



Director Policy & Statistics,  
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Via email: [director-ps@aera.gov.in](mailto:director-ps@aera.gov.in), [rajan.gupta1@aera.gov.in](mailto:rajan.gupta1@aera.gov.in)  
cc [secretary@aera.gov.in](mailto:secretary@aera.gov.in)

Dear Sir,

**IATA COMMENTS ON AERA'S CONSULTATION PAPER FOR THE DETERMINATION OF AERONAUTICAL TARIFFS FOR MANGALURU INTERNATIONAL AIRPORT (IXE) IN THE FIRST CONTROL PERIOD**

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 290 airlines or 82% of total air traffic. We support many areas of aviation activity and help formulate industry policy on critical aviation issues.

While there has been some upswing in the passenger traffic volumes, largely underpinned by pent up demands, there is still a lack of certainty in the trajectory of the recovery especially for the international sector. When it comes to the aviation value chain, airlines continue to be at the bottom in terms of return on invested capital compared to airports, ANSPs, ISPs etc. This further exemplifies the critical role of AERA has not only in regulating the economic aspects but also the service levels impacting the overall passenger experience.

IATA would like to commend the close scrutiny by AERA as outlined in the consultation paper and we are generally in agreement with many of AERA's proposals. Below are some specific suggestions for consideration by AERA:

- There seems to be room to pursue greater rationalization of O&M expenses with the transition from AAI to the new airport operator.
- Improvement in CAPEX program governance is needed to ensure that only critical and demand driven infrastructure are accepted with support from the airline community. Ongoing monitoring of CAPEX items against the agreed business case following capitalization is needed, as well as confirmation of the airport operator delivering on the agreed benefits/objectives.
- The new operator is taking over the airport and renumeraling AAI for past costs and future share of the profits made by the new airport operator. In this case, should the true-up costs claimed by AAI be already covered or inclusive within the per passenger fee?
- It is important to clarify how the new airport operator will account for the monthly passenger fee payments from its profits/allowable returns, as this is not allowed to be passed through. Although this would naturally not appear in the regulated costs for the determination of the ARR, we encourage AERA to maintain visibility of this aspect to ensure that the passenger fees are not picked up by airport users, either fully or partially, intentionally or not.
- AAI has indicated that during the COVID-19 crisis, some areas previously occupied for non-aero activities are now empty and hence should be allocated as aeronautical area. We request that



AERA rejects this suggestion as not all areas can be repurposed for aero activities and might not be needed by aeronautical services.

IATA appreciates the opportunity to provide our comments to AERA, to complement the other submissions from the airline community. Please feel free to contact us should there be further clarification needed.

Yours Sincerely,

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