

F.No. AERA/20010/MYTP-GGI/GH/BIAL/2011-12]

Airports Economic Regulatory Authority of India

Order No. 24/2011-12

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

Date of Order : 13th October, 2011

Date of Issue : 25th October, 2011

In the matter of Multi Year Tariff Proposal for 1st Control Period submitted by Globe Ground India Pvt. Ltd., for providing Ground Handling Services at Bangalore International Airport, Bengaluru.

M/s Globe Ground India Pvt. Ltd., (GGI) have submitted their Multi Year Tariff Proposal (MYTP) for the ground handling facility at Bangalore International Airport, Bengaluru in respect of the 1st Control period starting w.e.f. 01.04.2011, vide their application dated 30.04.2011 and subsequent submission dated 30.06.2011.

2.1 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 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 percentage share of aircraft movements for Bangalore International Airport is 5.5% which is greater than 5% Materiality Index fixed for the subject service. Hence the service is deemed 'material'.

2.2 As per the information furnished by GGI, in Form F1 (b) on the Competition Assessment, following service provider is rendering similar service at Bangalore International Airport:

(i) M/s Air India SATS 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 two the service is deemed 'material but competitive.'



2.3 As per the Guidelines, based on the assessment of materiality and competition, 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. Hence the regulated service being provided by GGI at Bangalore International Airport, Bengaluru is 'material but competitive' and hence will come under the light touch approach for tariff determination.

3.1 GGI 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;

3.2 GGI requested for confidentiality of certain documents, which was accepted by the Authority.

4. The Authority had, vide Consultation Paper No. 20/2011-12 dated 26.09.2011, proposed for stakeholder consultation that the ground handling service by GGI at Bangalore International Airport, Bangalore is 'material' and 'competitive' and hence the Authority may adopt a 'Light Touch Approach' for determination of tariff for the 1st Control period w.e.f. 01.04.2011.

5. In response to the Consultation Paper, comments have been received vide e-mail dated 03.10.2011 from M/s Air India SATS, wherein they have drawn reference to Annexure 3 of the Consultation Paper No. 20/2011-12 and stated that the remarks "as submitted by AISATS and agreed by Globe Ground India Pvt. Ltd.," is incorrect and they would like to qualify that AISATS submission was made directly to AERA and GGI was neither consulted nor did AISATS seek their agreement for the rates. Hence the entire sentence should be deleted.

6. The Authority noted that the referred extract as contained in Annexure 3 of GGI's proposal reflecting the maximum rates to be paid by the scheduled Airlines for comprehensive Ground Handling was uploaded because it was part of the documents specified by GGI for uploading. Since the instant Consultation Paper has been issued only for the MYTP and the Annual Tariff Proposal (ATP) of GGI had not been discussed therein, the concern of AISATS shall be duly taken into consideration at the time of considering the ATP of GGI.

7. The instant Order is being issued pursuant to the order of Hon'ble AERA Appellate Tribunal dated 19.10.2011, issued in Appeal No. 12/2011, wherein the Tribunal ordered that;



“....It is made clear that even if any final order is passed by the respondent – Airports Economic Regulatory Authority the same shall not be given effect to without leave of this Court.”

Order :

8. 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 Globe Ground India Private Limited at Bangalore International Airport are “material but competitive”. Hence the Authority shall adopt a “light touch approach” for determination of tariff for the 1st Control Period w.e.f. 01.04.2011.
- (ii) Globe Ground India Pvt. Ltd., 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 Globe Ground India Pvt. Ltd.,
E-9, Connaught House,
Connaught Place,
New Delhi – 110 001
(Through: Shri Rajat Maharishi, Chief Executive Officer)**

