



कॉनकॉर एयर लिमिटेड

(भारत सरकार का उपक्रम)

**CONCOR AIR LIMITED**

(A Govt. of India Undertaking)

607/एअर/15 92  
30/4/15

2nd Floor, Heavy Cargo Building, CSIA,  
Air Cargo Complex, Sahar,  
Andheri (E), Mumbai- 400 099.  
Tel.: 6685 9841, 6685 9840, Fax : 6685 9842,  
E-mail : ops@concorair.in

CON/AIR/INTL/AERA/CORRES/15-16/729

Date: - 27/04/2015

The Secretary,  
Airports Economic Regulatory Authority of India,  
AERA Building, Administrative Complex,  
Safdarjung Airport,  
New Delhi - 110 003.

Sir,

**Sub: -Response to the Consultation Paper No. 2/2015-16 dated 9<sup>th</sup> April, 2015, for Multi Year Tariff Proposal (MYTP) and Annual Tariff Proposal (ATP) for the Fifth Tariff Year in respect of Concor Air Limited for providing Cargo Handling services at CSI Airport, Mumbai (CSIA)**

**Ref: Consultation Paper No. 2/2015-16 dated 9<sup>th</sup> April, 2015 (CP)**

We thank the Authority for giving an opportunity to comment over the CP issued in respect of Concor Air Limited (CAL) for providing International Cargo Handling services.

As per the guidelines issued by the Authority, where a Regulated Service is being provided at a major airport by two or more Service Providers, the same shall be deemed 'competitive'. Since, at CSIA, Air India and Cargo Service Centre (CSC) are also providing cargo facility services, therefore as per the guidelines of the Authority, the cargo service at CSIA is also deemed 'Competitive'.

As the service provided by us at CSIA is material and competitive, Light Touch approach should be used for determination of tariff for the current control period.

As per the stakeholder consultation process prescribed by AERA, CAL had carried out due consultation with the airport cargo stakeholders for the revised tariffs on 20<sup>th</sup> September, 2014 and 22<sup>nd</sup> September, 2014 and submitted the minutes of meeting to the Authority.

The tariff of international cargo operations has not increased for past 10 years. While there is continuous increase in input cost as well as development cost during the same period. While there is increase in cargo handling tariffs of all

the cargo operators at major airports in India, there has been no increase in cargo tariffs at CSIA.

The CPI-IW and WPI index, which are reflective of inflation have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively, since MIAL took over operations at CSIA in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.

Existing charges for cargo handling at CSIA is lowest amongst other airports. Further, Cargo tariffs at Mumbai would be amongst the lowest at the major airports in India even after increase of 15%. Please refer **Annexure I**, benchmarking International cargo tariffs of MIAL as compared to other airports in India.

The comparative tariff with regard to Airports in "Bar Chart" format is also attached herewith with Annexure I above. It can be seen that, in Export category, the existing Export TSP charges for General Cargo as well as for Valuable; Dangerous Goods and Live Animal is lowest as compared to other Airports. Similarly, in case of Export Demurrage charges, the existing charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports.

Further, in case of Imports, the existing Import TSP charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports. The same trend can also be seen in Import Demurrage charges, wherein the existing charges for General Cargo as well as for Valuable, Dangerous Goods and Live Animal is lowest as compared to other Airports.

We differ with the Authority on the view that stakeholder consultation meeting held were inconclusive as no stakeholder has outright rejected the increase in tariff hike.

Stakeholder's Consultation meetings were convened by CAL on September 20<sup>th</sup>, 2014 with Agents and on September 22<sup>nd</sup>, 2014 with Airlines at Main Conference Hall, Air Cargo Complex, Mumbai. As the charges have not increased from last 10 years, views of the stakeholders were sought on the nominal increase of 15% in cargo tariff rates. CAL also mentioned that charges at CSIA are one of the lowest as compared to other cargo terminals and the service level deliverance is the best level meeting all the SLA and timelines. Trade were briefed about various initiatives taken over the period of last several years

which have helped in improving infrastructure and service quality. Numerous measures taken during the last many years and removal of bottlenecks have led to tremendous service improvements and reduction in dwell time. All the Trade bodies had appreciated the efforts put in by MIAL and CAL team for improvements in remarkable service levels and infrastructure developments.

Therefore it is imperative that, keeping in view the significant rise in operational costs over last several years, cargo tariff should be increased by 15 % immediately.

Though the Authority has concluded that stakeholders view from Minutes of meeting are inconclusive, we may like to bring in light specific instances where agents/ airlines have supported the increase in tariff proposal.

**Extracts from consultation meeting with Stakeholders (Trade Bodies):**

CAL had a meeting with Stakeholders (Trade Bodies) on 20/09/2014. Minutes of the meeting and correspondences exchanged are enclosed again as **Annexure II**.

Mr. Bharat Thakkar – Past President – Air Cargo Agents Association of India (ACAAI) expressed that, 15% hike in cargo tariff for FY 14-15 is very minimal and even after the increase CAL rates would be amongst the lowest in India.

Mr. Dushyant Mulani – BCHAA, managing Committee Member appreciated the noticeable developments in terms of services and support from MIAL and CAL. He suggested to come up with the tariff proposal after achieving few more milestones and more handling volumes.

Mr. Mark Fernandes – Indian Merchant Chamber (IMC) Chairman – Shipping & Ports Committee endorsed the appreciation for the service standards and remarkable improvements and infrastructure developments carried out in the last few years. He further mentioned that, the increase is marginal and low as compared to other airports and seems to be necessary to compensate partly for the increase in input cost.

**Extracts from consultation meeting with Board of Airline Representatives (BAR):**

CAL had a meeting with Board of Airline Representatives (BAR) on 22/09/2014. Minutes of the meeting and correspondences exchanged are enclosed again as **Annexure III**.

Mr. Harish Zade from M/s Lufthansa Cargo mentioned that there is a remarkable service improvement and infrastructure developments has taken place. Hence, the proposal for rate revision is acceptable and justified.

Mr. Vishwanathan Nair from M/s Air France appreciated the efforts of MIAL and CAL team. He said that, no one would reject the proposal but 15% is too high which needs to be reviewed and some reasonable hike to be implemented.

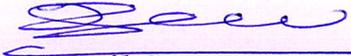
Mr. Shankar Iyer from M/s Swiss Air mentioned that yes there is a need for % hike in the current tariff proposal.

Mr. Lynn Buthello from M/s British Airways also agreed for the rate hike proposal.

We request Authority's approval for Annual Tariff Proposal (ATP) for international cargo facility services at the earliest.

Thanking you,

**Yours sincerely,  
For CONCOR AIR LIMITED**

  
**Anil Sonawane** 23/4  
**Chief Executive Officer**

Encl.: Annexure-I, II & III (Page No. 01 to 23)

**INDEX**

<b>Sr.No</b>	<b>Description</b>	<b>Page No</b>	
		<b>From</b>	<b>To</b>
1	Annexure-1	16	23
	Interantional cargo Tariff of MIAL as compared to other Airports in India along with "Bar Chart" diagrams		
2	Annexure-II	7	15
	Consultation meeting with Stakeholders (Trade Bodies)		
3	Annexure-III	1	6
	Consultation meeting with Airline Representatives		

23

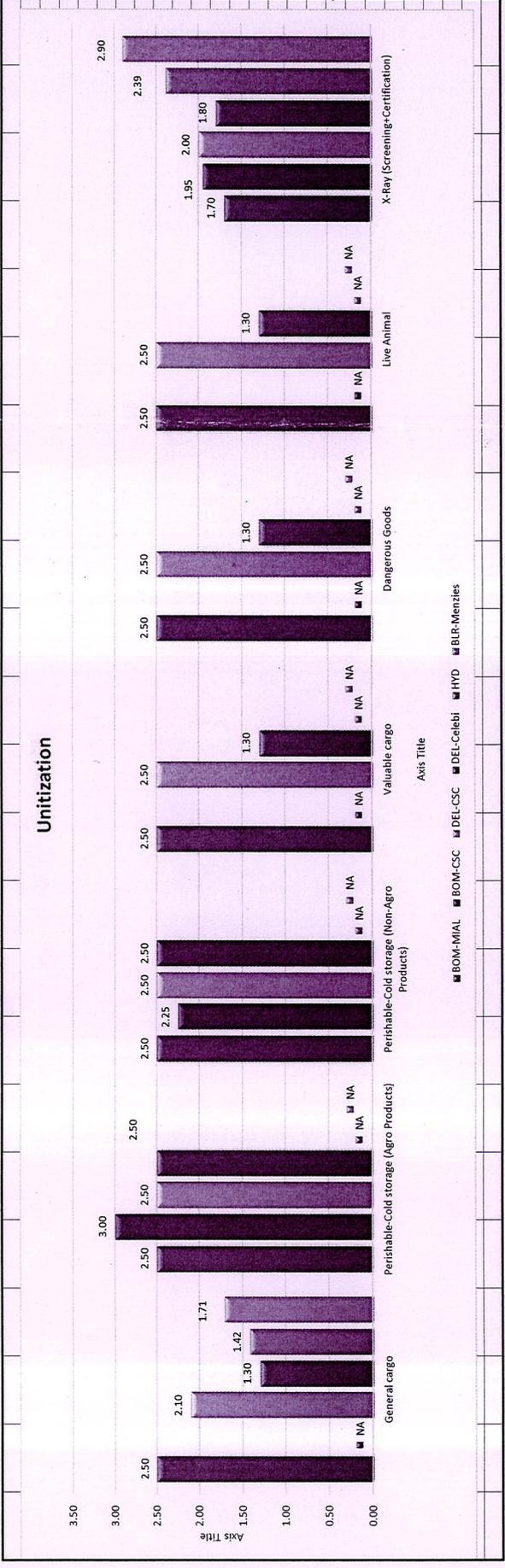
567 97

Annexure - I									
Internation Cargo Tariffs of MIAL as compared to other Airports in India									
	BOM-MIAL	BOM-CSC	DEL-CSC	DEL-Celebi	HYD	BLR-Menzies	BLR-AI SATS		
Tariff per KG in Rupees									
General cargo	2.50	0	2.10	1.30	1.42	1.71	palletization/containerization=1.89 bulk cargo=1.22		
Perishable-Cold storage (Agro Products)	2.50	3.00	2.50	2.50	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Perishable-Cold storage (Non-Agro Products)	2.50	2.25	2.50	2.50	0	0			
Valuable cargo	2.50	0	2.50	1.30	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Dangerous Goods	2.50	0	2.50	1.30	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Live Animal	2.50	0	2.50	1.30	0	0	palletization/containerization=3.78 bulk cargo=2.31		
X-Ray (Screening+Certification)	1.70	1.95	2.00	1.80	2.39	2.90			
Tariff per KG in Rupees									
De-umitization charges - Per KG									
General cargo	1.06	0	1.75	1.30	1.42	1.64	palletization/containerization=1.89 bulk cargo=1.22		
Perishable-Cold storage	1.06	0	2.25	0	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Perishable-Not requiring cold storage	1.06	0	0	0	0	0	NA		
Valuable cargo	1.06	0	2.25	0	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Dangerous Goods	1.06	0	2.25	0	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Live Animal	1.06	0	2.25	0	0	0	palletization/containerization=3.78 bulk cargo=2.31		
Tariff per KG in Rupees									
Export - TSP Charges Per KG									
General cargo	0.70	0	1.00	0.97	1.00	1.10	1.05	MAA	CCU
Agro Products	0	1.40	2.00	2.65	2.43	2.87	2.73	0.74	0.82
Non-Agro Products	2.43	2.20	2.00	2.65	2.43	2.87	2.73	0.74	0.82
Perishable-Not requiring cold storage	0.70	0	0	0	0.65	0	0	0	0
Valuable cargo	1.40	0	2.00	1.78	2.43	2.87	2.73	1.47	1.62
Dangerous Goods	1.40	0	2.00	2.65	2.43	2.87	2.73	1.47	1.62
Live Animal	1.40	0	2.00	1.78	1.40	1.65	1.58	1.47	1.62

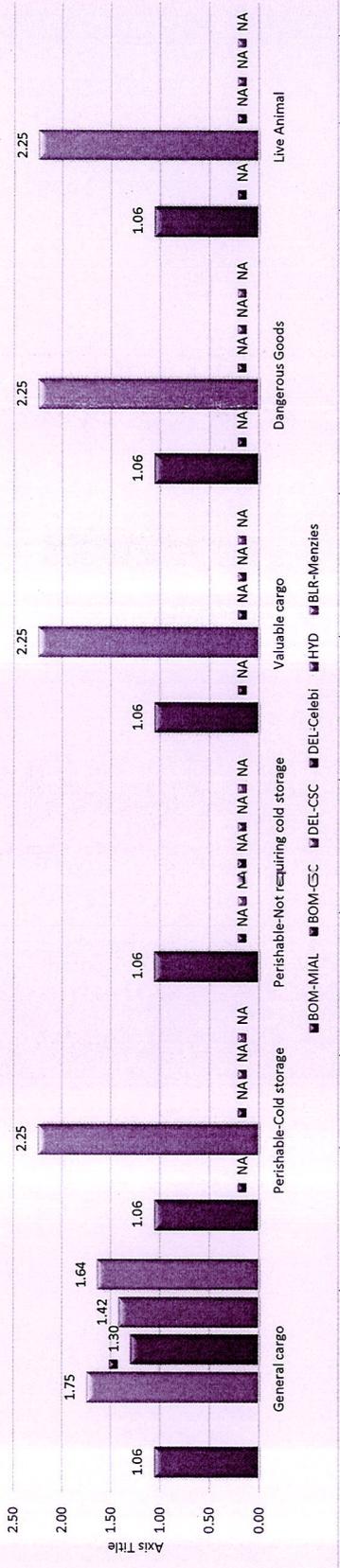
22

3698

Tariff per KG in Rupees	BOM-MIAL	BOM-CSC	DEL-CSC	DEL-Celebi	HYD	BLR-Menzies	BLR-AI SATS	MAA	CCU
<b>Export - Demurrage Charges Per KG</b>									
General cargo	0.72	0	1.25	1.08	1.00	0.88	0.84	0.76	0.84
Perishable-Cold storage	2.43	1.60	2.50	1.84	2.43	2.87	2.73	0.76	0.84
Perishable-Not requiring cold storage	0.72	0	0	0	0	0	0	0	0
Valuable cargo	1.43	0	2.50	3.08	2.43	2.87	2.73	1.50	1.68
Dangerous Goods	1.43	0	2.50	1.84	2.43	2.87	2.73	1.50	1.68
Live Animal	1.43	0	2.50	1.84	1.40	1.65	1.58	1.50	1.68
<b>Tariff per KG in Rupees</b>									
<b>Import - TSP Charges Per KG</b>									
General cargo	4.45	0.00	4.50	5.40	4.75	5.40	5.40	4.96	5.50
Perishable-Cold storage	8.89	0.00	9.00	9.72	9.50	10.80	10.80	9.89	10.95
Valuable cargo	8.89	0.00	9.00	9.72	9.50	10.80	10.80	9.89	10.95
Dangerous Goods	8.89	0.00	9.00	9.72	9.50	10.80	10.80	9.89	10.95
Live Animal	8.89	0.00	9.00	9.72	8.89	10.80	10.80	9.89	10.95
<b>Tariff per KG in Rupees</b>									
<b>Import - Demurrage Charges Per KG</b>									
1. General cargo (Slab 1)	1.30	1.50	1.67	1.30	1.65	1.65	1.44	1.60	
2. General cargo (Slab 2)	2.60	3.00	3.35	2.60	3.09	3.09	2.87	3.15	
3. General cargo (Slab 3)	3.90	4.50	4.97	3.90	4.63	4.63	4.31	4.75	
4. Perishable-Cold storage (Slab 1)	2.60	3.00	6.64	5.20	6.17	6.17	2.87	3.15	
5. Perishable-Cold storage (Slab 2)	5.20	6.00	13.30	10.40	12.40	12.40	5.73	6.30	
6. Perishable-Cold storage (Slab 3)	7.80	9.00	19.93	15.60	18.58	18.58	8.60	9.45	
7. Valuable cargo (Slab 1)	5.20	6.00	6.64	5.20	6.17	6.17	5.73	6.30	
8. Valuable cargo (Slab 2)	10.40	12.00	13.30	10.40	12.40	12.40	11.47	12.65	
9. Valuable cargo (Slab 3)	15.60	18.00	19.93	15.60	18.58	18.58	17.20	18.96	
10. Dangerous Goods (Slab 1)	2.60	3.00	3.35	5.20	6.17	6.17	2.87	3.15	
11. Dangerous Goods (Slab 2)	5.20	6.00	6.64	10.40	12.40	12.40	5.73	6.30	
12. Dangerous Goods (Slab 3)	7.80	9.00	9.94	15.60	18.58	18.58	8.60	9.45	
13. Live Animal (Slab 1)	2.60	3.00	3.35	2.60	3.09	3.09	2.87	3.15	
14. Live Animal (Slab 2)	5.20	6.00	6.64	5.20	6.17	6.17	5.73	6.30	
15. Live Animal (Slab 3)	7.80	9.00	9.94	7.80	9.26	9.26	8.60	9.45	

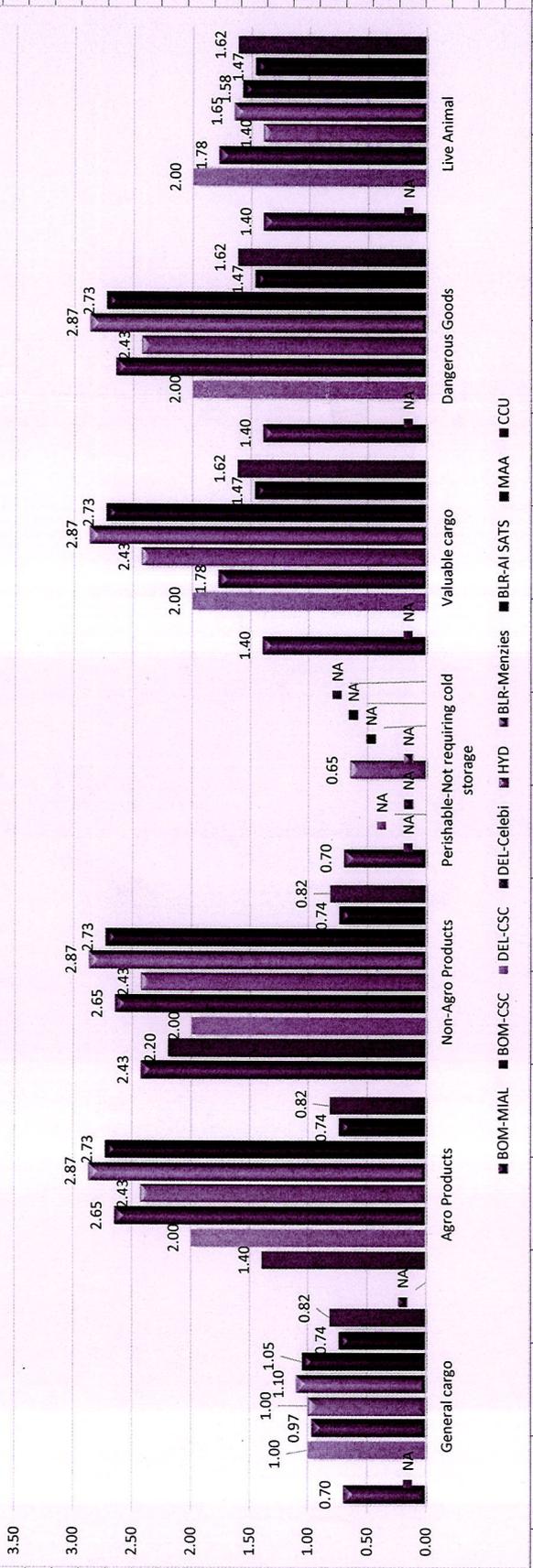


### De-Unitization



■ BOM-MIAL ■ BOM-CSC ■ DEL-CSC ■ DEL-Celebi ■ HYD ■ BLR-Menzies  
 ■ NA ■ NA

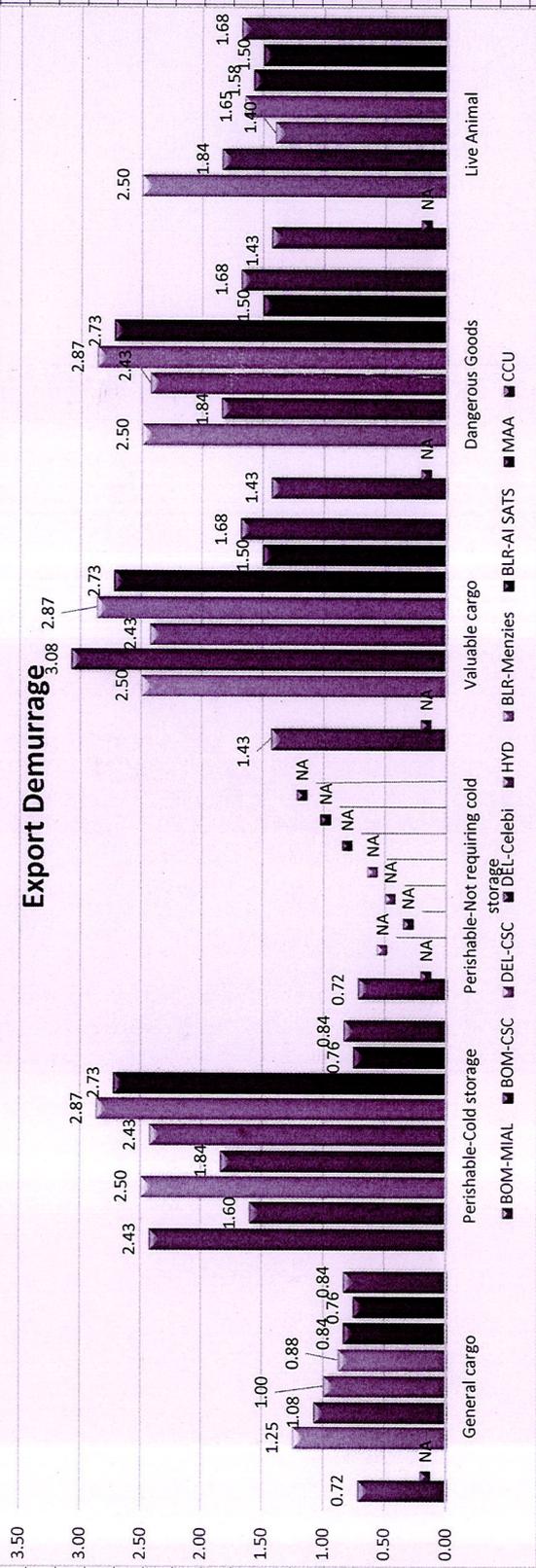
Export TSP Charges



191

101

Export Demurrage

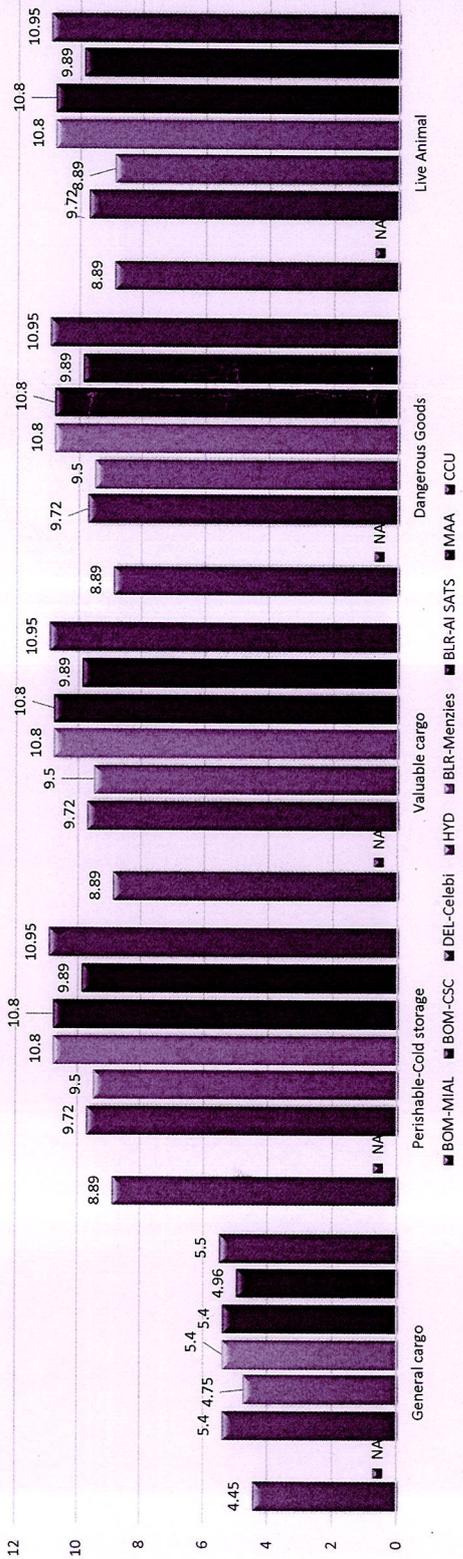


3102

503

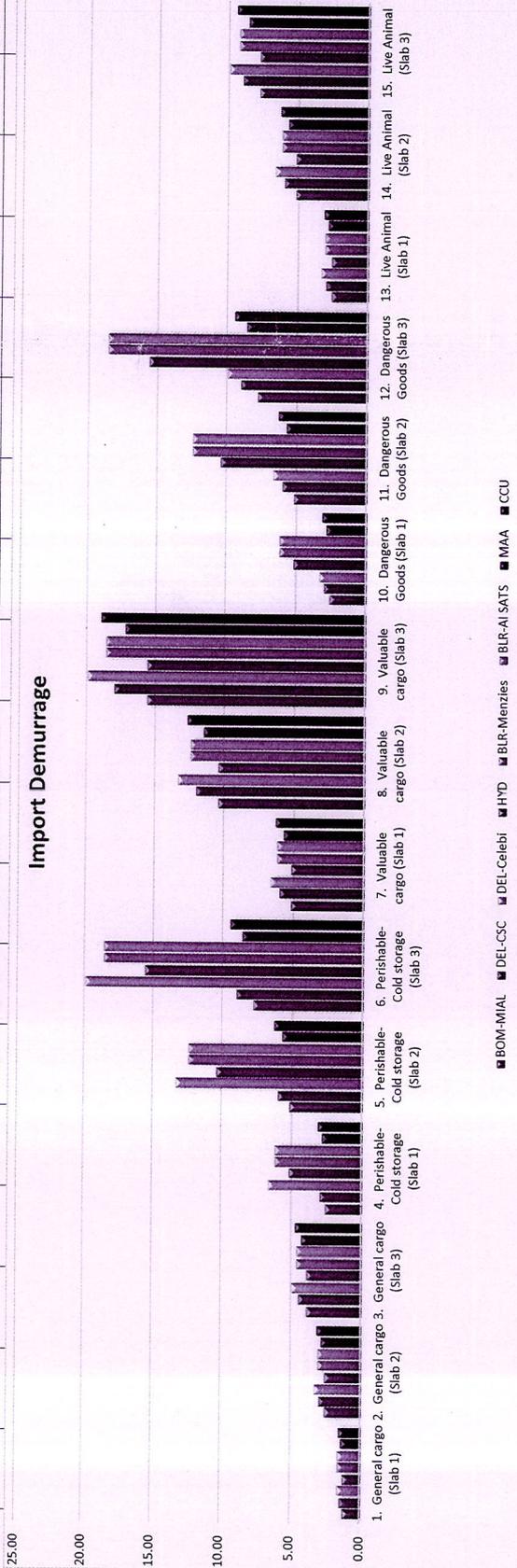
17

### Import TSP



5-16-19

### Import Demurrage



■ BOM-MIAL ■ DEL-CSC ■ DEL-Celebi ■ HYD ■ BLR-Menzies ■ BLR-AI SATS ■ MAA ■ CCU

5105

Annex - II

142

15

**Consultation meeting with Stakeholders  
(Trade bodies)**

**Minutes of the Stakeholders' Consultation Meeting held on 20<sup>th</sup> Sept 2014, Air Cargo Complex, Main Conference Hall @ 1130 hrs for revision of Cargo Tariff for FY 14-15**

A stakeholder consultation meeting was convened by M/s. Concor Air Ltd ("CAL/ Company") on 20<sup>th</sup> Sept 2014 at 1130 hrs in the Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views on the stakeholders on the proposed Annual Tariff Proposal for FY 14-15. The list of participants is enclosed at Annexure - 1.

Mr. Rajib Bhowal, CEO - CAL chaired the meeting and welcomed all the participants. Mr. Rajib Bhowal, CEO - CAL informed the trade that CAL is in the process of revising the cargo tariffs for April 2014 to March 2015 as the proposal earlier submitted by MIAL needs to be re-submitted by CAL as the operations of international cargo has been taken over by Concor Air Ltd effective Feb 2014. He also briefed the trade about the background of the Company. CAL is a wholly owned subsidiary of Container Corporation of India Ltd ("Concor") which in turn is a Government of India undertaking under the Ministry of Railways. Concor is pioneer in rail transportation of Exim and domestic containers and operations and management of Inland Container depots (ICDs) and Container Freight Stations (CFSs) having a Pan India presence. Concor has formed CAL in order to expand its span of operations, make its presence felt in Air Cargo business and establish itself in the Air Cargo industry.

CAL entered into the field of domestic and international air cargo operations by entering into concession agreements with Mumbai International Airport Pvt. Ltd. (MIAL) in respect of Chhatrapati Shivaji International Airport (CSIA). The operations of International Cargo has been taken over by CAL from MIAL w.e.f. 18<sup>th</sup> February, 2014.

It was informed that MIAL took over International cargo operations from Airports Authority of India (AAI) on 3<sup>rd</sup> May 2006. The service levels and infrastructure for cargo operations in CSIA, Mumbai have significantly improved over the last 8 years. Substantial efforts have been made to reduce the dwell times and bottlenecks. However, tariff of International cargo operation has not increased in tandem with the development in the last 8 years. The cargo operators at all other major airports in India have revised their cargo tariffs in last 3 years. Currently, the charges for cargo handling at CSIA are amongst the lowest at major airports.

The CPI-IW index and WPI index, which are reflective of inflation, have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively since MIAL took over operations at CSIA from AAI in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.

This revision is must to offset the substantial increase in operational costs and considering the fact that tariffs have not been revised since 2004.



Mr. Rajib Bhowal, CEO also briefed the developments made by MIAL since 2006 and the cargo growth trends, the increased labour cost year on year etc. He also mentioned that charges at CSIA is one of the lowest as compared to other cargo terminals and the service level deliverance is the best level meeting all the SLA and timelines. Keeping in view the investments made so far and significant rise in operational costs over last several years CAL proposes to increase cargo tariffs by 15% for FY 14-15 for consideration of all the stakeholders as per the AERA guidelines.

**Stakeholders Views:-**

**Mr. Bharat Thakkar – Past President – Air Cargo Agents Association of India**

Mr. Thakkar appreciated the efforts put forth by MIAL team for the remarkable service improvements and infrastructure developments. He asked for the forecast with respect to the tariff period and the tonnage handling. He also agreed that there is a substantial increase in the labour cost and seems to be necessary to compensate partly for increase in the input cost. He also wanted to know the detailed statistics which was presented during the last stakeholders meeting convened by MIAL on 15<sup>th</sup> April 2013.

Mr. Thakkar also expressed that the infrastructure development planned to be executed faster and complete in phased manner as the trade cannot wait too long for the completion of entire project.

CAL assured that all the details regarding cost increase, tonnage handled and comparative tariffs with other airports and details of last meeting with MIAL are already available in the AERA website (Consultation Paper no. 18/2013-14) dated 13<sup>th</sup> August 2013.

Trade was briefed about various initiatives taken. Stake holders were informed that significant investment has been made towards IT development and said launch of GHA module, comprehensive EDI messaging are the key achievements in IT in the first quarter of 2013. There are service improvements; particularly reduction in dwell times and removal of bottle necks in the last two years. As a part of Cargo Master Plan implementation, MIAL is in the process of acquiring additional land from CPWD to create an integrated Cargo facility.

Trade was further informed that a dedicated export unitization area admeasuring 6500 sq mts is ready and presently been allocated for unitization. Creation of new Export Heavy Shed and separate facility for Export Bonded Cargo operations is also under pipeline. Sterile and non-sterile bifurcation has been created by aligning all the screening machines to comply with the regulations laid by Bureau of Civil Aviation Security. It was emphasized that dedicated cold storage facility for



*[Handwritten signature]*

storage of pharmaceuticals and medicines, installation of 30MT capacity ULD weighbridge are other noteworthy developments undertaken by MIAL in export facility. A off shore export facility is also planned in near future.

Keeping in view the investments made so far and significant rise in operational costs over last several years, proposal to increase cargo tariffs by 15% for FY 14-15 is very minimal and even after the increase CAL rates would be amongst the lowest in India at major airports.

**Mr. Manish Shah – M/s. Magnum Cargo – Trade Member**

Mr. Shah expressed that there is a substantial increase in the cargo volumes at CSIA, hence the infrastructure facility also needs to be increased or developed accordingly. He also requested to expedite the export process & truck dock acceptance. With the increase in rate, the trade is expecting a better service and infrastructure. Trade was informed that the current backlog situation is due to the customs system failure and it has also recommended customs to have an alternate network solution. Cargo developments are already initiated and will be coming up in phased manner without disturbing the current business. **Mr. Mahendra Bhosale – M/s. Skyway Cargo – Trade Member**

Mr. Bhosale appreciated the support and service of MIAL and CAL team. He said that the air cargo facilities need further improvement and better working conditions. With regards to the rate hike proposal he has got no objection provided the developments and improvement to take place shortly.

**Mr. Paresh Desai – M/s. Pearl Agency – Trade Member**

Mr. Desai informed that there is an urgent need for better infrastructure at times it is noticed that the export trucks are not allowed from the main gate. The 24 x 7 operations at CSIA is not effective. Rate hike proposal to be viewed seriously to overcome the current issues and should be implemented with value added services.

Trade was informed that customs registration closes at 07:30 pm and not available for 24 x 7 this restricts the entry as we cannot use this terminal as storage warehouse. **Mr. Augustinho Fernandes – Customs Watch Dog Committee , Founder Member**

Mr. Fernandes whole heartedly supported proposal for rate revision of International cargo operations and referred his views given in the last meeting held on 15<sup>th</sup> April 2013 that it is absolutely necessary in light of significant increase in various costs involved in the operations. He assured his support and appreciated the improved quality of services at cargo terminal.

**Mr. Manoj Salaskar – M/s. Expeditors , Trade Member**



Mr. Salaskar viewed that service standards at cargo facilities have improved and noticeable. The MIAL & CAL team are supportive, some of the key developments such as Import Cold Zone, Pre-Alert process, deployment of key accounts manager had resulted in good customer response. He accepted that there is a requirement of rate revision but not sure about the percentage. Trade was informed that all the import cleared cargo are delivered on the same day without any pendency with the support of the trade and CHA members operating at CSIA Cargo. It was also informed that the percentage hike was to be approved by Hon'ble AERA and also mentioned that even if 15% hike is granted, rates at CSIA will still be considerably lower than any other cargo terminal at major airports in India.

**Mr. Pradip Naik - M/s. Schenker India, Trade Member**

Mr. Naik also supported the views of other stake holders for the service level improvements and value additions in the cargo process for maintaining effective dwell time. He rendered his support for the rate hike proposal.

**Mr. Prakash Bhandaru - M/s. Channel Freight, Trade Member**

Mr. Prakash agreed to the views of the forum and tendered his full support and co-operation to MIAL / CAL team. He also wanted to know what will be the added benefits to the customer post the rate revision.

Trade was briefed that there are already value added services in place and this rate revision is to cover the operational cost as it is pending since 2004.

**Mr. Ramakrishna Padhy - M/s. DHL, Trade Member**

Mr. Padhy endorsed the service level improvements by MIAL /CAL and requested that there is some further improvement needed especially in the export operations which should be taken at priority. He also agreed that to cover the operational cost rate revision proposal is justified and whole heartedly supported the proposal.

Trade was assured that soon there will be an integrated export process in place. Export Heavy and Bonded Terminal under construction will be completed in next 10-12 months.

**Mr. Mihir Bhadkamkar - ACAAI, Committee Member**

Mr. Mihir remarked that despite of improved service levels, there are still some gaps during the peak hour performance. Deployment of Manpower, Equipment during peak hours should be addressed. No objection for the rate revision proposal.

Chairman addressed that this happens whenever there is a backlog situation due to customs system slowdown and failure which is beyond the control of CAL.



**Mr. Loknath Rai – ACAAI, Chairman – Western Region**

Mr. Loknath Rai also supported the views of other stakeholders and expressed that within the available infrastructure our team is achieving this level. Hence there is an urgent need for the infrastructure development and then proceed for the tariff hike.

CAL enquired whether there is any service failure or any pendency, Mr. Rai informed that in recent past it has been noticed due to customs system failure.

It was informed that customs system failure issue cannot be addressed by CAL. For last ten years there is no hike in the rate which needs revision to cover the operational cost and it is to be noted that infrastructure development is a continuous process, which is being implemented in phased manner. Major development work is held up due to the land occupied by other custodian and its relocation. The proposed Master Plan was discussed in detail with the trade bodies during the presentation given to MoCA which was attended by Mr. Bala Iyer, ACAAI member. This proposed hike is for the increase in labour and other costs and should not be compared with the infrastructure nor it is for the return on investments.

**Mr. Suraj Bhalerao – M/s. Cargo Partner, Trade member**

Mr. Suraj also recorded his appreciation for the service rendered by MIAL and CAL team. He fully seconded the proposal for rate hike as it is needed for better service levels.

**Mr. Sanjeev Harale – F F F A I, Managing Committee Member**

Mr. Harale also appreciated the service standards within the available facility and requested not to revise the charges as of now. He also referred that that no major development has happened and the hike proposed should be justifiable. He further stated that development as per Master Plan has not happened.

Trade was briefed about the developments under taken since 2006 viz import cold zone the state of art facility, Export unitization zone, export dock levelers, etc. which is very well noticeable and part of the master plan. The rate revision proposal, as said earlier, is not for the investment done it is just to recover the operational cost which is justifiable. It was informed that CSIA is a land constraint airport and infrastructure development depends on coordination with various stakeholders. Construction of Import facility will be done after shifting of offices by Air India.

**Mr. Pramod Sant – C I I (Confederation of Indian Industry), Conveynor**

Mr. Sant expressed that there are remarkable improvements noticed which is the current requirement for effecting smooth cargo operations. He also said MIAL's / CAL's efforts towards service improvement and commitment are highly commendable, but not as per the international dwell time standards. Reduction of



*[Handwritten signature]*

free period as well as the increase in tonnage has already compensated the proposed rate hike. He also mentioned that any hike will impact the cost to the entire logistic supply chain but also agreed to the fact that there is labour cost increased which may be addressed through effective automation. The percentage proposed is too high needs to be further reviewed.

Trade was informed that the entire dwell time is not confined to the cargo terminal operator as there are other trade partners and regulatory agencies who play a major role in the entire supply chain. Reduction of the free period decision is as per the Govt directives and not part of the cargo terminal operator. No development is happening cannot be accepted, as wherever land was available, major projects were completed and are in operations. The current 15% rate hike is proposed only to cover the operational costs and is not against the investment done.

**Mr. Dushyant Mulani - BCHAA, Managing Committee Member**

Mr. Dushyant Mulani appreciated the noticeable developments in terms of services and support from MIAL and CAL. There is urgent need for better infrastructure and working conditions at air cargo complex as 40% of the export cargo is handled through the rear side of the shed. He informed that the trade is expecting a substantial increase in volume for coming financial year hence immediate interim measures should be taken for handling the volume and there should be fixed timelines for all the cargo development projects. He suggested to come with the tariff proposal after achieving few more milestones and handling more volumes.

Trade was informed that infrastructure development at cargo can be executed in phased manner keeping in view the business continuity. He also noted about the under construction export heavy and bonded terminal which will be completed in next 10-12 months. The major projects can be executed once the other custodian i.e Air India agrees and move to their dedicated air cargo complex.

**Mr. Mark Fernandes - Indian Merchant Chamber (IMC) Chairman - Shipping & Ports Committee**

Mr. Fernandes also endorsed the appreciation for the service standards and remarkable improvements and infrastructure developments carried out in the last few years. He said that the trade fully supports the proposal but keeping in view the existing economic crisis stakeholders would be interested to review the impact of the proposed 15% rate increase, though the increase is marginal and low compared to other airports and seems to be necessary to compensate partly for the increase in input cost. Concor operation at sea ports witnessed a good result and the same is expected to be in the airports and they should ensure that no cargo is diverted to other airport due to over flow as the requirement of trade is gone up after seeing and experiencing Mumbai Terminal 2. As Cargo is funding



more to the airport revenue cargo trade expects the same level of infrastructure for cargo operations. He whole heartedly rendered his support but with expectations, let the deciding authority finalize the percentage hike.

Trade was thanked for the support and assured best services upto the expectations of the trade to ensure no lose of cargo from this airport.

**Mr. Bala Iyer - ACAAI, Managing Committee Member**

Mr. Iyer also appreciated the services within the available space, but there is a need for infrastructure developments and automation wherever necessary. 15% rate hike is not acceptable at the current situation. Yes there was a presentation given by MIAL but the timelines for project completion is not fixed. Hence the proposal of rate hike should be reviewed.

Chairman once again informed that already three major projects part of the master plan had been completed and in operations viz Export Perishable Center, Import Cold Zone and Export unitization zone and one more project i.e Export Heavy and Bonded Terminal in under construction. Hence view of the trade that no development has happened at cargo cannot be accepted.

Mr. Rajib Bhowal, CEO (CAL) thanked the stakeholders for active participation in the meeting and requested to support CAL's proposal for revision in cargo handling tariff. He reiterated that the proposed tariff increase is only to meet the significant increase in the operating costs and not related to future Capex. He said that tariff increase is absolutely necessary at this point of time.

The meeting ended with a vote of thanks to chair.

**List of Participants:**

Sr. No	Name of the Participant	Designation
<b>CONCOR AIR LTD (CAL)</b>		
1	Mr. Rajib Bhowal	Chief Executive Officer
2	Mr. Vishal Patil	Dy.General Manager
3	Mr. N K Vasudevan	Sr. Manager
4	Mr. Mahesh Banjan	
5	Mr. Prakash Bhagat	Asstt. Manager
	<b>ACAAI</b>	



1	Mr. Bharat Thakkar	Past President
2	Mr. Loknath Rai	Chairman - Western Region
3	Mr. Bala Iyer	Managing Committee Member
4	Mr. Mihir Bhadkamkar	Managing Committee Member
	<b>IMC</b>	
1	Mr. Mark Fernandes	Chairman
	<b>BCHAA</b>	
1	Mr. Dushyant Mulani	Managing Committee Member
	<b>C I I</b>	
1	Mr. Pramod Sant	Import-Export Committee- Conveynor
	<b>CUSTOMS WATCH DOG</b>	
1	Mr. Agustinho G Fernandes	Founder Member
	<b>FFFAI</b>	
1	Mr. Sanjeev Harale	Managing Committee Member
	<b>Other Stakeholders</b>	
1	Mr. Manish Shah	Magnum Cargo
2	Mr. Mahendra Bhosale	Skyway Cargo
3	Mr. Paresh Desai	Pearl Agency
4	Mr. Manoj Salaskar	Expeditors
5	Mr. Pradip Naik	Schenker India
6	Mr. Prakash Bhandaru	Channel Freight
7	Mr. Ramakrishna Padhy	DHL
8	Mr. Suraj Bhalerao	Cargo Partner
	<b>MIAL</b>	
1	Mr. Manoj Singh	Vice President -Cargo
2	Mr. Sanjiv Bhargav	Vice President -Regulatory
3	Mr. Lokesh Uttarwar	General Manager - Security
4	Mr. D V S R Murthy	Asstt. General Manager
5	Mr. Mohammed Nasir	Sr. Manager - Cargo
6	Mr. Alok Patni	Manager - Regulatory
7	Mr. Mayilvanan T	Manager - Cargo



*[Handwritten signature]*

584

Annex - III

133

6

○ **Consultation meeting with BAR**

○

385/115

32

5

**Minutes of the Stakeholders' Consultation Meeting with Airlines representatives held on 22<sup>ND</sup> Sept 2014, Air Cargo Complex, Main Conference Hall @ 1130 hrs for revision of Cargo Tariff for FY 14-15**

A stakeholder consultation meeting with Airlines representatives was convened by M/s. Concor Air Ltd on 22<sup>nd</sup> Sept 2014 at 1130 hrs in the Main Conference Hall, Air Cargo Complex, Mumbai to elicit the views on the stakeholders on the proposed Annual Tariff Proposal for FY 14-15. The list of participants is enclosed at Annexure-1.

Mr. Rajib Bhowal, CEO - CAL chaired the meeting and welcomed all the participants. Mr. Rajib Bhowal, CEO - CAL informed the trade that CAL is in the process of revising the cargo tariffs for April 2014 to March 2015 as the proposal earlier submitted by MIAL needs to be re-submitted by CAL as the operations of international cargo has been taken over by Concor Air Ltd effective Feb 2014. He also briefed the trade about the background of the Company. CAL is a wholly owned subsidiary of Container Corporation of India Ltd ("Concor") which in turn is a Government of India undertaking under the Ministry of Railways. Concor is pioneer in rail transportation of Exim and domestic containers and operations and management of Inland Container depots (ICDs) and Container Freight Stations (CFSs) having a Pan India presence. Concor has formed CAL in order to expand its span of operations, make its presence felt in Air Cargo business and establish itself in the Air Cargo industry.

CAL entered into the field of domestic and international air cargo operations by entering into concession agreements with Mumbai International Airport Pvt. Ltd. (MIAL) in respect of Chhatrapati Shivaji International Airport (CSIA). The operations of International Cargo has been taken over by CAL from MIAL w.e.f. 18<sup>th</sup> February, 2014.

It was informed that MIAL took over International cargo operations from Airports Authority of India (AAI) on 3<sup>rd</sup> May 2006. The service levels and infrastructure for cargo operations in CSIA, Mumbai have significantly improved over the last 8 years. Substantial efforts have been made to reduce the dwell times and bottlenecks. However, tariff of International cargo operation has not increased in tandem with the development in the last 8 years. The cargo operators at all other major airports in India have revised their cargo tariffs in last 3 years. Currently, the charges for cargo handling at CSIA are amongst the lowest at major airports.

The CPI-IW index and WPI index, which are reflective of inflation, have risen 101% (CAGR of 9.11%) and 72% (CAGR of 7.02%) respectively since MIAL took over operations at CSIA from AAI in 2006. Similarly, minimum wages have increased by over 93% (CAGR of 11.57%) since 2008.



*[Handwritten signature]*

386/16

(131) (4)

This revision is must to offset the substantial increase in operational costs and considering the fact that tariffs have not been revised since 2004.

Mr. Rajib Bhowal, CEO also briefed the developments made by MIAL since 2006 and the cargo growth trends, the increased labour cost year on year etc. He also mentioned that charges at CSIA are one of the lowest as compared to other cargo terminals and the service level deliverance is the best level meeting all the SLA and timelines. Keeping in view the investments made so far and significant rise in operational costs over last several years CAL proposes to increase cargo tariffs by 15% for FY 14-15 for consideration of all the stakeholders as per the AERA guidelines.

**Stakeholders Views:-**

**Mr. Harish Zade – M/s. Lufthansa Cargo**

Mr. Harish expressed that there is a remarkable service improvements and infrastructure developments taken place. Hence the proposal for rate revision is acceptable and justified.

**Mr. Prasad Gangusetti – M/s. Emirates Sky Cargo**

Mr. Prasad raised the concern that 15% rate hike is not in proportion to the increase of labour cost and WPI %. There is a substantial increase in cargo volume which could have compensated the proposed hike. Other airports like Hyderabad and Bangalore give incentives and discounts for handling charges based on the volume handled. This increase will effect the cost of cargo transaction.

Chairman briefed that the actual increase in the labour cost is 93% and WPI is 72%, but we are proposing only 15% as an average increase. The rates covered under this proposal are the common basic charges for airlines handling not related to the standard ground handling charges which is customized and discounted based on the respective volume handled by the airlines and scope of services defined. This is proposed after ten years to cover up the operational cost. The actual % increase will be approved by AERA.

Mr. Prasad agreed to the fact about the common charges and accepted the need of rate revision which will be decided by the competent authority.

**Mr. Vishwanathan Nair – M/s. Air France**

Mr. Nair appreciated the efforts of MIAL and CAL team. He said that no one would reject the proposal but 15% is too high which needs to be reviewed and some reasonable hike to be implemented. There are areas of concern in the export operations which needs to be addressed promptly. Operating freighters at CSIA is becoming difficult as heavy odd dimensions cargo could not be moved with ease.



*[Handwritten signature]*

He also requested for the master plan presentation to the members for getting an update regarding the future developments.

Chairman briefed about the challenges in acquiring land for development at CSIA which is not in the control of MIAL. Trade was also updated about the improvement in facilities undertaken recently such as unitization facilities, construction of export shed. CAL is only proposing 15% hike, AERA will approve the exact % hike after the trade views. Hence he requested for support and co-operation from all airline members operating at CSIA.

**Mr. Siddanth Iyer – M/s. Cathay Pacific Airlines**

Mr. Iyer informed that the service level and support for import operations is appreciated but there is an urgent attention needed for export facility enhancement. 15% is too high needs to be reviewed and marginal increase can be recommended. Also informed that they need to get the clearance from their head quarters as such increase needs to be budgeted.

Chairman responded that now the focus of developments is towards the export operation only. Also briefed about the recent developments undertaken viz the state of art import cold zone facilities, Export unitization zone, export dock levelers, Sterile Zone bifurcation, etc. which is very well noticeable and part of the master plan. We are in the process of adding 03 X-Ray machines. This proposal of rate increase is to cover the operational costs only.

**Mr. Bradley Dlima – M/s. Kenya Airways**

Mr. Bradley briefed about the aviation market situation. Due to heavy competition no airlines are making any profits and freight charges are not going up. Hence the % of rate revision to be reviewed.

**Mr. Shankar Iyer – M/s. Swiss Air**

Mr. Shankar Iyer informed the forum that yes there is a need of % hike in the current tariff proposal. Also expressed that this hike should be implemented stepwise and stage wise. He raised the concern with respect to the implementation of cargo master plan and requested to expedite the same. He also wanted to know the time period for this rate revision. Marginal increase is acceptable and also needs to be budgeted. He said that rates are higher at other airports but then service levels are also higher there.

Chairman assured that the cargo master plan will be expedited post Air India transition and with respect to the rate revision the Authority will decide and declare the percentage hike for FY 14-15. It was informed that ACAAI has written an appreciation letter in March 14 for high service levels.

**Mr. Lynn Buthello , M/s. British Airways**



Mr. Lynn appreciated the recent improvements and was in agreement for the rate hike proposal.

**Ms. Jyotsna Patil – M/s. Jet Airways**

Ms. Jyotsna Patil agreed with the other carries views and stated that due to budgetary issues airlines may not be in a position to support 15% hike. This needs to be communicated to their management and % revision to be reviewed.

**Mr. Abhijeet Ahire – M/s. Qatar Airways**

Mr. Ahire conveyed that the discussion a the meeting and the tariff proposal will be communicated to Qatar Airways management.

Mr. Rajib Bhowal, CEO ,CAL thanked the stakeholders for active participation in the meeting and requested to support CAL's proposal for revision in cargo handling tariff. He reiterated that the proposed tariff increase is only to meet the significant increase in the operating costs and not related to future Capex. He said that tariff increase is absolutely necessary at this point of time.

The meeting ended with a vote of thanks to chair.



A handwritten signature in black ink, appearing to read "Rajib Bhowal".

1119

129

1

**List of Participants:**

Sr.No	Name of the Participant	Designation
<b>CONCOR AIR LTD (CAL)</b>		
1	Mr. Deepak Kapoor	
2	Mr. Rajib Bhowal	Chief Executive Officer
3	Mr. Vishal Patil	Dy.General Manager
4	Mr. N K Vasudevan	Sr. Manager
5	Mr. Prashant Tirpude	
6	Mr. Prakash Bhagat	Asstt. Manager
<b>BAR - Representation</b>		
1	Mr. Harish Zade	Lufthansa Cargo
2	Mr. Prasad Gangusetti	Emirates
3	Mr. Sanjay Patankar	Emirates
4	Mr. Vishwanathan Nair	Air France / KLM / Martin Air
5	Mr. Sudhir Manipur	Cathay Pacific
6	Mr. Siddhant Iyer	Cathay Pacific
7	Mr. Malcolm D'souza	Air France / KLM / Martin Air
8	Mr. Bradley D'Lima	Kenya Airways
9	Mr. Shankar Iyer	Swiss World Cargo
10	Mr. Sandeep Shetty	Swiss World Cargo
11	Mr. Lynn Buthello	British Airways
12	Ms. Jyotsna Patil	Jet Airways
13	Mr. Abhijeet Ahire	Qatar Airways
14	Mr. Prashant Phaterpekar	U P S
15	Mr. Aziz Malbarwala	U P S
<b>MIAL</b>		
1	Mr. Manoj Singh	Vice President - Cargo
2	Mr. Sanjiv Bhargava	Vice President - Regulatory
3	Mr. Mohammed Nasir	Sr. Manager - Cargo
4	Mr. Alok Patni	Manager - Regulatory
5	Mr. Mayilvanan T	Manager - Cargo



*[Handwritten signature]*