

MIAL/CEO/98

24th January, 2020

The Chairperson
Airports Economic Regulatory Authority of India,
AERA Building,
Safdarjung Airport,
New Delhi 110 003

Sir,

Subject: Rationalisation of Fuel Throughput (Airport Operator) Charge levied by Airport Operators on Aviation Turbine Fuel (ATF) across all Airports in India – reg.

Ref: 1) MoCA letter No. FAV-13030/216/2016-ER (Pt.2) dated 8th January, 2020
2) AERA Letter No. AERA/20015/FT/2010-11/Vol.II and dated 15th January, 2020

With reference to above, we have gone through the letter of MoCA dated 8th January, 2020 addressed inter-alia to the Chairperson AERA. First of all, letter of MoCA is not a direction under AERA Act, 2008 (the Act), while in Authority letter dated 15th January, 2020 it has been mentioned that Airport Operators are advised to implement the direction given by MoCA. As you are kindly aware that directions under the Act can be issued by Central Government to the Authority under the provisions of Section 42 of the Act. However, such directions can only be issued for the purposes mentioned in Section 42(1) or 42(2) of the Act. For the sake of convenience section 42 of the Act is reproduced below:

“42. Directions by Central Government –

(1) The Central Government may, from time to time, issue to the Authority such directions as it may think necessary in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality.



Cont..2

Mumbai International Airport Limited
Chhatrapati Shivaji Maharaj International Airport
1st Floor, Terminal 1, Santacruz (E)
Mumbai 400 099, India

T +91 22 6685 0900 / 0901 F +91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164



ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

..2..

(2) Without prejudice to the foregoing provisions, the Authority shall, in exercise of its powers or the performance of its functions, be bound by such directions on questions of policy as the Central Government may give in writing to it from time to time:

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this sub-section.

(3) The decision of the Central Government whether a question is one of policy or not shall be final."

From the above it may be observed that the Central Government may issue directions in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign states, public order, decency or morality or it can issue directions on questions of policy for which Authority has to be given an opportunity to express its views before any direction is issued by the Central Government. From perusal of the MoCA letter, it doesn't seem to be a direction under provisions of section 42 of the Act as it is not addressing any policy issue. As far as we understand, genesis of doing away with Fuel Throughput Charges (FTC) is due to question of double taxation raised by airlines, where oil companies are billing FTC as pass through charge along with invoice for ATF. Since ATF is not covered under GST regime, airlines are not in a position to take input tax credit (ITC). This is the reason due to which airlines were vehemently opposing FTC and wanted it to be renamed and charged directly by Airport operator to enable them to take ITC. We had been requesting MoCA to wait till judgment of Hon'ble Supreme Court is delivered on the issue of nature of FTC being aeronautical charge or non-aeronautical charge. However, MoCA vide above letter advised AERA to do away with FTC and to compensate the Airport operators by suitably recalibrating other tariffs.



Mumbai International Airport Limited
Chhatrapati Shivaji Maharaj International Airport
1st Floor, Terminal 1, Santacruz (E)
Mumbai 400 099, India

T +91 22 6685 0900 / 0901 F +91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164



Cont..3

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES



..3..

Without prejudice to the fact that MIAL considers FTC as non-aeronautical in nature and also without prejudice to the fact that the present advice of MoCA is not a direction, we would like to submit our suggestions as follows:

Since FTC is permitted alongwith base airport charges, hence its identity needs to be kept distinct. As a result, we request that in lieu of FTC, the Authority may permit invoice to be raised by the Airport Operators (MIAL in the present case) directly on the airlines with effect from 16th January, 2020 for Adhoc Charges aligned with the landing charges calculation at present. Adhoc Charges could be derived from historical percentage of FTC to total landing charges. This will serve the purpose of airlines being able to avail ITC and will retain separate identity of revenue in lieu of FTC. Since it is extremely important to commence billing as soon as possible, we request the Authority to approve the above proposal for CSMI Airport, Mumbai.

Based on aforesaid, **Annexure 1** indicates applicable Adhoc Charges for remaining portion of FY20 with effect from 16th January, 2020 and for FY21.

The suggested procedure shall undergo change if Hon'ble Supreme Court passes an order in favour of MIAL, concerning the nature of FTC.

Thanking you,

Yours sincerely,
For Mumbai International Airport Ltd.


(R.K. Jain)

Chief Executive Officer



Mumbai International Airport Limited
Chhatrapati Shivaji Maharaj International Airport
1st Floor, Terminal 1, Santacruz (E)
Mumbai 400 099, India

T +91 22 6685 0900 / 0901 F +91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

Proposed Adhoc Charges in lieu of discontinued FTC for FY 2020 (from 16.1.2020)

S. No.	Particular	Adhoc Charges per landing for FY 20 (Rs)
1	Domestic	5,200
2	General Aviation	2,600
3	International (Category of Aircraft) :	
	Code C	18,800
	Code D	20,700
	Code E	37,600
	Code F	60,200

Notes :

- 1 For FY 2020-21 Adhoc charges shall be escalated by WPI increase with a maximum cap of 7% and minimum of 5%
- 2 Aircraft with maximum certified capacity of less than 80 seats operated by domestic scheduled operators and helicopters of all types shall be exempt from Adhoc Charges
- 3 GST shall be extra at actuals



Mumbai International Airport Limited
Chhatrapati Shivaji Maharaj International Airport
1st Floor, Terminal 1, Santacruz (E)
Mumbai 400 099, India

T +91 22 6685 0900 / 0901 F +91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

MIAL/ VPR/2019-20/14

26th February, 2020

✓ To
The Chairperson,
Airports Economic Regulatory Authority of India (AERA),
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi -110 003

Sir,


Sub: Rationalisation of Fuel Throughput (Airport Operator) Charge levied by Airport Operators on Aviation Turbine Fuel (ATF) across all Airports in India- reg.

Ref: AERA Letter F. No. AERA/20010/MYTP/MIAL/CP-III/ 2018-19 dated 30th January, 2020

With reference to the Authority letter referred, we are giving below the desired information for your records:

- i. FTC has been discontinued at CSMT Airport, Mumbai with effect from 15.01.2020.
- ii. Month wise FTC billed in the current financial year with effect from 01.04.2019 till 14.01.2020 along with the volume of fuel in KL detailed in the certificate dated 20th February, 2020 issued by S N Katdare & Co., Chartered Accountants, is attached herewith.

For **Mumbai International Airport Ltd.,**


(Sanjiv Bhargava)
Vice President (Regulatory)

Encl : As above



Mumbai International Airport Limited
Chhatrapati Shivaji Maharaj International Airport
1st Floor, Terminal 1, Santacruz (E),
Mumbai 400 099, India

T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csmia.aero

CIN - U45200MH2006PLC160164

ENERGY
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES



SHIVNANDAN N. KATDARE

B.Com., F.C.A.

M. No. 35327

Mobile No.: 98200 02936

Office Mobile : 98694 24400 / 98690 54627

Office Tel. : 2612 1789 / 2611 7392

E-Mail : snkatdare@yahoo.com

Web Site : snkatdareco.lcal.org.in

GST IN / UIN : 27AALPK9130C1ZT

S. N. KATDARE & CO.

CHARTERED ACCOUNTANTS

Firm Regl. No. 112142W

Office: G-9, Bhansali Society, Ground Floor,
Behind Siddhachal, Next to Cosmos Bank,
Opp. Parle Tilak English Medium School,
Hanuman Road, Vile Parle (East),
Mumbai 400 057.

TO WHOMSOEVER IT MAY CONCERN

On the basis of information and explanations provided and other relevant accounting records produced before us by M/s. Mumbai International Airport Ltd. (MIAL) having its office at CSMIA 1ST Floor T1 B Santacruz (E) Mumbai - 400099, we here by certify that the month wise revenue from Fuel Throughput Charges for the period from April 2019 till 14th January 2020 is as per table provided below.

Month	KL	Amount (inRs./ Cr.)
April - 2019	1,16,175	11.31
May - 2019	1,24,087	12.08
June - 2019	1,16,286	11.32
July - 2019	1,13,731	11.07
August - 2019	1,19,532	11.64
September - 2019	1,18,827	11.57
October - 2019	1,28,314	12.49
November - 2019	1,33,010	12.95
December - 2019	1,42,848	13.91
January - 2020 (01.01.2020 to 14.01.2020)	67,685	6.59
Total	11,80,497	114.93

This Certificate is issued on request received from MIAL for submission to Airports Economic Regulatory Authority of India.



For S.N.Katdare & Co.
Chartered Accountants


S.N. Katdare

(Proprietor)

Reg.No. 035327

G-9, Bhansali Bldg., Hanuman Road,
Vile Parle (East), Mumbai - 400 057.

Name, Address and registration numbers

Place: Mumbai

Date: 20th Feb, 2020

UDIN- 20035327AAAFT3114

MIAL/ CEO/ 109

GVK
4th March, 2020

The Chairperson,
The Airport Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi 110 003

Sir,

Subject: Rationalisation of Fuel Throughput (Airport Operator) Charge levied by Airport Operators on Aviation Turbine Fuel (ATF) across all airports in India – reg.

- Ref : 1) MoCA Letter No. FAV-13-3-/216/2016-ER (Pt.2) dated 8th January, 2020
2) AERA Letter No. AERA/20015/FT/2010-11/Vol. II dated 15th January, 2020
3) MIAL Letter No. MIAL/CEO/98 dated 24th January, 2020
4) AERA Letter No. AERA/20010/MYTP/MIAL/CP-III/2018-19 dated 30th January, 2020

Please refer to our letter on the above subject, where we had requested for immediate replacement of Fuel Throughput Charges with Ad-hoc charges per landing.

Since tariff finalization of MIAL is likely to take time, sudden stoppage of FTC has adversely affected business plan of MIAL, especially the investment in Navi Mumbai International Airport project out of internal accruals. Planned investment in Navi Mumbai airport project is very critical for timely implementation of this project of national importance.

In view of above, we request the Authority for introduction of Ad-hoc charges per landing at the earliest.

Yours sincerely,
For Mumbai International Airport Ltd


(R.K. Jain)

Chief Executive Officer



Mumbai International Airport Limited
Chhatrapati Shivaji Maharaj International Airport
1st Floor, Terminal 1, Santacruz (E)
Mumbai 400 099, India

T +91 22 6685 0900 / 0901 F +91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

732/212424
11.3.2020

181/DO(P&J)
12/3/2020

527

GVK

MIAL/ VPR/2019-20/16

11th March, 2020

To
The Chairperson,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi-110 003

भारतीय विमानचालन आयोग विनिर्मायक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली- 110003

प्राप्त

डायरी नं० 15391
तारीख 11/03/20

22/1493
SMCA

Sir,

Subject: Rationalisation of Fuel Throughput (Airport Operator) Charge levied by Airport Operators on Aviation Turbine Fuel (ATF) across all Airports in India- reg.

- Ref : 1) MoCA Letter No. FAV-13-3-/216/2016-ER (Pt.2) dated 8th January, 2020
2) AERA Letter No. AERA/20015/FT/2010-11/Vol. II dated 15th January, 2020
3) MIAL Letter No. MIAL/CEO/98 dated 24th January, 2020
4) AERA Letter No. AERA/20010/MYTP/MIAL/CP-III/2018-19 dated 30th January, 2020
5) MIAL letter No. MIAL/CEO/ 109 dated 4th March, 2020
6) MIAL letter No. MIAL/CEO/ 108A dated 4th March, 2020

This is in continuation of our earlier letter dated 24th January, 2020, wherein we had requested the Authority to allow collection of Ad-hoc landing charges from the airlines in lieu of shortfall due to discontinuation of FTC with effect from 15th January, 2020 till 31st March, 2020.

Also in continuation of our further letter no. MIAL/CEO/109 dated 4th March, 2020, we are computing below the shortfall to be recovered, as well its % to landing charges, based on which Ad-hoc Landing charges are proposed to be collected:

- | | |
|--|----------------------|
| a. Shortfall for period 15.1.2020 till 31.3.2020 | Rs. 31.66 Cr. |
| b. FTC for FY 2020-21 based on Tariff order no.13 of 26.9.2016 | Rs.150.50 Cr. |
| Total amount to be collected as Ad-hoc landing charges | Rs.182.16 Cr. |

Landing Charges as per Tariff Order no. 13 of 2016-17

Rs.764.53 Cr.

**Shortfall to be collected (% of Shortfall as % of landing Charges,
as Ad-hoc landing charges**

23.83%

Mumbai International Airport Limited
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E)
Mumbai 400 099, India

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

T+91 22 6685 0900 / 0901 F +91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164

528




In this connection we would also like to draw kind attention of the Authority that above amount of shortfall has been computed without taking into account escalation of 5% per annum in Fuel throughput charges agreed on 4th September, 2008 between Oil Marketing Companies and MIAL (copy enclosed), which has also been recognised by the Authority while finalising the rate card for aeronautical tariff for the second control period. Accordingly, the actual shortfall based on the FTC as agreed shall be 26% which is higher than the shortfall of 23.83% mentioned above.

We request the Authority to allow Ad-hoc Landing charges with effect from 1st April, 2020 till the determination of aeronautical charges for the third control period by the Authority, based on shortfall computed above

In case any other information is required in this connection, kindly let us know.

Thanking you,
Yours sincerely

For Mumbai International Airport Ltd.


(Sanjiv Bhargava)
Vice President (Regulatory)



Mumbai International Airport Limited
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E)
Mumbai 400 099, India

T+91 22 6685 0900 / 0901 F+91 22 6685 2059
www.csia.in

CIN : U45200MH2006PLC160164

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES


Date: 04/09/08


Escalation formula for throughput charges

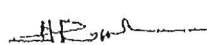
A meeting was held between PSU Oil companies and MIAL on 04th September 2008 to finalize the Escalation formula for Throughput Charges payable to MIAL for the next 15 years starting from 2009-10.

After deliberations, following escalation formula is finalized mutually for the year 2009-10 onwards: -

- a) The Throughput rate of Rs 500 per Kl. shall be taken as base figure (2008-09) and escalation as per the formula shall be applied on the base figure from the year 2009-10 onwards. The final throughput rate of 2009-10 shall become base rate for the year 2010-11 for applying the escalation factor and so on.
- b) Minimum escalation of 5% per annum over previous year and escalation in excess of 5% to be linked to Wholesale Price Index (WPI) with a cap of 7.0 %.
- c) The formula is proposed to be applicable for next 15 years w.e.f. 2009-10 and after a period of 15 years, it shall be reviewed and mutually agreed.
- d) MIAL has taken up the Issue of applicability of Service Tax on throughput charges with the Government authorities and if applicable, shall be reimbursed by the Oil companies on actual basis.
- e) To work out the Escalation factor, WPI for the Financial year shall be taken into account


 (R. Jain)
 President,
 MIAL


 (R Sareen)
 E. D. (Avn),
 IOC


 (P J Kavde)
 Station Manager,
 for EQ(Avn) BPC


 (S S Bramhe)
 Chief Manager (Avn),
 for DGM(Avn) & SBU
 Head, HPC