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Consultation Paper No. 11/2013-14



Airports Economic Regulatory Authority of India

Annual Tariff Proposal for Third Tariff Year to Fifth Tariff year in respect of Ground Handling Services rendered by Air India SATS at Rajiv Gandhi International Airport Shamshabad, Hyderabad

New Delhi: 10th June, 2013

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

The Authority had considered the Multi-Year Tariff Proposal (MYTP) for the First Control Period submitted by Air India SATS (AISATS) in respect of ground handling services provided at Rajiv Gandhi International Airport, Shamshabad, Hyderabad. After due stake holder consultation, the Authority issued a Multi-Year Tariff Order (MYTO) No. 12/2011-12 dated 04.10.2011 and decided to adopt 'light touch approach' for determination of tariff for the first Control Period w.e.f. 01.04.2011. Subsequently, the Authority also issued the Annual Tariff Order for the first and the second tariff years vide Order No 22/2012-13 dated 06.11.2012.

2 AISATS have, now, submitted an Annual Tariff Proposals (ATP) for the third tariff year (2013-14), fourth tariff year (2014-15) and fifth tariff year (2015-16) of the first control period for ground handling services provided at Rajiv Gandhi International Airport, Shamshabad Hyderabad.

3.1 As per para 7.4 of the Authority's Guidelines "[Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Cargo Facility, Ground Handling and Supply of Fuel to Aircraft) Guidelines 2011]", after issuance of the Multi Year Tariff Order, the service provider shall submit the ATP at least 75 days prior to the start of tariff year.

3.2. As per clause A.I.8.2. of the Appendix to the Guidelines, for Regulated Service(s) deemed either 'not material' or 'material but competitive' or 'material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), the Service Provider(s) shall submit, for the consideration of the Authority, an ATP for review of Tariff(s) to be charged in the following Tariff Year of the Control Period, in the specified Form B and Form F14 (b). The Tariff(s), as proposed by the Service Provider in the ATP, shall be on non- discriminatory basis, with reference to conditions of Tariff(s), volume of the discount, rationale behind giving the discount and such other factors as may be relevant.

4 AISATS has proposed an increase in tariff rate (inclusive of airports levy) in Form 14(b) by 21% over the tariff rate approved for tariff year 2 (i.e. 2012-13) and thereafter tariff has been proposed to be increased by 10% every year, upto tariff year 2015-16.

5. The Authority has carefully considered the tariff proposal submitted by AISATS for ground handling services provided at Rajiv Gandhi International Airport, Shamshabad, Hyderabad and decided to make the following proposal for stakeholder consultation:

(a) The tariff for the third tariff year w.e.f. 01.04.2013 to 31.03.2014, fourth tariff year w.e.f. 01.04.2014 to 31.03.2015, and fifth tariff year w.e.f. 01.04.2015 to 31.03.2016 of the first control period for Ground Handling services provided by M/s Air India SATS at Rajiv Gandhi International Airport Shamshabad, Hyderabad proposed to be as at **Annexure –I**.

(b) The Tariff(s) proposed will be maximum ceiling rates.

6. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 5 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed at **Annexure I**. 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 terms of the provisions of the Act.

7. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, **latest by 24.06.2013** at the following address:

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Secretary,
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Yashwant S. Bhawe
Chairperson

Annual Tariff Proposal for Tariff Year 3

Form F14 (b) - Annual Tariff Proposal for Tariff Year 3

MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR (FY 2013-14)			
		Scheduled Passenger		Scheduled Freighter	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	12,100	85,880	NA	NA
2	CODE C	16,214	88,330	54,450	132,495
3	CODE D	25,942	133,100	94,380	146,410
4	CODE E	54,450	169,400	113,740	199,650
5	CODE F	96,800	239,580	154,759	287,496

Notes:

- 1) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) All charges mentioned above include prevailing concession fee, royalty, airport levy charged by the Airport Authority.
- 4) All charges mentioned above exclude all taxes such as Service Tax, as may be applicable.
- 5) Exchange rate used for contracts signed in USD: 1 USD = 55 INR



MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR (FY 2014-15)			
		Scheduled Passenger		Scheduled Freighter	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	13,310	46,995	NA	NA
2	CODE C	17,835	106,679	59,895	146,745
3	CODE D	28,537	161,051	103,818	181,051
4	CODE E	59,896	204,974	125,114	219,615
5	CODE F	106,480	289,892	170,235	316,246

Notes:

- 1) The rates with each Airline will be negotiated based on services required from SCHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) The proposed ATP for Tariff Year 4 is based on the rates of Tariff Year 3 increased by 10% on account of rate of inflation.
- 4) All charges mentioned above include prevailing concession fee, royalty, airport levy charged by the Airport Authority.
- 5) All charges mentioned above exclude all taxes such as Service Tax, as may be applicable.
- 6) Exchange rate used for contracts signed in USD: 1 USD = 55 INR



MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING

S/N	Aircraft Types (ICAO Code)	Maximum Ground Handling Rate in INR (FY 2015-16)			
		Scheduled Passenger		Scheduled Freighter	
		Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	14,641	45,094	NA	NA
2	CODE C	19,619	117,567	65,885	160,919
3	CODE D	31,390	177,156	114,200	177,156
4	CODE E	65,885	225,471	137,625	241,577
5	CODE F	117,128	318,884	187,258	347,870

Notes:

- 1) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 2) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 3) The proposed ATP for Tariff Year 5, is based on the rates of Tariff Year 4 increased by 10% on account of rate of inflation.
- 4) All charges mentioned above include prevailing concession fee, royalty, airport levy charged by the Airport Authority.
- 5) All charges mentioned above exclude all taxes such as Service Tax, as may be applicable.
- 6) Exchange rate used for contracts signed in USD: 1 USD = 55 INR

