

AVN/HQ/NR/1/AERA/

Date: 28.04.2017

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

Dear Sir,

Subject: Consultation Paper No 8/ 2016-17 regarding capping the percentage of royalty /revenue share in respect of ISP's at airports

Reference is invited to the Consultation paper no. 08/2016-17 dated 31.03.2017 wherein the Authority has proposed to cap the %age royalty/revenue share payable by the ISP to the Airport Operator at 30% of the Gross Turnover (GTO) of the regulated service, and which shall be allowed for regulatory purposes as "Pass Through" for determining the tariff of the independent service providers (ISP).

We would like to submit that currently, the ISP's providing the Into-Plane (ITP) services share a maximum of 6% of their GTO with the Airport Operator. The Authority's proposal of capping the %age revenue share in respect of ITP service providers at 30% of their GTO would induce the Airport Operator to increase this %age to 30% from the present level of 6% or below.

Being a regulated service, and allowed for regulatory purposes as "Pass Through" for determining the tariff of the ITP service provider, the ITP tariff determined, as a consequence, thereafter would be significantly higher, and would disrupt the ATF prices for airlines. Therefore, keeping the above in view, we humbly request the Hon'ble Authority to keep the ITP concessionaires out of the purview of present Consultation process/paper.

Thanking you,
Yours faithfully,
For Bharat Petroleum Corporation Limited,


Atul Mehra
Chief Manager (Business Development & Strategy), Aviation