



17 January 2025

Director Policy & Statistics
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
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 AMRITSAR INTERNATIONAL AIRPORT (ATQ) FOR THE SECOND CONTROL PERIOD

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 340 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 Airport Authority of India (AAI) MYTP for Amritsar International Airport. We would like to highlight the below-stated points:

True up

- We agree with AERA's view of computing the depreciation of assets based on the date of capitalization instead of considering 50% of the depreciation in the year of capitalization, making it consistent with the approach being followed for other major airports.
- The FROR for the true-up period, computed at 14% continues to be excessive for airports managed by AAI. The FROR rate arrived at for the Second Control Period is a useful reference point that may kindly be considered by AERA.

CAPEX

- While we recognize the need for the next phase of expansion of the Terminal Building at Amritsar, details of the overall design and planning parameters should be shared and discussed in detail – such as the overall level of service and concept of operations with the addition of the new facility – which was not done during the AUCC meeting conducted in December 2024 by Amritsar airport.
- As highlighted by IATA, the AUCC should be an ongoing engagement with stakeholders rather than a one-off exercise conducted right before the submission of the MYTP.
- We commend AERA for issuing its circular dated 1st January 2025 which serves as a much-needed reminder for airport operators on the consultation protocol prescribed under the AERA Guidelines of 2011. IATA is committed to support the AUCC process and requests that AERA monitor and enforce the requirements more closely.



OPEX

- We appreciate the principles based on which AERA has rationalized the allocation of HQ expenses.
 - We agree with AERA's proposal of not including expenses such as legal costs, interest/penalties allocated in the common pool of CHQ/RHQ expenses.
 - Legal and Arbitration expenses incurred by CHQ and RHQ level should be funded from the returns earned by AAI, and not via the user charges of a particular airport.
- We request that the methodology for assessment of CHQ/RHQ expense allocation which is being worked on should be brought up for consultation with stakeholders before being formalized.

NAR

- We appreciate AAI for optimizing NAR which will benefit the airport users, and rationalize user charges.

FROR

- We appreciate AERA for highlighting the need for an efficient capital structure of the airport operator via a balanced Debt-Equity ratio. Balancing this ratio for Amritsar has resulted in the rationalization of the computed FROR.

Service Quality Levels

- We are looking forward to the service level monitoring framework being developed by AERA and are committed to supporting its efforts in this direction.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Amitabh Khosla'.

Amitabh KHOSLA
Country Director - India
khoslaa@iata.org

cc. Richard Tan, IATA Regional Manager, Airport Development and Charges – Asia Pacific