

No. AV. 13011/03/2013-ER

Government of India
Ministry of Civil Aviation

“B” Block, Rajiv Gandhi Bhawan,
New Delhi, dated 28th October, 2014

OFFICE MEMORANDUM

Subject: Policy Guidelines on Air Freight Station.

One of the recent initiatives undertaken by the Ministry of Civil Aviation pertains to strengthening of Air Cargo Logistics infrastructure in the country. In that context, creation of off-airport common user facility for handling International Air Cargo in the form of Air Freight Stations initiative has pursued. The competent authority has finalized the Policy Guidelines on Air Freight Station after extensive consultations with stakeholders and with the related Ministries/Departments in Government of India.

2. Air Freight Station (AFS) is an Off-airport Common User Facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import and export cargo etc. AFS is the counter part of Inland Container Depot (ICD) for Maritime Cargo. This initiative of AFS will create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.
3. The Application form for permission to set up Air Freight Station is also enclosed with the Policy Guideline.
4. These policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organisations.
5. This is for information and further necessary action.



(U.K. Bhardwaj)

Under Secretary to the Govt. of India

Tele: 2461 0359

Encl.: As above.

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To

1. Shri Nripendra Mishra, Principal Secretary to Prime Minister, Prime Ministers' Office, South Block, Raisina Hill, New Delhi – 110001
2. Shri Shaktikanta Das, Secretary (Revenue), Ministry of Finance, Deptt. of Revenue, North Block, New Delhi.
3. Shri Rajeev Kher, Secretary, Department of Commerce, Udyog Bhawan, New Delhi.
4. Shri Ashok Lavasa, Secretary, Ministry of Environment & Forests, Indira Paryavaran Bhavan, Jor Bagh Road, New Delhi - 110 003
5. Shri Lov Verma, Secretary, Deptt. of Health & Family Welfare, Nirman Bhawan, C-Wing, New Delhi - 110001
6. Shri Ashish Bahaguna, Secretary, Ministry of Agriculture & Cooperation, Krishi Bhawan, New Delhi-110001
7. Shri Vijay Chhibber, Secretary, Ministry of Road Transport & Highways, Transport Bhawan, Sansad Marg, New Delhi-110001
8. Shri Vishwapati Trivedi, Secretary, Ministry of Shipping, Transport Bhawan, Sansad Marg, New Delhi-110001
9. Shri Arun Kumar Panda, Joint Secretary (Drugs Quality Control), Ministry of Health & Family Welfare, Nirman Bhawan, New Delhi.
10. Smt. J.M. Shanti Sundharam, Chairperson, Central Board of Excise & Customs, Deptt. of Revenue, Ministry of Finance, North Block, New Delhi.
11. Dr. Prabhat Kumar, Director General, Directorate General of Civil Aviation, Opp. Safdarjung Airport, New Delhi.
12. Shri Sudhir Raheja, Chairman, Airports Authority of India, 'C' Block, Rajiv Gandhi Bhawan, New Delhi.
13. Shri Alok Shekhar, Secretary, Airports Economic Regulatory Authority, AERA Building, Administrative Complex, Safdarjung Airport, New Delhi- 110 003
14. Shri Arunendra Kumar, Chairman, Railway Board, Rail Bhawan, New Delhi
15. Shri B.B. Dash, Joint Commissioner of Security, Bureau of Civil Aviation Security, Janpath Bhawan, New Delhi.
16. Shri Arvind Bhatnagar, Director (International Marketing & Operations), Container Corporation of India Ltd. CONCOR Bhawan, C-3 Mathura Road, Opposite Apollo Hospital, New Delhi-110076
17. Shri T.K. Doshi, Director (Marketing & Corporate Planning), Central Warehousing Corporation, 4/1, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016

Cont..

18. Shri Ujjwal Day, Associate Director, Federation of India Airlines, I-1734, First Floor, Chittaranjan Park, New Delhi-110019.
19. Shri S.L. Sharma, President, Air Cargo Agents Association of India, 28-B, Nariman Bhavan, Nariman Point, Mumbai-400 021.
20. Shri Amit Kamat, Honorary Secretary, Federation of Freight Forwarders' Associations in India, 311-313, Mahinder Chambers, W.T. Patil Marg, Chembur, Mumbai-400 071.
21. Shri Vipin Jain, Chairman, BAR-India Cargo Committee, C/o Lufthansa Cargo AG, Room No. 202-204, Cargo Complex, Export Building, IGI Airport, New Delhi- 110 037.
22. Shri Pradeep Panicker, President, Air Cargo Forum India, Room No. 25, Ground Floor, Project Office, New Udaan Bhawan, Opposite T-3, IGI Airport, New Delhi-110037.
23. Shri S. Raghavan, Secretary, The Southern India Chamber of Commerce and Industry, Indian Chamber Buildings, No. 6, Esplanade, Chennai-600108
24. Shri Tushar Jani, Chairman, Cargo Handlers Association of India, 201, Navratan Building, 69, P. D'Mello Road, Mumbai-400009
25. Shri Satyan Nayar, Secretary General, APAO, 710, 7th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi -110001.
26. Shri Arvind M. Nayak, President, DACCAI, 5c/105-Mittal Industrial Estate Andheri Kurla Road, Andheri East, Mumbai-400 059.
27. Managing Director, Delhi International Airport (P) Limited (DIAL) New Udaan Bhawan, Opp. Terminal-3, Indira Gandhi International Airport, New Delhi - 110037
28. Managing Director, Mumbai International Airport (P) Limited (MIAL), Charapati Shivaji International Airport, 1st Floor, Terminal 1B, Santacruz (E), Mumbai-200 099.
29. Managing Director, Cochin International Airport (P) Limited (CIAL), Kochi Airport P.O., Ernakulam-682111 (Kerala).
30. Managing Director, Hyderabad International Airport Limited (HIAL), Rajiv Gandhi International Airport, Project Office, Shamshabad, Hyderabad-500 409
31. Managing Director, Bangalore International Airport Limited (BIAL), Devanhalli, Administrative Block, Kempagawda International Airport, Bangalore-560 300
32. All International Airlines
33. The Press Trust of India Limited, PTI Building, 4, Parliament Street, New Delhi - 110 001.

Contd.../-

Copy to:

1. PS/OSD to HMCA
2. PS/OSD to HMoS
3. PPS to Secretary
4. AS & FA
5. All JSs/EA

F.No. AV.13011/3/2013-ER
Ministry of Civil Aviation

Date: 28th October 2014

Policy Guidelines on Air Freight Station (AFS)

1.01 Concept of Air Freight Station

Air Freight Station (AFS) is an off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/export goods loaded and empty Unit Load Devices (ULDs) and cargo in bulk / loose for home consumption, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export. In the case of Express Companies, there could be a dedicated AFS for express cargo or they can also make use of AFS meant for general cargo or ICD to handle air cargo. This initiative of AFS will create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time. By also specially authorising some of the ICDs to cater to the International Air Cargo operations, the existing facilities in these ICDs, could be fully utilised. These policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organisations.

1.02 Functions of AFS

The primary functions of AFS are summed up as under:-

- a. Receipt of Export Cargo for processing and to make the cargo "Ready for Carriage" condition including ULD (Unit Load Device) building of export cargo and scanning of cargo. While ULDs will be the ideal mode of handling cargo for and from AFS, export / import consignments both in palletised / ULD and bulk, loose form shall also be facilitated.

- b. Transit operations by road to and from serving Airport.
- c. All Customs related requirements for import and exports including inspection of cargo wherever required.
- d. Unitization of Cargo.
- e. Temporary storage of cargo and Unit Load Device (ULDs).
- f. Re-building of ULDs of Export Cargo.
- g. De-stuffing of Import Cargo.
- h. Storage, Examination, Packing and Delivery of Import Cargo.
- i. Auction / disposal of 30 days old uncleared Import Cargo.
- j. Maintenance and repair of Unit Load Devices

In a nut shell, all Export and Import cargo clearance including customs related activities like assessment, examination, payment of duties etc. would be provided at the AFS, as is done in any other Customs station. Besides the customs authorities, other cross-border regulatory agencies such as Plant Quarantine office, Drug Controller's office etc., would also be accommodated by the respective AFS enterprise in the same premises. This may include, for example, space for establishment of laboratory for immediate inspection and the area should be well lit.

1.03 Location of AFS

Greenfield AFS facility can be located anywhere in India subject to fulfilment of all regulatory requirements contained in these guidelines. Setting up of AFS at the existing ICDs which are already notified by Customs would also be permitted.

1.04 Pre-requisites for establishing AFS

A. Space requirement

- i. AFS can be set up exclusively for handling export cargo or import cargo and can also be for both exports and imports. Land requirements for export or import are dependent on quantum of cargo expected to be handled. International standards for throughput efficiency at cargo terminals in general is measured in terms of tonnage handled per square metre linked to the volume of cargo handled in that terminal in a year.

- II. Based on the covered area available for air cargo at most of the international cargo terminals in Tier-II cities and taking into account the stakeholders feedback on this issue, the minimum area of covered space required for exports shall be atleast One thousand Square metre and if imports are also proposed to be handled in the same AFS then another one thousand square metre of covered space should be provided.
 - III. As far as existing ICDs seeking additional authorisation as AFS is concerned, they may allocate additional space for handling AFS cargo as per traffic requirement.
 - IV. Entities intending to put up AFS shall submit proof of ownership of required amount of appropriate land free from encumbrances or lease deed of the premises in which AFS is proposed to be setup.
- B. Workload requirement
- I. The establishment of an AFS would take into account the feasibility of the project in terms of the projected air cargo to be handled.
- C. Other requirements
- I. Since AFS will be a Customs notified area, it will be governed by the Handling of Cargo in Customs Areas Regulations, 2009 (as amended) which prescribes various requirements including basic infrastructure etc. in great detail. This regulation is exhaustive and mandatorily to be followed by all Customs notified operators. Therefore, it is not proposed to elaborate requirements of infrastructure etc. further in this Guideline.
 - II. It is important to ensure that the design and layout shall be in accordance with the flow of export and import of cargo and shall take into account the initial volume of business, the estimated volume in the near future and the facilities the exporter / importers would require.
 - III. Ideally, facilities in AFS shall contain the scope for expansion in future as and when volume of trade grows. An important facility at AFS that is required particularly for export cargo is the scanning equipments and trained screeners for operating that facility. If export cargo activity is not proposed to be handled at an AFS, the requirement of scanning facility is not applicable. If it is proposed to include perishables, then requirement as per Plant Quarantine Directorate shall be made applicable.
 - IV. Approval of proposals for setting up AFS shall take into account the credibility of the promoter from the viewpoint of financial status, legal compliance etc.

- D. Regulatory environment governing AFS
- I. Greenfield AFS or ICDs specially recognized to handle air cargo under these Guidelines shall comply with (i) the policy Guidelines of MoCA and advisories of Inter-Ministerial Committee (IMC) of D/o Commerce that may be issued from time to time on various matters connected with AFS (ii) Handling of Cargo in Customs Area Regulations, 2009 (as amended) (iii) Bureau of Civil Aviation Security (BCAS) regulations governing security of Export cargo. Further, the Customs staff at Greenfield AFS shall be posted on cost recovery basis, as per staffing norms to be determined by the CBEC on the basis of the workload.
 - II. The required IT / EDI support is essential for AFS operations. Therefore, the Central Board of Excise and Customs (CBEC) / Directorate of Systems, CBEC and the Jurisdictional Commissioner of Customs concerned shall ensure that the same is made available.
 - III. The CBEC shall ensure that the jurisdictional Commissioners of Customs issue public notices laying down uniform Customs procedures at AFSs.
 - IV. Airport operators and Air Cargo Terminal Operators shall accept palletised ULDs for bulk cargo in the case of exports from an approved AFS facility and facilitate its transfer to the airside. They shall not insist on levying full TSP charges on consignments / cargo meant for / received from AFS (particularly in respect of ready for carriage conditions export cargo) for its transfer from land to air-side and vice-versa since no value addition is contemplated at the airport terminal. AERA while approving TSP charges shall give a break-up of Transit, Storage and Processing Charges.
 - V. Air Cargo terminal operator at the concerned airport shall identify and allocate some space for handling of built ULDs / consignments meant for / received from an AFS and provide direct access to sterile area in the ease of exports.
 - VI. In instances where existing ICDs are specially recognized for handling air cargo under these Guidelines, no additional Customs cost recovery charges shall be levied on this account.
 - VII. Scanning operations of export cargo moving from AFS shall be completed at AFS itself and necessary guidelines shall be issued by BCAS in this regard keeping in view the overall purpose and the benefits of moving the international trade operations to the hinterland away from the international airports.
 - VIII. Given the expected nature of growth of AFS and the choice available to exporters and importers, the charges applicable for various operations to be carried out by AFS operator shall be determined by the market forces and are thus forborne.

- E. Procedures for approval of AFS and its implementation
- I. Proposals for setting up of AFS will be considered by the Inter-Ministerial Committee notified by D/o Commerce (for approving ICDs/CFSSs) based on application to be made by the entity proposing to set up the facility and in keeping with the Guidelines for setting up of AFS issued by MoCA in this regard.
 - II. The application will be accompanied by a feasibility report containing the business plan of the entity. Upon acceptance and approval of the application by the IMC, Letter of Approval (LoA) will be issued by the D/o Commerce. This shall be valid for a period of one year and further extension for one more year will be considered by the IMC if there is valid justification for extension. If operations are not commenced within the extended period, the LoA issued to that entity is deemed to have become invalid. LoA is subject to cancellation in the event of any abuse or violation or breach of conditions of LoA.
 - III. A copy of the LOA shall be endorsed to Member (Computerization)/DG, Systems, CBEC for factoring in the financials and the load involved in EDI connectivity, well in time. A copy of the LOA shall also be endorsed to DG, HRD, CEBC and Commissioner of Customs concerned.
 - IV. Once the infrastructure is ready, the CBEC shall within 30 days thereof notify the AFS under Section 7 of Customs Act, 1962. Thereafter, approvals under Section 8 and Section 45 of Customs Act, 1962 specifying Customs area for loading and unloading of imported / export goods and appointment of custodian shall be immediately issued by Jurisdictional Commissioner of Customs subject to confirming the sanction of staff.
 - V. CBEC, Directorate of System and the concerned Jurisdictional Commissioner shall, upon notification of AFS as a Customs Station, ensure that the required number of sanctioned officials are posted to that station. They shall also ensure EDI connectivity to the AFS without any delay.
 - VI. BCAS shall decide and communicate their approval for the security arrangements of the AFS entity within 30 days of receipt of the application from the applicant entity.
 - VII. As soon as the business is commenced by the AFS, IMC of D/o Commerce and Ministry of Civil Aviation will be notified of the same and the AFS operator shall periodically furnish the details of exports and imports that have taken place on a quarterly basis to both D/o Commerce and Ministry of Civil Aviation.

Application form for permission to set up Air Freight Station

(Read the guidelines carefully before filling up)

1. Name of the Organisation proposing to set up AFS :
Address with Telephone/Fax/E-mail/Mobile
Number (give details)
2. Status of the applicant Organisation :
3. Whether it is a Greenfield facility or is it an :
application for specially recognizing an existing ICD
for handling air cargo under these Guidelines?
Give details.
4. Whether the proposed AFS is for :
(i) Exports (all items) only
(ii) Exports (excluding perishables) only
(iii) Imports only
(iv) For (i) & (iii) above
(v) For (ii) & (iii) above
5. Place (address) where the AFS is proposed to be :
set up
6. Location of the site with distance from nearest :
International/Customs Airport
(Enclose a map showing location and links to airports)
7. Whether land space for the setting up of AFS :
already acquired, if so,
(a) Area of land (in sq. meters)
(b) Area covered (in sq. meters)
(c) Whether owned/hired/on lease
(d) If not, how the land is proposed to be acquired
(e) Area in Open for circulation in yard, paved /
unpaved area
8. Address of Customs Commissionerate having :
jurisdiction over the proposed AFS
9. Names of Freight Forwarders, Carriers etc. willing :
to operate from/to this proposed AFS

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|----------------------------------|--|
| | <u>Available</u> <u>Proposed to create</u> |
| 10. Infrastructural facilities : | |
| (i) Weighment facility | |
| (ii) Gatehouse & Security | |
| (iii) Accommodation for office | |
| (iv) Parking area | |
| (v) Equipments (give details) | |

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|--|------------------------|
| | Exports (MT) Imports |
| 11. Volume of cargo proposed to be handled in initial years : | |
| 12. Special Cargo, if any, proposed to be handled. e.g. Dangerous Goods, pharma, perishables : | |
| 13. Availability of appropriate facilities to handle special cargo mentioned above : | |
| 14. Experience, if any, of the applicant in Air Cargo Logistics operations : | |
| 15. Financial health of the applicant (give details) : | |
| 16. Logistics movement of cargo to and fro proposed AFS and Gateway airports (give details) : | |
| 17. Time limit required for operationalising the AFS | |

18. Authorised Signatory :
 (Name, Designation, Address, Telephone-Mobile & Landline number, Fax Number and E-mail ID.)

Declaration:

Information furnished above and in enclosures attached to this application are true and correct to the best of my knowledge.

Authorised Signatory

Name:
 Designation :
 Seal :
 Date :