

F. No. AERA/20010/MYTP-AIS/GH/TVM/CP-II/2016-17
Airports Economic Regulatory Authority of India

Order No.18/2017-18

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

Date of Issue: 21st November, 2017

Service : Ground Handling Services
Service Provider : M/s Air India SATS Airport Services Pvt. Ltd.
Airport : Thiruvananthapuram International Airport,
Thiruvananthapuram

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. for providing Ground Handling Services at Thiruvananthapuram International Airport, Thiruvananthapuram.

1. Air India SATS (AISATS) informed the Authority they had taken over the Ground Handling Operation at Thiruvananthapuram Airport from Air India (NACIL) w.e.f. April 2012. They submitted the Multi Year Tariff Proposal (MYTP) for the first control period of five years commencing w.e.f. 01.04.2011 and the Annual Tariff Proposal (ATP) for the second tariff year (2012-13) for providing ground handling services at Thiruvananthapuram Airport. The Authority, vide its MYTO Order No. 46/2013 dated 15th February 2013, decided to adopt "Light Touch Approach", in respect of the AISATS for ground handling services at Thiruvananthapuram International Airport for determination of tariff for the first control period. Accordingly, the Authority determined the Annual Tariff for the second tariff year (w.e.f. 01.04.2012 to 31.03.2013). Subsequently, the Authority vide its MYTO Order No. 25/2014, has determined the Annual Tariff for the third tariff year (w.e.f. 01.4.2013 to 31.03.2014), fourth tariff year (w.e.f. 01.04.2014 to 31.03.2015) and for the fifth year (w.e.f. 01.04.2015 to 31.03.2016). 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 upto 30.09.2016 or till the determination of the 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 upto 30.03.2017 or till the determination of the 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 upto 30.09.2017 or till the determination of the tariffs for the second control period, whichever is earlier. The Authority vide its order No. 12/2017-18 dated 29.09.2017 further extended the levy of tariffs as on 31.03.2016 upto 31.03.2018 or till the determination of the tariffs for the second control period, whichever is earlier.



2. M/s Air India SATS submitted their Multi Year Tariff Proposal (MYTP)/ATP for the second control period of five year commencing from 01.04.2016 to 31.03.2021 for determination of tariffs for ground handling services provided by them at Thiruvananthapuram International Airport, Thiruvananthapuram. M/s AISATS has submitted their tariff proposal for the year 2016-17. M/s AISATS has also submitted the Annual Compliance Statements for the first control period.
3. As per Clause 3.1 of the Guidelines, [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 Authority shall follow a three stage process for determining its approach to the regulation of regulated service:-
 - a) Materiality Assessment;
 - b) Competition Assessment;
 - c) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.
4. 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 materiality shall be assessed based on international aircraft movements at the major airports. The percentage share of international aircraft movements for Thiruvananthapuram International Airport, as per April 2014 to March 2015 AAI statistics, is 4.48% which is less than 5% materiality index threshold limited fixed for the above subject service. Hence, the regulated service is deemed to be "not material".
5. As per clause 5.1 of CGF Guidelines (Amended) where a regulated service is being provided at a major airport by two or more service provider(s), it shall be deemed 'Competitive' at that airport. If a regulated service is provided by less than two service provider(s), it shall be deemed "not competitive". In the instant case, only one agency i.e. M/s Bhadra International (I) Ltd. is providing similar ground handling services at Thiruvananthapuram International Airport, Thiruvananthapuram, being one agency providing ground handling services is deemed to be "not competitive".
6. As per clause 11.2 of the CGF Guidelines, the ATP is required to be submitted in the manner and form provided in AI 8.1. Appendix- I to the guidelines and shall be supported by the following:-
 - (i) Form B – Submission of ATP.
 - (ii) Form 14 (b) Proposed Tariff Card.
 - (iii) Details of Consultation with Stakeholders.
 - (iv) Evidence of User Agreement clearly indicating the tariff proposal by the service provider and agreed to by the users.



7. AISATS has submitted Form B, Form 14 (b) and evidence/information regarding User Agreements, with their annual tariff proposal for the first tariff year i.e. FY. 2016-17 of the second control period.
8. As per Clause 3.2 of the CGF Guidelines, 2011 when such regulated services is “not material though not competitive, the Authority shall determined tariffs 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 Thiruvananthapuram International Airport, Thiruvananthapuram is deemed “not material though not competitive” and shall come under the “Light Touch Approach” for tariff determination.
9. The Authority considered the submission made by AISATS and issued the Consultation Paper No. 15/2017-18 dated 23.08.2017 proposing the following stakeholder consultation:
 - (i) The service for ground handling being provided by M/s Air India SATS Airport Services Pvt. Ltd. at Thiruvananthapuram International Airport, Thiruvananthapuram is “not materials and not competitive”. Therefore, the Authority proposes to adopt “Light Touch Approach for determination of tariff for the second control period i.e. 01.04.2016 to 31.03.2021 and accordingly proposes to issue the MYTO for the 2nd control period.
 - (ii) Tariff determined as above will be maximum tariff to be charged. No other charge to be levied over and above the approved tariff.
 - (iii) Allow AISATS to continue the levy of tariff prevailing on 31.03.2016 for the financial year 2016-17 and 2017-18.
 - (iv) M/s AISATS should submit the ATP for FY 2018-19 with ACS for FY 2016-17 & 2017-18 well in time as per guidelines.
10. The last date receipts of written comments/views from stakeholder on or before 14.09.2017. None of the stakeholder has commented on the above mentioned CP. However, a request was received from Business Aircraft Operation Association (BAOA) for extension of date for submission of comments. The Authority has decided and notified through public Notice no.26/2017-18 dated 19th September 2017 to further extend of time line for receipt of comments on the above Consultation Paper on or before 28.09.2017.
11. In response to the above Consultation Paper, no comments have been received from any stakeholder.
12. It was observed that as per note 3 of the tariff rate card, AISATS has stated that “these rates may be revised, where external economic/financial factors warrant a review. However, any change will be in consultation with the stakeholders and final approval of AERA. In this regard, it was also noted that in respect of major airports the tariff for aeronautical service are to be determined by the authority. Hence, the tariff determined by the Authority cannot be increased for the service provider on its own. For any increase the service provider may seek appropriate determination if need be”.



13. As there are only about 4 months left in the current FY, the Authority has decided to keep the same tariff for FY 2018-19.

ORDER

14. 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) The service for ground handling being provided by M/s Air India SATS Airport Services Pvt. Ltd. at Thiruvananthapuram International Airport, Thiruvananthapuram is "not material and not competitive". Hence, the Authority will adopt a "Light Touch Approach" for determination of tariff for the second control period w.e.f. 01.04.2016.
- (ii) The Authority has decided to allow AISATS to continue the levy of tariffs existing as on 31.03.2016 for the first year (2016-17) of second control period.
- (iii) The tariff for the 2nd tariff year (01.04.2017 to 31.03.2018) and 3rd tariff year (01.04.2018-31.03.2019) of the 2nd control period for ground handling services provided by M/s Air India SATS Airport Services Pvt. Ltd. at Thiruvananthapuram International Airport, Thiruvananthapuram are determined at the rates mentioned in **Annexure-I**.
- (iv) Tariff determined as above will be maximum tariff to be charged. No other charges are to be levied over and above the approved tariff.

Order issued in the Name of the Competent Authority

भा.वि.आ.वि.प्रा.

Puja Jindal
(Puja Jindal)
Secretary

AERA

To,

M/s Air India SATS Airport Services Pvt. Ltd.,
B-1101 & 1102, Lotus Corporate Park,
Western Express Highway, Goregaon (East), Mumbai-400063.
(Through: Shri Kalpesh Kumar Singh, Assistant Vice President
Commercial).

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

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Air India Sats Airport Services Private Limited

**Maximum Rates to be paid by scheduled Airlines for Comprehensive
Ground Handling at Thiruvananthapuram International Airport,
Thiruvananthapuram**

For Tariffs Years 2016-17, 2017-18 and 2018-19

Maximum Ground Handling Rate in INR (F/Y 2016-17, 2017-18 and 2018-19)					
S/N	Aircraft Types (ICAO Code)	Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	20,670	1,06,795	NA	NA
2	CODE C	32,281	1,78,509	1,41,787	1,89,155
3	CODE D	63,477	2,44,179	1,93,685	4,53,510
4	CODE E	1,09,091	3,98,725	2,28,135	4,53,510
5	CODE F	-	-	-	-

Note :

- 1) All charges mentioned above include prevailing concession fee, royalty, airport levy charges by the Airport Authority.
- 2) All charges mentioned above exclude statutory taxes as may be applicable.

भा.वि.आ.वि.प्रा.

