



ASSOCIATION OF PRIVATE AIRPORT OPERATORS

Monthly Newsletter September, 2012

Members:



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ABBREVIATIONS

AAI	Airports Authority of India
ADF	Airport Development Fee
AERA	Airports Economic Regulatory Authority of India
AERAAT	Airports Economic Regulatory Authority Appellate Tribunal
ATF	Aviation Turbine Fuel
BCAS	Bureau of Civil Aviation Security
BIAL	Bangalore International Airport Limited
BPCL	Bharat Petroleum Corporation Limited
CAG	Comptroller and Auditor General
CAPA	Centre for Asia Pacific Aviation
CCEA	Cabinet Committee on Economic Affairs
CCI	Competition Commission of India
CIAL	Cochin International Airport Limited
CIDCO	City and Industrial Development Corporation
CISF	Central Industrial Security Force
COMPAT	Competition Appellate Tribunal
CSIA	Chhatrapati Shivaji International Airport, Mumbai
DGCA	Directorate General of Civil Aviation
DGFT	Directorate General of Foreign Trade
DIAL	Delhi International Airport Limited
DIPP	Department of Industrial Policy and Promotion
FAA	Federal Aviation Administration
FDTL	Flight Duty Time Limitations
FEE	Foreign Exchange Earning
FTAs	Foreign Tourist Arrivals
GHIAL	GMR Hyderabad International Airport Limited
HPCL	Hindustan Petroleum Corporation Limited
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
ICPA	Indian Commercial Pilots Association
IGIA	Indira Gandhi International Airport, New Delhi
IOCL	Indian Oil Corporation Limited
IPG	Indian Pilots Guild
MIAL	Mumbai International Airport Limited
MoCA	Ministry of Civil Aviation
MRO	Maintenance Repair Overhaul
NCAER	National Council of Applied Economic Research
NGO	Non-Governmental Organisation
OTP	On Time Performance
PIL	Public Interest Litigation
PLF	Passenger Load Factor
PMO	Prime Ministers' Office
PPP	Public Private Partnership
RGIA	Rajiv Gandhi International Airport, Hyderabad
RTI	Right to Information
SEZ	Special Economic Zone

UDF	User Development Fee
VoA	Visa on Arrival
VRS	Voluntary Retirement Scheme

1. AVIATION SECTOR

1. A Parliamentary panel wants night curfew imposed at Airports in the country to curb noise pollution. The standing Committee has asked MoCA to consider such a move. Most European countries have imposed night curfew at airports to check noise pollution. Therefore, a majority of flights from those countries land in India at nights and flights originating from India to European nations also have to take off at night. As a result, the decibel level is considerably higher at night, especially in areas near airports and those falling on the path of late night flights.
2. Chief Minister Pritviraj Chavan on 2nd September informed that the Maharashtra Government is mulling to reduce sales tax on ATF to bring it at par with other hubs.
3. Union Government is planning to make it easier for all Indian Carriers flying unprofitable routes by enlarging the definition of so called Category 2 routes to include high-density corridors in small towns. This would give the airlines a wider choice of tier 2 destinations to fly to instead of being restricted to certain sectors that do not justify high costs of operation. So far compulsory routes included only flights connecting airports in the northeastern region, Jammu and Kashmir, Andaman and Nicobar and Lakshadweep islands. This will also allow high utilization per aircraft and a more efficient Hub and Spoke concept for generating feeder traffic.
4. BCAS is examining a new type of check-in system which is prevalent in major airports across the world including the US and Hong Kong. Travellers will be required to put their cellphones in the designated kiosks and the machine will read the bar code or the PNR number from the screen of the cellphone itself. The bar-code scanner will either read the code or identify the passenger with the help of the PNR number generated in the e-ticket stored in the cellphone. The trial runs were conducted at IGIA recently. New check-in system would reduce the congestion at the airports and BCAS will have a kind of electronic surveillance on the movement of any passenger at any point in time.
5. Emirates Airline is planning to increase the number of seats per week to India by 52%, taking it to 80,000 from 54,000 at present. In order to present the economic benefit of its operation to the Indian economy, Emirates commissioned NCAER to conduct a study titled 'Emirates in India – Assessment of Economic Impact and Regional Benefits'. The study provides estimates of direct and indirect multiplier effects using Input-Output model for India. According to the study, Emirates has contributed \$631 million to the Indian economy between 2008-09 and 2010-11, provided direct employment to 1,045 employees and supported a total of 72,323 jobs in India through its operations. On the tourism front, Emirates has brought in 5,29,928 foreign tourists in India in 2010-11 as a result of which \$1,153 million were contributed to the economy as FEE. Emirates could add another \$106 million to the economy if it is allowed to expand to 4 more destinations in India – Amritsar, Pune, Mangalore and Trichy and could create 13,011 fresh jobs. At present, Emirates operates from 10 destinations in India.
6. Punjab State Government is set to acquire 229 acres of land with the AAI giving its approval to extending the Ludhiana Airport Runway.
7. Mumbai Airport Administration has approached AERA seeking to increase the tariff on perishable goods to be couriered from the Airport. The Cargo Service Centre said that the

increase in tariff has been forced as the custom department has levied a cost recovery for deployment of their staff at the cargo section. Cargo Service Centre also said that newly introduced security measures, which includes deploying over 100 Central Industrial Security Force personnel, has led to a rise in the operating cost of cargo. Hi-tech machinery installed to preserve perishable goods have further inflated the cost of operations.

8. A recent study by CAPA has negated the government's claim to set up the CAA within a few months. CAPA indicated that plans for CAA were moving slowly and it could take another 12-18 months to become operational.
9. According to Boeing, Indian aviation market is reaching equilibrium between LCC and FSC. In 2005, 97% of the domestic air traffic market was with FSC's and just 3% with LCCs whereas in 2012, 70% of the market is dominated by LCCs and 30% with FSCs. Steep reduction in Kingfisher's flights has also helped other airlines get closer to the break even mark. The average airfare per ticket now is about Rs 250 away from the break-even point which was close to Rs 1,000 less than a year ago when Kingfisher Airlines had 64 aircraft flying.
10. Boeing in its report 'India Current market outlook' has upward revised its forecast for Indian Aviation Industry saying India would grow more than 4.5 times in size and would require 1,450 new aircrafts worth \$175 billion by 2031 as against 1,320 planes worth \$150 billion projected in 2011. Boeing further said that India will have the highest passenger traffic growth in the world, higher than even China in the next 20 years. Of 1,450, India would buy 1,201 single-aisle planes for \$114 billion, 234 twin-aisle planes for \$61 billion and another 15 regional jets for \$.5 billion. Boeing has projected a \$4.5 trillion market for 34,000 planes over the next 20 years.
11. Airbus in its report 'Global Market Outlook' has projected a \$3.9 trillion market for 28,200 planes over the next 20 years. Driven by demand in India and China.
12. Kannur International Airport Limited has issued a show-cause notice to STUP Consultants, winner of the integrated project consultancy contract. Kannur International Airport has hinted at cancellation of the consultancy agreement if STUP Consultants is found to have violated Request for Proposal conditions as alleged.
13. Government has decided not to sign any more Air Services Agreements with other nations till Indian carriers exhaust their quota under the existing agreements. Air Services Agreements decides the quota of seat allocation to airlines from other countries. India has signed Air Services Agreements with over 109 countries and there are 8,34,000 weekly seats available on international air routes. Indian carriers utilize 22.7% of the quota available, which will increase to 40% after IndiGo, SpiceJet and Jet Airways start flights to new short-haul and long-haul international destinations.
14. AAI has started installing tower automation systems at 38 major Indian Airports. The system will provide exact details of the flight's locations at the time of the query and alert in the event of diversion to another destination, as well as expected arrival and departure timings. The system would work 24X7, allowing passengers and their relatives to get live flight movement information over the phone. The trials in Jaipur's Airport Terminal 2 have already begun and are likely to be operational within a year.

15. AAI has prepared a draft master plan for development of a Greenfield Airport at Holongi near Itanagar.
16. MoCA wants to develop the Merrut airstrip as a secondary airport to Delhi and has asked the Uttar Pradesh government to hand over the facility to the AAI together with 433 acres for the up gradation. The airstrip in Meerut is owned by the state government.
17. MoCA is considering/working on a proposal:
 - a) To allow non-scheduled carriers like Invision Air and Freedom Airways to enter into code sharing arrangements with scheduled airlines like Air India, IndiGo, Jet Airways and SpiceJet. The idea is that since smaller towns and cities have fewer flights by scheduled carriers, the non-scheduled ones could act as feeder services for the scheduled ones. Non-scheduled airlines may carry passengers or freight between specified destinations but unlike scheduled carriers, they do not need to follow a regular schedule or publish their tariffs. The code sharing proposal if implemented could increase the number of flights headed for Delhi or Mumbai from a small town. The non-scheduled airline will bring passengers to a mid-point from where they hop onto scheduled ones flying to bigger cities.
 - b) To completely do away with the procedure of putting a tag on cabin baggage.
 - c) To amend age-old bilateral air transport agreement it has with different countries that puts a limit on the number of passengers.
 - d) To make it mandatory for airlines to deploy small aircraft to smaller cities.
 - e) To dilute provisions to allow any new Indian carrier to fly abroad but may want the new airline company to disclose its financial strength and possession of adequate liquidity to cover high operational costs. The current norm is a minimum of 20 aircraft and five years of experience.
 - f) To issue around 30-40 licences for non-scheduled operations.
 - g) To auction prime departure slots at major airports in the country.
18. Government has approved the following proposals of Air India:
 - a) On 6th September, Government has cleared a proposal of hiving off Air India Engineering Services and Air India Transport Services into two wholly owned subsidiaries of Air India with an investment of Rs 768 crore. The new subsidiaries will be separate cost and profit centres and will share royalty with Air India.
 - b) Government Budgetary Support (GMS) of over Rs 15,000 crores for Air India during the 12th five year plan.
19. DGCA has made over 150 observations - 77 observations against Air India Charters Ltd, 35 against Kingfisher Airlines, 23 against Jet Airways, 12 against IndiGo and 10 against Go Air after it conducted regulatory audit of 5 airlines. The main audit observations

relate to airworthiness, flight safety, pre-medical check, ramp inspection and aircraft operations and training of crew.

20. MoCA has approved changes in bylaws regulating building activities around airports. After the change in by laws, AAI would prepare colour-coded zoning maps in a grid format for each airport and hand them to the local body after certification. The local body would be empowered to sanction construction of certain building within the areas on the zoning maps. The local body would have to submit its copy to the designated office of the AAI within a month of sanctioning the building map. For building whose height exceeds the measurement indicated on the zoning map, the designated office of AAI would assess the obstructions to be caused by the proposed building when the applicant makes a reference to it, with the recommendations of the local body. The designated office may give a NOC to the local body if the building meets the requirement of regulations. Otherwise, the designated office of the AAI will not issue NOC and the building exceeding the height as indicated in the zoning map shall not be approved by the local body.
21. FAA had written to DGCA in August raising doubts on effectiveness of the DGCA's oversight of the Indian Aviation Industry due to the reports of the alleged corruption and nepotism by senior DGCA officials. FAA told the DGCA that if the oversight functions of the DGCA had been compromised, then an International Aviation Safety Assessment of the DGCA by the FAA will have to be conducted. On receipt of the letter, DGCA had sent a team of senior DGCA officials to FAA headquarters in US and after presentation and discussions, FAA was convinced that there has been no compromise on the DGCA's functions of continuous oversight of the industry. FAA was fully satisfied with DGCA's functioning in various regulatory areas related to safety.
22. Minister of Civil Aviation Shri Ajit Singh met delegation of Maldives and discussed possibilities of enhancing cooperation in the field of civil aviation by increasing air links between Indian cities and Male. They also discussed bilateral air services agreement between the two countries. The current agreement does not allow flights to and from Maldives with a carrying capacity of more than 150. However, all airlines flying to Madives other than Air India are flying with capacity higher than 150.
23. A proposal to upgrade the Shillong Airports to enable lager aircraft to land has been taken up by AAI. The project is expected to be completed by December 31, 2014.
24. Ministry of Commerce has asked Ministry of Finance to urge the State Governments to reduce sales tax on jet fuel to help airlines.
25. Supreme Court on 10th September dismissed a PIL which relied heavily on a CAG report on irregularities in privatization of Delhi and Mumbai airports saying "One cannot reach final conclusion on the basis of CGA's report".
26. MoCA on 11th September ordered Air India to follow the DGCA stipulated norms of Flight Duty Time Limitations (FDTL) for pilots and other crew members instead of the separate FDTL norms that were followed till now by Air India. This was ordered after a comparative analysis found that Air India pilots were flying lesser number of hours compared to what the DGCA stipulated norms would have entailed. DGCA norms allow pilots to fly for 8 to 9 hours whereas the pilots in Air India fly for 6.5 hours. Likewise,

FDTL norms allow them to have 5 landing in a 24 hour periods but their limit is of 3 landings. By following the norms, Air India will be able to increase the utilization of pilots. The comparative analysis found that except for one parameter out of six FDTL parameters which is “rest period”, all other parameters followed by Air India for its pilots and crew members are on the lower side. With this change in FDTL, there will be 22 surplus pilots for narrow-bodied aircraft and about 100 for wide-bodied ones till 2015.

27. The CCEA on 14th September approved the proposal of the DIPP for permitting foreign airlines to make foreign investment, up to 49 percent in scheduled and non-scheduled air transport services. The investments so made, would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations. Such investment would further be subject to the conditions that:

(i) A Scheduled Operator’s Permit can be granted only to a company:

- a. That is registered and has its principal place of business within India,
- b. The Chairman and at least two-thirds of the Directors of which are citizens of India, and
- c. The substantial ownership and effective control of which is vested in Indian nationals.

(ii) All foreign nationals likely to be associated with Indian Scheduled and Non-Scheduled air transport services, as a result of such investment, shall be cleared from security point of view before deployment, and

(iii) All technical equipment that might be imported into India, as a result of such investment, shall require clearance from the relevant authority in the Ministry of Civil Aviation.

FDI is not allowed in Air India. The changed FDI norms were notified on 20th September 2012.

28. IATA in its response to the government’s decision of allowing 49% FDI in domestic airlines said that though the government may have allowed foreign carriers to invest in domestic airlines, it is unlikely to usher in benefits unless issues of high taxes and infrastructure cost are addressed.

29. 14 Foreign Airlines jointly have taken legal recourse to oppose the order of AERA permitting DIAL to increase the airport charges for IGIA by 345%.

30. CIAL on 14th September informed that the proposed state-run airline Air Kerala plans to raise Rs 200 crore through equity as initial capital. 26% of the stake will be held by the state government, CIAL and public sector undertakings and the rest 74% will be held by other shareholders.

31. Minister of Civil Aviation Shri Ajit Singh has ordered suspension and initiation of major penalty against 6 senior AAI officials for allegedly favoring Bhadra International India Ltd. in granting ground handling rights at some airports.
32. Minister of Civil Aviation Shri Ajit Singh on 18th September asked Air India to submit in a week's time a plan to enhance its share in the domestic passenger market. The detailed plan has to include month-wise targets of market share along with corresponding strategy to achieve these targets for the next one year. The share of Air India in the domestic passengers carried by Indian Schedule Airlines has been maintained at the level of 18.2% (same as for July'12). A number of efforts have to be made by Air India to regain its number one position in terms of market share and has to come out with innovative and customer focused strategies to achieve optimum utilisation of all planes.
33. AAI has allowed operations of large aircraft such as Airbus 320 and Boeing 737 from Patna Airport till October 31. AAI had earlier set an August 16 deadline, then extended the date till August 31, then changed it to September 19 and now October 31. The runway had become unsafe for the operation after the authority renotified its length due to the presence of trees near it. The state government has removed most of the obstructions to implement the AAI order for safety of the airport.
34. According to American Express Business Travel Monitor Quarterly study, domestic air fares in India rose by 29% in Q2 of 2012 compared to Q2 of 2011 as the average overall ticket prices for both domestic and global travel rose by 9%. The Year-on-Year domestic fares rose by 11%. The fares from India to Europe, Middle East and Africa (EMEA) region as well as Intra-Asia Pacific fares saw a 5% rise while those to the Americas overall witnessed a marginal increase in 2%.
35. IATA has said that decline in business confidence and slowdown of world trade is likely to affect premium class air travel in the coming months. The number of passengers buying business class or first class seats on international markets has shrunk by 0.5% in July compared to the same month last year, after registering an increase by 4.3% in June. But the economy class fliers increased by 3% in July compared to a year ago.
36. Kotak Institutional Equities report has said that SpiceJet and GoAir would be the biggest beneficiaries of the move to allow foreign carriers to pick up to 49% stake in Indian airlines. SpiceJet could provide an attractive entry point for a foreign airline as it has 18% market share and a relatively unimpaired balance sheet. Jet Airways would not gain as it is already in violation of FDI norms as the promoter with 80% stake is classified as an overseas corporate body, Kingfisher due to its large debt and IndiGo already with 48% foreign ownership also won't gain.
37. A report of CAPA has said that GoAir and SpiceJet have the greatest chance of attracting investment. The report states that this will take time as potential investors will have to carry out a due diligence exercise and reach an agreement on the management structure, corporate governance mechanism, role of current promoters and level of capital required for growth.
38. Odisha Chief Minister Shri Naveen Patnaik met Minister of Civil Aviation Shri Ajit Singh on 20th September to discuss the issues concerning development of airports in Odisha including up gradation of Biju Patnaik Airport at Bhubaneswar to an

international airport. Shri Patnaik was informed that the new Domestic Terminal Building coming up at the Bhubaneswar Airport is expected to be commissioned by December, 2012. After the new building is commissioned, the existing Terminal Building will be renovated to make the airport suitable for international operations. The renovation includes enhancing ground lighting facilities, instrument landing system for operation of aircraft a night, besides, making available customs, immigration, health, animal and plant quarantine services. The modification work is expected to be done by April, 2013. Regarding the development and operationalization of Jharsuguda Airport, it was informed that AAI has plans to develop the airport initially for ATR72-500 type of aircraft operations. Shri Ajit Singh also suggested the possibility of developing the airport through the public-private partnership route.

39. CCI on 20th September said it could take a relook at the issue of cartelisation in the airline industry in terms of hike in airfares, but maintained that ticket prices generally moved up due to a mismatch between supply and demand.
40. According to a report by India Rating and Research, the decision to allow foreign airlines to invest up to 49% stake in domestic airlines is expected to improve the capital structure of airlines with viable business models. The report said that the possible equity infusion would not only de-leverage the sector but also provide funds for long term growth. However, structural challenges may limit its attractiveness for such foreign investors at least in the medium term. The report further mentioned that in addition to equity infusion, stronger strategic and operational ties with foreign partners with strong credit profile may potentially improve the credit profile of domestic airlines and may have a beneficial impact on the funding cost of the sector, known for being highly capital intensive.
41. The recent safety audit conducted by DGCA on Kingfisher Airlines has not found any major air safety violation on the airline's part. Kingfisher Airlines has been asked to correct certain procedural deficiencies.
42. Supreme Court on 21st September issued notices to the Centre, Air India and others on a petition seeking a probe by the CBI or SIT into an alleged "multi-crore scam" concerning financial irregularities in purchase of 111 aircraft between 2004-08 for a sum of Rs 67,000 crore for Air India and surrendering profitable routes to private airlines during the tenure of then Civil Aviation Minister Mr. Praful Patel.
43. A PIL is filed in the Supreme Court on 22nd September challenging the government decision to allow FDI in multi-brand retail and aviation which it said was violative of the country's foreign exchange and insurance laws.
44. BCAS has proposed that permanent airport entry permits issued for VIP protocol and transferable passes made available to embassies be scrapped. BCAS has recommended that only non-transferable one time permits be issued for receiving VIPs and for diplomatic formalities at airports. These permits allow their holders unhindered access to the restricted and operational areas of airports. Any permit issued for more than 90 days is deemed "permanent", and could be valid for up to 3 years.
45. Airports Authority Employees Union –AAEU on 24th September went on a 3 day hunger strike protesting issues like 'inordinate delay' in resolution of human resource matters and privatization of some airports.

46. DGCA is considering the proposal of various airlines to increase their ancillary revenue by levying charges on both on-board as well as ground services from passengers. Airlines are looking at charging for services like choosing a particular seat while booking, duplicate ticket print-outs, providing pillows, blankets and cotton balls, entertainment gadgets, baggage fees, charges for reservation charges, among others.
47. 4 international airlines are in negotiations with MoCA to launch services to the new airport terminal at Kolkata airport sometime next year. Turkish Airlines, Malaysia Airlines, FlyDubai and Xiamen Airlines have applied for additional air traffic rights to fly to or more destinations in India.
48. MoCA has identified 5 airports in North-East region for development through PPP. The 5 airports are Lokapriya Gopinath Bordoloi International Airport in Guwahati, Rupsi at Dhubri, Lunglei in Mizoram, Agartala and Kamalpur in Tripura. A task force set up for the purpose has prepared a cost estimate of Rs 71,000 crore to develop airport infrastructure of which Rs 56,500 crore is envisaged from the private sector. For the development of Guwahati Airport, an investment of Rs 970 crore is required.
49. MoCA is looking at small and medium airports to set up MRO facilities in India. MRO business in India is pegged at \$800 million at present and is estimated to grow to \$1.5 billion by 2020.
50. Inter-ministerial panel has called for a fresh approach to setting airport tariffs after three major domestic airports proposed a steep hike in user charges.
51. MoCA has turned down the conditional sovereign guarantee offered by MoF to Air India's Rs 7,400 crore Non-Convertible Debentures (NCD) issue.
52. An analyst from Moody's informed on 26th September that the rating agency will retain its "stable" outlook in India, expecting economic growth to improve on the back of consumer demand.
53. According to the Bank of America Merrill Lynch (BofA ML), US investors are closely following the developments and are interested in investing in India.
54. According to CAG of India's recent report, CCI has sent an advisory to MoCA highlighting the antitrust aspects of the deal which would unfairly benefit GMR Group to the tune of Rs 3415.35 crore.
55. DGCA has asked SpiceJet to start passenger flights to Kargil in Jammu and Kashmir.
56. MoCA is planning to introduce Civil Aviation Authority Bill to replace DGCA to make CAA an autonomous body with more powers in the winter session of Parliament as part of a host of measures to meet fresh challenges in the aviation sector.
57. CIDCO has decided to schedule a meeting of various stakeholders over the next 15 days and to resolve the land acquisition issue to develop the Navi Mumbai international airport (NMIA) on time. The meeting will be attended by farmers whose land will be acquired for the airports, elected representatives, as well as officials from CIDCO and the state government. The meeting will be chaired by Chief Minister Prithviraj Chavan.

58. DGCA has directed airlines to frame policy for Aircraft Maintenance Personnel duty time limitations in line with pilot and cabin crew with adequate rest period. DGCA has observed that Aircraft Maintenance Personnel have poor health including sleep disorders, emotional disorders, stomach and heart problems and since their work is crucial to airline safety it was felt that their duty hours should be regulated.
59. The Public Accounts Committee of Parliament, headed by BJP leader Murli Manohar Joshi will begin consideration of CAG's report on the implementation of public-private partnership in the DIAL in October 1st week. MoCA will appear before the panel with its defence on 4th October.
60. AAI wants to levy landing and parking charges on planes fewer than 80 seats to shore up revenues and invest in building infrastructures. Airports manager at Chennai and Kolkata airports in September requested permission from AERA to charge a minimum landing fee of Rs 5,000 from all small planes arriving at the Chennai and Kolkata airports. This excludes training flights operated by flying clubs. Currently, small aircraft as ATR and Bombardier are exempt for paying landing fees and pay a fuel sales tax of only 4% as against 4% to 30% for bigger planes, as sales varies from state to state.
61. According to a study commissioned by the Ministry of Corporate Affairs, Air India should be partially privatised as investors will focus on maximising profit and in turn solve the carrier's operational issues.

ATF FUEL PRICES

1. On 15th September, ATF prices were hiked by about 2% from midnight.
2. ATF prices have been reduced by 4.33% from midnight of 31st September 2012. Jet fuel price is 20.38% higher when compared year-on-year.

2. AIRPORTS

2.1 Bangalore International Airport Pvt. Ltd.

1. BIAL's effort in the IT space has been recognized. BIAL was awarded for *Pioneering IT Industry Initiatives* and the *award for Innovation in IT Industry*.
2. BIAL's Information Communication and Technology (ICT) process is now ISO 20K Certified. This certification means that the ICT processes at BIAL have adopted a comprehensive approach to IT service management and defined set of processes required to be followed to deliver effective service. Being ISO 20K Certified gives confidence to Customers about BIAL's IT Service delivery and Service support.
3. In an effort to make Bengaluru International Airport plastic free, the management of BIAL has completely switched over to eco-friendly bags made of cloth and paper. All food and beverage outlets as well as retails concessionaires is offering cloth or paper bags in place of plastics, reinforcing its commitment to green living. This move by BIAL and its partners includes the 15 retail and 20 F&B concepts at the airport. The impact of the decision leads to a reduction of approximately 35,000 plastic bags every month, catering to the retail across 500 categories and 5,000 brands. This initiative will result in the savings of 5,00,000 plastic bags annually.
4. BIAL on 25th September announced deployment of IBM's technology platform to integrate passengers, partners and airport operations and conform to internationally approved Aviation Information Data Exchange (AIDX). IBM's Smart Airport Enabler will not only decrease the cost of deployment and maintenance of current and future systems at the airport, it is also expected to bring about an overall increase in airport service quality. It will help increase efficiency in interactions between the airport, airlines and other stakeholders, lowering overall cost of operations at the airport and will seamlessly connect disparate systems and processes across the airport and create a scalable platform for future growth.

Starting from self boarding, feature allows passengers to get boarding done in airports through Radio Frequency identification (RFID) and automatic baggage handling/check-in. The technology platform would allow the airport to introduce customer friendly features to requirement of stakeholders and regulatory changes.

BIAL is the also first in the world to adopt the new international standard - Aviation Information Data Exchange (AIDX) - created by international aviation bodies - IATA, Air Transport Association (ATA) and ACI - to exchange flight information between airlines, flight data providers and airports using the IBM framework. This will allow the airport to communicate real-time information about airport operations and its air traffic with other airports.

2.2 Cochin International Airport Pvt. Ltd.

1. On 8th September, CIAL announced 16 per cent dividend to its shareholders. Also the Director board of CIAL approved the design of the proposed Rs 600 crore international terminal. The two-level terminal, which is expected to be completed in four years, will

have a capacity to handle 10 million passengers. The terminal will also have a capacity to handle 4,000 passengers during peak hour. It will be equipped with the most modern facilities and will have 15 aerobridges.

2.3 Delhi International Airport Pvt. Ltd.

1. DIAL has filed a case against Kingfisher Airlines after cheques amounting to Rs 3 crores issued by Kingfisher Airlines bounced.

2.4 GMR Hyderabad International Airport Pvt. Ltd.

1. RGIA on 6th September carried out a full scale Anti-Hijacking Mock Exercise which was a routine exercise carried out annually as per the National Civil Aviation Security Programme (NCASP) rules. The mock exercise was created with a simulated “hijacked flight” and with a situation where the negotiation skills of officials had been put to test. The mock emergency exercise which started with fullest safety measures at 1.40 pm was concluded by 3.30 pm successfully. The entire exercise was carried without any kind of panic among passengers, airline & airport staff and general public and without any inconvenience to normal airport operations. Top officials from agencies like CISF, NSG, Air force, State Police, AP Fire Fighters, AAI, Apollo, Airlines, GMR Security and other departments, state government and others participated in the exercise. Besides these agencies, a Psychiatrist and translators also participated in the exercise.

2.5 Mumbai International Airport Pvt. Ltd.

1. MIAL has been selected as one of the pilot company for CII-CDP project for GHG & Energy management for accelerating low carbon growth amongst Indian businesses. Under this program, Energy Management System (EnMS-ISO50001:2011) will be implemented in MIAL with the technical assistance of CII and CDP. An introductory workshop was organized between CII - CDP and MIAL Nodal Officers on 28th September 2012 at CSIA. Through EnMS MIAL is undertaking measures to reduce GHG emissions & energy consumption at CSIA.

3. AIRLINES

1. Invision Air Services Pvt Ltd is planning to start air travel in a 10 seater Turboprop engine aircrafts at several tier II and III cities in Maharashtra.

3.1 Air India (AI)

1. AI has stopped ferrying animals like rabbits, cats and dogs for laboratory tests, where they are experimented upon, for all its national and international flights.
2. AI will operate additional flights from four centres – Mangalore, Kochi, Kozhikode and Thiruvanthapuram – to destinations in the gulf starting from September 17 until October 27. AI will also operate direct flights from Srinagar to Jeddah to ferry 2012's Haj pilgrims to Saudi Arabia.
3. AI on 4th September hiked fuel surcharge on domestic flights by Rs 150 of up to 1,000 km and by Rs 250 for longer ones. For international flights it is hiked by \$15 (Rs 840) for a one-way ticket and by Rs 30 (Rs 1,680) for return tickets with immediate effect. This is following the steep 7.6% hike in ATF.
4. AI took delivery of :
 - a. 1st long-haul Boeing 787 Dreamliner which touched down at IGIA on 8th September was given a traditional water cannon salute with fire tenders standing on each side of the runway spraying the aircraft as it taxied down the runway. AI is the fourth global airline to induct the world's newest passenger aircrafts, the Boeing 787. The first commercial flight of B787 Dreamliner took off on September 19 and was on Delhi to Chennai and Delhi- Bangalore route. Delhi-Calcutta route will added from September 22. The aircraft will initially fly in domestic routes for 2 months as the aircraft, pilot and crew members has to complete certain number of hours on the domestic route before it is allowed to fly internationally. The aircraft would then fly to international destinations in Australia, US and Europe.
 - b. 2nd long-haul Boeing 787 Dreamliner was received by AI on 19th September at IGIA.
5. AI has sought support of MoCA to ensure that Star Alliance honours its commitment and admit AI into Star at the earliest and well before Jet Airways.
6. AI has asked the government for an additional Rs 1,100 crore to implement the VRS that is aimed at reducing headcount by 5,000. AI has sought this amount in addition to the Rs 10,600 crore, Rs 4,000 will come from government as budgetary support while Rs 6,600 will be a portion of a bailout package.
7. AI has shown remarkable improvements –
 - During April to July 2012, AI posted cash surplus of Rs 48 crore against a cash deficit of Rs 586 crore during the same period last year and net losses has been reduced by Rs 557 crore.

- During April to August 2012, revenue increased by 6.5% compared to the corresponding period last year, expenditure reduced by Rs 268 crore, PLF increased by 2%, yields increased by over 25%.
 - OTP in August 2012 was 86% against 69% during August last year.
8. AI has insured more than 120 planes for \$10.5 billion with a consortium led by New India Assurance Co. Ltd. The contract will come into force on 1 October 2012 and the premium is \$24 million per annum.
 9. ICPA has issued a legal notice to Air India management after the airline changed flying rules for pilots and cabin crew effective from September 16. All India Cabin Crew Association has also threatened to move contempt petition against Air India's unilateral decision to change FDTL.
 10. AI has issued a circular on September 5 asking cabin crew to behave themselves mid-air after receiving many complaints about them consuming passengers meals and there boisterous guffaws in the galley area.
 11. On 20th September, Government decided to grant an equity infusion of another Rs 800 crores in AI.
 12. AI on 20th September introduced special fares on advance purchase aimed at the leisure and holiday market. The advance purchase fare is to be sold for travel commencing 30 days and beyond and is lower by about 15% of the current lowest fares in the market, excluding taxes. The fares are available for sale from 21st September.
 13. AI is looking to urgently lease aircraft for operating in Kerala to west Asia route. This is due to the 6 aircrafts pulled out for haj flights which led to cancellation of 2 flights everyday from Kerala to Gulf every day.
 14. AI engineering unit will be operational from November 2012 and will start taking up maintenance repair and overhaul (MRO) jobs for Air India, which will have to pay for the services.
 15. AI's registration for IATA Safety Audit for Ground Operations in Mumbai has been renewed. The compliance with the audit will minimise the possibility of any untoward incidents, require less audits, reduce costs, unify standards and ensure greater safety and quality. The audit exercise reviews the organisation and management systems, including passenger and baggage handling, load control and aircraft handling among others.
 16. Air India has missed the September 30 deadline for repaying a consortium of 26 banks working capital loans of Rs 7,400 crore by raising bonds guaranteed by the government as per its restructuring package. Air India is likely to get an extension of one to three months time to repay the loan.

3.2 Kingfisher Airlines

1. Rating Agency CRISIL has assigned a 'D' rating to bank loans to Kingfisher Airlines due to delays in servicing debt. Instruments with a 'D' rating are in default or are expected to be in default soon. CRISIL has rated the existing loans extended by lenders.
2. Auditors of Kingfisher Airlines have said that the carrier needs to strengthen its internal audit systems and have raised concerns over numerous issues including delayed or non-payment of dues. Auditors in their report of 2011-12 have said that the company has prepared its financial statements on a 'going concern' basis, despite its net worth having been completely eroded. Kingfisher's net loss has more than doubled to Rs 2,328 crore in 2011-12, from Rs 1,027 crore in 2010-11. Its long term borrowings stood at Rs 5,695 crore as on March 31, 2012 down from Rs 6,306 crore a year ago, short-term borrowings stood at Rs 2,335 crores in 2011-12 up from Rs 604 crore as on March 31, 2011.
3. On 27th September, Kingfisher Airlines Chairman Mr Vijay Mallya met the consortium of lenders to talk about plans to recapitalize the company after government allowed foreign carriers to pick up 49% stake in domestic airlines. The lenders appointed SBI Capital Markets to chalk out a fresh revival for Kingfisher Airlines in the next 2-3 weeks. Mr Vijay Mallya also sought Rs 200 crore in additional finance for Kingfisher Airlines which was turned down by the banks. The consortium of banks has given Kingfisher Airlines one more month i.e. till October end to prepare a plan of action to service the airline's debt.
4. NSE and BSE on 28th September sought clarifications from Kingfisher Airlines on reports that the carrier is in talks with foreign entities and domestic investors for stake sale. Kingfisher Airlines in its reply said the matter was not disclosed to NSE and BSE first as the carrier did not consider it as a "price sensitive information".
5. Kingfisher Airlines fleet has 7 aircrafts shrunk from 66 in October 2011. Kingfisher Airlines risks losing slots across the country if it does not add more planes during the winter schedule and also risk losing the operating license if the number of planes it operates fall to less than 5. DGCA on 25th September has asked Kingfisher Airlines to submit an account of its winter flight schedule based on its capacity to operate.
6. Kingfisher Airlines service tax outstanding has amounted to over Rs 60 crore due to the defaults.

3.3 SpiceJet

1. SpiceJet has postponed the delivery of three of the seven Bombardier Q400 aircraft citing steep airport charges of DIAL.
2. According to news reports, SpiceJet is in "preliminary discussions" with a Gulf airline for potential investment if the government change its policy stance.
3. SpiceJet is set to become the first Indian airline to import ATF directly. The airline will ship in consignments of ATF from Singapore to 2 South Indian ports and then send by trucks to airports wherever logistically possible.

4. SpiceJet has sought government nod to fly to 10 new destinations, majority of which are in the former Soviet Union and China. This includes places like Almaty, Uzbek capital Tashkent and Chinese special administered region (SAR) Macau.
5. SpiceJet has announced that they are open for a possible stake in the airline only if it makes economic sense to shareholders and company.

3.4 Jet Airways

1. Jet Airways on 5th September hiked fuel surcharge on domestic flights by Rs 150 of up to 1,000 km and by Rs 250 for longer ones. For international flights it is hiked by \$15 (Rs 840) for a one-way ticket and by Rs 30 (Rs 1,680) for return tickets with immediate effect. This is following the steep 7.6% hike in ATF.
2. Jet Airways has announced new apex fares on sale effective Septembers 22 which will offer guests attractive savings on several domestic routes. Travel; validity for 21-day apex fares is till October 18, while the 30 day apex fares have no expiry date.

3.5 Indigo

1. IndiGo has launched 4 additional flights from Mumbai beginning September 10th. IndiGo will operate its third daily and direct flight between Mumbai - Ahmedabad and Mumbai - Goa. It will operate two new daily and direct flights between Chandigarh - Mumbai and will also connect Chandigarh with Goa and Ahmedabad via Mumbai.
2. Indigo has offered up to 40% discount on tickets booked 30 days in advance.
3. Indigo on 25th September informed that it has no plans to take on board an overseas partner to expand its business.

3.6 GoAir

1. GoAir has awarded the maintenance repair overhaul (MRO) contract to Ramco Systems. Ramco will deliver publications including engineering and configuration, maintenance programming and planning, line maintenance, technical records and complete materials.

3.7 International Airlines

1. Air Asia has increased its flight frequencies from Trichy (Tamil Nadu) to Kuala Lumpur from 7 to 11 times a week from October 15.
2. Maldivian Airlines is starting direct flights between Male – Mumbai and Chennai - Mumbai from November 15.
3. Virgin Atlantic has resumed daily direct flights between Mumbai and London, three years after it pulled the service amid a global economic slowdown.

4. Silk Air will launch direct air services between Singapore and Vishakhapatnam from October 28 subject to regulatory approvals. Silk Air also has started one extra frequency (on Sundays) between Hyderabad and Singapore.
5. Tiger Airways from 28 September 2012 launched a five times weekly service between Hyderabad and Singapore. This new addition marks the sixth Indian destination for Tiger Airways after Bangalore, Chennai, Kochi, Thiruvananthapuram and Tiruchirappalli.
6. Singapore Airlines will increase the number of flights from India from October 2012.
7. Avia Traffic Company has commenced Delhi-Bishkek (Kyrgyzstan) operations from September 17, 2012. The airline will use BAE146 aircraft on the route.

4. CARGO

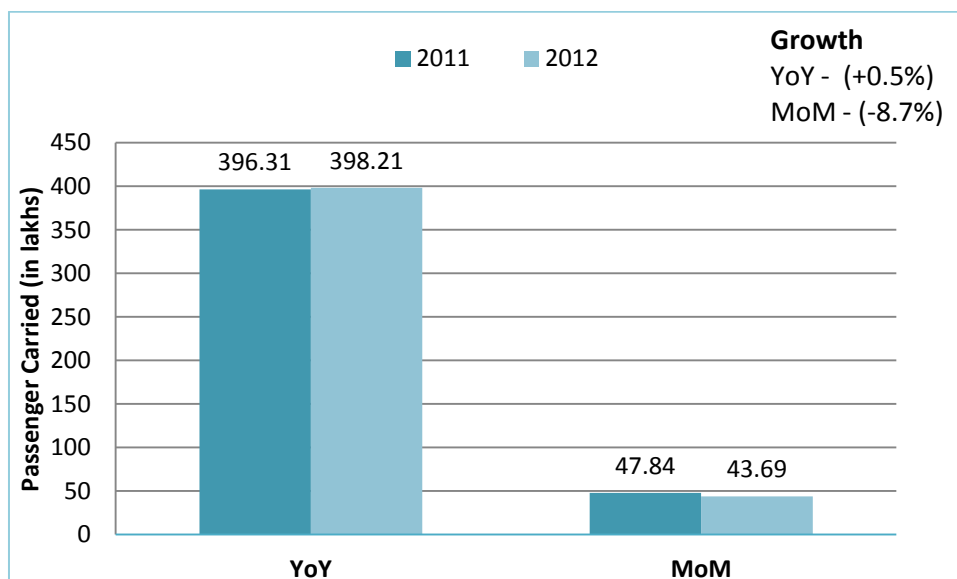
1. Foreign Airlines carries 82% of India's air cargo traffic, which is projected to grow at 10-12% rate over the next 5 years. Official figures showed foreign airlines flew out 83.1% of international cargo from India in 2009-10, 83.7% in 2010-11 and 82.5% in 2011-12. Indian carriers have marginally increased their presence from 16.9% in 2009-10, 16.3% in 2010-11 and 17.5% in 2011-12. The percentage share of domestic cargo carried by all the private airlines put together was 79.8%, 81.4% and 83.8% during the same period.
2. Customs Department is gearing up to handle burgeoning international trade across India by revving up its processes. It has proposed setting up of a single window clearance facility that will integrate other agencies like drug controller or foods inspectors, thereby facilitating all transit related regulatory requirements. A steering committee has already been constituted by the government comprising departments and agencies concerned with clearance of export and import of goods to make policy recommendations to implement has also been created to address issues relating to infrastructure and IT preparedness. The introduction of single window clearance is expected to reduce time and cost involved in the export and import of goods and will benefit the economy.
3. Tiger Airways has commenced direct cargo services from Singapore to Triuchirapalli in Tamil Nadu.
4. Emirates SkyCrago has launched a direct freighter services between Chennai and Dubai.

5. AERA APPELLATE TRIBUNAL

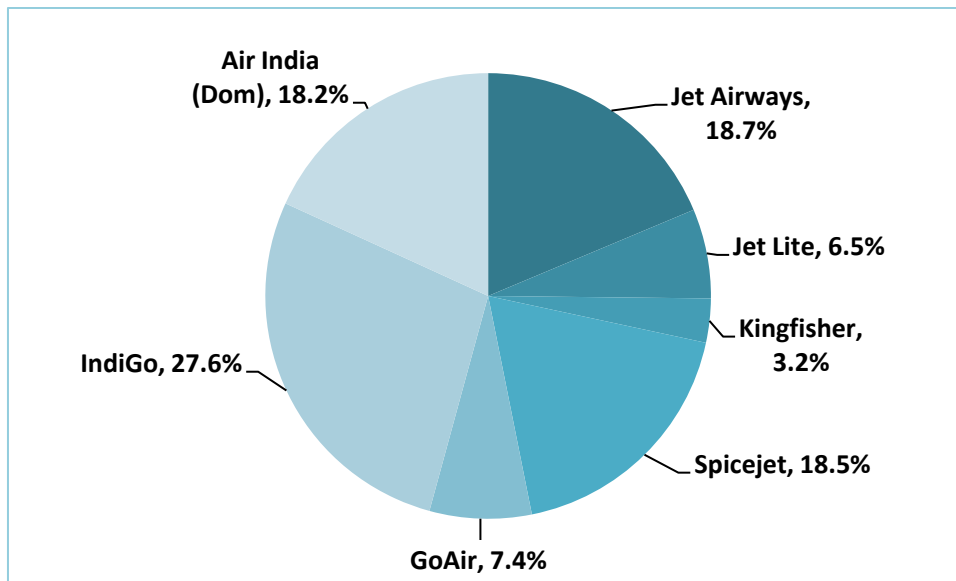
1. Appeal No. 10/2012 of DIAL vs. AERA came up for hearing on 5th September 2012. The advocate made an oral submission to add some parties in the array of respondent which was granted. The matter is postponed for hearing on 5th October 2012.
2. Appeal No. 09/2012 (with IA No. 14 for interim relief) of MIAL vs. AERA came up for hearing on 14th September 2012. It has been agreed to allow Federation of Indian Airlines as the party. The question of whether Federation of Indian Airlines is a proper or necessary party is kept open. The matter is listed for hearing on 23 November 2012.
3. IA No. 15 in Appeal No. 02/2010 of MIAL vs. AERA came up for hearing on 14th September 2012. The matter is listed for hearing on 14 December 2012.
4. Appeal No. 07/2012 of DIAL vs. AERA came up for hearing on 14th September 2012. It has been agreed to allow Federation of Indian Airlines as the party. Though the question as to whether Federation of Indian Airlines is a proper or necessary party is kept open. The matter is listed for hearing on 23 November 2012.
5. Appeal No. 05/2010 of MIAL vs. AERA & Ors. came up for hearing on 21st September 2012 and was adjourned to 28th September 2012. Further it came up for hearing on 28th September 2012 and after a brief hearing was adjourned for 5th October 2012.
6. Appeal No. 06/2011 of MIAL vs. AERA came up for hearing on 21st September 2012 and was adjourned to 28th September 2012. Further it came up for hearing on 28th September 2012 and after a brief hearing was adjourned for 5th October 2012.
7. Appeal No. 07/2011 of BIAL vs. Union of India & Ors. came up for hearing on 28th September 2012 and was adjourned for 19th October 2012.
8. Appeal No. 12/2011 of BIAL vs. AERA & Anr. came up for hearing on 28th September 2012 and was adjourned for 19th October 2012.
9. Appeal No. 08/2011 of GHIAL vs. AERA & Anr. came up for hearing on 28th September 2012 and was adjourned for 19th October 2012.
10. Appeal No. 10/2011 of GHIAL vs. AERA & Anr. came up for hearing on 28th September 2012 and was adjourned for 19th October 2012.
11. Appeal No. 09/2011 of CIAL vs. AERA came up for hearing on 28th September 2012 and was adjourned for 19th October 2012.
12. Appeal No. 11/2011 of CIAL vs. AERA came up for hearing on 28th September 2012 and was adjourned for 19th October 2012.

6. TRAFFIC

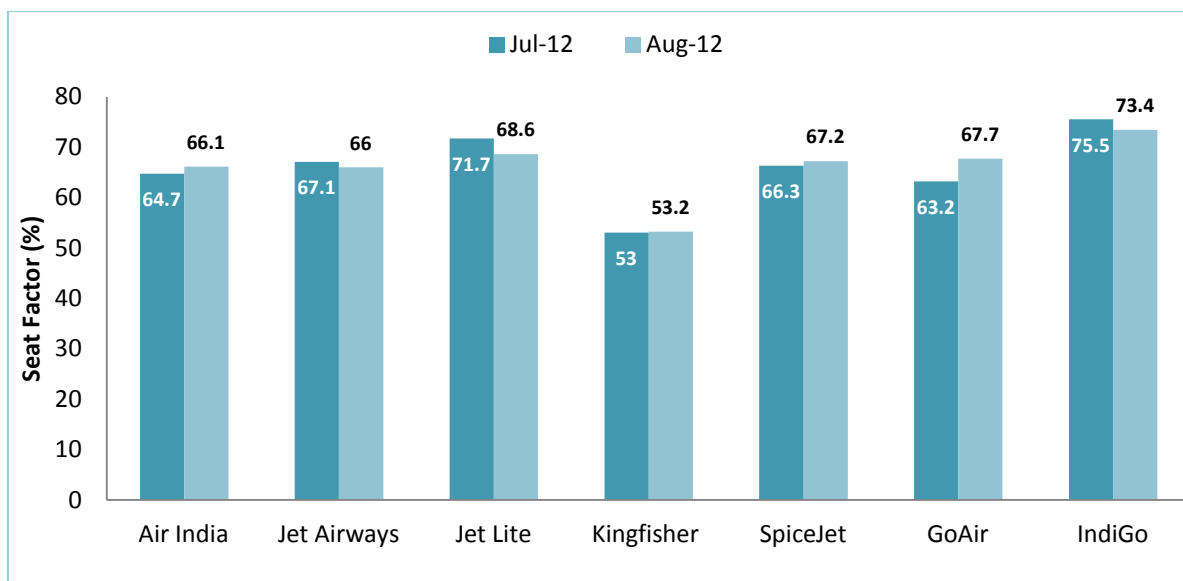
1. Foreign Tourist Arrivals during the Month of August 2012 were 4.56 lakh as compared to FTAs of 4.45 lakh during the month of August 2011 and 4.22 lakh in August 2010. There has been a growth of 2.5% in August 2012 over August 2011 as compared to a growth of 5.3 % registered in August 2011 over August 2010. FTAs during the period January-August 2012 were 42.18 lakh with a growth of 6.2%, as compared to the FTAs of 39.73 lakh with a growth of 10.0% during January-August 2011 over the corresponding period of 2010.
2. Foreign Exchange Earnings during the month of August 2012 were Rs. 7260 crore as compared to Rs. 5734 crore in August 2011 and `Rs. 4620 crore in August 2010. The growth rate in FEEs in Rupee terms in August 2012 over August 2011 was 26.6 % as compared to 24.1% in August 2011 over August 2010. FEEs from tourism in Rupee terms during January-August 2012 were Rs. 59409 crore with a growth of 23.7%, as compared to the FEEs of Rs. 48013 crore with a growth of 15.9% during January-August 2011 over the corresponding period of 2010. FEEs in US\$ terms during the month of August 2012 were US\$ 1306 million as compared to FEEs of US\$ 1264 million during the month of August 2011 and US\$ 992 million in August 2010. The growth rate in FEEs in US\$ terms in August 2012 over August 2011 was 3.3% as compared to the growth of 27.4% in August 2011 over August 2010. FEEs from tourism in terms of US\$ during January-August 2012 were US\$ 11273 million with a growth of 5.6%, as compared to US\$ 10678 million with a growth of 18.7% during January-August 2011 over the corresponding period of 2010.
3. In August 2012, total number of 1750 VoAs were issued as compared to 920 VoAs during August 2011 registering a positive growth of 90.2%. During the period January-August 2012, a total number of 9412 VoAs were issued as compared to 7514 VoAs during corresponding period of 2011 registering a positive growth of 25.3%.
4. Passengers carried by domestic airlines during January-August 2012 were 398.21 lakhs as against 396.31 lakhs during the corresponding period of the previous year thereby registering a growth of +0.5%.



5. Market share of scheduled domestic airlines for the month of August.



6. Passenger Load Factor of scheduled domestic airlines for the month of August.



7. SOURCE

1. Airport Economic Regulatory Authority Appellate Tribunal (AERAAT)
<http://compat.nic.in/aera.html>
2. Ministry of Civil Aviation <http://www.civilaviation.gov.in/>
3. Press Information Bureau <http://pib.nic.in/newsite/mainpage.aspx>
4. News Articles published in various newspapers.
5. Bangalore International Airport Limited
6. GMR Hyderabad International Airport Limited
7. Mumbai International Airport Limited

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