

Consultation Paper No. 25/2018-19



Airports Economic Regulatory Authority of India

TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL (FY 2018-19 to 2020-21) AND ANNUAL TARIFF PROPOSAL (FY.2018-19 to FY.2020-21) FOR THE FIRST CONTROL PERIOD IN RESPECT OF M/s CELEBI AIRPORT SERVICES INDIA PRIVATE LIMITED FOR PROVIDING GROUND HANDLING SERVICES AT KANNUR INTERNATIONAL AIRPORT, KANNUR.

New Delhi: 20th November, 2018

**AERA Building
Administrative Complex
Safdarjung Airport.
New Delhi.**

1. Brief Background:

- 1.1 M/s Celebi Airport Services India Pvt. Ltd. (M/s Celebi) is one of the Ground Handling agencies appointed by Kannur International Airport Ltd. (KIAL) for carrying out Ground Handling (GH) services at Kannur International Airport, Kannur vide Agreement dated 02.04.2018.
- 1.2 Kannur International Airport is a new Greenfield airport and likely to start operation in December, 2018. M/s Celebi had submitted their MYTP/ ATP for FY 2018-19 to 2020-21 of the first control period vide letter no nil dated 14th June, 2018.

2. Principles for Determination of Aeronautical Tariff under “Light Touch Approach”.

- 2.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 (“the Guidelines”).
- 2.2 In accordance, with the above mentioned AERA Guidelines and Directions the following procedure is followed:

a) Stage 1: **Materiality:**

$$\text{Materiality Index (MIg)} = \frac{\text{Int. Aircraft Movement at Bangalore Airport}}{\text{Total Intl.Aircraft Movement at major airports}} \times 100$$

Materiality: Kannur Airport is a new Greenfield airport and likely to start operations from December, 2018. Hence no tariff data is available for Materiality index. Hence the regulated service is deemed as ‘**Not material**’ for the first control period.

b) Stage 2: **Competition:** AERA on provisions of the National Civil Aviation Policy (NCAP- 2016), vide Order No. 15/2016-17 dated 12th Jan,2017 decided to consider three (3) Ground Handling Agencies (GHA) including Air India’s subsidiary/JV for competition assessment at all major airports. As per the information furnished by Celebi in Form 1(b) on competition Assessment, M/s Air India Limited is the other service provider rendering similar service at Kannur International Airport. Hence in the instant case, there are two Ground Handling service providers including M/s Celebi, and therefore the service is deemed as ‘**Not Competitive**’.

c) Stage 3: **Reasonableness of existing User Agreement(s):** M/s Celebi has not submitted any User Agreements for Kannur Airport.

- 2.3 M/s Celebi has submitted copy of Concession Agreement with KIAL.
- 2.4 M/s Celebi has not submitted any documentary evidence of conducting the stakeholder consultation with the users on the proposed ATP for FY 2018-19 to 2020-21.

3. Authority's Examination on the proposal.

- 3.1 The services rendered by M/s Celebi for providing Ground Handling facility at Kannur Airport are aeronautical services in terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (Act) and under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services.
- 3.2 The Ground handling services provided by M/s Celebi Airport Services India Pvt. Ltd. at Kannur International Airport is “**Not Material and Not Competitive**”. Therefore the Authority proposes to adopt ‘**Light Touch Approach**’ for determination of tariffs for the FY- 2018-19 to FY-2019-20 of 1st control period.
- 3.3 The Authority decided that control period for M/s Celebi at Kannur Airport will be same as the control period fixed for Airport operator, so control period for M/s Celebi at Kannur Airport will be 1st control period from FY2018-19 to FY 2022-23.
- 3.4 M/s Celebi has submitted the MYTP for the first control period and ATP for FY 2018-19 to FY2020-21 (**Annexure I**).Kannur International Airport is a new Greenfield airport and operations are likely to be commence from December, 2018. Hence, no past financial data is available for operations at Kannur International Airport. However, M/s Celebi has submitted consolidated profit & loss and Balance sheet for the FY 2017-18.
- 3.5 The Authority observed that no data is available for comparison of tariff rate at Kannur Airport as it is yet to be operationalised. Further it is observed that, Cochin is the nearest similar Greenfield airport and the tariff proposed by M/s Celebi for FY 2018-19 and FY 2019-20 is 5% more than the rates approved by the Authority for M/s Bird Worldwide Flight Services (India) Private Limited for similar services at Cochin International Airport. M/s Celebi proposed a further increase in tariff for FY 2020-21 by 3% over the rate proposed for FY 2019-20. However, M/s Celebi has not submitted any documents for validating the 3% increase for FY 2020-21. Hence, the Authority proposes to adopt the same tariff for 2 years period i.e. FY2018-19 to FY 2019-20 as proposed by M/s Celebi.
- 3.6 M/s Celebi has to file ATP well in advance for 2020-21onwards.

4. Authority's Proposal

The Authority, after careful consideration of the MYTP and ATP for FY 2018-19 to 2020-21, makes the following proposal for stakeholder consultation:

- 4.1 The service for Ground handling being provided by M/s Celebi Airport Services India Pvt. Ltd. at Kannur International Airport, Kannur, is “**Not Material and Not Competitive**”. Therefore the Authority proposes to adopt ‘**Light Touch Approach**’ for determination of tariffs for the FY-2018-19 to FY- 2020-21 of 1st control period.
 - 4.2 The Authority proposes tariff for FY 2018-19 to FY 2019-20 in line with submission made by M/s Celebi Airport Services India Pvt. Ltd for FY 2018-19. The proposed tariff card is attached as “**Annexure II**”.
 - 4.3 Tariff proposed as above will be maximum tariff to be charged. No other charge is to be levied over and above the proposed tariff.
 - 4.4 M/s Celebi should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft.
 - 4.5 M/s Celebi shall file the Annual tariff proposal (ATP) well in advance for FYs 2020-21 onwards.
5. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 4 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as annexures to this consultation paper. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response here to and by making such decision fully documented and explained in terms of the provisions of the Act.
6. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 4 above, latest by **11.12.2018** at the following address:

**Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: puja.jindal@nic.in
Tel: 011-24695042
Fax: 011-24695039**

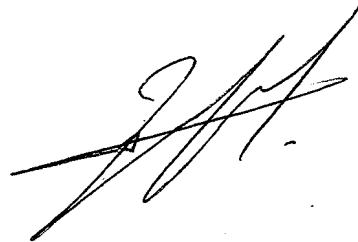
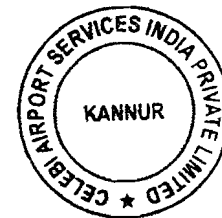
**(S. Machendranathan)
Chairperson**

Form 14 (b) - Price List - Scheduled

FY 18-19				FY 19-20				FY 20-21			
Aircraft Type/ Category (ICAO)	Tariff Heading	Passenger aircraft		Aircraft Type/ Category (ICAO)	Tariff Heading	Passenger aircraft		Aircraft Type/ Category (ICAO)	Tariff Heading	Passenger aircraft	
		International	Domestic			International	Domestic			International	Domestic
B	Comprehensive	99,300	15,800	B	Comprehensive	99,300	15,800	B	Comprehensive	102,300	16,300
	Ramp	79,500	12,700		Ramp	79,500	12,700		Ramp	81,900	13,100
C	Comprehensive	165,400	36,800	C	Comprehensive	165,400	36,800	C	Comprehensive	170,400	38,000
	Ramp	132,400	29,500		Ramp	132,400	29,500		Ramp	136,400	30,400
D	Comprehensive	271,300	59,200	D	Comprehensive	271,300	59,200	D	Comprehensive	279,500	61,000
	Ramp	217,100	47,400		Ramp	217,100	47,400		Ramp	223,700	48,900
E	Comprehensive	317,600	110,300	E	Comprehensive	317,600	110,300	E	Comprehensive	327,200	113,700
	Ramp	254,100	88,300		Ramp	254,100	88,300		Ramp	261,800	91,000

FY 18-19				FY 19-20				FY 20-21			
Aircraft Type/ Category (ICAO)	Tariff Heading	Freighter aircraft		Aircraft Type/ Category (ICAO)	Tariff Heading	Freighter aircraft		Aircraft Type/ Category (ICAO)	Tariff Heading	Freighter aircraft	
		International	Domestic			International	Domestic			International	Domestic
C	Ramp	119,100	78,800	C	Ramp	119,100	78,800	C	Ramp	122,700	81,200
D	Ramp	211,700	94,500	D	Ramp	211,700	94,500	D	Ramp	218,100	97,400
E	Ramp	251,400	115,500	E	Ramp	251,400	115,500	E	Ramp	259,000	119,000

The above price is excluding of Government taxes & duties such as Goods & Service Tax (GST) etc.

M/s Celebi Airport Services India Pvt LIMITED Kannur Airport
proposed rates for the FY 2018-19 and FY 2019-20

FY 2018-19				FY 2019-20	
Aircraft Type/Category ICAO	Tariff Heading	Passenger aircraft		Passenger Aircraft	
		International	Domestic	International	Domestic
B	Comprehensive	99,300	15,800	99,300	15,800
	Ramp	79,500	12,700	79,500	12,700
C	Comprehensive	165,400	36,800	165,400	36,800
	Ramp	132,400	29,500	132,400	29,500
D	Comprehensive	271,300	59,200	271,300	59,200
	Ramp	217,100	47,400	217,100	47,400
E	Comprehensive	317,600	110,300	317,600	110,300
	Ramp	254,100	88,300	254,100	88,300

FY 2018-19				FY 2019-20	
Aircraft Type/Category (ICAO)	Tariff Heading	Freighter Aircraft		Freighter Aircraft	
		International	Domestic	International	Domestic
C	Ramp	119,100	78,800	119,100	78,800
D	Ramp	211,700	94,500	211,700	94,500
E	Ramp	251,400	115,500	251,400	115,500