

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

Minutes of the Stakeholders' Consultation Meeting held on 09.10.2020 at
11:30 AM on Virtual Platform

CONSULTATION PAPER No. 34/2020-21 TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL FOR DETERMINATION OF AERONAUTICAL TARIFFS FOR THE 1st CONTROL PERIOD (F.Y. 01.04.2020 TO F.Y. 31.03.2025) IN RESPECT OF AAI RAIPUR AIRPORT.

AERA Act, 2008, Sec.13, Clause-4 (a) empowers AERA to ensure transparency in Consultation Process for determination of tariff in the wider interest of the public and the stakeholders. Accordingly, a Stakeholders' Consultation Meeting was convened by the Authority on 09.10.2020 at 11.30 am through Video Conferencing to elicit the views of the Stakeholders on the Consultation Paper No. 34/2020-21 dated 18.09.2020 issued by the Authority to consider the Multi-year Tariff Proposal for the 1st Control Period (FY 2020-21 to FY 2024-25) in respect of Swami Vivekananda Airport, Raipur. The list of participants is enclosed at **Annexure-I**.

1. AERA welcomed all the Participants/Stakeholders to the Meeting, especially, the representatives from Airport Authority of India (AAI), Indigo, BAOA, IATA and Federation of Freight Forwarders' Association in India (FFFAI).
2. The participants were informed that the Authority has invited written comments from all the Stakeholders and the last date for receipt of the comments is 18.10.2020.
3. Chairperson, AERA in his opening remarks welcomed all the participants to the meeting and set forth the agenda for the meeting i.e. to discuss the viewpoints of the Stakeholders concerning Consultation Paper No. 34/2020-21 issued by AERA for tariff determination of Raipur Airport for the 1st Control Period.
4. Director (P&S), AERA, then invited Mr. Rakesh Sahay, Airport Director, Raipur Airport to make a presentation on CP. NO.34/2020-21.

AAI, APD, Swami Vivekananda Airport, Raipur

5. Mr. Rakesh Sahay, Airport Director, Raipur Airport gave a detailed presentation on CP. No.34/2020-21 for determination of tariff for Raipur Airport for the 1st Control Period. The presentation covered the following details:
 - 5.1 Raipur Airport is a public airport located at Mana 18 km from the city centre. It is named after Saint Swami Vivekananda.
 - 5.2 Raipur is an industrial city located in the State of Chhattisgarh which is the rice bowl of India and is also surrounded with many industrial cities like Bhilai, Durg, Bilaspur and Mahasamund etc.
 - 5.3 There are about 54 aircraft movements and 6,700 passengers who travel per day. The Airport is connected directly to cities such as Delhi, Kolkata, Mumbai, Chennai, Bangalore, Hyderabad, Indore, Bhopal, Jaipur, Goa, Vizag, Patna, Prayagraj, Ranchi &

Jharsuguda. There are scheduled airlines such as Air India, Alliance Air, Air Vistara and Indigo that operate at Raipur Airport.

- 5.4 Major tourist spots within 300 kms from Raipur city are Chitrakoot Water Falls, Teerathgarh Water Falls, Jatmai Ghatarani Water Falls, Bharamdeo Temple, Mainpat Hill Station, Kanger Valley National Park and Sirpur – an archaeological city.
- 5.5 APD, Raipur, informed that the Chhattisgarh State Government, has recently in the first week of October 2020, lifted the 14 day quarantine restrictions, clamped earlier in view of the COVID19 pandemic, for the travellers. With this relaxation, the Airport is hopeful of higher passenger traffic and Aircraft movements.
- 5.6 He stated that generally business travellers are high at Raipur Airport and to cater to their needs the airport has introduced many services like Wi-Fi facilities, which have been enhanced at the Airport.
- 5.7 Finally, the Airport Director gave an overview of the major capital works undertaken at Raipur Airport such as construction of fire station, additional parking bays for code 4C, AB-320/321 type of aircrafts, levelling and grading of extended runway etc.
- 5.8 He also informed that the Average ASQ rating given by ACI for Raipur Airport for the 1st quarter of 2020 was 4.74 on a scale of 5.0 points.

Submissions by AAI(CHQ) on the Consultation Paper No. 34/2020-21

6. Mr. Pradeep Kumar, Executive Director (JVC) AAI, along with Ms. Vidya, GM Finance AAI, made the following submissions on the various proposals put forth by the Authority in the CP No. 34/ 2020-21 and requested AERA to consider the same before passing the Tariff Order :
- 6.1 Growth rate in Payroll expenses may be considered as 7% instead of 5% from FY 2019-20 to FY 2024-25.
- 6.2 Shortfall of FY 2019-20 may be compounded at 14% rate of return.
- 6.3 Shortfall of FY 2019-20 may not be apportioned to the future years of the 1st Control Period and may be considered for adjustment in the first tariff year FY 2020-21.
- 6.4 Loss incurred in the FY 2018-19 may not be carried forward while computing the taxes for the 1st Control Period of the Raipur Airport as it is prior to the 1st Control Period.
- 6.5 AERA is requested to consider the revised CHQ/ RHQ expenses submitted by AAI for FY 2019-20 for computation of loss for FY 2019-20 and its carry forward/ set off in the subsequent year.
- 6.6 AERA is requested to take note/modify the typo' error in the Rate card for Extension of Watch Hour Charges as the existing rate instead of the revised rate is erroneously mentioned in the proposed Tariff Card.
- 6.7 AERA is requested to consider the increase in Parking Charges by 108% in order to match the Parking Charges for the FY 2020-21 in line with its recent Tariff Orders in respect of other AAI Airports viz. Bhubaneshwar, Indore & Patna.

- 6.8 Date of implementation of the new tariffs may be considered as 1st January.2021.
- 6.9 The percentage of annual increase in FY 24-25 may be considered same as that of FY 23-24.
- 6.10 Shortfall after factoring the above changes comes out to Rs. 25.20 crore. AERA is requested to carried forward the shortfall to the next Control Period.

7. The forum was then opened for Stakeholder views/comments which were as follows:

Indigo Airlines

- 7.1 Mr. Dushyant Deep from Indigo Airlines said that the Airline was happy to note the removal of the 14 days quarantine restriction by the Chhattisgarh State Government. Further, he informed that the Ministry of Civil Aviation (MoCA) has announced its plans to review and enhance the permitted flight capacity in line with the easing of the restrictions by the GoI. Accordingly, he suggested that AERA may consider higher growth in traffic for the 1st Control Period.
- 7.2 Indigo Airlines also appreciated AERA's initiative to consider and adopt from the Studies by CAPA India, ACI and IATA while making its own estimation of traffic forecasts and suggested that AERA could similarly also consider ICAO's Report for analysing of traffic forecasts.
- 7.3 Mr. Dushyant also commented that the AUCC meeting has not been conducted by AAI at Raipur Airport and the same should be organised as per laid down guidelines.
- 7.4 Indigo Airlines further urged upon the Authority to consider deferment of the date for implementation of new tariffs (which is now proposed for 01.04.2021) for a further period in view of the prevailing situation.

International Air Transport Association ('IATA')

8. Mr. Ujjawal Bakshi from IATA made the following comments:
- 8.1 Traffic forecasts done by AERA is very rational and IATA is also of the view that the domestic market will rebound faster, under the present COVID-19 pandemic scenario.
- 8.2 Assets allocation for Raipur Airport is reasonably balanced. He, however, pointed out that 278.70 sq.m used for advertising purposes (displayed as banners and not occupying floor space) may be re-looked by the Authority and stated that if the same is included in the terminal building area, the aeronautical ratio will increase. A complete exclusion of such tangible elements will not be ideal and does not reflect proper cost allocation principle.
- 8.3 He requested AAI to share the project investment details to enable the airline community to provide better informed feedback and further requested Raipur Airport to categorise projects as essential and non-essential assets based on safety/security/regulatory or capacity enhancement or replacement of asset. IATA also emphasised that it is important to minimise Capex for this Control Period and defer as much as it can for the later Control Period.


- 8.4 Fair Rate of Return (FRoR) can be more rationalised;
- 8.5 Further, that AERA has taken the right decision by increasing the Non-Aeronautical revenues by 15% in FY 2023-24, by which time the pre-COVID levels of traffic is expected get restored and further see growth.
- 8.6 Raipur Airport needs to optimise the Operational & Maintenance costs
- 8.7 Increase in Aeronautical revenue should be spread over the entire 1st Control Period rather than loading it more in the FY 2020-21.

Business Aircraft Operators Association (BAOA):

9. Group Captain Bali, representative from BAOA, commented that the Consultation Paper is very comprehensive and adopts a rational approach. Further, he highlighted the following issues that affect the Non-scheduled Operators:
- 9.1 He pointed out that the high Royalty on charges such as CUTE /Ground Handling services impacts the growth of NSOPs negatively and in this regard AERA should re-consider capping the same at 14% instead of 30% as per the extant provisions.
- 9.2 AERA should define Housing Charges recognizing the distinction between hangars hired for MRO activities and those for housing of aircraft. Further, if the Airport Operator itself, such as the AAI in this case, is providing Ground Handling services, then the charges need to be fixed for each of the services instead of a comprehensive rate, in order to be rational.

Federation of Freight Forwarders' Association in India (FFFAI)

10. Mr. Vipin Vohra, representative from FFFAI said that they would be submitting their written comments separately.
11. Chairperson, AERA asked the Airport Director, Raipur Airport (Mr. Rakesh Sahay) to update all the Stakeholders about the AUCC meeting to be conducted at Raipur Airport well in advance following due procedure as per guidelines.
12. The meeting concluded with a vote of thanks from Shri Subrata Samanta, Member AERA. He expressed gratitude towards all the participants for expressing their views on the Consultation Paper and assured that AERA would consider all the viewpoints raised by the Stakeholders and the written comments to be received from AAI /other Stakeholders before taking a final decision pertaining to tariff determination of the Raipur Airport for the 1st Control Period.
13. On behalf of AERA, Member AERA once again thanked all the participants for making the meeting a success.


(Ram Krishan)
Director (P&S)

List of Participants:

Airports Economic Regulatory Authority of India

1. Mr. B S Bhullar, Chairperson
2. Mr. Subrata Samanta, Member
3. Col. Manu Sooden, Secretary
4. Mr. Ram Krishnan, Director (P&S)
5. Ms. Geetha Sahu, AGM (Fin) -Tariff

Airports Authority of India

1. Mr. Pradeep Kumar, ED - JVC
2. Ms. Vidya, GM Finance

Raipur Airport

1. Mr. Rakesh Sahay, Airport Director

Representative from Indigo Airlines

1. Mr. Dushyant Deep

Representative from International Air Transport Association (IATA)

1. Mr. Ujjawal Bakshi

Independent Service Providers

1. Group Captain R K Bali, Business Aircraft Operators Association
2. Mr. Vipin Vohra, Federation of Freight Forwarders' Association in India

R. Subramanian & CO, LLP

1. Mr. Gokul Dixit, Senior Partner
2. Ms. Krithika Gopal, Partner