

**NOTES ON ONE DAY INDUSTRY SYMPOSIUM HELD AT THE TAJ MAHAL HOTEL,
NEW DELHI ON 02 MAY 2008**

Inaugural Session :-

Mr. Deepak Dadlani Convention Chairman gave his opening remarks with regards to the Symposium. It had been a while since such a Symposium had been organized by ACAAI and he thanked all members for their participation.

Mr. Deepak Dadlani observed that our forwarding and logistics industry has been going through a difficult patch, particularly in exports for the last year to year and a half. Not only has the growth faltered due to the weakening of U.S. and other economies, the dollar dropping, fuel prices soaring but we are faced with a host of challenges and constraints shackling our industry. ACAAI therefore, decided to hold this day long symposium in New Delhi, after some years to try and address areas of concerns be they regulatory, airports, infrastructural, airlines, customers etc. The Symposium will provide an interactive platform in a participatory manner to debate and deliberate on the issues between the various segments of our industry.

ACAAI chose a theme for the symposium which is appropriate for the time and circumstance that we are in i.e. **“Revitalizing Aircargo: Imperative to Grow India’s Global Trade”**.

ACAAI was privileged to have Shri P.V. Bhide, Secretary- Revenue, MOF as their Chief Guest.

Thereafter, Mr. Keshav Tanna – President, ACAAI welcomed all the delegates as well as all the panelists and authorities who had willingly come forward to discuss Industry issues face-to-face with the Trade. He also gave a brief overview of the current Airfreight Industry as a whole in India.

Thereafter, Mr. Dadlani requested Shri.P.V.Bhide, Secretary-Revenue, MOF to inaugurate the Convention and give his keynote address on **“Trade and Regulator in the 21st Century : A new Paradigm”**

Business Session I - “Customs: Partners in International Trade !”

Chairman : Mr.Snehal Parikh

“Detailed Overview”

- Mr.J.Krishnan – Vice President, ACAAI

“Efficient and user friendly airports”

- Mr.V.P.Agarwal – Member-Planning, AAI

Panelists

**- Mr.M.D.Singh, Comm.of Customs, IGI
Airport**

- Mr.Parthiban, Director-Customs, CBEC

Mr.J.Krishnan – Vice President, ACAA opened the first Business Session with regards to Customs EDI, which had stagnated over a period of 10 years. The system was outdated and reliability was a big question mark. Following were the points highlighted by him:-

- 1) Slow down of System prior to weekends and 2nd Saturdays.
- 2) Delay in response time after uploading of documents
- 3) Insufficient Printers
- 4) Filing of IGMs affected due to slow / unreliable system and penal charges thereof.
- 5) Filing of Documents through RMS had come down to 50% as against initial target of 70 to 80% when RMS was introduced.
- 6) Ancillary service providers like ADC, PHO, Octroi should also be connected unto Customs EDI systems.
- 7) Service Centres were still using hardware which accepted floppy disk drives, which is an outdated technology.
- 8) Data exchange between DGFT and Customs was not electronic.
- 9) Transfer Advise (TRA) process between Customs stations takes 3-5 days for registration.
- 10) Customs Testing laboratories should also be linked with the Customs Systems.

“Efficient and user friendly airports” - Mr.V.P.Agarwal – Member-Planning, AAI

Mr.V.P.Agarwal - Member Planning, AAI mentioned that 6 airports in India (BOM, DEL, MAA, BLR, HYD, CCU) handled 80% of Cargo. He said that the largest airline in the world is a cargo airline and not a passenger airline. This projected the importance that cargo is gaining in the airline industry. He went on to give statistics and plans for development of smaller airports in India as well and in the next phase, to go ahead with privatization of couple of more airports on similar lines as done at BOM, DEL, BLR & HYD.

Mr.Agarwal stated that India was the 12th largest economy in the world
It had the 3rd largest purchasing power parity
It was the 2nd fastest growing economy in the world
The size of the economy was 1.25 trillion dollars. The average growth rate was 8%. He mentioned that Rs.40,000 crores was to be spent on airport infrastructure in the next 5 years.

The Floor was then open for interaction.

Mr.Deepak Dadlani commented that the effectiveness of the Trade Facilitation Committee (TFC) and Open House meetings needed to be energized.

Mr.Raghusankar enquired about space utilization at the Chennai Airport by AAI. Mr.Agarwal responded that there were plans drawn up for Chennai Airport and the same would be conveyed soon. Mr.Raghusankar also commented that there was

some differences between AAI and AFS operator, due to which the AFS was not successful. Mr.Mishra promised to look into this situation.

Mr.Vipan Jain of Lufthansa commented that there were manpower issues at Chennai, due to which airlines were going under-load. For e.g. Lufthansa lost approximately Rs.2.5 crores for every 150 tons of cargo.

Mr.Snehal Parikh enquired with Mr.Agarwal whether there was any forum within the Government set up of deliverables for the airport operators. He also requested that ACAAI should be involved at the planning stage in the development of various Indian Airports, as this would help in delivering a user friendly product. Mr.Agarwal responded that while there was no forum on this, he would be pleased if ACAAI participates in the Airport development projects and that ACAAI should nominate 2 representatives with whom he would co-ordinate with reference to privatization of MAA and CCU airports.

There was also an observation made regarding bunching of cargo at peak hours. This was a common feature at most airports due to the fact that most international flights operate past midnight.

Mr.Verma of Air France commented that decongestion of cargo complexes was possible if export cargo was moved into the bonded area before examination, as is being done at Delhi airport. However, this was not the case at other airports.

There were the following other suggestions made to Mr.Agarwal :-

To make information flow and communication between all concerned more efficient.

Planning to be in sync with Customs and Airports

Effective ground level committees to be formed

Recommendations of CACG made during the 4 – 5 meetings held to be considered

Formation of trade committees to be represented by airlines / ACAAI / customs and AAI / Operators to be formed

The Chairman of the session thanked all the panelists.

Business Session II – “Modern Cargo Airports: Ultra Efficient & User Friendly”

Chairman : Mr.Deepak Dadlani

**“Cargo Vision 20/20: A new face for Airfreight - Mr.K.N.Srivastava,
Jt.Secretary, MoCA**

Panelists

- Mr.J.K.Batra, Member-Customs, CBEC
- Mr.G.Bhattacharya, Comm-S.Tax, CBEC
- Mr.S.K.Mishra, Executive-Dir, Cargo, AAI

This being an open session for interaction purposes, Mr.Deepak Dadlani in his opening remarks mentioned that ACAAI had suggested a Cargo vision policy to be created by

the government of India. Mr.K.N.Srivastava mentioned that the Government was in the process of forming Cargo Vision 20/20.

International and Domestic airfreight grew by 10% in 2007.

MSIL was allotted 25 acres of land to come up with a cargo village at Bangalore.

Non Metro airports to be handled by two non-related agencies

AERA not to cover smaller airports

Air cargo policy -> under preparation

With this the floor was open for interaction.

Mr.Keshav Tanna requested Mr.Batra to give some details regarding the updating of Customs hardware and software capabilities and whether any investments were planned for the same, since most EDI related issues were due to an obsolete Customs System which needed total revamping. Mr.Batra responded that the new system would be commissioned by January 2009, as the Ministry had already sanctioned funds for the same and a vendor had already been selected.

There were 36 customs stations operating EDI. Each of the 36 stations would get their own computers. As regards software, ICES version 1.5 was already been tested at ICDs. Only glitches in the current software would be removed. No major revamp was expected.

Mr.Krishnan enquired with Mr.Batra as to why the RES software was not compatible with Windows Vistas. Also the help desk was almost non-functional after 5 p.m which is when most of the problems arose.

Mr.Raghusankar enquired about MOT and Mr.Batra informed that additional staff had been sanctioned.

Mr.Hemant Bhatia enquired with Mr.Batra as to why Mumbai Airport was the only airport which did not permit Custom Clearance on 2nd Saturdays, while all other airports permitted the same, under payment of MOT. He mentioned that this point had been taken at the Western Region TFC meetings, however, the request had been refused. Mr.Batra promised to address the issue.

Many other points regarding Customs issues which were raised by Mr.J.Krishnan in Business Session I were taken up during this interaction and Mr.Batra assured the house that the same would be looked into.

Mr.Snehal Parikh requested Mr.K.N.Srivastava that the CACG meeting be held on a regular basis and recommendations to the CACG be considered for setting up agents bonded terminals. He also recommended that a focal point in the ministry be identified to monitor performance standards of those connected with the ministry.

Mr.K.N.Srivastava responded that the CACG meetings were being revived and they would be held once a quarter.

There were lot of queries on Service Tax addressed to Mr.Bhattacharya, regarding separate classification for air cargo agents, exemption of Service Tax from exports, currently air cargo activities not qualifying under BAS etc.. A lot of similarities were cited between passenger agents and cargo agents, whereas the department viewed them differently.

In conclusion, Mr.Bhattacharya requested ACAAI to prepare a detailed note on Service Tax, which he would discuss with ACAAI on a one to one basis.

The Chairman of the session thanked the panelists.

Business Session III – “Logistics Facilitation : Clearing the Pathways !”

Chairman : Mr.Sarosh Nagarvala

**“Carrier-Intermediary : Combine well to Value add Airfreight” – Ms.Anita Khurana,
Director-Commercial, Air India**

**“Customer/Forwarder: Equity in Business Relationship” – Dr.R.K.Dhawan,
Chairman (NR) FIEO**

**“Air Logistics and Supply Chain: Customers Perspective” – Mr.Alok Bansal,
Country Manager, HP IPG**

**“Carrier-Intermediary : Combine well to Value add Airfreight” – Ms.Anita Khurana,
Director-Commercial, Air India**

Mrs.Anita Khurana made a very informative and detailed presentation referring to how efficient Logistics can value add the core concept of Air freight. She explained that India spends much more money due to logistics inefficiencies, which was not a good sign.

She further explained the future plans of Air India / Indian Airlines with respect to Nagpur as a Cargo Hub through which all their Domestic and International freighters would be linked.

She also further added that Air India / Indian Airlines look forward to ACAAI's participation in solving Industry issues.

**“Customer/Forwarder: Equity in Business Relationship” – Dr.R.K.Dhawan,
Chairman (NR) FIEO**

Dr.Dhawan of FIEO explained that the weakening US Dollar has had immense effect on India's exporting community. Nearly 40 lakhs people from the textile trade alone have had been unemployed because of this. Further India's transportation costs were 20 – 30 % higher than world standards.

He also mentioned that payments were also an issue which seriously needed to be looked into.

He gave a broad overview of the day to day working of the exporters and their related problems.

“Air Logistics and Supply Chain: Customers Perspective” – Mr.Alok Bansal,
Country Manager, HP IPG

Mr.Alok Bansal made a presentation explaining the prevalent logistics scenario and what the customers required from Logistics service providers and vendors. In view of rising costs and the need to continuously improve efficiencies to ensure that commitments to final customers are met, he stressed the point that LSPs and vendors required to be more transparent and forthcoming in their dealings with customers.

The floor was open for Interaction.

Mr.Keshav Tanna and Mr.Deepak Dadlani asked Dr.Dhawan whether an ACAAI – Shippers forum under FIEO could be constituted. Dr.Dhawan responded that as a first step, ACAAI could send a representative to the meeting organized by FIEO to meet the Chief Commissioner of Customs to address issues faced by FIEO members. ACAAI could also have an opportunity to address their grievances as well as interact with FIEO members.

Mr.Snehal Parikh wanted to know from Mrs.Anita Khurana about ULD positioning and screening, in case of agents bonded terminal becoming a reality. Mrs.Anita Khurana responded that agents would have to adopt the know shipper concept, the airline would have to create a ULD tracking mechanism.

Mr.Deepak Dadlani mentioned that small packages were moving away from airlines and forwarders to integrators. He mentioned that airlines and forwarders jointly devise methods to compete with this situation.

Mr.Verma suggested that Airlines and Agents jointly meet BCAS to suggest measures for speeding up security. He mentioned that BCAS had once agreed to use sniffer dogs in place of X-ray machines for security.

The Chairman of the session thanked the panelists.

Thereafter, Mr.Deepak Dadlani concluded the Symposium and thanked all members for their participation.

Members applauded for the efforts made by ACAAI and in particular by Mr.Deepak Dadlani in organizing this event.

KESHAV TANNA
PRESIDENT