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भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डायरी नं० 16145

तारीख 15/07/2021

DACA AI

Domestic Air Cargo Agents Association
Registration No. : 808 Dated 17-04-09

To:

Secretary,

Airports Economic Regulatory Authority

AERA Building,

Administrative Complex,

Safdarjung Airport, New Delhi – 11000

Dated: - 14th July- 2021

निदेशक (नि० एवं सां०)

Dear Sir,

Greetings from DACA AI

Sub. Written submissions in respect of Consultation Paper no. 8/2021-22 -
CIALTariff Proposals for Control 3rd Period 1.4.2021-31.3.2026

With reference to AERA Consultation Paper no. 8/2021-22 dated 15.06.2021, in the matter of determination of Aeronautical Tariff for Cochin International Airport, Kochi for the Third Control Period (01.04.2021 - 31.03.2026) our written submissions suggestions/comments are as under :-

The pandemic and lockdowns had a devastating impact on aviation and all its component stakeholders like airlines, airports and the service providers in related businesses including domestic air cargo handling. During pandemic, the domestic air cargo freight remained unregulated unlike the passenger fares and this resulted in movement of essential goods and medical supplies only, to combat the covid. The tonnage of domestic air cargo declined from 1.32 lakh MMT in 2019-20 to just 0.95 MMT in 2020-21, registering a 28% dip. Most domestic service providers are MSMEs and even they have been affected so much that many have been driven out of business due client's non-payment or delays.

Office : M1 Frist Floor, DCSC Cargo Terminal, Air Cargo Complex, IGI, Airport-Gate No.-6, New Delhi-37

Office : S-9-S-16, 2nd Floor, Plot No.-24, Sector-20,Dwarka, Manish Highway Plaza, Above HDFC Bank, New Delhi-75

Registered office : 5C/105 - Mittal Industrial Estate, Andheri Kurla Road Andheri (East) Mumbai - 400056

E-mail: info@dacaai.com Website : www.dacaai.com

1. Domestic Air Cargo has stiff competition from Road transport.

Domestic Air Cargo faces much competition from Road/Rail. Since the terminal charges are very high and when air freight, first and last mile cost is added to it, the domestic consignments including the agri-horti and perishable products become unviable for air carriage. Besides, the average total terminal charges per kg on domestic cargo come to Rs.10 per kg. In this price, the shippers can get their cargo by road at their door or warehouse. The air loses its premium product position.

These results in domestic air cargo moving away from air to Road/Rail since road infrastructure have become much better with express highways which are preferred for next day (24 hours) delivery timelines. But adverse effect is coming upon the aviation sector especially when a huge flight capacity has been created.

Since the last decade number of aircraft has risen from 250 to 640 and more are on order. As you are aware, number of freighters in domestic sector now has increased from 7 five years ago to 26. Indigo, Spicejet, Blue Dart and others are ordering more aircraft to be operated as freighters. Even pax aircraft were used as freighters during pandemic.

2. Different Cargo Terminals Operators. Different Charges

We have observed that there is a vast difference in the terminal charges at different cargo terminals operated by JV, Private and AAICLAS. As a principle, for the same service of domestic cargo handling by air, one can expect a 5-10% variation, but as an example here between Ahmedabad and JV operated Bengaluru there is a difference of 67.88% for outbound cargo charges (Ahmedabad o/b is Rs.7.37 per kg & BLR it is 4.39 per kg). DCSC, Delhi Airport increased charges steeply upwards (February, 2021). There was no stakeholder consultation with DACA AI, the actual user. One CTO is charging double terminal charges on mobile phone consignments which are instantly airlifted and delivered and are rarely stored at terminals.



Sir, presently CONCOR, CIAL, BIAL, HIAL Proposals are with AERA which have proposed a steep increases for control period 2021-26. All these charges are paid ultimately by Shippers/DACA AI Agents only to render air carriage unviable. The arbitrary increases made by CTOs resemble their monopolistic position where each CTO levies different charges for same service?

DACA AI requests AERA to keep our submissions in mind while deliberating on the tariff increases which the trade cannot afford. It will otherwise impact the airlines and aviation furthermore.

3. Clubbing of Multiple heads of charges to a Single head "Terminal Handling Charge"

The Terminal charges are under multiple heads at Cargo Terminals as under:

Outbound

Terminal Storage & Processing

X-Ray Charge

X-Ray Screening Charge

Unitisation Charge (Outbound)

Inbound

Deunitisation

Terminal Storage and Processing (inbound)

In domestic air cargo there is no unitisation, deunitisation function, but are being charged to us. The X ray charges, and X- ray Screening Charges, TSP etc cannot be unbundled to inflate charges. It is pertinent to realise that there is a single agency handling Domestic cargo. Domestic air cargo does not remain in storage either and moves fast. According to our study 96-97% cargo is delivered to airlines at origin or



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to consignee at destination within 6 hours. Therefore, DACA AI would urge upon you Sir, that this aspect needs thorough examination by AERA for a proper tariff evaluation. DACA AI suggests **“one reasonable single terminal charge”** of say **Rs 3-4/ per kg to be uniformly applied at all cargo terminals at airports** with minimum variation. This will result in better planning of loads in the market, promotion of domestic air cargo and aviation getting increased volumes.

4. Presentation to HMCA on challenges to increasing domestic air cargo logistics (Annex 1).

We are attaching a presentation which was made to the Hon'ble Minister of Civil Aviation, Shri Hardeep S Puri. Understanding the challenges being faced by domestic air cargo logistics and difficult situation in aviation sector, Hon'ble Minister has ordered a Sub-Committee under MoCA, airlines reps, JV Cargo Terminal Operator reps, AAICLAS and DACA AI to go into various aspects with a view to ensure that premium service advantage of domestic air cargo is maintained which shall result in optimally using airline flight capacity which now goes unutilized up to 35-40%.

5. Promoting movement of fruit vegetables and perishables by air to benefit farmers finding all India market -

The perishables, agri-horti produce moves very fast from the airport terminals but surprisingly the Cargo Terminal Operators are charging double Terminal Charges on perishables. Most perishables are delivered within one hour of arrival of flight as well as lifted from origin station by airlines.

Impact of High Terminal charges along with freight & other costs on perishables with CTOs charging double terminal charges makes it totally unviable for farmers. With a

view to promote movement of fruit and vegetables and other agri-horti produce aqua, fish culture, shrimps etc the CTOs must charge only 50% of normal terminal charges on the agri-horti produce and perishables. By offering this 50% concession in terminal charges the fruit and vegetable and perishables volumes can be quadrupled benefitting all stakeholders like airlines, airports and service providers.

Presentation showing the impact of various charges including first mile and last mile charges on Fruits, Vegetables, Coriander and other products is attached for your kind perusal. (Annex 2) which gives a snapshot view as to how the terminal charges, airfreight, first and last mile cost affects products like coriander and fruit & vegetables.

6. Domestic Air Cargo attracts 18% GST increasing logistics cost

Besides, there is 18% of GST applicable on domestic air cargo. Agri-horti-fruit & vegetables also attract 18% GST whereas by Road/Rail it is exempt. Hence there is an added cost of availing air freight for such cargo. We have taken up with GST Council and related forums to exempt agri-horti produce from GST levy. We have also requested the GST Council to remove the anomaly and reduce GST on general air cargo equal to Road i.e. 5% RCP and 12% with ITC.

7. In view of the foregoing factual discussion and with a view to achieve growth in air cargo, DACA AI offers the following suggestions for your kind consideration.

DACA AI Suggestions.

1. **Freeze terminal charge increase for next 2021-22, 2022-23 & 2023-24.** AERA may consider that in view of recovery in aviation sector which is likely only in 2023-24, there should be no increase in terminal charges at the Cargo Terminals during this period when the industry can consolidate and bring back the lost tonnage.
2. **Clubbing of multiple heads of terminal charges into One Single Per Kg "Terminal Handling Charge"** : There should be a single component of terminal charge instead of multiple heads which will facilitate standardized seamless and easy system calculation.
3. **Uniformity of Charges for same service.** Sir, You will observe that every cargo terminal is charging a different amount for the same service. DACA AI feels that comparable Cargo Terminal Operators must have a similar single per kg terminal charge which will allow more domestic air cargo volumes, better planning of loads and promoting of domestic air cargo. The reason for DACA AI suggestion is as a principle that the service and process of domestic air cargo handling is similar at every cargo terminal, therefore, there has to be a similarity, reasonability and affordability in charges to support increasing volumes of cargo.



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Domestic Air Cargo Agents Association

Registration No. : 808 Dated 17-04-09

4. CTOs to offer 50% flat discount in Terminal Charge to boost movement of agri-horti produce . With a view to promote movement of fruit and vegetables and other agri-horti produce aqua, fish culture, shrimps etc the CTOs must charge 50% of normal terminal charges on the agri-horti produce and perishables. By offering this 50% concession in terminal charges the fruit and vegetable and perishables volumes can be quadrupled benefitting all stakeholders like airlines, airports and service providers.

Thanking you for the opportunity given to DACAAI to present its views.

Warm Regards,

Amit Bajaj

President



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Annex-I

Domestic Air Cargo Logistics in India Highlights

1. Total tonnage Growth in the past 10 Years
2. Airline wise aircraft data for as on June 21
3. Metro sector wise booking tonnage
4. Perishable Rates Coriander Ex –BLR
5. Recommendation
6. Delivery Time of Cargo: Outbound & Inbound

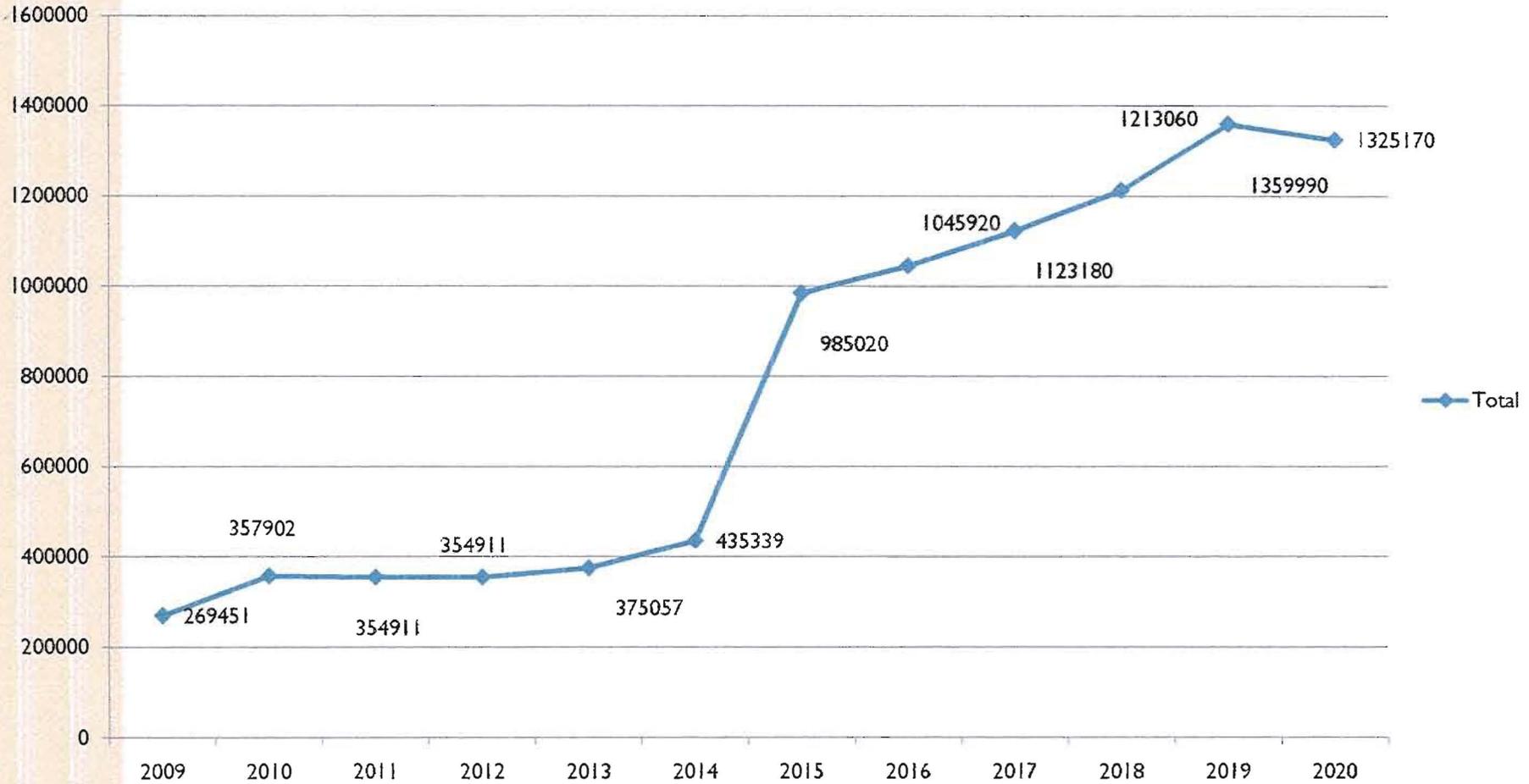


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Domestic Growth Chart

Total Domestic Cargo In MT

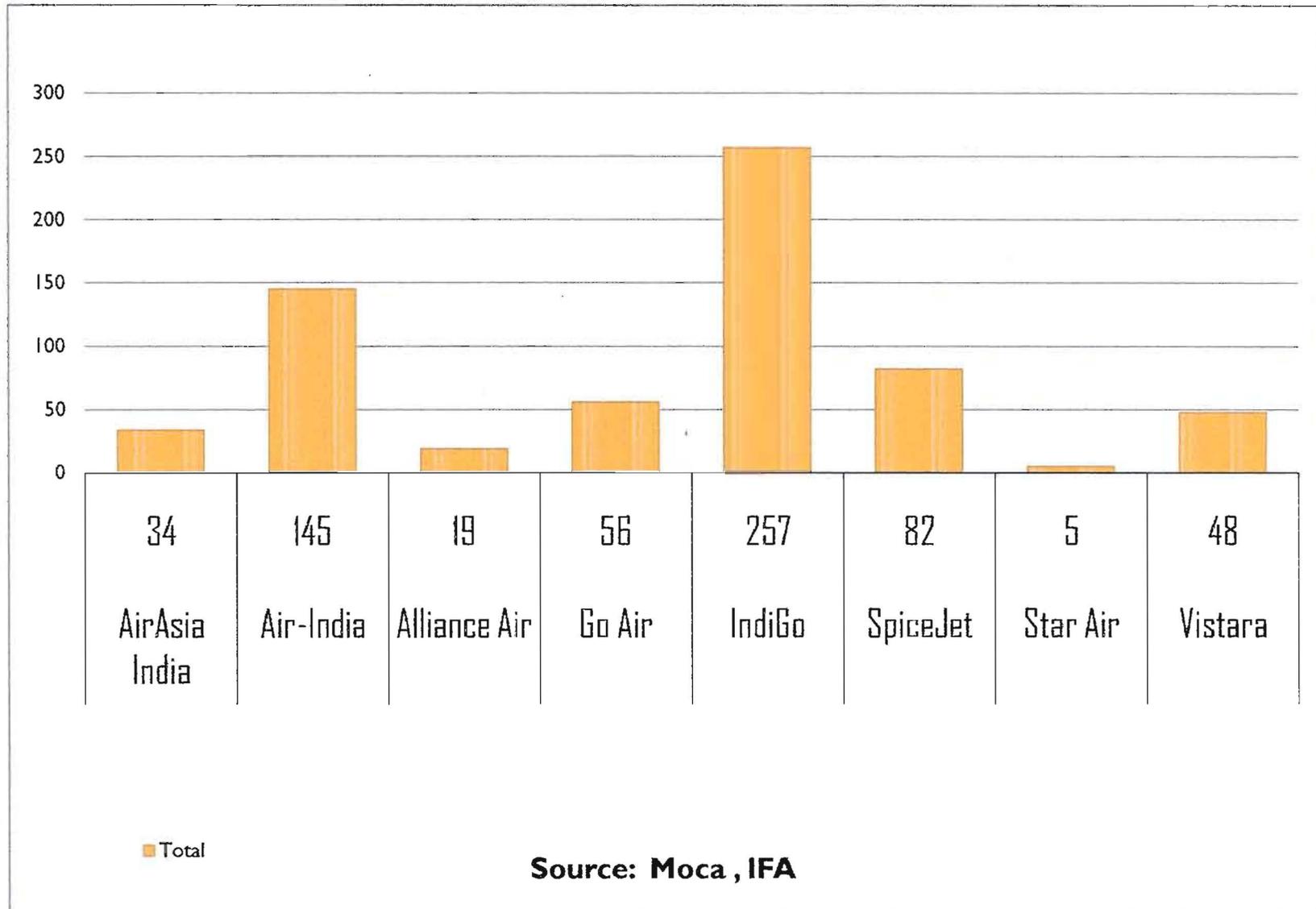


Source: DGCA & MoCA



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No of Aircraft in India w.e.f June 2021

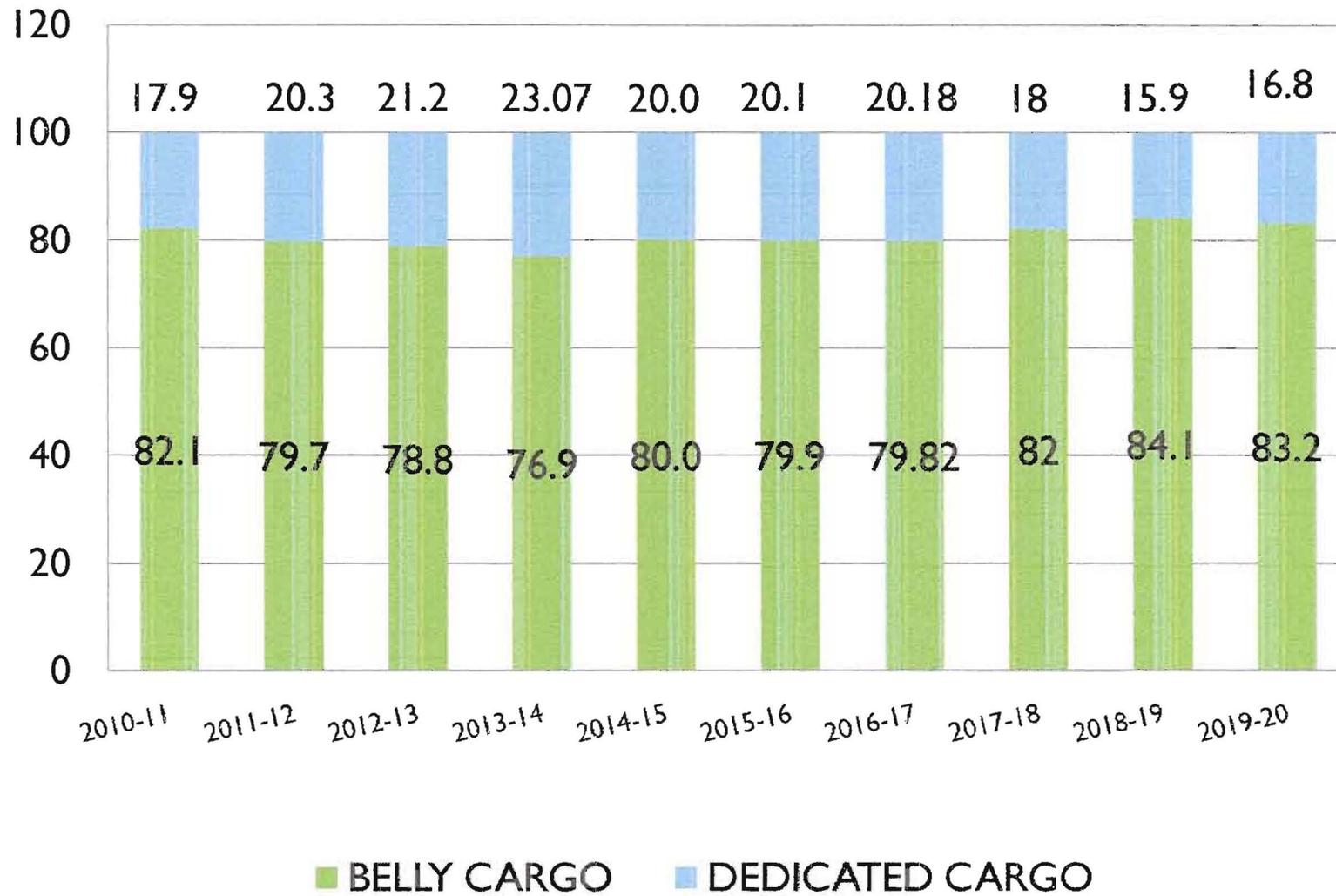




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Belly & Dedicated Cargo Percentage & YOY



Source MoCA, & AAI

Coriander Rates Ex-Bangalore (Sample)

Origin	Dest.	Product	Airline Tariff	Coriander Airlines Rate	Terminal Out Bound	Terminal Inbound	Total Taxable	GST@ 18%	Chargable Rate	1st Mile by Road	Last Mile by Road	Total Cost Per KG
BLR	JAI	Coriander	68	51	4.22	2.98	58.2	10.48	68.68	4	2	74.68
BLR	CCU	Coriander	60	60	4.13	3.25	67.38	12.13	79.51	4	2	85.51
BLR	DEL	Coriander	54	54	4.13	3.83	61.96	11.15	73.11	4	2	79.11
BLR	IXB	Coriander	63	63	4.22	2.42	69.64	12.54	82.18	4	2	88.18

Notes :

1. Airlines Give discounted rates for movement of coriander for Ex Bangalore
2. Bangalore airports gives discounted rates for terminal charge specifically for coriander
3. There is no GST applicable on Farmer produce transportation Road & Rail



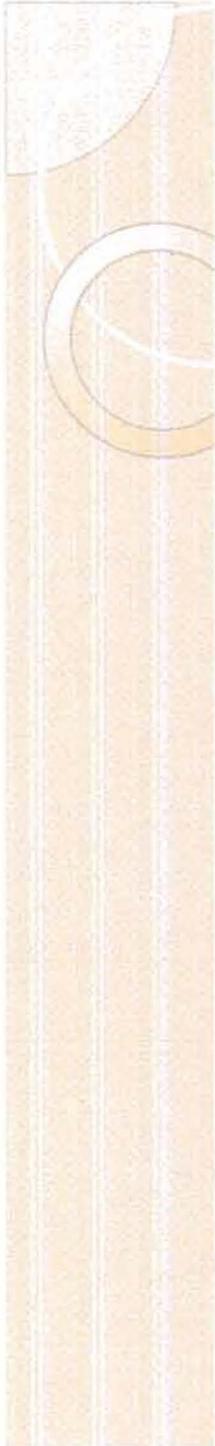
Perishables Rates except Coriander Ex-Bangalore (Sample)

Origin	Dest.	Product	Airline Tariff	Terminal Out Bound	Terminal Inbound	Total Taxable	GST@18 %	Chargabl e Rate	1st Mile	Last Mile	Total Cost
BLR	JAI	Perishables	68	6.5	2.98	77.48	10.89	88.37	4	2	94.4
BLR	CCU	Perishables	60	6.67	3.25	69.92	12.59	82.51	4	2	88.5
BLR	DEL	Perishables	54	6.67	3.83	64.5	11.61	76.11	4	2	82.1
BLR	IXB	Perishables	63	6.5	2.42	71.92	12.95	84.87	4	2	90.9

Notes :

1. Standard Airline rates apply. Some Airlines charge premium rates for booking of Perishables depending upon the seasons
2. Terminals charge double TSP and handling charges for booking of Perishable
3. There is no GST applicable on Farmer produce transportation by Road & Rail





Domestic Air Cargo: Outbound & Inbound Delivery Time

Percentage of Cargo Delivered : Outbound & Inbound

Outbound

In 6 hrs - 97%

In 12 hrs - 3%

In 24 hrs - 0%

Beyond 24 hours – 0%

Inbound

In 6 Hrs – 96%

In 12 Hrs- 02%

In 24 Hrs – 1.5%

Beyond 24 Hrs – 0.5%

DACAAI Recommendation

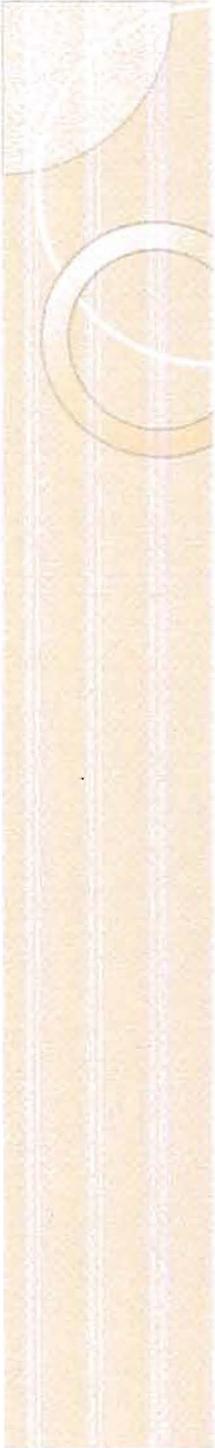
1. Krishi Udaan 50% discount on Air freight and Terminal Charges to be made applicable for all Farm produces
2. Above clause to be integrated in the Civil Aviation Policy of India
3. No GST to be applicable on Air transportation on Farm produce as in the case of Road & Rail
4. No Documentation needed with the booking, simple declaration on the Transporter/Airline Airway Bill. The Airline is able to identify produce as all cargo is X-ray.





Functional Issues in Delhi Cargo Terminal DCSC & CELEBI

1. Inadequate number of X-ray Machine,
2. Lack of Trucks/Tempo Parking,
3. Approach road too narrow-congestion,
4. No staging area,
5. E-Carting and RFC: Creates Hurdle in operation
6. Lack of Minimum amenities for working staff
7. Lack of handling Manpower
8. Inadequate Inbound receipt area
9. Inadequate equipment e.g trolleys



Functional Issues in Bangalore Cargo Terminal

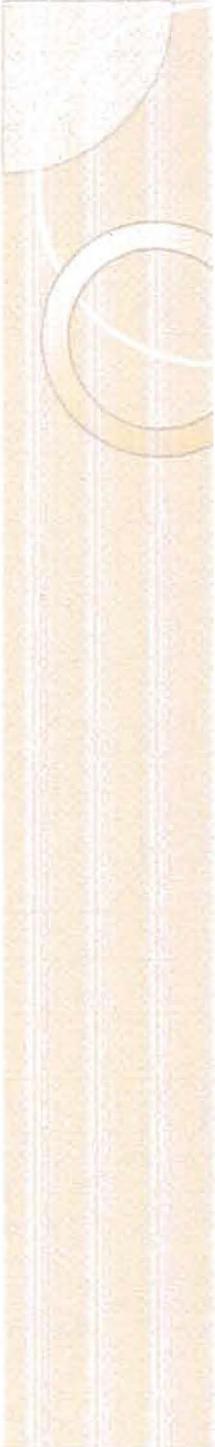
1. Out of the private terminal Bangalore both terminal are best design and managed
2. Lack of space in menzies terminal and Introduce separated parking area by BIAL to decongest the area which has increase the cut of time by 30-45 minutes.
3. As per our observation one of the terminal in Bangalore is operating above capacity whereas is other terminal is operating below capacity, if some activity can be rationalise between the two terminal work will be better



Functional Issues in Kolkata Cargo Terminal

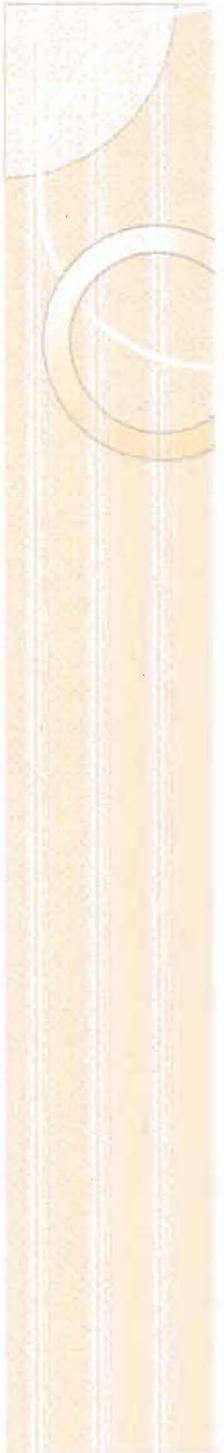
1. During rains flooding in terminal and X- Ray Machine not worked
2. Space constrain in Inbound area hence delay in delivery

Notes :AAI Kolkata there is no PDA system



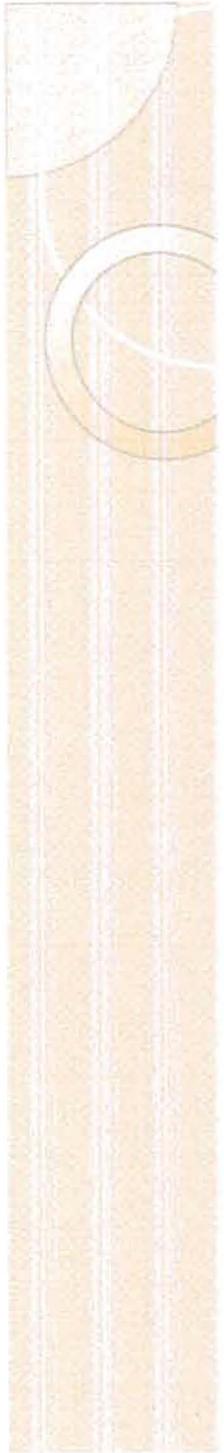
Functional Issues in Hyderabad Cargo Terminal

1. Inadequate Outbound receipt area
2. Handover of Cargo in open area and there is no rain shed
3. Manpower shortage
4. Inadequate trollies for handling of cargo
5. Delivery of Cargo in open area
6. Inadequate delivery Truck Doc



Functional Issues in Ahmadabad Cargo Terminal

1. Inadequate number of X-ray Machine,
2. Warehouse truck doc is not in proper level
3. Warehouse X-ray machine is one feet down so we can't carry cargo in trollies
4. Shortage of TSP recite counter
5. Congestion in arrival cargo
6. Shortage of no of Truck Doc considering peak hour movement
7. No specific cargo complex building was constructed, thus the old building of AAI is converted into cargo terminal.
8. Shortage of Manpower



Functional Issues in Chennai Cargo Terminal

1. Space constrain -limited space for offloaded and unloading of cargo
2. Inadequate X-ray Machine

Domestic Cargo Terminal Handling Charges at Common User Terminals

S.NO	AIRPORT	OUTBOUND CHARGE /Per Kg	INBOUND CHARGE/ Per Kg
1	AHMEDABAD	7.37	3.32
2	BHOPAL	5.15	2.71
3	SURAT	5.03	2.71
4	DELHI	6.21	3.49
5	BANGALORE	4.39	2.46
6	MUMBAI	4.78	2.28
7	HYDERABAD	3.56	2.2
8	RAIPUR	2.92	1.92
9	CHENNAI	3.55	2.8
10	COCHIN	3.75	1.75
11	INDORE	3.5	2.5
12	AURANGABAD	2.66	1.87
13	PORT BLAIR	1.96	0.96
14	BHUBANESHWAR	4.22	1.9
15	BAGDOGRA	2.96	1.96
16	VARANASI	2.72	1.97
17	VISHAKAPATANAM	3.49	1.87
18	JAMMU	1.96	0.96
19	RANCHI	2.96	0.96
20	COIMBATORE	2.87	1.87
21	GOA	3.9	2.9
22	JAIPUR	4.3	1.98
23	LUCKNOW	4.1	1.97
24	KOLKATA	4.69	2.54
25	NAGPUR	0.75	-
26	TRIVANDRUM	3.19	2.19



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KRISHI-UDAAN RECOMMENDATION

DACAAI
ANNEX-2

Perishables Rates except Coriander Ex-Bangalore (Sample)

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Conditions For Subsidies Under Krishi Udaan

Here we are mentioning some mandatory documents which are necessary during application for this scheme

1. Aadhar Card
2. Voter id Card
3. Ration Card
4. Residence Certificate
5. Passport Size Photo
6. Mobile Number
7. Farming Land Documents



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DACAAI Recommendation

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Lets Give Wings to Our Farmers

