

[F.No. AERA/20010/MYTP/Bhadra/GH/Kolkata/2011-12]

Airports Economic Regulatory Authority of India

Order No. 30/2011-12

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

Date of Order : 28th November, 2011

Date of Issue : 5th December, 2011

In the matter of Multi Year Tariff Proposal for 1st Control Period submitted by Bhadra International India Ltd., for providing Ground Handling Services at NSCBI Airport, Kolkata.

Bhadra International India Limited (Bhadra), have vide their application dated 30.04.2011, and subsequent communications submitted their Multi Year Tariff Proposal (MYTP) for the first control period commencing 01.04.2011, in respect of the tariff for the services provided for ground handling facility at NSCBI Airport, Kolkata. Bhadra also submitted their Annual Tariff Proposal (ATP) for the First Tariff year requesting for approval of the tariff to be applicable from 01.04.2011.

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

2.1 Bhadra 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). Bhadra have further sought approval for the ATP, seeking approval of the rates w.e.f. 01.04.2011

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;

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- 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 NSCBI Airport, Kolkata has a materiality index of 4.9%, which is less than 5% materiality Index fixed for the subject service, hence the service is deemed as "not material", in terms of Clause 4.3 of the Guidelines.

- 2.3 Hence the ground handling services at NSCBI Airport, Kolkata being provided by Bhadra is "not material" and hence may be regulated under light touch approach for tariff determination.
- 2.4 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.
- 2.5 The Authority noted that Bhadra had submitted the MYTP for ground handling services provided by them in respect of NSCBI Airport, Kolkata as per the timelines prescribed in the Guidelines.

3.1 The Authority, vide Consultation Paper No. 27/2011-12, dated 24.10.2011, proposed for stakeholder Consultation that the ground handling services provided by Bhadra at NSCBI Airport, Kolkata is "not material" 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. Since, the tariff is to be determined under light touch approach and keeping in view the precedents in other cases, the Authority decided to propose for stakeholder consultation that the ATP, as submitted by Bhadra may be considered at this stage itself and that the ATP may be made effective from 1.04.2011 or such other prospective date as the Authority may finally decide.

3.2. In response, comments were received from Bhadra International India Pvt. Ltd., vide their letter no. Bhadra/AERA.MYTP/2011-12 dated 03.11.2011 and from Deccan Charters Ltd., vide their letter no. DCL/AERA/MYTP/2011-12 dated 11.11.2011. Deccan Charters have stated that the proposed charges are exorbitant and have asked the Authority to verify the calculations given by



various ground handlers. As regards the aforesaid issues highlighted by Deccan, it is observed that as per the Guidelines, wherever the service is not material the Authority shall adopt a Light Touch Approach for determination of tariff. Further, if the service is being provided by two or more players it is deemed "competitive" and the Authority shall adopt a light touch approach for determination of tariff for the said services. In the instant case, the Ground handling service provided by Bhadra at Kolkata Airport is "not material". Also, Bhadra has claimed AIATSL to be a competitor at Kolkata Airport. Hence, in view of the fact that the Ground handling service at Kolkata Airport is "not material", as also there being two service providers, the MYTP is being considered under light touch approach.

4. The Authority considered the submissions made by the stakeholders and observed that:

- (i) Bhadra is providing ground handling services at NSCBI airport, Kolkata, which is "not material."
- (ii) Deccan Charters, have stated that the proposed charges are exorbitant and has asked the Authority to verify the calculations given by various ground handlers. In this regard, the Authority observed that as per the Order and Guidelines issued for economic regulation of services provided for Cargo Facility, Ground Handling and Supply of Fuel by Independent Service Providers (ISP(s)), a situation where such service is provided by two or more service providers will be deemed to be competitive and the Authority will adopt a light touch approach for determination of tariffs for such services, instead of Price Cap mechanism. Thus, the Authority has correctly proposed to adopt light touch approach while determining tariff for ground handling services provided by Bhadra at NSCBI airport, Kolkata as the service is "not material" and Air India Airport Transport Service Ltd. (AIATSL) is also providing the same service and hence the service is 'competitive'.

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 at NSCBI Airport by Bhadra International India Limited, are "not material". Hence the Authority shall adopt light touch approach for determination of tariff during the first control period of 5 years commencing 01.04.2011.



- (ii) The tariff for the ground handling services provided by Bhadra at NSCBI Airport at Kolkata is determined, as at **Annexure- I** w.e.f. 1.04.2011.

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



**(Capt. Kapil Chaudhary)
Secretary**

To

**M/s Bhadra International India Limited,
B-4/62, Safdarjung Enclave,
New Delhi – 110 029
(Through: Shri Prem Bajaj, Chairman and Managing Director)**



Bhadra International India Limited**Station Name: NSCBI Airport, Kolkata**

Tariff Heading	Conditions of Tariff
A-International	Maximum Tariff per Flight in (INR)
a-Passenger Flights	
A320(Narrow Body)Upper Limit	1,25,208
A320(Narrow Body)Lower Limit	83,472
A300/310 Upper Limit	1,55,100
A300/310 Lower Limit	1,36,300
Wide Body(747/777)Lower Limit	1,73,900
Wide Body(747/777)Upper Limit	2,02,100
b-Freighter	
Freighter Lower Limit	1,55,100
Freighter Upper Limit	2,11,500
B-Domestic	
a- Passenger Flights	
Learjet, Jetstream, DH6, C560	12,600
YAK40, CL60, F50, F27, F28, C750, AN24, ATR42, ATR72, HS748, HS125, DA90, G-2 to GB, TU124, TU134, CRJ, EM4, CV580, BAC111, BE2	20,250
AN8, AN12, B737-100/200, IL18, DC9, MD82, F70, F100	36,000
A320, A321, B727, B737-500 to 800, C130, MD 83/87/88/90, TU154, TU104	45,000
B757, TU204, B707, C106	45,000
A310, A300, A330, B767, II62, IL76, DC8, 787-3	54,000
A340, B777, DC10, IL86, IL96, MD11, L1011, B747, AN124	99,000
b-Freighter	
Freighter A310	74,730
Freighter ATR	21,620

