

No. 94

New Delhi, the 11th April, 2001

**Tariff Authority for Major Ports**

**NOTIFICATION**

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the representation made by the Tata Iron and Steel Company Limited (TISCO) about various charges levied on iron & steel consignments by the Calcutta Port Trust (CPT), as in the Order appended hereto.

( S. Sathyam )

Chairman

**Tariff Authority for Major Ports**

**Case No. TAMP/4/98-CPT**

**Tata Iron and Steel Company Limited (TISCO)**

...

**Applicant**

**Vs.**

**The Calcutta Port Trust (CPT)**

...

**Respondent**

**ORDER**

( Passed on this day of 28<sup>th</sup> March 2001 )

This case relates to the representation received from the Tata Iron and Steel Company Limited (TISCO) regarding various port charges levied by the Calcutta Port Trust (CPT).

2.1. The salient points made in the representation are as follows:

- (i). Heavy lifts at Calcutta Dock System (CDS) and Haldia Dock Complex (HDC) are directly handled by vessels own appliances from Lorry / Trailers. The Port does not have any quay cranes to lift heavy lifts and does not render any service. However, a steep consolidated wharfage on heavy lift is recovered at both the CDS and HDC.
- (ii). Wharfage charges on non heavy lift at the CDS and HDC are nearly five times compared to Visakhapatnam, four times as compared to Chennai and double that of Paradip although the port does not render any service except documentation.
- (iii). No free time is permitted on export cargo pending shipment, whereas as 15 to 30 days free storage is allowed in other ports. Stock rent @ Rs.50/- per tonne per week or part thereof is very high compared to Paradip and Visakhapatnam Port.
- (iv). Consolidated charge Rs.35/- per tonne on each wagon for siding, diversion etc., and even the local haulage charges seem to be very high.
- (v). Pilotage charge at the CPT ranks the highest for vessels ranging from 5,000 – 15,000 GRT.
- (vi). Allotment of land at the HDC for storing export cargo must be made on monthly basis.

2.2. The TISCO has also submitted a further representation in September 98 clarifying and providing additional information on the issues agitated by it.

3.1. The CPT, in November 98, informed that an exercise for revision / rationalisation of tariffs had already been taken up; and, the points raised by the TISCO would be duly considered while fixing wharfage on steel cargo.

3.2. Later, in August 1999, the CPT has furnished further information /clarification on the representation which are summarised below.

- (i). Wharfage rates on heavy lift at the HDC has been rationalised and reduced with hardly any difference in wharfage on heavy lift and non-heavy lift steel cargo.
- (ii). Wharfage on non-heavy lifts of various major ports cannot be compared reasonably unless services rendered by other port are also compared simultaneously. Consolidated wharfage charge at the CDS includes handling of cargo on quay transportation of cargo from quay to storage stack, restacking, transportation from storage stack to lorry or wagon and loading on the lorry or wagon. At Chennai Port, wharfage charge does not include crannage which importer/exporter has to pay twice in addition to wharfage charge.

- (iii). No demurrage is charged at Calcutta Port on export cargo till its shipment. Stock rent @ Rs.50/- per tonne per week is realised only in case of export cargo without proper documentation.
- (iv). Consolidated charge on export cargo received for shipment cannot be compared with piecemeal charges of Chennai and Paradip.
- (v). The CPT being the only port in India with long river channel, the expenses incurred for pilotage and towage are high and cannot be compared with other major ports.

4.1. Subsequently, the CPT informed that its Board of Trustees had decided to exempt / remit charges on the following cases in exercise of powers conferred on it under Section 53 of the MPT Act:

- (i). Payment of charges on export of heavy lift cargo if the entire quantity is shipped directly without involving any port equipment at any stage.
- (ii). Remission of 20% in the box rate in respect of the following low value containerised export cargo
  - (a). Jute, gunneies, jute products, etc.
  - (b). CI goods.
  - (c). Refractory materials / fabrics.
  - (d). Cotton, cotton yarn and waste.

4.2. The CPT was requested to intimate the circumstances under which the provisions of Section 53 of the Act had been invoked for reducing the rates prescribed in its Scale of Rates. In reply, the CPT has explained that pending finalisation of the general revision of port tariffs, the position became very serious due to diversion of cargo to other ports. Since immediate intervention was called for, the Board of Trustees of the CPT had granted remission in the Scale of Rates. The CPT also argued that Section 53 of the MPT Act was not amended in the course of amending the MPT Act to facilitate creation of the Tariff Authority; and, the Port Trust's Board of Trustees could still exercise the power conferred on it by Section 53 of the Act.

5. Several reminders were issued to the CPT enquiring about the status of its proposal for general revision of tariffs; and, the Port continued to affirm that its proposal for general revision of its Scale of Rates would be finalised shortly. Finally, the CPT submitted its proposal for general revision of tariffs in Sept. 2000. The representation of the TISCO was also considered alongwith the general revision proposal; and, taken up in a joint hearing held on 24 Nov. 2000 in Kolkata.

6.1. In its proposal for general revision of tariffs, the CPT has proposed to introduce the following changes with respect to iron and steel cargo and heavy lift, which take care of the various issues agitated by the TISCO.

- (i). The limit of heavy lift has been enhanced at the HDC from 5 tonnes to 20 tonnes in terms of the common adoption Order issued by the Authority. Heavy lift charges for the category between 20 tonnes to 35 tonnes for iron and steel have been slightly reduced.
- (ii). At the CDS, levy of separate wharfage charges on heavy lifts have been abolished. Limit for levying lifting charges has been enhanced to 5 tonnes from the existing level of 2 tonnes and this charge is proposed to be levied only if port equipment is used at the time of delivery / receiving. Further, a rebate of 10% will be allowed, if the entire consignment is delivered direct on landing or shipped direct from trucks without involving any port equipment.
- (iii). A volume discount scheme is proposed to be introduced.

6.2. The proposals of the CPT mentioned above have already been approved by this Authority earlier today while deciding the case relating to revision of the CPT Scale of Rates.

7.1. The CPT has also proposed, in its general revision of tariff proposal, not to levy demurrage on export cargo if the cargo is shipped within 30 days. Only if cargo is not shipped within 30 days of its receipt, demurrage is proposed to be levied at the rate of Rs. 50/- per tonne per week or part thereof.

7.2. The general revision proposal submitted by the CPT covers only cargo and vessel related charges. Railway related charges have not been examined as a part of the case relating to general revision of tariff. In view of the huge cost deficit under the Railway Activity, this Authority has advised the CPT to come up with its proposal for revision of port railway charges. The issues raised by the TISCO about consolidated charges on wagon (for siding) and local haulage charges will be examined alongwith the proposal for revision of railway charges.

7.3. Scrutiny of cost statements for various activities of the CPT revealed that vessel related activities at the CDS are heavily cross-subsidised by cargo related activities. In order to rationalise the tariff structure, this Authority has already approved enhancing the vessel related charges leviable at the CDS. Even the increase allowed will not match the cost of rendering services. In view of this position, the request of the TISCO about the high pilotage charges cannot be considered for allowing any relief. Likewise, the arguments of the TISCO about high wharfage charges levied at the CPT in comparison with other major ports cannot be accepted. The cost of rendering services, the method of handling, the facilities provided, etc. vary between different ports; and, as a result, the charges leviable will also vary.

8. The request of the TISCO about allotment of land for storage of export cargo on a monthly rental basis at Haldia has already been considered by this Authority in the case relating to fixing of rentals for land and buildings of the CPT at Haldia. In that case, the CPT has agreed to make allotment of land for export cargo on a monthly rent on ship to ship basis. Subsequently, in deference to the demand from various users, this prescription has been changed to annual basis. The schedule of rent already contains a provision to this effect; and,

there appears no justification to go back to monthly rent basis.

9. During the processing of this case, as already stated in paragraph 4.2 above, it has come to our knowledge that the Board of Trustees of the CPT have reduced some of the charges prescribed in the Scale of Rates of the CPT by invoking the powers conferred on it under Section 53 of the MPT Act. Such recourse to Section 53 will amount to a misuse of the provision interfering with the general system of tariff fixation envisaged for the Authority in the MPT Act. The Government has issued many instructions in the past to the Port Trusts about applying the provision of Section 53. Recently, the Government has, at our instance, again, written to all the ports advising them not to apply such provisions to tinker with the rates in their Scale of Rates. The CPT has, perhaps, not correctly appreciated the legal position with respect to tariff fixation. It is not our intention to suggest that the MPT Act was amended to delete Section 53. It is also not our intention to suggest that this Authority will have jurisdiction over remissions. Indisputably, this discretion lies entirely within the jurisdiction of the Board of Trustees. That being so, the CPT argument about the statutory powers available to its Board is not relevant. The substance of our contention is that the provision for grant of remission shall be used only in individual cases and when exceptional circumstances apply at that. It cannot be used as a means for grant of general concession / reductions. This Authority, therefore, advises the CPT to refrain from invoking the provisions of Section 53 of the MPT Act to modify the rates prescribed in its Scale of Rates.

10. In the result, and for the reasons given above, and based on a collective application of mind, this Authority disposes of the representation made by the TISCO as superfluous since almost all the issues agitated by it have been taken care of in the revised Scale of Rates of the CPT.

**( S. Sathyam )**

**Chairman**

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