

File No. AERA/20019/CGF-G/2010-11/Vol-VI
Airports Economic Regulatory Authority of India

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

Dated the 7th January, 2016

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Subject: Comments/ Submissions on Online tariff submission in respect of Aeronautical Services provided by Airport Operators, providers of Cargo, Ground Handling and Supply of Fuel at the Major Airports for the 2nd Control Period

A stakeholder consultation meeting was held on 14.12.2015 to elicit the views of stakeholders on the proposed standardization of tariff card in respect of Airport Operators/ISPs, to enable interfirm comparison and also ensure online submission of tariff proposals for 2nd Control Period.

2. The minutes of the stakeholders consultation meeting is attached herewith as **Annexure - I**.

3. Further, the Authority has received comments/submissions from the following stakeholders in this regard:

Airport Operator

1. [Delhi International Airport Limited \(DIAL\)](#)
2. [Mumbai International Airport Limited \(MIAL\)](#)
3. [Bangalore International Airport Limited \(BIAL\)](#)
4. [Hyderabad International Airport Limited \(HIAL\)](#)
5. [Cochin International Airport Limited \(CIAL\)](#)


Airlines and Associations

6. [Federation of Indian Airlines \(FIA\)](#)
7. [Association of Private Airport Operators \(APAO\)](#)

Cargo, Fuel Supply & Ground Handling Companies

8. [Bhadra International \(India\) Pvt. Ltd. \(Bhadra\)](#)
9. [Hyderabad Menzies Air Cargo Pvt. Ltd.](#)

4. The comments / submissions received, as above, are attached for information as **Annexure - II**.


(Radhika R.)
OSD-II
Tel.: 24695043

**File No. AERA/20019/CGF-G/2010-11/Vol. III
Airports Economic Regulatory Authority of India**

Minutes of the Stakeholder Consultation Meeting held on 14.12.2015

On line tariff submission in respect of Aeronautical Services provided by Airport Operators, providers of Cargo, Ground Handling and Supply of Fuel at the Major Airports for the 2nd Control Period.

A Stakeholder Consultation meeting was convened by the Authority on 14.12.2015 at 1500 hrs. in the Conference Room, first Floor, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi to elicit the views of the stakeholders on the above subject. The list of the participants is enclosed at **Annexure – I**.

2. At the outset OSD-II, AERA welcomed the stakeholders to the consultation meeting, she briefly explained that the Authority has felt a need to have a format for standardized services in the rate card which will not only provide more clarity in analysis and comparison, but also be in consonance with the Report on Rationalization of charges received from MoCA in this regard. She indicated that the format of the tariff card proposed to be implemented along with certain amendments suggested in the Guidelines was forwarded to the stakeholders earlier for their consideration. Comments from the stakeholders on the proposed tariff cards were sought so that the service providers may submit their tariff proposal online for the 2nd Control Period.

3. The Chairperson, AERA informed the stakeholders the significance of online tariff submissions which will help in seamless processing of tariff proposals for the second control period by involving standardized formats of tariff structure thereby allowing comparison of tariffs activity-wise that would be beneficial and thus sought suggestions on the tariff cards from the service providers. While apologizing to the stakeholders for convening the meeting at a short notice, he stated that the same was necessitated due to the fact that the 2nd Control Period for most of the service providers would commence shortly from 1st April, 2016. While emphasizing that there is no basic change in the philosophy/ Guidelines of the Authority, he stated that there was a need felt to standardize the tariff card structure for two reasons, one being the electronic tariff filing which would require standardized formats and the other to have a comparison of tariffs for similar services/activities across the country. He invited the stakeholders to offer their comments as the formats would require to be standardized at the earliest. The discussions began with the tariff card for cargo operations.

4. Tariff Card for Cargo Operations

4.1 Sh. Ramesh of Celebi, New Delhi voiced the need for multiple sub heads under each tariff head and was of the view that some special services which expedite the processing of the shipments such as the import express for general cargo or the export express facility within the same terminal would require to be shown

separately. He further commented that some services might be different from others though clubbed under the same heading and comparison between them would not be proper. Some of the products of services are very unique to certain terminals and thus it might not be completely possible to standardize the services all the time. He brought out that for eg. ULD cleaning, Dry Ice cleaning pallet etc. are other charges which are not figuring in the structure proposed.

4.2 Member AERA highlighted that the main idea was to have an inter-firm comparison which will be possible only with standardization of the tariff structure.

4.3 Sh. Avinash Razdan, Vice President & CFO, CSC, opined that though digitization was favourable, the format would have limitations as within the next five years more services are likely to get evolved and thus opined that it would be feasible if option of user defining the fields within the overall generic structure of the format is preferred. He enquired as to whether per pallet rates could also be introduced as some airlines require transactions based on quantum of pallets. The Authority agreed to look into the same.

4.4 Member, AERA commented that the standardization of formats should cover at least 80% of the tariffs and make them comparable. Chairperson indicated that the row "Others" provided in the formats allows flexibility to the service providers to include items not already covered under the various heads.

4.5 Shri Madhukar of DIAL was of the view that it would be appropriate to collect details of tariff cards/components from each cargo handling/ground handling service provider and incorporate the same in the standardized tariff card so that none of the components are missed out. However, he stated that standardizing the service may not be practical since the customers' choice is basically for flexibility & uniqueness in service.

4.6 Shri Anand of BIAL was also of the view that under the generic format, the user could be provided the flexibility to define his own services.

4.7 Shri Sanjiv Edward of DIAL, chairing the International Air Cargo Association, complimented the Authority for the proposal of standardizing the tariff card. He however endorsed that standardizing services would not be practically possible as the flexibility and uniqueness between services offered by similar players is the very basis of competition and choice to customers.

4.8 The Chairperson, AERA clarified the purpose behind the exercise is only to standardize the tariff structure considering all the types of activities in the business. While appreciating the opinions of the stake holders for innovation in services, he was of the view that the formats still provide flexibility and thus, attractive and variety of services can still be offered by the service providers to the users through negotiations as the Authority approves only the ceiling rate i.e. the maximum tariff. He however sought confirmation from the stakeholders as to whether the tariff card is comprehensive.

4.9 Chairperson sought the opinion of stakeholders on the types of services to be considered for Air Freight Stations which could become a reality soon and the

charges thereof keeping in view the role of the existing cargo service providers at airports.

4.10 Shri Shankar of CWC (Central Warehousing Corporation) stated that on actual commissioning of AFS at various airports, tariffs would be very competitive and comparable with AAI and the format of tariff structure in respect of AFS is being formulated. On an enquiry from Chairperson as to what services would actually be utilized and the role of cargo operator at an airport post palletization and security/customs cleared at AFS, it was clarified by the stakeholders that the basic existing facilities rendered by cargo operators would still be required and thus storage and handling charges would also be levied. Cargo operators opined that screening of cargo done off airport premises might not be much appreciated by airlines. They were of the view that a separate tariff card might not be envisaged ever after AFS are commissioned fully at the airports. The Authority advised CWC to submit a detailed write up in this regard to Authority to decide if a separate provision in tariff card would be required.

4.11 The representative of EICI, providing courier services at the airports stated that demurrage structure proposed in tariff card does not provide for penalty on account of delay in processing as the free period is accounted for from the date of arrival of flight, which would be required to be incorporated in the tariff card.

4.12 Kale Logistics desired to know if EDI services being provided by them are aeronautical and if standardization of service is being thought of, it would be very difficult to have a comparison between the EDI services provided by various service providers as the services vary from each other.

5. Tariff card for Ground Handling Operations

5.1 It was stated that the proposed tariff card in respect of ground handling services has been prepared based on the gamut of services covered under the Schedule 1 & 2 of Ground Handling Regulations and would indicate the comprehensive maximum rates for each type of aircraft.

5.2 Celebi NAS Airport Services India Pvt. Ltd. was of the view that certain additional services such as for GPU, ACU, Additional push back etc. are also provided on ad-hoc basis and cannot be considered on turn around basis, as these rates are negotiated separately. He submitted that there is no scope for additional services in the tariff card. He submitted that a separate card for 'Add-on services' would require to be allowed for submission by the service provider. He stated that the ad-hoc services also form part of the SGHA entered into with airlines. It was clarified by Authority that the row "Others" provided in the tariff card would suffice and could be used by the service providers for filing their tariffs for Add-on services.

5.3 Member stated that the details of items/scope of comprehensive services would require to be indicated and list of activities highlighted to ensure that the additional services figuring under the "Others" row are not duplication of charges.

5.4 EICI was of the view that X-Ray screening charges, which are a part of the comprehensive ground handling activity, are levied by airlines and would also be

required to be approved by Authority. EICI was advised to submit a separate proposal to Authority in this regard.

5.5 Shri Narayanan of Bhadra International Limited, a concessionaire offering ground handling services at AAI Airports, informed that instead of comprehensive ground handling, certain airlines are availing only cargo handling services and not availing the services for ramp or any passenger handling and hence the charges for such cargo services such as for palletization etc. are to be separately approved. It was clarified that the service provider may fill in the tariff card for cargo functions separately apart from ground handling tariffs for Authority's further consideration.

6 Tariff Card for Fuel Services

6.1 On the tariff card for fuel services, the representative of DIAL commented that both heads of "Fuel Throughput" and "Fuel Infrastructure" charges would require to be indicated as ISPs also provide infrastructure and charge for the same. It was agreed that "Fuel Infrastructure" head would also be incorporated under the tariff card for ISPs.

7 Tariff Card of Airport Operator

7.1 Shri Rajesh, HIAL, commented that an actual comparison of aeronautical tariffs viz. Landing, Parking/Housing & UDF between airports might not be practical since an airport which is 10 or 15 years old, will have different aeronautical charges than an airport which is new or middle staged in life, and thus may not serve the purpose of inter firm comparison. Flexibility of having an airport specific tariff structure would be essential. He also sought for rationale for having different classifications of aircraft under landing charges other than the normal categorization of "Less than 100 MT" and "More than 100 MT".

7.2 The private airport operators were of the view that categorization of aircraft into "Less than 100 MT" and "More than 100 MT" is sufficient. AAI responded that the categorization of 0-25 MT and above has been incorporated by them in their tariff proposals based on a reference from MoCA. On a query from the representative of Alliance Air regarding exemption of less than 80 seater aircrafts from payment of landing charges, Chairperson clarified that the same has been considered and taken care of, by the Authority by incorporating it in tariff orders.

7.3 As regards night parking charges, the Airport Operators were of the view that parking space being scarce at the airports, free parking cannot be allowed and thus the Clause (j) under the head "Parking and Housing fee" pertaining to waiver of night parking charges would require to be reconsidered by Authority, which was agreed to.

7.4 The representatives of DIAL and MIAL were also of the view that grant of exemption to less than 80 seater aircrafts would be difficult, to which Chairperson responded that the same was being incorporated based on the reference from MoCA as a part of the policy of the Government. Slot allocation is the prerogative of the airport operator and can be allotted accordingly to such types of aircraft.

7.5 On a query from Authority as to whether category of "aerobridge charges" would require to be provided for in the tariff card, AAI was of the view that certain

airlines do not opt for aerobridges when separate charges are levied and hence the airport operator should have the flexibility to decide on the same and arrive at the tariff card. The representative of BIAL also endorsed the aforesaid view. Chairperson indicated that absolute flexibility is being provided to the airport operators to decide on the tariff structure.

7.6 APAI commented that all ground handling equipment should be replaced within 7 years keeping in view the pollution and environmental aspects and the Authority should insist for 'Pollution Clearance' for the diesel vehicles utilized by the agencies may be replaced by battery operated vehicles. He further opined that ambulift services should be provided free of charge by the ground handlers or the airlines. As regards X-Ray screening, AAI was of the view that there should not be a separate charge for the same. Authority decided that any Government directives in this regard would be considered.

8. Tariff Currency

8.1 The tariff card should be in INR and the tariffs conversion rate shall be effective on the RBI Rate applicable on the first day of the month.

9. Approval of Airport Operator

9.1 It was mutually agreed by all stakeholders that the proposals of service providers should be submitted to the Authority with the formal approval of the Airport operator to operate at that particular airport for their services viz. in respect of cargo, ground handling or fuel services.

10. Capping percentage of royalty for pass through

10.1 Chairperson sought for views from the stakeholders on Royalty payable to airport operators as there is hardly any logic in making it a pass through and then jacking up the rates in all the airports.

10.2 The Private Airport Operators of DIAL and MIAL were of the view that capping the percentage of royalty will be a serious issue. They stated that competition for any service provider is not only with another similar provider at the airport but with service providers at other regions or else were in the Country. If the Authority's only intention is to ensure that the tariff should not be unreasonably high, it was submitted that high tariffs would surely not benefit the airport in a fiercely competitive scenario and competition already ensuring reasonable level of tariffs, the percentage of royalty/revenue share does not impact the same and hence should not be capped by Authority.

10.3 Shri Amitabh Khosla of IATA was of the view that the aspect of royalty/revenue share to airport operators should be eliminated to resolve the issue of ISPs claiming the same as expenditure. This would be in line with provisions of ICAO document 9082 which states "Airport Operator should not fully develop concession revenues in areas that have a direct impact on the cost of air transport". He brought out that European Union, in fact has banned the imposition of Market Access Fees by airports on ground handling services. Hence IATA recommends that Authority could look into the same and eliminate royalty on cargo and ground

handling services and at the least, limit it to a low single digit percentage of gross turnover and phased out over time.

10.4 As regards fuel throughput charges, IATA opined that Authority may not permit an annual escalation (WPI escalation) as it is not a cost based charge. Hence Fuel Throughput charge should be reduced over time and eliminated eventually.

10.5 As regards depreciation, IATA agreed that the reasonable useful life of assets as worked out by AERA based on the study initiated should be adopted by also considering the provisions of Companies Act, 2013.

10.6 On the issue of currency of tariffs, IATA was of the view that since the costs of ISPs are incurred in INR, the tariff rates should be quoted in INR and would solve the issue of currency conversion and also be in line with ICAO document 9082.

10.7 In response to IATA's view on capping revenue share as pass through, the private airport operators reiterated that competition already ensures reasonable level of tariffs and thus the percentage of royalty/revenue share does not impact the same and thus should not be capped by Authority.

11. Chairperson, AERA requested for early submission of the registration form shared with the service providers for On Line Tariff Submission (OLTS) along-with the written suggestions on the proposed tariff card so that tariff proposals can be taken up for implementation in electronic mode effective from 01.04.2016, the first day of the second control period.

The meeting ended with a vote of thanks to the Chair.

Annexure - I

List of Participants:

Airports Economic Regulatory Authority of India :

S/Shri/Smt.

- | | | | |
|----|---------------------------------|---|----------|
| 1. | S. Machendranathan, Chairperson | - | In Chair |
| 2. | Dinesh Chander Bajaj, Member | | |
| 3. | D. Devaraj, Member | | |
| 4. | Radhika R., OSD-II | | |
| 5. | S. Dey, DGM (F) | | |
| 6. | R.K. Gupta, AGM (F) | | |
| 7. | Mohit Kaushish, Manager (F) | | |
| 8. | K Narsimha, Sr. Supdt. (F) | | |

Airports Authority of India

- | | |
|-----|----------------------|
| 9. | S. Samanta, ED (JVC) |
| 10. | V. Vidya, GM (F) |

Delhi International Airport Limited

- | | |
|-----|-----------------------------|
| 11. | Madhukar Dodrajka, CFO (JV) |
| 12. | Sanjiv Edward, Head-Cargo |

Mumbai International Airport Limited

- | | |
|-----|------------------------------------|
| 13. | Sanjay Khanna, Sr. VP - Commercial |
| 14. | Sanjiv Bhargava, VP - Regulatory |
| 15. | Alok Patni, Manager - Regulatory |

Hyderabad International Airport Limited

- | | |
|-----|-------------------|
| 16. | Rajesh Arora, CFO |
| 17. | Harsh Gulati, GM |

Cochin International Airport Limited

- | | |
|-----|---------------------------|
| 18. | Sunil Chacko, CFO |
| 19. | Santosh J. Poovattil, AGM |

Bangalore International Airport Limited

- | | |
|-----|--|
| 20. | Anand Kumar P., VP |
| 21. | Raj Andrade, VP - Business Development |
| 22. | Sunil Joshi, Asstt. GM |

Air India

23. Manoj Kakkad, Sr. AGM

Jet Airways

24. Valerian Lobo, GM – Customer Service

InterGlobe Aviation Ltd.

25. Ankur Garg
26. Praveen Gupta, Assistant Director

Alliance Air

27. Sunil Dua, ED (F)

Blue Dart Aviation Ltd.

28. Arun Ahlawat, Sr. Manager

International Air Transporters Association

29. Amitabh Khosla, Country Director

Air Passengers Association of India

30. Sudhakar Reddy, President

Association of Private Airport Operators

31. Satyan Nayar, Secretary General

Express Industries Council of India

32. Nikhil Saini, Major (Retd.) Asst. Director – Public Policy
33. Ranjit Walia, Executive – Operations

Cargo Service Centre

34. Avinash Razdan, VP & CFO

Central Warehousing Corporations

35. A. T. Sankar, GM (Commercial)

Rajasthan Small Scale Industries Corporation Ltd.

36. R. G. Ghai - In charge

Air India SATS Airport Services Private Ltd.

37. Bobban Philip Jose, VP – Cargo Projects
38. Kalpesh Kumar, VP – Commercial

Celebi Delhi Cargo Terminal Management India Pvt. Ltd

39. Ramesh Mamidala, CEO
40. Ravi Bhatnagar, CFO

Hyderabad Menzies Air Cargo Pvt. Ltd.

41. Ravinder Bolangdy, CEO
42. Srikanth Vetcha, CFO

CONCOR

43. Deepak Kapoor, Director

Kale Logistics

44. Amar More, Director

Bhadra International India Limited

45. R. V. Narayanan, Director

Menzies Aviation Bobba (Bangalore) Limited

46. Venkata Reddy, CEO
47. Kamesh Peri, SVP
48. G. Kannan, Finance Controller

Menzies Bobba Ground Handling Services Pvt. Ltd.

49. B. Ratnakar

IndoThai Airport Management Services Ltd.

50. Sudhir Shukla, Manager – Operations

Cambata Aviation Pvt. Limited

51. C. S. Madaan, Sr. Manager – HR

Celebi NAS Airport Services India Pvt. Ltd.

52. Laxman K. Prasad, CFO – Ground Handling
53. Jodhbir Singh Sachdeva, Consultant, KPMG

Indian Oil Corporation Ltd.

54. Jainendra Kumar, Sr. Manager (Aviation)
55. Sunil Ramesh Gupta, DGM (Aviation)

Bharat Petroleum Corporation Limited

56. J. P. Singh, Manager Business Development & Strategy (Aviation)
57. Atul Mehra, Chief Manager Business Development & Strategy (Aviation)

Indian Oil Skytanking Limited

58. D. Ganesh, CFO & Company Secretary

Mumbai Aviation Fuel Farm Facility Pvt. Ltd.

59. Geeta Iyer, CFO

Bharat Stars Services (P) Ltd.

60. Akash Tiwari, CEO

Delhi Aviation Fuel Facility Private Limited

61. B.K.Singh, CEO
62. Tarun Sharma, Executive – F & A

Indus Net Technology

63. Manoj Tandon, Sr. Advisor
64. Abhishek Shukla, Project Manager