

Airports Economic Regulatory Authority of India

Order No. 28/2012-13

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

**Date of Order: 29th October, 2012
Date of Issue: 26th November, 2012**

In the matter of Multi Year Tariff Proposal (MYTP) for the 1st Control Period and the Annual Tariff Proposal (ATP) for the First, Second and Third Tariff Years submitted by Express Industry Council of India for providing Courier Handling Services at IGI Airport, New Delhi.

M/s Express Industry Council of India (EICI), have vide their application dated 30.04.2011 and subsequent submissions dated 07.02.2012, 23.02.2012 and 28.03.2013 submitted their Multi Year Tariff Proposal (MYTP) for the first Control Period of 5 years commencing w.e.f. 01.04.2011, for providing courier services at cargo terminal at IGI Airport, New Delhi. EICI, further vide letter dated 06.08.2012 and 23.07.2012 submitted their Annual Tariff Proposals (ATPs) for the for first tariff year (2011-12), second tariff year (2012-13) and third tariff year (2013-14).

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 EICI handles express/courier shipments at IGI Airport, New Delhi which are part of the cargo handling operations. The services being provided by EICI at Cargo Terminal, IGI Airport, New Delhi has a materiality index of 26.4 % which is greater than 2.5% materiality index fixed for subject service, hence the service is deemed as 'material' in terms of clause 4.4 of the Guidelines.

2.3 As per the information furnished by EICI in Form 1(b) on competition assessment, they have mentioned that "*EICI is a not for profit Section 5 company which aggregates services provided by other Airport Service Providers. The users of services in a co-operative effort setup EICI so that all express/courier companies*



could avail of the services provided by EICI. While EICI is unique as it provides services for express or courier shipments similar but not the same services are provided by Cargo Service Providers such as DIAL/CSC.”

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’.

2.5 It was observed that in the instant case the courier services at IGI Airport, New Delhi being provided by EICI is “material but competitive” and hence may be regulated under light touch approach for tariff determination.

2.6 The Authority, considered the submissions made by EICI and issued a Consultation Paper No. 21/2012-13 on 18.09.2012 for considering MYTP and ATP for first, second and third tariff year with 14 days response time.

2.7 In response, M/s Cargo Service Centre India Pvt. Ltd., (CSC) vide letter dated 01.10.2012, have stated that they recommend approval of the tariff proposal for the first, second and third tariff years submitted by EICI for services being provided at EICI common user terminal at Delhi Airport.

ORDER:

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

- (i) The services for courier facility being provided by Express Industry Council of India at IGI Airport, New Delhi, is “material but competitive”. Hence the Authority shall adopt a “Light Touch Approach” for determination of tariff for the first Control Period w.e.f 01.04.2011.
- (ii) The tariffs for rendering the express courier facility by M/s Express Industry Council of India at IGI Airport, New Delhi are determined for the first tariff year (01.04.2011 to 31.03.2012), second tariff year (01.04.2012 to 31.03.2013) and third tariff year (01.04.2013 to 31.03.2014) as per **Annexure–I, II and III** respectively.
- (iii) Customs recovery charges are charges towards provisioning of the aeronautical service being provided by EICI, which is rendered by EICI and paid to Customs Authorities. Any revision in customs recovery charges shall be approved by the Authority without further consultation, based on auditors’ certificate certifying that proposed increase, if any, is only to recover increases in the customs recovery charges and are restricted only to such recovery/demand made by the Customs, as and when applied for by EICI.



- (iv) The X-ray charges are levied by the Airport Operator and paid by EICI to the Airport Operator/CSC. These charges are therefore decided to be approved by the Authority as an item of tariff in respect of the Airport Operator/CSC.
- (v) These tariffs will be maximum and Demurrage free period (if any) shall be as per Government Orders issued from time to time.

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


**(Capt. Kapil Chaudhary)
Secretary**

To

**M/s Express Industry Council of India (EICI)
501, Crystal Centre, Raheja Vihar
Off Chandivali Farm Road, Powai,
Mumbai- 400 072.**

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AERA



DELHI

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 2011 to March 2012

Submitted on 23/07/2012

| Sr. No. | Charges | Rate Rs. | Chargeable to | Remarks |
|---------|---|--|---------------|---|
| 1 | International Imports | | | |
| | Facilitation Fees cum Import xray screening charges | Rs.6.75 Per Kg, | Users | Currently we are charging Rs. 0.50 as X-Ray Charges for Imports. So the proposed rate is comprises of Facilitation Fees and X-Ray Charges |
| | Detention Fees | | | |
| | 0-3 Days | Free | Users | |
| | From 04 - 10 Days | Rs.2/- Per Kg, or part thereof or Rs. 30/- whichever is higher | Users | |
| | From 11 - 20 Days | Rs.3/- Per Kg, or part thereof or Rs. 30/- whichever is higher | Users | |
| | From 21 - 30 Days | Rs.4.50 Per Kg, | Users | |
| | From 31st Day | Rs.6/- Per Kg, | Users | |
| | Demurrage Charges | Rs.5/- Per Kg, | Users | |
| 2 | International Exports | | | |
| | Facilitation Fees | Rs.6.50 Per Kg, | Users | |

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 seperately 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 |
| | EDI Clearance Charges | | | 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. | | | |



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| 4 | Customs Charges (Imports) | Rs.0.30 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.0.70 Per Kg. | Users | |

Due to 6th Pay Commission Arrears demanded by Customs, we have proposed to levy a surcharge of Rs. 3/- Per Kg. till total recovery of arrears of Rs. 2,73,11,835/-. This charge will not be levied once the arrears are collected at paid.

| | | | | |
|---|--|----------------|-------|---|
| 6 | Customs Cost Recovery Arrears charges | Rs.3/- 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 |
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