

Airports Economic Regulatory Authority of India

Order No. 35/2018-19

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

Date of Issue: 18th December, 2018

Service : Ground Handling Services
Service provider : M/s Celebi Airport Services India Pvt. Ltd.,
Airport : Kempegowda International Airport, Bengaluru.

In the matter of Multi Year Tariff Proposal and Annual Tariff Proposal (FY. 2018-19 to FY. 2020-21) for the second control period in respect of M/s Celebi Airport Services India Pvt. Ltd. for providing Ground Handling services at Kempegowda International Airport, Bengaluru.

- सत्यमेव जयते
- 1.1 M/s Celebi Airport Services India Pvt. Ltd. (M/s Celebi) is one of the Ground Handling agencies appointed by Bangalore International Airport Ltd. (BIAL) for carrying out Ground Handling Service (GH) at Kempegowda International Airport, Bangalore vide Agreement dated 02.05.2018.
 - 1.2 M/s Celebi is a new entrant in Ground Handling service at KIA, Bengaluru and had submitted their MYTP/ ATP for FY 2018-19 to 2020-21 of second control period vide letter dated 14th June, 2018.
 - 2.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued 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").
 - 2.2 In accordance, to above mentioned AERA Guidelines and Directions the following procedure is followed:

a) Stage 1: **Materiality:**

$$\text{Materiality Index (MIg)} = \frac{\text{Int. Aircraft Movement at Bangalore Airport}}{\text{Total Intl.Aircraft Movement at major airports}} \times 100$$

The materiality index at Bangalore Airport = 20845/330467

= 6.31%



The percentage share of Ground Handling for KIA, Bangalore for the FY 2014-15 is 6.31% which is more than 5% Materiality Index (MIg) for the above subject service. Hence the regulated service is deemed as '**material**' for the second control period.

b) Stage 2: **Competition:** AERA on provisions of the National Civil Aviation Policy (NCAP- 2016), vide Order No. 15/2016-17 dated 12th Jan, 2017 decided to consider three (3) Ground Handling Agencies (GHA) including Air India's subsidiary/JV for competition assessment at all major airports. As per the information furnished by Celebi in Form F1(b) on competition Assessment, M/s Globe Ground Industries (GGI) and M/s AISATS are other service providers rendering similar service at Bangalore International Airport. Hence in the instant case, there are three Ground Handling service providers including Celebi, and therefore the service is deemed '**Competitive**'.

i) Stage 3: **Reasonableness of existing User Agreement(s):**
M/s Celebi has not submitted the valid User Agreements for Bangalore Airport.

- 2.3 M/s Celebi has submitted the copy of complete Concession Agreement with BIAL.
- 2.4 M/s Celebi has not submitted any documentary evidence of conducting the stakeholder consultation with the users on the proposed ATP for FY 2018-19 to 2020-21.
- 3.1 The services rendered by M/s Celebi for providing Ground Handling facility at Bangalore Airport are aeronautical services in terms of section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008 (Act) and under section 13 (1)(a) of the Act, the Authority is required to determine tariff for aeronautical services.
- 3.2 The Ground handling services provided by M/s Celebi Airport Services India Pvt. Ltd. at Kempegowda International Airport, Bangalore is "**Material but Competitive**". Therefore the Authority proposes to adopt '**Light Touch Approach**' for determination of tariffs for the FY- 2018-19 to FY- 2020-21 of 2nd control period.
- 3.3 M/s Celebi has submitted the ATP for FY 2018-19 to FY 2020-21. M/s Celebi has also submitted the consolidated Balance Sheet and Profit and Loss Account for the FY- 2017-18. The profit for the FY 2017-18 is Rs. 11.42 crores compared to Rs. 8.33 crores for FY 2016-17.
- 3.4 The Authority observed that the tariff proposed by M/s Celebi for FY 2018-19 and FY 2019-20 is lower than the rates approved for AISATS and GGI who are providing similar service at KIA, Bengaluru. M/s Celebi proposed a further increase in tariff for FY 2020-21 by 5%. M/s Celebi has started the operation at KIA, Bengaluru recently and no data is available for validating the 5% increase in tariff sought by M/s Celebi, hence, the Authority proposes the same tariff for FY 2018-19 to FY 2020-21.



- 3.5 The Authority observed that M/s Celebi has proposed different charges for Indian carriers and international carriers for similar services. However, the Authority is of the view that there should not be discrimination in tariff as the services provided to both domestic carriers and international carriers are the same.
4. The Authority has carefully considered the ATP for FY 2018-19 to FY2020-21 submitted by Celebi and issued the Consultation Paper No. 19/2018-19 dated 09.10.2018 proposing the following for stakeholder's consultation:
- 4.1 The service for Ground handling being provided by M/s Celebi Airport Services India Pvt. Ltd. at Kempegowda International Airport, Bangalore is **"Material but Competitive"**. Therefore the Authority proposes to adopt **'Light Touch Approach'** for determination of tariffs for the FY- 2018-19 to FY- 2020-21 of 2nd control period.
 - 4.2 The Authority proposes the tariff for FY 2018-19 to FY 2020-21 in line with submission made by M/s Celebi Airport Services India Pvt. Ltd for FY 2018-19.
 - 4.3 Tariff proposed will be maximum tariff to be charged. No other charge is to be levied over and above the proposed tariff.
 - 4.4 M/s Celebi should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft.
 - 4.5 The Authority proposes same Tariff charges for both International Carriers and the Domestic Carriers for international operations.
5. In response to the Consultation Paper, M/s Celebi Airport Service India Pvt. Ltd. vide letter dated 30.10.2018 stated that the increase in tariff by 5% for FY 2020-21 proposed by Celebi in its original MYTP is very reasonable and less than average inflation as the increase is sought after 2 years. Hence, Celebi requested the Authority to re-examine the Authority's proposal in Consultation Paper. Further, Celebi stated that they respect Authority's view of non- discrimination in price for Indian Carriers and International Carriers, however prices proposed by Authority in Annexure-II in Consultation Paper needs to be replaced with the below price table:

ICAO Code	International Passenger Flights		
	Passenger	Ramp	Full
B	3,500	6,500	10,000
C	22,000	44,000	66,000
D	27,000	65,000	92,000
E	35,000	75,000	1,10,000
F	39,000	1,00,000	1,39,000



- 5.1 M/s Celebi, vide letter dated 06.12.2018, further submitted that in their proposal the heading of domestic Freighter Flights and International Freighter Flights on the tariff card had been mentioned incorrectly in place of each other. Celebi requested the Authority to condone the same and consider the tariff for the Freighter Flights as given below:

ICAO Code	International Freighter Flights		
	FY 2018-19 to FY 2019-20		
	Passenger	Ramp	Full
B	N.A	7,800	N.A
C	N.A	52,800	N.A
D	N.A	78,000	N.A
E	N.A	90,000	N.A
F	N.A	120,000	N.A

ICAO Code	International Freighter Flights		
	FY 2020-21		
	Passenger	Ramp	Full
B	N.A	8,190	N.A
C	N.A	55,440	N.A
D	N.A	81,900	N.A
E	N.A	94,500	N.A
F	N.A	126,000	N.A

ICAO Code	Domestic Freighter Flights		
	FY 2018-19 to FY 2019-20		
	Passenger	Ramp	Full
B	N.A	7,150	N.A
C	N.A	48,400	N.A
D	N.A	71,500	N.A
E	N.A	82,500	N.A
F	N.A	110,000	N.A

ICAO Code	Domestic Freighter Flights		
	FY 2020-21		
	Passenger	Ramp	Full
B	N.A	7,508	N.A
C	N.A	50,820	N.A
D	N.A	75,075	N.A
E	N.A	86,625	N.A
F	N.A	115,500	N.A

6. Authority's view on comments of Celebi

- 6.1 On the request of Celebi to allow 5% increase in tariff for FY- 2020-21, the Authority is of the view that M/s Celebi has started the operation at KIA, Bengaluru recently and no data is available for validating the 5% increase in tariff sought by M/s Celebi, hence, the Authority decides the same tariff for FY 2018-19 to FY 2020-21. In case M/s Celebi feels that there is requirement of increase in tariff for FY 2020-21 they may approach the Authority with relevant data at that time.
- 6.2 The Authority examined the proposal of Celebi to consider the tariff as mentioned in table at para 5 for International Passenger Flights. Since the tariff proposed by Celebi for International Passenger Flights is lower than the tariff approved by the Authority for other similar service providers at KIA, Bangalore, the Authority decides to approve the tariff as mentioned at para 5 for International Passenger Flights.
- 6.3 The Authority also examined the request of M/s Celebi to condone the heading of domestic Freighter Flights and International Freighter Flights on the tariff card mentioned incorrectly in place of each other. The Authority observed that



it was unintentional typographical error, hence, the Authority decides to accept the request of M/s Celebi.

- 6.4 Till date no comments/ views have been received from any stakeholders except M/s Celebi, the service provider itself. Hence, the Authority presumes that the stakeholders have no objection to the proposal.

ORDER

7. Upon careful consideration of the material available on record, as well as submissions made by the stakeholders, the Authority, in exercise of powers conferred upon it by Section 13(1)(a) of the AERA Act, 2008 hereby orders that:
- 7.1 The service for Ground handling being provided by M/s Celebi Airport Services India Pvt. Ltd. at Kempegowda International Airport, Bangalore is **“Material but Competitive”**. Therefore the Authority proposes to adopt **‘Light Touch Approach’** for determination of tariffs for the FY- 2018-19 to FY- 2020-21 of 2nd control period.
- 7.2 The Authority has decided the tariff for FY 2018-19 to FY 2020-21 in line with submission made by M/s Celebi Airport Services India Pvt. Ltd for FY 2018-19. The approved tariff card is attached as **“Annexure I”**.
- 7.3 Tariff proposed as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- 7.4 M/s Celebi should not exceed the tariff charges for its Non-Schedule Operations as approved by AERA for its schedule operations for similar class of aircraft.
- 7.5 M/s Celebi should charge same tariff for both International Carriers and the Domestic Carriers for International operations.

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AERA

By the Order of and in the
Name of the Authority

(सि-२) 18.12.18

(Ramendra Pratap Shukla)
Deputy Chief

To

M/s Celebi Airport Services India Pvt. Ltd.
Room no. CE 01, Import Building 2,
International Cargo Terminal,
IGI Airport, New Delhi - 110 037
(Through: Shri Cem Sensoz, Chief Executive Officer)



Annexure-I

M/s Celebi Airport Services India Pvt. Ltd. (M/s Celebi) at KIA, Bengaluru Tariff for FY 2018-19 to FY 2020-21

ICAO Code	Domestic Passenger Flights - FY 2018-19 to FY 2020-21					
	Without Equipments			With Equipments		
	Passenger	Ramp	Full	Passenger	Ramp	Full
B	3,500	4,000	7,500	3,500	5,600	9,100
C	6,000	8,500	14,500	20,300	11,900	32,200
D	21,000	30,000	51,000	27,000	42,000	69,000
E	27,000	40,000	67,000	31,000	56,000	87,000

ICAO Code	International Passenger Flights FY 2018-19 to FY 2020-21		
	Passenger	Ramp	Full
B	3,500	6,500	10,000
C	22,000	44,000	66,000
D	27,000	65,000	92,000
E	35,000	75,000	1,10,000
F	39,000	1,00,000	1,39,000

सत्यमेव जयते

ICAO Code	Domestic Freighter Flights FY 2018-19 to FY 2020-21		
	Passenger	Ramp	Full
B	N.A	7,150	N.A
C	N.A	48,400	N.A
D	N.A	71,500	N.A
E	N.A	82,500	N.A
F	N.A	110,000	N.A

ICAO Code	International Freighter Flights FY 2018-19 to FY 2020-21		
	Passenger	Ramp	Full
B	N.A	7,800	N.A
C	N.A	52,800	N.A
D	N.A	78,000	N.A
E	N.A	90,000	N.A
F	N.A	120,000	N.A

The tariff stated above are maximum applicable tariff.

Note: The above price is excluding of Government taxes & duties such as Goods & Service Tax (GST) etc.

