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TARIFF AUTHORITY FOR MAJOR PORTS

G. No. : 34

New Delhi, 6 February 2007

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 Kolkata 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/45/2005 – KOPT

Kolkata Port Trust

Applicant

ORDER

(Passed on this 29th day of December 2006)

This case relates to the general revision proposal dated 22 July 2005 received from the Kolkata Port Trust for revision of its Scale of Rates.

2.1. The KOPT has reported that its proposal incorporates the necessary changes brought out by the revised tariff guidelines of 2005. The main points made by the KOPT are summarised below:

- (i). The proposed Scale of Rates is for the KOPT as a whole and not for any individual dock system. Wharfage on import load cargo is an exception.

Three rates have been proposed for import load container categories for Kolkata Dock System (KDS) depending upon the type of Cargo, whereas, single wharfage rate for Import Load Container for all types of Cargo has been proposed for Haldia Dock Complex (HDC). Single rate in case of KDS, at this stage, may result in considerable loss of revenue.

- (ii). The part of Scale of Rates dealing with rates in respect of Permits/ Licences has been dropped from the proposed Scale of Rates since Permits/ Licences are not charges related to services rendered to Cargo or Vessel and does not come under the purview of Section 48 of MPT Act. Permit and Licences are an administrative mechanism to restrict and regulate free access to the restricted area of the Port.
- (iii). In compliance with the directive of TAMP during the last revision of the Scale of Rates of KOPT to segregate On-board charges and Wharfage at HDC, separate rates have been proposed for On-board handling and Shore handling.

- (iv). (a). Charges for Containers and Containerised Cargo are to be realized from Importers/Exporters or their Clearing and Forwarding Agents at both the Dock Systems. This has been done, to give transparency regarding actual charges payable by Importers/ Exporters and charges levied by Main Line Operators/ Container Agents for their services.
- (b). Terminal Handling Charges (THC) levied by Main Line Operators/Container Agents of Importers/Exporters would exclude Port charges once proposed Scale of Rates comes into force.
- (v). In consideration of representations made to KoPT about high demurrage structure, demurrage rates for Cargo other than Hazardous-I have been lowered and slab rates are proposed instead of present flat rates.
- (vi). Various rebates have been proposed depending on the volume of Cargo/ Containers handled.
- (vii). Instead of present system of charging container and cargo inside the Container separately, consolidated Storage rates have been proposed in case of loaded containers.
- (viii). Concessional rates for Coastal Cargo/Containers/Vessels have been incorporated in the proposed Scale of Rates as per TAMP's recent directives.
- (ix). Single slab rates have been proposed for Berth Hire and Port Dues instead of existing multi slab rates as per the revised Tariff guidelines. This may result in some increase in the rates for vessels upto 3000 GRT. Concessional rates for Andaman sector Coastal Vessel have been retained in the proposed Scale of Rates.
- (x). Following the revised Tariff guidelines, slab rates have been proposed for Pilotage. The rates for the second and third slab have been proposed at 20% and 30% less than the first slab on incremental GRT.
- (xi). Port dues for Foreign going Vessels has been increased from the existing 30 cent per GRT to 38 cent per GRT to make good a portion of revenue loss that might have resulted from the revised Tariff guidelines on the slab structure of Berth Hire, Pilotage and Port Dues and also with regard to rates for Coastal Vessel.
- (xii). In order to promote Inland Water Transport and Lighterage Cargo, rate structure for IWT and Lighterage Cargo has been made giving incentive.
- (xiii). A marginal increase in rates of Wharfage for foreign containers and foreign containerised Cargo have been proposed to protect the likely loss of income arising out of concessional rates for Coastal Cargo/Container/Vessel.

- (xiv). The existing Box rates at KDS are inclusive of Local Haulage Charge in case of Rail movements of ICD Containers. At HDC, the Local Haulage Charge is being levied separately at Rs.200/- per 8 wheeler, since HDS's existing rates do not include local Haulage services. A common rate at Rs.200/- per 8-Wheeler, as Local Haulage Charge on Wagons carrying ICD containers has been proposed for KOPT as a whole. The rate of Rs.200/- per 8-Wheeler was approved by the Board of Trustees of KOPT in the year 1985.
- (xv). With reference to the 10% Special Rate of the respective charges payable by the Port Users to meet the liability accrued upto 31st December, 2000 on account of arrears of Salary, Wages and retirement benefits arising out of various Government Orders issued before 31st December, 2000, the total arrear liability would be Rs.277.89 crores as on 31st March, 2005 and it will increase due to interest on Loans and settlement of pending arrear bills. The total revenue generated/estimated to be generated from 10% Special Rate as on 30th June 2005 is Rs.213.37 crores. Since the KOPT is yet to recover the balance amount (Rs.64.52 crores) of estimated liability in this regard, 10% Special Rate may be continued to be levied till 31st March 2007.

2.2. The Board of Trustees of the KOPT has approved the tariff proposal in its meeting held on 17 June 2005.

2.3. The highlights of the KOPT proposal are as follows:

- (i). Scale of Rates for port as a whole (not for individual dock system).
- (ii). Segregation of on-board charges and wharfage charges.
- (iii). Demurrage rates have been lowered.
- (iv). Incentive in the rate structure for Inland water transport and lighterage cargo.
- (v). Marginal increase in wharfage for foreign containers, foreign containerised cargo.
- (vi). Marginal increase in port dues for foreign-going vessels.
- (vii). Extension of 10% special rate upto 31 March 2007.
- (viii). The percentage increase/ decrease sought by KOPT over the existing respective tariff of KDS and HDC, are as follows:

Sr.No.	Item	% increase/ decrease	
		KDS	HDC
1	Wharfage + Onboard	10% to 70% reduction	10% to 40% reduction for some items and around

	handling + Shore handling		20% to 50% increase for some items
2	Berth Hire	The decrease is to the extent of 40% to 50% for vessels upto 3000 GRT. For vessels of higher GRT, the rate of decrease is more.	The decrease is to the extent of 14% to 30% for vessels upto 3000 GRT. For vessels of higher GRT, there is a % increase of around 19%
3	Pilotage	The decrease is to the extent of 38% to 90% for vessels upto 15000 GRT and around 50% decrease for vessels above 15000 GRT	The decrease is to the extent of 2% to 10% for all vessels
4	Port Dues	Around 26% increase	

- 2.4. (a). The deficit position after ROCE as reported by KOPT and the estimated additional revenue on account of the proposed revision in rates are given below:

(Rs. in lakhs)

Sl. No.	Particulars	KDS			HDC			Total KOPT		
		2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
1.	Deficit position before Int. & after ROCE	18259.50 (75.47%)	19029.81 (74.32%)	18206.47 (67.24%)	6079.15 (8.56%)	5231.14 (6.90%)	1756.29 (2.18%)	24338.65 (25.56%)	24260.95 (23.92%)	19962.76 (18.58%)
2.	Additional income									
(i).	Cargo Handling & storage	35.41	114.54	507.96	564.00	96.33	190.15	599.41	210.87	698.11
(ii).	Port & Dock charges	78.16	94.17	109.37	626.96	727.00	825.98	705.12	821.17	935.35
	Total	113.57	208.71	617.33	1190.96	823.33	1016.13	1304.53	1131.02	1633.46

- (b). 10% Special Rate

Total Arrear Liability as on 31.3.2005 (Subject to increase due to interest on loans and settlement of pending bills)	Rs.277.89 crores
Estimated revenue generation as on 30.6.2005	Rs. 213.37 crores
Short fall	Rs.64.52 crores

- 2.5. After the submission of its proposal in July 2005, the KOPT vide its letter dated 7 October 2005 proposed for inclusion of rates for removal of hatch cover in the proposed Scale of Rates stating that the port's Scale of Rates does not contain any rates for opening of the hatch cover and replacement of it. The proposed rate is Rs.2000 per hatch cover. If only one operation is carried out, 50% of the proposed charge will be levied.

2.6. In April 2006, the KOPT requested to incorporate the following existing provision in the proposed Scale of Rates at Section 4.13, which is reported to be erroneously left out:

“On un-specified cargo” which is sold by auction, tender or otherwise where the CIF / FOB value is not available wharfage shall be levied at Rs.200 per tonne or part thereof.”

2.7. Under Section 20 of the draft Scale of Rates filed by KOPT in July 2005, KOPT had proposed concession in vessel related charges for vessels arriving only for dry-docking and vessel availing of dry-docking facilities after cargo discharge / passenger dis-embarkation at KOPT. In its subsequent communication dated 6 April 2006, the KOPT has filed revised proposal, as approved by its Board of trustees for enhancing the concession in vessel related charges from 50% to 75%; and, made a request to incorporate the revised provisions as contained in Appendix – VI of its letter dated 6 April 2006.

3.1. In accordance with the consultative procedure prescribed, the proposal filed by the KOPT was forwarded to the International Seaport (Haldia) Private Limited (ISHPL), TM International Logistics Limited (TMILL) and the concerned user organisations for their comments.

3.2. The comments received from the ISHPL, TMILL and concerned user organizations were forwarded to KOPT as feed back information. The KOPT has responded to the comments furnished by the users on its proposal.

4. The KOPT has, however, not responded to some of the written submissions made by the users / user organisations.

5.1. As stated earlier, the KOPT vide its letter dated 7 October 2005 has requested to consider the inclusion of rate of Rs.2000/- for opening of Hatch Cover and replacing it by mobile harbour crane (MHC) / Rail Mounted Quay Crane (RMQC) / any other port equipments, with a note that if only one operation is carried out, half of the Hatch Cover handling charge rates as specified shall be levied.

The KOPT has further reported that after introduction of MHCs for “container handling” at KDS, Vessel Agents have requested use of MHCs for “removal / repositioning of Hatch Cover of container vessels” and it expects similar request at HDC after introducing RMQC at HDC for container handling operation.

5.2. The proposal was forwarded to the concerned user organizations for their comments.

5.3. In the meanwhile, we received references from ASIC, CALFO & CSLA, with regard to the charges levied by KOPT for off-loading and re-loading of pantoon from container vessels by MHC and RMQC at KOPT.

5.4. A copy each of ASIC’s letter dated 8 February 2006, CALFO’s letter dated 17 February 2006 and CSLA’s e-mail dated 27 February 2006 was forwarded to KOPT for its

comments vide our letter dated 3 March 2006 (F.No.TAMP/3/2003-Misc.). The KOPT was also requested vide our letter dated 9 March 2006 to justify the proposed rates with cost details.

6.1. The KOPT vide its letter dated 18 March 2006, letter dated 28 March 2006 and 22 August 2006 furnished the following comments and cost justification for the charges levied for removal of hatch cover by MHC and RMQC:

KOPT letter dated 18 March 2006:

- (i). KOPT will undertake integrated on-board and shore operations to handle container vessels at berth No. 5 and 8 N.S. dock by utilizing mobile harbour cranes as a stevedore and will pay necessary charges to the Calcutta Dock Labour Board.
- (ii). KOPT has decided to recover charges for giving such integrated service at Rs.750/- per 20' container + 10% special rate and applicable service tax for use of mobile harbour crane with effect from 1 April 2005 on ad-hoc basis subject to final approval of TAMP. Port users are regularly taking the payment for the services rendered subject to finalisation of rates by TAMP.
- (iii). TAMP may ratify the rate for recovery of charge for working of MHC for handling of containers at KDS with retrospective effect from 1/4/2005.

Letter dated 28 March 2006

- (i). The Board of Trustees of KOPT in its meeting held on 28 March 2005, approved move basis charges to open and close hatch cover by MHC / RMQC/ any other port equipment.
- (ii). During the period from 1 April 2005 to 26 January 2006 the port has not imposed any additional hatch cover handling charges as such. The vessels availing of such service have been charged on 'move' basis only taking the opening of hatch cover by MHC / RMQC / any other port equipment as equivalent to a move and closing of hatch cover by MHC / RMQC / any other port equipment as another move. The port has only billed the vessel operators who actually availed of such service for their vessel's work getting done by opening / closing of hatch cover. This may be treated as undercharge billing.
- (iii). From 27 January 2006 onwards, vessel operators are being billed for this service in line with the decision approved by the Board to levy Rs.2000/- per opening / closing operation.
- (iv). M/s. A.S. Shipping Agencies Pvt. Ltd., and M/s. Seaways Shipping Ltd., who are regular port users, have indicated their acceptance of the charges fixed by the Board of Trustees of KOPT vide Board resolution No. 09 in its meeting held on 27 January 2006.

Letter dated 22 August 2006:

- (i). MHC for handling of hatch cover / containers at KDS have been provided by a private service provider and KOPT has not made any investment for the said equipment.
- (ii). KOPT is required to pay to the contractor Rs.895/- per move at normal level of performance. Since removal and replacement of hatch cover involves two moves, the amount involved will be Rs.1790/- at normal level of performance. But, as opening of hatch cover and replacement of the same is unique in nature, this cannot be directly related with normal level of performance. The hook cycle time for handling of hatch cover is always more than the hook cycle time of handling of containers and this justifies a higher rate than the per move rate of container at normal level of performance. Therefore, KOPT has proposed a rate of Rs.2000/- per hatch cover involving two moves.
- (iii). The proposed rate is quite comparable with the rates in force in other container handling major ports.
- (iv). Since adoption of common rate structure for the two dock systems is decided by KOPT, the same rate for handling of hatch cover by RMQC at HDC is proposed. The port has made the investment for RMQC at HDC.

6.2. The KOPT vide its letter dated 23 March 2006 has forwarded to us a copy of the letter from CCHAA indicating their acceptance to the charges for use of MHC for handling container at KDS.

7. Based on the preliminary scrutiny of the proposal, the KOPT was requested to furnish the following additional information /clarifications on various points vide our letter dated 13 January 2006. The KOPT vide its letters dated 6 April 2006 and 17 May 2006 has furnished its replies. The queries raised by us and the replies furnished by KOPT are tabulated below:

Sr. No.	Additional information / clarification sought by TAMP	Additional information / clarification furnished by KOPT
I.	General	
(i).	At the time of last general revision of the Scale of Rates of KOPT in April 2001, review of tariff was on the basis of projections and estimates made by it for the years 2001-02 and 2002-03. The KOPT has continued to operate its facilities for the years 2003-04 and 2004-05 based on the tariff fixation in April 2001 subject to subsequent coastal concessions introduced. Clause 2.13 of revised tariff guidelines requires this Authority to review the actual physical and financial performance with reference to the projections relied upon at the time of fixing the prevailing tariff. The KOPT is, therefore, requested to furnish an analysis of variation for the years 2001-02 to 2004-05, in actual physical and financial performance with reference to projections relied upon for fixation of existing tariff duly explaining the reasons for such variations.	Original forecast for 2001-02 and 2002-03 for both tonnage handling and income along with actual tonnage handled and actual income for the two years and the resultant variance is furnished by KOPT. Forecast for 2003-04 and 2004-05 was not made at the time of last revision of scale of rates. However actual figures are available in the cost statements. (KOPT has not furnished variance in expenditure) (i). There is negative variance of around 33% and 23% for the year 2001-02 and 2002-03 respectively in POL (Crude) Traffic. (ii). A positive variance of around 54% and 51% for the year 2001-02 and 2002-03 as observed in respect of traffic of POL Products. (iii). There is substantial positive variance in respect of iron ore to the extent of 493% and 574% for the two years in reference. (iv). The total traffic handled by KOPT in the year 2001-02 was less by around 29% as compared to the estimates. However, in the year 2002-03, the port has handled cargo around 14% more than the estimate.
(ii).	The revised tariff guidelines stipulate that tariff should be linked to the benchmark of the levels of productivity. The KOPT has not indicated anything about productivity levels to be maintained for	The notification on guidelines was received in April 2005. The fixation of productivity norms would require in-depth time and motion study on all areas. Such exercise is time consuming since relevant data is not readily available and hence fixation of rates based on productivity norms can be effected in the next scale of rates.

	various operations / services.																																																																															
(iii).	<p>(a). The Annual Accounts of KOPT for the year 2003-04 and 2004-05 reveal that KOPT has received income from BOT contracts. The KOPT may furnish breakup of BOT income from all the BOT agreements for all the years under consideration. The breakup should include upfront payment, lease rental, royalty / revenue share, etc. Vessel related income for the relevant years from the BOT berths may also be furnished terminal-wise.</p>	<p>(a) The Income from BOT contracts including upfront fees relates to HDC only as per statement shown below:</p> <p style="text-align: right;">(Rs. in Lakhs)</p> <table border="1" data-bbox="670 347 1460 1041"> <thead> <tr> <th>Particulars</th> <th>2001-02</th> <th>2002-03</th> <th>2003-04</th> <th>2004-05</th> <th>2005-06*</th> </tr> </thead> <tbody> <tr> <td colspan="6">BERTH NO. 12</td> </tr> <tr> <td>a) Royalty Charges</td> <td>-</td> <td>168.50</td> <td>170.23</td> <td>200.89</td> <td>296.90</td> </tr> <tr> <td>b) Vessel Charges</td> <td>-</td> <td>556.99</td> <td>404.23</td> <td>464.73</td> <td>657.22</td> </tr> <tr> <td>c) Land Earnings</td> <td>6.36</td> <td>36.69</td> <td>38.52</td> <td>40.45</td> <td>40.13</td> </tr> <tr> <td>SubTotal</td> <td>6.36</td> <td>762.18</td> <td>612.98</td> <td>706.07</td> <td>994.25</td> </tr> <tr> <td colspan="6">BERTH NO. 4A</td> </tr> <tr> <td>a) Royalty Charges</td> <td>-</td> <td>-</td> <td>290.34</td> <td>1270.95</td> <td>1322.29</td> </tr> <tr> <td>b) Vessel Charges</td> <td>-</td> <td>-</td> <td>306.30</td> <td>1500.95</td> <td>1461.48</td> </tr> <tr> <td>c) Land Earnings</td> <td>-</td> <td>37.64</td> <td>287.08</td> <td>300.10</td> <td>291.31</td> </tr> <tr> <td>SubTotal</td> <td>0.00</td> <td>37.64</td> <td>883.72</td> <td>3072.00</td> <td>3075.08</td> </tr> <tr> <td>Grand Total</td> <td>6.36</td> <td>799.82</td> <td>1496.70</td> <td>3778.07</td> <td>4069.33</td> </tr> </tbody> </table> <table border="1" data-bbox="726 918 1220 1041"> <thead> <tr> <th>Upfront Fees:</th> <th>Rs.In Lakhs</th> </tr> </thead> <tbody> <tr> <td>Berth No. 12</td> <td>707.58</td> </tr> <tr> <td>Berth No. 4A</td> <td>1075.32</td> </tr> </tbody> </table>	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06*	BERTH NO. 12						a) Royalty Charges	-	168.50	170.23	200.89	296.90	b) Vessel Charges	-	556.99	404.23	464.73	657.22	c) Land Earnings	6.36	36.69	38.52	40.45	40.13	SubTotal	6.36	762.18	612.98	706.07	994.25	BERTH NO. 4A						a) Royalty Charges	-	-	290.34	1270.95	1322.29	b) Vessel Charges	-	-	306.30	1500.95	1461.48	c) Land Earnings	-	37.64	287.08	300.10	291.31	SubTotal	0.00	37.64	883.72	3072.00	3075.08	Grand Total	6.36	799.82	1496.70	3778.07	4069.33	Upfront Fees:	Rs.In Lakhs	Berth No. 12	707.58	Berth No. 4A	1075.32
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	<p>(b). Revenue share / royalty receivable should first be applied to meet the cost of surplus labour. Please explain the treatment given in the cost statements in this regard.</p>	<p>Surplus labour of KOPT is yet to be assessed. In the revised cost statement BOT Income has not been included in the Operating Income w.e.f. 01.04.2005.</p>																																																																														
	<p>(c). The KOPT receives royalty / revenue share from BOT operators. Clause 2.8.3. of the revised tariff guidelines prescribes the treatment to be given to the revenue share / royalty receivable by the major ports from the BOT operators. It further stipulates creation of an Escrow Account for the stated reasons and application of such fund for creation / modernization of infrastructure facilities. KOPT has not indicated any thing regarding creation of such Escrow Account. KOPT may indicate the actual / estimated income</p>	<p>The creation of Escrow Account is being considered as per tariff guidelines. However substantial expenditure on modernization is being made for installation of RMQC, RTGs, other equipments, creation of Hard Stands as well as creation of new Berths. The cumulative expenditure against these far exceeds the income from the BOT Contracts.</p>																																																																														

	<p>from royalty / revenue share received / receivable from the BOT operators year wise 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>	
(iv).	<p>(a). The KOPT is requested to explain the action taken or proposed to be taken by the port with reference to Chapter-VII of the revised tariff guidelines.</p>	<p>In KoPT no other authorization has been made under Section-42 [3] of MPT Act other than BOT contracts.</p>
	<p>(b). It is relevant to mention here that this Authority advised the KOPT (paragraph 9 of Order dated 28 March 2001) while disposing of a representation of Eastern Indian Shippers Association (EISA) to look into the matter of regulation of identified components of terminal handling charges (THC) at the KOPT and forward its proposal for consideration. We have not received any proposal in this regard from KOPT so far.</p>	<p>TAMP may be aware that the Ministry has already set up a national level committee for looking into the matter of THC.</p>
(v).	<p>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.</p>	<p>Surplus manpower of KoPT is yet to be assessed</p>
(vi).	<p>All major port trusts have been given a flexibility to charge lower rates and / or allow higher rebates and discounts if they so desire. The documents attached with the proposal reveal that KOPT has allowed discounts in the</p>	<p>(KOPT did not furnish the requisite information till finalisation of this case, despite reminders)</p>

	<p>notified tariff. KOPT was requested, vide our letters dated 3 August 2005, 15 September 2005 and 7 October 2005, <i>inter alia</i>, to furnish item-wise details of reduction in the notified tariff allowed by it and effect of such reduction on traffic growth. While the KOPT has furnished item-wise details of reduction in the notified tariff allowed by it, the effect of such reduction on traffic growth has not been highlighted.</p>	
(vii).	<p>(a). The tariff of KOPT was revised in April 2001. The cost statements furnished by KOPT are only for the years 2003-04 to 2008-09. The KOPT is, therefore, requested to furnish cost statements for the port as a whole, for HDC and KDS separately and activity / sub-activity wise cost statements for the years 2001-02 and 2002-03.</p>	<p>KOPT has furnished cost statements for the years 2001-02 and 2002-03.</p>
	<p>(b). The cost statements for the year 2005-06 may be updated with reference to RE 2005-06 and actuals upto December 2005. The cost estimates for the subsequent period may also be revised, if necessary.</p>	<p>Cost statements have been recast taking into account R.E. 2005-06 and B.E. 2006-07.</p>
	<p>(c). Income estimates may be updated with reference to prevailing exchange rate with suitable provision in future projections for exchange rate fluctuation.</p>	<p>Income has been estimated with reference to prevailing exchange rate as on 01.02.05 which has been taken as Rs.43.54 per U.S. Dollar. Fluctuation of exchange rate is erratic and hence could not be taken into account for future projections.</p>
(viii).	<p>With reference to performance goals it is not clear as to for which year the port has projected the performance</p>	<p>The projected performance is for 2005-06 with respect to 2004-05. Performance goals for quality services upto 2008-09 are given below:</p>

	<p>improvement. The projected performance improvement for the years 2005-06 to 2008-09 may be furnished.</p>	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Current 2004-05</th> <th colspan="2">Projections 2005-06</th> <th colspan="2">Projections 2006-07</th> <th colspan="2">Projections 2007-08</th> <th colspan="2">Projections 2008-09</th> </tr> <tr> <th>KDS</th> <th>HDC</th> <th>KDS</th> <th>HDC</th> <th>KDS</th> <th>HDC</th> <th>KDS</th> <th>HDC</th> <th>KDS</th> <th>HDC</th> </tr> </thead> <tbody> <tr> <td>Avg Turn-round time of vessels (days)</td> <td>4.17</td> <td>3.00</td> <td>4.14</td> <td>3.99</td> <td>4.12</td> <td>3.99</td> <td>4.11</td> <td>3.99</td> <td>4.10</td> <td>3.84</td> </tr> <tr> <td>Avg Ship berth day output (tonnes)</td> <td>3771</td> <td>8395</td> <td>3984</td> <td>8674</td> <td>2318</td> <td>7826</td> <td>2375</td> <td>8217</td> <td>2425</td> <td>8628</td> </tr> <tr> <td>Avg Pre-berthing detention of vessel</td> <td>0.40</td> <td>1.36</td> <td>0.42</td> <td>2.15</td> <td>0.42</td> <td>2.15</td> <td>0.41</td> <td>2.05</td> <td>0.40</td> <td>2.00</td> </tr> </tbody> </table>		Current 2004-05		Projections 2005-06		Projections 2006-07		Projections 2007-08		Projections 2008-09		KDS	HDC	KDS	HDC	KDS	HDC	KDS	HDC	KDS	HDC	Avg Turn-round time of vessels (days)	4.17	3.00	4.14	3.99	4.12	3.99	4.11	3.99	4.10	3.84	Avg Ship berth day output (tonnes)	3771	8395	3984	8674	2318	7826	2375	8217	2425	8628	Avg Pre-berthing detention of vessel	0.40	1.36	0.42	2.15	0.42	2.15	0.41	2.05	0.40	2.00
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(ix).	<p>The Land Policy for major ports announced by the Government of India in March 2004 has already been made applicable for KOPT also. The KOPT has not reported review of the existing estate related charges at KDS in accordance with the Land Policy announced by the Government. Please indicate the present status of formulation of such a proposal and the expected date by which it would be filed before this Authority.</p>	<p>Revision of rents will require fresh valuation of KDS estate. An agency was earlier appointed but their report could not be accepted. On finalization of valuation, revision of rents of KDS estate would be done in accordance with Land Policy Guideline and would be placed before TAMP for approval.</p>																																																						
II.	CAPACITY:																																																							
(i).	<p>Please furnish the capacity utilisation for the years 2001-02 to 2004-05 and also the assessed capacity of the KOPT (KDS and HDC) as well as 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.</p>	<p>Capacity utilisation for the years 2001-02 to 2004-05. (In million tonnes)</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="3">K D S</th> <th colspan="3">H D C</th> </tr> <tr> <th>Capacity</th> <th>Traffic</th> <th>UtilisationCapacity</th> <th>Capacity</th> <th>Traffic</th> <th>UtilisationCapacity</th> </tr> </thead> <tbody> <tr> <td>2001-02</td> <td>9.80</td> <td>5.374</td> <td>54.84%</td> <td>32.40</td> <td>25.029</td> <td>77.25%</td> </tr> <tr> <td>2002-03</td> <td>9.80</td> <td>7.201</td> <td>73.48%</td> <td>32.40</td> <td>28.603</td> <td>88.28%</td> </tr> <tr> <td>2003-04</td> <td>9.80</td> <td>8.693</td> <td>88.70%</td> <td>34.10</td> <td>32.567</td> <td>95.50%</td> </tr> <tr> <td>2004-05</td> <td>11.00</td> <td>9.945</td> <td>90.41%</td> <td>38.00</td> <td>36.262</td> <td>95.43%</td> </tr> </tbody> </table> <p>(KOPT has not furnished capacity estimates for the years 2005-06 to 2008-09).</p>	Year	K D S			H D C			Capacity	Traffic	UtilisationCapacity	Capacity	Traffic	UtilisationCapacity	2001-02	9.80	5.374	54.84%	32.40	25.029	77.25%	2002-03	9.80	7.201	73.48%	32.40	28.603	88.28%	2003-04	9.80	8.693	88.70%	34.10	32.567	95.50%	2004-05	11.00	9.945	90.41%	38.00	36.262	95.43%													
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(ii).	<p>A detailed computation of capacity estimation may also be furnished.</p>	<p>(Detailed computation of Capacity for KDS and HDC furnished by KOPT is as on 31 March 2005).</p>																																																						

III.	TRAFFIC:																	
(i).	<p>Clause 2.5.1. of revised tariff guidelines stipulate that the traffic projections should be inline with the projections in the 5 year / annual balance and current / expected growth. The KOPT may, therefore, furnish commodity-wise projections made in the MOU for the year 2005-06, Revised Estimates (2005-06) and Budget Estimates (2006-07). The basis of estimation of traffic for the year 2007-08 and 2008-09 may be explained.</p>	<p>Category-wise projections made in the MoU for the year 2005-06, Revised Estimates (2005-06) and Budget Estimates (2006-07) have been furnished.</p> <p style="text-align: right;">(In Million Tonnes)</p> <table border="1" data-bbox="667 763 1433 965"> <thead> <tr> <th></th> <th>MOU 2005-06</th> <th>RE 2005-06</th> <th>BE 2006-07</th> </tr> </thead> <tbody> <tr> <td>KDS</td> <td>11.15*</td> <td>11.15</td> <td>8.30</td> </tr> <tr> <td>HDC</td> <td>39.83</td> <td>39.83</td> <td>32.71</td> </tr> <tr> <td>Total</td> <td>50.98</td> <td>50.98</td> <td>41.01</td> </tr> </tbody> </table> <p>* subject to materilisation of POL (Crude) traffic.</p>		MOU 2005-06	RE 2005-06	BE 2006-07	KDS	11.15*	11.15	8.30	HDC	39.83	39.83	32.71	Total	50.98	50.98	41.01
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(ii).	(a). Please explain the reason for decline in projected traffic of POL (Crude) for the year 2005-06 as compared to the actuals for the year 2004-05.	<p>The Revised Estimates (2004-05) and Budget Estimates (2005-06) for POL (Crude) for KDS were projected at the levels of 4.3 million tonnes and 4.35 million tonnes, respectively, since no POL (Crude) was handled during April-August 2004 and the actual traffic for the year 2003-04 was 4.222 million tonnes. For HDC, RE (2004-05) and BE (2005-06) for POL (Crude) were projected at the levels of 10.6 million tonnes and 10.8 million tonnes, respectively, against the actual traffic of 10.406 mt for 2003-04 and the actual traffic of 6.131 mt handled during April-August 2004. Thus BE (2005-06) for POL (Crude) was projected at higher levels than the actual traffic handled during 2003-04 and RE (2004-05), both for KDS and HDC. It was not possible to know the actual level of traffic for 2004-05 at the time of projecting BE (2005-06) in September/October 2004.</p>																
	(b). There is a drastic reduction in the estimated traffic of POL (Crude) for the subsequent three years the reasons for which may be brought out.	<p>The reduction in the estimated traffic for POL (Crude) for the subsequent years is primarily due to the proposed Haldia-Paradip Crude Pipeline, after commissioning of which POL (Crude) traffic from HDC as well as the POL (Crude) transshipment traffic from KDS may be diverted to Paradip as per indications available from IOC.</p>																
(iii).	Please explain the reasons for decline in traffic projected for	<p>The Budget Estimates (2005-06) in respect of petroleum coke /hard coke /other coke, coking coal, iron ore and food grain, along-with the Revised</p>																

the year 2005-06 in respect of petroleum coke/ hard coke / other coke, coking coal, iron ore and food grain as compared to the actual traffic of these items for the year 2004-05. It is noted that the projections of traffic of these items for the subsequent years show an increasing trend.

Estimates (2004-05) and the actual traffic of these items for the year 2003-04, and April-August 2004 are given below:

(In '000 tonnes)

Commodity	Actual Traffic (2003-04)	Actual Traffic (Apr-Aug'04)	RE (2004-05)	BE (2005-06)
A. KDS				
Petroleum Coke / Hard Coke / Other Coke	7	-	-	-
Coking Coal	-	-	-	-
Iron Ore	72	20	105	105
Foodgrain	61	8	30	30
B. HDC				
Petroleum Coke / Hard Coke /Other Coke	423	423	440	450
Coking Coal	4473	2495	4500	4600
Iron Ore	3752	2064	3800	3850
Food grain	12	-	20	20

It is evident from the above table that the RE (2004-05) for all the above commodities has been projected considering the actual traffic for 2003-04 / April – August 2004 and the BE (2004-05) has been projected considering the RE (2004-05). It was not possible to know the actual level of traffic for 2004-05 at the time of projecting BE (2005-06) in September / October 2004. Projections of traffic for these items for the subsequent years are showing an increasing trend since as per market related information, traffic for these commodities is likely to pickup during the subsequent years.

(iv). The KOPT has handled sugar during the years 2003-04 and 2004-05. The reason for not projecting traffic of sugar for the subsequent years (except for the year 2006-07) may be explained.

Sugar traffic is not handled on regular basis. As it is evident from the above table that the RE (2004-05) for all the above commodities has been projected considering the actual traffic for 2003-04 / April-August 2004 and the BE (2005-06) has been projected considering the RE (2004-05). As indicated earlier, it was not possible to know the actual level of traffic for 2004-05 at the time of projecting BE (2005-06) in Kolkata Port and the quantum handled is considerably small. The actual traffic handled during 2003-04 and April-Aug.'04 were 16 thousand tonnes and 5 thousand tonnes, respectively. Accordingly the RE (2004-05) was kept at the level of 20 thousand tonnes and for the subsequent years the traffic has been considered under other cargo.

(v). The reduction of about 4 million tonnes in the total sea borne traffic projected for the year 2006-07 as compared to the actual total sea borne

	<p>traffic for the year 2005-06 may be explained.</p>	<table border="1"> <thead> <tr> <th></th> <th>KDS</th> <th>HDC</th> <th>Total KOPT</th> </tr> </thead> <tbody> <tr> <td>2005-06 (B.E)</td> <td>9.92</td> <td>34.52</td> <td>44.44</td> </tr> <tr> <td>2005-06 (R.E)</td> <td>11.10</td> <td>39.83</td> <td>50.93</td> </tr> <tr> <td>2006-07 (B.E)</td> <td>8.23</td> <td>32.71</td> <td>40.94</td> </tr> <tr> <td>Decrease in 06-07 wrt 05-06 (R.E)</td> <td>-1.69</td> <td>-1.81</td> <td>-3.50</td> </tr> <tr> <td>Decrease in 06-07 wrt 05-06 (R.E)</td> <td>-2.87</td> <td>-7.12</td> <td>-9.99</td> </tr> </tbody> </table>		KDS	HDC	Total KOPT	2005-06 (B.E)	9.92	34.52	44.44	2005-06 (R.E)	11.10	39.83	50.93	2006-07 (B.E)	8.23	32.71	40.94	Decrease in 06-07 wrt 05-06 (R.E)	-1.69	-1.81	-3.50	Decrease in 06-07 wrt 05-06 (R.E)	-2.87	-7.12	-9.99																										
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(vi).	<p><u>Container Traffic:</u> (a). Detailed breakup of container traffic like 20 feet, 40 feet and above 40 feet, reefer, ICD traffic, transshipment etc., along with dwell time analysis may be furnished.</p>	<p>KOPT has given detailed break-up of the container traffic handled at KDS and HDC for the year 2004-05. The port has also given information on dwell time of containers pertaining to the month December 2005. The average dwell time days for the month of December 2005 as given by KOPT is as follows:</p> <table border="1"> <thead> <tr> <th rowspan="3">Avg. dwell time days</th> <th colspan="4">Import</th> <th colspan="4">Export</th> <th colspan="4">Total</th> </tr> <tr> <th colspan="2">Reefer</th> <th colspan="2">Dry</th> <th colspan="2">Reefer</th> <th colspan="2">Dry</th> <th colspan="2">Reefer</th> <th colspan="2">Dry</th> </tr> <tr> <th>MT</th> <th>LD</th> <th>MT</th> <th>LD</th> <th>MT</th> <th>LD</th> <th>MT</th> <th>LD</th> <th>MT</th> <th>LD</th> <th>MT</th> <th>LD</th> </tr> </thead> <tbody> <tr> <td></td> <td>0.1</td> <td>6.56</td> <td>1.39</td> <td>6.01</td> <td>1.00</td> <td>1.44</td> <td>0.66</td> <td>3.30</td> <td>1.10</td> <td>1.18</td> <td>0.40</td> <td>2.31</td> </tr> </tbody> </table>	Avg. dwell time days	Import				Export				Total				Reefer		Dry		Reefer		Dry		Reefer		Dry		MT	LD	MT	LD	MT	LD	MT	LD	MT	LD	MT	LD		0.1	6.56	1.39	6.01	1.00	1.44	0.66	3.30	1.10	1.18	0.40	2.31
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	<p>(b). Foreign and coastal categorization may be shown for each of the above items.</p>	<p>Foreign and Coastal categorisation for different types of containers is given</p>																																																		
(vii).	<p><u>Vessel Traffic:</u> (a). Number of vessels and GRT of vessels proposed to be handled and the average time at berth may be furnished for KDS and HDC separately in the GRT slabs maintained for pilotage fees.</p>	<p>Number of vessels along with category-wise GRT for KDS and HDC for 2004-2005 is given. Projection for number of vessels is furnished</p> <p>(i). HDC handles more vessels than KDS (ii). Around 83% vessels of upto 10,000 GRT constitute the total vessels handled at KDS. (iii). The following is the break-up of vessels handled at HDC.</p> <table> <tbody> <tr> <td>Upto 10,000 GRT</td> <td>37.10%</td> </tr> <tr> <td>10001 - 20000 GRT</td> <td>14.95%</td> </tr> <tr> <td>20001 - 30000 GRT</td> <td>22.34%</td> </tr> <tr> <td>30001 - 40000 GRT</td> <td>11.88%</td> </tr> <tr> <td>40001 - 50000 GRT</td> <td>01.87%</td> </tr> <tr> <td>50001 - 80000 GRT</td> <td><u>11.86%</u></td> </tr> <tr> <td></td> <td><u>100.00%</u></td> </tr> </tbody> </table> <p>Category-wise average stay time of vessels at working berth for KDS and HDC for 2004-2005 is given below:</p> <table border="1"> <thead> <tr> <th></th> <th>KDS</th> <th>HDC</th> </tr> </thead> <tbody> <tr> <td>Liquid Bulk</td> <td>2.48</td> <td>1.10</td> </tr> <tr> <td>Container</td> <td>2.21</td> <td>1.40</td> </tr> <tr> <td>Dry Bulk (Mech)</td> <td>-</td> <td>2.90</td> </tr> <tr> <td>Dry Bulk (Conv)</td> <td>2.54</td> <td>3.79</td> </tr> <tr> <td>Break Bulk</td> <td>4.71</td> <td>4.70</td> </tr> <tr> <td>Overall</td> <td>3.00</td> <td>2.05</td> </tr> </tbody> </table>	Upto 10,000 GRT	37.10%	10001 - 20000 GRT	14.95%	20001 - 30000 GRT	22.34%	30001 - 40000 GRT	11.88%	40001 - 50000 GRT	01.87%	50001 - 80000 GRT	<u>11.86%</u>		<u>100.00%</u>		KDS	HDC	Liquid Bulk	2.48	1.10	Container	2.21	1.40	Dry Bulk (Mech)	-	2.90	Dry Bulk (Conv)	2.54	3.79	Break Bulk	4.71	4.70	Overall	3.00	2.05															
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	(b). Similar information for BOT berths may also be furnished	Information for BOT berths is given It may be noted that only 'Foreign' vessels will be handled.												
	(c). Under each of the above items foreign going and coastal categorization may be shown.	Requisite information for both KDS and HDC for the year 2004-2005 is given.												
	(d). The reason for reduction in number of vessels projected for the years 2005-06 and 2006-07 as compared to the actual number of vessels handled for the year 2004-05 may be explained.	Actual vessel traffic for 2004-2005 vis-à-vis number of vessels projected for RE (2005-06) and BE (2006-07) is given below, which implies that there has been increase in projected vessel traffic. <table border="1" data-bbox="667 667 1358 835"> <thead> <tr> <th></th> <th>KDS</th> <th>HDC</th> </tr> </thead> <tbody> <tr> <td>2004-05 Actual</td> <td>750</td> <td>2086</td> </tr> <tr> <td>2005-06 RE</td> <td>765</td> <td>2368</td> </tr> <tr> <td>2006-07 BE</td> <td>825</td> <td>2291</td> </tr> </tbody> </table>		KDS	HDC	2004-05 Actual	750	2086	2005-06 RE	765	2368	2006-07 BE	825	2291
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IV.	Financial / Cost Statements (General)													
(i).	Clause 2.11.1. of the revised tariff guidelines stipulates that tariff / charges leviable shall be commensurate with the services rendered / facilities provided. The cost of rendering services at and financial health of HDC and KDS have to be assessed independently for fixation of tariff accordingly, though these two systems are in the same port. In this context, the KOPT should justify why the cost position obtaining at KDS and HDC should be considered together for fixation of tariff. Further, the KOPT has introduced single rates for both the systems in respect of practically all categories of cargo, vessels and services. That being so, proposal for fixation of uniform rates for services rendered at KDS and HDC without any regard to cost, performance	<p>The Tariff guidelines do not contain specific provision that a port will have to have different rates at different locations under the Port. Had it been so, the tariffs for handling cargo at NSD, KPD and Budge Budge would have been different but the same was not done in the past.</p> <p>At the time of the construction of Haldia Dock Project, Two Man Committee was constituted vide Resolution No.PGF-14/75 dated 24.10.1975 consisting of Sri A.K. Mukherjee, retired Deputy Controller and Auditor General of India and Sri P.R. Subramanian, formerly General Manager, Bombay Port Trust to examine the likely economic effects of Calcutta and Haldia Dock System operating together as one port or separately as two ports. The relevant recommendations of the said Two Man Committee were duly accepted by the Government.</p> <p>On introduction of new rates in April, 2001, the vessel owner introduced additional surcharge of \$50 per container at KDS due to differential marine charges at KDS & HDC. Dead freighting is essential while calling of vessels at KDS/HDC due to non-availability of adequate draft in the shipping channel. In that scenario, differential marine tariff attracts wasteful competition to be avoided as per recommendation of the Two Man Committee. KoPT had observed that the vessel owner had withdrawn additional surcharge when the marine charges at both the places were made at par. Accordingly, marine charges of the port should not be different.</p> <p>Recovery of such huge past liabilities should be from each unit of service given at both the locations. In KoPT 85% operating cost apart from Dredging is fixed in nature and these two dock systems are in the same</p>												

	<p>levels and investment needs justification.</p>	<p>river and complementary to each other. Differential tariff settling in this scenario would be extremely difficult as it will attract competition to the detriment of the facilities created at KDS & HDC.</p> <p>It may also be kindly noted that direct input costs for services for example, salary, stores, fringe benefit, general expenses are the same at all the operation points in both the dock systems. Moreover, manning pattern for a particular activity at any point in KoPT is the same. As such there is no reason why different charges should be levied for the same services rendered by different operation points having the same input costs.</p> <p>Another aspect that deserves mention is that the Port is offering its facilities located at different geographical points. Charging the same price for each component of services will allow it to handle congestion at one place by utilizing the facilities at another.</p>																																																							
(ii).	<p>The estimated operating income of KOPT includes Government contribution for river dredging and maintenance. The Government contribution being in the nature of reimbursement of the admissible expenses incurred / estimated to be incurred, the KOPT is requested to remove the actual / estimated Government contribution for river dredging and maintenance and the actual / estimated expenditure thereon from the operating income and operating cost and revise the cost statements accordingly.</p>	<p>There exists difference between the actual expenditure for dredging activity and the subsidy released by the Govt. This non-reimbursed part is included in the cost statements. It is pointed out that due to inadequate allocation in the Ministry's Budget, there is always shortfall and the outstanding Govt. subsidy receivable as on 31.03.06 is Rs.476.97 crores. TAMP's directive has been complied with.</p>																																																							
(iii).	<p>The cost statement relating to the railway activity shows huge deficit in the existing arrangement. The KOPT does not anticipate any positive improvement in the deficit position of the railway activity in the coming years. In this context, please furnish / clarify / explain the following: (a). The port bound cargo with reference to the total rail borne traffic at KDS.</p>	<p>The details of Dock bound cargo with reference to the total rail borne traffic at KDS is furnished below:</p> <table border="1" data-bbox="668 1648 1485 1917"> <thead> <tr> <th rowspan="2">Period</th> <th colspan="3">Figures in MT</th> <th colspan="3">% Increase/ decrease</th> </tr> <tr> <th>Siding</th> <th>Dock</th> <th>Total</th> <th>Siding</th> <th>Dock</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2000-01</td> <td>430382</td> <td>6271</td> <td>436653</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2001-02</td> <td>509812</td> <td>1203</td> <td>511015</td> <td>18.46</td> <td>-80.82</td> <td>17.03</td> </tr> <tr> <td>2002-03</td> <td>599575</td> <td>14905</td> <td>614480</td> <td>17.61</td> <td>1138.99</td> <td>20.25</td> </tr> <tr> <td>2003-04</td> <td>898911</td> <td>178913</td> <td>1077824</td> <td>49.92</td> <td>1100.36</td> <td>75.40</td> </tr> <tr> <td>2004-05</td> <td>1104113</td> <td>200273</td> <td>1304386</td> <td>22.83</td> <td>11.94</td> <td>21.02</td> </tr> <tr> <td>2005-06</td> <td>1036698</td> <td>439043</td> <td>1475741</td> <td>-6.11</td> <td>119.22</td> <td>13.14</td> </tr> </tbody> </table>	Period	Figures in MT			% Increase/ decrease			Siding	Dock	Total	Siding	Dock	Total	2000-01	430382	6271	436653				2001-02	509812	1203	511015	18.46	-80.82	17.03	2002-03	599575	14905	614480	17.61	1138.99	20.25	2003-04	898911	178913	1077824	49.92	1100.36	75.40	2004-05	1104113	200273	1304386	22.83	11.94	21.02	2005-06	1036698	439043	1475741	-6.11	119.22	13.14
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	(b). The necessity of port charges cross-subsidising non-port bound cargo.	The consolidated charge for siding traffic is Rs.35/- per tonne on the marked carrying capacity of the wagon, whereas the same is Rs.12/- per tonne for dock-bound traffic. Therefore it is clear that it is the siding traffic that cross-subsidizes the dock-bound traffic and not the other way round. Siding traffic contributes in the reduction of share of cost for dock-bound traffic.
	(c). Steps taken to make the railway activity self-reliant.	<p>Railway operation of port is an ancillary/support service provided to port users. As such its viability is evaluated on the basis of operating surplus / deficit. Any contribution to other fixed overheads of the port is considered as an additional benefit. However, KoPT has taken the following actions to increase the railborne traffic as well as to improve the performance of Railway activities at KDS.</p> <ul style="list-style-type: none"> ➤ A MOU between CESC and KoPT, which has been put into effect from 01.11.02, has already shown positive results in the form of increase in handling of Coal traffic and reduction in cost. ➤ One locomotive has been hired on 20.01.03 from Eastern Railway to improve the performance of Railway system. ➤ Revamping of selected portion of Railway tracks is being undertaken at KDS with the help of Eastern Railway. The work has started from Feb 2003. ➤ To attract import/export traffic of Nepal, Bangladesh and railborne containers, concession on port railway charges and other port charges has been given. Result is available in the table furnished above. <p>To cater to the demand of increasing rail traffic, round the clock working in railway operation has been reintroduced at KDS from July 2003.</p>
	(d). Efforts made to review and revise the terminal charges with the approval of Railway Board.	The matter is being pursued with the Railway Board regularly.
	<u>Cost Statement (Port as a whole)</u>	
1. (i).	Operating Income: The KOPT is requested to furnish detailed working for the estimation of income in respect of each of the activity and the related sub-activities projected for the years in the cost statement at the existing level of tariff and the proposed level of tariff (without change & with change):	While furnishing the position (Form-II) earlier, the rates as reduced, if any has been considered. Now, fresh projections have been made for 2007-08 and 2008-09 with respect to B.E. 2005-06 and R.E. 2006-07.
(ii).	With reference to the actual income realized by KOPT during the year 2003-04 and	The cost statements have been prepared as per annual accounts of KoPT, which contain information activity-wise. However, income of different sub-activities has been compiled from different base documents

	<p>2004-05, the aggregate of the income of the sub-activities of each activity tallies with the income of each activity shown in the annual accounts. However, the income of sub-activities of each activity shown in the cost statements does not tally with the income of sub-activities shown under each activity in the annual accounts. Please reconcile.</p>	<p>and agrees in totality with the activity-wise income.</p>
(iii).	<p>It appears that the income estimation in respect of POL for the year 2006-07 to 2008-09 is not in line with the anticipated reduction in POL crude traffic. Please clarify.</p>	<p>Figures for 2005-06 furnished earlier were B.E. figures. These figures for 2005-06 have now been revised with R.E. figures in the revised cost statements. Projected income for 2007-08 and 2008-09 has been revised with respect to R.E. 2005-06 and B.E. 2006-07 figures.</p>
(iv).	<p>Please explain the reasons for around 35% drop in the estimated F&M income for the year 2005-06 as compared to 2004-05. Please clarify the reason for around 17% drop in the Finance & Miscellaneous Income for the year 2007-08 as compared to the Budget figure for the year 2005-06. The estimated Finance & Miscellaneous income for the years 2006-07 to 2008-09 may be reviewed in the light of Revised Estimates 2005-06 and Budget Estimates 2006-07.</p>	<p>Govt. Audit disallowed the provision for escalation (Dredging Bills) for earlier years while certifying the expenses eligible for Govt. Subsidy and consequently Govt did not release the Govt. subsidy against the same. The amount of Rs.13.09 crores, so disallowed was transferred to Finance and Misc Income in 04-05. This resulted in increase in the F/M Income in 04-05. Hence comparison with this base gives a distorted figure. The Finance & Miscellaneous Income for the years as requested has been reviewed and appears in the cost statements.</p>
(v).	<p>Royalty / revenue share and lease rentals receivable under BOT agreements may be estimated and shown separately.</p>	<p>KOPT has furnished the requisite details.</p>

<p>2. (i).</p>	<p>Operating Expenditure: The aggregate of the items of expenditure of each activity (excluding depreciation) for the years 2003-04 and 2004-05 do not tally with the aggregate of the items of expenditure of each activity shown in the annual accounts for the year 2003-04 and 2004-05. Please reconcile the figures and revise the cost statements.</p>	<p>In the annual accounts, PLR expenditure has been included in the operating expenses of each activity. However, this has been shown under Finance & Misc. Expenses in the cost statements.</p>
<p>(ii).</p>	<p>The estimated operating expenditure for the year 2005-06 comprises salaries and wages, stores, fringe benefits and general expenses. None of the itemized estimates shown in the cost statement tallies with the respective item shown in the Budget Estimates for the year 2005-06. The figures shown in the cost statement for the years 2005-06 to 2008-09 may be modified in the light of RE 2005-06 and BE 2006-07.</p>	<p>Complied with in the modified cost statements.</p>
<p>(iii).</p>	<p>Please justify the increase of around 20% in the estimated general expenditure under estate activity for the year 2005-06 as compared to the actual expenditure during the year 2004-05. In this context, the estimated general expenditure for the year 2005-06 to 2008-09 may be modified in line with 2.5.1 of revised tariff guidelines.</p>	<p>Fluctuation in Wholesale Price Index (WPI) has been taken care of.</p>

<p>(iv).</p>	<p>(a). Please justify the hike of about 10% in the estimated general expenditure for the year 2005-06 as compared to the actual general expenditure incurred for the year 2004-05 under port and dock charges.</p>	
	<p>(b). Likewise, justify the hike of 100% in the estimated general expenditure for the year 2005-06 as compared to the actual general expenditure incurred for the year 2004-05 under cargo handling activity. The estimated general expenditure for the years 2006-07 to 2008-09 may be modified on the basis of review of general expenditure for the year 2005-06 and in line with Clause 2.5.1. of the revised tariff guidelines.</p>	<p>(a) & [b] More and more activities are being outsourced which previously used to be done by KoPT itself. Such expenses for payments to contractors are charged to general expenses. Hence the rise. Moreover from the year 2005-06 onwards sizeable expenditure is being incurred in KDS for payment to the service provider of Mobile Harbour Crane for hire of the cranes as well as to CDLB in the way of stevedoring charges related to stevedoring activities done by KoPT. These have been included in the general expenses.</p>

<p>(v).</p>	<p>With reference to actual depreciation for the year 2003-04 and 2004-05, please clarify the following: (a). The total depreciation each for the year 2003-04 and 2004-05 shown in the computation sheet of net block does not tally with the depreciation considered in the cost statement for the relevant years. Further, the quantum of depreciation shown in the cost statement for the years 2003-04 and 2004-05 does not tally with the total depreciation considered in the annual accounts for the year 2003-04 and 2004-05. Please clarify.</p>	<p>(a), (b), (c) and (d) : Depreciation in the cost statements (Part A-Net surplus) is the quantum provided during the year. Depreciation on assets under Management & General Administration activity has been considered as management & general administration overhead as per guideline. Depreciation in the cost statements (Part B-Net Block) consists of depreciation on assets acquired during the year and cumulative depreciation on assets existing at the beginning of the year. It may be mentioned in this connection that depreciation as per clause 2.7.1 of the revised guidelines is yet to be adopted.</p>
	<p>(b). Likewise, the total depreciation shown under computation of net block for the years 2005-06 to 2008-09 do not tally with the depreciation figures shown in the cost statement for the relevant years.</p>	
	<p>(c). It may be noted that depreciation is to be computed in line with Clause 2.7.1. of the revised guidelines and a detailed working of depreciation for the years 2005-06 to 2008-09 indicating details of assets, rate of depreciation, method followed and life norms adopted as per Companies Act may be furnished.</p>	
<p>(vi).</p>	<p>With reference to Finance & Miscellaneous expenditure please clarify the following: (a). The basis of apportionment of the expenditure to other activities and sub-activities.</p>	<p>The apportionment of F/M Expenditure has been made as per guideline.</p>

<p>(b). The Finance & Miscellaneous expenditure shown in the cost statement for the years 2003-04, 2004-05 and 2005-06 do not tally with the figure shown in the Annual Accounts for the year 2003-04 and 2004-05. Likewise, the estimated Finance & Miscellaneous expenditure shown in the cost statement for the year 2005-06 does not tally with B.E. (2005-06). The figures may be reconciled and the cost statement may be revised accordingly.</p>	<p>In the Annual Accounts, Interest Expenditure is included in the F/M Expenditure while in the cost statement it has been shown separately. Interest attributable to dredging activities against which Dredging subsidy has been received has also been excluded from the total interest in annual accounts.</p>																									
<p>(c). (i). Please furnish the break-up of actual / estimated expenditure of retirement benefits shown in the cost statement for all the years under consideration.</p>	<p style="text-align: right;">Rs. In Crores</p> <table border="1" data-bbox="754 786 1414 1046"> <thead> <tr> <th>ITEMS</th> <th>03-04</th> <th>04-05</th> <th>05-06</th> <th>06-07</th> </tr> </thead> <tbody> <tr> <td>Death-cum-Retirement Gratuities</td> <td>19.20</td> <td>6.22</td> <td>0.25</td> <td>-</td> </tr> <tr> <td>Pension</td> <td>110.09</td> <td>128.17</td> <td>173.92</td> <td>178.46</td> </tr> <tr> <td>Contribution to Pension Fund</td> <td>37.84</td> <td>38.01</td> <td>-</td> <td>47.85</td> </tr> <tr> <td>Contribution to Gratuity Fund</td> <td>12.68</td> <td>12.00</td> <td>4.00</td> <td>4.00</td> </tr> </tbody> </table>	ITEMS	03-04	04-05	05-06	06-07	Death-cum-Retirement Gratuities	19.20	6.22	0.25	-	Pension	110.09	128.17	173.92	178.46	Contribution to Pension Fund	37.84	38.01	-	47.85	Contribution to Gratuity Fund	12.68	12.00	4.00	4.00
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<p>(ii) Since the KOPT is making annual contribution to KOPT Superannuation Fund and KOPT Gratuity Fund, the reason for including payment of actual retirement benefits under Finance & Miscellaneous expenditure apart from annual contribution to the respective funds may be justified. The KOPT has also made appropriation to KOPT Superannuation fund from the fund available for appropriation during the year 2003-04 and 2004-05.</p>	<p>The Pension Fund caters to the retirement on and from 01.04.2004. The pensions for persons retired earlier is being continued to be paid by KOPT out of its own resources and such expenditure has been correctly included in the F/M Exp.</p>																									
<p>(iii). One-time expenses, if any, included in the Finance and Miscellaneous expenses may be excluded.</p>	<p>F/M Expenditure in the cost statement does not include any one-time expenses referred to.</p>																									

	<p>(d). Payment of penal and other interest and interest subsidy on House Building Loan included under "others" may be justified. Similarly, the payment of difference in exchange for repayment of NIB may also be explained.</p>	<p>1. NIB loan has since been liquidated. 2. Interest subsidy on House Building loan is the difference between the interest rates prescribed by the Govt. and that charged by SBI. This is a very small amount and currently the amount of subsidy has drastically reduced owing to reduction in interest rate charged by SBI. However, this item is a benefit allowed to the employees and is in the nature of fringe benefit. Therefore it is included in the cost. 3. Penal interest arises from court orders mainly relating to pension, gratuity etc. This is also a recurring feature and is required to be included in the cost. 4. Only the amortization of capitalized interest on the Govt. loan has been considered.</p>
	<p>(e). It may be noted that only ROCE is allowed on assets and interest on loan as a separate expenditure head is not considered in line with Clause 2.9.1. of the revised tariff guidelines. Please amend the cost statements accordingly.</p>	<p>Interest on Loan has been shown separately and is not included in the F&M expenditure.</p>
	<p>(f). It may be noted that amortisation of 25apitalized debt charges cannot be admitted as an expenditure item.</p>	<p>Confirmed that amortization of capitalized debt has not been included in expenditure.</p>
	<p>(g). Please confirm whether inclusion of reimbursement of medical expenses of retired employees under F&M expenditure is according to Billimoria report.</p>	<p>Confirmed.</p>
	<p>(h). The projected F&M expenditure for the years 2005-06 to 2008-09 to 2008-09 may be revised suitably in the light of the above observations made.</p>	<p>Complied with</p>
<p>(vii).</p>	<p>With reference to management and general administration expenses, please clarify / furnish the following: (a). The basis of allocation of management & general overheads to various activities / sub-activities.</p>	<p>The apportionment has been done as per guideline.</p>

<p>(b). The allocated management and general overheads for the years 2003-04, 2004-05 and 2005-06 shown in the cost statement do not tally with the figures shown in the Annual Accounts for the relevant two years and BE (2005-06).</p>	<p>Discrepancy of figures shown in cost statements and annual accounts are due to exclusion of proportionate expenditure on which dredging subsidy has been received.</p>
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<p>(viii).</p>	<p>With reference to capital employed, please clarify / furnish the following: (a). It is observed from the cost statement that the closing gross block of assets for the year 2003-04 (Rs.1076.34 Crores) is shown as Rs.1105.34 Crores as opening gross block for the year 2004-05. Likewise, the opening gross block for the year 2005-06 does not tally with the closing gross block of assets for the year 2004-05.</p>	<p>Cost statements have been revised.</p>
	<p>(b). The additions to gross block during the year 2004-05 do not tally with the figure shown in the Annual Accounts for the year 2004-05.</p>	
	<p>1. The Net Block of assets shown in the cost statement for the year 2004-05 (Rs.682.32 Crores) does not tally with the Net Block of assets shown in the accounts for the year 2004-05 (Rs.651.74 Crores).</p>	
	<p>(d). There is difference between the projected application of fund on capital account for the year 2005-06 shown in the Budget Estimates (2005-06) towards Plan projects and Non-Plan projects and the figure shown as addition to assets for the year 2005-06 in the cost statement. Please clarify and reconcile the figures.</p>	<p>Revised cost statements have been prepared.</p>

<p>(e). (i). Please furnish the break-up for civil structures, mechanical equipments and flotilla considered in the gross block of assets at the beginning of the year, additions to the gross block during the year, depreciation for itemized assets, additions / deletions in respect of itemized assets and similar break-up for net block of the assets further classifying itemized assets in terms of business assets, business related assets and social obligation assets may be furnished for all the years under consideration.</p>	<p>Such exercise cannot be done as of now but the proportion of such assets in the total assets is very low (about 7-8%)</p>
<p>(ii). Please confirm that only those assets which have been fully commissioned and in use have been included in the net block and the assets which have been disposed off or decommissioned have been excluded from the net block. It may be noted that work-in-progress will not qualify for allowing return.</p>	<p>Confirmed.</p>
<p>(iii). It may be certified that all the assets handed over to BOT operators and or in their use are excluded from capital employed.</p>	<p>Assets handed over to BOT contractors are not excluded from the capital employed as there was no clear guideline on the matter in the policy guideline issued by TAMP. To maintain continuity the assets have been included in the block so as to maintain continuity between opening and closing block of assets. Moreover, as stated earlier the income from such assets has been segregated since 01.04.05 i.e., 2005-06. Value of such assets is Rs.11.14 crores. The Authority may kindly note that the rate proposed by KoPT will fetch much below the entitled ROI of 15%.</p>

	<p>(iv). The KOPT has projected fresh investment in assets for the years 2005-06. In this context, please furnish details of the project / feasibility reports relied upon for taking such investment decisions along with summary of recommendations contained in those reports. An analysis, in terms of Clause 2.6.3., may be made for each of the capital additions. Anticipated reduction in unit operating cost, additional traffic projected and improvement in operational efficiency due to the proposed additions to the assets may also be furnished in line with Clause 2.9.6 of the revised tariff guidelines. It may be noted that there is no quantum increase in the traffic projected even though huge investments are envisaged during the years 2006-07 to 2008-09.</p>	<p>All fresh investments have been proposed after considering feasibility with the approval of the appropriate authority.</p>
	<p>(f). With reference to working capital furnished in the cost statement, please clarify / furnish the following:</p>	
	<p>(i). The value of working capital is more than the value of net block of assets for all the years under consideration.</p>	<p>Cost statements have been recast.</p>
	<p>(ii). The aggregate figure of current assets and the figure of current liabilities shown in the cost statement for the year 2003-04 and 2004-05 do not tally with the annual accounts of the respective years.</p>	<p>The difference is mainly due to treatment of Pension Fund. In the Accounts (Bilimoria) the Pension fund contribution is shown under current liability while in the cost statement it is shown separately.</p>
	<p>(iii). It is observed that the individual components of current assets, actual and estimated are not in line with Clause 2.9.9. Please revise the estimates of individual components of current assets for the years 2005-06 to 2008-09 in terms of Clause 2.9.9. of the revised tariff guidelines and revise the cost statement accordingly.</p>	<p>The exercise cannot be done as of now. The same can only be done during next scale of rates.</p>
	<p>(iv). Please list out the items considered under "others" in Current Assets and justify it for consideration under working capital.</p>	<p>Accrued interest and Loans and Advances are the principal components of 'Others' considered in current assets.</p>
	<p>(g). Please furnish year-wise details of actual / estimated current liabilities shown in the cost statement.</p>	<p>Break up is furnished in the annual accounts.</p>
<p>V.</p>	<p><u>Kolkata Dock System:</u></p>	
	<p><u>Operating Expenditure:</u></p>	

<p>The ratio of allocated management and general overheads to the total operating cost for the port as a whole works out to around 23% for all the years under consideration. In respect of Haldia Dock Complex, this ratio is only 13%. However, with respect to KDS, this ratio is around 56%, the reason for which may be explained and the steps taken or proposed to be taken to control and reduce the expenditure may be listed out.</p>	<p>Management & General Administration Overhead in KDS is higher than that in HDC on account of Medical facilities, Legal Expenses, Vigilance Expenses, Planning & Research Expenses, and Engineering & Workshop Expenses. Due to more manpower and retired employees in KDS the medical expenses are considerably higher. Owing to the dry-dock infrastructure in KDS expenses on account of Engineering & Workshop are also higher in KDS.</p>
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VI.	<u>Haldia Dock System:</u>	
	<u>Financial & Cost Statements (Operating Income):</u>	
	Please explain the reasons for the following:	
	(i). Drop in projected railway earnings for the year 2005-06 as compared to the actual railway earnings for the year 2004-05.	No drop in Railway Income in the revised cost statement.
	(ii). Decrease in the estimated income on account of estate rentals projected for the years 2005-06 to 2008-09 as compared to the actual estate rentals realised during the year 2004-05.	No decrease in estate rentals in the revised cost statement.
	(iii). Decrease in the estimated Finance and Miscellaneous income for the year 2005-06 to 2008-09 as compared to the actual Finance & Miscellaneous income for the year 2004-05.	In 04-05, Rs.13.09 crores was transferred to F/M Income being the amount disallowed by Govt. Audit for release of Dredging Subsidy (provision for escalation) for earlier year. Hence comparison with this base would give distorted figure.
	<u>Operating Cost:</u>	
(i).	The KOPT has estimated around 11% increase in the salaries and wages cost for the year 2005-06 as compared to actuals for the year 2004-05. The estimated expenditure may be reviewed in the light of the RE 2005-06 and Clause 2.5.1. of the revised tariff guidelines.	Salary Expenditure (HDC): (in crores) 04-05: 71.55 05-06: 73.79 Increase: 3.13%
(ii).	The actual expenditure incurred for the year 2004-05 in respect of fringe benefits is more than 33% of that of the year 2003-04. Please explain the reasons for increase in the actual expenditure.	The increase is mainly due to the Govt. sanction of PLR for current period at higher rate, increased expenditure on account of LTC and leave encashment.

<p>1.</p>	<p>The KOPT has proposed to introduce uniform rates for both the systems (KDS & HDC) in respect of most categories of cargo, vessels and services. Please clarify whether the services offered, facilities provided, productivity levels and cost of rendering services at KDS and HDC are same.</p>	<p>The uniform rates for both the dock systems i.e., KDS and HDC, which are the two arms of Kolkata Port Trust, have been proposed so that each system works as complementary to the other, thus contribute to the total development of the port and better utilisation of the infrastructure. In the proposed Scale of Rates the services and facilities covered under the rates are same for both the dock system. The areas of thrust for the two-dock system are different whereas, at HDC handling of bulk cargo plays predominance, at KDS it is break-bulk. Therefore the productivity levels may not be comparable. The total cost of rendering services at the two dock system may be different as may be apparent from the cost statements submitted to TAMP because of the historical & geographical reasons; the direct operating input cost and the marginal input cost of the services, however, will be the same.</p>
<p>2.</p>	<p>(i). A suitable conditionality in line with Clause 2.15 of the revised tariff guidelines may be incorporated in the draft Scale of Rates.</p>	<p>The conditionalities in line with Clause 2.15 of revised Tariff guidelines have already been proposed in the draft Scale of Rates at Sections S.3(xi) and S.3(xii). No further blanket clause can be incorporated as the same merits consideration on case-to-case basis, otherwise, possibility of misuse of the condition cannot be ruled out. Such cases can be dealt under the power granted to the board in terms of Section 53 of the Major Port Trust Act.</p>
	<p>(ii). Please explain the relevance of definition of inland vessel defined under Section S2(xiv) of the draft Scale of Rates. The reason for reference to a corresponding "Act of Bangladesh" may be explained.</p>	<p>Kolkata Port is the only riverine major port in India. Beside the seagoing traffic, inland waterways traffic is also being handled predominantly at Kolkata Port. Since this port has vast potential for handling inland waterways traffic, it has become increasingly important to define the same for proper levy of charges. The reasons for reference to a corresponding "Act of Bangladesh" is that substantial amount of cargo movement are being undertaken between India and Bangladesh through riverine route under protocol, where both vessels registered in India as well as registered in Bangladesh operate. The definition proposed in the draft Scale of Rate is to cover both types of vessels.</p>
	<p>(iii). Please explain the reasons for deleting the existing principle for charging heavy lift and non-heavy lift consignments.</p>	<p>In the existing Scale of Rates, only at HDC there is provision for charging heavy lift and non-heavy lift consignment at separate rates, which is used to cover both basic wharfage and on-board handling service. Whereas, as per the draft Scale of Rates, wharfage and charges for providing on-board services are proposed to be levied separately. For handling 'Heavy lift' cargo no special services are provided now. As such it is felt that it would be more rational to delete separate tariff for Heavy lift cargo.</p>

	(iv). The proposed note (xiii) under Section 3 (General Principles of Assessment) regarding interest on delayed payments / refunds may be updated with reference to the prevailing PLR in line with clause 2.18.2 of the revised tariff guidelines.	The PLR of the State Bank of India is 10 percent as on 1.1.06. Therefore, in line with clause 2.18.2 of the revised tariff guidelines, it is now proposed that the rate of interest for delayed payments / refunds may be amended as 12 percent in the proposed note(xiii) under Section 3 (General Principles of Assessment) Further, the following may be added at the end of the note- "This rate shall be reviewed on 1 st of January every year to fix up the rate applicable for the said year based on the Prime Lending Rate(PLR) of the State Bank of India"
	(v) (a). With reference to the new definition for "on-board handling charges" introduced in Section - 2(xx) please clarify whether the KOPT has taken over the stevedoring activity at KDS and if so what is the role of Kolkata Dock Labour Board (KDLB).	For on-board handling at KDS under KoPT presently the manpower is provided by the Kolkata Dock Labour Board and not by KoPT, therefore, the proposed "on-board handling charges" is not presently leviable at KDS. This charge is leviable at HDC under KoPT, where, KoPT provides the manpower for on-board handling. The charge is presently levied along with wharfage at HDC.
	(b). The new definition for on-board handling charges appears to be for levying charges for supply of manpower for rendering on-board services by the KOPT. Please clarify whether rendering on-board services by the KOPT includes services towards lashing / un-lashing.	On board handling charges is for rendering of on-board services in the form of supply of manpower for loading/unloading operation and does not include services towards lashing/unlashing operation.
3.	<u>Cargo Related Charges</u>	
	<u>General :</u>	
(i).	The cost statements furnished by the KOPT reveal surplus position for the cargo handling activity, both at KDS and HDC. In this connection, it may be noted that this Authority will not be in a position to allow increase in the tariff of cargo handling activity as stipulated in Clause 2.11.3 of the revised tariff guidelines. In this context, please ensure that segregation of existing wharfage charges into wharfage charges, on-board handling charges and shore handling charges does not result in any increase. Please furnish an impact analysis statement for each of the commodities.	In the existing Scale of Rates "Wharfage" at KDS includes the basic charges and the charges for rendering services on shore. Similarly, "On Board & Wharfage" charges at HDC includes the basic charges and the charges for rendering services on board. In the proposed Scale of Rates the basic charges have been segregated from both shore-handling charges and on board handling charges to make the rates more transparent. It may be stated that segregation of existing wharfage charges into wharfage charges, on board handling charges and shore handling charges have not resulted in any increase as because so far KDS is concerned, existing wharfage may be compared with the proposed wharfage and shore handling charges and for HDC the existing On board and wharfage charges may be compared with the proposed wharfage and on board charges. For the purpose of comparison a statement has been furnished.
(ii).	The port has re-defined the term wharfage as a charge for providing general facilities. Please list out such facilities offered.	The general infrastructure towards providing basic facilities offered by the port includes the dock, berth, sheds, yards, roads, buildings, electricity, water supply, security, equipment facility, rail connectivity, fire service, environmental measures, man power and management services etc.

(iii).	(a). If the new definition of wharfage is accepted as a provision for general facility by the port then the reasons for the proposed differential rate for different cargo are not clear.	Different rates for different cargo have been proposed considering the intensity of utilization of the basic port facilities.
	(b). If the port has applied the principle of "what the trade can bear" to propose wharfage rates, then, please furnish an analysis and assessment made by the KOPT about the affordability of individual commodity.	The port has made a total cost plus approach while preparing the proposed Scale of Rates. In this approach, however, while fixing the tariff, the experiences of the past as well as the rates and structures of the neighbouring ports have been taken into consideration, as it was felt that with the development of roads and railway connectivity, the ports are no longer working in a monopolistic environment.
	(c). The proposed rate of onboard handling charges and shore handling charges may be justified with cost details and a detailed working for each item in the proposed wharfage schedule may be furnished.	Such individual cost details are not maintained; therefore, any attempt to provide such information from existing financial information may be misleading. Cost details for Cargo handling as an activity, which also includes on-board handling and shore handling, however, has already been provided.
	<u>Wharfage for Liquid / Gas handled through pipeline:</u>	
(i).	Please explain the basis for prescribing the proposed slabs for levy of wharfage on POL / POL products.	As per existing Scale of Rates, the wharfage rate for the said category of cargo is Rs.175/-. Presently, this category of cargo constitutes only 1 or 2 percent of the total liquid cargo handled through pipelines. There were representations from various importers for reduction in the wharfage rate for some of the cargo falling under this category, which KoPT Board has considered from time to time. Accordingly a separate group has been proposed at Sl. No.4 of S.4.1. For remaining cargo falling under the said group, a reduction in the rate has been proposed. However, considering the financial implications of reduction in rate, it was considered to be prudent to pass on the benefit of lower tariff to the importer depending on the volume.
(ii).	The rationale for considering the quantity handled at KDS and HDC separately to qualify for the proposed volume discount scheme may be brought out. If both the dock systems are to be treated at par for the purpose of prescribing Scale of Rates, the reasons why they should be taken separately for allowing volume discount may be explained.	Kolkata Port is a multi draft port. As such, considering the size of the ships visiting the two dock systems, uniform benchmark for volume discount may not be logical. While proposing different volume discounts for the two dock systems, the best utilization of the available river draft was aimed at.

(iii)	<p>The existing rate of Rs.90 per tonne to handle all types of coal, fertilizers, fertilizer raw-materials, soda ash and other dry bulk cargo leviable at HDC is also made applicable for KDS as a common rate. Please state the existing rate of wharfage levied at KDS for these items of cargo.</p>	<p>The existing rate of wharfage levied at KDS for the said cargo are as follows:</p> <table data-bbox="794 320 1300 510"> <tr> <td>(i) All types of Coal</td> <td>: Rs.90/-</td> </tr> <tr> <td>(j) Fertilizer</td> <td>: Rs.130/-</td> </tr> <tr> <td>(k) Fertilizer Raw Materials</td> <td>: Rs.120/-</td> </tr> <tr> <td>(l) Soda Ash</td> <td>: Rs.130/-</td> </tr> <tr> <td>Other Dry Bulk</td> <td>: Rs.120/-</td> </tr> </table>	(i) All types of Coal	: Rs.90/-	(j) Fertilizer	: Rs.130/-	(k) Fertilizer Raw Materials	: Rs.120/-	(l) Soda Ash	: Rs.130/-	Other Dry Bulk	: Rs.120/-
(i) All types of Coal	: Rs.90/-											
(j) Fertilizer	: Rs.130/-											
(k) Fertilizer Raw Materials	: Rs.120/-											
(l) Soda Ash	: Rs.130/-											
Other Dry Bulk	: Rs.120/-											
	<p><u>Wharfage on cargo handled other than through Mechanical system:</u></p>											
(i).	<p>While the existing wharfage rate of Rs.20 per tonne applicable for KDS in respect of the tariff item Salt, is maintained, the existing wharfage rate of Rs.15 per tonne applicable at HDC for the same item has been enhanced to make a uniform rate. In this context, the statement made by KOPT that it has delinked shore activity charge from wharfage is not clear. If cost of shore handling activity is to be levied separately, a proportionate cost of rendering shore-handling activity may be reduced from the proposed wharfage rate for handling salt.</p>	<p>Salt is a common man's item. As such, port tariff for such cargo has been kept low traditionally. Since in principle it has been decided that a common tariff structure to be introduced as KoPT as a whole, the rate has been kept uniform. So far shore handling is concerned, in case of salt such services are generally not undertaken by port. Therefore, additional cost in the form of shore handling does not arise unless the same is to be provided by port. Further, this in effect will reduce subsidisation of its cost to certain extent.</p>										
(ii).	<p>It appears from the existing Scale of Rates of KOPT, the port levies on board and wharfage for fly ash, iron ore and sand at Rs.120/- per metric tonne at KDS and at Rs.110/- per metric tonne at HDC based on the rates prescribed for "other dry bulk cargo not specified". These existing rates are proposed to be brought down and the KOPT has proposed a uniform rate of Rs.20/- per tonne to handle this cargo on the ground that the port wants to attract new cargo. In this context, please clarify the following:</p> <p>(a). Please confirm that no other cargo is made to compensate the proposed reduction in the existing rates of wharfage elsewhere.</p>	<p>Fly Ash presently is not handled at any of the HDC berths, except at IVW point, for which separate rate is there. As such, Fly Ash, if handled at the port berths will be the additional cargo and therefore, the question of making other cargo to compensate the proposed reduction does not arise. Similarly Sand is also a new cargo. As per the existing Scale of Rates the tariff for Iron Ore at HDC is Rs.70/- and not Rs.110/- as mentioned by the Authority, which includes both wharfage and on board charges. In the proposed Scale of Rates the component of wharfage has been taken as Rs.20/- and on board handling charge as Rs.30/-. The reduction in rates is to promote the traffic, which will not be required to be compensated by other cargo.</p> <p>At KDS, all these cargo are new cargo. Its handling is an additional revenue to the port. Therefore, lowering of the tariff of the same will not require the other cargo to compensate the reduction. This is because the additional revenue from new cargo means additional contribution to recovery of fixed cost, which is nearly 90% of the total cost.</p>										

	(b). The delinked on board activity charge from the existing composite on board and wharfage rates may be quantified and furnished.	In the proposed Scale of Rates, the delinked on board activity charge are as under; Fly Ash : Rs.30/- per Ton. Sand : Rs.30/- per Ton. Iron Ore: Rs.30/- per Ton.
(iii).	With reference to the proposed wharfage rate of Rs.40 per tonne against the prevailing rate of Rs.90 tonne applicable at KDS and HDC for handling coking coal, all types of coal, petroleum, metallurgical or any type of coke, lime stone, please quantify and furnish the shore handling activity delinked from the existing rates.	Presently Coking coal, all types of coal, Petroleum coke, Metallurgical coke or any types of coke or Limestone are not handled at KDS and if at all the volume is totally insignificant. Shore handling services for such cargo are not provided at KDS. However, a rate of shore handling charge has been kept as future provision to attend any unforeseen situation, where port may be compelled to handle such cargo for operational exigencies. The proposed rate for such shore handling, if at all undertaken, has been proposed at Rs.70/- per Ton.
(iv).	The proposed wharfage rate of Rs.70 per tonne applicable for woollen carpet against the existing ad valorem rate of 0.3% may be justified with reference to actuals realised in the past 3 years.	Woollen carpets are presently handled only in containers, for which separate box rate is applicable. Therefore, existing ad valorem rate applicable for woollen carpets handled in break bulk form has become superfluous.
(v).	Wharfage, as defined by the KOPT, is providing for general facility by the port. In that case please explain the reasons for proposing differential wharfage rates for handling of iron ore through mechanical system and manual system.	The intensity and profile of utilization of the port infrastructure for Iron Ore handling by mechanical mode vis-à-vis manual mode are different. As such different wharfage rates have been proposed.
(vi).	The KOPT has proposed for levy of 50% of the prescribed rate of wharfage on liquid cargo transferred through pipeline between KDS and HDC or from any other point to KDS / HDC. In this regard, please list out the facilities provided to justify levy of wharfage and also furnish the quantum of traffic handled by this mode.	This has been proposed in line with the existing Scale of Rates, which was earlier approved by TAMP.

(vii).	Please explain the basis for the proposed rate of Rs.50/- in respect of coastal cargo for which ad valorem rates are leviable in the existing arrangement.	In terms of Authority's guidelines, the rate for coastal cargo shall not exceed 60% of the rate applicable for foreign cargo. Since in case of ad valorem calculation of such 60% may not be feasible, Rs.50/- per ton has been proposed as against the existing rate of Rs.100/- per ton for unspecified coastal cargo considering that 50% reduction in ad valorem rate has been proposed in case of foreign cargo. However, KoPT would like to propose a minimum rate of wharfage for cargo under ad valorem at the rate of Rs.80/- per ton considering that the coastal rate has been proposed as Rs.50/- per ton. This is because, there may be cargo on which ad valorem rate of wharfage may be insignificant, even less than the lowest wharfage rate proposed for any cargo.
	<u>On-board handling charges</u>	
(i).	The proposed rates for levy of on-board handling charges are for supply of manpower. Please clarify whether the KOPT has taken over the stevedoring activity at KDS.	On board supply of manpower at KDS is done by Calcutta Dock Labour Board. Port does not undertake such activity at KDS.
(ii).	Though the rates are for supply of manpower, the rates are proposed for output i.e. on per tonne basis. If so, the per tonne rate should vary with output / productivity levels. The KOPT is, therefore, requested to propose per tonne rates for different levels of productivity.	In the existing Scale of Rates On-board handling charge is a component of On-board & Wharfage charge, which has been delinked and separate rates for wharfage and On-board handling charges has been proposed. Since, in the existing tariff, there was no variable rate depending on productivity level, a single slab rate has been prescribed in the proposed rate as a first measure of delinking. The per ton rate of on board handling charge with reference to output/productivity level, although may be logical, but introduction of the same will require collection and analysis of huge data, which at this stage may not be possible. As such, TAMP is requested to consider the matter and may not insist on per ton rates for different levels of productivity with respect to on board handling. This exercise may be undertaken for future revision of rates.
	<u>Shore handling charges</u>	

<p>With reference to Note (ii) to Section 6 the port's proposal is to allow 50% rebate if it provides only part of the services specified in the definition of shore handling charges. However, various services are included in the definition of shore handling charges. Therefore, please specify the percentages of rebate when the port does not provide various services instead of a common rebate of 50%.</p>	<p>Transfer of cargo between hook point and yard/shed including stacking at the yard/shed and loading/unloading of cargo for delivery/receiving are two components of shore handling charge. A single charge is applicable for the whole operations. The 50% rebate has been proposed considering that user may not avail port services for any one of the above components of shore handling.</p>
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	<u>Demurrage on cargo</u>	
(i).	<p>The KOPT has brought under one group the existing classifications of hazardous II, III & IV cargo, all other non-hazardous cargo and non-hazardous transshipment cargo into one category for the purpose of free period. While doing so, the reduction of existing 12 free days in respect of non-hazardous transshipment cargo to three days may be justified.</p>	<p>In the proposed Scale of Rates the FREE PERIOD is to be counted for the entire consignment after the last date of landing of the ship and beside port non-operational days, the Customs notified holidays will also be excluded for the purpose of calculating free period – thus the free period is extended automatically. In the existing Scale of Rates the rate of demurrage for the majority of the cargo is Rs.75/- and above. In the proposed Scale of Rates the cargo-groups have been reorganised and the overall rates of demurrage charge also has been reduced substantially. As such, although the proposed free period of non-hazardous transshipment cargo, when compared with the existing free period, appears to be less in numerical terms, the actual bearing will not be adverse. Further, incidence of storage of transshipment cargo is insignificant, if not nil. As such, keeping of any separate storage rate for the same hardly matters as well as not justified.</p>

(ii).	Please furnish the reason for reduction in the existing free period for non-hazardous cargo for Nepal and Bhutan from 7 days to 6 days.	Although the free period for Nepal and Bhutan cargo has been reduced from existing 7 days to proposed 6 days, there will be definite/automatic enhancement of free period for such cargo, since in the proposed Scale of Rates, the free period will be counted after the Last Date of Landing of a ship. The overall rate of demurrage charge has also been reduced. It is therefore felt that, in totality, the proposed structure of demurrage will be more beneficial to the trade
(iii).	With reference to Note (i) to Section –7 (Demurrage on Cargo), please clarify / furnish the following: (a). The reasons for change in the Last Landing Date (LLD) for the cargo already discharged from the vessel when the vessel is not doing cargo operation work in working berth for more than 24 hours for any fault / reason not attributable to the port.	As per the past experience, at times even in course of free discharge of cargo, operation of the ship is withheld or slowed down midway by the importer or the vessel or their agents due to disputes between themselves. At times, due to stoppage of work by the vessel or the importer or their agents, the vessel is required to be shifted and kept at waiting berth to accommodate other workable ship at that place; the balance cargo of the ship is discharged subsequently after resolve of the dispute/difficulty. There may even be incidents when the discharge operation is deliberately slowed down by the importer or their agent due to difficulties and inefficiencies in arrangement of adequate equipment and/or transport on their part for clearing the cargo being landed. Considering such situations, the conditions at Note (i) to Section 7 has been kept to avoid/discourage any misuse of the provision of considering the 'last date of landing' as the 'date of landing' for the purpose of calculating demurrage.
	(b). A conditionality may be proposed to the effect that demurrage on cargo shall not accrue for the period when the cargo could not be cleared for any reasons attributable to the port.	The reason, which usually attributable to port for importer not able to take delivery of his cargo is non-supply of labour and/or equipment by port for the purpose of loading. However, to avoid such situation provisions have been kept under Section 6 of proposed Scale of Rates, whereby the importer/exporter may make arrangement for loading of their cargo for delivery and avoid payment of the applicable handling charge. At HDC, the importer/exporter or their agents themselves usually do equipment and labour arrangements for clearing cargo. Keeping separate provision for non-applicability of demurrage in case cargo cannot be delivered by port, may invite opportunities for misuse of the provision. Hence it is felt that, no other provision is required. Further, such cases, if merits can always be dealt under the power granted to the Board in terms of Section 53 of the MPT Act.
	<u>Transportation</u>	

	<p>The KOPT has proposed the existing per tonne rates for transportation of cargo when it undertakes transportation. However, loading and / or unloading service is excluded from the proposed arrangement. Please justify the proposed rate with cost details.</p>	<p>Transportation charge leviable under Section.8 of the proposed Scale of Rates is not for basic and common operation at the port. The basic operation of transportation (including loading/unloading) of cargo between hook point and stacking yard is covered under shore handling charges and as such, the rates under Section.8 is only for additional unproductive transportation. Relevantly, the existing Scale of Rates too contains similar rate for such service and there has not been any increase in the proposed Scale of Rates.</p>
	<p><u>Loading / unloading / restacking charges</u></p>	
	<p>In the existing arrangement, the rates of lifting charges applicable at KDS and loading / unloading / restacking charges at HDC are leviable at different rates. In the proposed Scale of Rates, the KOPT wants to rename the tariff item as 'Loading / unloading / restacking of article / package for operation not covered under "Shore Handling Charge" and has proposed uniform rates for both the system of KOPT. Further, the port has proposed rates under this category at reduced levels for various slabs delinking shore handling charge. The element of shore handling charge delinked may be quantified and furnished.</p>	<p>In the proposed Scale of Rates Loading/unloading/restacking charge leviable under Section 9 are not for basic services required to be provided to any cargo, rather are for additional unproductive operations, for which separate charge is also being levied under the existing Scale of Rates. In the proposed Scale of Rates, such basic operations in the process of delivery/receiving/stacking are covered under shore handling charge. As per the existing Scale of Rates, for delivery/receiving/restacking of packages/articles weighing 5 Ton and above at KDS lifting charge is levied in addition to wharfage. In the proposed Scale of Rates, however, such services are covered under shore handling charge, which is a component delinked from the existing wharfage charge. As such, in the proposed Scale of Rates there is no separate or additional charge (like the existing lifting charge) for delivery/receiving/restacking of such cargo. Compared to the existing rates of lifting charge (for all categories of cargo), the rates of shore handling charge also have been reduced/rationalised to a great extent.</p> <p>At HDC, shore-handling service to cargo is usually not provided by port. However, such provision has been kept in the existing Scale of Rates to meet any emergent requirement. Since it has been decided in principle to keep a uniform rate for KoPT as a whole, a common rate of Loading/unloading/restacking charge has been provided in the proposed Scale of Rates.</p>

4.	<p><u>Charges on Container and Containerized cargo</u> <u>Wharfage on container / containerised cargo:</u></p>
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<p>(i).</p>	<p>(a). This Authority advised the KOPT to move towards a single box rate for handling containers and rationalise the container handling charges at the CPY and non-CPY. (Paragraph 15(vii)(b) and 15(vii)(f) of Order of April 2001).</p>	<p>As per existing Scale of Rates, there are 6 different box rates (excluding empty containers), each for CPY & Non-CPY. Keeping in with the advice of the Authority, KoPT has proposed only 3 (three) categories of rate structure, which is applicable for both CPY & Non-CPY. Thus, the Authority may appreciate that KoPT has already taken step to move towards a single box rate, which can not be proposed at one go this time due to considerable financial implications.</p>
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(b). In the existing arrangement, charges on container and containerized cargo handled at the container terminal of KDS and charges on container and containerized cargo handled at area other than container terminal of KDS are prescribed separately. In respect of HDC, separate rates of container handling with itemized break-up have been prescribed. Against this existing position, the KOPT has now proposed uniform rates applicable at KDS and HDC for levy of wharfage on container and containerised cargo, on board handling charges and shore handling charges. In this context, please furnish an analysis of the existing vis-à-vis proposed rates bringing out variance and justify the increase in rates, if any, supported by cost details. Also, the proposal to maintain same rates at KDS & HDC may be justified with reference to the services provided, productivity levels and cost of rendering services at both the dock systems.

KoPT has proposed an uniform rate structure considering that each dock system works complementary to the other, thereby contributes to overall interest of the organisation as a whole. In this process KoPT, however, tried to ensure that overall cost of handling container at both the dock system is not increased, unless absolutely necessary and become prohibitive to overall growth of container traffic at KoPT. Therefore, from the consolidated box rate of KDS and itemized break-up rate of HDC, a new rate structure has been proposed. While doing so, KoPT has ensured that TAMP's earlier advise of delinking of on-board charge from wharfage is also followed. KoPT has already submitted cost statement for handling container at both the dock systems. The existing rates as well as proposed rates of both the dock systems were already furnished in Form-II with the proposal as per requirement of TAMP. However, for better understanding the position is furnished below for KDS and HDC.

KDS

(in Rs)

Type	CPY				Non – CPY			
	Exis-ting	Proposed			Existing	Proposed		
		Wharf-age	Shore handling	Total		Wharf – age	Shore-handling	Total
Imp Cat-I	5500	2200	220+165	2585	4500	2200	0	2200
Imp Cat-II	6000	2200	220+165	2585	5000	2200	0	2200
		4000	220+165	4385		4000	0	4000
		6200	220+165	6585		6200	0	6200
Exp Cat-I	3600	2200	220+165	2585	2800	2200	0	2200
Exp Cat-II	4500	2200	220+165	2585	2800	2200	0	2200
Exp Cat-III	6000	2200	220+165	2585	5000	2200	0	2200
Empty	750	450	220+165	835	500	450	0	450

HDC

(in Rs)

	When port equipment is used		When port equipment/ labour is used in part		When port equipment/ labour is not used	
	Exis-ting	Proposed	Existing	Proposed	Existing	Proposed
Landing/ Shipment	1600	2200+275	1500	2200+275	1500	2200+275
Transport from Quay to yard	900	220	600	55	300	0
Delivery/ Receiving container	350	165	250	55	200	0
Total	2850	2860	2350	2585	2000	2475

		<p>From the above, it may be seen that KOPT has proposed some increase in overall rates where port provides either partial or no shore handling services and the private operators provide the shore handling services. This has been proposed to ensure full utilisation of shore facilities created by port in the form of cranes and labours. Further, this will also ensure some recovery of cost incurred on roads, container yards, etc., which the private crane operators providing shore services used commonly with the port and earn revenue.</p>
	<p>(c). The differential wharfage charges prescribed for 3 categories may be justified with reference to the differences in the cost of services provided by the port to these categories of loaded containers.</p>	<p>The differential wharfage charges prescribed for 3 (three) categories are not due to difference in the cost of services provided by the port, but keeping their sensitivity to port tariff considering the ultimate goal to move gradually towards single box rate in future as advised by the Authority during the last revision.</p>
(ii).	<p>There is a significant difference in the wharfage rates proposed for containers from the identified ICDs and other ICDs. Please explain the rationale behind differential rate proposed.</p>	<p>There is no traffic at present from ICDs other than the identified ICDs. So to encourage further container traffic from the identified ICDs, the promotional tariff has been proposed.</p>
(iii).	<p>With reference to the proposed on-board handling charge on containers applicable for KDS, please state whether the KOPT has taken over the stevedoring activity at KDS. If so, please bring out the role of Kolkata Dock Labour Board (KDLB). Further, the on-board services provided may be listed out.</p>	<p>On board supply of labour for handling containers at KDS is being provided by Kolkata Dock Labour Board at separate charge levied by them. As such on board handling charge in the proposed Scale of Rates is not applicable at KDS presently.</p>
(iv).	<p>In the proposed Section 13 (Shore Handling Charges on Container), the KOPT has proposed separate rates when the KOPT provides part of the labour / equipment. The description "part of the labour / equipment" is vague which may be defined categorically.</p>	<p>The different services of shore handling has different individual service components, which in turn has different resource components like various equipments, equipment-combinations, labour etc. In course of availing shore services, the user may avail one or many of such resource components, but not the all. To meet such situation the rate for "part of the labour/equipment" has been kept, as already prevailing in the existing Scale of Rates for container handling at HDC.</p>

(v).	<p>On the ground that handling operation of loaded and empty containers is same, the KOPT has decided to remove the existing differential rates for shifting charges and proposed to adopt lower (Rs. 700) of two rates. It appears that the existing rate to handle empty container is less than the proposed rate of Rs.700/-. Please clarify and give reference to the Section prescribing Rs.700/- as shifting charge for empty container in the existing Scale of Rates.</p>	<p>For such operation at HDC landing charge plus shipment charges (i.e. Rs.1500/- + Rs.1500/- for Load containers and Rs.750/- + Rs.750/- for empty containers) are recovered as per the existing Scale of Rates, which is higher than the proposed rate. At KDS, the existing charge for such operation is Rs.2000/- for loaded container and Rs.500/- for empty container. The proposed rate for load as well as empty container is Rs.700/-, both at KDS and HDC. Thus, there is a considerable reduction in the rate for load container. The marginal increase for empty has been proposed considering similarity of operation both for empty and loaded.</p>
(vi).	<p>With reference to stuffing and destuffing charges the basis for the new structure may be furnished with cost details to justify the proposed rates.</p>	<p>The existing rates approved by TAMP for destuffing/stuffing are at Section 9, Sl 2, Section 10 Sl 2(a) & (b) and Section 18.1</p> <p>It may be seen that the proposed rate structure is nothing but an attempt to consolidate existing rates under various Sections applicable at KDS and HDC depending on the nature of services presently provided by each dock system. This has been done, as KoPT, as a policy has proposed for uniform rates for uniform services for the both the dock systems. However, some increase in the earlier rates prescribed in existing Section 18.1 has been proposed, as, the earlier rates were simply notional and the services were not required to be provided. Now, it is considered prudent to keep proper rates to meet any such requirement so that port is not required to be out of pocket for such services.</p>
(vii).	<p>Please justify with cost details the proposed rate for services provided to containers with Hazardous – I cargo and list out the services proposed to be provided. In this regard, Clause 5.7.3. of the tariff guidelines may be referred to.</p>	<p>Fire personnel with all equipments and arrangement are deployed during handling of Hazardous-I container till its clearance from the port, which necessarily takes some time for completion of required documentation formalities. This involves substantial cost. The clause no. 5.7.3 of the revised tariff guidelines provides to levy premium to the extent of 25% of the handling and storage charge in case of all hazardous containers. Accordingly, keeping in view port's endeavour to keep an uniform rate for KoPT a rate of Rs.1000/- per TEU has been proposed for container carrying Hazardous-I cargo. Regarding cost details it may be stated that even if we consider average 2 shifts stay of container with Hazardous-I cargo inside the docks, then cost of deployment 2 fire personnel (1 in each shift) reasonably justify the above proposed rate.</p>

(viii).	<p>The existing Scale of Rates prescribes charges for handling transshipment containers. The charges for transshipment containers do not appear to have been proposed in the draft Scale of Rates. The charges for handling transshipment containers may be proposed, if necessary, in line with clause 5.5.1 of the revised tariff guidelines.</p>	<p>Only feeder vessels operate at KoPT. Transshipment of containers does not take place from this port. However, to meet any unforeseen requirement, a separate rate for transshipment containers may be considered in accordance with clause 5.5.1 of the revised tariff guidelines of the Authority.</p>
(ix)	<p>Please furnish the reasons for proposing differential rates for storage charge on loaded container and empty container in the light of Clause 5.3 of the revised tariff guidelines.</p>	<p>Infrastructural support for loaded containers is different from that of empty containers. As such the rate for storage charge has to be different. For example, security, type of storage yard, liability of port for loaded container etc. has to be taken into account for the purpose.</p>
(x).	<p>(a). The KOPT has proposed new slab structure for levy of storage charge on loaded import / export container containing hazardous-I cargo at the reported demand of the users. The basis for the new slab structure may be furnished.</p>	<p>The proposed Scale of Rates incorporates unified storage charge for cargo and container together, in stead of separate rates of storage charges for the cargo and the container, as provided in the existing Scale of Rates. Though Clause 5.7.3 of the revised tariff guidelines provides scope for levy of storage charge at a premium to the extent of 25% for any hazardous container (i.e., Haz. I, II, III & IV), KoPT has proposed a separate rate only for container with Hazardous –I cargo, whereas, storage charge proposed for container with Hazardous-II, III & IV cargo is same as that of container with Non-hazardous cargo. As a principle KoPT want to discourage retaining of any container with Hazardous –I cargo inside the docks because of its highly inflammable nature and those are normally allowed to land for direct delivery on the same day from hook point. In this backdrop, as a penal measure higher slab rates have been proposed for container with Hazardous-I cargo. Incidentally, as per the existing Scale of Rates the storage charge for container with Hazardous-I cargo would be much higher if the average loadability of container is considered.</p>
	<p>(b). It appears that the proposed storage charges for hazardous containers are with premium as compared to the normal containers. Please confirm that the proposed storage charges on hazardous containers are in line with Clause 5.7.3. of the revised tariff guidelines.</p>	<p>The position has been explained in para (x) (a) above.</p>

<p>(xi).</p>	<p>Note-4 to Section 15 is not in line with Clause 5.8.2. of the tariff guidelines.</p>	<p>KoPT, for easy record and calculation, has proposed that the landing date of a container of any vessel shall be the last landing date of the vessel in which the container is carried. Following the guidelines under Clause 5.8.2, however, calculation of free dwell time has been proposed from the day after the day of landing (which is the last landing date as stated above).</p>
<p>(xii).</p>	<p>With reference to the rebate structure introduced for granting rebate in wharfage for handling FCL containers, the basis for slabs proposed for quantity handled and the basis for quantum of rebate proposed may be brought out. The Section 16.5 regarding time limit for refund by KOPT and stipulation regarding interest needs to be modified in line with Clause 2.18.3 and Clause 2.18.4 of the revised tariff guidelines.</p>	<p>Rebate on containers: The main idea to bring rebate on wharfage is to allow the benefit to the importers/exporters themselves. The different profile of importers/exporters in terms of the volume of their containers has been considered for the purpose and accordingly for a rational distribution of the benefit to both small and big importers/exporters, the slabs have been so organised.</p> <p>Section 16.5 of the proposed Scale of Rates has specified the methodology for claiming and processing of rebate. However, clause 2.18.3 and clause 2.18.4 of the revised tariff guideline is with regard to payment of charge and refund of overcharge. Refund of rebate does not mean refund of over-charge.</p>

5. Miscellaneous Charges

The KOPT has proposed increased hire charges as compared to the existing rate of hire charges in respect of the following equipments:

- (a). Locomotive
 - (b). Bulldozer (less than 10 MT)
 - (c). Bulldozer (more than 10 MT)
 - (d). Top lift truck / reach stacker
- Like wise, the port has also proposed new rates for the following equipments taken on lease / procured:
- (e). Tyre mounted Hydraulic front end loader and Bock Hoe
 - (f). Self unloading dumper
 - (g). Crawler mounted excavator.
 - (h). RMQC for use other than for handling of container.
 - (i). Spreader (40 ft).

Bull Dozers, Top lift truck/ reach stacker, etc is not usually hired out. Usage of this equipment in normal process of handling of cargo is covered under shore handling charge. However, provision for hire rates have been kept considering the local market rate to meet any exigencies. Similarly, port locomotives are used for hauling wagons within the port railway system and are normally covered under Local Haulage Charge approved by the Railway Board from time to time. Locomotive hire charge has been proposed with some escalation in the present rate, keeping hire rate of Zonal Railways in consideration, in order to meet operational requirement not covered under haulage at the users request.

Rates for Tyre mounted Hydraulic Front end loader cum backhoe, Self Unloading Dumper and Crawler Mounted Excavator have been proposed as action has been initiated to take those equipment on hire. The rates proposed are tender rates plus administrative overhead.

Regarding RMQC the information requested is as under-

- a) Cost of equipment - Rs.19.5 Crore each
- b) Life of equipment – 20 years
- c) Operation & maintenance cost – Rs.6.4 lakhs per month, i.e. 6.4x12= Rs.76.8 lakh
- d) Electricity 100 unit per hour at the rate of Rs.5/- per unit
- e) Utilisation 80% of 365 days x 3 shifts, i.e. 876 shifts(8 hrs shift) per annum

Estimated Earning		45000
Operating Cost:		
O & M cost per shift- (Rs.76.8 lakh ÷ 876)	8768	
Electricity per shift of 8 hrs – (Rs. 5 x 100 x 8)	4000	
General Expenses (973634 ÷ 876)	1111	
Depreciation {(Rs. 19.5 crore ÷20) ÷ 876	11130	
Finance & Misc. Exp (8225315 ÷ 876)	9390	
Sub Total	34399	34399
Surplus		10601
Allocable Mgt. & Gen overhead (1797470 ÷ 876)		2052
Net Surplus		8549

Note: Allocation of cost on the basis of sub activity cost of containers in cost statement of 2004-05

<p>In this context, please furnish the following:</p> <ul style="list-style-type: none"> -As already pointed out by us in this questionnaire, the analysis in terms of Clause 2.6.3. may be made for each of the capital additions. -Detailed working for the proposed hire charges indicating the capital cost and life of the equipment, lease rentals paid, operating cost and maintenance cost with breakup for material and labour, power cost and other overheads may be furnished. 	<p>Regarding spreader, it may be stated that in the existing Scale of rates TAMP has earlier approved Rs.1500/- as per shift hire charge for 20 ft. Spreader. Keeping this into consideration, the rate proposed for 40 ft. spreader is 1.5 times that of 20 ft., which is similar to principle followed in case of container.</p>
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<u>Ship-breaking Charges & Dry dock charges</u>	
<p>Substantial reduction is observed in the ship-breaking charges and dry dock charges when the proposed rate is compared with the existing rates for different classes of vessels. In this context, KOPT may confirm that no other activity is made to cross-subsidize ship-breaking activity in view of the proposed reduction in charges. Separate cost statements for these activities may be furnished.</p>	<p>As Kopt does not generally incur any direct cost for carrying ship-breaking activity, no separate expenditure code is maintained showing ship breaking as a cost centre. Ship breaking charge is for availing the general facilities of port. It may be confirmed that no other activity is made to cross-subsidize ship breaking activity in view of the proposed reduction of charges. As explained, separate cost statement for ship breaking activity cannot be furnished. However, cost statement in respect of Dry dock activity has already been furnished to TAMP.</p>
<p>6.</p>	<p><u>Vessel Related Charges:</u> <u>Beth Hire</u></p>

<p>(i).</p>	<p>The basis for the proposed single slab rate for berth hire of 0.25 Cents may be explained alongwith revenue implications. Likewise, the basis for the proposed minimum rate of berth hire charges may be furnished.</p>	<p>There are three slabs of berth hire in the existing tariff schedule and rates approved by the Authority are different for KDS and HDC. However, to restrict rapid diversion of vessels /cargo from KDS, KoPT Board decided to operate berth hire charges at the rates applicable at HDC for both the dock systems to optimise utilisation of total infrastructure of KoPT as a whole. Unless the two dock systems operate in tandem offering same rates for same services, trade would like to avoid the higher cost dock system, which ultimately will result in congestion in lower cost dock system. In turn, this will result in diversion of cargo from KoPT even though infrastructures at one dock system suffer from underutilisation, and at the end of the day revenue of KoPT as whole will suffer. Authority may appreciate that liability for the employees and pensioners is that of the organisation, i.e. KoPT and not of any individual docksystem. The present applicable rates of Berth Hire are 0.29125 cents for vessel upto 3000 GRT, 0.25 cents for vessel of 3001 to 10000 GRT and 0.20875 cents for vessel above 10000 GRT. In terms of clause 6.10 of revised guideline issued by TAMP in case of port dues and berth hire there should be single slab of GRT. Accordingly, single slab of berth hire has been proposed. The rate proposed is 0.25 cents after considering the following facts –</p> <p>(a). Presently in KoPT maximum number of vessels is paying berth hire at 0.25-cent rate.</p> <p>(b). At the time of proposing the existing Scale of Rates, the dollar conversion rate was considered as 1 \$ = Rs.45/-, whereas, while considering the revenue on the proposed rate the dollar conversion has been considered as 1\$ = Rs.43.52.</p> <p>(c) Further, as per policy guideline, the rate for coastal vessel should not exceed 60% of the foreign going vessel instead of earlier 70%. Thus, there is likely loss of some revenue on this score.</p>
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<p>(ii).</p>	<p>The existing berth hire charge is inclusive of use of shore crane at the berth. The port now has separated the element of cost of providing shore crane at berth and wants to levy it separately. The element of charges for use of shore crane separated from the proposed single rate may be quantified and furnished. In this regard, Clause 6.5.2 of the tariff guidelines may be referred to.</p>	<p>Per shift operational cost for shore crane does not vary with the GRT size of the vessel, it is same for all size of vessels. Therefore, with the experience of time, it is felt more logical to recover the same separately at a fixed rate. The proposed rate of Rs.1200/-per shift is the same rate, which the Authority earlier approved as shore crane hire charge under Section 19.1, Sl. No. 12(b) of the existing Scale of Rates.</p> <p>The element of charge for use of shore crane earlier is therefore Rs.1200/- per shift in the Berth Hire, which apparently used to remain unrecovered from the Berth Hire earning against smaller vessel. Further, of the total 49 berths in KoPT (KDS-34 & HDC-15), only in 3 berths 1 or 2 shore cranes are in serviceable position and also not at their best performance level and therefore, their use by the vessel is not insisted upon for working at the said berth.</p> <p>In this background it appears to be prudent to delink shore crane facility charge from Berth Hire.</p>
<p>(iii).</p>	<p>A uniform berth hire irrespective of location, facilities, etc., of the berths is proposed. It is also not clear how the oil jetties, bulk handling berths at HDC and the oil berths at KDS can be treated on the same footing. The proposal needs to be reviewed in terms of Clause 6.5.1 of the tariff guidelines.</p>	<p>The question of treating oil jetties, bulk-handling berths at HDC and that of oil berths at KDS on the same footing, as raised by TAMP, does not arise. The Berth Hires from the vessels are being realised on GRT of the vessels. Oil jetties of HDC or bulk handling berths of HDC accommodate bigger size of vessels because of their bigger berths, therefore, per shift revenue earning had to be also more. Similarly, Oil berths at KDS are of smaller size and per shift revenue is less. Had the Berth Hire rate is fixed irrespective of size of vessels, and then the berth specific Berth Hire might have been logical, provided each berth works as individual system and as cost centre. Further, the Berth Hire rate prescribed by KoPT is only to cover the uniform services at the berth.</p>
<p>(iv).</p>	<p>The various services provided against levy of composite berth hire charges and a suitable note to this effect may be included in the Scale of Rates.</p>	<p>Berth face with berthing facilities.</p>

(v).	<p>The KOPT has proposed penalty if a vessel does not work against its booking for working on a holiday due to reasons not attributable to port. Similarly, the KOPT may consider to incorporate a conditionality in its draft Scale of Rates 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 KOPT.</p>	<p>Authority may appreciate that on holidays ports have to pay extra wages to its workers booked to facilitate vessels working on the said days. For this, however, port does not recover any extra charge from the vessel. But, it has been observed on many occasions that although on specific requisition of the vessel port has booked workers and equipment for work on holidays the vessels did not work. To avoid this unfruitful expenditure, the proposed provision has been prescribed. What TAMP is suggesting, the same may be considered when provision for penal Berth Hire will be incorporated for working below productivity level in the future proposal for revision.</p>
	<p><u>Mooring and Anchorage</u></p>	
	<p>This Authority modified the existing Section 3 (xii) of the Scale of Rates of KOPT in its Order dated 12 August 2002 and advised KOPT [paragraph 7(viii)] to formulate a proposal with respect to levying of a charge for use of its lock barrels at the HDC as a stand alone tariff item or its merger with some other vessel related activities. Please explain the action taken in this regard.</p>	<p>The existing provision of charging for occupying lock barrel at the time of sailing /arrival has been deleted in the proposed Scale of Rates and component has been considered as part of berthing facility.</p>

	<p><u>Miscellaneous Charges</u></p>	
(i).	<p>The unit of the proposed new rate for supply of additional labour for diving related work may be suitably modified to 'man hour' to avoid any ambiguity.</p>	<p>The Authority may modify the rate for additional labour for diving related work from proposed 'per hour' to 'per man hour'.</p>
(ii).	<p>The KOPT anticipates visit of foreign passenger vessel to Kolkata Port and accordingly has proposed new charges in US\$ terms. Please clarify the additional services provided to such vessels justifying levy of an additional charge.</p>	<p>Such rate is already available in the existing Scale of Rates for Coastal vessels carrying passengers, which visit KoPT presently. Since KoPT is anticipating visit of foreign going vessels with passengers in near future, the provision has been made in the proposed Scale of Rates.</p>
	<p><u>Towage & Pilotage of vessels:</u></p>	

<p>(i).</p>	<p>In the existing arrangement differential rates of towage and pilotage are leviable at KDS and HDC, with lower rate at HDC. It is relevant to mention here that this Authority in its Order dated 30 August 2001 [paragraph 9 (iii) (c)] disposing of the KOPT proposal for allowing discounts in cargo and vessel related charged for the KDS observed as follows:</p> <p><i>" the distance of pilotage varies considerably in the case of CDS and HDC. The distance from the pilot boarding point to the CDS is more than double of that to the HDC. This means involvement of additional cost in piloting a vessel in / out of the CDS when compared to similar movements in / out of the HDC....."</i></p> <p>Now, the KOPT wants to maintain a uniform rate for HDC and KDS. In this context, please clarify / explain the following:</p>	
	<p>(a). The rationale behind proposing the uniform rate of towage and pilotage for both HDC and KDS. The basis for the proposed rates supported by cost details.</p>	<p>The cost details for Pilotage & Towage for KoPT as a whole as well as KDS and HDC separately as requested by TAMP has already been furnished. In the cost of pilotage & towage, only the component of pilot cost may have some relation with the pilotage distance. But it may be noted that the cost of tug services, which is part of pilotage & towage, is higher in case of HDC in compare to that of KDS since much higher capacity tugs are in operation at HDC in compare to KDS. Considering both the advantage and disadvantage in cost of each element of towage & pilotage at both the dock systems, a uniform rate structure for KoPT as a whole has been proposed.</p>
	<p>(b). The KOPT has proposed to give additional concession in towage and pilotage charge and other vessel related charges for coastal vessels plying between Andaman and KOPT. In this regard please explain the basis for the proposed base rate.</p>	<p>The additional concession in towage & pilotage charge and other vessel related charges for coastal vessels plying between Andaman KoPT have been proposed simply as promotional measures.</p>

(ii).	The proposal to levy charges when vessel calls both at KDS and HDC is more of an internal billing arrangement of the KOPT. That being so, there need not be a conditionality in the Scale of Rates in this regard.	Similar type of Note already exists in the existing Scale of Rates approved by TAMP earlier with respect to levy of Port Dues.												
(iii).	(a). With reference to special pilotage fee leviable on vessel availing pilotage from HDC to any point of KDS or vice versa, please justify the proposed 40% of the proposed rates as against the existing 12.5% of existing rates supported by cost details.	<p>As per Sec. 28.11 of the existing Scale of Rates the special pilotage fee is leviable at the rate of 12.5% of the rate specified under Sec.28.1, which comes to-</p> <table border="1" data-bbox="778 629 1489 882"> <tr> <td>Vessels upto 5000 GRT</td> <td>Rs. 5.00 per GRT subject to minimum of Rs.10000.00</td> </tr> <tr> <td>Vessels above 5000 and upto 15000 GRT</td> <td>Rs.4.63 per GRT subject to minimum of Rs.25000.00</td> </tr> <tr> <td>Vessels above 15000 GRT</td> <td>Rs.4.25 per GRT subject to minimum of Rs.69375.00</td> </tr> </table> <p>As per proposed Scale of Rates the proposed 40% of the proposed rate will be</p> <table border="1" data-bbox="778 1003 1489 1256"> <tr> <td>Vessels upto 30000 GRT</td> <td>Rs. 4.80 per GRT subject to minimum of Rs.10400.00</td> </tr> <tr> <td>Vessels above 30000 and upto 60000 GRT</td> <td>Rs.144000.00 + Rs.3.84 per GRT on 30001 to 60000 GRT</td> </tr> <tr> <td>Vessels above 60000 GRT</td> <td>Rs.259200.00 + Rs.3.36 per GRT on 30001 to 60000 GRT</td> </tr> </table> <p>Thus, from the above it may be seen that proposed increase in percentage of levy will not result in any increase in the charge payable in actual money value. This is because the existing basic rate is much higher than what has been proposed.</p>	Vessels upto 5000 GRT	Rs. 5.00 per GRT subject to minimum of Rs.10000.00	Vessels above 5000 and upto 15000 GRT	Rs.4.63 per GRT subject to minimum of Rs.25000.00	Vessels above 15000 GRT	Rs.4.25 per GRT subject to minimum of Rs.69375.00	Vessels upto 30000 GRT	Rs. 4.80 per GRT subject to minimum of Rs.10400.00	Vessels above 30000 and upto 60000 GRT	Rs.144000.00 + Rs.3.84 per GRT on 30001 to 60000 GRT	Vessels above 60000 GRT	Rs.259200.00 + Rs.3.36 per GRT on 30001 to 60000 GRT
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	(b). The KOPT has proposed a conditionality to levy pilotage fee for movement of vessels between HDC and KDS under Section 24.8 of the Scale of Rates. Again, a separate shifting charge has been proposed for shifting of vessel between KDS and HDC under Section 24.9 (b) of the Scale of Rates. Please clarify the reasons for proposing two different arrangement for the same activity.	Section 24.8 is a pilotage charge for vessel plying between KDS and HDC only, whereas, shifting charge under Section 24.9 (b) is for vessel on which towage & pilotage charge is leviable under Section 24.1.												

(iv).	Please explain the reason for deleting the existing provision allowing a rebate of 20% in pilotage rate for a vessel availing pilotage from Sand Heads to Haldia anchorage and dock only but not requiring pilotage to any other point in KDS or HDC.	The provision has been erroneously omitted. TAMP may please incorporate the same.
(v).	Please explain the reason for deleting the existing provision for levy of pilotage fee on vessel reaching KDS via HDC in her inward journey and leaving KDS via HDC in her outward journey. It appears that the vessels visiting KDS via HDC and leaving KDS via HDC enjoy concession to the extent of 50% in the existing pilotage and towage fee.	This has been replaced by shifting charge under Section 24.9(b). It was considered more logical and reasonable to levy shifting charge for shifting of vessel within the port instead of pilotage once pilotage is levied
(vi).	With reference to shifting charges between KDS and HDC please justify the proposed rate and minimum rate for foreign going vessels supported by cost details. The proposed shifting charges for coastal vessel should be in line with Clause 6.1.2. of the revised tariff guidelines.	KoPT has already submitted the cost details for port and dock facilities alongwith the costs for sub-activities, as required by TAMP at the time of submission of proposal. Any attempt to make separate cost details for shifting activities from the same will be misleading. However, following the revised tariff guidelines under Clause 6.1.2, the rates for coastal vessels have been proposed at rates not exceeding 60% of the rates for foreign going vessels. For this, the dollar conversion rate as on 1/02/05 i.e., 1\$ = Rs.43.52 has been considered.
(vii).	The KOPT does not want to levy the proposed shifting charges for first shifting of vessel between KDS & HDC or vice versa. Please clarify whether the first shifting will be at the request of the users. The proposed conditionality in this regard may be reviewed in terms of Clause 6.4 of the tariff guidelines.	KoPT has proposed not to levy shifting charge for first shifting of vessel between KDS and HDC irrespective of whether the shifting will be at request of user or not. In other words, the charge proposed for the first shifting of vessel between KDS and HDC is nil. This is in consistent with Clause 6.4 of the revised tariff guideline.
(viii).	The new definition of port convenience introduced by the port, <i>inter alia</i> , includes shifting of ship from one working berth to other locations to accommodate ship having cargo priority. Please define the term “cargo priority” and specify the authority prescribing such priorities.	‘Cargo priority’ means priority for berthing vessels carrying some specified cargo to be handled at the specified berth ; e.g. at HDC, Container vessels (having operation of minimum 100 TEUs per ship call at HDC) enjoy priority berthing at Berths No. 10 & 11, Phosphoric Acid vessels have priority in berthing at Berth No. 6 & 7, etc. The Board of Trustees approves such priority berthing of ships carrying the specified cargo from time to time.

<p>(i).</p>	<p><u>Stayal Charges</u></p> <p>With reference to stayal charges on vessel for occupying declared river side inland vessels' wharves of KOPT, the port has converted the existing wharf toll (in cubic meter capacity) to per tonne basis. Please give an analysis of financial impact on the users due to change in the unit of charge.</p>	<p>While proposing the stayal charges, the rate has been recommended on per ton basis instead of existing system of charging on cubic meter capacity. The conversion factor has also been specified as 1 Cu. Mt. = 0.36 Register ton in the Note for Part- VII of proposed Scale of Rates. This has been arrived at considering the following –</p> <p>A Register ton represents 100 Cu. Ft. and to convert 1 Cu. Mt. to 1 Cu. Ft. multiplying factor is 35.52. Therefore, 1 Register ton (S.I. unit) is equivalent to $(1 \times 35.52)/100 = 0.355$, which is rounded to 0.36 Register ton.</p> <p>The analysis of financial impact on the users due to change in the unit of charge is furnished.</p> <p>It may be seen that as per existing SOR the vessel upto 30 Cu. Mt. has to pay Rs.200/- per day whereas in the proposed Scale of Rates vessel upto 15 tons which is equivalent to 41.67 Cu. Mt. will have to pay the same rate. Further with the introduction of maximum chargeable amount vessel with higher capacity (500 tons and above) will be benefited, as they have to pay charge limited to Rs.4000/- only.</p>
		<p>The proposed rates may result in some minor hike in respect of vessels of medium size, but that will be compensated by the reduction proposed in the Stayal charges at S. 27.1. This charge is being levied to compensate some portion of operation cost of lock gate, bridges to allow entry/exit of the vessel. As the operation of lock gate and bridges is quite expensive the rate proposed is to attract more bigger size vessel to work inside the dock.</p>
<p>(ii).</p>	<p>It appears that the KOPT has introduced a new tariff item for levy of stayal charge on vessels other than ferry, launch for occupying the facilities of the KOPT. The corresponding entry, if any, in the existing Scale of Rates may be pointed out.</p>	<p>This is not a new tariff item, the comparable position is furnished at page 77 of Form- I submitted with the tariff proposal.</p>
<p>(iii).</p>	<p>With reference to levy of dock toll charge on the vessels for entry inside the impounded dock, please clarify / furnish the following:</p> <p>(a). To keep parity with the chargeable unit followed in issuance of licences by the local water ways Authority, the port has changed the chargeable unit from cubit meter to tonne. Please confirm that the change in the chargeable unit does not burden the users.</p>	<p>As explained in i) above it is confirmed that change in the chargeable unit will not burden the users.</p>

<p>(b). The existing rate of toll charge of Rs.3 per Cubic Meter applicable for the "above 30 Cubic Meter capacity" of the vessel has been changed to Rs.9 per tonne and a maximum amount of Rs.4000 has been proposed. The basis for the maximum amount of 4000 may be furnished and the new rate of Rs.9 per tonne may be justified with cost details.</p>	<p>Taking the conversion factor of 1 Cu. Mt. = 0.36 ton the rate of Rs.3 per Cu. Mt. is equivalent to $Rs.3/0.36 = Rs. 8.33$ which is rounded off to Rs.9/-. The maximum amount of Rs.4000/- is proposed to promote bigger size vessel contrary to the existing provision where there is no such maximum limit. As the services involve operation of lock gate and bridges, which is quite expensive, and such operation are being undertaken commonly to serve number of vessels at a time usually, allocation of cost of operation to a particular vessel may not be feasible as well as reasonable.</p>
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7.	<u>Special Rate</u>																										
(i).	<p>The KOPT vide its letter no. Fin/600/B dated 25 August 2005 has furnished a copy of Audit Certificate dated 24 August 2005 regarding receipts and payments on account of 10% special rate charged by the KOPT on port charges. The total arrear liabilities accrued upto 31 December 2000 on account of arrears of salary, wages and retirement benefits arising out of various Government orders in this regard and the revenue generated from the 10% special rate may be updated as of 31 December 2005 and furnished.</p>	<p>The updated figure upto February, 2006 (the Authority has asked for figures upto December, 2005) in respect of total arrear liabilities accrued upto December, 2000 on account of arrears of salary, wages and retirement benefits arising out of various Government orders in this regard and the revenue generated from 10% Special rate are furnished below.</p> <p style="text-align: center;">Total Arrear Liabilities (in Crores)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Original Estimate</th> <th style="text-align: center;">R.E</th> <th style="text-align: center;">P'ment upto 28.2.06</th> <th style="text-align: center;">Amt Outstanding</th> </tr> </thead> <tbody> <tr> <td>Revision of salaries from Govt Order within 31.12.2000</td> <td style="text-align: center;">101.84</td> <td style="text-align: center;">101.84</td> <td style="text-align: center;">101.84</td> <td style="text-align: center;">NIL</td> </tr> <tr> <td>Liberalisation of Pension Scheme upto 31.12.2000</td> <td style="text-align: center;">170.51</td> <td style="text-align: center;">164.74</td> <td style="text-align: center;">139.63</td> <td style="text-align: center;">25.11</td> </tr> <tr> <td>Int. on loans from ICICI(Rs.32 crores) and BOI (Rs.66 crores)</td> <td style="text-align: center;">11.31</td> <td style="text-align: center;">11.31</td> <td style="text-align: center;">11.08</td> <td style="text-align: center;">0.23</td> </tr> <tr> <td></td> <td style="text-align: center;">283.66</td> <td style="text-align: center;">277.89</td> <td style="text-align: center;">252.55</td> <td style="text-align: center;">25.34</td> </tr> </tbody> </table>		Original Estimate	R.E	P'ment upto 28.2.06	Amt Outstanding	Revision of salaries from Govt Order within 31.12.2000	101.84	101.84	101.84	NIL	Liberalisation of Pension Scheme upto 31.12.2000	170.51	164.74	139.63	25.11	Int. on loans from ICICI(Rs.32 crores) and BOI (Rs.66 crores)	11.31	11.31	11.08	0.23		283.66	277.89	252.55	25.34
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(ii).	In view of the revision in rates proposed in the general revision proposal filed before this Authority, the proposed 10% quantum of special rate proposed to be levied for another 1½ years from 1 October 2005 may be justified.	Kopt had proposed for levy of 10% Special rate upto 31.03.2007 considering the earnings and liabilities and the likely reduction in income particularly due to shifting of POL traffic, which the Authority is aware of due to construction of Haldia – Paradip pipeline. Besides, the total arrear liabilities accrued upto December, 2000 on account of arrears of salary, wages and retirement benefits arising out of various Government orders, as furnished above, it is now proposed to continue the same for creation of a Superannuation Fund for KoPT, for which there is a requirement of about Rs.3500 crore as per actuarial valuation done by LICl for 31000 retired pensioners of the Port.
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8.1. A joint hearing in this case was held on 29 March 2006 at the Kolkata Port Trust. The KOPT and the users have made their submissions.

8.2. As agreed at the joint hearing, the KOPT was requested vide our letter dated 10 April 2006 to have a relook of its proposal based on the suggestions made by the users and send its report. We have not received the response of KOPT till finalisation of this case.

9. The points made by the KOPT vide its letter No.Fin/1005/B dated 20 December 2006 are summarised below:

- (i). There is an inadvertent error in the preparation of Form-III (B) of the prescribed Format. The Capital Debt charges had not been included in ascertaining the Value of Gross as well as Net Block of Assets and the same may kindly be excused and taken into account for the purpose of the Tariff fixation.
- (ii). The expenditure corresponding to the 10% special rate has not been charged during the period from 2001-02 to 2005-06 except Rs.14 crores approximately which was charged to revenue in the year 2001-02. The actual expenditure was incurred and charged to revenue before 2001-02.
- (iii). Fringe benefit Tax has been introduced recently and there is no specific provision in the revised guidelines. It may be stated that tax on fringe benefits is a statutory levy and it is payable even if there is no incidence of Income Tax to an assessee. In that scenario this element i.e. FBT shall be considered as expenditure necessarily attracted in the ordinary course of the business like other business expenditure. As such, it is requested that TAMP may kindly consider the tax on fringe benefits as an allowable expense.
- (iv). There are various elements in the current assets like Accrued Income on cargo handling charges, port & dock facilities, etc. which have corresponding elements in Current liabilities under CPA-cargo dues, marine dues, etc. This happens due to the fact that KOPT provides cargo handling service and port and dock facilities to its users on advance payment basis against which bills are raised after sometime.

Therefore, at the end of any financial year there has to be some unadjusted advances which appear in the current liabilities and unadjusted service bills which appears in the current assets in the form of accrued income. Therefore, it will be reasonable to adjust both current assets and current liabilities in consideration of the above issues. Reduction of these items of current assets only without giving any corresponding effect on the current liabilities has reduced the value of the capital employed.

- (v).
 - (a). The expenditure for Channel maintenance is initially paid by KOPT on behalf of the Govt. and subsequently gets reimbursement from the Govt. It may further be mentioned that reimbursement of dredging subsidy by the Government takes considerable time. As a result, the sundry debtors of KOPT are not only high but KOPT is also required to maintain substantially high cash balances to meet the recurring dredging expenses. This is a very unique case in KOPT, which cannot be compared with any other Major Port Trust in India. As such, it will not be reasonable to disallow the outstanding dues recoverable from the Central Government from the sundry debtors of KOPT applying the guideline of the TAMP.
 - (b). If the debtors for Government Grant is not considered as Asset, the corresponding entry in the liability side shall also to be excluded.
 - (c). Debtors and Cash Balances as suggested in the tariff guidelines are not based on practical situation particularly for KOPT which received subsidy from the Government mostly at the end of the year and it is gradually accumulating for which KOPT is not responsible. KOPT is required to maintain liquid cash for payment to dredging Contractors. A minimum cash balance of Rs.200 crore is required for payment to dredging Contractors as receiving grant from the Government in time is not assured. The same may please be considered.
- (vi). It is understood that the Authority has proposed a reduction of 10% on the proposed Towage & Pilotage Rate. The said reduction is due to amendment in the existing conditionality, i.e. Pilotage Fees include one shifting of vessels working inside dock. It may be brought to the kind notice of the Authority that prior to the existing Scale of Rates there was no such conditionality in the Scale of Rates. While approving the said conditionality, no enhancement of the Towage and Pilotage rate was proposed earlier. Therefore, component of shifting charge was not included. Further, KOPT has proposed 10 cent per GRT as shifting charge in the Scale of Rates. Therefore, if the aforesaid shifting charge rate is approved, only 0.5 cent per GRT may be the component of shifting charge in the Pilotage & Towage rate if applicable for all Vessels, as hardly only 5% of the total Vessels require shifting. As such, 10% reduction in the proposed Towage & Pilotage fees needs to be reviewed by TAMP.
- (vii).
 - (a). It is noticed that TAMP has deducted the entire portion of the Fully Secured Advance appearing under other current assets while moderating

the working capital. While unsecured advances considered good has been taken as current asset. Therefore, it is requested that TAMP may kindly consider the same like Unsecured Advances as a part of current assets as considered in the previous tariff revision.

- (b). While ascertaining the value of the working capital, a portion of the loans and advances which is unsecured and considered good has been taken in to account. Surprisingly, the loan and advances which is fully secured has not been considered. The same may please be considered as it was previously taken into account for ascertaining the value of the working capital and there is no recommendation in the revised guidelines also.

- (viii). Royalty is nothing but a share of revenue arising out of agreement between the KOPT and the BOT operators for providing the BOT operators the opportunity to earn through services and facilities at the licensed area. The jurisdiction of the Scale of Rates of BOT operators and that of KOPT is well defined and not overlapping. Therefore, if a cargo is handled at the area allotted to BOT operators, is also handled at area within the port not allotted to BOT operator, the respective Scale of Rates applicable for the area should logically be applied. Cargo handled at port area other than BOT operators will avail the general facilities of port, for which wharfage is leviable. Therefore, the proposal for levy of 50% wharfage needs to be considered.

- (ix). KOPT's Superannuation Fund shall be excluded for the purpose of Capital Employed as the same has also been excluded by the C&AG.

- (x). Deferred revenue income is not really a liability but amount actually received as premium on allotment of land accounted for in the revenue account on the entire lease period. As actual cash has not been considered as Current Asset, its liability entry shall have to be similarly excluded.

- (xi). Interest accrued on investment has not been considered as Current Asset but there is no such guideline. The Government Audit has considered the same in terms of the prevailing accounting standard.

- (xii). Regarding adjustment of tariff as per clause 2.13 of the Revised Guidelines, the Capital Employed considered for the tariff fixation before March, 2005, according to the previous guidelines shall remain unchanged because of the fact that there is no specific clause for the adjustment of Capital Employed retrospectively for the purpose of tariff adjustment under the revised guideline. It has been observed that the Capital Employed has been re-calculated for the year 2001-02 to 2004-05 as per the new guideline which has not been prescribed and the same is not in order.

- (xiii). Paragraph 2.9.3, 2.9.4 and 2.9.9 shall be considered together. The elements of capital employed determined before the revised guidelines came into force shall remain valid where revised guidelines are silent. Outstanding Government grant was considered as an element of Capital Employed while fixing tariff in the year

2001. There is no guideline for treatment of outstanding Govt. grant in the revised guidelines effective from March, 2005. Govt. grant is a transaction between KOPT and the Central Government. The earlier action in this regard is still valid in view of no specific recommendation in the matter. Accordingly, the outstanding Govt. grant shall have to be considered for the purpose of determination of working capital.

10. 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>

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

- (i). The Scale of Rates of KOPT was last reviewed by this Authority in March 2001 based on a proposal filed by the port. This Authority approved increase in certain items of cargo related charges and vessel related charges at KDS and HDC of KOPT. A special rate of 10% on the various charges notified in the Scale of Rates of KOPT to meet the liability accrued upto 31 March 2000 on account of arrears of salary, wages and retirement benefits arising out of various Government Orders was also approved for a period of 4 years commencing from the financial year 2001-02. The next revision of the Scale of Rates of KOPT fell due in March – April 2003 following a two year validity cycle of the tariff as per the (then) existing tariff guidelines. The validity of the existing Scale of Rates was extended at the request of KOPT from time to time. Considering the arrear liabilities reported by the port, the 10% special rate on applicable charges was also extended. In effect, the validity of the existing Scale of Rates of KOPT and 10% special rate stand extended till the effective date of implementation of the Order to be passed on the general revision proposal filed by KOPT.
- (ii). (a). During the last revision of the Scale of Rates of KOPT in March 2001, the estimated cost position for the years 2001-02 and 2002-03 was relied upon. The KOPT has operated its facilities during the years 2001-02 and 2002-03 at the tariff level approved in March 2001. The port has also continued to operate its facilities for the year 2003-04 to 2005-06 and also during the three quarters of the year 2006-07 based on the tariff fixed in March 2001 subject to the subsequent discounts approved vide Order dated 30 August 2001 in Pilotage and Berth hire charges at KDS and coastal concession introduced with effect from 1 February 2005 at all major ports including KOPT. By the time the revised Scale of Rates matures for implementation, the year 2006-07 would almost be over. Therefore, the estimates for the year 2006-07, as moderated, is also considered to analyse the past performance of KOPT.

Clause 2.13 of the revised tariff guidelines mandates this Authority to review the actual and physical performance of the major ports at the end

of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff. Similar analysis of past performance was carried out in the recently decided tariff cases of all the major ports and private terminals operating thereat.

- (b). The information relating to past performance of KOPT furnished by the port is not fully sufficient since they are relevant only for cargo related activity and confined only to operating income. Therefore, we had to make the analysis of financial and physical performance of KOPT for the years 2001-02 to 2006-07 involving considerable time.
- (c). KOPT receives dredging subsidy from the Government of India by way of reimbursement of expenditure relating to river dredging and maintenance activity. While deciding the tariff of KOPT in March 2001, the Government contribution for river dredging & maintenance and the relevant expenditure were considered. Therefore, a similar position in this regard is maintained in the analysis of past performance of KOPT.

Since, the Government contribution is not an income of the port and only reimbursement of relevant expenditure, KOPT was requested to exclude the Government contribution as well as the relevant expenses from the cost statement. The KOPT, while excluding the amount of Government contribution, has stated that it has considered the river dredging & maintenance expenditure to the extent not reimbursed by the Government. Such items of expenditure which are not reimbursed have been included in the general expenses in the cost statement. The items of expenditure which may not qualify for reimbursement by the Government are to be treated as pass through for review of tariff. Therefore, the uncovered portion of river dredging & maintenance expenditure is considered for the years 2003-04 to 2006-07, for the purpose of analysis of past performance as well as assessment of the position for the years 2007-08 and 2008-09 for the review of tariff at KOPT.

- (d). The actuals relating to operating income, operating cost, finance and miscellaneous expenditure, allocated management and general overheads, depreciation and capital employed have been considered as reflected in the Annual Accounts of the respective years subject to the following adjustments:
 - (i). In case of finance and miscellaneous income, interest on investments has been excluded for all the years under consideration.
 - (ii). (a). In respect of finance and miscellaneous expenditure, interest on loans and, various provisions have been excluded for all the years.

- (b). KOPT has requested this Authority to consider the capital debt charges in the capital employed. Since amortization of capitalized debt charges as depicted in the annual accounts for the years 2001-02 to 2005-06 has been allowed in finance and miscellaneous expenditure, there is no justification for inclusion of this element under the capital employed. Accordingly, this element has not been considered for the purpose of arriving at the return on capital employed. It is relevant here to mention that this approach was adopted by this Authority in the last revision of Scale of Rates of KOPT in March 2001. The amortization of capitalized debt charges as applicable for the year 2005-06 is considered for the years 2006-07 to 2008-09.
- (iii). The moderation made in the working capital for the years 2001-02 to 2004-05 is discussed below:
- (a). The accrued income on account of cargo handling charges, port & dock facilities, etc., shown under current assets and the corresponding liability shown under current liabilities are excluded.
- (b). Another item of current asset shown by KOPT is dredging subsidy recoverable from Government of India. The KOPT has clarified that the expenditure for maintenance of shipping channel is initially paid by the port and subsequently gets reimbursement from the Government, which takes time. The Port has, therefore, requested to consider the outstanding dues recoverable from Government as part of sundry debtors.

As pointed out by the KOPT, while reviewing the tariff of KOPT in March 2001, the item of dredging subsidy recoverable from Government shown under sundry debtor and the corresponding liability shown under current liabilities were considered. Since the port has operated the facilities based on the tariff fixed in March 2001, the approach adopted in March 2001 Order in respect of this item of current asset is considered without any change. The port has argued for similar treatment for the period from 2005-06 on the ground that no specific guideline is prescribed in the revised tariff guidelines. The revised tariff guidelines which came into force from 31 March 2005 categorically limit the amount of current assets to be considered for allowing return. Therefore, this Authority is

not in a position to accede to the request of the KOPT in this regard, even though its arguments may have some force. The KOPT may take up this issue with the Government and on the basis of directive, if any, from Government the matter can be reexamined.

- (c). The KOPT has sought to argue that unsecured advances were considered under "others" in the last revision of their tariff in March 2001. The March 2001 Order did not consider this item as current asset. That being so, the question of including either unsecured advances or secured advances as current asset for the purpose of review of tariff does not arise.
- (d). KOPT has shown in the annual accounts the balance of superannuation fund under current liabilities. Since this is not an item of current liability, it is excluded from current liabilities for the purpose of this analysis.
- (e). Current liabilities include deferred revenue income as an item. The KOPT has stated that deferred revenue income is not really a liability but an amount actually received as premium on allotment of land and accounted for in the revenue account over the entire lease period. The port has argued for exclusion of this item from current liability on the ground that actual cash has not been considered as current asset. It is clarified that the actual cash balances for the years 2001-02 to 2004-05 have been considered as an item of current asset and hence the question of excluding deferred revenue income from current liabilities does not arise.
- (f). The port has pleaded to consider interest accrued on investment as current asset on the ground that the audit has considered this item in terms of the prevailing accounting standard. It has to be noted that the corresponding amount of interest accrued on investment shown in the accounts as an item of current asset would have been considered as interest income by the port. Since the interest income on investments is not considered as income of the port for tariff fixation purpose, the corresponding effect shown under current assets also requires to be excluded from the current assets. It is to be noted that interest accrued on investment is not a resource deployed by the port for the conduct of the port operations warranting return on it.

- (g). The KOPT has made a general statement that the capital employed has been recalculated for the year 2001-02 to 2004-05 as per the revised tariff guidelines which came into force from 31 March 2005. It is clarified herein that the Current Assets shown in the Annual Accounts for the years 2001-02 to 2004-05 are moderated as per the approach adopted in the tariff order of March 2001.
- (iv). With reference to the statement made by the KOPT that debtors, work in progress, cash and accrued interest have not been considered as elements of assets for the purpose of capital employed, the following points emerge:
- (a). The review of port tariff from the year 2005-06 onward is required to be done in the light of the revised tariff guidelines of 2005.
- (b). The capital employed defined in Clause 2.9.3 of the revised tariff guidelines excludes work in progress. The quantum of sundry debtors and cash have been moderated as per the norms prescribed in Clause 2.9.9 of the revised tariff guidelines.
- (c). Accrued interest can not be an item of current asset for the reasons explained earlier.

When the admissibility norms of the revised guidelines are applied the working capital becomes a negative figure for the years 2005-06 to 2008-09. For the purpose of past analysis the working capital is, therefore, considered as NIL for the years 2005-06 and 2006-07. For the purpose of review of tariff for the years 2007-08 and 2008-09 also the working capital is considered as NIL.

- (v). Clause 2.8.3 of the revised tariff guidelines stipulates maintenance of an Escrow Account for the stated purpose in which atleast 50% of the royalty / revenue share receivable by a landlord port should be credited after meeting cost of surplus labour. Since KOPT has not yet assessed surplus labour, 50% of Rs.1619.19 lakhs reported as royalty received by KOPT for the year 2005-06 is considered for meeting the infrastructure expenditure. The remaining 50% is considered as income for the purpose of revision of tariff.
- (vi). ROCE for the years 2001-02 to 2002-03 is considered at the level allowed in the earlier tariff Order. The ROCE for the years 2003-04 and 2004-05 is taken at the permissible level linking the return

to capacity utilisation. For the years 2005-06 and 2006-07, 15% ROCE has been considered for business assets, 7.4% for business related assets and nil return for social obligation assets. The basis of classification of assets into three category is explained at the later part of this analysis.

- (iii). The Authority while deciding the tariff of KOPT in March 2001 approved hike in respect of certain items of cargo related charges and vessel related charges at KDS and HDC. Subsequently, this Authority approved a proposal of KOPT for discount in rates for foreign-going vessels and coastal vessels in the case of berth hire and pilotage charges pertaining to KDS for a period of 6 months vide Order dated 30 August 2001. It appears from the documents attached with the proposal that the KOPT has continued with the discount even beyond the level approved by this Authority, invoking the powers available under Section 53 of the MPT Act, 1963.

The operating income estimates (without change) for the years 2001-02 and 2002-03 relied upon by this Authority have been updated with increase approved by this Authority in March 2001 and discounts allowed by Order of August 2001.

- (iv). (a). The operating income reported a reduction to the extent of Rs.88 crores against the overall estimated operating income of around Rs.2008 crores during these two years of operation. This works out to a reduction of around 4% as compared to the (updated) estimated operating income. Around 2% reduction in the overall estimated traffic appears to be the reason for reduction in operating income.
- (b). The analysis of the operating expenditure for the years 2001-02 and 2002-03 brings out the following position:
- (ba). The actual total operating expenditure is found to be less by around 15% as compared to the estimates.
- (bb). Operation and maintenance of port & dock facilities consumed around 78% of the total operating expenditure.
- (bc). Cargo handling and storage activity, railways and estate of KOPT share the remaining 22%.
- (bd). Around 19% reduction in the actual General and Management Overheads is noticed as compared to the estimates.
- (c). Since there is around 33% reduction in the estimated capital employed, the actual depreciation cost has also come down in comparison to the estimates.

- (d). The operating result of the port before ROCE depicts a surplus position. This surplus position turns into a net deficit position when ROCE at permissible level is allowed. This means ROCE at the maximum permissible level is not earned by the port. The KOPT has incurred an actual average net deficit of 4.45% during the years 2001-02 and 2002-03 as against the updated estimated average net deficit of 5.01% of operating income.
- (e). The KOPT has continued to operate its facilities from 2003-04 to 2006-07 at the tariff decided in March 2001. The cost statements show that the port was in deficit during the years 2003-04, 2004-05 and the estimated cost position for the year 2006-07 also show deficit position. Only the results for the year 2005-06 show surplus position. The net position for the years 2003-04 to 2006-07 shows a deficit of Rs.132.86 crores, as stated above. The question of adjustment of the deficit position while fixing future tariff of the port does not arise as it will tantamount to refixing the tariff of the KOPT from the year 2001-02 to 2006-07.
- (g). As stated at paragraph No.11(i), this Authority approved 10% special rate on the various charges notified in the Scale of Rates of KOPT to meet the liability accrued upto 31 March 2000 on account of arrears of salary, wages and retirement benefits arising out of various Government orders. The continuation of levy of special rate has been objected by the users.

Against the revised estimate of Rs.277.89 crores towards total arrear liabilities, the port has reported collection of Rs.255.81 crores from the 10% special rate upto 28 February 2006 thus leaving an uncovered amount of Rs.22.18 crores to be met from collections to be made from March 2006. When the accrual on account of the special rate is seen for the years 2003-04, 2004-05 and 2005-06 (upto February 2006) the average collection per annum works out to Rs.53.44 crores which means on an average, the port collects Rs.4.45 crores per month. That being so, the outstanding amount of Rs.22.18 crores would have already been collected by KOPT by the end of July 2006. The special rate levied beyond July 2006 would, therefore, be additional collection. Since the levy of special rate is continuing beyond July 2006, the amount accruing to the port from August 2006 to January 2007 would be around Rs.26.70 crores.

The KOPT has made a request to allow it to carry forward this additional collection to the superannuation fund to be created by the port. The levy of 10% special rate was approved for a specific purpose. That being so, the additional collection can not be allowed to be used to meet any other liability. This additional collection has been considered in the current review of tariff.

The levy of 10% special rate should be discontinued with effect from 1 February 2007. The KOPT is advised to furnish a detailed account of the 10% special rate duly certified by the Auditors within a period of three months from the date of Notification of the Order passed by this Authority. The surplus available in this separate account even after the adjustment considered upto January 2007 should be adjusted in the next review of the tariff of KOPT.

If any new special rate is to be introduced for creation / augmentation of superannuation fund, as subsequently proposed by the KOPT, the port should furnish a well analysed proposal justifying introduction of such a levy. In the absence of such analysis, a levy approved for a specific purpose can not be extended to meet a totally new liability.

- (v). (a). The cost statement furnished by KOPT for the year 2005-06 was based on its estimates. Since the year 2005-06 is already over, the cost statements for the year 2005-06 are updated with reference to the draft Annual Accounts of KOPT received subsequently and this updated cost statement is considered for the purpose of this analysis.
- (b). The traffic estimates and the cost statements for the years 2006-07 to 2008-09 recast by KOPT and communicated to us under cover of port's letter dated 17 May 2006 are considered in this analysis.
- (vi). (a). The KOPT has reviewed the traffic estimate for the year 2006-07 initially projected while filing the tariff proposal in July 2005 and revised it upwards from 39.26 million tonnes (excluding container traffic) to 41.01 million tonnes. The container traffic for the year 2006-07 has also been revised upwards from 3,48,159 TEUs to 3,86,000 TEUs. This upward revisions are reported to be based on the Budget Estimates (2006-07).
- (b). Excluding container traffic the traffic projected for 2007-08 and 2008-09 as per KOPT in the proposed new tariff regime is at 42.60 million tonnes and 46.01 million tonnes (rounded off), respectively. The estimated container traffic for the relevant two years are reported to be at 3,77,575 TEUs and 4,17,593 TEUs respectively.
- (c). KOPT has envisaged drastic reduction in the estimated traffic of POL (crude) for the years 2006-07 to 2008-09. The actual traffic of 16.61 million tonnes achieved in 2004-05 has been estimated only at 3 million tonnes for 2006-07 which is again estimated to improve only marginally in 2008-09. The drastic reduction is attributed by the port to the reported diversion of the cargo to Paradip after commissioning of the Haldia – Paradip Crude Pipeline.
- (d). Though the KOPT has reviewed its initial traffic estimates for 2006-07 based on its Revised Budget Estimates for 2006-07, its initial traffic

estimates for the subsequent two years remain unchanged. The KOPT has not responded to our request to furnish the basis for the traffic estimates. The traffic estimates as projected by KOPT for the years 2006-07 to 2008-09 are relied upon. However, if any undue advantage is found to have accrued to KOPT due to variation in traffic it will be set off in terms of Clause 2.13 of the revised tariff guidelines.

- (vii). The KOPT receives royalty from the private operators. As stated earlier, creation and maintenance 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 from the year 2005-06.

Though KOPT has reported a sum of Rs.16.90 crores as royalty receipt for the year 2005-06, it has not furnished the relevant estimates for the subsequent three years from 2006-07 to 2008-09.

The estimated royalty payment to the KOPT by TM International Logistics Limited (TMILL) and International Sea Ports Haldia Private Limited (ISHPL), the private BOT operators at HDC of KOPT, as contained in their proposal for fixation of tariff has been considered and updated with reference to the traffic estimates of ISHPL and TMILL as revised by the KOPT. While the payment of royalty by TMILL is on financial year basis, it is on calendar year basis for ISHPL. Therefore, the estimated royalty payment by ISHPL has been adjusted to align it with financial year basis and the adjusted amount is considered in this analysis. The total estimated royalty received/receivable by KOPT during the years 2005-06 to 2008-09 works out to Rs.64.21 crores.

After meeting cost of surplus labour out of the royalty receipts, atleast 50% of the balance should be maintained in the said escrow account. The KOPT has not reported cost of surplus labour as it is yet to assess the surplus labour and, therefore, no provision to meet the concerned expenditure from the royalty receipts is made.

It appears that the estimated operating income shown in the revised cost statement for the year 2006-07 and also for the years 2007-08 and 2008-09 are exclusive of royalty receipt. Therefore, 50% of the estimated royalty receipt is shown separately in the cost statement of cargo handling activity as an item of income for the purpose of this analysis.

KOPT is advised to create an escrow account and transfer the estimated accruals to the tune of around Rs.32.10 crores to the said account to meet the infrastructure expenditure and furnish the details of transaction in the escrow account (to be) maintained by it during the next general review of its Scale of Rates. The entire accrual will be taken as revenue of the KOPT for tariff fixation in the next review of its Scale of Rates, if the funds in the escrow account are found to have been not utilised for the stated purpose within the stipulated time.

(viii). In the cost plus approach adopted by this Authority for fixation / review of tariff of major port trusts and private terminals operating thereat, the financial position of the port is assessed at the existing level of tariff by taking into consideration the admissible cost and permissible return. The tariff proposal filed by the KOPT is not for an across the board increase over the existing tariff level at the port. The proposal of the port also involves rationalization of the existing tariff structure. In the existing arrangement, the rates prescribed are different at HDC and KDS. In the proposed arrangement, KOPT has prescribed proposed common rates for HDC and KDS. The analysis of cost statements furnished by KOPT reflecting the financial position as per the existing Scale of Rates may not be enough, if seen in the light of rationalization of existing tariff and a common tariff structure proposed for both the systems of KOPT. That being so, the financial / cost statements furnished by the KOPT reflecting the changed scenario of levying common rates at both KDS and HDC are also considered for the purpose of this analysis. It is further assumed that income estimates furnished by the KOPT for the years 2006-07 to 2008-09 are based on the proposed common tariff structure. This matter could not be verified since the KOPT has not furnished detailed income calculation, either with reference to the existing arrangement or for the proposed arrangement.

(ix). (a). Though detailed calculation for the estimated income to be realized during the years 2006-07 to 2008-09 at the existing differential tariff structure and proposed common tariff structure is not given by the port, a break-up for the estimated operating income in respect of cargo handling activity, port and dock facilities, railways and estate rentals have been furnished by the KOPT. The income estimation as furnished by the KOPT for the years 2006-07 to 2008-09 are considered.

The port while furnishing revised cost statements in May 2006 has excluded the contribution from Government for river dredging and maintenance from income estimation as advised by us.

(b). The KOPT has estimated income by applying an exchange rate of Rs.43.54 per US dollar prevailing as on 1 February 2005. Stating that fluctuation of exchange rate is erratic, it has not kept provision for exchange rate fluctuation in income projections. 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 finalization of the tariff case. This Authority follows a uniform method of considering the exchange rate prevailing at the time of finalization of tariff cases for conversion of dollar denominated rates in Indian Rupee for estimation purpose. Accordingly, dollar denominated vessel related charges have been updated considering the prevailing exchange rate of Rs.44.62 per US dollar.

(c). For the reasons stated in paragraph No.(LXi), the proposed rate of 38 cents per GRT towards port dues cannot be approved and the existing

highest rate of 30 cents per GRT will continue. The impact of reduction in the estimated income from port dues is accordingly adjusted in the income estimation.

- (x). The KOPT has estimated finance & miscellaneous income of Rs.34.27 crores in the cost statement for the year 2006-07. However, the budget estimate (2006-07) shows only Rs.27.46 crores exclusive of government contribution for river dredging. The difference between budget estimate and the estimate furnished in cost statement remains unexplained. The estimate furnished in the budget estimate is considered, subject to further exclusion of estimated interest income on fixed deposits to the tune of Rs.13.22 crores. The moderated finance & miscellaneous income of around Rs.14.24 crores is considered for the subsequent two years, 2006-07 to 2008-09.
- (xi). (a). In respect of cargo handling & storage activity and port & dock facilities, the estimated operating expenditure for the years 2006-07 is less than the actual of 2005-06. The estimates for the year 2007-08 and 2008-09 are well within the permissible annual escalation factor of 4.5% over the respective previous years. Therefore, the estimated operating expenditure for the years 2006-07 to 2008-09 for these two activities are considered without any change.
- (b). In respect of Railways & Estate activity, the estimates for the years 2006-07 to 2008-09 are moderated applying the annual escalation of 4.5% over the respective previous years, taking the actuals of 2005-06 as base.
- (xii). The estimated Finance & Miscellaneous expenditure for the year 2006-07, *inter alia*, includes payment of retirement benefits out of the port's general revenue as well as contribution to the port's Superannuation Fund and Gratuity Fund. The KOPT has clarified that while the port's liability for its employees who retired from April 2004 is met from the Funds, the liability for persons retired earlier to April 2004 is being paid from its own resources. The KOPT has further confirmed that it has not included one time expenses such as arrears of pension, contribution to pension fund for past liability, etc. in the estimated Finance & Miscellaneous expenditure. In the light of the clarification and confirmation of the port, the estimated contribution to pension fund & gratuity fund as well as payment of pension and gratuity for the year 2006-07 are considered.

Since return is allowed on the entire capital employed, the interest cost separately shown in the cost statement is not considered for the purpose of this analysis.

The KOPT has kept a provision of Rs.80 lakhs in the BE for the year 2006-07 towards fringe benefit tax. The KOPT has sought to argue that tax on fringe benefits is a statutory levy and it is payable even if there is no incidence of income tax to an assessee and this is an expenditure attracted in the ordinary course of business like other business expenditure. In the present model of tariff fixation,

the effect of taxation is not considered. This item has not been admitted as cost in the rate revision proposal of any of the other major port trusts / private terminals.

Subject to the above adjustments, the estimated finance and miscellaneous expenditure for the year 2007-08 as furnished by KOPT is considered in this analysis. The estimates of finance and miscellaneous expenditure for the year 2008-09 is reconsidered at the moderated level of 2007-08.

- (xiii). The estimated Management and General overheads shown in the cost statements for the year 2006-07 is found to be less by 2.53 crores as compared to the BE (2006-07). The estimate shown in the cost statement is taken into consideration. The estimates furnished by KOPT for the subsequent two years are found to be within the permissible limit and hence relied upon.
- (xiv). (a). As admitted by the port, the KOPT has not followed Clause 2.7.1. of the revised tariff guidelines for calculation of depreciation. It has also not furnished the detailed working of the estimated depreciation for the years 2006-07 to 2008-09 in the absence of which the estimate of depreciation furnished in the cost statements for the relevant years could not be verified. The estimated depreciation for the years 2006-07 to 2008-09 as furnished by the KOPT are considered in this analysis, without any change.
- (b). The KOPT is advised that the estimates of depreciation should be strictly in line with Clause 2.7.1. of the revised tariff guidelines while it submits its tariff proposal during the next review of its Scale of Rates.
- (xv). (a). There is no scientific classification for the fixed assets into three categories prescribed in the revised tariff guidelines. When asked to furnish such a classification, the KOPT has pleaded its inability to provide such classification; but, has stated that the proportion of business related assets and social obligation assets in the total assets is about 7% to 8%. The total value of business related assets and social obligation assets is assumed at 10% on the total closing net block of respective years on adhoc basis. Of which 30% is assumed to be social obligation assets and 70% as business related assets. The value of such business related assets and social obligation assets is allocated to all the activities of HDC and KDS in proportion to the closing net block of fixed assets of the respective years of the respective activity.

ROCE at risk free rate of 7.4% is allowed on business related assets. Social obligation assets do not get any return as per the guidelines.

The KOPT is advised to undertake the exercise of classifying its assets in line with Clause 2.9.7 and 2.9.8 of the revised tariff guidelines and furnish the details at the time of next review.

- (b). The KOPT has confirmed that only those assets which have been fully commissioned and in use have been included in the net-block and the assets which have been disposed off or decommissioned have been excluded from the net block.
- (c). The KOPT has proposed fresh investment of Rs.135.20 crores towards creation of civil structures and Rs.93.06 crores towards acquisition of mechanical equipments and flotilla during the years 2006-07 to 2008-09. A major portion of the proposed investments is meant for HDC. The break-up for civil structures and mechanical equipments proposed to be added during the 3 years under consideration has not been furnished. The KOPT has also not furnished an analysis in terms of Clause 2.6.3. of the revised tariff guidelines for each of the capital additions. No information has been furnished as stipulated in Clause 2.9.6 of the revised tariff guidelines. Even though fresh investments are envisaged during the years 2006-07 to 2008-09, no quantum increase in the traffic is projected. The simple statement made by KOPT that all fresh investments are envisaged after considering their feasibility does not help in assessing the reasonableness of such fresh investments. Nevertheless, the estimated capital outlay for creation of civil structures and for acquisition of mechanical equipments is considered in this analysis subject to verification in the next review of the Scale of Rates of KOPT.
- (d). The value of assets handed over to the private operators at HDC is reported to be of the order of Rs.11.14 crores. Such assets have not been excluded from the capital employed as stated by the port on the ground that there is no clear guideline in the revised tariff guidelines notified by this Authority. Clause 2.9.5. of the revised tariff guidelines clearly states that only business assets that can be directly identified as created for the port business and in use will be considered for the purpose of allowing depreciation and return on capital employed.

The assets handed over by KOPT to the BOT operator (TMILL) includes berth No.12 of HDC and back up area as seen from the relevant License Agreement. The vessel related charges in respect of the vessels handled at the berth of the licensee is collected by KOPT the estimates of which are duly recognised in the cost statement. The estimated license fee payable by the licensee to the KOPT for the back up area is also considered in the cost statement. In respect of another BOT operator at HDC (ISHPL), KOPT has handed over waterfront area and back up area to the ISHPL. The estimated lease rent for the backup area and waterfront area is captured as income of the port in the cost statement. Since the estimated income arising out of the assets handed over to the BOT operators is considered in the cost statement of KOPT, the value of the relevant assets need not be reduced from the estimated capital employed of KOPT.

- (e). Since KOPT has not computed the working capital in line with Clause 2.9.9 of the revised tariff guidelines, the estimates of individual components of Current Assets for the years 2006-07 to 2008-09 are moderated in line with the norms prescribed in the revised tariff guidelines wherever required. The KOPT has considered interest on loans and advances under "others" in Current Assets. These items are not considered in the estimation of working capital since there is no provision in the revised tariff guidelines to consider such items under Current Assets. The port has not furnished the details of estimated Current Liabilities shown in the cost statements in spite of our request made in this regard. Nevertheless, the Current liability estimates as furnished by the KOPT for the year 2006-07 to 2008-09 are considered without any change. Considering the moderated Current Assets and taking into account the Current Liability estimates as furnished by KOPT the working capital becomes negative. Therefore, the working capital is considered as nil for the purpose of capital employed for the years 2006-07 to 2008-09.
- (xvi). The revised guidelines stipulate that return on capital employed allowed should be linked to the utilization factor of the capacity of the port. Despite our request to the port, the KOPT has not furnished the assessed capacity for the years 2005-06 to 2008-09. The capacity utilization for the year 2004-05 is found to be more than 90% when the actual traffic was around 46 million tonnes. There is no quantum increase in the traffic projected even though fresh investments are envisaged during the year 2006-07 to 2008-09. In fact, the traffic estimated for the year 2006-07 and 2007-08 is found to be in the range of 41 to 43 million tonnes though the port has estimated around 46 million tonnes for the year 2008-09. While the additional investments envisaged is bound to increase the assessed capacity of the port, the reduction in traffic estimate will result in reduction in capacity utilisation. Nevertheless, if the estimated container traffic is also taken into account, it can be reasonably presumed that the minimum capacity utilisation limit of 60% would be achieved by KOPT during the years 2006-07 to 2008-09.

In view of this position, the maximum ROCE of 15% is allowed on the (moderated) estimates of capital employed subject to 7.4% ROCE for business related assets as already stated earlier.

- (xvii). (a). In the light of the analysis given above the cost statements for the port as a whole, HDC as a whole, KDS as a whole and different main activities both at HDC and KDS have been modified. The modified cost statements at the existing level of tariff are attached as **Annex - I (a) to (o)**. The modified cost statements at the proposed level of tariff are attached as **Annex - II (a) to (o)**.

The summarised results at the existing level of tariff are given below:

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 %
		2007-08	2008-09	Total	2007-08	2008-09	Total	2007-08	2008-09	
1.	Port as a whole	828.88	897.71	1726.59	20.60	51.02	71.62	2.48%	5.68%	4.08%
2.	KDS as a whole	295.66	317.47	613.13	-13.85	8.17	-5.68	-4.68%	2.57%	-1.06%
3.	HDC as a whole	533.22	580.24	1113.46	34.45	42.85	77.30	6.46%	7.38%	6.92%

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 %
		2007-08	2008-09	Total	2007-08	2008-09	Total	2007-08	2008-09	
1.	Port as a whole	828.88	897.71	1726.59	20.60	51.02	71.62	2.48%	5.68%	4.08%
	Cargo	409.13	453.01	862.14	131.11	158.08	289.19	32.05%	34.89%	33.47%
	Port & Dock	196.92	209.48	406.40	-229.00	-235.23	-464.23	-116.29%	-112.29%	-114.29%
	Railway	59.56	65.52	125.08	-0.13	3.38	3.25	-0.21%	5.17%	2.48%
	Estate	163.26	169.71	332.97	119.98	124.79	244.77	73.49%	73.53%	73.51%
2.	KDS as a whole	295.66	317.47	613.13	-13.85	8.17	-5.68	-4.68%	2.57%	-1.06%
	Cargo	149.29	165.46	314.75	19.03	34.57	53.60	12.75%	20.89%	16.82%
	Port & Dock	27.36	28.12	55.48	-118.97	-117.65	-236.62	-434.89	-418.31	-426.60%
	Railway	12.62	13.88	26.50	-6.70	-5.45	-12.15	-53.14%	-39.25%	-46.20%
	Estate	106.40	110.01	216.41	92.79	96.70	189.49	87.21%	87.90%	87.56%
3.	HDC as a whole	533.22	580.24	1113.46	34.45	42.85	77.30	6.46%	7.38%	6.92%
	Cargo	259.84	287.55	547.39	112.08	123.51	235.59	43.13%	42.95%	43.04%
	Port & Dock	169.57	181.35	350.92	-111.40	-117.58	-228.98	-65.70%	-64.84%	-65.27%
	Railway	46.95	51.64	98.59	6.58	8.83	15.41	14.01%	17.10%	15.56%
	Estate	56.86	59.70	116.56	27.19	28.09	55.28	47.82%	47.06%	47.44%

The summarised results at the proposed level of tariff are given below:

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 %
		2007-08	2008-09	Total	2007-08	2008-09	Total	2007-08	2008-09	
1.	Port as a whole	850.56	923.83	1774.39	41.63	77.04	118.67	4.89%	8.34%	6.62%
2.	KDS as a whole	299.07	325.50	624.57	-11.15	16.08	4.93	-3.73%	4.94%	0.61%
3.	HDC as a whole	551.48	598.34	1149.82	52.78	60.96	113.74	9.57%	10.18%	9.87%

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 %
		2007-08	2008-09	Total	2007-08	2008-09	Total	2007-08	2008-09	
1.	Port as a whole	850.56	923.83	1774.39	41.63	77.04	118.67	4.89%	8.34%	6.62%
	Cargo	423.47	471.01	894.48	145.41	176.05	321.46	34.34%	37.38%	35.86%
	Port & Dock	204.27	217.60	421.87	-223.00	-227.08	-450.08	-109.17%	-104.36%	-106.76
	Railway	59.56	65.52	125.08	-0.15	3.36	3.21	-0.25%	5.12%	2.44%
	Estate	163.26	169.71	332.97	119.92	124.72	244.64	73.45%	73.49%	73.47%
2.	KDS as a whole	299.07	325.50	624.57	-11.15	16.08	4.93	-3.73%	4.94%	0.61%
	Cargo	152.96	173.88	326.84	22.06	42.94	64.94	14.42%	24.70%	19.56%
	Port & Dock	27.10	27.73	54.83	-119.25	-118.06	-237.31	-440.09%	-425.72%	-432.91%
	Railway	12.62	13.88	26.50	-6.71	-5.45	-12.16	-53.18%	-39.30%	-46.24%
	Estate	106.40	110.01	261.41	92.75	96.65	189.40	87.17%	87.86%	87.51%
3.	HDC as a whole	551.48	598.34	1149.82	52.78	60.96	113.74	9.57%	10.18%	9.87%
	Cargo	270.51	297.13	567.64	122.80	133.10	255.90	45.40%	44.80%	45.10%
	Port & Dock	177.17	189.87	367.04	-103.75	-109.02	-212.77	-58.56%	-57.42%	-57.99%
	Railway	46.95	51.64	98.59	6.56	8.81	15.37	13.97%	17.06%	15.52%
	Estate	56.86	59.70	116.56	27.17	28.07	55.24	47.78%	47.01%	47.40%

- (b). In view of the surplus position depicted by the cost statements for the port as a whole, both at the existing level of tariff and proposed level of tariff, there is no case for any upward revision of tariff.
- (c). As can be seen from the above statements, the KOPT would generate around Rs.72 crores as total additional net surplus during the years 2007-08 and 2008-09 even if the existing level of tariff continues. The total additional net surplus will be around Rs.119 crores when the facilities are operated at the proposed level of tariff during the corresponding two years.
- (d). Since the KOPT has proposed to operate the facilities on common rate structure basis, the estimated financial position of the KDS and HDC at the proposed common level of tariff for the years 2007-08 and 2008-09 is discussed below:

KDS

The cargo handling activity and estate activity will be in surplus position. The Port & Dock activity and railways will be in deficit position. The KDS as a whole will make a net surplus of Rs.4.93 crores. This means that the surplus making activities, namely estate and cargo, after cross-subsidising the loss making Port & Dock and railways, generate net surplus. This further means that the deficits of Port & Dock and railways of KDS will not affect the financial condition of HDC.

HDC

Except Port & Dock activity, all other activities namely, cargo, estate and railways generate surplus. Since the estimated net surplus of estate and railways is not sufficient to meet the deficit of Port & Dock activity, the cargo handling activity will have to cross-subsidise the remaining deficit position of Port & Dock activity. In any case, the HDC as a whole will generate net surplus of around Rs.114 crores.

- (e). With reference to the common rates for both the systems proposed by the port, it is relevant to mention here that the services rendered by the port at the HDC and KDS are different; and, differential rates were approved by this Authority in the last review of tariff of KOPT. As stated earlier, the KDS as a whole and HDC as a whole are in surplus position; and, therefore, one dock system cross-subsidising the other does not apparently arise. In view of this position, this Authority is inclined to approve the common rates for both systems of KOPT on a trial basis. However, if this Authority finds that the common rate structure burdens the HDC at the cost KDS, the KOPT will be required to file a proposal for

review of its common rate structure at any point of time during the revised tariff cycle.

- (f). As stipulated in Clause 2.11.5 of the revised tariff guidelines, estate activity can contribute to meet the deficit in the port operation. If the surplus generated by the other two activities, namely, cargo handling and railway are also allowed to cross subsidise the deficit making Port & Dock activity, the net surplus position of the port as a whole emerges as follows:

(Rs. In Crores)

Port activity	Net surplus (+) / Deficit (-)	
	At the existing level of tariff	At the proposed level of tariff
Port & Dock	(-) 464.23	(-) 450.08
Estate	(+) 244.77	(+) 244.64
Railway	(+) 3.25	(+) 3.21
	(+) 248.02	(+) 247.85
Balance deficit to be subsidised by cargo activity	(-) 216.21	(-) 202.23
Surplus generated by cargo activity	(+) 289.19	(+) 321.46
Adjusted net surplus generated by cargo activity after subsidising marine activity	(+) 72.98	(+) 119.23
Average surplus as a percentage of operating income of cargo activity	(+) 8.46%	(+) 13.33%

As can be seen from the above table, the existing differential rates of cargo related charges warrant a reduction of 8.46%.

- (g). However, the KOPT has opted to switch over to a common rate structure for KDS and HDC in the place of the existing differential rates. When the proposed draft Scale of Rates in respect of cargo / container related charges are juxtaposed to the existing charges, the port has maintained the existing rate applicable either at HDC or KDS for some tariff items, proposed higher rates than the existing rates for some tariff items and has proposed reduced rates in respect of some other tariff items under cargo / container activity. As explained earlier, the existing "wharfage and on-board charges" at HDC has been bifurcated into "wharfage" and "on-board handling charges" and separate rates have been proposed. As far as KDS is concerned, the existing wharfage charges have been bifurcated and proposed separately into "wharfage" and "shore handling charges". In some cases, the existing charges have been trifurcated into wharfage, charges for labour and charges for equipments. To put it shortly, the existing differential rates and the proposed common (bifurcated /

trifurcated) rates are found to be not comparable to effect the across the board reduction reckoning with about 8% surplus depicted at the existing tariff level. Further, this Authority does not like to reject the rationalised tariff structure proposed by the KOPT. In the circumstance, it is found more appropriate to moderate the proposed common rates to the extent warranted by the cost statement relating to the proposed level of tariff.

- (h). As brought out in the earlier part of this analysis, the KOPT has not furnished detailed income calculation. Therefore, the accuracy of the estimated operating income with reference to the proposed Scale of Rates could not be verified. However, in view of the difficulties in considering the existing tariff level as input for rate revision, this Authority is constrained to reckon with the estimated surplus position that emerges out of the proposed uniform rate structure. After providing for possible estimation errors, if any, the reduction is moderated across the board to the level of 10% on the rates proposed for cargo / container related charges.
- (i). This Authority is compelled to order across-the-board reduction in the proposed cargo / container handling charges, in the absence of any analysis of commercial and price sensitivity of different commodities handled by KOPT made available. Keeping the revenue model accepted now unaltered, the KOPT can propose differential adjustment in the rates for different commodities subject, of course, to a condition that such proposed rate in no case should exceed the corresponding existing rate.
- (j). As can be seen from the above table, the marine activity is in deficit at KDS and also at HDC at the proposed level of tariff. That being so, this Authority is inclined to approve the common proposed rates for marine activity subject to maintaining the existing rate of 30 cents per GRT towards port dues as a single rate as discussed at paragraph No.(LXi) of the analysis.
- (xviii). The (moderated) operating income estimation for the port as a whole at the existing and proposed tariff level is Rs.1726.59 crores and Rs.1774.39 crores respectively for the given two years. This means, Rs.47.80 crores would be the additional operating income in the proposed tariff regime, the proposed common rates remaining unaltered. Given the 10% reduction ordered in the proposed common cargo / container related charges, the reduction in the estimated income of cargo handling activity works out in absolute terms to Rs.89.45 crores. After adjustment of the estimated additional income of Rs.47.80 crores, the effective reduction would be Rs.41.65 crores. If this amount of Rs.41.65 crores is seen against the estimated income of Rs.1726.59 crores if the port operates at the existing tariff level, it will be around 2.40% of the operating income for the given two years. This means, there can be a relief of around 2.40% to the port users in comparison to the existing port tariff.

- (xix). It may not be necessary to notify the definition of "coastal cargo", as the general position of law defining such cargo will apply to KOPT also. The definition for "Coastal Container" proposed by the port is also not incorporated in the Scale of Rates.
- (xx). The KOPT has proposed to modify the existing definition of "demurrage" prescribed in Section 2(vii) to mean that storage charges shall not be leviable on the cargo stored at the area allotted to a port user on license basis for storage of cargo during the license period. The proposed modification is in line with Clause 4.6 of the revised tariff guidelines, and hence, is approved.
- (xxi). Keeping in view the vast potential for handling inland waterways traffic and levy of relevant charges thereon a new definition for "Inland vessel" drawing a reference to a provision of the Inland Vessels Act, 1917 or corresponding Act of Bangladesh has been proposed by the KOPT. As rightly pointed out by CCHAA, a vessel coming from Bangladesh cannot be called inland vessel. While there may be a justification for providing incentives to such vessels, we are not sure whether redefining the term of inland vessels is within the jurisdiction of the Authority. While KOPT has not furnished any document relating to the reported Indo-Bangladesh Protocol Agreement, a vessel registered in Bangladesh, which is reported to operate cargo movement through riverine route between Bangladesh and KOPT under protocol, may have to be treated like any other vessel registered in any other foreign country for the purpose of levy of applicable charges. The definition of "Inland Vessel" proposed by KOPT is suitably modified. A note is added to state that the charges leviable on "Inland Vessels" will also be applicable on vessels operating through riverine route between Bangladesh and KOPT under the protocol.
- (xxii). For the reasons stated in the preceding paragraph, the proposed modification to the existing definition of "Foreign-going vessel" is incorporated by excluding only inland vessel, boat, and flat from the definition of foreign-going vessel.
- (xxiii). Likewise, the reference to Bangladesh in the new definition of "IWT cargo"/ "IWT container" proposed at Section 2 (xiii) is excluded. "IWT cargo" / "IWT container" proposed to mean cargo / container (except lighterage cargo / container) carried by Inland Vessel/barge/ boat / flat through Inland Waterways is approved. The note prescribed under the definition of "Inland Vessel" should also cover the charges leviable on IWT cargo / IWT container carried by vessels operating between Bangladesh and KOPT.
- (xxiv). The foreign-going vessel / coastal vessel off load cargo or container into smaller vessels or load cargo / container from smaller vessels. Such cargo / container has been proposed to be defined as "lighterage cargo" / "lighterage container" at Section 2 (xviii) of the proposed Scale of Rates which is approved.

- (xxv). KOPT has proposed definition for "on-board handling charges" and "shore handling charges". These charges have no reference to the individual dock system of KOPT.
- (a). "On-board handling charges" are leviable at HDC where KOPT provides manpower. This charge is not leviable at KDS since the manpower for on-board handling operation at KDS is provided by Kolkata Dock Labour Board. The definition for "on-board handling charges" proposed at Section 2 (xx) for levy of charges for rendering on-board services by KOPT in the form of only supply of man power for loading / unloading operations is approved.
- (b). Various services by supply of labour and / equipment are included in the definition of "Shore Handling Charges" proposed at Section 2 (xxii) which are also approved.
- (xxvi). The existing definition of "Wharfage" lists out the various services rendered by the port in return for which the KOPT levies charges on cargo. The KOPT while redefining the term "Wharfage", has excluded the list of services being rendered by it presently. To a query in this regard, the port has listed out provision of general infrastructure facilities like berth, sheds, roads, electricity, water supply, security, fire service etc., provided by the port. The services listed out in the existing definition of "wharfage" are proposed to be covered in the proposed definition of "on-board handling charges" and "shore handling charges".

The term "wharfage" is redefined as the basic dues recoverable on all cargo handled at the port, which means wharfage is a fee for providing general facility by KOPT. If intensity of utilisation of the basic port facilities is the reason for proposing different rates for difficult cargo as stated by KOPT, the linkage between the differential rates and the differential intensity of utilisation of the basic port facilities has not been established. Nevertheless, it has to be recognised that rationalising such differential rates of wharfage at one go will have serious financial implication to both port and users; and, therefore, such attempts should be made gradually. The KOPT is advised to initiate the process of rationalising wharfage schedule.

- (xxvii). KOPT was requested to update the proposed note (xiii) under Section 3 regarding prevailing PLR in line with Clause 2.18.2. of the revised tariff guidelines. The rate of penal interest should be 2% above the PLR of SBI. The KOPT has proposed 12% rate of penal interest taking the PLR of SBI at 10% as on 1 January 2006, as stated by the port. The PLR of SBI has changed after 01.01.06. The proposed note is suitably modified to reflect the prevailing PLR 11%.

KOPT has proposed to add a conditionality in the proposed Note (xiii) to review the rate of interest on 1st of January every year with reference to the PLR of the SBI. Since the relevant tariff guideline does not envisage such a annual review, this Authority is not in a position to approve the proposed addition.

- (xxviii). 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. KOPT has refused to incorporate such a conditionality on the ground that such cases merit consideration on case to case basis and has proposed to deal under the power conferred on it by Section 53 of the MPT Act, 1963.

Another ground for refusal stated by the KOPT in this regard is that it has proposed required conditionalities at Sections 3 (xi) and (xii) and no further blanket clause is necessary. The sections cited by KOPT relate to non-levy of demurrage for the days during which delivery of cargo cannot be effected due to strike by the port employees and stoppage of berth hire beyond 4 hours after the master, agent of the vessel signals the vessel's readiness to sail in accordance with favourable tidal and weather conditions. While the former condition restricts the reasons for non-levy of storage charges only to strike by port employees, the latter conditionality is with reference to common order dated 4 February 2000 and 19 July 2000 of this Authority prescribing the time limit beyond which berth hire shall not apply. These proposed conditionalities do not meet fully the requirement of Clause 2.15 of the revised tariff guidelines.

Case to case basis discretionary decision cannot be left to the port in view of the specific guidelines available. If the KOPT apprehends misuse of condition it should devise a suitable mechanism to avoid its misuse. A general note stating that users will not be required to pay charges for delays beyond reasonable level attributable to the port is incorporated as stipulated in Clause 2.15 of the revised tariff guidelines. It is noteworthy that such a note was incorporated in the Scale of Rates of all the major ports and private terminals which were recently notified by this Authority.

- (xxix). In the existing arrangement "wharfage" at KDS and "on board and wharfage charges" at HDC for POL / POL Products or any other liquid having a flash point of less than 23° is leviable at a uniform rate of Rs.175 per MT. This charge is with respect to the product handled through pipeline. The port has proposed a uniform reduced rate of wharfage for this category of cargo applicable at KDS and HDC and has proposed two slabs for levy of charges. Wharfage of Rs.125 per tonne is leviable for a quantity up to 50,000 tonne per financial year and at Rs.95/- per tonne on the quantity above 50,000 tonnes. While the KOPT has treated both the dock systems at par for the purpose of prescribing Scale of Rates, the quantity handled at KDS and HDC shall not be clubbed for qualifying for the proposed volume discount scheme as per the note proposed by the port. It has to be recognized that Kolkata Port is a multi draft port and size of the ships visiting the docks will be different. That being so, uniform benchmarking for volume discount may not be logical. The point inherent in the proposed volume discount is the aim to ensure best utilisation of the available draft. In view of this position, the proposed volume discount scheme prescribed at serial No.3 of Section 4.1 for the said cargo and the proposed note below the wharfage schedule governing the

volume discount scheme is approved, subject to applicable reduction in the basic rates.

- (xxx). Presently, wharfage at the rate of Rs.20/- at KDS and Rs.15 at HDC per metric tonne for handling of salt is leviable. KOPT has proposed a common rate of Rs.20/- per metric leviable both at KDS and HDC. Since the port has delinked shore handling charge from wharfage, there can be a view that a proportionate cost of rendering shore handling activity may have to be reduced from the proposed wharfage rate for handling salt. In this regard, the port has confirmed that it does not generally undertake shore handling services in the case of salt. In any case, there should not be any additional tariff relating to shore handling leviable from this commodity. All services hitherto being provided against levy of wharfage should continue to be provided.
- (xxxi). As against the existing advalorem rate of 0.3% leviable on woolen carpet, the port has proposed a wharfage rate of Rs.70 per tonne for the said item. To a query regarding justification for the proposed rate, the KOPT has stated that since woolen carpets are presently handled only in containers for which box rate is applicable, the existing advalorem rate applicable for woolen carpets handled in break-bulk form has become superfluous. But, no cost justification has been furnished by the port, for the proposed rate of Rs.70 per tonne. Notably, KOPT has not insisted for the proposed rate to handle woolen carpets in break-bulk form. That being so, the proposed tariff item "woolen carpet" prescribed as one of the cargo items at Serial No.16 of Section 4.1 is deleted from the proposed wharfage schedule.
- (xxxii). There is a provision in the existing Scale of Rates for levy of charges on advalorem basis according to which 0.3%, 0.4% and 0.5% depending on the category of cargo is leviable at KDS and 0.4% is leviable at HDS. Against this position, KOPT has rationalized the existing advalorem rates according to which 0.25% is leviable on unspecified import cargo and 0.20% is leviable on unspecified export cargo. It is noteworthy that the proposed advalorem rates are less than the existing advalorem rates.
- (xxxiii). The proposal of the port at Section 4.2. prescribing wharfage on coastal cargo at 60% of the rates proposed for foreign cargo is in line with Clause 4.3. of the revised tariff guidelines.
- (xxxiv). As stated in the preceding paragraph, KOPT has proposed reduced advalorem rates for unspecified import cargo and export cargo. For the purpose of coastal rate for such unspecified cargo, the port has proposed a fixed amount of Rs.50 per tonne delinking it from the advalorem rate structure. This means, there may be a situation where unspecified coastal cargo may have to pay more wharfage per unit of cargo than the same unspecified foreign cargo when the CF value of import foreign cargo or FOB value of export foreign cargo is insignificant. The remedy for removal of the anomalous position may not lie in prescription of minimum advalorem rate of Rs.80 per tonne for foreign cargo as proposed by the

port. The proposed minimum rate of Rs.80 per tonne for cargo under advalorem does not appear to be supported by logic and its linkage with the proposed coastal rate of Rs.50 per tonne has not been sufficiently explained by the port. It is not clear why coastal concessional rate of 60% cannot be calculated on the proposed advalorem rates. It may be appropriate to prescribe that the concessional rate for the coastal cargo shall be 60% of the rates of the corresponding foreign cargo subject to a maximum of Rs.50 per tonne or part thereof. In view of this position, the proposal of the port for levy of concessional rate for coastal cargo proposed at Sr. No. 2 of Section 4.2. is suitably modified.

- (xxxv). On the analogy of prescribing concessional handling charges for transshipment containers not exceeding 1.5 times the handling charges for normal handling operation in loading or unloading cycle stipulated under Clause 5.5.1 of the revised tariff guidelines, KOPT has proposed at Section 4.3. of the draft Scale of Rates levy of wharfage for transshipment cargo at 75% of the applicable rate for loading and 75% of the applicable rate for subsequent shipment. There is no change between the existing arrangement and the proposed arrangement for levy of wharfage on transshipment cargo handled at berth.

There is a provision in the existing Scale of Rates for levy of 50% of the prescribed charges at KDS as well as at HDC on the transshipment cargo handled at mooring / anchorages. In order to promote transshipment cargo availing deep draft facility at Sandhead, the port has included the sandheads / virtual jetty along with moorings / anchorages in the proposed Section 4.3 for levy of wharfage and has proposed wharfage for such transshipment at Rs.20/- per tonne or part thereof irrespective of the nature and description of the cargo. The proposed wharfage rate of Rs.20 is seen to be less than the proposed (delinked) wharfage rate for most of the commodities and equivalent to the wharfage leviable on molasses, salt in bulk, sand, fly ash in bulk and iron ore. The proposed Section 4.3 is approved.

- (xxxvi). Section 4.1 of the proposed Scale of Rates prescribes wharfage charges leviable on break bulk and bulk cargo. Section 4.4 of the same schedule prescribes wharfage charges leviable on crude oil/POL/POL products handled at sandheads/virtual jetty/any other anchorage point/mooring, for subsequent landing at berth or vice-versa in case of shipment and full wharfage charge is leviable on such cargo for this two-point operation. Now, the, KOPT has proposed to levy wharfage at 90% of the prescribed rate at Section 4.1, other than crude oil/POL/POL products handled at sandheads/virtual jetty/any other anchorage point/mooring against the existing 70% of the applicable Rates. It may appear that KOPT has proposed to increase the rates.

- (a). As per the definition given by KOPT for the term KDS, the sandheads and all other establishments of KOPT except those specifically mentioned under HDC fall under KDS. As clarified by the KOPT, discharge/shipment of cargo at sandheads/virtual jetty/any other anchorage point/mooring takes place. With the delinking of shore handling from the existing composite rate applicable at KDS, the proposed rates at 90% of the

prescribed rates is compared with the 70% of the existing rates prescribed for KDS. Except for salt and fly ash handled other than through mechanical system, the proposed arrangement works out less than the 70% of the existing rates of KDS. For fly ash, no rates have been prescribed in the existing arrangement. In view of this position, the note proposed by the KOPT at section 4.5 to levy 90% of the prescribed charges on the cargo handled/shipped at sandheads/virtual jetty/any other anchorage point/mooring is accepted subject to the general reduction in the cargo related charges. For salt, the proposed 90% rate (Rs.18) is more than the existing 70% (Rs.14). Since the KOPT has confirmed that salt is not being handled at anchorage point the above referred to increases will not have any additional impact on this commodity.

- (b). When the above mentioned cargo subsequent to discharge at anchorages/ moorings is carried and unloaded at any berth prior to overside shipment, which has already suffered 70% wharfage for overside discharge or shipment at anchorages / moorings, the remaining 30% of applicable rate is leviable in the existing arrangement. Against this, the port has proposed a fixed sum of Rs.5/- per metric tonne or part thereof for iron ore and Rs.20/- per metric tonne or part thereof for all other cargo. The proposed rates are reported to promote movement of cargo by inland water ways and hence is approved.
 - (c). In the existing Scale of Rates, no provision is available to levy any charge when a cargo discharged or shipped at anchorage point / mooring and carried by barge / boat / flat or any other vessel for unloading / loading at any other jetty or wharf not belonging to the port, but such points lying within the port limit and approaches. The port has proposed to levy royalty / way-leave charge on such cargo, which cannot be approved since it is not for this Authority to approve collections to be made by the port akin to royalty. The question of prescribing way leave charge on quantum of cargo handled does not arise.
- (xxxvii). (a). The wharfage rate prescribed in the existing Scale of Rates for IWT cargo is same irrespective of the place of handing such cargo. The port has proposed to have differential rates and the port's proposal to levy 50% of the prescribed wharfage for handling IWT cargo at berth meant for handling seagoing vessel appears to be reasonable, when seen in the light of the objective of the port to encourage inland vessels traffic.
- (b). Wharf toll of Rs.20 per tonne or part thereof is levied for loading or unloading of cargo at inland vessels' wharves at KDS and Rs.25 at HDC. Against this existing rates, the port has delinked fly ash and proposed a lower rate of Rs.10/- for fly ash and the existing rate of Rs.20/- for all other cargo at Section 4.6. The proposed rates will be subject to general reduction approved.

The proposal of the port at Section 4.7 to levy royalty / way-leave charge in respect of IWT cargo loaded or unloaded at any other jetties / wharves not belonging to port but lying within the port limit and approaches cannot be approved for reasons stated at sub-para of (xxxvi) above.

(xxxviii). As brought out earlier, wharfage is a charge for providing general facilities as redefined by the port. 100% of the prescribed wharfage charge is leviable when the cargo is landed or shipped or transshipped within the port limit. When any cargo subsequent to landing at BOT berths is received at an area within the dock not licensed to BOT operator, such cargo is proposed to be levied with 50% of the prescribed wharfage charges. Similarly, 50% of the prescribed wharfage charge is proposed to be levied on cargo received in an area not licensed to BOT operator but shipped through the berth licensed to the BOT operators.

When cargo handled at the area allotted to BOT operators is also handled at area within the port not allotted to BOT operators, the respective Scale of Rates applicable to the area of operation only should be levied. If any specific service or facility is provided by the KOPT for such cargo, the port can levy charges for such services actually provided or facilities made available as per the Scale of Rates. There does not appear to be any merit in levying a general charge of 50% of the wharfage even on the cargo handled at the BOT berths.

One of the Miscellaneous Charges proposed by KOPT is to levy Rs.25/- per tonne towards gate delivery / receiving charge when wharfage is not levied. The proposed note at Sl. No.7 under Miscellaneous Charges exempting gate delivery / receiving charge on transfer of cargo between the area under the control of port and the area under the control of private operators is not included in the Scale of Rates since the port's proposal to levy 50% wharfage is not approved. The proposed miscellaneous charges can be levied in all cases only if actual services relating to gate delivery / receiving is provided by the KOPT to the particular cargo which is required to pay this charge.

(xxxix). No separate provision is prescribed for levy of wharfage on cargo landed at KOPT from a vessel for subsequent shipments by the same vessel in the existing Scale of Rates. It appears that the KOPT levies the existing wharfage rates for such landing and shipment operation. As clarified by the KOPT, such operation is mainly required for proper stowage and the proposal to levy a uniform rate for such operation does not appear to be unreasonable and hence is approved, subject to adjustment of reduction in the proposed rate of Rs.100 per tonne.

(XL). The existing provision in the Scale of Rates of KOPT enables the port to levy cleaning charge at Re.1 per tonne on coking coal, all types of coke lime stone, sulphur and rock phosphate and cement in bulk in addition to levy of the existing on board and wharfage charges. The scope of the existing provision is proposed to be enlarged to cover all types of coal, finished fertiliser and all types of scraps. The plea of TNEB in this regard appears to be for exclusion of thermal coal from the levy of cleaning charge, since it will be an additional burden to the TNEB.

The KOPT has been handling the cargo now proposed to be covered for levy of cleaning charge even before the present review of its tariff without any additional levy towards cleaning charge. The existing charges, therefore, cover the service of cleaning also. In view of the revenue surplus position observed, there is no case for introducing any additional levy. The proposed extension of the existing provision to cover all types of coal, finished fertilizer and all types of scarps cannot be approved. The *status quo* should continue.

- (XLi). Consolidated rate of Rs.70 per tonne and Rs.90 per tonne towards "on-board and wharfage charge" is leviable for handling coking coal at HDC and KDS respectively as per the existing provision. KOPT has proposed a uniform rate of Rs.70 per tonne leviable at HDC and KDC. This amount of Rs.70 consists of Rs.40/- towards wharfage and Rs.30/- towards on board handling charge. In the event of non-provision of equipment support, the port has proposed to grant rebate. KOPT has not furnished cost details for providing equipment support. Nevertheless, the proposed rebate of Rs.2.50 per tonne when KOPT is not in a position to provide equipment support at HDC is approved with an advice to the port to propose such a rebate based on the cost of providing equipment support during the next review of its Scale of Rates.
- (XLii). Various services are listed in the definition of "Shore Handling Charges". Prescribing rebate for different component of services not provided could have been ideally proposed based on the cost of rendering the relevant service instead of a common rebate of 50%. Whether the cost of providing part of the services, which is not availed / provided, is commensurate with the quantum of rebate proposed remains unexplained. It is not possible at this juncture to quantify the cost of service rendered or not rendered to levy 50% of the proposed charges or grant 50% discount. While approving the note (ii) proposed under Section 6 of the Scale of Rates, the KOPT is advised to propose such rebate based on the cost of rendering service in the next review of its Scale of Rates.
- (XLiii). KOPT has proposed to reduce the existing 12 free days in respect of non-hazardous transshipment cargo to 3 days.

Last landing date has been defined as "the date on which the vessel completes her import discharge". Taking into consideration the exclusion of port non-working days and customs notified holidays for the purpose of calculation of demurrage free period as provided under Clause 4.5 of the revised tariff guidelines and the over all reduction in the rates of demurrage charge the actual impact due to reduction in demurrage free period for non-hazardous transshipment cargo may not be substantial. Notably, no user has objected to the reduction in demurrage free period for said transshipment cargo. It is further to be noted that instance of storage of transshipment cargo at KOPT is insignificant, as reported by the port. More importantly, Clause 4.5 of the revised tariff guidelines authorises the major ports to propose number of free days. The proposed reduction in the existing free

period for non-hazardous cargo for Nepal & Bhutan from 7 days to 6 days also appears to be in order considering the factors stated above.

- (XLiv). As stated in the preceding paragraph, demurrage free period commences after last landing date of the vessel and demurrage on cargo commences after expiry of the demurrage free period. If last landing date could not be declared by the port for the cargo already discharged due to reasons attributable to the users, the incidence of levy of demurrage on such cargo will get delayed till declaration of the last landing date. KOPT apprehends possible misuse of the provision of considering last date of landing as the date of landing for the purpose of calculation of demurrage. In view of this position, the proposed note enabling the KOPT to declare more than one last landing date of a vessel is approved.

The power to declare any other date as last landing date is proposed to be vested on officers of KOPT. The delegation of power to the individual offices of the port is an internal matter of the port. The Scale of Rates will, however, mention about the power available to the port.

- (XLv). The KOPT was requested to incorporate a conditionality under Section 7 (Demurrage on cargo) to the effect that demurrage on cargo shall not accrue for the period when the cargo could not be cleared for any reason attributable to the port. Proposed notes under Section 6 govern levy of shore handling charges. The proposed note (iii) under Section 6 referred by KOPT in this regard may enable the user to make his own arrangement for clearing of cargo without waiting for the port's equipment or port's labour, thereby avoiding incidence of payment of shore handling charges. But such provision does not give relief to the users when the cargo is transferred from hook point to storage yard by the port and the port is not in a position to deliver the cargo at the point of storage yard due to the reasons attributable to the port. The KOPT has argued that such cases will be considered on merits and in terms of Section 53 of the MPT Act, 1963. Case to case based discretionary decision on remission does not arise since the relevant revenue cannot be taken to have accrued to the port, when a user is forced to pay even for the delays attributable to the port. A general note stating that demurrage on cargo shall not accrue for the period when the cargo could not be cleared for any reason attributable to the port is incorporated as a note to Section 7. Similar provision has been incorporated in the recently decided tariff cases of other major ports and private operators.

- (XLvi). (i). (a). In the existing arrangement, import cargo has been grouped under 5 categories for levy of demurrage. By way of rationalisation KOPT has grouped the import cargo in three categories namely, hazardous-I, all other cargo under Section 7.2 and "log, timber, veneer" under Section 7.3. While the existing demurrage rate of Rs.170 per tonne is proposed to be continued for hazardous-I cargo, the existing lowest rate of Rs.40 per tonne is proposed to be levied on all other cargo. The rationalisation does not add any further burden to the users. The proposed

demurrage rates are, however, subject to the general reduction ordered.

- (b). Further, the port has proposed two slab period namely, first 15 days and after 16th day onwards. A slightly higher rate has been proposed for the second slab. Since demurrage is considered as deterrent to prevent misuse of storage space at the major ports, the proposed slab structure and the slightly higher rate for 16th day onwards prescribed at Section 7.2. of the proposed Scale of Rates is approved, again subject to the applicable reduction in the rates.
- (ii). Against the existing provision to levy demurrage on log at HDC at Rs.75/- per tonne per day or part thereof, the port has proposed common demurrage on import log, timber and veneer at Rs.6 per cubic meter per day or part thereof for first 7 days, Rs.12 from 8th day to 14th day and Rs.18 from 15th day onwards. KOPT has clarified that it has taken steps to reduce the rates. The low cost storage space to give boost to cargo throughput and the higher slab rates to deter misuse of low cost storage space deserve to be approved.
- (XLvii). The proposed demurrage rate applicable for shut out cargo is found to be 65% less than the existing rate which is approved.
- (XLviii). The existing provision enables the port to levy lifting charges at KDS and loading / unloading / restacking charges at HDC in addition to levy of wharfage. KOPT has renamed this tariff item as loading / unloading / restacking under Section 9 of the proposed Scale of Rates. To a query in this regard, KOPT has confirmed that the rates proposed under Section 9 are not for basic services required to be provided to any cargo under shore handling activity, but for additional unproductive operations.
- (XLix). Clause 4.4. of the revised tariff guidelines encourages major ports / private terminals to adopt sliding scale to motivate greater performance by users with a view to attract additional cargo. KOPT has proposed a rebate scheme on wharfage.

The proposed scheme for allowing rebate on wharfage is a common scheme applicable for KDS and HDC as against the existing separate arrangements for KDS and HDC. Since the across the board reduction in the cargo / container related charges may result in income reduction, the port is advised to review the proposed scheme for allowing rebate on wharfage. However, till such time, the existing rebate scheme can continue subject to adjustment in the rate of rebate to align with the reduced cargo / container related charges. The KOPT has the flexibility to allow higher rebates and discounts based on the commercial consideration as stipulated in clause 2.16.1 of the revised guidelines.

- (L). (a). The container handling charges at KDS are consolidated charges for various services rendered. Normally, the consolidated rate includes cost of deployment of labour and equipment for handling containers at quay, transportation from ship to container yard, wharfage on containers and wharfage on containerized cargo and other relevant charges for movement of containers from ship to container yard or vice versa. In its attempt to segregate the existing "on-board and wharfage charges" prescribed for handling containers at HDC, the port has proposed uniform rate structure for both the systems of KOPT for handling containers. The existing container handling charges at KDS and HDC have been segregated into three components namely, "wharfage", "shore handling charges" and "on-board handling charges". In this exercise of segregation, the existing consolidated charges for handling containers leviable at KDS have also been segregated with the result that the handling charges at KDS have also become itemized rates. This position was not envisaged by this Authority in its Order dated 28 March 2001. Since it is difficult at this stage to go into the computation of cost of services rendered on handling containers to prescribe the consolidated charge, KOPT is directed to undertake such exercise to move towards single box rate bearing in mind Clause 5.1.1. of the revised tariff guidelines. Pending such action in future, the approach adopted by KOPT in prescribing charges for handling containers in the form of wharfage on containers and containerized cargo, on-board handling charge on container and shore handling charge on containers is approved.
- (b). At the KDS, containers are handled at both the container terminal (CPY) and other berths (non-CPY). At CPY, port renders shore services by providing labour and equipment; at non-CPY, port does not render any shore services. Though the rates are different in the existing arrangement at CPY and non-CPY, the differential appeared to be not to the extent of services excluded. In deference to the advice of this Authority contained in its Order dated 28 March 2001 to rationalise the container handling rates at the CPY and non-CPY, KOPT has delinked shore handling charges from existing consolidated container handling rates and has proposed uniform wharfage rates at CPY and non-CPY. In the revised arrangement proposed by the port, the user will have to pay only wharfage at CPY and non-CPY. The users need to pay the other charges towards other services like transportation; loading etc., only if availed. Even if the proposed rates of wharfage and rates for other services are aggregated, separately at CPY and non-CPY, the proposed aggregate charges are less than the existing charges except for container carrying category-III cargo and empty containers. No specific reason has been given by KOPT for proposing higher rates for category-III and empty containers.

- (c). The different rates proposed by KOPT for handling containers at KDS are dependent on the category of containerized cargo. While modifying the existing categorization, the KOPT has proposed three categories of rate structure as against the existing 6 rates. The proposed 3 category rate structure pertains to import category and a single category for export containers.

In respect of wharfage on container and containerized cargo handled at HDS a single uniform rate each for import and export category has been proposed. It has to be recognized that prescription of a single box rate without reference to containerized cargo at one go may involve considerable financial implication. It is noteworthy that the KOPT as a step to move towards a single box rate has reduced number of categories. That being so, this Authority is inclined to approve the proposed rate structure for levy of wharfage on container and containerised cargo with the proposed categorisation both at KDS and HDC.

- (d). If the aggregate of the existing charges for handling containers during landing operations, transportation of containers from quay to yard and delivery of containers at HDC is compared with the proposed aggregate charges when the port equipment is used there is only marginal increase of Rs.10 per container.

It appears that when KOPT provides partial shore handling service or no shore handling service, private operators provide the shore handling services at a cost. We are not aware of the charges levied by the private operators to provide shore handling services to make a meaningful comparison with the rates of shore handling charges on containers proposed by the port. Since the increase in charges is reported to ensure full utilization of shore facilities created by port in the form of cranes and manpower and recovery of cost incurred on roads and container yards the on-board handling charges and shore handling charges on containers proposed at Section 12 and Section 13 of the Scale of Rates is approved, subject to adjustment towards common reduction in rates. The port should examine the aspect of regulating the charges levied by private operators inside the port, as envisaged in Chapter-7 of the revised tariff guidelines 2005.

- (e). On-board handling charges on containers are not applicable where deployment of labour gang from Calcutta Dock Labour Board is a statutory requirement as clarified by KOPT. A suitable note is incorporated at Section 12.3 of the Scale of Rates as requested by KOPT.
- (Li). For the purpose of levy of wharfage on ICD container, the rates for loaded and empty container have been bifurcated into two categories, namely, rates for ICDs at Delhi and rates for all other ICDs. The significantly lower rates for ICDs at Delhi

are promotional rates to encourage further container traffic from the identified ICDs at Delhi.

Similarly, in order to explore Inland Water Transport (IWT) traffic including the traffic of Bangladesh moving through the IWT mode, the port has proposed similar rates for loaded and empty containers as applicable for rates leviable for the identified ICDs at Delhi. Considering the point that the above said tariff items have been proposed with specific purpose of promoting traffic from identified ICDs and promoting IWT movement of containers, the proposed rates at Section 11.2 and Section 11.4 leviable on ICD loaded and empty containers destined to / from identified ICDs at Delhi and ICD IWT container, the rates proposed at Section 11.2 for loaded and empty containers destined to / from other ICDs and the rates leviable on other than identified IWT ICDs and IWT non-ICD loaded and empty container as proposed at Section 11.4 is approved, subject to adjustment required for common reduction in rates.

- (Lii). (a). There are certain miscellaneous services rendered by the KOPT to container and container vessel. Such services are not included under the proposed Sections 11, 12 and 13 which govern levy of wharfage on container and containerised cargo, on-board handling and shore handling respectively. The existing rates for rendering such miscellaneous services are different at HDC and KDS. The proposed common rates are seen to be either less than the existing rate at one system but more than the existing rate at another system as far as the services like transportation of containers within the same berth or between two berths, lift on / lift off / restacking operation. The proposed rates are approved, subject to adjustment required for common reduction in rates.

With respect to the proposed rates for rendering service for shifting of containers on board the vessel, the port has argued that the proposed rate is considerably reduced rate as compared to the existing rate. But, the existing rates are inclusive of wharfage on such containers and hence the position could not be verified. However, the statement made by KOPT is relied upon for approving the tariff item, subject to adjustment in the proposed rates.

- (b). In the existing Scale of Rates, there is no provision for levy of charges when a container is discharged by use of port equipment from ship / barge to shore or vice-versa. Responding to the demand from users, KOPT has proposed Rs.480/- per TEU. However, no cost calculation has been furnished for such operations. Since the proposed rate objected by the users, this Authority is inclined to approve it, as reduced by the general downward revision.
- (c). KOPT has proposed new rate structure for stuffing/destuffing operations. There are provisions in the existing Scale of Rates under various sections

to levy charges for such operations both at KDS and HDC. It is observed that some of the existing rates have been proposed to be increased.

As per the statutory requirement at KDS the stuffing/destuffing operation takes place with the aid of CDLB workers whereas such statutory requirement is not in existence at HDC. In the existing arrangement, a rate of Rs.3000/- is prescribed at CPY as well as non-CPY berth. At CPY the rate of Rs.3000/- is leviable for transportation of container from yard to port CFS, destuffing, transporting the empty container after destuffing to the empty yard and lift off empty container thereat or vice versa. At non-CPY berth the rate of Rs.3000/- is leviable for destuffing/stuffing operation which includes services of equipment, clerkage, port and CDLB workers when the operation is done by the port. In the proposed Scale of Rates, the KOPT has prescribed a rate of Rs.3000/- for stuffing/destuffing operation when the operation is done by the port at KDS with CDLB Gang. The KOPT has verbally requested to not to subject this rate for general reduction since it has to make payment to the CDLB for the mandatory booking of the CDLB gang. Since the stuffing/destuffing operation is a composite service including the services of CDLB gang, as seen in the existing conditionality governing the existing rates, this Authority is not in a position to consider this request of the port. The proposed rate of Rs.3000/- for stuffing / destuffing operation when the operation is done by the port at KDS with CDLB gang is approved subject to general reduction ordered.

KOPT has proposed to retain the existing rate of Rs.1000/- for the service provided to destuffed cargo outside the container which includes services like port equipment, clerkage and port workers. The proposed rate is approved, subject to the general reduction in the rate.

In the existing Scale of Rates relevant to HDC at section 18.1 under Sr.No.3, Rs.300/- is leviable when port equipment is used; Rs.150/- is leviable when port equipment/labour is used in part; and Rs.125/- is leviable when port equipment/labour is not used. Against this existing arrangement, KOPT has proposed the rates of Rs.1200/-, Rs.250/- and Rs.100/- respectively. It can be seen that the proposed rates for stuffing/destuffing operations are quite on the higher side than the existing rates except in the case of 3rd category when the stuffing/destuffing operation is carried out without using the port equipment/labour. In the absence of cost details, this Authority is not in a position to increase the rates. The existing rates leviable at HDC are approved subject to the general reduction in the rates.

- (d). KOPT operates Mobile Harbour Cranes (MHC) for ship to shore discharge of containers at KDS. It has also contemplated to provide such service at HDC. It would have been more appropriate had the port furnished the cost details for the proposed rate of Rs.750 per TEU for the use of the

equipment. It appears from the document attached to its communication dated 18 March 2006 that it has scaled down the rate of Rs.900 per move of container from ship to shore service decided by it in September 2004 to Rs.750 per TEU. Reportedly, KOPT has engaged a service provider for hire of MHC for handling Hatch cover / container at KDS at Rs.895 per move.

A related tariff item for levy of charges for use of MHC for handling hatch cover / container is discussed in the later part of this analysis. Cost of operation of MHC for handling of hatch cover / container and for ship to shore discharge of container may not be same. However, the proposed rate of Rs.750/- per TEU for ship to shore transfer of container using the port's equipment appears to be reasonable. The final rate of Rs.750/- per TEU approved by this Authority will ordinarily be effective only prospectively as stipulated in Clause 2.17.4 of the revised tariff guidelines. The KOPT has implemented the proposed rate with effect from 1 April 2005 on adhoc basis by its notification dated 28 March 2005 as reported by the MSA. Users have not objected to the rate and its levy by KOPT from 1 April 2005. Significantly, the users have made payments to the port for the services availed by them in this regard subject to final approval by this Authority as reported by KOPT. In this backdrop, this Authority is inclined to approve the proposed rate of Rs.750/- per TEU prescribed at serial number 8 of Section 14 of the Scale of Rates for retrospective effect from 1 April 2005.

- (e). With reference to the tariff item for deployment of equipment for opening / closing of hatch cover and offloading and reloading of Pantoon levied by KOPT on adhoc basis reportedly with effect from 1 April 2005 as stated by the ASIC, CALFO and CSLA, it is to be noted that the initial proposal of the KOPT in this regard vide its letter dated 7 October 2005 and subsequent letter dated 22 August 2006 do not seek approval for the proposed tariff item with retrospective effect from 1 April 2005. The authority under which such a levy has been made is also not known.

While the port's letter dated 28 March 2006 does not also seek approval with retrospective effect to the proposed rate from 1 April 2005, the said communication does not indicate that it has followed the procedure prescribed in the relevant tariff guidelines for adoption of rate on adhoc basis. It is evident from the objections of ASIC, CALFO and CSLA that the KOPT has not obtained consent from all the relevant users for levy of the proposed rates retrospectively. In this circumstance, it is sufficient to approve the proposed rate prospectively.

- (Liii). (a). The ASIC and BCCI have argued for reduction of 50% of the proposed storage charges for import empty containers on the ground that Shipping Lines reposition empty containers from neighbouring countries into

Kolkata. As rightly pointed out by KOPT, lowering of rates will only encourage more occupation of valuable port's storage space.

- (b). Clause 5.7.3 of the revised tariff guidelines stipulates that premium to the extent of 25% on storage charges can be levied in case of hazardous containers. The new slab structure and rates proposed by KOPT for levy of storage charges on loaded container containing hazardous-I cargo are not in line with Clause 5.7.3 of the revised guidelines. A note stating that loaded import / export containers containing Hazardous-I cargo shall be levied 1.25 times of the storage charges applicable for normal container is incorporated in the Scale of Rates.
 - (c). Arguing that refund of rebate does not mean refund of overcharge, KOPT has prescribed a time limit of 90 days for settling the refund claims. A major port is required to settle the refund claims within 20 days from the date of completion of services or on production of all documents by the users, whichever is later as stipulated in Clause 2.18.4 of the revised tariff guidelines. Otherwise, claims settle beyond the stipulated period will attract penal interest at the applicable rate. This Authority has already clarified in a case relating to JNPT vide Order dated 18 November 2004- JNPT that the provisions in the Scale of Rates of JNPT relating to payment of penal interest on delayed refunds covers all refunds arising in the context of rebates, volume discounts and incentives prescribed in the Scale of Rates. That being so, there is no reason why there should be a deviation in the relevant provisions in the case of KOPT. A suitable condition to govern the payment of interest due to the delay in refunds by KOPT is incorporated at Sl. No.(xiii) (c) of Section 3 (General Principles of Assessment).
 - (d). No storage charge is leviable when a container is not delivered by KOPT for reasons attributable to the port. This is 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 in the Scale of Rates of KOPT also.
- (Liv). (a). There are provisions in the existing Scale of Rates to levy "miscellaneous charges and charges for permits / licenses". The charges leviable for permits / licenses relate to issue / renewal of permits / licenses for entering into or operating at Docks, Jetties and wharfs. As stated earlier, the KOPT has dropped the part of Scale of Rates dealing with rates in respect of permits / licenses from the proposed Scale of Rates. KOPT has argued that the rates for permits / licenses are not charges relating to services rendered to cargo or vessel and does not come under the purview of Section 48 of MPT Act. However, Section 49 of MPT Act mandates this Authority to frame Scale of Rates and statement of condition for use of port's property. This Authority has notified the

charges leviable for issue of permits / licenses in other major ports like Mumbai Port Trust (MBPT), Tuticorin Port Trust (TPT), Visakhapatnam Port Trust (VPT) and at many private terminals also. That being so, this Authority is not in a position to exclude the existing rates and Clauses under "permits / licenses" as proposed by KOPT and suggested by the CCHAA and ECFA. Therefore, the existing part in the Scale of Rates in respect of Permits / Licenses may continue without any change.

(b). The KOPT has proposed increase over the existing hire charges in respect of certain equipment. Likewise, the port has also proposed new rates for certain equipment taken on lease / acquired. In the absence of detailed workings for the proposed increase over the existing rates and for each of the capital additions and in the absence of an analysis required in terms of Clause 2.6.3 of the revised tariff guidelines, this Authority is not in a position to approve the proposed increase in rates of the existing equipment and rates for the proposed additions. The existing rates of hire charges may continue subject to reduction in rates in respect of some equipments as proposed by the port.

(Lv). In order to promote ship-breaking activities at KOPT, the port has proposed substantial reduction in the existing ship breaking charges. The existing 50% of the applicable rates of berth hire and mooring hire leviable on vessels availing ship-breaking facility has also been liberalised and percentage rates in three slabs period have been proposed. Further, the port has exempted the vessels arriving at KOPT for the sole purpose of dismantling from the levy of port dues and towage & pilotage charge as a promotional measure. To induce ship-breaking activity at KOPT, the port has proposed to offer more discount than the existing level for ship breakers.

Keeping in view the confirmation of KOPT that no other activity is made to cross-subsidise the ship-breaking activity, the Scale of Rates for ship breaking activity proposed at Section 18 is approved.

(Lvi). With reference to the proposed Dry Dock charges, the existing single rate for docking and undocking of vessels applicable for the relevant dry dock has been split into two GRT slabs, namely upto 1000 GRT and above 1000 GRT and existing rates have been reduced.

As regards dry dock hire charges, there is no slab structure for levy of hire charges in the existing arrangement. The existing single rate applicable to the relevant dry docks have been made applicable for vessels of 10001 GRT and above and lower rates have been prescribed in the form of slab structure so that vessels of lower GRT shall have to pay only at reduced rates.

Since the proposed change in slabs and reduction in rates are reported to promote dry docking activity at KOPT, the rates for docking and undocking and dry dock hire charges proposed at Section 19.1 and 19.2 and the revised

concessional vessel related charges proposed at Section 20 of the Scale of Rates are approved subject to adjustment of the proposed coastal rates in line with Clause 6.1.2 of the revised tariff guidelines.

- (Lvii). (a). Initially, the KOPT proposed to reduce the applicable vessel related charges leviable on vessels which call on the KOPT for the purpose of dry docking only by 50% reduction in the applicable rates of berth hire for vessels for availing dry dock facilities after discharge of cargo / passenger disembarkation. The KOPT has, by its communication dated 6 April 2006, proposed modification according to which, the vessel related charges leviable on vessels which call on the port only for dry docking shall be required to pay only 25% of the applicable vessel related charges. The port also does not want to levy berth hire / mooring hire for the first 20 days on vessels upto 1000 GRT. The vessels upto 1000 GRT are also proposed to be exempted from levy of pilotage and towage when such vessels do not require the services of pilots.
- (b). The KOPT has proposed to further reduce the rate of berth hire / mooring hire on vessels which avail dry dock facilities after cargo discharge / passenger disembarkation to 25% of the applicable charges. The revised reduced rates explained at (a) and (b) above are reportedly proposed to promote more usage of dry dock facilities and hence are approved.
- (Lviii). (a). Clause 6.10 of the revised tariff guidelines stipulates a single slab of GRT for levy of berth hire charges. The existing schedule of berth hire in the Scale of Rates of KOPT prescribes three slabs of berth hire with different rates for HDC and KDS. Berth hire charge of 0.25 cent per GRT per hour is leviable at HDC and a higher rate is applicable at KDS for the class of vessels 3001 to 10,000 GRT. Though different rates of berth hire are prescribed, the KOPT operates at a lower rates at KDS. A common single rate of 0.25 cent per GRT per hour has been proposed by the port on the ground that maximum number of vessels pay berth hire at 0.25 cent as reported by KOPT. Since the existing rate of berth hire is proposed to be maintained there will not be additional burden for the class of vessels in the range of 3001 GRT to 10,000 GRT.
- (b). (i). Berth hire charges shall have to be prescribed by grouping berths having comparable services / facilities with rebate for major components of services / facilities not provided. As far as KOPT is concerned, oil jetties and bulk handling berths at HDC and the oil berths at KDS may have to be prescribed separate berth hire charges depending on the facilities provided at the respective berths. None of the users have expressed any serious reservation to a common rate of berth hire. The KOPT is, however, advised to prescribe berth hire charges depending on the cost of services / facilities provided at oil jetties and bulk

handling berths at HDC and oil berths at KDS during the next review of its tariff.

- (ii). The existing berth hire charge is inclusive of use of shore crane at the berth. It appears that the port has proposed delink the shore crane facility charge from berth hire. Since no cost calculation for the proposed berth hire charge has been furnished by the port, the position could not be confirmed. Therefore, the *status quo* should be maintained in so far as provision of shore crane against levy of berth hire charges. However, it is noteworthy that the port has deleted the existing provision of charging for occupying lock barrel at the time of sailing / arriving and the relevant component has been considered as part of berthing facility as clarified by KOPT.
- (c). The ASIC and BCCI have objected to the provisions for levying twice the rates prescribed for berth hire charges when a vessel does not work against its booking for work on holiday. The port has pointed out the wastage of port's manpower when such vessels do not work on holiday booking and clarified that such levy will be when the reasons for vessel's non-working is not attributable to the port. The proposed note brings out this aspect clearly.
- (d). The revised tariff guideline specifies that the users will not pay for delay beyond reasonable level attributable to the port. Our suggestion to KOPT in this regard was 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. In the tariff cases recently concluded by this Authority, like in Chennai Port Trust, New Mangalore Port Trust, Visakhapatnam Port Trust, Mumbai Port Trust, Jawaharlal Nehru 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 KOPT 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.

With reference to the point raised by TNEB regarding linkage of levy of berth hire on TNEB vessels with performance of loaders of the port, such linkage can be established when tariff is linked to benchmark levels of productivity. Till such time the port comes up with a proposal for efficiency linked tariff scheme, the newly introduced condition of not levying berth hire charge for idling of vessels due to reasons attributable to the port will give relief to the TNEB. The port is, however, advised to examine the issue relating to formulation of an efficiency lined tariff scheme of berth hire at least in the mono commodity berths, to start with.

- (Lix). There is provision in the existing Scale of Rates of KOPT to levy additional charges in Rupee terms on coastal vessel carrying passengers. The port anticipates visit of foreign passenger vessels to Kolkata Port and has proposed to levy US \$ 200 per complete voyage or US \$ 100 for each leg.

Since the basis for the proposed charge along with cost of rendering service, if any, to such foreign passenger vessels have not been furnished by the port, this Authority is not in a position to approve the proposed rates. The KOPT is advised to file a well analysed separate proposal in this regard.

- (XL). (a). The rates for pilotage and towage for the 3 tier slab in the existing scale of Rates are different for HDC and KDS, HDC attracting lower rates of the 3 slabs as compared to the KDS. The KOPT has proposed a common three tier slabs with sliding rates for the incremental GRT. The 3 tier slab structure for pilotage and towage fee is in line with the revised tariff guidelines. While structuring the 3 tier slab, KOPT has adopted the existing middle rate for the first slab. The rates for the 2nd and 3rd slab are prescribed at 80% and 70% of the first slab for the incremental GRT in line with the revised tariff guidelines. ASIC and BCCI have not furnished any reason for modifying the rate structure proposed by the KOPT. As rightly pointed out by KOPT, the slab structure of the corresponding rates have to be structured in terms of Clause 6.10 of the revised tariff guidelines.
- (b). As brought out earlier, in the existing arrangement differential rates of pilotage & towage are leviable at KDS and HDC, with lower rate at HDC. The lower rate at HDC because the distance from the pilot boarding point to the HDC is less than the pilot boarding point to the KDS which means lower cost in piloting a vessel in and out of HDC when compared to similar movements in and out of KDS. Now, the KOPT has proposed common rate of pilotage and towage for HDC and KDS. As clarified by the KOPT, only the component of pilot cost may have some relation with the pilotage distance. The cost of tug services in pilotage and towage of vessels also need to be recognised. The KOPT has further clarified that the cost of tug services is higher in case of HDC as compared to the cost of tug services at KDS since higher capacity of tugs are operated at HDC. But, the cost details in respect of pilotage and towage activity for HDC and KDS reveal that the cost of providing this service is substantially higher at HDC as compared to KDS. Therefore, there is no cost justification for a common rate for both the system. Nevertheless, considering the cost advantage and disadvantage in providing tug services and pilotage, and keeping in view that the common rate is approve on a trial basis, this Authority is inclined to approve common rate of pilotage and towage for HDC and KDS.
- (c). There is a provision in the existing Scale of Rates KOPT to levy shifting of vessel at KDS and HDC at uniform rate of 10 Cents and this rate is

proposed to be maintained in the proposed Scale of Rates also as shifting charge.

In the existing arrangement, the port levies pilotage when a vessel calls at KDS via HDC during inward journey and leaves KDS via HDC during her outward journey. The pilotage is leviable as a fixed percentage of the prescribed pilotage fee. The port has replaced this tariff item with shifting charge for shifting of vessels between KDS and HDC prescribing 12 Cents per GRT.

Considering the existing shifting charge of 10 Cents leviable when a vessel is shifted within KDS or within HDC, the proposed shifting charge of 12 cents per GRT for shifting of vessel between KDS and HDC appears to be reasonable and hence is approved.

- (d). In terms of Clause 6.4 of the revised tariff guidelines, pilotage and towage fee is a composite charge and, inter alia, includes shifting of vessels for port convenience; only the shifting at the request of the users attracts separate shifting charges. The KOPT has included a provision to levy shifting charges at the prescribed rates for 2nd and subsequent movement of vessels from KDS to HDC or vice versa. The first shifting, whether for port's convenience or at the request of the users will not be chargeable. This means that the first shifting of vessel at the request of the users will be free of cost. In terms of the revised tariff guideline pilotage and towage fee is a composite charge and it includes shifting a vessel for port convenience; only the shifting of vessels at the request of the users shall attract separate shifting charges. No service rendered by the port can be free of cost and the port has to incur expenditure for such service. That being so, the conditionalities for shifting proposed by KOPT implies that the proposed pilotage fee includes one shifting charge of vessel at the request of the users. In that case, cost of shifting of vessels at the request of the users needs to be segregated from the composite rate. The KOPT has subsequently furnished the details of the shiftings involved and cost thereto; the port has stated that the operating cost of shifting as a percentage of total operating cost of towage & pilotage is 0.97%. Based on the details furnished by the port, the composite charge has been reduced by 1% on account of exclusion of the shifting element. The reduction in income on account of this modification will offset against the separate shifting charges to be levied.
- (e). To a query regarding new definition of port convenience introduced by the KOPT, the port has defined the cargo priority as "priority for berthing vessels carrying some specified cargo to be handled at the specified berth". The port has further clarified that the Board of Trustees of KOPT approves such priority berth of ships carrying specified cargo from time to time. In the light of the clarification given by the port, the sentence "cargo priority means priority for berth vessels carrying specified cargo to be

handled at the specified berth” is incorporated at Note-V under “port convenience”.

- (LXi). Clause 6.10 of the revised tariff guidelines stipulates that there will be a single slab of GRT for levy of port dues. The existing Scale of Rates of KOPT prescribes two tier rates, 18 cents per GRT for vessels upto 3000 GRT and 30 cents per GRT exceeding 3000 GRT. The existing maximum 30 cents per GRT has been revised upward by nearly 26% as pointed out by ASIC and a single rate of 38 cents per GRT has been proposed by the port. The proposed increase is reported to balance the cost of channel maintenance and compensate the reduction in revenue on account of increase in the coastal concession from then existing 30% to 40%. While cost of channel maintenance is subsidised by the Government, the increase in quantum of coastal concession is on account of Government policy. The argument that the same tariff item should meet the burden of cross-subsidisation is not acceptable. It is noteworthy that the vessel related activity as a whole is heavily cross-subsidised by other activities. In view of this position, it may not be unreasonable to prescribe the existing highest rate of 30 cents per GRT.
- (LXii). The KOPT has converted the existing unit of cubic meter considered for levy of wharf toll on vessel for occupying declared river side inland vessels’ wharf to per tonne basis. Similarly, the port has changed the chargeable unit from cubic meter to tonne with reference to levy of dock toll charge on the vessels for entry inside the impounded docks. The KOPT has confirmed that the change in the chargeable unit will not burden users. Therefore, stayal charges leviable on vessels for occupying declared river side inland vessels’ wharves proposed at Section 27.2. and dock toll proposed at Section 28.1 of the Scale of Rates is approved. It is noteworthy that no user has expressed any reservation on the change in the chargeable unit.
- (LXiii). In view of the increased inland water transport activity, KOPT has proposed 50% of the rates applicable for coastal vessel to levy towage and pilotage leviable on inland vessels and non-propelled crafts. Similarly, the port has proposed 50% of the rates applicable for coastal vessels for shifting of inland vessels and non-propelled vessels. The proposal of the port at Section 30 in this regard is approved.
- (LXiv). KOPT has reported that users want permission for discharge / loading of cargo at private jetties within the port limits and approaches where the land belongs to private parties or to the port. The port has proposed to levy a consolidated vessel related charge at Re.1 per tonne of cargo on board the vessel.

While the unit for levy of vessel related charges is Gross Registered Tonnage (GRT) the rationale behind the proposal to levy the vessel related charges on the basis of per tonne of cargo is not clear. The KOPT may levy the vessel related charges at the rates prescribed in the Scale of Rates. However, the proposal to levy consolidated vessel related charges on the cargo discharged / loaded at the

private jetties assumes the character of royalty. Therefore, approval to levy such charges is beyond the competence of this Authority.

(LXv). The port has proposed a new tariff item to levy slipway hire charges to make the infrastructure available with the port to private parties for utilisation. While the idle assets will be utilized, the port also will earn revenue on such idle assets. The proposed rates at Section 32.1 (slipways with backup land) and at Section 32.2. (without backup land) have not been objected by the users and hence is approved.

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

12.2. The revised Scale of Rates and the conditionalities of the KOPT 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.

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

In this regard, the KOPT is required to furnish to this Authority its annual accounts and performance report within 60 days of closing of the respective accounting year. If KOPT fails to provide such information within the stipulated time limit this Authority may proceed *suo motu* to review the tariff of KOPT. This apart, analysis of variation may also be made at the time of the next general review at the end of the usual tariff validity period and adjustment of additional surplus will be made in the tariff to be fixed for the next cycle.

(A.L. Bongirwar)
Chairman

Summary of Comments