



Bird Worldwide Flight Services

1st May 2017

The Secretary
Airports Economic Regulatory Authority of India (AERA)
AERA Building
Administrative Complex
Safdarjung Airport
New Delhi 110 003

Sub.: Capping the percentage of revenue share Payable to Airport Operator as a pass through expenditure for the ISP

Ref.: Consultation Paper No. 8/2016-17

Dear Sir,

This refers to the above cited subject and the consultation/discussion held in your office on 21st April 2017. We have received the Consultation Paper No. 8/2016-17 circulated after this meeting. We are providing ground handling services (the Services) to domestic as well as international airlines operating at airports in India. At Delhi & Cochin through Bird Worldwide Flight Service (India) Pvt. Ltd and At Mumbai & Bangalore through sister concern Bird Worldwide Flight Service Mumbai Pvt. Ltd and GlobeGround India Pvt. Ltd respectively. We are providing the services at mentioned airports as a Concessionaire appointed through a public bidding process. We are also operating at Ahmedabad, Goa, Gaya and Varanasi through GlobeGround India Pvt. Ltd after obtaining due permission from Airports Authority of India.

The Concession fee / Royalty fee / Revenue share at each of the airport is different because of bidding process. As desired in the Consultation Paper, we submit our comments/suggestion below:

1. At all the airports mentioned above, we are operating along with other ground handler(s) and face more than required competition.
2. Charges for ground handling services comprises of three key components i.e. (a) Average cost of operations, (b) revenue share and (c) applicable taxes which at present is service tax at applicable rates.
3. We as GHA, in most of the cases, are required to quote fixed rates for three years while all operating cost components are increasing on a daily basis. Therefore, year on year basis, the cost of operations increase whereas revenue factor remains stagnant which puts pressure on the bottom line.
4. Airlines obtain multiple quotes from different GHAs and compare the offers. Lowest quotes are still negotiated to lower the prices and inclusion of free services.
5. Non-Concession Airports e.g. Ahmedabad, Goa etc. levies a fixed Royalty Fee on all agencies working at the airport which are known in advance to airlines and all agencies. Such royalty fee is not opted by the ISPs.

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6. At airports where Concessionaires have been appointed through competitive bids, due privatization, the airport operators aim to provide better environment, efficiency and services to airlines and passengers. All such Aims consume efforts and resources and hence, higher operating costs.
7. Therefore, financial situation of our ground handling operations is not in a position to take burden of the suggestion made in the Consultation paper.
8. We suggest that the total cost of a flight at each of the airport should be compared and if any of the airport operators' margins are very high, such airport operator should be asked to rationalize their other charges such as CUTE, UDF, Landing charges, Parking charges etc.
9. Another suggestion emerges from the fact that most of the domestic airlines are doing self-handling which does not attract revenue share. In case ISPs are providing ground handling services to domestic airlines, the same may also be excluded from the ambit of revenue share.

Hence, further to above comments and suggestions we place our request that our ground handling operations will not be in a position to take burden of any additional expense. Other airport charges along with revenue share payable by ISPs should be reviewed in entirety and compared among various airports in India and abroad. Reviewing revenue share payable by the ISPs in isolation should be avoided.

We would like to discuss this matter and kindly allow to give us some time for a meeting.

Regards

For Bird Worldwide Flight Services (India) Pvt. Ltd.


Authorized Signatory

