

Consultation Paper No. 21/ 2021-22



Airports Economic Regulatory Authority of India

IN THE MATTER OF DETERMINATION OF TARIFF FOR THE THIRD CONTROL PERIOD (FY 2021-22 TO FY 2025-26) IN RESPECT OF M/s GLOBEGROUND INDIA PVT. LTD. FOR PROVIDING GROUND HANDLING SERVICES AT RAJIV GANDHI INTERNATIONAL AIRPORT, HYDERABAD.

Date of Issue: 14/10/ 2021

AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110003

STAKEHOLDERS' COMMENTS

The Authority is aware of the fact that the Aviation Sector is undergoing unprecedented turbulence and uncertainty on account of the COVID 19 PANDEMIC and the associated lockdown situation in the major cities around the world has resulted in restrictions in air travel, both domestic and international. The Authority has released this Consultation Paper, after examining the impact of COVID 19 PANDEMIC on the various assumptions stipulated in the Multi Year Tariff Proposal ('MYTP') submitted by the ISPs. Accordingly, the Authority's opinions on the various aspects forming part of the tariff determination process have been explained in detail in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 21/2021-22 dated 14/10/2021 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India
(AERA), AERA Administrative Complex,
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Last Date for submission of Stakeholders' comments: 04/11/2021

Last Date for submission of counter comments: 11/11/2021

Comments and counter comments will be posted on AERA's website www.era.gov.in

For any clarification/information, Director (P&S, Tariff) may be contacted at Telephone No. +91-11-24695048

1. BRIEF BACKGROUND:

- 1.1 M/s GlobeGround India Private Limited (GGIPL) is one of the Ground Handling agency appointed by GMR Hyderabad International Airport Limited (GHIAL) for carrying out ground handling service at Rajiv Gandhi International Airport (RGIA), Hyderabad and has entered into a concession agreement on 22nd March, 2019. Duration of the concession agreement is 10 (ten) years valid till 21st March, 2029.
- 1.2 M/s GGIPL has commenced its commercial operations of the ground handling services at Hyderabad Airport from 1st April, 2019.
- 1.3 The Authority, vide its Order No. 29/2019-20 dated 13.03.2020 determined tariffs for FY 2019-20 & FY 2020-21 of the 2nd Control Period under 'Light Touch Approach' in respect of M/s GGIPL for providing Ground Handling services at RGIA, Hyderabad.
- 1.4 As per the provisions of the CGF Guidelines 2011, M/s GGIPL has submitted the Multi Year Tariff Proposal ('MYTP') seeking determination of tariffs for providing Ground Handling Services at RGIA, Hyderabad for the 3rd Control Period (FY 2021-22 to FY 2025-26) on 09.09.2021. Along with MYTP, M/s. GGIPL has submitted provisional compliance statement for FY 2020-21, which seems in order with AERA Guidelines.

2. PRINCIPLES FOR DETERMINATION OF AERONAUTICAL TARIFF UNDER "LIGHT TOUCH APPROACH".

- 2.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports. Accordingly, the Authority issued 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").
- 2.2 In accordance, to above mentioned AERA Guidelines and Directions, the following procedure is followed:

Stage I: MATERIALITY:

$$\text{Materiality Index (MIg)} = \frac{\text{International Aircraft Movement at Hyderabad Airport}}{\text{Total International Aircraft Movement at major airports}} \times 100$$

$$\begin{aligned} \text{The materiality index at RGIA} &= 25759/431853 \\ &= 5.96\% \end{aligned}$$

- 2.3 The percentage share of Ground Handling for RGIA, Hyderabad for the FY 2019-20 is 5.96% which is more than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed as 'material' for the third control period.

Stage II: COMPETITION:

- 2.4 AERA with regard to the provisions of the National Civil Aviation Policy (NCAP- 2016), vide Order No. 15/2016-17 dated 12th Jan, 2017 decided to consider three (3) Ground Handling Agencies (GHA) including Air India's subsidiary/JV for competition assessment at all major airports. As per the information furnished by M/s GlobeGround India Pvt. Ltd (GGIPL) in Form F1 (b) on competition Assessment, two other service providers namely, M/s Celebi Airport Services India Private Limited (CASIPL) and M/s Air India SATS (AISATS) are also rendering similar services at RGIA, Hyderabad. Hence in the instant case, there are three service providers including M/s GGIPL providing Ground Handling service at RGIA, Hyderabad, and therefore the service is deemed to be '**Competitive**'.

Stage III: REASONABLENESS OF EXISTING USER AGREEMENT(S):

- 2.5 As per Clause 3.2 (ii) of the Guidelines, wherever the Regulated Service provided is '**material but competitive,**' the Authority shall determine Tariff(s) for Service Provider (s) based on a '**Light Touch Approach**' for the duration of the control period, according to the provisions of chapter V. 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.
- 2.6 It has provided User Agreement with Oman Air and Qatar Airways. In addition, M/s GGIPL has submitted the Minutes of Meeting of the stakeholder consultation for ground handling services at RGIA, Hyderabad held by M/s GGIPL through video conferencing on 30th June, 2021. In the meeting, M/s. GGIPL explained that considering the current pandemic situation, no increment in the Annual tariff is considered and M/s. GGIPL shall continue with existing tariff.

Authority's Examination and Analysis:

- 2.7 M/s. GGIPL is mainly providing services for international movements. Existing User Agreement (s) seems reasonable. Based on the guiding principles of AERA's CGF Guidelines, 2011 relating to Ground Handling Services, the Authority proposes to consider tariff determination exercise of M/s GGIPL for providing Ground Handling Services at RGIA, Hyderabad under "**Light Touch Approach** for the 3rd Control Period as the service is '**Material but Competitive**'.

3. TRAFFIC (FLIGHTS HANDLING)

M/s. GGIPL, Hyderabad's submission on Traffic (Flights to be Handled) for the 3rd Control Period as part of MYTP.

3.1 As per MYTP submission by M/s GGIPL, Hyderabad, the actual flights handled during 2019-20 and 2020-21 and projected Traffic (Flights to be Handled) for the 3rd control period (FY 2021-22 to FY 2025-26) is given as below:

Table 1: Traffic (Flights) in 2019-20, 2020-21 and projected from 2021-22 to 2025-26 (in Nos.) by M/s GGIPL:

Year	Domestic (Landing)	International (Landing)	Total	As % of FY 2019-20		
				Domestic	International	Total
2019-20	10	1395	1405	-	-	-
2020-21	4	561	565	40.00	40.22	40.21
2021-22	4	589	593	40.00	42.22	42.21
2022-23	4	707	711	40.00	50.68	50.60
2023-24	5	848	853	50.00	60.78	60.71
2024-25	5	1,018	1,023	50.00	72.97	72.81
2025-26	5	1,221	1,226	50.00	87.53	87.26
Total (2021-22 to 2025-26)	23	4,383	4,406			

Authority's Examination and Analysis:

- 3.2 M/s GGIPL submitted the Projected Flights to be handled as part of their MYTP submission. Authority observed that COVID-19 pandemic has severely impacted the business of M/s. GGIPL and it has proposed domestic flights to be handled during FY 2021-22 to 2022-23 as 40% of flights handled in FY 2019-20 and during F.Y. 2023-24 to 2025-26 as 50% of flights handled in FY 2019-20.
- 3.3 Authority further observed that proposed International flights to be handled in FY 2022-23 is 42.22% of flights handled in FY 2019-20 and thereafter showing marginal growth YoY.
- 3.4 The Authority noted that the total flights to be handled in coming years are not expected to reach the pre-COVID levels even at the end of 3rd Control Period.
- 3.5 The Authority proposes to consider the growth in traffic (Flights to be Handled) as submitted by M/s GGIPL, Hyderabad for the 3rd control period as per Table No.1.

4. CAPITAL EXPENDITURE

M/s. GGIPL, Hyderabad's submission on Capital Expenditure for the 3rd Control Period as part of MYTP:

- 4.1 As per MYTP submission, M/s GGIPL, Hyderabad has projected total capital expenditure (CAPEX) of Rs. 1981.01 Lacs for the procurement of various assets for the 3rd control period (FY 2021-22 to FY 2025-26). The asset wise capital expenditure projected by M/s GGIPL, Hyderabad for the 3rd control period is given as below:

Table 2: Projected Capital Expenditure by M/s GGIPL for the 3rd control period

Particulars	Amount (Rs. in Lacs)					
	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Leasehold Improvements	129.26	324.32	-	-	-	453.58
Ground Handling Equipments	-	500.00	500.00	500.00	-	1500.00
Furniture & Fixtures	27.43	-	-	-	-	27.43
TOTAL	156.69	824.32	500.00	500.00	0.00	1,981.01

Authority's Examination and Analysis:

- 4.2 The Authority examined the total projected capital expenditure of Rs. 1981.01 Lacs for the 3rd control period and noted that M/s GGIPL has proposed Rs 453.58 lacs for leasehold improvements, Rs. 1500.00 lacs for ground handling equipments and Rs. 27.43 lacs for furniture and fixtures.
- 4.3 The Authority also observed from the above submission that M/s GGIPL has proposed to incur the capital expenditure of about 41.61% of the total capital expense in the 2nd year of the Control Period.
- 4.4 The Authority proposes to consider projected capital expenditure as submitted by M/s GGIPL, Hyderabad for the 3rd control period as per Table No.2.

5. OPERATING EXPENDITURE AND PROFITABILITY

M/s GGIPL, Hyderabad's submission on Operating Expenditure for the Third Control Period as part of MYTP.

5.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the operational and maintenance expenditure incurred by the Service provider(s) include expenditure incurred on security, operating costs, other mandated operating costs and statutory operating costs.

5.2 Operation and Maintenance (O&M) Expenditure submitted by M/s GGIPL, Hyderabad has been segregated into the following categories:

- a) Payroll Costs;
- b) Concession Fees;
- c) Utility and Outsourcing Costs;
- d) Repair and Maintenance Expenditure;
- e) Admin and General Expenses

Authority's Examination and Analysis:

5.3 As per the ACS (Annual Compliance Statement) for F.Y. 2020-21 and MYTP for F.Y. 2021-22 to 2025-26 submitted by GGIPL, Hyderabad, revenue and operating expenditure of M/s. GGIPL are as under:

Table 3: Actual (FY 2019-20) and Projected Revenue and Operating Expenditure by M/s GGIPL

Particulars	Amount (Rs. in Lacs)							CAGR	YoY % Change					
	2019-20*	2020-21#	2021-22	2022-23	2023-24	2024-25	2025-26		2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue	1924.93	944.47	1211.95	1331.02	1461.89	1605.74	1763.86	10%	-50.93	28.32	9.82	9.83	9.84	9.85
Operating Expenditure	1583.77	879.58	934.89	1011.97	1096.12	1188.02	1288.41	8%	-44.46	6.29	8.24	8.32	8.38	8.45
Payroll Costs	516.57	283.56	311.92	343.11	377.42	415.16	456.68	10%	-45.11	10.00	10.00	10.00	10.00	10.00
Concession Fees	469.26	220.71	231.75	243.34	255.50	268.28	281.69	5%	-52.97	5.00	5.00	5.00	5.00	5.00
Utility & Outsourcing	22.42	17.88	19.67	21.63	23.80	26.18	28.79	10%	-20.25	10.01	9.96	10.03	10.00	9.97
Repairs & Maintenance	75.17	19.34	21.27	23.4	25.74	28.31	31.14	10%	-74.27	9.98	10.01	10.00	9.98	10.00
Admin & General	500.35	338.09	350.28	380.49	413.66	450.09	490.11	9%	-32.43	3.61	8.62	8.72	8.81	8.89

Table 4: Actual (FY 2019-20) and Projected Profit before Interest, Depreciation & Tax

Particulars	Amount (Rs. in Lacs)							YoY % Change					
	2019-20*	2020-21#	2021-22	2022-23	2023-24	2024-25	2025-26	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue	1924.93	944.47	1211.95	1331.02	1461.89	1605.74	1763.86	-50.93	28.32	9.82	9.83	9.84	9.85
Operating Expenditure	1583.77	879.58	934.89	1011.97	1096.12	1188.02	1288.41	-44.46	6.29	8.24	8.32	8.38	8.45
PBIDT	341.16	64.89	277.06	319.05	365.77	417.72	475.45	-80.98	327.03	15.16	14.64	14.20	13.82

(* 2019-20 audited figures & # 2020-21 estimated figures)

- 5.4 The Authority analyzed the Operating Expenditure provided in Form F3 (P&L) for the 3rd Control Period and noted that there is an increase in the projected Revenue and Operating Expenditures for the 3rd control period (FY 2021-22 to 2025-26) and sought clarification from M/s GGIPL, Hyderabad. M/s GGIPL submitted that due to increase in operating volume and inflation the projected revenue and operating cost will increase.
- 5.5 **Payroll Costs:** The Authority noted that M/s. GGIPL's Payroll Costs has decreased by 45.11% in F.Y. 2020-21 as compared with F.Y. 2019-20 and M/s. GGIPL has considered the increase of 10% YoY for payroll cost from F.Y. 2021-22 onwards.
- 5.6 **Concession Fees:** M/s GGIPL submitted that they have to share 24% of the gross revenue with Airport operator as per agreement, and the Authority noted that M/s. GGIPL Concession Fees has decreased by 52.97% in F.Y. 2020-21 as compared with F.Y. 2019-20 and M/s. GGIPL has proposed increase in concession fees by 5% YoY from F.Y. 2021-22 onwards.
- 5.7 **Utility and Outsourcing Costs:** The Authority noted that M/s. GGIPL's Utility and Outsourcing Costs has decreased by 20.25% in F.Y. 2020-21 as compared with F.Y. 2019-20 and M/s. GGIPL has considered the increase of 10% (approx.) YoY for utility and outsourcing costs from F.Y. 2021-22 onwards.
- 5.8 **Repair and Maintenance Costs:** The Authority noted that M/s. GGIPL's Repair and Maintenance Costs has decreased by 74.27% in F.Y. 2020-21 as compared with F.Y. 2019-20 and M/s. GGIPL has considered the increase of 10% (approx.) YoY for repair and maintenance costs from F.Y. 2021-22 onwards.
- 5.9 **Administrative and General Costs:** The Authority noted that M/s. GGIPL's Administrative and General Costs has decreased by 30.40% in F.Y. 2020-21 as compared with F.Y. 2019-20 and M/s. GGIPL has considered the increase in expenditure ranging from 8.53% to 8.89% YoY from F.Y. 2021-22 onwards.
- 5.10 The Authority observed PBIDT of M/s. GGIPL is severely impacted during FY 2020-21 as it has reduced from Rs. 341.16 Lacs to Rs. 64.89 Lacs. However, situation is likely to improve from FY 2021-22 onwards.
- 5.11 The Authority, considering the above facts, proposes to consider the OPEX as submitted by M/s GGIPL for the consultation purpose of 3rd Control Period as per Table-3 above.

6. ANNUAL TARIFF PROPOSAL

M/s GGIPL, Hyderabad's submissions on Annual Tariff Proposal for the 3rd Control Period as part of MYTP.

6.1 M/s GGIPL, Hyderabad has submitted the tariff proposal for Ground Handling Services at Rajiv Gandhi International Airport, Hyderabad for the 3rd Control Period (FY 2021-22 to FY 2025-26) as given hereunder:

Table 5: Proposed Tariff Rates for Scheduled Flights to be handled by M/s GGIPL for 3rd control period

Particulars	FY 2021-22			FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Amount (in INR)															
Domestic Passenger Flight															
CODE B	5000	7500	12500	5000	7500	12500	5100	7650	12750	5202	7803	13005	5332	7998	13330
CODE C	6600	9900	16500	6600	9900	16500	6732	10098	16830	6867	10300	17167	7004	10506	17510
CODE D	10400	15600	26000	10400	15600	26000	10608	15912	26520	10820	16230	27050	11037	16555	27591
CODE E	21800	32700	54500	21800	32700	54500	22236	33354	55590	22681	34021	56702	23134	34702	57836
CODE F	38400	57600	96000	38400	57600	96000	39168	58752	97920	39951	59927	99878	40750	61126	101876
International Passenger Flight															
CODE B	16977	25466	42443	16977	25466	42443	43292	25975	43292	17663	26495	44158	18105	27157	45262
CODE C	39879	59819	99698	39879	59819	99698	101692	61015	101692	41490	62235	103726	42528	63791	106319
CODE D	59924	89886	149810	59924	89886	149810	152806	91684	152806	62345	93517	155862	63904	95855	159759
CODE E	81235	121853	203088	81235	121853	203088	207150	124290	207150	84517	126776	211293	86630	129945	216575
CODE F	101069	151604	252673	101069	151604	252673	257726	154636	257726	105152	157729	262881	107781	161672	269453
Domestic Freight Flight															
CODE C	NA	54000	NA	NA	54000	NA	NA	55080	NA	NA	56182	NA	NA	57586	NA
CODE D	NA	94000	NA	NA	94000	NA	NA	95880	NA	NA	97798	NA	NA	100243	NA
CODE E	NA	113000	NA	NA	113000	NA	NA	115260	NA	NA	117565	NA	NA	120504	NA
CODE F	NA	154000	NA	NA	154000	NA	NA	157080	NA	NA	160222	NA	NA	164227	NA
International Freight Flight															
CODE C	NA	140315	NA	NA	140315	NA	NA	143121	NA	NA	145984	NA	NA	149633	NA
CODE D	NA	154030	NA	NA	154030	NA	NA	157111	NA	NA	160253	NA	NA	164259	NA
CODE E	NA	205725	NA	NA	205725	NA	NA	209840	NA	NA	214036	NA	NA	219387	NA
CODE F	NA	302785	NA	NA	302785	NA	NA	308841	NA	NA	315018	NA	NA	322893	NA

Table 6: Statement of YoY Percentage (%) Change in Tariff for Scheduled Flights for different Category of Flights (as compared to Tariff for FY 2020-21):

Particulars	FY 2021-22			FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flight															
CODE B	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE C	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE D	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE E	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE F	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
International Passenger Flight															
CODE B	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE C	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE D	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE E	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
CODE F	0.0	0.0	0.0	0.0	0.0	0.0	2.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	2.5
DomesticFreight Flight															
CODE C	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
CODE D	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
CODE E	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
CODE F	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
International Freight Flight															
CODE C	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
CODE D	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
CODE E	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA
CODE F	NA	0.0	NA	NA	0.0	NA	NA	2.0	NA	NA	2.0	NA	NA	2.5	NA

Table 7: Comparative Tariff Rates of M/s GGIPL with M/s AISATS and M/s CASIPL

Proposed Tariffs for Scheduled flights FY 2021-22 by GlobeGround India Private Limited - Hyderabad Station							
Particulars	Pax	Ramp	Full				
International Freight Flight				AISATS (FY 21-22)	GGIPL Tariff v/s AISATS	CASIPL (FY 21-22)	GGIPL Tariff v/s CASIPL
CODE C	NA	1,40,315	NA	1,44,287	-2.83%	1,33,000	5.21%
CODE D	NA	1,54,030	NA	1,59,440	-3.51%	1,60,000	-3.88%
CODE E	NA	2,05,725	NA	2,17,419	-5.68%	1,95,000	5.21%
CODE F	NA	3,02,785	NA	3,13,083	-3.40%	2,87,000	5.21%
Domestic Freight Flight				AISATS		CASIPL	
CODE C	NA	54,000	NA	59,297	-9.81%	54,000	0.00%
CODE D	NA	94,000	NA	1,02,780	-9.34%	94,000	0.00%
CODE E	NA	1,13,000	NA	1,23,863	-9.61%	1,13,000	0.00%
CODE F	NA	1,54,000	NA	1,68,532	-9.44%	1,54,000	0.00%
International Passenger Flight				AISATS		CASIPL	
CODE B	16,977	25,466	42,443	40,585	4.38%	39,100	7.88%
CODE C	39,879	59,819	99,698	1,05,810	-6.13%	91,700	8.02%
CODE D	59,924	89,886	1,49,810	1,59,440	-6.43%	1,49,400	0.27%
CODE E	81,235	1,21,853	2,03,088	2,02,924	0.08%	1,95,700	3.64%
CODE F	1,01,069	1,51,604	2,52,673	2,86,993	-13.58%	2,72,900	-8.01%
Domestic Passenger Flight				AISATS		CASIPL	
CODE B	5,000	3,000	12,500	13,177	-5.42%	16,170	-29.36%
CODE C	6,600	3,960	16,500	17,657	-7.01%	21,340	-29.33%
CODE D	10,400	6,240	26,000	28,251	-8.66%	32,890	-26.50%
CODE E	21,800	13,080	54,500	59,297	-8.80%	75,130	-37.85%
CODE F	38,400	23,040	96,000	1,05,415	-9.81%	1,10,880	-15.50%
Note : Above rates are in INR excluding taxes							

Authority's Examination and Analysis:

- 6.2 The Authority noted from Minutes of Stakeholder Consultation Meeting held on 30.06.2021, that M/s. GGIPL had explained to the stakeholders that considering the current pandemic situation they have not proposed increment in the Annual tariff in F.Y. 2021-22 and shall continue with existing tariff.
- 6.3 The Authority observed that M/s GGIPL has proposed no tariff increase in FY 2021-22 & 2022-23, 2% p.a. tariff increase in FY 2022-23 and FY 2023-24 and 2.5% tariff increase in FY 2024-25.
- 6.4 From Table 7, Authority noted that the tariff proposed by M/s GGIPL for scheduled flights for FY 2021-22 is lower than the rates approved by AERA for AISATS (who is providing similar services at RGIA, Hyderabad) for both International and Domestic Flights (Freight & Passenger).
- 6.5 The Authority further noted that the tariff proposed by M/s GGIPL for FY 2021-22 is lower from rates approved for M/s Celebi Airport Services India Private Limited (CASIPL) (who is providing similar services at RGIA, Hyderabad) for Domestic Passenger flights and same for domestic freight flights. For International Freight Flights and International Passenger flights, rates of M/s. GGIPL are lower in some cases and higher in some cases, as compared to rates of M/s. CASIPL.
- 6.6 As there is no tariff increase in FY 2021-22 & 2022-23, 2% p.a. tariff increase in FY 2022-23 and FY 2023-24 and 2.5% tariff increase in FY 2024-25, Authority proposes to consider charges for scheduled flights as proposed by M/s. GGIPL.

Table 8: Proposed Tariff Rates for Non-Scheduled Flights Handling for the 3rd Control Period
Amount (in INR)

Domestic rates						YoY % Change			
Aircraft MTOW	2021-22	2022-23	2023-24	2024-25	2025-26	2022-23	2023-24	2024-25	2025-26
Upto 07 tons	25,714	25,714	27,000	28,350	29,768	0%	5%	5%	5%
07 - 10 tons	25,714	25,714	27,000	28,350	29,768	0%	5%	5%	5%
10 - 20 tons	28,393	28,393	29,813	31,303	32,868	0%	5%	5%	5%
20-30 tons	34,821	34,821	36,563	38,391	40,310	0%	5%	5%	5%
30 - 40 tons	51,000	51,000	53,550	56,228	59,039	0%	5%	5%	5%
40 - 50 tons	58,286	58,286	61,200	64,260	67,473	0%	5%	5%	5%
50 - 100 tons	78,857	78,857	82,800	86,940	91,287	0%	5%	5%	5%
100 - 200 tons	4,05,321	4,05,321	4,25,588	4,46,867	4,69,210	0%	5%	5%	5%
200 - 300 tons	5,37,321	5,37,321	5,64,188	5,92,397	6,22,017	0%	5%	5%	5%
Above 300 tons	6,14,786	6,14,786	6,45,525	6,77,801	7,11,691	0%	5%	5%	5%

International rates						YoY % Change			
Aircraft MTOW	2021-22	2022-23	2023-24	2024-25	2025-26	2022-23	2023-24	2024-25	2025-26
Upto 07 tons	44,464	44,464	46,688	49,022	51,473	0%	5%	5%	5%
07 - 10 tons	68,357	68,357	71,775	75,364	79,132	0%	5%	5%	5%
10 - 20 tons	78,321	78,321	82,238	86,349	90,667	0%	5%	5%	5%
20-30 tons	94,286	94,286	99,000	1,03,950	1,09,148	0%	5%	5%	5%
30 - 40 tons	1,00,714	1,00,714	1,05,750	1,11,038	1,16,589	0%	5%	5%	5%
40 - 50 tons	1,09,714	1,09,714	1,15,200	1,20,960	1,27,008	0%	5%	5%	5%
50 - 100 tons	1,49,143	1,49,143	1,56,600	1,64,430	1,72,652	0%	5%	5%	5%
100 - 200 tons	4,05,321	4,05,321	4,25,588	4,46,867	4,69,210	0%	5%	5%	5%
200 - 300 tons	5,37,321	5,37,321	5,64,188	5,92,397	6,22,017	0%	5%	5%	5%
Above 300 tons	6,14,786	6,14,786	6,45,525	6,77,801	7,11,691	0%	5%	5%	5%

Authority’s Examination and Analysis

- 6.7 The Authority observed that M/s GGIPL has proposed no increase in charges in FY 2021-22 and FY 2022-23 and 5% p.a. increase in FY 2023-24 to FY 2025-26.
- 6.8 M/s. GGIPL was asked to propose charges for non-scheduled aircrafts on the basis of aircraft type, as done in case of scheduled flights. However, M/s. GGIPL has informed that ground handling services for non-scheduled flights are dealt based on MTOW basis. It was further informed by M/s. GGIPL that there is no published schedule of such flights and they operate on ad-hoc basis after taking DGCA approval etc. at short notice and their tariff are marketed based on MTOW and not comparable with the tariffs of scheduled flight operation/handling.
- 6.9 The Authority is of the considered view that the charges for non-scheduled should not be more than the scheduled operations. Therefore, the Authority for consultation purpose elicit the views of Stakeholders in this regard.

Table 9: Annual Tariff Proposal for Additional Services for the 3rd Control Period

Amount (in INR)

ANNEX B SECTIONS	EQUIPMENTS	REMARKS		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
3.4.1(a)	Air Conditioner unit (ACU)	Narrow Body	Per Hour	21,214	21,214	22,275	23,389	24,558
		Wide Body	Per Hour	31,286	31,286	32,850	34,493	36,217
3.7.1(a)	Air Start Unit (ASU)	Narrow Body	Per start	24,429	24,429	25,650	26,933	28,279
		Wide Body	Per start	26,786	26,786	28,125	29,531	31,008
2.1.3(a)6	Ambulift		Per Usage	53,571	53,571	56,250	59,063	62,016
3.6.3(a)	Conveyor belt loader	(non-operational use)	Per hour	11,143	11,143	11,700	12,285	12,899
3.6.2(a)2	Crew Bus	(non-operational use)	Trip (Two Way)	11,786	11,786	12,375	12,994	13,643
			Trip (one way)	6,429	6,429	6,750	7,088	7,442
3.3.3(a)	Ground Power Unit (GPU)	90 KVA	Per Hour	12,857	12,857	13,500	14,175	14,884
		140 KVA	Per Hour	17,893	17,893	18,788	19,727	20,713
3.6.3(a)	Lower Deck Loader (LDL)	(non-operational use)	Per Hour	49,179	49,179	51,638	54,219	56,930
3.6.3(a)/X	Main Deck Loader (MDL)	(non-operational use)	Per Hour	66,964	66,964	70,313	73,828	77,520
3.6.2(a)1	Passenger Bus	(non-operational use)	Trip (One Way)	16,607	16,607	17,438	18,309	19,225
3.9.3(a)	Push Back (Tow Bar included)	(1 free with flight handling)	per push	30,536	30,536	32,063	33,666	35,349
3.6.1(a)	Step Ladder (remote bay)	(2.5 Hr free with flight handling))	Per Hour	17,893	17,893	18,788	19,727	20,713
3.3.2(e)/X	Tail stand (B747)		Per Usage	26,786	26,786	28,125	29,531	31,008
3.3.2(e)/Y	Aircraft tethering		Per Usage	26,786	26,786	28,125	29,531	31,008
3.9.3(b)	Tow Inter Stand		Per Tow	43,821	43,821	46,013	48,313	50,729
3.6.5(a)/Y	Fork Lift 5 Ton	(non-operational use)	Per Hour	20,143	20,143	21,150	22,208	23,318
3.6.5(a)/Z	Fork Lift 12 Ton	(non-operational use)	Per Hour	24,536	24,536	25,763	27,051	28,403
3.3.3(a)/X	Hook on power	at aerobridge bay	per flight	1,821	1,821	1,913	2,008	2,109
3.12.1(a)	Toilet service	(1 svc free with flight handling))	per service	17,893	17,893	18,788	19,727	20,713
3.13.1(a)	Water service	(1 svc free with flight handling))	per service	17,893	17,893	18,788	19,727	20,713

Passenger/Terminal Side and Manpower related

ANNEX B SECTIONS	SERVICES	REMARKS		FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
3.11.2	Deep Cleaning	(non-operational use)						
2.1.3(a)7/U	Floor Walkers/Welcome staff		4+4	29,036	29,036	30,488	32,012	33,612
2.1.3(a)7/V	Live Animal Handling	AVIH	per AVI	1,607	1,607	1,688	1,772	1,860
2.1.3(a)7/W	Manpower (additional - UH)		per personnel/hr.	1,393	1,393	1,463	1,536	1,612
	Manpower (Executive)		per personnel/hr.	2,143	2,143	2,250	2,363	2,481
2.1.3(a)7/X	Porter assisting pax.	at check-in counter	per porter/per flight	2,571	2,571	2,700	2,835	2,977
3.6.9(a)	Ballast Bags Refill		Per refill	4,500	4,500	4,725	4,961	5,209
7.4.3(a)	Security (additional)	per personnel/ T/A flight	per personnel/flight	4,929	4,929	5,175	5,434	5,705
3.6.10(a)1,2	Val Handling		per std. sz. container	11,143	11,143	11,700	12,285	12,899
3.11.10(a,b)	Waste Disposal	(non-operational use)						
2.1.3(a)2	Wheel Chair WCHR OR WCHS		per service	2,893	2,893	3,038	3,189	3,349
	WCHC	Cabin Wheel chair	per service	3,536	3,536	3,713	3,898	4,093
2.1.3(a)1	Unaccompanied minor handling		per child	2,893	2,893	3,038	3,189	3,349
2.1.3(a)2	Disabled passengers		per passenger	2,893	2,893	3,038	3,189	3,349
2.1.3(a)3	VIPs		per passenger	4,500	4,500	4,725	4,961	5,209
2.1.3(a)4	Transit w/o visa pax	TWOVs	per passenger	4,500	4,500	4,725	4,961	5,209
2.1.3(a)5	Deportees		per passenger	4,500	4,500	4,725	4,961	5,209
3.11.1	Interior cleaning		per flight					
3.10.10	EXTERIOR CLEANING	subject to BIAL APPROVAL						
	Valet Service	per valet/hour		1,607	1,607	1,688	1,772	1,860

Authority's Examination and Analysis:

6.10 It has been informed by M/s. GGIPL that such additional services are not part of comprehensive charges mentioned in case of scheduled/non-scheduled flights.

6.11 Authority elicits views of stakeholders' on this matter before taking final view.

7. AUTHORITY'S PROPOSAL

- 7.1 The services of M/s GGIPL, providing Ground Handling Services at Hyderabad Airport are aeronautical services in terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (Act) and under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services. The Authority, after careful consideration of the proposals submitted by M/s GGIPL for the 3rd control period (FY 2021-22 to FY 2025-26), makes the following proposal for stakeholder consultation:
- 7.2 The service for ground handling being provided by M/s GlobeGround India Pvt. Ltd. at Rajiv Gandhi International Airport, Hyderabad (RGIA) is “**Material but Competitive**”. Therefore, the Authority proposes to adopt ‘**Light Touch Approach**’ for determination of tariffs for the 3rd control period (FY 2021-22 to FY 2025-26).
- 7.3 The Authority proposes to take a final decision on the Tariff rates proposed by M/s GGIPL for the Third Control Period as given in Table-5 above, after considering the comments / views of stakeholders.
- 7.4 The Authority proposes that the Tariff Rates proposed as above shall be maximum tariff to be charged. No other charge is to be levied over and above the proposed Tariff rates.
- 7.5 The Authority is of the considered view that the charges for non-scheduled operations should not be more than the scheduled operations. Therefore, the Authority for consultation purpose elicit the views of Stakeholders in this regard.
- 7.6 Authority solicits views of stakeholders on charges proposed by M/s. GGIPL for additional services before taking final view.

8. STAKEHOLDER CONSULTATION

- 8.1 In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in Para 7 above is hereby put forth for stakeholder consultation. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response here to and by making such decision fully documented and explained in the tariff order in terms of the provisions of the Act.
- 8.2 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 7 above, latest by 04/11/2021 at the following address:

Secretary,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi -110003
Tel: 011-24695044-47, Fax: 011-24695048
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(Chairperson)