

324/Chairman
9/12/22

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



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Date : 9 Dec 2022

सचिव
18/12/22
जायरी नं 17156
तारीख 09/12/2022
Chairman (AERA),
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airports, New Delhi – 110003,

(Kind Attn: Shri B. S. Bhullar)

Consultant (V2)
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12/12

Subject: In the matter of determination of Tariff for Cargo Handling Services on AFS Cargo for M/s Delhi Cargo Service Center Pvt Ltd (DCSC) at Indira Gandhi International Airport, Delhi for the Third Control Period (2021-22 to 2025-26)

Sir,
Ministry of Civil Aviation (MoCA), in order to strengthen Air Cargo Logistics Infrastructure in the Country, issued policy guidelines on 'Air Freight Station' (AFS) in October, 2014 to create an off - Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling International Air Cargo in the form of Air Freight Stations.

The policy guidelines governing Air Freight Station, common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organizations was issued by MoCA vide OM no. AV.13011/03/2013-ER dated 28th October, 2014 as AFS policy document, according to which,

Quote..

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. Unquote

MoCA vide letter no. AV-13011/03/2013-ER dated 11th April, 2022 to the AERA conveyed that the matter regarding the determination of TSP charges to be charged from AFS by DIAL/CTOs be referred to AERA for appropriate order as per the provisions of the AERA Act, 2008.

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).

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INTERNATIONAL FREIGHT FORWARDERS

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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.

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.

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.

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

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	✓	✓	✗
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) Goods to 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	✓	✓	✗
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	✗	✓	✓

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 24X7 basis for acceptance of 30-40 MT 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 X ray scanning machines, ETDs and other security equipment are required to be positioned 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/RA3 validations are required to be carried out at regular intervals through the BCAS security validators.
- Acquiring RA/RA3 credentials for the AFS, in itself involves huge investment.

OUR RECOMMENTATIONS:

- DCSC may be advised to accept 'single rate' TSP charges for cargo handling activities irrespective of type/nature of cargo, since the single BUP may contain mixed cargo.
- DCSC may charge Rs 1250/- per pallet (up to 1500 kgs) and 50% of the General cargo(irrespective of nature of cargo) TSP charges for pallets more than 1500 kgs [(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.

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.

In view of the above, AERA is requested to review their stand on the levy of charges for both export and import cargo being handled at AFS before the proposal of M/s Delhi Cargo Service Center Pvt Ltd at IGI Airport is approved for implementation.

A favourable response from AERA will go a long way in AFS operations being established in the country.

Thanking you,

For Continental Carriers Pvt Ltd.



(Authorized Signatory)

CC: Shri Jyotiraditya Scindia – Honb'le Minister of Civil Aviation Govt. of India.
Shri Rajiv Bansal – Secretary Civil Aviation.