

**Airports Economic Regulatory Authority of India**

**Order No. 38/2011-12**

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

**Date of Order: 6<sup>th</sup> March, 2012**

**Date of Issue: 14<sup>th</sup> March, 2012**

**In the matter of Multi Year Tariff Proposal for 1<sup>st</sup> Control Period submitted by Cambata Aviation Pvt. Ltd., for providing Ground Handling Services at CSI Airport, Mumbai.**

M/s Cambata Aviation Pvt. Ltd. (Cambata), have vide their application dated 29.04.2011, and subsequent submissions dated 15.06.2011 and 24.08.2011 submitted their Multi Year Tariff Proposal (MYTP) for the first control period w.e.f. 01.04.2011, in respect of the tariff for the services provided for ground handling facility at CSI Airport, Mumbai.

2. Briefly, the facts of the case are as under:-

2.1 Cambata have sought approval for the tariff for ground handling services for the first control period (period of 5 years commencing 01.04.2011) based on a "light touch approach" as specified in Chapter V of 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 the Aircraft) Guidelines, 2011 (the Guidelines).

2.2 As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a 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.

The ground handling service being provided at CSI Airport, Mumbai has a materiality index of 24.2%, which is greater than 5% materiality Index fixed for the subject service, hence the service is deemed as "material", in terms of Clause 4.4 of the Guidelines.



- 2.3 As per the information furnished by Cambata in Form F1 (b) on the Competition Assessment, following service providers are rendering similar service at IGI Airport:
- (i) M/s Celebi NAS Airport Services Pvt. Ltd.
  - (ii) M/s Air India SATS
- 2.4 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.'
- 2.5 It was observed that in the instant case the ground handling services at CSI Airport, Mumbai being provided by Cambata is "material but competitive" and hence may be regulated under light touch approach for tariff determination.
- 2.6 The Authority, vide its Order No.17/2010-11 dated 31.03.2011, while extending the timeline for submission of MYTP by the Independent Service Providers (ISP(s)) upto 30.04.2011 had also decided that, in the interim, all ISP(s) may continue to charge the tariffs as prevalent on 01.09.2009 or as may have been approved/determined by the Authority thereafter with effect from 01.4.2011 and upto the date when the new tariffs as may be approved by the Authority became applicable and that this interim arrangement would be subject to the condition that the concerned independent service providers submit the MYTP latest by 30.04.2011. In case any service provider(s) fails to submit MYTP on or before 30.4.2011, the interim arrangement in respect of such service provider (s) would cease to be effective.
- 2.7 The Authority also noted that Cambata had submitted the MYTP for ground handling services provided by them in respect of CSI Airport, Mumbai as per the timelines prescribed in the Guidelines.

3.1 The Authority, vide Consultation Paper No. 37/2011-12, dated 24.01.2012 proposed for stake holder consultation that the ground handling services provided by Cambata at CSI Airport, Mumbai are "material but competitive" and hence the Authority may adopt a "Light Touch Approach" for determination of tariff in the first control period w.e.f. 01.04.2011.

3.2 In response to the Consultation Paper, only Mumbai International Airport Private Limited (MIAL) vide their letter dated 01.02.2012, has offered comments stating that they are in the agreement to consider the proposal under "Light Touch Approach" to determine the tariff for the first control period.



**ORDER:**

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

- (a) The services provided for ground handling by Cambata Aviation Pvt. Ltd., at CSI Airport, Mumbai are "material but competitive". Hence the Authority shall adopt a "light touch approach" for determination of tariff for the 1<sup>st</sup> Control Period w.e.f 01.04.2011.
- (b) Cambata may submit the Annual Tariff Proposals for the 1<sup>st</sup> tariff year of the first control period for the consideration of the Authority within a period of 75 days of the issue of this order in accordance with the Guidelines.

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

  
**(Capt. Kapil Chaudhary)  
Secretary**

**To**

**M/s Cambata Aviation Pvt. Ltd.,  
Cambata Building,  
5<sup>th</sup> Floor, East Wing,  
M.K. Road, Churchgate,  
Mumbai – 400 020  
(Through: Mr. APM Casserly, Chief Operating Officer)**

