



Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA)
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New Delhi- 110 003

Respected Madam

Sub. : Determination of Tariffs vide Consultation Paper no. 35/2020-21 dt 21-09-2020

We are in receipt of your Consultation paper no.35/2020-21 dt. 21.09.2020 regarding Determination of Tariffs for Aeronautical Services in respect of Chhatrapati Shivaji International Airport, Mumbai (BOM), for the Third Control Period (01st April 2019 to 31st March 2024).

We have gone through the Consultation Paper and would request you to kindly go through the following points and refrain from increasing any charges on import and export cargo at ACC Mumbai. The Trade & Industry is already reeling under considerable financial stress due to COVID-19 pandemic. Any increase at this juncture will increase the logistic cost in the country. Our industry will be impacted thus affecting initiatives of 'Make in India' and 'Digital India'.

- 1) Handling of Exim Cargo operations at ACC Mumbai cannot bear rate increase every year. In some form or the other, the Custodian at ACC Mumbai has got rate increase from Trade. This new phenomenon of annual stakeholders meeting for rate contract should be avoided at any cost.
- 2) The trade has been requesting MIAL for increasing the infrastructural facility at ACC Mumbai. Most importantly, for past 20 years, there has been barely any increase in the facility for general import cargo. This is resulting in tremendous difficulty and handling of EXIM cargo at ACC Mumbai.
- 3) In spite of assurances, there has been no increase in the capacity building and infrastructure at ACC Mumbai for general import cargo.
- 4) Whatever increase in capacity, primarily has been done for specialised cargo such as perishable, temp. sensitive, cold storage cargo. These type of cargo provide higher yield per KG, which is multiple times than the general cargo. Requirement of trade is for Robust Infrastructure to handle general import and export cargo.
- 5) MIAL has got tremendous rate /revenue increase at ACC Mumbai in the past 3 years on following may kindly be noted
 - a) 2015 – 16 – Increase in THC & Demurrage charges Vide Notification No 10/2015-16 dated 27.5.2015
 - b) 2016 – 17 - Reduction in demurrage free period from 72 hrs to 48 hrs w.e.f 1.4.2017.





[ESTD. 1962]

Federation of Freight Forwarders' Associations in India

National Apex Body of CUSTOMS BROKERS' ASSOCIATIONS IN INDIA

- c) 2017 – 18 - More than 100 % increase in cargo volumes being handled at ACC Mumbai since 1st July 2017 after abolition of Octroi.

The above factors have ensured that revenue for the Custodian at ACC Mumbai has increased considerably on systematic basis past several years.

Any further increase without any commensurate increase in the infrastructure for the EXIM cargo, will be a step backwards and which will be detrimental to the growth of Air Cargo at ACC Mumbai and also will make a huge impact on the transaction cost of imports. Trade has been paying higher amount to GVK – MIAL since past several years.

In view of the above, we suggest that

- 1) Ministry of Civil Aviation should provide specific time bound schedule for providing robust infrastructure for handling of import and export cargo at Mumbai. At present, substantial import cargo is handled through make shift facility i.e. CLF Area.
- 2) The focus should be to generate more revenue by increasing the volumes rather than increasing the per KG charges.
- 3) Focus is required on separate storage and handling area for hazardous and dangerous cargo as per the statutory guidelines in view of larger safety of humans working at ACC Mumbai.
- 4) MoCA announced Air Freight Policy in 2014. Till date terminal operators have not agreed to reduce transportation rates as mentioned in the AFS policy.
- 5) GVK must mention rates for accepting cargo coming in BUP / ULD's and lose cargo from AFS's. This should also be included in the tariff proposed by them.

Considering the above, we suggest that any further rate increase in the THC and demurrage charges at ACC for import and export cargo is against the endeavor of Govt. of India to reduce the logistics cost of import and export in the country. Further, without any increase of any infrastructural facilities for general cargo, no rate increase should be considered.

We look forward to your co-operation in the matter in larger interest of EXIM Trade.

Thanking you,

Yours faithfully,

For Federation of Freight Forwarders' Associations in India

Sd/-

Vipin Vohra

Convener – Airfreight Council

