



[ESTD. 1962]

# Federation of Freight Forwarders' Associations in India

National Apex Body of CUSTOMS BROKERS' ASSOCIATIONS IN INDIA

FFFAI/REP/409/2022

05.12.2022

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

Respected Sir,

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

The consultation paper no. 12/2022-23 dated 14-11-2022 issued by AERA with regard to tariff determination for Cargo Handling Services for M/s Celebi Delhi Cargo Terminal Management India Pvt. Ltd (CDCTM) at Indira Gandhi International Airport, Delhi for the third control period (FY 2021-22 to FY 2025-26) has been perused.

**1. Capital Expenditure Projection**

While submitting the MYTP for tariff year 4 (2019-20 to 2020-21), tariff year 5 (01-04-2016 to 31-03-2021) and second control period, CDCTM justified the increase in charges with projection of planned investment of INR 115 Cr in the control period (2017-2021) excluding any increase in security deposit. This also included:

- Automated Storage and Retrieval System (ASRS) at the cost of Rs 34 crores,
- New Domestic Terminal at the cost of Rs 18 Crores
- Additional X-ray Machines & ETD at the cost of Rs 25 Crores
- CARGOCEL & SAP at the cost of Rs 6 Crores
- LED & Sky shade at the cost of Rs 2 Crores etc.

***Since the said consultation paper does not include any update on the progress of development projects on the planned investment of INR 115 Cr based on which the per year increase in the tariff was permitted by AERA, this CAPEX justification for tariff hike may not be considered by AERA.***

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

***The said charges are unacceptable since AERA, while recommending the said charges, has not stipulated the time period.*** CDCTM, therefore, needs to confirm the time period stipulation for the activities within which the express delivery will be affected i.e., the time period for normal delivery which they plan to provide to the stakeholders including the Airlines along with the discounts/penalty on the CTO if they fail to provide the said service(s) within the stipulated time period. These charges, newly introduced by CDCTM in this consultation paper, lacks justification without any SLA by CDCTM with trade community.





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

Customs are deployed at the Cargo Terminal on 'Cost Recovery Basis' by the CTO as a regulatory agency for processing and delivery of international cargo after collection of requisite Customs duty and fulfillment of document formalities thereby regulating the movement of Air Cargo. The additional duties/activities, which is proposed to be performed by Customs for the levy of Customs facilitation fee @ Rs 0.42 per kg at the behest of CTO (mandatory or optional) has not been specified by AERA in the said consultation paper. Therefore, ***any additional fringe benefit to the Customs in the form of 'Customs facilitation fee' is not acceptable since it will be an additional expenditure cost to the exporter/importer, consequently leading to an added cost to their shipment processing/delivery.***

***In the absence of these justifications/details, FFFAI does not accept it and may be removed by AERA. The said non-acceptance also holds good for levy of other miscellaneous charges etc.***

### 4. Repacking charges

The repacking charges for export cargo has been increased from Rs. 18.97 per package (lots of 50) per shipping bill in FY 2020-21 to Rs. 347/-per package (lots of 50) per shipping bill in FY 21-22 till Rs. 467.24 in FY 25-26. ***This massive increase, without any justification is unaccepted and may be reviewed by AERA.***

Further, it is informed that in spite of Customs clearing the consignments in 'green channel' under RMS (wherein the packages are not opened/closed for Customs examination), CTOs are levying 'repacking charges' for 10% of the packages in the consignment. ***AERA may consider insertion of 'foot note' indicating that 'repacking charges' to be levied on those package(s) only, opened/closed physically by the CTO for Customs examination.***

### 5. Levying of Handling charges in addition to the TSP charges

***Handling charges recommended @ Rs. 1.36 per kg during FY 21-22 till Rs 1.83 per kg in FY 25-26 for general cargo in addition to the TSP charges is not acceptable*** and may be removed from the tariff chart. Since the TSP charges include the handling charges, this separate levy will only lead to duplicate levy adding uncalled-for burden to the shipper/consignee.

### 6. Air Freight Stations (AFS)

MoCA issued policy guidelines governing Air Freight Station, vide OM no. AV.13011/03/2013-ER dated 28th October, 2014 as AFS policy document, according to which, ***Airport Operators and Air Cargo Terminal operators shall accept palletized ULDs for bulk cargo in case of exports from an approved AFS facility and facilitate its transfer to the Airside. They shall not insist on levying of full TSP charges on consignments/cargo meant for/received from AFS (particularly in respect of ready for carriage conditions export cargo) for its transfer from land to air-side and vice versa since no value addition is contemplated at the Airport terminal. AERA while approving the TSP charges shall give a break up of transit, storage and processing charges.*** AERA has proposed 30%





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lower TSP charges for BUPs/ULDs pertaining to AFS Cargo, including Perishable/Pharmaceuticals/Special/Valuable/Hazardous Cargo etc., as compared to normal approved TSP charges applicable to other than AFS Cargo for the third control period (w.e.f 01-01-2023 to 31-03-2025). ***The above proposal of AERA, has been perused by FFFAI and we are of the opinion that the same needs to be reviewed since 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 lump sum reduction in the TSP charges to be levied by AFS. Also, since shippers are unwilling to pay TSP charges twice, one each to AFS and CTO, shippers may be given the option to pay TSP charges to AFS operator only who are physically handling the cargo and CTO may be permitted to handle loaded ULDs as General Cargo only and not as Perishable and/or Pharma separately forwarded by AFS for the Airlines to be further loaded in their respective Aircrafts.***

## **RECOMMENDATIONS OF FFFAI:**

- 1) The tariff chart may stipulate the time period for each activity/service proposed to be provided by the CTO. This should include penalty/discount in TSP/demurrage charges and other type of charges for any delay in processing/delivery of cargo on the part of CTO, to the consignee & should be made simplified.***
- 2) 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. In order to have complete transparency of the levy of charges on handling of both international and domestic by the CTO and avoid duplication in levy of the charges, FFFAI is of the opinion that CTO may be advised to have a single "rate per kg/ULD" policy for handling of all type of AFS cargo for the levy on shippers/consignee(s), which will include all 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 duplication of charges and any confusion to the shippers It will also avoid levy of ambiguous charges viz., Misc. charges/activities, Quick ramp transfer, customs facilitation fee, express delivery etc. Even globally, the single rate cargo handling policy is prevalent, irrespective of the type /nature of cargo.***

Thanking you,

Yours truly,

For Federation of Freight Forwarders' Associations in India

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