

**Airports Economic Regulatory Authority of India**

**Order No. 09/2010-11**

**AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi – 110 003**

**Date of Order: 20<sup>th</sup> October, 2010  
Date of Issue: 11<sup>th</sup> November, 2010**

**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 Civil Enclaves.**

**1. BACKGROUND**

1.1 Pursuant to enactment of the “The Airports Economic Regulatory Authority of India Act, 2008” (hereinafter referred as the ‘Act’) and establishment of the Airports Economic Regulatory Authority (hereinafter referred as the ‘Authority’), the Authority is to perform the following functions in respect of major airports:

- (a) to determine the tariff for the aeronautical services;
- (b) to determine the amount of the development fees in respect of major airports;
- (c) to determine the amount of the passengers service fee levied under rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934; and
- (d) to monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorised by it in this behalf.

1.2 As per Section 2 (a) of the Act, any service provided “for ground handling services relating to aircraft, passengers and cargo at an airport”; “for the cargo facility at an airport”; and “for supplying fuel to the aircraft at an airport” are aeronautical services.

1.3 As per Sec 2(f) of the Act “Civil enclave” means an area, if any allotted at an airport belonging to any armed force of the Union, for use by persons availing of any air transport services from such airport or for the handling of baggage or cargo by such service, and includes land comprising of any building and structure on such area;



1.4 To ensure transparency in the process leading upto the framing of appropriate procedures/system for economic regulations, as required under the Act, the Authority issued a White Paper on "Regulatory Objectives and Philosophy" in the Economic Regulations of Airports and Air Navigation Services on 22nd Dec' 2009. The Authority considered the views and opinion submitted in response to the White Paper and prepared a Consultation Paper (No. 03/2009-10 dated 26.02.2010) listing out the major issues impacting formulation of its regulatory philosophy and approach and laying out its rationale for the position/approach it was minded to take.

1.5 The Authority, on careful perusal of all the submissions, views and opinions expressed by stakeholders, issued an Order (Order No. 05 / 2010-11, dated 2nd August, 2010) laying down its philosophy and approach for economic regulation of the services provided for Cargo Facility, Ground Handling and Supply of Fuel to the aircraft at the major airports.

1.6 The Authority, in its Order had stated that the overall approach and framework adopted does not apply, ipso facto, to the civil enclaves (Goa and Pune ) under the regulatory ambit of the Authority and that appropriate views in respect of the said Civil Enclaves would be taken by the Authority with the representation of the Ministry of Defence in accordance with the provisions of sub section (1) Section 4 of the AERA Act, 2008.

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## 2. **APPLICABILITY OF REGULATORY APPROACH**

2.1 The Authority received several consultation responses on the applicability of the proposed regulatory approach.

2.2 As highlighted in the Consultation Paper (No. 03/2009-10 dated 26.02.2010), where Airport Operators are also the providers of cargo facilities, ground handling services and fuel farm/ fuel access, associated tariff and end user charges shall be regulated as per the regulatory approach and framework to economic regulation of Airport Operators. Within such an overall framework of economic regulation, the Authority may consider separately regulating the tariffs for each of these services.

2.3 The Authority has now, with representation of the Ministry of Defence considered the matter and decided as under:

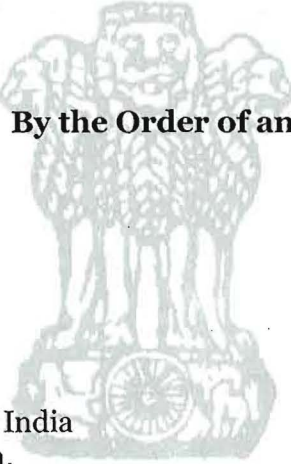
- i) The approach laid down in Order No.05/2010-11 dated 02.08.2010 for economic regulation of ground handling, fuel supply and cargo services provided by the independent service providers and decided that the same, may be adopted for the Civil Enclaves of Pune and Goa as well.
- ii) Further, the Draft Tariff Determination Guidelines in respect of the aforesaid services, issued for stake holder consultation vide Consultation Paper No. 5/2010-11 dated 02.08.2010 may also be adopted for aforesaid Civil



Enclaves. The Draft Guidelines would be finalised separately for the Civil Enclaves , after taking into account special considerations, if any, relating to the Civil Enclaves as may be required to be considered. A Consultation Paper on these lines is being issued separately.

**ORDER**

3. Ordered accordingly.



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

  
**(Sandeep Prakash)**  
**Secretary**

**To,**

1. Airports Authority of India  
Rajiv Gandhi Bhawan,  
Safdarjung Airport,  
New Delhi – 110 003  
(Through: Shri V.P Agrawal, Chairman)
2. National Aviation Company Of India Ltd.  
Transport Complex Building, First floor,  
CSI Airport, Vile Parle (East),  
Mumbai 400099  
(Through: Shri Arvind Jadhav, Chairman & Managing Director)
3. M/s Central Warehousing Corporation,  
B/h Syb Jail, Opp. FCI Godown, Sada,  
Marmagoa-403 804,  
(Through: Shri SH. B.K. Saha, IAS (Retd.), Chairman,)
4. M/s Bhadra International (India)Ltd.,  
B-4/62, Safdarjung Enclave,  
New Delhi-110029  
(Through: Shri Prem Bajaj, Director)
5. Indian Oil Corporation Ltd.  
( Navy Land)),  
Indian Oil Bhawan,  
G-9m Ali Yavar Jung Marg, Bandra(E),  
Mumbai-400 051  
(Through: Shri R Sareen, Executive Director (Aviation))



6. M/s. Essar Oil Ltd.  
Essar Techno Park Building II,  
Swan Mill Compound,  
L.B.S.Marg, Kurla(W),  
Mumbai-400 070  
[Through : Shri P. Sampath, Director (Fin.)]
7. Shell MRPL Aviation Fuels & Services Ltd  
No.72/4, Cunningham Road  
Opp: Cottage industries Exposition  
Bangalore  
(Through: Shri.Sanjay Varkey-CEO)
8. Reliance Industries Limited  
Reliance Corporate Park,  
Block-6, D-Wing, 2<sup>nd</sup> floor,  
5-TTC Industrial Area, Thane-Belapur Road,  
Ghansoli, Navy Mumbai.  
(Through Shri. P. Raghavendran-President (Petroleum Business))
9. Bharat Petroleum Corporation Ltd.  
Bharat Bhavan, 4&6 Currimbhoy Road,  
Ballard Estate,  
Mumbai 400 001  
(Through: Shri.S.P.Mathur, Executive Director (Aviation))
10. Hindustan Petroleum Corporation Ltd.  
17, Petroleum House,  
Jamshedji Tata Road,  
Mumbai 400 020  
(Through: Shri.K.Srinivas, Head, Aviation SBU)

