CARGO SERVICE CENTER

Delhi

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली 110003
आपा
डायरी नं० 17206
तारीख 22/12/2022

277/Dir(P&S)
22/12/2022

Date: 22nd December 2022

To

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

AGM(T)

Consultant(V)

Subject: - Submission of DCSC's Counter Comments for the Comments made by various Stakeholders against the Consultation Paper No 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

Dear sir,

Reference to the above subject we hereby to submit our counter comments to the comments made by various Stakeholders against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

1) Reply to comments made by VAFA Fresh Vegetables & Fruits Exporters Association as **Annexure -1**.
2) Reply to comments made by Continental Carrier Private Limited as **Annexure -2**.
3) Reply to comments made by The Air Cargo Agent Association of India as **Annexure -3**.
4) Reply to comments made by Delhi Customs Brokers Association (Regd) as **Annexure -4**.
5) Reply to comments made by Federation of Freight Forwarder's Association of India as **Annexure -5**.
6) Reply to comments made by Delhi Air Cargo Agents Association as **Annexure -6**.
7) Reply to comments made by SpiceJet Limited as **Annexure -7**.

We hope you find above in order.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd

For DELHI CARGO SERVICE CENTER PVT. LTD.

(Authorised Signatory) Authorised Signatory

Delhi Cargo Service Center Private Limited
Cargo Terminal 2, Gate No. 6, Air Cargo Complex, IGI Airport, New Delhi-110 037
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ANNEXURE-1

CARGO SERVICE CENTER

Delhi

Date: 22nd December 2022

To,

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

SUBJECT: Submission of DCSC's Counter Comments for the comments made by VAFA Fresh Vegetables & Fruits Exporters Association against Consultation Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by VAFA Fresh Vegetables & Fruits Exporters Association against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

(1) VAFA Comments:

"When the Perishable exporters industry is in the process of finding its feet in global market during the post Covid period for their products, subsidies in the form of freight reduction and discounts in CTO cargo handling tariff chart was expected AERA whileseeking comments from the various stakeholders on the consultation papers."

DCSC Reply:

VAFA Fresh Vegetables & Fruits Exporters Association's contention is to seek subsidies and discounts. However, AERA's consultation on MYTP is based on sound principles mentioned in GCF Guidelines. It is common knowledge that every industry suffered because of the COVID pandemic. It is imperative for the industries to bounce back again in the post-COVID era on the strength of the economic recovery. As such to expect one industry to subsidize another industry is unjustified and unfair.

(2) VAFA Comments:

"While on the one hand, our members are having issue(s) with the CTOs on non- maintenance of the cool chain while transporting/loading the perishables on Aircrafts, resulting in deterioration of the product quality, on the other hand, this hike in tariff by CTOs has left our members aggrieved on the part of AERA."

DCSC Reply:

The scope of the present Consultation Paper is to seek comments on the MYTP from various stakeholders. VAFA has complained that the so called *"non maintenance of the cool chain while transporting /loading the perishable on Aircrafts, resulting in deterioration of the product, on the other hand, this hike in tariff by CTOs has left our members aggrieved on the part of AERA"*. It is pointed out here that transportation and loading of cargo is not in the scope of the Cargo Terminal Operator (CTO). It falls in the scope of the Ground Handling Agency (GHA). As per the cooling facility & cold chain infrastructure of DCSC is concerned

For DELHI CARGO SERVICE CENTER PVT. LTD.

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we take pride in the fact that we have the country's best cold chain infrastructure. We have never come across even one complaint from VAFA, on this account so far.

(3) VAFA Comments:

Before we submit our observations on the subject Consultation Paper, it Is requested that AERA may include penal/deterrent action on CTOs in the AERA orders for non- maintenance of the cool chain, as desired by the exporters, so that quality deterioration is avoided, and our products are not rejected/returned back in the global market.

DCSC Reply:

Provision of cold chain for cargo forms an essential part of our infrastructure. As such providing cool chain services are an essential part of a business contract with our customers. Such contracts are governed by minimum Service Level Agreements (SLA). Any breach of SLAs with a customer is duly covered in the contract.

(4) VAFA Comments:

Levy of 'DRY Ice checklist' charges for handling Domestic (Inbound/ outbound)

DCSC has proposed to levy the above charges @ Rs 9.92/- per kg (Rs 1654/- per AWB) leviable on Agent /Shipper/Consignee/Airline.

In the absence of details of the services/activities, proposed to be provided for levyof this charge, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Dry Ice Checklist service is provided under Acceptance ***"Checklist for Dry Ice (Carbon Dioxide, Solid) as prescribed in the IATA Dangerous Goods Regulation, Edition 63 of 2022"***

Dry Ice Checklist is a function that is required by some carriers. It is an optional service, not a compulsory service. This charge for the services are bonafide for the service rendered and has been in the existence in the past tariff order as well. As such VAFA's suggestion that the same may be rejected or deleted is not based on the correct understanding of the service that we provide to the customers on their demand.

(5) VAFA Comments:

Levy of 'Documentation & Supervision Services' charges for handling Domestic (inbound/outbound) cargo.

DCSC has proposed to levy the above charges @ Rs 2.47/- per kg (minimum of Rs

200/- per AWB) for Special cargo(which Includes perishable cargo) leviable on Agent /Shipper/Consignee/Airline.

In the absence of details of the services/activities, proposed to be provided for levyof this charge, the same may be rejected and deleted from the tariff chart.

For DELHI CARGO SERVICE CENTER PVT. LTD.

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DCSC Reply:

Documentation & Supervision Services are charges optional in nature. These charges are levied only in the case if any airline wants to use our resources for documentation and supervision. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. As per VAFA's suggestion that the same may be rejected or deleted is not based on the correct understanding of the service that we provide to the customers on their demand.

(6) **VAFA Comments:**

Levy of Domestic Security Handling charges.

The tariff chart indicates levy of Domestic Security handling charges exclusive of X- ray/physical examination on Agent/Shipper/Airlines @ Rs 2.07 per kg (Minimum rate Rs 165/- per AWB). In the absence of details of the services/activities, proposed to be provided for levy of this charge, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Security Handling Charges are based on the security screening protocols as mandated by the Bureau of Civil Aviation Security (BCAS). Based on airlines request physical examination may be waived in some consignment. In such case a lower charge of Rs.2.07 per kg is applicable instead of charge of Rs.3.72 per kg. In no case both charges (Inclusive / Exclusive) can be applied simultaneously. The idea behind a lower rate is to give benefit to the customer. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. As per VAFA's suggestion that the same may be rejected or deleted is not based on the correct understanding of the service that we provide to the customers on their demand.

(7) **VAFA Comments:**

Miscellaneous charges and Miscellaneous activity charges.

Provision of the Misc charges has been made in the tariff chart for levy @ Rs 2.89 per kg (Minimum rate Rs 180 /- per AWB) and Rs 1854/- per AWB for Misc activities on city side on Agent/Shipper/Consignee/Airlines. In the absence of details of the services/activities, proposed to be provided for levy of these charges, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Our business is a regulated business in as much as the tariff for each service element is determined by a process by AERA. However, as is applicable to any other business customers' requirements of service evolve over time and there are a few activities that may not be contemplated under the Tariff Order when it was determined. In order to enable such service a residual service head under the name of Miscellaneous Charges is mentioned in the tariff so that the absence of tariff for unforeseen services does not become a bottleneck for the provision of such services. This charge for the service is bonafide for the service rendered and has been in the existence in past Tariff Orders as well. VAFA's suggestion that the same may be rejected or deleted is not based on the correct understanding of the service that we provide to the customers on their demand.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

(8) **VAFA Comments:**

X ray charges and Demurrage charges on 'Withdraw' shipments.

DCSC has proposed levy of X ray charges and Demurrage charges on 'Withdraw shipments* @ Rs 2.04 per kg (minimum Rs 204/- per AWB) & Rs 2.33 per kg per day (minimum Rs 232/- per AWB) respectively, whereas for normal export cargo these charges are Rs 1.90 per kg (minimum Rs 190/- per AWB) & Rs2.16 per kg per day (minimum Rs 216/- per day) respectively.

The levy of the x-ray charges on 'withdraw' shipments is not justified since there is no requirement

ofx-ray screening for 'withdraw 'export Shipments.
In view of the above, these charges are rejected by our members and may accordingly be removed from the tariff chart.

DCSC Reply:

In normal export process a shipment is transferred from city side to air side through X-Ray machine. X-Ray machine determines the contents is secured as per the BCAS norms. The passage for cargo from city side to air side is only through X-ray machine and through the screening process. In case a situation warrants the cargo to come back from air side to city side as the Authorities (BCAS, Customs, CISF) require the consignment to be brought out through the X-ray machine and screening process. Then, this charge is applied. This charge for the services are bonafide for the service rendered and has been in the existence in the past Tariff Orders as well. As per VAFA's suggestion that the same may be rejected is not based on the correct understanding of the service that we provides to the customers on their demand.

(9) VAFA Comments:
Repacking charges:

Further, it is informed that DCSC Is levying 'repacking charges' on those consignments (10% of the packages) also which are cleared by the Customs under 'green channel' ofRMS (Risk Management System) wherein there is no opening/closing of the packages as no examination Is carried out by the Customs. AERA may consider Insertion of 'foot note' indicating that 'repacking charges' to be levied on those package(s) only, opened physically by the CTO for Customs examination.

DCSC Reply:

DCSC applies such charges only on such consignment/packets that are opened by the Customs official for examination. DCSC does not apply such charges on such shipments which are not opened by the Customs officials for examination. It is explained that DCSC follows a principle of levying charges only for the services rendered.

(10) VAFA Comments:

Movement of perishable cargo as 'Domestic to international' transhipment cargo

Presently, the perishable cargo after x-ray screening and LEO at Domestic Airport of Departure, moving as domestic bonded cargo is being x ray screened again at IGIA Airport (Airport for international departure), leading to payment of double x ray charges for the single perishable shipment i.e., once at point of domestic departure and another at the point of international departure.

It is suggested that bonded perishable cargo, moving as 'Domestic to International" transhipment, once x-rayed at Airport of Domestic Departure should not be subjected to 2^{nd} X ray screenings at Airport for International departure.

DCSC Reply:

Screening of domestic and International Transhipment cargo at IGI airport is done under BCAS regulation. DCSC is duly bound to follow the regulations laid down by the Authorities. DCSC provides services within the ambit of such regulation and charges for the services rendered. This charge for the services are bonafide for the services rendered and has been in the existence in the past Tariff orders as well.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

(11) VAFA Comments:
Penalty/discount in TSP/demurrage charges and other type of charges for delay in delivery

The tariff chart must stipulate the time period for each activity/service proposed to be provided by the DCSC. The tariff chart should also include penalty/discount in TCP/demurrage charges and other type of charges for any delay in processing/delivery of cargo on the part of DCSC, to the consignee. This tariff chart should form the part of the SLA with the VAFA- VEGETABLES AND FRUITS EXPORTERS ASSOC\ATION.

DCSC Reply:

DCSC enters into a detailed contract with its customers. Such contracts are based on IATA Standard Ground Handling Agreement (SGHA) which prescribes the service level and service elements. The service level or level defaults in services are dealt with adequately in the contracts. As such, there is already a service-level defaults safeguard built in the contracts.

(12) VAFA Comments:

Levy of single "rate per kg.

On perusal of the said consultation paper, it is observed that DCSC has submitted plethora of 'other charges' for handling of both domestic and International cargo in addition to the TSP/Demurrage charges. These charges, If approved by AERA, will lead to the confusion and avoidable duplication of the levy of charges, as already pointed out above.

In order to have complete transparency of the levy of charges on handling of both international and domestic by the Cargo terminal Operator and avoid duplication in levy of the charges, FFFAI is of the opinion that Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi ,may be advised to have a single"rate per kg'" policy for handling of all type of cargo for the levy on shippers/consignee(s), which will include all gamut of activities/services required to be performed/provided for handling of both International (Export/Import) and Domestic (Inbound/outbound) cargo at their Cargo Terminal, irrespective of nature/type of cargo. This policy will avoid levy of ambiguous charges viz., Misc. charges/activities, Quick ramp transfer, customs facilitation fee, express delivery etc.

DCSC Reply:

DCSC tariff sheet contains description of element of services and corresponding charges for such services. While some of the services are necessary in the course of handling cargo, there are services that are optional for the users. Because some services are pertaining to certain type of cargo and tariff is charged in accordance the type of the cargo. In another words DCSC tariff chart is not only a table of tariff but also description of the services that enables a user to pick a service The exhaustive description of services also provides the users with complete transparency about the services rendered and charges levied.

It is so stated that DCSC charges can be levied on various users /stakeholders depending upon the nature of contract and nature of service contracted.

However, it is emphasised that there is not duplication of the charges on the users as users pay only for the services received. A "single rate per kg" policy will not let the customer know what he is paying for and in this way he may pay for services not contracted. Adoption of such procedure is strongly opposed as it is neither in the interest of the user not in the interest of service provider.

For DELHI CARGO SERVICE CENTER PVT. LTD.

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(13) VAFA Comments:

Discounted rate for Perishable cargo

During and post Covid 19 pandemic, Ministry of Civil Aviation (MoCA) encouraged the movement of perishable cargo with a subsidy of 50% in freight charges through Air.

However, as per the said consultation paper, it is observed that perishable cargo has been treated as a 'Special' cargo thereby levying TSP/Demurrage charges much more than the General Cargo.

On similar lines, keeping the MoCA initiative(s) in sight, AERA may consider 50% reduction in TSP/Demurrage and other charges, cargo in the tariff chart for DCSC for the growth of perishable.

<u>DCSC Reply:</u>

DCSC tariff chart defines Special Cargo as under:

a) Pharma Items
b) Line Animals
c) Hazardous /Dangerous Goods
d) Valuable / Vulnerable Goods
e) Perishable
f) Newspaper and TV reel Consignment

It is seen from the description of the Special cargo that it is one that requires special handling/storage infrastructure. Perishable cargo requires temperature control for which has to be handled in our cold room. This calls for a mandatory controlled temperature environment for the perishable cargo and thus warrants special handling in a specially control environment.

VAFA's reason for the recommendation of a 50% reduction is motivated by the desire to seek subsidies for perishable goods. It is suggested that VAFA should propose to the relevant government agencies for seeking incentives/subsidies for encouraging the movement of perishable cargo. DCSC charges for special cargo are bona fide charges and levied for the service rendered. Besides such charges have been existing in the previous Tariff Orders as well.

We request you dismiss the comments of the VAFA Fresh Vegetables & Fruits Exporters Association and issue the Tariff order for the Third Control Period in favor of DCSC with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DELHI CARGO SERVICE CENTER PVT. LTD.

(Authorised Signatory)

Authorised Signatory

Date: 22nd December 2022

To,
The Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India

SUBJECT: Submission of DCSC's Counter Comments for the comments made by Continental Carrier Private Limited Consultation (CCPL) Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by Continental Carrier Private Limited against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

(1) <u>CCPL Comments:</u>

AFS TSP charges recommended to be levied as per the said consultation paper is based on nature of the cargo being handled. Charges are different for Pharma, Live animal, valuable, Hazardous, Valuable, Newspaper & TV reels and Perishable Cargo. (Reference Tariff for Export cargo at Page 110 of the consultation paper).

In this regard following is submitted:

- ***AFS operator will deliver the loaded ULDs, 06-12 hours before the STA of the flight as per the respective Airlines SOP, after due security check fulfilment process.***
- ***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 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 DCSC may be permitted to handle loaded ULDs only as forwarded by AFS for the Airlines to be loaded in their respective Aircrafts.***

Further, in order to have better understanding and an insight of Air Cargo Handling procedure/ mechanism at Cargo Terminals & to assess the infrastructure available at the Delhi AFS, AERA team along with cargo expert from AAICLAS visited the facilities of AFS Operator (Continental Carriers) and both the CTOs at IGIA, Delhi, in June, 2022.

For DELHI CARGO SERVICE CENTER PVT. LTD.

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The AERA team, after visiting the facilities of AFS Operator & Cargo Terminal Operators and onsite interactions with the Service Providers felt that after operationalization of AFS policy, there would be maximum activities, which will be done at AFS facility itself like offloading of the export cargo from the trucks, customs examination/clearance, X-ray scanning of Cargo & palletization/ULD built-up etc. However, there will be very few of other activities which will continued to be undertaken by the CTOs at their terminals for AFS Cargo.

Considering the above and taking note of inputs received through extensive deliberations on the issue, the AERA unilaterally proposing 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.

DCSC Reply:

Cargo is classified in General & Special cargo for the purpose handling. Special cargo is described as under:

a) Pharma Items
b) Line Animals
c) Hazardous /Dangerous Goods
d) Valuable / Vulnerable Goods
e) Perishable
f) Newspaper and TV reel Consignment

From the above it is seen that special cargo is needs special handling/storage instructions. It may be stated that the need for special handling arise from the nature of the cargo. For example, perishable and temperature sensitive cargo need to be handled in a special cold room. Similarly, cargo classified as dangerous goods (as per IATA classification) needs to handled in a special manner so that the safety aspect for the cargo handling is not compromised. For example, dangerous goods like lithium batteries which are classified as dangerous goods have to be handed in special manner otherwise, they can become safety hazardous to the aircraft. Similarly, chemicals have to be handled in a special manner so as to avoid them mixing up and form and explosive substance. In fact, IATA Dangerous Goods Manual describes the way such goods have to handled.

It is mandatory for the shipper to declare the content of the consignment and therefore determined the nature of such consignment. DCSC goes by the description of the goods given by the shipper on the AWB on the basis of which charges are levied.

Bundling up of the ULDs in the consolidated form does not do away with the goods requirement of the declaring the nature of the goods. Particularly if such goods are in nature of special that require special handling. Any concealment/misdeclaration of the description of the goods may be detrimental to the safety the aircraft. As such concealment or misdeclaration will result in wrong handling of the goods. Therefore, it is necessary to declare the contents and their nature even if a consolidated ULD is made. DCSC charges are levied on the basis on the declaration made by the nature of goods in the AWB. It is emphasised that there is no duplication of charges in such practices. Continental Carrier's suggestion arises more out of commercial consideration ignoring /overlooking /overriding the special handling/safety / security concerns. Such recommendation is highly impractical and also a safety /security hazard as it completely ignores the special handling requirement of the cargo at the cost of

For DELHI CARGO SERVICE CENTER PVT. LTD.

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safety/security. DCSC's charges are based on the services rendered and the levy of the charges are bonafide. It is strongly recommended that the suggestion of Continental Carrier be rejected in full.

It is also reiterated that DCSC charges TSP for the service rendered from the person/agency who tenders cargo to it. Such charges are based on approved Tariff Order by AERA.

(2) CCPL Comments:

The above proposal of AERA, proposing 30% lower TSP charges has been perused by us and we are of the opinion that the same is not acceptable and needs to be reviewed by AERA for the following reasons:

- ***As per para-D(IV) of the AFS Policy document, AERA, while approving the TSP charges shall give the breakup of Transit, Storage and processing charges, which, in the said consultation paper has not been provided.***
- ***With the commissioning of the AFS there will be division of the processes for handling of both export and Import cargo at both AFS and Air Cargo Terminals. M/s CCPL will be handling only export cargo initially.***
- ***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.***
- ***The detailed activities which will be carried out at AFS, earlier being carried out by Air Cargo Terminal for both export is as follows:***

Sl. No	EXPORT PROCESS	Presently done by		Later Through AFS	
		Agency	Terminal Operator	AFS Operator	Terminal Operator
1	Payment of Customs Cost recovery charges	TERMINAL OPERATOR	✓	✓	✕
2	Carting order to Agent	AIRLINES	✓	✓	✕
3	TSP Charges receipt	TERMINAL OPERATOR	✓	✓	✕
4	Gate Checking of Goods /docs	TERMINAL OPERATOR	✓	✓	✕
5	Docs receipt of goods	TERMINAL OPERATOR	✓	✓	✕
	a) Good store be off loaded from trucks	TERMINAL OPERATOR	✓	✓	✕
	b) Weight check of Goods	TERMINAL OPERATOR	✓	✓	✕
	c) Truck Dock (TD) Entry	TERMINAL OPERATOR	✓	✓	✕
6	Cargo X Ray /Screening	TERMINAL OPERATOR	✓	✓	✕
7	Packages brought for examination after locating from lot as per Customs requirement	TERMINAL OPERATOR	✓	✓	✕

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8	Opening and repacking of boxes	TERMINAL OPERATOR	✓	✓	✕
9	Repairing and proper stacking of boxes after Customs examination.	TERMINAL OPERATOR	✓	✓	✕
10	Warehouse location given to agents on AWBs and other docs.	TERMINAL OPERATOR	✓	✓	✕
11	Docs handed over to Airlines	TERMINAL OPERATOR	✓	✓	✕
12	ULD(BUP) off loading and location	TERMINAL OPERATOR	✕	✓	✕

DCSC Reply:

DCSC levies tariff for various services that it renders its customers thus deriving a gross yield for its service. AERA which determines the tariff also takes into consideration the yield. DCSC levies TSP charges in the course of it services. TSP stands for Terminal Storage and Processing are not Terminal, Storage, Processing. TSP is comprehensive activity and cannot be split into parts. The assumption to breakup Terminal Storage and Processing into various components is impossible as it is an integrated function.

However, for the purpose of explanation the process of the AFS cargo has been given in our MYTP application and it is strongly proposed that tariff for handling AFS cargo be established on the basis of our MYTP application and not arbitrarily allowing 30% discount on the existing tariff.

(3) <u>CCPL comments:</u>

As these activities will be carried out at AFS and 85% of the above-mentioned activities will be carried out at AFS premises, hence 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.

Further it may also be noted that:

- ***Customs cost recovery charges are very high, which is required to be paid by the AFS operator for the Customs deployment at the AFS premise, the operational costs are considerable high with manpower deployment on 24X7basisforacceptanceof 30-40MT of export cargo daily.***

- ***AFS operator invest considerable amount for the infrastructure creation and deployment of manpower for handling 30-40 MT of cargo per day.***

- ***Most of the activities are being carried out at AFS and Air Cargo Operator has very minuscule role of only transferring of the goods to/from Airlines.***

- ***The operationalization of AFS requires fulfilment of BCAS regulations for which sufficient nos of Xray scanning machines, ETDs and other security equipment are required to be positioned***

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

along with trained BCAS approved security personnel. This entails considerable capital to be invested.

- ***AFS operators are required to be RA/RA3 compliant for which BCAS approved security screeners are required to be positioned at the AFS and RA/RA3validationsarerequiredto be carried out at regular intervals through the BCAS security validators.***

Acquiring RA/RA3credentials for the AFS in itself involves huge investment.

DCSC Reply:

Continental Carrier Pvt Ltd has provided a list of activities that are supposedly needed to be done at AFS. Such list is not relevant to the matter of determination of tariff for DCSC. Moreover, it is submitted that AFS is outside the preview of the AERA and as such reference to the list of activities and their corresponding cost is irrelevant to the present context. Continental Carrier has also assessed that these activities carried out by AFS constitutes 85% of the process without even giving the list of the corresponding activities by the CTO. It is not clear how they have arrived at the figure of 85% and from the face of it looks that such figure is arrived by their commercial interests which rather than fair play. We strongly oppose the demand to allowing discount on exiting tariff and propose that AFS tariff should be determined as per the MYTP application submitted by DCSC. From above it is clear that CCPL recommendations are not based on facts and reality. As such all the recommendations should be rejected in total. We also propose that AFS tariff should be established on the basis of MYTP application submitted by DCSC.

We request you to dismiss the comments of the Continental Carriers Private Limited and issue the Tariff order for Third Control Period in favor of DCSC with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DELHI CARGO SERVICE CENTER PVT. LTD.

(Authorised Signatory)

Authorised Signatory

Date: 22nd December 2022

To,
The Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India

SUBJECT: Submission of DCSC's Counter Comments for the comments made by The Air Cargo Agent Association of India against Consultation Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by The Air Cargo Agent Association of India against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

(1) ACAAI Comments:
Reduction in projected Cargo Volumes in cargo volumes

(a) DCSC anticipates reduction in projected cargo volumes (both domestic and international) in the later part of the Third Control Period on account of take over of the Cargo Handling of Vistara & AirAsia by Air India. ACAAI observes that, presently, there is no such orders for said 'taking over' of Cargo Handling operations of Vistara and Air Asia by Air India. Such assumption by DCSC cannot be taken as the basis for seeking hike in the tariff. Commercial decisions by their customer airlines cannot determine the tariff structure.

DCSC Reply:

DCSC had projected that Cargo Operations of Air Asia and Vistara Airlines will be taken over Air India, who has its own Domestic Cargo Handling facility at IGI Airport w.e.f 01.01.2023 which would result in loss to DCSC, who currently handles Cargo Operations of Air Asia and Vistara Airlines. The Authority in Para 3.2.2 of the Consultation Paper has noted that there isn't any official communication from Tata Group in this regard and only considered the impact w.e.f. 01.04.2023 instead of 01.01.2023 onwards as submitted by DCSC.

The Authority ought to consider that the Tata Group has now officially announced that AirAsia India will be merged with Air India Express and that the process has already begun. Further, on 29.11.2022, the Tata Group has also announced that the Air India and Vistara are also to be merged to drive synergies in the sector and derive benefits of the economies of scale. In any case, even in the absence of a formal merger of Air Asia and Vistara with Air India, it is palpable that shift of cargo load from DCSC to AISATS (handler of Air India) is eminent for AirAsia and Vistara's commercial and economic interest Moreover, the Tata Group is neither required to issue any official communication to AERA or DCSC for shifting its cargo operations from DCSC to AISATS at IGI Airport nor would require

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formalization of the merger between its different entities. Also, loss of cargo volume on account of these developments and the shift is imminent based on the DCSC's discussions with its Vistara and AirAsia counterparts. It is based on such discussions DCSC had proposed to consider the reduction of Cargo Volumes handled by DCSC in the Third Control Period from 01.01.2023 onwards.

(2) ACAAI Comments:

(b) DCSC has anticipated decrease in international cargo volumes by 10% and 20% in the FY 2024 -25 and FY 2025 -26 respectively with the operationalization of Cargo Hub at Jewar Airport. This assumption for hike in tariff needs to be viewed by AERA on real time basis before taking a call for hike in tariff for the said FYs. In fact, there could be overall growth of the market and increase in volumes for Delhi Airport also.

DCSC Reply:

DCSC had projected a drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport FY 2024-25 onwards. The anticipated drop was in line with the Techno Economic Feasibility Report for Jewar Airport ('**TEFR**') by M/s Pricewaterhouse Coopers Private Limited which has estimated that cargo at Jewar Airport will account for 40% of the Cargo and may be in a position to cater nearly 55% of the Cargo.

However, the Authority in Para 3.2.3 of the Consultation Paper has proposed to consider projected reduction in volumes between 10% to 20% for FY 2024-25 and FY2025-26 respectively, based solely on the estimations by the other ISP at IGI Airport.

DCSC reiterates the projected cargo tonnage submitted by it its MYTP and requests the Authority to consider (i) the adverse impact of Cargo Volumes due to Cargo Handling of Vistara and AirAsia to be taken over by Air India from 01.01.2023 onwards and (ii) the drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport from FY2024-25 onwards for DCSC in the Third Control Period as reflected in Table 3 of the Consultation Paper.

(3) ACAAI Comments:

Projected CAPEX for the Third Control Period.

DCSC, during the submission of their ATP for FY 2018 19 (circulated by AERA vide Consultation Paper 14/2018-19 dated 16-08-2018) has submitted various development activities including creation of new infrastructure and other operational and IT upgradations as one of the justifications for hike in the tariff. This Consultation paper fails to inform/brief the stakeholders on the update of those development activities but now submits another CAPEX details of Rs 410.12 crores again justifying the hike in tariff schedule.

AERA may seek an update of CAPEX projections from DCSC before considering the hike in tariff rates as sought by DCSC vide this consultation paper on projected CAPEX amounting to Rs.410.12 crores for the Third Control Period (FY 2021 -22 to FY 2025 -26), which as per DCSC is

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proposed to be utilized for remodelling of the existing infrastructure, Upgradation of the IT infrastructure and system and other modernization and mechanization/automation activities.

The Authority ought not to ignore DCSC's projections that are unique to it and based on scientific evidence i.e., the TEFR which is based on detailed studies and research by expert bodies. Accordingly, the Authority should not rely upon the projections of another ISP, which are unsupported by any rational reasoning. The ISPs at IGI Airport cater to different client base and estimations of the other ISP, based on its unique business model cannot be applied to DCSC.

DCSC Reply:

The purpose of the present Consultation Paper is to determine tariff for 3rd control period starting from FY 2021-22 to FY 2025-26. The determination of tariff is done on the basis of MYTP application filed by DCSC. The MYTP application is filed by DCSC for 3rd Control Period starting from FY 2021-22 and ends on FY 2025-26 for the determination of proposed Capex and Opex. The methodology of determination of tariff is given in detailed in AERA's CGF Guidelines, 2011. The guidelines takes into the consideration the existing regulatory assets base (RAB) and proposed Capex to determine the Aggregate Revenue Requirement (ARR). The existing / opening RAB is based on the audited figures of the capex that is incurred by the DCSC. Thus, opening figure of the RAB already contains the depreciated value of the capex incurred in the previous control period. DCSC has submitted a detailed description of the capex items and the same forms and integral part of this Consultation Paper. ACAAI is urged to go through the details for this understanding.

(4) <u>ACAAI Comments:</u>

Levy of 'Documentation & Supervision Services' charges for handling Domestic (inbound / outbound) cargo.

DCSC has proposed to levy the above charges @ Rs 2.47/- per kg (minimum of Rs 89/- per AWB) for General cargo & Rs 2.47/- per kg (minimum of Rs 200/- per AWB) for Special cargo respectively.

Since DCSC has not submitted the details of the services / activities, proposed to be provided for levy of this charge, the same cannot be accepted by ACAAI.

DCSC Reply:

Documentation & Supervision Services are charges optional in nature. These charges are levied only in the case if any airline wants to use our resources for documentation and supervision. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. ACAAI's suggestion that the same can not be accepted by them is not based on the correct understanding of the service that we provide to the customers on their demand.

(5) <u>ACAAI Comments:</u>

Levy of Domestic Security Handling charges.

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The tariff chart indicates levy of Domestic Security handling charges exclusive of X – ray / physical examination on Agent / Shipper/ Airlines @ Rs 2.07 per kg (Minimum rate Rs 165 /- per AWB).

Since DCSC has not submitted the details of the services / activities, proposed to be provided for levy of this charge, the same cannot be accepted by ACAAI

DCSC Reply:

Security Handling Charges are based on the security screening protocols as mandated by the Bureau of Civil Aviation Security (BCAS). Based on airlines request physical examination may be waived in some consignment. In such case a lower charge of Rs.2.07 per kg is applicable instead of charge of Rs.3.72 per kg. In no case both charges (Inclusive / Exclusive) can be applied simultaneously. The idea behind a lower rate is to give benefit to the customer. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. ACAAI's suggestion that the same cannot be accepted by them is not based on the correct understanding of the service that we provide to the customers on their demand.

(6) <u>ACCAI Comments:</u>

Miscellaneous charges and Miscellaneous activity charges.

Provision of the misc charges has been made in the tariff chart for levy @ Rs 2.89 per kg (Minimum rate Rs 180 /- per AWB) and Rs 1854/- per AWB for misc activities on city side on Agent / Shipper / Consignee / Airlines.

Since DCSC has not submitted the details of the services / activities, proposed to be provided for levy of this charge, the same cannot be accepted by ACAAI

DCSC Reply:

Our business is a regulated business in as much as the tariff for each service element is determined by a process by AERA. However, as is applicable to any other business customers' requirements of service evolve over time and there are a few activities that may not be contemplated under the Tariff Order when it was determined. In order to enable such service a residual service head under the name of Miscellaneous Charges is mentioned in the tariff so that the absence of tariff for unforeseen services does not become a bottleneck for the provision of such services. This charge for the service is bonafide for the service rendered and has been in the existence in past Tariff Orders as well. ACAAI's suggestion that the said charges cannot be accepted by them is not based on the correct understanding of the service that we provide to the customers on their demand.

(7) <u>ACAAI Comments:</u>

Detention and Demurrage charges in case of Import Cargo

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DCSC has proposed levy of 'detention charges' per day per kg along with Demurrage charges @Rs 8.28 per kg on Import shipments, not cleared by the consignee within the free period.

Since Demurrage charges is levied on the cargo lying with CTO beyond the 'free period' on per kg per day basis, the purpose behind levy of 'detention charges' is not understood. It is just the duplication of charges. It is recommended that only single charge, 'Detention' or 'Demurrage' charge be proposed for approval by AERA as per the existing practice in vogue for handling of Import cargo lying at the Air Cargo Terminal beyond the 'free period' by DCSC.

DCSC Reply:

Detention and Demurrage charges are mentioned in the charging head of "Courier Services" and these charges are different in nature as supported by the comments below:

a) If the consignee is unable to take delivery of the shipment on account of detention of consignment by the authority i.e Customs then the charges are levied under the head "Detention charges".
b) However, if a consignee voluntarily fails to take the delivery of the consignment then the charges are levied under the head "Demurrage charges".

It is evident from above that the above charges are mutually exclusive in nature and the above-mentioned charges cannot be levied simultaneously on the same shipment. Therefore, it is not a duplication of charges.

(8) **<u>ACAAI Comments:</u>**

Levy of TSP charges for handling Special Cargo-Project/Heavy Cargo in case of both export and import cargo.

DCSC has proposed levy of TSP charges w.r.t subject cargo @ Rs 4.95 per kg (minimum of Rs 4960 per AWB) for export cargo and Rs 18.18 per kg (minimum of Rs 18,184/- per AWB) for import cargo.

Since already TSP charges @ Rs 2.22 per kg (minimum Rs 173/- per AWB) and Rs 9.84 per kg (minimum Rs 496/- per AWB) has been proposed to be levied on import and export cargo respectively for General cargo, clarification is sought whether these TSP charges (on Special Cargo – Project / Heavy Cargo) are additional charges or TSP charges for General cargo will not be levied on Special Cargo – Project / Heavy Cargo.

Earlier, vide AERA order No 22/2018 – 19, the heavy / project cargo was defined as cargo having gross weight / volumetric weight of 1 MT and above, whereas, vide this said consultation paper, the weight benchmark is 3 MT for the heavy / project cargo, thereby justifying the increase in subject charges from @ Rs 4.30 per kg (minimum of Rs 4301/- per AWB) for export cargo and Rs 15.77 per kg (minimum of Rs 15772/- per AWB) for import cargo, approved by AERA vide Order No 22/2018 – 19.

On receipt of the clarification, the comments / observations will be submitted.

DCSC Reply:

For DELHI CARGO SERVICE CENTER PVT. LTD.

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Levy of TSP charges w.r.t subject cargo @ Rs 4.95 per kg (minimum of Rs 4960 per AWB) for export cargo and Rs 18.18 per kg (minimum of Rs 18,184/- per AWB) for import cargo are applicable for Project / Heavy cargo where special handling is required. This charge is only applicable on the Project /Heavy cargo not on the other normal shipment. The definition of Project /Heavy cargo is mentioned in our existing Tariff Order as well.

Definition of Special (Project/Heavy Cargo) in AERA order No.22/2018-19 is mentioned as under:

"Special (Project/Heavy Cargo) are such cargo which requires/have special handling/storage instruction. It also include heavy cargo in which any single individual piece having gross weight or volume weight is 3 ton or above"

Further, we would like to state that only one charge is applicable on any shipment based on the nature of the cargo. In other words, if the TSP charges w.r.t subject cargo @ Rs 4.95 per kg is levied than the TSP of Rs.2.22 per kg is not applicable on the same piece of Cargo.

(9) ACAAI Comments:

Levy of Special Handling charges to export 'Pharma' shipments for maintaining the product temperature, on request & Export Perishable Temperature Check as per CHM.

DCSC has proposed levy of Special Handling charges on export 'Pharma' shipments for maintaining the product temperature, on request & Special Handling charges on export 'Pharma' shipments for maintaining the product temperature on request) @ Rs 3306/- per pallet & Rs 248/- per AWB respectively on Agent / Shipper / Airlines.

In this regard, it is informed that DCSC has already proposed to levy TSP charges @ Rs 4.96 per kg (minimum Rs 447/- per AWB) on export Pharma shipments, which is almost 150% more than the TSP charges leviable on General cargo.

These additional charges will be added burden on the shipper and will lead to avoidable increase in the transportation cost of the pharma shipments.

Further, since CTO is charging special TSP for export pharma shipments, it is their responsibility to ensure maintenance and checking of the requisite temperature for the pharma shipments.

In view of the above, these special charges needs to be reviewed by AERA.

DCSC Reply:

The Charge "Special Handling (Pharmaceutical to maintain product temperature on request) is an optional service, not a compulsory service. This is an additional charge which is levied only in cases where the customer asks for special handling (special pallet built up) to cover the consignment so that product temperature is maintained. Kindly note that in our cold chain infrastructure we maintain the temperature of the environment but if there is a request where the shipper asks for maintaining the temperature of the product and for which special pallet built up is required.

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This charge for the services is bonafide for the services rendered and has been in the existence in the past Tariff Order as well. As such ACAAI's suggestion that the same may be reviewed by AERA is not based on the correct understanding of the service that we provide to the customers on their demand.

(10) <u>ACAAI Comments:</u>

Express services for handling of Import shipments.

The said charges, proposed to be levied by DCSC @ Rs 11.67 per kg (minimum Rs 827/- per AWB OR 25% more than the TSP rate for the category of the cargo falls under, whichever is higher) are not acceptable since AERA, while recommending the said charges, has not stipulated the type of express services along with the time period stipulation, DCSC proposes to provide to its stakeholders. These charges, newly introduced by DCSC in this consultation paper, lacks justification.

DCSC Reply:

The charge of "Express Services" is an optional service, not a compulsory service. It is applicable only on the demand/request of the customer. In this service, the customer is not served as per his number in the queue but is made to jump the queue and be served ahead of the general queue.

This charge for the services is bonafide for the services rendered and has been in the existence in the past Tariff Order as well. As such ACAAI's statement that the said charges lack justification & it is newly introduced is not based on the correct understanding of the service that we provide to the customers on their demand.

(11) <u>ACAAI Comments:</u>

Storage charges in case of Import Cargo

DCSC has proposed levy of 'Storage charges' as per the slab period of 10 days on 'per kg' on Import shipments.

Since Demurrage charges is levied on the cargo lying with CTO beyond the 'free period' on per kg per day basis, the purpose behind levy of 'Storage charges' is not understood. It is just the duplication of charges. It is recommended that only single charge, 'Detention', 'Storage' or 'Demurrage' charge be proposed for approval by AERA as per the existing practice in vogue for handling of Import cargo beyond the 'free period' by CTO at their Air Cargo Terminal.

DCSC Reply: "Storage Charges" is a facility given to the importer to avoid heavy damages. In case an importer wants to store goods after clearance from Custom Authorities in order to let him store in our warehouse, we offer him an option to store in our warehouse at a charge which is applicable for a block of 10 days and is economical to the importer. In no case, it is a duplication of charges.

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(12) <u>**ACAAI Comments:**</u>

X ray charges and Demurrage charges on 'Withdraw' shipments.

DCSC has proposed levy of X – ray charges and Demurrage charges on 'Withdraw shipments' @ Rs 2.04 per kg (minimum Rs 204/- per AWB) & Rs 2.33 per kg per day (minimum Rs 232/- per AWB) respectively, whereas for normal export cargo these charges are Rs 1.90 per kg (minimum Rs 190/- per AWB) & Rs 2.16 per kg per day (minimum Rs 216/- per day) respectively.

The levy of the x – ray charges on 'withdraw' shipments is not justified since there is no requirement of x – ray screening for 'withdraw' export shipments.

In view of the above, these charges may be removed from the tariff chart.

DCSC Reply:

In normal export process a shipment is transferred from city side to air side through X-Ray machine. X-Ray machine determines the contents is secured as per the BCAS norms. The passage for cargo from city side to air side is only through X-ray machine and through the screening process. In case a situation warrants the cargo to come back from air side to city side as the Authorities (BCAS, Customs, CISF) require the consignment to be brought out through the X-ray machine and screening process. Then, this charge is applied. This charge for the services are bonafide for the service rendered and has been in the existence in the past Tariff Orders as well.

As per ACCAI's suggestion that the said charges may be removed is not based on the correct understanding of the service that we provides to the customers on their demand.

(13) <u>**ACAAI Comments:**</u>

Repacking charges:

Further, it is informed that DCSC is levying 'repacking charges' on those consignments (10% of the packages) also which are cleared by the Customs under 'green channel' of RMS (Risk Management System) wherein there is no opening/closing of the packages as no examination is carried out by the Customs. AERA may consider insertion of 'foot note' indicating that 'repacking charges' to be levied on those package(s) only, opened physically by the CTO for Customs examination.

DCSC Reply:

DCSC applies such charges only on such consignment/packets that are opened by the Customs official for examination. DCSC does not apply such charges on such shipment which are not opened by the Customs officials for examination. It is explained that DCSC follow a principle of levying charges for the activities rendered.

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(14) **ACAAI Comments:**

AFS Cargo

Though DCSC has proposed a TSP charge of Rs. 2.97 kg for handling AFS Cargo (Export) during FY23 (w.e.f. 01.01.2023). Thereafter, enhanced TSP charges i.e., Rs. 3.17/ kg (6.73% increase) for remaining period of the Third Control Period, however AERA, vide the said consultation paper has proposed 30% lower TSP charges for AFS Cargo, including Perishable / Pharmaceuticals / Special / Valuable / Hazardous Cargo etc.

The process for handling of AFS cargo, as submitted by DCSC includes warehousing of cargo (transporting cargo to Storage racks / SHA) and its palletization.

OUR COMMENTS ON AFS CARGO.

- ***The AFS Cargo will be transported in palletized form / ULDs with security clearance from the AFS to Airport premises after x – ray scanning, as required under extant BCAS norms. Hence DCSC will mainly be dealing with Pallets / ULDs in case of AFS Cargo, wherein no warehousing / palletisation of cargo is required at Airport premises.***

- ***Payment of TSP charges, twice, one each to AFS and CTO will lead to complexity of the Air cargo clearance procedure and avoidable harassment to the shipper / its authorized representative(s). Hence 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 pallets / ULDs only as forwarded by AFS for the Airlines to be loaded in their respective Aircraft.***

- ***CTO may charge Rs 1250/- per pallet (up to 1500 kgs) and 50% of the General cargo TSP charges for pallets more than 1500 kgs i.e., [(Total weight of the pallet – 1500 kgs)] X 50% of General Cargo TSP rate].***

- ***These charges, as recommended above. will not bring a loss to DCSC w.r.t handling of AFS cargo.***

- ***The export cargo volume handled by DCSC will be increased since AFS will be tapping the market outside Delhi for exporting the cargo from IGIA through AFS, which, presently is being diverted to other Airports***

ACAAI is of the opinion that above recommendations will go a long way in further developing the AFS concept and de – congestion of the Airport premises which will be utilized for only movement of the cargo and AFS facility will be utilized for storing and processing of the cargo.

The AFS commissioning has larger national intent to strengthen and develop air cargo logistics in the country which will reduce the bottlenecks in air – cargo logistics and help in ease of doing business, particularly for exporters. This needs to be incentivized by way of lower charges vis-à-vis rates applicable to Air cargo being handled by CTOs.

DCSC Reply:

It is mentioned by ACAAI that export cargo volume handled by the DCSC increased since AFS will be tapping the market outside Delhi. The idea seems to be borrowed by ACAAI lock stock and barrel from

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Continental Carrier 's comments submitted on 9th December 2022 with AERA. ACAAI's contention is faulty on several counts as follows:

a) It claims that AFS will be tapping the market outside Delhi. It is submitted that Delhi is hardly a source of cargo export or distribution of imports that DCSC handles. DCSC receives its cargo from shippers as near as Noida, Greater Noida, Ghaziabad, and as far from Hyderabad, Himachal, and Nagpur. A cargo terminal at an airport like Delhi is supposed to work as a gateway airport to import and export cargo to and from the country. As such the entire Country forms the hinterland for cargo flowing in and out of Delhi. Airlines market cargo transportation mainly in manufacturing /consumption pockets of the country. Such cargo is trucked to and from the economically feasible gateway airport for export and import. As such to suggest that DCSC receives cargo mainly from Delhi is not only a misnomer but misleading too.

b) The capacity utilization of our cargo terminal is not dependent on the availability of the cargo in the hinterland but is mainly determined by the carrying capacity of the aircraft. The aggregate capacity of the airport is determined by the sum of the carrying capacity of the flight handled by the airport in a day/month/year. We all know that number of flights in a day/month/year do not change drastically during a given period but changes very slowly and gradually as it depends on a host of factors that are airport slot availability of the aircraft, availability of routes, passenger demands, bilateral rights, carrying capacity, etc. Therefore, to suggest that AFS operator will increase cargo throughput at Delhi airport is not only misnomer but is devoid of the facts and correct understanding of the dynamic on which cargo traffic depends.

(15) <u>ACAAI Comments:</u>

Penalty / discount in TSP / demurrage charges and other type of charges for delay in delivery of cargo.

The tariff chart must stipulate the time period for each activity/service proposed to be provided by the DCSC. The tariff chart should also include penalty / discount in TSP/demurrage charges and other type of charges for any delay in processing / delivery of cargo on the part of DCSC, to the consignee. This tariff chart should form the part of the SLA with the trade bodies / associations.

DCSC Reply:

DCSC enters into a detailed contract with its customers. Such contracts are based on IATA Standard Ground Handling Agreement (SGHA) which prescribes the service level and service elements. The service level or level defaults in services are dealt with adequately in the contracts. As such, there is already a service-level default safeguard built into the contracts.

(16) <u>ACAAI Comments:</u>

Levy of single "rate per kg".

On perusal of the said consultation paper, it is observed that DCSC has submitted plethora of 'other charges' for handling of both domestic and international cargo in addition to the

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TSP / Demurrage charges. These charges, if approved by AERA, will lead to the confusion and avoidable duplication of the levy of charges, as already pointed out above.

In order to have complete transparency of the levy of charges on handling of both international and domestic by the Cargo terminal Operator and avoid duplication in levy of the charges, FFFAI is of the opinion that Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi, may be advised to have a single "rate per kg" policy for handling of all type of cargo for the levy on shippers / consignee(s), which will include all gamut of activities/services required to be performed / provided for handling of both international (Export / Import) and Domestic (Inbound / outbound) cargo at their Cargo Terminal, irrespective of nature / type of cargo. This policy will avoid levy of ambiguous charges viz., Misc. charges / activities, Quick ramp transfer, customs facilitation fee, express delivery etc.

DCSC Reply:

DCSC tariff sheet contains description of element of services and corresponding charges for such services. While some of the services are necessary in the course of handling cargo there are services that are optional for the users. Because some services are pertaining to certain type of cargo. And tariff is charged in accordance the type of the cargo. In another words DCSC tariff chart is not only a table of tariff but also description of the services that enables a user to pick a service The exhaustive description of services also provides the users a complete transparency about the services rendered and charge levied.

It is so stated that DCSC charges can be levied on various users /stakeholders depending upon the nature of contract and nature of service contracted.

However, it is emphasised that there is no duplication of the charges on the users as users pay only for the services rendered. A "single rate per kg" policy will not let the customer know what he is pay for and in this levy he may pay for services not contracted. Adoption of such procedure is strongly opposed as it is neither in the interest of the user not in the interest of service provider.

We request you to dismiss the comments of the The Air Cargo Agent Association of India and issue the Tariff order for Third Control Period in favour of DCSC at the earliest with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DELHI CARGO SERVICE CENTER PVT. LTD.

(Authorised Signatory)

Authorised Signatory

CARGO SERVICE CENTER

ANNEXURE-4

Delhi

Date: 22nd December 2022

To,
The Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India

SUBJECT: Submission of DCSC's Counter Comments for the comments made by Delhi Customs Brokers Association (Regd) (DCBA) against Consultation Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by Delhi Customs Brokers Association (Regd) against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

(1) <u>DCBA Comments:</u>

Projection for decrease in cargo volumes

DCSC has anticipated reduction in projected cargo volumes (both domestic and international) in the later part of the Third Control Period on account of the following factors:

1. ***Cargo Handling of Vistara & AirAsia to be taken over by Air India.***
2. ***Operationalization of Cargo Hub at Jewar Airport.***

<u>Our Comments:</u>

1. ***At Present, there is no such orders for said taking over of Cargo Handling operations of Vistara and Air Asia by Air India. Such assumption by DCSC cannot be taken as the basis for seeking hike in the tariff. Hence it is not acceptable.***

2. ***DCSC has anticipated decrease in international cargo volumes by 10% and 20% in the FY 2024-25 and FY 2025-26 respectively with the operationalization of Cargo Hub at Jewar Airport. This assumption for hike in tariff requires to be viewed by AERA on real time basis before taking a call for hike in tariff for the said FYs.***

<u>DCSC Reply:</u>

1. DCSC had projected that Cargo Operations of Air Asia and Vistara Airlines will be taken over Air India, who has its own Domestic Cargo Handling facility at IGI Airport w.e.f 01.01.2023 which would result in loss to DCSC, who currently handles Cargo Operations of Air Asia and

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Delhi Cargo Service Center Private Limited
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impact w.e.f. 01.04.2023 instead of 01.01.2023 onwards as submitted by DCSC.

The Authority ought to consider that the Tata Group has now officially announced that AirAsia India will be merged with Air India Express and that the process has already begun. Further, on 29.11.2022, the Tata Group has also announced that the Air India and Vistara are also to be merged to drive synergies in the sector and derive benefits of the economies of scale. In any case, even in the absence of a formal merger of Air Asia and Vistara with Air India, it is palpable that shift of cargo load from DCSC to AISATS (handler of Air India) is eminent for AirAsia and Vistara's commercial and economic interest Moreover, the Tata Group is neither required to issue any official communication to AERA or DCSC for shifting its cargo operations from DCSC to AISATS at IGI Airport nor would require formalization of the merger between its different entities. Also, loss of cargo volume on account of these developments and the shift is imminent based on the DCSC's discussions with its Vistara and AirAsia counterparts. It is based on such discussions DCSC had proposed to consider the reduction of Cargo Volumes handled by DCSC in the Third Control Period from 01.01.2023 onwards.

2. DCSC had projected a drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport FY 2024-25 onwards. The anticipated drop was in line with the Techno Economic Feasibility Report for Jewar Airport ('**TEFR**') by M/s Pricewaterhouse Coopers Private Limited which has estimated that cargo at Jewar Airport will account for 40% of the Cargo and may be in a position to cater nearly 55% of the Cargo. However, the Authority in Para 3.2.3 of the Consultation Paper has proposed to consider projected reduction in volumes between 10% to 20% for FY 2024-25 and FY2025-26 respectively, based solely on the estimations by the other ISP at IGI Airport. DCSC reiterates the projected cargo tonnage submitted by it its MYTP and requests the Authority to consider (i) the adverse impact of Cargo Volumes due to Cargo Handling of Vistara and AirAsia to be taken over by Air India from 01.01.2023 onwards and (ii) the drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport from FY2024-25 onwards for DCSC in the Third Control Period as reflected in Table 3 of the Consultation Paper.

(2) <u>DCBA Comments:</u>

Levy of "Documentation & Supervision Services" charges for handling Domestic (inbound/ outbound) Cargo.

<u>Our Comments:</u>

DCSC has proposed to levy the above charges @ Rs 2.47/- per kg (minimum of Rs 89/- per AWB) for General cargo & Rs 2.47/- per kg (minimum of Rs 200/- per AWB) for Special cargo respectively. In the absence of details of the services/activitie5, proposed to be provided for levy of this charge, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Documentation & Supervision Services are charges optional in nature. These charges are levied only in the case if any airline wants to use our resources for documentation and supervision. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. DCBA's suggestion that the said charges may be rejected and deleted from the Tariff

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

Chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(3) DCBA Comments:

Levy of Domestic Security Handling charges.

Our Comments:

The tariff chart indicates levy of Domestic Security handling charges exclusive of X-Ray/physical examination on Agent/Shipper/Airlines @ Rs 2.07 per kg (Minimum rate Rs 165/- per AWB). In the absence of details of the services/activities, proposed to be provided for levy of this charge, the same may be rejected and deleted from the tariff chart.

DCSC Reply :

Security Handling Charges are based on the security screening protocols as mandated by the Bureau of Civil Aviation Security (BCAS). Based on airlines request physical examination may be waived in some consignment. In such case a lower charge of Rs.2.07 per kg is applicable instead of charge of Rs.3.72 per kg. In no case both charges (Inclusive / Exclusive) can be applied simultaneously. The idea behind a lower rate is to give benefit to the customer. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. DCBA's suggestion that the said charges may be rejected and deleted from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(4) DCBA Comments:

Projected CAPEX for the third Control Period

DCSC has projected a total CAPEX amounting to Rs.410.12 crores for the Third ControlPeriod (FY 2021-22 to FY 2025-26). This will be utilized for remodelling of the existing infrastructure, Upgradation of the IT infrastructure and system and other modernization and mechanization/automation activities.

Our Comments

DCSC, during the submission of their ATP for FY 2018 19 (circulated by AERA vide Consultation Paper 14/2018-19 dated 16-08-2018) has submitted various development activities including creation of new infrastructure and other operational and IT upgradations as one of the justifications for hike in the tariff.

This Consultation paper fails to inform/brief the stakeholders on the update of those development activities but now submits another CAPEX details of Rs 410.12 crores again justifying the hike in tariff schedule.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

DCSC Reply:

The purpose of the present Consultation Paper is to determine tariff for 3rd control period starting from FY 2021-22 to FY 2025-26. The determination of tariff is done on the basis of MYTP application filed by DCSC. The MYTP application is filed by DCSC for 3rd Control Period starting from FY 2021-22 and ends on Fy 2025-26 for the determination of proposed Capex and Opex. The methodology of determination of tariff is given in detailed in AERA's CGF Guidelines, 2011. The guidelines takes into the consideration the existing Regulatory Assets Base (RAB) and proposed Capex to determine the Aggregate Revenue Requirement (ARR). The existing / opening RAB is based on the audited figures of the capex that is incurred by the DCSC. Thus, opening figure of the RAB already contains the depreciated value of the capex incurred in the previous control period. DCBA's suggestion that the said charges may be rejected and deleted from the Tariff Chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(5) DCBA Comments:

Miscellaneous charges and Miscellaneous activity charges.

Provision of the Misc charges has been made in the tariff chart for levy @ Rs 2.89 per kg (Minimum rate Rs 180 /- per AWB) and Rs 1854/- per AWB for Misc activities on city side on Agent/Shipper/Consignee/Airlines. In the absence of details of the services/activities, proposed to be provided for levy of these charges, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Our business is a regulated business in as much as the tariff for each service element is determined by a process by AERA. However, as is applicable to any other business customers' requirements of service evolve over time and there are a few activities that may not be contemplated under the Tariff Order when it was determined. In order to enable such service a residual service head under the name of Miscellaneous Charges is mentioned in the tariff so that the absence of tariff for unforeseen services does not become a bottleneck for the provision of such services. This charge for the service is bonafide for the service rendered and has been in the existence in past Tariff Orders as well. DCBA's suggestion that the said charges may be rejected and deleted from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(6) DCBA Comments:

Detention and Demurrage charges in case of Import Cargo

DCSC has proposed levy of 'detention charges' per day per kg along with Demurrage charges @Rs 8.28 per kg on Import shipments, not cleared by the consignee within the free period.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

Since Demurrage charges is levied on the cargo lying with CTO beyond the 'free period' on per kg per day basis, the purpose behind levy of 'detention charges' is not understood. It is just the duplication of charges. It is recommended that only single charge, 'Detention' or 'Demurrage's charge be retained as per the earlier practice in vogue for handling of Import cargo beyond the 'free period' by CTO at their Air cargo Terminal.

DCSC Reply:

Detention and Demurrage charges are mentioned in the charging head of "Courier Services" and these charges are different in nature as supported by the comments below:

a) If the consignee is unable to take delivery of the shipment on account of detention of consignment by the authority i.e Customs then the charges are levied under the head "Detention charges".
b) However, if a consignee voluntarily fails to take the delivery of the consignment then the charges are levied under the head "Demurrage charges".

It is evident from above that the above charges are mutually exclusive in nature and the above-mentioned charges cannot be levied simultaneously on the same shipment. Therefore, it is not a duplication of charges.

(7) DCBA Comments:

Levy of TSP charges for handling Special Cargo-Project/Heavy Cargo in case of both export and import cargo.

DCSC has proposed levy of TSP charges w.r.t subject cargo @ Rs 4.95 per kg (minimum of Rs 4960 per AWB) for export cargo and Rs 1g.18 per kg (minimum of Rs 18184 perAWB) for import cargo.
Since already TSP charges @ Rs 2.22 per kg (minimum Rs 173 per AWB) and Rs 9.84/- per kg (minimum Rs 496/- per AWB) has been proposed to be levied on import and export cargo respectively for General cargo, clarification is sought whether these TSPcharges (on Special Cargo-Project/Heavy Cargo) are additional charges ORTSP charges for General cargo will not be levied on Special Cargo-Project/Heavy Cargo.

Earlier, vide AERA order No 22/2018-19, the heavy/project cargo was defined as cargo having gross weight/volumetric weight of 1MT and above, whereas, vide this said consultation paper, the weight benchmark' is 3MT for the heavy/project cargo, thereby justifying the increase in subject charges from @ Rs 4.30 per kg (minimum ofRs 4301 per AWB) for export cargo and Rs 15.77 per kg (minimum of Rs 15772 per AWB) for import cargo, approved by AERA vide Order No 22/2018-19 .

On receipt of the clarification, the comments /observations will be duly submitted.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

DCSC Reply:

Levy of TSP charges w.r.t subject cargo @ Rs 4.95 per kg (minimum of Rs 4960 per AWB) for export cargo and Rs 18.18 per kg (minimum of Rs 18,184/- per AWB) for import cargo are applicable for Project / Heavy cargo where special handling is required. This charge is only applicable on the Project /Heavy cargo not on the other normal shipment. The definition of Project /Heavy cargo is mentioned in our existing Tariff Order as well.

Definition of Special (Project/Heavy Cargo) in AERA order No.22/2018-19 is mentioned as under:

"Special (Project/Heavy Cargo) are such cargo which requires/have special handling/storage instruction. It also includes heavy cargo in which any single individual piece having gross weight or volume weight is 3 ton or above"

Further, we would like to state that only one charge is applicable on any shipment based on the nature of the cargo. In other words, if the TSP charges w.r.t subject cargo @ Rs 4.95 per kg is levied than the TSP of Rs.2.22 per kg is not applicable on the same piece of Cargo.

(8) DCBA Comments:

Levy of Special Handling charges to export 'Pharma' shipments for maintaining the product temperature, on request & Export Perishable Temperature Check asper CHM.

DCSC has proposed levy of Special Handling charges on export 'Pharma' shipments for maintaining the product temperature, on request & Special Handling charges on export 'Pharma' shipments for maintaining the product temperature on request) @ Rs 3306/- per pallet & Rs 248/- per AWB respectively on Agent/Shipper/Airlines.

In this regard, it is informed that DCSC has already proposed to levy TSP charges @ Rs 4.96 per kg (minimum Rs 447/- per AWB) on export Pharma shipments, which is almost 150% more than the TSP charges leviable on General cargo.
These additional charges will be added burden on the shipper and will lead to avoidable increase in the transportation cost of the pharma shipments.
Further, since CTO is charging special TSP for export pharma shipments, it is their responsibility to ensure maintenance and checking of the requisite temperature for the pharma shipments.
In view of the above, these special charges are rejected by Federation of Freight Forwarders Association in India (FFFAI) and may accordingly be removed from the tariff chart.

DCSC Reply:

The Charge "Special Handling (Pharmaceutical to maintain product temperature on request) is an optional service, not a compulsory service. This is an additional charge which is levied only in cases where the customer asks for special handling (special pallet built up) to cover the consignment so that product temperature is maintained. Kindly note that in our cold chain infrastructure we maintain the temperature of the environment but if there is a request where the shipper asks for maintaining the temperature of the product and for which special pallet built up is required.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

This charge for the services is bonafide for the services rendered and has been in the existence in the past Tariff Order as well. As such DCBA's suggestion that the same may be reviewed by AERA is not based on the correct understanding of the service that we provide to the customers on their demand.

(9) <u>DCBA Comments:</u>

Express services for handling of Import shipments.

The said charges, proposed to be levied by DCSC @ Rs 11.67 per kg (minimum Rs 827/- per AWB OR 25% more than the TSP rate for the category of the cargo falls under, whichever is higher) are neither feasible nor acceptable since AERA, while recommending the said charges, has not stipulated the type of express services alongwith the time period stipulation, DCSC proposes to provide to its stakeholders. Thesecharges, newly introduced by DCSC in this consultation paper, lacks justification and is accordingly rejected.

<u>DCSC Reply:</u>

The charge of "Express Services" is an optional service, not a compulsory service. It is applicable only on the demand/request of the customer. In this service, the customer is not served as per his number in the queue but is made to jump the queue and be served ahead of the general queue.

This charge for the services is bonafide for the services rendered and has been in the existence in the past Tariff Order as well. As such DCBA's statement that the said charges lack justification & are accordingly rejected is not based on the correct understanding of the service that we provide to the customers on their demand.

(10) <u>DCBA Comments:</u>

Storage charges in case of Import Cargo

DCSC has proposed a levy of 'Storage charges' as per the slab period of 10 days on 'perkg' on Import shipments.

Since Demurrage charges are levied on the cargo lying with CTO beyond the 'free period' on per kg per day basis, the purpose behind the levy of 'Storage charges' is not understood. It is just the duplication of charges. It is recommended that only a single charge, 'Detention', 'Storage' OR 'Demurrage' charge be retained as per the earlierpractice in vogue for the handling of Import cargo beyond the 'free period' by CTO at their Air Cargo Terminal.

DCSC Reply: "Storage Charges" is a facility given to the importer to avoid heavy damages. In case an importer wants to store goods after clearance from Custom Authorities in order to let him store in our warehouse, we offer him an option to store in our warehouse at a charge which is applicable for a block of 10 days and is economical to the importer. In no case, it is a duplication of charges.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

(11) DCBA Comments:

X ray charges and Demurrage charges on 'Withdraw' shipments.

DCSC has proposed levy of X ray charges and Demurrage charges on 'Withdraw shipments' @ Rs 2.04 per kg (minimum Rs 204/- per AWB) & Rs 2.33 per kg per day (minimum Rs 232/- per AWB) respectively, whereas for normal export cargo these charges are Rs 1.90 per kg (minimum Rs 190/- per AWB) & Rs2.16 per kg per day (minimum Rs 216/- per day) respectively.

The levy of the x-ray charges on 'withdraw' shipments is not justified since there is no requirement of x-ray screening for 'withdraw 'export shipments.

In view of the above, these charges are rejected by FFFAI and may accordingly be removed from the tariff chart.

DCSC Reply:

In normal export process a shipment is transferred from city side to air side through X-Ray machine. X-Ray machine determines the contents is secured as per the BCAS norms. The passage for cargo from city side to air side is only through X-ray machine and through the screening process. In case a situation warrants the cargo to come back from air side to city side as the Authorities (BCAS, Customs, CISF) require the consignment to be brought out through the X-ray machine and screening process. Then, this charge is applied. This charge for the services are bonafide for the service rendered and has been in the existence in the past Tariff Orders as well.

As per DCBA's suggestion that the said charges may be rejected is not based on the correct understanding of the service that we provides to the customers on their demand.

(12) DCBA Comments:

Repacking charges:

Further, it is informed that DCSC is levying 'repacking charges' on those consignments (10% of the packages) also which are cleared by the Customs under 'green channel' of RMS (Risk Management System) wherein there is no opening/closing of the packages as no examination is carried out by the Customs.

AERA may consider insertion of 'foot note' indicating that 'repacking charges' to be levied on those package(s) only, opened physically by the CTO for Customs examination.

DCSC Reply:

DCSC applies such charges only on such consignment/packets that are opened by the Customs official for examination. DCSC does not apply such charges on such shipment which are not opened by the Customs officials for examination. It is explained that DCSC follow a principle of levying charges for the activities rendered.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

(13) **DCBA Comments:**

AFS Cargo

Though DCSC has proposed a TSP charge of Rs. 2.97/ Lg for handling AFS Cargo (Export) during FY23 (w.e.f. 01.01.2023). Thereafter, enhanced TSP charges i.e., Rs. 3.17/ kg (6.73% increase) for remaining period of the Third Control Period, however AERA, vide the said consultation paper has proposed 30% lower TSP charges for AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc.,

The process for handling of AFS cargo, as submitted by DCSC includes warehousing of cargo (transporting cargo to Storage racks/SHA) and its palletization.

OUR COMMENTS.

- ***The AFS Cargo will transported in palletized form/ULDs with security clearance from the AFS to Airport premises after x ray scanning, as required under extant BCAS norms. Hence DCSC will mainly be dealing with Pallets/ ULDs in case of AFS Cargo, wherein no warehousing/palletisation of cargo is required at Airport premises.***

- ***Payment of TSP charges, twice, one each to AFS and CTO will lead to complexity of the Air cargo clearance procedure and avoidable harassment to the shipper/its authorized representative(s). Hence shippers may be given the option to pay TSP charges to AFS operator only are physically handling the cargo and CTO may be permitted to handle loaded pallets/ULDs only as forwarded by AFS for the Airlines to be loaded in their respective Aircraft.***

- ***CTO may charge Rs 1250/- per pallet (up to 1500 kgs) and 50% of the General cargo TSP charges for pallets more than 1500 kgs i.e., [(Total weight of the pallet — 1500 kgs) X S0% of General Cargo TSP rate].***

- ***These charges, as recommended above. will not bring a loss to CTO w.r.t handling of AFS cargo.***

- ***The export cargo volume handled by CTO will be increased since AFS will be tapping the market outside Delhi for exporting the cargo from IGIA through AFS, which, presently is being diverted to other Airports***

FFFAI is of the opinion that above recommendations will go a long way in further developing the AFS concept and de- congestion of the Airport premises which will be utilized for only movement of the cargo and AFS facility will be utilized for storing and processing of the cargo.

The AFS commissioning has larger national intent to strengthen and develop air cargo logistics in the country which will reduce the bottlenecks in air-cargo logistics and help in ease of doing business, particularly for exporters. This needs to be incentivized by way of lower charges vis-à-vis rates applicable to Air cargo being handled by CTOs.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

DCSC Reply:

It is mentioned by DCBA that export cargo volume handled by the DCSC increased since AFS will be tapping the market outside Delhi. The idea seems to be borrowed by ACAAI lock stock and barrel from Continental Carrier 's comments submitted on 9th December 2022 with AERA. DCBA's contention is faulty on several counts as follows:

a) It claims that AFS will be tapping the market outside Delhi. It is submitted that Delhi is hardly a source of cargo export or distribution of imports that DCSC handles. DCSC receives its cargo from shippers as near as Noida, Greater Noida, Ghaziabad, and as far from Hyderabad, Himachal, and Nagpur. A cargo terminal at an airport like Delhi is supposed to work as a gateway airport to import and export cargo to and from the country. As such the entire Country forms the hinterland for cargo flowing in and out of Delhi. Airlines market cargo transportation mainly in manufacturing /consumption pockets of the country. Such cargo is trucked to and from the economically feasible gateway airport for export and import. As such to suggest that DCSC receives cargo mainly from Delhi is not only a misnomer but misleading too.

b) The capacity utilization of our cargo terminal is not dependent on the availability of the cargo in the hinterland but is mainly determined by the carrying capacity of the aircraft. The aggregate capacity of the airport is determined by the sum of the carrying capacity of the flight handled by the airport in a day/month/year. We all know that number of flights in a day/month/year do not change drastically during a given period but changes very slowly and gradually as it depends on a host of factors that are airport slot availability of the aircraft, availability of routes, passenger demands, bilateral rights, carrying capacity, etc. Therefore, to suggest that AFS operator will increase cargo throughput at Delhi airport is not only misnomer but is devoid of the facts and correct understanding of the dynamic on which cargo traffic depends.

DCBA Comments:

- ***Penalty/discount in TSP/demurrage charges and other type of charges for delay in delivery of cargo.***

The tariff chart must stipulate the time period for each activity/service proposed to be provided by the DCSC. The tariff chart should also include penalty/discount in TSP/demurrage charges and other type of charges for any delay in processing/delivery of cargo on the part of DCSC, to the consignee. This tariff chart should form the part of the SLA with the trade bodies/associations.

DCSC Reply:

DCSC enters into a detailed contract with its customers. Such contracts are based on IATA Standard Ground Handling Agreement (SGHA) which prescribes the service level and service elements. The service level or level defaults in services are dealt with adequately in the contracts. As such, there is already a service-level default safeguard built into the contracts.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

DCBA Comments:

- ***Levy of single "rate per kg".***

On perusal of the said consultation paper, it is observed that DCSC has submitted plethora of 'other charges' for handling of both domestic and international cargo in addition to the TSP/Demurrage charges. These charges, if approved by AERA, will lead to the confusion and avoidable duplication of the levy of charges, as already pointed out above.

In order to have complete transparency of the levy of charges on handling of both international and domestic by the Cargo terminal Operator and avoid duplication in levy of the charges, FFFAI is of the opinion that Cargo Service Centre Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi ,may be advised to have a single "rate per kg" policy for handling of all type of cargo for the levy on shippers/consignee(s) which will include all gamut of activities/services required to be performed/provided for handling of both international (Export/import) and Domestic (inbound/outbound) cargo at their Cargo Terminal, irrespective of nature/type of cargo. This policy will avoid levy of ambiguous charges viz., Misc. charges/activities, Quick ramp transfer, customs facilitation fee,express delivery etc.

The service standard of the Custodians has really come down instead of improving therefore on body can justify as to why the Rates should be increased. In fact considering the present the scenario of the kind of services being provided by the Custodians at present, we would rather suggest that the rates in fact should be reduced.

DCSC Reply:

DCSC tariff sheet contains description of element of services and corresponding charges for such services. While some of the services are necessary in the course of handling cargo there are services that are optional for the users. Because some services are pertaining to certain type of cargo. And tariff is charged in accordance the type of the cargo. In another words DCSC tariff chart is not only a table of tariff but also description of the services that enables a user to pick a service The exhaustive description of services also provides the users a complete transparency about the services rendered and charge levied.

It is so stated that DCSC charges can be levied on various users /stakeholders depending upon the nature of contract and nature of service contracted.

However, it is emphasised that there is no duplication of the charges on the users as users pay only for the services rendered. A "single rate per kg" policy will not let the customer know what he is pay for and in this levy he may pay for services not contracted. Adoption of such procedure is strongly opposed as it is neither in the interest of the user not in the interest of service provider.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

We request you to dismiss the comments of the Delhi Customs Brokers Association (Regd) and issue the Tariff order for Third Control Period in favour of DCSC at the earliest with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DELHI CARGO SERVICE CENTER PVT. LTD.

(Authorised Signatory)

Authorised Signatory

CARGO SERVICE CENTER

ANNEXURE 5

Delhi

Date: 22nd December 2022

To,
The Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India

SUBJECT: Submission of DCSC's Counter Comments for the comments made by Federation of Freight Forwarder's Association of India (FFFAI) against Consultation Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by Federation of Freight Forwarder's Association of India (FFFAI) against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

(1) FFFAI Comments:

Projection for decrease in cargo volumes

DCSC has anticipated reduction in projected cargo volumes (both domestic and international) in the later part of the Third Control Period on account of the following factors:

1. ***Cargo Handling of Vistara & AirAsia to be taken over by Air India.***
2. ***Operationalization of Cargo Hub at Jewar Airport.***

Our Comments:

(a) Presently, there is no such orders for said 'taking over' of Cargo Handling operations of Vistara and Air Asia by Air India. Such assumption by DCSC cannot be taken as the basis for seeking hike in the tariff. Hence it is not accepted.

(b) DCSC has anticipated decrease in international cargo volumes by 10% and 20% in the FY 2024-25 and FY 2025-26 respectively with the operationalization of Cargo Hub at Jewar Airport. This assumption for hike in tariff needs to be viewed by AERA on real time basis before taking a call for hike in tariff for the said FYs.

DCSC Reply:

1. DCSC had projected that Cargo Operations of Air Asia and Vistara Airlines will be taken over Air India, who has its own Domestic Cargo Handling facility at IGI Airport w.e.f 01.01.2023 which would result in loss to DCSC, who currently handles Cargo Operations of Air Asia and

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

Vistara Airlines. The Authority in Para 3.2.2 of the Consultation Paper has noted that there isn't any official communication from Tata Group in this regard and only considered the impact w.e.f. 01.04.2023 instead of 01.01.2023 onwards as submitted by DCSC.

The Authority ought to consider that the Tata Group has now officially announced that AirAsia India will be merged with Air India Express and that the process has already begun. Further, on 29.11.2022, the Tata Group has also announced that the Air India and Vistara are also to be merged to drive synergies in the sector and derive benefits of the economies of scale. In any case, even in the absence of a formal merger of Air Asia and Vistara with Air India, it is palpable that shift of cargo load from DCSC to AISATS (handler of Air India) is eminent for AirAsia and Vistara's commercial and economic interest Moreover, the Tata Group is neither required to issue any official communication to AERA or DCSC for shifting its cargo operations from DCSC to AISATS at IGI Airport nor would require formalization of the merger between its different entities. Also, loss of cargo volume on account of these developments and the shift is imminent based on the DCSC's discussions with its Vistara and AirAsia counterparts. It is based on such discussions DCSC had proposed to consider the reduction of Cargo Volumes handled by DCSC in the Third Control Period from 01.01.2023 onwards.

DCSC had projected a drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport FY 2024-25 onwards. The anticipated drop was in line with the Techno Economic Feasibility Report for Jewar Airport (**'TEFR'**) by M/s Pricewaterhouse Coopers Private Limited which has estimated that cargo at Jewar Airport will account for 40% of the Cargo and may be in a position to cater nearly 55% of the Cargo. However, the Authority in Para 3.2.3 of the Consultation Paper has proposed to consider projected reduction in volumes between 10% to 20% for FY 2024-25 and FY2025-26 respectively, based solely on the estimations by the other ISP at IGI Airport. DCSC reiterates the projected cargo tonnage submitted by it its MYTP and requests the Authority to consider (i) the adverse impact of Cargo Volumes due to Cargo Handling of Vistara and AirAsia to be taken over by Air India from 01.01.2023 onwards and (ii) the drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport from FY2024-25 onwards for DCSC in the Third Control Period as reflected in Table 3 of the Consultation Paper.

(2) <u>FFFAI Comments:</u>

Projected CAPEX for the third Control Period

DCSC has projected a total CAPEX amounting to Rs.410.12 crores for the Third ControlPeriod (FY 2021-22 to FY 2025-26). This will be utilized for remodelling of the existinginfrastructure, Upgradation of the IT infrastructure and system and other modernization and mechanization/automation activities.

Our Comments

DCSC, during the submission of their ATP for FY 2018 19 (circulated by AERA vide Consultation Paper 14/2018-19 dated 16-08-2018) has submitted various development activities including creation of new infrastructure and other operational and IT upgradations as one of the justification for hike in the tariff.

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

This Consultation paper fails to inform/brief the stakeholders on the update of those development activities but now submits another CAPEX details of Rs 410.12 crores again justifying the hike in tariff schedule.

AERA may seek an update of CAPEX projections from DCSC before considering the hike in tariff rates as sought by DCSC vide this consultation paper.

DCSC Reply:

The purpose of the present Consultation Paper is to determine tariff for 3rd control period starting from FY 2021-22 to FY 2025-26. The determination of tariff is done on the basis of MYTP application filed by DCSC. The MYTP application is filed by DCSC for 3rd Control Period starting from FY 2021-22 and ends on Fy 2025-26 for the determination of proposed Capex and Opex. The methodology of determination of tariff is given in detailed in AERA's CGF Guidelines, 2011. The guidelines takes into the consideration the existing regulatory assets base (RAB) and proposed Capex to determine the Aggregate Revenue Requirement (ARR). The existing / opening RAB is based on the audited figures of the capex that is incurred by the DCSC. Thus, opening figure of the RAB already contains the depreciated value of the capex incurred in the previous control period. FFFAI's suggestion that the said charges may be rejected and deleted from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(3) FFFAI Comments:

Levy of "Documentation & Supervision Services" charges for handling Domestic (inbound/ outbound) Cargo.

Our Comments:

DCSC has proposed to levy the above charges @ Rs 2.47/- per kg (minimum of Rs 89/- per AWB) for General cargo & Rs 2.47/- per kg (minimum of Rs 200/- per AWB) for Special cargo respectively. In the absence of details of the services/activitie5, proposed to be provided for levy of this charge, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Documentation & Supervision Services are charges optional in nature. These charges are levied only in the case if any airline wants to use our resources for documentation and supervision. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. FFFAI's suggestion that the said charges may be rejected and deleted from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(1) FFFAI Comments:

Levy of Domestic Security Handling charges.

Our Comments:

For DELHI CARGO SERVICE CENTER PVT. LTD.

Authorised Signatory

The tariff chart indicates levy of Domestic Security handling charges exclusive of X-Ray/physical examination on Agent/Shipper/Airlines @ Rs 2.07 per kg (Minimum rate Rs 165/- per AWB). In the absence of details of the services/activities, proposed to be provided for levy of this charge, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Security Handling Charges are based on the security screening protocols as mandated by the Bureau of Civil Aviation Security (BCAS). Based on airlines request physical examination may be waived in some consignment. In such case a lower charge of Rs.2.07 per kg is applicable instead of charge of Rs.3.72 per kg. In no case both charges (Inclusive / Exclusive) can be applied simultaneously. The idea behind a lower rate is to give benefit to the customer. This charge for the services are bonafide for the service rendered and have been in the existence in the past Tariff Orders as well. FFFAI's suggestion that the said charges may be rejected and deleted from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(2) FFFAI Comments:

Miscellaneous charges and Miscellaneous activity charges.

Provision of the Misc charges has been made in the tariff chart for levy @ Rs 2.89 per kg (Minimum rate Rs 180 /- per AWB) and Rs 1854/- per AWB for Misc activities on city side on Agent/Shipper/Consignee/Airlines. In the absence of details of the services/activities, proposed to be provided for levy of these charges, the same may be rejected and deleted from the tariff chart.

DCSC Reply:

Our business is a regulated business in as much as the tariff for each service element is determined by a process by AERA. However, as is applicable to any other business customers' requirements of service evolve over time and there are a few activities that may not be contemplated under the Tariff Order when it was determined. In order to enable such service a residual service head under the name of MIscellaneous Charges is mentioned in the tariff so that the absence of tariff for unforeseen services does not become a bottleneck for the provision of such services. This charge for the service is bonafide for the service rendered and has been in the existence in past Tariff Orders as well. DCBA's suggestion that the said charges may be rejected and deleted from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(3) FFFAI Comments:

Detention and Demurrage charges in case of Import Cargo

DCSC has proposed levy of 'detention charges' per day per kg along with Demurrage charges @Rs 8.28 per kg on Import shipments, not cleared by the consignee within the free period.

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Since Demurrage charges is levied on the cargo lying with CTO beyond the 'free period' on per kg per day basis, the purpose behind levy of 'detention charges' is not understood. It is just the duplication of charges. It is recommended that only single charge, 'Detention' or 'Demurrage's charge be retained as per the earlier practice in vogue for handling of Import cargo beyond the 'free period' by CTO at their Air cargo Terminal.

DCSC Reply:

Detention and Demurrage charges are mentioned in the charging head of "Courier Services" and these charges are different in nature as supported by the comments below:

a) If the consignee is unable to take delivery of the shipment on account of detention of consignment by the authority i.e Customs, then the charges are levied under the head "Detention charges".
b) However, if a consignee voluntarily fails to take the delivery of the consignment then the charges are levied under the head "Demurrage charges".

It is evident from above that the above charges are mutually exclusive in nature and the above-mentioned charges cannot be levied simultaneously on the same shipment. Therefore, it is not a duplication of charges.

(4) FFFAI Comments:

Levy of TSP charges for handling Special Cargo-Project/Heavy Cargo in case of both export and import cargo.

DCSC has proposed levy of TSP charges w.r.t subject cargo @ Rs 4.95 per kg (minimum of Rs 4960 per AWB) for export cargo and Rs 1g.18 per kg (minimum of Rs 18184 perAWB) for import cargo.
Since already TSP charges @ Rs 2.22 per kg (minimum Rs 173 per AWB) and Rs 9.84/- per kg (minimum Rs 496/- per AWB) has been proposed to be levied on import and export cargo respectively for General cargo, clarification is sought whether these TSPcharges (on Special Cargo-Project/Heavy Cargo) are additional charges ORTSP charges for General cargo will not be levied on Special Cargo-Project/Heavy Cargo.

Earlier, vide AERA order No 22/2018-19, the heavy/project cargo was defined as cargo having gross weight/volumetric weight of 1MT and above, whereas, vide this said consultation paper, the weight benchmark' is 3MT for the heavy/project cargo, thereby justifying the increase in subject charges from @ Rs 4.30 per kg (minimum ofRs 4301 per AWB) for export cargo and Rs 15.77 per kg (minimum of Rs 15772 per AWB) for import cargo, approved by AERA vide Order No 22/2018-19 .

On receipt of the clarification, the comments /observations will be duly submitted.

For DELHI CARGO SERVICE CENTER PVT. LTD.

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DCSC Reply:

Levy of TSP charges w.r.t subject cargo @ Rs 4.95 per kg (minimum of Rs 4960 per AWB) for export cargo and Rs 18.18 per kg (minimum of Rs 18,184/- per AWB) for import cargo are applicable for Project / Heavy cargo where special handling is required. This charge is only applicable on the Project /Heavy cargo not on the other normal shipment. The definition of Project /Heavy cargo is mentioned in our existing Tariff Order as well.

Definition of Special (Project/Heavy Cargo) in AERA order No.22/2018-19 is mentioned as under:

"Special (Project/Heavy Cargo) are such cargo which requires/have special handling/storage instruction. It also include heavy cargo in which any single individual piece having gross weight or volume weight is 3 ton or above"

Further, we would like to state that only one charge is applicable on any shipment based on the nature of the cargo. In other words, if the TSP charges w.r.t subject cargo @ Rs 4.95 per kg is levied than the TSP of Rs.2.22 per kg is not applicable on the same piece of Cargo.

(5) FFFAI Comments:

Levy of Special Handling charges to export 'Pharma' shipments for maintaining the product temperature, on request & Export Perishable Temperature Check asper CHM.

DCSC has proposed levy of Special Handling charges on export 'Pharma' shipments for maintaining the product temperature, on request & Special Handling charges on export 'Pharma' shipments for maintaining the product temperature on request) @ Rs 3306/- per pallet & Rs 248/- per AWB respectively on Agent/Shipper/Airlines.

In this regard, it is informed that DCSC has already proposed to levy TSP charges @ Rs 4.96 per kg (minimum Rs 447/- per AWB) on export Pharma shipments, which is almost 150% more than the TSP charges leviable on General cargo.
These additional charges will be added burden on the shipper and will lead to avoidable increase in the transportation cost of the pharma shipments.
Further, since CTO is charging special TSP for export pharma shipments, it is their responsibility to ensure maintenance and checking of the requisite temperature for the pharma shipments.
In view of the above, these special charges are rejected by Federation of Freight Forwarders Association in India (FFFAI) and may accordingly be removed from the tariff chart.

DCSC Reply:

The Charge "Special Handling (Pharmaceutical to maintain product temperature on request) is an optional service, not a compulsory service. This is an additional charge which is levied only in cases where the customer asks for special handling (special pallet built up) to cover the consignment so that product temperature is maintained. Kindly note that in our cold chain infrastructure we maintain the

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temperature of the environment but if there is a request where the shipper asks for maintaining the temperature of the product and for which special pallet built up is required.

This charge for the services is bonafide for the services rendered and has been in the existence in the past Tariff Order as well. As such DCBA's suggestion that the said charges may be removed from the tariff chart is not based on the correct understanding of the service that we provide to the customers on their demand.

(6) FFFAI Comments:

Express services for handling of Import shipments.

The said charges, proposed to be levied by DCSC @ Rs 11.67 per kg (minimum Rs 827/- per AWB OR 25% more than the TSP rate for the category of the cargo falls under, whichever is higher) are neither feasible nor acceptable since AERA, while recommending the said charges, has not stipulated the type of express services alongwith the time period stipulation, DCSC proposes to provide to its stakeholders. Thesecharges, newly introduced by DCSC in this consultation paper, lacks justification and is accordingly rejected.

DCSC Reply:

The charge of "Express Services" is an optional service, not a compulsory service. It is applicable only on the demand/request of the customer. In this service, the customer is not served as per his number in the queue but is made to jump the queue and be served ahead of the general queue.

This charge for the services is bonafide for the services rendered and has been in the existence in the past Tariff Order as well. As such FFFAI's statement that the said charges lack justification & are accordingly rejected is not based on the correct understanding of the service that we provide to the customers on their demand.

(7) FFFAI Comments:

Storage charges in case of Import Cargo

DCSC has proposed levy of 'Storage charges' as per the slab period of 10 days on 'perkg' on Import shipments.

Since Demurrage charges is levied on the cargo lying with CTO beyond the 'free period' on per kg per day basis, the purpose behind levy of 'Storage charges' is not understood. It is just the duplication of charges. It is recommended that only single charge, 'Detention', 'Storage' OR 'Demurrage' charge be retained as per the earlierpractice tn vogue for handling of Import cargo beyond the 'free period' by CTO at their Air Cargo Terminal.

DCSC Reply: "Storage Charges" is a facility given to the importer to avoid heavy damages. In case an importer wants to store goods after clearance from Custom Authorities in order to let him store in our

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warehouse, we offer him an option to store in our warehouse at a charge which is applicable for a block of 10 days and is economical to the importer. In no case, it is a duplication of charges.

(8) <u>FFFAI Comments:</u>

<u>X ray charges and Demurrage charges on 'Withdraw' shipments.</u>

DCSC has proposed levy of X ray charges and Demurrage charges on 'Withdraw shipments' @ Rs 2.04 per kg (minimum Rs 204/- per AWB) & Rs 2.33 per kg per day (minimum Rs 232/- per AWB) respectively, whereas for normal export cargo these charges are Rs 1.90 per kg (minimum Rs 190/- per AWB) & Rs2.16 per kg per day (minimum Rs 216/- per day) respectively.

The levy of the x-ray charges on 'withdraw' shipments is not justified since there is no requirement of x-ray screening for 'withdraw 'export shipments.

In view of the above, these charges are rejected by FFFAI and may accordingly be removed from the tariff chart.

<u>DCSC Reply:</u>

In normal export process a shipment is transferred from city side to air side through X-Ray machine. X-Ray machine determines the contents is secured as per the BCAS norms. The passage for cargo from city side to air side is only through X-ray machine and through the screening process. In case a situation warrants the cargo to come back from air side to city side as the Authorities (BCAS, Customs, CISF) require the consignment to be brought out through the X-ray machine and screening process. Then, this charge is applied. This charge for the services are bonafide for the service rendered and has been in the existence in the past Tariff Orders as well.

As per FFFAI's suggestion that the said charges may be rejected is not based on the correct understanding of the service that we provide to the customers on their demand.

(9) <u>FFFAI Comments:</u>

Repacking charges:

Further, it is informed that DCSC is levying 'repacking charges' on those consignments (10% of the packages) also which are cleared by the Customs under 'green channel' of RMS (Risk Management System) wherein there is no opening/closing of the packages as no examination is carried out by the Customs.

AERA may consider insertion of 'foot note' indicating that 'repacking charges' to be levied on those package(s) only, opened physically by the CTO for Customs examination.

<u>DCSC Reply:</u>

DCSC applies such charges only on such consignment/packets that are opened by the Customs official for examination. DCSC does not apply such charges on such shipment which are not opened by the Customs

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officials for examination. It is explained that DCSC follow a principle of levying charges for the activities rendered.

(10) FFFAI Comments:

AFS Cargo

Though DCSC has proposed a TSP charge of Rs. 2.97/ Lg for handling AFS Cargo (Export) during FY23 (w.e.f. 01.01.2023). Thereafter, enhanced TSP charges i.e., Rs. 3.17/ kg (6.73% increase) for remaining period of the Third Control Period, however AERA, vide the said consultation paper has proposed 30% lower TSP charges for AFS Cargo, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc.,

The process for handling of AFS cargo, as submitted by DCSC includes warehousing of cargo (transporting cargo to Storage racks/SHA) and its palletization.

OUR COMMENTS.

- ***The AFS Cargo will transported in palletized form/ULDs with security clearance from the AFS to Airport premises after x ray scanning, as required under extant BCAS norms. Hence DCSC will mainly be dealing with Pallets/ ULDs in case of AFS Cargo, wherein no warehousing/palletisation of cargo is required at Airport premises.***

- ***Payment of TSP charges, twice, one each to AFS and CTO will lead to complexity of the Air cargo clearance procedure and avoidable harassment to the shipper/its authorized representative(s). Hence shippers may be given the option to pay TSP charges to AFS operator only are physically handling the cargo and CTO may be permitted to handle loaded pallets/ULDs only as forwarded by AFS for the Airlines to be loaded in their respective Aircraft.***

- ***CTO may charge Rs 1250/- per pallet (up to 1500 kgs) and 50% of the General cargo TSP charges for pallets more than 1500 kgs i.e., [(Total weight of the pallet — 1500 kgs) X 50% of General Cargo TSP rate].***

- ***These charges, as recommended above. will not bring a loss to CTO w.r.t handling of AFS cargo.***

- ***The export cargo volume handled by CTO will be increased since AFS will be tapping the market outside Delhi for exporting the cargo from IGIA through AFS, which, presently is being diverted to other Airports***

FFFAI is of the opinion that above recommendations will go a long way in further developing the AFS concept and de- congestion of the Airport premises which will be utilized for only movement of the cargo and AFS facility will be utilized for storing and

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processing of the cargo.

The AFS commissioning has larger national intent to strengthen and develop air cargo logistics in the country which will reduce the bottlenecks in air-cargo logistics and help in ease of doing business, particularly for exporters. This needs to be incentivized by way of lower charges vis-à-vis rates applicable to Air cargo being handled by CTOs.

DCSC Reply:

It is mentioned by FFFAI that export cargo volume handled by the DCSC increased since AFS will be tapping the market outside Delhi. The idea seems to be borrowed by ACAAI lock stock and barrel from Continental Carrier 's comments submitted on 9th December 2022 with AERA. ACAAI's contention is faulty on several counts as follows:

a) It claims that AFS will be tapping the market outside Delhi. It is submitted that Delhi is hardly a source of cargo export or distribution of imports that DCSC handles. DCSC receives its cargo from shippers as near as Noida, Greater Noida, Ghaziabad, and as far from Hyderabad, Himachal, and Nagpur. A cargo terminal at an airport like Delhi is supposed to work as a gateway airport to import and export cargo to and from the country. As such the entire Country forms the hinterland for cargo flowing in and out of Delhi. Airlines market cargo transportation mainly in manufacturing /consumption pockets of the country. Such cargo is trucked to and from the economically feasible gateway airport for export and import. As such to suggest that DCSC receives cargo mainly from Delhi is not only a misnomer but misleading too.

b) The capacity utilization of our cargo terminal is not dependent on the availability of the cargo in the hinterland but is mainly determined by the carrying capacity of the aircraft. The aggregate capacity of the airport is determined by the sum of the carrying capacity of the flight handled by the airport in a day/month/year. We all know that number of flights in a day/month/year do not change drastically during a given period but changes very slowly and gradually as it depends on a host of factors that are airport slot availability of the aircraft, availability of routes, passenger demands, bilateral rights, carrying capacity, etc. Therefore, to suggest that AFS operator will increase cargo throughput at Delhi airport is not only misnomer but is devoid of the facts and correct understanding of the dynamic on which cargo traffic depends.

FFFAI Comments:

- ***Penalty/discount in TSP/demurrage charges and other type of charges for delay in delivery of cargo.***

The tariff chart must stipulate the time period for each activity/service proposed to be provided by the DCSC. The tariff chart should also include penalty/discount in TSP/demurrage charges and other type of charges for any delay in processing/delivery of cargo on the part of DCSC, tothe consignee. This tariff chart should form the part of the SLA with the trade bodies/associations.

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DCSC Reply:

DCSC enters into a detailed contract with its customers. Such contracts are based on IATA Standard Ground Handling Agreement (SGHA) which prescribes the service level and service elements. The service level or level defaults in services are dealt with adequately in the contracts. As such, there is already a service-level default safeguard built into the contracts.

FFFAI Comments:

- ***Levy of single "rate per kg".***

On perusal of the said consultation paper, it is observed that DCSC has submitted plethora of 'other charges' for handling of both domestic and international cargo in addition to the TSP/Demurrage charges. These charges, if approved by AERA, will lead to the confusion and avoidable duplication of the levy of charges, as already pointed out above.

In order to have complete transparency of the levy of charges on handling of both international and domestic by the Cargo terminal Operator and avoid duplication in levy of the charges, FFFAI is of the opinion that Cargo Service Centre Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi ,may be advised to have a single "rate per kg" policy for handling of all type of cargo for the levy on shippers/consignee(s) which will include all gamut of activities/services required to be performed/provided for handling of both international (Export/import) and Domestic (inbound/outbound) cargo at their Cargo Terminal, irrespective of nature/type of cargo. This policy will avoid levy of ambiguous charges viz., Misc. charges/activities, Quick ramp transfer, customs facilitation fee,express delivery etc.

The service standard of the Custodians has really come down instead of improving thereforeno body can justify as to why the Rates should be increased. In fact considering the present the scenario of the kind of services being provided by the Custodians at present, we would rather suggest that the rates in fact should be reduced.

DCSC Reply:

DCSC tariff sheet contains description of element of services and corresponding charges for such services. While some of the services are necessary in the course of handling cargo there are services that are optional for the users. Because some services are pertaining to certain type of cargo. And tariff is charged in accordance the type of the cargo. In another words DCSC tariff chart is not only a table of tariff but also description of the services that enables a user to pick a service The exhaustive description of services also provides the users a complete transparency about the services rendered and charge levied.

It is so stated that DCSC charges can be levied on various users /stakeholders depending upon the nature of contract and nature of service contracted.

However, it is emphasised that there is no duplication of the charges on the users as users pay only

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for the services rendered. A “single rate per kg” policy will not let the customer know what he is pay for and in this levy he may pay for services not contracted. Adoption of such procedure is strongly opposed as it is neither in the interest of the user not in the interest of service provider.

We request you to dismiss the comments of the Federation of Freight Forwarder’s Association of India (FFFAI) and issue the Tariff order for Third Control Period in favour of DCSC at the earliest with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DELHI CARGO SERVICE CENTER PVT. LTD.

(Authorised Signatory)

Signatory

Date: 22nd December 2022

To,
The Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India

SUBJECT: Submission of DCSC's Counter Comments for the comments made by Delhi Air Cargo Agents Association (DACAAI) against Consultation Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by Delhi Air Cargo Agents Association (DACAAI) against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

(1) <u>DACAAI Comments:</u>

DACAAI Response to the DCSC, MYTP for 3rd Control Period

"At the outset as user and stakeholder, the proposals made in the Consultation Paper 13/2022-23 dated 25 November, 2022 in respect of DCSC, Delhi airport are not justified and therefore, not acceptable to DACAAI." That the subject CP 13/2022-23 in respect of DCSC is submitted without holding any SH Consultation meeting. While a Notice dated 7th November, 2022 from DCSC, calling for SH Consultation Meeting on 17 November, 2022 was received but the meeting was cancelled by DCSC at the 11th hour. Sir, DACAAI has also written to Chairman AERA 'DACAAI Overview on MYT proposals by CTOs – Principles for consideration of AERA' for determining Domestic CUT Tariff vide letter dated 28 October, 2022 (copy attached for ready reference).

<u>DCSC Reply:</u>

Notice of the Consultation meeting has been duly circulated to the various stakeholders and the same was attended by the stakeholders.

(2) <u>DACAAI Comments:</u>

Competition in specific terms between CTOs

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It may be competitive for airlines but for the/trade users it is monopolistic. Vide Para 2.1.3 "The Authority notes that on 'Competition' assessment that M/s CELEBI is the other service provider for Domestic cargo ……..therefore, the regulated service is deemed Competitive." In this regard DACAAI based on user experience of 12 years states that the two terminals at Delhi Airport cannot be said to be competitive (in fact these are two monopolies since the airlines and terminals are fixed and a shipper cannot just take his cargo to any terminal/airline as he wishes). As there is no competition in specific terms, therefore, DACAAI urges that AERA may review the competition assessments under its powers

DACAAI View : DACAAI is of firm view that self-handling by airlines at CUTs is the best model for domestic air cargo processing.

DCSC Reply:

DCSC operates its Domestic Cargo terminal at IGI airport in competitive environment, as there are three other Domestic Cargo Terminal Operators operating at IGI airport. DCSC tariff set accordance of the CGF Guidelines 2011 of AERA. DCSC Tariff consist of the charges that are levied on actual service rendered to the customers. DACAAI's assessment that there is no competition at IGI airport Delhi is incorrect and misleading.

(3) DACAAI Comments:

The make-shift CUDCT made in 2010 by DCSC continues to be interim/make-shift till date! We are being asked to pay for a facility that is interim and make shift in nature:

Reference may be drawn to Order 16/2010 dated 22.3.2010/24.3.2010 – (2.1(4) DIAL stated that "DCSC is operating CUDT till green field terminal is developed and commissioned by DCSC expected by January, 2011. DCSC assured (para 3.4(ii) that operations will be shifted to the green field terminal once it is ready by 30.11.2011 as per project plan of the company." AERA observed that during SH meeting on 24.2.2011, most users (including DACAAI) expressed disagreement with rates and complained of bad quality of service. However, mainly considering 'interim terminal' only for 19 months of which 10 months already elapsed, approved the tariff from 1.5.2010 to 30.11.2011. Order no.10/2010-2011 dated 10.12.2010 wherein DACAAI inter alia, had pointed out the CUDCT being new facility, charging by DCSC was without AERA approval. A direction 3/2010 was issued to DCSC to stop Charging. DIAL had clarified "that greenfield terminal will offer better infrastructure which will come by Nov 2011. That the interim terminal is only for 19 months." AERA Order 18/2014-15 dated 23.12.2014/6.2.2015 in matter of DCSC 4th year of 1st control period. DCSC's clarifications vide letter dated 25.9.2014 to AERA. Quote….. "Regarding make shift arrangement DCSC clarified that there is vacant land available and they have plans to build new terminal for domestic cargo but it depends on the growth in the volumes of cargo. (e) DCSC clarified that while they have the SLA(s) with airlines however the same is not feasible with the customers." From above, the fact remains that till date we are operating domestic cargo processing from the same interim/make shift facility that was created in 2010 handling three times the tonnage without regard to service quality at all. It may be emphasised, if volumes increase, the charges should come down but in this case, charges always increased. With increased volumes the DCSC collected increased revenues even when all the initial

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investments have been depreciated over 12 years. AERA may please look into how ROI has been allowed on depreciated assets

<u>DCSC Reply:</u>

Firstly, it is stated that DCSC is not operating a CUDCT but a full fledge Domestic Cargo Terminal at IGI Airport Delhi. DCSC Cargo Terminal at IGI airport Delhi is full fledge Cargo Terminal that has been built on permanent location and with substantial capital expenditure. DCSC takes pride in the fact that it operates the largest Domestic Cargo Terminal in the country. Domestic Cargo Terminal is built on approx. 5000 Sq Mtr of area and has full access to the air side. The DCSC Domestic Cargo Terminal at IGI airport is a double storey building which has 31 truck docks on city side and has 12 Dual View X-ray machines for screening of cargo. DCSC Domestic Cargo Terminal has offices of airlines /cargo agent at first floor.

DCSC has invested heavily into creating its Domestic Cargo Terminal infrastructure at Delhi Airport. The facility is a permanent facility not a make-shift facility also the facility is not a CUDCT.

It may be pointed out that DCSC Domestic Cargo Terminal at IGI airport has the largest numbers of Dual View X-Ray machines amongst all Domestic Cargo Terminal of the country.

DACAAI has given the reference to different AERA Orders which have expired and have no relevance to the current Consultation Paper on MYTP application for determination of tariff for DCSC for 3rd Control Period. So, we request to Authority to ignore the comments of DACAAI in full.

Our services are as per the contract with our customers and contracts contains a detail description of services and SLAs.

(4) <u>DACAAI Comments:</u>

Series of interim/ad hoc AERA tariff orders are made without stakeholder consultation meetings. Under garb of the technicalities of submissions of proposals, the facts have been drowned. In fact, a fair evaluation of process of determination of tariff has not been done.

DCSC had never had any SH consultation meeting, nor there is any User Agreement; a fact that AERA has mentioned vide Para 2.1.5 of the CP 13/2022-23 - "As per clause 11.2 of the CGF Guidelines, the ATP is required to be .... and should be supported by the following: a) Form B and Form 14 (b) (Proposed Tariff Card); b) Details of Consultation with Stakeholders; c) Evidence of User Agreement clearly indicating the Tariff proposal by the service provider and agreed to be the users. It is informed that b) and c) AERA requirements are not fulfilled by DCSC. Vide Order no. 24/2022-23 dated 23.09.2022 Tariff prevailing as on 30.09.2022 has been extended for the period up to 31.03.2023, or, till the determination of regular Tariff, whichever is earlier.

<u>DCSC Reply:</u>

DCSC follows the regulations stipulated in the CGF Guidelines 2011 in letter and sprit. DCSC has complied with every regulations prescribed in terms of CGF Guideline 2011. Therefore, the DACAAI's comments is not based on facto and is incorrect.

For DELHI CARGO SERVICE CENTER PVT. LTD.

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(5) **DACAAI Comments:**

The mandated services for which TSP is charged by DCSC are deficient and in most cases not provided at all:

AERA Order 18/2014-15 dated 23.12.2014/6.2.2015 in matter of DCSC 4th year of 1st control period, under 6.4(a) Specifies the elements of services and infrastructure charged under TSP for shipper/consignee/agent are as under :

Services

a) Acceptance of cargo .... Manpower is provided by user

b) Weighment of cargo... Manpower is provided by user

c) Checking airworthiness of cargo done by...... By DCSC

d) Offloading of RFC cargo from truck.............. Manpower provided by user

e) Delivery of cargo on to the truck .... Manpower provided by user

f) Traffic management at the truck parking and maneuvering area .... By DCSC

City Side Infrastructure

a)Truck dock area for offloading/delivery........ Inadequate space

b)space for consolidation of cargo prior handover/Ready for Carriage (RFC) Check...... Space not provided

c)weighing scales... Provided by DCSC

d)truck manoeuvring area and other facilities. Provided by DCSC such as drinking water, washroom

As user we find that there is acute shortage of manpower and lack of space at the interim facility. We still insist any levy of charges should start only when the facility is complete and services are provided as mandated.

DCSC Reply:

Our charges are determined in accordance with the principles laid down in CGF Guideline 2011. Our charges are transparent for all services that we render to the customer. Our services are as per the contract with our customers and contracts contain a detailed description of services and SLAs.

We reiterate that DCSC Domestic Cargo Terminal is built in approx. 5000 Sq Mtr with air side access. DCSC Domestic Cargo Terminal at IGI airport is a double storey building which has 31 truck docks on city side and has 12 Dual View X-ray machines for screening of cargo. We proudly state that DCSC has the country's largest Domestic Cargo Terminal at Delhi airport with the highest numbers of manpower

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deployed in the Terminal as compared to the other Cargo Terminal of the country. It is again stated that our Terminal at Delhi is most organized infrastructure for cargo in the county. But on the other hands we observe that shipper brings cargo in un-organized way. They bargain with the airlines in respect of air freight only after parking their truck at truck dock of DCSC. Till the time bargaining of air freight price is not finalized by the shipper, it is not known to DCSC that the said cargo will be booked with which airlines. Hence, this activity of the bargaining after bringing cargo at DCSC truck dock not only create a hurdle in cargo handling to DCSC but also block the space of truck docks. After finalization of the cargo booking to respective airlines DCSC starts further activities for acceptance, screening of the cargo.

For purpose of better understanding, the prerequisites of conducting Ready for Carriage (RFC) check by DCSC is as under:

a) The cargo should be prebooked with the airline.
b) The airline should issue a Carting Order for the booked cargo.
c) On the basis of the Carting Order the cargo agent should book the slot with the Cargo Terminal Operator.
d) After booking the slot the cargo agent should make the Cargo Terminal charges.
e) The agent should bring the cargo at allocated slot along with the AWB issued by the airline.
f) The above AWB should capture the correct number of pieces and exact weight of the consignment.
g) The cargo should be accompanied by the Security Declaration by the agent.
h) Such cargo should be properly labeled and special instructions (in any) should be pasted on the consignment packages.
i) The cargo tendered should be pre-weighed and properly counted and such details should be properly captured in the AWB.

Only after meeting the above conditions the respective cargo should be unloaded from truck and the same can be presented to DCSC conducting Ready for Carriage (RFC) check.

It is regretted that none of the cargo agents bring cargo in aforesaid manner. On the contrary they bring cargo terminal in completely un-organized manner and start organising their cargo right on Cargo Terminal premises itself. This practice creates a huge hurdle in smooth operation of the terminal for which cargo agents are to be squarely blamed.

We have raised this matter with DACAAI on number of occasions to persuade their members to bring cargo in Ready for Carriage (RFC) mode but DACCAI reluctance to carry out any changes is causing hardship in the smooth functioning of cargo handling by DCSC.

But despite of all these shortcomings, DCSC is performing its duty every day and night in the most efficient way and to our best practices domestic cargo volumes handled by us at our facility at IGI Airport Delhi are growing.

We hereby reject the comments of DACAAI made in this context as it is incorrect and without any substance.

(6) DACAAI Comments:

DCSC claims that the dwell time has improved whereas DACAAI feels it has increased drastically:

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DACAAI has been voicing poor service quality at DCSC, increased processing times for domestic cargo. DACAAI request for SLAs has not been implemented.

Quote..... AERA Order 18/2014-15 dated 23.12.2014/6.2.2015 in matter of DCSC 4th year of 1st control period. DCSC's clarifications vide letter dated 25.9.2014 to AERA. ......(e) DCSC clarified that while they have the SLA(s) with airlines however the same is not feasible with the customers." As DCSC maintains that the dwell times are good enough, DACAAI would like DCSC to give authentic proof for improvements brought by them in processing time

<u>DCSC Reply:</u>

We wish to state that our terminal is most efficient terminal with the least connecting and delivery times across the country. This is the reason why Domestic cargo volumes handled by us at our facility at IGI Airport Delhi are growing. Besides dwell time is also monitored by Airport Operator (DIAL) in its monthly meeting. In that meeting it was observed that our dwell time is decrease and throughput has been increased from last few years. DACAAI also has not bringing any case of delay in processing of the cargo till date to us and we are surprised that they have brought this issue here without even raising this issue in any forum.

(7) <u>DACAAI Comments:</u>

Simplification/rationalisation of tariff with ease of collection by having a single reasonable terminal charge. The facility has to be transparent and user friendly:

DACAAI has made representations from time to time, on the methodology of terminal charges which is very complicated with multiple heads; each head with minimum, inflating charges. Besides, all charges are paid to service provider in advance in PDAs.

The terminal charges on domestic cargo on an average constitute approximately 20% of the air freight which is very high making air cargo unviable. Whereas, the government is working to increase flights, offering huge flight space, working to reduce the logistics costs; the present tariff methodology is having opposite effect. AERA is, therefore, requested to decomplicate/rationalise the same for ease of calculation and fix one single, reasonable terminal handling charge per kilogram.

<u>DCSC Reply:</u>

DCSC tariff sheet contains description of element of services and corresponding charges for such services. While some of the services are necessary in the course of handling cargo there are services that are optional for the users. Because some services are pertaining to certain type of cargo. And tariff is charged in accordance the type of the cargo. In other words DCSC tariff chart is not only a table of tariff but also description of the services that enables a user to pick a service The exhaustive description of services also provides the users a complete transparency about the services rendered and charge levied.

It is so stated that DCSC charges can be levied on various users /stakeholders depending upon the nature of contract and nature of service contracted.

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However, it is emphasised that there is no duplication of the charges on the users as users pay only for the services rendered. A "single rate per kg" policy will not let the customer know what he is paying for and in this levy he may pay for services not contracted. Adoption of such procedure is strongly opposed as it is neither in the interest of the user not in the interest of service provider.

(8) DACAAI Comments:

The report does not give the following information which is essential for transparency:

i) ***Actual tonnage handled by DCSC from 2010 to 2021-22.***
ii) ***Actual year-wise investments made exclusively on domestic interim CUDCT.***
iii) ***Actual revenues earned by DCSC from 2010-2021-22 including rentals and other***
iv) ***Actual processing time of inbound and outbound domestic cargo***

DCSC Reply:

It is stated that we have submitted all the necessary information to the Authority, including that was sought by the Authority time to time and that was necessary for the purpose of determination of tariff for MYTP application for the 3rd Control Period. All the relevant information is mentioned Consultation Paper issued by AERA.

(9) DACAAI Comments:

Para 1.3.4 of CP - DCSC in its submission has proposed 38% increase in Tariff on Y-o-Y basis starting from FY 2022- 23 to FY 2024-25 & 41% in FY 2025-26 for Cargo Handling Services for the Third Control Period.

DACAAI View: DCSC has already been granted hefty hikes by AERA during the previous 12 years (para 1.2.1 of subject CP) which is detrimental to the trade; without additional investments or considering viability of air cargo in spite of multi-fold increase in cargo volumes. Therefore, there is no justification for any further increase. In fact AERA may consider the terminal charges to be reduced considerably.

For deficiency in service quality, AERA granted 15% rebate vide Order 16/2010-11 dated 22.3.2011/24.3.2011. Since even up to 2022 the service quality remains same DACAAI urges upon AERA to give appropriate relief and rebate to take care of users interest.

DCSC Reply:

DCSC has invested heavily invested into creating its Domestic cargo infrastructure at Delhi Airport. DCSC takes pride in the fact that it operates the largest Domestic Cargo Terminal in the country. Domestic Cargo Terminal is built on approx. 5000 Sq Mtr of area and has full access to the air side. The DCSC Domestic Cargo Terminal at IGI airport is a double storey building which has 31 truck docks on city side and has 12 Dual View X-ray machines for screening of cargo. The relevant details are mentioned in the MYTP application for determination of tariff proposal for DCSC for 3rd Control Period.

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Our charges are determined in accordance with the principle laid down CGF guideline 2011. Our charges are transparent for all services that we render to the customer. Our services are as per the contract with our customers and contract contains a details description of services and SLAs.

We request you to dismiss the comments of the DACAAI and issue the Tariff order for Third Control Period in favour of DCSC at the earliest with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DELHI CARGO S... PVT. LTD.

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CARGO SERVICE CENTER

ANNEXURE-7

Delhi

Date: 22nd December 2022

To,
The Director (P&S, Tariff)
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India

SUBJECT: Submission of DCSC's Counter Comments for the comments made by SpiceJet Limited against Consultation Paper No 13/2022-23 in the matter of determination of tariff for cargo handling services for Delhi Cargo Service Center Pvt. Ltd. (DCSC) at Indira Gandhi International Airport (IGIA), Delhi for the Third Control Period (FY 2021-22 to FY 2025-26).

Dear Sir,

Reference to the above subject we hereby to submit our counter comments for the comments made by SpiceJet Limited against the Consultation Paper no 13/2022-23 dated 25.11.2022 for Tariff Approval of DCSC for 3rd Control Period.

SpiceJet Comments:

Sir, you will appreciate that airlines which are the 'catalyst' for the global economy including the aviation sector, have been adversely impacted due to significant headwinds, including travel and fare restrictions during COVID-19, increase in prices of Aviation Turbine Fuel (ATF) and fluctuation in foreign exchange etc.

While the airline operations showed an upward trend from December 2020, however the brutal second wave of COVID-19 in March 2021 and subsequent emerging variants of COVID-19, as well as the geo-political instability caused due to the Russian — Ukrainian conflict which have resulted in adverse impact on global supply-chains, increase in inflation, triggered increased interest rates, devaluation of Rupee, decrease in consumer spending as well as looming recession fears and job cuts have again impacted the operations to a certain extent and resultantly prolonged the process of financial recovery.

It appears as per the recent industry outlook reports issued by CAPA, airlines in India are estimated to make a loss of approx. USD 1.4-1.7 Billion in the current fiscal year FY 23. It also appears from the industry reports that the traffic recovery (number of flights and passengers) would take almost another one to three years for airline operations to reach pre COVID-19 levels. In the current situation, airlines in India are staring at significant losses and with limited financial support from the Government, airlines are constrained to implement severe cost control measures to sustain their operations. On the other hand, the same report mentions that Indian airports are expected to report significant profits in the region of USD 420 million for the FY23. In the given circumstances, it is humbly submitted that it is imperative that AERA does not take any steps, including by

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way of approving the proposed high tariffs, during the Third Control Period, which would precipitate further adverse financial impact on the airlines.

In this regard, we appreciate AERA's proposal to extend Tariff Rates prevailing as on 31.03.2021 to continue up to the end of FY 2024-25. In addition, it is suggested that since the subsequent control period (4t Control Period) would commence shortly thereafter from FY 2026-27, and as tariff determination process is a detailed and time consuming procedure, it may be more practical to extend the Tariff Rates prevailing as on 31.03.2021 to continue up to the end of FY 2025-26, and that a fresh analysis be done for the 4th entire control period, given the uncertain scenario described above.

DCSC Reply:

All business operations in entire world business operations suffered because of Covid pandemic and no one was spared by it. But it is a well-known fact that during Covid period air cargo was the mainstay of the aviation industry. In fact, the aviation industry did exceedingly well in cargo operations during Covid period than they did in pre-Covid period. It will not be out of the place to mention here that airlines across the world increased the air-freight rates, even upto 4-5 times the normal rates, during Covid period on the back of robust demand. The freight rates continue to be on the higher level than the normal even now thus making extraordinary profit out of the air cargo operations.

SpiceJet's contention while quoting some unknown CAPA reports that airlines in India are estimated to make a loss of approx. USD 1.4-1.7 Billion in the current fiscal year FY 23 and it will take almost one to three years for airline operations to reach pre covid levels is patently wrong. We wish to draw your attention to a report dated Feb 16, 2022 which states **"SpiceJet turns profitable after 7 quarters..."** *(Please see attached press clip).* We also wish to draw your attention to the press clip in Indian Transport and Logistic News of July 1, 2021 which says **"SpiceJet reports cargo revenue of Rs 1,117 Cr, profit of Rs 130 Cr in FY21"** *(Please see attached press clip).* Bothe these press clips expose the false contention of SpiceJet that they are reeling under a financial stress.

It is a common knowledge that the whole world is hit by the inflation and the costs have increased for all. DCSC is no exception as costs have increased for DCSC also. Surprisingly SpiceJet expects us to subsidize their operations. This is ironical in as much as we all know that sky rocketing tickets prices that airlines are currently charging due to high demand from passengers' demand that has nearly come back to normal levels.

The justification of tariff increase for DCSC is given in the numerous pages of the Consultation Paper and it is based on merits of its case, established regulations and guidelines. The increase in tariff is not arbitrary but is based on certain well laid out procedures.

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DCSC is a service provider who must invest in infrastructure to provide best services to its customers. It is imperative that DCSC invests in expanding and creating cargo handling facility so that it is not only in position to deliver best services but also ready with expanded capacity to answer the rising demand and growth. In other words, DCSC needs to be ready for providing adequate services to its customers at any time and be able to answer the need of growing cargo volumes.

For this DCSC should have adequate revenue inflows and yield. It is imperative for DCSC to have sustainable revenues so that it can continue offering good services and at the same time be ready for meeting the growing demand of the users.

The justification of increase in tariff is abundantly provided in Consultation Paper to which SpiceJet has not commented but instead made a generic statement requesting to extend Tariff Rates prevailing as on 31.03.2021 to continue up to the end of FY 2024-25.

DCSC's points wise reply to SpiceJet's comments are as follows:

Point 1 : Review of Tendering Process (Refer 1.1.1 of the CP)

> ***Authority may kindly note that "guiding principles issued by the International Civil Aviation Organization (ICAO) on charges for Airports and Air Navigation Services (ICAO DoC 9082), which lays down the main purpose of economic oversight which is to achieve a balance between the interest of Airports and the Airport Users. This policy document categorically specifies "that caution be exercised when attempting to compensate for shortfalls in revenue considering its effects of increased charges on aircraft operators and end users." The said policy document also emphasizes on balancing the interests of airports on one hand and aircraft operators, end users on the other, in view of the importance of the air transport system to States. This should be applied particularly during periods of economic difficulty. Therefore, the policy document recommends that States encourage increased cooperation between airports and aircraft operators to ensure that the economic difficulties facing them all are shared in a reasonable manner."***
>
> ***It is a general perception that service providers have no incentive to reduce its expenses, as any such increase would be passed on to the airlines/stakeholders through the tariff determination mechanism process, and indirectly airlines would be forced to bear most of these additional costs. There needs to be a mechanism for incentivizing the parties for increasing efficiencies and cost savings and not for increasing the royalty for the airport operator.***
>
> ***Sir, as this is particularly a period of economic difficulty for airlines, AERA is humbly requested to ensure that Airport Operator does not take the decision to award concession agreements solely on the revenue share being offered. Basing decisions solely on highest revenue share being offered breeds inefficiencies and tends to disproportionately increase the cost, as envisioned in the abovementioned guiding principle.***

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DCSC Reply:

The contention of SpiceJet is irrelevant to the Consultation Paper. The contention of SpiceJet that "highest revenue share breeds inefficiencies and tends to disproportionally increase the cost" is devoid of logic and deserves to be dismissed. It is bizarre for SpiceJet to say that "It is a general perception service provider has no incentive to reduce its expenses." All organisations undertake cost reduction exercises in their own interests as reduction in expenses increases profitability. Such benefits itself constitute the incentive to reduce the costs. DCSC regularly undertakes cost reduction and cost optimization exercises in its own interests. This statement of SpiceJet lacks merit in based on illogical conjectures.

Point 2 : Cargo Volume Projection (Refer 3.1.4 & 3.2.3. 3.2.4 and Table 3 & 5)

> ***It is · humbly submitted that the impact on cargo volume loss, if any, due to apprehension of shifting of Air Asia & Vistara's Cargo Operations from DCSC's Cargo Terminal to Air India's Domestic Cargo Handling Facility may be known only if such an event occurs. In addition, impact on cargo volumes due to operationalisation of Cargo Hub at new Greenfield Airport at Jewar (Noida) may only be estimated only after operations have normalised after recovering from the impact of Covid-19, as past trends during abnormal times of Covid-19 may not show similar trends in the future.***
>
> ***Thus, Authority may please kindly note the following factors:***
>
> ***The possibility of loss of cargo volume due to entire domestic cargo operations of Air Asia and Vistara shifting to the terminal owned and operated by Air India can be known only if such an event occurs, as there is no official communications or proposal from to appropriate authority to shift its domestic cargo handling from DCSC to Air India facility and hence loss of cargo volumes from 1st Jan'2023 appears to be pre-mature by DCSC.***

DCSC Reply:

DCSC had projected that Cargo Operations of Air Asia and Vistara Airlines will be taken over Air India, who has its own Domestic Cargo Handling facility at IGI Airport w.e.f 01.01.2023 which would result in loss to DCSC, who currently handles Cargo Operations of Air Asia and Vistara Airlines.

DCSC had projected a drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport FY 2024-25 onwards. The anticipated drop was in line with the Techno Economic Feasibility Report for Jewar Airport ('**TEFR**') by M/s Pricewaterhouse Coopers Private Limited which has estimated that cargo at Jewar Airport will account for 40% of the Cargo and may be in a position to cater nearly 55% of the Cargo

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SpiceJet commented that there is no official communication or proposal form to appropriate authority to shift Domestic cargo handling from DCSC to Air India and hence loss of cargo volume from 1st Jan 2023 appears to be pre-mature by DCSC

The Authority ought to consider that the Tata Group has now officially announced that AirAsia India will be merged with Air India Express and that the process has already begun. Further, on 29.11.2022, the Tata Group has also announced that the Air India and Vistara are also to be merged to drive synergies in the sector and derive benefits of the economies of scale. In any case, even in the absence of a formal merger of Air Asia and Vistara with Air India, it is palpable that shift of cargo load from DCSC to AISATS (handler of Air India) is eminent for AirAsia and Vistara's commercial and economic interest Moreover, the Tata Group is neither required to issue any official communication to AERA or DCSC for shifting its cargo operations from DCSC to AISATS at IGI Airport nor would require formalization of the merger between its different entities. Also, loss on cargo volume on account of these developments is the shift is imminent based on the DCSC's discussions with its Vistara and AirAsia counterparts. It is based on such discussions DCSC had proposed to consider the reduction of Cargo Volumes handled by DCSC in the Third Control Period from 01.01.2023 onwards.

SpiceJet Comments:

- ***The assumption of erosion of cargo volumes of DCSC due to new AFS appears to be excessive. As, there is no historical data or trend to arrive at the loss of volumes as proposed, such loss may not be able to be assessed realistically at this point of time.***

DCSC Reply:

The cargo volumes for AFS cargo are projected by DCSC on the basis of AFS operator's cargo projection.

SpiceJet Comments:

- ***The loss of cargo volumes on the basis of development of Greenfield Airport at Jewar (Noida) and the assumption that cargo volumes will be bifurcated, may not be able to be realistically predicted. At this juncture it may be premature to estimate the actual loss of volumes. We may be able to gauge the impact only once the Greenfield airport is ready, estimated somewhere around the last stages of the 3rd Control Period.***

Thus, is submitted-that at this point in time, it may not be realistic to assess the impact of the aforementioned factors on the cargo volumes and therefore it is requested that Authority may rationalize the volumes significantly upwards while considering only a minimal impact from the above mentioned uncertain factors. Authority may thereafter he actual volumes during the 4th Control Period, when a clearer picture emerges.

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DCSC Reply:

DCSC had projected a drop in Cargo Tonnage by 40% due to operationalization of Jewar Airport FY 2024-25 onwards. The anticipated drop was in line with the Techno Economic Feasibility Report for Jewar Airport ('**TEFR**') by M/s Pricewaterhouse Coopers Private Limited which has estimated that cargo at Jewar Airport will account for 40% of the Cargo and may be in a position to cater nearly 55% of the Cargo.

SpiceJet's request to take the minimal impact of Jewar factor is on without any facts and only on the assumption basis. We request to Authority not to consider the request of SpiceJet.

Point 3: Deferment of Capital Expenditure – Regulatory Base Assets

Stoppage of non-safety/security related capital expenditure (Refer 4.1.3, 4.4.3 & 4.4.12 and Table 7, 8, 9 & 12 of CP)

As mentioned above, it may take up to three years for the operations to reach to its pre COVID-19 peak levels. In this situation, as DCSC has itself projected that it would not be able to reach the volume levels of pre-Covid by the end of the 3rd Control Period (2025-26), it is unlikely that additional capex equipment would be required in addition to the existing inventory, unless as a replacement for damaged/worn-out equipment. In order to support the airlines to continue and sustain its operations, all non-essential CAPEX proposed by DCSC should be put on hold/deferred to the Fourth Control Period, unless deemed critical from a safety or security compliance perspective.

Without prejudice to the above, in case DCSC wants to make capital expenditure, then it should be at no additional expense to the airlines until the project is completed and put to use. Similarly, if any proposed Capex projects can be deferred from the Third Control Period to the Fourth Control Period, same should be considered by AERA.

It is humbly submitted that it may be possible to gauge only in the last year of 3rd Control Period (2025-26) whether significant work has progressed in development of infrastructure, procurement of latest equipment and repairs / renovation, as proposed in the CP.

While we appreciate AERA's proposal to extend Tariff Rates prevailing as on 31.03.2021 to continue up to the end of FY 2024-25, at the same time is suggested that since the subsequent control period (4thControl Period) would commence shortly thereafter from FY 2026-27, and as tariff determination process is a detailed and time consuming procedure, and as the actual impact would only be evident in the last year of 3rd control period (2025-26), it is humbly suggested that it may be more practical to extend the Tariff Rates prevailing as on 31.03.2021 to continue up to the end of FY 2025-26, and that a fresh analysis be done for the 4th control period, including the timing of the capex for the proposed new cargo warehouse additions proposed at Rs. 300.02 Crores, based on ground realities at that time.

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DCSC Reply:

The Concession Agreement awarded to DCSC mandates DCSC to manage, operate and maintain the Cargo Terminal in a competitive, efficient and economic manner and take into account the requirements of users of the Cargo Terminal and Cargo Services.

In the current scenario, with increasing speed of clearance as compared to 2012, the two-tier section system is not able to keep pace with the faster clearance of cargo. To achieve improved Dwell time and higher throughput at peak hours, DCSC needs to expand for international cargo terminal as part of our expansion plan and efficient cargo management and lower time of processing.

DCSC proposes to improve its Cargo Handling capacity to ensure competitiveness with Jewar Airport and retain cargo volumes and Users at IGI Airport even though it projects that there will be shift in cargo volumes from IGI Airport to Jewar Airport once the same is operationalized. DCSC plans to incur majority of the Capex in FY23 and FY24 to ensure that the improved facilities are operationalized prior to commencement of operations at Jewar Airport.

The storage of Cargo acts as a bottleneck reducing the capacity of the infrastructure and necessitating further Capex investments. Further, the proposed expansion will improve efficiency and productivity of Cargo Services at the IGI Airport and will enable DCSC to deliver greater value to its Users. It is vital for DCSC to lower the Dwell Times for its Cargo Services to ensure that its services remain competitive with the services provided at AFS.

Hence, SpiceJet suggestion to hold the capex for the 3rd Control Period in unjustified and also ignoring the facts of requirement of capex at DCSC terminal.

Point 4: Abolishment of Royalty Charges/Concession Fee

Operating & Maintenance Expenditure (Refer 5.1.12, 5.2.3 & Table 15 of CP)

Any attempt to award the contracts by the airport operator on highest revenue share basis should be discouraged as it breeds inefficiencies and tends to disproportionately increase the cost.

It is a general perception that service providers have no incentive to reduce its expenses, as any such increase would be passed on to the airlines/stakeholders through the tariff determination mechanism process, and indirectly airlines would be forced to bear most of these additional costs. There needs to be a mechanism for incentivizing the parties for increasing efficiencies and cost savings and not for increasing the royalty for the airport operator.

As you are aware, royalty is in the nature of market access fee, charged (by any name or description) by the airport operator under various headings without any underlying services. These charges are mostly passed on to the airlines by the airport operator or other services providers.

It may be pertinent to note that market access fee by any name or description is not practiced in most of the global economies, including European Union, Australia etc. Sometimes it is argued by the airport operators that 'Royalty' on 'Aero Revenues' helps in

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subsidizing the aero charges for the airlines, however royalty in 'Non-Aero Revenues' hits the airlines directly without any benefit.

In view of the above, we urge AERA to abolish such royalty which may be included in any of the cost items.

DCSC Reply:

SpiceJet has repeated what it has said in Point No 1. This shows that SpiceJet is not serious while making suggestion to the Consultation Paper. The suggestions made by SpiceJet do not add any value to the stakeholder consultations. Moreover, it is vehemently denied that any charges on account of concession fees are passed on to our customers as all expenses are absorbed into our costs.

Point 5 : Operational Expenditure – Drastic Cost Cutting

Operating & Maintenance Expenditure (Refer 5.1, 5.2.7 and Table 14, 15 & 16 of CP)

It may be noted that across various industries, instead of cost escalations, all the costs have been renegotiated downwards substantially. It may also be noted that cost incurred by DCSC impacts the airlines, as such cost is passed through or borne mostly by the airlines. In order to ensure that there is no adverse impact/increase in the tariff, we request AERA to kindly put on hold any increase in operational expenditure by DCSC not related to safety or security.

Further, we submit that:

i) Payroll Costs: The Y-o-Y increase may please not be more than approx. 6%, in line with recent proposals of AERA in other consultation papers, rather than the proposed CAGR of 15%

ii) Administrative & General Expenses, R & M Expenditure, Utility Expenses: The Y-o-Y increase may please not be more than approx. 5%, in line with recent proposals of AERA in other consultation papers, rather than the proposed CAGR of between 11% to 15%.

It may also please be clarified that although it is projected that the Concession Fee (and revenues) would keep continually falling drastically at CAGR of -15%, but still the Opex items like Payroll, Administration & General Expenses, R&M Expenditure and Utility Expenses are projected to continually increase at a CAGR between 11% to 15%. This is in contrast to claims of cargo volume loss by DCSC in 2024-25 due to greenfield Jewar Airport, loss due to shifting of Vistara & Air Asia to Air India facility in 2023 and new loss due to AFS facility.

In order to ensure that there is no adverse impact/increase in the tariff, we request AERA to kindly put on hold any increase in operational expenditure by DCSC not related to safety or security, without any escalations in payroll and other costs.

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DCSC Reply:

DCSC is aware of the benefits of cost cutting and regularly take steps to optimize the costs. It is naive on the part of SpiceJet to believe that such practices are not undertaken by DCSC. DCSC proudly states that it regularly takes steps to maximize efficiencies and optimize costs and productivity and thus keeps its charges to the minimum. All estimates of costs have been thoroughly estimated on the basis of ground realities and sound assumptions. The operational expenditure incurred by DCSC is essential for providing quality service to its customers and have been carefully being kept at optimum levels.

The comments of SpiceJet on payroll cost, administrative, general expenditure, concession fees, repair and maintenance are vague and lack seriousness and merit and thus deserve to be ignored and dismissed.

Point 6 : Aggregate Revenue Return

Return on Revenue (Refer 7.2 and Table 18 & 22 of CP)

It is submitted that only a reasonable Fair Rate of Return (FRoR) to the service provider may be provided. It is observed that AERA has considered FRoR of 14%, which is the net of income tax return to the service provider, for the Third Control Period. However, while such fixed/ assured return favours the service provider, but it creates an imbalance against the airlines, which are already suffering from huge losses and are bearing the adverse financial impact through higher tariffs.

Due to fixed/assured returns, service providers have no incentive to look for productivity improvement or ways of increasing efficiencies, take steps to reduce costs as they are fully covered for all costs plus their hefty returns. Such a scenario breeds inefficiencies and higher costs, which are ultimately borne mostly by airlines.

In the present scenario any assured return on investment to any services providers like DCSC, in excess of three (3) % (including those on past orders), i.e. being at par with bank fixed deposits (i.e., return on investment after the income tax), will be onerous for the airlines.

In view of the above, AERA is requested to kindly review the proposed return on RAB to the service providers like DCSC and requested to revise all the Tariff Orders (including past orders) by capping the returns to a maximum of three (3) %.

Point 7 : Aggregate Revenue Requirement

Tariff (Refer 7.3.2 and 7.3.3 of CP)

DCSC Reply:

Consideration of return on RAB is well established and is in accordance with the regulations. By making such comments SpiceJet is only exposing its own lack of understanding of such matters. Besides various comments are nothing but repetitions of its earlier comments. This demonstrates that SpiceJet

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is just making comments without even understanding the issues in the proper light. Therefore, SpiceJet's comments deserve to be dismissed.

SpiceJet has at many places referred to the hit that aviation industry has received due to Covid. It is stated here that Covid affected all industries adversely. While all affected industries took appropriate steps to rehabilitate themselves SpiceJet, on the contrary, expects to rehabilitate itself at our expense. It is their own responsibility to rehabilitate themselves rather than seek rehabilitation at our cost.

From above it is obvious that SpiceJet has submitted its comments without any seriousness as such comments lack merit and deserve to be dismissed.

Further, based on the justification and clarification made above it is clear that the comments made by SpiceJet are baseless and to be ignore.

We request you to dismiss the comments of the SpiceJet Limited and issue the Tariff Order for Third Control Period in favour of DCSC with the increase in tariff as sought by DCSC.

Thanking you,

For Delhi Cargo Service Center Pvt Ltd.

For DEL LTD.

(Authorised Signatory)

Authorised Signatory

INDIAN TRANSPORT & LOGISTICS NEWS (/)

SpiceJet reports cargo revenue of 1,117 cr, profit of 130 cr in FY21

July 1, 2021: On a segment basis Spicejet's revenue from cargo operations increased by 518 percent aggregating to ₹1,117.5 crore for FY2021 with profit of ₹130.9 crore for the full year against a loss of ₹134.2 crore for the previous year.

Spicejet reported EBITDA profit of %u20B9225.8 crore for the year ending March 2021 against a loss of %u20B976.5 crore in the previous year

Our Correspondent (/Our-Correspondent) 1 July 2021 12:34 PM

July 1, 2021: ... om ... aggregating ... e for the full year against a ₹134.2 crore fo...

Ajay Singh, chairm... mar... said, "Much like the first wav... , our cargo arm was exceptionally ... e extremely well tran... quantities supplies all across th... cargo bus... additional capit... will hive-off th... ati...

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Also Read - Gove
lithium-batteries-

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REPORTS-CARGO-REVENUE-OF-1117-CR-PROFIT-OF-
130-CR-IN-FY21-AVIATION)

Cargo highlight

• EBITDA profi
year

• Introduces w

• Added a Boe

• Launched sc

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• Operating a fleet of

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REPORTS CARGO REVENUE OF 1,117 CR, PROFIT OF 130 CR IN FY21)

• Continues to remain lec
carried 1,68,976 tonnes of car

• Cargo network spans over 6

• Airlifts 87,170 oxygen conce

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cargo-ties-up-with-ibs-software
read)

Cargo highlights for Q4 FY2

• Revenue of ₹416.5 ... ending March
previous quarter endi... 2020

• Net profit of ₹40.2 crore for the quarter ...
corresponding previous quarter

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REPORTS-CARGO-REVENUE-OF-1117-

• EBITDA profit of
corresponding previous

Also Read - IATA says incentives needed to ... eeded-to-increase-saf-
production-1345753?utm_source=internal-artice&utm_medium=also

• Carried 39,693 tonnes of cargo in Q4

• Transports 133 tonnes of Covid vaccine between January - June 2021

SpiceJet reported a net loss of ₹235.3 crore in the fourth quarter of FY21 against a loss of ₹807.1 crore in the same quarter of the previous year as the business is severely impacted by the second wave of the Covid-19 pandemic which has adversely hit operations and travel demand.

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SHARE%26UTM_PARTNER%3DTWITTER%26UTM_CAMPAIGN%3DSHARE%26UTM_MEDIUM%3DTWITTER&TEXT=SPICEJET%20REPORTS%20CARGO%20REVENUE

The airline reported a net loss of ₹998.3 crore in FY 2021.

While there have been significant losses suffered on the passenger side of the business the dedicated cargo operations continued to provide a much-required lifeline to our overall operations.

The company continues to incur various costs owing to the grounding and the inability of Boeing 737 Max aircraft to undertake revenue operations for over two years now.

"SpiceJet continues to engage with Boeing to recover damages incurred by the company due to the grounding of the MAX and also engage with aircraft lessor of the grounded MAX aircraft to restructure the present leases," reads the release.

SpiceJet (https://www.itln.in/tags/SpiceJet) | SpiceXpress (https://www.itln.in/tags/-SpiceXpress)
Ajay Singh (https://www.itln.in/tags/-Ajay-Singh) | air cargo (https://www.itln.in/tags/-air-cargo)

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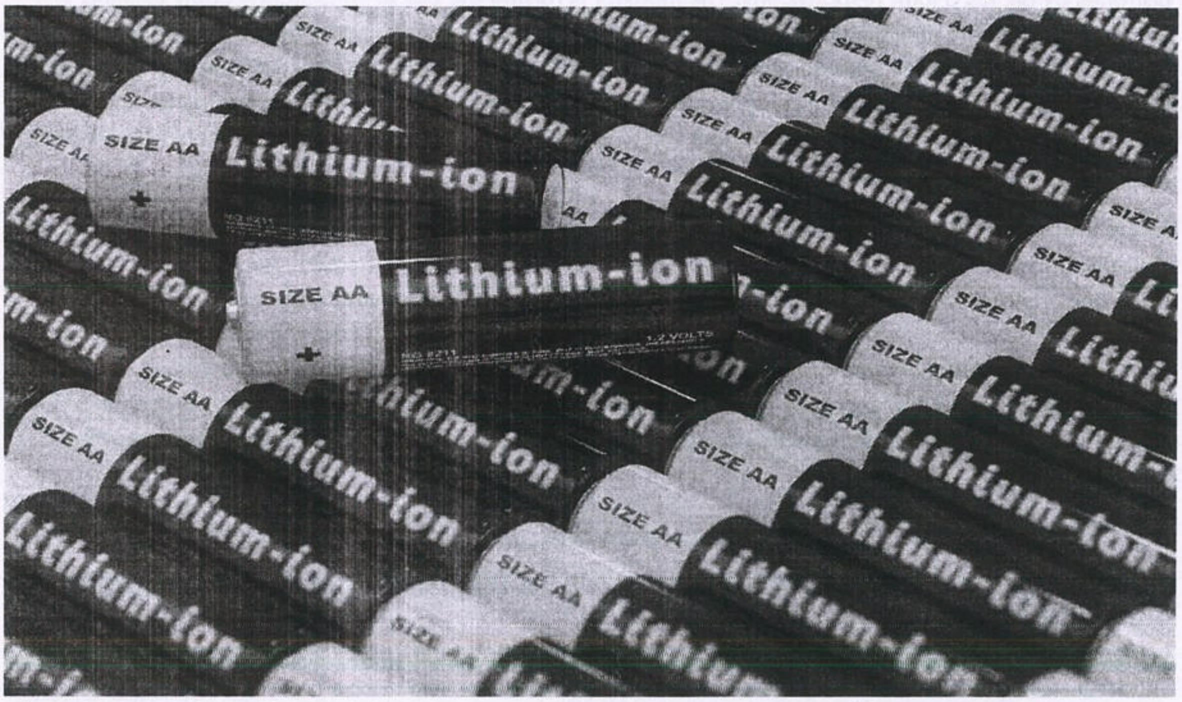
Government support needed for safe lithium batteries transport (/aviation/government-support-needed-for-safe-lithium-batteries-transport-1345766)

To assure the safety of various items delivered by air, comprehensive standards that are widely applied are required



IATA has long supported countries to strengthen enforcement of lithium battery transport safety regulations

Our Correspondent (/Our-Correspondent) 21 June 2022 6:33 PM

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SUPPORT NEEDED FOR SAFE LITHIUM BATTERIES TRANSPORT)

The International Air Transport Association (IATA) urged nations to adopt and implement worldwide standards for screening, fire testing, and incident information sharing to further assist the safe carrying of lithium batteries.

To assure the safety of various items delivered by air, comprehensive standards that are widely applied are required. The difficulty is the fast rise in worldwide demand for lithium batteries (the industry is developing at a rate of 30% per year), which is bringing many new shippers into air cargo supply chains. One emerging major risk, for example, is cases of undeclared or mis-declared shipments.

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IATA has long supported countries to strengthen enforcement of lithium battery transport safety regulations. Rogue shippers should face harsher penalties, and flagrant or intentional violations should be criminalised. IATA has requested that countries strengthen these initiatives with further measures:

Development of safety-related screening standards and processes for lithium batteries

Governments developing particular standards and methods to support the safe shipping of lithium batteries, similar to those that exist for air cargo security, will assist in creating an efficient process for compliant lithium battery shippers. These standards and methods must be outcome-based and internationally standardised.

Development and implementation of a fire-testing standard that addresses lithium battery fire containment

Governments should adopt a testing standard for lithium battery fires in order to evaluate additional protective measures in addition to the existing cargo compartment fire suppression systems.

Enhance safety data collection and sharing information between governments

Safety data is crucial for successfully identifying and controlling lithium battery dangers. There is limited capacity to understand the effectiveness of any measures without adequate relevant data. Better information sharing and cooperation on lithium battery accidents across governments and business is critical to properly controlling lithium battery hazards.

"Airlines, shippers, manufacturers, and governments all want to ensure the safe transport of lithium batteries by air. It's a joint responsibility. The industry is raising the bar to consistently apply existing standards and share critical information on rogue shippers. But there are some areas where the leadership of governments is critical. Stronger enforcement of existing regulations and the criminalization of abuses will send a strong signal to rogue shippers. And the accelerated development of standards for screening, information exchange, and fire containment will give the industry even more effective tools to work with," said Willie Walsh, IATA's Director General.

These procedures would complement major work by airlines, shippers, and manufacturers to guarantee the safe transport of lithium batteries. Updates to the Dangerous Goods Regulations and the creation of additional instruction material have been among the actions taken. The establishment of a Dangerous Commodities Occurrence Reporting Alert System, which allows airlines to communicate information on incidents involving undeclared or misdeclared dangerous goods. The creation of a Safety Risk Management Framework expressly for the carriage of lithium batteries, as well as the introduction of CEIV Lithium Batteries, to improve the safe handling and transportation of lithium batteries throughout the supply chain.

Government (https://www.itln.in/tags/Government) IATA (https://www.itln.in/tags/IATA)
lithium batteries (https://www.itln.in/tags/lithium-batteries) Willie Walsh (https://www.itln.in/tags/Willie-Walsh)
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