

**File No. AERA/20010/MYTP-AIS/GH/BIAL/2011-12**

**Consultation Paper No. 13/2012-13**



**Airports Economic Regulatory Authority of India**

**Annual Tariff Proposal for the Second Tariff  
Year (2012-13) submitted by AISATS for  
providing Ground Handling Services at  
Bangalore International Airport, Bangalore**

**New Delhi: 13<sup>th</sup> August, 2012**

**AERA Building  
Administrative Complex  
Safdarjung Airport  
New Delhi – 110 003**

The Authority had considered the Multi Year Tariff Proposal (MYTP) for the first control period commencing w.e.f. 01.04.2011 and after due stakeholder consultation issued a Multi-Year Tariff Order (MYTO) No. 23/2011-12 dated 25.10.2011 ordering that:

- (i) The services provided for the ground handling facility by Air India SATS Airport Service Private Limited at Bangalore Airport are "material but competitive". Hence the Authority shall adopt a "light touch approach" for determination of tariff for the 1st Control Period w.e.f. 01.04.2011.
- (ii) The tariff for the 1<sup>st</sup> tariff year, w.e.f. 01.10.2011 for the services provided by AISATS is determined, w.e.f. 01.04.2011.

2.1 However, the said approval was subject to the order of **the Hon'ble AERA Appellate Tribunal** in Appeal No. 12/2011 wherein it is stated that:

***“It is made clear that even if any final order is passed by the respondent - Airports Economic Regulatory Authority, the same shall not be given effect to without leave of this Court.”***

The said order of the tribunal is still in force.

2.2 **As per the clause 11.2 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 ATP is required to be submitted in the form and manner as provided in Appendix A1.8.2** wherein it is mentioned that the ATP should be supported by:

- Form B and Form F14(b),
- Details of consultation with stakeholders
- Evidence of User Agreements clearly indicating the Tariff (s) proposed by the service Provider.

2.3 As per the Guidelines, the ATP is required to be submitted at least 75 days prior to the start of the Tariff Year. AISATS submitted their second year tariff proposal vide letter dated 25.06.2012 in respect of the Ground Handling facility at Bangalore International Airport, Bangalore. Further in their proposal dated 25.06.2012, AISATS have stated inter-alia that since maximum rates to be paid by scheduled airlines for comprehensive ground handling are same as approved by the Authority last year, a stake holder consultation is not required as per the AERA Guideline.

2.4 AISATS have submitted Form-B, Form 14(a) & Form-14(b) in the manner as specified in the guidelines, but as no evidence of user agreement was furnished, they were requested clarify the same vide email dated 02.07.2012. In their response, AISATS have reiterated that

***“We have not proposed any increase in the Maximum rates to be charged to airline customers against previous year’s approved***

*rates. Since the proposed rates are already approved by the Authority last year, no Stakeholder consultation is conducted”.*

2.5 It was observed that AISATS have not proposed any change in the tariff for the second tariff year for the period 01.04.2012 to 31.03.2013.

3. In Form 14(b), AISATS have submitted that:

(i). *“To achieve the projected ARR only maximum ground handling rates have been suggested for airlines as user agreements will be entered into with each airline based on the IATA AHM 810 Standard Ground Handling Agreement 2004 or 2008(SGHA).*

(ii). *The rates with each airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.*

(iii). *The rates may be revised, where external economic/financial factors warrant a review. However, any change, will be in consultation with the relevant authorities and related stakeholders.*

(iv). *All charges mentioned in Form 14(b) exclude taxes which will be charged at the prevailing rates.”*

4. The tariffs for first tariff year for Ground Handling Service provided by AISATS at Bangalore Airport, as determined by Authority are placed at **Annexure-I**.

5. After careful consideration of the matter, the Authority decided to make the following proposal for stakeholder consultation:

(i) The charges for the second tariff year (01.04.2012 to 31.03.2013) proposed by AISATS may be approved w.e.f. 01.04.2012 or from such other prospective date as the Authority may finally decide. **(Annexure - II)**

(ii) However, the above proposed tariffs will be subject to the order of the **Hon’ble AERA Appellate** Tribunal referred to in para 2.1 above viz. that these charges will not be given effect to without leave of the AERAAT.

6. In accordance with the provisions of Section 13(4) of the AERA Act 2008, the proposal contained in para 5 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as at Annexure –I & II. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

7. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, **latest by 27.08.2012** at the following address:

**Capt. Kapil Chaudhary**  
**Secretary**  
**Airports Economic Regulatory Authority of India**  
**AERA Building,**  
**Administrative Complex,**  
**Safdarjung Airport,**  
**New Delhi- 110003**  
**Email: [kapil.chaudhary@aera.gov.in](mailto:kapil.chaudhary@aera.gov.in)**  
**Tel: 011-24695042**  
**Fax: 011-24695039**

**Yashwant S. Bhave**  
**Chairperson**

**MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND****HANDLING:****EFFECTIVE 15<sup>TH</sup> AUGUST 2011**

S/N	ICAO Code	Aircraft Types	Maximum Ground Handling Rate in INR			
			Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
			Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	Single Engine Aircraft	10,000	28,000	NA	NA
2	CODE C	A318, A319, A320, A321 B717, B727, B737, BBJ, MD 81 to MD 90, DC9 TU134, TU134A, AN24, AN26, ATR 42, ATR72, F27, F28, F50, F70, F100, YAK 40, YAK 42	13,400	73,000	45,000	1,09,500
3	CODE D	A300-600, A310 B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	21,440	1,10,000	78,000	1,21,000
4	CODE E	A330-200, A330-300, A340 B747SP, B747, B777, B787-800, B787-900 IL96	45,000	1,40,000	94,000	1,65,000
5	CODE F	A380	80,000	1,98,000	1,27,900	2,37,600

## Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 2004 or 2008 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) All charges mentioned above exclude taxes which will be charged at the prevailing rates.



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**MAXIMUM RATES TO BE PAID BY SCHEDULED AIRLINES FOR COMPREHENSIVE GROUND HANDLING**

S/N	ICAO Code	Aircraft Types	Maximum Ground Handling Rate in INR			
			Scheduled Passenger Aircraft		Scheduled Freighter Aircraft	
			Domestic Flight	International Flight	Domestic Flight	International Flight
1	CODE B	Single Engine Aircraft	10,000	28,000	NA	NA
2	CODE C	A318, A319, A320, A321 B717, B727, B737, BBJ, MD 81 to MD 90, DC9 TU134, TU134A, AN24, AN26, ATR 42, ATR72, F27, F28, F50, F70, F100, YAK 40, YAK 42	13,400	73,000	45,000	1,09,500
3	CODE D	A300-600, A310 B707, B727-100, B757, B767, B787-300, DC8, DC10, MD11	21,440	1,10,000	78,000	1,21,000
4	CODE E	A330-200, A330-300, A340 B747SP, B747, B777, B787-800, B787-900 IL96	45,000	1,40,000	94,000	1,65,000
5	CODE F	A380	80,000	1,98,000	1,27,900	2,37,600

Notes:

- 1) To achieve the projected ARR only maximum ground handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 2004 or 2008 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), flight frequency, service level agreement, credit period and liability and indemnity requirement.
- 3) These rates may be revised, where external economic / financial factors warrant a review. However, any change, will be in consultation with the relevant authorities (AERA) and related stakeholders.
- 4) All charges mentioned above exclude taxes which will be charged at the prevailing rates.

