

Airports Economic Regulatory Authority of India

Order No. 09/2018-19

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110003

Date of Issue: 17.05.2018

Service : Ground Handling Services
Service Provider : M/s Indo-Thai Airport Management Services Private Limited (ITAMS).
Airport : Chaudhary Charan Singh International Airport, Amausi, Lucknow.

In the matter of Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposals (ATPs) for the second control period (01.04.2016 to 31.03.2021) in respect of M/s Indo-Thai Airport Management Services Private Limited (ITAMS) for providing ground handling services at Chaudhary Charan Singh International Airport, Amausi, Lucknow.

1. M/s Indo-Thai Airport Management Services Private Limited is one of the Ground Handling agency appointed by Airports Authority of India (AAI) for carrying out ground handling services at Lucknow Airport. The Authority vide its Multi-Year Tariff Order No. 34/2011-12 dated 25.01.2012, decided to adopt '**Light Touch Approach**' for determination of the tariffs for the first control period in respect of ITAMS as the ground handling service was assessed as "**Not Material**" and also determined the tariffs w.e.f. 01.04.2011 at Lucknow Airport. Further, the Authority vide Order No.20/2012-13 dated 26.10.2012 also determined tariffs for the period 01-04-2012 to 31-03-2016 (FY2012-13, 2013-14, 2014-15 and 2015-16) in respect of the ground handling services rendered by ITAMS at Lucknow Airport.
2. a) As the Multi Year tariff order for the 1st control period expired on 31-03-2016, the Authority vide its Order no. 5/2016-17 issued on 12th may, 2016, authorised ITAMS to continue to charge the tariffs prevalent on 31-03-2016 for a period of 6 months w.e.f 01-04-2016 or till determination of tariffs for the 2nd control period whichever is earlier.
b) The Authority vide its Order No. 09/2016-17 dated 19.08.2016 further extended the levy of tariffs as on 31.03.2016 up to 30.09.2016 or till the determination of tariffs for the second control period, whichever is earlier.



- c) The Authority vide Order no. 11/2016-17 dated 29-09-2016 further extended the levy of tariffs prevalent on 31-03-2016 for a period of 6 months w.e.f. 01-10-2016 or till determination of the tariffs for the 2nd control period, whichever is earlier.
- d) Further, the Authority vide order no. 19/2016-17 dated 31.03.2017, further extended the levy of tariffs as on 31.03.2016 up to 30.09.2017 till determination of tariff for the 2nd control period whichever is earlier.
- e) The Authority, further vide Order No. 12/2017-18 dated 29.09.2017, authorized ITAMS to continue levy of the tariffs for a further period of 1 month w.e.f. 01-10-2017 or till determination of tariffs for the 2nd control period whichever is earlier.
- f) The Authority, further vide Order No. 17/2017-18 dated 31.10.2017, authorized ITAMS to continue levy of tariffs as existing on 31-03-2016 for a period of two months w.e.f. 01.11.2017 to 31.12.2017 or till determination of tariff whichever is earlier.
- g) The Authority, further vide Order No. 33/2017-18 dated 21.12.2017, authorized ITAMS to continue levy of tariff as existing on 31-03-2016 for a further period of three months w.e.f. 01.01.2018 to 31.03.2018 or till determination of tariff whichever is earlier.
- h) The Authority further vide Order No. 43/2017-18 dated 28.03.2018, allowed to continue levy of tariffs existing as on 31.03.2018, for a further period of six months w.e.f. 01.04.2018 or till determination of tariffs for the Second control Period whichever is earlier.
3. M/s ITAMS submitted the hard copy of Multi Year Tariff Proposal (MYTP) on 14.05.2016 and Annual Tariff Proposal (ATP) for 2nd tariff year (FY 2017-18) of the second control period (01.04.2016 to 31.03.2021) for determination of tariffs for the ground handling services provided at Lucknow Airport.
4. a) **Materiality:** As per Clause 4.4 of the CGF Guidelines, 2011 for the regulated service(s) provided for Ground Handling Services at the major airports, the percentage share of ground handling at Lucknow Airport, is 0.91 % which is less than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed “**Not Material**” for the second control period.
- b) **Competition:** AERA, in line with the provisions of National Civil Aviation Policy (NCAP-2016), vide Order No. 15/2016-17 dated 12th Jan, 2017, decided to consider three (3) Ground Handling Agencies (GHAs) including Air India's subsidiary/JV for competition assessment at all major airports. As per the information available, at Lucknow Airport, M/s Air India Transport Services Limited (AIATSL) is providing ground handling services including by M/s ITAMS. As only two Ground Handling Agencies are operating at Lucknow Airport, the ground handling service is deemed “**Not Competitive**”.
5. (i) The Authority considered the submissions made by ITAMS and issued the Consultation Paper No. 39/2017-18 dated 03.01.2017 wherein the Authority proposed that the service of ground handling being provided by ITAMS, at Lucknow Airport, is



deemed “**Not Material**” and hence in accordance with the provisions of Chapter V of the AERA Guidelines, the tariff will be determined under ‘**Light Touch Approach**’ for the duration of Second Control Period (01.04.2016 to 31.03.2021).

(ii) The Authority further in the said Consultation Paper, has proposed for the continuation of the existing tariff as on 31.03.2016 for FY 2016-17, FY 2017-18 and FY 2018-19 of the second control period and no increase in tariffs is proposed.

6. The Authority sought written evidence based feedback, comments and suggestions from stakeholders on the above proposal by 24th January, 2018. Further the Authority vide email dated 03.01.2018, informed the same to all concerned stakeholders on their registered email IDs. In response, none of the stakeholder has offered comments on the proposal of the above mentioned consultation paper. However, ITAMS vide letter no. nil dated 24-01-2018 has offered the following comments:

“At the outset we would like to thank you for allowing us continue levy tariff as existing on 31-03-2016 for an extended period up to 31-03-2018 or till determination of tariff whichever is earlier for Lucknow Airport vide order number 33/2017-18 dated. 21-12-2017.

“We have read the Consultation Paper No. 39/2017-18 uploaded on the website of AERA and found contents of the same to be in line with our submission. Furthermore we would also like to thank for proposing to allow the continuation of the tariff as on 31-03-2018 for the financial year (T3) 2018-19 in the above mentioned CP”.

7. Airports Authority of India (AAI) has submitted that they have issued termination notice to ITAMS and its other ground handlers working at other airports, due to new ground handling policy as notified by Ministry of Civil Aviation. Notice period is 180 days from the date of issue of notice i.e. from 12.02.2018 to 10.08.2018, after which their license for ground handling will be expired and the ground handling Agency will hand over the vacant possession. AAI has also initiated action to award new Ground Handling contract as per new policy.

ORDER

Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1) (a) of The Airport Economic Regulatory Authority of India Act, 2008 hereby orders that:

- (i) The tariff for ground handling services provided by M/s Indo Thai Airport Management Services Private Limited, at Chaudhary Charan Singh International Airport, Amausi, Lucknow, will remain same as existing on 31.03.2016 as at **Annexure -I** (as determined vide order no. 20/2012-13 dated 11.09.2012 for the period w.e.f. 01.04.2012 to 31.03.2016) for first tariff year (2016-17), second tariff




year (2017-18) and during the third tariff year (2018-19) of the second control period, up to 10.08.2018 or upto the date of termination of the ground handling operations by Airports Authority of India whichever is earlier, in view of the reasons mentioned at para 7 above.

- (ii) In case the new contract for Ground Handling Service at Lucknow Airport is awarded to M/s ITAMS, they may approach AERA for determination of tariffs. M/s ITAMS should submit all the Annual Compliance Statements upto its period of operations at Lucknow Airport during second control period.
- (iii) M/s ITAMS should not exceed the tariff charges for its Non-scheduled Operations as approved by AERA for its Schedule Operations for similar class of aircraft.
- (iv) Tariff determined as above will be maximum tariff to be charged from the users of the ground handling service. No other charges to be levied over and above the approved tariff.

By the order of & in the
Name of the Authority

सत्यमेव जयते


(Puja Jindal)
Secretary

To,

M/s Indo-Thai Airport Management Services Pvt. Ltd.,
904-907, Times Tower, M.G Road, Sector -28,
Gurgaon-122002 (Haryana)
(Through: Shri Shyam Malani, Director)

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Annexure-I

Rates for Tariff Year 1 (2016-17), Tariff Year 2 (2017-18) and upto 10.08.2018 during Tariff Year 3 (2018-19) or upto the date of termination of ground handling contract by AAI, whichever is earlier for ground handling services provided by M/s Indo Thai Airport Management Service Pvt. Ltd. at Chaudhary Charan Singh International Airport, Lucknow.

Sl.No.	Tariff heading	Maximum Tariff per flight (in INR)
1	Comprehensive Handling of Scheduled B-737	112,066
2	Comprehensive Handling of Non Scheduled Aircrafts MTOW upto and including 10,000 kgs	22,255
3	Comprehensive Handling of Non Scheduled Aircrafts MTOW above 10,000 below 20,000 kgs	30,465
4	Comprehensive Handling of Non Scheduled Aircrafts MTOW above 20,000 below 50,000 kgs	40,625

सत्यमेव जयते



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AERA