

Airports Economic Regulatory Authority of India

Order No. 22/2017-18

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110003

Date of Issue: 22nd November, 2017

Service : Ground Handling Services
Service Provider : M/s Bhadra International (India) Private limited.
Airport : Calicut International Airport, Kozhikode.

In the matter of Multi Year Tariff Proposal (MYTP) for the second control period (01.04.2016 to 31.03.2021) and Annual Tariff Proposal (ATP) (T1 to T3) for the second control period (01.04.2016 to 31.03.2021) in respect of M/s Bhadra International (India) Private limited (M/s Bhadra) for providing ground handling services at Calicut International Airport, Kozhikode.

1. The Authority vide its Multi-Year Tariff Order (MYTO) No. 9/2012-13 dated 12.06.2012 (Issue date: 20.06.2012), decided to adopt 'Light Touch Approach' for determination of the tariffs for the first control period in respect of M/s Bhadra as the ground handling service was assessed as "not Material but Competitive" and determination of tariff for the 1st TY (Tariff year 2011-12 (T1)) of the 1st control period. Subsequently, the Authority also determined the annual tariffs for M/s Bhadra vide its Order No.17/2013-14 dated 24.05.2013 (Issue date: 21.06.2013) for the tariff year 2012-13(T2) and tariff year 2013-14 (T3)), Order No. 3/2015-16 dated 06.05.2015 (Issue date: 11.05.2015) for tariff year 2014-15(T4) and tariff year 2015-16 (T5).
2. Since the Multiyear tariff order for the 1st control period expired on 31.03.2016, the Authority vide its Order no. 50/2015-16 issued on 31st March 2016, authorised M/s Bhadra (among other service providers and Airport Operators) to continue to charge the tariffs prevalent on 31.03.2016 for a period of 6 months w.e.f 01.04.2016 or till determination of tariffs for the 2nd control period whichever is earlier. Again on 31st March 2017, the Authority vide order no.19/2016-17, authorised M/s Bhadra (among other service providers and Airport Operators) to continue to charge the tariffs prevalent on 31.03.2016 for a period of 6 months w.e.f 01.04.2017 or till determination of tariffs for the 2nd control period whichever is earlier. The Authority has issued a further order on 29th Sept 2017 (Order no. 12/2017-18), authorizing M/s Bhadra (among other service providers and Airport Operators) to continue levy of the tariffs for a further period of 6 months w.e.f. 01.10.2017 or till determination of tariffs for the 2nd control period whichever is earlier.
3. M/s Bhadra submitted their Multi Year Tariff Proposal (MYTP) for the second control period commencing on 01.04.2016 and the Annual Tariff Proposal (ATP) for the first tariff year (FY.2016-17) and 2nd tariff year (FY.2017-18) of the second control period for determination of tariffs for the ground handling services provided at Calicut International Airport, Kozhikode. M/s Bhadra proposed for an increase in tariff applicable on 31.03.2016, in the 1st and 2nd tariff year of the 2nd control period.



4. In respect of the regulated service(s) provided for ground handling services aircraft, passengers and cargo at an airport, the Authority considers that materiality of the service is linked to the international aircraft movement at the major airport. The materiality shall be assessed based on international aircraft movement at the major airport as a percentage of total international aircraft movements at all major airports, in terms of Clause 4 .4 of the Guidelines [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 Aircraft) Guidelines, 2011]. The materiality Index for Calicut International Airport, Kozhikode (as per the AAI statistics for FY.2014-15) is **4.35%** which is lower than **5%** Materiality Index thresholds limit fixed for ground handling service. Hence the service is deemed '**not material**'.
5. As per AERA order no.15/2016-17 dated 10th Feb 2017, there must be 3 or more service providers, including Air India subsidiaries/Joint Ventures, in a major airport in order to consider the service as competitive. Only M/s AIATSL is providing ground handling services at Calicut International Airport, Kozhikode along with M/s Bhadra. Hence, in view of the lack of competition for ground handling services, the service provided by M/s Bhadra at Calicut International airport falls under the category of '**not competitive**'.
6. As per Clause 3.2 (i) of the guidelines, 2011, wherever the regulated service provided is 'not material', the Authority shall determine Tariff(s) for service Provider (s) based on a 'light touch approach' for the duration of the control period, according to the provisions of chapter V.
7. Along with the Multi Year tariff proposal for the second control period, M/s Bhadra has submitted copies of agreements entered into with agencies/airlines for provision of regulated services at Calicut International Airport, Kozhikode. The Authority has also accepted the request for confidentiality of documents to the extent requested by M/s Bhadra.
8. As per Clause 11.2 of the Guidelines, the ATP is required to be submitted in the manner and form provided in AI.8.1 of Appendix I to the guidelines and should be supported by the following documents:
 - a. Form B –Submission of ATP
 - b. Form 14(b)-Proposed Tariff Card
 - c. Details of consultation with stakeholders
 - d. Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.

M/s Bhadra has submitted Form B, Form 14(b) and copy of the user agreements along with their Annual Tariff Proposal for the 1st tariff year (FY 2016-17) and 2nd tariff year FY (2017-18) of the 2nd control period.

9. The Authority considered the submissions made by M/s Bhadra and issued the Consultation Paper No. 22/2017-18 dated 11.09.2017 proposing the following for stakeholder consultation:
 - a. Ground Handling Service being provided by M/s Bhadra at Calicut International Airport, Kozhikode is "not Material". Therefore the Authority proposes to adopt 'Light Touch Approach' for determination of tariffs for the 2nd control period w.e.f. 01.04.2016 to 31.03.2021.



- b. In view of the increase in Aircraft movement and increase in projected revenue, allow the continuation of tariff prevailing on 31.03.2016 for the FY 2016-17.
- c. Consider the Annual Tariff Proposal submitted by M/s Bhadra for FY 2017-18 as per the tariff card for determination of tariff for FY 2017-18. The Authority has proposed not to allow any increase in rates charged by M/s Bhadra effective as on 31.03.2016 and the same will be applicable for TY 2017-18 due to the reason that rates charged by M/s Bhadra are much lower than the rates determined by AERA in the 1st control period as effective till 31.03.2016.
10. In response to the aforesaid Consultation Paper, no comments have been received from any of the stakeholders.
11. As only about 4 months are left in the current FY, the Authority has decided to continue the same tariff for FY 2018-19 also.

ORDER

Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1) (a) of The Airport Economic Regulatory Authority of India Act, 2008 hereby orders that:

- (i) The services provided by M/s Bhadra, at Calicut International Airport, Kozhikode are "not material". Hence the Authority will adopt a "light touch approach" for determination of tariff for the 2nd Control Period w.e.f. 01.04.2016.
- (ii) The tariffs for the 1st tariff year (FY. 2016-17) of the second control period for ground handling services to continue at the rates applicable as on 31.03.2016.
- (iii) The tariffs for the 2nd (01.04.2017 to 31.03.2018) and 3rd (01.04.2018 to 31.03.2019) tariff years of the 2nd control period is determined at the rates mentioned in **Annexure-I**.
- (iv) M/s Bhadra to ensure that the charges for both scheduled and non- scheduled flight will be same for '*similar class of aircraft*'.
- (v) Tariff determined as above will be maximum tariff to be charged from the users of the ground handling service. No other charges to be levied over and above the approved tariff.

**By the Order of and in the
Name of the Authority**



**(Ramendra Pratap Shukla)
Deputy Chief**

To

**M/s Bhadra International (India) Pvt. Ltd.,
42, Rani Jhansi (MM) Road,
Opposite Jhandewalan Mandir,
New Delhi - 110055
(Through: Shri Prem Bajaj, Chairman & Managing Director)**

**Copy to: Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan,
Safdarjung Airport New Delhi-110003.**

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ANNEXURE-I

**BHADRA INTERNATIONAL (INDIA) PVT LTD
CALICUT INTERNATIONAL AIRPORT
TARIFF CARD FOR FY 2017-18 and 2018-19**

Sl No	Tariff Heading	Conditions of Tariff
		Maximum Tariff Per Flight (in INR)
	A-International	
a)	Passenger Flights	
	A 320 (Narrow Body)-Upper limit	125,208
	A 320 (Narrow Body)-Lower limit	83,472
	A300/310 Upper Limit	155,100
	A300/310 Lower Limit	136,300
	Wide Body (747/777) Lower Limit	173,900
	Wide Body (747/777) Upper Limit	202,100
b)	Freighter	
	Freighter- Lower Limit	155,100
	Freighter- Upper Limit	211,500
	B-Domestic	
a)	Passenger Flights	
	Learjet, Jet Stream, DH6, C560	12,600
	YAK40, CL60, F50, F27, F28, C750, AN24, ATR42, ATR72, HS748, HS125, DA90, G-2 to GB, TU124, TU134, CRJ, EM4, CV580, BAC111, BE2	20,250
	AN8, AN12, B737-100/200, IL18, DC9, MD82, F70, F100	36,000
	A320, A321, B727, B737-500 to 800, C130, MD83/87/88/90, TU154, TU104,	45,000
	B757, TU204, B707, C106	45,000
	A310, A300, A330, B767, II62, IL76, DC8, 787-3	54,000
	A340, B777, DC10, IL86, IL96, MD11, L1011, B747, AN124	99,000
b)	Freighter	
	Freighter A310	74,730
	Freighter ATR	21,620

Note:

- 1 All the charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airports Operator.
- 2 Tariff determined as above will be maximum tariff to be charged from the users including Non Scheduled Operators (NSOP) for the same type of Aircraft for the ground handling service. No other charges to be levied over and above the approved tariff.
- 3 All the charges mentioned above are excluding statutory taxes and other levies as and when applicable.

