

[F.No. AERA/20010/MYTP-GSEC/C/2011-12]

Airports Economic Regulatory Authority of India

Order No. 09/2011-12

AERA Building,
Administrative Complex,
Safdarjung Airport ,
New Delhi - 110 003

Date of Order : 14th September , 2011

Date of Issue : 23rd September , 2011

In the matter of Multi Year Tariff Proposal submitted by Gujarat State Export Corporation Limited for the services provided for Cargo Facility at SVP International Airport, Ahmedabad pursuant to stakeholder consultation

Gujarat State Export Corporation Limited (GSEC), have vide their application dated 24.04.2011, submitted their Multi Year Tariff Proposal (MYTP) for the first control period commencing 01.04.2011, in respect of the tariff for the services provided for cargo facility at SVP International Airport, Ahmedabad.

2. Briefly, the facts of the case are as under:-

- (i) GSEC have sought approval for the tariff for cargo facility services for the first control period (period of 5 years commencing 01.04.2011) based on a "light touch approach" as specified in Chapter V of the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling, and Supply of Fuel to the Aircraft) Guidelines, 2011 (the Guidelines).
- (ii) As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service-
 - (i) Materiality Assessment;
 - (ii) Competition Assessment;
 - (iii) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

The Cargo facility service being provided at SVP International Airport, Ahmedabad has a materiality index of 1.2%, which is less than 2.5% materiality Index fixed for the subject service, hence the service is deemed as "not material", in terms of Clause 4.3 of the Guidelines.



- (iii) It was observed that in the instant case the cargo facility services at SVP International Airport, Ahmedabad being provided by GSEC is non-material and hence may be regulated under light touch approach for tariff determination.
- (iv) The Authority, vide its Order No.17/2010-11 dated 31.03.2011, while extending the timeline for submission of MYTP by the independent service providers upto 30.04.2011 had also decided that, in the interim, all ISP(s) may continue to charge the tariffs as prevalent on 01.09.2009 or as may have been approved/determined by the Authority thereafter with effect from 01.4.2011 and upto the date when the new tariffs as may be approved by the Authority became applicable and that this interim arrangement would be subject to the condition that the concerned independent service providers submit the MYTP latest by 30.04.2011. In case any service provider(s) fails to submit MYTP on or before 30.4.2011, the interim arrangement in respect of such service provider (s) would cease to be effective.
- (v) The Authority also noted that GSEC had submitted the MYTP for cargo facility services provided by them in respect of SVP International Airport, Ahmedabad as per the timelines prescribed in the Guidelines.
3. In the 44th meeting held on 26.07.2011, the Authority considered the matter in detail and tentatively decided as under:
- (i) The cargo facility services provided by GSEC at SVP Airport are non-material. Therefore, in accordance with the clause 3.2 of the Guidelines, a "Light Touch Approach" may be adopted for determination of tariff in the first control period w.e.f.1.4.2011.
- (ii) A Consultation Paper on the above lines may be issued immediately with a consultation period of two weeks.
4. A Consultation Paper No. 11/2011-12, was accordingly issued on 26.07.2011 soliciting comments/views of the stakeholders by 10.08.2011. In response to the said Consultation Paper Comments were received from AAI.
5. Upon careful consideration of material available on record, as well as submissions made by the stakeholders, the Authority, in its 51st meeting held on 14.09.2011 approved the proposal made by GSEC.

ORDER:

In exercise of powers conferred by Section 13(1)(a) of the Act, the Authority hereby orders that:

- (a) Gujarat State Export Corporation, the Cargo facility Service provider at SVP International Airport, Ahmedabad may be regulated under 'light touch' approach during the first control period of 5 years commencing 01.04.2011



- (b) Gujarat State Export Corporation may submit the Annual Tariff Proposal for the first tariff year of the first control period for the consideration of the Authority within a period of 75 days of the issue of this Order in accordance with the Guidelines.

By the Order of and in the
Name of the Authority


(Capt. Kapil Chaudhary)
Secretary

To,

Gujarat State Export Corporation Limited,
2nd Floor,
Gujarat Chamber's Building,
Ashram Road,
Ahmedabad-380 0089.
Gujarat.
(Through: Shri Samir Mankad, Director)

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