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F. No. AERA/20010/MYTP/AAI-Amritsar/CP-II/2023-24

परामर्श पत्र संख्या 06/2024-25  
Consultation Paper No. 06/2024-25



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
Airports Economic Regulatory Authority of India

श्री गुरु राम दास जी अंतरराष्ट्रीय हवाईअड्डा, अमृतसर (एटीक्यू) के लिए द्वितीय नियंत्रण अवधि  
(01.04.2024–31.03.2029) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में

**IN THE MATTER OF  
DETERMINATION OF AERONAUTICAL TARIFF FOR  
SRI GURU RAM DASS JEE INTERNATIONAL AIRPORT, AMRITSAR (ATQ)  
FOR THE SECOND CONTROL PERIOD  
(01.04.2024 - 31.03.2029)**

जारी करने की तारीख : 19 दिसम्बर, 2024  
Date of Issue: 19<sup>th</sup> December, 2024

तृतीय तल/ 3rd Floor,  
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## STAKEHOLDERS' COMMENTS

Sri Guru Ram Das Jee International Airport, Amritsar is owned and operated by Airports Authority of India. It is located on the Amritsar-Ajnala Road, near the village of Raja Sansi.

Amritsar Airport was shortlisted for leasing to private airport operator by AAI on PPP mode. Considering that, the Ministry of Civil Aviation (MoCA) vide notification no AV-24011/141/2015-AD (Vol. V) dated October 10, 2019 had notified Amritsar Airport as a "Major Airport".

As per the actual traffic of FY 2023-24, Amritsar Airport has achieved the passenger throughput of 3.09 MPPA.

For this Consultation Paper, the Authority has considered the audited financial results (being the audited Trial Balance for Amritsar International Airport) for first 4 tariff years of the First Control Period (FY 2020-FY 2023), actuals for FY 2023-24 (unaudited) and projections for the Second Control Period (FY 2025 to FY 2029).

The Authority has released this Consultation Paper putting forward its proposals in the background of the Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by the Airport Operator.

The Authority shall consider written evidence-based feedback, comments and suggestions from all the stakeholders on the proposals made in the Consultation Paper and pass a suitable Order determining the Tariff for aeronautical services. The Authority would like to emphasize that the consultation process timelines are sacrosanct and hereby requests the stakeholders to provide their comments/ inputs within the timelines specified in this Consultation Paper, beyond which the same will not be considered by the Authority.

As per the provisions of Section 13(2) of the AERA Act, 2008, the tariff determination under the Tariff Order can be reviewed and revised.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 06/2024-25 dated 19.12.2024 are invited from the stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)  
Airports Economic Regulatory Authority of India (AERA),  
3rd Floor, Udaan Bhawan  
Safdarjung Airport, New Delhi – 110003, India  
Email: [director-ps@aera.gov.in](mailto:director-ps@aera.gov.in), [rajan.gupta1@aera.gov.in](mailto:rajan.gupta1@aera.gov.in), copy to: [secretary@aera.gov.in](mailto:secretary@aera.gov.in)

<b>Stakeholders' Consultation Meeting:</b>	03.01.2025
<b>Last Date for Submission of comments:</b>	18.01.2025
<b>Last Date for Submission of counter comments:</b>	28.01.2025

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

For any clarification/ information, Director (P&S, Tariff) may be contacted at Telephone Number: Tel: 011-24695043

## TABLE OF CONTENTS

<b>1 INTRODUCTION.....</b>	<b>10</b>
1.1 Background.....	10
1.2 Profile of Amritsar International Airport.....	10
1.3 Cargo Facility, Ground Handling and supply of Fuel to Aircraft .....	11
<b>2 TARIFF DETERMINATION OF AMRITSAR INTERNATIONAL AIRPORT .....</b>	<b>12</b>
2.1. Introduction .....	12
2.2 Construct of the Consultation Paper .....	14
<b>3 FRAMEWORK FOR DETERMINATION OF TARIFF FOR AIA .....</b>	<b>16</b>
3.1 Methodology.....	16
3.2 Control Period.....	16
3.3 Revenues from Air Navigation Services (ANS) and Cargo .....	17
<b>4 TRUE UP OF THE FIRST CONTROL PERIOD.....</b>	<b>18</b>
4.1 AAI’s submission on True up of the First Control Period for AIA.....	18
4.2 Authority’s examination of True up of the First Control Period .....	18
4.3 True up of Traffic .....	20
4.4 True up of Capital Expenditure (CAPEX), Depreciation and RAB .....	21
4.5 True up of Fair Rate of Return .....	29
4.6 True up of Non-aeronautical revenues .....	29
4.7 True up of Operation and Maintenance (O&M) expenses .....	31
4.8 True up of Taxation .....	37
4.9 True up of Aeronautical Revenue.....	38
4.10 True up of Aggregate Revenue Requirement (ARR) for the First Control Period .....	39
4.11 Authority’s proposal regarding True up of the First Control Period.....	40
<b>5 TRAFFIC FOR THE SECOND CONTROL PERIOD.....</b>	<b>42</b>
5.1 AAI’s Submission on Traffic for the Second Control Period for AIA .....	42
5.2 Authority’s examination regarding Traffic for the Second Control Period of AIA.....	42
5.3 Authority’s Proposal regarding Traffic for the Second Control Period .....	45
<b>6 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD .....</b>	<b>46</b>
6.1 Background.....	46
6.2 Capital expenditure for the Second Control Period.....	46
6.3 Depreciation for the Second Control Period .....	66

6.4	Regulatory Asset Base (RAB) for the Second Control Period .....	68
6.5	Authority's proposal regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Second Control Period.....	68
<b>7</b>	<b>FAIR RATE OF RETURN (FROR) FOR THE SECOND CONTROL PERIOD .....</b>	<b>70</b>
7.1	AAI's Submission on Fair Return of Return for the Second Control Period for AIA .....	70
7.2	Authority's examination of FRoR for the Second Control Period .....	70
7.3	Authority's proposal regarding Fair Rate of Return (FRoR) for the Second Control Period .	71
<b>8</b>	<b>INFLATION FOR THE SECOND CONTROL PERIOD .....</b>	<b>72</b>
8.1	AAI's Submission on Inflation for the Second Control Period for AIA .....	72
8.2	Authority's examination on inflation for the Second Control Period .....	72
8.3	Authority's proposal regarding inflation for the Second Control Period .....	72
<b>9</b>	<b>OPERATION AND MAINTENANCE EXPENSES FOR THE SECOND CONTROL PERIOD .....</b>	<b>73</b>
9.1	AAI's Submission on Operation and Maintenance expenses for the Second Control Period for AIA .....	73
9.2	Authority's examination of Operation and Maintenance expenses for the Second Control Period.....	74
9.3	Authority's proposal regarding Operation and Maintenance expenses for the Second Control Period.....	79
<b>10</b>	<b>NON-AERONAUTICAL REVENUE FOR THE SECOND CONTROL PERIOD.....</b>	<b>80</b>
10.1	AAI's Submission on Non-Aeronautical Revenue for the Second Control Period for AIA... ..	80
10.2	Authority's examination of Non-aeronautical revenue for the Second Control Period .....	80
10.3	Authority's proposal regarding Non-aeronautical revenues for the Second Control Period ..	82
<b>11</b>	<b>TAXATION FOR THE SECOND CONTROL PERIOD.....</b>	<b>83</b>
11.1	AAI's Submission on Taxation for the Second Control Period for AIA .....	83
11.2	Authority's examination of Taxation for the Second Control Period .....	83
11.3	Authority's proposal regarding Taxation for the Second Control Period .....	84
<b>12</b>	<b>QUALITY OF SERVICE FOR THE SECOND CONTROL PERIOD .....</b>	<b>85</b>
12.1	AAI's Submission on Quality of Service for the Second Control Period for AIA .....	85
12.2	Authority's examination regarding Quality of Service for the Second Control Period .....	85
12.3	Authority's proposal regarding Quality of Service for the Second Control Period .....	85
<b>13</b>	<b>AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE SECOND CONTROL PERIOD .....</b>	<b>86</b>
13.1	AAI's Submission on Aggregate Revenue Requirement for the Second Control Period for AIA	

.....86

13.2 Authority’s examination of Aggregate Revenue Requirement (ARR) for the Second Control Period..... 86

13.3 Authority’s proposal regarding Aggregate Revenue Requirement (ARR) for the Second Control Period..... 87

**14 AERONAUTICAL REVENUE FOR THE SECOND CONTROL PERIOD ..... 88**

14.1 AAI’s Submission on Aeronautical Revenue for the Second Control Period for AIA ..... 88

14.2 Authority’s examination of Aeronautical Revenue for the Second Control Period..... 88

14.3 Authority’s proposal regarding Aeronautical Revenue for the Second Control Period ..... 90

**15 SUMMARY OF AUTHORITY’S PROPOSALS..... 91**

Chapter 4: True Up of the First Control Period..... 91

Chapter 5: Traffic for the Second Control Period ..... 91

Chapter 6: Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Second Control Period..... 91

Chapter 7: Fair Rate of Return for the Second Control Period ..... 92

Chapter 8: Inflation for the Second Control Period..... 92

Chapter 9: Operation and Maintenance expenses for the Second Control Period ..... 92

Chapter 10: Non-aeronautical revenue for the Second Control Period ..... 92

Chapter 11: Taxation for the Second Control Period ..... 92

Chapter 12: Quality of Service for the Second Control Period ..... 92

Chapter 13: Aggregate Revenue Requirement (ARR) for the Second Control Period ..... 92

Chapter 14: Aeronautical Revenue for the Second Control Period..... 92

**16 STAKEHOLDERS’ CONSULTATION TIMELINE ..... 93**

**17 LIST OF ANNEXURES ..... 94**

17.1 Annexure I: Annual Tariff proposal submitted by AAI for AIA for the Second Control Period 94

17.2 Annexure II: Annual Tariff proposed by the Authority for Consultation process ..... 99

## LIST OF TABLES

Table 1: Technical and Terminal Building details of AIA .....	10
Table 2 : Timelines for submission of MYTP and other information by AAI .....	14
Table 3: True up for First Control Period submitted by AAI .....	18
Table 4: AAI's submission for True up of traffic for the First Control Period for AIA.....	20
Table 5: Passenger traffic and ATM approved by the Authority in the Tariff Order for the First Control Period .....	20
Table 6: Capital additions during the First Control Period submitted by AAI for AIA .....	21
Table 7: Capital expenditure approved in the Tariff Order for the First Control Period.....	22
Table 8: Depreciation for the First Control Period submitted by AAI for AIA .....	22
Table 9: Capital additions proposed by the Authority for True up of the First Control Period.....	27
Table 10 : Depreciation proposed by the Authority for True up of the First Control Period .....	28
Table 11: RAB proposed by the Authority for True up of the First Control Period.....	29
Table 12: Actual Non-aeronautical revenue for the First Control Period submitted by AAI for AIA	29
Table 13: Non-aeronautical revenue approved in the Tariff Order by the Authority for the First Control Period .....	30
Table 14: Actual O&M expenses submitted by AAI for AIA for the First Control Period .....	31
Table 15: O&M expenses as per the Tariff Order for the First Control Period.....	31
Table 16: Re-allocation of CHQ/ RHQ – Admin and Gen expenses proposed by the Authority for the First Control Period .....	34
Table 17: Details of power costs incurred and recoveries made from Concessionaires.....	35
Table 18: O&M expenses as proposed by the Authority for True up of the First Control Period .....	36
Table 19: Taxation submitted by AAI for AIA .....	37
Table 20 : Taxation proposed to be considered by the Authority .....	38
Table 21: Aeronautical revenue submitted by AAI for AIA .....	38
Table 22: Comparison of Aeronautical Revenue as submitted by AAI with Tariff Order of the First Control Period.....	39
Table 23: ARR proposed by the Authority for True up of the First Control Period.....	39
Table 24: Historical passenger and ATM traffic at AIA (in numbers).....	42
Table 25: Traffic growth rates and traffic proposed by AAI .....	42
Table 26: CAGR for passenger traffic and ATM .....	43
Table 27: Traffic proposed to be considered by the Authority for the Second Control Period.....	44
Table 28: Summary of Capital Expenditure projects submitted by AAI for AIA for Second Control Period .....	46
Table 29: Project wise Capital Expenditure submitted by AAI for AIA for Second Control Period..	48
Table 30: WPI Inflation adjusted Normative rate (per Sq.m.) derived by the Authority for Terminal Building .....	53
Table 31: Comparison of Normative cost of Terminal Building derived by the Authority with AAI's submission .....	54
Table 32: Cost of PTT submitted by AAI for the Second Control Period and that approved in the Tariff Order for the First Control Period.....	56
Table 33: WPI Inflation adjusted Normative rate (per Sq.m.) considered by the Authority for PTT .	58
Table 34: Normative cost of PTT considered by the Authority for Amritsar International Airport....	58
Table 35: Details of cost of Equipment related to Terminal Building.....	61
Table 36: Capital Expenditure (Project-wise) proposed by the Authority for Second Control Period	63
Table 37: Depreciation proposed by AAI for AIA for the Second Control Period .....	66
Table 38: Depreciation proposed by the Authority for the Second Control Period.....	67
Table 39: RAB submitted by AAI for AIA for the Second Control Period .....	68
Table 40: RAB proposed to be considered by the Authority for the Second Control Period.....	68

Table 41: Fair Rate of Return proposed to be considered by the Authority for the Second Control Period .....	71
Table 42: Inflation rates proposed by the Authority for the Second Control Period for AIA .....	72
Table 43: Operation and Maintenance (O&M) expenditure submitted by AAI for AIA .....	73
Table 44: Growth rates in O&M expenditure submitted by AIA .....	73
Table 45: Allocation of O&M expenses proposed to be considered by Authority for AIA .....	75
Table 46: Runway re-carpeting expenses proposed by the Authority for the Second Control Period .....	76
Table 47: Repairs and Maintenance on Opening Net block of Assets claimed by AAI and Proposed by the Authority for the Second Control Period .....	77
Table 48: Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the Second Control Period.....	78
Table 49: Growth rates in O&M expenses considered by the Authority for the Second Control Period .....	79
Table 50: Non-aeronautical revenue projections submitted by AAI for AIA.....	80
Table 51: Growth rates assumed by AAI for AIA for Non-aeronautical revenue.....	80
Table 52: Non-aeronautical revenues proposed by the Authority for AIA for the Second Control Period .....	81
Table 53:Growth rates in Non-aeronautical revenue proposed by the Authority .....	82
Table 54: Tax Expense submitted by AAI for AIA for the Second Control Period .....	83
Table 55: Taxation proposed to be considered by the Authority for the Second Control Period .....	83
Table 56: ASQ rating for AIA for the years 2019-2024 .....	85
Table 57: ARR submitted by AAI for AIA for the Second Control Period .....	86
Table 58: ARR proposed to be considered by the Authority for the Second Control Period.....	87
Table 59: Increase in UDF rates proposed by AAI.....	88
Table 60: Aeronautical revenue submitted by AAI for AIA for the Second Control Period .....	88
Table 61: UDF charges proposed by the Authority for AIA for the Second Control Period .....	89
Table 62: Aeronautical revenues proposed to be considered by the Authority for the Second Control Period .....	89
Table 63: Landing charges (domestic) proposed by AAI for the Second Control Period .....	94
Table 64: Landing charges (International) proposed by AAI for the Second Control Period .....	94
Table 65: Existing Parking charges (Domestic) .....	95
Table 66: Existing Parking charges (International) .....	95
Table 67: Parking charges (Domestic) proposed by AAI for the Second Control Period .....	96
Table 68: Parking charges (International) proposed by AAI for the Second Control Period.....	96
Table 69: UDF Proposed by AAI (per embarking passenger).....	97
Table 70: Landing charges(domestic) proposed by the Authority for AIA for the Second Control Period .....	99
Table 71:Landing charges(international) proposed by the Authority for AIA for the Second Control Period .....	99
Table 72: Parking Charges (Domestic ATM) up to four hours after first two free hours for the Second Control Period proposed by the Authority .....	100
Table 73: Parking charges (Domestic ATM) beyond first four hours for the Second Control Period proposed by the Authority .....	101
Table 74: Parking charges (per hour) (International ATM) up to four hours after first two free hours for the Second Control Period proposed by the Authority .....	101
Table 75: Parking charges (per hour) (International ATM) beyond first four hours for the Second Control Period proposed by the Authority .....	102

**GLOSSARY**

<b>Abbreviation</b>	<b>Full Form</b>
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
ACI	Airports Council International
AERA/ The Authority	Airports Economic Regulatory Authority of India
AGL	Airfield Ground Lighting
AIA/ ATQ	Amritsar International Airport
ALCMS	Airfield Lighting Control and Monitoring System
ANS	Air Navigation Services
AOCC	Airport Operations Control Centre
AIASL	AI Airport Services Limited
AMHS	Aeronautical Message Handling System
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
ATRS	Automatic Tray Retrieval System
AUCC	Airport Users Consultative Committee
AVDGS	Advanced Visual Docking Guidance System
BCAS	Bureau of Civil Aviation Security
BDDS	Bomb Detection and Disposal Squad
BPCL	Bharat Petroleum Corporation Limited
BSF	Border Security Force
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CCEA	Cabinet Committee on Economic Affairs
CFT	Crash Fire Tender
CHQ	Corporate Headquarters
CIAL	Cochin International Airport Limited
CISF	Central Industrial Security Force
CMC	Comprehensive Maintenance Contract
CRPF	Central Reserve Police Force
CSR	Corporate Social Responsibility
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
ETD	Explosive Trace Detector
FA	Financing Allowance
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
GCCM	Grass Cut and Collect Machine.
GLF	Ground Lights Facility
GoI	Government of India
GSE	Ground Support Equipment
GST	Goods and Services Tax
HPCL	Hindustan Petroleum Corporation Limited



<b>Abbreviation</b>	<b>Full Form</b>
IAF	Indian Air Force
IATA	International Air Transport Association
IDC	Interest During Construction
ILCMS	Individual Lamp Control and Monitoring System
IMG	Inter-Ministerial Group
IOCL	Indian Oil Corporation Limited
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers per Annum
MYTP	Multi-Year Tariff Proposal
NAR	Non-aeronautical revenue
NDT	New Domestic Terminal
PBB	Passenger Boarding Bridge
PDC	Probable Date of Completion
PC	Personal Computer
PERT	Program Evaluation and Review Technique
PIB	Public Investment Board
PLF	Passenger Load Factor
PMC	Project Management Consultancy
PPP	Public Private Partnership
PSF	Passenger Service Fee
PTB	Passenger Terminal Building
PTT	Parallel taxi Track
RAB	Regulatory Asset Base
RCC	Reinforced Cement Concrete
RESA	Runway End Safety Area
RHQ	Regional Headquarters
RPK	Revenue Passenger Kilometer
RWS	Runway Strip
SCCTV	Secure Closed Circuit Television.
SHA	Security Hold Area
SITC	Supply, Installation, Testing & Commissioning
Sq.m.	Square Metre
UDF	User Development Fees
UPS	Uninterruptible Power Supply
WPI	Wholesale Price Index
XBIS	X-ray Baggage Inspection System
YTD	Year to Date
YPP	Yield per Passenger

## 1 INTRODUCTION

### 1.1 Background

- 1.1.1 Sri Guru Ram Dass Jee International, Amritsar Airport (‘Amritsar International Airport’ or AIA), owned and operated by Airports Authority of India, is currently, the 23<sup>rd</sup> busiest Airport<sup>1</sup> in India by passengers handled. It is located at Raja Sansi, 11 km northwest, from the city centre.
- 1.1.2 The total land area of AIA is 977.58 Acres. The existing Terminal Building has an area of 40,175 square meters, which currently handles both domestic and international operations.
- 1.1.3 AERA Act, 2008 was amended in 2019 and definition of “Major Airport” has been changed. As per section 2(i) of the AERA Act, 2008 read with AERA (Amendment) Act 2019, Major Airport means any airport which has or is designated to have, passenger throughput in excess of 3.5 MPPA or any other airport or any other group of airports as the Central Government may by notification, specify as such.
- 1.1.4 Amritsar Airport was shortlisted for leasing to private airport operator on PPP mode by AAI. Considering that, Ministry of Civil Aviation (MoCA) vide notification no AV-24011/141/2015-AD (Vol. V) dated October 10, 2019 has notified it as “Major Airport”.
- 1.1.5 As per the actual traffic of FY 2023-24, Amritsar Airport has achieved the passenger throughput of 3.09 MPPA. The proportion of domestic and international passenger traffic of Amritsar Airport in FY 2023-24, had been in the ratio of 68%:32%.

The Authority determined tariff for the First Control Period (starting from FY 2019-20 to FY 2023-24) vide Order Number 56/2020-21 dated December 24, 2020.

### 1.2 Profile of Amritsar International Airport

- 1.2.1 Technical and Terminal Building details of AIA submitted by the Airport Operator are provided in the table below:

*Table 1: Technical and Terminal Building details of AIA*

Technical details	
Particulars	Details
Total airport land area	977.58 Acres
Runway orientation and length	16/ 34 and 3,658 m
No. of Parking Bays	25 nos.
No. of Taxi Tracks	09 nos.
Operational hours	24 hours
Terminal Building details	
Terminal Building Area	40,175 Sqm
Designed Passenger handling Capacity	4.1 MPPA
Peak Hour Passengers Handling capacity	1,600 (800 Departure + 800 Arrival)
Conveyor Belts in Arrival Area	04 nos.
No. of check-in counters	33 nos.
Aircraft Code	Code E

<sup>1</sup> As per data on top 50 busiest airports for FY 2023-24, published by AAI

### **1.3 Cargo Facility, Ground Handling and supply of Fuel to Aircraft**

#### **Cargo Handling**

- 1.3.1 M/s AAI Cargo Logistics and Allied Services (AAICLAS) is a 100% subsidiary company of Airports Authority of India (AAI) providing Cargo Handling Services at AIA. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's agreement with AAICLAS.
- 1.3.2 AERA vide Order No. 36/ 2020-21 dated September 1, 2020 determined the tariffs for AAI Cargo Logistics & Allied Service Company Limited for the First Control Period (FY 2019-20 to FY 2023-24).
- 1.3.3 Further, the Authority vide Order No. 41/ 2023-24 dated March 15, 2024 had extended the levy of existing tariff up to September 30, 2024 and vide Order No. 10/2024-25 dated September 26, 2024 had extended the levy of existing tariff up to March 31, 2025.

#### **Ground Handling**

- 1.3.4 Currently, there are two Service Providers at the Airport viz., AI Airport Services Limited (AIASL) and Indo Thai Airport Management Services Pvt Ltd, providing Ground Handling services at AIA
- i. In respect of AIASL, the Authority, from time to time through various Orders had extended the applicability of prevailing tariff (as on March 31, 2022) up to March 31, 2025.
  - ii. AERA vide Order No. 25/2023-24 dated November 16, 2023 determined tariff for Ground Handling Services for Indo Thai Airport Management Services Pvt Ltd from FY 2022-23 to FY 2026-27.

#### **Supply of Fuel to Aircraft**

- 1.3.5 Oil Marketing Companies (OMCs) such as M/s Reliance BP Mobility Limited (Jio-BP), M/s IOCL M/s BPCL, and M/s HPCL are providing Aviation Fuel Facility at Amritsar International Airport. M/s HPCL has set up its fuel storage facility, with two fuel storage tanks totaling to 60 KL storage capacity (i.e., 2 tanks of 30KL each). M/s BPCL has fuel storage capacity totaling to 149 KL storage capacity (i.e., 60KL static and 89 KL mobile). M/s IOCL has a fuel storage capacity of 610 KL (A 500 KL fuel storage tank is under installation, it will be commissioned by March, 2025 leading to storage capacity of 1,110 KL). M/s Reliance BP Mobility Limited has fuel storage capacity totaling to 500 KL. The current total fuel capacity at the Amritsar Airport is 1,319 KL

## 2 TARIFF DETERMINATION OF AMRITSAR INTERNATIONAL AIRPORT

### 2.1. Introduction

2.1.1 AERA was established by the Government of India vide notification No. GSR 317(E) dated 12<sup>th</sup> May 2009. The functions of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') which are as below:

- a) To determine the tariff for Aeronautical services taking into consideration –
  - i. the capital expenditure incurred and timely investment in the improvement of airport facilities.
  - ii. the service provided, its quality and other relevant factors
  - iii. the cost for improving efficiency.
  - iv. economic and viable operation of Major Airports
  - v. revenue received from services other than the Aeronautical services
  - vi. the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and
  - vii. any other factor which may be relevant for the purpose of this Act:

Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii).
- b) To determine the amount of the development fees in respect of Major Airports.
- c) To determine the amount of the passengers service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.
- d) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.
- e) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and
- f) To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act.

2.1.2 The terms "aeronautical services" and "Major Airports" are defined in Sections 2(a) and 2(i) of the Act, respectively.

2.1.3 As per the AERA Act, 2008 the following are the Aeronautical services:

- i. for navigation, surveillance and supportive communication thereto for air traffic management;
- ii. for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at any airport;
- iii. for ground safety services at an airport;
- iv. for ground handling services relating to aircraft, passengers and cargo at an airport;
- v. for the cargo facility at an airport;

- vi. for supplying fuel to the aircraft at an airport; and
- vii. for a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.

Tariff determination for Air Navigation Services is carried out by the Ministry of Civil Aviation (MoCA) across all airports to maintain uniformity.

2.1.4 Detailed Guidelines laying down information requirements, periodicity and procedure for Tariff determination have also been issued. The details of Orders and Guidelines issued in this behalf are as under:

- i. Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators); and
- ii. Order No. 07/2018-19 dated 13.06.2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).
- iii. Order No. 14/2018-19 dated 23.01.2017 in the matter of aligning certain aspects of AERA's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy – 2016 (NCAP-2016) approved by the Government of India.
- iv. Order No. 35/2019-20 dated 12.01.2018 and Amendment No. 01 to Order No. 35/2019-20 dated 09.04.2018 in the matter of determination of useful life of Airport assets.
- v. Order No. 42/2020-21 dated 05.03.2019 (Determination of FRoR to be provided on the cost of Land incurred by various Airport Operators in India).

2.1.5 AAI submitted Multi Year Tariff Proposal (MYTP) for the First Control Period from April 1, 2019, till March 31, 2024 and AERA vide its Order No. 56/2020-21 dated December 24, 2020, had determined tariffs for Aeronautical services for AIA for the First Control Period (FY 2019-20 to FY 2023-24).

Further, AERA vide Order No. 40/ 2023-24 dated March 15, 2024 extended the levy of existing tariff for a further period of 6 months (i.e. up to September 30, 2024). Thereafter, the Authority vide Order No. 09/ 2024-25 dated September 24, 2024 has further extended the validity of tariff prevailing as on September 30, 2024 up to March 31, 2025 or till the date of determination of tariff whichever is earlier.

2.1.6 The Airport Operator(s) are required to submit to the Authority for its consideration, a Multi-Year Tariff Proposal (MYTP) for the respective Control Periods, six months in advance, from the start of the Control Period. Accordingly, the Authority vide its letter dated July 20, 2023 asked AAI, to submit MYTP by October 31, 2023. However, the AAI has submitted the initial MYTP for the Second Control Period commencing from FY 2024-25 to FY 2028-29 for AIA on July 12, 2024, after a gap of eight months from the aforementioned due date communicated by the Authority and the revised MYTP (by making revisions to certain regulatory building blocks) on October 24, 2024. The MYTP document is available on the AERA's website. Further, the date wise chronology of events is given in Table 2 below.

2.1.7 The Authority had appointed an Independent Consultant, M/s R. Subramanian and Company LLP to assess the MYTP submitted by AAI for the Second Control Period. Accordingly, M/s R. Subramanian and Company LLP has assisted the Authority in examining the true up submission by AAI by comparing each regulatory building block with the Tariff Order for the First Control period. The Independent Consultant has examined the MYTP of AAI for the current Control Period, by verifying the data from various supporting documents submitted by AAI such as audited financials, Fixed Asset Register (FAR),

documentary evidence of the process of approval of Capital expenses, Operation and Maintenance expenses, examining the building blocks in tariff determination and ensuring that the treatment given to it is consistent with the Authority's methodology, approach, etc.

The Authority obtained clarifications for the information shared by the AAI from time to time, to review the appropriateness of the classification of assets, the reasonableness of the proposed Capital Expenditure, Operation & Maintenance expenditure, for finalizing this Consultation Paper. AAI had initially submitted the audited Trial Balance of FY 2019-20 to FY 2022-23 and projections for FY 2023-24, FY 2024-25 to FY 2028-29 on July 12, 2024. Based on the queries raised by the Independent Consultant, from time to time on the proposed capital expenditure, operation and maintenance expenditure etc, AAI has submitted a revised MYTP for the Second Control Period for Amritsar Airport vide email dated October 24, 2024. The Authority has considered the same as part of its examination of the MYTP for true up of the First Control Period and of the Second Control Period of AIA. The sequential timeline of the above events has been presented in the table below:

*Table 2 : Timelines for submission of MYTP and other information by AAI*

<b>Dates</b>	<b>Event</b>
July 12, 2024	MYTP Submission by AAI
August 5, 2024	Clarifications sought on passenger capacity, CAPEX, Operation and Maintenance expenses, Non-aeronautical revenue etc. of AIA
August 6, 2024	Request for unaudited/Audited financials for FY 2023-24.
September 2, 2024	Follow-up for Data requirement regarding CAPEX, OPEX and request for unaudited figures.
September 6, 2024	Revised Rate Card submitted by AAI
September 23, 2024	Clarifications sought on CAPEX of AIA based on the Independent Consultants' visit to the Airport
October 14, 2024	Clarifications sought on the discrepancies noted in the MYTP submitted by AAI for Amritsar International Airport
October 24, 2024	Revised MYTP submitted by AAI
November 3, 2024	Clarifications sought on capital additions claimed by AAI, in the revised MYTP, for true up of First Control Period
November 9, 2024	Clarifications sought on major capital expenditure submitted by AAI, in the revised MYTP, for the Second Control Period
November 14, 2024	Clarifications provided by AAI regarding CAPEX for the Second Control Period.
November 18, 2024	Information received from AAI regarding revised CAPEX for the Second Control Period.

2.1.8 AAI has informed that accounts of AAI are audited by the Comptroller and Auditor General of India ('CAG') as mandated by the AAI Act. The CAG audits the financial records and statements of AAI airports, regional and corporate headquarters. However, since the accounts of AAI as a whole are centralized at corporate headquarters (CHQ), the CAG accordingly issues the final audit certificate. The Authority has examined the audited trial balance (FY 2019-20 to FY 2023-24) submitted by AAI for determination of tariff.

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

## **2.2 Construct of the Consultation Paper**

2.2.1 This Consultation Paper has been developed/ constructed in the following sequence of Chapters:

- i. The background of the Authority's tariff determination process is explained in this Chapter (Chapter 2) and in Chapter 3, wherein the framework for determination of tariff is discussed.

- ii. Chapter 4 lists out the submissions of AAI for true up of the First Control Period which is from FY 2019-20 to FY 2023-24. This is followed by the Authority's examination and proposals on the specific issues regarding the true up of the First Control Period.
- iii. Chapter 5 presents the submissions of AAI regarding Traffic Projections and the Authority's examination and proposals on the same.
- iv. Chapter 6 includes the submissions of AAI regarding Capital Expenditure (CAPEX), Depreciation and RAB for the Second Control Period along with the Authority's detailed examination, adjustments, rationalisation and proposals on the Aeronautical capital expenditure, Depreciation and RAB for the Second Control Period.
- v. Chapter 7-12 includes the submissions of AAI regarding various building blocks pertaining to the Second Control Period including Fair Rate of Return, Inflation, Operation and Maintenance Expenses, Non-aeronautical Revenue, Taxation and Quality of Service along with Authority's examination and proposals on each matter.
- vi. Chapter 13 presents the Aggregate Revenue Requirement as determined by the Authority based on the proposals for the Second Control Period.
- vii. Chapter 14 presents the Aeronautical Revenue proposed by the Authority for AIA for the Second Control Period.
- viii. Chapter 15 summarizes the Authority's proposals put forward for consultation.
- ix. In Chapter 16, the Authority invites views of all the stakeholders regarding proposals put forward for tariff determination for the Second Control Period in the Consultation Paper.
- x. Chapter 17 contains Annexures:
  - Annexure I: Annual Tariff proposal submitted by AAI for AIA for the Second Control Period.
  - Annexure II: Annual Tariff proposed by the Authority for Consultation process.

### 3 FRAMEWORK FOR DETERMINATION OF TARIFF FOR AIA

#### 3.1 Methodology

3.1.1 The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 and the Airport Guidelines issued by AERA.

3.1.2 The Authority had adopted the Hybrid-Till mechanism for tariff determination for the First Control Period, wherein, only 30% of the Non-aeronautical revenue is to be used for cross-subsidising the Aeronautical charges. The Authority has considered the same methodology in the true up of the First Control Period and for tariff determination in the Second Control Period.

3.1.3 The ARR under hybrid till for the Control Period (ARR) shall be expressed as under:

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

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

Where,

- t is the tariff year in the control period, ranging from 1 to 5
- $ARR_t$  is the Aggregate Revenue Requirement for tariff year 't'
- FRoR is the Fair Rate of Return for the Control Period
- $RAB_t$  is the Aeronautical Regulatory Asset Base for tariff year 't'
- $D_t$  is the Depreciation corresponding to the Regulatory Asset Base for tariff year 't'
- $O_t$  is the Aeronautical Operation and Maintenance expenditure for the tariff year 't'
- $T_t$  is the Aeronautical taxation expense for the tariff year 't'
- s is the cross-subsidy factor for revenue from services other than Aeronautical services. Under the Hybrid Till methodology followed by the Authority,  $s = 30\%$ .
- $NAR_t$  is the Non-aeronautical revenue in tariff year 't'.

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

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

- Where,  $PV(ARR_t)$  is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. The Authority has considered discounting cash flows, one year from the start of the Control Period.
- $VE_t$  is the passenger traffic in year 't'.

3.1.5 As per the provisions of Section 13(2) of the AERA Act, 2008, the tariff determination under the Tariff Order can be reviewed and revised.

#### 3.2 Control Period

3.2.1 In terms of Direction No. 5 issued on 28 February 2011, Control Period means "a period of five Tariff Years during which the Multi Year Tariff Order and Tariff(s) as determined by the Authority pursuant to such order shall subsist". The First Control Period for AIA commenced from April 1, 2019 and the Second



Control Period has commenced from April 1, 2024.

### **3.3 Revenues from Air Navigation Services (ANS) and Cargo**

- 3.3.1 AAI provides Air Navigation Services (ANS) in addition to Aeronautical services at AIA. AAI has submitted that the tariff proposal does not consider assets, expenses and revenues relating to ANS. This Consultation Paper discusses the determination of tariffs for Aeronautical services at the airport excluding ANS, as tariff for ANS is presently approved by the Ministry of Civil Aviation for all the airports. The tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity across all the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.
- 3.3.2 AAI has further submitted that all Cargo Operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), a wholly owned subsidiary of AAI and the tariff proposal does not consider expenditure and assets on account of cargo operations. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's internal agreement with AAICLAS.
- 3.3.3 This Consultation Paper discusses the determination of tariff for Aeronautical services at AIA excluding Cargo Operations. The tariff related to Cargo Operations of AIA will be determined separately since its operations are carried out by AAICLAS.

## 4 TRUE UP OF THE FIRST CONTROL PERIOD

### 4.1 AAI's submission on True up of the First Control Period for AIA

4.1.1 AAI has submitted a shortfall of ₹ 154.55 Crores in Aeronautical revenue recovery for Amritsar International Airport for the First Control Period, as part of its MYTP submission for the Second Control Period:

Table 3: True up for First Control Period submitted by AAI

(₹ Crores)

Particulars	Ref.	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Average RAB	a	143.11	158.68	157.13	176.29	198.53	
FRoR	b	14.00%	14.00%	14.00%	14.00%	14.00%	
Return on Average RAB	c= (a) * (b)	20.04	22.21	22.00	24.68	27.79	<b>116.72</b>
Depreciation	(d)	12.49	12.47	13.94	15.37	15.90	<b>70.17</b>
O&M expenses	(e)	94.52	63.55	84.51	94.83	109.03	<b>446.44</b>
Tax	(f)	-	-	-	-	-	-
Interest on Working Capital	(g)	-	-	0.89	-	-	<b>0.89</b>
Gross ARR	(h) = (c+ d+ e+ f+ g)	<b>127.04</b>	<b>98.24</b>	<b>121.34</b>	<b>134.88</b>	<b>152.72</b>	<b>634.22</b>
NAR		40.44	12.98	14.24	19.10	31.08	<b>117.85</b>
Less 30% NAR	(i)	12.13	3.89	4.27	5.73	9.33	<b>35.35</b>
Net ARR	(j) = (h- i)	114.91	94.34	117.06	129.15	143.40	<b>598.86</b>
Actual Aeronautical Revenue	(k)	107.12	19.02	73.28	137.77	179.65	<b>516.84</b>
Under/ (Over) recovery of First Control Period	l=(j-k)	7.79	75.33	43.78	(8.62)	(36.25)	<b>82.02</b>
Discount Factor (@14.00%)	(m)	1.93	1.69	1.48	1.30	1.14	
Under/ (Over) recovery of First Control Period as on March 31, 2024	(l*m)	15.00	127.22	64.87	(11.21)	(41.33)	<b>154.55</b>
True up of Under Recovery of First Control Period as on March 31, 2024		<b>154.55</b>					

### 4.2 Authority's examination of True up of the First Control Period

4.2.1 The decisions taken at the time of determination of tariff for Aeronautical services for the First Control Period vide Order No. 56/2020-21 dated December 24, 2020 have been reproduced below:

#### **Decision No. 1. Regarding tariff Setting Principles**

(i) The Authority decides to adopt the "Hybrid Till" approach for determination of aeronautical tariffs for the First Control Period in respect of the Amritsar Airport.

#### **Decision No. 2. Regarding Cargo revenue and revenue from ANS**

(i) The Authority decides not to consider the revenues from AAICLAS (except 30% royalty as revenue share from AAICLAS) and ANS while determining Aeronautical tariffs for the Amritsar Airport.

#### **Decision No. 3. Regarding traffic forecast**

(i) *The Authority decides to consider the ATM and passenger traffic for 1<sup>st</sup> control period for Amritsar Airport as per Table 11.*

(ii) *The Authority decides that subject to the terms and conditions of the privatization of Amritsar Airport, it will consider to 'true-up' the traffic volume (ATM and Passengers) on the basis of actual traffic in 1<sup>st</sup> Control Period while determining tariffs for the 2<sup>nd</sup> Control Period.*

**Decision No. 4. Regarding allocation of assets**

(i) *The Authority decides to consider the allocation of Gross Block of Assets as on April 1,2017 between aeronautical and non-aeronautical assets as detailed in Table 23.*

**Decision No. 5. Regarding Initial RAB**

(i) *The Authority decides to consider the Initial Regulatory Asset Base for the 1<sup>st</sup> Control Period for Amritsar Airport as INR 127.97 crores in accordance with Table 27.*

**Decision No. 6. Regarding capital expenditures.**

(i) *The Authority decides to adopt the Aeronautical Capitalization for the 1<sup>st</sup> Control Period in accordance with Table 39.*

(ii) *The Authority has decided that subject to the terms and conditions of privatization of Amritsar Airport, it will consider to 'true-up' the Capital expenditure incurred based on actual costs subject to the 'normative' approach at the time of determination of tariffs for the 2nd Control Period.*

(iii) *To reasonably assess the project completion/commissioning date vis-a-vis the proposed date of capitalization, and, subsequently, may decide to exclude/reduce the capital cost of the project by 1% from RAB at the time of 'true-up' in the 2nd Control Period.*

**Decision No. 7. Regarding depreciation.**

(i) *The Authority decides to adopt depreciation rates for Amritsar airport as per Table 43 for the 1<sup>st</sup> Control Period.*

(ii) *The Authority decides to consider the depreciation amounts as per Table 46 for the 1st Control Period.*

**Decision No. 8. Regarding RAB.**

(i) *The Authority decides to consider the average RAB for the 1<sup>st</sup> Control Period for Amritsar airport as per Table 50.*

**Decision No. 9. Regarding Fair Rate of Return (FROR).**

(i) *The Authority decides to consider the FRoR for Amritsar Airport for the 1<sup>st</sup> Control Period as per Table 52.*

**Decision No. 10. Regarding non-aeronautical revenues**

(i) *The Authority decides to consider the Non-Aeronautical Revenues for the 1<sup>st</sup> Control Period for Amritsar Airport in accordance with Table 59.*

**Decision No. 11. Regarding O&M expenses**

(i) *The Authority decides to consider the O&M expenses for the 1st Control Period for Amritsar Airport as per Table 72.*

**Decision No. 12. Regarding Aeronautical Revenue**

(i) The Authority decides to consider the Aeronautical revenue for the 1<sup>st</sup> Control Period for Amritsar Airport as per Table 76

**Decision No. 13. Regarding tax expense**

(i) The Authority decides to consider the Tax Expense for the 1<sup>st</sup> Control Period for Amritsar Airport as per Table 81

**Decision No. 14. Regarding Aggregate Revenue Requirement.**

(i) The Authority decides to consider the ARR and YPP for the 1<sup>st</sup> Control Period for Amritsar Airport in accordance with Table 85.

**Decision No. 15. Regarding Annual Tariff Proposal.**

(i) The Authority decides to approve the tariffs for the 1<sup>st</sup> Control Period for Amritsar Airport as given in the Tariff Card annexed as Annexure-I.

**4.3 True up of Traffic**

4.3.1 AAI has submitted Passenger Traffic and ATM for AIA for the First Control Period which is as follows:

Table 4: AAI's submission for True up of traffic for the First Control Period for AIA

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Passenger (In Millions)</b>						
Domestic	1.64	0.66	1.04	1.76	2.10	<b>7.21</b>
International	0.82	0.19	0.34	0.76	0.98	<b>3.09</b>
<b>Total</b>	<b>2.46</b>	<b>0.85</b>	<b>1.38</b>	<b>2.52</b>	<b>3.09</b>	<b>10.30</b>
<b>ATM (In No's)</b>						
Domestic	12,389	6,399	10,781	14,936	16,014	<b>60,519</b>
International	4,692	1,617	2,722	4,585	5,634	<b>19,250</b>
<b>Total</b>	<b>17,081</b>	<b>8,016</b>	<b>13,503</b>	<b>19,521</b>	<b>21,648</b>	<b>79,769</b>

**Authority's examination and proposal regarding true up of traffic of the First Control Period:**

4.3.2 The traffic approved by the Authority in the Tariff Order No. 56/ 2020-21 for the First Control Period is shown in Table 5 below:

Table 5: Passenger traffic and ATM approved by the Authority in the Tariff Order for the First Control Period

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Passenger (In millions)</b>						
Domestic	1.64	1.00	1.20	1.64	1.97	<b>7.45</b>
International	0.82	0.30	0.51	0.82	0.98	<b>3.43</b>
<b>Total</b>	<b>2.46</b>	<b>1.30</b>	<b>1.71</b>	<b>2.46</b>	<b>2.95</b>	<b>10.88</b>
<b>ATM (In No's)</b>						
Domestic	12,389	8,333	9,833	12,400	14,880	<b>57,835</b>

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
International	4,692	2,143	3,536	4,700	5,640	20,711
<b>Total</b>	<b>17,081</b>	<b>10,476</b>	<b>13,369</b>	<b>17,100</b>	<b>20,520</b>	<b>78,546</b>

- 4.3.3 The Authority notes that the major variation between the passenger traffic and ATM for the First Control Period (actual traffic vis-à-vis the projections approved in the Tariff Order for the First Control Period) is attributable to the adverse impact of COVID-19 pandemic. After the outbreak of COVID-19 pandemic in December 2019, chartered flights were cancelled, due to which the domestic and international passenger traffic have been showing a decreasing trend.
- 4.3.4 The Authority verified the actual Passenger traffic and ATM from FY 2019-20 to FY 2023-24 (as per Table 4) for the First Control Period based on the details available on AAI's website and noted no variances.
- 4.3.5 Based on the above analysis, the Authority proposes to consider the actual traffic submitted by AAI for the First Control Period, as shown in Table 4, in line with its Decision No. 3 (ii) of the Tariff Order No. 56/ 2020-21 dated December 24, 2020, which states *"The Authority decides that subject to the terms and conditions of the privatization of Amritsar Airport, it will consider to 'true-up' the traffic volume (ATM and Passengers) on the basis of actual traffic in the 1<sup>st</sup> Control Period while determining tariffs for the 2<sup>nd</sup> Control Period."*

#### 4.4 True up of Capital Expenditure (CAPEX), Depreciation and RAB

- 4.4.1 The actual CAPEX submitted by AAI for true up of the First Control Period for AIA is as follows:

Table 6: Capital additions during the First Control Period submitted by AAI for AIA

(₹ Crores)

S. No	Asset category	Approved Capex as per Tariff Order (1)	Actual Aero CAPEX incurred in 1st Control Period (2)	Variance (2)-(1)
1	Runway, Taxiway & Aprons	139.45	53.83	(85.62)
2	Road, Bridges & Culverts	1.96	3.00	1.04
3	Terminal building	25.70	25.30	(0.40)
4	Building Temporary	-	0.21	0.21
5	Other Building	0.47	2.54	2.07
6	Boundary wall -operational	-	0.40	0.40
7	Computer end user	-	0.39	0.39
8	Computer Software	-	0.15	0.15
9	Plant & Machinery	17.79	9.94	(7.85)
10	Tools and equipment	21.42	14.69	(6.73)
11	Electrical Installation	50.88	19.70	(31.18)
12	Furniture & Fixtures- Trolley	0.75	-	(0.75)
13	Office furniture	0.90	0.13	(0.77)
14	furniture other than office	2.52	1.52	(1.00)
15	Other office appl.	-	0.17	0.17
16	CFT/ Fire Fighting Equipment	5.00	0.02	s
17	Vehicles	1.28	1.15	(0.13)
18	XBIS	16.69	8.70	(7.99)
	<b>Total CAPEX incurred (A+B)</b>	<b>284.82</b>	<b>141.83</b>	<b>(142.98)</b>

4.4.2 The CAPEX approved by the Authority in the Tariff Order for the First Control Period was ₹ 284.82 Crores. Year- wise details of the CAPEX (capitalization of assets) approved by the Authority have been provided as follows:

*Table 7: Capital expenditure approved in the Tariff Order for the First Control Period*

(₹ Crores)

S. No	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
1	Runway, Apron & Taxiway	-	47.55	-	91.90	-	139.45
2	Road, Bridges & culverts	0.53	1.44	-	-	-	1.97
3	Building- Terminal	18.50	-	7.20	-	-	25.70
4	Other Building –Unclassified	0.47	-	-	-	-	0.47
5	Plant& Machinery	2.34	5.44	12.45	-	-	20.23
6	Tools& Equipment	1.46	0.31	20.50	-	-	22.27
7	Office Furniture	0.25	0.15	0.10	0.15	0.25	0.90
8	Vehicles	0.63	0.15	-	0.40	0.10	1.28
9	Electrical Installations	7.41	8.81	34.13	-	-	50.35
10	Furniture & Fixtures-Other than Trolley	1.62	0.15	0.35	0.20	0.20	2.52
11	furniture & Fixtures- Trolley	0.30	-	0.15	-	0.30	0.75
12	X Ray Baggage System	-	2.55	11.39	-	-	13.94
13	CFT/Fire Fighting Equipment	-	-	5.00	-	-	5.00
	<b>Total</b>	<b>33.51</b>	<b>66.55</b>	<b>91.27</b>	<b>92.65</b>	<b>0.85</b>	<b>284.82</b>

4.4.3 The Authority notes a variance of ₹ 142.98 Crores (50%) between CAPEX approved by the Authority and that incurred by AAI against the approved CAPEX for the First Control Period, as per Table 6.

4.4.4 AAI has submitted the following depreciation for the First Control Period for AIA:

*Table 8: Depreciation for the First Control Period submitted by AAI for AIA*

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Land	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-
Runways, Taxiway & Aprons	2.38	1.46	2.36	3.26	3.26	12.71
Taxiway	-	-	-	-	-	-
Aprons	-	-	-	-	-	-
Road, Bridges & Culverts	1.15	1.20	1.31	1.38	1.38	6.42
Building- Terminal	1.65	2.02	2.05	2.09	2.10	9.91
Building - Temporary	0.01	0.03	0.05	0.06	0.04	0.19
Building - Residential	0.10	0.10	0.10	0.10	0.10	0.50
Security Fencing - Temporary	-	-	-	-	-	-
Boundary Wall -Operational	0.65	0.05	0.07	0.09	0.06	0.91
Boundary Wall - Residential	-	-	-	-	-	-
Other Buildings-Unclassified	0.23	0.26	0.30	0.30	0.31	1.41
COMPUTER - END USER	0.61	0.46	0.07	0.12	0.12	1.39
COMPUTER SERVER AND NETWORK	-	-	-	-	-	-
Intangible Assets- Software	0.02	0.02	0.04	0.04	0.03	0.15
Plant & Machinery	0.77	1.09	1.09	1.09	1.10	5.13
Tools & Equipment	0.76	1.11	1.39	1.41	1.53	6.20

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Office Furniture	0.13	0.14	0.14	0.12	0.02	<b>0.54</b>
Vehicles	0.33	0.36	0.39	0.42	0.43	<b>1.93</b>
Vehicle- Cars & Jeeps	-	-	-	-	0.01	<b>0.01</b>
Electrical Installations	3.10	3.46	3.75	3.94	4.30	<b>18.56</b>
Other Office equipment	0.03	0.02	0.03	0.03	0.03	<b>0.13</b>
Furniture & Fixtures-Other than Trolley	0.14	0.25	0.25	0.25	0.25	<b>1.16</b>
Furniture & Fixtures- Trolley	-	-	-	-	-	<b>-</b>
X Ray Baggage System	0.02	0.04	0.17	0.28	0.44	<b>0.95</b>
CFT/Fire Fighting Equipment	0.39	0.40	0.40	0.40	0.40	<b>1.98</b>
<b>Total</b>	<b>12.49</b>	<b>12.47</b>	<b>13.94</b>	<b>15.37</b>	<b>15.90</b>	<b>70.17</b>

**Authority's examination and proposal regarding true up of Capital expenditure (CAPEX), Depreciation and RAB of the First Control Period:**

4.4.5 The Authority notes that there are variances between the costs approved by the Authority in the First Control Period Tariff Order and the actual cost incurred by the Airport Operator. The CAPEX incurred by AAI has been capitalized in the books of account, based on work orders issued by AAI for each component of CAPEX. The Authority, through its Independent Consultant, has examined and verified the CAPEX incurred by AAI in First Control Period from the Fixed Assets Register.

The major items of variances between approved CAPEX and actual CAPEX have been presented asset-wise in the below paragraphs.

i. **Runways, Taxiways and Apron:** The Authority had approved ₹ 139.45 Crores towards capitalization of the following projects under Runway, Taxiways and Apron in the First Control Period.

- Construction of Parallel Taxi Track (PTT) from Runway 16 beginning up to Taxiway E, amounting to ₹ 78.50 Crores.
- Rehabilitation of IAF structures, amounting to ₹13.40 Crores.
- Expansion of Apron for 10 Nos Code 4C amounting to ₹ 47.55 Crores.

However, the works pertaining construction of Parallel Taxi Track, rehabilitation of IAF structures could not be completed by AAI in the 1<sup>st</sup> Control Period and the same have been shifted to the 2<sup>nd</sup> Control Period. The Authority through its Independent Consultant notes that the construction of PTT had not been undertaken due to the presence of IAF structures in the planned alignment and strip and the same needs to be removed, prior to the commencement of work.

With respect to the other project on rehabilitation of IAF structures, AAI and IAF have identified potential land parcels. However, initiation of this project, necessitates formal approval from both AAI and IAF, in the form of a Memorandum of Understanding.

AAI had incurred ₹ 53.23 Crores towards expansion of 10 parking bays of Apron and ₹ 0.60 Crores towards layering of paver blocks around Apron. The Authority notes that for commissioning of the new Apron, the airlines and refuelling agencies had raised concerns about unpaved area between the new Apron & GSE area and the other side of new Apron & Service road. Since, the unpaved area cannot be used for manoeuvring of buses, oil tankers and other vehicles, near shoulder of the new Apron, the said area was covered with paver blocks. Based on the above factors, the Authority considers the above work as justifiable and cost as reasonable as compared to the CPWD norms/ market rates.

- ii. **Roads, Bridges and Culverts:** The Authority had approved ₹ 1.96 Crores towards Roads, Bridges and Culverts and AAI had incurred ₹ 3.00 Crores towards the same. Out of the total amount approved by the Authority towards Roads, bridges and culverts in the Tariff Order for the First Control Period, ₹ 1.44 Crores was towards Provisioning of road from Cargo Apron to Fire Station- Kohinoor, against which AAI had incurred ₹ 1.99 Crores. The Authority through its Independent Consultant, notes that the layout of road was modified due to the constraints in re-routing of cables, which had resulted in the increase in the cost of execution of the project. Considering the essentiality and reasonableness of costs, based on review of CPWD norms/ market rates, the Authority proposes to consider the same for true up of the First Control Period.

Further, the Authority notes that expense amounting to ₹ 0.04 Cr. incurred by AAI towards removal of sludge from underground RCC trench has been capitalised under this head. However, considering the nature of this expense, the Authority has shifted this to Repairs and Maintenance, under Operation and Maintenance expenses.

- iii. **Terminal Building:** The Authority had approved ₹ 25.70 Crores towards works related to Terminal Building in the Tariff Order for the First Control Period, against which AAI had incurred ₹ 25.30 Crores. The major works pertaining to the above project are as follows:

- Interior works of First Floor of Terminal Building including Civil works, Signage works amounting to ₹ 15.13 Crores.
- Electrical works on the first floor of the terminal building amounting to ₹ 3.74 Cr.
- Modification to railing at Central cut out and towards Air corridor for ₹ 1.63 Crores.

Considering that the above CAPEX are necessary for operational requirements of the Airport and the reasonableness of costs, based on review of CPWD norms/ market rates, the Authority proposes to consider the same for true up of the First Control Period.

- iv. **Other Building:** The Authority notes that AAI had incurred ₹ 2.54 Crores towards Other Building as against approved CAPEX of ₹ 0.47 Crores for the First Control Period. Out of the total CAPEX, AAI had incurred ₹ 1.01 Cr towards provisioning of Hard Stand between Perimeter Road and Boundary wall and the same was necessitated due to the following reasons:

- The concertina coil along the boundary wall had been rusted in some places.
- Thick vegetation growth was observed between the perimeter road and the boundary wall, due to highly fertilized soil.

Considering the essentiality of the above CAPEX and reasonability of costs, through review of prevailing CPWD norms/ market rates, the Authority proposes to consider the same for true up of the First Control Period.

Further, the Authority notes that expense amounting to ₹ 0.27 Crores incurred by AAI towards special repair work in CISF Barracks in FY 2021-22 have been capitalised under Other Buildings. However, considering the nature of the expense, the Authority has shifted this expense to Repairs and Maintenance under Operational and Maintenance expenses.

- v. **Plant and Machinery:** The Authority notes that AAI has incurred ₹ 9.94 Crore towards plant and machinery, as against approved CAPEX of 20.22 Crore for the First Control Period. Details of the actual CAPEX is as follows:

- CAPEX amounting to ₹ 3.22 Crores incurred towards providing AVDGS for 10 numbers of parking bays.



- Rubber Removal machine amounting to ₹5.78 Crores was procured by AAI. The Authority finds the same to be reasonable, in line with the cost incurred by other similar airports
- Provision of mechanized grass cutting machines amounting to ₹ 0.77 Crores.
- Procurement of 10 nos. of hand-held Bush cutters amounting to ₹ 0.04 Crores.

Considering the essentiality of CAPEX and reasonability of costs, based on review of market rates/ cost incurred by other similar airports, the Authority proposes to consider the above CAPEX for true up of the First Control Period.

Further, the Authority notes that the following CAPEX which were approved in the Tariff Order for the First Control Period, have not been incurred by AAI for Amritsar Airport, due to reasons mentioned hereunder:

- CAPEX amounting to ₹ 2 crore was approved towards installation of FIDS in the extended area of the terminal building. As the project on extension of the terminal building was not undertaken in the First Control Period, the above capital expenditure had not been incurred by AAI in the First Control Period.
- CAPEX amounting to ₹ 10.45 Crore was approved towards installation of “Body Scanner” in the First Control Period. However, the same had not been incurred by AAI, as the technology related to Full Body Scanner is in nascent stage.

**vi. Electrical Installations:** The Authority notes that AAI spent ₹ 19.70 Crores towards “Electrical Installations” as against approved CAPEX of ₹ 50.35 Crores for the First Control Period. Details of the major CAPEX have been provided hereunder:

- ₹ 16.35 Crore was approved towards upgradation of ALCMS and provision of ILCMS in the First Control Period. However, the above CAPEX was not incurred by AAI, as ALCMS and ILCMS, being a foreign country product and currently not available in India. In order to promote Make in India policy, AAI had undertaken initiatives for developing the above technology in India. As the product is under development, so no expenditure has been incurred towards the same.
- ₹ 17.78 Crores had been approved by the Authority towards “GLF Work for expansion of Apron and PTT” in the Tariff Order for the First Control Period, against which AAI has incurred ₹ 5.08 Crores. The above cost is considered reasonable, based on review of prevailing CPWD norms/ market rates. The reduction in cost is due to reduced scope of work.
- ₹ 2.28 Crores has been incurred by AAI for improving the air conditioning system. As this CAPEX is necessary for operational requirements and cost is reasonable, as compared to the CPWD norms/ market rates, the Authority proposes to consider the same for true up of the First Control Period.
- ₹ 1.55 Crores has been incurred by AAI for “Augmentation of Power Supply in operational area”. The Authority observes that these projects are essential for power supply and the cost incurred is reasonable, as compared to the prevailing CPWD norms/ market rates. Therefore, the Authority proposes to consider the above CAPEX for true up of the First Control Period.

**vii. X Ray Baggage System:** AAI had incurred ₹ 8.70 crore on “X Ray Baggage System” against approved CAPEX of ₹ 13.94 Crore for the First Control Period towards modification of Inline X Ray Baggage handling system and SITC of XBIS. As the above CAPEX is essential from Security purposes and within the approved limits as per the Tariff Order of the First Control

Period, the Authority proposes to consider the same for true up of First Control Period.

viii. **Tools & Equipment:** AAI has incurred ₹14.69 Crores on Tools & Equipment, against approved CAPEX of ₹ 22.27 Cr in the Tariff Order for the First Control Period. Details of the major CAPEX incurred towards Tools and Equipment are as follows:

- CAPEX amounting to ₹ 4 Crores was approved towards “ATRS” in the Tariff Order for the First Control Period. However, as the extension of Terminal Building was not undertaken in the First Control Period, the CAPEX on ATRS has also been shifted to the next control period.
- ₹ 7.30 Crores was approved towards “Runway Mechanical Sweeper” in the Tariff Order for the First Control Period. However, the same was not procured by AAI.
- ₹ 9.20 Crores was approved towards “Threat Containment Vessels (TCV)” in the Tariff Order for the First Control Period. However, due to restrictions during COVID-19 pandemic, the procurement of the above asset had been postponed.
- AAI had procured Photometric Measuring equipment amounting to ₹1.73 crore. The Authority considers the above CAPEX as necessary for operation of the Airport and the cost as reasonable, based on review of prevailing market rates.
- CAPEX amounting to ₹3.22 crores had been incurred towards Advance Visual Docking Guidance System, which the Authority considers as justifiable, as the same is necessary for operations of the Airport.
- AAI has incurred ₹ 1.98 Crores towards “SITC of Biometric Access Control System-Broadcast Engg.” Based on the essentiality of the asset and reasonableness of costs, as per CPWD norms/ market rates, the Authority considers the same as justifiable.
- AAI has incurred ₹ 2.70 Crores towards “Procurement Of 83 CCTV Camera at Amritsar Airport.”.

Based on the essentiality of the above assets (as these are needed for security, safety and Airport operations) and reasonableness of costs, as per CPWD norms/ market rates, the Authority proposes to consider the above assets for true up of the First Control Period.

ix. **Furniture other than Office:** AAI has incurred ₹1.52 Crore towards interior work on the first floor of Terminal Building, as against the approved expenditure of ₹ 2.52 Crore in the Tariff Order of the First Control Period. As this expense has been incurred for operational purposes and within the approved limits, the Authority proposes to consider the same for true up of the First Control Period.

x. **CFT/Fire Fighting Equipment:** The Authority had approved ₹ 5 Crores towards procurement of 1 no. of CFT in the First Control Period. However, AAI has incurred only ₹0.02 crore towards 5 numbers of Chemical Neutralization Extinguishers, as the proposal for procurement of CFT (1 no.) had been postponed.

Upon analysis of the above capital expenditure, the Authority is of the view that the above CAPEX was incurred by AIA either for Passenger facilitation or Security purposes or to improve operational efficiencies. Therefore, the Authority proposes to consider the same for true up of the capital expenditure of the First Control Period.

4.4.6 Based on the above factors, the Authority proposes to consider the actual CAPEX amounting to ₹ 141.52 Crores for the purpose of true up for the First Control Period. The same is detailed as

follows:

*Table 9: Capital additions proposed by the Authority for True up of the First Control Period  
(₹ Crores)*

S. No	Asset category	FY	FY	FY	FY	FY	Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
1	Runway, Taxiway & Apron	-	-	-	53.83	-	53.83
2	Road, Bridges & Culverts	0.81	-	2.03	0.12	-	2.96
3	Terminal building	22.32	-	1.97	-	1.02	25.30
4	Building Temporary	0.08	-	0.13	-	-	0.21
5	Boundary wall -operational	-	-	0.40	-	-	0.40
6	Other Building	0.03	1.75	-	-	0.49	2.27
7	Computer end user	0.02	0.02	0.17	0.18	-	0.39
8	Computer Software	0.07	-	0.08	-	-	0.15
9	Plant & Machinery	9.65	0.01	0.01	0.00	0.27	9.94
10	Tools and equipment	2.51	7.98	0.25	0.20	3.76	14.69
11	furniture Office	0.13	-	-	-	-	0.13
12	Vehicles	0.40	-	0.25	0.27	0.22	1.15
13	Electrical Installation	5.17	2.98	1.18	2.98	7.39	19.70
14	Other office appl.	0.05	0.00	0.02	0.06	0.04	0.17
15	furniture other than office	1.50	-	0.01	-	0.00	1.52
16	XBIS	-	0.54	3.23	-	4.93	8.70
17	CFT/ Fire Fighting Equipment	0.02	-	-	-	-	0.02
	<b>Total CAPEX</b>	<b>42.77</b>	<b>13.29</b>	<b>9.72</b>	<b>57.63</b>	<b>18.11</b>	<b>141.52</b>

4.4.7 The Authority proposes to consider CAPEX of ₹ 141.52 Crores as against CAPEX of ₹ 141.83 Crores claimed by AAI for True up of the First Control Period. The variance is on account of shifting certain CAPEX amounting to ₹ 0.31 Cr from CAPEX to Operational and Maintenance expenses (such as repairs of CISF barracks). Further, the Authority notes that the above CAPEX have been incurred by AAI for AIA for passenger facilitation and/or security purposes and/ or operational requirements. The CAPEX of ₹ 141.52 Crores has been arrived, after factoring the Terminal Building ratio of 90:10 (in respect of common assets within the Terminal Building) as approved by the Authority, at the time of determination of tariff for the First Control Period. The same has also been considered by AAI, while submitting the true up of CAPEX for the First Control Period.

4.4.8 The Authority notes that AAI has availed debts amounting to ₹ 10.79 Crores during the First Control Period, for Amritsar Airport, as per the Financial Model submitted by AAI. Further, the Authority notes that AAI has claimed IDC amounting to ₹ 0.79 Crores for Amritsar International Airport which has been included in the capital additions submitted by AAI for true up of the First Control Period.

#### **True up of Depreciation for the First Control Period**

4.4.9 The Authority notes that while submitting the True up for the First Control Period, AAI has taken cognizance of the rates of depreciation as per Order No. 35/ 2017-18 dated January 12, 2018 read with Amendment No. 01 to Order No. 35/ 2017-18 on 'Determination of Useful Life on Airport Assets'). Accordingly, the rates of depreciation approved by AERA have been applied by AAI from FY 2018-19 onwards.

4.4.10 The Authority observed that AAI has depreciated assets @ 50% of depreciation rates in the year of capitalization of assets. However, the Authority proposes to consider the depreciation based on the date

of capitalization of the asset and compute the depreciation accordingly, instead of considering 50% of the depreciation in the year of capitalization of the assets. As per the consistent approach of the Authority being followed for all major airports, depreciation in the year of capitalisation (for True up purpose) is calculated considering the actual date of capitalisation of assets as reflected in the Fixed Assets Register maintained by the Airport Operator. Therefore, the Authority proposes to consider depreciation on capital additions for the First Control Period for Amritsar Airport, based on the date of capitalization/ date of asset being “put to use” by the Airport Operator.

4.4.11 The Authority notes that FY 2019-20 onwards, AAI has incorrectly computed the depreciation on Net Block of FY 2018-19 instead of the Aeronautical value of the asset. This has resulted in the variance in the depreciation computed by the Authority.

4.4.12 Based on the above factors, the Authority has re-computed the depreciation as ₹ 85.57 Crores and the same is presented below:

*Table 10 : Depreciation proposed by the Authority for True up of the First Control Period*

*(in ₹ Crores)*

Particulars	FY	FY	FY	FY	FY	Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Land	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Leasehold Land	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Runways, Taxiway & Aprons	2.40	2.40	2.40	2.59	4.19	<b>13.97</b>
Taxiway	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Aprons	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Road, Bridges & Culverts	1.29	1.24	1.44	1.43	1.35	<b>6.76</b>
Building- Terminal	4.86	5.06	5.07	4.66	3.98	<b>23.62</b>
Building - Temporary	0.01	0.03	0.05	0.06	0.04	<b>0.19</b>
Building - Residential	0.14	0.14	0.14	0.14	0.14	<b>0.72</b>
Security Fencing - Temporary	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Boundary Wall -Operational	0.25	0.25	0.23	0.08	0.08	<b>0.89</b>
Boundary Wall - Residential	0.03	0.02	0.01	0.01	0.00	<b>0.06</b>
Other Buildings-Unclassified	0.29	0.31	0.35	0.35	0.36	<b>1.66</b>
Computer – End User	0.41	0.41	0.33	0.08	0.12	<b>1.34</b>
Computer Server and Network	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Intangible Assets- Software	0.01	0.02	0.03	0.03	0.03	<b>0.11</b>
Plant & Machinery	1.05	1.15	1.13	1.12	1.12	<b>5.57</b>
Tools & Equipment	0.85	1.17	1.49	1.50	1.56	<b>6.57</b>
Office Furniture	0.20	0.18	0.13	0.02	0.02	<b>0.55</b>
Environment Management Works	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
Vehicles	0.29	0.32	0.33	0.35	0.39	<b>1.68</b>
Vehicle- Cars & Jeeps	0.00	0.00	0.00	0.00	0.01	<b>0.01</b>
Electrical Installations	3.20	3.35	3.58	3.68	3.92	<b>17.73</b>
Other Office equipment	0.02	0.02	0.02	0.03	0.03	<b>0.12</b>
Furniture & Fixtures-Other than Trolley	0.12	0.25	0.25	0.25	0.25	<b>1.11</b>
Furniture & Fixtures- Trolley	0.15	0.00	0.00	0.00	0.00	<b>0.15</b>
X Ray Baggage System	0.03	0.03	0.15	0.27	0.27	<b>0.76</b>
CFT/Fire Fighting Equipment	0.40	0.40	0.40	0.40	0.40	<b>2.00</b>
<b>Total</b>	<b>16.01</b>	<b>16.75</b>	<b>17.53</b>	<b>17.03</b>	<b>18.26</b>	<b>85.57</b>

4.4.13 Variance in the depreciation proposed by the Authority (₹ 85.57 Crores) and that claimed by AAI (₹ 70.17 Crores) is on account of following factors:

- Depreciation was incorrectly calculated on the net block of FY 2018-19, rather than on the full value of assets retained by the Airport.
- Computation of depreciation based on the date of capitalization of the asset, instead of 50%, as claimed by AAI as part of its true up submission for the First Control Period.

The RAB for the First Control Period is provided in the Table below:

*Table 11: RAB proposed by the Authority for True up of the First Control Period*

(in ₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Opening RAB (A)*	127.97	154.72	151.26	143.45	184.06	
Additions (B) (refer Table 9)	42.77	13.29	9.72	57.63	18.11	<b>141.52</b>
Disposal/Transfers (C)**	-	-	-	-	-	-
Depreciation (D) (Refer Table 10)	16.01	16.75	17.53	17.03	18.26	<b>85.57</b>
Closing RAB (E) = [(A) +(B) – (C) – (D)]	154.72	151.26	143.45	184.06	183.91	
<b>Average RAB = [(A) + (E)]/2</b>	<b>141.35</b>	<b>152.99</b>	<b>147.36</b>	<b>163.76</b>	<b>183.99</b>	

\* Opening RAB has been obtained from Table No. 50 of Tariff Order 56/2020-21 dated December 24, 2020.

#### 4.5 True up of Fair Rate of Return

4.5.1 The Authority notes that AAI has claimed 14% as Fair Rate of Return as part of its submission for True up of the First control period for Amritsar Airport.

4.5.2 At the time of determination of tariff for the First Control Period, the Authority had decided to consider the FRoR for AIA as 14%. Therefore, the Authority proposes to consider the FRoR as 14% for true up of the First Control Period for Amritsar International Airport.

#### 4.6 True up of Non-aeronautical revenues

4.6.1 The Authority notes that the actual Non-aeronautical revenue submitted by AAI for AIA for true up of the First Control Period is ₹ 117.85 Crores and the same has been presented in the table below:

*Table 12: Actual Non-aeronautical revenue for the First Control Period submitted by AAI for AIA*

(₹ Crores)

Revenue Category	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	TOTAL
Restaurant / Snack Bars	9.25	1.82	3.53	3.30	9.28	<b>27.18</b>
T.R. Stall	9.30	4.92	2.94	5.14	6.71	<b>29.01</b>
Hoarding & Display	4.18	1.34	0.66	1.02	2.00	<b>9.20</b>
Revenue - MRO (Maint.)	0.02	0.01	-	-	-	<b>0.03</b>
Land Leases	0.73	0.45	0.14	1.67	(0.86)	<b>2.13</b>
Building (Residential)	0.02	0.03	0.03	0.00	0.02	<b>0.09</b>
Building (Non-Residential)	1.31	1.50	1.40	2.52	1.64	<b>8.37</b>
Duty free shops	7.53	1.19	1.51	0.01	4.53	<b>14.77</b>
Car Rentals	0.99	0.15	0.28	0.65	0.90	<b>2.95</b>

Revenue Category	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	TOTAL
Car Parking	3.35	0.33	2.27	2.57	3.01	11.53
Admission Tickets	1.82	0.05	0.09	0.56	0.43	2.94
Other Income/ Sale of Scrap	1.95	1.19	1.40	1.68	3.42	9.65
<b>TOTAL</b>	<b>40.44</b>	<b>12.98</b>	<b>14.24</b>	<b>19.10</b>	<b>31.08</b>	<b>117.85</b>

4.6.2 The Non-aeronautical revenue approved by the Authority in the Tariff Order for First Control Period was ₹ 211.09 Crores. Component wise details of the Non-aeronautical revenue approved by the Authority in the Tariff Order for the First Control Period is as follows:

*Table 13: Non-aeronautical revenue approved in the Tariff Order by the Authority for the First Control Period*

(₹ Crores)

Revenue Category	FY	FY	FY	FY	FY	TOTAL
	2019-20	2020-21	2021-22	2022-23	2023-24	
<b>Trading Concession</b>						
Restaurant / snack bars	8.82	4.41	6.18	8.82	9.71	37.94
T.R. stall	9.29	4.65	6.50	9.29	10.22	39.95
Hoarding& display	4.94	2.47	3.46	4.94	5.43	21.24
<b>Rent and services</b>						
Land leases	1.00	0.50	0.70	1.00	1.00	4.20
Building (residential)	0.04	0.04	0.04	0.05	0.05	0.22
Building (non-residential)	4.89	2.45	3.42	4.89	5.38	21.03
<b>Miscellaneous</b>						
Duty Free	9.04	4.52	6.33	9.04	9.94	38.87
Car rentals	0.97	0.48	0.68	0.97	1.06	4.16
Car parking	4.08	2.04	2.86	4.08	4.49	17.55
Admission tickets	2.31	1.16	1.62	2.31	2.54	9.94
Other income/ sale of	2.89	3.04	3.19	3.35	3.52	15.99
<b>Total</b>	<b>48.27</b>	<b>25.76</b>	<b>34.98</b>	<b>48.74</b>	<b>53.34</b>	<b>211.09</b>

#### **Authority's examination and proposal regarding true up of Non-aeronautical revenues of the First Control Period:**

4.6.3 The Authority notes that the actual Non-aeronautical revenue (₹ 117.85 Crores) submitted by AAI for AIA for the First Control Period is lower than that approved by AERA in the tariff order for the First Control Period (₹ 211.09 Crores). The Authority examined variances between projected and actual revenue of Restaurants and Snack bar, T.R stalls, hoardings and displays, Car parking, admission tickets and observes that the same is on account of decline in passenger traffic due to the adverse effects of COVID 19 pandemic. Further, the duty-free shops at Amritsar Airport were closed during COVID 19 pandemic, thereby resulting in lower Non-aeronautical revenue, as the International passengers at the Airport constitute about 32% of the total passenger traffic.

4.6.4 The Authority notes that AAI in their MYTP submission had already excluded the Space rental from Airlines amounting to ₹ 7.29 Crores from Non-Aeronautical revenue and included the same as part of the Aeronautical revenue. The Authority, in line with its decision taken while determining the tariff for

other Airports considers the same as uniform and consistent.

- 4.6.5 The Authority reviewed the Non-aeronautical revenue submitted by AAI with the Audited figures for the Financial Years (FY 2019-20 to FY 2022-23) and Actuals (Unaudited) for FY 2023-24 and noted no deviations. Therefore, the Authority proposes to consider the Non-aeronautical revenue as per Table 12 for true up of the First Control Period.

#### 4.7 True up of Operation and Maintenance (O&M) expenses

- 4.7.1 The Authority notes that the actual O&M expenses submitted by AAI for AIA for true up of the First Control Period is ₹ 446.44 Crores and the same has been presented in the table below:

Table 14: Actual O&M expenses submitted by AAI for AIA for the First Control Period

(₹ Crores)

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
1	Payroll expenses	15.00	13.61	14.02	16.17	22.95	81.76
2	Retirement Benefits of employees at Amritsar Airport	3.12	0.66	1.50	0.61	1.67	7.56
<b>A</b>	<b>Total Payroll Expenditure(A)</b>	<b>18.12</b>	<b>14.27</b>	<b>15.52</b>	<b>16.78</b>	<b>24.63</b>	<b>89.31</b>
3	Admin & Gen - Non CHQ /RHQ	7.37	7.74	9.16	11.65	14.13	50.06
4	Admin & Gen CHQ/ RHQ	48.98	23.26	40.45	42.47	44.60	199.76
<b>B</b>	<b>Total Administration &amp; General Expenditure (B)</b>	<b>56.35</b>	<b>30.99</b>	<b>49.61</b>	<b>54.12</b>	<b>58.73</b>	<b>249.81</b>
<b>C</b>	<b>Total R&amp;M Expenses (C)</b>	<b>11.49</b>	<b>10.69</b>	<b>11.33</b>	<b>12.60</b>	<b>14.25</b>	<b>60.36</b>
5	Power	7.02	6.64	6.90	9.71	8.90	39.17
6	Water	-	-	-	-	-	-
7	Consumption of Stores and Spares	0.73	0.17	0.14	0.18	0.93	2.15
8	Other charges	0.52	0.75	0.83	1.15	1.17	4.41
<b>D</b>	<b>Utilities &amp; outsourcing (D)</b>	<b>8.27</b>	<b>7.55</b>	<b>7.87</b>	<b>11.04</b>	<b>11.00</b>	<b>45.74</b>
9	Collection Charges on PSF (F)	0.07	0.03	0.03	0.00	-	0.13
10	Collection Charges on UDF	0.22	0.03	0.14	0.28	0.42	1.09
<b>E</b>	<b>Other Outflow- Collection charges on UDF (E)</b>	<b>0.28</b>	<b>0.06</b>	<b>0.18</b>	<b>0.28</b>	<b>0.42</b>	<b>1.21</b>
	<b>TOTAL (A+B+C+D+E)</b>	<b>94.52</b>	<b>63.55</b>	<b>84.51</b>	<b>94.83</b>	<b>109.03</b>	<b>446.44</b>

- 4.7.2 The O&M expenses approved by the Authority in the Tariff Order for First Control Period was ₹ 456.40 Crores. Component wise details of the O&M expenses approved by the Authority in the Tariff Order for the First Control Period is as follows:

Table 15: O&M expenses as per the Tariff Order for the First Control Period

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Payroll expenses	15.58	16.36	17.18	18.03	18.94	86.09
Retirement Benefits of employees at Amritsar Airport	2.04	2.14	2.25	2.36	2.48	11.27
Admin & Gen -Non CHQ /RHQ	8.2	9.01	9.92	10.91	12	50.04
Admin & Gen CHQ/ RHQ	29.16	30.62	32.15	33.76	35.44	161.13
Repair and Maintenance Expenses	12.16	13.95	41.74	18.7	21.5	108.05
Utilities & outsourcing	7.51	6.85	7.66	7.75	7.84	37.61

Particulars	FY	FY	FY	FY	FY	Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Other Outflow- Collection charges on UDF	0.50	0.26	0.35	0.50	0.60	2.21
<b>TOTAL</b>	<b>75.15</b>	<b>79.19</b>	<b>111.25</b>	<b>92.01</b>	<b>98.80</b>	<b>456.40</b>

**Authority's examination and proposal regarding true up of O&M expenses of the First Control Period:**

4.7.3 There is a variance ₹ 9.96 Crores (2.18%) between the actual O&M expenses incurred by the AIA and that approved by the Authority in the Tariff Order for the First Control Period. The Authority has examined the variances and the same has been explained in the below-mentioned paragraphs:

4.7.4 **Payroll expenses:** The Authority notes that the actual payroll expenses for other than CHQ/ RHQ submitted by AAI for AIA amounting to ₹ 81.76 Crores is within the expense approved by the Authority in the Tariff Order of the First Control Period, which is ₹ 86.09 Crores.

Therefore, the Authority proposes to consider the actual payroll expenses other than CHQ/RHQ of FY 2019-20 to FY 2023-24 for true up of the First Control Period.

4.7.5 **Retirement benefits of employees:** The Authority notes that AAI has submitted ₹ 7.56 Crores towards retirement benefits of employees for the First Control Period. AAI has submitted ₹ 3.12 Crores towards retirement benefits for FY 2019-20, which was significantly higher than the amount submitted for the other tariff years in the First Control Period. Upon enquiry, AAI had clarified that arrears for Non-executives were declared in FY 2019-20, due to which the retirement benefits are on the higher side. The Authority has taken cognizance of the same while truing up the O&M expenses for the First Control Period.

4.7.6 **Apportionment of administration & General expenditure of CHQ/RHQ:**

The Authority notes that AAI has claimed 74% increase in the allocation of CHQ/ RHQ expenses in FY 2021-22, as compared to the previous FY and 5% Y-o-Y increase thereafter for the remaining tariff years in the First Control Period.

In this regard, the Authority has received a report on the study of allocation of expenses incurred at CHQ/RHQ, vide letter dated August 21, 2024 from AAI. Upon examination of the Study report, the Authority has observed the following, which were also communicated to AAI vide letter no. AERA/20010/MYTP/AAI-Indore/CP-II/2023-28/21743 dated October 25, 2024:

- i. Detailed workings (Calculation worksheets) for allocation of CHQ/ RHQ expenses for FY 2021-22 as per new and old methodology duly mapped/ linked with respective trial balances have not been provided by AAI. Further, computation as per new methodology for FY 2022-23 and FY 2023-24 have also not been provided.
- ii. Certain expenses (other than manpower costs, legal arbitration, CSR, insurance etc) have been apportioned based on some pre-determined ratio, which have not been substantiated with detailed justifications/ rationale.
- iii. Justification for excluding some revenue while deriving the net allocable expenditure is not clear.
- iv. Basis of allocation of legal expenses in the ratio of 50:50 is not clear.
- v. Workings provided in the financial sheet and its implication therein on airports after considering the recommendations submitted by ICMAI MARF is not clear.
- vi. Justification/ reasons for excluding leasing income in the allocation process is not available.



In response to the above letter of AERA dated October 25, 2024, AAI has submitted only incomplete/partial information. Therefore, the Authority is unable to draw any conclusion/ outcome regarding the computation of CHQ/ RHQ expenses that have been allocated to the AAI Airports in the Study. Hence, the Authority has relied and adopted the existing methodology of computing CHQ/ RHQ expenses as being uniformly applied across all AAI airports, for determining the Administration and General CHQ/ RHQ expenses, allocable to Amritsar Airport. The same has been explained in the subsequent paragraphs.

The Authority also reviewed the basis adopted by AAI for allocation of CHQ and RHQ expenses to AIA and other airports and noted the following:

- All expenses incurred by CHQ and RHQ (like staff costs, Admin and Gen. expenses, Repairs and Maintenance, utilities, outsourcing expenses etc.) is allocated to all the AAI airports, in the ratio of revenues earned by each Airport.
- Expenses such as legal costs, interest/ penalties are related to some specific airports. However, these have been allocated to the common pool and apportioned to all the AAI airports.

The Authority has been reiterating in all its Tariff Orders of AAI Airports that the above process followed by AAI for allocating the expenses is on a higher side and necessitates adoption of a scientific/rational approach for justifiable allocation of expenses to the Airports.

The Authority proposes the following towards allocation of CHQ and RHQ expenses.

**a. Pay and Allowances of CHQ and RHQ:**

- AAI has considered pay and allowances of Commercial department at CHQ and RHQ as Aeronautical expenses, whereas such expenses are non-aeronautical in nature.
- AAI has excluded pay and allowances of employees involved in ATM, CNS and Cargo departments at CHQ and RHQ while working out the allocation to the airport. However, no exclusion has been done for support services of the departments of HR, Finance, Civil, Terminal Management (Housekeeping), etc. pertaining to the aforesaid departments (ANS and Cargo).
- Manpower of CHQ and RHQ also provide services to non-aeronautical activities, ATC, and CNS cadres at respective airports. Hence, pay and allowances need to be adjusted accordingly.

Considering all the facts and figures as stated above, the Authority is of the view that 20% of pay and allowances of CHQ and RHQ is to be excluded towards the following:

- i. Support services provided by CHQ/ RHQs to ANS, Cargo and Commercial departments at various airports.
- ii. Officials of Directorate of Commercial.

Balance 80% of pay and allowances of CHQ and RHQ to be allocated to the Airports

**b. Administration & General Expenses of CHQ and RHQ:**

- AAI has incurred Legal & Arbitration Expenses at both CHQ and RHQ level. The Authority is of the view that this expense should be analyzed and distributed to stations on a case-to-case basis. As the above details have not been provided by AAI, the same has not been allocated to the stations.
- AAI has paid interest/penalties to Government of India at both CHQ and RHQ levels. The Authority is of the view that the stakeholders should not be burdened with interest/penalties paid to Government of India, due to various lapses/delays on the part of the Airport Operator. Hence, the Authority proposes to not consider interest/penalties appearing in AAI submission.

4.7.7 The Authority is of the view that the users should pay only for the services availed by them. This view is also consistent with the International Civil Aviation Organization's (ICAO) principle of 'Cost-relatedness'.

4.7.8 The Authority feels that the allocation of CHQ & RHQ expenses by AAI on the basis of revenue is on higher side, as it brings large variation in such expenses Year on Year, due to change in revenue and is against the basic principle of cost relatedness in tariff determination. Also, the proportion of Administration and General - CHQ/ RHQ expenses allocated to Amritsar Airport is substantially higher as compared to the other major components of the Operation and Maintenance expenses incurred by Amritsar Airport for the First Control Period. The Users of the Major Airports have to pay higher tariff due to higher allocation of CHQ/RHQ expenses to these airports. Further, as the revenue from these airports goes up due to higher tariffs, it further leads to higher allocation of CHQ/RHQ expenses with chain of cascading effect.

Based on the above principles, the Authority has rationalized the CHQ/ RHQ expenses being allocated to Amritsar International Airport.

The Authority has derived the revised allocation of CHQ and RHQ expenses, based on the methodology, explained in the above-mentioned paragraphs and the same is presented in the table below:

*Table 16: Re-allocation of CHQ/ RHQ – Admin and Gen expenses proposed by the Authority for the First Control Period*

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
CHQ/ RHQ – Admin & General expenses (approved in the Tariff Order of the First Control Period)	29.16	30.62	32.15	33.76	35.44	<b>161.13</b>
CHQ/ RHQ – Admin & General expenses (allocation done by AAI) = A	48.98	23.26	40.45	42.47	44.60	<b>199.76</b>
Revised allocation of CHQ/ RHQ expenses proposed by the Authority = B	41.54	20.22	21.23	22.29	23.41	<b>128.69</b>
<b>Variance (A-B)</b>	<b>7.44</b>	<b>3.04</b>	<b>19.22</b>	<b>20.18</b>	<b>21.19</b>	<b>71.07</b>

4.7.9 **Administration expenses (Other than CHQ/ RHQ):** - The Administration Expenses claimed by AAI (₹ 50.06 Crores) is more or less in line with the approved Administration expenditure in the Tariff Order (₹ 50.04 Crores) of the First Control Period. The major components of the actual Administration expenses (other than CHQ/ RHQ), include:

- Upkeep expenses amounting to ₹ 22.56 Crores,
- Outsourced manpower expenses amounting to ₹ 5.54 Crores,
- Watch and Ward expenses amounting to ₹ 5.01 Crores,
- Bird Chasing expenses amounting to ₹ 3.41 Crores and,
- Office expenses amounting to ₹ 3.30 Crores.

The cost incurred by AAI on above heads is reasonable based on review of similar cost incurred at other Airports. Therefore, the Authority proposes to consider Administration expenses (other than CHQ/ RHQ) claimed by AAI for the true up of the First Control Period amounting to ₹ 50.06 Crores.

4.7.10 **Repair and Maintenance (R&M) expenses:** The Authority notes that the Repair and Maintenance cost

for the First Control Period submitted by AAI amounting to ₹ 60.35 Crores is within the amount of ₹ 108.05 Crores approved by AERA in the Tariff Order for the First Control Period. The Authority notes that the said Repairs & Maintenance had been incurred by AAI primarily for operational requirements of the Airport.

Further, the Authority through its Independent Consultant notes that the following expenses have been considered under CAPEX by AAI for Amritsar Airport.

- Expense amounting to ₹ 0.27 Crores towards special repair work in CISF Barracks in FY 2021-22 and
- Expense amounting to ₹ 0.04 Crores incurred towards sludge removal from underground RCC Trench in FY 2020-21.

However, by analysing the nature of expenses, the Authority notes that the same pertain to maintenance work and propose to consider these as part of Repair & Maintenance Expenses.

Based on the above factors, the Authority proposes to consider the actual R&M expenses as ₹ 60.67 (₹ 60.35 + ₹ 0.04 + ₹ 0.27) Crores for True up of the First Control Period of AIA.

**4.7.11 Utilities & Outsourcing Expenses:** These expenses include Power charges, Fees paid to outsiders, water charges, hire charges of Car/Jeep & Consumption of Stores & Spares. AAI has incurred actual Utilities & Outsourcing Expenses of ₹ 45.74 Crores during First Control Period which is much higher than the expense of ₹ 37.62 Crores approved in the Tariff Order for the First Control Period.

Component wise analysis of the above expense is provided hereunder:

**Power Expenses:** AAI has incurred actual power charges of ₹ 42.57 Crores during the First Control Period, out of which ₹ 3.39 Crores has been recovered from the Concessionaires and has claimed the net power charges of ₹ 39.17 Crores (Actual power charges less recoveries from Concessionaires) as a part of true up for the First Control Period.

The total power costs incurred, recoveries made from Concessionaires and the net power costs have been summarized in the table below:-

*Table 17: Details of power costs incurred and recoveries made from Concessionaires*

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Electricity Consumed (in 000')	10,127.66	8,974.85	6,427.15	11,478.68	9,519.73	
Rate per Unit	6.93	7.39	10.74	8.46	9.35	
Total power costs (A)	7.57	7.17	7.52	10.43	9.88	<b>42.57</b>
Recoveries from Concessionaires (B)	0.55	0.53	0.61	0.72	0.98	<b>3.39</b>
Recoveries (%) = (B/A%)	7.26%	7.39%	8.11%	6.90%	9.91%	
<b>Net power costs (A-B)</b>	<b>7.02</b>	<b>6.64</b>	<b>6.90</b>	<b>9.71</b>	<b>8.90</b>	<b>39.17</b>

However, the actual power charges claimed by AAI (which is ₹ 39.17 Crores) is higher than the total approved utility expense of ₹ 37.62 Crores. The Authority notes that higher power costs were incurred by Amritsar Airport in the First Control Period due to increase in power tariff in FY 2021-22, as shown in the above table (refer Rate per Unit). Additionally, in FY 2022-23, due to restrictions imposed on International operations, State Government had levied Electricity duty charges and Infrastructure

development fee, which had resulted in an increase in the overall electricity expenses.

Based on the above factors, the Authority proposes to consider the actual power costs incurred by AAI for Amritsar International Airport for true up of the First Control Period.

**Consumption of Stores and Spares and other charges:** The Authority notes that AAI has claimed the expenses amounting to ₹ 2.15 Crores for the consumption of Stores & Spares expenses which include petrol expenses for Jeep/ Car and other consumables. The expenses towards consumption of stores and spares has not been separately approved in the Tariff Order for the First Control Period. However, the Authority notes the actual expenses towards consumption of Stores and spares to be reasonable and therefore proposes to consider the same for true up of the First Control Period.

**Other charges:** The Other charges include Consultancy/ Advisory fees paid for the Consultancy services availed for Land/ Terminal Management services, conducting ASQ surveys and hire charges-car/jeep incurred by AAI for AIA. The Authority notes that AAI has claimed the expenses amounting to ₹ 4.41 Crores towards above expenses, which were not separately approved in the Tariff Order for the First Control Period. Based on the nature and essentiality of services, the Authority proposes to consider these expenses for true up of the First Control Period.

4.7.12 **Other Outflows:** These expenses include collection charges on PSF and UDF submitted by AAI for true up of Amritsar International Airport amounting to ₹ 1.21 Crores and the same is within the limits approved by the Authority in the Tariff Order for the First Control Period, which is ₹ 2.21 Crores. Therefore, the Authority proposes to consider the above expenses for true up of the First Control Period.

4.7.13 Based on the above review and analysis, the revised Operation and Maintenance expenses proposed to be considered by the Authority for the First Control Period is provided in the table below:

Table 18: O&M expenses as proposed by the Authority for True up of the First Control Period

(₹ Crores)

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
1	Payroll expenditure of AIA	15.00	13.61	14.02	16.17	22.95	81.76
2	Expenditure for AIA employee's retirement benefits allocated at CHQ	3.12	0.66	1.50	0.61	1.67	7.56
<b>A</b>	<b>Total Payroll expenditure (1+2)</b>	<b>18.12</b>	<b>14.27</b>	<b>15.52</b>	<b>16.78</b>	<b>24.63</b>	<b>89.31</b>
3	Administrative and General Expenditure	7.37	7.74	9.16	11.65	14.13	50.06
4	Apportionment of Administration & General expenditure of CHQ/RHQ	41.54	20.22	21.23	22.29	23.41	128.69
<b>B</b>	<b>Total Administration and General expenditure (3+4)</b>	<b>48.91</b>	<b>27.96</b>	<b>30.39</b>	<b>33.94</b>	<b>37.54</b>	<b>178.75</b>
<b>C</b>	<b>Repair &amp; Maintenance Expenditure (Total)</b>	<b>11.49</b>	<b>10.73</b>	<b>11.60</b>	<b>12.60</b>	<b>14.25</b>	<b>60.67</b>
5	Power Charges	7.02	6.64	6.90	9.71	8.90	39.17
6	Water Charges	-	-	-	-	-	-

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
7	Consumption of Stores and Spares	0.73	0.17	0.14	0.18	0.93	2.15
8	Other charges	0.52	0.75	0.83	1.15	1.17	4.41
<b>D</b>	<b>Utility and Outsourcing Expenditure (5+6+7)</b>	<b>8.27</b>	<b>7.55</b>	<b>7.87</b>	<b>11.04</b>	<b>11.00</b>	<b>45.74</b>
9	Collection Charges on PSF (F)	0.07	0.03	0.03	0.00	-	0.13
10	Collection Charges on UDF	0.22	0.03	0.14	0.28	0.42	1.09
<b>E</b>	<b>Other Outflows (9+10)</b>	<b>0.28</b>	<b>0.06</b>	<b>0.18</b>	<b>0.28</b>	<b>0.42</b>	<b>1.21</b>
	<b>Total (A+B+C+D+E)</b>	<b>87.08</b>	<b>60.56</b>	<b>65.56</b>	<b>74.65</b>	<b>87.84</b>	<b>375.68</b>

4.7.14 Reasons for variance in O&M expenses as submitted by AAI which is ₹ 446.44 Crores and that proposed by the Authority, which is ₹ 375.68 Crores, for true up of the First Control Period is as follows:

- **Administration & General Expenses (CHQ/RHQ)** – Rationalization of expenses by ₹ 71.07 crores based on methodology followed for other similar airports.
- **Repair & Maintenance Expenses** – Shifting of CAPEX amounting to ₹ 0.31 Crores to Repair & Maintenance expenses

4.7.15 The Authority reviewed the O&M expenses submitted by AAI with the Audited figures for the Financial Years (FY 2019-20 to FY 2022-23) and Actuals (Unaudited) for FY 2023-24 and noted no deviations. Therefore, the Authority proposes to consider the O&M expenses as per Table 18 for True up of the First control period.

## 4.8 True up of Taxation

4.8.1 AAI has submitted taxation for the First Control Period as follows:

Table 19: Taxation submitted by AAI for AIA

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>REVENUE</b>						
Aeronautical Revenue	107.12	19.02	73.28	137.77	179.65	516.84
<b>Total Revenue (A)</b>	107.12	19.02	73.28	137.77	179.65	516.84
<b>EXPENSES</b>						
O&M expenses	94.52	63.55	84.51	94.83	109.03	446.44
Dep. As WDV As Per Income Tax	19.50	20.55	19.68	20.96	22.59	103.29
<b>Total Expenses (B)</b>	114.01	84.11	104.19	115.79	131.62	549.72
<b>Profit /Loss (A-B)</b>	(6.89)	(65.09)	(30.91)	21.98	48.04	(32.88)
<b>Set off of losses</b>				(21.98)	(48.04)	
<b>PBT after set off of losses</b>	-	-	-	-	-	-
Tax Rates (D)	25.17%	25.17%	25.17%	25.17%	25.17%	
<b>TAX (C*D)</b>	-	-	-	-	-	-

4.8.2 The Authority has re-computed Aeronautical Taxation based on Regulatory Building Blocks as

discussed in the previous paragraphs and the same is as follows:

Table 20 : Taxation proposed to be considered by the Authority

(in ₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Revenue (A)</b>						
Aeronautical Revenue (Refer Table 21)	107.12	19.02	73.28	137.77	179.65	<b>516.84</b>
<b>Total (A)</b>	107.12	19.02	73.28	137.77	179.65	<b>516.84</b>
<b>Expenses (B)</b>						
O&M expenses (Refer Table 18)	87.08	60.56	65.56	74.65	87.83	<b>375.68</b>
Depreciation (as per Income Tax Act, 1961)	19.50	20.55	19.67	20.90	22.50	<b>103.11</b>
Interest on Working capital*	-	-	0.06	-	-	<b>0.06</b>
<b>Total (B)</b>	106.57	81.11	85.29	95.55	110.33	<b>478.85</b>
<b>Profit /Loss (C=A-B)</b>	0.54	(62.09)	(12.01)	42.22	69.32	<b>37.99</b>
Set off of prior period tax losses (D)	-	-	-	42.22	31.88	<b>74.10</b>
Profit/ Loss after set off of prior period tax losses (E)	0.54	(62.09)	(12.01)	-	37.44	<b>(36.11)</b>
Tax Rates (F)	25.17%	25.17%	25.17%	25.17%	25.17%	
<b>Tax (E*F)</b>	0.14	-	-	-	9.42	<b>9.56</b>

\*Interest on Working Capital has been recomputed, after considering the rationalized O&M expenses.

4.8.3 The Authority notes that AAI has incurred losses during the First Control Period i.e., during FY 2020-21 and FY 2021-22 and the same has been set off against the profit earned in FY 2022-23 and FY 2023-24. Therefore, The Authority proposes to consider Aeronautical Tax of ₹ 9.56 Crores for true up of the First Control Period, as shown in Table 20.

#### 4.9 True up of Aeronautical Revenue

4.9.1 AAI has submitted the actual Aeronautical revenue for the First Control Period for AIA, which is as follows:

Table 21: Aeronautical revenue submitted by AAI for AIA

(₹ Crores)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
<b>Parking &amp; Housing Charges Revenue</b>						
Landing (Dom)	10.03	5.29	10.23	16.57	19.88	<b>62.00</b>
Landing (Intl)	13.00	3.78	8.40	17.65	26.43	<b>69.27</b>
Parking & Housing (Dom)	0.02	0.37	0.25	0.21	0.66	<b>1.51</b>
Parking & Housing (Intl)	0.08	0.10	0.39	0.34	0.44	<b>1.34</b>
<b>PSF and UDF Charges</b>						
PSF(Facilitation)-Domestic	10.65	3.27	0.02	0.00	-	<b>13.95</b>
PSF(Facilitation)-International	-	-	-	-	-	<b>-</b>
UDF Domestic	13.73	0.31	24.15	39.01	47.24	<b>124.44</b>
UDF International	44.55	1.46	25.73	53.62	68.98	<b>194.33</b>
<b>Other Revenue</b>						
Throughput Charges	4.11	-	-	-	-	<b>4.11</b>
Land Lease	1.45	1.36	1.18	1.35	1.50	<b>6.84</b>
Ground Handling Charges	4.98	0.91	0.13	4.29	8.12	<b>18.43</b>
Royalty from Cute Charges	2.21	0.87	1.14	2.83	3.83	<b>10.88</b>

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Revenue share from AAICLAS (30%)	0.24	0.09	0.41	0.30	0.63	<b>1.66</b>
Con. Fees-BRS-SITA	0.42	0.09	0.16	0.11	-	<b>0.78</b>
Land Rent from Airlines	1.65	1.11	1.08	1.49	1.96	<b>7.29</b>
Extension of Watch Hours	-	-	-	-	0.00	<b>0.00</b>
<b>Total</b>	<b>107.12</b>	<b>19.02</b>	<b>73.28</b>	<b>137.77</b>	<b>179.65</b>	<b>516.84</b>

4.9.2 The Authority compared the actual Aeronautical Revenue submitted by AAI with the Aeronautical Revenues as per the Tariff Order for the First Control Period and the same is detailed below:

*Table 22: Comparison of Aeronautical Revenue as submitted by AAI with Tariff Order of the First Control Period*

(₹ Crores)

Particulars	Reference	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
As per Tariff Order	A	102.97	24.19	93.69	137.02	166.83	<b>524.69</b>
As per True up of AAI	B	107.12	19.02	73.28	137.77	179.65	<b>516.84</b>
Difference	C=B-A	4.15	-5.17	-20.41	0.75	12.82	<b>-7.86</b>
<b>Change %</b>	<b>D=C/A</b>	<b>4.03%</b>	<b>-21.37%</b>	<b>-21.78%</b>	<b>0.55%</b>	<b>7.68%</b>	<b>-1.50%</b>

4.9.3 The Authority notes that there is a significant variance between actual Aeronautical Revenues and Aeronautical Revenues as approved by the Authority in Tariff Order for the First Control Period, for FY 2020-21 and FY 2021-22, which is attributable to lower passenger traffic and ATMs, due to the adverse impact of the COVID-19 pandemic on the aviation sector.

4.9.4 The Authority reviewed the Aeronautical revenue submitted by AAI with the Audited figures for the Financial Years (FY 2019-20 to FY 2022-23) and Actuals (Unaudited) for FY 2023-24 and noted no deviations. Therefore, the Authority proposes to consider the Aeronautical revenue as per

4.9.5 Table 21 for True up of the First control period.

#### **4.10 True up of Aggregate Revenue Requirement (ARR) for the First Control Period**

4.10.1 Based on the above factors and the regulatory building blocks discussed under the above sections, the Authority has derived the ARR for true up of the First Control Period which is enumerated in the table below:

*Table 23: ARR proposed by the Authority for True up of the First Control Period*

(₹ Crores)

Particulars	Ref.	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Average RAB (refer Table 11)	a	141.35	152.99	147.36	163.76	183.99	
FRoR	b	14.00%	14.00%	14.00%	14.00%	14.00%	
Return on Average RAB	c= (a) * (b)	19.79	21.42	20.63	22.93	25.76	<b>110.52</b>
Depreciation (refer Table 10)	(d)	16.01	16.75	17.53	17.03	18.26	<b>85.57</b>
O&M expenses (refer Table 18)	(e)	87.08	60.56	65.56	74.65	87.83	<b>375.68</b>
Tax (refer Table 20)	(f)	0.14	-	-	-	9.42	<b>9.56</b>
Interest on Working Capital	(g)	-	-	0.06	-	-	<b>0.06</b>

## TRUE UP OF THE FIRST CONTROL PERIOD

Particulars	Ref.	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Gross ARR	(h) = (c+ d+ e+ f+ g)	<b>123.02</b>	<b>98.73</b>	<b>103.78</b>	<b>114.60</b>	<b>141.27</b>	<b>581.40</b>
NAR (refer Table 12)		40.44	12.98	14.24	19.10	31.08	<b>117.85</b>
Less 30% NAR	(i)	12.13	3.89	4.27	5.73	9.33	<b>35.35</b>
Net ARR	(j) = (h- i)	110.88	94.83	99.51	108.87	131.95	<b>546.05</b>
Actual Aeronautical Revenue (refer Table 21)	(k)	107.12	19.02	73.28	137.77	179.65	<b>516.84</b>
Under/ (Over) recovery of First Control Period	l=(j-k)	3.76	75.81	26.23	(28.90)	(47.70)	<b>29.21</b>
Discount Factor (@13.60%)	(m)	1.93	1.69	1.48	1.30	1.14	
Under/ (Over) recovery of First Control Period as on March 31, 2024	(l*m)	7.25	128.05	38.86	(37.55)	(54.38)	<b>82.22</b>
True up of Under Recovery of First Control Period as on March 31, 2024		<b>82.22</b>					

4.10.2 The Authority has re-computed the under-recovery of ₹ 82.22 Crores in the First Control Period as against ₹ 154.55 crores claimed by AAI and proposes to readjust the same in the ARR computation of the Second Control Period.

4.10.3 The variation between the ARR proposed by the Authority and that claimed by AAI are attributable to following factors:

- i. Rationalization of O&M expenses such as CHQ/ RHQ expenses, Administration expenses, etc. amounting to ₹ 70.75 Crores.
- ii. Rationalization of Interest on Working Capital amounting to ₹ 0.83 Crores.

#### 4.11 Authority's proposal regarding True up of the First Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to true up of the First Control Period for AIA:

- 4.11.1 To consider capital additions as detailed in Table 9 for true up of the First Control Period.
- 4.11.2 To consider Aeronautical depreciation as mentioned in Table 10 for true up of the First Control Period.
- 4.11.3 To consider RAB as per Table 11 for true up for the First Control Period.
- 4.11.4 To consider FRoR as 14% for the purpose of true up of the First Control Period.
- 4.11.5 To consider the Non-aeronautical revenues as presented in Table 12 for the purpose of true up of the First Control Period.
- 4.11.6 To consider the O&M expenses as detailed in Table 18 for the purpose of true up of the First Control Period.
- 4.11.7 To consider actual Aeronautical revenue as per Table 21 for true up of the First Control Period for AIA.
- 4.11.8 To consider ARR and Under-recovery as detailed in Table 23 for true up of the First Control Period for AIA and readjust the shortfall for the Second Control Period.



# **EVALUATION OF MYTP FOR THE SECOND CONTROL PERIOD**

## 5 TRAFFIC FOR THE SECOND CONTROL PERIOD

### 5.1 AAI's Submission on Traffic for the Second Control Period for AIA

5.1.1 The historical passenger traffic<sup>2</sup> and ATM at the airport has been shown in the table below:

*Table 24: Historical passenger and ATM traffic at AIA (in numbers)*

Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
2016-17	10,28,317	5,38,090	15,66,407	7,600	4,006	11,606
2017-18	16,85,883	6,34,072	23,19,955	13,314	4,453	17,767
2018-19	17,25,293	7,98,501	25,23,794	12,479	5,426	17,905
2019-20	16,38,372	8,19,243	24,57,615	12,389	4,692	17,081
2020-21	6,61,330	1,93,022	8,54,352	6,399	1,617	8,016
2021-22	10,40,883	3,41,121	13,82,004	10,781	2,722	13,503
2022-23	17,61,384	7,55,134	25,16,518	14,936	4,585	19,521
2023-24	21,04,193	9,81,405	30,85,598	16,014	5,634	21,648

5.1.2 The traffic growth rates (Y-o-Y) and traffic as submitted by AAI for the Second Control Period are as follows:

*Table 25: Traffic growth rates and traffic proposed by AAI*

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
<b>Growth rates (based on FY 23-24)</b>						
2024-25	12.00%	12.00%	12.00%	10.00%	11.00%	10.24%
2025-26	11.00%	10.00%	10.70%	8.00%	9.50%	8.36%
2026-27	11.00%	10.00%	10.70%	8.00%	9.50%	8.37%
2027-28	10.00%	9.00%	9.70%	8.00%	8.49%	8.12%
2028-29	10.00%	9.00%	9.71%	8.00%	8.50%	8.12%
<b>Traffic</b>						
2024-25	23,56,696	10,99,174	34,55,870	17,615	6,254	23,869
2025-26	26,15,933	12,09,091	38,25,024	19,025	6,848	25,872
2026-27	29,03,685	13,30,000	42,33,685	20,547	7,498	28,045
2027-28	31,94,054	14,49,700	46,43,754	22,190	8,136	30,326
2028-29	35,13,459	15,80,173	50,93,632	23,966	8,827	32,793

5.1.3 AAI has 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.

### 5.2 Authority's examination regarding Traffic for the Second Control Period of AIA

5.2.1 As part of its examination of AAI's forecast of traffic at AIA, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2019-20 to FY 2023-24 (5-year CAGR) and FY 2021-22 to FY 2023-24 (3-year CAGR).

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

5.2.2 The Authority notes that 5-year CAGR of Domestic and International passenger and ATM is significantly low due to the COVID 19 pandemic. The CAGR details so computed have been provided in the table below:

Table 26: CAGR for passenger traffic and ATM

Particulars	5-year CAGR	3-year CAGR
<b>Passengers:</b>		
Domestic	6%	42%
International	5%	69%
<b>ATM:</b>		
Domestic	7%	58%
International	5%	87%

5.2.3 The Authority notes that the wide variation in traffic in the recent past, had caused the 3-year CAGR to be the higher for International Passenger Traffic and ATM.

5.2.4 The Authority notes that AIA has growth of 20% and 7% in domestic passenger traffic and domestic ATM traffic respectively for FY 2023-24 (over previous financial year). Similarly, there is a growth of 30% and 23% in international passenger traffic and international ATM traffic respectively for FY 2023-24 (over previous financial year).

**Traffic forecasts by the Authority**

The traffic forecasts have been computed by the Authority, after considering the study and analysis by the following agencies regarding future air traffic demand and same is as follows:

**5.2.5 International Air Transport Association (IATA)**

IATA in its report on July 03, 2024 had enumerated that:

- *Industry total Revenue Passenger-Kilometres (RPK) maintained a positive trajectory in May growing 10.7% annually, slightly outpacing the 8.5% Y-o-Y growth in Available Seat-Kilometre (ASK). Passenger load factors (PLF) were higher than in comparison to previous years indicating stronger demand for air travel as industry wide traffic continues to rise.*
- *Domestic traffic rose 4.7% over the year. PR China remained the fastest growing market among those monitored with 7.6% Y-o-Y growth. Japan RPK contracted for two (2) consecutive months; wherein May figures be 1.8% lower than the previous year.*
- *International traffic continued to show resilient momentum in May with 14.6% Y-o-Y growth in RPK across the region. Traffic from Asia Pacific still surges at a rapid pace with 27.0% Y-o-Y, while the remaining regions saw consistent results in regard of the previous month.*
- *India domestic passenger traffic continue to climb at a stable rate, increasing 4.6% Y-o-Y.*
- *Industry total Revenue Passenger-Kilometers (RPK) maintained a positive trajectory in March growing 13.8% annually, mostly carried by strong momentum of international traffic. Passenger load factors (PLF) were higher than in comparison to previous years while available seat capacity continue to follow increases in demand.*
- *Domestic traffic rose 6.6% over the year. PR China remained the fastest growing market among those monitored with 17.6% Y-o-Y growth.*
- *International traffic continued to show resilient momentum in March with 18.9% Y-o-Y growth in RPK across the entire industry. Traffic from Asia Pacific still surges at a rapid pace, while the*

remaining regions saw consistent results in regard of the previous month.

- India passenger traffic continue to climb at a stable rate, increasing 3.8% Y-o-Y.

#### Conclusion on traffic forecasts based on the above assumptions

5.2.6 The Authority has taken into consideration the forecast/data published by IATA cited in para 5.2.5 above, which indicate stable domestic passenger growth for India, that is 4.6% Y-o-Y, as stated in IATA's recent report. The positive outlook has been taken into consideration for determining traffic projections for Amritsar Airport, which is currently expanding its Airport infrastructure and is poised to handle growing passenger traffic.

5.2.7 The Authority notes that AAI has projected the following growth rates in traffic

- 10%-12% growth for domestic passenger traffic
- 9%-12% growth for international passenger traffic
- 8%-10% growth for domestic ATM
- 8%-11% growth for international ATM

The Authority takes cognizance of the rebounding of domestic passenger traffic in FY 2022-23, where it has reached the pre COVID level of FY 2019-20.

5.2.8 The Authority has proposed to accept traffic projections of AAI. The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the Second Control Period has been given in the table below:

Table 27: Traffic proposed to be considered by the Authority for the Second Control Period

<b>Domestic Passengers (in Millions)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
As submitted by AAI for AIA	2.36	2.62	2.90	3.19	3.51	<b>14.58</b>
As proposed by the Authority	2.36	2.62	2.90	3.19	3.51	<b>14.58</b>
Y-o-Y growth of Domestic PAX submitted by AAI for AIA	12%	11%	11%	10%	10%	
Y-o-Y growth of Domestic PAX proposed by the Authority	12%	11%	11%	10%	10%	
<b>International Passengers (in Millions)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
As submitted by AAI for AIA	1.10	1.21	1.33	1.45	1.58	<b>6.67</b>
As proposed by the Authority	1.10	1.21	1.33	1.45	1.58	<b>6.67</b>
Y-o-Y growth of International PAX submitted by AAI for AIA	12%	10%	10%	9%	9%	
Y-o-Y growth of International PAX proposed by the Authority	12%	10%	10%	9%	9%	
<b>Total Passengers (in Millions)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
As submitted by AAI for AIA	3.46	3.83	4.23	4.64	5.09	<b>21.25</b>

As proposed by the Authority	3.46	3.83	4.23	4.64	5.09	<b>21.25</b>
Y-o-Y growth of Total PAX submitted by AAI for AIA	12%	11%	11%	10%	10%	
Y-o-Y growth of Total PAX proposed by the Authority	12%	11%	11%	10%	10%	
<b>Domestic ATM (in '000)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
Domestic ATM submitted by AAI for AIA	17.61	19.02	20.55	22.19	23.97	<b>103.34</b>
Domestic ATM proposed by the Authority	17.61	19.02	20.55	22.19	23.97	<b>103.34</b>
Y-o-Y growth of Domestic ATM submitted by AAI for AIA	10%	8%	8%	8%	8%	
Y-o-Y growth of Domestic ATM proposed by the Authority	10%	8%	8%	8%	8%	
<b>International ATM (in '000)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
International ATM submitted by AAI for AIA	6.25	6.85	7.50	8.14	8.83	<b>37.56</b>
International ATM proposed by the Authority	6.25	6.85	7.50	8.14	8.83	<b>37.56</b>
Y-o-Y growth of International ATM submitted by AAI for AIA	11%	10%	10%	9%	9%	
Y-o-Y growth of International ATM proposed by the Authority	11%	10%	10%	9%	9%	
<b>Total ATM (in '000)</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
Total ATM submitted by AAI for AIA	23.87	25.87	28.05	30.33	32.79	<b>140.90</b>
Total ATM proposed by the Authority	23.87	25.87	28.05	30.33	32.79	<b>140.90</b>
Y-o-Y growth of Total ATM submitted by AAI for AIA	10%	8%	8%	8%	8%	
Y-o-Y growth of Total ATM proposed by the Authority	10%	8%	8%	8%	8%	

5.2.9 The Authority proposes to true up the traffic as per actuals during the Second Control Period at the time of determination of tariff for the Second Control Period.

### 5.3 Authority’s Proposal regarding Traffic for the Second Control Period

Based on the available facts and analysis thereupon, the Authority proposes the following with regards to traffic forecast for the Second Control Period:

- 5.3.1 To consider the passenger and ATM traffic for the Second Control Period for AIA as per Table 27.
- 5.3.2 To true up the traffic volume (passenger and ATM) on the basis of actual traffic in the Second Control Period while determining tariff for the Third Control Period.

## 6 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

### 6.1 Background

6.1.1 RAB is one of the fundamental elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage investment in the airport development and operations, the Airport Operator must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.

6.1.2 The Authority while analyzing the Aeronautical Expenditure proposed by AAI for the Second Control Period, has appropriately rationalized the proposed CAPEX taking into cognizance of the essentiality and necessity of the CAPEX which is absolutely required to cater current and future traffic demand for the smooth operations of the Airport, as explained in the following paragraphs.

The Independent Consultant appointed by the Authority has performed an analysis of the submissions made by AAI for Amritsar Airport towards Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant has performed the following functions:

- Reviewed construction plan submitted by AAI for Amritsar Airport in view of various technical details, Airport Master Plans, BOQs, Letter of Award (LOA), Work Orders etc. of new projects. The Independent Consultant also considered the responses of AAI to the clarification sought in relation with CAPEX plan from time to time.
- Sought documentary evidence and the process of approval of capital addition projects including process for award of various work orders to the contractors, wherever applicable.
- The consultants also made a site visit to AIA on September 12, 2024 focusing specifically on review of current airport operations and proposed airport development plans.

The Authority has carefully reviewed and rationalized capital expenditure projects, ensuring only essential and efficient investments were included in the RAB for the Second Control Period. By examining project details, optimizing capacity, and adjusting capitalization timelines, the Authority aimed to balance sustainable airport operations with the fair aeronautical charges for the Airport users.

### AAI's Submission on Capital Expenditure (CAPEX), Depreciation and RAB for the Second Control Period

### 6.2 Capital expenditure for the Second Control Period

6.2.1 AAI has proposed capital expenditure of ₹ 309.21 Crores for the Second Control Period for AIA, which has been summarized in the table below:

*Table 28: Summary of Capital Expenditure projects submitted by AAI for AIA for Second Control Period*

(₹ Crores)

Project/ Group	No.	Particulars	Amount
	1	Runways, Taxiway & Aprons	94.60

Project/ Group	No.	Particulars	Amount
Capital expenditure proposed for the Second Control Period	2	Road, Bridges & Culverts	3.04
	3	Building- Terminal	92.21
	4	Boundary Wall -Operational	0.72
	5	Computer - End User	1.25
	6	Plant & Machinery	5.31
	7	Tools & Equipment	5.14
	8	Vehicles	1.05
	9	Electrical Installations	96.60
	10	X Ray Baggage System	9.29
			<b>Capital Expenditure Proposed for the Second Control Period</b>
<b>IDC</b>			-
<b>Financing allowance (FA)</b>			-
<b>Total (including FA)</b>			<b>309.21</b>

### Authority's examination of Capital Expenditure (CAPEX) for the Second Control Period

6.2.2 The Authority notes that AAI has conducted Airport Users Consultative Committee (AUCC) meeting with all the stakeholders on December 13, 2019, in respect of the capital expenditure for expansion of the existing Terminal Building to meet the requirements of traffic growth and passenger facilitation at Amritsar International Airport. However, the project on expansion of Terminal Building has been shifted to the Second Control Period. The Authority notes that AAI has conducted the AUCC meeting on November 29, 2024, in respect of major CAPEX projects such as expansion of Terminal Building, Parallel Taxi track etc. projected for the Second Control Period. The meeting was attended by various airport stakeholders such as International Air Traffic Association (IATA), Federation of Indian Airlines (FIA), Business Aircraft Operators Association (BAOA), BCAS, CISF, IAF, FICCI, Spicejet Airlines, Indigo Airlines, HPCL, Reliance etc. As per the minutes of the meeting dated December 5, 2024, the Authority observes that the Airport Operator had broadly discussed the following points with the stakeholders:

- i. Recarpeting of Runway and Maintenance of existing paved RESA (estimated cost of project ₹ 51.81 Cr).
- ii. Reconfiguration and Extension of existing Terminal Building (estimated cost of project ₹ 111.76 Cr).
- iii. Extension of Parallel Taxi Track (PTT) from Runway-16 beginning up to Taxiway-E (estimated cost of project ₹ 142.76 Cr).
- iv. Provision of Individual Lamp Control and Monitoring System (ILCMS) (estimated cost of project ₹ 25 Cr).

The Authority also notes that various observations were made by some of the stakeholders relating to

the following aspects:

- i. IATA had enquired the reason for undertaking runway recarpeting after 7 years, when generally it is taken up only after 10 years, to which AAI responded stating that over a span of 7 years, the runway had catered approx. 70,000 landings and besides that the runway of Amritsar Airport experiences extreme weather conditions, therefore the recarpeting had been planned in this Control Period.
- ii. BAOA suggested about considering passenger facilities in the upcoming Terminal Building expansion project and to include facilities like a library inside the Terminal Building, as being undertaken at Varanasi Airport.
- iii. FIA enquired if any additional land is required for upcoming terminal expansion project and what would be the level of service planned after conclusion of the project. AAI responded stating that no additional land is required and that the project is designed for level-B service as per norms.
- iv. Deputy Commissioner, Amritsar, advised that the three stakeholders, for the project on Parallel Taxi Track namely, AAI, IAF, State Administration can schedule a meeting to discuss the temporary accommodation of the airmen nearby the Airport. Also, various stakeholders enquired about who would bear the cost of rehabilitation of IAF structures, whether AAI or IAF, to which it was responded that the cost would be borne by AAI.

6.2.3 The capital additions proposed by AAI for the Second Control Period have been segregated into the following categories:

- A. Capital Addition projects shifted from the First Control Period to the Second Control Period.
- B. New Capital Addition projects proposed by AAI for Amritsar International Airport for the Second Control Period.

6.2.4 The Authority notes that AAI has subsequently revised the projections for the following capital addition projects vide its email dated November 18, 2024 and the same has been considered by the Authority as part of its examination of the CAPEX projections for the Second Control period:

- i. Extension of Terminal Building
- ii. Construction of Parallel Taxi Track.

6.2.5 Based on the information provided by AAI, project wise capital expenditure submitted by AAI is presented in the table below:

*Table 29: Project wise Capital Expenditure submitted by AAI for AIA for Second Control Period*

(₹ Crores)

S. No	Capital Expenditure Project	Financial Year of Commissioning	Project cost
			(includes design, PMC, Pre-operative expenses etc)
<b>A. Capital additions projects shifted from the First Control Period to the Second Control Period</b>			
<b>A1 Terminal Building</b>			
i)	Extension of Terminal Building (Civil)	2027-28	83.31
ii)	Extension of Terminal Building (Reconfiguration)	2027-28	5.54
<b>A2 Runway, Taxiway and Apron</b>			
i)	Parallel Taxi Track (PTT) from Runway -16 beginning up to Taxiway-E (including Rehabilitation)	2027-28	114.90



CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

S. No	Capital Expenditure Project	Financial Year of Commissioning	Project cost
			<i>(includes design, PMC, Pre-operative expenses etc)</i>
	of IAF Structure-Airmen Billets) at SGRDJI Airport Amritsar (Civil)		
<b>A3.</b>	<b>Electrical Installation</b>		
i)	Extension of Terminal Building (Electrical)	2027-28	19.30
ii)	Parallel Taxi Track (PTT) from Runway -16 beginning up to Taxiway-E (including Rehabilitation of IAF Structure-Airmen Billets) at SGRDJI Airport Amritsar (Electrical)	2027-28	29.81
		<b>TOTAL (A)</b>	<b>252.86</b>
<b>B. New Capital Addition projects proposed by AAI for the Second Control Period</b>			
<b>B1</b>	<b>Roads, Bridges and Culverts</b>		
i)	Widening, Strengthening and Construction of Existing Emergency access road from Runway-16 beginning and re-carpeting of Fire Approach Road at SGRDJI Airport	2024-25	1.54
ii)	Re-carpeting of Perimeter RoadRunway-16side at SGRDJI Airport.	2026-27	1.50
<b>B2</b>	<b>Runway, Taxiway and Apron</b>		
i)	Construction and Merging of Existing RESA after Demolishing of 30M Overrun of R/way portion at SGRDJI Airport Amritsar	2024-25	0.54
<b>B3</b>	<b>Terminal Building</b>		
i)	Replacement of existing tile flooring with Granite stone flooring (PHASE-II) in Terminal Building	2024-25	0.98
ii)	Provision of Tensile Fabric Canopy in Pickup and Drop Lane city side at Amritsar Airport	2024-25	2.38
<b>B4</b>	<b>Boundary Wall- Operational</b>		
i)	Raising Height of Operational Boundary Wall at various locations and other miscellaneous works at SGRDJI Airport	2024-25	0.72
<b>B5</b>	<b>Computer-End User</b>		
i)	Procurement of 50 Nos. All-in-One PCs	2024-25	0.77
ii)	Procurement of 1KVA UPS	2024-25	0.48
<b>B6</b>	<b>Plant &amp; Machinery</b>		
i)	Purchase of 33 FIDS	2024-25	0.31
ii)	FIDS	2027-28	1.50
iii)	SCCTV	2027-28	3.50
<b>B7</b>	<b>Tools &amp; Equipment</b>		
i)	Procurement of 1 Airport Surface Friction Tester	2024-25	1.25
ii)	Procurement of Tractor Driven Grass cutting Machine (10 Nos)	2027-28	0.30
iii)	SITC of ETD	2027-28	1.00

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

S. No	Capital Expenditure Project	Financial Year of Commissioning	Project cost
			<i>(includes design, PMC, Pre-operative expenses etc)</i>
iv)	PA System	2027-28	1.50
v)	SITC of AMHS and Dynamic Database- Grintex India Ltd	2024-25	0.05
vi)	DFMD	2024-25	0.25
vii)	Procurement of Hand-held grass cutting machine (10 Nos)	2025-26	0.05
viii)	BDDS Equipment	2025-26	0.14
		2027-28	0.60
<b>B8</b>	<b>Vehicles</b>		
i)	Procurement of Jeep (2 Nos)	2024-25	0.20
ii)	Procurement of Tractors (2 Nos)	2025-26	0.15
iii)	Procurement Of Ambulances (4 Nos)	2026-27	0.50
iv)	Procurement of Truck and Jeep (2 Nos)	2028-29	0.20
<b>B9</b>	<b>Electrical Installation</b>		
i)	Provision of Perimeter Lighting and associated works	2024-25	0.48
ii)	Modification of Chilled water pipeline including replacement of Pump for 300 TR Chiller Plant	2024-25	0.42
iii)	Replacement of Old Split Acs and provision of New Split Type Acs at SGRDJI Airport	2024-25	0.33
iv)	Supply & Replacement of Cooling Tower for 300TR Chiller Plant at Amritsar Airport	2024-25	0.43
v)	Provision of ILCMS	2026-27	25.00
<b>B10</b>	<b>X-BIS</b>		
i)	SITC of Inline XBIS -2nd Phase- Smith Detection	2024-25	7.18
ii)	SITC of Inline XBIS -2nd Phase- Custom Duty	2024-25	0.61
iii)	SITC of Inline XBIS -2nd Phase- Akar Advertising	2024-25	0.01
iv)	SITC of Dual View X-BIS	2025-26	1.50
		<b>TOTAL (B)</b>	<b>56.35</b>
	<b>Capital expenditure proposed for the Second Control Period</b>	<b>TOTAL (A+B)</b>	<b>309.21</b>

6.2.6 The Authority has examined the CAPEX projects submitted by AAI, which is as follows:

**A. Capital additions projects shifted from the First Control Period to the Second Control Period**

**A1 and A3 (i) – Expansion of Terminal Building**

AAI has proposed for expansion of existing Terminal Building, which would result in increasing the existing terminal building area by 10,000 sqm. With this addition, the designed capacity of the existing terminal building which is currently 4.1 MPPA, would increase to 5 MPPA.

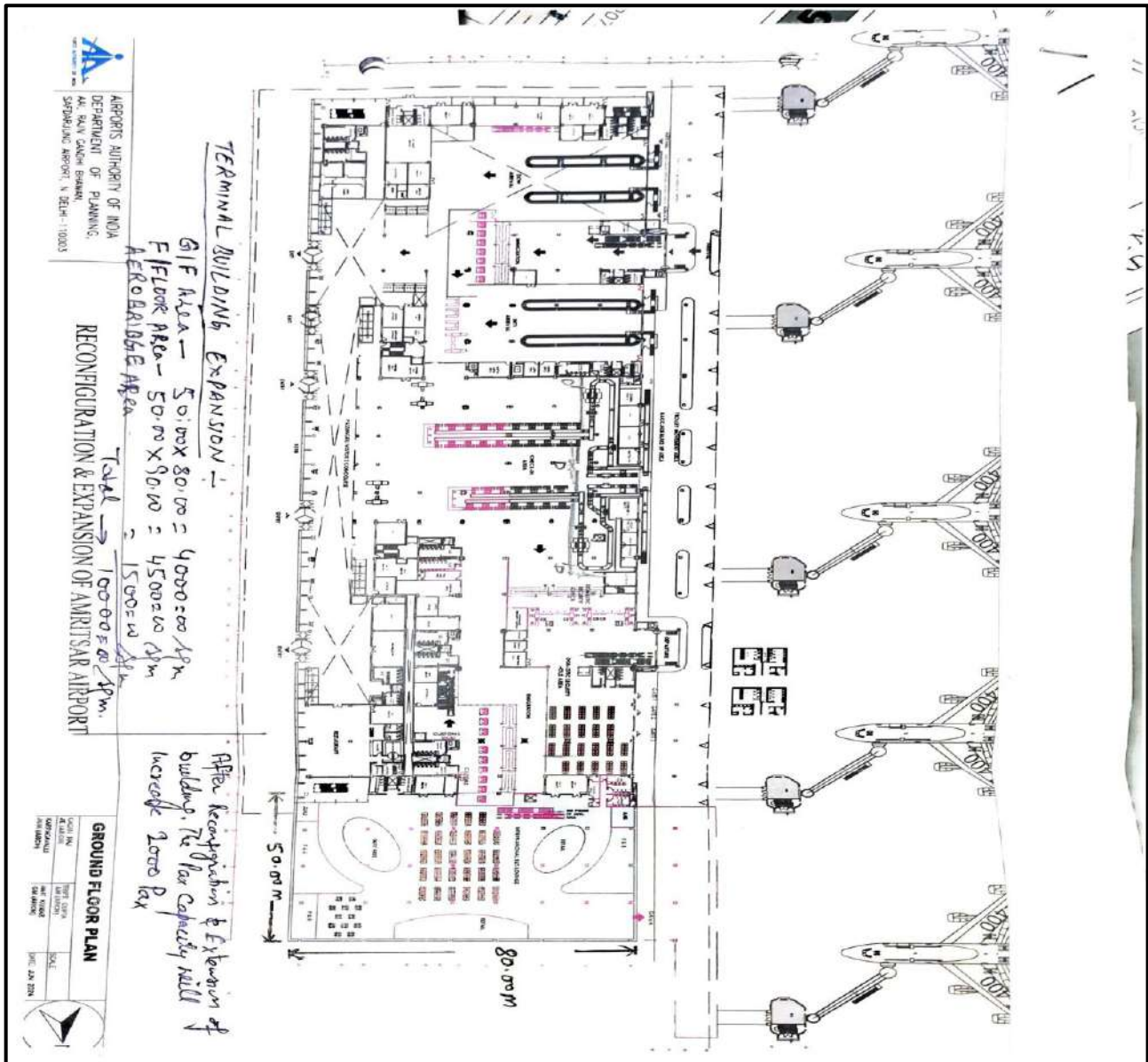
The traffic forecasts show that the total passenger traffic would reach 4.2 MPPA by FY 2026-27 and 5 MPPA by FY 2028-29.

AAI has submitted the estimated costs of the project on expansion of the Terminal Building, in its revised MYTP dated October 24, 2024 as ₹ 233.18 Crores (with civil works amounting to ₹ 151.57 Crores and electrical works amounting to ₹ 81.61 Crores). However, vide its email dated November 18, 2024, AAI has revised the total project cost of the expansion of Terminal Building as ₹ 111.76

crores (Aeronautical CAPEX amounting to ₹ 108.15 Crores), which the Authority has taken into consideration for deriving the estimated project cost of the Terminal Building. This project involves not only increasing the area of the terminal building, but also reconfiguration of the existing area to improve and modify the passenger facilities. According to the scope of work, following major components have been considered in the project:

- i Expansion of the ground floor and first floor of the Terminal Building, with all the facilities.
- ii Relocation of International Arrival, Immigration, Customs and Security Check (International).
- iii Additional Immigration and Check -in counters.
- iv Additional HB XBIS.
- v Provision of 1 additional PBB.
- vi Diversion of services, dismantling wall partition and other unforeseen works.

AAI has proposed to commission the expanded and reconfigured terminal building in FY 2027-28. Currently, only the plan and preliminary estimate are available. The capital expenditure has to be sanctioned and detailed design needs to be completed, to facilitate execution of the project. It is estimated that 30 to 36 months would be required for the execution of this project. Based on the above factors, Authority proposes to consider capitalization of this project in FY 2027-28 as proposed by AAI. The proposed expansion and reconfiguration plan is provided below:



The Authority through its Independent Consultant/ Aviation expert has examined the proposal of AAI regarding the expansion of Terminal Building, submitted in the MYTP for the Second Control Period, based on the inflation adjusted Normative rates, as explained in the below mentioned paragraphs.

**Inflation adjusted normative cost determination**

- a. The Authority, vide its Order No. 07/2016-17 dated June 6, 2016 (Normative Order), had considered normative cost of ₹65,000/- per Sqm. for Terminal Building. The normative cost specification provided as Annexure-I of Normative Order. This mainly includes cost toward structural works of the terminal building, air conditioning, fire-fighting system, water supply, sanitary, substation equipment for power supply including stand by system, passenger facilities viz FIDS, Furniture, Signages and Security surveillance, airlines related services viz Check-in, CUTE, CUSS and Baggage Reconciliation System, In-line X ray screening, Standalone screening, BHS for arrival and departure, Escalators, Elevators, Travellators and PBB. The cost of other items required for terminal building such as elevated road connecting the terminal building etc. is not covered in the aforementioned list. The cost of such items will be derived

separately and added to the overall cost of the project.

- b. Considering the superior specifications, fit & finishes, processes, and the architectural features of modern Terminal Buildings, the Authority has considered a normative cost for construction of Terminal Building @ ₹ 1,00,000 per sqm for FY 2020-21. Inflation adjusted normative cost of terminal building is being uniformly considered for other airports. In view of the same, the Authority in case of AIA, proposes to consider ₹ 100,000 per sqm in the base year FY 2021 for terminal building works.
- c. The Authority had derived the inflation adjusted normative rates for the proposed CAPEX in the current Control Period by considering the rate of inflation as follows:
- FY 2021-22 –The Authority observed that FY 2021-22 was an exceptional year due to COVID -19 pandemic, wherein the inflation rate was 12.97%. However, during the period FY 2016-17 to FY 2020-21, the rate of inflation was in the range of 1.31% to 4.26%. Considering this extraordinary situation, the Authority feels that the inflation rate of FY 2021-22 needs to be rationalized. Hence, instead of considering the inflation rate of 12.97% for FY 2021-22 (as per press release dated April 18’2022, by Dept. for Promotion of Industry and Internal Trade, Government of India), the Authority has considered the average rate of inflation of FY 2020-21 (1.29%) and of FY 2021-22 (12.97%), which works out to 7.14%. The Authority has considered this average rate of inflation for FY 2021-22, in order to smoothen out the volatility in commodity price caused by COVID-19 pandemic and the supply side disruptions.
  - FY 2022-23 – 9.42% (considered as per the data published by the Office of the Economic Advisor, Department for Promotion of Industry and Internal Trade) and
  - FY 2023-24 to FY 2026-27 – 0.30% in FY 2023-24, 2.40% for FY 2024-25 and 3.00% thereafter (considered as per 91<sup>st</sup> Round of Survey of Professional Forecasters on macroeconomic indicators).
- d. In the Order No.07/2016-17 dated 13th June 2016 on "In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports - Capital costs Regarding" the ceiling cost mentioned is inclusive of service taxes applicable at that time i.e. 12%. Subsequently, GST had been introduced wherein the GST rate is 18%. Hence, the inflation adjusted normative cost was worked out below by adding another 6% to ensure the total GST rate of 18% was considered in the cost. The Authority, in this regard noted that the proposed normative cost of ₹ 1,00,000 per sqm (for FY 2020-21) is inclusive of GST. Accordingly, the Authority first derived normative costs exclusive of GST and then applied 18% GST, which came to ₹ 1,05,357 per sqm. The amount so derived, is indexed with inflation to arrive the normative rates for the following years.

*Table 30: WPI Inflation adjusted Normative rate (per Sq.m.) derived by the Authority for Terminal Building*

Financial Year	Inflation Rate	Inflation adjusted normative rate (in ₹ per sqm)	Inflation adjusted Normative cost (including GST) (in ₹ per sqm.)
FY 2020-21	-	1,00,000	1,05,357
FY 2021-22	7.14%	1,07,140	1,12,880

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

Financial Year	Inflation Rate	Inflation adjusted normative rate (in ₹ per sqm)	Inflation adjusted Normative cost (including GST) (in ₹ per sqm.)
FY 2022-23	9.42%	1,17,233	1,23,513
FY 2023-24	0.30%	1,17,584	1,23,883
FY 2024-25	2.40%	1,20,406	1,26,857
FY 2025-26	3.00%	1,24,018	1,30,662
FY 2026-27	3.00%	1,27,739	1,34,582
FY 2027-28	3.00%	1,31,571	1,38,620

**Note:**

Inflation adjusted base amount (inclusive of 12% GST) (A)	= Rs. 1,00,000 per sqm
Inflation adjusted base amount (exclusive of 12% GST) (B=A*100/112)	= Rs. 89,286 per sqm
Add GST @ 18% (C=B*18%)	= Rs. 16,071 per sqm
Normative cost including GST (D = B+C)	= Rs. 1.05,357 per sqm

As shown in the above table the normative rate (inclusive of GST) for FY 2027-28 is ₹ 1,38,620 per Sqm.

The Authority has derived the Normative cost for the project on expansion of the Terminal Building as ₹138.62 Crores, by applying the normative rate of ₹ 1,38,620 per Sqm (as per above table) on the expanded area, which is 10,000 Sqm.

*Table 31: Comparison of Normative cost of Terminal Building derived by the Authority with AAI's submission*

(₹ Crores)

S. No	Particulars	AAI's Submission		Cost derived by Authority	
		Total Cost	Aero Cost (TB ratio 96.77: 3.23)	Total Cost	Aero Cost (TB ratio 90:10)
1	Normative Cost			138.62	124.76
2.	Cost submitted by AAI				
(a)	Civil*	86.09	83.31		
(b)	Electrical*	19.94	19.30		
(c)	Reconfiguration of Terminal Building*	5.73	5.54		
	<b>Total</b>	<b>111.76</b>	<b>108.15</b>	<b>138.62</b>	<b>124.76</b>
	<b>Aeronautical cost of Terminal Building derived by the Authority, by considering TB ratio of 90:10</b>		<b>100.58</b>		<b>124.76</b>

\*AAI had submitted total cost of the project on expansion of terminal building as ₹ 111.76 Crores. The Authority has derived the Aeronautical CAPEX by applying terminal building ratio submitted by AAI which is 96.77:3.23.

The Authority notes that the total cost submitted by AAI, which is ₹111.76 Cr is lesser than the Normative costs derived by the Authority as per AERA Guidelines, which is ₹ 138.62 Cr. Therefore, the Authority proposes to consider the project cost submitted by AAI and has further determined the aeronautical cost of the project on expansion of Terminal Building as ₹ 100.58

Crores, by applying Terminal Building ratio of 90:10, for capitalization in FY 2027-28. Further, the above costs have been, apportioned to Civil works and Electrical installations in the ratio of 65%:35%.

The Authority noted that the Airport Operator would be eligible to claim GST Input Tax Credits on procurement of certain movable property. The Authority expects that the Airport Operator would properly account for such credits in its submission in accordance with Chapter V of the Central Goods and Services Tax Act, 2017 at the time of true up of RAB for the Second Control Period. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time determination of tariffs for the Third Control Period.

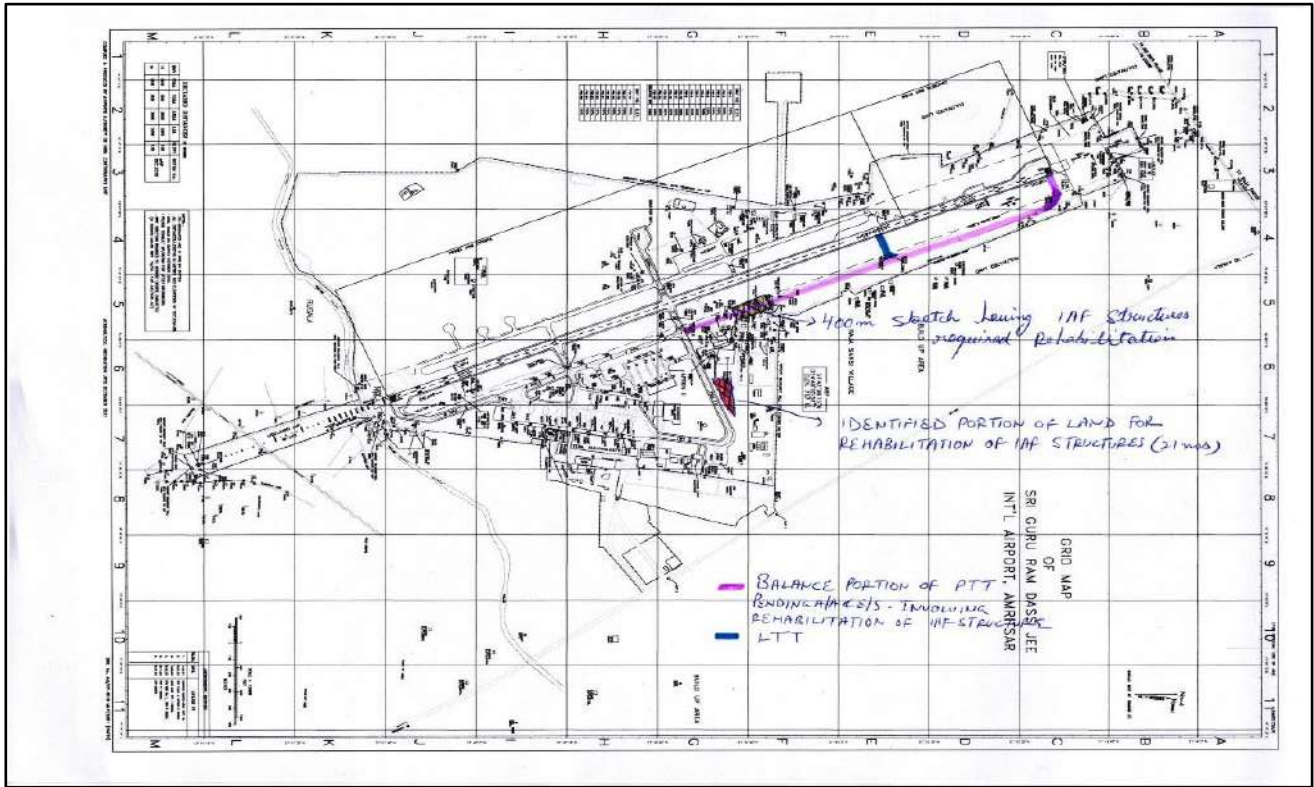
**A2(i) and A3 (ii) – Runway, Taxiway and Apron**

**Parallel Taxi Track (PTT) from Runway -16 beginning up to Taxiway-E (including Rehabilitation of IAF Structure) at Amritsar Airport:** Capital Expenditure amounting to ₹ 91.90 crore, was approved by the Authority in the Tariff Order for the First Control Period, for the following projects:

- Construction of Parallel Taxi Track (PTT) amounting to ₹ 78.50 Crores
- Rehabilitation of IAF Structure, amounting to ₹ 13.40 Crores for addressing obstructions to the construction of the Parallel Taxi Track (PTT).

The Authority during the site visit through its Independent Consultant, notes that the above works have not been initiated by AAI, as 21 IAF structures lie within the PTT's alignment and its strip. The completion of the Parallel Taxi Track project is dependent upon the relocation of these structures. Further, AAI and IAF have not been able to finalize a rehabilitation plan, resulting in the delay in the commencement of this project.

Figure 1: Airport Layout Map



The Authority notes that in the email dated November 18, 2024, AAI has proposed the cost of the above project as ₹ 144.71 Crores (which is nearly 57% higher than that approved in the tariff order for the First Control Period) for capitalisation in FY 2027-28. The details of the same are presented below:

Table 32: Cost of PTT submitted by AAI for the Second Control Period and that approved in the Tariff Order for the First Control Period

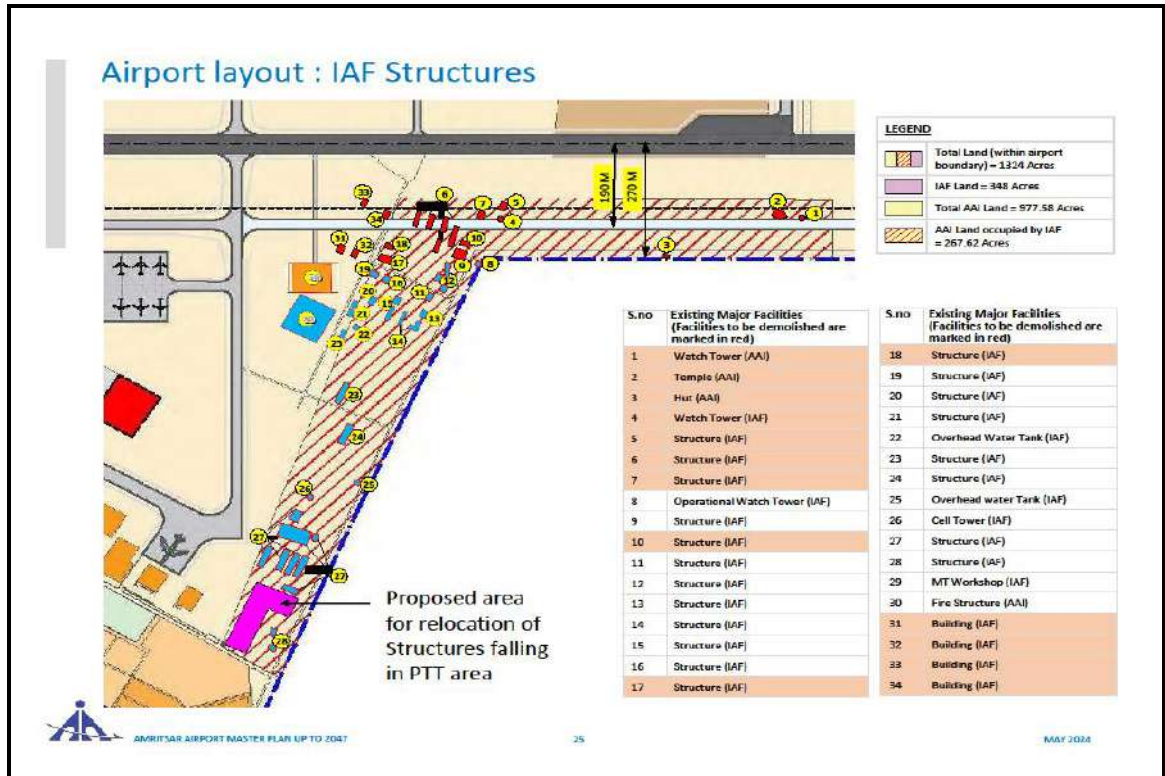
Description of Work	Approved in First Control Period (₹ Crores)	Submitted by AAI for Second Control Period (₹ Crores)	Remarks
Cost of construction of PTT	91.90	144.71	The variance between the approved cost and that submitted by AAI for the Second Control Period is attributable to the inclusion of the cost of Box Culvert and drains required for the PTT and due to cost escalations.
<b>Break up of cost of Construction of PTT in the Second Control Period</b>			
Cost of Civil Works		114.90	
Cost of Electrical works		29.81	

The AAI has identified land parcels to accommodate IAF structures. The plan involves moving operational structures like bunkers to the IAF area, while non-operational functions will be



transferred to a new two-storey building in the AAI area. The managements of both AAI and IAF need to finalize the proposal and sign a Memorandum of Understanding, prior to construction of the two-storey building.

Figure 2: Airport Layout of Amritsar International Airport: IAF Structures



Based on queries raised by Authority’s Independent Consultant from time to time, AAI has provided additional details pertaining to the above project. However, AAI has not provided the required project planning documents, such as a bar chart or PERT chart, to assess the timeline for the rehabilitation of IAF structures and the construction of the PTT.

As per the details shared by AAI, the construction of the infrastructure required for rehabilitation of the IAF structure, would take about 12 months, while the construction of PTT construction is expected to take about 18 months. Further, the construction of a two-story building would take around 2 years, including the pre-award activities.

Additionally, after the completion of the IAF structure rehabilitation, the IAF operations need to be shifted to the new facility and the old structures must be auctioned and removed. This process is estimated to take about 6 months.

Even if the PTT project work is carried out parallelly, considering the time required for inviting tenders, awarding the works, removal of IAF structures and obtaining requisite statutory approvals, it may not be feasible to complete and commission the PTT project work in FY 2027-28, as proposed by AAI. Therefore, the Authority is of the view that it would be prudent to shift the capitalisation of the PTT project work to FY 2028-29, as the AAI has not provided a detailed project schedule to demonstrate the feasibility of completing it as per the planned timelines.

The Authority has derived the cost of pavement works in the operational area based on the Normative Guidelines and has compared it with the cost estimates submitted by AAI for Amritsar Airport. The Normative cost excludes the cost of earthwork, AGL, and other works specific to the

particular location, which are normally not required for pavement works. The Normative rate applicable for Pavement work (Runway, Apron, Taxiway, etc.) for FY 2028-29 is ₹7,549 per Sqm, including GST, as provided in the table below.

*Table 33: WPI Inflation adjusted Normative rate (per Sq.m.) considered by the Authority for PTT*

Financial Year	Inflation Rate <sup>#</sup>	Inflation adjusted normative rate (in ₹ per sqm)	Inflation adjusted Normative rate (in ₹ per sqm.) incl. GST
FY 2015-16		4,700	4,952
FY 2016-17	1.73%	4,781	5,038
FY 2017-18	2.96%	4,923	5,187
FY 2018-19	4.26%	5,133	5,408
FY 2019-20	1.67%	5,219	5,498
FY 2020-21	1.31%	5,286	5,570
FY 2021-22	7.14%	5,664	5,968
FY 2022-23	9.42%	6,198	6,530
FY 2023-24	0.30%	6,217	6,550
FY 2024-25	2.40%	6,366	6,707
FY 2025-26	3.00%	6,557	6,908
FY 2026-27	3.00%	6,753	7,115
FY 2027-28	3.00%	6,956	7,329
FY 2028-29	3.00%	7,165	7,549

<sup>#</sup> Considered inflation rates as per Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 91, published by RBI.

**Note:**

Inflation adjusted base amount (inclusive of 12% GST) (A) = Rs. 4,700 per sqm  
 Inflation adjusted base amount (exclusive of 12% GST) (B=A\*100/112) = Rs. 4,196 per sqm  
 Add GST @ 18% (C=B\*18%) = Rs. 756 per sqm  
 Normative cost for FY 2016 including GST (D = B+C) = Rs. 4,952 per sqm

The total pavement area for PTT and Link Taxiways is 1,17,500 sqm. The cost of the PTT project, derived based on Normative Guidelines, as compared with AAI submission is given in the table below:

*Table 34: Normative cost of PTT considered by the Authority for Amritsar International Airport*

Details of Work	Estimated Cost of AAI (₹ in Crores)	Normative Cost proposed by the Authority (₹ in Crores)
Cost of Pavement		88.70
Civil	114.90	
Electrical (Refer Note below)	27.86	
Work below subgrade		1.06
Grade correction on existing Taxiway for connection		0.61
Dismantling work		1.39
Rehabilitation of IAF structure*		

Details of Work	Estimated Cost of AAI (₹ in Crores)	Normative Cost proposed by the Authority (₹ in Crores)
Civil		13.10
Electrical		2.65
Box Culvert and Drains*		29.31
Re-routing of cables*		1.50
AGL works*		23.71
<b>Total</b>	<b>142.76</b>	<b>162.03</b>

*\*Derived based on inputs shared by AAI from time to time over email*

**Note:** Electrical works have been estimated by AAI as ₹ 29.81 Crores (refer Table 32), which includes AGL for PTT, electrical works for IAF structure rehabilitation, and cable rerouting. Upon examination, the Authority has identified and excluded the CMC cost of ₹ 1.95 Crores, as the same pertains to maintenance work. Consequently, the revised cost of electrical works amounts to ₹ 27.86 Crores, with AGL accounting for ₹ 23.71 Crores

The Authority observes that AAI has consolidated various works related to the PTT project, in its total cost estimate, including critical components like Rehabilitation of IAF structures and construction of Box Culverts and Drains. The rehabilitation of IAF structure, falling within the PTT alignment and basic strip, are essential prerequisites for the PTT project, making them integral to the overall project. The estimated costs of Civil and Electrical works, related to rehabilitation, amounting to ₹15.75 Crores (₹ 13.10 Crores for Civil and ₹ 2.65 Crores for Electrical), are considered to be reasonable, based on the review of CPWD rates.

The two nullahs intersect the PTT area, necessitating the construction of box culverts and drains to ensure proper drainage of the operational area. AAI's detailed cost submission for these box culverts and drains amounts to ₹ 29.31 Crores, which the Authority finds to be reasonable based on its review of CPWD rates and current market rates.

Based on the above analysis, the Authority notes that the estimated cost of AAI, amounting to ₹ 142.76 Crores is lesser than the normative costs, derived as per AERA Guidelines. Therefore, the Authority proposes to consider ₹ 142.76 Crores for this project for capitalization in FY 2028-29.

## **B. New Capital Addition projects proposed by AAI for the Second Control Period**

### **B1 – Roads, Bridges and Culverts**

- i Widening, Strengthening and construction of existing Emergency Access Road from Runway-16 beginning and recarpeting of Fire Approach Road:** AAI had proposed the above CAPEX for widening, strengthening and construction of existing emergency access road for ₹ 1.54 Crores, so as to comply with DGCA's observations. Considering the current status of the project work, which is in progress, its essentiality and reasonableness of costs, based on review of CPWD norms/ market rates, the Authority proposes to consider the above project for capitalisation in FY 2024-25.
- ii Recarpeting of Perimeter Road at Runway-16 side:** The Authority notes that AAI has proposed CAPEX of ₹ 1.50 Crores for recarpeting of Perimeter Road at Runway 16 side. Based on the assessment of its Independent Consultant, as per the Authority, the recarpeting of perimeter road is a part of maintenance work and hence, proposes to shift the above-mentioned CAPEX as part of

Repair & maintenance expenses under Operation and Maintenance expenses for the Second Control Period.

### **B2- Runway, Taxiway and Apron**

- i. **Construction and Merger of Existing RESA:** AAI has proposed the construction and merging of existing RESA amounting to ₹ 0.54 Crores for capitalization in FY 2024-25. Later, AAI vide email dated September 5, 2024 has informed that the above-mentioned project has been dropped and the same would be taken up along with the recarpeting of runway ( which has been included under Repairs and Maintenance).

### **B3- Terminal Building**

- i. **Replacement of existing tile flooring with Granite stone flooring (PHASE-II) in Terminal Building:** AAI has proposed the replacement of existing tile flooring with Granite flooring amounting to ₹ 0.98 Crores for capitalization in FY 2024-25. The above-mentioned replacement of tiles has been proposed by AAI for smooth movement of trolleys inside the Airport and the project work has been awarded to the contractor for execution. Considering the current progress of the project, its essentiality and reasonableness of costs, based on review of CPWD norms/ market rates, the Authority, proposes to consider the same for the capitalization in FY 2024-25.
- ii. **Provision of Tensile Fabric Canopy in Pickup and Drop lane at city side:** The Authority notes that AAI has proposed the tensile fabric canopy in pickup and drop lane amounting to ₹ 2.38 Crores for capitalization in FY 2024-25. The above-mentioned project is essential for operational needs and for the users of Terminal Building and the work has been awarded to the contractor for execution. Considering the current progress of the project and reasonability of cost estimates, based on review of CPWD norms/ market rates, the Authority, proposes to consider the same for the capitalization in FY 2024-25.

### **B4 – Boundary Wall**

- i. **Raising height of the Operational Boundary Wall at various locations and other miscellaneous works:** AAI has proposed ₹ 0.72 Crores towards the construction of Boundary Wall, to comply with BCAS requirements. The Authority through its Independent Consultant, notes that the work has been awarded and the project is in progress. As this CAPEX is essential for Security purposes and the cost is reasonable, and is comparable with other similar airports including CPWD norms, the Authority proposes to consider capitalization of this project amounting to ₹ 0.72 Crores in FY 2024-25.

### **B5 – Computer-End User**

- i. **Procurement of 50 nos. All-in One PC and Procurement of 1 KVA UPS:** The Authority notes that AAI had proposed ₹ 0.77 Crores for procurement of 50, All in One Personal Computers (PC) and ₹ 0.48 Crores for procurement of 1 KVA UPS. Considering the operational requirements of these assets and its reasonableness based on review of market rates/ that approved for other similar airports, the Authority proposes to consider the above assets for capitalisation in the Second Control Period.

### **B6 – Plant & Machinery**

- i. **Purchase of 33 FIDS:** The Authority notes that AAI had proposed procurement of 33 nos. of FIDS for ₹ 0.31 Crores for capitalisation in FY 2024-25. Further, the Authority notes that AAI has initiated the procurement of these assets. Considering the operational requirement of the assets, which are used for facilitating passengers and the reasonableness of costs based on review of

market rates/ approved for other similar airports, the Authority proposes to consider the same for capitalisation in FY 2024-25.

- ii **FIDS and SCCTV:** The Authority notes that AAI has proposed ₹ 5 Crores towards the FIDS and SCCTV for reconfiguration of the existing Terminal Building. The details of the same is as follows:

*Table 35: Details of cost of Equipment related to Terminal Building*

Details of Equipment	Amount (₹ Crores)
FIDS	1.50
SCCTV	3.50
<b>Total</b>	<b>5.00</b>

Considering the essentiality of the Equipment and reasonability of costs, based on review of CPWD norms/ prevailing market rates, the Authority proposes to consider capitalization of these assets in line with the capitalization of Terminal Building, which is in FY 2027-28. Further, as SCCTV is related to the Terminal Building, the same would be apportioned to Aeronautical activities in the ratio of Terminal Building, which is 90:10. However, FIDS are related to passenger facilitation, hence, is the same are considered as 100% Aeronautical.

#### **B7 – Tools and Equipment**

- i **Procurement of Airport surface friction tester (1 no):** The Authority notes that AAI has proposed ₹ 1.25 Crores for procurement of one Airport surface friction tester. Considering the operational requirement of the asset and the reasonableness of costs, based on review of CPWD norms/ prevailing market rates, the Authority proposes to consider capitalisation of this asset in FY 2025-26.
- ii **Procurement of tractor driven grass cutting machine (3 nos):** AAI has proposed ₹ 0.30 Crores towards procurement of three tractor driven grass cutting machines for capitalisation in FY 2027-28. Considering the operational requirement and the reasonableness of costs based on prevailing market rates, the Authority proposes to consider the above assets for capitalisation in FY 2027-28.
- iii **SITC of ETD:** AAI has proposed ₹ 1 Crore towards SITC of ETD for reconfiguration of Terminal Building for capitalisation in FY 2027-28. Considering the operational requirement and the reasonableness of costs based on prevailing market rates, the Authority proposes to consider capitalization in FY 2027-28.
- iv **PA System:** AAI has proposed ₹ 1.50 Crores towards PA system for capitalisation in FY 2027-28. Considering the operational requirement and the reasonableness of costs based on prevailing market rates, the Authority proposes to consider the above assets for capitalisation in FY 2027-28.
- v **Other associated works (B7(v) to B7(viii)):** The Authority observes that there are other minor projects proposed by AAI as part of ‘Tools & Equipment’ such as SITC of AMHS and Dynamic database, DFMD, procurement of hand held grass cutting machine and BDDS equipment totalling to ₹ 1.09 Cr. The Authority proposes to not to allow CAPEX amounting to ₹ 0.05 Crores towards SITC of AMHS and Dynamic database as it pertains to ANS. The Authority notes that the other assets amounting to ₹ 1.04 Crores are essential for operational requirements of the Airport and therefore proposes to consider the same for capitalization in the Second Control Period, as per timelines proposed by AAI.

#### **B8 - Vehicles**

i. The Authority notes that AAI has proposed the following CAPEX towards Vehicles for the Second Control Period:

- Procurement of 2 tractors for ₹ 0.15 Crores, for capitalization in FY 2025-26
- Procurement of 4 ambulances for ₹ 0.50 Crores, for capitalization in FY 2026-27
- Procurement of 2 truck and jeep for ₹ 0.20 Crores, for capitalization in FY 2028-29
- Procurement of 2 jeeps for ₹ 0.20 Crores, for capitalization in FY 2024-25

Considering the operational requirement of the above assets and the reasonableness of costs, based on review of prevailing market rates/ approved in other similar airports, the Authority proposes to consider capitalisation of the above assets in the Second Control Period, as per year of capitalisation, as mentioned above.

### **B9 – Electrical Installations**

- Perimeter Lighting and Associated works:** The Authority notes that AAI has proposed ₹ 0.48 Crores for Perimeter Lighting and associated works. Considering the essentiality of this project, based on security requirements and reasonableness of costs, by reviewing prevailing CPWD norms/ market rates, the Authority proposes to consider the capitalisation of this asset in FY 2025-26.
- Other Associated Works (B9(ii) to B9(iv)):** The Authority observes that there are other minor projects proposed by AAI as part of ‘Electrical Installations’ such as Modification of chilled water pipeline, replacement of old split ACs and Supply & Replacement of Cooling Tower for 300 TR chiller plant totalling to ₹ 1.18 Cr. The Authority notes that these are essential operational requirements of the Airport and proposes to consider the same for capitalization in FY 2024-25.
- Provision of ILCMS:** AAI vide its email dated November 18, 2024 has proposed ₹ 25 Crores towards ILCMS to be capitalized in FY 2026-27. AAI has submitted the observations of DGCA on non-availability of ILCMS system to monitor individual light at Amritsar International Airport and that it would be impossible for Airport Operator to carry out CAT-II/ III operations without ILCMS system. Hence, considering the safety requirements, the Authority proposes to consider the above CAPEX for capitalisation in FY 2026-27.

### **B10 – XBIS**

- SITC of Inline XBIS- 2<sup>nd</sup> Phase:** AAI has proposed ₹ 7.80 Crores towards SITC of Inline XBIS to be capitalized in FY 2024-25. The Authority notes that AAI has initiated procurement of this asset. Considering the essentiality of the asset, as it is required to fulfil BCAS norms and reasonableness of costs, by reviewing prevailing market rates, the Authority proposes to consider the capitalisation of this asset in FY 2024-25.
- SITC of Dual View XBIS:** The Authority notes that AAI has proposed ₹ 1.50 Crores for SITC of Dual view XBIS. Considering the essentiality of the asset, as it is required to fulfil BCAS norms and reasonableness of costs, by reviewing prevailing market rates, the Authority proposes to consider the capitalisation of this asset in FY 2025-26.

6.2.7 The Authority notes that AAI has submitted the Terminal Building ratio of 96.77%: 3.23% (Aeronautical: Non-Aeronautical) for apportionment of common assets within the Terminal Building at AIA for the Second Control Period. The Authority notes that AAI had revised the Terminal Building ratio from 90%:10% (as submitted initially in the MYTP by AAI) to 96.77%:3.23% due to shifting of

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

Space allocated to Airlines from Non-Aeronautical to Aeronautical. As per the Authority, the space allotted to airlines by virtue of its nature of usage is part of Aeronautical portion. Therefore, the Authority proposes to consider this Terminal Building ratio of 90%:10% (Aeronautical: Non-Aeronautical) as reasonable, in accordance with the decision considered in the Tariff Order for the First Control Period for Amritsar International Airport. Further, the above ratio of 90%:10% is also in line with the optimum non-aeronautical area allocation of 8% to 12% as recommended by IMG norms (for airports having passenger traffic of less than 10 MPPA).

6.2.8 The Authority proposes to readjust (reduce) 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved Capitalisation schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of Airport Operator or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control Period. The readjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by AIA and is also encouragement for AIA to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule

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

*Table 36: Capital Expenditure (Project-wise) proposed by the Authority for Second Control Period*

(₹ Crores)

S. No	Description of the Project	Year of Capitalisation		Capitalisation		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (1)	Proposed by Authority (2)	Difference (3)=(2)-(1)
<b>A1 Terminal Building</b>						
i)	Extension of Terminal Building (Civil)	2027-28	2027-28	83.31	77.48	(5.83)
ii)	Extension of Terminal Building (Reconfiguration)	2027-28	2027-28	5.54	5.16	(0.38)
<b>A2 Runway, Taxiway and Apron</b>						
i)	Parallel Taxi Track (PTT) from Runway -16 beginning up to Taxiway-E (including Rehabilitation of IAF Structure-Airmen Billets) at SGRDJI Airport Amritsar (Civil + Electrical)	2027-28	2028-29	144.71	142.76	(1.95)
<b>A3. Electrical Installation</b>						
i)	Extension of Terminal Building (Electrical)	2027-28	2027-28	19.30	17.95	(1.35)
<b>TOTAL (A)</b>				<b>252.86</b>	<b>243.35</b>	<b>(9.51)</b>
<b>B. New Capital Addition projects proposed by AAI for the Second Control Period</b>						
<b>B1 Roads, Bridges and Culverts</b>						
i)	Widening, Strengthening and Construction of Existing Emergency access road from Runway-16 beginning and re-	2024-25	2024-25	1.54	1.54	-

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

S. No	Description of the Project	Year of Capitalisation		Capitalisation		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (1)	Proposed by Authority (2)	Difference (3)=(2)-(1)
	carpeting of Fire Approach Road at SGRDJI Airport					
ii)	Re-carpeting of Perimeter Road Runway-16side at SGRDJI Airport.	2026-27	-	1.50	-	(1.50)
<b>B2</b>	<b>Runway, Taxiway and Apron</b>					
i)	Construction and Merging of Existing RESA after Demolishing of 30M Overrun of R/way portion at SGRDJI Airport Amritsar*	2024-25	-	0.54	-	(0.54)
<b>B3</b>	<b>Terminal Building</b>					
i)	Replacement of existing tile flooring with Granite stone flooring (PHASE-II) in Terminal Building	2024-25	2024-25	0.98	0.98	-
ii)	Provision of Tensile Fabric Canopy in Pickup and Drop Lane city side at Amritsar Airport	2024-25	2024-25	2.38	2.38	-
<b>B4</b>	<b>Boundary Wall- Operational</b>					
i)	Raising Height of Operational Boundary Wall at various locations and other miscellaneous works at SGRDJI Airport	2024-25	2024-25	0.72	0.72	-
<b>B5</b>	<b>Computer-End User</b>					
i)	Procurement of 50 Nos. All-in-One PCs	2024-25	2024-25	0.77	0.77	-
ii)	Procurement of 1KVA UPS	2024-25	2024-25	0.48	0.48	-
<b>B6</b>	<b>Plant &amp; Machinery</b>					
i)	Purchase of 33 FIDS	2024-25	2024-25	0.31	0.31	-
ii)	FIDS	2027-28	2027-28	1.50	1.50	-
iii)	SCCTV	2027-28	2027-28	3.50	3.15	(0.35)
<b>B7</b>	<b>Tools &amp; Equipment</b>					
i)	Procurement of 1 Airport Surface Friction Tester	2024-25	2025-26	1.25	1.25	-
ii)	Procurement of Tractor Driven Grass cutting Machine (10 Nos)	2027-28	2027-28	0.30	0.30	-
iii)	SITC of ETD	2027-28	2027-28	1.00	1.00	-
iv)	PA System	2027-28	2027-28	1.50	1.50	-
v)	SITC of AMHS and Dynamic Database- Grintex India Ltd	2024-25	-	0.05	-	(0.05)
vi)	DFMD	2024-25	2024-25	0.25	0.25	-
vii)	Procurement of Hand-held grass cutting machine (10 Nos)	2025-26	2025-26	0.05	0.05	-
viii)	BDDS Equipment	2025-26	2025-26	0.14	0.14	-
		2027-28	2027-28	0.60	0.60	-
<b>B8</b>	<b>Vehicles</b>					
i)	Procurement of Jeep (2 Nos)	2024-25	2024-25	0.20	0.20	-
ii)	Procurement of Tractors (2 Nos)	2025-26	2025-26	0.15	0.15	-



CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

S. No	Description of the Project	Year of Capitalisation		Capitalisation		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (1)	Proposed by Authority (2)	Difference (3)=(2)-(1)
iii)	Procurement Of Ambulances (4 Nos)	2026-27	2026-27	0.50	0.50	-
iv)	Procurement of Truck and Jeep (2 Nos)	2028-29	2028-29	0.20	0.20	-
<b>B9</b>	<b>Electrical Installation</b>					
i)	Provision of Perimeter Lighting and associated works	2024-25	2025-26	0.48	0.48	-
ii)	Modification of Chilled water pipeline including replacement of Pump for 300 TR Chiller Plant	2024-25	2024-25	0.42	0.42	-
iii)	Replacement of Old Split Acs and provision of New Split Type Acs at SGRDJI Airport	2024-25	2024-25	0.33	0.33	-
iv)	Supply & Replacement of Cooling Tower for 300TR Chiller Plant at Amritsar Airport	2024-25	2024-25	0.43	0.43	-
v)	Provision of ILCMS	2026-27	2026-27	25.00	25.00	-
<b>B10</b>	<b>X-BIS</b>					
i)	SITC of Inline XBIS -2nd Phase-Smith Detection	2024-25	2024-25	7.18	7.18	-
ii)	SITC of Inline XBIS -2nd Phase-Custom Duty	2024-25	2024-25	0.61	0.61	-
iii)	SITC of Inline XBIS -2nd Phase-Akar Advertising	2024-25	2024-25	0.01	0.01	-
iv)	SITC of Dual View X-BIS	2025-26	2025-26	1.50	1.50	-
	<b>TOTAL( B)</b>			<b>56.35</b>	<b>53.91</b>	<b>(2.44)</b>
	<b>GRAND TOTAL (A+B)</b>			<b>309.21</b>	<b>297.26</b>	<b>(11.95)</b>
<b>Year-wise Capitalisation of Assets is as follows (₹ Crores)</b>						
	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>	<b>FY 2028-29</b>	<b>Total</b>
	16.59	3.57	25.50	108.63	142.96	<b>297.26</b>

\*Plan subsequently dropped by AAI.

**Note:** The Authority proposes to consider capitalization schedule of Aeronautical expenditure for AIA for the Second Control Period as ₹ 297.26 Crores, against proposed ₹ 309.21 Crores of AAI due to

- Application of Terminal Building ratio of 90:10 for deriving the Aeronautical cost of the project on expansion of Terminal Building and SCCTV resulting in reduction of CAPEX by ₹7.56 Crores.
- Rationalization of Parallel Taxi Track based on Normative costs resulting in reduction of CAPEX by ₹ 1.95 Crores and
- Shifting of the project on recarpeting of Perimeter road amounting to ₹ 1.50 Cr to operational and maintenance expenses.

The Authority proposes to consider capitalization of Aeronautical expenditure for AIA for the Second Control

Period as ₹ 297.26 Crores.

### 6.3 Depreciation for the Second Control Period

#### AAI's Submission on Depreciation for the Second Control Period for AIA

- 6.3.1 AIA follows its approved rates of depreciation for different asset classes. While submitting the Multi-Year Tariff proposal for the Second Control Period for AIA, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35/ 2017-18 on 'Determination of Useful Life on Airport Assets'). Accordingly, the rates of depreciation approved by the Authority have been applied by AIA from FY 2017-18 onwards.
- 6.3.2 Depreciation has been computed separately on opening block of assets and on the proposed additions.
- 6.3.3 The depreciation amount proposed by AIA for the Second Control Period has been presented in the table below:

*Table 37: Depreciation proposed by AAI for AIA for the Second Control Period*

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Land	-	-	-	-	-	-
Leasehold Land	-	-	-	-	-	-
Runways, Taxiway & Aprons	3.27	3.28	3.28	4.84	6.41	<b>21.07</b>
Taxiway	-	-	-	-	-	-
Aprons	-	-	-	-	-	-
Road, Bridges & Culverts	1.43	1.24	1.15	1.22	0.60	<b>5.64</b>
Building- Terminal	2.18	2.23	2.23	3.71	5.19	<b>15.54</b>
Building - Temporary	0.02	-	-	-	-	<b>0.02</b>
Building - Residential	0.10	0.10	0.10	0.10	0.10	<b>0.50</b>
Security Fencing - Temporary	-	-	-	-	-	-
Boundary Wall -Operational	0.08	0.11	0.11	0.11	0.11	<b>0.52</b>
Boundary Wall - Residential	-	-	-	-	-	-
Other Buildings-Unclassified	0.32	0.32	0.32	0.32	0.32	<b>1.59</b>
Computer- End User	0.27	0.42	0.42	0.20	-	<b>1.30</b>
Computer Server and Network	-	-	-	-	-	-
Intangible Assets- Software	0.01	-	-	-	-	<b>0.01</b>
Plant & Machinery	1.12	1.13	1.12	1.28	1.43	<b>6.07</b>
Tools & Equipment	1.71	1.77	1.77	1.89	2.00	<b>9.13</b>
Office Furniture	0.02	0.02	0.01	-	-	<b>0.05</b>
Vehicles	0.45	0.32	0.21	0.21	0.20	<b>1.39</b>
Vehicle- Cars & Jeeps	0.01	0.01	0.01	0.01	0.01	<b>0.05</b>
Electrical Installations	4.74	4.07	3.90	7.01	11.63	<b>31.36</b>
Other Office equipment	0.03	0.02	0.02	0.01	0.01	<b>0.09</b>
Furniture & Fixtures-Other than Trolley	0.23	0.22	0.11	0.00	0.00	<b>0.56</b>
Furniture & Fixtures- Trolley	-	-	-	-	-	-
X Ray Baggage System	0.86	1.17	1.22	1.22	1.22	<b>5.70</b>
CFT/Fire Fighting Equipment	0.40	0.40	0.40	0.40	0.40	<b>1.98</b>
<b>Total</b>	<b>17.24</b>	<b>16.81</b>	<b>16.37</b>	<b>22.54</b>	<b>29.63</b>	<b>102.58</b>

### Authority's examination of Depreciation for the Second Control Period

6.3.4 The Authority notes that the AIA has calculated the depreciation for the Second Control Period based on the useful life of the asset with the Order No. 35/ 2017-18 dated January 12, 2018. The Authority has reviewed the depreciation submitted by AAI for the Second Control Period with the rates as per the Order No.35/ 2017-18 dated January 12, 2018.

6.3.5 Based on changes in the proposed capital expenditure, the Authority proposes the following depreciation for the Second Control Period.

Table 38: Depreciation proposed by the Authority for the Second Control Period

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Land	-	-	-	-	-	0.00
Leasehold Land	-	-	-	-	-	0.00
Runways, Taxiway & Aprons	4.19	4.00	3.71	3.71	6.09	21.70
Taxiway	-	-	-	-	-	0.00
Aprons	-	-	-	-	-	0.00
Road, Bridges & Culverts	1.16	1.06	1.05	1.05	0.66	4.97
Building- Terminal	4.08	1.49	1.47	2.65	3.89	13.59
Building - Temporary	0.02	-	-	-	-	0.02
Building - Residential	0.14	0.14	0.12	0.11	0.11	0.62
Security Fencing - Temporary	-	-	-	-	-	0.00
Boundary Wall -Operational	0.10	0.11	0.11	0.11	0.11	0.54
Boundary Wall - Residential	-	-	-	-	-	0.00
Other Buildings-Unclassified	0.38	0.37	0.37	0.37	0.37	1.86
Computer- End User	0.27	0.47	0.42	0.20	-	1.36
Computer Server and Network	-	-	-	-	-	0.00
Intangible Assets- Software	0.03	0.02	0.01	-	-	0.05
Plant & Machinery	1.13	1.14	1.14	1.29	1.44	6.13
Tools & Equipment	2.02	1.92	1.97	2.08	2.19	10.17
Office Furniture	0.02	0.02	0.00	-	-	0.04
Environment Management Works	-	-	-	-	-	0.00
Vehicles	0.43	0.44	0.34	0.24	0.22	1.67
Vehicle- Cars & Jeeps	0.02	0.02	0.02	0.02	0.02	0.11
Electrical Installations	4.41	3.95	5.10	6.23	6.51	26.21
Other Office equipment	0.03	0.02	0.02	0.01	0.01	0.09
Furniture & Fixtures-Other than Trolley	0.25	0.23	0.13	0.00	0.00	0.61
Furniture & Fixtures- Trolley	-	-	-	-	-	0.00
X Ray Baggage System	0.88	1.19	1.24	1.24	1.24	5.78
CFT/Fire Fighting Equipment	0.40	0.40	0.40	0.40	0.39	1.99
<b>Total</b>	<b>19.94</b>	<b>16.99</b>	<b>17.62</b>	<b>19.72</b>	<b>23.25</b>	<b>97.52</b>

**Note:** The Authority proposes to consider depreciation for AIA for the Second Control Period as ₹ 97.52 Crores. The above depreciation is lesser than that proposed by AAI, which is ₹ 102.58 Crores, due to the following reasons:

- Rationalization of CAPEX by ₹ 11.95 Crores (pertaining Terminal Building) and shifting the

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE SECOND CONTROL PERIOD

capitalization of certain projects to the subsequent tariff years within the Second Control Period.

- Errors in computation of depreciation by AAI as detailed in para 4.4.13 (i).

#### 6.4 Regulatory Asset Base (RAB) for the Second Control Period

##### AAI's Submission on RAB for AIA for the Second Control Period

6.4.1 AAI's Submission on RAB for the Second Control Period for AIA is as follows:

Table 39: RAB submitted by AAI for AIA for the Second Control Period

Particulars	(₹ Crores)					Total
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
Opening RAB	199.63	201.30	186.33	171.97	435.69	1,194.92
Additions	18.91	1.84	2.00	286.26	0.20	309.21
Disposal/Transfers	-	-	-	-	-	-
Depreciation	17.24	16.81	16.37	22.54	29.63	102.58
<b>Closing RAB</b>	<b>201.30</b>	<b>186.33</b>	<b>171.97</b>	<b>435.69</b>	<b>406.26</b>	<b>1,401.55</b>
<b>Average RAB</b>	<b>200.47</b>	<b>193.82</b>	<b>179.15</b>	<b>303.83</b>	<b>420.97</b>	<b>1,298.24</b>

##### Authority's examination of RAB for AIA for the Second Control Period

6.4.2 The Authority proposes to adopt the capitalization of Aeronautical Expenditure in accordance with Table 36 and the depreciation amounts in accordance with Table 38.

6.4.3 Based on the above factors, the RAB proposed to be considered by the Authority for determination of Aeronautical tariff for the Second Control Period is as follows:

Table 40: RAB proposed to be considered by the Authority for the Second Control Period

Particulars	(₹ Crores)					Total
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	
Opening RAB (A) (refer Table 11)	183.91	180.56	167.14	175.03	263.94	
Additions (B) (refer Table 36)	16.59	3.57	25.50	108.63	142.96	<b>297.26</b>
Disposal/Transfers (C)	-	-	-	-	-	-
Depreciation (D) (refer Table 38)	19.94	16.99	17.62	19.72	23.25	<b>97.52</b>
<b>Closing RAB (E) = [(A) +(B) – (C) – (D)]</b>	<b>180.56</b>	<b>167.14</b>	<b>175.03</b>	<b>263.94</b>	<b>383.65</b>	
<b>Average RAB = [(A) + (E)]/2</b>	<b>182.24</b>	<b>173.85</b>	<b>171.08</b>	<b>219.48</b>	<b>323.79</b>	

The Authority proposes to consider Average RAB for the AIA for the Second Control Period as detailed in Table 40.

#### 6.5 Authority's proposal regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Second Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with

regard to Capital Expenditure, Depreciation and Regulatory Asset Base for the Second Control Period.

- 6.5.1 To adopt the capitalization of Aeronautical Capital Expenditure for the Second Control Period in accordance with Table 36.
- 6.5.2 To true up the Capital expenditure based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for Third Control Period.
- 6.5.3 To reduce (adjust) 1% of the uncanceled project cost from the ARR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and is properly justified, the same would be considered by the Authority while trueing up the actual cost at the time of determination of tariff for the Third Control Period.
- 6.5.4 To consider depreciation as per Table 38 for the Second Control Period.
- 6.5.5 To true up Depreciation of the Second Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the Third Control Period.
- 6.5.6 To consider average RAB for the Second Control Period for AIA as per Table 40.
- 6.5.7 To true up the RAB based on actuals at the time of tariff determination for the Third Control Period.

## 7 FAIR RATE OF RETURN (FRoR) FOR THE SECOND CONTROL PERIOD

### 7.1 AAI's Submission on Fair Return of Return for the Second Control Period for AIA

7.1.1 AAI has submitted that Amritsar International Airport would primarily utilize internally accrued funds to fund the capital expenditure that have been projected for the Second Control Period

7.1.2 AAI has considered Fair rate of Return (FRoR) as 14% based on the Authority's decision for the First Control Period.

### 7.2 Authority's examination of FRoR for the Second Control Period

7.2.1 The Authority notes that AAI has submitted that the capital expenditure proposed for the Second Control Period will be funded through internal accruals and hence no debts have been proposed by AAI in its MYTP submitted for the Second Control Period.

7.2.2 However, the Authority notes that AAI had availed debts amounting to ₹ 10.79 Crores, during the First Control period.

7.2.3 The Authority in its past Tariff Orders of other similar Airports of AAI, has noted that the capital structure of AAI is not efficient and has asked AAI to make it efficient by raising debt funds. Further, the Authority had also proposed to use the notional Debt-Equity ratio for AAI Airports in future, in line with the PPP Airports. Also, it has been observed that generally, in the AAI airports, the equity portion is significant (above 90%) and the debt portion is quite nominal (below 10%). Therefore, applying a return on equity @ 14% on this high equity portion, does not bring in efficiency, as compared to the option of funding the project through a suitable mix of debt: equity, as per the gearing ratio for the airport projects.

7.2.4 Based on the above factors, the Authority has proposed FRoR, by adopting a notional gearing ratio of 48:52 (Debt : Equity), by taking inference from independent studies conducted in the past for PPP airports (such as DIAL, MIAL, GHIAL, BIAL and CIAL) through a premier institute, namely IIM Bangalore and the same is being followed by AERA for all airports uniformly. The Cost of Debt, Cost of Equity considered by the Authority for determination of FRoR have been explained as follows:

#### Cost of Debt

7.2.5 The Authority notes that AAI had availed debts of ₹ 10.79 Crores, during FY 2019-20 to FY 2022-23 in the First Control period for Amritsar Airport, as stated in the Financial Model (part of the MYTP submitted for determination of tariff for the Second Control Period). Further, the Authority notes that out of the above total debts of ₹ 10.79 Crores, substantial debts amounting to ₹ 10.30 Crores had been availed in FY 2022-23.

7.2.6 Based on the rate of interest details shared by AAI vide email dated November 14, 2024, the Authority notes that the average rate of interest on debt, during the FY 2022-23 works out to 8.35%. Therefore, the Authority proposes to consider the Cost of Debt as 8.35% for determining FRoR for the Second Control Period.

#### Cost of Equity

7.2.7 The Authority had commissioned independent studies for the evaluation of cost of capital separately, in case of each PPP Airport, namely DIAL, MIAL, GHIAL, BIAL and CIAL through a premier institute, namely IIM Bangalore and proposes to use these study reports as a basis, to the extent applicable and relevant, to ascertain the Cost of equity of Amritsar Airport for the Second Control Period.

7.2.8 The above referred independent study reports have drawn reference from the experience of international airports, wherein the median and average Cost of Equity was determined as 15.16% and 15.18%,

respectively. Based on this analysis, the average Cost of Equity for these airports was determined to be 15.18%. This benchmark provides a useful reference point for evaluating airport financing strategies and equity costs in the Indian context.

7.2.9 The above independent study reports have used the Capital Asset Pricing Model (CAPM) and a notional gearing (Debt: Equity) ratio of 48:52 to determine the levered Equity beta and accordingly, derive the Cost of Equity.

7.2.10 The above study report applies a methodology that factors in sovereign and business risks through components like the risk-free rate and business volatility, establishing a fair cost of equity within the FRoR calculation. This provides a relevant benchmark for estimating Amritsar Airport’s cost of equity in the Second Control Period, given the similar business environment, risk profile and policy framework.

7.2.11 Based on the above reports, the Authority proposes to consider the Cost of Equity as 15.18% for Amritsar International Airport for the Second Control Period.

**Fair Rate of Return (FRoR)**

7.2.12 Based on the above, the Authority proposes to consider FRoR as per table below for Amritsar International Airport for the Second Control Period:

*Table 41: Fair Rate of Return proposed to be considered by the Authority for the Second Control Period*

<b>Parameter</b>	<b>%</b>
Weighted Average gearing of Equity (A)	52.00%
Weighted Average gearing of Debt (B)	48.00%
Cost of Equity (C)	15.18%
Cost of Debt (D)	8.35%
Fair Rate of Return for the Second Control Period (E= A*C+(1-A)*D)	11.90%

**7.3 Authority’s proposal regarding Fair Rate of Return (FRoR) for the Second Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to FRoR for the Second Control Period.

7.3.1 To consider FRoR of 11.90 % for AIA for the Second Control Period as per Table 41.

## 8 INFLATION FOR THE SECOND CONTROL PERIOD

### 8.1 AAI's Submission on Inflation for the Second Control Period for AIA

8.1.1 AAI has not made any submission related to inflation as part of its MYTP submission for AIA for the Second Control Period.

### 8.2 Authority's examination on inflation for the Second Control Period

8.2.1 The Authority proposes to consider the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 91" released on December 6, 2024 published by the Reserve Bank of India (RBI). Accordingly, the Authority proposes to consider the mean of WPI inflation forecasts (All Commodities) for FY 2025 till FY 2029 as given in the 91<sup>st</sup> round of survey of professional forecasters on macroeconomic indicators of RBI.

8.2.2 The Authority has assumed that the inflation rate would be stable and remain constant from FY 2026 till FY 2029. Accordingly, the following table shows the inflation rates as proposed by the Authority for the Second Control Period.

*Table 42: Inflation rates proposed by the Authority for the Second Control Period for AIA*

Particulars	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
WPI inflation	2.40%	3.00%	3.00%	3.00%	3.00%

### 8.3 Authority's proposal regarding inflation for the Second Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Inflation for the Second Control Period:

8.3.1 To consider Inflation for the Second Control Period for AIA as detailed in Table 42.



## 9 OPERATION AND MAINTENANCE EXPENSES FOR THE SECOND CONTROL PERIOD

### 9.1 AAI's Submission on Operation and Maintenance expenses for the Second Control Period for AIA

9.1.1 Operation and Maintenance (O&M) expenses 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

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

9.1.3 AAI has segregated the expenses into Aeronautical expenses, Non-aeronautical expenses, and Common Expenses. The Common Expenses have been further segregated into Aeronautical and Non-aeronautical based on the relevant Ratios.

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

9.1.5 The summary of Aeronautical O&M expenses proposed by AIA for the Second Control Period has been presented in the table below:

*Table 43: Operation and Maintenance (O&M) expenditure submitted by AAI for AIA*

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Payroll Costs	24.56	26.28	28.12	35.71	38.21	<b>152.88</b>
Retirement benefits of employees of AIA	1.79	1.91	2.05	2.60	2.78	<b>11.14</b>
Repair & Maintenance	16.56	27.66	33.24	33.71	34.35	<b>145.52</b>
Utilities & Outsourcing Expenses	11.48	11.99	12.52	13.10	13.70	<b>62.79</b>
Admin. & Other Expenses - Excluding CHQ/RHQ	15.51	17.03	18.74	20.54	22.60	<b>94.42</b>
Admin. & Other Expenses - CHQ/RHQ	46.83	49.17	51.63	54.21	56.92	<b>258.75</b>
Other Outflows	0.46	0.51	0.57	0.62	0.69	<b>2.86</b>
<b>Total O&amp;M Expenditure</b>	<b>117.19</b>	<b>134.56</b>	<b>146.86</b>	<b>160.49</b>	<b>169.24</b>	<b>728.35</b>

9.1.6 The summary of growth rates assumed by AAI for the O&M expenses have been presented in the table below:

*Table 44: Growth rates in O&M expenditure submitted by AIA*

Particulars	FY	FY	FY	FY	FY
	2024-25	2025-26	2026-27	2027-28	2028-29
Payroll Costs	7%	7%	7%	27%	7%
Retirement benefits of employees of AIA	7%	7%	7%	27%	7%
Utilities & Outsourcing Expenses	4%	4%	4%	5%	5%

Particulars	FY	FY	FY	FY	FY
	2024-25	2025-26	2026-27	2027-28	2028-29
Admin. & Other Expenses - Excluding CHQ/RHQ	10%	10%	10%	10%	10%
Admin. & Other Expenses - CHQ/RHQ	5%	5%	5%	5%	5%

## 9.2 Authority's examination of Operation and Maintenance expenses for the Second Control Period

- 9.2.1 AAI had proposed ₹ 728.35 Crores towards Operation and Maintenance expenses for the Second Control Period.
- 9.2.2 The Authority observes that the actual O&M expenses submitted by AAI for Amritsar Airport for true up of the First Control Period is for ₹ 446.44 Crores (refer Table 14). The Authority examined the above actual O&M expenses and has proposed ₹ 375.68 Crores (refer
- 9.2.3 Table 18) to be trued up for the First Control Period. However, AAI has submitted its O&M expenses for AIA for the Second Control Period for ₹ 728.35 Crores, which is 94% higher than the O&M expenses approved by the Authority for true up of the First Control Period (which is for ₹ 375.68 Crores).

### Allocation of O&M expenses to Aeronautical and Non-aeronautical activities

- 9.2.4 The Authority examined the allocation of Operational and Maintenance expenses by AAI between Aeronautical and Non-aeronautical activities for AIA. The same is explained in the following paragraphs.
- 9.2.5 AAI has segregated the payroll expenses excluding CHQ/RHQ between Aeronautical and Non-Aeronautical in the employee ratio of 96.02% : 3.98% for FY 2023-24, which was derived based on the headcount of Aeronautical and Non-Aeronautical employees within the airport. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.
- 9.2.6 AAI has segregated the expenses towards utilities between Aeronautical and Non-aeronautical after considering the recoveries made from the Concessionaires. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.
- 9.2.7 Upkeep expenses (included under Administrative and General Expenses) and Repairs & Maintenance (Electrical) have been apportioned in the ratio of Terminal Building by AAI which is 96.07% : 3.93%. However, the Authority proposes to re-allocate the above expenses in the Terminal Building ratio of 90%:10%, as detailed in para 6.2.7.
- 9.2.8 Repair and Maintenance (Civil) expenses pertaining to Terminal Building have been apportioned by AAI, by applying in the Terminal Building ratio of 96.07% : 3.93%. However, the Authority proposes to reallocate the above expenses in the Terminal Building Ratio of 90%:10%, as followed in other similar airports.
- 9.2.9 Repair and Maintenance expenses – Electronics includes Surveillance equipment, security equipment has been apportioned in the Employee ratio of 97.59% : 2.41% as per AAI. The Authority's analysis shows that these expenses pertain to passenger facilitation. Further, the Authority notes that it also includes hardware maintenance expenses of computers and other electronic items, which has been apportioned based on the headcount of IT Department engaged for Aeronautical purposes. As most of these equipment are located in the Terminal Building, the

Authority proposes to re-allocate the above expenses in the Terminal Building ratio of 90%:10%.

9.2.10 Administration expenses of CHQ/ RHQ have been allocated based on methodology defined in para 4.7.3 (a) and (b).

9.2.11 Based on the above factors, the Authority has determined the following basis for allocation of expenses, which is as follows:

*Table 45: Allocation of O&M expenses proposed to be considered by Authority for AIA*

Particulars	Allocation proposed by AAI	Allocation considered by the Authority
Payroll Costs	96.02% : 3.98%	96.02% : 3.98%
Retirement Benefits of Employees at AIA	96.02% : 3.98%	96.02% : 3.98%
Repair & Maintenance – Civil	96.07% : 3.93%	90.00% : 10.00%
Repair & Maintenance – Electrical Works	96.07% : 3.93%	90.00% : 10.00%
Repair & Maintenance – Electronics	97.59% : 2.41%	90.00% : 10.00%
Utilities	96.07% : 3.93%	100.00%
Upkeep Expenses	96.07% : 3.93%	90.00% : 10.00%
Admin. & Other Expenses – CHQ/RHQ	95.00% : 5.00%	95.00% : 5.00%
Other Outflows	100.00%	100.00%

**Payroll expenses and Retirement Benefits of employees of AIA:**

9.2.12 AAI considered a growth rate of 7% in payroll expenses for the period 2024-25 to 2028-29. Further, AAI has proposed an additional growth rate 20% in FY 2027-28 taking into consideration, the implementation of increase in payroll on account of recommendations of the 8<sup>th</sup> Pay Commission. However, the Authority proposes to consider a growth rate of 6% year on year from FY 2024-25 to FY 2028-29 in the payroll expenses and retirement benefits of employees of AIA. Growth rate of 6% Y-o-Y in payroll expenses is uniformly followed by the Authority in all AAI airports. Further, the Authority proposes not to consider the additional increase 20% in payroll expenses submitted by AAI for FY 2027-28 on account of 8<sup>th</sup> pay commission for determining tariff for the Second Control Period for AIA and proposes to consider the same on actual incurrence basis.

**Administration and General expenses- CHQ/ RHQ allocation:**

9.2.13 The Authority reviewed the basis for allocation of CHQ and RHQ expenses to Amritsar Airport for the Second Control Period. Based on the methodology and justification explained under para 4.7.3 (a) and (b) of this Consultation Paper, the Authority has rationalized the Administration and General Expenses- CHQ/ RHQ allocation, projected by AAI for AIA for the Second Control Period, considering 5% Y-o-Y increase (as sought by AAI), based on the amount considered for true up of FY 2023-24. The same is presented in Table 48.

**Repairs and Maintenance expenses:**

9.2.14 The Authority notes that AIA has proposed an amount of ₹ 1.50 Crores towards recarpeting of Perimeter Road in FY 2026-27 and same has been considered as CAPEX by AAI in its MYTP submission. However, the Authority has considered it as Repair & Maintenance Expenses, as it does

not lead to increase in the useful life of the Perimeter Road.

9.2.15 The Authority notes that AAI has proposed an increase of 16% for FY 2024-25, 67% for FY 2025-26, 20% for FY 2026-27, 1% for FY 2027-28 and 2% for FY 2028-29 on repair and maintenance expenditure for the Second Control Period. The Authority noted that AIA has projected the cost of Runway Recarpeting for the Second Control Period starting from FY 2025-26, amounting to ₹ 46.19 Crores, which also includes the return on re-carpeting of Runway.

9.2.16 The Authority notes that AAI has claimed the total Repairs & Maintenance expenses of ₹ 145.52 Crores (including amortization of runway recarpeting expenses of ₹ 46.19 Crores) for the Second Control Period. However, even after excluding such expense on re-carpeting of Runway, the Repairs & Maintenance expenses projected for the Second Control Period by AAI are substantial.

9.2.17 The Authority notes that R&M expenses proposed by AAI for the Second Control Period (after excluding the runway recarpeting expenses), are higher than the cap of 6% of the Opening RAB (net block of that year) generally considered by the Authority, for capping of R&M Expenses to the ceiling limit. Accordingly, the Authority, at this stage proposes to cap R&M Expenses at 6% of opening RAB (Net Block) as per Table 47.

9.2.18 As per the submission of AAI in other Airports, capping of R&M expenses to 6% of Opening RAB reduces the allowable R&M expenses substantially whereas assets require more R&M expenses in later part of their useful life.

The Authority, taking note of the above submission, is of the view that existing approach across all the airports towards capping of R&M expenses to 6% of opening RAB (Net Block) of respective tariff years needs to be revisited and the Authority would look into alternative methodology/benchmarks for evaluation of reasonableness of R&M expenses proposed by Airport Operators.

9.2.19 The Authority considering the FRoR as 11.90% has recomputed the return on re-carpeting of Runway expenditure as given in the table below:

*Table 46: Runway re-carpeting expenses proposed by the Authority for the Second Control Period  
(₹ Crores)*

Particulars	Ref.	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	TOTAL
Opening Balance (Runway Re-carpeting)	A	-	-	35.13	26.35	17.56	<b>79.04</b>
Expense on Re-Carpeting of Runway	B	-	43.91	-	-	-	<b>43.91</b>
Amortization during the Year	C	-	8.78	8.78	8.78	8.78	<b>35.13</b>
Closing Balance	D = A+B-C	-	35.13	26.35	17.56	8.78	<b>87.82</b>
FRoR (refer Table 41)	E	-	11.90%	11.90%	11.90%	11.90%	
Return on the unamortized portion of the Runway	F = A*E	-	-	4.18	3.14	2.09	<b>9.41</b>
<b>Total Runway Re-carpeting Expenses</b>	<b>G=C+F</b>	<b>-</b>	<b>8.78</b>	<b>12.96</b>	<b>11.92</b>	<b>10.87</b>	<b>44.53</b>

*Table 47: Repairs and Maintenance on Opening Net block of Assets claimed by AAI and Proposed by the Authority for the Second Control Period*

(₹ Crores)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	TOTAL
Expenses Claimed by AAI (Other than Runway Recarpeting) (A)	16.56	18.88	19.54	21.24	23.10	<b>99.32</b>
Runway Recarpeting (B)	-	8.78	13.70	12.47	11.24	<b>46.19</b>
Total (C= A+B)	<b>16.56</b>	<b>27.66</b>	<b>33.24</b>	<b>33.71</b>	<b>34.35</b>	<b>145.52</b>
Opening RAB (D) (Refer Table 40)	183.91	180.56	167.14	175.03	263.94	
6% of Opening RAB (E= D*6%)	11.03	10.83	10.03	10.50	15.84	<b>58.23</b>
Revised Runway Recarpeting expenses (F)	-	8.78	12.96	11.92	10.87	<b>44.53</b>
Recarpeting of Perimeter Road (G)	-	-	1.50	-	-	<b>1.50</b>
Allowable expenses (H= 6% of Opening RAB or A, whichever is lesser)	11.03	10.83	10.03	10.50	15.84	<b>58.23</b>
<b>Total R&amp;M Expenses allowed by the Authority (I= F + G+H)</b>	11.03	19.62	24.49	22.42	26.71	<b>104.27</b>
<b>Difference (J= C-I)</b>	5.52	8.05	8.75	11.29	7.64	<b>41.25</b>

**Administration and General expenses (other than CHQ/ RHQ and upkeep expenses):**

9.2.20 The Authority notes that AAI has projected 10% Y-o-Y increase in Administration and General expense (other than CHQ/RHQ and Upkeep expenses) for the Second Control Period. The Authority proposes to consider the same for the Second Control Period, in line with the practice followed in other similar airports.

**Expenses towards Utilities and Outsourcing Expenses:**

9.2.21 The Authority examined the expenses towards utilities and noted the following:

**Power expenses:** AAI has projected an increase of 3% per year after, netting off the recoveries made from the Concessionaires.

The Authority notes that AAI has increased the net power costs of FY 2023-24 by 3% year-on-year for the Second Control Period, which the Authority proposes to consider for determining O&M expenses for the Second Control Period.

**Outsourcing expenses:** The Authority observes the outsourcing expenses have been projected by AAI towards consultancy charges, which includes consultation and professional service charges for Airport Council for ACI- Asia, ASQ Rating Survey Fees and other associated services. The Authority notes that the above projections are based on actual expenses incurred by AAI in FY 2023-24. The Authority is of the view all outsourcing expenses may not increase by 10%, as proposed by AAI Y-o-Y. Therefore, the Authority proposes to consider a 5% increase Y-o-Y as done in other similar airports.

**Upkeep expenses:**

9.2.22 The Authority observes that for upkeep expenses, AAI has proposed 10% increase year-on-year for the Second Control Period. The Authority notes that these are contractual expenses, wherein the rates have been finalized for the entire contract period (which is 3 years), and it includes the cost of materials, equipment and labour (including statutory benefits such as PF, ESI, Bonus etc) and increase in minimum wages is being reimbursed to the contractors on actual basis. AAI has

OPERATION AND MAINTENANCE EXPENSES FOR THE SECOND CONTROL PERIOD

not provided any working/ basis for 10% increase Y-o-Y. As manpower expense is a significant component and the revision of Minimum wages is based on statutory requirements, the Authority proposes to consider a 5% year-on-year increase towards Upkeep expenses across the Second Control Period, for Amritsar International Airport.

**Other Outflows- Collection charges on UDF:**

9.2.23 For other outflows, i.e., Collection Charges on UDF, AAI has considered the growth rate to be the same as that of passenger traffic. The Authority proposes to use the same fundamental approach, as it finds the same to be a reasonable driver.

9.2.24 Based on the above observations, the Authority has determined the O&M expenses, which it proposes to consider in the Second Control Period. The same has been presented as follows:

*Table 48: Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the Second Control Period*

(₹ Crores)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Payroll Costs	24.33	25.79	27.34	28.98	30.72	<b>137.15</b>
Retirement benefits of Employees at Amritsar Airport	1.77	1.88	1.99	2.11	2.24	<b>9.99</b>
Repair & Maintenance (Refer Table 47)	11.03	19.62	24.49	22.42	26.71	<b>104.27</b>
Power Expenses	9.17	9.45	9.73	10.02	10.32	<b>48.69</b>
Utilities & Outsourcing Expenses	2.26	2.48	2.72	2.98	3.26	<b>13.69</b>
Upkeep Expenses	5.44	5.72	6.00	6.30	6.62	<b>30.08</b>
Admin. & Other Expenses - Excluding CHQ/RHQ and Upkeep expenses	9.32	10.22	11.24	12.30	13.53	<b>56.61</b>
Admin. & Other Expenses - CHQ/RHQ	24.58	25.81	27.10	28.45	29.87	<b>135.81</b>
Other Outflows	0.46	0.51	0.57	0.62	0.69	<b>2.86</b>
<b>Total O&amp;M Expenditure</b>	<b>88.37</b>	<b>101.47</b>	<b>111.17</b>	<b>114.18</b>	<b>123.95</b>	<b>539.15</b>

**Note:** The variance between O&M expenses proposed by the Authority for the Second Control Period (₹ 539.15 Cr. ) and that claimed by AAI (₹ 728.35 Cr.) is on account of the following:

- i. Rationalization of payroll expenses amounting to ₹ 15.73 Cr.
- ii. Rationalisation of allocation of CHQ/ RHQ expenses amounting to ₹ 122.94 Cr.
- iii. Rationalisation of Repair and Maintenance expenses amounting to ₹ 41.25 Cr

The Authority expects AAI to bring in efficiencies in the incurrence of O&M expenses for the benefit of airport users and in line with AERA Act, AERA Guidelines and ICAO Principles.

9.2.25 Based on above considerations, the Authority proposes the following Y-o-Y growth rates in

Operation and Maintenance expenses.

Table 49: Growth rates in O&M expenses considered by the Authority for the Second Control Period

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Payroll Costs	6%	6%	6%	6%	6%
Retirement Benefits of Employees at AIA	6%	6%	6%	6%	6%
Power Expenses	3%	3%	3%	3%	3%
Utilities & Outsourcing Expenses	8%	10%	10%	10%	10%
Upkeep Expenses	5%	5%	5%	5%	5%
Admin. & Other Expenses - CHQ/RHQ	5%	5%	5%	5%	5%

### 9.3 Authority’s proposal regarding Operation and Maintenance expenses for the Second Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to O&M expenses for the Second Control Period.

- 9.3.1 To consider O&M expenses for the Second Control Period for AIA as per Table 48.
- 9.3.2 To consider the O&M expenses incurred by AAI for AIA during the Second Control Period subject to reasonableness and efficiency, at the time of tariff determination for the next Control Period.

**10 NON-AERONAUTICAL REVENUE FOR THE SECOND CONTROL PERIOD****10.1 AAI's Submission on Non-Aeronautical Revenue for the Second Control Period for AIA**

10.1.1 AAI has forecasted revenue from services other than Aeronautical services for AIA as below:

*Table 50: Non-aeronautical revenue projections submitted by AAI for AIA*

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
<b>1. Passenger Related</b>						
Restaurant / Snack Bars	13.50	14.61	15.35	16.11	16.92	<b>76.49</b>
T.R. Stall	6.99	7.69	8.45	9.30	10.23	<b>42.66</b>
Hoarding & Display	6.23	7.24	8.42	9.70	11.17	<b>42.76</b>
Car Rentals	1.38	1.51	1.66	1.82	2.01	<b>8.39</b>
Car Parking	3.63	3.99	4.39	4.83	5.31	<b>22.16</b>
Admission Tickets	0.99	1.09	1.20	1.32	1.45	<b>6.05</b>
Duty free shops	11.61	12.77	14.05	15.32	16.69	<b>70.45</b>
<b>3. Other Revenue</b>						
Land Leases	0.42	0.48	0.48	0.48	0.56	<b>2.43</b>
Building (Residential)	0.02	0.02	0.02	0.03	0.03	<b>0.12</b>
Building (Non-Residential)	1.81	1.99	2.19	2.41	2.65	<b>11.03</b>
<b>Total</b>	<b>46.58</b>	<b>51.41</b>	<b>56.22</b>	<b>61.31</b>	<b>67.02</b>	<b>282.53</b>

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

*Table 51: Growth rates assumed by AAI for AIA for Non-aeronautical revenue*

Particulars	FY	FY	FY	FY	FY
	2024-25	2025-26	2026-27	2027-28	2028-29
<b>1. Passenger Related</b>					
Restaurant / Snack Bars	45%	8%	5%	5%	5%
T.R. Stall	4%	10%	10%	10%	10%
Hoarding & Display	211%	16%	16%	15%	15%
Car Rentals	54%	10%	10%	9%	11%
Car Parking	20%	10%	10%	10%	10%
Admission Tickets	130%	10%	10%	10%	10%
Duty free shops	157%	10%	10%	9%	9%
<b>3. Other Revenue</b>					
Land Leases	149%	15%	0%	0%	15%
Building (Residential)	5%	5%	5%	5%	5%
Building (Non-Residential)	10%	10%	10%	10%	10%

**10.2 Authority's examination of Non-aeronautical revenue for the Second Control Period**

10.2.1 The Authority reviewed sample contracts executed with the Concessionaires by AAI during FY 2023-24 and considered the NAR for FY 2023-24 as the basis, to assess the Non-aeronautical revenue projected by AAI for the Second Control Period.



**Revenue from Passenger related services**

10.2.2 The Authority notes that the total NAR projected by AAI for the Second Control Period, that is ₹ 282.53 Crores is 140% higher than NAR of ₹ 117.85 Crores achieved in the First Control Period by AAI for Amritsar Airport. Further, the revenue from Passenger services (other than Rent and Services) projected for the Second Control Period amounts to ₹ 268.95 Crores, which is 151% higher than ₹ 107.26 Crores achieved by AAI in the First Control Period

10.2.3 The Authority notes that AAI had considered substantial growth rates of 45%, 211%, 130% and 157% in Restaurant/ Snack bars, Hoarding and Displays, Admission Tickets and Duty-Free Shops revenue in FY 2024-25 as compared to the FY 2023-24, due to new contracts being executed with the Concessionaires. In view of the above, the Authority proposes to consider the Non-Aeronautical Revenue related to passengers as submitted by AAI for the Second Control Period.

**Other revenue**

10.2.4 The Authority has examined the Revenue from other services proposed by AAI as follows:-

- i Revenue from Building (residential): The Authority notes that AAI has assumed 5% Y-O-Y increase in revenue from Building (residential) and proposes to consider the same.
- ii Land Lease: AAI has proposed NIL growth for FY 2024-25 as the land rental rates are revised after the period of 3 years. The last revision was done in FY 2022-23 as per the land management Circular No. 22 dated June 4, 2022. Further, the Authority proposes to consider the land lease rate growth of 15% in FY 2025-26 and FY 2028-29, as projected by AAI.
- iii Building (Non Residential): AAI has projected 10% Y-O-Y increase for Second Control Period, towards Building (Non-Residential) and the Authority proposes to consider the same.

10.2.5 Based on the Authority's examination, the NAR determined for AIA for the Second Control Period have been presented in the table below:

*Table 52: Non-aeronautical revenues proposed by the Authority for AIA for the Second Control Period*

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
<b>1. Passenger related revenue</b>						
Restaurant / snack bars	13.50	14.61	15.35	16.11	16.92	<b>76.49</b>
T.R. stall	6.99	7.69	8.45	9.30	10.23	<b>42.66</b>
Hoarding & display	6.23	7.24	8.42	9.70	11.17	<b>42.76</b>
Car Rentals	1.38	1.51	1.66	1.82	2.01	<b>8.39</b>
Car parking	3.63	3.99	4.39	4.83	5.31	<b>22.16</b>
Admission tickets	0.99	1.09	1.20	1.32	1.45	<b>6.05</b>
Duty Free Shops	11.61	12.77	14.05	15.32	16.69	<b>70.45</b>
<b>2. Other Revenue</b>						
Land Leases	0.42	0.48	0.48	0.48	0.56	<b>2.43</b>
Building (residential)	0.02	0.02	0.02	0.03	0.03	<b>0.12</b>
Building (non-residential)	1.81	1.99	2.19	2.41	2.65	<b>11.03</b>
<b>Total (1+2)</b>	<b>46.58</b>	<b>51.41</b>	<b>56.22</b>	<b>61.31</b>	<b>67.02</b>	<b>282.53</b>

10.2.6 The growth rates as per Authority's examination have been presented in the table below:

*Table 53: Growth rates in Non-aeronautical revenue proposed by the Authority*

Particulars	FY	FY	FY	FY	FY
	2024-25	2025-26	2026-27	2027-28	2028-29
<b>1. Passenger related revenue</b>					
Restaurant / Snack Bars	45%	8%	5%	5%	5%
T.R. Stall	4%	10%	10%	10%	10%
Hoarding & Display	211%	16%	16%	15%	15%
Car Rentals	54%	10%	10%	9%	11%
Car Parking	20%	10%	10%	10%	10%
Admission Tickets	130%	10%	10%	10%	10%
Duty free shops	157%	10%	10%	9%	9%
<b>3. Other Revenue</b>					
Land Leases	149%	15%	0%	0%	15%
Building (Residential)	5%	5%	5%	5%	5%
Building (Non-Residential)	10%	10%	10%	10%	10%

### 10.3 Authority's proposal regarding Non-aeronautical revenues for the Second Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Non-aeronautical revenue for the Second Control Period.

- 10.3.1 To consider Non-aeronautical revenues for the Second Control Period for AIA in accordance with Table 52.
- 10.3.2 To consider actual Non-aeronautical revenue achieved by AAI for AIA for the Second Control Period, while determining tariff for the next Control Period.

## 11 TAXATION FOR THE SECOND CONTROL PERIOD

### 11.1 AAI's Submission on Taxation for the Second Control Period for AIA

11.1.1 AAI has calculated the revenue generated from regulated services, Aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per income tax. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% was applied, after setting off prior losses. The Aeronautical taxes submitted by AIA are shown in the table below:

Table 54: Tax Expense submitted by AAI for AIA for the Second Control Period

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Aeronautical Revenue with Revised Rates	200.42	222.96	244.75	265.85	290.02	<b>1,223.99</b>
O&M expenses	117.19	134.56	146.86	160.49	169.24	<b>728.35</b>
Depreciation	22.53	21.40	19.09	35.67	50.52	<b>149.21</b>
<b>Profit Before Tax</b>	60.70	67.00	78.80	69.70	70.25	<b>346.44</b>
Set-off of prior period tax losses	(32.88)	-	-	-	-	<b>(32.88)</b>
PBT after set-off of prior period losses	27.82	67.00	78.80	69.70	70.25	<b>313.56</b>
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	7.00	16.86	19.83	17.54	17.68	<b>78.92</b>

### 11.2 Authority's examination of Taxation for the Second Control Period

11.2.1 The Authority notes that AIA has calculated income tax based on the projected Aeronautical revenues. The Authority has re-computed the taxes based on the revised regulatory blocks for the Second Control Period proposed in the previous chapters. The following table summarizes the Aeronautical taxes proposed by the Authority for the Second Control Period.

Table 55: Taxation proposed to be considered by the Authority for the Second Control Period

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Aeronautical Revenue (refer Table 62)	193.15	134.49	147.63	160.02	174.68	<b>809.96</b>
O&M expenses (refer Table 48)	88.37	101.47	111.17	114.18	123.95	<b>539.15</b>
Depreciation	22.32	21.19	20.20	24.77	34.79	<b>123.27</b>
<b>Profit Before Tax</b>	<b>82.46</b>	<b>11.83</b>	<b>16.25</b>	<b>21.07</b>	<b>15.94</b>	<b>147.55</b>
Set-off of prior period tax losses	-	-	-	-	-	-
PBT after set-off of prior period tax losses	82.46	11.83	16.25	21.07	15.94	<b>147.55</b>
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	<b>20.76</b>	<b>2.98</b>	<b>4.09</b>	<b>5.30</b>	<b>4.01</b>	<b>37.14</b>

**Note:** The variance between taxation proposed by the Authority for the Second Control Period (₹ 37.14 Cr.) and that claimed by AAI (₹ 78.92 Cr.) is on account of the following:

- Rationalization of aeronautical revenue amounting to ₹ 414.03 Crores.
- Rationalization of allocation of O&M expenses amounting to ₹ 189.20 Crores.
- Variance between the depreciation computed by AAI and that derived by the Authority. Depreciation computed

by AAI is based on CAPEX of ₹ 392.82 Crores, submitted in its revised MYTP dated October 24, 2024. However, depreciation computed by the Authority is based on revised project costs subsequently submitted by AAI vide its email dated November 18, 2024.

### **11.3 Authority's proposal regarding Taxation for the Second Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Tax Expense for the Second Control Period.

- 11.3.1 To consider the Taxation for the Second Control Period for AIA as per Table 55.
- 11.3.2 To true up the aeronautical tax amount appropriately, taking into consideration true up details as per methodology followed in Table 55.

**12 QUALITY OF SERVICE FOR THE SECOND CONTROL PERIOD**

**12.1 AAI’s Submission on Quality of Service for the Second Control Period for AIA**

12.1.1 AIA has not made any submission related to Quality of Service as part of its MYTP submission. The Authority was informed that the same is available in AAI’s website (station-wise).

**12.2 Authority’s examination regarding Quality of Service for the Second Control Period**

12.2.1 The Authority notes that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall “*monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf.*”
- As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration “*the service provided, its quality and other relevant factors.*”

12.2.2 The Authority noted from AAI’s website that the ACI ASQ survey results for AIA for the years 2019 to 2024(Q2) have been in the range of 4.53 to 4.93 (overall score), as against the average score of AAI Airports which ranges from 4.60 to 4.81

*Table 56: ASQ rating for AIA for the years 2019-2024*

Calendar Year (CY)	ASQ rating
2019	4.70
2020	4.93
2021	-
2022	4.80
2023	4.73
2024 (Q1)	4.69
2024 (Q2)	4.53

12.2.3 The Authority notes that the ASQ rating awarded to AIA is quite close to the average rating of the AAI airports.

12.2.4 Also, the Authority reviewed the MoU between AAI and MoCA for the year 2019-20 and noted that the ASQ rating target for the year 2019-20 was 4.68. The actual ASQ rating achieved by Amritsar International Airport for CY 2019 was 4.70, which is higher than the target rating. The ASQ rating for CY 2021 is not available as the survey was not conducted due to COVID 19 pandemic. Further, the Authority notes that now MoU between AAI and MoCA does not contain parameter on ASQ ratings.

12.2.5 The Authority does not propose any adjustment towards tariff determination for the Second Control Period on account of quality of service maintained by AIA, as the ASQ rating of the Airport, post COVID-19 pandemic, is also closer to that achieved during pre-pandemic years.

**12.3 Authority’s proposal regarding Quality of Service for the Second Control Period**

Based on the material before it and its analysis, the Authority proposes the following with regard to Quality of Service for the Second Control Period:

12.3.1 Not to consider any adjustment towards tariff determination for the Second Control Period with regard to Quality of Service.

### 13 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE SECOND CONTROL PERIOD

#### 13.1 AAI's Submission on Aggregate Revenue Requirement for the Second Control Period for AIA

13.1.1 AAI has submitted ARR and Yield per Passenger (YPP) for the Second Control Period as per the regulatory building blocks discussed.

13.1.2 The summary of ARR and YPP has been presented in the table below.

Table 57: ARR submitted by AAI for AIA for the Second Control Period

(₹ Crores)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Average RAB	200.47	193.82	179.15	344.41	499.70	
Fair Rate of Return	14.00%	14.00%	14.00%	14.00%	14.00%	
Return on average RAB	28.07	27.13	25.08	48.22	69.96	<b>198.46</b>
Depreciation	17.24	16.81	16.37	24.98	34.52	<b>109.91</b>
O&M expenses	117.19	134.56	146.86	160.49	169.24	<b>728.35</b>
IDC*	0.79	0.74	0.64	0.54	0.43	<b>3.15</b>
Tax expense	7.00	16.86	19.83	17.54	17.68	<b>78.92</b>
<b>ARR per year</b>	<b>170.29</b>	<b>196.11</b>	<b>208.78</b>	<b>251.77</b>	<b>291.83</b>	<b>1,118.78</b>
Shortfall carried forward from First Control Period	154.55	-	-	-	-	<b>154.55</b>
Gross ARR	<b>324.84</b>	<b>196.11</b>	<b>208.78</b>	<b>251.77</b>	<b>291.83</b>	<b>1,273.34</b>
NAR	46.58	51.41	56.22	61.31	67.02	<b>282.53</b>
Less: 30% NAR	13.97	15.42	16.87	18.39	20.11	<b>84.76</b>
Net ARR	310.87	180.68	191.91	233.38	271.73	<b>1,188.58</b>
Discount factor (@ 14.00%)	1	0.88	0.77	0.67	0.59	
PV of ARR (₹ Crores)	310.87	158.50	147.67	157.53	160.89	<b>935.44</b>
Sum Present value of ARR (₹ Crores)					<b>935.44</b>	<b>935.44</b>
Total Traffic (million passengers)					21.25	<b>21.25</b>
Yield per passenger on Total Traffic (YPP) (₹)					440.21	<b>440.21</b>

**Note:** AAI had submitted the revised MYTP on October 24, 2024. Subsequently, AAI had submitted the revised estimates of CAPEX pertaining to Terminal Building and PTT over email, from time to time based on queries raised by the Authority's Independent Consultant. However, AAI had not submitted the revised ARR table. Therefore, the ARR table (Table 57) as per the revised MYTP of AAI has been shown above.

\*AAI has claimed IDC amounting to ₹ 3.15 Crores on the debts availed during the First Control Period as detailed in para 4.4.8.

#### 13.2 Authority's examination of Aggregate Revenue Requirement (ARR) for the Second Control Period

13.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. Consequent to detailed examination of each regulatory building block, the Authority proposes the following ARR and YPP, as presented in the table below:

AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE SECOND CONTROL PERIOD

*Table 58: ARR proposed to be considered by the Authority for the Second Control Period*

(₹ Crores)

Particulars	Table Ref.	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
Average RAB = A	40	182.24	173.85	171.08	219.48	323.79	
Fair Rate of Return = B	41	11.90%	11.90%	11.90%	11.90%	11.90%	
Return on average RAB C= A*B		21.69	20.69	20.36	26.12	38.54	<b>127.40</b>
Depreciation – D	38	19.94	16.99	17.62	19.72	23.25	<b>97.52</b>
O&M expenses – E	48	88.37	101.47	111.17	114.18	123.95	<b>539.15</b>
IDC – F		0.79	0.74	0.64	0.54	0.43	<b>3.15</b>
Tax expense – G	55	20.76	2.98	4.09	5.30	4.01	<b>37.14</b>
<b>ARR per year = SUM (C:G)</b>		<b>151.55</b>	<b>142.87</b>	<b>153.88</b>	<b>165.86</b>	<b>190.19</b>	<b>804.36</b>
Shortfall carried forward from First Control Period	23	82.22					<b>82.22</b>
Gross ARR – H		<b>233.77</b>	<b>142.87</b>	<b>153.88</b>	<b>165.86</b>	<b>190.19</b>	<b>886.58</b>
NAR	52	46.58	51.41	56.22	61.31	67.02	<b>282.53</b>
Less: 30% NAR – I		13.97	15.42	16.87	18.39	20.11	<b>84.76</b>
Net ARR = (H-I)		219.80	127.44	137.02	147.47	170.08	<b>801.82</b>
Discount factor (@ 11.90%)		1	0.89	0.80	0.71	0.64	
PV of ARR (₹ Crores)		219.80	113.89	109.42	105.25	108.47	<b>656.83</b>
Sum Present value of ARR (₹ Crores)		<b>656.83</b>					<b>656.83</b>
Total Traffic (MPPA)	27	21.25					<b>21.25</b>
Yield per passenger on Total Traffic (YPP) (₹)		309.07					<b>309.07</b>
Departing passengers (MPPA)		10.63					<b>10.63</b>
Yield per Departing Passenger (₹)		618.13					<b>618.13</b>

13.2.2 AERA has determined PV of ARR of ₹ 656.83 Crores, as against the PV of ARR of ₹ 935.44 proposed by AAI. The variation of ₹ 278.62 Crores between the ARR proposed by the Authority and that claimed by AAI are attributable to following factors:

- i Rationalization of CAPEX (refer Table 36) amounting to ₹ 11.95 Crores, resulting in reduction of depreciation and Return on RAB.
- ii Determination of FRoR by the Authority as 11.90% as against 14% claimed by AAI.
- iii Rationalization of O&M expenses like Payroll expenses, CHQ/ RHQ allocation, Admin and General expenses, R&M Expenses etc. amounting to ₹ 189.20 Crores
- iv Reduction in taxation, due to rationalization of other building blocks such O&M expenses, depreciation and the Aeronautical revenue determined by the Authority (based on the proposed Tariff Rate card of the Authority).

### 13.3 Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the Second Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to ARR for the Second Control Period.

13.3.1 To consider the ARR and Yield for the Second Control Period for AIA in accordance with Table 58.

## 14 AERONAUTICAL REVENUE FOR THE SECOND CONTROL PERIOD

### 14.1 AAI's Submission on Aeronautical Revenue for the Second Control Period for AIA

14.1.1 AAI has proposed to increase the Aeronautical tariffs with effect from January 1, 2025 as per the schedule below:

- **Landing charges** – For domestic ATM, AAI has proposed one-time increase of 30% from the existing charges w.e.f. January 1, 2025. For international ATM, AAI has proposed only one-time increase of 5% from the existing charges w.e.f. January 1, 2025.
- **Parking charges** - For international ATM, AAI has proposed one-time increase of 3% from the existing charges w.e.f. January 1, 2025 to March 31, 2025. No further increase has been proposed by AAI. Also, no rate increase has been proposed for Domestic ATM.
- **User Development Fee (UDF)** – AAI has proposed the following UDF rates w.e.f. January 1, 2025.

Table 59: Increase in UDF rates proposed by AAI

Particulars	Existing rates	FY	FY	FY	FY	FY
		2024-25 (January 1, 2025 to March 31, 2025)	2025-26	2026-27	2027-28	2028-29
Domestic UDF	500	460	460	460	460	460
Domestic UDF		-8.00%	0.00%	0.00%	0.00%	0.00%
International UDF	1,300	1,300	1,300	1,300	1,300	1,300
International UDF		0.00%	0.00%	0.00%	0.00%	0.00%

Table 60: Aeronautical revenue submitted by AAI for AIA for the Second Control Period

(₹ Crores)

Particulars	FY	FY	FY	FY	FY	Total
	2024-25	2025-26	2026-27	2027-28	2028-29	
Parking Charges	0.76	0.84	0.91	0.99	1.07	<b>4.56</b>
UDF Charges	129.19	138.75	153.23	167.68	183.51	<b>772.36</b>
Landing Charges	53.21	64.43	70.09	75.88	82.15	<b>345.77</b>
CUTE charges	4.28	4.74	5.25	5.76	6.32	<b>26.35</b>
Ground handling charges	8.95	9.70	10.52	10.52	11.37	<b>51.07</b>
Royalty from AAICLAS	0.37	0.39	0.41	0.43	0.45	<b>2.05</b>
Space Rent from Airlines	2.16	2.37	2.61	2.87	3.16	<b>13.16</b>
Land Lease	1.50	1.73	1.73	1.73	1.99	<b>8.68</b>
<b>Total Revenue</b>	<b>200.42</b>	<b>222.96</b>	<b>244.75</b>	<b>265.85</b>	<b>290.02</b>	<b>1,223.99</b>

**Note:** AAI had submitted the revised MYTP on October 24, 2024. Subsequently, AAI had submitted the revised estimates of CAPEX pertaining to Terminal Building and PTT over email, from time to time based on queries raised by the Authority's Independent Consultant. However, AAI had not submitted the revised Aeronautical rates. Therefore, the Aeronautical rates and revenue as per the revised MYTP of AAI has been shown above (in Table 60).

14.1.2 For revenues based on agreements i.e., Land lease from oil companies and Ground handling companies, AAI has proposed to consider the same revenue of FY 2025-26 for FY 2026-27 to FY 2027-28.

### 14.2 Authority's examination of Aeronautical Revenue for the Second Control Period

14.2.1 The Authority observes AAI has proposed only a minimum one time increase in Domestic and



International Landing charges and International Parking charges, as mentioned in para 14.1.1 of this Consultation Paper. Further, AAI has proposed de-growth in Domestic UDF by 8%.

14.2.2 However, based on the rationalizations proposed by the Authority on the various regulatory building blocks (as discussed in the previous chapters), the Authority has derived the PV of ARR as ₹ 656.46 Cr (as per Table 58) for the Second Control Period for Amritsar Airport. Based on the above ARR, the Authority proposes a 42% reduction in aeronautical tariff (from the existing rates of both domestic and international flights) towards Landing charges, Parking charges and UDF charges, w.e.f. March 1, 2025 for the Second Control Period for Amritsar International Airport.

14.2.3 Domestic and International UDF charges proposed by AERA for the Second Control Period for AIA is as follows:

*Table 61: UDF charges proposed by the Authority for AIA for the Second Control Period*

Passenger	FY 2023-24 (existing rates)	FY 2024-25 (March 1, 2025 to March 31, 2029)
Domestic (in ₹)	500	288
International (in ₹)	1,300	749

14.2.4 The Authority has determined the Aeronautical revenue based on the proposed Aeronautical charges as follows:

*Table 62: Aeronautical revenues proposed to be considered by the Authority for the Second Control Period*

(₹ Crores)

Particulars	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
<b>Total PV of ARR including true up (₹ in Crores) (a) (as per Table 58)</b>	<b>656.83</b>					<b>656.83</b>
<b>Aeronautical Revenue</b>						
UDF Charges (₹ in Crores)	125.76	82.97	91.65	100.31	109.80	<b>510.50</b>
Landing Charges (₹ in Crores)	49.40	32.13	34.98	37.88	41.02	<b>195.39</b>
Parking and Housing Charges (₹ in Crores)	0.72	0.45	0.49	0.53	0.57	<b>2.76</b>
CUTE charges (₹ in Crores)	4.28	4.74	5.25	5.76	6.32	<b>26.35</b>
Ground handling charges (₹ in Crores)	8.95	9.70	10.52	10.52	11.37	<b>51.07</b>
Royalty from AAICLAS (₹ in Crores)	0.37	0.39	0.41	0.43	0.45	<b>2.05</b>
Space rent from Airlines	2.16	2.37	2.61	2.87	3.16	<b>13.16</b>
Land Lease – Oil Companies / Ground Handling Companies (₹ in Crores)	1.50	1.73	1.73	1.73	1.99	<b>8.68</b>
<b>Total Revenue (b)</b>	<b>193.15</b>	<b>134.49</b>	<b>147.63</b>	<b>160.02</b>	<b>174.68</b>	<b>809.96</b>
PV factor	1	0.89	0.80	0.71	0.64	
<b>PV of Aero Revenue (c)</b>	193.15	120.18	117.89	114.20	111.40	<b>656.83</b>
<b>∑ PV Projected Aero Revenue (d)</b>	<b>656.83</b>					<b>656.83</b>
<b>Surplus/ (Shortfall) proposed to be carried forward for Next Control Period (d) – (a) (as on March 31, 2024)</b>	<b>-</b>					<b>-</b>

14.2.5 As can be observed from the above table, as per the Authority's proposals, AAI is entitled to recover an ARR of ₹ 656.83 Crores (in NPV terms). The present value of total projected Aeronautical revenues based on the Authority's proposed Landing, Parking and UDF charges is ₹ 656.83 Crores (in NPV terms), which is equivalent to the Target Revenue/ ARR determined by

the Authority for the Second Control Period.

**14.3 Authority's proposal regarding Aeronautical Revenue for the Second Control Period**

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Aeronautical Revenue for the Second Control Period.

- 14.3.1 To consider Aeronautical revenue for the Second Control Period for AIA as per Table 62.
- 14.3.2 To true up Aeronautical revenue based on actual numbers for the Second Control Period at the time of determination of tariff for the Third Control Period.

## 15 SUMMARY OF AUTHORITY'S PROPOSALS

### Chapter 4: True Up of the First Control Period

- 4.11.1 To consider capital additions as detailed in Table 9 for true up of the First Control Period.
- 4.11.2 To consider Aeronautical depreciation as mentioned in Table 10 for true up of the First Control Period.
- 4.11.3 To consider RAB as per Table 11 for true up for the First Control Period.
- 4.11.4 To consider FRoR as 14% for the purpose of true up of the First Control Period.
- 4.11.5 To consider the Non-aeronautical revenues as presented in Table 12 for the purpose of true up of the First Control Period.
- 4.11.6 To consider the O&M expenses as detailed in Table 18 for the purpose of true up of the First Control Period.
- 4.11.7 To consider actual Aeronautical revenue as per Table 21 for true up of the First Control Period for AIA
- 4.11.8 To consider ARR and Under-recovery as detailed in Table 23 for true up of the First Control Period for AIA and readjust the shortfall for the Second Control Period.

### Chapter 5: Traffic for the Second Control Period

- 5.3.1 To consider the passenger and ATM traffic for the Second Control Period for AIA as per Table 27.
- 5.3.2 To true up the traffic volume (passenger and ATM) on the basis of actual traffic in the Second Control Period while determining tariff for the Third Control Period.

### Chapter 6: Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Second Control Period

- 6.5.1 To adopt the capitalization of Aeronautical Capital Expenditure for the Second Control Period in accordance with Table 36.
- 6.5.2 To true up the Capital expenditure based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for Third Control Period.
- 6.5.3 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and is properly justified, the same would be considered by the Authority while trueing up the actual cost at the time of determination of tariff for the Third Control Period.
- 6.5.4 To consider depreciation as per Table 38 for the Second Control Period.
- 6.5.5 To true up Depreciation of the Second Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the Third Control Period.
- 6.5.6 To consider average RAB for the Second Control Period for AIA as per Table 40.
- 6.5.7 To true up the RAB based on actuals at the time of tariff determination for the Third Control Period.

**Chapter 7: Fair Rate of Return for the Second Control Period**

7.3.1 To consider FRR of 11.90 % for AIA for the Second Control Period as per Table 41.

**Chapter 8: Inflation for the Second Control Period**

8.3.1 To consider Inflation for the Second Control Period for AIA as detailed in Table 42.

**Chapter 9: Operation and Maintenance expenses for the Second Control Period**

9.3.1 To consider O&M expenses for the Second Control Period for AIA as per Table 48

9.3.2 To consider the O&M expenses incurred by AAI for AIA during the Second Control Period subject to reasonableness and efficiency, at the time of tariff determination for the next Control Period.

**Chapter 10: Non-aeronautical revenue for the Second Control Period**

10.3.1 To consider Non-aeronautical revenues for the Second Control Period for AIA in accordance with Table 52.

10.3.2 To consider actual Non-aeronautical revenue achieved by AAI for AIA for the Second Control Period, while determining tariff for the next Control Period.

**Chapter 11: Taxation for the Second Control Period**

11.3.1 To consider the Taxation for the Second Control Period for AIA as per Table 55.

11.3.2 To true up the aeronautical tax amount appropriately, taking into consideration true up details as per methodology followed in Table 55.

**Chapter 12: Quality of Service for the Second Control Period**

12.3.1 Not to consider any adjustment towards tariff determination for the Second Control Period with regard to Quality of Service.

**Chapter 13: Aggregate Revenue Requirement (ARR) for the Second Control Period**

13.3.1 To consider the ARR and Yield for the Second Control Period for AIA in accordance with Table 58.

**Chapter 14: Aeronautical Revenue for the Second Control Period**

14.3.1 To consider Aeronautical revenue for the Second Control Period for AIA as per Table 62.

14.3.2 To true up Aeronautical revenue based on actual numbers for the Second Control Period at the time of determination of tariff for the Third Control Period.

## **16 STAKEHOLDERS' CONSULTATION TIMELINE**

- 16.2.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 15 – Summary of the Authority's proposals read with the relevant discussion in the other chapters of the Paper is hereby put forth for Stakeholders' Consultation.
- 16.2.2 For removal of doubts, it is clarified and explained 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.
- 16.2.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in this Consultation Paper, latest by 18.01.2025.

**Secretary,  
Airports Economic Regulatory Authority of India  
3<sup>rd</sup> Floor, Udaan Bhawan  
Safdarjung Airport New Delhi -110003  
Tel: 011-24695044-47, Fax: 011-24695048**

**(Chairperson)**

## 17 LIST OF ANNEXURES

### 17.1 Annexure I: Annual Tariff proposal submitted by AAI for AIA for the Second Control Period

17.1.1 As part of the Multi-year Tariff proposal, AAI submitted a Tariff Card for all five years of the Second 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.

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

#### i. Landing charges

*Table 63: Landing charges (domestic) proposed by AAI for the Second Control Period*

Weight of the Aircraft	Rates per Hour (₹) (01.04.2024 to 31.12.2024) (Existing Rates)	Rates per Hour (₹) (01.01.2025 to 31.03.2029)
Up to 25 MT	243 Per MT	316 Per MT
Above 25 MT up to 50 MT	6,063+352 per MT in excess of 25 MT	7,900+458 per MT in excess of 25 MT
Above 50 MT up to 100 MT	14,867+391 per MT in excess of 50 MT	1,9350+508 per MT in excess of 50 MT
Above 100 MT to 200 MT	34,397+431 per MT in excess of 100 MT	44,750+560 per MT in excess of 100 MT
Above 200 MT	77539+455 per MT in excess of 100 MT	1,00,750+592 per MT in excess of 200

*\*There is one time increase of 30% in landing charges (domestic) with effect from 1<sup>st</sup> Jan '2025 to March 2025. No further increase in respective charges from FY25-26 onwards till FY28-29.*

*Table 64: Landing charges (International) proposed by AAI for the Second Control Period*

Weight of the Aircraft	Rates per Hour (₹) (01.04.2024 to 31.12.2024) (Existing Rates)	Rates per Hour (₹) (01.01.2025 to 31.03.2029)
Up to 25 MT	408 Per MT	428 Per MT
Above 25 MT up to 50 MT	10,203+682 per MT in excess of 25 MT	10,700+716 per MT in excess of 25 MT
Above 50 MT up to 100 MT	27,255+793 per MT in excess of 50 MT	28,600+833 per MT in excess of 50 MT
Above 100 MT to 200 MT	66,899+892 per MT in excess of 100 MT	70,250+937 per MT in excess of 100 MT
Above 200 MT	1,56,098+991 per MT in excess of 200MT	1,63,950+1041 per MT in excess of 200MT

*\*There is one time increase of 5% in landing charges (international) with effect from 1<sup>st</sup> Jan '2025 to March 2025. No further increase in respective charges from FY25-26 onwards till FY28-29.*

#### Notes:

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 are concerned, irrespective of flight number assigned to such flights.
3. Domestic leg of international routes of foreign carriers shall be treated as international flights.
4. Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).
5. Flight operating under Regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.
6. A Minimum landing charges of INR 4,000 per flight in respect of domestic Non-scheduled operators/GA operators or the applicable landing charges, whichever is higher, will be applicable.

## ii. Parking Charges

*Table 65: Existing Parking charges (Domestic)*

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to four hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+ 4.60 per MT per Hour in excess of 25 MT	150.00+9.20 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	190.00+ 5.70 per MT per Hour in excess of 50 MT	380+11.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	475.75+ 8.80 per MT per Hours in excess of 100 MT	950.00+17.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,355.00+ 9.00 per MT per Hours in excess of 200 MT	2,710.00+18.00 per MT per Hours in excess of 200 MT

*Table 66: Existing Parking charges (International)*

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to four hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	3.30 Per Hour Per MT	6.60 Per Hour Per MT
Above 25 MT up to 50 MT	82.50+ 5.60 per MT per Hour in excess of 25 MT	165.00+11.20 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	222.50+ 6.00 per MT per Hour in excess of 50 MT	445.00+12.00 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	522.50 + 10.20 per MT per Hours in excess of 100 MT	1,045.00+20.40 per MT per Hours in excess of 100 MT
Above 200 MT	1,542.50 + 10.80 per MT per Hours in excess of 200 MT	3,085.00 + 21.60 per MT per Hours in excess of 200 MT

Table 67: Parking charges (Domestic) proposed by AAI for the Second Control Period

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to four hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	3.00 Per Hour Per MT	6.00 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+ 4.60 per MT per Hour in excess of 25 MT	150.00+9.20 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	190.00+ 5.70 per MT per Hour in excess of 50 MT	380+11.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	475 + 8.80 per MT per Hours in excess of 100 MT	950.00+17.60 per MT per Hours in excess of 100 MT
Above 200 MT	1,355.00+ 9.00 per MT per Hours in excess of 200 MT	2,710.00+18.00 per MT per Hours in excess of 200 MT

Table 68: Parking charges (International) proposed by AAI for the Second Control Period

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to four hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 25 MT	3.40 Per Hour Per MT	6.80 Per Hour Per MT
Above 25 MT up to 50 MT	85 + 5.80 per MT per Hour in excess of 25 MT	170.00+11.50 per MT per Hour in excess of 25 MT
Above 50 MT up to 100 MT	230 + 6.20 per MT per Hour in excess of 50 MT	457.50 +12.40 per MT per Hour in excess of 50 MT
Above 100 MT to 200 MT	540 + 10.50 per MT per Hours in excess of 100 MT	1,077.50+21.00 per MT per Hours in excess of 100 MT
Above 200 MT	1,590 + 11.10 per MT per Hours in excess of 200 MT	3,177.50 + 22.20 per MT per Hours in excess of 200 MT

\*There is one time increase of 3% in Parking charges (International) with effect from 1st Jan 2025 to March 2025. No further increase in respective charges from FY25-26 onwards till FY28-29.

#### 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 The Night parking charges are waived off 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. User Development Fees (UDF)

Table 69: UDF Proposed by AAI (per embarking passenger)

Rate in (₹)

Passenger	Existing UDF	FY 2024-25 (01.01.2025 to 31.03.2025)	FY 2025-26 (01.04.2025 to 31.03.2026)	FY 2026-27 (01.04.2026 to 31.03.2027)	FY 2027-28 (01.04.2027 to 31.03.2028)	FY 2028-29 (01.04.2028 to 31.03.2029)
Domestic	500.00	460.00	460.00	460.00	460.00	463.00
International	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00	1,300.00

#### 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.
- b) No collection charges are payable to casual operator/non-scheduled operators.
- c) For calculating the 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) The existing UDF charges will be applicable on the tickets issued till 31st Dec 2024.
- e) Revised UDF charges will be applicable on tickets issued on or after 01/01/2025.
- f) No UDF will be levied for Transit Passengers.

### iv. Aviation Security Fee:

- a) Aviation Security Fee (ASF) shall be levied as prescribed by MoCA.

### v. Exemption from levy and collection from UDF/ASF at the Airports:

In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted from levy and collection of UDF:

- 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.

**vi. 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 March 31, 2017 of the Authority from the date the scheme is operationalized by GoI.

## 17.2 Annexure II: Annual Tariff proposed by the Authority for Consultation process

17.2.1 As detailed in Table 62 (Chapter 14), AIA is entitled to recover an ARR of ₹ 656.83 Crores (in NPV terms). The present value of total projected Aeronautical revenues based on the Authority's proposed Landing, Parking and UDF charges is ₹ 656.83 Crores (in NPV terms), which is equivalent to the Target Revenue/ ARR determined by the Authority for the Second Control Period.

17.2.2 The Authority has examined the Annual Tariff Proposal submitted by AAI for AIA. After its examination as detailed in para 14.2, the Authority proposes the following Aeronautical tariffs for AIA for the Second Control Period for consultation process:

17.2.3 Landing charges proposed by the Authority for Amritsar International Airport for the Second Control Period is as follows:

*Table 70: Landing charges(domestic) proposed by the Authority for AIA for the Second Control Period*

(Rates in ₹)

Weight of the Aircraft	Rates per Hour (01.04.2024 to 28.02.2025) (Existing Rates)	Rates per Hour (01.03.2025 to 31.03.2029)
Up to 25 MT	243 Per MT	141 per MT
Above 25 MT up to 50 MT	6,063+352 per MT in excess of 25 MT	3525 + 204 per MT in excess of 25 MT
Above 50 MT up to 100 MT	14,867+391 per MT in excess of 50 MT	8625 + 227 per MT in excess of 50 MT
Above 100 MT to 200 MT	34,397+431 per MT in excess of 100 MT	19975 + 250 per MT in excess of 100 MT
Above 200 MT	77539+455 per MT in excess of 100 MT	44975 + 264 per MT in excess of 200 MT

*Table 71:Landing charges(international) proposed by the Authority for AIA for the Second Control Period*

(Rates in ₹)

Weight of the Aircraft	Rates per Hour (01.04.2024 to 28.02.2025) (Existing Rates)	Rates per Hour (01.03.2025 to 31.03.2029)
Up to 25 MT	408 Per MT	237 per MT
Above 25 MT up to 50 MT	10,203+682 per MT in excess of 25 MT	5,925 + 396 per MT in excess of 25 MT
Above 50 MT up to 100 MT	27,255+793 per MT in excess of 50 MT	15,825 + 460 per MT in excess of 50 MT
Above 100 MT to 200 MT	66,899+892 per MT in excess of 100 MT	38,825 + 517 per MT in excess of 100 MT

<b>Weight of the Aircraft</b>	<b>Rates per Hour (01.04.2024 to 28.02.2025) (Existing Rates)</b>	<b>Rates per Hour (01.03.2025 to 31.03.2029)</b>
Above 200 MT	1,56,098+991 per MT in excess of 200MT	90,525 + 575 per MT in excess of 200 MT

**Notes:**

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, b) helicopters of all types, and 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 are concerned irrespective of flight number assigned to such flights.
3. Domestic leg of international routes of foreign carriers shall be treated as international flights.
4. Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).
5. A minimum Landing charge of Rs.4000/- per Flight in respect of Domestic Non-Scheduled Operators/GA operators or the applicable landing charges whichever is higher will be applicable.
6. Flight operating under regional connectivity scheme will be completely exempted from Landing charges from the date of the scheme is operationalized by GOI.

17.2.4 Parking charges proposed by the Authority for AIA for the Second Control Period is as follows:

*Table 72: Parking Charges (Domestic ATM) up to four hours after first two free hours for the Second Control Period proposed by the Authority*

*(Rates in ₹)*

<b>Weight of Aircraft</b>	<b>Parking Charges Rates per Hour (₹) (up to four hours after first two free hours) (01.04.2024 to 28.02.2025) (Existing Rates)</b>	<b>Parking Charges Rates per Hour (₹) (up to four hours after first two free hours) (01.03.2025 to 31.03.2029)</b>
Up to 25 MT	3.00 Per Hour Per MT	1.75 Per Hour Per MT
Above 25 MT up to 50 MT	75.00+ 4.60 per MT per Hour in excess of 25 MT	43.75 + 2.65 per MT per hour in excess of 25 MT
Above 50 MT up to 100 MT	190.00+ 5.70 per MT per Hour in excess of 50 MT	110 + 3.3 per MT per hour in excess of 50 MT
Above 100 MT to 200 MT	475.75+ 8.80 per MT per Hours in excess of 100 MT	275 + 5.1 per MT per hour in excess of 100 MT
Above 200 MT	1,355.00+ 9.00 per MT per Hours in excess of 200 MT	785 + 5.2 per MT per hour in excess of 200 MT

*Table 73: Parking charges (Domestic ATM) beyond first four hours for the Second Control Period proposed by the Authority*

*(Rates in ₹)*

<b>Weight of Aircraft</b>	<b>Parking Charges Rates per Hour (₹) (beyond first four hours) (01.04.2024 to 28.02.2025) (Existing Rates)</b>	<b>Parking Charges Rates per Hour (₹) (beyond first four hours) (01.03.2025 to 31.03.2029)</b>
Up to 25 MT	6.00 Per Hour Per MT	3.5 Per Hour Per MT
Above 25 MT up to 50 MT	150.00+9.20 per MT per Hour in excess of 25 MT	87.5 + 5.3 per MT per hour in excess of 25 MT
Above 50 MT up to 100 MT	380+11.40 per MT per Hour in excess of 50 MT	220 + 6.6 per MT per hour in excess of 50 MT
Above 100 MT to 200 MT	950.00+17.60 per MT per Hours in excess of 100 MT	550 + 10.2 per MT per hour in excess of 100 MT
Above 200 MT	2,710.00+18.00 per MT per Hours in excess of 200 MT	1,570 + 10.4 per MT per hour in excess of 200 MT

*Table 74: Parking charges (per hour) (International ATM) up to four hours after first two free hours for the Second Control Period proposed by the Authority*

*(Rates in ₹)*

<b>Weight of Aircraft</b>	<b>Parking Charges Rates per Hour (₹) (up to four hours after first two free hours) (01.04.2024 to 28.02.2025) (Existing Rates)</b>	<b>Parking Charges Rates per Hour (₹) (up to four hours after first two free hours) (01.03.2025 to 31.03.2029)</b>
Up to 25 MT	3.30 Per Hour Per MT	1.9 Per Hour Per MT
Above 25 MT up to 50 MT	82.50+ 5.60 per MT per Hour in excess of 25 MT	47.5 + 3.25 per MT per hour in excess of 25 MT
Above 50 MT up to 100 MT	222.50+ 6.00 per MT per Hour in excess of 50 MT	128.75 + 3.5 per MT per hour in excess of 50 MT
Above 100 MT to 200 MT	522.50 + 10.20 per MT per Hours in excess of 100 MT	303.75 + 5.9 per MT per hour in excess of 100 MT
Above 200 MT	1,542.50 + 10.80 per MT per Hours in excess of 200 MT	893.75 + 6.25 per MT per hour in excess of 200 MT

*Table 75: Parking charges (per hour) (International ATM) beyond first four hours for the Second Control Period proposed by the Authority*

(Rates in ₹)

Weight of Aircraft	Parking Charges Rates per Hour (₹) (beyond first four hours) (01.04.2024 to 28.02.2025) (Existing Rates)	Parking Charges Rates per Hour (₹) (beyond first four hours) (01.03.2025 to 31.03.2029)
Up to 25 MT	6.60 Per Hour Per MT	3.8 Per Hour Per MT
Above 25 MT up to 50 MT	165.00+11.20 per MT per Hour in excess of 25 MT	95 + 6.5 per MT per hour in excess of 25 MT
Above 50 MT up to 100 MT	445.00+12.00 per MT per Hour in excess of 50 MT	257.5 + 7 per MT per hour in excess of 50 MT
Above 100 MT to 200 MT	1,045.00+20.40 per MT per Hours in excess of 100 MT	607.5 + 11.8 per MT per hour in excess of 100 MT
Above 200 MT	3,085.00 + 21.60 per MT per Hours in excess of 200 MT	1,787.5 + 12.5 per MT per hour 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 ₹ 20.00 per hour per MT beyond 24 hours is to be payable or as per revised rate if any.

17.2.5 **User Development Fees (UDF):** UDF charges proposed by the Authority for AIA for the Second Control Period is as follows:

**Applicable rates for travel date from March 1, 2025 to March 31, 2029**

(Rate in ₹)

Type of Passenger	Domestic	International
Embarking passenger	288	749

**Notes:**

1. Collection charges: As per the policy pertaining to such charges between the Airport Operator and the airlines.
2. For calculating the UDF in foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the 1<sup>st</sup> fortnight and rate as on 15<sup>th</sup> of the month for tickets issued in the 2<sup>nd</sup> fortnight shall be adopted.
3. Revised UDF charges will be applicable on tickets issued on or after 01/03/2025 for FY 2024-25 and thereafter applicable on date of travel from 1st April 2025 to 31st March 2029.

17.2.6 **Exemption from levy and collection from UDF at the Airports.**

In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted from levy and collection of UDF.

- (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").

17.2.7 **Aviation Security Fee:** Rates and Exemption as prescribed by MoCA from time to time.

**17.2.8 General Condition:**

- a) All the above Charges are excluding GST. GST at the applicable rates is payable in addition to above charges.
- b) Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2018-19 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GoI.