

Consultation Paper No.04/2014-15



Airports Economic Regulatory Authority of India

**Annual Tariff Proposal for Fourth Tariff Year
(2014-15) submitted by Delhi Cargo Service Centre
Private Limited For providing Cargo Handling
Services at IGI Airport, New Delhi.**

New Delhi: 9th June, 2014

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

The Authority had considered the Multi Year Tariff Proposal (MYTP) submitted by M/s Delhi Cargo Service Centre Private Limited (DCSC) for the first control period commencing w.e.f. 01.04.2011, in respect of the tariff for the services provided for cargo handling services at IGI Airport, New Delhi. The Authority had, after due stakeholder Consultation, issued a Multi Year Tariff Order (MYTO) No. 13/2011-12 dated 07.10.2011, ordering that the cargo handling service rendered by DCSC at IGI Airport, New Delhi, is “material but competitive” and hence the Authority will adopt “light touch approach” for determination of tariff for the first control period. Thereafter, the Authority, vide Order No. 05/2012-13 dated 21.05.2012 determined the tariffs for the first and second tariff years and vide Order No. 30/2013-14 dated 31.07.2013, determined the tariffs for third tariff year.

2. As per Clause 7.4 of the Authority’s 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], after issuance of the MYTO, the service provider shall submit to the Authority its ATP(s), provided that an ATP shall be submitted at least 75 days prior to the start of the Tariff Year. As per the clause 11.2 of the Guidelines, 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.

3.1 DCSC has submitted the Form B and Form 14(b) i.e. ATP for fourth tariff year, justifications for changes in the tariff and the copies of various documents i.e. meeting notice, minutes of meetings, copies of emails exchanged with various stakeholders etc.

3.2 DCSC, vide aforesaid letter has proposed to revise/increase the city side tariff for international cargo handling while no increase has been proposed in the tariff for the services of domestic cargo handling and airside cargo handling of international cargo for the fourth tariff year (2014-15). DCSC in the aforesaid letter dated 06.03.2014, has also submitted the justification for increase/changes in the city side tariff for international cargo. DCSC has requested to approve the proposed tariff for Fourth Tariff Year under the light touch approach and to condone the delay in filing the proposal.

3.3 Towards User Consultation, DCSC has submitted the copies of various documents i.e. meeting notice, minutes of meetings, copies of emails exchanged with various stakeholders etc.

4. The Authority has carefully considered the submission made by DCSC towards the ATP for fourth tariff year and decided to make the following proposal for stakeholder consultation:

- (i) The Tariff(s) for the fourth tariff year of the first control period for Cargo Handling Services provided by Delhi Cargo Service Centre Private Limited at IGI Airport, New Delhi, are proposed to be as at **Annexure – I**.

- (ii) Tariff proposed as above will be maximum and demurrage free period shall be as per Government orders issued from time to time.

5. In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained in para 4 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 at **Annexure-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 and explained in terms of the provisions of the Act.

6. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 4 above, latest by **23.06.2014** at the following address:

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

**Yashwant S. Bhawe
Chairperson**

Annexure D-I
Form - 14(b) - 1
City Side Tariff

TARIFF FOR TERMINAL STORAGE AND PROCESSING CHARGES (TSP), DEMURRAGES AND OTHER CHARGES AT DOMESTIC CARGO TERMINAL MANAGED AND OPERATED BY
DELHI CARGO SERVICE CENTER PVT LTD AT DELHI AIRPORT
EFFECTIVE FROM 1ST APRIL, 2014 AND VALID TILL 31ST MARCH 2015

S.No.	Charges		Rate		Remarks
1. TSP Charges					
1.1.	Outbound	General Cargo	0.85	Rs / Kg subject to minimum of Rs.50 per AWB	Charges include unloading from trucks at truck docks
		Special Cargo*	2.00	Rs / Kg subject to minimum of Rs.100 per AWB	
1.2.	Inbound	General Cargo	0.75	Rs / Kg subject to minimum of Rs.50 per AWB	Charges includes delivery to truck dock
		Special Cargo*	1.80	Rs / Kg subject to minimum of Rs.100 per AWB	
2. Demurrage Charges					
2.1.	Outbound Cargo beyond free period	General Cargo	1.00	Rs / Kg / Day subject to minimum of Rs.50 per AWB	Demurrage fees will be chargeable after free period as per tariff given.
		Special Cargo*	2.25	Rs / Kg / Day subject to minimum of Rs.50 per AWB	
2.2.	Inbound - General Cargo	Beyond free period & upto 5 days	1.00	Rs / Kg / Day subject to minimum of Rs.50 per AWB	Demurrage free period shall be as per Government Orders issue from time to time.
		Beyond 5 days and upto 15 days	1.50	Rs. / Kg / Day subject to minimum of Rs.50 per AWB	
2.3.	Inbound - Special Cargo*	Beyond free period & upto 5 days	2.50	Rs / Kg / Day subject to minimum of Rs.50 per AWB	Maximum period allowed for storage of cargo beyond free period is 15 days. Beyond 15 days the unclaimed cargo or un-lifted cargo will be either taken away by shippers/consigee/ airlines after payment of due charges or will be auctioned off by DCSC and our charges recovered.
		Between 5 - 15 days	3.50	Rs / Kg / Day subject to minimum of Rs.50 per AWB	



Note

- 1 Consignment of human remains, coffins including baggage of deceased & Human eyes will be exempted from the perview of TSP charge.
- 2 TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- 3 Charges will be on the "gross weight" or the "chargeable weight" of 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.
- 4 Special cargo consists of perishable and temperature sensitive products, live animals, hazardous goods, valuables and/or any other such cargo which requires/have special handling/storage instructions
- 5 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelor's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
- 6 For misdeclaration of weight above 2% and upto 5% of declared weight penal charges double the applicable TSP charges will be levied. For variation above 5%, the penal charges will be five times the applicable TSP charges of the differential weight. No penal charges will be there for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
- 7 While it is our intention not to allow any other agencies to operate inside the facility, in case for special reason exporters wants to engage their own labour, discount of 5% will be granted in TSP charges for offloading the cargo from truck and putting on custom examination area, and on pallets.
- 8 All invoices will be rounded off to nearest Rs.5. As per IATA Tact Rule book Clause-5.7.2, rounding off procedure, when rounding off Unit is 5.

For Example:

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

- 9 In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- 10 For special Carog consisting of perishable & temperature sensitive products the TSP charges for special cargo will only be applicable if temperature control facility is made available other wise general cargo teriff will be applied for such products



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**MAXIMUM TARIFF FOR VARIOUS ELEMENTS OF CARGO HANDLING FOR THE AIRLINES CUSTOMERS AT DOMESTIC CARGO TERMINAL
MANAGED AND OPERATED BY DELHI CARGO SERVICE CENTER PVT LTD AT DELHI AIRPORT
EFFECTIVE 1ST APRIL 2014 AND VALID TILL 31ST MARCH 2015**

S.No.	Charges	Price	Currency	Price Driver	Remarks
1	Outbound Handling -pure physical handling General Cargo Special Cargo	1.10 1.75	INR INR	Per KG Per KG	subject to minimum charge of INR 50 per awb subject to minimum charge of INR 800 per awb
2	Inbound Handling- pure physical handling General Cargo Special Cargo	1.00 1.55	INR INR	Per KG Per KG	subject to minimum charge of INR 50 per awb subject to minimum charge of INR 800 per awb
3	Cargo handling for Transfer Cargo	1.35	INR	Per KG	
4	Security Handling - If inclusive of X-ray / Physical examination - If exclusive of X-ray / Physical examination	2.25 1.25	INR INR	Per KG Per KG	subject to minimum charge of INR 250 per awb subject to minimum charge of INR 100 per awb
5	Outbound Handling -full handling inclusive of document handling and data management General Cargo Special Cargo	1.50 2.10	INR INR	Per KG Per KG	subject to minimum charge of INR 250 per awb subject to minimum charge of INR 800 per awb
6	Inbound Handling -full handling inclusive of document handling and data management General Cargo Special Cargo	1.35 2.00	INR INR	Per KG Per KG	subject to minimum charge of INR 250 per awb subject to minimum charge of INR 800 per awb
7	Handling of Shipper Built ULD or handling of full ULD for delivery to Consignee	50% of Applicable Handling Charges	INR	Per KG	
8	Miscellaneous Charges (None of the above)	1.75	INR	Per KG	subject to minimum charge of INR 800 per awb
9	DRY Ice Checklist charges	600.00	INR	Per AWB	
10	DGR Acceptance check fee	1200.00	INR	Per AWB	
11	Live Animal acceptance check and delivery	1000.00	INR	Per AWB	
12	Valuable & Vulnerable escort service to and fro aircraft to terminal	637.00	INR	Per AWB	
13	DGR-fee, in case shipment above 20 pieces	50.00	INR	Per Additional Unit	

Note:

- Demurrage will be applicable to airlines if custom cleared cargo is stored in the warehouse beyond the free period in case of export cargo
- In case of import cargo, demurrage will be applicable in case the segregation of import cargo is not completed due to airline fault.
- Handling rates provided above are inclusive of scope of handling services including physical handling, document handling and IT handling.
- Handling rates will vary depending on whether the document handling fees are collected by the airline or DCSC.
- Charges will be on the "gross weight" or the "chargeable weight" of 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.
- In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- Special cargo consists of perishable and temperature sensitive products, live animals, hazardous goods, valuables and/or any other such cargo which requires/have special handling/storage instructions
- Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, traveler's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
- Miscellaneous Charges includes special service requests from the customers other than the services already mentioned in the above tariff chart.

**TARIFF FOR TERMINAL STORAGE AND PROCESSING CHARGES (TSP), DEMURRAGES AND OTHER CHARGES AT CARGO TERMINAL 2
BUILT, MANAGED AND OPERATED BY DELHI CARGO SERVICE CENTER PVT LTD AT DELHI AIRPORT
EFFECTIVE 1ST APRIL 2014 AND VALID TILL 31ST MARCH 2015**

S.No.	Charges		Rate	Remarks
1. Terminal, Storage and Processing (TSP) charges				
1.1.	Export	General Cargo	Rs 1.00 / Kg subject to minimum of Rs.100 per AWB	Charges include unloading from trucks at truck docks
		Special Cargo- DGR/PER/VAL	Rs 2.00 / Kg subject to minimum of Rs.200 per AWB	
		Special Cargo- Project /heavy Cargo	Rs 3.00/ kgs subject to minimum of Rs.3000 per AWB	
1.2.	Import	General Cargo	Rs 5.65 / Kg subject to minimum of Rs.300 per AWB	Charges include loading into trucks at truck docks
		Special Cargo- DGR/PER/VAL	Rs.9.75/kg subject to minimum of Rs.500 per AWB	
		Special Cargo- Project/heavy Cargo	Rs11.00/ kgs subject to minimum of Rs.11000 per AWB	
2. Demurrage Charges beyond 24 hrs free period				
2.1.	Export Cargo beyond 24 hours	General Cargo	Rs 1.25 / Kg / Day subject to minimum of Rs.125 per awb	Demurrage free period shall be as per government order issued from time to time
		Special Cargo	Rs 2.50 / Kg / Day subject to minimum of Rs.250 per awb	
2.2.	Import - General Cargo	Beyond free period & upto 5th day	Rs 1.75 / Kg / Day subject to minimum of Rs.350 per AWB	Demurrage free period shall be as per government order issued from time to time
		Beyond 5th day to 30th day	Rs 3.50 / Kg / Day	
		Beyond 30 days	Rs 5.25 / Kg / Day	
2.3.	Import - Special Cargo (DG/Exp/Project/PER)	Beyond free period & upto 5th day	Rs 3.50 / Kg / Day subject to minimum of Rs.700 per AWB	
		Beyond 5th day to 30th day	Rs 7.00 / Kg / Day	
		Beyond 30 days	Rs 10.50 / Kg / Day	
2.4.	Import - Valuable Cargo	Beyond free period & upto 5th day	Rs 7.00 / Kg / Day subject to minimum of Rs.1400 per AWB	
		Beyond 5th day to 30th day	Rs 13.00 / Kg / Day	
		Beyond 30 days	Rs 19.00 / Kg / Day	

3. Security Charges				
3.1.	Export	- If inclusive of X-ray / Physical examination	Rs 2.00 / Kg subject to minimum of Rs.200 per AWB	If Chargable to shipper
		- If exclusive of X-ray / Physical examination	Rs 1.15 / Kg subject to minimum of Rs. 115 per AWB	
4. Other Charges				
4.1	Export	Special Handling (Pharmaceutical, to maintain product temperature on request)	Rs 2000 / Pallet	Only applicable if special packaging of ULD is required
		Back to Town	50 % of applicable TSP charges	If not cleared within 24 hrs of intimation, demurrage charges will be applicable
4.2	Import	Delivery order fees	Rs2000 per MAWB	subject to rate set by Carrier
		HAWB issuance charge	Rs.1000 per HAWB	
		Strapping/Repacking charges	Rs15/package	
4.3	General	Shrink Wrap of ULD	Rs.2000 per ULD inclusive of material	on demand only
		Shrink Wrap of Euro pallet	Rs.300 per Euro pallet/skid	
		Airside Cool Container	Rs.2000 per ULD(10ft) per one way trip	
		Repacking with new wooden skid	Rs.500 per skid	
4.5	Import General Cargo	Storage charge	Rs.25 per kg for first slab of 10 days; thereafter Rs.28 for every slab of 10 days upto 30 days	No TSP or demurrage charge applicable. See note below for further information on storage beyond 30 days. Minimum charge applicable will be for 100 kgs.
4.6	Import Perishable Cargo	Storage Charge	Rs.52 per kg for first slab of 10 days; thereafter Rs.57 for every slab of 10 days upto 30 days	

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Note

- 1 Consignment of human remains, coffins including baggage of deceased & Human eyes will be exempted from the perview of TSP charge.
- 2 TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- 3 Charges will be on the "gross weight" or the "chargeable weight" of 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.
- 4 Special cargo (Odd Size and heavy cargo) are such cargo which requires/have special handling/storage instructions. It also includes heavy cargo in which one or more pieces is/are having
- 5 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelor's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
- 6 Demurrage free period shall as per government order issued from time to time
- 7 While it is our intention not to allow any other agencies to operate inside the facility, in case for special reason exporters wants to engage their own labour, discount of 5% will be granted in
- 8 All invoices will be rounded off to nearest Rs.5. As per IATA Tact Rule book Clause-5.7.2, rounding off procedure, when rounding off Unit is 5.

For Example:

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

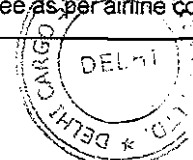
- 9 In case of premium service request, such service shall be provided at a premium of 30% over normal handling rates.
- 10 For tariff under point 4.5 and 4.6, please note that storage period has to be specified upfront before application of these charges and paid in advance. If not then normal TSP and demurrage charges will be applicable. For rate beyond 30 days storage, please our Customer Service for rates. Minimum weight charge will be applicable



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**MAXIMUM TARIFF FOR VARIOUS ELEMENTS OF CARGO HANDLING FOR THE AIRLINES CUSTOMERS AT CARGO TERMINAL2
BUILT, MANAGED AND OPERATED BY DELHI CARGO SERVICE CENTER PVT LTD AT DELHI AIRPORT
EFFECTIVE 1ST APRIL 2014 AND VALID TILL 31ST MARCH 2015**

S.No.	Charges	Price	Currency	Price Driver	Remarks
1	Export Handling General Cargo Special Cargo	2.10 2.50	INR INR	Per KG Per KG	subject to minimum charge of INR1000 per flight
2	Import Handling General Cargo Special Cargo	1.75 2.25	INR INR	Per KG Per KG	subject to minimum charge of INR1000 per flight
3	Cargo handling for Transfer Cargo	2.20	INR	Per KG	
4	Security Handling - If inclusive of X-ray / Physical examination - If exclusive of X-ray / Physical examination	2.00 1.15	INR INR	Per KG Per KG	subject to minimum charge of INR1000 per flight
5	Demurrage charges a) Export Cargo - General cargo - Special cargo - Valuable cargo b) Import Cargo - General cargo - Special cargo - Valuable cargo	 1.50 2.50 6.00 1.50 3.00 6.00	 INR INR INR INR INR INR	 Per KG Per KG Per KG Per KG Per KG Per KG	
6	Handling of Shipper Built ULD or handling of full ULD for delivery to Consignee	50% of Applicable Handling Charges	INR	Per KG	
7	Miscellaneous Charges (None of the above)	2.50	INR	Per KG	subject to minimum charge of INR1000 per flight
8	DRY Ice Checklist charges	1000	INR	Per AWB	
9	DGR Acceptance fee	2000	INR	Per AWB	
10	Live Animal export acceptance charges	2000	INR	Per AWB	
11	Export Perishable Temperature Check as per CHM	150	INR	Per AWB	
12	Valuable escort service to & fro to the aircraft	1100	INR	Per AWB	
13	Full HAWB data capture charges	50	INR	Per AWB	
14	ULD cleaning charges	5000	INR	Per Unit	
15	DGR-fee, in case shipment above 20 pieces	50	INR	Per Additional Unit	
16	Special Handling	2000	INR	Per Unit	Pharmaceutical, to maintain product temperature on request by shipper/airline
17	Charges Collect Fees	10% of collectable amount	INR	per AWB	
18	Delivery order fees	2000	INR	per MAWB	Chargeable to consignee as per airline contract
19	HAWB delivery charges	1000	INR	per HAWB	


[Signature]


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Note:

- 1 Demurrage will be applicable to airlines if custom cleared cargo is stored in the warehouse beyond the free period in case of export cargo
- 2 In case of import cargo, demurrage will be applicable in case the segregation of import cargo is not completed due to airline fault.
- 3 Handling rates provided above are inclusive of scope of handling services including physical handling, document handling
- 4 Handling rates will vary depending on whether the document handling fees are collected by the airline or DCSC.
- 5 Charges will be on the "gross weight" or the "chargeable weight" of 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.
- 6 In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- 5 Special cargo consists of perishable and temperature sensitive products, live animals, hazardous goods, valuables and/or any other such cargo which requires/have special handling/storage instructions
- 6 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, traveler's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
- 7 Demurrage free period shall as per government order issued from time to time
- 8 Miscellaneous Charges includes special service requests from the customers other than the services already mentioned in the above tariff chart.

Hand



**CARGO SERVICE CENTER****Delhi**Dated: 6th March 2014

To,
The Chairman
Airport Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport, New Delhi- 110003

Subject: Submission of Annual Tariff Proposal from 1st April 2014 – 31st March 2015 for International and Domestic Cargo handling at our Cargo Terminal at Delhi International Airport

Dear Sir,

This has reference to the Domestic and International Cargo terminal operated by Delhi Cargo Service Center Pvt Ltd (DCSC) at Delhi airport since May, 2010.

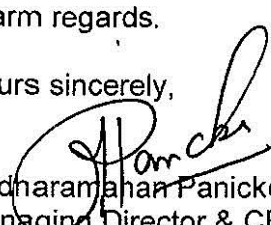
- 1 The said facilities and services being provided comes within the ambit of Regulated services under the AERA Act - in terms of the AERA's guideline 2011 for determination of tariff of services provided for Cargo Facility.
- 2 In accordance with the AERA tariff filing guideline, the proposal for tariff for next Tariff Year has to be filed before 60 days. I regret the delay in filing this proposal.
- 3 The company is proposing to revise/increase the City side tariff for international cargo handling while no increase has been proposed for domestic cargo handling and Air side for international cargo handling for the Tariff Year 14-15. The Tariff plans are enclosed for your consideration and approval.
- 4 Note that the Authority had already approved the MYTP of the company and Annual Tariff plans for earlier years.

I hereby request the Authority to:-

- a. Approve the Tariff plan for the Tariff Year 2014-15 commencing 1st April 2014. User consultation has been carried out as required. The approval maybe granted under the Light touch approach.
- b. Condone the delay in filing this proposal.

Warm regards.

Yours sincerely,


Radharaman Panicker
Managing Director & CEO



List of documents submitted with this application

- a) Proposal for Annual Tariff Plan 2014-15 at the Domestic and International Cargo Terminal of DCSC at Delhi airport
- b) The Domestic Tariff plan
 - a. Domestic ATP for city-side activities – Marked as Annexure D-I
 - b. Domestic ATP for airside activities – Marked as Annexure D-II.
- c) The International Tariff plan
 - a. International ATP for city-side activities- marked as Annexure Int-I
 - b. International ATP for airside activities – marked at Annexure Int- II
- d) Documents pertaining to User consultations

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BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

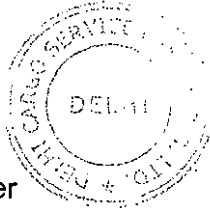
SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF OF:

M/S DELHI CARGO SERVICE CENTER PRIVATE LIMITED

I, Radharamanan Panicker, aged 53 year's resident of Flat No. 305, Dheeraj Basera, Opposite Soni Complex, Malad (W), Mumbai- 64, acting in my official capacity as Chief Executive Officer in M/s Delhi Cargo Service Center Private Limited having its registered office at Cargo Terminal 2, Gate 5, Air Cargo Complex, Indira Gandhi International Airport, New Delhi - 110037 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s Delhi Cargo Service Center Private Limited in the matter of making this submission before the Airports Economic Regulation 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 the Annual Tariff Proposal submission which include inter alia:
(i) Proposed detailed break-up of Tariff(s) where the Authority has specified a light touch approach for the duration of the Control Period and (ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.


Radharamanan Panicker
Managing Director & CEO
Delhi Cargo Service Center Pvt Ltd



Dated: 6th March 2014

Place: Delhi

1. Background

Delhi Cargo Service Center Pvt Ltd, a company registered under the Company's Act at Delhi and having its registered office at Cargo Terminal 2, Gate No.5, Air Cargo Terminal, Indira Gandhi International Airport, New Delhi- 110037 (herein under referred to as "DCSC") was awarded a 25 years concession by Delhi International Airport Ltd (herein under referred to as "DIAL") to design, built, develop, finance, operate and manage an Integrated Air Cargo Terminal (herein under referred to as "ICT") at IGI Airport, New Delhi. Before the construction of the new Cargo terminal could be undertaken, an Interim terminal for handling of Domestic Cargo was also developed and became operational at Delhi airport from May 2010. The phase 1 A of the new cargo terminal building called Cargo Terminal 2 was constructed and made operational for handling of International cargo only from 1st March 2012. Construction of Phase 1B of the said building is completed and awaiting regulatory approval from Customs and Security agencies. Again this additional capacity is for handling of International cargo. Domestic Cargo handling continues from the existing facility- the interim domestic terminal.

In terms of the section 15 of the AERA Act, the Services being provided by DCSC has been determined to be Regulated Service. As such DCSC India had filed its Multi Year Tariff Proposal ("MYTP Proposal") as well as Annual Tariff Proposal (ATP) for cargo handling services for approval for the Authority earlier.

It was determined in terms of the proposal that the services being provided by DCSC was both Material and Competitive. The Authority taking these factors into consideration had vide its Order No. 13/2011-12 dated 29th September 2011 approved the MYTP of DCSC for providing cargo handling services at Delhi airport under the light touch approach. The Authority also approved the ATP for Domestic and International cargo handling for Tariff year 2013-14 (third tariff year of the first control period) valid until 31st March 2014 vide its order No 30/2013-14 dated 10th July 2013.

Vide clause 10.8 of the said guideline for Tariff Determination it is required to file Annual Tariff proposal prior to the start of each Tariff Year commencing 1st April.

2. Regulatory Approach to Tariff determination:

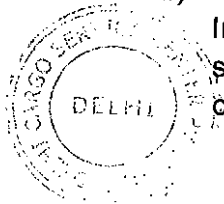
As per the Guidelines [Airports Economic Regulatory Authority of India (Terms & Condition for Determination of Tariff for services for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011], the Authority shall follow a three stage process for determining its approach to the regulation of a regulated service:

a) *Materiality Assessment:*

It has already been established that in case of Mumbai Airport cargo, the volume of cargo justified regulatory oversight. This condition has not changed.

b) *Competition Assessment:*

In our MYTP it has been stated that we face competition from Celebi who is the second concessionaire for providing cargo handling services at Delhi airport. This condition has also not changed at time of this filing.



c) *Assessment of reasonableness of the user agreements between the service providers and the regulated services:*

As already submitted, services are provided to two broad categories of users- Shippers and exporters represented by their agents on city side to whom Terminal, Storage and Processing (TSP) charges are levied besides demurrages in case the shipment is cleared beyond the free period. Additionally on document handling fees are also levied for issuance of delivery order in case such work is outsourced to us by the airlines.

The city side tariff which are commonly applied to all users, are determined using consultative approach with Users of the facility and services namely the forwarders and the shippers. Trade bodies like FIEO, CII, FICCI, Assocham, ACAAI, DCAAI and DCHAAS are also involved in such discussion and negotiation as appropriate.

On the other hand, the airside charges are airline specific and fixed after detailed negotiation with specific airlines based on volume of cargo to be handled, service level agreement, specific handling requirements and other such factors. Agreements with airlines are signed based on the Standard Ground Handling Agreement (herein under referred as "SGHA") as per IATA guidelines. Such negotiations are on-going and are entered into for period of 2 to 3 years.

Given the above factors, it is contended that air cargo handling service being provided by DCSC at Delhi airport is material but competitive and therefore the tariff should be regulated by the Authority under Light Touch Approach as per Chapter V of your Guidelines.

3. Implementation of the approved tariff:

The last approved tariff for domestic and international cargo handling was implemented effective 1st April 2013, where no change was proposed in the applicable tariff even though the company had incurred loss in the previous year. While the domestic facility is operational 24 x7, the international facility is operational only for one shift per current situation. The estimated volume of cargo to be handled for domestic for the current year will be as per expectation (141000MT), however the company has not been able to attract too many International airlines in the current year resulting in less than 69000MT of cargo expected to be handled in the current year, which is much less than 153900MT budgeted. The International operation is therefore expected to be hugely loss making for the current year due to underutilization of capacity. Also overall the company will incur heavy loss for the current tariff year as well.

4. Tariff Proposal And Justification For Increase If Any:-

For the Tariff Year 2014-15, DCSC is proposing changes in the city side tariff only for international cargo which is currently handled at the newly built Cargo Terminal 2, effective 1st April 2014. No change is proposed in the Domestic cargo handling tariff for both city side and air side from previous tariff year. Also no change is proposed in the airside tariff for international cargo handling from the previous year tariff.

a. Revision in the City side Tariff for international Cargo

The proposal by the company can be divided into following areas:-

- A. Revision in TSP and Strapping/Repacking charges
- B. Reclassification/Split some charges like Special Cargo
 - 1. Special cargo – PER/VAL/DG
 - 2. Special Cargo- Project/heavy cargo
- C. Introduce new services or charges not there earlier
 - Project Cargo
 - Premium/Express service
 - Delivery order fees
 - HAWB charges
- D. Consolidated storage
- E. On demand services
 - i. Shrink wrapping of ULD
 - ii. Shrink wrapping of euro pallet
 - iii. Repacking with new wooden skid

b. Justification for Revision in TSP charges, Demurrage charges and Repacking charges

TSP charges were only for import cargo and not for export cargo.

These charges were set when the first phase of the project had commenced operation in Feb 2012. Thereafter no increase has been affected until this proposal.

The TSP charges on import has been increased because there has been increase in following input cost which together constitutes more than 40% of the overall turnover.

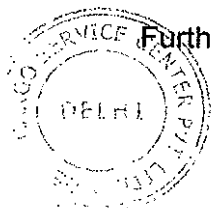
- ✓ Salary (calculated at base minimum wages) cost which is singularly one of the highest input cost has risen more than 25% since Feb2011 to now with new reset applicable in April2014.
- ✓ Automatic increase in land license fee by 7.5% every year payable to Delhi airport
- ✓ Increase in the electricity cost by more than 7%.

It is further pointed out that demurrage charges have also been aligned with these increases in TSP charges.

It maybe noted that when the company started operation, it had put in a very transparent pricing system. No additional hidden charge were levied by the company nor was the trade asked to pay additional charges for loading of the trucks as was the case in Delhi earlier. In fact until now the company was loading the trucks of the customer without charging anything extra. But this amounted to extra cost burden on the company due to double handling- first delivering the cargo to the delivery area and then loading the trucks when it was available. The cost of loading trucks with imported cargo is now included in the TSP charges and comprises more than 70% of the cost increase in the TSP charges. Inclusion of the truck loading charges in TSP makes it more transparent.

Further justifications for increases are: -

- The volume development didn't happen as expected.
- The company has been making losses for last two years and to survive, it needs to cover the cost of operation in order to sustain its business in the overall interest of the trade and commerce.



The overall increase is between 10 to 25% in various charges for TSP import and demurrages.

c. Reclassification/Split some charges like Special Cargo

It is further stated the TSP charges for Special cargo has been reclassified as follows

- ▶ TSP- Special Cargo PER/VAL/DG
 - ▶ TSP- Special Cargo (Project or Heavy Cargo)
- Both for exports and imports.

The reason for this is that heavy cargo or project cargo needed different handling procedures so the need to split it from other special cargo.

d. Introduction of new services or charges not there earlier

There is need for introducing new services. Air cargo industry is become very dynamic and complex. The company therefore is proposing new services for which new tariff has been proposed, which may or may not be used by the trade or customer

- i. TSP Special Cargo (project/heavy cargo)
- Project or heavy Cargo are those which are heavy or Odd dimension cargo which requires different handling and equipment. Today while such cargo do come through our premises, many a times the agent has to procure equipment from outside to handle them. Our company instead will provide the equipment to handle such cargo. Obviously advance intimation will have to be given. This saves the need to get approval from authority to bring such equipment.

It is clarified that heavy cargo are those which has one or more piece per AWB which are individually more than 1 ton. Odd dimension cargo are those which are not necessarily heavy but have large volume. Covered under this category has heavy machineries.

- ii. TSP Express or Premium
- VIP type premium services is that where the client can have the following benefits
- Separate lane, faster acceptance and clearance on priority for export cargo
 - Separate lane, faster segregation and priority delivery for import cargo within pre-determined time
 - VIP treatment

Note that this service was already priced in our earlier tariff as well but now it is priced 30% more than applicable TSP charges instead of 25%. Further the service was never formally introduced.

- iii. Delivery order fees and HAWB charges
- Delivery order fees and HAWB charges are already there as part of Airside charges being charged to Carrier and these charges are anyway as per the Carrier's approval only.



- iv. Consolidated storage charge" instead of demurrage
The company is getting request from many customers that they would like to store cargo for more than 5 days for various reasons and instead of paying demurrage as per current practice, they would like to have special charges for such committed storage. Accordingly the company has introduced a new charge- Consolidated Storage Charge" which will be less than applicable demurrage charges plus TSP for that specific period. This service will be

- ▶ Good for those who know that their cargo needs to be stored for specific long period
- ▶ Storage charges to be paid in advance
- ▶ No demurrage

- v. On demand services
- Shrink wrap of ULD
 - Shrink wrap of euro pallet
 - Repacking with new wooden skid
 - Airside Cool container

These charges were introduced because customers were asking these services. The charges have been estimated based on cost of delivering these services including material cost.

User consultations were initiated by DCSC with the trade bodies like ACAAI; DCAAI or DCHAA or shippers for changes in the city side tariff. The first meeting was called on 19th February 2014 at our premises. The meeting was attended by representatives of Delhi Custom house agents association (DCCAA) and Delhi Air cargo agents association (ACAAI), while other trade bodies didn't send any representatives. The meeting made after the said meeting were circulated along with the proposed changes in the city side tariff. Comments and feedback came from some, which were replied too.

5. Other Factors:

With this Tariff Plan and estimated volume of cargo, the estimated Revenue from the proposed Tariff plan will remain below the ARR as per our MYTP proposal. It is also to be noted that company has been incurring loss in its business for last two years including this Financial year 2013-14.

Should any clarification be required on the above proposal DCSC would be more than happy to provide them.


Radharamanan Panicker
Managing Director & CEO
Delhi Cargo Service Center Pvt Ltd



List of documents attached in connection with stakeholders consultation process to revise Terminal Storage and Processing charge at Cargo Terminal 2 at Delhi Airport.

- 1) Notice of Stake holders meeting called to discuss proposal to revise Terminal storage and processing charge at Cargo Terminal 2 at Delhi Airport.
- 2) List of attendees
- 3) Copy of Minutes of the Meeting circulated to all Stakeholders.
- 4) In response to the Minutes circulated question raised by DG and CEO of FIEO Mr Ajay Sahai dated 28th February 2014.
- 5) Email Copy of response from Mr Panicker MD DCSC to Mr. Ajay Sahai dated 1st March 2014
- 6) Email Copy of response from Executive Director Air Cargo Association of India Mr T.J Thomas dated 21st February 2014.



SERVICE CENTER

Delhi

Dated: 6th February 2014

Sub: Notice of Stakeholders' meeting called to discuss proposal to revise Terminal Storage and Processing charge at Cargo Terminal 2 at Delhi Airport

Dear Business Partners,

Notice is hereby given calling for a meeting of all Stakeholders to our business on 13th February 2014 from 1500 hrs to 1730 hrs at first floor, Cargo Terminal 2, Gate No.5, Cargo Complex, IGI Airport, New Delhi to deliberate and discuss on the proposal of Delhi Cargo Service Center Pvt Ltd ("the company") to revise Terminal, Storage and Processing (TSP) Charges and other charges as well introduction of new services.

As you are aware the company, a subsidiary of Cargo Service Center India Pvt Ltd has designed and built the second cargo terminal called "Cargo Terminal 2" at Delhi Airport for handling of EXIM cargo and to be later expanded to handle domestic cargo as well. This integrated facility being built in phased manner, commenced business operation in March 2012.

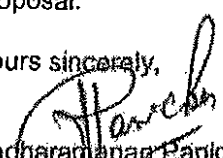
Currently the part 1A and 1B of the said Terminal are put into operations with export operation happening on the ground floor and import operations largely happening on the first floor. The terminal has provision for handling and storage of perishable cargo and valuable cargo besides the general cargo.

The tariff set by the company at time of commencement of operation has been maintained until now without any revision despite change in various input costs. The company is now seeking to revise the tariff to meet the increased operational and capital cost going forward. The detailed reasons for the revision of tariff and the new tariff proposal shall be presented at the time of the meeting. Also the company proposes to introduce new service for which new tariff is being proposed.

It maybe informed that under the AERA Act, the tariff being levied for various services at our terminal is subject to approval of AERA, the tariff regulator for the aviation sector. The revised tariff therefore will become effective 1st April 2014 subject to final approval of the proposed tariff by AERA.

Look forward to meeting you on 13th February 2014 and obtaining your valuable feedback on our proposal.

Yours sincerely,


Radharanjan Panicker
Chief Project & Operating Officer

Copy to:-

- a. President- ACAA
- b. President- Delhi Custom house Agents
- c. Director- FICCI
- d. Director- CII
- e. Director- Assocham
- f. Director General- FIEO

Page 1/2

Delhi Cargo Service Center Private Limited
Registered Office: Cargo Terminal 2, Gate 5, Air Cargo Complex, Indira Gandhi International Airport, New Delhi-110037
Tel: +91-11-46495588 Fax: +91-11-46495555

www.cscindia.in



DELHI CARGO SERVICE CENTER

Delhi

The brief agenda for the meeting will be as follows:-

- | | |
|--------------|--|
| 1430 to 1445 | Welcome address by CEO |
| 1445 to 1515 | Review of facilities available
Key concerns related to service and steps taken to address them
By Manager- Commercial and Customer Service |
| 1515 to 1600 | Revised Tariff proposal and reasons thereof
By CEO |
| 1600 to 1700 | Feedback from Stakeholders on Service levels and Tariff proposal |
| 1700 to 1800 | High Tea & Snacks |



Page 2/2

Delhi Cargo Service Center Private Limited

Registered Office: Cargo Terminal 2, Gate 5, Air Cargo Complex, Indira Gandhi International Airport, New Delhi-110037

Tel: +91-11-46495588 Fax: +91-11-46495555

www.cscindia.in

Meeting Attendance

CARGO SERVICE CENTER

Station	Business Unit	Date	Start Time	End Time
DELHI	DCSC - GFT	13/02/14	14:30	
Venue	Meeting Type (MRM/Audit/Operations/ Customer/Regulatory/Others-specify)			
MEZZ. FLOOR				

Attendance:

Sr. No.	Name	Designation/E-mail/ Tel. No.	Signature
1	BHIM SINGH JAIN	DCCAA	Bhim
2	PRADYUMNA JAIN	DCCAA	Prady
3	Rajendra Raj Singh	DCCAA	Rajendra
4	CH. GOVIL	ACAAI	Ch. Govil
5	RASIV RYT	ACAAI	Rasiv
6	VENU BANGERA	DCSC	Venu
7	KANDARPA RAKONWAR	DCSC	Kandarpa
8	Rajendra Varma	DCSC	Rajendra
9	Bhraman Singh	DCSC	Bhraman
10	S. K. Choudhary	DCCAA	S. K. Choudhary
11	S. RAMACHANDRA	do	S. Ramachandra
12	R. G. PANICKER	DCSC	R. G. Panicker
13	Mahesh Tripathi		Mahesh
14			
15			

Number of pages of minutes attached:

Meeting Conducted by

Name	Designation	Signature

Note:

- ✓ Please document the minutes in the Operation / MRM Meeting Minutes form.
- ✓ Attach the minutes to this sheet when filing.
- ✓ Mention the number of pages of minutes attached to this form.

Rev. No: 0
Eff. Date: 01/07/2012

Doc. No: FM/GRP-QMS/07
Approved By: CORP-MR

Page 1 of 1

Minutes of the Meeting held on 13th February 2014 at Delhi Cargo Service Center Hall for holding Stakeholder consultation seeking approval for increasing various applicable City side Charges at Cargo Terminal 2 Operated by Delhi Cargo Service Center

Attended by:

1. Mr. Raman Raj Sood, President , Delhi Custom Clearing Agent Association (DCCAA)
2. Mr. Bhim Singh Jain, DCCAA
3. Mr. Shailendra Jain, DCCAA
4. Mr. S.K. Chaudhary, DCCAA
5. Mr. S. Ramakrishna, DCCAA
6. Mr. C.K. Govil, ACAAI
7. Mr. Rajiv Butt, ACAAI
8. Mr. Radharamanan Panicker, MD & CEO, Delhi Cargo Service Center
9. Mr. Venugopal Bangera, COO, Delhi Cargo Service Center (DCSC)
10. Mr. Rajendra Varma, General Manager- Operations (DCSC)
11. Mr. Bhawani Singh, Manager- Commercial & Customer Service, (DCSC)

Mr. Radharamanan Panicker of DCSC welcomed the delegates from various trade bodies. He stated that the meeting has been primarily convened to discuss the proposal of the company to revise the applicable city side tariff effective 1st April 2014.

The President of Delhi Custom House wanted to know whether invite were send to CII, FICCI, FIEO and other chamber of commerce as they are the actual shipper's bodies. Mr. Panicker informed that indeed the company had send them the invite but it appears they have not come.

It was then agreed that the meeting be started without waiting any more for the absent invitees

Mr. Panicker then started the proceeding by stating that his colleague Mr. Bhawani Singh, Manager- Commercial & Customer Service will make a presentation to them which will include the following:-

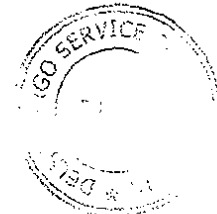
- a. A brief introduction about what the company has done so far in terms of the infrastructure
- b. Action taken by the company in terms of various service issues raised by the trade in the last meeting held
- c. Proposed revision in the various applicable City side Charge effective 1st April 2014 and justification for increase in some of the charges; new service charges etc.



On the instruction of Mr. Panicker, Mr. Singh of DCSC took over the presentation and started with the brief introduction of what the company has done so far in terms of building up the infrastructure for providing cargo handling services at Cargo Terminal 2 at Delhi airport.

1. Introduction

- ▶ Bhawani stated that his company had designed and constructed Cargo Terminal 2, which become functional from February 2012 after receipt of all regulatory approval in Feb 2012. The construction was carried out in phased manner depending on the projected volume growth.
- ▶ The phase 1A become operational since Feb2012 with following capacities:-
 - ✓ 45000MT capacity for Export- Ground floor
 - ✓ 35000MT capacity for Perishable Cargo – Gr. Flr
 - ✓ 115000MT capacity for Import- Ground + First Floor
 - ✓ 18000MT capacity for Perishables- Gr.Flir
(Capacity for (-)20C storage available)
 - ✓ Valuable & Dangerous goods storage for export & Import
 - ✓ Therefore he stated that Phase 1B got functional since Nov2013 with following additional 75000MT capacity for Export which was on the ground floor only.
- ▶ In terms of future development, Bhawani informed that
 - Installation of another 10 MT hoist in 1A to enable faster delivery of import cargo from first floor to ground floor, another 5MT hoist in 1B depending on growth of Import cargo, dedicated storage area for vulnerable cargo, Animal center through third party, Agent's hall on first floor in import area are some of the additional development works which are currently under process.
 - On a question from the attendee as to the time when the 10MT hoist will be ready, Panicker informed the gathering that the plan is to get it ready and operational before end of March 2014, but if the motor powering the hoist is received earlier, it could be put into operation much earlier. The motor is imported.
 - Bhawani further informed that the company is planning to set up Express cargo lane for export and import as premium service.
 - The company is also in process of moving towards paperless freight



2. Action taken various service issues flagged off in the last trade meeting

Bhawani then presented to the meeting the action taken by the company on some service issues to improve service standard and customer satisfaction. The annexure 1 attached to this minutes enumerates the various issues which were resolved by the company for the benefit of the trade and improvement in service quality.

He also presented some of the Excellence project the company has undertaken to improve processes in the operational area. He stated that the results of these small specific projects have been very good in resolving many problem areas and improving service standards. He stated the company is committed towards delivering highest standards of customer service. He also appreciated the support the company has received from the trade members.

3. Proposal for revised City side Tariff to be effective 1st April 2014

Bhawani then presented the company's proposal for revision of City Side Tariff change and addition of some new services. The revised city side tariff proposal is enclosed as Annexure 2 to this minutes.

He stated that the new proposed tariff will be effective 1st April 2014 subject to mutual agreement with the trade and then final approval of AERA. The proposal by the company can be divided into following areas:-

- A. Revision in TSP and Strapping/Repacking charges
- B. Reclassification/Split some charges like Special Cargo
 - 1. Special cargo – PER/VAL/DG
 - 2. Special Cargo- Project/heavy cargo
- C. Introduce new services or charges not there earlier
 - Project Cargo
 - Premium/Express service
 - Delivery order fees
 - HAWB charges
- D. Consolidated storage
- E. On demand services
 - i. Shrink wrapping of ULD
 - ii. Shrink wrapping of euro pallet
 - iii. Repacking with new wooden skid

Bhawani then set about giving the rationale for the proposed revision of charges and introduction of new charges

A. Revision in TSP charges, Demurrage charges and Repacking charges



Bhawani stated that increase in TSP charges were only for import cargo and not for export cargo.

He added that these charges were set when the first phase of the project had commenced operation in Feb 2012. Thereafter no increase has been affected until this proposal.

He stated that there is a need identified to increased the TSP charges on import because there has been increase in following input cost which together constitutes more than 40% of the overall turnover.

- ✓ Salary (calculated at base minimum wages) cost which is singularly one of the highest input cost has risen more than 25% since Feb2011 to now with new reset applicable in April2014.
- ✓ Automatic increase in land license fee by 7.5% every year payable to Delhi airport
- ✓ Increase in the electricity cost by more than 7%.

He further added that demurrage charges have also been aligned with these increases in TSP charges.

Mr. Panicker added that when the company started operation, it had put in a very transparent pricing system. No additional hidden charge were levied by the company nor was the trade asked to pay additional charges for loading of the trucks as was the case in Delhi earlier. In fact until now the company was loading the trucks of the customer without charging anything extra. But this amounted to extra cost burden on the company due to double handling- first delivering the cargo to the delivery area and then loading the trucks when it was available. He further added that inclusion of the truck loading charges in TSP makes it more transparent.

He made the following additional points:-

- the company had only general idea of how the cost will develop so it just took the then available market price as its TSP charges with the estimate that volume will develop. However the volume development didn't happen as expected.
- B. Generally as per AERA formula expected Return of Investment is used to calculate the increases allowed. However since the company has been making losses for last two years. Further the volume itself has been much lower than what was projected to fix the earlier charges.
- C. Clarified that with the proposed increase, the company is not proposing to recover the losses. The increase will only help reduce some of the losses.

On a question by one of the participant whether the company will reduce the tariff if volume increases, he stated that it will depend on factors then and investment made by the company. Volume is just one of the factors.

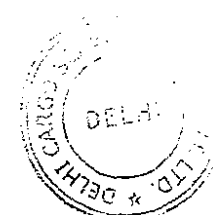
He added the overall increases is between 10 to 25% in various charges for TSP import and demurrages.

B. Reclassification/Split some charges like Special Cargo

Bhawani stated that the TSP charges for Special cargo has been reclassified as follows

- ▶ TSP- Special Cargo PER/VAL/DG
- ▶ TSP- Special Cargo (Project or Heavy Cargo)

Both for exports and imports.



He explained that heavy cargo or project cargo needed different handling procedures so the need to split it other special cargo.

C. Introduce new services or charges not there earlier

Bhawani informed the audience that the company has proposed the following new charges

i. TSP Special Cargo (project/heavy cargo)

Bhawani stated that Project or heavy Cargo are those which are heavy or Odd dimension cargo which requires different handling and equipment. Today while such cargo do come through our premises, many a times the agent has to procure equipment from outside to handle them. Our company instead will provide the equipment to handle such cargo. Obviously advance intimation will have to be given. This saves the need to get approval from authority to bring such equipment.

He also clarified that heavy cargo are those which has one or more piece per AWB which are individually more than 1 ton. Odd dimension cargo are those which are not necessarily heavy but have large volume. Covered under this category has heavy machineries.

ii. TSP Express or Premium

Bhawani stated that the company has been getting request to introduce VIP type premium services so that client can have the following benefits

- Separate lane, faster acceptance and clearance on priority for export cargo
- Separate lane, faster segregation and priority delivery for import cargo within pre-determined time
- VIP treatment

He stated that this service was already priced in our earlier tariff as well but now it is priced 30% more than applicable TSP charges instead of 25%. Further the service was never formally introduced.

iii. Delivery order fees and HAWB charges

Bhawani stated that Delivery order fees and HAWB charges are already there as part of Airside charges being charged to Carrier and these charges are anyway as per the Carrier's approval only.

iv. Consolidated storage charge" instead of demurrage

Bhawani informed that the company is getting request from many customers that they would like to store cargo for more than 5 days for various reasons and instead of paying demurrage as per current practice, they would like to have special charges for such committed storage. Accordingly the company has introduced a new charge- Consolidated Storage Charge" which will be less than applicable demurrage charges plus TSP for that specific period. According to Bhawani it will be

- Good for those who know that their cargo needs to be stored for specific long period
- Storage charges to be paid in advance
- No demurrage



v. On demand services

- Shrink wrap of ULD
- Shrink wrap of euro pallet
- Repacking with new wooden skid
- Airside Cool container

Bhawani said these charges were introduced because customers were asking these services. The charges have been estimated based on cost of delivering these services including material cost.

Bhawani then requested for feedback on the proposed changes

✓ The president of DCCA said that while the explanation appears to be reasonable, they will need to discuss the proposal with their members before they can give any formal comments. The same sentiments were expressed by the representative of ACCAI. The president of DCHA also stated that it would be scheme of things that the 10Ton hoist be installed before the new charges become effective.

Mr. Panicker stated that as per the process, once the comments are received from various trade bodies, the same will taken into account wherever possible and the final proposal send to AERA for approval. Only after the approval can the new tariff be implemented. He assured the trade representative that the efforts will be made to have the 10T hoist installed before the implementation of new tariff.

✓ After some further clarification and deliberations, it was proposed that DCSC forward the proposed changes in the tariff and the explanatory notes to the changes to the association. The association will then come back to DCSC about their comments before the end of the Feb14.

The minutes prepared by

Bhawani Singh, Manager- Commercial & Customer Service, DCSC



Annexure- 1

Key Issues faced in Operations	Corrective action
Pilferage in VUN shipments before reaching our terminal	<ul style="list-style-type: none"> ➤ Regular coordination meetings with airline GHA to address the issue ➤ Pressurizing DIAL for making the area on ramp side lit properly ➤ CSC Import's department doing intensive checking of VUN cargo on receiving ➤ In case of damage or indication of package pilfered, photographs taken and shared with importers.
10 ton Hoist frequent breakdown	<ul style="list-style-type: none"> ➤ Additional 10 ton Hoist work in progress, which will provide redundancy ➤ Provision of two 3 ton cargo lifts for delivery
Delay in Delivery at Imports	<ul style="list-style-type: none"> ➤ Addition of 10 ton hoist will speed up the delivery process ➤ Proactive approach to manage the delivery process by involvement of senior management staff
Pendency of shipments	<ul style="list-style-type: none"> ➤ Extension of closing of import gate ➤ Pending shipments brought in PD area during night shift to facilitate delivery next day morning ➤ OC file on mail from customs to save time and give ample time for delivery
Delay in flight check	<ul style="list-style-type: none"> ➤ Deployed key dedicated staff & strict SLA monitoring
Counting error in big lots	<ul style="list-style-type: none"> ➤ TLs are instructed for re-counting of big lots
Wrong feeding of shipment details in system- chargeable weight, commodity etc.	<ul style="list-style-type: none"> ➤ Deployed dedicated staff to cross check feeding . ➤ More integration of FFM and FHL from origin is reducing manual intervention
Shipment untraceability	<ul style="list-style-type: none"> ➤ Regular Inventory checking in place ➤ Team of tracers ➤ Rechecking of locations
Delay in KBE shipment releasing	<ul style="list-style-type: none"> ➤ Staff at customer care to assist in quick release

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Delay in discrepancy regularization	<ul style="list-style-type: none"> ➤ 02 dedicated staff with proper rotation ➤ Daily status being shared with carrier ➤ Activity being monitored by shift in charge
Delay in Delivery	<ul style="list-style-type: none"> ➤ Shift in charge to regulate the flow of release ➤ Separate teams for pre delivery and final delivery ➤ Constant monitoring thru MIS by senior management ➤ For shipments with pre alert advance action done
Delay in X-raying especially when large volumes of cargo on same day	<ul style="list-style-type: none"> ➤ The acceptance area has now been spread across 1B with X-ray machine available in another areas of 1B as well and as the problem has been solved
Delay in DGR acceptance	<ul style="list-style-type: none"> ➤ Staff deputed 24*7 hrs responsible for DGR check ➤ More staff given DGR training
Customer had to wait for Long time to handover Document at TD counter	<ul style="list-style-type: none"> ➤ Trained staff increased at TD counter with addition of systems ➤ Separate TD counters for phase A & B
Unorganized TD area	<ul style="list-style-type: none"> ➤ Shift in charge are well briefed to allocate dedicated staff at TD area and keep monitoring .
Delay in VAL shipment acceptance	<ul style="list-style-type: none"> ➤ Shift in charge of Strong room briefed to check availability of acceptance staff 24*7 hrs ➤ Separate VAL counter at TD area
Problem in traceability & chances of theft of small shipments	<ul style="list-style-type: none"> ➤ Separate location introduced for small shipments
Odd size shipment	<ul style="list-style-type: none"> ➤ Shift in charge made responsible to handle
Non availability of responsible person at TD area	<ul style="list-style-type: none"> ➤ Shift in charge are briefed to allocate staff to assist customer while facing any problem .

RG Panicker

From: Bhawani Singh
Sent: Monday, February 17, 2014 3:17 PM
To: Amitabh.shrivastava@cii.in; Parag.tripathi@assochem.com; ficci@ficci.com; ajaysahai@fio.org; Mahesh.trikha@aargusglobal.com; hispeed@hispeedmovers.com; shallendra.jain@jainsgroup.co.in; kgupta@tipl.net; airimpex@yahoo.co.in; rajendergoyal@tkws.net.; cargoair@gmail.com; info@aargusglobal.com; bhimjain.pcfa@gmail.com; cdsingh_28@yahoo.co.in; vikrant@groupalogistics.com; vijay@pimpex.com; skcgroup_06@yahoo.co.in; imexcon1@gmail.com; sanjayexim@yahoo.com; rama@balajimariline.com; atael02@yahoo.co.in; info@deltaairfreight.com; ashish@sagroupindia.com; rajiv@aolnorth.com; dcca@dcca.in; cmd@activair.in; AjexCargo@mantraonline.com; ajexcargo@yahoo.com; konark@alphakklogistics.com; del@go2ufm.com; lsarin@go2ufm.com; s.sodhi@amritind.com; anil@aryansfreight.com; Rajiv@rahatccnt.com; yudhishter@aryansfeight.com; captskapoor@aom.ind.in; air@aom.ind.in; cargo@asiatransportpr.com; satveer@atlanticcargogroup.com; shakil@atlanticcargogroup.com; rahatcon@vsnl.com; avoncargo@gmail.com; sandy@bminternational.com; rdham@bminternational.com; verma.d@balmerlawrie.net; mukherjee.abhijit@balmerlawrie.com; psjain@belair.in; mj@belair.in; ctcaircarriers@yahoo.com; ctcair@bol.net.in; sales@cargocps.com; cargoexpressinternational@yahoo.com; cargo@cargoexpressinternational.com; sethiss4u@cargolinkers.net; sales@cargolinkers.net; info@cargoplannersindia.co; soman.nambiar@cevalogistics.com; devang.vaidya@cevalogistics.com; info@cmiworld.com; cmg@cmg.co.in; narendra@committedgroup.com; nitin@committedgroup.com; vvohra@continentalgroup.com; info@deltaairfreight.com; cs@deltaairfreight.com; diamond@vsnl.net; info@dolphinfreight.com; everfast@del3.vsnl.net.in; falconaircargo@yahoo.co.in; falconaircargo@gmail.com; fourways@ndb.vsnl.net.in; frtforce@vsnl.com; frtforce@bol.net.in; gangacargo2@eth.net; kswadhwa@gracelogistics.net; vbhushan@gracelogistics.net; green@greenfreight-india.com; hispeed@hispeedmovers.com; ideal@idealfreight.com; vkhosla@go2uti.com; rkatal@go2uti.com; indiancargo@gmail.com; icepldel@airtelmail.in; vinodtiwari@interworldcargo.com; nanda@del2.vsnl.net.in; gsnanda@intercont.com; rkjohar@icacargo.com; tarun_johar@msn.com; jmdcargo@nde.vsnl.net.in; subash1957@sify.com; management@jasindia.com; jenitacargo@hotmail.com; kbbapur@vsnl.com; rishi.kb@gmail.com; volkmar.mueller@kuehne-nagel.com; andre.morganbrodt@kuehne-nagel.com; suman@kvmaircargo.in; sanjeev@kvmaircargo.in; mach@mtwpl.com; nwddamairmng@damco.com; mayco@vsnl.com; arvindnayak@nayakaviation.com; naedel@airtelmail.in; ajaysharma.nitco@gmail.com; vikram_garg@omtrans.in; gropsdel@omtrans.in; ratnam_pml@reliancemail.net; prasadpmlogic@gmail.net; msbedi@psbedi.com; admin@psbedi.com; sanjay.nagri@panalpina.com; oliver.stoehr@panalpina.com; amahajan@perfectcargo.in; umesh@perfectcargo.in; mminhas@pfmlindia.com; kbhangalia@pfmlindia.com; rjagarwal@rjtwforex.com; sanjeev@rjtwcargo.com; rerid@rogersworldwideindia.com; info@rahatcargo.com; sunilkohli@rahatcargo.com; sunilkapoor@rainagroup.in; ali@superfreight.co.in; mngmnt@reliablecargo.com; ashish@sagroupindia.com; ami@ssaironline.com; saldelhi1@sify.com; rajeev@scorpiofreight.com; s.goel@sdv.com; sealair2009@gmail.com; harjeetjohar@yahoo.co.uk; shineaircargo@yahoo.com; subhash@sh.necargo.com; krishnan@shinecargo.com; rajeev-sikka@sikkas.com; sanjeev-sikka@sikkas.com; skymates@skymatesindia.com; skyrider@nds.vsnl.net.in; sls@skyways-group.com; ashwani.handa@sunrisefreight.com; sfm@vsnl.com; anmol@3acesglobal.com; pankaj@3acesglobal.com; anilmarwah@usa.net; shikhar@travelplannerindia.com; serve@travelplannersindia.com; manish@tropicalindia.com; raghuvir@turnerindia.com; uniqueunica@rediffmail.com; uniqueunica@hotmail.com; rajinder.bedi@continentalgroup.com; viksun@bol.net.in; sushant_viksun@airtelmail.in; vincargo@del3.vsnl.net.in; info@wigair.com; anmol@worldmarkfreight.com; mukesh.rehal@in.yusen-logistics.com; dhermendra.kumar@in.yusen-logistics.com; fieo@airtelmail.in; vikasmittal@fio.org; jagmohan@fio.org; dcca@dcca.in; acaai.nr@bol.net.in
Cc: Kandarpa Rajkonwar; Rajendra Varma; Venugopal Bangera; RG Panicker
Subject: MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION
Attachments: DCSC Int'l Tariff proposal 14-15.pdf; Minutes of meeting- stakeholder-130214.docx

Dear Business Partners,

This is with reference to the meeting held on 13th Feb 2014 at Greenfield Terminal with stakeholders for seeking approval for increasing various applicable City Side charges at Cargo Terminal 2 operated by Delhi Cargo Service Center.

Pl. find attached the MOM :13TH Feb 2014 and DCSC International Tariff proposal 14-15 for your perusal.

Looking at the fact that there is another stage involved in this whole process so request you to kindly provide your inputs within 4-5 days of receiving this mail.

We appreciate the support provided by you and assure you of best possible services at all times.

Thanks n Regards

Bhawani Singh
Manager Commercial & Customer Service
Delhi Cargo Service Center
I.G.I, Airport
New Delhi

Ph : 011-49993812

RG Panicker

From: RG Panicker
Sent: Saturday, March 01, 2014 12:59 PM
To: 'vikasmittal@fleo.org'
Cc: Venugopal Bangera; Bhawani Singh
Subject: RE: MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION

Dear Mr. Ajay Sahai,

Thank you very much for your quick comments and suggestion.

I am sure that you have not seen the justification for increase in the tariff. I would much appreciate that someone from your organization had been present for the stakeholder meeting we had called and for which information was send to your office.

Nonetheless I would once again put forth before you, the justification on which we are forced to seek the raise in our tariff.

The most obvious reason is that the volume growth on which we had premised the earlier pricing has not come about by a wide margin. This has resulted in losses for us in the first two years of international operations. Such loss is not sustainable in the long run.

Over that we have been hit by other external factors on which we have no controls, but which increases our input cost dramatically. As you are aware the Delhi govt has in the span of two years increased the minimum wages more than 3 times aggregating to more than 40%. In addition to that we have to even year on year pay an increase in land licence fee and electricity cost payable to Delhi airport of more than 7% every year.

To the extent possible we tried to absorb these cost but with much lower than volume growth, we are not able to absorb all such cost increase.

More importantly for your information, after the import cargo is delivered to your agent, the cargo is not directly taken by them in their trucks. That happens only when we have to provide them loading and handling service again. For the first two years, we provided such service without charging anything with the hope that we will be able to convince them to take deliver at the truck dock. But practically it was not possible and we ended up providing such service gratis. We can't continue that. We have decided to charge for that service by increasing the Import TSP charge. Thus large part of the increase in Import TSP is on account of that. In the earlier times, the agent pays for such service which comes back to you as misc cost. By including such charges in the TSP charge, we are trying to bring such cost over the table. It is visible and transparent. Every other terminal operators has long back increased their charges but we didn't want to do it until the next tariff cycle. The increase in demurrage is in line with increase in TSP as it is cost of storage.

Despite all these increases, I may inform you that we will not be able to recover all the losses. We are hoping that with the efforts of organizations like yours the cargo handling activity will pick up steam and we will be able to see better future. Further even with these charges, our charges are competitive as compared to others. It is only that we have rationalized the charges.

In light of above explanation, I request you to kindly give your acceptance to the proposed tariff increase. I look forward to support of organization like yours in our endeavour to create a world class service which will benefit the EXIM trade.

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I am available for any further discussion or clarification that you want to have on the subject matter either on my mobile – 09821067309 or my office direct line at 022-40433901. Pl note that I will be out country on 1st March and then from 7th to 17th March. So appreciate your kind feedback and response by early next week.

Looking forward to your reply.

Warm regards

Radharamanan Panicker

Managing Director

Delhi Cargo Service Center

From: Bhawani Singh

Sent: Friday, February 28, 2014 3:21 PM

To: RG Panicker; Venugopal Bangera

Subject: FW: MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION

Dear Sir,

FYI

Thanks n Regards

Bhawani Singh

From: Vikas Mittal [mailto:vikasmittal@fiec.org]

Sent: Friday, February 28, 2014 3:18 PM

To: Bhawani Singh

Cc: Priya Safaya

Subject: FW: MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION

MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION

Dear Mr Singh,

Kindly refer to email on the increase in tariffs at the DCSC . while there is no increase in exports but an increase of 25% in imports for general cargo and that of import cargo beyond 5 days by 17% is high and would also impact exports which have import content .

-601-

2. Given the state of exports and low demand in the domestic economy due to inflationary pressure /declining Private Final Consumption Expenditure [PFCE] /inventory pile-up of FMCG sector - any increase in tariffs could retard the demand stimulus and declining GDP numbers.

3. Stakeholders are, therefore, of the view that any increase in tariff could be detrimental at this point and be kept in abeyance.

Ajay Sahai

DG& CEO,FIEO

From: Bhawani Singh [<mailto:Bhawani.Singh@cscindia.in>]

Sent: Monday, February 17, 2014 3:17 PM

Subject: MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION

Dear Business Partners,

This is with reference to the meeting held on 13th Feb 2014 at Greenfield Terminal with stakeholders for seeking approval for increasing various applicable City Side charges at Cargo Terminal 2 operated by Delhi Cargo Service Center.

Pl. find attached the MOM :13TH Feb 2014 and DCSC International Tariff proposal 14-15 for your perusal.

Looking at the fact that there is another stage involved in this whole process so request you to kindly provide your inputs within 4-5 days of receiving this mail.

We appreciate the support provided by you and assure you of best possible services at all times.

Thanks n Regards

Bhawani Singh
Manager Commercial & Customer Service
Delhi Cargo Service Center
I.G.I. Airport
New Delhi

Ph : 011-49993812

RG Panicker

From: Bhawani Singh
Sent: Friday, February 21, 2014 7:04 PM
To: RG Panicker
Cc: Venugopal Bangera
Subject: FW: STAKEHOLDERS CONSULTATION RE PROPOSED DCSC TARIFFS

Dear Sir,

FYI

Thanks n Regards
Bhawani Singh

-----Original Message-----

From: Acaai Head Office [mailto:headoffice@acaai.in]
Sent: Friday, February 21, 2014 4:07 PM
To: Bhawani Singh
Cc: 'Skyways Air Services P.Ltd.-Mr.S.L.Sharma '; 'Tulsidas Khimji P.Ltd - Mr. Hemant Bhatia'; 'Firdos Fanibanda'; 'Aroscan Cargo Trade P.Ltd. - Mr. T.A. Varghese'; 'T. A. Varghese'; 'Aargus Global Logistics Pvt. Ltd. Mr. Mahesh P. Trikha'; 'Activair Airfreight India P.Ltd. Mr. C K Govil'; Acaai Head Office
Subject: STAKEHOLDERS CONSULTATION RE PROPOSED DCSC TARIFFS

Dear Mr. Bhawani Singh,

We refer to your trailing mail and attachments regarding the captioned subject.

The Air Cargo Agents Association of India (ACAAI) would like to submit it's inputs in this matter after a detailed study of the proposal. We shall therefore revert in the next few days.

With regards,

T. J. Thomas

C

28-B, Nariman Bhavan

Nariman Point, Mumbai - 400 021

Tel : 022-22021923/22025584

Fax: 022-22824029

Website : www.acaai.in

From: Bhawani Singh [mailto:Bhawani.Singh@cscindia.in]

Sent: Monday, February 17, 2014 3:17 PM

To: Amitabh.shrivastava@cii.in; Parag.tripathi@assochem.com; ficci@ficci.com; ajaysahai@fio.org; Mahesh.trikha@aargusglobal.com; hispeed@hispeedmovers.com; shailendra.jain@jainsgroup.co.in; kgupta@tipl.net; airimpex@yahoo.co.in; rajendergoyal@tkws.net.; cargoair@gmail.com; info@aargusglobal.com; bhimjain.pcfa@gmail.com; cdsingh_28@yahoo.co.in; vikrant@groupalogistics.com; vijay@pimpex.com; skcgroup_06@yahoo.co.in; imexcon1@gmail.com; sanjayexim@yahoo.com; rama@balajimarine.com; atael02@yahoo.co.in; info@deltaairfreight.com; ashish@sagroupindia.com; rajiv@aclnorth.com; dccaa@dccaa.in; cmd@activair.in; AjexCargo@mantraonline.com; ajexcargo@yahoo.com; konark@alphakclogistics.com; del@go2ufm.com; lsarin@go2ufm.com; s.sodhi@amritind.com; anil@aryansfreight.com; Rajiv@rahatcont.com; yudhishter@aryansfeight.com; captskapoor@aom.ind.in; air@aom.ind.in; cargo@asiatransportipr.com; satveer@atlanticcargogroup.com; shakil@atlanticcargogroup.com; rahatcon@vsnl.com; avoncargo@gmail.com; sandy@bminternational.com; rdham@bminternational.com; verma.d@balmerlawrie.net; mukherjee.abhijit@balmerlawrie.com; psjain@belair.in; mj@belair.in; ctcaircarriers@yahoo.com; ctcair@bol.net.in; sales@cargocps.com; cargoexpressinternational@yahoo.com; cargo@cargoexpressinternational.com; sethiss4u@cargolinkers.net; sales@cargolinkers.net; info@cargoplannersindia.co; soman.nambiar@cevalogistics.com; devang.vaidya@cevalogistics.com; info@cmlworld.com; cmg@cmg.co.in; narendra@committedgroup.com; nitin@committedgroup.com; vvohra@continentalgroup.com; info@deltaairfreight.com; cs@deltaairfreight.com; diamond@vsnl.net; info@dolphinfreight.com; everfast@del3.vsnl.net.in; falconaircargo@yahoo.co.in; falconaircargo@gmail.com; fourways@ndb.vsnl.net.in; frtforce@vsnl.com; frtforce@bol.net.in; gangacargo2@eth.net; kswadhwa@gracelogistics.net; vbhushan@gracelogistics.net; green@greenfreight-india.com; hispeed@hispeedmovers.com; ideal@idealfreight.com; vkhosla@go2uti.com; rkatyal@go2uti.com; indiancargo@gmail.com; icepldel@airtelmail.in; vinodtiwari@interworldcargo.com; nanda@del2.vsnl.net.in; gsnanda@intercont.com; rkjohar@icacargo.com; tarun_johar@msn.com; jmdcargo@nde.vsnl.net.in; subash1957@sify.com; management@jasindia.com; jenitacargo@hotmail.com; kbpapur@vsnl.com; rishi.kb@gmail.com; volkmar.mueller@kuehne-nagel.com; andre.morganbrodt@kuehne-nagel.com; suman@kvmaircargo.in; sanjeev@kvmaircargo.in; mach@mtwpl.com; nwddamairmng@damco.com; mayco@vsnl.com; arvindnayak@nayakaviation.com;

naedel@airtelmail.in; ajaysharma.nitco@gmail.com; vikram_garg@omtrans.in; gropsdel@omtrans.in; ratnam_pml@reliancemail.net; prasadpmlogic@gmail.net; msbedi@psbedi.com; admin@psbedi.com; sanjay.nagri@panalpina.com; oliver.stoeher@panalpina.com; amahajan@perfectcargo.in; umesh@perfectcargo.in; mminhas@pfmlindia.com; kbhangalia@pfmlindia.com; rjagarwal@rjtwforex.com; sanjeev@rjtwcargo.com; rerid@rogersworldwideindia.com; info@rahatcargo.com; sunilkohli@rahatcargo.com; sunil Kapoor@rainagroup.in; ali@superfreight.co.in; mngmnt@reliablecargo.com; ashish@sagroupindia.com; ami@ssaironline.com; saldelhi1@sify.com; rajeev@scorpiofreight.com; s.goel@sdv.com; sealair2009@gmail.com; harjeetjohar@yahoo.co.uk; shineaircargo@yahoo.com; subhash@shinecargo.com; krishnan@shinecargo.com; rajeev-sikka@sikkas.com; sanjeev-sikka@sikkas.com; skymates@skymatesindia.com; skyrider@nds.vsnl.net.in; sls@skyways-group.com; ashwani.handa@sunrisefreight.com; sfm@vsnl.com; anmol@3acesglobal.com; pankaj@3acesglobal.com; anilmarwah@usa.net; shikhar@travelplannerindia.com; serve@travelplannersindia.com; manish@tropicalindia.com; raghuvir@turnerindia.com; uniqueunica@rediffmail.com; uniqueunica@hotmail.com; rajinder.bedi@continentalgroup.com; viksun@bol.net.in; sushant_viksun@airtelmail.in; vincargo@del3.vsnl.net.in; info@wigair.com; anmol@worldmarkfreight.com; mukesh.rehal@in.yusen-logistics.com; dhermendra.kumar@in.yusen-logistics.com; fieo@airtelmail.in; vikasmittal@fieo.org; jagmohan@fieo.org; dccaadccaain; acaai.nr@bol.net.in
Cc: Kandarpa Rajkonwar; Rajendra Varma; Venugopal Bangera; RG Panicker
Subject: MOM 13TH FEB 2014 : STAKEHOLDERS CONSULTATION

Dear Business Partners,

This is with reference to the meeting held on 13th Feb 2014 at Greenfield Terminal with stakeholders for seeking approval for increasing various applicable City Side charges at Cargo Terminal 2 operated by Delhi Cargo Service Center.

Pl. find attached the MOM :13TH Feb 2014 and DCSC International Tariff proposal 14-15 for your perusal.

Looking at the fact that there is another stage involved in this whole process so request you to kindly provide your inputs within 4-5 days of receiving this mail.

We appreciate the support provided by you and assure you of best possible services at all times.

Thanks n Regards

Bhawani Singh

Manager Commercial & Customer Service

Delhi Cargo Service Center

I.G.I. Airport

New Delhi

Ph : 011-49993812

-14-



CARGO SERVICE CENTER

Delhi

Dated: 27th March 14

~~Dated: 6th March 2014~~

To,
The Chairman
Airport Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdurjung Airport, New Delhi- 110003

Subject: Submission of Annual Tariff Proposal from 1st April 2014 – 31st March 2015 for International and Domestic Cargo handling at our Cargo Terminal at Delhi International Airport

Dear Sir,

This is reference to submission of our proposal for tariff approval for year 2014-15 vide our proposal dated 6th March 2014.

Attached is discussion paper with ACAAI as additional set of document, which may form part of the earlier submission.

Warm regards.

Yours sincerely,


Radharaman Panicker
Managing Director & CEO

List of documents submitted with this application

- a. Objection raised by ACAAI and our reply to those objections

From: Bhawani Singh
Sent: Wednesday, March 26, 2014 7:44 PM
To: Avinash Razdan
Subject: FW: ACAAI's Observations re proposed DCSC Tariffs

From: Bhawani Singh
Sent: Monday, March 24, 2014 10:01 AM
To: 'headoffice@acaai.in'
Cc: 'hemantbhatia@tkpl.in'; 'firdos@moderncargo.com'; 'aroscan@vsnl.com'; 'Mahesh Trikha'; 'C K Govil'; Venugopal Bangera; RG Panicker
Subject: FW: ACAAI's Observations re proposed DCSC Tariffs

Dear Mr.Thomas,

Thank you for your various questions you have raised in response to our proposal for revision in various applicable tariff at the Cargo Terminal 2 at Delhi airport, operated by Cargo Service Center.

At the onset let me state that detailed explanation was provided for the proposed increased at the meeting of the stakeholder held at our office at Delhi on 13th February 2014, and which are also captured in the minutes of the said meeting.

However since you have raised the issues again, I have again replied point by point to the various questions you have raised herein your email dated 19th March and these are marked against each of the questions of yours.

Trust you find them in order.

Regards
Bhawani Singh,
Manager- Customer Service

From: Acaai Head Office [<mailto:headoffice@acaai.in>]
Sent: Wednesday, March 19, 2014 10:59 AM
To: Bhawani Singh
Cc: 'SLS'; 'Tulsidas Khimji P.Ltd - Mr. Hemant Bhatia'; 'Firdos Fanibanda'; 'Aroscan Cargo Trade P.Ltd. - Mr. T.A. Varghese'; 'Varghese'; Acaai Head Office; 'Mahesh Trikha'; 'Activair Airfreight India P.Ltd. Mr. C K Govil'
Subject: ACAAI's Observations re proposed DCSC Tariffs

Mr. Bhawani Singh
Manager, Commercial & Customer Service
M/S. Delhi Cargo Service Center
IGI Airport
New Delhi

3/27/2014

FW: ACAAI's Observations re proposed DCSC Tariffs

Dear Mr. Bhawani Singh,

Please refer to your email communication dated 13th February 2014 regarding the captioned subject, whereby inputs were sought from stakeholders in the matter of the proposed increase in tariffs by DCSC at Cargo Terminal 2, IGI Airport.

In this connection, The Air Cargo Agents Association of India (ACAAI) would like to submit the following observations for consideration:

1). The justification for random increase only in selected activities has not been understood. This needs further clarification.

Same as point number 2

2). A scrutiny of the proposed tariffs shows that charges for both within the airport premises and on the city side have been increased. The rationale which has been given for the increase is inadequate and unjustified.

Detailed explanation for rate increase have been provided in the stakeholder meeting and which are also captured in the minutes of the meeting circulated to all thereafter.

It maybe noted that besides the cost of building the infrastructure, there are operating expenses which affect the profitability of the operation. In order that the high cost of building the infrastructure are not passed onto the trade, certain assumption are made regarding the capacity utilization and volume growth. Unfortunately neither the capacity utilization was anyway near to the projected capacity utilization nor the volume grew as expected. The volume development at Delhi airport is matter of record so is the fact that we were not able to get enough customers to our Center. Despite these, we continued to maintain the price which was fixed by us at the beginning of the operation in July 2011, though all our competitors in Delhi and elsewhere raised their tariff.

Over that we have been hit by other external factors on which we have no controls, but which increases our input cost dramatically. As you are aware the Delhi government has in the span of two years increased the minimum wages more than 3 times aggregating to more than 40%. In addition to that we have to every year accept by default increase in land license fee and electricity cost payable to Delhi airport of more than 7% every year.

To the extent possible we tried to absorb these cost but with much lower than volume growth, we are not able to absorb all such cost increase.

This has resulted in massive loss for us in the first two years of international operations. Such loss is not sustainable in the long run.

At the same time the high increase in Tariff you are referring to are, in fact very small increase.

It maybe noted as already stated in the minutes of the meeting, the import cargo is delivered to your agent, the cargo is not directly taken by them in their trucks. That happens later, for which we have to provide them loading and handling service again. For the first two years, we provided such service without charging anything with the intention that we will be able to convince them to take deliver at the truck dock. But practically it was not possible and we ended up providing such service gratis. We cannot do so now so we have decided to charge for that service by including that service charge into the Import TSP charge. Thus large part of the increase in Import TSP is on account of that. In the other terminal, your agent pays for such service which comes back to you as misc cost. By including such charges in the TSP charge, we are trying to bring such cost over the table and make it visible and transparent.

Increase in demurrage is in line with increase in TSP as it is cost of storage.

Despite all these increases, I may inform you that we will not be able to recover all the losses. We are hoping

that with the efforts of organizations like yours, the air EXIM activity will pick up steam and we will be able to see better future. Further even with these charges, our charges are competitive as compared to others. It is only that we have rationalized the charges.

3) While the proposed increase in tariffs is between 10% to 25%, the increase in costs to DCSC is much less. The biggest increase in costs (more than 25% since February 2011) is in DCSC salaries, which is controllable by DCSC.

The cost which any service provider having built an infrastructure to provide such services, are in nature of capital and operating cost. The capital cost which is incurred at the beginning of the project are spread over the life of the project and recovered. The operating cost are incurred for the period generally a year and recovered within that year. We have provided justification for both the cost and increase in them. The operating are depended not just on wages but also power, licence fees etc which together constitutes more than 50% of the total operating expenses of the company. The minimum wages are fixed by the state government and last year we saw three revisions in the minimum wages which is not under our control. We are affected more due to this as the majority of our staff falls under this category only. Further any changes in the minimum wages has upward impact on wages of other categories of workers. License fee and power is also not in our hand.

4) Minimum charges have been increased for Import Cargo under "TSP Charges", and new minimum charges have been introduced under "Demurrage Charges beyond 24 hrs Free Period" for various heads.

No justification has been given for the increase/new minimum charges.

Minimum charges are not increased. They were always there and has been fixed for minimum chargeable weight. As rate has gone up, so also the minimum charges. Minimum charges are being charged by all the organizations in the aviation industry which includes airlines, freight forwarders, exporters, importers etc. in some way or the other. Would it not be unjustified to question us for this. The applicability of minimum charges remains more or less the same. The IATA TACT book also throws some light on the applicability of minimum charges.

Minimum charges have always been there in any kind of industries and these are not there to exploit the customer but as you are aware that there are operating and handling costs which remains whether the cargo is of 01 kg or 100 kg or no cargo. Minimum charges are calculated keeping in mind the cost of resources deployed.

Demurrage charges are based on TSP charges. As TSP charges are increased, there has been corresponding increase (but at lower %age) in demurrage charge

As far as demurrage is concerned we want to assure you that we have no intentions of earning our revenue through demurrage whereas we would be happy to increase the throughput in our terminal.

If you will notice the trend for past few months it suggests that the dwell time has considerably reduced in our terminal. We have initiated few measures which will help in reducing the demurrage. One of the important one is that whenever the custom system is down or due to reasons not under the control of our customers we pro actively increase the timelines for gate pass issuance and request customs to open the gates beyond the stipulated timelines. This helps our customers to stop the demurrage clock and get the deliveries within expected timelines. Barring one or two days in last few months we have been able to achieve 100% delivery of shipments with no pendency.

5). DCSC has not specified the reasons for increase on selective heads. Certain charges are regulated by Government Notification, which have been unilaterally and violatively increased in the proposal. Request you to kindly provide the govt. notification with respect to charges wherein we have done violation so that we may take it forward. Just to update you that as a company we have always tried to give beyond the

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Govt. notifications where ever possible. Our endeavor has always been to give value for money and customer satisfaction.

In the past we have exhibited our willingness to go beyond the convention existing in the area of operation to give benefit to the customer but due to similar notifications issued in past we had to amend our ways reluctantly. The members operating in Delhi shall enlighten you with these kinds of pro active measures taken by us.

6). It appears that the volume of traffic has not been considered when fixing the increased charges, nor has any justification been provided for the introduction of minimum charges under various heads. Our explanation to your question no 1, 2, 3 & 4 is clear and detailed.

7). Most of the "City Side Tariff" proposals which are shown in Para 3 (A to E) in the minutes of the meeting held on 13th February 2014 should be charged to airlines/shippers, and not to cargo agents. Nevertheless, such charges are also now being passed on to the trade.

PARA 3

- A. Revision in TSP and Strapping/Repacking charges** -----Applicable to agents
(Repacking in exports is not charged)
- B. Reclassification/Split some charges like Special Cargo** -----Only TSP/city side demurrage /Packing in import is charged to agent
 - Special cargo – PER/VAL/DG**
 - Special Cargo- Project/heavy cargo**
- C. Introduce new services or charges not there earlier**
 - **Project Cargo** -----defined in MOM provided
 - **Premium/Express service** ----- charged in case if required
 - **Delivery order fees** ----- charged to consolidator
 - **HAWB charges** ----- charged to carrier
- D. Consolidated storage** -----charged in case if required
- E. On demand services**
 - i. **Shrink wrapping of ULD** ----- charged in case if required
 - ii. **Shrink wrapping of euro pallet** ----- charged in case if required
 - iii. **Repacking with new wooden skid**----- charged in case if required

Pl. note that no charges have been shifted from airline/shipper to agents . it maybe informed that TSPO for Special cargo has been split into TSP (Special Cargo –PER/VAL/DG) and TSP (Project Cargo). This is because handling of project cargo requires different equipment. We have introduced TSP (Express Cargo) on the demands of the trade for speedy clearance of Express cargo. Charges in "E" are being provided on Adhoc basis on demand and looking at from future prospective, we have now formally introduced those services if needed on demand. All other charges were always there.

8). If the export goods are not x-rayed for security purposes, the security charges are being passed on to the trade, which is totally unjustified.

In exports the X-Ray generally borne by the airlines. However in some special cases the shipper demands the service and pays for it. This service charge was always there and not introduced now. Pl see our tariff for previous years.

9). What is the basis for the increases sought--- is it based on CPI (Cost Price Index) or any other verifiable data?

I have already given the explanation in the response to your questions 1,2,3 &4. Increase in case of wages are wage index, for rest it is CPI or actual price increase.

10). Kindly explain the performance parameters set and announced and parameters achieved. Has it ever been shared with the users or audited by a neutral agency?

Performance parameters are regularly shared in CAFAC which is held on a monthly basis. In terms of our concession agreement, we are committed to certain performance parameters, which are audited by Delhi Airport through an independent agencies. You may check with DIAL on the same.

However we are ready to sit down with your Association or other association on setting performance parameters for achievement.

11). What is the manning scale? Is the current workforce in conformity with the manning scale or is there excess staffing, the cost of which is now being passed on to the trade?

It is good that you have raised this as the general perception is that we have shortage of staff as the agents are used to seeing numbers in other terminal. Our manning scale is based on the productivity and each process has been mapped with respect to the manpower requirement. Your point would have been valid for the initial phase 2-3 yrs before but today we are not in position to afford excess manpower as we are striving to keep pace with the operating cost of the project. We are presently working towards enhancing the facilities to speedup the delivery and acceptance process for benefit of our customers.

Kindly also highlight the manning scales for similar activities at airports.

CSC is not concerned with what happens at other airports except to benchmark its standards of performance to others, which is an internal assessment activity.

At the same time, every handling company will have their own business and operating model and are thus not comparable to each other.

12). What is the average tonnage handled for the past 3 years with respective weight breakups to determine manual and mechanical handling?

Not relevant to the context

13). Kindly provide the number of shipments for which the Minimum charges would be applied based on the break up of such shipments for the past three years?

Not relevant to the context

14). On what basis have these minimum charges been arrived at ?

Detailed explanation is already given against your similar question no 4.

15). Kindly clarify the original cost assessment of the operations and what is the variance which has been observed.

Not relevant to the context

We request you to provide the above details and clarifications with reference to the proposed increase in the various charges as mentioned in your above referred email. We would like to mention that such increase in costs is likely to result in a shift of cargo carriage from IGI Airport.

I have provided as detailed an explanation as I could per your earlier questions in this email. At the same time, let me inform you that increase in tariff will not make our tariff higher than our competitors who are already charging high tariff for some time now. My organization believes in the principle of charging our customer appropriate charges and not increase tariff for sake of increasing it. The increase in tariff has been made by us only after careful consideration of every thing including possible migration of traffic to other airports or mode of transport.

As an organization CSC has always been transparent in whatever it has been doing and there has been no hidden costs associated with any of our service elements. You must be aware that there are additional costs which agents have to pay elsewhere whereas we take pride in saying that no such costs exist at our terminal. It is our assessment that there will no shift of cargo from IGI airport because at the end of the day it is service and transparent pricing which counts. Hidden cost and inefficient service drive away traffic and we are clear

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that in both counts our organization will ensure that there will no hidden cost nor inefficient service. The company, its management and its employee are all committed to develop world class infrastructure and deliver world class service at affordable price.

Kindly revert at the earliest.

Regards,

T.J.Thomas
Executive Director

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