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AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

**Minutes of the Stakeholders Consultation Meeting held on
07th February, 2019 at 11.00 AM at Marriott Hotel, Indore.**

**CONSULTATION PAPER NO. 27/2018-19 TO CONSIDER THE
MATTER OF DETERMINATION OF AERONAUTICAL TARIFFS IN
RESPECT OF DEVI AHILYA BAI HOLKAR AIRPORT (IDR),
INDORE FOR THE FIRST CONTROL PERIOD (01.04.2018 TO
31.03.2023).**

A Stakeholder Consultation Meeting was convened by the Authority on 07.02.2019 at 11.00 AM in the Marriott Hotel, Indore, to elicit the views of the Stakeholders on the Consultation Paper no. 27/2018-19 dated 14.01.2019 issued by the Authority to consider the Multi-year Tariff Proposal for the 1st Control Period (FY.2018-19 to FY.2022-23) in respect of Indore Airport. The list of participants is enclosed at **Annexure-I**.

2. At the outset, Chairperson, AERA welcomed all the participants to the Meeting and briefly touched upon the subject matter of the Consultation Paper. The Chairman advised the stakeholders to give their written comments/ views on or before 11th February, 2019.

3. The Chairperson, AERA invited APD Indore for brief presentation on MYTP.

3.1 Ms. A. Sanyal, Airport Director, Indore Airport, gave a brief presentation on the Multi Year Tariff Proposal submitted to AERA for determination of tariffs for the 1st Control Period. The presentation covered features of the existing airport, historical versus the present /projected passenger traffic, ATM movements, and, the constraints placed on the existing terminal building, the areas of proposed investment and its effect on existing/ future tariff, overview of the revenue & costs at Indore Airport, during the 1st Control Period. She requested the Authority to reconsider the following issues:

- a) APD submitted that the airport handled one Indore-Colombo flight in July 2018, and, that the airport is planning to commence scheduled International operations. Therefore, the Authority, should determine charges for international flights.

However, the Chairperson, AERA, clarified that there cannot be a tariff in the absence of any forecasts for international operations. He also suggested that AAI has the option to charge the applicable domestic tariff to its international passengers /flights. Further, in case international operations commence during the control period and there is a significant increase in the international Pax/ATM, then AAI could file a fresh tariff for consideration of the Authority.

- b) AAI submitted that there was a minor error in the calculation on depreciation of assets. The Consultants to AERA, M/s Deloitte whose representative was also present in the meeting was advised to make necessary corrections.

902 **4. STAKEHOLDERS' COMMENTS:**

4.1 M/s Federation of Indian Airlines (FIA)

Sh. Ujjwal Dey, the representative of FIA, stated that they will be submitting their comments on the Consultation paper in writing. FIA briefly touched upon the following issues.

FIA mentioned that the Authority has not included ANS & Cargo revenue for the purpose of tariff determination.

Chairperson clarified that AERA has not commenced determination of ANS Tariffs. As such, the Authority has not considered ANS revenues /expenditure, and, similarly, no ANS Assets have been considered for RAB purposes.

AAI stated that at present the Cargo Revenues at Indore Airport are not very significant and presently the cargo expenditure is more than the cargo revenue resulting in a deficit. Chairperson AERA then stated that any benefits of cross subsidization, that could be passed on to the passenger, arises only in case there is a surplus cargo revenue.

The Authority also mentioned that AAICLAS is now a separate entity, and, as per regulations, it is required to file a separate tariff proposal of its own to AERA. However, till such time, the Authority agreed to consider the average cargo revenues at the airport, and, additionally, directed AAI to provide details of notional rents, if any, paid by AAICLAS to AAI at Indore Airport.

FIA asked whether a AUCC meeting was held, and, if so, why a copy of the Minutes was not shared with the Stakeholders. APD, Indore, clarified that AUCC Meeting, for the proposed capital works, was conducted on 24.07.2018, and, agreed to provide a copy of the same. APD, Indore, was advised that, normally, the Minutes are also to be forwarded to the Authority at the time of MYTP submissions.

On the matter of life of Terminal Building & other buildings, FIA contended that it should be considered as 60 years, instead of 30 years as followed by AERA in its tariff orders thus far, which is a conservative estimate. The Authority, clarified that ideally, it should be left to the Airport Operator to decide the same, however, a life of 30 years for buildings, is reasonable as per accepted industry norms.

Regarding Fuel Throughput Charges (FTC), FIA stated that at present the process of FTC invoicing does not permit the airlines to claim tax credit, and, therefore, sought intervention of the Authority to correct the same. Chairperson AERA, agreed to take up the matter with Oil companies.

4.2 M/s Spice jet

The representative of Spice Jet submitted that the proposed increases in Tariff rates are significantly high, and, requested AERA to look into the same, since it directly affects the Airlines. Chairperson, AERA replied that AERA is mandated to give returns on investment made by the Airport Operator. The resource gap is met with Aeronautical tariffs & UDF. Therefore, there shall

always be a price, to the various users, for the provision of infrastructure as well as other facilities at any Airport.

4.3 M/s BPCL / Reliance (RIL)/ M/s IOCL

M/s BPCL, M/s Reliance and M/s IOCL had no comments on the Consultation Paper.

4.4 M/s Indo Thai

M/s Indo Thai had no comments on the Consultation Paper.

4.5 M/s Indigo/Jet Airways/Air India

The representatives of M/s Indigo, Jet Airways, & Air India had not offered any comments on the Consultation Paper.

The Meeting ended with a vote of thanks to the chair.


(Geetha Sahu)
Asst. General Manager (Fin.)

List of Participants:-**Airports Economic Regulatory Authority Of India**

1. Shri. S. Machendranathan, Chairperson- in Chair
2. Shri S. Samanta, Member
3. Shri Sudhir Raheja
4. Smt. Geetha Sahu, AGM (Fin.)
5. Shri. Jaimon Sakaria, Manager (F)

AAI

6. Ms. A. Sanyal, APD, Indore
7. Shri Shashikant Burewar, Jt. GM (EE)
8. Ms. V. Vidya, GM (Fin.), CHQ
9. Shri Rajiv Kumar Srivastava, DGM (OPS)
10. Shri Ram Kishor, DGM (ATC)
11. Shri Anand Gupta, AGM (Engg-E)
12. Shri Ravi Kanojia, AM (Fin), CHQ

Bharat Petroleum Corporation Ltd.

13. Shri Karthik Ju Nath

Indian Oil Corporation Ltd.

14. Shri S.K. Yadav

Inter Globe Aviation (Indigo)

15. Ms. Nisha Raghu

Spicejet

16. Shri Pavitra Shukla

IOCL

17. Ms. Bindu. R

CISF

18. Shri Rahul Verma,

RIL

19. Shri Mahendra Dohare
20. Shri SP Singh

Indo Thai Airport Management Services

21. Shri Satyendra Kr Singh

Federation of Indian Airlines

22. Shri Ujjawal Dey

Jet Airways

23. Shri Tariq Abbasi

24. Shri Varun Suri

Customs

25. Shri Mragendra Sharma

Air India

26. Shri Ashok Kumar

Association of Private Airport Operators

27. Shri Satyan Nayar

