



**Shri S K G Rahate, IAS (Retd),  
Chairman AERA,  
Udan Bhavan,  
Safdarjung Airport Complex,  
New Delhi 110003**

**Date-03-03-2025**

**Subject : Stakeholders Meeting dated 17 Feb, 2025 at Indian Aviation Academy, New Delhi regarding AERA Consultation Paper 7/2024-25 - Aeronautical Charges for Delhi Airport : Challenges facing domestic air cargo Sector in India. Request for Redressal of grievances to promote domestic air cargo in India.**

Dear Sir,

We are grateful to Chairman AERA for giving DACA AI, an opportunity to present issues and challenges facing the domestic air cargo sector in India during SH meeting on 17 Feb 2025 on CP-7/2024-25 on 17 Feb, 2025 at Indian Aviation Academy. We also place on record for holding first ever detailed threadbare discussion by Chairman, AERA with DACA AI on domestic air cargo sector on 25 September, 2024

DACA AI being the stakeholder and prime users of Domestic CUTs spread across India has been raising the issues before the AERA authorities ever since the domestic air cargo handling was brought under CUTs in various consultation papers and stakeholder meetings from 2010-11. As the issues remain to be addressed till date, the domestic air cargo is stagnating in the same range since 2016-17 in spite of being an important constituent with a share of 36-37 per cent in total air cargo carried by air in India. We are confident that the grievances raised by DACA AI will now be addressed in the interest of growth of the sector.

The following views and suggestions on CP 7/2024-25 are made from DACA AI :

Aeronautical charges have a direct impact on the pricing of airline services upon cost of operating combi aircraft and pure freighter services. In the first place, these increases are passed on to the airline passenger operations. Secondly, increased airline freight rates are passed on to domestic air cargo shippers. Thirdly, MYTPs are also approved by AERA for terminal handling charges to be levied by Domestic Cargo Terminal Operators which again are paid by the domestic shippers.

Therefore, ultimately these freight and cargo terminal tariffs are paid by the domestic shippers moving air cargo within India. These multi-layered increases in freight and terminal Tariffs are only adding up to make the premium air cargo product uneconomical and unviable. This is evident in the domestic air cargo tonnage stagnating between 1-1.3 mtpa since 2016-17.

In view of the above, AERA is kindly requested to consider the following principles while fixing the domestic air cargo handling tariff :

- 1. Replication of International Process in Domestic CUT :** As there is no involvement of customs, the domestic cargo processing at any CUT is minimal, standard and very simple and the cargo moves quickly out of terminal. But by replicating international cargo process for domestic air cargo it has created all complexities in a simple operation. Besides, it may kindly be seen that for the same standard service, different CUTs have different tariffs; Ahmedabad being the costliest CUT operating in an old run down passenger facility; other CUTs follow similar state.

Therefore, we request AERA to kindly undertake a comprehensive study of all CUTs to assess standard minimum infrastructure, service; benchmarking handling costs and efficiency levels. In

fact there needs to be more or less a standard tariff at all CUTs since the service requirement and infrastructure needs are same.

**2. Lack of Infrastructure :** As shown during our presentation since 2010-11, at all the domestic CUTs the infrastructure is grossly inadequate, is primitive, dilapidated and not commensurate with the tonnage. The processing of cargo is done in worse condition at all CTOs with inadequate truck parking; lack of truck docks; shortage of x-ray machines; inadequate handling equipment; lack of handling manpower etc. In MYTPs CTOs promise heavy capex but whether it has been complied with is not overseen by AERA.

The past increases in tariffs have been approved for : a) domestic cargo handling services; and b) for creating modern matching infrastructure. While for the past 14 years MYTP YoY increases ranged from 15-30% p.a., CTOs have already enjoyed the enhanced tariff YoY without adding the promised domestic infrastructure. This has been raised by DACAAI during all the previous stakeholder consultation meetings for consideration.

*(Examples : DCSC terminal at Delhi which promised to AERA to move into a new domestic terminal in November 2011, is still run from the ad hoc/make shift facility. Hyderabad CUT, instead of increasing the infrastructure, the CTO carved out a big chunk of space from domestic CUT and annexed it with the International cargo. Domestic cargo now is delivered in open area exposed to weather and extreme working conditions for staff. BLR CUT too had similar situation but during Feb, 2025 they commissioned a new exclusive domestic CUT which DACAAI appreciates).*

Therefore, we request, AERA may kindly undertake an infrastructure audit of all CUTs in India as to how much capex was promised vis a vis the terminal handling charges granted and whether infrastructure was delivered by the CUT operators for the past 14 years and compensate the domestic air cargo trade for what they have already paid for.

**3. Combined Tariff in MYTPs :** It may be pointed out that CTOs get approval of AERA for a combined MYTP for international and domestic cargo. As the requirements for domestic handling are minimal this disproportionately impacts domestic charges. DACAAI, therefore, request AERA to draw the domestic terminal handling tariff separately by benchmarking handling cost for a unit weight throughput of say 1 ton of domestic cargo; only apportioning costs and actual capex for domestic CUT.

**4. Inefficiency in service Delivery; defining Services, Service Quality and SLAs :** DACAAI undertook a Time-Motion Process study of domestic CUTs at Delhi Airport (copy attached). Inefficiency in terminal handling services have pushed the dwell time from 5-6 hours to 11-13 hours negating the purpose of premium air cargo. Whereas, other modes have become very efficient. The high dwell time and deterioration in handling service quality has resulted in shifting of domestic air cargo to other modes. (AERA on account of deficiency in services had even imposed a 15% discount on tariffs at DCSC CUT during 2011).

Therefore, there is dire need to lay down an AERA oversight on service quality monitoring mechanisms defining each service along with committed SLAs, to ensure efficiency in ground processing.

DACAAI requests AERA to benchmark target dwell time for Outbound Departure-120 minutes; and Inbound Arrival+90 minutes. Only then can we attract domestic cargo to air.

**5. Multiple heads of terminal handling charges & Impact; To Rationalise the Tariff Structure :** With Multiple heads of domestic tariff and exorbitant minimum charges attached to each head the terminal handling currently, comprise 33-45% of airline freight which makes domestic cargo unviable for air carriage. Minimum charges are charged for as much at Rs 100-200 kgs. Further, for perishables and sensitive cargo the charges are double and triple which is also responsible for decline of domestic air cargo. These should be done away with forthwith.

*(Example : During our presentation, DACAAI also demonstrated that an above 1000 km Del-Mum sector a 2 pkg-35 kg cnmt would attract Rs. 814 or Rs. 23.26/kg (32.71% of the airfreight). Similarly, for a below 1000 km sector Hyderabad-Bengaluru a 2 pkg-35kg cnmt attracts Rs.1099 i.e*

*Rs 31.40/kg (45.19% of airfreight). It is evident with such a steep incidence of the terminal handling charges alone, the domestic air cargo product has become totally unviable. Thus tariff needs to be rationalised and drastically brought down. CTOs have already collected inflated charges without deploying any additional capex approved by AERA in MYTPs.*

In order to increase domestic footprint AERA may kindly rationalise the terminal charges adopting a domestic cargo specific approach, methodology and implementing growth oriented tariff. DACAAI requests AERA to consider one single terminal handling charge. Similarly, one single minimum charge, per consignment, may be fixed for a maximum up to 20 kgs. Further, double charges for perishables and other sensitive cargo must be abolished on domestic air cargo as movement of domestic cargo is very quick.

**6. Lack of Accountability :** There have been a large number of cases of missing, damage, pilferage and theft of cargo in custody of CUT but, there is no accountability of the Terminal Operator. Accountability must be enforced and suitable provisions for deficiency in service, missing, loss, damage, theft of goods in the CUT needs to be integrated in the AERA approvals.

We are thankful to Chairman AERA and his team for understanding the challenges being faced in domestic air cargo sector and request for redressal of same in the interest of increasing foot print of air cargo in India.

Warm Regards,

Ravijeet Sehrawat  
President-DACAAI  
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Attachment 1 : DACAAI Presentation to Chairman AERA

Attachment 2 : Time Motion Process Study at Delhi Airport (excel sheet)