

WORLDWIDE SYMPOSIUM ON PERFORMANCE OF AIR NAVIGATION SYSTEM

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Background Material Submitted by India

INTRODUCTION:

1. The principles of fixation of airport charges are indicated in ICAO Document.
2. The Airports Authority of India levies airport Charges on aircraft operations at AAI airports for the cost of infrastructure and services at the airports. Aeronautical charges are also levied for the Communication, navigation, Surveillance and Air Traffic Services in the Indian Air Space. The charges are Landing Charges and Parking & housing Charges, Route Navigation Facilities Charges (RNFC), Terminal Navigation & Landing Charges (TNLC). There are separate set of airport charges for Domestic and International Flights at International Airports and Domestic Airports.
3. AAI levies airport charges on aircraft operations at AAI airports for the cost of infrastructure and services at airports. The charges are based on maximum all up weight and charges were last revised on 01.04.2001 and are due for revision since April 2003.
4. The paper thus presents a small brief on airport charges and comparative position of India in respect of other countries

CHARGES PRINCIPLE

1.0 ICAO Airport Charges Principles

- 1.1 The principles of fixation of airport charges are indicated in ICAO document 9082/7 which inter-alia include the following:
 - (i) **Cost relatedness.** The charge is related to all the costs of operating the airport and its ancillary services, including a reasonable rate of return and allowance for interest payments on capital investment and depreciation of assets.

As a general principle it is desirable, where an airport is provided for international use, that the users shall ultimately bear their full and fair share of the cost of providing the airport. It is therefore important that airports maintain accounts which provide information which is adequate for the needs of both airports and users and that the facilities and services related to airport charges be identified as precisely as possible.

- (ii) **Non-discrimination:** Charges must be non discriminatory both between foreign users and domestic users and between any two or more foreign users.
- (iii) **Consultations with users:** Consultation between airport operators and airlines implies discussion of proposed charges, which should be notified a minimum of two months before the increase is due to take effect. It is not a negotiation; if there is a failure to reach an agreement in consultations, airport operators are free to impose the charges at the level they deem necessary.
- (iv) **Capital investment:** Airports must be allowed to generate sufficient funds to invest in infrastructure to meet growing demand.
- (v) **Single Charge:** A single charge should be applied for costs of as many as possible of airport-provided facilities and services for normal landing and take-off of aircraft.
- (vi) **Equitable Basis:** The proportion of costs allocable to various categories of users, including State Aircraft, should be determined on an equitable basis, so that no user shall be burdened with costs not properly allocable to them accordingly to sound accounting principles.
- (vii) Air navigation services may produce sufficient revenues to exceed all direct and indirect operating costs and so provide for a reasonable return on assets (before tax and cost of capital) to contribute towards necessary capital improvements.

2.0 AIRPORT CHARGES PRESENTLY BEING LEVIED BY AAI

- 2.1 The Airports Authority of India levies airport Charges on aircraft operations at AAI airports for the cost of infrastructure and

services at the airports. Aeronautical charges are also levied for the Communication, navigation, Surveillance and Air Traffic Services in the Indian Air Space. The charges are under the following categories:-

- (i) Landing Charges and Parking & housing Charges
- (ii) Route Navigation Facilities Charges (RNFC)
- (iii) Terminal Navigation & Landing Charges (TNLC)

There are separate set of airport charges for Domestic and International Flights at International Airports and Domestic Airports.

- 2.2 The airport charges are revised from time to time and these are based on cost recovery principle of ICAO where cost includes full cost of providing the services, cost of capital, Depreciation of assets and reasonable return on assets.
- 2.3 The basis of levying these charges is based on maximum all up weight as per the certificate of airworthiness issued by the respective regulatory authority. DGCA is the authority in India.
- 2.4 The charges are revised after detailed and protracted discussion with the User Charges Groups of International Air Transport Association (IATA). The representatives of Ministry of Civil Aviation also participate in all such discussions.
- 2.5 The revision is subject to attainment of certain performance & quality standards agreed with IATA such as availability of communication aids, optimal flight level allocation, Error free ATS procedures, Weather minima, Manpower service availability, availability of aeronautical telecom facilities. The charges are implemented after these are duly approved by the Government.
- 2.6. The last revision of charges was w.e.f. 01.04.2001 for two years and the charges are due for revision from April 2003.

3.0 Brief details of the airport charges is given below:

3.1 Landing charges

- 3.1.1 These charges are levied based on the weight formula being Maximum Take off Weight (MTOW) as indicated in certificate of airworthiness as a basis for assessment and on the slab system.

- 3.1.2 In order to promote and improve connectivity in North East Region and other inaccessible areas based on direction from Govt. of India landing and parking charges at all airports in the North Eastern region, Jammu & Kashmir, A&N Island and Lakshadweep (other than Defence Airports) have been reduced by 25% of the current rates w.e.f. 1.4.2003.
- 3.1.3 W.e.f 12.02.2004 a discount of 15% in landing charges is allowed for domestic flight subject to the condition that airport charges are paid within the credit period of 15 days.
- 3.1.4 No landing charges shall be payable in respect of aircraft with a maximum certified capacity of less than 80 seats being operated by Domestic scheduled operators and helicopter of all types.

3.2 Parking & Housing Charges

- 3.2.1 With a view to decongest the major airports night parking charges have been reduced by 50% of existing parking charges at all airports except Delhi, Kolkata, Chennai, Mumbai, Bangalore and Hyderabad for all operators between 2200 hrs to 0600 hrs w.e.f 1.1.2006.

3.3 Route Navigation Facilities Charges (RNFC)

- 3.3.1 Earlier the basis of RNFC was on weight slab system. With a view to rationalize the charges the with effect from 1st October 2002, the basis of charging RNFC has been restructured to Distance cum Weight basis.

3.4 Terminal Navigation and Landing Charges (TNLC):

- 3.4.1 TNLC is being charged at five international Airports and civil Enclaves.
- 3.4.2 It is being charged in many countries of the world. TNLC pertains to the aeronautical charges for air navigational services provided for Terminal Area Navigation, which are additional to enroute navigation facilities which can not be clubbed with RNFC or landing charges. The equipments and services cost the Authority substantially and the cost incurred to provide such services are to be recovered.

- 3.4.3 Based on recommendation of Naresh Chandra Committee Report w.e.f. 01.04.2003 TNLC at the five international airports, i.e. Delhi, Mumbai, Chennai, Kolkata and Trivandrum is reduced by 25% of the current rates for domestic flight. This decision is not applicable to Private Airport.

4 COMPARATIVE POSITION OF AIRPORT CHARGES

- 4.1 India's airport charges are one of the lowest when compared to many other countries.

LANDING CHARGES

Based on charges worked out as per ICAO DOC 7100 (2002) document landing charges are very much low and rank as under amongst 167 countries:-

Aircraft	Ranking
B747	86
A310	86
B737	103

A statement showing landing charges of some neighboring countries and some major countries is given below. It can be seen that the charges levied by India is significantly less in comparison to neighboring and other countries.

(Equivalent INR)

Country/Aircraft	A320	A310	B747
United Kingdom	904	1881	4850
China	813	1624	4585
Australia	653	1359	323
Pakistan	637	133	3424
Bangladesh	504	1292	3540
Saudi Arabia	413	860	2218
India	380	886	257
Germany	320	666	1718
Srilanka	310	646	1666

(Charges worked out as per: Manual of Airport Charges of IATA)

RNFC

A statement showing RNFC of some neighboring countries and some major countries is given below. It can be seen that the

charges levied by India is significantly less in comparison to neighboring and other countries.

(Equivalent INR)

Country/Aircraft	A3	A310	B747
1822	12		
Germany	1091	1574	111171
China		488	36962
Australia		420	29709
Pakistan		169	7433
Bangladesh		295	13938
Canada		395	27873
India	25	374	18816

(Charges worked out as per: Manual of Airport Charges of IATA)

Neighboring countries like Pakistan, Sri Lanka, Dubai, Nepal and Thailand does not have air space beyond 320 NM hence a comparison of RNFC with these countries is not considered appropriate.

TERMINAL NAVIGATION LANDING CHARGES (TNLC)

India is charging TNLC at International airports and Civil Enclaves.

India is charging flat rate of Rs. 4463 from domestic operator while Germany (Frankfurt), France (Paris) and Australia (Adelaide) are charging Rs. 14683, Rs. 30944 and Rs. 61880 respectively for the aircraft A310.

It can be seen from the above that India's TNLC charges are significantly less comparison to other countries.

5. Transport Research Laboratory (TRL), Australia conduct a study on aeronautical charges (Feb'2006) and has positioned country on the Index of 1 to 100 on the basis of their aeronautical charges (Landing, Parking, TNLC and PSF). India's position on that scale is 22nd which is lower than the New York, Frankfurt, London, Bangkok, Singapore, Hong Kong, Kula Lumpur and Dubai.

6. CHARGES NOT LEVIED BY INDIA

Apart from the normal airport charges i.e. RNFC, TNLC, Landing & Parking charges, etc. most of the countries are charging for the following facilities also which AAI is not charging separately.

Departure Baggage Handling Charges
Apron lights/Runway light charges
Boarding Bridge Charges
Hydrant refueling bay charges, etc.
Modernization fees
Aeronautical supervision charges
Emission charges/noise charges
Aeronautical improvement charges
Safety precaution charges

7. CONCLUSION

Aviation Industry in India is witnessing a phenomenal growth which is likely to continue in the forthcoming years. Airports capacities are also being augmented/ modernized to keep pace with the growth.

8. Action:

The meeting is requested to take note of the information.

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