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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 297 **New Delhi,** **21 August, 2019**

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963, (38 of 1963) the Tariff Authority for Major Ports hereby disposes of the proposal received from Delhi – Mumbai Industrial Corridor Development Corporation (DMICDC) for levy of Mandatory User Charges (MUC) for DMICDC's Logistics Data Bank (LDB) project across all the Major Port Trusts and BOT operators operating thereat, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/12/2019-MUC.

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Rajat Sachar, Member (Economic)

O R D E R

(Passed on this 24th day of July 2019)

This case relates to a proposal received Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) for approval of levy of Mandatory User Charges (MUC) for DMICDC's Logistics Data Bank (LDB) project across all the Major Port Trusts and BOT operators operating thereat.

2.1. The Government of India is developing the Delhi Mumbai Industrial Corridor (DMIC) as a global manufacturing and investment destination. For this propose, a special propose Vehicle (SPV) namely the Delhi- Mumbai Industrial Corridor Development Corporation (DMICDC) has been incorporated for program managing the development of the DMIC Project.

2.2. All the stakeholders involved in the cargo movement have their own standalone information system to manage their operations. Since these systems are not integrated with each other, they do not exchange information on real time basis. Thus, to keep a track on the movement of containers across the ports to the ICDs and the end users, the DMICDC has developed the Logistic Data Bank (LDB) to integrate the information available with various agencies across the supply chain to provide detailed real time information within a single window. The project is intended to provide the near real time visibility of the container movement across the supply chain, thereby streamlining the container logistic movement.

2.3. In this connection, it may be recalled that the Government had decided that Jawaharlal Nehru Port Trust (JNPT) may make a proposal to TAMP for notifying the Mandatory User Charges (MUC) for the LDB project as part of its Scale of Rates.

2.4. Accordingly, based on a proposal mooted by DMICDC through JNPT in September 2014 and after following the usual consultation process with JNPT, BOT terminals operating thereat and the users of JNPT, this Authority vide its Order no. TAMP/49/2014-JNPT dated 13 February 2015 had approved the proposal of the JNPT to levy the Mandatory User Charge (MUC) of `125/- per container in the year 2016-17, `135/- per container in the year 2017-18 and `145/- per container in the year 2018-19 on all containers (except transhipment and coastal) at the JNPT and at the BOT Terminals at JNPT viz., Nhava Sheva International Container Terminal Private Limited (NSICTPL) and Gateway Terminals India Private Limited (GTIPL). The said levy of MUC had been incorporated in the Scale of Rates of JNPT, NSICTPL and GTIPL respectively. The said Order prescribed a tariff validity period upto 31 March 2019.

2.5. Subsequently, the Ministry of Shipping (MOS) vide its letter no. PD-14033/34/2017-PD-V dated 06 June 2018 directed this Authority to issue a common Order applicable to all the Major Port Trusts and the terminals operating thereat, to prescribe a provision towards levy of MUC on containers towards the LDB Service to be rendered by DMICDC, in the Scale of Rates of all the Major Port Trusts and terminals operating thereat for the year 2018-19 at par with JNPT.

2.6. In pursuance of the communication of MOS, this Authority had passed a Common Order no. TAMP/46/2018-MUC dated 8 June 2018 approving incorporation of a provision towards levy of MUC on containers for the LDB Service to be rendered by DMICDC, in the Scale of Rates of all the Major Port Trusts and private container terminals operating thereat. This Order was notified in the Gazette of India on 03 July 2018 vide Gazette No. 248 and had come into effect from the date of notification of the Order i.e. 3 July 2018 and was valid upto 31 March 2019.

2.7. Further, the MOS vide its letter no. PD-14033/34/2017-PD-V dated 06 June 2018 had already requested all the Major Port Trusts to coordinate with DMICDC to formulate a suitable proposal for levy of MUC and file the proposal before this Authority for approval of MUC with effect from 01 April 2019.

3.1. In this backdrop, the DMICDC vide its letter dated 14 January 2019 has submitted a proposal for renewal of MUC of DMICDC's LDB. The submissions made by DMICDC in its proposal are summarized below:

(i). The DMIDC Logistics Data Services Ltd. (DLDSL), a Special Purpose Vehicle (SPV) of National Industrial Corridor Development implementation Trust (NICDIT) and NEC Corporation has been incorporated on 30 December 2015 with a view to reduce the overall transaction cost incurred by the Government by bringing in the required Transparency and Visibility across the container transportation supply chain.

(ii). The objective of DLDSL is of effectively leveraging ICT across the Indian Logistic Sector, inculcate best practice across the various processes and work towards bringing in efficiency in the supply chain.

(iii). DLDSL's Logistics Data Bank (LDB) System provides Export Import (EXIM) Container visibility from Port terminals to Inland Container Depots (ICDs) / Container Freight Stations (CFSs) and across the Toll Plazas and generates various analytics for the trade to streamline the processes by addressing the bottlenecks. The visibility is provided through the LDB Portal www.ldb.co.in.

(iv). LDB integrates with existing IT systems of the stakeholders and provide end-to-end tracking information through a single window interface and the service is provided through RFID Technology and integrates with various systems of stakeholders.

(v). The online LDB tracking system facilitates and provides easy tracking and effective utilization to the import/ export companies. It also allows the users to locate the near real time location and time stamp of the container during its inland movement through road or railways. Thus, it promotes "Ease of doing business" by cutting cost and time for exporters and importers

(vi). LDB Container tracking service was launched in July, 2016 at India's largest container handling Port terminals of Jawaharlal Nehru Port Terminal (JNPCT, APM Terminal, NSICT & NSIGT Terminal).

(vii). Based on the success of the LDB Project across the JNPT, the project was extended to India's largest private port terminals of Adani in Mundra (4 terminals) & Hazira in May 2017 and the newly formed Bharat Mumbai Container Terminal (BMCT) at JNPT in April 2018.

(viii). On 18 December, 2017, the project was launched and implemented across the Port terminals in Southern & Eastern corridor of India and the project is helping in optimizing the Indian Container transportation supply chain using the state of the art technology & best practices. The LDB system is currently operational at 22 Port Terminals of India and providing Container visibility services for more than 90-95% of India's Container Volume.

(ix). The proposal of DMICDC contains workflow of LDB service and brief information about LDB for container tracking.

(x). LDB project has contributed immensely in improving container movement visualization across Indian Landscape while highlighting bottlenecks through data analytics. Key improvement areas during the course of project is as follows -

- Port to ICD Transportation time reduced by 57%

- Port Dwell Time (import cycle) reduced by 49%
- Port Dwell Time (export cycle) reduced by 22%
- ICD Dwell Time reduced by 20%
- Overall reduction in Co2 emission round toll plaza 7%

(xi). The summary financials are as follows:

Balance Sheet of DMICDC Logistics Data Services Limited for the last 3 years			
Particulars	**As at 31.03.2018**	**As at 31.03.2017**	**As at 31.03.2016**
I. EQUITY & LIABILITIES			
Shareholder's funds			
Share Capital	8,03,96,000	8,03,96,000	5,00,000
Reserves & Surplus	(5,28,71,556)	(3,76,42,070)	(89,381)
Non- Current Liabilities			
Long Term Borrowings	12,75,00,000	12,75,00,000	-
Deferred Tax Liability	79,90,038	-	-
Current Liabilities			
Trade payables	20,34,00,263	1,74,78,852	-
Other current liabilities	93,05,854	70,57,787	-
Short-term provisions	1,63,82,295	-	-
TOTAL	**39,21,02,894**	**19,47,90,569**	**5,04,290**
II. ASSETS			
Non-current Assets			
Fixed Assets			
I. Tangible Assets	5,47,22,924	7,03,59,678	-
II. Intangible Assets	5,68,74,167	4,71,21,801	-
Long Term loans and Advances	2,62,55,273	50,09,091	-
Current Assets			
Inventories	16,90,884	-	-
Trade Receivables	10,16,23,859	2,07,70,689	-
Cash and Cash Equivalents	7,49,61,585	54,68,883	5,00,000
Other Current Assets	7,59,74,202	4,60,60,427	4,290
TOTAL	**39,21,02,894**	**19,47,90,569**	**5,04,290**

(xii). TAMP has, through its Order dated 29 October 2014 (Case No. TAMP/49/2014-JNPT), which was notified in the Gazette of India on 14 November 2014 vide Gazette No.328, read with its speaking order dated 13th February 2015, approved the proposal of JNPT for levy of MUC of `.125/- per container in the year 2016-17, `.135/- per container in the year 2017-18 and `.145/- per container in the year 2018-19 at the JNPT Port Terminals.

(xiii). For Pan-India operation, the Ministry of Shipping (MOS) vide its letter No.PD-14033/34/2017-PD-V dated 06 June 2018 has conveyed to the TAMP to issue a common order applicable to all the major port trusts and the terminal operating thereat, to prescribe a provision towards levy of Mandatory User Charge (MUC) on containers towards the Logistics Data Bank Service to be rendered by Delhi Mumbai Industrial Corridor Development Corporation (DMICDC), in the scale of rates of all the major port trusts and terminals operating thereat for the year 2018-19 at par with Jawaharlal Nehru Port Trust (JNPT) i.e. `.145+GST per container

(xiv). TAMP, through its common order dated 8 June 2018 (Case No. TAMP/46/2018-MUC), which was notified in the Gazette of India on 3rd July 2018 vide Gazette No.248, directed for levy of Mandatory User Charge (MUC) i.e. `.145 + applicable taxes per container towards the logistics data bank service to be rendered by DLDSL.

(xv). LDB project was extended to cover other ports in India namely 1 terminal of Deendayal Port, 1 terminal of New Mangalore Port, 1 terminal of Cochin Port, 2 terminals of Chennai Port, 1 terminal of Visakhapatnam Port, 1 terminal of Kattupalli Port, 2 terminals of Kolkata Port, 2 terminals of VO Chidambaranar Port, 1 terminal of Krishnapatnam Port and Bharat Mumbai container terminal of JNPT. DLDSL is currently working to implement the LDB services at the ports of Mormugao, Paradip, Kamarajar and Mumbai, which would be operational from 15 February 2019.

(xvi). The necessary investment in the infrastructure has already been made and the on-going operation is performed by DLDSL which is external to the Port Terminal Operators. Hence, the recovery of the investments will not be the prerogative of the Port Terminal Operators.

(xvii). As a result, every 3 years the proposal has to be accepted by all the relevant stakeholders and in the event of non-acceptance by any one party can lead to financial non-viability of the project.

3.2. The DMICDC in its proposal has furnished the cost statement based on estimates for the next three financial years i.e. 2019-20, 2020-21 and 2021-22. The cost statement as provided in the proposal is given below:

No. of years		3				
Year			**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	
Month of Operations			12	12	12	(In Mn INR)
						Total
Revenue	Revenue from MUC (A)		947.8	1059.4	1179.8	**3186.9**
Direct Cost-MDOM	LDB Package License		97.9	97.9	97.9	**293.8**
	LDB Package license support		74.1	74.1	74.1	**222.2**
	RFID Solution development		41.1	41.1	41.1	**123.3**
	RFID Solution Support		14.0	14.0	14.0	**42.0**
	Total helpdesk cost with COLA		53.6	54.7	55.8	**164.1**
	Total Hosting Charges		19.7	20.6	21.6	**61.9**
	Total project management Cost with COLA		61.0	68.2	75.8	**205.1**
	Total cost of Travel		41.1	47.6	48.2	**142.9**
	Communication cost + Contingency for RFID		34.94	35.84	36.73	**107.5**
	Total KIOSK Cost	65%	2.5	2.5	2.5	**7.6**
	Total electrical cost for deployment of KIOSK	65%	3.2			**3.2**
	RFID Installation + Recurring Cost of Hardware like UPS, Poles, Cables, Fanless PCS		11.78	15.81	19.84	**47.4**
	RFID Operations + Maintenance		253.0	253.0	253.0	**759.0**
Hardware + FOIS	RFID Tag Cost		92.0	96.6	101.5	**290.2**
	RFID Reader Cost		80.0	95.3	110.6	**285.8**
	Total Electricity Expense		5.9	6.5	7.2	**19.7**
	FOIS Cost	65%	2.6	2.6	2.6	**7.8**
	Total Direct Cost (B)		894.61	926.51	962.4	**2783.5**
Gross Profit	Gross Profit (C)		53.2	132.9	217.4	**403.4**
	Gross Profit (%)		6%	13%	18%	**13%**
SGA Expenses	Staff Salaries		22.6	24.4	26.3	**73.3**
	Total cost of marketing activities		5.3	5.9	6.5	**17.7**
	Total cost of Travel		2.3	2.5	2.7	**7.5**
	Total Audit charges		0.7	0.7	0.8	**2.2**
	Office Rental		2.5	2.7	3.0	**8.2**
	Total SGA Expenses (D)					
Operating Profit	Operating profit (E)		19.9	99.4	181.1	**300.3**
	Operating Profit (%)		2.1%	9%	15%	**9%**
		Losses (Total)	10.6	15.9	26.4	**53**
Other Expenses / Income	Losses (Major Ports)	65%	639	10.3	17.2	**34.5**
	Loan Interest	65%	7.1	7.1	7.1	**21.3**
	Total Other Expenses (E)		14.0	17.4	24.3	**55.8**
Net profit	Net profit (G)		53.88	81.97	156.71	**244.56**
	Net profit (%)		0.6%	7.7%	13.3%	**7.7%**

3.3. The basis of assumptions considered in the preparation of the proposal of LDB services are as follows:

(i). Revenue Calculation:

(a). The total container volume considered for FY 19-20 is 9.9 million boxes for Major and Minor ports.

(b). A 5% annual growth in the container volume is taken into account for FY 20-21 and FY 21-22.

(c). Container volume is divided into Major ports and Minor ports. The ratio of container volume for Major and Minor ports considered in the proposal is 65:35. The same ratio is used to divide the common costs in the proposal for major ports.

(d). The proposed MUC of INR 155, 165 and 175 has been considered to calculate Revenue for FY 2019-20, FY 2020-21, FY 2021-22 respectively.

(ii). Direct cost- MDOM constitute the IT outsourcing cost for the LDB service.

Cost Element	Description
LDB and RFID Package license	Basic LDB service package including search service on HADOOP analytics platform.
LDB and RFID Package license support	Cost for feature enhancement (Development of new features) and for upgrading (Enhancement existing system new), minor modification and technical support for helpdesk.
Helpdesk	An information and assistance team that troubleshoots problems with data collection and LDB service to customers via telephone, chat, email etc.
Hosting service	Infrastructure resources and services taken, Operating system, Database & other service like (Jboss, ISS, etc.), maintenance and operation. Data Platform for Hadoop (DPH) is utilized to provide the analytics to various stakeholders.
Project Management	Project management team to supervise the project at all the levels.
Travel cost	Cost of travel for the team managing the operations and IT services at Ports, CFS, ICD, Toll Plazas etc.
Communication and Contingency	The communication cost entails the cost of connectivity between different sites, connectivity cost (leased line) between RFID data centre and LD Data centre as well as the contingency cost for RFID. The contingency cost has been considered at 5%.

(iii). Direct cost – RDCF constitute the field operation outsourcing cost for the LDB services

Cost Element	Description
Kiosk Cost	Cost for setting up of kiosks at the port terminal premise for stationing the operations staff and RFID Tag inventory of DMICDC
Electrical cost for deployment of Kiosk	The total cost has been calculated by multiplying the electricity requirement (kilowatt hour) with an average per unit rate INR 10.
RFID Installation + recurring cost of hardware	It includes the cost of installation of RFID infrastructure at multiple locations within the country and the recurring maintenance cost for the installed infrastructure such as UPS, pole, cables etc.

RFID operations and Maintenance	It is the manpower cost for tagging, operation at the port and filed support service.

(iv). Hardware and FOIS cost

Cost Element	Description
RFID Tag Cost	It is the cost of RFID tag that will be tagged in all the import containers
RFID Reader Cost	It is the cost of RFID readers procured by the company for setting up the infrastructure at Ports, CFS, ICD, Toll Plazas etc.
Electricity Expense	It includes the electricity expense for running of the RFID readers and other infrastructure 24*7 at all the locations.
FOIS Cost	LDB has an integration with the Indian Railways – Freight Operations Information System (FOIS) for tracking all the Rail-bound containers. It includes the cost payable to Indian Railways for FOIS integration.

(v). SGA Expenses:
It contains the cost of Selling, General and Administration Expenses of the DLDSL.

(vi). Other Expense / Income –

(a). The total losses incurred by DLDSL for the last three years of LDB operations has been provisioned in the TAMP proposal. 65% of the total loss is considered in the proposal for Major Ports. The same has been divided in the ratio of 20%, 30% and 50% for FY 2019-20, FY 2020-21, FY 2021-22 respectively.

(b). The loan interest payable by DLDS against its loan.

3.4. Accordingly, the DMICDC has sought approval for the levy of MUC of `155/-, `165/- and `175/- per container during the years 2019-20 to 2021-22 respectively, across all the Major Port Trusts in India.

4. In accordance with the consultative procedure prescribed, a copy of the DMICDC proposal dated 14 January 2019 was taken on consultation with all the Major Port Trusts, all the private container terminals operating thereat governed by the erstwhile 2005 guidelines, 2008 and 2013 Guidelines and all concerned users/ user organizations vide our letters dated 31 January 2019 seeking their comments. Comments were received from few Major Port Trusts and some users/ user organisations. These comments were forwarded to DMICDC for its comments. The DMICDC vide its letters dated 12 March 2019 has responded on the comments of the Major Ports/ users/ user organisations.

5.1. Based on a preliminary scrutiny of the proposal, some additional information/ clarification was sought from DMICDC vide our letter dated 2 April 2019. The DIMCDC has responded vide its letter dated 26 April 2019. The additional information/ clarification sought by us and the response of DMICDC thereon are tabulated as below:

Sl. No.	Information/ Clarification sought by us	Reply furnished by DMICDC
A.	**General**	
(i).	The actual Revenue for the year 2018-19 to be furnished.	Accounts for the FY 18-19 has not yet been finalized, reconciliation of invoices for the month of March 2019 is underway with various ports. However, the provisional revenue for the FY 18-19 is ` 96.76 Crores after considering the actual

		revenue from Apr 18 till Feb 19 i.e. ` 91.30 crores & projected revenue for Mar 19 at ` 5.46 crores
(ii)	In the fixation of Mandatory User Charge (MUC) vide Order no. TAMP/49/2014-JNPT dated 13 February 2015, paragraph no. 7.1 (iv) of the Order, calls for review of the actual surplus/ deficit arising out of the service of Logistics Data Bank (LDB) by levy of MUC during the period from 2015-16 to 2018-19. Accordingly, to enable review the surplus/ deficit for the said period, the DMICDC to furnish the requisite details in the format attached herewith.	The requisite detail in the format attached is furnished. The estimates shared by DLDSL with TAMP in the Order no. TAMP/49/14-JNPT dated 13 February 2015 were based on certain assumptions. However, in the actual scenario there was lot of changes in the business model. Hence the necessary reasons for the variation have been mentioned. Few important disclaimers are listed below for easy reference: (a). Traffic Estimates were based on the assumption of containers in TEUs, while the actual revenue realized is on the basis of boxes which is less than TEUs. Forty feet containers constitute 2 TEUs, however the MUC collected is for 1 box only. In addition to this, DLDSL do not get revenue for coastal and transshipment containers. (b). The estimates were shared with TAMP for 4 years starting from 2015-16 to 2018-19, however the LDB project started from July 2016 at JNPT. All the entries in actuals are for three FY starting from 2016-17 to 2018-19. (c). The estimates shared were only for 3 terminals of JNPT, however the actuals constitute the revenue and costs for JNPT (9 months) in 2016-17, JNPT, Mundra and Hazira in 2017-18 and JNPT, Mundra & Hazira and other major and non-major ports (4 months) in India in 2018-19.
(iii)	The audited Annual Accounts of DMICDC for the years 2015-16 to 2018-19 to be furnished	Delhi Mumbai Industrial Corridor Development Corporation Ltd. (DMICDC) was incorporated to establish, promote and facilitate development of DMIC project. It undertakes project development services for investment regions / industrial areas / economic regions / industrial nodes and townships, for various central government agencies and also assists state governments. DMICDC has formed DMICDC Logistics Data Services Limited (DLDSL), a special purpose vehicle on 30th December 2015 with the objective of effectively leveraging ICT across the Indian Logistics Sector, inculcate best practices across the various processes and work towards bringing in efficiency in the supply chain. The company aims at bringing visibility and transparency in Logistics environment, streamline the operations across the supply chain and help in government's plan of improving the Ease of Doing Business in India. The flagship project of the company "Logistics Data Bank System (LDB System)" that provides the Export Import Container visibility service across India along with comparative performance metrics.

<table>
<tr><td></td><td></td><td>Therefore, DLDSL is sharing its Audited Annual Accounts for the Financial Year 2015-16, 2016-17 and 2017-18. The copy of Audited Annual Accounts is furnished.</td></tr>
<tr><td>(iv)</td><td>A reconciliation statement, to reconcile the difference, if any, between the estimates vis-à-vis the respective figures as indicated in the audited Annual Accounts for the years 2015-16 to 2018-19 as furnished in the format attached, also to be furnished</td><td>The Audited Financial Expenses head as shown in the below table need to be looked against the summation of Annexure - 1 Actual Expense head for validation and reconciliation.
<table>
<tr><th>Audited Financial Expenses (Annexure – 4)</th><th>Annexure – 1 Expenses</th></tr>
<tr><td>Direct Fees and Other Expenses (Only Lease Rent)</td><td>Rail Integration fees, RFID Operations, RFID Tags, LBD Package License & Support, Real-time Solution, Helpdesk, Hosting, Tools & Communication</td></tr>
<tr><td>Depreciation</td><td>Depreciation</td></tr>
<tr><td>Other Expenses (Excluding Lease Rent), Employee Benefit Expenses</td><td>Sales, General & Administrative Expenses - Outsourced</td></tr>
<tr><td>Other Income</td><td>Finance & Miscellaneous Income (FMI)</td></tr>
</table></td></tr>
<tr><td>B.</td><td>Cost Workings as furnished by DMICDC at Page 23 of its Proposal of January 2019:</td><td></td></tr>
<tr><td>I.</td><td><u>Revenue from MUC</u></td><td></td></tr>
<tr><td>(i).</td><td>The Revenue for the year 2019-20 is reported to be based on the total container volume for FY 2019-20 at 9.9 million boxes and considering the proposed MUC of ` 155/- per container. The ratio of container volume at major and non-major ports is considered at 65:35. Based on these parameters, the revenue should work out to ` 99.74 crores. As against this, the DMICDC has shown the revenue for the year 2019-20 at ` 94.78 crores. The DMICDC to, therefore, furnish detailed working in support of the revenue projected for each of the years 2019-20 to 2021-22 respectively.</td><td>TAMP understanding is correct that total container volume for FY 2019-20 at 9.9 million boxes and the ratio of container volume at major port to be 65% of the total volume. Hence, the total container volume is 6.4 million boxes. The MUC considered in the FY 2019-20 is INR 155 per container. However, for calculating the revenue of DLDSL we considered 95% of MUC i.e. 95% of 155 which is 147.3. And 5% of the MUC will be shared with the port terminals. Therefore, the total revenue calculation for FY 2019-20 is shown as 94.78 crores.
<table>
<tr><th>No of years</th><th>3</th><th></th><th></th><th></th><th></th></tr>
<tr><td>Year</td><td></td><td></td><td>2019</td><td>2020</td><td>2021</td></tr>
<tr><td>Month of Operations</td><td></td><td></td><td>12</td><td>12</td><td>12</td></tr>
<tr><td>Container Boxes in Mn (Major Ports)</td><td></td><td>65%</td><td>6.4</td><td>6.8</td><td>7.1</td></tr>
<tr><td>MUC per container (INR)</td><td>10</td><td>Increase Y-O-Y</td><td>155</td><td>165</td><td>175</td></tr>
<tr><td>% MUC Per container to DLDSL</td><td></td><td>5% share to Port Terminals</td><td>95%</td><td>95%</td><td>95%</td></tr>
<tr><td>MUC Per container to DLDSL (INR)</td><td></td><td></td><td>147.3</td><td>156.8</td><td>166.3</td></tr>
<tr><td>Revenue for DLDSL (Major Ports)</td><td></td><td></td><td>947.8</td><td>1059.4</td><td>1179.8</td></tr>
</table></td></tr>
<tr><td>II.</td><td><u>Traffic</u></td><td></td></tr>
</table>

<table>
<tr><td>(i).</td><td>The basis to consider growth in traffic to the tune of 5% per annum over the previous year traffic during the years 2020-21 and 2021-22, may be furnished.</td><td>The basis to consider growth in traffic to the tune of 5% per annum is based on the data by Ministry of Shipping which states 4% CAGR for the last 10 years. However, the growth in 2017-18 has been around 7%. Hence, on a conservative side we have considered the growth of 5% to take into account historical and recent trends.</td></tr>
<tr><td>(ii).</td><td>The basis to consider the ratio of container volume at major and non-major ports at 65:35, to be furnished.</td><td>As per the Indian Container Market Report 2018 by Drewry and Gateway Research, the ratio of container volume at major and non-major ports for the FY 17-18 in TEUs is calculated at 60:40. However, the non-major ports handle significant percentage of transshipment containers which do not add to the revenue of DLDSL. Therefore, on a conservative side the ratio of 65:35 is considered at major and non-major ports. The relevant sections of the Indian Container Market Report 2018 by Drewry and Gateway Research have been furnished for quick reference. The complete report can be accessed through the link provided below:
<table>
<tr><th colspan="2">Port</th><th>Actual Throughput Containers (TEUs) FY 17-18</th><th>Transhipment % FY 17-18</th></tr>
<tr><td colspan="2">Minor Ports</td><td></td><td></td></tr>
<tr><td>Mundra International Container Terminal</td><td>MICTPL</td><td>1089155</td><td>9%</td></tr>
<tr><td>Adani Mundra Container Terminal</td><td>AMCT</td><td>1286714</td><td>4%</td></tr>
<tr><td>Adani International Terminal Container</td><td>AICTPL</td><td>1571800</td><td>33%</td></tr>
<tr><td>Adani CMA Mundra Terminal</td><td>ACMT</td><td>530742</td><td>10%</td></tr>
<tr><td>Adani Hazira Container Terminal</td><td>AHCT</td><td>500879</td><td></td></tr>
<tr><td>Ennore - Kamarajar</td><td>AECT</td><td>2638</td><td></td></tr>
<tr><td>Kattupalli</td><td>KICT</td><td>490291</td><td></td></tr>
<tr><td>KPCT - Krishnapatnam</td><td>KPCT</td><td>479552</td><td>44%</td></tr>
<tr><td>Total non-major ports</td><td></td><td>5951771</td><td></td></tr>
<tr><td colspan="2">Major Ports</td><td></td><td></td></tr>
<tr><td>Jawaharlal Nehru Port Container Terminal</td><td>JNPCT</td><td>1481768</td><td>2%</td></tr>
<tr><td>Nhava Sheva International Container Terminal</td><td>NSICT</td><td>641122</td><td>1%</td></tr>
<tr><td>Nhava Sheva India Gateway Terminal</td><td>NSIGT</td><td>659000</td><td>1%</td></tr>
<tr><td>APM Terminals Mumbai - Gateway Terminals India</td><td>GTIPL</td><td>2027896</td><td>1%</td></tr>
<tr><td>BMCT</td><td>BMCT</td><td>23212</td><td>2%</td></tr>
<tr><td>Kandla</td><td>KICT</td><td>117162</td><td></td></tr>
<tr><td>NMPT</td><td>NMPT-C</td><td>115498</td><td></td></tr>
<tr><td>Mormugao</td><td>MPT-C</td><td>21018</td><td></td></tr>
<tr><td>CoPT(ICTT)</td><td>ICTT</td><td>514997</td><td>7%</td></tr>
<tr><td>Paradip</td><td>PICT</td><td>6334</td><td></td></tr>
<tr><td>CCTPL - Chennai</td><td>CCTPL</td><td>646482</td><td></td></tr>
<tr><td>CITPL- Chennai</td><td>CITPL</td><td>901584</td><td></td></tr>
<tr><td>Visakha - Vizag</td><td>VCTPL</td><td>388289</td><td>1%</td></tr>
<tr><td>Kolkata</td><td>BKCT</td><td>640182</td><td></td></tr>
<tr><td>Haldia</td><td>HICT</td><td>156690</td><td></td></tr>
<tr><td>PSA-Sical - Tuticorin</td><td>TCT</td><td>495264</td><td></td></tr>
<tr><td>DBGT - Tuticorin</td><td>DBGT</td><td>201093</td><td></td></tr>
<tr><td>MbPT</td><td>MbPT-C</td><td>42387</td><td></td></tr>
<tr><td>Total major ports</td><td></td><td>9079978</td><td></td></tr>
<tr><td>Overall Total Volume (Major + Non Major ports)</td><td></td><td>15031749</td><td></td></tr>
<tr><td>Minor Ports (%)</td><td>40%</td><td></td><td></td></tr>
<tr><td>Major Ports (%)</td><td>60%</td><td></td><td></td></tr>
</table></td></tr>
<tr><td>(iii).</td><td>The basis to project the container volume at 9.9 million containers for the year 2019-20 to be explained.</td><td>As per the Indian Container Market Report 2018 by Drewry and Gateway Research (refer Annexure 3), the total volume of containers in FY 17-18 in TEUs is 15 Mn across all major and non-major ports in India. Assuming the percentage growth in the FY 18-19 and FY 19-20 to be 5%, the total volume of containers in TEUs come out to be 15.8 Mn and 16.6 Mn respectively. However, the revenue for DLDSL gets generated based on the EXIM boxes rather than the TEUs and excluding coastal and transshipment containers.
The conversion factor from TEUs into boxes is taken as 0.60. This factor is based on our historical data for 4 terminals of JNPT, 4 terminals of Mundra</td></tr>
</table>

<table>
<tr><td></td><td></td><td>and Hazira. Therefore, the volume considered for FY 2019-20 is 16.6 Mn multiply by 0.60 which is 9.9 Mn containers

<table>
<tr><th colspan="6">Calculation for Conversion Factor of 0.6</th></tr>
<tr><th>Container Terminal Name</th><th>Known as</th><th>Location</th><th>Throughput (TEUs) FY 17-18</th><th>Actual Containers DLDSL data FY 17-18</th><th>TEUs to boxes conversion ratio</th></tr>
<tr><td>Mundra International Container Terminal</td><td>MICTPL</td><td>Mundra</td><td>10,79,307</td><td>678559</td><td>0.628698785</td></tr>
<tr><td>Adani Mundra Container Terminal</td><td>AMCT</td><td>Mundra</td><td>12,86,714</td><td>656447</td><td>0.510173201</td></tr>
<tr><td>Adani International Terminal Container</td><td>AICTPL</td><td>Mundra</td><td>15,71,800</td><td>609303</td><td>0.387646647</td></tr>
<tr><td>Adani CMA Mundra Terminal</td><td>ACMTPL</td><td>Mundra</td><td>5,30,742</td><td>300446</td><td>0.566086724</td></tr>
<tr><td>Adani Hazira Container Terminal</td><td>AHCT</td><td>Hazira</td><td>5,00,879</td><td>328995</td><td>0.656835284</td></tr>
<tr><td>Jawaharlal Nehru Port Container Terminal</td><td>JNPCT</td><td>Mumbai</td><td>14,81,768</td><td>1020883</td><td>0.68896278</td></tr>
<tr><td>Nhava Sheva International Container Terminal</td><td>NSICT</td><td>Mumbai</td><td>6,41,122</td><td>412523</td><td>0.643439158</td></tr>
<tr><td>Nhava Sheva India Gateway Terminal</td><td>NSIGT</td><td>Mumbai</td><td>6,59,000</td><td>425836</td><td>0.646185129</td></tr>
<tr><td>APM Terminals Mumbai - Gateway Terminals India</td><td>GTIPL</td><td>Mumbai</td><td>20,27,896</td><td>1371714</td><td>0.676422262</td></tr>
<tr><td></td><td></td><td></td><td>97,79,228</td><td>5804706</td><td>0.593575076</td></tr>
</table>

<table>
<tr><th colspan="4">Calculation to project 9.9 million boxes in FY 19-20</th></tr>
<tr><th></th><th>Actual Throughput Containers (TEUs) FY 17-18</th><th>Projected Throughput Containers FY 18-19</th><th>Projected Throughput Containers FY 19-20</th></tr>
<tr><td>Percentage growth over last year</td><td></td><td>5%</td><td>5%</td></tr>
<tr><td>Container throughput (TEUs)</td><td>15.0</td><td>15.8</td><td>16.6</td></tr>
<tr><td>Container throughput (Boxes)
Conversion Factor (0.6)</td><td></td><td></td><td>9.9</td></tr>
</table>
</td></tr>
<tr><td>III.</td><td colspan="2"><u>Direct Cost (MDOM, RDCF, Hardware + FOIS)</u></td></tr>
<tr><td>(i).</td><td>The actuals of all items of cost for the year 2018-19 also to be furnished</td><td>The actuals of all items of cost for the year 2018-19 is indicated in Annexure – 1. The Accounts for the FY 18-19 has not yet been finalized. However, the provisional expenses for the FY 18-19 is after considering the actual expenses from Apr 18 till Dec'18 and projected expenses for Jan-Feb-Mar' 19</td></tr>
<tr><td>(ii).</td><td>The detailed workings to arrive at each of the cost elements (as listed out in Page no. 23 of DMICDC proposal) to be furnished. Documentary evidence in support of the relevant cost elements also to be furnished</td><td>Annexure – 2 may be referred for cost justification of the cost elements.</td></tr>
<tr><td>(iii).</td><td>It is not clear as to under what head of expenditure, the 5% payment of Revenue to collecting agents, has been captured. The same to be indicated with necessary workings.</td><td>DLDSL raise invoice to the respective port terminals by multiplying container volume and 95% of the MUC charge. The port terminals realize 100% of the revenue against the LDB project, while remit only 95% of the revenue to DLDSL and retain 5% of the revenue as charges for collection of MUC. Hence 5% payment of revenue to collecting agents have been captured while calculating revenue for DLDSL.</td></tr>
<tr><td>(iv)</td><td>(a). The annual escalation factor as considered by DMICDC in the estimation of expenditure as listed below, needs justification, given that the Authority has approved an escalation factor of 4.26%, which may have to be considered to build up the estimates of expenditure for the years 2019-20 to 2021-22, over the respective previous year actuals/ estimates:
(i). Total Project Management cost with COLA - About 12%.
(ii). Staff Salaries – About 8%
(iii). RFID Reader Cost – About 19%</td><td>The COLA considered for the staff salaries and project management cost is 5% only. However, the escalation in cost is increasing more due to increase in the infrastructure. The LDB infrastructure will grow as DLDSL will cover more sites like Toll Plazas, ICDs, CFSs, Industrial Hubs etc. With the increase in infrastructure there will be additional requirement for new RFID readers and manpower to manage these new sites. Therefore, the escalation in cost is due to the additional new resources.</td></tr>
</table>

<table>
<tr><td></td><td>(b). Contingency
It is not clear as to how much contingency factor has been considered for estimation of RFID expenditure. The same to be indicated with detailed justification.</td><td>As DLDSL will be tagging only the Import containers, hence the RFID cost is calculated based on the 50% of the container volume for the respective FY. However, a contingency factor of 10% is considered for tag loss, tagging of coastal and transshipment containers.
<table>
<tr><td>RFID tag Cost (Major Ports)</td><td></td><td></td><td>2019</td><td>2020</td><td>2021</td></tr>
<tr><td>Total No of Containers (in Mn)</td><td></td><td></td><td>6.4</td><td>6.8</td><td>7.1</td></tr>
<tr><td>Containers to be Tagged (in Mn)</td><td>50%</td><td>Only Import Containers to be tagged</td><td>3.2</td><td>3.4</td><td>3.5</td></tr>
<tr><td>Total tags reqd every yr (including 10% losses) (in Mn)</td><td>10%</td><td></td><td>3.54</td><td>3.72</td><td>3.90</td></tr>
<tr><td>Per Tag Cost (INR)</td><td>26</td><td></td><td>92.04</td><td>96.65</td><td>101.48</td></tr>
</table></td></tr>
<tr><td>(v).</td><td>The tariff for DMICDC is decided following cost plus 16% Return on Capital employed. In the subject proposal, the DMICDC is seen to have neither indicated the capital employed nor the Return component in the workings. The DMICDC to rework its cost estimates by indicating the capital employed and considering a Return on Capital employed @ 16%, for each year under consideration. It is noteworthy that Return @ 16% on the Working Capital component (comprising of cash balance calculated at one month estimated operating expenses) was considered during the fixation of MUC in the year 2015</td><td>During the fixation of MUC in the year 2015, we had considered 16% return on capital employed on which interest cost is one of the components of the return on capital. In our current proposal, we have only considered our actual interest cost, therefore we have not considered here 16% return on capital as assumption</td></tr>
<tr><td>(vi)</td><td>The DMICDC has considered ‘Interest on Loan’ as a cost in the current exercise of determination of MUC. In this regard, it is relevant here to mention that the Authority allows 16% Return on Capital employed. The rate of Return at 16% has been determined following the Capital Asset Pricing Model (CAPM). Cost of Debt is one of the parameters considered while determining the rate of Return at 16%. Hence, ‘Interest on Loan’ is not separately captured as a cost item in the tariff fixation exercise</td><td>In our current proposal we have not requested for 16% Return on Capital Employed, which has been considered in our earlier proposal. In the current proposal we have only considered actual interest cost.</td></tr>
</table>

5.2. Subsequently, we have vide our letter dated 22 May 2019 sought some information/ clarification from DMICDC, arising out of the response of DMICDC, as brought out above. The DMICDC has responded vide its letter dated 24 May 2019. The information sought by us and the response of DMICDC thereon are tabulated below:

Sl. No.	Information / Clarification sought by us	Reply furnished by DMICDC
(i).	As seen from the Annex – I furnished by DMICDC, it is observed that the figure of sum total of all expenses pertaining to the year 2017-18 is not matching with the sum total of expenditure as reflected in the audited annual accounts of 2017-	As furnished in Annex – I of letter dated 26.4.19, the total operating cost is `.5457 lakhs and the total Management & General Administration Expenses is `.1075 lakhs.

<table>
<tr>
<td></td>
<td>18. The DMICDC to furnish a statement reconciling the difference between the expenditure figures for year 2017-2018 as furnished in the Annex – I and the audited annual accounts of 2017-18.</td>
<td>Hence, the total of the expenses is `.6532 lakhs (excluding depreciation and finance cost).<br><br>The total expenses on both these accounts excluding depreciation and financial cost `.6532 lakhs is same as indicted in the audited financial of FY 2017-18.
The Annex – I and Audited Financial of FY 2017-18 are furnished.</td>
</tr>
<tr>
<td>(ii)</td>
<td>The DMICDC to also furnish the audited annual accounts for the year 2018-19. If the same is not available, the DMICDC may furnish unaudited / provisional annual accounts for the year 2018-19.</td>
<td>The Financial Statement of DLDSL for the year 2018-19 is still not yet finalised. However, provisional Annual Accounts for the year 2018-19 is furnished.</td>
</tr>
<tr>
<td>(iii)</td>
<td>The Audited Annual Accounts of 2015-16, 2016-17 and 2017-18 as furnished by the DMICDC are seen to capture the combined operations at both Major Ports and Non-Major Ports. Since the proposal of DMICDC relates to fixation of MUC charges for Major Port Trusts alone, the DMICDC to furnish the segregated annual accounts for the years 2015-16 to 2018-19 reflecting the operations of DMICDC at Major Ports only. The segregation to be furnished with regard to fixed assets also as reflected in the Consolidated Annual Accounts.</td>
<td>It may be noted that in financial year 2016-17, the operations of the project started only at 4 container terminals at JNPT. In financial year 2017-18, in addition to the operations in JNPT, operations were started at Mundra Port and in the year 2018-19, based on the TAMP Order dated 8 June 2018, operations were started at other Eastern and Southern Ports. Port wise details of the start of operations of the project is furnished.

[Year-wise breakup of expenditure and revenue among Major Ports for the years 2017-18 and 2018-19 are furnished by DMICDC as given below :
Cost Sheet Statements as on 31.3.2018
<table>
<tr><th>Financial Year</th><th>2017-18
Audited (INR)</th></tr>
<tr><td>Particulars</td><td>Major Ports</td></tr>
<tr><td>Revenue from operations</td><td>415,062,621</td></tr>
<tr><td>Other Income</td><td>-</td></tr>
<tr><td>Total Income</td><td>415,062,621</td></tr>
<tr><td>Expenses</td><td></td></tr>
<tr><td>Direct Expenses</td><td>319,611,707</td></tr>
<tr><td>Employee Benefits expenses</td><td>2,219,060</td></tr>
<tr><td>Finance Cost</td><td>6,654,294</td></tr>
<tr><td>Depreciation</td><td>20,815,964</td></tr>
<tr><td>Other Expenses</td><td>79,558,424</td></tr>
<tr><td>Total Expenses</td><td>428,859,453</td></tr>
<tr><td>Profit Before Tax</td><td>(13,796,831)</td></tr>
</table>

Cost Sheet Statements as on 31.3.2019
<table>
<tr><th>Financial Year</th><th>2018-19
Provisional (INR)</th></tr>
<tr><td>Particulars</td><td>Major Ports</td></tr>
<tr><td>Revenue from operations</td><td>560,155,502</td></tr>
<tr><td>Other Income</td><td>-</td></tr>
<tr><td>Total Income</td><td>560,155,502</td></tr>
<tr><td>Expenses</td><td></td></tr>
<tr><td>Direct Expenses</td><td>459,202,544</td></tr>
<tr><td>Employee Benefits expenses</td><td>4,463,615</td></tr>
</table>
</td>
</tr>
</table>

			Finance Cost	6,238,135
			Depreciation	13,980,023
			Other Expenses	66,115,780
			Total Expenses	**550,000,097**
			Profit Before Tax	**10,155,405**

6.1. Considering the Pan-India consultation involved in the case in reference, joint hearing on the case were held at two different venues i.e. on 25 February 2019 at the Office of this Authority in Mumbai and on 01 March 2019 at the Chennai Port Trust premises in Chennai.

6.2. At both the joint hearings, the DSDSL made a brief power point presentation on the proposal. At the joint hearings, the Major Port Trusts / Private Container Terminal Operators, users/ user organisations and the DMICDC have made their submissions.

7.1. In the meanwhile, the JNPT vide its letter dated 15 April 2019 requested for the Audited financials of the DMICDC to enable JNPT furnish its comments on the DMICDC proposal. The audited financial statements as forwarded by DMICDC to us while furnishing the additional information/ clarification, as brought out above, was forwarded to JNPT, to enable JNPT furnish its comments.

7.2. In this regard, the JNPT vide its letter dated 15 May 2019 has stated that JNPT will be able to offer comments on DMICDC proposal only after receipt of the port wise income and expenditure duly audited financial on account of MUC charges and not the consolidated audited financials as forwarded by TAMP.

7.3. A copy of the communication received from JNPT was forwarded to DMICDC for appropriate action of the DMICDC. In this regard, the DMICDC vide its letter dated 24 May 2019 has *interalia*, responded that DLDSL only prepares the consolidated accounts covering all Major and Minor Ports as there is no statutory requirement for preparing port-wise income and expenditure statement and calculating port wise profitability.

7.4. We have vide our letter dated 07 June 2019 forwarded the response of DMICDC to JNPT with a request to furnish its comments by 11 June 2019. The JNPT has not responded till the case was finalized.

8.1. Considering that the initial validity of the existing tariff of MUC was getting expired on 31 March 2019 and the time required for analysing the submissions made by stakeholders and for the proposal to mature for final consideration of this Authority and in order to avoid a vacuum in the tariff, this Authority vide its Order no.TAMP/46/2018-MUC dated 26 February 2019 has extended the validity of the existing tariff towards levy of MUC in the Scale of Rates of all the Major Port Trusts and BOT operators operating thereat, for a period of three months, beyond 31 March 2019 i.e. upto 30 June 2019 or till the effective date of implementation of new tariff to be fixed for levy of MUC based on the proposal filed by DMICDC, whichever is earlier.

8.2. Thereafter, the validity of the MUC has been extended beyond 30 June 2019 i.e. from 01 July 2019 upto the time the new MUC rates approved comes into effect or upto 30 September 2019, whichever is earlier.

9. 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 will also be made available at our website http://tariffauthority.gov.in

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

(i). The Delhi - Mumbai Industrial Corridor Development Corporation (DMICDC), has formed a Special Purpose Vehicle (SPV) titled as DMICDC Logistics Data Services Limited (DLDSL). It is a SPV of National Industrial Corridor Development Implementation Trust and NEC Corporation of Japan. The DLDSL's Logistic Data

Bank (LDB) integrates the information available with various agencies across the supply chain to provide detailed real time information and visibility of the container movement across the supply chain using RFID technology, within a single window, thereby streamlining the container logistic movement. This was initially launched in the Jawaharlal Nehru Port Trust (JNPT) in the year 2016 and thereafter, it has been gradually implemented across the major port trusts and private terminals operating thereat. Since the proposal is filed by DMICDC, the proposal is considered for approving tariff for DMICDC implementable by the Major Port Trusts and all the BOT Terminals operating thereat.

(ii). It may be recalled that the JNPT proposal, which had culminated in the tariff Order of February 2015 was filed by JNPT. The DMICDC, which has filed the proposal now neither falls under the category of Major Port Trusts nor BOT Terminals operating thereat. However, the operational staff of DLDSL deployed at the wharfside, entry and exit gates of the port premises as well as at the Railway Siding perform the RFID tagging to the containers. Since this service falls under section 48(1) (e) [any other service in respect of vessels, passengers or goods] of the Major Port Trusts Act, 1963, the service rendered by the DLDSL to the Container falls under the regulatory regime of this Authority and tariff for the said service is to be fixed by this Authority. Since the DMICDC is a different category of service provider, its tariff is determined based on the actual financial position for the years 2017-18 and 2018-19 and the estimates for the years 2019-20 to 2021-22, as explained hereunder.

(iii). The combined financial results relating to LDB services rendered by the DMICDC for the years 2017-18 and 2018-19 at few of the Major Port Trusts and BOT Terminals thereat at the rate of ` 135/- for the year 2017-18 and ` 145/- per container for the year 2018-19 shows a deficit of ` 36.41 lakhs. [(13796831) + 10155405]. Therefore, it is not appropriate to continue with the existing rate of ` 145/- per container for the next tariff cycle when the DMICDC is attempting to achieve full scale operations. As stated by the DMICDC, LDB is one of the Indo Japanese Partnership Projects announced in the joint statement of Prime Minister of both the countries. This project is being implemented with the cooperation of Ministry of Shipping, Ministry of Road Transport and Highways, Ministry of Railways and Ministry of Commerce and Industry. Considering the utility of the project and given that the LDB project is in an evolving stage and since the levy of the existing MUC reflects a deficit position, this Authority is inclined to approve the MUC as proposed by the DMICDC for the years 2019-20 and 2020-21 at ` 155/- per container and ` 165/- per container.

At the income estimated by the DMICDC based on the above mentioned proposed rates of ` 155/- per container and ` 165/- per container for the years 2019-20 and 2020-21 respectively, and considering the estimated expenditure for the said two years, the DMCIDC is not estimated to achieve 16% return. However, for the year 2021-22, the DMICDC is estimated to earn surplus beyond 16% return, at the proposed rate of ` 175/- per container.

In view of the above position, it is felt appropriate to prescribe the rates for a period of two years only i.e. for the years 2019-20 and 2020-21. Subsequently, based on the actuals for the years 2019-20 and 2020-21, which would capture the levy of MUC charges for the entire year across all Major Ports and the BOT terminals operating thereat, the rate of `155/- per container and ` 165/- per container, shall be reviewed and tariff shall be fixed for the subsequent three year tariff cycle.

(iv). The Kolkata Port Trust (KOPT) as well as some of the users have opposed the increase in the MUC as proposed by the DMICDC and have requested for the existing MUC to continue. As stated in the previous paragraph, based on the levy of ` 135/- per container for the year 2017-18 and `145/- per container for the year 2018-19, the financial position shows a deficit to the tune of ` 36.41 lakhs. Therefore, there is found to be a merit to increase the MUC. Also, the DMICDC has stated that the LDB project has a long gestation period which will require at least 10 years to show healthy returns.

(v). 5% of the total MUC is passed on to the Major Port Trusts and BOT terminal operators as data handling charge for collecting the MUC. During the proceedings relating to the case in reference, there has been a demand from the stakeholders to increase the percentage share. Considering the development of overall trade and keeping the trade interests into account, the DMICDC has requested the existing practice of retaining of the 5% MUC by the Major Port Trusts and private terminal operators to continue. Expenses incurred by the stakeholders in excess of 5% MUC, can be an item of expenditure in the Annual Revenue Requirement (ARR) in their respective general revision proposals.

(vi). The JNPT had requested for the audited port wise income and expenditure on account of MUC charges. In this regard, the DMICDC has stated that only consolidated accounts covering all Major and Minor Ports are prepared by it as there is no statutory requirement for it to prepare port-wise income and expenditure statement and calculate port wise profitability. In this backdrop, the JNPT was requested to furnish its comments. The JNPT has not responded till the case was finalized. Nevertheless, the only concern as put forth by JNPT during the joint hearing was that, considering the year on year growth in traffic in JNPT, whether JNPT was cross-subsidising others by way of levy of MUC. In this regard, during the joint hearing, the DMICDC has clarified to the JNPT that unlike other port terminals, since there are many CFSs operating around JNPT, The JNPT users are being benefitted by the facility.

11.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority accords approval for the following:

(i). Levy of `155/- per container as Mandatory User Charge across all the Major Ports and the BOT terminals operating thereat, after expiry of 15 days from the date of notification of the Order passed in the Gazette of India and shall remain valid for a period of one year. On completion of an anniversary thereafter, levy of `.165/- per container as MUC for a period of one more year. The approval accorded shall automatically lapse unless specifically extended by this Authority.

(ii). Insertion of the following provision in the Scale of Rates of all the Major Port Trusts and all the BOT terminals operating thereat governed by the 2008, 2013 and 2019 (erstwhile 2005) Guidelines for fixation of tariff:

“An amount of ` 155/- per container will be levied on all containers (except transhipment and coastal) handled at the Major Port Trusts and BOT terminals operating thereat towards Mandatory User Charge (MUC) for the Logistics Data Bank (LDB) service rendered by DMICDC for a period of one year thereon. On completion of one year thereafter, ` 165/- per container will be levied as MUC for the next period of one year. The approval accorded would automatically lapse thereafter unless specifically extended by the Authority. **”**

(iii). The MUC of `155/- per container and `165/- per container prescribed is at ceiling level. The Major Port Trusts and the private terminals operating thereat may levy lower rates if authorized by DMICDC.

(iv). Tracking and viewing the movement of containers across the ports to the ICDs and end users would be provided to the users against the payment of MUC.

(v). 5% of the total MUC shall be passed on by the DMICDC to the Major Port Trusts and the BOT Terminals operating thereat for collecting the MUC.

(vi). No royalty/ revenue share is payable by the BOT Terminals operating thereat to the Port Trusts on the MUC collected by the BOT Terminals.

(vii). The rate of `155/- per container and `165/- per container, shall be reviewed and the tariff shall be fixed for the subsequent three year tariff cycle.

11.2. The DMICDC is advised to come up with a proposal for fixation of the MUC, atleast 2 months prior to the expiry of the notified rates.

11.3. As brought out earlier, the validity of the existing levy of MUC has initially been extended upto 30 June 2019. The existing MUC of `145/- per container is deemed to have been extended beyond 30 June 2019 till 30 September 2019 or till the date the revised MUC of `155/- per container comes into effect across all Major Port Trusts and private terminals operating thereat, whichever is earlier.

(T.S. Balasubramanian)
Member (Finance)

SUMMARY OF THE COMMENTS RECEIVED FROM THE MAJOR PORTS / USERS / USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARINGS BEFORE THE AUTHORITY.

TAMP/12/2019-MUC	**:**	**Proposal received from Delhi – Mumbai Industrial Corridor Development Corporation (DMICDC) for approval of levy of Mandatory User Charges (MUC) for DMICDC's Logistics Data Bank (LDB) project across all the Major Port Trusts and BOT operators operating thereat**

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A summary of the comments of the Major Ports/ users/ user organisations and the reply furnished by Delhi – Mumbai Industrial Corridor Development Corporation (DMICDC) thereon is tabulated below:

Sl. No.	Comments received from the Major Ports/ users/ user organisations	Comments of DMICDC thereon
1.	**Kolkata Port Trust (KOPT)**	
(i).	The rate of ₹.145/- has been fixed by the TAMP recently, therefore, no upward revision at this point can be recommended please.	Existing coverage based out of 3 ports, JNPT, Mundra & Hazira, contribute to approx. 60% of the overall EXIM volume of India. Further addition of ports in the rest of the country contribute to only 30% volume but requires huge capital infrastructural expenditure as compared to the western corridor. Hence, the cost incurred would be much more as compared to the revenues generated. Further, DLDS has been incurring losses in the past three years and as per TAMP notification date 19 Mar 2015, Order dated 13 Feb 2015 (published in G. no. 91, serial no. 2.2.xi paragraph 2), it has been mentioned that this project has a long gestation period which will require at least 10 year to show healthy returns. Moreover, the MUC charged is much more nominal than similar other RFID based Govt. initiatives e.g. the e-seal project. DLDSL also wishes to establish uniformity in the implementation throughout all ports.
2.	**New Mangalore Port Trust (NMPT)**	
(i).	At the Balance sheet cited at Pg.No.20 and Revenue profit statement submitted at Pg.No.24 & 25, under the head <u>DIRECT COST-RDCF,</u> DMICDC has mentioned the Cost Element as "KIOSK Cost and Electrical cost for deployment of Kiosk" and under the Clause <u>Hardware and FOIS cost</u> also, the Electrical Expense is mentioned for operating the RFID readers and other infrastructure.	The cost element as "KIOSK Cost and Electrical Cost for deployment of Kiosk" is not the electricity charge per unit, because the electricity will be provided by NMPT as per the agreement. However, this cost is for setting up electricity connection in the Kiosk such as wirings, labor, civil work, piping etc. which is not under the obligation of NMPT. Under the clause Hardware and FOIS cost, expenses include cost of materials required for setting and running of the infrastructure at

	In this regard, as per the agreement between DMICDC and NMPT under ARTICLE 6 OBLIGATIONS OF NMPT 6.2(b) Providing space and Electricity for setting up of 2 (two) Kiosks at the terminal is in the scope of NMPT and hence no cost is incurred by DMICDC for electrical charges as mentioned in the proposal.	CFS/ICD, Toll Plazas and other locations apart from Port.
(ii).	There is no mention of Service Charges of 5% of MUC which shall be entitled to be paid to the port on monthly basis. As cited under ARTICLE 7 Service Charges in the Agreement, 5% MUC is payable to the port. The same may be specified in the proposal. (The NMPT has furnished a copy of the extract (Article 6) of the agreement between DMICDC and NMPT.)	DLDSL business plan has been worked out after adjusting revenue of 5% which will be shared as usual with the port terminal operators
3.	**Cochin Steamer Agents' Association (CSAA)**	
(i).	It is understood that unlike other locations, Kerala have only 4 Tracking points which is located at Container Freight Stations but not in TOLL plazas or ICD's as in other states.	Paliyekkara Toll Plaza (NH 544), Kumbalam Toll (NH 66), Varapuzha Bridge (NH 66) etc. are some examples where we plan to implement in the next phases. Apart from the above, we have also requested the trade bodies along with Cochin Port Trust and IGTPL for scouting some major industrial hubs/SEZ etc. where readers can be installed subject to availability of security and electricity.
(ii).	The Customers are not completely availing the benefits as they are not aware of how to use these tracking facilities	We are continuously making efforts through multi-media initiatives to educate the customers and other stakeholders. LDB tracking link has been incorporated on the ICEGATE, JNPT, Mundra port website. Since we have just started in the location, we welcome suggestions to enhance the coverage. Also, DLDS is very keen to increase awareness through print, digital and social media for extensive coverage for the benefit of the trade.
(iii).	Most of the customers are not educated on the concept as there was no awareness programs conducted for the same and they are blindly paying the amount as it is mandatory without knowing the benefits.	
(iv).	Cochin Port has high vessel handling charges when compared to the other ports. So the cost burden on the trade is huge and the MUC charges of ₹145/-+tax is adding up the cost of the users. From the proposal we could understand that there will be an increase of ₹10/- per year to the MUC charges. Therefore, in order to balance the costs, it is requested to reduce the cost, if possible or keep it stagnant at ₹145/-+tax without further increase.	Existing coverage based out of 3 ports, JNPT, Mundra & Hazira, contribute to approx. 60% of the overall EXIM volume of India. Further addition of ports in the rest of the country contributes to only 30% volume but requires huge capital infrastructural expenditure as compared to the western corridor. Hence, the cost incurred would be much more as compared to the revenues generated. Further, DLDS has been incurring losses in the past three years and the MUC charged is much more nominal than similar other RFID based Govt. initiatives e.g. the e-seal project.

4.	**Coimbatore Customs and Steamer Agents' Association (CCSAA)**	
(i).	On the one side, Government of India is giving importance for REDUCING THE TRANSACTION COST and focusing on that with various measures and on the other side, charges from Custodians, Liners and statutory levies from TOLL charges are continuously going up adding cost to the importers and exporters and finally agents are made answerable to customers. Though the need of facilitation is mandatory for the trade to have continuous growth in earning foreign exchange for the country, considering that various charges and tax levies are already put on the trade, this MUC levy implementation may kindly be avoided on the trade.	The wholesome benefit of LDB is "One Nation-One Track & Trace" service from port till the ICD on a common platform wherein exporter-importer do not have to rely on multiple entities for an end to end trail. Further, visibility in the high-seas till the next port of call has been added. The transparency and visibility created by LDB analytics report has already resulted in substantial reduction in dwell times in the western corridor. This reduction in overall lead-time has resulted in substantial cost savings. Decrease in overall lead time for ICD import by 6 days and CFS imports by 2 days has been measured for the JNPT region. Similarly, port dwell times have noted 51% and 21% improvements for import and export cycles respectively. With the new initiatives of the Govt. especially taken by customs logistics division, LDB will be the backbone to provide them the digital infrastructure for container transportation. Importers & Exporters have benefitted due to enhanced efficiency in ICDs, CFSs and Port Operation resulting in faster delivery of consignments. The trade benefits in the longer run due to enhanced efficiency in Port Operations, ICDs, CFSs resulting in faster delivery of consignments and savings in additional transactional costs e.g. container detention, ground rent, storage charges.
5.	**Container Shipping Lines Association (CSLA)**	
	Vide its e-mail dated 11 February 2019	
(i).	Delhi Mumbai Industrial Corridor Development Corporation's (DMICDC's) role beyond the Delhi Mumbai Industrial Corridor is yet to be known, especially in other ports in India.	Government of India has announced the pan India launch of LDB project on 17th Dec 2017. Further, Government of India is represented by National Industrial Corridor Development and Implementation Trust (NICDIT) which covers all the six corridors of India. LDB is currently functional at 13 Ports, 22 Port Terminals, 120 CFSs and ICDs & 25 Toll Plazas across the country and further plans to give extensive coverage in the next phases.
(ii).	If they wish to levy the Mandatory User Charge (MUC) in these ports for the Logistics Data Bank (LDB) project, they should indicate the services that they intend to offer.	The aim of the project is to create one nation-one track & trace facility. Besides a wholistic analytics report is published for the benefit of the trades and to improve logistics efficiencies. The project provides near real time track & trace facility for containers to all stakeholders.
(iii).	Also, those paying the MUC need to be advised about the benefits and services that would be received against the payment of these charges.	We are continuously making efforts through multiple marketing initiatives to educate customers and other stakeholders. LDB tracking link has been incorporated by JNPT,

		ICEGATE & Mundra Port on their websites. In the new ports, regional advertisements and promotion efforts are being made to propagate the LDB system. Further, DLDS is recording more than 4 lakh container searches per month on the LDB site. The monthly report of performance is also shared with all stakeholders.
(iv).	What would be the value for money proposition? It would be pointless to charge across all major ports, in case there are no additional benefits.	The foremost benefit of LDB "One Nation-One Track & Trace" service from port till the ICD on a common platform wherein exporter-importer do not have to rely on multiple entities for an end to end trail. Further, visibility in the high-seas till the next port of call has been added. The transparency and visibility created by LDB analytics report has already resulted in substantial reduction in dwell times in the western corridor. This reduction in overall lead-time has resulted in substantial cost savings. Decrease in overall lead time for ICD import by 6 days and CFS imports by 2 days has been measured for the JNPT region. Similarly, port dwell times have noted 51% and 21% improvements for import and export cycles respectively. With the new initiatives of the Govt. especially taken by customs logistics division, LDB will be the backbone to provide them the digital infrastructure for container transportation. Further, interaction with the stakeholders will help in identifying additional requirements e.g. customized tracking integration through API directly with ERP/LMS of the exporter-importer Importers & Exporters have benefitted due to enhanced efficiency in ICDs, CFSs and Port Operation resulting in faster delivery of consignments. The trade benefits in the longer run due to enhanced efficiency in Port Operations, ICDs, CFSs resulting in faster delivery of consignments and savings in additional transactional costs e.g. container detention, ground rent, storage charges which offsets the LDB user charges.
	Vide its e-mail dated 22 February 2019	
(v).	Any continuation of levy needs to be justified with certain "value adds", so as to assist in the "ease of doing business" & "bring down the cost of logistics". For instance, the Logistics Data Bank (LDB) website should enable: (a). Shipping Line-wise download of container in/out reports (daily / weekly / monthly & so on) at the Port Terminals / CFSs / ICDs. Also need dwell time reports and other such details.	 This feature is being incorporated from the 1st April 2019.

	(b). Currently just tracking of specific containers (number-wise) is possible. That too, since just 25 toll nakas are covered by DMICDC and no coverage exists across large states like U.P., M.P., Punjab, Karnataka, etc., the coverage of this project is rather limited and thus tracking does not happen real-time. (c). Besides, with increased coverage & growth in volumes over a period, economies of scale would come into play and hence the per container cost should reduce rather than increase year on year.	The entire movement of toll plazas was designed based on the port operators. Gradually this coverage is being extended to more toll plazas as well as SEZ, Industrial Hubs, Parking Yards etc.as per feedback received from the trade. Existing coverage based out of 3 ports, JNPT, Mundra & Hazira, contribute to approx. 60% of the overall EXIM volume of India. Further, addition of ports in rest of the country contributes to only 30% volume. This diversification pressure requires huge infrastructural expenditure as compared to the western corridor. Hence, the cost incurred would be much more as compared to the revenues generated and economies of scale would not come into play as suggested at this stage.
6.	**Visakha Container Terminal Pvt. Ltd. (VCTPL)**	
(i).	The accounting procedure of billing, collection, outstanding, follow ups and remitting back to DMICDC is quite cumbersome apart from keeping track of GST payments and remittance of TDS to statutory authorities.	5% MUC as prescribed by the TAMP in the last notification has only been proposed by DLDSL in the current proposal. Any additional MUC will increase overall charges from stakeholders.
(ii).	Therefore, to meet the spiraling incidental expenses towards collection, accounting, remittance, etc., of Mandatory User Charges apart from providing support for infrastructure set up to DMICDC, the ports/ terminals may be allowed to retain 15% of the MUC being collected by them.	
(iii).	Further, there is need to improve the tracking mechanism of the containers in the hinterland. For example, the toll plaza count as mentioned in point 2.2.5 for Andhra Pradesh is two only. This needs to be increased to have better tracking of the containers while in transit.	DLDS strives to maximize the value offered in the form of increasing coverage pan India in the next phases of deployment. More toll plaza sites are in pipeline to be deployed in a phase wise manner. We would welcome to enhance this network of toll plazas, industrial hubs, SEZ etc. as per suggestions/ feedback received from the trade and their point of interest.
7	**Indian Chamber of Commerce and Industry (ICCI)**	
(i).	The importer or the exporter is not going to get any benefit out of this logistics data bank services though they are made to pay for these services. This would result in an escalation of our export and import transactional cost, as the shipping lines are passing on the amount charged by M/s DMICDC to the exporters/ Importers.	LDB has helped in providing visibility and transparency, thereby inducing competition among various stakeholders in the supply chain to provide better and efficient services to end-customers i.e. exporter/ importers in the EXIM supply chain. LDB project has contributed immensely in improving container movement visualization across EXIM Supply Chain while highlighting

		bottlenecks through data analytics. Key improvement areas during the course of the project (OND’16 vs OND’18) have been highlighted below (ref port JNPT) Importers & Exporters have benefitted due to efficiency in ICD, CFS, Ports & faster delivering of consignments. The overall reduction in CO2 emission around toll plazas 7%.
(ii).	M/s. DMICDC has not installed the readers at CFS/ICD as well as at the toll gates but started collection the amount in the name as logistics data bank services. This is highly objectionable.	Readers have been installed and functional at 15 CFSs out of 16 CFS and these readers have been installed within a month of implementation of LDB at VOCPT.
(iii).	We could not make out, as to how, the Government of India will make use of this data for any conclusion, since the entire data of import-export documentation as well as the container movement is already available in the ICEGATE operated by CBEC and already the importer-exporter are tracking their Container / Shipping Bill of Entry through the ICEGATE tracking ICES. The Ministry of Shipping can obtain these data from the Ministry of Finance for any data analysis.	ICEGATE tracking is for document tracking of Import and Export Cargo. Only documentation related data is present in the ICEGATE, while the LDB system provides the complete physical tracking of cargo as well. Further, LDB tracking is available throughout life cycle of the container in the country. (From the moment a container enters a port for import till it exits from a port for export, even after the cargo has been de-stuffed from the container).
(iv).	As per the website DLDS Portal the rail movement and road movement are monitored for further development i.e. for infrastructure development and for infrastructure an importer and exporter should not be charge instead port / CONCOR / Private Rail Operators / National Highway Authority of India should be levied for this infrastructural development for the future container traffic growth, since the Government focus is reduction of transactional cost for export and import	While there are major initiatives undertaken by the GOI in terms of physical infrastructure like Delhi Mumbai Industrial Corridor, Dedicated Freight Corridor, National Highways, Multimodal Logistics Hubs etc., Government realizes the importance of leveraging ICT across Indian logistics industry and systems like LDB have an important role to play. LDB integrates with existing IT systems providing end to end tracking interface on a single window.
(v).	The exporters despatch the containers as per their convenience and according to the buyer’s requirement as well as the requirement of supply chain logistics.	LDB serves the purpose of tracking of movement of containers during transit and the dwell times derived from the timelines provides an added benefit. Even though dwell times are based on customs clearances, still there are many other aspects to port or CFS performance. Delays caused by these external factors can be brought to light to these authorities who can then plug gaps in their operations. Such improved performance eventually leads to savings in transactional costs by the exporter-importer.
(vi).	On the other hand, the importer is moving the container to the nominated CFS/ICD and negotiation the free day with CFS/ICD and upon his convenience, and on receipt of the document through bank and based on the requirement the cargo for use it will be cleared from CFS/ICD to his manufacturing unit, if the documents are ready to clear through DPD.	

(vii).	With this dynamics of our export and import operations, we wonder as to how the DMICDC logistics data will be useful to the exporter/ importer	
(viii).	Moreover the cost per container of ₹.145+GST is really an exorbitant amount to be finally borne by the exporter, which is an additional and unnecessary burden on them considering the existing situation	The cost of ₹145/- has been calculated based on actual costs, has been examined & certified by TAMP. This is only marginal in view of the huge benefit of visibility on a single platform. Earlier this information was either scattered on different sites owned by different stakeholders like Port, CFSs, ICDs and Railways or not available at all (toll plaza visibility). Because of LDB, this information is now easily available on a single platform nationwide for the entire EXIM supply chain.
(ix).	We, on behalf of our Indian chamber of commerce and Industries strongly object to the adoption of data bank services for the port / Railways / NHAI at our Expense. The logistics data bank will not serve any purpose for the exporters and importer as they can rely on ICEGATE data for any tracking required by them	ICEGATE tracking is for document tracking of Import and Export Cargo. Only documentation related data is present in the ICEGATE, while the LDB system provides the complete physical tracking of cargo as well. Further, LDB tracking is available throughout the life cycle of the container in the country. (From the moment a container enters a port for import till it exits from a port for export, even after the cargo has been de-stuffed from the container).
(x).	If the Logistics data bank Service would be of use to the port authorities the shipping ministry and the government in tracking the movement contained in the industrial corridor or for any Other statistical analysis purpose, they should bear the cost of the Logistics data bank and the importers and exporter should not be burdened whit the cost of Logistics Data Bank services by charging on the import, export, and empty container moved.	LDB serves the primary purpose of tracking of movement of containers during transit and the dwell times derived from the timelines provides an added benefit. This project has benefitted all stakeholders in logistics sector. Even though dwell times are based on customs clearances, still there are many other aspects to port or CFS performance. Delays caused by these external factors can be brought to light to these authorities by LDB who can then plug gaps in their operations. Such improved performance eventually leads to savings in transactional costs e.g. Detention, Demurrage, Ground storage by the exporter-importer.
(xi).	The levy is against the principles of ease of doing business advanced by the Government of India and reduction in transaction cost to the exporters and importers. The cost of Logistics Data Bank Services may be borne by the Port Trusts and other authorities who require tracking of the container movement in the industrial corridor. The importers and exporter may kindly be excluded from the purview of payment of data bank service charges by the DMICDC. We request your good selves to take timely action in the matter.	No specific comments furnished by DMICDC.

1.2. The Comments of other Major Port Trusts are given below, upon which there are no specific comments of DMICDC:

1. **Mumbai Port Trust (MBPT)**

The para 4.4 of the TAMP's Order dated 08.06.2018 states that "5% of the total MUC shall be passed on to the Major Port Trusts and the BOT Terminals operating thereat for collecting the MUC". The present proposal is silent on this aspect. Hence, the existing revenue share be maintained in the proposal for Levy of Mandatory User Charge (MUC).

2. **Mormugao Port Trust** (**MOPT**)

We have no objection on the proposal of DMICDC to increase MUC for the years 2019-20, 2020-21 and 2021-22 at ₹150/-, ₹165/- and ₹175/- respectively.

3. **Cochin Port Trust (COPT)**

Introduction of Logistics Data Bank service at ICTT Vallarpadam by DMICDC has facilitated real time tracking of containers by the trade, which helps in taking appropriate measure for removing any bottleneck in the system. This will help in bringing down logistic cost. Therefore, TAMP may permit recovery of mandatory usage charges, as proposed by DMICDC.

4. **Chennai Port Trust (CHPT)**

DMICDC is a service provider and the beneficiaries are BOT operators handling containers & their users, whereas the Port has no liability over the LDB services rendered by DMICDC. Hence, no comments are offered on levy of MUC as proposed by DMICDC.

1.3. The additional submissions as made by DMICDC while furnishing its comments on the comments of the major ports/ users/ user organisations are as follows:

(i). DMICDC's Logistics Databank Project (LDB) is one of the Indo-Japanese Partnership projects announced in the joint statement of PMs of both the countries. This project is being implemented with the co-operation of Ministry of Shipping, Ministry of Road Transport and Highways and Ministry of Railways besides the Ministry of Commerce and Industry.

(ii). On December 18, 2017, the pan India launch of the LDB project was announced by Shri. Suresh Prabhu, Hon'ble Minister of Commerce of Industry, Government of India.

(iii). This project was conceived for the promotion of "Ease of Doing Business" by cutting costs and time for exporters and importers. The LDB container tracking services was launched at India's largest container handling port terminals of Jawaharlal Nehru Port in 2016.

(iv). The LDB system is one of its kind which helps in bringing supply chain visibility through a single window using RFID technology and integration with various IT systems of stakeholders.

(v). For Government of India's ambitious "Make in India" initiative which intends to make India a global powerhouse, improving the current logistics scenario is extremely essential to develop India as a manufacturing hub.

2.1. The first joint hearing on the case in reference was held on 25 February 2019 at the office of this Authority in Mumbai. At the joint hearing, the DSDSL made a brief power point presentation on the proposal. At the joint hearing, the Major Port Trusts / Private Container Terminal Operators, users/ user organisations and the DMICDC have made the following submissions:

DMIDC Logistics Data Services Ltd (DLDSL)

(i). Briefly explains the framework and operational part of the LDB facility.

(ii). This facility was initially launched in JNPT and its terminals in July 2016. Thereafter, we have gradually covered other ports and terminals in the country. At present, it is operational at 22 Port Terminals of India and providing Container visibility services for more than 90-95% of India's Container Volume.

(iii). We have proposed a MUC of ₹155/- per container for the year 2019-20. Similar to our earlier proposal, we have proposed a ₹10/- per container increase for the subsequent two years i.e. ₹165/- and ₹175/- per container for the years 2020-21 and 2021-22 respectively.

(iv). The proposed MUC is envisaged to be levied on import/ export (laden and empty) containers. The transshipment, coastal and domestic containers is exempted from the levy of the MUC.

(v). 5% of the proposed MUC would be retained by the port terminals for meeting their operational costs.

CSLA

(i). On the whole, it is a beneficial project.

(ii). Considering that there has been increase in the areas covered by the levy, ideally the economies of scale should come to play i.e. with increase in volumes, the rates should reduce.

DLDSL

(i). It is to be appreciated that initially when the levy was introduced at JNPT, 70% of total container volume was captured by deploying infrastructure at JNPT, which was 30% of overall coverage. Now, to cover the remaining 30% of total container volume, the infrastructure has to be deployed at remaining 70% area. We are proposing a uniform rate across all port terminals.

(ii). Our aim is not to load costs. Our aim is also not to make profits from the levy of MUC. It is seen that when compared with international levels, the proposed rates are half and it covers ten times the area.

JNPT

(i). The traffic at JNPT is growing year on year. Our only point is whether JNPT is cross-subsidising others by way of levy of MUC?

DLDSL

(i). There is no cross subsidization. There are many CFSs operating around JNPT. Same is not the case with other port terminals. The users of JNPT are being benefitted by the facility.

GTIPL

(i). The system is found to be very useful to us.

(ii). Some activities in the process involve manual intervention. As an example, putting of RFID tags or removing them has to be done manually. In such an instance, when there is an increase in volumes, it requires deployment of additional manpower, leading to additional cost, which is difficult to meet from 5% levy that we retain.

BMCTPL

(i). It is requested that we should be allowed to retain 7.5% of the MUC collected by us, instead of the existing 5%.

VCTPL

(i). Since VCTPL handles low volume of containers, the actual expenses incurred by us is more than 5% of the MUC. We may be allowed to retain 14.5% of the MUC.

DLDSL

(i). In VCTPL, the levy of MUC has been implemented for the past few months. There will be some teething problems in the beginning. Once the process stabilizes, everything will fall into place. In the meanwhile, we can see what best can be done for VCTPL.

(ii). The LDB has been implemented for the development of overall trade. Keeping the trade interests into account, it is requested that let the existing practice of retaining of the 5% MUC continue.

NSICT & NSIGT

(i). The LDB is a good initiative.

(ii). We feel that there is a duplication in the collection of data. Same sort of information is being sought by JNPT and DMICDC, which needs to be looked.

DLDSL

(i). We are seeing as to how to overcome this issue.

2.2. The second joint hearing on the case in reference was held on 1 March 2019 at the premises of Chennai Port Trust in Chennai. At the joint hearing, the DLDSL made a brief power point presentation on the proposal. At the joint hearing, the Major Port Trusts / Private Container Terminal Operators, users/ user organisations and the DMICDC have made the following submissions:

DMIDC Logistics Data Services Ltd (DLDSL)

(i). Briefly explains the framework and operational part of the LDB facility.

(ii). This facility is a single window transparent and visibility system to track the movement of containers integrated with Shipping lines, Port terminal operators, FOIS, Customs ICE gate, ICD, Toll Plazas, etc. This will benefit the improvement in performance index like Port Dwell time, Transit time, congestion analysis and facilitate ease of operations to the stake holders.

(iii). This facility was initially launched in JNPT and its terminals in July 2016. Thereafter, we have gradually covered other ports and terminals in the country. At present, it is operational at 22 Port Terminals of India and providing Container visibility services for more than 90-95% of India's Container Volume.

(iv). We have proposed a MUC of ₹155/- per container for the year 2019-20. Similar to our earlier proposal, we have proposed a ₹10/- per container increase for the subsequent two years i.e. ₹165/- and ₹175/- per container for the years 2020-21 and 2021-22 respectively to cover the cost of inflation, Man Power cost, infrastructure deployment etc.

(v). The proposed MUC is envisaged to be levied on import/ export (laden and empty) containers. The transshipment, coastal and domestic containers are exempted from the levy of the MUC.

(vi). 5% of the proposed MUC would be retained by the port terminals for collection and remittance of MUC.

CHENSAA

(i). We have no issue on tags and tracking of containers. But, empty containers are to be exempted for levy of charges. Tracking of empty containers are being done by customs. Empty containers have no commercial value. The containers which are not tagged with RFID are also charged for which no service was provided. Please refund. Containers with RFID tags are only to be charged. Any additional cost should be justifiable to the trade. We wrote to TAMP on this issue.

(ii). Shipping Lines incur US$7 per container to remove the tags at the destination port. For Export containers, RFID tags are to be removed at the load port.

(iii). The real time tracking is not available to the users. There is duplication of services. Dwell time is reduced not only because of the LDB services.

(iv). With increase in the areas covered by the levy, ideally the economies of scale should come to play i.e. with increase in volumes, the rates should reduce.

DLDSL

(i). Earlier we were using reusable magnetic tags. The magnetic tags are being removed and stolen in the transit by the local people for re-sale. With the approval of CSLA, we have introduced one non-recyclable RFID, which has no resale value. Where ever the tags are not available, we are putting the additional tags. Removing tags will have a cost component.

(ii). Even with Tag or non-Tag to the containers, we are providing good amount of services. The portal provides the customized reporting systems as per the requirement of users.

(iii). Empty containers constitute 20% of the overall container volume. The proposal is considered taking into account of levy of charges on empty containers also. If, empty containers are to be exempted from the services, the LDB charges per container for remaining containers will have to be raised by 25% of the proposed charges.

(iv). We are in the Business of tracking of containers for visibility/ transparency. ICE gate requirement is a compliance requirement of Customs.

(v). It is to be appreciated that initially when the levy was introduced at JNPT, 70% of total container volume was captured by deploying infrastructure at JNPT, which was 30% of overall coverage. Now, to cover the remaining 30% of total container volume, the infrastructure has to be deployed at remaining 70% area. We are proposing a uniform rate across all port terminals.

(vi). Our aim is not to load costs. Our aim is also not to make profits from the levy of MUC. It is seen that when compared with international levels, the proposed rates are half and it covers ten times the area.

(vii). We will take up with World Trade Organisations (WTO) about the destination ports charging for removal of tags.

NMPT

(i). 5% of charges to be retained by the port is less when compared to our direct and indirect expenditure incurred for the services rendered to DMICDC.

CHPT

(i). Charges are levied on the empty containers, which are not tagged. We consider 5% of charges to be retained by the Port is less.

CITPL

(i). 5% of charges retained are not sufficient to render the service to DMICDC.

TAMP

(i). The Port or the terminal may retain only 5% of the charges. Any deficit on this account may be included in the respective Annual Revenue Requirement and may be recovered from the tariff when the General Revision of Scale of Rates takes place.

HDC of KOPT

(i). Charges are being levied for the container received prior to 2018. Container tracking services are not available for container movement to Durgapur sector and Rewa sector.

KDS of KOPT

(i). Tariff to be linked with the Dwell time.

DLDSL

(i). We are improving the visibility of the containers by deploying the RFID readers at the Toll Plazas, where ever necessary. We have 24 / 7 Help service Deck for prompt response. The customer can approach DMICDC customer redressal for the claim of refund, if no service is provided for a container. We will look into it and refund the charges based on strength of the claim.

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