

[F. No. AERA/20010/MYTP-AIS/GH/TVM/2012-13]

Airports Economic Regulatory Authority of India

Order No. 46/2012-13

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

Date of Order: 15th February, 2013

Date of Issue: 5th March, 2013

In the matter of Multi Year Tariff Proposal and Annual Tariff for the 2nd Tariff Year submitted by Air India SATS for first control period for providing Ground Handling Services at Thiruvananthapuram International Airport, Thiruvananthapuram.

Air India SATS (AISATS) informed the Authority that they had taken over ground handling operations at Thiruvananthapuram Airport Thiruvananthapuram from Air India (NACIL) w.e.f. April 2012. They submitted the Multi Year Tariff Proposal (MYTP) for the first control period of 5 years commencing w.e.f. 01.04.2011 and the Annual Tariff Proposal (ATP) for second tariff year (2012-13) for providing Ground Handling Services at Thiruvananthapuram Airport.

2. As per para 3.1 of the Guidelines, [Airport 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 Authority shall follow a three stage process for determining its approach to the regulation of a regulated service:-

- a) Materiality Assessment;
- b) Competition Assessment;
- c) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

3. As per clause 4.4 of 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], in respect of ground handling services, the materiality shall be assessed based on international aircraft movements at the major airport as a percentage of total international aircraft movements at all major airports. The percentage share of international aircraft movements for Thiruvananthapuram International Airport, as per April 2010 to March 2011 AAI statistics, is 5.9% which is greater than the 5%



materiality fixed for the subject service. Hence the regulated service is deemed to be 'material'.

4. As per the information furnished by AISATS, in Form F1(b), on the Competition Assessment, M/s Bhadra International India Limited is also rendering similar services at Thiruvananthapuram International Airport.

5. The Guidelines provide that where a regulated service is being provided at a major airport by two or more service providers(s), it shall be deemed to be 'competitive' at that airport. In the instant case with the total number of players being two the service is deemed to be 'material but competitive'.

6. As per Clause 3.2 (ii) of the Guidelines, wherever the regulated service provided are deemed "material but competitive" the Authority shall determine tariff(s) for service providers(s) based on a light touch approach for the duration of the control period.

7. In terms of Clause 7.3 & 7.4 of the Guidelines, the Authority shall, upon due consideration of the MYTP and stakeholder consultations thereon, make a Multi-Year Tariff Order (MYTO) for a Control Period. After issuance of the MYTO, the service provider shall submit its ATP. The ATP for the first tariff year of the first control period is required to be submitted within 75 days of the issue of MYTO. As per Clause 11.2, the ATP is required to be submitted in the manner and form provided in AI.8.1 of Appendix I and the proposal is required to be of Annual tariff Proposal, supported by the following:-

- (i) Form B and form 14 (b)
- (ii) Details of consultations with stakeholders
- (iii) Evidence of User Agreements clearly indicating the Tariff proposal by the service provider and agreed to by the User.

8. In support of the ATP, AISATS submitted evidence/ information regarding User Agreements between the service provider and the user of the regulated services.

9. The Authority considered the MYTP and ATP for the second tariff year i.e. 2012-13 of the first control period, and issued Consultation paper no. 33/2012-13 dated 27.12.2012 for stakeholder consultation. In response to the proposal, no comments have been received from the stakeholders.

ORDER

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

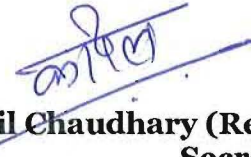
- (i) The service for ground handling being provided by Air India SATS at Thiruvananthapuram International Airport, Thiruvananthapuram is



“material but competitive”. Hence, the Authority decided that the tariff for the first control period for this service will be determined under “Light Touch Approach”.

- (ii) Tariff for the second tariff year (w.e.f. 01.04.2012 to 31.03.2013) for ground handling service provided by M/s Air India SATS at Thiruvananthapuram International Airport, Thiruvananthapuram is determined as per **Annexure – I**. These rates will be effective from 01.04.2012.

By the Order of and in the
Name of the Authority



[(Capt. Kapil Chaudhary (Retd.))]
Secretary

To

M/s Air India SATS Airport Services Private Limited,
A-301, Business Square, Andheri-Kurla Road,
Chakala, Andheri (East),
Mumbai – 400069
(Through: Shri Nilang Shah, Manager Marketing)

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AERA



Annexure – I

**MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR
COMPREHENSIVE GROUND HANDLING AT THIRUVANANTHAPURAM
INTERNATIONAL AIRPORT, FOR THE SECOND TARIFF YEAR 2012-13**

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR		
		Scheduled Passenger Aircraft		
		Domestic Flight	Concession Fees (currently @ 31.81%)	Total
1	CODE B	12,960	4,123	17,083
2	CODE C	20,240	6,438	26,678
3	CODE D	39,800	12,660	52,460
4	CODE E	68,400	21,758	90,158

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR		
		Scheduled Passenger Aircraft		
		International Flight	Concession Fees (currently @ 31.81%)	Total
1	CODE B	66,960	21,300	88,260
2	CODE C	111,925	35,603	147,528
3	CODE D	153,100	48,701	201,801
4	CODE E	211,750	67,358	279,108

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR		
		Scheduled Freighter Aircraft		
		Domestic Flight	Concession Fees (currently @ 31.81%)	Total
1	CODE B	NA	NA	NA
2	CODE C	88,900	28,279	117,179
3	CODE D	121,440	38,630	160,070
4	CODE E	143,040	45,501	188,541

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR		
		Scheduled Freighter Aircraft		
		International Flight	Concession Fees (currently @ 31.81%)	Total
1	CODE B	NA	NA	NA
2	CODE C	118,600	37,727	156,327
3	CODE D	162,000	51,532	213,532
4	CODE E	284,350	90,452	374,802

Notes:

1. AISATS pays 31.81% as concession fee to the Airport Operator.
2. All charges mentioned above exclude taxes which will be charged at the prevailing rates.
3. Exchange rate used for contracts signed in USD 1 USD = 55 INR

