

[F.No. AERA/20010/MYTP/Celebi/GH/Del/2011-12]

**Airports Economic Regulatory Authority of India**

**Order No. 26/2011-12**

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

**Date of Order: 21<sup>st</sup> October, 2011**

**Date of Issue: 28<sup>th</sup> October, 2011**

**In the matter of Multi Year Tariff Proposal for 1<sup>st</sup> Control Period submitted by M/s Celebi Ground Handling Private Limited for providing Ground Handling Services at IGI Airport, New Delhi.**

M/s Celebi Ground Handling Delhi Private Limited (Celebi) have submitted their Multi Year Tariff Proposal (MYTP), for the first control period of 5 years w.e.f.01.04.2011, for providing Ground Handling Services at IGI Airport, New Delhi vide their application dated 30.04.2011 and subsequent submissions dated 15.06.2011.

2.1 Celebi have sought approval for the tariff for ground handling services for the first Control Period 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 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.

2.3 In respect of the regulated service(s) provided for the ground handling facility at the airport, the Authority considers that materiality of the service is linked to the international aircraft movements at the major airport. The materiality shall be assessed based on international aircraft movements at the major airport as a percentage of total international aircraft movements at all major airports, in terms of Clause 4.4 of the Guidelines. The percentage share of international aircraft movements for IGI Airport, New Delhi, as per April-2010 to March'2011, AAI statistics, is 26.3% which is greater than 5% Materiality Index fixed for the subject



service as per April 2010 to March 2011 AAI statistics. Hence the service is deemed 'material'.

2.4 As per the information furnished by Celebi in Form F1 (b) on the Competition Assessment, following service providers are rendering similar service at IGI Airport:

- a) Cambata Aviation Pvt. Ltd.
- b) NACIL (Air India)
- c) Bird Worldwide Flight Services India Pvt. Ltd.

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 more than two the service is deemed 'material but competitive' and the Authority shall determine Tariff (s) for the service provider (s) based on a light touch approach for the duration of the Control Period. Hence the regulated service being provided by Celebi at IGI Airport, New Delhi is 'material but competitive' and hence will come under the light touch approach for tariff determination.

3. Celebi have furnished the basis for arriving at the details, including the Aggregate Revenue Requirements, the rationale for the projections/various parameters used; justification, assumptions and cost drivers used for calculating O&M Expenditure; supporting documents for the administration and general expenses and also for R&M Expenditure etc; Copies of agreements entered into with agencies for provision of Regulated Services at the major airport, including stakeholder consultation undertaken have also been furnished.

4.1 The Authority, vide Consultation Paper No. 23/2011-12 dated 04.10.2011, had proposed for stakeholder consultation that the ground handling service rendered by Celebi at IGI Airport, New Delhi is 'material but competitive' and hence the Authority may adopt a 'Light Touch Approach' for determination of tariff for the 1<sup>st</sup> Control period w.e.f 01.04.2011. No comments were received in response to the above consultation paper.

4.2 The Authority, in its 57<sup>th</sup> Meeting, considered the facts of the case.

## ORDER

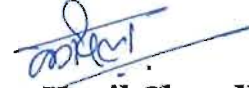
5. Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1)(a) of the Act, hereby orders that:

- (i) The services provided for ground handling by M/s Celebi Ground Handling Delhi Private Limited at IGI Airport, New Delhi 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.



- (ii) Celebi Ground Handling Delhi Private Limited may submit the Annual Tariff Proposal for the first 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 Celebi Ground Handling Delhi Private Limited  
Room No. 22, Import Building 3,  
International Cargo Terminal,  
IGI Airport,  
New Delhi-110037  
(Through: Shri Huseyin Taner Sari, Chief Executive Officer)**

