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October 12, 2012



Capt. Kapil Chaudhary  
Secretary  
Airports Economic Regulatory Authority of India  
AERA Building, Administrative Block  
Safdarjung Airport, New Delhi -110 003

Menzies Aviation Bobba  
(B'lore) Pvt. Ltd.

Plot No. C-04L  
Bengaluru International Airport  
Devanahalli, Bangalore - 560 300  
INDIA

T: +91 80 2201 8048  
F: +91 80 2201 8001

www.menziesbobba.com

**Subject: Stake Holder Consultation**

**Ref: Annual Tariff Plan for the year 2012-13 filed by Air India SATS**

Dear Madam,

This is to bring to your kind notice that under the green field Airport Policy when Airport at Bangalore was established Cargo operations have been given to (1) Air India SATS (2) Menzies Aviation Bobba (Blr) Private Limited for integrated Cargo operations covering Customs Clearance, Custody of bonded goods, animal and plant quarantine, Valuable goods custody etc.

For this purpose all the Custodians have to procure a license from Commissioner of Customs. Commissioner of Customs while issuing the license has stipulated the following conditions:

1. Custodian Shall bear the cost of Customs staff posted at the Air Cargo Complex/s at the rate of 185% of cost of Salaries paid. The cost shall be paid to additional staff deployed over a period as and when required either due to requirements or regulatory requirements of Customs.
2. The custodian shall make adequate arrangement for Office space of 10000 sft( per custodian), sanitary facility water supply canteen etc.,
3. Custodian shall provide for suitable transport facility for customs staff posted at the Air Cargo complex/s.

A notification no:26/2009/Customs (NT) dated March 17, 2009 by Ministry of Finance, Government of India is attached with this letter.

With the Salary cost being increased by Customs Authorities half yearly due to DA revision and annually for pay revision and the number of officers posted being increased every year, we are forced to revise the Cost Recovery Charges being collected from the Customers. Further the amount recovered goes to Customs and not to the general revenue of the Company.

Further due to the recent circular issued by Prime Minister Office (PMO), Customs Officials were working 24X7 ( 3 shifts) in place of 2 shifts earlier from September 1, 2012. This has resulted in increase in the cost of services such as Transport, Lighting, facilities etc., making the functioning of Cargo Complex/s costlier.

Therefore a public notice was issued jointly by Menzies Aviation Bobba and AISATS in 2009 to recover the customs cost recovery charges in the following manner. The rates remained same since 2009 inspite of costs increased over the 3 year period as indicated above.

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28/10/12  
Mr. Yashwanth  
29/10/12

*Handwritten signature:*  
AGM (SO)

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Pl. consolidate  
Comments of the CP &  
put up.

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W  
23/x/12



Nature of transaction	Cost recovery per kg
Imports	1.25/-
Exports	0.25

The above rates have been mentioned in the Annual Tariff Plan provided by the Service Provider be it Menzies Aviation or Air India SATS. However this is a pass through mechanism. In the sense the amount is collected and paid to the Customs Authorities.

Further the function of customs is a sovereign function under Constitution of India and is not part of regular trade or commerce or Aviation business.

Under the above circumstances we request the Regulator to treat the Customs Cost Recovery charges as an Un-regulated Tariff and permit the Companies to deal with as per the requirement of Customs.

We have already represented vide our letter dated September 6, 2012 and requested AERA not to treat Customs Cost Recovery Charges as part of regulated Tariff.

Copies of Circulars from Customs, public notice to Trade and other documents are attached for your reference.

Thanking you,

For Menzies Aviation Bobba Bangalore Private Limited

K. Venkata Reddy  
Chief Executive Officer.

Attached:

1. A notification no:26/2009/Customs (NT) dated March 17, 2009 by Ministry of Finance
2. Public notice issued by Air India SATS and Menzies Bobba