

**Airports Economic Regulatory Authority of India**

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**MINUTES OF THE STAKEHOLDERS' CONSULTATION MEETING HELD ON  
02.03.2017****CONSULTATION PAPER No.3/2016-17 DATED 14/02/2017 IN THE MATTER  
OF DETERMINATION OF AERONAUTICAL TARIFFS IN RESPECT OF  
CHANDIGARH INTERNATIONAL AIRPORT LIMITED FOR THE FIRST  
CONTROL PERIOD(01.04.2016-31.03.2017)**

The Stakeholder Consultation meeting was convened by the Authority on 02/03/2017 at 1500 hrs in the Conference Room First Floor, AERA Building, Administrative Complex Safdarjung Airport, New Delhi to elicit the views of the stakeholders on the Consultation Paper no 03/2016-17 dated 14/02/2017 issued by Authority in the matter of determination of Aeronautical Tariffs in respect of Chandigarh International Airport Limited for the First Control Period (01.04.2016 to 31.03.2017). The list of participants is enclosed at **Annexure-I**.

2. Shri S. Machendranathan, Chairperson, AERA welcomed the participants to the meeting and briefed them on the subject Consultation Paper. Further the Chairman advised the stakeholders to give their written comments on or before 07/03/2017.

**The comments of various stakeholders are as follows.****2.1 Sh. Suneel Dutt, CEO, CHIAL**

Shri Suneel Dutt, CEO gave a presentation on CHIAL with respect to their MYTP. He briefed the Authority about the constitution of CHIAL as a Joint Venture and highlighted the various aspects related to Tariff Passenger Facilitation, on Aero Revenue and associated cost of operation. He also gave an insight into the Capex Plan during the 2016-21. He further informed that CHIAL has received several prestigious awards /rating and awards from AAI for timely completion of project.

**2.2 Sh. J.B. Saini, CFO, CHIAL**

He stated that the total cost involved in the airport is Rs.963 crores and the land cost is Rs.452.00 crores.

CFO in brief explained the allocation of Aeronautical and Non Aeronautical Assets and other financials with respect to their proposal. He stated that there is a need to increase the Tariff to sustain their operations and take up the future planned projects for phase II and phase III.

Sh. J.B. Saini, CFO further stated that they have not proposed any increase in Parking Charges and only 4% per year increase in Fuel Throughput Charges has been proposed. He also stated that PSF : Rs.77 per passenger will be merged in UDF once the UDF is approved by AERA.

CFO concluded by stating that AERA should reconsider the decision to include the land cost in the RAB calculation otherwise the State Govts will not give funds for future expansion.

**2.3 Sh. Viswajeet Khanna, IAS, Additional Chief Secretary, Government of Punjab:**

Shri Khanna stated that he would like to reiterate what has been said by the Board Member of CHIAL and that the Government of Punjab and Haryana want the land cost to be included in the RAB as it was originally planned to be included as an equity contribution by the State Government. When the agreement was executed in the year 2008, it was planned to include the land cost as an equity contribution from the state government and the state governments have paid Rs.453 crore for acquisition of the land. He further stated that as per the MOU, CHIAL was formed as a Special Purpose Vehicle (SPV). This is unlike other airports where the government has given land to AAI free of cost for development of airport. It was stated that the Government insisted to have an equity contribution in the project as the government wanted to be a shareholder in the project and that was the reason why the land was acquired and the land cost was included.

**2.4 Shri Rajesh Jindal, IRS, Government of Haryana, Haryana Government:**

Shri Rajesh Jindal, representative of Haryana Government, stated that the Haryana Govt shared 50% of the land cost and also paid money for the same. He concluded by saying that they endorse the view of CHIAL that cost of land should be included in the RAB.

**2.5 Ms. Swati Singh, Manager, AAI:**

No comments from AAI.

**2.6 Shri Eric Antia, Campaign Manager, IATA:**

Sh Eric said that they have not made any written submissions in this regard and would send their written comments before the due date i.e. 07.03.2017.

**2.7 Shri Mohit Dwivedi, Head, Corporate Affairs, GoAir:**

Shri Mohit Dwivedi, GoAir, sought 4 weeks' time to file written submissions, as their competent officer was abroad. However, the Chairman insisted that sufficient time has been given and the written submissions may be provided by the due date i.e. 07.03.2017.

**2.8 Shri Mukesh Trehan, GM (Fin.) Jet Airways:**

Shri Trehan from Jet Airways stated that he is representing FIA also as the office bearer of FIA was abroad and they need some more time for filing the written submissions. He stated that if four weeks' time is not possible, at least, two weeks' time should be given for submission of written comments. The Chairman stated that the Authority would look into the matter of giving any extension of time, as the Authority wants timely implementation of the tariffs of CHIAL.

Shri Trehan further stated that they support the view of the AERA that land cost should not be included in the project cost as has been the case for Goa and other airports. Regarding UDF, Mr. Trehan stated that instead of having two slabs, there should be a uniform rate of UDF otherwise it will be difficult and cumbersome process

for airlines to dig out the details and submit the same to the airport operator based on the aeronautical miles for the two slabs. Mr. Trehan also highlighted the fact that with the implementation of the GST from 1<sup>st</sup> April, 2017, the UDF charges for the domestic as well as international sectors will increase tremendously and will affect the passenger traffic volume at the airport.

On the land issue, Chairman was of the view that with the new Land Acquisition Bill, the land cost is going to play a major role in the project cost of new airports and that the Authority may have to examine the matter separately.

Shri Trehan concluded by stating that they will submit their detailed comments on the proposal within the given time. Shri Trehan also commented on the collection charges payable to airlines on collections of PSF/ UDF and proposed that there should be some revision in the charges as well, as the manpower cost involved in computation of the data has gone up and there has been no increase in the charges since the last decade. Shri Samanta, Member, AERA commented that now most of the major airports are merging PSF and UDF and now there is going to be only one charge which will be collected from the passengers. With the merger of the charges, the processing cost and the manpower cost for airlines will definitely come down or will get reduced.

### **2.9 Shri Rajnish Kharbanda, Manager Cargo , Jet Airways:**

He stated that in the absence of any cargo infrastructure and facilities at Chandigarh International Airport, the levy of TSP charges should not be there. There is no manpower, storage facilities at the airport. So, in the absence of any facilities, there should not be any levy of TSP charges.

CEO, CHIAL stated that neither they have been charging any charges on account of TSP nor any cargo charges. They have been levying only X-ray charges. CHIAL has provided two X-ray machines and have been only charging for the X-ray facilities. CHIAL has already given the project for common user terminal – II to Airports Authority of India and the cargo charges will be levied only after the cargo facilities come up.

The CFO stated that first we will create infrastructure and then only we will levy the charges. However, they have only proposed the charges in tariff card. Mr. Rajnish queried whether the cost of common user terminal has been included in the project cost of the airport to which CFO replied that it is not being included.

Chairman concluded by saying that the cargo charges shall be examined separately when the cargo terminal comes into existence. Till that time, the airport will have to charge for x-ray machines which has been provided at the airport.

### **2.10 Sh. B.S Bagga, DGM(Airport Service), Indo-Thai:**

Shri Bir S. Bagra, DGM, said that they would stick to the timeline set by AERA i.e. 7<sup>th</sup> March, 2017.

### **2.11 Group Capt R.K.Bali, MD, BAOA:**

Shri Bali stated that he is of the opinion that it is the Government's duty to provide land for development of infrastructure like airports, road etc. and when the

Government provides land, the land cost should not be included in the project cost. However, if some private firm has acquired land and paid for it, then it should be part of the land cost. When it comes to Government's participation, the land cost should not be

included in the project cost as the inclusion in the land cost will increase the tariff which in turn, will affect the already bleeding airlines.

The Additional Chief Secretary, Punjab Government, countered by saying that the Government also acquires the land at a cost which is either recovered from the tax collection from the people or from the dividend paid by the company in which the Government has an equity. There is no other source of generating funds for the Government.

Mr. Bali concluded by saying that they will submit their written submission by 7<sup>th</sup> March, 2017. Mr. Bali also stated that the small aircraft operators will play a major role in the RCS scheme but the ground handling charges for the small aircraft operators have not been clearly defined for any of the major airports. Shri Bali further, stated that the charges for hangars and other ground handling activities should also be regulated by the Authority under aeronautical charges.

Shri Suneel Dutt, CHIAL, stated that the flight charges at CHIAL airport are a bit high in view of the fact that the time available for operations is during day only as the Defence Authorities do not allow any operations in the night. For this reason, CHIAL has not been able to increase its international flights which normally operate during night. The issue has been taken up by the State government and AAI with the Defence for allowing operations during the night. With the increase in flights and passenger traffic, the charges are definitely going to come down in the near future. Present runway strength is also not adequate. In case CHIAL wants to strengthen the runway, the work will take at least three years since the work will be carried out only during the night from 8 pm in the evening to 8 am in the morning. All these will definitely affect the traffic at the airport. Due to some constraints, CHIAL is not able to properly exploit the potential in the international sector as in the present scenario they have to manage both international and domestic operations in the day only. Shri Dutt also stated that the UDF slab will not affect the RCS flights, as most of the RCS flights will fall under 165 nautical miles range.

**2.12 Ms. Apurba Sengupta, HoD (Operations Shell MRPL):**

Ms. Apurba Sengupta, HoD (Operations), said that they would submit the comments in writing and stick to the timeline set by AERA i.e. 7<sup>th</sup> March, 2017.

**2.13 Shri S. S. Brahma, Chief Manager (Aviation), HPCL:**


Shri S. S. Brahma, Chief Manager (Aviation), said that throughput charges may be levied w.e.f. 01.04.2017.

**2.14 Shri J.Kumar, Chief Manager IOCL:**

Shri Kumar, Chief Manager said that throughput charges may be levied from prospective date w.e.f. 01.04.2017.

The Chairperson again requested all the stakeholders to submit their written comments by 3<sup>rd</sup> March, 2017

**3.** The Meeting ended with a Vote of Thanks to the Chair.

  
(Puja Jindal)  
(Secretary)

**List of Participants:****Airport Economic Regulatory Authority of India**

1. Sh. S Machendranathan, Chairperson- in Chair
2. Sh. N.Shankar, Member
3. Sh. S.Samanta, Member
4. Sh. P.C.Jain, AGM(F)
5. Sh. Rajesh Khanna, AGM(F)
6. Sh. Mohit Kaushis, Manager(F)
7. Sh. Jaimon Sskaria, Manager(F)
8. Sh. K.Narasimaha, Sr. Supdt.(F)

**CHIAL**

1. Sh. Suneel Dutt, CEO
2. Sh. J.B.Saini, CFO

**Govt of Punjab**

1. Sh. Viswajeet Khanna, Addl. Chief Secretary

**Govt of Haryana (HUDA)**

1. Sh. Rajesh Jindal IRS, C.C.F.HUDA

**GMADA**

1. Sh. Jagdish Kumar, CAO

**AAI**

1. Ms. Swati, Manager(F)

**E&Y**

1. Sh. Umang Agarwal, Sr. Associate
2. Sh. Arun Tuli, Manager

**Jet Airways**

1. Sh. Mukesh Trehan GM(F)
2. Sh. Rajnish Khurana Manager(CARGO)

**Shell MRPL**

1. Ms. Apurba Sengupta , HOD OPS

**BAOA**

1. Group Captain R.K.Bali, MD

**HPCL**

1. Sh. S.S.Bramha, Chief Manager-Aviation(Ops)
2. Sh. J.S. Khanuja

**IOCL**

1. Sh. J Kumar, Chief Manager

**GMR**

1. Sh. Harsh Gulati, GM
2. Sh. Shobhit Agarwal

**IATA**

1. Sh. Eric Antia,Campaign, Manager

**INDO THAI**

1. Sh. B.S.Bagga, DGM(Apt)
2. Sh. Sudhir, Manager(Ops)

**GO AIR**

1. Mohit Dwivedi, Head- Corporate Affairs