

Ministry of Civil Aviation  
ER Division  
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**Subject: Comments on consultation paper on determination of Development Fee for MIAL-regarding**

As was requested by JSFA, comments on the subject mentioned above are given below for information and necessary action.

The development fee in respect of metro connectivity project for CSI airport Mumbai has been calculated using NPV method. However the calculations are based on various assumptions some of which are factually incorrect and some are based on unsound methodology. Therefore any deviation from what is assumed will change future inflow of cash to MIAL and the amount of levy of DF to be collected from embarked passengers as well, given the outflow of cash to be made by MIAL to MMRC

In the consultation paper MIAL has submitted that 20 percent of passengers embarked from Mumbai Airport (both domestic and international) are exempted from levy of Development fee on account of DF exemption category as per AIC order no. 6/2012 issued by DGCA. i.e. Only 80 % of embarked passengers are given as paying DF. This submission by MIAL is factually wrong and misleading.

For example as per DGCA data which excludes all the category of passengers(except diplomatic passport holders) mentioned in AIC order no.6/2012, total number International passengers embarked from Mumbai airport in the year 2014-15 is **55,99,958** which is almost 97% of embarked passengers (ie. **57,77,725**) as reported by AAI and used by MIAL in their calculation. That means percentage of international passengers who do not pay DF is only around 3% as against the submission of MIAL ie. 20%.

Every scheduled airlines submit to DGCA the city-pair data in ICAO Form-B every month which includes only revenue passengers. Hence AERA may be asked to validate the submission of MIAL with DGCA data. Going by 20% DF exemption formula submitted by MIAL can result in actual DF collection to be more than what is required to pay for MMRC (as per NPV calculation)

Secondly, assumption used in the forecast of traffic made (based on CAGR of past 5 years) in the consultation paper is too naive. For example in the year 2015-16 till October itself, Domestic passenger forecasted has grown by more than 20% as against the MIAL assumption of 7.73% while international traffic has grown only by less than half of what is assumed in consultation paper ie. 6.78%. Rather than looking at past CAGR (since it was a trough period for Indian aviation market in the past few years) forecast should be made taking in to account underlying factors influencing traffic.

For your perusal please.

*Ashique*  
28/11/15  
(Ashique Karattil)  
Deputy Director

JS&FA

*May like to see.*

*Chairman AERA. let us examine this. Any*

*ASHIQUE KARATTIL*  
Deputy Director