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OSD-II  
05/11/11  
14/11/11

Ref: DCL / AERA / MYTP / 2011-12

11<sup>th</sup> November 2011

**Airports Economic Regulatory Authority of India**  
Government of India  
AERA Building, Administrative Complex  
Safdarjung Airport  
New Delhi 110 003

AGM (R)  
Pl. Consolidate  
Comments  
up put up.

**KIND ATTENTION: CAPT KAPIL CHAUDHURY, SECRETARY**

Subject: Multi Year Tariff Proposal (MYTP) for First Control Period 01.04.2011 submitted by M/s Bhadra International India Ltd for Ground Handling Services provided at Chennai and Kolkata International Airports

(12)  
14/11/11

Sir,

1. With reference to your DO letters addressed to Capt GR Gopinath and numbered AERA / 20010 / MYTP / Bhadra / GH / Chennai / 2011-2012 / 1747 dated 28<sup>th</sup> October 2011 and AERA / 20010 / MYTP / Bhadra / GH / Kolkata / 2011-2012 / 1715 dated 28<sup>th</sup> October 2011 and AERA Consultation Papers No. 26 & 27 regarding MYTP submitted by Bhadra International India Ltd (BIIL). Capt Gopinath was travelling out of the country hence our response could not be sent by 7<sup>th</sup> November 2011 as mentioned in your letter. You are requested to kindly accept our response now.

2. Perusal of the AERA Consultation Paper 26 reveals the following:

- (A) Rates specified by Bhadra include rates for Hawkers on domestic sector only amounting to Rs.20,250/- and the letter is silent on any other aircraft types like Cessna CJ2, B-200 Super King Air, Pilatus PC12, etc. for both domestic and international sectors.
- (B) This is to inform you that the actual rates charged by BIIL at Kolkata for Pilatus PC-2 and Hawker 850XP are as follows:

Type of Aircraft	Domestic (1 take-off & 1 landing)	International (1 take-off & 1 landing)
Pilatus PC-12	Rs.18,000/-	US \$ 500
Hawker 850XP	Rs.28,000/-	US \$ 750
The above includes 32.5% royalty paid by to AAI / airport owner		
Service tax @ 10.3% is extra on all these charges		

- (C) Other GH operators like Indo Thai also charge similar rates at the 5 places where they are doing ground handling.
- (D) These rates include receiving of aircraft, vehicle inside the airport, customs immigration facilitation, flight plan filing and obtaining of FIC/ADC.
- (E) These rates do not include GPU charges which are extra. These also do not include any overflying permissions etc. for international sectors.)



3. As per our understanding AAI floated a tender for ground handling last year and in which they asked for a minimum guaranteed revenue / royalty of 32.5%. The MYTP also bases tariff based on the MTOW of aircraft. These 2 conditions have increased the prices of ground handling to an unrealistic level. As an example, recently for a charter flight undertaken by our Pilatus PC-12 to Yangon (Myanmar), BIII received the aircraft, gave 1 vehicle for pax and crew to go from aircraft to arrival (a distance of just 500 meters); filed the flight plan for next trip, obtained FIC and ADC, took crew and pax through customs and immigration and provided a vehicle again to go from SHA to the aircraft (again a distance of just 500 meters). We were charged a sum of US \$ 500 plus service tax @ 10.3% for this service, which one can see is exorbitant.
  
4. Over the last 3 to 4 years, airport services costs have more than doubled at most of the airports, both private and AAI. The increase has been in every aspect from rentals of space, vehicles to Airport Driving Permits, etc. By a rough estimate, cost of Airport services which used to be around 8 to 9% of the total expenditure towards ground handling costs has now increased to almost 15 to 18% of the total expenditure. It is evident that such high ground handling costs are a dangerous trend in civil aviation and in particular more so for general aviation which further add to increasing costs of operation (which perforce gets passed on to all categories of passengers). Unrealistically high cost of airport services will ultimately prove detrimental to the growth of civil aviation in India.
  
5. In our opinion the main contributor to these unrealistically high airport ground handling charges is the royalty charged by AAI further compounded by service tax leading to double taxation on any particular service. To address this matter we sincerely but strongly suggest that a pragmatic and impartial study be carried out by AERA to verify the calculations given by various ground handling agencies in more detail. We are confident that the projected costs by the ground handling agencies will be almost halved. Coupled with this, if the royalty figure to AAI is also brought to a scientifically derived reasonable level, the overall cost of airport services in India is also proportionately going to reduce to a reasonable level. We sincerely feel that AERA must make all endeavours to keep the airport charges pegged at a reasonable level so that it benefits the civil aviation sector and encourages more participation rather than becoming a deterrent to prospective entrants to the aviation sector. At a time when the world is looking at India for kick-starting a boom in general aviation, permitting such unrealistic tariffs for ground handling at a level which is more than double of what was the earlier norm in the country will bring general aviation crashing to the ground rather than giving it the fillip which it actually needs and which would be encouraged in most progressive and forward-thinking nations.



# Deccan

Simply fly

6. We are strongly of the view that having just one GH agent in an airport will encourage monopolistic tendencies which are unhealthy and will ultimately kill general aviation. We also believe that operators, particularly in those in general aviation, must have the freedom to do their own ground handling as was permitted earlier. Deccan had been doing this in the past for over a decade and faced no problems in this regard as it was done efficiently, effectively and in compliance with all security and operational requirements at airports.
7. Apart from the BILL proposals shared by you, we also take this opportunity to share with you a comparative table below which amplifies the disparity in the tariff as is currently charged by another GH agent (M/s Indo Thai) and the prevalent International ground handling charges in Asia.

Category	Domestic Tariff in INR (Inclusive of AAI levy but excluding 10.3% Service Tax)			International Tariff in US \$		
	Transit within 1 hr	Turn Around within 4 hrs	Turn Around beyond 4 hrs	Transit within 1 hr	Turn Around within 4 hrs	Turn Around beyond 4 hrs
Aircraft with MTOW up to and including 10,000 kg	Rs.7,500	Rs.10,000	Rs.12,500	US \$ 250	US \$ 300	US \$ 375
Aircraft with MTOW above 10,000 kg and up to 20,000 kg	Rs.11,250	Rs.15,000	Rs.18,750	US \$ 550	US \$ 750	US \$ 950
Aircraft with MTOW above 20,000 kg and up to 50,000 kg	Rs.15,000	Rs.20,000	Rs.25,000	US \$ 900	US \$ 1,150	US \$ 1,450
Aircraft with MTOW above 50,000 kg and up to 100,000 kg	Rs.22,500	Rs.30,000	Rs.37,500	US \$ 2,000	US \$ 2,350	US \$ 2,950

8. In the light of the foregoing we are confident that our suggestions and perceptions with regard to the contents of the communications referred in paragraph 1 are received positively and addressed by AERA in a befitting manner for the overall benefit of the civil aviation industry.

Thanking you,

Yours sincerely,  
For Deccan Charters Limited

Col (Retd) Jayanth Poovaiah  
Director & CEO