

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

**Consultation Paper No. 23/2012-13**



**Airports Economic Regulatory Authority of India**

**Annual Tariff Proposal for 2<sup>nd</sup> Tariff Year  
submitted by Air India SATS Airport Services  
Pvt. Ltd. for providing Cargo facility at  
Bangalore International Airport, Bengaluru.**

**New Delhi: 12<sup>th</sup> October, 2012**

**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 Pvt. Ltd (AISATS) for the first control period commencing from 01.04.2011, and also determined the tariff for the first tariff year for providing cargo facility at Bangalore International Airport, Bengaluru. After stakeholder consultation, the Authority passed the Multi Year Tariff Order (MYTO)-Order No. 22/2011-12 dated 29.09.2011 ordering that:

- (i) The services provided for the cargo facility by Air India SATS Airport Services Pvt. Ltd. at Bengaluru International Airport are “material but competitive”. Hence, the Authority shall adopt a “light touch approach” for determination of tariff for the 1<sup>st</sup> control period w.e.f. 01.04.2011.
- (ii) The tariff for the 1<sup>st</sup> tariff year, for the services provided for cargo facility by AISATS is determined, w.e.f.01.10.2011.

2.1 Further, in Appeal no. 12/2011 filed by Bangalore International Airports Ltd, Bengaluru, the Hon’ble Tribunal vide its order dated 19.10.2011 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.”***

2.2 The above order dated 19.10.2011, passed by the AERA Appellate Tribunal in Appeal No. 12/2011, is still in force and the MYTO was issued subject to this Order of the Tribunal dated 19.10.2011.

3. AISATS vide their letter no. Nil dated 15.06.2012 has submitted their Annual Tariff Proposal (ATP) for the second tariff year (F.Y.2012-13) for their cargo facility services at Bangalore International Airport, Bengaluru.

4.1 As per clause 11.2 of the Guidelines, [ 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 the Aircraft) Guidelines, 2011] the ATP is required to be submitted in the form and manner as provided in Appendix AI.8.2 wherein it is mentioned that the ATP should be supported by:

- Form B and Form F14(b),
- Details of consultation with stakeholders,
- Evidence of User Agreements clearly indicating the Tariff (s) proposed by the Service Provider.

4.2 AISATS have submitted Form-B & Form-14(b) along with copies of the minutes of the meetings held with stakeholders on 9.3.2011 and 15.3.2011, as evidence of stakeholder consultation.

4.3 It was observed that AISATS have also proposed the “Custom Cargo Service Provider Charges (CCSP)” as a separate line item in its ATP for 2012-13 and the same has stately been incorporated on account of the demand letters from Customs for payment of arrears on account of increase in the salaries of customs officers on

account of 6<sup>th</sup> Pay Commission revision. It has been stated that this is a mandated operating cost and hence AISATs shall recover these charges and pay to Customs. However, any recovery on account of these charges would require the approval of the Authority.

5. The Authority has carefully considered the proposal submitted by AISATS for providing cargo facility services at Bangalore International Airport, Bengaluru and has decided to make the following proposal for stakeholder consultation;

- (i) The Tariff for cargo facility service provided by AISATS at Bangalore International Airport, Bengaluru for the second year (01.04.2012 to 31.03.2013) may be tentatively decided to be as at **Annexure-I**.
- (ii) Regarding customs recovery charges, which are charges towards provisioning of the aeronautical services being provided by AISATS, it is tentatively decided that, further revision in these charges may be permitted to be effected without further consultation, based on auditors certificate certifying that the proposed increase is only to recover the increased cost of recovery and would be restricted only to such recovery.

6. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 5 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. 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.

7. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 5 above, **latest by 26.10.2012** at the following address:

**Capt. Kapil Chaudhary**  
**Secretary**  
**Airports Economic Regulatory Authority of India**  
**AERA Building, Administrative Complex,**  
**Safdarjung Airport,**  
**New Delhi- 110003**  
**Email: [kapil.chaudhary@aera.gov.in](mailto:kapil.chaudhary@aera.gov.in)**  
**Tel: 011-24695040**  
**Fax: 011-24695039**

**Yashwant S. Bhawe**  
**Chairperson**

Form F14 (b) - Annual Tariff Proposal for Tariff Year 2

**PUBLISHED RATES TO BE PAID BY FREIGHT FORWARDER FOR INTERNATIONAL CARGO**  
**EFFECTIVE 15 JULY 2012**

S.N.	LIST OF CHARGES	FY 2012-13 Tariff Year 2	
		MINIMUM RATE in INR	RATE PER KG in INR
<b>A) INTERNATIONAL CARGO</b>			
<b>EXPORT CARGO</b>			
1	TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Shipping Bill)		
a)	General cargo	125.00	1.05
b)	Special cargo (AVI)	250.00	1.60
c)	PER/DGR/VAL cargo	250.00	2.75
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	136.50	0.85
b)	Special cargo (AVI)	262.50	1.60
c)	PER/DGR/VAL cargo	262.50	2.75
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	
<b>IMPORT CARGO</b>			
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	10.30
c)	PER/DGR/VAL cargo	250.00	10.30
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	336.00	1.60
iii)	Cargo cleared between 120 hours and 720 hours	336.00	2.95
iv)	Cargo cleared after 720 hours	336.00	4.40
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	656.25	2.95
iii)	Cargo cleared between 120 hours and 720 hours	656.25	5.90
iv)	Cargo cleared after 720 hours	656.25	8.80
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	1338.75	5.90
iii)	Cargo cleared between 120 hours and 720 hours	1338.75	11.80
iv)	Cargo cleared after 720 hours	1338.75	17.70
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 Tariff 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.

**Form F14 (b) - Annual Tariff Proposal for Tariff Year 2**

**PUBLISHED RATES TO BE PAID BY FREIGHT FORWARDER FOR DOMESTIC CARGO:**  
**EFFECTIVE 15 JULY 2012**

S.N.	LIST OF CHARGES	FY 2012-13 Tariff Year 2	
		MINIMUM RATE in INR	RATE PER KG in INR
<b>B) DOMESTIC CARGO</b>			
<b>OUTBOUND CARGO</b>			
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	
<b>INBOUND CARGO</b>			
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 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 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.

Form F14 (b) - Annual Tariff Proposal for Tariff Year 2

**MAXIMUM RATES TO BE PAID BY AIRLINES FOR CARGO HANDLING:**

**EFFECTIVE 15 JULY 2012**

SL No	Description of Service	Unit	FY 2012-13 Tariff Year 1
<b>A) INTERNATIONAL CARGO</b>			
<b>EXPORT CARGO</b>			
1	Handling Charges		
1.1	General Cargo		
1.1.1	Palletisation / Containerisation	Per kg	1.80
1.1.2	Bulk Cargo	Per kg	1.10
1.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.		
1.2.1	Palletisation / Containerisation	Per kg	3.60
1.2.2	Bulk Cargo	Per kg	2.20
1.3	Express & Courier Cargo		
1.3.1	Palletisation / Containerisation	Per kg	4.50
1.3.2	Bulk Cargo	Per kg	2.75
2	Storage Charges		
2.1	General Export Cargo	Per kg	1.70
2.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg	4.10
3	Electronic Data Submission For Customs	Per flight	125.00
<b>IMPORT CARGO</b>			
1	Handling Charges	Per kg	
1.1	General Cargo		
1.1.1	Palletisation / Containerisation	Per kg	1.80
1.1.2	Bulk Cargo	Per kg	1.10
1.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.		
1.2.1	Palletisation / Containerisation	Per kg	3.60
1.2.2	Bulk Cargo	Per kg	2.20
1.3	Express & Courier Cargo		
1.3.1	Palletisation / Containerisation	Per kg	4.50
1.3.2	Bulk Cargo	Per kg	2.75
2	Storage Charges		
2.1	General Cargo	Per kg	1.70
2.1.1	Subject to a minimum of	Per IGM	230.00
2.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg per day or part thereof	4.10
2.2.1	Subject to a minimum of	Per AWB per day or part thereof	230.00
3	Electronic Data Submission For Customs	Per flight	125.00
<b>TRANSHIPMENT CARGO</b>			
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	160.00
<b>X-RAY SCREENING EXPORT CARGO</b>			
1	X-Ray charges with Certification	Per kg	2.10
1.1	Subject to minimum of	Per consignment	100.00
<b>B) DOMESTIC CARGO</b>			
<b>OUTBOUND CARGO</b>			
1	Handling Charges		
1.1	General Cargo		
1.1.1	Palletisation / Containerisation	Per kg	1.80
1.1.2	Bulk Cargo	Per kg	1.10
1.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.		
1.2.1	Palletisation / Containerisation	Per kg	3.60
1.2.2	Bulk Cargo	Per kg	2.20
1.3	Express & Courier Cargo		
1.3.1	Palletisation / Containerisation	Per kg	4.50
1.3.2	Bulk Cargo	Per kg	2.75
2	Storage Charges		
2.1	General Export Cargo	Per kg	1.70
2.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg	4.10
<b>INBOUND CARGO</b>			
1	Handling Charges		
1.1	General Cargo		
1.1.1	Palletisation / Containerisation	Per kg	1.80
1.1.2	Bulk Cargo	Per kg	1.10
1.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.		
1.2.1	Palletisation / Containerisation	Per kg	3.60
1.2.2	Bulk Cargo	Per kg	2.20
1.3	Express & Courier Cargo		
1.3.1	Palletisation / Containerisation	Per kg	4.50
1.3.2	Bulk Cargo	Per kg	2.75
2	Storage Charges		
2.1	General Cargo	Per kg	1.70
2.1.1	Subject to a minimum of	Per IGM	230.00
2.2	Valuable Perishable, Hazardous Cargo & Live Animal etc.	Per kg per day or part thereof	4.10
2.2.1	Subject to a minimum of	Per AWB per day or part thereof	230.00
<b>X-RAY SCREENING OUTBOUND CARGO</b>			
1	X-Ray charges with Certification	Per kg	2.10
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 2004 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.
- 3) All charges mentioned above exclude taxes which will be charged at the prevailing rates.
- 4) No outside labor will be allowed to handle cargo in Air India SATS Airfreight Terminal.

MINUTES OF THE MEETING HELD AT THE OFFICE OF AIRINDIA SATS  
(BANGALORE) ON MARCH 15TH MARCH , 2011

Present:

1. Mr. Manoj Sigh, CEO, Menzies Aviation Bobba, Bangalore
2. Mr. Henry Christopher, AVP-Cargo, Air India Sats Cargo
3. Mr. Pratik Mehta, Sr. Manager Marktg & Projects, Air India Sats Cargo
4. Mr. Bopalal, Manager, BIAL,
5. S. Prem Kumar, Bangalore Regional Chairman, DECAAI
6. Mr. Desikan K.S, President, BCHAAL
7. Mr. Shasidhar, Secretary, BCHAAL
8. Mr. Adishesh, Vice President, BCHAAL

Minutes of the meeting,

1. Mr. Manoj Singh welcomed the participants for the meeting and thanked all the trade fraternity for all support extended to both the Custodian viz MABB and AI SATS
2. It was unanimously agreed by ACAAI and BACHAAL after internal discussion and deliberation that 05% hike can be considered for Export and Import Cargo handling Charges excluding Demurrage Charges from July 2011. The trade bodies proposed Demurrage charges to be hiked at 05% from April 2012.
3. Both Custodian Menzies Aviation Bobba Bangalore and Air India SATS agreed to ACAAI and BACHAAL's proposal.
4. Further Mr. Manoj appraised the trade that all agreed revised Tariff with trade would get formal approval from AERA before implementation. Both Custodian will take NOC from AERA.
5. All Operational issues were discussed with ACAAI and BACHAAL alongwith action plan and timelines by Menzies Aviation Bobba and Air India SATS. Copy enclosed for reference and record.
6. The meeting concluded with a vote of thanks to the industry

MINUTES OF THE MEETING HELD AT THE OFFICE OF MEN ZIES AVIATION BOBBA  
(BANGALORE) PRIVATE LIMITED ON MARCH 9, 2011

Present:

1. Mr. Manoj Singh, CEO, Menzies Aviation Bobba, Bangalore
2. Mr. Henry Christopher, AVP-Cargo, Air India Sats Cargo
3. Mr. Pratik Mehta, Sr. Manager Marktg & Projects, Air India Sats Cargo
4. Mr. Bopaijah, Manager, BIAL,
5. S. Prem Kumar, Bangalore Regional Chairman, DECAAI
6. Mr. Desikan K.S, President, BCHAAL
7. Mr. Shasidhar, Secretary, BCHAAL
8. Mr. Adishesh, Vice President, BCHAAL
9. Mr. P.V. Rao, CFO, Menzies Bobba, Bangalore

Minutes of the meeting.

1. Mr. Manoj Singh welcomed the participants for the meeting and thanked for the time and efforts put up for attending to the meeting organised.
2. It was brought to the notice of the participants by Mr. Manoj Singh and Mr. Henry that since inception 3 years ago the rates for TSP (Terminal Service Provider) charges were kept same in spite inflationary pressures and the costs of inflation have been borne by Menzies Bobba and Air India Sats. And therefore proposed for hike of TSP charges @ 7% from June 1, 2011 and 7% for Demurrage charges from January 1, 2012.
3. The participants Mr. Prem Kumar, Mr. Desikan, Mr. Shasidhar and Mr. Adishesh have indicated that while they do not dispute the claim of constant rates in the past three years, the subject of rate hike need to be internally discussed by them with their respective members/office bearers and will come back with their views in next meeting.
4. The participants agreed for meeting on Tuesday 15, 2011 at 3:00 pm at the office of Air India Sats to discuss and finalise the above subject.
5. Further Mr. Premkumar indicated that there are certain service issues to be discussed which he will send a list to Mr. Manoj and Mr. Henry on consolidation. Mr. Henry and Mr. Manoj promised to study the list on receipt and do the needful.

6. The subject of changes introduced by Customs department was discussed in threadbare and the participants expressed that it is Bangalore Cargo and trade who took the first initiative to implement 1.5 version of customs software.

The meeting concluded with a vote of thanks to the industry and all the constituents for taking forward the business.