



# भारतीय विमानपत्तन प्राधिकरण AIRPORTS AUTHORITY OF INDIA

FNO- No: AAI/CHQ/Tariff/MYTP-R

Date:13/11/2020

The Director (Policy and Statistic),  
Airports Economic Regulatory Authority of India,  
AERA Building, Administrative Complex,  
Safdarjung Airport, New Delhi-110003

**Sub: - AAI Comments on Consultation Paper No:-33/2020-21 in the matter of Determination of Tariff for AAI Cargo Logistics & Allied Services Company Ltd for providing Cargo Handling Services at NSCBI, Kolkata for the First Control period from 01.04.2019 to 31.03.2024.**

Sir,

Reference is invited to Consultation Paper No:- 33/2020-21 issued by AERA in the matter of Determination of Tariff for AAI Cargo Logistics & Allied Services Company Ltd for providing Cargo Handling Services at NSCBI, Kolkata for the First Control period from 01.04.2019 to 31.03.2024.

The following comments of AAI on Consultation Paper may also be considered for determination of Tariff for AAI Cargo Logistics & Allied Services Company Ltd. for providing Cargo Handling Services at NSCBI, Kolkata

The observations of AAI are as under:

SL No	Particulars	AAI's Comments/Submission
1	<b>Proposal No. 4 Regarding Cargo Volume Forecast:</b> The Authority proposes to consider growth in cargo volumes @ 3.48% for the 1st Control Period for Kolkata Airport based on the 10-year CAGR	It is requested to consider the impact of Covid -19 pandemic situation while considering the growth rate for future Revenue.
2	<b>Proposal No. 5 RAB/Additions to RAB &amp; Depreciation:</b> The Authority proposes not to consider the project cost of the New Cargo Domestic Terminal amounting to Rs.7000.00 lakhs under "Additions to RAB" (CAPEX) for the Calculation of ARR for the 1st Control Period. However, if required AAICLAS can approach the Authority for mid-term review of Tariffs after completion of the Project. Otherwise, the Project Cost and its completion will be considered on actual basis in 2nd Control Period.  5.c The Authority proposes that in addition to normal true up with carrying costs, to impose a penalty of 1% of the Project Cost, if AAICLAS fails to commission and capitalize the CAPEX projects on time as per the Revised CAPEX schedule.	It is requested to consider domestic cargo terminal costing Rs7000lacs in the F.Y 23-24. AAICLAS has proposed the construction to be completed in the F.Y 22-23.  It is proposed that in the Covid -19 pandemic situation when the future projection is very uncertain, AERA is requested not to impose penalty of 1% of the Project Cost, if AAICLAS fails to commission and capitalize the CAPEX projects on time.

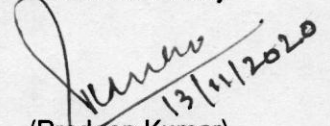
	5.f. AAI should undertake User Stakeholder Consultation process for major capital expenditure items as per the Guidelines.	AAICLAS should undertake user consultation instead of AAI as it is a separate entity.
3	<p><b>Proposal No .10 : Revenue from Operation</b></p> <p>10.a The Authority proposes to consider revenues from space rent/rent &amp; royalty from third parties in cargo terminal building as revenues from "regulated services" and consequently exclude the same from "other than regulated services"</p> <p>10.b. The Authority proposes to consider Revenues for the purpose of tariff determination for the 1st Control Period for AAICLAS, Kolkata Airport.</p> <p>10.c The Authority proposes to true up the Cargo Revenues of 1st Control Period based on Actual Cargo Revenues earned at the time of determination of tariffs for the Next Control Period.</p>	<p>It is requested to consider the impact of Covid -19 pandemic situation while considering the Revenue from Aeronautical and Non-Aeronautical .</p> <p>As per CPMS data available at AAI Website the degrowth in freight upliftments for the period from April'20 to August'20 in comparison to April'19 to August'19 are as under:</p> <p>International : -60%</p> <p>Domestic : -44%</p> <p>Combined : -51%</p>

In view of above and keeping all other building blocks require for tariff determination by AERA as same, if traffic decreases by 25% for the F.Y 20-21 in comparison to F.Y 19-20 and subsequently overall revenue for the F.Y 20-21 decreases by 25% and increase in traffic by 15% thereafter for the F.Y 21-22, 22-23 & 23-24 on YOY basis, then one-time increase of 25% w.e.f 1/4/2021 is possible as per AERA price cap methodology.

AERA has considered 20% increase in Cargo Tariff for most of proposal of AAICLAS. It is requested to consider one time 20% increase in cargo tariff for the F.Y 21-22 instead of 11.5% as proposed by AERA. The shortfall if any due to 20% increase in cargo tariff is proposed to be carried forward for the second control period.

Thanking you,

Yours sincerely



(Pradeep Kumar)

Executive Director (JVC & Tariff)