

Airports Economic Regulatory Authority of India

Order No.04 /2012-13

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

Date of Order: 09th May, 2012

Date of Issue : 17th May, 2012

In the matter of Multi Year Tariff Proposal for the 1st Control Period submitted by Rajasthan Small Industries Corporation Limited (RSICL) for providing Cargo Facility at the Air Cargo Terminal at Jaipur International Airport, Jaipur.

Rajasthan Small Industries Corporation Limited (RSICL) submitted their Multi Year Tariff Proposal (MYTP) for the service provided for Cargo facility at Air Cargo Terminal, Jaipur Airport, Jaipur in respect of the 1st Control Period of 5 years starting w.e.f 01.04.2011, vide their letter dated 24.02.2012, in accordance with 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).

2.1 As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service-

- (i) Materiality Assessment;
- (ii) Competition Assessment;
- (iii) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

2.2 In respect of the regulated service(s) provided for the cargo facility at an airport, the Authority considers that materiality of the service is linked to the cargo volume at the major airport. The materiality is assessed based on cargo volume in MT at the major airport as a percentage of cargo volume in metric MT at all major airports, in terms of Clause 4.3 of the Guidelines. It was observed that as per the latest available AAI Tariff Statistics for the Financial Year, 2010-11, the percentage share of cargo volume for Jaipur Airport is 0.4% which is less than 2.5% materiality Index fixed for the subject service. Hence the service provided for cargo facility at Jaipur Airport is deemed to be 'not material'.



2.3 As per the Guidelines (Clause 3.2 of the Guidelines), based on the assessment of materiality, when such regulated service is deemed 'not material', the Authority shall determine the tariff(s) for the service provider(s) based on a light touch approach. In the instant case, the regulated service being provided by RSICL at Air Cargo Complex, Jaipur Airport being 'not material,' should come under the light touch approach for tariff determination.

3.1 In view of the position stated above, the Authority, vide Consultation Paper No. 38/2011-12 dated 22.03.2012 proposed for stakeholder consultation that the cargo service being rendered by RSICL at the Air Cargo Terminal, Jaipur International Airport, Jaipur is "not material" and hence the Authority may adopt a "light touch approach" for determination of tariff for the 1st Control period w.e.f. 01.04.2011.

3.2 In response to the Consultation Paper No. 38/2011-12 the Authority received comments from RSCIL and Ministry of Civil Aviation.

3.3 RSICL vide their letter No. RSIC/ACC/2012-13 dated 09.04.2012 submitted that:-

"at Jaipur Airport besides RSICL, one private service provider M/s. Jaipur Gemstone Exchange Pvt. Ltd. is also rendering services. Hence the services provided are competitive.

Further, it is stated that RSICL being a State PSU, the MYTP proposals submitted are approved by the Industries Department at the Government level and it is not possible to make any changes thereof."

3.4 MOCA vide their letter no. AV.16026/3/2012-AD dated 03.05.2012 submitted that: "the matter has been examined in consultation with Airports Authority of India and the comments are furnished as under:

- *Rajasthan Small Scale Industries Corporation Limited (RSCIL) has been allotted an area of 723.97 Sq. mtrs. At Jaipur Airport to handle International cargo (General Cargo Only) at the agreed Commercial terms and conditions.*
- *The Cargo Share being handled at Jaipur Airport by M/s RSCIL is 0.4% only and as such is deemed "not material".*

4. **ORDER**

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

- i) The cargo service being rendered by the Rajasthan Small Industries Corporation Limited (RSICL) at Jaipur Airport is "not material".



Hence, the Authority will adopt "light touch approach" for determination of tariff for the First Control period w.e.f 01.04.2011.

- ii) The Annual Tariff proposal for the first and second tariff year may be submitted by RSICL in accordance with the Guidelines.

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


**(Capt. Kapil Chaudhary)
Secretary**

To,

**M/s Rajasthan Small Scale Industries Corporation Ltd.,
Udyog Bhawan, Tilak Marg,
'C' Scheme,
Jaipur (Rajasthan)
(Through Shri Pankaj, Chairman & Managing Director)**

