



#### EXPRESS INDUSTRY COUNCIL OF INDIA

 Topic:
 Mumbai Stakeholders Meeting
 Day:
 Tuesday

 Venue:
 Conference Room, EICI Express Terminal, C. S. I. Airport, Mumbai
 Date:
 01st March 2016

 Time:
 15:30 Hrs

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MINUTES OF THE CONSULTATION MEETING OF STAKEHOLDERS HELD ON 01ST MARCH 2016 AT 1500 HRS. AT EICI CONFERENCE ROOM, EICI EXPRESS TERMINAL, C. S. I. AIRPORT, MUMBAI – 400 099

### PARTICIPANTS:

### EICI:

- 1. Mr. Amit Balarathinam (Asst. General Manager Operations)
- 2. Mr. Bhojappa Sheelwant Manager (Accounts)
- 3. Mr. Ranjit Walia (Regulatory Advisor)
- 4. Mr. Santosh Gaikwad (Manager Operations/Mumbai)

## STAKEHOLDERS PRESENT:

Sr. No.	Name of Representative	Company Name	
01	Mr. Sandeep Talwar	Om International	
02	Mr. Devendra Mahadik	Address India	
03	Mr. Tabrez Shah	Linehaul Express India	Pvt. Ltd.
04	Mr. Loknath	Poonam Couriers Pvt.	Ltd.
05	Mr. Sebastian	Professional Couriers	
06	Mr. Janardhan Pavaskar	Unique Air Express	
07	Mr. C. K. Chandrashekharan	ICC Worldwide	
08	Mr. Paulsam	MAS Express	
09	Mr. Napolien	Fast Forward	
10	Mr. Nikhil	DHL Express India Pvt.	Ltd.
11	Mr. Anant Lad	Airwings	
12	Mr. Prasad Khamkar	SCA Cargo	
13	Mr. Sacheen Dalvi	UBX	
14	Mr. Nixon	ICR	
15	Mr. Siddiqui	Urgent Air	
16	Mr. Chetan Gohil	Bridges Worldwide	
17	Mr. Anil Menezes	Skycom	
18	Mr. Shailendra Salvi	EOL Express	
19	Mr. Anand Mhapankar	TNT India Pvt. Ltd.	
20	Mr. Jayachandra	FedEx	
21	Mr. Joesph Chettiar	Aramex India Pvt. Ltd.	
22	Mr. Santosh Gaikwad	EICI	
23	Mr. Amit Balarathinam	EICI	
24	Mr. Bhojappa Sheelwant	EICI	





Mr. Sachin Dalvi represented the following Member companies of ¢AI

A. J. WORLDWIDE

**ADDRESS INDIA** 

AIR LINKERS

AIRWINGS COURIER EXPRESS (I)PVTLTD

AMS LOGISTICS PVT LTD

A W COURIER & CARGO PVT LTD

**BOMBINO EXPRESS PVT LTD** 

**BOM-GIM COURIERS & LOGISTICS** 

BRIDGES EXPRESS INDIA PVT LTD

**CONTINENTAL INDIA** 

**EXPRESS HANDLINGS WORLDWIDE** 

INTERNATIONAL CITY RUNNERS (I) PVT LTD

K. K. INTERNATIONAL AIR COURIERS

LINEHAUL EXPRESS (I) PVT LTD

**NETSPAR COURIER & CARGO** 

OM INTERNATIONAL COURIER CARGO SERVICES

**ORBIT WORLDWIDE EXPRESS** 

PACE PROJECTS AND LOGISITICS PVT LTD

PACIFIC EXPRESS CORPORATION

PATEL INTEGRATED LOGISTICS LTD

POONAM COURIER PVT LTD

THE PROFESSIONAL COURIERS (WESTERN)

RIHITA EXPRESS COURIER PVT LTD

S.C.A. CARGO SYSTEMS PVT LTD

SWISS INTERNATIONAL & CARGO INC.

TIME SAVING COURIERS PVT LTD

TOTAL COURIER AND CARGO SERVICES PVT LTD

TRADE STAR EXPRESS LOGISTICS

TRANS AIR EXPRESS PVT LTD





U. B. XPRESS WEST PVT LTD

UNIVERSAL COURIER

URGENT AIR COURIER EXPRESS

YOUNG KNIGHT EXPRESS PVT LTD

JET INTERNATIONAL COURIER

LEISURE CARGO INDIA PVT LTD

ACCORD GLOBAL EXPRESS PVT LTD

UNIQUE EXPRESS

NEW CREATION INTERNATIONAL

INTRODUCTION BY EICI:

The meeting started at 1430 Hrs.

Mr. Amit Balarathinam welcomed all present and asked all stakeholders to introduce themselves. After the Stakeholders introduced themselves the EICI representatives present outlined the agenda for the meeting.

It was informed that all stakeholders will be given an opportunity to speak so that everyone has a say in the Stakeholder Consultation. The background was explained to the stake holders leading to the propose increase in tariff which were on following reasons:

- 1) that the recent embargo imposed by Mumbai Customs and Mumbai International Airport Pvt. Ltd. (MIAL) since May 2015 on gift shipments entering into Mumbai Terminal and suspension of courier licenses of a number of couriers in the last few months leading to drastic fall in volumes to the EICI Express Terminal adversely affecting the financial viability for running the Terminal smoothly necessitating an increase in various charges;
- 2) to recoup the same to make the necessary proposed increase in Courier Terminal charges relating inter alia to Facilitation Charges, Storage and Processing Charges for express shipments both import and export so as to finalize the for the period April 2016 to March 2021. This will provide transparency regarding future pricing.
- 3) the deficit in cost recovery charges payable the customs officers for providing customs officers for clearance of courier shipments.
- 4) the repeated warnings from the airport operator indicating imposition of penal charges in case the apron is congested on account of un-cleared courier shipments being stacked there due to security and safety concerns.





The stakeholders were briefed that, in light of the stringent Customs compliances and 100% checks relating to clearance of Form IV shipments (gift shipments) there has been a drastic fall in import volumes that have been processed at the Mumbai Express Terminal and more particularly gift and baggage shipments. This has adversely impacted the overall import volumes in Mumbai which have dropped drastically as the average volume per month from July 2015 to January 2016 was 830 tons approximately as compared to the average of July 2014 to January 2015 being 3184 tons. Moreover few express/courier company's licences have been suspended by Customs leading to further fall in the volumes cleared at the Express Terminal at Mumbai. Hence while the volumes have fallen drastically and even though the enhanced customs cost recovery charges have been levied w. e. f November, 2015, the tariff being charged at present is not financially viable as the expenditure have gone up, while revenues have fallen. The proposed increase discussed on 8 August, 2015 also could not be implemented except for the customs cost recovery charges. The present tariff has remained constant since August 2013 with no increase since then. Hence it would now be very difficult to continue operations and hence an increase in tariff needs to be urgently implemented.

The stakeholders were briefed about the fact that given the drastic fall in volumes, it has adversely impacted revenues and in order to ensure that the operation remains financially viable the following tariff was proposed effective immediately till the end of the financial year, which is as under and which would be implemented after seeking the necessary regulatory approvals:

Effective from 01st April 2016 to 31st March 2017

Sr.			
No.	Charges	Rate Rs.	Remarks
1	International Imports		77.20.00
	Facilitation Fees	Rs. 30.00 Per Kg,	
	Customs Charges	Rs. 5.75 Per Kg,	
	Un-recouped Customs Cost Recovery	Rs. 1.00 Per Kg,	
	Demurrage (Detention Fees)		
	0-3 Days	Free	
	From 04 - 05 Days	Rs.3.00 Per Kg per day or part thereof or Rs. 40.00 whichever is higher	





	From 06 - 10 Days	Rs.3.00 Per Kg per day or part thereof or Rs. 40.00 whichever is higher	Free storage period for express shipment shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five working days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the entire period from the date/time of the arrival of the flight
	From 11 - 20 Days	Rs.4.00 Per Kg per day or part thereof or Rs. 40.00 whichever is higher	
	From 21 - 30 Days	Rs.5.50 Per Kg,	
	From 31st Day	Rs.7.00 Per Kg,	
,		1.6)	
2	International Exports		
	Facilitation Fees	Rs.9.50 Per Kg,	
	Customs Charges	Rs.1.50 Per Kg,	
	Un-recouped Customs Cost Recovery	Rs.1.00 Per Kg,	
	X-Ray Charges (International Cargo Exports)	Rate - Rs. Per Kg.	
	X-Ray charges - if screening done by Airlines (minimum charges applicable per AWB)	Rs.1.38 *	As per Ministry of Civil Aviation letter No. AV-24032/12/2010-AD
	X-Ray charges - if screening not done by Airlines (minimum charges applicable per AWB)	Rs.1.70 *	dated 17/06/2013 the x-ray screening charges should be the same both for general cargo and courier cargo

# Effective from 01st April 2017 to 31st March 2018

Sr. No.	Charges	Rate Rs.	Remarks	
1	International Imports			
	Facilitation Fees	Rs. 38.00 Per Kg,		
	Customs Charges	Rs. 5.75 Per Kg,		





<u>-</u>	Un-recouped Customs Cost Recovery	Rs. 1.00 Per Kg,	
	Demurrage (Detention Fees)		
	0-3 Days	Free	
	From 04 - 05 Days	Rs.3.50 Per Kg per day or part thereof or Rs. 50.00 whichever is higher	
	From 06 - 10 Days	Rs.3.50 Per Kg per day or part thereof or Rs. 50.00 whichever is higher	Free storage period for express shipment shall be 72 hrs. (03 working days) ncluding the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five work ing days). If clearance is affected after 120 hrs. (05 workin days) demurrage will accrue for the entire period from the date/time of the arrival of the flight
	From 11 - 20 Days	Rs.4.50 Per Kg per day or part thereof or Rs. 50.00 whichever is higher	
	From 21 - 30 Days	Rs.6.00 Per Kg,	
	From 31st Day	Rs.7.50 Per Kg,	
3	International Exports		
	Facilitation Fees	Rs.9.50 Per Kg,	
	Customs Charges	Rs.1.50 Per Kg,	
	Un-recouped Customs Cost Recovery	Rs.1.00 Per Kg,	
	X-Ray Charges (International Cargo Exports)	Rate - Rs. Per Kg.	
	X-Ray charges - if screening done by Airlines (minimum charges applicable per AWB)	Rs.1.38 *	As per Ministry of Civil Aviation letter No. AV-24032/12/2010-AD dated 17/06/2013 the x-ray
	X-Ray charges - if screening not done by Airlines (minimum charges applicable	Rs.1.70 *	screening charges should be the same both for general cargo and courier cargo



per AWB)	

# Effective from 01st April 2018 to 31st March 2019

	1	
Charges	Rate Rs.	Remarks
International Imports		
Facilitation Fees	Rs. 40.00 Per Kg,	
Customs Charges	Rs. 5.75 Per Kg,	
Demurrage (Detention Fees)		
0-3 Days	Free	
From 04 - 05 Days	Rs. 4.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher	
From 06 - 10 Days	Rs. 4.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher	Free storage period for express shipment shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five working days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the entire period from the date/time of the arrival of the
From 11 - 20 Days	Rs. 5.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher	
From 21 - 30 Days		
From 31st Day	Rs.8.00 Per Kg,	
International Events		
	Do 0 50 D 1/	
	International Imports Facilitation Fees  Customs Charges  Demurrage (Detention Fees) 0-3 Days  From 04 - 05 Days  From 06 - 10 Days  From 21 - 30 Days	International Imports Facilitation Fees Rs. 40.00 Per Kg,  Customs Charges Rs. 5.75 Per Kg,  Demurrage (Detention Fees) 0-3 Days Free Rs. 4.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher  From 06 - 10 Days  Rs. 4.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher  Rs. 5.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher  Rs. 5.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher  From 11 - 20 Days  Rs. 5.00 Per Kg per day or part thereof or Rs. 60.00 whichever is higher  From 21 - 30 Days Rs. 6.50 Per Kg,  From 31st Day  Rs. 8.8.00 Per Kg,

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Customs Charges	Rs.1.50 Per Kg,		
Un-recouped Customs Cost Recovery	Rs.1.00 Per Kg,		
X-Ray Charges (International Cargo Exports)	Rate - Rs. Per Kg.		
X-Ray charges - if screening done by Airlines (minimum charges applicable per AWB)	Rs.1.38 *	As per Ministry of Civil Avia letter No. AV-24032/12/20 dated 17/06/2013 the x-ray	10-AD
X-Ray charges - if screening not done by Airlines (minimum charges applicable per AWB)	Rs.1.70 *	screening charges should b same both for general carg courier cargo	e the

## Effective from 01st April 2019 to 31st March 2020

Sr.			
No.	Charges	Rate Rs.	Remarks
1	International Imports		
	Facilitation Fees	Rs. 40.00 Per Kg,	
	Customs Charges	Rs. 5.75 Per Kg,	
	Demurrage (Detention Fees)		
	0-3 Days	Free	
	From 04 - 05 Days	Rs. 4.50 Per Kg per day or part thereof or Rs. 70.00 whichever is higher	
	From 06 - 10 Days	Rs. 4.50 Per Kg per day or part thereof or Rs. 70.00 whichever is higher	Free storage period for express shipment shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five work ing days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the

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			entire period from the date/time of the arrival of the flight
	From 11 - 20 Days	Rs. 5.50 Per Kg per day or part thereof or Rs. 70.00 whichever is higher	
	From 21 - 30 Days	Rs. 7.00 Per Kg,	
	From 31st Day	Rs. 8.50 Per Kg,	
3	International Exports Facilitation Fees	Rs.10.50 Per Kg,	
	Customs Charges	Rs.1.50 Per Kg,	
	Un-recouped Customs Cost Recovery	Rs.1.00 Per Kg,	
	X-Ray Charges (International Cargo Exports)	Rate - Rs. Per Kg.	
	X-Ray charges - if screening done by Airlines (minimum charges applicable per AWB)	Rs.1.38 *	As per Ministry of Civil Aviation letter No. AV-24032/12/2010-AD dated 17/06/2013 the x-ray
	X-Ray charges - if screening not done by Airlines (minimum charges applicable per AWB)	Rs.1.70 *	screening charges should be the same both for general cargo and courier cargo

# Effective from 01st April 2020 to 31st March 2021

Sr. No.	Charges	Rate Rs.	Remarks	
1	International Imports			
	Facilitation Fees	Rs. 41.00 Per Kg,		
	Customs Charges	Rs. 5.75 Per Kg,		-

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	Demurrage (Detention Fees)		
	0-3 Days	Free	
	From 04 - 05 Days	Rs. 5.00 Per Kg per day or part thereof or Rs. 70.00 whichever is higher	
	From 06 - 10 Days	Rs. 5.00 Per Kg per day or part thereof or Rs. 70.00 whichever is higher	Free storage period for express shipment shall be 72 hrs. (03 working days) including the date of the arrival of flight. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg; per day" non-cumulative basis, provided the consignment is cleared within 120 hrs. (Five working days). If clearance is affected after 120 hrs. (05 working days) demurrage will accrue for the entire period from the date/time of the arrival of the flight
	From 11 - 20 Days	Rs. 6.00 Per Kg per day or part thereof or Rs. 70.00 whichever is higher	
	From 21 - 30 Days	Rs. 7.50 Per Kg,	
	From 31st Day	Rs. 9.00 Per Kg,	
	,	The steet of the	2
3	International Exports		
	Facilitation Fees	Rs.10.50 Per Kg,	
	Customs Charges	Rs.1.50 Per Kg,	
	Un-recouped Customs Cost Recovery	Rs.1.00 Per Kg,	
	X-Ray Charges (International Cargo Exports)	Rate - Rs. Per Kg.	
	X-Ray charges - if screening done by Airlines (minimum charges applicable per AWB)	Rs.1.38 *	As per Ministry of Civil Aviation letter No. AV-24032/12/2010-AD dated 17/06/2013 the x-ray screening charges should be the





X-Ray charges - if screening not done by Airlines (minimum charges applicable per AWB)	Rs.1.70 *	same both for general cargo and courier cargo
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After discussing about the charges the users expressed their views on the following issues which were discussed:

The stakeholders were informed that the tariff proposed during the last meeting held on 08th August 2015 could not be implemented due to certain unavoidable reasons including Board and regulatory approvals. The stakeholders were informed that after August 2015 the volumes have further dropped and due to that the rates have been increased accordingly.

The comments of each of the stakeholders were thereafter taken up and following is the summary of the same.

## **Reduction in Operational Costs:**

1. Mr. C. K. Chandrshekharan, Vice President of ICC Worldwide handed over a copy of his email which was read out to all present. He outlined that there had been a considerable reduction in volumes due to strict enforcement of rules by customs and hence EICI should take steps to reduce the cost of operations. It was explained to him that certain costs are fixed costs which cannot be reduced, such as lease rental, royalty and minimum assured guarantee which has to be paid to MIAL, which cannot be reduced despite the fall in volumes.

### Whether the Rates would be reduced in case volumes go up?

2. It was explained that as EICI was a body of users of the Express Terminal nobody would want the rates to increase for an indefinite period. It was explained that the drastic fall in volumes has necessitated the increase. It was also pointed out that as was done in the past, when the volume increases in the future then the rates will be reduced. Specific instances were also mentioned as had been done in Mumbai and other terminals when the financial viability permitted and the volumes grew, the rates had been reduced. It was explained that the Customs cost recovery charges would not be recouped, even if the increased rates are charged till the end of the Financial Year as was proposed as EICI had already paid a substantial sum in arrears to Customs. It was also explained that customs officials were deployed on the basis of customs assessment and EICI had no role in the same and as per Customs Regulations we are required to pay their salaries as per customs demand notices. The stakeholders took cognizance of the status at the Mumbai Terminal and pointed out that any such increase should be corrected as and when the conditions were ripe.

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3. It was explained that EICI was currently facing losses at financial year due to fall in volumes since June 2015 till date, as even though the Stakeholder Consultation held on 8<sup>th</sup> August 2015 had discussed increase in rates the same could not be implemented. This led to a continuing was categorically informed to all stake holders that EICI would reduce the tariff if the volumes go up as the object of EICI was not to make large that the maximum surplus that was sought to be made was to ensure that it was sufficient in order to meet contingency expenses and for maintaining reserves. It was also pointed out that a substantial amount of investment had already been made in developing an EDI system with Customs on a Public Private benefit of the Express Industry which was funded from ploughed back as EICI does not distribute any profits to members as it is a Section 25 not for profit company.

## Suggested staggered increase instead of sudden increase in Tariff

- 4. The stakeholders pointed out that the proposed increase is very steep and should have been staggered over time instead of a sudden increase as was being proposed after keeping the rates constant for 3 years. It was pointed out by certain Stakeholders that the hike proposed was very steep and Stakeholders suggested that the increase should have been done gradually every year. It was explained that the sudden increase had to be effected as no increase over 3 years had taken place and unfortunately while the Management had proposed to increase the rate effective September 2015 the same could not be implemented for certain unavoidable regulatory reasons.
- 5. Mr. Sachin Dalvi, President of CAI representing his member courier companies, indicated that the rates proposed were very high ad sought an explanation why the rates were so high. He stated that in case the volumes increase in future then the rates should be brought down gradually. An email letter written by Mr Dalvi was also read out to all present and discussed point by point.

Mr. Dalvi was given a categorical assurance that the objective of EICI as a body of users and a "not for profit company" was to ensure that the operations remain commercially viable as the profits generated were not distributed to Members but were ploughed back for the activities benefitting the express companies or kept as reserves. In the past the same were used for making payments to customs in response to demand raised for arrears for custom cost recovery charges with retrospective effect on account of Pay Commission arrears as Guarantees required to be given to customs.

Hence it was explained that the object was to ensure commercial viability of the Express Terminal without any motive to maximize profits. A categorical assurance

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was given that as and when the volumes increased and the surplus increased beyond the requirements of expenditure on account of various activities related to the Express Terminal, the tariff would be brought down.

It was also pointed out that in the past the tariff had been brought down after the volumes had increased and Mr. Dalvi indicated that he was also party to the discussions when the tariff was brought down at Mumbai on account of increase in the volumes. It was also pointed out that in other locations such as Bangalore the tariff approved was much higher and EICI was in fact only levying less than half of the tariff agreed and approved as the volumes were adequate.

Mr. Dalvi also was of the opinion that there should be no cross subsidization of operations between different locations. He was however informed that even though there were cash flow problems at Mumbai it was the revenue from other locations which were ensuring that the Mumbai operations could continue unaffected.

## <u>Customs strict enforcement leading to fall in volumes</u>

6. Mr Dalvi also indicated that in his opinion customs was enforcing regulations very strictly as a result of which volumes were falling. He also produced a copy of the notification issued by Finance Ministry dated 1<sup>st</sup> March 2016 bearing No. 13/2016 whereby the limit for gift shipments had been increased from Rs.10,000/- to Rs.20,000/-. He argued that the Government was trying to encourage gifts and samples and hence the matter should be taken up with customs authorities so that courier companies can get more volumes to the Mumbai Express Terminal and so that the rates can then be brought down.

Mr Dalvi also indicated that as the President of CAI he had taken up the matter with customs and suggested that CAI and EICI work together to request customs to take a more lenient view with respect to gift shipments in the interest of couriers which would help the volumes increase and bring down the tariff. It was explained to Mr. Dalvi as EICI is a representative body of Users it would be happy to assist in any way to redress the genuine grievances of express companies as long as the same were within the ambit of the four corners of the law as EICI was committed to upholding customs laws and procedures as it was a custodian and as a custodian appointed by customs it was its duty uphold compliance with customs regulations.

- 7. Other Stakeholders including representative of Mass Express Mr. Paulsam and Mr. Napolien all expressed the view that as the proposed tariff was high which was necessitated by fall in volumes, the tariff should hence be reviewed as and when the volumes increase and there is a case for reduction in tariff.
- 8. It was once again reiterated that as had been done in the past EICI would reduce the tariff as and when the volume increases and reduction in tariff is justified.

**Customs cost recovery charges** 





9. The issue with regard to the Customs Cost Recovery charges being paid to Customs was raised. The stakeholders were apprised that the same is not a custodian issue per se, however EICI as an industry body of express companies has been rigorously following up with Customs and the Ministry of Finance at the highest level for waiver of Cost Recovery charges and the decision is still pending with the Government, though the same is likely to be implemented soon. It was also pointed out that in order to ensure transparency, EICI had split the customs cost recovery charges from the other charges so that the same could be stopped as and when customs waives the charges after recouping the payments already made to customs.

It was further informed that EICI has started collecting Customs Un-recouped charges w. e. f. 01st November 2015 and assured that once the entire cost is recouped that will be stopped and with the current volumes this will continue till 2017. If the volume increases the same will be collected at an early stage and will be stopped by then.

Mr. Amit pointed out that Customs has issued strict instructions that additional space has to be taken up by EICI in the vicinity of the Airport. He also informed that EICI has taken an additional warehouse space for increase in bond activities which would also entail additional expenditure.

The meeting ended with a vote of thanks to all stakeholders for attending the stakeholder consultation meeting and for their feedback and suggestions.

For Express Industry Council of India

Authorised Signatory