

File No. AERA/20010/MYTP-AIS/C /BIAL/2011-12

Consultation Paper No. 23/2013-14



Airports Economic Regulatory Authority of India

**In the matter of determination of Tariffs for
Domestic Cargo, w.e.f 01.02.2014 of Third Tariff
Year (2013-14) in respect of Air India SATS
Airports Services private Limited for providing
Cargo Services at Bengaluru International
Airport, Bengaluru.**

New Delhi: 18th February, 2014

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

The Authority had considered the Multi Year Tariff Proposal (MYTP), submitted by Air India SATS Airport Services Private Limited (AISATS), for Cargo services being provided at Bengaluru International Airport, Bengaluru, for the first control period commencing w.e.f. 01.04.2011 and after due stakeholder consultation issued a Multi-Year Tariff Order (MYTO) No. 22/2011-12 dated 29.09.2011 wherein the Authority decided to adopt “light touch **approach**” for **determination of tariff for the cargo services** provided by AISATS at the above mentioned airport. The Authority also determined the Annual Tariff for the first tariff year vide the above order.

2. Thereafter, the Authority approved the Annual Tariff Proposals (ATP) for the second and third tariff years vide Order No. 44/2012-13 dated 15.02.2013 and 31/2013-14 dated 08.08.2013 respectively.

3.1 AISATS have submitted a proposal for revision in their domestic cargo tariff vide letter no.2013/L/CHQ/MKT/0020/AERA dated 20.09.2013 for Cargo Handling at Bengaluru International Airport, Bengaluru (**Annexure –I**). As per the proposal the revised tariff was to be effective from 15.10.2013, wherein 5% (approximately) increase in tariffs for all components for Domestic Cargo was only proposed. According to AISATS, rest of the charges, to be paid by freight forwarders for international cargo and the charges to be paid by the Airlines, would remain same as already approved by the Authority vide order no. 31/2013-14 dated 08.08.2013 i.e. ATP for the third tariff year. AISATS submitted a minutes of the meeting held with stakeholders on 29.04.2011 as evidence of Stakeholder Consultation.

3.2 The Authority considered the proposal and desired that AISATS may submit any evidence of a recent stakeholder consultation meeting for revision in tariff(s).

4 AISATS vide their email dated 08.01.2014 (**Annexure-II**) submitted the following;

“..... The stakeholder consultation was held on 29 April 2011, whereas the trade had agreed to the increase in the TSP charges. However, due to adverse economic conditions faced by the trade at large, AISATS did not increase the TSP charges under its ATP submission for the FY 2011-12, FY 2012-13 & FY 2013-14.

While we have noted Authority’s request to submit recent evidence of stakeholder consultation, I would like to request Authority’s kind understanding and consideration to issue an interim order approving the rate increase for Domestic Cargo effective 1 February 2014. While we are in process of obtaining the necessary stakeholder consultation kindly allow us time till 31 January 2014 to submit the same to the Authority.”

5. Further, AISATS, vide email dated 21.01.2014 submitted a copy of the minutes of stakeholder consultation meeting held on 07.01.2014 with regards to increase in the Terminal Storage Charges for domestic cargo handling. AISATS further requested for approval of the increase of the annual tariff rate effective from 1st February 2014, attached as part of Annexure II.

6. The present proposal by AISATS is for revision of tariff in the third tariff year by 5% increase in the Terminal, Storage and Processing Charges both inbound and outbound domestic cargo. While AISATS, had earlier sought approval of tariff(s) with effect from 15.10.2013, they have now sought the revision of charges effective from 01.02.2014. Further, AISATS submitted that the rest of the charges, to be paid by freight forwarders for international cargo and the charges to be paid by the Airlines would remain same as already approved by the Authority. The Authority has considered the proposal for revision of the domestic cargo charges submitted by AISATS. Considering that the tariff(s) for AISATS has been approved under the 'light touch approach' and that AISATS have gone through a Stakeholder Consultation process, the Authority has issued an Order permitting the revision of the domestic cargo charges by AISATS w.e.f 01.02.2014, vide Order No. 37/2013-14 dated 18.02.2014.

7. The Authority notes that pending the stakeholder consultation as per the Guidelines, AISATS has been permitted to levy the tariff increase in the Terminal, Storage and Processing Charges both inbound and outbound domestic cargo charges for the third tariff year, for the present, subject to the final determination post stakeholder consultation and in such a case the revenue received on this account should be accounted for separately. In case the final determined rates for these services are less than the proposed rates, then AISATS would be required to refund the excess revenue collected till such determination.

8. After careful consideration of the matter the Authority decides to make the following proposal for stakeholder consultation:

- (i) The tariffs for the third tariff year (FY 2013-14) for the Terminal, Storage and Processing Charges both inbound and outbound domestic cargo services provided by Air India SATS Airport Services Pvt. Ltd. at Bengaluru International Airport, Bengaluru are proposed to be determined as at **Annexure-III**.

9. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 8 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed as **Annexure-I, II & III**. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

10. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 8 above, **latest by 05. 03. 2014** at the following address:

Shri Alok Shekhar
Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: alok.shekhar@gov.in
Tel: 011-24695042
Fax: 011-24695039

Yashwant S. Bhave
Chairperson



2013/L/CHQ/MKT/0020/AERA

20 September 2013

Mr C V Deepak

OSD-II

Airports Economic Regulatory Authority of India

AERA Building, Administrative Block

Safdarjung Airport, New Delhi – 110 003

Dear Sir,

Sub: Submission of Revised Annual Tariff Plan for the 3rd Tariff Year (FY2013-14) for Cargo Handling at Bangaluru International Airport

Please find attached the revised Annual Tariff Plan for the 3rd Tariff Year (FY2013-14) for Cargo Handling at Bangaluru International Airport for your kind perusal.

We trust that you will find the details in line with the AERA guidelines and requirements.

Thanking you.

For Air India SATS Airport Services Private Limited

Nilang Shah

Senior Manager - Marketing

Air India SATS Airport Services Private Limited

Correspondence Address:

A-301, Business Square, Andheri – Kurla Road, Chakala, Andheri (East), Mumbai 400069, India

CP No. 23/2013-14 AERA/20010/MYTP-AIS/C/BIAL/2011-12

Registered Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110001, India

Corporate Identification Number (CIN): U74900DL2010PTC201763

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**SUBMISSION OF ANNUAL TARIFF PLAN
TO
AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
BY
M/S AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED**

**FOR
CARGO HANDLING
AT
BENGALURU INTERNATIONAL AIRPORT
DATED: 18 SEPTEMBER 2013**



AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED

Corporate Office Address: A-301 Business Square, Andheri-Kurla Road, Chakala,
Andheri (East), Mumbai- 400 069

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF
OF:
M/S AIR INDIA SATS AIRPORT SERVICES PRIVATE LIMITED

I, Sanjay Gupta, aged 40 years resident of Republic of India acting in my official capacity as Chief Financial Officer in M/S Air India SATS Airport Services Private Limited having its registered office at Airlines House, 113 Guru Rakabganj Road, New Delhi 110001 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/S Air India SATS Airport Services Private Limited in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority')
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of this submission which include inter alia
 - (i) Proposed detailed break-up of Tariff(s) based in clause 1.2 where the Authority has specified a light touch approach for the duration of the Control Period, pursuant to Clause 3.2; and
 - (ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.



Sanjay Gupta
Chief Financial Officer

Place: Mumbai
Date: 18 September 2013



Annual Tariff Proposal for Tariff Year 3

Form F14 (b) - Annual Tariff Proposal for Tariff Year 3

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

EFFECTIVE 15 OCTOBER 2013

S.N.	LIST OF CHARGES	FY 2013-14 Tariff Year 13	
		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	105.00	0.72
b)	Special cargo (AVI)	210.00	2.26
c)	PER/DGR/VAL cargo	210.00	2.26
2	DEMURRAGE / STORAGE CHARGE (rate per kg per day)		
a)	General cargo	131.00	0.72
b)	Special cargo (AVI)	210.00	2.26
c)	PER/DGR/VAL cargo	210.00	2.26
3	COURIER HANDLING CHARGE	105.00	0.72
4	PACKING/REPACKING/STRAPPING CHARGE	6.00 per Carton/Bag	
5	RETURN CARGO CHARGE	105.00 per AWB	
6	AIR WAYBILL AMENDMENT CHARGE	105.00 per AWB	
INBOUND CARGO			
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Bill of Entry)		
a)	General cargo/Unaccompanied Baggage	131.00	1.21
b)	Special cargo (AVI)	210.00	2.32
c)	PER/DGR/VAL cargo	210.00	2.32
2	DEMURRAGE / STORAGE CHARGE (rate per kg per 24 hours)		
a	General cargo	210.00	1.38
b	Special cargo (AVI)	263.00	2.43
c	PER/DGR/VAL cargo	263.00	2.43
3	COURIER HANDLING CHARGE	131.00	1.21
4	AIR WAYBILL AMENDMENT CHARGE	105 per AWB	
5	PACKING/REPACKING/STRAPPING CHARGE	6.00 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 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) 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 AISATS Airfreight Terminal.



1/22/2014

(1056 unread) - dsaumitra2004 - Yahoo! Mail

Nilang Shah

To CV Deepak (cv.deepak@aera.gov.in) Me radhika.r@aera.gov.in and 2 More...

Dear Mr Deepak,

Please find attached the minutes of stakeholder consultation meeting held on 7 January with regards to increase in the TSO for domestic cargo handling.

We would greatly appreciate Authority's kind consideration to approve increase in the domestic cargo handling rates, effective 1 Feb 2014.

Please let me know if any further clarification or information is required from us.

Thank you.

Best Regards,

Nilang Shah
Assistant Vice President - Commercial

Air India SATS Airport Services Private Limited

Correspondence Address: A-301 Business Square, Andheri-Kurla Road, Chakala, Andheri - E, Mumbai 400 069

Tel: +91-22-3938 7016 (direct) | Cell: +91-97697 06365 | www.aisats.in

From: Nilang Shah**Sent:** 08 January 2014 11:27**To:** CV Deepak (cv.deepak@aera.gov.in)**Cc:** 'SAUMITRA DEY'; 'radhika.r@aera.gov.in'; Sanjay Gupta; Marcus Ma**Subject:** RE: Fwd: AISATS BLR Cargo ATP charges revision**Importance:** High

Dear Mr Deepak,

At the onset let me wish you all a very Happy New Year 2014.

I refer to your above mentioned letter AERA/20010/MYTP-AISATS/C/BIAL/2011-12/ dated 10 December 2013, whereas Authority has requested to submit a recent stakeholder consultation in reply to our request to allow the increase of the Domestic Cargo Handling rates to be paid by the Freight Forwarders.

I would like to draw the Authority's kind attention, to the stakeholder consultation attached along with our submission on 20 September 2013 (attached herewith for your easy reference). The stakeholder consultation was held on 29 April 2011, whereas the trade had agreed to the increase in the TSP charges. However, due to adverse economic conditions faced by the trade at large, AISATS did not increase the TSP charges under its ATP submission for the FY 2011-2012, FY 2012-2013 & FY 2013-2014.

While we have noted Authority's request to submit recent evidence of stakeholder consultation, I would like to request Authority's kind understanding and consideration to issue an interim order approving the rate increase for Domestic Cargo effective 1 February 2014. While we are in process of obtaining the necessary stakeholder consultation kindly allow us time till 31 January 2014 to submit the same to the Authority.

<https://in-mg61.mail.yahoo.com/neo/launch?.rand=d39f5p45rn05q#mail>

We trust that you will find the details and clarification in line with the AERA guidelines and look forward to the Authority's kind understanding on this.

Thanking you.

Best Regards,

Minutes of the Meeting

Venue: CSC Office Mumbai

Date: 07 January 2014

Time: 1100 hrs

Attendees: As per attached enclosed list

SL No	Items
1	Apart from the discussion with all the cargo handlers following items were specifically discussed with AISATS.
2	Mr Pratik brought about the issue that TSP increase that was agreed to in April 2011 needs to be implemented.
3	Mr Suraj agreed that the rates can be increased based on the agreement in 2011 but requested that increase can be effected from 01 February 2014 as the members needed time to update the all business associates.
4	Mr Suraj, Mr Parikh and Mr Ismail also requested that TSP rates for perishables cargo which does not require the cold room facility; specifically commodities like flowers, fruits and vegetables need to be charged at general cargo rates.
5	Mr Mahenthiran agreed to implement the new rates from 01 February 2014 and also revise the perishable handling rates for the agreed commodities where the cold room was not being used.
6	Mr Suraj also asked for better monitoring of the volumetric weight check as a few discrepancies were found specifically on the Bangalore- Delhi route.
7	Mr Pratik agreed to action immediately on concern raised to avoid discrepancies going forward.
8	Mr Mahenthiran thanked all the members for their participation.

Meety between Cays handler and
 DACAAI at Mumbai on 7th Jan 16 at
 CSC office

ATTENDEE NAME	REPRESENTING	SIGNATURE
1) HARI WAIR	DACAAI	
2) SUMAN AGRAWAL	DACAAI	
3) ISMAIL KHAN	DACAAI	
4) N. J. PARKH	DACAAI	
5) R. S. PANICKER	DCSC	
6) PRATIK MEHTA	AISATS	
7) Mahendran - P	AISATS	
8) RAVINDER BORANGDY	HUACPC	
9) VENKATA REDDY	MABB	
10) KANAKESH PERI	MONIZAF	



AIR INDIA SATS AIRFREIGHT TERMINAL

SCHEDULE OF CHARGES WITH EFFECT FROM 01 FEBRUARY 2014

OUTBOUND CHARGES

LIST OF CHARGES		MINIMUM RATE PER CONSIGNMENT	RATE PER KG
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Shipping Bill)	Rs/P	Rs/P
a)	General cargo	100.00	0.72
b)	Special cargo (AVI)	200.00	2.26
c)	PER/DGR/VAL cargo	200.00	2.26
d)	PER cargo (cargo not stored in cold room only for flowers, fruits & vegetables)	200.00	0.72
2	DEMURRAGE / STORAGE CHARGE (rate per kg per day)		
a)	General cargo	125.00	0.72
b)	Special cargo (AVI)	200.00	2.26
c)	PER/DGR/VAL cargo	200.00	2.26
3	COURIER HANDLING CHARGE	100.00	0.72
4	PACKING/REPACKING/STRAPPING CHARGE	6.00 per Carton/Bag	
5	RETURN CARGO CHARGE	100.00 per AWB	
6	AIR WAYBILL AMENDMENT CHARGE	100.00 per AWB	
7	WEIGHT / VOLUME MIS-DECLARATION CHARGE		
a)	2-5% variation	2 times applicable TSP charge	
b)	More than 5% variation	5 times applicable TSP charge	
NOTES: COMMON FOR OUTBOUND & INBOUND			
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 Charges will be levied on the Gross Weight or Chargeable Weight whichever is higher. Where there is a misdeclaration of gross weight or chargeable weight on the AWB, the actual gross weight or the actual chargeable weight will be used for the charges whichever is higher.			
4 The free period for inbound cargo is 24 hours from flight Actual Time of Arrival (ATA). Cargo cleared beyond 24 hours of flight ATA will be charged demurrage on a 24 hour basis for the duration exceeding the free storage period.			

INBOUND CHARGES

LIST OF CHARGES		MINIMUM RATE PER CONSIGNMENT	RATE PER KG
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Bill of Entry)	Rs/P	Rs/P
a)	General cargo/Unaccompanied Baggage	125.00	1.21
b)	Special cargo (AVI)	200.00	2.31
c)	PER/DGR/VAL cargo	200.00	2.31
d)	PER cargo (cargo not stored in cold room only for flowers, fruits & vegetables)	200.00	1.21
2	DEMURRAGE / STORAGE CHARGE (rate per kg per 24 hours)		
a)	General cargo	200.00	1.38
b)	Special cargo (AVI)	250.00	2.42
c)	PER/DGR/VAL cargo	250.00	2.42
3	COURIER HANDLING CHARGE	100.00	1.21
4	PACKING/REPACKING/STRAPPING CHARGE	6.00 per carton	
5	AIR WAYBILL AMENDMENT CHARGE	100.00 per AWB	
Continued...			
5 All billing will be rounded off to the nearest Rs. 5/- as per IATA Taet rule.			
6 Special cargo (AVI) consists of live animals and day old chicks.			
7 VAL Cargo includes gold bullion, currency notes, shares, share coupons, travellers cheques, diamonds (including diamonds for industrial use) diamond jewellery, watches of silver-gold-platinum and items valued at USD 1000 per kg and above.			
8 All charges mentioned above exclude taxes which will be charged at the prevailing rates			
9 No outside labour will be allowed to handle cargo in Air India SATS Airfreight Terminal			