

MINUTES OF THE CONSULTATION MEETING OF STAKEHOLDERS HELD ON 08th AUGUST 2015 AT 1300 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. Renuka Singh (Legal Advisor)
4. Mr. Santosh Gaikwad (Manager – Operations/Mumbai)

USERS:

As per the list attached

INTRODUCTION BY EICI:

The meeting started at 1315 Hrs.

Mr. Amit Balarathinam gave an introduction about EICI and the purpose for the meeting. They were advised regarding the background relating to proposed increase in rates including inter alia:

- 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.
- 3) to discuss the deficit in cost recovery charges payable the customs officers for providing customs officers for clearance of courier shipments.
- 4) to discuss 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.

He also informed that in light of the stringent Customs compliances and 100% checks relating to clearance of Form IV shipments (gift shipments), there is a huge backlog of shipments not getting cleared from the EICI Terminal leading to congestion of the apron area. In order to ensure safety and security of air side assets, MIAL has therefore imposed an embargo on airlines with effect from 21.5.2015 with respect of gift only shipments entering the EICI Terminal. This has adversely impacted the volumes in Mumbai which have dropped drastically as the average volume has fallen from 16/06/2015 to 15/07/2015 is 676 tons a comparison of the volumes is reproduced below. He also intimated them regarding the fact that the licences of a few express/courier companies 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, the tariff being charged at present is not financially viable as by October 2015 it would even be difficult to pay salaries of staff and for maintaining operations.**

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 10th August 2015 and valid till 31 March, 2016

Sr. No.	Charges	Rate Rs.	Chargeable to
1	International Imports		
	Facilitation Fees	Rs. 17/- Per Kg	Users
	Customs Cost Recovery Charges	Rs. 5.75 Per Kg	Users
	Un-recouped Customs Cost Recovery Charges	Rs. 1/- Per Kg.	Users
	Detention Fees		
	0-3 Days	Free	Users
	From 04 - 05 Days	Rs. 4/- Per Kg per day for the fourth and fifth day, or part thereof or Rs. 40/- whichever is higher	Users
	From 06 - 10 Days	Rs.4/- Per Kg per day counted from actual time of arrival of flight (ATA), or part thereof or Rs. 40/- whichever is higher	Users
	From 11 - 20 Days	Rs.5/- Per Kg, per day counted from actual time of arrival of flight (ATA), or part thereof or Rs. 40/- whichever is higher	Users
	From 21 - 30 Days	Rs.6.50 Per Kg, per day counted from actual time of arrival (ATA)	Users
	From 31st Day	Rs.8/- Per Kg. Per Day counted from actual time of arrival of flight (ATA), or part thereof	Users
	International Exports		
	Facilitation Fees	Rs. 9.50 Per Kg.	Users
	Customs Cost Recovery Charges	Rs. 1.50 Per Kg.	Users
	Un-recouped Customs Cost Recovery Charges	Rs. 1/- Per Kg.	Users

After discussing about the charges the users expressed their views on the following issues which were discussed:

A few stakeholders were initially of the view that the rate increase should be deferred since the volume drop is a short term issue and can be re-looked once it increases.

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. Mr. Amit 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. 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 a temporary measure.

Stakeholders also wanted to know about the status of the EDI project which is funded by EICI. Mr. Amit updated all that the EDI project was close to completion after incorporating certain additional security features directed by customs. The stakeholders were advised that the EDI was likely to go live by December 2015.

The issue with regard to the Customs Cost Recovery charges being paid to Customs was raised. Mr. Amit apprised the stakeholders 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. 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 made to customs.

A few stakeholders raised their concern over implementation of KYC norms by Customs at Mumbai. They were of the opinion that KYC documents should be sought randomly by Customs and it should not be an obstacle for clearances. The stake holders were informed that the meeting was to discuss custodian issues and EICI had to follow customs requirements being a custodian on behalf of Customs. The stakeholders were informed that they should take up the issue with customs directly as it was a compliance issue and EICI as a custodian has to follow customs Rules, Regulations and directions.

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