

[F.No. AERA/20019/CGF-G/2010-11/Vol-VII]
Airports Economic Regulatory Authority of India
Order No. 50/2015-16

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi-110003

Date of Order: 16th March, 2016

Date of Issue: 31st March, 2016

In the matter of Economic Regulation of aeronautical services Provided by Airport Operators/Service Providers of Cargo facility, Ground Handling and supply of fuel to the aircraft – Interim Arrangement for the Second Control Period Commencing 1st April, 2016.

Pursuant to enactment of the "The Airports Economic Regulatory Authority of India Act, 2008" (hereinafter referred as the 'Act') and establishment of the Airports Economic Regulatory Authority (hereinafter referred as the 'Authority'), the Authority is to perform the following functions in respect of major airports:

- (a) to determine the tariff for the aeronautical services;
- (b) to determine the amount of the development fees in respect of major airports;
- (c) to determine the amount of the passengers service fee levied under rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934; and
- (d) to monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorised by it in this behalf.

2.1 As per Section 2 (a) of the Act, any service provided inter alia "for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport"; "for ground safety services at an airport"; "for ground handling services relating to aircraft, passengers and cargo at an airport"; "for the cargo facility at an airport"; and "for supplying fuel to the aircraft at an airport" are aeronautical services.

2.2 The Authority vide Direction No. 4/2010-11 dated 10.01.2011 issued Guidelines for determination of tariff for Independent Service providers providing Cargo, Ground Handling and Supply of Fuel to the aircraft at the major airports. Similarly, the Authority, vide Direction No. 5/2010-11 dated 28.2.2011 issued the Guidelines for determination of tariff for Airport Operators. These Guidelines stipulate the timeline for submission of the Multi Year Tariff Proposal and Annual Tariff Proposals and accordingly, the Service Providers/ Airport Operators submitted their proposals in respect of the first control period.



2.3 The Authority, vide letter dated 28.01.2016 informed the ISPs/ Airport Operators that the 2nd Control Period shall commence from 1st April 2016 and the cut-off date for submission of the MYTP is 01.03.2016 (except for DIAL & MIAL). The Independent Service Providers/Airport Operators were further informed that they are required to submit to the Authority for its consideration a Multi Year Tariff Proposal in the form and manner as specified in the Guidelines and the Annual Tariff Proposal for 2016-17 would also require to be submitted along with the MYTP for the Authority's consideration. However, pursuant to familiarization meeting held on 19.02.2016, the time line for submission of MYTP was extended upto 10.03.2016.

2.4 As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service - (i) Materiality Assessment; (ii) Competition Assessment; (iii) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services. Based on the outcome of the aforesaid assessment; the Authority would either decide to apply light touch regulation or an intrusive price cap approach to the concerned service provider. This assessment would be made on the basis of information furnished in the MYTP. Hence, MYTP with all stipulated information/documents as laid down in the Guidelines (Appendix I, AI.2), is required to be submitted by all service providers irrespective of whether they would be covered by light touch regulation or otherwise.

2.5 Further certain amendment/decisions of the Authority, as an outcome of discussions during stakeholder consultation held on 14.12.2015 were communicated to ISPs/AOs as below:

- (i) Submission of Annual Compliance Statements in respect of earlier tariff years is a mandatory requirement for processing of MYTP/ATP for the second control period.
- (ii) Materiality Index for the 2nd control period shall be assessed on the basis of the latest available AAI statistics. As on date, the data is available for the financial year 2014-15 and the same has been taken as the base year for calculating the Materiality Index.
- (iii) Conversion shall be based on the Exchange Rate as on 1st and 16th of every month for bills/operations during 1st and IInd fortnight respectively.
- (iv) Evidence in the form of approval/authorization from the airport operator is mandatory for submission of tariff proposal.
- (v) The proposal of Authority to cap the royalty payable to airport operator by the ISPs around 20% of gross turnover as a pass through expenditure is under consideration of Authority and appropriate decision in this regard as and when taken through stakeholder consultation will be duly communicated to all the stakeholders.

3. Subsequent to the above, tariff submissions have been received from various service providers on the online application created by Authority on the website www.aera.gov.in by the stipulated time line and grant of further time to certain service providers based on their request. The submissions received from various service providers would now require to be downloaded/analysed before submission to the Authority for further consideration of the tariff proposal and issue of Multi Year Tariff Order (MYTO) / Annual Tariff Order which will involve a timeline of a minimum of 5-6 months.



ORDER

4. Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1) (a) of the Airports Economic Regulatory Authority of India Act, 2008, hereby orders that:

- (i) In order to avoid any regulatory vacuum, the Airport Operators (AOs) of HIAL, BIAL, CIAL, AAI (major airports) and Independent Service Providers providing aeronautical services at the above mentioned major airports may continue to charge the tariffs as prevalent on 31.03.2016 for a period of 6 months w.e.f. 01.04.2016 or till determination of tariffs for the second control period whichever is earlier.
- (ii) This interim arrangement would be subject to the condition that the concerned ISPs/AOs have submitted their MYTP to the Authority as per the stipulated Guidelines in any case not later than 31.03.2016. In case any service provider fails to comply with the same, the interim arrangement of such a service provider(s) will cease to be effective as the levy of fee in respect of aeronautical services w.e.f. 01.04.2016, i.e. the start of the control period, without the previous approval of the Authority, would be a contravention of the provisions of the Act, which is punishable under Section 38 of the Act.
- (iii) The Airport Operator may also ensure compliance of the Order in respect of the Independent Service Providers at the respective major airports.

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


(Joy Kuriakose)
Deputy Chief

To

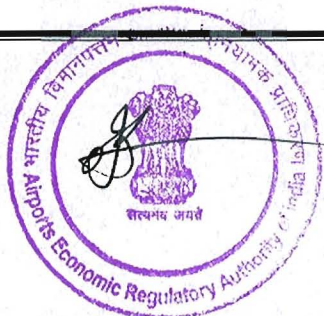
1. **Airports Authority of India,
Rajiv Gandhi Bhawan,
New Delhi.
(Through: Shri S. Raheja, Chairman)**
2. **Cochin International Airport Pvt. Ltd,
Nedumbassery, Kochi Airport P.O.,
Ernakulam – 683 111,
Kerala.
(Through: Shri V.J. Kurian, IAS, Managing Director)**



3. **GMR Hyderabad International Airport Pvt. Ltd.,
GMR Aero Towers, 4th Floor,
Rajiv Gandhi International Airport,
Shamshabad,
Hyderabad – 500 409.
(Through: Shri SGK Kishore, Chief Executive Officer)**
4. **Bangalore International Airport Pvt. Ltd.,
Alpha-2, Administration Block,
Kempegowda International Airport,
Devanahalli,
Bangalore – 560 300.
(Through: Shri G.V. Sanjay Reddy, Chairman & Managing Director)**
5. **Indian Oil Skytanking Pvt. Ltd.,
Fuel Farm Facility,
Benguluru International Airport,
Devenahalli,
Bengluru,
Karnataka – 560300
(Through: Shri Doraiswamy Ganesh, CFO & Company Secretary)**
6. **Mumbai Aviation Fuel Farm Facility Private Limited,
CSI Airport, Opp. ITC Maratha,
Sahar Police Station Road,
Andheri (E),
Mumbai,
Maharashtra-400099
(Through: Smt. Geeta Venkatesh Iyer, Chief Financial Officer)**
7. **Bharat Stars Services (P) Ltd.,
Plot No. A-586, First Floor,
Sector-1, Noida
(Through: Shri Akash Tiwari, Chief Executive Officer)**
8. **Delhi Aviation Fuel Facility Pvt. Ltd.,
Aviation Fuelling Station,
Shahbad Mohammad Pur,
IGI Airport, Near Sector – 8,
Dwarka Metro, New Delhi-110061.
(Through: Shri Prabin Dhokania, Chief Financial Officer)**
9. **M/s Kerala State Industrial Enterprises Ltd.
St. Joseph Press Building, Cotton Hill,
Trivandrum – 695014
(Through: Shri Saji Basheer, Managing Director)**
10. **M/s Rajasthan Small Scale Industries Corporation Ltd.,
Udyog Bhawan,
Tilak Marg,
C' Scheme, Jaipur.
(Through: Shri Dinesh M.N. IPS, Managing Director)**



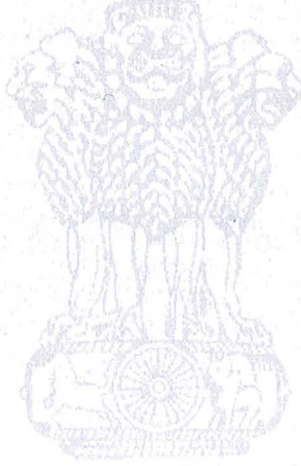
11. **GSEC Limited,**
2nd Floor, Gujarat Chambers,
Ashram Road, Ahmedabad – 380 009.
(Through: Shri Samir Mankad, Executive Director)
12. **Air India SATS Airfreight Services**
Cargo Warehouse 2,
Bangalore International Airport,
Devanahalli, Bengaluru– 560 300.
(Through: Shri Henry Christopher, Senior Vice - President)
13. **Menzies Aviation Bobba (Bangalore) Limited,**
Plot No. C-04L,
Kempegowda International Airport,
Devanahalli, Bangalore – 560 300
Karnataka.
(Through: Shri K. Venkata Reddy, Chief Executive Officer)
14. **Air India SATS Airport Services Pvt. Ltd.,**
B-1101 & 1102, Lotus Corporate Park,
Off. Western Express Highway,
Goregaon (East),
Mumbai -400 063.
(Through: Shri Hoa Kai Ee, Senior Vice-President - (Commercial))
15. **Celebi Delhi Cargo Terminal Management (I) Private Limited.,**
Management (I) Private Limited.,
Import Building - II, Room No. CE-01,
IGI Airport, New Delhi – 110 037
(Through: Shri Ramesh Mamidala, Chief Executive Officer)
16. **Delhi Cargo Service Centre India Pvt. Ltd,**
B-201, Polaris off Marol, Maroshi Road,
Marol, Andheri East,
Mumbai - 400059,
Maharashtra
(Through: Shri Harish Krishna Shetty, Chief Financial Officer)
17. **Cargo Service Centre India Pvt. Ltd,**
B-201, Polaris off Marol,
Maroshi Road,
Marol Andheri (E),
Mumbai – 400059.
(Through: Shri Harish Krishna Shetty, Chief Financial Officer)
18. **Hyderabad Menzies Air Cargo Pvt. Ltd.,**
Administrative Office, Air Cargo Terminal,
RGI Airport, Shamshabad,
Hyderabad – 500 409.
(Through: Shri Ravinder Bolangady, Chief Financial Officer)



19. **CONCOR Air Limited,**
B-201, Polaris Off Marol
Maroshi Road, Marol
Andheri (E)
Mumbai-400059
(Through: Shri Harish Krishna Shetty, Chief Financial Officer)
20. **Express Industry Council of India (EICI),**
501, Crystal Centre, Raheja Vihar,
Off Chandivali Farm Road,
Powai, Mumbai – 400072.
(Through: Shri Vijay Kumar, Chief Operating Officer)
21. **Menzies Bobba Ground Handling Services Pvt. Ltd.,**
Ground Support Equipment Building,
Rajiv Gandhi International Airport,
Shamshabad, Ranga Reddy Dist.,
Hyderabad – 500 409.
(Through: Shri Suresh Pillai, Chief Executive Officer)
22. **M/s. Bhadra International (India) Ltd.,**
B-4/62, Safdarjung Enclave,
New Delhi – 110 029.
(Through: Shri Prem Bajaj, Director)
23. **M/s Globe Ground India Pvt. Ltd.,**
E-9, Connaught House,
Connaught Place,
New Delhi – 110 001
(Through: Shri Sanjay Savant, Chief Financial Officer)
24. **Air India SATS Airport Services Pvt. Ltd.,**
B-1101 & 1102, Lotus Corporate Part,
Off. Western Express Highway,
Goregaon (East),
Mumbai -400 063.
(Through: Shri Hoa Kai Ee, Senior Vice-President - (Commercial))
25. **Bird-Worldwide Flight Service (I) Private Ltd.,**
Bird Consultancy Services Pvt. Ltd.,
E-9 Block, Connaught House,
Connaught Place, New Delhi – 110 001.
(Through: Shri Anurag Srivastava, Sr. General Manager)
26. **Cambata Aviation Pvt. Ltd.,**
Line Maintenance Block-A,
IGI Airport, Terminal-2,
New Delhi-110037
(Through: Mr. Pat Casserly, Chief Operating Officer)



27. Celebi NAS Airport Services India Pvt. Ltd.
Room No. CE-01, Import Building – II,
International Cargo Terminal,
IGI Airport, New Delhi – 110037
(Through: Mr. Cem Sensoz, Chief Executive Officer)
28. M/s Celebi Ground Handling Delhi Pvt. Ltd.,
CE-05, First Floor, Import Building,
International Cargo Terminal,
IGI Airport,
New Delhi – 110037
(Through: Mr. Cem Sensoz, Chief Executive Officer)



सत्यमेव जयते

भा.वि.आ.वि.प्रा
AERA

