

Subject: **Stakeholder Consultation: Royalty/Capping Suggestion**

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Respected Chairman, Secretary,
AERA

Firstly, GoAir compliments AERA for taking up the matter of royalty/capping at the stakeholder consultation meeting on Friday, 21st April 2017.

We wish to place before your office the following submission for consideration:

NCAP focusses on the future of Indian aviation. It envisions enabling flying for the masses, bringing about cost efficiency and encouraging sustainable aviation. Launch of RCS by the Hon.PM at Shimla on 27th April will reinforce this platform.

Costs are being multiply layered currently for services procured for an aircraft to take flight. Besides a fair margin charged by the service provider, huge amount of 'royalty' is being charged by airport operators ranging from 13% to 40%+ at various airports. Not only does this apply to ground handling and cargo services, it is also levied on food and fuel from in-flight kitchens and fuel companies. This is borne by the airlines, thus having a significant bearing on overall cost of air travel for the end consumer. It is such kind of multiple layering that is raising the cost of air travel taking the masses away from flying.

Airports across our country are the nation's gift to the public as a worthy asset. Activity associated with the preparation of a flight can only be undertaken at an airport and practically nowhere else. Levy of royalty is not a global practise and needs to be differentiated from the charge of rent.

Levy of royalties on ground handlers will only make availing the services of a concessionaire unattractive as compared to self-handling by airlines directly or through their subsidiaries. From the technical services view, MROs are exempt from royalty under NCAP.

Abolishing royalty will truly support the viability of NCAP. Reduced cost benefit will translate to affordable air travel, use of funds in training, deployment of low emission vehicles and improving local air quality will support the arch principles of the NCAP.

We emphatically suggest that levy of royalty be removed totally and absolutely.

Best wishes,

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