



# भारतीय विमानपत्तन प्राधिकरण AIRPORTS AUTHORITY OF INDIA

No. AAI/CHQ/AERA/MYTP-Trichy/2019

Dated:09/11/2020

The Secretary,  
Airports Economic Regulatory Authority of India,  
AERA Building,  
Administrative Complex,  
Safdarjung Airport  
New Delhi-110003

**Sub:- AAI Comments on Stakeholders' comments w.r.t. Consultation Paper No:- 36/2020-21 dt. 14.10.2020 in the matter of Determination of Aeronautical Tariff in respect of Trichy Airport for the first Control Period (01.04.2020 to 31.03.2025).**

Sir,

AERA has issued Consultation Paper No-36/2020-21 in the matter of Determination of Aeronautical Tariff in respect of Trichy Airport for the first Control Period (01.04.2020 to 31.03.2025) and sought comments of stakeholders latest by 13.11.2020.

The comments of AAI on the Consultation Paper are as under: -

Sr. No.	Consultation Paper	AAI's Comments																																								
1	<b>Refer Para 12.15 – Payroll expenses.</b> AERA considered a growth rate of 5% in payroll expenses for the FY 2019-20 to FY2024-25.	<p>AERA is requested to consider a growth rate of 7% in payroll expenses for the FY 2019-20 to FY 2024-25. <b>Justification:</b> 7% is the average increase in the payroll due to annual increment of 3% in salary, quarterly increase in Dearness allowance and Employer contribution to PF. This is also in line with the earlier tariff order by AERA.</p> <p>Illustration</p> <table border="1"><thead><tr><th>Component of salary</th><th>Existing</th><th>Incremental due to 3% annual increment</th><th>Incremental Yearly impact due to 6% (average increase) in DA</th></tr></thead><tbody><tr><td>Basic Salary</td><td>10000</td><td>300</td><td></td></tr><tr><td>DA</td><td>1800</td><td>54</td><td>618</td></tr><tr><td>HRA</td><td>2400</td><td>72</td><td></td></tr><tr><td>Perks</td><td>3500</td><td>105</td><td></td></tr><tr><td>Employer contribution to PF &amp; pension</td><td>1200</td><td>36</td><td>74.16</td></tr><tr><td>Total</td><td>18900</td><td>567</td><td>692.16</td></tr><tr><td>Total incremental</td><td></td><td></td><td>1259.16</td></tr><tr><td>% increase i.e. 1259.16/18900</td><td></td><td></td><td>6.66%</td></tr><tr><td>% increase Round off</td><td></td><td></td><td>7%</td></tr></tbody></table>	Component of salary	Existing	Incremental due to 3% annual increment	Incremental Yearly impact due to 6% (average increase) in DA	Basic Salary	10000	300		DA	1800	54	618	HRA	2400	72		Perks	3500	105		Employer contribution to PF & pension	1200	36	74.16	Total	18900	567	692.16	Total incremental			1259.16	% increase i.e. 1259.16/18900			6.66%	% increase Round off			7%
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<p>2. <b>Refer Para 17.11 Reimbursement of capital expenditure of the NITB</b></p> <p>Cost of Terminal Building 853.10Cr AERA Recommended (75%) 637.40Cr AERA not considered 215.70Cr AERA has stated that this balance should be included in the RAB when it is utilized possibly in the next control period. Moreover, in case the actual traffic flow is more than the projected figure of 1.9MPPA at any time of the control period and the capacity utilization is more than 50%, the amount of the cost of the building would be suitably adjusted at the time of true up.</p>	<p>Due to extraordinary adverse impact of Covid-19 Pandemic on Domestic and International air travel, most of the Passenger Terminal Buildings all over India are unutilized and it is very difficult to forecast passenger growth for future. AERA is requested to consider the entire cost of Terminal Building as this will not affect Tariff proposed by AERA only shortfall will increase which will be subject to true up in the next control period. AAI will capitalize the entire cost of Terminal Building in FY 2022-23 and accordingly depreciation will be provided. Hence, AERA is also requested to provide return on entire cost of terminal Building instead of 75%.</p>																						
<p>3. <b>Refer 16.3 (ii) Parking Charges</b></p> <p>The existing Parking charges are proposed to be increased by 45% in the FY 2021-22</p>	<p>AERA is requested to consider the increase in parking charges by 108%(Dom) &amp; 80%(Intl) in order to match the parking rates for the FY 2020-21 in line with recent orders i.e. Bhubaneswar, Indore and Patna Airport. The propose Parking Charges for the F.Y. 2020 -21 is as under:</p> <table border="1" data-bbox="542 1276 1375 1612"> <thead> <tr> <th>Weight of Aircraft</th> <th>FY 2021-22</th> </tr> </thead> <tbody> <tr> <td>Upto 25 MT</td> <td>3.12 per hour per MT</td> </tr> <tr> <td>Above 25 MT upto 50MT</td> <td>78 + 4.16 per hour per MT in excess of 25 MT</td> </tr> <tr> <td>Above 50MT upto 100MT</td> <td>182 + 8.32 per hour per MT in excess of 50 MT</td> </tr> <tr> <td>Above 100 MT upto 200MT</td> <td>598 + 10.40 per hour per MT in excess of 100 MT</td> </tr> <tr> <td>Above 200 MT</td> <td>1638 + 11.44 per hour per MT in excess of 200 M</td> </tr> </tbody> </table> <p>An increase of 108% (Dom) &amp; 80%(Intl) instead of 45% (as proposed by AERA) is not significant in terms of absolute money. The impact would be only Rs. 104 per hour (A320) if AERA considers AAI's proposal.</p> <table border="1" data-bbox="542 1724 1375 1881"> <thead> <tr> <th>Particulars</th> <th>Existing</th> <th>As per AERA slab</th> <th>Slab as Proposed by AAI above.</th> <th>Difference in Rs.</th> </tr> </thead> <tbody> <tr> <td>A 320 ( 74MT)</td> <td>188</td> <td>278</td> <td>382</td> <td>104</td> </tr> </tbody> </table>	Weight of Aircraft	FY 2021-22	Upto 25 MT	3.12 per hour per MT	Above 25 MT upto 50MT	78 + 4.16 per hour per MT in excess of 25 MT	Above 50MT upto 100MT	182 + 8.32 per hour per MT in excess of 50 MT	Above 100 MT upto 200MT	598 + 10.40 per hour per MT in excess of 100 MT	Above 200 MT	1638 + 11.44 per hour per MT in excess of 200 M	Particulars	Existing	As per AERA slab	Slab as Proposed by AAI above.	Difference in Rs.	A 320 ( 74MT)	188	278	382	104
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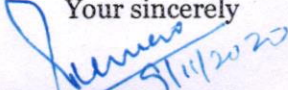
4	<b>Refer para 16 Date of implementation of Revised tariff</b>																																					
	AERA has proposed to revise the Landing, Parking, UDF charges with effect from April 1, 2021	AERA is requested to change the date of implementation tariff for all revenue streams w.e.f. 1.1.2021 in order to meet the cash flow requirement of AAI necessitated due to COVID -19.																																				
5	<b>Refer Para 16: Annual Tariff Proposal (Rate Card)</b>																																					
	<p>AERA has allowed AAI to recover the ARR leaving a shortfall of Rs.271.72 cr., with ATP are as under: -</p> <p><b>1. Landing &amp; Parking charges</b> The Existing Landing charges are proposed to be increased by 45% in the FY 2021-22, by 10% in the FY 2022-23 and thereafter by 6% on a compounded basis up to FY 2024-25.</p> <p><b>2. UDF:-</b> Rs.600 (Dom) &amp; Rs.800 (Intl) w.e.f. 01.4.2021</p>	<p>AAI is proposed to recover the revised ARR leaving a shortfall of Rs.330.25 cr., (to be carry forward to the next control period) the revised ATP are as under: -</p> <p><b>1. Landing charges:</b> - One-time increase of 45% for FY 2020-21 w.e.f. 1<sup>st</sup> January '2021, by 10% in the FY 2021-22 and thereafter by 6% on a compounded basis up to FY 2024-25.</p> <table border="1" data-bbox="555 696 1374 909"> <thead> <tr> <th>Particulars</th> <th>AERA</th> <th>AAI</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>Nil</td> <td>45% w.e.f. 1<sup>st</sup> Jan 2021</td> </tr> <tr> <td>2021-22</td> <td>45%</td> <td>10%</td> </tr> <tr> <td>2022-23</td> <td>10%</td> <td>6%</td> </tr> <tr> <td>2023-24</td> <td>6%</td> <td>6%</td> </tr> <tr> <td>2024-25</td> <td>6%</td> <td>6%</td> </tr> </tbody> </table> <p><b>2. Parking charges:</b> - One-time increase of 108%(Dom) &amp; 80%(Intl) for FY 2020-21 w.e.f. 1<sup>st</sup> January '2021, by 10% in the FY 2021-22 and thereafter by 6% on a compounded basis up to FY 2024-25.</p> <table border="1" data-bbox="555 1099 1374 1339"> <thead> <tr> <th>Particulars</th> <th>AERA</th> <th>AAI</th> </tr> </thead> <tbody> <tr> <td>2020-21</td> <td>Nil</td> <td>108%(Dom) &amp; 80%(Intl) w.e.f. 1<sup>st</sup> Jan 2021</td> </tr> <tr> <td>2021-22</td> <td>45%</td> <td>10%</td> </tr> <tr> <td>2022-23</td> <td>10%</td> <td>6%</td> </tr> <tr> <td>2023-24</td> <td>6%</td> <td>6%</td> </tr> <tr> <td>2024-25</td> <td>6%</td> <td>6%</td> </tr> </tbody> </table> <p><b>3. UDF:-</b> Rs.600 (Dom) &amp; Rs.800 (Intl) w.e.f. 1<sup>st</sup> January '2021.</p>	Particulars	AERA	AAI	2020-21	Nil	45% w.e.f. 1 <sup>st</sup> Jan 2021	2021-22	45%	10%	2022-23	10%	6%	2023-24	6%	6%	2024-25	6%	6%	Particulars	AERA	AAI	2020-21	Nil	108%(Dom) & 80%(Intl) w.e.f. 1 <sup>st</sup> Jan 2021	2021-22	45%	10%	2022-23	10%	6%	2023-24	6%	6%	2024-25	6%	6%
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6	<b>Refer Para 7.20.3: Authority's proposal regarding capitalization of Aeronautical Expenditure for the First Control Period</b>																																					
	7.20.3 To impose a penalty of 1% of the terminal building expansion project cost, if AAI/prospective PPP bidder fails to commission and capitalize the new terminal building by April 2022.	AERA is requested to waive off 1% penalty if AAI fails to complete the Terminal Building by April 2022 due to Covid-19 pandemic situation.																																				

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Based on the above comments, the shortfall has been reworked and comes out to be Rs.330.25 Cr. which shall be carried forward to the next control period.

This issue with the approval of the Competent Authority.

Your sincerely

  
**(Pradeep Kumar)**

Executive Director (JVC & Tariff)

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