table 51: Landing Charges proposed by Authority for Domestic ATM* (INR)

Weight of the Aircraft	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Up to 25 MT	225 Per MT	239 Per MT	253 Per MT
Above 25 MT up to 50 MT	5625 + 294 per 1MT in excess of 25 MT	5963 + 312 per 1MT in excess of 25 MT	6320 + 330 per 1MT in excess of 25 MT
Above 50 MT up to 100	12975 + 328 per 1MT in excess of 50 MT	13754 + 348 per 1MT in excess of 50 MT	14579 + 369 per 1MT in excess of 50 MT
Above 100 MT to 200 MT	29375 + 339 per 1MT in excess of 100 MT	31138 + 359 per 1MT in excess of 100 MT	33006 + 381 per 1MT in excess of 100 MT
Above 200 MT	63275 + 350 per 1MT in excess of 200 MT	67072 + 371 per 1MT in excess of 200 MT	71096 + 393 per 1MT in excess of 200 MT

* Existing Landing charges as per Table 49 shall be applicable up to March 31, 2021

Table 52: Landing Charges proposed by Authority for International ATM* (INR)

Weight of the Aircraft	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Up to 25 MT	269 Per MT	280 Per MT	291 Per MT
Above 25 MT up to 50 MT	6,734 + 505 per 1MT in excess of 25 MT	7,003 + 526 per 1MT in excess of 25 MT	7,283 + 547 per 1MT in excess of 25 MT
Above 50 MT up to 100	19,370 + 586 per 1MT in excess of 50 MT	20,145 + 609 per 1MT in excess of 50 MT	20,951 + 633 per 1MT in excess of 50 MT
Above 100 MT to 200 MT	48,646 + 652 per 1MT in excess of 100 MT	50,592 + 678 per 1MT in excess of 100 MT	52,616 + 705 per 1MT in excess of 100 MT
Above 200 MT	113,854 + 725 per 1MT in excess of 200 MT	118,408 + 754 per 1MT in excess of 200 MT	123,144 + 784 per 1MT in excess of 200 MT

*Existing Landing charges as per Table 48 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. 1000 kg).
- 16.7 Flight operating under Regional Connectivity Scheme will be completely exempted from Landing charges from the date of the scheme is operationalization by GOI.

II) PARKING AND HOUSING CHARGES

Table 53: Existing Parking, Housing and Night Parking Charges

Weight of the Aircraft	Parking Charges Rates per Hour (INR) (up to two hours after first two free hours)	Parking Charges Rates per Hour (INR) (beyond first four hours)
Up to 25 MT	3.12 Per Hour Per 1MT	6.24 Per Hour Per MT
Above 25 MT up to 50 MT	78+4.16 per Hour per MT in excess of 25 MT	156+8.32 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	182+8.32 per 1MT per Hour in excess of 50 MT	364+16.64 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	598+10.40 per 1MT per Hour in excess of 100 MT	1196+20.80 per MT per Hour in excess of 100 MT
Above 200 MT	1638+11.44 per 1 MT per Hours in excess of 200 MT	3276+22.88 per MT per Hour in excess of 200 MT

Table 54: Parking and housing charges proposed by AAI for the first Control Period

Weight of the Aircraft	Parking Charges Rates per Hour (INR) (up to two hours after first two free hours)	Parking Charges Rates per Hour (INR) (beyond first four hours)
Up to 25 MT	3.37 Per Hour Per 1MT	6.75 Per Hour Per MT
Above 25 MT up to 50 MT	84.36+4.50 per Hour per MT in excess of 25 MT	168.73+9.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	196.85+9.00 per 1MT per Hour in excess of 50 MT	393.70+18.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	646.80+11.25 per 1MT per Hours in excess of 100 MT	1293.59+22.50 per MT per Hours in excess of 100 MT

Weight of the Aircraft	Parking Charges Rates per Hour (INR) (up to two hours after first two free hours)	Parking Charges Rates per Hour (INR) (beyond first four hours)
Above 200 MT	1771.66+12.37 per 1 MT per Hours in excess of 200 MT	3543.32+24.75 per MT per Hours in excess of 200 MT

Parking and housing charges are proposed to be increased by 4% on a compounded basis every year.

Table 55: Parking & Housing Charges proposed by Authority for Amritsar Airport from April 1, 2021

Weight of the Aircraft	Parking Charges Rates per Hour (INR) (up to two hours after first two free hours)*	Parking Charges Rates per Hour (INR) (beyond first four hours)*
Up to 25 MT	3.37 Per Hour Per 1MT	6.75 Per Hour Per MT
Above 25 MT up to 50 MT	84.36+4.50 per Hour per MT in excess of 25 MT	168.73+9.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	196.85+9.00 per 1MT per Hour in excess of 50 MT	393.70+18.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	646.80+11.25 per 1MT per Hour in excess of 100 MT	1293.59+22.50 per MT per Hour in excess of 100 MT
Above 200 MT	1771.66+12.37 per 1 MT per Hour in excess of 200 MT	3543.32+24.75 per MT per Hour in excess of 200 MT

**Existing Parking and housing charges as per Table 53 shall be applicable up to March 31, 2021 and the above charges are proposed to be increased by 6% on a compounded basis for FY 2022-23 and FY 2023-24*

- 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 It is proposed to waive off the night parking charges in principle for all Domestic scheduled operators at Amritsar Airport if the State Government reduces the rate of tax (VAT) on ATF less than 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs) will be made applicable from the date of implementation of less than 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.

16.14 Flight operating under Regional Connectivity Scheme (RCS) 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 Rs. 20.00 per hour per MT beyond 24 hours will be payable.

III) FUEL THROUGHPUT CHARGES

The Ministry of Civil Aviation has discontinued the levy of Fuel Throughput Charges (FTC) from all airports w.e.f. 15th January 2020 vide MoCA letter no. F.No. AV-13030/216/2016-ER (Pt.2) dated 8th January 2020. Accordingly, the Authority has not proposed any Fuel Throughput Charges.

IV) USER DEVELOPMENT FEES (UDF)

Table 56: Existing UDF, UDF Proposed by AAI and Authority (per embarking passenger)

Passenger	Existing UDF*	UDF proposed by AAI	UDF proposed by Authority
Domestic	INR 227/-	INR 335/-	INR 320/-
International	INR 1140/-	INR 1140/-	INR 1250/-

***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 INR Rs. 5.00 per departing passenger shall be paid by AAI. No collection charges shall be payable in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment. To be eligible to claim this collection charges, the airlines should have no overdue on any account with AAI.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after **01/07/2020**.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

V) Aviation Security Fee: Applicable as prescribed by MoCA vide Order No. AV.13024/659/2015-AS dated May 7, 2019

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 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF:

- a. Children (under age of 2 years),
- b. Holders of Diplomatic Passport,
- c. Airlines crew on duty including sky marshals & 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 (RCS) 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.

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 57: Computation of shortfall or surplus from proposed aeronautical charges (INR crores)

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
Total PV of ARR including true up	564.12				
Landing charges:					
Domestic	11.36	12.79	20.88	24.92	29.74
International	11.95	12.64	16.03	17.97	20.14
Parking and housing charges:					
Domestic	0.13	0.14	0.36	0.43	0.51
International	0.18	0.19	0.38	0.43	0.48
Fuel Throughput charges	5.42	0.00	0.00	0.00	0.00
Ground handling charges	1.00	1.11	1.24	1.38	1.54
Land lease - Oil companies & Ground Handling	1.08	1.08	1.08	1.08	1.08
CUTE charges	2.16	2.52	2.93	3.42	3.98
Cargo Revenue	0.63	0.71	0.79	0.89	0.98
Total - before UDF	33.91	31.18	43.70	50.51	58.44

Particulars	FY ending March 31, 2020	FY ending March 31, 2021	FY ending March 31, 2022	FY ending March 31, 2023	FY ending March 31, 2024
PV factor	1.0000	0.8772	0.7695	0.6750	0.5921
PV of above	33.91	27.35	33.63	34.09	34.60
∑ PV of above	163.60				
Shortfall before UDF	400.52				
UDF:					
Domestic	18.62	28.46	35.90	41.99	49.11
International	47.12	58.31	68.79	79.38	91.59
PV of UDF	65.74	76.11	80.56	81.92	83.31
∑ PV of UDF	387.63				
Surplus/ (Shortfall)	(12.89)				

16.17 As can be observed from the table above, as per Authority's proposals, AAI is entitled to recover an ARR of INR 564.12 crores from the tariff card proposed and as per Authority's proposals, the present value of total projected aeronautical revenues based on the Authority's proposed UDF charge is INR 551.23 crores, thus resulting in a net shortfall of INR 12.89 crores that shall be carried forward to the next Control Period.

Proposal No. 13: Regarding tariff rate card

13.a. The Authority proposes the aeronautical tariff for 1st Control Period as follows:

- Domestic Landing Charges in accordance with Table 51
- International Landing Charges in accordance with Table 52
- Parking & Housing Charges in accordance with Table 55
- User Development Fee (UDF) in accordance in Table 56

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 **29/06/2020** at the following address.

Director,

Policy & Statistics

Airports Economic Regulatory Authority of India

AERA Building, Administrative Complex

Safdarjung Airport New Delhi -110003

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

Email: chairperson@aera.gov.in; director-ps@aera.gov.in; gita.sahu@aera.gov.in

(Chairperson)

F. No. 24032/10/2009-AAI
Government of India
Ministry of Civil Aviation

21

'B' Block, R. G. Bhawan,
S. J. Airport, New Delhi -11 00 03

Date: 25th May, 2010

To,

The Chairman,
Airports Authority of India
'A' Block, R. G. Bhawan,
S. J. Airport, New Delhi -11 00 03

Ch
M(F)
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GM (F-9A) - R

Subject: Levy of User Development Fee (UDF) at Amritsar, Trichy, Manglore,
Udaipur and Vishakapatnam airports.

Sir,

I am directed to refer to Airports Authority of India's letter No. AAI/CHO/REV/UDF/2010/146 dated 20th April, 2010 and No. AAI/CHO/REV/UDF/2010 dated 22nd April, 2010 on the above subject and to say that the competent authority has approved levy of ad-hoc User Development Fee (in Rs. per embarking passengers, inclusive of service tax and collection charges) at the following rates at Amritsar, Trichy, Manglore, Udaipur and Vishakapatnam airports:

S. No.	Airport	Domestic	International	Collection Year
1.	Amritsar	150	910	10
2.	Trichy	150	360	10
3.	Manglore	150	825	10
4.	Udaipur	150	-	13 years and 8 months
5.	Vishakapatnam	150	-	15 years and 3 months

2. The levy of User Development Fee at above mentioned rates is subject to the following conditions:

- (i) AAI would report data related to passenger traffic and ad-hoc UDF collection to the Government on a quarterly basis.
- (ii) AAI would make consistent efforts to leverage other sources of aeronautical and non-aeronautical revenue on one hand and

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minimize operating and maintenance expenses, on the other, in order to bring down the UDF levy over a period of time, with the ultimate goal of phasing out of UDF before the proposed levy period. 20

3. The ad-hoc UDF levy per passenger and the tenure of UDF may be reviewed once the detailed guidelines for tariff fixation are notified by the Government (regulatory till issues) and thereafter the UDF may be reviewed every two years, where each parameters of revenue and expenditure stream can be minutely examined. At the stage of final determination of the UDF, the Government / Regulator should ensure adequate consultation with the users.

Yours faithfully,



(ALOK SHEKHAR)
DIRECTOR

AIRPORTS AUTHORITY OF INDIA
DIRECTORATE OF CP&MS

CP&MS/1532/109/2017-18/ 297

Date: 15.03.2019

ION

Subject: Projection/forecast traffic data for aircrafts, passengers and freight upto 2023-24.

With reference to ION No. AAI/CHQ/REV/AERA/2018-19/43 dated 13.03.2019 regarding above mentioned subject, the projection/forecasted traffic data for aircrafts, passenger and freight based on 2017-18 upto 2023-24 for Amritsar, Bagdogra and Varanasi is attached herewith.

The methodology / basis of projections are as given below:-

- i. For making forecasts, airport-wise trend analysis for last 10 to 15 years has been considered.
- ii. A higher weightage has been given to the traffic growth witnessed during 3 recent past.

The above methodology has been used both for passengers and freight traffic, whereas the aircraft movements have been projected based on the trends in passengers and aircraft movement ratios.

Assumptions involved in Traffic Forecast

Assumptions are inevitable in any forecasting process because of uncertainty. It is difficult to enumerate and state all the assumptions. The following assumptions have been made while preparing the current forecast:

- i. There will be no major economic disruptions, worldwide or in India.
- ii. There will be no major disruption in the operation of air services, globally or within India, due to terrorist activities natural disasters or global / regional health issues.
- iii. There will be no major hike in the price of aviation fuel.
- iv. There will be no major shift in policies that would have a negative impact on the growth of air transport.
- v. Adequate infrastructure will be created, and capacity constraints will not be allowed to operate.
- vi. The provisions of adequate resources in terms of availability of finance, technology, equipment, construction material will be made available.

GM (CP&MS)

GM (JVC / TARIFF CELL)

272/CP&MS
15/3/19

Mr. Rajesh Khanna
Asst. (Traffic)
18/3/19

Sh. Parvathy
18/3/19

Renu Grover
(Renu Grover)
15/3/19
DGM (CP&MS)

TRAFFIC FORECAST - AMRITSAR AIRPORT

YEAR	AIRCRAFT MOVEMENTS (in Nos.)			PASSENGERS (in Nos.)			FREIGHT (in M.T.)		
	International	Domestic	Total	International	Domestic	Total	International	Domestic	Total
2017-18 (Base Year)	4453	13314	17767	634072	1685883	2319955	1062	614	1676
GROWTH RATE	14.0%	15.0%	14.7%	15.0%	16.0%	15.7%	12.0%	15.0%	13.1%
2018-19	5076	15311	20388	729183	1955624	2684807	1189	706	1896
2019-20	5787	17608	23395	838560	2268524	3107084	1332	812	2144
GROWTH RATE	9.0%	11.0%	10.5%	10.0%	12.0%	11.5%	12.0%	12.0%	12.0%
2020-21	6308	19545	25853	922416	2540747	3463163	1492	909	2401
2021-22	6876	21695	28570	1014658	2845637	3860295	1671	1019	2690
2022-23	7494	24081	31575	1116124	3187113	4303237	1872	1141	3012
GROWTH RATE	7.0%	9.0%	8.5%	8.0%	10.0%	9.5%	10.0%	10.0%	10.0%
2023-24	8019	26248	34267	1205414	3505824	4711238	2059	1255	3314

No.AV-24011/141/2015-AD (Vol.V)

Government of India
Ministry of Civil Aviation
AD Section

B-Block, R.G. Bhawan,
Safdarjung Airport, New Delhi
Dated 01.10.2019

To,
The Chairman,
Airports Economic Regulatory Authority,
AERA Building, S.J. Airport,
New Delhi.

Subject: Proposal for next round of airports for leasing through PPP -
regarding.

Sir,

Airports Authority of India has submitted a Board Resolution passed by AAI to this Ministry for leasing of six airports viz. Trichy, Amritsar, Varanasi, Bhubaneswar, Raipur and Indore as a part of second phase of PPP. Out of these six airports, the AERA has determined tariff for airports at Bhubaneswar and Indore for the period 2018 to 2023. For the remaining four airports namely, Trichy, Varanasi, Amritsar and Raipur, the tariff has been determined by the Ministry.

2. The tariffs payable are very important input in the bid process and indeed tariffs would determine the bid amount for leasing of airports. Therefore, it has been decided by the Competent Authority that AERA should determine the tariff for all six airports proposed under PPP to ensure tariff determination process of PPP airports is transparent, fair and objective manner.

3. Therefore, in exercise of power conferred to the Central Government under definition of 'Major Airports' and Section 42 (2) of AERA Act, 2008, AERA is directed to determine the airports charges in respect of all the six AAI airports proposed under PPP process.

Yours faithfully,

(S.K. Singh)

Under Secretary to the Govt. of India
Tel:24610361

copy to:

1. Chairman, AAI, R.G. Bhawan, New Delhi

2. ED (SIC), AAI, R.G. Bhawan, New Delhi

1/10/19

MCP

ED (SIC)

436001/AAI.

04/10/2019

By No. 7/10/19

Date 928

GM (JRC) / DGM (Rajesh Khanna) JRC

05/10/19

Minutes of Meeting

Subject: Airport Users Consultative Committee (AUCC) Meeting of SGRDJI Airport, Amritsar.

In accordance with AERA Guidelines on the tariff determination for Airports, AUCC Meeting regarding major capex proposed in respect of SGRDJI Airport Amritsar was held on 13.12.2019 at 1100 hrs. in the Hotel Radisson BLU, Amritsar.

The list of stake holders / officials who attended the AUCC Meeting is enclosed.

The meeting started with a welcome address by Jt. G.M. (Engg. – Civil), AAI, Amritsar. There after a detailed power point presentation was given to the participants by APD Amritsar

The presentation started with a brief of Amritsar City, its significance, the existing infrastructure, operational details of the Airport. Historical data on the passenger and aircraft movement including the forecast growth was also covered.

The foreseen challenges in the current control period and actions proposed to make the airport future ready were also discussed along with the details of the major ongoing and planned capital projects and impact of the same on the tariff.

After detailed presentation, question & answer session was commenced. Various questions / doubts raised by the participating delegates were replied / clarified by AAI officers.

The gist of discussion is under:

1. Shri Bir Singh Bagga, Station Manager, Air Asia Amritsar Airport

Shri Bir Singh Bagga asked general question regarding (i) Congestion in SHA and (ii) Single corridor of aero bridge in the existing terminal building and also asked whether these issues are being taking care in upcoming expansion of terminal building project or not ?

APD, Amritsar clarified that the proposed expansion of terminal building also included a plan for redesign of existing building wherein the problem of congestion in SHA would be taken care of. However, he further added that at present the airlines have been requested to practice, staggered pre embarkation security check procedures to reduce congestion. Regarding single corridor of aerobridge APD informed that the problem will be resolved during the expansion of the terminal building. RED, NR further added that the possibility of Longitudinal partition of existing Air corridor (Passenger Boarding area) will be explored.

2. Shri Negi, Station Manager, Air India, Amritsar Airport

Shri Negi inquired about the provision for direct transit area in the proposed expansion of terminal building.

APD replied that the transit area, has already been identified in the existing building wherein infrastructure pertaining to security checks is to be provided. This shall also be ensured in the expanded terminal building.

Shri Negi, he further sought whether any provision of local transportation from Airport to city is being considered in view of increasing traffic growth at Amritsar airport.

In this regard, Capt. Abhay Chandra, Advisor to Aviation Secretary, Punjab Govt. informed that a letter has already been sent to Transport Commissioner, Govt of Punjab for provision of low height A/C bus and requested that no Parking Charges may be imposed on such buses and designated space for parking be given at the Airport.

APD, Amritsar informed that a survey in this regard was conducted by the Transport department before "550th Prakash Parv" further communication is still awaited. With regards to the parking Charges he clarified that the request shall be dealt with as per AAI Guidelines.

3. Shri Ramkishan, Director, AERA

Shri Ramkishan asked about the source of funding of upcoming projects, including expansion of Terminal building.

ED (JVC) AAI, CHQ replied that projects will be financed mainly through Internal Resources. However, for Tariff Calculations of major capex where approval of Department of Expenditure (Public Investment Board) is required, financing is also being considered as a mix of Debt (60%) & Internal Resources (40%).

Shri Ramkishan, further asked about the rationale of going in for proposed capex when Amritsar airport is already shortlisted for privatization.

ED (JVC) replied that AAI is following Govt. of India Instructions in this regard.

Shri Ramkishan, further inquired regarding Traffic projections in Pax & Aircraft movements in FY 2020-21 showing increasing trend, however ARR calculations showed a dip in Aero Revenue in FY 2021 (Rs. 72 crs.) as compared to previous year (Rs. 122 crs.).

It was informed that ARR has been worked out as per AERA guidelines. Regarding projected drop in Aero Revenue in 2020-21, it was clarified that the existing UDF shall be levied till May 2020 as per Govt. of India instruction at Amritsar Airport, resulting in drop in Projected Aero Revenue.

AAI also appraised about the huge benefits to passengers as well as airlines & other stakeholders (e.g. facilities upgraded for more passenger's convenience and facilitations like transit lounge,

retiring room, in line X –Ray Baggage Machine etc.) from the expanded terminal building and other works against the impact of tariff per passenger.

AAI addressed all the queries doubts raised by the delegates / stakeholder to their satisfaction.

Finally, the meeting ended with Vote of Thanks by AAI.



Manoj Chansbria
Airport Director, Amritsar

DISTRIBUTION TO

All Concerned

FNO- No. AAI/CHQ/AERA/MYTP-Amritsar/2019/661

Dated:24/12/2019

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 Amritsar Airport for the control period (01/04/2019 to 31/03/2024)

Sir/Madam,

Reference is invited to this office letter dated 08/11/2017 and letter dated 08th March 2019 received from AERA on the subject noted above (Copy enclosed).

AERA declared Amritsar Airport as the major airport vide letter dated 10.01.2019 and further decided to shift control period from 01.04.2017-31.03.2022 to 01.04.2019 to 31.03.2024. Accordingly, the revised proposal of MYTP of Amritsar Airport considering the shortfall of FY 2017-18 and FY 2018-19 in control period 2019-2020 to 2023-2024 has been prepared and enclosed herewith.

MoCA vide letter no. AV-24011/141/2015-AD (Vol.V) dt.01.10.2019 directed AERA to determine the Tariff of Amritsar Airport which is proposed for leasing in 2nd phase of PPP (copy enclosed).

MoCA vide letter no. 24032/10/2009-AAI dt. 25.05.2010 approved UDF at Amritsar airport for 10 years. (Copy enclosed).

The Revised proposal has been prepared for Amritsar Airport as per AERA Methodology.

1.Growth

The Traffic data has been updated up to F.Y.2018-19 as actual. Thereafter the growth rate as given by Dte. Of CPMS has been taken which is as under :

Year	Dom. Passenger	Intl. Passenger	Dom. ATM	Intl. ATM	Dom. Freight	Intl. Freight
2019-20	16.0%	15.0%	15.0%	14.0%	15.0%	12.0%
2020-21	12.0%	10.0%	11.0%	9.0%	12.0%	12.0%
2021-22	12.0%	10.0%	11.0%	9.0%	12.0%	12.0%
2022-23	12.0%	10.0%	11.0%	9.0%	12.0%	12.0%
2023-24	10.0%	8.0%	9.0%	7.0%	10.0%	10.0%

2.Capex

The details of Proposed Capex are as under:-

- a) Expansion of Terminal Building - Rs. 230.07 crs (Total cost Rs. 243.28 crs. Aero portion is 94.57%) (PDC, 2021-2022, March 2022)
Assumption:(65% civil and 35% electrical).
- b) Parallel Taxi Track: Rs. 98.crs, PDC 2022-23 (incl. rehab of IAF, PDC 2020-21).
- c) Expansion of apron for 10 No.s Code 4C type (excl. GLF work to be taken up with ALCMS work) - Rs. 52.41 crs., PDC 2020-21.
- d) Upgradation of ALCMS & provision of ILCMS for CAT IIIB Lighting-. Rs. 16.35 Crores (excluding Rs.12.39 Cr for 7 years CMAC), and GLF work (apron), Totaling Rs. 46.52 crs., PDC 2021-22.
- e) Interior work of First floor TB- Rs.17.6 cr. – (Total cost Rs. 18.6 crs.- Aero portion is 94.57%), PDC 15.06.2019.
- f) SITC of Inline XBIS – 2 Phase- 11.39 crs., PDC 2020-21.
- g) Body scanners- Rs. 10.45 crs, PDC 2020-21.
- h) TCV –Rs. 9.20 crs, PDC 2020-21.
- i) Replacement of flooring Rs. 7.57 Cr. crs (Total cost Rs. 8.00 crs. Aero portion is 94.57%) (PDC 2021-22).
- j) Runway mechanical sweeper- Rs. 7.3 crs. (PDC 2020-21).
- k) CFT and RIVs- Rs.5.0crs. (PDC 2020-21).
- l) ATRS-Rs. 4.00crs.(PDC 2021-22).
- m) Provision of AVDGS for parking bays- Rs. 3.28 crs. (excluding maintenance cost of Rs. 0.57 crs), (PDC 2019-20).
- n) Provision of Tensile Fabric Canopy in front of TB- Rs. 2.25 (Total cost Rs. 2.38 crs. Aero portion is 94.57%), PDC -2019-20.
- o) Replacement of 02Nos. outlived Baggage Conveyors Belt by new baggage conveyor in Domestic arrival .- Rs.2.75 crs.(excluding Rs. 2.17cr, for maintenance cost), PDC 2020-21.
- p) FIDS: Rs. 2 crs., PDC 2021-22.
- q) Improvement of Air conditioning system in TB- Rs. 1.73 crs. (Total cost Rs. 1.83 crs. Aero portion is 94.57%), PDC 2019-20.
- r) SITC of 219 DV XBIS- Rs. 1.69 crs. (PDC-2020-21).
- s) SITC OF SCCTV- Rs. 1.66 crs.(excluding CAMC), PDC 2019-20.
- t) Procurement of Electrical Testing equipment : SH Supply Testing And Training of Mobile Photometric Measuring System and other Special Equipments for maintenance of airfield Ground Lighting (AGL) system – Rs. 1.60 crs., PDC 2019-20.
- u) Providing Fixing and installation of fall protection and walkway system on roof of TB – Rs. 1.42 cr, (Total cost Rs. 1.5 crs. Aero portion is 94.57%), PDC, 2019-20.
- v) Modification to railing at central cut -out and towards air-corridor and mis work at ops and security reason – Rs. 1.47 cr., PDC 2019-20.
- w) Provision of road from apron to fire station-Rs. 1.44 cr., PDC 2020-21.
- x) Replacement of Damaged RIGIDAL almunium standing -skylight with profile sheet on roof of TB- Rs.1.22 cr. (Total cost Rs. 1.29 crs. Aero portion is 94.57%), PDC 2019-20.
- y) TUV, MM Bolero, Swift Dzure Truck tractor etc Rs. 1.28 crs.,PDC- control period 2019-20 to 2023-24.
- z) SITC OF SCCTV with for 1st and Mezzanine floor. Rs. 1.26 crs.(Excluding CAMC), PDC 2019-20.
- aa) Replacement of old outlived DG sets in phase-I Power House Rs. 1.20 crs. PDC 2020-21.
- bb) SS Dustbin, Sanitary Vending Machine vertical garden PET Bottle Shredder, LED TVs- Rs.1.10 crs. PDC- control period 2019-20 to 2023-24.
- cc) Improvement in toilet Rs. 0.98crs (Total cost Rs.1.03 crs. Aero portion is 94.57%), PDC 2019-20.

3. Airport User Consultative Committee (AUCC)

As per AERA Guidelines, AUCC has already been conducted on 13th December 2019 at Amritsar wherein Major Capex Proposed to be taken in control period was discussed before stakeholders. The copy of the minutes of meeting are enclosed.

4. Operating Expenditure

i. Till :-

Hybrid till as per the guidelines of AERA/National Civil Aviation Policy 2016, has been adopted for calculating operating expenditure. Under Hybrid till, the 30% of Non-Aeronautical Revenue will be used to cross-subsidies the Aeronautical charges. Accordingly, Regulatory Asset Base as on 01.04.2017 has been bifurcated into a) Aeronautical Assets b) Non-Aeronautical Assets and c) Common Assets.

ii. Expenses:-

The expenses appearing in the Trial Balance for the F.Y.2017-18 & F.Y. 2018-19 has been bifurcated into a) Aeronautical Expenses b) Non-Aeronautical expenses and c) Common Expenses.

iii. Data :-

The data for expenses, income and assets are actuals for the F.Y.2017-18 and F.Y. 2018-19 and have been duly audited by CAG.

The space earmarked for Non-Aero activities in existing Terminal Building is 5.43% and same is considered after expansion of Terminal Building. (Scope of Work & Drawing enclosed).

iv. Retirement benefit: -

Allocation for retirement benefit has been allocated for FY 2017-18 on provisional basis. Allocations done in FY 2018-19 with 7% increase on year to year basis and additional 10% (total 17%) increase in the FY 2022-23 due to start of operation of Expanded Terminal Building is proposed. This has been accepted by AERA while determining the Aeronautical tariff of Patna Airport and also proposed for Varanasi tariff submission already approved by Competent Authority.

v. Overheads: -

Apportionment of CHQ/ RHQ overheads made at CHQ on revenue basis and has been allocated for FY 2017-18 on the basis of provisional allocations done in FY 2017-18 with 5% increase on year to year basis. Further 95% of CHQ / RHQ overhead expenses have been considered as Aeronautical activities. (5% considered for Non- Aeronautical activities). The above assumption/basis have been accepted by AERA while determining the Aeronautical tariff of Patna Airport and also proposed for Varanasi tariff submission already approved by Competent Authority.

The following assumption have been made for projecting increase in Expenditure and Revenue due to operationalize of the expanded Terminal Building(FY22-23):

- a. Additional 10% increase in cost of Pay & Allowances.

- b. Additional increase of 40% in cost of Upkeep expenses has been proposed as per proportionate increase in area of the building and 10% in watch & Ward.
- c. Additional 5% increase in cost of R&M(Civil) and 10% in R&M (Elect. & Electronics).
- d. Additional 40% (as per proportionate increase in area of the building) increase in cost of Electricity charges
- e. Additional 10% increase in Non-Aeronautical Revenue.(except land lease and other misc. income.)

The above assumptions have been considered as considered in the tariff proposal of Patna airport where the new terminal building is also proposed in the control period and AERA has accepted the same.

5. Fair Rate of Return (FRoR)

FRoR has been taken 14% for FY 17-18 to FY2023-24 as per AERA guidelines as internal resources.

6. Depreciation

AAI's depreciation rate has been calculated upto March 2017 (F.Y.2016-17). From FY 2017-18 onwards depreciation has been worked out as per rates prescribed by AERA.Half yearly rate of depreciation has been calculated for additions in form 10(a) for 1st year of capitalization.

7. Taxation

Tax Rate have been taken 34.608% for FY2017-18, 34.944% for FY 2018-19 and 25.17% from FY 2019-20 till FY 2023-24 as per Corporate Tax prescribed by CBDT.

The Income tax calculation has been worked out on the basis of depreciation rates as per Income Tax Act.

8. Aggregate Revenue Requirement (ARR)

ARR has been worked out as per the AERA Methodology considering the above building blocks: -

ARR= (FROR on Capex+Opex+Depreciation+Tax)-30% of Non-Aeronautical Revenue.

As per the MYTP, Aggregate Revenue Requirement (ARR) for the first control period on Hybrid Till basis (FY 2019-20 to FY 2023-24) has been worked out to Rs.852.56 crores and PV of Target revenue is Rs. 637.13 cr. The excess recovery for the FY 17-18 and FY 18-19 works out to Rs. 0.85 crs.) The total projected revenue at the proposed rate is 636.00 Cr. against the target revenue of Rs. 636.28 Cr. The short recovery of ARR Rs. 0.28 Cr. is to be adjusted in the next control period.

Revenue Stream to recover ARR

The following revenue streams are available to recover the ARR:

- i. **Landing Charges:** - Landing charges have been increased based on the average landing charges of the aircraft and is proposed to increase by 41% for Domestic landing and by 18% International landing from the existing charges w.e.f. 01.02.2020 till 31.03.2020. An increase of 4% thereafter on year on year basis from FY 2020-21 onward s is proposed. The charges have been proposed in order to have a uniformity with other major airports of AAI and have been approved by AERA in the recent past i.e. Patna Airport and proposal for Varanasi as well.

01.02.2020 till 31.03.2020. An increase of 4% thereafter on year on year basis from FY 2020-21 onwards. Existing and Proposed Landing charges are as under:
The charges have been proposed in order to have a uniformity with other major airports of AAI and have been approved by AERA and proposal for Varanasi as well.

- iii. **Fuel Throughput Charges:** - In order to rationalize, 5% increase is proposed for FY w.e.f. 01.02.2020. No increase is proposed for the subsequent years. (Proposed Rate-Rs.711.50 per KL and Existing Rate-Rs. 677.62 per KL).

Oil Throughput	Existing	Proposed	Increase (%)
Average Through put Rate Rs.	677.62	711.50	5

- iv. **UDF:-**The above charges have been proposed to recover ARR and balance is proposed to recover from the UDF. The revise UDF for both Domestic and International are proposed w.e.f 01.02.2020.

Per departing passenger	UDF (INR)			Percentage Increase
	Existing		Proposed	
	PSF (F) Rates	UDF Rates	Proposed Rates (01.02.2020 To 31.03.2024)	
Domestic (PAX)	77/-	150/-	335/-	48%
International (PAX)	89/-	1051/-	1140/-	No Increase

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

No Increase in UDF for International Passenger is proposed only PSF(F) is subsumed with UDF.

- v. **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,

(D.K.Kamra)

Executive Director(JVC/Tariff)

Encl:- As above

Copy to:

1. Regional Executive Director, AAI, Northern Region, New Delhi
2. Airport Director, AAI, Amritsar, Airport./ED Engrg NR CHQ.

Copy for information to:

1. OSD to Chairman
2. Member(Planning)

o/c
24/12/19

AIRPORTS AUTHORITY OF INDIA

**AMRITSAR AIRPORT - PROPOSED RATE CARD FOR AERONAUTICAL SERVICES
FOR F.Y. 2019-20**

EFFECTIVE FROM 1st FEBRUARY 2020 TO 31 MARCH 2020

(I) (a) Landing Charges - International flights

Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	260 Per MT
Above 25 MT up to 50 MT	6500+ 487 per MT in excess of 25 MT
Above 50 MT up to 100	18675+ 563 per MT in excess of 50 MT
Above 100 MT to 200 MT	46825+ 649 per MT in excess of 100 MT
Above 200 MT	111725+ 779 per MT in excess of 200MT

(b) Landing Charges – Domestic Flights

Weight of the Aircraft	Proposed Rate Per Landing (In INR)
Upto 25 MT	173 Per MT
Above 25 MT up to 50 MT	4325+ 303 per MT in excess of 25 MT
Above 50 MT up to 100	11900+ 346 per MT in excess of 50 MT
Above 100 MT to 200 MT	29200+ 422 per MT in excess of 100 MT
Above 200 MT	71400+ 476 per MT in excess of 200 MT

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

Proposed Rates (In INR)		
Weight of the Aircraft	Parking Charges per Hour(First two hours after free parking period)	Parking Charges per Hour(beyond four hours)
Upto 25 MT	3.37 Per Hour Per MT	6.75 Per Hour Per MT
Above 25 MT up to 50 MT	84.36+4.50 per Hour per MT in excess of 25 MT	168.73+9.00 per MT per Hour in excess of 25 MT
Above 50 MT up to 100	196.85+9.00 per MT per Hour in excess of 50 MT	393.70+18.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	646.80+11.25 per MT per Hours in excess of 100 MT	1293.59+22.50 per MT per Hours in excess of 100 MT
Above 200 MT	1771.66+12.37 per MT per Hours in excess of 200 MT	3543.32+24.75 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 Amritsar 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) THROUGHPUT CHARGES

Proposed Rate Per KL (IN INR)
Rs. 711.50/-

IV) USER DEVELOPMENT FEES (UDF)

Passenger	Proposed UDF (per embarking passenger)
Domestic	Rs.335/-
International Passenger	Rs.1140/-

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 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- d) Revised UDF charges will be applicable on tickets issued on or after 01/01/2020.
- e) No UDF/PSF (Facilitation) will be levied for Transit Passengers.

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 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF/ASF.

- (a) Children (under age of 2 years),
- (b) Holders of Diplomatic Passport,
- (c) Airlines crew on duty including sky marshals & 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.