

July 23, 2011



Menzie's Aviation Bobba (B'lore) Pvt. Ltd.

Shri.C.V.Deepak
OSD-II
Airports Economic Regulatory Authority of India
AERA Building, Safdarjang Airport,
New Delhi - 110 003

Sir

Subject: MYTP of Cargo handling operations at Bengaluru International Airport -
Consultation paper No.04/2011-12

Ref: Your letter dated 19th July, 2011

We are in receipt of letter referred above advising us to comment on the various remarks / pointers made in the representation received from ACAAI (Air Cargo Agents Association of India) dated: 29th July 2011. We give our inputs as below for your kind consideration and appreciation of the ground realities:

1. **Competition:** It was indicated by ACAAI that only AI/SATS and MABB are the only two terminals handling Cargo facilities like filing B/E and S/B kind of documents with customs. That is true only to the extent of International Cargo. As far as domestic cargo is concerned Blue Dart handles domestic Cargo and ECIS handles International express cargo and hence provide competition to both AI/SATS and MABB.

MABB which is a licentiate of BIAL was awarded the contract on international competitive bidding to handle both Domestic and International Cargo. Therefore it is competing with AI/SATS, BLUE DART and ECIS in their respective areas of operation.

It is submitted that ACAAI statements are incorrect on the above grounds. Further assessment of Materiality is the prerogative of the Regulator and not of ACAAI

In continuation of above ACAAI has no role to ask for setting of parameters and conditional ties.

2. **Benchmarking of Performance:**

MABB has established benchmarks and Standard operating procedures. Majority of our customers be it Airlines or be it Agents have expressed happiness with the same. We have recently received an award from Lufthansa Airlines as a measure of safe-handling of the Cargo.

Therefore it is not to be agreed for the demand of ACAAI in this regard as MABB has established enough parameters for Performance.

MGR (DK)

May pl. put up.
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@ 1730hrs
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Further the rates were in force from August 16, 2008 which can be viewed from MABB site and not from 2 years as indicated in the letter of ACAAI. Also the period of 5 years fixation for rates will commence only after MYTP plan has been approved by AERA. Further within MYTP a structure can be provided by each company based on its business plan. Without examining in detail ACAAI cannot be asking for fixation of prices over five years.

Further ACAAI cannot be saying that increase in volume have led to higher revenues which neutralizes increase in operating cost, as there are associated variable costs with increase in volume. Many oil/petroleum companies have suffered losses in 2008-09 in spite of increase in consumption of Oil as the input costs kept growing.

In view of the above we submit that the arguments put forward by ACAAI are without any serious examination of the ground realities and cannot be considered.

3. Problems Being Faced reported by ACAAI- We have provided point by point clarifications against the issues raised:

- 1) Delay in release of SHB EP: This subject is handled by Customs Authorities and it is not in our scope of work at MABBPL.
- 2) OOC print is the responsibility of Customs and not in our scope of work at MABBPL.
- 3) Execution or Cancellation of bonds are Customs responsibility and not in the scope of MABBPL.
- 4) MABBPL is having total control on their staff and on the outsource Agency deployed staff over any type of malpractices. Operations and Safety & Security Department have a vigilant watch and are on guard round the clock. We have not received any official complaint from any quarter. This point may not pertain to our company staff and might relate to Customs. Further we regularly conduct meetings with ACAAI and CHA association wherein this subject has never been raised. It appears an afterthought without any real basis.
- 5) Adequate number of manpower and machineries are provided to cater the needs in operational areas of the shed namely Imports & Exports. Since the trade practice is to clear the shipments only during afternoons and late evenings the transaction reaches saturation and due to uneven distribution of transaction during the complete day, these challenges are common. Further the party has mentioned morning hours, which is incorrect. The crowding happens in the late evenings and midnight.
- 6) Weight difference(excess) charge: This is a trade practice. Further if there is an excess weight and company has not correctly recorded and recovered company will be penalised.

- 7) Supervisors found to be ineffective etc., Effective planning and execution is done very diligently by the designated supervisor of each shed and immediate response is given to any grievances faced by trade. We have a dedicated Dock Manager for International/and Domestic terminal to address all issues within stipulated time. Many customers have appreciated this point.
- 8) Preference of Delivery to CHA: This is completely incorrect. We have laid down process and procedures put into place and we have not received any formal complaints and we at MABBPL have a transparent way of addressing such issues. In fact we have moved entire Export and Import Operation to our warehouse so that any issues can be dealt expeditiously. In this process all international cargo which is dealt by ACAAI agents get a special attention

Menzies Bobba Specific Complaints.

- 1) Availability of one employee only in the morning: Progressively we have made roster changes to cater the demands from trade. We have adequate staff to cater the needs apart from this we have a back office team manned 24 hrs. The query raised is very subjective and cannot be quantified. Further there is not much of a work load in the morning sessions and Company is entitled to plan its work loads.
- 2) Submission of documents at 7pm and consequent overtime charges. Extension of time sought up to 10pm.: To avoid last minute rush, we have recommended to have shipments cleared earlier and documents submitted in time in order to ensure the delivery of goods are executed within the Customs office working time. These are notified published tariff and timings are defined at All India Level. Further any extension of time need to be taken up with Customs.
- 3) Space Constraint: Congestion takes place on account of the fact that Agents (be it ACAAI or others) delay in organising transport after clearance by customs officials. It is a fact that clearance of bulk of shipments happen within certain block time and we ourselves have requested the trade to have this spread across time to enable affective utilisation of space.
- 4) Power Backup: We have a Diesel Generator set up with a capacity of 1500 KVA to cater the needs during power failure apart from this we have UPS system for working terminals and lighting. Further supply of Power is through BIAL (Bangalore International Airport Ltd) .We had an issue due to BIAL main power supply in the month of April, which should be treated as incidental case and not as regular phenomena.
- 5) Frequent Failures of Lifts: The Company had in place Annual Maintenance Contracts to maintain the lift systems. However, bad usage and

overcrowding by agents has regularly contributed to wear and tear. Over and above the Agents (both ACAAI and others) have overcrowded the space allotted to them creating problems for themselves. In spite of the overcrowding and excessive usage of water, toilets, and infrastructure MABB has never charged them and absorbed the cost of wear and tear.

In this regard we request to place on record that MABB focus on improving quality of service thru consultation with industry partners be it Airlines, Agents, ACAAI and other Government agencies for betterment of all concerned. In the last three years after commencement of operations (May, 2008) MABB to a large extent continued to bring in best industry practices and engages all concerned in the industry. We continuously drive the same for further improvement.

We request you to kindly examine the above inputs provided by us in contrary to the **points raised by ACAAI** and do the needful. We are hopeful that our inputs are upheld.

Kindly feel free to call us for any further information or explanations.

With best regards

For Menzies Aviation Bobba (Bangalore) Private Limited



Manoj Singh
CEO

