

Airports Economic Regulatory Authority of India

Order No. 13/2017-18

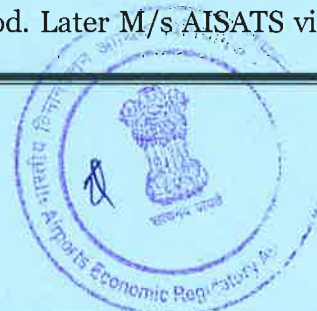
**AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110003**

Date of Issue: 25.10.2017

**Service : Ground Handling Services.
Service provider: Air India SATS Airport Services 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 Air India SATS Airport Services Pvt. Ltd. (AISATS) for providing Ground Handling Services at IGI Airport, New Delhi(DIAL).

1. M/s AISATS is one of the Ground Handling agencies appointed by Delhi International Airport Ltd. (DIAL) for carrying out Ground Handling (GH) at IGI Airport, New Delhi. The Authority, vide its MYTO Order No. 36/2013-14 dated 12.12.2013, decided to adopt '**Light Touch Approach**' in respect of the AISATS for Ground Handling services at IGI Airport for determination of tariffs for the first control period. The Authority in line with the above mentioned MYTO order determined the Annual Tariff Proposal (ATP) for FY 2011-12, 2012-13, 2013-14 and FY 2014-15. Subsequently, Authority also determined the Annual tariff for FY 2015-16 vide its Order No. 34/2015-16, dated 21.09.2015. 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 AISATS submitted their MYTP online on 18th March,2016 and submitted the hardcopy of online Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) for FY 2016-17 for second control period. Later M/s AISATS vide letter dated



07.07.2016 resubmitted the MYTP/ATP with the necessary changes and justifications as sought by AERA. M/s AISATS has sought/proposed an increase of 12% in International tariff and variable percentage increase ranging from 31% to 224% in Domestic Pax Flights handling. M/s AISATS has given justification/explanation for the proposed tariff increase, based on the revision of ceiling rates fixed by DIAL in accordance with concession agreement. M/s AISATS vide email dated 18.04.2017 submitted the required Annual Compliance Statements (ACS) for the first control period (FY 2011-12 to FY2015-16).

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 M/s BWFS 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 AISATS 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 AISATS and issued the Consultation Paper No. 13/2017-18 dated 10th Aug, 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. 34/2015-16 dated 21.09.2015 since, the service provider's Return on Average RAB is high as per the ACS submitted by AISATS vide their email dated 18th April, 2017 and the observations of the Authority is as follows:

a) High return on RAB: 32.79% in FY 2015-16.

b) High Regulatory Operating Profit growth of 431% in FY 2015-16 compared to FY 2014-15.

c) 28% increase in volume for FY 2015-16 when compared to FY 2014-15.

Further, the Authority proposed that the tariff charges for Non-schedule 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 feedback, comments and suggestions from stakeholders on the above Consultation Paper by 31st Aug, 2017 but none of the stakeholder has commented. In view of the above, the Authority vide Public Notice No. 25/2017-18 dated 13.09.2017 further extended the date for receipt of written comments from stakeholders by 26.09.2017. In response, none of the stakeholder has commented on the above mentioned CP by the extended time i.e. 26.09.2017.



6. 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 Air India SATS Airport Services Pvt. Ltd (AISATS) the Ground Handling Service Provider at IGI Airport, New Delhi are “material but competitive” Hence the Authority has adopted a “Light touch approach” for determination of tariff for the 2nd Control Period (FY 2016-17 to FY 2020-21).
- (ii) The Authority decided to allow M/s AISATS to continue the tariff for the period 01.04.2016 to 31.03.2021 (i.e. FYs 2016-17, 2017-18, 2018-19, 2019-20 & 2020-21) of the second control period for Ground Handling Services provided by AISATS at IGI Airport, New Delhi at the current/existing level as on 31.03.2016 as in **Annexure-I**.
- (iii) As regards to Non-Scheduled operations of scheduled operators, M/s AISATS should not exceed the tariff charges as approved by AERA for its scheduled operations for similar class of aircraft .It is also observed that M/s AISATS cannot handle Ground Handling of aircraft for General Aviation and Fixed Base Operators as per the concession agreement entered with the airport operator.
- (iv) If any further change in Tariff in future years is sought by AISATS, it shall submit to the Authority the Annual Compliance Statement (ACS) duly audited and evidence of Stakeholder Consultation Meeting well in time as per the Guidelines.
- (v) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied by M/s AISATS over and above the approved tariff.

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

AERA


**(Puja Jindal)
Secretary**

To

**M/s Air India SATS Airport Services Pvt. Ltd, Corporate Office Address:
B-1101 & 1102, Lotus Corporate Park, Goregaon (E), Mumbai-400063.
(Through: Shri Mike Chew, Sr.Vice President (Delhi)).**

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



Annexure- I

AISATS , GROUND HANDLING, DELHI

Maximum rate to be paid by Scheduled/Non-Scheduled Airlines(excluding General Aviation and Fixed Base Operators) for ground handling services for the Second Control Period(FY 2016-17 to FY 2020-21)

TABLE-1

[Amt. in Rs.]

S.NO	AIRCRAFT TYPES/CATEGORY	DOMESTIC FLIGHT		
		PAX TERMINAL SERVICES	RAMP HANDLING	Full Handling (Pax+Ramp)
1	CODE B	3,800	8,900	12,700
2	CODE C	3,200	7,600	10,800
3	CODE D	4,400	12,700	17,100
4	CODE E	19,000	38,000	57,000
5	CODE F	38,000	63,300	101,400

TABLE-2

S.NO	AIRCRAFT TYPES/CATEGORY	INTERNATIONAL FLIGHT		
		PAX TERMINAL SERVICES	RAMP HANDLING	Full Handling (Pax+Ramp)
1	CODE B	13,900	41,800	55,800
2	CODE C	23,500	69,700	93,200
3	CODE D	30,400	1,22,700	153,100
4	CODE E	35,500	1,44,500	179,900
5	CODE F	54,500	1,96,500	251,000

TABLE-3

S.NO	AIRCRAFT TYPES/CATEGORY	DOMESTIC FLIGHT	INTERNATIONAL FLIGHT
		Cargo Ramp Handling	Cargo Ramp Handling
1	CODE B	0	0
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:

- ALL charges mentioned above exclude taxes which will be charged at the prevailing rates.

