



Federation of Freight Forwarders' Associations in India

NATIONAL APEX BODY OF CUSTOMS BROKERS ASSOCIATIONS & LOGISTICS SERVICE PROVIDERS IN INDIA

FFFAI/REP/418/2023

07.11.2023

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

Respected Sir,

Sub: Comments /Observations on Consultation Paper No. 15/2023-24 dated 18-10-2023 in the matter of Determination of Tariff for the Cargo handling Services in respect of Kerala State Industrial Enterprises Ltd (KSIEL) at Thiruvananthapuram International Airport for the third control Period (FY 2021-22 to 2025 -26) –regarding

=====

AERA, in accordance with the provisions of Section 13(4) of the AERA Act, 2008, has sought written comments from the stakeholders including FFFAI on the Multi-Year Tariff Proposal ('MYTP') submitted by Kerala State Industrial Enterprises (KSIEL) in respect of the Cargo Handling Services being provided by KSIEL at Thiruvananthapuram International Airport vide the Consultation Paper No. 15/2023-24 dated 18/10/2023.

Prior to finalizing the order by AERA in the matter of Determination of Tariff for the Cargo Handling Services in respect of Kerala State Industrial Enterprises Ltd (KSIEL) at Thiruvananthapuram International Airport for the third control Period (FY 2021-22 to 2025 -26), it is imperative for AERA to elucidate its position regarding the Telecom Disputes Settlement & Appellate Tribunal (TDSAT) order dated 13-01-2023 ruling that categorizes Cargo services as non-aeronautical. In light of this TDSAT order, Cargo tariff issued by AERA has been declared as inoperative and unenforceable, as being passed without jurisdiction. Accordingly, M/s Celebi Delhi Cargo Terminal Management India Pvt Ltd (CDCTM) at IGI Airport, New Delhi, Mumbai Cargo Service Center Cold Chain Solutions Pvt Ltd (MCSCCCPL) at CSI Airport and other Cargo Terminal Operators, have issued their own Cargo Tariff.

Stake holders' consultation meeting.

As per AERA (Terms & Conditions for Determination of tariff for services provided for Cargo facility, Ground handling and supply of Fuel to the Aircraft) Guidelines 2011, stakeholders meeting is required to be conducted to include their comments/recommendations/observations in the MYTP by KSIEL before it is submitted to AERA for its approval. However, on perusal of the said consultation paper, it is observed that **no such meeting has been conducted before the submission of MYTP by KSIEL and issuance of Consultation paper by AERA.**

It is suggested that AERA may conduct the stakeholders' consultative meeting to incorporate the comments/recommendations/observations of the stakeholders in the Tariff Order. Also, KSIEL may be advised to collaborate with stakeholders in the supply chain including the Freight Forwarders, Customs House Brokers etc., to develop solutions that benefit all concerned leading to more sustainable and resilient global supply chain. This will support the recovery of the international trade and Logistics sector fulfilling the initiative(s) laid down in recently launched National Logistics Policy under PM Gati Shakti National Master Plan.





Federation of Freight Forwarders' Associations in India

NATIONAL APEX BODY OF CUSTOMS BROKERS ASSOCIATIONS & LOGISTICS SERVICE PROVIDERS IN INDIA

Cargo Volume Projection for the third control Period

AERA has proposed 2.41% projected increase in the cargo volume during the current FY and 5% YoY increase in cargo volumes for the remaining two tariff years of the third control period i.e., FY 2024-25 & 2025-26.

The **proposed increase (2.41% to 5%) is without any justification, FFFAI suggests that AERA may reconsider its proposal after seeking detailed justification from KSIEL.**

AIR FREIGHT STATION(AFS)

Based on the submission by KSIEL in the MYTP, AERA has proposed 30% lower TSP charges in all category of BUPs (Export and Import cargo) pertaining to AFS except 'other than General Cargo' BUPs under imports, where 44% lower TSP charges are proposed for the third control period.

AERA has sought specific views/comments of the stakeholders on the proposal regarding lower TSP charges for AFS cargo, particularly considering the AFS is a relatively new concept in Indian Civil Aviation.

OBSERVATIONS/RECOMMENDATIONS

In accordance with the AFS Policy, issued by MoCA vide OM no. AV.13011/03/2013-ER dated 28th October, 2014, Air Cargo Terminal Operators will not insist on levying full TSP charges on consignments/cargo meant for/received from AFS and AERA, while approving the TSP charges shall give the break-up of Transit, Storage and Processing charges. KSIEL, has failed to do so in the said MYTP.

On perusal of the above chart, it may be seen that 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.

On perusal of the subject Consultation paper, it is observed that KSIEL has not submitted the TSP charges on 'per kg' basis, proposed to be leviable on AFS consignments by KSIEL, but instead, has submitted composite tariff for Built Up Pallets (BUPs).

The levy of the TSP charges depends on the activities performed by the Air Cargo Terminal Operator/AFS Operator from the point of accepting the export cargo at AFS premises till handing over to the Air Cargo terminal Operator for shifting to Air side to enable Airline(s) upliftment for its foreign destination.

The detailed activities which will be carried out at AFS, earlier being carried out by Air Cargo Terminal for both export and import is as follows:



Sr No	IMPORT PROCESS	Presently done by		Later through AFS	
		AGENCY	TERMINAL OPERATOR	AFS OPERATOR	TERMINAL OPERATOR
1	Payment of Cost recovery charges	TERMINAL OPERATOR	a	a	NO
2	Import cargo (ULD/Bulk) shifted to cityside for loading on the AFS truck.	AIRLINES	a	r	a
3	Documents readied and handed over to AFS representative after Customs approval.	TERMINAL OPERATOR/AIRLINES	a	r	a
4	ULDs loaded on AFS truck and sealed by Customs	TERMINAL OPERATOR/CUSTOMS	a	r	a
5	Cargo truck arrives at AFS and seal inspected by Customs	TERMINAL OPERATOR	r	a	r
6	Unloading of trucks and destuffing of ULDs	TERMINAL OPERATOR	r	a	r
7	Binning of cargo and location in the bonded area.	TERMINAL OPERATOR	r	a	r
8	Segregation report and data updation in EDI system.	TERMINAL OPERATOR	r	a	r
9	Filing of Bill of Entry and Customs examination	IMPORTER/CHA	r	a	r
10	Out of Charge by Customs.	CUSTOMS	r	a	r
11	Payment of Duty and Custodian charges	IMPORTER/CHA	r	a	r
12	Generation of Gate pass and final delivery	TERMINAL OPERATOR	r	a	r

- On perusal of the above chart, it may be seen that 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.

Sr 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	a	a	r
2	Carting order to Agent	AIRLINES	a	a	r
3	TSP Charges receipt	TERMINAL OPERATOR	a	a	r
4	Gate checking of goods/docs	TERMINAL OPERATOR	a	a	r
	Docs receipt of goods	TERMINAL OPERATOR	a	a	r
	a) Goods to be off loaded from trucks	TERMINAL OPERATOR	a	a	r



Federation of Freight Forwarders' Associations in India

NATIONAL APEX BODY OF CUSTOMS BROKERS ASSOCIATIONS & LOGISTICS SERVICE PROVIDERS IN INDIA

[ESTD. 1962]

	b) Weight check of Goods	TERMINAL OPERATOR	a	a	r
5	c) Truck Dock (TD) Entry	TERMINAL OPERATOR	a	a	r
6	Cargo X ray /screening	TERMINAL OPERATOR	a	a	r
7	Packages brought for examination after locating from lot as per Customs requirement.	TERMINAL OPERATOR	a	a	r
8	Opening and repacking of boxes	TERMINAL OPERATOR	a	a	r
9	Repairing and proper stacking of boxes after customs examination.	TERMINAL OPERATOR	a	a	r
10	Warehouse location given to agents on AWBs and other docs.	TERMINAL OPERATOR	a	a	r
11	Docs handed over to Airlines.	TERMINAL OPERATOR	a	a	r
12	ULD(BUP) off loading and location.	TERMINAL OPERATOR	r	a	a

- Since shippers will not be willing to pay TSP charges, twice, one each to AFS and M/s GHAC, shippers may be given the option to pay TSP charges to AFS operator only are physically handling the cargo and cargo terminal Operator may be permitted to handle loaded ULDs only as forwarded by AFS for the Airlines to be loaded in their respective Aircrafts.
- M/s KSIEL 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].

The above recommendations, it is felt 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.

Annual Tariff Proposal

1) AERA has proposed 25% increase to the existing tariff in the Consultation Paper for handling of both Export and Import cargo by KSIEL.

This steep increase in the tariff will be an additional burden on exporters/importers and will be a deterrent to their business in Global market. It is suggested that **reasonable increase, in due consultation with the stakeholders may be affected in the final order by AERA.**

2) TSP charge for Export Perishable cargo viz-a-viz Export General cargo

On perusal of Annexure I of the said Consultation Paper, it is observed that **TSP charges for export General cargo is higher than the TSP charges for export Perishable cargo.** Since the perishable cargo requires cold storage facilities to maintain the cool chain for the perishables, whereas General cargo handling does not require any special handling. Hence the TSP charges for General cargo should be less than that for Perishable cargo. As per the trend followed by other CTOs pan India, the TSP charges for General cargo is 50% less than that for Perishable cargo.





Federation of Freight Forwarders' Associations in India

NATIONAL APEX BODY OF CUSTOMS BROKERS ASSOCIATIONS & LOGISTICS SERVICE PROVIDERS IN INDIA

Accordingly, it is suggested that **AERA may re-look on the TSP charges for General cargo for amendments including the Demurrage charge for export Cargo.**

3) Higher rate of TSP charges for Valuable cargo

As per Annexure 1 of the Consultation paper, AERA has proposed Rs 7.50 per Kg (minimum Rs 1250/- per AWB) as TSP charges for handling of Valuable cargo. This tariff is extremely high as compared to General Cargo for which the TSP tariff is Rs 1.19 per kg (minimum Rs 190 per AWB).

AERA is suggested to consider reasonable TSP charges for valuable cargo while finalizing the Cargo Tariff Order.

4) TSP /Demurrage charges for Import Perishable cargo not included in the Cargo Tariff schedule.

On perusal of the Annexure 1 of the Consultation Paper, it is observed that TSP and Demurrage charges for handling of Perishable cargo has not been included in the Cargo Tariff schedule.

AERA is advised **to consider the inclusion of reasonable TSP and Demurrage rates for handling of Import Perishable cargo** by KSIEL at Thiruvananthapuram International Airport.

As a concluding observation on the subject Consultation paper, circulated by AERA to all the concerned stakeholders, FFFAI wishes to inform that AERA plays a very crucial role in ensuring that tariff proposals submitted by Air Cargo Terminal Operators for Cargo handling Services are reasonable and transparent.

AERA should ensure that rationalised tariff proposals are approved and issue guidelines/directions in this regard to all the Cargo Terminal Operators so that fair and efficient tariff structure is provided by all the stakeholders.

With Warm Regards,

Yours truly,

For Federation of Freight Forwarders' Associations in India

Dushyant Mulani

Chairman

(M) +91-9820204744

Email: chairman@ffai.org, dushyant@ffai.org

