

[F.No. AERA/20010/MYTP-BWFS/GH/CIAL/2011-12]

Airports Economic Regulatory Authority of India

Order No. 39/2011-12

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

Date of Order: 6th March, 2012

Date of Issue: 19th March, 2012

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

M/s Bird Worldwide Flight Services (India) Private Limited (BWFS), have vide their application dated 30.04.2011 and subsequent submission made on 30.06.2011, submitted their Multi Year Tariff Proposal (MYTP) for the 1st Control Period of 5 years commencing w.e.f. 01.04.2011, in respect of the tariff for providing ground handling services at Cochin International Airport, Cochin.

2. Briefly, the facts of the case are as under:-

2.1 BWFS have sought approval for the tariff for ground handling services for the first control period (period of 5 years commencing 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 Cochin Airport, Cochin has a materiality index of 6.5%, which is greater than 5% materiality Index fixed for the subject service, hence the service is deemed as "material", in terms of Clause 4.4 of the Guidelines.



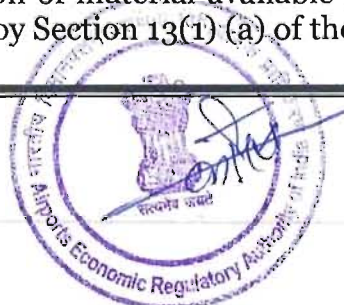
- 2.3 As per the information furnished by BWFS in Form F1 (b) on the Competition Assessment, the following service provider is rendering similar service at Cochin Airport, Cochin:
- (i) Air India (inadvertently mentioned as Air India SATS)
- 2.4 The Guidelines provide that where a regulated service is being provided at a major airport by two or more service provider(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 'material but competitive.'
- 2.5 It was observed that in the instant case the ground handling services at Cochin Airport, Cochin being provided by BWFS is "material but competitive" and hence may be regulated under light touch approach for tariff determination.
- 2.6 The Authority, vide its Order No.17/2010-11 dated 31.03.2011, while extending the timeline for submission of MYTP by the Independent Service Providers [ISP(s)] upto 30.04.2011 had also decided that, in the interim, all ISP(s) may continue to charge the tariffs as prevalent on 01.09.2009 or as may have been approved/determined by the Authority thereafter with effect from 01.4.2011 and upto the date when the new tariffs as may be approved by the Authority became applicable and that this interim arrangement would be subject to the condition that the concerned independent service providers submit the MYTP latest by 30.04.2011. In case any service provider(s) fails to submit MYTP on or before 30.4.2011, the interim arrangement in respect of such service provider (s) would cease to be effective.
- 2.7 The Authority also noted that BWFS had submitted the MYTP for ground handling services provided by them in respect of Cochin Airport, Cochin as per the timelines prescribed in the Guidelines.

3.1 The Authority, vide Consultation Paper No. 25/2011-12 dated 04.10.2011 proposed for stake holder consultation that the ground handling services provided by BWFS at Cochin Airport, Cochin are "material but competitive" and hence the Authority may adopt a "Light Touch Approach" for determination of tariff in the first control period w.e.f. 01.04.2011.

3.2 In response to the Consultation Paper, Cochin International Airport Private Limited (CIAL), vide their letter dated 13.10.2011, offered their comments stating that they are in agreement to consider the proposal under "Light Touch Approach" to determine the tariff for the first control period.

ORDER:

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



- (a) The services provided for ground handling at Cochin Airport by M/s Bird Worldwide Flight Services (India) Private Limited (BWFS), 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.
- (b) BWFS may submit the Annual Tariff Proposal for the 1st 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 Place,
New Delhi-110 001
(Through: Shri Gaurav Bhatia, Director)**

