

Airports Economic Regulatory Authority of India

Order No. 02 /2018-19

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

Date of Issue: 09.04.2018.

**Service : Ground Handling Services.**

**Service provider: Air India Air Transport Services Ltd.**

**Airport: Airports Authority of India, Calicut Intl. Airport, Calicut.**

**In the matter of Multi Year Tariff Proposal(MYTP) for the Second Control Period and Annual Tariff Proposal(ATP) (T1 to T5) for the second control period in respect of M/s Air India Air Transport Services Ltd. (AIATSL) for providing Ground Handling Services at Calicut International Airport, Calicut.**

1. M/s AIATSL is one of the Ground Handling agencies appointed by Airports Authority of India, Calicut International Airport for carrying out Ground Handling (GH) at Calicut International Airport, Calicut and started their operations/ground handling services from 1<sup>st</sup> April, 2014. The Authority, vide its MYTO Order No. 04/2015-16 dated 06.05.2015, decided to approve tariff on ad-hoc basis for the First Control Period (FY 2011-12 TO FY 2015-16) for Air India(AIATSL). The tariffs applicable on 31.03.2015 are continuing till date. The Authority vide its Order No. 50/2015-16 dated 31.03.2016 allowed the AOs/ISPs to continue the levy existing as on 31.03.2016 up to 30.09.2016 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 11/2016-17 dated 29.09.2016 extended the levy of tariffs as on 31.03.2016 up to 31.03.2017 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 19/2016-17 dated 31.03.2017 further extended the levy of tariffs as on 31.03.2016 up to 30.09.2017 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 12/2017-18 dated 29.09.2017 further extended the tariffs existing as on 31.03.2016, for a period of six months w.e.f. 01.10.2017 or till determination of tariffs for the second control Period whichever is earlier.
2. M/s AIATSL submitted their MYTP/ATP online on 24<sup>th</sup> June,2016 and submitted the consolidated Balance Sheet for FY 2014-15 & FY 2015-16 on 28.04.2017 and FY2016-17 on 14.12.2017. AIATSL submitted the bifurcation of financials (Balance Sheet for FY2015-16 & FY2016-17) among all its stations where AIATSL is operating on 14<sup>th</sup> Dec, 2017. (Bifurcation of Balance Sheet for FY2014-15 among its station of operation is not submitted). AIATSL has submitted ATP for the complete Second Control period wherein, AIATSL has



proposed an increase of 2% year on year in the ATP from FY 2016-17 to FY 2020-21. M/s AIATSL submitted the Annual Compliance Statement (ACS) for the FY 2015-16 and FY2016-17 only. M/s AIATSL has submitted a copy of User Agreement for Calicut International Airport.

3. **a. Materiality:** As per Clause 4.4 of the CGF Guidelines, 2011 for the regulated service(s) provided for Ground Handling facility at the major airports, the percentage share of Ground Handling for Calicut International Airport, Calicut is **4.35%** which is lower than **5%** Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed '**Non-material**'.

**b. Competition:** AERA, in line with the National Civil Aviation Policy (NCAP- 2016), vide Order No. 15/2016-17 dated 12<sup>th</sup> 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 AIATSL in Form F1(b) on competition Assessment, M/s Bhadra Ground handling Agency is the other service provider which is rendering similar service at Calicut International Airport. Hence in the instant case, there are two Ground handling service providers including AIATSL, and therefore the service is deemed '**Non-competitive**'.

**c. Reasonableness of existing User Agreement(s):** M/s AIATSL has submitted valid User Agreement with Qatar Airways for Calicut International Airport and on examination of the same, it is observed that the tariffs are agreed by both the parties and till date AERA has not received any complaints from users on the existing agreements with the service provider.

4. AIATSL has not submitted the copy of Concession Agreement with Calicut International Airport Operator and not conducted the stakeholder consultation with the users on the proposed ATP submitted for the complete Second Control Period i.e. FY2016-17 to FY2020-21.

5. (i) The Authority considered the submissions made by AIATSL and issued Consultation Paper No. 35/2017-18 dated 27<sup>th</sup> December, 2017 wherein, the Authority proposed that M/s AIATSL may be allowed to charge as per the proposed tariff for FY 2016-17 for the residual period of FY 2017-18 and FY 2018-19 as the Service provider's return on Average RAB is 2.99% for FY 2015-16 and 31% in FY 2016-17. Further, the profit margin stands as 1% in FY 2015-16 and 12% in FY 2016-17. Since the FY2017-18 is over the AIATSL is allowed to charge as per the proposed tariff by M/s AIATSL for FY 2016-17 from the date of issue of this order upto 31.03.2019.

(ii) The Authority sought written evidence based feedback, comments and suggestions from stakeholders on the above proposal by 16<sup>th</sup> Jan., 2018. Further the Authority vide email dated 28.12.2017 informed the same to all the concerned stakeholders on their registered email IDs. In response, none of the stakeholders has commented on the above mentioned consultation Paper.

6. In line with Government of India, MoCA notification No. F.No. AV-



24011/8/2017-AAI-MoCA dated 15.12.2017 the Authority also decides that AIATSL being a JV of Air India shall match the lowest royalty paid by the other ground handling agencies.

## **ORDER**

The Authority, in exercise of powers conferred by Section 13(1)(a) of the AERA Act, 2008 hereby orders that:

- i) The service for Ground handling being provided by M/s AIATSL at AAI, Calicut International Airport, Calicut is “**Non-Material**” and hence in accordance to the provisions of Chapter V of the AERA Guidelines the tariff is determined under “**Light Touch Approach**” for the duration of Second Control Period (01.04.2016 to 31.03.2021) the 2<sup>nd</sup> control period.
- ii) M/s AIATSL is allowed to charge as per the proposed tariff submitted for FY2016-17 from the date of issue of this order to 31.03.2019 of the second control period for Ground Handling Services provided by AIATSL at Calicut International Airport, Calicut as in **Annexure-I**.
- iii) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- iv) AIATSL should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft.
- v) M/s AIATSL should submit the Concession Agreement and conduct the stakeholder consultation on the proposed Annual Tariff Proposal(ATP) in future before approaching AERA for tariff revision.

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

  
**(Puja Jindal)**  
Secretary

To,

**M/s AIATSL, Airline House, 113 Gurudwara Rakab Gunj Road, New  
Delhi-110001.**



**Rates for the FY 2016-17, FY2017-18 and 2018-19 from the Date of Issue of Tariff Order to 31.03.2019.**

**Price List (in INR)-Scheduled / Non- scheduled Aircrafts (International & Domestic)**

Code	Type of Aircraft	Type of Carrier	Ramp Handling	Comprehensive
Code B	Single Engine Aircraft	PAX Non Schedule Domestic	0	48000
Code B	Single Engine Aircraft	PAX Non Schedule	0	1,04,000
Code C1	ATR-72	PAX Non Schedule International	10,000	14,000
Code C	A-319	PAX Schedule Domestic	0	1,15,500
Code C	A-320	PAX Schedule International	0	1,15,500
Code C	A-321	PAX Schedule International	0	1,15,500
Code C	B-737	PAX Schedule International	0	1,15,500
Code C	ATR-72	PAX Schedule International	10,000	14,000
Code D	A-300-600	PAX Schedule Domestic	0	2,80,500
Code D	A-310	PAX Schedule International	0	2,40,000
Code D	A-310-F	PAX Schedule International	0	2,06,000
Code E	A-330-200	PAX Schedule International	0	1,80,000
Code E	A-340	PAX Schedule International	0	1,80,000
Code E	B-777	PAX Schedule International	0	2,47,500
Code E	B-777	PAX Schedule International	0	2,14,500
Code E	B777-200F	PAX Schedule International	0	2,47,500

Note: All charges mentioned above are maximum and excluding the applicable statutory taxes.

