

Consultation Paper No. 09/2014-15



Airports Economic Regulatory Authority of India

**Annual Tariff Proposal for Fourth (2014-15) and Fifth
(2015-16) Tariff Years submitted by Express
Industry Council of India for providing Cargo
Handling Services (Express Courier Handling) at
IGI Airport, New Delhi**

New Delhi: 1st October, 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 Express Industry Council of India (EICI) for the first control period commencing w.e.f. 01.04.2011, in respect of the tariff for the services provided for Courier Cargo Handling Services at IGI Airport, New Delhi. The Authority had, after due stakeholder Consultation, issued a Multi Year Tariff Order (MYTO) No. 28/2012-13 dated 26.11.2012, ordering that the courier cargo handling service rendered by EICI at IGI Airport, New Delhi, is “material but competitive” and hence the Authority would adopt “light touch approach” for determination of tariff for the first control period and also determined the tariff(s) for the first, second and 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 is to submit to the Authority its ATP(s), provided that an ATP would 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 EICI vide letter dated 22.04.2014 and 10.07.2014 has submitted Form B, and Form 14 (b) towards the Annual Tariff Proposal (ATP) for fourth (w.e.f. 01.04.2014 to 31.03.2015) and fifth (w.e.f. 01.04.2015 to 31.03.2016) tariff years in respect of the courier cargo handling services rendered at IGI Airport, New Delhi.

3.2 EICI has furnished an auditor certificate from M/s S.R.Gokhale & Co. Chartered Accountants, Mumbai, having the details of (i) recovery of customs charges from the users of the terminal at IGI Airport, New Delhi, (ii) staff cost of Customs Authority and (iii) shortfall during the financial year 2013-14. EICI has submitted that the cost recovery raised for customs officials on retrospective basis for the past period is on account of the revised pay scales based on the latest Pay Commission recommendation. EICI submitted that during FY 2013-2014, there is a shortfall in cost recovery charges already paid to Customs warranting an increase in the cost recovery charges for FY 2014-15 and FY 2015-16.

3.3 Towards the evidence of stakeholder consultation for the proposed increase in the tariff(s) for fourth and fifth tariff years, EICI has submitted that being a co-operative of users and express courier companies, the Members themselves approve the tariff as the EICI Board comprises of their representatives. Accordingly, the tariff for the tariff year 2014-15 and 2015-16 has been approved by the members of the Committee who constitutes the bulk of the courier companies which use the services provided by EICI at Delhi, hence a due consultation of all the stakeholders involved has already been taken by them during the Meeting of the Committee. EICI has enclosed a certified true copy of the extract of the minutes of the meeting.

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

- (i) The Tariff(s), for Courier Cargo Handling Services provided by M/s Express Industry Council of India at IGI Airport, New Delhi, for the fourth (w.e.f. 01.04.2014 to 31.03.2015) and fifth tariff years (w.e.f. 01.04.2015 to 31.03.2016) of the first control period are proposed to be as at **Annexure – I**.

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 submitted by M/s Express Industry Council of India 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, in terms of the Provisions of the Act only after considering the submissions of the stakeholders in response hereto.

6. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 4 above, latest by **14.10.2014** at the following address:

**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**

**Alok Shekhar,
Secretary**

Express Industry Council of India
Form 14(b)

A. Tariff

Tariff for Delhi Terminal: Facilitation Fees, Storage & Processing Charges at EICI Express Terminal Built,
Managed and operated by Express Industry Council of India at Delhi Airport
April 2014 to March 2015

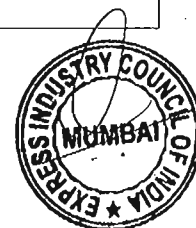
Sr. No.	Charges	Rate Rs.	Chargeable to	Remarks
1	International Imports			
	Facilitation Fees cum Import X-Ray Screening charges	Rs. 8.00 Per Kg.	Users	
	Detention Fees			
	0-3 Days	Free		
	From 04 - 10 Days	Rs. 3/- Per Kg, Per Day or part thereof or Rs. 30/- whichever is higher		
	From 11 - 20 Days	Rs. 4/- Per Kg, Per Day or part thereof or Rs. 30/- whichever is higher		
	From 21 - 30 Days	Rs. 5.50 Per Kg, Per Day		
	From 31st Day	Rs. 7/- Per Kg, Per Day		
	Late Clearance Charges	Rs. 5/- Per Kg, Per Day	Users	Late Clearance Charges for Form IV Shipments after 12 Hours
2	International Exports			
	Facilitation Fees	Rs. 7.50 Per Kg,		

The above tariff are all inclusive charges charged for facilitating Import and Export Shipments. In addition to the above certain charges are to be paid to DIAL and CSC for the services that they provide for X-Ray screening which are separately regulated by AERA.

3	X-Ray Charges (Exports)	Rs. 1.75 Per Kg.	Users	Charged to the users and simultaneously paid to DIAL and CSC. As these charges are regulated by AERA, if these charges are increased then simultaneously EICI will have to increase accordingly under intimation to AERA.
4	Customs Charges (Imports)	Rs. 1/- Per Kg.	Users	These charges may vary as indicated above and same will be changed under intimation to AERA. We further state that once Customs stop demanding the Cost Recovery, we will also stop collecting these charges
5	Customs Charges (Exports)	Rs. 1/- Per Kg.	Users	

Due to 6th Pay Commission Arrears demanded by Customs, we have proposed to levy a surcharge till recovery of total arrears. This charge will not be levied once the arrears are collected and paid

6	Customs Cost Recovery Arrears Charges	Rs. 2/- Per Kg.	Users	
	EDI Clearance Charges		Users	As per MoU signed with Customs, there would be a certain levy on the shipments cleared through EDI. The CAPEX for these charges are not included in our MYTP proposal. These charges would be levied once it is approved by Customs
	Note: The charges are on per kg basis and there is no minimum charge. For a 1 kg shipment the per kg rate is applicable. Express shipments are generally small shipments and hence this benefits our users as no minimum charge is levied.			



Express Industry Council of India

Form 4(b)

A. Tariff

Tariff for Delhi Terminal: Facilitation Fees, Storage & Processing Charges at EICI Express Terminal Built,

Managed and operated by Express Industry Council of India at Delhi Airport

April 2015 to March 2016

Sr. No.	Charges	Rate Rs.	Chargeable to	Remarks
1	International Imports			
	Facilitation Fees cum Import X-Ray Screening charges	Rs. 9.00 Per Kg,	Users	
	Detention Fees			
	0-3 Days	Free		
	From 04 - 10 Days	Rs. 4/- Per Kg, Per Day or part thereof or Rs. 30/- whichever is higher		
	From 11 - 20 Days	Rs. 5/- Per Kg, Per Day or part thereof or Rs. 30/- whichever is higher		
	From 21 - 30 Days	Rs. 6/- Per Kg, Per Day		
	From 31st Day	Rs. 8/- Per Kg, Per Day		
	Late Clearance Charges	Rs. 5/- Per Kg, Per Day	Users	Late Clearance Charges for Form IV Shipments after 12 Hours
2	International Exports			
	Facilitation Fees	Rs. 8.50 Per Kg,		

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EICI/AERA/060
22nd April 2014

The Hon'ble Secretary,
Airport Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110 003

Re: Submission of ATPs for the tariff years 2014-15 and 2015-16 for Delhi as requested vide your letter dtd 20th March 2014

Sir,

We are in receipt of your letter dated 20.03.2014 bearing File no. AERA/20010/MYTP/EICI/C/Del/2011-12/Vol-I/5549 directing us to re-submit the revised Annual Tariff Proposal (ATP) for Delhi for the 4th and 5th tariff years of the current control period and annual compliance statements to your office.

We have noted the fact that the Multi Year Tariff Proposal (MYTP) of Express Industry Council of India (EICI) for the first control period w.e.f. 01.04.2011 to 31.03.2016 has been approved by the Airport Economic Regulatory Authority of India (AERA) and the Order (MYTO) issued for Delhi vide Order No. 16/2013-14 dated 21.06.2013 will remain valid till 31.03.2016.

As requested, we are herewith enclosing the revised Annual Tariff Proposal (ATP) for the 4th and 5th Years of the current control period for the Delhi Airport. With respect to the same, we would also like to draw your attention to the points mentioned below for your kind consideration while finalizing the tariff:-

EICI had received the MYTO for Delhi in December 2012. However the MYTP was filed in June 2011 as per the rates prevailing then. During the intervening period there were escalation in various costs including inter alia rentals paid to Delhi International Airport Pvt. Ltd. (DIAL), Customs Cost Recovery Charges, Repairs and Maintenance, Staff Cost, Administrative Costs, etc. but the rates could not be revised since AERA had not issued the Order for Delhi.

If Volumes from 2012-2013 to 2013-2014 are compared it may be noted that there is an increase of 10% in Salary & Related Expenditure, 19% in Administrative Expenses and 8% in Airport Service Costs.



Increase in Customs Charges is asked mainly due to less recovery from the users of the Terminal at Delhi than the actual staff Cost recovered by Custom Authorities during the F.Y. 2013-2014 for which we are attaching herewith Chartered Accountant M/s. S. R. Gokhale & Co. certificate for your information.

In view of the afore-mentioned details, please find enclosed herewith the revised Form 14(b) for your kind consideration. We request you to kindly approve the rates submitted therein based on our aforesaid submissions.

Kindly note that we would be submitting the annual compliance statement shortly.

Please find enclosed 4 (four) copies of the ATP for 4th and 5th Years for the express terminal of the Express Industry Council of India for the period FY 2014-15 and 2015-16 for Delhi.

We would be happy to provide any further clarifications that may be required in order to process the approval.

Kindly acknowledge receipt.

With high regards,

For Express Industry Council of India

A handwritten signature in black ink, appearing to read "Vijay Kumar", written over a horizontal line.

Vijay Kumar
Chief Operating Officer

Encl:

- i) C.A. Report from SR GOKHALE & CO.
- ii) FORM B
- iii) FORM 14(B) - ATP FOR 2014-15
- iv) FORM 14(B) - ATP FOR 2015-16
- v) COMPARISON TABLE

S R Gokhale & Co.

Chartered Accountants

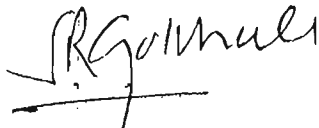
505, Gold Crest Business Centre, L.T. Road, Borivali (West), Mumbai 400092

TO WHOMSOEVER IT MAY CONCERN

This is to certify that Express Industry Council of India (EICI) has recovered less Customs Charges, from the users of the terminal at Delhi, than the actual Staff Cost recovered by Customs Authorities, Delhi during the financial year 2013-14.

The above certificate is issued on the basis of documents and records produced before us for verification and for the purpose of application by EICI for approval of recovery charges by Airports Economic Regulatory Authority of India.

For S R Gokhale & Co.
Chartered Accountants



S R Gokhale
Proprietor
M No: 038749
Mumbai
Date: 7th April 2014



Form B: (ref: Section A1.8 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

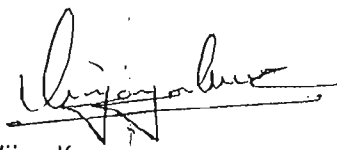
AT NEW DELHI

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

M/S. EXPRESS INDUSTRY COUNCIL OF INDIA

I, Mr. Vijay Kumar, aged 53 resident of Mumbai acting in my official capacity as Chief Operating Officer in *M/s. Express Industry Council of India* having its registered office at 501, Crystal Centre, Raheja Vihar, Off. Chandivali Farm Road, Powai, Mumbai – 400 072 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of *M/s. Express Industry Council of India* 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) based on Clause 11.2 where the Authority has specified a light touch approach for the duration of the Control Period, pursuant to Clause 3.2 and
 - (ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.


Vijay Kumar
Chief Operating Officer

Place: Mumbai

Date: 22nd April 2014

EICI/AERA/212
10th July 2014

Mr. C. V. Deepak
OSD - II
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: In the matter of determination of tariff(s) for the fourth and fifth tariff years in respect of Express Industry Council of India (EICI) for providing Courier Handling Facility Services at Cargo Terminal in respect of Delhi International Airport, Delhi.

We have the honor to refer to your letter bearing F. No. AERA/20010/MYTP/EICI/C/DEL/2011-12/Vol -- I /6025 dated 17th June 2014 in response to our letter dtd 22 April, 2014 with respect to the above mentioned subject.

(i) Auditor's certificate relating to Customs charges

In view of the cost recovery raised for customs officials on retrospective basis for the past period on account of the revised pay scales based on the latest Pay Commission recommendation, EICI has been paying these retrospective and enhanced charges as per the MYPT approved by AERA. The details of amounts recovered and paid to Customs are enclosed. Pursuant to reconciliation of accounts for the FY 2013-2014, it has been observed that there is a shortfall of cost recovery charges already paid to Customs warranting an increase in the cost recovery charges for FY 2014-15 and FY 2015-16. The Members of EICI during their last meeting held on 24th March 2014 had expressed their serious concern regarding this issue and sought increase in Cost recovery charges accordingly to recoup the additional charges to be paid to Customs. The Chartered Accountant certificate for the same is being enclosed accordingly.

(ii) Evidence of stakeholder consultation

We would like to reiterate our earlier submission that while the MYTP/ATP format is designed for profit making entity, EICI does not fit the criteria outlined in the MYTP/ATP as EICI is a co-operative of Express Industry Companies and users and more particularly – a) does not make investments on the basis of return on investments; b) is a not for profit Section 25 Company and hence does not function with profit as a motive and c) does not distribute dividend to shareholders.

It may be noted that being a co-operative of users and express courier companies, the Members themselves approve the tariff as the EICI Board comprises of their representatives. Accordingly, the tariff for the ATP 2014-15 and 2015-16 has been approved by the members of the Committee who constitutes the bulk of the courier companies which use the services provided by EICI at Delhi, hence a due consultation of all the stakeholders involved has already been done by us during the Meeting of the Committee, and a certified true copy of the extract of the minutes of the meeting is enclosed herewith for your reference.

Page 1 of 2

(i) Late clearance charges

The period of charge per day/per week for late clearance charges and Detention fee have now been included in the tariff in Form 14(b).

(ii) ATPs signed and stamped

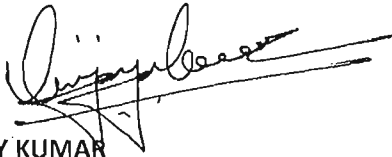
Enclosed herewith is the revised Form 14 (b) of the ATP for the Financial Year 2014-15 and 2015-16 for Delhi duly signed and stamped for your kind approval.

The rest of the ATP has already been submitted and is on record and we understand it does not require any further clarification.

We do hope that our proposal will be approved at your earliest convenience.

Thanking you,

Yours sincerely,
For **EXPRESS INDUSTRY COUNCIL OF INDIA**



VIJAY KUMAR
CHIEF OPERATING OFFICER

Encl: As above.

S R Gokhale & Co.

Chartered Accountants

505, Gold Crest Business Centre, L.T. Road, Borivali (West), Mumbai 400092

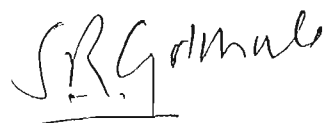
TO WHOMSOEVER IT MAY CONCERN

This is to certify that Express Industry Council of India (EICI) has following amounts of recovery towards Customs Charges, from the users of the terminal at Indira Gandhi International Airport, New Delhi, and Staff Cost of Customs Authorities, New Delhi, during the financial year 2013-14..

Particulars	Amounts Rs.	Amounts Rs.
Recovery towards Customs Charges		96,22,281
Staff Cost of Customs Authorities incurred during 1 st April 2013 to 30 th June 2013	44,69,742	
Staff Cost of Customs Authorities provided for the period from 1 st July 2013 to 31 st March 2014	1,35,00,000	
Total Staff Cost		1,79,69,742
Shortfall		83,47,461

The above certificate is issued on the basis of documents and records produced before us for verification and for the purpose of application by EICI for approval of recovery charges by Airports Economic Regulatory Authority of India.

For S R Gokhale & Co
Chartered Accountants



S R Gokhale
Proprietor
M No: 038749
Mumbai
Date: 9th July 2014

EXTRACT OF THE MINUTES OF FOURTH MEETING OF THE MANAGING COMMITTEE OF EICI HELD ON 24TH MARCH 2014 AT 11.00 AM AT THE CONFERENCE ROOM, EICI EXPRESS TERMINAL, SAHAR, MUMBAI – 400 099.

3) Finances of the Council

x. AERA – Annual Tariff Proposal filing with AERA for Delhi:

Thereafter the Committee reviewed the Income and Expenditure Account of Delhi to discuss and determine the rates at the Delhi facility. The Committee noted that EICI had received the MYTO for Delhi in December 2012 while the MYTP was filed in June 2011 as per the rates prevailing then. During the intervening period there were escalations in the costs relating to inter alia

- a. the rentals paid to Delhi International Airport Pvt. Ltd. (DIAL),
- b. Customs Cost Recovery Charges,
- c. Repairs and Maintenance,
- d. Staff Cost,
- e. Administrative Costs, etc.

The Members discussed and agreed that the Facilitation Fees has to be increased marginally due to escalation in costs under various heads. After review of the comparison between the Cost recovery charges received and charges payable to Customs, the Members agreed that increase in Customs Charges is necessary mainly due to less recovery from the users of the Terminal at Delhi than the actual Staff Cost recovered by Custom Authorities during the F.Y. 2013-2014.

The increase in rates for the FY 2014-15 and FY 2015-16 were discussed in view of the comparative increase proposed. The following table was presented for discussion and review by the Committee which outlined the existing and proposed rates for the said FYs:


TABLE				
Express Industry Council of India				
Proposed Rates for ATP 2014-15 and ATP 2015-16 for Delhi Airport				
Sr. No.	Rate for MYTP 2013-14 as approved vide AERA Order No.28/2012-13		Rate for ATP 2014-15	Rate for ATP 2015-16
1	International Imports			
	Facilitation Fees	Rs. 7.50 Per Kg.	Rs.8.00 Per Kg,	Rs.9.00 Per Kg,
	Customs Charges	Rs.0.30 Per Kg	Rs.1.00 Per Kg.	Rs.1.00 Per Kg.
	Surcharge on Import fees	Rs. 3/- Per Kg.	Rs.2/- Per Kg,	Rs.2/- Per Kg,
	TOTAL	Rs. 10.80 Per Kg.	Rs. 11.00 Per Kg.	Rs. 12.00 Per Kg.

2	International Exports			
	Facilitation Fees	Rs. 7.00 Per Kg.	Rs. 7.50 Per Kg.,	Rs.8.50 Per Kg,
	Customs Charges	Rs.0.70 Per Kg.	Rs. 1.00 Per Kg	Rs. 1.00 Per Kg
	Surcharge on Export fees	Rs. 3 Per Kg.	Rs.2/- Per Kg,	Rs.2/- Per Kg,
	TOTAL	Rs. 10.70 Per Kg.	Rs. 10.50 Per Kg.	Rs. 11.50 Per Kg.

The C.O.O. pointed out that before bringing this into effect EICI will have to present it before Airports Economic Regulatory Authority of India (AERA) and take their approval. During the course of discussion the Committee agreed to the rates proposed and agreed to implement the same once AERA approval is received.

For Express Industry Council of India

Rajkumar Saboo



R. K. Saboo
Chairman