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भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

No.AAI/CHQ/REV/Cargo/09 1686

Dated: 14.12.2010

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

AGM (AGS)

**Subject: Proposal of AAI for revision of Cargo tariff at Chennai and
Kolkata Airport-Reg.**

Sir,

AERA's letter No. AERA/20010/AAI-C/2010-11/1446 dated 6th December, 2010 on the above subject enclosing the comments of the Air Cargo Agents Association of India (ACAAI) may be referred to. In this regard, the views of Airports Authority of India are given below:

(10)
15/12/10

- i) AAI has always involved all the Stakeholders in the process of revising cargo tariff.
- ii) Any increase in tariff has always been implemented after holding many rounds of discussions and after arriving at a consensus.
- iii) In all the meetings relating to the revision, detailed discussions giving the details of assets created investments, made facilities enhanced/provided at Cargo Complex etc. were placed before the Stakeholders.
- iv) The Stake Holders had adequate opportunities to present their views since many rounds of discussions were invariably held.

- (v) Any increase in rate was always implemented with the consensus of the industry. At times, AAI has not increased the charges keeping in view the recession in market and has accepted the proposal of the trade not to increase the charges.
- (vi) The revision of Cargo tariff was due from 1st April, 2010. While AAI stands by its commitment to provide the requisite data and justify any tariff proposal, the detailed Guidelines for Cargo services are yet to be finalized.
- (vii) AAI called for a meeting of all Stake Holders for the revision of Cargo Terminal charges in the month of March, 2010. The Air Cargo Agents Association of India (ACAAI) chose to stay away from the meeting in spite of explaining the position of AAI that the final revision would be implemented only after the approval of AERA even though, a consensus may be arrived in the meeting. In the proceedings AAI presented its case for revision of AAI charges by 10% giving the details of investment made in Cargo Terminals, the performance of Cargo Terminals including untraceable Cargo, Cargo dwell time and additional equipments provided etc. Two rounds of discussions were held and ACAAI chose to stay away from the 2nd round of discussion also. However, the meeting was attended by FFFAI, FIEO, representatives of customs clearing Agents Association at Kolkata Airport, who actually represents the exporters.
- (viii) During 2nd round of discussions, FFFAI and FIEO did not agree for 10% increase and gave proposal for 5% increase on the basis of the presentation given by AAI to stakeholders. In the interest of the trade, AAI agreed with the proposal of FFFAI who got confirmation for 5% increase from the representatives in Kolkata, Chennai and DG, FIEO also. Thus, an agreement was reached about the revision of AAI

cargo charges by 5% with effect from 1.4.2010 and then 1.4.2010. On the basis of the proposal of FFFAI & FIEO, the same was sent to AERA by AAI for its approval.

- (ix) The contention of ACAAI, "it never used to be a Consultation but always intimation after the revision is finalized, is incorrect because the final revision was only done after an agreement among the Stakeholders was arrived at. This may also be verified from the fact that the revision effected was not the rate proposed by AAI but the rate agreed to after the Consultations. AAI is not against any benchmarking. AAI has signed a MOU with the Ministry for benchmarking certain activities in exports and imports and making efforts to achieve the same. A report regarding achievements of benchmarking for these activities is sent to MOCA every month. It may also be seen that the average dwell time of the Cargo has been coming down consistently and Cargo clearance within the free period was also gone up considerably. Further, the untraceability of Cargo is also negligible.

- (x) The points contained in the Annexure-1 of the letter dated 11/2010 were discussed in the meeting held at Chennai Airport, both prior to the Stakeholders Consultation as well as afterwards. The progress and improvements made by AAI in this regard were appreciated by the trade.

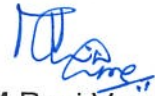
- (xi) It can be seen from the above that the objection raised by the ACAAI are far from the factual information. AAI is within their right to have discussions with the trade to firm up the proposal for any revision of charges before sending it to AERA for approval. It may not be out of place to mention that the impact of the revision of AAI charges is only on the actual exporters/ importers. ACAAI and Customs Clearing

Agents only facilitate the booking of cargo on behalf of exporters and clearing it through Customs

In view of the above, it is requested that the revision of cargo tariff as contained in our proposal dated 07.09.2010 may be approved at the earliest.

Thanking you,

Yours faithfully,



(M.Ravi Varma)

General Manager (F&A)