



Federation of Indian Airlines
E-166, Upper Ground Floor,
Kalkaji,
New Delhi - 110019.
Website: www.fiaindia.in

MOST URGENT

12 June 2019

To,
Shri. Subrata Samanta Ji (Member),
Airport Economic Regulatory Authority (AERA), Govt of India,
Safdarjung Airport,
New Delhi – 110003.

AND

To,
Shri. Sudhir Raheja Ji (Member),
Airport Economic Regulatory Authority (AERA), Govt of India,
Safdarjung Airport,
New Delhi – 110003.

Subject: FIA requesting AERA to kindly review changes proposed by AAI (re: AAI presentation/PPT) and issue revised Consultation Paper for Patna Airport

Reference –

- Public Notice No. 06/2019-20, File No. AERA/20010/MYTP/AAI-Patna/CP-I/2018-19/ AERA, Dated – 12 June 2019 (**Public Notice**)
- Consultation Paper No. 03/2019-20 dated 08.05.2019 regarding Determination of aeronautical tariffs in respect of Jay Prakash Narayan International Airport, Patna for the first Control Period (01.04.2018-31.03.2023) (**Consultation Paper**)

Dear Sirs,

This is in reference to the above-mentioned Public Notice extending the last date for submission of written comments on the Consultation Paper from 14.06.2019 to 21.06.2019 as was decided by AERA in the Stakeholder Consultation Meeting held on 07.06.2019 (**Stakeholder Meeting**) for Patna Airport.

As your kind selves chaired this meeting and are well aware, in the Stakeholder Meeting, AERA had directed officials of Airports Authority of India (AAI) at Patna Airport (PAT) to review its working/calculation/projections and provide clarifications on certain aspects of the Consultation Paper. However, contrary to the directions of AERA, it appears that no efforts have been made by PAT/AAI to provide the desired revisions/clarifications, as the attachment to the Public Notice contains the same presentation that was made by PAT/AAI officials before the stakeholders during the Stakeholder Meeting.



Federation of Indian Airlines
E-166, Upper Ground Floor,
Kalkaji,
New Delhi - 110019.
Website: www.fiaindia.in

Some of the issues which remain to be clarified for the purposed of the Consultation Paper are mentioned below:

I. Issues to be clarified by PAT/AAI

1. **Bihta Airport:** No reference of proposed commissioning of Bihta Airport has been disclosed under the Consultation Paper, and such fact was only disclosed during the Airport Users Consultative Committee (AUCC) meeting at PAT and discussed at Stakeholder Meeting.

Accordingly, the AAI/PAT is required to evaluate and provide a reasoning for the need for a new terminal project (including allied works) at PAT when a new airport i.e., Bihta Airport is proposed to be commissioned by 2022 in Patna or alternatively justify the need for Bihta Airport and also indicate the impact on traffic at PAT due to proposed commissioning of Bihta Airport.

2. **Mode/Source of Financing/Funding:** The issue of modes/source of financing/funding for the proposed new terminal (including allied works) at PAT was raised by FIA during the AUCC at PAT, to which AAI officials had informed that such issue was required to be raised during the Consultation Meeting. This is contrary to the established requirements of the Project Investment File (required to be disclosed at the AUCC Stage) as per the AERA (Terms and Conditions of Determination of Tariff of Airport Operators) Guidelines 2011 dated 28 February 2011 (**Tariff Guidelines**) which requires that stakeholders are informed about the source of funding for the project.

Without prejudice to the above, FIA raised the above issue in the Consultation Meeting to which PAT/AAI replied stating that same is proposed through their "*Internal Financing*". No clarification has been provided in this regard (i.e., source of funding) in the presentation shared by PAT (attachment to the Public Notice).

3. **Contradiction in Traffic Projection:** AAI/PAT claimed a reduction in their pax traffic from 28% to 15% in the Consultation Paper but also stated that they are looking into building a parallel runway as according to their projections the pax footfall will increase from the current 4.1 million to 8 million per annum in the near future. FIA submitted in the Stakeholder Meeting that these statements are contradictory to each other and PAT/AAI needs to clarify. It may be noted that any change in the traffic projections will consequently impact the calculation of certain building blocks/Annual Revenue Requirement. FIA still awaits the clarification on the above and would also like AERA to review and specifically comment on the apparent contradiction in the traffic projection.



Federation of Indian Airlines
E-166, Upper Ground Floor,
Kalkaji,
New Delhi - 110019.
Website: www.fiaindia.in

4. **Cost of Residential Quarter:** FIA raised the purpose of disproportionately high cost for Residential Quarter. In the Stakeholder Meeting, AERA put across a valid point to PAT that the land for constructing the Residential Quarter already existed, and accordingly questioned the need for spending huge amount of monies on the residential quarters. AERA instructed PAT to come out with the list of essential personnel who will be residing in such quarters and stated that in case AERA finds discrepancies in the list of personnel, it will only approve which ever in necessary. AERA further stated that the cost for Residential Quarter will not be approved unless suitable calculations justifying the cost are provided. The details (number of personnel, etc.) of the same are awaited by FIA.

II. Issues to be reviewed by AERA for the purpose of Consultation Paper

The presentation attached to Public Notice contains the following apparent discrepancies, notable omissions, and certain additional data vis-à-vis data provided by PAT/AAI in the Consultation Paper, which needs to be reviewed by AERA:

- (a) **Bihta Airport:** FIA reiterates the same point for Bihta Airport as mentioned above in Clause (I) (1). Additionally, in the Stakeholder Meeting, PAT stated that PAT would reach their utilization to optimum by 2026, given the fact that PAT would be unable to increase the Runway length and accommodate code D aircrafts. Thus, AERA should look into the ambitious project being proposed by PAT in the first place. FIA awaits a reasoning for the need for such ambitious project at PAT keeping in view the proposed commissioning of the Bihta Airport.
- (b) **Existing Terminal Capacity** is stated as 0.7 mppa as compared to 0.5 mppa in the Consultation Paper. (Page 16 of the presentation attached to Public Notice);
- (c) **Trend and Projections (Passenger and ATM Traffic)** is different from Traffic Forecast in the Consultation Paper. (Pages 24-25 of the presentation attached to Public Notice);
- (d) **Major Capital Works / Project Cost** is different from cost proposed by AAI in the Consultation Paper. (Pages 29-30 of the presentation attached to Public Notice);
- (e) **Cost per square meter of Apron:** AAI claimed that the area of GSE (2100 sqm) was "inadvertently left out earlier" in the Consultation Paper. (Page 34 of the presentation attached to the Public Notice);
- (f) **The cost of Semi-Permanent Expansion of Terminal Building** has been revised from the cost given in the Consultation Paper. (Page 35 of the presentation attached to the Public Notice);



Federation of Indian Airlines
E-166, Upper Ground Floor,
Kalkaji,
New Delhi - 110019.
Website: www.fiaindia.in

- (g) **The Public Notice proposes new User Development Fee** for domestic passengers which was not mentioned in the Consultation Paper. (Page 48 of the presentation attached to Public Notice).

FIA submits that revisions submitted by AAI/PAT under the presentation/PPT part of the Public Notice amounts to amendment in MYTP. Accordingly, FIA submits that AERA would need to specifically comment on the above issues (after due clarification from AAI/PAT) and provide its reasons for acceptance and refusal, which will form a part of the Consultation Paper, as revised.

Given that the above-mentioned clarifications are still pending, AERA would agree that objections of the stakeholders must be clarified as part of a well-informed Consultation Paper for stakeholder's review and comments.

FIA therefore humbly request AERA to:

- (a) *Direct PAT/AAI to clarify the list of queries as mentioned above and seek any other clarification as deemed fit by AERA; and*
- (b) *AERA to review the revised submission made by PAT (amounting to amendments of MYTP) after seeking due clarification from PAT/AAI and provide its comments/observations as part of a revised Consultation Paper; and*
- (c) *In view of the above, request AERA to place in abeyance the deadline of stakeholder submission on the Consultation Paper which is proposed to be 21.06.2019.*

Thanking you,

Yours sincerely,

For and on behalf of Federation of Indian Airlines,


UJJWAL DIXIT
Associate Director

Cc:

- Shri. BCH Negi, Airport Director – JPNI Airport, Patna.
- Mrs. V Vidya, GM-Finance (JVC), AAI CHQ, New Delhi.