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02/09/19



COURIERS ASSOCIATION OF INDIA

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Date: 31st August 2019

To,
The Chairman
Airport Economic Regulatory Authority Of India,
AERA Building
Administrative Complex
Safdarjung Airport
New-Delhi-110 003

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

प्राप्त

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02/09/19

Sub: - Consultation Paper No.04 / 2019-20. In the matter of determination of tariffs for Express Cargo Operations of Express Industry Council of India in respect of Chatrapati Shivaji Maharaj International Airport, Mumbai for the second control period (01.04.2016 to 31.03.2021)

Respected Sir

In response to the said Consultation Paper The Couriers Association of India (hereinafter referred to as CAI) on behalf of its members hereby humbly submits its observations. The CAI is representing huge majority of the stake holders and all of them are individually registered with customs to clear the import / export consignments shipped through Courier Mode. The registration is granted by the Commissioner of Customs in terms of the Courier Imports and Exports (Clearance) Regulations, 1998 & Courier Imports and Exports (Electronic Declaration and processing) Regulations, 2010 to transact their business relating to Customs Clearance of Parcels and packages shipped through Courier Mode at CSI Airport Mumbai.

1. At the outset CAI is disappointed to note The Authority's decision of giving a five-percentage return on revenue to EICI, considering that even though EICI being a non-profit organization pays exorbitant salaries to its Directors and Executive Officers. They have appointed a battery of expensive lawyers on their payroll and splurge crores on litigation. This is in direct contravention to AERA guideline to give return on Regulatory Asset Base. Why the exception in case of EICI?
2. In the matter regarding expense for implementation and maintenance of EDI software, The Authority has inappropriately allowed this as an Expense in the first place. EDI is a mandatory requirement and has to be provided The Customs Authority. EICI has overshoot its mandate and spent money on EDI by hiring the most expensive services of Wipro. Moreover, even after development of the EDI the same has to accommodate in ICS. Even while CAI strongly recommends The Authority to disallow EDI as an expense as this has led to a considerable hike in the facilitation fee, CAI would like to point out the fact that EDI is being used across all ports handled by EICI the Capital Expenditure however is entirely appropriated to Mumbai Terminal.

3. We are Thankful to The Authority in correctly stating the Customs Cost Recovery should not be levied at Mumbai just as it is not levied by EICI at Delhi and Bengaluru. EICI has a surplus of 54 Crores and this money can easily be used to pay all arrears and obtain waiver of Customs Recovery Cost. However in reference to point 2.1.3 of the consultation Paper wherein the The Authority states "*The Authority will consider the aspect of customs cost recovery charges after settlement/waiver of Customs costs*" CAI feels that this statement can be mis-construed and can create several lacunae. CAI requests The Authority to clearly and firmly state disallowing of Customs Cost recovery permanently irrespective of order / waiver obtained at a future date and the matter shall not be reviewed by The Authority anymore.
4. In view of above points 1, 2 and 3 it should be clear to The Authority that the method of calculation of cost arrived at for computation of facilitation fee is incorrect. Our members are burdened by high facilitation fees by EICI and have rendered their services un-competitive and expensive. We request AERA to direct EICI to further reduce the facilitation fees and bring parity among the facilitation fees of other ports operated by it. Following is a comparison of the facilitation fees and other charges levied by EICI across all terminals:

EXPORT CHARGES				
	Facilitation Fee	X-Ray Charges	Customs Cost Recovery	Total
Mumbai	Rs.9.50	Rs.1.38	Rs.1.50	Rs.12.38
Delhi	Rs.7.00	Rs.1.75	Nil	Rs.8.75
Bengaluru	Rs.8.00	Nil	Nil	Rs.8.00

Import Charges				
	Facilitation Fee	X-Ray Charges	Customs Cost Recovery	Total
Mumbai	Rs.16.00	Nil	Rs.5.75	Rs.21.75
Delhi	Rs.7.50	Nil	Nil	Rs.7.50
Bengaluru	Rs.14.00	Nil	Nil	Rs.14.00

5. Across all sectors it has been The Government's Endeavour to encourage healthy competition, in fact AERA itself has issued a notification mandating there to be a minimum of three ground handling agent or ISP at the airport, why is it then that EICI has been awarded with a monopoly to handle express Cargo at Mumbai airport. The Authority may kindly note that there is an obvious conflict of interest here as EICI is an association of the Multi National Companies, leaving the smaller domestic companies at their mercy. CAI would like to suggest that a co-operative society be formed and handed over the custodianship wherein all stakeholders will be equally liable and benefit from running the courier terminal.

In the above circumstances we, Courier Association of India, strongly object to the prevailing tariff which is unrealistic.

It is therefore, requested that:

- (i) EICI may be directed to clear the Custom Cost Recovery arrears and dis-continue charging the same from the users.
- (ii) Reconsider and reverse the ad hoc rate hike.

Thanking you,

Yours faithfully,



Shabeer Ahamed

(President)

COURIERS ASSOCIATION OF INDIA