

[F.No. AERA/20010/MYTP/EICI/C/Mum/2011-12/Vol-III]

Airports Economic Regulatory Authority of India

Order No. 19/2015-16

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

Date of Order: 24th June, 2015

Date of Issue: 30th June, 2015

Service: Express Cargo Handling Service (Courier Handling Services)

Service provider: M/s Express Industry Council of India (EICI)

**Airport: Chhatrapati Shivaji International Airport (CSIA),
Mumbai**

Determination of tariff for the fourth (2014-15) and fifth (2015-16) tariff year 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.

2. Accordingly, the Authority had considered the Multi Year Tariff Proposal (MYTP) submitted by Express Industry Council of India (EICI) for the first control period commencing 01.04.2011 in respect of Cargo Handling Services (Express Courier Handling) at CSI Airport, Mumbai. After due stakeholder consultation, the Authority issued Multi Year Tariff Order (MYTO) No 26/2013-14 dated 16.07.2013 vide which the Authority ordered that service provided for courier cargo handling is "material but competitive" and hence tariff shall be determined under "Light Touch Approach" for the first control period. Along with the MYTO, the Authority had also determined the tariff for the first, second and third tariff years.

3. Thereafter, EICI vide letter dated 28.02.2014 had submitted its Annual Tariff Proposal (ATP) for FY 2014-15, FY 2015-16 and FY 2016-17 for its express cargo handling services at Express Cargo Terminal at CSI Airport, Mumbai which was revised/amended as per Guidelines and resubmitted vide letter dated 10.07.2014 for 4th and 5th tariff year for its express cargo handling services at CSI Airport, Mumbai.



4. The Authority considered ATP for the fourth and fifth tariff year and issued Consultation Paper No. 11/2014-15 dated 03.11.2014 for stakeholders consultation. The last date of receipt of comments was 17.11.2014. In response to the proposal contained in the Consultation Paper, only one comment has been received from Mumbai International Airports Private Limited (MIAL) inter-alia indicating that the term of the contract with EICI is for a period of 5 years from 01.03.2010 which would terminate on 28.02.2015 and MIAL would at that time take an appropriate decision regarding renewal of the agreement or appointment of a new concessionaire. MIAL therefore requested the Authority to accord approval to the ATP for FY 2014-15 & FY2015-16, subject to renewal of concession in favour of EICI/new concessionaire for period beyond 28.02.2015.

5. The Authority, vide letter dated 23.04.2015, advised EICI to give justification for proposed increase in tariff for tariff year 2014-15 and 2015-16. In response, EICI, vide letter dated 08.05.2015, submitted its reply which is reproduced below:

"We wish to submit that as the year 2014-15 has already gone by and as the volumes have witnessed substantial growth during the said period, the users have decided that there is no need for any enhancement in the tariff for the year 2014-15 and in any case the year has gone by and we have not been able to make any increase.

We also wish to submit that there has been an increase in our expenses on account of increase in manpower costs, increase in salaries, license fee, rentals, transportation etc., and the increase sought after 2.5 years is minimal. Please note that given the time it takes to get approval and given the fact that we have to take quick decision to implement change in tariff in case of fall in volumes, we are seeking this as a cap and it is not necessary that the revised tariff will be implemented unless approved by the users through a decision of the Board. At the same time in case the volumes fall or costs rise suddenly then we will have to implement a revision quickly and hence the request for the approval."

6. The Authority, vide letter dated 03.06.2015, requested EICI to make a presentation before the Authority on 05.06.2015 in respect of ATP for the fourth and fifth tariff years for Delhi, Mumbai and Bangalore Airport and MYTP /ATP for Chennai Airport.

7. During the presentation on 05.06.2015, the Authority discussed revenue, profit, reserve and return on RAB as per Financial Account submitted by EICI. During the meeting, EICI was not able to justify increase in tariff over earlier approved tariff for above airports.

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8. 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) Express Industry Council of India to continue levy of tariffs in respect of courier operation at CSI Airport for the remaining period of the current control period at the same level as was approved vide Authority's Order No. 26/2013-14 dated 16.07.2013 for the third tariff year (**Annexure-I**).
- (ii) EICI shall maintain a separate account for the recovery of Customs cost/ arrears of customs cost on account of the salary revision, and also submit to Authority, details of customs cost recovery charges duly certified by Chartered Accountant and reconciled with Audited financial account along with every MYTP/ ATP.
- (iii) EICI may submit the MYTP and ATP for the 2nd Control Period well in time as per the Guidelines by incorporating the actual financials of 2014-2015 along with the aggregate revenue requirements for the 1st control period.
- (iv) Express Industry Council of India (EICI) shall indicate the custom cost recovery as separate line item in its tariff card while submitting its proposal for the second Control Period.

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

Alok Shekhar

**(Alok Shekhar)
Secretary**

To,

**Express Industry Council of India,
501, Crystal Centre, Raheja Vihar,
Off. Chandivali Farm Road, Powai,
Mumbai – 400 072
(Through Shri Vijay Kumar, Chief Executive Officer)**



MUMBAI

Express Industry Council of India
Tariffs for Mumbai Terminal: Facilitation Fees, Storage & Processing Charges at EICI Express Terminal Built,
Managed and Operated by Express Industry Council of India at Mumbai Airport
Effective from April 2013 (w.e.f. 01.04.2013 to 31.03.2014)

Sl. No.	Charges	Rate Rs.	Remarks
1.	International Imports		
	Facilitation Fees	Rs. 6.00 Per Kg.	
	Detention Fees		
	0-3 Days	Free	
	From 04-10 Days	Rs. 2/- Per Kg, or part thereof or Rs. 30/- whichever is higher	
	From 11-20 Days	Rs. 3/- Per Kg, or part thereof or Rs. 30/- whichever is higher	
	From 21-30 Days	Rs. 4.50 Per Kg.	
	Form 31 st Day	Rs. 6/- Per Kg	
	Demurrage Charges	Rs. 5/- Per Kg.	Demurrage free period shall be as per Government Orders issued from time to time
2.	International Exports		
	Facilitation Fees	Rs. 5.50 Per Kg.	

The above tariffs are all inclusive charges charged for facilitation Import and Export Shipments.



Annexure - I

3.	X-Ray Charges (International Cargo-Exports)	Rate – Rs per kg	Minimum Charges per AWB/CTM/IGM/FLIGHT	- As per Ministry of Civil Aviation letter no. AV.24032/13/2010-AD dated 17.06.2013, the x-ray screening charges should be the same both for general cargo and courier cargo
3.1	X- ray charges- If screening done by airlines (minimum charges applicable per AWB)	Rs. 1.38 *	Rs. 167*	
3.2	X- ray charges- If screening not done by airlines (minimum charges applicable per AWB)	Rs. 1.70*	Rs. 225*	
4.	Customs Charges (Imports)	Rs. 1.50 Per Kg.		Once Customs stop demanding the Cost Recovery, EICI will also stop collection of these charges.
5.	Customs Charges (Exports)	Rs. 0.50 Per kg.		
6.	Customs Cost Recovery Arrears charges	Rs. 0.40 Per Kg.		Due to 6 th Pay Commission Arrears demanded by Customs, EICI has proposed to levy a surcharge of Rs. 0.40/- per kg. till total recovery of arrears of Rs. 94,85,658/- w.e.f. 01.03.2012. The charge will not be levied once the arrears are collected and paid.



	EDI Clearance Charges		As per MoU signed with Customs, there would be a certain levy on the shipments cleared through EDI. The CAPEX for these charges are not included in the MYTP proposal. These charges would be levied once it is approved by Customs
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Note:

- The charges are on per kg basis. For a 1 kg shipment the per kg rate is applicable.

* As per Order No. 32/2012-13 dated 15.01.2013 issued in the matter of determination of aeronautical tariffs in respect of CSI Airport, Mumbai, rates for x-ray charges are effective from 1st April, 2009.

