

Airports Economic Regulatory Authority of India

Order No. 25/2019-20

AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi - 110003

Date of Order: 18<sup>th</sup> February, 2020

Service : Ground Handling Services  
Service provider : M/s Air India Sats Airport Services Private Limited  
(AISATS)  
Airport : Rajiv Gandhi International Airport (RGIA),  
Hyderabad.

**In the matter of Annual Tariff Proposal for (FY2019-20 & FY2020-21) for the Second Control Period (FY2016-17 to FY2020-21) in respect of M/s Air India SATS Airport Services Private Limited (AISATS) for providing Ground Handling services at Rajiv Gandhi International Airport (RGIA), Hyderabad.**

- 1.1 M/s AISATS is one of the Ground Handling agencies appointed by RGIA, Hyderabad for carrying out Ground Handling (GH) at RGIA, Hyderabad. The Authority, vide its MYTO Order No. 19/2017-18 dated 21.11.2017, decided to adopt 'Light Touch Approach' in respect of the AISATS for Ground Handling services at RGIA, Hyderabad Airport for determination of tariffs for the Second Control Period and allowed AISATS to levy the tariff prevailing as on 31.03.2016 for tariff years FY 2016-17, FY2017-18 & FY2018-19.
- 1.2 The details of other tariff orders of the Authority, issued in the interim to avoid regulatory vacuum, i.r.o. AISATS GH Services at RGIA, Hyderabad Airport for the Second Control Period are listed below for reference:
- Order No. 50/2015-16 dated 29.09.2016 up to 30.09.2016;
  - Order No. 11/2016-17 dated 29.09.2016 up to 31.03.2017;
  - Order no.19/2016-17 dated 31.03.2017 up to 30.09.2017;
  - Order no.12/2017-18 dated 29.09.2017 up to 31.03.2018;
  - Order no.19/2017-18 dated 21.11.2017 up to 31.03.2019.
- 1.3 M/s AISATS submitted their tariff proposal for FY 2019-20 & FY 2020 on 18.11.2019 and other supporting documents on 27.11.2019. Further, vide their letter dated 30.12.2019, M/s AISATS intimated the Authority that a new Concession Agreement dated 22<sup>nd</sup> March 2019 has been signed with Airport Operator, GHIAL. However, M/s AISATS have not submitted copy of the Concession Agreement, but they have submitted a copy of Amendment to Concession Agreement (GHIAL letter dated 20.12.2019), from which it is observed that a new concession fee has been introduced at Hyderabad Airport.

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M/s AISATS have not submitted evidence of Stakeholder Consultation on the proposed ATP for FY 2019-20 & FY 2020-21. Copies of User Agreements have been submitted by AISATS. Further, no complaints have been received from any User i.r.o. the GH services rendered by AISTAS at RGIA, Hyderabad.

- 1.4 No increase in tariff is sought by AISATS for FY 2019-20 & FY 2020-21 except that AISATS had mentioned in their tariff card that all charges proposed in the tariff card to exclude prevailing third party charges such as concession fees, royalty, airport levy charged by the Airport Authority at the time of submission.
- 1.5 From the Annual compliance Statement (ACS) submitted by M/s AISATS for FY 2016-17, FY 2017-18 & FY 2018-19, and, the MYTP projections of AISATS, the Authority observed that the total traffic volumes show reasonable growth, and, also noted that at the existing tariff levels, M/s AISATS is earning sufficiently to meet the revenue requirements in the remaining tariff years of the 2<sup>nd</sup> Control Period.
- 1.6 The Authority carefully considered the submissions made by M/s AISATS and issued the Consultation Paper No. 16/2019-20 dated 23.01.2020 proposing the following for Stakeholder Consultation:
- (i) The service for Ground Handling being provided by M/s AISATS at RGIA, Hyderabad is “**material but competitive**” on the basis of which the Authority decided to adopt ‘**light touch approach**’ and issued MYTP for the 2<sup>nd</sup> Control Period from 01.04.2016 to 31.03.2021. However, the Authority reserves the right to review materiality assessments, competition assessments and the reasonableness of the User Agreements within the Control period and issue such direction or make such orders as it may consider necessary.
  - (ii) In line with the above approach, and, in consideration of the Proposal (ATP) of AISATS, to allow M/s AISATS to charge tariffs prevailing as on 31st March 2016 (AERA Order No. 19/2017-18 dated 21.11.2017) for the remaining two tariff years viz. T4 (FY 2019-2020) & T5 (FY2020-21).
  - (iii) The Authority also proposes to allow M/s AISATS to charge the Ground Handling Tariffs prevailing as on 31<sup>st</sup> March 2016 for Tariff Years FY 2016-17 to FY 2018-19 (towards regularisation of interim orders period up to 31.03.2019).
  - (iv) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff which shall be **inclusive** of prevailing third party charges such as concession fees, royalty, Airport levy charged by the Airport Operator.
- 1.7 The Authority also observed that AISATS, in the footnotes of their proposed tariff card, has stated that "these rates may be revised, where external economic/financial factors warrant a review. However, any change will be in consultation with the stakeholders and final approval of AERA."



In this regard, it is to be noted that in respect of major airports the tariff for “aeronautical services” are to be determined by AERA. Hence, the tariff determined by AERA cannot be increased by the Service Provider (AISATS) on its own. For any increase the Service Provider may seek appropriate determination, if need be.

- 1.8 The Consultation Paper No. 16/2019-20 dated 23.01.2020 was put on AERA website and the last date for receipt of Stakeholder comments was 13.02.2020. Till date no comments/views have been received from any stakeholders. Hence, the Authority presumes that the Stakeholders have no objection to the proposal.

### **ORDER**

Upon careful consideration of material available on record, as well as submissions made by AISATS the Authority, in exercise of powers conferred by Section 13(1) (a) of the AERA Act, 2008 hereby orders that:

- i) M/s AISATS is allowed to charge tariffs prevailing as on 31st March 2016 (AERA Order No. 19/2017-18 dated 21.11.2017) for the remaining two tariff years viz. T4 (FY 2019-2020) & T5 (FY2020-21) of the Second Control Period. The Tariff Orders issued in the interim up to 31.03.2019 stands regularized.
- ii) The tariff for providing Ground Handling Services by M/s AISATS at RGIA, Hyderabad for FY 2019-20 to FY 2020-21 of the 2<sup>nd</sup> Control Period are determined as per **Annexure I**.
- iii) The tariff for Non-Scheduled Operations should not exceed the tariff charges approved by AERA for its Scheduled Operations for ‘*similar class of aircraft.*’
- iv) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.

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

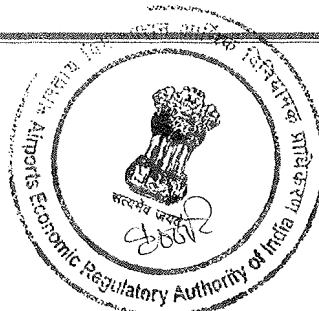
  
**(Ram Krishan)**  
**Director (Policy & Statistics)**

**To**

**M/s Air India SATS Airport Services Pvt. Ltd.,  
B-1101 & 1102, Lotus Corporate Park,  
Western Express Highway, Goregaon (East), Mumbai-400063.  
(Through: Shri Kalpesh Kumar Singh, Assistant Vice President  
Commercial).**

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

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**Maximum rates determined by AERA for AISATS for FY 2019-20 & FY 2020-21 of Second Control Period (01.04.2016-31.03.2021) scheduled Airlines for Comprehensive Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad**

Maximum Ground Handling Rate in INR

S. No.	Aircraft types (ICAO Code)	Maximum Approved Rates for Tariff Years FY 2019-20 & FY 2020-21			
		Schedule Aircraft			
		Passenger		Freighter	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	Code B	13,177	40,585	NA	NA
2	Code C	17,657	105,810	59,297	144,287
3	Code D	28,251	159,440	102,780	159,440
4	Code E	59,297	202,924	123,863	217,419
5	Code F	105,415	286,993	168,532	313,083

**Note:**

- 1) All charges mentioned above **include** prevailing concession fee, royalty, airport levy charges by the Airport Operator;
- 2) All charges mentioned above **exclude statutory taxes** as may be applicable.



AERA