

Airports Economic Regulatory Authority of India

Order No. 12/2019-20

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110003.

Date of Issue: 18.10.2019

Service : Ground Handling Service.
Service Provider : M/s Celebi Airport Services India Private Limited
Airport : Indira Gandhi International Airport, New Delhi

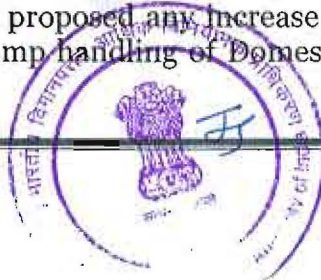
In the matter of Annual Tariff Proposal for fourth tariff year (FY 2019-20) of the second control period in respect of M/s Celebi Airport Services India Private Limited for providing Ground Handling Services at Indira Gandhi International Airport, New Delhi

सत्यमेव जयते

M/s Celebi Airport Services India Private Limited (Celebi) is one of the Ground Handling agency appointed by Delhi International Airport Ltd. (DIAL) for carrying out Ground Handling Services at IGI Airport, New Delhi. The Authority, vide its MYTO Order No. 27/2017-18 dated 06.12.2017, decided to adopt '**Light Touch Approach**' in respect of M/s Celebi for providing ground handling services at IGI Airport, New Delhi for determination of tariff(s) for the second control period (01.04.2016 to 31.03.2021). In the said order, the Authority had also determined the tariff(s) for the first, second and third Tariff Years (FY 2016-17, 2017-18 and 2018-19). The Authority, further vide its Order No. 48/2018-19 dated 25.03.2019, allowed M/s Celebi to continue levy of tariffs existing as on 31.03.2019 up to 30.09.2019 as an interim arrangement or till the determination of tariffs whichever is earlier. Further, vide Order No.08/2019-20 dated 26.09.2019, the Authority allowed M/s Celebi to continue levy of tariffs existing as on 30.09.2019 up to 31.03.2020 as an interim arrangement or till the determination of tariffs by AERA whichever is earlier.

2. M/s Celebi, vide their letter no. nil dated 03.06.2019, submitted its Annual Tariff Proposal for 4th and 5th tariff years of the second control period along with the requisite documents i.e Form B, Tariff card and Minutes of Meeting for conducting user consultation. In the proposal M/s Celebi requested for 7% increase in the rates.

3. M/s Celebi vide E-mails dated 25.06.2019, 31.07.2019 and 05.09.2019 submitted copy of the concession agreement with DIAL, copies of audited Annual Compliance Statement (ACS), Balance sheet, P & L Accounts for FY 2017-18 and also Revised ATP for 4th tariff year (FY 2019-20) only. M/s Celebi stated that their ATP may be considered upto 31.03.2020 or end of concession period whichever is earlier. In the revised tariff proposal for 4th tariff year, M/s Celebi has not proposed any increase in the existing rates however they have added a new charge i.e. Ramp handling of Domestic Freighter Flights (Code C) which they were not handling earlier.



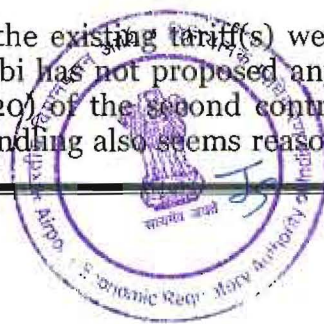
4. The Authority considered the submissions made by M/s Celebi and issued a Consultation Paper No. 07/2019-20 dated 19.09.2019 wherein the Authority proposed that the tariff for the fourth tariff year (FY 2019-20) of the second control period for ground handling services rendered at IGI Airport, New Delhi, may be continued/maintained at the same level as approved by the Authority vide order No. 27/2017-18 dated 06.12.2017 as per Annexure-IV of the said consultation paper. The rate for providing new service (Domestic Freighter handling) may also be allowed as proposed by M/s Celebi and mentioned in Annexure-IV of the consultation paper. The rates would be valid upto 31.12.2019 considering that concession agreement between DIAL and M/s Celebi is valid upto 31.12.2019.

5. The Authority sought written evidence based feedback, comments and suggestions from stakeholders on the above proposal by 10.10.2019. In response, Business Aircraft Operator Association (BAOA) has given comments. In the comments BAOA has stated that the plea for hike in ground handling charges is not logical and not conforming to the philosophy followed by AERA for fixation of the tariffs. They further stated that the charges should be fixed on cost plus basis (with FRoR) rather than on soft touch approach. BAOA have further stated that the AERA should look at the proposal 'de novo' and fix GH charges accordingly. M/s Celebi in its response to the comments of BAOA has clarified that they have not proposed any increase in the tariff compared to previous year in its proposal except for one service category i.e. domestic freighter flights which they have started handling from this year only and, therefore, the comments from BAOA seem to be incorrect.

6. The Authority examined the comments of BAOA and the response submitted by M/s Celebi and noted that Celebi has not proposed any increase in the tariff in its ATP for fourth tariff year. However they have started one new service recently i.e. domestic freighters flight handling for which they have sought approval of tariff from the Authority. It was also observed that the rates proposed for this new service are below the rates as approved by AERA for the similar service (for FY 2018-19) provided by the other two Ground Handling Agencies viz. M/s Bird Worldwide Flight Services (India) Pvt. Ltd. and M/s Air India SATS operating at IGI Airport, Delhi.

7. As regards the comments of BAOA for determining the charges based on cost plus approach, it is clarified that in case of Independent Service Providers (ISPs), the Authority decide the approach in terms of its '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' wherein the materiality, competition and reasonableness of user agreements aspects are examined. In this case the ground handling service provided by M/s Celebi at IGI Airport, New Delhi, is material but competitive as two more competitors namely M/s Bird Worldwide Flight Services (India) Pvt. Ltd. and M/s Air India SATS Airport Services Pvt. Ltd., are providing ground handling services at IGI Airport, New Delhi. The Authority feels that competition among 3 parties will take care of the competitive rates as no party will be in a position to dominate or dictate the rates. Accordingly the Authority vide Order No. 27/2016-17 dated 06.12.2017 had decided to adopt '**Light Touch Approach**' for tariff determination for the second control period in respect of M/s Celebi Airport Services India Private Limited and the same is followed in the Annual Tariff Proposal for fourth tariff year (FY 2019-20) submitted by them.

8. The Authority also noted that the existing tariff(s) were approved for FY 2012-13 which are continued till date and Celebi has not proposed any increase in the tariff in its ATP for the 4th tariff year (FY 2019-20) of the second control period. The rate for new service i.e. domestic freighter flight handling also seems reasonable. The Authority further



noted that there is growth in the revenue and profit during FY 2018-19 over previous years and that the existing concession agreement is valid upto 31.12.2019. Considering all these facts, the Authority has decided to maintain/continue the levy of tariff(s) existing as on 30.09.2019 for the fourth tariff year (FY 2019-20) of the second control period and the rate for new service (domestic freighter) as proposed by M/s Celebi upto 31.12.2019 i.e. in line with the validity of the concession agreement between DIAL and M/s Celebi.

9. ORDER

Upon careful consideration of the material available on records, the Authority, in exercise of powers conferred upon it by Section 13(1) (a) of the AERA Act, 2008, hereby orders that:

- a) The Authority decides to allow M/s Celebi Airport Services India Private Limited, to continue/maintain the levy of tariff(s) existing as on 30.09.2019 for the fourth tariff year (FY 2018-19) of the second control period for ground handling services rendered by M/s Celebi at IGI Airport, New Delhi as per **Annexure-I**. The Authority also decides to allow the rate for providing new service (Domestic Freighter handling) as proposed by M/s Celebi as mentioned in the **Annexure-I**. The rates will be valid upto 31.12.2019 in line with currency of the concession agreement with the Airport Operator. It may be noted that the rates are inclusive of Basic rates and Concession fee/royalty payable to the Airport Operator. Any Statutory Tax is not included in the rates.
- b) The tariff for Non-Scheduled operations provided by M/s Celebi Airport Services India Private Limited, should not exceed the tariff as approved by the AERA for its Scheduled operations for similar category of the aircrafts.
- c) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- d) Further, DIAL will intimate the status of appointing new Ground Handling Agencies at IGI Airport, New Delhi and ensure the timely submission of proposals by the newly appointed Agencies to the Authority as per the CGF Guidelines.

AERA

By the Order of and in the
Name of the Authority


(Jaimon Skaria)
Sr. Manager (Fin)

To,

M/s Celebi Airport Services India Private Limited,
CE-01, Import Building 2, International Cargo Terminal,
IGI Airport, New Delhi – 110037.
(Through: Shri Murali Ramachandran, CEO)

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



Annexure-I

M/s Celebi Airport Services India Private Limited, IGI Airport, New Delhi

Maximum rate to be paid by Schedule/Non-Scheduled Airlines (excluding General Aviation and Fixed Base Operators) for Ground Handling Services for fourth tariff year (FY 2019-20) of the second control period upto 31.12.2019

Particulars	Tariff for FY 2019-20 (upto 31.12.2019)		
	Passenger	Ramp	Comprehensive
Domestic Passenger Flight			
CODE B	3,800	8,900	12,700
CODE C	3,200	7,600	10,800
CODE D	N.A	N.A	N.A
CODE E	N.A	N.A	N.A
CODE F	N.A	N.A	N.A
International Passenger Flight			
CODE B	14,000	41,800	55,800
CODE C	23,500	69,700	93,200
CODE D	30,400	122,700	153,100
CODE E	35,400	144,500	179,900
CODE F	54,500	196,500	251,000
Domestic Freighter Flight			
CODE C	N.A	30,000	N.A
CODE D	N.A	N.A	N.A
CODE E	N.A	N.A	N.A
CODE F	N.A	N.A	N.A
International Freighter Flight			
CODE C	N.A	76,700	N.A
CODE D	N.A	135,000	N.A
CODE E	N.A	158,900	N.A
CODE F	N.A	216,100	N.A

Note: Above price is inclusive of concession fees and exclusive of GST as applicable

AERA

