

# MIHAN India Limited

Dr. Babasaheb Ambedkar International Airport, Nagpur.  
(A Govt. of Maharashtra Undertaking)



No.: MIL/780/2020/1750

Wednesday, 12<sup>th</sup> August 2020

To  
Chairperson,  
Airports Economic Regulatory Authority of India,  
AERA Building, Administrative Complex,  
Safdarjung Airport,  
New Delhi-110003.

**Sub: Reply on stakeholder's comments on Consultation Paper No.31/2020-21 dated 22/07/2020 regarding the compensation in lieu of loss of Throughput charges in respect of Dr. Babasaheb Ambedkar International Airport, Nagpur operated by MIHAN India Limited.**

**Ref: Letter from Interglobe Aviation Limited ("IndiGO") dated 06/08/2020.**

Dear Sir,

With reference to above referred letter from IndiGO, we wish to submit as under:

1. It is to be noted that MIL as an airport operator is required to maintain a basic and sufficient infrastructure for safe operations of aircrafts to and from the Airport. Aeronautical Income is the only major source of income, funds of which are utilized for repairing and maintaining requisite infrastructure and facilities. In view of current situation due to COVID 19, MIL's revenue has also declined to a greater extent resulting in severe financial constraints.
2. The proposal which MIL submitted does not purport to seeking any additional or new kind of aeronautical charges. It does not even provide for compensation of loss foregone during the period from 08/01/2020 to 14/08/2020. If order is issued by AERA, increase in landing charges will be effective from 15/08/2020.
3. The proposal was submitted to AERA as per AERA's letter dated 15/01/2020 which clearly mentions that Airport Operators shall submit their proposals on priority for consideration by AERA. In line with the same, AERA has considered proposals from other airport operators and duly passed orders to compensate revenue loss due to discontinuance of fuel throughput charges.

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4. In various meetings regarding fuel throughput charges as conducted by Ministry of Civil Aviation, the main concern was only to change the mechanism due to cascading effects of indirect taxes and loss thereby and complications due to agreements between airport operators, oil companies, fuel farms etc. The intention of MoCA was only to discontinue a particular tariff head due to its complexity and compensate the loss caused thereby to airport operators in other tariff heads. If the intent of MoCA would have been complete abolition and reduction in revenue of airport operators, it would not have provided for compensation by suitably recalibrating other tariffs.
5. Ultimately it is to be borne by the airline operators who recover cost from passengers by appropriately determining their air ticket rates. Whether implemented at present or in future, recalibration of tariffs will result in recovery of costs by airlines from passengers.
6. As regards increase in UDF, it is worth noting that to compensate revenue loss from fuel throughput charges, the basic determining factor shall be fuel consumption by aircraft, that is, aircraft movement plays a major role and not the number of passengers on board. It may happen that in case of a particular movement, occupancy percentage (no. of passengers) may vary while the consumption of fuel will be same for a particular journey. Thus compensating a revenue loss of fuel throughput charges (which was based on fuel consumption by the aircraft as required for a particular movement) by increase in UDF (which is based on no. of passengers i.e. occupancy of aircraft) is not prudent and is inappropriate.

In view of above, you are requested to kindly consider our submission and further pass appropriate order as per the aforesaid Consultation Paper No. 31/2020-21 dated 22/07/2020 regarding the compensation in lieu of loss of Throughput charges in respect of Dr. Babasaheb Ambedkar International Airport, Nagpur.

Thanking You,

For MIHAN India Limited

Kumar Ranjan Thakur  
CS & CFO



Encl.: 1) Letter No. AERA/20015/FT/2010-11/Vol.II dt.15.01.2020

CC: 1) The Chairman & Managing Director, MIHAN India Limited  
2) The Senior Airport Director, MIHAN India Limited

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CIN : U74990MH2009PLC193150

**AERA/20015/FT/2010-11/Vol. II**  
**Airport Economic Regulatory Authority of India**

**AERA Building,  
Administrative Office,  
Safdarjung Airport,  
New Delhi-110003**

**Dated: 15<sup>th</sup> January, 2020**

**To,**  
**The Airport Operators (as per Annexure I)**

**Sub.: Rationalisation of Fuel Throughput (Airport Operator) Charge levied by Airport Operators on Aviation Turbine Fuel (ATF) across all Airports in India - reg.**

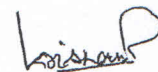
**Sir,**

I am directed to forward herewith the MoCA's letter no. AV-13030/216/2016-ER (Pt.2) dated 08.01.2020 on the above mentioned subject.

All the Airport Operators are advised to implement the directions given by the Ministry of Civil Aviation in the said letter with immediate effect.

Further with regard to the compensation in lieu of the implementation of the said direction, Airport Operators may submit their proposal's, if any, on priority for consideration of the Authority.

This issues with the approval of the Competent Authority.



**(Ram Krishan)**  
**Director (Policy & Statistics)**

Encl.: as above

Copy to:

- (i) PPS to Secretary - for information of Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, New Delhi.
- (ii) Shri Dinesh Kumar, Deputy Director, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, New Delhi.
- (iii) Oil Companies (as per Annexure – II)

AIRPORT OPERATORS

1. **Shri Arvind Singh, IAS,**  
Chairman,  
Airports Authority of India,  
Rajiv Gandhi Bhawan, New Delhi.
2. **Shri V.J. Kurian, IAS,**  
Managing Director,  
Cochin International Airport Pvt. Ltd,  
Ndedumbassery, Kochi Airport P.O.,  
Ernakulam – 683 111, Kerala.
3. **Shri K Narayana Rao,**  
Director,  
Delhi International Airport Pvt. Ltd,  
Uran Bhawan, IGI Airport, New Delhi – 110 037.
4. **Shri S.G.K Kishore,**  
Chief Executive Officer,  
GMR Hyderabad International Airport Pvt. Ltd.,  
GMR Aero Towers, 4<sup>th</sup> Floor,  
Rajiv Gandhi International Airport,  
Shamshabad, Hyderabad – 500 409.
5. **Shri Rajeev Jain,**  
Chief Executive Officer,  
Mumbai International Airport Ltd (MIAL),  
CSI Airport, 1st floor Terminal 1B,  
Santacruz (E), Mumbai- 400 059
6. **Shri Hari Marar,**  
Managing Director,  
Bangalore International Airport Pvt. Ltd.,  
Alpha-2, Administration Block,  
Bengaluru International Airport,  
Devanahalli, Bangalore – 560 300.
7. **Shri Suneel Dutt,**  
Chief Executive Officer,  
Chandigarh International Airport Ltd.  
New Civil Air Terminal Village,  
Jureri, Mohali – 140306 Punjab
8. **Shri Jayakrishnan Sivadasa Kurup,**  
Chief Financial Officer,  
Kannur International Airport Ltd.,  
“Parvathy”, T.C. 36/1, N.H. Bypass, Chacka,  
Thiruvananthapuram, Kerala – 695024.
9. **Shri M.A. Abid Ruhi,**  
Senior Airport Director & COO,  
MIHAN India Ltd.,  
Dr. Babasaheb Ambedkar International Airport,  
Nagpur Maharashtra 440005.

**Oil Companies**

1. **Shri Sanjay Sahay,**  
ED (Aviation),  
Indian Oil Corporation Ltd.,  
Indian Oil Bhawan,  
G-9 Ali Yavar Jung Marg,  
Bandra(E), Mumbai-400 051.
  
2. **Shri H.C. Mehta,**  
President (Petroleum Business),  
Reliance Industries Limited,  
Reliance Corporate Park, Block-6,  
D-Wing, 2nd floor, 5-TTC Industrial Area,  
Thane-Belapur Road, Ghansoli, Navy Mumbai.
  
3. **Shri Kannuru Srinivas,**  
ED (Aviation),  
Hindustan Petroleum Corporation Ltd.,  
Hindustan Bhavan, Ground Floor, 8,  
Shoorji Vallabhdas Marg, Ballard Estate,  
Mumbai-400 001 .
  
4. **Shri V. Nagarajan,**  
ED (Aviation) & Head,  
Aviation Business Unit,  
Bharat Petroleum Corporation Ltd.,  
A-5&6, Sector-1, NOIDA – 201301.
  
5. **Shri Chockalingam Subbiah,**  
CFO & CS,  
Shell MRPL Aviation Fuels & Services Ltd,  
#102, Prestige Sigma,  
Vittal Mallya Road,  
Bangalore – 560 001, Karnataka.