

ऐरा/20010/एमवाईटीपी/जीएसईसी-बीएस/जीएच/टीवीएम /सीपी-III/2021-26/
AERA/20010/MYTP/GSEC-BAS/GH/TVM/CP-III/2021-26

परामर्श पत्र संख्या 08/2022-23/Consultation Paper No 08/2022-23



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

जीएसईसी बर्ड एयरपोर्ट सर्विसेज प्राइवेट लिमिटेड (जीबीएसपीएल) के संबंध में तिरुवनंतपुरम अंतरराष्ट्रीय हवाईअड्डा, तिरुवनंतपुरम में ग्राउंड हैंडलिंग सेवाओं के लिए तृतीय नियंत्रण अवधि (वित्त वर्ष 2021-22 से वित्त वर्ष 2025-26) के लिए टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF
DETERMINATION OF TARIFF FOR GROUND HANDLING SERVICES FOR
GSEC BIRD AIRPORT SERVICES PRIVATE LIMITED (GBASPL) AT
THIRUVANANTHAPURAM INTERNATIONAL AIRPORT, THIRUVANANTHAPURAM
FOR THE THIRD CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)

जारी करने की तारीख : 16/08/2022/

Date of Issue: 16/08/2022

ऐरा भवन/AERA Building
प्रशासनिक कॉम्प्लेक्स/Administrative Complex
सफदरजंग हवाईअड्डा/Safdarjung Airport
नई दिल्ली/New Delhi – 110003

STAKEHOLDERS' COMMENTS

The Authority is aware of the fact that the Aviation Sector is recovering after undergoing turbulence & uncertainty on account of the COVID 19 PANDEMIC around the world. The pandemic had resulted in restrictions on air travel, both domestic and international. Now, with the decline in Covid cases and after easing of restrictions relating to air travel (w.e.f. 28.03.2022), the aircraft traffic has started improving. 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 GBASPL. Accordingly, the Authority's proposals on the various aspects 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. 08/2022-23 dated 16/08/2022 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,
Safdarjung Airport, New Delhi – 110003, India
Email: inderpal.s@aera.gov.in; satish.kr@aera.gov.in
Copy to: director-ps@aera.gov.in; secretary@aera.gov.in

Last Date for submission of Stakeholders' comments	06/09/2022
Last Date for submission of counter comments	13/09/2022

Comments will be posted on AERA's website: www.aera.gov.in

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

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List of Abbreviations:

AERA (AUTHORITY)	Airports Economic Regulatory Authority of India
AISATS	Air India SATS
ATM	Aircraft Traffic Movement
ATP	Annual Tariff Proposal
CAPEX	Capital Expenditure
COD	Commercial Operation Date
CGF	Cargo, Ground Handling & Fuel Throughput
GBASPL	GSEC Bird Airport Services Private Limited
GHA	Ground Handling Agencies
GHS	Ground Handling Service
GPU	Ground Power Unit
GSEC	Gujarat State Export Corporation
INR	Indian Rupees
ISP	Independent Service Provider
LoA	Letter of Award
MYTP	Multi-Year Tariff Proposal
NCAP	National Civil Aviation Policy
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
PBIDT	Profit Before Interest, Depreciation and Tax
P&L	Profit & Loss
TCP	Third Control Period
YoY	Year on Year

CHAPTER 1: BRIEF BACKGROUND:

- 1.1 GSEC Bird Airport Services Pvt. Ltd. (GBASPL) is incorporated on 20.03.2021 with a mandate to provide Ground Handling Services at various airports across India. Presently, GBASPL is the designated Ground Handling Service Provider and is engaged in carrying on the business of providing Ground Handling Services in respect of passenger handling and baggage handling services etc. for various Domestic & International Flights at the Thiruvananthapuram International Airport.
- 1.2 GSEC Bird Airport Services Pvt. Ltd., the Independent Service Provider (ISP), had been issued a Letter of Award (LOA) dated 30.3.2022 by TRV(Kerala) International Airport Limited for providing Ground Handling Services at Thiruvananthapuram International Airport for a period of five (5) years, effective from the operations commencement date.
- 1.3 Bureau of Civil Aviation Security, vide letter dated 08.06.2022, has granted security clearance to GBASPL for a period 5 years from the date of issue of initial security clearance i.e. 12.07.2021.
- 1.4 GBASPL has entered into a Concession Agreement with TRV (Kerala) International Airport Limited on 06.07.2022 for providing Ground Handling Services at Thiruvananthapuram International Airport for a period of 5 years, commencing from 01.04.2022.
- 1.5 The shareholding structure of GBASPL is given as below:

Table-1: Summary of Shareholding Structure of GBASPL:

Name of Shareholder	No. of Equity Shares	Shareholding (in %)
Bird Worldwide Flight Services (India) Private Limited	5,10,000	51%
GlobeGround India Private Limited	2,30,000	23%
GSEC Limited	2,60,000	26%
TOTAL	10,00,000	100%

- 1.6 In accordance with AERA's CGF Guidelines 2011, GBASPL has submitted the Multi Year Tariff Proposal ('MYTP') on 07.04.2022 for determination of Tariff in respect of Ground Handling Services for the Third Control Period (FY 2021-22 to FY 2025-26). Since there were deficiencies/ information gaps in the submission made earlier by the ISP, GBASPL vide email dated 04.08.2022 submitted a revised MYTP.
- 1.7 GBASPL has conducted the Stakeholders' consultation meeting on 22.04.2022 and submitted the minutes of meeting to the Authority vide email dated 02.05.2022. From the minutes of meeting, it is observed that none of the stakeholders raised any concern relating to Annual Tariff Proposal (ATP) of GBASPL for the proposed Ground Handling Services at Thiruvananthapuram International Airport.

CHAPTER 2: PRINCIPLES FOR DETERMINATION OF “AERONAUTICAL TARIFF”

- 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 As per the Guidelines, referred under Para 2.1 above, the Authority shall determine the Materiality Index (MI_G) with respect to the regulated service (Ground Handling, in the instant matter) as per the procedure prescribed thereunder. If the MI_G is 5% or more, the regulated service shall be deemed ‘Material’ and on the other hand, if the MI_G is below 5%, the regulated service shall be deemed ‘Not Material’.

2.3 MATERIALITY INDEX:

In accordance with the above mentioned AERA Guidelines and Directions, the following procedure is adopted for determination of Materiality Index of regulated Service:

$$\text{Materiality Index (MI}_G\text{)} = \frac{\text{Int. Aircraft Movement at Thiruvananthapuram Airport}}{\text{Total Intl.Aircraft Movement at Major Airports}} \times 100$$

$$\begin{aligned}\text{The Materiality Index for Thiruvananthapuram Airport} &= 14812/420772 \\ &= 3.52\%\end{aligned}$$

As is evident from the above calculations, the percentage share of Ground Handling Services for Thiruvananthapuram International Airport for the FY 2019-20 (Pre-Covid Year) is 3.52%, which is less than 5% Materiality Index (MI_G) for the subject service. Hence, the regulated service is deemed ‘**Not Material**’ for the Third Control Period.

- 2.4 The Authority also notes that Air India SATS (AISATS) is also providing Ground Handling Services at Thiruvananthapuram International Airport, apart from GBASPL.
- 2.5 As per clause 11.2 of the CGF Guidelines, the Annual Tariff Proposal (ATP) is required to be submitted in the manner and form provided in AI 8.2 of Appendix-I to the guidelines and should be supported by the following:
- Form B and Form 14 (b) (Proposed Tariff Card);
 - Details of Consultation with Stakeholders;
 - Evidence of User Agreement(s) clearly indicating the Tariff proposal by the Service Provider and agreed to by the Users.
- 2.6 The Authority notes that GBASPL has submitted the requisite documents as stated in para 2.5 above.

Authority’s Proposal regarding Tariff determination of GBASPL:

- 2.7 Based on the material before it and its analysis, the Authority proposes to consider Tariff determination exercise of GBASPL for providing Ground Handling Services at Thiruvananthapuram International Airport under “**Light Touch Approach**” for the Third Control Period, as the regulated service is deemed ‘**Not Material**’.

CHAPTER 3: AIRCRAFT TRAFFIC MOVEMENT (ATM)

3.1 Actual Aircraft Traffic (Nos. of landings) handled by Thiruvananthapuram Airport, from FY 2019-20 (pre-Covid year) to FY 2021-22 is given below:

Table 2: Actual Aircraft Traffic handled at Thiruvananthapuram Airport during FY 2019-20 to FY 2021-22

Year	Total number of Landings at Thiruvananthapuram Airport			As Percentage (%) of 2019-20		
	Domestic	International	Total	Domestic	International	Total
2019-20	7,015	7,406	14,421	--	--	--
2020-21	2,556	2,101	4,657	36%	28%	32%
2021-22	3,505	4,173	7,678	50%	56%	53%

3.2 GBASPL has submitted the projected Aircraft Traffic (Flights to be Handled), keeping in view the Covid-19 impact on aircraft traffic at Thiruvananthapuram International Airport, for the Third Control Period (FY 2021-22 to FY 2025-26) as hereunder:

Table 3: Projected Aircraft Traffic (Flights to be handled) submitted by GBASPL for the Third Control Period

Year	Domestic (No. of Landings)	International (No. of Landings)	Total	YoY % Change		
				Domestic	International	Total
2022-23	400	1,583	1,983	-	-	-
2023-24	650	2,804	3,454	63%	77%	74%
2024-25	725	3,068	3,793	12%	9%	10%
2025-26	800	3,345	4,145	10%	9%	9%
TOTAL	2,575	10,800	13,375			

Authority's Examination and Analysis:

3.3 The Authority observes that COVID-19 had impacted the Civil Aviation Sector, including Ground Handling Services during FY 2020-21 & FY 2021-22. As per the statistics available at AAI website, the total Aircraft Traffic (Domestic and International) at Thiruvananthapuram Airport for FY 2021-22 had reached 53% of the pre-Covid level (FY 2019-20). Further, the total Aircraft Traffic during the first quarter (April – June) of FY 2022-23 has reached to 82% of Aircraft Traffic in corresponding quarter of pre-Covid period (FY 2019-20) at Thiruvananthapuram Airport.

3.4 The Authority notes that GBASPL is a new entrant at Thiruvananthapuram Airport and has projected Aircraft Traffic for 8 (eight) months in FY 2022-23.

3.5 The Authority, from the above table, observes a steep increase of 74% in total aircraft traffic projected for FY 2023-24 as compared to preceding year (FY 2022-23), and same is mainly due to partial operations in FY 2022-23 [for 8 (eight) months only]. However, when annualized figures of total Aircraft Traffic of FY 2022-23 are compared with total Aircraft Traffic projected for FY 2023-24, the percentage increase for FY 2023-24 comes to 16% only. From FY 2024-25 onward, GBASPL has considered moderate growth rates for total Aircraft Traffic.

The Authority sought clarification from the ISP regarding lower projection of Domestic Flights during the Third Control Period. The ISP, in its response vide email dated 10.08.2022, stated that *“in the domestic sector, there are only 3 Airlines that operate at TRV airport. These are Indigo and Air India/Alliance Air and Vistara. Indigo does self-ground handling of their flights and in the case of Air India/Alliance Air/ Vistara, the ground handling is done by AI SATS. That is why we have forecasted a stable business which is based on actual ground realities as on date.”*

The Authority considering the justification of GBASPL, proposed to consider the Domestic Traffic (Flights to be handled) as projected by the ISP (as referred under Table 3).

- 3.6 The Authority notes that GBASPL is a new entrant at Thiruvananthapuram Airport and feels that it will take some time for the ISP to develop its client base at the Airport. Considering that the aviation sector is gradually recovering from the adverse impact caused by Covid-19 and taking into account market competition faced by new entrant due to presence of second Service Provider (AISATS) at Thiruvananthapuram Airport, the Authority feels that the Aircraft Traffic projected by the ISP for the Third Control Period is reasonable.

Authority’s Proposal regarding Aircraft Traffic for the Third Control Period:

- 3.7 Based on the material before it and its analysis, the Authority proposes to consider the Aircraft Traffic (Flights to be handled) for the Third Control Period as per Table 3.

CHAPTER 4: CAPITAL EXPENDITURE

GBASPL submission on Capital Expenditure for the Third Control Period as part of MYTP

- 4.1 GBASPL, Thiruvananthapuram has projected a total Capital Expenditure (CAPEX) of ₹ 2048 lakhs on procurement of various assets for the Third Control Period (FY 2021-22 to FY 2025-26). The asset wise details in respect of Capital Expenditure projected by ISP for Third Control Period are given below:

Table 4: Projected Capital Expenditure submitted by GBASPL for the Third Control Period

(₹ in Lakhs)

Particulars	2022-23	2023-24	2024-25	2025-26	TOTAL
Ground Handling Equipment	1559	198	160	99	2016
Vehicles	13	-	-	1	14
Furniture & Fixtures	3	1	2	-	6
Office Equipment	10	-	2	-	12
TOTAL	1585	199	164	100	2048

- 4.2 GBASPL also submitted breakup of the capital expenditure of ₹ 2048 Lakhs proposed for the Third Control Period as given below:

Table 5: Breakup of Projected Capital Expenditure as submitted by GBASPL for the Third Control Period

(₹ in Lakhs)

Year	Particulars	Qty.	Rate (₹/Unit)	Amount	Asset Class
F.Y. 2022-23	EBT-TLD	5	37.38	186.89	Ground Handling Equipment
	Diesel Farm Tractor	4	1.30	5.20	
	Push Back Tractor - Draw Pull Bar of 12000 DaN	1	54.51	54.51	
	Towbar Universal	2	7.64	15.27	
	Passenger Step - 2200-5300mm height-towable	3	3.55	10.65	
	Baggage Conveyor Belt - 5 M Boom Length	2	3.55	7.10	
	Baggage Conveyor Belt - Electric	3	9.05	27.15	
	Toilet servicing Cart - Lift pressure 0.25-0.35 Mpa, Flow rate 120L/min	1	13.05	13.05	
	Water Servicing Cart - Lift pressure 0.25-0.35 Mpa, Flow rate 120L/min	1	12.55	12.55	
	Push Back Tractor - Draw Pull Bar of 32000 DaN	1	364.16	364.16	
	Passenger Step - 2200-5300mm height (motorized)	2	12.55	25.10	
	Baggage Conveyor Belt - 9 M Boom Length	1	8.05	8.05	
	Lower Deck Loader-7T Capacity	2	130.26	260.52	
	Main Deck Loader-15T Capacity for wide body freighters only	1	61.77	61.77	
	Ambulift - Lift 2000-4400 mm	1	50.05	50.05	
	Air Conditioning Unit-Cooling	1	151.73	151.73	

Year	Particulars	Qty.	Rate (₹/Unit)	Amount	Asset Class	
	capacity 110T Air flow 300 ppm					
	JET START UNIT-400 PPM	1	151.73	151.73		
	Single hose					
	GPU-90 KVA Single cable	1	61.26	61.26		
	Baggage Trolleys	60	0.63	37.50		
	Container Dollies	20	0.99	19.75		
	Pallet Dollies - 10 Feet	14	1.65	23.10		
	Fuel Bowser 900 L - towable	1	10.05	10.05		
	Wheel chairs	20	0.13	2.50		Furniture & Fixtures
	Vehicle ramp	1	5.55	5.55		Vehicles
	Vehicle GSE Maintenance	1	7.55	7.55		
	Chocks (12), Marshalling torches (10 pairs*5), Head set (2), By Pass pin for A320/B737 (2), Safety cones (12), Vacuum cleaners (3), Firex (2)	1	2.05	2.05		Ground Handling Equipment
	Laserjet Black & White Printer	2	0.20	0.40		Office Equipment
	Laserjet MFP Color Printer	1	0.12	0.12		
	Laptop	2	0.55	1.10		
	Desktop	5	0.40	2.00		
Mobile Phone	10	0.15	1.50			
Office New Cabins Set Up / Modification	1	5.05	5.05			
TOTAL FOR FY 2022-23				1584.95		
2023-24	Diesel Baggage TUG - 25T Tow Capacity	2	35.15	70.30	Ground Handling Equipment	
	EBT-TLD	1	34.50	34.50		
	Push Back Tractor - Draw Pull Bar of 12000 DaN	1	54.51	54.51		
	Towbar Universal	2	7.05	14.10		
	Passenger Step - 2200-5300mm height-towable	1	3.55	3.55		
	Baggage trolleys	10	0.80	8.00		
	Container Dollies	10	1.30	13.00		
	Wheel chairs	10	0.125	1.25	Furniture & Fixtures	
TOTAL FOR FY 2023-24				199.22		
2024-25	Diesel Baggage TUG - 25T Tow Capacity	1	35.15	35.15	Ground Handling Equipment	
	EBT-TLD	1	34.50	34.50		
	Push Back Tractor - Draw Pull Bar of 12000 DaN	1	54.51	54.51		
	Passenger Step - 2200-5300mm height-towable	2	3.55	7.10		
	Baggage Conveyor Belt - 5 M Boom Length	1	8.05	8.05		
	Baggage trolleys	10	0.80	8.00		
	Container Dollies	10	1.30	13.00		
	Wheel chairs	15	0.125	1.875	Furniture & Fixtures	
	Laptop	1	0.55	0.55	Office Equipment	
	Desktop	2	0.40	0.80		
	Mobile Phone	5	0.15	0.75		
TOTAL FOR FY 2024-25				164.29		

Year	Particulars	Qty.	Rate (₹/Unit)	Amount	Asset Class
2025-26	Diesel Baggage TUG - 25T Tow Capacity	1	35.15	35.15	Ground Handling Equipment
	EBT-TLD	1	34.50	34.50	
	Towbar Universal	1	7.05	7.05	
	Passenger Step - 2200-5300mm height-towable	1	3.55	3.55	
	Baggage trolleys	10	1.80	18.00	
	Wheel chairs	10	0.125	1.25	Furniture & Fixtures
TOTAL FOR FY 2025-26				99.51	
TOTAL PROJECTED CAPEX FOR THE 3rd CONTROL PERIOD				2047.97	

Authority's Examination and Analysis:

- 4.3 The Authority notes that GBASPL has projected a total CAPEX of ₹ 2048 lakhs for the Third Control Period. Further, out of total CAPEX of ₹ 2048 lakhs projected for Third Control Period, GBASPL has proposed to incur ₹ 2016 lakhs for Ground Handling Equipment, ₹ 14 lakhs for vehicle, ₹ 6 lakhs for furniture and fixtures and ₹ 12 lakhs for office equipment.
- 4.4 The Authority further notes that GBASPL has proposed to incur approximately 77% of total CAPEX in the FY 2022-23 (first year of commercial operations) itself. Clarifications were sought from GBASPL regarding CAPEX proposed during the first year of their operations. In response thereto, GBASPL submitted that the proposed CAPEX is required to meet current and projected growth in business at Thiruvananthapuram International Airport. Further, ISP has stated that they have procured all the necessary Ground Handling Equipment and same have been installed for smooth commencement of their operations at Thiruvananthapuram International Airport.
- 4.5 The Authority feels that GBASPL being a new entrant at the Thiruvananthapuram Airport requires to make provision for necessary equipment/ allied infrastructure in first year itself for smooth roll out of their ground handling services. Therefore, the CAPEX proposed during first year of Control Period seems reasonable.

Authority's proposal regarding CAPEX for the Third Control Period:

- 4.6 Based on the material before it and its analysis, the Authority proposes to consider the CAPEX for the Third Control Period as per Table-4.

CHAPTER 5: OPERATING EXPENDITURE AND PROFITABILITY

GBASPL'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 (O&M) Expenditure incurred by the Service Provider(s) include expenditures incurred on security, operating costs, other mandated operating costs and statutory operating costs.

5.2 Operation and Maintenance Expenditure submitted by GBASPL has been segregated into the following categories:

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

5.3 As per the MYTP submitted by GBASPL, Revenue and Operating Expenditure (OPEX) projected by GBASPL for the Third Control Period is as under:

Table 6: Projected Revenue and Operating Expenditure of GBASPL for Third Control Period

Particulars	₹ in Lakhs						YoY% Change		
	2022-23 (Figures for 8 months)	2022-23 (Annualized figures)	2023-24	2024-25	2025-26	TOTAL	2023-24*	2024-25	2025 -26
Revenue (A)	1436.99	2,155.49	2,693.92	3,019.08	3,189.44	10,339.44	25%	12%	6%
Payroll Costs	300.33	450.50	563.03	630.99	666.59	2160.94	25%	12%	6%
Administrative and General Costs	234.54	351.81	359.60	391.15	423.84	1409.13	2%	8%	8%
Utilities and Outsourcing Costs	39.38	59.08	74.84	86.52	96.05	296.79	27%	16%	11%
Repair and Maintenance Costs	32.28	64.55	67.55	73.05	77.05	249.93	5%	8%	5%
Concession Fees	646.65	969.97	1212.26	1358.59	1435.25	4652.75	25%	12%	6%
Total OPEX (B)	1253.18	1,895.91	2277.28	2540.29	2698.78	8,769.53	20%	12%	6%
PBIDT (A-B)	183.81	259.58	416.64	478.80	490.66	1569.90	61%	15%	2%
Interest & Finance Cost	128.49		187.27	162.45	117.04	595.24			
Depreciation	75.75		115.06	125.97	132.01	448.79			
PBT	-20.42		114.30	197.38	241.62	525.87			
Provision for Tax @ 25.168%	-		23.63	47.92	60.81	132.35			
PAT	-20.42		90.67	142.46	180.81	393.52			
PAT as a % to Revenue	-1%		3%	5%	6%	4%			

* % change in FY 2023-24 is over the annualized figures of FY 2022-23.

Authority's Examination and Analysis:

5.4 The Authority examined the Operating Expenditure provided in Form F3 (P&L) for the Third Control Period and noted that there is a significant increase in the projected Operating Expenditures of F.Y 2023-24 over FY 2022-23. In this regard, GBASPL vide email dated 18.07.2022 clarified that Revenue & Expenditure figures for FY 2022-23 are for 8 (eight) months only [except for Repair and Maintenance which is projected for 6 (six) months only]; whereas, Revenue & Operating Expenses have been projected for full year in FY 2023-24.

5.5 The Authority has annualized the 8 (eight) months' Revenue and Expenditure figures [6 (six) months in case of R&M costs] of FY 2022-23 for better comparison of YoY growth rates for the Third Control Period as given below:

- i. **Payroll Costs:** The Authority notes that GBASPL has projected an increase in Payroll costs by 25% in FY 2023-24 over FY 2022-23. For FY 2024-25 & FY 2025-26, the ISP has projected an increase of 12% and 6% respectively over the preceding years. As regard to the projected increase in the payroll costs, ISP has clarified that YoY increase in payroll costs have been projected considering factors like, increase in minimum wages, salary increments and increase in number of manpower commensurate with the projected increase in aircraft Traffic. The Authority observes that YoY increase in payroll costs is in line with YoY percentage increase projected in Revenues for the Third Control Period.
- ii. **Administrative and General Costs:** The Authority notes that the Administrative and General costs for FY 2023-24 are projected to increase nominally by 2% over FY 2022-23. Thereafter, ISP has projected an increase of 8% YoY basis. The Authority sought clarification from the ISP regarding YoY increase considered in Administrative and General Costs. In response thereto, the ISP vide email dated 29.07.2022 stated that the expenses have been projected after taking into account the annual escalation of 10% in Lease rentals, projected increase in number of flights, increase in number of manpower and considering the impact of general inflation. Considering the above, YoY increase considered by the ISP in Administrative and General Costs for the Third Control Period seems reasonable.
- iii. **Utility and Outsourcing Costs:** The Authority notes that the Utility and Outsourcing costs for the year 2023-24 are projected to increase by 27% over the year 2022-23. For FY 2024-25 & FY 2025-26, ISP has projected an increase of 16% and 11% respectively. ISP vide email dated 29.07.2022 has stated that the YoY percentage increase has been projected after considering annual increase in fuel charges and portable water charges by 6-7% and projected increase in number of flights to be handled during the Third Control Period.

Considering the projected increase in no. of flights to be handled and taking into account impact of annual inflation in fuel, electricity & Water charges etc., the YoY increase projected by the ISP seems reasonable.

- iv. **Repair and Maintenance Costs:** The Authority notes that projected increase in R&M expenses for the Third Control Period ranges between 5% to 8%. In this regard, the ISP vide mail dated 29.07.2022 stated that R&M costs include expenses related to Spares, Consumables and Lubes & oil etc. Though, some of the spares are covered under warranty initially one to three years; however, expenditure on consumables, lubes, small spares are required to incurred periodically to keep equipment in its operational state on 24/7 basis, even if the equipment is new.

v. **Concession Fees:** GBASPL submitted that they have to share 45% of their Gross Revenue with Airport Operator as per the terms and conditions of the Letter of Award/Concession Agreement. The Authority notes that the projected increase in Concession Fees is commensurate with the projected increase in Revenues during the Third Control Period.

5.6 The Authority further observes from the Projected P&L Statement that GBASPL is likely to incur loss for the Tariff year 2022-23, thereafter, ISP is expected to generate profits of 3% to 6% for the remaining tariff years of the Control Period.

Authority's Proposal regarding OPEX for the Third Control Period:

5.7 Based on the material before it and its analysis, the Authority, proposes to consider the OPEX for the Third Control Period as per Table-6.

CHAPTER 6: ANNUAL TARIFF PROPOSAL

GBASPL submissions on Annual Tariff Proposal for the Third Control Period as part of MYTP

6.1 GBASPL has submitted the Tariff proposal for Ground Handling Services at Thiruvananthapuram International Airport for the Third Control Period (FY 2021-22 to FY 2025-26) as given in Table 7 below:

Table 7: Proposed Tariff Rates for Scheduled Flights to be handled by GBASPL for the Third Control Period

(Rates in ₹)

	FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flight												
Code B	5,083	15,248	20,330	5,438	16,315	21,753	5,819	17,457	23,276	6,226	18,679	24,905
Code C	8,025	24,075	32,100	8,587	25,760	34,347	9,188	27,563	36,751	9,831	29,493	39,324
Code D	12,639	37,918	50,558	13,524	40,572	54,097	14,471	43,412	57,883	15,484	46,451	61,935
Code E	28,649	85,948	1,14,597	30,655	91,964	1,22,619	32,801	98,402	1,31,202	35,097	1,05,290	1,40,386
International Passenger Flight												
Code C	29,425	88,275	1,17,700	31,485	94,454	1,25,939	33,689	1,01,066	1,34,755	36,047	1,08,141	1,44,188
Code D	47,348	1,42,043	1,89,390	50,662	1,51,985	2,02,647	54,208	1,62,624	2,16,833	58,003	1,74,008	2,32,011
Code E	54,491	1,63,473	2,17,964	58,305	1,74,916	2,33,222	62,387	1,87,161	2,49,547	66,754	2,00,262	2,67,016
Code F	83,420	2,50,260	3,33,680	89,259	2,67,778	3,57,037	95,507	2,86,522	3,82,030	1,02,193	3,06,579	4,08,772
Domestic Cargo Flight												
Code C	NA	32,100	NA	NA	34,347	NA	NA	36,751	NA	NA	39,324	NA
Code D	NA	53,500	NA	NA	57,245	NA	NA	61,252	NA	NA	65,540	NA
Code E	NA	90,950	NA	NA	97,317	NA	NA	1,04,129	NA	NA	1,11,418	NA
International Cargo Flight												
Code C	NA	1,15,560	NA	NA	1,23,649	NA	NA	1,32,305	NA	NA	1,41,566	NA
Code D	NA	1,55,150	NA	NA	1,66,011	NA	NA	1,77,631	NA	NA	1,90,065	NA
Code E	NA	2,03,300	NA	NA	2,17,531	NA	NA	2,32,758	NA	NA	2,49,051	NA
Code F	NA	3,00,312	NA	NA	3,21,333	NA	NA	3,43,827	NA	NA	3,67,895	NA

Notes:

- 1. Any flight where either its arrival or departure are international, will also be considered as an International Flight for the purposes of applying above rates.*
- 2. The above rates are for basic Handling Services.*
- 3. The above rates are exclusive of GST and any other applicable Government taxes.*

6.2 GBASPL has proposed the following % increase in the Tariff for Scheduled Flights at Thiruvananthapuram International Airport as stated in the table below:

Table 8: Statement of YoY Percentage (%) Change in different Category of Scheduled Flights for the Third Control Period

Particulars	FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flights									
CODE B	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE C	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE D	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE E	7%	7%	7%	7%	7%	7%	7%	7%	7%
International Passenger Flights									
CODE C	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE D	7%	7%	7%	7%	7%	7%	7%	7%	7%
CODE E	7%	7%	7%	7%	7%	7%	7%	7%	7%
Domestic Cargo Flights									
CODE C	-	7%	-	-	7%	-	-	7%	-
CODE D	-	7%	-	-	7%	-	-	7%	-
CODE E	-	7%	-	-	7%	-	-	7%	-
International Cargo Flights									
CODE C	-	7%	-	-	7%	-	-	7%	-
CODE D	-	7%	-	-	7%	-	-	7%	-
CODE E	-	7%	-	-	7%	-	-	7%	-
CODE F	-	7%	-	-	7%	-	-	7%	-

6.3 GBASPL has also submitted separate Tariff Rate Card for Non-Scheduled and General Aviation Operation(s) as per table given below :-

Table 9 - Annual Tariff Proposal submitted by GBASPL for Non-Scheduled and General Aviation Operations - Domestic and International Flights

(Rates in ₹)

A/C Category	FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
	Domestic	Inter-national	Domestic	Inter-national	Domestic	Inter-national	Domestic	Inter-national
MTOW								
0-5000	25,145	48,150	26,905	51,521	28,788	55,127	30,803	58,986
5001-10000	32,100	88,275	34,347	94,454	36,751	1,01,066	39,324	1,08,141
10001- 20000	39,055	1,40,438	41,789	1,50,269	44,714	1,60,788	47,844	1,72,043
20001- 35000	65,805	1,60,500	70,411	1,71,735	75,340	1,83,756	80,614	1,96,619
35001- 40000	67,410	1,80,563	72,129	1,93,202	77,178	2,06,726	82,580	2,21,197
40001- 50000	67,410	2,00,625	72,129	2,14,669	77,178	2,29,696	82,580	2,45,775
50001- 100000	90,950	2,60,813	97,317	2,79,070	104,129	2,98,605	111,418	3,19,507
100001 - 200000	214,000	3,61,125	228,980	3,86,404	245,009	4,13,452	262,160	4,42,394
200001- 300000	267,500	4,33,350	286,225	4,63,685	306,261	4,96,143	327,699	5,30,873
300001 and above	321,000	5,21,625	343,470	5,58,139	367,513	5,97,209	393,239	6,39,014

Notes:

1. The above rates are for basic Handling Services.

2. *The above rates are exclusive of GST and any other applicable Government taxes.*

Authority's Examination and Analysis:

- 6.4 The Authority observes that in case of Scheduled Flights, the ISP has proposed 7% YoY increase in Tariff from FY 2023-24 onward (Refer Table 8).
- 6.5 The Authority observes that in line with proposed Tariff for Scheduled Flights, the ISP in case of Non-Scheduled Flights and General Aviation Operations has proposed 7% YoY increase in Tariff from FY 2023-24 onward.
- 6.6 The Authority further notes that GBASPL has proposed a separate Tariff for Non-Scheduled and General Aviation Flights. In this regard, the Authority is of the view that the Tariff for Domestic Non-Scheduled and General Aviation Operations should not be more than the Tariff of relevant Domestic Scheduled Flights for similar class of Aircraft(s). However, the Authority proposes to consider the separate Tariff in case of International Non-Scheduled & General Aviation Operations as per Table 9 given above.
- 6.7 Further, GBASPL should ensure compliance of Standardization of Ground Handling Equipment at Thiruvananthapuram Airport, in accordance with the directives issued by Ministry of Civil Aviation vide its letter no. AV-24011/10/2021-AAI-MOCA dated 01.11.2021.

Authority's Proposal regarding Tariff Proposal for the Third Control Period:

Based on the available facts and analysis, the Authority proposes the following with regard to Tariff structure and Annual Tariff Proposal for the Third Control Period:

- 6.8 The Authority proposes to consider the Tariff Rate card submitted by the GBASPL for Third Control Period (as per Annexure I) for Scheduled Flights and International Non-Scheduled & General Aviation Operations (as per Annexure-II) and elicits views of the Stakeholders on the proposed Tariff for Third Control Period.
- 6.9 The Authority proposes that the Tariff for Domestic Non-Scheduled and General Aviation Operations should not be more than the Tariff of relevant Domestic Scheduled Flights for similar class of Aircraft(s).
- 6.10 The Authority, in case of International Non-Scheduled and General Aviation Flights, proposes to consider Tariff as mentioned in Annexure II.
- 6.11 The Authority, further proposes that in case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15th of the month will be applicable for the second fortnight.
- 6.12 The Authority also proposes that the Tariff Rates proposed as per Annexure I & II shall be maximum Tariff to be charged. No other charge is to be levied over and above the proposed Tariff Rates.

CHAPTER 7: SUMMARY OF AUTHORITY'S PROPOSAL

The below mentioned summary provides the Authority's proposals relating to relevant chapters regarding the tariff determination of GBASPL providing Ground Handling Services at Thiruvananthapuram International Airport for Stakeholder Consultation purpose:

Chapter	Para	Summary of Authority's Proposal	Page No.
Chapter No.2	2.7	The Authority proposes to consider Tariff determination exercise of GBASPL for providing Ground Handling Services at Thiruvananthapuram International Airport under " Light Touch Approach " for the Third Control Period, as the regulated service is ' Not Material '.	7
Chapter No. 3	3.7	The Authority proposes to consider the Aircraft Traffic (Flights to be handled) for the Third Control Period as per Table 3.	9
Chapter No. 4	4.6	The Authority proposes to consider the CAPEX for the Third Control Period as per Table-4.	12
Chapter No. 5	5.12	The Authority, proposes to consider the OPEX for the Third Control Period as per Table-6.	15
Chapter No. 6	6.8	The Authority proposes to consider the Tariff Rate card submitted by the GBASPL for Third Control Period (as per Annexure I) for Scheduled Flights and International Non-Scheduled & General Aviation Operations (as per Annexure-II) and elicits views of the Stakeholders on the proposed Tariff for Third Control Period.	18
	6.9	The Authority proposes that the Tariff for Domestic Non-Scheduled and General Aviation Operations should not be more than the Tariff of relevant Domestic Scheduled Flights for similar class of Aircraft(s).	
	6.10	The Authority, in case of International Non-Scheduled and General Aviation Flights, proposes to consider Tariff as mentioned in Annexure II.	
	6.11	The Authority, further proposes that in case of payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and rate as on 15 th of the month will be applicable for the second fortnight.	
	6.12	The Authority also proposes that the Tariff Rates proposed as per Annexure – I & II shall be maximum Tariff to be charged. No other charge is to be levied over and above the proposed Tariff Rates.	

CHAPTER 8: STAKEHOLDER CONSULTATION

- 8.1 In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in Chapter 7 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary annexures to the consultation paper (**Annexure-I & II**) are enclosed.
- 8.2 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 hereto and by making such decision fully documented and explained in the tariff order in terms of the provisions of the Act.
- 8.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in Chapter 7 above, latest by **06/09/2022**.

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

(Chairperson)

**PROPOSED TARIFF RATE CARD FOR GBASPL, THIRUVANANTHAPURAM
IN RESPECT OF DOMESTIC* & INTERNATIONAL SCHEDULED FLIGHTS
FOR THE THIRD CONTROL PERIOD (FY 2021-22 to FY 2025-26)
FOR STAKEHOLDERS' CONSULTATION**

Maximum Ceiling rates for Ground Handling Services

(Rates in ₹)

	FY 2022-23			FY 2023-24			FY 2024-25			FY 2025-26		
	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full	Pax	Ramp	Full
Domestic Passenger Flight												
Code B	5,083	15,248	20,330	5,438	16,315	21,753	5,819	17,457	23,276	6,226	18,679	24,905
Code C	8,025	24,075	32,100	8,587	25,760	34,347	9,188	27,563	36,751	9,831	29,493	39,324
Code D	12,639	37,918	50,558	13,524	40,572	54,097	14,471	43,412	57,883	15,484	46,451	61,935
Code E	28,649	85,948	1,14,597	30,655	91,964	1,22,619	32,801	98,402	1,31,202	35,097	1,05,290	1,40,386
International Passenger Flight												
Code C	29,425	88,275	1,17,700	31,485	94,454	1,25,939	33,689	1,01,066	1,34,755	36,047	1,08,141	1,44,188
Code D	47,348	1,42,043	1,89,390	50,662	1,51,985	2,02,647	54,208	1,62,624	2,16,833	58,003	1,74,008	2,32,011
Code E	54,491	1,63,473	2,17,964	58,305	1,74,916	2,33,222	62,387	1,87,161	2,49,547	66,754	2,00,262	2,67,016
Code F	83,420	2,50,260	3,33,680	89,259	2,67,778	3,57,037	95,507	2,86,522	3,82,030	1,02,193	3,06,579	4,08,772
Domestic Cargo Flight												
Code C	NA	32,100	NA	NA	34,347	NA	NA	36,751	NA	NA	39,324	NA
Code D	NA	53,500	NA	NA	57,245	NA	NA	61,252	NA	NA	65,540	NA
Code E	NA	90,950	NA	NA	97,317	NA	NA	1,04,129	NA	NA	1,11,418	NA
International Cargo Flight												
Code C	NA	1,15,560	NA	NA	1,23,649	NA	NA	1,32,305	NA	NA	1,41,566	NA
Code D	NA	1,55,150	NA	NA	1,66,011	NA	NA	1,77,631	NA	NA	1,90,065	NA
Code E	NA	2,03,300	NA	NA	2,17,531	NA	NA	2,32,758	NA	NA	2,49,051	NA
Code F	NA	3,00,312	NA	NA	3,21,333	NA	NA	3,43,827	NA	NA	3,67,895	NA

* Tariff for Domestic Scheduled Flights is also applicable to Domestic Non-Scheduled Flights and General Aviation Operations.

Notes:

- Above Tariff Rates are excluding of applicable taxes, if any.
- Tariff determined shall be the maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.
- For payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and the rate as on 15th of the month will be applicable for the second fortnight.

**PROPOSED TARIFF RATE CARD FOR GBASPL, THIRUVANANTHAPURAM
IN RESPECT OF INTERNATIONAL NON-SCHEDULED & GENERAL AVIATION FLIGHTS
FOR THE THIRD CONTROL PERIOD (FY 2021-22 to FY 2025-26)
FOR STAKEHOLDERS' CONSULTATION**

Maximum Ceiling rates for Ground Handling Services

A/C Category	(Rates in ₹)			
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
MTOW				
0-5000	48,150	51,521	55,127	58,986
5001-10000	88,275	94,454	1,01,066	1,08,141
10001- 20000	1,40,438	1,50,269	1,60,788	1,72,043
20001- 35000	1,60,500	1,71,735	1,83,756	1,96,619
35001- 40000	1,80,563	1,93,202	2,06,726	2,21,197
40001- 50000	2,00,625	2,14,669	2,29,696	2,45,775
50001- 100000	2,60,813	2,79,070	2,98,605	3,19,507
100001 - 200000	3,61,125	3,86,404	4,13,452	4,42,394
200001- 300000	4,33,350	4,63,685	4,96,143	5,30,873
300001 and above	5,21,625	5,58,139	5,97,209	6,39,014

Notes:

- *Above Tariff Rates are excluding of applicable taxes, if any.*
- *Tariff determined shall be the maximum Tariff to be charged. No other charge is to be levied over and above the approved Tariff Rates.*
- *For payment in foreign currency, the RBI conversion rate as on the last day of the previous month will be applicable for the first fortnight and the rate as on 15th of the month will be applicable for the second fortnight*