



THE AIR CARGO AGENTS ASSOCIATION OF INDIA

COUNTRY REPORT

FOR THE

49TH EXECUTIVE COUNCIL MEETING

OF

**THE FEDERATION OF ASIA PACIFIC AIR CARGO
ASSOCIATIONS
(FAPAA)**

AT BALI

On

9th June 2023



THE AIR CARGO AGENTS ASSOCIATION OF INDIA

OFFICE BEARERS

PRESIDENT	:	MR. AFZAL MALBARWALA
VICE PRESIDENT	:	MR. C.K. GOVIL
HON. SECRETARY GENERAL	:	MR. SAMIR SHAH
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MR. RONALD GOVEAS
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THE AIR CARGO AGENTS ASSOCIATION OF INDIA (ACAII)

PROFILE:

The Air Cargo Agents Association of India (ACAII), which was founded in 1970, is the premier national Association of the air cargo agents in India. Currently, our Association has a pan India strength of about 525 members, consisting primarily of air cargo agents, few airlines, General Sales Agents (GSAs), Bonded Truckers and airport Custodians as given below. All the air cargo agents who are members of ACAII, are accredited by International Air Transport Association (IATA).

Active Members: 282 (Head office/Registered offices of airfreight forwarders)

Associate Members: 210 (Branch offices of Active members)

Allied Airline Members: 10

Allied GSA Members: 9

Commercial Members: 13

The primary objectives of ACAII are to promote the growth of the air cargo industry in India, support the Ease of Doing Business initiative of Government of India, and safeguard the interests of its members. In this context, ACAII has extensive liaison and interaction in India with Ministries, Government Departments, Regulatory Authorities about various issues of concern to the airfreight and logistics sectors, which are vital for the promotion of trade and exports of India.

ACAII also deals with global international aviation organizations such as International Air Transport Association (IATA), International Federation of Freight Forwarders Associations (FIATA), Federation of Asia Pacific Agents Associations (FAPAA), etc.

ACAII is also a part of Logistics Committees of various Government bodies and Ministries and plays an instrumental role in evolving policies for Air Freight in India. Our Association is a permanent invitee in important Government Committees such as Standing Committee on Promotion of Export by Air (SCOPE Air), Ministry of Commerce and Industry, Air Cargo Promotion Board (ACPB), Group with Secretary



Logistics, International Narcotics Control Bureau, etc. ACAAI represents the user trade at these Committees and on all logistics committees of leading Chambers of Commerce and Industry like IMC Chamber of Commerce and Industry, CII, FICCI, ASSOCHAM, PHD Chambers etc. and provides inputs and suggestions about many relevant issues pertaining to the air freight industry. ACAAI is also involved in regular participation in regional meetings like Public Grievance Committee (PGC)/ Permanent Trade Facilitation Committee (PTFC), Customs Cargo Facilitation Committee (CCFC) with Customs, Cargo Facilitation Committee (CAFAC) with Custodians to streamline trade problems and solve on-ground operational as well as policy level issues.

INDIAN LOGISTICS -- LOOKING FORWARD

Growth Prospects

Despite the trying times and recent disruptions, the Indian air cargo and logistics sectors have witnessed substantial growth in 2022. India's air freight market was estimated to be US\$12.41 billion in 2022 and is expected to reach US\$16.37 billion by 2027, growing at a compound annual growth rate (CAGR) of 5.7 per cent, as per reports. With resilience, robustness, and agility, the logistics and supply chain industry certainly proved its mettle and the logistics industry is expected to grow five folds by 2050.

The introduction of National Logistics Policy has facilitated integrated, seamless, trustable, resilient, and green logistical operations. The logistics policy is based on automation, standardization, and informal labour. It intends to lower the cost of logistics by 10% by 2023.

As per the latest industry insights, India's Air Freight Market is estimated to be USD 13.08 Bn in 2023 and is expected to reach USD 17.22 Bn by 2028, growing at a CAGR of 5.65%.

CHALLENGES

The major challenges which face the logistics industry in India today are:

- ❧ Reducing costs -- India spends around 14.4% of its GDP on logistics and transportation as compared to less than 8% spent by the other developing countries.
- ❧ Reducing dwell time of cargo at airports and costs by accelerating the delivery mechanism.
- ❧ Lack of benchmarking and minimum service standards in cargo handling by Airlines, Custodians and Airport Terminal Operators.
- ❧ The hardware of the Customs system "ICEGATE" is inadequate to cope with the volume of import and export transactions, and needs to be upgraded.
- ❧ The Customs regulations and procedures need to be simplified to make them contemporary and suitable for the needs of the trade.
- ❧ Inadequate pool of trained and skilled manpower to meet the growing requirements of the industry.
- ❧ Infrastructure limitations and lack of automation in cargo handling which do not keep pace with the tremendous growth in cargo volumes.
- ❧ Severe reduction in margins due to intense competition in all spheres, coupled with higher costs of operations. This can at best be only partially compensated by higher volumes.
- ❧ Information management to be commensurate with the growing demand in all aspects of logistics and material handling.
- ❧ Levy of GST @ 18% on air freight from zero rated wef 1.10.2022 has made air exports more expensive than sea freight, which still attracts GST @5%.



ACAAI ANNUAL CONVENTION

✿ Every year, a three-day Convention is organized by ACAAI for its members. This is a major event in the annual calendar of the Indian air cargo and logistics industries. These Conventions provide a unique opportunity for ACAAI members from all over India to meet and interact with one another and also with their business partners overseas. ACAAI has organized 45 such Conventions so far.

After a pause of two years due to the pandemic, ACAAI was back on track and held its 46th annual Convention at Bangkok, from 24th to 27th November 2022 at Hotel Bangkok Marriott Marquis Queen's Park. It was attended by over 200 delegates. The theme of this Convention was "*Resilient Air Cargo Industry- Post Pandemic*". This Convention also witnessed participation from international air cargo and logistics fraternity. The business sessions included panel discussions with Young Freight Forwarders of the air cargo industry and as a new beginning there was a session titled 'women in logistics' which was conducted exclusively by the women in the air cargo industry. The informative and insightful business sessions provided a great platform to the industry stakeholders to meet and greet.

This event had a judicious mix of well-planned business sessions during the day and networking opportunities during the fellowship sessions in the evening for the duration of the Convention. It was greatly appreciated and enjoyed by the delegates.

ACAAI SYMPOSIUM 2022

On 17th October 2022, ACAAI (Northern Region) conducted a Symposium with the theme "New Logistics Policy - Embracing Opportunities" at New Delhi. The National Logistics Policy (NLP) had been launched by Prime Minister and ACAAI invited the creator of this Policy, namely, Mr. Amrit Lal Meena, Special Secretary (Logistics), DPIT, Ministry of Commerce & Industry to address the ACAAI members and apprise them of the salient features at this Symposium. Sr. Economic Advisor, also attended this Symposium at New Delhi. Chief Guest Mr. Amrit Lal Meena addressed the gathering on the aspects of NLP. About 150 participants including ACAAI members and other guests thoroughly enjoyed and appreciated the entire event.



CONCLUSION

The success of the air cargo segment can be achieved by joining hands to support the industry by leveraging e-commerce, exports, regional connectivity, and technology. We also look forward to continuing reforms and policy initiatives from the Union and State Governments, regulatory authorities etc. to enable India to become a major player in the logistics and air cargo industries globally.

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