

Consultation Paper No. 06/2014-15



Airports Economic Regulatory Authority of India

**In the matter of Annual Tariff Proposal for fourth
tariff year (2014-15) submitted by Cargo Service
Centre India Private Limited for providing Cargo
Handling Services for Perishable Cargo Facility at CSI
Airport, Mumbai.**

New Delhi: 16th June, 2014

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

The Authority had considered the Multi Year Tariff Proposal (MYTP) submitted by M/s Cargo Service Centre India Private Limited (CSC) for the first control period commencing w.e.f. 01.04.2011, in respect of the tariff for the services provided for Cargo Handling Services for Perishable Cargo at CSI Airport, Mumbai. The Authority had, after due stakeholder Consultation, issued a Multi Year Tariff Order (MYTO) No. 05/2011-12 dated 27.07.2011, ordering that the cargo handling service for perishable cargo rendered by CSC at CSI Airport, Mumbai, is “material but competitive” and hence the Authority will adopt “light touch approach” for determination of tariff for the first control period. Thereafter, the Authority, vide Order No. 17/2012-13 dated 20.09.2012 determined the tariffs for the first and second tariff years and vide Order No. 15/2013-14 dated 12.06.2013 determined the tariffs for third tariff year.

2. As per Clause 7.4 of the Authority’s Guidelines [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], after issuance of the MYTO, the service provider shall submit to the Authority its ATP(s), provided that an ATP shall be submitted at least 75 days prior to the start of the Tariff Year. As per the clause 11.2 of the Guidelines, the ATP is required to be submitted in the form and manner as provided in Appendix AI.8.2 wherein it is mentioned that the ATP should be supported by:

- Form B and Form F14(b),
- Details of consultation with stakeholders
- Evidence of User Agreements clearly indicating the Tariff (s) proposed by the service Provider.

3.1 CSC, vide letter no. nil dated 19.03.2014 has submitted the Annual Tariff Proposal (ATP) for fourth tariff year (2014-15) for rendering cargo handling services for perishable cargo at Cargo Terminal, CSI Airport, Mumbai. CSC has submitted the Form B and Form 14(b) i.e. ATP and also justifications for changes in the tariff.

3.2 CSC has submitted that they have not proposed any change in tariff for the fourth tariff year (2014-15) and has enclosed the tariff proposal for fourth tariff year for consideration of the Authority. CSC has requested to approve the annual tariff proposal for 4th Tariff Year (2014-15) commencing 1st April, 2014 under the light touch approach and to condone the delay in filing the proposal.

3.3 CSC, however has increased some charges in the tariff card for ‘City Side Tariff’, at serial no.1.1 and 1.2, on account of Customs Cost recovery whose details are as under:

<u>Sl. No.</u>	<u>Rates-3rd tariff year</u>	<u>Rates 4th tariff year (proposed)</u>
1.1	Rs 1.85 per kg	Rs.2.20 per kg
1.2	Rs 1.05 per kg	Rs 1.40 per kg

3.4 In this connection CSC has in its submissions “justified the increase in the City Side Tariff” as under:-

“....Tariff Proposal and Justification for Increase If Any: For the Tariff Year 2014-15, CSC is not proposing any changes in the tariff as applicable

since 01.04.2014. However with the assumption that the Custom Cost recovery if still applicable (if MIAL doesn't win the civil suit) will be the same, the additional cost recovery amount for next two years will be RS.3.28crore. Given that the estimated tonnage to be handled will be 87000MT for the next two tariff years, the company will have to levy ReO.60 per kg instead of ReO.25 toward Custom Cost recovery. As the Custom Cost recovery is included in the TSP charge, effective 01.04.2014 there will be increase in the TSP charge to the extent of this increase per kg in Custom Cost recovery, which will be as follows:

TSP for Non-horticulture product -INR 2.2 per kg

TSP for Horticulture product -INR 1.4 per kg

Note that Custom Cost Recovery is pass through charge and therefore no User consultation has been done as the 'principle has been established per the earlier tariff order.

It is also confirmed that if "Cost Recovery by Customs" is removed due for whatsoever reason, the company will stop this levy immediately after recovery of the amount so paid to Customs."

3.5. The Authority in its Multi Year Tariff Order (MYTO) No. 5/2011-12 dated 01.04.2011, had mentioned its views on the Customs Cost Recovery at para 7.1 (viii), as under:

"As regards the issue of allowing the costs mandated/ imposed by Customs Department on CSC, it was felt that if CSC proposes any tariff revision on account thereof, the same would have to be considered by the Authority, as and when such proposal is made, in accordance with law."

3.6 Further, while considering the present proposal, regarding Customs Cost recovery, the Authority felt that CSC should furnish an Auditor Certificate indicating details of actual payment of Customs Cost Recovery and also a confirmation that no penalty component is involved.

4. The Authority has carefully considered the ATP for fourth tariff year submitted by CSC and decided to make the following proposal for stakeholder consultation:

- (i) The Tariff(s), for the fourth tariff year of the first control period for Cargo Handling Services for Perishable Cargo provided by Cargo Service Centre India Private Limited at CSI Airport, Mumbai, are proposed to be as at **Annexure – I**.
- (ii) CSC shall furnish an Auditor Certificate indicating details of actual payment of Customs Cost Recovery and also a confirmation that no penalty component is involved.
- (iii) Tariff proposed as above will be maximum and demurrage free period shall be as per Government orders issued from time to time.

5. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 4 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed at **Annexure-II**. 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 hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

6. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 4 above, latest by **30.06.2014** at the following address:

**Alok Shekhar,
Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: alok.shekhar@aera.gov.in
Tel: 011-24695042
Fax: 011-24695039**

**Yashwant S. Bhawe
Chairperson**

**MAXIMUM TARIFF FOR VARIOUS ELEMENTS OF CARGO HANDLING FOR THE AIRLINE CUSTOMERS AT NEW PERISHABLE CARGO TERMINAL BUILT
MANAGED AND OPERATED BY CARGO SERVICE CENTER INDIA PVT LTD AT
EFFECTIVE 1ST APRIL 2014 AND VALID TILL 31ST MARCH 2015**

S.No.	Charges	Price	Currency	Price Driver	Remarks
1	Export handling per kg for Horticulture, Sea food and meat products including fruits, vegetable and flowers.	3.00	INR	Per KG	subject to a minimum chargeable weight of 500 kgs per flight
2	Export handling per kg for all other products including Pharmaceuticals and Vaccines	2.25	INR	Per KG	subject to a minimum chargeable weight of 500 kgs per flight
3	Perishable cargo storage beyond demurrage free period after acceptance	1.50	INR	Per KG	subject to minimum chargeable weight of 100 kgs per AWB. ***Demurrage free period shall be as per government order issued from time to time.
4	X-ray screening and or physical examination	1.95	INR	Per KG	subject to a minimum chargeable weight of 500 kgs per flight
5	Miscellaneous Charges (None of the above)	3.00	INR	Per KG	subject to minimum charge of INR 1000 per awb
6	Full HAWB data capture per HAWB	26.00	INR	Per AWB	
7	DRY Ice Checklist charges	700.00	INR	Per AWB	
8	DGR Acceptance fee	1400.00	INR	Per AWB	
9	DGR-fee, in case shipment above 20 pieces	50.00	INR	Per Additional Unit	
10	Special Handling (Pharmaceutical, to maintain product temperature on request by shipper/airline)	2000.00	INR	Per Unit	
11	ULD cleaning / unit	5000.00	INR	Per Unit	

Note:

- Demurrage will be applicable to airlines if custom cleared cargo is stored in the warehouse beyond the free period in case of export cargo
- Handling rates provided above are inclusive of scope of handling services including physical handling, document handling and IT handling.
- Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
- In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- Miscellaneous Charges includes special service requests from the customers other than the services already mentioned in the above tariff chart.

- 88 -

**TARIFF FOR TERMINAL STORAGE AND PROCESSING CHARGES (TSP) AT NEW PERISHABLE CARGO TERMINAL
BUILT, MANAGED AND OPERATED BY CARGO SERVICE CENTER INDIA PVT LTD AT MUMBAI AIRPORT
EFFECTIVE FROM 1ST APRIL, 2014 AND VALID TILL 31ST MARCH, 2015**

S.No.	Charges		Rate	Remarks
1. TSP Charges				
1.1.	Non Horticulture product requiring temperature control	2.20	Rs / Kg subject to minimum of Rs.180 per AWB	Charges include unloading from trucks at truck docks
1.2	Horticulture product like Fruits, Vegetable and flowers	1.40	Rs / Kg subject to minimum of Rs.100 per AWB	
2. Demurrage Charges				
2.1.	Demurrage/Storage Charges beyond 24 hrs free period	1.60	Rs / Kg / Day subject to minimum of Rs.160 per AWB	Demurrage free period shall be as per government order issued from time to time.
3. Optional Charges				
3.1	Special Handling (Pharmaceutical, to maintain product temperature on request)	2,000.00	Rs / AWB	
3.2	Back to Town	50 % of TSP charges	Rs / Kg subject to minimum of Rs.50 per AWB	If not cleared within 24 hrs of intimation, demurrage charges will be applicable

Note

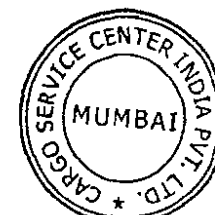
- 1 TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- 2 Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
- 3 For misdeclaration of weight above 2% and upto 5% of declared weight penal charges double the applicable TSP charges will be levied. For variation above 5%, the penal charges will be five times the applicable TSP charges of the differential weight. No penal charges will be there for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
- 4 While it is our intention not to allow any other agencies to operate inside the facility, in case for special reason exporters wants to engage their own labour, discount of 5% will be granted in TSP charges for offloading the cargo from truck and putting on custom examination area, and on pallets.
- 5 All invoices will be rounded off to nearest Rs.5. As per IATA Tact Rule book Clause-5.7.2, rounding off procedure, when rounding off Unit is 5.

For Example:

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

- 6 In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- 7 Demurrage free period shall be as per government order issued from time to time, which will not attract any demurrage charges.

[Handwritten Signature]



-68-



CARGO SERVICE CENTER

Date: 19/03/2014

To,
The Chairman
Airport Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdurjung Airport, New Delhi- 110003

**Subject: Submission of Annual Tariff Proposal from 1st April 2014 – 31st March 2015
at our Perishable Cargo Terminal at Mumbai International Airport.**

Dear Sir,

This has reference to the Perishable Cargo Terminal (PCT) at Mumbai managed and operated by Cargo Service Center India Pvt. Ltd (CSC India) since May, 2011.

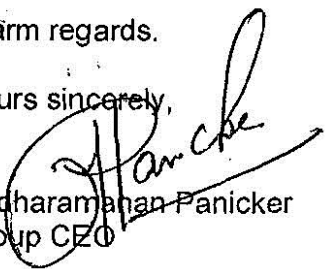
- 1 The said facility and services being provided comes within the ambit of Regulated services under the AERA Act - in terms of the AERA's guideline 2011 for determination of tariff of services provided for Cargo Facility.
- 2 In accordance with the AERA tariff filing guideline, the proposal for tariff for next Tariff Year has to be filed before 60 days. I regret the delay in filing this proposal.
- 3 I am happy to state that the company doesn't propose any change in Tariff for the Tariff Year 14-15. The Tariff plan is enclosed for your consideration and approval.
- 4 Note that the Authority had already approved the Annual Tariff plan for FY 2011-12, FY 2012-13 and 2013-14

I hereby request the Authority to:-

- a. Approve the Tariff plan for the Tariff Year 2014-15 commencing 1st April 2014 since there is no change in the proposed tariff from existing plan. The approval maybe granted under the Light touch approach.
- b. Condone the delay in filing this proposal.

Warm regards.

Yours sincerely,


Radharaman Panicker
Group CEO

List of documents submitted with this application

- a) Proposal for Annual Tariff Plan 2014-15 at the CPC, Mumbai
- b) The ATP for city side activities – Marked as Annexure I
- c) The ATP for airside activities – Marked as Annexure II.

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

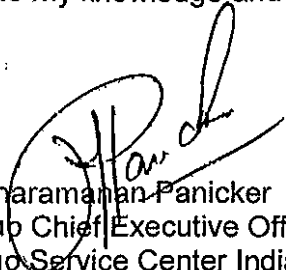
SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF OF:

M/S CARGO SERVICE CENTER INDIA PRIVATE LIMITED

I, Radharamanan Panicker, aged 53 year's resident of Flat No. 305, Dheeraj Basera, Opposite Soni Complex, Malad (W), Mumbai- 64, acting in my official capacity as Chief Executive Officer in M/s Cargo Service Center India Private Limited having its registered office at 301-303, Rangoli, Sahar road, Sahar, Andheri (E), Mumbai- 400099 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s Cargo Service Center India Private Limited in the matter of making this submission before the Airports Economic Regulation Authority of India, New Delhi ('the Authority');
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of the Annual Tariff Proposal submission which include inter alia:

(i) Proposed detailed break-up of Tariff(s) where the Authority has specified a light touch approach for the duration of the Control Period and (ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.


Radharamanan Panicker
Group Chief Executive Officer,
Cargo Service Center India Pvt Ltd



Dated: 18th March, 2014

Place: Mumbai

1. Background

Cargo Service Center India Pvt Ltd (CSC India), a company registered under the Company's Act at Mumbai and having registered office at 301-301, Rangoli, Sahar road, Andheri (E), Mumbai- 400099 (herein under referred to as "CSC") was awarded a concession by Mumbai International Airport Ltd (herein under referred to as "MIAL") to design, built, develop, finance, operate and manage the Perishable Cargo Terminal (herein under referred to as "PCT") at Chatrapati Shivaji International Airport, Mumbai.

In terms of the section 15 of the AERA Act, the Services being provided by CSC has been determined to be Regulated Service. As such CSC India filed its Multi Year Tariff Proposal ("MYTP Proposal") as well as Annual Tariff Proposal (ATP) for perishable cargo handling services for approval for the Authority vide our proposal dated 9th May, 2011.

It was determined in terms of the proposal that the services being provided by CSC India was both Material and Competitive. The Authority taking these factors into consideration had vide its **Order No. 5/2011-12** dated 26th July 2011 approved the MYTP of CSC for providing perishable cargo handling services at PCT, Mumbai airport under the light touch approach. It also approved the ATP for Tariff years 2011-12, 2012-13 and 2013-14 by order No 5/2011-12, 17/2012-13 and order No 15/2013-14 respectively, the last Tariff order being valid until 31st March 2014.

Vide clause 10.8 of the said guideline for Tariff Determination it is required to file Annual Tariff proposal prior to the start of each Tariff Year commencing 1st April.

2. Regulatory Approach to Tariff determination:

As per the Guidelines [Airports Economic Regulatory Authority of India (Terms & Condition for Determination of Tariff for services for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011], the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service:

a) *Materiality Assessment:*

It has already been established that in case of Mumbai Airport cargo, the volume of cargo justified regulatory oversight. This condition has not changed.

b) *Competition Assessment:*

In our MYTP it has been stated that we face competition from Air India who operates the second perishable cargo terminal and MIAL which is also a handling company providing facilities for pharmaceutical storage and handling. This fact has been acknowledged by the Authority vide its **Order No. 5/2011-12**. This condition has also not changed at time of this filing.

c) *Assessment of reasonableness of the user agreements between the service providers and the regulated services:*

As already submitted, services are provided to two broad categories of uses- Shippers and exporters in city side to whom we charge the handling fees and security charges. It be noted that users of our facility are very specific customers – those who require temperature

controlled environment for processing of their cargo like Pharmaceuticals, horticulture crops, meat and dairy products shippers etc.

The city side tariff which are commonly applied to all users, are determined using consultative approach with Users of the facility and services namely the forwarders and the shippers. Trade bodies like ACAAI and BCHAAS are also involved in such discussion and negotiation.

On the other hand, the airside charges are airline specific and fixed after detailed negotiation with specific airlines based on volume of cargo to be handled, service level agreement, specific handling requirements and other such factors. Agreements with airlines are signed based in the Standard Ground Handling Agreement (herein under referred as "SGHA") as per IATA guidelines. Such negotiations are on-going and are entered into for period of 2 to 3 years.

Given the above factors, it is contended that perishable cargo handling service being provided by CSC Mumbai airport is material but competitive and therefore the tariff should be regulated by the Authority under Light Touch Approach as per Chapter V of your Guidelines.

3. Implementation of the approved tariff:

It was stated in the First Tariff proposal document that Custom had levied Cost recovery of their personnel posted to the Facility plus asked for certain other accommodations like transport vehicles in pursuant to the Customs Cargo Regulation effective the date of operation of the Facility i.e. from May 2011.

However the communication to that effect was only received by the company during the latter half of the Financial or Tariff Year 2011-12, which time it was not possible to take appropriate approval of the Authority for levy of this charge on the trade. The matter was also raised during the consultative process for determination of tariff for the first Tariff year 2011-12 and so recorded in paragraph 5.2 (iii) of Authority's Order No.5/2011-12 dated 26th July 2011.

The company had therefore proposed an increase of 25paise per kg in the TSP charge in the second Tariff Year effective 1st April 2012 on account of Custom Cost recovery charges, based on available information on such cost. Initially since the custom operated only one shift, the cost recovery was for one shift only. Thereafter Custom has started operating two shifts and as such the Cost Recovery Charges have almost doubled from the original estimate.

It is placed on record that MIAL, the airport operator of Mumbai airport and who also the Custodian of the Facility, has filed a civil suit against this Cost recovery by custom. The Customs has raised an invoice of Rs.1.64crore on the company for Cost Recovery for Year 2013-14 but the company has not paid the said amount to Customs for the year 2013-14 pending the settlement of this civil suit.

However it is hereby placed on record that the company has not been able to recover the full amount of Cost Recovery paid/payable to custom on account of :

- a. The fact that approval of tariff for year 2012-13 came very late and so recovery started only in Oct 2012.

- b. The volume of cargo handled and processed at the facility was way below the estimated volume leading to under recovery.

The total amount of Cost Recovery payable to Customs for Years 2011 to 2013 inclusive of all costs is **Rs.1.59 crore whereas the total amount recovered/estimated to be recovered upto 31st March 2014** will be Rs.1.38, an under recovery of Rs.21.16 lakhs. If the amount of Rs.1.64 is added (which has not be paid but is accrued for FY 2013-14) then the total under-recovery is to the tune of Rs.1.85crore.

See table in Annexure" 1" attached to this note.

4. Tariff Proposal and Justification for increase if any:

For the Tariff Year 2014-15, CSC is not proposing any changes in the tariff as applicable since 1st April 2014.

However with the assumption that the Custom Cost recovery if still applicable (if MIAL doesn't win the civil suit) will be the same, the additional cost recovery amount for next two years will be Rs.3.28crore. Given that the estimated tonnage to be handled will be 87000MT for the next two tariff years, the company will have to levy Re0.60 per kg instead of Re0.25 toward Custom Cost recovery. As the Custom Cost recovery is included in the TSP charge, effective 1st April 2014 there will be increase in the TSP charge to the extent of this increase per kg in Custom Cost recovery, which will be as follows:-

TSP for Non horticulture product – INR 2.2 per kg

TSP for Horticulture product – INR 1.4 per kg

Note that Custom Cost Recovery is pass through charge and therefore no User consultation has been done as the principle has been established per the earlier tariff order.

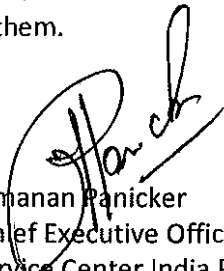
It is also confirmed that if "Cost Recovery by Customs" is removed due for whatsoever reason, the company will stop this levy immediately after recovery of the amount so paid to Customs.

5. Other Factors:

The volume of 39270 MT (estimated) to be handled for the Year 2013-14 will be less than the volume projected on account of infrastructural constraints as also because the operations was only for two shifts against three shifts planned. If the Customs approves the working of 24 x 7 for our facility, the estimated volume of cargo to be handled during the TY 2014-15 will be around 45000MT.

With this Tariff Plan and estimated volume of cargo, the overall yield for CSC from the Regulated Service will remain below the EMAY as per the comprehensive MYTP Proposal submitted at the beginning of the project. In other words the estimated Revenue from the proposed Tariff plan will remain below the ARR as per our MYTP proposal.

Should any clarification be required on the above proposal CSC would be more than happy to provide them.


Radharamanan Panicker
Group Chief Executive Officer
Cargo Service Center India Pvt Ltd



Annexure (1)

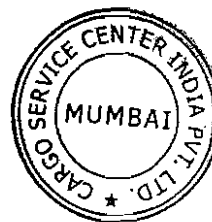
Cargo Service Center India Pvt Ltd

Center for Perishable Cargo : Custom Charges Recovery Statement.

Tariff Year	Tonnage Handled in MT	Custom Cost Recovery Invoiced to CSC	Additional custom cost	Total Custom cost cost Incurred	Custom Cost Recovered by CSC	Remarks
2011-12	23,560	62,64,478		62,64,478		From 1st October 2012 CSC started collecting Custom recovery charges @ 0.25 rs per kg
2012-13	33,923	88,26,084		88,26,084	40,63,750	1st October 2012 to 31st March 2013, tonnage handled 16255 x 250 per ton
2013-14	39,267	1,64,00,000	8,06,332	1,72,06,332	98,16,750	
(estimated)	96,750	1,50,90,562	8,06,332	3,22,96,894	1,38,80,500	
				(a)	(b)	
2014-15	42,000	1,64,00,000	8,00,000	(a-b)	1,84,16,394	Underrecovered Custom Charges till 31st March 2014
(estimated)	(estimated)				1,72,00,000	Assumed Custom raises invoice at same rate for 2014-15
2015-16	45,000	1,64,00,000	8,00,000		1,72,00,000	Assumed Custom raises invoice at same rate for 2015-16
(estimated)	(estimated)					
Total	87,000				5,28,16,394	Total estimated balance of custom cost recovery
Estimated Custom Cost to be recovered from 1st April 14 from trade for balance 2 years approximated					600	Rupees per Ton

Therefore additional Custom Cost to be levied from 1st April 14

350 Rupees per Ton

MIAL/CARGO/190 /2011-12/1252

21.10.11

To,
 ✓ The Chief Executive Officer
 Cargo Service Centre (India) Pvt. Ltd.,
 Mumbai – 400 099

Kind Attn.: Mr. Radharaman Paniker

SUB :- Payment of Cost Recovery Charges for Customs staff posted at the Perishable Cargo Terminal

Dear Mr.Paniker

With reference to the above, we wish to inform that since M/s. Cargo Service Centre is the agency approved by Customs to operate the Perishable Cargo Terminal on behalf of MIAL, the Custodian, therefore, CSC may take appropriate action for payment of cost recovery charges amounting to Rs.21,94,598/- (Rupees Twenty One Lakhs Ninety Four Thousand Five Hundred and Ninety Eight only) from 16.08.11 upto 31.12.2012 towards the customs staff deployed at the facility.

For ready reference, a copy each of Customs letter dated 29.09.11 and 19.10.11 received from Addl. Commissioner of Customs (Prev /Admn) and Asstt. Commissioner of Customs is enclosed.

You are therefore, requested to take early action for remittance of payment to customs under intimation to MIAL.

Encls : as above.

Thanking you,

Yours faithfully,
 For Mumbai International Airport Ltd


 Manoj Singh
 Asst. Vice President-Cargo



Mumbai International Airport Pvt Ltd.
 Chhatrapati Shivaji International Airport
 Air Cargo Complex, Sahar Road, Andheri (E), Mumbai 400 099, India

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 www.csia.in

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OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT),
AIR CARGO COMPLEX, SAHAR, ANDHERI (EAST),
MUMBAI - 400 099.

F.No. S/3-Prev.Admn.-26/2010 ACC

Date : 19.10.2011

To,

The Vice President - Cargo,
Mumbai International Airport Pvt. Ltd.,
Air Cargo Complex,
Sahar, Andheri (East),
Mumbai - 400 099.

Sir,

Sub : Payment of Cost Recovery Charges for customs staff posted at the
Perishable Cargo Terminal - reg.

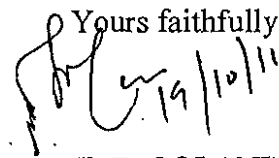
Please refer to this office letter of even no. dated 29.09.11.

The details of the Cost Recovery Charges for the staff deployed at the new
perishable cargo terminal are as under :

	Deputy Commissioner	Superintendent	Inspector (PO/EO)	Sepoy
Average Pay	25395.00	22935.00	22224.00	7695.00
DA @ 58%	14729.00	13302.00	12890.00	4463.00
HRA @ 30%	7619.00	6881.00	6667.00	2309.00
T A	3200.00	1600.00	1600.00	600.00
DA @ 58% on TA	1856.00	928.00	928.00	348.00
Total	52799.00	45646.00	44309.00	15415.00
For 1 month (Total x 1.85 times)	97678.00	84445.00	81972.00	28518.00

The cost recovery charges are payable w.e.f. 16.08.2011. You are, therefore,
directed to pay an advance deposit of Rs.2194598/- (Rupees Twenty One Lakhs Ninety Four
Thousand Five Hundred Ninety Eight only) as cost recovery charges upto 31.03.2012
towards deployment of staff at the Perishable Cargo Terminal immediately.

Yours faithfully,



(R.T. GOLANI)

Asstt. Commissioner of Customs
Preventive / Admn

RECEIVED
Date : 19/10/11
Inward No. 4534
MIAL - CARGO

GVK

MIAL/CARGO/190 /2012-13/2174

15.06.12

To,
The Group Chief Executive Officer
Cargo Service Centre (India) Pvt. Ltd.,
Mumbai - 400 099

Kind Attn : Mr. Radharaman Paniker

SUB : Payment of Cost Recovery Charges for Customs staff for the Period
01.04.12 to 31.03.12 posted at the Perishable Cargo Terminal,
Air Cargo Complex Reg.

Ref : i) MIAL letter No. MIAL/Cargo/115/2011-12/1945 Dated 30.03.12
ii) MIAL letter No. MIAL/Cargo/190/2012-13/1998 Dated 17.04.12
iii) Customs letter No. S/3-Prev. Admn. 26/2010 ACC Dated 16.04.12
iv) Customs letter No. S/3-Prev. Admn.26/2010 ACC Dated 13.06.12


Dear Mr. Paniker,

This is in continuation to earlier letters of MIAL and Customs mentioned above at references i), ii), and iii) on the above mentioned subject. While the payment towards cost recovery charges for customs staff for the period in question is awaited, the customs vide their letter No. Customs letter No. S/3-Prev. Admn.26/2010 ACC dated 13.06.12, (copy enclosed) received from Asstt. Commissioner, Prev. Admn. has raised a revised demand for Rs. 1,21,87,893/- concerning period of 2012-13 and arrears for 2011-12. Since M/s. Cargo Service Centre is the agency approved by Customs to operate the Perishable Cargo Terminal on behalf of MIAL, the Custodian, therefore, you may please take an immediate appropriate action for payment of cost recovery charges amounting to Rs. 1,21,87,893 /- (Rupees One Crore twenty one lac eighty seven thousand eight hundred and ninety three only) for customs staff deployed at the facility.

You are therefore, requested to take urgent action for remittance of payment to customs under intimation to MIAL.

Thanking you,

Yours faithfully,
For Mumbai International Airport Ltd.,


Manoj Singh
Head-Cargo

Encl.: As Above.



Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
Air Cargo Complex, Sahar Road, Andheri (E), Mumbai 400 099, India
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CP No. 06/2014-15/MYTP/CSC/PC/Mum/2011-12/Vol-I

ENERGY
AIRPORTS
TRANSPORTATION
REALTY
Page 16 of 18
HOSPITALITY
LIFE SCIENCES

-94-

OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT),
AIR CARGO COMPLEX, SAHAR, ANDHERI (E),
MUMBAI-400 099.

F.No. S/3-Prev.Admn.26/2010 ACC

Date: 13/06/2012

To,

The Vice President – Cargo,
Mumbai International Airport Pvt. Ltd.,
Air Cargo Complex,
Sahar, Andheri (East),
Mumbai – 400 099.

Sir,

Sub : Payment of Cost Recovery Charges for customs staff posted at the
Perishable Cargo Terminal – reg.

Kind reference is invited this office letter of even dated 29.03.2012 and
16.04.2012 on above subject.

Attention is invited to the fact that MIAL is yet to deposit the requisite cost
recovery charges for the staff deployed at Perishable Cargo Terminal of MIAL at
Air Cargo Complex, for the period 01.04.2012 to 31.03.2013.

The cost recovery charges has now been re-determined on the basis of
the details received from Accounts Main, New Custom House, for the year 2012-
2013, and are as below:

Designation	No.	Amount in Rs.
Deputy /Assistant Commissioner of Customs	1	15,34,980.00
Superintendent of Customs (P)	2	24,41,904.00
Inspector (Preventive Officer / Examiner)	4	48,49,200.00
Total		88,26,084.00

Attention is drawn to this office letter F. No. S/3-Prev.Admn.26/2010 ACC
dated 08.06.2011, wherein a contingent of 09 officers consisting of one Deputy
/Assistant Commissioner of Customs, two Superintendent of Customs (P), four
Inspectors (Preventive Officer / Examiner) and two sepoy has been specified.
However, the charges paid was for one Deputy /Assistant Commissioner of
Customs, one Superintendent of Customs (P), one Inspector (Preventive Officer /
Examiner), and one Sepoy. The operation at PCT (CSC) was permitted between
8 am to 10 pm, during which two shifts of officers have been deputed for cargo
clearance since the inception of PCT. One Superintendent of Customs (P) and
two Inspectors (Preventive Officer) are posted in each shift and as such two
Superintendent of Customs (P) and four Inspectors (Preventive Officer) were
deputed to facilitate the work at PCT during the period 15.05.2011 to 31.03.2012.
It is therefore evident that the cost recovery charges for remaining staff, i.e., one
GP No. 06/2011-15/MYTP/CSC/PC/Mum/2011-12/Vol-I Superintendent of Customs (P) and three Inspectors (Preventive Officer) have

Period 16.05.2011 to 31.03.2012, as per prevalent rates during the said period is calculated as below:

1) Calculation for period 16.05.2011 to 31.12.2011.

Designation	No of officers	No of months	Total Amount
Supdt.(P)	1	6.5	5,48,892.00
PO	3	6.5	15,98,454.00
TOTAL			21,47,346.00

2) Calculation for period 01.01.2012 to 31.03.2012.

Designation	No of officers	No of months	Total Amount
Supdt.(P)	1	3	3,05,238.00
PO	3	3	9,09,225.00
TOTAL			12,14,463.00

Total Amount recoverable for period 16.05.2012 to 31.03.2012.

	21,47,346.00
	12,14,463.00
TOTAL	33,61,809.00

3) Hence the total amount payable by MIAL, i.e. arrears and current is as below.

Period 16.05.2012 to 31.03.2012 (arrears)	33,61,809.00
Period 01.04.2012 to 31.03.2013 (current year)	88,26,084.00
TOTAL	1,21,87,893.00

→ 22,06,571

As such, it is requested that the cost recovery charges of Rs. 1,21,87,893.00/- (Rupees One Crore Twenty One Lakhs Eighty Seven Thousand Eight Hundred Nine only) including arrears may be paid immediately to facilitate smooth operation at the facility.

Delay in depositing the above charges will be viewed seriously.

Yours sincerely,

Palash Bhoiyar
15/6/12

(PALASH BHOYAR)
Asstt. Commissioner of Customs
Preventive / Admn

OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT),
PREVENTIVE ADMN. SECTION, AIR CARGO COMPLEX, SAHAR,
ANDHERI (E), MUMBAI - 400 099.

F.No.S/3-Prev.Admn-26/2010 ACC

Date: 12.2013

To,

The Vice President-Cargo,
Mumbai International Airport Pvt. Ltd.
Air Cargo Complex,
Sahar, Andheri (E),
Mumbai 400 099.

Sir,

Sub.: Cost Recovery charges for the year 2013-14 for the Customs staff
deployed for export cargo clearance at Perishable Cargo Terminal -
regarding.

Please refer to this office letter of even no. dated 28.06.2013 and Reminder letter
dated 05.07.2013 on the above subject.

The W.P. No. 584 of 2013 is still pending for admission / hearing and thus no order
has been passed till date. M/s. MIAL had already deposited Cost Recovery charges under
protest for the period 16.05.2011 to 31.03.2013.

It is seen that the amount of Rs.1,64,64,236/- towards Cost Recovery charges for the
year 2013-14 for the Customs staff deployed for export cargo clearance at Perishable Cargo
Terminal has not yet been paid.

You are requested to deposit the above amount at the earliest as we are
approaching the last quarter of year 2013-14. You may deposit the same as earlier
deposited under protest subject to outcome of the Court case.

Yours faithfully,

(Rohit Singla)

Dy. Commissioner of Customs,
Preventive-Administration / ACC