

[F.No. AERA/20010/MYTP-CWC/C/Del/2011-12]

Airports Economic Regulatory Authority of India

Order No. 31/2012-13

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi - 110 003

Date of Order: 17th December, 2012

Date of Issue: 3rd January, 2013

In the matter of the Multi Year Tariff Proposal and Annual Tariff Proposals for First and Second Tariff years of the First Control Period in respect of Central Warehousing Corporation for providing Cargo Handling Services at IGI Airport, New Delhi.

M/s Central Warehousing Corporation (CWC) have submitted their Multi Year Tariff Proposal (MYTP) for the first control period of 5 years commencing w.e.f. 01.04.2011 and Annual Tariff Proposals (ATP) for first and second Tariff Years (i.e. 2011-12 and 2012-13) for providing cargo handling services at IGI Airport, New Delhi.

2.1 As stipulated in 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 Guidelines), the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service.

- a. Materiality Assessment
- b. Competition Assessment
- c. Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

2.2 The cargo facility service at IGI Airport, New Delhi has a materiality index of 26.4%, which is greater than 2.5% materiality fixed for subject service, hence this service at IGI Airport, New Delhi is deemed as 'material' in terms of Clause 4.4 of the Guidelines.

2.3 As per information furnished by CWC in Form F 1(b) - regarding Competition Assessment, following service providers are rendering cargo service at IGI Airport, New Delhi:

- (i) Celebi Delhi Cargo Management India Pvt. Ltd.



(ii) Delhi Cargo Service Centre Pvt. Ltd.

2.4 The Guidelines provide that where a regulated service is being provided at a major airport by two or more service provider(s), it shall be deemed 'competitive' at that airport. In the instant case with the total number of players being more than two, the service is deemed 'material but competitive' at IGI Airport, New Delhi and hence shall be regulated under 'light touch approach' for tariff determination.

3.1 CWC submitted that they have a small unit dealing with custody of detained, mishandled, confiscated and unaccompanied baggage under agreement for management of warehouse with Indian Customs since 2001 as a custodian and provided a copy of the agreement for management of warehouse at IGI Airport, New Delhi.

3.2 CWC also informed that the Additional Commissioner of Customs, IGIA vide letter dated 19.07.2011, had stated that the services being provided by CWC at Air Cargo Complex, IGIA, are as a custodian of the Baggage Warehouse for and on behalf of the Customs and that it is due to shortage of Customs staff/officers and keeping in view the track record of CWC for managing specialized warehouses, the management of the Baggage Warehouse has been assigned to CWC since January 2001 by the Customs department. Further these services are being rendered under the rate tariff notified by the Commissioner of Customs under the Passenger Baggage (Levy of Fees) Regulations, 1966 from time to time.

3.3 As per the agreement with Customs, it is mentioned that the CWC shall levy such charges as are notified by the Commissioner of Customs under the Passenger Baggage (Levy of Fees) Regulations, 1966 from time to time. CWC have furnished the copies of Customs Notifications No. VIII (AirCus) Tech/49/26/2001/8500 dated 27.12.2007 (for rates effective from 01.01.2008 to 10.07.2011) and No. VIII (AirCus)/Tech/49/26/2001/Pt. dated 05.07.2011 (for the rates effective from 11.07.2012 onward) having the rates for handling air cargo and the same rates have been indicated in the Form 14(b) for the consideration of the Authority.

4. The flow chart furnished by CWC show that they handle-

- (i) Clearance of mishandled Baggage- Goods which do not arrive along with the passenger due to logistical problems called mishandled bags.
- (ii) Direct Transfer/Interline Baggages- meant for transfer from one Airline to another.
- (iii) Detained goods- which need appraisalment, payment of duty, adjudication or re-export.
- (iv) Export /Import of precious cargo.



5.1 CWC vide letter dated 26.07.2012 submitted the following towards ATPs:

- a) Revised Form 14(b) part-I (first tariff year) from 01.04.2011 to 10.07.2011 along with copy of the Customs Notification No. VIII (AirCus) Tech/49/26/2001/8500 dated 27.12.2007.
- b) Revised Form 14(b) part-II, from 11.7.2011 to 31.03.2012 along with copy of the Customs Notification No. VIII (AirCus) Tech/49/26/2001/Pt dated 05.07.2011.

5.2 Regarding submission of the ATP for second tariff year w.e.f. 01.04.2012 to 31.03.2013, CWC in the Form 14(b) part-II, have stated that the same rates will remain in force till further notifications received from Customs Department regarding the enhancement of rate. Therefore, for the FY 2012-13 these rates will be applicable for ATP.

6.1 The Authority upon careful consideration of all the documents and submissions made by CWC, observed that CWC, in addition to handling of mishandled baggage, interline baggage and detained goods for Customs, is also handling exports and import of precious cargo. It was observed that to the extent of handling of exports/imports of precious cargo, the service provided by CWC is covered as an 'aeronautical service' in terms of Section 2(a) of the Airports Economic Regulatory Authority of India Act, 2008.

6.2 The Authority, considered the submissions made by CWC and issued Consultation Paper No. 26/2012-13 on 06.11.2012 for considering MYTP and ATP for first and second tariff year. In response to the proposal contained in the Consultation Paper No. 26/2012-13, no comments have been received from stakeholders.

6.3 The Authority observed that Central Government, through Customs, notifies the rates to be charged by Central Warehousing Corporation for providing the services in respect of export/import of precious cargo. Hence, the Authority may determine the charges for the rest of the Control Period accordingly and for which further stakeholder consultation is not considered necessary.

ORDER:

7. Upon careful consideration of material available on record, the Authority, in exercise of powers conferred by Section 13(1) (a) of the AERA Act, 2008, hereby orders that:

- (i) The service for cargo handling service, to the extent of import and export of precious cargo, being rendered by M/s Central Warehousing Corporation at IGI Airport, New Delhi is "material but competitive". Hence, the Authority shall adopt "Light Touch Approach" for determination of tariff for this service



provided by M/s Central Warehousing Corporation, for the first Control period w.e.f. 01.04.2011.

- (ii) The Tariff for first tariff year (w.e.f. 1.04.2011 to 31.3.2012), and for second tariff year (w.e.f. 01.04.2012 to 31.03.2013) of the first control period, for cargo handling services, to the extent of handling of exports and imports of precious cargo, provided by M/s Central Warehousing Corporation at IGI Airport, New Delhi, are determined as at Annexure –I.
- (iii) For the third, fourth and fifth tariff years (i.e. 2013-14, 2014-15 and 2015-16) of the current control period, the tariff for cargo services (to the extent of handling of exports/imports of precious cargo) provided by M/s Central Warehousing Corporation at IGI Airport, New Delhi are decided to be determined, as may be revised by Customs by way of a Notification, without any further stakeholder consultation.

**By the Order of and in the
Name of the Authority**



**(Capt. Kapil Chaudhary)
Secretary**

To

**M/s Central Warehousing Corporation,
Warehousing Bhawan, 4/1,
Siri Institutional Area,
August Kranti Marg,
New Delhi – 110 016.
(Through: Shri B.B. Pattanaik, Managing Director)**



Annexure - I

Part-I (from 01.04.2011 to 10.07.2011)

Form F 14 (b) Annual Tariff Proposal for Tariff Year Format for providing information on Tariff (s) (ref: Section)		
Type of cargo	Period	Storage charges per Kg per day
Valuable Cargo	Up to 7 days Including two free days (excluding the date of landing)	5.00
	From 8 th day up to 30 th day	10.00
	From 31 st day onwards	15.00

Note:

1. The passenger/Airlines will be liable to pay an amount of Rs. 5/- per kg towards handling charges subject to minimum Rs. 300/- per bag for Valuable Cargo; and Rs. 500/- per bag for Commercial quantity of Gems, Jewellery and Precious Cargo.
2. All bills to be rounded off to nearest five rupees. The weight to be rounded off to nearest kilogram.
3. Valuable cargo consists of Gold, Bullion, Currency Notes, Securities, Shares, Shares Coupons, Travellers Cheques, Diamonds, Jewellery and Watches made of Silver, Gold, Platinum etc.
4. These Rates are applicable to goods released on or after 01.01.2008.



PART – II (from 11.07.2011 to 31.03.2012)

Form F14(b) Annual Tariff Proposal for Tariff Year Format for providing information on Tariff(s) (ref: Section)		
Type of cargo	Period	Storage charges per Kg per day
Valuable Cargo	Up to 7 days including two free days (excluding the date of landing)	7.00
	From 8 th day up to 30 th day	13.50
	From 31 st day onwards	20.00

Note

- 1 The passenger/Airlines will be liable to pay an amount of Rs. 5/- per Kg. towards handling charges subject to minimum Rs. 500/- per bag for Valuable Cargo; and Rs. 1000/- per bag for Commercial quantity of Gems, Jewellery and Precious Cargo.
- 2 All bills to be rounded off to nearest five rupees. The weight to be rounded off to nearest kilogram.
- 3 Valuable cargo consists of Gold, Bullion, Currency Notes, Securities, Shares, Shares Coupons, Travellers Cheques, Diamonds, Jewellery and Watches made of Silver, Gold, Platinum etc.
- 4 These Rates are applicable to goods released on or after 11 July 2011.
- 5 These rates are applicable till further notification from the Custom Department regarding enhancement in the rates
- 6 These rates will remain in force till the further notification received from Customs Department regarding the enhancement of rate. Therefore, for the FY 2012-13 above rates are applicable for ATP.

