



# THE AIR CARGO AGENTS ASSOCIATION OF INDIA

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2<sup>nd</sup> December 2022

Director (P&S, Tariff)  
Airports Economic Regulatory Authority of India (AERA),  
AERA Administrative Complex,  
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New Delhi - 110003,

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

डाकरी नं०

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5/12/2022

Sir,

**Subject:** Comments on Consultation Paper No. 12/2022-23 dated 14.11.2022 ---regarding.

The Consultation Paper no 12/2022-23 dated 14-11-2022 issued by AERA in the matter of determination of Tariff for Cargo Handling Services for M/s Celebi Delhi Cargo Terminal Management India Pvt. Ltd (**CDCTM**) at Indira Gandhi International Airport, Delhi for the third control period (FY 2021-22 to FY 2025-26) has been perused by our members.

Air Freight Industry, impacted by the Covid 19 pandemic is still trying to crawl back to its pre Covid growth rate. In spite of loss of business for the Air Freight Industry due to pandemic lockdown, major role was played by the Air Cargo Industry /Airlines in transportation of food subsidies, PPP kits, Oxygen cylinders and other essential items during the lockdown. Airlines also repurposed passenger aircrafts by reallocating fleet to exclusively serve air cargo demand.

Govt of India, on its part collaborated with Air Cargo Trade Associations including ACAA, to provide freight forwarders, airlines, and other stakeholders with incentives and concessions to enhance movement of Air Cargo.

Based on similar lines, ACAA expected that AERA, on its part will also play the role in enhancing the Air Cargo activities by recommending discounts/subsidies to the Air Cargo Trade/Airlines in the said consultation Paper.

As per the MYTP submitted by CDCTM (circulated by AERA vide consultation paper 12/2022-23) has proposed the % age YoY Tariff increase for Third Control Period.

## 1) Projection of Capital expenditure

CDCTM has projected a total Capital Expenditure (CAPEX) of Rs 219.04 crores for development of Cargo Infrastructure, procurement of Cargo Equipment including Automated Storage and Retrieval System (ASRS) during the Third Control Period (FY 2021 - 22 to FY 2025 - 26).

It may be noted that while submitting the MYTP for tariff year 4 and tariff year 5(2019 - 20 to 2020 - 21) and second control period (01-04-2020 to 31-03-2021), CDCTM justified the increase in tariff with projection of planned investment of Rs. 115 Cr in the control



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period (2017 - 2021) excluding any increase in security deposit which also included Automated Storage and Retrieval System (ASRS) at the cost of Rs 34 crores.

Since the said consultation paper (12/2022 - 23) has not updated on the progress of the development projects/ included in the planned investment of Rs 115 crores we would like more clarity on the proposal for capex.

For the capex cost CDCTM has envisioned for shifting of utilities due to construction of DIAI Cargo village, that activity has no commercial implications for the trade and the same is being undertaken to increase non aeronautical revenue for the airport. It is requested that such cost should be borne between the airport and the CTO and the same should not be added as cost to users as we are already a country aiming to reduce transaction costs of logistics.

2) Express Delivery: 25% more than the rate for the category the cargo falls under different categories.

CDCTM needs to confirm the time period stipulation for the activities, they plan to provide to the stakeholders including the Airlines for which additional 25% has been recommended by AERA in the said Consultation Paper along with the discounts/penalty on the CTO if they fail to provide the said service(s) within the stipulated time period. For such an activity we require a written Standard Operating Procedure with specific timelines that justify an "Express Charge" and such services to be clearly demarcated as "On Demand Service only". The difference between normal and express cargo in terms of handling time should be clearly enumerated.

3) Levy of Miscellaneous charges, facilitation fee, Customs facilitation fee and post-delivery charges etc.

Customs are deployed at the Cargo Terminal as a regulatory/statutory agency for processing and delivery of international cargo after collection of requisite Customs duty and fulfillment of document formalities thereby regulating the movement of Air Cargo. The additional duties/activities, which is proposed to be performed by Customs for the levy of Customs facilitation fee @ Rs 0.42 per kg at the behest of CTO (whether mandatory OR optional) has not been specified by AERA in the said consultation paper. In the absence of these details, **ACAAI, on behalf of its members does not accept it and may be removed by AERA from the Tariff list itself.**

**Please note that clarification is sought for Facilitation which is part of the CTO duties for operating the terminal, ACAA cannot accept that the users pay for "Facilitation" of Government officials who are already paid from taxpayer money.**



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The said non acceptance by ACCAI also holds good for levy of other Miscellaneous charges etc. in the absence of justifications/details.

## 4) Repacking charges

ACCAI has been informed by its members that in spite of Customs clearing 98% consignments in 'green channel' under RMS (wherein the packages are not opened/closed for Customs examination), CTOs are charging 'repacking charges' for 10% of the packages in the consignment. It is requested that AERA, while issuing the Order on tariff rates may ensure that due directions are conveyed to the CTO that **packing charges are to be levied only for those packages which are opened/closed physically for Customs examination.**

Further, 'Repacking charges' have been reduced from minimum charges per Airway bill from Rs 37.95 during FY 2020 - 21 to Rs 2.06 in FY 21 - 22 till Rs 2.77 in FY 2025 - 26 whereas, Packing/repacking charges per package (lots of 50) per shipping bill has been astronomically hiked from Rs 18.97 in FY 2020 - 21 to Rs 347/- in FY 2021 - 22 till Rs 467.24 in FY 2025 - 26.

We request to approve Packing Charges only on "ACTUAL" basis as we now have the technology and electronic means to pay for every box physically opened by customs.

This will eliminate costs from 98% of the consignments which are not opened and repacked but are unjustly being charged for a service not being provided.

AERA is requested to review this anomaly in YoY tariff revision while issuing the orders as the same is against the principles of natural justice.

## 5) Levy of Handling charges in addition to the TSP charges

**Handling charges recommended @ Rs1.36/per kg during FY 21 - 22 till Rs 1.83 per kg in FY 25 - 26 for general cargo in addition to the TSP charges is not acceptable** and may be removed from the tariff chart. Since the TSP charges include the handling charges, this separate levy will only lead to duplicate levy adding uncalled-for burden to the shipper/consignee

## 6) DGD Preparation and acceptance fees has been an issue of contention as it is being charged both by the airlines and CTO from customers, such a double levy is inappropriate and clear directions must be issued that it should be charged only at one point.

## 7) HAWB Consolidation charges: HAWB is a forwarder document and the CTO has no role to play in it as their acceptance of cargo like the practice worldwide is on MAWB basis. This charge is totally misleading and has no area of activity for the CTO. This



charge was also objected against in the previous MYTP for the CTO yet it has been repeatedly appearing in the tariff sheet.

- 8) Definition of "Special Cargo": It is requested that a clear definition of "Special Cargo" should be part of the document so as to eliminate any cause of confusion and clear concise definition of such cargo should be part of the tariff document.
- 9) Competition Assessment: Delhi Airport Cargo operates through 2 CTOs with airlines divided amongst them. The users at the front end namely the importers/exporters do not have the choice to use the terminal they want and are dependent on the airline choice of terminal. Thus, the Cargo Handling Service may be termed as "Material" but is not truly "Competitive".

## AIR FREIGHT STATION (AFS)

AERA vide Consultation Paper No 12/2022 - 23 dated 14-11-2022 has proposed 30% lower TSP charges for BUPs/ ULDs pertaining to AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc., as compared to normal approved TSP charges applicable to other than AFS Cargo for the third control period (w.e.f. 01-01-2023 to 31-03-2025).

The above proposal of AERA, proposing 30% lower TSP charges has been perused by ACAAI and we are of the opinion that the same needs to be reviewed by AERA since, while proposing 30% lower TSP charges, AERA has not considered all the activities that will be carried out by AFS for handling/processing of the international export cargo and has proposed a lumpsum reduction in the TSP charges to be levied by AFS.

Based on the visit of AERA team along with cargo expert from AAICIAS and both the CTOs at IGIA, Delhi to the facilities of AFS Operator (Continental Carriers) in June, 2022, it is informed that 85% of the export Air Cargo activities will be carried out at AFS premises.

## ACAAI RECOMMENDATIONS ON AFS

- It is recommended 85% reduction in the TSP charges for AFS cargo instead of 30% reduction as recommended by AERA vide their above - mentioned Consultation paper.
- Since most of the ULDs built at AFS will be in consolidation form, the levy of commodity wise charges is not feasible for AFS cargo. AERA may be suggested to levy 'single rate' policy per kg/ULD for AFS cargo for all type of cargo to avoid duplication of charges and

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avoid any confusion to the shippers. Globally, the single rate cargo handling policy is prevalent, irrespective of the type /nature of cargo.

- Since shippers are unwilling to pay TSP charges, twice, one each to AFS and CTO, shippers may be given the option to pay TSP charges to AFS operator only who are physically handling the cargo and CTO may be permitted to handle loaded ULDs only as forwarded by AFS for the Airlines to be loaded in their respective Aircrafts.

## ACAII RECOMMENDATIONS ON CONSULTATION PAPER.

One of the key reasons for hurdles in the Air Cargo Industry is complicated procedure and tariffs associated with these processes.

'There is no standard rate across the Indian Airports for the processing and handling of cargo at Air Cargo Terminals, which may be counterproductive to the competitiveness of the country's exports and imports and to the cost of Air Cargo Logistics, as a whole.

Earlier, TSP charges, as levied by the CTO, included all type of services /activities proposed to be provided by CTO for handling of Air cargo at their respective Air Cargo Terminal. This '**single rate per kg**' was simple to levy and avoided any type of duplicate levies by the CTO on shipper/consignee. This similar type of levy by CTO for handling of Air Cargo is the need of the hour thereby showing complete transparency. **Any type of complexity w.r.t. levy of 'other charges' in the form of Misc. charges, facilitation charges, etc. without any justification needs to be avoided by CTO.**

ACAII recommends that AERA should fix processing and handling charges which will be applicable across all airports and also ensure that these charges are comparable to other Airports around the world so that our export competitiveness is not impacted due to high Terminal charges.



M. AFZAL MALBARWALA  
President