

Airports Economic Regulatory Authority of India

Order No. 29/2019-20

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

Date of Issue: 13.03.2020

Service : Ground Handling Services
Service provider : M/s Globe Ground India Private Limited
Airport : Rajiv Gandhi International Airport, Hyderabad

In the matter of the Multi Year Tariff Proposal and Annual Tariff proposal for fourth and fifth tariff year (FY 2019-20 & 2020-21) for the second control period in respect of M/s Globe Ground India Private Limited for providing Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad.

1. M/s Globe Ground India Private Limited (GGI) is one of the Ground Handling agency appointed by GMR Hyderabad International Airport Limited (GHIAL) for carrying out ground handling services at Rajiv Gandhi International Airport, Hyderabad. M/s GGI is a new entrant at Hyderabad Airport and has entered into a concession agreement on 22nd March, 2019 with GHIAL and commenced its commercial operations of the ground handling services from 1st April, 2019. Duration of the concession agreement is 10 (ten) years from the date of the commencement of the operations.
2. M/s GGI has submitted its Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) for fourth and fifth tariff year (FY 2019-20 and FY 2020-21) for determination of tariff for rendering ground handling services at Hyderabad Airport, M/s GGI has submitted the requisite forms duly filled up, copy of the concession agreement and copies of some user agreements with the airlines etc. In the proposals M/s GGI has proposed an increase of 5.5% (in international passenger/Freight flights) for 5th tariff year over previous year. MYTP/ATPs submitted by GGI have been considered according to second control period as decided in respect of Hyderabad Airport i.e. from 01.04.2016 to 31.03.2021.
3. (a) As per Clause 4.4 of the CGF Guidelines, 2011 for the regulated service(s) provided for Ground Handling facility at the major airports, the percentage share of ground handling at Rajiv Gandhi International Airport, Hyderabad, is 5.56% which is greater than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed '**material**'.



- (b) M/s Celebi Airport Services India Private Limited and M/s Air India SATS are also providing similar Ground handling services at Hyderabad Airport apart from M/s GGI, hence in the instant case there are three Ground handling service providers including M/s GGI, therefore service is deemed '**Competitive**'
- (c) As per Clause 3.2 of the Guidelines, 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' for the duration of the Control Period. Accordingly, the regulated service being provided by M/s GGI at RGI Airport, Hyderabad is 'material but competitive' and shall come under the '**Light Touch Approach**' for tariff determination for the second control period (01.04.2016 to 31.03.2021).
4. The Authority considered the submissions made by M/s GGI and issued a Consultation Paper No. 17/2019-20 dated 05th February, 2020 wherein, the Authority proposed that –
- a) The service for ground handling being rendered M/s Globe Ground India Private Limited is "Material but Competitive". Therefore the Authority proposes to adopt 'Light Touch Approach' for determination of tariffs for the second control period (01.04.2016 to 31.03.2021).
- b) To allow M/s Globe Ground India Private Limited to levy the tariffs as proposed by them for 4th tariff year and 5th tariff year (FY 2020-21) as per the tariff cards enclosed with the consultation paper and proposed tariffs to be applicable prospectively.
5. The Authority requested written evidence based feedback, comments and suggestions from stakeholders on the above proposal latest by 25.02.2020. In response comments have been received from one stakeholder only i.e. M/s Business Aircraft Operators Association (BAOA) which have been uploaded on the AERA's website vide Public Notice No. 20/2019-20 dated 27th February, 2020. BAOA in its comments has stated the following:
- a) AERA to consider rationalising concession fee payable to Airport Operator to 13 to 14% for all categories of ground handling. Higher concession fee suggested for non-scheduled and non-commercial (GA) operators as well as international flights is denial of fair treatment to this section of aviation industry. This requires rationalisation of same concession fee for all.
- b) While light touch approach may suit foreign scheduled airlines using outsourced GH services at HIAL for domestic non-scheduled and non-commercial (GH) operators needing limited GH services, cost plus approach for determining tariff should be adopted. The domestic operators should be given options of different rates, item wise specific to their requirement of ground handling. Comprehensive GH charges include many services not required by smaller NSOPs and non-commercial (GH) operators.



6. **Clarifications/Response given by the M/s GGI:** M/s Globe Ground India Private Limited vide Email dated 04.03.2020 has stated that concession fee is not the prerogative of the ground handling agency and hence it is not in their purview of decision making. M/s GGI further stated that the application of concession fee is the domain of the airport operator.
7. **Views of the Authority:** the Authority carefully examined and considered the comments of BAOA and also the response given by M/s GGI.
- a) **On point 5 a) of BAOA:** BAOA suggested rationalisation of concession fee payable to Airport Operator for all categories of ground handling. In this regard, AERA has already decided that the service provider will not charge anything more than the approved rates for its schedule operations and the same rates will be applicable for its non-schedule operations. The Authority is of the view that this will address the issue raised by BAOA.
- b) **On point 5 b) of BAOA:** The Authority in the aforesaid consultation paper proposed to adopt light touch approach in the instant case as per its laid down CGF Guidelines. On the other issue, the Authority noted the service provider has distributed its main GH service into Ramp handling, Passengers handling and Comprehensive services. The users have the choice to select the required service. Further users also have choice to select the service provider at the airport as there are three ground handling service providers and the competition is expected to take care of the rates. Further the rates approved by AERA are the maximum to be charged by the service provider for its schedule and non-schedule operations.
8. The Authority noted that M/s Globe Ground India has commenced its ground handling services recently at Hyderabad airport w.e.f 1st April, 2019 only. As per the projections made in financial statements by GGI, there is a growth in revenue and losses are shown in the initial two financial years i.e. FY 2019-20 and 2020-21 thereafter from FY 2021-22 onward profits are projected. Hence the Authority feels that the rates as proposed by M/s GGI for 4th and 5th tariff year of the second control period may be considered. The proposed tariff(s) shall be maximum and applicable prospectively.

9. **ORDER**

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

- (i) The Ground Handling service provided by M/s Globe Ground India Private Limited at Rajiv Gandhi International Airport, Hyderabad is “material but competitive”, hence the Authority decided to adopt ‘Light Touch Approach’ for determination of tariff for the Second Control Period (FY 2016-17 to FY 2020-21).
- (ii) The Authority decided to allow M/s Globe Ground India Private Limited to levy the tariffs as proposed by them for 4th tariff year and 5th tariff year



(FY 2019-20 and FY 2020-21) of the Second Control Period as per the tariff cards enclosed at **Annexure I** and **II** respectively.

- (iii) Tariff determined as above will be the maximum tariff to be charged.
- (iv) The levy of tariffs shall be effective from the date of issue of order.
- (v) M/s Globe Ground India Private Limited should not exceed the tariffs for its Non-Schedule Operations as approved by AERA for its schedule operations for similar category of aircraft.

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



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

To,

**M/s Globe Ground India Private Limited.,
E-Block, Connaught House,
Connaught Place,
New Delhi - 110001.
(Through: Shri Gaurav Bhatia, Director)**

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



Tariff Card - Fourth Tariff Year (FY 2019-20)
Globe Ground India Private Limited - Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad
Maximum Rates to be paid by Scheduled/Non-Scheduled Airlines for Ground Handling Services for Fourth Tariff Year
(FY 2019-20) of the Second Control Period

			Ground Handling rates in INR for Tariff Year 4th (2019-20)							
S.No.	ICAO Code	Aircraft Type	Scheduled Passenger Aircraft						Scheduled Freighter Aircraft	
			Domestic			International			Domestic	International
			Comprehensive	Ramp	Pax	Comprehensive	Ramp	Pax	Ramp	Ramp
1	Code B	Single Engine Craft	12,500	7,500	5,000	40,230	24,138	16,092	----	----
2	Code C	A318,A319,A320,A321,B717,B727, B737, BBJ,MD81 to MD90,DC9,TU134,TU134A,AN24,AN26,ATR42,ATR72; F27,F28,F50,F70,F100,YAK40, YAK42	16,500	9,900	6,600	94,500	56,700	37,800	54,000	133,000
3	Code D	A300-600, A310,B707, B727-100,B757, B767, B787-300, DC8, DC10, MD11	26,000	15,600	10,400	142,000	85,200	56,800	94,000	146,000
4	Code E	A330-200, A330-309,A340,B747SP, B747,B777,B787-800,B787-900,IL96	54,500	32,700	21,800	192,500	115,500	77,000	113,000	195,000
5	Code F	A380	96,000	57,600	38,400	239,500	143,700	95,800	154,000	287,000

Notes:

1. All charges mentioned above include concession fees payable to Airport Operator and exclude all taxes such as Goods & Service Tax, as may be applicable.
2. Rates will be effective from the date of issue of the order.



Tariff Card - Fifth Tariff Year (FY 2020-21)
Globe Ground India Private Limited - Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad
Maximum Rates to be paid by Scheduled/Non -Scheduled Airlines for Ground Handling Services for Fifth Tariff Year
(FY 2020-21) of the Second Control Period

			Ground Handling rates in INR for Tariff Year 5th (2020-21)							
			Scheduled Passenger Aircraft						Scheduled Freighter Aircraft	
S.No.	ICAO Code	Aircraft Type	Domestic			International			Domestic	International
			Comprehensive	Ramp	Pax	Comprehensive	Ramp	Pax	Ramp	Ramp
1	Code B	Single Engine Craft	12,500	7,500	5,000	42,443	25,466	16,977	-----	-----
2	Code C	A318,A319,A320,A321,B717,B727,B737,BB J,MD81 to MD90, DC9, TUJ34, TU134A, AN24, AN26, ATR42, ATR72, F27, F28, F50,F70,F100,YAK40,YAK42	16,500	9,900	6,600	99,698	59,819	39,879	54,000	140,315
3	Code D	A300-600, A310,B707, B727-100,B757, B767, B787-300, DC8, DC10, MD11	26,000	15,600	10,400	149,810	89,886	59,924	94,000	154,030
4	Code E	A330-200, A330-309,A340,B747SP, B747, B777, B787-800, B787-900,IL96	54,500	32,700	21,800	203,088	121,853	81,235	113,000	205,725
5	Code F	A380	96,000	57,600	38,400	252,673	151,604	101,069	154,000	302,785

Notes:

1. All charges mentioned above include concession fees payable to Airport Operator and exclude all taxes such as Goods & Service Tax, as may be applicable.

