

18 June 2018

To,
Ms.Puja Jindal
Secretary
Airport Economic Regulatory Authority of India (AERA)
AERA Building, Administrative Block
Safdarjung Airport
New Delhi 110003

Subject: observations and comments from B.PAC to AERA during stakeholder consultation meet held in Bengaluru on the Consultation Paper No. 05/ 2018-19 in respect of Kempegowda International Airport, Bengaluru

Reference:

- 1. Consultation Paper No. 05/ 2018-19 - Determination of tariffs for Aeronautical Services in respect of Kempegowda International Airport, Bengaluru, for the Second Control Period (01.04.2016 to 31.03.2021) dt 17th May 2018*
- 2. Addendum: Consultation Paper No. 05/ 2018-19 dated 17.05.2018 Issued on 07th June 2018*
- 3. AERA Order No. 08/2014-15 Determination of Aeronautical Tariffs in respect of Kempegowda International Airport (Earlier Bengaluru International Airport), Bengaluru, for the first Control Period (01.04.2011 to 31.03.2016) issued on 10th June 2014*
- 4. AERA order No. 12/2017-18 F. No./20019/CGF-G/2010-11/Vol VIII - Extension of Charges till 31st March 2018*

Greetings from Bangalore Political Action Committee (B.PAC)!

On behalf of citizens of Bengaluru, truly in perspective of passengers using KIA, we would like to submit the following observations and comments on the consultation paper referred above for your knowledge and kind consideration while determining the User Development Fee (UDF) against the claims submitted by KIAL under consideration by AERA.

We would like to draw your attention to the fact that B.PAC had previously submitted comments/observations on the consultation paper No.22/2013-14 which the Authority had examined and considered before passing the final AERA Order No. 08/2014-15 in the

matter of Determination of Aeronautical Tariffs in respect of Kempegowda International Airport (Earlier Bengaluru International Airport), Bengaluru, for the first Control Period (01.04.2011 to 31.03.2016) and submitted a petition to Chairman, AERA title: User Development Fee (UDF) collection at Kemp Gowda International Airport (KIA), Bengaluru dt 17 April 2018.

It is also to be noted that, in the AERA's final order under Decision No. 8. for Traffic Forecast states, The Authority decided **"To true up the traffic volume based on actual growth during the current Control Period (2011-2016) while determining aeronautical tariffs for the next control period."**

KIAL is currently operating with unchanged tariffs even after the completion of the first control period (2011-2016). AERA has been passing interim orders allowing KIAL to continue to levy the tariffs existing as on 31.03.2016 for the past 25 months into the Second Control period (FY2016-17 to FY 2020-21).

We draw your attention to the following areas in this petition:

1. KIAL has not made available the accounts for the FY 2017-18 in their website. We would request AERA to direct KIAL to make available the audited/provisional accounts for the FY 2017-18.
2. We request AERA to direct KIAL to undertake a passenger survey for each control period with annual figures. This survey should be conducted by a third party and the results of the same should be made available to public. As you are aware, the KIAL's projections made by far are based on a survey conducted in 2010, however actuals have been in vast variation with the projected embarking passengers. Since the current control period began in 2016, we request AERA to direct KIAL to furnish the actual passenger numbers and the air traffic for the FY 2016-17 and FY 2017-18 and undertake a survey in this financial year to project the passenger numbers for the remaining three years in the current control period.

Below table compares and contrasts the projected and actual passenger traffic data at KIA since 2013-14

Nos.	2013-14	2014-15	2015-16	2016-17	2017-18 (Est)
Projected Total	1,29,30,000	1,43,70,000	1,60,00,000	1,77,60,000	1,97,13,600
Actual Total	1,28,60,000	1,54,01,926	1,89,71,290	2,28,81,410	2,58,33,112

3. The Eastern Tunnel work connectivity has been estimated at cost INR 1121 Cr by KIAL in its submission. We request AERA to direct KIAL to furnish a breakup of the line items and estimated costs of the tunnel work. Further, we urge AERA to relook in to the design and cost aspect of Eastern Tunnel connectivity
4. We urge the AERA to direct KIAL to draw a Master Plan including land usage with phase wise development along with the timeline and the cost for utilizing the land parcel of area 4008 acre. This parcel of land has been provided by the Government of Karnataka (GoK) under the State Support Agreement. We also request AERA to indicate to KIAL to provide a platform for a citizen consultation to elicit comments on the Master Plan. The delay in the development of the land parcel would not only increase the burden on the UDF and the PSF but would also reduce the availability of retail and recreation services to the passengers.
5. KIAL has furnished details of only the Non-Aeronautical revenue for which AERA has provided recommendations in the Consultation Paper. We request AERA to direct KIAL to also submit the Aeronautical revenue in a similar manner which has components of UDF and PSF among others for the current control period.
6. We urge AERA to strictly audit, monitor, and report KIAL's utilization of funds received through UDF and other non - aero revenue during the second control period.
7. KIAL in its submission to AERA during April 2017 had estimated the cost for construction of a new terminal at INR 10,038 Cr. However, the evaluation report submitted by RITES to AERA estimates the construction cost of the new terminal at INR 8268 Cr. We request AERA to direct KIAL to furnish details on the difference of INR 1740 Cr in the cost estimated. AERA should relook in to the design and cost part of the new terminal.
8. We request AERA to appoint a Consumer Ombudsman to improve the quality of service in KIA and provide a platform for consumer grievances. AERA may also direct KIAL to publish quarterly data on consumer grievances. This will enhance the transparency in the operations and quality of service provided by KIAL.

We will be submitting a detailed written submission on this subject. Looking forward for a judicious decision from your good office, resulting in passenger protection while determining KIA's tariffs.

Thanking you,

Yours faithfully

-Sd-

Revathy Ashok
Hon Managing Trustee & Chief Executive Officer

CC:

Shri S. Machendranathan, Chairperson, Airport Economic Regulatory Authority of India (AERA)
Shri. Shankar Narayanaswamy, Member, AERA
Shri. Subrata Samanta, Member, AERA
DGM (Fin.), Regulation & Tariff Fixation
Under Secretary (P&A)
Sr. Manager (Finance)