

439 -

F.No.AERA/25013/CP/03/2009-10
Airports Economic Regulatory Authority of India

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110003.

Dated the 17th February, 2011

OFFICE MEMORANDUM

**Subject: Economic Regulation of Service Provided by Airport Operators
- Minutes of the Stakeholder Consultation Meeting - reg.**

The undersigned is directed to say that the minutes of the meeting held with the stakeholders on the above subject on 14.02.2011 at 1100 hrs. in the Conference Hall, 1st Floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi - 110 003 have been issued and uploaded on the AERA website (<http://aera.gov.in>). A copy of the same can be downloaded from the website.

C.V. Deepak
(C.V. Deepak)
OSD-II
Tel.: 24695043

1. **Shri V.P.Agrawal**, Chairman, Airports Authority of India, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi - 110 003.
2. **Shri Arvind Jadhav**, Chairman & Managing Director, National Aviation Company of India Ltd., Air India Building, Nariman Point, Mumbai.
3. **Dr. Krishnadas Nair**, Managing Director, Cochin International Airport Pvt. Ltd., Nedumbassery, Cochin, Kerala.
4. **Shri Kiran Kumar Grandhi**, Managing Director, Delhi International Airport Pvt. Ltd., Uran Bhawan, Opp. ATC Complex, IGI Airport, New Delhi.
5. **Shri Kiran Kumar Grandhi**, Managing Director, GMR HIAL Airport Office, Rajiv Gandhi International Airport Pvt. Ltd., Shamshabad, Hyderabad - 500 409.
6. **Shri. G.V.Sanjay Reddy**, Managing Director, Mumbai International Airport Pvt.Ltd, Chhatrapati Shivaji International Airport, 1st Floor, Terminal 1B, Santa Cruz (E), Mumbai - 400 059.

AGM (ABS) → Kindly ensure copy of
the same is filed in AO-G file.

10

-640-

7. **Shri. G.V.Sanjay Reddy**, Managing Director, Bangalore International Airport Pvt. Ltd., Administration Block, Devanahalli, Bangalore – 560 300.
8. **Ms. Tulsi Nowlakha Mirchandaney**, Managing Director, Blue Dart Aviation Ltd., No. 88-89 Old International Terminal, Meenambakkam Airport, Chennai – 600 027.
9. **Capt. G.R. Gopinath**, Chairman & Managing Director, Deccan Cargo & Express Logistics Pvt. Ltd., 4th & 5th Floor, Raheja Paramount, 138, Residency Road, Bangalore – 560 025.
10. **Shri Pawan Arora**, Chief Operating Officer, Air India Express, Old Airport, Santa Cruz (E), Mumbai-400027.
11. **Shri Vipin Sharma**, Managing Director, Alliance Air, 205, G+5 Building, IGI Airport, Terminal – I, New Delhi-110037.
12. **Shri Jeh Wadia**, Managing Director, Go Airlines, Paper Box House, Off Mahakali Caves Road, Andheri (E), Mumbai-400093.
13. **Shri Rahul Bhatia**, Group Managing Director, InterGlobe Aviation Limited (“IndiGo”) Tower C Global Business Park, MG Road, Gurgaon-122002, Haryana.
14. **Shri Naresh Goyal**, Chairman, Jet Airways, SM Centre, Andheri Kurla Road, Andheri (East), Mumbai.
15. **Shri Naresh Goyal**, Chairman, Jetlite (India) Ltd., SM Centre, Andheri Kurla Road, Andheri (E), Mumbai.
16. **Dr. Vijay Mallya**, Chairman, Kingfisher Airlines, Kingfisher House, Vile Parle East, Mumbai 400057.
17. **Shri Neil Mills**, CEO, Spicejet Airlines Ltd., Plot No. 319, Udyog Vihar, Phase-IV, Gurgaon, Haryana.
18. **Shri Gopal Goyal**, Chairman & Managing Director, MDLR Airlines Pvt. Ltd., MDLR House, SCO 2, 3, 4 Old Judicial Complex, Sector 15 Gurgaon, Haryana.
19. **Shri Satyan Nayar**, Secretary General, Association of Private Airport Operators Birla Tower, Barakhamba Road, New Delhi.
20. **Shri Anil Baijal**, Secretary General, Federation of Indian Airlines, Capital Court, 6th Floor, Olof Palme Marg, Munirka, New Delhi – 110067.

21. **Ms Rohita Jaidka**, Chairperson, Board of Airline Representatives (India), C/o NACIL, Air India Building, Nariman Point, Mumbai.
22. **Shri Amitabh Khosla**, Country Director – IATA, International Air Transport Association, 207-208, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi.
23. **Shri Chandrajeet Banerjee**, Director General, Confederation of Indian Industry, The Mantosh Sondhi Centre, 23, Institutional Area, Lodhi Road, New Delhi 110003.
24. **Dr. Amit Mitra**, Secretary General, Federation of Indian Chambers of Commerce & Industry, Federation House, Tansen Marg, New Delhi – 110001.
25. **Shri D.S. Rawat**, Secretary General, Associated Chambers of Commerce & Industry, ASSOCHAM Corporate Office, 1, Community Centre Zamrudpur, Kailash Colony, New Delhi – 110 048.
26. **Shri Ajay Sahai**, Director General, Federation of Indian Export Organizations, Niryat Bhawan, Rao Tula Ram Marg, Opp. Army Hospital Research & Referral, New Delhi – 110057.
27. **Shri P. K. Ghosh, IAS Retd.**, Managing Trustee, Consumer Education and Research Center, 'Suraksha Sankool', Thaltej, Sarkhej-Gandhinagar Highway, Ahmedabad-380054, Gujarat.
28. **Shri Ram Khanna**, Managing Trustee, Voluntary Organization in Interest of Consumer Education, 441, Jangpura, Mathura Road, New Delhi 110014.
29. **Shri Pradeep S. Mehta**, Secretary General, Consumer Unity & Trust Society (CUTS), D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, Rajasthan.

Copy to :-

1. **Shri Rakesh Mehta**, Chief Secretary, Govt. of NCT of Delhi, Players Building, I.P. Estate, New Delhi.
2. **Shri Ratnakar Gaikwad**, Chief Secretary, Govt. of Maharashtra, Mantralaya, Mumbai-32.
3. **Shri Sanjay Kumar Srivastava**, Chief Secretary, Govt. of Goa, Secretariat, Porvori, Goa.

442-

4. **Shri Achal Kumar Jyoti**, Chief Secretary, Govt. of Gujarat, Secretariat, Gandhi Nagar, Gujarat.
5. **Dr. P. Prabhakaran**, Chief Secretary, Govt. of Kerala, Secretariat, Thiruvananthapuram – 695001 (Kerala).
6. **Smt. S. Malathi**, Chief Secretary, Govt. of Tamil Nadu, Secretariat, Chennai-600009.
7. **Shri S. V. Ranganath**, Chief Secretary, Govt. of Karnataka, Vidhan Soudha, Bengaluru – 560001.
8. **Shri Ardhendu Sen**, Chief Secretary, Govt. of West Bengal, Writers' Building, Kolkata – 700001.
9. **Shri S. V. Prasad**, Chief Secretary, Govt. of Andhra Pradesh, C-Block, 3rd Floor, Secretariat, Hyderabad.
10. **Shri Naba Kumar Das**, Chief Secretary, Govt. of Assam, Dispur, Guwahati, Assam.
11. **Shri Salauddin Ahmed**, Chief Secretary, Govt. of Rajasthan, Jaipur, Rajasthan.
12. **Shri E.K. Bharat Bhusan**, AS&FA, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, New Delhi – 110 003.
13. **Shri Alok Shekhar**, Director, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, New Delhi – 110 003.

Internal

1. Sr. PPS to Chairperson
2. PPS to Member
3. PPS to Secretary
4. File No. F.No.AERA/25013/CP/03/2009-10

- 443 -
F.No.AERA/25013/CP/03/2009-10
Airports Economic Regulatory Authority of India

Minutes of the Stakeholder Consultation Meeting held on 14.02.2011 at 1100 hrs. to elicit views / comments in respect of Consultation Paper No. 13/2010-11 dated 2.2.2011.

A meeting was held under the Chairmanship of Shri Yashwant S Bhawe, Chairperson, in the Conference Room, 1st Floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi on 14.02.2011 at 1100 hrs with the stakeholders to elicit their views / comments in respect of the draft Guidelines circulated for stakeholder consultation vide Consultation Paper No. 13/2010-11. The list of participants is enclosed.

2. Chairperson welcomed the participants and informed that the meeting had been convened to obtain the views/feedback of the stakeholders in respect of the Draft Guidelines issued by the Authority on 02.02.2011. The Guidelines have been drafted to operationalise the Order No. 13/2010-11 issued on 12th January, 2011. Chairperson also referred to a meeting held with the airport operators on 18.01.2011 prior to finalising the draft of guidelines and stated that Authority welcomes any feedback which would make the Guidelines more explicit, transparent and easy to implement both by the airport Operators as well as by AERA. He referred to the Authority's experience in respect of the Guidelines issued for tariff determination of Cargo, Ground handling and Fuel Supply Services. The Authority had immensely benefited from stakeholders feedback. The Authority would like to similarly take on board the stakeholder comments in the instant case also.

3. Shri Sidharath Kapoor, CFO of DIAL and HIAL submitted that HIAL has filed an Appeal before the AERA Appellate Tribunal against Order No.13/2010-11 issued by the Authority and hence they do not have any comments to offer at this stage. Further, DIAL has also preferred an appeal before the AERA Appellate Tribunal on the limited issue of reference to OMDA vis-a-vis the Concession Agreement as mentioned in the subject Order.

4. Shri Satish C. Chhatwal, Member (Finance), AAI thanked the Authority for issuing comprehensive guidelines for consultation. He felt that the timeline of two months fixed for filing the multiyear tariff proposal is very short. Further, in his view a Business Plan for a period of 5 years to match with control period would be sufficient and more relevant. As regards the traffic projections, specifically in respect of type of aircraft and aircraft movements, Shri Chhatwal stated that such information could be provided only with the help of airlines. He assured that the written submissions in will be furnished by the AAI by the deadline of 22nd Feb 2011.

5. Shri Pankaj Prakash, GM-regulatory Affairs, MIAL stated that MIAL has filed an appeal before the AERA Appellate Tribunal against the Order No. 13/2010-11 on the limited issue of reference to OMDA vis-a-vis the Concession Agreement mentioned in the subject Order. Hence, they have no comments to offer at this stage.

6. Shri Ramesh, BIAL submitted that BIAL too has filed an Appeal before the AERA Appellate Tribunal against Order No.13/2010-11. Hence, they do not have any comments to offer at this stage.

7. Shri Damodharan, APAO stated that the private airport operators have challenged the Order No. 13/2010-11 before the AERAAT. In his view, the guidelines should be finalized only after knowing the outcome of appeal. In the meantime, the Authority may suspend the process of finalization.

8. Shri Shiv Kumar, Jet Airways stated that the Authority has done a commendable job. He supported the Authority's approach of adjusting the RAB in respect of land used for non airport related purposes at market value as this will bring down the charges. As regards the airport operators contention that OMDA was part of concession and its sanctity should, therefore, be upheld, Shri Shiv Kumar felt that the airport operators were being selective in their approach and were pressing for the consideration of the provisions of OMDA whenever it was favourable to them. He specifically referred to the issue of Development Fee (DF) which was not provided in the OMDA but the Operators are presently levying the same at Delhi and Mumbai Airports. On the issue of passenger related charges (UDF, ADF), he opined that these could be made in to airline charges as it would benefit the airlines administratively and would enable them to utilize the input credit more effectively. On the issue of annual tariff approval and adjustments for any under recovery envisaged in the Guidelines, Shri Shiv Kumar suggested that the period of recovery could be deferred based on consultation/final submissions since it would actually depend on whether the market would be in a position to recover these costs.

9. Shri Amit Kapur, on behalf of FIA commended the Authority for the well researched paper on the subject and stated the following:

- a) There is no interim order/stay from the AERAAT against the Authority's Order. Therefore, the Authority should go ahead and finalize the guidelines. The Authority has been created to perform specific functions and the stakeholders have high expectations from it.
- b) Drawing attention to Section 13 (1) (a) of the AERA Act, 2008, and the general framework /approach adopted by the Authority for all airports, he felt that if the Authority proposes to follow a different approach in respect of an airport in view of the Concession Agreement, airport specific consultation should be held in such cases.
- c) The direct passenger charges such as UDF help in ensuring transparency.
- d) While Act contemplates a control period of 5 years, the major business decisions such as CAPEX normally pertain to periods more than 5 years. Therefore, it would be appropriate and in order for airports to submit Business Plans for 10 years as contemplated in the draft Guidelines.

10. Shri Sanjiv Dua, Air India requested for clarification regarding treatment of discounts in error correction.

11. Mr.Malvyn Tan, IATA commended the Authority for drafting detailed Guidelines. However, he endorsed the view that the timeline of two months for filing of multi year tariff proposals (after the issue of Guidelines) may not be sufficient as 14 major airports are to be regulated. Further, he felt that the UDF is the most appropriate and rational means to operationalise passenger charges. Mr. Tan welcomed the system of error corrections and adjustments proposed in the Guidelines and suggested that a time lag of two years could be considered to minimise the fluctuations in tariff rather than carrying out the corrections annually

with one year lag. He stated that written submissions of IATA would be submitted by 22nd Feb 2011.

12. Shri Sid Sharma, Indigo stated that the airlines appreciate the Order passed by the Authority as it is in line with passenger interest. He felt that the stand of the airport operators to request for deferment of the process of finalization pending their appeals is unreasonable. If this argument was to be accepted, all proposals for increase in charges such as Fuel Throughput and CUTE or any new charges would also need to be kept in abeyance. This would clearly be inappropriate.

13. Shri Murali Ramachandran, Sr.VP, Kingfisher Airlines endorsed the views of Jet Airways.

14. Shri Natiq, Asst Director, FICCI submitted that their comments shall be furnished by the due date.

15. Shri Sridharan, CCO, Spicejet commended the Authority on the Guidelines issued. He highlighted that in the case of those airports (not under the ambit of the AERA), which are likely to cross the 1.5 mppa threshold, a lot of charges are being introduced/ revised.

16. Col. DV Singh, VP, Corporate Affairs, Deccan Air Cargo and Express Logistics, stated that the revenues from other sources, i.e., non-aero services and real estate etc. should be considered while determining the tariff. He supported the approach of the Authority in this matter.

17. The representative of the Government of Rajasthan stated that the State Government agrees with the approach adopted by the Authority.

18. The representative of the Government of Andhra Pradesh stated that the State Government would submit its written response by the due date.

19. Shri Amrit Pandurangi, Consultant clarified that any under recovery due to discounts given by the Airport Operators (on the approved tariff), for any reasons whatsoever, shall not be permitted to be corrected through recovery error correction. However, if any clarity is required, it could be considered if suggestions are made.

20. Secretary, AERA stated that direct passengers charges have been, in the past, supported on the ground that in such a case airports share the traffic risk with the airlines. Further, as per draft Guidelines, the UDF and DF are to be considered by the Authority only in exceptional circumstances. Secretary also clarified that the time schedule for tariff filing indicated in the draft Guidelines has been proposed so as to ensure that the first Control period would commence w.e.f. 1st April'2011. However, the Authority is open to considering a staggered time schedule in case of AAI as it has to make filings in respect of 9 major airports. He also highlighted that after taking into consideration the administrative exigencies the Authority has provided for notifying separate schedule for making the Multiyear tariff Orders in the draft Guidelines.

21. Chairperson thanked the participants for their active participation and requested them to submit their written comments by the due date, i.e., 22.02.2011.

List of Participants :

Airports Economic Regulatory Authority of India :

1. Shri Yashwant S. Bhave, Chairperson - in Chair
2. Shri M.P. Vijayakumar, Member
3. Shri Sandeep Prakash, Secretary
4. Shri C.V. Deepak, OSD-II
5. Dr. Reena Sethi, Dy. Chief
6. Mrs. Radhika R., DGM
7. Shri A.B. Saxena, AGM
8. Shri Praveen Gupta, AGM

Government of Andhra Pradesh :

9. Shri P. Sreedhara Guptha,
Project Manager (Infrastructure & Investment Development)

Government of Rajasthan :

10. Col. Rajeev Dubey, SM – Pilot Officer

Airports Authority of India :

11. Shri S.C. Chhatwal, Member (Finance)
12. Shri M. Ravi Varma, GM (Finance)

Bangalore International Airport Ltd. :

13. Shri Ramesh, AGM (Regulatory Affairs)

Delhi International Airport Pvt. Ltd.

14. Shri Sidharath Kapur, CFO - Airports
15. Shri Madhukar Dodrajka, AGM

-447-

Hyderabad International Airport Pvt. Ltd. :

16. Shri Sidharath Kapur, CFO - Airports

Mumbai International Airport Pvt. Ltd. :

17. Shri Pankaj Prahash, GM (Regulatory Affairs)

Air India Ltd. :

18. Shri Sanjiv Dua, General Manager (Finance)

19. Shri Sanjay Tandon, Manager

Jet Airways / Jetlite (India) Ltd. :

20. Shri Shiv Kumar, Sr. VP (Finance)

21. Shri Mukesh Trehan, DGM (Finance)

InterGlobe Aviation Limited (IndiGo) :

22. Shri Sid Sharma, President

Kingfisher Airlines :

23. Shri Murali Ramachandaran, Sr. V.P. - Ground Services

Spicejet Airlines Ltd.

24. Shri Samyukth Sridharan, Chief Commercial Officer

Deccan Cargo & Express Logistics Pvt. Ltd. :

25. Col. D.V. Singh (Retd.), VP - Corporate Affairs

International Air Transport Association (IATA) :

26. Mr. Malvyn Tan, Asstt. Director - Industry Charges, Fuel & Taxation

- 448 -

Association of Private Airport Operators (APAO) :

27. Dr. K.V. Damodharan, Advisor – Regulatory Affairs

Federation of Indian Airlines (FIA) :

28. Shri Ujjawal Dey

29. Shri Amit Kapur, J.S.A. (Legal)

Federation of Indian Chambers of Commerce and Industry (FICCI) :

30. Mr. Natiq Faraz Khan, Asstt. Director

31. Ms. Namita Kumar, Research Associate

Consultants :

32. Shri Amrit Pandurangi, Consultant

33. Shri Peeyush Naidu

34. Shri Amit Gupta

35. Dr. Ranjana Kaul