

Airports Economic Regulatory Authority of India

Order No. 10/2015-16

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

Date of Order: 20th May, 2015

Date of Issue: 27th May, 2015

Service: Cargo Handling Services in respect of International Cargo
Service provider: M/s Concor Air Limited
Airport: CSI Airport, Mumbai

Determination of tariff for the fifth tariff year (2015-16) of the first control period.

This Authority, vide Direction No. 04/2010-11 dated 10.01.2011, had issued the Guidelines [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] prescribing procedures, terms and conditions for determination of tariff for the above mentioned regulated services being provided by Independent Service Provider(s). As per the Guidelines, the service providers are required to submit Multi Year Tariff Proposal (MYTP) for the five year control period and Annual Tariff Proposal (ATP) for individual tariff years of the Control Period. In case a new Service Provider is granted permission for providing regulated service(s) at a major airport, the Service provider shall, within two months of the date of grant of such permission, submit to the Authority for its consideration, a Multi-Year Tariff proposal (MYTP) in accordance with these Guidelines.

2. In terms of Order No. 32/2012-13 dated 15.01.2013 issued by Authority, CONCOR, the third party concessionaire was permitted to charge the tariff as were being charged by MIAL on the date of taking over of the service. The third party concessionaire was to approach the Authority only in case of any increase of rates. In compliance of the above terms of order No. 32/2012-13 dated 15th January 2013, CONCOR, the third party concessionaire of MIAL had submitted a proposal for determination / revision of tariff for international cargo handling on 10th June, 2014. Since the supporting documents submitted along with this proposal were based on MYTP filed by MIAL, the Authority had advised CONCOR to submit the revised MYTP /ATP along with all requisite forms, supporting documents etc.

3.1 Accordingly, CONCOR submitted a fresh proposal for Annual Tariff determination for Cargo Handling Services in respect of International cargo at CSI Airport, Mumbai, based on "Light Touch Approach" for fourth Tariff Year, i.e. 2014-15 (effective from 01.12.2014 – 31.03.2015) and for fifth Tariff Year (2015-16).

3.2 The Authority considered the submissions made by CONCOR and issued a Consultation Paper No02/2015-16 on 07.04.2015 with 21 days response time. The last date of receipt of comments was 28.04.2015.

3.3 Simultaneously, a letter was issued to CONCOR on 07.04.2015 seeking clarifications on the proposed Capital Expenditure. CONCOR, vide letter dated 29.04.2015 has responded to the same.

3.4 In response to the Consultation Paper, comments have been received from the following stakeholders/others:

(i) CEVA Freight India Private Limited, vide letter dated 23.04.2015 (endorsed through email dated 30.04.2015) has offered the comments in response to above consultation paper which inter-alia state that currently the charges for cargo handling at MAIPL, Mumbai are amongst the lowest at major airports in India. Mumbai Airport which is world's busiest airport, reduction in turn around time was a difficult task; in spite of this MAIPL was able to remove the operational challenges. Considering there was no increase in airport cargo handling charges for the last 10 years, it is imperative that charges are revised now and thus CEVA wholly heartedly support the proposed increase of 15% which is nominal.

(ii) CONCOR Air Limited (CAL) vide letter of even no. dated 27.04.2015 (endorsed through email dated 28.04.2015) has offered the comments in response to above consultation paper as below:

"..... As the service provided by us at CSIA is material and competitive, Light Touch approach should be used for determination of tariff for the current control period.

As per the stakeholder consultation process prescribed by AERA, CAL had carried out due consultation with the airport cargo stakeholders for the revised tariffs on 20th September, 2014 and 22ⁿ September, 2014 and submitted the minutes of meeting to the Authority.

The tariff of international cargo operations has not increased for past 10 years. While there is continuous increase in input cost as well as development cost during the same period. While there is increase in cargo handling tariffs of all the cargo operators at major airports in India, there has been no increase in cargo tariffs at CSIA.

The CPI-IW and WPI index, which are reflective of inflation have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively, since MIAL took over operations at CSIA in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.

Existing charges for cargo handling at CSIA is lowest amongst other airports. Further, Cargo tariffs at Mumbai would be amongst the lowest at the major airports in India even after increase of 15%. Please refer Annexure I,



benchmarking International cargo tariffs of MIAL as compared to other airports in India.

The comparative tariff with regard to Airports in "Bar Chart" format is also attached herewith with Annexure I above. It can be seen that, in Export category, the existing Export TSP charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports. Similarly, in case of Export Demurrage charges, the existing charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports.

Further, in case of Import, the existing Import TSP charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports. The same trend can also be seen in Import Demurrage charges, wherein the existing charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports.

We differ with the Authority on the view that stakeholder consultation meeting held were inconclusive as no stakeholder has outright rejected the increase in tariff hike.

In support of above, CAL has submitted details of stakeholder consultation meetings and extracts from the same.

(iii) MIAL vide letter No MIAL/VPR/15-16/07 dated 28.04.2015 has also offered comments in response to aforesaid consultation paper which are inter-alia in brief, as below:

- (i) Cargo service provided by CAL is "material and competitive"
- (ii) Charges for cargo services have not increased over last 10 years.
- (iii) Stakeholders appreciated the development in cargo and are ready for increase in rates.

(iv) EICI vide letter No EICI/MEMO/023 dated 27.04.2015 has also offered comments in response to above consultation paper as below:

".....We take this opportunity to convey our appreciation for improvement of service levels by CAL/MIAL at CSIA in the last few years. As Mumbai airport has various limitations of space, bringing about improvement in service levels and efficiency by reduction in dwell time is indeed laudable.

We do hope that the service levels and efficiency will be maintained for which they have sought a revision in their tariff which appears to be reasonable considering that the tariff has not been increased for some time now. Considering maintaining service levels is of paramount importance, their request for revision in tariff for enduring viable operations appears to be justified....."

Hence we have no objection to the Annual Tariff Proposal (ATP) filed by CAL/MIAL for international cargo facility services for CSIA, Mumbai."



ORDER

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

- (i) The Cargo Handling Services in respect of International Cargo being provided by CONCOR Air Limited (CONCOR) at CSI Airport, Mumbai, is "material but competitive". Therefore, the Authority decides to adopt a "Light Touch Approach" for determination of tariff for the 1st Control period w.e.f 01.04.2011;
- (ii) The Annual Tariff Proposal for the fifth tariff year (w.e.f. 01.04.2015 to 31.03.2016) of the first control period submitted by CONCOR Air Limited for Cargo Handling Services in respect of International Cargo at CSI Airport, Mumbai is determined as at **Annexure – I**.

**By the Order of and in the
Name of the Authority**

Alok Shekhar

**(Alok Shekhar)
Secretary**

To,

**CONCOR AIR LIMITED (CONCOR),
5th Floor, New Administrative Building,
Central Railway,
D.N.Road,
Mumbai - 400 001.
(Through Shri Anil Sonawane, Chief Executive Officer)**



Schedule of charges

Form 14(b)

(A) IMPORT CARGO

TERMINAL CHARGES

Sr. No.	Type of Cargo	Rate per Kilogram (Maximum)
1.	General	Rs. 5.12
2.	Special and valuable	Rs. 10.22

(B) EXPORT CARGO

TERMINAL CHARGES

Sr. No.	Type of Cargo	Rate per Kilogram (Maximum)
1.	General	Rs. 0.81
2.	Special	Rs. 1.61
3.	Perishable	a) Rs. 2.67 wherever state of Art facility is provided. b) Rs.0.77 wherever exclusive facility is not provided.

" Notes to the Schedule of charges" shall prevail as per Annexure IV to MIAL Tariff Order No. 32/2012-13 dated 15.01.2013



Schedule of charges

International Cargo - payable by Airlines

S.No	Function	Description of Service	Rate per Kilogram (Maximum)
1	Export	Carting/Palletisation/Containerization/Bulk Cargo Handling	4.03
2	Export	Utilization of Bonded cargo	1.73
3	Export	Carting of Cargo from Domestic airport to MIAL International Warehouse or return from MIAL International Warehouse to Domestic Airport	2.01
4	Export	Carting of Export using other Gateways Airports in India (Jet Airways Domestic Bonded warehouse) (per kg)	1.32
5	Export	Carting Export Cargo using other Gateways Airports in India (Domestic airlines warehouse to MIAL Bonded warehouse)	1.27
6	Export	Carting charges to/from aircraft (per kg)	1.15
7a	Export	Aircraft loading charges (bulk) (per kg) General cargo	1.90
7b	Export	Aircraft loading charges (Per/HZ/VAL cargo)	2.83
8a	Export	Storage Chgs. - If uplifted beyond free period of 48 hours (per kg) General cargo (rate per kg per day)	1.85
8b	Export	Special cargo (rate per kg per day)	3.69
9	Export	Supervision and Coordination for export courier at KT and export perishable at APEDA. (Minimum charges applicable per AWB)	0.95
10	Export	Document Handling. (Additional applicable per AWB only for DGR/SPL/VAL cargo)	1.15
11	Export	X ray charges - If screening done by airlines (minimum charges applicable per AWB)	1.59
12	Export	X ray charges - If screening not done by airlines (minimum charges applicable per AWB)	1.96
13	Export	P O mail unitization	4.03
14	Export	ULD weightment charges (for one Tag printing per ULD with Airline logo)	
		- container (lower deck) - LD3 and similar	144.00
		- pallets (lower deck and main deck)	173.00
		- Bulk Trolley	86.00
		- 16 foot and 20 foot	288.00
15	Import	Carting charges (TP Cargo) (minimum charges applicable per CTM)	2.36
16a	Import	Storage Charge if cargo unchecked beyond 24 hrs. of arrival of aircraft (per kg per day) (a) Bulk - per Kg./day minimum charges applicable per AWB	1.93
16b		(b) ULD - per ULD/day minimum charges applicable per AWB	775.10
16c		(c) VAL - per Kg./day minimum charges applicable per AWB	4.85
16d		(d) HAZ / Per - per Kg./day minimum per Rs 235 per AWB	3.20
17	Import	Destuffing of ULD (minimum charges applicable per IGM)	1.22
18	Import	Document Handling (minimum charges applicable per flight)	2.01
19	Import	Destuffing of P O Mail. (Minimum charges applicable per IGM)	1.22
20	Import	Ramp (Import/Export) (per arriving flight)	4,600.00
21	Import	Delivery issuance charges	50% of amount collected by airline
22	Import	ULD management (per flight)	11,500.00
		Total	

" Notes to the Schedule of charges" shall prevail as per Annexure IV to MIAL Order No. 32/2012-13 dated 15.01.2013



Schedule of Charges

DEMURRAGE CHARGES – payable by Shippers/Consignors/Agents/Airlines

(A) IMPORT CARGO

Sr. No.	Type of Cargo	Period	Rate per Kilogram per day (Maximum)
1.	General Cargo	Up to 120 hrs. including free period	1.50
		Between 120 hrs. and 720 hrs.	2.99
		Beyond 720 hrs	4.49
2.	Special Cargo	Up to 120 hrs. including free period	2.99
		Between 120 hrs. and 720 hrs.	5.98
		Beyond 720 hrs	8.97
3.	Valuable Cargo	Up to 120 hrs. including free period	5.98
		Between 120 hrs. and 720 hrs.	11.96
		Beyond 720 hrs	17.94

(B) EXPORT CARGO

Sr. No.	Type of Cargo	Rate per Kilogram per day (Maximum)
1.	General	Rs. 0.83
2.	Special	Rs. 1.64
3.	Perishable	(a) Rs. 2.67 Wherever state of Art Facility is
		(b) Rs. 0.79 wherever exclusive facility is not.

“ Notes to the Schedule of charges” shall prevail as per Annexure IV to MIAL Tariff Order No. 32/2012-13 dated 15.01.2013

