Bhadra International (India) Pvt. Ltd.

bhadra

Ref: Bhadra/AERA/NCAP/2016-17

7th November, 2016

The Chairman,
Airports Economic Regulatory Authority of India,
AERA Building,
Administration complex, Safdarjung airport,
New Delhi-110003.

Sub : **Submission of written comments on the proposal of aligning certain aspects of AERA's Regulatory approach with the provisions of National Civil Aviation Policy-2016 on Ground Handling Services**

Dear Sir,

Based on the contents of consultation paper No. 01/2016-17 dated 5th October, 2016 and based on the instructions contained in AERA office letter No. F.no. AERA/20010 /Civil Aviation policy/2014-15 dated 19th October, 2016 we are submitting herewith a copy of the document given to AAI as representation from the Authorized Ground handling Agencies.

We will be grateful, if AERA takes into consideration the submissions and takes a pragmatic view in restricting the number of ground handlers to only 2 (as is prevalent at present and as per light touch approach adopted by AERA), keeping in view the security scenario prevailing at our Indian Airports and also the availability of business opportunities, specially in view of the NCAP-2016 allowing self-handling to the domestic carriers for their domestic flight handling.

Thanking you,

Yours faithfully,
For Bhadra International India Pvt. Limited

(Prem Bajaj)
Chairman and Managing Director

Encl.: a.a.

Introduction

Airport Ground Handling is an intricate part of airline processes and plays a vital role in ensuring safety and efficiency in airport functioning. Although an integral part of air transportation, ground handling has to be governed as a separate entity due to the high specialization required for its tasks and the sheer impact that it can make on the security issues of the airports. Another reason, for it to be considered individually, is its large volume. The world market for ground handling is estimated at $80-100 billion.

A look, at the busiest airports in the world, highlights the importance of well-maintained and regulated ground handling. In this regard, it is rather unfortunate and dismal to find the Indian Ground Handling scenario lacking the implementation of regulations which were intended to form the net of safety around some of the busiest airports in India facing security threats.

The laws, governing ground handling in the airports in the European Union (EU), are formulated keeping in mind the cost-efficiency of airport processes and the security of the airport. Thus, while Economies of Scale are taken into consideration to determine the number of ground handlers required per airport, their small numbers ensure increase in efficiency and manageability of the security processes.

Below are the charts which state the number of ground handlers allowed for some of the busiest airports in the world, divided according to traffic volumes:

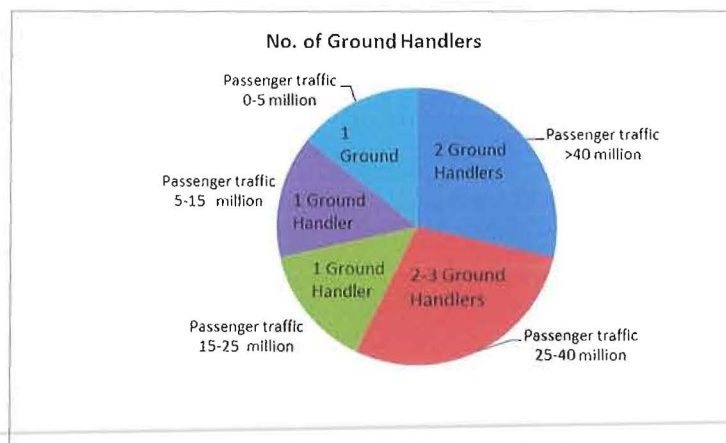## Number of Ground Handlers per region depending on traffic flow

Europe
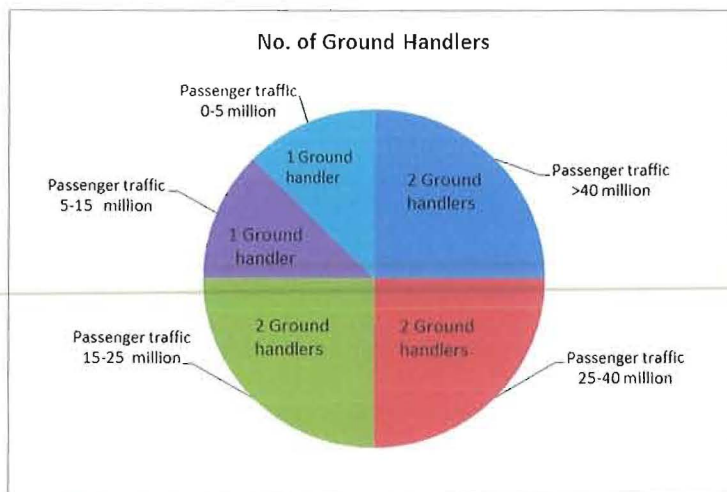
Airports considered – *Istanbul, Amsterdam, Barcelona, Munich, Dublin, Zurich, Pulkovo, Gothenburg, Skopje and Reykjavik*

North America

No. of Ground Handlers

- Passenger traffic 0-5 million — 1 Ground Handler
- Passenger traffic >40 million — 2 Ground Handlers
- Passenger traffic 5-15 million — 1 Ground Handler
- Passenger traffic 15-25 million — 1 Ground Handler
- Passenger traffic 25-40 million — 1-2 Ground Handlers

Airports considered – *Atlanta, Dallas, Seattle, Boston, Salt Lake City, Tampa, Cincinnati, Austin, Winnipeg, and Vancouver.*

Asia Pacific

No. of Ground Handlers

- Passenger traffic 0-5 million — 1 Ground
- Passenger traffic >40 million — 2 Ground Handlers
- Passenger traffic 5-15 million — 1 Ground Handler
- Passenger traffic 15-25 million — 1 Ground Handler
- Passenger traffic 25-40 million — 2-3 Ground Handlers
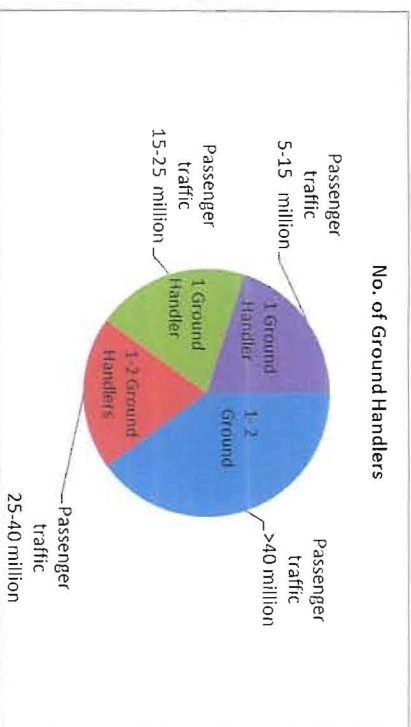
Airports considered – *Hong Kong, Singapore, Shanghai, Taipei, Seoul Gimpo, Brisbane, Tianjin Binhai International China, Gold coast Airport, Cairns and Darwin*
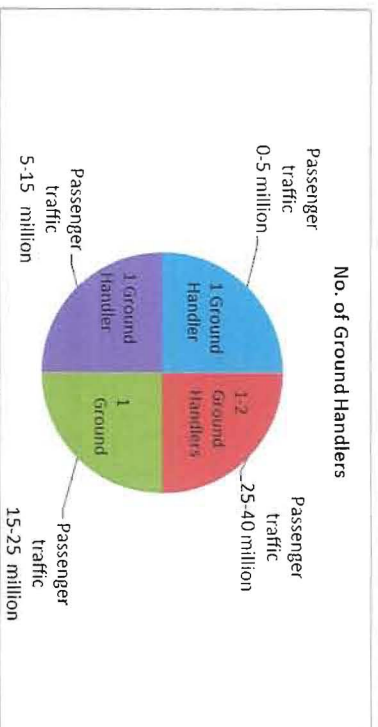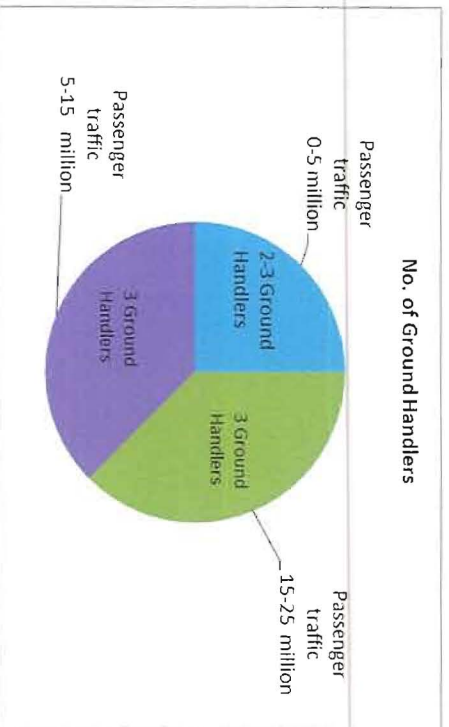
Middle East

No. of Ground Handlers

- Passenger traffic 5-15 million — 1 Ground Handler
- Passenger traffic 15-25 million — 1 Ground Handler
- Passenger traffic 25-40 million — 1-2 Ground Handlers
- Passenger traffic >40 million — 1-2 Ground

Airports considered – Dubai, Jeddah, Doha, Abu Dhabi and Bahrain

Latin America

No. of Ground Handlers

- Passenger traffic 0-5 million — 1 Ground Handler
- Passenger traffic 5-15 million — 1 Ground Handler
- Passenger traffic 15-25 million — 1 Ground
- Passenger traffic 25-40 million — 1-2 Ground Handlers

Airports considered – Sao Paolo, Mexico City, Rio de Janeiro, Buenos Aires, Tan Credo NevsColfins and Punta Cana Airport, Dominican Republic

Africa

No. of Ground Handlers

- Passenger traffic 0-5 million — 2-3 Ground Handlers
- Passenger traffic 5-15 million — 3 Ground Handlers
- Passenger traffic 15-25 million — 3 Ground Handlers

Airports considered – *Nairobi, Cape Town, Mauritius and George*

A quick look at the above charts is enough to justify that a maximum of 2 ground handlers is appropriate for even the busiest airports in the world. It can also be seen that in case of airports with lower traffic volumes, the number of allowed ground handlers has been brought down to just 1. Majority of the airports that are doing well financially have two or less ground handlers apart from the dominant carrier handling. Comparing the figures with the Indian scenario, where the busiest airport of Delhi has only just over 40 million passenger traffic, there is no reason why a maximum of 2 ground handlers per airport should not suffice.

The presence of just 2 ground handlers per airport ensures that:

1. Security measures are efficient
2. Ground Handling is efficient
3. Healthy competition over a level playing field can be ensured

Unfortunately, Indian airports, teeming with non-entitled entities, eating away into the share of opportunities of the authorized ground handlers, are missing the above point of efficiency and security.

A Look at the History of Ground Handling in India

Pre 2007 Laissez Faire

Prior to 2007, there were no specific laws governing ground handling at the Indian airports. Thus, multiple entities were having a field day employing contractual manpower with no or improper background checks. This often led to situations where as many as 45-50 separate teams of workmen were deployed by manpower supplying agencies.

Post 2007 – AAI Ground Handling Regulation 2007

The 9/11 terror attacks brought the world to a standstill and the importance of security at the airports was highlighted like never before. These attacks, along with incidences like the Kandahar Hijacking, moved the Ministry of Home Affairs, Intelligence Bureau, Ministry of Civil Aviation (through Bureau of Civil Aviation Security) to revamp the security measures at the airports in India. Ground Handling was obviously found to be the grey area in the airport security measures and the need to formulate strict laws to govern it was felt.

This need, to strengthen the security, formed one of the core objectives of formulating the Ground Handling Regulation Policy of 2007. While the policy was moved by the MoCA, it had active inputs of the Cabinet Committee on Security and Ministry of Home. The regulations, which took 8 years of careful deliberations to articulate and promulgate, stated the objectives of providing SAFE, SECURE and WORLD CLASS ground handling services in India.

Some of the key rules enshrined in the Ground Handling Policy 2007 are as follows:

1. **Restriction on Ground Handling Companies**: Through the implementation of the GH Policy 2007, Ground Handling is to be allowed only through Airport Operators, Ground Handling subsidiary /Joint venture of the national carrier, Air India, or selected Ground Handling service provider, which passed stringent conditions contained in the Global Bidding program. The objective of this rule was to restrict and bring down the number of

agencies which had access to key areas of the airport and increase in efficiency of their management by adopting best practices and using state of art equipment.

2. **Bona Fide Full Time Employees**: The above mentioned authorized ground handling service providers were also required to employ only bona fide full time employees for ground handling activities. The objective was to do away with contractual labor and promote efficiency with well-trained employees. The requirement of well-trained employees also arose due to the fact that ground handling is a highly specialized job requiring skills and practice to avoid accidents. Background checks on permanent employees are also easier and reliable.

3. **State-of-the-art Equipment:** All concerned authorized ground handling service providers were to ensure that state-of-the-art equipment is used and best practices are followed.

Non-Implementation of 2007 Policy

The Ground Handling Policy 2007, which was key to ensuring world class security and safety at the Indian airports was yet to even see complete implementation when the Federation of Indian Airlines forced a delay by first seeking extended time to implement the decision, and then moved the Delhi High Court and after their writ petition was dismissed, they finally moved a Special Leave Petition (SLP) in the Supreme Court. The Federation of Indian Airlines and the petitioner domestic airlines have been able to successfully thwart the implementation of the regulations and DGCA circulars for the last six years, and their intention is to drag this for as long as they possibly can.

Some of the disastrous results of the non-implementation are as follows:

1. Contractual manpower, whose antecedents are not verified properly, continues to have access to security sensitive areas of the airport. This entirely defeats the key purpose of the policy.

2. The presence of non-entitled entities are eating away into the legitimate earnings of the authorized ground handlers and bringing their existence into difficulty.

3. The presence of such illegal labor is bringing unregulated competition thereby bringing down the efficiency of work.

4. The use of unskilled laborers and outdated equipment like farm tractors are jeopardizing the work environment, increasing the risk of accidents, which are in total deviance of the regulated rules.

5. Allowing non-entitled entities is a direct violation of the tenders as the opportunities promised to the legal ground handlers are marginalized.

6. Huge differences between the royalty paid by the manpower agencies and the authorized ground handlers have created an imperfect competition.

The Ground Handling Policy 2007, on the basis of which the authorized ground handling service providers were selected, has been thrown completely out of gear because of the encouragement given to the unauthorized sector supplying manpower to continue in spite of posing serious security threats as well as causing violations and fatal accidents with their outdated equipment. We moved from pillar to post and even their continued efforts to highlight

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the sensitivity of the situation has been addressed in the National Civil Aviation Policy (NCAP) 2016 only to an extent by putting a complete ban on hiring of employees through manpower suppliers.

National Civil Aviation Policy (NCAP) 2016

Even as the authorized ground handling agencies fought for the implementation of the Ground Handling Policy 2007, on the basis of which its members had made huge investments, modifications were made to the policy and the new policy announced as National Civil Aviation Policy (NCAP) 2016. It is a bit of disappointment to state that the authorized ground handlers, who were suffering due to the non-implementation, were never called to be a part of the discussions deciding the modifications. While NCAP 2016 has made some improvements and corrections on its draft version, it has still failed to meet the expectations as it has not addressed certain key issues.

Following are the advantages and downsides of the NCAP 2016.

Progressive Steps

1. Not granting permission to hire employees through manpower suppliers.
2. The policy accords infrastructure status to ground handling operations.
3. It has proposed to make ESMA applicable to the sector.
4. It has issued directions towards sustainable aviation with respect to energy conservation, sustainable practices, and equipment operating within the airport environment to be in compliance with latest emission norms by April 1, 2017 and use of clean fuel thereon.

Downsides

1. The policy has ignored world standards by allowing 3 ground handlers per airport. As detailed earlier, 2 ground handlers should suffice for even the busiest airports in India during the peak seasons taking the passenger and aircraft movements into consideration.
2. There is continued lack of full clarity on level playing field versus self-handling.
3. Existing, legally enforceable contracts of some of the authorized ground handling agencies and airport operators have been ignored.

In response, we make the following recommendations with respect to the NCAP 2016.

1. The number of authorized ground handlers should have a direct bearing on the passenger movements at an airport and should be capped at 2 at the busiest airports with more than 40 million passengers and brought down to 1 at the airports with traffic volumes of less than 40 million passengers, in addition to Air India's JV or Subsidiary.
2. Self-handling should be allowed to an airline only if it achieves a certain scale ("Dominant Airline") in respect of passenger movements at the airport so that it ensures that the airline has sufficient traffic potential to manage quality and avoid needless congestion and lack of control.

3. The equipment which is allowed to be used in ground handling should be as per IATA/ICAO standards and meeting the pollution and emission norms proposed in the NCAP, 2016.
4. Subsidiaries providing self-handling services should be subjected to payments to the Airport Operators and deposits should be rationalized with a common base so that a level playing field is ensured.
5. The entry conditions for new third party handlers should be similar in template as the 2007 policy based on which the current authorized handlers were chosen.
6. Immediate steps should be taken to see that no hiring of manpower from manpower suppliers takes place as envisaged in the New Civil aviation Policy, 2016 and the removal of non-entitled entities should be ensured since their presence negates the entire purpose of the approved ground handling policy.

In conclusion, result-oriented effort is to be made on effective and immediate implementation of the rules and conditions stated in the policy. Delay to do so will render all the efforts by the authorized and selected service providers, to make ground handling in India at par with international standards, into a meaningless and resource wasting endeavor.

Ground Handling Industry

This document is a part of the representation by the Authorized Ground Handling Agencies to Airports Authority of India

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The Global GH objective

This part highlights the importance for legally appointed **Ground Service Providers** –

as per its definition the world over- the purpose of a ground handler is to provide safe and secure travel to the passengers with convenience

Ground Handling – The NEED For GROWTH

- IATA **conservatively** estimates that airlines outsource more than 50% of ground handling worldwide and this percentage is expected to grow.

- **Dominant** airline accounts for the next largest percentage

- IATA 2015 Global Survey puts forth that an airline's brand perception is impacted by:

- Customer interaction, Aircraft quality and interior and on-time performance.

- Thus, what comes out as a measure of a perfect turnaround or growth for an airline is SAFETY, SECURITY, EFFICIENCY and ACCURACY.

- This translates to the need for a good ground handling service to exist.

Category	Percentage
Customer interaction	54%
Aircraft quality and interior	66%
On-time performance	75%

Authorized Ground handling companies who have heavily invested into Eco-Friendly state-of-the-art equipment and trained human resources now has to be given its due credit when it comes to growth of the airports on a whole as passenger satisfaction and efficiency of service are of paramount importance.

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The Global GH practice

This part of the report has been researched using various Global reports and reporting platforms including IATA, IATA-IGHC and Airport Council International (ACI)
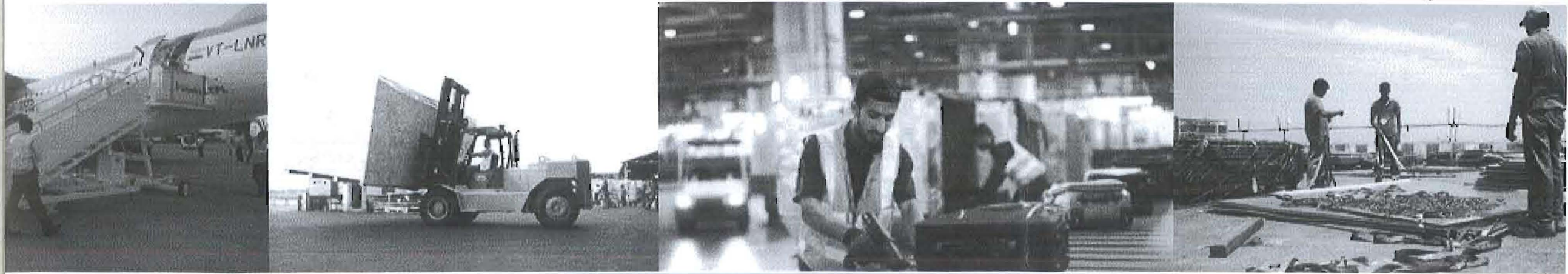
Ground Handling - Benchmarking Indian Airports

Airports Council International (*ACI*) Benchmarks the Airports and traffic into some scales which categorize the global airports into different traffic brackets and regions.

Regions	Passenger Sizes
Africa	2-5 million
Asia Pacific	5-15 million
Europe	15-25 million
Middle East	25-40 million
North America	Over 40 million
Latin America & Caribbean	

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Ground Handling - Indian Airports

Airports Authority of India provides a detailed version of Passenger traffic movements for the year 2015 as shown below

Traffic Range	Airport	TOTAL INT + DOM	Domestic Traffic (Self handling)	International Traffic (Partly Available for Third Party Ground Handling Including Air India; Indian Carriers)
> 40	Delhi	48.4	34.2	14.15
25 -40	Mumbai	41.7	30	11.6
15 -25	Bengaluru	18.9	15.6	3.3
	Chennai	15.2	10.3	4.8
5-15	Cochin	7.7	3.1	4.6
	Calicut	2.3	0.3	1.9
0-5	Lucknow	3.2	2.6	0.5
	Trivandrum	3.4	1.1	2.3

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Ground Handling - Benchmarking Indian Airports

We have used the ACI Classification of Airports to benchmark the Indian Airports vis-à-vis the world for a comparison of the Ground Handling activities.

Airport/ Passenger Traffic	India	Europe	North America	Asia Pacific	Latin America/ Caribbean	Middle East	Africa
>40 million	Delhi	• Istanbul • Amsterdam	• Atlanta • Dallas Fortworth	• Hong Kong • Singapore	-	• Dubai	-
25-40 million	Mumbai	• Barcelona • Munich	• Seattle • Boston	• Shanghai • Taipei	• Sao Paolo • Mexico City	• Jeddah • Doha	-
15-25 million	Bengaluru	• Dublin • Zurich	• Salt Lake City • Tampa	• Seoul Gimpo • Brisbane	• Rio de Janeiro	• Abu Dhabi	• Johannesburg
5-15 million	Hyderabad	• Pulkovo • Gothenburg	• Cincinnati • Austin	• Tianjin • Goldcoast	• Buenos Aires • Tancredo Neves Collins	• Bahrain	• Nairobi • Cape Town
0-5 million	Trivandrum	• Macedonia • Reykjavík	• Winnipeg • Vancouver	• Cairns • Darwin	• Dominican Republic	-	• Mauritius • George

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Ground Handling - Benchmarking Indian Airports

Passenger traffic >40 million

Delhi

- Airport Type – Destination
- Passenger traffic (2015) - 46 million
- Dominant Carriers – Air India, Indigo, Jet Airways, SpiceJet , GoAir
- Ground Handlers – **Cambata, Bird, Celebi, AISATS**

Region	Global Airports	No. of Ground Handlers	Ground Handlers	Self Handling
Europe	Istanbul (60 million)	2	Celebi	Turkish Airlines
			Havas Ground Handling Co.	
	Amsterdam (58 million)	2	Avia Partners	-
			Swissport	
North America	Atlanta (100 million)	2	Aircraft Service International Group (ASIG)	American Airlines
			Swissport International Ltd	
	Dallas Fortworth (64 million)	2	Global Elite	American Airlines
			Swiss Port	
Asia Pacific	Hong Kong (68 million)	2	Hong Kong Airport Services Limited	Cathay Pacific
			Jardine Airport Services Limited	
	Singapore (55 million)	2	SATS Ltd.	-
			dnata	
Middle East	Dubai (78 million)	1	dnata	-

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Ground Handling - Benchmarking Indian Airports

Passenger traffic 25- 40 million

Mumbai

- Airport Type – Destination
- Passenger traffic (2015) - 40 million
- Dominant Carriers – Air India, Indigo, Jet Airways, SpiceJet , GoAir
- Ground Handlers – Bird, Celebi, AIATSL

Region	Global Airports	No. of Ground Handlers	Ground Handlers	Self Handling
Europe	Barcelona	2	Acciona Airport Services Swissport	Iberia Airlines
	Munich	2	Aviapartner B.V. Swissport International Ltd	Lufthansa German Airlines
North America	Seattle	2	Aircraft Service International Group (ASIG) Swissport International Ltd	American Airlines Alaska Airlines
	Boston	2	Swissport International Ltd	American Airlines ICELANDAIR
Asia Pacific	Shanghai	1	Hong Kong Airport Services Limited	-
	Taipei	3	Evergreen Airline Services SATS ltd. Taoyan International Airport Services	China Airlines EVA Airways
Middle East	Jeddah	2	Saudi Ground Services Company Swissport	
	Doha	1	Qatar Aviation Services	-
Latin America	Sao Paolo	1	Swissport International Ltd	American Airlines TAM Linhas Aereas SA
	Mexico City	2	Aviation Support S.A. de C.V. Swissport International Ltd	American Airlines

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Ground Handling - Benchmarking Indian Airports

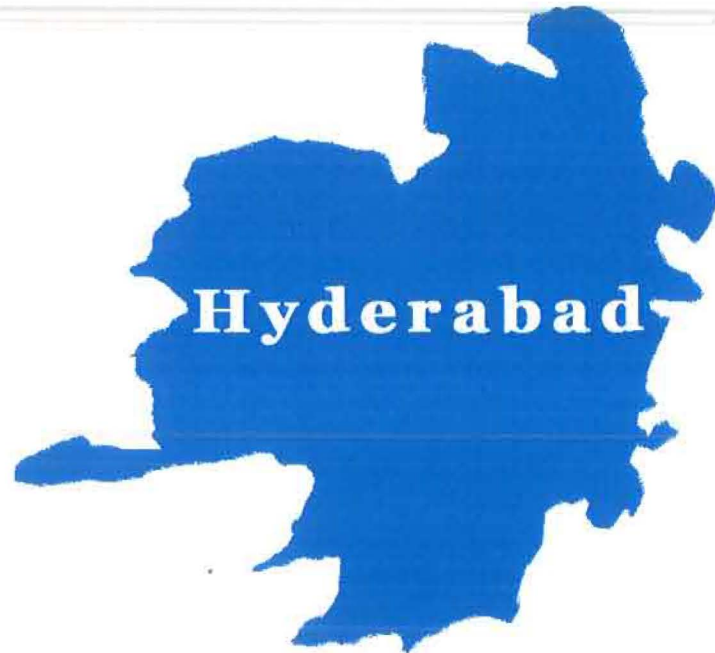## Passenger traffic 15-25 million

Bengaluru

- Airport Type – Destination
- Passenger traffic (2015) – 18.9 million
- Dominant Carriers – Air India, Indigo, Jet Airways, SpiceJet , GoAir
- Ground Handlers – AISATS, Globe Ground India

Region	Global Airports	No. of Ground Handlers	Ground Handlers	Self Handling
Europe	Dublin	2	Servisair Ltd. Sky Handling Partner Ltd.	Iberia Airlines
	Zurich	2	Airline Assitance Switzerland AG Swissport International Ltd.	Airline Assistance Switzerland AG
North America	Salt Lake City	1	Aircraft Service International Group (ASIG)	American Airlines
	Tampa	1	Aircraft Service International Group (ASIG)	American Airlines
Asia Pacific	Seoul Gimpo	1	Korea Airport Service	Asiana Airlines
	Brisbane	1	Aero-Care Operators Pty Ltd	Qantas Airways
Middle East	Abu Dhabi	1	Etihad Airport Services	-
Latin America	Rio de Janeiro	1	Swissport International Ltd	American Airlines TAM Linhas Aereas SA
Africa	Johannesburg	2	Astra Aviation Services Bidar Services Swissport International Ltd.	-

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Ground Handling - Benchmarking Indian Airports

Passenger traffic 5-15 million

Hyderabad

- Airport Type – Destination
- Passenger traffic (2015) – 12.38 million
- Dominant Carriers – Air India, Indigo, Jet Airways, SpiceJet, GoAir
- Ground Handlers – AISATS, Globe Ground India

Region	Global Airports	No. of Ground Handlers	Ground Handlers	Self Handling
Europe	Pulkovo Airport (Russia)	1	Swissport International Ltd	–
	Gothenburg	1	Aviator	
North America	Cincinnati	1	Aircraft Service International Group (ASIG)	American Airlines
	Austin	1	Aircraft Service International Group (ASIG)	American Airlines
Asia Pacific	Tianjin Binhai International China	1		Air China
	Goldcoast Airport	1	Aero-Care Operators Pty. Ltd.	
Middle East	Bahrain	1	Bahrain Airport Services	–
Latin America	Buenos Aires	1	Swissport International Ltd	
	Tan Credo Nevs Colfins	1		American Airlines
Africa	Nairobi NBO	3	Kenya Aerotech Swissport Intl Ltd. Tradewinds Aviation Services Ltd.	
	Cape Town	3	Astra Aviation Services Bidar Services Swissport International Ltd.	

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Ground Handling - Benchmarking Indian Airports

Passenger traffic 0-5 million

Trivandrum

- Airport Type – Destination
- Passenger traffic (2015) – 3.4 million
- Dominant Carriers – Air India, Indigo, Jet Airways,
- Ground Handlers – Bhadra, AISATS

Region	Global Airports	No. of Ground Handlers	Ground Handlers	Self Handling
Europe	Skopje Airport Macedonia	1	Aviation Services Bulgaria Ltd	-
	Reykjavík Airport	1	-	Iceland Air
North America	Winnipeg	1	Swissport International Ltd.	-
	Vancouver	1	Swissport International Ltd.	American Airlines
Asia Pacific	Cairns	1	Aero-Care Operators Pty. Ltd.	Qantas Airways
	Darwin	1	Aero-Care Operators Pty. Ltd.	Qantas Airways
Latin America	Punta Cana Airport, Dominican Republic	1	-	Swissport International Ltd
Africa	Mauritius	2	Astra Aviation Services	-
			Ground2Air	-
	George	3	Astra Aviation Services	-
			Bidar Services	-
			Swissport International Ltd.	

Suggestions

Considering the global example, we urge the authorities to consider the recommendations we put forward

Suggestions

- Number of handlers

  - For every **10 Million "Ground Handler handled passengers"** only, should be taken as bench mark for allowing entry of a new ground handler through competitive bidding process.

- Self-Handling Conditions

  - Self-handling should be allowed to the most dominant airline after it achieves a threshold which will ensure that the Airline has traffic potential to manage quality and avoid needless congestion and lack of control at airside.

  - We suggest that the dominant airline after achieving 35% of the passenger traffic could be allowed to have self-handle through their subsidiary.

  - All Ground Support Equipment owned and business processes should be as per IATA / ICAO quality standards, environment norms, etc.

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Continued...

- Level Playing Field with respect to royalty/deposits and equipment quality.

    - We suggests AERA mandated rates to be the base to ensure that third-party operators are not disadvantaged on cost and the subsidiary providing the self-handling service to the airline is also to be subjected to the royalty & Security Deposits as applicable to the authorized ground handler

        Or

    - Remove the Royalty & Security deposit payable by the Ground Handlers to ensure level playing field

    - Allowing self-handling has endangered about 75% of the potential market that was promised by AAI to us through concession agreements.

- Entry Conditions for new third party handlers

    - In line with the 2007 Ground Handling Regulations, the RFPs should be tailored accordingly for selection of new ground service providers, at airports where the authorized ground service providers are yet to be appointed.
    - All new tenders at AAI or Private JV Airports, be only invited once there is absolute clarity in the Regulations and its total implementation to avoid further financial carnage

- Removal of Non Entitled entities

    - While we welcome the government's initiative in bringing out in the policy that no manpower contracts shall be permitted (hiring of manpower shall not be permitted), an immediate plan to remove the existing non-entitled agencies is enunciated forthwith.
    - **Also immediate action should be taken by AAI the in concluding the SLP pending in the Hon'ble Supreme Court.**

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Thank You

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