



Federation of Freight Forwarders' Associations in India

National Apex Body of CUSTOMS BROKERS' ASSOCIATIONS IN INDIA

Ref.: FFFAI/AERA/243

Date : 15th May 2023

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

Subject: Comments /Observations on Consultation Paper 01/2023-24 dated 24-04-2023 in the matter of Determination of Tariff for WFS(Bengaluru) Pvt Ltd in respect of Cargo Handling Services at Kempegowda International Airport, Bengaluru for the First Control Period (FY 2023-24 to FY 2027-28).

Dear Sir,

WFS Global SAS has been awarded a concession to operate its first Cargo Terminal in India at Kempegowda International Airport (KIA), Bengaluru. A Joint Venture Agreement was signed by BIAL and WFS Global SAS on 3rd June 2022 and a Special Purpose Vehicle named WFS (Bengaluru) Private Limited (WFSBPL) has been incorporated on 25th July 2022 to provide International Cargo Services at Cargo Terminal 2 and Cold Chain Facility at KIA, Bengaluru.

As per SPRHA, WFSBPL is allowed to provide International Cargo Handling Services at KIA, Bengaluru.

WFSBPL has submitted Multi Year Tariff Proposal ('MYTP') for First Control Period (FY 2023-24 to FY 2027-28) on 21.12.2022, for determination of Tariff in respect of International Cargo Handling Services to be provided at Kempegowda International Airport, Bengaluru.

AERA is requested to take cognizance of the comments/observations, submitted below w.r.t the subject consultation paper, and **stakeholders consultative meeting is called by AERA** to resolve/clarify the below mentioned issues, raised by FFFAI, before finalizing/approving the tariff for Cargo Handling Services in respect of Cargo Handling Services at Kempegowda International Airport, Bengaluru for the First Control Period (FY 2023-24 to FY 2027-28), as per the earlier transparent practice followed by AERA.

Before the comments/observations are submitted on the subject consultation paper, FFFAI wishes to submit that AERA, while considering the tariff proposal of the Cargo Terminal Operators (CTOs) for approval/implementation should ensure that CTOs are considerate in their revision of the tariff, especially in the light of the Covid -19 pandemic impact on the both international and domestic Air Cargo movement.

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[ESTD. 1962]

Yearly increase in the Cargo Tariff

As per the MYTP submission, WFSBPL has proposed the following %age increase in Tariff, over the prevailing rates of AISATS (for FY 2022-23), in respect of its proposed Cargo Handling Services at KIA, Bengaluru:

Particulars	FY 23-24	FY 24-25	FY 25-26	FY 26-27	FY 27-28
TSPs (incl. Demurrage Charges)	60.0%	30.0%	30.0%	20.0%	20.0%
Airline Fees	10.0%	4.4%	4.4%	4.4%	4.4%

The said consultation paper has been issued at the time when the global and domestic industry is still reeling under the impact of Covid-19 pandemic lockdown. The growth has been impacted to such an extent that the complete revival is still not there for the industry.

At this juncture, when the Indian industry was expecting a hand holding from the Govt of India for its revival with reduction in the tariff and discounts, AERA has submitted the said consultation paper for the comments/observations of the stakeholders duly recommending the enormous YoY increase in the Cargo tariff as per the above-mentioned table inspite of the fact that KIA, Bengaluru recorded its highest-ever cargo tonnage in FY 2021-22, despite challenging circumstances due to multiple Covid waves.

Since the yearly increase is without any justification, FFFAI outrightly rejects this increase.

Stakeholder's meeting

Before the submission of the MYTP, it has been mentioned that the stakeholders meeting was conducted on 23-01-2023 and 24-01-2023. In the absence of MoM, not enclosed with the said consultation paper, FFFAI has no comments to offer and also is not party to the enhancement of the Cargo Handling charges, as per the table mentioned above.

FREE PERIOD FOR IMPORT CARGO

WFSBPL has considered the free period of 48 hours from the Flight's Actual Time of Arrival (ATA), based on which demurrage charges for different time period has been recommended by AERA in the Cargo Tariff chart. However, as per the 'Notes' it has been clarified that the free period will be from the segregation time.

AERA is requested to clarify this anomaly and based on the Govt of India guidelines, the time period for free period and subsequent calculation of demurrage charges may be resubmitted for the comments of FFFAI.



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OVERTIME CHARGES (BEYOND CUSTOMS WORKING HOURS)

AERA has recommended Overtime charges @ Rs 240/- per Bill of Entry for General Cargo, whereas for VAL cargo these charges are Rs 1200/- per Air Way Bill.

FFFAI is of the opinion that the benchmark for the Overtime charges should be same for all type of cargo, i.e., either 'per Shipping Bill' OR 'per Air way Bill'.

Further, uniformity and rationality in the Overtime rate should be considered for all type of cargo and separate charges for different type of cargo be avoided.

TRANSHIPMENT CHARGES

In case of transshipment cargo, AERA has recommended that stipulated TSP charges will also be levied to all types of cargo, in addition to the transshipment charges.

In this regard, FFFAI is of the opinion that in case of 'transshipment cargo' only transshipment charges may be levied since levy of additional TSP charges will lead to duplication and increase in the total charges.

AIR FREIGHT STATION

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.

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

However, 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.

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 per attached Annexure.

On perusal of the said Annexure, 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.



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Since shippers will not be willing to pay TSP charges, twice, one each to AFS and WFSBPL, 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.

WFSBPL 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.

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.

It 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.

Thanking you,

Yours sincerely,

For Federation of Freight Forwarders' Associations In India

Shankar Shinde
Chairman



ANNEXURE (EXPORT)

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	✓	✓	✗
	Docs receipt of goods	TERMINAL OPERATOR	✓	✓	✗
	a) Goods to be off loaded from trucks	TERMINAL OPERATOR	✓	✓	✗
	b) Weight check of Goods	TERMINAL OPERATOR	✓	✓	✗
5	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	✗	✓	✓



[ESTD. 1962]

ANNEXURE (IMPORT)

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	✓	✓	✗
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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	✗	✓	✓