

MIAL/VPR/2020-21/1



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

Sir,

Sub. - Response to comments by stakeholders

Ref. – AERA consultation paper no. 24/ 2019-20 dated 20th March, 2020 in the matter of provision of compensation in lieu of Fuel Throughput Charges at CSMI Airport, Mumbai

With reference to comments by stakeholders on above referred consultation paper, we would like to state that MoCA vide its letter no. F. No. AV-13030/216/2016-ER (Pt.2) dated 8th January 2020 had conveyed its decision to the Authority as below:

- i. Levy of airport operator charge or fuel throughput charge in any manifestation shall be discontinued at all airports, airstrips and heliports across India with immediate effect.
- ii. AERA / Ministry of Civil Aviation, as the case may be, should take into account the amount of this revenue stream and duly compensate the Airport Operator / AAI by suitably recalibrating other tariffs during their determination of airport tariffs.

It is undisputed that AERA had considered decision of MoCA as its direction and accordingly it had advised airport operators to implement directions of MoCA. As a result, fuel throughput charges were withdrawn from 15th January 2020. While acting on direction of MoCA, the Authority did not issue any consultation paper, rightly so. The Authority was supposed to compensate Airport Operators for loss of such revenue as per the direction of MoCA. APAO has also rightly pointed out that since no consultation process was followed for discontinuance of FTC there was no need to initiate the consultation process for allowing a charge in lieu of FTC.

The reason for issue of consultation paper by the Authority is only to decide modality to compensate airport operator namely MIAL. Any objection by any stakeholder for compensatory charge *per se* is not justified as it is in violation of direction of MoCA which is binding on the Authority and stakeholders. Hence such objection needs to be dismissed *ab initio*. Accordingly we are not responding to contentions raised by various stakeholders.

Genesis of all this exercise was burden of GST on supply of fuel to airlines as the same is not eligible for input tax credit. As far as modality to compensate to respective airport operator is concerned, request of MIAL is based on most tax friendly proposition as airlines will be able to take input tax credit of GST. Any insistence by airlines to levy compensatory charge on passenger defeats the very purpose of whole exercise as individual passengers will not be able to take input tax credit of GST.



Mumbai International Airport Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in
CIN : U45200MH2006PLC160164

Cont..2

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

Reason for proposal to levy compensatory charge as ad-hoc charges is sufficiently explained by MIAL and the same is adequately mentioned in the consultation paper. Contention of stakeholders that looking into ongoing situation, the Authority should defer the proposal is not tenable and needs to be outrightly rejected because proposal does not put any additional burden on airlines. Secondly relief to airlines and airports on account of COVID-19, is to be considered by the Government of India and not by the Authority.

Thanking you,

Yours sincerely

For Mumbai International Airport Ltd.



(Sanjiv Bhargava)
Vice President (Regulatory)

