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परामर्श पत्र संख्या 06/2023-24/

Consultation Paper No. 06/2023-24/



सत्यमेव जयते

## भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

### Airports Economic Regulatory Authority of India

मेनजीस एविएशन (बैंगलुरु) प्राइवेट लिमिटेड (एमएबीपीएल) के संबंध में  
केंपेगोडा अंतरराष्ट्रीय हवाईअड्डा (केआईए) बैंगलुरु में प्रथम नियंत्रण अवधि के लिए  
(वित्त वर्ष 2023-24 से वित्त वर्ष 2027-28) के लिए कार्गो हैंडलिंग सेवाओं  
के लिए वैमानिक टैरिफ निर्धारित करने के मामले में/

IN THE MATTER OF  
DETERMINATION OF TARIFF FOR CARGO HANDLING SERVICES  
FOR MENZIES AVIATION (BENGALURU) PRIVATE LIMITED (MABPL)  
AT KEMPEGOWDA INTERNATIONAL AIRPORT (KIA), BENGALURU  
FOR THE FIRST CONTROL PERIOD  
(FY 2023-24 TO FY 2027-28)

जारी करने की तारीख : 28 जुलाई, 2023

Date of Issue: 28<sup>th</sup> July, 2023

ऐरा भवन/AERA Building  
प्रशासनिक कॉम्प्लेक्स/Administrative Complex  
सफदरजंग हवाईअड्डा/Safdarjung Airport  
नई दिल्ली/New Delhi – 110003

## STAKEHOLDERS' COMMENTS

The Authority has released this Consultation Paper, after considering various assumptions stipulated in the Multi-Year Tariff Proposal ('MYTP') submitted by the Menzies Aviation (Bengaluru) Private Limited (MABPL) in respect of Kempegowda International Airport, Bengaluru. Accordingly, the Authority's proposals on the various aspects of the Tariff determination process have been explained in detail in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, 2008, the written comments on Consultation Paper No. 06/2023-24 dated 28/07/2023 are invited from the Stakeholders, preferably in electronic form, at the following address:

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<b>Last Date for submission of Stakeholders' comments</b>	<b>18.08.2023</b>
<b>Last Date for submission of counter comments</b>	<b>28.08.2023</b>

Comments and Counter Comments will be posted on AERA's website [www.aera.gov.in](http://www.aera.gov.in)

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

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### List of Abbreviations

AERA/ Authority	Airports Economic Regulatory Authority of India
ACS	Annual Compliance Statement
AFS	Air Freight Station
ASRS	Automated Storage and Retrieval System
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Proposal
AWB	Air Waybill
BCAS	Bureau of Civil Aviation Security
BIAL	Bangalore International Airport Limited
BUP	Built-Up-Pallet
CAPEX	Capital Expenditure
CAGR	Compounded Annual Growth Rate
CGF	Cargo Handling, Ground Handling & Supply of Fuel to Aircraft
CTO	Cargo Terminal Operator
EPC	Engineering, Procurement & Construction
ERP	Enterprise Resource Planning
FRoR	Fair Rate of Return
ICT	Information and Communications Technology
ISP	Independent Service Provider
JVC	Joint Venture Company
KIA	Kempegowda International Airport
MHS	Material Handling System
MYTP	Multi-Year Tariff Proposal
MT	Metric Ton
OFC	Optical Fiber Cable
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
PBT	Profit Before Tax
PMC	Project Management Consultancy
RAB	Regulatory Asset Base
SD	Security Deposit
SPRHA	Service Provider Right Holder Agreement
STP	Sewage Treatment Plant
TCR	Temperature Control Regulations

ULD	Unit Load Device
VRV	Variable Refrigerant Volume
MABPL	Menzies Aviation (Bengaluru) Private Limited
MTYP	Multi Year Tariff Proposal
WPI	Wholesale Price Index
YoY	Year on Year

## CHAPTER 1: INTRODUCTION

### 1.1 Background

1.1.1 Menzies Aviation Limited is one of the successful bidders selected by Bangalore International Airport Limited (BIAL) for providing Domestic and International Cargo Handling Services at Kempegowda International Airport (KIA), Bengaluru. As per the Joint Venture Agreement between the successful bidder (i.e. Menzies Aviation Limited) and the Airport Operator (BIAL), the successful bidder and the BIAL shall enter into the Joint Venture to provide the Cargo Handling Services at the KIA, Bengaluru. Accordingly, Menzies Aviation (Bengaluru) Private Limited hereinafter referred to as “MABPL”, a Joint Venture Company (JVC) has been formed by Menzies Aviation Limited & BIAL, incorporated on 5<sup>th</sup> September, 2022 under the Indian Companies Act, 2013.

1.1.2 Subsequently, Service Provider Right Holder Agreement (SPRHA), a tripartite agreement was executed between BIAL, Menzies Aviation Limited and MABPL on 26<sup>th</sup> December, 2022. As per SPRHA, the concession term is Fifteen (15) years from the date of handover of existing Cargo Terminal-1 (i.e. 24.05.2023), which may be further extended for a period up to Seven (7) years, at the discretion of the BIAL.

1.1.3 The shareholding structure of the MABPL is given as below:

**Table-1: Summary of Shareholding Structure of MABPL.**

Name of Shareholder	Equity Holding (%)
Menzies Aviation (UK) Limited	74%
Bangalore International Airport Limited (BIAL)	26%
<b>TOTAL</b>	<b>100%</b>

1.1.4 The Authority notes that MABPL has obtained the security clearance from the Bureau of Civil Aviation (BCAS) vide letter dated 20<sup>th</sup> April, 2023. As per the BCAS letter dated 20<sup>th</sup> April, 2023 “*The security clearance shall be valid for a period of five years from the date of issue of security clearance or the period of validity of contract with the airport operator, whichever is earlier.*”

### 1.2 MYTP Submission:

1.2.1 MABPL, vide its letter dated 09.03.2023, submitted Multi Year Tariff Proposal (‘MYTP’) for First Control Period (FY 2023-24 to FY 2027-28), for determination of the Tariffs in respect of Domestic & International Cargo Handling Services being provided at Kempegowda International Airport, Bengaluru. As per the MYTP submission, MABPL proposed the following percentage increase in tariffs for Domestic & International Cargo Handling services, as compared to the Tariff rates applicable to erstwhile cargo terminal operator i.e. Menzies Aviation Bobba (Bengaluru) Private Limited (MABBPL) at Bengaluru airport:

**Table-2: Tariff increase proposed by MABPL for the First Control Period.**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>Domestic Cargo</b>	35%	32%	25%	20%	15%
<b>International Cargo</b>	15%	15%	12%	5%	5%



- 1.2.2 MABPL commenced its commercial operations from 24.05.2023 at KIA, Bengaluru. The Authority, considering that the finalization of regular tariffs for MABPL, including issuance of consultation paper & tariff order, will take some time, approved ad-hoc tariff for the ISP in respect of domestic and international cargo handling services, vide Order no. 05/2023-24 dated 19<sup>th</sup> May,2023.
- 1.2.3 The ISP, based on the review of MYTP by the Authority and the observations thereon, submitted the requisite information pertaining to various regulatory building blocks, including CAPEX, OPEX, proposed Tariffs etc. from time to time. Further, the ISP vide email dated 02.05.2023 submitted separate tariff rates for the cargo handling services in respect of cargo pertaining to Air Freight Station (AFS).
- 1.2.4 The Authority, after having examined the MYTP submission of the MABPL and taking into account the additional information/ various clarifications furnished by the ISP during April - June 2023, has issued this Consultation Paper for stakeholders' consultation.

## **CHAPTER 2: PRINCIPLES FOR DETERMINATION OF TARIFF FOR THE “AERONAUTICAL SERVICES”.**

- 2.1 The Authority, vide Order No. 12/2010-11 dated 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports. Accordingly, the Authority 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 CGF Guidelines”), vide its Direction No. 04/2010-11 dated 10.01.2011.
- 2.2 In accordance with the above mentioned CGF Guidelines (clause 4.3.), the following procedure is adopted for determination of the Materiality Index of Regulated Service:

### **Stage I: Materiality Assessment ( $MI_c$ ):**

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

The Materiality Index for Bengaluru Airport =  $374062/3228862 \times 100$

$$= 11.58\%$$

The percentage share of Cargo Volume at Kempegowda International Airport, Bengaluru for the FY 2019-20 (Pre-Covid Year) is 11.58%, which is higher than Materiality Index ( $MI_c$ ) of 2.5% for the subject regulated service. Hence, the regulated service is deemed as “**Material**” for the First Control Period.

### **Stage II: Competition Assessment:**

As per clause 5.1 of the above referred Guidelines, if Regulated Service is provided at a Major Airport by two or more Service Providers, it shall be deemed “Competitive” at that airport.

It is observed from Form F1 (b) (Competition Assessment) submitted by MABPL that WFS Bengaluru Private Limited (WFSBPL) is the other cargo terminal operator, providing International Cargo Handling Services at KIA, Bengaluru. In respect of Domestic Cargo Handling, in addition to the MABPL, M/s Blue Dart is other service provider rendering domestic cargo handling services, including services related to Express/Courier Cargo, General Cargo and e-commerce products at KIA, Bengaluru. Considering the number of service providers rendering domestic & international cargo handling services at KIA, Bengaluru, the regulated service is deemed as “Competitive”, for the First Control Period of the ISP.

- 2.3 As per the 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. Hence, in the instant proposal, the Authority proposes to determine Tariffs in respect of Cargo Handling Services (regulated services) provided by MABPL at KIA, Bengaluru, under the “Light Touch Approach”, for the First Control Period.
- 2.4 The Tariffs for the ISP, in the instant proposal, is being determined under the Light Touch Approach; however, it is pertinent to mention that even in light touch approach, the Authority examines all the regulatory building blocks & underlying assumptions/ basis thereof, including projections relating to revenues, expenses, volumes etc., and considers other relevant aspects of the proposal, to ensure that

no undue gains accrue to the Service Provider and that the end Users are not unduly burdened with high Tariff. Accordingly, wherever required, additional details/ clarification etc. on the various aspects of the proposal is sought from the ISP, in accordance with the provisions of CGF Guidelines and under the Section 13 (e) of the AREA Act, 2008.

- 2.5 As per clause 11.2 of the CGF Guidelines, 2011, the ATP is required to be submitted in the manner and form provided in AI 8.2 of 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(s), if any, between the Service Provider and the User of Regulated Service(s) clearly indicating the Tariff proposed by the Service Provider.
- 2.6 The Authority notes that the ISP conducted the separate consultation meetings with the pertinent stakeholders during the month of February 2023 and has submitted the Minutes of Meetings (MoM) to the Authority. As per the minutes, the representatives of Domestic Air Cargo Agent Association of India (DACAAI), The Air Cargo Agents Association of India (ACAAI), Bangalore Custom House Agents Association Limited (BCHAAL), Indigo Cargo and Airport Operator (BIAL) participated and following major issues raised by the stakeholders were discussed during the Stakeholders consultation meeting:
- Operational issues connected with cargo handling, such as, classification of services covered under the Terminal, Storage and Processing Charges (TSP Charges), monitoring the time taken for cargo handling activities to reduce the dwell time of cargo at the cargo terminal, opening of the fresh PD accounts, etc.
  - Details of new Greenfield Cargo Terminal, including its architecture & design, area of terminal, facilities to be provided at new terminal viz. number of X-Ray points, Cargo Handling area, etc., timelines for its completion.
  - Expansion Plan of the existing International Cargo Terminal, services offered by MABPL in international cargo terminal etc.
  - Some stakeholders raised queries related to the proposed tariff for international cargo, impact of competition from other modes of transport and requested the service provider to consider only 8% tariff increase in the first tariff year. Stakeholders also raised queries regarding classification of cargo as perishable and special cargo, difficulty in categorizing courier/express cargo among other domestic cargo items, segregation of demurrage charges for the valuable and dangerous goods and suggested Tariff Rate Card with minimal headers for easiness in implementation.
- 2.7 From the MoM, the Authority notes that the queries raised by the stakeholders were responded by the ISP. The Authority observes that DACAAI has raised further queries on the proposed Tariff Rates, reducing the dwell time of Cargo etc. In this regard, the ISP, considering the suggestions of DACAAI has proposed staggered tariff increase, as against one time tariff increase for the control period and also proposed to merge the tariff for the Express/Courier Cargo with General Cargo for the Freight Forwarders / Agents / Shippers.

2.8 **Authority's Proposal regarding principles for determination of the Tariff for Aeronautical Services in for the First Control Period.**

2.8.1 Based on the material before it and its analysis, the Authority proposes to determine the Tariffs for the Cargo Handling Services provided by MABPL at KIA, Bengaluru, for the First Control Period, under the **'Light Touch Approach'**.

## CHAPTER 3: CARGO VOLUME PROJECTIONS

### 3.1 MABPL's submission on Cargo Volumes Projection for the First Control Period.

3.1.1 MABPL, as part of its MYTP submitted the actual Domestic & International Cargo Volumes handled by KIA, Bengaluru during the period FY 2014-15 to FY 2019-20 as under:

**Table 3: Domestic & International Cargo Volumes handled by KIA, Bengaluru from FY 2014-15 to FY 2019-20.**

(Volume in MT)

Financial Year	Domestic	International	Total	Y-O-Y % increase		
				Dom.	Intl.	Total
2014-15	112687	166788	279475	--	--	--
2015-16	114646	177304	291950	2%	6%	4%
2016-17	119878	199466	319344	5%	12%	9%
2017-18	128504	219899	348403	7%	10%	9%
2018-19	144223	242626	386849	12%	10%	11%
2019-20	150009	224053	374062	4%	-8%	-3%

3.1.2 The total Cargo Volumes handled by KIA, Bengaluru for the period from 2014-15 to 2019-20 increased at a CAGR of 6%.

3.1.3 The Cargo Volumes projected by MABPL (Cargo to be handled by ISP) for the First Control Period is as below:

**Table 4: Cargo Volume projected by MABPL (Cargo to be handled by ISP) for the First Control Period.**

(Volume in MT)

Financial Years	Domestic	International	Total	Y-O-Y % increase		
				Dom.	Intl.	Total
2022-23	120129*	112772**	232901	--	--	--
2023-24#	108847	102171	211018	--	--	--
2023-24 (annualized)	127337	119538	246875	6.00%	6.00%	6.00%
2024-25	134977	126710	261687	6.00%	6.00%	6.00%
2025-26	143076	134313	277389	6.00%	6.00%	6.00%
2026-27	151660	142372	294032	6.00%	6.00%	6.00%
2027-28	160760	150914	311674	6.00%	6.00%	6.00%

\*Actual domestic cargo handled by the previous Operators (MABB & AISATS).

\*\*Actual international cargo handled by the previous Operator (MABB) (excluding cold chain & express/courier cargo).

#Cargo volume projection from 24<sup>th</sup> May 2023 (COD) up to 31<sup>st</sup> March 2024.

3.1.4 As per the MABPL submission, they have considered the following factors while projecting the Cargo Volumes for the First Control Period:

- a. **Performance of air cargo industry:** ISP submitted that prior to the Covid-19 pandemic, the air cargo volumes handled at Indian airports were growing at a CAGR of 5.7% during FY 2014-15 to FY 2019-20. As per the MABPL, since the catchment area of KIA has demand for numerous types

of international and domestic cargo, ISP expects the growth observed at national level to be similarly reflected in the cargo traffic volumes at KIA, Bengaluru.

**b. Historical Cargo volume at KIA:** The international and domestic cargo volumes at KIA is increase at a CAGR of 6% during FY 2014-15 to 2019-20. Since the growth pattern is similar to that observed at national level, it is expected that cargo traffic of MABPL will continue to grow at the same rate of 6% in the first control period, for international and domestic cargo. ISP has considered FY 2022-23 as a base year, for projecting cargo volumes (cargo to be handled by the ISP), for the first control period.

**c. Market share of MABPL:**

• **Domestic cargo traffic:** The market share of M/s Blue Dart is around 22% of the total domestic cargo traffic at KIA, Bengaluru. Accordingly, the market share of MABPL is considered as 78% of the total domestic cargo traffic, for the first control period.

• **International cargo traffic:** ISP submitted that the market share of international cargo handling, pertaining to EICI, DHL, FedEx & cargo handled at cold chain facility, is collectively around 11% of total international cargo traffic. Similar market share is assumed for these entities for the first control period. Two main cargo terminal operators at KIA, Bengaluru namely MABPL and WFSBPL are new entrants at the KIA, Bengaluru and both have commenced their commercial operations at Bengaluru airport on 24.05.2023. As no historical data relating to market share held by two main cargo terminal operators is available, it is assumed that both service providers i.e. MABPL and WFSBPL will have equal share (50% each) of the international cargo handling (other than international cargo handled by EICI, DHL, FedEx & cargo handled at cold chain facility) during the First Control Period.

**d. Competition from other upcoming airports:** MABPL submitted that the competition landscape for Bangalore, which was earlier the sole gateway for cargo originating in the catchment area comprising of Karnataka, parts of Tamil Nadu and Kerala, is changing. In addition to Chennai International airport and Coimbatore international airport, the catchment area at present is also overlapping with airports such as Mangalore International Airport and Kannur International Airport. The remunerative and resilient performance of cargo industry during the pandemic years and prior, have led all of them to significantly invest in modern cargo handling infrastructure at the respective airports. Therefore, it is expected that a portion of cargo volume of MABPL may erode to the above airports in the upcoming years. However, the impact of competition from upcoming airports on MABPL traffic is not considered in the proposed forecast due to challenges in its assessment.

**e. Competition from other modes of transport:** Recent initiatives such as Gati Shakti by Government of India is expected to make other modes of transport such as rail and roadways highly efficient, economical, and seamless. The ministry of road transport and highways have planned significant capital expenditure for upgrading the roads to global level benchmarks. This would enable quicker movement of cargo via land between key cities. For example, the upcoming Bangalore-Chennai express highway is expected to cut the travel time to 2.5 hours, Bangalore-Mumbai express highway is expected to cut the travel time to 8 hours, Bangalore- Pune express highway is expected to cut the travel time to 6 hours. Such travel times are highly competitive with the time taken to transport the cargo via air. As a result, rail and roadway may become a cheaper alternative to air cargo for the catchment thereby hindering the growth of domestic air cargo of MABPL at the airport. The impact of competition from rail and road transport on MABPL traffic

is not considered in the proposed forecast due to challenges in its assessment. Therefore, growth rate considered by MABPL for forecasting the cargo traffic is aggressive with possible downward revision.

**f. Impact of expected global recession:** World Bank, in its Global Economic Prospects report dated January 2023, has forecasted slowdown in global growth due to elevated inflation, higher interest rates, reduced investment and disruptions caused by Russia’s invasion of Ukraine. Further, this sharp, long-lasting slowdown is expected to hit developing countries hard. Thus, the international cargo traffic projections of MABPL will be significantly affected by these global headwinds with some impact on the domestic cargo traffic as well. Thus, with global recession in the backdrop, MABPL has still taken an aggressive growth forecast assuming same traffic growth rate across the first control period. However, in case of significant impact of global recession, the actual traffic may be lower than projected.

**3.2 Authority’s Examination on Cargo Volumes projections in respect of MABPL for the First Control Period:**

3.2.1 The Authority notes from the MABPL submission that the international cargo volumes grew at CAGR of 6.1%, domestic cargo volumes increased at a CAGR of 5.9% and the total cargo traffic increased at a CAGR of 6% for the period from 2014-15 to 2019-20 at Bengaluru airport.

3.2.2 The Authority, reviewed the actual cargo volumes handled at KIA, Bengaluru, for the period from FY 2016-17 up to FY 2022-23, as per the statistics available at AAI’s website. The Authority observes that the total cargo volumes at KIA, Bengaluru during the above referred period has increased from 319344 MT to 410311 MT at a CAGR of 4%. The actual Domestic & International Cargo Volumes handled by at KIA, Bengaluru for the period from FY 2016-17 to FY 2022-23 is as under:

**Table 5: Actual Cargo Volume handled by KIA, Bengaluru from FY 2016-17 to FY 2022-23.**

(Volume in MT)

Financial Year	Domestic	International	Total	YoY (%) Increase/Decrease		
				Domestic	International	Total (%) increase/decrease
<b>2016-17</b>	119878	199466	<b>319344</b>	---	---	---
<b>2017-18</b>	128504	219899	<b>348403</b>	7%	10%	9%
<b>2018-19</b>	144223	242626	<b>386849</b>	12%	10%	11%
<b>2019-20</b>	150009	224053	<b>374062</b>	4%	-8%	-3%
<b>2020-21</b>	119104	207568	<b>326672</b>	-21%	-7%	-13%
<b>2021-22</b>	139584	271966	<b>411550</b>	17%	31%	26%
<b>2022-23</b>	154012	256299	<b>410311</b>	10%	-6%	0%

3.2.3 The Authority notes that ISP has projected 6% Y-o-Y increase in Domestic and International Cargo Volumes (Cargo volumes to be handled by the ISP) for the First Control Period, based on the historical trends of Cargo Volumes at KIA, Bengaluru, for the period from FY 2014-15 to FY 2019-20, wherein the total cargo volumes have increased at a CAGR of 6%.

3.2.4 The Authority notes that the ISP in its Cargo Volumes projection, has considered actual cargo volumes handled by the previous Cargo Operator (MABB) for FY 2022-23. During the FY 2022-23, there were three cargo operators namely MABB, AISATS and Blue Dart providing domestic cargo handling services at KIA, Bengaluru and their market share were 65%, 13% and 22% respectively. Subsequently, the airport operator (BIAL) awarded two new concessions (effective from 24.05.2023)

for provision of cargo handling services at KIA, Bengaluru in favour of MABPL and WFSBPL, in place of erstwhile cargo operators i.e., MABB & AISATS respectively. As per the new concessions, only MABPL is allowed to provide the domestic cargo handling services (apart from Blue Dart). Therefore, MABPL, from FY 2023-24 onward has assumed its market share in respect of domestic cargo handling around 78% (65% +13%) during the First Control Period.

Similarly, ISP submitted that historically the market share of Cold Chain Facility and Express/Courier Cargo was around 12% of the total International Cargo Traffic at KIA, Bengaluru. As per new concession agreements, MABPL will not handle International Perishable Cargo; hence, the ISP has assumed the market share of MABPL and WFSBPL in respect of international cargo traffic will be around 50% each (excluding the cargo pertaining to cold chain and express/courier cargo). Accordingly, MABPL has proposed a market share of around 50% for international cargo traffic during the First Control Period.

3.2.5 The Authority also notes from the submission of the ISP that Bengaluru Airport's Cargo business has a catchment area, which covers the state of Karnataka and parts of Tamil Nadu and Kerala. However, Mangalore and Kannur airports, which had seen surge in cargo volumes handled during pandemic years, are upgrading their cargo handling infrastructure to attract more business. These airports along with airports like Chennai & Coimbatore airports are emerging as a competitor to the Bengaluru airport for the regional Cargo business. Further, with the considerable improvements in the existing network of national highways & development of new expressways, Bengaluru airport's cargo business is expected to face competition from the road transport, particularly in domestic cargo segment.

In view of the foregoing, including the local competition and taking into account the global economic & geo-political factors as highlighted by the ISP, (refer para 3.1), the Authority considers the Cargo Volumes projected by the ISP for the First Control Period as reasonable.

3.2.6 Accordingly, the Authority proposes to consider cargo volumes projection for MABPL in respect of First Control Period as per table 4.

3.3 **Authority's Proposal regarding Cargo Volume Projection in respect of MABPL for the First Control Period:**

3.3.1 Based on the material before it and its analysis, the Authority proposes to consider the Cargo Volume projections in respect of the MABPL for the First Control Period as per Table 4.



**CHAPTER 4: CAPITAL EXPENDITURE (CAPEX), REGULATORY ASSET BASE (RAB) AND DEPRECIATION.**

**4.1 MABPL submission on Capital Expenditure for the First Control Period.**

4.1.1 Initially, MABPL in its MYTP submission projected a total Capital Expenditure (CAPEX) of ₹ 225.70 crores for the First Control Period on development of Cargo Infrastructure and procurement of Cargo Handling Equipment etc. The proposed CAPEX included ₹ 89.00 crores for construction of Greenfield Domestic Cargo Terminal. Subsequently, ISP vide mail dated 19.04.2023 submitted the revised CAPEX of ₹ 234.70 crores, after considering the revision in the cost of Greenfield cargo terminal cost from ₹ 89.00 crores to ₹ 98.00 crores.

Breakup of the Capital Expenditure proposed by MABPL for First Control Period is given below:

**Table 6: Capital Expenditure proposed by MABPL for the First Control Period.**

(₹ in crores)							
S no.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
<b>A</b>	<b>Capex for greenfield Domestic Terminal</b>						
A.1	Construction of greenfield domestic cargo terminal building	98.00	--	--	--	--	<b>98.00</b>
A.2	X-ray Machines	3.52	--	--	--	--	<b>3.52</b>
A.3	Material Handling System	13.95	--	--	--	--	<b>13.95</b>
<b>B</b>	<b>Existing International Cargo Terminal</b>						
B.1	Civil Works for capacity enhancement	0.50	--	--	--	--	<b>0.50</b>
B.2	Material handling system	82.70	--	--	--	--	<b>82.70</b>
B.3	X-ray machines	4.04	--	--	--	--	<b>4.04</b>
<b>C</b>	<b>Other Capex</b>						
C.1	Transfer assets	11.75	--	--	--	--	<b>11.75</b>
C.2	IT Assets	18.71	--	--	--	--	<b>18.71</b>
C.3	General expenses.	1.50	--	--	--	--	<b>1.50</b>
	<b>Total</b>	<b>234.70</b>	--	--	--	--	<b>234.70</b>

4.1.2 Out of total CAPEX of ₹ 234.70 crores proposed by the ISP for the First Control Period, major portion of capital expenditure (₹ 213.89 crores) has been earmarked for the construction of new Domestic Cargo Terminal Building, procurement of Material Handling System, and IT Assets.

4.1.3 MABPL submitted the following justifications/ requirements for the major capital works proposed during the First Control Period:

**A. Capital Expenditure for Greenfield Domestic Cargo Terminal:**

**A.1 Construction of Greenfield Domestic Cargo Terminal Building:**

As per clause 2.1.2 of the Cargo SPRHA, MABPL is required to construct a new dedicated domestic cargo terminal with a capacity of 2,50,000 MT, which will be further expanded to 4,00,000 MT in the future. The total area of the Domestic Cargo Terminal is 2,44,710 square feet (22734.30 square meter) approx., with ground floor area around 1,66,332 square feet (15452.74 square meter), mezzanine floor area around 36,350 square feet (3377.02 square meter) and Airside Movement area of 42,028 square

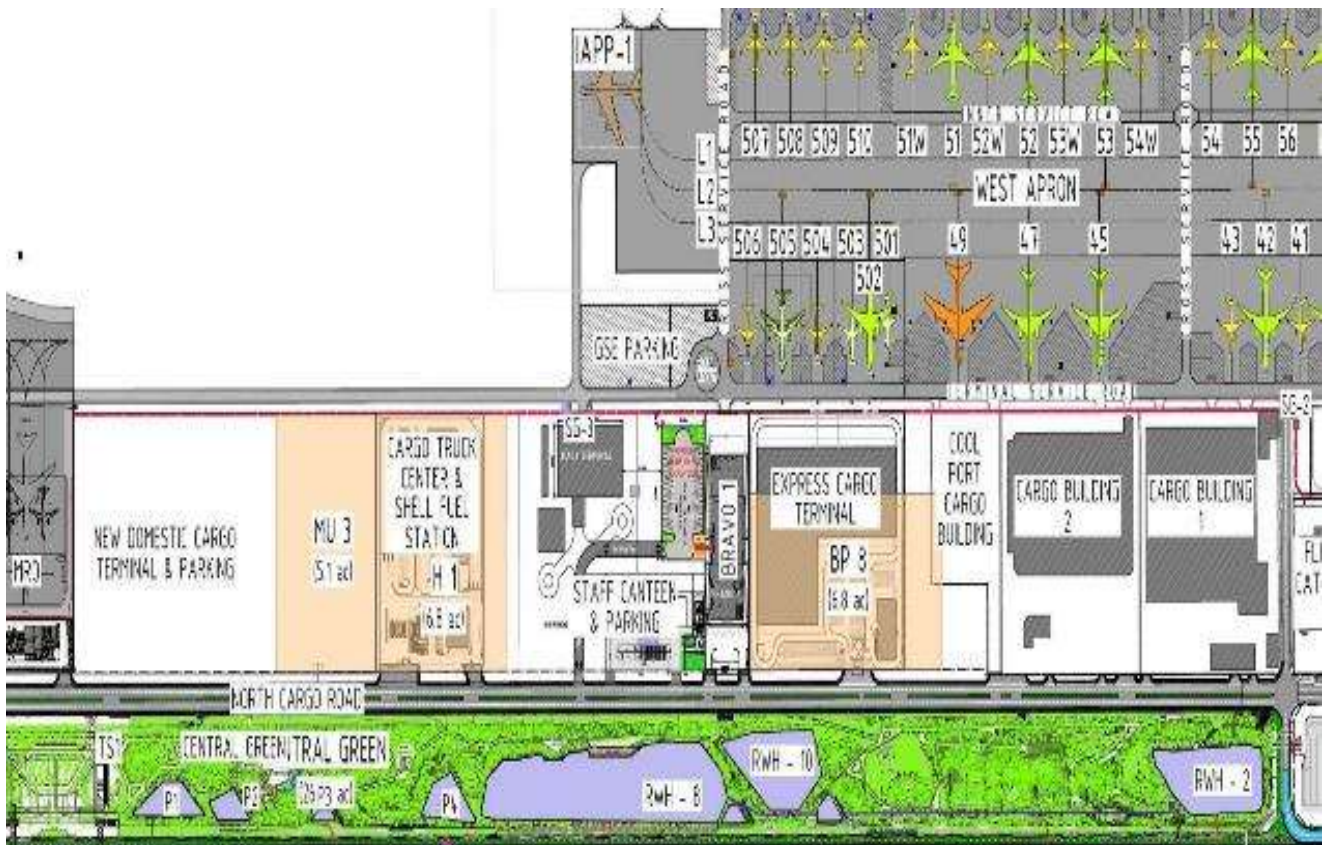
feet (3904.52 square meter). The proposed cargo terminal building will have a height of 13.9 meters, which is more than the height of normal warehouses.

ISP submitted that during the Stakeholders' consultation meeting, some of the Stakeholders have given suggestions/feedback to reduce the congestion and improving the service quality through increase in the number of truck docks, larger truck dock area, area for consolidation, increase in airside gates, cubicle office spaces, etc.

Accordingly, considering the feedback/suggestions from stakeholders, following features have been proposed in respect of the new Domestic Cargo Terminal:

1. Segregation between inbound and outbound area.
2. Shipment area, provision for oversized cargo movement.
3. Designed as per the NBC guidelines, NFPA, ASHRAE standards.
4. Provision for dock levelers.
5. 25 meters airside operational area and Truck dock acceptance area of 50 feet.
6. Provision of more than 35 Truck docks and covered parking for four-wheelers.
7. Airside dedicated transshipment area (first time in India).

MABPL submitted that the cost for construction of new Domestic Cargo Terminal i.e. ₹ 98.30 crores is based on the quote of L1 bidder/EPC contractor (cost sheet placed at **Annexure-I**). After commissioning of Greenfield Domestic Cargo Terminal, the entire domestic cargo operations, which are currently being carried out from the existing integrated cargo terminals, shall be shifted to the new domestic cargo terminal. Thereafter, the existing cargo terminal will be used for handling international cargo operations exclusively.



The greenfield domestic cargo terminal is expected to result in efficient domestic cargo operations, through dedicated space for freight forwarders and significantly improving the operations of transit cargo. The location of the proposed greenfield domestic cargo terminal building is given below:

### **A.2 Domestic-X-ray Machines:**

The ISP informed that in compliance with the security requirements of BCAS, all screening at airport needs to be done via Dual view X-Ray machines. Therefore, new X-ray machines of the said specifications along with other related items for security purposes need to be procured for the greenfield domestic cargo terminal. The major items required for screening of cargo terminal include 100X100 dual view X-ray machines, 60-40 DV Xray machine, explosive trace detectors (ETD), hand-held metal detectors (HHMD), Door frame metal detectors (DFMD), etc. The breakup of the proposed Capex on X-ray Machines is given as under:

**Table 7: X-ray machines proposed by MABPL for Domestic Cargo Terminal Building.**

(₹ in crores)

<b>S no</b>	<b><u>Domestic - X-ray machines</u></b>	<b>Qty</b>	<b>Rate</b>	<b>Cost</b>
1	X-ray baggage inspection system - 100100T	5	0.35	1.76
2	Components of X-ray baggage inspection system	5	0.02	0.12
3	Dual view X-ray baggage inspection system - 6040DV	1	0.28	0.28
4	Components of Dual view X-ray baggage inspection system	1	0.02	0.02
5	IONSCAN 600 (explosives)	4	0.19	0.76
6	Components for IONSCAN 600 (explosives)	4	0.01	0.04
<b>Total</b>				<b>2.99</b>
GST			18%	0.54
<b>Total Cost</b>				<b>3.52</b>

### **A.3 Material handling system:**

MABPL projected a CAPEX of ₹ 13.95 crores (including custom duty, GST, Contingency expenses etc.) for procuring new material handling system, ground equipment such as forklifts, storage bins, etc. for the new domestic cargo terminal. The Material Handling System also includes, equipment such as roller deck, lowerable workstation, ram protection, pallet racks, driven roller conveyor, dock leveler, PLC controls and scale. Most of the equipment are being imported from the European countries, as such the price also includes the custom duties etc.

The breakup of the Material Handling System for new Domestic Cargo Terminal is given below:

**Table 8: Material Handling System for new Domestic Cargo Terminal Building proposed by MABPL.**

(₹ in crores)

<b>Item No.</b>	<b><u>Domestic - Material handling system</u></b>	<b>Qty.</b>	<b>Amount</b>
<b>A.</b>	<b>Outbound</b>		
1	Castor Deck, 508mm (sqm)	160	
2	10ft Driven Roller Deck (NEL)	1	
3	10ft Lowerable Workstation with Non-Driven Roller (WEL)	3	
4	Ram Protection with Non-motorized roller (508mm)	1	

5	Pallet Racks (G+3)	252	
6	X-Ray, incl. infeed/ outfeed conveyors (by others, not included in total price)	6	
7	Driven Roller Conveyor	38m	
8	Dock leveller	14	
9	Scale (2 ton)	6	
<b>B.</b>	<b>Inbound</b>		
1	Castor Deck, 508mm (sqm)	160	
2	10ft Driven Roller Deck (NEL)	1	
3	10ft Lowerable Workstation with Non-Driven Roller (WEL)	3	
4	Ram Protection with Non-motorized roller (508mm)	1	
5	X-Ray, incl. pallet conveyors (by others, not included in total price)	1	
6	Pallet Racks (G+3)	252	
7	Dock leveller	10	
8	Scale (2 ton)	3	
C.	PLC& Controls	1	
D.	Shipping & Delivery - DAP Bangalore (incoterm 2020)	1	
E.	<b>Installation &amp; Commissioning</b>	1	
	Total lump sum material price in Euro - DAP Bangalore (incoterms 2020), excluding customs duty, VAT, and any other taxes		979634
	Euro to INR		90.1
	<b>Amount in ₹</b>		<b>8.83</b>
	Customs duty		30%
	<b>Price including customs duty</b>		<b>11.47</b>
	Contingency		3%
	<b>Price including customs duty, contingency</b>		<b>11.82</b>
	GST		18%
	<b>Price including customs duty, contingency and taxes</b>		<b>13.95</b>

**B. Capital Expenditure related to International Cargo Operations:**

**B.1 Civil Works for capacity enhancement:**

MABPL submitted that the existing cargo terminal handles the both international and domestic cargo. However, as per the terms and conditions of the SPRHA, domestic cargo handling is to be carried out

from a dedicated greenfield cargo terminal and the ‘perishables cargo’ shall be handled at the dedicated cold chain facility at the airport (run by other cargo terminal operator namely WFSBPL).

Therefore, the space in the existing international cargo terminal, which is currently being used for handling domestic and perishable cargo shall be utilized for handling international cargo only. This will lead to increase in the handling capacity of international cargo from 210,000 MT to 250,000 MT. However, number of modifications are required to be carried out in the existing cargo terminal so that the space being utilized for domestic and perishable cargo can be used for handling international cargo. Proposed modifications in the international cargo terminal include demolition of walls, removal of cold storage facilities, construction of ramps, etc. The total capex for key activities associated with refurbishment of existing cargo terminal is expected to be ₹ 0.50 crores in FY2023-24.

## **B.2 Material Handling System:**

The existing material handling system were purchased by the previous cargo handler at the time of inception of operations (some of the assets are more than 14 years old) and the same is outdated and exhausted its useful life of operation. Majority of the capital expenditure for new material handling system is on account of replacement of the existing equipment. Further, the capacity of the cargo terminal will be increased from 210,000 MT to 250,000 MT as part of the refurbishment exercise which demands additional plant and equipment to handle the extra cargo. Thus, the purchase of new material handling system as a replacement of the existing equipment, and for the expansion of terminal’s cargo handling capacity, is imperative.

As per the ISP, shifting of domestic cargo operations to greenfield domestic cargo terminal will result in additional space which will be allocated to the freight forwarders, establish workstations/ cubicles, and improve transit cargo operations to improve efficiency. It will also help MABPL to achieve the service quality parameters for international cargo as part of the signed SPRHA with BIAL. The capital expenditure for the new material handling system includes the removal/dismantling of existing system in the international cargo terminal, installation of 20ft ETV with complete electrical and mechanical equipment, storage decks, workstations, control systems, etc. The detailed break up of capital expenditure is as follows:

**Table 9: Material Handling System and other Equipment proposed by MABPL for International Cargo Terminal during the First Control Period.**

(₹ in crores)	
Description	Cost
Material Handling System (Annexure-II)	72.50
Equipment for Lift & Run System Conveyors, Fire Extinguishers, Hand pallet Truck, AC Units for X-ray machine cabin, Standard weights, Storage racks, safety items, replacement of existing carriers.	0.96
Forklift-3T	2.84
Forklift-10T	1.16
Reach struck	1.71
Replacement of HVAC System	3.54
<b>Total cost</b>	<b>82.70</b>

### B.3 X-Ray machines for International Cargo Terminal

MABPL estimates a sum of ₹ 4.04 crores on purchase of X-ray machines for the international cargo terminal. As per the ISP, the X-ray machines at existing cargo terminal have reached near the end of their useful lives and hence same are required to be replaced with new equipment. The major equipment required for screening of cargo at international cargo terminal include 100X100 dual view X-ray machines, 60-40 DV Xray machine, explosive trace detectors (ETD), hand-held metal detectors (HHMD), Door frame metal detectors (DFMD), etc. The details of X-Ray machine and the associate items is given below:

**Table 10: X-ray machines proposed by MABPL for International Cargo Terminal.**

(₹ in crores)

S no.	<u>International - X-ray machines</u>	Qty	Rate	Amount
1	100 x100 Dual View X-ray machines	5	0.38	1.88
2	X-ray machine for access control (60 40 DV)	1	0.31	0.31
3	Explosive Trace Detectors	4	0.20	0.80
4	HHMD's	20	0.00	0.05
5	DFMD's	4	0.03	0.13
6	Under vehicle search camera	2	0.03	0.06
7	Hydraulic bollards (Stopper)	2	0.10	0.20
	<b>Total</b>			<b>3.43</b>
	GST		18%	0.62
	<b>Total amount</b>			<b>4.04</b>

### C. Other Capital Expenditures:

#### C.1 Transferred Assets purchased from the Airport Operator (A.O).

As per clause 9.4.5 of the SPRHA executed with BIAL, MABPL is required to purchase the existing building assets from the airport operator at fair market value. The pertinent agreement clause is reproduced below:

*"The SPRH-1 shall, at its own cost, accept the Movable Assets in relation to the Existing Cargo Terminal-1 owned by BIAL as on 24 May 2023, at the fair market value. The SPRH-1 agrees and acknowledges that any applicable goods and service tax on the Movable Assets shall be borne by the SPRH-1. The SPRH-1 further agrees and acknowledges that it shall furnish the payment towards such Movable Assets within 6 (six) months from the date of invoice issued by BIAL."*

The assets transferred by the A.O to the ISP include the existing building assets and equipment such as X-ray inspection systems and Material Handling System. The breakup of the transferred assets is as shown below:

**Table 11: Capital Asset transferred from the Airport Operator to the MABPL.**

(₹ in crores)

Description	Cost
Building and related assets	7.00
X-ray inspection system	2.00
Material handling system	2.75
<b>Total</b>	<b>11.75</b>

## C.2 Capital Expenditure related to the IT assets:

As per the ISP, the capital expenditure associated with IT assets include the expenditure incurred for replacing the existing assets at international cargo terminal and procuring new assets for domestic cargo terminal. The computers and other peripherals in the existing cargo terminal have completed the useful life's and hence are required to be replaced to ensure seamless operations. As the greenfield domestic cargo terminal is situated at a distance of around 2 km from the existing international cargo terminal, new assets are specifically procured for the new terminal. The breakup of capital expenditure associated with IT assets is as follows:

**Table 12: Proposed Capital Expenditure related to IT assets for Domestic and International Cargo Terminal.**

(₹ in crores)	
Description	Cost
Information and Communications Technology (ICT) Charges, Mobile Devices, Optical Fiber Communication (OFC) connectivity, Network configuration, Internet leased lines	1.96
End Computing (Desktop, Laptop, Printers)	1.25
Network Infra- Active and Passive	9.55
Security Systems	3.65
Conference Hall (Board Room) Training & Development	0.42
Data Center & IT Infra Rooms Power & Cooling	0.78
HR - Systems (Application and T & A hardware)	0.39
Customs, CISF (BCAS Computer Based Training)	0.38
One Time Setup Cost (Installation Cost)	0.26
Auto Scan and Read 606 Labs at Security clearance	0.13
Application Software	0.13
<b>Total</b>	<b>18.90</b>

## C.3 General expenses

MABPL was formed in August 2022 for taking over the cargo operations from the previous cargo operator at KIA, Bengaluru. As part of its preparation to start the operations by 24 May, 2023 and ISP has incurred general expenses relating to the hiring of the management, procurement of EPC contracts, office etc. in order to have smooth transition of operations and MABPL has proposed to capitalized these general expenses amounting to ₹ 1.50 crores.

### 4.2 Authority's Examination on CAPEX (Additions to RAB) proposed by the ISP for the First Control Period.

4.2.1 The Authority observes that ISP has considered the entire CAPEX proposed for the Control Period in the first year itself.

4.2.2 The Authority notes that MABPL has proposed CAPEX broadly under the following three categories:

1. Construction of Greenfield Domestic Cargo Terminal
2. Expansion of Existing International Cargo Terminal
3. Other CAPEX.

The CAPEX proposed by the ISP for the First Control Period is discussed in the ensuing paras.

4.2.3 **Construction of Greenfield Domestic Cargo Terminal** - The Authority notes that ISP has proposed a CAPEX of around ₹ 98.00 crores for construction of approx. 22780 square meter greenfield domestic cargo terminal which will cost around 43020 per square meter. The Authority took note of the clause 2.1.2. of the SPRHA of the ISP with the Airport Operator, in respect of domestic cargo terminal, which is reproduced below:

*Clause 2.1.2. of SPRHA in respect of Domestic Cargo Terminal:*

*“Design, build, finance, develop, operate, manage, maintain and transfer the Domestic Cargo Terminal with an initial capacity of not less than 250,000 MT (two hundred and fifty thousand metric tonnes) per annum to cater to domestic cargo. The capacity shall be expanded to not less than 400,000 MT (four hundred thousand metric tonnes) per annum subsequently in accordance with Clause 9.5 (Alteration, Expansion and Upgradation of Cargo Terminals-1).”*

Further, the “clause 9.5.3” of the SPRHA, relating to expansion of Domestic Cargo Terminal stipulates that:

*“In the event the aggregate cargo volume at the Domestic Cargo Terminal exceeds, 80% (eighty percent) of the initial planned capacity or 200,000 MT (two hundred thousand metric tonnes), whichever is higher, at any time for the preceding period of 12 (twelve) months on a rolling basis, the SPRH-1 shall expand the Domestic Cargo Terminal to a total capacity of not less than 400,000 MT (four hundred thousand metric tonnes) within the time period as set out in the Business Plan. For the avoidance of doubt, the total capacity of the Domestic Cargo Terminal after such expansion shall be not less than 400,000 MT (four hundred thousand metric tonnes).”*

4.2.4 The Authority notes that at the time of MYTP submission, ISP had initially proposed the estimated costs of ₹ 89.00 crores for the Greenfield Cargo Terminal. Subsequently, the ISP vide mail dated 19.04.2023 informed the Authority about the award of the contract for the construction of new greenfield domestic cargo terminal to M/s Surya Priya Construction (L-1) bidder, at a quoted price around ₹ 98.00 crores (including Design, PMC, Contingency cost etc.). The ISP also informed that above capital work was awarded after following competitive bidding process.

4.2.5 MABPL, regarding the new domestic cargo terminal further submitted that the height of the proposed Greenfield Domestic Cargo Terminal will be 13.9 meter and floor of the building is planned so as to hold the weight of the racking system or any other mechanized system.

The Authority, sought detailed breakup of ₹ 98.00 crores quoted by the Surya Priya Construction. In response thereto, MABPL vide email dated 25.05.2023 submitted cost sheet for construction of the Greenfield Cargo Terminal as under:

**Table 13: Cost break-up of Greenfield Cargo Terminal Proposed by MABPL.**

		(₹ in crores)
S. no.	Description of work	Cost
1.	Civil Works	13.76
2.	Structural Works	33.76
3.	UG Sump	0.92
4.	HVAC Works	3.32
5.	Electrical Works	5.81
6.	Water Supply and Sanitary Works	1.52



7.	Sewage Treatment Plant (STP)	0.39
8.	STP Civil Works	0.92
9.	RO and WTP Works estimate	0.21
10.	Fire Protection	3.81
11.	Fire detection and public address system	0.89
12.	Composite Beam Works	12.09
<b>Total Cost of Project</b>		<b>77.41</b>
<b>Building &amp; Other Construction Workers' Welfare Cess (BOCW) @ 1%</b>		<b>0.77</b>
<b>Taxes @ 18%</b>		<b>14.07</b>
<b>Total Cost of Project</b>		<b>92.25</b>
Design and Project Management Consultancy (PMC) cost (2.22 %)		2.18
Statutory approvals cost		1.20
Contingency @3%		2.76
<b>Total</b>		<b>98.26</b>

4.2.6 The Authority from the above table notes that the CAPEX of ₹ 98.26 crores in respect of Greenfield Domestic Cargo Terminal, includes Design & PMC consultancy cost and contingency expenses of ₹ 2.18 crores and 2.76 crores respectively. The estimated expenses towards PMC around 2% and contingency provision @ 3% of total project cost, seems reasonable and in line with consultancy / PMC percentage costs considered in the similar construction projects.

4.2.7 The Authority notes that MABPL has also engaged the consultant namely “Turner & Townsend Private Limited” at the estimated cost of ₹ 0.97 crores (excluding taxes) as per the agreement between Turner & Townsend Private Limited and MABPL, to carry out the Pre-Construction, Construction Stage & Post Construction related works in respect of the new greenfield Cargo Terminal. The scope of services as per the agreement is given below:

**Pre-Construction**

- Preparation of project execution plan
- Coordinate with design team for their respective deliverable
- Preparation of master schedule
- Support in project budget tracking
- Sites visit with Design consultants
- Preparation of procurement strategy
- Preparation and update Risk register
- Coordinating for the design signoff from the First Party
- Chairing the design development meetings and recording the actions in MOM
- Support the First Party on Long lead, D&B/GC vendor procurement, MHS procurement and required consultants for the delivery of the project. Design guidelines will be provided by the concept designers (appointed by Menzies)/Menzies.
- Chairing weekly meeting
- Weekly & monthly reporting

### **Construction stage**

- Chairing weekly progress meetings
- Tracking the progress at site
- Coordinate with the designers for regular quality inspections and monitor the governance on QA/QC and HSE implementations.
- Regular induction and toolbox talk
- Weekly reporting which includes executive summary, progress update, risk register, key pending actions updates, look ahead reporting as per the agreed format
- Monthly reporting
- Bill certification of the vendors
- Tracking the budget and reporting to Menzies.

### **Post construction**

- Coordination with vendors & Consultants for Testing & Commissioning
- Coordinate for Snag list preparation and snag rectification.
- Coordinate for techno commercial closure.
- Conduct lesson learnt workshop.

4.2.8 From the above, it is noted that ISP, in fulfilment of its contractual obligations, is constructing new domestic cargo terminal with an initial cargo handling capacity of 2,50,000 MT per annum, with a provision of further expansion of capacity to 4,00,000 MT per annum to meet the future demand. As per the ISP's submission, the construction of new domestic cargo terminal is expected to be complete during FY 2023-24 & same has been proposed to be capitalized during the first tariff year of the Control Period, accordingly.

The Authority expects that the commissioning of new domestic cargo terminal building will help in providing efficient & better cargo handling services to domestic cargo users, including freight forwarders and it will also facilitate transshipment of cargo. Accordingly, the Authority proposes to consider the CAPEX proposed by the ISP on the construction of greenfield domestic cargo terminal at an estimated cost of ₹ 98.00 crores (as per table no. 13).

4.2.9 **X-Ray Machines for the new Domestic Cargo Terminal** - The ISP, regarding Capex on the procurement of X-Ray machines submitted that X-Ray machines are being installed for compliance of security requirements of the BCAS. ISP further submitted that all screening at airport needs to be done via Dual view X-Ray machines. The Authority, considering that the requirement of X-Ray machines is a mandatory security requirement, hence proposes to consider Capex amounting to ₹ 3.52 crores on the procurement of X-Ray Machines, as proposed by the ISP.

4.2.10 **Material Handling Systems (MHS) for the new Domestic Cargo Terminal** - The Authority notes that ISP has proposed a CAPEX of ₹ 13.95 crores on the procurement of new MHS in respect of the greenfield Domestic Cargo Terminal. Considering that the new domestic terminal is situated at a distance of 2 Kms approx. from the existing Cargo Terminal Building (International Cargo Building), hence it is imperative for the service provider to have dedicated MHS for its proposed new domestic cargo terminal. Accordingly, the Authority proposes to consider CAPEX on MHS for new domestic cargo terminal at an estimated cost of ₹ 13.95 crores, as proposed by the ISP (table no. 8 above).

4.2.11 **Capital Works related to Expansion of the International Cargo Terminal** – The Authority took note of the scope of work of the clause 2.1.1, of Service Provider Right Holder Agreement (reproduced below):

Clause 2.1.1. of SPRHA in respect of International Cargo Terminal-1:

- (i) *Design, build, finance, develop, undertake refurbishment activities of the Existing Cargo Terminal-1 as prescribed by BIAL which will lead to creation of an additional capacity of not less than 40,000 MT (forty thousand metric tonnes) per annum. For the avoidance of doubt, the International Cargo Terminal 1 shall have a total capacity of not less than 250,000 MT (two hundred and fifty thousand metric tonnes) per annum; and*
- (ii) *Operate, maintain, manage and transfer the Existing Cargo Terminal-1 and the refurbish facility as set out in Clause 2.1.1(i) above.*

Further, as per the clause 9.2.4. of the SPRHA, “The SPRH-1 shall complete the refurbishment activities of the International Cargo Terminal 1 no later than 3 (three) years from the Date of Handover.”

The Authority notes from the above agreement clause that ISP is mandated to refurbish the existing Cargo Terminal Building-1, including capacity enhancement by 40,000 MT, so as to achieve at least international cargo handling capacity of 2,50,000 MT per annum.

The Authority observes that in fulfilment of its contractual obligations, ISP has proposed a Capex of ₹ 0.50 crores for the refurbishment of the existing Cargo Terminal.

In response to AERA query, MABPL has submitted that before domestic operations are shifted to the greenfield domestic cargo terminal, they plan to undertake refurbishment at existing cargo terminal, so that adequate space is created for the additional X-ray machines and Material Handling Systems.

Considering that proposed Capex on refurbishment of existing cargo building is a contractual requirement and it will lead to additional capacity for handling of international cargo, the Authority proposes to consider a Capex of ₹ 0.50 crores on the refurbishment of existing Cargo Terminal building in FY 2023-24, as proposed by the ISP.

4.2.12 **X-Ray Machines for International Cargo Terminal** – The Authority notes that ISP has proposed a Capex of ₹ 4.04 crores on the procurement of X-Ray and allied security equipment in respect of the existing cargo terminal building (from where international cargo operations are being carried out). Considering that the Capex on X-Ray & allied items is being incurred by the ISP as per the BCAS security requirements, the Authority proposes to consider a Capex of ₹ 4.04 crores on X-Ray machines, as proposed by the ISP.

4.2.13 **Material Handling Systems (MHS) for International Cargo Terminal** - The Authority notes that ISP has proposed CAPEX of ₹ 82.70 crores towards Material Handling Systems (Annexure II) in respect of the existing (International) Cargo Terminal. The Authority sought clarification regarding the huge CAPEX proposed for the Material Handling systems in respect of existing international cargo terminal. The ISP, vide mail dated 19.05.2023 submitted that most of the Assets transferred from the Airport Operator have completed their life span of 15 years and not in proper condition for further use. These assets (MHS) have been proposed for the expansion of the cargo handling facility (International Cargo Terminal), as mandated by the SPRHA.

4.2.14 The Authority sought further details & breakup of the proposed CAPEX of ₹ 10.65 crores for ETV and ₹ 40.65 crores towards supply of ancillary equipment (part of MHS for international cargo

terminal). The ISP, vide mail dated 23.06.2023 submitted that the Elevating Transfer Vehicle (ETV) is an independent rail-mounted unit with an elevating roller deck platform to raise lower Air Cargo Pallets and ULD containers between interfacing equipment and storage system at all system levels. Elevating Transfer Vehicle moves the ULDs both horizontally and vertically at the same time, this result into faster transfer in and out of store, as well as ULD handling. Further, existing Lift & Run System (Two TV, Two Hoist) at Menzies Air Cargo Terminal, Bengaluru is 15 years old and having several obsolete components including the control system. For upgrading the ETV, Service Provider will require three nos. of TVs, and three nos. of hoists.

ISP has also given the breakup of ₹ 40.65 crores CAPEX proposed under ancillary equipment as table below:

**Table 14: Cost break-up of ancillary equipment submitted by the MABPL.**

(₹ in crores)

<b>S no.</b>	<b>Details of items</b>	<b>Qty</b>	<b>Rate</b>	<b>Amount</b>
1	Storage Deck (Existing 72, Expansion 128)	200 (Nos.)	0.14	28.90
2	Powered Roller Deck (For expansion area)	24 (Nos.)	0.16	3.96
3	Lowerable Workstation (For expansion)	8 (Nos.)	0.46	3.71
4	Control Panel (Existing & expansion) -as required	5 (Nos.)	0.42	2.12
5	Cables & others- as required	1 (lot)	0.35	0.35
6	Material flow Control System	1 (Nos.)	1.50	1.50
7	Packing & Forwarding, Transportation, Loading & Unloading.	1 (Jobs)	0.10	0.10
<b>Total</b>				<b>40.65</b>

4.2.15 As regard to procurement process followed by the ISP in respect of the Material Handling Systems, ISP vide mail dated 19.04.2023 submitted that MABPL follows a robust procurement process with proper checks, approvals and governance in place as per its purchase policy. MABPL undertakes competitive bidding process for procurement of equipment. The ISP submitted that cargo operations are a specialized activity requiring specialized equipment and same are supplied only by limited vendors. MABPL, as part of its procurement process reaches out to multiple vendors for their quotations with their technical proposals. These quotations are reviewed by the procurement team from technical perspective, alignment with the timeline of MABPL and latest technologies to shortlist technically qualified bidders. Thereafter, MABPL awards the contract to the L-1 bidder, among the shortlisted bidders, after the approval of the Board.

4.2.16 MABPL, has also provided few sample documents relating to quotations/purchase orders in respect of the Material Handling System and submitted that they are in process of procuring Assets as per the requirements. From the ISP submission, the Authority observes that the proposed Capex on Material Handling System includes a cost towards all-inclusive comprehensive maintenance charges (AICMC) amounting to ₹ 5.15 crores (including 18% GST), for a period of 5 years. Accordingly, the Authority has excluded the maintenance cost of MHS amounting to ₹ 5.15 crores from the proposed CAPEX for MHS and the same has been considered under the Repair & Maintenance expenditure of the service provider.

The Authority notes that the Material Handling Systems are essential requirement for safe and efficient cargo handling. The MABPL has proposed major CAPEX on the MHS pertaining to the international cargo terminal, where the ISP is currently using the old equipment/system transferred from AO to the ISP. Further, as per the ISP, the old equipment/system have almost outlived their useful lives and same is required to be replaced for continued smooth operations. In view of the above, the Authority considers the Capex proposed on the MHS in respect of International Cargo Terminal amounting to ₹ 77.55 crores as reasonable.

#### 4.2.17 **Other Capex proposed by the ISP:**

- (a) **IT Assets** - The Authority notes that the CAPEX amounting to ₹ 18.90 proposed for the IT related assets are mainly for replacement of the existing assets at the international cargo terminal and procuring new assets for the Greenfield Domestic Cargo Terminal.

The Authority notes from ISP's submission that most of the old IT Assets at the existing Cargo Terminal building have completed their useful life and same are required to be replaced, for the seamless operations. The Authority further notes that new greenfield domestic cargo terminal is located at a distance of around 2 Kms, hence all the IT Assets are required for new terminal on dedicated basis.

The Authority sought further details of proposed CAPEX of ₹ 9.55 crores on the Network Infra - Active and Passive, which is a part of proposed CAPEX on the new IT Assets. The Authority based on the response of the ISP, observed that Network Infra is the core IT infrastructure which facilitates storage and data transfer for all their IT applications. It is a platform which supports warehouse management system to connect various regulatory channels like Customs ICE GATE, Airport Operator and Customer Airlines through multiple interfaces. This enables access to the end users to run day to day operations efficiently and connect all the stakeholders and billing of other statutory requirements. This active networking infrastructure includes dedicated, servers, Routers, Switches, security layer hardware's and also consist of passive cabling and connectivity including OFC (Optic Fiber Cable). This also includes Server and storage infrastructure hosted at the premises to store the data in a secure mode as per the relevant regulatory guidelines. The details breakup of the network infra items are given below:

**Table 15: Cost break-up of Network Infra- Active and Passive submitted by MABPL.**

(₹ in crores)

SI No	Description	Unit Cost	Qty	Total Cost
1	MX250 Router & Security platform	0.24	2	0.49
2	MS425 (10G)-32-Port Switches	0.18	4	0.73
3	MS355 (MGig)/ MS210 - 24-Port Switches	0.12	30	3.80
4	MR46E - WiFi Access Points	0.03	24	0.83
5	Misc Hardware's (SFP Modules, Mounting and connectors etc)	0.32	1	0.32
6	Cisco BE6K Call Manager Cluster (Incl. Other hardware's)	0.25	2	0.50
7	Voice Gateway	0.32	1	0.32
8	IP Phones	.0013	100	0.14
9	IP Phones	.0025	25	0.06
10	Internal Cabling Revamp for Brown Field Terminal	0.25	1	0.25
11	Cabling for Green Field Terminal	1.10	1	1.10
12	5 Physical Servers on VM with 1000 TB of VARITAS Backup	1.35	1	1.35
	<b>Total</b>			<b>9.89</b>

In view of the above, the Authority proposes to consider the CAPEX proposed by the ISP on IT Assets in respect of the new domestic cargo terminal and the existing international cargo terminal at an estimated cost of ₹ 18.90 crores as per table no.12.

- (b) **General Expenses and Capex on Transfer Assets** - The Authority notes that ISP has considered general expenses amounting to ₹ 1.50 crores relating to the commencement of its cargo operations as a part of its proposed CAPEX. Further, the proposed CAPEX includes ₹ 11.75 crores for “Transfer Assets” (i.e. Assets transferred by AO to ISP).

In respect of transferred assets, MABPL submitted that as per clause 9.4.5 of the SPRHA, ISP is required to purchase the existing assets from the airport operator at fair market value. The referred clause is reproduced below:

*“The SPRH-1 shall, at its own cost, accept the Movable Assets in relation to the Existing Cargo Terminal-1 owned by BIAL as on 24 May 2023, at the fair market value.”*

In this regard, MABPL has submitted that the valuation of transfer assets is yet to be done, meanwhile, they have considered 10% of the value of Gross Block of existing assets in the books of previous operator (MABB) as transfer value.

Considering that ISP is contractually bound to accept the old assets which are transferred by the AO, the Authority proposes to consider the valuation of old assets as proposed by the ISP. However, the aspect of valuation of transfer assets will be revisited by the Authority at the time of finalization of Tariff Order for the ISP.

4.2.18 The Authority, in respect of the general expenses (₹ 1.5 crores) considered by the ISP under the CAPEX, notes that most of the expenses incurred under the general expenditure such as hiring of the management, business development costs, office expenses, etc. are in nature of Revenue Expenditure, hence the same need to be considered as a part ISP’s general expenditure. Accordingly, the Authority has excluded the general expenditure from the CAPEX and considered the same under the O&M expenditure.

4.2.19 The Authority notes that ISP in its proposed CAPEX has also considered the GST applicable to various Equipment/Capital items. The Authority advises the ISP to ensure that wherever the GST Input Tax Credits (ITC) are available against the Capital Works/ Equipment, the GST component of such assets may be reduced while capitalization of these assets.

4.2.20 On the basis of examination of various components of the CAPEX proposed by the ISP and considering the clarifications / justifications towards proposed CAPEX submitted by MABPL, the Authority proposes to consider CAPEX for MABPL for the First Control Period as table given above.

**Table 16: Capital Expenditure proposed to be considered by the Authority for MABPL for the First Control Period.**

(₹ in crores)							
S no.	Particulars	2023-24	2024-25	2025-26	2026-27	2027-28	Total
<b>A</b>	<b>Capex for greenfield domestic terminal</b>						
A.1	Construction of greenfield domestic cargo terminal building	98.00	--	--	--	--	<b>98.00</b>
A.2	X-ray Machines	3.52	--	--	--	--	<b>3.52</b>
A.3	Material Handling System	13.95	--	--	--	--	<b>13.95</b>
<b>B</b>	<b>Existing International cargo terminal</b>						
B.1	Civil works for capacity	0.50	--	--	--	--	<b>0.50</b>

	enhancement						
B.2	Material handling system	77.55	--	--	--	--	<b>77.55</b>
B.3	X-ray machines	4.04	--	--	--	--	<b>4.04</b>
<b>C</b>	<b>Other capex</b>						
C.1	Transfer assets	11.75	--	--	--	--	<b>11.75</b>
C.2	IT Assets	18.71	--	--	--	--	<b>18.71</b>
	<b>Total</b>	<b>228.05</b>	--	--	--	--	<b>228.05</b>

\*Excluded AICMC of MHS ₹ 5.15 crores & ₹ 1.50 crores of general expenses.

#### 4.3 MABPL's submission on Depreciation for the First Control Period:

4.3.1 MABPL has calculated the depreciation for the First Control Period as given in Table below:

**Table 17: Depreciation proposed by MABPL for the First Control Period.**

(₹ in crores)

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Building & Civil Works	3.73	7.13	7.13	7.13	7.13	<b>32.25</b>
Plant and Equipment's – X-Ray machines and Material Handling System	3.75	7.27	7.27	7.27	7.27	<b>32.83</b>
IT assets	1.87	3.74	3.74	3.74	3.74	<b>16.83</b>
<b>Total</b>	<b>9.35</b>	<b>18.14</b>	<b>18.14</b>	<b>18.14</b>	<b>18.14</b>	<b>81.91</b>

#### 4.4 Authority's Examination on the Depreciation proposed by the ISP:

4.4.1 The Authority has compared the depreciation rates and useful life of Assets adopted by MABPL, Bengaluru for the First Control Period with the depreciation rates & useful lives of Assets prescribed in the AERA Order No. 35/2017-18, as given in Table below:

**Table 18: Comparison of Depreciation rates adopted by the MABPL, Bengaluru vis-a-vis AERA Order 35/2017-18.**

Particulars	As per ISP Submission	As per AERA Order
	Useful Life	
Building and Civil works	15	30/60
Plant and Equipment, including X-Ray machines and Material Handling System	15	15
IT assets	5	6/3

4.4.2 The Authority notes from the MYTP submission of MABPL that ISP has claimed ₹ 81.91 crores as depreciation, considering useful life of all components of RAB as per Order no. 35/ 2017-18, except in case of Buildings, Civil works & IT assets.

In case of the Building & Civil works, ISP has considered useful life as 15 years, based on the concession term (ending on 2038). For IT Assets, ISP has considered the useful life as 5 years.

4.4.3 The Authority further notes that the ISP has considered depreciation @ 50% of full years' depreciation during the year of capitalization (assuming capitalization of Assets in the middle of the financial year).

4.4.4 In respect of the IT Assets, the Authority proposes to compute the depreciation considering its useful life, as per the AERA Order referred above.

4.4.5 The depreciation proposed by the Authority for MABPL in respect of its First Control Period is given in table below:

**Table 19: Depreciation proposed to be considered by Authority in respect of MABPL for the First Control Period.**

(₹ in crores)

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28	Total
<b>Building &amp; Civil works</b>	3.73	7.01	7.01	7.01	7.01	<b>31.77</b>
<b>X-Ray Machines</b>	0.38	0.64	0.64	0.64	0.64	<b>2.94</b>
<b>IT Assets</b>	1.68	3.35	3.35	3.35	3.35	<b>15.08</b>
<b>Material Handling Systems</b>	3.23	6.28	6.28	6.28	6.28	<b>28.35</b>
<b>Total</b>	<b>9.02</b>	<b>17.28</b>	<b>17.28</b>	<b>17.28</b>	<b>17.28</b>	<b>78.14</b>

Note: Total Depreciation for the Control Period has reduced vis-à-vis depreciation proposed by the ISP due to exclusion of SD (₹ 50 crores), General Expenses (₹ 1.5 crores) & AICMC of MHS ₹ 5.15 crores from the Opening RAB / Additions during the Year.

#### **4.5 MABPL submission on Regulatory Asset Base (RAB) for the First Control Period:**

4.5.1 MABPL, submitted the Opening, Closing and Average RAB for the First Control Period as given in the Table below:

**Table 20: RAB for the First Control Period submitted by MABPL.**

(₹ in crores)

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28	Total
<b>Opening RAB</b>	61.75*	275.33	257.19	239.05	220.91	<b>1054.23</b>
+ Capital Additions	222.93	0.00	0.00	0.00	0.00	<b>222.93</b>
(-) Disposals	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
(-) Depreciation	<b>9.35</b>	<b>18.14</b>	<b>18.14</b>	<b>18.14</b>	<b>18.14</b>	<b>81.91</b>
<b>Closing RAB</b>	275.33	257.19	239.05	220.91	202.77	<b>1195.25</b>
<b>Average RAB</b>	168.54	266.26	248.12	229.98	211.84	<b>1124.74</b>

\*Opening RAB include ₹ 50 crores SD and ₹ 11.75 crores as value of Assets transferred by AO to ISP.

#### **4.6 Authority's examination of the RAB for MABPL in respect of the First Control Period.**

4.6.1 The Authority, while examining the RAB, it is observed that the ISP has considered the Security Deposit amounting to ₹ 50 crores as part of opening RAB and its associated impact on the computation of depreciation. In this regard, the Authority has excluded the security deposit component amounting to ₹ 50 crores from opening RAB as per the nature of the expense and has been dealt in detail in Para No. 5.4.5. Further, the Authority has also excluded the expense component amounting to ₹ 1.50 crores relating to general expenses & AICMC cost of MHS ₹ 5.15 crores from CAPEX (additions to RAB during the year), and has proposed the Opening RAB, Average RAB & Closing RAB for the ISP as per table given below:



**Table 21: RAB proposed to be considered by the Authority for MABPL for the First Control Period.**

(₹ in crores)

Particulars	2023-24	2024-25	2025-26	2026-27	2027-28	Total
Opening RAB	11.75*	219.00	201.72	184.45	167.17	<b>784.09</b>
+Capital Additions	216.27 <sup>#</sup>	0.00	0.00	0.00	0.00	<b>216.27</b>
(-) Disposals	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
(-) Depreciation	9.02	17.28	17.28	17.28	17.28	<b>78.14</b>
<b>Closing RAB</b>	219.00	201.72	184.45	167.17	149.89	<b>922.23</b>
<b>Average RAB</b>	115.38	210.36	193.08	175.81	158.53	<b>853.16</b>

\*SD of ₹ 50 crores excluded from Opening RAB

<sup>#</sup>AICMC of MHS ₹ 5.15 crores & ₹ 1.50 crores (general expenses) & ₹ 11.75 transfer asset (considered as part of opening RAB) excluded from Capital additions (additions to RAB); ₹ 216.27 crores (₹ 234.70- ₹ 11.75 - ₹ 5.15- ₹ 1.50)

#### **4.7 Authority's Proposals regarding Additions to RAB (CAPEX), Depreciation, Regulatory Asset Base (RAB).**

Based on the material before it and its analysis, the Authority proposes the following for the First Control Period:

- 4.7.1 To consider Additions to RAB, Depreciation, Closing RAB & Average RAB for the ISP as per Table 21.

## CHAPTER 5: OPERATING & MAINTENANCE EXPENDITURE

5.1 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.

5.2 Operation and Maintenance Expenditures submitted by MABPL are segregated into the following categories:

- Payroll Cost and Other Staff Expenditure
- Administrative & General Expenses
- Repairs and Maintenance expenditure
- Utility expenditure
- Revenue sharing

5.3 Operating & Maintenance Expenditure submitted by the ISP in its MYTP for the First Control Period is given below:

**Table 22: Operating & Maintenance Expenditure projected by MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24*	FY 2023-24 (annualized)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Payroll and Other Staff Expenditure (excluding CHQ Cost)	52.77	57.60	66.70	77.47	89.50	104.19	390.63
Corporate HQ Cost	10.00	10.00	10.50	11.00	11.60	12.20	55.30
Payroll Cost inclusive of Headquarters' cost allocation (a)	<b>62.77</b>	<b>67.60</b>	<b>77.20</b>	<b>88.47</b>	<b>101.10</b>	<b>116.39</b>	<b>445.93</b>
Administrative & General Expenses (b)	46.07	53.89	53.78	57.86	62.20	66.89	286.80
Repairs and Maintenance expenditure (c)	3.50	4.09	4.70	5.41	6.22	7.15	26.98
Utilities cost (d)	3.50	4.09	4.54	5.04	5.60	6.21	24.89
Revenue Share payable to Airport Operator (e)	39.45	46.18	56.87	68.61	79.61	91.21	335.75
<b>Total O&amp;M expenses (a+b+c+d+e)</b>	<b>155.29</b>	<b>175.85</b>	<b>197.10</b>	<b>225.39</b>	<b>254.72</b>	<b>287.85</b>	<b>1120.35</b>

\*From 24<sup>th</sup> May, 2023 (COD) to 31<sup>st</sup> March, 2024.

MABPL submitted the following justifications for the projection of O&M Expenses for the First Control Period:

5.3.1 **Payroll and Other Staff expenditure:** MABPL submitted that they envisage the need of high recruitment of manpower in the First Control Period, due to the unique set up of their Cargo Terminals at the Bengaluru Airport, wherein the international and domestic cargo terminal operations would be divided between two terminals located 2 km apart. Therefore, MABPL would require dedicated staff at each terminal for efficient functioning. Moreover, the cargo terminal operations are highly specialized in nature and require skilled and trained manpower. Hence, in order to reduce the employee attrition in the initial years of operation, it is imperative for MABPL to lay emphasis on annual increments which are in line with the industry standards.

5.3.2 Initially, MABPL submitted projected Payroll Costs, excluding of its Headquarters' cost allocation to the ISP. Subsequently, the ISP vide e-mail dated 19.04.2023 submitted the revised payroll cost including its Headquarters' cost. ISP stated that Menzies group has worldwide cargo operations at more than 70 airports and Menzies Aviation has global headquarter providing services to its subsidiaries in relation to the technical services, treasury services, legal services, corporate governance, procurement related services, etc. The Menzies Aviation headquarter incurs expenses for providing these services; however, it does not have any revenues against these technical services. Hence, the headquarter allocates its costs to its subsidiaries as a technical service fee.

5.3.3 As per the ISP, in addition to the above, the following factors have also been considered in the calculation of the projected payroll expenditure for the Control Period:

- **Employee count:** Since the Cargo volume is expected to grow, the hiring of employees is expected to increase at the rate of 6% YoY in the First Control Period as shown below:

**Table 23: Number of employees projected by the MABPL during the First Control Period.**

Particulars	FY 2024-25	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Employees	1487	1569	1659	1746	1851
YoY Growth rate (%)	--	6%	6%	5%	6%

- **Annual increments in the salaries:** The average annual salary increase is expected to be 10%, taking into account the annual inflation and minimum appraisal as per industry benchmarks.

5.3.4 **Administrative & Other General Expenses:** As per the ISP submission, Insurance, Travel & Professional expenditures, IT expenditure, Cargo Marketing Budget, Lease Rental, Bank Guarantee and Custom Usage Charges etc. are some of the components projected under Administrative and General expenditure.

Details of Administrative and General Expenditure projected for the First Control Period by the ISP is given below:

**Table 24: Administrative and General Expenses proposed by MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Cargo Marketing Budget	1.60	2.30	2.80	3.20	3.60	13.50
Insurance	2.90	3.80	4.20	4.60	5.20	20.70

IT expenditure	2.40	3.10	3.50	3.90	4.30	<b>17.20</b>
Communication	0.30	0.40	0.50	0.60	0.60	<b>2.40</b>
Office expense	1.00	1.40	1.50	1.70	1.80	<b>7.40</b>
Travel and conveyance	4.20	5.40	6.00	6.70	7.40	<b>29.70</b>
Audit fee	0.30	0.30	0.40	0.40	0.50	<b>1.90</b>
Legal and professional fee	0.30	0.40	0.40	0.40	0.50	<b>2.00</b>
Finance cost (nil from FY25 onwards)	1.00	0.00	0.00	0.00	0.00	<b>1.00</b>
Bank Guarantee and Customs Charges	0.60	0.80	0.90	1.00	1.10	<b>4.40</b>
Outsourced services	1.10	1.40	1.60	1.80	2.00	<b>7.90</b>
Lease rental	30.20	34.30	36.00	37.80	39.70	<b>178.00</b>
Miscellaneous expenses.	0.10	0.10	0.10	0.10	0.20	<b>0.60</b>
<b>Total Administrative &amp; General expenses</b>	<b>46.00</b>	<b>53.70</b>	<b>57.90</b>	<b>62.20</b>	<b>67.00</b>	<b>286.80</b>

**5.3.5 Repair and Maintenance expenditure:** MABPL submitted that their Repair & Maintenance expenses mainly include the expenditure towards maintaining the Cargo Terminal facilities and equipment, such as X-ray Machines, Forklifts, Material Handling System, etc. The R&M expenses for the International Cargo Terminal are higher since the equipment and the facilities have been operational for the past period around 15 years, as such continuous maintenance activities are required to keep it functional in an efficient manner. Further, new additions in capital expenditure are proposed in both Domestic and International Cargo operations, resulting in increase in the repair and maintenance expenditure. Taking into consideration the impact of general inflation on labour charges, spares, and logistics costs, MABPL proposed 15% YoY increase in the repair and maintenance expenditure.

**5.3.6 Utilities expenses:** As per the ISP submission, the utilities expenditure includes the charges for consumption of Water, Electricity and Fuel. The unit rates assumed for calculation of utilities expenditure are based on the industrial rates as decided by the Airport Operator. As per the projected cargo volumes, it is expected that the consumption of utilities will increase throughout the control period. Further, the refurbishment work and construction of new domestic cargo facility is expected to consume substantial electric power and water in the First Control Period. MABPL proposed 11% YoY increase in utilities expenditure as shown below:

**Table 25: Utilities expenditure proposed by the MABPL for First Control Period.**

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Power charges	3.20	4.20	4.60	5.10	5.70	<b>22.80</b>
Water charges	0.20	0.24	0.34	0.40	0.41	<b>1.59</b>
Fuel charges	0.10	0.10	0.10	0.10	0.10	<b>0.50</b>
<b>Total Utilities expenditure</b>	<b>3.50</b>	<b>4.54</b>	<b>5.04</b>	<b>5.60</b>	<b>6.21</b>	<b>24.89</b>

5.3.7 **Revenue Share payable to Airport Operator:** As per the SPRHA, MABPL is required to pay a revenue share of 25% of its gross revenues to the Airport Operator (AO). The revenue share payable to AO has been computed by the ISP on the basis the projected revenue for the First Control Period. Revenue Share payable to the Airport Operator during the first control period as shown below:

**Table 26: Revenue share payable by MABPL to the Airport Operator for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Projected Gross Revenue	157.80	227.50	274.40	318.50	364.90	1343.10
Revenue Share (in %)	25%					
<b>Revenue Share</b>	<b>39.45</b>	<b>56.87</b>	<b>68.61</b>	<b>79.61</b>	<b>91.21</b>	<b>335.7</b>

5.4 **Authority's Examination on O&M Expenses for the First Control Period:**

The Authority has reviewed various components of OPEX, including growth rates considered by the ISP, for projecting the OPEX for the First Control Period. The Authority notes that MABPL commenced its commercial operations from 24.05.2023 and has projected O&M Expenses for the first tariff year from COD i.e. 24.05.2023 to 31.03.2024, accordingly.

The Authority's analysis on the various components of the OPEX, projected by the ISP for the first Control Period as under:

5.4.1 **Payroll and other Staff expenditure** – The Authority observes that MABPL has projected significantly higher payroll costs as compared to payroll costs of the previous cargo terminal operator (MABB). Similarly, number of manpower (1487 nos.) projected by the ISP appears to be higher side as compared to manpower deployed by the previous operator (1000 nos. approx.).

The Authority notes that MABPL while projecting Payroll cost, has considered a normal annual growth rate of 10% p.a. in payroll expenses, which is as per normal industry practice. As per the ISP, in a growing air cargo industry the skilled & trained manpower is in shortage. Accordingly, annual escalations in salaries are required to match as per the industry's standards. The Authority is also cognizant of the fact that there are two new cargo terminal operators i.e. MABPL & WFSBPL, who have been awarded concessions for cargo handling at KIA, Bengaluru around same time by the airport operator, and both have commenced their commercial operations at the same time i.e. on 24.05.2023. Therefore, in a competitive environment, it is incumbent upon the ISP to offer salaries & other employees' benefits comparable to salaries & perks paid by its competitor (WFSBPL).

As regard to number of employees proposed by the ISP (FY 2023-24), the Authority notes that new dedicated greenfield domestic cargo terminal is being built by the ISP and same is situated a considerable distance (about 2 Kms) from the existing cargo terminal building (from where domestic & international cargo operations are being currently handled). Therefore, the ISP is required to provide dedicated manpower for all of its operational departments for new domestic cargo terminal. As the new domestic cargo terminal is located a considerable distance from existing cargo terminal, ISP doesn't have the advantage offered by the integrated cargo terminals, such as cost savings on account of synergies in operations & economy of scales. Further, considering the cargo volumes projected by the ISP for the First Control Period are more than the volumes handled by the erstwhile cargo terminal, a greater number of employees are required as compared to previous operator. However, the additional

employees required to cater to projected increase in cargo volumes will not increase in same percentage terms as the Y-o-Y estimated percentage increase in cargo volumes; as there are various categories of employees, such as, HR, Finance and other employees as part of General Management, whose numbers don't increase in same percentage terms as the projected increase in cargo volumes.

However, as the ISP is operating in a competitive environment, and in order to attract new customers, ISP is required to exercise cost controls in all of its operating expenditure, including payroll costs, to maintain viable operations. In this regard, the Authority notes that though as per the ISP, its payroll cost structure is based on the erstwhile operators' payroll structure; however, onetime upliftment in the salaries of all employees up to 25% proposed during first tariff year and higher Y-o-Y % increase in payroll (16%) considered by the ISP for the first Control Period will increase the payroll expenses significantly.

In view of the above, Authority proposes to rationalize the payroll expenses proposed by the MABPL, considering the pay roll expenses of the previous operator for FY 2019-20 (pre Covid Year). The payroll costs worked out by the Authority for the first tariff year i.e. FY 2023-24 for the ISP is as under:

(₹ in crores)

Particulars	Amount
Actual Payroll Costs of the previous operator (MABB) for FY 2019-20.	33.01
No increased in FY 2020-21 (Covid affected year)	33.01
10% increase considered for FY 2021-22	36.31
10% increase considered for FY 2022-23	39.94
35% increase for FY 2023-24 (annualized)	53.92
Pay roll for FY 2023-24 from 24 <sup>th</sup> May, 2023 to 31 <sup>st</sup> March, 2024)	46.09

The Authority while working out payroll expenses for the first tariff year as per the above table, has considered normal annual escalations in payroll expenses @ 10% p.a. for FY 2021-22 & FY 2022-23. In respect of the FY 2023-24 (first tariff year), the Authority has considered 35% overall increase in the payroll costs over previous year, which has been worked out considering 10% increase for annual increments in salaries, 10% towards one time upliftment in the average salaries (as against 25% proposed by the ISP) for all employees and 15% increase in the payroll expenses due to projected increase in number of manpower on account of commissioning of new domestic cargo terminal building & increase in the projected cargo volumes.

Accordingly, payroll costs for the ISP have been worked out at ₹ 53.92 crores (annualized) for FY 2023-24 (excluding HQ cost allocation), as against ₹ 57.60 crores (excluding ₹ 10 crores HQ's Cost) proposed by the ISP.

As regard to the normal Y-o-Y increase in payroll costs is concerned, the Authority has considered 10% annual escalations as proposed by the ISP. However, the Authority has considered 4% Y-o-Y increase on account of projected increase in the Cargo volumes as against the 6% increase on Y-o-Y basis proposed by the ISP. In this regard, the Authority is of the view that payroll costs will not increase in the same proportion as the projected Y-o-Y % increase in Cargo volumes, particularly considering that there are many categories of employees, like top management, employees providing support

services viz. HR, Finance, Security Jobs etc., whose numbers don't increase with the projected increase in the cargo volumes. Accordingly, the Authority has considered overall 14% Y-o-Y increase in the payroll costs for the First Control Period from FY 2024-25 onward.

Based on the above analysis, the payroll costs (excluding HQ cost allocation) proposed to be considered by the Authority for the ISP in respect of the First Control Period, is given below:

**Table 27: Payroll Costs proposed to be considered by the Authority for the First Control Period.** (₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Payroll Cost	46.09	61.47	70.08	79.89	91.07	<b>348.60</b>

The Authority solicits specific comments of Stakeholders on the payroll costs projected by the ISP for the First Control Period.

**Corporate HQ' Cost Allocation:** The Authority notes the submission of the MABPL vide email dated 25.05.2023 that ISP being part of the Menzies Aviation group has received the services from headquarters for initial set-up of the business, supervisory over the procurement activities, treasury, legal, technical services, IT services, corporate governance in addition to the travel and accommodation expenses from senior leadership of head office for various important activities for MABPL.

The Authority notes that MABPL has projected a CHQ' cost allocation at ₹ 10.00 crores in FY 2023-24, thereafter an increase of 5% Y-o-Y basis. In this regard, the Authority observes that ISP has not submitted calculations for the allocation of CHQ cost for the MABPL and basis for the proposed YoY escalation therein. Further, it is observed that ISP has made CHQ's cost allocation a part of its projected payroll expenses, where normal annual escalation is 10%, as against 5% in HQ's cost proposed by the ISP.

Considering the above, the Authority has segregated the MABPL's CHQ's costs allocation from its projected Payroll costs and proposes to rationalize it at ₹ 3 crores in FY 2023-24. However, the Authority proposes to consider the annual escalation in the CHQ's costs allocation @5%, as proposed by the ISP.

**5.4.2 Administrative & General Expenses:** The Authority notes that MABPL has proposed 7% increase in Administrative and General cost (except lease rental and cargo marketing cost) considering, increase in Cargo volume, inflation and expansion of the operations, including increase expected in components, such as insurance, travel & conveyance expenses etc.

The Authority, considering the annual increase in expenses due to factors like annual general inflation, increase in level of operations etc., proposes to consider annual escalation in admin. & general expenses 7% on Y-o-Y basis, as proposed by the ISP. The major components of Administrative & General Costs are discussed below:

**Travel and Conveyance expenses:** The Authority notes that MABPL proposed Rs 29.70 crores towards travel and conveyance costs, under the General and Administrative Expenses for the Control Period. In this regard, ISP clarified that ₹ 20.19 crores and ₹ 7.45 crores have been earmarked for the transportation of MABPL staff & Customs staff respectively, from their residences to work place (cargo terminal) & vice-versa, as the Bengaluru airport is situated almost at a distance of 40 km from the main city. The ISP further submitted that for this purpose of providing pickup and drop facility to

Customs & their own Staff, they have hired the services from an outside agency so as to ensure timely reporting of staff at duty place and to avoid any delays in Cargo Handling Services.

Considering that the Bengaluru airport is situated at a considerable distance from the city and the pickup and drop facility provided to the staff of MABPL & Customs is an operational necessity to ensure seamless cargo handling, the Authority proposes to consider travel and conveyance expenses as proposed by the ISP, under the Administrative and General Expenses.

**Lease/ Rental Cost:** The Authority notes that as per the SPRHA, lease rental is to be calculated at the rate of ₹ 468 per sq. mtr. per month for FY 2023-24 and same will be increased by 5% p.a. from FY 2024-25 onward. The Authority further notes that ISP has considered 28440 square meter area of Domestic Cargo Terminal and 29700 square meter area of the International Cargo Terminal, for the purpose of lease rental. The ISP has calculated lease rental for the Domestic Cargo Terminal from 1<sup>st</sup> April, 2023 & for International Cargo Terminal from 24<sup>th</sup> May, 2023, which is as per the lease rental agreement. Considering that the lease rental is the part of SPRHA, the Authority proposes to consider lease rental for the First Control Period as proposed by the ISP.

**Marketing and Branding Cost:** The Authority notes that as per clause 16.2 of SPRHA, Service Provider shall maintain the cargo marketing budget equivalent to 1% (one percent) of its gross revenue as set out in its business forecast. The proceeds of such cargo marketing budget shall be used annually in consultation with BIAL for marketing of Cargo Terminal-1 and its Cargo Handling Services. The Authority observes that MABPL has linked the marketing and branding costs to the projected revenue of the ISP, accordingly, the Authority, proposes to consider Marketing and Branding Costs based on the Projected Revenues of the ISP for the First Control Period.

**Custodianship Cost:** The Authority notes that as per clause 18 of SPRHA, Service Provider Right Holder Agreement shall be solely responsible for performing all the obligation under and complying with all applicable laws relating to Indian Customs, whether applicable to BIAL as custodian or otherwise. The extract of the relevant clause is reproduced below:

*“SPRH-1 i.e. MABPL shall reimburse to BIAL the costs incurred by BIAL for providing bond, bank guarantee and any other costs required by customs authorities in relation to its custodianship.*

*The SPRH-1 shall also be responsible for costs such as penalties, fines, other costs related to custodianship, or any other cost required by Customs”*

In the view of the above, the Authority proposes to consider 1% bank charges on bank guarantee on ₹ 60 crores, which is approximately 60 lakhs, and also consider ₹ 15 lakhs payable to Customs department annually, as submitted by ISP for the First Control Period.

**IT expenses:** The Authority sought clarification about the nature of IT costs considered under the OPEX. In response thereon, MABPL submitted that they had adopted an Airport Community System (ACS) software for which ISP needs to pay 5 Rupees & 24 Rupees for each Airway Bill (AWB) for Domestic and International respectively software vendor, as per tripartite agreement signed between the BIAL, Kale systems and MABPL. As per the ISP, majority of its IT Expenses are in line with the agreement. In addition, IT expenditure includes Enterprise Resource Planning (ERP) cost and software maintenance costs.

In view of the clarification furnished by the ISP, the Authority proposes to consider IT expenses for the Control Period, as proposed by the ISP.



**Concession Fee:** The Authority notes that as per clause 13.1.1 of Service Provider Right Holder Agreement, MABPL is obliged to pay a Revenue Share of 25% of its Gross Revenue to BIAL in the relevant financial year. The Authority notes that Concession Fee payable to the Airport Operator is linked to the projected Revenues of the Cargo Service Provider. Accordingly, the Authority proposes to consider Concession Fee, based on projected Revenues for the First Control Period, as calculated by the Authority under the Chapter 8 of this Consultation Paper.

**5.4.3 Repair and Maintenance expenditure:** The Authority notes that MABPL has proposed 15% Y-o-Y increase in the Repair and Maintenance expenditure, during the First Control Period. In response to AERA query on the 15% Y-o-Y increase in R&M Expenses proposed by the MABPL, the ISP submitted that new additions in capital expenditure are proposed in both Domestic and International cargo operations which will result in increase in the repairs and maintenance expenditure. In addition to above, MABPL will be constructing a greenfield domestic cargo terminal with an area of 22,734 sq. mtr. which as per the ISP will also lead to increase in R&M expenses.

The Authority observes that in respect of the international operations, ISP has proposed the replacement of most of its old equipment in FY 2023-24 (first tariff year). Considering the replacement of old Equipment/ other Assets, the repair & maintenance costs should reduce drastically. As regard to domestic cargo handling operations, ISP is constructing new domestic Cargo Terminal and with provision of new dedicated equipment & other systems for new terminal. Considering that the new cargo building & allied infrastructure will be initially under the defect liability period and material handling system/ equipment will be under warranty period etc., it should result in significantly lower repairs and maintenance expenses of new domestic cargo terminal. In view of the above, the Authority expects R& M expenditure should be much lower, at least in the initial years of the Control Period.

Further, the Authority has included the all-inclusive comprehensive maintenance charges (AICMC) for 5 years costing around ₹ 5.15 crores in respect of the International Material Handling System under the Repair and Maintenance costs from FY 2025-26 onwards (after 2 years of defect liability period), which the ISP has considered as CAPEX for FY 2023-24. The Authority has spread ₹ 5.15 crores AICMC in the five tariff years, starting from FY 2025-26, at annual charge of ₹ 1.03 crores. This is resulting in steep increase in R&M Costs in FY 2025-26 by @ 30%.

In view of the above, in order to rationalize R &M Costs of the ISP, the Authority proposes normal annual escalation in R&M Expenses @ 7% p.a. as against 15% YoY increase proposed by the ISP for the First Control Period.

**5.4.4 Utility expenses:** The Authority notes that MABPL has proposed 11% YoY increase in utility expenses considering the increase in area of cargo terminal, due to construction of the new cargo terminal building and refurbishment works in the existing terminal, which is expected to consume substantial electricity and water.

The Authority observes that the utilities expenditure considered by the ISP include the charges for consumption of Water, Electricity and Fuel. Further, ISP has considered the unit rates of the utilities based on their industrial rates, as decided by the Airport Operator. The Authority views that utility expenses are significantly correlated with the handling of Cargo Volumes. As the projected cargo volumes increase on Y-o-Y basis, it is expected that the consumption of utilities will also increase. In view of the above, the Authority proposes to consider Y-o-Y increase of 11% in utilities expenses as proposed by the ISP.

**5.4.5 Return on Security Deposit (SD):** The Authority notes that as per SPRHA, ISP is required to pay ₹ 50 crores of interest free refundable Security Deposit to the Airport Operator for the concession

period. In its MYTP submission, ISP has proposed Security deposit as a part of its RAB. As regard to Return on Interest Free Security Deposit, the Authority proposes to consider 5% Return per annum, as per the AERA's consistent approach in this regard. The Authority, accordingly, proposes to exclude SD from the RAB of the ISP for Aggregate Revenue Requirement (ARR) Calculations.

5.4.6 The Authority notes that ISP in its MYTP submission has considered its general expenses under the CAPEX. On examination of general expenses, it is observed that most of the expenses such as hiring of the Management, Business Development Costs, Office expenses, etc. are in nature of Revenue Expenditure. Therefore, the Authority has considered general expenses under the O&M expenditure in FY 2023-24.

5.4.7 Based on the review and analysis of Operating Costs projected by the ISP, the Authority proposes to consider OPEX for the First Control Period as per Table given below:

**Table 28: OPEX proposed to be considered by the Authority in respect of MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24*	FY 2023-24 (Annualized)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Payroll expenditure	46.09	53.92	61.47	70.08	79.89	91.07	348.60
Headquarters' cost	2.56	3.00	3.15	3.29	3.47	3.65	16.14
Administrative & General expenditure	46.07	53.89	53.78	57.86	62.20	66.89	286.80
Repairs and Maintenance expenditure	3.50	4.09	4.38	5.72	6.03	6.39	26.02
Utilities costs	3.50	4.09	4.54	5.04	5.60	6.21	24.89
General expenses	1.50	0.00	0.00	0.00	0.00	0.00	1.50
Revenue Share/Concession fees	36.42	42.57	53.53	63.86	74.01	86.01	313.83
<b>Total O&amp;M cost</b>	<b>139.64</b>	<b>161.56</b>	<b>180.85</b>	<b>205.85</b>	<b>231.21</b>	<b>260.22</b>	<b>1017.77</b>

\* From 24<sup>th</sup> May, 2023 to 31<sup>st</sup> March 2024.

### 5.5 Authority's Proposal relating to OPEX for First Control Period

5.5.1 Based on the material before it and its analysis, the Authority proposes to consider the OPEX for the ISP in respect of the First Control Period as per Table 28.

## **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, vide OM no. AV.13011/03/2013-ER dated 28<sup>th</sup> October, 2014 issued Policy guidelines on 'Air Freight Station' (AFS) 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 emphasizes 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.

6.1.3 The Authority is conscious of MoCA's policy initiative on AFS, which has a 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 needs to be incentivized by way of lower charges vis-à-vis rates applicable to normal cargo (Cargo directly received by the Cargo Terminal Operator).

6.1.4 The Authority has observed that MABPL in its initial MYTP proposal did not propose separate tariff for Cargo originating from /destined to AFS. Accordingly, the Authority asked the ISP to provide

separate Tariff rates for BUPs pertaining to the approved AFS. MABPL, vide email dated 02.05.2023 submitted composite Tariff Rates for Built up Pallets (BUPs) pertaining to AFS cargo, both for Exports & Imports, as indicated below:

**Table 29: TSP Charges for Exports in respect of AFS Cargo proposed by the MABPL.**

(Charges Per Unit in ₹)

Sl. No.	BUP Charges – General Cargo	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	BUP Charge (up to LD3)	1,410	1,620	1,810	1,900	2,000
2	BUP Charge (above LD3 - lower deck pallet)	2,820	3,240	3,630	3,810	4,000
3	BUP Charge (above LD3 - main deck pallet)	6,050	6,960	7,800	8,190	8,600
<b>BUP Charges - Other than General Cargo</b>						
4	BUP Charge (up to LD3)	2,120	2,440	2,730	2,870	3,010
5	BUP Charge (above LD3 - lower deck pallet)	4,220	4,850	5,430	5,700	5,990
6	BUP Charge (above LD3 - main deck pallet)	9,050	10,410	11,660	12,240	12,850

6.1.5 In addition to the TSP charges for AFS' Exports Cargo, ISP has also proposed separate TSP charges pertaining to AFS' Import Cargo, as given in table below:

**Table 30: TSP Charges for Imports in respect of AFS Cargo proposed by the MABPL.**

(Charges Per Unit in ₹)

Sl. No.	BUP Charge – General Cargo	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	BUP Charge (up to LD3)	6,900	7,940	8,890	9,330	9,800
2	BUP Charge (above LD3 - lower deck pallet)	13,800	15,870	17,770	18,660	19,590
3	BUP Charge (above LD3 - main deck pallet)	29,580	34,020	38,100	40,010	42,010
<b>BUP Charge – Other than General Cargo</b>						
4	BUP Charge (up to LD3)	13,810	15,880	17,790	18,680	19,610
5	BUP Charge (above LD3 - lower deck pallet)	27,600	31,740	35,550	37,330	39,200
6	BUP Charge (above LD3 - main deck pallet)	59,160	68,030	76,190	80,000	84,000

6.1.6 The Authority notes that proposed TSP charges for BUPs (General Cargo & Other than General Cargo pertaining to AFS) as compared to rates of TSP Charges, on per kg basis, for normal cargo (cargo received directly by the CTO at its cargo terminal), are lower by 30%.

6.1.7 The Authority, taking cognizance of intent of MoCA's AFS Policy dated 28.10.2014 to encourage the concept of AFS Cargo in the country as step towards improvement of air cargo logistics in the

country, proposes to consider 30% lower TSP charges for BUPs/ ULDs pertaining to approved AFS in respect of General Cargo and Other than General Cargo BUPs, both for exports and imports, as proposed by the ISP.

6.1.8 The Tariff rates proposed by the Authority pertaining to BUPs/ ULDs in respect of approved AFS for Stakeholders' consultation are contained in **Annexure – IV** of this CP.

6.1.9 The Authority invites specific views/ comments of the Stakeholders on the proposal of the Authority regarding lower TSP charges pertaining to 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.

**6.2 Authority's Proposals regarding Tariff rates for Built up Pallets (BUPs) for the First Control Period.**

6.2.1 Based on the material before it and its analysis, the Authority proposes to consider 30% lower TSP for BUPs pertaining to AFS for the First Control Period as per **Annexure-IV**.

## CHAPTER 7: AGGREGATE REVENUE REQUIREMENT (ARR)

7.1 As per the MYTP submission, the MABPL proposed cost of equity @ 21% and cost of debt @ 9.5%. Accordingly, ISP proposed 16% FRoR for the First Control Period as per Table given below:

**Table 31: FRoR proposed by the MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Equity (A)	60.60	117.70	117.70	117.70	117.70
Debt (B)	72.70	125.90	102.10	76.10	47.50
Total (Debt + Equity) (C) = (A+B)	133.30	243.60	219.80	193.80	165.20
Gearing (G) = (B/C)	54.54%	51.68%	46.45%	39.27%	28.75%
Cost of Equity (Ke)	21.00%	21.00%	21.00%	21.00%	21.00%
Cost of Debt (Kd)	9.50%	9.50%	9.50%	9.50%	9.50%
Weighted Average Gearing (WG) = $\{\sum_{T=1}^5 (CT*GT)/\sum_{T=1}^5 CT\}$	44.14%				
<b>FRoR</b> <b>((WG*Kd) + (1-WG) *Ke)</b>	16.00%				

### 7.2 Aggregate Revenue Requirement (ARR) projected by MABPL for the First Control Period:

7.2.1 Considering the 16% FRoR, MABPL projected Aggregate Revenue Requirement (ARR) for the First Control Period is as under:

**Table 32: Aggregate Revenue Requirement submitted by MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24*	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
RAB	168.54	266.26	248.12	229.98	211.84	1124.44
FRoR	16%	16%	16%	16%	16%	
Return on RAB (a)	26.97	42.60	39.70	36.80	33.89	179.96
Depreciation (b)	9.35	18.14	18.14	18.14	18.14	81.91
Operating Expenses (c)	155.29	197.10	225.39	254.72	287.85	1120.35
Taxation (d)	0.00	0.0	5.10	9.30	13.30	27.70
Less: Revenues from Non-Regulated Services (e)	3.92	4.81	5.05	5.31	5.57	24.66
<b>ARR (a+ b + c + d - e)</b>	<b>187.68</b>	<b>253.02</b>	<b>283.24</b>	<b>313.70</b>	<b>347.65</b>	<b>1385.29</b>

\*From 24<sup>th</sup> May,2023 to 31<sup>st</sup> March,2024.

### 7.3 Authority's Examination on ARR for the First Control Period:

7.3.1 The Authority notes that MABPL has computed ARR, considering "interest free security deposit" as a part of its RAB, which is not consistent with the approach of AERA in this regard. The Authority proposes to consider a nominal return @ 5 % per annum on the Interest Free Security Deposit, separately in the ARR calculations, as per its consistent approach regarding return on interest free SDs for all ISPs.

7.3.2 The Authority notes that MABPL considered Cost of Equity @ 21% and Cost of Debt at 9.5 % for computation of Fair Rate of Return (FRoR) and has proposed FRoR for its first Control Period at 16%. In response to AERA query, ISP submitted that currently no information in respect of loan to be availed for the First Control Period is available and they are in the process of finalizing the banker for their funding requirements; hence, the details related to interest charges, repayment of debt, outstanding balances etc. are considered tentatively. Actual details related to Debt etc. will be submitted after finalizing the loan from the bankers.

7.3.3 The Authority notes that ISP has considered a cost of equity at 21%, however, the ISP hasn't submitted proper justifications thereof. The Authority, following its consistent approach regarding Cost of Equity for ISPs, proposes to consider Cost of Equity @ 14% for the First Control Period. As regard to cost of debt, the Authority proposes to consider cost of debt at 9.5% p.a., as proposed by the ISP. However, the Authority will revisit the issue of cost of debt, at the time of finalizing Tariff Order for the ISP, considering the actual debt availed etc. and other relevant information.

In view of the foregoing, the Authority proposes to consider FRoR @ 12.01% for the computation of ARR in respect of MABPL for the First Control Period as per Table given below:

**Table 33: FRoR proposed to be considered by the Authority for MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Equity (A)	60.60	117.70	117.70	117.70	117.70
Debt (B)	72.70	125.90	102.10	76.10	47.50
Total (Debt + Equity) (C) = (A+B)	133.30	243.60	219.80	193.80	165.20
Gearing (G) = (B/C)	54.54%	51.68%	46.45%	39.27%	28.75%
Cost of Equity (Ke)	14.00%	14.00%	14.00%	14.00%	14.00%
Cost of Debt (Kd)	9.50%	9.50%	9.50%	9.50%	9.50%
Weighted Average Gearing (WG) = $\{\sum_{T=1}^5 (CT*GT)/\sum_{T=1}^5 CT\}$	44.14%				
<b>FRoR</b> <b>((WG*Kd)+(1-WG)*Ke)</b>	<b>12.01%</b>				

7.3.4 The Authority, after review and analysis of various regulatory building blocks, as discussed in previous chapters has computed Aggregated Revenue Requirement for MABPL in respect of the First Control Period as per Table given below:

**Table 34: ARR proposed to be considered by the Authority for MABPL for the First Control Period.**

(₹ in crores)

Particulars	FY 2023-24*	FY 2023-24#	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Average RAB (Refer Table 21)	48.08	67.31	210.36	193.08	175.81	158.53	
Return on RAB @ 12.01% (A)	5.77	8.08	25.26	23.19	21.11	19.04	102.46
O&M Expenses (B) (Refer Table 28)	43.01	60.21	127.32	141.99	157.20	174.21	703.94
Revenue Sharing (C) (Refer Table 28)	14.09	22.33	53.53	63.86	74.01	86.01	313.82
Return on SD of ₹ 50 crores @ 5% (D)	0.89	1.25	2.50	2.50	2.50	2.50	12.14
Depreciation (E) (Refer Table 19)	3.76	5.26	17.28	17.28	17.28	17.28	78.14
Tax @ 25.17% (F)	0.00	0.00	0.00	6.11	10.01	14.71	30.83
Revenue from non-regulated services (G) (Refer Table 37)	1.63	2.29	4.81	5.05	5.31	5.57	24.66
<b>Aggregate Revenue Requirement (A+B+C+D+E+F-G) = (H)</b>	<b>65.89</b>	<b>94.85</b>	<b>221.08</b>	<b>249.88</b>	<b>276.80</b>	<b>308.18</b>	<b>1216.67</b>
PV Factor at @ 12.01% (I)	1.00	1.00	0.89	0.80	0.71	0.64	
<b>PV of ARR (J) = (H*I)</b>	<b>65.89</b>	<b>94.85</b>	<b>197.38</b>	<b>199.17</b>	<b>196.97</b>	<b>195.78</b>	<b>950.03</b>
Total Revenue as per Tariff applicable to previous operator	54.71	76.59	161.10	169.20	177.80	186.90	826.30
<b>Tariff Increase (%) proposed by the Authority for Domestic Cargo Services</b>	0%	21%	21%	21%	14%	14%	
<b>Tariff Increase (%) proposed by the Authority for International Cargo Services</b>	0%	15%	15%	13%	10%	10%	
Domestic Cargo Revenue after the proposed Tariff increase	15.00	25.41	65.30	83.79	101.18	122.48	413.17
International Cargo Revenue after the proposed Tariff increase	36.63	57.09	133.97	155.61	177.39	202.57	763.26
Documentation Revenue after the proposed Tariff increase	3.08	4.53	10.03	11.00	12.16	13.40	54.20
<b>Total Revenue after Tariff increase</b>	<b>54.71</b>	<b>87.03</b>	<b>209.31</b>	<b>250.40</b>	<b>290.73</b>	<b>338.45</b>	<b>1230.63</b>
<b>PV of Total Revenue</b>	<b>54.71</b>	<b>87.03</b>	<b>186.86</b>	<b>199.59</b>	<b>206.88</b>	<b>215.02</b>	<b>950.09</b>

\* From 24<sup>th</sup> May, 2023 to 30<sup>th</sup> September, 2023.# From 01<sup>st</sup> October, 2023 to 31<sup>st</sup> March, 2024.

7.3.5 The Authority has computed PV of ARR at ₹ 950.03 crores for MABPL for the First Control Period as indicated in the Table above.

7.3.6 As per the ARR calculations indicated above, the onetime Tariff increase for the ISP to meet its ARR for the First Control Period works out at 54.34% over the Tariff rates applicable to erstwhile cargo operator i.e MABB.

7.3.7 The Authority, considering that the aviation sector is not yet fully recovered, particularly international traffic, from the aftermath of Covid-19 pandemic and in order to avoid adverse impact of onetime steep increase in tariff, proposes to stagger the proposed Tariff increase across the First Control Period.



7.3.8 Accordingly, the Authority proposes following increase in the Tariff rates for the Cargo Handling Services provided by the MABPL at KIA, Bengaluru, over the tariff applicable to the previous cargo operator, for the First Control Period as under:

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Domestic Cargo Handling Services	21%	21%	21%	14%	14%
International Cargo Handling Services	15%	15%	13%	10%	10%

The Tariff Rate Card proposed by the Authority for MABPL in respect of its First Control Period is placed at **Annexure-IV**.

**7.4 Authority's Proposals regarding Aggregate Revenue Requirement (ARR) for the First Control Period**

Based on the material before it and its analysis, the Authority proposes:

- 7.4.1 To consider the FRoR in respect of MABPL for the First Control Period as per Table 33.
- 7.4.2 To consider the ARR in respect of MABPL for the First Control Period as per Table 34.
- 7.4.3 To consider the Tariff for Cargo Handling Services in respect of the MABPL for the First Control Period as per **Annexure-IV**.

## CHAPTER 8: REVENUE FROM OPERATIONS, PROFITABILITY & TAXATION.

### 8.1 MABPL's submissions on its projected Profitability for the First Control Period.

8.1.1 MABPL has forecasted the following Revenues for the First Control Period, based on the proposed cargo volumes at current Tariff, as applicable to the previous Cargo operator (MABB) at KIA, Bengaluru.

**Table 35: Revenue Projected by MABPL for the First Control Period before proposed Tariff increase.**

(₹ in crores)

Particulars	FY* 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Cargo Volume	211018	261687	277389	294032	311674	1355800
Domestic	36.00	44.63	47.31	50.14	53.15	231.23
International	66.51	82.44	87.44	92.67	98.22	427.28
Documentation	7.40	9.10	9.50	10.00	10.50	46.50
Demurrage	21.40	25.00	25.00	25.00	25.00	121.40
<b>Total</b>	<b>131.31</b>	<b>161.17</b>	<b>169.25</b>	<b>177.81</b>	<b>186.87</b>	<b>826.41</b>

\* From COD i.e. 24.05.2023 to 31.03.2024

8.1.2 MABPL, while projecting Revenues hasn't considered any increase in demurrage revenues during control period, on the expectation of improvement in operating efficiency after commissioning of the Domestic Greenfield Cargo Terminal and procurement of new Material Handling System/ Equipment.

8.1.3 In support of its proposed Tariff increase, MABPL has submitted the followings justifications:

- Tariff rates were last revised by AERA for previous cargo operator vide Order no 14/2013-14 in FY 2013-14.
- Significant CAPEX of ₹ 234.70 crores proposed in first tariff year of the Control Period.
- Year on Year OPEX Costs are projected to increase on account of general inflation and capacity expansion plan.

8.1.4 Further, MABPL submitted that even after the proposed tariff increase, there will be a deficit of 3% in Revenues from the regulated services to match ARR. ISP, has proposed the following % age tariff increase in the existing rates of cargo handling services (as applicable to previous Cargo Operator):

**Table 36: Percentage increase in Tariff rates proposed by MABPL for the First Control Period.**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Domestic Cargo Handling Services	35%	32%	25%	20%	15%
International Cargo Handling Services	15%	15%	12%	5%	5%

8.1.5 Based on its proposed Tariff increase as indicated above, MABPL has proposed Tariff Rate Card for the First Control Period as per **Annexure-III** of the CP. The ISP has further submitted the projected

Revenue and Profitability Statement for the First Control Period, after considering the proposed Tariff increase, as per the table below:

**Table 37: Profitability Statement Proposed by the MABPL after considering the proposed tariff increase.**

(₹ in crores)

Particulars	FY 2023-24*	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total
Revenue from Regulated Services	153.89	222.66	269.38	313.15	359.28	1318.36
Revenue from Non-Regulated Services	3.92	4.81	5.05	5.31	5.57	24.66
<b>Total Revenue</b>	<b>157.81</b>	<b>227.47</b>	<b>274.43</b>	<b>318.45</b>	<b>364.86</b>	<b>1343.02</b>
OPEX (excluding Revenue Share payable to AO)	115.84	140.23	156.78	175.11	196.64	784.60
Revenue Share/ Concession Fee payable to AO	39.45	56.87	68.61	79.61	91.21	335.75
Depreciation	9.35	18.14	18.14	18.14	18.14	81.91
Interest	14.88	12.93	10.79	8.45	5.88	52.93
<b>Total Expenditure (including Interest Cost)</b>	<b>179.52</b>	<b>228.17</b>	<b>254.32</b>	<b>281.31</b>	<b>311.87</b>	<b>1255.19</b>
Profit Before Tax (PBT)	-21.71	-0.69	20.11	37.14	52.98	87.83
Tax	0.00	0.00	5.06	9.35	13.33	27.74
PAT	-21.71	-0.69	15.05	27.79	39.64	60.08

\*From 24<sup>th</sup> May,2023 to 31<sup>st</sup> March,2024.

## 8.2 Authority's Examination on projected Revenue from Operations, Profitability and Taxation:

8.2.1 The Authority notes that Section 115BAA, introduced by the Government of India through the Taxation (Amendment) Ordinance, 2019 on 20.09.2019, provides option to a Domestic company to pay corporate tax at lower rate of 22% (plus applicable surcharge and cess, where the total turnover for Previous Year 2017-18 does not exceeds ₹ 400 crores), as opposed to normal tax rate of 30%/ 25% (plus applicable surcharge and cess), w.e.f. Assessment Year 2020-21 subject to other precedent conditions.

The Authority observes that MABPL has considered corporate tax @ 25.17% and the Authority proposes to consider the same Tax Rate for the First Control Period, as proposed by the ISP.

8.2.2 The Authority notes that MABPL proposed lower % Tariff increase for International Cargo Services, as compared to the % Tariff increase proposed for the Domestic Cargo Services. In this regard, MABPL has submitted the following justification:

- (i) MABPL is of the view that the end users of services should be charged commensurate with the expenses involved in providing the cargo services such that there is no cross subsidization between various categories of customers. Accordingly, for recovery of the capital expenditure being incurred for new greenfield domestic cargo terminal and its operational expenditure, different tariff revision is required for domestic cargo handling services and international cargo handling services.

- (ii) MABPL is a new company and the proposed tariffs are benchmarked with existing domestic tariffs of cargo operators at KIA, Bengaluru, only for reference purposes, which are at a lower base and thus, the increase required is different from the international cargo handling services.
- (iii) MABPL has also undertaken separate stakeholders' consultations and had entered into the user agreements with both domestic and international users through mutual discussions for the proposed tariff revision.

8.2.3 The Authority is of the view that in order to encourage the movements of domestic air cargo and to reduce the logistics costs of domestic air cargo, tariff for domestic cargo handling services is required to be kept at reasonable level. However, considering that ISP has proposed a CAPEX of ₹ 115.47 crores on construction of the Greenfield Domestic Cargo Terminal, including procurement of Material Handling System and other equipment etc.; in order to ensure that the proposed tariff for domestic cargo handling services is reasonable, the Authority proposes to rationalize tariff in respect of domestic & international cargo handling services for the ISP, as per table 38.

8.2.4 The Authority notes that MABPL has also proposed tariff rates for few additional services, which are not part of the MABB's (previous Cargo Terminal Operator) Tariff Rate Card. The Authority, has earlier approved Ad-hoc tariff for these additional services (which are not part of the erstwhile operator's rate card) vide order no 05/2023-24 dated 19.05.2023. The Authority, in respect of above referred additional services, proposes to consider the rates as per the order no 05/2023-24 dated 19.05.2023 as a "Base Rates", for considering percentage tariff increase proposed by the AERA for the ISP, as per table 38 below.

8.2.5 The Authority further notes that projected Revenue for MABPL in respect of the First Control Period (as per the Tariff rates applicable to previous operator) is not sufficient to meet ARR requirement of the ISP. Therefore, the Authority proposes the following % increase in the tariffs for MABPL in respect of the First Control Period as given in table below:

**Table 38: Tariff increase proposed to be considered by the Authority for the First Control Period.**

Particulars	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Domestic	21%	21%	21%	14%	14%
International	15%	15%	13%	10%	10%

8.2.6 Further, the Authority has computed the projected Profitability for MABPL (after the proposed Tariff increase) for the First Control Period, as per table below:

**Table 39: Profitability Statement proposed to be considered by the Authority in respect of MABPL (after proposed Tariff increase) for the First Control Period**

(₹ in crores)						
Particulars	FY 2023-24 (10 months)	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	Total#
<b>Revenue</b>						
Domestic Cargo	40.41	65.30	83.79	101.18	122.48	413.17
International Cargo	72.32	108.97	130.61	152.39	177.57	641.86
Documentation	7.61	10.03	11.00	12.16	13.40	54.20
Demurrage Charges	21.40	25.00	25.00	25.00	25.00	121.40
Non-Regulated Revenues	3.92	4.81	5.05	5.31	5.57	24.66
<b>Total Revenues</b>	<b>145.66</b>	<b>214.12</b>	<b>255.46</b>	<b>296.03</b>	<b>344.02</b>	<b>1255.29</b>
O&M Expenses	103.22	127.32	141.99	157.20	174.21	703.94
Revenue Sharing	36.42	53.53	63.86	74.01	86.01	313.82

Depreciation	9.02	17.28	17.28	17.28	17.28	78.14
<b>Total Expenditure</b>	<b>148.66</b>	<b>198.13</b>	<b>223.14</b>	<b>248.49</b>	<b>277.50</b>	<b>1095.92</b>
Profit before Interest and Tax	-3.00	15.99	32.32	47.54	66.52	159.37
Interest	14.90	12.90	10.80	8.40	5.90	52.90
Profit after Interest before Tax	-17.90	3.09	21.52	39.14	60.62	106.47
Tax	0.00	0.00	1.68	9.85	15.26	26.79
<b>Net Profit</b>	<b>-17.90</b>	<b>3.09</b>	<b>19.84</b>	<b>29.29</b>	<b>45.36</b>	<b>79.68</b>

8.2.7 From the above table, the Authority notes that the ISP is maintaining good profitability during the Control period, except for the first tariff year of the Control period, primarily due to the higher operating expenses.

8.2.8 The Authority, expects MABPL, as being a Major Global Entity in the business of cargo handling as stated under:

- To efficiently complete the projects in a time bound manner as mentioned under Table 16 above.
- To optimize and bring efficiency in the overall operating expenses during the Control Period.
- To bring global practices in operation relating to the cargo handling services.

### **8.3 Authority's Proposals regarding Revenue for the First Control Period**

8.3.1 Based on the material before it and its analysis, the Authority proposes to consider total projected Revenue (after proposed Tariff increase) for the First Control Period as per Table 39.

## **CHAPTER 9: SUMMARY OF AUTHORITY'S PROPOSALS**

The below mentioned summary provides the Authority's proposals relating to relevant chapters regarding the tariff determination for MABPL, providing Cargo Handling Services at Kempegowda International Airport, Bengaluru, for Stakeholders' Consultation purpose:

<b>Chapter</b>	<b>Para</b>	<b>Summary of Authority's Proposals</b>	<b>Page No.</b>
<b>Chapter No.2</b>	<b>2.8.1</b>	Proposes to determine the Tariffs for the Cargo Handling Services provided by MABPL at KIA, Bengaluru, for the First Control Period, under the ' <b>Light Touch Approach</b> '.	<b>12</b>
<b>Chapter No.3</b>	<b>3.3.1</b>	Proposes to consider the Cargo Volume projections in respect of the MABPL for the First Control Period as per Table 4.	<b>16</b>
<b>Chapter No. 4</b>	<b>4.7.1</b>	Proposes to consider Additions to RAB, Depreciation, Closing RAB & Average RAB as per Table 21.	<b>33</b>
<b>Chapter No. 5</b>	<b>5.5.1</b>	Proposes to consider the OPEX projected for the First Control Period as per Table 28.	<b>42</b>
<b>Chapter No. 6</b>	<b>6.2.1</b>	Proposes to consider 30% lower TSP for BUPs pertaining to AFS for the First Control Period as per <b>Annexure-IV</b> .	<b>45</b>
<b>Chapter No. 7</b>	<b>7.4.1</b>	Proposes to consider the FRoR in respect of MABPL for the First Control Period as per Table 33.	<b>49</b>
	<b>7.4.2</b>	Proposes to consider the ARR in respect of MABPL for the First Control Period as per Table 34.	
	<b>7.4.3</b>	Proposes to consider the Tariff for Cargo Handling Services in respect of the MABPL for the First Control Period as per <b>Annexure-IV</b> .	
<b>Chapter No. 8</b>	<b>8.3.1</b>	Proposes to consider total projected Revenue (after proposed Tariff increase) for the First Control Period as per Table 39.	<b>53</b>

## **CHAPTER 10: STAKEHOLDERS' CONSULTATION**

- 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 IV**) 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 **18/08/2023**.

### **Secretary**

**Airports Economic Regulatory Authority of India  
AERA Building, Administrative Complex  
Safdarjung Airport, New Delhi -110003  
Tel: 011-24695044-47, Fax: 011-24695048**

**(Chairperson)**

**Cost breakup of Greenfield Domestic Cargo Terminal proposed by MABPL for the First Control Period.**

Sl.no.	Description of Works	Cost (₹ in crores)	Cost per Square feet in ₹	Cost per Square meter	Remarks
A	Civil Works	13.8	562	52.21	The cost is aligned to the market rates and cost/sqft rates for civil works of this size of development. The floor load bearing capacity has been considered as 50kpa. The vertical and horizontal structural members are designed for a fire rating of 2 hrs.
B	Structural Works	33.8	1380	128.20	The proposed cargo terminal's height is around 14m which is above the standard heights of similar structures of 10-12m, due to which additional structural elements have been proposed. Additionally, the area surrounding the terminal is open and causes higher wind pressure, due to which a higher safety factor consideration has been made which results in a higher cost.
C	UG Sump	0.9	37	3.43	The cost for UG Sump is aligning to market benchmark which ranges from 30-40 ₹/sqft
D	HVAC Works	3.3	136	12.63	The provision for Air Conditioning System for office area, utility and support facilities is adding around 47-50 ₹/sqft in addition to general market rates for Ventilation & air conditioning for warehouse.
E	Electrical works	5.8	237	22.01	The consideration of 2 nos. of 750 KVA DGs and UPS for critical equipment is adding around 65 ₹/sqft to the total electrical cost. The laying of tap off cables, lasing, internal lighting, Lightning Protection System are resulting into 160 ₹/sqft for the electrical works which is aligning to the market rates for the similar facility.
F	Water supply & sanitary work	1.5	62	5.75	This cost is aligned to the market rates.
G	STP	0.4	16	1.48	This cost is aligned to the market rates.
H	STP Civil Works	0.9	38	3.53	This cost is aligned to the market rates.
I	RO and WTP works estimate	0.2	9	0.83	This cost is aligned to the market rates.



J	Fire Protection	3.8	156	14.49	For the Fire suppression system, GI pipe has been considered as per the local norms by authorities, which is 20-25% more than MS pipe which is generally used for Fire Protection system.
K	Fire Detection & Public Address System	0.9	36	3.34	This cost is aligned to the market rates.
L	Composite Beam Works	12.1	494	45.89	The composite beam component is a special design element and has a differential cost of around 5 crores
	<b>Total</b>	<b>77.4</b>	<b>3163</b>	<b>293.85</b>	
M	BOCW @1% (statutory payment as per Building and Other Construction Workers Act to state govt.)	0.8			
N	GST @18%	13.9			
	<b>Grand total</b>	<b>92.1</b>			As per the final negotiated amount from the L1 bidder.
	Design and PMC	2.18			1) Designers Design Studio - ₹ 68 lakhs 2) Project Management Consultants (PMC) - T&T - ₹ 1.5 crores
	Statutory approvals	1.20			Karnataka Pollution Control Board, Fire Department, Airport Authority Clearance, Gram Panchayat License, Electricity Board Clearance, Municipal Council Plan Approval, Water Board Approval, etc.
	Contingency 3%	2.76			Assumed as per market benchmarks
	<b>Total</b>	<b>98.26</b>			

**Detail break up of Material Handling System proposed by MABPL for International Cargo Terminal during the First Control Period.**

<b>Sr No</b>	<b>Item Code</b>	<b>(₹ in crores)</b>
<b>1</b>	<b>Elevating Transfer Vehicles (ETV)</b>	10.65
<b>2</b>	<b>ETV Travel Rail</b>	1.22
<b>3</b>	<b>F&amp;I</b>	0.96
<b>4</b>	<b>Inland Transportation</b>	0.30
<b>5</b>	<b>Removal of Existing equipment</b>	0.18
<b>6</b>	<b>Supply of Ancillary Equipment</b>	40.65
<b>7</b>	<b>ITC-(1-6)</b>	3.13
<b>8</b>	<b>AICMC of ETV &amp; Ancillary Equipment</b>	4.37
<b>Total</b>		61.43
<b>IGST \GST18%</b>		11.06
<b>Grand Total</b>		<b>72.49</b>

**TARIFF RATE CARD FOR THE FIRST CONTROL PERIOD PROPOSED BY MABPL, FOR  
THE CARGO HANDLING SERVICES AT KIA, BENGALURU.**

**1. Tariff for Export Cargo Handling Services payable by Freight Forwarders/Agents/Shippers.**

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Terminal, Storage and Processing</b>						
a.	General	Rate (INR/Kg)	1.27	1.45	1.63	1.71	1.80
		Minimum Rate/consignment	151.00	174.00	195.00	205.00	216.00
b.	Special	Rate (INR/Kg)	1.90	2.18	2.44	2.57	2.69
		Minimum Rate/consignment	303.00	349.00	391.00	411.00	432.00
c.	Valuable/Dangerous	Rate (INR/Kg)	3.30	3.80	4.25	4.46	4.69
		Minimum Rate/consignment	303.00	349.00	391.00	411.00	432.00
<b>d</b>	<b>BUP Charges- AFS Cargo</b>						
	<b>General Cargo</b>						
	BUP Charge (upto LD3)	Per Unit	1,410	1,620	1,810	1,900	2,000
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	2,820	3,240	3,630	3,810	4,000
	BUP Charge (above LD3 - main deck pallet)	Per Unit	6,050	6,960	7,800	8,190	8,600
	<b>Other than General Cargo</b>						
	BUP Charge (upto LD3)	Per Unit	2,120	2,440	2,730	2,870	3,010
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	4,220	4,850	5,430	5,700	5,990
	BUP Charge (above LD3 - main deck pallet)	Per Unit	9,050	10,410	11,660	12,240	12,850
<b>2</b>	<b>Demurrage</b>						
a.	General	Rate (INR/Kg)	1.01	1.16	1.30	1.37	1.44
		Minimum Rate/consignment	158.00	182.00	204.00	215.00	226.00
b.	Special	Rate (INR/Kg)	1.90	2.18	2.44	2.57	2.69
		Minimum Rate/consignment	303.00	349.00	391.00	411.00	432.00
c.	Valuable	Rate (INR/Kg)	3.30	3.80	4.25	4.46	4.69
		Minimum Rate/consignment	303.00	349.00	391.00	411.00	432.00
<b>3</b>	<b>Packing/Repacking/Strapping Charges</b>	Rate (INR/Piece)	6.90	7.94	8.89	9.33	9.80

4	Return Cargo Charges	Rate (INR/Per AWB)	604.00	695.00	779.00	818.00	859.00
5	AWB Amendment Charges	Rate (INR/Per AWB)	121.00	140.00	157.00	165.00	174.00
7	Weight/Volume Misdeclaration	2-5% Variation	2 Times the TSP				
		More than 5% Variation	5 Times the TSP				

## **2. Tariff for Import Cargo Handling Services payable by Freight Forwarders/Agents/Shippers.**

(Rates in INR)

Sno.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>Terminal, Storage and Processing</b>						
a.	General	Rate (INR/Kg)	6.21	7.14	8.00	8.40	8.82
		Minimum Rate/consignment	151.00	174.00	195.00	205.00	216.00
b.	Special	Rate (INR/Kg)	12.42	14.28	16.00	16.80	17.64
		Minimum Rate/consignment	303.00	349.00	391.00	411.00	432.00
c.	Valuable/Dangerous	Rate (INR/Kg)	12.42	14.28	16.00	16.80	17.64
		Minimum Rate/consignment	303.00	349.00	391.00	411.00	432.00
d	<b>BUP Charges- AFS Cargo</b>						
	<b>General Cargo</b>						
	BUP Charge (upto LD3)	Per Unit	6,900	7,940	8,890	9,330	9,800
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	13,800	15,870	17,770	18,660	19,590
	BUP Charge (above LD3 - main deck pallet)	Per Unit	29,580	34,020	38,100	40,010	42,010
	<b>Other than General Cargo</b>						
	BUP Charge (upto LD3)	Per Unit	13,810	15,880	17,790	18,680	19,610
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	27,600	31,740	35,550	37,330	39,200
	BUP Charge (above LD3 - main deck pallet)	Per Unit	59,160	68,030	76,190	80,000	84,000
2	<b>Demurrage</b>						
a.	General	Rate (INR/Kg)- Free period to 120 hours	1.90	2.18	2.44	2.57	2.69
		Rate (INR/Kg)- 120 hours to 720 hours	3.55	4.09	4.58	4.81	5.05
		Rate (INR/Kg)- Beyond 720 hours	5.32	6.12	6.86	7.20	7.56

		Minimum Rate/consignment	387.00	446.00	500.00	525.00	552.00
b.	Special	Rate (INR/Kg)-Free period to 120 hours	3.55	4.09	4.58	4.81	5.05
		Rate (INR/Kg)-120 hours to 720 hours	7.10	8.16	9.14	9.60	10.08
		Rate (INR/Kg)-Beyond 720 hours	10.65	12.25	13.72	14.40	15.12
		Minimum Rate/consignment	755.00	869.00	974.00	1023.00	1075.00
c.	Valuable/ Dangerous	Rate (INR/Kg)-Free period to 120 hours	7.10	8.16	9.14	9.60	10.08
		Rate (INR/Kg)-120 hours to 720 hours	14.26	16.40	18.37	19.29	20.25
		Rate (INR/Kg)-Beyond 720 hours	21.37	24.57	27.52	28.90	30.34
		Minimum Rate/consignment	1540.00	1771.00	1984.00	2084.00	2189.00
3	AWB Amendment Charges	Rate (INR/Per AWB)	121.00	140.00	157.00	165.00	174.00
4	Packing/Repacking/Strapping Charges	Rate (INR/AWB)	6.90	8.00	9.00	10.00	11.00

**Note:**

1. For demurrage charges on export/ Import cargo the free period shall be governed as per the instructions of Ministry of Civil aviation issued from time to time.
2. Consignments of Human Remains, Coffins including unaccompanied Baggage of deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
3. The charges will be levied on "Gross 'Weight" or "Chargeable Weight" whichever is higher. Wherever there is a misdeclaration of the Gross or chargeable weight on the AWB, the actual Gross weight or Actual Chargeable weight will be used for the charges whichever is higher.
4. Storage Charges
  - a. Export Cargo-Free period shall be 12 hours, or as decided by the Ministry of Civil Aviation from time to time, for completion of customs clearance process by Shipper's on 'Per Kg Per day'.
  - b. Import Cargo-Free period shall be 48 hours-or as decided by the Ministry of Civil Aviation from time to time from the time of segregation of flight. For the next 48 hours demurrage will be charged at 'Per Kg Per Day" on non-cumulative basis provided the consignment is cleared within 96 hours. If the clearance is affected after 96 hours (from the date of segregation) demurrage will accrue for the entire period from the Actual time of Segregation.
5. 50% of General Cargo charges will be applicable to newspaper (Daily) TV Reels. Applicable to per kilo charge only.
6. All bills will be rounded to the next INR 1 as per rules.

7. *VAL Cargo consists of Gold Bullion, Currency Notes, Shares, Share Coupons, Traveler's Cheque, Diamonds (including Diamonds for industrial use), Diamond Jewelry, Watches made of silver, Gold, Platinum, and items valued at USD. 1000/KG and above.*
8. *Special Cargo consist of Live animals and Day-old chicks.*
9. *For consolidation of TSP Cargo- TSP charges will be levied to all types of cargo, in addition to Transshipment charges mentioned above. Demurrage Charges will be applicable per General Cargo tariff*
10. *All statutory taxes as per government norms will be charged extra.*
11. *Complete shipment should be physically available prior to payment of TSP charges.*

### 3. Tariff for Export Cargo Handling Services payable by Airlines.

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Palletization/unitization/Bulk Cargo Handling</b>						
a.	General	Rate (INR/Kg)	1.97	2.26	2.53	2.66	2.79
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
b.	Special	Rate (INR/Kg)	1.97	2.26	2.53	2.66	2.79
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
c.	Bulk	Rate (INR/Kg)	1.97	2.26	2.53	2.66	2.79
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
d.	Valuable/Dangerous	Rate (INR/Kg)	1.97	2.26	2.53	2.66	2.79
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
e.	PER/PIL/TCR	Rate (INR/Kg)	4.35	5.00	5.60	5.88	6.18
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
<b>2</b>	<b>Demurrage</b>						
a.	General	Rate (INR/Kg)	2.63	3.03	3.39	3.56	3.74
		Minimum Rate/consignment	345.00	397.00	445.00	468.00	492.00
b.	Special	Rate (INR/Kg)	5.28	6.07	6.80	7.14	7.50
		Minimum Rate/consignment	389.00	448.00	502.00	528.00	555.00
c.	Valuable/Dangerous	Rate (INR/Kg)	5.28	6.07	6.80	7.14	7.50
		Minimum Rate/consignment	389.00	448.00	502.00	528.00	555.00
3	X-ray charges (Screening and Certification Charges)	Rate (INR/Kg)	3.34	3.84	4.30	4.51	4.74
		Minimum Rate/consignment	172.00	198.00	222.00	234.00	246.00
4	Export- General	Minimum Rate/consignment	345.00	397.00	445.00	468.00	492.00

#### 4. Tariff for Import Cargo Handling Services payable by Airlines.

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Palletization/unitization/Bulk Cargo Handling</b>						
a.	General	Rate (INR/Kg)	1.89	2.17	2.43	2.55	2.68
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
b.	Valuable/Dangerous	Rate (INR/Kg)	1.89	2.17	2.43	2.55	2.68
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
c.	PER/PIL/TCR	Rate (INR/Kg)	4.35	5.00	5.60	5.88	6.18
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
<b>2</b>	<b>Demurrage</b>						
a.	General	Rate (INR/Kg)	2.63	3.03	3.39	3.56	3.74
		Minimum Rate/consignment	345.00	397.00	445.00	468.00	492.00
b.	Valuable/Dangerous	Rate (INR/Kg)	7.16	8.24	9.23	9.69	10.17
		Minimum Rate/consignment	465.00	535.00	600.00	630.00	662.00
3	Import- General	Minimum Rate/consignment	345.00	397.00	445.00	468.00	492.00

**Note:**

1. For demurrage charges on export/ Import cargo the free period shall be governed as per the instructions of Govt of India issued from time to time.
2. The above rates are maximum rates to be charged
3. User agreements (airline or other agencies) shall have rates subject to maximum specified above. The agreements are in line with the IATA. AHM 8.10 standard ground handling agreement 2013/2018 (SGHA) as amended from time to time with mutual consent.
4. The rates with each airline are based on negotiations and as agreed between MABPL and the airline depending on specific service levels agreed such as usage equipment credit period, insurance, and other services necessary.
5. All statutory taxes as per government norms will be charged extra.



## 5. Tariff for Domestic Outbound Cargo Handling Services payable by Freight Forwarders/Agents/Shippers.

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Terminal, Storage and Processing</b>						
a.	General	Rate (INR/Kg)	0.97	1.28	1.60	1.92	2.21
		Minimum Rate/consignment	142.00	188.00	235.00	282.00	325.00
b.	Special	Rate (INR/Kg)	3.05	4.03	5.03	6.04	6.95
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
c.	Valuable/Dangerous/Perishable	Rate (INR/Kg)	3.05	4.03	5.03	6.04	6.95
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
<b>2</b>	<b>Demurrage</b>						
a.	General	Rate (INR/Kg)	0.97	1.28	1.60	1.92	2.21
		Minimum Rate/consignment	177.00	234.00	293.00	352.00	405.00
b.	Special	Rate (INR/Kg)	3.05	4.03	5.03	6.04	6.95
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
c.	Valuable/Dangerous/Perishable	Rate (INR/Kg)	3.05	4.03	5.03	6.04	6.95
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
3	Courier/Express Handling Charges	Rate (INR/Kg)	0.97	1.28	1.60	1.92	2.21
		Minimum Rate/consignment	142.00	188.00	235.00	282.00	325.00
4	Packing/Repacking/Strapping Charges	Rate (INR/carton)	8.10	10.69	13.37	16.04	18.44
5	Return Cargo Charges	Rate (INR/Per AWB)	142.00	188.00	235.00	282.00	325.00
6	AWB Amendment Charges	Rate (INR/Per AWB)	142.00	188.00	235.00	282.00	325.00

## **6. Tariff for Domestic Inbound Cargo Handling Services payable by Freight Forwarders/Agents/Shippers.**

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Terminal, Storage and Processing</b>						
a.	General	Rate (INR/Kg)	1.63	2.16	2.70	3.23	3.72
		Minimum Rate/consignment	177.00	234.00	293.00	352.00	405.00
b.	Special-AVI	Rate (INR/Kg)	3.13	4.13	5.16	6.20	7.13
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
c.	Valuable/Dangerous/Perishable	Rate (INR/Kg)	3.13	4.13	5.17	6.20	7.13
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
<b>2</b>	<b>Demurrage</b>						
a.	General	Rate (INR/Kg)	1.86	2.46	3.07	3.69	4.24
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
b.	Special	Rate (INR/Kg)	3.28	4.33	5.41	6.50	7.47
		Minimum Rate/consignment	356.00	470.00	588.00	706.00	812.00
c.	Valuable/Dangerous/Perishable	Rate (INR/Kg)	3.28	4.33	5.41	6.50	7.47
		Minimum Rate/consignment	356.00	470.00	588.00	706.00	812.00
3	Courier/Express Handling Charges	Rate (INR/Kg)	1.63	2.16	2.70	3.23	3.72
		Minimum Rate/consignment	177.00	234.00	293.00	352.00	405.00
4	Packing/Repacking/Strapping Charges	Rate (INR/carton)	8.10	10.69	13.37	16.04	18.44
5	AWB Amendment Charges	Rate (INR/Per AWB)	142.00	188.00	235.00	282.00	325.00

**Note:**

1. For demurrage charges on export/Import cargo the free period shall be governed as per the instructions of ministry of Civil Aviation issued from time to time.
2. Consignments of Human Remains, Coffins including unaccompanied Baggage of deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
3. The charges will be levied on "Gross Weight" or "Chargeable Weight" whichever is higher. Wherever there is a misdeclaration of the Gross or chargeable weight on the AWB, the actual Gross weight or Actual Chargeable weight will be used for the charges whichever is higher.

4. *Storage Charges*

- a. *Outbound Cargo-Free period shall be 12 hours, or as decided by the Ministry of Civil Aviation from time to time, for completion of customs clearance process by Shipper's on 'Per Kg Per day'.*
  - b. *Inbound Cargo-Free period shall be 48 hours-or as decided by the Ministry of Civil Aviation from time to time from the time of segregation of flight. For the next 48 hours demurrage will be charged at 'Per Kg Per Day" on non-cumulative basis provided the consignment is cleared within 96 hours. If the clearance is affected after 96 hours (from the date of segregation) demurrage will accrue for the entire period from the Actual time of Segregation.*
5. *50% of General Cargo charges will be applicable to newspaper (Daily) TV Reels. Applicable to per kilo charge only.*
  6. *All bills will be rounded to the next INR 1 as per rules*
  7. *VAL Cargo consists of Cold Bullion, Currency Notes, Shares, Share Coupons, Traveler's Cheque, Diamonds (including Diamonds for industrial use), Diamond Jewelry, Watches made of silver, Gold, Platinum, and items valued at USD. 1000/KG and above.*
  8. *Special Cargo consist of Live animals and Day-old chicks.*
  9. *For consolidation of TSP Cargo- TSP charges will be levied to all types of cargo, in addition to Transshipment charges mentioned above. Demurrage Charges will be applicable per General Cargo tariff.*
  10. *All statutory taxes as per government norms will be charged extra.*
  11. *Complete shipment should be physically available prior to payment of TSP charges.*

## 7. Tariff for Domestic Outbound Cargo Handling Services payable by Airlines.

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>Palletization/unitization/Bulk Cargo Handling</b>						
a.	General	Rate (INR/Kg)	1.63	2.16	2.70	3.23	3.72
		Minimum Rate/consignment	424.00	560.00	700.00	840.00	966.00
2	X-ray charges (Screening and Certification Charges)	Rate (INR/Kg)	2.89	3.81	4.77	5.72	6.58
		Minimum Rate/consignment	206.00	272.00	340.00	408.00	470.00
3	Courier/Express Handling Charges	Rate (INR/Kg)	1.63	2.16	2.70	3.23	3.72
		Minimum Rate/consignment	424.00	560.00	700.00	840.00	966.00

## 8. Tariff for Domestic Inbound Cargo Handling Services payable by Airlines.

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>De-Palletization/De-unitization/Bulk Cargo Handling</b>						
a.	General	Rate (INR/Kg)	1.63	2.16	2.70	3.23	3.72
		Minimum Rate/consignment	177.00	234.00	293.00	352.00	405.00
b.	Special	Rate (INR/Kg)	3.13	4.13	5.17	6.20	7.13
		Minimum Rate/consignment	284.00	375.00	469.00	563.00	648.00
2	Courier/Express Handling Charges	Rate (INR/Kg)	1.63	2.16	2.70	3.23	3.72
		Minimum Rate/consignment	424.00	560.00	700.00	840.00	966.00

### Note:

1. For demurrage charges on export/ Import cargo the free period shall be governed as per the instructions of Ministry of Civil Aviation issued from time to time.
2. The above rates are maximum rates to be charged
3. User agreements (airline or other agencies) shall have rates subject to maximum specified above. The agreements are in line with the IATA. AHM 8.10 standard ground handling agreement 2013/2018 (SGHA) as amended from time to time with mutual consent.
4. The rates with each airline are based on negotiations and as agreed between MABPL and the airline depending on specific service levels agreed such as usage equipment credit period, insurance, and other services necessary.
5. All statutory taxes as per government norms will be charged extra.

**9. Tariff for Transshipment Cargo Handling Services payable by Airlines -Airside - Domestic Cargo.**

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Domestic to Domestic</b>						
a.	General	Rate (INR/Kg)	3.73	4.92	6.15	7.38	8.48
		Minimum Rate/consignment	256.00	338.00	423.00	508.00	585.00
b.	Special	Rate (INR/Kg)	3.73	4.92	6.15	7.38	8.48
		Minimum Rate/consignment	492.00	650.00	813.00	976.00	1123.00
c.	Documentation charges	Rate (INR/AWB)	210.00	278.00	348.00	418.00	481.00
<b>2</b>	<b>International to International</b>						
a.	General	Rate (INR/Kg)	3.17	3.65	4.09	4.29	4.51
		Minimum Rate/consignment	218.00	251.00	282.00	297.00	312.00
b.	Valuable/ Dangerous	Rate (INR/Kg)	3.17	3.65	4.09	4.29	4.51
		Minimum Rate/consignment	419.00	482.00	540.00	567.00	596.00
c.	Documentation Fee	Rate (INR/AWB)	179.00	206.00	231.00	243.00	256.00
<b>3</b>	<b>International to Domestic and Domestic to International</b>						
a.	General	Rate (INR/Kg)	3.17	3.65	4.09	4.29	4.51
		Minimum Rate/consignment	218.00	251.00	282.00	297.00	312.00
b.	Special	Rate (INR/Kg)	3.17	3.65	4.09	4.29	4.51
		Minimum Rate/consignment	419.00	482.00	540.00	567.00	596.00
c.	Documentation Fee	Rate (INR/AWB)	179.00	206.00	231.00	243.00	256.00

**10. Tariff for Transshipment Cargo Handling Services payable by Airlines/Freight Forwarders/Agents/Shippers/Consignees-Land side - Export and Imports.**

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>International to Domestic &amp; Domestic to International</b>						
a.	General	Rate (INR/Kg)	2.28	2.62	2.93	3.08	3.23
		Minimum Rate/consignment	151.00	174.00	195.00	205.00	216.00

b.	Valuable/ Dangerous	Rate (INR/Kg)	2.28	2.62	2.93	3.08	3.23
		Minimum Rate/consignment	285.00	328.00	368.00	387.00	407.00
c.	Documentation Fee	Rate (INR/AWB)	121.00	140.00	157.00	165.00	174.00

## **12. Tariff for Other Cargo Handling Services.**

(Rates in INR)

S no.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>International Cargo handling</b>						
a.	Plastic Sheets	Rate/Per Sheet	600.00	690.00	773.00	812.00	853.00
b.	Shrink Wraps	Rate/Per Roll	2000.00	2300.00	2576.00	2705.00	2841.00
c.	Wooden Crates	Rate/Per Unit	1600.00	1840.00	2061.00	2165.00	2274.00
d.	Security Escort Services	Rate/Per ULD	3000.00	3450.00	3864.00	4058.00	4261.00
e.	Dangerous Goods Certification	Rate/Per Check list	920.00	1058.00	1185.00	1245.00	1308.00
f.	EGM/IGM Service Charges	Rate/Per Flight	1150.00	1323.00	1482.00	1557.00	1635.00
g.	Label Scanning Charges	Rate/Per Piece	2.30	2.65	2.96	3.11	3.27
h.	Handling Charges for Active and Passive Temperature Control Unit/Envirocontainer (per container)	Rate/Per Kg.	1836.00	2111.40	2364.77	2483.01	2607.16
<b>2</b>	<b>Domestic Cargo handling</b>						
a.	Plastic Sheets	Rate/Per Sheet	600.00	792.00	990.00	1188.00	1367.00
b.	Shrink Wraps	Rate/Per Roll	2000.00	2640.00	3300.00	3960.00	4554.00
c.	Wooden Crates	Rate/Per Unit	1600.00	2112.00	2640.00	3168.00	3644.00
d.	Security Escort Services	Rate/Per ULD	3000.00	3960.00	4950.00	5940.00	6831.00
e.	Dangerous Goods Certification	Rate/Per Check list	1080.00	1426.00	1783.00	2140.00	2461.00
f.	AWB Thermal Label Printing	Rate/Per Piece	1.35	1.78	2.23	2.67	3.07

**TARIFF PROPOSED BY THE AUTHORITY FOR CARGO HANDLING SERVICES IN  
RESPECT OF MABPL AT KIA, BENGALURU FOR THE FIRST CONTROL PERIOD  
FOR STAKEHOLDERS' CONSULTATION**

**(I) Tariff Rates for International Cargo Handling Services payable by Freight Forwarders/Agents/Shippers.**

**(A) EXPORT CARGO HANDLING SERVICES.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	
<b>1</b>	<b>Terminal, Storage and Processing</b>							
a.	General	(Per Kg)	1.27	1.45	1.64	1.81	1.99	
		Minimum/ consignment	151.00	174.00	197.00	217.00	239.00	
b.	Special	(Per Kg)	1.90	2.18	2.47	2.71	2.98	
		Minimum/ consignment	303.00	349.00	395.00	435.00	479.00	
c.	Valuable/Dangerous	(Per Kg)	3.30	3.80	4.29	4.72	5.19	
		Minimum/ consignment	303.00	349.00	395.00	435.00	479.00	
d.	<b>BUP Charges- AFS Cargo</b>							
	<b>General Cargo</b>							
	BUP Charge (upto LD3)	Per Unit	1410	1622	1832	2016	2217	
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	2820	3243	3665	4031	4434	
	BUP Charge (above LD3 - main deck pallet)	Per Unit	6050	6958	7862	8648	9513	
	<b>Other than General Cargo</b>							
	BUP Charge (upto LD3)	Per Unit	2110	2427	2742	3016	3318	
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	4220	4853	5484	6032	6636	
	BUP Charge (above LD3 - main deck pallet)	Per Unit	9050	10408	11760	12937	14230	
<b>2</b>	<b>Demurrage Charges</b>							
a.	General	(Per Kg)	1.01	1.16	1.32	1.45	1.59	
		Minimum/ consignment	158.00	182.00	206.00	227.00	250.00	
b.	Special	(Per Kg)	1.90	2.18	2.47	2.71	2.98	
		Minimum/ consignment	303.00	349.00	395.00	435.00	479.00	
c.	Valuable	(Per Kg)	3.30	3.80	4.29	4.72	5.19	
		Minimum/ consignment	303.00	349.00	395.00	435.00	479.00	
3	Packing/Repacking/Strapping Charges	(Per Piece)	6.90	7.94	8.97	9.86	10.85	
4	Return Cargo Charges	(Per AWB)	604.00	695.00	786.00	865.00	952.00	
5	AWB Amendment Charges	(Per AWB)	121.00	140.00	159.00	175.00	193.00	
7	Weight/Volume Misdeclaration	2-5% Variation	2 Times the TSP					

		More than 5% Variation	5 Times the TSP
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**(B) IMPORT CARGO HANDLING SERVICES.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Terminal, storage and processing</b>						
a.	General	(Per Kg)	6.21	7.14	8.07	8.88	9.76
		Minimum/ consignment	151.00	174.00	197.00	217.00	239.00
b.	Special	(Per Kg)	12.42	14.28	16.14	17.75	19.53
		Minimum/ consignment	303.00	349.00	395.00	435.00	479.00
c.	Valuable/Dangerous	(Per Kg)	12.42	14.28	16.14	17.75	19.53
		Minimum/ consignment	303.00	349.00	395.00	435.00	479.00
<b>General Cargo</b>							
	BUP Charge (upto LD3)	Per Unit	6900	7935	8967	9863	10850
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	13800	15870	17933	19726	21699
	BUP Charge (above LD3 - main deck pallet)	Per Unit	29580	34017	38439	42283	46511
<b>Other than General Cargo</b>							
	BUP Charge (upto LD3)	Per Unit	13810	15882	17946	19741	21715
	BUP Charge (above LD3 - lower deck pallet)	Per Unit	27600	31740	35866	39453	43398
	BUP Charge (above LD3 - main deck pallet)	Per Unit	59150	68023	76865	84552	93007
<b>2</b>	<b>Demurrage Charges</b>						
a.	General	(Per/Kg)- Free period to 120 hours	1.90	2.18	2.47	2.71	2.98
		(Per/ Kg)- 120 hours to 720 hours	3.55	4.09	4.62	5.08	5.59
		(Per/Kg)- Beyond 720 hours	5.32	6.12	6.92	7.61	8.37
		Minimum Rate/ consignment	387.00	446.00	504.00	555.00	611.00
b.	Special	(Per/Kg)- Free period to 120 hours	3.55	4.09	4.62	5.08	5.59
		(Per Kg)- 120 hours to 720 hours	7.10	8.16	9.22	10.14	11.16
		(Per/Kg)- Beyond 720 hours	10.65	12.25	13.84	15.22	16.74
		Minimum Rate/ consignment	755.00	869.00	982.00	1081.00	1190.00
c.	Valuable/ Dangerous	(Per/Kg)- Free period to 120 hours	7.10	8.16	9.22	10.14	11.16



		(Per/Kg)- 120 hours to 720 hours	14.26	16.40	18.53	20.38	22.42
		Rate (per/Kg)- Beyond 720 hours	21.37	24.57	27.77	30.54	33.60
		Minimum Rate/consignment	1540.00	1771.00	2002.00	2203.00	2424.00
3	AWB Amendment Charges	Rate (INR/Per AWB)	121.00	140.00	159.00	175.00	193.00
4	Packing/Repacking/Strapping Charges	Per Piece	6.90	7.94	8.97	9.86	10.85

**Notes:**

1. For demurrage charges on export/ Import cargo the free period shall be as per the Govt. of India Orders issued in this regard, from time to time.
2. Consignments of Human Remains, Coffins including unaccompanied Baggage of deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
3. The charges will be levied on "Gross 'Weight" or "Chargeable Weight" whichever is higher. Wherever there is a misdeclaration of the Gross or chargeable weight on the AWB, the actual Cross weight or Actual Chargeable weight will be used for the charges whichever is higher.
4. Storage Charges
  - a. Export Cargo-Free period shall be 12 hours, for completion of customs clearance process by Shippers on 'Per Kg Per day', or as per the Govt. of India Orders issued in this regard, from time to time.
  - b. Import Cargo-Free period shall be 48 hours, or as per the Govt. of India Orders issued in this regard, from time to time, from the time of segregation of flight. For the next 48 hours demurrage will be charged at 'Per Kg Per Day" on non-cumulative basis provided the consignment is cleared within 96 hours. If the clearance is affected after 96 hours (from the date of segregation) demurrage will accrue for the entire period from the Actual time of Segregation.
5. 50% of General Cargo charges will be applicable to newspaper (Daily) TV Reels. Applicable to per kilo charge only.
6. All bills will be rounded to the next INR 1.
7. VAL Cargo consists of Gold Bullion, Currency Notes, Shares, Share Coupons, Traveler's Cheque, Diamonds (including Diamonds for industrial use), Diamond Jewelry, Watches made of silver, Gold, Platinum, and items valued at USD. 1000/KG and above.
8. Special Cargo consist of Live animals and Day-old chicks.
9. For consolidation of TSP Cargo- TSP charges will be levied to all types of cargo, in addition to Transshipment charges mentioned above. Demurrage Charges for the free period may be considered to be governed as per the instruction of Govt. of India issued from time to time.
10. The tariff rates indicated above are maximum rates to be charged to users.
11. All statutory taxes levied by government will be charged extra.
12. Complete shipment should be physically available prior to payment of TSP charges.

## (II) Tariff Rates for International Cargo Handling Services payable by Airlines.

### (A) EXPORT CARGO HANDLING SERVICES.

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>Palletization/unitization/Bulk Cargo Handling</b>						
a.	General	(Per Kg)	1.97	2.26	2.56	2.81	3.09
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00
b.	Special	(Per Kg)	1.97	2.26	2.56	2.81	3.09
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00
c.	Bulk	(Per Kg)	1.97	2.26	2.56	2.81	3.09
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00
d.	Valuable/Dangerous	(Per Kg)	1.97	2.26	2.56	2.81	3.09
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00
e.	PER/PIL/TCR	Rate (INR/Kg)	3.78	4.35	4.91	5.40	5.94
		Minimum Rate/ consignment	446.00	513.00	580.00	638.00	702.00
2	<b>Demurrage</b>						
a.	General	(Per Kg)	2.63	3.03	3.42	3.76	4.14
		Minimum Rate/ consignment	345.00	397.00	449.00	494.00	544.00
b.	Special	(Per Kg)	5.28	6.07	6.86	7.55	8.30
		Minimum Rate/ consignment	389.00	448.00	507.00	558.00	614.00
c.	Valuable/Dangerous	(Per Kg)	5.28	6.07	6.86	7.55	8.30
		Minimum Rate/ consignment	389.00	448.00	507.00	558.00	614.00
3	X-ray charges (Screening and Certification Charges)	(Per Kg)	3.34	3.84	4.33	4.77	5.24
		Minimum Rate/ consignment	161.00	186.00	211.00	233.00	257.00
4	Export- General	Minimum Rate/ consignment	345.00	397.00	449.00	494.00	544.00

### (B) IMPORT CARGO HANDLING SERVICES.

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>Palletization/unitization/Bulk Cargo Handling</b>						
a.	General	(Per Kg)	1.89	2.17	2.45	2.70	2.97
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00

b.	Valuable/Dangerous	(Per Kg)	1.89	2.17	2.45	2.70	2.97
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00
c.	PER/PIL/TCR	Rate (INR/Kg)	3.78	4.35	4.91	5.40	5.94
		Minimum Rate/ consignment	446.00	513.00	580.00	638.00	702.00
<b>2</b>	<b>Demurrage</b>						
a.	General	(Per Kg)	2.63	3.03	3.42	3.76	4.14
		Minimum/ consignment	345.00	397.00	449.00	494.00	544.00
b.	Valuable/Dangerous	(Per Kg)	7.16	8.24	9.31	10.24	11.27
		Minimum/ consignment	465.00	535.00	605.00	666.00	733.00
3	Import- General	Minimum Rate/ consignment	345.00	397.00	449.00	494.00	544.00

**Notes:**

1. For demurrage charges on export/ Import cargo the free period shall be governed as per the instructions of Govt of India issued from time to time.
2. The tariff rates indicated above are maximum rates to be charged to users.
3. All statutory taxes as per government norms will be charged extra.

**(III) Tariff Rates for Domestic Cargo Handling Services payable by Freight Forwarders/Agents/Shippers.**

**(A) DOMESTIC OUTBOUND CARGO HANDLING SERVICES.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Terminal, storage and processing</b>						
a.	General/ Courier/Express Handling Charges	(Per Kg)	0.87	1.05	1.28	1.45	1.66
		Minimum/consignment	128.00	155.00	188.00	215.00	246.00
b.	Special	(Per Kg)	2.73	3.31	4.00	4.56	5.20
		Minimum/consignment	255.00	309.00	374.00	427.00	487.00
c.	Valuable/Dangerous/Perishable	(Per Kg)	2.73	3.31	4.00	4.56	5.20
		Minimum/consignment	255.00	309.00	374.00	427.00	487.00
<b>2</b>	<b>Demurrage</b>						
a.	General	(Per Kg)	0.87	1.05	1.28	1.45	1.66
		Minimum/consignment	159.00	193.00	234.00	267.00	305.00
b.	Special	(Per Kg)	2.73	3.31	4.00	4.56	5.20
		Minimum/consignment	255.00	309.00	374.00	427.00	487.00
c.	Valuable/Dangerous/Perishable	(Per Kg)	2.73	3.31	4.00	4.56	5.20
		Minimum/consignment	255.00	309.00	374.00	427.00	487.00
3	Packing/Repacking/Strapping Charges	(Per carton)	7.26	8.78	10.63	12.12	13.81
4	Return Cargo Charges	(Per AWB)	128.00	155.00	188.00	215.00	246.00
5	AWB Amendment Charges	(Per AWB)	128.00	155.00	188.00	215.00	246.00

**(B) DOMESTIC INBOUND CARGO HANDLING SERVICES.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Terminal, storage and processing</b>						
a.	General/ Courier/Express Handling Charges	(Per Kg)	1.46	1.77	2.14	2.44	2.79
		Minimum/consignment	159.00	193.00	234.00	267.00	305.00
c.	Special-AVI	(Per Kg)	2.32	2.81	3.40	3.87	4.41
		Minimum/consignment	210.00	255.00	309.00	353.00	403.00
c.	Valuable/Dangerous/Perishable	(Per Kg)	2.81	3.40	4.11	4.69	5.34
		Minimum/consignment	255.00	309.00	374.00	427.00	487.00
<b>2</b>	<b>Demurrage</b>						
a.	General	(Per Kg)	1.67	2.02	2.44	2.79	3.18
		Minimum/consignment	255.00	309.00	374.00	427.00	487.00

b.	Special	(Per Kg)	2.94	3.56	4.30	4.91	5.59
		Minimum/ consignment	319.00	386.00	468.00	534.00	609.00
c.	Valuable/Dangerous/Perishable	(Per Kg)	2.94	3.56	4.30	4.91	5.59
		Minimum/ consignment	319.00	386.00	468.00	534.00	609.00
3	Packing/Repacking/Strapping Charges	(Per carton)	7.26	8.78	10.63	12.12	13.81
4	AWB Amendment Charges	(Per AWB)	128.00	155.00	188.00	215.00	246.00

**Notes:**

1. For demurrage charges on export/ Import cargo the free period shall be as per the Govt. of India Orders issued in this regard, from time to time.
2. Consignments of Human Remains, Coffins including unaccompanied Baggage of deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
3. The charges will be levied on "Gross 'Weight'" or "Chargeable Weight" whichever is higher. Wherever there is a misdeclaration of the Gross or chargeable weight on the AWB, the actual Cross weight or Actual Chargeable weight will be used for the charges whichever is higher.
4. Storage Charges
  - a. Export Cargo-Free period shall be 12 hours, for completion of customs clearance process by Shippers on 'Per Kg Per day', or as per the Govt. of India Orders issued in this regard, from time to time.
  - b. Import Cargo-Free period shall be 48 hours, or as per the Govt. of India Orders issued in this regard, from time to time, from the time of segregation of flight. For the next 48 hours demurrage will be charged at 'Per Kg Per Day" on non-cumulative basis provided the consignment is cleared within 96 hours. If the clearance is affected after 96 hours (from the date of segregation) demurrage will accrue for the entire period from the Actual time of Segregation.
5. 50% of General Cargo charges will be applicable to newspaper (Daily) TV Reels. Applicable to per kilo charge only.
6. All bills will be rounded to the next INR 1.
7. VAL Cargo consists of Gold Bullion, Currency Notes, Shares, Share Coupons, Traveler's Cheque, Diamonds (including Diamonds for industrial use), Diamond Jewelry, Watches made of silver, Gold, Platinum, and items valued at USD. 1000/KG and above.
8. Special Cargo consist of Live animals and Day-old chicks.
9. For consolidation of TSP Cargo- TSP charges will be levied to all types of cargo, in addition to Transshipment charges mentioned above. Demurrage Charges for the free period may be considered to be governed as per the instruction of Govt. of India issued from time to time.
10. The tariff rates indicated above are maximum rates to be charged to users.
11. All statutory taxes levied by government will be charged extra.
12. Complete shipment should be physically available prior to payment of TSP charges.

**(IV) Tariff Rates for Domestic Cargo Handling Services payable by Airlines.**

**(A) DOMESTIC OUTBOUND CARGO HANDLING SERVICES.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>Palletization/unitization/Bulk Cargo Handling.</b>						
a.	General	(Per Kg)	1.46	1.77	2.14	2.44	2.79
		Minimum/ consignment	380.00	460.00	557.00	635.00	724.00
2	X-ray charges (Screening and Certification Charges)	(Per Kg)	2.59	3.13	3.79	4.32	4.93
		Minimum/ consignment	184.00	223.00	270.00	308.00	352.00
3	Courier/Express Handling Charges	(Per Kg)	1.46	1.77	2.14	2.44	2.79
		Minimum/ consignment	380.00	460.00	557.00	635.00	724.00

**(B) DOMESTIC INBOUND CARGO HANDLING SERVICES.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
1	<b>De-Palletization/De-unitization/Bulk Cargo Handling.</b>						
a.	General	(Per Kg)	1.46	1.77	2.14	2.44	2.79
		Minimum/ consignment	159.00	193.00	234.00	267.00	305.00
b.	Special	(Per Kg)	2.81	3.40	4.11	4.69	5.34
		Minimum/ consignment	255.00	309.00	374.00	427.00	487.00
2	Courier/Express Handling Charges	(Per Kg)	1.46	1.77	2.14	2.44	2.79
		Minimum/ consignment	380.00	460.00	557.00	635.00	724.00

**Notes:**

1. For demurrage charges on export/ Import cargo the free period shall be governed as per the instructions of Govt of India issued from time to time.
2. The tariff rates indicated above are maximum rates to be charged to users.
3. All statutory taxes as per government norms will be charged extra.

**(V) Tariff Rates for Transshipment Cargo Handling Services.**

**(A) TRANSSHIPMENT CARGO HANDLING SERVICES PAYABLE BY AIRLINES**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>Domestic to Domestic</b>						
a.	General	(Per Kg)	2.54	3.07	3.72	4.24	4.83
		Minimum/ consignment	204.00	247.00	299.00	341.00	389.00
b.	Special	(Per Kg)	2.54	3.07	3.72	4.24	4.83
		Minimum/ consignment	204.00	247.00	299.00	341.00	389.00
c.	Documentation Fee*	(Per AWB)	162.75	170.89	179.43	188.40	197.82
<b>2</b>	<b>International to International</b>						
a.	General	(Per Kg)	3.17	3.65	4.12	4.54	4.99
		Minimum/ consignment	218.00	251.00	284.00	313.00	345.00
b.	Valuable/ Dangerous	(Per Kg)	3.17	3.65	4.12	4.54	4.99
		Minimum/ consignment	419.00	482.00	545.00	600.00	660.00
c.	Documentation Fee*	(Per AWB)	162.75	170.89	179.43	188.40	197.82
<b>3</b>	<b>International to Domestic and Domestic to International</b>						
a.	General	(Per Kg)	3.17	3.65	4.12	4.54	4.99
		Minimum/ consignment	218.00	251.00	284.00	313.00	345.00
b.	Special	(Per Kg)	3.17	3.65	4.12	4.54	4.99
		Minimum/ consignment	419.00	482.00	545.00	600.00	660.00
c.	Documentation Fee*	(Per AWB)	162.75	170.89	179.43	188.40	197.82

**(B) Tariff Rates for Transshipment Cargo Handling Services payable by Freight Forwarders/Agents/Shippers/Consignees-Land side - Export and Imports.**

(Rates in INR)

Sno.	Service	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>1</b>	<b>International to Domestic &amp; Domestic to International</b>						
a.	General	(Per Kg)	2.28	2.62	2.96	3.25	3.58
		Minimum/ consignment	151.00	174.00	197.00	217.00	239.00
b.	Valuable/ Dangerous	(Per Kg)	2.28	2.62	2.96	3.25	3.58
		Minimum/ consignment	285.00	328.00	371.00	409.00	450.00
c.	Documentation Fee*	(Per AWB)	110.25	115.76	121.55	127.63	134.01

**Notes:**

1. The tariff rates indicated above are maximum rates to be charged to users.
2. All statutory taxes as per government norms will be charged extra.
3. Year on Year 5% increase is considered for Documentation Fees.

## **(VI) Tariff Rates for Miscellaneous Cargo Handling Services payable by Airlines.**

(Rates in INR)

<b>Sno.</b>	<b>Service</b>	<b>Unit</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>FY 2027-28</b>
<b>1</b>	<b>International cargo handling.</b>						
a.	Plastic Sheets	Per Sheet (20 x 40)	600.00	690.00	780.00	858.00	944.00
b.	Shrink Wraps	Per Roll (50 cm width) (4.5 Kg one roll)	2000.00	2300.00	2599.00	2859.00	3145.00
c.	Wooden Crates	Per Unit (80x80x120 cm Height x Length x Breadth of Each Wooden Crate)	1600.00	1840.00	2080.00	2288.00	2517.00
d.	Security Escort Services	Per ULD	1656.00	1905.00	2153.00	2369.00	2606.00
e.	Dangerous Goods Certification	Per Check list	920.00	1058.00	1195.54	1315.09	1446.60
f.	EGM/IGM Service Charges	Per Flight	1150.00	1322.50	1494.43	1643.87	1808.25
g.	Label Scanning Charges	Per Piece	2.30	2.65	2.99	3.29	3.62
h.	Handling Charges for Active and Passive Temperature Control Unit/Envirotainer (per container)	Per Unit/Per ULD	1836.00	2111.40	2385.88	2624.47	2886.92
<b>2</b>	<b>Domestic Cargo handling.</b>						
a.	Plastic Sheets	Per Sheet (20 x 40)	600.00	726.00	879.00	1003.00	1144.00
b.	Shrink Wraps	Per Roll (50 cm width) (4.5 Kg one roll)	2000.00	2420.00	2929.00	3340.00	3808.00
c.	Wooden Crates	Per skid (80x80x120 cm Height x Length x Breadth of Each Wooden Crate)	1600.00	1936.00	2343.00	2672.00	3047.00
d.	Security Escort Services	Per ULD	1656.00	2004.00	2425.00	2765.00	3153.00
e.	Dangerous Goods Certification	Per Check list	968.00	1171.28	1417.25	1615.66	1841.86
f.	AWB Thermal Label Printing	Per Piece	1.21	1.46	1.77	2.02	2.30

### **Notes:**

- 1. The tariff rates indicated above are maximum rates to be charged to users.*
- 2. All statutory taxes as per government norms will be charged extra.*