

**Order No. 08/2020-21**

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

Date of Order: 28<sup>th</sup> May, 2020

**Service : Ground Handling Services**  
**Service provider : M/s Air India Sats Airport Services Private Limited (AISATS)**  
**Airport : Kempegowda International Airport (KIA), Bangalore.**

**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 Kempegowda International Airport (KIA), Bangalore.**

- 1.1 M/s AISATS is one of the Ground Handling agencies appointed by IA, 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 KIA, Bangalore for the Second Control Period are listed below for reference:
  - a. Order No. 09/2016-17 dated 19.08.2016 up to 30.09.2016;
  - b. Order No. 11/2016-17 dated 29.09.2016 up to 31.03.2017;
  - c. Order no.19/2016-17 dated 31.03.2017 up to 30.09.2017;
  - d. Order no.12/2017-18 dated 29.09.2017 up to 31.03.2018;
  - e. Order no.43/2017-18 dated 28.03.2018 up to 30.09.2018;
  - Order no.10/2018-19 dated 28.05.2018 up to 31.03.2019.
- 1.3 AISATS, made their ATP submissions for FY2019-20 & FY 2020-21 in the month of November 2019, wherein they proposed an uniform increase of 12% (approx.) in all tariff across all categories including passenger/freighter, for both domestic as well as international flights, in all Codes of aircrafts 'B' to 'F' over the rates existing at the end of the First Control Period (i.e. as on 31.03.2016).



- 1.4 However, AISATS did not submit their proposal in the prescribed manner and form as per CGF Guidelines, especially considering that an increase was sought in the tariff. The Authority also noted that AISATS has not submitted evidence of stakeholder consultation conducted with the users on the proposed ATP before approaching AERA for tariff determination.
- 1.5 Due to the delayed submission of ATP by M/s AISATS, in Nov 2019, i.e. almost at the end of the 4<sup>th</sup> tariff year (FY2019-20), the Authority, advised the ISP to furnish the actual financial data of FY 2019-20 for the 6 months period up to 30.09.2019 to assess the justification for the proposed 12% increase in existing tariffs. AISATS submitted the data vide their mail dated 10.02.2020.
- 1.6 From an analysis of the Annual compliance Statement (ACS) submitted by M/s AISATS for FY 2016-17 to FY 2018-19, the MYTP projections of AISATS, and the 6 months actuals for FY 2019-20 up to 30.09.2019, the Authority observed that the total traffic volumes show reasonable growth. The Authority, based on its observation that the asset base of service providers in this sector is usually low, proposed that operating profit may be a more reasonable criteria for evaluation purposes. Accordingly, the Authority analysed that a 12% increase in tariffs if allowed may lead to reasonable increase in revenues earned which would be sufficient to meet the revenue requirements in the remaining tariff year of the 2nd Control Period and may also bring about reasonable operating profit.
- 1.7 The Authority carefully considered the above analysis and the submissions made by M/s AISATS and issued the Consultation Paper No. 23/2019-20 dated 11.03.2020 proposing the following for Stakeholder Consultation:
- (i) The service for Ground Handling being provided by M/s AISATS Ground Handling at Kempegowda International Airport, Bangalore is "material but competitive" on the basis of which the Authority decided to adopt 'light touch approach' for the 2nd Control Period from 01.04.2016 to 31.03.2021.
  - (ii) To allow M/s AISATS to increase the tariffs prevailing as on 31st March 2016 (AERA Order No. 10/2018-19 dated 28.05.2018) by 12% w.e.f. 01.04.2020 i.e. for the fifth tariff year (FY2020-21).
  - (iii) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 1.8 The Authority also observed that M/s 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 their own. For any increase the Service Provider may seek appropriate determination, if need be.
- 1.9 The Consultation Paper No. 23/2019-20 dated 11.03.2020 was put forth on AERA website and the last date for receipt of Stakeholder comments was 31.03.2020.





1.10 Further, the Authority, considering the Corona (COVID-19) Pandemic situation, decided to give one more opportunity to the Stakeholders and extended the time for stakeholders' comments till 22.05.2020.

1.11 In response, the Authority, has received comments from M/s AISATS only. The comment so received was uploaded on AERA's website vide Public Notice No. 02/2020-21 dated 08.05.2020. Brief details of the comments received are given hereunder:

**M/s AISATS** vide their email dated 21st May, 2020 have submitted that their proposal seeking a 12% increase in tariff for their Ground Handling services at KIA, Bangalore, is genuine and necessitated due to increase in concession fee and cost, and, if provided will be of great relief to AISATS.

### **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) The service for Ground Handling being provided by M/s AISATS Ground Handling at Kempegowda International Airport (KIA), Bangalore is "material but competitive" on the basis of which the Authority decided to adopt 'light touch approach' for the 2nd Control Period from 01.04.2016 to 31.03.2021.
- (ii) To allow M/s AISATS to increase the tariffs prevailing as on 31st March 2016 (AERA Order No. 10/2018-19 dated 28.05.2018) by 12% w.e.f. 01.05.2020 i.e. for the fifth tariff year (FY2020-21) as per **Annexure-I**.
- (iii) The Authority also hereby regularises the tariff allowed to M/s AISATS vide its interim orders issued till date for their Ground Handling Services at KIA, Bangalore.
- (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.
- (v) The tariff charged by M/s AISATS for Non-Schedule Operations should not exceed the tariff approved by AERA for Scheduled Operations for 'similar class of aircraft.'

**AERA**

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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Annexure - I

**Maximum rates determined by AERA for AISATS for Fifth Tariff Year i.e. FY 2020-21 of Second Control Period (01.04.2016-31.03.2021) for Scheduled Airlines for comprehensive Ground Handling at Kempegowda International Airport, Bengaluru.**

Maximum Ground Handling Rate in INR

S. No.	Aircraft types	Maximum Approved Rates for Tariff Years w.e.f. 28.05.2020 upto 31.03.2021			
		Schedule Aircraft			
	(ICAO Code)	Passenger		Freighter	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	Code B	14907	41740	NA	NA
2	Code C	19975	108823	67082	163234
3	Code D	31961	163979	116276	180377
4	Code E	67082	208701	140128	245969
5	Code F	119258	295163	190663	354196

**Note:**

- 1) All charges mentioned above are maximum and **inclusive** of existing concession fee, royalty, airport levy charged by the Airport Operator;
- 2) All charges mentioned above exclude taxes which will be charged at the prevailing rates.



AERA