



SNS COLLEGE OF ENGINEERING

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DEPARTMENT OF MANAGEMENT STUDIES

SUBJECT NAME & CODE : 23BAT348 - AIR CARGO MANAGEMENT

YEAR/ SEMESTER : II MBA / III SEMSTER

UNIT 1 : INTRODUCTION TO AIR CARGO MANAGEMENT

Topic : Cargo Rates



Cargo Rates



In freight shipping, especially for transporting goods via air, sea, or rail, different types of rates are applied depending on the nature of the cargo

- Specific Commodity Rates (SCRs)
- Class Rates
- General Cargo Rates (GCRs)



Specific Commodity Rates (SCRs)



Rates applied to a specific commodity.

These rates are usually lower because the carrier has optimized transportation for that particular commodity.

- Carriers often ship large quantities of certain goods, so they create specific rates for frequent shippers of those commodities.
- This encourages trade in these goods and helps both shippers and carriers by providing predictable, lower-cost shipping options.
- Companies shipping a specific type of good in bulk, such as electronics, textiles, or chemicals.

Why It's Needed

Who Uses It



Class Rates



Rates that apply to a wide range of commodities grouped into classes based on their shipping characteristics, such as weight, value, and ease of handling.

Why It's Needed

- Instead of defining a rate for every product, class rates group similar commodities for simpler rate calculations.
- This system is convenient when dealing with diverse cargo.

Who Uses It

- Freight carriers, shippers, and logistics companies that handle a wide variety of goods without specializing in any single type of cargo.



General Cargo Rates (GCRs)



The rates applied to any type of cargo that doesn't fall under specific commodity or class rates. These rates tend to be higher since no special optimization is done for the cargo.

Why It's Needed

- These rates offer flexibility when shipping non-specialized or mixed goods without needing specific arrangements for the product.

Who Uses It

- Small businesses, individuals, or freight forwarders shipping mixed or one-off cargo not fitting into a specific category.



Why Are These Rates Needed



- Efficiency and Cost Reduction
- Simplification of Pricing Models
- Encouraging Bulk Transport



Who Created These Systems



- These systems were developed by shipping companies, logistics experts, and international trade organizations.
- Major transportation authorities like the International Air Transport Association (IATA), Indian Railways, and shipping conglomerates play a key role in setting guidelines and tariffs.
- National regulatory bodies, like the Indian Ministry of Shipping and Railways, help regulate and publish these rates, ensuring transparency and standardization.



Understanding Rates with Examples

Shipping 10 tons of cargo from Mumbai to Chennai via rail.

Commodity: Agricultural products (rice)

Distance: ~1,330 km

Specific Commodity Rate (SCR):

Rate: ₹2,500 per ton for rice

Calculation: $10 \text{ tons} \times ₹2,500/\text{ton} = ₹25,000$

Rice is a bulk commodity commonly shipped across India. Indian Railways offers a special SCR for agricultural products like rice to support farmers and traders.



Understanding Rates with Examples

Shipping 10 tons of cargo from Mumbai to Chennai via rail.

Commodity: Agricultural products (rice)

Distance: ~1,330 km

Class Rate:

Commodity: If shipping machinery (Class 85)

Rate: ₹5,000 per ton

Calculation: $10 \text{ tons} \times ₹5,000/\text{ton} = ₹50,000$

The machinery belongs to Class 85, which requires some protection but is not highly fragile. The rate reflects its medium handling complexity.



Understanding Rates with Examples

Shipping 10 tons of cargo from Mumbai to Chennai via rail.

Commodity: Agricultural products (rice)

Distance: ~1,330 km

General Cargo Rate (GCR):

Mixed Cargo: Office furniture and electronics

Rate: ₹7,000 per ton

Calculation: $10 \text{ tons} \times ₹7,000/\text{ton} = ₹70,000$

Since the cargo is mixed and doesn't fall into a specific category, GCR applies. This rate is higher because the carrier cannot optimize the shipment specifically for these items.



List of Values for Different Rates

1. Agricultural Products (rice, wheat): ₹2,000 – ₹3,000 per ton (Specific Commodity Rate)
2. Coal (bulk transport): ₹1,500 – ₹2,000 per ton (Specific Commodity Rate)
3. Class 60 (e.g., textiles): ₹3,500 – ₹4,500 per ton (Class Rate)
4. Class 85 (e.g., machinery): ₹5,000 – ₹6,000 per ton (Class Rate)
5. Class 100 (e.g., glassware): ₹7,000 – ₹8,000 per ton (Class Rate)
6. General Cargo (mixed, unsorted): ₹6,500 – ₹10,000 per ton (General Cargo Rate)



RECAP

QUESTIONS???

THANK YOU