

Consultation Paper No. 22 /2018-19



Airports Economic Regulatory Authority of India

TO CONSIDER THE MULTI YEAR TARIFF PROPOSAL FOR THE 2nd CONTROL PERIOD (01.04.2016 TO 31.03.2021) OF RAJASTHAN SMALL INDUSTRIES CORPORATION LTD. (RSICL) FOR PROVIDING CARGO FACILITY SERVICES AT AIR CARGO TERMINAL JAIPUR AIRPORT, JAIPUR.

New Delhi: 25th OCTOBER, 2018

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

1. BRIEF BACKGROUND:

M/s Rajasthan Small Industries Corporation Ltd. (RSICL) was incorporated as a "Private Limited Company" under the Indian Companies Act 1956 on 3rd June 1961 and became a "**Public Limited Company**" w.e.f. 01.02.1975. **RSICL is a Government of Rajasthan Undertaking** and is the custodian for parcels being cleared through Air Cargo Complex since 1979 as well as parcels imported/exported as personal carriage by passengers through Jaipur Airport since 2004. The Authority, vide its Multi Year Tariff Order (MYTO) No. 19/2013-14 dated 24.05.2013 decided that the cargo facility services provided by RSICL is "**not material**", hence "**light touch approach**" be adopted for determination of tariff for the **1st Control period**. Further, the Authority approved the tariffs as were existing on 31.03.2011 for the period 01.04.2011 to 31.03.2016.

2. MYTP/ATP SUBMISSIONS MADE FOR SECOND CONTROL PERIOD:

- 2.1. RSICL, have submitted their Multi Year Tariff Proposal (MYTP) on line on 30.01.2018 in respect of the cargo facility services being provided at Jaipur Airport in respect of the second control period of 5 years commencing w.e.f. 01.04.2016 to 31.03.2021.
- 2.2 RSICL have now submitted the MYTP as prescribed in Chapter II of 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 the Aircraft) Guidelines, 2011 (the Guidelines).

3. PRINCIPLE FOR DETERMINATION OF AERONAUTICAL TARIFF :

As stipulated in the Guidelines, the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service:-

- (i) Materiality Assessment;
- (ii) Competition Assessment;
- (iii) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

4. AUTHORITY'S EXAMINATION OF THE PROPOSAL

- 4.1. In respect of the regulated service(s) provided for the cargo facility at the airport, 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 percentage share of cargo volume for Jaipur Airport, as per April – 2014 to March' 2015 AAI statistics, is 0.13% which is less than 2.5% materiality Index fixed for the subject service. Hence the regulated service is deemed 'not material'.

- 4.2. As per the Guidelines (Clause 3.2 of the Guidelines), based on the assessment of materiality, 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. In the instant case, the regulated service being provided by RSICL at Air Cargo Complex, Jaipur Airport, is '**not material**' and shall come under the '**light touch approach**' for tariff determination.
- 4.3. RSICL have submitted all Forms as required under the MYTP. However, as the subject service is deemed 'not material' and shall come under the light touch approach for tariff determination, only the completeness in respect of the information submitted has been assessed. RSICL has also submitted the duly audited Annual Compliance Statement for FY 2012-13 to FY 2016-17 (**Annexure-II**). RSICL have submitted a copy of the Space Licence Fee Agreement with the Operator viz. Airports Authority of India, Jaipur Airport, which is for a 10 year period ending on 31.03.2019. Under the MYTP for the 2nd Control Period, RSICL have not sought any revision in the charges for the cargo facility at the Air Cargo Terminal, Jaipur Airport, Jaipur, from the level as was existing as on 31.03.2016.

The Authority noted that the cargo service provided by RSICL at Jaipur airport is non material and hence, light touch approach may be adopted for determination of tariff for the 2nd Control Period.

5. PROPOSAL

The Authority after careful consideration of the proposal submitted by RSICL, has decided to make the following proposal for stakeholder consultation:

- (i) The cargo service being rendered by RSICL at Jaipur Airport is 'not material'. Hence the Authority may adopt a 'Light Touch Approach' for determination of tariff for the 2nd Control Period w.e.f. 01.04.2016 to 31.03.2021.
- (ii) RSICL, may be allowed to continue with the tariff as was existing as on 31.03.2016 (**Annexure-I**) up to 31.03.2019. Further, if RSICL is able to renew their Space Licence Fee Agreement with Airports Authority of India, Jaipur Airport, beyond 31.03.2019 for the period up to 31.03.2021 (T₅ of 2nd Control Period), then they may continue the same tariff up to 31.03.2021.

6. In accordance with the provision 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 (**Annexure – I/II**). 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 as 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 **14th November 2018** at the following address:

**Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport, New Delhi- 110003
Email: puja.jindal@nic.in
Tel: 011-24695042
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**(S. Machendranathan)
Chairperson**

AIR CARGO COMPLEX

Tariff of Terminal (Handling) Charges for Export/Import Cargo

S. No	Name of the Cargo		Value of Cargo	Terminal (Handling) Charges	Remarks
1	Precious and semiprecious cargo	Export/Import	Up to 70,000/-	Rs. 100/-	Office Order No- RSIC/ACC/ 2010-11/429-432 dated 21-12- 2010
2	Precious and semiprecious cargo	Export/Import	From Rs 70001/ to Rs. 250000/-	Rs. 125/- + 0.05% of value of cargo subject to minimum Rs.160/-	
3	Precious and semiprecious cargo	Export/Import	From Rs 250000/ to Rs.1500000/-	Rs. 175/- + 0.05% of value of cargo subject to minimum Rs.300/-	
4	Precious and semiprecious cargo	Export/Import	From Rs 1500001/- to Rs.5000000/-	Rs. 350/- + 0.045% of value of cargo subject to minimum Rs.1050/-	
5	Precious and semiprecious cargo	Export/Import	From Rs 5000001/- to Rs.7500000/-	Rs. 1225/- + 0.03% of value of cargo subject to minimum Rs.2725/-	
6	Precious and semiprecious cargo	Export/Import	From Rs 75000001/- to Rs. 10000000/-	Rs. 1200/- + 0.035% of value of cargo subject to minimum Rs.3825/-	
7	Precious and semiprecious cargo	Export/Import	From Rs 10000001/- to Rs. 15000000/-	Rs. 2650/- + 0.026% of value of cargo subject to minimum Rs.5250/-	
8	Precious and semiprecious cargo	Export/Import	From Rs 15000001/- to Rs. 250000001/-	Rs. 3100/- + 0.03% of value of cargo subject to minimum Rs.7600/-	
9	Precious and semiprecious cargo	Export/Import	From Rs 25000001/- and above	Rs. 3500/- + 0.035% of value of cargo subject to minimum Rs.12250/-	
10	Readymade garments, Handicrafts, Medups, Carpets, Generalet	Export/Import	(a) Upto 50 Kg minimum charges Rs.120/- (b) 70 paise for every additional Kg or part thereof.	Office Order No- RSIC/ACC/ 2010-11/433-436 dated 21-12- 2010
11	Electronics Items	Export/Import	.....	Rs 1/- per Kg. Minimum charges Rs.250/-
12	Gold and Silver	Import	.....	Rs 10/-per Kg minimum charges Rs 1000/-
13	Personal Baggages	Import	.....	Rs 3/- per Kg. Minimum charges Rs.250/-
14	RTS Shipment	Import	Rs 100/-per shipment	Office Order No- RSIC/ACC/2010- 11/610-612 dated 26-03- 2011
15	Electronic Items, Waches and Wach parts	Import	.....	Rs 4/- per Kg. Minimum charges Rs.250/-

Ware House Charges

1	R.M. Garments, Handicrafts, carpets and made-ups	Export/Import	.....	<p>(A) free period for the first 72 hours from the receipt of the consignment would be free, but in case exporter fails to have consignment custom-cleared within this free period, the charges would be levied, inclusive of the free period .</p> <p>(B) Minimum charges Rs 30/- upto 500 Kgs and Rs 0.30 on every addl.Kg above 500 Kg. For every 24 hours or part thereof till consignment duly Customs cleared is handed over to Indian Airlines for Export</p>	Office Order No-RSIC/ICD/HO/93-94/5336-39 dated 31.05-2013
2	Precious and semiprecious cargo	Export/Import	.....	<p>(i) First 7 days free (ii) Second 7 days @ Rs 100/- per day per consignment (iii) Third 7 days Rs 200/-per day per consignment (iv) Fourth 7 days and thereafter @ Rs 300/- per days per consignment.</p>	

X - Ray Charges

1	All General Items excluding Green Vegetables	Export/Import	Rs 100/-per shipment Maximum 5 packages and after Rs 10/- per packet	Office Order No-RSIC ACC/2015-16/76-78 dated 26-05-2015
2	Green Vegetables	Export/Import	Rs 100/-per shipment up to 10 packages and after 10 packages Rs 5/- per packet extra	

Annexure - II

THE RAJASTHAN SMALL INDUSTRIES COPORATION LTD

UNIT:- AIR CARGO COMPLEX, SANGANER JAIPUR

AIR CARGO COMPLEX - JAIPUR					
Form F -16: Annual Compliance Statement (ref:Section A1.9 of Appendix 1)					
	2012-13	2013-14	2014-15	2015-16	2016-17
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Total Revenue form Regualted Service (1)	223.83	302.40	336.83	423.94	459.90
Total Revenue form other than Regualted Services (2)	3.16	1.30	1.12	15.53	1.58
Operating Expenditure (3)	115.73	114.98	124.17	140.59	142.45
Deprication (4)	0.30	0.26	0.76	0.74	0.47
Total Expenditure (3)+(4)=(5)	116.30	115.24	124.93	141.33	142.92
Regulatory opening prfit (1)- (5)=(6)	107.80	187.16	211.9	282.61	316.98
Capital Expenditure (7)	0.00	0.00	0.00	0.00	0.00
Opening RAB(8)	8.87	7.29	7.29	7.29	7.29
Disposal /Transfers/Depreciation(9)	0.30	0.26	0.76	0.74	0.47
Closing RAB (8) +(7)- (9)=(10)	8.57	7.03	6.53	6.55	6.82
Average RAB (8) +(10)/2=(11)	8.72	7.16	6.91	6.92	7.06
Return on Averager RAB (6) /(11)	12.36	26.14	30.67	40.84	44.93
Total Volume (Cargo/ Fuel througput /ATM)(12)					
Acutal Yeild Per Unit (12/1)					