

[F. No. AERA/20010/AAI-C/2010-11]

Consultation Paper No. 10/2010-11



Airports Economic Regulatory Authority of India
Proposal of AAI for Revision of Cargo Tariff at
Chennai and Kolkata Airports

New Delhi: 11th November, 2010

AERA Building
Administrative Complex
Safdarjung Airport
New Delhi-110 003

Airports Authority of India (AAI), vide their proposal dated 18.05.2010 (**Annexure-I**), sought a revision in tariff in respect of its Cargo handling units at Chennai and Kolkata airports. Chennai and Kolkata airports are “major airports” as defined under Section 2(i) of the AERA Act, 2008. Further, any service provided for the cargo facility at an airport is an “aeronautical service” as defined under Section 2(a) (v) of the Act. Hence, the proposal for revision of the cargo rates at Chennai & Kolkata airport has been submitted for the approval of the Authority in terms of Section 13(1)(a) of the Act.

1.2 AAI has been levying Terminal Storage and Processing (TSP) charges and Demurrage Charges as per the schedule of charges issued in this regard. The existing rates of TSP and Demurrage Charges were last revised vide AAI’s letter No. Cargo/1351/17/2007/pt.431-445 dated 02.04.2008 and were effective from 07.04.2008 upto 31.03.2010 (**Annexure-II**).

1.3 AAI have submitted that they have been undertaking a process of user consultation with Apex trade bodies, local cargo clearing and forwarding agents whenever such cargo rates had to be revised. In respect of the instant proposal also, AAI has undertaken two such meetings with stakeholders wherein the scope of functions, cargo traffic trends/ forecasting, feedback mechanism of AAI, value addition to the cargo services by AAI since the last revision, initiatives taken by AAI for augmentation of infrastructure at the Cargo units at these airports etc. were highlighted during the presentation made at the two stakeholders meetings (**Annexure-III**).

1.4 AAI had proposed an increase of 10% each year for the period 2010-11 and 2011-12, keeping in view the investment in improvement of cargo terminal to the tune of Rs.79 crores in the last 2 years and further estimated investment of Rs.160 crores (approximately) in 2010-11 in the cargo facilities at these two airports.

1.5.1 In the Consultation Paper No.03/2009-10, issued by the Authority on the "Regulatory Philosophy and Approach in Economic Regulation of Airports and Air Navigation Service" on 26.02.2010, the Authority had taken the stand that:

“The Authority's approach to regulation of tariff / end user charges with respect to cargo facilities, ground handling, and fuel farm facilities / fuel access will comprise two key steps: materiality assessment and competition assessment. Only where the Authority assesses that there is insufficient competition and the impact of regulation would be material on users, would the Authority seek to set tariffs. Elsewhere, the cost of tariff regulation could outweigh the benefits and the Authority would not seek to intrusively regulate tariffs and would only approve annual tariffs.” (Part V, para 1.32)

Further in para 2.13 of Part IV of the Consultation Paper, the Authority had stated that:

“Consistent with the Authority's overall regulatory approach outlined above with respect to regulation of tariff/end user charges for cargo facilities, ground handling services and fuel farm / access facilities, the Authority proposes to presume a degree of competition wherever two or more cargo facilities are

operational at airports. In such cases, the Authority proposes to approve tariffs based on submissions with respect to broad level justification by the operators. The Authority recognizes that such competition assessment may be required for different types of cargo facilities (general, perishable, express) separately at different airports. The Authority will be open to receiving and considering evidence from users on whether or not the competition is effective."

1.5.2 Guided by the approach of the Authority in the Consultation Paper No.03/2009-10, AAI have submitted that they initiated a consultation process with stakeholders at local and national level to revise the schedule of cargo charges w.e.f 01.04.2010 at Chennai and Kolkata Airports.

1.6.1 The first meeting with stakeholders was convened by AAI on 19.03.2010 with AAI proposing an increase of 10% each year for 2010-11 and 2011-12. AAI justified the increase in view of the investments made to the tune of Rs.79 crores at the subject airports in the last 2 years (2008-09 & 2009-10); the investment proposed to be made at these airports (to the tune of Rs.160 crores) as also the increase in operating costs. Minutes of the meeting, annexed to their proposal has been issued on 07.04.2010 (**Annexure-IV**). The meeting was attended only by the Federation of Freight Forwarders Association of India (FFFAI), Mumbai and the Kolkata Customs House Agents (KCHA). The Air Cargo Agents Association of India (ACAAI) and Chennai Customs House Agents Association, did not attend the meeting and expressed that these charges have to be decided by the Airports Economic Regulatory Authority and not by AAI.

1.6.2 Since AAI wanted a wider participation, a second meeting was convened on 16.04.2010 which was attended by the Federation of Indian Export Organisation (FIEO), FFFAI and KCHA. As per the minutes of the meeting dated 19.04.2010 (**Annexure-V**) after discussion with the Apex bodies, a 5% increase in the schedule of charges each year of the two year agreement period i.e., 2010-11 & 2011-12 has been agreed to.

1.6.3 AAI have stated that as a consensus has emerged between AAI and the stakeholders to enhance the existing tariff by 5% for the year 2010-11 & 2011-12, the Authority may accord its approval for the revision of the charges at Chennai Airport (to the extent AAI is custodian) and Kolkata Airport. The existing schedule of the charges and the proposed schedule of charges, after the 5% revision, are at **Annexure-VI & Annexure-VII**, respectively.

1.6.4 AAI has in the past held such stakeholder / user Consultation meetings with representatives of Apex Trade Bodies viz FIEO, FFFAI, ACAAI, CII on the revision of TSP and Demurrage charges. Though AAI has held two such consultation meetings the participation has been limited to only the FIEO, FFFAI and KCHA. This fact has also been pointed out in the minutes of the meeting, dated 19.04.2010, attached with AAI's proposal, wherein in the minutes of the meeting held on 16.04.2010, the representative from FFFAI had suggested a wider participation of agents from Chennai and Kolkata Airports.

2.1 The relevant portion of the Consultation Paper no. 05/2010-11 dated 02.08.2010 on Economic Regulation of Services Provided for Cargo Facility, Ground Handling and Supply

of Fuel to the Aircraft, issued by the Authority Para 3(a) is reproduced below:

"The Authority recognises that the services for the cargo facility, ground handling and supply of fuel to the aircraft are provided at major airports, by the cargo facility operators, ground handling service providers and fuel farm operators fuel access providers who can either be the airport operators themselves or independent agencies / licensees ("independent service providers"). The Order lays down the regulatory philosophy and approach wherever aforesaid services are provided by the independent service providers. The Authority will set out its approach for airport operators, in respect of such services separately."

2.2 AAI's proposal was considered by the Authority in its 13th meeting held on 26.08.2010. The Authority noted that the approach in respect of cargo services has not yet been finalised and any determination at this stage would be on an ad hoc basis only. The proposal submitted by AAI was bereft of requisite financial details and the stakeholder consultation appeared to be incomplete in as much as one of the important stakeholders ACAAI did not participate in the meeting. ACAAI vide letter dated 10.08.2010, had also requested the Authority that while examining the request of the AAI for revision of charges, AAI should be asked to enhance its infrastructure as well as services offered to the trade and other factors justifying the revision. ASSOCHAM also, vide letter dated 07.09.10, has stated that they agree with the views of the ACAAI and requested that any revision without a corresponding improvement in infrastructure facilities will increase the transaction cost of the industry.

2.3 In view of the position stated in para 2.2 above, the Authority decided to return the proposal to AAI with the request to await the finalisation of the approach of the Authority in respect of regulation of cargo service where such services are provided by the airport operator. However, in case of compelling reasons for seeking revision on an immediate basis, a fresh proposal with detailed financial justification be submitted for the consideration of the Authority. Accordingly the proposal was returned to AAI.

3.1 AAI, vide letter dated 07.09.2010 (**Annexure-VIII**) have re-submitted its proposal requesting that the same may be reconsidered for the reasons that the rate of increase of inflation in 2009-10 based on CPI, was 12.95% against proposed revision of 5%. This revision is based on the consensus reached in the meeting with FFAAI and FIEO.

3.2 As the details furnished by AAI vide letter dated 07.09.2010, were insufficient, AAI were requested to furnish the airportwise details of the expenditure incurred for improvement of cargo terminals at the Chennai and Kolkata airports alongwith details of the operational expenditure.

3.3 AAI, vide their letter no. AAI/CHQ/REV/AERA/CARGO/2010/439 dated 24.09.2010 (**Annexure-IX**) and no. AAI/CHQ/REV/AERA/CARGO/2010/472 dated 24.09.10 (received on 05.10.2010, **Annexure-X**) submitted the details and stated that the last revision of cargo charges was done in year 2007-08 and since then AAI has invested Rs. 165 crores and Rs.96 crores at the cargo centers at Chennai airport and Kolkata airport

respectively. The operating expenditure has increased by more than 12.43% during 2009-10 over 2008-09 at Chennai Airport and by 11.32% for the corresponding period at Kolkata airport, against which 5% increase only has been requested. However AAI did not furnish the expenditure figures pertaining to Cargo Terminals of Chennai and Kolkata airports. The figures furnished were for the entire airport.

3.4 The Authority, vide letter no. AERA/20010/AAI-C/2010-11/1179 dated 08.10.2010, requested AAI, to furnish specific details of expenditure (opex and capex) at the Cargo Units of Kolkata and Chennai Airport to process the request for 5% revision in AAI schedule of charges for cargo handling services at each airport. However AAI vide letter no. AAI/CHQ/REV/AERA/CARGO/2010 dated 18.10.2010 (**Annexure XI**), have stated that they are unable to provide separate accounts for cargo units at these airports as they do not maintain separate accounts for cargo services at these airports and that the figures are maintained for the airport as a whole. AAI reiterated its request for considering their proposal based on the grounds already indicated i.e. increase in expenditure, investments made at the Cargo Units at these airports, revision requested lesser than the rate of inflation prevailing during 2009-10, based on CPI. It was also highlighted that as per existing practice the revision is due w.e.f. 1.4.2010 and therefore, delay in approval would result in further loss of revenues to AAI.

4.1 The Authority has, recently, decided its approach to economic regulation, inter alia, of services provided by the independent service providers for cargo facility at major airports (Order No. 05/2010-11 dated 30.7.2010). The said Order also specifically states that the approach for airport operators, in respect of such services will be set out separately. In other words the Authority's approach to economic regulation of services provided for cargo facility, wherever such services are provided by the airport operator, is still to be decided.

4.2 It is observed that:

- a) The Authority's approach in respect of Cargo Services wherever such services are provided by the airport operator itself, has not yet been finalized. Therefore, any determination at this stage would have to be on an ad hoc basis only.
- b) AAI has been charging uniform rates for Cargo Services at its airports. Such rates have been fixed by them, in the past, after stakeholder consultation. In the present case also AAI has proposed revision in charges broadly in accordance with the past practice.
- c) AAI has invested Rs. 165 crores and Rs. 96 crores at Chennai airport and Kolkata airport respectively. The operating expenditure (for entire airport including cargo units) have increased by more than 12.43% during 2009-10 over 2008-09 at airport, against which 5% increase only has been requested.
- d) The actual operating expenses at Chennai Airport for year 2008-09 and 2009-10 are Rs. 192.91 crores and Rs. 216.88 crores, respectively and at Kolkata airport it is Rs. 163.77 crores and Rs. 182.31 crores, respectively. However, separate expenditure figures for cargo units at Chennai and Kolkata airports are not furnished.
- e) At the time of recent revision of UDF in respect of Hyderabad airport, based on CSO data, it was ascertained that the WPI has increased @ 5.33% on CAGR basis. The 5%

increase proposed by AAI, is less than the rate ascertained.

- f) The revision of handling charges at cargo were proposed after holding stakeholder consultation and 5% revision proposed is based on the consensus reached at the meeting with the representatives of FFAAI and FIEO. AAI has stated that ACAAI did not participate in the meeting inspite of the clarifications given to them that AAI will seek approval of the AERA for revision of the rates.
- g) AAI has highlighted that the revision of cargo handling charges is due from 01.04.2010 and any delay in approval will lead to consequential loss of revenue to AAI, since it cannot be implemented with retrospective effect.
- h) At Chennai airport, AAI is not the sole custodian, Air India is also a competitor. However, at Kolkata airport, AAI is the sole custodian.
- i) AAI have requested that the cargo handling charges be revised @ 5% at Chennai and Kolkata airport during 2010-11 and 2011-12. It is proposed that the ad-hoc revision be applicable w.e.f. 01.12.2010 and be reviewed at final tariff determination for Chennai and Kolkata airport.

5. In view of the above, in exercise of powers conferred under section 13 (1) (a) of the AERA Act, 2008, the Authority proposes to approve the revision of the schedule of cargo charges (for TSP and Demurrage charges) at Chennai and Kolkata airports by 5% over the existing charges, purely on an ad-hoc basis, w.e.f. 01.12.2010, as per the Draft Schedule of Charges as at **AnnexureXII**. This ad-hoc determination would be reviewed at the stage of tariff determination for the first cycle and thereafter at such intervals as the Authority may decide.

6. The Authority solicits feedback, comments and suggestions from stakeholders on the proposal contained in para 5 above. Comments/submissions may please be furnished to the Authority, **latest by Thursday, 25th November,2010**, at the following address:

Shri Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
AERA Building,
Administrative Complex,
Safdarjung Airport, New Delhi- 110003
Email: sandeep.prakash@aera.gov.in, sandeep.moca@nic.in
Tel: 011-24695040
Fax: 011-24695039

Yashwant S. Bhawe
Chairperson

AIRPORTS AUTHORITY OF INDIA

Sub: **Revision of AAI Schedule of charges for cargo handling services**

AAI has been appointed Custodian by Customs to provide Cargo handling to exporting/importing community etc. on behalf of customs at cargo terminals which are situated in the vicinity of the Airport at Chennai, Kolkata, Coimbatore, Lucknow, Guwahati, Amritsar and Indore (through handling agency). AAI levy Terminal, Storage and Processing charges (TSP) and Demurrage Charges as per the Schedule of Charges mutually agreed between AAI and the Apex Trade Bodies by keeping total transparency.

2. The existing tariff of AAI charges was valid till 31.3.2010. Para 2.13 of Part-IV of Consultation Paper No. 3/2009-10 dated 26th February, 2010, AERA has proposed to approve tariff based on submissions with respect to broad level justifications by the operators, wherever two or more cargo facilities are operation at airports. Presently, at Chennai Airport, two custodians i.e. AAI and Air India are providing cargo facilities and had competition. Keeping in view the spirit of the aforesaid para of the Consultation Paper, AAI commenced the consultative processes to revise the charges w.e.f. 1.4.2010 through discussions with stake holders at local and national level.

3. The 1st meeting with the stakeholders was conducted on 19.3.2010 wherein a detailed presentation highlighting the introductory part of AAI its scope of functions, cargo traffic trends/forecasting, feedback mechanism of AAI, value addition by AAI during last revision, initiatives by AAI for augmentation of infrastructure, future proposal of AAI, significant financial factors etc. were delivered by AAI **(copy enclosed at Annexure-I).**

4. AAI proposed an increase of 10% each year for the period 2010-11 and 2011-02, keeping in view the investment in improvement of Cargo terminal, improvement in services by value addition, an investment made over Rs.79 crores in last 2 years and further investment of approx Rs.160 crores in 2010-11 besides increase in operating cost to the tune of 9.6% and inflation in consumer price index of 25.58% in Jan., 2010 over Oct., 2007. **The minutes of the 1st meeting are attached as Annexure-II.**

5. M/s ACAAI have registered their objections stating that AAI has no jurisdiction to call any meeting and only AERA has the jurisdiction to settle the issues regarding schedule of charges. They did not attend the meeting and were of the opinion that cargo charges shall be fixed by AERA & not AAI since AERA is now in existence. Their objection was recorded in the minutes of the first meeting. FIEO who represents importer and exporter community could not attend first meeting due to their preoccupation.

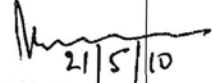
6. Since AAI wanted to have wider participation of the stake holders, the 2nd round of meeting was held on 16.4.2010. This time, Chairman of FFFAI, Apex body of Cargo handling agents, and FIEO, apex body of Importer and Exporter attended the meeting. ACAAI again objected about calling such meeting by AAI. After discussions with these Apex bodies, they proposed an increase of 5% over previous AAI charges in 2010-2011 and 2011-2012. AAI agreed to consider their proposal of increase of 5% and stated that **the proposal has to go to AERA for their approval.**

7. As a consensus has emerged between AAI and the stakeholders to enhance the existing tariff by 5% **(copy of minutes attached at Annexure-III),** the existing tariff (schedule of TSP charges) is attached **(at Annexure IV)** for revision of 5% before the revised schedule of charges are circulated to all users for implementation **(Annexure V).**

78/AERA/10
24-5-10

- 2 -

8. It is requested to kindly accord the approval to the aforesaid revision @5% in AAI schedule of charges at Chennai (to the extent AAI is custodian) & Kolkata, the two major airports defined in clause (i) of Section 2 of Airports Economic Regulatory Authority of India Act, 2008 (No.27 of 2008) issued vide circular No. AV-24032/03/2009-AAI dated 12th March, 2010 of Under Secretary, MoCA.


21/5/10

(V K Monga)
Executive Director (Cargo)

Encls: as above.

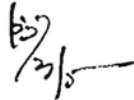
The Secretary, Airports Economic Regulatory Authority of India,
Room No. 58, B-Block, RG Bhavan, Safdarjung Airport, New Delhi-110003.

U.O. No. ED/Cargo/2010/1351/17/

Dt. May 18, 2010

1108/Secy/10
24.570

Re. exam.


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DEPTT. OF CARGO - HQRS.

No. Cargo/1351/17/2007/pt./

2nd April, 2008

The Regional Executive Director,
Airports Authority of India,
NR / WR / SR / ER / NER,
Delhi / Mumbai / Chennai / Kolkata / Guwahati.

The Airport Director,
Airports Authority of India,
Chennai / Kolkata / Coimbatore /
Lucknow / Nagpur / Guwahati.

Sub: Revision of Cargo Terminal Service Charges.

Sir,

During the final negotiation meeting held on 22.2.2008 between AAI and the representatives of Apex Trade Bodies viz. FIEO, FFFAI, ACAAI and CII regarding revision of rates of TSP & Demurrage charges, at this Hqrs. the following revision of charges has been mutually agreed to:

- (i) To maintain status quo for existing AAI charges for export cargo at Chennai and Kolkata Airports till 31.3.2010.
 - (ii) Import cargo TSP charges be increased by 6% and import Demurrage charges by 5%, on the existing tariff charges, for a period w.e.f. 7.4.2008 to 31.3.2010.
 - (iii) Merchant Over Time (MOT) charges of Rs.200.00 per consignment in exports may be uniformly applied at all AAI managed airports.
 - (iv) Regarding minimum weight difference charges, there is no change in the penal charges except that the applicable penal charges will be subject to minimum amount equivalent to the applicable minimum TSP charges for each consignment.
 - (v) TSP & Demurrage charges applicable at Chennai and Kolkata shall be uniformly applicable at all airports managed by AAI.
2. The revised schedule of charges are enclosed. The same may be implemented w.e.f. 7.4.2008 and to remain valid till 31.3.2010.
 3. Users / Trade bodies / Associations may be notified accordingly.
 4. Receipt and confirmation may be sent to this Hqrs.

Yours sincerely,

(Shiva Kant Mishra)
Executive Director (Cargo)

Encls: as above.

- cc: 1. Sr. E to Chairman – for information pl.
2. PS to Member (Ops) / PS to Member (Fin.) – for information pl.
3. DGM (Cargo) - Chennai, Kolkata airport – for implementation pl.



**Presentation
To
Apex Trade Bodies
For revision of
'Cargo Terminal Services'
(Renewable w.e.f. 1st Apr., 2010)**

19.3.2010
New Delhi.

The Presentation will cover

- * An Introduction
- * Statutory functions/scope of functions
- * Cargo traffic trends/forecasting
- * Feedback Mechanism
- * Value additions since last revision
- * Initiatives by Authority
- * Augmentation of Infrastructure/future proposal
- * Significant Financial Factors

3

*An
Introduction*

4

Vision of AAI

"To be a world-class organization providing leadership in air traffic services and airport management & making India a major hub in Asia Pacific region by 2016."

Contd...

5

Mission of Cargo Deptt.

"ZERO tolerance to mishandling of cargo"

Contd...

6

Statutory Functions / Acts

- AAI Act 1994 & amended in 2003

- development of air cargo terminals,
- creation of cargo handling infrastructure,
- management & processing of international cargo.

- Under Customs Act, 1962

- act as a custodian of cargo.

Contd...

7

Establishment of Cargo Terminals

- AAI came with the concept of integrated cargo terminal with all regulatory & facilitating agencies located under one roof and established integrated cargo terminals at 4 metro airports at:

Kolkata	-	1975
Mumbai	-	1977 (now with JVC w.e.f. May, 2006)
Chennai	-	1978
Delhi	-	1986 (now with JVC w.e.f. May, 2006)

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8

- At the Non-Metro Airports, AAI established interim cargo handling facilities for international cargo at:

Guwahati	- 1999
Lucknow	- 2000
Coimbatore	- 2001
Amritsar	- 2007

- Cargo handling facilities established by AAI for handling international cargo at Non-Metro Airports leased to Pvt. Operator:

Ahmedabad	- 2004 (GSEC)
Indore	- 2007 (GSEC)
Nagpur	- 1997 (with MIHAN w.e.f. Aug. 2009)

GSEC – Gujarat State Export Corporation
MIHAN – Mihaan India Private Limited

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Establishment of Centre for Perishable Cargo (CPC)

- « With the assistance of APEDA, CPC facility has been created at the air cargo terminals, as follows:

Delhi	- 1998 (with DIAL w.e.f. May, 2006)
Chennai	- 1999 (AAI – to be shifted)
Hyderabad	- 2000 (Airport closed)
Mumbai	- 2003 (with MIAL w.e.f. May, 2006)
Amritsar	- 2007 (Leased to CVAHP)
Kolkata	- 2008 (AAI)

DIAL – Delhi Int'l Airport Pvt. Ltd., MIAL – Mumbai Int'l Private Limited,
CVAHP – Council for Value Added Horticulture In Punjab

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Walk in type interim Cold Room

- ✱ With the assistance of APEDA, Walk in type interim Cold Room facility has been created at the air cargo terminals, as follows:

Guwahati	-	1999	(AAI)
Coimbatore	-	2004	(AAI)
Lucknow	-	2004	(AAI)
Jaipur	-	2007	(RSAMB)
Ahmedabad	-	2007	(GAICL)
Goa	-	2009	(CONCOR-WIP)
Srinagar	-	2009	(Govt. of J&K)

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11

Establishment of Courier/Express Terminals

- ✱ Dedicated Courier / Express Terminals have been set up at;

IGIA	-	October, 2003 (now with JVC)
Chennai	-	July, 2007 (leased to Esquire Express India Pvt. Ltd. & Federal Express Corp)

- ✱ Interim Domestic Cargo/Courier Terminal handled by respective airlines & commissioned at Kolkata Airport w.e.f. 10.9.2008.

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Scope of Functions

13

Scope of Functions

IMPORT CARGO	EXPORT CARGO
* Bringing loaded ULD (Unit Load Device) / Bulk cargo to Flight checking area.	* Admittance of Ready for Carriage Cargo.
* Destuffing of import/TP cargo.	* Weight verification
* Segregation/binning.	* Acceptance at Bonded gate
* Forwarding for Customs Examination/Retrieval	* Unitization/containerisation / Bulk cargo loading.
* Delivery to the consignee	* Releasing of cargo to airlines.
* Disposal of Uncleared cargo.	* Shut out cargo.

AAI - a Complete Terminal Operator

14

Cargo Traffic Trend

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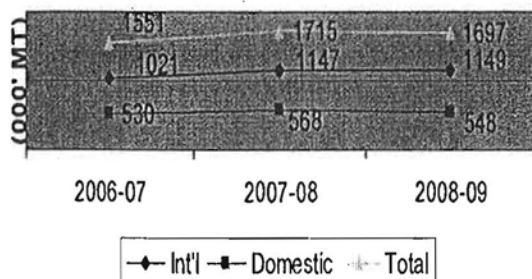
Cargo handled at Indian Airports

Year	Int'l (^{'000} MT)	% age change	Dom'tic (^{'000} MT)	% age change	Total (^{'000} MT)	% age change
2006-07	1021		530		1551	
2007-08	1147	12.3	568	7.3	1715	10.6
2008-09	1149	0.2	548	-3.6	1697	-1.0
Avg growth In 2 yrs	6.1		1.7		4.6	

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Cargo Handled at Indian Airports



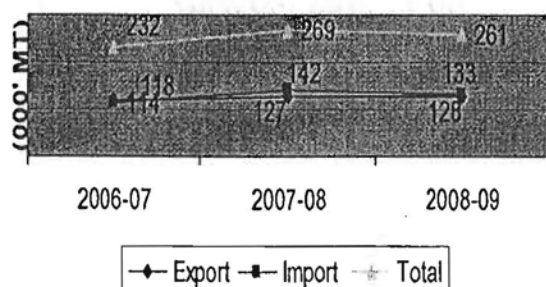
Int'l Cargo Traffic Trend (Chennai & Kolkata Airport)

Year	Export ('000 MT)	% age change	Import ('000 MT)	% age change	Total ('000 MT)	% age change
2006-07	118	8.2	114	24.8	232	15.8
2007-08	127	7.9	142	24.4	269	16.0
2008-09	128	0.4	133	(-)6.3	260	(-)3.1
Avg growth in 2 yrs		5.4		13.3		9.2

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Int'l Cargo Traffic Trend (Chennai & Kolkata Airport)



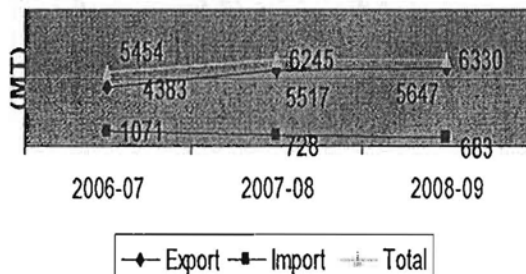
Int'l Cargo Traffic Trend (at AAI managed domestic Airports)

Year	Export (MT)	% age change	Import (MT)	% age change	Total (MT)	% age change
2006-07	4383		1071		5454	
2007-08	5517	25.8	728	-31.9	6245	14.5
2008-09	5647	2.3	683	-6.2	6330	1.3
Avg growth in 2 yrs	13.5		-20.1		7.7	

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Int'l Cargo Traffic Trend (at AAI managed Domestic Airports)



Int'l Cargo Traffic - comparison (at AAI managed Airports)

Month	2009-10	2008-09	(wt. in MT)
			% change
Apr	18,611	24,175	(-) 23.02
May	19,300	24,019	(-) 19.65
Jun	20,424	23,851	(-) 14.37
Jul	21,913	23,769	(-) 7.81
Aug	22,701	24,347	(-) 6.76
Sep	22,155	24,749	(-) 10.48
Oct	22,853	22,326	(+) 2.36
Nov	22,904	20,680	(+) 10.75
Dec	22,863	20,093	(+) 13.79
Jan, 2010	20,295	16,309	(+) 24.44

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Int'l Cargo Traffic - comparison

2009-10	Chennai	Kolkata	(Value in %age)
			All AAI Airports
Apr	(-) 25.87	(-) 16.72	(-) 23.01
May	(-) 21.77	(-) 15.72	(-) 19.65
Jun	(-) 15.35	(-) 10.11	(-) 14.37
Jul	(-) 9.88	(+) 5.40	(-) 7.81
Aug	(-) 7.86	(-) 1.69	(-) 6.76
Sep	(-) 10.24	(-) 18.02	(-) 10.48
Oct	(-) 0.16	(+) 3.16	(+) 2.36
Nov	(+) 13.51	(-) 7.41	(+) 10.76
Dec	(+) 9.81	(+) 18.52	(+) 25.87
Jan, 2010	(+) 26.04	(+) 4.74	(+) 25.87

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Int'l Cargo Forecast (on all India basis)

Year	Int'l Cgo	Dom' Cgo
2007-2008 (Base Year)	1147	568
Growth Rate	6.0%	1.0%
2008-09	1216	574
Growth Rate	6.0%	2.0%
2009-10	1288	585
Growth Rate	7.0%	2.0%
2010-11	1379	597
Growth Rate	7.0%	4.0%
2011-12	1475	621
Growth Rate	8.0%	5.0%
2012-13	1593	652

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Feedback Mechanism

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- Regular public opinion surveys (Customer Satisfaction Survey).
- Regular interaction with cargo trade & regulatory / facilitating agencies in CAFAC meetings & cargo forums.
- Creation of "Help Desk".

Contd...

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Improved Customer Satisfaction

(Values in %)

Airport	Parameters	April 2007	Oct.2009
Chennai	Export	57	73
	Import	52	70
	Overall	55	72
Kolkata	Export	66	82
	Import	65	90
	Overall	66	86
Overall % Increase in CSI		60	79

An Increase of 31.7% in CSI level during Oct.2009 over Apr.2007.

Contd...

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- MOU with MOCA –

Import Cargo :

The period from the time the gate pass is made to the time cargo is delivered to the consignee within 24 hours. – 98%

(Achieved 99.74% during Apr 09-Jan 10)

Export Cargo:

The period from the time cargo is received in truck dock area to the time of handing over the airlines in 48 hours. – 96%

(Achieved 99.72% during Apr 09-Jan 10)

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Value Addition

(since last revision)

29

A. Policy level

B. Operational level viz;

- Profile of Untraceable Cargo
- Profile of Claims
- Profile of Cargo Clearance
- Enhancement of cargo areas / capacities
- Enhancement in cargo handling equipment

Contd...

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A. Policy level

1. Refund of TSP charges in case export shipment is not brought to cargo terminal during the validity of TSP on which advance TSP charges have been paid by Shipper.

Earlier TSP charges were being forfeited .

2. Shifting of containerized air cargo from Chennai airport to ICD/CFS locations as per Customs Order.

This move will de-congest the cargo terminal and facilitate faster clearance of cargo.

Contd...

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B. Operational level

1. PROFILE OF UNTRACEABLE CARGO (at Metro Airports)

FIN. YEAR	IMPORT			EXPORT		
	NO. OF PKGS. U/T	TOTAL PACKAGES Handled	% AGE & Ratio	NO. OF PKGS. U/T	TOTAL PACKAGES Handled	% AGE & Ratio
2008-2009	22	34,05,221	0.0006 1:1,54,646	0	57,52,405	0.000
2009-2010*	12	26,62,291	0.0004 1:2,21,857	2	45,97,257	negligible

* Upto 12/2009.

negligible untraceability in export & reduced in import.

Contd...

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2. PROFILE OF CLAIMS (at Metro Airports)

FIN. YEAR	IMPORT			EXPORT		
	No. of cases (amount of claim)	Total consign- ment	% AGE & Ratio	No. of cases (amount of claim)	Total consign- ment	% AGE & Ratio
2008- 2009	29 (35 lacs)	3,75,218	.0077 1:12,938	1	1,62,883	0.000
2009- 2010*	20 (20 lacs)	2,97,946	0.0067 1:14,897	0	1,30,167	0.000

* Upto 12/2009.

Negligible Claims in Export

Contd...

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3. Improved Clearance profile of Import cargo due reduction in Free Period

Parameter	% cargo cleared
Prior to Oct., 2007 (within 72 hrs when free period was 5 working days)	27.79
After Oct., 2007 (within 72 hrs free period when free period is reduced to 72 hrs at Chennai & Kolkata Airports)	54.71

26.92% more cargo is cleared within 72 hrs
post reduction in the free period.

Contd...

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4. Dwell Time-Import stage wise, Chennai

A. (Cargo Arrival to Bill of Entry filing – In % age)

3 days	4-6 days	7-10 days	11-30 days	>30 days
73.33	22.16	3.25	1.13	0.33

B. (Bill of Entry filing to Final Delivery – In % age)

3 days	4-6 days	7-10 days	11-30 days	>30 days
33.02	60.99	4.35	1.03	0.49

35

5. Improved Clearance profile of Export cargo due reduction in Free Period

Parameter	% cargo cleared
Prior to Oct., 2007 (within 48 hrs, when free period was 04 days for airlines)	95.34
After Oct., 2007 (within 48 hrs, when free period is reduced to 48 hrs for airlines)	99.26

3.92% more cargo is cleared within 48 hrs
post reduction in the free period.

Contd...

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6. Enhancement of Areas/Capacities

Cargo in M.T.

Year	Airport	Area (sqm)	Annual Capacity	Cargo handled
At the end of Xth Plan (2002-03 to 2006-07)	Chennai	24,300	2,18,000	1,95,000
	Kolkata	9,973	40,000	36,400
At the end of 2009-10	Chennai	40,700	4,05,000	2,21,000
	Kolkata	21,906	1,25,000	42,000
At the end of XIth Plan (2007-08 to 2011-12)	Chennai	60,600	5,44,000	2,53,900
	Kolkata	21,900	1,25,000	48,000

Contd...

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7. Areas viz-a-viz Capacities at Domestic Apts

Airport	Covered Area (Sqm)	One time capacity (MT)
Coimbatore	2,585	258
Amritsar	2256	250
Lucknow	200	20
Indore	352	35
Guwahati	150	15

Contd...

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8. Enhancement in cargo handling equipment

Chennai Airport		Kolkata Airport	
Month	Equipment	Month	Equipment
Feb 08	3-Five Ton Battery Operated Tow Trucks	Mar 08	20-Two wheeled Trolley
Mar 08	4-Five Ton Forklift	Mar 08	10-Battery Operated Power Pallet Trucks
Mar 09	6-Three Ton Diesel Forklift		

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Initiatives by AAI

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Cargo growth initiatives

- To sustain and achieve the target growth in future, Ministry of Civil Aviation / AAI have commissioned a study on the growth in Air Cargo in India. M/s Price Water House Coopers who were appointed as consultant for Preparation of Report on Growth in Air Cargo in India have submitted the report to MoCA/AAI, which has been examined by AAI & action taken. *when?*

Contd...

41

Cargo growth initiatives

- AAI has taken over Portblair Air Cargo Complex from Andaman & Nicobar Govt.
- AAI propose to construct Cargo Terminal at Srinagar Airport.

Contd...

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Capacity Measurement Survey

Colombatore ACC

The capacity measurement survey was carried out during July, 2008 to evaluate the capacity & demand of Colombatore Air Cargo Terminal .

Field	Covered area (SQM)	Capacity (MT)	Demand (MT)	Year of Saturation
Import	1,074	2,540	192	Not defined
Export	1,511	28,700	2,856	Not defined
Total	2,585	31,240	3,048	

Contd...

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Capacity Measurement Survey

Chennai ACC

The capacity measurement survey was carried out during May, 2009 to evaluate the capacity & demand of Chennai Air Cargo Terminal .

Area	Capacity (In MT)		Demand (In MT) (2008-2009)	Year of Saturation	
	Existing	After commissioning of Phase-III		Existing	After commissioning of Phase-III
Import	139284	277462	113899	2011-12	2018-19
Export	224428	224428	105663	2019-20	2019-20
Total	363712	501890	219562	-	-

Contd...

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e. Business in air cargo processing

- IGM message exchange with Customs on-line.
- D.O. message exchange with airlines on-line.
- On-line Bank Challan generation by Importer
- TSP receipt generation on-line by exporter.
- AAI is in the process of implementing 'Net Banking'.

Contd...

45

- A decision has been taken that Customs/Custodians connectivity should be at the upgraded version 1.5. Trial run for the same between AAI and Customs would be initiated at Coimbatore followed with Chennai & Kolkata.

- Unified web based community system will provide single point contract for all the users in India for which AAI would be nodal organization to develop the same.

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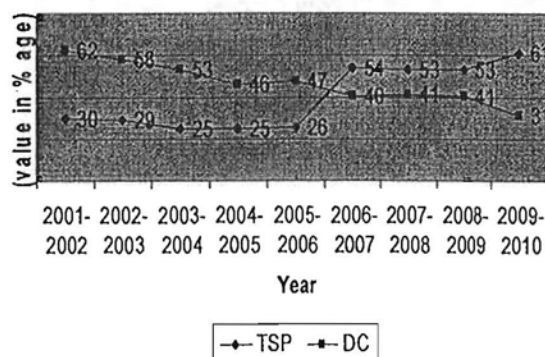
Declining of Demurrage in Imports

(Value in % age)

Year	Chennai		Kolkata		Overall	
	TSP	DC	TSP	DC	TSP	DC
2006-07	56.09	36.38	44.57	54.91	53.80	40.06
2007-08	55.88	36.77	41.88	58.11	53.12	40.98
2008-09	54.26	37.91	46.72	53.27	52.89	40.70
2009-10	64.54	26.38	45.98	53.94	61.20	31.35

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Decline in Demurrage Charges



*Augmentation
of
Infrastructure*

49

*Chennai
Air Cargo Complex*

50

Works completed during 2008-2010

- Eight (8) shed for import cargo
 - Area : 13,000 sqm
 - Cost : Rs. 10 crores
 - Commissioned : 2007 to 2009
- Additional Truck Parking Area in & around SBI and Air India Sales Office.

Contd...

51

Works completed during 2008-2010

- The higher & upgraded version of server i.e. 10G Commissioned in air cargo handling at Chennai Airport for smooth implementation of e.com.
- Bar Code System put in place at Chennai Airport.

Contd...

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Work-in-progress

- Integrated Import terminal Phase-III

Area	:	25,000 sqm (with GF, 1 st & 2 nd floor)
Cost	:	Rs.155 crores
Features	:	Automated Storage & Retrieval System (AS&RS) Office Space on 1 st & 2 nd floor
Status	:	Under construction
PDC	:	Mid of 2010.

Contd...

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Kolkata

Air Cargo Complex

54

Works completed during 2008-2010

- Integrated terminal Phase-I for Export & Import Cargo

Salient features of Phase-I:

Area	:	19,150 sqm
Capacity	:	1,25,000 MT (Annual)
Cost	:	Rs. 52 crores
Status	:	Both the modules commissioned

Contd...

55

Works completed during 2008-2010

- State of the Art Centre for Perishable Cargo

Area	:	756 sqm
Cost	:	Rs.6.99 crores
Chambers	:	3 nos.
Annual capacity	:	20,000 M.T.
Commissioned	:	June, 2008

Contd...

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Works completed during 2008-2010

•Automated Storage & Retrieval System
(AS & RS)

Bins	:	1080
Storage capacity	:	1080 MT
Area	:	1930 Sqm.
Cost	:	Rs. 8.72 crores
Commissioned	:	July, 2008

Contd...

57

Works completed during 2008-2010

•Installation of ETV in Export at phase-I.

Position	:	70 Slots (with 2 Built up station)
Storage capacity	:	140 MT
Area	:	1230 Sqm.
Cost	:	Rs. 8.70 crores
Commissioned	:	Sept., 2008

Contd...

58

Works completed during 2008-2010

• Construction / Expansion of Cargo Apron

Area	:	57,830 sqm (Includes 2 parking stands)
Cost	:	Rs.19.13 crores
Status	:	Commissioned

• Interim Domestic Cargo/Courier Terminal

Status	:	Commissioned
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Contd...

59

Works completed during 2008-2010

- The higher & upgraded version of server
i.e. 10G Commissioned In air cargo
handling at Kolkata Airport for smooth
implementation of e.com.
- Bar Code System put in place at Kolkata
Airport.

Contd...

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Proposed works

- Covered shed in Import Air Side

Cost	:	Rs. 5 crores
Status	:	At tendering stage

Contd...

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Achievements of Cargo Deptt

62

'Implementation of EC/EDI in Air Cargo Sector' was adjudged 'Innovative Applications and Operations' under 'Trade Facilitation'.



25th Asia Pacific Council for Trade Facilitation and Electronic Business (APACT) meeting held at Bangkok on 9.8.2007.

63

**International Award for
Excellence in Air Cargo**

**EMERGING
CARGO AIRPORT OF THE YEAR**

**Chennai
International
Airport**

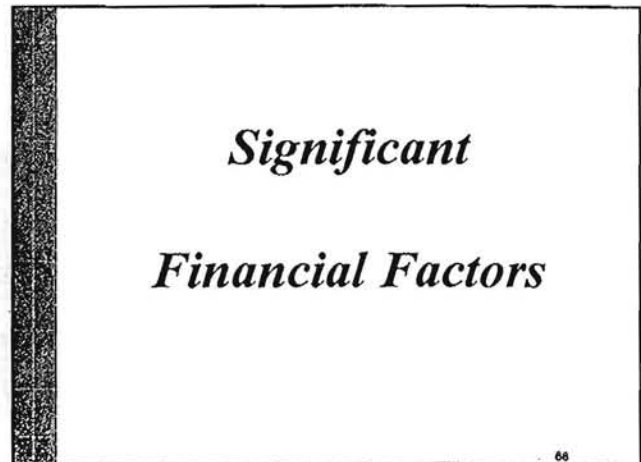
Nominated by the readers of
The STAT Trade Times
& presented at
AIR CARGO INDIA 2008 event in Mumbai.



R. K. Patra

R. K. PATRA
Editor-in-Chief

Place: Mumbai
Date: January 24, 2008



Chennai & Kolkata Airport

All operating Costs		Increase
F.Y.2008-09 Rs.19128 lacs.	F.Y.2009-10* Rs.20978 lacs	9.6%
Inflation Consumer Price Index Effects		
AS ON Oct., 2007 : 3006 points.	AS ON Jan, 2010 : 3775 points	25.6%
Investment on infrastructure 2008-2009 to 2009-2010*		79.66 crores

* RE figures

Contd...

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* Capital Expenditure-proposed (2010-11)

Rs. 160 crores, as follows;

Import Trml, Ph-III, Chennai (Under construction)	:	Rs.155 crore
Covered shed in Import shed, Kolkata (Proposed)	:	Rs. 5 crore

70

Factors needs

Revision of Charges

- * Expansion of cargo processing areas
- * Infrastructural development/improvements
- * Increase in Consumer Price Index
- * Increase in Operating/Manpower Cost

Contd...

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- * Automation In Air Cargo e.g. Implementation of AS&RS etc.
- * e.business mechanism in air cargo.
- * Improved Customer Satisfaction
- * Enhancement in cargo handling equipment.

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AGENDA

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Proposed increase in Schedule of Charges

(a) @ 10% w.e.f. 1.4.2010
(over rates as on 31.3.2010)

(b) @10% w.e.f. 1.4.2011
(over rates as on 31.3.2011)

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Thank You

AIRPORTS AUTHORITY OF INDIA
Operational Offices, Gurgaon Road, New Delhi.

No. ED/Cargo/2010/1351/17/

7th April, 2010

**SUMMARY RECORDS OF DISCUSSION HELD BETWEEN AAI AND THE APEX
TRADE BODIES REGARDING REVISION OF SCHEDULE OF CHARGES ON
19.3.2010 AT 1100 HRS. AT THE AAIOT, SAFDARJUNG AIRPORT, NEW DELHI.**

The following were present:-

<u>Airports Authority of India</u>	<u>Apex Trade Bodies</u>
Sh. V K Monga, ED(Cargo) (in Chair)	Sh. Kailash Gupta, FFFAI
Sh. Y K Goel, GM(Cargo), CHQ	Sh. Utpal Das, CCHAA , Kolkata
Sh. M Ravi Verma, GM(F&A), CHQ	ACAAI*
Sh. K P K Nath, DGM(Cargo), Chennai	FIEO*
Sh. B K Mehrotra, DGM(Cargo), CHQ	CII*
Sh. D Murlidharan, DGM(Cargo), Kolkata	FICCI*
Sh. Girish Sharma, DGM(Cargo), CHQ	ASSOCHAM*
	Chennai Customs House Agents Association*
	The Customs Clearing Agents Association, Amritsar — did not attend the meeting.
	* did not attend the meeting due to pre-occupation.

1. Chairman welcomed the members of the Apex Trade Bodies and stated the unavoidable delay as many bodies promised to attend the meeting. He thanked the FFFAI and Kolkata Customs House Agents Association their gracious presence. He also informed the house that a fax communication from ACAAI originated today which was received just at the last minute at the meeting place wherein they have expressed their inability to attend the meeting. ACAAI in their fax dated 19.3.2010 of which a copy is marked to AERA have stated that since the AERA is now in place, therefore, they are of the opinion that all the cargo charges have to be decided by AERA and not by AAI. Similar views have been expressed informally by Chennai Customs House Agents Association, Chennai in their fax dated 18.3.2010 also.

2. Chairman informed the house that Airports Authority of India has always used democratic process to discuss any enhancement of charges with all the stakeholders in the past. Maintaining the same tradition, AAI has finalized this meeting to discuss the revision of schedule of charges with all the stakeholder such as FFFAI, ACAAI, CCHAA - Kolkata, FIEO, CII, FICCI, ASSOCHAM, Chennai Customs House Agents Association & The Customs Clearing Agents Association – Amritsar have been associated for the first time in the negotiation process to discuss and finalize the AAI Cargo Terminal Services Charges which are due for revision w.e.f. 1.4.2010. The mutual agreement reached between AAI and the Apex Trade Bodies shall be approved as per the prevailing Govt. procedure, rules and regulations. After the introduction of the members, Chairman requested General Manager (Cargo) to give the presentation.

3. A detailed presentation highlighting the introductory part of AAI its scope of functions, cargo traffic trends/forecasting, feedback mechanism of AAI, value addition by AAI during last revision, initiatives by AAI for augmentation of infrastructure and future proposal of AAI etc. were delivered by GM(Cargo). It was informed that inspite of recession, AAI is continuously augmenting the cargo infrastructure. In this direction, a massive import terminal on an area above 25,000 sqm at a cost of Rs.155 crores is under progress at Chennai Airport. A part portion of this terminal has already been made operational as an interim arrangement. To protect the cargo from weather of vagaries, a shed is under drawing stage for imports at Kolkata Airport which shall cost Rs.5 crores to AAI.

4. GM(Cargo) further apprized the apex trade bodies that AAI has been trend setter in air cargo and for the first time by any custodian TSP charges in case of no show of export cargo at the terminal, is refunded. In order to decongest the cargo terminal and faster clearance of cargo, shifting of containerized air cargo from Chennai airport to ICD/CFS & vice versa has been approved as per customs order. The way AAI has augmented the state of the art infrastructure and facilities, the Chennai and Kolkata Airports have been awarded 'International Award for Excellence in Air Cargo' under category 'Emerging Cargo Airport of the Year' by Stat Trade Times during 2008 & 2010 respectively. All this have been made possible with due cooperation of Apex Trade Bodies.

5. Sh. M Ravi Verma, GM(F&A) while highlighting the financial aspect of the presentation proposed an increase of 10% in 2010-11 over and above the schedule of charges which are in vogue as on 31.3.2010 with further 10% increase in 2011-12. In support of justify the increase, he asserted that while the operating cost increased by over 9%, the consumer price index increased by 25%. AAI has also invested Rs.79.66 crores during the last two years of agreement period. In spite of cargo volumes dipping, AAI is continuously enhancing its infrastructure and plans to invest another 160 crores of rupees in

the year 2010-11 itself. All this proves the commitment of AAI towards cargo orientation and ultimate customer satisfaction.

6. Initiating the discussions, apex trade bodies appreciated the augmentation of the infrastructure/facilities to accelerate the cargo processing at its managed airports. They pointed out that with the reduction of free period particularly in the import, the pressure has been mounted back on trade to clear the cargo within prescribed free period to avoid demurrage charges. It was clarified by GM(Cargo) that the issue of applicable free period is as per the directives from the ministry. Hence, it is beyond the jurisdiction of AAI.

7. FFFAI informed that their annual meeting is scheduled in the 1st week of April where they will disseminate the proposal of AAI to increase the charges by 10% to their members for their opinion, therefore, next meeting could be convened after their annual meeting. Accordingly, the next meeting was finalized to be held on 16.4.2010.

The meeting ended with a vote of thanks to the chair.



(Girish Sharma)
Dy. General Manager (Cargo)

Distribution:

1. Apex Trade Bodies (as per list attached).
2. All Participants of AAI.

Apex Trade Bodies

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AIRPORTS AUTHORITY OF INDIA
Operational Offices, Gurgaon Road, New Delhi-110037.

No. ED/Cargo/2009/1351/17/ 579-595

April 19, 2010

SUMMARY RECORDS OF DISCUSSIONS HELD BETWEEN AAI AND THE APEX TRADE BODIES REGARDING REVISION OF SCHEDULE OF CHARGES ON 16.04.2010 AT 1100 HRS. AT THE AAIOI, SAFDARJUNG AIRPORT, NEW DELHI.

The following were present :

Airports Authority of India	Apex Trade Bodies
1. Shri V.k. Monga, ED(Cargo) (....in Chair) 2. Shri Y.K. Goel, GM(Cargo) 3. Shri M. Ravi Verma, GM(F&A) 4. Shri B.K. Mehrotra, DGM(Cargo) 5. Shri Dinesh Mehra, Asstt. GM(Cargo) 6. Shri S.K. Chauhan, Manager (Cargo)	1. Ms. Priya Safaya, Jt. Dy. Director General, FIEO 2. Shri Utpal Das, Executive Committee Member, Calcutta Customs House Agents Association, Kolkata 3. Shri P.C. Maity, Member, Calcutta Customs House Agents Ass., Kolkata 4. Shri Raman Raj Sud, Chairman, FFFAI 5. ACAAI* 6. CII* 7. FICCI* 8. ASSOCHAM* 9. Chennai Customs House Agents Association* 10. The Customs Clearing Agents Ass., Amritsar* * did not attend the meeting due to pre-occupation.

1. Chairman welcomed the members of FIEO, FFFAI, the Apex Trade Bodies of Cargo Handling Agents, importers and exporters to the 2nd round of meeting to discuss the revision of AAI schedule of charges for the next 2 years i.e. 2010-11 and 2011-12, to be levied by AAI for providing various cargo handling services at the Cargo Terminals managed by AAI. Chairman briefly recapitulated the background and informed about the letters received from ACAAI raising their objection to AAI for holding such meetings for revision of AAI charges as they have mentioned that only M/s. AERA had the jurisdiction to settle issues regarding of charges. Chairman clarified that since AERA is in place and cargo


charges falling under Aeronautical charges, AAI has invited all the members of different Apex Bodies as per the guidelines of AERA to discuss and bring consensus between AAI and the Apex Trade Bodies before it is sent for the approval of AERA. Keeping in view the past practice and AERA Guidelines, AAI has commenced the dialogue process and requested wholehearted support from the Apex Trade Bodies on this issue.

2. Since some new members have joined for the first time, on the request of Chairman, the presentation was given by Shri Y.K. Goel, General Manager(Cargo) to update the members of the apex trade bodies. In spite of recession in cargo volumes in the past, however since October, 2009, a positive trend has emerged but AAI on its part is continuously pumping its resources to create cargo infrastructure as the same can not be built overnight. It was highlighted that Rs.79.66 crores have since been spent on building of cargo infrastructure at Chennai and Kolkata during 2008-09 to 2009-10. Further an investment of Rs. 160.00 crores have planned in 2010-11 on construction of Import Terminal Phase III at Chennai and covered shed on air side for import cargo at Kolkata Airport.

3. Shri M. Ravi Verma, GM(F&A) shared the financial part of the presentation and proposed an increase of 10% in each year 2010-11 and 2011-12. He informed that AAI did not revise charges on export side during last revision i.e. in the year 2007 keeping in view the sentiments of the exporters association particularly FIEO and still made huge capital investment for the development of cargo infrastructure / facilities in spite of the recession.

4. Thereafter, the Chairman invited the members to present their view points. Initiating the discussions, Ms. Priya Safaya of FIEO appreciated the AAI initiatives for development of infrastructure at airports and for maintaining the transparency and openness in the discussions with the trade. She further stated that FIEO is associated in this process for the last so many years and thanked AAI for keeping the sentiments of exporters in mind by not increasing the AAI charges in the last revision. She requested that though there is a positive trend in increase in exports, the situation of export is not still very good and requested AAI to maintain status quo for another year.

5. Shri Utpal Das, the representative of Kolkata Customs House Agents Association was in all appreciation of development of cargo infrastructure and facilities including AS&RS and the State of the Art Centre for Perishable Cargo developed by AAI at Kolkata Airport.

6.  Shri Raman Raj Sud, Chairman of FFFAI expressed his appreciation for AAI capital investment for infrastructural development and system improvements. He, however, suggested that a wider participation of agents

Apex Trade Bodies

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<p>Sh. Ajay Sahay, Director General, Federation of Indian Exports Organisation, Niryat Bhawan, Rao Tula Ram Marg, Opp. Army Hospital Research & Referral, New Delhi-110 057 Fax: +91-11-26148194, 26150066, 26150077 Email: fieo@nda.vsnl.net.in; fieo@airtelmail.in; ajaysahai@fieo.org</p>	<p>Sh. Chandrajit Banerjee, [Director General] Confederation of Indian Industry Mantosh Sondhi Centre, 23 Institutional Area, Lodi Road, New Delhi-110003 Fax :91-11-24626149 / 24633168 Email : cb@cii.in</p>
<p>Sh. Mahesh Reddy, FICCI, Federation House, Tansen Marg, New Delhi-110001 Fax 011-23320714, 23721504 Email: ficci@ficci.com; infra@ficci.com; maheshreddy@ficci.com</p>	<p>Sh. D S Rawat, Secretary General, The Associated Chambers of Commerce and Industry of India, 1, Community Centre, Zamrudpur, Kailash Colony, New Delhi – 110 048 Fax: 46536481/482/497/498/489 E-mail: assocham@nic.in; d.s.rawat@assocham.com</p>
<p>Sh. P.S. Krishanan, President, Chennai Custom House Agent's Association, No. 40, Moore Street, Chennai-600 001 Fax : 044-25221657 Mob. 9840062283 e.mail : gurushipping@gmail.com</p>	<p>Sh. Uttpal Das, Chairman(Airport Sub Committee), Calcutta Customs House Agents' Association, 23, Sir R N Mukherjee Road, Kolkata-700001. Fax:033-22482951 Mob 9830028828 e.mail : cchaa@sify.com</p>
<p>Sh. Dilip Singh, Secretary, The Customs Clearing Agents Association, Bazar Gujran, Majith Mandi, Amritsar. Phone:0183-2543688/ 2226094 Fax 0183-2558131 Mob 9814051978</p>	

from Chennai and Kolkata Airports. He was explained that the local bodies of CHAs at Chennai and Kolkata have already been invited by AAI for this meeting. The representative of local Association of CHAs from Kolkata Airport is already present in the meeting. He was informed that the local bodies of cargo handling agents at Chennai and Kolkata have left it to FFFAI to take decision. Sh. Sud discussed telephonically with the Secretary of Cargo Handling Agents Association at Chennai and Sh. Ajay Sahai, D.G. FIEO. After discussions with them, he proposed an increase of 5% in the revision of AAI schedule of charges. Chairman agreed to discuss with AAI management about the proposal of 5% increase in schedule of charges each year of two years agreement period i.e. 2010-11 & 2011-12, before it is sent to AERA for approval.]

7. Chairman, FFFAI pointed out that Director, Customs in one of the recent meetings held in Customs House has stated that there was a formula to fix custodian charges on cargo related services which needs clarifications from Customs. He also highlighted that FICCI is also holding a meeting of Special Task Force on transactions cost in the last week of April, 2010. He raised another issue about the implementation of 72 hours free period for import cargo in the light of judgment by the Hon'ble Court and requested AAI to revisit the Court Order for correct implementation of the judgment.

8. Summing up the session, Chairman thanked the apex trade bodies for other proactive attitude and their valuable contribution in the process of fruitful discussions leading to the development of cargo infrastructure / services undertaken by AAI. Chairman assured that points raised by FFFAI will be definitely looked into. The consensus emerged on revision of Schedule of Charges shall be put up to AERA for their approval before implementation by AAI.

The meeting ended with a vote of thanks to the Chair.


(Y K Goel)
General Manager(Cargo)

Distribution:

1. Apex Trade Bodies (as per list attached).
2. All participants of AAI.

THE SCHEDULE

(See regulation 5)

PART - I

CHARGES AT AAI AIRPORTS

A - EXPORT CARGO

(I) TERMINAL, STORAGE AND PROCESSING CHARGES

Sl. No.	Type of Cargo	Rate per kilogram	Minimum rate per consignment
		with effect from 7 th April, 2008 Rs/P	with effect from 7 th April, 2008 Rs/P
(1)	(2)	(3)	(4)
1	General	Re. 0.70	Rs. 120.00
2	# Special	Rs. 1.40	Rs. 235.00
3	Perishable	Re. 0.70	Rs. 120.00

(II) DEMURRAGE CHARGES (Leviable From Shipper)

Sl. No	Type of Cargo	Rate per kilogram Per day	Minimum rate per consignment
		with effect from 7 th April, 2008 Rs/P	with effect from 7 th April, 2008 Rs/P
(1)	(2)	(3)	(4)
1	General	Re. 0.72	Rs. 120.00
2	# Special	Rs. 1.43	Rs. 235.00
3	Perishable	Re. 0.72	Rs. 120.00

NOTES:

1. The free period for export cargo shall be one working day (24 hours) for examination/processing by the shippers.
2. 10% discount in the Terminal, Storage and Processing charges will be granted to Exports who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
3. Terminal, Storage and Processing charges applicable to Newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignments of human remains, coffin including unaccompanied baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing and Demurrage charges.
5. Terminal, Storage and Processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
6. # Special cargo consists of live animals, hazardous goods and valuable cargo.
7. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment, whichever is higher. Wherever the '**gross weight**' and (or) '**volume weight**' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**', whichever is higher.
8. For misdeclaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal Storage and Processing Charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
9. All the Bills shall be rounded off to the nearest of Rs. 5/-. As per IATA Tact Rule book Clause-5.7.2, the rounding off procedure, when the rounding off Unit is 5.

<u>When the results of calculations are between / and</u>	<u>Rounded off amount will be</u>
102.5 - 107.4	105
107.5 - 112.4	110
10. As an incentive to trade to utilize the lean hours, 20% discount in the Terminal, Storage and Processing charges will be granted for Export cargo admitted between 1000 hrs to 1500 hrs, subject to levy of minimum rate per consignment as given in Scale of Charges.
11. Merchant Over Time (MOT) charges @ Rs.200.00 per consignment for admitting cargo beyond normal working hours.

B - IMPORT CARGO

(I) TERMINAL, STORAGE AND PROCESSING CHARGES

Sl No	Type of Cargo	Rate per kilogram	Minimum rate per consignment
		with effect from 7 th April, 2008 Rs/P	with effect from 7 th April, 2008 Rs/P
(1)	(2)	(3)	(4)
1	General	Rs. 4.72	Rs. 130.00
2	# Special and Valuable	Rs. 9.42	Rs. 250.00

(II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five working days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the entire period from the date/time of the arrival of the flight, as follows:-

Sl. No	Type of Cargo	PERIOD	Rate per Kilogram per day	Minimum rate per consignment
			with effect from 7 th April, 2008 Rs/P	with effect from 7 th April, 2008 Rs/P
(1)	(2)	(3)	(4)	(5)
1.	General Cargo	Up to 120 hrs. (5 days working) including free period.	Rs.1.37	Rs. 310.00
		Between 120 hrs. and 720 hrs (6 and 30 days)	Rs. 2.73	
		Beyond 720 hrs. (30 days)	Rs. 4.10	
2.	# Special Cargo	Up to 120 hrs. (05 working days) including free period	Rs. 2.73	Rs. 610.00
		Between 120 hrs. and 720 hrs (6 and 30 days)	Rs. 5.46	
		Beyond 720 hrs. (30 days)	Rs. 8.19	
3.	@ Valuable Cargo	Up to 120 hrs. (05 working days) including free period	Rs. 5.46	Rs. 1,220.00
		Between 120 hrs. and 720 hrs (6 and 30 days)	Rs. 10.92	
		Beyond 720 hrs. (30 days)	Rs. 16.38	

NOTES:

1. Consignments of human remains, coffin including baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing and Demurrage charges.
2. No separate Forklift charges will be levied.
3. Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment whichever is higher. Wherever the 'gross weight' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
4. # Special Import cargo consists of cargo stored in cold storage, live animals and hazardous goods.
5. @ Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. and above.
6. All the Bills shall be rounded off to the nearest of Rs. 5/-. As per IATA Tact Rule book Clause-5.7.2, the rounding off procedure, when the rounding off Unit is 5.

When the results of calculations are between / and

102.5	-	107.4
107.5	-	112.4

Rounded off amount will be

105
110

(First Year: 2010 – 11)
(@5% increase)

(Second Year: 2011 – 12)
(@5% sub sequential
increase)

THE SCHEDULE
(See regulation 5)

PART - I

CHARGES AT AAI AIRPORTS

A - EXPORT CARGO

(I) TERMINAL, STORAGE AND PROCESSING CHARGES

Sl. No.	Type of Cargo	Rates " Fin Yr: 2010 – 11" (with effect from _____, 2010)		Rates " Fin Yr: 2011 – 12 " (with effect from <u>April</u> , 2011)	
		Rs/P		Rs/P	
		Rate per kilogram	Minimum rate per consignment	Rate per kilogram	Minimum rate per consignment
(1)	(2)	(3)	(4)	(5)	(6)
1	General	Re. 0.74	Rs. 125.00	Re. 0.78	Rs. 130.00
2	# Special	Rs. 1.47	Rs. 245.00	Rs. 1.54	Rs. 255.00
3	Perishable	Re. 0.74	Rs. 125.00	Re. 0.78	Rs. 130.00

(II) DEMURRAGE CHARGES (Leviable From Shipper)

Sl. No.	Type of Cargo	Rates " Fin Yr: 2010 – 11" (with effect from _____, 2010)		Rates " Fin Yr: 2011 – 12 " (with effect from <u>April</u> , 2011)	
		Rs/P		Rs/P	
		Rate per kilogram	Minimum rate per consignment	Rate per kilogram	Minimum rate per consignment
(1)	(2)	(3)	(4)	(5)	(6)
1	General	Re. 0.76	Rs. 125.00	Re. 0.80	Rs. 130.00
2	# Special	Rs. 1.50	Rs. 245.00	Rs. 1.58	Rs. 255.00
3	Perishable	Re. 0.76	Rs. 125.00	Re. 0.80	Rs. 130.00

NOTES:

1. The free period for export cargo shall be one working day (24 hours) for examination/processing by the shippers.
2. 10% discount in the Terminal, Storage and Processing charges will be granted to Exports who opt for engaging their own loaders for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area.
3. Terminal, Storage and Processing charges applicable to Newspaper and TV reel consignments shall be 50% of the prescribed charges.
4. Consignments of human remains, coffin including unaccompanied baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing and Demurrage charges.
5. Terminal, Storage and Processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
6. # Special cargo consists of live animals, hazardous goods and valuable cargo.
7. Charges will be levied on the '**gross weight**' or the '**chargeable weight**' of the consignment, whichever is higher. Wherever the '**gross weight**' and (or) '**volume weight**' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the '**actual gross weight**' or '**actual volumetric weight**', whichever is higher.
8. For misdeclaration of weight above 2% and upto 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal Storage and Processing Charges. No penal charges will be leviable for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
9. All the Bills shall be rounded off to the nearest of Rs. 5/-. As per IATA Tact Rule book Clause-5.7.2, the rounding off procedure, when the rounding off Unit is 5.

**When the results of calculations
are between / and**

102.5 - 107.4
107.5 - 112.4

Rounded off amount will be

105
110

10. As an incentive to trade to utilize the lean hours, 20% discount in the Terminal, Storage and Processing charges will be granted for Export cargo admitted between 1000 hrs to 1500 hrs, subject to levy of minimum rate per consignment as given in Scale of Charges.
11. Merchant Over Time (MOT) charges @ Rs.200.00 per consignment for admitting cargo beyond normal working hours.

B - IMPORT CARGO

(I) TERMINAL, STORAGE AND PROCESSING CHARGES

Sl. No.	Type of Cargo	Rates " Fin Yr: 2010 - 11" (with effect from _____, 2010)		Rates " Fin Yr: 2011 - 12 " (with effect from <u>April</u> , 2011)	
		Rs/P		Rs/P	
		Rate per kilogram	Minimum rate per consignment	Rate per kilogram	Minimum rate per consignment
(1)	(2)	(3)	(4)	(5)	(6)
1	General	Rs. 4.96	Rs. 135.00	Rs. 5.21	Rs. 140.00
2	# Special and Valuable	Rs. 9.89	Rs. 265.00	Rs. 10.38	Rs. 280.00

(II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five working days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the entire period from the date/time of the arrival of the flight, as follows:-

Sl. No	Type of Cargo	PERIOD	Rates " Fin Yr: 2010 - 11" (with effect from _____, 2010)		Rates " Fin Yr: 2011 - 12 " (with effect from <u>April</u> , 2011)	
			Rs/P		Rs/P	
			Rate per Kilogram per day	Minimum rate per consignment	Rate per Kilogram per day	Minimum rate per consignment
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	General Cargo	Up to 120 hrs. (5 days working) including free period.	Rs.1.44	Rs. 325.00	Rs.1.51	Rs. 340.00
		Between 120 hrs. and 720 hrs (6 and 30 days)	Rs. 2.87		Rs. 3.01	
		Beyond 720 hrs. (30 days)	Rs. 4.31		Rs. 4.53	
2.	# Special Cargo	Up to 120 hrs. (05 working days) including free period	Rs. 2.87	Rs. 640.00	Rs. 3.01	Rs. 670.00
		Between 120 hrs. and 720 hrs (6 and 30 days)	Rs. 5.73		Rs. 6.02	
		Beyond 720 hrs. (30 days)	Rs. 8.60		Rs. 9.03	
3.	@ Valuable Cargo	Up to 120 hrs. (05 working days) including free period	Rs. 5.73	Rs. 1,280.00	Rs. 6.02	Rs. 1,340.00
		Between 120 hrs. and 720 hrs (6 and 30 days)	Rs. 11.47		Rs. 12.04/-	
		Beyond 720 hrs. (30 days)	Rs. 17.20		Rs. 18.06	

- 100 -

NOTES:

1. Consignments of human remains, coffin including baggage of deceased and Human eyes will be exempted from the purview of Terminal, Storage and Processing and Demurrage charges.
2. No separate Forklift charges will be levied.
3. Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment whichever is higher. Wherever the 'gross weight' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
4. # Special Import cargo consists of cargo stored in cold storage, live animals and hazardous goods.
5. @ Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. and above.
6. All the Bills shall be rounded off to the nearest of Rs. 5/-. As per IATA Tact Rule book Clause-5.7.2, the rounding off procedure, when the rounding off Unit is 5.

**When the results of calculations
are between / and**

Rounded off amount will be

102.5	-	107.4
107.5	-	112.4

105
110



No.AAI/CHQ/REV/AERA/10\384

Dated: 7.9.2010

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi-110 003.

Kind Attn: Shri C.V.Deepak, OSD-IISubject: Revision of AAI Schedule of charges for cargo handling services-reg.

Sir,

Please refer to your letter No.F.No.AERA/20010/AAI-C/2010-11 dated 31.8.2010 on the above subject. In this regard, the following facts are submitted for your consideration.

- (1) The revision of handling charges at Cargo were proposed after holding stakeholder consultations.
- (2) The decision of ACAAI, not to participate in the meeting is based on the incorrect understanding of the consultation process.
- (3) Inspite of clarifying that AAI would seek the approval of AERA for revision, ACAAI did not participate in the second round also.
- (4) The 5% revision proposed is based on the agreement arrived at the meeting with the representatives of FFAAI and FIEO.
- (5) FFAAI and FIEO together cover most of the trade who are affected by the revision.
- (6) The revision is due from 1.4.2010 and any delay in approval leads consequential loss of revenue to AAI, since it can not be implemented with retrospective effect.
- (7) At Chennai Airport AAI is not a sole custodian and Air India is also a competitor.
- (8) The rate of increase in inflation in 2009-10 based on consumer price Index was 12.95 % against which the revision proposed is only 5%.

- (9) The details of cargo revenue at Chennai and Kolkata are given in the annexure enclosed. The financial implication of the proposed revision works out to Rs.62 lakhs per month in the first year.
- (10) In the last 2 years ie. 2008-09 and 2009-10 no increase was effected in Export. In Import a revision of 6% was done in handling charges and 5% in Demurrage.

In view of the above, it is requested that the proposal to revise The cargo handling charges by 5% at Chennai and Kolkata Airports during 2010-11 and 2011-12 may be approved; at the earliest.



(M.Ravi Varma)
General Manager (F&A)

Encls: Proposal of Directorate of Cargo.



AAI/CHQ/REV/AERA/CARGO/2010 1439

24.09.2010

The Secretary,
AERA,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi-110003.

[K.A.: Shri C.V. Deepak, OSD-II]

Sub: Revision of AAI Schedule of charges for Cargo handling services at Kolkata and Chennai Airports – Reg.

Sir,

Reference is invited to letter no. F.No.AERA/20010/AAI-C/2010-11/ 955 dated 20th September, 2010 on the above subject.

AAI is consistently invested in the creation of infrastructure even when the slow down of economy was in place. The last revision of Cargo charges was negotiated in 2007-08 since then AAI has invested a sum of Rs. 165 crores at Chennai airport and Rs. 96 crores at Kolkata airport.

The operating expenses have increased by more than 12.43% during 2009-10 over 2008-09 at Chennai airport and by 11.32% for the corresponding period at Kolkata airport, against which only an increase of 5% in Cargo charges has been offered by the trade at these airports. The details of operating expenses are given at Annexure I.

It is requested that approval of AERA for revision of schedule of charges for Cargo services at above airports may be conveyed at the earliest.

Yours faithfully,

(M. Ravi Varma)
General Manager(F&A)

Encl.: As above.

AIRPORTS AUTHORITY OF INDIA

Summary of actual Operating Expenses in respect of Kolkata & Chennai airports

[Rs. in lakhs]

PARTICULARS	<u>Chennai</u>		<u>Kolkata</u>	
	2008-09	2009-10	2008-09	2009-10
01. Pay & Allowances and Other Staff Benefits	6607.30	6,738.93	6,727.15	6,506.67
02. Repairs & Maintenance	1656.73	1,891.03	1,256.75	1,608.84
03. Consumption of Stores & Spares	157.30	140.39	108.15	109.11
04. Electricity & Water Charges	2217.85	2,412.75	1,096.79	1,395.39
05. Other Expenses	1261.29	1,669.59	1,238.07	1,239.42
06. Depreciation	5468.15	5,794.06	3,790.09	4,079.58
07. Financing Charges		32.00		51.10
08. Security Expenses	1922.87	3,009.94	2,160.30	3,241.49
TOTAL EXPENDITURE	19,291.49	21,688.69	16,377.30	18,231.60



Annexure X

भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

AAI/CHQ/REV/AERA/CARGO/2010/472

24.09.2010

Shri C.V. Deepak,
OSD-II,
AERA,
AERA Building,
Administrative Complex, SAP,
New Delhi-110003.

**Sub: Revision of AAI Schedule of charges for Cargo handling services
at Kolkata and Chennai Airports – Reg.**

Sir,

In continuation to AAI letter no. AAI/CHQ/REV/AERA/CARGO/2010/439 dated 24.09.2010; please find enclosed a statement showing actual Revenue and Expenditure in respect of Chennai and Kolkata airports for the year 2009-10.

Yours faithfully,

(M. Ravi Varma)
General Manager(F&A)

Encl.: As above.

(10)
5/10

AIRPORTS AUTHORITY OF INDIA

Summary of Actual figures for 2009-10 in r/o Metro Division

PARTICULARS	Chennai ACTUALS	Kolkata ACTUALS
	2009-10	2009-10
<u>REVENUE</u>		
A. <u>TRAFFIC REVENUE</u>		
01. Route Navigational Facilities Charges	0.00	0.00
02. Landing, Parking & Housing Fee	10,258.67	5,704.30
03. Terminal Navigational Landing Charges	0.00	0.00
04. Passengers Service Fee	9,523.01	7,427.28
TOTAL : (A)	19,781.68	12,831.58
B. <u>NON-TRAFFIC REVENUE</u>		
01. Public Admission Fee	521.08	236.33
02. Trading Concessions	13,344.16	6,611.13
03. Rent & Services	4,467.16	2,738.39
04. Miscellaneous	2,407.39	1,584.97
TOTAL : (B)	20,739.79	11,170.82
C. <u>CARGO REVENUE</u>	14,660.13	2,637.08
D. <u>INTEREST ON INVESTMENTS</u>	0.00	1.26
E. <u>AIRPORT LEASING REVENUE</u>		
01. UPFRONT PAYMENT	0.00	0.00
02. SHARE OF REVENUE - DIAL	0.00	0.00
03. SHARE OF REVENUE - MIAL	0.00	0.00
TOTAL : (E)	0.00	0.00
TOTAL REVENUE : (A+B+C+D)	55,181.60	26,640.74
<u>EXPENDITURE</u>		
01. Pay & Allowances and Other Staff Benefits	6,738.93	6,506.67
02. Repairs & Maintenance	1,891.03	1,608.84
03. Consumption of Stores & Spares	140.39	109.11
04. Electricity & Water Charges	2,412.75	1,395.39
05. Other Expenses	1,669.59	1,239.42
06. Depreciation	5,794.06	4,079.58
07. Financing Charges	32.00	51.10
08. Security Expenses	3,009.94	3,241.49
TOTAL EXPENDITURE	21,688.69	18,231.60
PROFIT BEFORE TAX	33,492.91	8,409.14



AAI/CHQ/REV/AERA/CARGO/2010

18th Oct. 2010

Shri C. V. Deepak,
OSD-II,
AERA,
AERA Building,
Administrative Complex, SAP,
New Delhi-110003

Sub: Revision of AAI Schedule of charges for Cargo handling services at Kolkata and Chennai airports – reg.

Sir,

Reference is made to your letter no. F.No.AERA/20010/AAI-C/2010-11/1179 dated 8th October, 2010 on the above subject.

It is confirmed that Capex of Rs. 165 crores at Chennai airport and Rs. 96 crores at Kolkata airport intimated to AERA vide AAI letter of even number dated 24th September, 2010 pertain to Cargo alone. As regard to operating expenditure at above airports, it is informed that so far AAI does have separate accounts for Cargo Services. Hence, at present it is not possible to give separate accounts for Cargo Services.

The instant proposal has been submitted after following a due process of User Consultation and consensus has emerged among the stakeholders to increase Cargo rates at Chennai & Kolkata airports by 5%.

As already informed the operating expenditure, including expenses on Cargo, at Chennai airport has increased by 12.43% during 2009-10 over 2008-09 and by 11.32% for the corresponding period at Kolkata airport. Even the rate of inflation based on consumer price index during 2009-10 was 12.95%. Considering the above an increase of 5% in cargo rates requested by AAI is considered reasonable.

The revision of Cargo tariff at above airports was due from 01.04.2010 and so far it has not been implemented. Since the revision of Cargo rates could not be implemented retrospectively and any further delay would lead to further loss of revenue to AAI. It is therefore requested that approval of AERA for revision of rates by 5% may be conveyed at the earliest so as to avoid further loss of revenue to AAI.

Yours faithfully,

(M. Ravi Varma)
General Manager(F&A)

Annexure-XII

**DRAFT SCHEDULE OF CHARGES
A-EXPORT CARGO**

(I) TERMINAL, STORAGE AND PROCESSING CHARGES

S.No.	Type of Cargo	EXISTING		PROPOSED charges w.e.f. 1.12.2010	
		Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P	Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P
		With effect from 7 th April, 2008	With effect from 7 th April, 2008		
1	General	0.70	120.00	0.74	125.00
2	Special	1.40	235.00	1.47	245.00
3	Perishable	0.70	120.00	0.74	125.00

(II) DEMURRAGE CHARGES (Leviable From Shipper)

S.No.	Type of Cargo	EXISTING		PROPOSED charges w.e.f. 1.12.2010	
		Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P	Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P
		With effect from 7 th April, 2008	With effect from 7 th April, 2008		
1	General	0.72	120.00	0.76	125.00
2	Special	1.43	235.00	1.50	245.00
3	Perishable	0.72	120.00	0.76	125.00

**DRAFT SCHEDULE OF CHARGES
B-IMPORT CARGO**

(I) TERMINAL, STORAGE AND PROCESSING CHARGES

S.No.	Type of Cargo	EXISTING		PROPOSED charges w.e.f. 1.12.2010	
		Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P	Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P
		With effect from 7 th April, 2008	With effect from 7 th April, 2008		
1	General	4.72	130.00	4.96	135.00
2	Special and Valuable	9.42	250.00	9.89	265.00

(II) DEMURRAGE CHARGES

Free storage period for Import cargo shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at “per kg; pr day” non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five working days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the entire period from the date/time of the arrival of the flight, as follows:-

S.No.	Type of Cargo	Period	EXISTING		PROPOSED charges w.e.f. 1.12.2010	
			Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P	Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P
1	General Cargo	Up to 120 hrs. (5 days working) including free period.	1.37	310.00	1.44	325.00
		Between 120 hrs and 720 hrs (6 and 30 days)	2.73		2.87	

S.No.	Type of Cargo	Period	EXISTING		PROPOSED charges w.e.f. 1.12.2010	
			Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P	Rate per Kilogram Rs/P	Minimum rate per consignment Rs/P
		Beyond 720 hrs(30 days)	4.10		4.31	
2	Special Cargo	Up to 120 hrs (5 days working) including free period.	2.73	610.00	2.87	640.00
		Between 120 hrs and 720 hrs (6 and 30 days)	5.46		5.73	
		Beyond 720 hrs (30 days)	8.19		8.60	
3	Valuable Cargo	Up to 120 hrs (5 days working) including free period.	5.46	1,220.00	5.73	1280.00
		Between 120 hrs and 720 hrs (6 and 30 days)	10.92		11.47	
		Beyond 720 hrs (30 days)	16.38		17.20	

Note of various terms and conditions annexed to proposed schedule of cargo handling charges by AAI , shall remain same as per Annexure VII.