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**TARIFF AUTHORITY FOR MAJOR PORTS**

G. No. : 61

New Delhi, May 2005

**NOTIFICATION**

In exercise of the powers conferred by Section 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 Kolkata Port Trust for extension of the validity of the existing Scale of Rates and the special rate fixed to meet the liability on account of arrears of salary, wages and pension as in the order appended hereto.

**( A.L. Bongirwar )**  
Chairman

**Tariff Authority for Major Ports**  
**Case No. TAMP/80/2000 - CPT**

The Kolkata Port Trust

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Applicant

**ORDER**

(Passed on this 25<sup>th</sup> day of April 2005)

This case relates to a proposal from the Kolkata Port Trust (KOPT) for extension of the validity of the existing Scale of Rates and the special rate fixed to meet the liability on account of arrears of salary, wages and pension beyond 31 March 2005.

2.1 The Scale of Rates of the Kolkata Port Trust (KOPT) with respect to cargo and vessel related charges was last revised in April 2001 with a validity period of two years. To meet the liability on account of arrears of salary, wages and retirement benefits arising out of various Government Orders issued till 31 December 2000, the KOPT was permitted to levy a special rate as a percentage of various charges notified in the Scale of Rates for a period of 4 years commencing from the financial year 2001-02. The special rate for the financial years 2001-02 and 2002-03 was prescribed at 10% of the respective charges payable by the port users. The quantum of special rate for subsequent period was to be fixed after a review of the financial position at the end of the initial two years period.

2.2. Subsequently, on the proposals of the KOPT the special rate was allowed to continue to be levied at 10% of the applicable charges till end of the financial year 2004-05 and the validity of the Scale of Rates was extended accordingly. The KOPT was directed to submit its proposal for general review of the Scale of Rates as well as its proposal for review of estate rentals at Kolkata latest by end of September 2004.

3.1 The KOPT has informed that its has already finalised its proposal for general revision of Scale of Rates and stated that the tariff proposal would be placed before its Board of Trustees for consideration in its next meeting. It may be significant to note that in the meanwhile, the Ministry of Shipping, Road Transport & Highways (MSRTH) has recently issued revised guidelines for tariff fixation under Section 111 of the Major Port Trust Act, 1963. In compliance with the direction from the MSRTH, the Authority has notified the revised guidelines for tariff fixation on 31 March 2005.

3.2 The revised guidelines prescribe specific guidelines to be followed while filing the cost statement for tariff revision / fixation with reference to treatment of royalty/ revenue share receivable by the Port Trust, categorisation of assets, computation of return on capital employed, computation of depreciation etc., various other guidelines have been prescribed in respect of cargo / container and vessel related charges. In view of this

position, and also recognising that validity of the tariff to be approved by the Authority will be for a period of three years under revised arrangement, the KOPT may have to re-look at the tariff proposal reportedly finalised by it to ensure that it complies with the revised guidelines. Since the validity of the existing Scale of Rates of KOPT has already expired, continuation of the existing Scale of Rates is necessary. This Authority is, therefore, inclined to accord approval to extend the validity of the existing Scale of Rates of the KOPT upto 30 September 2005.

4. The revised estimates of the total liability on account of arrears of salaries, wages, pension benefits and interest payable on bank loans obtained for releasing arrears, accrued upto 31 March 2001 is reported at Rs.277.89 crores. From the audited position furnished by the port in this regard, it is found that the port has discharged this liability to the extent of Rs.249.04 crores upto 31 January 2005. It has further stated that Rs.56.27 crores is estimated to be realised out of the special rate upto 31 March 2006. The revenue generated and to be generated from the special rate, the total revised liabilities accrued on account of arrear liabilities and the quantum of arrear liabilities already discharged have been certified by the audit.

5. As stated earlier, the KOPT has proposed to extend the 10% special rate upto 31 July 2006. Since the KOPT has to revise its proposal for general revision of its Scale of Rates bearing in mind the revised tariff guidelines, the quantum and duration for special rate can be further assessed with reference to the revenue model to be adopted under the revised tariff regime. Till such time, considering the quantum of arrear liabilities reported by KOPT, this Authority is inclined to approve the extension of 10% special rate on the applicable charges for a period upto 30 September 2005.

6. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the extension of the validity of the existing Scale of Rates of KOPT for a further period upto 30 September 2005. The special rate will continue to be levied at 10% of the applicable charges for the period 1 April 2005 to 30 September 2005.

7. The KOPT is directed to submit its proposal for general review of its Scale of Rates bearing in mind the revised guidelines for tariff fixation on or before 30 June 2005 positively.

**( A.L. Bongirwar )**  
Chairman