

Order No. 24/2017-18

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

Date of Issue: 27th November, 2017

Service : Cargo Handling Services
Service Provider : M/s Hyderabad Menzies Air Cargo Private limited.
Airport : Rajiv Gandhi International Airport, Hyderabad.

In the matter of Multi Year Tariff Proposal for the second control period (01.04.16 to 31.03.2021) and Annual Tariff Proposal for the 1st, 2nd and 3rd tariff year of the second control period of M/s Hyderabad Menzies Air Cargo Private Limited (M/s HMACPL) for providing cargo handling services at Rajiv Gandhi International Airport, Hyderabad.

1. The Authority vide its Multi-Year Tariff Order (MYTO) No. 10/2012-13 dated 20.06.2012, decided to adopt 'Light Touch Approach' for determination of the tariffs for the first control period in respect of Hyderabad Menzies Air Cargo Pvt. Ltd. (M/s HMACPL) as the cargo service was assessed as "Material but not Competitive" and determination of tariff for the TY 1st (Tariff year 2011-12 (T1)) and TY 2nd (Tariff year 2012-13(T2)) of the 1st control period. Subsequently, the Authority also determined the annual tariffs for M/s HMACPL vide its Order No.24/2013-14 dated 17.06.2013 (for the tariff year 2013-14(T3)), Order No. 10/2014-15 dated 29.08.2014 (for tariff year 2014-15(T4)), and Order No. 32/2015-16 dated 21.08.2015 (for tariff year 2015-16(T5)).
2. Since the Multiyear tariff order for the 1st control period expired on 31.03.2016 and in order to avoid any regulatory vacuum, the Authority vide Order no. 50/2015-16 issued on 31st March 2016, authorised M/s HMACPL (among other service providers and Airport Operators) to continue to charge the tariffs prevalent on 31.03.2016 for a period of 6 months w.e.f 01.04.2016 or till determination of tariffs for the 2nd control period whichever is earlier. Again on 31st March 2017, the Authority vide order no.19/2016-17, authorised M/s HMACPL (among other service providers and Airport Operators) to continue to charge the tariffs prevalent on 31.03.2016 for a period of 6 months w.e.f 01.04.2017 or till determination of tariffs for the 2nd control period whichever is earlier. The Authority has issued a further order on 29th Sept 2017 (Order no. 12/2017-18), authorizing M/s HMACPL (among other service providers and Airport Operators) to continue levy of the tariffs for a further period of 6 months



w.e.f. 01.10.2017 or till determination of tariffs for the 2nd control period whichever is earlier.

3. M/s HMA CPL vide letter dated 10.03.2016 submitted their Multi Year Tariff Proposal (MYTP) for the second control period commencing on 01.04.2016 and the Annual Tariff Proposal (ATP) for the first tariff year (FY.2016-17) of the second control period for determination of tariffs for the cargo handling services provided by them at Rajiv Gandhi International Airport, Hyderabad. M/s HMA CPL has proposed to continue with the tariff applicable on 31.03.2016, in the 1st tariff year of the 2nd control period.
4. In respect of the regulated service(s) provided for cargo facility at the major airports, the Authority considers that materiality of the service is linked to the cargo volume at the major airport. The materiality shall be assessed based on cargo volume (in Metric Tonnes (MT)) at the major airport as a percentage of cargo volume (in MT) at all major airports, in terms of Clause 4.3 of the Guidelines [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 Aircraft) Guidelines, 2011]. The percentage share of cargo volume for Rajiv Gandhi International Airport, Hyderabad (as per the AAI cargo statistics for FY.2014-15) is **3.97%** which is greater than **2.5%** Materiality Index thresholds limit fixed for cargo handling service. Hence the service is deemed '**material**'.
5. As per the information furnished by M/s HMA CPL, in Form F1 (b) on Competition Assessment, Blue Dart is providing cargo handling services at Rajiv Gandhi International Airport, Hyderabad. HMA CPL also stated that Blue Dart is handling 21% of domestic cargo operations at Hyderabad. However, the service of Blue dart was not considered as a competition in MYTO for 1st control period because Blue dart was a competitor only for domestic business and 85% of Cargo revenue at RGI airport flows from international cargo. In view of the lack of competition for international cargo, the cargo facility at RGI airport is considered to have limited competition and hence falls under the category of '**material but not competitive**'.
6. As per Clause 3.2 (iii) of the guidelines, 2011, wherever the regulated service provided is 'material and not competitive', but where the Authority is assured of the reasonableness of the User Agreement(s), the Authority shall determine Tariff(s) for service Provider (s) based on a 'light touch approach' for the duration of the control period, according to the provisions of chapter V. The guidelines also provide that the Authority may in its discretion consider such other additional evidence regarding reasonableness of competition, as it may deem fit. M/s HMA CPL has submitted its latest user agreements and on a comparison of the rates charged from the users with the rates as approved by the Authority, it is observed that the tariff charged from the users are within the approved tariff applicable as on 31.03.2016.
7. M/s HMA CPL has submitted copies of agreements entered into with agencies/airlines for provision of regulated services at RGI Airport, Hyderabad. The Authority also decided to accept the request for confidentiality of documents to the extent requested by M/s HMA CPL.



8. As per Clause 11.2 of the Guidelines, the ATP is required to be submitted in the manner and form provided in AI.8.1 of Appendix I to the guidelines and should be supported by the following documents:

- 8.1 Form B –Submission of ATP
- 8.2 Form 14(b)-Proposed Tariff Card
- 8.3 Details of consultation with stakeholders
- 8.4 Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.

M/s HMA CPL has submitted Form B, Form 14(b) and proof of user consultation and copy of the user agreements with their Annual Tariff Proposal for the 1st tariff year i.e. FY 2016-17 of the 2nd control period.

9. The Authority considered the submissions made by M/s HMA CPL and issued the Consultation Paper No. 14/2017-18 dated 18.08.2017 proposing the following for stakeholder consultation:

- 9.1 Cargo Service being provided by Hyderabad Menzies Air Cargo Pvt Ltd (HMA CPL) at Rajiv Gandhi International Airport, Hyderabad is “Material but not competitive”. But M/s HMA CPL has a stakeholder consultation process in place and the concerns raised by the stakeholders (Air Cargo Agents Association of India ((ACAAI) & Customs House Agents’ Association, Hyderabad (CHAAH)) has been partly addressed. Therefore the Authority proposes to adopt ‘Light Touch Approach’ for determination of tariffs for the 2nd control period w.e.f. 01.04.2016 to 31.03.2021.
- 9.2 Allow HMA CPL to continue the levy of tariff prevailing on 31.03.2016 for the FY 2016-17.
- 9.3 Consider the Annual Tariff Proposal submitted by HMA CPL for FY 2016-17 as per the tariff card for determination of tariff for FY 2017-18. No increase is proposed for the FY 2017-18. The tariff proposed in the tariff card for FY 2017-18 is same as the tariff prevailing on 31.03.2016.

10. In response to the aforesaid Consultation Paper, following stakeholder comments have been received:

10.1 GMR Hyderabad International Airport limited (GHIAL) responded vide Letter no.GHIAL/2017-18/SPG/1318 whereby GHIAL expressed that they support the Authority’s proposal of adopting light touch approach with respect to 2nd control period of M/s HMA CPL and also support the tariff card proposed by HMA CPL considering the fact that rates proposed are competitive. No other stakeholder comments have been received.

10.2 M/s HMA CPL has submitted the following vide letter dated 1st September 2017:

10.2.1 The request of Air Cargo Agents Association of India (ACAAI) for deletion of merchant overtime charges (MOT)-HMA CPL has removed MOT for export and willing to remove MOT for imports as well on Customs Department (imports) commences working 24X7.

10.2.2 The request of Customs House Agents’ Association, Hyderabad (CHAAH) to charge same minimum rate (TSP) in both export and imports tariff. Factually HMA CPL has submitted the ATP for FY 2016-17 (1st year of MYTP-II) with same minimum charges for export and import (TSP).



11. As there are only 4 months remaining in the current FY, the Authority has decided to continue the same tariff in the FY 2018-19 also.

ORDER

12. Upon careful consideration of material available on record, as well as submissions made by the stakeholders, the Authority, in exercise of powers conferred by Section 13(1) (a) of The Airport Economic Regulatory Authority of India Act, 2008 hereby orders that:
- (i) The services provided by M/s HMA CPL, at Rajiv Gandhi International Airport, Hyderabad are "material but not competitive". But M/s HMA CPL has entered into user agreements with the users of their services and agreements are in place. Hence the Authority will adopt a "light touch approach" for determination of tariff for the 2nd Control Period w.e.f. 01.04.2016.
 - (ii) The tariffs for the first tariff year (01.04.2016 to 31.03.2017) of the second control period for cargo handling services to continue at the rates applicable as on 31.03.2016.
 - (iii) The tariffs for the 2nd (01.04.2017 to 31.03.2018) and 3rd (01.04.2018 to 31.03.2019) tariff year of the 2nd control period is determined at the rates mentioned in **Annexure-I**. The tariffs for the 2nd and the 3rd control period remain same as the tariff as applicable as on 31.03.2017.
 - (iv) Tariff determined as above will be maximum and demurrage free period shall be applicable as per Government Orders issued from time to time.

By the order of and in the
Name of the Authority


(Puja Jindal)
Secretary

भा.वि.आ.वि.प्रा.

AERA

To

M/s Hyderabad Menzies Air Cargo Pvt. Ltd.,
Air Cargo Terminal,
Rajiv Gandhi International Airport,
Shamshabad - 500409
(Through: Shri Ravinder Bolangdy, Chief Executive Officer)

Copy to: Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan,
Safdarjung Airport New Delhi-110003.



**HYDERABAD MENZIES AIR CARGO PVT LTD
TARIFF CARD**

ANNEXURE-I

| Sl No | List of Charges | 2nd control period (FY 2017-18 & FY 2018-19) | | |
|---|--|---|---------|--------------------------------|
| | | Min Rate (INR) | Unit | Rate per Kg (INR) |
| MAXIMUM RATES TO BE PAID BY FREIGHT FORWARDER -INTERNATIONAL CARGO | | | | |
| International-Export Cargo | | | | |
| 1 | <i>Terminal Storage and processing charge (TSP) per shipping bill</i> | | | |
| a) | General Cargo | 120 | AWB | 1.00 |
| b) | Special Cargo (AVI) | 200 | AWB | 1.40 |
| c) | Per/DGR/VAL Cargo | 230 | AWB | 2.43 |
| d) | Fruits & Vegetables (No cold Room usage) | 75 | AWB | 0.65 |
| e) | Meat Products | 200 | AWB | 1.10 |
| 2 | <i>Demurrage/Storage Charge (Rate per kg per day)</i> | | | |
| a) | General Cargo | 200 | AWB | 1.00 |
| b) | Special Cargo (AVI) | 200 | AWB | 1.40 |
| c) | Per/DGR/VAL Cargo | 250 | AWB | 2.43 |
| 3 | Courier Handling charge | 120 | AWB | 1.20 |
| 4 | Packing/Re-packing/Strapping Charge | 5 | Package | - |
| 5 | Return Cargo Charge | 500 | AWB | - |
| 6 | <i>Weight/Volume Mis-declaration Charge</i> | | | |
| a) | 2%-5% variation | 120 | AWB | 2 times of Differential weight |
| b) | More than 5 % variation | 120 | AWB | 5 times of Differential weight |
| 7 | Bonded Trucking (Loading Charge) | 120 | AWB | 1.00 |
| International-Import Cargo | | | | |
| 1 | <i>Terminal, Storage and processing charge (TSP) per Bill of Entry</i> | | | |
| a) | General Cargo/Unaccompanied Baggage | 200 | | 4.75 |
| b) | Special Cargo (AVI) | 200 | | 8.89 |
| c) | Per/DGR/VAL Cargo | 250 | | 9.50 |
| 2 | <i>Demurrage/Storage Charge (Rate per kg per 24 hrs)</i> | | | |
| a) | General Cargo/Unaccompanied Baggage | Overall Minimum 295/BoE | | |
| i) | From actual time of arrival of flight (ATA) upto 72 hours | No Charges | | No charges |
| ii) | Cargo cleared between 72 hours and 120 hours | | | 1.30 |
| iii) | Cargo cleared between 120 hours and 720 hours | | | 2.60 |
| iv) | Cargo cleared after 720 hours | | | 3.90 |
| b) | Special Cargo (AVI) | Overall Minimum 580/BoE | | |
| i) | From actual time of arrival of flight (ATA) upto 72 hours | No Charges | | No charges |
| ii) | Cargo cleared between 72 hours and 120 hours | | | 2.60 |
| iii) | Cargo cleared between 120 hours and 720 hours | | | 5.20 |
| iv) | Cargo cleared after 720 hours | | | 7.80 |
| c) | Per/DGR/VAL Cargo | Overall Minimum 1160/BoE | | |
| i) | From actual time of arrival of flight (ATA) upto 72 hours | No Charges | | No charges |
| ii) | Cargo cleared between 72 hours and 120 hours | | | 5.20 |



| Sl No | List of Charges | 2nd control period (FY 2017-18 & FY 2018-19) | | |
|---|---|---|---------|--------------------------------|
| | | Min Rate (INR) | Unit | Rate per Kg (INR) |
| MAXIMUM RATES TO BE PAID BY FREIGHT FORWARDER -INTERNATIONAL CARGO | | | | |
| International-Import Cargo | | | | |
| iii) | Cargo cleared between 120 hours and 720 hours | | | 10.40 |
| iv) | Cargo cleared after 720 hours | | | 15.60 |
| 3 | Courier Handling charge | 200 | AWB | 4.90 |
| 4 | Airway Bill Amendment charge | 100 | AWB | - |
| 5 | <i>Transshipment Charge-International to domestic</i> | | | |
| a) | General Cargo | 125 | | 1.80 |
| b) | Per/DGR/VAL/AVI Cargo | 235 | | 1.80 |
| 7 | Documentation Charges | 100 | AWB | - |
| 8 | <i>Merchant Overtime Charge (Beyond Customs Working Hours)*</i> | | | |
| a) | General Cargo | 215 | BoE | - |
| b) | VAL Cargo | 1000 | AWB | - |
| 9 | Bonded Truck (Breakdown/Unloading) | 200 | | 0.65 |
| 10 | Packing/Re-packing/Strapping Charge | 5 | Package | |
| MAXIMUM RATES TO BE PAID BY FREIGHT FORWARDERS -DOMESTIC CARGO | | | | |
| Domestic Cargo-Outbound | | | | |
| 1 | <i>Terminal, Storage and processing charge (TSP)</i> | | | |
| a) | General Cargo | 100 | AWB | 0.65 |
| b) | Special Cargo (AVI) | 200 | AWB | 2.05 |
| c) | Per/DGR/VAL Cargo | 200 | AWB | 2.05 |
| d) | Postal Dept Mails | 232 | Flight | 0.75 |
| 2 | <i>Demurrage/Storage Charge (rate per kg per day beyond 24 hours)</i> | | | |
| a) | General Cargo | 125 | AWB | 0.65 |
| b) | Special Cargo (AVI) | 200 | AWB | 2.05 |
| c) | Per/DGR/VAL Cargo | 200 | AWB | 2.05 |
| 3 | Courier Handling charge | 100 | AWB | 0.75 |
| 4 | Packing/Re-packing/Strapping Charge | 5 | Package | - |
| 5 | Return Cargo Charge | 100 | AWB | - |
| 6 | Airway Bill Amendment charge | 100 | AWB | - |
| 7 | <i>Weight/Volume Misdeclaration Charge</i> | | | |
| a) | 2%-5% variation | 120 | AWB | 2 times of Differential weight |
| b) | More than 5 % variation | 120 | AWB | 5 times of Differential weight |
| Domestic Cargo-Inbound | | | | |
| 1 | <i>Terminal, Storage and Processing charge (TSP)</i> | | | |
| a) | General Cargo/Unaccompanied Baggage | 125 | AWB | 1.10 |
| b) | Special Cargo (AVI) | 200 | AWB | 2.10 |
| c) | Per/DGR/VAL Cargo | 200 | AWB | 2.10 |
| d) | Postal Dept Mails | 348 | Flight | 1.28 |
| 2 | <i>Demurrage/Storage Charge (rate per kg per day beyond 24 hours)</i> | | | |
| a) | General Cargo | 200 | AWB | 1.25 |
| b) | Special Cargo (AVI) | 250 | AWB | 2.20 |
| c) | Per/DGR/VAL Cargo | 250 | AWB | 2.20 |



| Sl No | List of Charges | 2nd control period (FY 2017-18 & FY 2018-19) | | |
|---|---|---|---------|-------------------|
| | | Min Rate (INR) | Unit | Rate per Kg (INR) |
| MAXIMUM RATES TO BE PAID BY FREIGHT FORWARDERS -DOMESTIC CARGO | | | | |
| Domestic Cargo-Inbound | | | | |
| 3 | Courier Handling charge | 125 | AWB | 1.20 |
| 4 | Packing/Re-packing/Strapping Charge | 5 | Package | - |
| MAXIMUM CHARGES PAYABLE BY AIRLINES-INTERNATIONAL CARGO | | | | |
| International-Export Cargo | | | | |
| 1 | Unitisation/Build Up/Palletisation | 338 | Flight | 1.42 |
| 2 | Courier/Mail Charges | 338 | Flight | 1.42 |
| 3 | Demurrage/Storage Charge (rate per kg per day beyond 48 hours) | | | |
| a) | General Export Cargo | 175 | AWB | 2.00 |
| b) | Valuable/Perishable/Hazardous Cargo/Live Animals etc | 303 | AWB | 4.02 |
| | | | | |
| | | | | |
| 4 | X Ray screening charges | 117 | AWB | 2.39 |
| International-Import Cargo | | | | |
| 1 | De-unitisation/Breakdown/De-Palletisation | 338 | Flight | 1.42 |
| 2 | Demurrage/Storage Charge (rate per kg per day) | | | |
| a) | General Export Cargo | 175 | AWB | 2.00 |
| b) | Valuable/Perishable/Hazardous Cargo/Live Animals etc | 338 | AWB | 5.34 |
| 3 | Transshipment Charges-International to International General Cargo | 338 | Flight | 2.12 |
| 4 | Transshipment Charges-International to Domestic General Cargo | 338 | Flight | 2.12 |
| MAXIMUM CHARGES PAYABLE BY AIRLINES-DOMESTIC CARGO | | | | |
| Domestic Cargo-Outbound | | | | |
| 1 | Unitisation/Build Up/Palletisation | 259 | Flight | 1.06 |
| 2 | Courier/Mail Charges | 259 | Flight | 1.11 |
| 3 | X-ray screening Charge | 129 | AWB | 1.64 |
| Domestic Cargo-Inbound | | | | |
| 1 | De-unitisation/Breakdown/De-Palletisation | 259 | Flight | 1.06 |
| 2 | Courier/Mail Charges | 323 | Flight | 1.11 |
| 3 | Transshipment Charge-Domestic to domestic/International | | | |
| a) | General cargo | 155 | Flight | 1.06 |
| b) | Special Cargo | 203 | Flight | 1.11 |

Note:

- 1) *Merchant overtime charge (MOT) as part of Import tariff to be removed after Customs Department (imports) commences working 24X7.
- 2) All the charges mentioned above include the prevailing concession fee, royalty, airport levy charged by the Airports Operator.
- 3) Tariff determined as above will be maximum and demurrage free period shall be applicable as per government Orders issued from time to time.
- 4) All the rates mentioned above are excluding GST. GST will be charged as per rules.

