AERA/20010/MYTP/AISATS/C/CP-II/BIAL/2016-17/vol-I <u>Airports Economic Regulatory Authority of India</u> Order No. 32/2019-20

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

Date of Issue: 19th March, 2020

Service : Cargo Handling Services.

Service provider: M/s Air India SATS Airport Services Pvt. Ltd. (AISATS)
Airport: Kempegowda International Airport (KIA), Bengaluru.

In the matter of Annual Tariff Proposal (ATP) for FY (2019-20) 4th Tariff Year and FY (2020-21) 5th Tariff Year in respect of M/s Air India SATS Airport Services Pvt. Ltd. (AISATS) for providing Cargo Handling Services at Kempegowda International Airport (KIA), Bengaluru.

M/s Air India SATS Airport Services Private Limited (AISATS) is one of the Cargo Handling agencies providing Cargo Handling (CH) Services at Kempegowda International Airport (KIA), Bengaluru. The Authority, vide its MYTO Order No. 22/2011-12 dated 29.09.2011, had decided to adopt 'Light Touch Approach' for the 1st Control Period in respect of the AISATS, as their Cargo Handling Services were assessed as 'Material but Competitive'. Subsequently, the Authority vide its Order No.40/2017-18 dated 01.03.2018 had decided to adopt 'Light Touch Approach' for determination of tariff of the 2nd Control period also. In the same order, the Authority also determined the tariff for (FY 2016-17) 1st tariff year, (FY 2017-18) 2nd tariff year and (FY 2018-19) 3rd tariff year of the 2nd Control Period. To avoid any regulatory vacuum the Authority vide interim Order No. 48/2018-19 dated 25th March, 2019 allowed M/s AISATS to continue levy of existing tariff as on 31.03.2019 up to 30.09.2019. The Authority further vide interim order no 08/2019-20 dated 26th September, 2019 allowed AISATS to continue levy of the existing tariff as on 30.09.2019 up to 31.03.2020 or till the date of determination of tariff by AERA whichever is earlier.

2. Annual Tariff Proposal of M/s AISATS.

As per (Cargo, Ground Handling and supply of Fuel to Aircraft) Guidelines 2011, Annual Tariff Proposal (ATP) shall be submitted at least 75 days prior to the start of start of the tariff year. AISATS had not submitted their Annual Tariff Proposal (ATP) towards determination of tariffs for the 4th tariff year (FY 2019-20) and 5th tariff year (FY 2020-21) of the 2nd Control Period as per aforesaid provision. Further, AERA had to engage in protracted mail and hold personal fellow up meetings with AISATS officials after which they had submitted their ATPs for 4th tariff year i.e. (FY2019-20) only. M/s AISATS was allowed ample amount of time to submit ATP for 5th tariff year i.e. FY 2020-21 also but AISATS had not submitted the ATP for FY 2020-21, therefore on the basis of available data the Authority has decided to determine the tariff for both the tariff year together i.e. (FY 2019-20) 4th tariff year and (FY 2020-21) 5th tariff year of the 2nd Control Period.



- M/s AISATS has not proposed any increase in FY 2019-20 tariff against the existing tariff as on 31.03.2019.
- 3. M/s AISATS had submitted the copy of Concession Agreement with BIAL. Duration of Concession Agreement is 15 years w.e.f. 16th May, 2006. As per the Concession Agreement, concession fee is payable to the Airport operator at the rate of 18% P.A of gross revenue. AISATS also submitted the copies of the valid User Agreements with Airlines at the times of submission of their MYTP. AISATS has not submitted any evidence of conducted Stakeholders Consultation.
- 4. The Authority, duly considered the submissions made by M/s AISATS and issued a Consultation Paper No. 18/2019-20 dated 14.02.2020 wherein the Authority, had proposed to continue the levy of existing tariff as on 31.03.2019 for the 4th tariff year and 5th tariff year of the 2nd control period (except tariff rates of perishable cargo in cool port facility). The Authority had also proposed to roll back the tariff rates of perishable Cargo, to the earlier level of Rs 2.750/ kg against the existing rate of Rs 3.025/ kg for the remaining period of the 4th tariff year and 5th tariff year of the 2nd Control Period. The Authority sought written evidence based feedback, comments, and, suggestions, from the stakeholders on its Consultation Paper allowing time up to 06.03.2020. In response to the proposal contained in the said Consultation Paper, comments have been received from M/s Air Cargo Agents Association of India (ACAAI) only. The comments received from the aforesaid stakeholder was uploaded on AERA's website vide Public Notice No. 21/2019-20 dated 12.03.2020. Brief details of the comments received are given hereunder:
 - 4.1 The Air Cargo Agents Association of India (ACAAI): M/s ACAAI vide email dated 03rd March, 2020 have submitted their comments on the proposal of the aforesaid Consultation Paper in which ACAAI stating that they have no objections pertaining to the proposal of the Consultation Paper No. 18/2019-20 dated 14.02.2020.

5. Analysis/Views of the Authority:

- 5.1 M/s AISATS submitted the Annual Compliance Statement (ACS) for FY 2016-17, FY 2017-18 and FY 2018-19. On the basis of ACS and projection submitted at the time of their MYTP, the Authority observed that the return on average RAB was 134.23% in FY 2016-17, 138.91% in FY 2017-18 and 147.87% in FY 2018-19 (actuals). Further, as per projections submitted by M/s AISATS in its MYTP for FY 2019-20 and FY 2020-21, Return on average RAB will be 133.06% and 236.48% respectively. The operating profit/Turnover ratio was 41.29% in FY 2016-17, 36.74% in FY 2017-18 and 33.37% in FY 2018-19 (actuals) & the projected operating profit/Turnover ratio will be 20.80% in FY 2019-20 and 20.57% in FY 2020-21.
- 5.2 The Authority further observed that M/s AISATS started a new Cool Port Terminal for Perishable Cargo from 01st October, 2016, for which AISATS had made a huge investment. In this regard, AISATS requested the Authority to revise their tariff rate of perishable cargo in cool port facility. The Authority considered the request made by the AISATS and in its order no. 40/2017-18 dated 01.03.2018 revised the tariff rate from 2.750/kg to 3.025/kg for Perishable cargo in Cool port Facility with a condition that AISATS should submit the ACS duly audited for the FY 2017-18 well in time enabling the Authority to examine the impact of revised tariff for perishable Cargo in Cool Port



Facility. While analysing the ACS of FY 2017-18 and FY 2018-19 as submitted by AISATS, the Authority observed that M/s AISATS had not provided financial data, volume base data and any other data to examine the impact of revised tariff rates of Cool Port facility. The Authority, allowed further time to M/s AISATS for submitting the data of perishable Cargo in Cool Port Facility, which M/s AISATS has failed to submit. Therefore, the Authority has decided to roll back the increase allowed earlier for perishable Cargo in Cool Port Facility to the initial level of Rs 2.750/ kg for the remaining period of the 4th tariff year and 5th tariff year of the 2nd Control Period.

6. ORDER

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

- (i) M/s Air India SATS Airport Services Private Limited (AISATS) is allowed to continue to levy the existing tariffs as applicable on 31.03.2019 for the 4th tariff year (FY 2019-20) and 5th tariff year (FY 2020-21) of the 2th Control Period (except tariff rates of perishable cargo in cool port facility) as per the tariff card attached as **Annexure-1.**
- (ii) M/s AISATS is allowed to charge Rs 2.750/kg for perishable Cargo in cool port facility from the date of issuing of this order to 31st March, 2021.
- (iii) Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff.
- (iv) Demurrage free period shall be as per Government orders issued from time to time.



To,

M/s Air India SATS Airport Services Pvt. Ltd. B-1101 & 1102, Lotus Corporate Park, Goregaon (E), Mumbai-400063. Through: Shri Mike Chew, Sr. Vice President (Delhi).

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



Tariff Rates Approved by AERA AISATS CARGO HANDLING SERVICES BENGALURU

Maximum Rates to be paid by freight forwarder for International Cargo

S.No.	List of Charges	FY 2019-20	& FY2020-21
		Minimum Rate in INR	Rate Per Kg it INR
A) Int	ernational Cargo		
Export	Cargo		
1	Terminal, Storage and Processing charge {TSP}-(per shipping Bill)	
a) _	General Cargo	125	1.05
b) _	Special Cargo (AVI)	250	1.58
c)	PER/DGR/VAL cargo	250	2.73
d)	Perishable Cargo in Coolport Facility(PER/PIL/PEF etc.)	250	2.75
2	DEMURRAGE/STORAGE CHARGE (rate per kg per day)		
a)	General Cargo	136.5	0.84
b)	Special Cargo (AVI)	262.5	1.58
c)	PER/DGR/VAL cargo	262.5	2.73
3	COURIER HANDLING CHARGE	150	1.58
4	PACKING/REPACKING/STRAPPING CHARGE	5/- Per	Carton/Bag
5	RETURN CARGO CHARGE	500.00 per AWB	
6	AIR WAYBILL AMENDMENT CHARGE	100.00 per AWB	
7	WEIGHT/VOLUME MIS-DECLARATION CHARGE	1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1	1
a)	2-5% variation	2 times annli	cable TSP charge
b)	More than 5% variation	2 times applicable TSP charge 5 times applicable TSP charge	
8	OVERTIME CHARGE (beyond customs working hours) Val Cargo	50.00 per shipping bill 1000.00 per AWB	
Impor	t Cargo		
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP]- (pe	er Bill of Entry)	
a)	General cargo / Unaccompaned Baggage	125	5.4
b)	Special Cargo (AVI)	250	10.8
c)	PER/DGR/VAL cargo	250	10.8
2	DEMURRAGE/STORAGE CHARGE (rate per kg per 24 hours)	H a	
a	General Cargo		
i)	Flight Actual Time of Arrival (ATA) plus 48 hours	No charge	No charge
ii)	Cargo cleared between 48 hours and 96 hours	336	1.65
iii)	Cargo cleared between 96 hours and 720 hours	336	3.09
iv)	Cargo cleared after 720 hours	336	4.63
b	Special Cargo (AVI)		
i)	Flight Actual Time of Arrival (ATA) plus 48 hours	No charge	No charge
ii)	Cargo cleared between 48 hours and 96 hours	625	3.09
iii)	Cargo cleared between 96 hours and 720 hours	625	6.17
iv)	Cargo cleared after 720 hours	625	9.26
e	PER/DGR/VAL cargo		
i)	Flight Actual Time of Arrival (ATA) plus 48 hours	No charge	No charge
ii)	Cargo cleared between 48 hours and 96 hours	1275	6.17
iii)	Cargo cleared between 96 hours and 720 hours	1275	12.4
iv)	Cargo cleared after 720 hours	1275	18.58
3	COURIER HANDLING CHARGE	200	6.06



4	AIR WAYBILL AMENDMENT CHARGE	100 Per AWB	
5	TRANSHIPMENT CHARGE		
a	General cargo	125	1.98
b	PER/DGR/VAL/AVI cargo	235	1.98
6	Documentation Charges	100.00 per AWB	
7	OVERTIME CHARGE (beyond customs working hours) Val Cargo		
a	General cargo	200/- per Bill of Entry	
b	VAL cargo	1000/- per AWB	
8	PACKING/REPACKING/STRAPPING CHARGE	5/- Per Carton	

Note:

- 1 Consignments of Human Remains, Coffins and Unaccompanied Baggage of the Deceased and Human eyes will be exempt from the purview of TSP charges and Demurrage Charges.
- 2 TSP charges applicable to Newspaper TV reel consignments shall be at 50% of applicable charges.
- 3 TSP charges are inclusive of forklift used for loadind/offloading the cargo to/from the truck and putting cargo on customs area for examination.
- 4 Charges will be levied on the Gross weight or Chargeable Weight whichever is higher. Wherever 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 Demurrage

Export Cargo- Total free period available for export cargo would be 12 hrs. or as decided by Govt. of India from time to time.

Import Cargo- Free period shall be 48 hrs. form segregation time or as decided by the Govt. of India from time to time.

If the clearance is done on 3rd and 4th day from Flight segregation Time then the charges are as per 2 (A),(B)&(c) per kg per day if the clerance is done after the 4th day of the Flight Segregation Time, the demmurage wil be calculated cumulatively as under:

- a) Day of Flight Segregation Time-4th day Slab 1
- b) 5th Day 29 days- (both days inclusive) Slab 1 & Slab 2
- c) Beyond 29 days Slab 3
- 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, traveller's cheque, diamonds (including diamonds for industrials use) diamond jewellery watches of silver- gold platinum and items valued at USD 1000/kg n above.
- 9 For consolidation on Transhipment cargo, TSP charges will be levied to all types of cargo, in addition to Transhipment Charges mentioned above. Demurrage charges for the free period may be considered to be governed as per the instruction of govt. of India issued from time to time.
- 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 labour will be allowed to handle cargo in AIR INDIA SATS Airfreight Terminal and AISATS Coolport.



Tariff Rates Approved by AERA AISATS CARGO HANDLING SERVICES BENGALURU

Maximum Rates to be paid by freight forwarder for Domestic Cargo

S.No.	List of Charges	FY 2019-2	0 & FY2020-21		
		Minimum Rate in INR	Rate Per Kg in INR		
B) D	OMESTIC CARGO				
OUT	OUND CARGO				
1	TERMINAL, STORAGE AND PROCESSING CHARGE	TSP]- (per shipping Bill)		
a)	General Cargo	105	0.72		
b)	Special Cargo(AVI)	210	2.26		
c)	PER/DGR/VAL cargo	210	2.26		
d)	PER CARGO (Cargo not stored in cold room only for flowers, fruits & vegetables.	200	0.72		
2	DEMURRAGE/STORAGE CHARGE (rate per kg per day)	, c			
$\frac{2}{a}$	General Cargo	131	0.72		
b)	Special Cargo	210	2.26		
c)	PER/DGR/VAL cargo	210	2.26		
	PER CARGO (Cargo not stored in cold room only for				
d)	flowers, fruits & vegetables.	200	0.72		
3	COURIER HANDLING CHARGE	105	0.72		
4	PACKING/REPACKING/STRAPPING CHARGE	. 6/- per Carton/Bag			
5	RETURN CARGO CHARGE		per AWB		
6	AIR WAYBILL AMENDMENT CHARGE		per AWB		
0011	PER CARGO (Cargo not stored in cold room only for				
7	flowers, fruits & vegetables.				
a)	2-5% variation	2 times app	licable TSP charge		
b)	more than 5% variation	2 times applicable TSP charge			
INBO	UND CARGO	**			
1	TERMINAL, STORAGE AND PROCESSING CHARGE	[TSP]- (per Bill of Entry)		
a)	General cargo/Unaccompaned Baggage	. 131	1.21		
b)	Special cargo (AVI)	210	2.32		
c)	PER / DGR/VAL cargo	210	2.32		
d)	PER CARGO (Cargo not stored in cold room only for flowers, fruits & vegetables.	200	121		
2	DEMURRAGE/STORAGE CHARGE (rate per kg.per 2.	4 hours)			
a)	General Cargo	210.	1.38		
b)	Special Cargo	263	2.43		
c)	PER/DGR/VAL cargo	263	2.43		
d)	PER CARGO (Cargo not stored in cold room only for flowers, fruits & vegetables.	200	1.38		
3	COURIER HANDLING CHARGE	131	1,21		
4	AIR WAYBILL AMENDMENT CHARGE		105 per AWB		
	PACKING/REPACKING/STRAPPING CHARGE	6/- per Carton/Bag			
5	THOMAS OF THE STATE OF THE STAT	0/- per Carton/ bag			

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 charges applicable to Newspaper TV reel consignment shall be at 50% of the applicable charges.



- 3 TSP charges are inclusive of forklift used for loading/offloading the cargo to/from truck and putting cargo on customs area for examination.
- Charges will be levied on Gross Weight or Chargeable Weight whichever is higher. Where there is a misdeclaration 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 Demnrrages
 - Export Cargo-Total free period available for export cargo would be 12 hrs. or as decided by Govt. of India from time to time.
 - Import Cargo-Free period shall be 48 Hrs from segregation time or as decided by Govt. of India from time to time.
 - If the clearance is done on 3rd and 4th day from Flight Segregation Time then the charges are as per 2 (A), (B) & (C) per kg per day if the clearance is done after the 4th day of the Flight Segregation Time, the demurrage will be calculated cumulatively as under:
- a) Day of Flight SegregationTime-4th day slab 1
- b) 5th day -29 days-(both days inclusive) Slab 1 & Slab 2
- c) Beyond 29 days Slab 3
- 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, traveller's cheques, diamonds (including diamonds for industrial use) diamond jewellery watches of silver-gold platinnm and items valued at USD 1000/kg n above.
- For consolidation on Transshipment cargo, TSP charges will be levied to all types of cargo, in addition to transshipment Charges mentioned above. Demurrage charges for the free period may be considered to be governed as per the instruction of govt. of India issued from time to time.
- All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- All charges mentioned above include the concession fees charged by the Airport Operator.
- No outside labour will be allowed to handle cargo in Air India SATS Airfreight Terminal.
- 13 Complete shipment should be available prior to payment of TSP charges.
- 14 Parking Charges as per International Tariff sheet.
- 15 Two Wheeler parking subject to Availability.



Tariff Rates Approved by AERA AISATS CARGO HANDLING SERVICES BENGALURU Maximum Rates to be paid by Airlines for Cargo Handling

- 72	Maximum Rates to be paid by Airline		FY 2019-20 & FY	
S.N 0.	Description of Service	Unit	2020-21 Minimum Rate in INR	
A) Int	ernational Cargo			
ExP or	t Cargo			
1	Handling Charges			
1.1	General Cargo			
1.1.1		Per kg	1.89	
1.1.2	A Date of A State of Burning and A State of B	Per kg	1.22	
1.2	Valuable Perishable Hazardous Cargo, & Live Animal etc.			
1.2.1	200 - 1	Per kg	3.78	
1.2.2	10 10 10 10 10 10 10 10 10 10 10 10 10 1	Per kg	2.31	
1.3	Express & Courier Cargo	* * * * * * * * * * * * * * * * * * * *		
1.3.1	1	Per kg	4.73	
1.3.2		Per kg	2.89	
2	Storage Charges			
2.1	General Export Cargo	Per kg	1.79	
2.2	Valuable Perishable Hazardous Cargo & Live Animal etc.	Per kg	4.31	
3	Electronic Data Submission for customs	Per flight	135	
	RT CARGO सत्यमेव जयन			
1	Handling Charges	Per kg		
1.1	General Cargo			
1.1.1	Palletisation/Containerisation	Per kg	1.89	
1.1.2	Bulk Cargo	Per kg	1.22	
1.2	Valuable Perishable Hazardous Cargo & Live Animal etc.			
1.2.1	Palletisation/Containerisation	Per kg	3.78	
1.2.2	Bulk Cargo	Per kg	2.31	
1.3	Express & Courier Cargo			
1.3.1	Palletisation/Containerisation	Per kg	4.73	
1.3.2	Bulk Cargo	Per kg	2.89	
2	Storage Charges			
2.1	General Cargo	Per kg	1.79	
2.1.1	Subject to a minimum of	Per IGM	241.5	
2.2	Valuable Perishable Hazardous Cargo & Live Animal etc.	Per kg per day or part thereof	4.31	
2.2.1	Subject to a minimum of	Per AWB per day or part thereof	241.5	
3	Electronic Data Submission for customs	Per Flight	135	
	SHIPMENT CARGO			
1	Carting charges for transhipment of import/export cargo	Per kg per day or part thereof	2.1	
1,1	Subject to a minimum of	Per AWB per day or part thereof	168	
X-RAY	SCREENING EXPORT CARGO			
1	X-RAY charges with certification	per kg	2,21	
1.1	Subject to a minimum of	per consignment	105	

	DMESTIC CARGO		
	OUND CARGO		
1	Handling Charges		V-T-V-T-T-T-T-T-T-T-T-T-T-T-T-T-T-T-T-T
1.1	General Cargo		1
1.1.1	Palletisation/Containerisation	per kg	1.89
1.1.2	Bulk Cargo	per kg	1.16
1.2	Valuable Perishable Hazardous Cargo & Live Animal etc.		
1,2,1	Palletisation/Containerisation	per kg	3.78
1.2.2	Bulk Cargo	per kg	2.31
1.3	Express & Courier Cargo		
1.3.1	Palletisation/Containerisation	per kg	4.73
1.3.2	Bulk Cargo	per kg	2.89
2	Storage Charges		
2.1	General Export Cargo	per kg	1.79
2.2	Valuable Perishable Hazardous Cargo & Live Animal etc.	per kg	4.31
INBO	UND CARGO		
1	Handling Charges		
1.1	General Cargo		
1.1.1	Palletisation/Containerisation	per kg	1.89
1.1.2	Bulk Cargo	per kg	1.16
1.2	Valuable Perishable Hazardous Cargo & Live Animal etc.		
1.2.1	Palletisation/Containerisation	per kg	3.78
1.2.2	Bulk Cargo	per kg	2.31
1.3	Express & Courier Cargo		
1.3.1	Palletisation/Containerisation	per kg	4.73
1.3.2	Bulk Cargo	per kg	2.89
2	Storage Charges		
2.1	General Cargo		1.79
2.1.1	Subject to a minimum of	per IGM	241.5
2.2	Valuable Perishable Hazardous Cargo & Live Animal etc.	Per kg per day or part thereof	4.31
2.2.1	Subject to a minimum of	Per AWB per day or part thereof	241.5
X-RA	Y SCREENING OUTBOUND CARGO		
1	X-RAY charges with certification	per kg	2.21
1.1	Subject to a minimum of	Per consignment	105

Note:

- 1 To achive the projected ARR only maximum cargo handling rates have been suggested for Airlines as user agreements will be entered into with each Airlines based on the IATA AHM 810 STANDERED GROUND HANDLING AGREEMENT 2004 or 2008 or 2013 (SGHA).
- 2 The rates with each Airlines will be negotiated based on services required form SGHA service items (usage of equipment and manpower), throughput service level agreement, credit period and liability and indeminity requirement.
- 3 All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 4 No outside labour will be allowed to handle cargo in Air India SATS Airfeight Terminal & AISATS Coolport.

