

F. No. AERA/20010/MYTP/GSEC/Cargo/Indore/CP-I/2018-19
Airports Economic Regulatory Authority of India

Order No. 04/2019-20



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

Date of Issue: 07.05.2019

Service : Cargo Handling Services (Domestic)
Service Provider : M/s GSEC Limited
Airport : Devi Ahilya Bai Holkar Airport, Indore.

In the Matter of Multi Year Tariff Proposal and Annual Tariff Proposals for First, Second and Third Tariff Years (FY 2018-19, FY 2019-20 and FY 2020-21) of the First Control Period (FY 2018-19 to 2022-23) in respect of M/s GSEC Limited for providing Domestic Cargo Handling service at DABH Airport, Indore.

- 1.1 Airports Authority of India (AAI) has given a license to operate Domestic Cargo Terminal at Indore Airport to M/s GSEC Limited in June, 2015. M/s GSEC commenced its commercial operations on 17th March, 2016. M/s GSEC Limited is the new entrant for cargo handling service (domestic) after declaration of Indore Airport as major airport in June, 2016. GSEC has submitted the copy of License Agreement signed with Airports Authority of India for operation and Management of Common User Domestic Air Cargo Complex (CUDCT) at Indore Airport. The License agreement to operate CUDCT is valid for a period of 05 (five) years from 14.03.2016 to 13.03.2021, extendable for another 02 years based on satisfactory performance and mutually agreeable terms and conditions
- 1.2 The Authority vide Order No. 21/2018-19 dated 28.09.2018 allowed M/s GSEC to continue levy of tariff existing as on 30.09.2018 upto 31.3.2019 as an interim arrangement. The Authority, further vide Order No. 48/2018-19 dated 25.03.2019 allowed GSEC to continue levy of tariff existing as on 31.03.2019 upto 30.09.2019 or till determination of tariff by the Authority whichever is earlier.

Order no. 04/2019-20



2. The Authority in respect of the Indore Airport has decided the First Control Period of five years w.e.f. 01.04.2018 to 31.03.2023 for determination of tariff. Accordingly it is decided to maintain the same control period for the ISPs operating at Indore Airport. Accordingly the first control period of 5 years for M/s GSEC will commence from 01.04.2018 to 31.03.2023.
3. M/s GSEC vide letter dated 06.09.2018 submitted Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposals (ATPs) for first, second and third tariff year (FY 2018-19 to 2020-21) of the first control period (01.04.2018 to 31.03.2023) for determination of tariff for domestic cargo handling service at Indore Airport. ATPs submitted are considered according to first control period as decided above i.e. from 01.04.2018 onward. Further, GSEC vide letter dated 24.12.2018 and email dated 29.01.2019 submitted additional information/clarifications on the various queries raised by the Authority. GSEC further vide letter dated 22.02.2019 submitted the revised proposal. GSEC has sought the same tariff for FY 2018-19 as of previous year and 10% year on year increase in tariff for FY 2019-20 and FY 2020-21.
- 4.1 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 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 Indore Airport (as per the AAI cargo statistics for FY 2017-18) is 0.33% which is lesser than 2.5% Materiality Index threshold limit fixed for the subject service. Hence the service is deemed '**Not Material**'.
- 4.2 As per the information furnished by GSEC, in Form F1 (b) on the Competition Assessment, there is no other competitor for domestic cargo handling service.
- 4.3 The Guidelines provide that where a regulated service is being rendered at a major airport by two or more service providers, it shall be deemed 'competitive' at that airport. In the instant case there is no other competitor hence the service is deemed as '**Not- Competitive**'.
- 4.4 As per Clause 3.2 of the Guidelines, based on the assessment of materiality and competition, when such regulated service is deemed 'Not-Material, the Authority shall determine tariff(s) for the service provider(s) based on a 'Light Touch Approach' for the duration of the Control Period. Hence the regulated service being provided by GSEC at Indore Airport is '**Not-Material**' and shall come under the '**Light Touch Approach**' for tariff determination for the first control period (01.04.2018 to 31.03.2023).



5. M/s GSEC has furnished the justifications for proposed increase in tariff for FY 2019-20. Further, GSEC has also submitted copies of License agreement entered into with Airports Authority of India for operation and management of Common User Domestic Air Cargo Complex at Indore Airport.
6. 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:
 - 6.1 Form B –Submission of ATP
 - 6.2 Form 14(b)-Proposed Tariff Card
 - 6.3 Details of consultation with stakeholders
 - 6.4 Evidence of User Agreements clearly indicating the Tariff proposed by the Service Provider.
7. M/s GSEC has submitted Form B, Form 14(b) and copies of some user agreements with their Annual Tariff Proposal for the 1st, 2nd and 3rd tariff year (FY 2018-19 to FY 2020-21) of the first control period. However GSEC has not submitted any evidence of conducting user consultation.
8. The Authority considered the submissions made by GSEC and issued the Consultation Paper No. 01/2019- 20 dated 08.04.2019 proposing the following for stakeholder consultation:
 - 8.1 The service for domestic cargo handling being rendered M/s GSEC Limited on materiality assessment is observed as “**Not Material**”. The Authority considering the service as not-material, proposes to adopt ‘**Light Touch Approach**’ for determination of tariff for first control period (FY 2018-19 to FY 2022-23).
 - 8.2 It is proposed to allow M/s GSEC to continue levy of existing tariff as on 30.09.2018 for FY 2018-19 also. Thereafter, the Authority proposed 10% year on year increase in the tariff for FY 2019-20 and 2020-21.
9. In response to the aforesaid Consultation Paper, no comments have been received from any stakeholder.
10. The Authority noted that M/s GSEC has commenced its cargo operations at Indore airport in March, 2016 only. The actual/projected cargo volumes although are quite low but show a growth. There are losses in FY 2016-17 and FY 2017-18. It is also noted that FY 2018-19 is already over hence the Authority decide that the existing tariff as on 30.09.2018 may be continued for FY 2018-19 also. Further 10% year on year increase in tariff for second and third tariff year (FY 2019-20 and FY 2020-21) may be allowed. GSEC will submit its ATPs for fourth and fifth tariff years well in advance as per Guidelines alongwith all financials and Annual Compliance Reports (in case the contract is extended).



11. ORDER

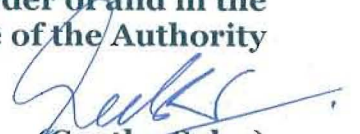
Upon careful consideration of material available on record, as well as submissions made by the M/s GSEC, the Authority, in exercise of powers conferred by Section 13(1)(a) of the AERA Act, 2008 hereby orders that:

- (i) The service of domestic cargo handling provided by M/s GSEC Limited at Indore Airport is "**Not-Material**". Hence the Authority will adopt a "**Light Touch Approach**" for determination of tariff for the first control period w.e.f. 01.04.2018 to 31.03.2023.
- (ii) M/s GSEC is allowed to continue levy of the existing tariff as on 31.03.2019 for first tariff year (FY 2018-19). Thereafter 10% year on year increase in tariff is allowed for second tariff year (FY 2019-20) and third tariff year (FY 2020-21) during the first control period as per Tariff Card enclosed at **Annexure-I**.
- (iii) Levy of new tariff(s) shall be effective from 15.05.2019.
- (iv) M/s GSEC should file Annual Tariff Proposals for fourth and fifth tariff well in advance as per CGF Guidelines alongwith all financials and Annual Compliance Statements of the preceding years (in case the contract is extended).
- (v) Tariff(s) determined as above will be maximum and demurrage free period shall be applicable as per Government Orders issued from time to time.

भा.वि.आ.वि.प्रा.

AERA

By the Order of and in the
Name of the Authority


(Geetha Sahu)
AGM (Finance)

To

M/s GSEC Limited,
2nd Floor, Gujarat Chamber's Building,
Ashram Road,
Ahmedabad - 380009
(Through: Shri Samir Mankad, CEO & Executive Director)

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

Order no. 04/2019-20



M/s GSEC Limited, Indore Airport-Cargo Handling Services (Domestic).

Form 14 (b) Annual Tariff proposal for Tariff year 1 (FY 2018-19), Tariff Year2 (2019-20) & Tariff Year3 (2020-21)

DOMESTIC OUTBOUND CARGO CHARGES LEVIABLE ON SHIPPERS/CONSIGNORS/PO MAIL, AIRLINE'S OWN CARGO ETC.

S.N.	Particulars	2018-19		2019-20		2020-21	
		Per unit Tariff	Min	Per unit Tariff	Min	Per unit Tariff	Min
1	a) General Cargo	0.75	110	0.83	120	0.9	132
2	b) Special (AVI#	1.5	220	1.65	242	1.8	265
3	c) PER/DGR/VAL	1.5	220	1.65	242	1.8	265
4	2. Demurrage Charges/storage (Per day)	-----	-----	-----	-----	-----	-----
	A) General Cargo	0.75	110	0.83	121	0.9	132
5	b) Special (AVI#	1.5	220	1.65	242	1.8	265
6	c) PER/DGR/VAL	1.5	220	1.65	242	1.8	265
7	3. Courier Handling	1	120	1.1	132	1.2	145
	4. Amendment of Airway Bill	100.00 Per AWB		110.00 Per AWB		121.00 Per AWB	
5	5. Return Cargo Charges	100.00 Per AWB		110.00 Per AWB		121.00 Per AWB	
6	6. Xray Charges	0.75	100	0.83	121	0.92	133
7	7. Strapping Chagres	10.00 Per Bag		11.00 Per Bag		12.00 Per Bag	
8	8. In addition to the above, in the event of Mis-Declaration of weight, Following charges based on the difference will apply						
9	2%-5% variation	2 Times of Excess weight		2 Times of Excess Weight		2 Times of Excess Weight	
	More than 5% (Not Applicable in VAL Cargo)	5 Times of Excess Weight		5 Times of Excess Weight		5 Times of Excess Weight	

DOMESTIC INBOUND CARGO CHARGES LEVIABLE ON CONSIGNEE (S) ETC AT CUDCT

	2018-19		2019-20		2020-21	
	Per unit Tariff	Min	Per unit Tariff	Min	Per unit Tariff	Min
1. Standard charges for processing & Handling (TSP charges inclusive of off-loading/Loading/Shifting &						
a) General Cargo	0.75	110	0.83	121	0.9	132
b) Special (AVI)#	1.5	220	1.65	242	1.8	265



c) PER /DGR/VAL*	1.5	220	1.65	242	1.8	265
2. Demurrage Charges /Storage (per day)						
a)General Cargo	0.75	110	0.83	120	0.9	132
b) Special (AVI)#	1.5	220	1.65	242	1.8	265
c) PER/DGR/VAL* (if cold storage is used)	1.5	220	1.65	242	1.8	265
3. Courier Handling	1	120	1.1	132	1.2	145
SCHEDULE OF TERMINAL HANDLING CHARGES APPLICABLE TO AIRLINES						
	PER KG	MIN	PER KG	MIN	PER KG	MIN
	INR	INR	INR	INR	INR	INR
1. Unloading of Incoming Cargo Loaded on Trolleys into Warehouse (Bulk Cargo)	0.75	100	0.83	110	0.9	121
2.Loading of Cargo on to trolleys to Air side (Bulk Cargo)	0.75	100	0.83	110	0.9	121
3.Loading of Container/Pallet	1.33	250	1.46	275	1.6	302
4. De-stuffing of Container/Pallet	1.03	250	1.13	275	1.24	302
5. X-Ray Screening	0.75	100	0.83	110	0.9	121

Notes

1. The free period for inbound domestic cargo shall be one working day for examination/processing/delivery by the consignee/authorised-representatives etc.
 2. Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the perview of domestic cargo.
 3. The domestic cargo handling charges are inclusive of fork lift charges wherever fork lift usage is involved. No separate fork lift charges will be levied.
 4. Charges will be levied on the 'gross weight or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the ; actual gross weight' or the actual volumetric weight, whichever is higher.
 5. # AS per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
- * Valuable cargo consists of gold, bullion, currency notes, securities, shares coupons, travelers chaques, diamonds(including diamonds for industrial use),
- All invoice will be rounded off to the nearest of 5/- . As per IATA act rule book clause 5.7.2 rounding of procedure when rounding off unit is 5.



When the results of calculations are between /and	Rounded off amount will be	When the results of calculations are between/and	Rounded off amount will be
102.5-107.4	105	102.5-107.4	105
107.5-112.4	110	107.5-112.4	110



सत्यमेव जयते

