

Order No. 08 /2017-18

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

Date of Issue: 02.08.2017.

Service : Ground Handling Services  
Service provider: Bird Worldwide Flight Services (India) Pvt. Ltd.  
Airport : Delhi Intl. Airport Ltd. (DIAL).

In the matter of Multi Year Tariff Proposal(MYTP) for the second control period and Annual Tariff Proposal(ATP) (T1 to T5) for the second control period in respect of M/s Bird worldwide Flight Services (India) Pvt. Ltd. (BWFS) for providing Ground Handling Services at IGI Airport, New Delhi(DIAL).

1. The Authority, vide its MYTO Order No. 25 dated 21.10.2011, decided to adopt '**Light Touch Approach**' in respect of the BWFS for Ground Handling Services at IGI Airport(DIAL) for determination of tariffs for the first control period. Subsequently, the Authority also determined the Annual tariff vide Order No. 47/2012-13 dated 30.01.2013 for the first tariff year (w.e.f, 01.04.2011 to 31.03.2012), second tariff year (w.e.f, 01.04.2012 to 31.03.2013), third tariff year (w.e.f. 01.04.2013 to 31.03.2014) and fourth tariff year (w.e.f, 01.04.2014 to 31.03.2015). The tariff for fifth tariff year (FY2015-16) of the first control period was also determined by the Authority vide Order No. 33/2015-16 dated 11.09.2015. The Authority vide its Order No.50/2015-16 dated 31.03.2016 allowed the AOs/ISPs to continue the levy of tariffs existing as on 31.03.2016 up to 30.09.2016 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 11/2016-17 dated 29.09.2016 extended the levy of tariffs as on 31.03.2016 up to 31.03.2017 or till the determination of tariffs for the second control period, whichever is earlier. The Authority vide its Order No. 19/2016-17 dated 31.03.2017 further extended the levy of tariffs as on 31.03.2016 up to 30.09.2017 or till the determination of tariffs for the second control period, whichever is earlier.
2. M/s BWFS submitted their online Multi Year Tariff Proposal (MYTP)/ATP for the second control period of five years commencing from 01.04.2016 to 31.03.2021 for determination of tariffs for the Ground Handling Services provided by them at IGI Airport, New Delhi. M/s BWFS also provided the Annual Compliance Statements (ACS) for the first control period. M/s BWFS has sought an increase of 12% in International tariff based on the revision of rates as mandated by DIAL in accordance with concession agreement. M/s BWFS has not proposed any increase in Domestic



tariff card and has proposed the same tariff as of FY 2015-16.

3. a. As per Clause 4.4 of the CGF Guidelines, 2011 for the regulated service(s) provided for Ground Handling facility at the major airports. The percentage share of Ground Handling for IGI Airport, New Delhi is **25.97** which is greater than **5%** Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed '**material**'.
  - b. As M/s Celebi Ground Handling Delhi Pvt. Ltd and AISATS are also providing similar Ground handling services at IGI Airport, New Delhi, the Ground Handling services at IGI Airport, Delhi are '**Competitive**'.
  - c. As per Clause 3.2 of the Guidelines, 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' for the duration of the Control Period. Accordingly, the regulated service being provided by BWFS at IGI Airport, New Delhi is 'material but competitive' and shall come under the '**Light Touch Approach**' for tariff determination.
4. The Authority considered the submissions made by BWFS and issued the Consultation Paper No. 02/2017-18 dated 25th April, 2017 wherein, the Authority proposed that the service provider may continue/maintain tariff for the first tariff year (FY 2016-17) at the same level as approved by AERA order No. 33/2015-16 dated 11.09.2015 since, the service provider's earnings are significantly high as per the ACS submitted by BWFS vide their letter dated 11<sup>th</sup> Jan, 2017 and the observations of the Authority are as follows: सत्यमेव जयते
    - a) High return on RAB: 104.57% in Fy2015-16.
    - b) High Regulatory Operating Profit growth of 157% in FY 2015-16 compared to FY 2014-15.
    - c) 12% increase in volume for FY 2015-16 when compared to FY 2014-15. Hence the Authority proposed to continue the existing rate for FY 2017-18 also.
  - 4.1 Further, the Authority proposed that the tariff charges for Non-scheduled operations provided by the service provider should not exceed the ceiling rates approved by AERA for its scheduled operations for its similar class of aircraft.
5. The Authority requested written evidence based feedback, comments and suggestions from stakeholders on the above proposal latest by 8<sup>th</sup> May, 2017. In response only Business Aircraft Operators Association (BAOA) commented and requested the Authority to consider the following points:
    - a) Separate tariff fixation for Non-Scheduled operations (NSOP).
    - b) No additional charges, on account of royalty/revenue share above GH charges.
    - c) Option to pay only for the required GH services.
    - d) At par vehicle parking fee at DIAL for NSOP employees with employees of scheduled airlines.



6. Views of the Authority on Stakeholder comments:

- i) **On point a)&b) of BAOA:** It is noted that as per Concession agreement M/s BWFS is not entitled to handle any General Aviation or Fixed Base Operators. So the Authority has not done any separate tariff fixation for non-scheduled operations for General Aviation/Fixed Base operators. The Authority will also consider directing the service provider not to charge anything more than the assigned rates for its scheduled operations and the same rates will be applied for its non-scheduled operations.
- ii) **On point c) of BAOA:** The service provider has distributed their main GH services as Ramp Handling, Pax Handling & Comprehensive Services. The users have the discretion to select the service provider at that airport and negotiate the services they require through agreements. The rates approved by AERA are the maximum to be charged by the service provider for its schedule and non-scheduled operations.
- iii) **On point d) of BAOA:** The determination of vehicle parking fee does not fall under the regulatory ambit of AERA.

7. The Authority vide Public Notice No. 09/2017-18 dated 16<sup>th</sup> May,2017 notified the written comments of stakeholders received by AERA and after considering the views/comments received by BAOA has decided to regulate the tariff as proposed vide above mentioned consultation paper. The Authority in the above mentioned Consultation paper has directed the service provider to :-

- (i) Extend the levy of tariffs of FY 2015-16 at same level for first and second tariff year (FY. 2016-17 & 2017-18).
- (ii) Not to charge anything more than the assigned rates for its scheduled operations and that the same rates shall apply for the non-scheduled operations also.
- (iii) The determination of vehicle parking fee does not fall under the ambit of AERA.

8. The Authority observed that the concession agreement entered by the service provider with the airport operator prohibits them from handling aircrafts for general aviation and fixed base operators.

**ORDER**

Upon careful consideration of material available on record, as well as submissions made by the stakeholders, the Authority, in exercise of powers conferred by Section 13(1)(a) of the AERA Act, 2008 hereby orders that:

- (i) The services Provided by M/s Bird Worldwide Flight Services India Pvt. Ltd. (BWFS) the Ground Handling Service Provider at IGI Airport, New Delhi are “material but competitive” Hence the authority will adopt a “Light touch” approach and not adopt the Price cap/cost plus approach for determination of tariff for the 2<sup>nd</sup> Control Period (FY 2016-17 to FY 2020-21).
- (ii) The Authority decided to allow M/s BWFS to continue the levy of tariffs existing as on 31.03.2016 for the First Tariff Year (2016-17) of Second Control Period.



- (iii) The tariff for the period 01.04.2016 to 31.03.2018 of the second control period for Ground Handling Services provided by BWFS at IGI Airport, New Delhi shall continue at the current level as in Annexure-I.
- (iv) As regards to Non-Scheduled operations of scheduled operators, Bird Worldwide Flight Services India Pvt. Ltd. (BWFS) should not exceed the tariff charges as approved by AERA for its scheduled operations for similar class of aircraft. M/s BWFS cannot handle aircraft for general aviation and fixed base operators as per the concession agreement entered with the airport operator.
- (v) Bird Worldwide Flight Services India Pvt. Ltd. (BWFS) should submit the Annual Tariff Proposal (ATP) for FY 2018-19 with Annual Compliance Statement (ACS) for FY 2016-17 & 2017-18 well in time as per the Guidelines.
- (vi) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.



By the Order of and in the  
Name of the Authority

(18/2)  
2.8.17.

(Ramendra Pratap Shukla)  
Deputy Chief.

To  
M/s Bird - Worldwide Flight Services (India) Pvt. Ltd., E-9, Connaught  
House, Connaught Place, New Delhi - 110001. (Through: Shri Gaurav  
Bhatia, Director)

Copy to: Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan,  
Safdarjung Airport New Delhi-110003.

AERA



## Annexure-I

**Bird worldwide Flight Services (India) Private Limited**

**Maximum Rate to be paid by Scheduled/ Non- Scheduled Airlines(excluding General Aviation and Fixed Base Operators) for ground handling services for Tariff Years1 and tariff year 2 (F Y2016-17 & F Y 2017-18)**

**Indira Gandhi International Airport, New Delhi**

[Amt. in Rs. Per Flight]

S.No.	ICAO CODE	Domestic Passenger Flight			International Passengers Flights		
		Terminal Handling	Ramp Handling	Full Handling	Terminal Handling	Ramp Handling	Full Handling
1	Code B	3,800	8,900	12,700	13,900	41,800	55,800
2	Code C	3,200	7,600	10,800	23,500	69,700	93,200
3	Code D	4,400	12,700	17,100	30,400	1,22,700	1,53,100
4	Code E	19,000	38,000	57,000	35,500	1,44,500	1,79,900
5	Code F	38,000	63,300	1,01,400	54,500	1,96,500	2,51,000

S.No.	ICAO CODE	Domestic Cargo	International
		Freighter	Freighter
		Ramp Handling	Ramp Handling
1	Code B	N/A	N/A
2	Code C	57,400	76,700
3	Code D	1,01,200	1,35,000
4	Code E	1,19,200	1,58,900
5	Code F	1,62,100	2,16,100

Note: (1) applicable taxes/levies are extra.

\*For full handling of cargo freighter aircrafts, the maximum rates will be higher by maximum of 25% of the corresponding commercial passenger aircrafts as stated in format above.

