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DACAAI
Domestic Air Cargo Agents Association
Registration No. : 808 Dated 17-04-09

To,

Date 01/07/2026

Chairman AERA
AERA Building, Safdarjung Airport,
New Delhi- 110003

Dear Sir,

Subject : DACAAI Submission before AERA on Proposed Aeronautical Tariff Revision at RGHIAL For control period 1.4.2026-31.3.2031 - Impact on Domestic Cargo Operations at Hyderabad Cargo Terminal.

The Domestic Air Cargo Agents Association of India (DACAAI) strongly opposes any increase in Aeronautical Tariff Revision including domestic cargo terminal tariffs at Hyderabad Airport for the reasons given hereinbelow :

While domestic flight operations have doubled and domestic cargo volumes have increased nearly fourfold since the terminal commenced operations in 2007-08, the infrastructure, manpower, equipment, and operational efficiency supporting domestic cargo have either remained stagnant or deteriorated.

Rather than investing proportionately in domestic cargo infrastructure, substantial portions of the domestic cargo processing area have been diverted towards international cold-chain operations, resulting in severe congestion and unacceptable deterioration in service levels.

When GMR has taken handover of the Domestic Cargo Terminal from HMACPL in year 2018-19, it was conveyed and promised that since now the cargo facilities will be owned and operated by the airport operator, there will be more investments, more synergy, faster throughput, easier approval for manpower, etc. etc. all in the favour of trade, but nothing of that sort has been seen. In fact all the struggles of the trade till the point when HMACPL was operating were shelved and converted to “acceptable industry standards” on the date of take-over.

AERA's tariff determination framework is founded on efficiency, prudence of expenditure, quality of service, and protection of user interests. DACAAI respectfully submits that the present proposal does not satisfy these principles. DACAAI submits that no tariff increase, Aeronautical or cargo can be justified unless measurable improvements in service standards are first achieved.

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1. Domestic Cargo Growth without Corresponding Infrastructure
Domestic air cargo has witnessed unprecedented growth over the past eighteen years.

Particulars	2008	2026	Growth
Daily Domestic Flights	~110	~225	Nearly 100% increase
Annual Domestic Cargo	18,500 MT	72,395 MT	Nearly 300% increase

Despite this growth:

- Domestic processing space has not increased.

- Instead, over **4,000 sq.m.** has progressively been converted into international pharma/perishable cold storage.
- Domestic operations today are forced to function in significantly reduced space despite handling substantially larger cargo volumes.

This has created a permanent capacity bottleneck.

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2. Existing Infrastructure is Already Operating Beyond Capacity

The present domestic cargo terminal suffers from chronic congestion across every stage of cargo processing.

Major constraints include:

- Insufficient truck docking area
- Congested cargo acceptance zones
- Inadequate cargo segregation area
- Overcrowded breakdown area
- Cargo being delivered outside warehouse premises due to lack of internal floor space

This clearly demonstrates that existing infrastructure is incapable of handling present traffic efficiently.

Increasing tariffs without addressing these deficiencies would amount to charging users more for deteriorating service.

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3. Chronic Operational Deficiencies

(a) Acute Manpower Shortages

The terminal consistently operates with inadequate manpower.

Shortages exist in:

- Loaders
- Warehouse handlers
- Dock staff

As a result:

- Cargo movement frequently comes to a standstill.
- Cargo is routinely rolled over to subsequent departures.
- No official performance statistics are maintained for such failures.

Cargo agents are regularly compelled to deploy their own staff at truck docks to perform activities that are contractually the responsibility of the terminal operator, thereby increasing operational costs for the trade while simultaneously benefiting the terminal operator.

Even during predictable peak seasons, no meaningful augmentation of manpower is undertaken.

(b) Equipment Deficiency

Persistent shortages exist in:

- Cargo trolleys / euro-pallets
- Material handling equipment
- X-ray machines
- Weight scales
- FIDS

These avoidable shortages create artificial bottlenecks that significantly reduce throughput.

(c) Excessive Cargo Processing Time

Operational performance has deteriorated dramatically.

Outbound Cargo

2008

- Cargo cutoff: **D-2.5 hours**
- Vehicles reporting 2.5 hours before departure could successfully complete:
  - unloading
  - marking
  - X-ray

- airline connection

Today

- Cargo must report nearly **5 to 6 hours before departure** to be able to connect onto the flight.

Arrival Cargo
2008
Average delivery after aircraft landing:
Within one hour
Today:
Average delivery:
Approximately three hours
This directly defeats the fundamental objective of domestic air cargo—speed.

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4. Significant Increase in Dwell Time

A study conducted by DACAAI indicates that combined inbound and outbound dwell time has increased from approximately:
2008
5–6 hours
to
Present
11–13 hours
This has significantly reduced the competitiveness of domestic air cargo against surface transportation.
DACAAI therefore requests AERA to prescribe mandatory maximum dwell times.

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5. Loss of Cargo and Repeat Charges

Cargo misplacement has become a recurring operational issue.
Part packages from a shipment / awb routinely remain untraceable for four to six hours before eventually being located.
The primary reasons include:

- inadequate segregation space
- congested arrival breakdown area
- poor warehouse planning
- commercial reasons driving this

When cargo is subsequently located and delivered, fresh TSP charges are generated and minimum charges are applied a second time, resulting in additional financial burden on customers for operational failures entirely attributable to the terminal operator.

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6. Complete Failure of Stakeholder Governance

Despite repeated representations by DACAAI, GMR has consistently failed to establish any collaborative operational forum.
No regular coordination meetings are held involving:

- Airlines
- Cargo Agents
- GMR Operations
- Security Agencies

Consequently:

- issues remain unresolved
- no structured grievance mechanism exists
- operational bottlenecks continue indefinitely

A monopoly service provider should be held to an even higher standard of stakeholder engagement.

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7. Tariff Increase Cannot be Based on Future Promises

Tariff revisions should reflect existing service standards—not future infrastructure plans.
GMR and AERA should first ensure:

- adequate manpower
- adequate equipment
- acceptable dwell time
- improved cargo retrieval performance
- measurable service standards
- published SLA with clear penalties in case of repeated failures

Only after these improvements are demonstrated should tariff enhancement be considered.

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8. Domestic Tariffs Must Reflect Domestic Investment

DACAAI submits that:

- Only capital expenditure directly attributable to Domestic Cargo Terminal operations should be considered while determining domestic tariffs.
- Investments made for international cargo should not be loaded onto domestic users.
- Multiple handling charge heads require rationalisation.
- Minimum charge slabs need to be removed as the terminal is operating beyond peak capacity and there is no justification of minimum charges in any head since thresholds of business volumes are crossed already.

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9. Proposed Quinlan Bird Warehouse Raises Serious Operational Concerns

The proposed warehouse layout unfortunately indicates that practical domestic cargo operations have not been adequately considered despite nearly two decades of operating experience. Even the size of the warehouse is not commensurate to accommodate entire domestic cargo operations of Hyderabad market and as such it is proposed that only either 2 to 3 small airlines or 1 mid-sized airline will be able to shift their base into this warehouse. Multiple sites will create so – called duopoly but without any flexibility to trade.

Arrival Area

- Single-vehicle ramp operation
- Trucks cannot reverse efficiently
- One vehicle blocks all following deliveries
- Fire hydrant prevents future expansion

Given that each arriving flight typically serves 20–25 consignees, delivery turnaround is expected to become significantly slower.

Departure Area

The proposed layout provides only:

- Two loading docks
- Four truck positions

Additionally, the weighing machine has been located midway between unloading and X-ray screening, making weight verification during unloading practically impossible.

Airside Operations

Several design deficiencies are evident:

- impractical split gate arrangement
- inadequate vehicle turning radius
- inefficient arrival traffic movement
- domestic and international vehicle flows not optimally separated

These issues are likely to create considerable operational delays immediately upon commissioning and since regulatory approvals are already done, the changes to structure are remote – means if commissioned – the trade has to suffer for another 15 years from this warehouse.

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10. Reliefs Sought from AERA

DACAAI respectfully requests AERA to:

1. Reject the proposed tariff increase in its present form.
2. Consider only domestic-specific capital expenditure while determining domestic tariffs.
3. Prescribe measurable Service Level Agreements (SLAs) for domestic cargo operations.
4. Mandate maximum dwell-time standards for inbound and outbound cargo.
5. Direct augmentation of manpower and material handling equipment.
6. Rationalise terminal handling charges and abolish unjustified minimum charge slabs.
7. Direct GMR to establish a structured stakeholder coordination mechanism involving Airlines, Cargo Agents, Security agencies and Terminal Operations.
8. Undertake an independent operational audit of domestic cargo facilities before approving any tariff revision.
9. Put on hold the commissioning of Quinlan Bird warehouse for domestic cargo until the presumed operational challenges are corrected and warehouse demonstrates conducive environment for trade to freely operate and flourish.

11. AERA regulates airports, but the consequences extend far beyond airport operations.

- Domestic air cargo supports MSMEs.
- It carries pharmaceuticals, engineering parts, perishables, e-commerce, and just-in-time manufacturing.
- Increased dwell time forces cargo onto road transport.
- Reduced air cargo competitiveness ultimately affects economic efficiency and national logistics performance.

DACAAI supports fair and reasonable tariff determination where investment is matched by measurable improvements in service quality. However, in the absence of corresponding enhancement in domestic infrastructure, operational efficiency, manpower, equipment, and stakeholder engagement, approval of the proposed Aeronautical tariff revision would further place an additional financial burden on users without delivering commensurate value and hamper the trade.

Warm Regards,

Vice President
DACAAI