



21 August 2024

Director Policy & Statistics
Airports Economic Regulatory Authority of India
Udaan Bhawan, Safdarjung Airport
New Delhi - 110003
India

Via email: director-ps@aera.gov.in; rajan.gupta1@aera.gov.in
Cc: secretary@aera.gov.in

Dear Sir,

IATA COMMENTS ON AERA'S CONSULTATION PAPER FOR DETERMINATION OF AERONAUTICAL TARIFF FOR COIMBATORE INTERNATIONAL AIRPORT (CJB) FOR THE SECOND CONTROL PERIOD

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 330 airlines or 80% of the world's air traffic. Many of our member airlines operate in the Indian market – and we support many areas of aviation activity and help formulate industry policy on critical aviation issues.

We appreciate and thank AERA for its due diligence in reviewing the proposal by the Airport Operator for Coimbatore International Airport. We would like to highlight the below-stated points:

Asset and Cost Allocation

- We commend AERA for its review of CHQ and RHQ expenses allocation to Coimbatore Airport, as well as other asset and cost allocations.
 - Non-inclusion of CSR expenditure in operating expenditure is a welcome step. We completely agree with AERA's view that CSR expenditure is to be incurred out of net profits and should not be a part of Operating Expenditure.
- We also support AERA in correcting the asset depreciation approach by AAI i.e. 50% depreciation rates in the year of capitalization of the asset.

Fair rate of return

- At 13.71%, the FROR continues to be high considering the true-up approach, which essentially removes any downside risk for airports. We request AERA to rationalise this further.



Service Levels

- We urge AERA to look beyond using the ASQ survey alone as a proxy for assessing the quality of service. While we await AERA establishing its service framework regulation/requirement, we request AERA to ask for service level and performance data from AAI for the regulated airports to aid in its evaluation. (This is also applicable for all airports concessioned under the various OMDAs, as well as airports where the service level metrics have been specified and are to be reported to and monitored by AAI).

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Amitabh Khosla", with a stylized flourish at the end.

Amitabh KHOSLA
Country Director - India
khoslaa@iata.org

cc Richard Tan, IATA Regional Manager Operations, Safety and Security – Asia Pacific