

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त
डायरी नं० : 3913
तारीख : 30/4/15

123

Annex B

GVK

6/2/2015
30/4/15

2014
080-8
Agm (Reg)
Rd/Sec
1/5

MIAL/VPR/15-16/07

28th April, 2015

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

Sir,

Sub: - Consultation Paper No. 2/2015-16 dated 7th April, 2015, for Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) for the Fifth Tariff Year in respect of Concor Air Limited (CAL) for providing International Cargo Handling services at CSI Airport, Mumbai – Response by MIAL

Ref: Consultation Paper No. 2/2015-16 dated 7th April, 2015 (CP)

We take this opportunity to thank the Authority for providing us an opportunity to give our views / comments on the above referred CP. Our response to the proposals made by the Authority are as under:

A) Cargo service provided by CAL is “Material and Competitive”

According to the approach prescribed by the Authority, where a Regulated Service is being provided at a major airport by two or more Service Provider(s), it shall be deemed 'competitive' at that airport. At CSI Airport, Mumbai, Air India and CSC are also providing cargo facility services. Hence, as per the approach of the Authority, the cargo service at CSI Airport, Mumbai is deemed “Competitive”. Since the service provided by CAL at CSIA is material and competitive, its tariff shall be determined under “Light Touch Approach” for the current control period.

Once a service is decided as “Material and Competitive”, the service provider is required to submit its Annual Tariff Proposals for approval of the Authority, in the manner and form prescribed by the Authority and the said proposal shall be supported by the consultation with the stakeholders. CAL had carried out due consultation with the airport cargo stakeholders for the revised tariffs on 20th September, 2014 and 22nd September, 2014 and submitted the minutes of meeting to the Authority.

SR



B) Charges for Cargo services have not been increased over last 10 years

The tariff for international cargo operations has not increased for past 10 years in tandem with the developments and input cost escalation during the same period. The cargo operators at all other major airports in India have revised their cargo tariffs during last 4 years. Currently the charges for cargo handling at CSIA are amongst the lowest at major airports.

The CPI-IW and WPI index, which are reflective of inflation have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively, since MIAL took over operations at CSIA in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.

Comparison of International cargo handling rates at CSI Airport, Mumbai with other airports in India is enclosed as **Annexure 1**. Even after the proposed hike of 15%, cargo tariffs at Mumbai would be one of the lowest at the major airports in India.

C) Stakeholders appreciated the development in cargo and are ready for increase in rates

We beg to differ with the Authority on its view that stakeholder consultation meeting held were inconclusive. Earlier proposal for increase in tariffs was made by MIAL. MIAL had accordingly done Stakeholder consultation meeting on 15th April, 2013 and 30th April, 2013, where the stakeholders had appreciated the efforts put in by MIAL and had agreed for the revision in handling rates. However, the revision sought by MIAL could not be finalized in view of outsourcing of International cargo operations to CAL w.e.f. 18th February, 2014.

After taking over of operations by CAL, Stakeholder's Consultation meetings were convened by it on 20th September, 2014 with Agents and on 22nd September, 2014 with Airlines at Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views of the stakeholders on the proposed Annual Tariff Proposal for FY 15 and FY 16. CAL briefed the trade about various initiatives taken over the period of last 7 year which have helped in improving infrastructure and service quality. Trade was also updated about the service improvements; particularly reduction in dwell time and removal of bottlenecks in the last two years. The operational efficiency has been highest compare to any station in India. Trade bodies appreciated efforts put in by MIAL and CAL team for the remarkable service improvements and infrastructure developments carried out in the 2 – 3 years. Keeping in view the investments made so far and significant rise in operational costs over last several years, CAL proposed to increase cargo tariffs by 15% and sought views of the stakeholders.



Though the Authority has concluded that stakeholders view from Minutes of meeting are inconclusive, we may like to highlight specific instances where agents/ airlines have supported the increase in tariff proposal. It may be noted that in all the meetings **stakeholders have unanimously viewed that service standards at cargo facilities have showed striking improvements and congratulated MIAL for the same.**

Extracts from Minutes of meeting with the stakeholders:

A. Held by MIAL

(a) Meeting with airlines held by MIAL on 15th April 2013. Minutes of meeting are enclosed as **Annexure 2**. Response from few of the members are as follows:

-Indian Merchant Chamber (IMC) represented by Mr. Mark Fernandes, Chairman – Shipping & Ports Committee agreed to the nominal increase in rates asked by MIAL.

-Mr. Ronald Goveas, Chairman – ACAAI enquired the reason for not bringing the tariff proposal in the last 7 years and a sudden decision though he was in agreement that proposed tariff hike was nominal in light of the fact that it is being sought after a period of 7 years.

- Custom Watch Dog Committee - Mr. Augustinho Fernandes, Founding Member whole heartedly supported MIAL's proposed increase and mentioned that it is absolutely necessary in light of significant increase in various costs.

- Further, Mr. Naval Sakhalkar, Air Freight Head - ATC Air and Mr. Dushyant Mulani, Managing committee member, BCHAA suggested MIAL to keep the proposal on hold for few months and may increase at a later stage.

Two years have lapsed after this meeting / discussion held on 15th April, 2013.

It is incorrect that increase has not been accepted by ACAAI, when 3 representatives of ACAAI were present at the stakeholders meeting and Mr. Ronald Goveas, (Chairman – ACAAI) who was also present at the meeting acknowledged that increase sought was a nominal increase.

(b) MIAL also held a meeting with Board of Airline Representatives (BAR) on 30th April, 2013. Minutes of the meeting and correspondences exchanged are enclosed again as **Annexure 3**. **Response from few of the members are as follows:**

h



- **Mr. Zarir Kheshwala, General Manager, Western India, Lufthansa Cargo** He suggested MIAL to re-propose the tariff increase in the month of September this year which will allow the carriers to include the additional cost in the next fiscal budget.

- **Mr. Lynn Buthello, Customer Service Manager, British Airways and Mr. Siddhant Iyer, Cargo Manager – Western India, Cathay Pacific Airlines:** They stated that due to budgetary issues airlines may not be able to support proposal of MIAL for tariff increase for the current financial year.

Two years have lapsed after this discussion in the meeting held on 30th April, 2013.

B. Held by CAL

(a) CAL held a meeting with Trade bodies on 20th September, 2014. Minutes of the meeting and correspondences exchanged are enclosed again as **Annexure 4**.

- **Mr. Bharat Thakkar – Past President – Air Cargo Agents Association of India, Mr. Pradip Naik – M/s. Schenker India, Mr. Prakash Bhandaru – M/s. Channel Freight, Mr. Ramakrishna Padhy – M/s. DHL, Mr. Mihir Bhadkamkar – ACAAI, Committee Member, Mr. Loknath Rai – ACAAI, Chairman – Western Region, Mr. Suraj Bhalerao – M/s. Cargo Partner, Mr. Mark Fernandes – Indian Merchant Chamber (IMC) Chairman – Shipping & Ports Committee :** They agreed that there is a substantial increase in the labour cost and seems to be necessary to compensate partly for increase in the input cost.

Mr. Manish Shah – M/s. Magnum Cargo, Mahendra Bhosale – M/s. Skyway Cargo, Mahendra Bhosale – M/s. Skyway Cargo and Mr. Paresh Desai – M/s. Pearl Agency:: With the increase in rate, the trade is expecting a better service and infrastructure.

Mr. Augustinho Fernandes – Customs Watch Dog Committee , Founder Member: He whole heartedly supported proposal for rate revision of International cargo operations and referred his views given in the last meeting held on 15th April 2013 that it is absolutely necessary in light of significant increase in various costs involved in the operations.

Mr. Manoj Salaskar – M/s. Expeditors: He accepted that there is a requirement of rate revision but not sure about the percentage.



(b) CAL had a meeting with Airlines representatives on 22nd September, 2014. Minutes of the meeting and correspondences exchanged are enclosed again as **Annexure 5**.

- **Mr. Harish Zade – M/s. Lufthansa Cargo, Mr. Prasad Gangusetti – M/s. Emirates Sky Cargo, Mr. Lynn Buthello , M/s. British Airways:** They expressed that there are remarkable service improvements and infrastructure developments taken place. Hence the proposal for rate revision is acceptable and justified.

Mr. Vishwanathan Nair – M/s. Air France, Mr. Siddanth Iyer – M/s. Cathay Pacific Airlines, Mr. Bradley Dlima – M/s. Kenya Airways, Mr. Shankar Iyer – M/s. Swiss Air, Ms. Jyotsna Patil – M/s. Jet Airways: They appreciated the efforts of MIAL and CAL team. They said that no one would reject the proposal but 15% is too high which needs to be reviewed and some reasonable hike to be implemented.

As it is evident from the minutes of meeting that most of the stakeholders are ready for the increase in rates hence such increase should be allowed to CAL at the earliest.

We also wish to reiterate that the rates for international cargo handling at CSI Airport have not been revised since the times of AAI in 2005 which is more that 10 years back and the proposal for revision in rates was moved by MIAL in May, 2013 followed by proposal submitted by CAL in June 2014. The cargo handling rates at most of the airports have been revised in the past few years.

We request Authority's approval for Annual Tariff Proposal (ATP) for international cargo facility services at the earliest.

Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.



Sanjiv Bhargava
Vice President - Regulatory

Encl: As above



Statement showing comparative rates for cargo handling at various airports in India

Tariff per KG in Rs.

Export - TSP Charges	BOM-MIAL		BOM-Air India		BOM-CSC		DEL-CSC		DEL-Celebi		HYD		BLR-Menzies		BLR-AI SATS		MAA		CCU	
	PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG	
General cargo	0.70		0.70		NA		1.00		0.97		1.00		1.10		1.05		0.74		0.82	
Perishable-Cold storage																				
Agro Products	NA				1.40		2.00		2.65		2.43		2.87		2.73		0.74		0.82	
Non-Agro Products	2.43		2.65		2.20															
Perishable-Not requiring cold storage	0.70				NA		NA		NA		0.65		NA		NA					
Valuable cargo	1.40				NA		2.00		1.78		2.43		2.87		2.73		1.47		1.62	
Dangerous Goods	1.40		1.30		NA		2.00		2.65		2.43		2.87		2.73		1.47		1.62	
Live Animal	1.40				NA		2.00		1.78		1.40		1.65		1.58		1.47		1.62	

Tariff per KG in Rs.

Export - Demurrage Charges	BOM-MIAL		BOM-Air India		BOM-CSC		DEL-CSC		DEL-Celebi		HYD		BLR-Menzies		BLR-AI SATS		MAA		CCU	
	PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG	
General cargo	0.72		0.72		NA		1.25		1.08		1.00		0.88		0.84		0.76		0.84	
Perishable-Cold storage	2.43		2.00		1.60		2.50		1.84		2.43		2.87		2.73		0.76		0.84	
Perishable-Not requiring cold storage	0.72				NA		NA		NA		NA		NA		NA		NA		NA	
Valuable cargo	1.43		1.44		NA		2.50		3.08		2.43		2.87		2.73		1.50		1.68	
Dangerous Goods	1.43				NA		2.50		1.84		2.43		2.87		2.73		1.50		1.68	
Live Animal	1.43				NA		2.50		1.84		1.40		1.65		1.58		1.50		1.68	

Tariff per KG in Rs.

Import - TSP Charges	BOM-MIAL		BOM-Air India		BOM-CSC		DEL-CSC		DEL-Celebi		HYD		BLR-Menzies		BLR-AI SATS		MAA		CCU	
	PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG	
General cargo	4.45		4.00		NA		4.50		5.40		4.75		5.40		5.40		4.96		5.50	
Perishable-Cold storage	8.89		8.00		NA		9.00		9.72		9.50		10.80		10.80		9.89		10.95	
Perishable-Not requiring cold storage	NA				NA		NA		na		NA		NA		NA		NA		NA	
Valuable cargo	8.89		8.00		NA		9.00		9.72		9.50		10.80		10.80		9.89		10.95	
Dangerous Goods	8.89				NA		9.00		9.72		9.50		10.80		10.80		9.89		10.95	
Live Animal	8.89				NA		9.00		9.72		8.89		10.80		10.80		9.89		10.95	

Tariff per KG in Rs.

Import - Demurrage Charges	BOM-MIAL		BOM-Air India		BOM-CSC		DEL-CSC		DEL-Celebi		HYD		BLR-Menzies		BLR-AI SATS		MAA		CCU	
	PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG		PER KG	
General cargo	1.30/2.60/3.90		1.13/2.26/3.38		NA		1.50/3.00/4.50		1.67/3.35/4.97		1.30/2.60/3.90		1.65/3.09/4.63		1.65/3.09/4.63		1.44/2.87/4.31		1.63/3.15/4.75	
Perishable-Cold storage	2.60/5.20/7.80		2.26/4.50/6.75		NA		3.00/6.00/9.00		6.64/13.3/19.93		5.20/10.40/15.60		6.17/12.40/18.58		6.17/12.40/18.58		2.87/5.73/8.60		3.15/6.30/9.45	
Perishable-Not requiring cold storage	NA				NA		NA		NA		NA				NA					
Valuable cargo	5.20/10.40/15.60		5.20/9.00/13.50		NA		6.00/12.00/18.00		6.64/13.3/19.93		5.20/10.40/15.60		6.17/12.40/18.58		6.17/12.40/18.58		5.73/11.47/17.20		6.30/12.65/18.96	
Dangerous Goods	2.60/5.20/7.80				NA		3.00/6.00/9.00		3.35/6.64/9.94		5.20/10.40/15.60		6.17/12.40/18.58		6.17/12.40/18.58		2.87/5.73/8.60		3.15/6.30/9.45	
Live Animal	2.60/5.20/7.80				NA		3.00/6.00/9.00		3.35/6.64/9.94		2.60/5.20/7.80		3.09/6.17/9.26		3.09/6.17/9.26		2.87/5.73/8.60		3.15/6.30/9.45	

Statement showing comparative rates for international cargo handling at various airports in India

Annexure 1

Unitization Charges		Tariff per KG in Rs.													
		BOM-MIAL	BOM-Air India	BOM-CSC		DEL-CSC		DEL-Celebi		HYD		BLR-Menzies		BLR-AI SATS	
		PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG
General cargo		2.50		NA	2.10	1.30	1.42					1.71	palletization/ containerization=1.89 bulk cargo=1.22		
Perishable-Cold storage															
Agro Products		2.50		3.00	2.50	1.30	NA				NA		palletization/ containerization=3.78 bulk cargo=2.31		
Non-Agro Products		2.50		2.25		NA	NA				NA				
Valuable cargo		2.50		NA	2.50	1.30	NA				NA		palletization/ containerization=3.78 bulk cargo=2.31		
Dangerous Goods		2.50		NA	2.50	1.30	NA				NA		palletization/ containerization=3.78 bulk cargo=2.31		
Live Animal		2.50		NA	2.50	1.30	NA				NA		palletization/ containerization=3.78 bulk cargo=2.31		
X-Ray (Screening+Certification)		1.70		1.95	2.00	1.80	2.39				2.90		2.21		

De-unitization charges	Tariff per KG in Rs.									
	BOM-MIAL	BOM-Air India	BOM-CSC	DEL-CSC	DEL-Celebi	HYD	BLR-Menzies	BLR-AI SATS		
	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	PER KG	
General cargo	1.06		NA	1.75	1.30	1.42	1.64	palletization/ containerization=1.89 bulk cargo=1.22		
Perishable-Cold storage	1.06		NA	2.25	NA	NA	NA	palletization/ containerization=3.78 bulk cargo=2.31		
Perishable-Not requiring cold storage	1.06		NA	NA	NA	NA	NA	NA		
Valuable cargo	1.06		NA	2.25	NA	NA	NA	palletization/ containerization=3.78 bulk cargo=2.31		
Dangerous Goods	1.06		NA	2.25	NA	NA	NA	palletization/ containerization=3.78 bulk cargo=2.31		
Live Animal	1.06		NA	2.25	NA	NA	NA	palletization/ containerization=3.78 bulk cargo=2.31		

Minutes of the Stakeholders' Consultation Meeting held on 15th April 2013, Air Cargo Complex, Main Conference Hall @ 1100 hrs for revision of Cargo Tariff for FY 14.

A Stakeholder Consultation meeting was convened by the MIAL on 15.04.2013 at 1100 hrs. in the Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views of the stakeholders on the proposed Annual Tariff Proposal for FY 14. The list of the participants is enclosed at Annexure – I.

Mr. Vinod Hiran, Chief Finance Officer and Company Secretary chaired the meeting and welcomed all the participants. He informed the trade that MIAL is in the process of revising the cargo tariffs for the period 1st May 2013 to 31st March 2014 to offset the substantial increase in operational costs and considering the fact that tariffs have not been revised for the last seven years. He invited Mr. Manoj Singh, Vice President (Cargo) to make a presentation about initiatives taken / being taken for improvements in facilities and services and MIAL's tariff proposal. He also requested the stakeholders to give their feedback, views and comments after the presentation by VP (Cargo).

Mr. Manoj Singh, VP (Cargo) welcomed all stakeholders and thanked them for attending the meeting. He briefed the trade about various initiatives taken by MIAL over the period of last 7 year which have helped in improving infrastructure and service quality and the improvement plans for short-term, mid-term and long-term. He updated the trade about the service improvements; particularly reduction in dwell times and removal of bottle necks in the last two years. He also briefed the trade that as a part of Cargo Master Plan implementation, MIAL is in the process of acquiring additional land from CPWD to create an integrated Cargo facility.

He further informed the trade partners that MIAL has created a state-of-the-art export perishable center in the year 2011 to cater the growing demands of pharmaceuticals and agro products. He also mentioned that MIAL is coming up with a state-of-the-art Import Cold Zone. This facility is expected to be operational from 1st May 2013 and a dedicated export unitization area admeasuring 6500 sq mts is coming up in next few months. Creation of new Export Heavy Shed and separate facility for Export Bonded Cargo operations is also under pipeline.

Keeping in view the investments made so far and significant rise in operational costs over last several years MIAL proposes to increase cargo tariffs by 15% for FY 14 for consideration of all the stakeholders.

Mr. Vinod Hiran, CFO thanked Mr. Manoj Singh, VP (Cargo) for the elaborated presentation and requested the stakeholders to express their views and suggestions.

Stakeholder Views:-

IMC (Indian Merchant Chamber) represented by Mr. Mark Fernandes, Chairman – Shipping & Ports Committee

Mr. Fernandes appreciated efforts put in by MIAL team for the remarkable service improvements and infrastructure developments carried out in the last two years. He said that the trade fully supports MIAL's proposal, but keeping in view the existing economic crisis with emerging markets witnessing down fall in GDPs, stakeholders would be interested to review the impact of the proposed 15% rate increase, though increase is marginal and low compared to other airports and seems to be necessary to compensate partly for increase in input cost.

131

He expressed concerns on the concessioning of the international cargo facilities, saying that it might dilute the service levels and trade may not have much of say if concessionaire was not to improve facilities / services.

Chairman of the meeting assured that MIAL will ensure adherence to service level agreements by the concessionaire and MIAL will always push the concessionaire for the betterment of facilities and services. Further concessionaire will be subject to regulation by AERA and therefore trade/stakeholders will always have an opportunity to represent before MIAL and AERA in case concessionaire does not improve facilities / services.

CII (Confederation of Indian Industry) - Mr. Pramod Sant, Conveynor:

Mr. Sant mentioned that the Industry would be interested in understanding the income v/s investment made by MIAL for cargo operations since 2006. He said MIAL's efforts towards service improvement and commitment are highly commendable, but this is not a right time for tariff proposal as the Industry has been facing economic crisis with increased operational costs. He said that proposed tariff increase needs to be further reviewed by the stake holders and till such time to keep the proposal in abeyance.

Mr. Naval Sakhalkar, Air Freight Head - ATC Air:

Mr. Sakhalkar thanked Mr. Manoj Singh, VP (Cargo) for sharing the inputs on infrastructure developments and service improvements carried out by MIAL. He said that the air cargo facilities need further improvement in terms of infrastructure and working conditions. He suggested MIAL to keep the proposal on hold for few months and pump in more investments in infrastructure.

Mr. Dushyant Mulani, Managing committee member, BCHAA:

Mr. Dushyant Mulani expressed that there are few noticeable developments in terms of services and infrastructure which are appreciable. After MIAL took over, the Managing Director had assured about the cargo master plan to be commissioned by 2010. But both the export and import warehouses have not been changed and are in the same status though terminal capacity and volumes have increased as per the statistical records. He said that revenue would have also increased due to the surge in volumes and reduction of free period from 5 day to 72 hrs. He suggested MIAL to come with the tariff proposal after achieving few more milestones and more volumes. He appreciated the cargo team under the leadership of Mr. Manoj Singh for placing extra ordinary efforts to deliver effective service deliverance. He said MIAL should concentrate on infrastructure developments to increase cargo throughput and volumes and as of now revision of rates may be kept on hold and can be done once improvements are noticed in near future.

Mr. Manoj Singh, VP (Cargo) responded that there have been significant investments done by MIAL for facility development since takeover. However, the morning hour utilization is still very negligible particularly in imports, which needs to be addressed collectively by all trade bodies. He reminded the trade that MIAL had introduced incentive schemes for round the clock utilization of the facilities which had a positive impact only on export performance. The proposed increase in tariff is due to the escalation in the operational costs and this is necessary for MIAL to generate required resources for development plans.

9

Mr. Sanjeev Harale, Committee Member – FFAI:

Mr. Harale endorsed the views of other stake holders and requested not to revise the charges as of now. He suggested that rate revision could be considered after further improvements in the infrastructure side.

Mr. Hemant Bhatia, Managing Committee Member – ACAAI:

Mr. Bhatia was also of the opinion that though tonnages have increased, trade could not see any increase in the infrastructure development vis-à-vis tonnage increase. He stated to re-work the proposal as this is not the right time and can be considered in near future with few more developments adding to the kitty.

Mr. Ronald Goveas, Chairman – ACAAI:

Mr. Ronald appreciated the presentation given by Mr. Manoj Singh, VP (Cargo) and stated that ACAAI has requested for some additional information regarding the investment proposal, revenue etc which were not incorporated in the presentation. He also enquired the reason for not bringing the tariff proposal in the last 7 years and a sudden decision though he was in agreement that proposed tariff hike was nominal in light of the fact that it is being sought after a period of 7 years.

On the above VP (Cargo) said that most of the requested information had been incorporated in the presentation and future investment etc is not relevant for the current proposal. The Chairman added that tariff increase is sought primarily due to increase in operational cost and not on the basis of proposed capital investment. MIAL is presenting this proposal based on the developments and improvements already carried out.

Mr. Loknath Rai, Treasurer- ACAAI:

Mr. Loknath Rai also supported the views of other stake holders and requested to put on hold the proposal for rate revision. He suggested considering revision after making the necessary infrastructure development in-line with other airports.

Mr. Veeramani Iyer, Managing Committee Member, BCHAA:

Mr. Iyer remarked that despite of developments in the approach road, the queue time for vehicles is still high and particularly export vehicles have to go back despite of waiting in the queue for long hours.

Mr. Manoj Singh, VP (Cargo) mentioned that even utilization of the working hours is still not happening. MIAL is working on 2 additional vehicle access lanes to address congestion.

Custom Watch Dog Committee - Mr. Augustinho Fernandes, Founding Member:

Mr. Fernandes whole heartedly supported MIAL's proposed increase and mentioned that it is absolutely necessary in light of significant increase in various costs and MIAL team is trying its best to improve quality of services at Cargo and there have been tremendous improvements since the time MIAL has taken over.

Mr. Samir Gandhi, DGM, Ingram Micro:

Mr. Samir Gandhi viewed that service standards at Cargo Facilities have improved in the year 2012 compared to the previous years but still requires further improvement with regard to physical delivery and dwell times.

Mr. Manoj Singh updated the stake holders that MIAL has always responded to the trade requests for infrastructure developments and had already invested around Rs. 60 Crores towards the development of cargo facilities since takeover and will be investing around Rs. 30 to Rs. 35 Crores in the near future. MIAL has commissioned various projects with high priority based upon feedback received from the trade bodies.

Mr. Vinod Hiran, CFO & Company Secretary, MIAL thanked the stakeholders for their valuable views and suggestions. He reiterated that the proposed tariff increase is only to meet the significant increase in operating costs and not related to future Capex. He said that tariff increase is absolutely necessary at this point of time.

Mr. Manoj Singh further mentioned that both the export and import cold storage projects were part of the Cargo Master Plan and more investments are coming ahead for the execution of Master Plan in a phased manner. He said that the next priority after import cold zone would be truck dock levelers in exports followed by dedicated export unitization facility, export heavy shed and separate bonded cargo offloading facility. MIAL has also made significant investments in the air side facilities since 2006 and the land side developments can only be undertaken after the completion of air side facilities as per the Master Plan. He assured the trade that dock levelers will be commissioned in the next two months and MIAL will put in place best possible efforts to commission the heavy shed and separate bonded cargo facility by the end of the year. He informed the trade that the upcoming import cold zone will be the biggest cold storage facility in India catering to +15 to +25 Degree Celsius temperature requirements with a one time holding capacity of 860 Metric Tons. He updated the trade that MIAL is creating this additional cold storage capacity to accommodate the inorganic growth in volumes due to higher dwell times. MIAL has been working closely with the concerned ministry and regulators to improve the clearance dwell times. He thanked the trade for a collective effort to bring down the clearance dwell times to make the cargo terminal much more efficient in terms of service delivery.

He also informed the trade that MIAL is meeting various customers regularly and introduced the key account manager and pre-alert program to offer customized services to the customers. MIAL was successful in bringing discipline in terms of cargo packing of import consignments by conducting several meetings with the importers.

Chairman thanked the Stake holders for active participation in the meeting and requested the stakeholders to support MIAL's proposal for revision in cargo handling tariff. He said that the presentation made in the meeting along with the minutes of the meeting will be circulated to the stakeholders at the earliest. He requested the stake holders to revert with their views on MIAL's tariff proposal at the earliest.

There being no other agenda item, meeting ended with a vote of thanks to the Chair.

134

Annexure - 1

List of Participants:

Sl. No	Name of the Participant	Designation/Company
MIAL		
1	Mr. Vinod Hiran	CFO & CS
2	Mr. Manoj Singh	VP - Cargo
3	Ms. Santrupta Padhi	DGM
4	Mr. Suneet Tyagi	GM-Legal
5	Mr. Lokesh Uttarwar	GM - Security
6	Mr. P.V.C Shekar	GM - Operations
7	Mr. Nandan Kanchan	Senior Manager - Exports
8	Mr. William D'costa	Senior Manager - Air Side Operations
9	Mr. Sandeep Badhani	Senior Manager - IT
10	Mr. Mukesh Devpura	Deputy Manager - Finance
11	Mr. Mayilvanan T	Deputy Manager - Administration
12	Mr. Mohd Baqir Agha	Assistant Manager
13	Mr. R. Kamalakar	Assistant Manager
14	Mr. Alok Patni	Assistant Manager
ACAAI		
1	Mr. Ronnie Goveas	Chairman
2	Mr. Hemant Bhatia	Managing Committee Member
3	Mr. Loknath Rai	Treasurer
IMC		
1	Mr. Mark S Fernandes	Chairman
BCHAA		
1	Mr. Dushyant Mulani	Managing Committee Member
2	Mr. Veeramani Iyer	Managing Committee Member
3	Mr. Paresh R Sangavi	Managing Committee Member
CII		
1	Mr. Pramod S Sant	Import - Export Committee, Conveynor

Customs Watch Dog		
1	Mr. Agostinho G Fernandes	Founding Member
FFFAI		
1	Mr. Sanjeev Harale	Committee Member
Other Stakeholders		
1	Mr. Naval Sakhalkar	Air Freight Head, ATC Air
2	Mr. Keeman Bacha	Godrej & Boyce
3	Mr. Samir Gandhi	Ingram Micro

1035

Consultation meeting with BAR

Minutes of the Stakeholders' Consultation Meeting with Airlines representatives held on 30th April 2013, at Air Cargo Complex, Main Conference Hall @ 14:30 hrs for revision of Cargo Tariff for FY 14.

A Stakeholder Consultation meeting with Airline representatives was convened by the MIAL on 30.04.2013 at 14:30 hrs. in the Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views of the concerned stakeholders on the proposed Annual Tariff Proposal for FY 14. The list of the participants is enclosed at Annexure – I.

Mr. Manoj Singh, Vice President - Cargo chaired the meeting and welcomed all the participants. He informed the trade that MIAL is in the process of revising the cargo tariffs for the period 1st May 2013 to 31st March 2014 to offset the substantial increase in operational costs and considering the fact that tariffs have not been revised for the last seven years. He said that proposal of increase in public tariff has been dealt with the freight forwarders, custom's house agents and other cargo agencies in a separate forum and the current forum would be purely on proposal for increase in airline charges. He also said that proposal increase of certain common airline charges will be discussed in this forum and rest all charges will be directly dealt with the carrier's on scope of service. He updated the stake holders that the meeting agenda would be a presentation from MIAL on the cargo developments and tariff proposal followed by discussions and feedback from the airlines.

Mr. Manoj Singh briefed the trade about various initiatives taken by MIAL over the period of last 7 year which have helped in improving infrastructure and service quality and the improvement plans for short-term, mid-term and long-term through his presentation. He informed the stake holders that MIAL has made significant investment towards IT development and said launch of GHA module, comprehensive EDI messaging are the key achievements in IT in the first quarter of 2013. He updated the trade about the service improvements; particularly reduction in dwell times and removal of bottle necks in the last two years. He also briefed the trade that as a part of Cargo Master Plan implementation, MIAL is in the process of acquiring additional land from CPWD to create an integrated Cargo facility.

He further informed the trade partners that MIAL has created a state-of-the-art export perishable center in the year 2011 to cater the growing demands of pharmaceuticals and agro products. He also mentioned that MIAL has come up with a state-of-the-art Import Cold Zone which will be operational soon. He said that a dedicated export unitization area admeasuring 6500 sq mts is coming up in next few months. Creation of new Export Heavy Shed and separate facility for Export Bonded Cargo operations is also under pipeline. He said MIAL has created sterile and non-sterile bifurcation by aligning all the screening machines to comply with the regulations laid by Bureau of Civil Aviation Security. He emphasized that dedicated cold storage facility for storage of pharmaceuticals and medicines, installation of 30MT capacity ULD weighbridge are other noteworthy developments undertaken by MIAL in export facility.

138

Keeping in view the investments made so far and significant rise in operational costs over last several years MIAL proposes to increase cargo tariffs by 15% for FY 14 which is being placed before stakeholders for consideration.

Stakeholder Views:-

Mr. Pankaj Nath, Regional Cargo Operations Manager, Air France/KLM/Martin Air

Mr. Pankaj Nath said that the cargo tonnages have increased since the last few years and the trade would like to know the improvements done by MIAL in import facilities. Mr. Manoj Singh responded that MIAL has brought improvisation in service levels like flight breakdown performance, noteworthy reduction of damage and Untraceability issues. MIAL has commissioned additional 955 multi level racks which enhanced the import throughput capacity by 1000 Metric Tons. MIAL has introduced Pre-alert process and Key Account Manager Program to offer customized and expeditious handling solutions and these innovative concepts have brought great recognition and appreciations to MIAL. He said that the operating costs and wages have considerably gone up and hence it is imperative to increase the charges at this point of time.

Mr. Zarir Kheshwala, General Manager, Western India, Lufthansa Cargo:

Mr. Zarir appreciated MIAL for the infrastructure and service improvements showcased by MIAL in the last two years. He said efforts put in place by MIAL cargo team in the last 2 years are highly commendable and the operational challenges were effectively addressed and streamlined. He requested MIAL to propose the tariff increase based on the developments achieved in the last 2 years and not to consider the previous years as no major improvements were done during that period. He mentioned that airlines always consider calendar year for budget allocations. He said this would not be a right time for proposal. He suggested MIAL to re-propose the tariff increase in the month of September this year which will allow the carriers to include the additional cost in the next fiscal budget.

Mr. Manoj Singh reiterated that in order to meet the rise in operational cost, increase in tariff is very essential at this point of time and requested the stake holders for support.

Mr. Shankar Iyer, Regional Manager, Middle East & South East Asia, Swiss International Airlines:

Mr. Shankar Iyer expressed his consensus with the views of Mr. Zarir Kheshwala stating that proposed tariff increase should be based on the developments brought in by MIAL in the last 2 years. He inquired MIAL on the concessioning of international facilities and the functionalities of the appointed agency.

Mr. Manoj Singh reacted that MIAL will ensure adherence to service level agreements by the concessionaire and MIAL will always push the concessionaire for the betterment of facilities and services. Further concessionaire will be subject to regulation by AERA and therefore trade/stakeholders

will always have an opportunity to represent before MIAL and AERA in case concessionaire does not improve facilities / services.

MIAL clarified that the proposed tariff increase is purely for FY 13-14. If concessionaire is appointed by MIAL, any subsequent increase would be under AERA act and guidelines.

Mr. Lynn Buthello, Customer Service Manager, British Airways:

Mr. Lynn appreciated MIAL for infrastructure development and improvements in service performance in the last 2 years. He agreed with the other carriers and stated that due to budgetary issues airlines may not be able to support proposal of MIAL for tariff increase for the current financial year.

Mr. Siddhant Iyer, Cargo Manager – Western India, Cathay Pacific Airlines:

Mr. Siddhant Iyer agreed with the other stake holders on the budgetary issues in supporting tariff proposal from MIAL. He said that more improvisation is required in export facilities.

Mr. Manoj Singh replied that MIAL has initiated two state of the art export projects namely "State of the art Unitization facility" and "Export Heavy Shed". He informed that Export unitization facility will be ready for operations in next 3 months and Export heavy shed is proposed to be completed in next 8 months.

Mr. Sudhir Manipur, Assistant Manager, Cargo Services, Cathay Pacific Airlines:

Mr. Sudhir appreciated MIAL for the remarkable improvements in the last 2 years and said he completely agree with the views of other stake holders regarding response for tariff proposal by MIAL.

Mr. S.D. Prabhu, Cargo Manager, Maharashtra & Goa, Emirates Sky Cargo:

Mr. Prabhu remarked that export facilities needs further improvisation. He viewed that infrastructure developments in exports is critical for airlines to maintain effective load factors.

Mr. Manoj Singh assured the stake holders that MIAL will expedite the upcoming export projects. He said that initial concentration was towards import facility enhancements as the master plan is being executed in a phased approach. However MIAL has facilitated State of the art export perishable centre, bifurcation of sterile and non-sterile holds, dedicated cold storage facility for pharmaceuticals and medicines in export facility to cater trade demand.

Mr. Sanjay Patankar, Manager – Cargo Operations, Emirates Sky Cargo:

Mr. Sanjay Patankar agreed with the views of the other stake holders. He said development in export facilities is required on priority basis.

Ms. Jyotsna Patil, Manager –Cargo Operations, Jet Airways:

Ms. Jyotsna conveyed that the meeting discussion and tariff proposal by MIAL will be communicated to Jet Airways management.

Mr. Abhijeet Ahire, Duty Office, Qatar Airways:

Mr. Abhijeet conveyed that the discussion at the meeting and tariff proposal of MIAL will be communicated to Qatar Airways management.

Mr. Manoj Singh updated the stake holders that MIAL has always responded to the trade requests for infrastructure developments and has made significant investments towards the development of cargo facilities since takeover and will be investing further for cargo developments in the next 2 to 3 years. MIAL has commissioned various projects with high priority based upon feedback received from the trade bodies. He reiterated that the proposed tariff increase is only to meet the significant increase in operating costs and not related to future Capex. He said that tariff increase is absolutely necessary at this point of time.

Mr. Manoj Singh further mentioned that both the export and import cold storage projects were part of the Cargo Master Plan and more investments are coming ahead for the execution of Master Plan in a phased manner. He said that the next priority after import cold zone would be truck dock levelers in exports followed by dedicated export unitization facility, export heavy shed and separate bonded cargo offloading facility. He assured the trade that dock levelers will be commissioned in the next two months. He informed the trade that the upcoming import cold zone will be the largest cold storage facility in India catering to +15 to +25 Degree Celsius temperature requirements with a one time holding capacity of 860 Metric Tons.

He also informed the trade that MIAL is interacting with various customers regularly and introduced the key account manager and pre-alert program to offer customized services to the customers. MIAL was successful in bringing discipline in terms of cargo packing of import consignments by conducting several meetings with the importers.

Mr. Manoj Singh thanked the Stake holders for active participation in the meeting and their valuable views and suggestions. He reiterated that the proposed tariff increase is only to meet the significant increase in operating costs and not related to future Capex. He said that tariff increase is absolutely necessary at this point of time and requested the stakeholders to support MIAL in this regard. He said that the presentation made in the meeting along with the minutes of the meeting will be circulated to the stakeholders in due course.

There being no other agenda item, meeting ended with a vote of thanks to the Chair.

141

Annexure – 1

List of Participants:

Sl. No	Name of the Participant	Designation/Company
MIAL		
1	Mr. Manoj Singh	Vice President - Cargo
2	Mr. Lokesh Uttarwar	General Manager - Security
3	Mr. William D'costa	Senior Manager - Air Side Operations
4	Mr. Mukesh Devpura	Deputy Manager - Finance
5	Mr. Mayilvanan T	Deputy Manager - Administration
6	Mr. Mohd Baqir Agha	Assistant Manager
7	Mr. Satish Prasad	Assistant Manager
8	Mr. Alok Patni	Assistant Manager
9	Mr. R. Kamalakar	Assistant Manager
BAR		
1	Mr. Pankaj Nath	Regional Cargo Operations Manager, Air France/KLM/Martin Air
2	Mr. Malcolm Dsouza	Manager Operations, Air France/KLM/Martin Air
3	Mr. Vishwanathan Nair	Operations Supervisor, Air France/KLM/Martin Air
4	Mr. Zarir Kheshwala	General Manager, Western India, Lufthansa Cargo
5	Mr. Shankar Iyer	Regional Manager, Middle East & South East Asia, Swiss International Airlines
6	Mr. Sandeep Shetty	Manager Operations, Swiss International Airlines
7	Mr. Lynn Buthello	Customer Service Manager, British Airways
8	Mr. Siddhant Iyer	Cargo Manager, Western India, Cathay Pacific Airlines
9	Mr. Sudhir Manipur	Assistant Manager, Cargo Services, Cathay Pacific Airlines
10	Ms. Jyotsna Patil	Manager, Cargo Operations, Jet Airways
11	Mr. Avinash Samant	Duty Manager, Jet Airways
12	Mr. Abhijeet Ahire	Duty Officer, Qatar Airways
13	Mr. S.D. Prabhu	Cargo Manager, Maharashtra & Goa, Emirates Sky Cargo
14	Mr. Sanjay Patankar	Manager, Cargo Operations, Emirates Sky Cargo

Consultation meeting with Stakeholders
(Trade bodies)

Minutes of the Stakeholders' Consultation Meeting held on 20th Sept 2014, Air Cargo Complex, Main Conference Hall @ 1130 hrs for revision of Cargo Tariff for FY 14-15

A stakeholder consultation meeting was convened by M/s. Concor Air Ltd ("CAL/ Company") on 20th Sept 2014 at 1130 hrs in the Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views on the stakeholders on the proposed Annual Tariff Proposal for FY 14-15. The list of participants is enclosed at Annexure - 1.

Mr. Rajib Bhowal, CEO - CAL chaired the meeting and welcomed all the participants. Mr. Rajib Bhowal, CEO - CAL informed the trade that CAL is in the process of revising the cargo tariffs for April 2014 to March 2015 as the proposal earlier submitted by MIAL needs to be re-submitted by CAL as the operations of international cargo has been taken over by Concor Air Ltd effective Feb 2014. He also briefed the trade about the background of the Company. CAL is a wholly owned subsidiary of Container Corporation of India Ltd ("Concor") which in turn is a Government of India undertaking under the Ministry of Railways. Concor is pioneer in rail transportation of Exim and domestic containers and operations and management of Inland Container depots (ICDs) and Container Freight Stations (CFSs) having a Pan India presence. Concor has formed CAL in order to expand its span of operations, make its presence felt in Air Cargo business and establish itself in the Air Cargo industry.

CAL entered into the field of domestic and international air cargo operations by entering into concession agreements with Mumbai International Airport Pvt. Ltd. (MIAL) in respect of Chhatrapati Shivaji International Airport (CSIA). The operations of International Cargo has been taken over by CAL from MIAL w.e.f. 18th February, 2014.

It was informed that MIAL took over International cargo operations from Airports Authority of India (AAI) on 3rd May 2006. The service levels and infrastructure for cargo operations in CSIA, Mumbai have significantly improved over the last 8 years. Substantial efforts have been made to reduce the dwell times and bottlenecks. However, tariff of International cargo operation has not increased in tandem with the development in the last 8 years. The cargo operators at all other major airports in India have revised their cargo tariffs in last 3 years. Currently, the charges for cargo handling at CSIA are amongst the lowest at major airports.

The CPI-IW index and WPI index, which are reflective of inflation, have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively since MIAL took over operations at CSIA from AAI in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.

This revision is must to offset the substantial increase in operational costs and considering the fact that tariffs have not been revised since 2004.



Mr. Rajib Bhowal, CEO also briefed the developments made by MIAL since 2006 and the cargo growth trends, the increased labour cost year on year etc. He also mentioned that charges at CSIA is one of the lowest as compared to other cargo terminals and the service level deliverance is the best level meeting all the SLA and timelines. Keeping in view the investments made so far and significant rise in operational costs over last several years CAL proposes to increase cargo tariffs by 15% for FY 14-15 for consideration of all the stakeholders as per the AERA guidelines.

Stakeholders Views:-

Mr. Bharat Thakkar – Past President – Air Cargo Agents Association of India

Mr. Thakkar appreciated the efforts put forth by MIAL team for the remarkable service improvements and infrastructure developments. He asked for the forecast with respect to the tariff period and the tonnage handling. He also agreed that there is a substantial increase in the labour cost and seems to be necessary to compensate partly for increase in the input cost. He also wanted to know the detailed statistics which was presented during the last stakeholders meeting convened by MIAL on 15th April 2013.

Mr. Thakkar also expressed that the infrastructure development planned to be executed faster and complete in phased manner as the trade cannot wait too long for the completion of entire project.

CAL assured that all the details regarding cost increase, tonnage handled and comparative tariffs with other airports and details of last meeting with MIAL are already available in the AERA website (Consultation Paper no. 18/2013-14) dated 13th August 2013.

Trade was briefed about various initiatives taken. Stake holders were informed that significant investment has been made towards IT development and said launch of GHA module, comprehensive EDI messaging are the key achievements in IT in the first quarter of 2013. There are service improvements; particularly reduction in dwell times and removal of bottle necks in the last two years. As a part of Cargo Master Plan implementation, MIAL is in the process of acquiring additional land from CPWD to create an integrated Cargo facility.

Trade was further informed that a dedicated export unitization area admeasuring 6500 sq mts is ready and presently been allocated for unitization. Creation of new Export Heavy Shed and separate facility for Export Bonded Cargo operations is also under pipeline. Sterile and non-sterile bifurcation has been created by aligning all the screening machines to comply with the regulations laid by Bureau of Civil Aviation Security. It was emphasized that dedicated cold storage facility for



storage of pharmaceuticals and medicines, installation of 30MT capacity ULD weighbridge are other noteworthy developments undertaken by MIAL in export facility. A off shore export facility is also planned in near future.

Keeping in view the investments made so far and significant rise in operational costs over last several years, proposal to increase cargo tariffs by 15% for FY 14-15 is very minimal and even after the increase CAL rates would be amongst the lowest in India at major airports.

Mr. Manish Shah – M/s. Magnum Cargo – Trade Member

Mr. Shah expressed that there is a substantial increase in the cargo volumes at CSIA, hence the infrastructure facility also needs to be increased or developed accordingly. He also requested to expedite the export process & truck dock acceptance. With the increase in rate, the trade is expecting a better service and infrastructure. Trade was informed that the current backlog situation is due to the customs system failure and it has also recommended customs to have an alternate network solution. Cargo developments are already initiated and will be coming up in phased manner without disturbing the current business. **Mr. Mahendra Bhosale – M/s. Skyway Cargo – Trade Member**

Mr. Bhosale appreciated the support and service of MIAL and CAL team. He said that the air cargo facilities need further improvement and better working conditions. With regards to the rate hike proposal he has got no objection provided the developments and improvement to take place shortly.

Mr. Paresh Desai – M/s. Pearl Agency – Trade Member

Mr. Desai informed that there is an urgent need for better infrastructure at times it is noticed that the export trucks are not allowed from the main gate. The 24 x 7 operations at CSIA is not effective. Rate hike proposal to be viewed seriously to overcome the current issues and should be implemented with value added services.

Trade was informed that customs registration closes at 07:30 pm and not available for 24 x 7 this restricts the entry as we cannot use this terminal as storage warehouse. **Mr. Augustinho Fernandes – Customs Watch Dog Committee , Founder Member**

Mr. Fernandes whole heartedly supported proposal for rate revision of International cargo operations and referred his views given in the last meeting held on 15th April 2013 that it is absolutely necessary in light of significant increase in various costs involved in the operations. He assured his support and appreciated the improved quality of services at cargo terminal.

Mr. Manoj Salaskar – M/s. Expeditors , Trade Member



Mr. Salaskar viewed that service standards at cargo facilities have improved and noticeable. The MIAL & CAL team are supportive, some of the key developments such as Import Cold Zone, Pre-Alert process, deployment of key accounts manager had resulted in good customer response. He accepted that there is a requirement of rate revision but not sure about the percentage. Trade was informed that all the import cleared cargo are delivered on the same day without any pendency with the support of the trade and CHA members operating at CSIA Cargo. It was also informed that the percentage hike was to be approved by Hon'ble AERA and also mentioned that even if 15% hike is granted, rates at CSIA will still be considerably lower than any other cargo terminal at major airports in India.

Mr. Pradip Naik - M/s. Schenker India, Trade Member

Mr. Naik also supported the views of other stake holders for the service level improvements and value additions in the cargo process for maintaining effective dwell time. He rendered his support for the rate hike proposal.

Mr. Prakash Bhandaru - M/s. Channel Freight, Trade Member

Mr. Prakash agreed to the views of the forum and tendered his full support and co-operation to MIAL / CAL team. He also wanted to know what will be the added benefits to the customer post the rate revision.

Trade was briefed that there are already value added services in place and this rate revision is to cover the operational cost as it is pending since 2004.

Mr. Ramakrishna Padhy - M/s. DHL, Trade Member

Mr. Padhy endorsed the service level improvements by MIAL / CAL and requested that there is some further improvement needed especially in the export operations which should be taken at priority. He also agreed that to cover the operational cost rate revision proposal is justified and whole heartedly supported the proposal.

Trade was assured that soon there will be an integrated export process in place. Export Heavy and Bonded Terminal under construction will be completed in next 10-12 months.

Mr. Mihir Bhadkamkar - ACAAI, Committee Member

Mr. Mihir remarked that despite of improved service levels, there are still some gaps during the peak hour performance. Deployment of Manpower, Equipment during peak hours should be addressed. No objection for the rate revision proposal.

Chairman addressed that this happens whenever there is a backlog situation due to customs system slowdown and failure which is beyond the control of CAL.



Mr. Loknath Rai – ACAAI, Chairman – Western Region

Mr. Loknath Rai also supported the views of other stakeholders and expressed that within the available infrastructure our team is achieving this level. Hence there is an urgent need for the infrastructure development and then proceed for the tariff hike.

CAL enquired whether there is any service failure or any pendency, Mr. Rai informed that in recent past it has been noticed due to customs system failure.

It was informed that customs system failure issue cannot be addressed by CAL. For last ten years there is no hike in the rate which needs revision to cover the operational cost and it is to be noted that infrastructure development is a continuous process, which is being implemented in phased manner. Major development work is held up due to the land occupied by other custodian and its relocation. The proposed Master Plan was discussed in detail with the trade bodies during the presentation given to MoCA which was attended by Mr. Bala Iyer, ACAAI member. This proposed hike is for the increase in labour and other costs and should not be compared with the infrastructure nor it is for the return on investments.

Mr. Suraj Bhalerao – M/s. Cargo Partner, Trade member

Mr. Suraj also recorded his appreciation for the service rendered by MIAL and CAL team. He fully seconded the proposal for rate hike as it is needed for better service levels.

Mr. Sanjeev Harale – F F F A I, Managing Committee Member

Mr. Harale also appreciated the service standards within the available facility and requested not to revise the charges as of now. He also referred that that no major development has happened and the hike proposed should be justifiable. He further stated that development as per Master Plan has not happened.

Trade was briefed about the developments under taken since 2006 viz import cold zone the state of art facility, Export unitization zone, export dock levelers, etc. which is very well noticeable and part of the master plan. The rate revision proposal, as said earlier, is not for the investment done it is just to recover the operational cost which is justifiable. It was informed that CSIA is a land constraint airport and infrastructure development depends on coordination with various stakeholders. Construction of Import facility will be done after shifting of offices by Air India.

Mr. Pramod Sant – C I I (Confederation of Indian Industry), Conveynor

Mr. Sant expressed that there are remarkable improvements noticed which is the current requirement for effecting smooth cargo operations. He also said MIAL's / CAL's efforts towards service improvement and commitment are highly commendable, but not as per the international dwell time standards. Reduction of



free period as well as the increase in tonnage has already compensated the proposed rate hike. He also mentioned that any hike will impact the cost to the entire logistic supply chain but also agreed to the fact that there is labour cost increased which may be addressed through effective automation. The percentage proposed is too high needs to be further reviewed.

Trade was informed that the entire dwell time is not confined to the cargo terminal operator as there are other trade partners and regulatory agencies who play a major role in the entire supply chain. Reduction of the free period decision is as per the Govt directives and not part of the cargo terminal operator. No development is happening cannot be accepted, as wherever land was available, major projects were completed and are in operations. The current 15% rate hike is proposed only to cover the operational costs and is not against the investment done.

Mr. Dushyant Mulani - BCHAA, Managing Committee Member

Mr. Dushyant Mulani appreciated the noticeable developments in terms of services and support from MIAL and CAL. There is urgent need for better infrastructure and working conditions at air cargo complex as 40% of the export cargo is handled through the rear side of the shed. He informed that the trade is expecting a substantial increase in volume for coming financial year hence immediate interim measures should be taken for handling the volume and there should be fixed timelines for all the cargo development projects. He suggested to come with the tariff proposal after achieving few more milestones and handling more volumes.

Trade was informed that infrastructure development at cargo can be executed in phased manner keeping in view the business continuity. He also noted about the under construction export heavy and bonded terminal which will be completed in next 10-12 months. The major projects can be executed once the other custodian i.e Air India agrees and move to their dedicated air cargo complex.

Mr. Mark Fernandes - Indian Merchant Chamber (IMC) Chairman - Shipping & Ports Committee

Mr. Fernandes also endorsed the appreciation for the service standards and remarkable improvements and infrastructure developments carried out in the last few years. He said that the trade fully supports the proposal but keeping in view the existing economic crisis stakeholders would be interested to review the impact of the proposed 15% rate increase, though the increase is marginal and low compared to other airports and seems to be necessary to compensate partly for the increase in input cost. Concor operation at sea ports witnessed a good result and the same is expected to be in the airports and they should ensure that no cargo is diverted to other airport due to over flow as the requirement of trade is gone up after seeing and experiencing Mumbai Terminal 2. As Cargo is funding



6149

(135)

more to the airport revenue cargo trade expects the same level of infrastructure for cargo operations. He whole heartedly rendered his support but with expectations, let the deciding authority finalize the percentage hike.

Trade was thanked for the support and assured best services upto the expectations of the trade to ensure no lose of cargo from this airport.

Mr. Bala Iyer - ACAAI, Managing Committee Member

Mr. Iyer also appreciated the services within the available space, but there is a need for infrastructure developments and automation wherever necessary. 15% rate hike is not acceptable at the current situation. Yes there was a presentation given by MIAL but the timelines for project completion is not fixed. Hence the proposal of rate hike should be reviewed.

Chairman once again informed that already three major projects part of the master plan had been completed and in operations viz Export Perishable Center, Import Cold Zone and Export unitization zone and one more project i.e Export Heavy and Bonded Terminal in under construction. Hence view of the trade that no development has happened at cargo cannot be accepted.

Mr. Rajib Bhowal, CEO (CAL) thanked the stakeholders for active participation in the meeting and requested to support CAL's proposal for revision in cargo handling tariff. He reiterated that the proposed tariff increase is only to meet the significant increase in the operating costs and not related to future Capex. He said that tariff increase is absolutely necessary at this point of time.

The meeting ended with a vote of thanks to chair.

List of Participants:

Sr. No	Name of the Participant	Designation
CONCOR AIR LTD (CAL)		
1	Mr. Rajib Bhowal	Chief Executive Officer
2	Mr. Vishal Patil	Dy.General Manager
3	Mr. N K Vasudevan	Sr. Manager
4	Mr. Mahesh Banjan	
5	Mr. Prakash Bhagat	Asstt. Manager
ACAAI		



1	Mr. Bharat Thakkar	Past President
2	Mr. Loknath Rai	Chairman - Western Region
3	Mr. Bala Iyer	Managing Committee Member
4	Mr. Mihir Bhadkamkar	Managing Committee Member
	IMC	
1	Mr. Mark Fernandes	Chairman
	BCHAA	
1	Mr. Dushyant Mulani	Managing Committee Member
	C I I	
1	Mr. Pramod Sant	Import-Export Committee- Conveynor
	CUSTOMS WATCH DOG	
1	Mr. Agustinho G Fernandes	Founder Member
	FFFAI	
1	Mr. Sanjeev Harale	Managing Committee Member
	Other Stakeholders	
1	Mr. Manish Shah	Magnum Cargo
2	Mr. Mahendra Bhosale	Skyway Cargo
3	Mr. Paresh Desai	Pearl Agency
4	Mr. Manoj Salaskar	Expeditors
5	Mr. Pradip Naik	Schenker India
6	Mr. Prakash Bhandaru	Channel Freight
7	Mr. Ramakrishna Padhy	DHL
8	Mr. Suraj Bhalerao	Cargo Partner
	MIAL	
1	Mr. Manoj Singh	Vice President -Cargo
2	Mr. Sanjiv Bhargav	Vice President -Regulatory
3	Mr. Lokesh Uttarwar	General Manager - Security
4	Mr. D V S R Murthy	Asstt. General Manager
5	Mr. Mohammed Nasir	Sr. Manager - Cargo
6	Mr. Alok Patni	Manager - Regulatory
7	Mr. Mayilvanan T	Manager - Cargo



[Handwritten signature]

(133)

Consultation meeting with BAR

Minutes of the Stakeholders' Consultation Meeting with Airlines representatives held on 22ND Sept 2014, Air Cargo Complex, Main Conference Hall @ 1130 hrs for revision of Cargo Tariff for FY 14-15

A stakeholder consultation meeting with Airlines representatives was convened by M/s. Concor Air Ltd on 22nd Sept 2014 at 1130 hrs in the Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views on the stakeholders on the proposed Annual Tariff Proposal for FY 14-15. The list of participants is enclosed at Annexure-1.

Mr. Rajib Bhowal, CEO - CAL chaired the meeting and welcomed all the participants. Mr. Rajib Bhowal, CEO - CAL informed the trade that CAL is in the process of revising the cargo tariffs for April 2014 to March 2015 as the proposal earlier submitted by MIAL needs to be re-submitted by CAL as the operations of international cargo has been taken over by Concor Air Ltd effective Feb 2014. He also briefed the trade about the background of the Company. CAL is a wholly owned subsidiary of Container Corporation of India Ltd ("Concor") which in turn is a Government of India undertaking under the Ministry of Railways. Concor is pioneer in rail transportation of Exim and domestic containers and operations and management of Inland Container depots (ICDs) and Container Freight Stations (CFSs) having a Pan India presence. Concor has formed CAL in order to expand its span of operations, make its presence felt in Air Cargo business and establish itself in the Air Cargo industry.

CAL entered into the field of domestic and international air cargo operations by entering into concession agreements with Mumbai International Airport Pvt. Ltd. (MIAL) in respect of Chhatrapati Shivaji International Airport (CSIA). The operations of International Cargo has been taken over by CAL from MIAL w.e.f. 18th February, 2014.

It was informed that MIAL took over International cargo operations from Airports Authority of India (AAI) on 3rd May 2006. The service levels and infrastructure for cargo operations in CSIA, Mumbai have significantly improved over the last 8 years. Substantial efforts have been made to reduce the dwell times and bottlenecks. However, tariff of International cargo operation has not increased in tandem with the development in the last 8 years. The cargo operators at all other major airports in India have revised their cargo tariffs in last 3 years. Currently, the charges for cargo handling at CSIA are amongst the lowest at major airports.

The CPI-IW index and WPI index, which are reflective of inflation, have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively since MIAL took over operations at CSIA from AAI in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.



[Handwritten signature]

This revision is must to offset the substantial increase in operational costs and considering the fact that tariffs have not been revised since 2004.

Mr. Rajib Bhowal, CEO also briefed the developments made by MIAL since 2006 and the cargo growth trends, the increased labour cost year on year etc. He also mentioned that charges at CSIA are one of the lowest as compared to other cargo terminals and the service level deliverance is the best level meeting all the SLA and timelines. Keeping in view the investments made so far and significant rise in operational costs over last several years CAL proposes to increase cargo tariffs by 15% for FY 14-15 for consideration of all the stakeholders as per the AERA guidelines.

Stakeholders Views:-

Mr. Harish Zade – M/s. Lufthansa Cargo

Mr. Harish expressed that there is a remarkable service improvements and infrastructure developments taken place. Hence the proposal for rate revision is acceptable and justified.

Mr. Prasad Ganguseti – M/s. Emirates Sky Cargo

Mr. Prasad raised the concern that 15% rate hike is not in proportion to the increase of labour cost and WPI %. There is a substantial increase in cargo volume which could have compensated the proposed hike. Other airports like Hyderabad and Bangalore give incentives and discounts for handling charges based on the volume handled. This increase will effect the cost of cargo transaction.

Chairman briefed that the actual increase in the labour cost is 93% and WPI is 72%, but we are proposing only 15% as an average increase. The rates covered under this proposal are the common basic charges for airlines handling not related to the standard ground handling charges which is customized and discounted based on the respective volume handled by the airlines and scope of services defined. This is proposed after ten years to cover up the operational cost. The actual % increase will be approved by AERA.

Mr. Prasad agreed to the fact about the common charges and accepted the need of rate revision which will be decided by the competent authority.

Mr. Vishwanathan Nair – M/s. Air France

Mr. Nair appreciated the efforts of MIAL and CAL team. He said that no one would reject the proposal but 15% is too high which needs to be reviewed and some reasonable hike to be implemented. There are areas of concern in the export operations which needs to be addressed promptly. Operating freighters at CSIA is becoming difficult as heavy odd dimensions cargo could not be moved with ease.



He also requested for the master plan presentation to the members for getting an update regarding the future developments.

Chairman briefed about the challenges in acquiring land for development at CSIA which is not in the control of MIAL. Trade was also updated about the improvement in facilities undertaken recently such as unitization facilities, construction of export shed. CAL is only proposing 15% hike, AERA will approve the exact % hike after the trade views. Hence he requested for support and co-operation from all airline members operating at CSIA.

Mr. Siddanth Iyer – M/s. Cathay Pacific Airlines

Mr. Iyer informed that the service level and support for import operations is appreciated but there is an urgent attention needed for export facility enhancement. 15% is too high needs to be reviewed and marginal increase can be recommended. Also informed that they need to get the clearance from their head quarters as such increase needs to be budgeted.

Chairman responded that now the focus of developments is towards the export operation only. Also briefed about the recent developments undertaken viz the state of art import cold zone facilities, Export unitization zone, export dock levelers, Sterile Zone bifurcation, etc. which is very well noticeable and part of the master plan. We are in the process of adding 03 X-Ray machines. This proposal of rate increase is to cover the operational costs only.

Mr. Bradley Dlima – M/s. Kenya Airways

Mr. Bradley briefed about the aviation market situation. Due to heavy competition no airlines are making any profits and freight charges are not going up. Hence the % of rate revision to be reviewed.

Mr. Shankar Iyer – M/s. Swiss Air

Mr. Shankar Iyer informed the forum that yes there is a need of % hike in the current tariff proposal. Also expressed that this hike should be implemented stepwise and stage wise. He raised the concern with respect to the implementation of cargo master plan and requested to expedite the same. He also wanted to know the time period for this rate revision. Marginal increase is acceptable and also needs to be budgeted. He said that rates are higher at other airports but then service levels are also higher there.

Chairman assured that the cargo master plan will be expedited post Air India transition and with respect to the rate revision the Authority will decide and declare the percentage hike for FY 14-15. It was informed that ACAAI has written an appreciation letter in March 14 for high service levels.

Mr. Lynn Buthello , M/s. British Airways



[Handwritten signature]

List of Participants:

Sr.No	Name of the Participant	Designation
CONCOR AIR LTD (CAL)		
1	Mr. Deepak Kapoor	
2	Mr. Rajib Bhowal	Chief Executive Officer
3	Mr. Vishal Patil	Dy.General Manager
4	Mr. N K Vasudevan	Sr. Manager
5	Mr. Prashant Tirpude	
6	Mr. Prakash Bhagat	Asstt. Manager
BAR - Representation		
1	Mr. Harish Zade	Lufthansa Cargo
2	Mr. Prasad Gangusetti	Emirates
3	Mr. Sanjay Patankar	Emirates
4	Mr. Vishwanathan Nair	Air France / KLM / Martin Air
5	Mr. Sudhir Manipur	Cathay Pacific
6	Mr. Siddhant Iyer	Cathay Pacific
7	Mr. Malcolm D'souza	Air France / KLM / Martin Air
8	Mr. Bradley D'Lima	Kenya Airways
9	Mr. Shankar Iyer	Swiss World Cargo
10	Mr. Sandeep Shetty	Swiss World Cargo
11	Mr. Lynn Buthello	British Airways
12	Ms. Jyotsna Patil	Jet Airways
13	Mr. Abhijeet Ahire	Qatar Airways
14	Mr. Prashant Phaterpekar	U P S
15	Mr. Aziz Malbarwala	U P S
MIAL		
1	Mr. Manoj Singh	Vice President - Cargo
2	Mr. Sanjiv Bhargava	Vice President - Regulatory
3	Mr. Mohammed Nasir	Sr. Manager - Cargo
4	Mr. Alok Patni	Manager - Regulatory
5	Mr. Mayilvanan T	Manager - Cargo



[Handwritten signature]