IndiGo

20th July 2026

To,
The Chairman,
Airports Economic Regulatory Authority

Subject: Submission towards AERA Consultation Paper No. 02/2026-27 dated 19.06.2026 - Determination of Aeronautical Tariffs for Rajiv Gandhi International Airport, Hyderabad, for the Fourth Control Period (01.04.2026 – 31.03.2031)

Dear Sir,

At the outset, we appreciate the opportunity provided by AERA to offer comments on the Consultation Paper (CP) relating to tariff determination for Rajiv Gandhi International Airport, Hyderabad (GHIAL) for the fourth control period.

It is pertinent to mention that Indian carriers are operating under significant cost pressures arising from high ATF costs, high airport charges, depreciation of the rupee, etc. Accordingly, we strongly support regulatory interventions that promote cost efficiency, tariff stability and protection of the interests of all airport users, while balancing the requirements of the airport operator as well. In this context, we have the following comments regarding the CP:

1) User Pay Principle, Cost Relatedness and Incremental ARR Approach:

IndiGo submits that airport tariffs are required to be determined by AERA on an airport-specific basis, having regard to the provisions of the AERA Act, 2008, applicable AERA guidelines and ICAO principles. Such determination should consider relevant factors including efficient capital expenditure, traffic projections, cost allocation, user benefit and overall regulatory prudence.

IndiGo notes and appreciates AERA's proposal to adopt an Incremental Aggregate Revenue Requirement (ARR) approach for certain high-value capital projects, namely the Northern Precinct Development - Landside Works and the Northern Runway & Associated Airside Works. This approach ensures that there is no premature recovery of the airport charges from users when the relevant assets are not being put to use and made available to them.

IndiGo further submits that the proposed approach is aligned with the principle of cost relatedness recognized by ICAO under *ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082),* Chapter I, paragraphs 1.3.1 and 1.3.3, which provide that charges imposed on airport users *'should reflect the cost of facilities and services provided to the users,* and *no users shall be burdened with costs not properly allocable to them'*. Accordingly, airport users should not be required to bear costs relating to assets that are not yet operational or from which they derive no present benefit.

Therefore, AERA's proposal that the ARR impact of identified projects should arise only upon completion and operationalization appropriately balances the interests of all users. Accordingly, the proposed methodology should be retained in the final Tariff Order as it appropriately balances the interests of all stakeholders, safeguards consumer interests, and remains consistent with the applicable AERA Guidelines, 2011 and the principle of cost-relatedness.

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2) Capacity creation vis-à-vis projected traffic growth:

It is seen that GHIAL proposes to increase capacity from the existing 34 MPPA to 60 MPPA in two tranches, via two separate projects, viz., incremental capacity of 6 MPPA in the Southern Precinct (SP) and additional capacity of 20 MPPA by way of the Northern Precinct project (NP) which inter alia includes a new terminal as well as a new runway. It is further seen that the incremental capacity of 6 MPPA is expected to be available in 2027-28 while the additional 20 MPPA is targeted for September 2029.

It is our view that there may be scope to further increase the assumed practical runway capacity of 46 ATMs per hour, which appears conservative when compared to throughput levels achieved at other major airports such as including Mumbai (~52 ATMs/hour), Gatwick (~55 ATMs/hour), and Dubai (~65 ATMs/hour). Allied with the above is the fact that the new terminal is expected to result in overcapacity for the last two years of the control period. In view of the above, we request AERA and GHIAL to consider delaying initiation of the CAPEX for the Northern Precinct to the best extent possible as recovery of the cost for the additional CAPEX will impact the entire cost of operations to/from GHAL as well as passenger charges. This in turn may adversely impact the demand for air travel to/from Hyderabad, with consequent impact on recovery in subsequent periods.

In sum, we request that large scale capacity augmentation plans and associated capital expenditure are commenced only after exhausting all other modes of incremental capacity generation and that such plans are aligned with realistic demand expectations, thereby avoiding infrastructure overbuilding and unnecessary cost escalation for airport users.

3) Fair Rate of Return (FRoR):

As per table 238 under clause 8.2.9 of the CP, FRoR considered by AERA is 12.56% (calculated on the basis of notional debt-equity ratio of 48:52, cost of debt @ 9.72% and cost of equity @ 15.17%), which in our view is above efficient market levels. (For reference, FroR proposed in the CP for Bengaluru airport for the 4th Control Period is 11.77%).

We appreciate that airports are compensated for the risk of capital being deployed and airport tariffs are accordingly decided by considering a fixed rate of return. However, airlines who are charged resultant fees cannot recover a fixed rate of return as their profitability is entirely reliant on demand dynamics. Furthermore, given that airline seats are a perishable commodity – unproductive if not filled, airlines are also forced to offset effects of higher pass-through fees charged by airports to customers by reducing fares to ensure travel demand is adequate on their flights. As such, while a fixed or assured return structure favours the airport operator, it creates an imbalance for airlines, which continue to face sustained financial stress.

At clause 7.2.11 of the CP, the Airport Operator has submitted that all the project costs are projected to be funded through 70% debt and 30% equity. In our understanding, airports are classified as infrastructure and hence are able to raise debt at lower rates, which would be lower than the 9.72% assumed in the project. Accordingly, we submit that the projected debt-equity ratio of 70:30, as proposed by the Airport Operator, should be adopted for the determination of the FRoR, instead of the notional ratio of 48:52. Based on the debt-equity ratio of 70:30, the FRoR works out to 11.35%, as illustrated in the table below.

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Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.17%	30%	4.55%
Debt	9.72%	70%	6.80%
FRoR			**11.35%**

4) Landing Charges:

i) For the tariff proposal for the 4th Control Period, we understand that the airport operator has proposed a flat rate for landing charges for aircraft with MTOW of > 100 MT (i.e. Rs 590 per MT for domestic flight and Rs. 635 per MT for international flight). If accepted, this proposal would result in a substantial increase in landing charges for aircraft with an MTOW exceeding 100 MT.
For example, the landing charges for A321XLR aircraft (MTOW of 101 MT) will be increased by 34-35% as illustrated below.

	Existing rates	Landing charges	Proposed rates	Landing charges	Increase (%)
Domestic	Rs. 44,000 + Rs. 590 per MT	Rs. 44,590	Rs. 590 per MT	Rs. 59,590	34%
International	Rs 47,000 + Rs. 635 per MT	Rs. 47,635	Rs. 635 per MT	Rs. 64,135	35%

In this regard, we submit that, for aircraft with MTOW of > 100 MT, landing charges should continue to be computed in a progressive manner, consistent with the existing tariff structure and industry practice. Accordingly, the applicable rate upto 100 MT should be charged at ₹440 per MT for domestic flights and ₹470 per MT for international flights, while only the incremental weight beyond 100 MT should be charged at the higher rates of ₹590 per MT for domestic flights and ₹635 per MT for international flights.

Therefore, in our opinion, for sake of clarity as well, the tables for landing charges should be revised as given below.

Landing Charges: Domestic (in Indian rupees)

Particulars	September 01,2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029	April 01, 2029 to March 31, 2030	April 01, 2030 to March 31, 2031
> 100 MT	44,000 + 590 per MT in excess of 100 MT	44,000 + 590 per MT in excess of 100 MT	44,000 + 590 per MT in excess of 100 MT	44,000 + 590 per MT in excess of 100 MT	33,000 + 450 per MT in excess of 100 MT
< = 100 MT	440 per MT	440 per MT	440 per MT	440 per MT	330 per MT

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Landing Charges: International (in Indian rupees)

Particulars	September 01,2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029	April 01, 2029 to March 31, 2030	April 01, 2030 to March 31, 2031
> 100 MT	47,000 + 635 per MT in excess of 100 MT	47,000 + 635 per MT in excess of 100 MT	47,000 + 635 per MT in excess of 100 MT	47,000 + 635 per MT in excess of 100 MT	36,000 + 480 per MT in excess of 100 MT
< = 100 MT	470 per MT	470 per MT	470 per MT	470 per MT	360 per MT

ii) With reference to Note (2) under the proposed Landing Charges, it is requested that Landing charges be calculated on the basis of the ***"nearest"*** *rounded off MT*, rather than the ***"next"*** *rounded off MT* – in consistent with the methodology adopted under the tariff order for the Third Control Period.

5) Parking Charges:

i) **Remote stands:** As per the proposal from the airport operator, parking charges will be increased by 21% (from Rs 14.10 to Rs 17 per MT) for aircraft with MTOW upto 100 MT.

Contact stands: As per the proposal from the airport operator, parking charges for contact stands will be increased as follows:

- 2-4 hrs – increase by 141% (from Rs. 14.1 to Rs. 34 per MT) for aircraft with MTOW upto 100 MT.
- 4-12 hrs – increase by 21% (from Rs. 28.2 to Rs. 34 per MT) for aircraft with MTOW upto 100 MT.

As mentioned above, Indian carriers are currently facing substantial cost challenges, and therefore, any increase in airport charges including parking charges would further exacerbate the financial burden on airlines and adversely affect their operating economics. Accordingly, we would request AERA that the existing parking charges be continued for the 4th control period.

ii) With respect to Note (3) under proposed Parking Charges, it is requested that the Note be revised as follows:

"Parking Charges shall be calculated on the basis of the ***nearest*** *rounded off MT and for calculating chargeable parking time, part of an hour shall be rounded off to* ***the nearest 15-min interval*** *and charges shall be applied on a pro-rata basis."*

iii) Note (6) under proposed Parking Charges:

The proposed parking charge structure for aircraft parked beyond 12 hours is excessively steep and may result in a disproportionate financial burden on airlines. While the standard parking charge is applicable up to 12 hours after the free parking period, the rate doubles for parking between 12 and 24 hours and increases to four times the standard rate for parking exceeding 24 hours. The introduction of such duration-linked charge multipliers represents a significant departure from the existing parking charge framework under which airlines have planned and operated their schedules for several years.

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The proposed provision could have a material impact on airlines' operational flexibility, particularly with respect to aircraft night halts, maintenance positioning, engineering checks, operational disruptions, schedule recovery requirements, and long-term fleet planning. Operational and engineering activities are often planned based on network requirements and airport infrastructure constraints rather than commercial considerations alone. Consequently, the imposition of steep parking charge escalations may result in a substantial increase in operating costs without providing airlines adequate flexibility to adjust established operational arrangements. Further, airlines have developed their maintenance and parking strategies over an extended period based on the prevailing charging structure. Introduction of such multipliers during the tariff period would create an unforeseen financial burden and may adversely affect operational efficiency.

We would therefore request that standard parking rates be applied irrespective of the parking duration. We would also request AERA that AOG (aircraft on ground) parking charges be applied as per the standard rate instead of increase of two times/four times.

6) Collection charges on UDF:

With respect to Note (1) under UDF (i.e. collection charges on UDF), the rate of collection of UDF charges has been proposed to be as per the agreement between the airport operator and airline. We would request AERA that the collection charges be specified at the rate of 2.5% on the UDF payable gross amount, in line with the existing rate of collection charges being paid to airlines by National Aviation Security Fund Trust (NASFT) as collection charges for Aviation Security Fees.

7) ICT Charge:

i) ICT charges are being levied in USD. In our opinion, these charges should be in INR, as an Indian carrier within an Indian airport should not bear the burden of foreign exchange risk. In this regard we request AERA's attention to NMI's and DXN's charges which are denominated in INR for domestic embarking passengers and in USD for international embarking passengers.

ii) With reference to Note (2) under the proposed ICT charges, we recommend that ICT charges be applicable on UDF paying passengers only.

8) Bridge Mounted Equipment (BME) Services:

i) The proposed BME charges reflect a substantial increase over the currently applicable rates and would result in a significant escalation in operating costs for airlines. Further, the proposed tariff introduces an immediate step-up in FY2027 itself, ranging from 20% to 50% across different categories. Such increases appear excessive, particularly when there is no demonstrated corresponding enhancement in service levels or infrastructure investment specifically attributable to BME operations. Accordingly, it is submitted that the proposed BME tariffs be reviewed and rationalized to ensure a more gradual increase aligned with inflationary trends, cost recovery requirements, and prevailing industry benchmarks.

ii) Ground Power Unit (GPU) and Pre-conditioned Air (PCA) charges should be provided separately, as, in some instances, only one of the two services may be utilized during a turnaround.

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iii) Note (3) to BME charges:
The draft proposal states that the rate for the usage at Remote Stands will be 20% higher of the corresponding tariff.

We would request that this provision be removed, as such charges separately for remote stands are not part of the existing contract for BME. The airport should provide a detailed justification for the proposed additional 20% charge, including any infrastructure upgrades, equipment additions, or operational changes undertaken at the remote stands that warrant such an increase.

iv) Note (4) to BME charges:
The draft tariff proposes that 50% charges on BME tariff shall be applicable for long-halt flights with usage exceeding 3 hours.

This provision adversely impacts airlines ability to quickly service aircraft at lower cost, as may be required in cases where aerobridge stands are occupied by aircraft required to be parked for extended periods to undertake activities such as defect rectification, aircraft recovery and technical inspections and other unforeseen operationally driven long-duration parking requirements. We therefore suggest that this additional charge should be removed altogether as it is in the interests of both airlines and the airport operator to ensure speedy servicing of aircraft and return to service, thereby providing passenger convenience.

v) Note (5) to BME charges:
The draft proposal states that BME charges will be Invoiced to the user at a flat rate for the first One Hour of the usage and then rounded to next 30 (Thirty) minutes thereafter. This approach may result in airlines being billed for usage periods substantially higher than actual utilization, particularly for short-duration bridge occupancy.

To promote transparency and cost-reflective charging principles, it is recommended that BME charges be levied based on actual utilization/slabs rather than fixed hourly blocks and subsequent rounding mechanisms. This was the practice that is being followed till date, i.e. minimum 30 mins slab and round off to 5 mins and we therefore request continuity of the same.

9) Lead time for implementation of revised tariff card:

We would request AERA to provide a lead time of at least 60 days for implementation of tariff card by airlines into their systems from the date of issuance of final AERA order. Adequate advance notice is essential to allow airlines to adjust pricing structures and commercial planning accordingly.

We look forward to AERA's consideration of our above submissions.

Sincerely,

Raju

Rajan Malhotra
Vice President – Aeropolitical & Industry Affairs

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