

[F.No. AERA/20010/MYTP/MAB/GH/HIAL/2011-12]

**Airports Economic Regulatory Authority of India**

**Order No. 15/2011-12**

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

**Date of Order : 13<sup>th</sup> October, 2011**

**Date of Issue : 17<sup>th</sup> October, 2011**

**In the matter of Multi Year Tariff Proposal for Control Period submitted by Menzies Bobba Ground Handling Services Pvt. Ltd., for providing Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad.**

Menzies Bobba Ground Handling Services Pvt. Ltd., (Menzies Bobba GHSP), have vide their application dated 25.04.2011 and subsequent letter dated 26.07.2011 submitted their Multi Year Tariff Proposal (MYTP) for the first control period commencing w.e.f 01.04.2011, in respect of the tariff for the services provided for ground handling facility at Rajiv Gandhi International Airport, Hyderabad.

2.1 Menzies Bobba GHSP have sought approval for the tariff for ground handling services for the first control period (period of 5 years commencing w.e.f. 01.04.2011) based on a "light touch approach" as specified in Chapter V 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).

2.2 As stipulated in the Guidelines, 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.

The ground handling service being provided at Rajiv Gandhi International Airport, Hyderabad has a materiality index of 4.87%, which is less than 5% materiality Index fixed for the subject service as per April 2010 to March 2011 AAI statistics. Hence the service is deemed as "not material", in terms of Clause 4.3 of the Guidelines.



2.3 It was observed that in the instant case the ground handling services at Rajiv Gandhi International Airport, Hyderabad being provided by Menzies Bobba GHSPL is “not material” and hence may be regulated under light touch approach for tariff determination.

2.4 As per the information furnished by Menzies Bobba GHSPL in Form F1 (b) on the Competition Assessment, following service provider is rendering similar service at Hyderabad Airport:

(i) M/s AISATS

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 ‘competitive’ at that airport. In the instant case with the total number of players being two the service is deemed ‘not material’ and ‘competitive.’

3.1 Copies of agreements entered into with agencies for provision of Regulated Services at the major airport, including stakeholder consultation undertaken have also been furnished.

3.2 Menzies Bobba GHSPL requested for confidentiality of certain documents, which was accepted by the Authority.

4. The Authority had, vide Consultation Paper No. 21/2011-12 dated 26.09.2011, proposed for stakeholder consultation that the ground handling service by Menzies Bobba GHSPL at Rajiv Gandhi International Airport is ‘not material’ and hence the Authority may adopt a ‘Light Touch Approach’ for determination of tariff for the 1<sup>st</sup> Control period w.e.f 01.04.2011.

5. In response to the said Consultation Paper, comments were received from Menzies Bobba GHSPL vide letter dated 7.10.2011 and AISATS vide e-mail dated 03.10.2011, inter-alia, agreeing to the proposal made by the Authority in the Consultation Paper.

**ORDER:**

6. 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 ground handling service provided by Menzies Bobba Ground Handling Services Pvt. Ltd., at Rajiv Gandhi International Airport, Hyderabad is “not material”. Hence Authority shall adopt a 'light touch' approach for determination of tariff for the first control period w.e.f. 01.04.2011.



- (ii) Menzies' Bobba Ground Handling Services Pvt. Ltd., may submit the Annual Tariff Proposal for the first tariff year of the first control period for the consideration of the Authority within a period of 75 days of the issue of this Order in accordance with the Guidelines.

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

  
**(Capt. Kapil Chaudhary)  
Secretary**

To,

**M/s Menzies Bobba Ground Handling Services Pvt. Ltd.,  
Plot No. C-04L, Bengaluru International Airport,  
Rajiv Gandhi International Airport,  
Shamshabad – 500409.  
(Through Mr. Paul Smith, Chief Executive Officer)**

AERA

