FW: Stakeholders Consultation Meeting - Submission of comments from AOC HYD

rajan.gupta1 < rajan.gupta1@aera.gov.in >

Sunil Menon < sunil_menon@cathaypacific.com >

Mon, 20 Jul 2026 5:36:28 PM +0530

To "rajan.gupta1@aera.gov.in"<rajan.gupta1@aera.gov.in>

Respected Sir,

Please find below comments from AOC HYD.

From: Sunil Menon
Sent: 20 July 2026 17:29
To: RAM KRISHAN <director-ps@aera.gov.in>; 'rajan.gupta1@aera.gov.' <rajan.gupta1@aera.gov.>
Cc: 'secretary@aera.gov.in' <secretary@aera.gov.in>; Amitabh Khosla <khoslaa@iata.org>; Ujjwal Bakshi <bakshiu@iata.org>; Shekar D Kavidi <shekar.kavidi@emirates.com>; Mohammed Abdul Raheem <mohammed.abdulraheem@flydubai.com>; Mohammed W Ali <alim@saudia.com>; Rizwan <rizwank@airasia.com>; Montoo Bhola <hyd.stnmgr@srilankan.com>
Subject: Stakeholders Consultation Meeting - Submission of comments from AOC HYD

Respected Sir,

The following are the comments from the Hyderabad Airlines Operators Committee (AOC HYD).

AOC HYD supports the airport's long-term development ambitions and recognises the need for investment to accommodate traffic growth, improve operational resilience, and enhance the passenger experience. However, we remain concerned that the cumulative impact of the proposed capital investments, operating cost increases, and recovery mechanisms could place significant upward pressure on future airport charges, with implications for the long-term sustainability of airline operations at Hyderabad.

Key Comments

Support for the User Pay Principle

We support the Authority's proposed Incremental ARR approach, whereby costs associated with major capital projects are recovered only once the relevant assets are commissioned and available for operational use. This approach appropriately aligns cost recovery with the delivery of service benefits to airport users and avoids airlines bearing costs for infrastructure that is not yet operational.

However, given the scale of the proposed investments, we encourage the Authority to ensure that only prudent, efficient, and demand-driven investments are recoverable from airport users.

Digitisation Costs Require Stronger Justification

The proposal includes a new digitisation expenditure programme of approximately INR 260 crore over the Fourth Control Period. While we support technology investments, these costs should be supported by clear business cases, measurable efficiency improvements, and demonstrable benefits to airport users.

We welcome AERA's recognition that many digital initiatives provide both aeronautical and commercial benefits. However, where investments support commercial activities, passenger retail engagement, or airport revenue generation, the associated costs should not be disproportionately allocated to aeronautical users. We request that AERA adopt a conservative approach to aeronautical cost allocation and ensure that airlines are not required to fund activities that primarily enhance the airport's commercial revenues.

Cross-Subsidisation and Revenue Allocation

We request greater transparency regarding the net tariff impact of the proposed classification of Cargo, Ground Handling, and Fuel Farm activities. While the Authority states that these revenues will offset ARR and reduce aeronautical charges, the Consultation Paper does not demonstrate whether airport users receive a greater benefit under the proposed treatment than they would under the hybrid till framework.

Related Party and Management Costs

We encourage AERA to continue applying robust scrutiny to related-party transactions, management fees, and corporate overhead allocations included within the regulatory cost base. Such costs should only be recoverable where they are demonstrably necessary, efficiently incurred, represent arm's-length value, and deliver direct operational benefits to airport users.

AOC appreciates the opportunity to participate in this consultation and looks forward to the Authority's consideration of stakeholder feedback before issuing the final paper.

On a related note, we would also like to draw the Authority's attention to the attached communication submitted by AOC HYD regarding the under-collection of User Development Fee by airlines arising from an inadvertent error in the fare and tax data uploaded into the Global Distribution System by the uploading carrier. This matter pertains to the previous control period 1Jan2026 to 31Mar2026 during which the applicable UDF was initially determined at INR 1,000 per passenger, with applicability linked to tickets issued effective 1 January 2026.

At the time of implementation, the carrier had inadvertently uploaded the UDF amount of INR 1,000 in the GDS for tickets issued for travel effective 1 January 2026. Subsequently, AERA issued a revised Order on 1 November 2025, whereby the applicable UDF for the relevant period was revised to INR 1,500 per passenger. However, as the GDS continued to reflect the earlier UDF amount of INR 1,000 and the correction was only implemented on 19 November 2025, a significant number of tickets had already been issued at the lower UDF rate during the intervening period.

As a result, airlines collected only INR 1,000 from passengers instead of the revised amount of INR 1,500, leading to a short collection of INR 500 per passenger. Notwithstanding the lower amount collected from passengers, airlines were nevertheless required to remit the full UDF amount of INR 1,500 per passenger to the airport operator. This created a direct financial burden on the airlines, which had no practical means of recovering the differential amount from passengers after ticket issuance.

The issue was subsequently raised with GHIAL, the airport operator at Hyderabad. In its response, GHIAL indicated that it would be willing to issue credit notes to compensate airlines for the losses incurred due to the incorrect UDF upload, subject to AERA permitting recovery of the corresponding amount during the Fourth Control Period. While this acknowledgement is appreciated, the matter remains unresolved and continues to have a financial impact on the affected carriers.

It is pertinent to note that a similar situation arose at Bengaluru Airport, where airlines experienced under-collection of UDF due to comparable circumstances. In that instance, Kempegowda International Airport Limited issued credit notes to airlines for the excess UDF remitted to the airport operator over and above the amount actually collected from passengers. This practical and equitable approach ensured that airlines were not unfairly disadvantaged by circumstances beyond their control.

For the Authority's reference, the airline-wise details of the UDF short collection, together with the amounts remitted to GHIAL, are provided below. **Total INR 37185310 (Three Crore Seventy One Lakh Eighty Five Thousand Three Hundred Ten)**

Airlines	**UDF Short Collection (INR)**
Emirates	16520000
Cathay Pacific	4457450
Fly Dubai	324500
Saudia	184670
Singapore Airlines	2804860
Oman Air	1286790
Qatar Airways	3859190
British Airways	3732930
Gulf Air	2574730
Thai Airways	1091500
Sri Lankan Airlines	348690

In view of the above, AOC HYD respectfully and earnestly requests the Authority's support in addressing this matter and advising GHIAL to adopt a similar approach by issuing credit notes to the affected airlines. Such a resolution would ensure consistency in regulatory treatment across airports, uphold principles of fairness, and prevent airlines from bearing financial losses arising solely from administrative or system-related errors in the implementation of regulated charges.

Thanks and best regards

Sunil K Menon
Chairman – AOC HYD.

1 Attachment(s)

attachment1.eml
16.4 MB

Me Me

Wed, 4 Feb 2026 04:59:35 +0000

To "Sunil Menon" <sunil_menon@cathaypacific.com>

Cc "Bakshiu Ujjwal Bakshi" <bakshiu@iata.org>, "Mohammed Abdul Raheem" <mohammed.abdulraheem@flydubai.com>, "Krishna Kumar" <apmhyd@airindia.com>, "Rizwan" <rizwank@airasia.com>, "Montoo Bhola" <hyd.stnmgr@srilankan.com>, "Shekar D Kavidi" <shekar.kavidi@emirates.com>, "Mohammed W Ali" <alim@saudia.com>, "RAM KRISHAN" <director-ps@aera.gov.in>, "Narayanarao Narayana Rao" <narayanarao@gmrgroup.in>, "Harsh Gulati" <harsh.gulati@gmrgroup.in>

Sir,

Please refer trailing mail.

In Hyderabad, UDF is linked with issuance of ticket. For financial year, as per original order, it means:

UDF for international embarking passenger is Rs. 1500 per passenger for tickets issued from 01.04.2025 to 31.12.2025 and Rs. 1000 per passenger for tickets issued from 01.01.2026 to 31.03.2026.

Similar is the case with domestic passenger.

Now, AERA has issued amendment order on 31.10.2025. As per same, for international embarking passengers, UDF is Rs. 1500/- for tickets issued on or after 01.01.2026.

I hope, this clarifies the position.

Get back to me, if any unaddressed issue is there.

राजन गुप्ता / Rajan Gupta
संयुक्त महाप्रबंधक (वित्त / टैरीफ) / Joint General Manager (Finance / Tariff)
भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण / Airports Economic Regulatory Authority of India
तृतीय तल, उड़ान भवन / 3rd Floor, Udaan Bhawan,
सफदरजंग एयरपोर्ट/ Safdarjung Airport,
नई दिल्ली - 110003 | New Delhi - 110003,
फोन: 9818482330, 7042882480 / Ph.: 9818482330, 7042882480

============ Forwarded message ============
From: Sunil Menon <sunil_menon@cathaypacific.com>
To: "director-ps@aera.gov.in"<director-ps@aera.gov.in>
Cc: "Ujjwal Bakshi"<bakshiu@iata.org>, "Shekar D Kavidi"<shekar.kavidi@emirates.com>, "Mohammed Abdul Raheem"<mohammed.abdulraheem@flydubai.com>, "Mohammed W Ali" <alim@saudia.com>, "Krishna Kumar"<apmhyd@airindia.com>, "Montoo Bhola" <hyd.stnmgr@srilankan.com>, "Rizwan"<rizwank@airasia.com>
Date: Tue, 23 Dec 2025 15:32:49 +0530
Subject: FW: RGIA | HYD - Airport | Aeronautical Tariff | Amendment : Eff 01Jan2026
============ Forwarded message ============

Dear Mr. Ram Krishan,

I hope you are doing well. I am Sunil Menon, Chairman of the Airlines Operators Committee, Hyderabad. I am writing to seek your intervention to address a potential User Development Fee (UDF) under-collection by airlines with HIAL in light of the recent change in the UDF for the period from January 2026 to March 2026.

According to AERA Order number 12/2021-2022 for the third control period at RGIA, Hyderabad, HIAL, the applicable UDF rates are as follows:

- **From April 1, 2025, to December 31, 2025:**
  - International Embarking Passenger: INR 1500 per passenger
  - Domestic Embarking Passenger: INR 750 per passenger

- **From January 1, 2026, to March 31, 2026:**
  - International Embarking Passenger: INR 1000 per passenger
  - Domestic Embarking Passenger: INR 500 per passenger

However, the attached AIC SL.NO 17/2025 dated November 14, 2025, states an amendment to order number 12/2021-22 dated August 31, 2021, regarding the continuation of the existing tariff for the last quarter of FY 2025-26, i.e., from January 1, 2026, to March 31, 2026, for Rajiv Gandhi International Airport, Hyderabad. As a result, the applicable UDF rates from April 1, 2025, to December 31, 2025, will continue to be in effect for this period.

The airlines' systems had been updated to reflect the UDF rates of INR 1000 for international tickets and INR 500 for domestic tickets back in the day. Following the amendment, airlines have updated the rates in their systems to INR 1500 and INR 750, respectively. As the amendment was done recently on airlines systems, there may be few passengers who are holding tickets with UDF amounts of INR 1000 for international and INR 500 for domestic for the travel period from January 1, 2026, to March 31, 2026, for the tickets issued before the amendment had taken place on the system resulting in under-collection of UDF.

We request your good office to kindly consider this aspect and address the issue with HIAL in terms of a waiver of under-collection by airlines. We have written to HIAL seeking waiver however there has been no response to this matter from their end.

Best regards,
Sunil Menon

Chairman – AOC
Hyderabad

From: Sunil Menon
Sent: 09 December 2025 19:18
To: 'Mohammed W Ali' <alim@saudia.com>; Ankur Bharadwaj <ankur.bharadwaj@gmrgroup.in>
Cc: Ashish Kumar <ashish.kumar@gmrgroup.in>; Shekar D Kavidi <shekar.kavidi@emirates.com>; Mohammed Abdul Raheem <mohammed.abdulraheem@flydubai.com>; Krishna Kumar <apmhyd@airindia.com>; Montoo Bhola <hyd.stnmgr@srilankan.com>; Rizwan <rizwank@airasia.com>
Subject: RE: RGIA | HYD - Airport | Aeronautical Tariff | Amendment : Eff 01Jan2026

Dear Ashish,

I hope you are doing well.

Although we recently had a Teams' call with GHIAL's Airline Marketing and Finance team, an issue has come to our attention that wasn't addressed during our discussion. As you are aware, the UDF rates currently in effect (INR 1500 for international per embarking passenger and INR 750 for domestic per embarking passenger) will continue until March 31, 2026, as per the latest AERA order. The previous AERA order specified the applicable rates (INR 1000 for international per embarking passenger and INR 500 for domestic per embarking passenger) for travel for tickets issued on or after January 1, 2026.

However, back in the day, the GDS was updated to reflect INR 1000 for travel effective from January 1, 2026, instead of tickets issued on or after January 1, 2026. This mistake was recognized by AOC HYD, and IATA was subsequently alerted to ensure that the charges-related directive was corrected in the systems. Apparently, the correction was made on November 19, 2025.

The real issue we now face at the airport is that numerous tickets have been issued reflecting INR 1000 instead of INR 1500. To address this, we propose providing GHAIL with the number of tickets charged at INR 1000 for each flight and request that GHAIL invoice INR 1000 only. We believe this is the most practical solution to resolve the situation.

We would greatly appreciate your confirmation on this matter.

Thanks and best regards,
Sunil

Sunil K Menon
Senior Airport Operations Manager
Airport Service Delivery - HYD
T +91 40 66605794
M +91 8886935522

CATHAY

Cathay Pacific Airways Limited
www.cathay.com

From: Mohammed W Ali <alim@saudia.com>
Sent: 09 December 2025 18:21
To: Sunil Menon <sunil_menon@cathaypacific.com>; Ankur Bharadwaj <ankur.bharadwaj@gmrgroup.in>
Cc: Ashish Kumar <ashish.kumar@gmrgroup.in>; Shekar D Kavidi <shekar.kavidi@emirates.com>; Mohammed Abdul Raheem <mohammed.abdulraheem@flydubai.com>; Krishna Kumar <apmhyd@airindia.com>; Montoo Bhola <hyd.stnmgr@srilankan.com>; Rizwan <rizwank@airasia.com>; Mohammed W Ali <alim@saudia.com>
Subject: Re: RGIA | HYD - Airport | Aeronautical Tariff | Amendment : Eff 01Jan2026

Classification: Confidential

Dear Sunil
Greetings !!!

Is there a solution arrived on settlement of UDF difference for tickets which are already issued with UDF amount of Rs.1180/-.

Regards

Mohammed Wahid Ali

Executive Representative, Customer Service

Office: 914066605556/57

E-mail: alim@saudia.com

Station Management, HYD, IN

السعودية
Saudia

Classification: Confidential

From: Sunil Menon <sunil_menon@cathaypacific.com>
Sent: 03 November 2025 11:11
To: Ankur Bharadwaj <ankur.bharadwaj@gmrgroup.in>
Cc: Ashish Kumar <ashish.kumar@gmrgroup.in>; Shekar D Kavidi <shekar.kavidi@emirates.com>; Mohammed Abdul Raheem <mohammed.abdulraheem@flydubai.com>; Mohammed W Ali <alim@saudia.com>; Krishna Kumar <apmhyd@airindia.com>; Montoo Bhola <hyd.stnmgr@srilankan.com>; Rizwan <rizwank@airasia.com>
Subject: FW: RGIA | HYD - Airport | Aeronautical Tariff | Amendment : Eff 01Jan2026

Hi Ankur,

Hope you are doing well.

I am writing to suggest that we arrange a meeting, either in person or virtually, involving the airline managers, your finance team, and airline marketing team. This meeting will help us all have a better understanding of the recent changes and provide an opportunity to clarify any queries that the airlines might have.

Thanks and best regards,

Sunil

Sunil K Menon

Senior Airport Operations Manager

Airport Service Delivery - HYD

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Cathay Pacific Airways Limited

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From: Ankur Bharadwaj <Ankur.Bharadwaj@gmrgroup.in>
Sent: 01 November 2025 20:01
Subject: RGIA | HYD - Airport | Aeronautical Tariff | Amendment : Eff 01Jan2026

Dear Airline Partner

In pursuance to the Amendment issued on 31st October 2025 to the AERA Order No 12/2021-22 by the authority, regarding Aeronautical Tariff at Rajiv Gandhi International Airport(RGIA), we would like to inform you that the Aeronautical charges applicable as per the attachment shall be charged by GMR Hyderabad International Airport (GHIAL) for the period from 01st January 2026 to 31st March 2026.

The detailed Schedule of Charges may be accessed at: [RGIA | One of Asia's Leading Aviation Hub]

The above is for your information and necessary action.

Regards

Ankur Bharadwaj

GMR Hyderabad International Airport Ltd.

GMR Aero Towers, Hyderabad – 500108, Telangana, India

M: +91 9676106113 | **T:** +91 40 6739 4072 | **F:** +91 40 6739 3801

E: ankur.bharadwaj@gmrgroup.in | **W:** www.hyderabad.aero

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2 Attachment(s)

Aera Order from 01st Apr 2022 to Mar
3.9 MB

AIC 17 of 2025.pdf
7.9 MB