

**Airports Economic Regulatory Authority of India**

**Order No. 35/2015-16**

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

**Date of Order: 21<sup>st</sup> August, 2015  
Date of Issue: 22<sup>nd</sup> September, 2015**

**Service: GMAX Services  
Service provider: M/s Kale Logistics Solutions Private Limited.  
Airport: CSI Airport, Mumbai**

**Levy of charges in respect of GMAX Services on ad-hoc basis for the remaining period of the current control period.**

The Bombay Customs House Agents Association (BCHAA) had vide their letter dated 24.11.2014 requested Authority's intervention for directing MIAL not to introduce a charge proposed to be levied by Kale Logistics for GMAX Services at CSI Airport. On receipt of this representation, in the first instance, a factual report was sought from MIAL. MIAL vide letter No. MIAL/CFO/872 dated 23.12.2014 has furnished its factual report, wherein they have, inter-alia

- (i) Stated that GMAX is an optional value added IT system, initiated for convenience of the trade members;
- (ii) Stated that it is not an aeronautical service and charges being levied are purely non-aeronautical in nature and therefore such user charges cannot be subject to regulation;
- (iii) Explained the background of the subject, its features, need, benefits; and
- (iv) Specifically responded to the allegations made by BCHAA.

2. MIAL submitted that various presentations and workshops have been held with the trade before introducing the new IT system, the services of which were offered free of cost, for a trial period since April 2014 to November 2014. MIAL stated that the system proposed by KALE is optional and Trade Members who do not want to be part of this initiative are free not to use the system and they can continue to work in non-automated manner without paying any charges. MIAL also stated that it is not providing any service and it is to receive only the concession fee as revenue from KALE, and that such concession fee is not part of any aeronautical services defined in the AERA Act, 2008, which need to be regulated.

3. In the meanwhile, the Authority received another representation from Air Cargo Agents Association of India (ACAAI) on the proposed charges by MIAL (Rs. 285/- + tax per transaction). ACAAI stated that it is incumbent upon the Owner/ Custodian to improve the system at Mumbai Airport for the users, and not for itself. ACAAI contended that GMAX is only helping MIAL to maintain data for their benefit and it does not help the exporters or agents in any way. ACAAI sought clarification from this Authority inter-alia, as to whether MIAL has been given permission by AERA to appoint a concessionaire for this software and to levy charges.



4. The representations of BCHAA and ACCAI along with factual reports received from MIAL were carefully considered and the Authority decided that the GMAX services being provided by M/s KALE Logistics for the cargo trade at CSI Airport is an aeronautical service and thus, the charges being levied presently by M/s KALE Logistics without prior approval of Authority is to be stopped with immediate effect and the Service Provider may be advised to file their Multi Year Tariff Proposal and Annual Tariff Proposals to the Authority after going through user consultation process as per the Guidelines issued by the Authority.

5. Accordingly, vide letters dated 08.04.2015 and 27.04.2015, MIAL and Kale were informed of the above decision of the Authority.

6. MIAL, vide letter dated 27.04.2015, confirmed that Kale Logistics Solutions Private Ltd. discontinued levy of charges with effect from 16<sup>th</sup> April 2015, without stopping the GMAX Service.

7. Subsequently, M/s Kale Logistics, vide letter dated 07.08.2015 inter-alia indicated the following to Authority:

- (i) While Kale was not agreeable to the Authority's decision, they suspended collection of charges for GMAX services voluntarily with expectation that the Authority would realize the true nature of GMAX services and recall its directions under letter dated 08.04.2015.
- (ii) GMAX services is being provided uninterruptedly without collecting any charges.
- (iii) The Brihanmumbai Custom House Agents Association (BCHAA), which is the original complainant and acting on whose complaint the Authority has issued the letter of 08.04.2015, also wrote to the Authority whereby it has clarified its earlier reservations about the GMAX services and has not only supported this initiative but has also conveyed that the nominal fees for GMAX services is reasonable. Other trade members have also similarly supported the GMAX services.
- (iv) Despite their best efforts and repeated representation Authority has not appreciated the concerns raised by them and no explanation has been given as to why only this particular EDI service has been proposed to be an aeronautical charge while such similar EDI services provided at the airport are considered non-aeronautical.
- (v) Continued suspension of GMAX charges is causing great financial hardship affecting cash flow.
- (vi) Has expressed constraint to continue providing the service on non-chargeable basis till AERA evaluates whether such similar services at all major airports in India are in fact aeronautical or not.

8. The Authority was therefore requested to allow continuation of charges for providing GMAX services at CSI Airport, Mumbai, in order to have necessary cash flow to ensure continuation of services and also regard GMAX charges as non-aeronautical as is the case with all other similar service charges.




9. The above mentioned request of M/s Kale Logistics was considered by the Authority and the request to resume levy of charges in respect of GMAX services accepted on ad-hoc basis for the remaining period of the current control period and the decision conveyed to M/s Kale Logistics vide letter dated 27.08.2015.

### **ORDER**

10. Thus 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) M/s Kale Logistics is permitted to resume levy of charges in respect of GMAX services which was earlier ordered to be stopped by the Authority vide letter dated 08.04.2015. The levy is permitted with immediate effect on ad-hoc basis for the remaining period of the current control period (viz. upto 31.03.2016).
- (ii) The GMAX service being provided by M/s Kale Logistics is related to terminal processing and is an aeronautical service. M/s Kale Logistics should submit the Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) after undertaking user consultation as per the CGF Guidelines 2011.

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

  
**(Satish Sachdeva)**  
**US (F&A)**

**To,**

**Kale Logistics Solutions Private Limited,  
12<sup>th</sup> Floor, MBC Info Tech Park,  
Near Hyper City,  
Kasarvadavali Ghodbunder Road,  
Thane, Mumbai – 400 615.**

**(Through: Shri Amar More, Senior Vice President)**

