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## **TARIFF AUTHORITY FOR MAJOR PORTS**

**G. No. 62**

**New Delhi, 26 March 2004**

### **NOTIFICATION**

In exercise of the powers conferred by Section 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Kolkata Port Trust for extension of the validity of the Scale of Rates and the special rate fixed to meet the liability on account of arrears of salary, wages and pension as in the order appended hereto.

**( A.L. BONGIRWAR )**  
Chairman

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

**The Kolkata Port Trust**

**Applicant**

**ORDER**

(Passed on this 15<sup>th</sup> day of March 2004)

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

2.1 The Scale of Rates of the KOPT with respect to cargo and vessel related charges was last revised in April 2001. The validity of the revised Scale of Rates was for a period of two years and the next review was due in April 2003. To meet the liability on account of arrears of salary, wages and retirement benefits arising out of various Government Orders issued till 31 December 2000, the KOPT was permitted to levy a special rate as a percentage of various charges notified in the Scale of Rates for a period of 4 years commencing from the financial year 2001-02. The special rate for the financial years 2001-02 and 2002-03 was prescribed at 10% of the respective charges payable by the port users. The quantum of special rate for subsequent periods was to be fixed after a review of the financial position at the end of the initial two years period.

2.2 This Authority passed an Order on 4 April 2003 approving the proposal of the KOPT to extend the validity of the existing Scale of Rates for a further period up to 31 March 2004. The special rate was allowed to continue to be levied at 10% of the applicable charges for the financial year 2003-04.

3.1 The KOPT has now informed that it has taken various measures to control cost and generate additional revenue. The KOPT has informed that it has effected rate reduction in many areas like berth hire, pilotage, dry dock charges and wharfage / handling charges and introduced concessional charges to Andaman bound cargo vessels and inland vessels, besides granting more free period for many categories of containerized cargo and containers. Reduction in wharfage on empty containers and reduction in box rate for different category of containers is also being considered by the KOPT.

3.2 The Port has indicated that the various measures introduced by it has resulted in distinct upward trend in overall traffic. The Port wants to realistically assess the needs of the trade in terms of trade as well as service before its overall pricing strategy is formalized and a specific proposal for general revision of tariff is submitted to this Authority for consideration. The KOPT has, therefore, requested this Authority for an extension of the validity of the existing Scale of Rates upto 31 March 2005. It has assured to submit its proposal for general revision of Scale of Rates and the proposal for levy of special rate within September 2004.

3.3 The KOPT has revised its estimate of its total liability on account of arrears of salary, wages, pension benefits and interest payable on bank loans obtained for releasing arrears, accrued up to 31 March 2001 at Rs. 277.89 crores. From the audited position reported by the Port in this regard, it is found that the Port has discharged this liability to the extent of Rs. 229.67 crores up to 31 December 2003. It has further stated that Rs. 150.03 crores will be realized out of the special rate up to 31 March 2004 and a further sum of Rs. 127.86 crores will be necessary to meet the liability, which will have to be met from the special rate. The revenue generated and to be generated from the special rate, the total revised liabilities accrued on

account of arrear liabilities and the quantum of arrear liabilities already discharged have been certified by the audit.

4. The grounds under which the request has been made by KOPT are found to be genuine and deserve to be admitted. Further, the Port has already reduced the notified rates in many cases which has reportedly yielded the desired results. Since the Port wants to assess the market response to the reduced rates for some more time, this Authority is inclined to accede to the requested of KOPT for a further extension of the validity of the existing Scale of Rates.

5. It is to be recognized that all the tariff items of a port should preferably be reviewed together so that the total burden is known. While KOPT has filed its proposal for review of the Schedule of Rent for land and buildings at Haldia Dock Complex (HDC), which is under consultation process, the KOPT has not come up with any such proposal in respect of its estates at Kolkata. The KOPT should initiate action in this regard and submit a suitable proposal within 6 months so that it can also be taken up alongwith the next general review of the Scale of Rates of KOPT.

6. In this backdrop, this Authority approves the proposal to extend the validity of the existing Scale of Rates for a further period up to 31 March 2005. Special rate will continue to be levied at 10 per cent of the applicable charges for the financial year 2004-05.

7. The KOPT is directed to submit its proposal for general review of the Scale of Rates as well its proposal for review of estate rentals at Kolkata latest by end of September 2004 positively.

**( A.L. BONGIRWAR )**  
Chairman