

Airports Economic Regulatory Authority of India

Order No. 3/2016-17

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

Date of Order: 6th April, 2016

Date of Issue: 8th April, 2016

Service: GMAX Services
Service provider: M/s Kale Logistics Solutions Private Limited.
Airport: CSI Airport, Mumbai

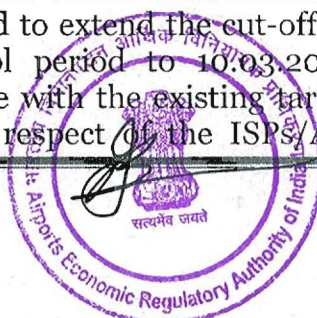
In the matter of delay in submission of Multi Year Tariff Proposal (MYTP) for the 2nd Control Period (w.e.f. 01.04.2016) by M/s Kale Logistics Solutions Private Limited (Kale Logistics) for GMAX services at CSI Airport.

In accordance with the Direction No.04/2010-11 dated 10.01.2011 (in respect of "The Airports Economic Regulatory Authority of India (Terms and conditions for determination of tariffs for services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011"), issued under Section 15 of the Act all Independent Service Provider(s) [ISP(s)] were required to submit to this Authority for its consideration, a Multi Year Tariff Proposal (MYTP) in the form and manner specified in the Guidelines.

2. The Authority vide letter dated 28.01.2016, informed the concerned ISPs that the 2nd Control Period shall commence from 1st April 2016 and the cut-off date for submission of the MYTP is 01.03.2016 (except for DIAL & MIAL). The Independent Service Providers/Airport Operators were informed that they are required to submit to the Authority for its consideration a Multi Year Tariff Proposal in the form and manner as specified in the Guidelines and the Annual Tariff Proposal for 2016-17 would also require to be submitted along with the MYTP for the Authority's consideration.

3. The Authority further, vide aforesaid letter, inter-alia categorically informed the stakeholders that the approval of Authority to continue with the existing tariffs till the new tariffs are in place, shall only be granted in respect of the ISPs/Airport Operators who have submitted their tariff proposals for 2nd Control Period within the cut off dates. The tariffs of service providers, who do not submit their proposals by cut-off date, shall cease to exist.

4. Further, vide letter dated 25.02.2016, based on the request received from the various service providers during the online tariff familiarization programme held on 19.02.2016, the Authority decided to extend the cut-off date for submission of tariff proposal for the second control period to 10.03.2016 and reiterated that the approval of Authority to continue with the existing tariffs till the new tariffs are in place, shall only be granted in respect of the ISPs/Airport Operators who have



submitted their tariff proposals for 2nd Control Period within the cut-off dates and that the tariffs of service providers, who do not submit their proposals by cut-off date, shall cease to exist.

5. Based on representations of BCHAA and ACAAI, the Authority had earlier decided that the GMAX services being provided by Kale is related to terminal procession and is an aeronautical service. It was further decided that M/s Kale Logistics should submit the MYTP and ATP after undertaking user consultation as per the CGF Guidelines, 2011.

6. Kale Logistics has been repeatedly approaching the Authority for a decision in respect of whether the GMAX service provided by them at CSIA is aeronautical and also to decide on other EDI service providers operating at the airports. In the absence of a decision, Kale Logistics did not submit MYTP till 31.03.2016.

7. Subsequently, Kale Logistics vide letter dated 30.03.2016 has requested for allowing continuation of charges beyond 31.03.2016 in respect of GMAX services at CSI Airport, Mumbai primarily due to the following reasons:

- (i) The trade including Brihan-Mumbai Customs House Agents Association (BCHAA) and Air Cargo Agents Association of India (ACAAI) have withdrawn their objections and accepted that the GMAX initiative is useful for them despite paying more than the current charges.
- (ii) Regulating the charges of Kale Logistics only leaving other IT/EDI services out of regulation would land Kale in a disadvantageous position.
- (iii) Though Kale continue to dispute the classification of their services as aeronautical, the current frame work of MYTP filing is not amenable to IT services at an airport. Hence MYTP filing for IT services in existing frame work is a very complicated exercise.

8. Kale has further requested Authority to allow continuation of existing charges/filing of tariff proposal till 30.09.2016.

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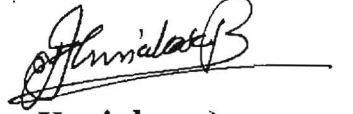
9. After careful consideration of the matter, the Authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory Authority of India Act, 2008, hereby orders that

- (i) The GMAX service being provided by Kale Logistics is related to terminal processing and is an aeronautical service. Kale Logistics should submit the Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) after undertaking user consultation as per the CGF Guidelines 2011 **within 21 days** from the date of issue of the order.
- (ii) Kale Logistics is allowed to continue levy of existing charges beyond 31.03.2016 upto 30.04.2016.



- (iii) In case Kale Logistics fails to submit the tariff proposal by the extended time line, their tariff will cease to exist at the above mentioned airport w.e.f 01.05.2016.
- (iv) The Airport Operator may also ensure compliance of the Order in respect of GMAX service being provided by Kale Logistics.

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



**(Joy Kuriakose)
Deputy Chief**

To,

**Kale Logistics Solutions Private Limited,
12th Floor, MBC Info Tech Park,
Near Hyper City,
Kasarvadavali Ghodbunder Road,
Thane, Mumbai – 400 615.
(Through: Shri Amar More, Senior Vice President)**

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AERA

