

Letter No: AIHQ/GRC/2026/1237

Date: 07 April 2026

To,
The Chairman
Airport Economic Regulatory Authority
Safdarjung Airport
New Delhi 110003

Sub: Air India Group's comments on AERA Consultation Paper 07/2025-26 on aeronautical tariffs for Noida International Airport (DXN) for the First control period

Dear Sir,

Greetings from Air India.

Air India Group (Air India Ltd & Air India Express) have studied the proposal for determination of aeronautical tariff for Noida International Airport (DXN) for the First control period (01.04.2026 – 31.03.2031).

I would like to express my thanks to the Airport Economic Regulatory Authority (AERA) for its continued efforts to regulate and improve the aviation sector.

At the outset, we would like to state that since our last letter to you on 3 March 2025, the aviation industry has & continues to undergo severe unprecedented challenges, with losses in FY27 expected to exceed Rs 18 crores projected for FY26. This is given the current geo-political instability & dramatic rise in Aviation Turbine Fuel (ATF) prices, among many other operational restrictions.

Once again, we commend AERA for its approach in keeping in mind the long-term sustainability of the aviation sector, by rationalising the originally proposed increase in aeronautical charges. We request AERA to take a judicious call on tariff proposals including front-loading based on cost, funding considerations and customer impact.

1. Traffic will be dampened by current events

We note that the Authority has revised upwards the passenger and ATM projections from YIAPL's submission.

We firmly believe that this traffic forecast will need to be updated/moderated, as the consultant (L&B) is may not have or is unlikely to have factored in:

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- Global supply chain issues delaying airlines aircraft deliveries by as much as 2 years.
- IGIA's capacity expansion (T1 opening, conversion of T3 Pier C to INT & the new Pier E).
- Opening of Hindon airport for commercial flights

We disagree with the benefits that L&B has mentioned (pg. 36), such as:

- Peak hour slots ex-NIA would take time to build up, as majority of catchment remains logistically closer to IGIA.
- Higher yield is also a function of the profile and maturity of the catchment area. Thus, until adequate and convenient ground connectivity is established, such corporate traffic will still choose to travel out of IGIA.
- Costs are a major issue and airlines would deploy flights where they can have better efficiency of operations

These can be seen at Navi Mumbai (NMIA), where the higher aeronautical tariffs hinder the rate of growth and delay the airport meeting its potential.

The above and many other related factors will affect the growth at NIA.

2. Need for a sustained, multi-year VTP (Variable Tariff Plan)

We strongly welcome & support YIAPL's VTP. This will be immensely critical for development & viability/sustainability of airlines' routes at NIA.

Numerous factors that have to be considered include:

- Current geopolitical crisis – this is affecting the ability of airlines to serve various routes, caused by
 - i. Increase in fuel & other prices,
 - ii. Restrictions on airspace, adding to flying times & costs,
 - iii. Increased restrictions & complexities to meet regulatory requirements, adding to crew requirements & costs, as airlines are likely to focus operations from current key hubs.
- Global delays to delivery of new aircraft – the supply chain issues have led to manufacturer delays of at least 2 years. This has impacted addition of new routes, since airlines will focus on higher yield routes, rather than expanding destinations.
- Many global airports offer multi-year incentives, such as Incheon, Kansai, Hong Kong & Kuala Lumpur (3 years). Note that these are for well-established and mature airports. Such a period is required for viability of routes at a greenfield airport like NIA by the airlines, especially in the absence of a base carrier.

We also note that the Government has recognized the need for longer market development, with the modified-UDAN scheme extending VGF support to airline operators over 10 years now. Similarly, traffic at greenfield and dual-airport cities, as is the case with NIA, will need more time for VTP schemes to have its effect.

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3. Moderation of Aero tariffs will allow NIA to grow Parking charges

We note that the proposed charges at NIA remain on the high side. Since airlines pass these charges directly to passengers through ticket prices, travelers from NCR will inevitably find this airport more expensive compared to IGIA. When tolls, cab fares, and longer travel times are factored in, the overall cost burden makes this airport significantly less attractive for NCR passengers. Hence it is recommended that UDF should be charged on lower side and costs could be spread over a longer period. In the other scenario, IGIA could become uncompetitive and overall growth of the airport may be impacted.

- Aircraft parking fees – the attractiveness of NIA is reduced by a tenfold parking fee after the free period (2 hours), as compared to charges at IGIA
- UDF charges – at 5x that of IGIA, the catchment will be limited to only those nearby to NIA

4. Common UDF for all classes of travel

However, we would also like to commend and support that NIA has a common UDF, rather than one that segregates by cabin class (i.e., First/Business vs Economy). Such class-based UDF's at IGIA do not provide significant improvements in the First/Business class experience and in such priority queues, it is not uncommon to see Economy passengers (eg Fast track services provided by the Airport operator) using these queues. Since the introduction of higher UDF's for First/Business International passenger, there has not been any increase in the facilities provided, nor in the basic manning of such dedicated facilities.

We sincerely hope that the AERA will consider our feedback and requests and take appropriate steps toward addressing these concerns. Such a decision by AERA would have positive and far-reaching impact, not just benefitting the aviation sector, but passengers and the Indian economy.

Thank you for your attention to this matter. We look forward to your support and a favorable response.

Yours sincerely,

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