

RIL/AERA

12th May 2011

Shri. Sandeep Prakash
Secretary,
Government of India,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi - 110 003.

Dear Sir,

**Sub : Multi Year Tariff Proposal for first Control Period commencing
1.4.2011 submitted by Bharat Star Services Pvt Ltd (BSSPL)
and Annual Tariff Proposal for the first tariff year 2011-12 -
Ref : Consultation Paper No.03/2011-12**

AGM (ARBS)

16/5/11

We have gone through the proposal submitted by BSSPL for Into-Plane Fee at IGI Airport, New Delhi and our feedback/comments /suggestions on the proposal is given as under :

1. The consultation process followed by BSSPL with Suppliers was only with regard to terms of agreement for Into Plane services. In the consultation meetings, there was no discussion on the methodology for determining the tariff being charged by the Into Plane service provider. Hence the consultation process is not complete.
2. BSSPL has not provided any details with regard to capital expenditure, Operating expenses, financing charges etc, in their proposal to AERA for MYTP 2011-12, which are required to ascertain the reasonableness of the tariff proposed now.
3. If cost plus basis is the criterion for reasonableness of tariff then same can be assessed only on receiving all financial details. If competitive tariff is the basis of reasonableness then the Airlines who are paying similar charges at other airports may also be able to guide.
4. It is mentioned that concession agreement provides for, "price cap so prescribed shall be maximum rates and Selected tenderer will be free to offer a discount on these rates to the Air Carriers or the Supplier.". It is possible to offer discriminatory discounts to specific suppliers and thereby reduce competitiveness of other suppliers. AERA should seek the details of costs and the tariff from BSPL and the basis of





offering any discount to suppliers from BSSPL so that no undue competitive advantage is given to any supplier.

5. As per the agreement copy submitted by BSSPL, the subsequent revision in fees will be 5% or WPI index , which ever is lower . And if the increase is more than 5% DIAL will approve the same. This escalation clause is in contradiction with guidelines issued by AERA . Hence, we would request AERA to kindly review the fees being proposed by BSSPL for year 2011-12 and for subsequent year the revision should be based on the actual cost data, duly approved by AERA. This should also apply to other ITP agent, M/s IOSL at Delhi Airport.

Looking forward to a favourable response.

Thanking you,

Yours faithfully,

For Reliance Industries Ltd.,

S. Mohanty
Head – ATF Business