

Date 15<sup>th</sup> Nov'2016

Letter No: GHIAL/2016-17/SPG/1282

भारतीय विमानपत्तन आर्थिक विनिमायक प्राधिकरण  
साफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डायरी नं: 5514  
तारीख : 15/11/16

To,

The Secretary,  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex,  
Safdarjung Airport, New Delhi – 110 003

**Subject: Response to the consultation paper 1 no 1/2016-17 dtd. 5<sup>th</sup> Oct'2016**

Dear Sir,

With reference to the above mentioned consultation paper, please find attached our response attached herewith as Annexure I.

Yours faithfully,

For GMR Hyderabad International Airport Ltd.



Sidharath Kapur

President (Finance & Business Development)

Encl: Annexure I

# Response to the Consultation Paper No.1 / 2016-2017

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## 1. Background

The Airport Economic Regulatory Authority (AERA-) issued a Consultation Paper No. 01/2016-17 dated 05<sup>th</sup> October, 2016 with regard to the following provisions of the National Civil Aviation Policy, 2016 (NCAP) issued by the Ministry of Civil Aviation, Government of India.

a) Till Mechanism for Tariff Determination:

With regard to the till, the NCAP has categorically mentioned as under:

*"..12 (c) To ensure uniformity and level playing field across various operators, future tariffs at all airports will be calculated on a 'hybrid till' basis, unless otherwise specified for any project being bid out in future. 30% of non-aeronautical revenue will be used to cross-subsidise aeronautical charges. ..."*

b) Ground Handling:

With regard to the Ground Handling, the NCAP has mentioned as under at article 19 (a):

*"The airport operator will ensure that there will be three Ground Handling Agencies (GHA) including Air India's subsidiary/JV at all major airports as defined in AERA Act 2008 to ensure fair competition."*

AERA in respect of the above provisions of NCAP, has proposed the following for consultation with the stakeholders:

- (i) In line with the provision under para 12(c) of the NCAP-2016, AERA may adopt "Hybrid Till" for determination of tariffs for Airport Operators under the Price-cap Model from the second control period. The true up for the first control period shall be done on "Single Till" basis unless there is any direction from the Govt. of India to the contrary.
- (ii) The criteria for competition assessment for ground handling service providers may be considered as minimum 3 competitors instead of 2 as envisaged in para 19(a) of the NCAP-2016.

AERA has invited written comments and suggestions from the stake holders on the above said proposals. In this regard, GHIAL would like to submit as under.

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## 2. Response of GHIAL to the Consultation Paper

### 2.1 Till Mechanism for Tariff Determination:

The above said consultation paper issued by AERA, itself has mentioned at Para 2.2 as under:

*"2.2 ..... Later the Govt. of India also directed AERA to adopt a shared till to determine aeronautical tariff at Hyderabad airport. .... "*

GHIAL would like to submit that, as mentioned by AERA in the present consultation paper, the Ministry of Civil Aviation ("**MoCA**") vide communication dated 10<sup>th</sup> June 2015 has already issued a direction under sec.42(2) of AERA Act, 2008 in the matter of applicable 'Till' for RGI Airport, Hyderabad. The said direction was issued by MoCA pursuant to a direction issued by the Hon'ble High Court at Hyderabad, regarding determination of Till Policy for RGIA, Hyderabad. The Hon'ble High Court has issued the said direction to MoCA consequent to the challenge of AERA's 'Single Till' order no. 38/ 2013-14 dated 24.02.2014, by GHIAL.

The relevant extracts of MoCA's direction are as follows:

*"....*

*2. Aggrieved by the Order No. 38/2013-14 of AERA dated 24.02.2014, M/s HIAL had filed a Writ Petition No. 6487/2014 before the Hon'ble High Court of Andhra Pradesh challenging the Orders of AERA. After hearing the parties including AERA, the Hon'ble Court finally disposed off the case on 10.06.2014 directing UOI to pass appropriate orders on the representation submitted by the petitioner dated 20.04.2013*

*3. Pursuant to the above directions and after obtaining the legal advice of the M/o of Law & Justice, the Competent Authority has decided to approve 30% Shared Till in respect of RGIA Hyderabad. Accordingly, under Section 42(2) of AERA Act, 2008, AERA is directed to adopt 30% Shared Till in respect to RGIA, Hyderabad."*

Hence, the issue regarding 'Till' to be followed for tariff calculation for RGIA, Hyderabad airport has already been addressed and settled during the first control period itself pursuant to the above referred direction issued by MoCA and based on the provisions of the concession agreement and the concessions granted by the central government thereunder to the Hyderabad International Airport Limited ("**HIAL**"). Accordingly, the 'Till' to be followed for determination of tariff for RGIA,

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Hyderabad from the commencement of operations of RGI Airport, is 30% 'Shared Till'. Further, pursuant to and based on the above direction of MoCA, while filing tariff for the Second Control Period, GHIAL has submitted true up on Shared Till basis from the commencement of operations of RGI Airport.

Hence, we humbly submit that the true up for RGI Airport on 30% Shared Till /Hybrid Till basis is applicable from the commencement of operations of RGI Airport, Hyderabad.

In view of the above submissions, the AERA should clarify in its present CP that the true up for RGI Airport, Hyderabad shall be done on hybrid till of 30%, from the commencement of the airport operations.