

[F.No. AERA/20010/MYTP/AISATS/GH/HIAL/2011-12]

**Airports Economic Regulatory Authority of India**

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

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

**Date of Order : 29<sup>th</sup> September, 2011**

**Date of Issue : 4<sup>th</sup> October, 2011**

**In the matter of Multi Year Tariff Proposal for 1<sup>st</sup> Control Period submitted by Air India SATS Airport Services Private Limited for providing Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad.**

Air India SATS Airport Services Private Limited (AISATS), have vide their application dated 30.04.2011, submitted their Multi Year Tariff Proposal (MYTP) for the first control period commencing 01.04.2011, in respect of the tariff for the services provided for ground handling facility at Rajiv Gandhi International Airport, Hyderabad.

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

- (i) AISATS 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). AISATS have further sought approval for the Annual Tariff Proposal seeking approval of the rates w.e.f. 15.08.2011 on the basis of user consultation.
- (ii) 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 Rajiv Gandhi International Airport, Hyderabad has a materiality index of 4.87%, which is less than 5% materiality Index fixed for the subject service, hence the service is deemed as "not material", in terms of Clause 4.3 of the Guidelines.

- (iii) It was observed that in the instant case the ground handling services at Rajiv Gandhi International Airport, Hyderabad being provided by AISATS is non-material and hence may be regulated under light touch approach for tariff determination.
- (iv) 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 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.
- (v) The Authority also noted that AISATS had submitted the MYTP for ground handling services provided by them in respect of Rajiv Gandhi International Airport, Hyderabad as per the timelines prescribed in the Guidelines.

3. In the 48<sup>th</sup> meeting held on 26.08.2011, the Authority considered the matter in detail and tentatively decided as under:

- (i) The ground handling services provided by AISATS at Rajiv Gandhi International Airport, Hyderabad are non-material. Therefore, in accordance with the clause 3.2 of the Guidelines, a "Light Touch Approach" may be adopted for determination of tariff in the first control period w.e.f.1.4.2011.
- (ii) Since, the tariff is to be determined under light touch approach and keeping in view the precedents in other cases, the Authority decided to propose for stakeholder consultation that the ATP, as submitted by AISATS at this stage itself and that the ATP may be effective from 1.10.2011 or such other prospective date as the Authority may finally decide.
- (iii) A Consultation Paper on the above lines may be issued immediately with a consultation period of two weeks.

4. A Consultation Paper No. 17/2011-12, was accordingly issued on 27.08.2011 soliciting comments/views of the stakeholders by 10.09.2011. In response to the said Consultation Paper, comments were not received from any stakeholder.





5. Upon careful consideration of material available on record, the Authority, in its 54<sup>th</sup> meeting, held on 29.09.2011, approved the proposal made by AISATS.

**ORDER:**

In exercise of powers conferred by Section 13(1)(a) of the Act, the Authority hereby approves that:

Air India SATS, the Ground handling Service provider at Rajiv Gandhi International Airport, Hyderabad may be regulated under 'light touch' approach during the first control period of 5 years commencing 01.04.2011 and the tariff for the Ground Handling Services provided by AISATS at Rajiv Gandhi International Airport, Hyderabad, during the first tariff year 2011-12 w.e.f. 1.10.2011 is determined, as indicated in **Annexure - I**.

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



**(Capt. Kapil Chaudhary)  
Secretary**

To

**M/s Air India SATS Airport Services Private Limited,  
Plot No. C-05L,  
Bengaluru International Airport,  
Devanahalli,  
Bangalore – 560 300.  
(Through: Mr. Kwa Tjun Kyet, Head Marketing)**



## Form F14 (b) - Annual Tariff Proposal for Tariff Year 1

**MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING:**

S/N	ICAO Code	Aircraft Types	Maximum Ground Handling Rate Per Flight in INR			
			Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
			Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	Single Engine Aircraft	10,000	28,000	NA	NA
2	CODE C	A318, A319, A320, A321 B717, B727, B737, BBJ, MD 81 to MD 90, DC9 TU134, TU134A, AN24, AN26, ATR 42, ATR72, F27, F28, F50, F70, F100, YAK 40, YAK 42	13,400	73,000	45,000	1,09,500
3	CODE D	A300-600, A310 B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	21,440	1,10,000	78,000	1,21,000
4	CODE E	A330-200, A330-300, A340 B747SP, B747, B777, B787-800, B787- 900 IL96	45,000	1,40,000	94,000	1,65,000
5	CODE F	A380	80,000	1,98,000	1,27,900	2,37,600

## Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 2004 or 2008 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) All charges mentioned above exclude taxes which will be charged at the prevailing rates.

