Report of the Committee on a National Air Cargo Community System (ACS)

Ministry of Civil Aviation
Government of India

22nd December, 2016
Foreword

India is one of the fastest growing large economies of the world and the Indian Air Cargo industry is poised for significant growth thanks to the landmark government initiatives like “Make in India”. In order to support sustainable growth, it is of paramount importance that right physical and digital infrastructure is put in place in the country which can facilitate the ease of doing business in India.

The air cargo logistics industry has several stakeholders viz. exporters, importers, freight forwarders, customs brokers, customs, security agencies, airlines, airports, ground handling agents, bonded truckers, transporters, ramp agents, courier & express operators, chambers of commerce etc. As per IATA, each air cargo shipment on average carries around 30 types of documents and well over 100 copies thus resulting into significant documentation overheads, increased dwell times and supply chain opaqueness.

In India, to facilitate the Ease of Doing business, it is recognized that an electronic platform be put in place to digitize key stakeholder interactions. This electronic platform can allow the reusability of data thereby eliminating duplicate data entry, reducing unnecessary paperwork by giving authorized access to data to the relevant supply chain stakeholder and bringing in supply chain visibility thereby reducing inventory and other transaction costs related to air cargo movement.

Ministry of Civil Aviation (MoCA) understands this need for having a single window for air cargo community which will interface with Indian Customs single window and facilitate seamless movement of goods and information. In order to study this need further and identify the way forward, MoCA constituted an Air Cargo Community System (ACS) committee drawing representation from all stakeholder groups. The committee has compiled this Report on the basis of consultations with these groups across several meetings. This draft has been finalized after a series of revisions.

I would like to thank all the stakeholders including Indian representatives from TIACA board who participated in deliberations and provided key inputs in creating the Report. My special thanks to the drafting committee comprising of Shri R K Arora (Dept of Commerce), Shri B K Mehrotra (AAI), Shri M D Kala (DIAL), Shri Rajendra Chowdary (Menzies), Shri Shri Mayilvanan T (MIAL), Shri Venu Bangera (CSC). My very special thanks to Mr. Amar More (Kale Logistics) for his knowledgeable inputs. I am confident that the findings of the Report will help to ensure that the industry has the right digital infrastructure put in place in the form of an air cargo community system.

Dr. Renu Singh Parmar
Senior Advisor, Ministry of Civil Aviation
Committee Chair

22nd December 2016
Glossary of Terms

ACAAI: Air Cargo Agents Association of India
ACHAI: Air Cargo Handlers Association of India
ACS: Air Cargo Community System
AWB: Air Waybill
CARR: Cargo Arrival message
CGM: Consol General Manifest
DGFT: Director General Foreign Trade
DO: Deliver Order
DRAI: Drug Regulatory Authority of India
EDI: Electronic Data Interchange
EGM: Export General Manifest
EICI: Express Industry Council of India
FFFAI: Federation of Freight Forwarders Associations of India
FFE: Forwarded for Examination message
GHA: Ground Handling Agent
GSA: General Sales Agent
IGM: Import General Manifest
LEO: Let Export Order
NACDE: National Air Cargo Data Exchange
OC: Out of Charge
RFE: Request for Examination message
SB: Shipping Bill
TOR: Term Of Reference
TSP: Terminal Storage and Processing charges
WCO: World Customs Organization
WTO: World Trade Organization
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Executive Summary and Recommendations

India is the fastest growing large economy in the world and is slated to continue its growth in the coming times. However, transaction costs in India are amongst the highest in the world and in order to ensure that there is smooth and growing trade, the transaction cost issue needs to be addressed urgently. The National Civil Aviation Policy 2016 (NCAP 2016) has set guidelines for key initiatives to be taken in the industry to ensure global competitiveness and sustainable growth of the Indian Air Cargo Industry, one of which is the need to create an Air Cargo Community System (ACS) Section 20 (d).

Currently, some airports/cargo agent’s association have created their own cargo community systems for stakeholders with varying EDI capabilities that facilitates information exchange over Air Cargo Logistics value chain. However, in the current system there is lack of efficiency, transparency and consistency across the supply chain, which results in several pain areas for the different stakeholders. The information exchange is many-to-many resulting in complex/duplicate processes. Further there is a lack of uniformity for message interface, a lack of data harmonization, and a lack of end to end tracking.

To address these issues, under the chairmanship of Senior Advisor Dr. Renu Singh Parmar, a Committee of air cargo stakeholders was constituted to address the following Terms of References:

1. To examine the desirability & feasibility of the ACS.
2. To deliberate on the "Ownership” of the ACS and management thereof.
3. To estimate the funds required, as far as possible.

The Committee deliberated extensively on the above terms and came up with several recommendations. The key findings and recommendations vis-a-vis above ToRs are as follows:

1. Desirability & feasibility of the ACS:
   • A Single Window system for uniform interface between all the stake holders of Air cargo community using international standards is highly desirable as
     - In the current system there is lack of efficiency, transparency and consistency across the supply chain, which results in several pain areas for the different stakeholders
     - The information exchange is many-to-many resulting in complex/duplicate processes
     - There is lack of uniformity for message interface, lack of data harmonization, lots of paper documents are still printed
- Data entry is duplicated which leads to data inconsistency and delays and
- There is lack of end to end tracking.

• Business Process Reengineering (BPR) is required to streamline the interface amongst the stake holders so that they are not forced to enter the same data into multiple systems.

• The Committee recognizes that the stakeholders have invested in creating their own systems and own community platforms. It is important that these are leveraged as much as possible.

• The detailed framework of ACS would be finalized at the time of preparation of the detailed project Report. Detailed information exchange workflow shall be defined for airports with existing community systems and airports without any community / operations systems.

• Existing industry standards like IATA CARIMP, XML, and WCO data model shall be leveraged.

• Government shall have access to Air Cargo information for policy formation and security. There shall be a comprehensive database of shipment information

• The Committee recommends that UN/CEFACT Model 2 i.e. “Single Automated System for Collection and Dissemination of information via interfaces with existing systems” be used for the ACS. In this model, there is a single system that collects, converts and disseminates digital data about shipments and the data has to be submitted only once by trade which gets disseminated. The existing systems can be interfaced in this model and new requirements would be built-in/integrated directly in the ACS.

• The key consideration for the framework of ACS shall be as given below:
  - The platform has to be web based
  - The platform has to have features to allow the forwarders and Customs Brokers do their process automation and do the digitization of shipment data
  - The platform has to support industry standard messaging like IATA CARIMP, UN EDIFACT, WCO, ICEGATE
  - In order to minimize the change for most of the stakeholders, the platform needs to have standard interfacing with stakeholders’ systems
  - The platform shall be capable of facilitating commercial / financial transactions
- The platform should help India comply with several international paperless initiatives
- The platform should have the capabilities to interact with any global community system as this will work as single widow for Air Cargo message exchange.
- The Airports which have their own successful working CCSs, shall have the option of working with their systems but must interface with ACS for information exchange.
- Member of Core committee should visit different Airports to understand the working of global ACSs where they are successfully implemented, and prepare a detailed document with the nitty-gritties of end to end Air Cargo operations, from shippers to consignee.
- Cargo terminal operations system should also be an optional module of the ACS for the new Cargo Terminal operators, if required.

2. Ownership & management of the ACS:
• The key consideration for the commercial and governance model of ACS shall be as given below:
  ✓ Data must reside in secure environment.
  ✓ Access to information shall be given only to parties without potential conflict of interest
  ✓ Participation by all trade associations is necessary for its success
  ✓ The initiative shall be Self-sustaining and shall deliver value to trade for which they shall pay a reasonable charge as agreed by the governing council or any other agreed body.
  ✓ Speed of implementation is important and should be within 1-2 years
  ✓ Pilots must be done before the national roll out
  ✓ Operations of the system must reside with Professional Experienced operators with proven experience of delivering such platforms in Indian Air Cargo Industry and globally. The service provider must have very deep understanding of Indian Air Cargo processes vis-a-vis International standards, Customs EDI/ Customs Single window system and shall have already implemented CCS’s by different Airports and preferably shall also have the experience of providing Airline systems, Freight Forwarders Systems, Customs broker Systems, airport systems and other stakeholder systems which are currently in use by different stakeholders of Air Cargo Supply chain.

• For ownership and management of the ACS, the Committee recommends Public Private Partnership Model 2 with key consideration as given below:
The ACS will be owned by a Special Purpose Vehicle (SPV) formed with 51% stake with the Government. Ministry of Civil Aviation, Ministry of Commerce and Ministry of Finance may jointly hold this ownership.

The remaining 49% stakes may be distributed amongst airport operators (AAI/MIAL/DIAL/BIAL/HIAL etc.) and other stakeholders like associations etc.

The SPV shall appoint a competent service provider to setup the system/infrastructure and operational management of the system.

Stakes in the SPV can be given in lieu of upfront investments by each party with an agreed cap on shareholding on individual entity in order to have balance in the structure.

System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations (ownership agencies)

System shall be maintained and operated by competent agency appointed by core committee/governing council with long term commitment.

The present ACS Committee shall continue to work till the roll out of the ACS and be treated as the Core Committee.

3. Funding options for ACS:

The ACS will be a very critical system for the future of air cargo growth in India. The implementation of the same shall be well planned and shall be done in phases.

The system shall be made self-sustaining and the mechanism/modalities for the same may be decided by the Core Committee/ Governing Council.

A reputed consultant with requisite experience of Indian/global air cargo industry may be hired to prepare a Detailed Project Report (DPR) and based on the agreed scope of services, the funds requirements shall be identified.

The key next steps shall be:

1. Appointment of a reputed consultant for preparation of detailed project report including the scope of ACS, detailed information flows, BPR and estimation of fund requirement.
2. Formation of SPV based on the PPP model identified in this report.
3. Selection of operator for rolling out and management of ACS.
4. Implementation of ACS at pilot locations viz. AAI operated airports before national roll out.
Chapter I

INTRODUCTION
1 Introduction

1.1 History and Background

Air Cargo Community System (ACS) is a single window electronic platform for all stakeholders of the air cargo value chain to interact with each other digitally thereby eliminating unnecessary documentation, delays, opaqueness of supply chain and improving ease of doing business for the air cargo sector.

Under the e-trade program of Ministry of Commerce and Industries, in a meeting held on 09th of October, 2009, it was identified that a web based air cargo community shall be developed for the Indian Air Cargo industry and Ministry of Civil Aviation was appointed as a nodal agency for implementing the same (the extracts from various minutes of meetings of e-trade are appended in “Annexure I”).

Similarly, in 2012, it was decided to set up a Working Group on Air Cargo / Express Service Industry in the Ministry of Civil Aviation to recommend policy initiatives to address important issues considering the long-term perspective and future growth potential in India. The Working Group was chaired by then Economic Adviser, Ministry of Civil Aviation and represented by members from all the key stakeholders of the Air Cargo Logistics industry in India. The working group submitted its Report “Air Cargo Logistics in India” on 7th of May, 2012 clearly articulating in sections 6.5, 7.3 the need of a common platform for facilitating seamless cargo and information flow which are also reproduced in Annexure I herewith for ease of reference.

The National Civil Aviation Policy 2016 (NCAP 2016) has articulated the vision for the air cargo industry in India and has set guidelines for key initiatives to be taken in the industry to ensure global competitiveness and sustainable growth of the Indian Air Cargo Industry.

Section 20 (d) of NCAP 2016 mentions the need to create an air cargo community system. In this regard, a meeting was held under the Chairpersonship of Dr. Renu Singh Parmar, Senior Advisor-MoCA on 12.1.2016, to discuss the views of cargo terminal operators. It was decided in the aforesaid meeting that terminal operators and other stakeholders would form regional teams and visit the nearest port to see the functioning of the Port Community System (PCS) and submit their objective
assessment to the Ministry, inter-alia listing out the perceived merits and demerits of the system. These groups submitted their reports, wherein they stated that all stakeholders were not on the PCS and only partial functions were being used by stakeholders. The terminal operators felt that having an ACS layer (similar to PCS) between them and Customs system, will create complications & dependencies. They also mentioned that unlike custodians on the sea side, most air custodians have their own portals and these can be connected to the centralized ACS (if at all), it shall be for information purposes only. Their suggestions are documented in Annexure II under the section “Comments of terminal operators after their visit to see functioning of PCS”.

It was further decided to set up a Committee on ACS with the following Terms of Reference:

1. To examine the desirability & feasibility of the ACS.
2. To deliberate on the “Ownership” of the ACS and management thereof
3. To estimate of the fund required as far as possible

As a sequel to the meeting held on 12.01.2016 with existing Airport Operators sensitizing on the need for Air Cargo Community System (ACS) for air cargo sector, another round of meeting with all cargo / express stakeholders was organized on 22.06.2016 by MoCA which was held under the chairpersonship of Dr. Renu Singh Parmar, Senior Advisor, MoCA for taking the matter forward.

It was decided in the above meeting that a Core Committee from stakeholder associations (FFFAI / BAR India / ACAAI/ EICI / ACHAI), airport operators, Ministry of Civil Aviation, Ministry of Commerce, Ministry of Finance would be set up under the chairperso

The Constitution of the Committee as per the abovementioned Order (attached in Annexure III) was as under
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<tr>
<th>SI. No.</th>
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<th>Committee Members</th>
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<tr>
<td>1</td>
<td>Ministry of Civil Aviation</td>
<td>1. Dr. Renu Singh Parmar, Chairperson of the Committee</td>
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<td>2. Shri B K Mehrotra, GM (Cargo) - Convenor</td>
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<td>3. Shri Rajesh Gokhe, Jt GM (Airport Systems) – Co-Convenor</td>
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<td>4. Shri Ashwani Sharma, Jt GM (cargo)</td>
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<td>2</td>
<td>AAI</td>
<td>6. Shri Anil Kumar Sinha, Dy Director General – NIC (e-trade, Dept. of Commerce)</td>
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<td>7. Shri R. K. Arora, Addl. GM (Systems), e-trade</td>
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<td>9. Shri Bashistha Prasad, Addl Director</td>
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<td>CUSTOMS</td>
<td>10. Shri Sanjiv Edward, Head – Cargo (DIAL)</td>
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<td>11. Shri M D Kala, GM (IT) (DIAL)</td>
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<td>12. Shri Sourabh Jain, GM (GHIAL)</td>
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<td>13. Shri Manoj Singh, SVP, Head Cargo</td>
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<td>14. Shri Mayilvanan T, Manager Cargo</td>
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<td>MIAL</td>
<td>15. Shri Pratik Mehta, AGM-Airline Marketing Cargo</td>
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<td>16. Shri Vinay Varma, Dy Manager-Cargo Business Development</td>
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<td>BIAL</td>
<td>17. Shri Pavithran V.P., Senior Manager – Cargo</td>
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<td>18. Shri Sreejith P, Dy Manager – IT &amp; Communication</td>
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<td>19. Shri Sunil Arora, Hon. Secretary General</td>
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<td>20. Shri Anil Vazirani, Member, Managing Committee</td>
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<td>21. Shri C K Govil, Member Managing Committee</td>
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<td>ACAAII</td>
<td>22. Shri Tarun Minocha, BA</td>
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<td>23. Shri Y Taneja, FX</td>
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<td>BAR (INDIA)</td>
<td>24. Shri Vipin Vohra, Convener – Air Freight Council</td>
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<td>25. Shri Mahesh Trikha, Executive Committee member</td>
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<td>FFFAI</td>
<td>26. Shri K S Kunwar, Director General</td>
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<td>ACFI</td>
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<td>28. Shri Vimal Rawat (Fedex)</td>
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<td>30. Shri Venkata Reddy, CEO (Menzies Bobba)</td>
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<td>31. Shri Ramesh Mamidala (Celebi)</td>
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<td>32. Shri Ravindra Bolagandy, (Hyderabad Menzies)</td>
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<td>14</td>
<td>Airport Operators</td>
<td>33. Shri Anil Bal (Fly Jac)</td>
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<td>34. Shri Ravi Nayar (Sun Aviation)</td>
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<td>Non-Scheduled Operators</td>
<td>35. Shri Dileepa BM (Shreeji Transport)</td>
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<td>36. Shri Tushar (Oscar Freight)</td>
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<td>16</td>
<td>Bonded Trucking Agencies</td>
<td>37. Shri Pratik Mehta, Addl Director General</td>
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<td>38. Shri Bashistha Prasad, Addl Director</td>
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<td>40. Shri R. K. Arora, Addl. GM (Systems), e-trade</td>
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Based on the deliberations of the above Committee (and/or their authorized representatives) vide meetings held on 22.06.2016, 25.07.2016, 9.8.2016 and 23.8.2016, this Report has been prepared addressing the Terms of Reference mentioned above. The minutes of the above mentioned meetings are attached to this report as **Annexure IV, Annexure V, Annexure VI, and Annexure VII** respectively. Although the committee had agreement on most of the issues by most stakeholders, there were a few issues on which some stakeholders had expressed dissenting views which are documented in **Annexure VIII**.

### 1.2 Objective of the Report

This Report attempts to address the Terms of Reference for the Air Cargo Community system mentioned in section 1.1 and analyzes the current processes and information exchanges within the Air Cargo industry to identify the efficiency and visibility gaps. The Report then suggests several approaches to plug these gaps using information technology. The key objective of this Report is to highlight the need for an integrated approach and technology platform to address the several issues faced by the Air Cargo industry and then to suggest the possible solutions, implementation models for such technology platform.

**Please note that this is **NOT** a detailed functional specification or implementation plan for the technology platform.**

### 1.3 Methodology

The key inputs in preparation of this Report came from deliberations of Ministry of Civil Aviation with the industry on the subject of Air Cargo Community System. Inputs have been provided by freight forwarding / Customs Broker associations, airlines, airports etc. Several inputs have come from the literature survey of key policy documents and similar international initiatives.
Chapter II

AIR CARGO: INDUSTRY OVERVIEW & CURRENT STAKEHOLDER IT SYSTEMS
2 Air Cargo Industry Overview & Current Stakeholder IT Systems

2.1 Current Industry Overview

Air Cargo plays a vital role in the economic development of a nation. Airlines, Air Cargo terminal operators, Ground Handling service providers, Integrated Express Service Providers, Forwarders, Domestic Cargo Transport service providers and Custom Brokers are the key players in the entire Air Cargo supply chain. Thus, the Air Cargo industry presents a wide variety of service providers coming together to move goods both domestically and internationally with a single-minded purpose of faster and efficient delivery. These business entities in Air Cargo logistics industry in turn interact with a number of cross-border regulatory agencies the principal among them is the Customs establishment. Speedier services in the Air Cargo supply chain facilitate large number of business entities to become more competitive. Globally, more than one – third of the value of goods traded internationally is transported by air and therefore the Air Cargo industry is considered as a barometer of Global Economic Health. From the point of view of the Airline industry, Air Cargo Services contribute near about 10-20% of their revenue. India’s international Air Trade to GDP ratio has doubled from 4% to 8% in the last twenty years.

Forecast of Air Cargo volume for India suggests that the domestic and international Air Cargo throughput is expected to grow by eight to ten times the present level in the next twenty years. Catering to the growth of this magnitude would involve expansion of infrastructure facilities, simplification of procedures and adoption of Information Technology / Automation besides development of Human Resources in the sector.

Evidence from the 2007 and 2010 Logistics Performance Index (LPI) indicates that, for countries at the same level of per capita income, those with the best logistics performance experience an additional growth of 1% in Gross Domestic Product and 2% in trade. These findings are especially relevant today, as developing countries need to invest in better trade logistics to emerge in a stronger and more competitive position.

As per current report (2016) on LPI India has improved 19 points in the recent year its ranking from 54 to 35 among 160 countries. This should be a matter of great importance to India. This situation could be further improved with the improvements in the following challenges particularly in the processing of EXIM trade by air at the gateway airports of the country:
- Higher Dwell Time; More than 100 hrs in Import & 38 hrs in Export
- Very Low Level of Ease of Doing Business of the Country; 130th position among 189 countries of the world
- Sticking to the Outdated Policies; Customs Act 1962 needs to be rewritten as so many sections either outdated or needs drastic amendments in it.

2.1.1 The stakeholders in the cargo movement

It is important to understand business models of different entities and various processes involved in the entire business of Air Cargo as these are not the same for everyone that are involved in the Air Cargo / Express Delivery service industry in India. International Air Cargo business is concerned with the transportation of goods by air on International flights both for import of cargo into and export of cargo out of India. Domestic Air Cargo business is concerned with carrying goods by air through the domestic flights operating within the country. Within that, cargo that is transported by passenger flights through the belly space of aircraft is one and by dedicated freighter aircraft is another variant.

At another level, Express Delivery Services have emerged as a key product in recent times as compared to the conventional General Air Cargo services. Express delivery services when rendered through the Scheduled passenger Flights, are known as Air Express operators. Express airlines, both domestic and foreign, operate dedicated freighters and have their own unique requirements based on customer demand, the growth in volumes handled etc.

In the conventional model of the International Air Cargo business, while air carriers draw the lion’s share of attention, freight forwarders and other allied services fill critical roles in the development of Air Cargo operations. In many developing markets, freight forwarders either supplement or wholly replace the carriers own in-country sales efforts, while also performing customs agency and other critical functions on behalf of shippers & Importers.

Although a large market with increasing presence from global cargo operators (often through acquisitions and partnerships with national entities), India still has a substantial presence of national forwarders. National forwarders are said to often enjoy uniquely strong relationships with national carriers, thereby gaining access for their customers to the precious limited capacity of such carriers during peak seasons. This business again is highly fragmented in India like the other related business activity being discussed here.
Express Delivery Services

Globalization of business transactions, shift to just in time manufacturing and inventory control methods and, growing requirement of industries of all types to ship products quickly by air to distant customers are the key driving forces in the development of Express Delivery Services. The Air Express industry worldwide is both domestic and international. The main features of the Air Express industry include: Speed of Service, Door-to-door Delivery including completion of all cross border regulatory requirements, Tracking Systems, Proof of Delivery, Security and Reliability and access to global connectivity to their customers.

The size of India’s express service industry in 2006 was pegged at around Rs.7,100 crores and in 2010 it is estimated at Rs 10,000 crores. India’s express service industry is largely fragmented with more than an estimated 2,500 entities. In terms of strength, the organized segment consisting of a few players control about two-third of the industry revenues. The organized segment includes Key global integrators DHL, FedEx, TNT and UPS. While, FedEx, TNT and UPS operate their own international freighters, DHL has tie ups with commercial cargo airlines. In the domestic segment, the key players include Blue Dart, First Flight, DTDC, Skypak, Overnight, Professional Couriers and many others. It follows that the Air Cargo industry has three primary types of carriers; combination carriers (passenger airlines that use a portion of their “belly-hold” capacity to carry cargo and may also operate separate Air Cargo fleets), conventional all-cargo carriers operating both scheduled and charter services, and integrated (express) carriers operating their own fleet of aircraft and delivery vehicles providing overnight, door-to-door service.

Thus, we have a range of stakeholders in this crucial business of Air Cargo logistics operations in India. While most of the discussions in the Report will be common, wherever required, distinction will be made to highlight key problems that are unique only to one segment. Unless otherwise specified, reference to Air Cargo logistics operations in this Report would also include the Express Delivery Service industry and domestic cargo.

2.1.2 Forecast of the air freight traffic

The current National Foreign Trade Policy which says that the international trade of the country in the next 5 years till 2020-21 would increase three times of the present international trade of the country ($ 325 billion to $ 900 billion) and hence the air cargo logistics industry has the golden opportunity to meet the future high growth as 35% of this international trade would move by air.
The National Civil Aviation Policy 2016 envisages air freight handled at Indian airports to touch 10 million metric tons by 2027.

2.2 **Key Industry Stakeholders and their roles**

The key industry stakeholders involved in the Air Cargo industry are:

- Airports / Custodians / Ground Handling Agents
- Airlines / Express operators / Non-scheduled operators
- Customs and other ancillary Govt. Regulatory Agencies (Drug Controller, FSSAI, WCCB, Plant & Animal Quarantine etc.)
- Freight Forwarders
- Customs Brokers
- General Sales Agents
- Security Agencies (BCAS)
- Importers / Exporters
- Air Freight Stations
- Banks
- Road transporters
- Bonded truckers
- Insurance companies
- Chambers of Commerce
- Other Government and regulatory agencies like APHO, Drug Controller, WCCB, FSSAI & Animal & Plant Quarantine, DGFT & DGCA

From the perspective of an Air Cargo community system the key stakeholders are Airports, Cargo/Express Terminal Operators, Airlines, Freight Forwarders, Custodians, CHA, Importers / Exporters, Banks and Customs.

The role of each of the abovementioned stakeholders is as mentioned below:

✓ **Airports, Cargo/Express Terminal Operators / Custodians / Ground Handling Agents**

The Airport Operator plays an important role in the air cargo logistics chain to create adequate infrastructure facilities for all the stakeholders & for the processing, storage and smooth handling of international cargo at all the gateway airports of the country as well as domestic airports. The airport operators also discharge their duties as the Custodians of international cargo on behalf of Customs. The Cargo Terminal Operator discharges its function on behalf of the airport operator. The Ground Handling Agents are duly authorized by the airport operators to discharge their duties in the airside of the airport that includes Ramp Handling under the aircraft, Handling & transportation of
baggage & cargo/express/mail from the aircraft to cargo terminal & vice versa. These service providers levy charges for the services provided by them to the users approved by AERA.

The airport operations start with the aircraft landing on the airport with cargo (as well as Passengers), with unloading on cargo and then loading of the cargo for the flight back and then the departure. Allotment of gates, provision of facilities for receipt of cargo from the shipper, facilitation of the customs inspection, temporary warehousing, facility for building up of ULDs, equipment for transfer of ULDs to aircraft ramp are the key activities that happen at the airport. Similarly, on unloading of cargo, storing the same in the import warehouse and then after customs inspection delivering the same to consignee or consignee’s agent are the activities that are done at the airport.

The international air cargo operations at airport has 2 key roles. Either of these or both roles can be performed by an airport operator. The airport operators also outsource / appoint concessionaires for performing these roles. The roles are as follows:

*The Cargo Custodians:*

The Airport Operators are the Custodians of international cargo duly appointed by the Customs as per Customs Act.1962. However, the functions of the cargo terminal are outsourced to one or more cargo terminal operators (duly approved by Customs) by the airport operator who discharge their duties on behalf of the Custodian I.e. Airport Operator. All the messages related to Import & Export cargo clearance/processing are exchanged only between the Customs & the Custodian who intern passes them to the respective Custodians & vice versa.

Some airports have multiple Custodians appointed by customs who receive the export cargo, measure/store the same and facilitate customs inspections and on imports side these are involved in breaking down of the cargo, storing for customs inspections and then finally delivering the same to the importer. Custodians exchange key information with Customs such as shipping bill, cargo arrival details, let export orders, import/export general manifests based on which all the cargo EXIM business operations / transactions are effected.
The Ground Handling Agents:

The Airport operators also play a role of “outsourced airline cargo handling” involving screening, palletizing, manifesting, loading / unloading of air cargo.

In this document, the term Airport is used as a generalization for the above mentioned roles.

✓ Airlines / Express operators / Non-scheduled operators

The airline plays a very important role in the entire air cargo logistics supply chain. The completion of exportation ends at the airline flight departure and the start of import function starts after landing of the airline flight. The airline uplifts export cargo/express/mail only after the customs let export order & released by the Custodian/cargo terminal operator and the import cargo brought by airlines are handed over to Custodian for further necessary clearance. Airline passes Export General Manifest message to Customs for cargo uplifted by them and files prior IGM message to Customs for import cargo loaded in their aircraft & likely to arrive after landing of flight. There is also message exchange between the Custodian & the airline on both export & import cargo processing. The airlines are responsible for bringing in and moving out the cargo in/out of the airport. The airlines have to intimate the customs of the cargo that is coming in or going out. Their staff or their agents (Ground Handling Agents) manage the documentation needed for cargo movement including the waybills, the manifests. The carriers sell their belly space in the market to freight forwarders either through their own staff or through General Sales agents.

✓ Customs

The key functions of Customs in the Air Cargo movement are ensuring the compliance to the Customs Act, prevention of illegal trafficking and collection of duties. The carriers intimate customs on the goods expected to arrive on each flight (IGM) and goods departing on each flight (EGM). Customs in turn transmits EGM & IGM messages to Custodians.

Similarly, for each exports shipment, customs assign a shipping bill number when it is filed by exporter/agent and for each import consignment, Customs assigns a Bill of Entry number when filed by the importer/agent. Customs also examines and clears the import/export shipments. Customs final orders i.e. Let Export Order for Export & Out of Charge Order for Import is transmitted to Custodian for upliftment by airlines in reference to export & release to Importer in reference to Import respectively.
Freight Forwarders

Freight forwarders orchestrate the entire movement of goods from shipper to consignee. They are generally IATA approved agents for booking cargo ready for carriage condition for airlines. Their roles involve collecting the shipments/documents from shippers, booking space with carriers and preparing all the transport documents such as air waybill, house manifests; at times doing the customs clearance activities, paying the airport charges and sending pre-alerts to destination agents for transport activities at their end.

Customs Brokers

These are entities authorized by customs for filing Customs declaration documents i.e. Bill of Entry (BE) and Shipping Bill (SB) on behalf of importers and exporters. Customs Brokers undertake complete all the formalities of Customs clearances in respect to Import & export cargo collects relevant documents from exporters / importers.

Apart from these participants, the following entities are also involved in the movement of the Shipment:

- **General Sales Agents** acting as Sales Agents on behalf of airlines that don’t have presence in India
- **Security Agencies** (Bureau of Civil Aviation Security) BCAS is the national security agency responsible for all the security matters in the country’s Civil Aviation sector and frame policies for the safety & security of aircraft & its passengers. BCAS is involved in ensuring security of aviation operations at all the airports of the country that includes passenger security as well as the security of air cargo/mail.
- **Importers / Exporters** involved in either exporting or importing goods
- **Air Freight Stations** as bonded facilities away from the air cargo terminals at airport working on decongesting the airports by having the customs clearance facility, ULD build up activities and all security arrangements
- **Banks** for several payments of airport operator’s/cargo terminal operators’ charges and customs duties at the airport.
- **Road transporters** for moving the cargo within and outside airport
- **Bonded truckers** for moving bonded cargo
- **Insurance companies** in insuring the cargo that moves
- **Chambers of Commerce** for issuing Certificates of Origin
- **Other Government and regulatory agencies** like APHO, Drug Controller, WCCB, FSSAI & Animal & Plant Quarantine for ensuring that the import & export cargo is moving in compliance with the fulfillment of various regulatory requirements for different commodities
2.3 **Overview of Current Stakeholder IT systems**

2.3.1 **Forwarder Systems**
Most of the forwarders, except for a few large forwarders and multi-national companies have very basic in-house applications. These systems help them create air waybills and print them and some of these systems also have capabilities to generate invoices and do accounting. The different systems used by the forwarders are as below:

- In-house systems to print air waybills
- Airline web sites for doing bookings
- ICEGATE portal or RES software for customs declarations
- Custodian portals for airport TSP charge payments
- Tally or equivalent accounting systems

Forwarders have a typical case of entering the same shipment data (viz. shipper/consignee name address, type of commodity, weight, volume of shipment, origin, destination etc.) in multiple systems and which results in inefficiency, duplicate work, delays and chances of costly errors.

2.3.2 **Customs Brokers Systems**
Most of the Customs Brokers use either legacy applications like RES or other local flavors of the same for creating shipping bills, bill of entries. They also have to access multiple systems like ICEGATE, airline websites, airport operator’s portals for tracking shipment status.

2.3.3 **Airport CTO Systems**
Most airports including custodians / ground handling companies have good cargo terminal management systems in the form of cargo community system. These systems, besides automation of internal operations, also have some capability to communicate with some other stakeholders. They are capable of exchanging EDI messages in IATA standard Cargo IMP formats with airlines as well as in ICEGATE format with Indian Customs. However, whilst most of the airports do have web portals wherein the registered users can request for carting, pay TSP charges, issue delivery orders and track the shipment at the terminal, their ability to either communicate with other stakeholders in the value chain like Forwarders, Customs Brokers, Banks, and Insurance companies is mostly constrained. Some Airport systems give full transparency, visibility and timely updates of all the activity to all the airport stakeholders.

2.3.4 **Carrier Systems**
Carriers have global systems typically hosted in their global headquarters. These systems are capable of receiving bookings, having air waybill records, creating manifests and generating billing. The systems are capable of
exchanging EDI with ground handlers, customs, custodians in the IATA standard CARIMP formats. Most of the carriers also have their websites for forwarders to login and send booking requests to carriers and track status of their shipments whilst the shipments are in carrier’s custody.

2.3.5 **Customs System**

Customs have their own internal system ICES and have an EDI gateway called ICEGATE. Most stakeholders today file their entries electronically via ICEGATE. Customs exchange electronic messages with custodians, CHA, forwarders, carriers.

2.3.6 **Other regulators’ / agencies’ systems**

Other regulators like Assistant Drug Controller(ADC), FSSAI, WCCB, Animal & Plant Quarantine–Ministry of Agriculture etc. neither have their established internal computerized system nor any EDI interface system linked with Customs or the users. However, these agencies are being linked with Customs system under Customs Single Window System for providing NOC on the cases referred to them by Customs through Customs ICES.

2.3.7 **Cargo Community Systems**

This is an area that has seen some progress in the recent past. There are a couple of players who offer limited EDI services like filing EGM/IGM/CGM with customs.

On the other hand, the Air Cargo Agents Association of India has developed a comprehensive cargo community system called UPLIFT that facilitates information exchange over the entire Air Cargo Logistics value chain, that is, between CHA-Customs, Forwarder-Carrier, Carrier-Customs, Carrier-Custodian, Forwarder-Custodian, Custodian-Bank and between other stakeholders.

Airports like Mumbai (GMAX) / Delhi (Delhi CCS) have created cargo community systems for airport stakeholders with varying EDI capabilities that facilitates information exchange over the entire Air Cargo Logistics value chain, that is, between CHA-Customs, Forwarder-Carrier, Carrier-Customs, Carrier-Custodian, Forwarder-Custodian, Custodian-Bank and between other stakeholders.

2.4 **Current Pain Areas / Efficiency gaps in the industry**

The lack of efficiency, transparency and consistency across the supply chain results in several pain areas for the different stakeholders. The diagram below depicts the issues faced by key supply chain members where no proper EDI system exists:
The manner in which the stakeholders exchange information today is depicted below. It is clear that the information exchange is many-to-many resulting in complex/duplicate processes.
In addition to some of the pain areas depicted above, the following startling factors result in massive inefficiencies:

- The original shipment information (Commercial Invoice / Packing List) which has most of the data to create subsequent documents is exchanged manually.
- The forwarder / Customs Broker has to access multiple stakeholder systems viz. airline portals, custodian portals, customs portal, bank portal etc. and renter the shipment data multiple times which is time/resource consuming.
- A lot of paper documents and multiple copies of the same are required by multiple parties (e.g. 12 copies of air waybill, 3-4 copies of terminal receipts, 4 copies of shipping bills etc.)
- The automation in the industry is heterogeneous and at most airports there is no single window EDI for the trade.
- Due to lack of exchange of data, there is no single point visibility of shipment, resulting in higher inventory in the supply chain and hence higher logistics costs.
- Multiple regulatory authorities need information that pre-exists on other documents hence there is increased delay in getting multiple approvals based on the same information.
For the government, the sources of trade data are multiple systems hence it is difficult to get accurate and timely information for policy making.

On an average, air cargo is on the aircraft for only 15% of the total delivery time. Rest 85% it is on ground, waiting for several clearances and processing. There is a significant room for improving processing efficiency.

The processes at different airports are different although they deal with the same stakeholders (forwarders / airlines). This results in sub-optimal operations.

In addition to the above there are other imperatives which necessitate creation of a common electronic platform:

- Improving India’s ranking in “Doing Business” index of the World Bank consistent with Honorable Prime Minister’s vision of being in Top 50 against 2016 ranking of 130
- Comply with guidelines of Trade Facilitation of WTO
- Take leadership position in industry initiatives such as e-freight, e-AWB
- Reducing dwell times at airports and overall logistics costs
- Prepare the industry for advance customs initiatives like ACAS / PRECISE

The above factors indicate the need for a nationwide air cargo community system that would plug these efficiency gaps.

**Recommendations:**

A Single Window system for uniform interface between all the stakeholders of Air cargo community using international standards is highly desirable as

- In the current system there is lack of efficiency, transparency and consistency across the supply chain, which results in several pain areas for the different stakeholders
- The information exchange is many-to-many resulting in complex/duplicate processes
- There is lack of uniformity for message interface, lack of data harmonization, lots of paper documents are still printed
- Data entry is duplicated which leads to data inconsistency and delays and
- There is lack of end to end tracking.
Chapter III

THE DESIRABILITY & FEASIBILITY OF THE ACS
3 The desirability & feasibility of the ACS

As mentioned in the introduction, the first TOR to be addressed by the ACS Committee was to examine the desirability & feasibility of the ACS.

To discuss this contentious issue, a meeting was held on 22.6.2016 under the Chairpersonship of Dr. Renu Singh Parmar (minutes of which are attached in Annexure V herewith). Three models recommended by United Nations Recommendation 33 on Single Window were presented and the stakeholders deliberated on the relevance, applicability, merits and demerits of these models along with other considerations in the design of ACS as delineated in this chapter.

3.1 Key Considerations in the design of ACS

The key considerations in creating the cargo community system shall be as follows:

- Stakeholders have invested in creating their own systems and own community platforms. It is important that these are leveraged as much as possible. During the course of deliberations this was a very serious concern expressed by some airport operators that they might have to give up their existing investments in the light of an Air Cargo Community System. Hence it is important that the conceptualization of the air cargo community system considers the existence of these industry community systems.

- Stakeholders shall not be forced to enter the same data into multiple systems. Data reusability is an imperative

- Ministry shall have access to Air Cargo information for policy formation and security. There shall be a comprehensive database of shipment information

- Existing standards like IATA CARIMP, XML, WCO data model shall be leveraged

- The proposed ACS design will consider the scenarios in which both Custodian functions & GHA functions are handled by the airport operator itself.

- 100% EDI message exchange between airport operator & Customs should happen smoothly post the implementation of ACS & ACS should not be bottleneck in this flow.

- Standard Operating Procedure to be implemented first across all Indian Airports for effective implementation of ACS.
Policy Decision & Responsibility of Granting of manual permission, statutory changes in the ACS in the event of EDI failure to be concluded and considered as stated by the Jt. Commissioner of Customs in meeting held on 23rd Aug 2016.

Way forward with respect to stakeholder interface specially with MNC’s having global system to be documented and considered

Implementation of ACS in the non-EDI Airports to be considered and rolled out accordingly at the initial stage.

3.2 Possible models of creating an ACS

UN-CEFACT has specified several models of creating single window systems in its resolution 33. The different models along with their advantages and disadvantages are as mentioned below:

Model 1 - "Single Authority"

- In this model, a single Authority collects all the documents / information and then disseminates to multiple government agencies
- This Authority could be Indian Customs, MoCA, MoCI
- Advantages
  - Clear accountability
  - Single point control
- Disadvantages
  - Difficult inter-ministerial co-ordination
  - Myopic view
  - Single point of failure
  - No data harmonization

'Single Authority'
✓ **Model 2 - “Single Automated System for Collection and Dissemination of information”**

- In this model, there is a single system that collects, converts and disseminates digital data about shipments.

- The data has to be submitted only once by trade and it gets disseminated to other agencies either via integration or interface. In the integration model, the system processes the data based on processing logic whereas in the interface model the system just captures and sends data to other systems via interfaces.

- Advantages
  - Broader perspective
  - Existing systems are retained
  - Data harmonization is achieved

- Disadvantages
  - Accountability issues
  - Slow speed of progress
✓ **Model 3 - “Single Transaction System”**

- In this model, all functionalities required by trade are available in a single system which has to be used by all trade members
- The system will have all business logic to perform transactions
- Advantages
  > All business logic can be in one place
  > Automation of non-automated agencies possible
- Disadvantages
  > Difficult / longer to create
  > Difficult to maintain
  > Single point of failure
  > Existing investments may not be leveraged

After a careful evaluation of the above models, considering the existing automation in the industry, the Committee members agreed that Model 2 would suit the Indian Air Cargo Industry the best. The existing systems can be interfaced in this model and new requirements would be built-in/integrated in the system.
3.3 The proposed Air Cargo Community System Architecture and Key Features

The diagram below depicts the proposed architecture of the ACS.

The table below summarizes several features that can be made available to stakeholders via the ACS portal for those who do not have any community system in place. Please note that some of these features may already be available with some existing community systems and the end user will have a choice to use either the ACS portal or the local community systems to execute these business transactions online.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Single Sign on in multiple systems viz. ICEGATE, Airport Portals through comprehensive registration process</td>
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<tr>
<td></td>
<td>Common user interface for operating at multiple airports</td>
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<td></td>
<td>Interface specifications for linking in-house systems to ACS</td>
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<td></td>
<td>High Availability (99.5% uptime) (including back up and disaster recovery)</td>
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<td></td>
<td>User friendliness</td>
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<td></td>
<td>Transaction Processing Speed</td>
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<td>Data Security</td>
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<td></td>
<td>User dashboards</td>
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<td></td>
<td>Digital Signatures</td>
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<td></td>
<td>Online Help</td>
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<td></td>
<td>Mobile app for tracking and other processes that will enable 24X7 operations</td>
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<tr>
<td>Stakeholder</td>
<td>Features</td>
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<tr>
<td>--------------------------</td>
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<tr>
<td></td>
<td>Ability to export reports / data in excel or XML formats</td>
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<td></td>
<td>Ability to configure milestone SMS / e-mail alerts</td>
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<td></td>
<td>Business Intelligence / Reporting</td>
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<tr>
<td>Exporter / Importer</td>
<td>Ability to assign / upload documents (Invoice / Packing List / Letter of Instructions) to selected forwarders</td>
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<td></td>
<td>e-dockets – ability to upload scanned images to documents</td>
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<tr>
<td></td>
<td>Ability to generate and print Invoice / Packing List / Letter of Instructions online (for SME exporters)</td>
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<td></td>
<td>Ability to approve HAWB / Check lists online</td>
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<td></td>
<td>Ability to track shipments</td>
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<td></td>
<td>Ability to make online payments</td>
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<td></td>
<td>Ability to get the Certificates of Origin online</td>
</tr>
<tr>
<td>Freight Forwarder</td>
<td>Ability to receive the Invoice / Packing List / SLI information digitally in job creation</td>
</tr>
<tr>
<td></td>
<td>Ability to do e-bookings with multiple airlines using single portal</td>
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<td></td>
<td>Ability to sign up for and send e-AWBs to airlines using single portal</td>
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<td></td>
<td>Ability to generate request for Carting Orders to multiple airlines / TSPs for multiple airports from a single portal</td>
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<td></td>
<td>Ability to send Advance Shipment Information to multiple terminal operators</td>
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<td></td>
<td>Ability to assign clearance jobs online to Customs Brokers</td>
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<tr>
<td></td>
<td>Ability to store documents online (e-docket)</td>
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<td></td>
<td>Ability to issue Consol Delivery orders online</td>
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<tr>
<td></td>
<td>Ability to generate Certificate of Origin on behalf of Exporters online</td>
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<td></td>
<td>Ability to generate and submit Consol General Manifest (CGM) online</td>
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<td></td>
<td>Ability to track shipments till destination delivery at the destination airport</td>
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<td></td>
<td>Ability to generate Consignment Security Declarations online (e-CSD)</td>
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<td></td>
<td>Ability to generate bar code labels</td>
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<td></td>
<td>Ability to book truck docks for multiple airports</td>
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<td></td>
<td>Ability to request AWB stock online</td>
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<td></td>
<td>Ability to view Customs Clearance status</td>
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<tr>
<td>Customs Brokers</td>
<td>Ability to receive the Invoice / Packing List / SLI information digitally in job creation</td>
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<tr>
<td></td>
<td>Ability to generate Shipping Bill / Bill of Entry and send to ICEGATE</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Features</td>
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<tr>
<td>-----------------------------------</td>
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</tr>
<tr>
<td></td>
<td>Ability to generate declarations for Single Window system</td>
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<tr>
<td></td>
<td>Ability to generate checklists for documents</td>
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<tr>
<td></td>
<td>Ability to store documents online</td>
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<tr>
<td></td>
<td>Ability to receive LEO / OC from Customs</td>
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<tr>
<td></td>
<td>Ability to generate Cargo terminal gate passes (of what?) of multiple cargo complexes from a single portal</td>
</tr>
<tr>
<td></td>
<td>Ability to book truck docks for multiple airports</td>
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<tr>
<td>Carriers including Charter Operators</td>
<td>Receive Online Booking Request</td>
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<tr>
<td></td>
<td>Receive e-AWB / e-House List online</td>
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<td></td>
<td>EGM / IGM filing with Customs</td>
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<tr>
<td></td>
<td>View and approve Carting Orders at multiple airports</td>
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<tr>
<td></td>
<td>Receive status updates from other stakeholders online</td>
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<tr>
<td></td>
<td>Store documents online in e-dockets</td>
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<tr>
<td></td>
<td>View visibility of Customs Clearance of shipments for better flight planning</td>
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<tr>
<td></td>
<td>Issue delivery orders online</td>
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<tr>
<td></td>
<td>Ability to disburse AWB stock online</td>
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<tr>
<td></td>
<td>Get visibility of actual delivery from Cargo Complex</td>
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<tr>
<td>Airport CTOs / GHAs / Custodians</td>
<td>Uniform Customs messaging through common message folder for Customs messaging</td>
</tr>
<tr>
<td></td>
<td>Ability to get Advance Shipment Information</td>
</tr>
<tr>
<td></td>
<td>Ability to exchange messages required for e-freight with stakeholders</td>
</tr>
<tr>
<td></td>
<td>Ability to implement e-CSD</td>
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<tr>
<td></td>
<td>Ability to generate reports required for Ministry of Civil Aviation</td>
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<td></td>
<td>Ability to manage truck queues and congestion at the airports</td>
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<tr>
<td>Courier Operators</td>
<td>Shipping Bill / Bill of Entry filing</td>
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<tr>
<td></td>
<td>e-AWB filing</td>
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<tr>
<td></td>
<td>CGM Filing</td>
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<tr>
<td>Bonded Truckers</td>
<td>Transfer Manifest</td>
</tr>
<tr>
<td></td>
<td>e-Carting / TSP</td>
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<tr>
<td></td>
<td>IGM / EGM filing</td>
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<tr>
<td>GSA</td>
<td>e-booking</td>
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<tr>
<td></td>
<td>e-AWB / e-House List</td>
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<tr>
<td></td>
<td>AWB stock distribution</td>
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<tr>
<td>Security Agencies</td>
<td>e-CSD</td>
</tr>
<tr>
<td>Chambers of Commerce of Commerce</td>
<td>e-Certificate of Origin</td>
</tr>
</tbody>
</table>
The key interactions that could be automated in ACS include:

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Interaction</th>
<th>Information / Document exchanged</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Shipper and Forwarder</td>
<td>Invoice, Packing List, Letter of Instruction, House Air Waybill</td>
</tr>
<tr>
<td>2</td>
<td>Shipper and Customs Broker</td>
<td>Invoice, Packing List, GSP, N-form, Shipping Bill Information, Bill of entry Information, Clearance status (Out of charge, Let Export Order), EP Copy</td>
</tr>
<tr>
<td>3</td>
<td>Forwarder and carrier</td>
<td>Shipment booking, Master Air Waybill, House Manifest, Carting Request, Carting Order, Freight Status updates</td>
</tr>
<tr>
<td>4</td>
<td>Customs Broker and Customs</td>
<td>Shipping Bill, Bill of entry, Queries raised by customs, clearance status</td>
</tr>
<tr>
<td>5</td>
<td>Forwarder / Customs Broker and Custodian</td>
<td>Carting Order, TSP, Bank Challan, Delivery Order, gate Pass, EP Copy</td>
</tr>
<tr>
<td>6</td>
<td>Custodian and Carrier</td>
<td>Segregation report, Delivery Order Information</td>
</tr>
<tr>
<td>7</td>
<td>Carrier and Customs</td>
<td>EGM, IGM</td>
</tr>
<tr>
<td>8</td>
<td>Carrier and GHA</td>
<td>Booking list, flight manifest, status updates, arrival notifications</td>
</tr>
<tr>
<td>9</td>
<td>Forwarder and Customs Broker</td>
<td>Invoice, packing List, clearance status</td>
</tr>
<tr>
<td>10</td>
<td>Forwarder and Customs</td>
<td>Consol General Manifest (CGM)</td>
</tr>
<tr>
<td>11</td>
<td>Customs Broker and Chamber of commerce</td>
<td>GSP / Certificate of Origin</td>
</tr>
</tbody>
</table>

As elaborated in the earlier sections, pockets of automation exist, however this does not help in reducing the administrative costs or delays e.g. airlines having their own websites to capture shipment information doesn't necessarily mean overall data entry reduction across the supply chain, it essentially means that airline shifts its own data entry to the forwarder thus increasing the data entry costs/efforts for the forwarders. However today in some locations there is web based technology available wherein all stakeholders could interact with each other digitally and also using EDI eliminate duplicate data entry efforts.
3.4 Framework of Single Window Air Cargo Community System

Considering the fact that the level of automation is very limited in the market segment which handles / originates bulk of data i.e. forwarders / Customs Brokers, for a single window platform the following are the key considerations:

- The platform has to be web based
- The platform has to have features to allow the forwarders and Customs Brokers do their process automation and do the digitization of shipment data
- The platform has to support industry standard messaging like IATA CARIMP, UN EDIFACT, WCO, ICEGATE
- In order to minimize the change for most of the stakeholders, the platform needs to have standard interfacing with stakeholders’ systems
- The platform shall facilitate commercial / financial transactions
- The platform should help India comply with several international paperless initiatives

The proposed ACS shall work as follows:

- The shipper can either upload the booking on ACS or send flat files generated from his ERP system to the forwarder which the forwarder can in turn upload on ACS.
- ACS will then create a booking for the forwarder.
- This booking is then forwarded by the forwarder to a transporter and a Customs Broker as required.
- The forwarder can also search for available carriers, rates for the origin / destination pair for that booking and then send booking requests to the respective carriers.
- Carriers get these booking requests directly inside their systems and they advise on the booking (confirmed / rejected / on hold) through EDI.
- ACS displays the status of the booking.
- For confirmed bookings, ACS provides a facility for creating Master Air Waybills and House Air Waybill documents. These are printed by the user from the system. The user also prints bar code labels for the same.
- Using the same data, the customs clearance department of the forwarder or the Customs Broker to whom the booking is addressed, files the shipping bills and gets the acknowledgement from Customs.
- The same data is used by the forwarder to create a carting request for the airline which also flows into the Cargo Terminal Operator’s (CTO) system.
- The carrier approves the carting request and releases the carting order.
The forwarder can then pay the TSP charges and print TSP receipts. The TSP would include “Data Processing Charges”

The cargo is then brought to the terminal from where the acceptance, screening and locating of the cargo is carried out and Indian customs is intimated of cargo arrival through EDI.

Once the clearance is done, the forwarder and Customs Broker is notified of the status via ACS. ACS gets the status from the custodian’s system which in turn receives this as an EDI message from Customs.

After clearance, the shipment is handed over to the GHA, who has advance information on the shipment via the EDI messages received from the airline or the forwarder.

The GHA then palletizes and manifests the cargo and the updated status of the shipment is notified to ACS.

GHA then submits the manifest to the customs via EDI (EGM) and customs responds with the EGM number.

The EGM number required for claiming exports incentives is then available to the shipper via ACS.

ACS then keeps receiving freight status updates from the participating airline systems till the cargo is delivered at the destination.

The framework for Exports processes using ACS will be as follows:

1. Shipper uploads the Invoice / PL / SLI on ACS and assigns to forwarder/Customs Broker
2. Forwarder logs in from the data in ACS creates carrier booking requests, waybills, labels sends the data to carrier
3. Forwarder assigns jobs to Customs Broker, who from the data in ACS files Customs documents
4. Forwarder requests airport permissions & Carriers approve the same
5. Forwarder pays TSP & GHA gets the booking list and confirmed cargo
6. Customs sends Export Permission which is made available to carriers & Customs Brokers
7. Carriers send manifests to ACS which is converted in Export Manifest & sent to Customs
8. Export Manifest information goes back to Customs Broker/exporter for clearance

22nd December 2016
The framework for Imports processes using ACS will be as follows:

1. Consignee uploads the booking /Invoice / PL on ACS and assigns to forwarder/Customs Broker
2. Forwarder logs in and from the data in ACS creates goods declarations and submits to Customs
3. Carrier sends the FFM for incoming flight which is converted to Import Manifest and then filed with Customs
4. GHA checks in the cargo in the warehouse and sends arrival notification, segregation report to carrier
5. Carrier sends CAN / DO to consolidators / Customs Broker
6. Consolidators / Customs Broker pay TSP, DO charges, collect customs duty
7. Customs sends out of charge. GHA issues gate pass
8. Cargo is delivered to the consignee and proof of delivery is recorded

Note: the above framework is proposed, however the same be finalized when the detailed project report would be worked out. The detailed project report will also delineate the data exchange requirements for airports with existing airport community systems.
3.5 **Benefits of Air Cargo community system to the Air Cargo industry**

ACS shall be designed with participation of pilot forwarders, carriers, custodians and with inputs from other key elements in the supply chain such as India Customs. The system is targeted towards helping the supply chain participant overcome the pain areas of interaction with other partners in the supply chain.

This section explains the key adoption drivers i.e. why the key participants have shown interest in subscribing to the portal, what are the key benefits to the stakeholders and how ACS helps the participant overcome the key interaction pain areas.

3.5.1 **ACS – Features and Benefits for Shippers**

ACS addresses the key issues of higher logistics costs due to lack of shipment visibility for the shippers. For example, an Importer importing raw material for manufacturing needs visibility of import shipment. If the shipment doesn’t reach in time then a stoppage of assembly line could result in losses of millions of rupees per hour to the importer. To avoid this, the importer may resort to stocking more inventory which also results in higher inventory costs.

The key features and benefits for the shippers in ACS are as below:

<table>
<thead>
<tr>
<th>Features</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Single point data entry leading to savings in time &amp; efforts (reduction in number of calls made)</td>
<td>➢ Better visibility of shipments / supply chain leading to lower inventory costs</td>
</tr>
<tr>
<td>➢ Facility to interact with multiple contracted service providers on a single click for bookings / jobs</td>
<td>➢ Proactive alerts on shipment milestones resulting in avoidance of penalties and demurrages</td>
</tr>
<tr>
<td>➢ Facility to generate shipping documents like Invoice, Packing List, SLI online</td>
<td>➢ Better cash flow management for duty payments due to better visibility</td>
</tr>
<tr>
<td>➢ Single window view to manage &amp; track status of multiple transport jobs</td>
<td>➢ Efficient digital communication with forwarders / customs house agents reducing papers, faxes, phone calls</td>
</tr>
<tr>
<td>➢ Select milestones to schedule automatic emails/SMS/status updates</td>
<td>➢ Better audit trail of interactions with agents</td>
</tr>
<tr>
<td>➢ Create &amp; transmit shipping documents (Invoice / Packing List / SLI) online</td>
<td></td>
</tr>
<tr>
<td>➢ Document checklist to ensure compliance</td>
<td></td>
</tr>
<tr>
<td>➢ Facility to make payments online</td>
<td></td>
</tr>
</tbody>
</table>

3.5.2 **ACS – Features and Benefits for Forwarders / Customs Broker**

Today a forwarder who is co-coordinating the entire shipment movement has to interact with several stakeholders and most of these interactions are manual or semi-automated. The Forwarders / CHAs have to enter the same shipment data in at least 6-7 different systems during the movement of goods which results in delays, increased costs, errors. ACS addresses this critical pain area of forwarders and provides them with a single window for all stakeholder interactions. Moreover, by being able to receive large shipment related data
electronically from the shipper helps forwarder save a lot of time and costs in documentation. ACS also provides a facility for them to automate their internal business functions and also interfaces seamlessly with their internal systems, which further improves the efficiency of operations and visibility.

The key features and benefits for the Forwarders / CHAs in ACS are as below:

<table>
<thead>
<tr>
<th>Features</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Receive Online Invoice / Packing List</td>
<td>➢ Cost savings resulting from reduced paperwork</td>
</tr>
<tr>
<td>➢ View Airline Schedules</td>
<td>➢ Reduced errors due to automation</td>
</tr>
<tr>
<td>➢ Creation of AWBs (Master &amp; House)</td>
<td>➢ Reduced costs in handling enquiries and bookings</td>
</tr>
<tr>
<td>➢ Create customizable documents (Invoice, Pre-Alert)</td>
<td>➢ Reduced customer service costs due to online availability of shipment data</td>
</tr>
<tr>
<td>➢ AWB Stock Management</td>
<td>➢ Reduced communication costs</td>
</tr>
<tr>
<td>➢ Support for Label Printing</td>
<td>➢ Faster and efficient transmission of shipment data to cargo stakeholders (Customs, Carrier, GHA and Custodian)</td>
</tr>
<tr>
<td>➢ Status Updates (Track &amp; Trace)</td>
<td>➢ Ability to operate at internationally benchmarked service levels</td>
</tr>
<tr>
<td>➢ Access to Published Rates</td>
<td>➢ Reduced paper and faster security screening with e-CSD</td>
</tr>
<tr>
<td>➢ Invoicing and Billing</td>
<td></td>
</tr>
<tr>
<td>➢ Customs filings</td>
<td></td>
</tr>
<tr>
<td>➢ Single window to all custodians</td>
<td></td>
</tr>
<tr>
<td>➢ e-CSD</td>
<td></td>
</tr>
</tbody>
</table>

3.5.3 **ACS – Features and Benefits for Airlines**

The Carriers in India today do not get the shipment data electronically from the forwarders as most of the forwarders do not have the capability for creating and transmitting the shipment data electronically. With the advent of ACS, the shipment data including booking, waybills, house information will flow directly into carrier’s systems (which are global and in other geographies receive such data electronically). Today carriers have to spend a lot of cash for this documentation and then managing the paper also becomes another cumbersome task. The carriers also do not get shipment visibility before the shipment reaches the airport which makes operational planning difficult for them. ACS addresses these key concerns of carriers hence carriers look forward to subscribing to the community system.

The key features and benefits for the Carriers in ACS are as below:
3.5.4 ACS – Features and Benefits for Airport CTO / Custodians

Most of the Custodians in India today do not get the shipment data electronically from the forwarders / airlines as most of the forwarders do not have the capability to creating and transmitting the shipment data electronically and airlines have not amended their centralized system just to suit India operations. With the advent of ACS, the shipment data including TSP charges, carting requests, waybills, and house waybill information will flow directly into custodian’s systems. Custodians also have to deal with a lot of congestion at the airports due to lack of visibility of shipments before they arrive at the airports. With ACS Custodians can accept only confirmed shipments at the docks. Moreover, custodians can provide a facility to the trade to book dock appointments for better warehouse planning. ACS addresses these key concerns of carriers hence custodians are excited about the community system.

<table>
<thead>
<tr>
<th>Features</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Receive Online Booking Request</td>
<td>➢ Cost savings resulting from reduced paperwork</td>
</tr>
<tr>
<td>➢ Receive AWB data</td>
<td>➢ Reduced errors due to automation</td>
</tr>
<tr>
<td>➢ AWB Stock Allotment</td>
<td>➢ Reduced costs in handling enquiries and bookings</td>
</tr>
<tr>
<td>➢ EGM/IGM filing with Customs</td>
<td>➢ Reduced communication costs</td>
</tr>
<tr>
<td>➢ Approve Carting Order Request</td>
<td>➢ Compliance to global initiatives such as e-freight / C2K</td>
</tr>
<tr>
<td>➢ Receive Status update from Custodians</td>
<td>➢ Reduced costs of keeping systems updated for interfaces with Customs, Custodians</td>
</tr>
<tr>
<td>➢ Timely Status updates to Forwarders</td>
<td>➢ Faster and efficient transmission of shipment data to cargo stakeholders</td>
</tr>
<tr>
<td>➢ e-CSD</td>
<td>➢ Faster and more secure screening</td>
</tr>
</tbody>
</table>

: Recommendations:

The committee recommends that UN/CEFACT Model 2 i.e. “Single Automated System for Collection and Dissemination of information via interfaces with existing systems” be used for the ACS. In this model, there is a single system that collects, converts and disseminates digital data about shipments and the data has to be submitted only once by trade which gets disseminated. The existing systems can be interfaced in this model and new requirements would be built-in/integrated directly in the ACS.
Chapter IV

OWNERSHIP AND MANAGEMENT OF THE ACS
4 "Ownership and management" of the ACS

The second TOR to be addressed by the ACS Committee was to deliberate on the "Ownership" of the ACS and management thereof.

To discuss this, a meeting was held on 22.6.2016 under the Chairmanship of Dr Renu Singh Parmar (minutes of which are attached in Annexure VII herewith). Based on the Case Studies given in the United Nations Case Studies of Single Window document, two models were presented viz. Government owned & Public Private Partnership. The stakeholders deliberated on the relevance, applicability, merits and demerits of these models along with other considerations in the design of ACS as delineated in this chapter.

4.1 Key Considerations behind the commercial and governance models of ACS

✓ Data must reside in India in secured environment ideally with NIC with Ministry taking the responsibility and accountability of data security.

✓ Access to information shall be given only to neutral parties (predominantly to Government agencies or appointed IT contractors with strict SLAs around confidentiality) without potential conflict of interest

✓ Participation by all trade associations is necessary for its success

✓ The initiative shall be Self-sustaining and shall deliver value to trade. The modalities for making the system self-sustainable may be worked out by core committee/governing council

✓ Speed of implementation is important and should be within 1-2 years

✓ Pilots must be done before the national roll out. Pilot testing can be done at AAI operated airports or any other airport volunteering to be pilot.

✓ Operations of the system must reside with Professional Experienced operators with proven experience of delivering such platforms in Indian Air Cargo Industry and globally

✓ The Committee deliberated on TOR 2 “To deliberate on the Ownership of the ACS and management thereof.”
4.2 ACS Governance model

Considering that the ACS will be bringing in fundamental changes / improvements for multitude of stakeholders involved in the supply chain; it is important that apart from the technology provider there shall be a team consisting of representation from the Government, trade associations etc. governing the roadmap and future developments.

There are several models of ownership of a CCS, with each having its own advantages / disadvantages.

**Model 1: 100% owned by Government / Ministry**

- In the model, the ACS is completely owned by the Government. The system will be operated by a competent technology provider.
- System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations
- System operated by competent professional companies with long term commitment

**Advantages:**

- Complete control of Government

**Disadvantages:**

- Speed of development could be slower
- Conflict of interest with existing airport operators
- Focus levels may change with changes in personnel in Ministries
- Accountability will be difficult to monitor

National single windows in the USA, Finland, Sweden operate on this model.

**Model 2: Public Private Partnership**

In this model, the ACS will be owned by a Special Purpose Vehicle (SPV) formed with 51% ownership with the Government and the remaining distributed equally amongst major stakeholders’ associations. The SPV shall appoint a competent service provider to setup the system/infrastructure and operational management of the system.
There are 2 possible variants of the PPP model

- **Public Private Partnership Model – 1**
  - 50% stakes with Government with all Veto rights (Control)
  - 50% stakes with ACS Operator
  - System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations etc.
  - System to be maintained and operated by competent agency appointed by core committee/governing council with long term commitment

- **Public Private Partnership Model – 2**
  - 50% stakes with Government with all Ministry of Civil Aviation, Ministry of Commerce and Ministry of Finance may jointly hold this ownership.
  - The remaining 50% stake shall be owned by industry stakeholders
    - Airport Operators (AAI/MIAL/DIAL/BIAL/HIAL etc.)
    - ACHAI
    - ACAA / FFFAI
    - ACS Operator
    - Other interested trade associations (EICI, CAI etc.) and future industry stakeholders
  - Stakes in the SPV can be given in lieu of upfront investments by each party with an agreed cap on shareholding on individual entity in order to have balance in the structure
  - System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations (ownership agencies)
  - System to be maintained and operated by competent agency appointed by core committee/governing council with long term commitment

**Advantages:**

- Government can have control over the system
- Better commitment / ownership from the user community
- Better sustainability
Disadvantages:

- Unless there is clarity on leadership, decision making will be slow.
- Focus levels may change with changes in personnel in Ministries

On careful evaluation and elaborate discussions on the above models in the above said meeting, it was recommended that PPP Model 2 (Joint Ownership of Government and Trade) would be better suited for the Indian scenario in ensuring the success of the initiative.

However, based on further deliberation and the need for greater governmental participation, it was decided to increase governmental participation from 50% to 51%.

Further modalities of this model will have to be worked out separately.

4.3 Implementation models / guidelines

The ACS will be a very critical system for the future of air cargo growth in India. The implementation of the same shall be well planned.

(Source: http://tfig.unece.org/contents/swif.htm)

The key phases in the implementation shall be:

- Conceptualization / Envisioning / Business process re-engineering (including data harmonization) – (Steps 2, 4, 5)
- Operator selection – (Step 3)
- Detailed Requirements gathering – (Step 1)
- Architecture and Design – (Step 6)
- Customizations / Development / Development of interfaces (Step 6)
- Testing (Step 10)
- End user testing / Acceptance (Step 10)
- Pilot member identification (Step 10)
- Training of pilot members (1 (Step 10)
- Pilot operation at selected airports (Step 10)
- System corrections (Step 10)
- National Launch -(Step 10)

<table>
<thead>
<tr>
<th>: Recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The Committee recommends PPP Model 2 with key consideration as given below:</td>
</tr>
<tr>
<td>✓ The ACS will be owned by a Special Purpose Vehicle (SPV) formed with 51% stake with the Government. Ministry of Civil Aviation, Ministry of Commerce and Ministry of Finance may jointly hold this ownership.</td>
</tr>
<tr>
<td>✓ The remaining 49% stakes may be distributed amongst airport operators (AAI/MIAL/DIAL/BIAL/HIAL etc.) and other stakeholders like associations etc.</td>
</tr>
<tr>
<td>✓ The SPV shall appoint a competent service provider to setup the system/infrastructure and operational management of the system.</td>
</tr>
<tr>
<td>✓ Stakes in the SPV can be given in lieu of upfront investments by each party with an agreed cap on shareholding on individual entity in order to have balance in the structure</td>
</tr>
<tr>
<td>✓ System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations (ownership agencies)</td>
</tr>
<tr>
<td>✓ System to be maintained and operated by competent agency appointed by core committee/governing council with long term commitment</td>
</tr>
<tr>
<td>• The present Committee shall continue to work till the roll out of the ACS and be treated as the Core Committee.</td>
</tr>
<tr>
<td>• Operations of the system must reside with Professional Experienced operators with proven experience of delivering such platforms in Indian Air Cargo Industry and globally. The service provider must have very deep understanding of Indian Air Cargo processes vis-a-vis International standards, Customs EDI/ Customs Single window system and shall have already implemented CCS’s by different Airports and preferably shall also have the experience of providing Airline systems, Freight Forwarders Systems, Customs broker Systems, airport systems and other stakeholder systems which are currently in use by different stakeholders of Air Cargo Supply chain.</td>
</tr>
</tbody>
</table>
Chapter V

FUNDING OPTIONS FOR ACS
5 Funding options for ACS

The Third TOR to be addressed by the ACS Committee was to estimate the fund required as far as possible. To discuss this, a meeting was held on 23.08.2016 under the Chairmanship of Dr Renu Singh Parmar (minutes of which are attached in Annexure VIII herewith). Based on the Case Studies given in the United Nations Case Studies of Single Window document, some global benchmarks for single window systems are available, which were discussed during the meeting.

5.1 Estimation of Funds Required

This section attempts to elaborate on the estimation of funds required for the proposed ACS.

Although a fair estimate of the funds required can only be obtained once, the scope, the stakeholder/user count is finalized, in order to get a high level estimates, we can refer to other similar systems and the spend that happened on the same.

Some of the contemporary single window systems could be good benchmarks for estimation of funds required. In the recent past, Malaysia had rolled out a single window system that costed one time USD 3.5 Million and annual recurring USD 9.65 Million. Similarly, Singapore has spent a start-up fund of USD 14.3 million in creating their single window system (source: UN/CEFACT Case Studies on Implementing Single Window).

In the light of the above, considering the Indian Scenario, the key cost components of the project are as follows:

<table>
<thead>
<tr>
<th>One Time Costs</th>
<th>Recurring Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ SPV setup related costs</td>
<td>✓ AMO manpower</td>
</tr>
<tr>
<td>✓ ACS Management Office(AMO) setup</td>
<td>✓ IT infrastructure Maintenance</td>
</tr>
<tr>
<td>✓ AMO manpower</td>
<td>✓ Facility management services</td>
</tr>
<tr>
<td>✓ 24X7 Helpdesk setup</td>
<td>✓ Primary and DR site operations</td>
</tr>
<tr>
<td>✓ Business Process Study</td>
<td>✓ 24X7 Helpdesk</td>
</tr>
<tr>
<td>✓ Business Process Re-engineering</td>
<td>✓ Ongoing software maintenance</td>
</tr>
</tbody>
</table>
The estimated cost of the project would be difficult to estimate at this stage as there are a lot of dependencies and unknowns in the project including but not limited to; agreed scope of the system, results of data harmonization, sites for IT infrastructure hosting etc.

5.2 Funding options

The following funding options exist for creation of an Air Cargo Community System

✓ Model 1: Government or PPP SPV invests in creating a ACS with a competent / experienced operator in the market on the following model
  - One Time Costs of License / Customization / Implementation / Training
  - Recurring costs of AMC / IT Infrastructure / 24X7 support

✓ Model 2: Government or PPP SPV appoints an operator willing to invest in creation of ACS
- Government or PPP SPV can pay a commitment fee and then on per transaction basis

- Government or PPP SPV can pay a commitment fee and the system investments / operating expenses are recovered from trade vide a per shipment basis (global model)

The IT infrastructure shall be hosted in secured environment

### 5.3 Way forward

The recommendation is to first select a competent consultant. This consultant will work along with the core Committee to select the system operator. It is proposed that ways and means of leveraging the existing cargo community systems with extensive features as a framework for creating the national single window are explored. It may be noted that a lot of work has been carried out with a number of user groups across the Air Cargo value chain in terms of understanding their needs as well as enabling early adoption. It would be ideal to take this forward so as to maximize adoption and usage in the Air Cargo Industry.

From an implementation perspective, it is best if this single window is implemented in phases. The starting phase could be leveraging the EDI that already exists i.e. focus could be on Exports Transactions starting with Forwarder / Customs Broker to Carrier / Customs transactions at airports where there is no community system existing. Once this is put in place then transactions between shippers, custodians, other regulators shall be brought under the ambit of this system.

The next phase could be the imports operations and then finally the financial and regulatory transactions from other agencies involved in the value chain could be brought under the ambit of this platform.

After successful implementation of International Air Cargo Community System; the platform can be extended to domestic and courier operations.

<table>
<thead>
<tr>
<th>: Recommendations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ A Business Process Review (BPR) is required to streamline the interfaces between the stakeholders so as the stakeholders are not forced to enter the same data into multiple systems.</td>
</tr>
<tr>
<td>✓ A reputed consultant with requisite experience of Indian/global air cargo industry may be hired to prepare a detailed project Report and freeze the scope of the system and identify other implementation requirements</td>
</tr>
<tr>
<td>✓ The current ACS Committee shall continue as a Core Committee in freezing the scope of the system</td>
</tr>
<tr>
<td>✓ Funds required shall be estimated after preparation of detailed project report</td>
</tr>
</tbody>
</table>
Chapter VI

SUMMARY & RECOMMENDATIONS
6 Recommendations of the Committee on ACS

• A Single Window system for uniform interface between all the stakeholders of Air cargo community using international standards is highly desirable as
  ✓ In the current system there is lack of efficiency, transparency and consistency across the supply chain, which results in several pain areas for the different stakeholders
  ✓ The information exchange is many-to-many resulting in complex/duplicate processes
  ✓ There is lack of uniformity for message interface, lack of data harmonization, lots of paper documents are still printed
  ✓ Data entry is duplicated which leads to data inconsistency and delays and
  ✓ There is lack of end to end tracking.

• A Business Process Reengineering (BPR) is required to streamline the interfaces between the stakeholders so as the stakeholders are not forced to enter the same data into multiple systems.

• A reputed consultant with requisite experience of Indian/global air cargo industry may be hired to prepare a detailed project Report.

• The Committee recognizes that the stakeholders have invested in creating their own systems and own community platforms. It is important that these are leveraged as much as possible.

• Existing standards like IATA CARIMP, XML, WCO data model shall be leveraged.

• Government shall have access to Air Cargo information for policy formation and security. There shall be a comprehensive database of shipment information

• The committee recommends that UN/CEFACT Model 2 i.e. “Single Automated System for Collection and Dissemination of information via interfacing” be used for the ACS. In this model, there is a single system that collects, converts and disseminates digital data about shipments and the data has to be submitted only once by trade which gets disseminated. The existing systems can be interfaced in this model and new requirements would be built-in/integrated directly in the ACS.

• The key consideration for the framework of ACS shall be as given below:
  ✓ The platform has to be web based
✓ The platform has to have features to allow the forwarders and CHAs do their process automation and do the digitization of shipment data
✓ The platform has to support industry standard messaging like IATA CARIMP, UN EDIFACT, WCO, ICEGATE
✓ In order to minimize the change for most of the stakeholders, the platform needs to have standard interfacing with stakeholders’ systems
✓ The platform shall be capable of facilitating commercial / financial transactions
✓ The platform should help India comply with several international paperless initiatives
✓ ACS should have the capabilities to interact with any global community system as this will work as single widow for Air Cargo message exchange.
✓ The Airports who are having their own successful working CCSs, shall have the option of working with their systems by hooking their system with ACS for message exchange.
✓ Member of Core committee should visit different Airports to understand the working of ACSs where they are successfully implemented, and create a detailed document with the nitty-gritties of end to end Air Cargo operations, from shippers to consignee.
✓ Cargo terminal operations system should also be an optional module of the ACS for the new Cargo Terminal operators, if required.

• The detailed framework of ACS would be finalized at the time of preparation of the detailed project Report. Detailed information exchange workflow shall be defined for airports with existing community systems and airports without any community / operations systems.

• The present Committee shall continue to work till the roll out of the ACS and be treated as the Core Committee.

• The key consideration for the commercial and governance model of ACS shall be as given below:
  ✓ Data must reside in India in secured environment.
  ✓ Access to information shall be given only to parties without potential conflict of interest
  ✓ Participation by all trade associations is necessary for its success
  ✓ The initiative shall be Self-sustaining and shall deliver value to trade for which they shall pay a reasonable charge as agreed by the governing council or any other agreed body.
  ✓ Speed of implementation is important and should be within 1-2 years
  ✓ Pilots must be done before the national roll out
Operations of the system must reside with Professional Experienced operators with proven experience of delivering such platforms in Indian Air Cargo Industry and globally. The service provider must have very deep understanding of Indian Air Cargo processes vis-a-vis International standards, Customs EDI/ Customs Single window system and shall have already implemented CCS’s by different Airports and preferably shall also have the experience of providing Airline systems, Freight Forwarders Systems, Customs broker Systems, airport systems and other stakeholder systems which are currently in use by different stakeholders of Air Cargo Supply chain.

The Committee recommends PPP Model 2 with key consideration as given below:

- The ACS will be owned by a Special Purpose Vehicle (SPV) formed with 51% stake with the Government. Ministry of Civil Aviation, Ministry of Commerce and Ministry of Finance may jointly hold this ownership.
- The remaining 49% stakes may be distributed amongst airport operators (AAI/MIAL/DIAL/BIAL/HIAL etc.) and other stakeholders like associations etc.
- The SPV shall appoint a competent service provider to setup the system/infrastructure and operational management of the system.
- Stakes in the SPV can be given in lieu of upfront investments by each party with an agreed cap on shareholding on individual entity in order to have balance in the structure
- System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations (ownership agencies)
- System to be maintained and operated by competent agency appointed by core committee/governing council with long term commitment

The ACS will be a very critical system for the future of air cargo growth in India. The implementation of the same shall be well planned and shall be done in phases.

The system shall be made self-sustaining and the mechanism/modalities for the same may be decided by the Core Committee/ Governing Council.
Extracts from e-trade meetings and “Air Cargo Logistics in India” report

Extracts from e-trade meetings

Extract of Minutes of the Review Meeting on e-trade held on 09.10.2009:-

(i) On the issue of Airports – users web based interface and barcode integration, AAI indicated the status of Chennai and Kolkata Airports. It was further indicated that AAI would be the nodal agency for all airports and M/o Civil Aviation (MOCA) has issued instructions to all airports for sending the status to AI by 25th of every month. It was decided that AAI would submit the status of all airports to DoC every month. The Chairman stressed on the need for MoCA to appoint a Nodal Officer from MOCA for EDI and call meeting to review the status at all airports regularly. It was decided that DoC would take up the issue with MoCA by 30.10.2009. The Chairman expressed concern over lack of uniform web based system for interface with community partners at all airports. AAI indicated that they are working out a centralized cargo system covering payment gateway etc. The Chairman indicated that all airports custodians and other stakeholders along with MoCA should be taken along for finalizing the system.

All community partners were invited to participate in meetings of AFAC 2009, eASIA Award and EDICOM 2009 being hosted by DoC along with community partners of eTRADE project. The registration and other details of event are available at website http://etrade.gov.in/afact2009/afact2009.aspx. The Community partners of the project eTRADE are also invited to be co-host for the event.

(ii) Extract of Minutes of the Meeting on e-trade held on 21.12.2009:-

UNIFORM AND INTEGRATED WEB-BASED COMMUNITY PARTNER INTERFACE WITH CUSTODIAN OF CARGO AT AIRPORTS:

It was indicated that a need for a unified and integrated web-based community partner interface for the airport sector had been discussed in the earlier meetings taken in the Ministry of Commerce and Industry, and it had been decided that the AAI would be the nodal agency for the purpose. After detailed discussion on the subject, it was decided that AAI would procure all necessary equipment and coordinate with all the airport operators and custodians in order to create a uniform and integrated web based system for community partners, which would also become the first point of contact for the airport sector. AAI representatives indicated that they would be able to put this system in place by end of March 2010.

(iii) Extract of Minutes of the Meeting on e-trade held on 22.01.2010: -

UNIFORM AND INTEGRATED WEB-BASED PARTNER INTERFACE WITH CUSTODIAN OF CARGO AT AIRPORTS:

The representative of Airports Authority of India made a presentation on Centralized Air-Cargo Management System (CAMs) for the aviation sector, which would compatible with the Electronic Data Interface Software Version 1.5. The representative of Airports Authority of India further informed that AAI is in the process of procuring all necessary equipment and are coordinating with all the
airport operators and custodians, in order to create a uniform and integrated web based system for community partners. They would be able to put this system in place by end of March 2010.

(iv) **Extract of the minutes of the Meeting on e-trade held on 10th May 2010:**

On web based Airports –users interface, it was agreed that MOCA would ensure that all airports have fully operational web based interface system for the time being and would explore the development of an integrated Airport Community System (ACS) for the next phase. MOCA would submit the time frame for full operationalization of web based user interface system at all EDI airports and report on ACS to DoC.

**Extract from “Air Cargo Logistics in India” Report**

6.5 *Simplify customs processes and documentation through full adoption of EDI*

6.5.1 Physical papers are still being used even after implementation of EDI in the processing of import & export cargo. Wherever data is transmitted electronically at least in such cases no hard copies should be required by customs. Physical copies should be only required wherever no electronic data is possible or missing. This will help in reducing the dwell time of import/export cargo by at least 10-20%.

6.5.2 Customs should go for full EDI adoption for import/export registration, clearance, drawback and e-payment of duty. This might release considerable manpower / man-hours in the existing pool, which can be deployed elsewhere. Certain functionalities to be achieved fully through EDI:

i. Dispense manual printing of customs Shipping Bills and Bills of Entry to expedite processing time at examination points.

ii. Convey export order /out of charge real time from customs to expedite palletisation /deliveries

iii. Accept electronic confirmation of AWB nos and RMS goods released without delays.

iv. Put provision for regularization of short/excess/over-carried cargo as part of normal EDI amendment message without human intervention.

v. Dispensation of all hard copies: Customs should not insist stakeholders to submit manual documents, wherever trade partners are submitting Data electronically to them to avoid duplication of work and unnecessary paper work. Submission of delivery order by airlines, sub delivery order by consol agents, Customs out of Charge copies, manifest, consol manifest, MAWB, HAWB copies should be dispensed with.

6.5.3 Ensure inter-linkage of all the agencies in the supply chain with EDI:

Historically, there has been a compartmentalized approach to introduction of IT within each industry, as also Government for EDI. Establishing an integrated approach with an overall industry view by adopting a common platform is required. Flow of goods and information is not seamless – there are too many stages between shipper’s door and export uplift or vice versa from arrival of flight till the delivery to final consignee. Same commercial, customs and transportation data is entered multiple times during the logistics flow, resulting in high administration costs and scope for manual error.

6.5.4 Lack of shipment visibility requires constant follow up with carriers, shippers and custodians resulting in increased communication cost, penalties and delays. On many
occasions there is a complete lack of real time alerts and status updates. There is a need for industry to collaborate and shift to a completely IT enabled environment within next five years. Therefore, there is a need for a comprehensive and a common platform through which all players and regulators can be connected.

6.5.5 For effective implementation it is recommended that it is necessary to mandate EDI standards, standardized processes, digital signatures and inter-linking of regulatory agencies and adoption of multi-model EDI processes by everyone. Currently, testing agencies are not connected with customs and all certifications are manual. Precious time is lost as documents physically travel from different locations to customs. It is preferable that Version 1.5 is enabled and allied agencies are linked to customs through the system.

6.5.6 Ensure circular flow of information between airports, airlines, operators and other stakeholders in the supply chain: To achieve greater mobility of the processes, there should be inter-linkages and circular flow with airlines, airport operations and Air freight stations, Customs, Banks, CHAs, and other allied agencies like PHO, ADC, etc. The industry should focus on improving information flow between different parties in the logistics chain, through electronic messaging and other EDI protocols. System should be modified to identify packages meant for examination based on product of export, scheme applied and other parameters. System link should also be effectively established with custodians to convey the packages so identified, to eliminate human intervention and facilitate custodian to plan rest of the cargo to warehouse.

7.3 Flow of information is not seamless

7.3.1 Historically there has been a compartmentalized approach to technological development within each industry segment, as also Government, particularly for EDI. There are too many stages between the shipper’s door and export uplift, or vice versa from arrival of flight till the delivery to final consignee. An overall industry overview, establishing an integrated approach, and adopting a common platform is essentially needed. Some of the key EDI issues which are blocking the seamless movement of the information are:

i. All relevant Governmental agencies are yet to be interconnected
ii. Processes vary at different airports, as there is no standardization. Each custodian is embarking on its own proprietary custodian systems. As a result, the trade has to contend with multiple systems and lack of standards of data exchange across various airports for the same functionality.
iii. Data cannot be easily shared owing to manual processes and paper documentation. Even where shippers have their own automated processes / ERP systems, they must yet provide paper inputs to the authorities / intermediaries.
iv. Same commercial, customs and transportation data is entered multiple times during the logistics flow, resulting in high administration costs and scope for manual errors.
v. Lack of shipment visibility requires constant follow-up with carriers, shippers and custodians, results in increased communication costs, penalties and delays, and finally customer dissatisfaction.
MEETING NOTICE

Subject: Meeting to discuss setting up of an Air Cargo Community System (ACS)

A meeting is scheduled to be held under the Chairpersonship of Dr. Renu Singh Parmar, Senior Adviser, Ministry of Civil Aviation on 22.06.2016 at 10:30 AM in the Conference Room, B-Block, Rajiv Gandhi Bhawan, New Delhi, to discuss the proposal of setting up of Air Cargo Community System (ACS).

2. Agenda note for the meeting (Annexure-I) and a note highlighting the advantages of ACS (Annexure-II) are enclosed.

3. All addressees are requested to kindly make it convenient to attend the meeting.

(Satish Chander)
Under Secretary to the Government of India
Tel: 2461 6025

To,

As per the enclosed list

Copy for information to:

i. PPS to Senior Adviser
ii. PA to DS (RS)
Annexure-I

Agenda Note for the meeting to discuss the proposal of setting up of Air Cargo Community System (ACS) scheduled to be held on 22.06.2016 at 10.30 AM in Conference Room, 2nd Floor, Rajiv Gandhi Bhawan, New Delhi.

**Background:**

1. Development of a uniform and integrated web based community partner interface system for air cargo is a crucial step which is pending for quite some time. Although some of the major airports like Delhi, Mumbai, Hyderabad, Bangalore, Chennai and Kolkata, have their own standalone community partner interface system, they are not integrated with other stakeholders like airlines, custom house agents and other regulatory authorities. Separate interaction with different stakeholders on repeated basis using different platforms, not only results in operational problems and integration issues but also causes increase in the transaction cost and transaction time.

2. Accordingly, a meeting was held under the Chairpersonship of Dr. Renu Singh Parmar, Senior Advisor-MoCA on 12.1.2016, to discuss the views of cargo terminal operators.

3. It was decided in the aforesaid meeting that terminal operators and other stakeholders would form regional teams and visit the nearest port to see the functioning of the Port Community System (PCS) and submit their objective assessment to the Ministry, inter-alia listing out the perceived merits and demerits of the system.

4. It was further decided to set up committee with the following TORs:
   - To examine the desirability & feasibility of the ACS. A SWOT analysis would be undertaken based on Reports of above teams
   - To deliberate on the “Ownership” of the ACS and management thereof
   - To estimate of the fund required as far as possible

**Comments of terminal operators after their visit to see the functioning of PCS:**

i) All stakeholders are not on the PCS and only partial functions are being used by active stakeholders.

ii) The terminal operators raised a common issue that each airport is having its individual local system for local operations and processing of documents at Cargo
Terminal which are designed and developed according to the local need of the Cargo Terminal and connected to Custom department’s system for EDI for day to day operations. Any changes done in the Custom department’s messages have to be executed in the local systems also. Therefore adding common Air Cargo Community system, between Local Airport’s and Customs System, for Customs EDI will not only complicate the messages exchange, but add one more agency to interact with for new developments.

iii) ACS may not prove to be flexible in situations where certain airport centric changes need to be made, as in such a case, the entire system would need to undergo a change and the issue of apportionment of cost ascribable to such change shall arise.

iv) The custodians require their system to be integrated to their ERP applications for their financial accounting, MIS etc. This can be a concern in case of a centralized system.

v) Some of the long-standing issues and concerns on the ACS are:
   (i) Who would own the ACS and the data therein?
   (ii) Who would be primarily responsible for the maintenance of the ACS; and
   (iii) How would the cost of maintenance of the ACS be apportioned amongst the various stakeholders and who would be responsible in the event of an outage of the ACS.

Suggestions of terminal operators:

i) Not to add one more hurdle / dependency in the air cargo supply chain without any value additions and merits. It will affect the smooth functioning of cargo operations. Instead, focus should be more on the other smaller airports which is still on manual operations and need to be integrated with customs system.

ii) Most of the custodians already have a portal for paperless transactions and a link for this can be given in the single window for the users.

iii) The originator of the messages i.e. Customs system should be connected with individual Airport’s local systems instead of Common system. This communication of Customs System with local Airports system is not a challenge today as Customs has a centralized system.

iv) Considering that other major airports in India also have similar systems at their locations, the Ministry is requested to review connecting existing systems to a centralized common ACS for the purpose of sharing operational data only.
Advantages of developing a uniform and integrated web-based Air Cargo Community System:

1. The proposed ACS will reduce multiplicity of transactions as large importers and exporters (e.g. HP, Apple etc.) will not be required to register at multiple cities/airports/ports. Data sharing with airports through PCS-ACS inter-connectivity would also be simplified. Globally, there is a move towards centralized information gathering. The delivery of such common services to users in a uniform manner would be a great facilitation by ACS.

2. There are a significant number of trans-shipments in import as well as export cargo. Most of the air freight does not originate from Delhi or Mumbai which are not manufacturing hubs, rather from the hinterlands. An ACS system will enable transparency and also facilitate smoother drawback and incentives for Exporters, besides reducing transaction costs - a boost for exports.

3. A single link - viz. between ICEGATE and ACEs would be less prone to outrages and system failures rather than multiple links, across the nation, dependent upon the telecom service providers and departments. Additionally, with a view to encompassing all sections of the industry, the ACS payment gateway would not be restricting itself to one or four or five Banks for financial transactions rather the payment gateway would allow all retail financial institutions to connect and participate.

4. The ACS is not intended to replace the core custodian system; it would rather be an information/MIS portal, which besides connecting multiple airports and the custodian systems would enable a seamless and smooth flow of information along with the lines of ICEGATE among all stake holders. It would basically be a payment and message exchange portal. The processing of messages would still remain with individual operators through their own independent system.

5. Due to growing global security concerns in air freight, there is a requirement of a thorough knowledge not only of the goods being moved by Air but also the Shipper and the Consignee. Here, a central processing system such as the ACS would serve such a purpose.

6. A centralized gateway such as the ACS will eliminate the requirement for frequent changes in custodian systems on account of Customs systems changes. Required changes would be carried out at the ACS level unless a major change is
required. The ACS would actually assist in freeing up IT resources across various airports that are today, activity engaged in system and messaging modifications across various stakeholders.

7. For most of the stakeholders and regulatory bodies, the ACS as a single window serves to reduce the cost and efforts involved in connecting multiple airports besides reducing inter-dependency.

8. Airports need to distinguish between custodian systems (their own) and the ACS as a portal for transactional and information exchange. Centralized information exchange has now only served to reduce costs. There cost of development and maintenance of ACS can be contributed by each airport on the basis of cargo throughput - a nominal Cess of 01 paisa / kg. for import / export and Domestic Cargo will be more than sufficient to cover the costs involved in the operation and maintenance of the ACS.

9. The proposed ACS will be the complete solution through Single Sign on as the concept of ACS is to benefit the Airlines, Freight Forwarders, Exporters, Importers and the end-users of EXIM trade.

10. The ownership seems to be a concern for other operators. Though it would be under the Ministry of Civil Aviation, there can be stake of major stake holders in the entity operating/controlling this system or any other agreed arrangement.
ORDER

Subject: Constitution of a Committee on Air Cargo Community Systems.

The Ministry of Civil Aviation with the approval of competent authority has set up a Committee on Air Cargo Community System headed by Senior Advisor, Ministry of Civil Aviation to develop a uniform and integrated web based Community Partner Interface System for Air Cargo in India. The committee comprises of the following members:

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<th>Sl. No.</th>
<th>Name of the Organization</th>
<th>Committee members</th>
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| 1       | MoC&I                     | 1. Shri Anil Kumar Sinha, Dy. Director General-NIC (e-trade, Deptt. Of Commerce)  
2. Shri R.K. Arora, Addl. GM (System), e-trade |
| 2       | AAI                       | 1. Shri Ashwani Sharma, Jt. GM (Cargo)  
2. Shri Anirudh Sharma, Jt. GM (IT) |
| 3       | CUSTOMS                   | 1. Shri B. B. Mohapatra, Addl. Director General  
2. Shri Bashistha Prasad, Addl. Director |
| 4       | DIAL/HIAL                 | 1. Shri Sanjiv Edward, Head-Cargo  
2. Shri M.D. Kala, GM (IT) |
| 5       | MIAL                      | 1. Shri Manoj Singh, Vice President & Head Cargo  
2. Shri Mayur T., Manager (Cargo) |
2. Shri Vinay Varma, Dy. Manager-Cargo Business Development |
| 7       | CIAL                      | 1. Shri Pavithran V.P., Sr. Manager-Cargo  
2. Shri Sreejith P. Dy. Manager-IT & Communication |

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| 8. | ACAAI | 1. Shri Sunil Arora, Hon. Secretary General  
2. Shri Anil Vazirani, Member, Managing Committee  
3. Shri C. K. Govil, Member Managing Committee |
| 9. | BAR (INDIA) | 1. Shri Tarun Minocha, BA  
2. Shri Y. Taneja, FX |
2. Shri Mahesh Trikha, Ex. Committee Member |
| 11. | ACFI | 1. Shri K.S. Kunwar, Director General |
| 12. | EICI | 1. Shri Vijay Kumar, COO  
2. Shri Vimal Rawat (Fedex) |
| 13. | Airport Operators | 1. Shri Venugopal Banger, CEO(CSC)  
2. Shri Venkata Reddy, CEO (Menzies Bobba)  
3. Shri Ramesh Mamidala (Celebi) |
| 14. | Non-Scheduled Operators | 1. Shri Anil Bal (Fly Jac)  
2. Shri Ravi Nayar (Sun Aviation) |
| 15. | Bonded Trucking Agencies | 1. Shri M. Dileepa Bhai (Shreeji Tpt.)  
2. Shri Tushar (Oscar Freight) |

2. The Terms of References of the Committee are as under:

- To examine the desirability & feasibility of the ACS. A SWOT analysis would be undertaken based on Reports of above teams.
- To deliberate on the “Ownership” of the ACS and management thereof.
- To estimate of the fund required as far as possible.

3. Shri B.K. Mehrotra, GM(Cargo), AAI would be the Convener of the Committee who would be assisted by Shri Rajesh Gokhe, Jt. GM(Airport Systems) as Co-Convener of the committee. The report of the committee will be submitted by 31st August 2016.

(Satish Chander)  
Under Secretary to the Govt. of India  
Tele: 2461 6025
1. Sh. B. B. Mohapatra, Addl. Director General (Customs), Directorate General of Systems, Customs & Central Excise, 4th & 5th floor, Hotel Samrat, Chanakyapuri, Kautilya Marg, New Delhi – 110021
3. Shri B.K. Mehrotra, GM (Cargo), Airports Authority of India, New Delhi
4. Shri Rajesh Gokhe, Jt. GM (Airport Systems) Airports Authority of India, New Delhi
5. Sh. Anil Kumar Sinha, Dy. Director General-NIC (e-trade), Deptt. of Commerce, Udyog Bhawan, New Delhi.
7. Sh. Ashwani Sharma, Jt. GM (Cargo), Airports Authority of India, Hanger Building, Safdarjung Airport, New Delhi.
8. Sh. Anirudh Kumar Sharma, Jt. GM (IT), Airports Authority of India, RG Bhawan, New Delhi.
9. Sh. Sanjiv Edward, Head-Cargo, Delhi International Airport (P) Limited, New Udaan Bhawan, Opp. Terminal-3, Indira Gandhi International Airport, New Delhi – 110037
10. Sh. M.D. Kala, GM (IT) Delhi International Airport (P) Limited, New Udaan Bhawan, Opp. Terminal-3, Indira Gandhi International Airport, New Delhi – 110037
11. Sh. Manoj Singh, Vice President & Head Cargo, Mumbai International Airport Pvt. Limited, Chhatrapati Shivaji International Airport, Air Cargo Complex, Sahar Road, Andheri (E), Mumbai 400 099.
12. Sh. Mayur T., Manager (Cargo), Mumbai International Airport Pvt. Limited, Chhatrapati Shivaji International Airport, Air Cargo Complex, Sahar Road, Andheri (E), Mumbai 400 099.
13. Sh. Pratik Mehta, AGM, Cargo Business Development, Kempegowda International Airport Limited (BIAL), Devanahalli, Bangalore-560 300
15. Sh. Pavithran V.P., Sr. Manager-Cargo, Cochin International Airport Ltd (CIAL) Kochi Airport, Ernakulam, Kerala 683 111
16. Sh. Sreejith P. Dy, Manager-IT & Communication, Cochin International Airport Ltd (CIAL) Kochi Airport, Ernakulam, Kerala 683 111
17. Sh. Sunil Arora, Hon. Secretary, Air Cargo Agents Association of India, Delta Airfreight (P) Ltd, 10, Rani Jhansi Road, New Delhi 110055.
18. Sh. Anil Vazirani, Member, Managing Committee, Air Cargo Agents Association of India, C/o Robinsons Cargo & Logistics Pvt. Ltd., Mirchandani Business Park, 1st Floor, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai – 400072
24. Shri K.S. Kunwar, Director General, Air Cargo Forum India, Room No. 25, Ground Floor, Project Office, New Udaan Bhawan, Opposite T-3, IGI Airport, New Delhi-110037.
25. Shri Vijay Kumar, Chief Operating Officer, Express Industry Council of India, 501, Crystal Centre, Raheja Vihar, Off. Chandivali Farm Road, Powai, Mumbai-400072.
26. Shri Vimal Rawat, FedEx Express Transportation and Supply Chain Services (India) Pvt. Ltd., Boomerang, Unit No. 801, Wings A & 81, 8th Floor, Chandivali Farm Road, Andheri East, Mumbai - 400 072
27. Shri Venugopal Bangera, CEO, Cargo Service Centre, Cargo Terminal 2, Gate 5, Air Cargo Complex, IGI Airport, New Delhi-110037.
28. Shri Venkata Reddy, CEO, Menzies Aviation Bobba Bangalore Pvt. Ltd. Plot No-C-04L, Cargo Terminal-1, Kempegowda International Airport Road, Karnataka 560300.
29. Shri Ramesh Mamidala, CELEBI, Room No. CE-01, Import Building 2, 
International Cargo Terminal, IGI Airport, New Delhi – 110037
30. Shri Anil Bal, Flyjac Logistics, Shop No. 516-517, Vishal Tower, 10 
District Centre, Chatrapati Shivaji Marg, Janakpuri District Center, 
Janakpuri, New Delhi, Delhi 110058
31. Shri Ravi Nayar, Sun Aviation Private Limited, H. No-19, Pocket 4, 40, Ft 
Road, Bindapur, Near Mudit Hospital, Ft Road, New Delhi, Delhi 110059
32. Shri M. Dileepa Bhai, Shreeji Transport Services (P.) Ltd. Shreeji House, 
Sector 19C, Plot No. 107, Vashi, Navi Mumbai – 400 705.
33. Shri Tushar, Oscar Freight Pvt. Ltd. (OFPL), 07-713, Corporate Centre, 
Nirmal Life Style, L.B.S. Road, Mulund - West, Mumbai 400 080.

Copy to:
(1) Secretary, Ministry of Commerce & Industry, Department of Commerce, 
Udyog Bhawan, New Delhi
(2) Joint Secretary (Customs), Department of Revenue, North Block, New 
Delhi.

Copy for information:
(1) PPS to Secretary, CA
(2) PPS to Sr. Adviser
(3) PA to DS (RS)
No: AV-16026/91/2015-ER
Government of India
Ministry of Civil Aviation
“B” Block, Rajiv Gandhi Bhawan
New Delhi, dt. 08.07.2016

To

As per the list.

Subject: Summary record of discussions/decisions taken during the meeting held on “Air Cargo Community System” with all cargo/express industry stakeholders on 22.6.2016 in the Ministry of Civil Aviation, New Delhi.

Sir/Madam,

Please find enclosed a copy of Summary record of discussions/decisions taken during the meeting held under the chairpersonship of Dr. Renu Singh Parmar, Senior Adviser, Ministry of Civil Aviation to discuss “Air Cargo Community System” with all cargo/express industry stakeholders on 22.6.2016 in the Conference Room, Ministry of Civil Aviation, New Delhi for information and necessary action.

Yours faithfully,

Encl: As above.

(Satish Chander)
Under Secretary to the Govt. of India
Tel: 2461 6025

Copy to:
(1) Secretary, Ministry of Commerce & Industry, Department of Commerce, Udyog Bhawan, New Delhi
(2) Joint Secretary (Customs), Department of Revenue, North Block, New Delhi.

Copy for information:
(1) PPS to Secretary, CA
(2) PPS to Sr. Adviser
(3) PA to Dir. (RS)
List of addresses

1. Sh. Anil Kumar Sinha, Dy. Director General-NIC (e-trade), Deptt. of Commerce, Udyog Bhawan, New Delhi.
3. Sh. S.V. Satish, ED (IT), AAI, RG Bhawan, New Delhi.
5. Sh. Ashwani Sharma, Jt. GM (Cargo), AAI, Hanger Building, Safdarjung Airport, New Delhi.
6. Sh. Anirudh Kumar Sharma, Jt. GM (IT), AAI, RG Bhawan, New Delhi.
7. Sh. Siddhartha Baraily, Asstt. DGFT, Udyog Bhawan, H-wing, Gate No. 02, Maulana Azad Road, New Delhi -110 011.
8. Sh. Sanjiv Edward, Head-Cargo, Delhi International Airport (P) Limited, New Udaan Bhawan, Opp. Terminal-3, Indira Gandhi International Airport, New Delhi – 110037
10. Sh. Manoj Singh, Vice President & Head Cargo, Mumbai International Airport Pvt. Limited, Chhatrapati Shivaji International Airport, Air Cargo Complex, Sahar Road, Andheri (E), Mumbai 400 099.
11. Sh. Pratik Mehta, AGM, Cargo Business Development, Bangalore International Airport Limited, Devanahalli, Bangalore-560 300
12. Shri Pavithran, Cochin International Airport Limited, Kochi Airport P.O. Ernakulam – 682111 (Kerala)
13. Ms. Madhuri Madni, Air India Ltd., Airlines House, 113 Gurudwara Raqabganj Road, New Delhi
14. Shri G. V. Krishnan, Air India Ltd., Airlines House, 113 Gurudwara Raqabganj Road, New Delhi
15. Shri Parag Pingly, Jet Airways (P) Ltd., Siroya Centre 4th Floor, Sahar Airport Road, Andheri (East) Mumbai- 400099.
16. Shri Rajesh Singh, Spicejet Airlines Ltd. Plot No. 319, Udyog Vihar, Phase IV, Gurgaon, Haryana
17. Shri Kamal Bhatia, Indigo, Level 1, Tower C, Global Business Park, Mehrauli-Gurgaon Road, Gurgaon – 122002

Contd./-
18. Shri Hoakaiee, AISATS, Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110001
19. Shri Venkata Reddy, Menzies Bobba, Plot No-C-04L, Cargo Terminal-1, Kempegowda International Airport Rd, Karnataka 560300
20. Shri Pradeep Panickar, President, Air Cargo Forum India, Room No. 25, Ground Floor, Project Office, New Udaan Bhawan, Opposite T-3, IGI Airport, New Delhi-110037
21. Shri Anil Bal, Chairman, M/s Flywell Group, B-2/50, Africa Avenue, Block B-2, Safdarjung Enclave, New Delhi, Delhi – 110029
22. Shri Ravi Nayar, MD, Sun Aviation Pvt. Ltd. H No-19, Pocket 4, 40, Ft Road, Bindapur, Near Mudit Hospital, Ft Road, New Delhi – 110059
22. Shri Mahesh Trikha, Ex. Committee Member, Federation of Freight Forwarders’ Associations in India, RZ-192A, Mahipalpur Extn., N.H.-8, New Delhi-110037.
24. Shri Amar More, Kale Logistics Solutions Private Limited, 12th Floor, MBC Infotech Park, Near Hyper City, Kasarvadavali, Ghodbunder Road, Thane (W) - Mumbai Area, Maharashtra, India – 400 615
25. Shri Vipan Jain, BAR (I) Cargo Committee, Airlines Operating Council, C/o Lufthansa Cargo, IGI Airport, New Delhi
26. Col. R.P. Shukla (Rtd.), Domestic Air Cargo Agents Association (DACAAI), S-9-S-16, 2nd Floor, Plot No. 24, Sector-20, Manish Highway Plaza, Dwarka, New Delhi – 75
27. Shri Satyan Nayar, Secretary General, APAO, 710, 7th Floor, Surya Kiran Building, 19, Kasturba Gandhi Marg, New Delhi –110001
28. Shri Vijay Kumar, COO, Express Industry Council of India, Chief Operating Officer, 501, Crystal Centre, RahejaVihar, Off. Chandiwali Farm Road, Pawai, Mumbai – 400072
29. Shri Sunil Arora, Hony. Secretary, Air Cargo Agents Association of India, 28-B, Nariman Bhavan, Nariman Point, Mumbai – 400021
30. Shri Ramakrishana, Brihanmumbai Custom House Agents Association (BCHAA), 73-74, Mittal Tower, "C" Wing, 7th Floor, Nariman Point, Mumbai - 400 021 Shri Francis Shih, International Air Transport Association (India), #702-704, Tower 4A, DLF Corporate Park, Phase-III, M.G. Road, Gurgaon-122 002.

Contd../-
31. Shri Dileepa B. M., Shreeji Bonded Trucking, M/s. Shreeji Transport Services (P) Ltd, Shreeji House, Sector 19C, Plot No.107, Vashi, Navi Mumbai – 400 705
32. Shri Ujjawal Dey, Associate Director, Federation of Indian Airlines, Old Vayudoot Building, First Floor, Room. No.105, Air India Complex, Safdarjung Airport, Aurobindo Marg, New Delhi – 110003
33. Shri Tushar, Oscar Freight Pvt. Ltd. (OFPL), 07-713, Corporate Centre, Nirmal Life Style, L.B.S. Road, Mulund - West, Mumbai 400 080
34. Shri Ramesh Mamidala, CELEBI, Room No. CE-01, Import Building 2, International Cargo Terminal, IGI Airport, New Delhi – 110037
35. Shri Vimal Rawat, FedEx Express Transportation and Supply Chain Services (India) Pvt. Ltd., Boomerang, Unit No. 801, Wings A & 81, 8th Floor, Chandivali Farm Road, Andheri East, Mumbai - 400 072
36. Shri Venugopal Bangera, CEO, Cargo Service Centre, Cargo Terminal 2, Gate 5, Air Cargo Complex, IGI Airport, New Delhi-110037
As a sequel to the meeting held on 12.01.2016 with existing Airport Operators sensitizing on the need for Air Cargo Community System (ACCS) for air cargo sector, another round of meeting with all cargo / express stakeholders was organized on 22.06.2016 by MoCA which was held under the chairpersonship of Dr. Renu Singh Parmar, Senior Advisor, MoCA for taking the matter forward. The list of the participants is at Annexure – I.

2. While welcoming the participants of the meeting, Sr. Advisor, MoCA stated that setting up of an ACCS had been approved in the National Civil Aviation Policy. Besides, Department of Commerce has also been persuading MoCA to consider the possibility favourably. In the context of ease of doing business, the ACCS would considerably help to cut down on dwell time and improve efficiencies in the entire air cargo value chain. She also informed the participants of the action taken since the last meeting. She stated that in general, airport operators have been of the view that the ACCS would not add value, instead would introduce an unnecessary level of intervention. This meeting with all other stakeholders would seek to elicit their views as well. She stated that the Power Point presentation to be made in the meeting would throw up options on the kind of ACCS model and the endeavour would be to arrive at a consensus. No decision would be forced on the group, and no dismantling of existing systems would be undertaken.

3. Thereafter, a power point presentation was made by Shri Ashiq Karattil, Dy. Director, MoCA on benefits of ACCS and 3 different models that could be considered for adoption. The three different ACS models as per \textbf{UN/CEFACT (Recommendation No. 33), 2004} were explained. These have been implemented in 12 countries so far since launched in the year 2005 at the leading International Cargo Terminals for smooth running while India was lagging behind to keep pace with the emerging trends of technology in the global air cargo scenario.

4. The presentation focused on 3 models of ACS:

- \textbf{Model 1 – Single Authority:} In this model, a single Authority collects all the documents / information and then disseminates to multiple government agencies. While the advantages in this model are clear accountability and single point control, the disadvantages are difficult inter-ministerial coordination, myopic view, single point of failure and no data harmonization.
• **Model 2 — “Single Automated System for Collection and Dissemination of information”**: In this model, there is a single system that collects, converts and disseminates digital data about shipments. The data has to be submitted only once by trade and it gets disseminated to other agencies either via integration or interface. While its advantages are broader perspective, retention of existing systems and data harmonization; the disadvantages include accountability issues and slow speed of progress.

• **Model 3 — “Single Transaction System”**: In this model, all functionalities required by trade are available in a single system which has to be used by all trade members. The advantages in this model are that all business logic can be in one place and the automation of non-automated agencies is possible. But the disadvantages include the difficulty in creation and maintenance, single point of failure and that the existing investments may not be leveraged.

The second model was preferred by all participants because in this model, there is no need to replace the existing IT system of individual airports. Under this system, the data fed into the individual airport system can be disseminated to other agencies either by integration or interface. All the participants felt that in the beginning, single ACCS can be created via interface of the existing Airport IT System. The presentation was followed by interaction when the Model No.2 was unanimously agreed / decided as the most preferred option by the participants of the meeting. Shri Anil Kumar, Sinha, Dy. DGFT mentioned that interface may be required at the software and hardware level so as to easily dove-tail the existing I.T. systems of the stakeholders at different airports.

5. Shri Vipin Jain of BAR(India) stressed **firstly** on the need for standardization of the EXIM processes at all the airports to avoid consequential problems. Shri Vipin Vohra of FFFAI appealed to MoCA to facilitate in bringing uniformity in the existing processes through ACCS. Shri Vijay Kumar of EICI pointed out that integration of GST may also be ensured under the ACCS as and when implemented. The inputs from other stakeholders were also noted for reflecting in the draft committee report. The representatives of the scheduled airlines said that they were also in favour of setting up of a single ACCS.

6. Thereafter, Chairperson decided the following:-

(i) **The Committee set up in the last meeting on 12.1.2016 would be notified, including the names of additional members as under:**

<table>
<thead>
<tr>
<th>Sl. NO.</th>
<th>Name of the Organization</th>
<th>Represented by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>ACFI</td>
<td>Shri K.S. Kunwar, Director General</td>
</tr>
<tr>
<td>2.</td>
<td>Express Industry Council of India</td>
<td>Shri Vijay Kumar (EICI) / Shri Vimal Rawat (Fedex)</td>
</tr>
<tr>
<td>No.</td>
<td>Category</td>
<td>Operators</td>
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<td>---------------------------------------------------------------------------</td>
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<tr>
<td>3.</td>
<td>Airport Operators</td>
<td>Shri Venu Gopal (CSC) / Shri. Venkata Rao (Menezies Bobba)/ Shri Ramesh Mamidala (Celebi)</td>
</tr>
<tr>
<td>4.</td>
<td>Non-Scheduled Operators</td>
<td>Shri Anil Bal (Fly Jac) / Shri Ravi Nayar (Sun Aviation)</td>
</tr>
<tr>
<td>5.</td>
<td>Bonded Trucking Agencies</td>
<td>Shri M. Dileepa Bhai (Shreeji Tpt.) / Shri Tushar (Oscar Freight)</td>
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</table>

Shri B.K. Mehrotra, GM(Cargo), AAI would be the Convener of the Committee which would be assisted by Shri Rajesh Gokhe, Jt. GM(Airport Systems) as Co-Convener of the committee.

(ii) The MoM of the last ACS Meeting held on 12.01.2016 would be shared with all the express / cargo industry stakeholders who could not participate in the said meeting by MoCA.

(iii) The Power Point presentation presented during the meeting would be shared.

(iv) The hyper-link of the UN/CEFACT for referring to UN/CEFACT Recommendation No. 33 would be provided to all the participants by MoCA.

(v) The Committee would put up a working draft latest by 31.08.2016, taking Model II as the base.

While concluding, chairperson re-emphasized that an efficient Air Cargo Community System (ACCS) was needed to speed up process by avoiding duplication and for the sake of transparency besides generating data for policy purposes. She voiced her satisfaction at the consensus on adopting Model II, that emerged during the meeting.

The meeting ended with a vote of thanks to the Chair.

***
DISCUSSIONS / DECISIONS TAKEN DURING THE MEETING HELD ON AIR CARGO COMMUNITY SYSTEM WITH ALL CARGO / EXPRESS INDUSTRY STAKEHOLDERS ON 22/6/2016 IN THE MINISTRY OF CIVIL AVIATION.

List of Participants

1. Dr. Renu Singh Parmar, Sr. Adviser, MoCA - In Chair
2. Dr. Reena Sethi, DS, MoCA
3. Shri A.K. Sinha, Dy, DG (NIC)
4. Shri R.K. Arora, Addl. GM, eTrade, Dept. of Commerce
5. Shri Yogender Singh, Dte. of Systems, CBEC, Deptt. of Revenue
6. Shri Ashiq Karatil, DD, MoCA
7. Shri B. K. Mehrotra, GM (Cargo), AAI
8. Shri Ashwini Sharma, AAI
9. Shri S.V. Satish, AAI
10. Shri A.K. Sharma, AAI
11. Shri Pavithran V.P., CIAL Cochin
12. Shri Sreejith P, CIAL Cochin
13. Shri Prateek Mehta, BIAL
14. Ms. Madhuri Madni, Air India
15. Shri G.V. Krishnan, Air India
16. Shri Mukesh Kumar, Air India
17. Shri Parag Pingley, Jet Airways
18. Shri Rajesh Singh, Spicejet
19. Shri Kamal Bhatia, Indigo
20. Shri Hoakaice, AISATS
21. Shri Venkata Reddy, Menzies Bobba
22. Shri Pradeep Panicker, ACFI
23. Shri Anil Bal, Flywell Aviation
24. Shri Ravinder Bolangdy, Menzies Air Cargo Hyderabad
25. Shri Ravi Nayar, Sun Aviation
26. Shri Amar More, Kale Logistics
27. Shri Tarun Minocha, BAR (I) NR C/o BA
28. Shri Vipan Jain, BAR (I) Cargo Committee C/o LH
29. Shri Mahesh Trikha, FFFAI
30. Shri Vipin Vohra, FFFAI
31. Shri R.P. Shukla, DACAAI
32. Shri Satyan Nayar, APAO
33. Shri Vijay Kumar, EICI
34. Shri Nikhil Saini, EICI
35. Shri Sunil Arora, ACAAIA
36. Shri Ramakrishana, BCHAA
AIRPORTS AUTHORITY OF INDIA  
(Directorate of Cargo)  

SUMMARY RECORD OF DISCUSSIONS / DECISIONS IN MEETING OF COMMITTEE MEMBERS ON AIR CARGO COMMUNITY SYSTEM ON 25TH JULY, 2016 AT 1030 HRS. IN AAI SEMINAR HALL, RAJIV GANDHI BHAVAN., NEW DELHI-110003  

ED/CARGO/ 1353 /2016/  

August 03, 2016  

The following were present :-

<table>
<thead>
<tr>
<th>NAME / DESIGNATION</th>
<th>ORGANISATION</th>
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<tbody>
<tr>
<td>1. Shri B.K. Mehrotra, GM(Cargo),Convenor</td>
<td>AAI</td>
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<tr>
<td>2. Shri Rajesh Gokhe, DGM(AS)-Co-Convenor</td>
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<td>3. Shri A.K. Sharma, Jt.GM(IT)</td>
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<td>4. Shri D.Muralidharan,Jt.GM(Cargo)</td>
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<td>5. Shri Ashwani Sharma, Jt.GM(Cargo)</td>
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<td>6. Shri A.K. Sinha, DDG(E-Trade)</td>
<td>NIC, Deptt. of Commerce</td>
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<td>7. Shri R.K. Arora, Addl GM(System)</td>
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<td>8. Shri Yogender Singh, Jt. Commissioner (Customs)</td>
<td>CUSTOMS</td>
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<td>9. Shri Vimal Rawat, Manager(Fedex)</td>
<td>EICI</td>
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<td>10. Shri Yashpal Taneja, Reg.Advisor Global Trade Service</td>
<td>BAR(1)</td>
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<tr>
<td>11. Shri Nikhil Saini, Director</td>
<td>EICI</td>
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<td>12. Shri Dileepa BM, CEO</td>
<td>Shriji Transport</td>
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<td>13. Shri K.S. Kunwar, DG</td>
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<td>14. Shri Pavithran, VP</td>
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<td>15. Shri Vipin Vohra, Convener, Air Freight Community</td>
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<td>16. Shri Anil Vazinani, Member, Managing Committee</td>
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<td>17. Shri Mayilvanan T, Manager (Cargo)</td>
<td>MIAL</td>
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<td>18. Shri Vinay Varma, Dy.Mgr (Cargo Business Dev.)</td>
<td>BIAL</td>
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<td>19. Shri Amar More, Sr. Vice President</td>
<td>KALE</td>
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<td>20. Shri Aukosh Chauhan</td>
<td>LOGISTICS</td>
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<td>21. Shri M.D. Kala, GM</td>
<td>DIAL</td>
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<td>22. Shri Venkata Reddy, CEO</td>
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<td>23. Shri Rajender Chowdary</td>
<td>MABB</td>
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<td>24. Ms. Shalini Singh, Young Professional</td>
<td>MOCA</td>
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At the outset, Shri B.K. Mehrotra, GM (Cargo)-Convenor of the Committee welcomed the members and briefed the Agenda Points of the meeting as mentioned below :-

1. Quick walk through the Minutes of the last ACS Meeting.
2. Presentation of differences in cargo processes at different airports by ACFI.
3. Walk through of the template of proposed Air Cargo Community System Concept paper/contents.
4. Discussion on next steps and action plan.

The Convenor briefed the participants about the history of the ACS proposal and mentioned that ACS would prove to be game-changer in the air cargo development. Convenor shared that Sr. Advisor, MoCA has just returned from an official tour, hence unable to join the meeting on the same day. Convenor hastened to add that the new Civil Aviation Policy has mandated for the Air Cargo Community System to be launched.

2. On the request of the Convenor and as decided in the previous meeting held on 22.06.2016, a Power Point Presentation was given by Shri K.S. Kunwar, DG-M/s ACFI explaining the divergent processes followed at various International Airports across India. It was subsequently decided that all airport operators should study/circulate the existing processes alongwith the agency responsible thereof which would be cross-checked by the stakeholders.

3. After going through the presentation and in order to have a better understanding, it was decided that presentation will be shared with all the members who will study the same in depth and convey their suggestions in overall interest development of the new Community System so that the ACS is devised flawlessly. Convenor requested the suggestion on the presentation should reach AAI at the earliest as the next meeting is planned somewhere between 7 – 10 August, 2016.

4. As regard to the proposed Air Community System, Convenor requested the Technical Advisor, M/s Kale Logistics to provide the insight about the proposed ACS. Shri Amar More, Kale Logistics (co-opted as Technical Advisor) explained the members that they have prepared a ‘Vision Document’ on the upcoming ACS and requested members to suggest, if any areas are left out so that foolproof vision documents can be submitted to MoCA alongwith the Draft Report on ACS. All the members felt that after developing the vision document the same should be shared with the members so that they can have detailed discussions with their respective IT department for possible inclusion, if any which was readily agreed to.

5. The Airport Operator(s), viz. DIAL, MIAL, CIAL, BIAL representatives explained that they have already established **IT System and more or less all the transactions are in electronics mode. It being so, the reason for including them also in the proposed ACS system needs to be explained for which Sh. Anil Kumar Sinha,
DDG(Systems), explained the background of the proposed ACS and further clarified that the already established system shall not be disturbed however ACS would super-imposed and be pressed into service for all the stakeholders convenience and usefulness.

The meeting ended with vote of thanks to the Chair.

Distribution :

All the Participants

NOO : Copy to : - ED (Cargo)-AAI
      - Sr.Advisor, MoCA  

( ASHWANI SHARMA )
JT.GENERAL MANAGER (CARGO)

for kind information
The following were present:

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<thead>
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<td>Shri Vipin Jain, Lufthansa Cargo India</td>
<td>BAR(I)</td>
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<td>Rajesh Malhan Lufthansa Cargo India</td>
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<td>C K Govil, Member, Managing Committee</td>
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August 19, 2016
At the outset, Dr Renu Singh Parmar, Sr Advisor - MoCA welcomed the members and emphasized on the commitment of MoCA about development of Air Cargo Community System (ACS) for the Air Freight as being done by Ports community System (PCS) for sea freight. The Chairperson further expressed the concern of this meeting that on the basis of decision taken regarding Model II for ACS, in the last meeting, the modalities of the ACS to be discussed and finalized as the Civil Aviation Policy is also committed about the creation of Air Cargo Community System for the ease of doing business.

2. Shri B.K. Mehrotra, GM (Cargo)-Convenor of the Committee too welcomed the members and briefed the key points of the past meetings held on 22.06.16 & 25.06.16 and highlighted the following TORs -

- To examine the desirability & feasibility of the ACS. A SWOT analysis would be undertaken based on Reports of the Committee
- To deliberate on the “Ownership” of the ACS and management thereof &
- To estimate of the fund required as far as possible

3. Chairperson requested to focus on Point 2 of TOR as Point 1 had been decided. Point 3 of TOR would be taken-up in the next meeting. A power point presentation was made by M/s Kale Logistics on the “Approach-Paper” and key points were discussed in detail. Chairperson informed that the present ACS will be implemented for International Air Cargo only in the first phase and in the second phase, it will be developed for International Courier & Domestic Cargo also.

4. Shri Manoj Singh, SVP & Head Cargo, MIAL pointed out that their existing system is having interface with Icegate and other stakeholders and proposed ACS should only be message exchange between Custodian system and ICEGATE
5. Shri MD Kala, GM, DIAL and other members raised the concern of EDI failure as at present the EDI messages are transmitted to single Airport operators. The members requested Chairperson that the maintenance of ACS should be given to some professional agency so that the specific focus is on message exchange and uptime of the system is maintained.

6. Shri Anil Kr Sinha, DDG (eTrade), MoC&I expressed that they do not foresee any problem / complication as the messages will be standardized and any changes in procedures / policies by Customs can be modified at one place and will be implemented at all airports uniformly. He stated that the ACS will help the Air Cargo Community as messages would be standardized in the process at all Indian Airports.

7. Shri Yogender Singh, Jt. Commissioner Customs told that at present Customs system is interacting with Custodians systems and one system can be put as information system as information gateway. Chairperson stated that information gateway for the users may be put in place at the earliest.

8. Shri Vipin Vohra, Chairman, FFFAI gave a powerpoint presentation on benefits of ACS and described that the ACS is running successfully in more than ten (10) countries worldwide and technicality of their system may be studied for better ACS in India. All the members appreciated the presentation and agreed that the Air Cargo Community System will benefit the users and air cargo community.

9. On the issue of ownership of ACS, Sr Advisor, MoCA briefed that there can be two models for ownership as follows:

   i) **Model 1: 100% owned by Government / Ministry**

   In the model, the ACS is completely owned by the Government. The system will be operated by a competent technology provider.

   ii) **Model 2: Public Private Partnership**

   In this model, the ACS will be owned by a Special Purpose Vehicle (SPV) formed with 51% ownership with the Government and the
remaining distributed equally amongst major stakeholders. The SPV shall appoint a competent service provider to run the system.

10. Chairperson further requested members to work out the financial implications by next meeting. She further stated that Model II for ownership would be better as the stakeholder will have their say in development, monitoring and maintenance of ACS. Any suggestions on approach paper may be forwarded in writing to Shri BK Mehrotra, Convenor at the earliest.

11. The next meeting of the Committee will be held on 23rd August 2016 at 1400 Hrs in the AAI Seminar Hall, 3rd Floor, ‘A’ Block, Rajiv Gandhi Bhawan, New Delhi-110003.

12. A power-point presentation would be made by ACAAI in the next ACS Committee members meeting.

Chairperson informed all the members that the issue of ownership of Air Cargo Community System and the architecture of the ACS should be finalized in the next meeting. She requested the Technical Advisor, M/s Kale Logistics to provide the required insight about the proposed ACS w.r.t. the exchange of EDI messages, and a simplified system for ease of doing business and reduction in dwell time. The group would also discuss the financial implications of the ACS in the next meeting.

The meeting ended with a vote of thanks to the Chair.

( ASHWANI SHARMA )
JT. GENERAL MANAGER (CARGO)

Distribution:-
All the Participants
### SUMMARY RECORD OF DISCUSSIONS / DECISIONS TAKEN IN THE MEETING

OF COMMITTEE MEMBERS ON AIR CARGO COMMUNITY SYSTEM HELD
ON 23rd AUGUST, 2016 AT 1400 HRS. AT THE CONFERENCE HALL, B BLOCK, 2nd FLOOR
RAJIV GANDHI BHAVAN, NEW DELHI-110003

ED/CARGO/ 1353 /2016/

The following were present-

<table>
<thead>
<tr>
<th>NAME / DESIGNATION</th>
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<td>Dr. Renu Singh Parmar, Sr Advisor, [... in Chair]</td>
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<td>Shri Tarun Minocha, British Airways</td>
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<td>Shri Pratik Mehta, AGM, Cargo Business Development</td>
<td>BIAL</td>
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<td>Shri Amar More, Member</td>
<td>TIACA</td>
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<td>Shri Venkata Reddy, CEO, MABB</td>
<td>ACHAI</td>
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<td>Shri Venu Bangera, DCSC</td>
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<td>Shri Rajender Chowdary, Sr Manager IT</td>
<td>MABB, BANGALORE</td>
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</table>
22. Shri M Shriram CELEBI
23. Shri Ravi Nayar, MD Sun Aviation NSO
24. Shri Nikhil Saini EICI

At the outset, Dr Renu Singh Parmar, Sr Advisor - MoCA welcomed the members and stated that point No. of 1 of TORs had already been decided and the issue of ownership & management of ACS and fund requirement remains to be finalized in the meeting. Chairperson requested to TIACA Representative (Mr. Amar More, Technical advisor of the ACS Committee) to give the Powerpoint presentation about the insight of the proposed ACS.

2. Shri Amar More, Technical Advisor on the ACS mechanism gave the presentation to discuss on the following points:
   - Data must reside in India and shall be secured with NIC.
   - Access to information shall be given only to neutral party without potential conflict of interest
   - Participation by all trade associations is necessary
   - The initiative shall be self-sustaining and shall deliver value to trade for which they shall be happy to pay a charge which is a fraction of the value delivered.
   - Speed of implementation is important and should be within 1-2 years
   - Pilots must be done before the national roll out
   - Operations of the system must reside with Professional Experienced operators.

3. Chairperson clarified that the ACS will be transactional initially for those who do not have ACCS and not for those who are already having ACCS. The ACS will have interface with the existing system of Cargo Terminal Operators.

4. Shri K S Kunwar, DG, ACFI said that ACS should be implemented for all at one go at a bigger cargo terminal rather than prototype and final implementation in a phased manner, as the big systems are having bottle necks and problems and once ACS is introduced, the bugs and problems will be resolved before launching at other airports.

5. Shri Yogender Singh, Joint Commissioner, Customs stated that the message exchange between ICEGATE and one system (ACS) will be much easier instead of providing different places as being done presently. Infact, it needs no further emphasis that message exchange at one place will be technically perfect.

6. Shri MD Kala, GM, DIAL stated that the governance of ACS with Govt. agencies like NIC will be beneficial.

7. Chairperson stated that the ACS would be undertaken as a Pilot project before implementing on all the Indian airports having Int'l cargo facilities. Sh. M.D. Kala, GM DIAL requested the Chairperson that they are willing to do pilot at IGIA Cargo Terminal. Shri Vipin Vohra stated that M/s Continental Carriers & M/s Jeena & Co are also ready for pilot as the
8. ICEGATE(Customs) system pilot was done at their offices. Chairperson and all members appreciated the initiative and willingness on the part of DIAL and other stakeholders.

9. After the deliberations of Key considerations, ACS - Commercial Models – Ownership Structure & funding for ACS was discussed on the following points:

- **100% Government Funding and Ownership (e.g. NSW for Finland, Sweden, United States)**
  - System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations
  - System operated by competent professional companies with long term commitment
  - Public Private Partnership (e.g. NSW for Hongkong, Malaysia, Mauritius, Senegal, Singapore)

- **Public Private Partnership Model – 1**
  - 50% ownership with Government with all Veto rights (Control)
  - 50% ownership with ACS Operator
  - System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations
  - System operated by competent professional companies with long term commitment

- **Public Private Partnership Model – 2**
  - 50% ownership with Government with all Veto rights (control)
  - XX% to be owned by Private Airport Operators (MIAL/DIAL/BIAL/HIAL) who in turn can provide the equity to their CTOs
  - XX% to be owned by ACAAI / FFFAI
  - XX% to be owned by BAR India
  - XX% to be owned by the Operator
  - Remaining XX% to be distributed equally amongst other trade associations and future industry stakeholders
  - Ownership can be given in lieu of upfront investments by each party OR sweat equity
  - System selection, operation, pricing shall be governed by core committee with representation from Ministry, Airport Operators, Trade associations
  - System operated by competent professional companies with long term commitment
10. During the deliberations on ownership and funding of ACS, there were different views on control, funding and maintenance of ACS. Chairperson stated that PPP Model 2 would be ideal as the 50% ownership would be with Government with all veto rights (control) and remaining with stakeholders. As regards funding, 50% would be with Government i.e. MoCA, MoC&I & MoF and remaining with stakeholders of Cargo / Express industry.

11. Chairperson then requested all members to give opinion on the Models to be opted with the reasons for opting the particular model as given above. The following is the opinion given by the members.

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Agency</th>
<th>Model</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MoCA, MoC&amp;I</td>
<td>PPP Model 2</td>
<td>Stake holders would have their share and say in monitoring and implementation</td>
</tr>
<tr>
<td>2.</td>
<td>MoF (Customs)</td>
<td>100% Govt. owned</td>
<td>At later stage, some stakeholders may quit, then who would be the next participant in ACS for funding, hence it should be 100% Govt. owned.</td>
</tr>
</tbody>
</table>
| 3.     | AAI, DIAL, MIAL, ACCAI, FFFAI, ACFI, AOC | PPP Model 2 | • PPP Model 2 gives ownership to stakeholders.  
• Control lies with the Govt.  
• Self-sustaining will be wonderful thing for keeping system updated always.  
• Limitation of Govt. and need of the hour should be PPP Model 2. |
| 4.     | CIAL (Cochin)               | 100% Govt. | Rep. stated that they have already spent on existing system and they want ACS to be funded by Govt. and showed their inability to put their stake on ACS. |
| 5.     | BAR INDIA                   | PPP MODEL | BAR India has no objection to the use of PPP model 2 for ownership of the ACCS, however, BAR India is not a governing body for the carriers and will not be able to participate in funding of the ownership. A large majority of members of BAR India are foreign carriers so ownership will not be possible. |

12. ACCAI & FFFAI pointed out that although PPP Model 2 would be ideal but the accountability part should be taken care specifically and the rate revision should be with Governing Body. Representative of AOC stated that may be associated with ACS.
and not ownership as the AOC members are foreign Airlines also and they are already having stake in foreign ACS.

13. Shri Yogender Singh, Jt Commissioner Customs stated that the responsibility of the ACS should be owned by some agency at some stage for granting manual permission, statutory changes in the system and in the event of EDI failure.

14. One of the Committee members, pointed that in order to reduce the huge capital cost required for the proposed system, cloud based model can be explored which was echoed by some others also. However, Chairperson shared the concerns w.r.t. security issues and asked if any other govt. body or PSU has adopted cloud based technology. Some members also pointed out the security concerns particularly where data is on cloud based system and the user cannot know the actual location of data. In the end, Chairperson stated that if the cloud based model exists in any other govt. organization or if NIC, a govt. IT related organization, is running any cloud based model in India, then the feasibility can be explored. It was decided that Special Purpose Vehicle (SPV) could be explored for managing the ACS who would also keep the source-code thereof.

15. Shri Amar More, IATA Rep. stated that the startup cost of the ACS may be around Rs.10 (Ten) crores, and recurring cost may be assessed later as the process will move on. Chairperson advised that the DPR is to be made for project study. Let us approve the concept, then to proceed further. Later on Consultant have to come up for all the study and they will be tasked to do the DPR. A rough estimate on the total cost of the ACS project might be between Rs.80 to 100 crores.

16. The Chairperson appreciated the conclusion with a happy note that all three TORs have been discussed and PPP Model 2 has been finalized. Chairperson further emphasized that we should have a ball park figure basis for estimation. A Team of the following members was formed to prepare the detailed report on TORs as discussed and prepare a Vision Document (with or without cloud technology), followed with recommendations and requested the Team members to put up the draft by 15th Sept 2016 and final report by 22nd Sept 2016.

**Team Members for Vision Document preparation:**

- Shri B K Mehrotra – Convenor
- Shri R.K. Arora, MoC&I
- Shri Amar More, TIACA Representative
- Shri M D Kala, DIAL
- Shri Rajinder Choudhary, BIAL
- Shri Mayur, MIAL
- Shri Venu Gopal, DCSC Ltd.

17. A power-point presentation was given by Shri Sunil Arora, Hon.Sec. General, ACAAI on UPLIFT, a system developed for IATA, ACCAI, FFIAI & logistic business and its advantages and interface with ACS, and the same appreciated by all members. It was decided that both the powerpoint presentations made would be circulated to the all Committee members.

The meeting ended with a vote of thanks to the Chair.

(ASHWANI SHARMA)
JT. GENERAL MANAGER (CARGO)

Distribution:
All the Participants
Notes of dissent by some stakeholders

Although the group as a whole agreed on the need of a nation-wide air cargo community system, the architecture, the funding and governance model; some members of the group had differing views which are enlisted here. Kindly note that several comments have been received in creation of the Report and are duly incorporated, however, this section mentions the key dissenting views of stakeholders. The group has been advised that the final technical architecture and data exchange details with stakeholder systems will be decided after a detailed study and data harmonization exercise to be done at the time of implementation. The current BPR exercise of Indian Customs will also have an impact on the final architecture of ACS.

Mumbai International Airport Limited (MIAL)
The key points of dissent from MIAL are as below:

- MIAL has already developed a world class airport cargo community system to provide a single window interaction platform for all its stakeholders at Mumbai Airport viz. forwarders, Customs brokers, airlines, customs, ground handling agents etc. MIAL feels that the proposed ACS will not add much value to the stakeholders in Mumbai, in fact, it will create an unnecessary layer, as they already have a single window for air cargo operations.
- MIAL strongly feels that ACS shall not provide any transaction processing and it at best shall only get information on shipment status from the local airport community systems.
- MIAL also expressed that it is not required to channelize the Customs messaging via ACS as it already has a proven and tested connectivity with Customs. MIAL feels such centralization will add complexity and there may be frequent breakdowns.

Express Industry Council of India (EICI)
The key dissenting points expressed by Shri Vijay Kumar are as follows:

- ACS shall be an information gathering system rather than being a transaction processing system. In the alternative if the transactions have to start after going through a central server, the issue would be if another layer is imposed that would have its own set of challenges.
- For Funding of the ACS, Model 1 should be the option since this should be developed as the sovereign function of the government with no costs to users. Any development under PPP would mean the trade takes the costs perpetually. The need is for us to get the transaction costs down significantly and we would not recommend Option 2 and our members and exporters getting saddled with further costs.

Menzies Aviation
The key dissenting points expressed by Shri Rajendra Chowdary are as follows:

- HYD- HMACPL & BLR MABB may not to be able to implement ACS. Current system is tailor made to our operations according to our SLA, work convenience paperless warehouse operations with real time transactions and proactive alerts on SLA’s.
- Invested lot of money, efforts and time to develop and stabilize the system.
✓ As we are working in competitive market we need to have our own systems where we can have our own SLA and work flow to attract customers.
✓ We are Ok exchange message if required, but may not use ACS for our operations.