

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)
TARIFF AUTHORITY FOR MAJOR PORTS

G. No. : 162

New Delhi, 31 October 2006

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of the Jawaharlal Nehru Port Trust for general revision of its Scale of Rates as in the Order appended hereto.

(A.L. Bongirwar)
Chairman

TARIFF AUTHORITY FOR MAJOR PORTS

Case No. TAMP/48/2005 – JNPT

Jawaharlal Nehru Port Trust

Applicant

ORDER

(Passed on this 28th day of September 2006)

This case relates to a proposal dated 9 August 2005 received from Jawaharlal Nehru Port Trust (JNPT) for general revision of its Scale of Rates.

2. The Scale of Rates of JNPT was last reviewed in September 2002 based on a proposal filed by the port before this Authority. Since the cost / revenue analysis for the port as a whole depicted surplus position, no upward revision of tariff was allowed. The next general review of the Scale of Rates of the JNPT fell due in September 2004. This Authority passed an Order on 10 August 2004 reducing the ceiling rates of all vessel related charges prescribed in the Scale of Rates of JNPT by 10%. In this Order, the validity of the existing Scale of Rates (other than vessel related charges) of the JNPT was extended till 31 March 2005 and the port was directed to file its revised proposal for general review of its tariff by 31 January 2005. It was also decided the Scale of Rates would be reviewed *suo motu* in the event of non receipt of a comprehensive tariff proposal from JNPT by 31 January 2005. At the request of the JNPT from time to time, the port was granted time till 31 July 2005 to file its comprehensive proposal. In this backdrop, the JNPT has filed its proposal dated 9 August 2005 for general revision of its Scale of Rates.

3.1 The main points made by the JNPT in its proposal are summarized below:

(i). The tariff proposal is based on the following traffic projections.

Traffic	2005-06	2006-07	2007-08
Containers (TEUs)	12,50,000	9,50,000	10,00,000
Other Bulk (M.T)	5,06,000	5,02,000	6,00,000
Vehicles	26,000	-	-

(ii). Since royalty / revenue share / relevant vessel related charges (BOT Income) are not considered as income, the traffic at BOT terminals is not relevant for the proposal.

(iii). The traffic for the years 2006-07 and 2007-08 are lower as compared to the traffic for the year 2005-06 due to likely diversion of traffic to Gateway Terminals (India) Pvt. Ltd., (GTIPL) in the initial years.

(iv). The projections relating to Profit Before Interest and Taxes (PBIT), capital employed and return on capital employed (ROCE) for various activities including the port as a whole for the years 2005-06, 2006-07 and 2007-08 are as follows:

(Rs. in Lakhs)

	Projections		
	2005-06	2006-07	2007-08
Port as a whole			
PBIT	10,554.40	4,395.61	7,303.12
Capital Employed	69,711.70	72,174.76	80,629.04
ROCE	15.14%	6.09%	9.06%
Bulk activity			
PBIT	(1622.16)	(1910.48)	(1942.58)
Capital Employed	6565.08	5216.26	3867.51
ROCE	-24.71%	-36.63%	-50.23%
Container activity			
PBIT	10300.55	5617.99	9062.97
Capital Employed	30753.86	35061.51	37927.02
ROCE	33.49%	16.02%	23.90%
Cargo activity			

PBIT	8678.39	3707.51	7120.38
Capital Employed	37318.94	40277.77	41794.54
ROCE	23.25%	9.20%	17.04%
Estate activity			
PBIT	2188.47	2313.03	2444.63
Capital Employed	17536.33	16931.24	16238.47
ROCE	12.48%	13.66%	14.97%
Marine activity			
PBIT	(312.46)	(1624.93)	(2261.90)
Capital Employed	14856.42	14965.75	22506.04
ROCE	-2.10%	-10.86%	-10.05%

To achieve an average return of 15% on capital employed for the years 2006-07 and 2007-08 it is essential that the profit before interest and taxes should increase by Rs.55 Crores per annum approximately.

- (v). Any increase in vessel related charges may not be appropriate since it will have impact on the vessel related charges at the BOT terminals which are not considered for the purpose of tariff revision. There is also no case for any further reduction in vessel related charges, which is already a deficit activity. The only alternative is to increase the container related charges.
- (vi). The JNPT container terminal is operating at more than 100% capacity and will continue to operate at about 90% capacity even with the reduction of traffic for the year 2006-07 and 2007-08.
- (vii). The assumptions made while preparing the proposal are as follows:
- The workings are purely terminal based, excluding the BOT income, expenses and assets.
 - Income projections are based on the average income earned in the Financial Year 2004-05.
 - Inflation rate for expenditure has been taken as 4.10% based on RBI wholesale price index.
 - The annual increase in repairs and maintenance has been taken at 20% keeping in view the ageing of equipments and flotilla.
 - Fifty percent of the operating cost of the berth has been considered in Marine and balance for cargo handling.
 - Depreciation and capital employed on railways are considered in container berth.
 - Exchange rate was taken at Rs.45/- per US\$.
- (viii). The Major Capital Expenditure for the years 2005-06 to 2007-08 is as follows:
- | | Rs. Crores |
|---|-------------------|
| Container Handling Equipment | 121.00 |
| Civil/ Road Work mainly related to Container Operations | 83.50 |
| Flotilla | 102.10 |
- (ix). JNPT has pointed out the following initiatives taken by it to justify the increase in tariff:
- Investment in RDT system which is a value addition to the trade.
 - Two new RMQCs in the terminal which will increase the turn-around time.

- (c). Take over of survey functions by removing present outside survey agencies.
- (d). Take over all such works that are normally done by shipping lines.
- (e). Deployment of 20 new Tractor Trailers will give better value added service to the customers.
- (x). Capital dredging is not included in the capital employed, as capital dredging is proposed to be funded out of Escrow Account created out of Royalty.
- (xi). Though a 20% increase in container tariff is required to achieve an average 15% ROCE in 2005-06 and 2007-08, the Board of Trustees deliberated and felt that keeping in view the competitive environment, it would be better to restrict the increase to 16% in container charges in line with the NSICT tariff.

3.2. The Board of Trustees of JNPT has approved the proposal in its meeting held on 29 July 2005.

4. The JNPT initially furnished details of estimated traffic, surplus / deficit position (without BOT income) after the Return on Capital Employed for the years 2002-03 to 2007-08. The port subsequently furnished surplus / deficit position for the year 2008-09 also. The estimated total container and other bulk traffic, reported surplus/deficit position (without BOT income) after the return on capital employed adjusted by applying applicable rate of ROCE are given below:

		(Rs. in lakhs)					
Sr. No.	Traffic	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1.	TEUs	10,38,434	11,38,868	12,50,000	9,50,000	10,00,000	Not furnished
2.	Other Bulk (M.T)	11,14,000	5,19,000	5,06,000	5,02,000	6,00,000	Not furnished
3.	Vehicles	83,000	58,000	26,000	-	-	Not furnished
4.	Net surplus/deficit						
	a. Bulk handling and storage	(4724.57)	(1875.86)	(2606.92)	(2692.92)	(2522.71)	(2334.87)
	b. Container handling and storage	9724.16	8963.28	9346.72	358.76	3373.92	624.77
	c. Estate	490.74	(345.95)	(441.98)	(226.66)	(4.64)	(154.94)
	d. Marine	1331.13	(926.59)	(1781.83)	(3869.79)	(5637.81)	(5057.98)
5.	Net surplus/deficit port as a whole at existing tariff	6370.47	5814.87	(4516.00)	(6430.59)	(4791.24)	(6923.00)
6.	Net surplus/deficit as percentage of operating income at existing tariff	14.13%	12.98%	9.59%	(17.37%)	(12.30%)	(17.04%)

5.1 In accordance with the consultative procedure prescribed, the proposal filed by the JNPT was forwarded to the NSICT, GTIPL and the concerned user organisations for their comments.

5.2 The comments received from the concerned user organizations were forwarded to JNPT as feed back information. The JNPT has responded to the comments furnished by the users on its proposal.

6.1. Based on a preliminary scrutiny of the proposal, the JNPT was requested to furnish additional information/ clarifications on various points vide our letter dated 14 November 2005. JNPT has responded to these queries vide its letter dated 6 January 2006. The JNPT has made the following general observations apart from responding to the queries raised by us:

- (i). Cost Statements have been revised based on the Revised Estimates (2005-06) and Budget Estimate (2006-07) and the revised cost statements are prepared fully on terminal

basis. The average ROCE on this basis for three years for the port as a whole is 5.14%. It is 13.30% for container handling activity.

- (ii). The position relating to the estimated income from BOT operators and the estimated infrastructure expenditure (not included in capital employed) for 4 years (2005-06 to 2008-09) is as follows:

- | | | |
|------|---|-----------------|
| (a). | Estimated BOT Income | Rs. 1200 Crores |
| (b). | Estimated infrastructure expenditure expected to be spent (out of Rs.1600 crores estimated) during the four years. | Rs. 1300 Crores |

The total BOT income is inadequate to meet the infrastructure expenditure and the port will have to use other resources to fund it. Any reduction in tariff would have a bearing on the port's ability to fund these infrastructure works.

6.2. A summary of the queries raised by us and the replies furnished by JNPT are tabulated below.

Sr. No.	Queries raised by TAMP	Reply furnished by JNPT																								
A. (i).	General: The JNPT is requested to furnish an analysis of variation for the years 2002-03 to 2004-05 in actual physical and financial performance with reference to projections relied upon for the fixation of the existing tariff duly explaining the reasons for such variations. In this regard clause 2.13 of the revised tariff guidelines may be referred.	Since no tariff revision was granted by the TAMP at the time of last general revision, based on earlier projection, we feel that an analysis of past performance is not relevant to the current tariff revision exercise.																								
(ii).	The JNPT is requested to furnish a draft Scale of Rates and associated conditionalities.	The JNPT submitted a draft Scale of Rates under cover of its letter dated 4 March 2006.																								
(iii).	The revised tariff guidelines stipulate that tariff should be linked to benchmark of the levels of productivity. The JNPT has not indicated anything about productivity levels to be maintained for various operations/services.	<p>The change in productivity parameters over the last one year is given below:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">Oct., 2005</th> <th style="text-align: center;">Oct., 2004</th> </tr> </thead> <tbody> <tr> <td>a). Berth Occupancy (%)</td> <td style="text-align: center;">79.87</td> <td style="text-align: center;">82.42</td> </tr> <tr> <td>b). Gross Berth Productivity (Moves/Hour)</td> <td style="text-align: center;">44.08</td> <td style="text-align: center;">36.55</td> </tr> <tr> <td>c). Gross Crane Productivity (Moves/Hour/ crane)</td> <td style="text-align: center;">15.99</td> <td style="text-align: center;">15.34</td> </tr> <tr> <td>d). Avge. Pre berthing Time (Hours)</td> <td style="text-align: center;">8.40</td> <td style="text-align: center;">4.30</td> </tr> <tr> <td>e). Avge. Berth stay (in days)</td> <td style="text-align: center;">1.13</td> <td style="text-align: center;">1.50</td> </tr> <tr> <td>f). Avge. Turn Around Time (Days)</td> <td style="text-align: center;">1.48</td> <td style="text-align: center;">1.65</td> </tr> <tr> <td>g). Output per Ship Berth day</td> <td style="text-align: center;">1441</td> <td style="text-align: center;">1187</td> </tr> </tbody> </table> <p>Despite ageing of equipment and flotilla, the productivity parameters have improved over the last one-year with the acquisition of the additional equipment.</p> <p>The JNPT still have some equipment, which are about 10 years old and cannot be replaced for another 10 years as per Government guidelines. Being a public terminal, JNPT does not have the</p>		Oct., 2005	Oct., 2004	a). Berth Occupancy (%)	79.87	82.42	b). Gross Berth Productivity (Moves/Hour)	44.08	36.55	c). Gross Crane Productivity (Moves/Hour/ crane)	15.99	15.34	d). Avge. Pre berthing Time (Hours)	8.40	4.30	e). Avge. Berth stay (in days)	1.13	1.50	f). Avge. Turn Around Time (Days)	1.48	1.65	g). Output per Ship Berth day	1441	1187
	Oct., 2005	Oct., 2004																								
a). Berth Occupancy (%)	79.87	82.42																								
b). Gross Berth Productivity (Moves/Hour)	44.08	36.55																								
c). Gross Crane Productivity (Moves/Hour/ crane)	15.99	15.34																								
d). Avge. Pre berthing Time (Hours)	8.40	4.30																								
e). Avge. Berth stay (in days)	1.13	1.50																								
f). Avge. Turn Around Time (Days)	1.48	1.65																								
g). Output per Ship Berth day	1441	1187																								

		choice, to not handle vessels with constraints, thus having adverse effect on productivity. In view of the above, it is difficult to indicate the productivity parameters.																				
(iv).	The projected financial position, for the period 2005-06 to 2007-08, without change in the existing tariff furnished by the JNPT reveals that the bulk handling and storage activity are in deficit. The reported deficit in marine activity may also get wiped-off when vessel related income arising out of BOT arrangements is considered as income of the port. The container handling activity reveals an average ROCE of around 28% for the period 2005-06 to 2007-08. In this scenario, the proposal of JNPT for 16% hike in the existing container related charges needs to be justified in the light of Clauses 2.11.3 and 2.11.4. of the revised tariff guidelines. Further, the reasons why the tariff should not be adjusted downward in view of the surplus position should also be brought out.	<p>JNPT is not attempting to cross subsidize any activity whether bulk or marine. The proposed increase in container activity is not sought to prescribe lower tariff for any other activity.</p> <p>JNPT has to earn minimum 15% ROCE for the port as a whole, if it has to finance the several capital expenditure and infrastructure projects on hand.</p> <p>The cost statements show that the average ROCE for the port as a whole for the years 2006-07 to 2008-09 is only about 5%. The return on container is about 13%. Therefore, the increase sought in container, is fully justified. Any reduction in container charges will result in deterioration of financial position of port and also deteriorate quality of service.</p>																				
(v).	(a). The documents attached with the proposal reveal that JNPT has excluded the income arising out of BOT contracts in the computation of cost statement. As the JNPT is aware, only royalty/revenue share is to be excluded from income of the port for tariff revision/review and the treatment for revenue share/royalty receivable by the landlord port shall be governed by Clause 2.8.3 of the revised tariff guidelines. The Vessels related income in respect of vessels of BOT operators is the income of the port and has to be considered for tariff revision/review.	Refer comments at (iv) above.																				
	(b). Lease rentals receivable from the BOT operators is income of the port and such lease rentals have to be considered in the fixation of tariff. Accordingly, lease rentals receivable from the BOT operators may be considered and the cost statement revised suitably.	Assets handed over to the BOT operator as part of the license agreements have been excluded from the Capital employed. Therefore, the lease rentals for such assets are also excluded. As already, brought out, the proposal is terminal based.																				
	(c). The JNPT may furnish break up details of BOT income from all the BOT agreements for all the years under consideration.	<p>Since the proposal is terminal based, and income from BOT operators will be used for creating infrastructure, which will not be included in the capital employed, the breakup of BOT income may not be relevant for tariff fixation. However, the break-up is as follows:</p> <p style="text-align: right;">(Rs. in lakhs)</p> <table border="1"> <thead> <tr> <th></th> <th>2005-06</th> <th>2006-07</th> <th>2007-08</th> <th>2008-09</th> </tr> </thead> <tbody> <tr> <td>Royalty/ Revenue share</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>NSICT</td> <td>6946.88</td> <td>10228.13</td> <td>13404</td> <td>17460</td> </tr> <tr> <td>GTIPL</td> <td>-</td> <td>3962.31</td> <td>7384.62</td> <td>9230.8</td> </tr> </tbody> </table>		2005-06	2006-07	2007-08	2008-09	Royalty/ Revenue share					NSICT	6946.88	10228.13	13404	17460	GTIPL	-	3962.31	7384.62	9230.8
	2005-06	2006-07	2007-08	2008-09																		
Royalty/ Revenue share																						
NSICT	6946.88	10228.13	13404	17460																		
GTIPL	-	3962.31	7384.62	9230.8																		

		<table border="1" data-bbox="890 230 1433 383"> <tr> <td>BPCL</td> <td>872.00</td> <td>994.40</td> <td>1001.00</td> <td>1137.5</td> </tr> <tr> <td>Land Revenue from GTIPL</td> <td>2422.96</td> <td>2544.11</td> <td>2671.31</td> <td>2804.9</td> </tr> <tr> <td>VRC</td> <td>7902.74</td> <td>9874.99</td> <td>11015.70</td> <td>12357</td> </tr> <tr> <td>TOTAL</td> <td>18144.58</td> <td>27603.94</td> <td>23416.63</td> <td>42990.2</td> </tr> </table> <p>The estimated cost towards capital dredging and berth extension is Rs.800 Crores and Rs.168 Crores respectively. The Ministry has asked JNPT to operationalize the facilities at 4th Container Terminal by March 2009, with an estimated cost of approximately Rs.5000 Crores, financing pattern of which is still to be firmed up.</p> <p>Non-allowance of Royalty/Revenue Share payable by BOT operator as an admissible cost for tariff computation will make the project less attractive from operators point of view. The port may have to bear the expenditure of Rs.185 crores on capital dredging for the project, if the project is to be made attractive to the BOT operator. Similarly, the capital dredging cost will be Rs.118 Crores for the proposed Marine Chemical Terminal.</p>	BPCL	872.00	994.40	1001.00	1137.5	Land Revenue from GTIPL	2422.96	2544.11	2671.31	2804.9	VRC	7902.74	9874.99	11015.70	12357	TOTAL	18144.58	27603.94	23416.63	42990.2
BPCL	872.00	994.40	1001.00	1137.5																		
Land Revenue from GTIPL	2422.96	2544.11	2671.31	2804.9																		
VRC	7902.74	9874.99	11015.70	12357																		
TOTAL	18144.58	27603.94	23416.63	42990.2																		
	<p>(d). The revised tariff guidelines prescribe setting aside a minimum of 50% of royalty / revenue share in escrow account for the stated purposes. The exceptional circumstances warranting accumulation of entire royalty / revenue share income in the escrow account may be explained.</p>	<p>JNPT has complied with the guidelines presented by the TAMP for creation of a Separate Account for development purposes. The reason for allocating 100% of the Revenue/Royalty Share is on account of substantial infrastructure works to the extent of about Rs.1614 crores to be undertaken by JNPT.</p>																				
	<p>(e). Revenue share / royalty receivable should first be applied to meet cost of surplus labour. The treatment given in the cost statements in this regard may be explained.</p>	<p>JNPT has no surplus labour. Any surplus on account of conversion of BT to CT has been redeployed.</p>																				
	<p>(f). (i). Clause 2.8.3. of the revised tariff guidelines prescribes the treatment to be given to the revenue share / royalty receivable by a major port from the BOT operators. It further stipulates creation of an Escrow account for the stated purpose and application of such fund for creation / modernization of infrastructure facilities. JNPT has not indicated anything regarding creation of such an Escrow account. JNPT may indicate the actual / estimated income from Royalty / Revenue share received / receivable from the BOT operators yearwise and credited / to be credited to the escrow account and the port's proposal for creation / modernisation of its infrastructure facilities from such income.</p> <p>(ii). The receipt of Rs.15.00 Crores as upfront premium received from the BOT operator (GTIPL) during the year 2004-</p>	<p>JNPT intends to create a separate account designated as "Infrastructure Reserve (TAMP)", to which all BOT incomes including income from VRC will be appropriated.</p> <p>Refer v (c) above.</p>																				

	<p>05 may be included in the cost statement as income.</p> <p>(iii). Annual Accounts for the year 2003-04 and 2004-05 reveal that JNPT receives income towards "other charges" from BOT operators. These "other charges" already received and projected to be received for the years 2005-06 to 2008-09 may be listed out and included in the cost statements and the cost statements revised accordingly.</p>	<p>Other charges are only reimbursement of Electricity, Water charges and are not pertinent to the issue. Related costs have also been excluded.</p>
(vi).	<p>(a). The action taken by JNPT with reference to Chapter 7 of the revised tariff guidelines may be explained.</p> <p>(b). It is relevant to mention here that this Authority in its Order dated 11 August 2003 approving the proposal of JNPT for amendment to terms of paved area agreement entered into between the JNPT and Consortia of Shipping Lines for handling of containers in the designated yards allocated by JNPT advised the port to submit a suitable proposal for fixing the quantum of royalty. We have not received any proposal in this regard from JNPT so far.</p>	<p>JNPT has engaged a service provider for its CFS activities. The service provider should approach TAMP for tariff fixation, giving complete details of his costing, since BOT operations are already under purview of TAMP.</p> <p>No further provision has been made by JNPT regarding royalty for the operations carried out by Lessee to other lines.</p>
(vii).	<p>As disclosed by the Annual Accounts of JNPT for the year 2003-04 and 2004-05, JNPT is receiving 'royalty income' from Bharat Petroleum Corporation Limited (BPCL). Royalty income from BPCL was recognised as income of the port during the last revision in August 2002. This Authority in its Order dated 27 August 2002 advised the JNPT to ensure that the BPCL levies only the tariffs approved for them on the traffic handled at their terminal. The action taken by JNPT as licensor to require its licensee to adhere to the legal position of tariff setting may be explained.</p>	<p>TAMP may directly approach the BPCL in this regard. (However, subsequently, JNPT has taken up the matter with BPCL vide JNPT letter dated 31 January 2006)</p>
(viii).	<p>(a). Please indicate the date on which the bulk terminal was decommissioned pending decision about its conversion into third container terminal.</p> <p>(b). Details regarding disposal of the bulk handling equipments and other assets of the bulk terminal. Please confirm whether such disposed assets are removed from the net block of capital employed.</p> <p>(c). The date of the handing over of the third container terminal to the BOT</p>	<p>The mechanized bulk handling facilities were discontinued w.e.f. July 2002. In March 2003 liquid cargo handling was shifted to BPCL Liquid Cargo Jetty.</p> <p>The major assets of the bulk terminal, which have been disposed off are grab unloaders, continuous unloaders, conveyor systems and Bagging Plant. Other, mainly immovable assets have been handed over to BOT operator. It is confirmed that such assets are not included as Capital employed.</p> <p>The agreement with the BOT operator was signed on 10th August 2004. The assets handed over to the</p>

	operator as well as the net block relating to the (erstwhile) bulk terminal, with the list of major assets, which stand included in the capital employed may be furnished. The port may also indicate whether any traffic is being handled at these berths during this period and the income arising out of such traffic.	BOT operators are not included in the Capital employed. This can clearly be seen from the reduction in the capital employed of the BT from 2004-05 onwards. The traffic and related income is not of a material quantity and amount.
	(d). The computation of estimated Return on Capital Employed (ROCE) includes ROCE on the assets deployed in the Bulk Terminal. Since the bulk terminal is envisaged for conversion into container terminal under BOT arrangement with Royalty / Revenue Share receivable from the BOT operator, the claim, if any, if ROCE on the assets of the (erstwhile) Bulk Terminal may be justified.	As stated at paragraph viii(c) above.
(ix).	A brief note on surplus manpower, if any, may be forwarded keeping in mind Clause 2.8.3. of the revised tariff guidelines and the allocation of such manpower cost may be explained.	As stated at paragraph v(e).
(x).	All major port trusts have been given a flexibility to charge lower rates and / or allow higher rebates and discounts, if they so desire. JNPT is requested to furnish item-wise details of reduction in its notified tariff and higher rebates and discounts allowed, if any. The effect of such steps on traffic growth may also be highlighted.	JNPT has not charged lower rates or allowed higher rebate and discounts.
(xi).	(a). The revised tariff guidelines specify the tariff validity for a period of 3 years. That being so, financial / cost figures for the years 2006-07 to 2008-09 are required. The JNPT is, therefore, requested to furnish cost statements for the port as a whole and activity / sub-activitywise cost statements for the year 2008-09.	JNPT has furnished revised cost statements upto period 2008-09.
	(b). The cost statement for the year 2005-06 may be updated with reference to actuals upto October 2005. Consequently, the cost estimates for the subsequent period may also be revised, if necessary.	JNPT has reworked the cost statements based on the RE 2005-06 and BE 2006-07.
	(c). The cost statements for the year 2002-03 may also be furnished.	Details of 2002-03 are not relevant.
	(d). Income estimates may be updated with reference to prevailing exchange rate with suitable provision in future projections for exchange rate fluctuation.	Exchange rate is volatile and cannot be projected.

<p>B.</p>	<p>Capacity: Please furnish the capacity utilization for the years 2002-03 to 2004-05 and also the assessed capacity of the JNPT as a whole and major facilities separately for the years 2005-06 to 2008-09 considering the capital investment proposed to be made during these years and the productivity improvements expected to achieve. Please furnish the detailed computation of capacity estimation.</p>	<p>JNPT has furnished a comparison of capacity and actual traffic handled for years 2002-03 to 2004-05 and has given its future capacity for the years 2005-06 to 2008-09 which are as follows.:</p> <p style="text-align: right;">(in million tonnes)</p> <table border="1" data-bbox="890 344 1426 602"> <thead> <tr> <th>Year</th> <th>Capacity</th> <th>Traffic handled</th> </tr> </thead> <tbody> <tr> <td>2002-03</td> <td>13.45</td> <td>10.31</td> </tr> <tr> <td>2003-04</td> <td>12.25</td> <td>13.93</td> </tr> <tr> <td>2004-05</td> <td>13.20</td> <td>14.48</td> </tr> <tr> <td>2005-06</td> <td>14.82</td> <td>-NA-</td> </tr> <tr> <td>2006-07</td> <td>14.82</td> <td>-NA-</td> </tr> <tr> <td>2007-08</td> <td>18.44</td> <td>-NA-</td> </tr> <tr> <td>2008-09</td> <td>18.44</td> <td>-NA-</td> </tr> </tbody> </table>	Year	Capacity	Traffic handled	2002-03	13.45	10.31	2003-04	12.25	13.93	2004-05	13.20	14.48	2005-06	14.82	-NA-	2006-07	14.82	-NA-	2007-08	18.44	-NA-	2008-09	18.44	-NA-
Year	Capacity	Traffic handled																								
2002-03	13.45	10.31																								
2003-04	12.25	13.93																								
2004-05	13.20	14.48																								
2005-06	14.82	-NA-																								
2006-07	14.82	-NA-																								
2007-08	18.44	-NA-																								
2008-09	18.44	-NA-																								
<p>C (i).</p>	<p>Traffic: The JNPT is requested to furnish traffic projections in respect of the following for the years 2005-06 to 2008-09:</p> <p>(a). Itemwise details of dry bulk (excluding liquid) traffic / general cargo projected.</p> <p>(b). Details of liquid traffic projected to be handled.</p> <p>(c). Details of General cargo traffic, if any.</p> <p>(d). Detailed break-up of container traffic like 20', 40', reefer, ICD traffic, transshipment, etc., along with dwell time analysis.</p> <p>(e). Number of vessels and GRT of vessels proposed to be handled taking into consideration the commissioning of the third container terminal and the average time at berth. Similar information for BOT berths should also be furnished.</p> <p>(f). Under each of the items above, foreign-going and coastal categorisation may be shown.</p>	<p>Bulk traffic at JNPT is only residual and insignificant, consisting mainly of cement and Break bulk.</p> <p>Liquid traffic is handled by BPCL and is not relevant. Royalty/Revenue share is not considered as Income.</p> <p>Bulk traffic at JNPT, if any, is only residual and insignificant. It consists mainly of cement and Break bulk.</p> <p>The JNPT has furnished detailed break-up for the types of containers handled for the year 2004-05. It has further stated that it is not possible to give further breakup, or future projections / breakup since the various categories are numerous. For the tariff fixation exercise, the existing pattern is expected to continue.</p> <p>JNPT has furnished the details of number of vessels and GRT of the vessels for the years 2004-05 to 2008-09. The details furnished by the JNPT include the details about the vessels visiting private terminals of JNPT.</p> <p>Coastal Container traffic is considered as 3%.</p>																								
<p>(ii).</p>	<p>The traffic projections should be in line with the projections in the 5 year / annual plan and the current / expected growth as stipulated in clause 2.5.1 of the revised tariff guidelines. The JNPT would have also made traffic projections while inviting bids for the third container terminal. Copy of the relevant report to substantiate the assumption of traffic decline with the commissioning of GTI may be furnished.</p>	<p>Decline of traffic was clearly seen when NSICT was commissioned and the same is expected when GTI is commissioned. However, this is only temporary for 2 to 3 years.</p>																								

<p>D. 1.</p>	<p>Financial / Cost Statements: Cost statement (Port as a whole): Operating Income: (a). The income from container handling for the years 2003-04 to 2005-06 and the income from marine activity for the year 2005-06 shown in the cost statement do not tally with the figures in the annual accounts for the years 2003-04 and 2004-05 and B.E. for the year 2005-06. Please reconcile the figures.</p>	<p>The difference is due to the vehicle income and income from BOT operations, Vehicle Income is shown separately and BOT income is excluded.</p>
	<p>(b). The cost statements furnished do not include the income on account of penalty for shortfall in MGT under "Miscellaneous Income".</p> <p>However, the Annual Accounts of JNPT for the year 2003-04 and 2004-05 reveal that it has received Rs.65.12 Crores and 76.07 Crores for the years 2003-04 and 2004-05 respectively as 'Finance and Miscellaneous Income' (including penalty for short fall in the MGT); and, it has disclosed only Rs.28.74 lakhs and Rs 63 lakhs for the year 2003-04 and 2004-05 respectively as 'Miscellaneous Income' in the 'cost statement for the port as a whole'. The miscellaneous income included relates to only income from sale of unserviceable materials and income from launch pass. The reasons for not including other items of income categorised under 'Finance and Miscellaneous Income' received during the year 2003-04 and 2004-05 are not clear. The actual 'finance and miscellaneous income' received and projections for the subsequent years may be estimated and included in the cost statement accordingly.</p>	<p>If penalty for MGT is to be included as income, TAMP should permit the entire debtors arising from MGT to be included as part of Capital employed.</p> <p>The concept of ROCE is before interest. Therefore, interest income has been excluded. In the other cases (Guest House income, Gas Agency income), both income and expenditure are excluded.</p>
	<p>(c). Detailed working for the estimation of income in respect of each of the following activity projected for the years in the cost statement may be furnished:</p> <ul style="list-style-type: none"> (i). Container handling (ii). Liquid handling (iii). Dry Bulk (iv). Marine 	<p>The permutation and combination of type of containers are too numerous for us to be able to furnish the detailed working. JNPT will be able to provide such detailed information only if the entire accounting and computer systems are revamped. Under such circumstances and lack of adequate manpower and computerization, the details for the present cannot be submitted due to non-availability. The projections for 2005-06 onwards have been made based on the actuals for 2004-05 after adjusting for the projected traffic.</p> <p>As far as liquid handling is concerned, port only receives royalty, which is not included as income.</p> <p>Dry Bulk income is insignificant.</p>

		<p>Marine Income details as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>05-06</th> <th>06-07</th> <th>07-08</th> <th>08-09</th> </tr> </thead> <tbody> <tr> <td>Port Dues</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JNPT</td> <td>1434.38</td> <td>1079.94</td> <td>1087.20</td> <td>1173.37</td> </tr> <tr> <td>Pvt Terminal</td> <td>1942.79</td> <td>2376.57</td> <td>2605.07</td> <td>2911.17</td> </tr> <tr> <td>Total</td> <td>3377.17</td> <td>3456.51</td> <td>3692.27</td> <td>4084.54</td> </tr> <tr> <td>Pilotage</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JNPT</td> <td>3495.76</td> <td>2618.92</td> <td>2637.69</td> <td>2858.90</td> </tr> <tr> <td>Pvt Terminal</td> <td>4558.60</td> <td>5610.21</td> <td>6209.81</td> <td>6909.50</td> </tr> <tr> <td>Misc</td> <td>70.00</td> <td>70.00</td> <td>70.00</td> <td>70.00</td> </tr> <tr> <td>Total</td> <td>8124.36</td> <td>8299.13</td> <td>8917.50</td> <td>9838.40</td> </tr> <tr> <td>Berth hire</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>JNPT</td> <td>1496.67</td> <td>1100.47</td> <td>1135.42</td> <td>1234.09</td> </tr> <tr> <td>Pvt Terminal</td> <td>1401.36</td> <td>1888.21</td> <td>2200.82</td> <td>2536.31</td> </tr> <tr> <td>Misc</td> <td>57.50</td> <td>57.50</td> <td>57.50</td> <td>57.50</td> </tr> <tr> <td>Total</td> <td>2955.53</td> <td>3046.18</td> <td>3393.74</td> <td>3827.90</td> </tr> </tbody> </table>		05-06	06-07	07-08	08-09	Port Dues					JNPT	1434.38	1079.94	1087.20	1173.37	Pvt Terminal	1942.79	2376.57	2605.07	2911.17	Total	3377.17	3456.51	3692.27	4084.54	Pilotage					JNPT	3495.76	2618.92	2637.69	2858.90	Pvt Terminal	4558.60	5610.21	6209.81	6909.50	Misc	70.00	70.00	70.00	70.00	Total	8124.36	8299.13	8917.50	9838.40	Berth hire					JNPT	1496.67	1100.47	1135.42	1234.09	Pvt Terminal	1401.36	1888.21	2200.82	2536.31	Misc	57.50	57.50	57.50	57.50	Total	2955.53	3046.18	3393.74	3827.90
	05-06	06-07	07-08	08-09																																																																									
Port Dues																																																																													
JNPT	1434.38	1079.94	1087.20	1173.37																																																																									
Pvt Terminal	1942.79	2376.57	2605.07	2911.17																																																																									
Total	3377.17	3456.51	3692.27	4084.54																																																																									
Pilotage																																																																													
JNPT	3495.76	2618.92	2637.69	2858.90																																																																									
Pvt Terminal	4558.60	5610.21	6209.81	6909.50																																																																									
Misc	70.00	70.00	70.00	70.00																																																																									
Total	8124.36	8299.13	8917.50	9838.40																																																																									
Berth hire																																																																													
JNPT	1496.67	1100.47	1135.42	1234.09																																																																									
Pvt Terminal	1401.36	1888.21	2200.82	2536.31																																																																									
Misc	57.50	57.50	57.50	57.50																																																																									
Total	2955.53	3046.18	3393.74	3827.90																																																																									
2.	Operating Expenditure:																																																																												
(i)	The aggregate of the operating expenditure shown in the activity/sub-activity cost statements does not tally with total operating expenditure shown in the cost statement for the port as a whole. JNPT may reconcile and furnish the corrected cost statements.	Depreciation on railways is shown in container under miscellaneous expenditure. Hence the difference.																																																																											
(ii).	With reference to power and fuel cost, please clarify/furnish the followings:																																																																												
	(a). The estimated power and fuel cost shown in the cost statement for the year 2005-06 and actual expenditure for the year 2003-04 do not tally with the B.E. for the year 2005-06 and annual accounts for the year 2003-04.	Power & Fuel is based on traffic and need not match the budget. BOT portion is excluded. Therefore, it will not match with Annual Accounts 2003-04. Moreover, in the cost statements, the presentation is activity wise, whereas in the accounts it is account code wise.																																																																											
	(b). Please furnish workings for the estimated power cost for all the years under consideration.	Power & Fuel varies with traffic and normal escalation. It is seen that power and fuel cost during 2004-05 and 2008-09, vary between 4 to 5% of operating income. This appears reasonable.																																																																											
	(c). The basis of apportionment of power and fuel cost to various activities may be furnished.	Power & Fuel cost is based on actual consumption.																																																																											
	(d). The reason for applying an escalation of around 11% in the power and fuel cost for the year 2005-06 as compared to the actual expenditure for the year 2004-05 may be explained and the estimated power and fuel cost for the year 2005-06 may be justified with reference to actuals incurred upto the end of October 2005.	The Power & Fuel cost is mainly related to increase in container traffic, which has gone up by about 10% in 2005-06 compared to 2004-05. Therefore, escalation is not 11%. The combined effect of traffic increase and inflation is 11%.																																																																											
(iii).	(a). Please indicate basis of apportionment of water charges to various activities.	Apportionments of Water Charges are made as per the details of average consumption provided by the executive department. The position has been reviewed and modified accordingly.																																																																											
	(b). 21% hike in the estimated water cost for the year 2005-06 as compared to the actuals for the year 2004-05 may be justified	JNPT has not furnished any comments.																																																																											
	(c). (i). Please explain the reason for around 322% increase in the actual expenditure on "other general expenses" for the year	The increase is mainly due to Road Tax of Rs.9 crores charged on the Tractor Trailers owned by the port.																																																																											

	<p>2004-05 as compared to the actual expenditure for the year 2003-04.</p> <p>(ii). Please list out this items considered under "other general expenses"</p>	<p>JNPT has stated that expenses, which are not covered under any of specific heads, are booked under residual expenditure code. It has given an illustrative list of expenditure incurred during the year 2004-05.</p>									
	<p>(d). Please explain the reasons for allocating the entire estimated expenditure towards engineering services to container handling activity alone.</p>	<p>Engineering Services is part of the operations department. With Bulk Operation reducing and container operations increasing, it is but natural that the entire expenses of Engineering services is under container. Bulk is only a residual activity. Therefore, no tariff increase is sought despite negative ROCE in Bulk.</p>									
	<p>(e). Please explain the basis of apportionment of expenditure on stores/PMC to various activities. The actual expenditure of stores/PMC for the year 2004-05 is around 281% as compared to the actual expenses for the year 2003-04 which may be justified.</p>	<p>Computer maintenance expenses have gone up. In absolute terms the increase is only about 80 lakhs. The main expenditure relates to container, since the computer systems are mainly of Container Terminal.</p>									
	<p>(f). The reason for allocation of entire estimated expenditure on port planning and development to estate activity alone may be explained.</p>	<p>Port planning & development is mainly related to development of infrastructure for operations and maintenance of township. The expenditure relating to township is shown in Estate. The balance has been taken to operations.</p>									
	<p>(g). (i). The basis and reason for reallocation of depreciation of administrative assets to the other activities.</p> <p>(ii). The reason for substantial increase in the total depreciation for the year 2005-06 (Rs.7249.46 lakhs) as compared to the year 2004-05 (Rs.2705.91 lakhs) may be explained.</p> <p>(iii). During the last revision of its Scale of Rates in August 2002, JNPT clarified that port Railway was transferred to the Indian Railways at a nominal cost. The operations are carried out by the Indian Railways and Railway Freight / Haulage charges for traffic to and from the port are collected by them. The Railways are</p>	<p>Assets that are not directly used in any of the activities are identified as administrative assets. Depreciation on these assets is reallocated to the activities based on the direct operating expenditure with other admn. expenses.</p> <p>Increase in depreciation in 2005-06 is on account of change in the method of calculating depreciation. As specified, in TAMP guidelines depreciation is calculated on SLM basis using rates of depreciation applicable for Companies Act.</p> <p>Life of the assets has no relationship with the depreciation rates. The life mentioned against new assets are only for information, which was used for calculation of book depreciation. The rates of depreciation as per Companies Act are as follows:</p> <table border="0" data-bbox="847 1666 1329 1756"> <tr> <td>Plant & Machinery</td> <td>-</td> <td>10.34%</td> </tr> <tr> <td>Buildings</td> <td>-</td> <td>3.34%</td> </tr> <tr> <td>Flotilla</td> <td>-</td> <td>5%</td> </tr> </table> <p>JNPT does not get any income from railways. The Railways are required to do the maintenance of the assets handed over to them, and are responsible for any future development like increase in the rakes, line doubling etc. to cater to increase in traffic. Since the railways are used entirely to transport containers, it is appropriate that entire depreciation is allocated to container.</p>	Plant & Machinery	-	10.34%	Buildings	-	3.34%	Flotilla	-	5%
Plant & Machinery	-	10.34%									
Buildings	-	3.34%									
Flotilla	-	5%									

	<p>expected to compensate the JNPT out of this earning in consideration of the assets transferred or in their use. Inclusion of this cost in the container handling activity may be an additional burden on the users. This Authority while allowing this expenditure in August 2002 advised JNPT to sort out this matter with Indian Railways before the next review / revision. The JNPT has, however, allocated the entire depreciation of Railways on the container handling activity during the current review of its tariff and has not indicated income from Railways on this account.</p>	
	<p>(h). (i). JNPT may furnish the breakup of Administration overheads and explain the basis of allocation of Administration overheads to various activities / sub-activities of the port.</p> <p>(ii). Please justify around 44.5% hike considered in the allocated Administration expenses for estimation of such expenses for the year 2005-06 over the year 2004-05.</p> <p>(iii). Whether the estimated expenditure on Provident Fund, Pension and gratuity represents annual contributions to the Pension / Gratuity Fund or actual estimated disbursements during the years. If it represents the annual contribution to the Pension / Gratuity Fund, it is presumed that the JNPT shall meet the actual expenditure from the respective Funds. Please confirm.</p>	<p>Administrative overheads are allocated on the basis of direct operating expenses.</p> <p>Increase in M&A expenses is on account of security and PMC related expenses. The figures are now revised. The increase is now about 20%.</p> <p>Annual contributions towards retirement benefits are made based on actuarial valuation to the respective funds. It is clarified that, payments to employees are made from that fund.</p>
4.	<p><u>Capital Employed:</u> Please revise and furnish the capital employed statement in the prescribed format for the port as a whole as well as for various activities, duly identifying the assets with reference to the individual items of service for all the years under consideration.</p>	<p>JNPT has emphasized earlier that it would not be possible to provide the detailed activity wise break up of the Capital Assets for assets capitalized till date. Such records do not exist and with the existing resources it is not possible to do any further detailed bifurcation than already done. The depreciation rates used have been brought out earlier.</p>
(i).	<p>The JNPT has projected container traffic at a lower level for the years 2006-07 and 2007-08 as compared to the years 2005-06, 2004-05 and 2003-04. That being so, the substantial capital outlay projected for the years 2005-06 to 2007-08 for procurement of container handling equipments may be justified.</p>	<p>Capital outlay for container handling equipment cannot be compared with 2-3 years traffic. It has 20 years of life and facilities are created to handle more traffic in future. A long-term view has to be taken. It is further brought out that as per the "Draft Policy (Modified) for Marine Sector", Major ports should plan their capacities to a level of 30% above projected traffic.</p>
(ii).	<p>The JNPT has envisaged capital outlay towards port road widening during the years 2005-06, 2006-07 and 2007-08. It appears that widening of these roads</p>	<p>The Expenditure does not relate to NH4B, SH54 & Amra Road, but to widening of Internal Port Roads.</p>
(iii).		

	<p>relate to National Highway 4B, State Highway 54 and Amra Marg. In this context, please explain the following:</p> <p>(a). The need for JNPT financing of the projected outlay instead of the Central / State Governments.</p> <p>(b). Whether any SPV will be formed to execute the project?</p> <p>(c). The reason for allocation of this capital expenditure to container handling activity.</p> <p>(d). Please clarify whether the original outlay on the laying of these roads was financed by JNPT and, if so, the value of the net block thereof included in the capital employed figures.</p> <p>(e). Please clarify whether any user charges are payable for this facilities. If so, the treatment given to this revenue in the cost statements.</p>	<p>Since they are internal roads, port has to meet the expenditure.</p> <p>In view of (a) above, the question of SPV does not arise.</p> <p>JNPT is mainly a Container port, with Bulk being a very minor activity. Expenditure on Roads cannot be allocated to Marine. It is only logical that since the roads will mainly be used by vehicles carrying containers. Therefore, it is appropriate to charge this to container.</p> <p>Yes. They were financed by JNPT. Cost is available in the annual accounts already forwarded to TAMP.</p> <p>No user charges are payable.</p>
(iv).	<p>The JNPT has envisaged capital outlay towards replacement of fenders under container handling activity. This investment needs to be allocated to marine activity.</p>	<p>In the revised calculations Replacement of Fenders are considered under Marine activity.</p>
(v).	<p>With reference to the envisaged capital outlay of Rs.300 lakhs each for the years 2005-06 and 2006-07, please furnish / clarify the following:</p> <p>(a). The nature and details of investment in ISPS.</p> <p>(b). The status of the investment envisaged for the year 2005-06.</p> <p>(c). This capital outlay envisaged under container handling activity may have to be allocated to Marine activity.</p>	<p>Ships of over 500 GT engaged on international voyage are to comply with ISPS code along with ports. Since JNPT falls within the purview of ISPS, certain Capital investment has to be incurred to fulfill ISPS requirements. Running costs on Maintenance & operation is also an increase. Marine Department is only the executing department for the ISPS project. If JNPT is not ISPS compliant the direct impact will be felt in the cargo operations, since vessels will not be able to visit the Container Terminal. Therefore it is appropriate to show it under Container Terminal.</p>
(vi).	<p>(a). The fresh investments envisaged for the years 2005-06, 2006-07 and 2007-08 include handling equipments floating crafts and other assets. In this respect, please furnish the following:</p> <p>(i). Details of the project / feasibility reports relied upon for taking such investment decisions along</p>	

	<p>with the summary of recommendations contained in those reports.</p> <p>(ii). Present status of implementation of these investment schemes and the likely completion time.</p> <p>(iii). An analysis in terms of Clause 2.6.3. of the revised tariff guidelines may be made for each of the capital additions.</p> <p>(iv). Anticipated reduction in unit operating cost, additional traffic projected and improvement in operational efficiency due to the proposed additions to the assets.</p>	<p>The equipment and flotilla at the port are ageing and need replacement. Moreover, infrastructure has to be created to ensure faster evacuation. The investments are being made with the approval of the competent authority. Further analysis under clause 2.6.3 does not appear to be essential.</p>												
	<p>(b). The JNPT vide its letter No. JNP/Fin/04/328, dated 26 July 2004 stated that the (then) Ministry of Shipping has agreed in principle that expenditure on capital dredging should be financed by the Central Government and the Ministry of Finance and Planning Commission were yet to give their concurrence. The financing pattern of JNPT proposal to deepen the main channel depends on this decision. Recent reports in the media indicate that the Central Government has sanctioned the project. In this context, please clarify / furnish the following:</p> <p>(i). Status of the execution of dredging project.</p> <p>(ii). A copy of the final approval accorded by Central Government to undertake the dredging project.</p> <p>(iii). The total capital outlay envisaged for the project.</p> <p>(iv). Please indicate the financing pattern decided for the project.</p> <p>(v). A copy of the final PIB / EFC note placed before the Government.</p>	<p>The Central Government has sanctioned the Capital Dredging Project. The execution of the project, costing Rs.800 crores is expected to be 27 Months. Approval of the Central Government is enclosed.</p> <p>The project will be financed either by Own or Loan funds or a combination of both.</p> <p>The same is not included under Capital Employed since it will be funded out of VRC from BOT operators.</p> <p>(JNPT has not furnished documents to show approval of the Central Government).</p>												
(vii).	<p>(a). The net block of assets relating to the business related assets / facilities and social obligation assets / facilities not directly or even indirectly related to port operation may be segregated as stipulated under Clause 2.9.7 and 2.9.8 of the revised tariff guidelines and the computation of Return on Capital Employed may be modified accordingly.</p>	<p>Net block of social assets have been included under Estate activity.</p>												
	<p>(b). In this regard, details for Rs.668.42 lakhs being the value of assets not directly related to business shown in the Estate assets may be furnished.</p>	<p>Details of assets not directly related to the business are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">(Rs. In lakhs)</td> </tr> <tr> <td>School building</td> <td style="text-align: right;">- 620.35</td> </tr> <tr> <td>Hospital equipments</td> <td style="text-align: right;">- 48.07</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> <tr> <td></td> <td style="text-align: right;">668.42</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> </table>		(Rs. In lakhs)	School building	- 620.35	Hospital equipments	- 48.07		-----		668.42		-----
	(Rs. In lakhs)													
School building	- 620.35													
Hospital equipments	- 48.07													

	668.42													

(viii).	<p>With reference to adjustments made relating to vertical face of berth and vertical face (SWB) in the capital employed, please furnish / clarify the following:</p> <p>(a). Workings for value of the vertical face of berth and vertical face (SWB) considered for all the years in the cost statement.</p> <p>(b). Please clarify why such allocation of cost of vertical face of berth from container handling activity to marine activity has substantially increased from the year 2004-05 onwards as compared to the allocation made in the year 2003-04.</p>	<p>No detailed working is available for vertical and horizontal face. Therefore, divided equally.</p> <p>The error is now rectified.</p>
(ix).	<p>This Authority advised JNPT (paragraph 11(xiii) of Order dated 27 August 2002) to follow the correct procedure of allocating the capital and maintenance cost of berths to the vessel related activity and not to the cargo related activity. Since the cost statements furnished by JNPT do not identify the assets relating to a particular activity, allocation of capital cost to berths could not be verified. The JNPT is requested to confirm the correct allocation of the capital and maintenance cost of berths to the vessel related activity. The port may also state whether the cost of the port craft berth / jetty has been allocated to the vessel related activity.</p>	<p>Details are not available. Therefore the allocation is done equally.</p>
(x).	<p>The Working Capital estimates may be suitably modified in line with Clause 2.9.9. of revised tariff guidelines.</p>	<p>Working capital estimates are made as per revised guidelines.</p>
5.	<p>Cost Statement (Bulk handling and storage):</p>	
(i).	<p>Actual income arising out of handling charges for the year 2004-05 is not shown. Please clarify.</p>	<p>Since bulk terminal operations are discontinued, no bulk cargo was handled in 2004-05.</p>
(ii).	<p>There is around 61% and 52% drop in the (actual) operating income in respect of wharfage and vehicles respectively for the year 2004-05. Please clarify.</p>	<p>Since the berths are handed over to BOT Operators bulk income has reduced.</p>
(iii).	<p>Please furnish the reasons for not projecting any income from storage charges for the year 2005-06 to 2007-08.</p>	<p>The port has handed over all bulk storage facilities to BOT operators. No bulk cargo is expected to be stored.</p>
(iv).	<p>Please clarify the following: (i). The estimated expenditure towards employees remuneration is shown to increase by around 13% for the year 2005-06 as compared to the year 2004-05 and this expenditure is estimated to further escalate during the years 2006-07 and 2007-08. Please clarify the reasons for the proposed increase in</p>	<p>The increase in employee remuneration is due to increments and DA increase as budgeted. No surplus labour exists as already explained. The figures have also been reworked.</p>

	<p>the employee remuneration. It may also be clarified whether cost of any surplus labour is included in these figures and if so the quantum thereof.</p> <p>(ii). The estimated expenditure towards employee welfare and others for the year 2005-06 is seen to be increase by 19% as compared to the year 2004-05. The reasons may be explained.</p>	<p>This is on account of expected increase in staff transport.</p>
(v).	<p>As per this Authority's Order dated 14 February 2001, the JNPT was required to submit a proposal for prospective inclusion of the performance norms of the vessels in its Scale of Rates after taking into account performances achieved by the vessels carrying out categories of liquid cargo during the last revision of its Scale of Rates in August 2002. The JNPT had proposed performance norms only for 3 items namely, (i) Furnace oil (ii) Carbon Bulk filled stock and (iii) Bright Stock. In the case of other liquid bulk items, the port had stated that it was holding discussions with the users to arrive at performance criteria and agreed to propose the performance criteria (paragraph 11 xLi of Order dated 27 August 2002). We have not received any such proposal from JNPT so far. The JNPT is requested to indicate the status of framing such a proposal.</p>	<p>This matter may be taken up with BPCL, since JNPT does not handle Liquid cargo anymore.</p>
6.	<p>Cost Statement (Container handling and storage): <u>Operating Income:</u></p> <p>(i). Operating income for the years 2003-04, 2004-05 and 2005-06 shown in the cost statement do not tally with the figures in the annual accounts for the year 2003-04 and 2004-05 and B.E. for the year 2005-06. JNPT may reconcile the figures and furnish a detailed computation of operating income estimated for the years 2005-06 to 2008-09.</p>	<p>Operating income from containers in Annual Account and Budgets are inclusive of vehicles, however, in cost statements vehicles are shown under bulk activity. Vehicles were handled mainly in SWB.</p>
(ii).	<p>The projected income from container handling in 2006-07 and 2007-08 is less than the actual income for the year 2003-04, whereas, the traffic projected for these two years is more or less equal to the actual traffic handled in the year 2003-04. Please clarify.</p>	<p>The projections are made considering the trend in 2004-05 and not 2003-04. It may be noted that, coastal Charges were reduced from Feb.05. Actual reefer charges in 2003-04 included billing for 2002-03. Moreover the traffic is reducing.</p>
(iii).	<p>Please explain the reason for substantial drop in the income out of Miscellaneous charges estimated for the years 2005-06 to 2007-08 as compared to the actual income realized during the year 2004-05.</p>	<p>It may be noted that Misc income in 2003-04 was NIL. These are the exceptional income, which cannot be accurately projected. The figures have now been reworked.</p>

	Operating Expenditure:	
(i).	<p>(a). Please justify with workings the estimation of fuel and lubricant cost for the years 2005-06 to 2007-08</p> <p>(b). The reason for estimating fuel and lubricant cost for the year 2005-06 more by 14.25% as compared to the (actual) expenditure for the year 2004-05 in the light of only marginal increase in the traffic projection estimated for the year 2005-06 may be brought out.</p>	<p>Fuel & lubricant are about 1.7 to 2% of operating income and appear reasonable.</p> <p>Fuel & lubricants are variable costs, which vary with the traffic. Further inflation factor has also been considered. There is almost a 10% increase in the traffic.</p>
(ii).	<p>The expenditure projected on "consumption of material" and "repairs and maintenance" for the years 2005-06 to 2007-08 are substantially higher when compared to the actual expenditure for the earlier two years. It is noteworthy that the traffic projection for the three years (2005-06 to 2007-08) does not show substantial increase. Please clarify. Expenditure projection should be in line with Clause 2.5.1 of the revised tariff guidelines.</p>	<p>Repairs & maintenance and consumption of spares are dependent on the age and use of machines and not on whole sale price index.</p> <p>Port had earlier taken equipment on hire and the repairs were borne by the lessor. On expiry of 10 years, the port owns the equipment, and port has to incur expenditure on repairs and maintenance.</p>
(iii).	<p>The estimated expenditure towards hire of equipments for the years 2005-06 to 2007-08 may be justified supported by documentary evidence. The details of equipments proposed to be hired may be listed-out.</p>	<p>The port is hiring tractor-trailers, reach stackers and forklifts, etc.</p>
(iv).	<p>Likewise, the estimated expenditure towards hire of wharf/yard cranes for the years 2005-06 to 2007-08 may be justified with documentary evidence.</p>	<p>Existing cranes are already on hire.</p>
(v).	<p>(a). JNPT has projected expenditure on hire of new cranes for the years 2005-06 to 2007-08. Please furnish details of new cranes proposed to be hired and explain whether the earlier hired cranes would be discontinued with the induction of these cranes or these cranes will be in addition to hired cranes. In the latter case, the proposed addition may be justified in the light of traffic decline projected.</p>	<p>The currently hired cranes will at the expiry 10 years become property of the port. They would still have balance life of 10 years. Out of 11 equipment on lease, the lease period for 5 has expired and port has taken over the same. The lease for balance equipment expires in 2007. 6 RTGCs are proposed to be hired for which the proposal is under process.</p>
	<p>(b). In addition to hire of new cranes, the JNPT also proposes to acquire 2 Rubber Mounted Gantry Crane (RMGC) and 1 Rubber Mounted Quay Crane (RMQC) in the year 2006-07 and 2 RMQC in the year 2007-08. That being so, the need for hire of proposed new cranes in addition to the proposed acquisition of cranes should be explained taking into account the scenario of the projected lower traffic during the year 2006-07.</p>	<p>RMQC and RMGC are being procured RTGC's are proposed to be hired for yard operation, to support sea side operations.</p> <p>It is emphasised that as per the draft policy for maritime sector, Major Ports should plan their capacity to a level of 30% above projected traffic. The decline in traffic is only for 2 to 3 year.</p>

(vi).	While there was only marginal increase in the container traffic during the year 2004-05 as compared to the year 2003-04, the reason for 28% increase towards the expenditure on employee remuneration during the year 2004-05 may be explained.	Employee remuneration of container has increased due to redeployment of employees from bulk activity, normal increase in salaries.
(vii).	(a). Likewise, please clarify the reason for around 24% increase in the actual expenditure towards incentive during the year 2004-05 as compared to the year 2003-04.	Incentive is a reward for productivity. Since more containers were handled incentive has increased in 2004-05, compared to 2003-04.
	(b). The nature of incentive expenditure may also be brought out.	It is a productivity linked to enable port to provide more efficient services.
	(c). In case of productivity based incentive scheme, the basis of fixing datum may be explained and the periodicity of review of such datum may be indicated.	It is worked out on the basis of trade requirement, previous trend, and discussion with unions.
	(d). Please explain the reasons for fluctuation in the projected incentive expenditure for the years 2005-06 to 2007-08. In this regard, the estimated expenditure for the year 2005-06 may be justified.	Incentives vary with the productivity & traffic. Since traffic is declining the incentive is also declining.
(viii).	With reference to estimated expenditure towards "employee welfare and others", please justify around 20% hike in the estimated expenditure for the year 2005-06 as compared to the year 2004-05.	LTC and Expenditure of staff transport have increased.
(ix).	JNPT has projected insurance cost of Rs.70 lakhs for plant and machinery in the year 2005-06. Please furnish a copy of the insurance policy to justify the proposed cost.	Port has decided to take insurance cover for its assets. However, this policy is yet to be finalized. Port expects to take the cover by end of this financial year.
(x).	The estimated "Other General Expenses" of Rs.155.86 lakhs for the year 2005-06 includes Rs.63 lakhs towards 'other general expenses' apart from various items of expenditure. Please list out the items of expenditure considered under "other general expenses".	JNPT has stated that residual expenditure where expenses, which are not covered under any specific heads, are booked under "other general expenses". It has given an illustrative list of expenditure incurred during 2004-05.

(xi).	<p>(a). JNPT does not carry out lift on, lift off and transportation in respect of shutout containers of private yards. The users demanded complete waiver of charges for these items. The JNPT, however, proposed to allow rebate for these items as per the existing rebate structure approved in its Scale of Rates. Since an analysis to find out whether the rebate proposed to be allowed commensurate with the direct cost of the service not rendered was difficult to be made in isolation only with reference to shut-out containers of private yards, this Authority vide its Order dated 11 August 2003 approved application of the prevailing rate structure in respect of the shut-out containers of the private yard for these items of services not provided by the JNPT till such a time the cost analysis is made in this regard. Please furnish appropriate rebate structure commensurate with the direct cost of services not rendered.</p>	<p>The TAMP has already approved a rebate structure in the consolidated shut out charges, leviable on shut out containers in the private yards, which the port has adopted for the present.</p>
	<p>(b). The number of shut-out containers of private yards was very high which did not indicate operational efficiency which was expected while allowing private yards. This Authority advised JNPT {paragraph 9(v)(f) of Order dated 11 August 2003} to examine this issue and take corrective measures. JNPT may indicate the steps taken to avoid or atleast reduce the incidence and it may furnish the data in this respect of the years 2004-05 and 2005-06.</p>	<p>The shut out from private yards in the year 2004-05 was 29231 & in 2005-06 up to November 05 it is 21647. The following are steps taken to reduce the incidence of shut out:</p> <ul style="list-style-type: none"> (i). Cut off is shortened by two shifts till the commencement of window berthing time. (ii). Final loading list is asked for within two shifts after berthing. (iii). Advanced submission of form 11 for export containers arriving by Rail. (iv). Pre advising for factory stuff containers.
(xii).	<p>JNPT proposed to permit the existing lessee to allow storage of containers of some other third party in the leased yard. It is obvious that the original lessee will levy some charges on the third party which uses the leased area. It was not clear at that particular point of time whether the services provided by the original lessee at the leased yard are covered by the services identified under Section 42 of the MPT Act, 1963 and whether the original lessee qualifies as the authorised service provider under the provision of the MPT Act. The JNPT was advised (paragraph 9 (vi)) of Order dated 11 August 2003 to examine this issue further and if the conditions stipulated in Section 42 of the MPT Act are satisfied in this case the port was to propose fixation of suitable ceiling rates for tariff leviable by the original lessee for the services provided at the private yard of the port. We have not heard</p>	<p>Since it involves lease of lands, it would be covered under section 34 of the MPT Act.</p>

	from JNPT in this regard so far. Please indicate the present status of the case.	
(xiii).	JNPT may consider to incorporate a conditionality in its draft Scale of Rates (to be) furnished to us stating that no storage charges shall be payable when the container is not delivered by the port for reasons attributable to JNPT. In this connection, Clause 2.15 of the revised guidelines may be referred to.	Suggestion of TAMP is acceptable.
7.	Cost Statement (Marine): Operating Income: Please furnish number of actual/estimated number of vessels and actual/estimated GRT of vessels terminal use for all the years under consideration.	Details are furnished.
(i).	Operating Expenditure: With reference to estimated expenditure towards consumption of material, 51% hike projected for the year 2005-06 as compared to the year 2004-05 may be justified. Likewise, 20% hike in the projections of expenditure during the year 2006-07 and 2007-08 as compared to years 2005-06 and 2006-07 may be justified taking into consideration traffic projections for these years.	The material consumption figures have now been revised.
(ii).	Please justify 20% hike in the repairs and maintenance expenditure projected for the years 2006-07 and 2007-08 as compared to the years 2005-06 and 2006-07.	Repairs and Maintenance expenditure has also been revised.
(iii).	(a). With reference to annual escalation in the projected expenditure in respect of minor works, dredging, manning of tugs and manning of port crafts, JNPT has applied an escalation factor of 4.1% for projections of expenditure for the years 2006-07 and 2007-08 on the estimated expenditure of the relevant items for the year 2005-06; whereas, the estimated expenditure for the year 2005-06 of the relevant items are shown to increase in the range of around 6% to 63% as compared to the relevant actual expenditure for the year 2004-05. It is reiterated that the expenditure projection should be in line with Clause 2.5.1 of the revised tariff guidelines. The cost statement may be revised accordingly.	The projections for 2005-06 and 2006-07 are prepared in line with the budget while expenditures are reasonably estimated. Projections for next two years are made taking into account the requirement and based on the wholesale price index. Expenditure depends on various factors and not just the inflation rate.
	(b). The JNPT has projected expenditure separately towards employee remuneration in the cost statement. That being so, the need for actual / projected expenditure towards manning of tugs and manning of port crafts is not clear.	The port crafts were procured during project stage, but posts for technically qualified personnel were not sanctioned. Hence the operation and manning were outsourced. Due to increase in shipping movement over the years, the quantity of port craft needs to be enhanced.

	<p>(c). The actual/estimated expenditure shown in the cost statement towards dredging is presumed to be maintenance dredging expenditure. Please confirm. Further, the dredging expenditure was considerably higher in the year 2004-05 as compared to the year 2003-04 and this expenditure is further escalated by 6.4% for the year 2005-06 as compared to the year 2004-05. Please clarify.</p>	<p>It is confirmed that dredging expenditure shown in the cost statements are maintenance dredging.</p> <p>Dredging expenses are dependent on the quantum of siltation and the fuel prices.</p> <p>The escalations in projection are as per the escalation clause in the agreement with DCI.</p>
(iv).	<p>The separate entry of estimated expenditure on launches under "miscellaneous expenditure" may be clarified. It may be noted that the estimated expenditure for the year 2005-06 is more by around 77% as compared to the actual expenditure for the year 2004-05. The estimated expenditure for the year 2005-06 on this account needs to be justified by JNPT.</p>	<p>Expenditure on launches under Misc. expenses is hiring charges. The increase projected is on account of hire of high speed launches.</p>
(v).	<p>The nature of actual / projected expenditure on launches shown under miscellaneous expenditure is not clear. Please list out such expenditure on launches. The escalation of around 77% considered for the year 2005-06 in this regard as compared to the actual expenditure relating to the year 2004-05 may be justified.</p>	<p>The figures are now revised.</p>
(vi).	<p>This Authority vide its Order dated 11 August 2003 approved the berth hire charges for the shallow and port craft berths as well as port craft jetty as applicable to the multipurpose berth (BB04) on the undertaking given by JNPT to furnish the relevant cost details in the next revision of its tariff structure {paragraph 11 (iii) (b) }. Please furnish cost details for levy of berth hire charges in the shallow draught berth, port craft berth and port craft jetty and propose a separate berth hire charges accordingly.</p>	<p>Separate cost details for SWB, other than Capital cost are not available. The existing berth hire may continue.</p>
(vii).	<p>JNPT may consider to incorporate a conditionality in its draft Scale of Rates (to be) furnished to us stating that no berth hire charges shall be payable for the period when a vessel is compelled to idle at berth due to breakdown of port equipment or power failure or any other reasons attributable to JNPT. In this connection, Clause 6.5.2. of the revised tariff guidelines may be referred.</p>	<p>We agree with TAMP.</p>
(viii).	<p>The existing Schedule of pilotage-cum-towage fee contains six slabs. This Schedule may be prescribed in three slabs as stipulated in Clause 6.10 of the revised tariff guidelines. While doing so, an impact analysis statement</p>	<p>Since the average GRT of vessels varies between 20000- to 25000, the impact is not expected to be substantial.</p>

	showing the financial implications at the existing tariff structure and the rationalized slabs of charges may be furnished.	
8.	Cost Statement (Estate): <u>Operating Income:</u>	
(i).	The Government of India in the (than) Ministry of Shipping (MOS) announced Land Policy for major port trust (except Mumbai and Kolkata) in March 2004. The JNPT has not reported review of the existing estate related charges in accordance with the Land Policy announced by the Government in March 2004. Please explain.	The same is yet under examination. Port has requested CIDCO to do a study. After receipt of the same, a proposal will be submitted.
(ii).	(a). The estimated income from rent on land and rent on building for the year 2005-06 are lower as compared to the actuals for the year 2004-05. Please clarify for the reduction in income.	This is due to change in formula for way leave charges. Vehicle exporters have also vacated area in JNPT.
	(b). The rental income on building estimated for the years 2006-07 and 2007-08 are lower than the actual income for the year 2003-04. Please clarify	Some parties like Customs, have vacated the premises.
	Operating Expenditure: Please justify the annual escalation of 20% applied for estimation of repairs and maintenance expenditure for the years 2006-07 and 2007-08.	Repairs to Buildings and Roads are expected to increase substantially.
(i).	Other points: Present position in respect of payment of interest on loan from the World Bank may be indicated.	GOI have fixed interest rate at 10% per annum. Port has sought permission to prepay the loan.
(ii).	With reference to waiver of penal berth hire charges, the JNPT was advised {paragraph 11(xLii) of the Order dated 27 August 2002} to examine this matter separately and come up with a suitable proposal in consultation with its users. This has not been done.	If penal berth hire charges are not due to the fault of the user, the same are not being levied. If levied, based on representation and merits of the case the charges are refunded.
(iii).	The JNPT was to propose revision of water charges on the basis of CIDCO / MIDC water charges instead of prescribing periodical percentage increase {paragraph 11(xLvi) of Order dated 27 August 2002}. The JNPT may propose revision of water charges on the basis of CIDCO/MIDC water charges.	The same will be reviewed, when Estate Charges are reviewed.
(iv).	The JNPT was also advised {paragraph 11(viii) of Order dated 11 August 2003} to examine the proposal of users to install private handling equipments at shallow berth on a common user basis and submit a suitable tariff proposal. Please indicate the present position in this regard.	Since the hiring of cranes for a shorter period appears to be a non-viable proposition. JNPT intends to procure new cranes to main berth and to shift the old cranes, which are having residual life, to the SWB. In view of this, the action has not been initiated in this regard.

6.3. In response to our request dated 14 November 2005, JNPT vide its letter dated 4 March 2006 furnished its draft Scale of Rates.

7.1. A joint hearing in the case in reference was held on 13 January 2006 at the Office of this Authority. The submissions made by JNPT and the users were taken on record.

7.2. The MANSA submitted a document at the joint hearing showing an analysis of container traffic projections of JNPT. A copy of this document was given to JNPT for its comments vide our letter dated 17 January 2006.

7.3. The tariff proposal from the JNPT and the subsequent additional information / clarifications furnished by JNPT contained lot of gaps and some issues were not in line with the revised tariff guidelines. Therefore, and as decided in the joint hearing, the JNPT was requested to furnish the requisite details vide our letter dated 17 January 2006. JNPT responded vide its letter dated 3 February 2006. The queries raised by us and the response of JNPT are summarized below:

Sr. No.	Queries raised by us	Replies furnished by JNPT																
1.	JNPT is requested to furnish its comments, if any, on the analysis of the container traffic projections of JNPT submitted by MANSA at the joint hearing. A copy of this document was given to JNPT at the joint hearing.	<p>We are not in agreement with the container traffic projection by MANSA. They have shown that in 2004-05, 2.438 million TEU's have been handled, whereas JNPT has actually handled 2.371 million TEU's in 2004-05. In 2005-06, MANSA has projected 3.028 million TEU's, but JNPT has handled 1.962 million TEU's till Dec'05. Hence, JNPT's projection of 2.546 million TEU's is considered reasonable.</p> <p>JNPT is expected to handle 2.6 million TEU's with commissioning of GTIPL. The growth in 2007-08 is 15.38% (3 million TEU's) and in 2008-09 is 10% (3.3 million TEU's).</p>																
2.	In terms of Clause 2.1.3. of the tariff guidelines, analysis of the physical and financial performance for the previous tariff validity cycle commencing from 2002-03 should be done. The JNPT should furnish such an analysis clearly indicating the reasons for variations, if any.	It is once again requested that analysis of past years should not be insisted upon. Unlike NSICT, JNPT was never granted a tariff increase by the Authority, based on earlier traffic projection. It is merely a postmortem and an unproductive exercise. Moreover, TAMP is in possession of all the figures.																
3.	<p>VRC income from BOT berths and lease rentals received receivable from BOT operators should be considered as income for the purpose of tariff revision. The JNPT should furnish modified cost statements considering such income under the respective activities.</p> <p>The JNPT's request to set aside the entire BOT income for future development of infrastructure is not in line with the tariff guidelines. If JNPT desires any relaxation of the guidelines in its case, it should obtain the approval of the Government for making deviation from the tariff policy announced by the Government.</p>	<p>As desired by the TAMP VRC income and lease rentals from BOT operators have been considered as income for the purpose of tariff revision and the modified cost statements are furnished. Capital Employed has also been included.</p> <p>JNPT has also approached the Ministry to exclude the VRC for tariff fixation purpose and give the same treatment as Royalty / Revenue Share.</p> <p>TAMP is requested to kindly await Ministry's directions before taking any decision on our vessel related charges.</p> <p>In connection with the revised cost statements, it is relevant to mention that GTIPL have projected higher traffic, in their terminal than that projected by JNPT. To that extent the traffic at JNPCT gets reduced.</p> <p style="text-align: right;">(In TEU's)</p> <table border="1" data-bbox="769 1854 1477 2002"> <thead> <tr> <th></th> <th>Projection by JNPT</th> <th>Projection by GTI</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>06-07</td> <td>400000</td> <td>411600</td> <td>11600</td> </tr> <tr> <td>07-08</td> <td>800000</td> <td>930000</td> <td>130000</td> </tr> <tr> <td>08-09</td> <td>1000000</td> <td>1105000</td> <td>105000</td> </tr> </tbody> </table>		Projection by JNPT	Projection by GTI	Difference	06-07	400000	411600	11600	07-08	800000	930000	130000	08-09	1000000	1105000	105000
	Projection by JNPT	Projection by GTI	Difference															
06-07	400000	411600	11600															
07-08	800000	930000	130000															
08-09	1000000	1105000	105000															

		The revised cost statements incorporating the corresponding reduction in traffic at JNPCT are enclosed. However, this reduction in traffic is only temporary and we expect it to increase in the years to come.																																							
4.	JNPT should furnish year-wise details of actual / estimated accumulation in the escrow account and anticipated withdrawals from such accounts for meeting capital expenditure.	<p style="text-align: right;">Rs. in lakhs</p> <table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="4">Projections</th> </tr> <tr> <th>05-06</th> <th>06-07</th> <th>07-08</th> <th>08-09</th> </tr> </thead> <tbody> <tr> <td>NSICT Royalty</td> <td>6946.88</td> <td>10228.13</td> <td>13404.00</td> <td>17460.00</td> </tr> <tr> <td>BPCL Royalty</td> <td>872.00</td> <td>994.40</td> <td>1001.00</td> <td>1137.50</td> </tr> <tr> <td>GTIPL Revenue share</td> <td>-</td> <td>3799.39</td> <td>8584.63</td> <td>10200.01</td> </tr> <tr> <td>TOTAL</td> <td>7818.88</td> <td>15021.91</td> <td>22989.63</td> <td>28797.51</td> </tr> </tbody> </table> <p>Expenditure on Infrastructure Development (Rs. in lakhs)</p> <table border="1"> <thead> <tr> <th>05-06</th> <th>06-07</th> <th>07-08</th> <th>08-09</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>150</td> <td>1550</td> <td>82800</td> <td>89425</td> <td>173925</td> </tr> </tbody> </table>	Particulars	Projections				05-06	06-07	07-08	08-09	NSICT Royalty	6946.88	10228.13	13404.00	17460.00	BPCL Royalty	872.00	994.40	1001.00	1137.50	GTIPL Revenue share	-	3799.39	8584.63	10200.01	TOTAL	7818.88	15021.91	22989.63	28797.51	05-06	06-07	07-08	08-09	TOTAL	150	1550	82800	89425	173925
Particulars	Projections																																								
	05-06	06-07	07-08	08-09																																					
NSICT Royalty	6946.88	10228.13	13404.00	17460.00																																					
BPCL Royalty	872.00	994.40	1001.00	1137.50																																					
GTIPL Revenue share	-	3799.39	8584.63	10200.01																																					
TOTAL	7818.88	15021.91	22989.63	28797.51																																					
05-06	06-07	07-08	08-09	TOTAL																																					
150	1550	82800	89425	173925																																					
5.	As assured in the relevant tariff proceeding, JNPT should furnish all the relevant cost details to justify tariff for its shallow and port craft berths as well as port craft jetty.	Separate cost details other than Capital cost are not available for Shallow Water berth (SWB). JNPT intends to mechanize the facilities at the SWB. Therefore, for the present the present tariff at SWB can continue																																							
6.	With reference to the tariff at BPCL jetty, JNPT agrees to take up the issue with the BOT operator for fixing separate rates for them based on their cost of operation.	JNPT has already taken up the issue with BPCL to approach TAMP.																																							
7.	JNPT confirms that it has privatized its CFS under the BOT arrangement concluded recently. It further states that BOT operator has been allowed by it to charge existing tariff for a period of one-year where after he should approach TAMP for fixing the rates. When pointed out that JNPT does not have any authority to authorize any tariff arrangement for BOT operators, the port agrees to take immediate steps to revise authorization given by it to the BOT operator and advise him to approach TAMP for tariff fixation.	JNPT has already taken up the matter with the CFS operator. Since the CFS operator is new, there is no option but to follow existing TAMP approved rates, till new rates are fixed.																																							
8.	JNPT should furnish: (i). Item wise details of dry bulk (excluding liquid) traffic / general cargo projected. (ii). Detailed break-up of container traffic like 20', 40', reefer, ICD traffic, transshipment etc., along with dwell time analysis.	(i). The bulk traffic is only residual in nature. It consists mainly of Cement. In 2008-09, the income is only Rs.58 lakhs which is hardly material. (ii) & (iii). The pattern of break-up of container traffic earlier given by us for the year 2004-05 is expected to continue in future years.																																							

	<p>(iii). Detailed working for estimation of income projected in respect of</p> <p>(a). Container handling (b). Dry bulk</p>	<p>Regarding dwell time, from 2005-06 onwards, the income has actually reduced.</p> <p>It may be noted that, the reduction in dwell time of import containers is mainly due to following factors:</p> <p>a). The containers destined for various ICDs are being stacked in the designated yards close to rail tracks.</p> <p>b). The containers destined for various CFSs are being stacked in the designated yards as per CFSs in front of POC import yard.</p> <p>c). Due to the installation and commissioning of 12 new RTYGCs during the year 2004-05, some of the old and 2 new RTYGCs are being positioned to POC import yard thereby initiating delivery of import containers by RTYGCs and removing Reach Stackers from import yards. This has facilitated early evacuation of import containers and augmenting stacking capacity at import yard.</p> <p>Regarding the detailed working of container income, a perusal of the relevant cost statement will reveal that per TEU income is remaining more or less constant throughout. The reduction is due to the reduction in dwell time and implementation of TAMP's order on coastal cargo. This shows that the projections are realistic and based on the past product mix.</p>																		
<p>9.</p>	<p>JNPT should furnish details with reference to:</p> <p>(i). Envisaged fresh investment of Rs.300 lakh on ISPS each for the years 2005-06, 2006-07 and 2007-08.</p> <p>(ii). Fresh investments envisaged for the years 2005-06, 2006-07 and 2007-08 towards handling equipments, floating crafts, etc., clearly bringing out the improvement in productivity / reduction in operating cost, etc., accruing due to such investment.</p>	<p>(i). The likely fresh investment in ISPS code is as follows:</p> <table border="1" data-bbox="770 1178 1477 1395"> <thead> <tr> <th>Sr. No.</th> <th>Particulars</th> <th>Rs in lakhs.</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td>Disaster Data Recovery</td> <td>160</td> </tr> <tr> <td>b)</td> <td>CCTV</td> <td>70</td> </tr> <tr> <td>c)</td> <td>Steel Light Poles</td> <td>5</td> </tr> <tr> <td>d)</td> <td>Porta Cabins</td> <td>13</td> </tr> <tr> <td>e)</td> <td>Supply of AIS, GPS & VHF antenna to VTMs</td> <td>54</td> </tr> </tbody> </table> <p>(ii). The details of fresh investments have already been given.</p>	Sr. No.	Particulars	Rs in lakhs.	a)	Disaster Data Recovery	160	b)	CCTV	70	c)	Steel Light Poles	5	d)	Porta Cabins	13	e)	Supply of AIS, GPS & VHF antenna to VTMs	54
Sr. No.	Particulars	Rs in lakhs.																		
a)	Disaster Data Recovery	160																		
b)	CCTV	70																		
c)	Steel Light Poles	5																		
d)	Porta Cabins	13																		
e)	Supply of AIS, GPS & VHF antenna to VTMs	54																		

8.1. In the meanwhile, the Chairman (JNPT) vide his letter dated 27 January 2006 addressed to the Secretary (Shipping) and copy endorsed to us, has requested the Government to review the policy direction relating to revised guidelines for tariff fixation and treat the vessel related income, leviable on the vessels calling at BOT berths, at par with Royalty / Revenue Share receivable from BOT operators insofar its treatment in tariff setting exercise with reference to its tariff proposal under consideration.

8.2. In response to the Ministry's letter dated 14 February 2006 requesting to give our comments on the above matter, we had vide our letter dated 17 February 2006 furnished our comments to the Ministry. The main comments furnished to the Ministry are summarised below:

- (i). In terms of Clause 2.8.3. of the revised tariff guidelines atleast 50% of the royalty / revenue share receivable by a land lord port should be maintained in an escrow account to be utilized for creation or modernization of infrastructure facilities. The amount so transferred will not be treated as current revenue for the port trust for tariff fixing exercise. No other receipts accounting to the port on account of privatization is singled out for exclusion from income. The logic to give a special treatment to revenue share / royalty may be perhaps due to the fact that it is not directly related to any specific service provided by the port but more in the nature of a fee collected for granting the right to do business in an established place.
- (ii). The private operators are granted right to operate land and landward facilities, with landlord ports retaining control of services provided to all vessels including the vessels calling at the private terminal. The VRC are fixed for services provided by landlord ports.
- (iii). Since JNPT provides all vessel related services, the tariff prescribed in the JNPT's Scale of Rates is applicable to all vessels irrespective of the place of berthing. The argument of JNPT about terminal based approach for VRC is not at all relevant.
- (iv). The tariff to be fixed should capture the entire income to JNPT from the relevant activity and account for all admissible capital and operating cost incurred by JNPT for providing such services.
- (v). Like VRC, lease rentals from land leased to private operator should also be recognized as income for port trust for the purpose of fixing tariff.
- (vi). Any charge in existing tariff setting principles will have universal application across all major port trusts and changes, if any, should be made in terms of Section 111 of the Major Port Trusts Act, 1963 in partial supersession of earlier policy directions.

8.3. The Ministry convened a meeting at New Delhi on 28 March 2006 to discuss the matter in reference. Our views were reiterated in the meeting.

8.4. Thereafter, and with reference to Ministry's letter dated 24 April 2006 seeking further comments, we have vide our letter dated 19 May 2006 reiterated our views conveyed in our letter dated 17 February 2006.

9.1. When the case was in process the JNPT vide its letter 31 May 2006 revised the cost statements to consider upward increase in the estimated expenditure towards hire of equipments for container handling on the ground of proposed hiring of higher capacity tractor-trailers by JNPT. This is said to be in view of the reported statutory requirement that vehicles should carry weight according to its registered gross vehicle weight and based on the judgment of the Hon'ble Supreme Court of India dated 9 November 2005 in Writ Petition (C) No.136 of 2003. Further, all the tractor-trailers running under the current contract are registered for gross vehicle weight of 35.20 tonnes which are capable of carrying a pay load of only 22 tonnes (approx), which in turn is suitable to carry only 1 X 20' loaded container upto 22 tonnes. So, port is finding it difficult to handle 2X 20' loaded containers. In order to make effective utilization of resources available with the port and improve productivity, there is a need to deploy the tractor-trailers that are suitable for transportation of 2 X 20' loaded containers. Hence, it is necessary to hire tractor-trailers with maximum gross vehicle weight presently permitted by the RTO.

The port is now floating a tender for higher capacity tractor-trailers. The deployment of higher capacity tractor trailers proposed above will lead to increase in the estimated expenditure for hiring of tractor-trailers due to higher capital cost of such tractor-trailer. The estimated rate for handling of per TEU container works out to Rs.196/- per TEU as against the current average of Rs.106 per TEU. The additional burden is approximately Rs.90 per TEU, which will have to be built in the cost statements.

9.2. Modifying its initial projected expenditure towards hire of equipments with an upward increase of around Rs.8 crores per annum for the years 2006-07 to 2008-09, JNPT on 31 May 2006 furnished the revised cost statements. The estimated total container and other bulk traffic, reported surplus / deficit position after the return on capital employed are given below:

		(Rs. in lakhs)					
Sr.	Traffic	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1.	TEUs	10,38,434	11,38,868	13,38,982	8,88,400	8,70,000	9,95,000
2.	Other Bulk (M.T)	11,14,000	5,19,000	5,91,000	6,51,000	6,00,000	2,00,000
3.	Vehicles	83,000	58,000	24,651	27,113	-	-
4.	Net surplus/deficit						
	a. Bulk handling and storage	(4237.02)	(1759.34)	(2367.14)	(2179.33)	(2378.97)	(2311.45)
	b. Container handling and storage	9291.92	8610.95	7730.44	4093.30	3472.32	2965.50
	c. Estate	(1583.71)	(1013.82)	(895.79)	(263.71)	162.62	399.28
	d. Marine	10038.62	7620.44	5574.31	3972.80	3089.33	9759.25
5.	Net surplus/deficit port as a whole at existing tariff	13509.81	13457.42	10041.81	(2563.52)	(2599.33)	(14636.92)
6.	Net surplus/deficit as percentage of operating income at existing tariff	25.05%	24.54%	18.12%	(5.48%)	(5.47%)	(27.66%)

10.1. As stated earlier, the proposal of the JNPT is for an increase of 16% in the existing container related charges. The financial / cost position of the container activity, moderated by us on the estimates furnished by JNPT, in the light of the revised tariff guidelines did not warrant any increase in the existing container related charges. On the other hand, the vessel related activity showed revenue surplus.

10.2. The revised tariff guidelines require this Authority to review the actual physical and financial performance of the major port at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff. The analysis made by us showed that JNPT would have earned a total net surplus of Rs.609.64 crores after ROCE during the period of four years (2002-03 to 2004-05) against the estimated net surplus of Rs.48.98 crores for the two years (2002-03 and 2003-04). 50% of Rs.609.64 crores requires to be adjusted / set off while fixing tariff of JNPT as stipulated in Clause 2.13 of the revised tariff guidelines.

10.3. This Authority considered the case in its meeting held on 26 June 2006. In view of the surplus position in the container handling activity, the proposal of the JNPT for an increase in the existing container related charges deserved to be rejected. Since the vessel related activity warranted reduction in the existing relevant charges, this Authority decided to give an opportunity to JNPT to furnish its comments of the moderations in the financial / cost statements and bring to the notice of the JNPT the deficiencies in the draft Scale of Rates filed by the port.

11.1. Accordingly, an analysis of financial performance of JNPT for the years 2002-03 to 2005-06 and cost statements of JNPT for the years 2006-07 to 2008-09 were made available to JNPT for its comments vide our letter dated 2 August 2006. The JNPT has responded vide its letter dated 25 August 2006 and made the following general comments:

- (a). We reiterate that BOT income should not be considered till final view of the Govt. is received. The tariff should be fixed on terminal basis and any income that accrues due to land lord activity should not be used to determine the terminal tariff.
- (b). Expenditures can not be moderated on the basis of past figures which may not represent the correct picture of coming years. JNPT does not accept the contention of moderation which has been applied all across the tariff proposal.

- (c). Applying the tariff guidelines notified in 2005 retrospectively from 2002-03 for adjustment of past surplus is not at all acceptable. Even for prospective application, the view of JNPT has already been communicated.
- (d). JNPT has envisaged large scale capital investment as per National Maritime Development Project approved by Ministry of Shipping with a view to create capacities for meeting future traffic projection and remove bottle necks in sea side infrastructure. Port is also completing 20 years and most of the equipments purchased during project stage are completing their economic life and need replacement. It is also relevant to mention that even if 100% of BOT income is transferred to infrastructure reserve fund, the same will not suffice 2/3 of requirement envisaged by Port. The year wise capital expenditure as envisaged in NMDP under Phase-I & Phase-II up to 2011-2012 are as follows:

2006-07	-	70 crores
2007-08	-	681 crores
2008-09	-	763 crores
2009-10	-	100 crores
2010-11	-	Nil
2011-12	-	172 cores

		1786 crores

Such huge capital expenditure over next 5 years time frame requires substantial resource mobilization which will be drastically affected if our proposal for tariff increase is not agreed. We would therefore, request to kindly keep this point in mind while considering our proposal.

- (e). It may also be noted that the Capital dredging project has been approved based on the present tariff and any reduction is likely to affect the viability of the project. As per the present time schedule of the Dredging project, the tender will be finalized latest by end December 2006, by which time we may be able to know the economies of the project and also fund requirement. The urgency of implementation of this project of national importance need not be over emphasized. Hence it would be appropriate to take a decision on our proposal once the tenders are received and a decision on the award by the competent authority. As per the recent Govt. orders on expenditure management, if viability is not established such project should not be taken up.
- (f). In order to improve the financial conditions the port has prepaid high cost Government of India loan whose repayment will put a strain on the resource mobilization for capital expenditure.

The analysis communicated to the JNPT and response of the JNPT are tabulated below:

Sl. No.	Our Queries	Response of JNPT
I. 1.	Port as a whole for the years 2002-03 to 2005-06 (Analysis of Performance of JNPT) <u>Operating Income</u> The JNPT has applied the exchange rate of Rs.43.50/US \$ for the year 2005-06 and Rs.43/ US \$ for the period 2006-07 onwards to estimate the vessel related income. It may be noted that the estimated vessel related income for the years 2006-07 to 2008-09 will depend on the prevailing exchange rate at the time of finalisation of this case.	Exchange rate was volatile in the recent past and it is likely to move upward & downwards in future and a conservative estimate is required to be made while estimating for the next three years. Considering the prevailing exchange rate at the time of finalization of the case is not correct. It may be appropriate to consider the average exchange rate for the past three years.

<p>2.</p>	<p><u>Finance and Miscellaneous Income and Finance and Miscellaneous Expenditure</u></p> <p>(i). JNPT has not considered the income from penalty for shortfall in Minimum Guaranteed Throughput (MGT) booked under Finance and Miscellaneous Income in the Accounts. Income on this account is considered in the analysis.</p> <p>(ii). The JNPT has excluded income and expenditure relating to guest house and gas agency from Finance and Miscellaneous Income and Finance and Miscellaneous Expenditure. The income and expenditure of these two items booked in the accounts are considered in this exercise.</p>	<p>Penalty for shortfall in Minimum Guaranteed Throughput (MGT) has not been considered as they are not being realized. Moreover, this portion of debtors has not been considered for working capital as per the revised guidelines at Para 2.9.9. Considering income and not considering the corresponding debtors for capital employed is not correct. Considering MGT on accrual basis for the purpose of tariff fixation will seriously affect the financial position of the Port. We are only billing & not realizing this income. The bills are also being raised in compliance of contractual condition. Even AS-9 stipulates that income whose ultimate realization is doubtful should not be recognized. We strongly feel not to include this income as ultimately this may have to be written off ultimately.</p>
<p>3.</p>	<p><u>Allocation of Management overheads</u></p> <p>The allocated Management overheads for the year 2005-06 are higher about 21% than the relevant actual overhead for the year 2004-05. JNPT has stated that the increase is due to increase in expenses of security and PMC. However, it is noticed that the port has accounted for PMC expenses separately under "PPD, Stores / PMC and others" in the cost statement relevant for container activity. Therefore, the estimated Management overheads for the year 2005-06 is moderated applying escalation factor of 6.5% taking the actuals for the year 2004-05 as base.</p>	<p>The increase in Management overheads as already informed is on account of Security and PMC. It may be noted that CISF strength has been increased from 336 to 392 in 2005-06 and likely to further increase by 151 personnel. PMC expense separately shown in the cost statements is directly related to that activity i.e. container planning & Billing. However PMC expenses in management overheads are for Accounting, Pay Roll processing, internet, intranet, networking related expenses. Increased mechanization has led to increase in expenditure. Therefore, applying the 6.5% escalation factor is not correct.</p>
<p>4.</p>	<p><u>Capital Employed</u></p> <p>With reference to the estimated capital employed for the year 2005-06, there is a difference of Rs.4057 lakhs between the value of net block of fixed assets as on 31 March 2005 shown in the Annual Accounts for the year 2004-05 and the capital employed workings furnished by JNPT as on 31 March 2005. The difference remains unexplained. The value of net block of fixed assets for the year 2005-06 is modified to reflect the position of Annual Accounts.</p>	<p>The difference of Rs.4057 lakhs in the capital employed is on account of sheds handed over to the BOT operator, which has been separately disclosed in the Balance Sheet below the net fixed assets.</p>
<p>5.</p>	<p><u>Adjustment of past surplus</u></p> <p>As stated earlier, the JNPT would have earned a total net surplus of Rs.609.64 crores after ROCE during the period of 4 years from 2002-03 to 2005-06 against the estimated net surplus of Rs.48.98 crores for the two years (2002-03 and 2003-04). As stipulated in Clause 2.13 of the revised tariff guidelines 50% of Rs.609.64 crores requires to be set off while fixing tariff of JNPT. Accordingly, an amount of Rs.304.82 crores is set off in the cost statements of all the activities in proportion to the respective operating income of each activity for the years 2006-07 to 2008-09.</p>	<p>We reiterate that BOT income should not be considered till final view of the Govt. is not received. The tariff should be fixed on terminal basis and any income that accrues due to land lord activity should not be used to determine the terminal tariff.</p>

<p>II.</p> <p>1.</p> <p>(i).</p>	<p><u>Port as a whole for the years 2006-07 to 2008-09</u></p> <p><u>Allocated Management Overheads</u></p> <p>The estimated management overheads for the year 2005-06 and for the years 2006-07 to 2008-09 are moderated applying escalation factor of 6.5% for the year 2005-06 taking the actual administrative overheads for the year 2004-05 as base and at 4.5% p.a. for the years 2006-07 to 2008-09 taking the moderated figure for the year 2005-06 as base.</p>	<p>As already stated above PMC expense separately shown in the cost statements are expenses directly related to that activity i.e. container planning & Billing. However PMC expenses in management overheads are for Accounting, Pay Roll processing, internet, intranet, networking related expenses. Increased mechanization has led to increase expenditure.</p>
<p>2.</p> <p>(i).</p> <p>(ii).</p>	<p><u>Finance and Miscellaneous Income</u></p> <p>JNPT has considered only income from auction sale and income from launch pass. The estimated Finance and Miscellaneous Income for the year 2006-07 works out to Rs.513.30 lakhs excluding interest on investments as per the Revised Estimate 2006-07.</p> <p>This figure of Rs.513.30 lakhs is considered for 2006-07 and for the subsequent two years 2007-08 and 2008-09.</p>	<p>There is no reasonable certainty of income under this heads other than launch pass, gas agency etc. This, being not material can be ignored. It is surprising to note that even interest on staff advance has been considered. Since income from guesthouse is only incidental to our operations, the same may not be taken into consideration being varying in nature.</p>
<p>3.</p>	<p><u>Finance and Miscellaneous Expenditure</u></p> <p>Likewise, JNPT has considered only expenditure on hire of launch, provident fund, pension and gratuity. The estimated Finance and Miscellaneous expenditure as per the Budget Estimate (2006-07) excluding interest on loan is considered for the year 2006-07 and the same estimated amount is considered for the next two years (2007-08 and 2008-09).</p>	<p>It appears that TAMP is attempting to increase the Return on capital employed by changing the basis for projecting/considering the expenses. It is noticed that no uniform approach is adopted. For some expenses it is on Actual expenditure and for other expenses it is on Budgeted figures. This can be seen from that provision for Loss on assets/ Investments in 2002-03 has not been considered while profit on sale of assets is considered. The rationale for not considering loss on sale of asset/investment is not understood.</p>
<p>4.</p> <p>(i).</p>	<p><u>Capital Employed</u></p> <p>The Annual Accounts for the year 2004-05 show the value of net block of Fixed Assets as on 31 March 2005 at Rs.78418.43 lakhs. The capital employed workings furnished by JNPT shows the net block of fixed assets as on 31 March 2005 at Rs.82,475.45 lakhs. There is a difference of Rs.4057 lakhs between figure shown in the Annual Accounts and the cost statements. The difference remains unexplained. The value of net block for the year 2005-06 shown in the cost statement is modified to reflect the value of net block shown in the Annual Accounts. While modifying the total figure, the difference of Rs.4057 lakhs is adjusted in all the activities in the proportion of opening net block of fixed assets.</p>	<p>As regards the difference in Capital employed, point No. I. (4) above may be referred.</p>

(ii).	The JNPT has projected capital outlay for the years 2005-06, 2006-07, 2007-08 and 2008-09 for acquisition of container handling equipment when the traffic projected for 2006-07 and 2008-09 is lower about 20 to 30%. The port has stated that this is proposed taking a long-term view and in the light of the capital employed on planning for capacities to a level of 30% above the projected traffic. The port has not furnished any document relating to approval accorded for acquisition of these additional equipments.	No specific comments furnished by JNPT.
(iii).	The capital outlay of Rs.50 lakhs in the year 2005-06 and 250 lakhs in the year 2006-07 towards ISPS has been allocated to the container handling activity. This investment appears to be essential requirement for all the vessels visiting the port and not exclusively for the JNP container terminal alone. Therefore, the investment of Rs.300 lakhs has been apportioned to container activity and marine activity on the basis of the respective operating income.	As regards expenditure on ISPS, it is not clear that how income can be the basis for apportioning the expenditure for Marine and container activities. Each private terminal is incurring expenditure for its internal security even though primarily the port is incurring for overall security.
(iv).	The JNPT has projected capital outlay of Rs.1500 lakhs each during the year 2007-08 and 2008-09 for rail track doubling. It is not proved by JNPT that the benefits arising out of doubling of rail track is restricted only to the containers handled at JNPCT. Since the rail track doubling is development of infrastructure, the envisaged capital outlay of Rs.3000 lakhs should be met from the Escrow Account. In view of this position, the proposed capital outlay of Rs.1500 lakhs each during the year 2007-08 and 2008-09 are not considered.	The projection of Rs 1500 Lakhs each for Rail Track doubling in 2007-08 and 2008-09 is for augmentation of additional rail tracks inside the port area. Since heavy capital expenditure planned will exceed the appropriations to Infrastructure Reserve, these expenditures may have to be considered separately.
(v).	The port has envisaged capital dredging project in the year 2008-09 for an amount of Rs.80000 lakhs. A copy of the Government sanction in this regard stated to have been enclosed with JNPT's letter dated 6 January 2006 is not found. Please furnish a copy of the Government sanction. The MBPT vide its letter No.FA/ACC/190-A/6096 dated 10 July 2006 has, <i>inter alia</i> , stated that it is participating in channel deepening project in association with JNPT and has committed an investment of Rs.10000 lakhs in this regard. Therefore, an amount of Rs.70000 lakhs only can be considered in the cost statement, after adjusting Rs.10000 lakhs committed by MBPT.	As regards the Capital dredging project, the financing pattern is still to be firmed up in consultation with the Ministry. On finalization, the contribution if any, from MbPT can be informed to TAMP.
(vi).	The JNPT has identified assets not directly related to business at Rs.668.42 lakhs which comprises the value of school building and hospital equipments. This identification has been done with reference to the opening value of net block of fixed assets relating to estate activity for the year 2005-06. The JNPT has not furnished the depreciated value of these assets for the years 2005-06 to 2008-09 explicitly. In the absence of the depreciated value of these assets, ROCE at risk free rate of 7.40%, in line	As already communicated, School buildings are primarily constructed for provision on educational facilities to our own employees and may have to be included in the category of business assets.

	with Clause 2.9.7. of the revised guidelines, is allowed on the opening value of Rs.668.42 lakhs. However, it is to be noted that the hospital building also needs to be included in the category business related assets. Therefore, an amount of Rs.10 crores on adhoc basis is considered as the value of hospital building and ROCE at risk free rate of 7.40% is allowed.																					
(vii).	The working capital estimate projected by the port is moderated in accordance with revised guidelines.	No specific comments furnished by JNPT.																				
III.	<p>Bulk Handling Activity <u>Operating expenses</u></p> <p>The operating expenses, other than depreciation, have been projected to continue at the level of over Rs.300 lakh per annum even after redeployment of staff to container handling activity. Further, the port has discontinued bulk terminal operations; it has handed over the berths to the BOT operator; and, the port also has handed over all bulk storage facilities to BOT operator. That being so, there does not appear to be justification for the estimated expenditure for the years 2006-07 to 2008-09. However, the estimated expenses towards "employee remuneration" and "other general expenses" for the years 2006-07 to 2008-09 are moderated applying the escalation factor of 4.5% per annum taking the relevant estimated operating expenses for the year 2005-06 as base.</p>	<p>Even though the Bulk Terminal is handed over to BOT operator, the Bulk activity has been carried out in the Shallow Water Berth. All expenditure relating to the SWB is shown in Bulk Activity. However, it may be noted that, the income from Container handling at SWB is considered in container activity. Since both containers and Bulk cargo are handled in SWB and the share of each type of cargo is uncertain all expenditure on this are shown under Bulk activity. Total Employee remuneration including overtime, incentive etc., is increasing by about 15% p.a. therefore applying 4.5% escalation for employee remuneration is not correct.</p>																				
IV.	<p><u>Container Handling Activity</u></p> <p>(i). <u>Operating expenses</u> Projected expenses on "repairs & maintenance" and "consumption of material" show substantial increase for the years 2005-06 to 2008-09 over the actuals for the earlier two years. When the traffic is expected to decrease during the years 2006-07 to 2008-09, the increase in the projected expenditure does not appear to be justified. JNPT had not furnished workings for the projected expenditure. In the absence of the workings, the expenditure projection for the years 2005-06 to 2008-09 are moderated applying the relevant escalation factor for the year 2005-06 and for the period 2006-07 to 2008-09 taking the actuals for the year 2004-05 as base.</p>	<p>The increase in projected expenditure on Repairs and maintenance and consumption of material is on account of taking over of leased cranes. On taking over the cranes after completion of the lease period, there will be substantial increase in the repairs and maintenance of these cranes. Hence adoption of normal percentage of escalation over the actuals of 2004-05 may not be proper. JNPT has taken the following equipments on lease: Rail Mounted Quay Crane : 3 Nos. Rubber Tyred Gantry Crane : 6 Nos. Rail Mounted Gantry Crane : 2 Nos. These cranes were leased out in 1995 and 1997. On completion of lease period of 10 years, the cranes would be handed over to JNPT free of cost as per the terms of the agreement. The details of cranes taken over / to be taken over are as follows :</p> <table border="1"> <thead> <tr> <th>Cranes</th> <th>2004-05</th> <th>2005-06</th> <th>2006-07</th> <th>2007-08</th> </tr> </thead> <tbody> <tr> <td>RMQC-3</td> <td>-</td> <td>1</td> <td>2</td> <td>-</td> </tr> <tr> <td>RTGC-6</td> <td>3</td> <td>-</td> <td>3</td> <td>-</td> </tr> <tr> <td>RMGC-2</td> <td>-</td> <td>1</td> <td>-</td> <td>1</td> </tr> </tbody> </table>	Cranes	2004-05	2005-06	2006-07	2007-08	RMQC-3	-	1	2	-	RTGC-6	3	-	3	-	RMGC-2	-	1	-	1
Cranes	2004-05	2005-06	2006-07	2007-08																		
RMQC-3	-	1	2	-																		
RTGC-6	3	-	3	-																		
RMGC-2	-	1	-	1																		

<p>(ii).</p>	<p><u>Hire of equipment</u></p> <p>The JNPT has initially projected operating expenditure towards hire of equipment in the cost statements for container handling vide its letter dated 3 February 2006 at Rs.21.00 crores, 20.56 crores and 23.52 crores for the years 2006-07, 2007-08 and 2008-09 respectively. Notably, these estimates were less as compared to the estimate of Rs.27 crores for the year 2005-06. Subsequently, the JNPT vide its letter No. JNP-FIN/06 dated 31 May 2006 has revised these estimates upwards with an increase of around Rs.8 crores per annum for the years 2006-07 to 2008-09 on the ground of the proposed hiring of higher capacity tractor trailers by JNPT in view of the reported statutory requirement that vehicles should carry weight according to its registered gross vehicle weight. In this context, please furnish/clarify the following points arising out in the context of its letters dated 3 February 2006 and 31 May 2006. The status of hiring of higher capacity tractor-trailers by JNPT may be furnished and the estimates may be updated. Pending receipt of requisite details from JNPT, the estimates furnished by JNPT in this regard vide its letter dated 3 February 2006 are considered.</p>	<p>No specific comments furnished by JNPT except furnishing a copy of offer from a private party regarding unit price of Tractor.</p>
	<p><u>JNPT letter dated 3 February 2006</u></p> <p>(a). Workings for the earlier proposed hire charges of equipments estimated for the years 2006-07 to 2008-09 bringing out clearly the component of hire charges for tractor trailers built in the hire charges of equipments.</p> <p>(b). The reason for reduced level of estimates for the years 2006-07 and 2008-09 as compared to the actuals for the year 2004-05 and estimate for the year 2005-06.</p>	<p>No specific comments furnished by JNPT.</p>
	<p><u>JNPT letter dated 31 May 2006</u></p> <p>With reference to the cost sheet forwarded to us under cover of JNPT letter dated 31 May 2006, please clarify/furnish the following:</p> <p>(a). Documentary evidence towards capital cost of Rs.50 lakhs for one tractor-trailer.</p>	<p>Documentary evidence towards capital cost of Tractor-Trailer is furnished.</p>
	<p>(b). Basis for the estimate of 5% 'repairs & maintenance' cost with reference to actuals for the existing tractor/ trailers.</p> <p>(c). The details for the estimated employee cost of Rs.3.32 lakhs reported to have been attached with the cost sheet are not found.</p> <p>(d). The JNPT has estimated cost of transportation of manpower for operation of each tractor trailer per annum. Please furnish the workings for the estimated amount of Rs.40,765/- per tractor trailer.</p>	

	<p>(e). Please furnish workings for the cost of transportation of manpower at site proposed at Rs.8,228/- per tractor trailer. In this context, the reason for proposing separate estimate (at 'e' & 'f' of the cost sheet) towards cost of transportation of manpower in 3 shifts for operation of each tractor trailer and cost of transportation of manpower (at site) may be furnished.</p>	<p>No specific comments furnished.</p>
	<p>(f). There appears to be mistake in the estimate of supervision cost (item 'h' of cost sheet).</p>	
	<p>(g). JNPT has considered in the cost sheet 105 tractor trailers to be hired per annum and each tractor trailer is estimated to handle 13200 TEUs per annum. That being so, the total TEUs to be handled by 105 Tractor Trailers works out to around 1.39 million TEUs per annum against the estimated traffic of 0.88 million TEUs, 0.87 million TEUs and 0.995 TEUs for the years 2006-07, 2007-08 and 2008-09 respectively. Therefore, the estimated hire charges of equipments need to be justified with reference to the estimated traffic.</p>	<p>No specific comments furnished.</p>
(iii).	<p><u>Employee remuneration</u> JNPT has projected around 25% increase for the year 2005-06 over the actuals for the year 2004-05 and 8% increase in the estimate for the year 2006-07 over the estimate for the year 2005-06 on the ground of redeployment of employees from bulk activity and normal increase in salaries. But, cost statement of bulk activity still shows estimated expenditure towards employee remuneration. The increase in employee remuneration estimated for container activity is not seen to be commensurate with decrease in the estimated expenditure in employee remuneration in the bulk activity for the year 2005-06 as compared to the actual for the year 2004-05 in absolute terms. The estimates for 2005-06 and estimates for the years 2006-07 to 2008-09 are moderated applying the relevant escalation factor taking the actuals for the year 2004-05 as base.</p>	
(iv).	<p><u>Legal & Professional charges</u> The estimates for the years 2006-07 to 2008-09 are moderated applying an escalation factor of 4.5% on the estimates for the year 2005-06.</p>	
(v).	<p><u>Depreciation</u> The depreciation relating to port railways, which were transferred to Indian railways for operation and maintenance, continues to be shown under container handling activity as confirmed by JNPT. The depreciation figure on railway assets is seen to be at a constant level of Rs.121.46 lakhs for the years 2002-03 to 2004-05. This figure of Rs.121.46 lakhs is excluded from the estimated depreciation for the years 2006-07 to 2008-09.</p>	<p>Railway Assets are transferred to Railways on a perpetual lease, retaining the ownership with JNPT. Operation and Maintenance is being done by Indian Railways. Since JNPT continues to be owner of the assets, depreciation charged is correct.</p>

<p>(vi).</p>	<p><u>Engineering Services</u></p> <p>The estimated expenditure for engineering services for the year 2005-06 is around 160% of the relevant actual expenditure for the year 2004-05. The reason for hike in the estimates for the year 2005-06 is stated to be on account of increased maintenance work and increase in employee remuneration. When there is already an element of cost towards "employee remuneration" in the cost statement, it is not clear why increase in employee remuneration is again accounted for in the cost of rendering engineering services. The statement made by the JNPT regarding increase in maintenance work does not adequately explain the reason for the estimated increase in cost of rendering engineering services. Therefore, the estimated expenditure for the year 2005-06 and for the years 2006-07 to 2008-09 are moderated applying the relevant escalation factor taking the actual for the year 2004-05 as base.</p>	<p>Engineering Service is a support activity, expenditure of which is reappropriated to the main activities. Therefore, employee remuneration of that activity is not directly shown in the main activity.</p>
<p>(vii).</p>	<p><u>PPD, Stores/PMC and others</u></p> <p>(a). The estimated expenditure for the year 2005-06 is around 6 times as compared to the actual expenditure for the year 2004-05. The estimate for the year 2005-06 and the estimate for the years 2006-07 to 2008-09 are moderated taking into consideration the estimated container traffic and applying the relevant escalation factor taking the actual expenditure for the year 2004-05 as base.</p>	<p>Increase in PPD expenditure is mainly on account of repairs and maintenance to Roads, which is increased due to the increasing traffic in addition to the periodical maintenance.</p>
	<p>(b). The entire expenditure on this account is allocated by the port to container handling activity on the ground that the computer system is mainly for container activity. While this may be true, the expenditure of stores and the expenditure on other items will have to be allocated to all other activities also. Therefore, this item of estimated expenditure is allocated to all activities in proportion to the estimated operating expenditure of the respective activities.</p>	<p>As already explained above PMC expense separately shown in the cost statements is expenses directly related to container activity i.e. container planning & Billing. However, PMC expenses in management overheads are for Accounting, Pay Roll processing, internet, intranet, networking related expenses. Management overheads have already been allocated to different activities. Therefore, allocating the direct expenses of container activity to all other activities is not correct.</p>
<p>(viii).</p>	<p>A comparative position of capital employed projected for the years 2005-06 to 2008-09 in the container handling cost statement furnished by JNPT vide its letter dated 6 January 2006 and in the container handling cost statement furnished by JNPT vide its letter dated 3 February 2006 shows an increase of 3 crores, 5.38 crores and around 7.77 crores for the years 2006-07, 2007-08 and 2008-09 respectively. Please list out the items of assets with value considered additionally in the cost statement furnished by JNPT under cover of its letter dated 3 February 2006.</p>	<p>As per our records the Capital employed for container activity in the cost statements furnished on 6.1.2006 and 3.2.2006 are same, which may be considered for the purpose of tariff computation.</p> <p>It is not understood that how the difference of Rs.3 crores, 5.38 crores and 7.77 crores has arisen for the years 2006-07, 2007-08 and 2008-09 respectively. This may please be reviewed.</p>

<p>V. (i).</p>	<p><u>Marine Activity</u> <u>Traffic</u> There are differences in the number of vessels and GRT of the vessels reported in the cost statement and furnished in the working sheet for income calculation. The statistics furnished in the working sheet are considered.</p>	<p>The relevant working of GRT & no. of vessels are furnished.</p>
<p>(ii).</p>	<p><u>Operating Income</u> The position furnished in the working sheet is considered and the operating income reported in the cost statement is modified to align with the working sheet. The estimated operating income will be further subject to adjustments according to the prevailing exchange rate at the time of finalising the case.</p>	<p>Considering the prevailing exchange rate at the time of finalization of the case is not correct. It may be appropriate to consider the average rate for the past three years.</p>
<p>(iii).</p>	<p><u>Operating cost</u> (a). The estimated expenditure towards water for the year 2005-06 is around 38% more than the actual for the year 2004-05. The estimates for the years 2005-06 to 2008-09 are moderated taking into consideration the percentage increase in the vessel traffic and the admissible escalation factor.</p>	<p>No specific comments furnished by JNPT.</p>
	<p>(b). With reference to the estimated expenditure for consumption of material, the reason for the estimate at higher level for the year 2005-06 as compared to the actuals for the previous two years and projections for the years 2006-07 to 2008-09 is not clear. The estimates for the years 2005-06 to 2008-09 are moderated applying the applicable escalation factor taking the actuals for the year 2004-05 as base.</p>	<p>No specific comments furnished by JNPT.</p>
	<p>(c). The estimated expenditure for 'repairs & maintenance' projected for the years 2007-08 and 2008-09 is moderated applying 4.5% escalation factor per annum taking the estimate for the year 2006-07 as base.</p>	<p>As already conveyed, the increase in repairs and maintenance expenditure & consumption of materials is on account of ageing of floating crafts.</p>
	<p>(d). The estimated expenditure towards hire of tugs/pilot launches/security for the year 2006-07 is around 23 times of the estimated expenditure for the year 2005-06. The estimates for the years 2007-08 and 2008-09 are also found to be on the higher side as compared to the actuals for the year 2003-04 and 2004-05. There is neither any substantial increase in the number of vessels to be handled nor reduction in the cost of operation of port crafts. The estimates for the years 2006-07 to 2008-09 are moderated applying the escalation factor of 4.5% per annum taking the estimate for the year 2005-06 as base.</p>	<p>Two nos. of additional Tugs and two nos. of additional Pilot launches have been taken on hire from 2006-07. Therefore, the expenditure is increased. Applying escalation is not correct.</p>

	<p>(e). The 'other general expenses' estimated for the year 2005-06 is around 195% of the actual expenditure for the year 2004-05. The estimates for the subsequent three years are also found to be on the higher side as compared to the actual for the year 2004-05. The estimates are moderated applying the applicable escalation factor.</p>	<p>No specific comments furnished.</p>
<p>VI. 1.</p>	<p><u>Estate Activity</u> <u>Operating Income</u></p> <p>JNPT has projected estimated income of rent from township at Rs.20.08 lakhs and Rs.21.08 lakhs for the years 2005-06 & 2006-07 respectively in the cost statement. However, the revised estimates (2005-06) and budget estimates (2006-07) show the income from the rent from quarters at Rs.95.08 lakhs each for the year 2005-06 and 2006-07. The estimates as furnished in the cost statement for the year 2005-06 and 2006-07 are considered. The JNPT may, however, clarify the position.</p>	<p>Difference on account of rent for township is on account intermixing of certain account head i.e. rent from building and rent from quarters. However there is no variation in total income under estate activity. We strongly feel that surplus from estate activity should not be used to cross subsidise any other activity as land is the most scarce and fixed resource. Any rental from the same should be used for development purpose only.</p>
<p>2.</p>	<p><u>Operating Expenses</u></p> <p>(i). Repairs & Maintenance expenditure has been projected to increase by 20% in the year 2005-06 and for the years 2007-08 and 2008-09. The projections of this item of expenditure are moderated applying an escalation factor of 6.5% for the year 2005-06 taking the actual repair & maintenance expenditure for the year 2004-05 as base. Likewise, the estimated expenditure for the years 2006-07 to 2008-09 are moderated applying an escalation factor of 4.5% taking the moderated estimate for the year 2005-06 as base.</p>	
	<p>(ii). The minor works expenses have been projected to increase around 10 times for the year 2005-06 over the actuals for the year 2004-05. The estimates for the subsequent years (2006-07 to 2008-09) are projected to increase by over 51% as compared to the estimate for the year 2005-06. If the estimate for the year 2005-06 is substantiated with actuals and the estimates for the years 2006-07 to 2008-09 are justified by JNPT, the figures furnished by JNPT will be accepted. Otherwise, average of the expenditure for the past three years (2003-04 to 2005-06) will be considered as projections for each of the year 2006-07 to 2008-09.</p>	<p>No specific comments furnished.</p>
	<p>(iii). The estimated employee remuneration for the year 2005-06 and for the period 2006-07 to 2008-09 are moderated applying the applicable escalation factor taking the actual expenditure for the year 2004-05 as base.</p>	

	(iv). The estimated expenditure towards plantation for the years 2006-07 to 2008-09 are moderated applying 4.5% escalation factor per annum upon the estimated expenditure for the year 2005-06.	
3.	Estate related charges will not be reviewed, until JNPT files a proposal for review of estate related charges formulated in the light of the Land Policy guidelines announced by Government of India.	

11.2. The changes required in the draft Scale of Rates pointed out to JNPT vide our letter dated 2 August 2006 and the response of JNPT received vide its letter dated 11 September 2006 in this regard are tabulated below:

SI. No.	Queries raised by TAMP	Reply furnished by JNPT
(i).	A note in Chapter 1.2 (General Terms and Conditions) stating that users will not be required to pay charges beyond a reasonable level attributable to the port will be incorporated in line with Clause 2.15 of the revised tariff guidelines.	Regarding applicability of charges beyond a reasonable level, it is proposed to consider the cases on its merits. The cases which are supported with justified documentary evidences may be considered in general viz nation wide transport strike affecting port operations, port / dock union strike, force majeure natural calamity etc. However, the same is incorporated against charges of various activities like note below Clause No.2.2A and 2.4.
(ii).	Sub-clauses (c) and (d) of Clause of 1.2 (i) may be modified in line with standard clause prescribed by this Authority.	Regarding levy of vessel related charges for the vessels converted from foreign to coastal / vice versa at berth, it is proposed to charge VRC in proportion to the volume of coastal foreign cargo handled at berth during that particular voyage.
(iii).	With reference to Clause 1.2 (iii) (a) regarding conversion of dollar denominated tariff in Indian Rupees, the proposed Clause may be modified by selecting a specified bank in line with Clause 2.19.1 of the revised tariff guidelines.	At present JNPT is applying reference rates from Reserve Bank of India for the purpose of conversion of dollar denominated tariff in Indian Rupees.
(iv).	The proposed Note (vi) (b) in Sub-Section 1.2. of Section 1, regarding interest on delayed payments / refunds may be updated with reference to the prevailing PLR of State Bank of India.	Penal interest rate will be charged at 2% above PLR of State Bank of India. As the PLR is variable, a specific rate can not be mentioned in the Scale of Rates.
(v).	With reference to the proposed 3 slabs for the levy of pilotage cum towage, JNPT may furnish the revenue reduction for the years 2006-07 to 2008-09 separately due to rationalisation of the rate structure.	The estimated projection of ships are based on the existing pattern which can be accommodated within the draft available. It is observed that the number of ships of more than 30,000 GRT is not substantial, hence not consider at present. The scenario may change on completion of dredging and full operation of GTI.
(vi).	(a). The existing Note-1 to schedule-2.2 (A) includes shifting. The proposed Note-1 excludes the word "shifting". But no adjustment in the unit rate has been made. Note-3 to Schedule – 2.2. (A) (Schedule of Pilotage-cum-Towage fee) regarding shifting charges of vessel at the request of the users connotes the meaning that the proposed schedule of Pilotage-cum-Towage fee	Majority of the shifting in JNPT are for port convenience, which in any case shall continue to be free as per the existing Scale of Rates. Shifting at the request of users are of miniscule level and of complementary in nature. Therefore reduction of charges toward cost of shifting activity in the given schedule of pilotage is not required. It is further submitted that in any case the proposed fee for pilotage-cum towage is going

	includes one shifting charges of vessel at the request of the users. In terms of Clause 6.4. of the tariff guidelines, shifting at the request of the users does not form part of the composite fee. Cost element for shifting may be furnished and unit rate of the composite fee may be reduced correspondingly. If JNPT does not furnish the cost element for "shifting" activity, 10% of the proposed unit rate applicable for first slab of the schedule of the port dues will be reduced and the subsequent two slab rates will be modified accordingly.	to be reduced because of modification of GRT slabs / rate, hence further reduction due to exclusion of complimentary miniscule shifting will not be justifiable. Note No. 1 & 3 of Clause No.2.2 (A) of Scale of Rates may be reproduced as below: (1). The fee livable for pilotage-cum towage of vessels in and out of the port as shown in the schedule includes services of pilots / tugs / other crafts as may be required for one inward and one outward movement of the vessels. (3). Vessels requisitioning Pilot's services for shifting from one berth to another shall be charged 20% of the prescribed charges in addition to the rates prescribed for the schedule for each shifting.
	(b). The shifting charges may be proposed in three slabs as required in terms of Clause 6.10 of the revised tariff guidelines justified with cost details; and the proposed Note – 3 to Section 2.2. (A) may be deleted.	The shifting charges are fixed percentage of pilotage-cum-towage charges and the slabs indicated at 2.2(A) is used for shifting charges also.
(vii).	Notes 3 (iii) & (iv) below Clause 2.4 appear to be redundant as bulk / liquid cargo are not handled by JNPT and will be deleted.	<u>Cargo of Rice and Wheat</u> It is a fact that JNPT is not handling this cargo at present however, JNPT would like to continue with the provisions in the Scale of Rates, keeping in view as future possibility for handling this cargo at Shallow Water Berth. <u>Liquid Cargo</u> This cannot be deleted from the Scale of Rates as the liquid cargo is being handled by BPCL jetty and the royalty is based on the wharfage charges as per Scale of Rates. Hence the stated provisions are proposed to be retained.
(viii).	In Note 3 (x) below Clause 2.4, the word 'penal' may be added after the words 'attracting the' appearing in the first sentence of the said Note.	This may be reproduced as follows: "If the berth is not immediately required, the port at its discretion, may allow a vessel to occupy berth after completion of cargo operation till such time as declared by the port without attracting the penal berth hire. In this case normal berth hire charges will be levied.
(ix).	Likewise, Note – 4 to Schedule 2.2. (A) regarding shifting of vessels at the request of the users to Nhava Jetty, Mumbai Port limits, anchorage berth or anywhere within the JNPT limits may be prescribed in three slabs and justified with cost details. Consequently, the proposed Note – 4 may be deleted.	Same as indicated at (vi) (b) above.
(x).	A conditionality stating that no berth hire charges shall be payable for the period when a vessel is compelled to idle at berth due to break-down of port equipment or power failure or any other reasons attributable to JNPT is not incorporated in the Scale of Rates as agreed by JNPT.	Considering the stated consequences (breakdown of port equipments, power failure etc.) as general operational hindrance, it is proposed to continue to levy only normal berth hire charges in such situations. Penal berth hire charges may not be levied in the above circumstances. In this regard it is further submitted that as long as

		a berth is occupied by the vessel berth hire charges shall continue to be levied. If the idling of berth on port convenience for which no shifting charges will be levied and port may bring another vessel which can work without port equipment.
(xi).	<p>(a). This Authority vide Order dated 11 August 2003 approved application of existing berth hire charges prescribed in schedule no 2.3 for shallow draught berth / port craft berth / port craft jetty subject to a minimum of 20% discount in the applicable rates on the undertaking given by the JNPT to furnish relevant cost details in the next revision of tariff. With reference to our query regarding berth hire charges leviable for shallow and port craft berths as well as port craft jetty, JNPT has stated that separate cost details for shallow berth, other than capital cost, are not available and proposed to continue the existing ad hoc arrangement.</p> <p>The JNPT is requested to propose berth hire charges for shallow & port craft berths as well as port craft jetty based on cost details in the absence of which this Authority may have to review the continuance of the existing adhoc arrangement.</p>	The fixation of tariff regarding charges applicable for the vessels / cargo handled at Shallow Water Berth may be considered separately and till the time present arrangement may please be permitted.
	(b). The JNPT has proposed same rates for berth hire charges for container berth, bulk berth, multipurpose berth and landing jetty. Please clarify whether the facilities provided and the productivity levels in these berths are same.	As bulk berth / multipurpose berth have ceased to exist hence these may be deleted from Scale of Rates.
(xii).	In terms of Clause 2.1.5 of the revised tariff guidelines, the JNPT agreed to incorporate a conditionality in its draft Scale of Rates stating that no storage charges shall be payable when the container is not delivered by the port for reasons attributable to JNPT. No such conditionality has been proposed by the JNPT in its draft Scale of Rates.	As port is facilitating delivery of container round the clock through out the year. It is proposed not to incorporate any condition regarding applicability of dwell / storage charges on container lying in yard.
(xiii).	Note (1) below Clause 5.1.1. (Wharfage schedule) will be deleted as note below Clause 3.3.1. prescribes that the box rates for handling of containers include wharfage on containerised cargo.	Agreed, it may covered under 3.3.1 of Scale of Rates.
(xiv).	Note (2) below Clause 5.1.1. will be modified in line with Clause 4.2.3. of the revised tariff guidelines.	This may be reproduced as below: For any cargo under "unspecified" category under the wharfage schedule, the relevant customs classification should be referred to find out whether the cargo could be classified under any of the specific categories mentioned in the wharfage schedule.
(xv).	The cost statement for bulk activity furnished by JNPT does not envisage handling of cement. Therefore, the existing tariff item No.21 in the wharfage schedule 5.1.1. and the volume discount scheme for handling cement prescribed in schedule 5.1.2. will be deleted.	The cement cargo is being handled at Shallow Water Berth hence, the existing tariff item No.21 at clause 5.1.1 and volume discount scheme for handling cement in schedule 5.1.2 will remain as part of Scale of Rates.

(xvi).	Note (3) below Clause 5.3. will be modified, to the extent relating to prescription of free period, in line with Clause 5.8.1 of the revised tariff guidelines.	As port is facilitating delivery of cargo round the clock through out the year, it is proposed not to incorporate any condition regarding applicability of dwell / storage charges on containers lying in yard.
(xvii).	This Authority approved vide Order dated 11 August 2003 sliding volume discount for transshipment containers on incremental traffic moved between Cochin Port / Tuticorin Port and JNPT. Since the proposed draft Scale of Rates does not include this provision, it will be reinstated.	It may be reinstated.
(xviii).	Likewise, the provision for providing parking space for mobile harbour cranes away from berths, free of cost to port customers, approved by this Authority vide Order dated 11 August 2003 is found to have been omitted by JNPT in the draft Scale of Rates. This provision will be reinstated.	Regarding provision for providing free parking space for mobile harbour cranes away from berths, it is proposed that the cranes brought for the purpose of Port's use with Port's permission, shall only be granted with free parking space within the Port. Other than this category, all types of crane parking spaces will be chargeable as per Scale of Rates of leasing open area.
(xix).	Since the storage sheds at the bulk terminal have been handed over to the BOT operator as stated by the JNPT Clause 5.5 (storage charges in covered sheds at the bulk terminal) and all the Notes thereunder will be deleted.	Since the covered sheds are not available the deletion of Clause is agreed to.
(xx).	<p>(a). In Chapter – VI of the draft Scale of Rates JNPT has proposed a general note that the existing tariff will be applicable for BPCL till it approaches TAMP for fixation of tariff. It may be noted that the proposed note is not in line with tariff setting arrangement envisaged in the statute and, therefore, will be deleted.</p> <p>(b). There does not appear to be any necessity to include Clause 6.1 (wharfage charges on liquid cargo) and the notes in JNPT Scale of Rates when berth is being operated by BPCL.</p>	The same shall not be deleted as the royalty from BPCL is based on these wharfage charges as per Scale of Rates.
(xxi).	Rates for coastal cargo may be prescribed in Clauses 7.1 to 7.4 (charges on motor vehicles or any other equipments passing through the port) in line with Clause 4.3 of the revised tariff guidelines.	The proposed Scale of Rates in respect of motor vehicles may be accepted as it is based on the present Scale of Rates. The order of TAMP dated 7 January 2005 regarding reduction of rates in coastal cargo does not specify the motor vehicles under the definition of cargo. In case it is intended to include vehicles also under cargo, then the provision can be incorporated.
(xxii).	The JNPT has proposed modifications in the description of item relating to Licence Fee (Chapter – IX) for open space outside port area for construction and any other purpose. Likewise, it has proposed modifications to the existing notes governing the estate rentals. The port is required to review its estate rentals in the light of the revised Land Policy Guidelines announced by the Government of India. Since the port has agreed to file a proposal for review of estate related charges in the light of the revised tariff guidelines, the proposed modifications	Since the existing estate related charges are to be reviewed in line with the revised land policy guideline issued by Ministry of Shipping (Ports Wing) G.O.I. vide letter No.PT-17011/55/87-PT dated 24 February 2004, process has already been initiated for revising the estate related tariff. After obtaining the approval of the Board of the same will be submitted to TAMP for approval.

	in the draft Scale of Rates will be taken up along with its proposal (to be) filed by the port in this regard. Meanwhile, a general note may be proposed to be incorporated in the Scale of Rates stating that the existing conditionalities / notes governing the estate related charges shall apply to the extent they are not inconsistent with the conditions prescribed in the Land Policy Guidelines announced by the Government in February – March 2004.	
(xxiii).	The proposal of JNPT to levy electricity charges for electricity energy consumed by occupants of JNPT facilities includes 5% overheads on the electricity bill amount. In this context, please clarify whether clearance of Maharashtra Electricity Regulatory Commission is required to levy such overheads.	Regarding the above point, the matter has been referred to the concerned authority for clarification regarding the requirement of approval. On receipt the same, the same may be communicated to TAMP.

12.1. The JNPT attended the hearing held on 29 August 2006 and reiterated the points made in its written submission dated 25 August 2006.

12.2. As decided at the hearing, the JNPT was requested to intimate the treatment given to the income arising out of penalty for shortfall in minimum guaranteed throughput (MGT) by the Income Tax Department in the income assessment of the JNPT vide our letter dated 30 August 2006. The JNPT vide its letter dated 11 September 2006 has conveyed the following position:5

- (i). The income arising out of penalty for shortfall in MGT is added in computation of income for the purpose of assessment by Income Tax Department.
- (ii). Deduction is also allowed in the year of actual write off, if for any reason, it is not possible to recover this amount.
- (iii). The write off, if any, may take place subsequently to the year in which it was offered as income and, therefore, may spill over from one tariff revision period to another tariff revision period. It will be prudent to keep this income out of the purview of tariff fixation for the present.
- (iv). The matter has been referred for joint arbitration and the award may itself take about 3 to 4 years.

13. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the comments received and arguments made by the concerned parties will be sent separately to the relevant parties. These details are also available at our website <http://tariffauthority.gov.in>

14. With reference to the totality of information collected during the processing of this case, the following position emerges:

- (i). As has been explained earlier, the Scale of Rates of JNPT was last reviewed by this Authority in September 2002 based on the proposal filed by the port. Since the revenue position for port as a whole was in surplus, no upward revision in tariff was allowed. The next general review of the Scale of Rates of JNPT fell due in September 2004 following a two year validity cycle of the tariff as per the (then) existing tariff guidelines. Since JNPT did not take any action on the advise given in the earlier Order of September 2002 to reduce the vessel related charges, a *suo motu* Order was passed on 10 August 2004 reducing the ceiling rates of all vessel related charges prescribed in the Scale of Rates of JNPT and, inter alia, the validity of the existing Scale of Rates (other than vessel related charges) of JNPT was extended till 31 March 2005. At the request of the JNPT, the port

was granted time till 31 July 2005 to file its comprehensive tariff proposal. In this backdrop, the JNPT has filed its proposal dated 9 August 2005 for general revision of its Scale of Rates.

- (ii) (a). During the last review of the Scale of Rates of JNPT in September 2002, the estimated cost position for the years 2002-03 and 2003-04 was relied upon. The JNPT has operated its facilities during the years 2002-03 and 2003-04 at the tariff level approved in September 2002. The JNPT continued to operate its facilities also for the years 2004-05 and 2005-06 based on the tariff fixation in September 2002 subject to the subsequent ad-hoc reduction in vessel related charges and coastal concessions introduced.

Clause 2.13 of the revised tariff guidelines mandates this Authority to review the actual physical and financial performance of the major port at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff. In spite of repeated request by us to JNPT to furnish an analysis of variation for the years 2002-03 to 2004-05 in actual and physical performance with reference to the projections relied upon by us for the fixation of tariff in September 2002, the port has not furnished such an analysis on the ground that no tariff revision was approved in September 2002. The JNPT has even gone to the extent of describing such an analysis as postmortem and unproductive exercise. The port is not even willing to furnish the relevant information in the prescribed formats for the year 2002-03. It has objected to application of tariff guidelines approved in 2005 retrospectively from 2002-03. The argument that no tariff increase was given in the last occasion and, therefore, the past performance need not be analysed is totally misplaced. No tariff increase was given on the last occasion since there was no merit in granting the proposed hike. But, that decision was reached after careful analysis of the cost position reported by JNPT. Incidentally, the JNPT did not come up with any proposal to reduce the tariff in the surplus making vessel related activity which forced this Authority to *suo motu* reduce the VRCs by 10% in 2004 on an ad hoc basis. It is noteworthy that the reduction effected was not to the full extent of the revenue surplus in the concerned activity. This Authority in its relevant Order dated 4 May 2004 (para 7) categorically indicated that the actual financial position for the past two years and the estimated position for the next two years would be scrutinised as a part of the next tariff review exercise; and, based on this position further adjustment in tariff of JNPT would be decided. It is, therefore, necessary to analyse the past performance. It may be recalled that analysis of past performance was carried out in the tariff case of NSICT decided in 2005 and JNPT has also supported the review in that case. Significant increase in container and vessel traffic has also been witnessed at JNPT. There is no reason why such analysis should not be made in the case of JNPT when it was done in case of the private terminal of NSICT. Incidentally CSLA supports this view.

There is no question of any retrospective application of revised tariff guidelines of 2005 since the exercise in hand is for fixing tariff on prospective basis for the next three years. The tariff guidelines of 2005 require an analysis of past in such exercise. It is noteworthy that the NSICT case was also decided following this approach. Analysis of past performance was done in all the recently decided tariff cases of major port trusts and private terminals operating thereat in line with Clause 2.13 of the revised tariff guidelines.

- (b). (i). As stated earlier, the JNPT did not furnish relevant information for the year 2002-03. We relied upon the relevant information for the year 2002-03 available in the Annual Accounts of the JNPT for the year 2002-03. The operating income, operating expenses and allocated management overheads have been adopted as per the annual accounts for the year 2002-03.

- (ii). The financial and miscellaneous income as revealed in the annual accounts has been considered except interest income on general fund investments and interest income on staff advances. Likewise, the finance and miscellaneous expenditure as revealed by the annual accounts has been considered except interest on loans and provision for loss on sale of assets.
- (iii). All the admissible elements of current assets and the current liabilities as revealed in the annual accounts for the year 2002-03 have been considered for the purpose of capital employed.
- (c).
 - (i). The JNPT has furnished cost / income statement for the years 2003-04 and 2004-05. The operating income as shown by the port in the cost statement agrees with the corresponding figures in the annual accounts of the JNPT for the respective 2 years. However, it is seen that the port has not considered the Royalty / Revenue Share received by it as Landlord Port from the BOT operators. It is to be noted that operation and maintenance of a separate escrow account for Royalty/ Revenue Share receipts for meeting the infrastructure development expenditure of the port came into force only from the financial year 2005-06 as per the revised tariff guidelines notified on 31 March 2005. Prior to this, royalty / revenue share was a recurring income to be considered for tariff determination. Accordingly, the actual royalty / revenue share / other charges received by JNPT including upfront premium from BOT contracts has been considered in the cost / financial statement as disclosed in the Annual Accounts.
 - (ii). The actual operating expenses and allocated management over heads for the year 2003-04 and 2004-05, furnished by the JNPT are in accordance with the Annual Accounts for the respective two years.
 - (iii). JNPT has not considered the income on account of penalty for shortfall in minimum guaranteed throughput in the cost statement for the year 2003-04 and 2004-05 on the ground that such income may have to be written off if not actually realized; and, such write off may spill over to the next tariff cycle. As pointed out by this Authority in its Order of September 2002, this income is in lieu of the wharfage income, which would have been earned by JNPT if MGT obligation had been fulfilled. Therefore, this item of income has to be considered in the cost statements. The important point to note here is that the income on account of penalty for shortfall in minimum guaranteed throughput is included by JNPT for the purpose of its Income Tax assessment by the appropriate authorities. That being so, it may not be correct to exclude such income for tariff review / fixation purpose. An income which accrues in a definite manner cannot be ignored merely because the port could not recover it, for whatever reason. It is noteworthy that the port has not reported about its decision to waive minimum guaranteed throughput conditions in the relevant contracts in terms of the (then) Ministry of Shipping's guidelines issued vide its letter No. PT-17011/58/2001, dated 17 July 2001.

Income on account of penalty for shortfall in throughput, profit on sale of assets, income from auction sale, income realized from sale of unserviceable material, income from launch passes, income from guest house, income from gas agency and sundry income have also been considered alongwith the Financial & Miscellaneous Income reported by the port for the year 2003-04 and 2004-05.

- (iv). Apart from the financial and miscellaneous expenditure reported by the port, gas agency expenses, Bank charges, expenditure on hire of launches, guest house expenditure are allowed. JNPT has raised an issue that while profit on sale of assets is considered for the purpose of

this analysis, provision for loss on assets in the year 2002-03 has not been considered. Since the provision for loss on sale of assets created by the port in the year 2002-03 does not represent actual cash outflow, it cannot be considered. It is relevant here to mention that the loss on sale of assets as disclosed in the annual accounts for the year 2003-04 has been considered for the purpose of this analysis.

- (v). The JNPT has reported the capital employed figure of Rs.921.91 Crores for the year 2003-04 as against the estimate of Rs.966.30 crores and the position reported by the port is considered in this analysis. With respect to the year 2004-05, the capital employed level of Rs.854.70 Crores reported by the port is considered.
- (vi). With reference to the year 2005-06, the actual operating income and expenditure as reported by the port is considered for the purpose of this analysis.

Similar approach as adopted for the years 2002-03 and 2004-05 is followed in respect of Finance and Miscellaneous income and expenditure. It is observed from the actuals for the year 2005-06 furnished by JNPT that the port has suffered loss on sale of assets. But, this loss has not been considered by the port in the cost statement which, however, recognised in this analysis.

Capital outlay of Rs.50 lakhs towards implementation of the requirements of the International Ship and Port facility Security (ISPS) code adopted by IMO for the year 2005-06, has been fully allocated to the container handling activity. This investment appears to be essential requirement in respect of all vessels visiting the port and not exclusively for the container terminal. Incidentally, the port has also stated that the terminal operators implement the code in their terminals and the port trust is incurring this expenditure for the overall security of the port. Apart from this, the port must be incurring this expenditure for implementing ISPS code at its container terminal. Therefore, the amount of Rs.50 lakhs is allocated to container handling activity and marine activity in the ratio of respective operating income. Same treatment is given to the proposed investment of Rs.250 lakhs on ISPS code implementation in the year 2006-07.

Except expressing its reservations on the basis adopted for apportionment the JNPT has not suggested any alternative formula. No change in the apportionment formula applied is, therefore, made.

JNPT has identified assets not directly related to business at Rs.668.42 lakhs which comprises the value of school building and hospital equipments. This identification has been done with reference to the opening value of net block of fixed assets relating to estate activity for the year 2005-06. Subsequently, the port suggested to include the school buildings in the category of business assets since the school buildings are for port's employees. Clause 2.9.7 of the revised guidelines categorise such assets under Business-related assets which are eligible for return at the risk free rate. ROCE at risk free rate of 7.40%, in line with Clause 2.9.7 of the revised tariff guidelines is allowed on the opening value of Rs.668.42 lakhs, since JNPT has not furnished the depreciated value of these assets for the year 2005-06.

While the JNPT has classified hospital equipments as assets not directly related to business, the value of assets of hospital building not directly related to business is not included under this category. The hospital building should also be categorised as business related assets. The JNPT has not furnished the requisite details, despite a specific request

made. Therefore, an amount of Rs.10 Crores, on adhoc basis, as communicated to JNPT when it was given an opportunity to comment on the changes proposed to be effected by us in the cost statement, is taken as the value of hospital building and ROCE at risk free rate of 7.40% is allowed for the years 2005-06 onwards.

JNPT has reported the actual capital employed for the year 2005-06 as Rs.828.28 crores which is taken without any modification.

The analysis shows that JNPT have earned a total net additional surplus of Rs.561.73 crores (after ROCE) during the period from 2002-03 to 2005-06.

It is relevant to mention here that a net surplus of 609.64 crores after ROCE was communicated to JNPT vide our letter dated 2 August 2006. This difference arises mainly due to review made here is based on the analysis of past physical and financial the actuals for the year 2005-06 furnished subsequently by JNPT whereas the earlier analysis was based on the estimates for the year 2005-06.

50% of the additional surplus of Rs.561.73 crores is required to be adjusted / set off while fixing tariff of JNPT for the current cycle (2006-2008) as stipulated in Clause 2.13 of the revised tariff guidelines. Accordingly, an amount of Rs.280.86 crores is set off in the cost statements for all the activities in proportion to the respective operating income of each activity for the years 2006-07 to 2008-09.

- (iii). As stated earlier, JNPT has approached the Government with a request to review the earlier decision of the government relating to revised guidelines for tariff fixation and treat the vessel related income leviable on the vessels calling at BOT berths at par with royalty/revenue share receivable from the BOT operators insofar its treatment in tariff setting exercise with reference to port's tariff proposal filed before this Authority. JNPT vide its letter dated 3 February 2006 has also requested this Authority to await government's decision before taking any decision on the treatment of vessel related charges.

Considering the position that the final decision of the government in this regard is yet to be conveyed to this Authority and bearing in mind that the tariff proposal in hand has been filed by JNPT in August 2005 before this Authority, there is no reason for deferring this case indefinitely. The tariff proposal is analysed as per the prevailing tariff guidelines. If and when the Government announces any revised policy, it is open for JNPT to seek a tariff review.

- (iv). (a). The revised tariff guidelines prescribe tariff validity cycle of three years. The tariff proposal initially filed by the JNPT in August 2005 contained projections for 2 years (2006-07 and 2007-08) apart from estimates for the year 2005-06. The port at our instance has filed revised cost statements for the years 2006-07 to 2008-09 and the actuals for the years 2005-06.. The revised cost statements are considered for the purpose of this analysis.
- (b). There appears to be some reluctance on the part of JNPT to furnish relevant information necessary for an objective analysis of the proposal by this Authority. When the private terminals operating container terminals at the major ports are able to furnish detailed information for the estimated traffic mix, the inability of the JNPT to furnish such basic information is not understood. Since the JNPT has not furnished detailed working for income estimation, this Authority is constrained to rely on the estimates as furnished by the port. It is surprising to note that the port does not have records of assets which are identifiable with port's each main activity.

- (v) (a). The JNPT initially projected the container traffic for the year 2005-06 at 12.50 lakh TEUs in its proposal filed in August 2005. The port has subsequently modified this estimate to 12.46 lakh TEUs as projected in its revised estimates for the year 2005-06. The MANSAs has given a projection of container traffic for the port as whole for the year 2005-06 at 30.28 lakhs TEUs against the estimation of JNPT at 25.46 lakh TEUs. The JNPT has, however, handled the actual traffic of 13.39 lakh TEUs during the year 2005-06.
- (b). The estimated container traffic projections for the year 2006-07, 2007-08 and 2008-09 are 8.884 lakh TEUs, 8.700 lakh TEUs and 9.950 lakh TEUs respectively which are discussed below:
- (i). The budget estimate (2006-07) approved by the Board of Trustees indicates an estimated traffic of 9 lakh TEUs. This estimate has been scaled down by 11600 TEUs by the port to give effect to the increase in traffic estimates of GTIPL for the year 2006-07.
- (ii). Likewise, the JNPT has scaled down its initial estimated traffic of 10 lakh TEUs for the year 2007-08 to 8.70 lakh TEUs and from 11 lakh TEUs for the year 2008-09 to 9.95 lakh TEUs giving effect to the anticipated increase in container traffic at GTIPL. The container traffic projections for the years 2006-07 to 2008-09 are about 65% to 75% of the actual traffic handled by JNPT for the year 2005-06.
- (c). The MANSAs has doubts on the validity of the container traffic projections made by JNPT. The BCCI also seems to suggest that the container traffic projections made by the port are on the lower side. The CSLA is of the view that the traffic projections of JNPT are conservative. Significantly, the documents attached to the proposal reveal that there was a view in the Board of Trustees that the traffic projections made by the JNPT are very low and required a review. The Board of Trustees of JNPT have, however, collectively resolved not to review the traffic projections.
- In spite of our request to the JNPT, the port did not furnish details of the traffic projections made in the Five Year Plan/Annual Plan and projections made at the time of inviting bids for the 3rd container terminal. While JNPT has factored in the impact of the expected increase in GTIPL traffic, it has not furnished the relevant report to substantiate the traffic decline estimated with the commissioning of GTIPL. However, and notably, the JNPT has stated that the decline in traffic is only temporary and anticipates increase in traffic in the years to come. With the presumption that the Board of Trustees of JNPT may have done detailed analysis in support of the traffic projections considered by them, the projections furnished by JNPT are relied upon for the purpose of this analysis. However, if any additional surplus is found to have accrued to JNPT due to variation of actual performance in traffic, such undue advantage accrued to JNPT will be set off fully in the next review. In view of the general economic growth of the country and, therefore, the trend of growth in container trade, adjustment arising in the context of traffic variation will not be considered in terms of clause 2.13 of the revised tariff guidelines but the entire benefit accrued as a consequence will be set off.
- (d). The estimated vehicle traffic at 27113 for the year 2006-07 which is in line with the budget estimate of 2006-07 is considered in this analysis. The port has not estimated vehicle traffic for the subsequent two years.
- (e). Liquid traffic has been projected by JNPT for the years 2006-07 to 2008-09. Since the liquid traffic is handled by Bharat Petroleum Corporation Ltd. (BPCL), as confirmed by JNPT, the estimated liquid traffic is found to be relevant only for the purpose of calculating royalty / revenue share income receivable by JNPT.

- (f). The estimated traffic of general cargo for the year 2006-07 is in line with the port's budget estimate for the year 2006-07. However, there is reduction in the estimated traffic of general cargo for the year 2007-08 and substantial reduction for the year 2008-09. The reductions in the estimated traffic of general cargo remains unexplained. The estimates furnished by the JNPT are relied upon in the absence of any other details.
- (vi). (a). The JNPT receives royalty / revenue share from the private terminal operators. Creation of a separate escrow account for revenue share/royalty receipts is mandated by the government policy as contained in clause 2.8.3 of the revised tariff guidelines. JNPT has agreed to create and maintain a separate such account for the said purpose of infrastructure development. The revised tariff guidelines prescribe setting aside a minimum of 50% of royalty/revenue share to the escrow account for the stated purposes. Revenue share/royalty receivable should be first applied to meet cost of surplus labour. Stating that JNPT has no surplus labour, the entire 100% of the revenue share/royalty is proposed to be credited to the escrow account (to be) created by the port to meet the infrastructure development expenses. Since the relevant tariff guideline does not prescribe the maximum limit of royalty/revenue share for the purpose of allocation to escrow account and relying on the position reported by JNPT about the requirement of funds for infrastructure projects to be commenced in near future, transfer of the entire royalty/revenue share to the escrow account is permitted.

Considering the actual royalty/revenue share for the year 2005-06 and the estimates furnished by JNPT on this account for the year 2006-07, 2007-08 and 2008-09, a total sum of around Rs.826.00 Crores would accrue into the escrow account of JNPT. The JNPT should utilize the accruals in the escrow account in the manner prescribed in the revised tariff guidelines and furnish the details of the transaction in the escrow account maintained by it during the next general review of its Scale of Rates.

- (b). The main concern expressed by the JNPT is with regard to meeting the capital expenditure in respect of envisaged infrastructure projects by the port.

JNPT has estimated a sum of Rs.746.28 crores as accumulation in the escrow account on account of royalty / revenue share received / receivable from the private terminals operating at JNPT for the years 2005-06 to 2008-09. It has to be noted here that the estimated revenue share receivable from GTIPL during the years 2006-07 to 2008-09 furnished by JNPT may have been based on the tariff levied by GTIPL at the (then) existing level of tariff at JNPT. Since this Authority has disposed of the tariff proposal filed by GTIPL approving an increase of 18% over the tariff of JNPT for container related charges, the estimates furnished by JNPT on account of revenue share receivable from GTIPL for the years 2006-07 to 2008-09 are updated to give effect to the impact of additional revenue share receivable by the JNPT on account of the increase in tariff at GTIPL. GTIPL maintains its annual accounts on calendar year basis. JNPT has estimated the revenue share on financial year basis. While updating the revenue share receivable from GTIPL, the revenue share receivable by JNPT from GTIPL is adjusted to align with the financial years. Since the tariff of GTIPL will be valid up to 31 December 2008, the revenue share payable by GTIPL to JNPT is considered for a truncated period of 9 months for the financial year 2008-09. The estimate so revised indicates that a total amount of around Rs.826 Crores would accrue to the escrow account during the period up to 2008-09 as against the initial estimate of around Rs.746.28 Crores made by JNPT.

With reference to the anticipated withdrawals from escrow account for meeting the infrastructure expenditure, JNPT has been frequently modifying the figures. Initially, by its letter dated 6 January 2006, JNPT projected the estimated infrastructure expenditure of Rs.1300 Crores to be spent during the 4 year period of 2005-06 to 2008-09, out of the total estimated amount of Rs.1600 Crores.

Subsequently, by its letter dated 3 February 2006, JNPT has modified the said estimated expenditure to Rs.2014 Crores out of which it envisaged to spend Rs.1739 Crores during the period upto 2008-09. Recently, the JNPT vide its letter dated 25 August 2006 has furnished yearwise capital expenditure according to which it envisages to spend Rs.1514 Crores during the period upto 2008-09. In any case, considering the modified estimated inflow to the escrow account at Rs.826 Crores, there will be still a shortfall of Rs.688 Crores if expenditure estimate of Rs.1514 Crores is considered. It is noteworthy that escrow account is one of the sources identified for financing the infrastructure projects. When the projects are financed from other sources, return will be admissible, on commissioning of the assets.

The JNPT has been allowed to retain 50% of the additional surplus (Rs. 280.86 Crores) earned by it during the period 2002-03 to 2005-06 which will be available with JNPT to fund its capital expenditure.

- (vii). Despite several requests made for detailed workings for computation of estimated operating income, the JNPT did not furnish any such working on grounds that it would be possible only if their entire accounting and computer systems are revamped; and, there is lack of adequate man power. It has, however, furnished a working for the estimated vessel related income for the years 2006-07 to 2008-09. Subject to the adjustments required in the estimated vessel related income as explained in the succeeding paragraph, the operating income in respect of all its activities as estimated by the JNPT is relied upon for the purpose of this analysis. At the time of the next review, if it is found that the actual estimated income varies widely from the estimates furnished, the additional accrual will be fully set off against the next tariff revision.
- (viii). In computation of vessel related income, the JNPT has adopted the exchange rate of Rs.43 per US dollar for the year 2006-07 to 2008-09. The conversion of dollar denominated tariff in Indian rupees for the purpose of estimation of operating income depends on the prevailing exchange rate at the time of finalisation of the tariff case. On being pointed out about this to JNPT, the JNPT has sought to argue that exchange rate was volatile in the recent past and it is likely to fluctuate in future and requested to consider the average exchange rate for the past 3 years. It is noteworthy that JNPT realises dollar denominated tariff items at the prevailing exchange rate and not based on the 3 year average rate.

This Authority follows a uniform method of considering the exchange rate prevailing at the time of finalisation of tariff cases for conversion of dollar denominated rates in Indian Rupee for estimation purpose. Significantly, this method was followed in the last tariff review exercise relating to the JNPT. The JNPT has not brought out any extraordinary circumstances warranting deviation from the method adopted by this Authority. The estimates of vessel related income furnished by JNPT is updated based on the prevailing exchange rate of Rs.46.10 per US dollar.

- (ix). (a). JNPT has projected estimated income of rent from township at 21.08 lakhs for the year 2006-07. However, the BE (2006-07) show the income from the rent from quarters at Rs.95.08 lakhs for the year 2006-07. JNPT has pointed out the inter-mixing of account head between rent from building and rent from quarters; and, that there is no variation in total income under estate activity. It is noteworthy that there is only marginal difference around 1.5% between the budgeted income for the year 2005-06 on account of estimates and actuals. The estimated rent from township for the subsequent two years, 2007-08 and 2008-09 are escalated applying 5% escalation per annum over the respective previous years.
- (b). In the cost statement for estate activity furnished by JNPT in February 2006, the port estimated land rent from GTIPL from the year 2004-05 including for the years 2006-07 to 2008-09. In the cost statement for relevant activity furnished subsequently by JNPT in May 2006 the port has maintained the estimates of land from GTIPL without any change.

While processing the tariff case of the GTIPL, it was reported to us that the JNPT had allotted additional land to GTIPL for gate complex in February 2006. A sum of Rs.278.95 lakhs, 290.53 lakhs and 410.06 lakhs for the years 2006-07, 2007-08 and 2008-09, respectively towards land rent payable by GTIPL to JNPT on account of allotment of additional land was considered in the tariff case of GTIPL recently decided. This additional land rent from GTIPL receivable by JNPT is recognised under the estate income.

- (x). (a). According to the revised tariff guidelines, coastal cargo/container/vessel related charges should not exceed 60% of the normal cargo/container/vessel related charges. The JNPT has proposed concessional tariff for coastal vessels in line with the revised tariff guidelines.
 - (b). With reference to the concessional rate for coastal containers, the JNPT has considered the exchange rate of Rs.48.54 per US dollar wherever the container related charges are denominated in US dollars. The rates for coastal containers are prescribed at 60% of dollar denominated rates applying the exchange rate of Rs.46.10 wherever the present tariff is found to be not in line with the coastal concessional policy.
 - (c). In respect of coastal cargo the JNPT has proposed concessional tariff not exceeding 60% of the tariff prescribed for normal cargo in line with revised tariff guidelines.
- (xi). For the reasons stated earlier, certain items of income not considered by the JNPT under Finance & Miscellaneous income for the year 2006-07 have been considered based on the Budget Estimate (2006-07). The Finance & Miscellaneous income for the subsequent two years are maintained at the level estimated by JNPT in the BE (2006-07).
- (xii). (a). Likewise, and for the reasons stated earlier, certain items of expenditure not considered by JNPT under Finance and Miscellaneous expenditure are considered for the year 2006-07 as per the estimates contained in BE (2006-07) and the estimates for the subsequent two years are maintained at the level estimated for the year 2006-07.
- (b). The observation made by JNPT regarding consideration of actual figures for some expenses and budget figures for some other expenses appears to be relating to moderation of the estimated expenditure done by us. Initially, JNPT furnished actuals upto the year 2004-05 and budget figure for the year 2005-06. It is true that the moderation of expenditure estimates conveyed to JNPT by our letter dated 2 August 2006 was based on actuals for the year 2004-05 for some expenses and was based budget figure for the year 2005-06 for some other expenses. However, the moderation of estimated expenditure has been reviewed based on the actuals for the year 2005-06 subsequently furnished by JNPT vide its letter dated 11 September 2006.
- (xiii). JNPT has argued against moderation of estimated expenditure. But, Clause 2.5.1. of the revised tariff guidelines requires that the expenditure projections of the major ports / terminal operators should be in line with traffic adjusted for price fluctuations with reference to current movement of whole sale price index (WPI) for all commodities. Accordingly, the escalation factor of 4.5% applicable for the year 2005-06 is considered for moderating the expenditure projections in the cost statements wherever required for the subsequent three years based on the actuals for the year 2005-06. While doing so, no adjustment for the declining traffic projected is made.
- (xiv). (a). Container handling activity:
- The expenses projected for "consumption of material" and "repairs and maintenance" show substantial increase for the years 2006-07 to 2008-09 as

compared to the actuals for the year 2005-06 and 2004-05. When the traffic is expected to decrease during the years 2006-07 to 2008-09 the increase in estimate does not appear to be justified. Apart from explaining that these expenses are dependent on the age and use of machines and not on wholesale price index alone, the JNPT has sought to argue that on taking over of the leased cranes, after completion of the lease period, from 2004-05 to 2007-08, there will be substantial increase in the expenses relating to "repairs and maintenance" and "consumption of material". It is relevant here to mention that the JNPT has taken over 3 RTGs in the year 2004-05. The actual expenses on "consumption of material" and "repairs and maintenance" for 2004-05, when the 3 RTGs reverted back to the port on expiry of the lease period, are found to be less than the relevant actual expenditure for the year 2003-04. In view of this position, there is no reason to presume that taking over of 3 RMGCs in the year 2005-06 and 2006-07, 3 RTGs in the year 2006-07 and one RMGC each in the year 2005-06 and 2007-08 will substantially change the estimated expenditure of "consumption of material" and "repairs and maintenance" for the years 2006-07 to 2008-09. Therefore, the estimated expenditure for the years 2006-07 to 2008-09 are moderated applying the escalation factor of 4.5% over the respective previous years taking actuals for the year 2005-06 as base, though the actual expenditure towards consumption of material for the year 2005-06 is found to be substantially higher than the actual expenditure for the previous two years probably due to the ageing of machines. In this context, it may be relevant here to mention that no adjustment with reference to falling traffic is made, which may also take care of additional repairs and maintenance cost, if any, to be incurred due to ageing of equipment.

- (b). With reference to the upward revision of estimates in respect of hire of equipment for the years 2006-07 to 2008-09, the JNPT did not furnish the requisite details despite our request in this regard. The port also did not convey the status of hiring of higher capacity tractor-trailers.

In the computation of per TEU cost on account of hire of higher capacity tractor-trailers, repairs & maintenance and transportation of manpower cost have been considered on the higher side. There is also an error in computation of "administrative, supervision & miscellaneous expenses". After moderating these costs, the unit cost works out to about Rs.181 per TEU as against the unit cost worked out by JNPT at Rs.196 per TEU. The average unit cost is stated to be Rs.106 per TEU in the existing arrangement of transporting TEUs by the existing tractor-trailers. That being so, the additional cost works out to Rs.75 per TEU on account of hiring of higher capacity tractor-trailers.

Even after the proposed hiring of higher capacity tractor-trailers, some quantum of throughput is proposed to be handled by JNPT with the existing lower capacity tractor-trailers as stated by the port. However, JNPT has not quantified such throughput which will be handled by the lower capacity tractor trailers. Therefore, the estimates furnished by JNPT for hire of equipment for the years 2006-07 to 2008-09 are moderated by applying Rs.181 per TEU for 90% of the estimated throughput and by applying Rs.106 per TEU for remaining 10% of the estimated throughput.

While so moderating, an escalation of 4.5% per annum is considered on the reported rate of Rs.106 per TEU for a quantum of 10% of the estimated throughput. In respect of the estimates for the years 2007-08 and 2008-09 an escalation factor of 4.5% is applied over the respective previous years estimates.

It is to be noted that this modified estimate is considered in the absence of requisite details furnished by JNPT to validate its estimates; and, therefore, the pass through allowed is subject to verification of actuals at the time of the next review.

- (c). The JNPT was requested to justify the estimated expenditure of Rs.33.86 Crores and 1.33 Crores for the years 2006-07 and 2007-08 respectively for hire of wharf / yard cranes. The JNPT has stated that the existing cranes are already on hire. From the details regarding cranes taken on lease furnished by JNPT, it is seen that out of 11 cranes, it has taken over 5 cranes as of the year 2004-05. It appears that 6 cranes will remain on hire during the year 2006-07 and one crane will remain on hire during the year 2007-08. All these 6 cranes would have been taken over by the JNPT by the year 2007-08. Therefore, it appears that the port has not estimated any hire charges on account of hire of wharf / yard cranes for the year 2008-09. The estimated hire charges for hire of wharf / yard cranes for the year 2006-07 and 2007-08 is considered in this analysis without any change.
- (d). As stated in the preceding paragraph, the JNPT would have taken over all the 11 cranes (RMQC, RTGC and RMGC) by the year 2007-08. In this scenario, JNPT has projected separately expenditure on hire of "new cranes" for the years 2006-07 to 2008-09. The port has stated that it has proposed to hire 6 RTGCs for yard operation and the proposal is under process. The port's proposal to take on hire the said RTGCs is in the scenario of declining traffic at JNPT during the period 2006-07 to 2008-09. Apart from arguing that the decline in traffic is only a temporary phenomena, JNPT has not furnished any details in this regard. The estimates furnished by JNPT are relied upon. However, the estimated hire charges of new cranes are moderated applying 4.5% escalation per annum for the years 2007-08 and 2008-09 taking the estimate for the year 2006-07 as base. If any variation is found in the estimates of JNPT, appropriate adjustment will be made in the next review of its Scale of Rates.
- (e). JNPT has estimated increase in the employee remuneration in the range of 18 to 25% for the years 2006-07, 2007-08 and 2008-09 over the actuals for the year 2005-06 on the ground of redeployment of employees from the bulk activity to container activity and normal increase in salaries. But, cost statement of bulk activity still shows estimated expenditure towards employee remuneration. The increase in employee remuneration estimated for container activity is not seen to be commensurate with decrease in the estimated expenditure in employee remuneration in the bulk activity.

The effect of wage revision due from 1 January 2007 is not explicitly considered by JNPT. After allowing an escalation of 4.5% per annum on the actual employee remuneration for the year 2005-06, 15% increase is considered towards wage revision for the year 2006-07 as was done in the case of some other major port trusts whose general review of tariff had concluded recently. This effect is restricted to three months from January 2007 to March 2007. With respect to the estimates for the year 2007-08 and 2008-09, the effect of the wage revision is considered for the full period.

- (f). The estimated expenditure towards engineering services for 2006-07 to 2008-09, projected by JNPT was based on the estimated expenditure of around Rs.750 lakhs for the year 2005-06. But, the actual expenditure for the year 2005-06 is seen to be around Rs.270 lakhs. Taking the base of the actual expenditure for the year 2005-06, the estimates for the subsequent three years are moderated.

Initially, it appeared that the port considered "employee remuneration" in the engineering services in addition to separately estimating employee remuneration under container handling activity. To a query in this regard, the port has clarified that the estimated expenditure of engineering services shown in the cost statement is an apportioned figure which includes employee remuneration relevant for engineering services. This means, there is no double counting of expenditure towards employee remuneration.

- (g). (i). The port had initially estimated around an amount of Rs.689 lakhs for the year 2005-06 in respect of "PPD, Stores, PMC and others" and projected

this expenditure for the subsequent years at a slightly less level than the estimated level for the year 2005-06. The JNPT has argued that the increase in PPD expenditure is mainly on account of repairs & maintenance of roads warranted by increase in traffic. However, the actual expenditure for the year 2005-06 is reported to be Rs.126.66 lakhs, based on which, the estimates for the subsequent three years are moderated.

- (ii). Looking at the nomenclature of the item of cost "PPD, Stores / PMC and others" it appeared that the expenditure on stores and the expenditure of other items may have to be allocated to all other activities. The port has clarified that the expenses shown under this activity is direct expenses relating to container activity. The statement made by the JNPT is relied upon and the entire estimated expenditure on this account is considered without any further apportionment to other activities.
- (h). Initially, JNPT had projected insurance cost to the extent of Rs.70 lakhs for plant and machinery for the year 2005-06. However, the actual results for the year 2005-06 show that it has spent Rs.1.74 lakhs only under marine activity.

The port has estimated around 4 Crores each for the year 2006-07 to 2008-09 towards insurance cost under container handling and marine activity. The estimates as furnished by JNPT are considered in this analysis subject to verification during the next review of its Scale of Rates.

(xv). Marine Activity:

- (a). The estimated expenditure towards water for the years 2006-07 to 2008-09 are moderated taking the actuals for the year 2005-06 as base and taking into consideration the percentage increase in the vessel traffic and the admissible escalation factor.
- (b). The JNPT has estimated an amount of Rs.42.89 lakhs, Rs.44.65 lakhs and Rs.46.48 lakhs for the years 2006-07, 2007-08 and 2008-09 respectively towards minor works. As could be seen from the actuals for the past three years, the maximum expenditure was only Rs.26.35 lakhs during the year 2003-04. Though the reason for the higher level of estimates remain unexplained, the estimates as furnished by JNPT are considered without any modifications.
- (c). The estimated dredging expenses for the year 2006-07 is increased by 9% by the port over the actuals for the year 2005-06. The estimates for the subsequent two years, 2007-08 and 2008-09, are found to be projected with an escalation factor of 4%. To a query in this regard, with reference to its initial estimate for the year 2005-06, JNPT has sought to clarify that the escalation in projections are as per the escalation clause in the agreement with the Dredging Corporation of India. The estimates of JNPT are relied upon without any modifications.
- (d). The estimated expenditure towards hire of tugs / pilot launches for the year 2006-07 was around 23 times of the estimated expenditure for the year 2005-06. The estimates for the years 2007-08 and 2008-09 were also found to be on the higher side as compared to the actuals for the year 2003-04 and 2004-05. Neither any substantial increase in the number of vessels to be handled nor reduction in the cost of operation of port-owned crafts is reported and hence the JNPT was requested to justify the estimates. The port has merely stated that it has taken two numbers additional tugs and two numbers additional pilot launches on hire from 2006-07. The statement made by the port is not supported either by workings for the estimates or by documentary evidence. The JNPT has not clarified whether the hiring arrangement will continue for the years 2007-08 and 2008-09 also.

It is relevant here to mention that JNPT has projected a total capital outlay of Rs.102.10 Crores towards acquisition of floating crafts during the year 2006-07 and 2007-08. It is noteworthy that the floating crafts proposed to be acquired include three pilot launches and three tugs. That being so, the need for hiring two additional tugs and two additional pilot launches has not been adequately justified. As stated earlier, there is no substantial increase in the number of vessel estimated to be handled nor reduction in the cost of operation of port owned crafts to justify the estimated expenditure towards hire of tugs and pilot launches. The estimates for the years 2006-07 to 2008-09 are moderated considering the increase in the number of vessels and applying the escalation factor of 4.5% per annum over the respective previous years and taking the actuals for the year 2005-06 as base.

(xvi). Estate Activity:

The estimated expenditure towards minor works for the years 2006-07 to 2008-09 is found to be around 15% of the actual expenditure for the year 2005-06. The estimates as furnished by the port are considered in this analysis. If any variation is found due to wrong estimation, necessary adjustment will be made in the next review of the Scale of Rates of JNPT.

(xvii). A substantial increase in the total depreciation for the year 2005-06 was noticed as compared to the total depreciation for the year 2004-05. The port has made adjustment of Rs.69.60 crores for change in depreciation on the existing assets on account of application of rates specified in the Companies Act, 1956. Clause 2.7.1 of the revised tariff guidelines stipulates that depreciation would be allowed on the straight-line method following the live norms adopted as per the Companies Act. JNPT has confirmed that it has calculated depreciation as per the revised tariff guidelines and it has further confirmed that the increase in depreciation for the year 2005-06 is on account of change in the method of calculating depreciation. The depreciation as calculated by the JNPT for the years 2005-06 to 2008-09 is considered for the purpose of this analysis.

(xviii). JNPT has handed over the bulk terminal to the private operator under royalty/revenue share arrangement. MANSA has raised an important point on the treatment of assets handed over to BOT operators for the purpose of fixation of tariff. As rightly pointed out by MANSA, royalty/revenue share received by the landlord port is required to be set apart separately under an escrow account for the purpose of infrastructure development of the port subject to the conditions prescribed in the relevant tariff guideline. The moot question posed by MANSA is whether return can be allowed on the assets handed over to the BOT operator while the landlord port is receiving royalty/revenue share. In this regard, it is clarified that the assets handed over by the landlord port to BOT operator under royalty/revenue share arrangement will not qualify for any return to the landlord. It is relevant here that the JNPT has confirmed that it has excluded all assets handed over to BOT operator from bulk activity. It is noteworthy that the capital employed in the bulk activity which was at about Rs.236 crores in the year 2003-04 has come down to about Rs.79 crores in the year 2004-05. The difference is on account of assets handed over and scrapped on conversion of bulk terminal, as stated by the JNPT. Further, the JNPT revised its cost statement for the year 2005-06 based on actuals and excluded the value of sheds from the capital employed figure.

(xix). Capital Employed:

(a). As stated earlier, JNPT has projected capital outlay for the years 2005-06 to 2008-09 for acquisition of container handling equipments when the traffic projected for the year 2006-07 to 2008-09 is lower about in the range of 20% to 35%. In spite of requesting the port to furnish documents relating to approval accorded for acquisition of these additional equipments, we have not received any response from the JNPT.

Nevertheless, the estimated capital outlay on acquisition of container handling equipments is considered in this analysis subject to verification in the next review of the Scale of Rates of JNPT.

- (b). The port has projected capital expenditure of Rs.400 lakhs, Rs.1500 lakhs, Rs.3300 lakhs and Rs.3600 lakhs in the years 2005-06, 2006-07, 2007-08 and 2008-09, respectively on widening of port roads. If these roads are not in the operation area where berths and storage yards are situated, the capital outlay may have to be allocated under the estate activity. Clarifying the reasons for allocating the expenditure on widening of port roads to container handling activity, the port has stated that the roads are internal roads and these internal roads are used for container handling activity. The allocation of the capital outlay on widening of port roads to container activity is considered without any change.
- (c). The proposed capital outlay includes Rs.1500 lakhs each during the year 2007-08 and 2008-09 on doubling of railway tracks inside the port area, Rs.2079 lakhs for development of area behind service berth, Rs.1230 lakhs on development of ICD yard, Rs.700 lakhs towards Radio Data Terminal (RDT). The improvement in performance / reduction in unit operating cost due to these investments remain unexplained. Nevertheless, the proposed investments are considered in this analysis subject to verification at the time of the next general revision of the Scale of Rates of JNPT.
- (d). The JNPT has projected a total capital outlay of Rs.10210 lakhs towards acquisition of floating crafts as shown under the marine activity. The port has not furnished any analysis of the benefits to be achieved by way of improvement in performance or reduction in unit cost on account of acquisition of the additional crafts. The floating crafts include three pilot launches, one VIP launch and three tugs. This proposed acquisition of floating craft is proposed to be incurred during the year 2006-07 and 2007-08.

To a request to furnish an analysis in terms of Clause 2.6.3. of the revised tariff guidelines, the JNPT has replied that such an analysis does not appear essential since the investments are being made with the approval of the competent authority. The relevant revised guideline is part of the tariff policy of the Government. If the JNPT requires an exemption from the operation of relevant tariff guideline, the port should have approached the Government with such proposal. It is not appropriate on part of JNPT to refuse to comply with the Government guidelines. In light of the reported requirement to plan the capacity to a level of 30% above projected traffic, reported to have been indicated in the Draft Policy (modified) for marine sector, the proposed outlay of Rs.10210 is considered in this analysis.

- (e). JNPT has envisaged capital dredging project in the year 2008-09 for an amount of Rs.800 crores. A copy of the Government sanction in this regard reported to have been furnished to this Authority along with the port's communication dated 6 January 2006 was not found. Even after subsequent request made to the JNPT to furnish a copy of the sanction letter there is no response from the JNPT. The relevant report indicating the cost benefit analysis of the project was also not made available despite a request made by us in this regard. Further, the port has reported that the financing pattern is not yet approved. On the other hand, the MBPT has informed this Authority that it would contribute Rs.100 Crores towards this project.

In the absence of requisite details, it is found not possible to estimate the additional number of vessels that would visit the port and the consequential additional income accruing to the port. It is noteworthy that the port has envisaged this huge investment at the far end (2008-09) of the validity period of the tariff. Even if the dredging work commences immediately, the execution would take 27 months as stated by the JNPT. This means, the benefit of the dredging

project would be available only from the year 2009-10, i.e., after the validity period of the tariff approved. That being so, it may not be reasonable to burden the user right now with this proposed capital outlay. In view of this position, the proposed outlay of Rs.800 Crores is not considered for the purpose of determination of capital employed. Similar exclusion has been made in the case relating to general review of tariff at MBPT also.

If it so happen that the project would be completed with in the current tariff validity period itself, the JNPT can submit a suitable proposal for fixing special rate for recovery of cost towards capital dredging at least 6 months before likely commissioning of the project.

- (f). Though the JNPT has not furnished the requisite details regarding the purpose and the benefits on the proposed capital outlay of Rs.1000 lakhs projected in the year 2008-09 on GSR pipeline shown under Marine activity is considered in this analysis subject to verification at the time of the next review of the tariff of JNPT.
- (g). JNPT has not clarified whether the capital and other costs of port craft jetty / port craft berth have been correctly allocated to the vessel related activity as advised under para 11 (xiii) of the Order dated 27 August 2002. In the absence of the details of assets identified with different activities, allocation of these costs has been assumed to have been made correctly by the JNPT.
- (h). While modifying the cost statement to include the vessel related income and lease rentals from BOT operators, the JNPT has also increased the capital block under Estate activity. There can be a view that the lease rent and the relative asset block may have to be shown under the bulk activity. Since the lease rent from the concerned land is taken under Estate activity, inclusion of the value of land in the capital block under estate activity is considered without any modifications.
- (i). As per the earlier estimated capital employed workings furnished by JNPT it showed the value of net block of fixed assets at Rs.779.80 Crores as at the end of the year 2005-06. From the annual accounts for the year 2005-06 furnished by the port subsequently, it is found that the value of net block of fixed assets as at the end of the year 2005-06 is Rs.800.87 Crores. Though the JNPT has furnished activity-wise net block for its earlier estimates, it did not furnish such activity-wise break-up for the actual closing balance of net block of fixed assets as on 31 March 2006. In the absence of any other alternative, the actual net block of assets for the port as a whole as on 31 March 2006 is apportioned to all activities in the ratio of estimated activity-wise net block to the estimated total net block earlier furnished by JNPT.
- (j). The port has apportioned 50% cost of horizontal surface of the bulk cargo berth and shallow water berth to container activity. Stating that no details are available for horizontal face, the port has apportioned 50% cost of horizontal surface of the bulk berth and shallow water berth to container activity. No change in the cost statement furnished by the port is made at this stage. The port, however, is advised to follow the correct procedure of allocating the capital cost of berth in the next review of its Scale of Rates.
- (k). Though JNPT has stated that it has estimated the Working Capital as per revised tariff guidelines, the estimates of current assets furnished by the port are found to be not in line with norms prescribed under Clause 2.9.9. of the revised tariff guidelines. Therefore, the current asset estimates are modified in line with the relevant tariff guidelines.

However, the port has not furnished details of current liabilities in the capital employed workings. If the amount of current liabilities as given in the annual accounts for the year 2003-04 to 2005-06 is compared with admissible elements

of current assets, the working capital becomes negative figure. Therefore, the working capital is taken as NIL for the years 2006-07 to 2008-09.

- (xx). (a). The revised tariff guidelines stipulate that return on capital employed allowed should be linked to the utilization factor of the capacity of the port. The JNPT has assessed the capacity of the port at 12.35 lakh TEUs for the year 2006-07 and 15.37 lakh TEUs each for the year 2007-08 and 2008-09. When the container traffic estimated by the JNPT for the relevant 3 years is compared with the assessed capacity, it is seen that the port will be operating the facilities at about 72% in the year 2006-07, 56.06% for the year 2007-08 and at 64% in the year 2008-09. A minimum capacity utilization limit of 60% is prescribed as cut-off level for allowing maximum permissible level of ROCE. The capacity utilization estimated for the year 2006-07 and 2008-09 are more than the cut-off level. The estimated capacity utilization for the year 2007-08 falls short of the minimum cut-off level.

The port has stated that the container handling capacity is based on equipment utilisation. It has to be recognized that the asset base includes assets for vessel related services and other infrastructure. Given the growth of JNPT as a whole including the two private terminals, there is no reason to believe that the over all capacity utilization will fall below 60%. That being so, it may not be correct to link the ROCE on the basis of container handling capacity alone. When the capacity utilisation is found to be in the region of 50 to 60% the maximum permissible return will have to be allowed after analysing the factors on case to case basis. That being so, it can be reasonably presumed that the minimum would be achieved by JNPT during the year 2007-08 also.

- (b). Since the JNPT has handed over bulk terminal to the BOT operator, there can be a view that the JNPT may not be entitled to any return on the capital employed in the bulk terminal. As stated earlier, JNPT has confirmed that it has excluded the assets handed over to the BOT operator from capital employed figure. The capital employed figure which was around 221.86 crores in the year 2003-04 has come down to Rs.72.48 crores in the year 2004-05 which substantiates the statement made by the JNPT. Since the JNPT has not furnished the activity-wise breakup of the capital assets, the details of capital employed figure furnished in the cost statement relating to bulk activity could not be verified. It is presumed that the capital employed figure shown in the bulk activity may represent the assets not handed over to BOT operator. In view of this position, the capital employed at bulk terminal shall be eligible for ROCE at the prescribed rate.

- (xxi). There is no scientific classification of the fixed assets into three categories prescribed in the revised tariff guidelines. When asked for such a classification, the JNPT has furnished some details relating to the assets not directly related to business. As stated earlier, JNPT has identified the cost of school building and hospital equipments at Rs.668.42 lakhs. This identification has been done with reference to the opening value of net block of fixed assets relating to Estate Activity for the year 2005-06. Since JNPT has not furnished depreciated value of these assets, ROCE at risk free rate of 7.40% is allowed on Rs.668.42 lakhs for the years 2006-07 to 2008-09.

Hospital for port employees has been indicated as business related asset in Clause 2.9.7 of the revised tariff guideline for which return will be allowed only at the risk free rate of 7.4%. Since JNPT has not identified the cost of hospital building, an amount of Rs.10 Crores is considered on ad hoc basis as cost of hospital building and ROCE at risk free rate of 7.4% is allowed for the years 2006-07 to 2008-09. The remaining net block of fixed assets will enjoy 15% ROCE for the years 2006-07 to 2008-09.

The JNPT is advised to undertake the exercise of classifying its assets in line with Clauses 2.9.7 and 2.9.8 of the revised tariff guidelines and furnish the details at the time of next review based on which (ad hoc) position considered now may also be reviewed and adjustments, if necessary, may be effected.

- (xxii). In the light of the analysis given above, the cost statements for the port as a whole and different main activities have been modified. The modified cost statements are attached as **Annex- I (a) to (e)**. Summarised results of the main activities of the port as a whole are as follows:

Sr. No	Particulars	Operating Income (Rs. in crores)			Net Surplus(+)/ Deficit(-) (Rs. in crores)			Net Surplus(+)/ Deficit(-) as a % of operating Income			Average Surplus/ Deficit %	Earlier Average Surplus/ Deficit %
		2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09		
1.	Port as a whole	488.10	490.72	546.07	143.58	139.81	168.17	29.42%	28.49%	30.80%	29.57%	29.28%
2.	Bulk	5.21	1.74	0.58	(22.01)	(24.75)	(24.74)	(422.41%)	(1422.49%)	(4265.40%)	(2036.77%)	(2021.96%)
3.	Container	247.24	235.82	269.69	44.97	41.39	50.62	18.19%	17.55%	18.77%	18.17%	18.05%
4.	Marine	158.19	170.91	189.43	105.83	101.44	116.28	66.90%	59.35%	61.38%	62.55%	61.85%
5.	Estate	77.47	82.26	86.37	13.09	19.95	24.14	16.90%	24.25%	27.95%	23.03%	23.08%

The results summarised above are after setting off of 50% of the past actual surplus of Rs.561.73 crores, as stated earlier for all the activities in proportion to the respective operating income of each activity for the years 2006-07 to 2008-09.

- (a). The estimated financial position at the existing level of tariff for the port as a whole shows an aggregate surplus of Rs.451.57 crores. This works out to an average net surplus of 29.57% of the operating income for the next three years. So, there is no case for allowing any increase in tariff, as proposed by JNPT; but, a strong case emerges for reduction in the existing tariff at JNPT.
- (b). In absolute terms, the bulk activity shows a total net deficit of Rs.71.50 crores. Even though JNPT has handed over the bulk terminal to the BOT operator, it carries out bulk activity in the Shallow Water Berth. All expenditure relating to the Shallow Water Berth is shown under bulk activity, as stated by the port. But, due to wrong allocation, the port has considered income from containers handled at shallow berths also under the cost statement for container handling activity. In this situation, the total net deficit shown by the bulk activity needs to be cross subsidized by other surplus making activities.
- (c). The estate activity shows a total net surplus of Rs.57.18 Crores. The tariff proposal in reference filed by JNPT does not envisage any increase in the existing rates of estate activity. Since there is a case for reduction in the tariff of JNPT, there should be a reduction in the existing rates of estate activity. The rates for estate activity are not fixed based on the cost plus approach. In respect of estates of major port trusts, this Authority follows guidelines issued by the Government from time to time. The JNPT has agreed to file a separate proposal for review of the rates for its estates.

The JNPT has stated that surplus from estate activity should not be used to cross subsidize any other activity on the ground that land is the most scarce and fixed resource. Clause 2.11.5 of the revised tariff guidelines permits contribution from estate activity to meet the deficit in the port operations.

The summarised results given in the table above show that the marine activity makes a total net surplus of Rs.323.54 Crores and the container handling activity shows a total net surplus of Rs.136.98 Crores. It may be appropriate for the marine activity and container handling activity to bear equally deficit of Rs.14.32 Crores of bulk activity after adjusting the surplus of estate activity. In that case, the marine activity will show a net adjusted surplus of Rs.316.38 Crores which works out to 61.02% as a percentage of total operating income of marine activity for the three years under consideration.

The container handling activity, which will have an adjustable surplus of Rs.129.82 Crores shows average net surplus of 17.24% as a percentage of total operating income of container activity for all the years under consideration.

Strict application of cost plus principles followed for regulating port tariff will warrant a reduction to the extent of approximately 60% in the existing vessel related charges and 15% in the existing container related charges. Considering the fact that many of the proposed initiatives for development of infrastructure, it may be reasonable for time being to moderate the reduction in tariff otherwise necessary as per cost statements. Therefore, an across-the-board reduction of 15% in the existing container related charges and 30% in the existing vessel related charges is found to be reasonable for time being. The additional surplus, left unadjusted may be assessed at the end of the tariff validity period and set off fully in the tariff to be fixed for next cycle commencing from the year 2009-10. While the financial position considered in this analysis account for the results of the year 2006-07, the reduction in tariff effected will operate only for the later part of this year. Therefore, the additional surplus earned during the year 2006-07 due to operation of the pre-revised rates will be fully adjusted in the next tariff cycle.

- (xxiii). (a). Clause 2.15 of the revised tariff guidelines stipulates that users will not be required to pay charges for delays beyond reasonable level attributable to the port. The JNPT has sought to argue that such cases will be considered on merits. Such a case to case basis discretionary decision cannot be left to the port in view of the specific guidelines available. A general note stating that users will not be required to pay charges for delays beyond a reasonable level attributable to the port is incorporated as stipulated in clause 2.15 of the revised tariff guidelines.
- (b). JNPT has proposed to levy vessel related charges in proportion to the volume of coastal/foreign cargo handled during that particular voyage. Levy of coastal rates depends on the time, the vessel starts loading coastal goods at the loading port and the levy of coastal rates is chargeable only till the time vessel completes coastal cargo discharging operations at the discharged port as per the standard clause prescribed by this Authority. Accordingly, sub-clause (c) & (d) of clause 1.2 (i) are modified as initially proposed by JNPT.
- (c). The existing clause 1.2.(iii)(a) which governs conversion of dollar denominated tariff in Indian rupees does not indicate a specified bank for such conversion as required by clause 2.19.1. of the revised tariff guidelines. JNPT has stated that it is applying reference rates from Reserve Bank of India (RBI) for the purpose of conversion of dollar denominated tariff in Indian rupees. The proposed clause 1.2.(iii)(a) is suitably modified by specifying RBI as reference bank for the purpose.
- (d). JNPT was requested to update the rate of interest on delayed payments/refunds with reference to the prevailing PLR of State Bank of India (SBI). JNPT has not proposed a specific rate on the ground that the PLR is variable. Since the rate of penal interest should be 2% above the PLR of SBI as stipulated in clause 2.18.2 of the revised tariff guidelines, the proposed note (vi)(b) in sub-clause 1.2. of clause 1 is suitably modified with reference to the prevailing PLR of 11%.
- (e). The vessels which pass through the common access channel within the MBPT limits to go to JNPT at present pay 42.50% of the port dues to JNPT prescribed in the Scale of Rates of MBPT. The arrangement of the draft Scale of Rates in this regard proposed by JNPT is seen to be different from the arrangement approved by this Authority in the Order dated 27 August 2002. In a separate proceeding relating to revision of MBPT tariff, this Authority has decided to increase the unit rate of port dues at MBPT but reduced the percentage share of that payable by JNPT bound vessels to 39.35% so as to maintain a revenue neutral position in respect of this category of vessels. The revised provision approved in the Scale of Rates of MBPT is to be followed by JNPT also, as it acts only as a collecting agency of MBPT in this regard. The revised rate will, however, come into effect from the date of implementation of the revised Scale of Rates of MBPT.
- (f). (i). The existing pilotage fee prescribed in Schedule 2.2.(A) is a composite charge levied for various services including one act of shifting within the

same terminal. Though JNPT proposed to exclude the act of shifting from the composite charge, it did not make required adjustment in the unit rate of pilotage fee. Therefore, the port was advised to furnish the cost element associated with shifting of vessel and reduce the unit rate of composite fee correspondingly. The port has pleaded that shifting at the request of the vessel is miniscule and of complimentary nature.

Even though the port has claimed that it provides shifting free of cost, it cannot be denied that the cost of this service is included elsewhere. The conditionality for shifting proposed by the JNPT implies that the proposed pilotage fee includes one shifting charge of vessel at the request of the users. While requesting the port to furnish cost element associated with shifting activity, it was indicated to the port that 10% reduction will be effected in the proposed unit rate applicable for first slab of the pilotage fee if the port does not furnish the requisite cost element. At some other ports also, the element of shifting is taken as 10% of the composite rate for segregation purpose.

The shifting charge for shifting done at vessel's request is proposed to be levied at 20% of the applicable pilotage fee. The CSLA has, therefore, demanded that the pilotage fee should be reduced by 20% by delinking this component. It has to be recognized that this arithmetic may not hold good when tariff is fixed based on cost of whole sub activity and not exclusively based on cost of rendering individual itemized services. The reduction of 10% in the composite pilotage fee is, therefore, effected to exclude the shifting component.

As stated above, shifting charge is proposed to continue at 20% of the applicable pilotage fee at the level of the proposed pilotage fee. However, this item of tariff need not be prescribed in the Scale of Rates as a percentage of pilotage fee. It is prescribed in absolute number without having any linkage to the pilotage fee.

- (ii). The JNPT has proposed shifting charge at 50% of the proposed pilotage fee for shifting of vessels at the request of users to Nhava Jetty, Bombay Port limits, Anchorage Berths or anywhere within the JNPT limits. The proposed quantum of 50% charge of the applicable pilotage fee is there in the existing arrangement; the proposed quantum of rate is accepted. However, this tariff item need not be prescribed in the Scale of Rates as a percentage of pilotage fee. It is prescribed in absolute number without having any linkage to the pilotage fee.
- (iii). In view of the above changes effected, the pilotage fee definition is modified to include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for port convenience. Shifting at the request of the vessels will attract separate shifting charges as stipulated in clause 6.4 of the revised tariff guidelines.
- (iv). The six-tier slab for pilotage fee in the existing Scale of Rates on uniform rate has been prescribed for the first four slabs and higher rates are prescribed for the fifth and sixth slab. The JNPT in the proposed Scale of Rates has proposed three-tier slabs with sliding rates for the incremental GRT in line with the revised tariff guidelines. While doing so, it has adopted the lowest of the existing rates for the first slab on which a 10% reduction is effected to exclude the shifting element. The rates for the second and third slab are prescribed at 80% and 70% of the first slab for the incremental GRT in line with the revised tariff guidelines. Vessels above 30000 GRT will be benefited by the rationalised sliding rates. However, it has to be noted that the number of vessels of more than

30000 GRT is not substantial at JNPT, as stated by the port. Therefore, there may not be any significant revenue reduction to port due to the rationalisation.

- (g). Clause 6.10 of revised tariff guidelines stipulates that there will be a single slab of GRT for levy of port dues. The existing Scale of Rates prescribes rates in three categories with reference to bulk vessels, container vessels and car carrier vessels. There is also another classification of vessels of 10 tonne and above and separate classification for tug boats, river boats and a fourth classification for off-shore vessels. In any case, there is a single rate for each category of vessels. The JNPT has proposed the existing arrangement to continue. Since the existing and proposed arrangement of schedule of port dues do not contravene the revised tariff guidelines, the proposed arrangement is allowed to continue.
- (h). In case of berth hire there will be a single slab of GRT for levy of charges as stipulated in clause 6.10 of the revised tariff guidelines. The existing schedule of berth hire in the Scale of Rates of JNPT prescribes uniform rate of berth hire charges for occupying container berth, bulk berth, multipurpose berth and landing jetty. A reduced rate of berth hire has been prescribed for vessels occupying anchorage berths. The JNPT has proposed to delete bulk and multipurpose berths. Since the proposed arrangement does not deviate from the revised tariff guidelines, the tariff structure proposed by JNPT is approved.
- (i).
 - (i). There is a conditionality in the existing Scale of Rates prescribing the time of completion of cargo operation in respect of export of rice, wheat and iron. Since the bulk berth has been handed over by JNPT to the private operator, the existing conditionality may become redundant. To a query in this regard, JNPT has requested to continue with the existing conditionality to meet with the handling of the said cargo in future at shallow water berth. In view of this position, the existing conditionality is allowed to continue, subject to the presumption that the operating conditions and facilities provided at the erstwhile bulk berths and the shallow water berths are substantially same.
 - (ii). A conditionality in the existing Scale of Rates indicates the time of completion of cargo operation in respect of the export of liquid cargo. The port has proposed to continue with this existing conditionality. Since the liquid cargo is being handled by BPCL, the conditionality in this regard has become redundant and, therefore, should be deleted. To a query in this regard, the JNPT has not agreed for deletion of the conditionality on the ground that the royalty receivable from the BPCL is based on the wharfage charges as per the Scale of Rates. The JNPT has not explained the relevance of collection of royalty to the proposed conditionality. The proposed conditionality merely indicates the time of completion of cargo operation in respect of the export of liquid cargo. Since the vessel related charges on the vessels visiting BPCL berths accrue to the JNPT, the existing conditionality is allowed to continue. Nevertheless, the JNPT should examine the relevance of this condition and come up with a suitable proposal at the time of the next review.
- (j). The revised tariff guidelines specifies that the users will not pay for delays beyond reasonable level attributable to port. Initially, the JNPT accepted our suggestion to incorporate a provision not to levy berth hire for the period when a vessel idles due to breakdown of port equipment or power failure or any other reasons attributable to the port. Subsequently, the JNPT retracted from this position and proposed that it will levy normal berth hire charges in such situations. In the tariff cases recently concluded by this Authority, like in Chennai Port Trust, New Mangalore Port Trust, Cochin Port Trust, Visakhapatnam Port Trust, Mumbai Port Trust and even in some private terminals, a similar conditionality has been incorporated in their respective Scale of Rates. A similar provision is, therefore,

incorporated in the Scale of Rates of JNPT not to levy berth hire for the period when a vessel idles due to breakdown of port equipment or power failure or any other reasons attributable to the port.

- (k). This Authority approved in August 2003 application of existing berth hire charges for shallow draught berth/port craft berth/port craft jetty on the undertaking given by the JNPT to furnish relevant cost details in the next revision of tariff. The JNPT has pleaded to consider separately the fixation of tariff for vessels handled at such berths and requested to continue with the present arrangement till such time. While this Authority is inclined to consider the request of JNPT, the port is advised to come up with a cost based proposal for levy of berth hire charges at shallow draught berth/port craft berth/port craft jetty within six months.
- (λ). The revised tariff guidelines stipulate that reinstatement of rates for coastal vessel may not be resorted to with reference to prevailing exchange rate at the time of each general revision of Scale of Rates. The objective of this clause is to ensure that the coastal vessels are not burdened on account of fluctuation in the exchange rate due to such reinstatement. In view of this position, the coastal vessel rates as proposed by JNPT are maintained subject to the general decision on reduction of the vessel related charges.
- (m).
 - (i). Apart from prescribing concessional tariff for handling of coastal containers from ship to container yard or vice versa, the port has proposed concessional tariff for handling coastal containers from container yard to container freight station or vice versa, from container yard to Railway Flat or vice versa and from container yard to truck or vice versa. The policy direction issued by Government does not envisage concessional tariff beyond storage yard. In view of this position, the proposed concessional tariff for handling coastal container from container yard to CFS/Railway Flat/Truck or vice versa are not prescribed in the Scale of Rates. If the port wishes to extend such concession, it is already empowered to do so as the rates fixed are ceiling levels only.
 - (ii). The rates proposed for foreign hazardous containers are with 25% premium on the proposed charges for normal containers which is in line with the clause 5.7.3 of the revised tariff guidelines.
 - (iii). The proposed 4 hourly unit for levy of Reefer monitoring and connection charges is found to be in line with clause 5.7.1 of the revised tariff guidelines and hence accepted.
 - (iv). The Authority approved vide Order dated 11 August 2003 sliding volume discount for transshipment containers on incremental traffic moved within Cochin Port/Tuticorin Port and JNPT. Since the proposed draft Scale of Rates did not include this provision and no reason is given for deleting the existing provision, no change in the existing position is maintained.
 - (v). In terms of Order dated 11 August 2003, JNPT is required to provide parking space for mobile harbour cranes away from berths, free of cost to port customers. Initially, JNPT omitted this provision from its draft Scale of Rates filed before this Authority. On being pointed out, the JNPT has proposed that cranes brought for the purpose of port's use with port's permission shall only be granted free parking space within the port. It has further proposed that parking space other than this category should be chargeable as per Scale of Rates applicable for open area. The Order dated 11 August 2003 does not differentiate in providing parking space free of cost to port customers. Since no change in the circumstances since the last Order is reported, the provision already approved by this Authority will continue.

- (vi). JNPT initially agreed to incorporate a conditionality in its draft Scale of Rates stating that no storage charges shall be payable when the container is not delivered by the port for reasons attributable to JNPT. Subsequently, the JNPT has retracted from its initial position on the ground that it is facilitating delivery of containers round the clock throughout the year. Though the port may facilitate delivery of containers at any time, the provision for non-levy of charges for delays beyond a reasonable level attributable to the port is required to be incorporated based on the principle set by clause 2.15 of the revised tariff guidelines. Such conditionality was incorporated in the Scale of Rates of other major ports/private terminals. Accordingly, a suitable conditionality in this regard is incorporated.
- (vii). JNPT has modified the existing Note-1 to exclude custom's notified holidays and port non-working days from the dwell time for which storage charges are leviable. The modification proposed is in line with clause 5.8.1 of the revised tariff guidelines.
- (n). In the existing arrangement Reefer and hazardous container shall attract 1.5 times the normal dwell time charges as prescribed in Note-7 to clause 3.3.3 of the Scale of Rates. JNPT has proposed to modify this existing note to state that Reefer containers shall attract 1.5 times and hazardous containers 1.25 times of the normal applicable charges respectively. The proposed note to the extent that dwell time charges for hazardous containers at 1.25 times of the normal applicable charges are approved as it is in line with clause 5.7.3 of the revised tariff guidelines.

In the case of Reefer containers, for Reefer monitoring and connection separate charges are leviable as prescribed in the Scale of Rates. That being so, there is no justification for a premium in the storage charges for Reefer containers. It is relevant here to mention that the revised tariff guidelines do not provide any premium in the storage charges of Reefer containers and no such premium is levied at other ports also. Recently, this Authority did not allow such proposed premium in the case of GTIPL. Therefore, the proposed note is suitably modified to exclude premium proposed for storage charges in the case of Reefer containers.
- (o). The existing provision in the Scale of Rates of JNPT provides for charges for inter terminal transfer of transshipment containers between the JNPT and the NSICT. When a container is discharged by the JNPT and loaded by the NSICT at its terminal an amount of Rs.1428/- (for 20') and Rs.2142/- (for 40') towards inter terminal transfer apart from the prescribed handling charges are leviable. The JNPT has stated that the existing inter terminal transfer charge is to be reviewed by this Authority. Till the next review of the Scale of Rates of NSICT, the existing charges towards inter terminal transfer may continue. The JNPT is advised to raise the issue in the tariff proceeding relating to the NSICT.
- (xxiv). (a). The JNPT has proposed a note under wharfage schedule prescribing that wharfage on containerized cargo should be a fixed lumpsum amount per TEU without reference to individual classification in the wharfage schedule. Since a note below the schedule 3.3.1 governing charges for container handling prescribes that the consolidated charges include wharfage on containerized cargo, there cannot be any question of the port collecting wharfage again separately. The proposed note is, therefore, not approved.
- (b). The proposed note – 2 under wharfage schedule relating to the procedure for classifying any cargo under unspecified category is modified in line with the Clause 4.2.3. of the revised tariff guidelines.

- (c). The existing entry No. 21 in wharfage schedule prescribes wharfage for handling cement. The cost statement of bulk activity furnished by JNPT does not envisage handling of cement. It was, therefore, suggested to delete the relevant tariff item and the provisions relating to volume discount scheme for handling cement prescribed in clause 5.1.2. of the Scale of Rates. In reply, JNPT has stated that cement is being handled at shallow water berth and requested relevant tariff item and relevant volume discount scheme to continue in the Scale of Rates. A cross reference to the earlier correspondence dated 3 February 2006 confirms that the JNPT has estimated an amount of Rs.58 lakhs towards handling and storage charges of cement in the year 2008-09. With reference to the estimated income under "Others" shown by the JNPT for the years 2006-07 and 2007-08 it is presumed that the port has considered wharfage and storage income for handling cement at shallow water berths. In view of this position, the existing wharfage entry and volume discount scheme relating to handling of cement are allowed to continue.
- (d). The existing clause 5.5. governs levy of storage charges on export cargo stored in covered sheds at the bulk terminal. Since storage sheds at the bulk terminal have been handed over to BOT operator, the proposed schedule 5.5. is deleted as agreed by the JNPT.
- (e). On the ground that the royalty receivable from the Bharat Petroleum Corporation Limited (BPCL) is based on wharfage charge as per the Scale of Rates of JNPT, the port has proposed a general note that the existing tariff will be applicable for BPCL till BPCL approaches this Authority for fixation of tariff. The reason stated by the JNPT for the proposed note is not understood. It is for BPCL to propose the tariff to be levied by it and get a separate Scale of Rates notified for it. Even if the existing JNPT rates are to be adopted by BPCL, a specific authorization in its favour is necessary. Since no incidental approval to BPCL tariff by including a note in JNPT Scale of Rates can be given, the proposed general note cannot be inserted in the Scale of Rates.
- (f). The existing provision in the Scale of Rates prescribes wharfage charges for liquid cargo. The JNPT has proposed to continue with the existing charges and conditionalities governing the charges. Since the berth is being operated by BPCL, there does not appear to be a necessity to continue the existing provision for levy of wharfage charges on liquid cargo. It appears that the JNPT realises royalty from BPCL based on the wharfage charges prescribed for liquid cargo in the Scale of Rates of JNPT, as stated by the port. This Authority fixes rates for services rendered by the port. The tariff for the services rendered by some other private operator cannot be prescribed in the Scale of Rates of JNPT. With reference to the advice rendered by this Authority to JNPT in last revision of its Scale of Rates in September 2002, the JNPT merely stated that it is for the BPCL to approach this Authority for fixation of the Scale of Rates of the operator. Even after the proceedings of the joint hearing in the case, when this issue came up, JNPT merely sent a routine communication to BPCL to approach this Authority for fixation of the tariff for services rendered by BPCL. The existing provision in the Scale of Rates of JNPT is only for the operations carried out by JNPT and since JNPT no longer carries out the operation, the relevant provisions in the Scale of Rates are deleted.
- (g). The Order dated 7 January 2005 read with Order dated 15 March 2005 passed by this Authority exempts only thermal coal, POL including crude oil, iron ore and iron ore pellets from the application of concessional rate for coastal cargo. The cargo related charges for all coastal cargo should not exceed 60% of the corresponding charges applicable for foreign going cargo related charges. The proposed clause 7.1. and 7.2. govern levy of stevedoring charges and wharfage charges on motor vehicles or any other equipments passing through port. Concessional tariff in respect of these items of coastal cargo are prescribed as agreed by the JNPT.

The concessional tariff for coastal cargo relating to wharfage charges will be 60% of the existing ad volarem rates.

- (h). The JNPT has proposed modifications in the description of item relating to license fee for open space outside the port area for construction and for any other purpose. Likewise, it has proposed modifications to the existing notes governing the estate rentals. Since JNPT has agreed to file a proposal for review of estate related charges in the light of revised Land Policy guidelines, the proposed modifications in the draft Scale of Rates may be taken up along with its proposal (to be) filed by the port in this regard. In the meanwhile, a general note is incorporated in the Scale of Rates stating that the existing conditionalities / notes governing the estate related charges shall apply to the extent they are not inconsistent with the conditions prescribed in the Land Policy guidelines announced by the Government in February – March 2004. Similar general note was incorporated in the Scale of Rates of Chennai Port Trust approved in March 2006 and in the schedule of rent for land and buildings of KOPT at Haldia.

In terms of the Government policy, the base lease rental rates are to be refixed once in five years. The base rates of the existing estate related charges of JNPT have not been reviewed by this Authority after its constitution in the year 1997 as no proposal in this regard was filed by the JNPT. The JNPT has agreed to file a proposal reviewing the existing estate related charges in the light of the Land Policy guidelines announced by the Government. Since the review of estate related charges at JNPT is over due now, JNPT is directed to submit revised proposal within 4 (four) months of this Order.

- (i). The proposal of JNPT to levy electricity charges for electricity energy consumed by occupants of JNPT facilities includes 5% overheads on the electricity bill amount. We are not clear whether clearance of Maharashtra Electricity Regulatory Commission (MERC) is required to levy such facilities. We have referred this matter to the MERC. To a query in this regard, JNPT has stated that it has also sought clarification from the concerned authority. We have not received the response either from MERC or the latest position from the JNPT in this regard till finalisation of this case. This Authority is inclined to approve the levy of 5% overheads on the electricity bill amount subject to the JNPT obtaining clarification and, if necessary, clearance from MERC in this regard.
- (xxv). The CSLA has suggested to fix a cap on per call cost for container vessels at what works out for a 35000 GRT vessels. This means that any vessel more than 35000 GRT will not be required to pay more additional vessel related charges than the charges fixed for 35000 GRT. Since the unit for levy of vessel related charges is on GRT basis, it may not be possible for this Authority to freeze the vessel related charges at a particular level. It is noteworthy that the number of vessels more than 30000 GRT which visit JNPT is minimum as stated by the port. Further, flexibility to reduce the rates on commercial consideration is already given to the ports.
- (xxvi). JNPT proposed to permit the existing lessee to allow storage of containers of some other third party in the leased yard. It is obvious that the original lessee will levy some charges on the third party which uses the leased area. This Authority advised JNPT vide Order dated 11 August 2003 to examine this issue further and if the conditions stipulated in Section 42 of the Major Port Trusts Act, 1963 are satisfied in this case. To a query in this regard, the port has stated that this would be covered under Section 34 of the MPT Act, 1963 since it involves lease of lands. Section 34 of MPT Act governs the mode of executing contracts on behalf of a major port trust, which is not at all relevant to the issue to be addressed. The JNPT is advised to have a relook on the matter keeping in view Clause 7 of the revised tariff guidelines.
- (xxvii). Some of the proposed provisions in the Scale of Rates which are not in line with the common prescription at other major ports / private terminals and the revised tariff guidelines have been modified.

- (xxviii). (a). The statistics furnished by the JNPT for October 2004 and October 2005 indicates improvement in the productivity parameters. Citing the reason that the port has some equipments which are 10 years old and cannot be replaced for another 10 years as per Government guidelines, it has expressed the difficulty to indicate the bench mark levels of productivity. The JNPT may be advised to make a beginning and evolve productivity levels for various operations / services.
- (b). The revised tariff guidelines prescribe tariff validity cycle of 3 years. Since the financial and traffic position considered for the purpose of this analysis is only till 31 March 2009, the validity of the revised Scale of Rates will also expire on 31 March 2009.

16.1. In the result, and for the reasons given above, and based on the collective application of mind, this Authority approves the revised Scale of Rates of the JNPT which is attached as **Annex-II**.

16.2. The revised Scale of Rates and conditionalities of the JNPT will come into effect after expiry of 30 days from the date of Notification of the Order in the Gazette of India and shall be in force till 31 March 2009. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

16.3. The tariff of the JNPT has been fixed relying on the information furnished by the port and based on assumptions made as explained in the analysis. At any time, during the prescribed tariff validity period, if it is found that the actual position varies substantially from the estimations considered or there is deviation from the assumptions accepted herein, this Authority may require the JNPT to file a proposal ahead of the schedule to review its tariff and to setoff fully the advantage accrued on account of such variations in the revised tariff.

In this regard, the JNPT is directed to furnish to this Authority the actual financial/performance details in the format prescribed for filing tariff proposal, alongwith its annual accounts and performance report within 60 days of closing of the respective accounting year. If JNPT fails to provide such information within the stipulated time limit, this Authority may proceed *suo motu* to review the tariff of JNPT. This apart, analysis of variations will also be made at the time of the next general review at the end of the usual tariff validity period and full adjustment of additional surplus will be made in the tariff to be fixed for the next cycle.

(A.L. Bongirwar)
Chairman

**Annex -
I(a)**

**Jawaharlal
Nehru Port
Trust
Cost
statement for
the Port as a
Whole**

(Rs.in
Lakhs)

Sr. No.	Particulars	Actuals							Estimates given by JNPT		Estimates moderated by TAMP	
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	
I	Operating Income											
	Container	21,502.88	29,967.79	32,366.05	35,330.27	24,077.21	23,581.81	26,968.70	24,723.74	23,581.81	26,968.70	
	Cars	0.00	962.94	459.08	252.62	332.15	-	-	332.15	0.00	0.00	
	Bulk	2,023.95	580.59	269.64	164.34	188.80	174.01	58.00	188.80	174.01	58.00	
	Marine	16,089.43	17,662.42	15,447.28	14,476.52	14,803.35	16,002.88	17,750.32	15,818.75	17,090.55	18,942.83	
	Estate	4,509.10	4,578.73	6,291.40	7,163.50	7,388.69	7,757.87	8,145.51	7,746.64	8,226.10	8,637.15	
	Royalty/ Revenue share/ Other income from BOT operators #	1,855.92	4,986.16	8,175.47	-	-	-	-	-	-	-	
	Total Operating Income	45,981.28	58,738.63	63,008.92	57,387.25	46,790.20	47,516.57	52,922.53	48,810.08	49,072.47	54,606.68	
II	Operating Expenses											
	Container	10,917.23	12,960.54	15,243.33	15,363.04	19,452.47	17,311.71	19,118.76	16,264.77	14,207.64	15,708.25	
	Bulk	2,821.81	1,507.56	1,006.22	1,553.15	1,655.89	1,656.03	1,619.49	1,563.46	1,571.60	1,578.30	
	Marine	3,591.07	4,135.83	4,588.08	5,245.47	7,640.64	8,556.69	11,749.17	5,260.66	6,040.96	6,444.63	

	Estate	1,029.82	1,286.22	1,601.78	3,924.40	2,756.19	2,861.14	3,030.30	2,651.96	2,711.63	2,821.18
	Direct Operating Expenses	18,359.93	19,890.15	22,439.41	26,086.06	31,505.19	30,385.57	35,517.72	25,740.85	24,531.83	26,552.35
III	Allocated Administration Exps	2,957.73	3,520.24	3,505.44	4,313.35	4,661.41	4,852.53	5,051.48	4,507.45	4,710.29	4,922.25
	Total Operating Expenses	21,317.66	23,410.39	25,944.85	30,399.41	36,166.60	35,238.10	40,569.20	30,248.30	29,242.12	31,474.60
IV	Operating Surplus	24,663.62	35,328.24	37,064.07	26,987.84	10,623.60	12,278.47	12,353.33	18,561.78	19,830.35	23,132.08
V	Miscellaneous Income	1,196.80	1,452.83	1,393.09	1,180.16	50.00	50.00	50.00	513.30	513.30	513.30
VI	Miscellaneous Expenditure	936.73	1,104.54	1,370.66	1,061.16	702.12	730.58	760.21	1,839.24	1,839.24	1,839.24
VII	Surplus	24,923.69	35,676.53	37,086.50	27,106.84	9,971.48	11,597.89	11,643.12	17,235.84	18,504.41	21,806.14
VIII	Capital Employed	126884.76	92,190.67	85,469.53	82,827.97	83,566.72	94,648.08	175,200.32	82,443.72	93,413.26	96,519.46
IX	Return on Capital Employed	23,473.68	17,055.27	15,811.86	12,279.88	12,535.01	14,197.21	26,280.05	12,239.76	13,885.19	14,351.12
X	Net Surplus after Return on Capital Employed	1,450.01	18,621.26	21,274.64	14,826.97	-2,563.53	-2,599.32	-14,636.93	4,996.08	4,619.22	7,455.02

XI	50% of actual net Surplus after return earned by JNPT from 02-03 to 05-06	28,086.43				-	-	-	9,362.14	9,362.14	9,362.14
XII	Total surplus of JNPT								14,358.23	13,981.36	16,817.17
XIII	Total net Surplus as a % of Operating Income	3.15%	31.70%	33.76%	25.84%	-5.48%	-5.47%	-27.66%	29.42%	28.49%	30.80%
XIV	Average Net Surplus as a % of Operating Income	23.61%				-12.87%			29.57%		
# Note:											

JNPT has proposed to operate Escrow account for the royalty receipts from the year 2005-06. Hence royalty/ revenue share is not considered from the year 2005-06 onwards.

**Annex
- I(b)**

**Jawaharlal Nehru Port Trust
Cost statement for the Bulk
activity**

(Rs in lakhs)

Particulars	Actuals			Projections		
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Traffic Handled (in tonnes)						
Fertilisers						
Liquid	52,906	5,833				
Others	2,679,441	3,488,385	4,009,000	4,371,000	4,400,000	5,000,000
Vehicles(nos)	495,179	509,650	591,000	651,000	600,000	200,000
Vehicles(mt)	66,109	37,478	24,651	27,113	-	-
	82,707	58,270	48,000	53,000	-	-
Operating Income						
Handling Charges	7.43	-	-	-	-	-
Wharfage	497.67	192.49	148.50	163.80	150.97	50.32
Storage Charges	75.49	77.15	15.84	25.00	23.04	7.68
Vehicles	962.94	459.08	252.62	332.15	-	-
Total Operating Income	1,543.53	728.72	416.96	520.95	174.01	58.00
Operating Expenses						
Power & Fuel	78.13	61.02	37.16	38.83	40.57	42.39
Water	38.34	35.34	44.77	26.03	27.09	25.00
Consumption of Material	(10.53)	0.95	2.94	2.00	2.00	2.00
Repairs & Maintenance	15.79	0.40	0.13	0.14	0.15	0.16
Minor Works	-	-	0.13	4.00	4.00	4.00
Employee Remuneration	331.98	272.48	104.25	113.02	126.10	131.77
Employee Welfare & Others	44.03	47.57	0.36	0.38	0.40	0.42
Printing & Stationery	1.39	2.27	1.80	1.88	1.96	2.05
Postage, Telegram & Telephone	2.41	1.98	1.51	1.58	1.65	1.72
Legal & Professional Charges	5.01	2.36	3.51	18.00	9.00	9.00
Training Expenditure	0.31	0.15	0.14	0.15	0.16	0.17
Other General Expenses			22.52	23.53	24.59	25.69

	47.80	29.50				
Depreciation			1333.93	1333.93	1333.93	1333.93
	921.64	551.09				
Engg Services	31.26	-	-	-	-	-
PPD	-	1.11	-	-	-	-
Direct Operating Expenses	1,507.56	1,006.22	1,553.15	1,563.46	1,571.60	1,578.30
Allocated Administration Expenses	278.04	158.05	52.14	237.09	247.76	258.91
Total Operating Expenses	1,785.60	1,164.27	1,605.29	1,800.55	1,819.36	1,837.21
Operating Surplus	(242.07)	(435.55)	(1,188.33)	(1,279.60)	(1,645.35)	(1,779.20)
Miscellaneous Expenditure	166.56	147.19	30.77	99.88	99.14	98.39
Total Expenses Before Interest	1,952.17	1,311.46	1,636.06	1,900.43	1,918.50	1,935.60
Net Surplus before Interest	(408.64)	(582.74)	(1,219.10)	(1,379.48)	(1,744.49)	(1,877.59)
Capital Employed	22186.00	7248.19	6168.55	6160.35	5102.75	4045.13
Return on Capital Employed	4104.41	1340.92	925.28	924.05	765.41	606.77
Net Surplus after Return on Capital Employed	-4513.05	-1923.65	-2144.38	-2303.53	-2509.90	-2484.36
50% of actual net Surplus after return earned by JNPT from 02-03 to 04-05 and estimated net surplus after return in 05-06				102.98	34.64	10.30
Total deficit of JNPT				-2200.55	-2475.26	-2474.06
Net Surplus/Deficit as a % of Operating Income	-292.38%	-263.98%	-514.29%	-422.41%	-1422.49%	-4265.40%
Average Net Surplus/Deficit as a % of Operating Income	-356.88%			-2036.77%		

					Annex - I(c)	
Jawaharlal Nehru Port Trust						
Cost statement for the Container activity						
					(Rs in lakhs)	
Particulars	Actuals			Projections		
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
TEUs Handled	1,038,434	1,138,868	1,338,982	888,400	870,000	995,000
Operating Income						
Handling Charges	26,290.86	28,381.53	32634.86	22704.56	21601.18	24704.80
Dwell Time Charges	2,373.72	2,981.50	1584.46	1252.54	1226.59	1402.83
Reefer Electricity & Monitoring	922.00	731.55	904.68	565.61	553.90	633.48
Income from Non-Std Cargo	214.15	97.52	44.16	27.11	29.82	32.80
Container moved to & from CFS (CWC)	167.06	117.72	137.86	118.45	116.00	132.67
Miscellaneous Charges	-	56.23	24.25	55.47	54.32	62.12
Total Operating Income	29,967.79	32,366.05	35,330.27	24,723.74	23,581.81	26,968.70
Operating Expenses						
Power	451.56	477.14	557.36	403.35	411.19	489.55
Fuel & Lubricants	458.89	606.39	741.37	512.61	522.58	622.16
Water	53.67	45.29	60.56	38.29	39.03	46.47
Consumption of Material	187.15	147.67	301.94	315.53	329.73	344.56
Repairs & Maintenance	16.59	11.52	14.15	14.79	15.46	16.16
Minor Works	10.93	5.15	6.83	16.00	16.66	17.34
Hire of Equipment	2,070.42	2,251.39	2,197.17	1,545.61	1,581.67	1,890.25
Hire of Ward/ Yard Cranes	5,938.06	6,298.32	4,196.83	3,386.00	133.00	-
Hiire of New Cranes	-	-	-	1,614.00	1,686.63	1,762.52
Employee Remuneration	1,593.21	1,911.63	2198.71	2383.81	2658.86	2778.51
Incentive	177.47	219.33	392.16	182.18	178.41	204.04
Employee Welfare & Others	59.97	58.85	120.76	130.00	135.33	140.88
Printing & Stationery	19.32	15.00	11.49	21.00	21.86	22.76
Postage, Telephone & Telegram	4.96	3.85	3.76	7.05	7.34	7.64
Insurance	-	-	0.00	400.00	400.00	400.00

Legal & Professional Charges	20.85	32.20	5.08	42.50	44.24	46.06
Training Expenditure	4.52	6.39	3.86	12.00	12.49	13.00
Other General Expenses	119.63	988.59	137.32	184.86	192.44	200.33
Depreciation	1,378.39	1,574.02	4017.25	4640.92	5387.83	6253.65
Engg Services	363.64	471.34	269.78	281.92	294.60	307.85
PPD, Stores/ PMC & Others	31.31	119.26	126.66	132.35	138.30	144.52
Direct Operating Expenses	12,960.54	15,243.33	15,363.04	16,264.77	14,207.64	15,708.25
Allocated Administration Exps	2,240.01	2,375.17	2659.42	2782.90	2908.13	3038.99
Total Operating Expenses	15,200.55	17,618.50	18,022.46	19,047.67	17,115.77	18,747.24
Operating Surplus	14,767.24	14,747.55	17,307.81	5,676.07	6,466.04	8,221.46
Miscellaneous Income	1.16	860.65	529.42	205.32	205.32	205.32
Miscellaneous Expenditure	786.85	968.78	764.35	819.55	853.58	886.50
Net Surplus before Interest	13,981.55	14,639.42	17,072.88	5,061.84	5,817.78	7,540.27
Capital Employed	28,344.61	33,904.70	32,059.29	36,205.26	42,087.07	48,253.07
Return on Capital Employed	5243.75	6272.37	4808.89	5430.79	6313.06	7237.96
Net Surplus after Return on Capital Employed	8737.79	8367.05	12263.99	-368.95	-495.28	302.31
50% of actual net Surplus after return earned by JNPT from 02-03 to 04-05 and estimated net surplus after return in 05-06				4865.51	4634.26	4759.71
Total surplus of JNPT				4496.56	4138.98	5062.03
Net Surplus/Deficit as a % of Operating Income	29.16%	25.85%	34.71%	18.19%	17.55%	18.77%
Average Net Surplus/Deficit as a % of Operating Income	29.91%			18.17%		

						Annex - I(d)
Jawaharlal Nehru Port Trust						
Cost statement for the Marine activity						
						(Rs in lakhs)
Particulars	Actuals			Projections		
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
No.of Vessels	2,126	2,060	2,213	2,291	2,487	2,762
GRT of vessels	49,009,512	46,463,662	49,408,156	51,094,806	54,881,876	60,646,146
Average GRT	23,052	22,555	22,327	22,302	22,068	21,957
Operating Income						
Port Dues	3,792.80	3,376.53	3218.06	3664.25	3913.13	4329.06
Pilotage	9,600.53	8,416.58	7959.37	8797.64	9452.56	10428.70
Berth hire	4,100.91	3,540.59	3155.36	3229.36	3597.36	4057.57
Other Income	168.18	113.58	143.73	127.50	127.50	127.50
Total Operating Income	17,662.42	15,447.28	14,476.52	15,818.75	17,090.55	18,942.83
Operating Cost						
Power & Fuel	551.00	568.10	914.34	687.42	763.96	871.11
Water	19.17	18.11	22.68	24.53	27.83	32.30
Consumption of Material	182.54	268.05	193.46	202.17	211.27	220.78
Repairs & Maintenance	422.25	522.58	135.18	141.26	147.62	154.26
Minor Works	26.35	18.34	8.35	42.89	44.65	46.48
Dredging	838.31	949.31	1,285.76	1400.00	1457.40	1517.15
Manning of Tugs	145.27	174.40	184.03	192.31	200.96	210.00
Manning of Port Crafts	207.58	206.66	219.39	229.26	239.58	250.36
Hire of Tugs/Pilot Launches/Security	1,048.01	1,080.29	882.35	954.55	1051.76	1220.62
Employee Remuneration	290.65	320.25	342.33	370.74	413.66	432.27
Employee Welfare & Others	42.55	44.68	41.45	43.32	45.27	47.31
Printing & Stationary	1.71	1.77	2.43	2.25	2.34	2.44
Postage, Telegram, Telephone & Telex	3.73	3.94	3.54	3.70	3.87	4.04
Insurance	3.96	1.89	1.74	1.82	1.90	1.99
Legal & Professional charges	21.14	7.65	11.29	20.00	20.82	21.67

Training expenditure	1.28	2.57	1.02	1.06	1.11	1.16
Expenditure on ISPS	-	22.35	1.92	2.00	2.08	2.17
Other General Expenses	29.20	49.93	202.19	85.30	88.80	92.44
Depreciation	301.13	327.21	792.02	856.08	1316.08	1316.08
Direct Operating Expenses	4,135.83	4,588.08	5,245.47	5,260.66	6,040.96	6,444.63
Allocated Administration Exps	762.78	720.64	984.34	1093.06	1142.25	1193.65
Total Operating Expenses.	4,898.61	5,308.72	6,229.81	6,353.72	7,183.21	7,638.28
Operating Surplus	12,763.81	10,138.56	8,246.71	9,465.03	9,907.34	11,304.55
Miscellaneous Income	1,451.67	532.44	650.74	307.98	307.98	307.98
Miscellaneous Expenditure	206.77	206.82	260.95	274.26	278.77	283.65
Net Surplus before Interest	14,008.71	10,464.18	8,636.50	9,498.75	9,936.55	11,328.88
Capital Employed	14,634.09	13,573.21	12,466.50	12,364.42	19,752.38	19,040.33
Return on Capital Employed	2707.31	2511.04	1869.98	1854.66	2962.86	2856.05
Net Surplus after Return on Capital Employed	11301.40	7953.14	6766.53	7644.09	6973.70	8472.83
50% of actual net Surplus after return earned by JNPT from 02-03 to 04-05 and estimated net surplus after return in 05-06				2938.78	3170.02	3155.04
Total surplus of JNPT				10582.86	10143.72	11627.88
Net Surplus/Deficit as a % of Operating Income	63.99%	51.49%	46.74%	66.90%	59.35%	61.38%
Average Net Surplus/Deficit as a % of Operating Income	54.07%			62.55%		

					Annex - I(e)	
Jawaharlal Nehru Port Trust						
Cost statement for the Estate activity						
					(Rs in lakhs)	
Particulars	Actuals			Projections		
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Operating Income						
Rent on Land	3,889.02	4,089.94	4,014.52	4,308.16	4,523.57	4,749.75
Rent on Building	327.35	318.74	308.64	238.11	250.02	262.52
Rent from Township	15.82	19.12	20.26	95.08	99.83	104.82
Recovery of Electricity Charges	249.08	220.10	197.84	162.00	170.10	178.61
Recovery of Water Charges	91.03	99.72	122.33	139.47	146.44	153.77
Miscellaneous Income	6.43	6.68	15.75	10.00	5.00	5.00
Land Rent from GTIPL	-	1,537.10	2,484.16	2,514.87	2,640.61	2,772.64
Land Rent from GTIPL on additional land	-	-	-	278.95	390.53	410.06
Total Operating Income	4,578.73	6,291.40	7,163.50	7,746.64	8,226.10	8,637.15
Operating Expenses						
Power, Fuel	378.77	424.89	439.44	459.21	479.32	498.98
Water	202.89	202.82	254.01	220.00	229.02	238.41
Repairs & Maintenance	207.25	221.49	234.52	245.07	256.10	267.62
Minor Works	1.06	5.85	525.00	80.00	83.28	86.69
Employee Remuneration	14.11	16.16	17.26	18.72	21.56	22.53
Printing & Stationery	0.51	0.33	0.60	0.65	0.68	0.70
Postage, Printing & Stationery	0.96	1.18	1.14	1.00	1.04	1.08
Legal & Professional Charges	5.89	7.15	7.11	9.00	9.37	9.75
Plantation	87.99	133.42	89.62	93.65	97.86	102.26
Non-CISF	55.92	72.28	83.42	80.44	84.06	87.84
Other General Expenses	91.50	147.46	694.43	76.81	76.81	79.96
Depreciation	239.37	253.60	1242.63	1242.63	1242.63	1290.13
PPD & ES Expenses	-	115.15	335.22	124.79	129.90	135.23
Direct Operating Expenses	1,286.22	1,601.78	3,924.40	2,651.96	2,711.63	2,821.18

Allocated Administration Exps	239.40	251.59	617.45	394.40	412.15	430.70
Total Operating Expenses	1,525.62	1,853.37	4,541.85	3,046.36	3,123.78	3,251.88
Operating Surplus	3,053.11	4,438.03	2,621.65	4,700.28	5,102.32	5,385.27
Miscellaneous Expenditure	108.58	190.68	5.09	816.06	786.49	757.99
Net Surplus before Interest	2,944.53	4,247.35	2,616.56	3,884.22	4,315.83	4,627.29
Capital Employed	27,025.96	30,743.43	32,133.63	27,713.69	26,471.06	25,180.93
Return on Capital Employed	4999.80	5687.53	4569.78	3906.79	3720.40	3526.88
Return on business related assets at Risk free rate #	-	-	105.94	123.46	123.46	123.46
Net Surplus after Return on Capital Employed	-2055.27	-1440.19	-2059.17	-146.04	471.97	976.95
50% of actual net Surplus after return earned by JNPT from 02-03 to 04-05 and estimated net surplus after return in 05-06				1454.88	1523.22	1437.09
Total surplus of JNPT				1308.84	1995.20	2414.04
Net Surplus/Deficit as a % of Operating Income	-44.89%	-22.89%	-28.75%	16.90%	24.25%	27.95%
Average Net Surplus/Deficit as a % of Operating Income	-32.17%			23.03%		

Note: Assets not directly used in the business to the tune of Rs 668.42 lakhs is considered for ROCE at 6.35% for the year 2005-06 and 7.4% for the year 2006-07 and 2007-08.

SCALE OF RATES

CHAPTER - I

1.1. DEFINITIONS – GENERAL

- (i). **“Coastal vessel”** shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.
- (ii). **“Foreign-going vessel”** shall mean any vessel other than Coastal vessel.
- (iii). **“Cold move”** shall mean the movement of the vessels without the main engines in operation.
- (iv). **“Hazardous Chemicals”** mean and include the chemicals referred under Schedule I, Schedule II and Schedule III of Manufacture, Storage and import of Hazardous Chemicals Rules, 1989 framed under Environment (Protection) Act, 1986 and Rules, as applicable from time to time.
- (v). **“Port area”** means the custom bound area / Port operational Area of the Port.
- (vi). **“Normal Container”** shall mean general type containers, not falling under special categories mentioned subsequently.
- (vii). **“Reefer Container”** shall mean a refrigerated container used for carriage of perishable goods with provision for electrical supply to maintain the desired temperature.
- (viii). **“Hazardous Container”** shall mean a container containing hazardous goods as classified under IMO.
- (ix). **“Transshipment Container”** shall mean a container, which is discharged from one vessel, stored in the yard and transported through other vessel.
- (x). **“Over dimensional Container”** shall mean a container carrying over dimensional cargo beyond the normal size of standard container and needing special devices like slings, shackles, lifting beam etc. They also include damaged containers and other types which require special devices.
- (xi). **“Shut out Container”** shall mean a container which enters into the port as an export intake for a particular vessel (as indicated by the Vessel Identification Advice Number, i.e. VIA No.) and is not connected to the particular vessel for reasons whatsoever, then the container is termed to be a shutout container.
- (xii). **“Back To Town Container”** shall mean a container entering the port for export but unable to be exported for whatever reason and taken back to town.
- (xiii). **“VIAN”** means Vessel Identification Advise Number.

1.2. GENERAL TERMS & CONDITIONS

- (i). (a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order.
- (b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.

- (c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
 - (d). In cases of such conversion coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.
 - (e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.
- (ii). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for classifying into 'coastal' or 'foreign-going' category for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (iii). (a). Vessel related charges shall be levied on Shipowners/Steamer Agents. Wherever rates have been denominated in US dollar terms the charges shall be recovered in Indian rupees after conversion of US currency to its equivalent Indian rupees at the market-buying rate notified by the Reserve Bank of India. The date of entry of the vessel into the port limit shall be reckoned with as the day for such conversion.**
- (b). Container related charges denominated in US dollar terms shall be collected in equivalent Indian rupees based on the market buying rate prevalent on the date of entry of the vessel in case of Import containers; and on the date of arrival of the containers in the port premises in case of export containers.
- (iv). A regular review of exchange rate shall be made once in thirty days from date of arrival of the vessels in cases of vessels staying in the Port for more than thirty days. In such cases the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.
- (v). For the purpose of calculating the dues the unit by weight shall be 1 tonne or 1,000 kilograms, the unit by volume measurement shall be 1 cubic metre and the unit by capacity measurement for liquids in bulk shall be 1,000 litres.
- (vi). (a). The Vessel related charges for all Coastal vessels should not exceed 60% of the corresponding charges for other vessels.
 - (b). The cargo / container related charges for all Coastal cargo / containers, other than thermal coal, POL including crude oil, Iron Ore and Iron pallets, should not exceed 60% of the normal cargo / container related charges.
 - (c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from / to quay to / from storage yard including wharfage.
 - (d). In case of container related charges, the concession is applicable on composite box rate. Where itemized charges are levied, the concession will be on all the relevant charges for ship-shore transfer, and transfer from / to quay to / from storage yard as well as wharfage on cargo and containers.
 - (e). For the purpose of this concession, cargo/ container from a foreign port which reaches an Indian Port 'A' for subsequent transhipment to Indian Port 'B' will also qualify insofar as the charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.
 - (f). The charges for coastal cargo/ containers/ vessels shall be denominated and collected in Indian Rupee.
- (vii). Interest on delayed payments / refunds:

- (a). The user shall pay penal interest on delayed payments under this Scale of Rates. Likewise, the JNPT shall pay penal interest on delayed refunds.
- (b). The rate of penal interest will be 13%. The penal interest rate will apply to both the JNPT and the port users equally.
- (c). The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.
- (d). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the JNPT. This provision shall, however, not apply to the cases where payment is to be made before availing the services / use of Port Trust's properties as stipulated in the Major Port Trust Act and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.**
- (viii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.
- (ix). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.
- (x). The users will not be required to pay charges for delays beyond a reasonable level attributable to the Port.
- (xi)
 - (a). Wherever a specific tariff for a service/cargo is not available in the notified Scale of Rates, the JNPT can submit a suitable proposal to the TAMP.
 - (b). Simultaneously with the submission of proposal, the proposed rate can be levied on an ad hoc basis till the rate is finally notified.
 - (c). The ad hoc rate to be operated in the interim period must be derived based on existing notified tariffs for comparable services/ cargo; and, it must be mutually agreed upon by the Port/ Terminal and the concerned user(s).
 - (d). The final rate fixed by the TAMP will ordinarily be effective only prospectively. The interim rate adopted in an ad hoc manner will be recognised as such unless it is found to be excessive requiring some moderation retrospectively.
- (xii)
 - (a). The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The JNPT may, if it so desires, charge lower rates and/ or allow higher rebates and discounts.
 - (b). The JNPT may also, if it so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels. Provided that the JNPT should notify the public such lower rates and / or rationalization of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

CHAPTER – II

VESSEL-RELATED CHARGES

2.1. SCHEDULE OF PORT DUES:

Sl. No.	Vessels Chargeable	Rate per GRT		Frequency of payment in respect of the same vessel
		Foreign-going Vessels (in US\$)	Coastal Vessels (in Rs.)	
1.	(a). Bulk Vessels	0.1386	3.64	The due is payable on each entry into the port
	(b). Container Vessels	0.1071	2.80	
	(c). Car Carrier Vessels (Ro-Ro)	0.0693	1.81	
2.	Vessels of 10 tonne and upward other than those covered above (except fishing boats)	0.1071	2.80	-do-
3.	Tug boats and river boats whether propelled by steam or diesel or other mechanical means	0.1071	2.80	-do-
4.	Off-shore vessels	-	0.94	-do-

Notes:

(1). (i). Port Dues of a vessel entering the Port of Jawaharlal Nehru will be assessed on its total GRT at the rate shown against the relevant vessel group according to GRT of that vessel.

(ii). Port Dues shall be applicable as coastal or foreign-going as per the status of the vessel at the time of entry into the port.

(2). A vessel entering the port in ballast and not carrying passengers shall be charged with only 75% of the Port Dues with which she would otherwise be chargeable.

(3). A vessel entering the port but not discharging or taking in any cargo or passenger therein (with the exception of such unshipment and reshipment as may be necessary for the purposes of repairs) shall be charged with only 50% of the Port Dues with which she would otherwise be chargeable.

(4). Port dues shall be levied at 50% of the above rates in the following cases:

(i). Vessel entering the port for repairs, dry docking in bunkers, provisions or water or for change of goods or discharging any sick member of the crew and sailing from the port without taking in passengers or cargo.

- (ii). Telegraph vessel.
- (5). (i). A vessel in distress with cargo or property brought into the port shall be charged full port dues.
- (ii). A vessel in distress without any cargo brought into the port shall be charged 75% of the port dues.
- (6). A LASH vessel making a 'second call' to pick up empty and / or laden fleeting LASH barges shall be treated as a vessel entering a Port, but not discharging or taking any cargo or passenger therein, and shall not be charged any Port Dues.
- (7). For oil tankers with segregated ballast, the reduced gross tonnage that is indicated in the "Remarks" column of the International Tonnage Certificate will be taken to be its gross tonnage for the purpose of levying Port Dues.
- (8). **MBPT PORT DUES:**

Vessels Chargeable	Rate per GRT	Due how often chargeable in respect of same vessel
A vessel, which enters the Mumbai Port limits, but does not discharge or take in any cargo or passenger for the MBPT (with the exception of such unshipment and reshipment of cargo as may be necessary for purpose of repairs.)	39.35% of the Port dues as prescribed in the MBPT Scale of Rates from time to time.	The due is payable on each entry into the Port.

2.2. A. SCHEDULE OF PILOTAGE-CUM-TOWAGE FEE:

Sl. No.	Size of Vessels	Rate per GRT	
		Foreign-going Vessels	Coastal Vessels
		(in US\$)	(in Rs.)
1.	First 30000 GRT	0.2381	6.24
2.	Above 30000 upto 60000 GRT	0.1908	4.99
3.	Above 60000 GRT	0.1669	4.37

2.2.B. SCHEDULE OF SHIFTING CHARGES:

Vessels requisitioning pilot's services for shifting from one berth to another shall be charged as follows in addition to the rates prescribed in the above schedule.

Sl. No.	Size of Vessels	Rate per GRT	
		Foreign-going Vessels	Coastal Vessels

		(in US\$)	(in Rs.)
1.	First 30000 GRT	0.0476	1.25
2.	Above 30000 upto 60000 GRT	0.0381	0.99
3.	Above 60000 GRT	0.0333	0.87

2.2.C. SCHEDULE OF SHIFTING CHARGES FOR SHIFTING TO NHAVA JETTY, BOMBAY PORT LIMITS, ANCHORAGE BERTH OR ANYWHERE WITHIN THE JNPT LIMITS:

Sl. No.	Size of Vessels	Rate per GRT	
		Foreign-going Vessels	Coastal Vessels
		(in US\$)	(in Rs.)
1.	First 30000 GRT	0.1190	3.12
2.	Above 30000 upto 60000 GRT	0.0954	2.49
3.	Above 60000 GRT	0.0834	2.18

Notes:

- (1). The fee leviable for piloting-cum-towing of the vessels in and out of harbour as shown in the Schedule shall include services of pilots and tugs and other craft as may be required for one inward and one outward operations and shifting/s of vessels for 'port convenience'. Shifting at the request of the vessels will attract separate shifting charges.
- (2). The minimum charges under the schedule for pilotage – towage fees for each visit to the Port shall be US\$189 for Foreign-going vessels and Rs.4953.31 for Coastal vessels.
- (3). Pilotage-cum-Towage shall be charged 50% of the prescribed rates for inward and outward leg of the vessel depending upon the status of the vessel at each leg, i.e. either Foreign-going or Coastal.

(4). No charges shall be levied for shifting of a vessel for port convenience.

(i). "Port convenience" is defined to mean the following:

- (a). If a working cargo vessel at berth or /mooring is shifted / inberthed for undertaking hydrographic survey work or for allotting a berth for the dredger or for attending to repairs to berths, maintenance and such other similar works whereby shifting is necessitated, such shifting shall be considered as "SHIFTING FOR PORT CONVENIENCE". The shifting made to reposition such shifted vessel is also considered as "SHIFTING FOR PORT CONVENIENCE".
- (b). If a working cargo vessel is shifted from berth to accommodate on ousting priority, vessels which are exempted from bearing shifting charges, such shifting shall be treated PORT CONVENIENCE".

- (c). Whenever a vessel is shifted to accommodate another vessel which can not be berthed at other berths due to draft and LOA restrictions such vessel is considered as “SHIFTING FOR PORT CONVENIENCE”.
 - (d). Whenever a vessel is shifted to accommodate another vessel having priority at the adjacent berth and unless that vessel shifts, another vessel can not be berthed at the adjacent berth due to length restrictions such shifting is also considered as “SHIFTING FOR PORT CONVENIENCE”.
 - (e). Whenever a vessel is shifted to accommodate another vessel carrying hazardous cargo which needs adjacent berth to be kept vacant for safety reasons is also considered as “SHIFTING FOR PORT CONVENIENCE”.
- (ii). Whenever a vessel is shifted from berth to accommodate another vessel on ousting priority, the vessel shifted is exempted from the payment of shifting charges since the same is paid by the vessel enjoying the ousting priority or the shifting is treated as for PORT CONVENIENCE when the priority vessel is exempted from payment of such charges. However, this benefit will not be applicable in the following cases:
- (a). Non-cargo vessel which in any case have to vacate berth when cargo vessels arrive.
 - (b). Vessels using the berth exclusively for overside loading/discharge.
 - (c). Vessels which are idling at berth without doing any cargo handling operations.

2.2.D. COLD MOVE CHARGES:

Sl. No.	Description	Rate
(a).	In case the vessel has to be brought in and taken out as cold move.	Two times the normal rates.
(b).	In case the vessel has one way cold move with engines shut off and the other way normal move with engines running.	One and half times the normal rates.
(c).	Any shifting with cold move.	Twice the normal rates

2.2.E. CANCELLATION CHARGES AND DETENTION CHARGES FOR PILOTS:

Sl. No.	Description	Rate	
		Foreign-going Vessels (in US\$)	Coastal Vessels (in Rs.)
1.	Cancellation of requisition for the services of Pilot with less than four hours notice	63.00	1651.10
2.	Detention of Pilot for more than 30 minutes beyond the time for which the requisition is made		
	(a). For the 1 st hour	63.00	1651.10
	(b). For subsequent hour or part thereof	31.50	825.55

2.2.F. PILOTAGE FEE FOR VESSELS NOT REQUIRING TUG ASSISTANCE:

Sl. No.	Description	Rate per GRT	
		Foreign-going Vessels (in US\$)	Coastal Vessels (in Rs.)
1.	Pilotage for Vessels not requiring tug assistance	0.088	2.31
Note: The minimum charges for each visit to the port shall be US\$ 126 in case of Foreign-going vessels and Rs.3302.20 in case of Coastal vessels.			

2.3. SCHEDULE OF BERTH HIRE CHARGES:

Sl. No.	Description	Rate per GRT per hour or part thereof	
		Foreign-going Vessels (in US\$)	Coastal Vessels (in Rs.)

1.	For occupying JNPT Berth:		
	(a). Container Berth	0.0037	0.09
	(b). Landing Jetty	0.0037	0.09
2.	For occupying Anchorage Berth	0.0018	0.04

2.4. SCHEDULE OF FRESH WATER CHARGES (for water supplied to vessels for their own use):

Sl. No.	Description	Unit	Rate per metric tonne
1.	Foreign-going Vessel	US\$	2.52
2.	Coastal Vessel	Rs.	66.04
3.	ONGC Supply Vessels	Rs.	66.04

In case it is observed that the vessel taken to berth does not have proper heating arrangements in working condition and the discharge rate is less than the above specified rates, the JNPT reserves the right to pull the vessel out at the cost and risk of the vessel agent in case any other vessel is waiting for berthing or to charge the penal berth hire mentioned at (viii) below, if the vessel is permitted to continue discharge.

- (viii). Penal berth hire charges shall be levied as follows in addition to berth hire charges beyond the prescribed hours mentioned above:

Sl. No.	Description	Rate per GRT	
		Foreign-going Vessels (in US\$)	Coastal Vessels (in Rs.)
1.	Upto 6 hours	0.0378	0.99
2.	above 6 hours but upto 12 hours	0.1134	2.97
3.	above 12 hours but upto 18 hours	0.2268	5.94
4.	above 18 hours per day or part of thereof	0.3024	7.92

- (ix). Penal berth hire charges mentioned above shall not be leviable if the idling of vessel is attributable to the port or to adverse tidal conditions or bad weather and rain resulting in stoppage of operation.
- (x). If the berth is not immediately required, the port at its discretion, may allow a vessel to occupy berth after completion of cargo operation till such time as declared by the Port without attracting the penal berth hire. In this case normal berth hire charges shall be levied.
- (4). (a). There shall be a time limit beyond which berth hire shall not apply; berth hire shall stop 4 hours after the time of vessel signalling its readiness to sail.
- The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting period for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.
- (b). There shall be a " Penal berth hire " equal to one day's berth hire charge for a false signal.
- (c). The Master/Agent of the vessel shall signal readiness to sail only in accordance with favourable tidal and weather conditions.
- (d). The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting period for want of favourable tidal conditions.
- (5). The period of 1-hour for levy of berth hire shall be reckoned from the time the vessel occupies berth/ jetty/ anchorage berths. The berth hire charges are composite charges inclusive of work beyond normal shift hours including Sundays and holidays.
- (6). For priority berthing, fees equivalent to berth hire charges for a single day or 75% of the berth hire charges for the period of stay, whichever is higher, shall be levied extra.
- (7). For Ousting priority, fees equivalent to 100% of the normal Berth hire charges for actual period of stay shall be levied extra.
- (8). The fees for according 'priority/ ousting priority' realised in advance alongwith the requisition for priority/ousting priority shall be refunded if berthing is allowed only in the normal course of the vessel's arrival turn.
- (9). The berth hire for the period in which the status of the vessel changes shall be charged on the basis of the status of the vessel at the beginning of the relevant of 1 hour.
- (10). **Berth hire charges for Shallow Water Berth, Port Craft Berth & Port Craft Jetty:**

Schedule no.2.3 of Berth hire subject to a minimum 20% discount in the applicable rates will apply to these berths. Note no. 1 and 2 to the Berth hire charges shall also be applicable to the above-mentioned berths.

- (11). Berth hire charges shall not be levied for the period, when a vessel idles at berth due to breakdown of port equipment or power failure or any other reasons attributable to the Port.

CHAPTER – III

CHARGES FOR SERVICES RENDERED TO CONTAINERS AND CONTAINERIZED CARGO

GENERAL TERMS AND CONDITIONS:

- (i). Containers less than and upto 20 feet in length will be reckoned as one TEU for the purpose of Tariff.
- (ii). All charges for containers more than 20' in length and upto 40' in length will be 150 per cent of the applicable charges prescribed in clause 3.3.1.
- (iii). Handling charges for container more than 40' length and upto 45' in length will be 200 per cent of the applicable charges prescribed in clause 3.3.1.
- (iv). Containers other than that of standard size requiring special devices or slings for handling will be charged twice the applicable charges under clause 3.3.1. Such a container will also include damage containers and any other types requiring special devices.

3.3.1. CHARGES FOR HANDLING AND MOVEMENT OF CONTAINERS:

The following consolidated charges for handling and movement of container shall be payable by the Shipping Lines or Agents of vessels or cargo agents for services rendered in respect of containers and containerised cargo passing through the port

A. NORMAL CONTAINERS:

Sl. No.	Description	Rate per TEU (in Rs.)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
	From Ship to Container yard or vice versa	2210	1785	1326	1071
	From container yard to container Freight Station or vice versa	786	786	786	786
	From Container Yard to Railway flat or vice versa (ICD Container Rail only)	1105	1105	1105	1105
	From Container Yard to Truck or vice versa (direct delivery and export intake).	340	340	340	340

B. REEFER CONTAINERS:

Sl. No.	Description	Rate per TEU (in Rs.)			
		Foreign Container		Coastal Container	
		Loaded	Empty	Loaded	Empty
	From Ship to Container yard or vice versa	2210	1785	1326	1071
	From container yard to container Freight Station or vice versa	786	786	786	786
	From Container Yard to Railway flat or vice versa (ICD Container Rail only)	1105	1105	1105	1105
	From Container Yard to Truck or vice versa (direct delivery and export intake).	340	340	340	340

C. HAZARDOUS CONTAINERS:

Sl. No.	Description	Rate per TEU (in Rs.)	
		Foreign Container	Coastal Container
		Loaded	Loaded
	From Ship to Container yard or vice versa	2763.00	1658.00
	From container yard to container Freight Station or vice versa	983.00	983.00
	From Container Yard to Railway flat or vice versa (ICD Container Rail only)	1381.00	1381.00
	From Container Yard to Truck or vice versa (direct delivery and export intake).	425.00	425.00

D. TRANSHIPMENT CONTAINERS:

Sl. No.	Description	Rate per TEU (in Rs.)	
		Foreign Container	
		Loaded	Empty
	1 – 3000 TEUs	2550	2210

	3001 – 6000 TEUs	2380	2040
	6001 – 9000 TEUs	2210	1870
	Thereafter	2040	1700

Notes:

- (1). Rate is based on total TEUs brought by the Shipping Lines or agents in the same financial year.
- (2). A container originally declared as transshipment container, subsequently moved by rail or road will lose the identity as transshipment container and shall be treated as normal import container and prescribed charges as applicable shall be payable.
- (3). Sliding Volume discount for transshipment containers on incremental traffic moved between Cochin Port/ Tuticorin Port and JNPT are as follows:

Volume TEUs per year	1 st year rebate	2 nd year rebate	3 rd year rebate	4 th year rebate
Upto 6000 TEUs	Nil	Nil	Nil	Nil
6001 - 9000 TEUs	200	150	100	Nil
9001 - 15000 TEUs	250	200	150	Nil

- (4). Parking space for mobile harbour cranes away from berths, free of cost to port customers.

E. OVER DIMENSIONAL CARGO CONTAINERS:

Sl. No.	Description	Rate per TEU (in Rs.)			
		Foreign Cont ainer		Coastal Cont ainer	
		Loaded	Empty	Loaded	Empty
	From Ship to Container yard or vice versa	4420	3570	2652	2142
	From container yard to container Freight Station or vice versa	1573	1573	1573	1573
	From Container Yard to Railway flat or vice versa (ICD Container Rail only)	2210	2210	2210	2210
	From Container Yard to Truck or vice versa (direct delivery and export intake).	680	680	680	680

F. SHUTOUT CONTAINERS:

Sl. No.	Description	Rate per TEU	
		Foreign-going vessel (In US \$)	Coastal vessels (In Rs.)

	Shutout Charges	35.0115	1529
	Transportation of shutout container from any place in the Port to quay and back to the designated area irrespective of location inside the terminal.	1275	1275

G. REEFER MONITORING AND CONNECTION:

Sl. No.	Description	Rate per TEU			
		Foreign-going vessel (In US \$)		Coastal vessel (In Rs.)	
		Loaded	Empty	Loaded	Empty
	Additional charges per 4 hours or part thereof for electricity consumption and monitoring of reefer containers	3.502	3.502	153	153

Note: Additional electricity charge at the prescribed rates will be applicable in case of Reefer Restow Containers also.

H. OTHER SERVICES RENDERED:

Sl. No.	Description	Rate per TEU (in Rs.)			
		Foreign Cont ainer		Coastal Cont ainer	
		Loaded	Empty	Loaded	Empty
	Shifting of containers from one yard to another yard within the terminal for customs inspection or any other purpose and subsequent loading of containers for Delivery.	1445	1445	1445	1445
	Additional service charges for stacking containers in designated yard for custom examination or for any other purpose by prior arrangement.	170	170	170	170

Note: The consolidated charges as above include the following elements, viz. stevedoring, use of Gantry crane, use of transfer crane, wharfage on tare weight of containers, wharfage on containerized cargo, transportation and contribution towards railway infrastructure.

3.3.2. REBATES:

With the prior permission of JNPT authorities, rebates as follows shall be applicable to port users for carrying out various operations with their own arrangements when the JNPT equipments are out of order or not available because they are hired to other user or for any other reason.

Sl. No.	Description	Rate per TEU (in Rs.)			
		Foreign vessels		Coastal vessels	
		Loaded	Empty	Loaded	Empty

	If the ship's gears are used for loading/unloading containers from ship to shore or vice versa – Upto 20' in length - Over 20' in length -	510 680	510 680	306 408	306 408
	Transshipment containers handled at Shallow draught berth Upto 20' in length - Over 20' in length -	255 340	255 340	153 204	153 204
	<u>If the Port user employs his own Tractor Trailer (T.T.) for transporting containers from Quay to container yard or vice versa</u> Upto 20' in length - Over 20' in length -	255 383	255 383	153 230	153 230
	If the user brings his own equipment for lifting containers from container yard to truck and vice versa. - Upto 20' in length - Over 20' in length -	213 319	213 319	213 319	213 319
	Rebate on Shut out charges on Containers shut out from Private yard 20' in length - 40' in length -	US\$14.875 US\$22.3125	- -	390 585	- -

5. If the Port user provides lashing/unlashing gang for lashing operations of containers, then a rebate of Rs.26 per foreign container and Rs.16 per coastal container in handling charges shall be allowed. The rebate shall be limited to the number of containers actually lashed.

6. Any vessel performing more than 1,000 TEUs in a single call, shall qualify for a rebate amounting to the following percentage of the total handling charges applicable for the vessel:
- More than 1000 TEUs but upto 1200 2%
 - More than 1200 TEU's but upto 1500 3%
 - More than 1500 TEU's but upto 1800 4%
 - More than 1800 TEU's but upto 2200 5%
 - More than 2200 TEU's but upto 2600 6%
 - More than 2600 TEU's 7%

7. No rebate will be admissible for back to town containers handled by private equipments.

3.3.3. DWELL TIME CHARGES FOR CONTAINER, STORED IN THE PORT PREMISES:

Sl. No.	Particulars	Rate per container per day or part thereof (In US \$)		Rate per container per day or part thereof (In Rs.)	
		Upto 20' in length	Over 20' to upto 40' in length	Upto 20' in length	Over 20' to upto 40' in length

1.	Non-ICD Import & export - loaded				
	First 3 days	Free	Free	Free	Free
	4-15 days	2.7625	5.525	121	241
	16-30 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965
2.	Non ICD Import & Export- Empty				
	First 3 days	Free	Free	Free	Free
	4-15 days	2.7625	5.525	121	241
	16-30 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965
3.	ICD Import & export loaded – moved by road				
	First 7 days	Free	Free	Free	Free
	8-15 days	2.7625	5.525	121	241
	16-30 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965
4.	ICD Import & export empty moved by road				
	First 3 days	Free	Free	Free	Free
	4-15 days	2.7625	5.525	121	241
	16-30 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965
5.	ICD Import & Export loaded or empty moved by rail				
	First 15 days	Free	Free	Free	Free
	16-30 days	2.431	4.862	106	212
	31-45 days	4.862	9.724	212	425
	Thereafter	9.724	19.448	425	849
6.	Transshipment – Loaded				
	First 30 days	Free	Free	Free	Free
	31-45 days	2.7625	5.525	121	241
	Thereafter	5.525	11.05	241	483
7.	Transshipment - Empty				
	First 15 days	Free	Free	Free	Free
	16-30 days	2.7625	2.7625	121	121
	31-45 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965
8.	Shutout – loaded & empty				
	1-15 days	2.7625	5.525	121	241
	16-30 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965
9.	Back to Town - Loaded & Empty				
	First 3 days	Free	Free	Free	Free
	4-15 days	2.7625	5.525	121	241
	16-30 days	5.525	11.05	241	483
	Thereafter	11.05	22.10	483	965

Notes:

- (1). The total storage period for a container shall be reckoned from the day following the day of landing upto the day of shipment/delivery/date of removal of the container and includes Sundays and Holidays but excludes Custom notified holidays and port non working days.
- (2). Transshipment containers subsequently changing the mode of dispatch locally or to the container freight station for destuffing/stuffing shall loose the concessional dwell time as prescribed in Item (4) above. Dwell time charges for such containers shall be recovered at par with import containers as prescribed in item no. 1 or 2 as applicable.

- (3). Transshipment containers subsequently changing the mode of dispatch by rail to ICD shall be treated as other ICD containers for the purpose of levy of Dwell time charges fees and shall be charged at the rates in item (4) above. In such cases additional shifting charge will be applicable for movement of container to container yard to ICD yard.
- (4). A container from foreign port landing at the JNPT for subsequent transshipment to an Indian Port on a coastal voyage or vice versa would be charged at 50% of the transshipment charges prescribed for foreign going vessels and 50% of that prescribed for coastal category.
- (5). Normal import containers subsequently changing the mode of dispatch by rail to ICD will enjoy the free period applicable to normal import container only. In such cases additional shifting charges will be applicable for movement of container from container yard to ICD yard.
- (6). The total storage period for a shutout container shall be calculated from the day following the day when the container has become shutout till the day of Shipment/delivery.
- (7). Over high and over dimensional containers shall attract thrice the normal applicable charges.
- (8). Hazardous containers shall attract 1.25 times the normal applicable charges.
- (9). In case of stuffing the containers inside the port, the dwell time charges will be applicable as follows:
 - (i). Prior to stuffing, dwell time charges as applicable to empty containers will be charged.
 - (ii). Free period and dwell time charges as applicable to loaded export containers will be charged from the day following the day of completion of stuffing and intimation to Port.
- (10). In the case of auction containers, after the auction is over, the empty containers will attract the dwell time charges as empty containers from the following day the destuffing is completed.
- (11). The storage charges on abandoned FCL containers/shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the day of landing of the container, whichever is earlier subject to the following:
 - (i). The consignee can issue a letter of abandonment at any time.
 - (ii). If the consignee chooses not to issue such letter of abandonment, the container Agent/MLO can also issue abandonment letter subject to the condition that,
 - (a) the Line shall resume custody of a container along with cargo and either take back it or remove it from the port premises; and
 - (b) the line shall pay all port charges accrued on the cargo and container before resuming custody of the container.
 - (iii). The container Agent /MLO shall observe the necessary formalities and bear the cost of transportation and destuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all the necessary actions are taken by the shipping lines for destuffing of cargo.

- (iv). Where the container is seized/confiscated by the Custom Authorities and the same cannot be destuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the day the Custom order release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and de-stuffing. Otherwise, seized/confiscated containers should be removed by the line/consignee from the port premises to the Customs bonded area and in that case the storage charge shall cease to apply from the day of such removal.
- (12). The storage charges shall not accrue for the period during which the JNPT is not in a position to deliver containers for reasons attributable to it when requested by the user.

3.3.4. CHARGES FOR MISCELLANEOUS SERVICES RENDERED TO THE CONTAINER VESSELS:

HATCH COVER CHARGES

A. OPENING OF HATCH COVER AND REPLACING IT:

Description	Rate per Hatch Cover	
	Foreign-going vessels (in US \$)	Coastal vessels (in Rs.)
When placing it on the quay	52.513	1376
Without placing it on the quay	21.00	551

Note: If only one operation is carried out, half of the hatch cover handling charges as above shall be levied.

B. ONE HATCH TO ANOTHER HATCH OR WITHIN THE SAME HATCH:

Description	Rate per TEU			
	Foreign-going vessels (in US\$)		Coastal vessels (in Rs.)	
	Loaded	Empty	Loaded	Empty
(a). Hatch to hatch shifting (involving 1 move only)	17.502	17.502	459	459
(b). Other than (a) mentioned above	70.015	70.015	1838	1838

3.3.5. STORAGE CHARGES ON UNCLEARED GOODES:

Dwell time charges to be levied in respect of cargo which are sold in accordance with Sections 61 and 62 of Major Port Trusts Act, 1963 –

Description	Rate per metric tonne per day (in Rs.)
Storage of cargo in covered space destuffed from the long standing containers in case the original consignee comes forward to take delivery of cargo	25.50
Warehouse rental charges from 6 th day till 20 th day (both days inclusive) after the date of confirmation of sale of the uncleared cargo. First 5 working days are free.	76.50

Warehouse rental charges from 21 st day onwards after the date of confirmation of sale of the uncleared cargo.	102.00
---	--------

3.3.6. PROCEDURE AND CHARGES FOR INTER TERMINAL TRANSFER OF TRANSHIPMENT OF CONTAINERS BETWEEN THE JNPT AND THE NSICT

A. Procedure for handling transshipment (TP) containers:

- (i). TP Containers discharged at the JNPT and bound to be loaded at the NSICT will be transported by the JNP TTs; and, the JNP RTGCs will discharge these containers in the NSICT yard of 4G.
- (ii). Similarly, TP Containers discharged at the NSICT and bound to be loaded at the JNPT will be discharged by the NSICT by using its RTGCs and TTs in CY31 of the JNPT.

B. Charges for handling TP containers:

- (i). If a container is discharged by the JNPT and loaded by the NSICT at its terminal, the charges will be as under:

50% of transshipment container handling charges as per the JNPT Scale of Rates will be charged to the Line by the JNPT. For the same container the NSICT will charge 50% of the transshipment container handling charges as per its Scale of Rates; and, in addition, also levy a charge of Rs. 1428/- (for 20') and Rs. 2142/- (for 40') towards inter-terminal transfer.

- (ii). If a container is discharged by the NSICT and loaded by the JNPT at its terminal, the charges will be as under:

The NSICT will charge 50% of transshipment container handling charges to the Line as per its Scale of Rates. For the same container the JNPT will charge 50% of TP handling charges as per its Scale of Rates; and, in addition, also levy a charge of Rs.1282/- (for 20') and Rs.1923/- (for 40') towards inter-terminal transfer.

CHAPTER – IV

CHARGES FOR DRY BULK AND GENERAL CARGO

4.1. WHARFAGE:

Sl. No.	Classification	Rate per metric tonne (in Rs.)	Coastal rate per metric tonne (in Rs.)
1.	Cereals/Pulses/Oilseeds	32.50	19.50
2.	Foodgrains	32.50	19.50
3.	Oil Cakes	32.50	19.50
4.	Sugar	37.50	22.50
5.	Salt	32.50	19.50
6.	Pig Iron	97.50	58.50
7.	Steel and Metal Scrap	65.00	39.00
8.	Steel Pipes		
	a) Length less than 12 mtrs.	117.50	70.50
	b) Length 12 metres or more	135.00	81.00
9.	Steel Coils	107.50	64.50
10.	Iron Ore Pellets	57.50	57.50
11.	Iron Ore fines and lumps	37.50	37.50
12.	Bauxite	50.00	30
13.	Direct Reduced Iron/Hot Briquette iron	57.50	34.50
14.	Sized coal having not more than 10 mm dia-meter	37.50	22.50
15.	Asbestos	75.00	45.00
16.	Arms and ammunition	125.00	75.00
17.	Over dimensional Cargo	625.00	375.00
18.	Break Bulk	107.50	64.50
19.	Machinery parts	107.50	64.50
20.	Limestone	55.00	33.00
21.	Cement		
	– upto 5.0 lacs tonnes per annum	42.50	25.50
	– above 5.0 lacs tonnes per annum	38.25	22.95
22.	Cement Clinker	42.50	25.50
23.	Wood pulp	42.50	25.50
24.	Paper rolls	42.50	25.50
25.	Timber/Wood/Bamboo	75.00	45.00
	Per Cum	65.00	39.00
26.	Steel Slab / steel billets	135.00	81.00
27.	Unenumerated Items	135.00	81.00
28.	Cargo abandoned/excess landed/confiscated by customs, uncleared/condemned by Port Health Authority and ultimately destroyed by JNPT/salvaged.	50.00	30.00

Note:

Before classifying any cargo under “unspecified” category under the wharfage schedule, the relevant customs classification should be referred to find out whether the cargo could be classified under any of the specific categories mentioned in the wharfage schedule.

4.1.2. VOLUME DISCOUNT FOR HANDLING CEMENT:

Vessels carrying Cement will be eligible for availing discounts on incremental traffic:

Traffic	Discount
Upto 300000 MTS	NIL
Above 300000 but upto 400000 MTS	5% of Wharfage charges on exceeded quantity.
Above 400000 but upto 500000 MTS	10% of Wharfage charges on exceeded quantity.

Above 500000 MTS	15% of Wharfage charges on exceeded quantity.
------------------	---

4.2. HANDLING CHARGES (WITH GRAB UNLOADER):

Handling charges for steel coils and General Cargo with Grab unloader shall be Rs.50/- per Metric Tonne for foreign cargo and Rs.30/- per tonne for coastal cargo.

Notes:

- (1). Package exceeding dimensions of 6 mts. X 2.5 mts. X 2.5 mts. or 3 MT in weight shall be charged at rates applicable to Over Dimensional cargo.
- (2). Definition of Over Dimensional cargo shall not apply to steel pipes/coils slabs/steel billets.
- (3). Wharfage charges on Timber/Wood/Bamboo shall be based on per metric tonne or per cubic meter, whichever is beneficial to the Port.
- (4). In respect of vessels carrying on overside operation of loading and unloading of cargo without involving usage of berths, wharfage charges at the rate of 75 per cent of applicable rate shall be levied.
- (5). In respect of vessels carrying on loading and unloading of operation of cargo at the anchorage berth, wharfage charges at the rate of 50 per cent of applicable rate shall be charged.
- (6). Any cargo temporarily unloaded from a vessel on the jetty and reshipped back into the same vessel during the same voyage, will be liable to pay the import as well as export wharfage charges as may be applicable depending on the type of cargo.
- (7). Items of goods free of Wharfage:
 - (i). Bonafide passengers' baggage and seamen's baggage and personal effect accompanying them.
 - (ii). Postal articles/mail bags, manifested or unmanifested.
 - (iii). Ships stores and provisions for crew for consumption during voyage other than bunkering oil.

4.3. DWELL TIME CHARGES:

Dwell time charges per day for items specified in clause 5.1 shall be levied at the rates given below:

Sl. No.	Item	Rate per metric tonne per day or part thereof (in Rs.)
---------	------	--

1.	Import 1-7 days 8-14 days 15 - 21 days Thereafter	Nil 8.00 16.00 32.00
2.	Export 1 - 15 days Thereafter	Nil 8.00

Notes:

- (1). In case of import, dwell time shall be calculated from the day following the day the vessel discharge is completed.
- (2). In case of export, dwell time shall be calculated from the day following the day of receipt of cargo in JNPT.
- (3). The export cargo which could neither be exported/nor found suitable for export shall be taken back to town by the consignor on payment of dwell time charges. A free period of 3 days will be allowed for such cargo from the day following the day of entry in JNPT and thereafter the dwell time charges shall be levied at the rate of Rs.8 per metric tonne per day or part thereof.
- (4). Free dwell time allowed shall be exclusive of custom notified holidays and port non-working days.
- (5). The demurrage shall not accrue for the period during which the JNPT is not in a position to deliver cargo for reasons attributable to it when requested by the user.

4.4. WEIGHING CHARGES:

- (1). The charges for using weigh bridge facility by the users for any cargo shall be Rs.2 per MT.

CHAPTER - V

CHARGES ON MOTOR VEHICLES OR ANY OTHER EQUIPMENTS PASSING THROUGH THE PORT

5.1. STEVEDORING CHARGES:

Sl. No.	Item	Rate per vehicle/equipment (in Rs.)	Coastal Rate (in Rs.)
1.	Import/Export	35.00	21.00
2.	Transhipment	40.00	24.00

5.2. WHARFAGE CHARGES:

Sl. No.	Item	Rate as a % of the following	Coastal Rate (in Rs.)
1.	Import	0.50 of the CIF Value	0.30 of Coastal Bill of Lading Value
2.	Export	0.50 of the FOB Value	0.30 of Coastal Bill of Lading Value
3.	Transhipment	0.65 of the CIF/FOB Value	0.195 of Coastal Bill of Lading Value

5.3. DWELL TIME CHARGES:

A. IMPORT/EXPORT/TRANSHIPMENT:

Sl. No.	Days	Gross weight of the motor vehicle/equipment in MT			
		<1.0	>= 1.0 <= 5.0	>= 5.0 <= 10.0	>= 10.0
		Rate per day/per vehicle or equipment			
1.	1-15 days	Free	Free	Free	Free
2.	16-30 days	25.00	50.00	100.00	200.00
3.	Thereafter	50.00	100.00	200.00	400.00

B. BACK TO TOWN:

Sl. No.	Days	Gross weight of the motor vehicle/equipment in MT			
		<1.0	>= 1.0 <= 5.0	>= 5.0 <= 10.0	>= 10.0
		Rate per day/per vehicle or equipment			
1.	0-3 days	Free	Free	Free	Free
2.	4-14 days	25.00	50.00	100.00	200.00
3.	15-21 days	50.00	100.00	200.00	400.00
4.	Thereafter	100.00	200.00	400.00	800.00

Notes:

- (1). The Dwell time charges shall be levied for storage inside the Port other than the area leased out for the purposes of storage of cars.
- (2). Dwell time for import/transshipment of motor vehicles shall be calculated from the day following the last day of landing.
- (3). Dwell time for export/back to town of motor vehicles shall be calculated from the day following the day of receipt in the JNPT.
- (4). The port user will have to pay an amount equivalent of 0.5% of FOB/CIF value as the case may be in addition to the wharfage charges as mentioned above if the ports equipment is used for loading/unloading of motor vehicles.
- (5). Any vehicle meant for export taken back to town for any reason is termed as back to town vehicle and will be subject to dwell time as given in above schedule.
- (6). Shut out charges for not loading on the vessel for which the vehicle/equipment is brought in is Rs.50 per vehicle/equipment.

5.4. RECOVERY CHARGES FOR USE OF SPECIALIZED INFRASTRUCTURE FOR RECEIVING AND HANDLING VEHICLES ARRIVING BY TRAIN:

Sl. No.	Description	Rate per vehicle
---------	-------------	------------------

		(in Rs.)
1.	Motor Vehicles of less than 16.5 HP	195.00
2.	Motor Vehicle of Rs.16.5 HP or above	290.00

CHAPTER - VI

MISCELLANEOUS CHARGES

6.1. LICENCE FEE FOR PASSENGER LAUNCHES AND CARGO LIGHTERS:

Licence Fees at the rate of Rs.200 per annum will be charged for passenger launches/boats, mechanically propelled harbour crafts, cargo lighters, mechanically propelled deep sea trawlers, dump barges and other small crafts excluding non-mechanically propelled fishing boats, plying within the port limits of Jawaharlal Nehru Port, Licence will be issued subject to fulfillment of the following conditions:

- (i). The applicant should be in possession of a valid passenger boat's survey certificate issued by the MMD under the relevant provision of Indian Vessel Act.
- (ii). The launches/boats must be manned as per statutory requirement specified.

6.2. WHARFAGE ON BUNKERING OIL SUPPLIED TO VESSELS:

Sl. No.	Item	Rate per metric tone (in Rs.)
1.	Wharfage on bunkering oil supplied to vessels	25.00

6.3. PENALTY CHARGE FOR CANCELLATION OF VIA ISSUED EARLIER:

Sl. No.	Item	Rate per occasion per VIA (in Rs.)
1.	Penalty charges for cancellation VIA issued earlier	1000.00

6.4. HIRE CHARGES FOR FLOATING CRAFT:

Sl. No.	Name of the Craft	Rate per hour or part thereof (in Rs.)
1.	Tugs	10000.00
2.	Pilot Launches	1500.00
3.	Survey Launch	3000.00
4.	Mooring Launch	800.00
5.	M.L. Shevali/Apporva	1500.00

Notes:

- (1). Hire charges for floating craft shall be paid for a minimum of four hours.

6.5. MANPOWER HIRING CHARGES:

Sl. No.	Classification	Rate per person per hour (in Rs.)
1.	Managerial	100.00
2.	Others	75.00

Notes:

- (1). Manpower hiring charges shall be paid for a minimum of 4 hours.
- (2). The liability of personnel risk and compensation under any statute in force has to be borne separately by the party requisitioning services of the JNPT personnel.

CHAPTER - VII

ESTATE RELATED CHARGES

7.1. ESTATE RENTALS:

Sl. No.	Item	Rate per sq. mtr. or part thereof per month or part thereof (in Rs.)
1.	License Fee for office accommodation allotted to commercial agencies, banks, Government anywhere in the port except the old building of JNPT and Township area	166.38
2.	License Fee for office accommodation allotted to various agencies in the old buildings of JNPT.	85.00
Sl. No.	Item	Rate per sq. mtr. or part thereof per month or part thereof (in Rs.)
3.	License Fee for open space allotted to: (A). All lessees other than Government Dept. (a). Developed Space: (i). Inside Port area (ii). Outside Port area (b). Undeveloped Space: (i). Inside Port area (ii). Outside Port area for construction and maintenance of warehouses (iii). Outside Port area for any purpose above in Section 1-3(A) (b) (ii) (B). Government Departments (a). Developed Space (i). Inside Port area (ii). Outside Port area (b). Undeveloped Space (i). Inside Port area (ii). Outside Port area	16.00 14.00 14.00 7.00 25.00 8.00 7.00 7.00 6.00
4.	Rent for residential Accommodation allotted in Port Township to	Per flat per month or part thereof

Township to	
(a). Employee of other Government agencies and Public Sector undertakings:	1300.00
(i). 'A' Type	2000.00
(ii). 'B' Type	2600.00
(iii). 'C' Type	2800.00
(b). Employee of other than 'a' mentioned above	3700.00
(i). 'A' Type	4800.00
(ii). 'B' Type	
(iii). 'C' Type	

GENERAL NOTE:

All the conditions / notes stated herein under to govern the rates prescribed under Estate related charges of Chapter VII shall apply to the extent they are not inconsistent with the conditions prescribed in the Land Policy Guidelines announced by the Government in February/ March 2004. In case of disagreement, the conditions prescribed by the Government in the Land Policy Guidelines shall prevail.

Notes:

- (1). The term "Government Department" excludes all "Public Sector Undertakings" and "Corporations" formed under any Central or State Government Acts"
- (2). The cost of water and electricity consumed by the occupant will be charged extra.
- (3). The rate of license fee mentioned at item 1 above is as prescribed in the Scale of Rates notified on 19 March 1997 which has to be escalated by 10% with effect from 1 January 1998 and thereafter by the same percentage after every two years and shall be increased by 5% with effect from 1 January 2004. From 24 February 2004, the date of announcement of the revised Land Policy Guidelines, the rates shall be escalated by 2% per annum.
- (4). The rate of license fee mentioned at 2 and 3 above are as prescribed in the Scale of Rates notified on 19 March 1997 which are to be escalated by 10% with effect from 1 April 1998 and thereafter by the same percentage after every two years as per the existing terms and conditions till 23 February 2004. From 24 February 2004, the date of announcement of the revised Land Policy Guidelines, the rates shall be escalated by 2% per annum.
- (5). The JNPT shall re-fix the base of lease every five years.

7.2. WATER CHARGES:

Sl. No.	Item	Unit	Rate
1.	Water Charges from occupants of quarters (except JNPT and CISF employees, shops and other buildings in township and building in the port premises except port users building (PUB))	Rs. per month or part thereof	60.00
2.	Water charges from occupants of Port Users' Building (PUB)	Percentage of Rent	5%
3.	Water charges from lessees and tenants etc. other than at Sl.No.1	Rs. Per metric tonne	40.00
4.	Charges for water supplied to consumers (for resale etc.) excluding the following: (i). Lessees and tenants, and (ii). Vessel for her own use	Rs. per metric tonne	110.00

NOTES:

- (1). The rate of water charges mentioned under section 2 above, shall be increased by 10 percent with effect from 1st April 1998 and every two year thereafter.

7.3. ELECTRICITY CHARGES:

Sl. No.	Item	Rate
1.	Electrical energy consumed by the occupants of (i). Port Users Building (ii). Container Freight Station (iii).Township premises incl. Residential Quarters, Shopping Centre, Canteen, Departmental Stores, etc. (iv). Premises in Administration Building (v). Old Buildings within the Port. (vi). Any other lessees and tenants.	As per the prevailing scale of Maharashtra State Electricity Board applicable to the appropriate class of consumer category (such as domestic, non-domestic, high tension etc.) plus 5 percent of the total Electricity Bill amount as overheads.

NOTES:

- (1). The above rates mentioned in Section 9.3.1(iii) shall not apply to JNPT employees and CISF employees.

7.4. RATES FOR ALLOTMENT OF OPEN SPACE TO THE PAPs IN THE HAWKERS' ZONE IN THE JNPT PREMISES:

(A). UPFRONT LEASE PREMIUM PAYMENT:

- (a). Rs.15,000/- for a plot of 4.5 sq. mtrs.
(b). Rs.32,500/- for a plot of 10 sq. mtrs.

(B). ANNUAL LEASE RENT

Re.1/- per sq. mtr. per annum subject to a 30% escalation in the rent after every five years.

Summary of the comments received from the port users / different user organisations and arguments made in this case during the joint hearing before the Authority

F. No. TAMP/48/2005- JNPT

Proposal from the Jawaharlal Nehru Port
Trust for general revision of its Scale of Rates.

1. The comments received from the Nhava Sheva International Container Terminal Limited (NSICT), and port users / representative bodies of port users and the response furnished by the JNPT are tabulated below:

Para No.	Comments by user / user organisation	JNPT's comments on users comments
(i).	<u>Nhava-Sheva International Container Terminal Ltd. (NSICT)</u> NSICT wholeheartedly supports JNPTs proposal for an increase in tariff.	No specific comments furnished.
(ii).	JNPT has considered the relevant port dues, pilotage income, berth hire, which it would earn from the BOT operator, for utilization for its capital dredging project. These revenues are material in nature and it would be prudent for JNPT to implement the time bound plan of 3 years for upgradation of the channel utilizing these revenues.	We are not in Agreement with the suggestion of NSICT to consider a reduction in the vessel related charges. The Government has approved the capital dredging at a cost of Rs.800/- crores to be completed in a period of 27 months. JNPT is not receiving any grant from the Government for financing the project or any other assistance by way of loans carrying a concessional interest rates. Any further slashing of vessel related charges are likely to have an adverse affect on funding the project.
(iii).	JNPT has allotted approximately Rs.3,250.00 lakhs as addition for the capital employed towards port's road widening for the period 2005-08. The improvement of the road network currently supporting the container terminals is crucial and should be expedited.	JNPT will have to spend Rs.1,350/- crores approximately on infrastructure development and port connectivity over the next three years. This includes Rs.800/- crores on capital dredging and Rs.168/- crores towards expansion of berth, which is the seaside development of infrastructure. The balance is towards landside development. In addition, the second phase of capital dredging is expected to cost Rs.1,150/- crores approximately.
(iv).	With reference to clause 2.8.3. of the revised tariff guidelines, TAMP may clarify whether income other than royalty and revenue share should be considered for fixation of tariff by the landlord port.	No specific comments furnished.
(v).	Vessel related charges are extremely high as recorded in item No. 19.3 of JNPT's Board Note. It may be appropriate for JNPT to consider a reduction in these charges.	Vessel related charges received on account of BOT terminals will be used for development of seaside infrastructure. The assets so created to the extent is funded out of inflows attributable to BOT operators (VRC, royalty and revenue share) will not be included as part of capital employed for the purpose of tariff fixation. The costing done by JNPT is purely on a terminal basis. There is no justification for any further cuts in vessel related charges at JNPT.
	Mumbai and Nhava-Sheva Ship Agents	

	Association (MANSA)	
(i).	Bulk The capital employed is largely the depreciated value of the quay line, back-up area and possibly the remnants of other assets not yet written off. The bulk activity accounts for about 7% of the capital employed by the port and contributes only 1% of the operating revenue. This activity is forecast to result in an average annual loss of Rs.1,825.00 lakhs over the next 3 years.	No specific comments furnished.
(ii).	While all other operating expenses are forecast to reduce,	Even though Bulk terminal has been handed over to BOT operator, Bulk operations are shifted to Shallow Water Berth. All assets handed over to BOT operator have been excluded from bulk activity. It may also be seen from the Cost Statement for Bulk activity, that Capital employed for the year 2004-05 is Rs.79.14 crores against Rs.236.22 crores in 2003-04. The difference is the assets handed over and scrapped on conversion of Bulk Terminal to Container Terminal. All other material expenses are fixed expenses like salaries, depreciation and administration expenses. Expenses on Power & Fuel have no bearing on the cargo handled as this relates to lighting of berth and related areas. Since three berths are operating as Shallow Water Berth, the manpower costs will continue to exist.
	(a) power & fuel costs after falling by 22% in 2004-05 as a result of declining activity is projected to increase by 4% annually thereafter despite steep decline in cargo activity;	
	(b) employee remuneration and welfare expenses, after falling by 15% in 2004-05, are forecast to increase by 13% in 2005-06 any by 3% p.a. thereafter. This seems to imply that JNPT is continuing to deploy its manpower to a declining activity and not redeploying to activities that are growing and need manpower;	
	(c) other general expenses, after falling by 38% in 2004-05, are forecast to double in 2005-06 and by 4% thereafter. This seems to imply that JNPT is continuing to incur such expenses even when business activity is falling. The trend of increasing input cost while the output is steadily reducing needs rechecking.	
(iii).	The assets of bulk terminal have been taken over by the BOT operator, converting them to a container facility. The BOT operator is paying a revenue share to the JNPT for this. However, the tariff guidelines adopted by TAMP do not allow a landlord port to consider the royalty/revenue share in tariff fixation. The tariff guidelines are not explicit on how the landlord ports should treat assets that have been handed over to BOT operators. It appears that JNPT is using this as an opportunity to earn income twice from the same capital; once through revenue share and again through a tariff increase.	The port is not taking any opportunity to earn income twice on the same capital as it has excluded all assets handed over to BOT operator and MANSA's comments are not valid.
(iv).	When a landlord port hands over a capital asset to a BOT operator under royalty/ revenue share arrangement, either –	Fixation of Royalty/ Revenue share cannot be only on the basis of 15% return on capital employed. Royalty/ revenue share should not be considered for fixation of tariff of the landlord port, as it has no relationship with the cost of providing other services.
	(a) the minimum acceptable royalty/ revenue share should be fixed to ensure the landlord port a 15% return on the capital assets with these assets thereafter not qualifying to be included in the landlord's subsequent proposals for rate fixation; or	
	(b) the tariff for the landlord port should be based on ensuring 15% ROCE, including the capital assets handed over to the BOT operator, but calculation of cost for tariff fixation should take into account only the residual revenue required to bridge the gap, if any, between the revenue share/ royalty offered and the target ROCE.	

(v).	While, business activity in the bulk segment is steadily reducing, there appears to be no effort to reduce resource input and expenses. On the contrary, JNPT is seeking a price increase on the other major activity to support the loss in this area.	Same as in (iv) above.																								
(i).	Marine This activity absorbs 1/5 th of the capital employed, generates 16% of the operating revenue; but results in a loss from the year 2005-06. The JNPT states that there is no possibility of a price increase and we agree. Several Agents have already stated that vessel related charges at JNPT are high and TAMP has reduced these charges by 10%.	Impact of TAMP's reduction in VRC by 10%, was only for part of the year in 2004-05, whereas it is for the full year in 2005-06. Strengthening of rupee has also lead to a reduction in income.																								
(ii).	The drivers of cost and revenue in this activity are the number of ship calls, the size of the ships and the length of their stay at berth. In the absence of information on these drivers, it is difficult to analyse the JNPT proposal to arrive at any firm conclusions. Nevertheless, some anomalies require clarifications:	With the increase in age of flotillas, there is increase in repairs and maintenance work. Dry docking of Tugs and Pilot launches will also be there. Therefore, materials consumption and repairs are expected to increase. The increases in other general expenses are not material as compared to the total expenses of the activity.																								
	(a). A part of decline of 21% in operating income would have been due to TAMP's order of August 2004 on vessel related charges. JNPT is forecasting a further decline of 12% in 2005-06, followed by 15% reduction in 2006-07 with a small recovery of 5% in 2007-08. These forecast needs to be explained.																									
	(b). While revenue is declining, presumably at least, partially due to reduction in the scale of activity, operating expenses are projected to increase for the years 2005-06, 2006-07 and 2007-08 in respect of material, repairs and maintenance and general expenses. While, 20% increase is projected in respect of material and repairs & maintenance for the years 2006-07 and 2007-08 over the years 2005-06, 4% increase is projected in respect of other general expenses. Widely variant annual increases require explanation.																									
(i).	Containers The container traffic projections made by JNPT, which lie at the heart of their proposal to increase charges by 16%, postulate that JNPT container traffic in 2005-06 will actually decline over 2004-05, contract further in 2006-07 due to competition from Gateway Terminals, recovering marginally in 2007-08. The table below details development in throughput in Nhava-Sheva. <table border="1" data-bbox="248 1883 826 2040"> <thead> <tr> <th>Year</th> <th>JNPT</th> <th>NSICT</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2002/03</td> <td>0.722</td> <td>1.200</td> <td>1.922</td> </tr> <tr> <td>2003/04</td> <td>1.024</td> <td>1.222</td> <td>2.246</td> </tr> <tr> <td>Variance – 2002-03</td> <td>+42%</td> <td>+2%</td> <td>+17%</td> </tr> <tr> <td>2004-05</td> <td>1.139</td> <td>1.232</td> <td>2.371</td> </tr> <tr> <td>Variance – 2003-04</td> <td>+11%</td> <td>+1%</td> <td>+6%</td> </tr> </tbody> </table>	Year	JNPT	NSICT	Total	2002/03	0.722	1.200	1.922	2003/04	1.024	1.222	2.246	Variance – 2002-03	+42%	+2%	+17%	2004-05	1.139	1.232	2.371	Variance – 2003-04	+11%	+1%	+6%	Traffic projections are made considering the diversion of traffic to 3 rd Terminal. We feel these projections are reasonable. The traffic projection for 2005-06 is 1.25 million TEUs and not 1.1 million TEUs. Moreover, these changes were made by the trustees after due deliberations in the Board meeting and cost statements are revised accordingly.
Year	JNPT	NSICT	Total																							
2002/03	0.722	1.200	1.922																							
2003/04	1.024	1.222	2.246																							
Variance – 2002-03	+42%	+2%	+17%																							
2004-05	1.139	1.232	2.371																							
Variance – 2003-04	+11%	+1%	+6%																							

	<table border="1"> <tr> <td>April – Aug 2005</td> <td>0.526</td> <td>0.542</td> <td>1.068</td> </tr> <tr> <td>Var – Apr-Aug 2004</td> <td>+9%</td> <td>+4%</td> <td>+7%</td> </tr> <tr> <td>Estimated 2005-06</td> <td>1.263</td> <td>1.300</td> <td>2.563</td> </tr> <tr> <td>Variance – 2004-05</td> <td>+11%</td> <td>+6%</td> <td>+8%</td> </tr> <tr> <td>Projected by JNP</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2005-06</td> <td>1.100</td> <td></td> <td></td> </tr> <tr> <td>Variance – 2004-05</td> <td>-3%</td> <td></td> <td></td> </tr> </table> <p>Thus, a highly probable growth of 11% has been converted to a contraction of 3%. The traffic projections in the proposal need investigation.</p>	April – Aug 2005	0.526	0.542	1.068	Var – Apr-Aug 2004	+9%	+4%	+7%	Estimated 2005-06	1.263	1.300	2.563	Variance – 2004-05	+11%	+6%	+8%	Projected by JNP				2005-06	1.100			Variance – 2004-05	-3%			
April – Aug 2005	0.526	0.542	1.068																											
Var – Apr-Aug 2004	+9%	+4%	+7%																											
Estimated 2005-06	1.263	1.300	2.563																											
Variance – 2004-05	+11%	+6%	+8%																											
Projected by JNP																														
2005-06	1.100																													
Variance – 2004-05	-3%																													
(ii).	<p>The container traffic forecast made by JNPT for 2006-07 and 2007-08 seem equally suspect. A comparison of JNPT container traffic forecast with RITES and MANSA for the years 2005-06 to 2007-08 are given below:</p> <p style="text-align: right;">(Million TEU's)</p> <table border="1"> <thead> <tr> <th>Source</th> <th>2005-06</th> <th>2006-07</th> <th>2007-08</th> </tr> </thead> <tbody> <tr> <td>JN Port</td> <td>1.100</td> <td>0.950</td> <td>1.000</td> </tr> <tr> <td>RITES</td> <td>1.145</td> <td>1.202</td> <td>1.238</td> </tr> <tr> <td>MANSA</td> <td>1.260</td> <td>1.150</td> <td>1.185</td> </tr> </tbody> </table> <p>There is a very large element of doubt on the validity of the container traffic projections submitted by JNPT.</p>	Source	2005-06	2006-07	2007-08	JN Port	1.100	0.950	1.000	RITES	1.145	1.202	1.238	MANSA	1.260	1.150	1.185	Same as (i) above.												
Source	2005-06	2006-07	2007-08																											
JN Port	1.100	0.950	1.000																											
RITES	1.145	1.202	1.238																											
MANSA	1.260	1.150	1.185																											
(iii).	<p>The revised tariff guidelines require that while the financial position of the port as a whole will be considered for determining the Scale of Rates, the policy is also to ensure that the surplus sub-activity is not unnecessarily burdened with the losses of other sub-activity. The generally larger profitable container activity should not be required to bear additional cost in order to sustain the loss being suffered in the minor bulk activity.</p>	The projections made by MANSA for the year 2006-07 and 2007-08 is on the higher side, without considering the 3 rd Terminal operations. This trend was seen when NSICT came into existence where JNP terminal traffic was reduced. Bearing this in mind, projections were reasonably made. JNPT sticks by its traffic projections.																												
(iv).	<p>Given the larger element doubt concerning the traffic forecast, it may be advisable to keep the increase in abeyance until mid 2005-06 or so when traffic availability, increase in port capacities and terminal capabilities can be better gauged.</p>	As per the TAMP guidelines cross subsidization will continue for operating costs and return on capital employed of the concerned activity/sub-activity.																												
(i).	<p><u>The Container Shipping Lines Association (India) [CSLA]</u></p> <p>In our understanding 15% is the maximum permissible level of ROCE that is allowed. No one stops a port/ terminal operator to seek a level lower than 15%. There are very few business establishments in shipping, transport and infrastructure that can be guaranteed this kind of return. This alone cannot be the basis for JNPT to seek a tariff increase of 16% in container handling and storage charges. As long as the terminal operator is allowed a decent return on investment to enhance terminal facilities through greater investments, it is fine with us.</p>	The port is a commercial organization working for profit and it expects to earn a reasonable return for its investments. The argument by CSLA to fix reasonable return less than return fixed by TAMP at 15% cannot be accepted by any commercial entity. The increase sought is justified by value addition to the services, by bringing RDT system, 2 new RMQCs, 20 new TTs etc.																												
(ii).	<p>JNPT has projected Rs.1000 crores as revenue share/royalty in the next 5 years out of which Rs.800 crores will be used for capital dredging and any other infrastructure. The question is, should the balance not be considered as part of projected income for tariff fixation.</p> <p>NSICT has been operational since March 1999</p>	As regards the BOT income which has to be utilized for infrastructure development, the expenditure on infrastructure over next 3 years is Rs.1350 crores which includes first phase of capital dredging. In addition, second phase of capital dredging is expected to Rs.1150 crores. As income from BOT received are not considered as part operating																												

	<p>and JNPT has been accruing royalty income since then. It will be helpful to understand how much has been the accrual on this count to date, what has been the amount spent from the same and what will be the treatment to the rest. From the financial statement submitted with the proposal, the royalty income does not appear to have been included in actual operating income for 2003-04 and 2004-05. Thus, if above two accruals are considered as part of operating income, there may not be a need for JNPT to raise additional Rs. 55 Crores per annum through tariff increase in order to achieve overall ROCE of 15%.</p>	<p>income the same will be utilised for infrastructure development. The infrastructure so calculated will not form part of Capital employed.</p>
(iii).	<p>The marine income of JNPT comes both from vessels calling their own terminal and the BOT Terminals. Even if there is shift of business from JNPT terminal to the BOT terminal, JNPT income remains intact and not go down as shown in the cost statement for marine, which considers the position without BOT terminals.</p>	<p>No specific comments furnished</p>
(iv).	<p>In order to achieve an overall ROCE of 15%, JNPT's strategy to make the container operations to cross subsidize the shortfall in the bulk operation is unjustified. In fact, there cannot be losses in the bulk operations, as the bulk operations are being replaced with BOT business of container operations (GTI) where JNPT will earn from revenue share. If the ROCE is recalculated, there will be one more reason to believe that the overall targeted ROCE by JNPT is already achieved and there is no case whatsoever for giving any increase in any tariff item.</p> <p>In the case of NSCIT, TAMP had reviewed actual physical and financial performance at the end of the tariff period and revised their tariff downwards in August 2005. Should TAMP do a similar exercise for JNPT, it may well become evident that a tariff increase for container related charges is unwarranted, and there could actually be a case for tariff reduction.</p>	<p>The Cost statements are prepared purely on terminal basis. Royalty/ Revenue share and VRC from BOT operations will be used for infrastructure development. Both Bulk and Marine activities reflect negative ROCE. Therefore, the question of any further reduction in VRC or CRC does not arise. Any reduction will adversely affect infrastructure development activities. Shifting vessel from one terminal to other terminal can be both ways and not only from BOT terminals to JNP terminal as commented. In addition, they are not material when compared to the No. of vessels handled.</p>
(v).	<p>The traffic projections by JNPT seem to be very conservative. It has shown a decrease of 13.6% in 2006-07 citing possible diversion of business to GTI and 6% increase the next year (2007-08) over 2006-07 figures. While, some traffic diversion to GTI is not ruled out, JNPT must realize that the North-West Indian traffic is poised to have a CAGR of at least 18% in the coming years and JNPT can thus have ample opportunity to grow. Infact, Nhava-Sheva as a whole could not grow in the last year more than 5% because of capacity constraint, due to which business migrated to other competing ports in the region. With capacity being added with the commissioning of the 3rd terminal (GTI) in 2006, Nhava-Sheva as a whole can regain business that had migrated. Thus, JNPT can only register growth at a higher level than projected if it</p>	<p>Reasonable traffic projections are made considering the empirical facts. The basis of projections made by different agencies is not clear to JNPT.</p>

	continues to compete by giving efficient service. Infact, there is a case for 4 th terminal to be taken up for development at Nhava-Sheva.	
(vi).	If JNPT does not want to consider the growth in their volumes, then, their capital expenditure of Rs.306.5 crores on equipments from 2005 to 2008 as projected may not also be justified. Thus, if the financials presented by JNPT is reworked considering these projections, the results will most certainly show even better picture, which once again goes to prove that no increase to tariff is required.	No specific comments furnished.
(vii).	The financial show a very steep increase in depreciation from the year tariff increase is being proposed.	Steep increase in depreciation is on account of switch over from straight-line method to WDV method using the rates applicable for companies as specified in the TAMP guidelines.
(vii).	The dredging cost continues to show an increase albeit the fact that a separate capital dredging exercise is being undertaken during this period for which there is a separate outlay of funds.	Even though there is proposal for capital dredging of the channel, the maintenance dredging will be there till the project is started and will continue after completion of the work to maintain the depth of the channel. With normal inflation and increase in cost of inputs, there is bound to be increase in dredging expenses.
(viii).	Shifting of vessels within the terminal on users request happens not even in 5% cases. Thus, the rest 95% users are being burdened with the cost of this element included in composite pilotage fees. The current pilotage-cum-towing have to be reduced by 20% and a separate tariff item for shifting on users request can be introduced in the Scale of Rates for this amount for those who require this services.	In the earlier tariff, vessels requisitioning pilot services for shifting from one berth to another were charged additional 20%. Subsequently, in the next revision, TAMP gave a concession for one shifting. It is not clear, how a concession given for one shifting is causing a burden for other 95% users. In that case, the concession should be withdrawn. The vessel shifting between the terminals is not material as commented, it is only 5% and the variable cost involved is very less. However, JNPT will welcome this step of charging additional amount on users' request without changing the existing tariff.
(ix).	Despite the 10% reduction in vessel related charges in August 2004, JNPT's vessel related charges continues to be one of the highest in the world and need to be rationalized further especially if the JNPT aspires to be a major transshipment hub on the west coast. Cost per TEU in the top 10 ports with highest port call cost ranges from 9.04\$ to 12.30\$. The cost per TEU for Nhava-Sheva is 12.02\$. The call cost in all 10 ports except Nhava-Sheva is as per actuals in 2002. The Nhava-Sheva cost is at current level, it is infact 10% less than what was in 2002 and the berth hire is also less, has changed from 24-hour slab in 2002 to a hourly rate currently. To begin with, a per call cost for container vessels be capped at a maximum of what works out per call for a 35,000 GRT which means that any vessel about 35,000 GRT for the same duration of ports stated do not pay anything more than applicable for a 35,000 GRT vessels.	As regards the comparison of vessel related charges with the other ports in the world, there needs to be a comparison of the length of towing and piloting of vessels and costs involved in that country/ area. In addition to the above, the charges are to be compared with the relevant existing tariff and not 3 years old tariff. Comparison of charges cannot be made only to a type of service and it should be made for overall services considering the locational factors. One also has to take into account the Government aids and other assistances, being received for capital dredging, which JNPT is not receiving.
(x).	The proposal for an increase in container handling and storage charges may be rejected	No specific comments furnished.

	and the marine cost may be revised. In order to keep JNPT enthused to increase its efficiency and improve infrastructure, the current level of container handling and storage charges may be maintained.	
	<u>Bombay Chamber of Commerce and Industry (BCCI)</u> In the interest of the trade, the proposed increase in rates by JNPT may be deferred by a year, by which a more realistic picture would emerge in terms of actual throughput and the consequent revenues.	We are not in agreement with the BCCI's comments. Our traffic projections are realistic and the increase in rates should be granted at the earliest.
(i).	<u>Indian Merchant's Chamber (IMC)</u> We do not have JNPT financial data, with regard to the justification by the port for the said increase desired.	The financial data as required, has been provided to the Authority, which can be forwarded to the IMC. JNPT has forwarded the additional future capital expenditure, which brings out of the proposed up-gradation projects.
(ii).	When the port was created in 1989, with huge investment being made, the tariffs were substantially high, and the same was justified on the grounds that lower volumes of cargo were being handled at JNPT. Now in 2005, when the JNPT has achieved a target of plus 2 million containers annually and the investment has not increased in the same proportionate, as to the quantum of containers handled at the time of inauguration of the port we see absolutely no justifiable reason, as to why the revision has been sought by the JNPT authorities.	Our proposal for tariff increase is based on the guidelines issued by the Authority i.e., namely ROCE of 15%. We reiterate our proposal for 16% increase in the container related charges. Treatment of Royalty and Revenue Share are as per TAMP guidelines. While it is a fact that traffic has gone up, costs have also gone up, both revenue and capital. Our proposal is, therefore, justified based on the ROCE parameters fixed by TAMP.
(iii).	It has also not been amplified as to what are the additional future development projects or investments that are being undertaken by the JNPT to substantiate their demand for over all 20% increase in their tariffs.	No specific comments furnished.
(iv).	JNPT had privatized a Container terminal in 1998 to NSICT, and in 2005 they have leased another Container Terminal to a consortium of Maersk and CONCOR. The proposal on the possibility of a fourth port terminal also being leased to the private sector has been announced. Keeping in mind the said developments the tremendous royalty / profit sharing income, that the port would receive the proposal received from JNPT carries no justifiable reason for the increase to be considered.	No specific comments furnished.
(v).	The chamber has also sought the following information:	The onus of the movement of containers from port to CFS is basically on the CFS operator. As per the practice followed, CFS operator has to collect container from port after submitting the job order and move the containers to the respective CFS. Hence, any delay in movement of container from port to nominated CFS is not the responsibility of the port and port cannot be made accountable for such delay. However port is geared up to effect the deliveries of containers within free
	(a). What are the proposed up-gradation projects of the port facility, that are to be undertaken?	
	(b). How will port be accountable for the delays in movement of the containers in the port to the nominated CFSS which result in recovery from the trade huge container detention charges and port warehouse charges?	

	<p>(c). How would port be accountable for ensuring that the Gates are not closed and precious export cargo not shut-out, and exporters incurring huge losses, whereas the port continues to recover its dues without any responsibilities.</p> <p>If the port authorities could convey the above information the industry is willing to re-look on the said proposal.</p>	<p>period allowed as per TAMP and this has already resulted in reduction of dwell time of import containers to less than one day for the last two months.</p> <p>JNPCT has never closed their gates for export containers before the cut off period as per the prevailing practices and hence no shut outs on account of closing of the gates has been experienced at the terminal. JNPCT is geared up to accept all the export boxes which are in a position to enter the terminal gates till cut off time declared to the trade well in advance.</p>
--	---	--

2 A joint hearing in the case in reference was held on 13 January 2006 at the Office of the Authority. The JNPT and the users made the following submissions at the joint hearing:

Jawaharlal Nehru Port Trust (JNPT)

- (i). Our present tariff was fixed in 1997. They are not yet revised despite inflation in price. This itself is a justification for increase now.
- (ii). TAMP has reduced our VRC by 10%. Coastal concessions granted have also revenue implications.
- (iii). Our proposal is purely terminal based. BOT income is excluded from analysis.
- (iv). It is our responsibility as landlord to develop infrastructure facilities. This needs huge investment.
- (v). TAMP policy of eliminating cross-subsidisation should be followed in our case strictly. Therefore, BOT income should be excluded to assess the tariff requirement of our business activities.
- (vi). Repair and maintenance cost is projected to increase by 20% due to ageing of the equipment.
- (vii). CFS activity assets are removed by container activity.
- (viii). The resultant position is that the port does not earn the permissible return of 15%. Therefore, the proposal to increase the container tariff.
- (ix). Even the proposed increase of 16% will not wipe out the deficit fully.
- (x). We have fully eliminated all the assets handed over to BOT operation due to conversion of bulk terminal into 3rd container terminal.

Mumbai and Nhava-Sheva Ship Agents Association (MANSA):

- (i). The traffic projection furnished by JNPT appears to be not realistic. We have made an independent assessment of traffic. Import growth will be around 14%

and export will be 17%. Average growth will be around 15.5% for the period 2004-05 to 2014-2015.

- (ii). If traffic is realistically adjusted, ROCE for JNPT will be 19.5%.
- (iii). GTL commencement will not drive away traffic from JNPT. Traffic diverted to other ports due to saturation will in fact come back.
- (iv). JNPT should continue with the existing level at least for one year and then review position.
- (v). Cost of bulk terminal going up is not justified considering the fact that this terminal has already been handed over to BOT operator.

Container Shipping Lines Association (India) [CSLA]

- (i). We reiterate our views given earlier.
- (ii). There is no case for any increase in tariff. There is, however, a strong case for reduction in tariff – particularly in VRC.
- (iii). As a starting point vessels above 35000 GRT, should be made to pay at the level of 35000 GRT.

Bombay Chamber of Commerce and Industry (BCCI)

- (i). JNPT's own projection given recently in infrastructure development is much more than shown in the tariff proposal. We will send a copy of the presentation to TAMP's record.

[CM(O) JNPT says they agree that they have made such presentation]

- (ii). There does not appear to be any case for revision now. The position can be reviewed after one year.

Shipping Corporation of India (SCI):

- (i). We generally endorse the submission of MANSA.

Nhava-Sheva International Container Terminal Ltd. (NSICT):

- (i). We agree with JNPT to use money from BOT operation for infrastructure development.

3. To give an opportunity to JNPT, an hearing was held on 29 August 2006 in the office of this Authority and the JNPT attended the hearing and reiterated the following points made in its written submission dated 25 August 2006.

- (i). Capital dredging project is based on the present tariff. Reduction in tariff will affect the viability of the project. If viability is not established such project

cannot be taken up as per the recent Government orders on expenditure management.

- (ii). BOT income may not be considered till decision of the Government is received.
- (iii). We do not accept moderation of estimates on the basis of past figures. It will not represent correct picture of the future.
- (iv). Adjustment of past surplus is not acceptable. It is application of the revised guidelines retrospectively.
- (v). We are taking over the leased cranes after completion of the lease period. There will be substantial increase in the R & M of these cranes. Normal escalation in this case is not proper.
- (vi). Expenditure on ISPS need not be moderated.
- (vii). We are billing penalty for shortfall in MGT but not realizing this income. We may have to write off this ultimately. TAMP has considered income and not considered the corresponding debtors. It is not correct.

(To a query by Chairman, Shri. Vasudeva Rao, Deputy Manager, JNPT stated that income tax department has taken into account this income for tax assessment of JNPT and JNPT is required to pay taxes for this)

- (viii). There is fluctuation in exchange rate. Consideration of exchange rate prevailing at the time of finalisation is not correct. Average exchange rate for the past three years is appropriate.

- - - - -