

The Air Cargo Agents Association of India

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Comments on Consultation Paper No. 05/2025-26 in the matter of determination of Tariff for Cargo Handling Services at Manohar International Airport, Mopa, Goa (GOX) for the first control period (FY 2024-25 TO FY 2028-29)

Reference

AERA, vide Order No. 28/2022-23 dated 14th November, 2022 allowed GAL to levy and collect tariff, on ad hoc basis, for the Cargo Handling Services from COD till 30.09.2023. Thereafter, the Authority through various interim orders has extended the validity of ad-hoc tariff in respect of Cargo Handling Services for GAL at Mopa, Goa up to 31.03.2026, or, till the determination of regular Tariff for cargo handling services for the First Control Period, whichever is earlier.

1. **Monitoring and Review of Approved CAPEX for Tariff Determination**
 - a. The Consultation Paper provides for capitalization of expenditure towards infrastructure development, cargo handling equipment, security systems, and office equipment for the Custodian of the Cargo Terminal, which forms a key basis for determination of tariffs for the First Control Period. While acknowledging the necessity of such CAPEX for creation of efficient cargo handling infrastructure, it is submitted that the utilization of the approved CAPEX should be closely monitored by AERA on a regular basis.
 - b. It is recommended that AERA may put in place a robust mechanism for periodic review and verification of actual deployment and utilization of the approved CAPEX. In cases where the CAPEX remains unutilized, under-utilized, or its commissioning is delayed beyond the projected timelines, the corresponding tariff components may be reviewed and suitably adjusted or amended by AERA, so that users are not burdened with costs not actually incurred or operationalized.
 - c. Such an approach would ensure transparency, protect user interests, and align tariff recovery strictly with actual assets deployed for providing cargo handling services at Manohar International Airport, Mopa.

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2. **Excessive Year-on-Year Escalation in Proposed Cargo Tariffs vis-à-vis Industry Benchmarks**

- a. It is observed from the Consultation Paper that the proposed tariffs for cargo handling services at Manohar International Airport, Mopa, envisage exceptionally steep year-on-year (YoY) increases during the First Control Period. On the export side, Terminal Handling Charges are proposed to increase by approximately **45% in FY 2026-27**, followed by further increases of around **30% each in FY 2027-28 and FY 2028-29**. Similar levels of escalation have been proposed for export demurrage charges.
- b. On the import side, the proposed tariffs reflect sharp YoY increases of around **50% in FY 2026-27**, followed by **35% increases in FY 2027-28 and FY 2028-29** for Terminal Storage & Processing charges (TSP), with comparable increases in import demurrage charges as well.
- c. Such steep and successive YoY increases are considerably higher than the escalation levels typically permitted by AERA at other regulated airports, where tariff revisions have generally been moderate and aligned with inflation and traffic growth. The proposed escalation at Mopa is therefore inconsistent with established regulatory practice and may adversely impact the airport's competitiveness for cargo operations, particularly during the initial traffic-building phase.
- d. It is accordingly recommended that AERA may consider **capping the YoY tariff escalation at a reasonable level, such as 2-3% stating as the CPI has hovered around this level for almost a year now**. A calibrated and gradual escalation over the control period would balance cost recovery for the service provider with protection of user interests and support sustainable cargo growth at Mopa Airport.

3. **Multiplicity of Charges Leading to Complexity and Duplication**

- a. It is further observed that, in addition to Terminal Storage & Processing charges (TSP) and demurrage charges, the Consultation Paper proposes several other cargo-related charges, leading to unnecessary complexity and potential duplication.
- b. This issue has been consistently highlighted by stakeholders in various forums to AERA, with a request to rationalise and minimise the number of charging heads so as to avoid confusion and ensure transparency in cargo billing.

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- c. It is therefore submitted that AERA may consider **streamlining and consolidating the applicable charges**, limiting them to essential and clearly defined components.
- d. A simplified tariff structure would enhance ease of compliance, reduce disputes, and provide greater clarity and predictability to all stakeholders using cargo facilities at Mopa Airport.

4. **Non-applicability of Cargo Handling Charges on Movement of Empty ULDs**

- a. With reference to the **Notes under International Cargo Handling, Point 7** states that "Release of empty ULDs to cityside or acceptance from cityside will be treated as handling of cargo and all applicable tariff shall be charged."
- b. It is submitted that the above provision is **not acceptable**, particularly in the context **of Air Freight Station (AFS) operations**. Movement of empty ULDs between airside and cityside is a **routine and integral operational activity in the cargo ecosystem** and does not constitute handling of cargo per se. Levying cargo handling charges on such movements would result **in duplication of charges and impose additional and unwarranted cost burdens on AFS operators**.
- c. Further, loaded ULDs already contain cargo that is subject to applicable handling charges at the cargo terminal. Extending similar charges to the movement of empty ULDs would therefore lead to **double charging for the same operational cycle**, which is neither logical nor aligned with efficient cargo operations.
- d. In view of the above, it is requested that the provision relating to levy of cargo handling charges on release or acceptance of empty ULDs **may be deleted from the tariff framework**, so as to avoid duplication of charges and ensure cost-effective and seamless cargo handling operations at Mopa Airport.

5. **Non-admissibility of Customs Deployment / MOT Charges as a Pass-through to Users**

With reference to the Notes under *International Cargo Handling*, **Point 12** provides for levy of *Customs Deployment Charges, including Merchant Overtime Charges (MOT), on actuals on a per-kg basis*, with quarterly reconciliation for short or excess recovery, it is submitted that **Customs MOT charges are redundant due to Customs 24x7 operations** and should not be considered under any circumstances. Passing such costs directly to users would therefore be inappropriate and contrary to the principle of cost causation. However, all locations are not operational 24x7.

- a. Further, the approved **Terminal Storage & Processing (TSP) charges are intended to cover the overall cost of cargo terminal operations**, including

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regulatory and compliance-related expenses such as Customs deployment. Allowing a separate levy under this head would lead to **duplication of charges** and impose an additional and avoidable financial burden on exporters, importers, and cargo agents.

- b. It is also pertinent to note that **AERA has not permitted a separate Customs Deployment or MOT charge for other AERA-regulated cargo terminal operators**. Introducing such a charge at Mopa Airport would therefore be inconsistent with established regulatory practice.
- c. In view of the above, it is respectfully submitted that the proposed levy of **Customs Deployment Charges / MOT on users may be deleted from the tariff framework**, in order to maintain uniformity, avoid duplication of levies, and ensure a transparent and predictable cargo tariff structure.

6. Air Freight Station

- a. It is observed that the proposed **Built-up Pallet (BUP) charges applicable to AFS cargo**, as indicated in the Consultation Paper, are **excessively high**. For example, as may be seen from the **table attached as Annexure A**, the BUP charges (up to LD3 size) have been proposed at **Rs 12205 per unit for FY 2025–26 which works out to Rs 18.77 per kg**, with a further increase to **Rs 33359 per unit by FY 2028–29 which works out to Rs 51.32 per kg**. Similarly, on perusal of the said Annexure, it may be observed that the charges proposed for handling of other BUP sizes are also significantly high.
- b. Such levels of BUP charges would act as a **deterrent to AFS operations**, as they materially increase the cost of moving built-up units through the AFS route, thereby undermining the very objective of decongesting airport terminals and promoting off-airport cargo processing. It is therefore submitted that **reasonableness in BUP charges is essential** to enable viable AFS operations and encourage use of the AFS ecosystem.
- c. AERA is accordingly requested to **review and rationalise the proposed BUP charges for AFS cargo**, so that the movement of built-up pallets through AFS is not rendered commercially unviable due to disproportionately high tariffs.
- d. 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.
- e. The detailed activities which will be carried out at AFS, earlier being carried out by Air Cargo Terminal for export cargo is attached as **Annexure B**. On perusal of the said

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- f. annexure, it may be seen that **more than 95% of the export cargo handling activities is carried out at AFS premises**, hence it is recommended 95% reduction in the TSP charges for AFS cargo may be considered by AERA.

7. **Additional Points for Consideration of AERA**

a. Provision of Dedicated Space for AFS Cargo

It is submitted that the Airport Operator, while creating the Air Cargo Terminal infrastructure at Manohar International Airport, **shall provide a separate and clearly demarcated area at the Airport** for handling cargo to / fro Air Freight Stations (AFS) and also common user space to get cargo ready for carriage to decongest the terminal which is part of the cost charged as TSP. Such provision is essential to facilitate smooth operations, avoid congestion, and ensure seamless movement of AFS cargo between cityside and airside.

b. Non-Levy of Additional Charges on AFS Cargo

It is further submitted that no additional charges of any kind may be levied by the Cargo Terminal Operator or any other stakeholder, including airlines, on AFS cargo, other than the tariffs expressly approved by AERA. This would prevent duplication of charges, ensure cost transparency, and maintain parity between AFS-handled cargo and airport-handled cargo.

- d. No concept of packing charges be levied across board as in Delhi should.

8. **Conclusion**

- a. In view of the above-mentioned points, it is respectfully submitted that the proposed cargo tariff framework for Manohar International Airport, Mopa, requires rationalisation to ensure consistency with established AERA regulatory principles and protection of user interests.
- b. AERA is requested to suitably review the proposed tariff levels, escalation methodology, and charge structure so as to avoid duplication, ensure transparency, and maintain affordability for cargo stakeholders. A balanced and calibrated approach would support sustainable cargo growth at Mopa Airport during the First Control Period while enabling legitimate cost recovery for the service provider.

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ANNEXURE A**CHARGES FOR AFS CARGO -BUILT UP PALLETS (BUPs)**

GENERAL CARGO	FY 2025-26		FY 2026-27		FY 2027-28		FY 2028 -29	
	RATE PER UNIT	# RATE PER KG	RATE PER UNIT	# RATE PER KG	RATE PER UNIT	# RATE PER KG	RATE PER UNIT	# RATE PER KG
BUP (UPTO LD3) MAX WT – 650 KGS	Rs 12205	<u>Rs 18.77</u>	Rs 18308	<u>Rs 28.16</u>	Rs 24711	<u>Rs 38.01</u>	Rs 33359	<u>Rs 51.32</u>
BUP (ABOVE LD3) LOWER DECK MAX WT – 1650 KGS	Rs 24403	<u>Rs 14.78</u>	Rs 36605	<u>Rs 22.18</u>	Rs 49406	<u>Rs 29.94</u>	Rs 66697	<u>Rs 40.42</u>
BUP (ABOVE LD3) MAIN DECK MAX WT – 2860 KGS	Rs 52296	<u>Rs 18.28</u>	Rs 78443	<u>Rs 27.42</u>	Rs 105877	<u>Rs 37.01</u>	Rs 142932	<u>Rs 49.97</u>

OTHER THAN GENERAL CARGO	FY 2025-26		FY 2026-27		FY 2027-28		FY 2028 -29	
	RATE PER UNIT	# RATE PER KG	RATE PER UNIT	# RATE PER KG	RATE PER UNIT	# RATE PER KG	RATE PER UNIT	# RATE PER KG
BUP (UPTO LD3) MAX WT – 650 KGS	Rs 24366	<u>Rs 37.48</u>	Rs 36549	<u>Rs 56.22</u>	Rs 49333	<u>Rs 75.89</u>	Rs 66607	<u>Rs 102.47</u>
BUP (ABOVE LD3) LOWER DECK MAX WT – 1650 KGS	Rs 48717	<u>Rs 29.52</u>	Rs 73076	<u>Rs 44.28</u>	Rs 98635	<u>Rs 59.77</u>	Rs 133172	<u>Rs 80.71</u>
BUP (ABOVE LD3) MAIN DECK MAX WT – 2860 KGS	Rs 104401	<u>Rs 36.50</u>	Rs 156601	<u>Rs 54.76</u>	Rs 211373	<u>Rs 73.90</u>	Rs 285387	<u>Rs 99.78</u>

Note : Rate per Kg has been calculated on the basis of maximum permissible weight allowed in the ULD although ULD is unable to accommodate the maximum permissible weight of the ULD due to size of the packages.

EXPORT OPERATIONS FROM AFS TO IGI AIRPORT

Sr No	EXPORT PROCESS	CARGO HANDLING PROCESS AT CARGO TERMINAL, IGI A		CARGO HANDLING PROCESS AT AFS AND CARGO TERMINAL, IGI A.	
		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
5	Docs receipt of goods	TERMINAL OPERATOR	a	a	r
	a) Goods to be off loaded from trucks	TERMINAL OPERATOR	a	a	r
	b) Weight check of Goods	TERMINAL OPERATOR	a	a	r
	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

X – NO ACTIVITY

a - ACTIVITY EXISTS