

Airports Economic Regulatory Authority of India

Order No. 22/2011-12

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

Date of Order : 29th September,2011

Date of Issue : 25th October,2011

In the matter of Multi Year Tariff Proposal for 1st Control Period submitted by Air India SATS Airport Services Private Limited for providing Cargo Services at Bangalore International Airport, Bengaluru.

M/s Air India SATS Airport Service Private Limited (AISATS) have submitted their Multi Year Tariff Proposal (MYTP) for the Cargo facility at Bangalore International Airport, Bengaluru in respect of the 1st Control period starting w.e.f 01.04.2011, vide their application dated 30.04.2011. AISATS is a joint venture company which has been carrying out cargo operations at Bengaluru since 24th May 2008.

2.1 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 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 [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 Bangalore International Airport, is 9.8% which is greater than 2.5% Materiality Index fixed for the subject service. Hence the service is deemed 'material'.

2.2 As per the information furnished by AISATS, in Form F1 (b) on the Competition Assessment, following service provider is rendering similar services at Bangalore International Airport:

(i) M/s Menzies Aviation Bobba Services Pvt. Ltd

The Guidelines provide that where a regulated service is being provided at a major airport by two or more service providers(s), it shall be deemed 'competitive' at that airport. In the instant case with the total number of players being two, the service is deemed 'material but competitive.'



2.3 As per the Guidelines, based on the assessment of materiality and competition, when such regulated service is deemed 'material but competitive', the Authority shall determine tariff(s) for the service provider(s) based on a light touch approach. Hence the regulated service being provided by AISATS at Bangalore International Airport, Bengaluru is 'material but competitive' and shall come under the light touch approach for tariff determination.

3.1 AISATS have furnished the basis for arriving at the details, including the Aggregate Revenue Requirements, the rationale for the projections/various parameters used; justification, assumptions and cost drivers used for calculating O&M Expenditure; supporting documents for the administration and general expenses and also for R&M Expenditure etc;

3.2 Copies of agreements entered into with agencies for provision of Regulated Services at the major airport, including stakeholder consultation undertaken have also been furnished.

3.3 AISATS requested for confidentiality of certain documents, which was accepted by the Authority.

4. The Authority had, vide Consultation Paper No. 13/2011-12 dated 27.08.2011, proposed for stakeholder consultation that:

- a) the cargo service by AISATS at Bangalore International Airport, Bengaluru is 'material' and 'competitive' and hence the Authority may adopt a 'Light Touch Approach' for determination of tariff for the 1st Control period w.e.f 01.04.2011.
- b) the charges proposed by AISATS as part of ATP, as at Annexure-I, may be approved w.e.f. 01.10.2011 of such other prospective date as the Authority may finally decide.

5. Comments have not been received from any stakeholder in response to the aforesaid Consultation Paper.

6. The instant Order is being issued pursuant to the order of Hon'ble AERA Appellate Tribunal dated 19.10.2011, issued in Appeal No. 12/2011, wherein the Tribunal ordered that

"...It is made clear that even if any final order is passed by the respondent – Airports Economic Regulatory Authority the same shall not be given effect to without leave of this Court."

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

- (i) The services provided for the cargo facility by Air India SATS Airport Service Private Limited at Bangalore Airport are "material but competitive". Hence the Authority will adopt a "light touch approach" for determination of tariff for the 1st Control Period w.e.f 01.04.2011.



(ii) The tariff for the 1st tariff year, w.e.f 01.10.2011, for the services provided for cargo facility by AISATS is determined, as at **Annexure-I**.

8. This order is subject to the order of the Hon'ble Appellate Tribunal referred to in para 6 above viz. that this order of Authority shall not be given effect to without leave of the Appellate Tribunal.

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


(Capt. Kapil Chaudhary)
Secretary

To

**M/s Air India SATS Airport Services Private Limited,
Airlines House,
113, Gurudwara Rakabganj Road,
New Delhi – 110 001
(Through: Mr. Kwa Tjun Kyet, Head Marketing)**



Form F14 (b) - Annual Tariff Proposal for Tariff Year 1

MAXIMUM RATES TO BE PAID BY FREIGHT FORWARDER FOR INTERNATIONAL CARGO:

S.N.	LIST OF CHARGES	FY 2011-12 Tariff Year 1	
		MINIMUM RATE in INR	RATE PER KG in INR
A) INTERNATIONAL CARGO			
EXPORT CARGO			
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Shipping Bill)		
a)	General cargo	125.00	1.05
b)	Special cargo (AVI)	250.00	1.58
c)	PER/DGR/VAL cargo	250.00	2.73
2	CUSTOMS CARGO SERVICE PROVIDER CHARGE [CCSP] - (per Shipping Bill)	25.00	0.25
3	DEMURRAGE / STORAGE CHARGE (rate per kg per day)		
a)	General cargo	130.00	0.80
b)	Special cargo (AVI)	250.00	1.50
c)	PER/DGR/VAL cargo	250.00	2.60
4	COURIER HANDLING CHARGE	150.00	1.50
5	PACKING/REPACKING/STRAPPING CHARGE	5.00 per Carton/Bag	
6	RETURN CARGO CHARGE	500.00 per AWB	
7	AIR WAYBILL AMENDMENT CHARGE	100.00 per AWB	
8	WEIGHT / VOLUME MIS-DECLARATION CHARGE		
a)	2-5% variation	2 times	
b)	More than 5% variation	5 times	
9	OVERTIME CHARGE (beyond customs working hours)	50.00 per Shipping Bill	
	VAL cargo	1000.00 per AWB	
IMPORT CARGO			
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Bill of Entry)		
a)	General cargo/Unaccompanied Baggage	125.00	5.15
b)	Special cargo (AVI)	250.00	10.29
c)	PER/DGR/VAL cargo	250.00	10.29
2	CUSTOMS CARGO SERVICE PROVIDER CHARGE [CCSP] - (per HAWB)	25.00	1.25
3	DEMURRAGE / STORAGE CHARGE (rate per kg per 24 hours)		
a	General cargo		
i)	Flight Actual Time of Arrival (ATA) plus 72 hours	No charge	No charge
ii)	Cargo cleared between 72 hours and 120 hours	320.00	1.50
iii)	Cargo cleared between 120 hours and 720 hours	320.00	2.80
iv)	Cargo cleared after 720 hours	320.00	4.20
b	Special cargo (AVI)		
i)	Flight Actual Time of Arrival (ATA) plus 72 hours	No charge	No charge
ii)	Cargo cleared between 72 hours and 120 hours	625.00	2.80
iii)	Cargo cleared between 120 hours and 720 hours	625.00	5.60
iv)	Cargo cleared after 720 hours	625.00	8.40
c	PER/DGR/VAL cargo		
i)	Flight Actual Time of Arrival (ATA) plus 72 hours	No charge	No charge
ii)	Cargo cleared between 72 hours and 120 hours	1275.00	5.60
iii)	Cargo cleared between 120 hours and 720 hours	1275.00	11.25
iv)	Cargo cleared after 720 hours	1275.00	16.85
4	COURIER HANDLING CHARGE	200.00	5.50
5	AIR WAYBILL AMENDMENT CHARGE	100 per AWB	
6	TRANSHIPMENT CHARGE		
a	General cargo	125.00	1.80
b	PER/DGR/VAL/AVI cargo	235.00	1.80
	Documentation Charges	100.00 per AWB	
7	OVERTIME CHARGE (beyond customs working hours)		
a	General cargo	200.00 Per Bill Of Entry	
b	VAL cargo	1000 per AWB	
8	PACKING/REPACKING/STRAPPING CHARGE	5.00 per carton	



Note:

- 1) Consignments of Human Remains, Coffins, Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of TSP and Demurrage Charges
- 2) TSP charge applicable to Newspaper and TV reel consignments shall be at 50% of the applicable charge.
- 3) TSP charges are inclusive of forklift used for loading/offloading the cargo to/ from truck and putting cargo on custom area for examination.
- 4) Charges will be levied on the Gross Weight or Chargeable Weight whichever is higher. Where there is a mis-declaration of gross weight or chargeable weight, the actual gross weight or the actual chargeable weight will be used for the charges whichever is higher.
- 5) The free period for export cargo is 24 hours for examination and processing. Free period for import cargo is 72 hours from flight Actual Time of Arrival (ATA). Cargo cleared beyond 72 hours of flight ATA will be charged demurrage on a 24 hour basis for the duration exceeding the free storage period. Cargo cleared beyond 120 hours will be charged on a 24 hour basis from flight ATA including the first 72 hours.
- 6) All billing will be rounded off to the nearest INR 5 /- as per IATA Tact rule.
- 7) Special cargo (AVI) consists of live animals and day old chicks.
- 8) VAL Cargo includes gold bullion, currency notes, shares, share coupons, travelers cheques, diamonds (including diamonds for industrial use) diamond jewellery, watches of silver-gold-platinum and items valued at USD 1000/kg n above.
- 9) For consolidation on Transshipment cargo, TSP charges will be levied to all types of Cargo, in addition to Transshipment Charges mentioned above. Demurrage Charges will be applicable as per the tariff.
- 10) All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 11) All charges mentioned above include the concession fees charged by the airport operator.
- 12) No outside labor will be allowed to handle cargo in Air India SATS Airfreight Terminal.

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Form F14 (b) - Annual Tariff Proposal for Tariff Year 1

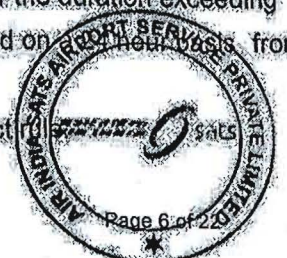
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MAXIMUM RATES TO BE PAID BY FREIGHT FORWARDER FOR DOMESTIC CARGO:

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S.N.	LIST OF CHARGES	FY 2011-12 Tariff Year 1	
		MINIMUM RATE In INR	RATE PER KG In INR
B) DOMESTIC CARGO			
OUTBOUND CARGO			
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Shipping Bill)		
a)	General cargo	100.00	0.65
b)	Special cargo (AVI)	200.00	2.05
c)	PER/DGR/VAL cargo	200.00	2.05
2	DEMURRAGE / STORAGE CHARGE (rate per kg per day)		
a)	General cargo	125.00	0.65
b)	Special cargo (AVI)	200.00	2.05
c)	PER/DGR/VAL cargo	200.00	2.05
3	COURIER HANDLING CHARGE	100.00	0.65
4	PACKING/REPACKING/STRAPPING CHARGE	5.00 per Carton/Bag	
5	RETURN CARGO CHARGE	100.00 per AWB	
6	AIR WAYBILL AMENDMENT CHARGE	100.00 per AWB	
INBOUND CARGO			
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Bill of Entry)		
a)	General cargo/Unaccompanied Baggage	125.00	1.10
b)	Special cargo (AVI)	200.00	2.10
c)	PER/DGR/VAL cargo	200.00	2.10
2	DEMURRAGE / STORAGE CHARGE (rate per kg per 24 hours)		
a)	General cargo	200.00	1.25
b)	Special cargo (AVI)	250.00	2.20
c)	PER/DGR/VAL cargo	250.00	2.20
3	COURIER HANDLING CHARGE	100.00	0.65
4	AIR WAYBILL AMENDMENT CHARGE	100 per AWB	
5	PACKING/REPACKING/STRAPPING CHARGE	5.00 per carton	

Note:

- 1) Consignments of Human Remains, Coffins, Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of TSP and Demurrage Charges
- 2) TSP charge applicable to Newspaper and TV reel consignments shall be at 50% of the applicable charge.
- 3) TSP charges are inclusive of forklift used for loading/offloading the cargo to/ from truck and putting cargo on custom area for examination.
- 4) Charges will be levied on the Gross Weight or Chargeable Weight whichever is higher. Where there is a mis-declaration of gross weight or chargeable weight, the actual gross weight or the actual chargeable weight will be used for the charges whichever is higher.
- 5) The free period for outbound cargo is 24 hours for examination and processing. Free period for inbound cargo is 72 hours from flight Actual Time of Arrival (ATA). Cargo cleared beyond 72 hours of flight ATA will be charged demurrage on a 24 hour basis for the duration exceeding the free storage period. Cargo cleared beyond 120 hours will be charged on a 24 hour basis from flight ATA including the first 72 hours.
- 6) All billing will be rounded off to the nearest INR 5/- as per IATA Tact (r)
- 7) Special cargo (AVI) consists of live animals and day old chicks.



- 8) VAL Cargo includes gold bullion, currency notes, shares, share coupons, travelers cheques, diamonds (including diamonds for industrial use) diamond jewellery, watches of silver-gold-platinum and items valued at USD 1000/kg or above.
- 9) All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 10) All charges mentioned above include the concession fees charged by the airport operator.
- 11) No outside labor will be allowed to handle cargo in Air India SATS Airfreight Terminal.



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Form F14(b) - Annual Tariff Proposal for Tariff Year 1

MAXIMUM RATES TO BE PAID BY AIRLINES FOR CARGO HANDLING:

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SL No.	Description of Service	Unit	FY 2011-12 Tariff Year 1 Maximum Rate In INR
A) INTERNATIONAL CARGO			
EXPORT CARGO			
1	Palletisation / Containerisation	Per kg	1.55
2	Bulk Cargo	Per kg	1.00
3	Storage Charges:		
3.1	General Export Cargo	Per kg	1.70
3.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg	4.10
4	Electronic Data Submission For Customs	Per flight	125.00
IMPORT CARGO			
1	Depalletisation	Per kg	1.55
1.1	Subject to a minimum of	Per IGM	212.00
2	Bulk cargo	Per kg	1.00
3	Electronic Data Submission For Customs	Per flight	125.00
4	Storage Charges:		
4.1	General Cargo:	Per kg	1.70
4.1.1	Subject to a minimum of	Per IGM	230.00
4.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg per day or part thereof	4.10
4.2.1	Subject to a minimum of	Per AWB per day or part thereof	230.00
TRANSHIPMENT CARGO			
1	Carting charges for transshipment of Import / export cargo:	Per kg per day or part thereof	2.00
1.1	Subject to minimum of	Per AWB per day or part thereof	180.00
X-RAY SCREENING EXPORT CARGO			
1	X-Ray charges with Certification	Per Kg	1.90
1.1	Subject to minimum of	Per consignment	100.00
B) DOMESTIC CARGO			
OUTBOUND CARGO			
1	Palletisation / Containerisation	Per kg	1.55
2	Bulk Cargo	Per kg	1.00
3	Storage Charges:		
3.1	General Export Cargo	Per kg	1.70
3.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg	4.10
INBOUND CARGO			
1	Depalletisation	Per kg	1.55
1.1	Subject to a minimum of	Per IGM	212.00
2	Bulk cargo	Per kg	1.00
3	Electronic Data Submission For Customs	Per flight	125.00
4	Storage Charges:		
4.1	General Cargo:	Per kg	1.70
4.1.1	Subject to a minimum of	Per IGM	230.00
4.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg per day or part thereof	4.10
4.2.1	Subject to a minimum of	Per AWB per day or part thereof	230.00
X-RAY SCREENING OUTBOUND CARGO			
1	X-Ray charges with Certification	Per Kg	1.90
1.1	Subject to minimum of	Per consignment	100.00

Notes:

- 1) To achieve the projected ARR only maximum cargo handling rates have been suggested for Airlines as user agreements will be entered into with each Airline based on the IATA AHM 810 STANDARD GROUND HANDLING AGREEMENT 2007 or 2008 (SGHA).
- 2) The rates with each Airline will be negotiated based on services required from SGHA service items (usage of equipment and manpower), throughput, service level agreement, credit period and liability and indemnity requirement.

