

F.No. AERA/20010/MYTP/AISATS/GH/BIAL/2011-12]

Airports Economic Regulatory Authority of India

Order No. 23/2011-12

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

Date of Order : 29th September, 2011

Date of Issue : 25th October, 2011

In the matter of Multi Year Tariff Proposal for 1st Control Period submitted by Air India SATS Airport Services Private Limited for providing Ground Handling Services at Bangalore International Airport, Bengaluru.

M/s Air India SATS Airport Service Private Limited (AISATS) have submitted their Multi Year Tariff Proposal (MYTP) for the ground handling facility at Bangalore International Airport, Bengaluru in respect of the 1st Control period starting w.e.f 01.04.2011, vide their application dated 30.04.2011. AISATS is a joint venture company which is providing ground handling operations at Bengaluru since 24th May 2008.

2.1 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 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 percentage share of aircraft movements for Bangalore International Airport is 5.5% which is greater than 5% Materiality Index fixed for the subject service. Hence the service is deemed 'material'.

2.2 As per the information furnished by AISATS, in Form F1 (b) on the Competition Assessment, following service provider is rendering similar service at Bangalore International Airport:

- (i) M/s Globe Ground India 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 two the service is deemed 'material but competitive.'

2.3 As per the Guidelines, based on the assessment of materiality and competition, when such regulated service is deemed 'material but competitive', the Authority shall determine tariff(s) for the service provider(s) based on a light touch approach. Hence the regulated service being provided by AISATS at Bangalore International Airport, Bengaluru is 'material but competitive' and hence will come under the light touch approach for tariff determination.

3.1 AISATS 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;

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

3.3 AISATS requested for confidentiality of certain documents, which was accepted by the Authority.

4. The Authority had, vide Consultation Paper No. 14/2011-12 dated 27.08.2011, proposed for stakeholder consultation that the ground handling service by AISATS at Bangalore International Airport, Bangalore 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.

5. Comments were not received from any stakeholders in response to the aforesaid Consultation Paper.

6. The instant Order is being issued pursuant to the order of Hon'ble AERA Appellate Tribunal dated 19.10.2011, issued in Appeal No. 12/2011, wherein the Tribunal ordered that

"...It is made clear that even if any final order is passed by the respondent – Airports Economic Regulatory Authority the same shall not be given effect to without leave of this Court."

7. 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 the ground handling facility by Air India SATS Airport Service Private Limited at Bangalore Airport 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) The tariff for the 1st tariff year, w.e.f. 01.10.2011 for the services provided by AISATS is determined, as at **Annexure - I**.

8. This order is subject to the order of the Hon'ble Appellate Tribunal referred to in para 6 above viz. that this order of Authority shall not be given effect to without leave of the Appellate Tribunal.

By the Order of and in the
Name of the Authority


(Capt. Kapil Chaudhary)
Secretary

To

M/s Air India SATS Airport Services Private Limited,
Plot No. C-05L,
Bangalore International Airport,
Devanahalli, Bangalore – 560 300
(Through: Mr. Kwa Tjun Kyet, Head Marketing)



Form P14 (b) - Annual Tariff Proposal for Tariff Year 1

MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING:

S/N	ICAO Code	Aircraft Types	Maximum Ground Handling Rate Per Flight to INR			
			Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
			Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	Single Engine Aircraft	10,000	28,000	NA	NA
2	CODE C	A318, A319, A320, A321, B717, B727, B737, BBJ, MD81 to MD90, DC9, TU134, TU134A, AN24, AN26, ATR 42, ATR72, F27, F28, F50, F70, F100, YAK 40, YAK 42	18,400	79,000	46,000	1,09,500
3	CODE D	A800-600, A310, B707, B727-100, B737, B767, B787-300, DC8, DC10, MD11	21,440	1,10,000	78,000	1,21,000
4	CODE E	A330-200, A330-300, A340, B747SP, B747, B777, B767-300, B767-300, IL96	45,000	1,40,000	94,000	1,65,000
5	CODE F	A380	80,000	1,98,000	1,27,900	2,37,600

Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 2004 or 2008 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) All charges mentioned above exclude taxes which will be charged at the prevailing rates.

