

फा.सं.ऐरा/20010/एमवाईटीपी/एएआई- पटना/ सीपी-1/ 2018-19

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

ऐरा भवन, प्रशासनिक कॉम्प्लेक्स,

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दिनांक : 06 सितम्बर, 2019

विषय: प्रथम नियंत्रण अवधि (01.04.2018 से 31.03.2023) के लिए जयप्रकाश नारायण अंतर्राष्ट्रीय हवाई अड्डा, पटना के संबंध में वैमानिक शुल्कों के निर्धारण के मामले में।

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उपरोक्त विषय पर दिनांक 06 सितम्बर, 2019 का टैरिफ परामर्श पत्र के लिए परिशिष्ट सूचना और अनुपालन के लिए संलग्न है।

उपरोक्त परामर्श पत्र के लिए परिशिष्ट सं 03/2019 -20 पर हितधारको से लिखित साक्ष्य-आधार राय, टिप्पणियां और सुझाव प्रस्तुत करने की अंतिम तिथि 23.09.2019 हैं।

भवदीया,

गीता साहू  
06.09.19  
(गीता साहू)

सहायक महाप्रबंधक (वित्त)

**File No. AERA/20010/MYTP/AAI-PAT/CP-I/2018-19**  
**Addendum to Consultation Paper No. 03/2019-20**



**Airports Economic Regulatory Authority of India**

**In the matter of determination of aeronautical tariffs in respect of  
Jay Prakash Narayan International Airport (PAT), Patna for the  
first Control Period (01.04.2018 to 31.03.2023)**

**06<sup>th</sup> September, 2019**

**AERA Building  
Administrative Complex  
Safdarjung Airport  
New Delhi - 110003**

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# 1.Introduction

- 1.1 The Authority vide Consultation Paper No. 03/2019-20 dated 8<sup>th</sup> May 2019 proposed aeronautical tariffs in respect of Patna Airport for the 1<sup>st</sup> control period (01.04.2018 to 31.03.2023). The Authority had invited comments from stakeholders for the proposed tariffs.
- 1.2 In para 7.2.1 of the above-mentioned Consultation Paper, the Authority had noted the need for a fresh Airport Users Consultative Committee (AUCC) meeting with more concrete proposals for capital expenditure and instructed AAI to hold the same. Subsequently, AAI conducted the AUCC meeting on 31<sup>st</sup> May 2019 at Patna Airport. Minutes of this AUCC meeting are uploaded on the Authority's website as Public Notice No. 07/2018-19 dated 03/07/2019.
- 1.3 Once the AUCC meeting was completed, the Authority held a Stakeholder Consultation meeting at its premises on 7<sup>th</sup> June 2019. Representatives from Airports Authority of India (AAI), Federation of Indian Airlines (FIA), and BAOA attended the meeting. The meeting comprised a presentation by the team from AAI regarding Patna Airport followed by queries from the stakeholders.
- 1.4 While presenting, AAI team mentioned about a proposal for a new Airport at Bihta (about 27 kilometers from Patna Airport). Stakeholders raised concerns about this proposal given the context of capital expansion planned at the Patna Airport. Other than this, AAI team presented revised numbers for certain items like residential quarters, semi-permanent structure, among others as against those mentioned in the Consultation Paper 03/2019-20. Presentation from AAI is uploaded on the Authority's website as Public Notice No. 06/2018-19 dated 12/06/2019.
- 1.5 Further, the Authority received written comments from Federation of Indian Airlines (FIA), Business Aircraft Operators Association (BAOA) & Hindustan Petroleum Corporation Limited (HPCL). Airports Authority of India (AAI) submitted its response to some of these comments as well as submitted its own comments on the Consultation Paper No. 03/2019-20.
- 1.6 The Authority has carefully read and analyzed these comments. After a thoughtful consideration of these comments followed by discussions with Stakeholders, and given the new proposals and revised numbers submitted by AAI, the Authority assessed that the nature of some of these comments was material in terms of their impact on aeronautical tariffs.

- 1.7 In view of the same, the Authority decided to issue an Addendum to the Consultation Paper 03/2019-20, for inviting fresh comments from the Stakeholders.
- 1.8 This Addendum has been written with a view to present the stakeholders with new information received by the Authority since the publication of the Consultation Paper 03/2019-20 as well as to discuss the comments received from the stakeholders and Authority's position on these comments.
- 1.9 The Chapters below are structured to present the comments from the stakeholders followed by Authority's position. In case there are no comments pertaining to a Chapter and there are no revised numbers on the concerned building block, the same has not been presented in this Addendum.
- 1.10 For better understanding of a complete background, the Authority requests the stakeholders to read this Addendum along with the Consultation Paper No. 03/2019-20.
- 1.11 Further, the Authority proposes to revise the date of implementation of the proposed tariff to 1<sup>st</sup> October, 2019.

## 4. Traffic forecast

Regarding traffic forecast, the Authority received comments from FIA. The issues raised by FIA were concerned with the proposed airport in Bihta, and its impact on traffic projections at Patna Airport. FIA also commented on some data related issues in AAI's presentation during the previously-mentioned Stakeholders Consultation meeting held at the Authority's premises. AAI responded to the issues raised by FIA. The Authority carefully read the comments raised by FIA, and AAI's responses to these.

The comments raised by FIA, AAI's responses to these, Authority's examination of these comments and the impact on tariff determination have been discussed in the paragraphs below.

### 4.1 Comments from FIA

#### 4.1.1 **Regarding Bihta airport:**

FIA requested AAI to provide the reasoning behind requirement of a new terminal building at Patna Airport when a new airport is being planned in Bihta, which is close to the existing Patna Airport. Alternatively, there may be an impact of Bihta Airport on traffic projections of Patna Airport.

#### 4.1.2 **Contradiction in traffic projection:**

The traffic projections are proposed to decrease from 28% to 15% in the middle of the control period. However, AAI has proposed to construct a parallel runway as well. The two seem contradictory to each other. AAI is requested to clarify the same.

#### 4.1.3 **Existing terminal capacity:**

Existing Terminal Capacity is stated as 0.7 mppa in AAI's presentation, as compared to 0.5 mppa in the Consultation Paper. Reference may be made to Page 16 of AAI's Presentation during the Stakeholder Consultation meeting on 07<sup>th</sup> June 2019.

#### 4.1.4 **Trend and projections (passenger and ATM traffic)**

Trends and Projections (Passenger and ATM Traffic) in AAI's presentation are different from Traffic Forecast in the Consultation Paper. Reference may be made to Page 24-25 of AAI's Presentation during the Stakeholder Consultation meeting on 07<sup>th</sup> June 2019.

## 4.2 Response to FIA's comments by AAI

AAI has responded to each of the four comments made by FIA. Their responses are presented below:

### 4.2.1 **Regarding Bihta airport:**

Existing building at Patna Airport has a passenger capacity of 0.7 MPPA. Patna Airport witnessed passenger growth of 30.60 % from the year FY 2017-18 to FY 2018-19 and handled 4.06 million passengers in FY 2018-19. CAGR for last 10 years has been 28%.

Considering the rapid growth of passenger traffic and huge congestion at the existing airport, a new terminal building at Patna has been planned with a handling capacity of 8 MPPA with all modern amenities. As 8 MPPA is likely to saturate by FY 2022-23 as per traffic forecast, a new civil enclave with a capacity of 5 MPPA is also proposed at Bihta to cater to traffic demand beyond FY 2022- 23.

The existing runway at Patna Airport cannot be extended as it is land-locked from all sides. Therefore, aircraft are operating with load penalties due to displaced threshold and inadequate runway length (6800 ft.). With a runway length of 8500 ft. at Bihta, the existing operating aircraft would be able to operate without load penalty and further runway extension is also planned at Bihta Airport to facilitate operation of wide bodied aircraft.

The rapid growth in passenger traffic in the coming years would cross 8.0 MPPA by FY 2022-23. Bihta Airport would be operational only by the end of FY 2022-23. Alone, it will not be able to handle the growing traffic of Patna. Therefore, Bihta Airport shall be supplementing the capacity of Patna Airport and it is not expected to be a replacement for Patna Airport.

Further, Bihta is an Indian Air Force (IAF) airport, and a request was placed before the State Government of Bihar for providing 108 acres of land so that a Joint User Airport Terminal can be developed at Bihta. For this, IAF had also agreed 'in-principle' and the proposed capacity of the Terminal Building at Bihta planned in Phase-1 is 5 MPPA. In this regard, land for Bihta Airport is handed over to AAI on 06/12/2018 and AAI has already taken action for taking up the work of Development of Civil Air Terminal at Bihta Airport and construction is targeted for completion by the year 2022 so that eventually Patna Airport and Bihta Airport shall together cater to the growing traffic demand of Patna after 2022.

#### 4.2.2 **Contradiction in traffic projection:**

There is no such proposal to construct a parallel runway at Patna Airport due to non-availability of Land. To reduce runway occupancy time, AAI is planning to construct a parallel taxiway subject to handing over of additional land by the State Government. At this stage proposal for construction of parallel taxiway has not been considered for capital expenditure projections for tariff determination of the first control period. So there will be an airside constraint and limit on aircraft movement.

#### 4.2.3 **Existing terminal capacity:**

It is confirmed that the capacity of the existing terminal building is 0.7 million passengers per annum.

#### 4.2.4 **Trend and projections (passenger and ATM traffic)**

In the Consultation Paper, actual traffic data was considered up to Dec-2018. In the presentation given during the Stakeholders Meeting on 07<sup>th</sup> June, 2019, actual traffic data was considered up to Mar-2019.

### **4.3 Authority's evaluation of comments by FIA and AAI's responses**

The Authority has carefully analyzed the submissions from FIA and AAI and presented its views, as below:

#### 4.3.1 **Regarding Bihta airport:**

The Authority in its Consultation Paper 03/2019-20 has mentioned about the severe congestion being experienced by the passengers at Patna Airport currently and in view of the same had examined the proposed capital expansion at Patna Airport. The Authority understands that while there is a capital expansion planned at the airport, there are issues related to restrictions of land surrounding Patna Airport, which results in the airport's inability to expand further. Proposed expansion will increase the capacity of the new terminal building to 8 MPPA and going by the current traffic projections, it is expected to be saturated by FY 2022-23 (with a projected traffic of 8.8 MPPA). The Authority had already noted the delay in planning of this expansion in its Consultation Paper 03/2019-20 (refer para 7.2.3.6). Given the constraints around Patna Airport and demand projections, the Authority has noted AAI's plans for a new Airport at Bihta for handling traffic beyond 8 MPPA.

The Authority notes that Bihta is an existing Air Force Base operated by IAF and only 27 kilometers away from Patna Airport. IAF has agreed for



joint use of the airport with AAI. AAI has submitted that commencement of commercial operations at Bihta Airport would require development of Civil Air Terminal at the site for handling civil operations from Bihta Airport. AAI has submitted to the Authority a detailed scope of work for this development. AAI has further submitted that this airport is targeted to be made operational from FY 2022-23. This planned commencement coincides with the last year of the current control period for Patna Airport, as well as with operationalization of the new terminal building at Patna Airport.

The Authority examined AAI's submissions from the point of view of impact on traffic at Patna Airport in the last year of the first control period. The Authority also considered the status of the new terminal building at Patna Airport by examining the contracts awarded to various vendors for development of the same, and the timelines mentioned therein. From these documents, the Authority is of the view that the proposed capital expansion at Patna Airport is likely to be completed by FY 2022-23, i.e., the last year of the current control period.

However, regarding the development of Civil Air Terminal/Civil Enclave at Bihta Airport, the Authority understands that only the planning activities and overall scope of work have been finalized. Contracts for different facilities are yet to be awarded. Therefore, for the development of new facility at Bihta, the Authority is of the view that the facility may not be operationalized by FY 2022-23 for commercial operations.

The Authority further notes that it has not received any plans from AAI on how the traffic will be segregated between Patna Airport and Bihta Airport. Upon receipt of such plans, the Authority will be in a position to estimate the likely impact on traffic projections at Patna Airport in the next control period. Therefore, the Authority will look into the matter in the next control period.

The Authority further notes that in case the commercial operations at Bihta Airport get commenced by FY 2022-23, and the traffic gets segregated leading to a lower than projected traffic at Patna Airport, the same will be duly captured during the true-up exercise for tariff determination during the next Control Period and for determination of tariff for Bihta Airport on commencement of its operation, in case it falls under the regulatory ambit of the Authority.

On balance, the Authority proposes not to consider any impact of Bihta Airport on traffic projections for Patna Airport in the first control period.

#### 4.3.2 **Contradiction in traffic projections:**

The Authority finds that AAI intends to address the issue of extant severe congestion and projected growth in demand through three

different capital works. First, a semi-permanent temporary structure to ease the severe congestion being experienced currently by the travelers. Second, construction of a new passenger terminal at Patna to address the growing demand in the catchment. Third, additional capital investment at Bihta Airport towards development of a new Civil Air Terminal to provide for long term capacity expansion, as the proposed expansion at Patna Airport is restricted by availability of land and is likely to get saturated in the near future.

The Authority notes the urgent need for the semi-permanent structure to ease the severe congestion at the Airport as well as to just sustain the current level of traffic with slightly more ease and comfort. It is not really a capacity expansion drive to catalyze growth in traffic. As stated above, capacity expansion is planned in parallel and is likely to be completed by FY 2022-23. In view of the same, the projected growth of 15% in the third and fourth years of the current Control Period is considered as reasonable. The Authority has already captured the actual growth in the first year and retained the projection of 28% for the second year as well as reverted to this growth rate in the fifth year, when the capacity expansion work is proposed to be completed.

#### 4.3.3 **Existing terminal capacity:**

The Authority has noted the comment from FIA and the subsequent response by AAI.

#### 4.3.4 **Trend and projections (passenger and ATM traffic)**

Regarding passenger and ATM traffic projections, the Authority had considered actual traffic for the period April 2018 to December 2018. The Authority further extrapolated the above nine-month actual traffic up to March 2019, to compute projections for FY 2018-19 due to unavailability of actual traffic numbers for the period January 2019 to March 2019 at that time. Now that the actual data is available, the Authority proposes to consider the same for traffic projections.

### **4.4 Authority's final evaluation and revised proposal**

As discussed in the above paragraphs of this chapter, the Authority proposes revised traffic projections. These have been provided in the table below.

Table 1: Revised traffic projections as proposed by the Authority

| Year                | Passenger |               |           | ATM      |               |          |
|---------------------|-----------|---------------|-----------|----------|---------------|----------|
|                     | Domestic  | International | Combined  | Domestic | International | Combined |
| <b>Growth rates</b> |           |               |           |          |               |          |
| 2018-19             | 31%       | NA            | 31%       | 28%      | NA            | 28%      |
| 2019-20             | 28%       | NA            | 28%       | 18%      | NA            | 18%      |
| 2020-21             | 15%       | NA            | 15%       | 18%      | NA            | 18%      |
| 2021-22             | 15%       | NA            | 15%       | 18%      | NA            | 18%      |
| 2022-23             | 28%       | NA            | 28%       | 18%      | NA            | 18%      |
| <b>Traffic</b>      |           |               |           |          |               |          |
| 2018-19             | 4,061,990 | -             | 4,061,990 | 28,087   | -             | 28,087   |
| 2019-20             | 5,199,347 | -             | 5,199,347 | 33,143   | -             | 33,143   |
| 2020-21             | 5,979,249 | -             | 5,979,249 | 39,109   | -             | 39,109   |
| 2021-22             | 6,876,136 | -             | 6,876,136 | 46,149   | -             | 46,149   |
| 2022-23             | 8,801,454 | -             | 8,801,454 | 54,456   | -             | 54,456   |

## **7. Capital Expenditure for the 1<sup>st</sup> Control Period**

Regarding capital expenditure, the Authority received comments from FIA and AAI. The issues raised by FIA were with regard to the cost of residential quarters, requirement of a new airport in Bihta / a new terminal building at Patna Airport, and the cost of a semi-permanent structure at the Airport. AAI responded to the issues raised by FIA. Further, AAI proposed to revise some of its previous submissions that were considered in the Consultation Paper. The Authority carefully read the comments raised by FIA, AAI's responses to these comments, and AAI's own comments and modifications to the previous proposals.

These have been discussed in the paragraphs below.

### **7.1 Comments from FIA**

#### **7.1.1 Cost of Residential Quarter:**

The cost of residential quarters seems high. We request a justification from AAI for the cost of residential quarters, backed with relevant details.

#### **7.1.2 Bihta Airport:**

FIA reiterates the same point for Bihta Airport as mentioned previously in Chapter 4: Traffic Forecast.

#### **7.1.3 Difference from presentation:**

Overall capital expenditures projected in AUCC were different from cost proposed by AAI in the Consultation Paper.

#### **7.1.4 Cost per square meter of Apron:**

We request AAI for clarification regarding the area and cost of the proposed Apron.

#### **7.1.5 Semi-permanent building:**

The cost of semi-permanent terminal building projected in AUCC was different from cost proposed by AAI in the Consultation Paper.

## **7.2 Response to FIA's comments by AAI and AAI's own comments**

### **7.2.1 Cost of Residential Quarter:**

The total cost of construction of residential quarter is proposed at INR 50.24 crores. The cost considered for airport services is now proposed to be INR 32.56 crores based on a quarter ratio of 70:38, for a total of 108 quarters.

### **7.2.2 Bihta Airport:**

Reply from AAI is explained and presented in the traffic chapter of this Addendum.

### **7.2.3 Difference from presentation:**

In consultation paper, only capital expenditure pertaining to aeronautical portion has been given. However, in the presentation, the total cost was shown.

### **7.2.4 Cost per square meter of Apron:**

The cost of apron is INR 12.08 crores. This comprises of GSE area cost of INR 0.98 crores, earthwork INR 0.48 crores, site barricading INR 0.15 crores, cost of contingency INR 0.32 crores and cost of GST on work (differential) INR 1.15 crores, total amounting to INR 2.30 crores.

Excluding the above, the cost of apron works out to be INR 5,727 per sq. m.

### **7.2.5 Semi-permanent building:**

The Authority had considered INR 18.5 crores based on normative cost for the proposed semi-permanent expansion of terminal building (1850 sq. m.) against INR 35.23 crores projected earlier.

AAI has now finalized the modification plan of existing building at a revised cost of INR 13.66 crores with a total area addition of approximately 2000 sq. m. (1850 sq. m. in departure + 150 sq. m. in arrival)

AAI has requested the Authority to consider total cost as INR 13.66 crores.

## **Further comments by AAI:**

### **7.2.6 Cost of new terminal building:**

The Authority has considered INR 589.07 crores considering normative cost of INR 1.00 lakh per sq. m. for proposed terminal building (65155 sq. m.) in the Consultation Paper.

Major reasons for increase in cost beyond Normative Cost are:

- Aluminum insulated PVDF roofing system including structure cost INR 36.95 crores.
- Curtain wall/stone cladding on outer envelope of TB cost of INR 14.47 crores.
- Superior flooring like granite cost of INR 13.88 crores.
- Cost of PMC fee (5.69% + 18% GST) INR 39.81 crores.
- Cost of contingency @3% INR 22.19 crores.
- Difference of tax on works – 12% (GST 18% - S.Tax/VAT 6%) INR 71.17 crores.

After considering the above, the cost of terminal building works out to be INR 85,540 per sq. m. (1,16,000-30,460)

The Authority is requested to consider total cost of terminal building of INR 723.80 crores.

### **7.2.7 Cost of MET building:**

An existing MET building will be demolished and a new MET building will be constructed at a separate location because of construction of the new terminal building in FY 2022-23.

AAI has charged off the expenditure of INR 10.14 crores towards MET relocation as the asset proposed to be constructed does not belong to AAI and will be handed over to MET.

The Authority has proposed to shift this amount from O&M to additions made to RAB.

An amount of INR 5 crores is likely to be incurred in FY 2021-22 and balance expenditure of INR 5.14 crores is likely to be incurred in FY 2022-23. The assets would be completed in October 2022 and will be handed over to MET.

The Authority is requested to consider expenditure of shifting/construction of MET building of INR 10.14 crores as this will not form part of AAI assets.

### **7.3 Comments by Business Aircraft Operators Association (BAOA)**

- 7.3.1 Houses should be constructed only for the staff on essential 24x7 duties at the airport. There is a need to completely relook at the existing cost of construction of houses for the staff.

### **7.4 Authority's evaluation of comments by FIA, AAI and BAOA**

The Authority has carefully analyzed the submissions from the Stakeholders and presented its views, as below:

#### **7.4.1 Cost of Residential Quarter:**

AAI had originally submitted the cost of construction of residential quarters as INR 92.64 crores with the likely date of completion as FY 2019-20 for construction of 108 units of residential quarters. In the tariff model submitted along with this submission, AAI had provided a cost estimate of INR 49.04 crores to be included as part of RAB. AAI has submitted a revised submission vide letter dated 14.03.2019. As per revised submissions of AAI, the overall cost of construction has been revised to INR 50.24 crores. This cost includes other costs ancillary to construction of residential quarters, including access roads, common utilities and amenities, among others. Out of this, AAI has assumed aeronautical allocation of 65%, i.e., INR 32.56 crores. Balance 35% is assumed to be for ANS employees. This proportion has been based on the current allocation between ANS and aeronautical employees. There are no non-aeronautical employees residing currently.

The Authority also understands FIA's comment on the reasonableness of per unit cost of construction, which was working out to around INR 90 lakhs per quarter based on initial submissions from AAI. With the revised estimates from AAI, per unit cost of construction comes out to around INR 50 lakhs, including ancillary costs of road, common utilities, etc. which appears to be reasonable.

The Authority also examined BAOA's comments on providing the quarters only for employees on 24x7 duties. The Authority proposed to include only the cost of quarters allotted to employees engaged in providing aeronautical services.

The Authority has found the revised cost and allocation to be appropriate. Based on this allocation, the cost of residential quarters is proposed to be revised from INR 49.04 crores to INR 32.56 crores.

#### 7.4.2 **Bihta Airport:**

The Authority has provided the requisite comment/observations in Chapter 4: Traffic Forecast.

#### 7.4.3 **Difference from presentation:**

The Authority finds that the response provided by AAI is reasonable.

#### 7.4.4 **Cost per square meter of Apron:**

In view of the additional submission by AAI regarding 2,100 sq. m. of GSE area, inadvertently left out in the Consultation Paper, the Authority has relooked at the cost of Apron. The Authority clarifies that the cost of pavement assets comprising the GSE area is not considered under the Normative Cost. The Authority proposes to consider Normative Cost only for the Apron area. Further, costs related to GSE area and cost of earth work are proposed to be added to this Normative Cost. The revised cost estimate as proposed by the Authority works out to be INR 10.46 crores, which has been detailed in the table below.

*Table 2: Revised cost estimate of apron as per Authority*

| <b>Particulars</b>                      | <b>Phase 1</b> | <b>Phase 2</b> | <b>Total</b> |
|---|----------------|----------------|--------------|
| Area (sq. m)                            | 9,800          | 5,550          | 15,350       |
| Cost per sq. m (1st April 2016)         | 4,700          | 4,700          |              |
| Inflation                               | 5%             | 5%             |              |
| Number of years of inflation            | 3              | 7              |              |
| Inflation factor                        | 1.16           | 1.41           |              |
| <b>Normative cost (INR cr.)</b>         | <b>5.33</b>    | <b>3.67</b>    | <b>9.00</b>  |
| Add: cost of GSE area                   | 0.63           | 0.35           | 0.98         |
| Add: cost of earth work                 | 0.31           | 0.17           | 0.48         |
| <b>Total cost – normative (INR cr.)</b> | <b>6.26</b>    | <b>4.20</b>    | <b>10.46</b> |
| Cost proposed by AAI (INR cr.)          | 7.60           | 4.48           | 12.08        |
| <b>Cost to be taken (INR cr.)</b>       | <b>6.26</b>    | <b>4.20</b>    | <b>10.46</b> |

The Authority at this stage has not considered some costs like differences in GST, site barricading, etc. in view of uncertainty in actual cost. However, the Authority will true up the RAB based on



actual cost during the tariff determination of the second Control Period.

#### 7.4.5 **Semi-permanent building:**

AAI has revised the cost estimates from earlier INR 35.23 crores to INR 13.66 crores. The Authority earlier considered a normative cost of INR 18.50 crores. As the cost proposed by AAI is less than the normative cost, the Authority proposes to revise the projections to the cost proposed by AAI, i.e. 13.66 crores. Further, the Authority relooked at the potential of reusing the assets. Some of these assets, like all equipment, have the potential of re-use. The Authority expects AAI to re-use these assets in the new project. Considering the significant proportion of such assets in the overall asset package, the Authority proposes to revise the residual value from 15% to 70%. The Authority further proposes to re-assess the situation after demolition of the semi-permanent structure and its re-use during the second control period and make suitable adjustments thereon.

#### 7.4.6 **Cost of new terminal building:**

The Authority has noted the comments made by AAI regarding the excess cost over normative cost, for the new terminal building. The Authority has taken the normative cost of INR 1 lakh per sq. m. which includes the cost towards roofs, wall cladding, flooring, etc. AAI has not pointed out the extra benefit that will accrue to the users due to the superior finish as stated by them.

In the absence of any specific additional benefit accruing to the users, the Authority is not inclined to consider the same as they only raise the cost. However, some of the items like PMC, GST etc. will be looked into at the time of truing up the cost during tariff determination of the second Control Period.

#### 7.4.7 **Cost of MET building:**

The Authority has deliberated on this issue before finalization of Consultation Paper. The stand taken by the Authority remains unchanged. The present MET Building is situated where the new Terminal Building is to be constructed. Therefore, it needs to be rehabilitated to a new location. Consequently, the cost of rehabilitating and constructing the new MET Building is a direct result of the construction of the new Terminal Building. The Authority has noted AAI's response that it follows an Accounting Policy, where this cost is recorded as an operating expenditure. The Authority feels that all costs towards rehabilitation required for

creation of new Asset has to be capitalised. Accordingly, the expenditure on construction of new MET Building needs to be capitalized along with cost of new Terminal Building as part of the overall cost.

## **7.5 Authority's final evaluation and revised proposal**

7.5.1 In addition to the capital expenditure items discussed above, the Authority had reference to AAI's response on proposed funding for the capital expenditure. The Authority notes that AAI has proposed use of debt for investment in the new Terminal Building. In this regard, the guidelines (Direction No. 5/2011 dated 28<sup>th</sup> February 2011) provide for a mechanism of financing allowance. The same is discussed below, as if applicable and permitted, the financing allowance will need to be added in RAB for respective years.

As per Authority's guidelines, the financing allowance is computed as per the following formula:

$$\text{Financing allowance} = R_d \times [(WIPA_{t-1} + (\text{Capex} - \text{SC} - \text{CA})/2]$$

Where,  $R_d$  = cost of debt

$WIPA_{t-1}$  = Opening balance of work in progress assets

Capex = Capital expenditure incurred during a year

SC = Capital receipts as contribution from stakeholders

CA = Commissioned assets

The Authority notes that the funding of actual quantum of loan and rates are not finalized. It is not clear when the loan will be drawn and its actual utilization. Moreover, in the absence of any data provided by AAI, the Authority is not sure of the quantum of WIP and capitalization over the period. The Authority has not proposed any financing allowance in the project cost. However, the Authority proposes to provide for financing allowance if adequate details are made available by AAI before issue of Tariff Order. If the same is not available at present, the Authority may consider the quantum of financing allowance at the time of truing up in the second Control Period.

7.5.2 After considering all the changes discussed from stakeholders' comments and their evaluation, the capital expenditure proposed by the Authority has been shown in the table below.

Table 3: Revised capital expenditure proposed by the Authority (INR crores)

| <b>Asset category</b>        | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> | <b>Year 4</b> | <b>Year 5</b> | <b>Total</b>  |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Runways, Aprons and Taxiways | 6.26          | -             | -             | -             | 4.20          | <b>10.46</b>  |
| Road, Bridges & Culverts     | -             | -             | -             | -             | 81.68         | <b>81.68</b>  |
| Building – Terminal          | 5.59          | 11.81         | -             | -             | 398.35        | <b>415.75</b> |
| Building – semi permanent    | 0.95          | 13.66         | -             | -             | -             | <b>14.61</b>  |
| Building – Residential       | -             | 32.56         | -             | -             | -             | <b>32.56</b>  |
| Plant & Machinery            | 4.06          | -             | -             | -             | -             | <b>4.06</b>   |
| Electrical Installations     | 1.59          | 11.97         | -             | -             | 227.66        | <b>241.22</b> |
| CFT/Fire Fighting Equipment  | 4.03          | -             | -             | -             | -             | <b>4.03</b>   |
| Others                       | 1.43          | -             | -             | -             | -             | <b>1.43</b>   |
| <b>Total</b>                 | <b>23.91</b>  | <b>70.00</b>  | -             | -             | <b>711.36</b> | <b>805.80</b> |

## 8. Depreciation

After incorporating all the changes in capital expenditure and residual value of temporary building as per Chapter 7, the depreciation proposed by the Authority has been shown in the table below.

*Table 4: Revised depreciation proposed by the Authority (INR crores)*

| Particulars  | Pre control regulatory period |         | Control period |         |         |         |         |
|--------------|-------------------------------|---------|----------------|---------|---------|---------|---------|
|              | FY 2017                       | FY 2018 | FY 2019        | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Depreciation | 2.39                          | 2.50    | 3.65           | 5.85    | 7.56    | 7.32    | 27.64   |

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

Regarding Fair Rate of Return (FRoR), the Authority received a comment from FIA regarding the mode of financing the new terminal building and the associated proposed assets. AAI responded to the issue raised by FIA. The Authority carefully considered AAI's response, and revised its proposal for FRoR.

This has been discussed in the paragraphs below.

### **10.1 Comments from FIA**

#### **10.1.1 Source of financing:**

AAI is requested to clarify the proposed source of financing for the new terminal building (including the allied assets).

### **10.2 Response to FIA's comments by AAI**

#### **10.2.1 Source of financing:**

The funding of new terminal building (including allied works) shall be met by leveraging AAI's capital structure through debts (60%) and internal resources (40%).

### **10.3 Authority's evaluation of comment by FIA and AAI's response**

10.3.1 AAI has submitted that the new terminal building is being partly financed by debt (up to 60%). In view of this, the Authority proposes to revise the FRoR for the final year of first Control Period, in which the terminal building is expected to be operationalized.

AAI has clarified that the said debt is in negotiation stages. The interest rate for the proposed debt contract is not finalized, and no estimate of such interest rate has been provided by AAI. Therefore, the Authority has relied on past debt contracts to compute the cost of debt. In case the actual cost of debt becomes clear at the Order stage, the Authority will revise the same while computing the tariffs. The Authority has referred to its past Orders for Kolkata and Chennai Airports, where the Authority considered cost of debt as 8.03%. For the purposes of Patna Airport as well, the Authority proposes to consider the cost of debt as 8.03%.

Table 5: Computation of FRoR in last year as proposed by the Authority

|    |   |               |
|----|---|---------------|
|    | <b>Assumptions:</b>   |               |
| a. | Closing RAB (INR cr.)   | 762.43        |
| b. | Additions made in last year (INR cr.)                         | 711.89        |
| c. | Portion of debt   | 60%           |
| d. | Portion of equity   | 40%           |
| e. | Cost of debt  | 8.03%         |
| f. | Cost of equity  | 16%           |
|    | <b>Calculation of FRoR:</b>                                   |               |
| g. | Cost of debt (INR cr.) (b x c x e)                            | 34.30         |
| h. | Cost of equity (INR cr.) – on last year additions (b x d x f) | 45.56         |
| i. | Cost of equity (INR cr.) – on balance assets [(a-b) x f]      | 8.09          |
| j. | Total cost of capital (INR cr.)                               | 87.95         |
| k. | Total capital (a)   | 762.43        |
|    | <b>FRoR (k/a)</b>   | <b>11.54%</b> |

## 10.4 Authority's final evaluation and revised proposal

10.4.1 The Authority proposes to consider FRoR of 14% for the first four years of the Control Period, and 11.54% for the fifth year of the Control Period.

## **11. Non-aeronautical Revenue**

Regarding non-aeronautical revenues, the Authority received comments from AAI. AAI presented the Authority with a revised car parking policy at Patna Airport. The implications on tariff are proposed to be significantly different from AAI's proposal in MYTP. AAI's comments, and Authority's assessment regarding the same have been discussed in the paragraphs below.

### **11.1 Comments from AAI**

- 11.1.1 An amount of INR 0.29 lakh in TR stall has been considered twice, resulting in higher projection of non-aero revenue. The Authority is requested to update the same.
- 11.1.2 The Authority has considered projected revenue from car parking at INR 27 lakh per month with 10% annual escalation as was earlier proposed by AAI. There has been a change in AAI's car parking policy. In this new policy, parking fee will be charged only from those vehicles which will enter the designated parking area. Being a city based airport, very few vehicles are expected to park in designated parking area. The existing car parking contract has been discontinued with effect from 9th April 2019. Presently, AAI is managing the car parking by deploying its own manpower. In view of the space constraints and related project construction factors, revised MRLF is proposed as INR 3.83 lakh per month. The Authority is requested to consider new MRLF for projecting revenue from car parking.

### **11.2 Authority's response to comments by AAI**

- 11.2.1 The Authority proposes to correct the figure of revenue from TR Stall based on the observation pointed out by AAI.
- 11.2.2 AAI has submitted to the Authority that the Car Parking Policy has been revised at Patna Airport. Earlier, AAI had entered into a contract with an independent party for car parking at the airport with effect from June 2019. The terms of the contract would lead to revenues of about INR 26.99 lakh per month for AAI. However, the said contract could not materialize, and consequently, under the revised policy, AAI has decided to operate the car parking on its own.

Further, the revised policy has relaxed parking charges, and made pass-through (without parking) free of cost. This has led to

reduction in expected revenues, as compared to the now-void contract.

AAI projected revenues from this proposed revised policy. As per the projections provided by AAI, total revenues of INR 11.3 lakh per month could be earned in the first year. This amount is largely in line with and slightly higher than the revenues earned by AAI during the previous years.

The Authority assessed the projections made by AAI in sufficient detail. The Authority has found the same to be reasonable.

As per the car parking traffic report submitted by AAI, the revised MRLF has been computed on the basis of expected revenue *less expected costs*. The Authority is of the view that these expected costs are non-aeronautical in nature, and hence must not be deducted while estimating non-aeronautical revenue.

Therefore, the Authority proposes to consider the revenues for the first year as INR 11.3 lakh. The Authority further proposes to assume a growth rate of 10% per annum, in line with its previous assumptions.

### 11.3 Authority's final evaluation and revised proposal

11.3.1 The revised projections for non-aeronautical revenues, as proposed by the Authority, are shown in the table below.

Table 6: Revised non-aeronautical revenues as per Authority (INR cr.)

| Particulars                   | Pre control regulatory period |         | Control period |         |         |         |         |
|-------------------------------|-------------------------------|---------|----------------|---------|---------|---------|---------|
|                               | FY 2017                       | FY 2018 | FY 2019        | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| <b>1. Trading concessions</b> |                               |         |                |         |         |         |         |
| Restaurant / snack bars       | 1.35                          | 1.54    | 2.47           | 3.24    | 3.57    | 3.93    | 4.51    |
| T.R. stall                    | 1.01                          | 1.13    | 1.72           | 2.11    | 2.32    | 2.56    | 2.94    |
| Hoarding & display            | 1.89                          | 2.35    | 2.58           | 2.84    | 3.13    | 3.44    | 3.95    |
| <b>2. Rent and services</b>   |                               |         |                |         |         |         |         |
| Land leases                   | -                             | -       | -              | -       | -       | -       | -       |
| Building (residential)        | 0.02                          | 0.04    | 0.03           | -       | -       | -       | -       |
| Building (non-residential)    | 3.96                          | 4.40    | 4.84           | 5.32    | 5.85    | 6.44    | 7.73    |
| <b>4. Miscellaneous</b>       |                               |         |                |         |         |         |         |
| Car rentals                   | 0.07                          | 0.07    | 0.07           | 0.08    | 0.09    | 0.10    | 0.11    |
| Car parking                   | 1.03                          | 1.18    | 1.36           | 1.49    | 1.64    | 1.80    | 2.08    |
| Admission tickets             | 0.24                          | 0.17    | 0.19           | 0.21    | 0.23    | 0.25    | 0.32    |



| Particulars                      | Pre control regulatory period |              | Control period |              |              |              |              |
|----------------------------------|-------------------------------|--------------|----------------|--------------|--------------|--------------|--------------|
|                                  | FY 2017                       | FY 2018      | FY 2019        | FY 2020      | FY 2021      | FY 2022      | FY 2023      |
| Other income/ sale of scrap etc. | 0.75                          | 0.65         | 0.68           | 0.71         | 0.75         | 0.78         | 0.82         |
| <b>Total</b>                     | <b>10.31</b>                  | <b>11.52</b> | <b>13.94</b>   | <b>16.01</b> | <b>17.58</b> | <b>19.30</b> | <b>22.47</b> |

## 15. Aggregate Revenue Requirement for the 1<sup>st</sup> Control Period

Regarding Aggregate Revenue Requirement, the Authority received comments from FIA, AAI, BAOA and HPCL. Most of these comments were about clarifications regarding the proposed tariff. The comments, AAI's responses to these, and Authority's assessment have been discussed in the paragraphs below.

### 15.1 Comments from stakeholders

- 15.1.1 FIA commented that the Public Notice proposes new UDF for domestic passengers which was not mentioned in the Consultation Paper. To this, AAI clarified that the UDF was mentioned in the Consultation Paper on Page 62. The Authority also clarifies that the UDF was proposed in the Consultation Paper.
- 15.1.2 AAI commented that there was an error in aeronautical revenue projections. While projecting revenue for FY 2018-19, an amount of INR 6.25 lakh in FY 2017-18 pertaining to prior period income was wrongly considered for projecting future revenue.
- 15.1.3 AAI commented on cargo revenue projections done by the Authority. The Authority had considered 62% growth for calculating future projections of cargo revenue considering CAGR for past 2 years. AAI has requested the Authority to consider CAGR of past 5 years for calculating future projection of cargo revenue.

Cargo revenue for last 5 years are as under (INR in crores)

| <b>FY 14</b> | <b>FY 15</b> | <b>FY 16</b> | <b>FY 17</b> | <b>FY 18</b> | <b>FY 19</b> |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 0.16         | 0.21         | 0.17         | 0.12         | 0.43         | 0.31         |

- 15.1.4 BAOA commented that Fuel Throughput Charges (FTC) on ATF should be done away with and considered for merging with UDF charges to meet the overall ARR requirement of the airport.
- 15.1.5 BAOA commented on ground handling charges that Ground Handling charges at the airport, though aeronautical in nature, if cannot be fixed on cost-plus basis, then 'self-ground handling' or 'ground handling under own arrangements' should be considered for non-scheduled/ charter operators.

- 15.1.6 BAOA commented on the hangar charges and stated that hangar charges as 'housing charges' at airports should be aeronautical only when aircraft are parked there on hourly basis for essential maintenance services under CAR 45 related work. Hangars on monthly lease should be treated as non-aeronautical in nature. The Authority should allow housing charges, in hangar, as double of proposed parking charges for the aircraft in the final order.
- 15.1.7 HPCL requested to keep the date of implementation of tariff only after the date of release of the order.

## **15.2 Authority's responses to stakeholders' comments**

- 15.2.1 Regarding FIA's comment on UDF, the Authority also clarifies that the UDF was proposed in the Consultation Paper.
- 15.2.2 Regarding AAI's comment on an error in aeronautical revenue projections, the Authority has noted AAI's observation and has accordingly adjusted the computations.
- 15.2.3 Regarding AAI's comment on cargo revenue projections, the Authority previously had received data for only two years. AAI has now submitted data for five years for a better assessment of past trends. The Authority is inclined to consider a longer past trend and has now considered CAGR of five years, in line with the revised proposal by AAI.
- 15.2.4 Regarding BAOA's comment on FTC, the Authority clarifies that this issue is being looked into by the Ministry of Civil Aviation, Government of India. Therefore, as of now, the Authority does not find it appropriate to comment on the issue in this Consultation Paper.
- 15.2.5 Regarding BAOA's comment on ground handling charges, the Authority clarifies that—at present, there are no AAI authorized ground handling service providers at Patna Airport. The Authority will consider the matter separately as and when Ground Handling agencies are appointed by AAI.
- 15.2.6 Regarding BAOA's comment on hangar charges, the Authority clarifies that Patna Airport does not have a hangar. Therefore, the Authority does not find it appropriate to comment on this issue in this consultation paper. The Authority will consider the matter separately as it relates to all the Airports and will take a suitable policy decision in this regard.

15.2.7 Regarding HPCL's comment on date of implementation of revised tariffs, the Authority clarifies that it will keep the date of implementation of revised tariffs after the release of the Tariff Order.

### 15.3 Authority's final evaluation and revised proposal

15.3.1 After considering all the changes discussed from stakeholders' comments and their evaluation, the revised ARR and yield per passenger proposed by the Authority has been shown in the table below.

Table 7: Revised ARR and yield per passenger as per Authority

| Particulars                          | FY 2019       | FY 2020      | FY 2021      | FY 2022      | FY 2023       |
|--------------------------------------|---------------|--------------|--------------|--------------|---------------|
| Average RAB (INR crores)             | 29.01         | 71.06        | 99.36        | 91.93        | 425.35        |
| Fair Rate of Return                  | 14%           | 14%          | 14%          | 14%          | 11.54%        |
| Return on average RAB (INR crores)   | 4.06          | 9.95         | 13.91        | 12.87        | 49.06         |
| O&M expenses (INR crores)            | 49.73         | 58.16        | 61.55        | 65.17        | 71.87         |
| Depreciation (INR crores)            | 3.65          | 5.85         | 7.56         | 7.32         | 27.64         |
| Tax expense (INR crores)             | -             | -            | -            | 15.36        | 15.93         |
| Less: 30% NAR (INR crores)           | -4.18         | -4.80        | -5.27        | -5.79        | -6.74         |
| <b>ARR per year (INR crores)</b>     | <b>53.26</b>  | <b>69.15</b> | <b>77.74</b> | <b>94.93</b> | <b>157.75</b> |
| Add: True up                         | 37.43         |              |              |              |               |
| PV of ARR based @14% (INR crores)    | 90.69         | 60.66        | 59.82        | 64.08        | 93.40         |
| Sum Present value of ARR (INR cr.)   | 368.65        |              |              |              |               |
| Total traffic (million passengers)   | 30.92         |              |              |              |               |
| <b>Yield per passenger (Y) (INR)</b> | <b>119.23</b> |              |              |              |               |

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

Table 8: Revised computation of aeronautical revenues (INR cr.)

| Particulars                              | FY 2019      | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|--|--------------|---------|---------|---------|---------|
| <b>Total PV of ARR including true up</b> | <b>368.6</b> |         |         |         |         |
| <b>Landing charges:</b>                  |              |         |         |         |         |
| Domestic                                 | 20.6         | 28.1    | 39.2    | 48.0    | 59.0    |
| International                            | -            | -       | -       | -       | -       |
| <b>Parking and housing charges:</b>      |              |         |         |         |         |
| Domestic                                 | 0.0          | 0.0     | 0.0     | 0.0     | 0.0     |
| International                            | -            | -       | -       | -       | -       |
| Fuel Throughput charges                  | 0.6          | 0.8     | 1.1     | 1.2     | 1.5     |
| Ground handling charges                  | 0.4          | 0.4     | 0.5     | 0.6     | 0.7     |
| Land lease - Oil companies               | 1.2          | 1.2     | 1.2     | 1.2     | 1.3     |

| Particulars   | FY 2019      | FY 2020     | FY 2021     | FY 2022     | FY 2023     |
|---|--------------|-------------|-------------|-------------|-------------|
| Land lease- Ground Handling   | 0.5          | 0.5         | 0.5         | 0.5         | 0.5         |
| CUTE charges  | 3.5          | 4.5         | 5.2         | 6.0         | 7.6         |
| Cargo Revenue   | 0.1          | 0.1         | 0.1         | 0.1         | 0.1         |
| <b>Total - before UDF</b>   | <b>27.0</b>  | <b>35.7</b> | <b>47.7</b> | <b>57.7</b> | <b>70.7</b> |
| PV factor   | 1.00         | 0.88        | 0.77        | 0.67        | 0.59        |
| PV of above   | 27.0         | 31.3        | 36.7        | 38.9        | 41.9        |
| <b>Σ PV of above</b>  | <b>175.7</b> |             |             |             |             |
| <b>Shortfall before UDF</b>   | <b>192.9</b> |             |             |             |             |
| To recover the above shortfall of INR 192.9 crores, the Authority computed the requisite UDF as INR 201, to be charged from embarking passengers. |              |             |             |             |             |
| <b>UDF revenues:</b>  |              |             |             |             |             |
| Domestic  | 15.6         | 36.2        | 60.2        | 69.2        | 88.6        |
| International   | -            | -           | -           | -           | -           |
| PV of UDF   | 15.6         | 31.7        | 46.3        | 46.7        | 52.5        |
| <b>Σ PV of UDF</b>  | <b>192.9</b> |             |             |             |             |
| <b>Surplus / Shortfall</b>  | <b>-</b>     |             |             |             |             |

The Authority proposes to revise the UDF to account for the changes as per the Addendum. The Authority has computed the revised UDF due to all changes as INR 184 per domestic embarking passenger. This has reduced from INR 197 per domestic embarking passenger as per the Consultation Paper. However, due to shift in date of implementation of revised tariff from 1<sup>st</sup> May 2019 to 1<sup>st</sup> October 2019, the UDF needs to be further revised, from INR 184 per domestic embarking passenger to INR 201 per domestic embarking passenger. A detailed reconciliation of UDF per departing passenger has been shown in the table below.

Table 9: Reconciliation of UDF per passenger

| Particulars  | UDF (INR)  |
|--|------------|
| <b>UDF as per Consultation Paper</b>   | <b>197</b> |
| Traffic: Updated values up to March 2019   | + 11       |
| Non-aeronautical revenues: Reduction in car parking revenues   | + 3        |
| Capex: Reduction in cost of residential quarters   | (-) 10     |
| Capex: Reduction in cost of semi-permanent structure   | (-) 9      |
| FRoR: Last year's FRoR reduced   | (-) 10     |
| Minor miscellaneous changes:<br>a) Capex: Apron cost increased<br>b) Non-aeronautical revenues: Error pointed out by AAI in TR stall<br>c) Correction of escalation of land lease (last year)<br>d) Cargo revenue: Consideration of 5 years' CAGR<br>e) Fuel throughput quantity | + 2        |
| <b>Revised UDF due to all fundamental changes in regulatory building blocks and computation of aeronautical revenues</b>   | <b>184</b> |
| Change in UDF due to shift in date of implementation of revised tariff from 1 <sup>st</sup> May 2019 to 1 <sup>st</sup> October 2019   | + 17       |
| <b>UDF proposed as per this Addendum to Consultation Paper</b>   | <b>201</b> |

## Annexure 1: Revised Tariff card for Patna Airport for the 1<sup>st</sup> Control Period proposed by the Authority

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

### 1. Landing charges:

| Weight of the Aircraft                 | FY 2019-20 (from 1/10/19)             | FY 2020-21                            | FY 2021-22                            | FY 2022-23                            |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Domestic rate per landing (INR)</b> |                                       |                                       |                                       |                                       |
| Up to 25 MT                            | 160 Per MT                            | 166 Per MT                            | 173 Per MT                            | 180 Per MT                            |
| Above 25 MT up to 50 MT                | 4,000+280 per MT in excess of 25 MT   | 4,160+291 per MT in excess of 25 MT   | 4,326+303 per MT in excess of 25 MT   | 4,499+315 per MT in excess of 25 MT   |
| Above 50 MT up to 100                  | 11,000+320 per MT in excess of 50 MT  | 11,440+333 per MT in excess of 50 MT  | 11,898+346 per MT in excess of 50 MT  | 12,374+360 per MT in excess of 50 MT  |
| Above 100 MT to 200 MT                 | 27,000+390 per MT in excess of 100 MT | 28,080+406 per MT in excess of 100 MT | 29,203+422 per MT in excess of 100 MT | 30,371+439 per MT in excess of 100 MT |
| Above 200 MT                           | 66,000+440 per MT in excess of 200 MT | 68,640+458 per MT in excess of 200 MT | 71,386+476 per MT in excess of 200 MT | 74,241+495 per MT in excess of 200 MT |

- 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 aircraft.
- All domestic legs of international routes flown by Indian operators will be treated as domestic flights as far as landing charges is concerned, irrespective of flight number assigned to such flights.
- Charges shall be calculated on the basis of nearest MT (i.e. 1000 kg).

## 2. Parking Charges

| Weight of the Aircraft   | FY 2019-20<br>(from 1/10/19)                                | FY 2020-21  | FY 2021-22  | FY 2022-23  |
|--|---|---|---|---|
| <b>Parking Charges Rates per Hour (in INR)</b>                     |   |   |   |   |
| Up to 25 MT  | 3.00 Per Hour<br>Per MT                                     | 3.12 Per Hour<br>Per MT                                   | 3.24 Per Hour<br>Per MT   | 3.37 Per Hour<br>Per MT   |
| Above 25 MT<br>up to 50 MT   | 75.00+4.00 per<br>Hour per MT in<br>excess of 25 MT         | 78 + 4.16 per<br>Hour per MT in<br>excess of 25 MT        | 81.12 + 4.33<br>per Hour per<br>MT in excess of<br>25 MT        | 84.36 + 4.5 per<br>Hour per MT in<br>excess of 25 MT            |
| Above 50 MT<br>up to 100   | 175.00+8.00<br>per MT per Hour<br>in excess of 50<br>MT     | 182 + 8.32 per<br>Hour per MT in<br>excess of 50 MT       | 189.28 + 8.65<br>per Hour per<br>MT in excess of<br>50 MT       | 196.85 + 9 per<br>Hour per MT in<br>excess of 50 MT             |
| Above 100 MT<br>to 200 MT  | 575.00+10.00<br>per MT per Hours<br>in excess of 100<br>MT  | 598 + 10.4 per<br>Hour per MT in<br>excess of 100<br>MT   | 621.92 + 10.82<br>per Hour per<br>MT in excess of<br>100 MT     | 646.8 + 11.25<br>per Hour per<br>MT in excess of<br>100 MT      |
| Above 200 MT   | 1575.00+11.00<br>per MT per Hours<br>in excess of 200<br>MT | 1638 + 11.44<br>per Hour per<br>MT in excess of<br>200 MT | 1703.52 + 11.9<br>per Hour per<br>MT in excess of<br>200 MT     | 1771.66 +<br>12.38 per Hour<br>per MT in<br>excess of 200<br>MT |
| <b>Parking Charges Rates per hour (beyond four hours) (in INR)</b> |   |   |   |   |
| Up to 25 MT  | 6.00 Per Hour<br>Per MT                                     | 6.24 Per Hour<br>Per MT                                   | 6.49 Per Hour<br>Per MT   | 6.75 Per Hour<br>Per MT   |
| Above 25 MT<br>up to 50 MT   | 150.00+8.00<br>per MT per Hour<br>in excess of 25<br>MT     | 156 + 8.32 per<br>Hour per MT in<br>excess of 25 MT       | 162.24 + 8.65<br>per Hour per<br>MT in excess of<br>25 MT       | 168.73 + 9 per<br>Hour per MT in<br>excess of 25 MT             |
| Above 50 MT<br>up to 100   | 350.00+16.00<br>per MT per Hour<br>in excess of 50<br>MT    | 364 + 16.64<br>per Hour per<br>MT in excess of<br>50 MT   | 378.56 + 17.31<br>per Hour per<br>MT in excess of<br>50 MT      | 393.7 + 18 per<br>Hour per MT in<br>excess of 50 MT             |
| Above 100 MT<br>to 200 MT  | 1150.00+20.00<br>per MT per Hours<br>in excess of 100<br>MT | 1196 + 20.8<br>per Hour per<br>MT in excess of<br>100 MT  | 1243.84 +<br>21.63 per Hour<br>per MT in<br>excess of 100<br>MT | 1293.59 + 22.5<br>per Hour per<br>MT in excess of<br>100 MT     |
| Above 200 MT   | 3150.00+22.00<br>per MT per Hours<br>in excess of 200<br>MT | 3276 + 22.88<br>per Hour per<br>MT in excess of<br>200 MT | 3407.04 + 23.8<br>per Hour per<br>MT in excess of<br>200 MT     | 3543.32 +<br>24.75 per Hour<br>per MT in<br>excess of 200<br>MT |

- No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point.

These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.

- For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
- Charges shall be calculated on the basis of nearest MT.
- Charges for each period parking shall be rounded off to nearest rupee.
- At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.
- Night parking charges (between 2200 hours to 0600 hours) will be similar to the parking and housing charges as per table above. Night parking charges are waived off in principle for all domestic scheduled operators at Patna Airport if the State Government has brought the rate of tax (VAT) on ATF  $\leq 5\%$ . The above waiver of night parking charges 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 for all the airports within the jurisdiction of the said State.

### 3. Fuel Throughput Charges – INR 171.70 per kilolitre from 1/10/19.

### 4. User Development Fees (UDF)

| Passenger | UDF -<br>INR per embarking passenger |
|-----------|--------------------------------------|
| Domestic  | 201 (0% escalation)                  |

- **Collection charges for UDF as submitted by AAI:**
  - a) Collection charges: if the payment is made within 15 days of receipt of bills, then collection charges at Rs 5 per departing pax is payable by AAI to Airline operators. No collection charges shall be payable if the operator fails to pay the UDF to AAI within the credit period and in case of part payment. Airlines to make full payment of UDF collection to AAI and raise a separate invoice for the collection charges on UDF to AAI. To be eligible to claim this collection charge, the airlines should have no overdue on any account with AAI.
  - b) No collection charges are payable to casual operator/non-scheduled operators.



- For conversion of UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.
- The Authority does not determine the Collection charges.
- The UDF charges will be applicable on tickets issued from **01/10/2019**.

## **5. Exemption from levy and collection from UDF at the Airports**

- The Ministry of Civil Aviation, Govt. of India vide order no. AV.16011/002/2008-AAI dated 30.11.2011 has directed AAI to exempt the following categories of persons from levy and collection of UDF.
  - (i) Children (under age of 2 years),
  - (ii) Holders of Diplomatic Passport,
  - (iii) 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),
  - (iv) Persons travelling on official duty on aircraft operated by Indian Armed Forces,
  - (v) Persons traveling on official duty for United Nations Peace Keeping Missions,
  - (vi) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hours. A passenger is treated in transit only if onward travel journey is within 24 hours from arrival into airport and is part of the same ticket. In case two separate tickets are issued, it would not be treated as transit passenger), and
  - (vii) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

## **6. Passenger Service Fee (PSF)- Facilitation Component:**

PSF (FC) is subsumed under UDF. PSF (SC) would be applicable as prescribed by the Ministry of Civil Aviation.

## **7. General conditions:**

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

## **Stakeholders' Consultation Timeline**

In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Consultation Paper No. 03/2019-20 dated 8<sup>th</sup> May 2019, and as amended by this Addendum, read with the relevant discussion in the other chapters of the paper is hereby put forth for Stakeholders' Consultation.

For removal of doubts, it is clarified that the contents of this consultation paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders' in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.

The Authority welcomes written evidence based feedback, comments and suggestions from stakeholders on the proposal made in the Consultation Paper along with this addendum, latest by **23/09/2019** at the following address.

**Chairperson,**

**Airports Economic Regulatory Authority of India**

**AERA Building, Administrative Complex Safdarjung Airport**

**New Delhi -110003**

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

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