

7<sup>th</sup> April 2026

BIAL / AERA/ Finance/ 2025-26/05

**Director (P&S, Tariff)**

Airports Economic Regulatory Authority of India  
3<sup>rd</sup> Floor, Udaan Bhawan  
Safdarjung Airport,  
New Delhi -110003

**Sub:** Response to Consultation Paper No. 7/2025-26 dated 6<sup>th</sup> March 2026

**Ref:** Determination of Tariff for Noida International Airport Ltd for the 1<sup>st</sup> Control Period (FY2027 to FY2031)

Dear Sir,

We thank the Authority for providing an opportunity to BIAL for sharing its comments and suggestions on the proposed position taken by AERA in the said consultation paper. In this regard, please find attached our response on the specific proposal pertaining to treatment of revenues received from MRO services, as contained in the above-mentioned Consultation Paper, for the kind consideration of the Authority.

Thanking You,

Yours faithfully,

For Bangalore International Airport Limited



**Bhaskar Anand Rao**  
**CFO**

Encl:

- a) Annexure 1 – BIAL's Response to treatment of revenues from MRO Services
- b) Annexure 2 - Record of Discussions of meeting held in MoCA dated 11<sup>th</sup> Dec 2025



## Annexure 1

### BIAL's Response on Treatment of Revenues from MRO as Aeronautical

The Airports Economic Regulatory Authority of India ("Authority") in the matter of determination of Aeronautical Tariff for Noida International Airport (DXN) [Consultation Paper No. 07/2025-26] has proposed to consider the revenues from Maintenance Repair and Overhaul ("MRO") services as Aeronautical. The relevant section of the Consultation Paper is reproduced below:

**9.2.117** "The Authority notes that MRO service is for providing maintenance and repair of aircraft to facilitate Aeronautical Services. Therefore, the Authority proposes to consider the revenues from MRO service as Aeronautical. Further, the Authority directs YIAPL to submit the contracts pertaining to MRO, to the extent such contracts have been concessioned, during the consultation process."

BIAL believes that the revenues from MRO services ought not to be treated as aeronautical for the following reasons:

#### **1. Definition of Aeronautical Service under the AERA Act**

BIAL notes that the AERA Act, 2008 sets out a clear and specific framework defining what constitutes "aeronautical services." In this context, BIAL is of the considered view that the definition is unambiguous and has been arrived at after a deliberation in the parliament. In view of the specific and the exhaustive definition already provided under the AERA Act, expanding it any further defeats the policy objectives and the contrary to the statute itself. BIAL believes that the Authority's proposal to classify MRO services as aeronautical based on facilitating aeronautical services is devoid of statutory merit, as the concept of facilitation does not appear to be an express element of the statutory definition under the AERA Act 2008 ("AERA Act").

The definition of Aeronautical Service under Section 2(a) of the AERA Act provides for an exhaustive list, which does not include MRO. In the absence of any direction / policy by the Central Government under Section 2(a)(vii) or under Section 42 (1) of the AERA Act to that effect, the Authority ought not to consider MRO as an aeronautical service. An altered definition can only be considered if the definition of "aeronautical service" as presently given under the AERA Act, does not fit the context or situation in which the word is used. The phrase "Unless the context otherwise requires" is meant to prevent a person from falling into the whirlpool of "definitions" and not to look to other provisions of the Act which, necessarily, has to be done as the meaning ascribed to a "definition" can be adopted only if the context does not otherwise require.<sup>1</sup>

Further, the Authority's understanding that MRO facilitates Aeronautical Services is without statutory backing and hence not permissible under law. This results in an interpretation broader than what the statute provides for and is beyond the legislative intent. It is a well-settled law that words which do not exist within a statutory definition ought not to be read into the said statutory definition<sup>2</sup>. As such, the Authority ought not to be expanding the statutory definition of aeronautical service by attributing a facilitation element to aircraft operations. Furthermore, MRO activity is independent of and unconnected with aircraft operations and which may be performed outside the precincts of an airport.

Classifying MRO as an aeronautical service merely on the basis that such activity is being carried out within the precincts of an airport disincentivizes airport operators from seeking more participation for MRO businesses which can also be free and independent businesses. Treatment of MRO services as a

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<sup>1</sup> Whirlpool Corporation vs Registrar Of Trade Marks, Mumbai & Ors (1998 (8) SCC 1)

<sup>2</sup> Union Of India And Anr vs Deoki Nandan Aggarwal (1992 AIR 96)



non-aeronautical service is in itself disincentivizing to the airport operator from promoting major airports as MRO hubs.

## **2. Tantamount to amending the AERA Act, 2008**

It is well settled that an Authority's powers are derived from, and circumscribed by, the parent Act (in this case the AERA Act), and any expansion of the scope of a statutory definition would ordinarily be addressed through a policy or legislative clarification by the competent authority. The Authority's proposal to consider MRO as an aeronautical service expands the scope of the definition of "aeronautical service".

## **3. Differential Treatment**

No policy or directive has been issued to consider MRO services as aeronautical services, given that, MRO services have been treated as non-aeronautical historically by AERA. A differential treatment such as this is beyond the framework of the AERA Act and inconsistent with the Authority's own approach in earlier tariff orders of other airports.

## **4. Policy Interventions on MRO**

### **(i) National Civil Aviation Policy, 2016 (NCAP)**

NCAP which recognizes the Government's intent to develop India as an MRO hub in Asia and to attract business from foreign airlines. To that effect, certain relaxations and steps for ease of doing business were proposed. However, the NCAP does not attempt to classify MRO as an aeronautical service.

### **(ii) Vision 2040 (Ministry of Civil Aviation, 2019)**

In the Global Aviation Summit 2019 organised by the Ministry of Civil Aviation, Airports Authority of India and Federation of Indian Chamber of Commerce and Industry, the Vision 2040 for the Civil Aviation Industry in India envisioned the growth trajectory of MRO industry in India as follows:

- a) India shall be a global MRO hub, handling nearly 90% of the MRO requirements of Indian carriers.
- b) At least 20% of the Indian MRO industry's revenue shall come from foreign-registered aircraft.
- c) Nearly 90% of redelivery maintenance shall be done within India.

In light of the above, if the Authority were to treat MRO as an aeronautical service and the revenue therefrom as aeronautical revenues, they would then be subject to tariff regulation which in turn would reduce commercial flexibility, discourage private investment in MRO facilities and undermine the pro-growth objective of the Government of India of making India a competitive global MRO hub.

## **5. Authority's position on MRO services**

BIAL believes that it is pertinent and critical to bring to the Authority's notice that, in a meeting held by the Ministry of Civil Aviation dated 11/12/2025 (Refer para 3 of Annexure 2) to discuss issues related to royalty charges being levied by Airport Operators on MRO services, the Authority categorically confirmed that, "*as MRO activities fall under the non-aeronautical category, they do not currently fall within the Authority's regulatory ambit*". As the Authority's has expressed its position and view in the form of a confirmation to the Ministry of Civil Aviation on the categorisation of MRO activity, stating that MRO activities do not fall within the Authority's regulatory ambit, it would not be appropriate and prudent for the Authority to now treat MRO services as aeronautical services and revenues therefrom as aeronautical revenues. This would be a complete shift in the regulatory framework and does not auger well with growth of the MRO sector.



## ANNEXURE - 2

No. AV-29012/95/2019-E R  
Government of India  
Ministry of Civil Aviation  
(ER Division)

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"B" Block, Rajiv Gandhi Bhavan,  
Safdarjung Airport, New Delhi  
Dated: 23 December, 2025

**Subject: Record of Discussions (RoD) of the Meeting to discuss issues related to royalty charges being levied by Airport Operators on MRO activities - regarding.**

The undersigned is directed to enclose herewith a copy of the Record of Discussions (RoD) of the Meeting held on 11.12.2025 under the Chairmanship of Secretary, M/o Civil Aviation, on the issues regarding royalty charges being levied by Airport Operators on MRO activities.

2. This issues with the approval of competent authority.

Encl.: As above

  
(Soumya Budhiraja)  
Assistant Director  
Tele: 011-24618528

To,

1. The Chairman, Airports Authority of India (AAI)
2. The Director General, Directorate General of Civil Aviation (DGCA)
3. The Chairperson, Airports Economic Regulatory Authority of India (AERA)
4. Shri Sharad Agarwal, CEO, Air India Engineering Services Limited (AIESL)
5. Shri C.S. Tomar, President, MRO Association of India (MROAI)
6. Shri D. Anand Bhaskar, CEO & MD, AirWorks
7. Shri Ashok Gopinath, CEO, GMR Aero Technic
8. Shri Bharat Malkani CEO, Max Aerospace
9. Shri Videh Kumar Jaipurjar CEO, Delhi International Airport Limited (DIAL)
10. Shri Hari Marar, CEO, Bangalore International Airport Limited (BIAL)
11. Shri Pradeep Panicker CEO, GMR Hyderabad International Airport Ltd
12. Shri Arun Bansal, CEO, Adani Airport Holdings Ltd.
13. Shri S. Suhas, Managing Director, Cochin International Airport Limited (CIAL)
14. Shri R.V. Sheshan CEO, GMR Goa International Airport Ltd.

15. Shri. Dinesh Kumar C, Managing Director, Kannur International Airport Limited
16. Shri Christoph Schnellmann, CEO, Yamuna International Airport Private Limited (YIAPL), Noida International Airport
17. Shri M. A. Abid Ruhi, Sr. Airport Director, MIHAN India Limited, Dr. Babasaheb Ambedkar International Airport, Nagpur
18. Shri Satyan Nayar, Secretary General, Association of Private Airport Operators (APAO)
19. Dr. Amit Kumar Pandey, VP & Head-Government and Regulatory Affairs, International Relations, Air India
20. Shri Parichay Datta, Senior Vice President Engineering, IndiGo

Copy to: JS (RA)

Copy for information to:

1. PSO to Secretary (CA)
2. PSO to SEA
3. PA to Dir (TS)

**Ministry of Civil Aviation  
(ER Section)**

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**Record of Discussion**

Meeting to discuss issues related to royalty charges being levied by Airport Operators on MRO activities

**Date:** 11/12/2025 & **Time:** 5:30 P.M.

**Venue:** Conference Room, 2nd Floor, B-Block, Rajiv Gandhi Bhavan

A meeting was held under the Chairmanship of Shri Samir Kumar Sinha, Secretary, MoCA, to discuss the issues faced by the MRO industry and airlines due to the royalty imposed by airport operators.

2. At the outset, SEA welcomed the participants and set the context of the meeting. He outlined the concerns of the MRO industry and airlines due to non-uniform charges imposed under different terms such as revenue share and royalty. The discussions also covered matters such as the treatment of line maintenance activities as MRO services and the applicability of royalty on intra-group services, such as those provided by Air India to its subsidiary, Air India Express.

3. During the discussions, the following key points emerged:

- DIAL reiterated that royalty is charged only for third-party MRO services and is not applicable when an airline performs MRO activities for its own fleet.
- Airport operators and airlines indicated that the prevailing royalty rates range between 14% and 20%. No explanation was provided on the issue related to the formula on which these rates are based. Secretary (CA) suggested that the task for developing an appropriate methodology for determining these rates be assigned to AERA.
- Secretary (CA) noted that when commercial space is leased to third parties, only rental payments are typically required. Therefore, imposing an additional royalty or revenue-sharing component on MRO operators creates an extra burden and may adversely affect competition.
- Secretary (CA) further emphasized the need to resolve the issue of royalty in order to strengthen the MRO ecosystem, attract investment, and enhance competitiveness. The Secretary emphasized on discussing the modalities and mechanisms for compensating MRO service providers, considering they already pay rent and are required to offer MRO services within the airport premises.
- In response to queries regarding the short duration of land lease agreements, AAI clarified that, with Board approval, the standard lease period has now been increased from 15 years to 30 years.
- AERA confirmed that, as MRO activities fall under the non-aeronautical category, they do not currently fall within AERA's regulatory ambit.

4. Concluding the discussions, the Secretary reiterated the importance of ensuring the growth of the MRO sector without undermining commercial interests, and desired that:

- i. AERA should undertake a study on the royalty practices of airport operators, including a comparative analysis with international models.
- ii. Based on the above, AERA should work out a mechanism for determining royalty. AERA was advised that they should make recommendation with respect to PPP Airports with OMDA on a different footing.
- iii. AERA should recommend whether Line Maintenance activities and transit Inspections are MRO activities or Ground Handling activities.
- iv. AERA to make recommendations regarding Intra Group MRO Services provided. This is with respect to Air India and Air India Express as well as Air India and Alliance Air with AIESL.

5. Meeting ended with a vote of thanks to the chair.

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Annexure

| Sl. No. | Name and Designation                                   | Organization                            |
|---------|--|---|
| 1.      | Shri Sameer Kumar Sinha                                | M/o Civil Aviation----- <i>in chair</i> |
| 2.      | Shri Piyush Srivastava, Senior Economic Advisor        | M/o Civil Aviation                      |
| 3.      | Shri Shankesh Mehta, Director                          | M/o Civil Aviation                      |
| 4.      | Smt. Soumya Budhiraja, Assistant Director              | M/o Civil Aviation                      |
| 5.      | Ms. Nidhi Sandeep Vasaikar, Young Professional         | M/o Civil Aviation                      |
| 6.      | Ms V. Vidya, Member                                    | AERA                                    |
| 7.      | Shri Suyash Narain, Secretary                          | AERA                                    |
| 8.      | Shri Ram Krishan, Director (P&S)                       | AERA                                    |
| 9.      | Shri Maneesh Kumar, JDG                                | DGCA                                    |
| 10.     | Shri M. Devula, Director                               | DGCA                                    |
| 11.     | Shri Sharad kumar, Member Ops                          | AAI                                     |
| 12.     | Smt. Parul Sharma, Manager (Ops)                       | AAI                                     |
| 13.     | Shri Praveen Kumar                                     | AAI                                     |
| 14.     | Shri Sharad Agarwal,                                   | AIESL                                   |
| 15.     | Shri Sanjay Gupta, Dy. General Manger                  | AIESL                                   |
| 16.     | Shri S. K. Dash, CTO                                   | Air India                               |
| 17.     | Shri Majid Siddique, Senior Manager Regulatory Affairs | Air India                               |
| 18.     | Shri Rajat Kumar, VP Airport Relations                 | IndiGo                                  |
| 19.     | Shri Arun Kashyap, General Secretary                   | MRO Association                         |
| 20.     | Ms. Ranjitha, Executive Admin                          | MRO Association                         |

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|-----|--|-------------------------------|
| 21. | Shri Niraj Kumar, AVP Fin                  | Adani Airport Holding Limited |
| 22. | Shri Animesh Bhatt, CAO                    | Jaipur Airport, Adani         |
| 23. | Shri Pushkar Nath Thakur                   | DIAL                          |
| 24. | Shri Vijay Sharma, Head Business Services  | DIAL                          |
| 25. | Shri Abraham Joseph, Incharge Ops          | CIAL                          |
| 26. | Shri Laksh Dhingra, AVP Engg(LM)           | YIAPL                         |
| 27. | Smt. Trisha Bedi, Head Regulatory          | YIAPL                         |
| 28. | Shri Ashish Kumar, CCO                     | GHAL                          |
| 29. | Shri Prashanth C. S, Head Business Service | GHAL                          |
| 30. | Captain Sandeep Saraf, CEO                 | Shaurya Aeronautics           |

