

[F.No. AERA/20010/MYTP-BWFS/IGIA/2011-12]
Airports Economic Regulatory Authority of India

Order No. 25/2011-12

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

Date of Order: 21st October, 2011

Date of Issue: 28th October, 2011

In the matter of Multi Year Tariff Proposal for 1st Control Period submitted by M/s Bird Worldwide Flight Services (India) Private Limited for providing Ground Handling Services at IGI Airport, New Delhi.

M/s Bird Worldwide Flight Services (India) Private Limited (Bird Worldwide) have submitted their Multi Year Tariff Proposal (MYTP), for the first control period of 5 years w.e.f. 01.04.2011 for providing Ground Handling Services at IGI Airport, New Delhi vide their proposal dated 30.04.2011 and subsequent submission made on 30.06.2011.

2.1 Bird Worldwide have sought approval for the tariff for ground handling services for the first Control Period (Period of 5 years starting 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 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.

2.3 In respect of the regulated service(s) provided for the ground handling facility at the airport, the Authority considers that materiality of the service is linked to the international aircraft movements at the major airport. 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, in terms of Clause 4.4 of the Guidelines. The percentage share of international aircraft movements for IGI Airport, New Delhi, as per April-2010 to March'2011, AAI statistics, is 26.3% which is greater than 5% Materiality Index fixed for the subject



service as per April 2010 to March 2011 AAI statistics. Hence the service is deemed 'material'.

2.4 As per the information furnished by Bird Worldwide in Form F 1(b) on the Competition Assessment, the following other service providers are rendering similar services at Delhi airport:

- (i) Cambata Aviation Pvt. Ltd.
- (ii) NACIL (Air India)
- (iii) Celebi Ground Handling Delhi Pvt. Ltd.

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 more than two the service is deemed 'material but competitive' and the Authority shall determine Tariff(s) for the service provider(s) based on a light touch approach for the duration of the Control Period. Hence the regulated service being provided by Bird Worldwide at IGI Airport, New Delhi is 'material but competitive' and hence will come under the light touch approach for tariff determination.

3. Bird Worldwide have furnished the basis for arriving at the details, including the Aggregate Revenue Requirements, the rationale for the projections/various parameters used; justification, assumptions and cost drivers used for calculating O&M Expenditure; supporting documents for the administration and general expenses and also for R&M Expenditure etc., Bird Worldwide had also requested for confidentiality of certain documents, which was accepted by the Authority.

4.1 The Authority had, vide Consultation Paper No. 24/2011-12 dated 04.10.2011, proposed for stakeholder consultation that the ground handling service rendered by Bird Worldwide at IGI Airport, New Delhi is 'material' but 'competitive' 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. However no comments have been received in response to the above Consultation Paper.

4.2 The Authority has, in its 57th Meeting, considered the facts of the case.

ORDER

5. 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 services provided for ground handling by M/s Bird Worldwide Flight Services (India) Private Limited at IGI Airport, New Delhi are "material but competitive". Hence the Authority shall adopt a "light touch approach" for determination of tariff for the 1st Control Period w.e.f 01.04.2011



- (ii) M/s Bird Worldwide Flight Services (India) Private Limited 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 Bird Worldwide Flight Services (India) Private Limited
E-9, Connaught House,
Connaught Place,
New Delhi-110001
(Through: Shri Gaurav Bhatia, Director)**

