

[File No. AERA/20010/MYTP-BWFS/GH/CIAL/ 2016-17]

Airports Economic Regulatory Authority of India

Order No. 28/2018-19

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

Date of Order: 15th November, 2018

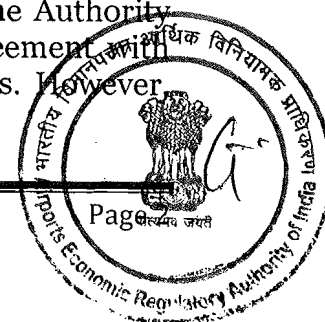
**Service : Ground Handling Services
Service provider : M/s Bird Worldwide Flight Services (India) Pvt. Ltd.,
(BWFS)
Airport : Cochin International Airport, Cochin.**

In the matter of Multi Year Tariff Proposal for the second control period (01.04.2016 TO 31.03.2021) and ATP for the 3rd, 4th & 5th tariff years of the 2nd control period by M/s Bird Worldwide Flight Services (India) Pvt. Ltd.(BWFS), for providing Ground handling services at Cochin International Airport, Cochin.

1. M/s Bird Worldwide Flight Services (India) Private Limited (BWFS) provides Ground Handling (GH) services at Cochin International Airport, Cochin. The Authority has issued various orders determining its tariff on light touch basis during the 1st control period. The orders issued by the Authority till date are listed below:
 - i) Order no. 34/2012-13 dtd. 21.01.2013 for tariff year 2011-12(T1) & 2012-13 (T2);
 - ii) Order No. 33/2013-14 dated 27.08.2013 for tariff year 2013-14(T3),
 - iii) Order No. 14/2014-15 dated 10.11.2014 for tariff year 2014-15(T4)
 - iv) Order No. 44/2015-16 dated 07.01.2016 for tariff year 2015-16(T5).
 - v) Order No.50/2015-16 dated 31.03.2016. (The Authority allowed the AOs/ISPs to continue the levy of tariffs 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).
2. The Authority allowed M/s BWFS to continue the levy of tariffs existing as on 31.03.2016 up to 31.03.2019 from time to time vide following Orders:
 - i) Order No.11/2016-17 dated 29.09.2016 up to 31.03.2017;
 - ii) Order no.19/2016-17 dated 31.03.2017 up to 30.09.2017;
 - iii) Order no.12/2017-18 dated 29.09.2017 up to 31.03.2018;
 - iv) Order no.43/2017-18 dated 28.03.2017 up to 30.09.2018;
 - v) Order no.21/2018-19 dated 28.09.2018 up to 31.03.2019;



3. M/s BWFS submitted the MYTP for the 2nd control period (01.04.2016 to 31.03.2021) online in March 2016. Subsequently, M/s BWFS, vide their letter dated 02.02.2018 submitted the ACS for FY 2015-16 & FY 2016-17. Thereafter, on 14.12.17, M/s BWFS submitted the Annual Compliance Statement (ACS) for FY 2012-13 to FY 2015-16. Thereafter, on 31.07.18, M/s BWFS submitted their ATP for the 3rd, 4th & 5th tariff years of the 2nd Control Period.
4. 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] provide that the Authority shall assess materiality, competitiveness, reasonableness of user agreement to decide its approach towards tariff determination of any concerned service provider.
5. The Authority considered the submissions made by M/s BWFS and issued the Consultation Paper No. 20/2018-19 dated 19.10.2018 proposing the following for stakeholder consultation:
 - i) As per the ground handling materiality index the materiality for Cochin Airport (as per the AAI statistics for ATM for FY.2014-15) stands at 7.77% which is more than the 5% Materiality Index threshold limit fixed for the subject service. Hence the service is deemed '**Material.**'
 - ii) As per AERA Order No. 15/2016-17 dated 12th Jan, 2017 there must be three (3) or more service providers including Air India's Subsidiary/JV in order to consider the service as competitive at a major airport. At Cochin Airport, M/s Celebi Airport Services India Pvt. Ltd., and, M/s AIATSL are providing GH Services along with M/s BWFS. As there is competition the GH services provided by M/s BWFS falls under the category of "**Competitive.**"
 - iii) The Ground Handling Service being provided by M/s BWFS at Cochin Airport, is "Material but Competitive" and hence in accordance with the provisions of Chapter V of the AERA Guidelines the tariff will be determined under "**Light Touch Approach**" for FY 2018-19 to FY 2020-21 of the 2nd Second Control Period.
6. 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:
 - i) Form B –Submission of ATP
 - ii) Form 14(b)-Proposed Tariff Card
 - iii) Details of consultation with stakeholders
 - iv) Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.
7. M/s BWFS has submitted Form B, Form 14(b) with their Annual Tariff Proposal for the first tariff year i.e. FY.2016-17 of the second control period. The Authority observed that M/s BWFS had submitted copy of the Concession Agreement, Airport Operator Cochin, CIAL, as well as copies of User Agreements. However, M/s BWFS did not submit any evidence of Stakeholder Consultation.



8. From the Annual compliance Statement (ACS) for FY 2016-17 & ACS FY 2015-16 (one year before T₁ of 2nd Control Period), submitted by M/s BWFS, the Authority observes that the total traffic volumes/revenues show reasonable growth, and, M/s BWFS is earning sufficiently to meet the revenue requirements. M/s BWFS has not submitted the ACS for FY 2017-18.
9. The comparison of GH tariffs of M/s BWFS with that of its Competitors is not possible since the Categorization of Aircrafts in their respective Tariff Rate Cards are different.
10. The Authority observes that M/s BWFS has not sought any increase in Tariff for Passenger Flights/ Cargo Freighters in the entire 2nd Control Period over the rates existing at the end of the First Control Period, except that in its MYTP/ATP from 3rd to 5th Tariff Year, i.e. from FY2018-19 to FY 2020-21, a new category of tariff for '*International Flights of Indian Registered Carriers*' has been included. The Authority finds this new category to be discriminatory in nature, and, is of the view that for '*similar services*' the charges cannot be different between '*domestic carriers*' & '*international carriers.*' This new category, has therefore, not been considered by the Authority in the approved Tariff Card.
11. Regarding the rate of conversion, i.e. from INR to USD, for GH charges specified in US Dollars by M/s BWFS in their ATP submission for International Scheduled flights, the Authority decides to adopt the rate of 1US\$=INR63 (as adopted by M/s BWFS in their ATP for freighter aircraft) for both "freighter" as well as "passenger" flights, to ensure uniformity.
12. The Consultation Paper No. 20/2018-19 dated 19.10.2018 was put on AERA website. Till date no comments/views have been received from any stakeholders. Hence, the Authority presumes that the stakeholders have no objection to the proposal.

ORDER

13. Upon careful consideration of material available on record, as well as submissions made by M/s BWFS, the Authority, in exercise of powers conferred by Section 13(1) (a) of the AERA Act, 2008 hereby orders that:
 - a. The Ground Handling Service being provided by M/s BWFS at Cochin Airport, is "Material but Competitive" and hence in accordance with the provisions of Chapter V of the AERA Guidelines the tariff is determined under "**Light Touch Approach**" for the 2nd Second Control Period.
 - b. The Authority has decided to allow M/s BWFS to charge the Ground Handling Tariffs prevailing as on 31st March 2016 for Tariff Years FY 2016-17 & FY 2017-18.
 - c. The tariff for providing Ground Handling Services at Cochin Airport, Cochin, for FY 2018-19 to FY 2020-21 of the 2nd Control Period are determined as per **Annexure I**.



- d. The tariff charges for Non-Scheduled Operations provided by M/s BWFS should not exceed the tariff charges approved by AERA for its Scheduled Operations for 'similar class of aircraft.'
- e. M/s BWFS should not exceed the tariff charges for its International Carriers as approved by AERA for its Domestic Carriers for 'similar services' (Refer para 10).
- f. M/s BWFS should submit the Annual Tariff Proposal (ATP) for the FY 2019-20, & FY 2020-21 along with the Annual Compliance Statement (ACS) for FY 2017-18 to FY 2019-20 well in time as per guidelines.

Order issued in the Name of the Authority

(Signature)

(Ramendra Pratap Shukla)
Deputy Chief

To

**M/s Bird Worldwide Flight Services India Pvt. Ltd.,
E-9, Connaught House,
Connaught Place,
New Delhi -100 001**

सत्यमेव जयते

(Through: Shri Gaurav Bhatia, Director)

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

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AERA

Annexure -I

**Bird Worldwide Flight Services (India) Pvt. Ltd. (Operations at Cochin International Airport)|
Maximum Rate to be paid by Scheduled Airlines for comprehensive Ground Handling
Tariff year 3 to 5 (01.04.2018 to 31.03.2021) of Second Control period**

			Maximum Ground Handling Rates in INR for Tariff Year 3 to 5 (FY 2018-19, FY 2019-20 & FY 2020-21)					
S.No	ICAO Code	Aircraft Type	Scheduled Passenger Aircraft			Scheduled Freighter Aircraft		
			Domestic	International		Domestic	International	
			Amt in INR	Amt in USD	Amt in INR	Amt in INR	Amt in USD	Amt in INR
1	Code B 1	Dornier	5,000	NA	NA	NA	NA	NA
2	Code B	CRJ, ATR 42	15000	1500	94500	NA	NA	NA
3	Code C 1	ATR-72, EMB 135	20000	1500	94500	45000	NA	NA
4	Code C 1	EMB 170	25000	1500	94500	45000	NA	NA
5	Code C	A 319, A320, A321, B717, B737	35000	2500	157500	75000	1800	113,400
6	Code D	A300, A310	56300	4100	258300	90000	3200	201,600
7	Code E	A330/B772	105000	4800	302400	NA	NA	NA
8	Code E	B747/B773/B 77W/A340	105000	4800	302400	110000	3800	239,400

Notes:

- 1) All charges mentioned above excludes all taxes such as Goods and Service Tax, as may be applicable.
- 2) Conversion Rate Adopted: 1USD = INR 63;
Note: The Authority has adopted the same conversion rate as adopted by M/s BWFS for freighter aircrafts in their ATP submission for 2nd Control Period;

