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परामर्श पत्र संख्या 10/2023-24/

Consultation Paper No. 10/2023-24



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

मैसर्स केरल स्टेट इंडीस्ट्रियल इंटरप्राइजेज लिमिटेड (केएसआईईएल) के संबंध में कालीकट अंतरराष्ट्रीय हवाईअड्डा, कोझीकोड में कार्गो हैंडलिंग सेवाओं के लिए तृतीय नियंत्रण अवधि (वित्त वर्ष 2021-22 से वित्त वर्ष 2025-26) के लिए टैरिफ निर्धारित करने के मामले में/

IN THE MATTER OF
DETERMINATION OF TARIFF FOR CARGO HANDLING SERVICES FOR
M/s KERALA STATE INDUSTRIAL ENTERPRISES LTD. (KSIEL) AT
CALICUT INTERNATIONAL AIRPORT, KOZHIKODE FOR
THE THIRD CONTROL PERIOD
(FY 2021-22 to FY 2025-26)

जारी करने की तारीख : 23.08.2023

Date of Issue: 23.08.2023

ऐरा भवन/ AERA BUILDING
प्रशासनिक कॉम्प्लेक्स/ ADMINISTRATIVE COMPLEX
सफदरजंग हवाईअड्डा/ SAFDARJUNG AIRPORT
नई दिल्ली – 110003/ 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 Kerala State Industrial Enterprises Limited (KSIEL) in respect of the Cargo Handling Services being provided by the KSIEL at Calicut International Airport, Kozhikode. 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. 10/2023-24 dated 23.08.2023 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)
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Last Date for submission of Stakeholders' comments	13.09.2023
Last Date for submission of counter comments	20.09.2023

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

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

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION	6
CHAPTER 2: PRINCIPLES FOR DETERMINATION OF “AERONAUTICAL TARIFF”	8
CHAPTER 3: CARGO VOLUME PROJECTION	10
CHAPTER 4: CAPITAL EXPENDITURE (CAPEX) REGULATORY ASSET BASE (RAB) AND DEPRECIATION.....	13
CHAPTER 5: OPERATING & MAINTENANCE EXPENDITURE.....	19
CHAPTER 6: AIR FREIGHT STATION (AFS)	25
CHAPTER 7: AGGREGATE REVENUE REQUIREMENT (ARR).....	28
CHAPTER 8: REVENUE FROM OPERATIONS, PROFITABILITY & TAXATION.....	30
CHAPTER 9: SUMMARY OF AUTHORITY’S PROPOSALS.....	33
CHAPTER 10: STAKEHOLDERS’ CONSULTATION	34
ANNEXURE-I TARIFF RATE CARD FOR THE THIRD CONTROL PERIOD PROPOSED BY KSIEL, FOR THE CARGO HANDLING SERVICES AT CALICUT INTERNATIONAL AIRPORT, KOZHIKODE.....	35
ANNEXURE-II TARIFF RATE CARD PROPOSED BY AERA FOR CARGO HANDLING SERVICES IN RESPECT OF KSIEL AT CALICUT INTERNATIONAL AIRPORT, KOZHIKODE IN RESPECT OF THE THIRD CONTROL PERIOD FOR STAKEHOLDERS’ CONSULTATION	41

List of Tables

Sr. No.	Particulars	Page No.
1	Shareholding Structure of KSIEL.	6
2	International Cargo volumes handled by KSIEL at Calicut Airport during the Second Control Period.	10
3	Cargo Volumes Projected (Cargo to be handled by KSIEL) at Calicut Airport for the Third Control Period.	10
4	Capital expenditure proposed by the KSIEL for the 3 rd Control Period.	13
5	Capital expenditure proposed to be considered by the Authority for the 3 rd Control Period.	15
6	Depreciation proposed by KSIEL for Third Control Period.	16
7	Depreciation proposed to be considered by the Authority for KSIEL for the 3 rd Control Period.	16
8	RAB for the Third Control Period submitted by KSIEL.	17
9	RAB proposed to be considered by the Authority for KSIEL in respect of the Third Control Period.	17
10	Operating & Maintenance Expenditure projected by KSIEL for the Third Control Period.	19
11	Computation of Revenue Share payable to AAICLAS as per the Authority for the Third Control Period.	22
12	Comparison of O&M expenditure before & after obtaining RA status by the KSIEL.	22
13	OPEX proposed to be considered for the ISP by the Authority in respect of the Third Control Period.	23
14	TSP Charges for Export Cargo in respect of AFS proposed by the KSIEL.	26
15	TSP Charges for Import Cargo in respect of AFS proposed by the KSIEL.	26
16	Aggregate Revenue Requirement submitted by KSIEL for the Third Control Period.	28
17	ARR proposed to be considered by the Authority for KSIEL for the Third Control Period.	29
18	Revenue Projected by KSIEL the Third Control Period at the prevailing Tariff.	30
19	Percentage increase in Tariff rates proposed by KSIEL for the Third Control Period.	30
20	Profitability Statement submitted by the KSIEL (after proposed tariff increase) for the Third Control Period.	30
21	Projected Profitability computed by the Authority in respect of KSIEL (after proposed Tariff increase) for the Third Control Period.	32

List of Abbreviations

AAICLAS	AAI Cargo Logistics and Allied Services Company Limited
ACC	Air Cargo Complex
ACS	Annual Compliance Statement
AERA/ AUTHORITY	Airports Economic Regulatory Authority of India
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Proposal
BCAS	Bureau of Civil Aviation Security
CACC	Calicut Air Cargo Complex
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CCJ	Calicut International Airport
CGF	Cargo Facility, Ground Handling & Supply of Fuel to the Aircraft
CHQ	Central Headquarter
CPI	Consumer Price Index
CUDCT	Common User Domestic Air Cargo Terminal
HQ	Headquarter
ISP	Independent Service Provider
KSIEL	Kerala State Industrial Enterprises Limited.
MoU	Memorandum of Understanding
MYTP	Multi-Year Tariff Proposal
MT	Metric Ton
NCAP	National Civil Aviation Policy
OPEX	Operating Expenditure
O&M	Operation and Maintenance
PAT	Profit After Tax
PBT	Profit Before Tax
PSU	Public Sector Undertaking
RA	Regulated Agent
RAB	Regulatory Asset Base
YoY	Year on Year

CHAPTER 1: INTRODUCTION

- 1.1 Kerala State Industrial Enterprises Limited (KSIEL) is a State Public Sector Undertaking (PSU) owned by the Kerala Government and was incorporated on 25th January, 1973. KSIEL has been operating the Air Cargo Complex (ACC) at Calicut since 1995 and has been appointed as the Custodian of Calicut Air Cargo Complex (CACC), both for Import and Export Cargo by the Commissioner of Customs.
- 1.2 KSIEL acquired 4.18 acres of land adjacent to Calicut Airport, for constructing a new Air Cargo Complex in the year 1999 at a total cost of ₹ 500 lakhs and started full-fledged cargo operations (both import and export) from the new Air Cargo Complex (ACC). Earlier, KSIEL was operating Common User Domestic Air Cargo Terminal (CUDCT) facilities from the Calicut International Airport (CCJ), Kozhikode.
- 1.3 M/s KSIEL signed a Memorandum of Understanding (MoU) with AAI Cargo Logistics and Allied Services Company Limited (AAICLAS) for provision of Export Cargo Handling Services at Calicut International Airport, valid up to 16.08.2023. KSIEL, vide mail dated 08.05.2023 submitted that they are in the process of renewal of MoU with AAICLAS/AAI for further continuation of the Cargo Handling Services at CCJ, Kozhikode.
- 1.4 From 01.06.2023 onward, after obtaining the status of Regulated Agent (RA) Facility, ISP has commenced RA related Services at the ACC, Calicut International Airport, Kozhikode.
- 1.5 The shareholding structure of the KSIEL is given as below:

Table-1: Shareholding Structure of KSIEL.

Name of Shareholder	Equity Holding (%)
M/s Kerala State Industrial Enterprises Limited	100.00
TOTAL	100.00

- 1.6 Brief of the past Tariff approvals:
- (i) The Authority, vide Order No. 34/ 2017-18 dated 10.01.2018 approved the tariff in respect of M/s Kerala State Industrial Enterprises Limited (KSIEL) providing Cargo handling services at Calicut International Airport under “Light Touch Approach” for the first three years of the second control period. Thereafter, the Authority, vide Order No. 01/ 2020-21 dated 03.04.2020 approved Tariffs for the 4th and 5th tariff year of the Second Control Period. Subsequently, the Authority extended the tariff prevailing as on 31.03.2021 up to 30.09.2023, vide various interim orders issued by the Authority, from time to time.
- (ii) Subsequent to getting status of RA Facility in respect of its Calicut Cargo Complex, KSIEL vide letter dated 16.05.2023 requested to the Authority for approving Tariff for RA related Services. On request of the ISP, the Authority, vide Addendum to Order No. 42/ 2022-23 dated 23.03.2023, has approved the Ad-hoc Tariff up to 30.09.2023 for Regulated Agent (RA) related services in respect of KSIEL at Calicut International Airport.
- 1.7 As per the provisions of the Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft (CGF) AERA Guidelines, 2011, M/s KSIEL vide its letter dated 25.02.2023, submitted Multi-year Tariff

Proposal (MYTP) to the Authority for determination of Tariff for the period from FY 2021-22 to FY 2025-26, along with the following documents:

- a) Annual Tariff Proposal (ATP) Forms as per AERA guidelines.
- b) Memorandum of Understanding (MoU) between Kerala State Industrial Enterprises Limited (KSIEL) & AAI Cargo logistics and Allied Services Limited (AAICLAS)
- c) Minutes of the Meeting with Stakeholders.

1.8 The Authority, after initial scrutiny of the MYTP/ ATP submissions of KSIEL observed many shortcomings/ information gaps. The matter was discussed with the ISP several times over telephonic discussions / online meetings & requisite information / clarifications were sought from the service provider. Subsequently, in light of AERA's queries/observations, KSIEL vide letter dated 04.08.2023 submitted updated MYTP to the Authority.

In the updated MYTP, KSIEL incorporated the actual figures for FY 2021-22 & FY 2022-23 and proposed following % increase in the Tariffs for the FY 2023-24 to FY 2025-26 of the Third Control Period.

Financial Years	FY 2023-24	FY 2024-25	FY 2025-26
% Tariff Increase	25%	15%	10%

1.9 The Authority observes that even in the updated MYTP, there are some inconsistencies in financial figures/ data, particularly related to projected Cargo Volumes, Revenue (at prevailing tariff), Fair Rate of Return (FRoR) calculation, Revenue share payable to AAICLAS, etc. in respect of the Third Control Period.

1.10 However, in order to avoid delay in determination of regular tariff for the ISP, the Authority decided to issue Consultation Paper, considering the available information/data, for Stakeholders' Consultation.

CHAPTER 2: PRINCIPLES FOR DETERMINATION OF “AERONAUTICAL TARIFF”

- 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:

Materiality Assessment (MI_c):

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

$$\begin{aligned} \text{The Materiality Index for Calicut Airport} &= 28179/3235774 \times 100 \\ &= 0.87\% \end{aligned}$$

The percentage share of Cargo volume at Calicut International Airport, Kozhikode in respect of the FY 2019-20 (pre-Covid year) is 0.87%, which is lower than Materiality Index (MI_c) of 2.5% for the regulated service (Cargo Handling Services). Hence, the regulated service is deemed as “**Not Material**” at Calicut Airport during the Third Control Period.

- 2.3 The Authority notes from the ISP submission that Kerala State Industrial Enterprises Ltd. is the only service provider at Calicut International Airport, rendering International Cargo Handling Services.
- 2.4 As per the clause 3.2 (i) of the CGF Guidelines, wherever the Regulated Service provided is ‘Not Material’, 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 Tariff in respect of Cargo Handling Services (regulated services) provided by KSIEL at Calicut airport, Kozhikode, under the “Light Touch Approach” during the Third Control Period.
- 2.5 The Tariff for the ISP in the instant proposal is being determined under the “Light Touch Approach” in accordance with CGF Guidelines. It is pertinent to mention that even in the light touch approach, the Authority examines regulatory building blocks & underlying assumptions/ basis thereof, including projections relating to Revenues, OPEX, Traffic Volumes, etc. considered by the ISP. The Authority considers all the relevant aspects of the proposal to ensure that regulatory building blocks proposed by the service provider are reasonable and there are no undue gains accruing to the Service Provider, at the cost of higher Tariffs for the end users.

Accordingly, in order to assess the reasonability of various building blocks, including tariff increase sought by the service provider, additional details/ clarifications etc. on the various aspects of the proposal are sought from the ISP, in accordance with the provisions of CGF Guidelines and under the Section 13 (e) of the AREA Act, 2008.

- 2.6 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.
- 2.7 The Authority notes that the KSIEL conducted the separate Stakeholders' Consultation Meeting with the representatives of Airlines & Exporters association on 30.01.2023 and has submitted the Minutes of Meetings (MoM) to the Authority. As per the MoM, the representatives of Calicut Exporters Association, Air India Express, Flynas Cargo, Oman Air Cargo, Indigo Cargo, Gulf Air Cargo and Air Arabia Abu Dhabi participated in the Consultation Meeting.
- 2.8 From the MoM, the Authority notes that ISP explained to the stakeholders, the BCAS requirement to convert its CUDCT facility at Calicut airport into Regulated Agent (RA) facility. Accordingly, KSIEL included the tariff of RA related additional services in its MYTP and also discussed the proposed tariff with the stakeholders in the meeting. As per the ISP submission, the exporters agreed for the revision of tariff pertaining to their area of operations. However, the representatives of airlines informed that they will give their feedback after getting the same vetted by their Headquarters. ISP further submitted that based on Airlines feedback and the feasibility of operations and competitiveness, they have considered the request of the Airlines and revised its proposed Screening and Certification Charges from ₹ 4.00 per kg. to ₹ 2.25 per kg. and X-Ray machine charges from ₹ 2.00 per kg. to ₹ 1.75 per kg.
- 2.9 **Authority's Proposal regarding principles for determination of the Tariff for Aeronautical Services in for the Third Control Period.**
- 2.9.1 Based on the material before it and its analysis, the Authority proposes to determine the Tariffs for the Cargo Handling Services provided by KSIEL at CCJ, Kozhikode, for the Third Control Period, under the '**Light Touch Approach**'.

CHAPTER 3: CARGO VOLUME PROJECTION

3.1 KSIEL submission on Cargo Volume Projection for the Third Control Period.

3.1.1 KSIEL, as part of its MYTP, submitted the actual International Cargo volume handled by KSIEL at Calicut Airport during the 2nd Control Period as under:

Table 2: International Cargo volumes handled by KSIEL at Calicut Airport during the Second Control Period.

(Volume in MT)

Financial Year	Export	Import	Total	YoY % change		
				Export	Import	Total
2016-17	13167	1585	14752	–	–	–
2017-18	17782	1682	19464	35.05%	6.12%	31.94%
2018-19	15977	3747	19724	-10.15%	122.77%	1.34%
2019-20	24555	4114	28669	53.69%	9.79%	45.35%
2020-21	10039	705	10744	-59.12%	-82.86%	-62.52%

3.1.2 The Cargo Volume projected by KSIEL (Cargo to be handled by ISP) for Third Control Period is given below:

Table 3: Cargo Volumes Projected (Cargo to be handled by KSIEL) at Calicut Airport for the Third Control Period.

(Volume in MT)

Financial Year	Export	Import	Total	YoY % change		
				Export	Import	Total
2021-22*	16438	2485	18923	–	–	–
2022-23*	17311	2142	19453	5.31%	-13.80%	2.80%
2023-24	15600	1652	17252	-9.88%	-22.97%	-11.32%
2024-25	16000	1700	17700	2.56%	3.03%	2.61%
2025-26	16500	1700	18200	3.13%	0.00%	2.82%

*Actual Cargo Volume handled.

3.1.3 As per the KSIEL submission, their Cargo volume projection for FY 2023-24 is based on the actual Cargo volume handled during First quarter of FY 2023-24 (April 2023 to June 2023).

ISP further submitted that they are handling two types of Export Cargo at CCJ, Kozhikode:

- (i) **Perishable Cargo-** Fresh vegetables, fruits, fish and meat, flowers etc. are the major perishable cargo moving from Calicut airport to Middle East Countries. Major vegetables/fruits handled at Calicut Airport are Bitter Gourd, long beans, curry leaves, Banana etc.
- (ii) **Non-Perishable Cargo:** Engineering products, ready-made garment, spices etc., are some non-perishables Cargo exported from the CCJ, Kozhikode and around 5% of the total export cargo constitutes non-perishable cargo.

Similarly, two types of Import Cargo are broadly handled by KSIEL at CCJ, Kozhikode:

- (i) **Unaccompanied Baggage or Personal effects:** 98% import cargo constitute of personal effects handled at CACC.
- (ii) **Commercial Cargo:** Only 2% import cargo constitute of garments and other items of commercial use.

3.2 **Authority's Examination on Cargo Volumes projections in respect of KSIEL for the Third Control Period:**

3.2.1 The Authority notes that the historical cargo volumes handled at Calicut airport during the Second Control Period is not showing a clear trend in the cargo volume growth. It is observed that from FY 2017-18 to FY 2019-20, total cargo volumes increased by 31.94%, 1.34% & 45.35% on yearly basis. Thereafter, in FY 2020-21 Cargo Volume decreased by 62.52% due to the Covid-19 Pandemic.

The Authority observes that total cargo volumes during Second Control Period increased at CAGR of 24.79% from FY 2016-17 to FY 2019-20, before Covid pandemic.

3.2.2 The Authority further notes from KSIEL submission that ISP handled 18923 MT & 19453 MT of Cargo Volumes in FY 2021-22 and FY 2022-23 respectively; however, as per AAI website, Calicut airport had handled 10544 MT & 14523 MT of Cargo Volumes during FY 2021-22 & FY 2022-23. In this regard, in response to AERA query, ISP, vide letter dated 01.08.2023 (received from Cargo Head, KSIEL via email dated 01.08.2023) submitted that Cargo Volume figures submitted by KSIEL are correct and they had paid applicable Revenue Share to the AAICLAS, accordingly. It is pertinent to note that the actual cargo volume figures for first two tariff years of the current control period are significantly higher than the figures available at AAI website for Calicut Airport pertaining to FY 2021-22 & FY 2022-23.

In view of the specific confirmation by the ISP regarding correctness of the cargo volumes handled by the ISP during first two tariff years of the current Control Period, the Authority proposes to consider cargo volumes figures for FY 2021-22 & FY 2022-23 as submitted by the ISP.

The Authority notes that for FY 2023-24, KSIEL has proposed 11.32% decrease in the Cargo Volumes, based on the actual volumes handled in the first quarter of FY 2023-24 (April, 2023 to June, 2023). For FY 2024-25 & FY 2025-26, ISP has proposed marginal increase of 2.61% & 2.82% in the Cargo Volumes respectively. As per the ISP submission, while proposing the Cargo Volumes for the remaining tariff years of the Control Period, they have considered the market conditions, current cargo volume growth trend and expected stagnation in the volumes of perishable goods, export as well as import cargo, from the U.S.A in the near future.

3.2.3 It is observed that for last two tariff years of the Control Period, ISP has projected nominal increase in cargo volumes; however, considering that there is no clear historical trend for cargo volume growth at Calicut Airport, the Authority proposes to consider projected volumes for last two tariff years as submitted by the ISP.

3.2.4 Accordingly, the Authority, taking note of the actual cargo volumes handled by the ISP during first two tariff years of the Third Control Period & considering the actual statistics of cargo volumes for 1st Quarter of current FY pertaining to Calicut airport as per the ISP's submission, proposes to adopt projected cargo volumes for the Third Control Period as submitted by the ISP.

3.3 **Authority's Proposal regarding Cargo Volume for the 3rd Control Period:**

3.3.1 Based on the material before it and based on its analysis, the Authority proposes to consider the Cargo Volume projected by KSIEL for the Third Control Period as per Table 3.

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

4.1 KSIEL submission on Capital Expenditure for the Third Control Period.

4.1.1 KSIEL projected a total Capital Expenditure (CAPEX) of ₹ 241.78 Lakhs towards augmentation of its facilities during the Third Control Period (FY 2021-22 to FY 2025-26). The details of Capital Expenditure projected by KSIEL for Third Control Period is given below:

Table 4: Capital expenditure proposed by the KSIEL for the 3rd Control Period.

(₹ in Lakhs)

Assets	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Other Buildings	-	1.20	70.00	30.00	-	101.20
Computers	-	-	1.80	4.00	-	5.80
Machinery	-	-	-	-	-	-
Office Furniture	-	-	1.00	-	-	1.00
Elect Installation	0.48	2.79	13.00	2.00	-	18.27
Office Equipment	1.23	0.08	11.20	3.00	-	15.51
X- Ray machines	-	-	100.00	-	-	100.00
Total	1.71	4.07	197.00	39.00	-	241.78

*Actual Figures (unaudited)

4.1.2 Out of the total CAPEX of ₹ 241.78 lakhs proposed for the Third Control Period, major portion of capital expenditure (₹ 201.20 lakhs) has been earmarked by the ISP on the Works pertaining to ‘Other Buildings’ and procurement of X-Ray Machine.

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

- (i) **Purchase of new X- Ray machine** – KSIEL submitted that as per the BCAS directions, KSIEL has to convert its CUDCT facility into the Regulated Agent Facility. Accordingly, after getting the RA status, the new segments of activities are required to be performed and same has been considered while proposing CAPEX for the Third Control Period. After the grant of RA status, all the activities inside the cargo terminal will be controlled and executed by the KSIEL, including screening and certification of the Cargo, Loading and Unloading, stuffing etc. Accordingly, ISP proposed CAPEX of ₹ 100 Lakhs for procurement of 01 no. of big tunnel size X-ray machine in FY 2023-24.
- (ii) **Purchase of others Cargo Handling Equipment** – For converting CUDCT facility into RA facility, ISP also required new cargo handling equipment like Forklifts, Trolleys, Hydraulic Pallet Trucks, etc. for handling the additional Cargo Services.

(iii) **Construction/Renovation of the rooms** – ISP further submitted that there is a need for construction/renovation of rooms for handling Dangerous and Valuable Cargo, including upgradation of the Surveillance system at export cargo terminal.

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

4.2.1 The Authority observes that ISP has proposed to incur major portion of the projected CAPEX (amounting to ₹ 241.78 lakhs) during FY 2023-24 & FY 2024-25.

4.2.2 The Authority notes that KSIEL has proposed ₹ 201.20 lakhs, almost 83% of the proposed CAPEX for the Control Period, under the following two categories:

- (i) Works relating to Others Buildings.
- (ii) Purchase of X-Ray machine.

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

4.2.3 The Authority notes that KSIEL is converting its CUDCT facility into the Regulated Agent Facility in compliance of BCAS directions. Consequently, ISP is undertaking modification/ upgradation works in the existing Air Cargo Complex (ACC) for handling Dangerous Cargo and Valuable Cargo Goods etc. KSIEL has proposed ₹ 101.20 lakhs and ₹ 18.27 lakhs for Civil Works and Electrical Works respectively during the current Control Period. In this regard, ISP submitted that KSIEL own engineering division is doing the estimation and supervision of the Civil Works, therefore, no consultancy and IDP cost is involved in the projected costs pertaining to Civil Works.

4.2.4 In its initial MYTP, KSIEL proposed Capex of ₹ 176.70 lakhs for FY 2022-23. In response to AERA query relating to status of the actual CAPEX done in FY 2022-23, ISP vide mail dated 06.07.2023 submitted that the CAPEX proposed in FY 2022-23 could not be executed in that year due to the delay in the process of security vetting by the BCAS. ISP informed that they are in the process of floating tenders for the Civil Works and purchase of Equipment as mentioned above. From the ISP's submission, it is noted that during FY 2022-23, ISP had incurred just ₹ 1.20 lakhs for Civil Works & ₹ 2.79 lakhs for Electrical Works. As per the service provider, remaining CAPEX pertaining to the Civil & Electrical Works and purchase of cargo handling equipment will now be executed and capitalized in FY 2023-24 / FY 2024-25 of the Control Period.

4.2.5 The Authority observes that consequent to getting the status of RA Facility at Calicut Airport, ISP is installing 1 no. additional X-Ray screening machine for screening and certification of the Cargo at an estimated cost of Rs 1.00 crore. In this regard, the Authority sought clarification from the KSIEL regarding the requirement of 1 no. additional big tunnel size X-Ray screening machine, considering that ISP is already having 2 nos. X-Ray screening machines. Further, service provider was asked to furnish the supporting documents towards estimated cost in respect of the 1 no. new X-Ray machine under procurement.

4.2.6 KSIEL, vide email dated 18th August, 2023 submitted that additional 1 no. big tunnel size X-ray screening machine is required for screening of big size/ odd size Cargo. ISP informed that in the absence of big tunnel size X-ray screening machine, they are forced to go in for open examination by

Customs officials, which causes lot of inconvenience to Exports/ Airlines. KSIEL, further submitted that the absence of X-ray screening machine of required size/ specifications, sometimes cause redirecting of such cargo to other Ports. Hence, in order to overcome the limitations of screening big size cargo, new X-ray machine capable of screening big size/ odd size cargo is required.

The ISP, also submitted a copy of quotation from ECIL- Rapiscan Ltd. amounting to Rs. 96,99,600/- (including of GST @ 18%) as a supporting document towards the estimated cost of 1 no. new x-ray screening machine.

4.2.7 The Authority observes that the estimated cost of X-ray screening machine includes GST component of Rs. 14,79,600/-. In this regard, the Authority advises the ISP to avail the GST Input Tax Credit available on the procurement of new machine and capitalize the new X-ray screening machine excluding of GST. Accordingly, the Authority proposes to consider the cost of 1 no. new X-Ray Screening Machine (excluding of GST) at Rs. 82,20,000/- as against Rs. 1,00,00,000/- (including of GST) proposed by the service provider.

4.2.8 The Authority also observes that KSIEL is procuring other cargo handling equipment, such as Forklifts, Trolleys, Hydraulic Pallet Trucks, etc. which are used for handling cargo, including provision of RA related facilities.

4.2.9 From the above, the Authority notes that the CAPEX proposed by the ISP is mainly towards converting the existing CUDCT facility into RA Facility. The proposed CAPEX will help the ISP in providing secure cargo handling services as per security norms and to provide better cargo handling facilities to the users.

4.2.10 On the basis of above analysis and considering the clarifications/justifications submitted by KSIEL, the Authority proposes to consider CAPEX for the Third Control Period as per the Table below:

Table 5: Capital expenditure proposed to be considered by the Authority for the 3rd Control Period.

(₹ in Lakhs)

Assets	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Other Buildings	-	1.20	70.00	30.00	-	101.20
Computers	-	-	1.80	4.00	-	5.80
Machinery	-	-	-	-	-	-
Office Furniture	-	-	1.00	-	-	1.00
Elect Installation	0.48	2.79	13.00	2.00	-	18.27
Office Equipment	1.23	0.08	11.20	3.00	-	15.51
X- Ray machines	-	-	82.20	-	-	82.20
Total	1.71	4.07	179.20	39.00	-	223.98

*Actual Figures (unaudited).

4.3 KSIEL submission on Depreciation for the Third Control Period:

4.3.1 KSIEL has computed the Depreciation for the Third Control Period as given in Table below:

Table 6: Depreciation proposed by KSIEL for Third Control Period.

(₹ in Lakhs)

Particulars of the Assets	Depreciation					
	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Other Buildings	12.65	12.69	13.86	15.52	16.02	70.74
Computers	0.10	0.00	1.70	2.66	1.43	5.89
Machinery	0.02	0.02	0.02	0.02	0.02	0.10
Tools & Plants	0.36	0.36	0.36	0.28	0.36	1.72
Office Furniture	0.79	0.79	0.86	0.33	0.00	2.77
Electrical installations	3.55	3.63	4.28	5.03	5.13	21.62
Office Equipment	15.90	16.12	17.23	11.58	0.00	60.83
X-Ray Machines	0.08	0.08	6.75	6.75	6.75	20.41
Total	33.45	33.69	45.06	42.18	29.71	184.08

*Actual Figures (unaudited)

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

4.4.1 The Authority observes that in its initial MYTP submission, KSIEL computed the depreciation as per the Written Down Value (WDV) method and had considered the depreciation rates & useful Life of Assets for some of the Asset Classes, which were not consistent with AERA Order no. 35/ 2017-18. The Authority, accordingly, asked the ISP to review the useful life of the assets & Depreciation rates and submit the revised calculations of Depreciation. In its revised submission, KSIEL has claimed ₹ 184.08 lakhs as depreciation for the Third Control Period.

4.4.2 The Authority further notes that ISP has considered full year's depreciation on the most of the assets during the year of capitalization. However, the Authority following its consistent approach towards depreciation during the year of capitalization, has computed the depreciation @ 50% of full year's depreciation in the year of capitalization (assuming capitalization of Assets in the middle of the financial year). The Authority, considering the CAPEX as per Table 5, proposes to adopt Depreciation for the ISP in respect of the Third Control Period as per Table given below:

Table 7: Depreciation proposed to be considered by the Authority for KSIEL for the 3rd Control Period.

(₹ in Lakhs)

Particulars of Assets	Depreciation					
	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Other Buildings	12.65	12.69	13.90	15.56	16.06	70.86
Computers	0.10	0.00	0.30	1.27	1.93	3.60

Machinery	0.02	0.02	0.02	0.02	0.02	0.08
Tools & Plants	0.36	0.36	0.36	0.28	0.28	1.64
Office Furniture	0.79	0.79	0.82	0.26	0.26	2.92
Electrical installations	3.55	3.63	3.63	4.38	4.48	19.47
Office Equipment	15.90	16.12	16.11	11.28	2.84	62.45
X-Ray Machines	0.08	0.08	2.82	5.56	5.56	14.11
Total	33.45	33.69	37.94	38.61	31.43	175.12

*Actual figures (unaudited)

4.5 KSIEL submissions on Regulatory Asset Base (RAB):

KSIEL submitted the Opening, Closing and Average RAB for the 3rd Control Period as per the Table given below:

Table 8: RAB for the Third Control Period submitted by KSIEL.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23 *	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB	576.40	544.66	515.05	670.32	667.06	
+ Additions	1.71	4.07	197.00	39.00	0.00	241.78
(-) Disposals	0.00	0.00	0.00	0.00	0.00	0.00
(-) Depreciation	33.45	33.68	45.06	42.18	29.71	184.08
Closing RAB	544.66	515.05	670.32	667.06	637.35	
Average RAB	560.53	529.86	592.68	668.69	652.21	

*Actual Figures (unaudited)

4.6 Authority's Examination on the Regulated Asset Base (RAB)

The Authority, considering proposed Additions to RAB, as discussed in Para 4.2 above and after taking into account the proposed Depreciation as per the Authority (Table 7), proposes to consider Opening RAB, Additions to RAB & Closing RAB for the 3rd Control Period as given in the Table below:

Table 9: RAB proposed to be considered by the Authority for KSIEL in respect of the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB	576.40	544.66	515.05	656.29	656.69	
+ Additions	1.71	4.07	179.20	39.00	0.00	223.98
(-) Disposals	0.00	0.00	0.00	0.00	0.00	0.00
(-) Depreciation	33.45	33.68	37.94	38.61	31.43	175.12
Closing RAB	544.66	515.05	656.29	656.69	625.26	
Average RAB	560.53	529.86	585.67	656.49	640.97	

*Actual Figures (unaudited)

4.7 Authority's Proposals regarding Additions to RAB (CAPEX), Depreciation & Regulatory Asset Base (RAB) for the Third Control Period.

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

4.7.1 To consider Additions to RAB (CAPEX) for the 3rd Control Period as per Table 5.

4.7.2 To consider the Depreciation for the 3rd Control Period as per Table 7.

4.7.3 To consider Average RAB for the 3rd Control Period as per Table 9.

CHAPTER 5: OPERATING & MAINTENANCE EXPENDITURE

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

5.2 Operation and Maintenance Expenditure submitted by KSIEL has been segregated into the following categories:

- a) Payroll Costs;
- b) Admin and other Expenses;
- c) Repair and Maintenance Expenditure;
- d) Utility and Outsourcing Costs;
- e) Other outflows;

5.3 Operating & Maintenance Expenditure projected by KSIEL for the 3rd Control Period is given in the Table below:

Table 10: Operating & Maintenance Expenditure projected by KSIEL for the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Payroll Cost (A)	82.61	116.83	258.77	284.65	313.11	1055.97
Admin & General Expenses (B)	153.14	162.16	192.49	215.40	238.85	962.04
Repair & Maintenance Expenditure (C)	3.37	7.46	8.58	9.86	11.34	40.61
Utility & Outsourcing Costs (D)	9.78	13.32	14.65	16.12	17.73	71.6
Seminar and Training (E)	0.63	0.00	0.00	0.00	0.00	0.63
Other Outflow (Revenue Share payable to AAICLAS) (F)	114.50	121.80	127.89	134.29	141.00	639.48
Total Operation and Maintenance Expenditure (A+B+C+D+E+F)	364.03	421.57	602.38	660.32	722.03	2770.33

**Actual Figures (unaudited)*

5.4 Authority's Examination and Analysis:

5.4.1 The Authority examined the Operating Expenditure provided in Form F3 (P&L) for the Third Control Period and growth rates considered by the ISP in respect of projected OPEX from FY 2022-23 onwards. The Authority's analysis on various components of OPEX is given in the following sections:

5.4.2 **Payroll Cost** – The Authority notes that the ISP has proposed 121% increase in the payroll cost for FY 2023-24 over the previous year. Thereafter, For FY 2024-25 & FY 2025-26 ISP has considered 10% YoY increase in the Payroll Costs.

In response to AERA query regarding steep increase in the projected payroll expenses for FY 2023-24, KSIEL vide email dated 08.05.2023 stated that after getting RA Facility status, they require minimum of 18 nos. of X-Ray Screeners (as per the AVSEC Order no. 11/2015) and other manpower to undertake the X-ray Screening & Certification of Cargo and other allied activities related to RA Facility. Accordingly, ISP proposed a total of 113 numbers of manpower for FY 2023-24, as against the 53 nos. of manpower who were handling the entire Cargo operations in FY2022-23. However, ISP from FY 2024-25 onward proposed no increase in the manpower numbers. From the KSIEL's submission, it is observed that ISP while projecting payroll expenses, as per the industry practice has considered average salary of a cargo screener around ₹ 35000 approx. per month plus perks. However, ISP has engaged warehouse helpers with salary of around ₹ 16000 to 17000 per month. Besides above, KSIEL also hired 06 nos. of professionals to handle the dangerous & valuable goods.

5.4.3 The Authority, vide email dated 18.08.2023 sought further details & justifications for the requirement of additional manpower (other than 18 nos. of X-ray screeners). In response thereto, the KSIEL vide email dated 18.08.2023 submitted that earlier (before RA Facility status) Airlines were doing X-ray screening of Cargo and they were having MoU with Ground Handling Agency (GHA) operating at the airport, whereby GHA was providing the required numbers of workers for handling Cargo during peak hours and odd hours. As per the ISP's estimate, around 50 numbers of porters were available for handling cargo in all the shifts. The ISP further informed that unloading the Cargo from vehicles on the city-side and stacking it in the warehouse were used to be done by the porters paid by Exporters.

The Authority notes from the submission of the KSIEL (email dated 18.08.2023) that apart from 18 nos. of X-ray screeners (required as per BCAS norms), the ISP, as against 50 numbers of workers who used to handle cargo for X-ray screening inside the cargo terminal and porters deployed by the exporters on city-side for unloading of cargo; proposes to deploy a total of 42 numbers of additional manpower viz., 30 nos. of loaders, 6 nos. of professionals for handling dangerous goods and remaining for 6 nos. for other jobs. Thus, after getting a status of RA Facility, the ISP is inducting additional manpower of 60 numbers, including 18 nos. for X-ray screeners.

From the foregoing, the Authority infers that major reason for the projected increase in the payroll costs during FY 2023-24 is induction of additional manpower (60 numbers) for undertaking various activities relating to RA functions, including X-ray screening & handling of Cargo, unloading of cargo from vehicles & stacking the same in the warehouse etc. Apart from increase in manpower numbers, the another factor for the projected increase in payroll expenses is the impact of annual increments in salaries, increase in minimum wages and corresponding increase in the statutory components such as EPF etc.

In view of the above, the YoY % increase in payroll expenses proposed by the ISP during the remaining tariff years of the Third Control Period seems reasonable. Accordingly, the Authority proposes to consider payroll expenses for the Control Period as submitted by the ISP.

5.4.4 **Administrative & General Expenses** - The Authority notes that KSIEL proposed 11% to 12% annual increase in Administrative and General Expenses, except for FY 2023-24, where ISP proposed an increase of 19% as compared to previous year.

The Authority observes that the Administration Expenses (FY 2023-24) are mainly comprise of Watch & Ward Expenses (37%), Apportionment of Head Office Expenses (22%) and balance other expenses (41%). In this regard, the ISP submitted that watch and ward expenses are related to the provision of security services by the watch & ward employees (through the security contractor) in the cargo complex. The ISP further informed that in addition to watch and ward staff, the CISF guards are still engaged at their ACC as part of airport security measures and CISF guards with arms are deployed at main entry, Sterile Hold Area etc. However, they are not engaged for others duties such as checking passes of customers, checking of cargo into the warehouse etc.

The other miscellaneous admin. & general expenses, include expenses pertaining to internet charges, AMC charges, payment to labour contractors etc.

5.4.5 As regard to the apportionment of the Head Office (HO) Expenses to Calicut Unit, the Authority sought details of computations, based on which HO expenses have been apportioned to Calicut ACC. The ISP, vide email dated 18.08.2023 submitted calculations for the apportionment of HO Expenses. The Authority, from the referred calculations notes that the apportionment of KSIEL's HQ expenses to its subordinate units are based on the proportion of revenue generated by the such units.

Considering that the projected revenues for the ISP, in respect of the Third Control Period, has been recomputed as per the AERA's Aggregate Revenue Requirement (ARR) calculations; accordingly, the Authority has re-computed the apportionment of HQ expenses (which is linked to Revenues of the Unit) for the ISP as per the Table no. 21.

Consequent to re-computation of apportionment of HO Expenses for the Calicut ACC the projected Admin. & General Expenses proposed to be considered by the Authority for the ISP in respect of the Third Control Period is given in the Table no. 13.

5.4.6 **Repair and Maintenance Expenditure** - The Authority notes that KSIEL has proposed 15% YoY increase in the repair and maintenance expenditure from FY 2023-24 onward, during the Third Control Period. However, while reviewing the MYTP, the Authority notes the ISP's submission wherein it stated that considering day to day maintenance of the assets and to keep the equipment in operational state, 5% to 9% annual increase is required under the repair & maintenance expenses.

Considering that the ISP is required to keep its equipment and other facilities in proper working conditions all the times, to avoid any disruption in the cargo handling operations, and taking into account the increase in repair & maintenance costs due to factors like annual general inflation, wear & tear of equipment etc., the Authority proposes to consider YoY increase in the repair & maintenance expenses @ 10% p.a. (as against 15% YoY increase considered by the ISP).

5.4.7 **Utilities Expenses** - The Authority notes that KSIEL has proposed 10% YoY increase for electricity and water charges, during the Third Control Period. Upon query by the Authority regarding proposed increase in Utility Expenses, KSIEL, vide email dated 08.05.2023 submitted the detailed break up of electricity and water expenses.

Considered that supply of water and electricity is based on industrial rates, where annual increases are on higher side and also taking cognizance of the projected increase in cargo volumes, the Authority proposes to consider 10% annual escalation in Utilities Expenses, as proposed by the ISP.

5.4.8 **Revenue sharing with AAICLAS** - The Authority notes that as per clause 8 of MoU, KSIEL is required to pay a Revenue Share of 33.33% on its Gross Earnings from the ‘export cargo’ to AAICLAS in the relevant financial year. The Authority observes that revenue share payable to the AAICLAS is linked to the projected Revenues from Cargo Handling Services (Export Cargo). Accordingly, the Authority proposes to consider revenue sharing with AAICLAS, based on the Projected Revenues from “export cargo operations” for the Third Control Period, as computed by the Authority under the Chapter 8 of this Consultation Paper.

The Authority further notes that in its MYTP submission, ISP has not considered Revenue Sharing on the Income from ‘X-Ray Screening & Certification Services’, though the same forms part of Export Revenues. Therefore, in its calculations of Revenue Share payable to AAICLAS, the Authority has computed Gross Revenues from Exports, considering the Revenues from ‘Cargo Screening & Certification Charges’.

5.4.9 The Authority, based on the review & analysis of various regulatory building blocks, has re-computed ARR and Projected Revenues in respect of KSIEL. Accordingly, the Authority proposes to consider Revenue Share payable to AAICLAS, based on the Projected Revenues from the Export Cargo Handling Services, including revenue earnings from X-Ray Screening & Certification Services, computed by the AERA for the Third Control Period, as per Table given below:

Table 11: Computation of Revenue Share payable to AAICLAS as per the Authority for the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Projected Revenue from Exports (A)	-	-	607.73	665.20	686.82	
Revenue Sharing @ 33.33% of (A)	114.50*	121.80*	202.56	221.71	228.92	889.49

* Actual figures (unaudited) as per the ISP submission.

5.4.10 The Authority also notes that subsequent to getting the status of RA facility, the total Operation & Maintenance expenditure in respect of the ISP are projected to increase by 59% in FY 2023-24 as compared to FY 2022-23 (FY before RA Facility status).

The Authority has compared the projected OPEX of the ISP, before RA Facility status (FY 2022-23) with the O&M Expenditure after obtaining RA Facility status for Calicut ACC (FY 2023-24) as under:

Table 12: Comparison of O&M expenditure before & after obtaining RA status by the KSIEL.

(₹ in Lakhs)

Particulars	FY 2022-23 (Before RA Status)	FY 2023-24 (After getting RA Status)	% increase
Payroll Cost	116.83	258.77	121%
No. of employees (KSIEL)	53	53+60=113	113%

Admin. & General Costs	162.16	184.27	14%
Repairs & Maintenance Expenses	7.46	8.21	10%
Utility Expenses	13.32	14.65	10%
Other Outflow (Revenue Share)	121.80	202.56	66%
Total O&M Expenditure	421.57	668.46	59%

**As per ISP understanding 50 no. of employees/loaders & 18 nos. screeners were engaged by the Airlines/Ground Handling Agency for carrying out activities relating to RA functions.*

5.4.11 From the above comparative analysis, it is observed that the major impact of RA Facility status is on the payroll expenses of the ISP, which are projected to increase around 121% in FY 2023-24 as compared to FY 2022-23. However, it is pertinent to mention that subsequent to getting RA Facility Status, there is an increase in manpower by 60 numbers from 53 (FY 2022-23) to 113 (FY 2023-24), which include 18 nos. of X-Ray screeners (as per security norms) & 42 other workers, which is the main reason for the steep increase in payroll expenses during FY 2023-24.

Considering the impact of proposed increase in manpower numbers by 113% and taking into account the impact of annual salary increments, increase in minimum wages, increase in statutory components like EPF etc., the 121% increase proposed by the ISP in payroll costs seems reasonable.

As regard to the increase in other outflows (Revenue Share payable to AAICLAS), the Authority notes that payment of Revenue Share (@ 33.33%) is linked to the Gross Revenues of the ISP from Exports. As AERA has re-computed ARR & projected Revenues for the KSIEL, the Revenue Share payable to AAICLAS has been worked out by the Authority, accordingly.

5.4.12 The Authority, after examination of the various elements of the Operations & Maintenance Expenditure projected by the ISP and taking into account the re-computation of Revenue Share, Admin. & General Expenses and rationalization in Y-o-Y increase in Repair & Maintenance Expenses, proposes to consider the projected OPEX for the ISP in respect of the Third Control Period, as per table given below:

Table 13: OPEX proposed to be considered for the ISP by the Authority in respect of the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Payroll Cost (A)	82.61	116.83	258.77	284.65	313.11	1055.97
Admin & General Expenses (including training expenses) (B)	153.77	162.16	184.27	203.03	221.20	924.43
Repair & Maintenance Expenditure (C)	3.37	7.46	8.21	9.03	9.93	37.99
Utilities Expenses (D)	9.78	13.32	14.65	16.12	17.73	71.60
O&M Expenditure (excluding Revenue Sharing) (A+B+C+D) (E)	249.53	299.77	465.90	512.83	561.97	2089.99

Others Outflows / Revenue Sharing (F)	114.50	121.80	202.56	221.71	228.92	889.49
Total Operation and Maintenance Expenditure (E+F)	364.03	421.57	668.46	734.54	790.89	2979.48

**Actual Figures (unaudited)*

5.5 Authority's Proposal relating to OPEX for the Third Control Period.

5.5.1 Based on the material before it and its analysis, the Authority proposes to consider the OPEX in respect of the KSIEL for the Third Control Period as per Table 13.

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 28th 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 observed that KSIEL in its initial MYTP proposal did not propose separate tariffs for Cargo originating from /destined to AFS. Accordingly, the Authority asked the ISP to consider separate Tariff Rates for Built-Up-Pallets (BUPs) pertaining to the approved AFS. KSIEL, vide email dated 04.08.2023 submitted composite Tariff Rates for BUPs pertaining to AFS Cargo, both for Exports & Imports, as indicated below:

Table 14: TSP Charges for Export Cargo in respect of AFS proposed by the KSIEL.

(Charges Per Unit in ₹)

Sl. No.	BUP Charges – General Cargo	FY 2023-24	FY 2024-25	FY 2025-26
1	BUP Charges (up to LD3)	1191	1366	1556
2	BUP Charges (above LD3 - lower deck pallet)	2381	2731	3112
3	BUP Charges (above LD3 - main deck pallet)	5100	5848	6664
BUP Charges - Other than General Cargo				
4	BUP Charges (up to LD3)	1032	1191	1318
5	BUP Charges (above LD3 - lower deck pallet)	2064	2381	2635
6	BUP Charges (above LD3 - main deck pallet)	4420	5100	5644

6.1.5 In addition to the TSP charges for AFS Export Cargo, ISP has also proposed separate TSP Charges pertaining to AFS Import Cargo, as given in Table below:

Table 15: TSP Charges for Import Cargo in respect of AFS proposed by the KSIEL.

(Charges Per Unit in ₹)

Sl. No.	BUP Charges – General Cargo	FY 2023-24	FY 2024-25	FY 2025-26
1	BUP Charges (up to LD3)	5955	6844	7559
2	BUP Charges (above LD3 - lower deck pallet)	11906	13684	15113
3	BUP Charges (above LD3 - main deck pallet)	25500	29308	32368
BUP Charges – Other than General Cargo				
4	BUP Charges (up to LD3)	5955	6844	7559
5	BUP Charges (above LD3 - lower deck pallet)	11906	13684	15113
6	BUP Charges (above LD3 - main deck pallet)	25500	29308	32368

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 around 25% in all categories of BUPs, except BUP charges in ‘Other than General Cargo’ under Import Cargo, where ISP has proposed 50% lower charges.

6.1.7 The Authority, taking cognizance of intent of MoCA's AFS Policy dated 28.10.2014 and to encourage the concept of AFS Cargo, as step towards improvement of air cargo logistics in the country, proposes to consider 30% lower TSP Charges for all categories of BUPs/ ULDs pertaining to AFS under Export & Import Cargo, except in case of 'Other than General Cargo' under Imports, where 50% lower TSP charges are proposed on BUPs, based on ISP submission.

6.1.8 The Tariff Rates proposed by the Authority pertaining to BUPs/ ULDs in respect of approved AFS, for Stakeholders' Consultation, are placed in **Annexure – II** of this CP.

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

6.2.1 Based on the material before it and its analysis, the Authority proposes to consider 30% lower TSP Charges in all category of BUPs (Export & Import Cargo) pertaining to AFS, except 'Other than General Cargo' BUPs under Imports, where 50% lower TSP Charges are proposed for the Third Control Period, as per **Annexure-II**.

CHAPTER 7: AGGREGATE REVENUE REQUIREMENT (ARR)

7.1 KSIEL, in its MYTP submission has considered Fair Rate of Return (FRoR) of 10.14% for computation of Return on Regulatory Assets Base (RAB).

7.2 Aggregate Revenue Requirement (ARR) projected by KSIEL for the Third Control Period:

7.2.1 KSIEL, considering FRoR @ 10.14%, projected Aggregate Revenue Requirement (ARR) for the Third Control Period for its Calicut Cargo operations, as under:

Table 16: Aggregate Revenue Requirement submitted by KSIEL for the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
RAB	560.53	529.85	592.68	668.69	652.20	
FroR	10.14%	10.14%	10.14%	10.14%	10.14%	
Return on RAB (a)	56.83	53.72	60.09	67.79	66.12	304.55
Depreciation (b)	33.45	33.68	41.73	42.26	29.71	180.83
Operating Expenses (c)	364.03	421.58	602.38	660.32	722.04	2770.35
Taxation (d)	59.66	33.18	86.34	119.72	148.52	447.42
Less: Revenues from Non-Regulated Services (e)	27.68	27.74	29.12	30.58	32.11	147.23
ARR (a+ b + c + d - e)	486.29	514.42	761.42	859.51	934.28	3555.92

*Actual Figures (unaudited).

7.3 Authority's Examination of ARR proposed for the Third Control Period:

7.3.1 The Authority observes that in its ARR computations for the Third Control Period (Table 16), the ISP has not calculated the Net Present Value (NPV) of the ARR.

7.3.2 As regard to FRoR considered by the ISP, the Authority sought the basis of considering FRoR at 10.14%. KSIEL, in its response submitted that they have considered Cost of Equity at 12% and Cost of Debt at 10%. The ISP, further submitted that the Calicut Air Cargo Complex (ACC) is functioning as a separate profit center (of KSIEL) and all the fund transfers from the Headquarters to the Calicut Unit are treated as loans for accounting purposes. However, no interest is charged on such fund transfers from HQ.

7.3.3 The Authority notes from KSIEL's submission that they are not availing any external debt for their cargo operations at Calicut airport. The ISP further submitted that as and when there are surplus funds available with Calicut Unit from its cargo operations, HQ's account is credited the funds as received from them. From the above, the Authority has drawn inference that Calicut ACC Unit is ultimately utilizing their internal accruals for the cargo operations at Calicut Airport.

7.3.4 The Authority further notes that KSIEL has proposed FRoR at 10.14%, considering the Cost of Equity at 12%, which is lower than the Cost of Equity generally considered by the Authority for other ISPs. As regard to Cost of Debt, the Authority from ISP's submission infers that there is no external debt availed by the ISP for its Calicut operations. Considering the above, the FRoR proposed by the ISP for the Third Control Period seems reasonable.

Accordingly, the Authority proposes to consider FRoR @ 10.14% as submitted by the ISP for the Third Control Period.

7.3.5 The Authority, after review and analysis of various regulatory building blocks, as discussed in previous chapters, has computed Aggregated Revenue Requirement (ARR) for KSIEL in respect of the Third Control Period as per Table given below:

Table 17: ARR proposed to be considered by the Authority for KSIEL for the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24**	FY 2023-24#	FY 2024-25	FY 2025-26	Total
Average RAB (Refer Table 9)	560.53	529.86	341.64	244.02	656.49	640.97	
Return on RAB @ 10.14% (A)	56.84	53.73	34.64	24.74	66.57	64.99	301.52
O&M Expenses [excluding Revenue Sharing] (B) (Refer Table 13)	249.53	299.77	271.77	194.12	512.83	561.97	2089.99
Revenue Sharing (C) (Refer Table 11)	114.50	121.80	112.38	90.18	221.71	228.92	889.49
Depreciation (D) (Refer Table 7)	33.45	33.69	22.13	15.81	38.61	31.43	175.12
Tax @ 33.33% (E) (Refer Table 21)	59.66	33.18	4.76	11.96	18.13	10.36	138.05
Revenue from Non-Regulated Services (F)	27.68	27.74	16.99	12.13	30.58	32.11	147.23
Aggregate Revenue Requirement (G)=(A+B+C+D+E-F)	486.30	514.43	428.69	324.68	827.27	865.56	3446.93
Discount/ Compounding Rate	10.14%						
PV Factor at @ 10.14 (H)	1.21	1.10	1.00	1.00	0.91	0.82	
PV of ARR (I) = (G*H)	589.92	566.59	428.69	324.68	751.11	713.52	3374.52
Total Revenue from the Regulated Services at the prevailing Tariffs (J)	548.81	527.07	337.16	240.83	592.08	611.32	2857.27
Tariff Increase (%) proposed	-	-	-	12.35%	-	-	-
Total Revenue from Regulated Services after the Proposed Tariff Increase (K)	548.81	527.07	403.57	323.86	796.97	821.29	3421.57
PV of Total Revenue (L)= (K*H)	665.75	580.51	403.57	323.86	723.59	677.03	3374.32

*Actual Figures (unaudited).

**1st April 23 to 31st October 2023 (7 Months) as per existing tariff.

#1st November 23 to 31st March 2024 (5 Months) at the proposed tariff.

7.3.6 The Authority has computed ARR for the ISP in respect of the Third Control Period at ₹ 3446.93 Lakhs (PV at ₹ 3374.52 Lakhs) as indicated in the Table 17 above.

7.3.7 As per the ARR calculations, the Authority proposes to consider 12.35% onetime Tariff increase for the ISP in FY 2023-24 (over the prevailing Tariff rates), effective from 1st November, 2023, to meet the projected ARR for the Third Control Period.

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

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

7.4.1 To consider the ARR in respect of KSIEL for the Third Control Period as per Table 17.

CHAPTER 8: REVENUE FROM OPERATIONS, PROFITABILITY & TAXATION.

8.1 KSIEL's submissions on its projected Profitability for the Third Control Period.

8.1.1 KSIEL forecasted the following Revenues for the Third Control Period, based on the proposed Cargo Volumes at current Tariff:

Table 18: Revenue Projected by KSIEL the Third Control Period at the prevailing Tariff

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Cargo Volumes	18923	19453	17252	17700	18200	91528
Revenues from Regulated Services	548.81	527.07	691.82	710.60	731.01	3209.31
Revenues from Other than Regulated Services**	27.68	27.74	29.12	30.58	32.11	147.23
Total Revenues	576.49	554.81	720.94	741.18	763.12	3356.54

*Actual Figures (unaudited).

**Rental Income.

8.1.2 KSIEL, while projecting Revenues for its Calicut operations for the Third Control Period has proposed the following % age increase in the existing Tariff Rates of various Cargo Handling Services at Calicut airport.

Table 19: Percentage increase in Tariff rates proposed by KSIEL for the Third Control Period.

Service	FY 2023-24	FY 2024-25	FY 2025-26
Cargo Handling	25%	15%	10%

8.1.3 Based on its proposed Tariff increase indicated above, KSIEL has proposed Tariff Rate Card for the Third Control Period as per **Annexure-I** of the CP.

The ISP has further submitted the projected Profitability Statement for the Third Control Period, after considering the proposed Tariff increase, as per Table given below:

Table 20: Profitability Statement submitted by the KSIEL (after proposed tariff increase) for the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24	FY 2024-25	FY 2025-26	Total
Revenue From Regulated Services	548.81	527.07	874.02	1031.19	1165.24	4146.33
Revenue From Other than Regulated Services	27.68	27.74	29.12	30.58	32.11	147.23
Total Revenues	576.49	554.81	903.14	1061.77	1197.35	4293.56
Total Operating Expenditure	364.03	421.58	602.38	660.32	722.04	2770.35
Profit before Depreciation	212.45	133.23	300.76	401.45	475.31	1523.20
Depreciation	33.45	33.68	41.73	42.26	29.71	180.83
Profit Before Interest and Taxation	179.01	99.54	259.04	359.19	445.60	1342.38

Total Interest and Finance Charges	0.00	0.00	0.00	0.00	0.00	0.00
Profit Before Tax (PBT)	179.01	99.54	259.04	359.19	445.60	1342.38
Tax	59.66	33.18	86.34	119.72	148.52	447.42
Profit After Taxation (PAT)	119.34	66.37	172.70	239.47	297.08	894.96

**Actual Figures (unaudited).*

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

8.2.1 The Authority observes that KSIEL in its MYTP submission has considered corporate tax @ 33.34%; accordingly, the Authority proposes to adopt the same Tax Rate for the Third Control Period, as proposed by the ISP.

8.2.2 The Authority notes that KSIEL has proposed Tariff increase in the Cargo Handling Services for the remaining tariff years (FY 2023-24 to FY 2025-26) of the current Control Period (as per the Table 16) on the following grounds/ justifications:

- i. As per MoU with AAICLAS, ISP has to pay a 33.3% of its Gross Revenue from the 'Export Cargo' to AAICLAS. After paying the revenue sharing, the balance amount left out is insufficient to meet the entire expenses towards Salaries & Wages, Other Administrative Expenditure, Revision in Security Charges, Utility services etc.
- ii. Tariff Rates were last revised by the AERA for Calicut Air Cargo Complex in 2018 and the same tariff is continuing for the last 05 years.
- iii. For converting the CUDCT facility into RA facility, additional manpower and CISF guard deployed at the CACC which increases the payroll expenses and other Costs such as Fuel, Electricity, Water, Transportation etc.

8.2.3 The Authority observes that in its Tariff Rate Card, KSIEL has proposed Tariff Rates for new services, viz. services pertaining to 'Special Cargo' (TSP & Demurrage Charges) under the Export and Import Cargo and 'Transshipment Charges' under the Export Cargo; which were not part of the existing Tariff Rate Card.

In response to AERA query, the ISP submitted that the 'Special Cargo' was not in their existing tariff rate card and KSIEL might have lost the business in the same heads. Hence, to avoid the probable loss of business, they have included the Special Cargo as a new item under the TSP & Demurrage Charges, for both Exports and Imports. Further, ISP submitted that they are expecting transshipment of cargo in Export category also.

8.2.4 The Authority notes that generally, other cargo terminal operators also have separate rates for 'Special Cargo' and 'Transshipment Charges' in their Tariff Rate Cards. The rates of new services proposed by the ISP seems reasonable as compared to rates prevalent at nearby airports, for similar services.

8.2.5 The Authority, notes that projected Revenue for KSIEL in respect of the Third Control Period, at the existing tariff rates, is not sufficient to meet ARR requirement of the ISP. Therefore, the Authority, based on its computation of ARR for the Third Control Period (as per Table 17), proposes to consider 12.35% one-time tariff increase in FY 2023-24, effective from 1st November, 2023 for the Third Control Period.

8.2.6 The Tariff Rate Card proposed by the Authority for KSIEL in respect of its Third Control Period, is placed at **Annexure-II**.

8.2.7 The Authority has computed the projected Profitability for KSIEL (after the proposed Tariff increase) for the Third Control Period as per Table given below:

Table 21: Projected Profitability computed by the Authority in respect of KSIEL (after proposed Tariff increase) for the Third Control Period.

(₹ in Lakhs)

Particulars	FY 2021-22*	FY 2022-23*	FY 2023-24**	FY 2023-24#	FY 2024-25	FY 2025-26	Total
Regulated Revenues	548.81	527.07	403.57	323.86	796.97	821.29	3421.57
Non-Regulated Revenues	27.68	27.74	16.99	12.13	30.58	32.11	147.23
Total Revenues	576.49	554.81	420.56	335.99	827.55	853.40	3568.80
Total O & M Expenditure	364.03	421.57	384.15	284.3	734.54	790.89	2979.48
Profit before Depreciation, Interest & Tax	212.46	133.24	36.41	51.69	93.01	62.51	589.32
Depreciation	33.45	33.69	22.13	15.81	38.61	31.43	175.12
Profit after Depreciation before Interest and Tax	179.01	99.55	14.28	35.88	54.40	31.08	414.20
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit Before Tax	179.01	99.55	14.28	35.88	54.40	31.08	414.20
Tax	59.66	33.18	4.76	11.96	18.13	10.36	138.05
Net Profit	119.34	66.37	9.52	23.92	36.27	20.72	276.15

*Actual Figures (unaudited).

**1st April 23 to 31st October 23 (7 Months).

#1st November 23 to 31st March 24 (5 Months).

8.2.8 From the above Table, the Authority notes that the ISP earned reasonable profits during the first two tariff years of the Control Period (FY 2021-22 & 2022-23). Thereafter, there is a decline in the projected profitability during FY 2023-24 as compared to previous year. The projected decrease in profitability in FY 2023-24 is mainly on account of significant increase in operating expenses after obtaining the status of RA Facility by the ISP. It is expected that ISP will maintain a reasonable level of profitability for the Control Period as a whole.

8.3 Authority's Proposals regarding Revenue for the Third 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 Third Control Period as per Table 21.

8.3.2 To consider the Tariff for Cargo Handling Services in respect of the KSIEL for the Third Control Period as per **Annexure-II**.

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 KSIEL at Calicut International Airport, Kozhikode, for Stakeholders’ Consultation purpose:

Chapter	Para	Summary of Authority’s Proposals	Page No.
Chapter No.2	2.9.1	Proposes to determine the Tariffs for the Cargo Handling Services provided by KSIEL at CCJ, Kozhikode, for the Third Control Period, under the ‘ Light Touch Approach ’.	9
Chapter No.3	3.3.1	Proposes to consider the Cargo Volume projected by KSIEL for the Third Control Period as per Table 3.	12
Chapter No. 4	4.7.1	Proposes to consider Additions to RAB (CAPEX) for the 3rd Control Period as per Table 5.	18
	4.7.2	Proposes to consider the Depreciation for the 3rd Control Period as per Table 7.	
	4.7.3	Proposes to consider Average RAB for the 3rd Control Period as per Table 9.	
Chapter No. 5	5.5.1	Proposes to consider the OPEX in respect of the KSIEL for the Third Control Period as per Table 13.	24
Chapter No. 6	6.2.1	Proposes to consider 30% lower TSP Charges in all category of BUPs (Export & Import Cargo) pertaining to AFS, except ‘Other than General Cargo’ BUPs under Imports, where 50% lower TSP Charges are proposed for the Third Control Period, as per Annexure-II .	27
Chapter No. 7	7.4.1	Proposes to consider the ARR in respect of KSIEL for the Third Control Period as per Table 17.	29
Chapter No. 8	8.3.1	Proposes to consider total projected Revenue (after proposed Tariff increase) for the Third Control Period as per Table 21.	32
	8.3.2	Proposes to consider the Tariff for Cargo Handling Services in respect of the KSIEL for the Third Control Period as per Annexure-II .	

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 & II**) 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 **13/09/2023**.

Secretary

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

(Chairperson)

**TARIFF RATE CARD FOR THE THIRD CONTROL PERIOD PROPOSED BY KSIEL, FOR
THE CARGO HANDLING SERVICES AT CALICUT INTERNATIONAL AIRPORT,
KOZHIKODE.**

**ANNUAL TARIFF PROPOSAL FOR 2023-24 OF CALICUT AIR CARGO COMPLEX (CACC)
FOR THE CARGO SERVICES PROVIDED BY KERALA STATE INDUSTRIAL ENTERPRISES LIMITED (KSIE)**

A	EXPORT CARGO		Existing Rate
Sl.No.	Particulars	Proposed Rate with 25 % increase in the existing rate and rounded off)	(18.06.2020 onwards)
1) Terminal Storage & Processing Charges (TSP)			
1	Perishable Cargo	Rs.0.87 per Kg subject to minimum Rs.160/- per AWB	0.70 per Kg / 125 per AWB
2	General Cargo	Rs.1.00 per Kg subject to minimum Rs.190/- per AWB	0.80 per Kg/150 per AWB
3	Newspaper	Rs.0.87 per Kg subject to minimum Rs.160/- per AWB	0.70 per Kg/ 125 per AWB
4	Valuable Cargo	Rs.7.50 per Kg subject to minimum Rs.1,250/- per AWB	Rs.6.00 per Kg/ 1000 per AWB
5	Special Cargo*	Rs.2.00 per Kg subject to minimum Rs.350 per Consignment	new item
*Special Cargo consists of Live Animals, Hazardous Goods, Ornamental Fish, Chicks etc			
2) Demurrage Charge - Export Cargo			
1	Perishable Cargo	Rs.0.87 per Kg per day beyond 36 hours subject to a minimum of Rs.160/- per AWB	0.70 per Kg / 125 per AWB
2	General Cargo	Rs.1.00 per Kg per day beyond 36 hours subject to a minimum of Rs.190/- per AWB	0.80 per Kg/150 per AWB
3	Newspaper	Rs.0.87 per Kg per day beyond 36 hours subject to a minimum of Rs.160/- per AWB	0.70 per Kg / 125 per AWB
4	Valuable Cargo	Rs.10.00 per kg per day beyond 36 hours subject to a minimum of Rs.1500 per AWB.	Same as before
5	Special Cargo*	Rs.2.00 per Kg subject to minimum Rs.350 per Consignment	new
3)	X-ray Machine Usage Charge.		




	For all types of Cargo	Rs.1.88 per Kg subject to a minimum of Rs.200/- per Consignment	Rs.1.50 per Kg
	*to be paid by Airlines		
4)	Screening and Certification Charge		
	For all types of Cargo	Rs.2.25 per Kg subject to a minimum of Rs.200/- per Consignment	RA status related new item
	*to be paid by Airlines		
5)	Export Documentation Charges*	Rs.500/- per Flight	RA status related new item
	*to be paid by Airlines for Cargo Manifest and Envelope services provided.		
6)	Handling Charges*	Rs.2.50 per Kg subject to the minimum of Rs.650/- per consignment.	RA status related new item
	*Acceptance of Cargo, Stacking, Feeding into X-ray Machine and to Pallets/ULDs after Screening .To be paid by Airlines		
B	IMPORT CARGO		
1)	Terminal Storage & Processing Charges (TSP)		
1	Commercial Cargo / Un-accompanied Baggage (1-7 Days)	Rs.5.00 per Kg subject to minimum Rs.230/- per AWB	4.00 per Kg /185 per AWB (1-7 days)
2	Special Cargo*(1-7 Days)	Rs.10.00 per Kg subject to minimum Rs.300/- per AWB	new item
3	Valuable Cargo(1-7 Days)	Rs.7.50 per Kg subject to minimum Rs.1200/- per AWB	6.00/ 1000 per AWB
2)	Demurrage Charges		
a	Commercial Cargo /Un-accompanied Baggage		
1	From 8 to 14 days	Rs.1.13 per Kg per day from the date of arrival subject to minimum Rs.335/- per AWB.	0.90 Per Kg for 8-14 days /265 per AWB
2	From 15 to 21 days	Rs.1.37 per Kg per day from the date of arrival subject to the minimum of Rs.330/- per AWB	1.10 per Kg for 15-21 days /265



3	22nd day onwards	Rs.1.56 per Kg per day from the date of arrival subject to the minimum of Rs.330/- per AWB	1.25 per Kg for above 22 days /265
b Special Cargo			
1	From 8 to 14 days	Rs.2.00 per Kg per day from the date of arrival subject to the minimum of Rs.300/- per AWB	new item
2	From 15 to 21 days	Rs.4.00 Kg per day from the date of arrival subject to the minimum of Rs.300/- per AWB.	new item
3	22nd day onwards	Rs.6.00 per Kg per day from the date of arrival subject to the minimum of Rs.300/- per AWB.	new item
c Valuable Cargo			
1	From 8 to 14 days	Rs.6.00 per Kg per day from the date of arrival subject to minimum Rs.1500/- per AWB	6.00 per Kg from 8th day onwards / 1500
2	From 15 to 21 days	Rs.10.00 Kg per day from the date of arrival subject to minimum Rs.1500/- per AWB	10 per Kg/ 1500 AWB above 8days
3	22nd day onwards	Rs.12.00 per Kg per day from the date of arrival subject to minimum Rs.1500/- per AWB	10 per Kg/ 1500 AWB above 8days
D	De-stuffing Charges/ De-palletisation/ De-Unitization Charges of all types of Import Cargo	Rs. 63 per Kg Subject to a Minimum of Rs.100 per AWB	0.50 per Kg
3) Transhipment Charges			
a	Transhipment Charges - Import International to International/Domestic	Rs.3.00 per Kg/Rs.250 per AWB	Rs.3.00 per Kg /Rs.250 per AWB
b	Transhipment Charges - Export. International to International /Domestic	Rs.2.00 per Kg/Rs.250 per AWB	New Item
The above Transhipment charges is to be borne by Exporter/Agent (which includes Terminal Storage and Processing & Transhipment charges) However, payment towards X-ray Machine Usage, Screening and Certification and Handling Charges are to be borne by Airlines			
NOTES:			




a	Consignment of human remains coffin including baggage of deceased & human eyes will be exempted from the purview of TSP, demurrage charges.
b	Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway bill and is actually found more, charges will be levied on the actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
c	Special cargo consists of Live Animals, Hazardous Goods, Ornamental Fish, Live Chicks etc.
d	Valuable cargo consists of Gold, Bullion, Currency Notes, securities, Shares, share Coupons, Traveller's Cheques, Diamonds (including diamonds for Industrial use), Diamond Jewelry and watches made of silver, Gold or Platinum, Computer Parts, Mobile Phones and items valued at USD 1000 per kilogram of gross weight and above
e	GST will be charged extra at applicable rates




Multyear Tariff Proposal for the Financial Year 2021-22 to 2025-26

Tariff Rate Card proposed by KSIE Calicut Air Cargo Complex

(A) TSP CHARGES - INTERNATIONAL CARGO

S.NO.	LIST OF CHARGES	FY2021-22		FY 2022-23		FY 2023-24		FY2024-25		FY2025-26	
		Rs. Per KG	Minimum Rate in Rs.	Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs.
EXPORT CARGO											
(a)	<u>BUP Charge – Perishable Cargo (Other than General cargo)</u>										
	BUP Charge (upto LD3) -1588 Kg	0.53	842 per Unit	0.53	842 per Unit	0.65	1032 per Unit	0.75	1191 per Unit	0.83	1318 per Unit
	BUP Charge (above LD3 - lower deck pallet) 3175 Kg	0.53	1683 per Unit	0.53	1683 per Unit	0.65	2064 per Unit	0.75	2381 per Unit	0.83	2635 per Unit
	BUP Charge (above LD3 - main deck pallet) 6800 Kg	0.53	3604 per Unit	0.53	3604 per Unit	0.65	4420 per Unit	0.75	5100 per Unit	0.83	5644 per Unit
(b)	<u>BUP Charge – General Cargo</u>										
	BUP Charge (upto LD3) 1588 Kg	0.60	953 per Unit	0.60	953 per Unit	0.75	1191 per Unit	0.86	1366 per Unit	0.98	1556 per Unit
	BUP Charge (above LD3 - lower deck pallet) 3175 Kg	0.60	1905 per Unit	0.60	1905 per Unit	0.75	2381 per Unit	0.86	2731 per Unit	0.98	3112 per Unit
	BUP Charge (above LD3 - main deck pallet) 6800 Kg	0.60	4080 per Unit	0.60	4080 per Unit	0.75	5100 per Unit	0.86	5848 per Unit	0.98	6664 per Unit

*BUP not permitted for consignments with restricted articles/DG/VAL cargo.


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 Kerala State Industrial Enterprises Ltd.
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 Thiruvananthapuram - 695014



Sl.No	List of Charges	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
		Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs	Rs. Per KG	Minimum Rate in Rs
IMPORT CARGO											
(a)	<u>BUP Charge – General Cargo</u>										
	BUP Charge (upto LD3) 1588 Kg	3	4764 per Unit	3	4764 per Unit	3.75	5955 per Unit	4.31	6844 per Unit	4.76	7559 per Unit
	BUP Charge (above LD3 - lower deck pallet) 3175 Kg	3	9525 per Unit	3	9525 per Unit	3.75	11906 per Unit	4.31	13684 per Unit	4.76	15113 per Unit
	BUP Charge (above LD3 - main deck pallet) 6800 Kg	3	20400 per Unit	3	20400 per Unit	3.75	25500 per Unit	4.31	29308 per Unit	4.76	32368 per Unit
(b)	<u>BUP Charge - Other than General Cargo</u>										
	BUP Charge (upto LD3) 1588 Kg	3	4764 per Unit	3	4764 per Unit	3.75	5955 per Unit	4.31	6844 per Unit	4.76	7559 per Unit
	BUP Charge (above LD3 - lower deck pallet) 3175 Kg	3	9525 per Unit	3	9525 per Unit	3.75	11906 per Unit	4.31	13684 per Unit	4.76	15113 per Unit
	BUP Charge (above LD3 - main deck pallet) 6800 Kg	3	20400 per Unit	3	20400 per Unit	3.75	25500 per Unit	4.31	29308 per Unit	4.76	32368 per Unit

Note:

(upto LD3)-1588Kg.

(above LD3 - lower deck pallet)- 3175Kg.

(above LD3 - main deck pallet)- 6800Kg.

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Kerala State Industrial Enterprises Ltd.
(A Govt. of Kerala Undertaking)
Thiruvananthapuram - 695014



**TARIFF RATE CARD PROPOSED BY AERA FOR CARGO HANDLING SERVICES IN
RESPECT OF KSIEL AT CALICUT INTERNATIONAL AIRPORT, KOZHIKODE
IN RESPECT OF THE THIRD CONTROL PERIOD
FOR STAKEHOLDERS' CONSULTATION**

Rates in INR

Sno.	Services	Unit	FY 2023-24	FY 2024-25	FY 2025-26
A	EXPORT CARGO				
1) Terminal Storage & Processing Charges (TSP)					
a)	Perishable Cargo	Per Kg	0.79	0.79	0.79
		Minimum Charges/AWB	140	140	140
b)	General Cargo	Per Kg	0.90	0.90	0.90
		Minimum Charges/AWB	169	169	169
c)	Newspaper	Per Kg	0.79	0.79	0.79
		Minimum Charges/AWB	140	140	140
d)	Valuable Cargo	Per Kg	6.74	6.74	6.74
		Minimum Charges/AWB	1124	1124	1124
e)	Special Cargo	Per Kg	2.25	2.25	2.25
		Per Consignment	393	393	393
f)	BUP Charges-AFS Cargo				
	General Cargo				
	BUP Charges (upto LD3)	Per Unit	1000	1000	1000
	BUP Charges (above LD3- lower deck pallet)	Per Unit	2000	2000	2000
	BUP Charges (above LD3- main deck pallet)	Per Unit	4287	4287	4287
	Other than General Cargo				
	BUP Charges (upto LD3)	Per Unit	878	878	878
	BUP Charges (above LD3- lower deck pallet)	Per Unit	1756	1756	1756
	BUP Charges (above LD3- main deck pallet)	Per Unit	3763	3763	3763
2) Demurrage Charge - Export Cargo					
a)	Perishable Cargo	Per Kg Beyond 36 hours	0.79	0.79	0.79
		Minimum Charges/AWB	140	140	140
b)	General Cargo	Per Kg Beyond 36 hours	0.90	0.90	0.90
		Minimum Charges/AWB	169	169	169
c)	Newspaper	Per Kg Beyond 36 hours	0.79	0.79	0.79

		Minimum Charges/AWB	140	140	140
d)	Valuable Cargo	Per Kg Beyond 36 hours	11.24	11.24	11.24
		Minimum Charges/AWB	1685	1685	1685
e)	Special Cargo	Per Kg Beyond 36 hours	2.25	2.25	2.25
		Per Consignment	393	393	393
3	X-ray Machine Usage Charge.				
	For all types of Cargo	Per Kg	1.69	1.69	1.69
		Minimum Charges/AWB	169	169	169
	*to be paid by Airlines.				
4	Screening and Certification Charge				
	For all types of Cargo	Per Kg	1.69	1.69	1.69
		Per Consignment	118	118	118
	*to be paid by Airlines.				
5	Export Documentation Charges*	Per Flight	562	562	562
*to be paid by Airlines for Cargo Manifest and Envelope Services provided.					
6	Handling Charges*	Per Kg	1.92	1.92	1.92
		Per Consignment	454	454	454
*Acceptance of Cargo, Stacking, Feeding into X-ray Machine and to Pallets/ULDs after Screening. To be paid by Airlines.					
B	IMPORT CARGO				
1	Terminal Storage & Processing Charges (TSP)				
a)	Commercial Cargo / Un-accompanied Baggage (1- 7 Days)	Per Kg	4.49	4.49	4.49
		Minimum Charges/AWB	208	208	208
b)	Special Cargo	Per Kg	11.24	11.24	11.24
		Minimum Charges/AWB	337	337	337
c)	Valuable Cargo	Per Kg	6.74	6.74	6.74
		Minimum Charges/AWB	1124	1124	1124
d)	BUP Charges-AFS Cargo				
	General Cargo				
	BUP Charges (upto LD3)	Per Unit	4991	4991	4991
	BUP Charges (above LD3-lower deck pallet)	Per Unit	9979	9979	9979

	BUP Charges (above LD3- main deck pallet)	Per Unit	21385	21385	21385
	Other than General Cargo				
	BUP Charges (upto LD3)	Per Unit	5352	5352	5352
	BUP Charges (above LD3- lower deck pallet)	Per Unit	10700	10700	10700
	BUP Charges (above LD3- main deck pallet)	Per Unit	22929	22929	22929
2	Demurrage Charges				
a	Commercial Cargo /Un-accompanied Baggage				
i)	From 8 to 14 days	Per Kg	1.01	1.01	1.01
		Minimum Charges/AWB	298	298	298
ii)	From 15 to 21 days	Per Kg	1.24	1.24	1.24
		Minimum Charges/AWB	298	298	298
iii)	22 nd day onwards	Per Kg	1.40	1.40	1.40
		Minimum Charges/AWB	298	298	298
b	Special Cargo				
i)	From 8 to 14 days	Per Kg	2.25	2.25	2.25
		Minimum Charges/AWB	337	337	337
ii)	From 15 to 21 days	Per Kg	4.49	4.49	4.49
		Minimum Charges/AWB	337	337	337
iii)	22 nd day onwards	Per Kg	6.74	6.74	6.74
		Minimum Charges/AWB	337	337	337
c	Valuable Cargo				
i)	From 8 to 14 days	Per Kg	6.74	6.74	6.74
		Minimum Charges/AWB	1685	1685	1685
ii)	From 15 to 21 days	Per Kg	11.24	11.24	11.24
		Minimum Charges/AWB	1685	1685	1685
iii)	22 nd day onwards	Per Kg	11.24	11.24	11.24
		Minimum Charges/AWB	1685	1685	1685
d)	De-stuffing Charges/ De-palletisation/ De-Unitization Charges of all types of Import Cargo	Per Kg	0.56	0.56	0.56
		Minimum Charges/AWB	34	34	34
3	Transshipment Charges				
a	Import: International to International/Domestic	Per Kg	3.37	3.37	3.37
		Minimum Charges/AWB	281	281	281

b	Export:	Per Kg	2.25	2.25	2.25
	International to International/Domestic	Minimum Charges/AWB	281	281	281
The above Transshipment Charges is to be borne by the Exporter/Agent (which includes Terminal Storage & Processing & Transshipment Charges) However, Payment toward X-ray Machine Usage, Screening and Certification and Handling Charges are to be borne by Airlines.					

Notes:

1. For the purpose of calculations of Demurrage Charges on Export/ Import Cargo, the free period shall be governed as per the Orders 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 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 Orders of the Ministry of Civil Aviation, issued from time to time.
 - b. Import Cargo-Free period shall be 48 hours, from the segregation time or as per the Orders of the Ministry of Civil Aviation, issued from time to time. 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. All bills will be rounded to the next INR 1 as per rules.
6. Valuable 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.
7. Special Cargo Consists of Live Animals, Hazardous goods, Ornamental Fish, Chicks etc.
8. 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.
9. All statutory taxes as per government will be charged extra.