

**Airports Economic Regulatory Authority of India**

**Order No. 37 /2012-13**

**AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi -110003**

**Date of Order: 10<sup>th</sup> January, 2013  
Date of Issue: 29<sup>th</sup> January, 2013**

**In the matter of Multi Year Tariff Proposal and the Annual Tariff Proposal submitted by Esquire Express (India) Pvt Ltd for providing Common User Express Courier Terminal at Chennai Airport, Chennai.**

Esquire Express (India) Pvt Ltd (Esquire) vide their letter dated 28.06.2011 and subsequent additional submissions submitted their Multi Year Tariff Proposal (MYTP) and the Annual Tariff Proposal (ATP) for the Tariff Year 2011-12, 2012-13 and 2013-14 of the first control period commencing w.e.f. 01.04.2011 for providing Common User Express Courier Terminal at Chennai Airport, Chennai.

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 as under:-

- i. Materiality Assessment
- ii. Competition Assessment
- iii. Assessment of reasonableness of the User Agreements between the service provider and the users of the regulated services.

2.2 In respect of regulated service (s) provided for cargo facility at the airport, the Authority considers that materiality of the service is linked to the cargo volumes at the major airport. The materiality is assessed based on cargo volume in MT at the major airport as a percentage of cargo volume in metric MT at all major airports, in terms of Clause 4.3 of the Guidelines. It was observed that as per April 2010-11 Traffic Statistics of AAI, the percentage share of cargo volume at Chennai Airport is 10.05% which is more than 2.5% (Materiality Index fixed for the subject service). Hence, the regulated service is deemed as a material service.



2.3 Esquire vide their submission dated 28.06.2012 submitted that "Chennai Airport is having a Cargo Terminal which is operated by Airports Authority of India, and obviously, the Common User Facility Courier Terminal is considered as a Competitive venture existing within the same Airport even though it is a facility exclusively for courier consignment and requested to consider the proposal on "light touch approach" for tariff determination."

2.4 As per Clause 3.2 (ii) of Guidelines, where the Regulated service(s) is deemed to be "material but competitive", the Authority shall determine Tariff(s) for Service Providers(s) based on "light touch approach" for the duration of the Control Period. The Cargo facility service being rendered by Esquire is deemed Material as the Materiality index is more than 2.5%. Further, it is observed that service provided by Esquire are Competitive as the cargo being handled by them can be handled by the other cargo service providers at the airport i.e. Airport Authority of India & Air India. Thus, the Common User Express Courier Terminal services provided by Esquire are deemed "material and competitive".

3.1 The Authority carefully considered the MYTP and ATPs (Tariff years 2011-12, 2012-13 and 2013-14) for first control period and issued, consultation Paper No.29/2012-13 on 22.11.2012.

3.2 In response to the Consultation Paper, Express Industry Council of India (EICI), inter-alia, commented that:

*"The current tariff for terminal charges for processing courier shipments proposed by Esquire is Rs. 15 per kg a massive increase (32.31%) from the current rates which is not justified.  
... there is no minimum service standards prescribed and the users find their services trade unfriendly.  
...the charges proposed for x-ray screening is not acceptable and is the highest in the country and not acceptable to our members".  
..... Total profit from X ray screening in excess of Rs. 5 crores per assuming that the cost of the machine maintenance is taken into consideration which does not justified such high cost.  
....the slab of 250 Mt should be removed and not accepted and a flat per kg rate should be approved after taking other consideration in to account to ensure that a high rates is not approved.  
.... The current proposed as submitted in the proposal should not be acceptable and should be revised and reduced to keep them in conformity with rates at other locations and the Chennai cargo terminal rates based on which the competitive assessment has been done."*

3.3 The comments of EICI were forwarded to Esquire for their comments. Esquire, vide letter no. nil dated 14.12.2012 furnished its para wise replies to the observations of EICI. Esquire has replied that :-



“..... we have not revised the rate during the period 2007 -2012 whereas

- i. *During the five years the rent per square meter payable to AAI has gone up from Rs. 1025/- to 1827 per Sq. Mt in 2012-13, increased the rent which was Rs. 596804/- per month in 2007-08 are presently at Rs. 1326036/- per month, representing an increase of 122%.*
- ii. *The royalty payable to AAI has gone up from 1% in 2007-08 to 3.3% in 2012-13 representing an increase of 230%.*
- iii. *The staff cost has gone up by 100% in the last five years.*
- iv. *The Customs Cost Recovery charges which was Rs. 3,90,475/- per month in 2007-08 is presently Rs. 9,20,212/- a increase of 135%.*
- v. *The import tonnage has come down by 50% in 2011-12 compared to that in 2007-08 and export tonnage is more or less stagnant during 2008-09 to 2011-12.*

*Hence, the rate proposed by us is very reasonable.*

*“... The appointing authority viz... AAI had prescribed the service standards and had also confirmed the compliance of such standard by use in their communication the AERA in 2010..*

*..... Only difference is that EICI Delhi charging the users under different heads. The difference between increase in EICI Delhi and Esquire Chennai is only Rs. 0.95 in import and Rs. 1.05/- in Exports. The export volume in Chennai is only around 15% of Delhi volume and import volumes in Chennai is only around 45% of Delhi Volumes. We will not be able to recover the custom arrears of Rs. 19725961/- even in two years at the preset volume in Chennai at rate of Rs. 3/- per Kg. Hence , we are hopeful that you will appreciate the facts on records and the justification for the revision of rates requested by us for the years 2011-12, 2012-13 and 2013-14”.*

4. The Authority has noted the above and observed that:-

- (i) The MYTP submitted by Esquire in respect of Service Provided Common User Express Courier Terminal rendered at Chennai International Airport (CIA) was put up for stakeholder consultation vide Consultation Paper No 29/2012-13 on 22.11.2012.
- (ii) The courier facility service is an aeronautical service, namely, cargo service, hence, the Authority has to determine tariffs for this aeronautical services under Section 13(1)(a) of AERA Act, 2008.



- (iii) Cargo service at Chennai airport is material and competitive, hence, the Authority may consider determination of tariffs under Light Touch Approach.
- (iv) In its comments on the Consultation Paper, EICI has, inter-alia, commented on the level of X-Ray charges and profit therefrom which has been clarified by Esquire as not being based on facts. They have also clarified the actual increase in charges.

**ORDER:**

5. 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 service rendered by M/s Esquire Express (India) Pvt. Ltd. for Common User Express Courier Terminal at Chennai is "material but competitive" and the tariff for the first control period is considered to be determined under light touch approach w.e.f.01.04.2011.
- (ii) The Tariffs determined for the Tariff year 2011-12, 2012-13 and 2013-14 of the first control period are at **Annexure – I, II & III** respectively.

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

  
[Capt. Kapil Chaudhary (Retd.)]  
Secretary

**To**

**M/s Esquire Express India Pvt. Ltd,  
25, Bagavandm Street, T. Nagar,  
Chennai – 600017. India,  
(Through: Shri S. Sakthivadivel, Managing Director)**



**Maximum Tariffs for Tariff Year-2011-12 (W.e.f. 01.04.2011 to 31.03.2012)**

A	Tariff Heading	Conditions of Tariff
	<b>Imports:</b>	
	<b>Terminal charges:</b>	
a)	If the total weight is below 250 tonnes per month	Rs 15 per kg, minimum of Rs 150 per flight
b)	If the total weight is above 250 tonnes per month	
	<i>Tonnage less than 45 tonnes per user</i>	Rs. 12.25 per kg subject to a minimum of Rs 150 per flight
	<i>45 tonnes to &lt;90 tonnes per user</i>	Rs. 10 per kg subject to a minimum of Rs 150 per flight
	<i>90 tonnes to &lt;120 tonnes per user</i>	Rs. 8 per kg subject to a minimum of Rs 150 per flight
	<i>&gt; 120 tonnes per user</i>	Rs. 5.50 per kg subject to a minimum of Rs 150 per flight

	<b>Exports:</b>	
	<i>Facilitation</i>	
a)	If the total weight is below 24 kgs	Rs 150 per bag for a maximum weight of 24 kgs
b)	If the total weight is more than 24 kgs	Rs 6.25 per kg
	<i>X ray</i>	Rs 6 per kg min Rs 100 per Flight
	....	
	<b>Detention Charges:</b>	
	1-3 days	FREE
	4-15 days	Rs 40 per consignment/day
	16-30 days	Rs 60 per consignment/day
	31st day onwards	Rs 75 per consignment/day

**Note:**

The above per unit tariffs are excluding Service tax, which will be levied at applicable rates



## Maximum Tariffs for Tariff Year -2012-13 ( w.e.f.01.04.2012 to 31.03.2013)

A	Tariff Heading	Conditions of Tariff
	<b>Imports:</b>	
	<b>Terminal charges:</b>	
a)	If the total weight is below 250 tonnes per month	Rs 20 per kg, minimum of Rs 200 per flight
b)	If the total weight is above 250 tonnes per month	
	<i>Tonnage less than 45 tonnes per user</i>	Rs. 16.00 per kg subject to a minimum of Rs 200 per flight
	<i>45 tonnes to &lt;90 tonnes per user</i>	Rs. 13.50 per kg subject to a minimum of Rs 200 per flight
	<i>90 tonnes to &lt;120 tonnes per user</i>	Rs.10.50 per kg subject to a minimum of Rs 200 per flight
	<i>&gt; 120 tonnes per user</i>	Rs. 7.00 per kg subject to a minimum of Rs 200 per flight

	<b>Exports:</b>	
	<b>Facilitation</b>	
a)	If the total weight is below 24 kgs	Rs 215 per bag for a maximum weight of 24 kgs
b)	If the total weight is more than 24 kgs	Rs 9.00 per kg
	<i>X ray</i>	Rs 7.50 per kg min Rs 125 per Flight
	<i>....</i>	
	<b>Detention Charges:</b>	
	1-3 days	FREE
	4-15 days	Rs 55 per consignment/day
	16-30 days	Rs 70 per consignment/day
	31st day onwards	Rs 85 per consignment/day
	Amendment Charges *	Rs. 100 per Amendment

**Note:**

The above per unit tariffs are excluding Service tax, which will be levied at applicable rates

\*Amendment Charge would be applicable, if only there are any changes that are required to be carried out on the Airway Bill Way bill and /or markings of the package at the request of the users or Customs, at any stage of handling of consignment, whether for export or import or Transshipment.



**Maximum Tariffs for Tariff Year - 2013-14 (w.e.f. 01.04.2013 to 31.03.2014)**

A	Tariff Heading	Conditions of Tariff
	<b>Imports:</b>	
	<b>Terminal charges:</b>	
a)	If the total weight is below 250 tonnes per month	Rs 22.50 per kg, minimum of Rs 225 per flight
b)	If the total weight is above 250 tonnes per month	
	<i>Tonnage less than 45 tonnes per user</i>	Rs. 18.00 per kg subject to a minimum of Rs 225 per flight
	<i>45 tonnes to &lt;90 tonnes per user</i>	Rs. 15.00 per kg subject to a minimum of Rs 225 per flight
	<i>90 tonnes to &lt;120 tonnes per user</i>	Rs. 12.00 per kg subject to a minimum of Rs 225 per flight
	<i>&gt; 120 tonnes per user</i>	Rs. 8.50 per kg subject to a minimum of Rs 225 per flight

	<b>Exports:</b>	
	<b>Facilitation</b>	
a)	If the total weight is below 24 kgs	Rs 240 per bag for a maximum weight of 24 kgs
b)	If the total weight is more than 24 kgs	Rs 10.00 per kg
	<i>X ray</i>	Rs 8 per kg min Rs 135 per Flight
	....	
	<b>Detention Charges:</b>	
	1-3 days	FREE
	4-15 days	Rs 60 per consignment/day
	16-30 days	Rs 75 per consignment/day
	31st day onwards	Rs 90 per consignment/day
	Amendment Charges *	Rs. 100 per Amendment

**Note:**

The above per unit tariffs are excluding Service tax, which will be levied at applicable rates

\*Amendment Charge would be applicable, if only there are any changes that are required to be carried out on the Airway Bill Way bill and /or markings of the package at the request of the users or Customs, at any stage of handling of consignment, whether for export or import or Transshipment.

