



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

डेलही कार्गो सर्विस सेन्टर प्राइवेट लिमिटेड (डी.सी.एस.सी.) द्वारा इंदिरा गांधी अंतरराष्ट्रीय हवाईअड्डा(आई.जी.आई.ए.), दिल्ली में प्रदान की जाने वाली कार्गो हैंडलिंग सेवाओं के लिए तृतीय नियंत्रण अवधि (वित्त वर्ष 2021-22 से वित्त वर्ष 2025-26) के लिए टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF
DETERMINATION OF TARIFF FOR CARGO HANDLING SERVICES FOR
DELHI CARGO SERVICE CENTER PVT. LTD. (DCSC) AT INDIRA GANDHI
INTERNATIONAL AIRPORT (IGIA), DELHI
FOR THE THIRD CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)

जारी करने की तारीख : 25th नवम्बर, 2022

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प्रशासनिक कॉम्पलेक्स/Administrative Complex
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STAKEHOLDERS' COMMENTS

The Authority is aware of the fact that the Aviation Sector is recovering after undergoing turbulence & uncertainty on account of the COVID 19 PANDEMIC around the world. The pandemic had resulted in restrictions on air travel, both domestic and international. Now, with the decline in Covid cases and after easing out of restrictions relating to air travel (w.e.f. 28.03.2022), the Aircraft Traffic has started improving.

In this background, the Authority has released this Consultation Paper, after examining the impact of COVID 19 PANDEMIC on the various assumptions stipulated in the Multi-Year Tariff Proposal ('MYTP') submitted by the Delhi Cargo Service Center (DCSC), particularly the projection of Cargo Volume including the Cargo Volume proposed to be received in the form of ULDs/ BUPs from approved Air Freight Station (AFS). Accordingly, the Authority's proposals on the various aspects of the Tariff determination process have been explained in detail in each Chapter in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the Airports Economic Regulatory Authority of India Act, 2008 the written comments on Consultation Paper No. 13/2022-23 dated 25.11.2022 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)

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Last Date for submission of Stakeholders' Comments:	14.12.2022
Last Date for submission of Counter Comments:	22.12.2022

Comments and Counter Comments will be posted on AERA's website www.aera.gov.in

For any clarification/information, Director (P&S, Tariff) may be contacted at Telephone No. +91-11-24695048

TABLE OF CONTENTS

CHAPTER-1: INTRODUCTION	7
CHAPTER-2: TARIFF SETTING PRINCIPLES	9
CHAPTER-3: CARGO PROJECTIONS FOR THE THIRD CONTROL PERIOD	10
CHAPTER-4: REGULATORY ASSET BASE (RAB), DEPRECIATION AND SD	16
CHAPTER-5: OPERATION & MAINTENANCE EXPENDITURE.....	30
CHAPTER-6: AIR FREIGHT STATION (AFS)	36
CHAPTER-7: AGGREGATE REVENUE REQUIREMENT.....	42
CHAPTER-8: PROFITABILITY OF DCSC	47
CHAPTER-9: SUMMARY OF AUTHORITY’S PROPOSALS	50
CHAPTER-10: STAKEHOLDERS’ CONSULTATION TIMELINE	51
ANNEXURE-I: AFS POLICY	52
ANNEXURE-II: MYTP FOR AFS CARGO BY DCSC FOR THE THIRD CONTROL PERIOD.....	63
ANNEXURE-III: SUMMARY OF DELIBERATIONS HELD BY THE AUTHORITY WITH VARIOUS STAKEHOLDERS ON MOCA’S AFS POLICY	76
ANNEXURE-IV: TARIFF RATE CARD PROPOSED BY DELHI CARGO SERVICE CENTER PRIVATE LIMITED FOR PROVIDING CARGO HANDLING SERVICES AT INDIRA GANDHI INTERNATIONAL AIRPORT, DELHI.....	78
ANNEXURE-V ANNUAL TARIFF PROPOSED FOR CARGO HANDLING SERVICES IN RESPECT OF DCSC FOR THE THIRD CONTROL PERIOD BY THE AUTHORITY FOR CONSULTATION PROCESS.....	106

List of Abbreviations

AERA/ Authority	Airports Economic Regulatory Authority of India
AFS	Air Freight Station
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Proposal
ACS	Annual Compliance Statement
CAPEX	Capital Expenditure
CISF	Central Industrial Security Force
CAGR	Compounded Annual Growth Rate
CCTV	Closed-circuit television
CCPL	Container Corporation Private Limited
CGF	Cargo, Ground Handling & Fuel
CTO	Cargo Terminal Operator
CPI	Consumer Price Index
CHQ	Central Headquarter
CSC	Cargo Service Center
DAFFPL	Delhi Aviation Fuel Facility Private Limited
DCSC	Delhi Cargo Service Center
DIAL	Delhi International Airport Limited
EBT	Earnings Before Tax
FRoR	Fair rate of return
FY	Financial Year
GTO	Gross Turn over
HQ	Headquarter
HVAC	Heating, Ventilation, and Air Conditioning
IGIA	Indira Gandhi International Airport
ISP	Independent Service Provider
MoCA	Ministry of Civil Aviation
MYTP	Multi-Year Tariff Proposal
MYTO	Multi-Year Tariff Order
MT	Metric Ton
NCR	National Capital Region
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
PBT	Profit Before Tax

RAB	Regulatory Asset Base
SqM	Square Meter
SCP	Second Control Period
SD	Security Deposit
TCP	Third Control Period
TDSAT	The Telecom Disputes Settlement and Appellate Tribunal
TEFR	Techno Economic Feasibility Report
TSP	Terminal Storage and Processing
ULD	Unit Load Device
UP	Uttar Pradesh
WIP	Work in progress
Y-o-Y	Year on Year

List of Tables

Table No.	Particulars	Page No.
1	Shareholding Structure of DCSC	7
2	Actual Cargo volumes handled at IGIA, Delhi and Actual Cargo Tonnage handled by DCSC during Second Control Period & FY 2021-22	10
3	Cargo Tonnage Projection by DCSC Delhi for the Third Control Period	11
4	Impact of Jewar Airport on Cargo Volumes at IGIA, Delhi and DCSC for the Third Control Period	12
5	Cargo Volumes Projected by the Authority for DCSC for the Third Control Period	13
6	Additions proposed to RAB by DCSC for the Third Control Period	16
7	Additions proposed for new Cargo warehouse by DCSC for the Third Control Period	20
8	Upgradation of Existing Facility proposed by DCSC for the Third Control Period	22
9	Summary of Total CAPEX proposed by DCSC for the Third Control Period	23
10	RAB as per DCSC Submissions for the Third Control Period	23
11	Depreciation proposed by DCSC for the Third Control Period	25
12	CAPEX, Average RAB and Depreciation proposed by the Authority for DCSC for the Third Control Period	27
13	Return on Security Deposit proposed by the Authority for the Third Control Period	29
14	O&M Expenditure Projected by DCSC for Delhi for the Third Control Period	30
15	Concession Fee Proposed by the Authority for DCSC for the Third Control Period	34
16	OPEX proposed by the Authority for DCSC for the Third Control Period	35
17	Projected AFS Cargo as per DCSC Submissions for the Third Control Period	37
18	Aggregate Revenue Requirement as per DCSC Delhi for the Third Control Period	42
19	Existing and proposed Yield/ MT as per DCSC for the Third Control Period	43
20	Revenue (excluding revenue from AFS Cargo) at existing rates computed by the Authority for the Third Control Period	44
21	AFS Revenue proposed by the Authority for DCSC for the Third Control Period	44
22	ARR proposed by the Authority for DCSC Delhi for the Third Control Period	45
23	Profitability Statement submitted by DCSC for the Third Control Period.	47
24	Profitability Statements proposed by Authority for DCSC Delhi for the Third Control Period	48

CHAPTER-1: INTRODUCTION

1.1 Background

1.1.1 Delhi Cargo Service Center Pvt. Ltd (DCSC), is a Special Purpose Vehicle incorporated under the Companies Act, 1956, in accordance with Concession awarded to it by Delhi International Airport Limited (DIAL) on 19.11.2009. DCSC provides Domestic and International Cargo Services at IGIA, Delhi. In addition to DCSC, M/s Celebi is the other service provider at Indira Gandhi International Airport (IGIA), Delhi providing Domestic and International Cargo handling services.

1.1.2 The shareholding structure of the DCSC is as follows:

Table-1: Shareholding Structure of DCSC

Name of the Shareholder	Equity Holding (%)
Cargo Service Center India Pvt. Ltd.	54
Global Infrastructure Partners	46
Total	100

1.1.3 DCSC has submitted that under the License Agreement with DIAL effective from 19.11.2009, they have been allotted land admeasuring 78,459 Square Meter (unpaved land) and 817 Square Meter paved land at IGIA by DIAL, at a license fee of Rs. 4998/- per square meter and Rs. 6793/- per square meter per annum (as on 01.04.2021) respectively, which is subject to an annual escalation @ 7.5% per annum, due 1st April every year. The Concession Agreement is valid till 31.07.2034

1.2 Background of the Tariff determination exercise

1.2.1 The Authority in accordance with 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 (CGF Guidelines) for Determination of Tariff of DCSC, issued its Order No. 13/2011-12 dated 07.10.2011 adopted the 'Light Touch Approach' to Tariff determination for the Cargo Handling services rendered by DCSC for the 1st Control Period and in the same Order, the Authority determined the Annual Tariff for cargo handling services provided by DCSC for first Tariff year (FY2011-12). Other Annual Tariff Orders issued for DCSC pertaining to 1st Control Period issued by the Authority are as follows:

- i. For FY. 2012-13 vide Order No. 05/2012-13 dated 21.05.2012;
- ii. For FY. 2013-14 vide Order No. 30/2013-14 dated 31.07.2013;
- iii. For FY. 2014-15 vide Order No. 18/2014-15 dated 06.02.2015;
- iv. For FY. 2015-16 vide Order No. 39/2015-16 dated 04.11.2015.

1.2.2 Thereafter, the Authority, vide its Order No. 50/2015-16 dated 21.03.2016 allowed DCSC to continue the Tariff applicable as on 31.03.2016 up to 30.09.2016. Subsequently, the Authority vide its Order No. 11/2016-17 dated 29.09.2016 extended the Tariff prevailing as on 31.03.2016 up to 31.03.2017. The Authority, vide its Order No. 19/2016-17 dated 31.03.2017, further extended the Tariff as on 31.03.2016 up to 30.09.2017.

Subsequently, the Authority, vide its Order No. 02/2017-18 dated 11.05.2017 decided to adopt 'Light Touch Approach' for determination of Tariff in respect of DCSC for Cargo Services provided at IGI Airport during Second Control Period. Other Tariff Orders pertaining to 2nd Control Period are given as under:

- i. Interim Order No.50/2015-16 dated 21.03.2016 valid up to 30.09.2016;

- ii. Interim Order No. 11/2016-17 dated 29.09.2016 valid up to 31.03.2017;
- iii. Interim Order No. 19/2016-17 dated 31.03.2017 valid up to 30.09.2017
- iv. Interim Order No. 12/2017-18 dated 29.09.2017 valid up to 31.03.2018
- v. Interim Order No. 43/2017-18 dated 28.03.2018 valid up to 30.09.2018.
- vi. Order No. 22/2018-19 dated 04.10.2018 approving regular Tariff for FY 2018-19, FY 2019-20 and FY. 2020-2021.

1.2.3 The Authority issued Order No. 67/2020-21 dated 25.03.2021, as an interim arrangement, to allow DCSC to continue the Tariff prevailing on 31.03.2021 for a further period of 6 months, i.e., till 30.09.2021. Other Interim Orders pertaining to Third Control Period are given below:

- i. Interim Order no. 18/2021-22 dated 15.09.2021 valid up to 31.03.2022
- ii. Interim Order no. 46/2021-22 dated 17.03.2021 valid up to 30.09.2022
- iii. Currently, Interim Order no. 24/2022-23 dated 23.09.2022 is applicable, whereby Tariff prevailing as on 30.09.2022 has been extended for the period up to 31.03.2023, or, till the determination of regular Tariff, whichever is earlier.

1.3 **Multi Year Tariff Proposal (MYTP) for the Third Control Period and Annual Compliance Statement (ACS) submitted by DCSC for the Third Control Period**

1.3.1 DCSC submitted MYTP for the Third Control Period (FY 2021-22 to FY 2025-26) vide letter dated 26.08.2022.

1.3.2 During review and analysis of MYTP of the ISP for the Third Control Period, the Authority sought various supporting documents and additional information/ clarification/ justification on regulatory building blocks and other pertinent aspects of the MYTP. In response thereto, DCSC vide various emails (20 nos.) between September, 2022 to November, 2022 submitted the requisite clarifications / additional information.

1.3.3 After having examined the MYTP submission & additional information furnished by DCSC, the Authority has issued this Consultation Paper for stakeholders' consultation.

1.3.4 DCSC in its submission has proposed 38% increase in Tariff on Y-o-Y basis starting from FY 2022-23 to FY 2024-25 & 41% in FY 2025-26 for Cargo Handling Services for the Third Control Period.

1.3.5 DCSC has submitted the Annual Compliance Statement (ACS) as required under the CGF Guidelines for the FY 2021-22, vide email dated 10.10.2022.

CHAPTER-2: TARIFF SETTING PRINCIPLES

2.1 Principles for Determination of Aeronautical Tariff

2.1.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Aeronautical Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued 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 Guidelines”).

2.1.2 As per clause 4.4. of the above said Guidelines at major airports, the percentage share of cargo handling for Indira Gandhi International Airport, Delhi is 29.60% (based on data for FY 2019-20) which is higher than the Materiality Index (MI_c) of 2.5% for the above subject service. Hence the regulated service is deemed “material.” The calculation is as shown below:

$$\text{Materiality Index } (MI_c) = \frac{\text{Cargo Volume at Major Airport A}}{\text{Total Cargo Volume at all Major Airports}} \times 100$$

$$MI_c = 955858/3228862 \times 100 = 29.60\%$$

2.1.3 The Authority notes that on ‘Competition’ assessment that M/s CELEBI is the other service provider for Domestic and International Cargo Operations at IGIA, Delhi. As in the instance case, there are two Service Providers (including DCSC) at IGIA, Delhi, providing Domestic & International Cargo Handling Services; therefore, the regulated service is deemed ‘**Competitive**’ for the Third Control Period.

2.1.4 As per Clause 3.2 (ii) of the Guidelines, wherever the Regulated Service provided is ‘**material but competitive**,’ the Authority shall determine Tariff(s) for Service Provider (s) based on a ‘**Light Touch Approach**’ for the duration of the control period, according to the provisions of chapter V of CGF Guidelines. However, the Authority reserves the right to review materiality assessments, competition assessments and the reasonableness of the User Agreements within the Control period and issue such direction or make such orders as it may consider necessary.

2.1.5 As per clause 11.2 of the CGF Guidelines, the ATP is required to be submitted in the manner and form provided AI 8.1. Appendix-I to the guidelines and should be supported by the following:

- a) Form B and Form 14 (b) (Proposed Tariff Card);
- b) Details of Consultation with Stakeholders;
- c) Evidence of User Agreement clearly indicating the Tariff proposal by the service provider and agreed to be the users.

2.1.6 The Authority notes that DCSC has not submitted any evidence of Stakeholders’ Consultation for the Third Control Period. Therefore, the Authority advises the ISP to conduct stakeholder’s consultation meeting at the earliest for compliance of AERA’s CGF Guidelines, 2011.

2.2 Authority’s Proposal on principle for determination of Tariff for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Tariff Determination Principle for the Third Control Period:

2.2.1 As the cargo handling service provided by DCSC at IGIA, Delhi is deemed ‘Material but Competitive’, it is proposed to determine the Tariff under ‘Light Touch Approach’ for the Third Control Period.

CHAPTER-3: CARGO PROJECTIONS FOR THE THIRD CONTROL PERIOD

3.1 Actual Cargo Volume handled at IGIA, Delhi and Actual Cargo Tonnage handled by the ISP during Second Control Period

- 3.1.1 The Actual Cargo Volume handled at Delhi Airport as per statistics available on AAI's website and the actual Cargo Tonnage achieved by DCSC during Second Control & first Tariff Year (FY 2021-22) of Third Control Period is given below:

Table 2: Actual Cargo volumes handled at IGIA, Delhi and Actual Cargo Tonnage handled by DCSC during Second Control Period & FY 2021-22

(in MT)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	CAGR from FY 2016-17 up to FY 2019-20
Cargo Volume handled at Delhi Airport							
Dom.	298357	311612	390975	352694	272542	321207	6%
Intl.	559062	651420	651973	603164	464889	603136	3%
Total	857419	963032	1042948	955858	737431	924343	4%
Y-o-Y % Change	-	12%	8%	-8%	-23%	25%	
Actual Cargo Volume handled by DCSC							
Domestic	159,582	91,711	126,542	131,704	112,247	133,695	-6.20%
Y-o-Y % change		-43%	38%	4%	-15%	19%	
International	135444	169569	188943	189763	131819	205759	11.90%
Y-o-Y % change		25%	11%	0%	-31%	56%	
Total (Dom. + Intl.)	295,026	261,280	315,485	321,467	244,066	339,454	2.90%
Cargo Volume of ISP as a % of Total Cargo Volume handled at IGIA, Delhi							
Domestic	53%	29%	32%	37%	41%	42%	
International	24%	26%	29%	31%	28%	34%	
Total	34%	27%	30%	34%	33%	37%	

- 3.1.2 The Authority, observes from the above statistics that DCSC has registered healthy growth rate in International Cargo handling and International Cargo Volumes increased from 135444 MT (FY 2016-17) to 205759 MT (FY 2021-22), with a CAGR of 11.90% (up to pre-Covid Year I.e. FY 2019-20). However, Domestic Cargo Volumes for ISP decreased from 159582 MT (FY 2016-17) to 133695 MT (FY 2021-22) with a CAGR of -6.20% (up to FY 2019-20).
- 3.1.3 The Authority notes that overall market share of ISP has increased from 34% in FY 2016-17 to 37% in FY 2021-22.
- 3.1.4 In contrast to increasing trend in Cargo Handling by DCSC seen during the Second Control Period (except during Covid affected year i.e. FY 2020-21), the ISP for Third Control Period has considered lower Cargo Volume Projections on account of various factors, which have been discussed in the following sections. The Cargo Volumes projected to be handled at IGIA, Delhi by the DCSC for the Third Control Period is given below:

Table-3: Cargo Tonnage Projection by DCSC Delhi for the Third Control Period

(Volume in MT)

Particulars	Third Control Period					
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
International Cargo	205,759	205,759	209,874	214,072	218,353	1,053,817
Domestic Cargo	133,695	133,695	136,369	139,096	141,878	684,733
Total	339,454	339,454	346,243	353,168	360,231	1,738,550
Y-O-Y Growth rate @ 2%		6,823	6,985	7,185	7,398	28,391
Total (A)	3,39,454	3,46,277	353,228	360,353	367,629	17,66,941
Anticipated Drop in Cargo Volumes:						
(i) AFS Cargo		3,650	14,892	15,190	15,494	49,226
(ii) Jewar Airport				59,600	70,400	130,000
(iii) Air Asia		3,468	14,149	14,432	14,721	46,770
(iv) Vistara		14,229	58,054	59,215	60,400	191,898
Total Drop in Cargo Volume (B)	0	21,347	87,095	148,437	161,015	417,894
Total Cargo Volumes (A-B)	3,39,454	3,24,930	2,66,133	2,11,916	206,614	1,349,047

- 3.1.5 DCSC in its Cargo Volume estimate for the Third Control Period has considered 40MT/ day of AFS Cargo for the Third Control Period, commencing from 01.01.2023.
- 3.1.6 DCSC in its above submission has stated that it anticipates reduction in projected cargo volumes (both domestic and international) in the later part of the Third Control Period on account of the following factors:
- (a) **Cargo Handling of Vistara & AirAsia to be taken over by Air India:** DCSC submitted that it is currently handling the Cargo Operations of Air Asia and Vistara Airlines. Air India has its own Domestic Cargo Handling facility at IGI Airport and considering that Vistara and Air Asia are also owned and managed by the Tata Group, in an effort to minimize costs and reliance on outside entities, Vistara and Air Asia's cargo operations will also be taken over by Air India (now owned by Tata Group). As per the ISP, this transition is inevitable and Tata group is contemplating merging the subsidiaries into one entity to enjoy advantages of synergies and economies of scale. DCSC submitted that it is likely to suffer loss on account of this consolidation, as the entire domestic cargo operations of Air Asia and Vistara will be shifted to the terminal owned and operated by Air India from their own facility at IGI Airport, thereby reducing ISP's market share in cargo handling operations and consequently its Revenues from Cargo business.
- (b) **Operationalization of Cargo Hub at Jewar Airport:** ISP submitted that new Greenfield airport at Jewar Airport (Noida), which is around 70 km from IGIA, Delhi, may start its Cargo operations during FY 2024-25. As per the ISP, the Techno Economic Feasibility Report ('TEFR') prepared by Price Waterhouse Cooper provides cargo projections for Jewar Airport and as per their projections, 55% of the total cargo traffic handled by IGI Airport may get diverted to Jewar Airport. Cargo traffic is most likely to split between the airports based on the following factors:

- i. **The proximity of the cargo generating centers to the concerned airport:** Due to higher connectivity, hinterland for IGI Airport not only includes Delhi NCR but also includes UP, Rajasthan, Punjab and other North Indian states. Distance between the airport and the cargo generating centers is expected to be a key factor influencing cargo movement. For instance, cargo generated in Greater Noida region is more likely to move to the airport at Jewar than to IGI airport. The projected cargo traffic for the hinterland is expected to reach 2.5 million tons by FY26 and 3.6 million tons by FY31. In addition to distance, improvement of road connectivity is also expected to divert traffic from IGI airport to the new airport. In NCR region, Gautam Buddha Nagar and Ghaziabad are the 2 major cargo generating centers which are part of Jewar Airport's hinterland. Estimates reveal that about 50% of the NCR international cargo at IGIA is generated in these two districts. Other districts such as Gurgaon, Jhajjar, and Faridabad which are part of IGI hinterland in NCR region contribute ~ 30% of the international cargo. As per the ISP, majority of the cargo traffic will be diverted to Jewar Airport.
- ii. **Potential investments in air cargo centric industries:** In addition to the current traffic movement, potential investments in air cargo centric industries such as electronics, machine parts, pharmaceuticals, leather etc. would also play a key determining role in determining future cargo movement. The TEFR reveals that as per the investment plans, a total of 2, 00,000 million INR of investment is expected to be realized in the Delhi NCR region. Gautam Buddha Nagar is expected to account nearly 1, 20,000 million INR of investments, which is primarily in the electronics sector. The investment in the Jewar hinterland is expected to drive up the cargo for Jewar. Based on existing investment and future investments, out of the total cargo traffic in the hinterland, Gautam Buddha Nagar may account for 40% of the traffic in future.
- iii. Hence, in-accordance with the plans of Jewar Airport, as per ISP, the following Cargo Volumes will be diverted to new Greenfield airport from IGIA, consequently reducing IGIA's market share as quoted by them after a detailed study.

Table-4: Impact of Jewar Airport on Cargo Volumes at IGIA, Delhi and DCSC for the Third Control Period (in MT)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Impact on Cargo Volumes being handled at IGI Airport, Delhi	-	-	-	149000	176000
DCSC anticipates drop in its market share by 40% of overall likely loss of Cargo business of IGIA due to Jewar Airport	-	-	-	59600	70400

3.2 **Authority's Examination regarding Cargo Volume Projections by DCSC for the Third Control Period**

- 3.2.1 The Authority notes that DCSC has considered normal 2% Y-o-Y growth over the FY 2021-22 (base year) for projecting cargo volumes for the Third Control Period.
- 3.2.2 The ISP after assuming normal 2% Y-o-Y growth in Cargo Volumes, has made adjustments (reductions) in Cargo volume Projections due to various factors mentioned at para 3.1.6.

The Authority notes from the submission of the DCSC that Air India has its own Domestic Cargo Handling facility at IGIA, Delhi. As per the ISP, in order to achieve synergy in domestic cargo handling operations of Air Asia, Vistara and Air India, Tata Group may decide to shift Air Asia & Vistara's Cargo handling from ISP's Cargo Terminal to Air India's own domestic cargo handling facility w.e.f

01.01.2023. However, the Authority feels that there isn't much clarity about shifting of Air Asia & Vistara's Cargo Operations to Air India's domestic cargo handling facility; moreover, there isn't any official communication from Tata Group on this aspect so far. Therefore, the Authority, taking more realistic view, proposes to consider likely impact of shifting of domestic cargo operations of Air Asia & Vistara to Air India's facility w.e.f 01.04.2023 (in place of 01.01.2023 as proposed by ISP). However, the Authority, at Order Stage, may review this aspect in details based on the Stakeholders' inputs before deciding projections for domestic cargo volumes for the DCSC in respect of the Third Control Period.

- 3.2.3 The Authority, further observes that ISP has also made adjustment in its cargo volumes projections for the Third Control Period on account of operationalization of new Greenfield airport at Jewar (Noida) and reduced its cargo volumes by 16% in FY 2024-25 and by 19% in FY 2025-26.

It is noteworthy that the other ISP at IGIA, Delhi, having more market share than that of DCSC, has considered the drop in its cargo volumes between 10% and 20% of its projected tonnage for the FY 2024-25 and FY 2025-26 respectively due to the operationalization of new greenfield airport at Jewar, Noida. The Authority, also proposes to consider the anticipated drop in Cargo Volumes of DCSC due to operationalization of new Greenfield airport at Jewar, Noida @ 10% and 20% of its projected Cargo Volumes for the FY 2024-25 and FY2025-26 (ref. Table-5). However, the Authority, at Order Stage, may re-assess the likely impact of new Greenfield airport at Jewar on ISP's Cargo Volumes Projections for the Third Control Period.

The revised Cargo Volume Projections proposed by the Authority for DCSC for the Third Control Period is given below:

Table-5: Cargo Volumes Projected by the Authority for DCSC for the Third Control Period

(in MT)

Particulars	Third Control Period					
	FY 2021-22 (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
INTERNATIONAL						
Total International Cargo Volume (A)	205759	205759	209874	214072	218353	1053817
% Age Growth Assumed		2%	2%	2%	2%	
Growth in Cargo Volumes (B)		4136	4234	4355	4484	17209
Gross Cargo Volume (C) = (A+B)	205759	209895	214108	218427	222837	1071026
% Anticipated drop in Cargo tonnage due to establishment of Jewar Airport.				10%	20%	
Drop in Cargo tonnage due to establishment of Jewar Airport. (D)		0	0	21843	44567	66410
Total International Cargo Volumes Projected (incl. AFS) (E) = (C-D)	205759	209895	214108	196584	178270	1004616
AFS Cargo Volume (F)	0	3650	14892	15190	15494	49226

Particulars	Third Control Period					
	FY 2021-22 (Actual)	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
Projected Net International Cargo Volume (Excluding AFS) (G) = (E-F)	205759	206245	199216	181394	162776	955390
Y-o-Y % change		-	3%	-9%	-10%	
DOMESTIC						
Cargo Volumes....(H)	133695	133695	136369	139096	141878	684733
% Age Growth Assumed		2%	2%	2%	2%	
Growth in Cargo Volumes (I)		2687	2751	2830	2914	11182
Gross Cargo Volume (J) = (H+I)		136382	139120	141926	144792	562220
Less: drop in Volume on account of: (a) Air Asia..... (K)		0.00	14149	14432	14721	43302
(b) Vistara..... (L)		0.00	58054	59215	60400	177669
% Drop in Cargo tonnage due to establishment of Jewar Airport				10%	20%	
Drop in Cargo tonnage due to establishment of Jewar Airport..... (M)				14193	28958	43151
Projected Net Domestic Cargo Volumes (N)= (J-K-L-M)	133695	136382	66917	54086	40712	431793
Total Cargo Volumes (excluding AFS) (G+N)	339454	342627	266133	235481	203488	1387183
Total Cargo Volumes (including AFS) (E+N)	339454	346277	281025	250671	218982	1436409
% Y-o-Y growth		2%	-19%	-11%	-13%	

3.2.4 The Authority solicits comments/ views of stakeholders on the issue of anticipated drop in Cargo Volumes for the Third Control Period considered by the ISP on account of operationalization of new Greenfield airport at Jewar (Noida) and due to anticipated shifting of Air Asia & Vistara's Cargo Operations from DCSC's Cargo Terminal to Air India's own Domestic Cargo Handling Facility.

3.2.5 The Authority notes that the ISP, while projecting Cargo Volume for the Third Control Period has also considered the AFS Cargo Volumes likely to be received w.e.f. 01.01.2023. The details of AFS Cargo Volumes and AFS policy is separately discussed in subsequent chapter on AFS Cargo.

Considering the above, the Authority proposes to consider the Cargo Volume for DCSC for the Third Control Period as per Table-5.

3.3 **Authority's Proposal regarding Cargo volumes for the Third Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding Cargo Projections for the Third Control Period:

- 3.3.1 To consider Cargo Volumetric Projections for DCSC at IGIA Delhi for the Third Control Period as per Table-5.

CHAPTER-4: REGULATORY ASSET BASE (RAB), DEPRECIATION AND SD

4.1 Additions to RAB as per DCSC submissions for the Third Control Period:

4.1.1 DCSC has projected a total CAPEX amounting to Rs.410.12 crores for the Third Control Period (FY2021-22 to FY2025-26) as shown in table below:

Table-6: Additions proposed to RAB by DCSC for the Third Control Period

(Rs. in Crore)						
Description	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Part A						
CAPEX proposed on creation of new Infrastructure						
New Cargo Warehouse Facilities		22.29	62.73	0.00	0.00	85.02
Plant and Machinery		12.74	89.76	14.40	7.16	124.06
Utilities		10.34	38.77	29.04	0.00	78.15
Office Block		4.04	0.00	0.00	0.00	4.04
Cold Room		0.00	8.75	0.00	0.00	8.75
Subtotal Part - A	0.00	49.41	200.01	43.44	7.16	300.02
Part B						
CAPEX proposed on Upgradation & Extension of Existing Facility						
Upgradation of Existing Facilities	10.29	10.59	0.00	6.56	42.84	70.28
Eastern Side Extension of Existing Cargo Warehouse & TD Facility			39.82			39.82
Subtotal Part - B	10.29	10.59	39.82	6.56	42.84	110.10
Total CAPEX (PART A + PART B)	10.29	60.00	239.83	50.00	50.00	410.12

4.1.2 **Justification for the proposed CAPEX:** The Authority sought justifications regarding the proposed CAPEX amounting to Rs. 410.12 Crores for the Third Control Period. DCSC vide emails dated 17.10.2022 & 16.11.2022 submitted the following justifications for the CAPEX projected for the Third Control Period:

- Contractual Obligation:** The existing Cargo facility of DCSC has been constructed on a portion of land received from the Airport Operator for constructing the Cargo facilities. Accordingly, a large piece of land is lying vacant in the DCSC premises and this vacant piece of land is at same location where DCSC's existing facility is situated. This vacant piece of land is prime property having an air side access. As per the ISP, as mandated under its Concession Agreement with the Airport Operator, DCSC is required to construct cargo facility in the remaining vacant area.
- Improvement in Dwell Time:** The Concession Agreement awarded to DCSC mandates DCSC to manage, operate and maintain the Cargo Terminal in a competitive, efficient and economic manner and take into account the requirements of Users of the Cargo Terminal and Cargo Services. The ISP has submitted that the current warehouse facility for import is divided into two-tier section, which facilitates segregation and storage of imported cargo on both levels. The two-tier section was designed in 2012 and suited the flow of cargo into the warehouse based on the conceptual framework and market demand at that time. In the current scenario, with increasing speed of clearance as compared to 2012, the two-tier section system is not able

to keep pace with the faster clearance of cargo. To achieve improved Dwell time and higher throughput at peak hours, DCSC needs to expand international cargo terminal as part of plan for efficient cargo management with lower time of processing and reduced dwell time.

DCSC has submitted that the proposed expansion has also been necessitated because they have witnessed increase in Dwell Time of Cargo, which reduces the facility's capacity of processing Cargo. Increased dwell time/storage of cargo is contrary to the objective of efficient Cargo Handling Services. The storage of Cargo acts as a bottleneck reducing the capacity of the infrastructure and necessitating further Capex investments.

As per the ISP, the proposed expansion will improve efficiency and productivity of Cargo Services at the IGI Airport and will enable DCSC to deliver greater value to its Users. The ISP further stated that it is vital for DCSC to lower the Dwell Time for its Cargo Services to ensure that its services remain competitive.

- c. **Remodeling of Facilities for Improved Efficiency:** ISP has submitted that the existing operations are run in hybrid and mixed mode in the same warehouse and terminal facility. In other words, same terminal building is being shared for export, import and transshipment operations. With faster clearances it is the existing model of mixed and hybrid mode is turning out a bottleneck. ISP has highlighted that ideal way to run the operations is to have separately demarcated warehouse facilities for export, import and transshipment facilities in the same complex. DCSC has further conveyed that it has a large piece of vacant land available for construction of a new facility in the same premises as its existing facility. This vacant land has a prime location and has sufficient air side and city side access. DCSC proposes to construct a new facility on the vacant piece of land. The construction of a new facility along with the existing facility will enable DCSC to do away with running operation in hybrid mode and instead run its operations from clearly demarcated for export operations, import operations and transshipment operations. Having separately demarcated warehouse and terminal facilities for export, import and transshipment operations in the same complex makes operations very efficient, fast and eliminates the time-consuming bottlenecks. ISP emphasized that the proposed CAPEX is incurred solely with the intention of increasing the efficiencies and reducing the processing time of cargo handling.
- d. **Customer/Business Retention Strategy in View of Upcoming Jewar Airport:** DCSC proposes to improve its Cargo Handling efficiency to ensure competitiveness with Jewar Airport and retain cargo volumes and Users at IGI Airport, even though it projects that there will be diversion in cargo volumes from IGI Airport to Jewar Airport once the same is operationalized. The idea is to minimize the shifting of cargo from Delhi Airport to Jewar Airport, by providing timely and fast services. This requires expansion of current space and addition to existing equipment even for the existing cargo volumes as it is proposed to render efficient and fast service in expectation of the users and with changing scenario. DCSC plans to incur majority of the Capex in FY23 and FY24 to ensure that the improved facilities are operationalized prior to commencement of operations at Jewar Airport.
- e. **Modernization, Mechanization and Automation:** ISP has submitted that for the purpose of achieving faster through put and reducing the processing time of the cargo handling it is important that a fair amount of mechanization and automation be introduced. Till recently the requirement for pace of operations and processing was such that it was sufficiently being handled in manual operations. India is expending its aviation foot print and is said to become

third largest aviation market of the world. The global airlines are vying for increased flights to and from India. Similarly Indian carriers are rapidly expanding their fleet and destinations. This has resulted marked competition between the carriers for share of their business. To successfully compete for the business, the airlines are seeking faster and efficient operations. In other words, the airlines are offering cargo connections at short cut of times and promising delivery within few hours. ISP has stated that as Cargo Terminal Operator, they have to operate in tandem with the Airline's expectation of efficient Cargo Handling Operations. As per the ISP, it is necessary to have separately demarcated spaces for various operations of the cargo terminal to bring about efficiency in operations. Further, to complement the manual operations with the expansion of facilities, investment in automation and mechanization is also required. As per the ISP, the three equipments namely ETV, ASRS and VNA are fully automated and mechanized solutions for cargo terminal operation and they complement each other.

- f. **Replacement CAPEX:** DCSC facility was commissioned more than a decade ago. The warehouse, the utilities, the infrastructure, most of the machinery, material handling equipment etc. were installed at the time of commissioning. ISP has stated that a typical cargo terminal operation runs round the clock, 365 days a year, leading to rapid wear and tear of the warehouse building and equipment. As such, DCSC stated that it is necessary to replace the equipment at the end of its normal life span so as to ensure continuous, un-interrupted and efficient operations and this calls for a regular and necessary expenditure on replacement CAPEX. DCSC has stated that it proposes to incur a significant expenditure, out of the planned expenditure, on replacement CAPEX.
- g. **Upgrading IT Infrastructure and System:** DCSC in its submission stated that IT infrastructure and system is a back bone of operations of any organization. In current day world the success of operations depends upon robustness of IT infrastructure and system that is being used. ISP has further stated that it is well known the IT technology and hardware keeps evolving and improving with time, and therefore, it is imperative for any organization to keep itself abreast with the latest technology and system. DCSC has submitted that it plans to upgrade its IT infrastructure and systems in line with the latest available in the market and has earmarked a significant expenditure for this purpose.
- h. **Eastern Side Extension of Existing Warehouse & TD Facility:** ISP has informed that the existing warehouse facility of DCSC has a long length on its eastern side. On this side there are 55 truck docks which are used for loading/unloading import/export cargo trucks. Immediately behind the truck docks is the warehouse floor on which delivered/unloaded cargo is stored before it moves into the next process of screening by X-Ray machines in the case of export cargo or to be loaded into the trucks in the case of import cargo. As per the ISP, typically, this delivered/unloaded cargo stays on the truck dock floor for an average of 5-6 hours. DCSC has highlighted that this area often gets fully occupied and choked with delivered/unloaded cargo during most part of the day operating hours which are traditionally the peak operating hours of the terminal, starting from 10am in the morning till midnight. As a result of this choking on the truck dock floor area, ISP is unable to load/unload the cargo trucks due to lack of space on the truck dock floor area. This results in long waiting times for trucks and consequent delays in loading/unloading of the cargo. The delay in unloading export cargo has serious consequence of missing planned flights while delay in loading of import cargo delays the delivery of cargo to the consignee. ISP has submitted that in order to solve this problem, it has planned to extend the existing warehouse facility from the eastern side. This extension of the existing warehouse

facility will result in increase in the truck dock floor area and thus increase the holding capacity for temporary storage of delivered /unloaded cargo. In this way the waiting time of trucks will be eliminated and thus more efficiency will be brought to the operations. The existing facility has a setback width of approximately 37 meters from the boundary wall of the premises. Currently this setback width forms the compound of the facility which does not have any particular productive use. ISP has further submitted that they have planned to extend the existing warehouse facility into this setback area by approximately 20 meters towards the eastern boundary wall. This extension will increase the warehouse truck dock width by approximately 20 meters across the entire length of the existing warehouse building. The increase in truck dock width/area will solve the problem of truck waiting and consequent delays in cargo handling.

4.1.3 DCSC has planned proposed CAPEX during the Third Control Period under following two broad categories:

- **PART A – CAPEX proposed on new Cargo Facility.**
- **PART B – Upgradation/ Extension of Existing Cargo Facility.**

Part A – Capex proposed on Cargo Facility: DCSC submitted that proposed CAPEX (Part A) is required for creating new Cargo Handling Infrastructure as described in preceding paragraphs and which includes:

1. Pre - Construction Activities
2. New Warehouse Facility
3. New Office Block
4. New Cold Room
5. New Plant and Machinery
6. New Utilities

S.No.	Description	Justification of the Works
1	Pre – Construction Activities	The pre-construction activities include the appointment of the Architect, Appointment of the Project Manager Consultant (PMC), site clearance, Soil Testing and GPR survey and Land survey to initiate the construction activity.
2	<i>Warehouse Facilities – New</i>	As envisaged under the Concession Agreement, DCSC has initiated constructing the remaining 11500 SqM for international cargo. This construction of a warehouse, on the vacant portion of land transferred to DCSC by the Airport Operator, is required for future expansion and to also to meet the obligations under the Concession Agreement.
3.	<i>Office Block</i>	Office block is needed to house the offices of administration operation security management etc. staff of the company. Besides adequate office space also needs to be given to Customs and CISF and airlines to house their staff who are required to operate from the facility. The office block will also house the services like HVAC, Electric Panels, housekeeping and common facilities like toilets, washrooms, canteens, rooms for trade to sit and carry out their work and documentation

S.No.	Description	Justification of the Works
4.	Cold Room	Cold Room is part of Warehouse Facility which required for handling and storage of temperature sensitive cargo, pharma, meat and vegetable which require a special handling.
5.	Plant and Machinery	Machinery and equipment is required to handle the export and import cargo at the facility. The use of cargo handling machinery and equipment is necessitated for the purpose of faster handling of cargo. Besides cargo that is heavy cannot be handled manually but can be handled only with the help of machines. Use of machinery and equipment also increases the handling capacity of a facility many times over.
6.	New Utilities	To run the cargo terminal, it is necessary to have the utilities to support the operations. The utilities consist of Electrical, Equipment, Water Storage, Fire Hydrant and Tanks, CCTV and IT Networks.

A table giving detailed description of CAPEX proposed for new facilities is given below:

Table-7: Additions proposed for new Cargo warehouse by DCSC for the Third Control Period

(Rs. in Crore)

Sr. No	Description	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
	Part A						
	New CAPEX						
1	Pre - Construction Activities for new Cargo warehouse						
1.1	Pre - Construction Activities		0.86	0.00	0.00	0.00	0.86
i.	Appointment of Architect		0.50				0.50
ii.	Appointment of PMC		0.25				0.25
iii.	Site clearance		0.05				0.05
iv.	Soil Testing		0.01				0.01
v.	GPR survey and Land survey		0.05				0.05
2	Cargo Terminal Facilities						
2.1	Warehouse Facilities		21.43	62.73	0.00	0.00	84.16
i.	Civil Work		17.10	14.72			31.81
ii.	PEB Structural Works			24.73			24.73
iii.	Flooring			23.28			23.28
iv.	Sewer line /Plumbing		1.11				1.11
v.	Rain Water Harvesting and Drainage System		3.22				3.22
3	Plant and Machinery		12.74	89.76	14.40	7.16	124.06

i.	Screening X Ray Machines			11.00			11.00
ii.	Screening -ETD		2.45				2.45
iii.	Dock Levelers		2.40				2.40
iv.	Ball & Castor Desk		2.93				2.93
v.	Scissor Lift		3.00				3.00
vi.	Lazy Dollies/PRD		1.96			6.21	8.17
vii.	ETV - Elevating Transfer Vehicles			30.00			30.00
viii.	Civil foundation work			20.76			20.76
ix.	Weighing Machines				2.98		2.98
x.	Cargo Storage Racks				6.93	0.95	7.88
xi.	Crash guard				4.50		4.50
xii.	Cargo Hoist			27.00			27.00
xiii.	Passenger Lift			1.00			1.00
4	Utilities		10.34	38.77	29.04	0.00	78.15
i.	Electrical Works & Equipment's		10.19	4.67			14.86
ii.	Water Storage, Fire Hydrant & Tanks , STP			7.64			7.64
iii.	CCTV Control Room & IT Server, Storage, Networking and Communication			15.00			15.00
iv.	Automatic Storage Retrieval System /Very Narrow System			11.46	29.04		40.50
v.	RO plant, water cooler and plumbing		0.15				0.15
5	Office Block		4.04	0.00	0.00	0.00	4.04
i.	Administrative & Operation Offices		1.71				1.71
ii.	HVAC		1.28				1.28
iii.	Electrical Work		0.52				0.52
iv.	Furniture		0.52				0.52
6	Cold Room		0.00	8.75	0.00	0.00	8.75
i.	Cold Room			8.75			8.75
	Subtotal Part - A: (CAPEX on new facility)	0.00	49.40	200.01	43.44	7.16	300.02

PART B – Upgradation/ Extension of Existing Cargo Facility: DCSC in its submission stated that proposed CAPEX (Part B) is required to be incurred for replacing the equipment which are reaching their end-of-life normal span and upgrading the existing infrastructure as described in preceding paragraphs and which includes:

1.	<i>Warehouse Facilities - Existing Warehouse</i>	The restructuring of the existing warehouse is required to improve the dwell time for handling of export and delivery of import cargo to consignee/agent.
2.	<i>Eastern side extension of Warehouse & TD facility</i>	It is planned to extend the existing warehouse facility into this setback area by approximately 20 meters towards the eastern boundary wall. This extension will increase the warehouse truck dock width by approximately 20 meters across the entire length of the existing warehouse building. The increase in truck dock width/area will solve the problem of truck waiting and consequent delays in cargo handling.

A table giving detailed description of above items is given below:

Table-8: Upgradation of Existing Facility proposed by DCSC for the Third Control Period

(Rs. in Crore)

Part B							
Upgradation of Existing Facility - CAPEX							
Sr. No	Description	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
1.	Upgradation of Existing Facility	10.29	10.59	0.00	6.56	42.84	70.28
a	Waterproofing Work - Repairs & Replacement		1.09				1.09
b	Washroom construction and Sewage line Re-laying		0.53				0.53
c	Repairing of Roof Structure of Cargo Terminal Building		2.95				2.95
d	Air Cooler System for Warehouse - Repairs & Replacement		0.50				0.50
e	Fire Hydrant Line and Equipment - Repairs & Replacement		2.00				2.00
f	Replacement of MHE					34.27	34.27
g	Cold Room Modification, Repair & Replacement				6.56		6.56
h	Upgrading IT system					5.00	5.00
i	Upgrading CCTV Camera System and Control Room		2.00				2.00
j	Upgrading & Replacement Electrical Panel System					3.57	3.57
k	Cooler Tower Replacement		0.55				0.55
l	Repair of Existing Flooring		0.97				0.97
m	Office Equipment - Replacement	0.44					0.44
n	Furniture and Fixture - Replacement	0.08					0.08
o	Infrastructure Improvement	1.25					1.25
p	Electrical Equipment and Computers - Replacement	0.33					0.33

Part B							
Upgradation of Existing Facility - CAPEX							
Sr. No	Description	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
q	Plant & Machinery - Replacement	8.19					8.19
2	Eastern Side Extension of Existing Warehouse & TD Facility			39.82			39.82
	Subtotal Part - B: (CAPEX on Existing Facility)	10.29	10.59	39.82	6.56	42.84	110.10

- 4.1.4 The total CAPEX planned by the ISP, as per details given in above two tables, during the Third Control Period is summarized below:

Table-9: Summary of Total CAPEX proposed by DCSC for the Third Control Period

(Rs. in Crore)

Sr. No	Description	FY 22	FY 23	FY 24	FY 25	FY 26	Total
1	Subtotal Part - A: New CAPEX	0.00	49.40	200.01	43.44	7.16	300.02
2	Subtotal Part - B: CAPEX on Existing Facilities	10.29	10.59	39.82	6.56	42.84	110.10
	Total – CAPEX for the Third Control Period	10.29	60.00	239.83	50.00	50.00	410.12

- 4.2 **DCSC submission on Opening RAB, Additions to RAB and Average RAB and Security Deposit for the Third Control Period:**

- 4.2.1 Based on the financial data submitted by DCSC, computations of Opening RAB & Average RAB for the Third Control Period are given in the table below:

Table-10: RAB as per DCSC Submissions for the Third Control Period

(Rs. in Crore)

Financial Year	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
<u>Opening Regulatory Asset Base (RAB)</u>						
Furniture & Fixtures	0.34	0.29	0.65	0.58	0.52	
Office Equipment	0.28	0.51	1.68	1.53	1.43	
Infrastructure improvements (Office & Cargo Premises)	117.98	108.81	129.08	216.66	200.63	
Electrical equipment & Computers (including software)	3.38	1.75	11.91	29.37	27.22	
Plant & Machinery	10.54	15.47	25.36	122.63	149.10	
Total Opening RAB (Excluding Goodwill)	132.53	126.83	168.69	370.77	378.90	
Security Deposit - DIAL	69.39	70.89	101.28	101.28	101.28	
Total Opening RAB (Excl Goodwill)	201.92	197.72	269.97	472.05	480.18	

Financial Year	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
Additions /WIP Capitalization						
Furniture & Fixtures	0.08	0.52	0.00	0.00	0.00	0.60
Office Equipment	0.44	1.67	0.00	0.00	0.00	2.11
Infrastructure improvements (Office & Cargo Premises)	1.25	32.87	110.18	6.56	0.00	150.86
Electrical equipment & Computers (including software)	0.33	12.19	19.67	0.00	8.57	40.76
Plant & Machinery	8.19	12.74	109.97	43.44	41.43	215.77
Total WIP Capitalization	10.29	59.99	239.82	50.00	50.00	410.10
Security Deposit - DIAL	1.50	30.39	0.00	0.00	15.64	47.53
Total Addition	11.79	90.38	239.82	50.00	65.64	457.63
Disposals /Transfers						
Office Equipment	0.06	0.00	0.00	0.00	0.00	
Infrastructure improvements (Office & Cargo Premises)	0.01	0.00	0.00	0.00	0.00	
Electrical equipment & Computers (including software)	0.02	0.00	0.00	0.00	0.00	
Plant & Machinery	0.12	0.00	0.00	0.00	0.00	
Total Disposals /Transfers	0.22	0.00	0.00	0.00	0.00	
Depreciation Charge						
Furniture & Fixtures	0.13	0.15	0.08	0.06	0.03	0.45
Office Equipment	0.15	0.50	0.15	0.11	0.08	0.99
Infrastructure improvements (Office & Cargo Premises)	10.41	12.60	22.60	22.59	22.58	90.78
Electrical equipment & Computers (including software)	1.95	2.02	2.22	2.15	3.07	11.41
Plant & Machinery	3.14	2.85	12.70	16.97	21.55	57.21
Total Depreciation Charge	15.77	18.13	37.74	41.87	47.31	160.82
Security Deposit - DIAL						
Total Depreciation Charge	15.77	18.13	37.74	41.87	47.31	
Closing Regulatory Asset Base (RAB)						
Furniture & Fixtures	0.29	0.65	0.58	0.52	0.49	
Office Equipment	0.51	1.68	1.53	1.43	1.35	
Infrastructure improvements (Office & Cargo Premises)	108.81	129.08	216.66	200.63	178.05	
Electrical equipment & Computers (including software)	1.75	11.91	29.37	27.22	32.72	
Plant & Machinery	15.47	25.36	122.63	149.10	168.98	
Total Closing RAB	126.83	168.69	370.77	378.90	381.59	
Security Deposit - DIAL	70.89	101.28	101.28	101.28	116.92	
Total Closing RAB (Excl Goodwill)	197.72	269.97	472.05	480.18	498.51	

Financial Year	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
Average RAB	199.82	233.84	371.01	476.11	489.34	

4.3 **Depreciation proposed by DCSC for the Third Control Period:**

4.3.1 DCSC has submitted the projected Depreciation for the Third Control Period as follows:

Table-11: Depreciation proposed by DCSC for the Third Control Period

(Rs. in Crore)

Depreciation Charge	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
Furniture & Fixtures	0.13	0.08	0.08	0.06	0.03	0.38
Office Equipment	0.15	0.17	0.55	0.91	0.88	2.65
Infrastructure improvements (Office premises & Cargo Premises)	10.41	11.60	22.97	22.97	22.96	90.90
Electrical equipment & Computers (including software)	1.95	0.80	1.92	1.85	3.49	10.01
Plant & Machinery	3.14	5.06	9.99	14.71	18.59	51.49
Total Depreciation Charge	15.77	17.71	35.51	40.49	45.93	155.42

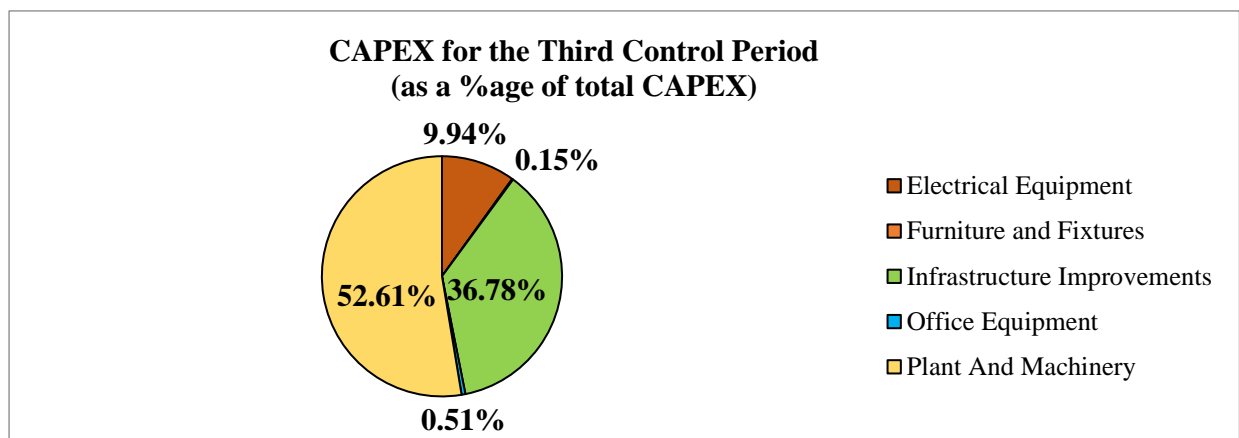
4.4 **Authority's Examination regarding CAPEX, Depreciation, Average RAB and Security Deposit for the Third Control Period:**

4.4.1 The Authority notes that the ISP has projected a CAPEX of Rs. 300.02 Crores for creation of new Cargo Warehouse & allied infrastructure during the Third Control Period for its International Cargo Operations. However, the Authority reviewed the requirement of the said CAPEX and sought detailed information about commencement of the proposed CAPEX. The Authority also had a discussion with the ISP through virtual platform on 17.11.2022.

4.4.2 During the discussions with the ISP, the Authority raised the issue regarding the timing of the CAPEX on capacity addition, as ISP in its Cargo Volume Projections has considered significant decrease in cargo volumes for the Third Control Period, particularly during FY 2024-25 to FY 2025-26. ISP, in its response stated that as per Concession Agreement with DIAL, it is contractually mandated to develop the subject facility. ISP vide email dated 21.11.2022 further submitted that in order to meet the expected increase in the Cargo volumes in next Control Period, they are required to make the infrastructure ready in Third Control Period to cater to future demand.

4.4.3 The Authority notes the justification towards proposed CAPEX submitted by DCSC, wherein ISP has stated that the current warehouse facility for import, having two-level structure, which was designed in 1st Control Period based on the conceptual framework and market demand at that time and the same is not able to keep pace with the requirement of faster clearance of cargo demanded by the Users [refer para 4.1.2(b)]. The Authority is aware that lower dwell time for Cargo clearance is important factor for ISP to remain competitive and offer efficient services to Cargo Users in fast paced delivery system of Air Cargo Industry. It is also noted that to reduce the dwell time & improve efficiency and productivity of Cargo Services, the proposed expansion of International Cargo Warehouse seems reasonable and proposes to consider CAPEX of Rs. 300.02 Crores on New Facility during the Third Control Period.

- 4.4.4 The Authority notes that ISP has projected lower Cargo Volumes, particularly during the later part of the Third Control Period, on account of establishment of new Greenfield Airport at Jewar (Noida); however, at the time when Cargo Volumes are projected to drop significantly, ISP has projected major CAPEX of Rs. 300.02 Crores for creating new facility to handle the International Cargo Volumes and to reduce the dwell time. In the circumstances mentioned above, it is incumbent upon DCSC to make all out efforts to retain its market share and make full use of available capacity so as to offer competitive services to Users.
- 4.4.5 The Authority also notes that DCSC has proposed Rs. 110.10 Crores for CAPEX that is required to be incurred for replacing the old equipment which have outlived its normal life span and on upgrading /expansion of the existing Cargo handling infrastructure.
- 4.4.6 The Authority observes that the Opening RAB (as on 01.04.2021) for the Third Control Period was Rs.132.53 Crores and the Closing RAB as on 31.03.2026 is projected to reach Rs. 379.71 Crores. Pursuant to significant Capital Additions during the Third Control Period, depreciation on fixed assets, particularly during the later part of the Control Period, will significantly increase, affecting profitability for the ISP in the short run.
- 4.4.7 The Authority also notes that ISP has proposed separate CAPEX of Rs. 2.60 Crores for smooth handling of AFS Cargo.
- 4.4.8 Breakup of Capital Addition proposed for the Third Control Period (as per Table-6) under different heads is shown in pictorial form below:



- 4.4.9 The Authority, from the revised submissions made by DCSC in Form-9, vide email dated 07.11.2022, observes that the ISP has considered Security Deposit as a part of Regulatory Asset Base, whereas, the Authority based on its consistent approach in respect of SD for ISPs, doesn't treat it as a part of RAB and computes return on SD separately.
- 4.4.10 The Authority notes that the ISP in its submission has proposed additional CAPEX of Rs. 2.60 crores separately for minor addition/ modification to facilitate the handling AFS cargo. The Authority feels that such minor addition/ modifications may be required to facilitate the AFS Cargo Handling; therefore, instead of treating CAPEX on AFS Cargo separately, the same has been added to CAPEX under the head 'Plant & Machinery' proposed for the Third Control Period (ref. Table-12).
- 4.4.11 The ISP in its submission has also considered the additional depreciation of Rs. 0.66 Crores on additional CAPEX (on AFS cargo handling) separately. The Authority, instead of treating it separately, has added it in the respective head of Depreciation i.e. Plant and Machinery (ref. Table-12).

4.4.12 The Authority, based on review & analysis of Opening RAB, Additions to RAB under various CAPEX schemes indicated above, proposes the following RAB in respect of DCSC for the Third Control Period, after exclusion of SD:

Table-12 CAPEX, Average RAB and Depreciation proposed by the Authority for DCSC for the Third Control Period

(Rs. in Crore)

Particular	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening Regulatory Asset Base (RAB)						
Furniture & Fixtures	0.34	0.29	0.65	0.58	0.52	
Office Equipment	0.28	0.51	1.68	1.53	1.43	
Infrastructure improvements (Office premises & Cargo Premises)	117.98	108.81	129.08	216.66	200.63	
Electrical equipment & Computers (including software)	3.38	1.75	11.91	29.37	27.22	
Plant & Machinery	10.54	15.47	25.32	122.41	148.68	
Total Opening RAB (A)	132.53	126.83	168.65	370.55	378.48	
Additions /WIP Capitalization						
Furniture & Fixtures	0.08	0.52	0.00	0.00	0.00	0.60
Office Equipment	0.44	1.67	0.00	0.00	0.00	2.11
Infrastructure improvements (Office premises & Cargo Premises)	1.25	32.87	110.18	6.56	0.00	150.86
Electrical equipment & Computers (including software)	0.33	12.19	19.67	0.00	8.57	40.76
Plant & Machinery	8.19	12.74	109.97	43.44	41.43	215.77
Total Additions (B)	10.29	59.99	239.82	50.00	50.00	410.10
Disposals /Transfers (Net of Depreciation on disposal)						
Furniture & Fixtures	0.00	0.00	0.00	0.00	0.00	
Office Equipment	0.06	0.00	0.00	0.00	0.00	
Infrastructure improvements (Office premises & Cargo Premises)	0.01	0.00	0.00	0.00	0.00	
Electrical equipment & Computers (including software)	0.02	0.00	0.00	0.00	0.00	
Plant & Machinery	0.12	0.00	0.00	0.00	0.00	
Total Disposals /Transfers (C)	0.22	0.00	0.00	0.00	0.00	
Depreciation Charge						

Particular	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526	Total
Furniture & Fixtures	0.13	0.15	0.08	0.06	0.03	0.45
Office Equipment	0.15	0.50	0.15	0.11	0.08	0.98
Infrastructure improvements (Office premises & Cargo Premises)	10.41	12.60	22.60	22.59	22.58	90.79
Electrical equipment & Computers (including software)	1.95	2.02	2.22	2.15	3.07	11.40
Plant & Machinery	3.14	2.89	12.88	17.17	21.78	57.86
Total Depreciation Charge (D)	15.77	18.17	37.92	42.07	47.54	161.47
Closing Regulatory Asset Base (RAB)						
Furniture & Fixtures	0.29	0.65	0.58	0.52	0.49	
Office Equipment	0.51	1.68	1.53	1.43	1.35	
Infrastructure improvements (Office premises & Cargo Premises)	108.81	129.08	216.66	200.63	178.05	
Electrical equipment & Computers (including software)	1.75	11.91	29.37	27.22	32.72	
Plant & Machinery	15.47	25.32	122.41	148.68	168.33	
Total Closing RAB (E = A+B-C-D)	126.83	168.65	370.55	378.48	380.94	
Average RAB $F = \{(A+E)/2\}$	129.68	147.74	269.60	374.51	379.71	

4.5 Security Deposit

- 4.5.1 The Authority notes that as per Concession Agreement, the ISP is required to pay interest free Security Deposit to the Airport Operator and SD is required to be reset, from time to time, depending on the level of Gross Revenue. As per ISP's submission, at the end of every financial year, the amount of SD shall be reset to 25% of the Gross Revenue of Previous Year or Security Deposit of the Previous Year, whichever is higher.
- 4.5.2 The Authority notes that the ISP has considered SD as part of RAB. The SD as per the Authority can't be construed as part of RAB because it does not represent any underlying Asset which can be used for business operations; therefore, SD need to be segregated from the RAB which is in line with the stand taken by the Honorable TDSAT in the matter of DAFFPL vs AERA.
- 4.5.3 The Authority notes that the rate of Return on SD proposed by the ISP is inconsistent with the AERA's approach regarding Rate of Return on Security Deposit for ISPs as the ISP has considered return on Security Deposit @19%.

In view of the above, the Authority proposes to exclude SD from RAB and provide 5% Return on SD as per Table-13

- 4.5.4 The projected Security Deposit and Return on SD for the Third Control Period proposed by the Authority for DCSC as given below:

Table 13: Return on Security Deposit proposed by the Authority for the Third Control Period

(Rs. in crores)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Revenue (A)	282.85	405.04	367.92	277.05	240.15	207.88	
25% revenue of the Previous Year (B)= (A of Preceding year *25%)		70.71	101.26	91.98	69.26	60.04	
Security Deposit of Preceding Year (C)		69.39	70.71	101.26	101.26	101.26	
Higher of the B & C		70.71	101.26	101.26	101.26	101.26	
Security Deposit payable (E)		70.71	101.26	101.26	101.26	101.26	
Return on SD @ 5% of (E)		3.54	5.06	5.06	5.06	5.06	23.80

4.6 **Authority's Proposals regarding Regulatory Asset Base (RAB), Additions to RAB (CAPEX), Depreciation and SD**

Based on the material before it and its analysis, the Authority proposes the following regarding RAB, Addition to RAB, Depreciation and SD for the Third Control Period:

- 4.6.1 To consider Additions to RAB (CAPEX), Depreciation and Average RAB as per Table-12 for the Third Control Period.
- 4.6.2 To consider Security Deposit and Return on Security Deposit as per Table-13 for the Third Control Period.

CHAPTER-5: OPERATION & MAINTENANCE EXPENDITURE

5.1 Operation and Maintenance Expenditure Projection of DCSC for the Third Control Period

- 5.1.1 As provided in Clause 9.4 of the Guidelines mentioned in Direction No. 04/ 2010-11, the Operation and Maintenance (O&M) Expenditure shall include all expenditures incurred by the Service Provider(s) including expenditure incurred on security operating costs, other mandated operating costs and statutory operating costs.
- 5.1.2 Operation and Maintenance Expenditure submitted by DCSC has been segregated into the following categories:
- a) Payroll Costs;
 - b) Admin and General Expenses;
 - c) Utility and Outsourcing Costs;
 - d) Concession Fees and
 - e) Repair and Maintenance Expenditure
- 5.1.3 DCSC, while projecting Operation & Maintenance Expenditure for the Third Control Period has considered the following assumptions/factors:
- 5.1.4 ISP has considered Royalty Share payable to the Airport Operator (DIAL) as provided in concession agreement @24% on Gross Turnover (GTO) and @45% on Revenue from X-ray Screening.
- 5.1.5 The yearly increment in Payroll Costs have been considered at 15% Y-o-Y for the Third Control Period.
- 5.1.6 The annual escalation in License Fee has been considered @ 7.5% as per the License Agreement.
- 5.1.7 Utility Expenses are projected to be increased by 15% Y-o-Y basis from FY 2022-23 onward during the Third Control Period.
- 5.1.8 Other Administrative Charges are also projected to be increased by 15% Y-o-Y basis from FY 2022-23 onward during the Third Control Period.
- 5.1.9 The ISP has considered 15% increase on Y-o-Y basis in Repair and Maintenance Expenses also from FY 2022-23 onward during the Third Control Period.
- 5.1.10 Operating & Maintenance Expenses for the Third Control Period projected by DCSC based on above assumptions is given below:

Table-14 O&M Expenditure Projected by DCSC for Delhi for the Third Control Period.

(Rs. in Crore)

Financial Year	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total	CAGR
Payroll Expenditure	45.92	52.81	60.73	69.84	80.31	309.61	15.00%
Admin & General Expenses	62.44	71.59	78.92	87.09	96.21	396.26	11.41%
Repair & Maintenance Expenditure	6.96	8.01	9.21	10.59	12.18	46.95	15.00%
Utilities & Outsourcing Expenses	7.00	8.05	9.25	10.64	12.24	47.18	15.00%
Concession Fees	103.39	78.88	105.77	124.85	136.01	548.91	7.09%

Financial Year	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total	CAGR
Total Operating and Maintenance Expenditure	225.72	219.34	263.89	303.01	336.95	1348.91	10.53%
Y-o-Y increase in OPEX for the Third Control Period							
Payroll Expenditure		15%	15%	15%	15%		
Admin & General Expenses		15%	10%	10%	10%		
Repair & Maintenance Expenditure		15%	15%	15%	15%		
Utilities & Outsourcing Expenses		15%	15%	15%	15%		
Concession Fees		-24%	34%	18%	9%		
Total Operating and Maintenance Expenditure		-3%	20%	15%	11%		

5.1.11 Following justifications have been provided by DCSC regarding OPEX considered for the Third Control Period:

The Operation and Maintenance (O&M) expenditure of ISP mainly comprises of the following expenses:

- a) Concession Fees
- b) Employee expenses
- c) Repair & Maintenance
- d) License fees
- e) Other Administrative & General Expense

5.1.12 **Concession Fees:** The ISP has submitted that the Concession Fee @ 24% of the Gross Revenue (as stated in Clause 3.1.1 of the Concession Agreement) is payable to the Airport Operator. However, in respect of Revenues from X-ray Screening of Cargo, DCSC is required to pay a concession fee @ 45% to DIAL. As such, the blended rate of Concession fee payable by DCSC comes to 25.8% approx. which has been taken into consideration for the MYTP Submission.

5.1.13 **Employee Expenses:** As regard to payroll expenses, ISP has submitted that it represents the salaries, wages, employee benefits, employee training and employee welfare expenses incurred for the employees, directly employed by the company for services rendered to the Company. The ISP has further stated that DCSC has a policy of employing its manpower on its payroll and therefore does not outsource the manpower from contractors. The reason behind this is that the operations of a cargo terminal is a specialized job which requires very high skilled manpower. This skill is gained over time by an employee and thus it is important to retain the skilled manpower and the knowledge of operations in the company. It is also stated that the operations of the ISP being highly skilled in nature, there is a perennial shortage of skilled manpower. The manpower is in short supply and in high demand, therefore the compensation and wage revision are also higher than normal industry standards. Besides to keep the competition at bay and retain the skilled workforce within the company it is imperative that the company reward the employees with annual compensation increments at a rate which is higher than the usual inflation rate.

It is important to state here that during pandemic the employee compensation and increment had being sluggish and to compensate that the employee's compensation has been accelerated in the coming years so as to keep them within employees' expectation and thus retain the manpower. It is also important to state here that in cargo operation business, employees' trainings form an important, and sometimes, a statutory responsibility on the company. During COVID the rigor on training had dropped. To update the skills and the latest knowledge level of the employees the company will have to accelerate the training program with increased spending on such programs. As per company policy, employees are required to wear the company provided uniform when at work. During the pandemic the uniforms were not replace as such the company will have to spend a significant sum on such replacement of the uniforms in coming years. The ISP has further highlighted that the company has a policy of providing food and snacks to the employees during work hours. Apart from this the company is offering to pay salary revision which are ordered by the government under Minimum Wage Act. All such measures are necessary to retain the skilled manpower in cargo industry, which sees high attrition rates. Therefore, company has adopted a policy to have a robust employee compensation and employee welfare policy. It is stated that despite reduction in business volume the company does not resort to retrenchment as it believes that retaining skilled workforce is more important to face the competition and delivery the quality services than cutting corners on employees' cost.

- 5.1.14 **Repair & Maintenance:** ISP submitted that DCSC's Cargo Terminal was commissioned 2012. A major part of building and equipment were procured during the commissioning period and have outlived their lives. Apart from that during the COVID period not much attention could be given to regular maintenance of the assets. As per the ISP, at Cargo Terminal, Cargo Operations runs 24 X 7 basis; accordingly, the installed equipment and machinery are in use during the day and night. Cargo operations at terminal are time bound functions. The ISP needs to make expenses on maintain the efficiency of equipment like X-Ray machine, Forklifts, Scissor Lift, Cargo Hoist, HVAC and maintain the cold room for temperature sensitive cargo. These machines also require overhauling and need for maintenance of spare parts. ISP submitted that due to pandemic, major repairs were deferred and now the expenses are being taken up, as such, the assets need higher expenditure on maintenance and replacement of spare parts. During COVID time the inventory of repair & maintenance spares had also dropped down to levels which can prove to be detrimental to operation of the company. As such it is important to bring back the inventory and spares to a comfortable level which can assure uninterrupted operation. Annual Maintenance Contracts (AMC) is a critical and important means to assure timely maintenance to our assets. During COVID most of the AMCs had lapsed or could not be renewed. DCSC submitted that due to existing inflationary environment, ISP is experiencing that the renewals of most of the AMCs are being done by the vendors at double digit incremental prices. Besides this, cost of spares and service by the vendors/contractors have also increased in double digit percentage. As per the ISP, these are some of the main reasons for increased cost considered by them under this head of expenditure.
- 5.1.15 **License Fees:** ISP informed that expenses under this category represent space rentals paid by DCSC to DIAL in respect of the space occupied and applicable rates have been defined in Concession Agreement dated 19th November 2009. The annual increase in license fee rate is @7.5% effected on 1st April of every year. Besides, DIAL has increased the space rental of Domestic Cargo Terminal comprising of 4,800 SqM by 118% percentage from Rs.5,372/- to Rs.11,737/- Per SqM per annum.
- 5.1.16 **Other Administrative & General Expenses:** It includes the following expenses:
- a) **Electricity & Water Expenses:** These two heads have witnessed significant increase ranging from 24% to 50% in rates.

- b) **Material Handling Equipment (MHE) and Machinery Hire Expenses:** The supply of Material Handling Equipment and Machinery is severe shortage due to post COVID rebound of economy and launch of many infrastructure and industrial projects. There is a huge gap between demand and supply of Material Handling Equipment (MHE). Consequently, the rental and lease charges of hiring of MHE are witnessing increase of nearly 20% hike in rates.
- c) **Outsourced Services (Security and Housekeeping):** This is an expenditure which is borne on hiring security and housekeeping service from contractors. Post COVID the availability of skill staff for such services is in short supply and consequently the rates of the contracts charging higher than the double percentages than previous years.
- d) **IT and Communication Expenses:** Post COVID most of the physical paperwork and communication has been replaced by digital process. The company had to spend significant amount on upgrading its hardware and software for the purpose. The maintenance of such hardware and software services entails increased expenditure by the way of digital processing and digital communication. The company was using an old IT software platform which was obsolete and out of service from the vendor as the IT technology has considerably evolved in the past few years. The company had to upgrade its IT platform to the new technology which requires higher maintenance and upkeep.
- e) **Vehicle charges:** The Company is required under the Customs Regulations to provide vehicles to the Customs officers and staff. Company hires such vehicles along with drivers and fuel. It has been seen that due to the inflationary situations the cost of vehicles, the salary of drivers, maintenance and insurance of vehicles and fuel prices have sky rocketed in the recent past. This has resulted in steep charges of such vehicles.
- f) **Consumables & Stationary:** The cost of consumable and stationery has gone considerably up due to inflationary situation prevailing in the country post COVID.
- g) **Municipal Property Tax:** Municipal Corporation of Delhi (MCD) has proposed to increase the base value of the property tax by 120 % over base value rates of previous year which will result in significant increase in property tax amount in coming years. In addition to this MCD also introduced charging Trade License Fee applicable to our business. This is a fee which is chargeable on the basis of area of the facility. As per the ISP, this is completely a new tax which has been introduced from current year and which is quite significant amount.
- h) **Business and Sales Promotion:** Business and Sales Promotion is an important and necessary part of our business. During COVID no such activity could be carried out. It is proposed to accelerate this activity so as to regain and recover the touch with the business community.
- i) **Legal and Professional Charges:** These charges are borne for advisory and professional services. Like other expenses these charges too witnessed double-digit inflation.

5.2 **Authority's Examination on O & M Expenditure projected by DCSC for the Third Control Period**

- 5.2.1 **Payroll Expenses:** The Authority notes that DCSC has projected 15% Y-o-Y increase in Payroll Cost for the Third Control Period, the Authority sought clarifications regarding projected increase w.r.t. payroll cost, in response to the query, the ISP vide email dated 14.09.2022 has submitted that payroll cost is likely to increase at a rate of 15% based on current industry trends.

The Authority notes from the submission of ISP that it employs highly skilled and trained manpower for its Cargo Operations, and as per ISP, there is a shortage of skilled & trained manpower; therefore, in order to retain skilled workforce higher pay compensation is required. Further, Payroll Expenses during current Control Period is expected to be higher on account of Employees' Training, provision of Uniform & Welfare measures which, during Covid Pandemic, were deferred and same are being taken up by the ISP during the current Control Period.

5.2.2 Repair & Maintenance Expenses: The Authority notes from the submission of ISP that the Cargo Terminal was built in 2012. Building & equipment, which operates on 24x7 basis, requires regular repairs to keep it functioning in proper manner. The Authority feels that in an Industry which operates on 24x7 basis, proper repair & maintenance is key requirement to provide unhindered services to the Users. Further, as per the ISP, no major repairs were carried out during Covid Period; however, such repairs can't be deferred any longer. DCSC further stated that another major factor for projected increase in R&M Expenses is increase in rates of AMC for various Service / Maintenance Contracts, cost of spares/ services, which have seen significant increase post Covid Period.

5.2.3 Concession Fee & License Fee (Admin. & General Expenses):

- (a) **Concession Fee:** The Authority notes from the DCSC's submission that, in accordance with Concession Agreement, the ISP is required to pay Concession Fee @ 24% of the Gross Revenue to DIAL (Airport Operator). In addition, Revenues generated from X-ray and Screening of Cargo, ISP is required to pay a separate Concession Fee @ 45% to DIAL. As per the ISP, the blended rate of Concession fee payable by DCSC comes to 25.8% approx. (based on the actual figures for FY 2019-20 i.e. Pre-Covid year), the same average rate of concession fee has been considered by the Authority for projecting concession fee for the Third Control Period.

Table-15 Concession Fee Proposed by the Authority for DCSC for the Third Control Period

(Rs. in Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Total Revenue (Refer Table-22)	405.04	369.89	283.03	245.33	212.37	1515.65
Concession fee @25.8%	104.50	95.43	73.02	63.30	54.79	391.04

- (b) **License Fee:** ISP, as per concession agreement with Airport Operator, is required to pay license fee in respect of Land/Space received from the DIAL. The Authority observes from ISP's submission that the license fee for 73,660 SqM area (unpaved land) was Rs. 4997/- per SqM per annum in FY 2021-22 and same is increasing @7.5% Y-o-Y for the rest of the Control Period. The Authority further notes that in case of unpaved land, the base rate in respect of piece of land admeasuring 4799 SqM, the applicable license fee has been increased to Rs.11,137/- per SqM per annum (122.87% increase) from Rs. 4997/- per SqM p.a. w.e.f. 1.4.2022, which will be further increased annually @ 7.5%. As regard to paved land in possession of the DCSC admeasuring 817 SqM in area, ISP is required to pay license fee @ Rs. 6793/- per SqM per annum with 7.5% Y-o-Y escalation.

5.2.4 Other Administrative & General Expenses: The major expense heads under this category include lease & hire charges, housekeeping expenses, security expenses, insurance costs etc. The ISP has submitted that post Covid, the cost of services related to security, housekeeping has increased significantly due to shortage of required manpower. Similarly, as per ISP, the hiring & leasing cost of Equipment have also increased after the pandemic, resulting in higher provisions for these expenses.

Another major factor for projected increase in Admin. & General Expenses is increase in base value of property tax by 120% as compared to previous year's rate for assessment of Property Tax by the Municipal Corporation of Delhi (MCD), which is a significant additional cost to the company. ISP further submitted that MCD has introduced new tax in form of License fee for their business, which is levied based on the area of the facility. Besides above, as per DCSC, cost of other services like Legal & Professional charges, IT services, consumables & stationery etc. have also increased due to general inflation, which are major cost drivers under Admin. & General Expenses.

5.2.5 **Utilities Expenses:** ISP in respect of increase in Utilities Expenses for the Third Control Period submitted that the rates of Electricity & Water Charges have significantly increased by 24% to 50%.

5.2.6 The Authority notes that DCSC on one hand is projecting lower Cargo Volumes for the Third Control Period due to factors like increase in market competition etc. on the other hand, ISP has considered Y-o-Y increase of around 15% in all operating expenses (other than concession fee & license fee where rates are as per concession agreement) which are on higher side, as compared to its competitor.

Therefore, it is incumbent on the ISP to improve operating efficiency and rationalize its operating expenses so as face market competition from new Greenfield airport (Jewar, Noida) and other service provider at IGIA, Delhi etc. and offer services to its clients at competitive rates.

5.2.7 The OPEX proposed by the Authority for DCSC in respect of Third Control Period is given below:

Table-16: OPEX proposed by the Authority for DCSC for the Third Control Period

(Rs. in Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total	CAGR
Pay Roll Costs	45.92	52.81	60.73	69.84	80.31	309.61	15%
Administrative & General Expenses	62.44	71.59	78.92	87.09	96.21	396.26	11%
R & M Expenditure	6.96	8.01	9.21	10.59	12.18	46.95	15%
Utilities Expenses	7.00	8.05	9.25	10.64	12.24	47.18	15%
Concession Fees (refer Table 15)	104.50	95.43	73.02	63.30	54.79	391.04	-15%
Total Operation & Maintenance Expenditure	226.82	235.89	231.13	241.46	255.73	1191.04	3%
Y-o-Y change in OPEX		4%	-2%	4%	6%		

5.3 **Authority's Proposal regarding O&M Expenditure**

Based on the material before it and its analysis, the Authority proposes the following regarding O&M Expenditure for the Third Control Period:

5.3.1 To consider the O&M Expenditure for the Third Control Period as given in Table-16.

CHAPTER-6: AIR FREIGHT STATION (AFS)

6.1 Introduction

6.1.1 Ministry of Civil Aviation (MoCA), in order to strengthen Air Cargo Logistics Infrastructure in the Country, issued Policy guidelines on ‘Air Freight Station’ (AFS) in October, 2014 to create an off-airport common user facility equipped with fixed installations of minimum requirements and offering services for handling International Air Cargo in the form of Air Freight Stations with a mandate to enable the Cargo Industry as follows:

- i. Off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/ export goods, loaded and empty Unit Load devices (ULDs) and cargo in bulk/loose for outright export
- ii. Create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.
- iii. Authorizing some of the ICDs to cater to the International Air Cargo operations, the existing facilities in these ICDs, could be fully utilized.

The Policy document also emphasized the following primary functions to be performed at Air Freight Station

- a. Receipt of Export cargo for processing and to make the cargo “Ready for Carriage” condition, including Unit Load Device (ULD), building of export cargo and scanning of Cargo. While ULDs will be the ideal mode of handling cargo for and from AFS, export/import consignments both in palletized /ULD and bulk, loose form shall also be facilitated
- b. Transit operations by Road to and from serving Airport
- c. All Customs related requirements for import and exports including inspection of cargo wherever required
- d. Unitization of Cargo
- e. Temporary storage of Cargo and Unit Load Device (ULDs)
- f. Re-building of ULDs of export cargo
- g. De-Stuffing of Import Cargo
- h. Storage, Examination, Packing and Delivery of Import Cargo
- i. Auction/Disposal of 30 days old uncleared Import Cargo
- j. Maintenance and Repair of ULDs.

6.1.2 The policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organizations. AFS Policy document issued by MoCA vide OM no. AV.13011/03/2013-ER dated 28th October, 2014 is placed at **Annexure-I**.

6.1.3 Subsequent to notification of above policy by the Govt. of India, the above matter, including modalities for effective implementation/ rollout of AFS policy, had been deliberated with the stakeholders from time to time. In this regard, Special Secretary (Logistics), Ministry of Commerce took meeting of concerned stakeholders on 18.02.2020 for operationalization of AFS policy, wherein representatives of Delhi CTOs, Airport Operator, IGI Airport, Delhi & Delhi AFS Operator (CCPL) were also present. As per the minutes of meeting, inter-alia, SOP for handling of AFS Cargo was agreed with process flow. Further, it was agreed that AERA determined rates (TSP rates) will be made applicable for AFS Cargo handling.

6.1.4 Thereafter, MoCA vide letter no. AV-13011/03/2013-ER dated 11th April, 2022 to the Authority conveyed that ‘the matter regarding the determination of TSP charges to be charged from AFS by DIAL/CTOs be referred to AERA for appropriate order as per the provisions of the AERA Act, 2008.

6.2 **MYTP Submissions by DCSC for the Third Control Period**

6.2.1 DCSC, has submitted separate proposal (MYTP & ATP) in respect of AFS Cargo. As part of its MYTP/ATP for AFS Cargo, ISP has proposed separate Tariff Card applicable for International Cargo Services in respect of Cargo pertaining to Air Freight Station (AFS) at Indira Gandhi International Airport (IGIA), Delhi.

6.2.2 DCSC has projected 3650 MT tonnage of Cargo volumes from AFS starting with 4th Quarter of FY2022-23 and 2% Y-o-Y growth in AFS tonnage for the rest of Third Control Period as per Table below:

Table-17: Projected AFS Cargo as per DCSC Submissions for the Third Control Period

						(in MT)
Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	CAGR
AFS Cargo Tonnage	0	3650	14892	15190	15494	2%
Total Cargo Volume (incl. AFS Volume) (ref. Table-5)			281,025	250,671	218,982	
AFS Cargo as a % of Total Cargo Volume			5.29%	6.06%	7.08%	
Y-o-Y % increase				2%	2%	

6.2.3 DCSC has proposed a separate CAPEX of Rs. 2.60 Crores for the development of Cargo Infrastructure and procurement of Cargo Handling Equipment to handle AFS Cargo for the Third Control Period.

6.2.4 In addition to separate CAPEX for AFS Cargo, DCSC has also proposed a OPEX of Rs. 9.45 Crores and Rs. 4.05 Crores against Concession Fee to handle AFS Cargo for the Third Control Period.

6.2.5 DCSC has considered FRoR at 19% in respect of ARR calculations pertaining to AFS Cargo for the Third Control Period.

6.2.6 The Cargo Operator has proposed a TSP charge of Rs. 2.97/ kg for handling AFS Cargo (Export) during FY23 (w.e.f. 01.01.2023). Thereafter, ISP has proposed enhanced TSP charges i.e. Rs. 3.17/ kg (6.73% increase) for remaining period of the Third Control Period.

6.2.7 The separate MYTP submission and Tariff for AFS Cargo volumes by DCSC for the Third Control Period is placed at **Annexure-II**

6.3 **Authority’s Examination on AFS Cargo for the Third Control Period**

6.3.1 The Authority has examined the proposal of DCSC for handling Built-up Pallets pertaining to AFS, as part of its MYTP submission and, has drawn inference from the AFS Policy Guidelines issued by the Ministry of Civil Aviation, vide OM No. AV. 13011/13/2013-ER dated 28th October, 2014, having wider mandate to strengthen and develop the Air Cargo Logistic Infrastructure in the country.

6.3.2 Subsequent to MoCA’s direction, vide its letter no. AV-13011/03/2013-ER dated 11th April, 2022, the Authority deliberated the subject matter in a series of meetings with stakeholders and regulatory bodies. These included Bureau of Civil Aviation Security (BCAS), Customs, Cargo Terminal

Operators (CTOs), Airport Operator (DIAL), AFS Operator and Bureau of Airlines Representatives (BAR) to better understand the concept of AFS and get insight of globally accepted practices in respect of AFS.

6.3.3 The key inputs & feedback received by AERA in the aforesaid meetings, with various Air Cargo Industry Forums on the MoCA's AFS Policy, including the aspect of cargo handling charges to be levied to AFS Cargo are placed at **Annexure-III**.

6.3.4 Further, in order to have better understanding and an insight of air cargo handling procedure / mechanism at Cargo Terminals & to assess the infrastructure available at the Delhi's AFS, AERA team along with cargo expert from AAICLAS visited the facilities of AFS Operator (Continental Carriers) and both the CTOs at IGIA, Delhi in June, 2022.

6.3.5 AERA team during their visit to the AFS Facility observed that pursuant to operationalization of AFS facility, some of cargo handling activities, which in normal course are performed by the CTOs at their Cargo Terminals, will get shifted to AFS (in respect of Cargo to be processed at AFS) like activities relating to:

- a. Acceptance of Cargo from shippers/agents
- b. Weighing and measurement of Cargo
- c. Palletization, Unit Load Device (ULD) build-up for export cargo
- d. X-Ray scanning of Export Cargo & compliance of BCAS & Customs regulatory norms.

These processes/activities will be done at the AFS facility itself and thereafter, Export Cargo (in form of BUPs/ULDs), after security & Customs' clearance will be transported in secured bonded trucks to Airport (Cargo Terminals) for further processing and loading of cargo into the aircrafts.

6.3.6 The AERA team, after visiting the facilities of AFS Operator & Cargo Terminal Operators and onsite interactions with the Service Providers feels that after operationalization of AFS policy, there would be certain activities, which will be done at AFS facility itself like X-ray scanning of Cargo & palletization/ULD built-up etc. However, there will be bunch of other activities which will continue to be undertaken by the CTOs at their terminals for AFS Cargo.

6.3.7 A gist of activities/processes to be undertaken by the CTO in case of Export Cargo coming from AFS and applicability of charges thereon, is given below:

S.No.	Activity/ Process in Export Cargo Handling at CTO	GEN Cargo	AFS Cargo	Applicability of TSP charges on AFS
1	Acceptance of Cargo	✓	✓	Charges Levied
2	Screening of Cargo	✓	×	Charges not levied
3	Warehousing of Cargo	✓	✓	Charges included in TSP
4	Palletization of Cargo	✓	×	Charges not levied
5	Release of Cargo to Airlines' ground handling agencies	✓	✓	Charges included in TSP

6.3.8 The Authority is of the view that in respect of AFS Cargo, CTOs will mainly be dealing with BUPs / ULDs, and, handling of the same at city-side of Cargo Terminal will be comparatively less cumbersome & cost-effective when compared with dealing & processing cargo coming in loose packets from different shippers/ agents. The CTOs are expected to save on processing time and lower manpower deployment resulting in cost savings in AFS Cargo Handling as can be seen from the followings:

- i. CTOs will be required to perform similar activities for processing of AFS Cargo (coming in form of Pallets/ULDs with Security & Customs clearances) at their terminals when compared with handling General Cargo. There would be some activities which will continue to be undertaken by CTO for processing of AFS export cargo, just as they are being done for general cargo, like activities relating to “Acceptance of Cargo” on city-side. However, frequency of activities is supposed to go down considerably. For instance, unloading and processing a BUP/ULD of 2MT may be done in one go, whereas in case of general cargo, unloading and processing of 2000 Kg. of loose cargo may take multiple cycles of the same process of activities, though the activities performed may appear exactly the same. There will be some saving of time while handling the AFS Cargo, starting from the unloading at the Truck dock area itself.
- ii. Further, as the AFS Cargo will arrive in palletized form/ULDs with security clearance, therefore CTO will not be required to X-ray scan of export Cargo, which is otherwise, required as per extant BCAS norms and is a time-consuming exercise. AFS Cargo is likely to be held at Cargo Terminal for shorter duration, as compared to general cargo, due to lesser processing involved, thereby CTO is expected to save time and reduce processing time/ transaction time on processing of AFS Cargo.
- iii. As CTOs will mainly be dealing with Pallets/ ULDs in case of AFS Cargo, the Authority feels that CTOs will be required to deploy lower manpower for handling AFS Cargo as against general cargo coming in loose packets from various agents/ shippers. This is expected to result in cost savings on labour component for CTO.

From the above analysis, the Authority feels that in case of AFS Cargo handling, CTOs are expected to undertake similar activities but with less frequency at their Terminals vis-à-vis handling of General Cargo directly accepted from Customers/Shippers. Therefore, considering cost savings on account of lower manpower deployment and less time for processing of AFS Cargo, it may not be justified to levy full TSP charges on AFS Cargo, as significant activities pertaining to export cargo will be performed at AFS’ facility itself, and, therefore considering the various cost and time saving aspects, AFS Cargo qualifies to be charged a lower TSP rate when compared with TSP rates applicable on general cargo.

- 6.3.9 The Authority observes the view of AFS Operator that no / less activities are to be performed by CTOs for processing AFS Cargo and, thus, no TSP charges/ 50% of General TSP charges should be levied but doesn’t agree with it, as, the Authority notes that even in the case of AFS Cargo, the activities, similar to handling in General Cargo are still to be performed by the CTOs, such as: acceptance of Build-up-Pallets / ULDs at Cargo Terminal (city-side), unloading from trucks at truck dock area, moving cargo to storage racks/ security hold area, transporting of cargo from build-up station/SHA to release bay, shifting ULDs from release bay to Ground Handler’s dollies, digital messages to customer’s airlines etc. Therefore, the Authority feels that CTOs are entitled to levy TSP charges to AFS Operators, not to the extent normally charged to general cargo but a lower rate, as proposed by the Authority in the ensuing Para.
- 6.3.10 From the above Para, the Authority the Authority observes that the contention of AFS Operator not to pay TSP charges as a whole or pay only 50% of TSP Charges is not Justified and CTOs are entitled to receive TSP charges to a certain extent from AFS Operator.
- 6.3.11 Further, the Authority is conscious of MoCA’s policy initiative on AFS, which has larger national intent and it aims to strengthen and develop air cargo logistics in the country and same is expected to reduce to bottlenecks in air-cargo logistics and help in ease of doing business, particularly for exporters. AERA supports the progressive step taken by the Govt. to improve air cargo logistics in the country and AFS Cargo need to be incentivized by way of lower TSP charges.

- 6.3.12 The Authority notes that ISP for its overall Cargo Volume projections for the Third Control Period has considered AFS Cargo volume at 40 MT per day or 14600 MT annually. From FY 2023-24 onward, ISP has assumed a growth of 2% in AFS Cargo Volume.
- 6.3.13 The Authority, considering that the process of Tariff determination for DCSC in respect of Third Control Period, including issuance of Consultation Paper and Tariff Order will take some time and revised Tariff for the Third Control period is expected to be implemented in January, 2022; accordingly, the Authority proposes to consider AFS Cargo Volumes from the last quarter of FY 2022-23 as per Table-17.
- 6.3.14 The Authority observes that the projected AFS volume forms just 5.29% to 7.08% of Total Cargo Volume projected for FY 2022-23 to FY 2025-26. The Authority feels that the AFS facility is still a new concept in the Indian aviation sector and it will take a while for its acceptance in International Air Cargo Logistics chain. Considering the above, the volumes projected by the ISP for AFS Cargo seems reasonable.
- 6.3.15 The Authority observes that ISP has considered increase in market competition due to coming up of new greenfield airport at Jewar, Noida and anticipated takeover of Air-Asia & Vistara's Cargo operations by Air India, resulting in lower Cargo Volumes projections during the Third Control Period. The Authority feels that considering the decreasing trend in projected Cargo volumes, the ISP should tap additional Cargo Volumes from AFS Operators, so as to maintain its market share.
- 6.3.16 The Authority notes that handling 'Pallets from AFS' requires less activities on the part of CTO and same can be handled with little modifications/additions in current infrastructure (viz. slave dollies/scissor lifts etc.). Therefore, DCSC proposing higher TSP charges for AFS Cargo in its separate MYTP submission and treating AFS Cargo as a separate segment is not justified/ feasible at this juncture, due to very low volume expected from AFS Cargo during the Third Control Period. Therefore, the Authority proposes not to consider separate MYTP proposal for AFS Cargo during the Third Control Period, rather proposes consider AFS Cargo & related CAPEX/OPEX etc. as a part of ISP's overall Cargo Operations.
- 6.3.17 As per the Authority, the proposed additional CAPEX of Rs. 2.60 crores for minor addition/modifications in current infrastructure to facilitate the handling AFS cargo maybe required; hence, the Authority, instead of treating aforesaid CAPEX separately, proposes to consider CAPEX of Rs. 2.60 crores under the head 'Plant & Machinery' for the Third Control Period. Similarly, additional depreciation of Rs. 0.66 Crores on additional CAPEX is also proposed to be considered as part of overall depreciation for the Third Control Period (ref. Chapter-4).
- 6.3.18 The Authority notes that the ISP has proposed OPEX i.e. Rs. 9.45 crores for the Third Control Period to handle AFS Cargo. However, during the discussion with the DCSC, it was informed by the ISP that it has not proposed additional OPEX but has apportioned Rs. 9.45 Crores from the Total OPEX for Cargo Handling Operations.

6.4 Authority's examination regarding TSP Charges on AFS Cargo

- 6.4.1 The Authority notes that in case of AFS Cargo handling, Cargo Terminal Operators are expected to perform fewer activities/ similar activities with less intensity thereby saving on time and cost of manpower deployment.
- 6.4.2 The Authority is conscious of MoCA's policy initiative on AFS, which has larger national intent to strengthen and develop air cargo logistics in the country and same is expected to reduce the bottlenecks in air-cargo logistics and help in ease of doing business, particularly for exporters. AERA supports

the progressive step taken by the Govt. and feels that AFS Cargo need to be incentivized by way of lower charges vis-à-vis rates applicable to general cargo.

- 6.4.3 Considering the above and taking note of inputs received through extensive deliberations on the issue, the Authority proposes 30% lower TSP charges for BUPs/ ULDs pertaining to AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc., as compared to normal approved TSP charges applicable to other than AFS Cargo.
- 6.4.4 The Authority invites specific views/ comments of the Stakeholders on the proposals of the Authority regarding lower TSP charges proposed for AFS Cargo, particularly considering that AFS is a relatively new concept in Indian Civil Aviation. The Authority shall consider the views/ suggestions received from the Stakeholders during the consultation process before issuing the Tariff Order.
- 6.4.5 The impact of lower TSP charges for AFS Cargo proposed by the Authority, on ARR computations for Third Control Period, is discussed in subsequent chapters relating to ARR & Revenue of this Consultation Paper.
- 6.5 **Authority's Proposal regarding TSP Charges on AFS Cargo**
- 6.5.1 Based on the material before it and its analysis, the Authority proposes 30% lower TSP charges for AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc., as compared to normal approved TSP charges applicable to other than AFS Cargo, for the Third Control Period.

CHAPTER-7: AGGREGATE REVENUE REQUIREMENT

7.1 ARR projections by DCSC for the Third Control Period

7.1.1 DCSC has submitted the Aggregate Revenue Requirement (ARR) for the Third Control Period as per the Table given below:

Table -18: Aggregate Revenue Requirement as per DCSC Delhi for the Third Control Period

(Rs. in Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB	199.82	233.84	371.01	476.11	489.34	1770.13
Return on RAB (A)	37.97	44.43	70.49	90.46	92.98	336.32
O & M Expenses (B)	225.72	219.34	263.89	303.01	336.95	1348.91
Depreciation (C)	15.77	18.13	37.74	41.87	47.31	160.82
Tax @ 34.944 %	21.79	23.87	37.86	48.59	49.94	182.05
ARR per Year (A + B + C +D)	301.24	305.77	409.98	483.93	527.18	2028.10
Discount Rate	19%	19%	19%	19%	19%	
PV Factor	1.00	1.00	0.84	0.71	0.59	
PV ARR (E)	301.24	305.77	344.52	341.74	312.83	1606.10
Revenue from Regulated Service Before Tariff Increase	405.14	350.29	280.76	218.67	213.20	1468.06
% Tariff Increase Proposed	0%	38%	38%	38%	41%	
Revised Revenue with Proposed Tariff Increase	405.14	483.40	387.45	301.76	301.39	1879.14
PV Factor	1.00	1.00	0.84	0.71	0.59	
PV of Revenue after Tariff Increase	405.14	483.40	325.59	213.10	178.85	1606.07

7.1.2 DCSC has proposed 38% increase in Tariff on Y-o-Y basis starting from FY 2022-23 to FY 2024-25 & 41% in FY 2025-26 in respect of various Cargo Handling Services for the Third Control Period.

7.1.3 DCSC has submitted the following justifications for proposed Tariff increase:

- a) The Tariff for Cargo operations for DCSC Delhi were last revised in FY 2018-19 vide AERA Order no.15/2018-19 dated 16.08.2018.
- b) Since the last Tariff increase was given in FY2018-19 for Delhi, and referring to last two turbulent years DCSC has requested for an increase to compensate for inflation and to get return on capital investments. Tariff proposed by DCSC for the Third Control Period is placed at **Annexure-IV**.

7.1.4 The current and proposed Yield/MT proposed by the ISP in respect of the Third Control Period is as follows:

Table-19: Existing and proposed Yield/ MT as per DCSC for the Third Control Period

Particulars	FY 2021-22*	FY 2022-23	FY 2023-24	FY 2024-25	FY 202526
Average Demurrage Yield (Rs/MT)	2,306	2,306	2,306	2,306	2,306
Average Operational Yield (Rs/MT)	9,626	9,626	9,626	9,626	9,626
Total Yield (Rs/MT)	11,932	11,932	11,932	11,932	11,932
Less:					
Reduction of Demurrage Yield (% age)		50%	60%	70%	70%
Reduction of Demurrage Yield (Rs/MT)		1,153	1,384	1,614	1,614
Yield/ MT at existing Tariff (A) (in Rs.)	11,932	10,779	10,548	10,318	10,318
Y-o-Y increase in Yield (%)		38%	38%	38%	41%
Y-o-Y increase in Yield (per MT) (B)		4,096	4,008	3921	4230
Yield/MT proposed after Tariff increase (C)=(A+B) (in Rs.)	11,932	14,875	14,556	14239	14548

**Actual figures as per ACS for FY2021-22*

7.2 Authority's Examination on ARR for the Third Control Period:

- 7.2.1 The Authority observes the submission of DCSC regarding the last Tariff increase given in FY2018-19. It is noteworthy that the Tariff for DCSC was last increased by 3% in FY2020-21 vide Order No. 02/2020-21 and earlier for FY2018-19 & FY2019-20 by 25% and 20% respectively.
- 7.2.2 The Authority observes that the ISP has considered FRoR @19% for the purpose of calculation of Return on RAB (Regulatory Asset Base) and to arrive at present value of ARR and Present Value of Revenue (after Tariff increase). Whereas, the Authority, in case of all other ISPs providing services at various major airports has considered rate of Return on Investments @ 14%. Accordingly, in the case of DCSC also, the Authority proposes to consider FRoR @ 14% for the Third Control Period.
- 7.2.3 The Authority notes from the Table-18 that the ISP has not taken the effect of increase of 38% in Tariff Rates proposed in FY2022-23 on the revenue of subsequent Tariff years. Similar error has been observed in other Tariff years, wherein ISP has ignored the effect of increase in Tariff rates in previous years, while working out revenues for respective years (i.e. in FY 2023-24 and FY 2024-25), such errors are resulting in wrong computation of revenue after Tariff Increase.

The Authority has discussed the abovementioned error with the ISP on number of occasions, however, the ISP has not submitted the rectified ARR computation.

- 7.2.4 The Authority from the Table-19 observes that the ISP has proposed a drop of 50% in yield from demurrage revenue in FY2022-23 as compared to FY 2021-22. Similarly, ISP has considered a drop of 60% and 70% in yield from demurrage in FY2023-24 and FY2024-25 respectively vis-à-vis base year's (FY 2021-22) demurrage yield.

The Authority further observes the reduction projected in demurrage yield is resulting in a drop of 10% in overall cargo yield in FY 2022-23 and thereafter by 2% Y-o-Y in FY2023-24 and FY 2024-25. The Authority proposes to consider the Yield/ MT at existing Tariff (after considering the impact of reduction in demurrage yield) as per Table-19 and computes the Revenue at existing Tariff as follows:

Table-20: Revenue (excluding revenue from AFS Cargo) at existing rates computed by the Authority for the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Yield/ MT at existing Tariff (in ₹) (a)	11,932	10,779	10,548	10,318	10,318
Cargo Volume (Excluding AFS Cargo Volume) (Ref. Table-5) (in MT)(b)	339454	342627	266133	235481	203488
Revenue at Existing Tariff {c= (a*b)/10000000} (₹ in Crores)	405.04	369.32	280.72	242.97	209.96

7.2.5 The Authority proposes 30% lower TSP charges for AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc., as compared to normal approved TSP charges applicable to “other than AFS Cargo” prevailing as on 30.09.2022 in respect of DCSC for the Third Control Period.

7.2.6 The Authority, based on the careful review & analysis of MYTP and considering the inputs provided by stakeholders on the aspects of AFS Cargo (Ref. Chapter-6) during the series of meetings held earlier in AERA office, proposes that AFS needs be incentivized by way of lower TSP rates so that AFS concept is successfully operationalized in Delhi, as envisaged in the AFS policy document, 2014. Accordingly, the Authority proposes 30% lower TSP charges (with respect to prevailing TSP charges as on 30.09.2022) for AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc. as on 30.09.2022 w.e.f. 01.01.2023 for International Export & Import Cargo originated from/destined to AFS as given below:

Table-21: AFS Revenue proposed by the Authority for DCSC for the Third Control Period

Particulars	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
AFS Tonnage (in MT)(A)	3650	14892	15190	15494	49225
Genl. TSP Charges (Rs./ MT)(B)	2220	2220	2220	2220	
AFS revenue (Rs.in Cr.) (C)= (A*B)/(10000000)	0.81	3.31	3.37	3.44	10.93
TSP charges/MT for AFS Cargo (30% lower charges) proposed by the Authority (Rs./ MT)(D)	1554	1554	1554	1554	
Revenue from AFS Cargo after considering 30% lower TSP charges (Rs. in crores) (E =(A*D)/(10000000))	0.57	2.31	2.36	2.41	7.65

7.2.7 The Authority, based on its analysis on the various regulatory building blocks proposes the following ARR in respect of DCSC for the Third Control Period:

Table-22: ARR proposed by the Authority for DCSC Delhi for the Third Control Period

(Rs. in Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB (Refer Table-12)	129.68	148.95	269.60	374.51	379.71	
Return on RAB @ 14% (A)	18.15	20.85	37.74	52.43	53.16	182.34
O&M Expenses (B) (Refer Table 16)	122.33	140.46	158.12	178.17	200.94	800.02
Concession Fees (C)	104.50	95.43	73.02	63.30	54.79	391.04
Depreciation (D) (Refer Table-12)	15.77	18.17	37.92	42.06	47.54	161.47
Security Deposit (Refer Table-13)	70.71	101.26	101.26	101.26	101.26	
Return on Security Deposit (F) (Refer Table-13)	3.54	5.063	5.06	5.06	5.06	23.79
Tax @ 34.944% (E) (Refer Table-20)	0.00	39.05	3.45	0.00	0.00	42.50
Aggregate Revenue Requirement (A+B+C+D+E+F) = (G)	264.30	319.02	315.32	341.02	361.49	1601.16
Discount Rate @ 14%	14%	14%	14%	14%	14%	
PV Factor	1.14	1.00	0.88	0.77	0.67	
PV ARR (G)	301.31	319.02	276.60	262.41	244.00	1403.33
AFS Revenue with 30% lower TSP rates (Refer Table-21)	0	0.57	2.31	2.36	2.41	7.65
Revenue from Regulated Services at current Tariff rates (refer Table-20)	405.04	369.32	280.72	242.97	209.96	1508.00
% Tariff increase /decrease proposed	0.00	0.00	0.00	0.00	0.00	0.00
Proposed Revenue without change in Tariff (Excluding Revenue from AFS)..... (H)	405.04	369.32	280.72	242.97	209.96	1508.00
AFS Revenue with 30% lower Tariff..... (I)	0.00	0.57	2.31	2.36	2.41	7.65
Total Revenue (J) = (H+I)	405.04	369.89	283.03	245.33	212.37	1515.65
PV of Total Revenue	461.74	369.89	248.27	188.77	143.34	1412.01

7.2.8 The Authority has computed PV of ARR as ₹ 1403.33 Crore in respect of DCSC for the Third Control Period as indicated in the Table-22.

7.2.9 The Authority is aware that Civil Aviation Sector is still not fully recovered from the adverse impact of Covid pandemic. Further, the Authority feels that AFS is a relatively new concept in Indian Civil Aviation and at this juncture, it is difficult to realistically assess the volumes likely to be generated

from AFS Cargo. Further, at this stage, the quantitative impact of new Greenfield Airport at Jewar (Noida) International Airport on the Cargo business of IGIA, Delhi is also difficult to assess in a realistic manner.

The Authority also notes that the Present Value (PV) of Revenues at current Tariff rates is more than PV of Aggregate Revenue Requirement (ARR) for the Third Control Period; considering the above, the Authority therefore proposes not to consider Tariff increase/ decrease for DCSC at this juncture.

7.2.10 The Tariff Rates (prevailing on 31.03.2021), as approved by the Authority vide Order no. 02/2020-21 dated 06.05.2020 for the Second Control Period, which have been extended by AERA, from time-to-time on ad-hoc basis, are proposed to continue up to the end of FY 2024-25 (tariff year 4 of the Third Control Period). However, the Authority proposes to amend the prevailing Tariff Rate Card for inclusion of TSP & Other Charges applicable to AFS Cargo, w.e.f. 01.01.2023 to 31.03.2025, as per **Annexure-V**.

7.2.11 As regard to Annual Tariff Proposal (ATP) for FY 2025-26, the Authority, also proposes to review the actual figures of the Third Control Period up to FY 2024-25, including the impact of new Greenfield airport at Jewar (Noida) and AFS Cargo, as per the ACS to be submitted by the ISP. The Authority expects that by the end of FY 2024-25, there will be adequate data relating to Cargo Volumes and Revenue Yield which will help in determining ATP for FY2025-26 in a realistic Manner.

7.3 Authority's Proposal regarding Aggregate Revenue Requirement for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding ARR and Tariff increase for the Third Control Period:

7.3.1 To consider the ARR for the Third Control Period as per Table-22.

7.3.2 To consider no increase/decrease in existing Tariff up to 31.03.2025 as per Table-22.

7.3.3 To consider ATP for FY2025-26 based on review of ACS of Third Control Period up to FY2024-25.

CHAPTER-8: PROFITABILITY STATEMENT FOR DCSC IN RESPECT OF Third CONTROL PERIOD

8.1 The profitability workings submitted by DCSC

8.1.1 The profitability statement submitted by DCSC for the Third Control Period is given in the table below:

Table-23: Profitability Statement submitted by DCSC for the Third Control Period.

(Rs. in Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Revenue					
Revenue From Regulated Services	405.02	305.76	409.97	483.92	527.16
Revenue From Other Than Regulated Services	0.00	0.00	0.00	0.00	0.00
Operation & Maintenance Expenditure					
Pay Roll Costs	45.92	52.81	60.73	69.84	80.31
Administrative & General Expenses	62.44	71.59	78.92	87.09	96.21
Repair & Maintenance Expenditure	6.96	8.01	9.21	10.59	12.18
Utilities Expenses	7.00	8.05	9.25	10.64	12.24
Concession Fees	103.39	78.88	105.77	124.85	136.01
Earnings before depreciation, interest and taxation (EBDIT)	179.30	86.41	146.09	180.91	190.22
(3) = (1) - (2)					
Depreciation And Amortization	15.77	18.13	37.74	41.87	47.31
Earnings Before Interest and Taxation (EBIT)	163.53	68.29	108.34	139.04	142.91
Total Interest and Finance Charges	7.82	4.09	4.09	4.09	4.09
Profit/ (Loss) before tax	155.71	64.20	104.25	134.95	138.82
Provision for Tax	(5.41)	22.43	36.43	47.16	48.51
Profit/(Loss) after tax	161.12	41.76	67.82	87.79	90.31
Balance Carried to Balance Sheet	161.12	41.76	67.82	87.79	90.31

8.2 Authority's Analysis on Profitability for the Third Control Period

8.2.1 The Authority notes that the ISP is charging tax @ 34.944% on the net profit and the Authority proposes to consider same rate for its own computation of Profitability Statement for the ISP

8.2.2 The Authority, from the Table-23 observes that, while calculating the profitability for the FY 2021-22 the ISP has taken the Revenue as per Annual Compliance Statement (ACS), whereas, for the rest of the Tariff years of the Third Control Period (from FY2022-23 to FY 2025-26) the ISP has considered "ARR" instead of "Revenue after Tariff increase" of respective years in the Revenue column of Form F3 (Profitability Statement). The Authority sought clarification from the DCSC on the above erroneous computation of Revenue (after Tariff increase) in profitability statement. The DCSC in its response vide letter dated 14.09.2022 submitted that "Revenue" shown in form F3 is same as "ARR" as indicated in ARR computation table for the Third Control Period (ref. Table-18).

8.2.3 The Authority, based on review of various regulatory building blocks, including Cargo Volumes projections, and, after considering ARR computation for DCSC as discussed in the previous chapters, has computed the Profitability for the ISP for the Third Control Period as shown below:

Table -24: Profitability Statements proposed by Authority for DCSC Delhi for the Third Control Period

(Rs. in Crore)

Particulars	FY 2021-22*	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Revenue From Regulated Services (refer Table-22)	405.04	369.32	280.72	242.97	209.96	1508.00
Revenue From AFS (refer Table-22)	0.00	0.57	2.31	2.36	2.41	7.65
Total Revenue (A)	405.04	369.89	283.03	245.33	212.37	1515.65
Pay Roll Costs	45.92	52.81	60.73	69.84	80.31	309.61
Administrative & General Expenses	62.44	71.59	78.92	87.09	96.21	396.26
Repair & Maintenance Expenditure	6.96	8.01	9.21	10.59	12.18	46.95
Utilities Expenses	7.00	8.05	9.25	10.64	12.24	47.18
Concession Fees	104.50	95.43	73.02	63.30	54.79	391.04
Total Operation & Maintenance Expenditure (B) (Refer Table-16)	226.82	235.89	231.14	241.46	255.73	1191.03
Earnings before depreciation, interest and taxation (EBDIT) (C) = (A) - (B)	178.21	134.00	51.90	3.87	-43.36	324.62
Depreciation And Amortization (refer Table-12)	15.77	18.17	37.92	42.07	47.54	161.47
Earnings Before Interest and Taxation (EBIT)	162.44	115.83	13.97	-38.19	-90.90	163.14
Total Interest and Finance Charges	7.82	4.09	4.09	4.09	4.09	24.18
Profit/ (Loss) before tax	154.62	111.74	9.88	-42.28	-94.99	138.96
Provision for Tax	0.00	39.05	3.45	0.00	0.00	42.50
Profit/(Loss) after tax	154.62	72.69	6.43	-42.28	-94.99	96.46

*As per Annual Compliance Statement (ACS)

8.2.4 From the above table, the Authority notes that last two tariff years of the Third Control Period are showing negative profitability for the ISP and the same is mainly due to increased depreciation on account of capitalization proposed during later part of the Control Period.

8.2.5 As per the Authority, it seems that ISP has overestimated the quantitative impact of new greenfield Airport at Jewar, Noida on the its Cargo Business in current Control Period, as the new greenfield

airport will take some time to develop market for its Cargo Business. The Authority has sought comments from the Stakeholders on the aspect of anticipated drop in Cargo Volumes for the Third Control Period as assumed by the ISP.

However, as per the ISP, the Cargo Volumes during the next Control Period are expected to be buoyant (after recovering from the adverse impact of Covid), which in turn is expected to improve overall profitability for the ISP. As per the profitability statement indicated above, DCSC is expected to earn reasonable Profit after Tax (PAT) of ₹ 96.46 crores (Rs 191.45 crore for the first four years) of the Third Control Period.

- 8.2.6 The Authority advises DCSC to optimize its overall O&M expenses to improve efficiency in its operations in the overall interest of all the Stakeholders.

8.3 Authority's Proposal regarding Profitability

Based on the material before it and based on its analysis, the Authority proposes the following regarding profitability for the Third Control Period:

- 8.3.1 To consider Revenue, OPEX and Profitability for DCSC as per Table-24 in respect of the Third Control Period.

CHAPTER-9: SUMMARY OF AUTHORITY’S PROPOSALS

The Authority, after careful consideration of the MYTP of the Third Control Period makes the following proposals for Stakeholder Consultation:

Chapter	Para	Summary of Authority’s Proposals	Page No.
Chapter 2	2.2.1	As the cargo handling service provided by DCSC at IGIA, Delhi is deemed ‘Material but Competitive’, it is proposed to determine the Tariff under ‘Light Touch Approach’ for the Third Control Period.	9
Chapter 3	3.3.1	To consider Cargo Volumetric Projections for DCSC at IGIA Delhi for the Third Control Period as per Table-5.	15
Chapter 4	4.6.1	To consider Additions to RAB (CAPEX), Depreciation and Average RAB as per Table-12 for the Third Control Period.	29
	4.6.2	To consider Security Deposit and return on Security Deposit as per Table-13 for the Third Control Period.	
Chapter 5	5.3.1	To consider the O&M Expenditure for the Third Control Period as given in Table-16.	35
Chapter 6	6.5.1	Based on the material before it and its analysis, the Authority proposes 30% lower TSP charges for AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc., as compared to normal approved TSP charges applicable to other than AFS Cargo, for the Third Control Period	41
Chapter 7	7.3.1	To consider the ARR for the Third Control Period as per Table-22.	46
	7.3.2	To consider no increase/decrease in existing Tariff up to 31.03.2025 as per Table-22.	
	7.3.3	To consider ATP for FY2025-26 based on review of ACS of the Third Control Period up to FY2024-25	
Chapter 8	8.3.1	To consider Revenue, OPEX and Profitability for DCSC as per Table-24 in respect of the Third Control Period.	49

CHAPTER-10: STAKEHOLDERS' CONSULTATION TIMELINE

- 10.1 In accordance with the provisions of Section 13(4) of the AERA Act, the proposals contained in Chapter 9 above is hereby put forth for Stakeholders' consultation. To assist the Stakeholders in making their submissions in a meaningful and constructive manner, necessary annexures to Consultation Paper (**Annexures-I to V**) are also enclosed.
- 10.2 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 here to and by making such decision fully documented and explained in the Tariff order in terms of the provisions of the Act.
- 10.3 The Authority welcomes written evidence-based feedback, comments and suggestions from Stakeholders on the various proposals made in Chapter 9 above, latest by **14/12/2022**.

Secretary

Airports Economic Regulatory Authority of India

AERA Building, Administrative Complex

Safdarjung Airport, New Delhi -110003

Tel: 011-24695044-47, Fax: 011-24695048

(Chairperson)

AFS Policy

No. AV. 13011/03/2013-ER

**Government of India
Ministry of Civil Aviation**

**“B” Block, Rajiv Gandhi Bhawan,
New Delhi, dated 28th October, 2014**

OFFICE MEMORANDUM

Subject: Policy Guidelines on Air Freight Station.

One of the recent initiatives undertaken by the Ministry of Civil Aviation pertains to strengthening of Air Cargo Logistics infrastructure in the country. In that context, creation of off-airport common user facility for handling International Air Cargo in the form of Air Freight Stations initiative has pursued. The competent authority has finalized the Policy Guidelines on Air Freight Station after extensive consultations with stakeholders and with the related Ministries/Departments in Government of India.

2. Air Freight Station (AFS) is an Off-airport Common User Facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import and export cargo etc. AFS is the counter part of Inland Container Depot (ICD) for Maritime Cargo. This initiative of AFS will create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.

3. The Application form for permission to set up Air Freight Station is also enclosed with the Policy Guideline.

4. These policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organisations.

5. This is for information and further necessary action.


(U.K. Bhardwaj)
Under Secretary to the Govt. of India
Tele: 2461 0359

Encl.: As above.

Cont..

To

1. Shri Nripendra Mishra, Principal Secretary to Prime Minister, Prime Ministers' Office, South Block, Raisina Hill, New Delhi – 110001
2. Shri Shaktikanta Das, Secretary (Revenue), Ministry of Finance, Deptt. of Revenue, North Block, New Delhi.
3. Shri Rajeev Kher, Secretary, Department of Commerce, Udyog Bhawan, New Delhi.
4. Shri Ashok Lavasa, Secretary, Ministry of Environment & Forests, Indira Paryavaran Bhavan, Jor Bagh Road, New Delhi - 110 003
5. Shri Lov Verma, Secretary, Deptt. of Health & Family Welfare, Nirman Bhawan, C-Wing, New Delhi - 110001
6. Shri Ashish Bahaguna, Secretary, Ministry of Agriculture & Cooperation, Krishi Bhawan, New Delhi-110001
7. Shri Vijay Chhibber, Secretary, Ministry of Road Transport & Highways, Transport Bhawan, Sansad Marg, New Delhi-110001
8. Shri Vishwapati Trivedi, Secretary, Ministry of Shipping, Transport Bhawan, Sansad Marg, New Delhi-110001
9. Shri Arun Kumar Panda, Joint Secretary (Drugs Quality Control), Ministry of Health & Family Welfare, Nirman Bhawan, New Delhi.
10. Smt. J.M. Shanti Sundharam, Chairperson, Central Board of Excise & Customs, Deptt. of Revenue, Ministry of Finance, North Block, New Delhi.
11. Dr. Prabhat Kumar, Director General, Directorate General of Civil Aviation, Opp. Safdarjung Airport, New Delhi.
12. Shri Sudhir Raheja, Chairman, Airports Authority of India, 'C' Block, Rajiv Gandhi Bhawan, New Delhi.
13. Shri Alok Shekhar, Secretary, Airports Economic Regulatory Authority, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi- 110 003
14. Shri Arunendra Kumar, Chairman, Railway Board, Rail Bhawan, New Delhi
15. Shri B.B. Dash, Joint Commissioner of Security, Bureau of Civil Aviation Security, Janpath Bhawan, New Delhi.
16. Shri Arvind Bhatnagar, Director (International Marketing & Operations), Container Corporation of India Ltd. CONCOR Bhawan, C-3 Mathura Road, Opposite Apollo Hospital, New Delhi-110076
17. Shri T.K. Doshi, Director (Marketing & Corporate Planning), Central Warehousing Corporation, 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016

Cont..

18. Shri Ujjwal Day, Associate Director, Federation of India Airlines, I-1734, First Floor, Chittaranjan Park, New Delhi-110019.
19. Shri S.L. Sharma, President, Air Cargo Agents Association of India, 28-B, Nariman Bhavan, Nariman Point, Mumbai-400 021.
20. Shri Amit Kamat, Honorary Secretary, Federation of Freight Forwarders' Associations in India, 311-313, Mahinder Chambers, W.T. Patil Marg, Chembur, Mumbai-400 071.
21. Shri Vipin Jain, Chairman, BAR-India Cargo Committee, C/o Lufthansa Cargo AG, Room No. 202-204, Cargo Complex, Export Building, IGI Airport, New Delhi- 110 037.
22. Shri Pradeep Panicker, President, Air Cargo Forum India, Room No. 25, Ground Floor, Project Office, New Udaan Bhawan, Opposite T-3, IGI Airport, New Delhi-110037.
23. Shri S. Raghavan, Secretary, The Southern India Chamber of Commerce and Industry, Indian Chamber Buildings, No. 6, Esplanade, Chennai-600108
24. Shri Tushar Jani, Chairman, Cargo Handlers Association of India, 201, Navratan Building, 69, P. D'Mello Road, Mumbai-400009
25. Shri Satyan Nayar, Secretary General, APAO, 710, 7th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi -110001.
26. Shri Arvind M. Nayak, President, DACCAI, 5c/105-Mittal Industrial Estate Andheri Kurla Road, Andheri East, Mumbai-400 059.
27. Managing Director, Delhi International Airport (P) Limited (DIAL) New Udaan Bhawan, Opp. Terminal-3, Indira Gandhi International Airport, New Delhi - 110037
28. Managing Director, Mumbai International Airport (P) Limited (MIAL), Charapati Shivaji International Airport, 1st Floor, Terminal 1B, Santacruz (E), Mumbai-200 099.
29. Managing Director, Cochin International Airport (P) Limited (CIAL), Kochi Airport P.O., Ernakulam-682111 (Kerala).
30. Managing Director, Hyderabad International Airport Limited (HIAL), Rajiv Gandhi International Airport, Project Office, Shamshabad, Hyderabad-500 409
31. Managing Director, Bangalore International Airport Limited (BIAL), Devanahalli, Administrative Block, Kempegawda International Airport, Bangalore-560 300
32. All International Airlines
33. The Press Trust of India Limited, PTI Building, 4, Parliament Street, New Delhi - 110 001.

Contd.../-

Copy to:

1. PS/OSD to HMCA
2. PS/OSD to HMoS
3. PPS to Secretary
4. AS & FA
5. All JSs/EA

F.No. AV.13011/3/2013-ER
Ministry of Civil Aviation

Date: 28th October 2014

Policy Guidelines on Air Freight Station (AFS)

1.01 Concept of Air Freight Station

Air Freight Station (AFS) is an off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/export goods loaded and empty Unit Load Devices (ULDs) and cargo in bulk / loose for home consumption, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export. In the case of Express Companies, there could be a dedicated AFS for express cargo or they can also make use of AFS meant for general cargo or ICD to handle air cargo. This initiative of AFS will create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time. By also specially authorising some of the ICDs to cater to the International Air Cargo operations, the existing facilities in these ICDs, could be fully utilised. These policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organisations.

1.02 Functions of AFS

The primary functions of AFS are summed up as under:-

- a. Receipt of Export Cargo for processing and to make the cargo "Ready for Carriage" condition including ULD (Unit Load Device) building of export cargo and scanning of cargo. While ULDs will be the ideal mode of handling cargo for and from AFS, export / import consignments both in palletised / ULD and bulk, loose form shall also be facilitated.

- b. Transit operations by road to and from serving Airport.
- c. All Customs related requirements for import and exports including inspection of cargo wherever required.
- d. Unitization of Cargo.
- e. Temporary storage of cargo and Unit Load Device (ULDs).
- f. Re-building of ULDs of Export Cargo.
- g. De-stuffing of Import Cargo.
- h. Storage, Examination, Packing and Delivery of Import Cargo.
- i. Auction / disposal of 30 days old uncleared Import Cargo.
- j. Maintenance and repair of Unit Load Devices

In a nut shell, all Export and Import cargo clearance including customs related activities like assessment, examination, payment of duties etc. would be provided at the AFS, as is done in any other Customs station. Besides the customs authorities, other cross-border regulatory agencies such as Plant Quarantine office, Drug Controller's office etc., would also be accommodated by the respective AFS enterprise in the same premises. This may include, for example, space for establishment of laboratory for immediate inspection and the area should be well lit.

1.03 Location of AFS

Greenfield AFS facility can be located anywhere in India subject to fulfilment of all regulatory requirements contained in these guidelines. Setting up of AFS at the existing ICDs which are already notified by Customs would also be permitted.

1.04 Pre-requisites for establishing AFS

A. Space requirement

- i. AFS can be set up exclusively for handling export cargo or import cargo and can also be for both exports and imports. Land requirements for export or import are dependent on quantum of cargo expected to be handled. International standards for throughput efficiency at cargo terminals in general is measured in terms of tonnage handled per square metre linked to the volume of cargo handled in that terminal in a year.

- II. Based on the covered area available for air cargo at most of the international cargo terminals in Tier-II cities and taking into account the stakeholders feedback on this issue, the minimum area of covered space required for exports shall be atleast One thousand Square metre and if imports are also proposed to be handled in the same AFS then another one thousand square metre of covered space should be provided.
 - III. As far as existing ICDs seeking additional authorisation as AFS is concerned, they may allocate additional space for handling AFS cargo as per traffic requirement.
 - IV. Entities intending to put up AFS shall submit proof of ownership of required amount of appropriate land free from encumbrances or lease deed of the premises in which AFS is proposed to be setup.
- B. Workload requirement
- I. The establishment of an AFS would take into account the feasibility of the project in terms of the projected air cargo to be handled.
- C. Other requirements
- I. Since AFS will be a Customs notified area, it will be governed by the Handling of Cargo in Customs Areas Regulations, 2009 (as amended) which prescribes various requirements including basic infrastructure etc. in great detail. This regulation is exhaustive and mandatorily to be followed by all Customs notified operators. Therefore, it is not proposed to elaborate requirements of infrastructure etc. further in this Guideline.
 - II. It is important to ensure that the design and layout shall be in accordance with the flow of export and import of cargo and shall take into account the initial volume of business, the estimated volume in the near future and the facilities the exporter / importers would require.
 - III. Ideally, facilities in AFS shall contain the scope for expansion in future as and when volume of trade grows. An important facility at AFS that is required particularly for export cargo is the scanning equipments and trained screeners for operating that facility. If export cargo activity is not proposed to be handled at an AFS, the requirement of scanning facility is not applicable. If it is proposed to include perishables, then requirement as per Plant Quarantine Directorate shall be made applicable.
 - IV. Approval of proposals for setting up AFS shall take into account the credibility of the promoter from the viewpoint of financial status, legal compliance etc.

D. Regulatory environment governing AFS

- I. Greenfield AFS or ICDs specially recognized to handle air cargo under these Guidelines shall comply with (i) the policy Guidelines of MoCA and advisories of Inter-Ministerial Committee (IMC) of D/o Commerce that may be issued from time to time on various matters connected with AFS (ii) Handling of Cargo in Customs Area Regulations, 2009 (as amended) (iii) Bureau of Civil Aviation Security (BCAS) regulations governing security of Export cargo. Further, the Customs staff at Greenfield AFS shall be posted on cost recovery basis, as per staffing norms to be determined by the CBEC on the basis of the workload.
- II. The required IT / EDI support is essential for AFS operations. Therefore, the Central Board of Excise and Customs (CBEC) / Directorate of Systems, CBEC and the Jurisdictional Commissioner of Customs concerned shall ensure that the same is made available.
- III. The CBEC shall ensure that the jurisdictional Commissioners of Customs issue public notices laying down uniform Customs procedures at AFSs.
- IV. Airport operators and Air Cargo Terminal Operators shall accept palletised ULDs for bulk cargo in the case of exports from an approved AFS facility and facilitate its transfer to the airside. They shall not insist on levying full TSP charges on consignments / cargo meant for / received from AFS (particularly in respect of ready for carriage conditions export cargo) for its transfer from land to air-side and vice-versa since no value addition is contemplated at the airport terminal. AERA while approving TSP charges shall give a break-up of Transit, Storage and Processing Charges.
- V. Air Cargo terminal operator at the concerned airport shall identify and allocate some space for handling of built ULDs / consignments meant for / received from an AFS and provide direct access to sterile area in the ease of exports.
- VI. In instances where existing ICDs are specially recognized for handling air cargo under these Guidelines, no additional Customs cost recovery charges shall be levied on this account.
- VII. Scanning operations of export cargo moving from AFS shall be completed at AFS itself and necessary guidelines shall be issued by BCAS in this regard keeping in view the overall purpose and the benefits of moving the international trade operations to the hinterland away from the international airports.
- VIII. Given the expected nature of growth of AFS and the choice available to exporters and importers, the charges applicable for various operations to be carried out by AFS operator shall be determined by the market forces and are thus forborne.

Page 4 of 7

- E. Procedures for approval of AFS and its implementation
- I. Proposals for setting up of AFS will be considered by the Inter-Ministerial Committee notified by D/o Commerce (for approving ICDs/CFSs) based on application to be made by the entity proposing to set up the facility and in keeping with the Guidelines for setting up of AFS issued by MoCA in this regard.
 - II. The application will be accompanied by a feasibility report containing the business plan of the entity. Upon acceptance and approval of the application by the IMC, Letter of Approval (LoA) will be issued by the D/o Commerce. This shall be valid for a period of one year and further extension for one more year will be considered by the IMC if there is valid justification for extension. If operations are not commenced within the extended period, the LoA issued to that entity is deemed to have become invalid. LoA is subject to cancellation in the event of any abuse or violation or breach of conditions of LoA.
 - III. A copy of the LOA shall be endorsed to Member (Computerization)/DG, Systems, CBEC for factoring in the financials and the load involved in EDI connectivity, well in time. A copy of the LOA shall also be endorsed to DG, HRD, CBEC and Commissioner of Customs concerned.
 - IV. Once the infrastructure is ready, the CBEC shall within 30 days thereof notify the AFS under Section 7 of Customs Act, 1962. Thereafter, approvals under Section 8 and Section 45 of Customs Act, 1962 specifying Customs area for loading and unloading of imported / export goods and appointment of custodian shall be immediately issued by Jurisdictional Commissioner of Customs subject to confirming the sanction of staff.
 - V. CBEC, Directorate of System and the concerned Jurisdictional Commissioner shall, upon notification of AFS as a Customs Station, ensure that the required number of sanctioned officials are posted to that station. They shall also ensure EDI connectivity to the AFS without any delay.
 - VI. BCAS shall decide and communicate their approval for the security arrangements of the AFS entity within 30 days of receipt of the application from the applicant entity.
 - VII. As soon as the business is commenced by the AFS, IMC of D/o Commerce and Ministry of Civil Aviation will be notified of the same and the AFS operator shall periodically furnish the details of exports and imports that have taken place on a quarterly basis to both D/o Commerce and Ministry of Civil Aviation.

Application form for permission to set up Air Freight Station

(Read the guidelines carefully before filling up)

1. Name of the Organisation proposing to set up AFS :
Address with Telephone/Fax/E-mail/Mobile
Number (give details)
2. Status of the applicant Organisation :
3. Whether it is a Greenfield facility or is it an :
application for specially recognizing an existing ICD
for handling air cargo under these Guidelines?
Give details.
4. Whether the proposed AFS is for :
(i) Exports (all items) only
(ii) Exports (excluding perishables) only
(iii) Imports only
(iv) For (i) & (iii) above
(v) For (ii) & (iii) above
5. Place (address) where the AFS is proposed to be :
set up
6. Location of the site with distance from nearest :
International/Customs Airport
(Enclose a map showing location and links to airports)
7. Whether land space for the setting up of AFS :
already acquired, if so,
(a) Area of land (in sq. meters)
(b) Area covered (in sq. meters)
(c) Whether owned/hired/on lease
(d) If not, how the land is proposed to be acquired
(e) Area in Open for circulation in yard, paved /
unpaved area
8. Address of Customs Commissionerate having :
jurisdiction over the proposed AFS
9. Names of Freight Forwarders, Carriers etc. willing :
to operate from/to this proposed AFS

- | | <u>Available</u> | <u>Proposed to create</u> |
|----------------------------------|------------------|---------------------------|
| 10. Infrastructural facilities : | | |
| (i) Weighment facility | | |
| (ii) Gatehouse & Security | | |
| (iii) Accommodation for office | | |
| (iv) Parking area | | |
| (v) Equipments (give details) | | |

- | | Exports (MT) | Imports |
|---|--------------|---------|
| 11. Volume of cargo proposed to be handled in initial :
years | | |
| 12. Special Cargo, if any, proposed to be handled. :
e.g. Dangerous Goods, pharma, perishables | | |
| 13. Availability of appropriate facilities to handle :
special cargo mentioned above | | |
| 14. Experience, if any, of the applicant in Air Cargo :
Logistics operations | | |
| 15. Financial health of the applicant (give details) : | | |
| 16. Logistics movement of cargo to and fro proposed AFS and :
Gateway airports (give details) | | |
| 17. Time limit required for operationalising the AFS | | |

18. Authorised Signatory :
 (Name, Designation, Address, Telephone-Mobile &
 Landline number, Fax Number and E-mail ID.)

Declaration:

Information furnished above and in enclosures attached to this application are true and correct to the best of my knowledge.

Authorised Signatory

Name: _____

Designation : _____

Seal : _____

Date : _____

MYTP SUBMISSION ON AFS CARGO BY DCSC FOR THE THIRD CONTROL PERIOD

24

PART – B - BUILDING BLOCKS – AIR FREIGHT STATION (AFS)**AIR FREIGHT STATION (AFS)**

The Policy Guidelines of Ministry of Civil Aviation (MOCA) on Air Freight Station dated 28.10.2014, states as under:

1.01 Concept of Air Freight Station

Air Freight Station (AFS) is an off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/export goods loaded and empty Unit Load Devices (ULDs) and cargo in bulk / loose for home consumption, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export. In the case of Express Companies, there could be a dedicated AFS for express cargo or they can also make use of AFS meant for general cargo or ICD to handle air cargo. This initiative of AFS will create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time. By also specially authorising some of the ICDs to cater to the International Air Cargo operations, the existing facilities in these ICDs, could be fully utilised. These policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters/ Importers and all regulatory organisations.

1.02 Functions of AFS

The primary functions of AFS are summed up as under:-

- a. Receipt of Export Cargo for processing and to make the cargo "Ready for Carriage" condition including ULD (Unit Load Device) building of export cargo and scanning of cargo. While ULDs will be the ideal mode of handling cargo for and from AFS, export / import consignments both in palletised / ULD and bulk, loose form shall also be facilitated.*
- b. Transit operations by road to and from serving Airport.*
- c. All Customs related requirements for import and exports including inspection of cargo wherever required.*
- d. Unitization of Cargo.*
- e. Temporary storage of cargo and Unit Load Device (ULDs).*
- f. Re-building of ULDs of Export Cargo.*
- g. De-stuffing of Import Cargo.*
- h. Storage, Examination, Packing and Delivery of Import Cargo.*
- i. Auction / disposal of 30 days old uncleared Import Cargo.*
- j. Maintenance and repair of Unit Load Devices*

In a nut shell, all Export and Import cargo clearance including customs related activities like assessment, examination, payment of duties etc. would be provided at the AFS, as is done in any other Customs station. Besides the customs authorities, other cross-border regulatory agencies such as Plant Quarantine office, Drug Controller's office etc., would also be accommodated by the respective AFS enterprise in the same premises. This may include, for example, space for establishment of laboratory for immediate inspection and the area should be well lit.

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1.03 Location of AFS

Greenfield AFS facility can be located anywhere in India subject to fulfilment of all regulatory requirements contained in these guidelines. Setting up of AFS at the existing ICDs which are already notified by Customs would also be permitted."

CHAPTER 9: COMPARATIVE ACTIVITIES OF AFS AND GENERAL CARGO PROCESS

9. The following are the comparative activities of AFS and General cargo:

Activities are categorised into below mentioned broad categories of their process & related charges :

- 9.1 : Acceptance of Cargo
- 9.2 : Screening of Cargo
- 9.3 : Warehousing of Cargo
- 9.4: Palletization of cargo
- 9.5: Release of cargo

9.1 Acceptance of Cargo (Process)

Sl No	Elements	General Cargo	AFS
1	Unloading from trucks	✓	✓
2	Ready for Carriage checks	✓	✓
3	Weight and Volume checks	✓	✓
4	Document verification and CTO system updation	✓	✓
5	Digital messages to stakeholders / authorities	✓	✓
6	Barcode labelling and scanning	✓	✓
7	Transporting cargo to Security Hold Area (SHA)	✓	✓
8	Physical security and vigilance of cargo	✓	✓
9		x	✓

9.1.1 Acceptance of Cargo (Charges)

Sl No	Elements	Equipment / Procedure / Resource used	General Cargo	AFS
1	Unloading from trucks	- Forklift - Stacker - BOPT / HOPT - Skids	Terminal Storage and Processing Charges (TSP Levied)	AFS Charges Levied
2	Ready for Carriage checks	- Visual / Physical checks		
3	Weight and Volume checks	- Weighing scale		
4	Document verification and CTO system updation	Computer systems		

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5	Digital messages to stakeholders / authorities	Computer systems		
6	Barcode labelling and scanning	- Barcode scanners - Barcode printers		
7	Transporting cargo to Security Hold Area (SHA)	- Forklift - Stacker		
8	Physical security and vigilance of cargo	- CCTV - Security Guards		
9	Dimensions / Contour and bulge checks			

9.2 Screening of cargo (Process)

Sl No	Elements	General Cargo	AFS
1	Piece-wise screening for detecting explosives or prohibited substances	✓	✗
2	Cooling-off procedure for odd size cargo	✓	✗
3	Consignment Security Declaration (CSD) provided by CTO to the Carrier as per the regulations	✓	✗
4	Documentation verification	✓	✗
5	Pasting Security screening labels	✓	✗

9.2.1 Screening of Cargo (Charges)

Sl No	Elements	Equipment / Procedure / Resource used	General Cargo	AFS
1	Piece-wise screening for detecting explosives or prohibited substances	- Dual-View X-Ray machine - Explosive Vapour Detector - Explosive Tracer Detector - Roller belts - Forklift - Stacker - Skids	X-Ray Machine Charges and X-Ray Certification Charges Levied	No Charges Levied
2	Cooling-off procedure for odd size cargo	- Visual / Physical checks		
3	Consignment Security Declaration (CSD) provided by CTO to the Carrier as per the regulations	- Computer system		

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4	Documentation verification	- Physical checks		
5	Pasting Security screening labels	- Security stickers		

9.3 Warehousing of cargo (Process)

Sl No	Elements	General Cargo	AFS
1	Transporting Cargo to storage racks/SHA	✓	✓
2	Digital messages to Customer Airline	✓	✓
3	Inventory management	✓	✓
4	Physical security and vigilance of cargo	✓	✓

9.3.1 Warehousing of Cargo (Charges)

Sl No	Elements	Equipment / Procedure / Resource used	General Cargo	AFS
1	Transporting Cargo to storage rack/SHA	- Forklift - BOPT - Skids	Charges already included in TSP	AFS Charges already included in TSP
2	Digital messages to Customer Airline	-Computer system		
3	Inventory management	-Customer system		
4	Physical security and vigilance of cargo	-CCTV -Security Guards		

9.4 Palletization of cargo (Process)

Sl No	Elements	General Cargo	AFS
1	Transporting cargo from storage racks to loading built-up station	✓	✓
2	Container and Pallet handling / ULD management	✓	✓
3	Palletization of cargo	✓	✓
4	Securing cargo with polythene, belts and lashings	✓	✓
5	ULD weighment	✓	✓
6	Digital messages to Customer Airlines	✓	✓
7	Flight document pouch for Captain and destination	✓	✓
8	Physical security and vigilance of cargo	✓	✓

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9.5 Release of cargo

Sl No	Elements	Equipment / Procedure / Resource used	General Cargo	AFS
1	Transporting of cargo from loading build-up station/SHA to release bay	<ul style="list-style-type: none"> - Roller decks - Dollies - Tug - Scissor lifts 	Charges already included in TSP Charges	AFS Charges already included in TSP Charges
2	Flight Manifest creation / ULD Gate pass	<ul style="list-style-type: none"> - Computer system 		
3	Shifting ULDs from release bay to GHA dollies	<ul style="list-style-type: none"> - Physical handling - Automated release belts 		
4	Digital messages to Customer Airlines i.e. FFM and other FSU messages	<ul style="list-style-type: none"> - Computer system 		
5	Physical security and vigilance of cargo	<ul style="list-style-type: none"> - CCTV - Security Guards 		

CHAPTER 10 : CARGO VOLUME PROJECTION (AFS)

10.1 Projected Cargo Volumes of DCSC (AFS):

Recently, there has been lot of interest in development of AFS and it is understood that one of the first AFS will start its operation soon. In the meeting held on 22.01.2019 by the Authority, the proposed AFS Operator cargo operators of IGIA i.e., M/s DCSC and M/s CELEBI, the proposed AFS Operator stated that the AFS facility will bring in at least 40 tons of cargo per day.

In the same meeting, it was decided that that cargo operators of IGIA i.e., M/s DCSC and M/s CELEBI will partake in this pioneering effort and submit a tariff proposal for AFS cargo at Air Cargo Terminal, Delhi. Subsequently, DCSC submitted its Tariff Proposal with AERA on 29.03.2019 and on 17.05.2019 revised Tariff Proposal was submitted with AERA.

Since the carrying capacity on the air side is limited, it is believed that cargo volume that will be brought in by the AFS operator would be the cargo that would have been originally brought to the Cargo Terminal Operator. Cargo that is processed and brought in by AFS operator will get reduced from the volume of Cargo Terminal Operator. DCSC is filing a separate tariff proposal for AFS along with the MYTP for the Cargo Service.

10.2 Since IGIA is saturated in terms of ATM, the Growth percentage has been assumed at 2%.

10.3 Based on the above assumption, the tonnage projected in the current control period as follows:

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Table 14 : Cargo Volume for the 3rd Control Period:

(Rs in Crs.)						
Particulars	FY 20	FY 22	FY 23	FY 24	FY 25	FY 26
AFS Tonnage (Treated Separately)			3,650	14,892	15,190	15,494

CHAPTER 11: REGULATORY ASSET BASE (RAB) AND DEPRECIATION (AFS)

11.1 DCSC has projected a Capex Expenditure (CAPEX) for development of Cargo Infrastructure and procurement of Cargo Equipment during for AFS cargo for the Third Control Period (FY 2021-22 to FY 2025-26). The details of Capital Expenditure planned by MCSC for Third Control Period are given below:

Table 15: CAPEX additions proposed for AFS Cargo handling for the 3rd Control Period- AFS

Rs in Crs						
Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Plant and Machinery	-	2.00	0.20	0.20	0.20	2.60
Total	-	2.00	0.20	0.20	0.20	2.60

11.2 Depreciation on tangible assets and intangible assets is provided on a pro-rata basis under the straight-line value method and the useful life of assets is considered as per the life specified in Schedule II to the Companies Act, 2013. Leasehold Improvements are amortized on straight line basis over lease term. The Depreciation Schedule is provided in the Form 9 of Annexure 2.

11.2.1 : DCSC has computed the depreciation for the 3rd Control period as given in Table below:

Table 16: Depreciation proposed by DCSC for Third Control Period- AFS

(Rs in Crs.)						
Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Plant and Machinery	-	0.09	0.09	0.09	0.09	3.60
Total		0.09	0.09	0.09	0.09	3.60

11.3 Regulatory Asset Base (RAB):

Computation of Opening, Closing and Average RAB proposed for the 3rd Control Period is given in the Table below:

Table 17: RAB for the Third Control Period – AFS

(Rs in Crs.)					
Particulars	3 rd Control Period				
	FY 22	FY 23	FY 24	FY 25	FY 26
Opening RAB	-	0.00	1.96	1.97	1.97
+ Additions	-	2.00	0.20	0.20	0.20
(-) Disposals	-	0.00	0.00	0.00	0.00
(-) Depreciation	-	0.04	0.18	0.20	0.23
Closing RAB	-	1.96	1.97	1.97	1.94
Average RAB	-	0.98	1.97	1.97	1.96

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Chapter 12: OPERATING & MAINTENANCE EXPENDITURE

12.1 As provided in Clause 9.4 of the CGF Guidelines mentioned in Direction No. 04/2010-11, the Operational and Maintenance (O&M) Expenditure incurred by the Service provider(s) include expenditure incurred on security operating costs, other mandated operating costs and statutory operating costs.

12.2 The Operation and Maintenance (O&M) Cost mainly comprises of the following expenses:

- a) Concession Fees
- b) Cargo Handling expenses
- c) Employee expenses
- d) Other Administrative & General (A&G) Expense

All the costs projected in the ARR are based on prudent assumptions keeping in mind the requirement of the agreement entered with DIAL and the service level expectation by the stakeholders.

12.2.1 : Concession Fees:

Concession fees are being paid to DIAL @ 24% of Gross revenue as mentioned in the Concession Agreement dated 19.11.2009.

12.2.2: Cargo Handling expenses:

Cargo handling expenses are incurred for export/import handling services like loading/unloading of cargo, weighment, carting of cargo from/to warehouse etc.

12.2.3: Employee Cost:

It represents the salaries and wages for the employees directly engaged in cargo business at Delhi Airport.

12.2.4: Other Administrative & General (A&G) Expenses :

It represents the administrative and maintenance expenses related to the AFS cargo operations.

12.2.5 DCSC believes that any cost, if given and released in public, would be detrimental to the operations of DCSC. Operating in a competitive environment, the costs are highly confidential in nature and sharing of the same with any external entities is not in the best interest of DCSC. IT IS THEREFORE REQUESTED THAT ALL COST INFORMATION SUBMITTED HERE BE KINDLY KEPT CONFIDENTIAL.

All the costs projected in the ARR are based on prudent assumptions keeping in mind the requirement of the agreement entered with DIAL and the service level expectation by the stakeholders.

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12.3 DCSC has submitted the following component-wise actual Operation & Maintenance (O&M) costs incurred during last 3 years of the 2nd Control Period:

12.4 DCSC has submitted the following component-wise proposed Operation & Maintenance (O&M) costs for the Third Control Period:

Table 18: Operating & Maintenance Expenditure for 3rd Control Period – AFS

(Rs in Crs.)										
Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total	FY 23	FY 24	FY 25	FY 26
Payroll Cost (A)	-	0.40	1.84	2.11	2.43	6.78	-	15%	15%	15%
Land Licence Fee	-	0.04	0.17	0.19	0.20	0.60	-	7.50%	7.50%	7.50%
Repair & Maintenance Expenditure (C)	-	0.12	0.56	0.64	0.74	2.06	-	15%	15%	15%
Concession Fees (E)	-	0.28	1.11	1.25	1.41	4.05	-	-	13%	13%
Total Operation and Maintenance Expenditure	-	0.84	3.68	4.19	4.78	13.50	-	-	14%	14%

CHAPTER 13: FAIR RATE OF RETURN (FROR) – AFS

13.1 : Enclosed are the excerpts of Clause 9.1 of the AERA guidelines, 2011

“9. Regulatory Building Blocks

9.1 Fair Rate of Return (FROR)

9.1.1. The Authority shall determine the Fair Rate of Return (FROR) for a Control Period as its estimate of the weighted average cost of capital for a Service Provider as under:

$$FROR = (g \times Rd) + ((1 - g) \times Re)$$

Where:

g is gearing (i.e. debt/ debt + equity)

Rd is the pre-tax cost of debt

Re is Post-tax cost of equity

9.1.2. The FROR shall be calculated on a nominal basis for a Control Period.

9.1.3. Cost of Equity

The Authority shall estimate cost of equity, for a Control Period, by using the Capital Asset Pricing Model (CAPM) for each Service Provider, subject to the consideration of such factors as the Authority may deem fit.

9.1.4. Cost of Debt

(e) The Authority shall consider the forecast cost of existing debt, subject to the Authority being assured of the reasonableness of such costs based on a review including of its source(s), procedure(s) and method(s) used for raising such debt(s).

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- (f) The Authority shall consider the forecast for future cost of (i) debt proposed to be raised during the Control Period; or (ii) such debt which may be subject to floating rate of interest subject to the Authority being assured of the reasonableness of such costs, based on a review including of its source(s), procedure(s) and method(s) to be used for raising such debt(s).
- (g) The Authority shall consider, in respect to the of debt, interest free or concessional loan arrangements, if any.
- (h) The Authority shall determine a weighted average cost of debt, according to the formula indicated in the Illustration 2 below Clause 9.1.7, in a Control Period for the purpose of determination of FROR. The determination of such weighted average cost of debt shall have reference to projected quantum of debt for each Tariff Year in a Control Period.
- 9.1.5 The Authority shall not consider financing costs of any short term debt, with maturity of less than 12 months, in its determination of weighted average cost of debt. The Authority shall instead review such costs according to Clause 9.4.
- 9.1.6 The Authority shall consider, in respect of the cost of equity or cost of debt, as the case may be, the nature of all financial instruments being used or proposed to be used to mobilize such funds.
- 9.1.7. Gearing

The Authority shall determine a weighted average gearing in Control Period for the Purpose of determination of FROR. The determination of such weighted average Gearing shall have reference to actual and projected quantum of debt submitted by Service Provider. The calculation of such weighted gearing shall be based on the fore-cast quantum of debt and equity for each Tariff Year in a Control Period.

It is reiterated that for the Third Control Period, DCSC proposes to adopt the fiscally responsible approach of funding the entire proposed Capex estimated by DCSC through internal accruals and the cash surplus.

Resultantly, the quantum of debt is zero and consequently Cost of Debt for calculation of FRoR will be nil. Thus, FRoR will be equal to the Cost of Equity ('COE') of DCSC.

DCSC proposes the Authority to consider pre-tax COE for the Third Control Period at 19% per annum. The same is commensurate to the COE considered by the Authority when calculating FRoR of 14%. And would provide reasonable return to DCSC on its investment.

CHAPTER 14: AGGREGATE REVENUE REQUIREMENT (ARR)

14.1 Agreement for providing Regulated Service.

DCSC has been granted permission to provide the Cargo Facilities service at the IGIA Airport by DIAL vide Concession Agreement dated 1911.2009.

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DIAL had issued a Request for Qualification-cum-Request for Proposal (the 'RFQP') for Cargo Concession to the public, inviting, interested parties to submit their applications for undertaking non-exclusive concession to finance, develop, operate, maintain and manage Cargo Facilities at IGIA. DIAL has selected Cargo Service Center India Pvt Ltd as the successful bidder pursuant to the RFQP to undertake Cargo Concession. Copy of Cargo Concession agreement dated 19.11.2009 is provided in Annexure 5.

14.2 Details of Competitive Facilities

As already stated earlier, DCSC is one of the cargo service providers at Delhi Airport. Details of the same are presented below.

Sr. No	Details of Cargo Handling Service Providers at Delhi Airport
1	Celebi Delhi Cargo Terminal Management India Pvt Ltd
2	Delhi Cargo Service Center Private Limited

14.3 Business Plan

The Business Plan including key financial statements like Balance Sheet, Profit & Loss Statements etc. projected for the financial year 2021-22 to 2025-26 has been attached herewith in accordance with the AERA specified formats. Details of key financial statements attached in Forms F2, F3 & F4 of Annexure 2 respectively

14.4 Annual Revenue Requirement

DCSC India has determined its annual revenue requirement in line with the AERA's guideline. Under clause 8.2 and 8.3 of the guideline, AERA has specified the regulatory building blocks for determination of the annual revenue requirement. The relevant extract is as follows:

13 Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB)

14 Operation and Maintenance Expenditure (O)

15 Depreciation (D)

16 Taxation (T)

17 Revenues from services other than Regulated Service(s) (NAR)"

18 The Aggregate Revenue Requirement for the Control Period (ARR) shall be expressed as under:

19 $ARR = \sum(ARR_t)$ and

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$$20 \text{ } ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - NAR_t$$

21 Where t is the Tariff Year in the Control Period and ARR_t is the Aggregate Revenue Requirement for year t Estimate of required Fair Rate of Return"

22 The summary of the annual revenue requirement for the control period has been attached.

14.5 Details of the annual revenue requirement (ARR) for the third control period has been specified in the below table.

Table 19: Projected Annual Revenue Requirement (ARR) -AFS for the 3rd control period:

(Rs in Crs.)						
Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Average RAB	-	0.98	1.97	1.97	1.96	6.87
Return on RAB (A)	-	0.19	0.37	0.37	0.37	1.31
O & M Expenses (B)	-	0.56	2.57	2.94	3.37	9.45
Depreciation (C)	-	0.04	0.18	0.20	0.23	0.66
Tax @ 34.944 %	-	0.01	0.06	0.07	0.08	0.23
ARR per Year (A + B + C + D)	-	1.08	4.30	4.84	5.46	15.69
Discount Rate	-	19%	19%	19%	19%	
PV Factor	-	1	0.84	0.71	0.59	
PV ARR (E)	-	1.08	3.62	3.44	3.22	11.36
Revenue from Regulated Service Before Tariff Increase	-	1.08	4.42	4.51	4.60	14.61
% Tariff Increase Proposed	-		7%			
Revised Revenue with Proposed Tariff Increase	-	1.08	4.72	4.81	4.91	15.52
PV Factor	-	1	0.84	0.71	0.59	
PV of Revenue after Tariff Increase	-	1.08	3.96	3.42	2.90	11.36

Table 20: Revenue from regulated service before Tariff Increase - AFS:

Particulars	FY23
ARR per Year (Rs in Crs)	1.08
Projected Tonnage (MT)	3650
Yield /MT (Rs/MT)	2,968

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35

Table 21: Revenue from regulated service after Tariff Increase – AFS for 3rd Control Period
Rs in Crs

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26
Projected Tonnage (MT)	-	3650	14892	15190	15494
Yeild /MT (Rs/MT)	-	2,968	3,168	3,168	3,168
Expected Revenue (Rs in Crs)	-	1.08	4.72	4.81	4.91

Table 22: Proposed Tariff for AFS Cargo (Rs/kg)

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26
Tariff (Rs per kg)	-	2.97	3.17	3.17	3.17

14.6 In order to cover the deficit percentage as mentioned in the above table, following tariff increase is proposed for cargo operations in DCSC.

Table 23: Proposed Tariff Increase - AFS for 3rd Control Period

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26
Tariff Increase Proposal	-	-	7%	-	-

In light of the above, DCSC requests the Authority to approve the tariffs and in this regard is also submitting the Annual Tariff proposal (ATP) as per the AERA guidelines under clause A1.8 in the specified in Form F14.

15 List of Annexures enclosed along with document:

Annexure	Particulars
1	Copies of SHGA agreement
2	Copy of Techno Economic Feasibility Report (TEFR) for Jewar Airport
3	MYTP - City side & Air side duly signed for the 3 rd control period
4.1	ATP - City side & Air side Duly signed for the FY 22-23 – General Cargo
4.2	ATP - duly signed for the FY 22-23 – AFS Cargo
5	Concession Agreements
6	Audited Financials for the year 2020-21
7	Provisional Financials for FY 2021-22

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ANNEXURE-47

167

Delhi Cargo Service Center Private Limited - IGI Airport, New Delhi
Form 14(b) Tariff- International Cargo for ULD for Air Freight Station

Sl. No.	Description	Tariff 2021-22	Tariff 2022-23	Tariff 2023-24	Tariff 2024-25	Tariff 2025-26	
A.	EXPORT CARGO	Rate in Rupees per ULD	Rate in Rupees per Kilogram	Rate in Rupees per Kilogram	Rate in Rupees per Kilogram	Rate in Rupees per Kilogram	Levied on
A1.	AFS Cargo Charges for Built-up ULD	Per Kg	Per Kg	Per Kg	Per Kg	Per Kg	
A1.1	Arrangement for unloading of Built up ULDs of export cargo	-	2.97	2.97	2.97	2.97	AFS Operator
A1.2	Arrangement for unloading of Bulged ULDs of export cargo	-	3.56	3.67	3.78	3.89	AFS Operator
A1.3	Arrangements for temporary storage of export ULDs/Bulk cargo	N.A	N.A	N.A	N.A	N.A	
A1.4	Arrangement for transfer of ULDs to airlines for loading on the aircraft	N.A					

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Summary of deliberations held by the Authority with various stakeholders on MoCA's AFS Policy

The views of Stakeholders regarding the modalities for implementation of MoCA's AFS Policy and related TSP charges to be levied on AFS Cargo are as follows:

- a) **Cargo Terminal Operators and Airport Operator** – The representatives of Cargo Terminal Operators (CTOs) and AO (DIAL) during their meeting with AERA have emphasized that they have to perform certain activities, irrespective of the nature of cargo, whether in loose packets or Built-Up-Pallets (BUPs) as is the case in AFS. CTOs further stated that current Terminal Infrastructure, with slight modifications, can cater to the AFS Cargo. As per the CTOs, as there isn't much difference in handling of Cargo pertaining to AFS, therefore, AFS are required to pay TSP charges as applicable to general cargo. However, CTOs stated that in case of AFS Cargo, no palletization charges will be levied to AFS, as Cargo will be received at Cargo Terminal in form of BUPs/ULDs.
- b) **AFS Operator** – AFS Operator (M/s Continental Carriers Pvt. Ltd.) highlighted that since the required activities for International Cargo handling will be carried out at the AFS, in such a scenario, Terminal Storage and Processing (TSP) Charges should not be levied by the CTOs and the Shipper should not be burdened by charging twice for the same activities. However, to clear the impasse, AFS Operator offered to pay 50% of the applicable TSP charges to the CTOs, as against the demand of full/normal TSP charges by AO/CTOs. AFS Operator further clarified that if due to Customs or BCAS requirements, the pallets are opened for examination or screened again, all applicable charges in such scenario shall be borne by the AFS operator.
- c) **Bureau of Airlines Representatives (BAR)** – During the deliberations with BAR, a presentation was given to the Authority on the Cargo Handling at Hongkong Airport, where concept similar to AFS is operational. On the aspect of levying TSP charges by CTOs on ULDs/BUPs originating from/destined to AFS, BAR submitted that:
 - (i) There is a difference in handling 'loose parcel/cargo from customers' and 'pallets/ULDs from AFS';
 - (ii) Receiving loose parcel and getting it ready for loading in the aircraft involves lot more activities before moving to Security Hold Area;
 - (iii) On the contrary, 'pallets from AFS' will be straight away moved to the 'Security Hold Area' for warehousing/further processing. Handling 'Pallets from AFS' warrants less activities on the part of CTO & same can be handled with little modifications (viz. lazy dollies etc.) in the present Terminal infrastructure. Therefore, levying full TSP charges to AFS Cargo may not be justified.
 - (iv) However, considering that even in case of AFS Cargo, there are certain activities that will still be undertaken at Cargo Terminal, it would be reasonable to levy lower TSP charges on the AFS, and such charges may be reviewed in future depending on the volumes generated by the AFS etc.
- d) **Views of Bureau of Civil Aviation Security & Customs** - The representatives of Customs' department during their meeting with the AERA on 28.06.2022 stated that their department is ready with required facilities at the AFS, Delhi (M/s Continental Carriers Pvt. Ltd.). Whereas, the

representative of BCAS stated that AFS Operator is required to comply with all the requirements of BCAS relating to Regulated Agent (RA) certification. Further, it was informed that enroute security of bonded trucks from AFS facility to Cargo Terminal and vice-versa is a concern and same is required to be addressed by the AFS Operator as per requirements of RA certification.

TARIFF RATE CARD FOR THE Third CONTROL PERIOD PROPOSED BY DCSC,
PROVIDING CARGO HANDLING SERVICES AT INDIRA GANDHI INTERNATIONAL AIRPORT, DELHI

I. Tariff for Domestic Cargo Handling

Description		Tariff 2021-22		Tariff 2022-23		Tariff 2023-24		Tariff 2024-25		Tariff 2025-26		Levied on
		Rate in Rs. per Kg	Min. rate Rs. per AWB	Rate in Rs. per Kg	Min. rate Rs. per AWB	Rate in Rs. per Kg	Min. rate Rs. per AWB	Rate in Rs. per Kg	Min. rate Rs. per AWB	Rate in Rs. per Kg	Min. rate Rs. per AWB	
Domestic Outbound Cargo												
Terminal Storage & Processing Charges												
1) General Cargo		1.41	83	1.94	115	2.68	159	3.69	219	5.22	310	Agent /Shipper
2) Special Cargo		3.31	165	4.56	228	6.30	315	8.69	434	12.28	614	Agent /Shipper
Demurrage Charges		Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	
1) General Cargo		1.65	83	2.28	115	3.15	159	4.34	219	6.14	310	Agent /Shipper
2) Special Cargo		3.72	83	5.14	115	7.09	159	9.79	219	13.83	310	Agent /Shipper

Domestic Inbound Cargo

Terminal Storage & Processing Charges												
1) General Cargo		1.24	83	1.71	115	2.35	159	3.25	219	4.59	310	Agent /Consignee
2) Special Cargo		2.98	165	4.11	228	5.68	315	7.84	434	11.08	614	Agent /Consignee
Demurrage Charges		Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	
1) General Cargo	beyond free period and up to 4 days	1.65	83	2.28	115	3.15	159	4.34	219	6.14	310	Agent /Consignee /Airline
1) General Cargo	beyond 4 days	2.49	83	3.43	115	4.74	159	6.54	219	9.24	310	Agent /Consignee /Airline
2) Special Cargo	beyond free period and up to 4days	4.14	83	5.71	115	7.89	159	10.88	219	15.38	310	Agent /Consignee /Airline
2) Special Cargo	beyond 4 days	5.79	83	8.00	115	11.03	159	15.23	219	21.53	310	Agent /Consignee /Airline

Domestic Outbound Cargo Handling Charges

1) General Cargo		1.82	83	2.52	115	3.47	159	4.79	219	6.77	310	Airline
2) Special Cargo		2.89	1323	3.99	1825	5.50	2519	7.59	3476	10.73	4914	Airline

Domestic Inbound Cargo Handling Charges

1) General Cargo		1.65	83	2.28	115	3.15	159	4.34	219	6.14	310	Airline
2) Special Cargo		2.56	1323	3.54	1825	4.88	2519	6.74	3476	9.53	4914	Airline

Domestic Cargo Handling for Transfer

1) General Cargo		2.22	0	3.07	0	4.24	0	5.85	0	8.27	0	Airline
2) Special Cargo		2.22	0	3.07	0	4.24	0	5.85	0	8.27	0	Airline

Documentation & Supervision Services

1) General Cargo		2.47	89	3.41	123	4.71	169	6.50	234	9.18	331	Agent /Shipper/C onsignee /Airline
2) Special Cargo		2.47	1418	3.41	1956	4.71	2700	6.50	3726	9.18	5267	Agent /Shipper/C onsignee /Airline

Domestic Outbound Cargo Handling-full handling inclusive of document handling and data management

1) General Cargo		2.49	414	3.43	571	4.74	789	6.54	1088	9.24	1538	Airline
2) Special Cargo		3.48	1323	4.80	1825	6.62	2519	9.14	3476	12.92	4914	Airline

Domestic Inbound Cargo Handling-full handling inclusive of document handling and data management

1) General Cargo		2.22	414	3.07	571	4.24	789	5.85	1088	8.27	1538	Airline
2) Special Cargo		3.31	1323	4.56	1825	6.30	2519	8.69	3476	12.28	4914	Airline

Domestic Security Handling

If Inclusive of X-Ray/Physical Examination		3.72	414	5.14	571	7.09	789	9.79	1088	13.83	1538	Agent /Shipper/ Airline
If Exclusive of X-Ray/Physical Examination		2.07	165	2.86	228	3.94	315	5.44	434	7.69	614	Agent /Shipper/ Airline

Other Charges

Handling of Shipper Build ULD or handling of full ULD for delivery to Consignee-per kg	50% of Applicable Handling Charges	N.A	50% of Applicable Handling Charges	N.A	50% of Applicable Handling Charges	N.A	50% of Applicable Handling Charges	N.A	50% of Applicable Handling Charges	N.A	Agent /Shipper/Consignee /Airline
Miscellaneous Charges (None of the above)-(maximum tariff @ per kg and minimum charge @ per AWB)	2.89	1323	3.99	1825	5.50	2519	7.59	3476	10.73	4914	
DRY Ice checklist Charges-per AWB	9.92	N.A	13.69	N.A	18.89	N.A	26.07	N.A	36.85	N.A	
DGR Acceptance fee-per AWB	1984	N.A	2738	N.A	3778	N.A	5214	N.A	7370	N.A	
Live Animal Acceptance Check and delivery-per AWB	1653	N.A	2281	N.A	3148	N.A	4345	N.A	6142	N.A	
Valuable & Vulnerable escort service to and fro aircraft to terminal-per AWB	1054	N.A	1454	N.A	2007	N.A	2769	N.A	3915	N.A	
DGR-fee, in case shipment above 20 pieces-per additional unit	83	N.A	115	N.A	159	N.A	219	N.A	310	N.A	

II. Tariff for International Cargo Handling

Sl. No.	Description	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26		
		Rate in Rs. per Kg.	Min. rate Rs. per AWB	Rate in Rs. per Kg.	Min. rate Rs. per AWB	Rate in Rs. per Kg.	Min. rate Rs. per AWB	Rate in Rs. per Kg.	Min. rate Rs. per AWB	Rate in Rs. per Kg.	Min. rate Rs. per AWB	Levied on
A. EXPORT CARGO												
A1. Terminal, Storage and Processing Charges												
A1.1	General	2.22	173	3.06	239	4.23	330	5.83	455	8.25	643	Agent/ Shipper
A1.2	Special Cargo											
a.	Pharma items	4.96	447	6.84	616	9.45	850	13.04	1173	18.43	1659	Agent/ Shipper
b)	Live Animals	3.97	348	5.48	480	7.56	662	10.43	914	14.75	1292	Agent/ Shipper
c)	Hazardous/ Dangerous Goods	3.97	348	5.48	480	7.56	662	10.43	914	14.75	1292	Agent/ Shipper
d)	Valuable/Vulnerable Goods	3.97	348	5.48	480	7.56	662	10.43	914	14.75	1292	Agent/ Shipper
e)	Perishable	4.96	447	6.84	616	9.45	850	13.04	1173	18.43	1659	Agent/ Shipper
f)	Newspaper and TV reel consignments	3.97	348	5.48	480	7.56	662	10.43	914	14.75	1292	Agent/ Shipper

g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	Nil	NIL	Nil	NIL	Nil	NIL	Nil	NIL	NA
A2. X-Ray Charges												
A2.1	X-Ray Machine charges (City side)	1.90	190	2.62	262	3.62	362	4.99	499	7.06	706	Agent/ Shipper
	X-Ray Machine charges (Air side)	1.90	1653	2.62	2281	3.62	3148	4.99	4345	7.06	6142	Airline
A2.2	X-Ray Certification charges (City side)	3.31	331	4.56	456	6.30	630	8.69	869	12.28	1228	Agent/ Shipper
	X-Ray Certification charges (Air side)	3.31	1653	4.56	2281	6.30	3148	8.69	4345	12.28	6142	Airline
A2.3	Certification for Dangerous goods (City side)	3.31	331	4.56	456	6.30	630	8.69	869	12.28	1228	Agent/ Shipper
	Certification for Dangerous goods (Air side)	3.31	1653	4.56	2281	6.30	3148	8.69	4345	12.28	6142	Airline
A3.	Demurrage Charges-Export Cargo (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	
A3.1	General (City side)	2.16	216	2.98	298	4.12	412	5.68	568	8.04	804	Agent/ Shipper
	General (Air side)	2.49	N.A.	3.43	N.A.	4.74	N.A.	6.54	N.A.	9.24	N.A.	Airline

A3.2	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	
a)	Pharma items (City side)	5.59	559	7.72	772	10.65	1065	14.70	1470	20.78	2078	Agent/ Shipper
	Pharma items (Air side)	4.14	N.A.	5.71	N.A.	7.89	N.A.	10.88	N.A.	15.38	N.A.	Airline
b)	Live Animals(City side)	5.59	559	7.72	772	10.65	1065	14.70	1470	20.78	2078	Agent/ Shipper
	Live Animals(Air side)	4.14	N.A.	5.71	N.A.	7.89	N.A.	10.88	N.A.	15.38	N.A.	Airline
c)	Hazardous/ Dangerous Goods(City side)	5.59	559	7.72	772	10.65	1065	14.70	1470	20.78	2078	Agent/ Shipper
	Hazardous/ Dangerous Goods(Air side)	4.14	N.A.	5.71	N.A.	7.89	N.A.	10.88	N.A.	15.38	N.A.	Airline
d)	Valuable/Vulnerabl e Goods(City side)	5.59	559	7.72	772	10.65	1065	14.70	1470	20.78	2078	Agent/ Shipper
	Valuable/ vulnerable Goods (Air side)	9.92	N.A.	13.69	N.A.	18.89	N.A.	26.07	N.A.	36.85	N.A.	Airline
e)	Perishable (City side)	5.59	559	7.72	772	10.65	1065	14.70	1470	20.78	2078	Agent/ Shipper
	Perishable(Air side)	4.14	N.A.	5.71	N.A.	7.89	N.A.	10.88	N.A.	15.38	N.A.	Airline
f)	Newspaper and TV reel consignments (City side)	5.59	559	7.72	772	10.65	1065	14.70	1470	20.78	2078	Agent/ Shipper
	Newspaper and TV reel consignments (Air side)	4.14	N.A.	5.71	N.A.	7.89	N.A.	10.88	N.A.	15.38	N.A.	Airline

g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	Nil	NIL	Nil	NIL	Nil	NIL	Nil	NIL	NA
A4.	Cargo Handling Charges	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Levied on
A4. Palletization/ Containerization/Unitization/Stuffing Charges												
A4.1	General	3.48	1653	4.80	2281	6.62	3148	9.14	4345	12.92	6142	Airline
A4.2	Special Cargo											
a.	Pharma items	4.14	1653	5.71	2281	7.89	3148	10.88	4345	15.38	6142	Airline
b)	Live Animals	4.14	1653	5.71	2281	7.89	3148	10.88	4345	15.38	6142	Airline
c)	Hazardous/ Dangerous Goods	4.14	1653	5.71	2281	7.89	3148	10.88	4345	15.38	6142	Airline
d)	Valuable/Venerable Goods	4.14	1653	5.71	2281	7.89	3148	10.88	4345	15.38	6142	Airline
e)	Perishable	4.14	1653	5.71	2281	7.89	3148	10.88	4345	15.38	6142	Airline
f)	Newspaper and TV reel consignments	4.14	1653	5.71	2281	7.89	3148	10.88	4345	15.38	6142	Airline
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	Nil	NIL	Nil	NIL	Nil	NIL	Nil	NIL	NA

A5.	Documentation Charges	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
A.5.1	Cargo Documentation Charges for Manifesting etc.	2.47	NA	3.41	NA	4.71	NA	6.50	NA	9.18	NA	Airline
A6. Consolidation Fee												
A6.1	HAWB charges (Consolidation)	NA	1236	NA	1706	NA	2354	NA	3248	NA	4592	Agent/Shipper/Airline
B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
B1. Terminal, Storage and Processing Charges												
B1.1	General	9.84	496	13.58	684	18.74	944	25.86	1303	36.56	1843	Agent/Consignee
B1.2	Special Cargo											
a.	- Pharma items	16.60	827	22.91	1141	31.61	1574	43.63	2172	61.67	3071	Agent/Consignee
b)	- Live Animals	16.60	827	22.91	1141	31.61	1574	43.63	2172	61.67	3071	Agent/Consignee
c)	- Hazardous/ Dangerous Goods	16.60	827	22.91	1141	31.61	1574	43.63	2172	61.67	3071	Agent/Consignee
d)	- Valuable/Venerable Goods	16.60	827	22.91	1141	31.61	1574	43.63	2172	61.67	3071	Agent/Consignee

e)	- Perishable	16.60	827	22.91	1141	31.61	1574	43.63	2172	61.67	3071	Agent/Consignee
f)	- Newspaper and TV reel consignments	16.60	827	22.91	1141	31.61	1574	43.63	2172	61.67	3071	Agent/Consignee
g)	- Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
	Cargo Handling Charges	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Levied on

B2. De-Palletization/ De-stuffing/De-Containerization/De-Unitization

B2.1	General	2.89	1653	3.99	2281	5.50	3148	7.59	4345	10.73	6142	Airline
B2.2	Special Cargo											
a.	Pharma items	3.72	1653	5.14	2281	7.09	3148	9.79	4345	13.83	6142	Airline
b)	Live Animals	3.72	1653	5.14	2281	7.09	3148	9.79	4345	13.83	6142	Airline
c)	Hazardous/ Dangerous Goods	3.72	1653	5.14	2281	7.09	3148	9.79	4345	13.83	6142	Airline
d)	Valuable/ Vulnerable Goods	3.72	1653	5.14	2281	7.09	3148	9.79	4345	13.83	6142	Airline
e)	Perishable	3.72	1653	5.14	2281	7.09	3148	9.79	4345	13.83	6142	Airline
f)	Newspaper and TV reel consignments	3.72	1653	5.14	2281	7.09	3148	9.79	4345	13.83	6142	Airline

g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
B3.	Demurrage Charges-Import Cargo (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Levied on
B3.1	General (upto 4 days)-City Side	2.89	579	3.99	800	5.50	1103	7.59	1523	10.73	2153	Agent/Consignee
	(5 to 30days)- City Side	5.79	579	8.00	800	11.03	1103	15.23	1523	21.53	2153	Agent/Consignee
	(beyond 30days)- City Side	8.68	579	11.98	800	16.54	1103	22.82	1523	32.26	2153	Agent/Consignee
	Air side	2.49	N.A.	3.43	N.A.	4.74	N.A.	6.54	N.A.	9.24	N.A.	Airline
B3.2	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Levied on
a)	Pharma items (upto 4 days) -City Side	5.79	1157	8.00	1597	11.03	2204	15.23	3041	21.53	4299	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	15.97	1597	22.04	2204	30.41	3041	42.99	4299	Agent/Consignee
	(beyond 30days)- City Side	17.37	1157	23.96	1597	33.07	2204	45.64	3041	64.52	4299	Agent/Consignee
	Air side	4.96	N.A.	6.84	N.A.	9.44	N.A.	13.03	N.A.	18.43	N.A.	Airline
b)	Live Animals (upto 4 days) -City Side	5.79	1157	8.00	1597	11.03	2204	15.23	3041	21.53	4299	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	15.97	1597	22.04	2204	30.41	3041	42.99	4299	Agent/Consignee

	(beyond 30days)- City Side	17.37	1157	23.96	1597	33.07	2204	45.64	3041	64.52	4299	Agent/Consi gnee
	Air side	4.96	N.A.	6.84	N.A.	9.44	N.A.	13.03	N.A.	18.43	N.A.	Airline
c)	Hazardous/ Dangerous Goods (upto 4 days) -City Side	5.79	1157	8.00	1597	11.03	2204	15.23	3041	21.53	4299	Agent/Consi gnee
	(5 to 30days)- City Side	11.57	1157	15.97	1597	22.04	2204	30.41	3041	42.99	4299	Agent/Consi gnee
	(beyond 30days)- City Side	17.37	1157	23.96	1597	33.07	2204	45.64	3041	64.52	4299	Agent/Consi gnee
	Air side	4.96	N.A.	6.84	N.A.	9.44	N.A.	13.03	N.A.	18.43	N.A.	Airline
d)	Valuable/Vulnera ble Goods (upto 4 days)-City Side	11.57	2314	15.97	3194	22.04	4408	30.41	6082	42.99	8599	Agent/Consi gnee
	(5 to 30days)- City Side	21.49	2314	29.66	3194	40.93	4408	56.48	6082	79.85	8599	Agent/Consi gnee
	(beyond 30days)- City Side	31.41	2314	43.35	3194	59.82	4408	82.55	6082	116.70	8599	Agent/Consi gnee
	Air side	9.92	N.A.	13.69	N.A.	18.89	N.A.	26.07	N.A.	36.85	N.A.	Airline
B3.2	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Levied on
e)	Perishable (upto 4 days) -City Side	5.79	1157	8.00	1597	11.03	2204	15.23	3041	21.53	4299	Agent/Consi gnee
	(5 to 30days)- City Side	11.57	1157	15.97	1597	22.04	2204	30.41	3041	42.99	4299	Agent/Consi gnee
	(beyond 30days)- City Side	17.37	1157	23.96	1597	33.07	2204	45.64	3041	64.52	4299	Agent/Consi gnee
	Air side	4.96	N.A.	6.84	N.A.	9.44	N.A.	13.03	N.A.	18.43	N.A.	Airline

f)	Newspaper and TV reel consignments (upto 4 days)-City Side	5.79	1157	8.00	1597	11.03	2204	15.23	3041	21.53	4299	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	15.97	1597	22.04	2204	30.41	3041	42.99	4299	Agent/Consignee
	(beyond 30days)- City Side	17.37	1157	23.96	1597	33.07	2204	45.64	3041	64.52	4299	Agent/Consignee
	Air side	4.96	N.A.	6.84	N.A.	9.44	N.A.	13.03	N.A.	18.43	N.A.	Airline
g)	- Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
B 4.	De-Consolidation Fee	Rate in Rupees per Kg	Rate in Rupees per AWB	Rate in Rupees per Kg	Rate in Rupees per AWB	Rate in Rupees per Kg	Rate in Rupees per AWB	Rate in Rupees per Kg	Rate in Rupees per AWB	Rate in Rupees per Kg	Rate in Rupees per AWB	Levied on
B 4.1	HAWB Delivery Charges (De consolidation)	NA	433	NA	597	NA	824	NA	1137	NA	1607	Agent/Consignee/Airline
C.	COURIER	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Levied on
C1.	Incoming Courier Charges-- International											
C1.1	Courier cargo facilitation	12.42	N.A	17.14	N.A	23.66	N.A	32.65	N.A	46.15	N.A	Agent/Consignee

C1.2	Detention Charges	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Levied on
	Free Period	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	Agent/Consignee
	4th day to 10th day	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Agent/Consignee
	11th day to 20th day	4.97	N.A	6.86	N.A	9.46	N.A	13.06	N.A	18.46	N.A	Agent/Consignee
	21st day to 30th day	7.45	N.A	10.29	N.A	14.19	N.A	19.59	N.A	27.69	N.A	Agent/Consignee
	Beyond 30 days	9.94	N.A	13.71	N.A	18.92	N.A	26.12	N.A	36.92	N.A	Agent/Consignee
C1.3	Demurrage Charges (See Note 6)	8.28	N.A	11.43	N.A	15.77	N.A	21.76	N.A	30.77	N.A	Agent/Consignee
C2.	Outgoing Courier Charges -- International											
C2.1	Courier cargo facilitation	11.59	N.A	16.00	N.A	22.08	N.A	30.47	N.A	43.07	N.A	Agent/Shipper
C2.2	X-ray charges	5.12	N.A	7.06	N.A	9.74	N.A	13.45	N.A	19.01	N.A	Agent/Shipper
C2.3	Demurrage Charges (See Note 6)	6.18	N.A	8.53	N.A	11.77	N.A	16.24	N.A	22.96	N.A	Agent/Shipper

D.	TRANSHIPMENT CARGO	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Rate in Rupees per Kg	Minimum Charge per Bag	Levied on
D1.	Transshipment charges-international to international											
D1.1	General Cargo	3.63	0	5.01	0	6.91	0	9.54	0	13.49	0	Airline
D1.2	Special Cargo/DGR/Valuable/Perishable/Pharmaceutical	10.05	N.A	13.87	N.A	19.14	N.A	26.41	N.A	37.33	N.A	Airline
D2.	Transshipment charges-international to domestic											
D2.1	General Cargo	3.63	0	5.01	0	6.91	0	9.54	0	13.49	0	Airline
D2.2	Special/Sensitive Cargo	10.05	N.A	13.87	N.A	19.14	N.A	26.41	N.A	37.33	N.A	Airline
D2.3	DGR/Valuable/Perishable/Pharmaceutical	10.05	N.A	13.87	N.A	19.14	N.A	26.41	N.A	37.33	N.A	Airline
D3.	Transshipment charges-domestic to international											
D3.1	General Cargo	3.89	N.A	5.37	N.A	7.41	N.A	10.23	N.A	14.47	N.A	Airline
D3.2	Special/Sensitive Cargo	10.05	N.A	13.87	N.A	19.14	N.A	26.41	N.A	37.33	N.A	Airline
D3.3	DGR/Valuable/Perishable/Pharmaceutical	10.05	N.A	13.87	N.A	19.14	N.A	26.41	N.A	37.33	N.A	Airline

D.4	Demurrage Charges- Transshipment Cargo- Intl to Domestic TP (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Levied on
D.4.1	General (upto 4 days)	2.31	464	3.19	640	4.40	883	6.07	1218	8.59	1722	Airline
D.4.2	(5 to 30days)	4.64	464	6.40	640	8.83	883	12.18	1218	17.22	1722	Airline
D.4.3	(beyond 30days)	6.95	464	9.59	640	13.23	883	18.26	1218	25.81	1722	Airline
D.4.4	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Levied on
a)	Pharma items (upto 4 days)	4.64	926	6.40	1278	8.83	1763	12.18	2433	17.22	3439	Airline
	(5 to 30days)	9.26	926	12.78	1278	17.63	1763	24.33	2433	34.39	3439	Airline
	(beyond 30days)	13.89	926	19.17	1278	26.46	1763	36.51	2433	51.62	3439	Airline
b)	Live Animals (upto 4 days)	4.64	926	6.40	1278	8.83	1763	12.18	2433	17.22	3439	Airline
	(5 to 30days)	9.26	926	12.78	1278	17.63	1763	24.33	2433	34.39	3439	Airline
	(beyond 30days)	13.89	926	19.17	1278	26.46	1763	36.51	2433	51.62	3439	Airline
c)	Hazardous/ Dangerous Goods (upto 4 days)	4.64	926	6.40	1278	8.83	1763	12.18	2433	17.22	3439	Airline
	(5 to 30days)	9.26	926	12.78	1278	17.63	1763	24.33	2433	34.39	3439	Airline
	(beyond 30days)	13.89	926	19.17	1278	26.46	1763	36.51	2433	51.62	3439	Airline
d)	Valuable/Vulnerable Goods (upto 4 days)	9.26	1852	12.78	2555	17.63	3526	24.33	4866	34.39	6879	Airline
	(5 to 30days)	17.19	1852	23.73	2555	32.74	3526	45.18	4866	63.88	6879	Airline
	(beyond 30days)	25.13	1852	34.68	2555	47.85	3526	66.04	4866	93.36	6879	Airline

e)	Perishable (upto 4 days)	4.64	926	6.40	1278	8.83	1763	12.18	2433	17.22	3439	Airline
	(5 to 30days)	9.26	926	12.78	1278	17.63	1763	24.33	2433	34.39	3439	Airline
	(beyond 30days)	13.89	926	19.17	1278	26.46	1763	36.51	2433	51.62	3439	Airline
f)	Newspaper and TV reel consignments (upto 4 days)	4.64	926	6.40	1278	8.83	1763	12.18	2433	17.22	3439	Airline
	(5 to 30days)	9.26	926	12.78	1278	17.63	1763	24.33	2433	34.39	3439	Airline
	(beyond 30days)	13.89	926	19.17	1278	26.46	1763	36.51	2433	51.62	3439	Airline
	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
D.5	Demurrage Charges - International to International & Domestic to International TP (See Note 6)	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Per Day Per Kg	Per Day	Levied on
D.5.1	General	1.99	N.A	2.75	N.A	3.79	N.A	5.23	N.A	7.39	N.A	Airline
D.5.2	Special Cargo											
a)	Pharma items	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Airline
b)	Live Animals	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Airline
c)	Hazardous/ Dangerous Goods	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Airline

d)	Valuable/Vulnerable Goods	7.94	N.A	10.95	N.A	15.11	N.A	20.85	N.A	29.48	N.A	Airline
e)	Perishable	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Airline
f)	Newspaper and TV reel consignments	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Airline
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA
D.6	Transshipment Cargo - Other charges	Rate in Rupees per Kg/ Per ULD	Minimum rate Rupees per AWB	Rate in Rupees per Kg/ Per ULD	Minimum rate Rupees per AWB	Rate in Rupees per Kg/ Per ULD	Minimum rate Rupees per AWB	Rate in Rupees per Kg/ Per ULD	Minimum rate Rupees per AWB	Rate in Rupees per Kg/ Per ULD	Minimum rate Rupees per AWB	Levied on
a)	Sector Charges (Per Kg)	1.99	N.A	2.75	N.A	3.79	N.A	5.23	N.A	7.39	N.A	Airline
b)	Carting Charges - Transshipment (Per Kg)	2.98	298	4.11	411	5.67	567	7.83	782	11.07	1106	Airline
c)	Ramp to Ramp Loose (Incoming Loose & Outgoing Loose) (Per Kg)	3.31	N.A	4.57	N.A	6.31	N.A	8.71	N.A	12.31	N.A	Airline
d)	Ramp to Ramp Transfer (Per ULD)	828	N.A	1143	N.A	1577	N.A	2176	N.A	3077	N.A	Airline
e)	TP – De-stuffing charges (Per Kg)	2.31	231	3.19	319	4.40	441	6.07	608	8.59	860	Airline

Notes :

- 1 Consignment of human remains, coffins including baggage of deceased & Human eyes will be exempted from the preview of TSP charge.
- 2 TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- 3 Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
- 4 Special Cargo (Project/ heavy cargo) are such cargo which requires/have special handling /storage instructions. It also includes heavy cargo in which any single individual piece having gross weight or volume weight of 3 ton or above.
- 5 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, traveler's cheque, diamonds (including diamonds of industrial use), diamond jewellery & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.

6 Demurrage :

- 6.1 Demurrage free period shall be as per the Government order issued and in force from time to time.
- 6.2 Free period shall start from the time specified in relevant orders of the Government /Authority in force from time to time.
- 6.3 Demurrage will be calculated for the period beginning from the expiry of free period till the time of issue of Gate Pass. Demurrage will be charged on number of days. For this purpose 24 hours or any part thereof will be counted as one day.
- 6.4 After expiry of free period, demurrage will be applied for the applicable period , on non-cumulative basis for the next two working days , provided the Gate Pass is generated within 96 hours from start of the period as specified in point 6.2 above .
- 6.5 If Gate Pass is generated after the expiry of 96 hours from start of the period as specified in point 6.2 above , Demurrage charges shall be levied on the number of days calculated from the start of the free period (i.e inclusive of free period) till the time of issue of Gate Pass (calculated in the manner specified in the point 6.3 above) on cumulative basis inclusive of holidays.
- 7 All invoice will be rounded off to nearest Rs. 5. As per IATA Tact Rule, book Clause 5.7.2, rounding off procedure, when rounding off Unit is 5.

When the results of calculations are between / and
102.5 - 107.4
107.5-112.4

- 8 Special cargo consists of perishable and temperature sensitive products, pharma, live animals, hazardous/Dangerous goods, Newspaper & TV Reel Consignments, Human remains and unaccompanied baggage of deceased, any other valuable and/or any other such cargo which requires/have special handling/storage instructions.
- 9 Penal charges for mis-declaration of weight:

% variation in weight except valuable cargo
Up to 2 %
2 - 5 %
6 -10 %
Above 10%

- 10 Miscellaneous Charges includes special service requests from the customers other than the services already mentioned in the above tariff chart.
- 11 Demurrage will be applicable to airlines if customs cleared cargo is stored in the warehouse beyond the free period in case of export cargo.
- 12 In case of import cargo, demurrage will be applicable in case the segregation of import cargo is not completed due or airline fault.

III. Other Charges

S.No.								
			FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Levied on
1. Terminal, Storage and Processing (TSP) charges								
	Export	Special Cargo-Project / Heavy Cargo	Rs 4.95 per kg subject to minimum of Rs.4960 per AWB	Rs 5.94 per kg subject to minimum of Rs.5952 per AWB	Rs 7.13 per kg subject to minimum of Rs.7142 per AWB	Rs 8.48 per kg subject to minimum of Rs.8499 per AWB	Rs 10.01 per kg subject to minimum of Rs.10029 per AWB	Agent /Shipper
	Import	Special Cargo-Project / Heavy Cargo	Rs 18.18 per kg subject to minimum of Rs.18,184 per AWB	Rs 21.82 per kg subject to minimum of Rs.21,821 per AWB	Rs 26.18 per kg subject to minimum of Rs.26185 per AWB	Rs 31.15 per kg subject to minimum of Rs.31160 per AWB	Rs 36.76 per kg subject to minimum of Rs.36769 per AWB	Agent /Consignee
2. Other Charges (if Chargeable to Shipper) - Services on Demand Only								
2.1	Export	Special Handling (Pharmaceutical, to maintain product temperature on request)	Rs 3306 per Pallet	Rs 4327 per Pallet	Rs 5193 per Pallet	Rs 6179 per Pallet	Rs 7292 per Pallet	Agent /Shipper/Airline
		Strapping charges	Rs. 25 per package	Rs. 30 per package	Rs. 36 per package	Rs. 43 per package	Rs. 51 per package	Agent /Shipper/Airline
		DRY Ice Checklist charges	Rs. 1654 per AWB	Rs. 1985 per AWB	Rs. 2382 per AWB	Rs. 2834 per AWB	Rs. 3344 per AWB	Agent /Shipper/Airline

		DGR Acceptance fee	Rs. 3306 per AWB	Rs 4327 per AWB	Rs 5193 per AWB	Rs 6179 per AWB	Rs 7292 per AWB	Agent /Shipper/Airline
		Live Animal export acceptance charges	Rs. 3306 per AWB	Rs 4327 per AWB	Rs 5193 per AWB	Rs 6179 per AWB	Rs 7292 per AWB	Agent /Shipper/Airline
		Export Perishable Temperature Check as per CHM	Rs. 248 per AWB	Rs. 298 per AWB	Rs. 357 per AWB	Rs. 425 per AWB	Rs. 501 per AWB	Agent /Shipper/Airline
		Full HAWB data capture charges	Rs. 84 per HAWB subject to minimum INR 827/-	Rs. 101 per HAWB subject to minimum INR 992/-	Rs. 121 per HAWB subject to minimum INR 1191/-	Rs. 144 per HAWB subject to minimum INR 1417/-	Rs. 170 per HAWB subject to minimum INR 1672/-	Agent /Shipper/Airline
		DGR-fee, in case shipment above 20 pieces	Rs. 84 per additional unit	Rs. 101 per additional unit	Rs. 121 per additional unit	Rs. 144 per additional unit	Rs. 170 per additional unit	Agent /Shipper/Airline
		Express Services	Rs 2.16 / Kg subject to minimum of Rs.216 per AWB or 25% more than the TSP rate for the category the cargo falls under	Rs 2.59 / Kg subject to minimum of Rs.259 per AWB or 25% more than the TSP rate for the category the cargo falls under	Rs 3.11 / Kg subject to minimum of Rs.311 per AWB or 25% more than the TSP rate for the category the cargo falls under	Rs 3.70 / Kg subject to minimum of Rs.370 per AWB or 25% more than the TSP rate for the category the cargo falls under	Rs 4.37 / Kg subject to minimum of Rs.437 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Agent /Shipper/Airline

			(whichever is higher)	(whichever is higher)	(whichever is higher)	(whichever is higher)		
		Back to Town	50 % of applicable TSP charges	50 % of applicable TSP charges	50 % of applicable TSP charges	50 % of applicable TSP charges	50 % of applicable TSP charges	Agent /Shipper/Airline
2.2	Import	Delivery order fees	Rs.3306 per MAWB	Rs 4327 per MAWB	Rs 5193 per MAWB	Rs 6179 per MAWB	Rs 7292 per MAWB	Agent /Consignee/Airline
		HAWB issuance charge	Rs.2150 per HAWB	Rs.2580 per HAWB	Rs.3096 per HAWB	Rs.3684 per HAWB	Rs.4347 per HAWB	Agent /Consignee/Airline
		Express Services	Rs.11.67 per kg subject to minimum of Rs.827 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Rs.11.67 per kg subject to minimum of Rs.992 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Rs.16.80 per kg subject to minimum of Rs.1191 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Rs.20.00 per kg subject to minimum of Rs.1417 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Rs.23.60 per kg subject to minimum of Rs.1672 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Agent /Consignee/Airline
		Strapping and Repacking charges	Rs 25/package subject to minimum charges INR 62/- per AWB	Rs 30/package subject to minimum charges INR 74/- per AWB	Rs 36/package subject to minimum charges INR 89/- per AWB	Rs 43/package subject to minimum charges INR 106/- per AWB	Rs 51/package subject to minimum charges INR 125/- per AWB	Agent /Consignee/Airline
2.3	General	Shrink Wrap of ULD	Rs.3306 per ULD inclusive of material	Rs.4327 per ULD inclusive of material	Rs.5193 per ULD inclusive of material	Rs.6179 per ULD inclusive of material	Rs.7292 per ULD inclusive of material	Agent /Shipper/Consignee /Airline

		Shrink Wrap of Euro pallet	Rs.495 per Euro pallet/skid	Rs.594 per Euro pallet/skid	Rs.713 per Euro pallet/skid	Rs.818 per Euro pallet/skid	Rs.1001 per Euro pallet/skid	Agent /Shipper/Consignee /Airline
		Airside Cool Container	Rs.3306 per ULD per one way trip	Rs.4327 per ULD per one way trip	Rs.5193 per ULD per one way trip	Rs.6179 per ULD per one way trip	Rs.7292 per ULD per one way trip	Agent /Shipper/Consignee /Airline
		Repacking charges	Minimum charges of Rs 84/- per AWB; Packing/Repacking charges will Rs 25 per package	Minimum charges of Rs 101/- per AWB; Packing/Repacking charges will Rs 30 per package	Minimum charges of Rs 121/- per AWB; Packing/Repacking charges will Rs 36 per package	Minimum charges of Rs 144/- per AWB; Packing/Repacking charges will Rs 43 per package	Minimum charges of Rs 170/- per AWB; Packing/Repacking charges will Rs 51 per package	Agent /Shipper/Consignee /Airline
		Pet Assistance	Rs. 1654/- per AWB	Rs. 1985/- per AWB	Rs. 2382/- per AWB	Rs. 2834/- per AWB	Rs. 3344/- per AWB	Agent /Shipper/Consignee /Airline
		Repacking with wooden skid	Rs.827 per wooden skid	Rs.992 per wooden skid	Rs.1191 per wooden skid	Rs.1417 per wooden skid	Rs.1672 per wooden skid	Agent /Shipper/Consignee /Airline
		Miscellaneous Charges (None of the above)	Rs. 4.14 per kg (subject to minimum Rs.827 per AWB)	Rs. 4.97 per kg (subject to minimum Rs.992 per AWB)	Rs. 5.96 per kg (subject to minimum Rs.1191 per AWB)	Rs. 7.09 per kg (subject to minimum Rs.1417 per AWB)	Rs. 8.37 per kg (subject to minimum Rs. 1672 per AWB)	Agent /Shipper/Consignee /Airline
2.4	Import General Cargo (for first slab of 10 days)	Storage Charge	Rs. 41.33 per kg	Rs. 49.60 per kg	Rs. 59.52 per kg	Rs. 70.82 per kg	Rs. 83.57 per kg	Agent /Consignee
2.5	Import General Cargo (beyond first 10 days and	Storage Charge	Rs. 46.29 per kg	Rs. 55.55 per kg	Rs.66.66 per kg	Rs. 79.32 per kg	Rs. 93.60 per kg	Agent /Consignee

	for every slab of 10 days)							
2.6	Import Perishable Cargo(for first slab of 10 days)	Storage Charge	Rs. 85.96 per kg	Rs. 103.15 per kg	Rs. 123.78 per kg	Rs. 147.30 per kg	Rs. 173.82 per kg	Agent /Consignee
2.7	Import Perishable Cargo(beyond first 10 days and for every slab of 10 days)	Storage Charge	Rs. 94.23 per kg	Rs. 113.16 per kg	Rs. 135.79 per kg	Rs. 161.59 per kg	Rs. 190.68 per kg	Agent /Consignee
3.1	Miscellaneous Charges (None of the above)	Air Side Charges	Rs. 4.14 per kg (subject to minimum Rs.1654 per AWB)	Rs. 4.97 per kg (subject to minimum Rs.1985 per AWB)	Rs. 5.96 per kg (subject to minimum Rs.2382 per AWB)	Rs. 7.09 per kg (subject to minimum Rs.2834 per AWB)	Rs. 8.37 per kg (subject to minimum Rs.3344 per AWB)	Airline
3.2	Miscellaneous Activity Charges (None of the above)	City Side Charges	Rs 1854 per AWB	Rs 2225 per AWB	Rs 2670 per AWB	Rs 3177 per AWB	Rs 3749 per AWB	Agent /Shipper/Consignee
3.3	Miscellaneous Packing Charges (None of the above)	City Side Charges	Rs. 185 per packet	Rs. 222 per packet	Rs. 266 per packet	Rs. 317 per packet	Rs. 374 per packet	Agent /Shipper/Consignee
4	Dry Ice Checklist (per AWB)	Air Side Charges	Rs 1654 per Checklist	Rs 1985 per Checklist	Rs 2382 per Checklist	Rs 2834 per Checklist	Rs 3344 per Checklist	Airline
5	DGR Acceptance fee (per AWB)	Air Side Charges	Rs 3306 per Checklist	Rs 4327 per Checklist	Rs 5193 per Checklist	Rs 6179 per Checklist	Rs 7292 per Checklist	Airline

6	Live Animal Acceptance Check and delivery (per AWB)	Air Side Charges	Rs 3306 per Checklist	Rs 4327 per Checklist	Rs 5193 per Checklist	Rs 6179 per Checklist	Rs 7292 per Checklist	Airline
7	Export Perishable Temperature check (per AWB)	Air Side Charges	Rs 248 per AWB	Rs 298 per AWB	Rs 357 per AWB	Rs 425 per AWB	Rs 501 per AWB	Airline
8	Valuable escort services to & fro to the aircraft (per AWB)	Air Side Charges	Rs 1818 per AWB	Rs 2182 per AWB	Rs 2618 per AWB	Rs 3115 per AWB	Rs 3676 per AWB	Airline
9	Empty Pallet Stack making charges	Air Side Charges	Rs. 1236 per stack	Rs. 1483 per stack	Rs. 1780 per stack	Rs. 2118 per stack	Rs. 2499 per stack	Airline
10	Withdraw Shipment (X-Ray)	City Side Charges	Rs.2.04 per kg subject to minimum Rs. 204 per AWB	Rs.2.45 per kg subject to minimum Rs. 245 per AWB	Rs.2.94 per kg subject to minimum Rs. 294 per AWB	Rs.3.50 per kg subject to minimum Rs. 350 per AWB	Rs.4.12 per kg subject to minimum Rs. 412 per AWB	Agent /Shipper
11	Withdraw Shipment (Demurrage)	City Side Charges	Rs.2.33 per kg per day subject to minimum Rs. 232 per AWB	Rs.2.80 per kg per day subject to minimum Rs. 278 per AWB	Rs.3.36 per kg per day subject to minimum Rs. 334 per AWB	Rs.3.99 per kg per day subject to minimum Rs. 398 per AWB	Rs.4.71 per kg per day subject to minimum Rs. 469 per AWB	Agent /Shipper
12	ULD cleaning charges per unit	Air Side Charges	Rs 8267 per unit	Rs 9920 per unit	Rs 11904 per unit	Rs 14166 per unit	Rs 16716 per unit	Airline
13	DGR fee- in case shipment	Air Side Charges	Rs 84 per additional unit	Rs 101 per additional unit	Rs 121 per additional unit	Rs 144 per additional unit	Rs 170 per additional unit	Airline

	above 20 pieces per unit							
14	Special Handling(Pharmaceutical, temperature) per unit	Air Side Charges	Rs 3306 per unit	Rs 4327 per Unit	Rs 5193 per Unit	Rs 6179 per Unit	Rs 7292 per Unit	Airline
15	Charges collect fees (per AWB)	Air Side Charges	10% of collectable amount (subject to minimum of Rs 827)	10% of collectable amount (subject to minimum of Rs 992)	10% of collectable amount (subject to minimum of Rs 1191)	10% of collectable amount (subject to minimum of Rs 1417)	10% of collectable amount (subject to minimum of Rs 1672)	Airline
16	Delivery Order Charges (per MAWB)	Air Side Charges	Rs 3306 per MAWB	Rs 4327 per MAWB	Rs 5193 per MAWB	Rs 6179 per MAWB	Rs 7292 per MAWB	Airline
17	Air Cargo Freight Consolidation Fees(ACFC)	City Side Charges	Rs. 2.47 per kg (Minimum Rs. 247 per MAWB)	Rs. 2.96 per kg (Minimum Rs. 296 per MAWB)	Rs. 3.56 per kg (Minimum Rs. 356 per MAWB)	Rs. 4.23 per kg (Minimum Rs. 423 per MAWB)	Rs. 4.99 per kg (Minimum Rs. 499 per MAWB)	Agent /Shipper
18	Bag Handling charges	Air Side Charges	Rs. 2.60 per kg (Minimum Rs. 260)	Rs. 3.12 per kg (Minimum Rs. 312)	Rs. 3.74 per kg (Minimum Rs. 374)	Rs. 4.46 per kg (Minimum Rs. 446)	Rs. 5.26 per kg (Minimum Rs. 526)	Airline
19	Segregation Charges (all Amendment / HAWB Feeding / Re-weight of Import Consignment)	City Side Charges	Rs. 1126 per HAWB	Rs. 1351 per HAWB	Rs. 1621 per HAWB	Rs. 1930 per HAWB	Rs. 2277 per HAWB	Agent /Consignee

20	Electricity Charges for RKN Container	Air Side Charges	Rs. 2405 per container per day	Rs. 2886 per container per day	Rs. 3463 per container per day	Rs. 4121 per container per day	Rs. 4863 per container per day	Airline
21	Cool Dolly Charges	Air side / City Side Charges	Rs. 3123 per dolly one way trip	Rs. 3748 per dolly one way trip	Rs. 4497 per dolly one way trip	Rs. 5352 per dolly one way trip	Rs. 6315 per dolly one way trip	Agent /Shipper/Consignee /Airline

TARIFF PROPOSED FOR CARGO HANDLING SERVICES IN RESPECT OF DCSC AT IGIA, DELHI
FOR THE 3RD CONTROL PERIOD BY THE AUTHORITY FOR CONSULTATION PROCESS

Proposed Tariff will be effective from 01.01.2023 to 31.03.2025

I. DOMESTIC

Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)		
Domestic Outbound Cargo Terminal Storage And Processing Charges		Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
1) General Cargo		1.41	83	Agent /Shipper
2) Special Cargo		3.31	165	Agent /Shipper
Domestic Outbound Cargo Demurrage Charges		Per Day Per Kg	Per Day	Levied on
1) General Cargo		1.65	83	Agent /Shipper
2) Special Cargo		3.72	83	Agent /Shipper
Domestic Inbound Cargo Terminal Storage And Processing Charges				
1) General Cargo		1.24	83	Agent /Consignee
2) Special Cargo		2.98	165	Agent /Consignee
Domestic Inbound Cargo Demurrage Charges		Per Day Per Kg	Per Day	Levied on
1) General Cargo	beyond free period and upto 4 days	1.65	83	Agent /Consignee/Airline
	beyond 4 days	2.49	83	Agent /Consignee/Airline

Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)		
2) Special Cargo	beyond free period and up to 4 days	4.14	83	Agent /Consignee/Airline
	beyond 4 days	5.79	83	Agent /Consignee/Airline
Domestic Outbound Cargo Handling Charges		Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
1) General Cargo		1.82	83	Airline
2) Special Cargo		2.89	180	Airline
Domestic Inbound Cargo Handling Charges				
1) General Cargo		1.65	83	Airline
2) Special Cargo		2.56	180	Airline
Domestic Cargo Handling for Transfer				
1) General Cargo		2.22	0	Airline
2) Special Cargo		2.22	0	Airline
Documentation & Supervision Services				
1) General Cargo		2.47	89	Agent /Shipper/Consignee /Airline
2) Special Cargo		2.47	200	Agent /Shipper/Consignee /Airline
Domestic Outbound Cargo Handling-full handling inclusive of document handling and data management				
1) General Cargo		2.49	414	Airline
2) Special Cargo		3.48	600	Airline
Domestic Inbound Cargo Handling-full handling inclusive of document handling and data management				
1) General Cargo		2.22	414	Airline
2) Special Cargo		3.31	600	Airline

Description	Tariff (w.e.f.01.01.2023 to 31.03.2025)		Levied on
	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	
Domestic Security Handling			
If Inclusive of X-Ray/Physical Examination	3.72	414	Agent /Shipper/Airline
If Exclusive of X-Ray/Physical Examination	2.07	165	Agent /Shipper/Airline
<u>Other Charges</u>	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
Handling of Shipper Build ULD or handling of full ULD for delivery to Consignee-per kg	50% of Applicable Handling Charges	N.A	Agent /Shipper/Consignee /Airline
Miscellaneous Charges (None of the above)-(maximum tariff @ per kg and minimum charge @ per AWB)	2.89	180	Agent /Shipper/Consignee /Airline
DRY Ice checklist Charges-per AWB	9.92	N.A	Agent /Shipper/Consignee /Airline
DGR Acceptance fee-per AWB	1984	N.A	Agent /Shipper/Consignee /Airline
Live Animal Acceptance Check and delivery-per AWB	1653	N.A	Agent /Shipper/Consignee /Airline
Valuable & Vulnerable escort service to and fro aircraft to terminal-per AWB	1054	N.A	Agent /Shipper/Consignee /Airline
DGR-fee, in case shipment above 20 pieces-per additional unit	83	N.A	Agent /Shipper/Consignee /Airline

Notes on Domestic Cargo Services:

1. Consignment of human remains, coffins including baggage of deceased & human eyes will be exempted from the purview of TSP charge.
2. TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
3. Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
4. Special cargo consists of perishable and temperature sensitive products, pharma, live animals, hazardous/Dangerous goods, Newspaper & TV Reel Consignments, Human remains and unaccompanied baggage of deceased, any other valuable and/or any other such cargo which requires/have special handling/storage instructions.
5. Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, traveler's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
6. Penal charges for mis-declaration of weight

% Variation in weight except valuable cargo	
Up to 2 %	NIL
2 - 5 %	200%
6 -10 %	300%
Above 10%	500%

7. For demurrage, free period shall be 24 hours from the time of arrival of cargo. Demurrage will be calculated for the period beginning from the expiry of free period till the time of issue of Gate Pass. Demurrage will be charged on number of days. For this purpose, 24 hours or any part thereof will be counted as one day.
8. For the purpose of calculation of demurrage charges, free period shall be as per the Govt. of India's Order issued in this regard, from time to time.
9. All invoices will be rounded off to nearest Rs. 5. As per IATA Tact Rule book Clause - 5.7.2, rounding off procedure, when rounding for Example: -

When the results of calculations are between / and	Rounded off amount will be
102.5 - 107.4	105
107.5-112.4	110

10. For special Cargo consisting of perishable & temperature sensitive products the TSP charges for special cargo will only be applicable if temperature control facility is made available otherwise general cargo tariff will be applied for such products.
11. In case of inbound cargo, demurrage will be applicable in case the segregation of inbound cargo is not completed due to airline fault.

II. INTERNATIONAL

Sl. No.	Description	Tariff (w.e.f.01.01.2023 to 31.03.2025)		Levied on
		Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	
A.	EXPORT CARGO			
A1.	Terminal, Storage and Processing Charges (Other than AFS Cargo)			
A1.1	General	2.22	173	Agent/Shipper
A1.2	Special Cargo			
a.	Pharma items	4.96	447	Agent/Shipper
b)	Live Animals	3.97	348	Agent/Shipper
c)	Hazardous/ Dangerous Goods	3.97	348	Agent/Shipper
d)	Valuable /Vulnerable Goods	3.97	348	Agent/Shipper
e)	Perishable	4.96	447	Agent/Shipper
f)	Newspaper and TV reel consignments	3.97	348	Agent/Shipper
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	NA
A1.3	Terminal, Storage and Processing Charges (For AFS Cargo)			
A1.3.1	General	1.55	121	AFS Operator
A1.3.2	Special Cargo			
a.	Pharma items	3.47	313	AFS Operator
b)	Live Animals	2.78	244	AFS Operator
c)	Hazardous/ Dangerous Goods	2.78	244	AFS Operator

Sl. No.	Description	Tariff (w.e.f.01.01.2023 to 31.03.2025)		Levied on
		Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	
A.	EXPORT CARGO			
d)	Valuable /Vulnerable Goods	2.78	244	AFS Operator
e)	Perishable	3.47	313	AFS Operator
f)	Newspaper and TV reel consignments	2.78	244	AFS Operator
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	NA
A2.	X-Ray Charges			
A2.1	X-Ray Machine charges (City side)	1.90	190	Agent/Shipper
	X-Ray Machine charges (Air side)	1.90	390	Airline
A2.2	X-Ray Certification charges (City side)	3.31	331	Agent/Shipper
	X-Ray Certification charges (Air side)	3.31	390	Airline
A2.3	Certification for Dangerous goods(City side)	3.31	331	Agent/Shipper
	Certification for Dangerous goods(Air side)	3.31	390	Airline
A3.	Demurrage Charges-Export Cargo (See Note 6)	Per Day Per Kg	Per Day	Levied on
A3.1	General (City side)	2.16	216	Agent/Shipper
	General (Air side)	2.49	N.A.	Airline
A3.2	Special Cargo (See Note 6)			
a)	Pharma items (City side)	5.59	559	Agent/Shipper
	Pharma items (Air side)	4.14	N.A.	Airline
b)	Live Animals(City side)	5.59	559	Agent/Shipper
	Live Animals(Air side)	4.14	N.A.	Airline
c)	Hazardous/ Dangerous Goods(City side)	5.59	559	Agent/Shipper
	Hazardous/ Dangerous Goods(Air side)	4.14	N.A.	Airline

Sl. No.	Description	Tariff (w.e.f.01.01.2023 to 31.03.2025)		Levied on
		Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	
A.	EXPORT CARGO			
d)	Valuable/Vulnerable Goods(City side)	5.59	559	Agent/Shipper
	Valuable /Vulnerable Goods(Air side)	9.92	N.A.	Airline
e)	Perishable(City side)	5.59	559	Agent/Shipper
	Perishable(Air side)	4.14	N.A.	Airline
f)	Newspaper and TV reel consignments(City side)	5.59	559	Agent/Shipper
	Newspaper and TV reel consignments(Air side)	4.14	N.A.	Airline
g)	- Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	NA
A4.	Cargo Handling Charges	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Levied on
A4	Palletization/ Containerization/Unitization/Stuffing Charges			
A4.1	General	3.48	1653	Airline
A4.2	Special Cargo			
a.	- Pharma items	4.14	1653	Airline
b)	- Live Animals	4.14	1653	Airline
c)	- Hazardous/ Dangerous Goods	4.14	1653	Airline
d)	- Valuable/Vulnerable Goods	4.14	1653	Airline
e)	- Perishable	4.14	1653	Airline
f)	- Newspaper and TV reel consignments	4.14	1653	Airline

Sl. No.	Description	Tariff (w.e.f.01.01.2023 to 31.03.2025)		Levied on
		Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	
A.	EXPORT CARGO			
g)	- Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	NIL	NA
A5.	Documentation Charges			
A.5.1	Cargo Documentation Charges for Manifesting etc.	2.47	NA	Airline
A6.	Consolidation Fee			
A6.1	HAWB charges (Consolidation)	NA	1236	Agent/Shipper/Airline

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
B1.	Terminal, Storage and Processing Charges (Other than AFS Cargo)			
B1.1	General	9.84	496	Agent/Consignee
B1.2	Special Cargo			
a.	Pharma items	16.60	827	Agent/Consignee
b)	Live Animals	16.60	827	Agent/Consignee
c)	Hazardous/ Dangerous Goods	16.60	827	Agent/Consignee
d)	Valuable/Vulnerable Goods	16.60	827	Agent/Consignee
e)	Perishable	16.60	827	Agent/Consignee
f)	Newspaper and TV reel consignments	16.60	827	Agent/Consignee
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	NA
B1.3	Terminal, Storage and Processing Charges (For AFS Cargo)			
B1.3.1	General	6.89	347	AFS Operator
B1.3.2	Special Cargo			
a.	Pharma items	11.62	579	AFS Operator
b)	Live Animals	11.62	579	AFS Operator
c)	Hazardous/ Dangerous Goods	11.62	579	AFS Operator
d)	Valuable/Vulnerable Goods	11.62	579	AFS Operator
e)	Perishable	11.62	579	AFS Operator
f)	Newspaper and TV reel consignments	11.62	579	AFS Operator

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	NA
B2.	Cargo Handling Charges	Rate in Rupees per Kilogram	Rate in Rupees per HAWB	Levied on
B2.	De-Palletization/ De-stuffing/De-Containerization/De-Unitization Charges			
B2.1	General	2.89	1653	Airline
B2.2	Special Cargo			
a.	Pharma items	3.72	1653	Airline
b)	Live Animals	3.72	1653	Airline
c)	Hazardous/ Dangerous Goods	3.72	1653	Airline
d)	Valuable/Vulnerable Goods	3.72	1653	Airline
e)	Perishable	3.72	1653	Airline
f)	Newspaper and TV reel consignments	3.72	1653	Airline
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	NA
B3.	Demurrage Charges-Import Cargo (See Note 6)			
B3.1	General (up to 4 days)-City Side	2.89	579	Agent/Consignee
	(5 to 30days)- City Side	5.79	579	Agent/Consignee
	(beyond 30days)- City Side	8.68	579	Agent/Consignee
	Air side	2.49	N.A.	Airline
B3.2	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Levied on
a)	Pharma items (up to 4 days) -City Side	5.79	1157	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	Agent/Consignee

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
	(beyond 30days)- City Side	17.37	1157	Agent/Consignee
	Air side	4.96	N.A.	Airline
b)	Live Animals (up to 4 days) -City Side	5.79	1157	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	Agent/Consignee
	(beyond 30days)- City Side	17.37	1157	Agent/Consignee
	Air side	4.96	N.A.	Airline
c)	Hazardous/ Dangerous Goods (up to 4 days) -City Side	5.79	1157	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	Agent/Consignee
	(beyond 30days)- City Side	17.37	1157	Agent/Consignee
	Air side	4.96	N.A.	Airline
d)	Valuable /Vulnerable Goods (up to 4 days)-City Side	11.57	2314	Agent/Consignee
	(5 to 30days)- City Side	21.49	2314	Agent/Consignee
	(beyond 30days)- City Side	31.41	2314	Agent/Consignee
	Air side	9.92	N.A.	Airline
B3.2	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Levied on
e)	Perishable (up to 4 days) -City Side	5.79	1157	Agent/Consignee
	(5 to 30days) City Side	11.57	1157	Agent/Consignee
	(beyond 30days) City Side	17.37	1157	Agent/Consignee
	Air side	4.96	N.A.	Airline
f)	Newspaper and TV reel consignments (up to 4 days)- City Side	5.79	1157	Agent/Consignee
	(5 to 30days)- City Side	11.57	1157	Agent/Consignee
	(beyond 30days)- City Side	17.37	1157	Agent/Consignee

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
	Air side	4.96	N.A.	Airline
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	NA
B 4.	De-Consolidation Fee			
B 4.1	HAWB Delivery Charges (De consolidation)	NA	433	Agent/Consignee/Airline
C.	COURIER	Rate in Rupees per Kilogram	Minimum Charge per Bag	Levied on
C1.	Incoming Courier Charges-- International			
C1.1	Courier cargo facilitation	12.42	N.A	Agent/Consignee
C1.2	Detention Charges			
	- Free Period	N.A	N.A	Agent/Consignee
	- 4th day to 10th day	3.31	N.A	Agent/Consignee
	- 11th day to 20th day	4.97	N.A	Agent/Consignee
	- 21st day to 30th day	7.45	N.A	Agent/Consignee
	- Beyond 30 days	9.94	N.A	Agent/Consignee
C1.3	Demurrage Charges (See Note 6)	8.28	N.A	Agent/Consignee
C2.	Outgoing Courier Charges -- International			
C2.1	Courier cargo facilitation	11.59	N.A	Agent/Shipper
C2.2	X-ray charges	5.12	N.A	Agent/Shipper
C2.3	Demurrage Charges (See Note 6)	6.18	N.A	Agent/Shipper

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
D.	TRANSHIPMENT CARGO			
D1.	Transshipment charges-international to international			
D1.1	General Cargo	3.63	0	Airline
D1.2	Special Cargo/DGR/Valuable/Vulnerable/ Perishable/Pharma	10.05	N.A	Airline
D2.	Transshipment charges-international to domestic			
D2.1	General Cargo	3.63	0	Airline
D2.2	Special/Sensitive Cargo	10.05	N.A	Airline
D2.3	DGR/Valuable/Vulnerable/ Perishable/Pharma	10.05	N.A	Airline
D3.	Transshipment charges-domestic to international			
D3.1	General Cargo	3.89	N.A	Airline
D3.2	Special/Sensitive Cargo	10.05	N.A	Airline
D3.3	DGR/Valuable/Perishable/Pharma	10.05	N.A	Airline
D.4	Demurrage Charges-Transshipment Cargo- Intl to Domestic TP (See Note 6)	Per Day Per Kg	Per Day	Levied on
D.4.1	General (up to 4 days)	2.31	464	Airline
D.4.2	(5 to 30days)	4.64	464	Airline
D.4.3	(beyond 30days)	6.95	464	Airline

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
D.4.4	Special Cargo (See Note 6)	Per Day Per Kg	Per Day	Levied on
a)	Pharma items (up to 4 days)	4.64	926	Airline
	(5 to 30days)	9.26	926	Airline
	(beyond 30days)	13.89	926	Airline
b)	Live Animals(up to 4 days)	4.64	926	Airline
	(5 to 30days)	9.26	926	Airline
	(beyond 30days)	13.89	926	Airline
c)	Hazardous/ Dangerous Goods(up to 4 days)	4.64	926	Airline
	(5 to 30days)	9.26	926	Airline
	(beyond 30days)	13.89	926	Airline
d)	Valuable /Vulnerable Goods(up to 4 days)	9.26	1852	Airline
	(5 to 30days)	17.19	1852	Airline
	(beyond 30days)	25.13	1852	Airline
e)	Perishable(up to 4 days)	4.64	926	Airline
	(5 to 30days)	9.26	926	Airline
	(beyond 30days)	13.89	926	Airline
f)	Newspaper and TV reel consignments (up to 4 days)	4.64	926	Airline
	(5 to 30days)	9.26	926	Airline
	(beyond 30days)	13.89	926	Airline
	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	NA

B.	IMPORT CARGO	Rate in Rupees per Kilogram	Minimum rate Rupees per AWB	Levied on
D.5	Demurrage Charges - International to International & Domestic to International TP (See Note 6)	Per Day Per Kg	Per Day	Levied on
D.5.1	General	1.99	N.A	Airline
D.5.2	Special Cargo	Per Day Per Kg	Per Day	Levied on
a)	Pharma items	3.31	N.A	Airline
b)	Live Animals	3.31	N.A	Airline
c)	Hazardous/ Dangerous Goods	3.31	N.A	Airline
d)	Valuable /Vulnerable Goods	7.94	N.A	Airline
e)	Perishable	3.31	N.A	Airline
f)	Newspaper and TV reel consignments	3.31	N.A	Airline
g)	Human remains, Coffin including unaccompanied baggage of Deceased and Human Eyes etc.	Nil	Nil	NA
D.6	Transshipment Cargo - Other charges	Rate in Rupees per Kilogram/ Per ULD	Minimum rate Rupees per AWB	Levied on
a)	Sector Charges (Per Kg)	1.99	N.A	Airline
b)	Carting Charges - Transshipment (Per Kg)	2.98	298	Airline
c)	Ramp to Ramp Loose (Incoming Loose & Outgoing Loose) (Per Kg)	3.31	N.A	Airline
d)	Ramp to Ramp Transfer (Per ULD)	828	N.A	Airline
e)	TP – De-stuffing charges (Per Kg)	2.31	231	Airline

Notes on International Cargo Handling Services:

- 1 Consignment of human remains, coffins including baggage of deceased & Human eyes will be exempted from the preview of TSP charge.
- 2 TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- 3 Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
- 4 Special Cargo (Project/ heavy cargo) are such cargo which requires/have special handling /storage instructions. It also includes heavy cargo in which any single individual piece having gross weight or volume weight of 3 ton or above.
- 5 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, traveler's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.

6 Demurrage :

- 6.1 For the purpose of calculation of Demurrage charges, free period shall be as per the Govt. of India's Orders issued in this regard, from time to time.
 - 6.2 Demurrage charges indicated above are also applicable to Cargo pertaining to approved AFS Cargo.
 - 6.3 Free period shall start from the time specified in relevant orders of the Government /Authority in force from time to time.
 - 6.4 Demurrage will be calculated for the period beginning from the expiry of free period till the time of issue of Gate Pass. Demurrage will be charged on number of days. For this purpose 24 hours or any part thereof will be counted as one day.
 - 6.5 After expiry of free period, demurrage will be applied for the applicable period, on non-cumulative basis for the next two working days, provided the Gate Pass is generated within 96 hours from start of the period as specified in point 6.3 above.
 - 6.6 If Gate Pass is generated after the expiry of 96 hours from start of the period as specified in point 6.3 above, Demurrage charges shall be levied on the number of days calculated from the start of the free period (i.e inclusive of free period) till the time of issue of Gate Pass (calculated in the manner specified in the point 6.4 above) on cumulative basis inclusive of holidays.
- 7 All invoice will be rounded off to nearest Rs. 5. As per IATA Tact Rule, book Clause 5.7.2, rounding off procedure, when rounding off Unit is 5.

When the results of calculations are between / and	Rounded off amount will be
102.5 - 107.4	105.00
107.5-112.4	110.00

8 *Special cargo consists of perishable and temperature sensitive products, pharma, live animals, hazardous/Dangerous goods, Newspaper & TV Reel Consignments, Human remains and unaccompanied baggage of deceased ,any other valuable, vulnerable and/or any other such cargo which requires/have special handling/storage instructions.*

9 *Penal charges for mis-declaration of weight:*

% variation in weight except valuable cargo	
<i>Up to 2 %</i>	<i>NIL</i>
<i>2 - 5 %</i>	<i>200%</i>
<i>6 -10 %</i>	<i>300%</i>
<i>Above 10%</i>	<i>500%</i>

10 *Miscellaneous Charges includes special service requests from the customers other than the services already mentioned in the above tariff chart.*

11 *Demurrage will be applicable to airlines if customs cleared cargo is stored in the warehouse beyond the free period in case of export cargo.*

12 *In case of import cargo, demurrage will be applicable in case the segregation of import cargo is not completed due or airline fault.*

III. OTHER CHARGES

S.No.	Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)	Levied on
Other Charges				
1. Terminal, Storage and Processing (TSP) charges				
	Export	Special Cargo- Project / Heavy Cargo	Rs 4.95 per kg subject to minimum of Rs.4960 per AWB	Agent /Shipper
	Import	Special Cargo- Project / Heavy Cargo	Rs 18.18 per kg subject to minimum of Rs.18,184 per AWB	Agent /Consignee
2. Other Charges (If Chargeable to Shipper) - Services on Demand Only				
2.1	Export	Special Handling (Pharmaceutical, to maintain product temperature on request)	Rs 3306 per Pallet	Agent /Shipper/Airline
		Strapping charges	Rs. 25 per package	Agent /Shipper/Airline
		DRY Ice Checklist charges	Rs. 1654 per AWB	Agent /Shipper/Airline
		DGR Acceptance fee	Rs. 3306 per AWB	Agent /Shipper/Airline
		Live Animal export acceptance charges	Rs. 3306 per AWB	Agent /Shipper/Airline

S.No.	Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)	Levied on
		Export Perishable Temperature Check as per CHM	Rs. 248 per AWB	Agent /Shipper/Airline
		Full HAWB data capture charges	Rs. 84 per HAWB subject to minimum INR 827/-	Agent /Shipper/Airline
		DGR-fee, in case shipment above 20 pieces	Rs. 84 per additional unit	Agent /Shipper/Airline
		Express Services	Rs 2.16 / Kg subject to minimum of Rs.216 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Agent /Shipper/Airline
		Back to Town	50 % of applicable TSP charges	Agent /Shipper/Airline
2.2	Import	Delivery order fees	Rs.3306 per MAWB	Agent /Consignee/Airline
		HAWB issuance charge	Rs.2150 per HAWB	Agent /Consignee/Airline
		Express Services	Rs.11.67 per kg subject to minimum of Rs.827 per AWB or 25% more than the TSP rate for the category the cargo falls under (whichever is higher)	Agent /Consignee/Airline

S.No.	Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)	Levied on
		Strapping and Repacking charges	Rs 25/package subject to minimum charges INR 62/- per AWB	Agent /Consignee/Airline
2.3	General	Shrink Wrap of ULD	Rs.3306 per ULD inclusive of material	Agent /Shipper/Consignee /Airline
		Shrink Wrap of Euro pallet	Rs.495 per Euro pallet/skid	Agent /Shipper/Consignee /Airline
		Airside Cool Container	Rs.3306 per ULD per one way trip	Agent /Shipper/Consignee /Airline
		Repacking charges	Minimum charges of Rs 84/- per AWB; Packing/Repacking charges will Rs 25 per package	Agent /Shipper/Consignee /Airline
		Pet Assistance	Rs. 1654/- per AWB	Agent /Shipper/Consignee /Airline
		Repacking with wooden skid	Rs.827 per wooden skid	Agent /Shipper/Consignee /Airline
		Miscellaneous Charges (None of the above)	Rs. 4.14 per kg (subject to minimum Rs.827 per AWB)	Agent /Shipper/Consignee /Airline
2.4	Import General Cargo (for first slab of 10 days)	Storage Charge	Rs. 41.33 per kg	Agent /Consignee

S.No.	Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)	Levied on
2.5	Import General Cargo (beyond first 10 days and for every slab of 10 days)	Storage Charge	Rs. 46.29 per kg	Agent /Consignee
2.6	Import Perishable Cargo(for first slab of 10 days)	Storage Charge	Rs. 85.96 per kg	Agent /Consignee
2.7	Import Perishable Cargo(beyond first 10 days and for every slab of 10 days)	Storage Charge	Rs. 94.23 per kg	Agent /Consignee
3.1	Miscellaneous Charges (None of the above)	Air Side Charges	Rs. 4.14 per kg (subject to minimum Rs.1654 per AWB)	Airline
3.2	Miscellaneous Activity Charges (None of the above)	City Side Charges	Rs 1854 per AWB	Agent /Shipper/Consignee
3.3	Miscellaneous Packing Charges (None of the above)	City Side Charges	Rs. 185 per packet	Agent /Shipper/Consignee
4	Dry Ice Checklist (per AWB)	Air Side Charges	Rs 1654 per Checklist	Airline
5	DGR Acceptance fee (per AWB)	Air Side Charges	Rs 3306 per Checklist	Airline
6	Live Animal Acceptance Check and delivery (per AWB)	Air Side Charges	Rs 3306 per Checklist	Airline
7	Export Perishable Temperature check (per AWB)	Air Side Charges	Rs 248 per AWB	Airline
8	Valuable escort services to & from to the aircraft (per AWB)	Air Side Charges	Rs 1818 per AWB	Airline

S.No.	Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)	Levied on
9	Empty Pallet Stack making charges	Air Side Charges	Rs. 1236 per stack	Airline
10	Withdraw Shipment (X-Ray)	City Side Charges	Rs.2.04 per kg subject to minimum Rs. 204 per AWB	Agent /Shipper
11	Withdraw Shipment (Demurrage)	City Side Charges	Rs.2.33 per kg per day subject to minimum Rs. 232 per AWB	Agent /Shipper
12	ULD cleaning charges per unit	Air Side Charges	Rs 8267 per unit	Airline
13	DGR fee- in case shipment above 20 pieces per unit	Air Side Charges	Rs 84 per additional unit	Airline
14	Special Handling(Pharmaceutical, temperature) per unit	Air Side Charges	Rs 3306 per unit	Airline
15	Charges collect fees (per AWB)	Air Side Charges	10% of collectable amount (subject to minimum of Rs 827)	Airline
16	Delivery Order Charges (per MAWB)	Air Side Charges	Rs 3306 per MAWB	Airline
17	Air Cargo Freight Consolidation Fees(ACFC)	City Side Charges	Rs. 2.47 per kg (Minimum Rs. 247 per MAWB)	Agent /Shipper
18	Bag Handling charges	Air Side Charges	Rs. 2.60 per kg (Minimum Rs. 260)	Airline

S.No.	Description		Tariff (w.e.f.01.01.2023 to 31.03.2025)	Levied on
19	Segregation Charges (all Amendment / HAWB Feeding / Re-weight of Import Consignment)	City Side Charges	Rs. 1126 per HAWB	Agent /Consignee
20	Electricity Charges for RKN Container	Air Side Charges	Rs. 2405 per container per day	Airline
21	Cool Dolly Charges	Air side / City Side Charges	Rs. 3123 per dolly one way trip	Agent /Shipper/Consignee /Airline