भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

F/No. AAI/JVC/Tiruchirappalli -Tariff/2026-27 /2047 Date: 09.04.2026

The Secretary,
Airport Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport
New Delhi-110003

Subject: -Submission of AAI's Counter comments in response to stakeholder comments on AERA's consultation paper No. 06/2025-26 dated 27th February 2026 Determination of Aeronautical Tariff for Tiruchirappalli International Airport for the 2nd Control Period (01.04.2025 - 31.03.2030).

Sir,

Please find enclosed here with AAI's counter comments in response to following stakeholder comments on AERA's consultation no 06/2025-26 in respect of Tiruchirappalli International Airport issued by Airport Economic Regulatory Authority of India (AERA).

1) Inter Globe Aviation Ltd
2) International Air Transport Association (IATA)

This issues with the approval of the Competent Authority.

Thanking You.

प्राप्त
09/04/26

Yours sincerely,

(Rajesh Khanna)
General Manager (Finance-Tariff)

Encl: -As above

Tiruchirappalli International Airport -Counter Comments

AAI's counter comments in response to stakeholder's comments on Consultation Paper No. 06/2025-26 dated 27th February 2026 Determination of Aeronautical Tariff for Tiruchirappalli International Airport for the 2nd Control Period (01.04.2025 - 31.03.2030).

Counter Comments of AAI in response to stakeholder comments on Consultation Paper (CP) 06/2025-26 for Determination of Aeronautical Tariff of Tiruchirappalli International Airport

1. Comments of Inter Globe Aviation Ltd. on CP 06/2025-26

CP Review Comments for TRZ-2nd control Period

Particulars	Unit	Existing Rates	Tariff Proposed by Airport Operator			
TABLE A: Landing Charges						
		FY 2025-26 (Tariff w.e.f) (01.04.25-31.03.26) Existing Rate	FY 2026-27 (Tariff w.e.f) 01.04.26-31.03.27	FY 2027-28 (Tariff w.e.f) (01.04.273-1.03.28)	FY 2028-29 (Tariff w.e.f) (01.04.28-31.03.29)	FY 2029-30 (Tariff w.e.f) (01.04.29-31.03.30)
DOMESTIC		0	0			
Eg: Impact on A320 (Rs.)	79 MT	27717	55433	60977	67074	7.3781
Variance % from existing			100%	120%	142%	166%
Variance % from YOY			100%			
INTERNATIONAL						
Eg: Impact on A320 (Rs.)	79 MT	53195	106391	117030	128733	141606
Variance % from existing			100%	120%	142%	166%
Variance % from YOY			100%			

TABLE B: Parking Charges						
	INR/Hr/ MT in excess 50MT	FY 2025-26 (Tariff-w.e.f) (01.04.25-31.03.26) Existing Rate	FY 2026-27 (Tariff w.e.f) 01.04.26-31.03.27)	FY 2027-28 (Tariff w.e.f) 1.04.2731.03.28)	FY 2028-29 (Tariff w.e.f) (01.04.28-31.03.29)	FY 2029-30 (Tariff w.e.f) 1 .04.29-31.03.30)
DOMESTIC (for 1st 2 chargeable hrs)		0				

For next 4 hours	79 MT	5.8	11.6	12.3	13.03	13.S2
Variance % from existing			100%	112%	125%	138%
Variance % from YOY			100%		6%	
For subsequent hours	79 MT	11.6	23.2	24.59	26.07	27.63
Variance % from existing			100%	112%	125%	138%
Variance % from YOY			100%	6%	6%	6%
INTERNATIONAL (for 1st 2 chargeable hrs)			0	0		0
For next 4 hours	79 MT	7.1	14.2	15.05	15.96	16.91
Variance % from existing			100%	112%	125%	138%
Variance % from YOY			100%	6%		6%
For subsequent hours	79 MT	14.2	28.4	30.1	31.91	33.82
Variance % from existing			100%	112%	125%	138%
Variance % from YOY			100%	6%	6%	

TABLE C: UDF Charges

		FY 2025-26 (Tariff-w.e.f) (01.04.25-31.03.26) Existing Rate	**FY 2026-27 (Tariff w.e.f) 01.04.26-31.03.27)**	**FY 2027-28 (Tariff w.e.f) 1.04.2731.03.28)**	**FY 2028-29 (Tariff w.e.f) (01.04.28-31.03.29)**	**FY 2029-30 (Tariff w.e.f) 1 .04.29-31.03.30)**
DOMESTIC	Embarking	600.00	550.00		595.00	616.00
Variance % from existing				-4%	-1%	
Variance from YOY				4%	4%	
INTERNATIONAL	Per Embarking	800.00	665.00	672.00	679.00	U86 no
Variance % from existing			-17%	-16%	-15%	-14%
Variance from YOY			-17%	1%	1%	1%
DOMESTIC	Per Disembarking		235.00	246.00	255.00	264.00
Variance % from existing			100%	100%	100%	100%
Variance from YOY			100%	5%	4%	40/0
INTERNATIONAL	Per		285.00	288.00	291.00	294.oo

	Disembarking					
Variance % from existing			100%	100%	100%	100%
Variance from YOY			100%	1%	1%	1%

A. Reference is made to the above displayed Tables A and B, kindly note the following from the above tables:

1. Tables A: AAI has proposed an increase in Landing Charges (Domestic & International) by approximately 100% from existing charges in FY 2026-27 and a 10% Y-O-Y increase for subsequent years up to FY 2029-30.

2. Table B: AAI has proposed an increase in Parking Charges (Domestic & International) by approximately 100% from existing charges in FY 2026-27 and a 6% Y-O-Y increase for subsequent years up to FY 2029-30.

3. Table C: While AAI has proposed a decrease in UDF on embarking passengers by 8% (Domestic) and17% (International) for FY 2026-27 with annual increases of 4% and 1% subsequently up to FY 2029-30 - the parallel introduction of a UDF on disembarking passengers results in a net increase in total UDF outgo in Year 1 of approximately 30% for Domestic and 20% for International passengers (on a typical round trip).

Recommendation: It is in the interest of all the stakeholders that the proposed tariffs as noted above may not be implemented as the proposals are excessive. Also, requesting AERA to provide at least 60-90 days for implementation of tariff card by Airlines into their systems and considering the same, effective date of 1st April as per Tariff order seems unreasonable.

Submission of AAI on "A"

AAI appreciates AERA for issuance of consultation paper. The aeronautical charges determined by AERA as per the methodology defined under AREA Act 2008 and AERA guidelines 2011.

B. Landing Charges — Reference is drawn to Note (a) to Landing Charges: Recommendation: We request AERA to provide clarification on unscheduled flights operated by domestic scheduled operator as the same are currently being charged by Airport Operator. Clarification to this effect is required since the exemption is provided to domestic scheduled operators and not restricted to only schedule operations by them.

Submission of AAI on "B"

Landing exemption is applicable to an aircraft with a maximum certified passenger capacity of less than 80 seats, being operated by Domestic schedule operator at airports"

C. Parking Charges- Reference is drawn to Note (e) to Parking Charges

Recommendation: We request AERA to kindly modify the rate of tax (VAT) on ATF from '< 5%' to '≤5%' to ensure consistency with the existing AERA order.

Submission of AAI on "C"

We request AERA to update the same in Tariff card.

D. UDF Charges- Reference is drawn to Note(a) to User Development Fee (UDF) Charges:

We would like to invite AERA's attention to notes (a) of UDF charges in Annexure II of Consultation Paper which seems erroneous/missing content w.r.t highlighted words below:

"No UDF Collection charges: As per the policy pertaining to such charges between the airport operator and the airlines"

Recommendation: The rate of collection of UDF charges has been proposed to be as per the agreement between Airport Operator and Airline, and we hereby request AERA to kindly consider the collection charges to be specified at the rate of Rs. 5.00 per embarking passenger, in line with the existing rate of collection charges being remitted by Airport operator. We would also request for an additional rate of collection charges to be specified for disembarking passengers considering the administrative and other costs involved.

Submission of AAI on "D"

"UDF collection charges: if the payment is made in accordance within the period prescribed under credit policy of AAI, then collection charges as per AAI policy shall be paid by AAI. No collection charges shall be paid in case the airline fails to pay the UDF invoice to AAI within the prescribed credit period or in case of part payment."

As per the "Policy of AAI for payment of collection charges on UDF"-

- ***"Where UDF is levied on embarking passengers only, the collection charges shall be payable at Rs.5 per embarking passenger."***
- ***"Where UDF is levied on embarking and disembarking passengers, the collection charges shall be payable at Rs.2.50 per embarking passenger and per disembarking passenger."***

We request AERA to incorporate UDF Collection charges in the Tariff card.

- **Reference is drawn to Note (d) to User Development Fee (UDF) Charges:**

Revised UDF charges will be applicable on tickets issued on or after 01/04/2026 for FY 202627 and thereafter applicable on date of travel from 1st April 2027 to 31st March 2030.AERA is requested to kindly clarify/elaborate the words "date of travel" as mentioned above with the help of an iteration/ example.

Submission of AAI

The new rates of UDF will be applicable as per the Tariff Order of AERA on ticket issued on or after the date of applicability of the new tariff for the current financial year e.g. If a ticket is issued before implementation of Tariff Card for travel date in future, the UDF will be levy as per the existing tariff.

Further 'If a ticket issued after the implementation of Tariff Card for travel date in future, the UDF will be levy as per the new tariff.

The example is given as under: -

Date of applicability of New Tariff: -01.05.2026

i) Ticket issued on 31.01.2026 for travel date 10.05.2026, the existing UDF will be levied.

ii) Ticket issued on 31.01.2026 for travel date 30.04.2027, the existing UDF will be levied.

iii) Ticket issued on 01.05.2026 (After implementation of new rates) for travel date 10.05.2026, the new UDF(FY2026-27) will be levied as per tariff order.

iv) Ticket issued on 01.05.2026 (After implementation of new rates) for travel date 30.04.2027, the new UDF (FY2027-28) will be levied as per tariff order.

- **Reference is drawn to clause 17.2.6: Exemption from levy and collection from UDF at the airports**

  Recommendation: We request AERA to incorporate the following additional exemption category in alignment with the list specified under Directorate General of Civil Aviation (DGCA) AIC NO. 14/2019 dated 16.05.2019 and DGCA AIC No. 06/2023 dated 29.04.2023:

"(g)" Passengers departing due to involuntary re-routing, i.e., on account of technical problems or weather conditions."

Submission of AAI

AERA is requested to incorporate the same in the Tariff Card.

E. AERA is requested to commission a formal assessment of the AUCC consultation gaps and reinforce strict adherence to AUCC processes, as the absence of consultation during major scope changes and cost escalations has led to significant increases in the aeronautical tariff. Under current market conditions, such tariff escalation poses a risk of negatively affecting traffic projections and the airport's growth trajectory.

Submission of AAI on "E"

The AUCC consultation meeting was convened on 11th January 2020, wherein the proposal for capital expenditure of approximately ₹951 Crores for the construction of the New Integrated Terminal Building (NITB) was presented to the stakeholders. The meeting was attended by representatives of airlines, airport stakeholders and other users, and the proposal was discussed.

Moreover, several meetings were conducted with the stakeholders for projects like PBB, New Apron, parallel taxiway, ILBHS etc., which are part of NITB during initial concept and design stage and was accepted by stakeholders like airlines, GHA, CISF, Customs and others.

Further, as per Clause A1.3.1 of the AERA Tariff Guidelines, 2011, the AUCC consultation is required to be undertaken prior to the commencement of the Control Period for major capital projects. In this regard, the AUCC consultation for the NITB project was conducted before the beginning of the relevant Control Period. and the same was executed.

F. Traffic Projections — Domestic for FY2027 (+54%) needs calibration.

For FY2026, AERA proposes a +54% domestic growth based on recent year actual trends and recovery momentum (CP, Table set 49—51). This appears to be too aggressive, and it is requested to AERA that the proposed 54% growth in domestic traffic for FY2027 needs to be reviewed and adjusted in line with Indian carrier's plan for Tiruchirappalli which all airlines would have shared with AAI from time to time.

Submission of AAI on "F"

AAI has submitted Traffic projection for FY 2025-26 based on actual data up to Jan 2006 at the time of submission of comments on CP and requested AERA to consider the same.

G. Traffic Projections — International FY2027 (+9%) Need Calibration.

AERA is requested to direct AAI to review international traffic growth assumptions by validating them against actual international slot filings for the Summer 2027 schedule and adjust the projected growth figures accordingly. Additionally, relying on IATA's regional-level growth forecasts and directly applying those numbers to Tiruchirappalli Airport is not an appropriate method for projecting demand or seeking direction. It is pertinent to mention that growth in India is uneven and is concentrated mainly at metro airports and select high-growth tier-2 airports, while many other airports do not experience the same pace of expansion.

The Government has a vision of developing international aviation hubs at the six Indian metro cities of Bengaluru, Hyderabad, Chennai, Delhi, Kolkata and Mumbai. These airports are envisaged to serve as the primary gateways for long-haul and high-density international operations. We therefore do not anticipate significant international operations being developed at non-metro airports such as Tiruchirappalli. Passenger demand, airline interest, and connectivity requirements at such airports are predominantly domestic in nature.

Submission of AAI on "G"

AAI has submitted Traffic figure based on actual up to Jan 2026 and also request AERA to consider the projection based on figure submitted.

H. Revenue from Air Navigation Services and Cargo Services ('Para 3.3 of the CP):

We submit that as per section 2 (a) of Airports Economic Regulatory Authority of India Act, 2008 (AERA Act), "aeronautical services means any services provided- (i)For navigation, surveillance and supportive communication thereto for air traffic management for the cargo facility at an airport."

Accordingly, it is submitted that considering the above provisions of the AERA Act, revenue from Air Navigation Services and Cargo services (100% revenue accruing to AAICLAS) should form part of aeronautical revenues and accordingly AERA should consider of the corresponding revenues from such services and recomputed the Aggregate Revenue Requirement (ARR) and further revise the tariff card accordingly.

Submission of AAI on "H"

- Revenue from ANS: - Ministry of Civil Aviation (MoCA) had approved the Tariff for Air Navigation Services (ANS) for 10 years (1st October 2020 to 31.03.2030) and the expenditure and revenue had been considered while determination of ANS tariff. Hence, revenue from ANS cannot be considered here for determination of aeronautical tariff.
- Revenue from Cargo: - After the establishment of AAICLAS, all the revenue from Cargo operation is collected and booked by AAICLAS and accordingly consider for determination of Cargo Tariff. Hence, it can not be considered for the determination of Aeronautical tariff.

I. Traffic for the Second Control Period ('Para 5.2.3 and 5.3'):

We acknowledge AERA's evaluation of the traffic projections submitted by AAI and note that AERA has largely adopted the same. However, AERA has itself observed that the traffic projections for the Second Control Period, showcase robust growth, particularly during the first eight months of FY 2025—26, at Tiruchirappalli International Airport ("TRZ").

In view of the same, we request AERA to reassess long-term traffic projections through an independent study that considers key influencing factors, including observed traffic growth, the terminal capacity at TRZ, post-COVID-19 traffic recovery patterns, and other relevant demand-side developments. Further, we suggest that AERA may adopt a flexible mechanism for periodic review to ensure that aeronautical charges remain fair, reasonable, and aligned with actual demand, without imposing undue financial burdens on airlines and passengers.

Submission of AAI on "I"

We request AERA to offer its comment.

J. Operations and Maintenance expenses (para 9.2 of the CP):

We submit that Operations and Maintenance (O&M) expenses constitute as one of the major building blocks in the determination of efficient airport tariffs and, therefore, warrant closer scrutiny. In this regard, we note that while the Independent Consultant has reviewed the allocation of O&M expenses proposed by AAI, and AERA has made certain adjustments thereto, a more granular and forward-looking assessment remains necessary. We submit that an independent study focused on efficiency benchmarking, optimal resource planning, and rational allocation of assets would better serve the interests of all users.

Such an independent assessment would provide meaningful insights into cost optimization opportunities, prudent asset deployment, and efficient O&M expenditure levels, thereby ensuring that only efficient and justifiable costs are allowed for tariff determination, consistent with the principles underlying the AERA Act and the AERA Tariff Guidelines, 2011, thereby minimizing the risk of avoidable O&M costs being passed through to airlines and other airport users.

Submission of AAI on "J"

O&M expenses are incurred for operational requirements, regular maintenance of the airport infrastructure and equipment at the airport.

The cost captured by the airports are based on the actual expenditure incurred. To determine the costs, there are detailed tendering mechanisms for every contract and approving authorities as per delegation of powers approved by Board. Further the accounts of airports are subject to C&AG audit on yearly basis.

2. Comments of International Air Transport Association (IATA) on CP 06/2025-26

IATA has reviewed the detailed information provided by AERA in the consultation paper. The proposal clearly demonstrates that the significant upward pressure on aeronautical charges is being driven primarily by AAI's inefficiencies and poor cost discipline, rather than by genuinely justified or essential cost needs. The pattern of excessive capex overruns, weak commercial performance, and recurring accounting misstatements reinforces the concern that airlines and passengers are being asked to absorb costs that do not reflect efficient or prudent airport operations.

Process and consultation gap

- IATA notes that the capacity of the New Integrated Terminal Building (NITB) has been enhanced from the originally planned 3.63 MPPA to 4.45 MPPA, despite the Authority's own traffic projections for FY 2029–30 remaining significantly lower than this revised capacity. The reconfiguration resulted in an increase in terminal area, associated systems and overall capital cost, while the terminal was already under-utilized. Material changes in scope and capacity have long term tariff implications and should be subject to structured user consultation through the AUCC framework as mandated by AERA.

- The Consultation Paper highlights a substantial 53.2% variance between the CAPEX approved by the Authority for the First Control Period (INR 735.30 crore) and the CAPEX subsequently incurred and claimed by AAI (INR 1,125.18 crore). IATA concurs with AERA's observation that this discrepancy is significant and must be addressed. Airlines and users should not be burdened with unjustified and inefficient investments.
- IATA supports AERA's proposal to allow only a portion of the NITB cost into the RAB, given the clearly excessive unutilized capacity. Users should not bear the cost burden of infrastructure that remains materially underutilized. However, instead of the proposed 75% recognition, IATA recommends that AERA consider a

lower proportion that is more aligned with the actual utilization rate of only 40–43% during the First Control Period, such as in the range of 45 - 50%.

- A substantial portion of this increase arose without fresh AUCC consultation, despite the magnitude of escalation. Airlines were not consulted on revised cost implications, undermining the required transparency and governance of capex programme. Ex-post disallowance of costs does not fully mitigate the impact of ex-ante process gaps. Strong AUCC discipline is essential to prevent inefficient investment decisions that later translate into excessive tariff volatility.

- IATA notes that additional capital expenditure proposals for the Second Control Period have also been submitted without comprehensive AUCC consultation, notwithstanding the airport's continuing excess capacity. Traffic projections should be validated against airline feedback and schedules/slot filings, rather than relying primarily on backward looking growth arithmetic.

Submission of AAI

RECONFIGURATION WORKS FOR NITB

The planning of terminal buildings is primarily based on Peak Hour Passenger (PHP) demand, while the annual passenger handling capacity is derived from the peak hour capacity, considering the number of peak traffic hours an airport can accommodate in a day. Therefore, from a planning perspective, terminal buildings are designed to avoid capacity constraints during peak hours.

The current New Integrated Terminal Building was conceptualized in 2015, based on the traffic forecast derived from actual traffic data of the year 2014–15. At that time, the traffic distribution between domestic and international passengers was 8% (96,944) and 92% (10,92,274), respectively. The forecast on which the building was planned showed that in 2025-26, the domestic passengers would be 5% (1,80,641) & Int'l passengers would be 95% (33,48,181). Considering, it to be a majorly international terminal using the traffic ratio for International passengers as per IMG Norms. The Total designed peak hour was calculated as 2900 Pax.

TRAFFIC FORECAST-TRICHY AIRPORT			
YEAR	**PASSENGERS (In Nos.)**		
	INTL	**DOM**	**Total**
2014-15(Base Year)	1092274	96944	1189218
Growth Rate	8.0%	20.0%	9.0%
2015-16	1179656	116333	1295989
Growth Rate	12.00%	4.00%	11.40%
2016-17	1321215	120986	1442201
2017-18	1479760	125826	1605586
2018-19	1657332	130859	1788190
2019-20	1856211	136093	1992304
2020-21	2078957	141537	2220493
Growth Rate	10.0%	5.0%	9.7%
2021-22	2286852	148613	2435466
2022-23	2515538	156044	2671582
2023-24	2767092	163846	2930938
2024-25	3043801	172039	3215839
2025-26	3348181	180641	3528821

Accordingly, the terminal, with an area of 75,000 sqm, was designed to handle a peak hour capacity of 2,900 passengers with providing facilities for domestic passengers to a bare minimum resulting in designed peak hour of

2,300 international + 600 domestic.

The work was awarded in 2018, completed in 2023, and the terminal building was inaugurated in January 2024. However, during the course of construction in 2022, it was observed that the actual traffic distribution for the year 2019–20 had shifted significantly to 20% (2,96,073) domestic and 80% (13,16,419) international traffic. Since the building footprint could not be altered, the increase in the share of domestic traffic posed a significant challenge. It was envisaged that the originally planned domestic peak hour capacity of 600 passengers would lead to saturation of domestic processing areas, even though the terminal would not have reached its overall planned annual capacity.

POST-COVID TRAFFIC FORECAST - TRICHY AIRPORT			
YEAR	PASSENGERS (in Nos.)		
	International	Domestic	Total
2019-20	1316419	296073	1612492
2020-21	191075	164828	355903
2021-22	407430	149277	556707
2022-23 ESTIMATED	1200000	373193	1573193
FORECAST			
2023-24	1380000	447831	1827831
2024-25	1573200	528441	2101641
2025-26	1761984	591853	2353837
2026-27	1973422	662876	2636298
2027-28	2170764	729163	2899928
2028-29	2387841	802080	3189921
2029-30	2626625	882288	3508913
2030-31	2836755	961694	3798448
2031-32	3063695	1048246	4111941
2032-33	3308791	1142588	4451379
2033-34	3573494	1245421	4818915

Therefore, to enhance the domestic peak hour capacity and extend the terminal's saturation year, a reconfiguration of the terminal building was planned and implemented. This resulted in an increase in the planned peak hour capacity to 3,480 passengers (2,400 international and 1,080 domestic). The annual capacity of the reconfigured terminal has been estimated at 4.45 million passengers per annum, based on traffic ratios in accordance with IMG norms.

The modifications were limited to internal adjustments within the existing building footprint. These included removal of partition walls, addition of check-in counters, augmentation of conveyor systems to support increased check-in capacity, and installation of additional X-BIS machines. These changes were aimed at improving space utilization, enhancing passenger flow efficiency, eliminating bottlenecks, and increasing overall peak hour handling capacity.

Only modification inside the building like removal of partition wall, providing additional counters, augmentation of conveyor due to increase in Check-in counters, providing additional XBIS in SHA was undertaken to meet the passenger peak hour capacity (PHP) mainly of domestic which was 600 (300 departure + 300 arrival)(in view of increase in domestic passengers from 20% to 40% and minimum two domestic flights in one hour as per slot allotment) for better space efficiency, increased passenger capacity, efficient flow of passengers, removal of bottlenecks and to increase the peak hour capacity of Terminal Building. Moreover, the modification work in

conveyor cannot be carried out in the operational Airport.

Reconfiguration works for NITB incurred to meet the increased PAX handling capacity of the building without increasing the build-up area i.e. 75,000 sq.mt.

AUCC for NITB

The AUCC consultation meeting was convened on 11th January 2020, wherein the proposal for capital expenditure of approximately ₹951 Crores for the construction of the New Integrated Terminal Building (NITB) was presented to the stakeholders. The meeting was attended by representatives of airlines, airport stakeholders and other users, and the proposal was discussed.

Moreover, several meetings were conducted with the stakeholders for projects like PBB, New Apron, parallel taxiway, ILBHS etc., which are part of NITB during initial concept and design stage and was accepted by stakeholders like airlines, GHA, CISF, Customs and others.

Further, as per Clause A1.3.1 of the AERA Tariff Guidelines, 2011, the AUCC consultation is required to be undertaken prior to the commencement of the Control Period for major capital projects. In this regard, the AUCC consultation for the NITB project was conducted before the beginning of the relevant Control Period. and the same was executed.

The increase in amount of Rs.81.71 cr. is mainly due to cost escalation is due to the **COVID-19** pandemic causing nationwide lockdown & non-availability of oxygen affecting the supply of manpower & materials, *cyclone Nivar* in Nov 2020, *cyclone Burevi* in Dec 2020 and *cyclone Jawad* in Nov-Dec 2021, non-availability of vessels for imported items transfer, non-availability of electronic chips etc. which is beyond the control of AAI.

The subsequent increase in the cost of manpower and construction materials (like make in China is disallowed and conveyor to be made through Make in India as per Govt. policy which increased the cost) is also contributed to escalation in the overall project cost.

The CAPEX approved in the FCP of Rs. 735.30 Crores was based on the initial projection prepared for the NITB project.

Whereas during the execution of the project there was cost escalation (due to the COVID-19 pandemic causing nationwide lockdown & non-availability of oxygen affecting the supply of manpower & materials, cyclone Nivar in Nov 2020, cyclone Burevi in Dec 2020 and cyclone Jawad in Nov-Dec 2021, non-availability of vessels for imported items transfer, non-availability of electronic chips etc. which is beyond our control) *and not due to Re-configuration work as mentioned in the CP 06/2025-26*.

Reconfiguration cost is only 24.98 Crores which is only 2% of the total project cost. The details of the reconfiguration and requirement was provided in the Stakeholders meeting presentation.

The subsequent increase in the cost of manpower and construction materials (like make in China is disallowed and conveyor to be made through Make in India as per Govt. policy which increased the cost) is also contributed to escalation in the overall project cost.

In addition to the CAPEX incurred for the NITB, various other capital expenditures were undertaken during the First Control Period in compliance with the requirements of DGCA and BCAS. These capital expenditures were carried out after detailed analysis and based on the specific needs of the respective airport.

AAI has prudently considered and undertaken only those CAPEX items that were deemed essential.

AUCC for Second Control period :-

As per tariff guideline, 2011, clause A1.3.1 issued by AERA "The Airport Operator shall undertake user consultation with AUCC on major capital projects planned at the airport. The major capital projects shall be defined as capital investment projects that may represent more than 5% of the value of the RAB at the beginning of the control period or Rs. 50 crore Rupees, whichever is the lower amount",.

Since capital expenditure proposed by Trichy airport for the second control period is less than 5% of the value of the RAB at the beginning of the control period or Rs. 50 crore Rupees, therefore AUCC meeting for proposed CAPEX for Second Control Period is not required as mentioned in CP on page no.72.

Traffic Projections

- The Consultation Paper assumes a sharp increase in domestic passenger traffic over a short period, driven largely by a step change in deployment by a single carrier. While recovery momentum is acknowledged, extrapolating such a step change across the control period risks overstating sustainable demand.

- In recent times, international traffic growth at TRZ has moderated and reflects a more stable, normalized pattern. Airline entry and exit dynamics, as well as modest capacity increases by domestic carriers, suggest steady rather than accelerated expansion. Therefore, applying regional or national growth benchmarks uniformly to TRZ may not adequately reflect airport-specific market characteristics.

Submission of AAI

AAI has forecast traffic for the second control period considering the forecast methodology and assumptions as under:-

Methodology adopted for traffic forecast

i. For making the forecast, trend analysis of the airport's historical traffic is done.
ii. Econometric Analysis is undertaken with GDP as predictor variable.
iii. The traffic growth rates derived from regression analysis is further adjusted based on other macroeconomic factors and inputs from the stakeholders.
iv. Airport specific factors are also taken into consideration.

The above methodology is used for passengers traffic forecast, whereas the aircraft movements is projected based on the trends in passengers and aircraft movements ratios.

Assumptions involved in Traffic Forecast

The following assumptions have been made while preparing the forecast:

i. Favourable economic growth will continue at the national and the regional level. There will be no major economic disruptions, worldwide or in India.
ii. There will be no major disruption in the operation of air services, globally or within India, due to terrorist activities natural disasters or global / regional health issues.
iii. There will be no major hike in the price of aviation fuel.
iv. There will be no major shift in policies that would have a negative impact on the growth of air transport.
v. Adequate infrastructure will be created, and capacity constraints will not be allowed to operate.
vi. It is assumed that government will actively promote Port Blair as an International tourist destination.

Depreciation and Asset Classification

- IATA supports AERA's decision to reject AAI's depreciation approach, specifically the practice of applying only 50% depreciation in the first year of asset capitalization, and to correct the classification between aeronautical

and non-aeronautical assets. This adjustment appropriately reduces the claimed depreciation from INR 102.98 crore to INR 65.44 crore.

- Overstated depreciation materially inflates the Aggregate Revenue Requirement (ARR) and, consequently, the aeronautical tariffs borne by airlines and passengers. Such misstatements directly undermine the cost-relatedness and transparency required under ICAO principles.

IATA remains concerned about AAI's asset management and accounting practices, as this is not the first instance where significant discrepancies have been identified during the true-up process. Continued vigilance and stronger controls are necessary to avoid recurring irregularities that ultimately increase user charges.

Submission of AAI

The depreciation has been reduced from INR 102.98 crore to INR 65.44 crore due to non-consideration of actual capex incurred (NITB and other associated work) for the 1st control period and Rs.13.13 cr. for regulated year i.e. FY 2019-20.

Non-aeronautical Revenues Underperformance

IATA notes with concern the significant underperformance in NAR during the First Control Period, with actual NAR amounting to INR 102.51 crs, materially lower than the INR 128.79 crs approved by AERA. This shortfall represents a substantial deviation from projections and has direct implications for aeronautical tariffs under the hybrid-till framework, where 30% of NAR is used to offset aeronautical charges. The NAR underperformance has direct financial consequences for users, further undermining the balance and fairness as intended by the policy and regulatory framework.

While the early years of the period were affected by COVID-19 disruptions and the termination of key commercial concessionaires, revenue performance did not fully recover even after passenger traffic rebounded from FY 2022-23 onward. Underachievement was recorded across several key categories; F&B, retail, parking, and advertising, reflecting weaknesses in AAI's commercial management and concession oversight.

This shortfall has had a direct impact on airlines. Every rupee of NAR not earned translates into a higher aeronautical cost burden, as the gap is effectively shifted onto users through elevated ARR and tariff requirements. This undermines the efficiency incentives embedded in the hybrid-till model and results in airlines bearing the financial consequences of the airport operator's commercial underperformance.
Looking forward, AAI must strengthen its commercial strategy, revenue assurance, and concession management practices to ensure NAR performance keeps pace with traffic growth and terminal capacity. Improving NAR is critical to minimizing upward pressure on aeronautical charges.

Submission of AAI

The projected non-aeronautical revenue of Rs. 128.79 crores during the first control period was based solely on existing airport contracts.

Due to Covid-19, the following measures were undertaken.

a) Relief of contractual obligations for the period from 24.03.2020 – 24.05.2020 i.e. no invoice towards the monthly license fee was raised.
b) Pro-rata billing on the license fee by comparing the monthly passenger traffic of current year with corresponding monthly passenger traffic of previous year with effect from 25.05.2020 to 31.12.2020 was extended.
c) Further reduction of 40% (from 01.01.2021 to 30.06.2021) & 20% (from 01.07.2021 to 31.12.2021) on the monthly license fee arrived by prorate billing on the license fee by comparing monthly passenger traffic of

current year with corresponding monthly passenger traffic of previous years i.e. average of 2018-19 and 2019-20 was also extended.

Despite the significant impact of COVID-19 and the closure of several contracts, Trichy Airport has achieved revenue of Rs. 34.12 crores in FY 2024–25, which is very close to the projected figure of Rs. 34.70 crores for the first control period.

Capacity Planning and Demand Alignment

- IATA notes that even under the Authority's own projections, terminal capacity utilization remains well below optimal levels for a substantial part of the Second Control Period. This underscores the need for continued prudence in approving further capital expenditure and in determining the pace of cost recovery from users.

Submission of AAI

The planning of terminal buildings is primarily based on Peak Hour Passenger (PHP) demand, while the annual passenger handling capacity is derived from the peak hour capacity, considering the number of peak traffic hours an airport can accommodate in a day. Therefore, from a planning perspective, terminal buildings are designed to avoid capacity constraints during peak hours.

The current New Integrated Terminal Building was conceptualized in 2015, based on the traffic forecast derived from actual traffic data of the year 2014–15. At that time, the traffic distribution between domestic and international passengers was 8% (96,944) and 92% (10,92,274), respectively. The forecast on which the building was planned showed that in 2025-26, the domestic passengers would be 5% (1,80,641) & Int'l passengers would be 95% (33,48,181). Considering, it to be a majorly international terminal using the traffic ratio for International passengers as per IMG Norms. The Total designed peak hour was calculated as 2900 Pax.

TRAFFIC FORECAST-TRICHY AIRPORT			
YEAR	**PASSENGERS (In Nos.)**		
	INTL	**DOM**	**Total**
2014-15(Base Year)	1092274	96944	1189218
Growth Rate	8.0%	20.0%	9.0%
2015-16	1179656	116333	1295989
Growth Rate	12.00%	4.00%	11.40%
2016-17	1321215	120986	1442201
2017-18	1479760	125826	1605586
2018-19	1657332	130859	1788190
2019-20	1856211	136093	1992304
2020-21	2078957	141537	2220493
Growth Rate	10.0%	5.0%	9.7%
2021-22	2286852	148613	2435466
2022-23	2515538	156044	2671582
2023-24	2767092	163846	2930938
2024-25	3043801	172039	3215839
2025-26	3348181	180641	3528821

Accordingly, the terminal, with an area of 75,000 sqm, was designed to handle a peak hour capacity of 2,900 passengers with providing facilities for domestic passengers to a bare minimum resulting in designed peak hour of 2,300 international + 600 domestic.

The work was awarded in 2018, completed in 2023, and the terminal building was inaugurated in January 2024. However, during the course of construction in 2022, it was observed that the actual traffic distribution for the year

2019–20 had shifted significantly to 20% (2,96,073) domestic and 80% (13,16,419) international traffic. Since the building footprint could not be altered, the increase in the share of domestic traffic posed a significant challenge. It was envisaged that the originally planned domestic peak hour capacity of 600 passengers would lead to saturation of domestic processing areas, even though the terminal would not have reached its overall planned annual capacity.

POST-COVID TRAFFIC FORECAST - TRICHY AIRPORT			
YEAR	PASSENGERS (in Nos.)		
	International	Domestic	Total
2019-20	1316419	296073	1612492
2020-21	191075	164828	355903
2021-22	407430	149277	556707
2022-23 ESTIMATED	1200000	373193	1573193
FORECAST			
2023-24	1380000	447831	1827831
2024-25	1573200	528441	2101641
2025-26	1761984	591853	2353837
2026-27	1973422	662876	2636298
2027-28	2170764	729163	2899928
2028-29	2387841	802080	3189921
2029-30	2626625	882288	3508913
2030-31	2836755	961694	3798448
2031-32	3063695	1048246	4111941
2032-33	3308791	1142588	4451379
2033-34	3573494	1245421	4818915

Therefore, to enhance the domestic peak hour capacity and extend the terminal's saturation year, a reconfiguration of the terminal building was planned and implemented. This resulted in an increase in the planned peak hour capacity to 3,480 passengers (2,400 international and 1,080 domestic). The annual capacity of the reconfigured terminal has been estimated at 4.45 million passengers per annum, based on traffic ratios in accordance with IMG norms.

The modifications were limited to internal adjustments within the existing building footprint. These included removal of partition walls, addition of check-in counters, augmentation of conveyor systems to support increased check-in capacity, and installation of additional X-BIS machines. These changes were aimed at improving space utilization, enhancing passenger flow efficiency, eliminating bottlenecks, and increasing overall peak hour handling capacity.

Only modification inside the building like removal of partition wall, providing additional counters, augmentation of conveyor due to increase in Check-in counters, providing additional XBIS in SHA was undertaken to meet the passenger peak hour capacity (PHP) mainly of domestic which was 600 (300 departure + 300 arrival)(in view of increase in domestic passengers from 20% to 40% and minimum two domestic flights in one hour as per slot allotment) for better space efficiency, increased passenger capacity, efficient flow of passengers, removal of bottlenecks and to increase the peak hour capacity of Terminal Building. Moreover, the modification work in conveyor cannot be carried out in the operational Airport.

Reconfiguration works for NITB incurred to meet the increased PAX handling capacity of the building without increasing the build-up area i.e. 75,000 sq.mt.

Tariff Structure and Cost Recovery Profile

- The proposed tariff path includes a significant increase in landing and parking charges, followed by compounding annual increases. These are movement-based charges and therefore have a disproportionate impact on route economics, particularly for short haul and price and sensitive operations. While moderation of UDF is noted, reductions in passenger-based charges do not fully offset sharp increases in movement- based costs.

- A steep front-loaded recovery of Aggregate Revenue Requirement (ARR) risks dampening demand and may affect airline capacity deployment decisions at Tiruchirappalli, potentially undermining the very traffic growth assumed in the Consultation Paper.

- IATA suggests that a more gradual recovery of ARR, aligned with the progressive improvement in capacity utilization, would better balance airport financial sustainability with traffic growth and affordability. Deferring part of the recovery to later control periods, when demand is more closely aligned with installed capacity, would reduce the risk of near-term traffic suppression.

IATA appreciates the Authority's continued emphasis on prudence, capacity-linked CAPEX and user protection. Strengthening AUCC consultation discipline, calibrating traffic forecasts to observable airline behaviour, and moderating the pace of tariff recovery would further reinforce regulatory predictability and long-term growth at Tiruchirappalli International Airport.

Submission of AAI

Trichy airport has incurred more than Rs.1100 cr. on NITB Infrastructure development in last 5years whereas AERA has proposed UDF on embarking Domestic PAX (Rs 550/-) disembarking Domestic PAX Rs 235/- & embarking International PAX (Rs 665/-) disembarking International PAX Rs 285) in Consultation Paper against proposed by AAI UDF of embarking Domestic PAX (Rs 850/-) disembarking Domestic PAX Rs 450/- & embarking International PAX (Rs1100/-) disembarking International PAX Rs 500/- for the FY 2026-27 .

Further, AERA has proposed to carry forward Rs. 230.89 cr. (20.22% of the Aggregate Revenue Requirement to the next control period in order to reduce the financial burden on air travellers during the current control period.

AERA is requested to consider all the points submitted by AAI in reply to Consultation paper and accordingly ARR and tariff may be considered.