

2016/L/CHQ/MKT/0015/AERA

November 15, 2016

P C JAIN
Assistant General Manager (F)
Airports Economic Regulatory Authority of India (AERA)
New Delhi

Ref: FF. No. AERA/20010/Civil Aviation Policy/2014-15/9362 dated 6th October 2016

Sub: Consultation Paper No. 01/2016-17, AERA's Regulatory Approach with the Provisions of the NCAP- 2016 Approved by the Government of India.

Dear Mr. Jain,

This is with reference to your letter dated 6th October 2016, regarding the matter of aligning certain aspects of AERA's regulatory approach with the provisions of the National Civil Aviation Policy - 2016 (NCAP- 2016) approved by the Government of India.

Through this letter we wish to address **Point 19 (a) & (d) of the Draft NCAP 2016 – Minimum number of ground handlers & consolidation in ground handling.** We believe that a minimum of 3 Ground Handling Agents (GHAs) at smaller airports might intensify competition and render the ground handling business economically unviable due to the following reasons:

1) Ground Handling – Capital Intensive Business:

The Ground handling business requires GHAs to invest a huge amount of capital to set up operations and to incur high annual expenses to maintain internationally-accepted ground handling standards at airports across India. Existing GHAs have already made such immense financial commitments at their respective airports based on current and projected market forces. If 3 ground handlers are made mandatory at major airports, the increased competition may make it economically unfeasible for these existing GHAs to continue with this high level of investment year after year. Kindly refer to the table below, which provides an overview of Ground Support Equipment (GSE) investment of few major equipment:

Ground Support Equipment used for ground handling			
Ground Support Equipment (GSE)	Investment in INR/ equipment (approx.)	Ground Support Equipment (GSE)	Investment in INR/ equipment (approx.)
Pushback	90,00,000	Ground Power Unit	58,86,665
Passenger Steps	1,11,34,415	Water Cart	22,74,750
Main Deck Loader	4,77,24,960	Toilet Cart	22,80,000
Loader	2,20,91,925	Transporter	98,49,240
Air Starter Unit	2,33,48,319	Ambulift	71,30,000
Aircon Unit	1,21,19,058	Passenger Coach	75,00,000

**This list is not exhaustive & only few major equipment are listed*

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2) Duplication of Resources:

Ground handlers utilize extensive resources to manage their customer airlines at airports across India. For handling one aircraft on ground, some of the key GSE deployed include Pushback, Passenger Steps, Air Starter Unit, Aircon Unit, Ground Power Unit, Water Cart, Toilet Car and Passenger Coaches.

If the minimum number of ground handlers at major airports is fixed at 3, the new GHA(s) will deploy additional resources (despite flight throughput remaining constant), resulting in the duplication and surplus use of resources such as GSE and manpower.

3) Quality of Ground Handling Services at Indian Airports:

AISATS has been successful in raising the quality of ground handling services in India to match international standards. This has been possible due to its continual investment in manpower training and maintaining updated fleet of Ground Support Equipment. If the number of ground handlers are increased to a minimum of 3 at major airports, the increased competition may lead to a reduction in financial returns on capital investment and may impact the ability of existing ground handlers to upgrade equipment and other capabilities. Eventually, this may lead to a reduction in quality services at Indian airports.

We strongly recommend that market forces/market demand determine the optimal number of ground handlers at each airport.

We seek your kind consideration to review our suggestions.

Thank you.

Best Regards,



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