फा. सं. ऐरा/20010/एमवाईटीपी/एएआई-पोर्ट ब्लेयर/सीपी-I/2025-26

F. No. AERA/20010/MYTP/AAI-Port Blair /CP-I/2025-26

परामर्श पत्र संख्या 02/2025-26

Consultation Paper No. 02/2025-26

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

वीर सावरकर अंतरराष्ट्रीय हवाईअड्डा, पोर्ट ब्लेयर के लिए प्रथम नियंत्रण अवधि (01.04.2025–31.03.2030) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFF FOR VEER SAVARKAR INTERNATIONAL AIRPORT, PORT BLAIR FOR THE FIRST CONTROL PERIOD (01.04.2025 - 31.03.2030)

जारी करने की तारीख : 18 जुलाई, 2025

Date of Issue: 18th July, 2025

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उड़ान भवन/ Udaan Bhawan,
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PREFACE

Veer Savarkar International Airport, Port Blair is operated as a civil enclave, sharing airside facilities with INS Utkrosh of the Indian Navy and operated by Airports Authority of India. It is located 2 km south of Port Blair and the primary airport serving the Andaman and Nicobar Islands of India.

Port Blair Airport has been declared as a Major Airport by AERA vide Public Notice No. 02/2024-25 dated May 02, 2024, based on its designated annual passenger throughput capacity of 5 MPPA, which is as per the provision of Section 2(i) of the AERA Act, 2008.

As per the actual traffic of FY 2024-25, Port Blair Airport has achieved the passenger throughput of 1.65 MPPA.

For this Consultation Paper, the Authority has considered the projections in respect of Regulatory Building Blocks such as CAPEX, Operating and Maintenance Expenditure and traffic volume submitted by AAI for Port Blair International Airport (PBIA) in respect of the First Control Period (FY 2026 to FY 2030).

AERA, in accordance with Section 4 (1) of the AERA Act, 2008, convened a meeting on July 10th 2025, with the representatives of Ministry of Defence on the draft Consultation Paper prepared by the Authority. During the meeting, various proposals as contained in the Consultation paper were discussed. As agreed in the meeting, this consultation paper is being issued for Stakeholder's Consultation.

The Authority in this Consultation Paper has put forward its proposals in the background of the Authority's analysis and observations on the Multi Year Tariff Proposal (MYTP) submitted by the Airport Operator.

The Authority shall consider written evidence-based feedback, comments and suggestions from all the stakeholders on the proposals made in the Consultation Paper and pass a suitable Order determining the Tariff for aeronautical services. The Authority would like to emphasize that the consultation process timelines are sacrosanct and hereby requests the stakeholders to provide their comments/ inputs within the timelines specified in this Consultation Paper, beyond which the same will not be considered by the Authority.

As per the provisions of Section 13(2) of the AERA Act, 2008, the tariff determined under the Tariff Order can be reviewed and revised.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 02/2025-26 dated 18.07.2025 are invited from the stakeholders, preferably in electronic form, at the following address:

Director (P&S/ Tariff)
Airports Economic Regulatory Authority of India (AERA),
3rd Floor, Udaan Bhawan
Safdarjung Airport, New Delhi – 110003, India
Email: director-ps@aera.gov.in, satish.kr@aera.gov.in, copy to: secretary@aera.gov.in

Stakeholders' Consultation Meeting:	04.08.2025
Last Date for Submission of comments:	18.08.2025
Last Date for Submission of counter comments:	28.08.2025

Comments and Counter-comments will be posted on AERA's website: www.aera.gov.in.

For any clarification/ information, Director (P&S/Tariff) may be contacted at Telephone Number: Tel: 011-24695043

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GLOSSARY

Abbreviation	Full Form
AAI	Airports Authority of India
AAICLAS	AAI Cargo Logistics and Allied Services
ACI	Airports Council International
AERA/ The Authority	Airports Economic Regulatory Authority of India
PBIA/ IXZ	Port Blair International Airport
ANS	Air Navigation Services
AIASL	AI Airport Services Limited
ARR	Aggregate Revenue Requirement
ATM	Aircraft Traffic Movement
ATRS	Automatic Tray Retrieval System
AUCC	Airport Users Consultative Committee
BCAS	Bureau of Civil Aviation Security
BDDS	Bomb Detection and Disposal Squad
BPCL	Bharat Petroleum Corporation Limited
BOQ	Bill of Quantities
BSF	Border Security Force
CAG	Comptroller and Auditor General of India
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CCTV	Closed Circuit Television
CFT	Crash Fire Tender
CHQ	Corporate Headquarters
CISF	Central Industrial Security Force
CMC	Comprehensive Maintenance Contract
CPWD	Central Public Works Department
CRRI	Central Road Research Institute
CSR	Corporate Social Responsibility
CTX	Computer Tomography X-Ray
DFMD	Door Frame Metal Detector
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
DVOR	Doppler VHF Omnidirectional Range
ETD	Explosive Trace Detector
FA	Financing Allowance
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
GeM	Government e-Marketplace
GLF	Ground Lights Facility
GoI	Government of India
GSE	Ground Support Equipment
GST	Goods and Services Tax
HB	Hand Baggage
HT	High Tension

Abbreviation	Full Form
HVAC	Heating, Ventilation, and Air Conditioning
IATA	International Air Transport Association
IDC	Interest During Construction
ILBHS	In-Line Baggage Handling System
IMG	Inter-Ministerial Group
IOCL	Indian Oil Corporation Limited
KV	Kilo-Volt
LGF	Lower Ground Floor
LT	Low Tension
MFT	Multi-purpose Fire Tender
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers per Annum
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical revenue
NCAP	National Civil Aviation Policy
NITB	New Integrated Terminal Building
NLJD	Non-Linear Junction Detector
PDC	Probable Date of Completion
PC	Personal Computer
PIB	Public Investments Board
PLF	Passenger Load Factor
PPP	Public Private Partnership
PQC	Pavement Quality Concrete
PSF	Passenger Service Fee
RAB	Regulatory Asset Base
RB	Registered Baggage
RCC	Reinforced Cement Concrete
RHQ	Regional Headquarters
RNFC	Route Navigation Facility Charges
RPK	Revenue Passenger Kilometre
RTVS	Real Time Verification System
SHA	Security Hold Area
SITC	Supply, Installation, Testing & Commissioning
Sq.m.	Square Meter
TCV	Threat Containment Vessel
TR	Tonner
UDF	User Development Fees
UGF	Upper Ground Floor
UPS	Uninterruptible Power Supply
VHF	Very High Frequency
WPI	Wholesale Price Index
XBIS	X-ray Baggage Inspection System
YTD	Year to Date

Abbreviation	Full Form
YPP	Yield per Passenger

1 INTRODUCTION

1.1 Background

1.1.1 Veer Savarkar International Airport, Port Blair ('Port Blair International Airport' or PBIA), is operated as a civil enclave, sharing airside facilities with INS Utkrosh of the Indian Navy and operated by Airports Authority of India, is currently, the 36th busiest Airport[1] in India by passengers handled.

1.1.2 The total land area of PBIA is 71.11 Acres. The existing Terminal Building has an area of 40,839 square meters, which currently handles both domestic and international operations.

1.1.3 AERA Act, 2008 was amended in 2019 and definition of "Major Airport" has been changed. As per section 2(i) of the AERA Act, 2008 read with AERA (Amendment) Act 2019, Major Airport means any airport which has or is designated to have, passenger throughput in excess of 3.5 MPPA or any other airport or any other group of airports as the Central Government may by notification, specify as such.

1.1.4 AAI vide letter No. AAI/CHQ/Major Airport/Tariff/2023-24/1216 dated March 28, 2024 requested AERA to treat Port Blair as a Major Airport, as the designated capacity of the New Terminal Building is 5 MPPA. Accordingly, Port Blair Airport has been declared as a Major Airport vide Public Notice No. 02/2024-25 dated May 02, 2024, considering the designated annual passenger throughput capacity of the new Terminal Building i.e., 5 MPPA.

1.1.5 As per the actual traffic of FY 2024-25, Port Blair Airport has achieved the passenger throughput of 1.66 MPPA, which substantially comprises of domestic passengers.

1.2 Profile of Port Blair International Airport

1.2.1 Technical and Terminal Building details of PBIA submitted by the Airport Operator are provided in the table below:

Table 1: Technical and Terminal Building details of PBIA

Technical details	
Particulars	**Details**
Total airport land area	71.11 Acres
Runway orientation and length	04/ 22 and 3,269 m x 45 m
No. of Parking Bays	12 nos.
No. of Taxi Tracks	10 nos.
Operational hours	05:45 to 18:00 IST
Terminal Building details	
Terminal Building Area	40,839 Sqm
Designed Passenger handling Capacity	5 MPPA
Peak Hour Passengers Handling capacity	1,200 (600 Departure + 600 Arrival)
Conveyor Belts in Arrival Area	03 nos.
No. of check-in counters	28 nos.
Aircraft Code	Code 4D

[1] *As per data on top 50 busiest airports for FY 2023-24, published by AAI*

1.3 Cargo Facility, Ground Handling and supply of Fuel to Aircraft

Cargo Handling

1.3.1 M/s AAI Cargo Logistics and Allied Services (AAICLAS) is a 100% subsidiary company of Airports Authority of India (AAI) providing Cargo Handling Services at PBIA. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's agreement with AAICLAS.

1.3.2 AERA vide Order No. 14/ 2024-25 dated November 22, 2024 had determined the ad-hoc tariff for AAI Cargo Logistics & Allied Service Company Limited (AAICLAS), valid up to March 31, 2025. Subsequently, the validity of the Ad-hoc Tariff has been extended up to September 30, 2025, or, till the date of determination of regular tariff for AAICLAS, whichever is earlier.

Ground Handling

1.3.3 Currently, there are two Service Providers at the Airport viz., AI Airport Services Limited (AIASL) and M/S Sumathi Brightshine Private. Ltd., providing Ground Handling services at PBIA.

Supply of Fuel to Aircraft

1.3.4 M/s IOCL is providing Aviation Fuel Facility at Port Blair International Airport. M/s IOCL has a fuel storage capacity of 989KL.

2 TARIFF DETERMINATION OF PORT BLAIR INTERNATIONAL AIRPORT

2.1. Introduction

2.1.1 AERA was established by the Government of India as per AERA Act, 2008, vide notification No. GSR 317(E) dated 12th May 2009. The functions of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') which are as below:

a) To determine the tariff for Aeronautical services and other charges at the major airports taking into consideration:

i. the capital expenditure incurred and timely investment in the improvement of airport facilities.

ii. the service provided, its quality and other relevant factors

iii. the cost for improving efficiency.

iv. economic and viable operation of Major Airports

v. revenue received from services other than the Aeronautical services

vi. the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise; and

vii. any other factor which may be relevant for the purpose of this Act:

Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii).

b) To determine the amount of the development fees in respect of Major Airports.

c) To determine the amount of the passenger service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.

d) To monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.

e) To call for any such information as may be necessary to determine the tariff for Aeronautical services; and

f) To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of the Act.

2.1.2 The terms "aeronautical services" and "Major Airport" are defined in Sections 2(a) and 2(i) of the Act, respectively.

2.1.3 As per the AERA Act, 2008 the following are the Aeronautical services:

i. for navigation, surveillance and supportive communication thereto for air traffic management;

ii. for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at any airport;

iii. for ground safety services at an airport;

iv. for ground handling services relating to aircraft, passengers and cargo at an airport;

v. for the cargo facility at an airport;

vi. for supplying fuel to the aircraft at an airport; and

vii. for a stakeholder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority.

Tariff determination for Air Navigation Services is carried out by the Ministry of Civil Aviation (MoCA) across all airports to maintain uniformity.

2.1.4 AERA, in order to fulfil the mandate given in the AERA Act, 2008 regarding determination of aeronautical tariff at Major airports, has issued detailed Guidelines laying down information requirements, periodicity and procedure for the Tariff determination. The details of Orders and Guidelines issued in this behalf are as under:

i. Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators); and

ii. Order No. 07/2018-19 dated 13.06.2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).

iii. Order No. 14/2018-19 dated 23.01.2017 in the matter of aligning certain aspects of AERA's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy – 2016 (NCAP-2016) approved by the Government of India.

iv. Order No. 35/2019-20 dated 12.01.2018 and Amendment No. 01 to Order No. 35/2019-20 dated 09.04.2018 in the matter of determination of useful life of Airport assets.

v. Order No. 42/2020-21 dated 05.03.2019 (Determination of FRoR to be provided on the cost of Land incurred by various Airport Operators in India).

2.1.5 The Airport Operator(s) of major airports are required to submit to the Authority for its consideration, a Multi-Year Tariff Proposal (MYTP) for the pertinent Control Period, within a reasonable time frame, from the date the Airport becomes a Major Airport.

2.1.6 Port Blair Airport attained the designated PAX handling capacity of 5 MPPA on July 1, 2023. Whereas, AAI vide letter No. AAI/CHQ/Major Airport/ Tariff/2023-24/1216 dated March 28, 2024 requested AERA to consider it as a major airport, in terms of Section 2(i) of AERA, Act, 2008. Accordingly, AERA decided to consider it as major airport and issued Public Notice no. 02/2024-25 dated May 02, 2024 and asked the AO to submit its MYTP for Port Blair Airport at the earliest.

2.1.7 Further, the Authority, vide its letter dated July 30, 2024 and December 13, 2024 again asked AAI to expedite the submission of the MYTP for determination of aeronautical tariffs for Port Blair Airport for the First Control Period. However, despite repeated requests and follow-up, AAI submitted the MYTP for the First Control Period for PBIA on January 29, 2025 only and the Financial Model (in MS Excel spreadsheet) on March 11, 2025. AAI in its MYTP for the PBIA has considered the First Control Period with effect from April 1, 2025 to March 31, 2030 and Pre-Control Period from July 1, 2023 to March 31, 2025.

The MYTP document is submitted by AAI, is available on the AERA's website for the information of the stakeholders.

2.1.8 The Authority, as an interim measure, vide Order No. 09/ 2024-25 dated September 24, 2024 has extended

the validity of tariff prevailing as on September 30, 2024 up to March 31, 2025.Thereafter, the Authority vide Order No. 18/ 2024-25 dated March 24, 2025 has further extended the validity of tariff prevailing as on March 31, 2025 up to September 30, 2025 or till the date of determination of tariff whichever is earlier.

2.1.9 The Authority has appointed an Independent Consultant, M/s R. Subramanian and Company LLP to assist the Authority in the tariff determination process in respect of Port Blair Airport. Accordingly, M/s R. Subramanian and Company, LLP has assisted the Authority in examining the MYTP submission of AAI for the First Control Period, by verifying the data relating to various building blocks, from various supporting documents submitted by AAI, such as Fixed Asset Register (FAR), Trial Balance, other documents/ cost estimates relating to Capital expenditure, Operation and Maintenance expenses, etc. The independent consultant, inter-alia, examined the essentiality & reasonability of costs related to CAPEX, OPEX, etc. for its consideration in tariff determination exercise and ensuring that the treatment given to it is consistent with the Authority's methodology, approach, Regulatory Orders, etc.

2.1.10 AAI submitted the audited Trial Balance of FY 2023-24 and projections for FY 2024-25 to FY 2029-30 on March 11, 2025. The Authority, through its Independent Consultant, has examined the MYTP submitted by AAI, including obtaining necessary clarifications and supporting documents on the information shared by AAI from time to time, to review the appropriateness of the classification of assets, the reasonableness of the proposed Capital Expenditure, Operation & Maintenance (O&M) expenditure, for finalizing this Consultation Paper.

The date-wise chronology of events regarding the submission of MYTP and the related information by AAI is given in Table 2 below. The sequential timeline of the above events has been presented below:

Table 2 : Timelines for submission of MYTP and other information by AAI

Dates	Event
January 29, 2025	MYTP Submitted by AAI
March 11, 2025	Submission of Financial Model (MYTP) in MS Excel Spreadsheet
March 15, 2025	Clarifications sought on passenger capacity, CAPEX, Operation and Maintenance expenses, non-aeronautical revenue etc. of PBIA
March 26, 2025	Request for unaudited/Audited financials for FY 2024-25.
April 15, 2025	Clarification sought on actual CAPEX of FY 2024-25.
April 17, 2025	Clarification sought on passenger traffic and Operation and Maintenance Expenses.
May 08, 2025	Clarifications sought regarding CAPEX projected for FY 2025-26
May 20, 2025	Clarifications sought on Ground handlers and Oil companies operating on PBIA
May 26, 2025	Request for clarifications on NAR projections for First Control Period

2.1.11 AAI has informed that accounts of AAI are audited by the Comptroller and Auditor General of India ('CAG') as mandated by the AAI Act. The CAG audits the financial records and statements of AAI airports, regional and corporate headquarters. However, since the accounts of AAI as a whole are centralized at corporate headquarters (CHQ), the CAG accordingly issues the final audit certificate. The Authority has examined the audited trial balance (FY 2023-24) submitted by AAI for determination of tariff.

2.1.12 All the figures presented in this Consultation Paper have been rounded off up to two decimals

2.2. Construct of the Consultation Paper

2.1.13 This Consultation Paper has been structured in the following sequence of Chapters:

i. The background of the Authority's tariff determination process is explained in this Chapter (Chapter

2) and in Chapter 3, wherein the framework for determination of tariff is discussed.

ii. Chapter 4 presents the submissions of AAI for true up of the Pre-Control Period which is from FY 2023-24 to FY 2024-25.

iii. Chapter 5 presents the submissions of AAI regarding Traffic Projections and the Authority's examination and proposals on the same.

iv. Chapter 6 includes the submissions of AAI regarding Capital Expenditure (CAPEX), Depreciation and RAB for the First Control Period along with the Authority's detailed examination, adjustments, rationalisation and proposals on the Aeronautical capital expenditure, Depreciation and RAB for the First Control Period.

v. Chapter 7-12 includes the submissions of AAI regarding various regulatory building blocks pertaining to the First Control Period, including Fair Rate of Return, Inflation, Operation and Maintenance Expenses, Non-Aeronautical Revenue, Taxation and Quality of Service along with Authority's examination and proposals on each matter.

vi. Chapter 13 presents the Aggregate Revenue Requirement as determined by the Authority based on the proposals for the First Control Period.

vii. Chapter 14 presents the Aeronautical Revenue proposed by the Authority for PBIA for the First Control Period.

viii. Chapter 15 summarizes the Authority's proposals put forward for consultation.

ix. In Chapter 16, the Authority invites views of all the stakeholders regarding proposals put forward for tariff determination for the First Control Period in the Consultation Paper.

x. Chapter 17 contains Annexures:

- Annexure I: Annual Tariff proposal submitted by AAI for PBIA for the First Control Period.
- Annexure II: Annual Tariff proposed by the Authority for Consultation process.

3 FRAMEWORK FOR DETERMINATION OF TARIFF FOR PBIA

3.1 Methodology

3.1.1 The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) for the Airport Operators pertaining to a given Control Period is based on AERA Act, 2008 and the Airport Guidelines issued by AERA in 2011 and other regulatory orders issued from time to time.

3.1.2 The Authority had adopted the Hybrid-Till mechanism for tariff determination for the First Control Period, wherein, 30% of the non-aeronautical revenue is to be used for cross-subsidization of the Aeronautical charges, in accordance with the National Civil Aviation Policy, 2016.

3.1.3 The ARR for the airport operator under the hybrid till mechanism for the Control Period shall be expressed as under:

$$ARR = \sum_{t=1}^{5} ARR_t$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - s \times NAR_t$$

Where,

- t is the tariff year in the control period, ranging from 1 to 5
- ARR_t is the Aggregate Revenue Requirement for tariff year 't'
- FRoR is the Fair Rate of Return for the Control Period
- RAB_t is the Aeronautical Regulatory Asset Base for tariff year 't'
- D_t is the Depreciation corresponding to the Regulatory Asset Base for tariff year 't'
- O_t is the Aeronautical Operation and Maintenance expenditure for the tariff year 't'
- T_t is the Aeronautical taxation expense for the tariff year 't'
- *s* is the cross-subsidy factor for revenue from services other than Aeronautical services. Under the Hybrid Till methodology followed by the Authority, *s* = 30%.
- NAR_t is the non-aeronautical revenue in tariff year 't'.

3.1.4 Based on ARR, Yield per passenger (Y) is calculated as per the formula given below:

$$Yield\ per\ passenger(Y) = \frac{\sum_{t=1}^{5} PV(ARR_t)}{\sum_{t=1}^{5} VE_t}$$

- Where, PV (ARR_t) is the Present Value of ARR for all the tariff years. All cash flows are assumed to occur at the end of the year. The Authority has considered discounting cash flows, one year from the start of the Control Period.
- VE_t is the passenger traffic in year 't'.

3.1.5 As per the provisions of Section 13(2) of the AERA Act, 2008, the tariff determination under the Tariff

Order can be reviewed and revised.

3.2 Control Period

3.2.1 In terms of Direction No. 5 issued on 28 February 2011, Control Period means "a period of five Tariff Years during which the Multi Year Tariff Order and Tariff(s) as determined by the Authority pursuant to such order shall subsist". The First Control Period for PBIA commenced from April 1, 2025 and would end on March 31, 2030.

3.3 Revenues from Air Navigation Services (ANS) and Cargo

3.3.1 AAI provides Air Navigation Services (ANS) in addition to Aeronautical services at PBIA. AAI has submitted that the instant tariff proposal does not consider assets, expenses and revenues relating to ANS. This Consultation Paper discusses the determination of tariffs for Aeronautical services at the airport excluding ANS, as tariff for ANS is presently approved by the Ministry of Civil Aviation for all the airports. The tariff for ANS services is determined at the Central level by the Ministry of Civil Aviation to ensure uniformity in Tariff across all the Airports in the Country. Hence, AERA determines tariff for Aeronautical services of the Airport Operator, by excluding the assets, expenses and revenues from ANS.

3.3.2 AAI has further submitted that all Cargo Operations have been transferred to AAI Cargo Logistics and Allied Services (AAICLAS), a wholly owned subsidiary of AAI and the tariff proposal does not consider expenditure and assets on account of cargo operations. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's internal agreement with AAICLAS.

3.3.3 This Consultation Paper discusses the determination of tariff for Aeronautical services at PBIA excluding Cargo Operations. The tariff related to Cargo Operations of PBIA will be determined separately since its operations are carried out by AAICLAS.

4 TRUE UP OF PRE-CONTROL PERIOD

4.1 AAI's submission on True up of Pre-Control Period for PBIA

4.1.1 AAI has submitted a shortfall of ₹ 247.31 Crores in Aeronautical revenue recovery for Port Blair International Airport for the true up of Pre-Control Period, as part of its MYTP submission for the First Control Period:

Table 3: True up for Pre-Control Period submitted by AAI

(₹ Crores)

Particulars	Ref.	FY 2023-24 (August 2023 to March 2024)	FY 2024-25	Total
Average RAB	(a)	799.02	791.04	
FRoR	(b)	9.33%	14.00%	
Return on Average RAB	(c) = (a)*(b)	74.58	110.75	**185.32**
Depreciation	(d)	20.63	32.57	**53.20**
O&M expenses	(e)	24.47	41.63	**66.10**
Tax	(f)	-	-	**-**
Interest on Working Capital	(g)	-	-	**-**
Gross ARR	(h) = (c+ d+ e+ f+ g)	**119.68**	**184.95**	**304.63**
NAR		2.16	8.42	**10.58**
Less 30% NAR	(i)	0.65	2.53	**3.17**
Net ARR	(j) = (h-i)	119.03	182.42	**301.45**
Actual Aeronautical Revenue	(k)	33.20	58.09	**91.29**
Under/ (Over) recovery of Pre-Control Period	(l) = (j-k)	85.83	124.33	**210.16**
Discount Factor (@14.00%)	(m)	1.23	1.14	
Under/ (Over) recovery of Pre-Control Period as on March 31, 2025	(l* m)	105.57	141.74	**247.31**
True up of Under Recovery of Pre-Control Period as on March 31, 2025				**247.31**

4.2 Authority's examination of True up of the Pre-Control Period

Determination of Pre-Control Period

4.1.2 AAI vide its letter No. AAI/CHQ/Major Airport/Tariff/2023-24/1216 dated March 28, 2024 had requested AERA to declare Port Blair as a Major Airport, as per Section 2(i) of the AERA Act, 2008 read with AERA (Amendment) Act, 2019, based on the designated capacity of the Port Blair Airport, which is 5 MPPA. Considering AAI's request, AERA vide Public Notice No. 02/2024-25 dated 2 May 2024, had considered Port Blair as a 'Major Airport'.

4.1.3 Subsequently, the AERA vide letter No. AERA/ Member (DKK)/ MA/ 16-2024 dated July 30, 2024 asked AAI to expedite the submission of the MYTP for determination of tariff for Aeronautical services for Port Blair Airport, considering that around three months had already elapsed from the date the Airport had been declared as a Major Airport by AERA (02.05.2024) and tariff determination process is getting delayed and may lead to shrinkage of Control Period for recovery

of ARR.

In response to the above letter, AAI vide its letter no. AAI/ Tariff/2024-25/ Port Blair/ 1370 dated September 9, 2024 requested AERA to consider the First Control Period from the FY 2025-26 to FY 2029-30 and pre-Control period from July 1, 2023 (being the date of operationalization of the Terminal Building) to March 31, 2025, as the six months of FY 2024-25 had already elapsed and if the First Control Period commences from FY 2024-25, then AAI would be left with around 4.5 years for recovery of ARR. AAI further informed that they were still in the process of preparing the MYTP in respect of Port Blair Airport for submission to AERA.

4.1.4 Upon careful consideration of the above sequence of events, the Authority has the following views regarding consideration of the Pre-Control Period of Port Blair Airport:

i. The Authority notes that although PBIA attained the designated annual passenger throughput capacity of 5 MPPA in July 2023, AAI had approached AERA only in March 2024 (after a gap of 9 months) for declaring PBIA as a Major Airport. Accordingly, Port Blair was considered as a Major Airport, vide Public Notice No. 02/2024-25 dated 2 May 2024.

ii. It is noteworthy that the Airport Operator (AAI) in its initial letter dated March 28, 2024 merely requested AERA to consider Port Blair as a 'major airport' and had not sought any revised Tariff/ tariff adjustment for the airport as per AERA's regulatory framework applicable to 'major airport', though the new Terminal Building (commissioned in July, 2023) had the requisite designated pax handling capacity in excess of 3.5 MPPA fulfilling the criterion for considering an airport as a 'major airport' based on its designated pax handling capacity. Meanwhile, the airport continued to levy the aeronautical tariff as applicable to non-major airports.

iii. Further, despite repeated reminders from AERA, AAI submitted MYTP for the First Control Period only on January 29, 2025, after a gap of around 9 months from the date of issuance of Public Notice (May 02, 2024) considering PBIA as a Major Airport.

iv. There was significant delay (around 9 months) in communicating about the commissioning of new Terminal Building (having 5 MPPA designated pax handling capacity) at Port Blair airport to AERA and further delay of around 9 months in submission of MYTP from the date the Port Blair airport considered as a major airport. Had AAI approached AERA in a timely manner regarding declaration of Port Blair as a major airport and expeditiously submitted MYTP and other related information for tariff determination as per the AERA Regulatory framework, it would have been possible to recover the revised charges from the passengers, who had travelled through Port Blair airport after commissioning of new Terminal Building. Now, it would be unfair to load the past under recovery for the period from July, 2023 to March 2024, on the current passengers traveling to Port Blair.

Based on the above considerations, the Authority proposes to consider Pre-Control Period for the Port Blair airport from April 1, 2024 to March 31, 2025, as the Airport was considered as a Major Airport in FY 2024-25 (May 2, 2024) and the First Control Period from FY 2025-26 to FY 2029-30, which is in line with request of AAI vide its letter dated September 9, 2024.

Accordingly, the Authority has excluded the data pertaining to FY 2023–24 submitted by AAI, for the purpose of true-up of the Pre-Control Period.

The Authority advises AAI to ensure timely and complete submission of MYTP in future to prevent

regulatory delays in finalization of aeronautical tariff and potential impacts on tariff outcomes.

4.3 True up of Traffic

4.3.1 Passenger Traffic and ATM submitted by AAI for PBIA for FY 2024-25, is as follows:

Table 4: AAI's submission for True up of traffic for FY 2024-25 for PBIA

Particulars	FY 2024-25
Domestic PAX (in MPPA)	1.69
International PAX (in MPPA)	0.01
Total Passenger Traffic (in MPPA)	**1.70**
Domestic ATM	13,410
International ATM	108
Total ATM	**13,518**

Authority's examination and proposal regarding true up of traffic of the Pre-Control Period (April 1, 2024 to March 31, 2025):

4.3.2 The Authority notes that AAI has submitted its projections towards passenger traffic and ATM for FY 2024-25. However, the Authority, through its Independent Consultant has verified the actual passenger traffic and ATM for FY 2024-25, based on the details available on AAI's website and proposes to consider the same for true up of passenger traffic and ATM for the Pre-Control period. The same has been shown in Table 5.

Table 5: Passenger traffic and ATM considered by the Authority for true up of the Pre-Control Period

Particulars	FY 2024-25
Domestic PAX (in MPPA)	1.65
International PAX (in MPPA)	0.01
Total (in MPPA)	**1.66**
Domestic ATM	12,414
International ATM	112
Total ATM	**12,526**

4.4 True up of Capital Expenditure (CAPEX), Depreciation and RAB

4.4.1 The actual CAPEX submitted by AAI for true up of the Pre-Control Period for PBIA is as follows:

Table 6: Capital additions for the Pre-Control Period submitted by AAI for PBIA

(₹ Crores)

S. No	Asset category	FY 2024-25
1	Terminal building	5.81
2	Other Building	0.53
3	Boundary wall -operational	28.90

S. No	Asset category	FY 2024-25
4	Plant & Machinery	1.41
5	Electrical Installation	0.10
6	Office Equipment	0.50
	Total CAPEX incurred	**37.25**

4.4.2 AAI has submitted the following depreciation for the Pre-Control period for PBIA:

Table 7: Depreciation for the Pre-Control Period submitted by AAI for PBIA

(₹ Crores)

Particulars	FY 2024-25
Land	-
Runways, Taxiway	3.00
Aprons	-
Road, Bridges & Culverts	-
Building- Terminal	18.95
Building - Temporary	-
Building - Residential	-
Security Fencing - Temporary	-
Boundary Wall -Operational	1.67
Boundary Wall - Residential	-
Other Buildings-Unclassified	0.30
COMPUTER - END USER	1.21
COMPUTER SERVER AND NETWORK	0.01
Intangible Assets- Software	-
Plant & Machinery	5.87
Tools & Equipment	0.19
Office Furniture	0.27
Vehicles	0.11
Vehicle- Cars & Jeeps	-
Electrical Installations	0.01
Solar Power Plant	0.03
Other Office equipment	0.10
Furniture & Fixtures-Other than Trolly	-
Furniture & Fixtures- Trolly	0.06
X Ray Baggage System	0.74
CFT/Fire Fighting Equipment	0.06
Total	**32.57**

Authority's examination and proposal regarding true up of Capital expenditure (CAPEX), Depreciation and RAB of the Pre-Control Period (01.04.2024 to 31.03.2025):

4.4.3 The Authority notes AAI vide its email dated 22 April 2025, has confirmed that out of CAPEX of ₹ 37.25 crores proposed for FY 2024-25, it has capitalised assets amounting to only ₹ 5.93 Crores in FY 2024-25. Details of the same are provided in the table below:

Table 8: Comparison of CAPEX as submitted by AAI in the MYTP vis-à-vis the actual CAPEX incurred by the AAI for the Pre-Control Period

(in Crores)

S. No	Asset category	CAPEX proposed by AAI in the MYTP for FY 2024-25 (1)	Actual CAPEX incurred by AAI in FY 2024-25 (2)	Variance (1)-(2)	CAPEX shifted to the First Control Period
A.	**CAPEX incurred towards projects proposed for FY 2024-25 (Pre-Control Period)**				
A1	Terminal building	5.81	-	5.81	5.81
A2	Boundary wall -operational	28.90	2.31	26.59	26.48
A3	Other Building	0.53	0.27	0.26	-
A4	Plant & Machinery	1.41	0.51	0.90	0.81
A5	Electrical Installation	0.10	-	0.10	0.10
A6	Other office equipment	0.50	0.19	0.31	-
	Total proposed CAPEX (A)	**37.25**	**3.28**	**33.97**	**33.20**
B.	**Unplanned CAPEX incurred by AAI during FY 2024-25**				
B1	Terminal building	-	0.37	(0.37)	-
B2	Plant & Machinery	-	1.48	(1.48)	-
B3	Electrical Installation	-	0.77	(0.77)	-
B4	Other office equipment	-	0.03	(0.03)	-
	Total Unplanned CAPEX incurred (B)	**-**	**2.65**	**(2.65)**	**-**
	Total CAPEX incurred (A+B)	**37.25**	**5.93**	**31.32**	**33.20**

4.4.4 The Authority, through its Independent Consultant has examined the actual CAPEX incurred by AAI for FY 2024-25. The independent consultant as part of due-diligence of Capex has reviewed the Fixed Assets Register, bidding process & BOQs, Letter of Award (LOA), Work Orders etc., and also assessed the status of completion of project work as on March 31, 2025. The Aviation Expert of Independent Consultant has also reviewed various technical details of projects, assessed the reasonability of actual CAPEX incurred at PBIA, based on CPWD norms/ market rates, cost incurred by other similar airports etc. Further, the Independent Consultant during his site visit to the airport has reviewed all the major capital works executed at the airport from the perspective of its essentiality & reasonability of costs incurred.

The major CAPEX incurred by AAI have been presented asset-wise in the paragraphs below:

A1: Terminal Building – AAI has projected ₹ 5.81 Crores towards certain works for Terminal Building during FY 2024-25. This includes ₹ 5.48 Crores towards the construction of canopy in Airside and City side of NITB and ₹ 0.33 crore on miscellaneous civil works (such as Closing of Vertical gap between the cable net glazing and UGF floor slab). However, the above capex amounting to Rs 5.81 crores have not been executed in FY 2024-25, though the same were proposed for capitalization in FY 2024-25 by AAI as per their MYTP submission.

Since, the above CAPEX has not been executed in FY 2024-25, the total aeronautical CAPEX amounting to ₹ 5.81 Crores (₹ 5.48 Crores + ₹ 0.33 Crore) have been shifted to the First Control

Period.

B1: Terminal Building (actual CAPEX incurred): AAI has incurred a CAPEX of ₹ 0.37 crore in FY 2024-25 towards the installation of a 30.5-meter National Flag Mast. As the flag mast serves as a visual landmark for passengers, enhancing both the aesthetic appeal and visibility of the airport premises, it is considered a necessary addition to the airport infrastructure.

The Authority, through its Independent Consultant has reviewed the Fixed Asset Register for the capitalization of the said Capital work. The cost submitted by AAI has been found to be comparable with similar installations at other airports and is, hence, the Authority proposes to consider the CAPEX of ₹ 0.37 Crore towards Terminal Building for FY 24-25.

A2: Operational Boundary wall – AAI has proposed ₹ 28.90 Crores towards construction of Boundary wall for capitalization in FY 2024-25. Out of above CAPEX, ₹ 2.42 Crores, was proposed by AAI towards construction of Boundary wall for the New Terminal Building, against which, ₹ 2.31 Crores only was incurred and capitalised by AAI in FY 2024-25. The Authority, through its Independent Consultant, has also verified the capitalization of this amount in the Fixed Asset Register. Considering the essentiality of this work for ensuring the safety and security of airport premises and the reasonableness of cost, based on the competitive bidding process, CPWD norms, the Authority proposes to consider the above CAPEX for ₹ 2.31 Crores for true up of the Pre-Control Period.

The remaining CAPEX of ₹ 26.48 Crores (₹ 28.90 Crores less ₹ 2.42 Crores), pertains to projects that were proposed by AAI for FY 2024-25 but have not been executed as on March 31, 2025. The details of the same are as follows:

i. ₹11.68 Crores towards Rehabilitation of existing RCC retaining wall, boundary wall in Glide Path Site,

ii. ₹ 9.96 Crores for constructing retaining wall with piling adjacent to New Apron,

iii. ₹ 4.84 Crores was proposed by AAI for constructing perimeter boundary wall, widening and construction of approach path in DVOR site.

As the above works were not executed during FY 2024-25, the Authority proposes to shift the CAPEX of ₹26.48 crores to FY 2025-26.

A3: Other Buildings – AAI had proposed a CAPEX of ₹0.53 crore for the construction of a Cooling Pit. However, an actual expenditure of ₹0.27 crore only was incurred in FY 2024-25. Upon further analysis, it was noted that the construction of the Cooling Pit, essential for bomb disposal operations, was undertaken by AAI as the existing facility was based on an outdated design and did not comply with the standard specifications prescribed by BCAS.

During execution, the Indian Navy directed a change in the location of the Cooling Pit. Consequently, the length of the approach road was reduced from 150 meters to 30 meters, resulting in a lower actual expenditure (₹ 0.27 Crore against ₹0.53 Crore proposed by AAI).

The work is justified from a security point of view, and the cost incurred is considered reasonable based on CPWD rates. The Authority, through its Independent Consultant, has also verified the capitalization of ₹0.27 Crore from the Fixed Asset Register. Accordingly, considering the essentiality of the asset and the reasonableness of the cost, the Authority proposes to consider ₹0.27 crore for true-up of the capital expenditure of the Pre-Control Period.

A4 & B2: Plant & Machinery- CAPEX of ₹1.41 Crores had been proposed by AAI for

capitalization in FY 2024-25, which includes the following:

- ₹0.62 Crore proposed for one Bomb Suit (was not executed in FY 2024-25)
- ₹0.32 Crore proposed for one Real Time Verification System (RTVS) to support real time forecast operations, against which ₹0.27 Crore has been incurred;
- ₹0.23 Crore proposed for one Explosive Vapor Detector, against which ₹0.19 Crore has been incurred;
- ₹0.19 Crore allocated towards the Flight Operations Standards (was not executed in FY 2024-25)
- ₹0.05 Crore proposed for the Non-Linear Junction Detector (NLJD), against which ₹0.04 Crores has been incurred

Out of the above CAPEX of ₹1.41 Crores proposed by AAI, only CAPEX of ₹ 0.50 Crore has been incurred by AAI in FY 2024-25.

Further, the Authority notes that AAI has additionally incurred CAPEX of ₹ 1.48 crores towards the following:

- ₹0.72 Crore for augmentation of Departure ILBHS and Arrival Belt,
- ₹0.57 Crore for SITC of a Video Conference System, CCTV and Biometric Access Control System
- ₹0.18 Crore for a Fire Suppression System, which was originally proposed by AAI for capitalization in FY 2025-26; however, as this expenditure was incurred in FY 2024-25 (prior to the proposed capitalization period). The Authority notes that Fire Suppression System extinguishes fires at early stages by releasing gas through heat-activated tubes in HT and LT panel compartments, preventing fire spread and protecting critical airport equipment. This system was mandated by the A&N Fire Department for Fire NOC approval and is at CPWD-compliant rates. Accordingly, the capex on Fire Suppression System is proposed to be considered as part of capex executed in the pre-control period and same has been excluded from the First Control Period (refer para 6.2.5 B6 (iii)).

Based on the above, the actual expenditure on Plant & Machinery incurred by AAI in FY 2024-25 amounts to ₹1.98 Crores (the ₹ 0.50 Crore + ₹ 1.48 Crores). The Authority, through its Independent Consultant, has verified the entries of the above capital works in the Fixed Asset Register. The above capital works are considered essential from the point of view of airport safety, security, and operational efficiency and costs incurred on the abovesaid works appear reasonable as per CPWD norms and cost comparison with similar airports.

The Authority proposes to consider actual CAPEX of ₹1.97 crores for true-up in the Pre-Control Period and the CAPEX of ₹0.81 Crore (one Bomb Suit - ₹0.62 Crore and Flight Operations Standards - ₹0.19 Crore) have been shifted to FY 2025-26 due to non-execution during FY 2024-25.

A5 & B3: Electrical Installation- AAI has proposed ₹0.10 Crore during FY 2024-25 towards procurement of a pump, however, this work was not executed in FY 2024-25. At the same time, additional capex of ₹ 0.77 Crore was incurred by AAI towards the following:

- ₹0.07 Crore towards the procurement of three Thinux VHF Base/Micro+ VHF Radio Walkie Talkies to enhance communication infrastructure for CISF;

- ₹0.51 Crore towards the SITC of E-Gates at immigration counters to improve passenger flow and automate identity checks;
- ₹0.19 Crore towards the installation of a fiber optic surveillance device to strengthen terminal-wide monitoring and security.

The Authority, through its Independent Consultant, has verified the capitalization of the above expenditure amounting to ₹0.77 crore as per the Fixed Asset Register (FAR). Further, based on the comparison with costs incurred at other comparable airports, the said capital expenditure appears to be reasonable.

As these capital works are essential for airport operations, security and passenger convenience, the Authority proposes to consider capex of ₹0.77 crore for the true-up of the Pre-Control Period. Additionally, the Authority proposes to shift ₹0.10 crore towards the procurement of a water pump to FY 2025-26, as this expenditure was not executed during FY 2024-25.

A6 and B4: Other Office Equipment: A CAPEX of ₹ 0.22 Crore was incurred by AAI towards three-seater chairs and contactless electronic stethoscope. These capital works are considered essential for improving passenger comfort in terminal waiting areas and for strengthening health and safety infrastructure, especially in the post-pandemic context to ensure readiness for medical emergencies.

The Authority, through its Independent Consultant, has verified the actual capitalization of these assets from the Fixed Asset Register. Based on the comparison with costs incurred at other comparable airports, the capital expenditure on the above items appears reasonable.

Accordingly, the Authority proposes to consider the CAPEX of ₹0.22 crore for true-up of the Pre-Control Period.

4.4.5 Upon analysis of the actual capital expenditure of ₹ 5.93 Crores, the Authority is of the view that the same was incurred by PBIA for Passenger facilitation, Security purposes and to improve operational efficiencies. Therefore, the Authority proposes to consider the same for true up of the capital expenditure for the Pre Control Period (FY 2024-25). Further, the remaining CAPEX projected for the FY 2024-25 but was not executed by AAI amounting to ₹ 33.20 Crores is proposed to be shifted to First Control Period (FY 2025-26).

4.4.6 Based on the above analysis, the Authority proposes to consider the actual CAPEX amounting to ₹ 5.93 Crores for the purpose of true up for the Pre-Control Period. The same is detailed as follows:

Table 9: Capital additions proposed by the Authority for True up of the Pre-Control Period

(₹ Crores)

S. No	Asset category	FY 2024-25
1	Terminal building	0.37
2	Boundary wall -operational	2.31
3	Other Building	0.27
4	Plant & Machinery	1.98
5	Electrical Installation	0.77
6	Other office appl.	0.22
	Total CAPEX	**5.93**

4.4.7 The Authority also notes that the AO has apportioned the cost of common assets within the Terminal

Building in the ratio of 95:5 (Aeronautical: Non-Aeronautical). However, the Authority has considered the Terminal Building ratio of 92:8 (Aeronautical: Non-Aeronautical) for apportionment of common assets within the Terminal Building (Aeronautical: Non-Aeronautical), in line with the optimum non-aeronautical area allocation of 8%-12% as per the IMG norms (for airports having passenger traffic of less than 10 MPPA) and same is being considered by AERA across all airports with similar capacity/traffic throughput.

True up of Depreciation for the Pre-Control Period

4.4.8 The Authority notes that while submitting the True up for the Pre-Control Period, AAI has taken cognizance of the rates of depreciation as per Order No. 35/ 2017-18 dated January 12, 2018 read with Amendment No. 01 to Order No. 35/ 2017-18 on 'Determination of Useful Life on Airport Assets'. Accordingly, the rates of depreciation approved by AERA have been applied by AAI from FY 2023-24 (August 2023 onwards).

The table showing depreciation as per AAI amounting to ₹32.57 Crores is provided in Table 7 (page 22).

4.4.9 The Authority observed that AAI has depreciated assets @ 50% of depreciation rates in the year of capitalization of assets. However, as per the consistent approach of the Authority being followed for all major airports, depreciation in the year of capitalisation (for true up purpose) is calculated considering the actual date of capitalisation of assets as reflected in the Fixed Assets Register maintained by the Airport Operator. Therefore, the Authority proposes to consider depreciation on capital additions for the Pre-Control Period of Port Blair Airport, based on the date of capitalization/ date of asset being "put to use" by the Airport Operator for FY 2024-25.

4.4.10 Based on the above factors, the Authority has re-computed the depreciation as ₹ 29.75 Crores and the same is presented below:

Table 10 : Depreciation proposed by the Authority for True up of the Pre-Control Period

(in ₹ Crores)

Particular	FY 2024-25
Runways/Taxiway	3.00
Apron	-
Roads Bridges & Culverts	-
Terminal Buildings	17.70
Temporary Building	-
Residential Building	-
Security Fencing	-
Boundary Wall (Operational)	0.31
Boundary Wall (Residential)	-
Other Buildings	0.30
Computers: End User Devices	1.21
Computers: Servers & Networks	0.01
Computer Software: Intangible Assets	-
Plant & Machinery	5.72
Tools & Plant	0.19
Furniture-Office	0.27
Vehicles	0.11
Vehicles: Cars/Jeeps	-

Particular	FY 2024-25
Elect. Installations	0.01
Solar Power Plant	0.03
Office Eqpt. & Appliances	0.05
Furniture: Other Than Trolly	-
Furniture: Trolly	0.06
X-Ray Baggage Inspection System (X-Bis)	0.74
CFT & Fire Fighting Eqpt.	0.06
Total	**29.75**

4.4.11 Variance in the depreciation proposed by the Authority (₹ 29.75 Crores) and that claimed by AAI (₹ 32.57 Crores) is on account of following factors:

i. Consideration of ₹5.93 Crores of CAPEX in FY 2024-25, based on actual incurrence, as against ₹37.25 Crores, submitted by AAI, thereby resulting in lesser amount being computed towards depreciation.

ii. Computation of depreciation based on the date of capitalization of the asset, instead of 50%, as claimed by AAI as part of its true up submission for the Pre-Control Period.

iii. Consideration of Terminal Building Ratio by 92:8 (Aeronautical: Non-Aeronautical), for apportionment of common assets within the Terminal Building, as against 95:5 (Aeronautical: Non-Aeronautical) claimed by AAI.

4.4.12 Based on the CAPEX and Depreciation considered by the Authority for true up of Pre-Control period, as explained in the above paragraphs, the Authority has derived the RAB for the Pre-Control Period (FY 2024-25), which it proposes to consider as part of true up of FY 2024-25. The same is as follows:

Table 11: RAB proposed by the Authority for True up of the Pre-Control Period

(in ₹ Crores)

Particulars	FY
	2024-25
Opening RAB (A) (refer note)	769.70
Additions (B) *(refer Table 9)*	5.93
Disposal/Transfers (C)	-
Depreciation (D) *(Refer Table 10)*	29.75
Closing RAB (E) = [(A) +(B) – (C) – (D)]	745.88
Average RAB = [(A) + (E)]/2	**757.79**

Note: *The Opening RAB of ₹ 769.70 Crores includes majorly, the aeronautical cost of the new Integrated Terminal Building amounting to ₹ 600.13 Crores, which was capitalized in July 2023.*

4.5 True up of Fair Rate of Return

4.5.1 AAI has claimed 14% as FRoR for PBIA for FY2024-25, as it has not availed any debt for execution of major capital addition projects at Port Blair Airport.

The Authority notes that as AAI airports are primarily funded through equity with minimal debt or nil debt, based on the observations of PIB / Niti Aayog regarding low gearing etc., the Authority, while finalizing tariffs for Indore and Varanasi airports, decided to consider application of Normative Gearing Ratio of 48:52 (Debt: Equity), for determining the FRoR for AAI Airports.

Further, the Authority has considered a notional Cost of Debt of 9% for the First Control Period, based on the one-year MCLR of SBI as on June 15, 2025. In addition, the Authority proposes to adopt a Cost of Equity of 15.18% for PBIA, in line with the Cost of Equity generally being considered for PPP airports by AERA, which is based on independent studies conducted by IIM Bangalore for airports such as DIAL, MIAL, GHIAL, BIAL, and CIAL.

Accordingly, the Cost of Equity, Cost of Debt and FRoR after analysis and rationalization, the Authority proposes to consider 12.21% as FRoR for true up of the Pre-Control Period as provided below:

Table 12: Fair Rate of Return proposed to be considered by the Authority for the Pre-Control Period

Parameter	%
Normative Debt Equity Ratio	48:52
Cost of Equity	15.18%
Cost of notional Debt	9.00%
Fair Rate of Return for the Pre-Control Period	12.21%

4.6 True up of Non-Aeronautical revenues

4.6.1 The actual non-aeronautical revenue (NAR) submitted by AAI for PBIA for FY 2024-25 is as follows:

Table 13: Actual Non-Aeronautical revenue submitted by AAI for FY 2024-25

(₹ Crores)

Revenue Category	FY 2024-25
Restaurant / Snack Bars	4.20
T.R. Stall	1.42
Hoarding & Display	1.20
Land Leases	0.00
Building (Residential)	0.00
Building (Non-Residential)	0.05
Car Rentals	0.25
Car Parking	0.60
Admission Tickets	0.01
Other Income/ Sale of Scrap	0.69
TOTAL	**8.42**

Authority's examination and proposal regarding true up of non-aeronautical revenues of the Pre-Control Period:

4.6.2 The Authority through its Independent Consultant had reviewed a sample of contracts awarded to the concessionaires, which form the basis for AAI's projection of Non-Aeronautical Revenue (NAR) for FY 2024-25, which includes recent developments in commercial operations at Port Blair Airport. The projections were based on contracts awarded towards restaurant and snack bar, car rental services and retail operations, etc.

Based on the above review of contracts, the Authority proposes to consider NAR amounting to ₹ 8.42 Crores as per Table 13 for true up of the Pre-Control Period.

4.7 True up of Operation and Maintenance (O&M) expenses

4.7.1 The O&M expenses submitted by AAI for FY 2024-25 for Port Blair Airport is as follows:

Table 14: Actual O&M expenses submitted by AAI for PBIA for the Pre-Control Period

(₹ Crores)

S. No.	Particulars	FY 2024-25
1	Payroll expenses	8.24
2	Retirement Benefits of employees at Port Blair Airport	0.40
A	**Total Payroll Expenditure(A)**	**8.64**
3	Admin & General Expenses - Non CHQ /RHQ	9.22
4	Admin & General Expenses CHQ/ RHQ	7.28
B	**Total Administration & General Expenditure (B)**	**16.51**
C	**Total R&M Expenses (C)**	**6.11**
5	Power Expenses	7.99
6	Water Expenses	1.38
7	Consumption of Stores and Spares	0.04
8	Other charges	0.71
D	**Total Utilities & outsourcing Expenses (D)**	**10.12**
E	**Other Outflow- Collection charges on UDF (E)**	**0.26**
	TOTAL (A+B+C+D+E)	**41.63**

Authority's examination and proposal regarding true up of O&M expenses for the Pre-Control Period:

4.7.2 The actual O&M expenses incurred by the PBIA for FY 2024-25 is examined by the Authority as follows:

4.7.3 **Payroll expenses and Retirement benefits of employees**: AAI has estimated payroll expenses at ₹ 8.24 crores and retirement benefits of employees amounting to ₹ 0.40 Crore for FY 2024-25, by considering the actual payroll expenses of FY 2023-24 as a base year and then giving an increase of 7% to derive payroll expenses for FY 2024-25. However, the Authority proposes considering a 6% increase for estimating the payroll expenses and the retirement benefits of FY 2024-25 for true up of the Pre-Control Period, in line with the uniform approach followed by the Authority for all AAI and PPP airports.

4.7.4 **Apportionment of Administration & General expenditure of CHQ/RHQ:**

AAI had allocated ₹ 7.28 Crores towards CHQ/RHQ (Administrative and General) expenses for Port Blair airport for FY 2024-25, based on the recommendations of the ICMAI report.

The Authority in its tariff orders for various AAI airports had suggested that AAI should adopt a scientific/ rational approach for justifiable allocation of CHQ/ RHQ expenses to all its airports. Towards this end, AAI had commissioned a study for appropriate allocation of CHQ and RHQ expenses, through its Independent Consultant, ICMAI Management Accounting Research Foundation (ICMAI MARF) of the Institute of Cost Accountants of India. The study was performed by the above consultant using AAI's data for the period from FY 2016-17 to FY 2020-21 and an initial study report detailing the allocation of CHQ and RHQ expenses for FY 2021-22, was submitted by AAI to AERA on August 21, 2024.

AERA, after preliminary review of study report received from AAI, sought various clarification and detailed workings to support the assumptions used/ recommendations made in the above Study report. This matter was further deliberated by the Authority with the AAI team and the representatives of ICMAI MARF, during a meeting held at AERA office on February 18, 2025. Thereafter, the Authority, vide letter dated April 9, 2025 asked AAI to submit the CHQ/RHQ expenses allocation along with its

workings for the FY 2022-23 & FY 2023-24. Further clarifications were sought from AAI on the aspects such as treatment of non-operational & RCS airports, CSR Expenses, etc. while allocating CHQ/RHQ cost allocation to airports, approach followed for allocation of expenses of common departments such as Finance, HR, Eng.

In response to the AERA's letter dated April 9, 2025, AAI had submitted a revised ICMAI study report on allocation of CHQ/ RHQ expenses to AERA on May 7, 2025, providing CHQ/ RHQ expenses allocations for FY 2022-23 and FY 2023–24, along with necessary clarifications/ details.

Upon review of the above revised study report, the Authority notes the following:

i. Application of **weighted average** method as a cost driver, owing to the uneven variations in the various factors that impact Airport operations. The following weightage have been assigned, as part of the study, for allocation of CHQ and RHQ expenses to the airports:

Table 15: Weightage assignment for CHQ/ RHQ expense allocation to Airports

Item/ Parameter	Weightage
Airport wise revenue	40%
Airport wise Employee cost	20%
Airport wise ATM	20%
Airport wise Passenger traffic	20%

As can be seen from the above table, revenue has been assigned maximum weightage (40%), while other factors such as Employee cost, PAX and ATM, that are also pertinent to airport operations have also been considered and assigned a comparatively lower weightage. This methodology enables fair allocation of CHQ and RHQ expenses to all airports (major, non-major, civil enclave etc.), relative to the size and scale of airport operations, as compared to the earlier methodology followed by AAI, wherein the allocation was made solely on the basis of revenue.

ii. As part of the Study, the following have been excluded, while allocating the CHQ/ RHQ expenses to the airports:

- Any interest paid on the delayed payments, fines & penalties incurred for violating the laws of the land or due to lapses/ delays, have been considered as abnormal in nature and have been excluded from the allocation to the airports.
- Legal costs, including arbitration costs, pertaining to cases filed by Airports have been excluded from the allocation to the Airports. Only expenses incurred on routine legal cases relating to employees, vendors and contractors have been apportioned between ANS and Airport in the ratio of 50:50.
- Bad debts and Provision for bad and doubtful debts have been excluded from the allocation to the Airports.
- Prior period adjustments comprising of prior period incomes and expenses have not been considered, while allocating expenses to the Airports.
- Corporate Social Responsibility (CSR) expenses have been excluded from the allocation, as the same is regarded as an element of appropriation of net profits and not as part of operating expenditure.

- Operating expenditure of RCS (Regional Connectivity Scheme) Airports have not been considered, while allocating CHQ/ RHQ expenses to the Airports, as RCS Airports are a separate entity being managed and controlled by the Ministry of Civil Aviation.

iii. Direct expenses relating to ANS and Airport operations have been identified and allocated to respective cost centers. However, common/ indirect expenses have been apportioned to ANS and Airport, based on relevant ratios such as ratio of Assets, employee headcount, revenue etc.

Based on the review of the Independent Study conducted by ICMAI MRF on the AAI's CHQ/RHQ cost allocations to airports, the Authority proposes to consider the recommendations of the revised study report of ICMAI submitted by AAI on May 7, 2025, for allocation of CHQ and RHQ expenses to AAI airports. Also, the Authority notes the following with respect to allocation of CHQ and RHQ expenses to Port Blair Airport:

Table 16: Allocation of CHQ/ RHQ-Admin and Gen expenses as per ICMAI report

Particulars	Allocation for FY 2024-25 (₹ in Crores)
CHQ and RHQ expenses submitted by AAI in its MYTP	7.28
CHQ and RHQ expense allocation as per ICMAI study report dated May 7, 2025	7.61

As shown in the above table, the CHQ and RHQ expense allocation submitted by AAI in the MYTP for FY 2024-25 is slightly lesser than that is proposed by the revised study report of ICMAI dated May 7, 2025. Accordingly, the Authority proposes to consider the CHQ and RHQ expenses allocation for FY 2024-25 to Port Blair airport as claimed by AAI in its MYTP (₹ 7.28 Crores).

4.7.5 **Administration expenses (Other than CHQ/ RHQ): -** The Administration Expenses (other than CHQ/ RHQ) submitted by AAI for FY 2024-25 amounts to ₹ 9.22 Crores. The major components of the above expense include:

- Interest on loan, amounting to ₹4.84 Crores.
- Upkeep expenses amounting ₹2.49 Crores.
- Travelling expenses amounting ₹ 0.80 Crore.
- Office expenses amounting ₹ 0.40 Crore.
- Watch and Ward expenses amounting to ₹ 0.29 Crore,
- Horticulture expenses amounting to ₹0.23 Crore.

AAI has claimed interest on loan amounting to ₹ 4.84 Crores for FY 2024-25, although it has not availed any debts for Port Blair Airport. The interest costs have been allocated to the common pool at corporate level and apportioned to all AAI airports. As the interest expenses are not directly attributable to Port Blair Airport, the Authority proposes to exclude the same from the true-up of the Pre-Control Period.

The Authority also notes that Upkeep expenses have been apportioned by AAI in the Terminal Building (TB) ratio of 98.54:1.46 (which is different from the TB ratio applied by AAI for apportionment of common assets within the Terminal Building, which is 95:5). However, the Authority has applied TB ratio of 92:8 for apportionment of Upkeep expenses, as explained in para 4.4.7.

The other components of Administration expenses seemes to be reasonable, based on review of costs

incurred by the other similar Airports and the Authority proposes to consider the same for true up of the Pre-Control Period.

Based on the above, the Authority proposes to consider Administration expenses (other than CHQ/ RHQ) amounting to ₹ 4.22 Crores for FY 2024-25, after excluding interest on loan and re-allocating the upkeep expenses based on TB ratio of 92:8.

4.7.6 **Repair and Maintenance (R&M) expenses:** The Authority notes that the Repair and Maintenance cost for the Pre-Control Period submitted by AAI amounting to ₹ 6.11 Crores are within the 6% (capping limit) of Opening Net block (RAB) of the FY 2024-25. The Authority notes that the said Repairs & Maintenance had been incurred by AAI primarily for operational requirements of the Airport and the Authority proposes to consider the same as part of True up of the Pre Control Period of PBIA. Further, the R&M (Civil and Electrical) expenses pertaining to Terminal Building had been apportioned by AAI in the TB ratio of 98.54 : 1.46 , which the Authority has re-allocated in the TB ratio of 92:8, as explained in para 4.4.7.

4.7.7 **Utilities & Outsourcing Expenses:** These expenses include Power charges, Fees paid to outsiders, water charges, hire charges of Car/Jeep & Consumption of Stores & Spares. AAI has claimed Utilities & Outsourcing Expenses amounting to ₹10.12 Crores for FY 2024-25.

Component wise analysis of the above expense is provided hereunder:

Power Expenses: AAI has proposed power charges amounting to ₹ 7.99 Crores for FY 2024-25, which includes an additional 30% increase in power charges for FY 2024-25, as compared to FY 2023-24, due to full year impact of operationalization of New Terminal Building in FY 2024-25.

The total power costs incurred, recoveries made from Concessionaires and the net power costs have been summarized in the table below: -

Table 17: Details of power costs incurred and recoveries made from Concessionaires

Particulars	FY 2024-25
Electricity Unit Consumed (in 000')	9,531
Rate per Unit (₹)	8.38
Total power costs (A) (₹ Crores)	8.63
Recoveries from Concessionaires (B)	0.64
Recoveries (%) = (B/A%)	7%
Net power costs (A-B) (₹ Crores)	**7.99**

The Authority notes that higher power costs were incurred by Port Blair Airport in the Pre-Control Period due to increase in power tariff in FY 2024-25 as shown in the above table (refer Rate per Unit) and commissioning of new International Terminal Building with higher area. Further, the Authority notes that although Port Blair Airport is not 24 hours operational Airport, it has to rely primarily on diesel-powered generators (DG sets) for electricity generation as there are no Hydro-electric/ Thermal power stations, resulting in an overall increase in the electricity expenses.

Based on the above factors, the Authority proposes to consider the power cost amounting to ₹ 7.99 Crores, as per AAI's submission for Port Blair International Airport for true up of the Pre-Control Period.

Consumption of Stores and Spares and other charges: The Authority notes that AAI has estimated the above expenses as ₹ 0.04 Crore for FY 2024-25 (which is 10% higher than that incurred in FY 2023-24) towards the consumption of Stores & Spares expenses which include petrol expenses for

Jeep/ Car and other consumables. Considering that Port Blair Airport is located on an island far away from the mainland and 10% increase in cost of stores & spares etc. on Y-o-Y basis is reasonable, as transportation cost for materials etc. is a significant factor in over-all costs. Hence, the Authority proposes to consider ₹ 0.04 Crore for the true up of the Pre-Control Period.

Other Charges: Other charges include outsourcing expenses related to vehicle services, hiring charges for manpower to operate XBIS and other associated services, totaling ₹ 0.71 crore. AAI projected an increase of 10% towards other charges for FY 2024-25, based on the actual expenses incurred in FY 2023-24. The Authority is of the view all outsourcing expenses may not increase by 10% for FY 2024-25, as proposed by AAI. Therefore, the Authority proposed to consider a 5% increase for FY 2024-25, as per the approach uniformly followed in other similar airports.

Other Outflows: These expenses include collection charges on UDF amounting to ₹ 0.25 Crore for FY 2024-25. AAI has considered the growth rate to be the same as that of passenger traffic, which the Authority considers to be a reasonable driver and therefore proposes to consider the above expenses for true up of the Pre-Control Period.

4.7.8 Based on the above review and analysis, the revised Operation and Maintenance expenses proposed to be considered by the Authority for the Pre-Control Period is provided in the table below:

Table 18: O&M expenses proposed by the Authority for Pre-Control Period

(₹ Crores)

S. No.	Particulars	FY 2024-25
	Payroll Expenditure	
1	Payroll exp- Non CHQ/RHQ	8.16
2	Retirement Benefits of employees at Port Blair Airport	0.40
A	**Total Payroll Expenditure(A)**	**8.56**
	Administrative & Other General Expenses	
3	Admin & Other Gen Expenses - Non CHQ /RHQ	4.22
4	Admin & Other Gen Expenses -CHQ/ RHQ	7.28
B	**Total Administration & General Expenditure (B)**	**11.50**
	Repair & Maintenance Expenses	
C	**Total R&M Expenses (C)**	**5.87**
	Utilities & outsourcing expenses	
5	Power Expenses	7.99
6	Water Expenses	1.38
7	Consumption of Stores and Spares	0.04
8	Other charges	0.70
D	**Total Utilities & outsourcing Expenses (D)**	**10.10**
	Other Outflow	
E	**Other Outflow- Collection charges on UDF (E)**	**0.25**
	TOTAL (A+B+C+D+E)	**36.28**

4.7.9 The Authority proposes to consider ₹ 36.28 Crores, for true up of the Pre-Control Period, as shown in the table above. The variance between the O&M expenses submitted by AAI which is ₹ 41.63 Crores and that proposed by the Authority, which is ₹ 5.35 Crores, for true up of the Pre-Control

Period is attributable to the following factors:

- Rationalization of Payroll expenses by ₹ 0.08 Crore.
- Rationalization of Administration & General Expenses (Other than CHQ/RHQ expenses) by ₹ 5 crores.
- Rationalization of Repairs & Maintenance expenses amounting to ₹ 0.24 Crore and Utilities & Outsourcing expenses amounting to ₹ 0.02 Crore, due to re- allocation of expenses in TB ratio of 92:8.

4.8 True up of Taxation

4.8.1 AAI has submitted taxation for the Pre-Control Period as follows:

Table 19: Taxation submitted by AAI for PBIA

(₹ Crores)

Particulars	**FY 2024-25**
Revenue	
Aeronautical Revenue	58.09
Total Revenue (A)	**58.09**
Expenses	
O&M expenses	41.63
Dep. As WDV As Per Income Tax	82.80
Total Expenses (B)	**124.43**
Profit /Loss C=(A-B)	**(66.33)**
Set off of losses	-
PBT after set off of losses	**-**
Tax Rates (D)	25.17%
TAX (C*D)	-

4.8.2 The Authority has re-computed Aeronautical Taxation based on Regulatory Building Blocks as discussed in the previous paragraphs and the same is as follows:

Table 20 : Taxation proposed to be considered by the Authority

(in ₹ Crores)

Particulars	**FY 2024-25**
Revenue (A)	
Aeronautical Revenue	58.09
Total (A)	**58.09**
Expenses (B)	
O&M expenses (Refer Table 18)	36.28
Depreciation (as per Income Tax Act, 1961)	79.34
Total Expenses (B)	115.62
Profit /(Loss) (C=A-B)	(57.53)
Set off of prior period tax losses (D)	-
Profit/ (Loss) after set off of prior period tax losses (E)	(57.53)
Tax Rates (F)	25.17%
Tax (E*F)	-
Carry Forward of losses*	**(99.26)**

** Carry forward of losses include those incurred in FY 2023-24 and FY 2024-25.*

4.8.3 Based on computation shown in Table 20, the Authority proposes to consider NIL Aeronautical Tax for true up of the Pre-Control Period.

4.9 True up of Aeronautical Revenue

4.9.1 AAI has submitted the Aeronautical revenue for FY 2024-25 for PBIA, which is as follows:

Table 21: Aeronautical revenue submitted by AAI for PBIA

(₹ Crores)

Particulars	**FY 2024-25**
Parking Charges	0.03
PSF and UDF Charges	
UDF Domestic	53.12
UDF International	0.33
Other Revenue	
Land Lease	0.09
Ground Handling Charges	0.61
Royalty from Cute Charges	2.04
Revenue share from AAICLAS (30%)	1.21
Space Rent from Airlines	0.66
Total	**58.09**

4.9.2 The Authority notes that as Port Blair being a civil enclave airport, landing charges are collected by the Defence Authorities. Based on the review of Aeronautical revenue accounted by AAI in the books for FY 2024-25, the Authority proposes to consider the same for True up of the Pre-Control Period.

4.10 True up of Aggregate Revenue Requirement (ARR) for the Pre-Control Period

4.10.1 Port Blair Airport was considered as a Major Airport vide AERA Public Notice No. 02/2024-25 dated 2 May 2024. In accordance with the regulatory guidelines, the Airport Operator was required to submit the Multi-Year Tariff Proposal (MYTP) at least 6 months prior to the commencement of the Control Period for determination of aeronautical tariff for the First Control Period for Port Blair Airport. However, AAI after elapse of over nine months since the commencement of FY 2024–25 submitted the MYTP on 29 January, 2025 and the Financial Model in MS Excel spreadsheet on 11 March 2025.

The Authority, taking note of the considerable delay in the submission of the MYTP for Port Blair airport by AAI leading to extremely short time available for the determination of regular tariff for FY 2024-25, proposes to consider the Under Recovery of FY 2024–25 (Pre-Control Period) not in Net Present Value (NPV) but without the compounding factor.

The Authority emphasizes that it is imperative for the Airport Operator to ensure timely submission of MYTP along with all the related information to avoid shrinkage in the Control Period, which has adverse impact on users in the form of higher aeronautical tariffs.

4.10.2 Based on the review and rationalization of various building blocks, as discussed above in this chapter, the Authority has derived the ARR for true up of the Pre-Control Period (FY 2024-25) which is enumerated in the table below:

Table 22: ARR proposed by the Authority for True up of the Pre-Control Period

(₹ Crores)

Particulars	Ref.	FY 2024-25
Average RAB (refer Table 11)	a	757.79
FRoR (Table 12)	b	12.21%
Return on Average RAB	(c) = (a)*(b)	92.53
Depreciation (refer Table 10)	(d)	29.75
O&M expenses (refer Table 18)	(e)	36.28
Tax (refer Table 20)	(f)	-
Gross ARR	(g) = (c+ d+ e+ f)	**158.56**
NAR (refer Table 13)		8.42
Less 30% NAR	(h)	2.53
Net ARR	(i) = (g- h)	156.03
Actual Aeronautical Revenue (refer Table 21)	(j)	58.09
Under/ (Over) recovery of Pre-Control Period	(k) = (i- j)	**97.94**

4.10.3 The Authority has re-computed the under-recovery of ₹97.94 Crores for the Pre-Control Period as against ₹ 141.74 Crores claimed by AAI for FY 2024-25 and proposes to adjust the same in the ARR computation of the First Control Period.

4.10.4 The variation between the ARR proposed by the Authority and that claimed by AAI are mainly attributable to the following factors:

i. Rationalization of O&M expenses such as CHQ/ RHQ expenses, Administration expenses, etc. amounting to ₹ 5.35 Crores.

ii. Rationalization of Average RAB (due to consideration of lower capitalization as against MYTP projection) & FRoR @ 12.21% as against 14% claimed by AAI, leading to lower return on Average RAB by ₹ 18.22 crores.

iii. Non-consideration of the Under Recovery of the FY 2024-25 (Pre-Control Period) in NPV terms.

4.11 Authority's proposals regarding True up of the Pre-Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to true up of the Pre-Control Period for PBIA:

4.11.1 To consider capital additions as detailed in Table 9 for true up of the Pre-Control Period.

4.11.2 To consider Aeronautical Depreciation as mentioned in Table 10 for true up of the Pre-Control Period.

4.11.3 To consider RAB as per Table 11 for true up for the Pre-Control period.

4.11.4 To consider FRoR as 12.21% as per Table 12 for true up of the Pre-Control Period.

4.11.5 To consider the Non-Aeronautical revenues as presented in Table 13 for true up of the Pre-Control Period.

4.11.6 To consider the O&M expenses as detailed in Table 18 for true up of the Pre-Control Period.

4.11.7 To consider actual Aeronautical revenue as per Table 21 for true up of the Pre-Control Period.

4.11.8 To consider ARR and the Under-recovery as detailed in Table 22 for true up of the Pre-Control Period and adjust the shortfall of the Pre-Control Period in the ARR for the First Control Period.

EVALUATION OF MYTP FOR THE FIRST CONTROL PERIOD

5 TRAFFIC FOR THE FIRST CONTROL PERIOD

5.1 AAI's Submission on Traffic forecast for the First Control Period in respect to PBIA

5.1.1 The historical passenger traffic[2] and ATM at the PBIA is shown in the table below:

Table 23: Historical passenger and ATM traffic at PBIA (in numbers)

Year	Domestic Passengers	International Passengers	Total Passenger traffic	Domestic ATM	International ATM	Total ATM
2016-17	12,37,824	507	12,38,331	12,504	20	12,524
2017-18	15,49,929	22	15,49,951	14,182	8	14,190
2018-19	15,18,411	-	15,18,411	14,740	14	14,754
2019-20	13,05,068	3	13,05,071	14,231	4	14,235
2020-21	4,00,335	26	4,00,361	4,797	4	4,801
2021-22	7,61,610	-	7,61,610	7,364	-	7,364
2022-23	12,73,138	-	12,73,138	10,918	-	10,918
2023-24	14,53,811	-	14,53,811	12,080	-	12,080
2024-25	16,46,775	9,929	16,56,704	12,414	112	12,526

5.1.2 The traffic growth rates (Y-o-Y) and traffic as submitted by AAI for the First Control Period are as follows:

Table 24: Traffic growth rates and traffic proposed by AAI

Year	Passenger			ATM		
	Domestic	International	Combined	Domestic	International	Combined
Growth rates (based on FY 24-25)						
2025-26	17.80%	43.50%	17.92%	20.00%	34.00%	20.02%
2026-27	14.90%	12.00%	14.93%	11.00%	8.00%	10.99%
2027-28	13.90%	10.00%	13.87%	11.00%	7.00%	10.98%
2028-29	14.20%	10.00%	14.14%	11.00%	7.00%	10.98%
2029-30	14.20%	8.00%	14.13%	11.00%	6.00%	10.97%
Traffic						
2025-26	1,945,099	14,250	1,959,349	14,880	150	15,030
2026-27	2,235,861	15,960	2,251,821	16,520	162	16,682
2027-28	2,546,676	17,556	2,564,232	18,340	173	18,513
2028-29	2,907,622	19,312	2,926,934	20,360	185	20,545
2029-30	3,319,726	20,857	3,340,583	22,602	197	22,799

5.1.3 AAI has submitted that the passenger traffic and aircraft movement projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework.

5.2 Authority's examination regarding Traffic for the First Control Period of PBIA

5.2.1 As part of its examination of AAI's forecast of traffic at PBIA, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2019-20 to FY 2023-24 (5-year

[2] Source: Traffic News from AAI website

CAGR) and FY 2021-22 to FY 2023-24 (3-year CAGR).

5.2.2 The Authority notes that 5-year CAGR of Domestic passenger and ATM is significantly low due to the COVID 19 pandemic. The CAGR details so computed is given in the table below:

Table 25: CAGR for passenger traffic and ATM

Particulars	5-year CAGR	3-year CAGR
Passengers:		
Domestic	2.74%	38.16%
ATM:		
Domestic	-4.01%	58.69%

5.2.3 The Authority notes that the wide variation in traffic in the recent past, has caused the 3-year CAGR to be the highest for Domestic Passenger Traffic and ATM.

5.2.4 The Authority notes that at PBIA, domestic passenger and ATM traffic has grown at the rate of 14% and 4% respectively in FY 2024-25 (over previous financial year) and there was no international operations during FY 2023-24.

Traffic forecasts by the Authority

The traffic forecasts have been computed by the Authority, after considering the study and analysis by the following agencies regarding future air traffic demand and same is as follows:

5.2.5 International Air Transport Association (IATA)

IATA in its report on April 30, 2025 had enumerated that:

- *Industry-wide Revenue Passenger Kilometres (RPK) continued to grow at a modest pace, posting a 3.3% year-on-year (YoY) increase in March to reach 738.8 billion.*
- *The Passenger Load Factor (PLF) declined to 80.7% on average, reflecting weakness across both domestic and international markets.*
- *Domestic air travel posted a marginal gain of less than 1%, weighed down by declines in the US and Australian markets.*
- *International RPK increased 4.9% YoY, despite softness among carriers in Middle East and North America.*
- *Published flight schedules suggest that airline flight activity continues to grow in April and May.*
- *On international routes, Asia-Pacific carriers maintained a solid PLF of 84.1%. Meanwhile, the region's key domestic markets, including China, India, and Japan, also recorded PLFs exceeding 83%.*
- *March also marks the third consecutive month of double-digit growth for India's domestic traffic, which increased 11% YoY.*
- *Brazil recorded strong YoY growth rising 8.9%, accelerating from the growth rate recorded a year ago. China, on the other hand, saw a more modest increase of 1.7%, but this is on top of a 17.6% surge in 2024.*

Conclusion on traffic forecasts based on the above assumptions

5.2.6 The Authority has taken into consideration the forecast/data published by IATA cited in para 5.2.5 above,

which indicate stable domestic passenger growth for India. As per the traffic data for March 2025, the positive outlook has been taken into consideration for determining traffic projections for Port Blair Airport, as the Airport had been witnessing steady growth in passenger traffic from FY 2022-23, in the aftermath of COVID-19 pandemic (refer Table 23). Further, the Airport has also commissioned a new Terminal Building in FY 2023-24, with a designed capacity of 5 MPPA and is thereby poised to handle the growing passenger traffic.

5.2.7 The Authority notes that AAI has projected the following growth rates in traffic

- 14%-18% growth for domestic passenger traffic
- 8%-44% growth for international passenger traffic
- 11%- 20% growth for domestic ATM
- 6%-34% growth for international ATM

The Authority takes cognizance of the rebounding of domestic passenger traffic in FY 2022-23, where it has nearly reached the pre-COVID level of FY 2019-20.

5.2.8 The Authority proposes to consider the traffic projections of AAI. The traffic growth rates and the corresponding traffic for passengers and ATM as considered by the Authority for the First Control Period has been provided in the table below:

Table 26: Traffic proposed to be considered by the Authority for the First Control Period

Domestic Passengers (in Millions)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
As submitted by AAI for PBIA	1.94	2.23	2.54	2.90	3.30	**12.91**
As proposed by the Authority	1.94	2.23	2.54	2.90	3.30	**12.91**
Y-o-Y growth of Domestic PAX submitted by AAI for PBIA	18%	15%	14%	14%	14%	
Y-o-Y growth of Domestic PAX proposed by the Authority	18%	15%	14%	14%	14%	
International Passengers (in Millions)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
As submitted by AAI for PBIA	0.01	0.02	0.02	0.02	0.02	**0.09**
As proposed by the Authority	0.01	0.02	0.02	0.02	0.02	**0.09**
Y-o-Y growth of International PAX submitted by AAI for PBIA	44%	12%	10%	10%	8%	
Y-o-Y growth of International PAX proposed by the Authority	44%	12%	10%	10%	8%	
Total Passengers (in Millions)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
As submitted by AAI for PBIA	1.95	2.25	2.56	2.92	3.33	**13.00**
As proposed by the Authority	1.95	2.25	2.56	2.92	3.33	**13.00**
Y-o-Y growth of Total PAX submitted by AAI for PBIA	18%	15%	14%	14%	14%	

Y-o-Y growth of Total PAX proposed by the Authority	18%	15%	14%	14%	14%	
Domestic ATM (in '000)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
Domestic ATM submitted by AAI for PBIA	14.88	16.52	18.34	20.36	22.59	**92.69**
Domestic ATM proposed by the Authority	14.88	16.52	18.34	20.36	22.59	**92.69**
Y-o-Y growth of Domestic ATM submitted by AAI for PBIA	20%	11%	11%	11%	11%	
Y-o-Y growth of Domestic ATM proposed by the Authority	20%	11%	11%	11%	11%	
International ATM (in '000)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
International ATM submitted by AAI for PBIA	0.15	0.16	0.17	0.19	0.20	**0.87**
International ATM proposed by the Authority	0.15	0.16	0.17	0.19	0.20	**0.87**
Y-o-Y growth of International ATM submitted by AAI for PBIA	34%	8%	7%	7%	6%	
Y-o-Y growth of International ATM proposed by the Authority	34%	8%	7%	7%	6%	
Total ATM (in '000)	**FY 2025-26**	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
Total ATM submitted by AAI for PBIA	15.03	16.68	18.51	20.54	22.79	**93.56**
Total ATM proposed by the Authority	15.03	16.68	18.51	20.54	22.79	**93.56**
Y-o-Y growth of Total ATM submitted by AAI for PBIA	20%	11%	11%	11%	11%	
Y-o-Y growth of Total ATM proposed by the Authority	20%	11%	11%	11%	11%	

5.2.9 The Authority proposes to true up the traffic as per actuals during the First Control Period at the time of determination of tariff for the First Control Period.

5.3 Authority's Proposal regarding Traffic for the First Control Period

Based on the available facts and analysis thereupon, the Authority proposes the following with regards to traffic forecast for the First Control Period:

5.3.1 To consider the passenger and ATM traffic for the First Control Period for PBIA as per Table 26.

5.3.2 To true up the traffic volume (passenger and ATM) on the basis of actual traffic in the First Control Period while determining tariff for the Second Control Period

6 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD

6.1 Background

6.1.1 RAB is one of the fundamental elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage investment in the airport development and operations, the Airport Operator must be fairly compensated for the capital outlays involved. At the same time, to safeguard the interests of the airport users, it must be ensured that the capital additions are efficient, their needs justified, and the return on investment provided solely on the assets related to the core operations (i.e., Aeronautical services) of the airport.

6.1.2 The Authority, while analyzing the Aeronautical Expenditure proposed by AAI for the First Control Period, has appropriately rationalized the proposed CAPEX taking into cognizance of the essentiality and necessity of the CAPEX which is absolutely required to cater current and future traffic demand for the smooth operations of the Airport, as explained in the following paragraphs.

The Independent Consultant appointed by the Authority has performed an analysis of the submissions made by AAI for Port Blair Airport towards Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant has performed the following functions:

- Reviewed CAPEX plan submitted by AAI for Port Blair Airport with respect to various technical details, Airport Master Plans, BOQs, Letter of Award (LOA), Work Orders etc. of new projects. The Independent Consultant also considered the responses of AAI to the clarification sought in relation with CAPEX plan from time to time.
- Sought documentary evidence and the process of approval of capital addition projects including process for award of various work orders to the contractors, wherever applicable.
- The consultants also made a site visit to PBIA on April 09 and April 10, 2025, focusing specifically on review of current airport operations and proposed airport development plans.

The Authority takes cognizance of the fact that Port Blair Airport is in an isolated island territory, which faces unique challenges such as sourcing materials / goods from the mainland through sea or air routes, thereby, significantly impacting the project costs. In this regard, it is noted that CPWD Cost Index for Port Blair is approximately 30% higher than that of major cities in the mainland.

However, while examining the CAPEX proposals of AAI, the Authority, through its independent consultant, has exercised its due diligence by comparing the basic cost of acquisition/ construction of the assets with other airports, which are in the mainland cities to ensure that only essential and efficient CAPEX is considered in the RAB for the First Control Period.

By examining project details, optimizing capacity, and adjusting capitalization timelines, the Authority aimed to balance sustainable airport operations with the fair aeronautical charges for the Airport users.

AAI's Submission on Capital Expenditure (CAPEX), Depreciation and RAB for the First Control Period

6.2 Capital expenditure for the First Control Period

6.2.1 AAI has proposed capital expenditure of ₹ 210.60 Crores for the First Control Period for PBIA, which

has been summarized in the table below:

Table 27: Summary of Capital Expenditure projects submitted by AAI for PBIA for First Control Period

(₹ Crores)

Project/ Group	No.	Particulars	Amount
Capital expenditure proposed for the First Control Period	1	Taxiway & Aprons	120.00
	2	Road, Bridges & Culverts	5.00
	3	Building- Other	11.00
	4	Plant & Machinery	41.52
	5	Tools & Equipment	0.50
	6	Electrical Installations	26.09
	7	Solar Power Plant	2.00
	8	X Ray Baggage System	4.50
		Capital Expenditure Proposed for the First Control Period	**210.60**
IDC			-
Financing allowance (FA)			-
Total (including FA)			**210.60**

Authority's examination of Capital Expenditure (CAPEX) for the First Control Period

6.2.2 The Authority notes that AAI has conducted Airport Users Consultative Committee (AUCC) meeting with all the stakeholders on February 28, 2025, in respect of the capital expenditure incurred for construction of Integrated Terminal Building, rehabilitation of existing RCC retaining wall, construction of retaining wall with piling adjacent to New Apron, construction of New Apron with Link taxiway and proposed re-construction of Apron. The meeting was attended by various airport stakeholders such as International Air Traffic Association (IATA), Federation of Indian Airlines (FIA), CISF, Spicejet Airlines, Indigo Airline, etc. As per the minutes of the meeting dated February 28, 2025, the Authority observes that the Airport Operator had broadly discussed the following points with the stakeholders:

a) Capital projects completed before March 2025

i. Construction of New Integrated Terminal Building (estimated cost of project ₹ 675.76 Cr).

ii. Rehabilitation of existing RCC wall, boundary wall in Glide Path Site (estimated cost of project ₹ 13.78 Cr).

iii. Construction of Retaining wall with piling adjacent to New Apron (estimated cost of project ₹ 11.75 Cr).

iv. Construction of New Apron with Link Taxiway (estimated cost of project ₹ 82.87 Cr).

b) Capital addition projects proposed during First Control Period

i. Re-construction of existing Apron and 3 nos. taxiways and associated works (estimated cost of

project ₹ 120 Cr).

The Authority, from the minutes of AUCC meeting notes the undermentioned observations made by some of the stakeholders:

i. Air India Express's Head of Corporate Affairs enquired about bus gates in the new apron and regulatory approvals for capital works in the 2025-2030 period. The Airport Director confirmed one bus gate availability (alongside three aerobridges) and assured all necessary approvals were taken and documented. Air India Express plans to increase flights from Sri Vijaya Puram and requested back-up office space, which AAI confirmed is available pending formal requirements.

ii. Air Asia's Head of Ground Operations Projects inquired about expected UDF charges for PBIA for the first control period (FY 2025-30). AAI's Joint General Manager (Finance) responded that AERA will determine these charges after evaluating the airport's development works and will communicate them once finalized.

iii. FIA's Associate Director questioned the economic viability of the ₹675 crores NITB investment and potential for non-aeronautical revenue growth. The Airport Director responded that AAI has awarded Master Concessionaire tenders, invited bids for money exchange counters, and is actively developing additional passenger amenities to enhance revenue streams.

iv. Sh. Lakshya from Indigo headquarters, requested for updated master plan of the airport and the measures being undertaken by the airport operator in lieu of increased flights so as to utilize the services which are lying in the international area of the NTB. Airport Director acknowledged the query and informed that updated master plan will be shared to all the AUCC participants and as far as the issue of utilizing the services of international area is considered, approval for swing operations has already been accorded by BCAS and can be utilized during non-operation hours of international operations.

v. Sh. Ujjwal Bakshi of IATA suggested publishing PBIA's Pavement Classification Number (PCN) to enable aircraft flying over the Bay of Bengal to include the airport in their Extended-range Twin-engine Operations Performance Standards (ETOPs) planning for potential emergency diversions. This recommendation was positively received, with a commitment to share this information with all airline operators.

6.2.3 The capital additions proposed by AAI for the First Control Period have been segregated into the following categories:

A. Capital Addition projects shifted from the Pre-Control Period to the First Control Period.

B. New Capital Addition projects proposed by AAI for Port Blair International Airport for the First Control Period

6.2.4 Based on the information provided by AAI, project wise capital expenditure submitted by AAI is presented in the table below:

Table 28: Project wise Capital Expenditure submitted by AAI for PBIA for First Control Period

(₹ Crores)

S. No	Capital Expenditure Project	Financial Year of Commissioning	Estimated Project cost (*includes design, Pre-operative expenses etc*)
A.	**Capital additions projects shifted from the Pre-Control Period to the First Control Period***		
A1	**Terminal Building**		

S. No	Capital Expenditure Project	Financial Year of Commissioning	Estimated Project cost (*includes design, Pre-operative expenses etc*)
i)	Misc. Civil works in VSI Airport, Port Blair. SH: - Closing of Vertical gap between the cable net glazing and UGF floor slab.	2024-25	0.33
ii)	Construction of canopy in Airside and City side of NITB at VSI Airport, Port Blair.	2024-25	5.48
A2	**Boundary Wall-Operational**		
i)	Rehabilitation of existing RCC retaining wall, boundary wall in Glide Path Site at VSI Airport, Port Blair.	2024-25	11.68
ii)	Construction of retaining wall with piling adjacent to New Apron at VSI Airport, Port Blair	2024-25	9.96
iii)	Construction of perimeter boundary wall, widening and construction of approach path in DVOR site at VSI Airport, Port Blair	2024-25	4.84
A3.	**Plant & Machinery**		
i)	Flight Operations Standard	2024-25	0.19
ii)	Bomb Suit (1 No.)	2024-25	0.62
A4.	**Electrical Installations**		
i)	Procurement of water pump at VSI Airport, Port Blair	2024-25	0.10
		TOTAL (A)	**33.20**
B. New Capital Addition projects proposed by AAI for the First Control Period			
B1	**Taxiway and Apron**		
i)	Reconstruction of Existing Apron	2025-26	40.00
		2026-27	40.00
		2027-28	40.00
B2	**Roads, Bridges and Culverts**		
i)	Construction of Perimeter Glide Path	2026-27	5.00
B3	**Other Building**		
i)	Misc. works for International Operation.	2025-26	2.00
		2026-27	2.00
		2027-28	2.00
		2028-29	1.00
		2029-30	1.00
ii)	Construction of Dog Kennel	2025-26	1.00
iii)	Construction of MFT (Multi-purpose Fire Tender)	2026-27	2.00
B4	**Plant & Machinery**		
i)	Augmentation of Departure ILBS & Arrival Belt.	2025-26	0.77
ii)	SITC of E-gates for immigration counter	2025-26	0.51
iii)	ETD	2025-26	0.30
iv)	DFMD	2025-26	0.20
v)	DFMD	2028-29	0.20
vi)	Body Scanner	2026-27	25.00
vii)	TCV (Threat Containment Vessel)	2025-26	10.00

S. No	Capital Expenditure Project	Financial Year of Commissioning	Estimated Project cost (*includes design, Pre-operative expenses etc*)
viii)	BDDS (Priority-II equipment)	2025-26	4.33
ix)	Supply of HHMD	2029-30	0.08
x)	SITC of Hydro-pneumatic system	2026-27	0.13
B5	**Tools & Equipment**		
i)	Procurement of bollards	2025-26	0.50
B6	**Electrical Installations**		
i)	Provision of 30.5 mtr Flag Mast for NITB & other Miscellaneous works at VSI Airport, Port Blair.	2025-26	0.49
ii)	Augmentation of33 KV outdoor HT panel including Provision of 33 KV HT Cable from RMY to Outdoor Panel. SH: Provision of Standby v33 KV VCB Panel & HT Cables at VSI Airport, Port Blair.	2026-27	0.42
iii)	Provision of Air curtains for Boarding gates of LGF level	2026-27	1.00
iv)	Procurement of Articulated /Telescopic Boom Lift	2026-27	1.72
v)	Fire suppression system for HT/LT Panel at NITB	2025-26	0.19
vi)	SITC of standby microprocessor based 7.5 KW CCR	2025-26	0.07
vii)	SITC of 1 no. Arrival Carousel for International Passengers.	2028-29	1.88
viii)	Enhancement Power Supply including allied civil work.	2027-28	14.15
ix)	Unforeseen / Urgent capital works	2029-30	0.50
x)	Providing Decorative lighting for NITB	2026-27	0.80
xi)	Provision of Power Supply of Glide Path from Localizer at VSI Airport, Port Blair	2028-29	0.45
xii)	Augmentation of power supply system of old power house at VSI Airport, Port Blair.	2028-29	1.50
xiii)	Augmentation of GLF facilities at VSI Airport, Port Blair.	2029-30	0.90
xiv)	Augmentation of High Mast Lights for old Apron at VSI Airport, Port Blair.	2029-30	0.60
xv)	Provision of tyre killer bollard etc at VSI Airport, Port Blair.	2026-27	0.57
xvi)	Provision of perimeter lighting system for Glide Path building at VSI Airport, Port Blair.	2027-28	0.20
xvii)	Internal & External EI for Fire Station for MFT at VSI Airport, Port Blair.	2028-29	0.50
xviii)	Provision of Passenger Lift for Level 4 at VSI Airport, Port Blair.	2026-27	0.15
B7	**Solar Power**		
i)	Provision of Roof Top solar PV Panel for the city side of Old Terminal Building Car Parking area.	2028-29	2.00
B8	**X-BIS**		
i)	Replacement of Single view HB (4 Nos.) & RB (2 Nos.)	2025-26	1.50
ii)	Replacement of Single view HB (8 Nos.) & RB (4 Nos.)	2028-29	3.00
		TOTAL (B)	**210.60**

**Refer Table 8 of this Consultation Paper*

6.2.5 The Authority has examined the CAPEX projects submitted by AAI and the same is as follows:

A. Capital additions projects shifted from the Pre-Control Period (FY 2024-25) to the First Control Period

A1 – Terminal Building (TB)

The Authority notes that AAI had proposed the following CAPEX towards Terminal Building for the Pre-Control Period:

- Miscellaneous civil works to initiate international operations for ₹ 0.33 Crore, for capitalization in FY 2024-25
- Construction of Canopy in Air side and city Side for ₹ 5.48 Crores, for capitalization in FY 2024-25. The Authority notes that Airside canopy for domestic remote arrival, vehicle gate canopy, and cityside canopy over pathways from NITB to car parking area have been constructed to provide protection to passengers from rain and sun. Further, the estimated cost of work is assessed to be reasonable, as compared to the prevailing market rates.

The Authority, through its Independent Consultant has examined the proposed CAPEX, including review of award letters, and noted that the tendering for the above works were done by the Airport Operator through the GeM portal.

The Authority proposes to reallocate the above project costs in the Terminal Building ratio of 92:8 (refer para 6.2.6), as against TB ratio of 95:5 applied by AAI for apportionment of common assets within the Terminal Building and proposes ₹ 5.64 Crores for capitalisation in FY 2025-26.

A2- Operational Boundary Wall

The Authority notes that AAI has proposed the following CAPEX towards Operational Boundary Wall for capitalisation in FY 2024-25:

- Rehabilitation of existing RCC retaining wall, boundary wall in Glide Path site for ₹ 11.68 Crores. The Authority observed that Port Blair's marine clay soil and 5-6 meter level difference between inside and outside airport areas at the Glide Path necessitated RCC retaining wall construction. During heavy rains, lateral pressure buildup caused the retaining wall to slide towards the Glide Path area, creating potential landslide risks. AAI has undertaken the remedial work, which is currently in progress and is expected to be completed in FY 2025-26. The Independent Consultant has reviewed the cost estimate for this project, found it as reasonable, based on CPWD norms and prevailing market rates. Accordingly, the Authority proposes to consider projected capex of ₹ 11.68 crores related to construction of Operational Boundary Wall for capitalization in FY 2025-26.
- Construction of retaining wall with piling adjacent to new Apron for ₹ 9.96 Crores, for capitalization in FY 2024-25. The Authority identified insufficient space on the north side of the new apron for vehicle manoeuvring and ground support equipment parking, compounded by land level differences that pose landslide risks. Given the marine clay soil conditions, AAI decided to construct a proper retaining wall with pile foundation to address these concerns. The work is currently in progress and is expected to be completed in FY 2025-26. The projected cost has been deemed reasonable based on CPWD norms and prevailing market rates.
- Constructing perimeter boundary wall, widening and approach path in DVOR site for ₹ 4.84 Crores, for capitalisation in FY 2024-25. The Authority notes that DVOR (Doppler VHF

Omnidirectional Range) is a ground-based navigation equipment that provides navigational information to aircraft both en-route & approaching the airport and therefore the same has to be classified as an ANS equipment. The Authority through its Independent Consultant, during the site visit, notes that at Port Blair Airport, the DVOR is installed on a hill adjacent to the airport rather than within the airport premises. Further, it is also noted that the service charges for DVOR have already been considered under Route Navigation Facility Charges (RNFC). Hence, the Authority proposes not to consider the DVOR for First Control Period.

The Authority has examined the proposed CAPEX after considering the review undertaken by its Independent Consultant of the award letters issued for these works and confirmed the completeness of the tendering process followed by the Airport Operator through the GeM portal. Accordingly, the Authority proposes to consider projected capex of ₹ 21.64 Crores related to construction of Operational Boundary Wall for capitalization in FY 2025-26.

A3- Plant & machinery

The Authority notes that AAI has proposed the following CAPEX towards Plant & Machinery for the Pre-Control Period:

- Bomb Suit (1 No.) for ₹ 0.62 Crore, for capitalization in FY 2024-25, an essential protective gear required for the safe handling and disposal of explosive devices by BDDS personnel.
- Flight Operations Standard for ₹ 0.19 Crore, for capitalization in FY 2024-25.

The Authority notes that the expenditure under "Flight Operations Standard" head pertains to the provision of a fibre optic surveillance device, which is a critical equipment required for Bomb Detection and Disposal Squads (BDDS). The work has been completed and commissioned in FY 2025-26 at a cost of ₹ 0.19 Crore, which is considered reasonable in comparison to prevailing market rates.

The Authority, through its Independent Consultant, has reviewed the award letters of the above works and further, examined the tendering process followed by AO through the GeM Portal. Considering the essentiality of CAPEX from the aspect of airport security & safety of operations, the Authority proposes to consider the capitalisation of the ₹0.81 Crores towards the capital works towards Bomb Suit and Flight Operation Standard in FY 2025-26.

A4- Electrical Installation

The Authority notes that AAI had proposed the Procurement of water pump amounting to ₹ 0.10 Crore in FY 2024-25, for use in various systems, including those for fire suppression, water supply. However, the above procurement was not done in FY 2024-25.

The Authority has examined the proposed CAPEX based on the Independent Consultant's review of estimate of work based on CPWD norms, award letters and the tendering process followed through the GeM portal.

Considering the essentiality of the asset and reasonableness based on the prevailing market rates, the Authority proposes to consider ₹0.10 Crores for capitalisation for the procurement of water pump in FY 2025-26.

B. New Capital Addition projects proposed by AAI for the First Control Period

B1 –Taxiway and Apron

i **Reconstruction of existing Apron:** The Authority notes that AAI has proposed CAPEX

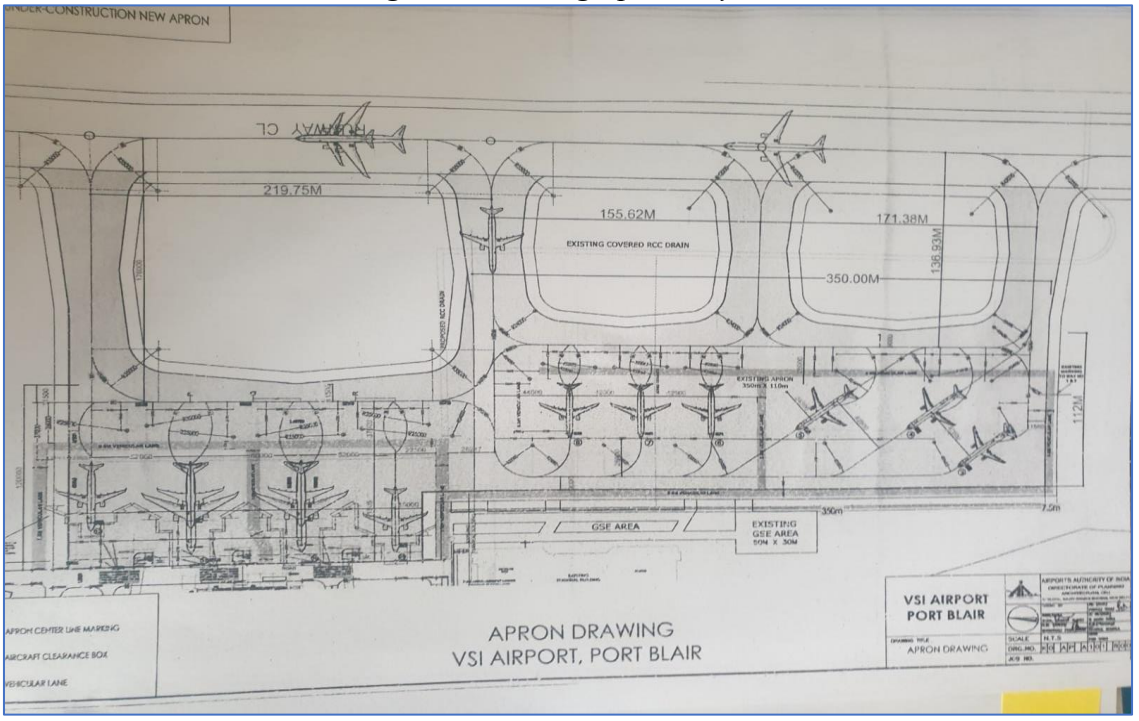
amounting to ₹ 120 Crores towards reconstruction of existing/ old Apron to be carried out during FY 2025-26 to FY 2027-28. Technical details of the existing Apron are as follows:

Table 29: Technical details of existing Apron

Particulars	Details
Size of Existing Apron	350 x 112 m
Year of construction	2010
Number of bays	8 bays (3- A321, 3- A320 and 2 with Coast Guard)

The airport has two aprons. The old/ existing Apron, located on the east side of the old terminal building, measures 350m x 112m and contains 8 bays, with 2 (nos.) bays allocated to the Coast Guard and 6 bays under AAI operations. AAI's 6 bays can accommodate 3 (nos.) A320 and 3 (nos.) A321 aircraft in Power-in Push-out mode. The new Apron, situated on the east side of the new terminal building, measures 220m x 120m with 4 bays capable of accommodating 2 (nos.) A321 and 2 (nos.) A320 aircraft in Push-back mode. The parking bay configuration and taxiway connectivity are illustrated in Figure 1.

Figure 1: Existing Apron Layout



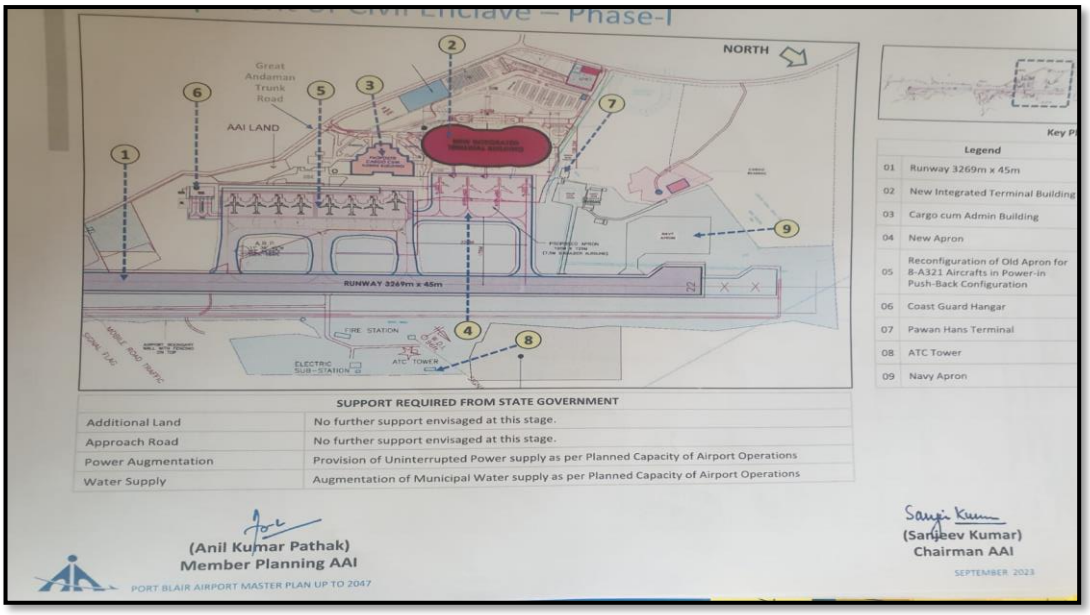
The Aviation Expert of the Independent Consultant, during the Airport's site visit has noted wide spread mild cracks on the PQC surface of the old Apron. AAI initially constructed an apron measuring 106m x 75m with one link taxiway during FY 2000-01, which was subsequently strengthened and expanded to 350m x 112m with two additional taxiways at both ends on January 2010. Surface cracks began developing in 2016, with stone aggregates loosening and separating from the cement concrete surface. Further, it was noted that CRRI's report dated February 2018 has recommended a permanent solution of 250mm M40 grade concrete overlay and a temporary measure of 10mm epoxy resin-sand mortar which would last for 2 to 3 years. AAI had implemented the temporary solution, whereby the work was completed in April 2019, however the mortar

coating subsequently started to disintegrate and peel off. The cracks in the existing apron noted as part of the Aviation Expert's site visit have been depicted in Figure 2 below.

Figure 2: Cracks in the existing Apron

AAI has proposed to dismantle and reconstruct the existing 6 Power-in Power-out bays into 8 Power-in Push-back configuration bays at an estimated cost of ₹120 crores. The reconstruction involves complete dismantling and replacement of the existing concrete pavement, base and subbase layers. Additionally, the clay subgrade would be excavated to approximately 5 feet depth and replaced with good quality soil or sand. The proposed apron layout is presented in Figure 3.

Figure 3: New Apron Layout



The Authority notes the following challenges as part of the implementation of this project .

- No land is available at the airport to dump the dismantled materials and the clay. AAI is dependent on the district administration to get the dumping yard.
- Prevalence of rainy season for 6 months, thereby limiting excavation of clay.
- All material, including sand and good earth are to be transported from mainland by ship.

Considering the above challenges and the fact that currently there is demand for 6 Apron bays during peak hours it is necessary to implement the project of reconstruction of the old Apron in phased manner (3-4 phases). AAI has not provided the methodology or any detailed estimate/ schedule for implementing this project.

Based on the above factors, the Authority is of the view that only two phases of this project may be completed by AAI in this Control Period. Considering the essentiality of the project and reasonableness of estimated costs based on the cost of recently constructed new Apron, the Authority proposes to consider ₹60 crore for capitalisation in FY 2027-28 (₹30 crore) and FY 2029-30 (₹30 crore).

Further, the Authority notes that CRRI have recommended a concrete overlay of 250mm, which may be completed in two years, with an estimated cost of ₹60 crore, as no subgrade settlement issues have been observed. AAI may explore the possibility of this alternative approach to resolve the issues currently observed with the existing Apron.

B2- Roads, Bridges and Culverts

Construction of Glide Path Perimeter Road: AAI has proposed the construction of Glide Path Perimeter road amounting to ₹ 5 Crores for capitalization in FY 2026-27. The Authority notes that airport currently lacks a standard perimeter road in the Glide path area. A new road is planned near the boundary, outside critical/sensitive areas and runway strip. However, the construction is contingent on rehabilitating a deteriorating high retaining wall at the boundary, which is gradually sliding due to lateral pressure. With wall rehabilitation scheduled for completion in FY 2025-26, the 500-meter perimeter road can only be constructed in FY 2026-27. The preliminary estimate of ₹5 crore, including ₹1.29 crore for electrical works, appears to be reasonable based on CPWD norms. Hence, the Authority proposes to consider the same for the capitalization in First Control Period in FY 2026-27.

B3- Building- Others

i **Miscellaneous work for international operations:** AAI has proposed the miscellaneous works for international operations amounting to ₹ 8 Crores for capitalization during FY 2025-26 to FY 2029-30. The Authority notes that AAI has not finalised the detailed estimates for works included under this head and has only created a provision for probable works in the future. Therefore, the Authority proposes to consider the expenses on actual incurrence basis, at the time of true up of the First Control Period, subject to efficiency and reasonableness, while determining tariff for the Second Control Period for Port Blair Airport.

ii **Construction of Dog Kennel:** The Authority notes that AAI has proposed the construction of Dog Kennel amounting to ₹ 1 Crore for capitalization in FY 2025-26. The proposal involves constructing a two-storey RCC framed structure with a plinth area of 225 sqm. The work is yet to be awarded and typically requires more than a year for its completion. Considering the essentiality of the project for operational requirements and reasonability of cost estimates, based on review of CPWD norms/ market rates, the Authority, proposes to consider ₹ 1 Crore for construction of Dog Kennel for the capitalization in FY 2026-27.

iii **Construction of Multi-purpose Fire Tender (MFT) shed:** The Authority notes that AAI has proposed the construction of MFT amounting to ₹ 2.00 Crores to be capitalized in FY 2026-27. The Authority notes that Airport's, fire and rescue responsibilities are divided between defence and civil authorities. The Indian Naval Service (INS) handles aircraft emergencies until planes enter the Civil Enclave, where Airports Authority of India (AAI) assumes responsibility. AAI also

manages fire prevention and rescue services at the Terminal Building and city-side areas using Crash Fire Tenders/ Mobile Fire Tenders (CFT/MFT). Currently, fire equipment and staff operate from an airside shed, which would be demolished for the executing the project on reconstruction of the existing Apron. AAI has proposed constructing a replacement facility at an estimated cost of ₹ 2 crores, for capitalisation in FY 2026-27, which the Authority finds to be reasonable based on the CPWD rates. This new facility is expected to become operational, prior to the demolition of the existing shed, to ensure continuity of fire safety coverage. Based on the above factors, the Authority proposes to consider the capitalisation of MFT in FY 2026-27 at an estimated cost of ₹ 2 crores.

B4 – Plant & Machinery

i **ETD:** AAI has proposed ₹ 0.30 Crore towards ETD for capitalisation in FY 2025-26. Considering the security requirement for safe operations and the reasonableness of estimated costs based on prevailing market rates, the Authority proposes to consider capitalization of ₹0.30 Crores for ETD in FY 2025-26.

ii **DFMD (B4 (iv) and (v)):** The Authority notes that AAI had proposed procurement of DFMD for ₹ 0.20 Crore for capitalisation in FY 2025-26 and ₹ 0.20 Crore for capitalisation in FY 2028-29. Based on the review of the cost of DFMD procured at other similar airports, the Authority found the cost to be reasonable. Considering the above CAPEX is required for safety and security purposes, the Authority proposes to consider DFMD amounting to ₹ 0.20 Crore in FY 2025-26 and ₹ 0.20 Crore in FY 2028-29 as proposed by AAI.

iii **Body Scanner:** AAI has proposed Body Scanners for ₹ 25 Crores for capitalisation in FY 2026-27. As per BCAS guidelines, all hypersensitive and sensitive airports are required to install Body Scanners and Port Blair falls under the above category of airports. The Authority notes that currently no cost estimate, layout plan and number of body scanners proposed to be deployed have been provided by AAI. Based on the above, the Authority, proposes to consider 2 body scanners amounting to ₹ 6 Crores (in line with the cost considered by the Authority for other similar airports) to be capitalised in FY 2026-27.

iv **Threat Containment Vessel (TCV):** AAI has proposed CAPEX of ₹ 10 Crores towards procurement of Threat Containment Vessel in FY 2025-26. Considering the fact that AAI is yet to finalise its proposal to procure Threat Containment Vessel at the Port Blair Airport, the Authority proposes to consider the above CAPEX on actual incurrence basis, at the time of true up of the First Control Period, subject to reasonableness of estimated costs, while determining tariff for the Second Control Period for Port Blair Airport.

v **BDDS:** AAI has submitted CAPEX of ₹ 4.33 Crores towards purchase of BDDS equipment (Priority 2) in FY 2025-26 in compliance with BCAS guidelines. The Authority notes that BCAS has directed all airports to implement BDDS equipment and the estimated cost submitted by AAI is comparable with cost incurred in other airports. Considering the above CAPEX is essential for safety/ security purposes, the Authority proposes to consider ₹ 4.33 Crores towards purchase of BDDS equipment for capitalization in FY 2025-26.

vi **Other associated works (B4 (i), (ix) and (x)):** The Authority observes that there are other minor projects proposed by AAI as part of 'Plant & machinery' such as:

- Augmentation of Departure ILBS & Arrival belt for ₹ 0.77 Crore in FY 2025-26
- Supply of HHMD for ₹ 0.08 Crore in FY 2029-30.

- SITC of Hydro-pneumatic system for ₹ 0.13 Crore in FY 2026-27

The Authority notes that the above assets are essential from the point of view of airport operations & security and considering the reasonability of estimated costs based on review of comparable airports, the Authority proposes to consider the capitalization of the above CAPEX in the First Control Period, as per the schedule capitalisation timelines mentioned above.

vii **SITC of E-gates for immigration counter:** AAI had proposed CAPEX amounting to ₹ 0.51 Crore towards SITC of E-gates for immigration counter to be capitalized in FY 2025-26. However, AAI has already completed and capitalised this project for ₹ 0.37 Crore in FY 2024-25 (Pre-Control Period) and hence, this CAPEX has been considered as a part of Pre-Control Period (FY 2024-25) and accordingly, the Authority proposes to exclude this project from the First Control Period.

B5 – Tools and Equipment

- **Procurement of Bollards** for ₹ 0.50 Crore, for capitalization in FY 2025-26.
- **Provision of tyre killer bollard (shown as a part of Electrical Installations)** for ₹ 0.57 Crore, for capitalization in FY 2026-27.

Bollards and Tyre Killer Bollards are essential security devices designed to control and restrict vehicle access to sensitive areas. Bollards are short vertical posts that serve as barriers for controlling vehicle and pedestrian movement, available in various types including fixed bollards that are permanently embedded at terminal building kerb areas and electro-hydraulic bollards that retract and extend using hydraulic pressure to prevent unauthorized vehicle entry. Tyre Killer Bollards are aggressive vehicle control devices installed at airport entry/exit points, featuring mechanical or hydraulic barricades with metal spikes or teeth that puncture tires of vehicles attempting unauthorized forced entry. These are typically positioned in front of normal bollards to stop vehicles that crash through the initial barrier.

AAI proposes to install one set of Crash Rated Electro-Hydraulic Bollard System, 3 electro-hydraulic tyre killers of 6-7m length, and 2 automated electro-mechanical metal boom barriers at the airport entry road. The Authority has estimated the total cost of both the works (to be executed alongside) at ₹0.60 crore based on prevailing market rates. As AAI is yet to invite tenders for these works, and the Authority proposes to consider the total CAPEX amounting to ₹0.60 crore for commissioning in FY 2026-27.

B6 – Electrical Installations

i **Provision of Air curtains for Boarding gates at Lower Ground Floor (LGF) level**: AAI has proposed ₹ 1 Crore for Air curtains for Boarding gates at LGF level. Considering the operational requirement and reasonableness of estimated costs, by reviewing prevailing market rates, the Authority proposes to consider ₹ 1 Crore for the capitalisation of this asset in FY 2026-27.

ii **Procurement of Articulated/ Telescopic Boom Lift**: AAI has proposed ₹ 1.72 Crores for procurement of articulated/ telescopic boom lift. The Authority notes that the maximum height of the truss from the Upper Ground Floor of the new terminal building is approximately 25 meters. To facilitate maintenance and repair of lights, cables, and other electrical and fire-fighting installations at these elevated levels, AAI has proposed procuring an Articulated Electric Boom Lift with a working height of 27 meters. Considering the essentiality of the proposed Capital works from operations, fire safety point of view and reasonableness of estimated costs, as per prevailing CPWD norms/ market rates, the Authority proposes to

consider the capitalisation of this asset in FY 2026-27. However, AAI has classified the above CAPEX as 100% aeronautical, which the Authority proposes to reclassify it as "Common" and apportion the same to the aeronautical activities in the ratio of Terminal Building (92:8). Based on the above, the Authority proposes to consider ₹ 1.58 Crore for the capitalisation of this asset in FY 2026-27.

iii **Other Associated Works (B6(i) and (v)):** The Authority observes that there are other minor Capital works proposed by AAI as part of 'Electrical Installations' such as 30.5 meter flag mast for ₹0.49 Crore and Fire Suppression system for HT/LT Panel for ₹0.19 Crore. The Authority notes that the above CAPEX have already been capitalized during FY 2024-25 (Pre-Control Period as mentioned in Chapter 4) and hence, proposes to not consider them for the First Control Period.

iv **Other Associated Works (B6(ii) and (vi)):** The Authority notes that there are other minor projects proposed by AAI as part of 'Electrical Installations' such as Augmentation of 33KV outdoor HT panel and SITC of standby microprocessor based 7.5 KW CCR totalling to ₹ 0.49 Crore.

As per Aerodrome Design guidelines, major airports require dual independent power sources to ensure redundancy and minimize failure risks. The frequent power outages from A&N Electricity Department at Port Blair necessitate implementing a second power supply source with Bus Coupler arrangement to guarantee uninterrupted air conditioning in the new Terminal Building. The Authority notes that the above CAPEX is reasonable as compared to CPWD rates and hence, proposes to consider ₹0.49 Crore for the above capex works for capitalization in FY 2026-27.

Enhancement of Power Supply including allied Civil works: AAI has proposed ₹14.15 Crores towards Enhancement of Power supply for capitalisation in FY 2027-28. NITB was designed with 100% essential power supply, which is catered through 03 numbers of 1.25 MVA transformers with back up from by 03 numbers 1.25 MVA DG (operating at 80% capacity). During frequent power outages, two DG sets must run simultaneously, leaving only one for redundancy and zero redundancy during maintenance periods, creating significant risk for this isolated island airport. Additionally, high temperatures necessitate running three out of four 450 TR chillers simultaneously, again with minimal redundancy. Further, there is significant demand of electricity load for commercial establishments in the Terminal Building (which is estimated to be 750 KW), 180 KW for charging of Electric vehicles, 100 KW for facade lighting etc. To address the above issues, AAI has proposed installing 2 numbers of Dry type 2500 KVA, 33/0.433 KV 3 phase Transformers and 2 numbers DG sets of 2000 KVA along with additions and modifications to the 33 KV HT Indoor Panel, SITC of LT & Hybrid Panels and other ancillary works, utilizing space beneath cooling towers for a new substation. The Aviation Expert of the Independent Consultant has verified the above aspects, as part of the Airport site visit and notes the estimated cost of ₹14.15 crores proposed by AAI appears to be reasonable based on review of the market rates.

However, AAI has classified the above CAPEX as 100% aeronautical, which the Authority proposes to reclassify it as "Common" and apportion the same to the aeronautical activities in the ratio of Terminal Building (92:8), as the Power Supply would support commercial loads as well, alongside essential airport operations. The Authority proposes to consider ₹13.02 Crores for the enhancement of Power Supply including allied works for capitalization in FY 2027-28.

v **SITC of 1 no. of Arrival Carousel for International passengers:** AAI has submitted a CAPEX of ₹ 1.88 Crores towards SITC of Arrival Carousel (baggage conveyor belt) for international passengers for capitalisation in FY 2028-29. The Authority notes that it is an essential requirement in the NITB for International passengers and the cost is also reasonable, in line with prevailing market rates and therefore proposes to consider ₹ 1.88 Crores for capitalization in FY 2028-29.

vi **Augmentation of Power Supply system of Old Powerhouse:** AAI has proposed ₹ 1.50 Crores for Augmentation of Power supply system of old powerhouse. The existing 11KV HT Substation (old Power House), commissioned in 1999, supplies power to the old terminal building, apron and taxiway lighting, Coast Guard hangar, localizer, MFT room, cityside high masts, street lights, and old fire pump rooms, which cannot be supplied from the overloaded new 33KV substation. Additional loads including new helicopter operator base, EV chargers for passengers and operational vehicles, GSE, and potential commercial use of the old terminal building necessitate higher capacity equipment upgrades. The proposal involves replacing the 26-year-old system entirely, including upgrading the DG set from 250 KVA to 500 KVA, indoor transformer, LT panels, equipment, cables, and panels. AAI has proposed the cost of this project as ₹1.50 Crores. for completion in 2028-29. As the work involves both aeronautical and non-aeronautical asset installations, the Authority proposes to consider the CAPEX as common and apportion the same to Aeronautical activities in the Terminal Building ratio of 92:8. The Authority notes that the above CAPEX is reasonable as compared to CPWD norms and market rates and hence, proposes to consider ₹1.38 Crores for the Augmentation of Power supply system of old powerhouse for capitalization in FY 2028-29.

vii The Authority notes that AAI has proposed the following minor CAPEX towards Electrical Installations for capitalisation in the First Control Period:

- Providing decorative lighting for NITB for ₹ 0.80 Crore, for capitalization in FY 2026-27
- Provision of power supply for glide path from localizer for ₹ 0.45 Crore, for capitalization in FY 2028-29
- Augmentation of GLF facilities for ₹ 0.90 Crore, for capitalization in FY 2029-30
- Augmentation of high mast lights for airside for ₹ 0.60 Crore, for capitalization in FY 2029-30
- Provision of perimeter lighting system for glide path for ₹ 0.20 Crore, for capitalization in FY 2027-28
- Internal and External Electrical Installation for MFT Shed for ₹ 0.50 Crore, for capitalization in FY 2028-29
- Provision for passenger lift at level 4 for ₹ 0.15 Crore, for capitalization in FY 2026-27.

Considering the operational requirement of the above capital works and the reasonableness of estimated costs, based on review of prevailing market rates/ approved in other similar airports, the Authority proposes to consider capitalisation of the above assets in the First Control Period, as per the scheduled capitalisation timelines mentioned above.

B7 – Solar Power

i **Provision of roof top Solar PV Panel:** AAI has proposed ₹ 2.00 Crores towards roof top Solar PV Panel of 620 KW to be installed in the city side of the old Terminal Building for

capitalisation in FY 2028-29. The Authority notes that the above CAPEX may potentially result in saving of electricity costs to the extent of ₹ 1 Crore (approx.) annually. Considering the long -term potential for saving costs on electricity and reasonableness of estimated cost as per prevailing market rates, the Authority proposes to consider the capitalisation of this capital work at the cost of ₹ 2.00 Crores in FY 2028-29.

B8 – XBIS

i. **Replacement of Single view Hand Baggage (4 nos.) and Registered Baggage (2 nos.) with Capitalisation in FY 2025-26**

ii **Replacement of Single view Hand Baggage (8 nos.) and Registered Baggage (4 nos.) with Capitalisation in FY 2028-29**

AAI has proposed ₹ 1.50 Crores towards Replacement of Single view HB (4 nos.) and RB (2 nos.) to be capitalized in FY 2025-26. Similarly, AAI has proposed ₹ 3.00 Crores for Replacement of Single view HB (8 nos.) and RB (4 nos.**)** to be capitalized in FY 2028-29. The Authority notes that single view type X-BIS are available in the Terminal Building. According to BCAS circular 11/2017, new X-BIS machines must be equipped with dual view image technology. This requirement extended to the computer-based programs associated with these machines, which should also incorporate dual view image capabilities as a standard feature. This directive aimed to enhance security screening effectiveness by providing multiple perspectives of scanned items. Based on the above factors, the Authority considered the proposal as justified. The Authority through its Independent Consultant (including Aviation Expert) has reviewed the estimated cost for this project as per the cost considered at other airports/ market rate and cost estimates appears reasonable. Accordingly, the Authority proposes to consider capitalization of ₹1.50 Crores in FY 2025-26 and ₹ 3 Crores in FY 2028-29 respectively for the above capital work.

6.2.6 The Authority notes that AAI has considered the Terminal Building ratio of 95: 5 (Aeronautical: Non-Aeronautical) for apportionment of common assets within the Terminal Building at PBIA for the First Control Period. The Authority proposes to consider the Terminal Building ratio of 92:8 (Aeronautical: Non-Aeronautical) as reasonable, based on the optimum non-aeronautical area allocation of 8% to 12% as recommended by IMG norms (for airports having passenger traffic of less than 10 MPPA) and the approach followed by the Authority for other similar airports.

6.2.7 The Authority proposes to readjust (reduce) 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved Capitalisation schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of Airport Operator or its contracting agency and is properly justified, the same would be considered by the Authority after due diligence, while truing up the actual cost at the time of determination of tariff for the next Control Period. The readjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by PBIA and also to encourage the Airport Operator to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule.

6.2.8 The Authority is aware that AAI would be eligible to claim GST input credit on procurement of certain moveable property. Therefore, the Authority expects AO to properly account for such credit, in accordance with Chapter V of Central Goods and Services Tax, 2017 and capitalize assets net of GST Input Tax Credit, wherever applicable. The Authority may examine the accounting of Input Tax credit and make necessary adjustments in this regard, at the time of determination of tariffs for the Second

Control Period.

6.2.9 Based on the above, review & analysis of each capital work and considering its essentiality from the point of view of airport operations /security /passenger facilitation, the Authority proposes the capital expenditure for the First Control Period as per the table below:

Table 30: Capital Expenditure (Project-wise) proposed by the Authority for First Control Period

(₹ Crores)

S. No	Description of the Project	Year of Capitalisation		Capitalisation		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (1)	Proposed by Authority (2)	Difference (3)=(2)-(1)
A. Capital additions projects shifted from the Pre-Control Period to the First Control Period						
A1	**Terminal Building**					
i)	Misc. Civil works in VSI Airport, Port Blair. SH: - Closing of Vertical gap between the cable net glazing and UGF floor slab.	2024-25	2025-26	0.33	0.33	-
ii)	Construction of canopy in Airside and City side of NITB at VSI Airport, Port Blair.	2024-25	2025-26	5.48	5.31	(0.17)
A2	**Boundary Wall-Operational**					
i)	Rehabilitation of existing RCC retaining wall, boundary wall in Glide Path Site at VSI Airport, Port Blair.	2024-25	2025-26	11.68	11.68	-
ii)	Construction of retaining wall with piling adjacent to New Apron at VSI Airport, Port Blair	2024-25	2025-26	9.96	9.96	-
iii)	Construction of perimeter boundary wall, widening and construction of approach path in DVOR site at VSI Airport, Port Blair.	2024-25	-	4.84	-	(4.84)
A3.	**Plant & Machinery**					
i)	Flight Operations Standard	2024-25	2025-26	0.19	0.19	-
ii)	Bomb Suit (1 No.)	2024-25	2025-26	0.62	0.62	-
A4.	**Electrical Installations**					
i)	Procurement of Pump at VSI Airport, Port Blair	2024-25	2025-26	0.10	0.10	-
	TOTAL (A)			**33.20**	**28.19**	**(5.01)**
B. New Capital Addition projects proposed by AAI for the First Control Period						
B1	**Taxiway and Apron**					
i)	Reconstruction of Existing Apron	2025-26	-	40.00	-	(40)
		2026-27	2027-28	40.00	30.00	(10)
		2027-28	2029-30	40.00	30.00	(10)
B2	**Roads, Bridges and Culverts**					
i)	Construction of Perimeter Glide Path	2026-27	2026-27	5.00	5.00	-
B3	**Other Building**					

S. No	Description of the Project	Year of Capitalisation		Capitalisation		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (1)	Proposed by Authority (2)	Difference (3)=(2)-(1)
i)	Misc. works for International Operation.	2025-26	-	2.00	-	(2.00)
		2026-27	-	2.00	-	(2.00)
		2027-28	-	2.00	-	(2.00)
		2028-29	-	1.00	-	(1.00)
		2029-30	-	1.00	-	(1.00)
ii)	Construction of Dog Kennel	2025-26	2026-27	1.00	1.00	-
iii)	Construction of MFT	2026-27	2026-27	2.00	2.00	-
B4	**Plant & Machinery**					
i)	Augmentation of Departure ILBS & Arrival Belt.	2025-26	2025-26	0.77	0.77	-
ii)	SITC of E-gates for immigration counter	2025-26	-	0.51	-	(0.51)
iii)	ETD	2025-26	2025-26	0.30	0.30	-
iv)	DFMD	2025-26	2025-26	0.20	0.20	-
v)	DFMD	2028-29	2028-29	0.20	0.20	-
vi)	Body Scanner	2026-27	2026-27	25.00	6.00	(19.00)
vii)	TCV	2025-26	-	10.00	-	(10.00)
viii)	BDDS (Priority-II equipment)	2025-26	2025-26	4.33	4.33	-
ix)	Supply of HHMD	2029-30	2029-30	0.08	0.08	-
x)	SITC of Hydro-pneumatic system	2026-27	2026-27	0.13	0.13	-
B5	**Tools & Equipment**					
i)	Procurement of Bollards	2025-26	2026-27	0.50	0.60	(0.47)
ii)	Provision of tyre killer bollard etc at VSI Airport, Port Blair.	2026-27	2026-27	0.57		
B6	**Electrical Installations**					
i)	Provision of 30.5 mtr Flag Mast for NITB & other Miscellaneous works at VSI Airport, Port Blair.	2025-26	-	0.49	-	(0.49)
ii)	Augmentation of33 KV outdoor HT panel including Provision of 33 KV HT Cable from RMY to Outdoor Panel. SH: Provision of Standby v33 KV VCB Panel & HT Cables at VSI Airport, Port Blair.	2026-27	2026-27	0.42	0.42	-
iii)	Provision of Air curtains for Boarding gates of LGF level	2026-27	2026-27	1.00	1.00	-
iv)	Procurement of Articulated /Telescopic Boom Lift	2026-27	2026-27	1.72	1.58	(0.14)
v)	Fire suppression system for HT/LT Panel at NITB	2025-26	-	0.19	-	(0.19)
vi)	SITC of standby microprocessor based 7.5 KW CCR	2025-26	2025-26	0.07	0.07	-
vii)	SITC of 1 no. Arrival Carousel for International Passengers.	2028-29	2028-29	1.88	1.88	-
viii)	Enhancement Power Supply including allied civil work.	2027-28	2027-28	14.15	13.02	(1.13)
ix)	Unforeseen / Urgent capital works	2029-30	2029-30	0.50	0.50	-

S. No	Description of the Project	Year of Capitalisation		Capitalisation		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI (1)	Proposed by Authority (2)	Difference (3)=(2)-(1)
x)	Providing Decorative lighting for NITB	2026-27	2026-27	0.80	0.80	-
xi)	Provision of Power Supply of Glide Path from Localizer at VSI Airport, Port Blair	2028-29	2028-29	0.45	0.45	-
xii)	Augmentation of power supply system of old power house at VSI Airport, Port Blair.	2028-29	2028-29	1.50	1.38	(0.12)
xiii)	Augmentation of GLF facilities at VSI Airport, Port Blair.	2029-30	2029-30	0.90	0.90	-
xiv)	Augmentation of High Mast Lights for old Apron at VSI Airport, Port Blair.	2029-30	2029-30	0.60	0.60	-
xvi)	Provision of perimeter lighting system for Glide Path building at VSI Airport, Port Blair.	2027-28	2027-28	0.20	0.20	-
xvii)	Internal & External EI for Fire Station for MFT at VSI Airport, Port Blair.	2028-29	2028-29	0.50	0.50	-
xviii)	Provision of Passenger Lift for Level 4 at VSI Airport, Port Blair.	2026-27	2026-27	0.15	0.15	-
B7	**Solar Power**					
i)	Provision of Roof Top solar PV Panel for the city side of Old Terminal Building Car Parking area.	2028-29	2028-29	2.00	2.00	-
B8	**X-BIS**					
i)	Replacement of Single view HB (4 Nos.) & RB (2 Nos.)	2025-26	2025-26	1.50	1.50	-
ii)	Replacement of Single view HB (8 Nos.) & RB (4 Nos.)	2028-29	2028-29	3.00	3.00	-
	TOTAL(B)			**210.60**	**110.56**	**(100.04)**
	GRAND TOTAL (A+B)			**243.80**	**138.74**	**(105.06)**
Year-wise Capitalisation of Assets is as follows (₹ Crores)						
	FY 2025-26	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**Total**
	35.36	18.68	43.22	9.41	32.08	**138.74**

Note: The Authority proposes to consider capitalization of Aeronautical Capital expenditure for PBIA for the First Control Period as ₹ 138.74 Crores, against ₹ 243.80 Crores (which includes ₹ 210.60 Crores of AAI's submission for First Control Period and ₹ 33.20 Crores shifted from the Pre-Control Period as per actual incurrence). The major variance in Capitalisation amount as per AAI vis-à-vis AERA proposal is mainly on account of the following:

- Rationalisation of CAPEX amounting to ₹ 5.01 Crores in respect of the capital additions projects shifted from the Pre-Control Period to the First Control Period.
- Rationalization of Construction of existing Apron resulting in reduction of CAPEX by ₹ 60 Crores.
- Rationalization of CAPEX proposed for Body Scanners resulting in reduction of CAPEX by ₹ 19 Crores;
- Consideration of Capex on Threat Containment Vessel amounting to ₹ 10 Crores on actual incurrence basis.

The Authority proposes to consider capitalization of Aeronautical expenditure for PBIA for the First Control Period as ₹ 138.74 Crores.

6.3 Depreciation for the First Control Period

AAI's Submission on Depreciation for the First Control Period for PBIA

6.3.1 PBIA follows its approved rates of depreciation for different asset classes. While submitting the Multi-Year Tariff proposal for the First Control Period for PBIA, AAI has taken cognizance of the rates of depreciation approved by the Authority in previous tariff orders (Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35/ 2017-18 on 'Determination of Useful Life on Airport Assets'). Accordingly, the rates of depreciation approved by the Authority have been applied by PBIA from FY 2017-18 onwards.

6.3.2 Depreciation has been computed separately on opening block of assets and on the proposed additions.

6.3.3 The depreciation amount proposed by PBIA for the First Control Period has been presented in the table below:

Table 31: Depreciation proposed by AAI for PBIA for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Land	-	-	-	-	-	**-**
Taxiway & Aprons	3.66	4.99	6.33	6.99	6.99	**28.96**
Road, Bridges & Culverts	-	0.25	0.50	0.50	0.50	**1.75**
Building- Terminal	19.05	19.05	19.05	19.05	18.86	**95.07**
Building - Temporary	-	-	-	-	-	**-**
Building - Residential	-	-	-	-	-	**-**
Security Fencing - Temporary	-	-	-	-	-	**-**
Boundary Wall -Operational	3.07	3.05	3.05	3.05	0.16	**12.37**
Boundary Wall - Residential	-	-	-	-	-	**-**
Other Buildings-Unclassified	0.36	0.48	0.58	0.63	0.64	**2.69**
Computer- End User	1.18	0.39	-	-	-	**1.57**
Computer Server and Network	0.01	0.00	0.00	0.00	0.00	**0.02**
Intangible Assets- Software	-	-	-	-	-	**-**
Plant & Machinery	6.45	7.83	8.66	8.67	8.59	**40.20**
Tools & Equipment	0.20	0.22	0.22	0.22	0.22	**1.09**
Office Furniture	0.27	0.27	0.24	0.22	0.21	**1.21**
Vehicles	0.11	0.10	0.09	0.09	0.03	**0.41**
Vehicle- Cars & Jeeps	-	-	-	-	-	**-**
Electrical Installations	0.05	0.32	1.27	2.20	2.51	**6.34**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Solar Power Plant	0.03	0.03	0.03	0.07	0.11	**0.27**
Other Office equipment	0.14	0.14	0.14	0.14	0.02	**0.56**
Furniture & Fixtures-Other than Trolly	-	-	-	-	-	**-**
Furniture & Fixtures- Trolly	0.06	0.06	0.06	0.06	0.06	**0.28**
X Ray Baggage System	0.79	0.85	0.85	0.95	1.05	**4.48**
CFT/Fire Fighting Equipment	0.06	0.06	0.06	0.06	0.06	**0.28**
Total	**35.49**	**38.06**	**41.11**	**42.88**	**40.00**	**197.55**

Authority's examination of Depreciation for the First Control Period

6.3.4 The Authority notes that the PBIA has calculated the depreciation for the First Control Period based on the useful life of the asset with the Order No. 35/ 2017-18 dated January 12, 2018. The Authority has reviewed the depreciation submitted by AAI for the First Control Period with the rates as per the Order No.35/ 2017-18 dated January 12, 2018.

6.3.5 Based on changes in the proposed capital expenditure, the Authority proposes the following depreciation for the First Control Period.

Table 32: Depreciation proposed by the Authority for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Land	-	-	-	-	-	**-**
Taxiway & Aprons	3.00	3.00	3.49	3.99	4.49	**17.97**
Road, Bridges & Culverts	-	0.25	0.50	0.50	0.50	**1.75**
Building- Terminal	17.79	17.89	17.89	17.89	17.88	**89.34**
Building - Temporary	-	-	-	-	-	**-**
Building - Residential	-	-	-	-	-	**-**
Security Fencing - Temporary	-	-	-	-	-	**-**
Boundary Wall -Operational	1.49	2.55	2.55	2.55	2.32	**11.48**
Boundary Wall - Residential	-	-	-	-	-	**-**
Other Buildings-Unclassified	0.30	0.35	0.40	0.40	0.39	**1.85**
Computer- End User	1.18	0.39	-	-	-	**1.57**
Computer Server and Network	0.01	0.00	0.00	0.00	0.00	**0.02**
Intangible Assets- Software	-	-	-	-	-	**-**
Plant & Machinery	6.04	6.45	6.66	6.66	6.54	**32.35**
Tools & Equipment	0.19	0.21	0.23	0.23	0.23	**1.08**
Office Furniture	0.27	0.27	0.24	0.22	0.21	**1.21**
Vehicles	0.11	0.10	0.09	0.09	0.03	**0.41**
Vehicle- Cars & Jeeps	-	-	-	-	-	**-**
Electrical Installations	0.09	0.29	1.15	2.02	2.25	**5.80**
Solar Power Plant	0.03	0.03	0.03	0.07	0.11	**0.27**
Other Office equipment	0.08	0.08	0.08	0.08	0.02	**0.34**
Furniture & Fixtures-Other than Trolly	-	-	-	-	-	**-**
Furniture & Fixtures- Trolly	0.06	0.06	0.06	0.06	0.06	**0.28**
X Ray Baggage System	0.79	0.85	0.85	0.95	1.05	**4.48**
CFT/Fire Fighting Equipment	0.06	0.06	0.06	0.06	0.06	**0.28**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Total	**31.48**	**32.81**	**34.27**	**35.77**	**36.14**	**170.47**

Note: The Authority proposes to consider depreciation for PBIA for the First Control Period as ₹ 170.47 Crores. The above depreciation is lesser by ₹ 27.08 Crores than that proposed by AAI i.e., ₹ 197.55 Crores, due to rationalization of CAPEX by ₹ 105.06 Crores (₹243.80 Crores minus ₹138.74 Crores) pertaining to Apron, Body Scanners and Threat Containment Vessel, etc., as explained in the Note to Table 30.

6.4 Regulatory Asset Base (RAB) for the First Control Period

AAI's Submission on RAB for PBIA for the First Control Period

6.4.1 AAI's Submission on RAB for the First Control Period for PBIA is as follows:

Table 33: RAB submitted by AAI for PBIA for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Opening RAB	793.38	819.75	860.48	875.72	843.36	
Additions	61.86	78.79	56.35	10.53	3.08	**210.60**
Disposal/Transfers	0.00	0.00	0.00	0.00	0.00	**0.00**
Depreciation	35.49	38.06	41.11	42.88	40.00	**197.55**
Closing RAB	819.75	860.48	875.72	843.36	806.44	
Average RAB	806.57	840.11	868.10	859.54	824.90	

Authority's examination of RAB for PBIA for the First Control Period

6.4.2 The Authority proposes to adopt the capitalization of Aeronautical Capital Expenditure in accordance with Table 30 and the depreciation amounts in accordance with Table 32.

6.4.3 Based on the above factors, the RAB proposed to be considered by the Authority for determination of Aeronautical tariff for the First Control Period is as follows:

Table 34: RAB proposed to be considered by the Authority for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Opening RAB (A)	745.76	749.64	735.50	744.45	718.09	
Additions (B) (refer Table 30)	35.36	18.68	43.22	9.41	32.08	**138.74***
Disposal/Transfers (C)	0.00	0.00	0.00	0.00	0.00	**0.00**
Depreciation (D) (refer Table 32)	31.48	32.81	34.27	35.77	36.14	**170.47**
Closing RAB (E) = [(A) +(B) – (C) – (D)]	749.64	735.50	744.45	718.09	714.03	
Average RAB = [(A) + (E)]/2	747.70	742.57	739.97	731.27	716.06	

**It includes the ₹28.19 Crores of the Pre- Control Period shifted to First Control Period as per the Authority.*

The Authority proposes to consider Average RAB for the PBIA for the First Control Period as detailed in Table 34.

6.5 Authority's proposals regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Capital Expenditure, Depreciation and Regulatory Asset Base for the First Control Period.

6.5.1 To adopt the capitalization of Aeronautical Capital Expenditure for the First Control Period in accordance with Table 30.

6.5.2 To true up the Capital expenditure based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for Second Control Period.

6.5.3 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and the justification is acceptable to the Authority, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Second Control Period.

6.5.4 To consider depreciation as per Table 32 for the First Control Period.

6.5.5 To true up Depreciation of the First Control Period based on the actual asset additions and actual date of capitalization, during the tariff determination of the Second Control Period.

6.5.6 To consider average RAB for the First Control Period for PBIA as per Table 34.

6.5.7 To true up the RAB based on actuals at the time of tariff determination for the Second Control Period.

7 FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD

7.1 AAI's Submission on Fair Return of Return for the First Control Period for PBIA

7.1.1 AAI has submitted that Port Blair International Airport would primarily utilize internally accrued funds to fund the capital expenditure that have been projected for the First Control Period

7.1.2 AAI has considered Fair Rate of Return (FRoR) as 14% for the First Control Period.

7.2 Authority's examination of FRoR for the First Control Period

7.2.1 The Authority notes from AAI's submission, that the capital expenditure proposed for the First Control Period would be funded through internal accruals and no debts have been proposed to be availed by AAI during the First Control Period.

7.2.2 The Authority, in its past Tariff Orders in respect of other AAI airports noted that the capital structure of AAI is not efficient due to heavy reliance on equity component and accordingly advised AAI to gradually move towards adopting efficient capital structure by raising debt funds for its airport projects.

7.2.3 The Authority, during the tariff determination for AAI airports observed that generally the equity portion is significant higher (above 90%) and the debt portion is quite nominal (below 10%). Therefore, allowing a return on equity @ 14% on this high equity portion does not bring in efficiency, as compared to the option of funding the project through an optimal mix of debt: equity, as per the normative gearing ratio for the airport projects.

7.2.4 The Authority also notes the recommendations made by the Public Investment Board (PIB) in their Minutes of Meeting dated February 20, 2024 (No. 27 (03)/ PFC-I/ 2024), wherein, the PIB has stated that *"the Authority would also consider other factors while assessing fair rate of return in cases where there is a low level of gearing with the underlying objective of protecting the reasonable interests of Users".* The above recommendation emphasizes the need to balance financial considerations, with a view to protect the Airport Users' interests

7.2.5 Considering the above, particularly the observations of PIB regarding funding of AAI Airport projects, mainly through equity with nominal debt, the Authority had taken a considered decision for AAI airports, while finalising the tariffs for Indore and Varanasi Airports, that the Authority will apply Normative Gearing Ratio of 48:52 (Debt: Equity) for determining the FRoR for AAI Airports. The Cost of Debt, Cost of Equity considered by the Authority for determination of FRoR for PBIA has been explained as follows:

Cost of Debt

7.2.6 The Authority has considered the notional Cost of Debt for the First Control Period, based on one-year Marginal Cost of Fund Based Lending Rate (MCLR) of the State Bank of India (SBI) as on June 15, 2025, which stood at 9%. The Authority had also taken into consideration the increasing trend in the MCLR-rates (for one/ two/ three years) and based on the same, the Authority proposed to consider an average 9% as the Cost of Debt for the First Control Period.

Cost of Equity

7.2.7 The Authority proposes to consider the Cost of Equity for PBIA at 15.18%, as being considered by AERA for PPP Airports, i.e., the average Cost of Equity determined by the JVC had commissioned independent studies for the evaluation of cost of capital separately, in case of each PPP Airport, namely DIAL, MIAL,

GHIAL, BIAL and CIAL through a premier institute, namely IIM Bangalore.

7.2.8 The above independent study reports have used the Capital Asset Pricing Model (CAPM) and a notional gearing (Debt: Equity) ratio of 48:52 to determine the levered Equity beta and accordingly, derive the Cost of Equity.

7.2.9 The above study report applies a methodology that factors in sovereign and business risks through components like the risk-free rate and business volatility, establishing a fair cost of equity within the FRoR calculation. This provides a relevant benchmark for estimating Port Blair Airport's cost of equity in the First Control Period, given the similar business environment, risk profile and policy framework applicable for major airports, including Port Blair Airport.

7.2.10 Based on the above reports, the Authority proposes to consider the Cost of Equity as 15.18% for Port Blair International Airport for the First Control Period.

Fair Rate of Return (FRoR)

7.2.11 Based on the above, the Authority proposes to consider FRoR as per table below for Port Blair International Airport for the First Control Period:

Table 35: Fair Rate of Return proposed to be considered by the Authority for the First Control Period

Parameter	%
Normative Debt Equity Ratio	48:52
Cost of Equity	15.18%
Cost of Notional Debt	9.00%
Fair Rate of Return for the First Control Period	12.21%

7.3 Authority's proposal regarding Fair Rate of Return (FRoR) for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to FRoR for the First Control Period.

7.3.1 To consider FRoR of 12.21 % for PBIA in respect of the First Control Period as per Table 35.

8 INFLATION FOR THE FIRST CONTROL PERIOD

8.1 AAI's submission on Inflation for the First Control Period for PBIA

8.1.1 AAI has not made any submission related to inflation as part of its MYTP for PBIA for the First Control Period.

8.2 Authority's examination on inflation for the First Control Period

8.2.1 The Authority proposes to consider the recent "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 93" released on April 9, 2025 published by the Reserve Bank of India (RBI). Accordingly, the Authority proposes to consider the mean of WPI inflation forecasts (All Commodities) for FY 2026 till FY 2030 as given in the 93rd round of survey of professional forecasters on macroeconomic indicators of RBI.

8.2.2 The Authority has assumed that the inflation rate would be stable and remain constant from FY 2026 till FY 2030. Accordingly, the following table shows the inflation rates as proposed by the Authority for the First Control Period.

Table 36: Inflation rates proposed by the Authority for the First Control Period for PBIA

Particulars	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
WPI inflation	2.80%	2.80%	2.80%	2.80%	2.80%

8.3 Authority's proposal regarding inflation for the First Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Inflation for the First Control Period:

8.3.1 To consider WPI Inflation for the First Control Period for PBIA as detailed in Table 36.

9 OPERATION AND MAINTENANCE EXPENSES FOR THE FIRST CONTROL PERIOD

9.1 AAI's Submission on Operation and Maintenance expenses for the First Control Period for PBIA

9.1.1 Operation and Maintenance (O&M) expenses submitted by AAI are segregated into the following:

- Payroll Expenses,
- Admin and General Expenditure,
- Repair and Maintenance Expenditure,
- Utilities and Outsourcing Expenditure, and
- Other outflows, i.e., Collection Charges on UDF

9.1.2 The expenses related to AAICLAS, ANS, and CISF Security, have not been considered by AAI.

9.1.3 AAI has segregated the expenses into Aeronautical expenses, Non-Aeronautical Expenses, and Common Expenses. The Common Expenses have been further segregated into Aeronautical and Non-Aeronautical based on the relevant Ratios.

9.1.4 AAI submitted that the allocation of CHQ/RHQ expenses among individual airports has been done based on the revenue of each Airport.

9.1.5 The summary of Aeronautical O&M expenses proposed by PBIA for the First Control Period has been presented in the table below:

Table 37: Operation and Maintenance (O&M) expenditure submitted by AAI for PBIA

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Payroll Costs	8.73	9.34	11.67	12.49	13.36	**55.59**
Retirement benefits of employees of PBIA	0.43	0.46	0.57	0.61	0.66	**2.73**
Repair & Maintenance Expenses	6.81	7.47	8.19	8.98	9.88	**41.31**
Utilities & Outsourcing Expenses	10.57	11.05	11.57	12.11	12.69	**58.00**
Admin. & Other General Expenses - Excluding CHQ/RHQ	9.97	9.62	9.30	9.01	8.75	**46.66**
Admin. & Other General Expenses - CHQ/RHQ	7.65	8.03	8.43	8.85	9.30	**42.26**
Other Outflows	0.29	0.34	0.38	0.44	0.50	**1.96**
Total O&M Expenditure	**44.45**	**46.31**	**50.12**	**52.50**	**55.14**	**248.51**

9.1.6 The summary of growth rates assumed by AAI for the O&M expenses have been presented in the table below:

Table 38: Growth rates in O&M expenditure submitted by PBIA

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Payroll Costs	7%	7%	25%	7%	7%
Retirement benefits of employees of PBIA	7%	7%	25%	7%	7%
Utilities & Outsourcing Expenses	10%	10%	10%	10%	10%

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Admin. & Other Expenses - CHQ/RHQ	5%	5%	5%	5%	5%

9.2 Authority's examination of Operation and Maintenance expenses for the First Control Period

9.2.1 AAI had proposed ₹ 248.51 Crores towards Operation and Maintenance expenses for the First Control Period.

Allocation of O&M expenses to Aeronautical and Non-Aeronautical activities

9.2.2 The Authority examined the allocation of Operational and Maintenance expenses by AAI between Aeronautical and Non-Aeronautical activities for PBIA. The same is explained in the following paragraphs.

9.2.3 AAI has segregated the payroll expenses excluding CHQ/RHQ between Aeronautical and Non-Aeronautical in the employee ratio of 91%: 9% for FY 2023-24, which was derived based on the headcount of Aeronautical and Non-Aeronautical employees within the airport. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.

9.2.4 AAI has segregated the expenses towards utilities between Aeronautical and Non-Aeronautical by applying electricity ratio of 97.54: 1.46 (Aeronautical: Non-Aeronautical) as per the actual meter reading after considering the recoveries made from the Concessionaires. Based on the review of the above assumptions, the Authority considers the basis of apportionment by AAI to be appropriate.

9.2.5 Upkeep expenses (included under Administrative and General Expenses) and Repairs & Maintenance (Electrical) have been apportioned in the ratio of Terminal Building by AAI which is 98.54: 1.46. However, the Authority proposes to re-allocate the above expenses in the Terminal Building ratio of 92:8, as detailed in para 6.2.6.

9.2.6 Repair and Maintenance (Civil) expenses pertaining to Terminal Building have been apportioned by AAI, by applying in the Terminal Building ratio of 98.54: 1.46 (Aeronautical: Non-Aeronautical). However, the Authority proposes to reallocate the above expenses in the Terminal Building Ratio of 92:8, as followed in other similar airports.

9.2.7 Repair and Maintenance Expenses – Electronics includes Surveillance Equipment, security equipment has been considered as Aeronautical by AAI. The Authority's analysis shows that these expenses pertain to passenger facilitation. Further, the Authority notes that it also includes hardware maintenance expenses of computers and other electronic items, which has been apportioned based on the headcount of IT Department engaged for Aeronautical purposes. As most of the equipment are located in the Terminal Building, the Authority proposes to re-allocate the above expenses in the Terminal Building ratio of 92:8.

9.2.8 Administration expenses of CHQ/ RHQ have been allocated based on methodology defined in para 4.7.4.

9.2.9 Based on the above factors, the Authority has determined the following basis for allocation of expenses, which is as follows:

Table 39: Allocation of O&M expenses proposed to be considered by Authority for PBIA

Particulars	Allocation proposed by AAI (Aeronautical: Non-Aeronautical)	Allocation considered by the Authority (Aeronautical: Non-Aeronautical)
Payroll Costs	91 :09	91 : 09
Retirement Benefits of Employees at PBIA	91 :09	91 : 09
Repair & Maintenance – Civil	98.54 : 1.46	92.00 : 8.00
Repair & Maintenance – Electrical Works	98.54 : 1.46	92.00 : 8.00
Repair & Maintenance – Electronics	100%	92.00 : 8.00
Repair & Maintenance – Electronics/Civil/Electrical towards Airside	100%	100%
Utilities	98.54 : 1.46	100.00
Upkeep Expenses	98.54 : 1.46	92.00 : 8.00
Admin. & Other Expenses – CHQ/RHQ	95.00 : 5.00	95.00 : 5.00
Other Outflows	100%	100%

Payroll expenses and Retirement Benefits of employees of PBIA:

9.2.10 AAI considered a growth rate of 7% in payroll expenses for the period 2025-26 to 2029-30. Further, AAI has proposed an additional growth rate 18% in FY 2027-28 taking into consideration, the implementation of increase in payroll on account of recommendations of the 8th Pay Commission. However, the Authority proposes to consider a growth rate of 6% year on year from FY 2025-26 to FY 2029-30 in the payroll expenses and retirement benefits of employees of PBIA. Growth rate of 6% Y-o-Y in payroll expenses is uniformly followed by the Authority in all AAI airports. Further, the Authority proposes to consider the additional increase 18% in payroll expenses submitted by AAI for FY 2027-28 on account of 8th pay commission for determining tariff for the First Control Period for PBIA on actual incurrence basis, at the time of tariff determination for the next Control Period.

Administration and General expenses- CHQ/ RHQ allocation:

9.2.11 The Authority reviewed the basis for allocation of CHQ and RHQ expenses to Port Blair Airport for the First Control Period. As per the reasoning provided in para 4.7.4, the Authority proposes to consider the amount allocated by AAI towards CHQ/RHQ expenses for FY 2024-25 for Port Blair Airport (as submitted by AAI in its MYTP) as the base and consider a 5% Y-o-Y increase for deriving the allocable CHQ/RHQ expenses for the First Control Period for PBIA. The same is presented in Table 40.

Repairs and Maintenance (R&M) expenses:

9.2.12 The Authority notes that AAI has proposed an increase of 10% Y-o-Y for repair and maintenance expenditure for the First Control Period.

9.2.13 The Authority notes that R&M expenses proposed by AAI for the First Control Period, totaling to ₹

41.31 Crores, are within the limit of 6% of the Opening RAB (net block of the respective tariff year), generally considered by the Authority for capping of R&M Expenses of airports. Accordingly, the Authority proposes to consider the R&M expenses as projected by AAI for the First Control Period.

Administration and General expenses (other than CHQ/ RHQ and upkeep expenses):

9.2.14 The Authority notes that AAI has projected a 10% year-on-year increase in Administration and General Expenses (excluding CHQ/RHQ and Upkeep expenses) for the First Control Period, with an additional 5% increase proposed in FY 2025-26 on account of the operationalization of the New Terminal Building in July 2023.

However, since the new terminal became operational in FY 2023-24, the Authority proposes to consider only a 10% increase in FY 2025-26 (and not the additional 5% proposed by AAI), consistent with the approach adopted for similar airports. The Authority further considers AAI's submitted projections for the remaining tariff years of the First Control Period to be in line with established practices at comparable airports.

Interest on Loan

Administration and General expenses (other than CHQ/ RHQ and upkeep expenses), included Interest on Loan amounting to ₹ 13.83 Crores, apportioned to Port Blair Airport, from total interest on loan incurred by AAI on the debts availed by it as a whole, for all the airports. The Authority notes that AAI has not allocated any debt specifically for Port Blair Airport. Therefore, the Authority proposes not to consider the above interest on loan apportioned to Port Blair Airport by AAI.

Expenses towards Utilities and Outsourcing Expenses:

9.2.15 The Authority examined the expenses towards utilities and noted the following:

Power expenses: AAI has projected an increase of 3% per year after netting off the recoveries made from the Concessionaires. However, it has been observed that power charges at Port Blair Airport are higher compared to other similar airports, even though the airport does not operate 24 hours a day. This is mainly due to Port Blair's geographical isolation from the mainland power grid, which results in a heavy reliance on oil and other non-renewable sources for electricity generation, making each unit of power more expensive and increasing the airport's overall electricity costs. Notably, at this airport, power and utilities expenses are the highest operating cost item, even exceeding payroll expenses.

To reduce future electricity expenses, AAI has proposed a capital expenditure of ₹2 Crores in FY 2028-29 for installing rooftop solar PV panels on the city side of the old terminal building.

Considering the above peculiarity of the Port Blair airport, the power expenses including projected by AAI, the Authority considers the 3% annual increase in net power costs from FY 2025-26 to FY 2029-30, seems to be reasonable.

Water Charges: AAI has proposed an increase of 10% Y-o-Y towards water charges at Port Blair Airport for the First Control Period. A year-on-year escalation of 10% seems reasonable on account of higher consumption due to the operationalization of the new terminal and increasing passenger traffic.

Outsourcing expenses: AAI has projected outsourcing expenses towards consumption of stores and spares, manpower and vehicle hiring charges, after considering 10% Y-o-Y increase on the actual expenses incurred in FY 2023-24. The Authority is of the view all outsourcing expenses may not increase by 10% Y-o-Y, as proposed by AAI. Accordingly, the Authority proposes to consider a 5%

increase Y-o-Y, as followed in other similar airports.

Upkeep expenses:

9.2.16 The Authority observes that for upkeep expenses, AAI has proposed one time increase of 46% in FY 2025-26 and 3.5% increase year-on-year for the First Control Period. The Authority notes that these are contractual expenses, wherein the rates have been finalized for the entire contract period (which is 3 years), and it includes the cost of materials, equipment and labour (including statutory benefits such as PF, ESI, Bonus etc.) and increase in minimum wages is being reimbursed to the contractors on an actual basis. As manpower expense is a significant component and the revision of Minimum wages is based on statutory requirements, the Authority considers the 3.5% increase year-on-year, projected by AAI as reasonable and therefore, proposes to consider the same for the First Control Period, for Port Blair International Airport.

Other Outflows- Collection charges on UDF:

9.2.17 For other outflows, i.e., Collection Charges on UDF, AAI has considered the growth rate to be the same as that of passenger traffic. The Authority proposes to use the same approach, as it is a reasonable cost driver.

9.2.18 Based on the above analysis and rationalisation, the Authority has determined the O&M expenses, which it proposes to consider in the First Control Period. The same has been presented as follows:

Table 40: Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Payroll Costs	8.56	9.08	9.62	10.20	10.81	**48.27**
Retirement benefits of Employees at Port Blair Airport	0.42	0.45	0.47	0.50	0.53	**2.37**
Repair & Maintenance Expenses	6.54	7.17	7.86	8.62	9.48	**39.68**
Power Expenses	8.23	8.47	8.73	8.99	9.26	**43.68**
Utilities & Outsourcing Expenses	2.31	2.52	2.75	3.01	3.29	**13.89**
Upkeep Expenses	3.65	3.78	3.91	4.05	4.19	**19.58**
Admin. & Other General Expenses - Excluding CHQ/RHQ and Upkeep expenses	2.08	2.28	2.51	2.76	3.04	**12.68**
Admin. & Other General Expenses - CHQ/RHQ	7.65	8.03	8.43	8.85	9.30	**42.26**
Other Outflows	0.29	0.34	0.38	0.44	0.50	**1.95**
Total O&M Expenditure	**39.73**	**42.12**	**44.68**	**47.42**	**50.40**	**224.36**

Note: The variance between O&M expenses proposed by the Authority for the First Control Period (₹ 224.36 Crores) and that claimed by AAI (₹ 248.51 Crores) is on account of the following:

i. Rationalization of payroll expenses amounting to ₹ 7.32 Crores

ii. Rationalization of utilities and outsourcing expenses amounting to ₹ 0.44 Crores

iii. Rationalisation of Repair and Maintenance expenses amounting to ₹ 1.63 Crores.

iv. Rationalization of Admin- (other than CHQ/ RHQ) expenses amounting to ₹ 14.41 Crores

The Authority expects AAI to bring in efficiencies in the operating expenses for the benefit of airport users and to make the Port Blair airport economically viable.

9.2.19 Based on the above considerations, the Authority proposes the following Y-o-Y growth rates in Operation and Maintenance expenses.

Table 41: Growth rates in O&M expenses considered by the Authority for the First Control Period

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Payroll Costs	6%	6%	6%	6%	6%
Retirement Benefits of Employees at PBIA	6%	6%	6%	6%	6%
Repair & Maintenance Expenses	10%	10%	10%	10%	10%
Power Expenses	3%	3%	3%	3%	3%
Water Expenses	10%	10%	10%	10%	10%
Admin. & Other General Expenses - Excluding CHQ/RHQ and Upkeep expenses	10%	10%	10%	10%	10%
Admin. & Other General Expenses - CHQ/RHQ	5%	5%	5%	5%	5%
Upkeep Expenses	57%*	3.5%	3.5%	3.5%	3.5%
Other Outflows	18%	15%	14%	14%	14%

** The % increase in upkeep expenses for FY 2025-26 (57%) proposed by the Authority vis-à-vis FY 2024-25 is higher than that proposed by AAI (46%), due to rationalization of base year (FY 2024-25) by reallocation of upkeep expenses by applying TB ratio of 92:8 as per AERA, as compared to the TB ratio of 98.54:1.46 applied by AAI.*

9.3 Authority's proposal regarding Operation and Maintenance expenses for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to O&M expenses for the First Control Period.

9.3.1 To consider O&M expenses for the First Control Period for PBIA as per Table 40.

9.3.2 To true-up the O&M expenses incurred by AAI for PBIA during the First Control Period, at the time of tariff determination for the next Control Period, subject to reasonableness and efficiency.

10 NON-AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

10.1 AAI's submission regarding Non-Aeronautical Revenue for the First Control Period for Port Blair International Airport

10.1.1 AAI has forecasted revenue from services other than Aeronautical services for Port Blair International Airport as below:

Table 42: Non-Aeronautical revenue projections submitted by AAI for Port Blair International Airport

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
1. Passenger Related						
Restaurant / Snack Bars/ Retail	4.48	5.02	5.61	6.29	7.04	**28.44**
T.R. Stall	2.54	2.80	3.07	3.38	3.72	**15.52**
Hoarding & Display	1.76	1.97	2.20	2.47	2.77	**11.17**
Car Rentals	0.60	0.66	0.73	0.80	0.88	**3.66**
Car Parking	0.95	1.04	1.15	1.26	1.39	**5.78**
Admission Tickets	0.01	0.01	0.01	0.01	0.01	**0.07**
Other Misc Income	0.72	0.76	0.80	0.84	0.88	**3.99**
3. Other Revenue						
Land Leases	0.00	0.00	0.00	0.00	0.00	**0.00**
Building (Residential)	0.00	0.00	0.00	0.00	0.00	**0.00**
Building (Non-Residential)	0.05	0.06	0.06	0.07	0.07	**0.31**
Total	**11.12**	**12.32**	**13.63**	**15.12**	**16.76**	**68.95**

10.1.2 The growth rates assumed by AAI have been presented in the table below.

Table 43: Growth rates assumed by AAI for Port Blair International Airport for Non-Aeronautical revenue

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1. Passenger Related					
Restaurant / Snack Bars	7%	12%	12%	12%	12%
T.R. Stall	79%	10%	10%	10%	10%
Hoarding & Display	47%	12%	12%	12%	12%
Car Rentals	140%	10%	10%	10%	10%
Car Parking	58%	10%	10%	10%	10%
Admission Tickets	10%	10%	10%	10%	10%
Other Misc Income	5%	5%	5%	5%	5%
3. Other Revenue					
Land Leases	15%	0%	0%	0%	0%
Building (Residential)	5%	5%	5%	5%	5%
Building (Non-Residential)	7%	7%	7%	7%	7%

10.2 Authority's examination regarding Non-Aeronautical Revenue for the First Control Period

10.2.1 The Authority reviewed sample contracts executed with the Concessionaires by AAI during FY 2024-25 and considered the NAR for FY 2024-25 as the basis, to assess the Non-Aeronautical Revenue (NAR) projected by AAI for the First Control Period.

Revenue from Passenger-related services

10.2.2 The Authority notes that the total NAR projected by AAI for the First Control Period, that is ₹ 68.95 Crores for Port Blair Airport. Further, the revenue from Passenger services (other than Rent and Services) projected for the First Control Period amounts to ₹ 68.64 Crores.

10.2.3 The Authority notes that AAI had considered substantial growth rates of 79%, 47%, 140% and 58% in T.R. stalls, Hoarding and Displays, Car rental and Car parking revenue in FY 2025-26 as compared to the FY 2024-25, due to new contracts being executed with the Concessionaires.

10.2.4 The Authority is of the view that Port Blair, being a prominent tourist destination, is likely to witness a steady growth in passenger traffic during the First Control Period. With the increased capacity of the New Terminal Building, the airport will be better equipped to handle higher footfall. Further, possibility may be explored if the existing old Terminal Building can be repurposed to generate Non-Aeronautical revenue by utilizing the space for various commercial activities beyond traditional retail and food and beverage outlets. These may include premium offerings such as lounges, VIP services, transit accommodation and tourism-related services. The Authority takes cognizance of this opportunity to enhance Non-Aeronautical revenue streams and acknowledges that Port Blair International Airport is expected to handle increased passenger traffic. In view of the above, the Authority proposes to consider the Non-Aeronautical Revenue for FY 2025-26 as submitted by AAI and consider increasing the NAR for FY 2026-27 to FY 2029-30 in line with the growth in domestic passenger traffic (Table 26), adjusted with Y-o-Y inflationary increase, as per the inflation rates stated in Chapter 8 of this Consultation Paper.

Other revenue

10.2.5 The Authority has examined the Revenue from other services proposed by AAI as follows:-

i Revenue from Building (residential): The Authority notes that AAI has assumed 5% Y-o-Y increase in revenue from Building (residential) and proposes to consider the same.

ii Land Lease: AAI has proposed 15% growth for FY 2025-26 and NIL growth for the remaining tariff years for First Control Period. The Authority proposes to consider the land lease rate growth of 15% in FY 2025-26, as projected by AAI.

iii Building (Non-Residential): AAI has projected 7.5% Y-o-Y increase for First Control Period, towards Building (Non-Residential) and the Authority proposes to consider the same, as these are administrative / contractual rate increases.

10.2.6 Based on the Authority's examination, the NAR determined for PBIA for the First Control Period, has been presented in the table below:

Table 44: Non-Aeronautical revenues proposed by the Authority for PBIA for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
1. Passenger related revenue						
Restaurant / Snack Bars/ Retail	4.48	5.28	6.16	7.20	8.41	**31.53**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
T.R. Stall	2.54	3.00	3.50	4.09	4.77	**17.90**
Hoarding & Display	1.76	2.07	2.42	2.83	3.30	**12.39**
Car Rentals	0.60	0.71	0.83	0.96	1.13	**4.22**
Car Parking	0.95	1.12	1.30	1.52	1.78	**6.66**
Admission Tickets	0.01	0.01	0.02	0.02	0.02	**0.08**
Other Misc Income	0.72	0.76	0.80	0.84	0.88	**3.99**
2. Other Revenue						
Land Leases	0.00	0.00	0.00	0.00	0.00	**0.00**
Building (Residential)	0.00	0.00	0.00	0.00	0.00	**0.00**
Building (Non-Residential)	0.05	0.06	0.06	0.07	0.07	**0.31**
Total	**11.12**	**13.00**	**15.09**	**17.52**	**20.36**	**77.09**

10.2.7 The growth rates as per Authority's examination have been presented in the table below:

Table 45:Growth rates in Non-Aeronautical revenue proposed by the Authority

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1. Passenger related revenue					
Restaurant / Snack Bars	7%	18%	17%	17%	17%
T.R. Stall	79%	18%	17%	17%	17%
Hoarding & Display	47%	18%	17%	17%	17%
Car Rentals	140%	18%	17%	17%	17%
Car Parking	58%	18%	17%	17%	17%
Admission Tickets	10%	18%	17%	17%	17%
Other Misc Income	5%	5%	5%	5%	5%
3. Other Revenue					
Land Leases	15%	0%	0%	0%	0%
Building (Residential)	5%	5%	5%	5%	5%
Building (Non-Residential)	7%	7%	7%	8%	8%

10.3 Authority's proposal regarding Non-Aeronautical revenues for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Non-Aeronautical revenue for the First Control Period:

10.3.1 To consider Non-Aeronautical revenues for the First Control Period for PBIA in accordance with Table 44.

10.3.2 To consider true up of Non-Aeronautical revenues at the time of determination of tariff for the next Control Period if it is higher than that proposed by the Authority for the First Control Period.

11 TAXATION FOR THE FIRST CONTROL PERIOD

11.1 AAI's Submission on Taxation for the First Control Period for PBIA

11.1.1 AAI has calculated the revenue generated from regulated services, Aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per income tax. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% was applied, after setting off prior losses. The Aeronautical taxes submitted by PBIA are shown in the table below:

Table 46: Tax Expense submitted by AAI for PBIA for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Aeronautical Revenue with Revised Rates	103.20	129.65	160.26	197.36	241.72	**832.19**
O&M expenses	44.45	46.31	50.12	52.50	55.14	**248.51**
Depreciation	78.86	78.17	76.85	72.07	65.12	**371.09**
Profit Before Tax	(20.11)	5.17	33.29	72.79	121.46	**212.60**
Set-off of prior period tax losses	-	(5.17)	(33.29)	(72.79)	(24.88)	**(136.12)**
PBT after set-off of prior period losses	(20.11)	-	-	-	96.58	**76.47**
Tax rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Tax	0.00	0.00	0.00	0.00	24.31	**24.31**

11.2 Authority's examination of Taxation for the First Control Period

11.2.1 The Authority notes that PBIA has calculated income tax based on the projected Aeronautical revenues. The Authority has re-computed the taxes based on the revised revenues computed by the Authority after rationalisation of regulatory blocks for the First Control Period, as discussed in the previous chapters. The following table summarizes the Aeronautical taxes proposed by the Authority for the First Control Period.

Table 47: Taxation proposed to be considered by the Authority for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Aeronautical Revenue (refer Table 54)	81.41	95.64	116.52	141.36	169.23	**604.17**
O&M expenses (refer Table 40)	39.73	42.12	44.68	47.42	50.40	**224.36**
Depreciation	72.63	67.56	63.32	59.37	55.24	**318.12**
Profit Before Tax	**(30.95)**	**(14.04)**	**8.52**	**34.57**	**63.60**	**61.69**
Set-off of prior period tax losses	-	-	(8.52)	(34.57)	(63.60)	**(106.68)**
PBT after set-off of prior period tax losses	-	-	-	-	-	**-**
Tax rate (%)	*25.17%*	*25.17%*	*25.17%*	*25.17%*	*25.17%*	
Tax	**-**	**-**	**-**	**-**	**-**	**0.00**

Note: The variance between taxation proposed by the Authority for the First Control Period (NIL) and that claimed by AAI (₹ 24.31 Crores) is on account of the following:

i. Rationalization of aeronautical revenue amounting to ₹ 228.02 Crores.

ii. Rationalization of O&M expenses amounting to ₹ 24.15 Crores.

iii. Variance in depreciation amounting to ₹ 52.97 Crores due to rationalization of CAPEX.

11.3 Authority's proposal regarding Taxation for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Tax Expense for the First Control Period.

11.3.1 To consider the Taxation for the First Control Period for PBIA as per Table 47.

11.3.2 To true up the aeronautical tax amount appropriately, as per the actuals at the time of tariff determination for the Second Control Period.

12 QUALITY OF SERVICE FOR THE FIRST CONTROL PERIOD

12.1 AAI's Submission on Quality of Service for the First Control Period for PBIA

12.1.1 PBIA has not made any submission related to Quality of Service as part of its MYTP submission. The Authority was informed that the same is available in AAI's website (station-wise).

12.2 Authority's examination regarding Quality of Service for the First Control Period

12.2.1 The Authority notes that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *"monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf.*"
- As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration *"the service provided, its quality and other relevant factors."*

12.2.2 The Authority notes that Port Blair Airport has been declared Major Airport on May 02, 2024, hence, ACI ASQ survey results are available for PBIA only for the year 2025 (Q1) which is 4.65 (overall score), as against the average score of AAI Airports which is 4.84

Table 48: ASQ rating for PBIA for the years 2025

Calendar Year (CY)	ASQ rating
2025 (Q1)	4.65

12.2.3 The Authority notes that the ASQ rating awarded to PBIA is quite close to the average rating of the AAI airports and the same is more than the required overall airport satisfaction score of 4.5 on ACI ASQ Survey ratings, as mandated under NCAP, 2016 for AAI operated airports.

12.2.4 The Authority does not propose any adjustment towards tariff determination for the First Control Period on account of quality of service maintained by PBIA, as the ASQ rating of the Airport, is closer to the average of score of AAI Airports.

12.3 Authority's proposal regarding Quality of Service for the First Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Quality of Service for the First Control Period:

12.3.1 Not to consider any adjustment towards tariff determination for the First Control Period with regard to Quality of Service.

13 AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FIRST CONTROL PERIOD

13.1 AAI's Submission on Aggregate Revenue Requirement for the First Control Period for PBIA

13.1.1 AAI has submitted ARR and Yield per Passenger (YPP) for the First Control Period as per the regulatory building blocks discussed.

13.1.2 The summary of ARR and YPP has been presented in the table below.

Table 49: ARR submitted by AAI for PBIA for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Average RAB	806.57	840.11	868.10	859.54	824.90	
Fair Rate of Return	14%	14%	14%	14%	14%	
Return on average RAB	112.92	117.62	121.53	120.34	115.49	**587.89**
Depreciation	35.49	38.06	41.11	42.88	40.00	**197.55**
O&M expenses	44.45	46.31	50.12	52.50	55.14	**248.51**
Tax expense	0.00	0.00	0.00	0.00	24.31	**24.31**
ARR per year	**192.86**	**201.99**	**212.76**	**215.72**	**234.93**	**1,058.26**
Shortfall carried forward from Pre-Control Period	247.31	0	0	0	0	**247.31**
Gross ARR	**440.17**	**201.99**	**212.76**	**215.72**	**234.93**	**1,305.57**
NAR	11.12	12.32	13.63	15.12	16.76	**68.95**
Less: 30% NAR	3.34	3.70	4.09	4.54	5.03	**20.68**
Net ARR	436.83	198.29	208.68	211.18	229.90	**1,284.89**
Discount factor (@ 14.00%)	1.00	0.88	0.77	0.67	0.59	
PV of ARR (₹ Crores)	436.83	173.94	160.57	142.54	136.12	**1,050.01**
Sum Present value of ARR (₹ Crores)					**1,050.01**	**1,050.01**
Total Traffic (million passengers)					13.04	**13.04**
Yield per passenger on Total Traffic (YPP) (₹)					805.04	**805.04**

13.2 Authority's examination of Aggregate Revenue Requirement (ARR) for the First Control Period

13.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. Consequent to detailed examination of each regulatory building block, the Authority proposes the following ARR and YPP, as presented in the table below:

Table 50: ARR proposed to be considered by the Authority for the First Control Period

(₹ Crores)

Particulars	Table Ref.	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Average RAB = A	Table 34	747.70	742.57	739.97	731.27	716.06	
Fair Rate of Return = B	Table 35	12.21%	12.21%	12.21%	12.21%	12.21%	

Particulars	Table Ref.	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Return on average RAB C= A*B		91.29	90.67	90.35	89.29	87.43	449.03
Depreciation – D	Table 32	31.48	32.81	34.27	35.77	36.14	170.47
O&M expenses – E	Table 40	39.73	42.12	44.68	47.42	50.40	224.36
Tax expense – F	Table 47	-	-	-	-	-	-
Shortfall carried forward from Pre-Control Period-G	Table 22	97.94					97.94
ARR per year = SUM (C:G)		**260.44**	**165.60**	**169.31**	**172.48**	**173.97**	**941.80**
NAR	Table 44	11.12	13.00	15.09	17.52	20.36	77.09
Less: 30% NAR – I		3.34	3.90	4.53	5.26	6.11	23.13
Net ARR = (H-I)		**257.10**	**161.70**	**164.78**	**167.22**	**167.86**	**918.67**
Discount factor (@ 12.21%)		1.00	0.89	0.79	0.71	0.63	
PV of ARR (₹ Crores)		257.10	144.11	130.87	118.36	105.88	756.32
Sum Present value of ARR (₹ Crores)		756.32					**756.32**
Total Traffic (MPPA)	Table 26	13.00					**13.00**
Yield per passenger on Total Traffic (YPP) (₹)		581.66					**581.66**
Departing passengers (MPPA)		6.50					**6.50**
Yield per Departing Passenger (₹)		1,163.31					**1,163.31**

13.2.2 AERA has determined PV of ARR of ₹ 756.32 Crores, as against the PV of ARR of ₹ 1,050.01 proposed by AAI**.** The variation of ₹ 293.69 Crores between the ARR proposed by the Authority and that claimed by AAI are mainly attributable to following factors:

i Rationalization of CAPEX (refer Table 30) amounting to ₹ 105.06 Crores, resulting in reduction of Depreciation and Return on RAB by ₹ 27.08 crores & ₹ 138.86 crores respectively.

ii Determination of FRoR by the Authority as 12.21% as against 14% claimed by AAI.

iii Rationalization of O&M expenses like Payroll expenses, Admin and General expenses (other than CHQ/ RHQ allocations), etc. amounting to ₹ 24.15 Crores.

iv Consideration of shortfall for pre-Control Period (FY 2024-25) at ₹ 97.94 crores as against ₹ 141.74 crores proposed by AAI.

v Reduction in taxation, due to rationalization of other building blocks such O&M expenses, depreciation and the Aeronautical revenue determined by the Authority (based on the proposed Tariff Rate card of the Authority).

13.3 Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to ARR for the First Control Period.

13.3.1 To consider the ARR and Yield for the First Control Period for PBIA in accordance with Table 50.

13.3.2 To true-up the ARR and YPP for the First Control Period based on the actuals subject to efficiency and reasonability at the time of tariff determination of Second Control Period.

14 AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

14.1 AAI's Submission on Aeronautical Revenue for the First Control Period for PBIA

14.1.1 AAI has proposed to increase the Aeronautical tariffs with effect from April 01, 2025 as per the schedule below:

- **Parking charges** - For domestic and international ATM, AAI has proposed one-time increase of 110% from the existing charges w.e.f. April 1, 2025 to March 31, 2026 and thereafter 6% increase Y-o-Y.
- **User Development Fee (UDF)** – AAI has proposed the following UDF rates w.e.f. April 1, 2025.

Table 51: Increase in UDF rates proposed by AAI

Particulars		FY	FY	FY	FY	FY
	Existing rates	2025-26	2026-27	2027-28	2028-29	2029-30
Domestic UDF	709	1,000	1,100	1,200	1,300	1,400
Domestic UDF		41%	10%	9%	8%	8%
International UDF	709	1,000	1,100	1,200	1,300	1,400
International UDF		41%	10%	9%	8%	8%

Table 52: Aeronautical revenue submitted by AAI for PBIA for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Parking Charges	0.11	0.13	0.16	0.18	0.22	**0.80**
UDF Charges	97.97	123.85	153.85	190.25	233.84	**799.76**
CUTE charges	2.36	2.71	3.09	3.53	4.02	**15.72**
Ground handling charges	0.67	0.75	0.83	0.92	1.02	**4.20**
Royalty from AAICLAS	1.27	1.33	1.40	1.46	1.54	**6.99**
Space Rent from Airlines	0.71	0.77	0.83	0.89	0.95	**4.15**
Land Lease	0.11	0.11	0.11	0.12	0.12	**0.56**
Total Revenue	**103.20**	**129.65**	**160.26**	**197.36**	**241.72**	**832.19**

14.1.2 For revenues based on agreements i.e., Land lease from oil companies, AAI has proposed to consider the same revenue of FY 2025-26 for FY 2026-27 to FY 2027-28.

14.2 Authority's examination of Aeronautical Revenue for the First Control Period

14.2.1 The Authority observes AAI has proposed a one-time increase of 110% in Domestic and International Parking charges in FY 2025-26 (as mentioned in para 14.1.1 above) and thereafter 6% increase Y-o-Y till FY 2029-30.

14.2.2 However, based on the rationalizations proposed by the Authority on the various regulatory building blocks (as discussed in the previous chapters), the Authority has derived the PV of ARR as ₹ 756.32 Crores (as per Table 50) for the First Control Period for Port Blair Airport. It is understandable that Port Blair Airport, located on the Andaman & Nicobar Islands, faces unique logistical challenges due to its geographical isolation and strategic location. The under-recovery during the Pre-Control Period, combined with the planned capital expenditure, have resulted in a higher Aggregate Revenue Requirement (ARR) for the current Control Period. However, the existing traffic base, primarily driven by seasonal and tourist-driven demand, is not sufficient for the complete recovery of the ARR. To

recover this shortfall, would require a significant increase in tariff, which under current circumstances could adversely impact traffic recovery and the airport's growth prospects. Further, this low traffic base has a significant impact on the increase in tariff, which is being determined for the first time for Port Blair Airport under AERA's regulatory framework, wherein hitherto tariff rate card of non-Major airport had been followed.

14.2.3 Recognizing the above constraints, even the Airport Operator (AAI) has consciously proposed a recovery of only 62% of the ARR in this Control Period (by carrying forward 38% of the under-recovery to the next Control Period), acknowledging the limitations of the present traffic base and the fact that almost entire portion of the airport's revenue is derived from domestic UDF collections (around 95%). Moreover, the Authority notes that as Port Blair being a civil enclave airport, landing charges are collected by the Defence Authorities, thereby limiting the recovery of ARR majorly through UDF charges. Accordingly, in line with Airport Operator's submission, the Authority also proposes to carry forward 38% of ARR for the First Control Period worked out by AERA, to the next control period.

14.2.4 Considering all the above factors and with a view to levying only a reasonable UDF on embarking passengers, the Authority proposes to implement a UDF levy on both embarking and disembarking passengers. This proposal is based on the understanding that disembarking passengers also utilize airport facilities and imposing a portion of the UDF on disembarking passengers would help distribute the recovery burden more equitably. However, recognizing that the extent of airport facilities used by disembarking passengers is comparatively lower than that of embarking passengers, the Authority proposes to adopt a differentiated UDF levy in the ratio of 75:25 between embarking and disembarking passengers. Accordingly, the Domestic and International UDF charges proposed by AERA for the First Control Period for PBIA are as follows:

Table 53: UDF charges proposed by the Authority for PBIA for the First Control Period

Passenger	FY 2024-25	FY 2025-26 (April 1, 2025 to August 31, 2025) (existing rates)	FY 2025-26 (September 1, 2025 to March 31, 2026)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Domestic (in ₹)	709	745	**800**	**800**	**860**	**920**	**970**
Embarking			600	600	640	680	710
Disembarking			200	200	220	240	260
International (in ₹)	709	745	**800**	**800**	**900**	**970**	**1,070**
Embarking			600	600	670	700	770
Disembarking			200	200	230	270	300

14.1.1 The Authority has determined the Aeronautical revenue based on the proposed Aeronautical charges as follows:

Table 54: Aeronautical revenues proposed to be considered by the Authority for the First Control Period

(₹ Crores)

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Total PV of ARR including true up (₹ in Crores) (a) (as per Table 50)	**756.32**					**756.32**
Aeronautical Revenue						
UDF Charges (₹ in Crores)	76.18	89.85	110.12	134.27	161.37	**571.79**
Parking and Housing Charges (₹ in Crores)	0.11	0.13	0.16	0.18	0.22	**0.80**
CUTE charges-Domestic (₹ in Crores)	2.34	2.69	3.06	3.49	3.98	**15.56**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
CUTE charges- International (₹ in Crores)	0.02	0.02	0.02	0.02	0.03	**0.11**
Ground handling charges (₹ in Crores)	0.67	0.75	0.83	0.92	1.02	**4.20**
Royalty from AAICLAS (₹ in Crores)	1.27	1.33	1.40	1.46	1.54	**6.99**
Land Lease – Oil Companies / Ground Handling Companies (₹ in Crores)	0.11	0.11	0.11	0.12	0.12	**0.56**
Space rent from Airlines	0.71	0.77	0.83	0.89	0.95	
Total Revenue (b)	**81.41**	**95.64**	**116.52**	**141.36**	**169.23**	**604.17**
PV factor	1.00	0.89	0.79	0.71	0.63	
PV of Aero Revenue (c)	81.41	85.24	92.54	100.06	106.75	**465.99**
∑ PV Projected Aero Revenue (d)	**465.99**					**465.99**
Surplus/ (Shortfall) proposed to be carried forward for Next Control Period (d) – (a) (as on March 31, 2025)	**(290.33)**					**(290.33)**

14.2.5 As can be seen from the above table, as per the Authority's proposal, AAI is entitled to recover an ARR of ₹ 756.32 Crores (in NPV terms) in respect of the First Control Period. The present value of total projected Aeronautical revenues as per the Authority, including proposed Parking and UDF charges, is ₹ 465.99 Crores (in NPV terms), thus resulting in a net under recovery of ₹ 290.33 Crores (38% of ARR), which the Authority proposes to carry forward to the next Control Period.

14.3 Authority's proposal regarding Aeronautical Revenue for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to Aeronautical Revenue for the First Control Period:

14.3.1 To consider Aeronautical revenue for the First Control Period for PBIA as per Table 54.

14.3.2 To true up Aeronautical revenue based on actual numbers for the First Control Period at the time of determination of tariff for the Second Control Period.

15 SUMMARY OF AUTHORITY'S PROPOSALS

Chapter 4: True Up of the Pre-Control Period

4.11.1 To consider capital additions as detailed in Table 9 for true up of the Pre-Control Period.

4.11.2 To consider Aeronautical Depreciation as mentioned in Table 10 for true up of the Pre-Control Period.

4.11.3 To consider RAB as per Table 11 for true up for the Pre-Control period.

4.11.4 To consider FRoR as 12.21% as per Table 12 for true up of the Pre-Control Period.

4.11.5 To consider the Non-Aeronautical revenues as presented in Table 13 for true up of the Pre-Control Period.

4.11.6 To consider the O&M expenses as detailed in Table 18 for true up of the Pre-Control Period.

4.11.7 To consider actual Aeronautical revenue as per Table 21 for true up of the Pre-Control Period.

4.11.8 To consider ARR and the Under-recovery as detailed in Table 22 for true up of the Pre-Control Period and adjust the shortfall of the Pre-Control Period in the ARR for the First Control Period.

Chapter 5: Traffic for the First Control Period

5.3.1 To consider the passenger and ATM traffic for the First Control Period for PBIA as per Table 26.

5.3.2 To true up the traffic volume (passenger and ATM) on the basis of actual traffic in the First Control Period while determining tariff for the Second Control Period.

Chapter 6: Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the First Control Period

6.5.1 To adopt the capitalization of Aeronautical Capital Expenditure for the First Control Period in accordance with Table 30.

6.5.2 To true up the Capital expenditure based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for Second Control Period.

6.5.3 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and the justification is acceptable to the Authority, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Second Control Period.

6.5.4 To consider depreciation as per Table 32 for the First Control Period.

6.5.5 To true up Depreciation of the First Control Period based on the actual asset additions and actual date of capitalization, during the tariff determination of the Second Control Period.

6.5.6 To consider average RAB for the First Control Period for PBIA as per Table 34.

6.5.7 To true up the RAB based on actuals at the time of tariff determination for the Second Control Period.

Chapter 7: Fair Rate of Return (FroR) for the First Control Period

7.3.1 To consider FRoR of 12.21 % for PBIA in respect of the First Control Period as per Table 35.

Chapter 8: Inflation for the First Control Period

8.3.1 To consider WPI Inflation for the First Control Period for PBIA as detailed in Table 36.

Chapter 9: Operation and Maintenance expenses for the First Control Period

9.3.1 To consider O&M expenses for the First Control Period for PBIA as per Table 40.

9.3.2 To true-up the O&M expenses incurred by AAI for PBIA during the First Control Period, at the time of tariff determination for the next Control Period, subject to reasonableness and efficiency.

Chapter 10: Non-Aeronautical revenue for the First Control Period

10.3.1 To consider Non-Aeronautical revenues for the First Control Period for PBIA in accordance with Table 44.

10.3.2 To consider true up of Non-Aeronautical revenues at the time of determination of tariff for the next Control Period if it is higher than that proposed by the Authority for the First Control Period.

Chapter 11: Taxation for the First Control Period

11.3.1 To consider the Taxation for the First Control Period for PBIA as per Table 47.

11.3.2 To true up the aeronautical tax amount appropriately, as per the actuals at the time of tariff determination for the Second Control Period.

Chapter 12: Quality of Service for the First Control Period

12.3.1 Not to consider any adjustment towards tariff determination for the First Control Period with regard to Quality of Service.

Chapter 13: Aggregate Revenue Requirement (ARR) for the First Control Period

13.3.1 To consider the ARR and Yield for the First Control Period for PBIA in accordance with Table 50.

13.3.2 To true-up the ARR and YPP for the First Control Period based on the actuals subject to efficiency and reasonability at the time of tariff determination of Second Control Period.

Chapter 14: Aeronautical Revenue for the First Control Period

14.3.1 To consider Aeronautical revenue for the First Control Period for PBIA as per Table 54.

14.3.2 To true up Aeronautical revenue based on actual numbers for the First Control Period at the time of determination of tariff for the Second Control Period.

16 STAKEHOLDERS' CONSULTATION TIMELINE

16.1 In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 15 – Summary of the Authority's proposals read with the relevant discussion in the other chapters of the Paper is hereby put forth for Stakeholders' Consultation.

16.2 For removal of doubts, it is clarified and explained that the contents of this Consultation Paper may not be construed as any Order or Direction by the Authority. The Authority shall pass an order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decisions fully documented and explained in terms of the provisions of the Act.

16.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in this Consultation Paper, latest by 18.08.2025.

Secretary,
Airports Economic Regulatory Authority of India
3rd Floor, Udaan Bhawan
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(Chairperson)

17 LIST OF ANNEXURES

17.1 Annexure I: Annual Tariff proposal submitted by AAI for PBIA for the First Control Period

17.1.1 As part of the Multi-year Tariff proposal, AAI submitted a Tariff Card for all five years of the First Control Period. The Authority examined AAI's Multi-year Tariff Proposal, along with all regulatory building blocks. The Authority's examination has been discussed in this Consultation Paper in the previous Chapters.

17.1.2 The tariff card proposed by AAI for the First Control Period has been reproduced here. For purposes of comparison, the existing Aeronautical charges have been provided along with the charges proposed by AAI.

i. Parking Charges

Table 55: Existing Parking charges (Domestic)

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to four hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 40 MT	Rs. 2.60 Per Hour Per MT	Rs. 5.20 per hour per MT
Above 40 MT up to 100 MT	Rs. 104 plus Rs. 5.00 per MT per hour in excess of 40 MT	Rs. 208 plus Rs. 10.00 per MT per hour in excess of 40 MT
More than 100 MT	Rs. 404 plus Rs. 7.60 per MT per hour in excess of 100 MT	Rs. 808 plus Rs. 15.20 per MT per hour in excess of 100 MT

Table 56: Existing Parking Charges (International)

Weight of Aircraft	Parking Charges Rates per Hour (₹) (up to four hours after first two free hours)	Parking Charges Rates per Hour (₹) (beyond first four hours)
Up to 40 MT	Rs. 3.10 Per Hour Per MT	Rs. 6.20 per hour per MT
Above 40 MT up to 100 MT	Rs. 124 plus Rs. 5.70 per MT per hour in excess of 40 MT	Rs. 248 plus Rs. 11.40 per MT per hour in excess of 40 MT
More than 100 MT	Rs. 466 plus Rs. 8.80 per MT per hour in excess of 100 MT	Rs. 932 plus Rs. 17.60 per MT per hour in excess of 100 MT

Table 57: Existing Night Parking Charges (between 2200 Hours to 0600 Hours)

Weight of Aircraft	Domestic Flights	International Flights
Up to 40 MT	Rs. 1.30 per Hour Per MT	Rs. 1.50 per hour per MT
Above 40 MT up to 100 MT	Rs. 52 plus Rs. 2.50 per MT per hour in excess of 40 MT	Rs 60 plus Rs. 2.90 per MT per hour in excess of 40 MT
More than 100 MT	Rs. 202 plus Rs. 3.90 per MT per hour in excess of 100 MT	Rs. 234 plus Rs. 4.40 per MT per hour in excess of 100 MT

Table 58: Parking Charges (Domestic ATM) up to four hours after first two free hours for the First Control Period proposed by the AAI

(in ₹)

Weight of the Aircraft	Tariff w.e.f 01.04.2025 to 31.03.2026	Tariff w.e.f 01.04.2026 to 31.03.2027	Tariff w.e.f 01.04.2027 to 31.03.2028	Tariff w.e.f 01.04.2028 to 31.03.2029	Tariff w.e.f 01.04.2029 to 31.03.2030
Up to 25 MT	8.15 Per Hour Per MT	8.65 Per Hour Per MT	9.15 Per Hour Per MT	9.70 Per Hour Per MT	10.30 Per Hour Per MT
Above 25 to 50 MT	203.75 + 10.90 per MT per hour in excess of 25 MT	216.25 + 11.55 per MT per hour in excess of 25 MT	228.75 + 12.25 per MT per hour in excess of 25 MT	242.50 + 13.00 per MT per hour in excess of 25 MT	257.50 + 13.80 per MT per hour in excess of 25 MT
Above 50 to 100 MT	476.25 + 21.75 per MT per hour in excess of 50 MT	505.00 + 23.05 per MT per hour in excess of 50 MT	535.00 + 24.45 per MT per hour in excess of 50 MT	567.50 + 25.90 per MT per hour in excess of 50 MT	602.50 + 27.45 per MT per hour in excess of 50 MT
Above 100 to 200 MT	1,563.75 + 27.20 per MT per hour in excess of 100 MT	1,657.50 + 28.85 per MT per hour in excess of 100 MT	1,757.50 + 30.60 per MT per hour in excess of 100 MT	1,862.50 + 32.45 per MT per hour in excess of 100 MT	1,975.00 + 34.40 per MT per hour in excess of 100 MT
Above 200 MT	4,283.75 + 29.95 per MT per hour in excess of 200 MT	4,542.50 + 31.75 per MT per hour in excess of 200 MT	4,817.50 + 33.65 per MT per hour in excess of 200 MT	5,107.50 + 35.65 per MT per hour in excess of 200 MT	5,415.00 + 37.80 per MT per hour in excess of 200 MT

Table 59: Parking charges (Domestic ATM) beyond first four hours for the First Control Period proposed by AAI

(in ₹)

Weight of the Aircraft	Tariff w.e.f 01.04.2025 to 31.03.2026	Tariff w.e.f 01.04.2026 to 31.03.2027	Tariff w.e.f 01.04.2027 to 31.03.2028	Tariff w.e.f 01.04.2028 to 31.03.2029	Tariff w.e.f 01.04.2029 to 31.03.2030
Up to 25 MT	16.30 Per Hour Per MT	17.30 Per Hour Per MT	18.30 Per Hour Per MT	19.40 Per Hour Per MT	20.60 Per Hour Per MT
Above 25 to 50 MT	407.50 + 21.80 per MT per hour in excess of 25 MT	432.50 + 23.10 per MT per hour in excess of 25 MT	457.50 + 24.50 per MT per hour in excess of 25 MT	485.00 + 26.00 per MT per hour in excess of 25 MT	515.00 + 27.60 per MT per hour in excess of 25 MT
Above 50 to 100 MT	952.50 + 43.50 per MT per hour in excess of 50 MT	1,010.00 + 46.10 per MT per hour in excess of 50 MT	1,070.00 + 48.90 per MT per hour in excess of 50 MT	1,135.00 + 51.80 per MT per hour in excess of 50 MT	1,205.00 + 54.90 per MT per hour in excess of 50 MT

Weight of the Aircraft	Tariff w.e.f 01.04.2025 to 31.03.2026	Tariff w.e.f 01.04.2026 to 31.03.2027	Tariff w.e.f 01.04.2027 to 31.03.2028	Tariff w.e.f 01.04.2028 to 31.03.2029	Tariff w.e.f 01.04.2029 to 31.03.2030
Above 100 to 200 MT	3,127.50 + 54.40 per MT per hour in excess of 100 MT	3,315.00 + 57.70 per MT per hour in excess of 100 MT	3,515.00 + 61.20 per MT per hour in excess of 100 MT	3,725.00 + 64.90 per MT per hour in excess of 100 MT	3,950.00 + 68.80 per MT per hour in excess of 100 MT
Above 200 MT	8,567.50 + 59.90 per MT per hour in excess of 200 MT	9,085.00 + 63.50 per MT per hour in excess of 200 MT	9,635.00 + 67.30 per MT per hour in excess of 200 MT	10,215.00 + 71.30 per MT per hour in excess of 200 MT	10,830.00 + 75.60 per MT per hour in excess of 200 MT

Table 60: Parking Charges (International ATM) up to four hours after first two free hours for the First Control Period proposed by the AAI

(in ₹)

Weight of the Aircraft	Tariff w.e.f 01.04.2025 to 31.03.2026	Tariff w.e.f 01.04.2026 to 31.03.2027	Tariff w.e.f 01.04.2027 to 31.03.2028	Tariff w.e.f 01.04.2028 to 31.03.2029	Tariff w.e.f 01.04.2029 to 31.03.2030
Up to 25 MT	9.30 Per Hour Per MT	9.85 Per Hour Per MT	10.45 Per Hour Per MT	11.10 Per Hour Per MT	11.75 Per Hour Per MT
Above 25 to 50 MT	232.50 + 12.40 per MT per hour in excess of 25 MT	246.25 + 13.15 per MT per hour in excess of 25 MT	261.25 + 13.95 per MT per hour in excess of 25 MT	277.50 + 14.80 per MT per hour in excess of 25 MT	293.75 + 15.70 per MT per hour in excess of 25 MT
Above 50 to 100 MT	542.50 + 24.75 per MT per hour in excess of 50 MT	575.00 + 26.25 per MT per hour in excess of 50 MT	610.00 + 27.85 per MT per hour in excess of 50 MT	647.50 + 29.50 per MT per hour in excess of 50 MT	686.25 + 31.25 per MT per hour in excess of 50 MT
Above 100 to 200 MT	1,780.00 + 30.95 per MT per hour in excess of 100 MT	1,887.50 + 32.80 per MT per hour in excess of 100 MT	2,002.50 + 34.75 per MT per hour in excess of 100 MT	2,122.50 + 36.85 per MT per hour in excess of 100 MT	2,248.75 + 39.05 per MT per hour in excess of 100 MT
Above 200 MT	4,875.00 + 34.05 per MT per hour in excess of 200 MT	5,167.50 + 36.10 per MT per hour in excess of 200 MT	5,477.50 + 38.25 per MT per hour in excess of 200 MT	5,807.50 + 40.55 per MT per hour in excess of 200 MT	6,153.75 + 43.00 per MT per hour in excess of 200 MT

Table 61: Parking charges (International ATM) beyond first four hours for the First Control Period proposed by AAI

(in ₹)

Weight of the Aircraft	Tariff w.e.f 01.04.2025 to 31.03.2026	Tariff w.e.f 01.04.2026 to 31.03.2027	Tariff w.e.f 01.04.2027 to 31.03.2028	Tariff w.e.f 01.04.2028 to 31.03.2029	Tariff w.e.f 01.04.2029 to 31.03.2030
Up to 25 MT	18.60 Per Hour Per MT	19.70 Per Hour Per MT	20.90 Per Hour Per MT	22.20 Per Hour Per MT	23.50 Per Hour Per MT

Weight of the Aircraft	Tariff w.e.f 01.04.2025 to 31.03.2026	Tariff w.e.f 01.04.2026 to 31.03.2027	Tariff w.e.f 01.04.2027 to 31.03.2028	Tariff w.e.f 01.04.2028 to 31.03.2029	Tariff w.e.f 01.04.2029 to 31.03.2030
Above 25 to 50 MT	465.00 + 24.80 per MT per hour in excess of 25 MT	492.50 + 26.30 per MT per hour in excess of 25 MT	522.50 + 27.90 per MT per hour in excess of 25 MT	555.00 + 29.60 per MT per hour in excess of 25 MT	587.50 + 31.40 per MT per hour in excess of 25 MT
Above 50 to 100 MT	1,085.00 + 49.50 per MT per hour in excess of 50 MT	1,150.00 + 52.50 per MT per hour in excess of 50 MT	1,220.00 + 55.70 per MT per hour in excess of 50 MT	1,295.00 + 59.00 per MT per hour in excess of 50 MT	1,372.50 + 62.50 per MT per hour in excess of 50 MT
Above 100 to 200 MT	3,560.00 + 61.90 per MT per hour in excess of 100 MT	3,775.00 + 65.60 per MT per hour in excess of 100 MT	4,005.00 + 69.50 per MT per hour in excess of 100 MT	4,245.00 + 73.70 per MT per hour in excess of 100 MT	4,497.50 + 78.10 per MT per hour in excess of 100 MT
Above 200 MT	9,750.00 + 68.10 per MT per hour in excess of 200 MT	10,335.00 + 72.20 per MT per hour in excess of 200 MT	10,955.00 + 76.50 per MT per hour in excess of 200 MT	11,615.00 + 81.10 per MT per hour in excess of 200 MT	12,307.50 + 86.00 per MT per hour in excess of 200 MT

Notes-

1 No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.

2 For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.

3 Charges shall be calculated on the basis of nearest MT.

4 Charges for each period parking shall be rounded off to nearest rupee.

5 At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.

6 The Night parking charges are waived off for all domestic scheduled operators at Port Blair Airport if the State Government has brought the rate of tax (VAT) on ATF$\leq$5%. The above waiver of night parking charges (between 2200 hrs to 0600 hrs.) will be made applicable from the date of implementation of $\leq$5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.

7 Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.

8 For unauthorized overstay of aircraft an additional charge of Rs. 20.00 per hour per MT beyond 24 hours is payable.

ii. User Development Fees (UDF)

Table 62: UDF Proposed by AAI (per embarking passenger)

(Rate in ₹)

Passenger	Existing UDF	FY 2025-26 (01.04.2025 to 31.03.2026)	FY 2026-27 (01.04.2026 to 31.03.2027)	FY 2027-28 (01.04.2027 to 31.03.2028)	FY 2028-29 (01.04.2028 to 31.03.2029)	FY 2029-30 (01.04.2029 to 31.03.2030)
Domestic	709	1,000	1,100	1,200	1,300	1,400
International	709	1,000	1,100	1,200	1,300	1,400

Notes:

a) Collection charges: If the payment is made in accordance within period prescribed under credit policy of AAI, then collection charges at Rs. 5.00 per departing passenger 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.

b) No collection charges are payable to casual operator/non-scheduled operators.

c) For calculating the UDF in foreign currency, the RBI reference conversion rate as on the last day of the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.

d) The existing UDF charges will be applicable on the tickets issued till 31st March 2025.

e) Revised UDF charges will be applicable on tickets issued on or after 01/04/2025.

f) No UDF will be levied for Transit Passengers.

iii. Aviation Security Fee:

a) Aviation Security Fee (ASF) shall be levied as prescribed by MoCA.

iv. Exemption from levy and collection from UDF/ASF at the Airports:

In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted from levy and collection of UDF:

a) Children (under-age of 2 years),

b) Holders of Diplomatic Passport,

c) Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew, or ground personnel),

d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,

e) Persons traveling on official duty for United Nations Peace Keeping Missions.

f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").

g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

v. General Condition:

a) All the above Charges are excluding GST. GST at the applicable rates are payable in addition to above charges.

Flight operating under regional connectivity scheme will be completely exempted from charges as per Order No.20/2016-17 dated March 31, 2017 of the Authority from the date the scheme is operationalized by GoI.

17.2 Annexure II: Annual Tariff proposed by the Authority for Consultation process

17.2.1 As detailed in Table 54 (Chapter 14), PBIA is entitled to recover an ARR of ₹ 756.32 Crores (in NPV terms). The present value of total projected Aeronautical revenues based on the Authority's proposed Parking and UDF charges is ₹ 465.99 Crores (in NPV terms), which is resulting in a net Under recovery of ₹ 290.33 Crores, which the Authority proposes to carry forward to the next Control Period.

17.2.2 The Authority has examined the Annual Tariff Proposal submitted by AAI for PBIA. After its examination as detailed in para 14.2, the Authority proposes the following Aeronautical tariffs for PBIA for the First Control Period for consultation process:

17.2.3 Port Blair being a civil enclave airport, Landing charges are collected by the Ministry of Defence. Therefore, no landing charges have been proposed by the Authority for Port Blair International Airport for the First Control Period.

17.2.4 Parking charges proposed by the Authority for PBIA for the First Control Period is as follows:

Table 63: Parking Charges (Domestic ATM) up to four hours after first two free hours for the First Control Period proposed by the Authority

(Rates in ₹)

Weight of the Aircraft	September 1, 2025 to March 31, 2026	April 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
Up to 25 MT	8.15 Per Hour Per MT	8.65 Per Hour Per MT	9.15 Per Hour Per MT	9.70 Per Hour Per MT	10.30 Per Hour Per MT
Above 25 to 50 MT	203.75 + 10.90 per MT per hour in excess of 25 MT	216.25 + 11.55 per MT per hour in excess of 25 MT	228.75 + 12.25 per MT per hour in excess of 25 MT	242.50 + 13.00 per MT per hour in excess of 25 MT	257.50 + 13.80 per MT per hour in excess of 25 MT
Above 50 to 100 MT	476.25 + 21.75 per MT per hour in excess of 50 MT	505.00 + 23.05 per MT per hour in excess of 50 MT	535.00 + 24.45 per MT per hour in excess of 50 MT	567.50 + 25.90 per MT per hour in excess of 50 MT	602.50 + 27.45 per MT per hour in excess of 50 MT
Above 100 to 200 MT	1,563.75 + 27.20 per MT per hour in excess of 100 MT	1,657.50 + 28.85 per MT per hour in excess of 100 MT	1,757.50 + 30.60 per MT per hour in excess of 100 MT	1,862.50 + 32.45 per MT per hour in excess of 100 MT	1,975.00 + 34.40 per MT per hour in excess of 100 MT
Above 200 MT	4,283.75 + 29.95 per MT per hour in excess of 200 MT	4,542.50 + 31.75 per MT per hour in excess of 200 MT	4,817.50 + 33.65 per MT per hour in excess of 200 MT	5,107.50 + 35.65 per MT per hour in excess of 200 MT	5,415.00 + 37.80 per MT per hour in excess of 200 MT

** There is one time increase of 110% in Parking charges (Domestic & International) with effect from 1st September, 2025 to March 2026. A 6% increase Y-o-Y is given from FY 25-26 onwards till FY 29-30.*

Table 64:Parking charges (Domestic ATM) beyond first four hours for the First Control Period proposed by the Authority

(Rates in ₹)

Weight of the Aircraft	September 1, 2025 to March 31, 2026	April 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
Up to 25 MT	16.30 Per Hour Per MT	17.30 Per Hour Per MT	18.30 Per Hour Per MT	19.40 Per Hour Per MT	20.60 Per Hour Per MT
Above 25 to 50 MT	407.50 + 21.80 per MT per hour in excess of 25 MT	432.50 + 23.10 per MT per hour in excess of 25 MT	457.50 + 24.50 per MT per hour in excess of 25 MT	485.00 + 26.00 per MT per hour in excess of 25 MT	515.00 + 27.60 per MT per hour in excess of 25 MT
Above 50 to 100 MT	952.50 + 43.50 per MT per hour in excess of 50 MT	1,010.00 + 46.10 per MT per hour in excess of 50 MT	1,070.00 + 48.90 per MT per hour in excess of 50 MT	1,135.00 + 51.80 per MT per hour in excess of 50 MT	1,205.00 + 54.90 per MT per hour in excess of 50 MT
Above 100 to 200 MT	3,127.50 + 54.40 per MT per hour in excess of 100 MT	3,315.00 + 57.70 per MT per hour in excess of 100 MT	3,515.00 + 61.20 per MT per hour in excess of 100 MT	3,725.00 + 64.90 per MT per hour in excess of 100 MT	3,950.00 + 68.80 per MT per hour in excess of 100 MT
Above 200 MT	8,567.50 + 59.90 per MT per hour in excess of 200 MT	9,085.00 + 63.50 per MT per hour in excess of 200 MT	9,635.00 + 67.30 per MT per hour in excess of 200 MT	10,215.00 + 71.30 per MT per hour in excess of 200 MT	10,830.00 + 75.60 per MT per hour in excess of 200 MT

Table 65: Parking Charges (International ATM) up to four hours after first two free hours for the First Control Period proposed by the Authority

(Rates in ₹)

Weight of the Aircraft	September 1, 2025 to March 31, 2026	April 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
Up to 25 MT	9.30 Per Hour Per MT	9.85 Per Hour Per MT	10.45 Per Hour Per MT	11.10 Per Hour Per MT	11.75 Per Hour Per MT
Above 25 to 50 MT	232.50 + 12.40 per MT per hour in excess of 25 MT	246.25 + 13.15 per MT per hour in excess of 25 MT	261.25 + 13.95 per MT per hour in excess of 25 MT	277.50 + 14.80 per MT per hour in excess of 25 MT	293.75 + 15.70 per MT per hour in excess of 25 MT
Above 50 to 100 MT	542.50 + 24.75 per MT per hour in excess of 50 MT	575.00 + 26.25 per MT per hour in excess of 50 MT	610.00 + 27.85 per MT per hour in excess of 50 MT	647.50 + 29.50 per MT per hour in excess of 50 MT	686.25 + 31.25 per MT per hour in excess of 50 MT
Above 100 to 200 MT	1,780.00 + 30.95 per MT per hour in excess of 100 MT	1,887.50 + 32.80 per MT per hour in excess of 100 MT	2,002.50 + 34.75 per MT per hour in excess of 100 MT	2,122.50 + 36.85 per MT per hour in excess of 100 MT	2,248.75 + 39.05 per MT per hour in excess of 100 MT
Above 200 MT	4,875.00 + 34.05 per MT	5,167.50 + 36.10 per MT	5,477.50 + 38.25 per MT	5,807.50 + 40.55 per MT per hour	6,153.75 + 43.00 per MT

Weight of the Aircraft	September 1, 2025 to March 31, 2026	April 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
	per hour in excess of 200 MT	per hour in excess of 200 MT	per hour in excess of 200 MT	in excess of 200 MT	per hour in excess of 200 MT

Table 66: Parking charges (International ATM) beyond first four hours for the First Control Period proposed by the Authority

(Rates in ₹)

Weight of the Aircraft	September 1, 2025 to March 31, 2026	April 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
Up to 25 MT	18.60 Per Hour Per MT	19.70 Per Hour Per MT	20.90 Per Hour Per MT	22.20 Per Hour Per MT	23.50 Per Hour Per MT
Above 25 to 50 MT	465.00 + 24.80 per MT per hour in excess of 25 MT	492.50 + 26.30 per MT per hour in excess of 25 MT	522.50 + 27.90 per MT per hour in excess of 25 MT	555.00 + 29.60 per MT per hour in excess of 25 MT	587.50 + 31.40 per MT per hour in excess of 25 MT
Above 50 to 100 MT	1,085.00 + 49.50 per MT per hour in excess of 50 MT	1,150.00 + 52.50 per MT per hour in excess of 50 MT	1,220.00 + 55.70 per MT per hour in excess of 50 MT	1,295.00 + 59.00 per MT per hour in excess of 50 MT	1,372.50 + 62.50 per MT per hour in excess of 50 MT
Above 100 to 200 MT	3,560.00 + 61.90 per MT per hour in excess of 100 MT	3,775.00 + 65.60 per MT per hour in excess of 100 MT	4,005.00 + 69.50 per MT per hour in excess of 100 MT	4,245.00 + 73.70 per MT per hour in excess of 100 MT	4,497.50 + 78.10 per MT per hour in excess of 100 MT
Above 200 MT	9,750.00 + 68.10 per MT per hour in excess of 200 MT	10,335.00 + 72.20 per MT per hour in excess of 200 MT	10,955.00 + 76.50 per MT per hour in excess of 200 MT	11,615.00 + 81.10 per MT per hour in excess of 200 MT	12,307.50 + 86.00 per MT per hour in excess of 200 MT

Notes:

1. No parking charges shall be levied for the first two hours. While calculating free parking period, standard time of 15 minutes shall be added on account of time taken between touch down time and actual parking time on the parking stand. Another standard time of 15 minutes shall be added on account of taxing time of aircraft from parking stand to take off point. These periods shall be applicable for each aircraft irrespective of actual time taken in the movement of aircraft after landing and before take-off.
2. For calculating chargeable parking time, part of an hour shall be rounded off to the nearest hour.
3. Charges shall be calculated on the basis of nearest MT.
4. Charges for each period parking shall be rounded off to nearest rupee.
5. At the in-contact stands and open stands, after free parking, for the next two hours normal parking charges shall be levied. After this period, the charges shall be double the normal parking charges.

6. It is proposed to waive off the night parking charges in principle for all domestic scheduled operators at Port Blair Airport if the State Government has brought the rate of tax (VAT) on ATF ≤ 5%. The above waiver of night parking charges (between 2200 hrs. to 0600 hrs.) will be made applicable from the date of implementation of ≤ 5% tax on ATF by the State Govt. In the event of upward revision in the tax rate of ATF by the State Govt., the relief of free night parking charges will also be deemed to be withdrawn.

7. Flight operating under Regional Connectivity Scheme will be completely governed by AIC issued on this subject by DGCA.

8. For unauthorized overstay of aircraft an additional charge of ₹ 20.00 per hour per MT beyond 24 hours is to be payable or as per revised rate if any.

17.2.5 **User Development Fees (UDF):** UDF charges proposed by the Authority for PBIA for the First Control Period are as follows:

Applicable rates from September 1, 2025 to March 31, 2026

(Rate in ₹)

Type of Passenger	Domestic	International
Embarking passenger	600	600
Disembarking passenger	200	200

Applicable rates from April 1, 2026 to March 31, 2027

(Rate in ₹)

Type of Passenger	Domestic	International
Embarking passenger	600	600
Disembarking passenger	200	200

Applicable rates from April 1, 2027 to March 31, 2028

(Rate in ₹)

Type of Passenger	Domestic	International
Embarking passenger	640	670
Disembarking passenger	220	230

Applicable rates from April 1, 2028 to March 31, 2029

(Rate in ₹)

Type of Passenger	Domestic	International
Embarking passenger	680	700
Disembarking passenger	240	270

Applicable rates from April 1, 2029 to March 31, 2030

(Rate in ₹)

Type of Passenger	Domestic	International
Embarking passenger	710	770
Disembarking passenger	260	300

Notes:

1. Collection charges: As per the policy pertaining to such charges between the Airport Operator and the airlines.
2. For calculating the UDF in foreign currency, the RBI conversion rate as on the last day of

the previous month for tickets issued in the 1st fortnight and rate as on 15th of the month for tickets issued in the 2nd fortnight shall be adopted.

3. Revised UDF charges will be applicable on tickets issued on or after 01/08/2025 for FY 2025-26 and thereafter applicable on date of travel from 1st April 2026 to 31st March 2030.

17.2.6 **Exemption from levy and collection from UDF at the Airports**.

In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted from levy and collection of UDF.

(a) Children (under age of 2 years),

(b) Holders of Diplomatic Passport,

(c) Airlines crew on duty including sky marshals & airline crew on board for the particular flight only (this would not include Dead Head Crew or ground personnel),

(d) Persons travelling on official duty on aircraft operated by Indian Armed Forces,

(e) Persons traveling on official duty for United Nations Peace Keeping Missions.

(f) Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hrs. "A passenger is treated in transit only if onward travel journey is within 24 hrs. from arrival into airport and is part of the same ticket, in case 2 separate tickets are issued it would not be treated as transit passenger").

(g) Passengers departing from the Indian airports due to involuntary re-routing i.e. technical problems or weather conditions.

17.2.7 **Aviation Security Fee:** Rates and Exemption as prescribed by MoCA from time to time.

17.2.8 General Condition:

a) All the above Charges are excluding GST. GST at the applicable rates is payable in addition to above charges.

b) Flight operating under Regional Connectivity Scheme will be completely exempted from charges as per Order No. 20/2018-19 dated 31/03/2017 of the Authority from the date the scheme is operationalized by GoI.