

No. 98

New Delhi, the 11th April, 2001

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 Engineering Export Promotion Council (EEPC) about high container handling charges at the Calcutta Port Trust (CPT), as in the Order appended hereto.

(S. Sathyam)

Chairman

Tariff Authority for Major Ports

Case No. TAMP/6/98-CPT

Engineering Export Promotion Council (EEPC)

...

Applicant

Vs.

The Calcutta Port Trust

...

Respondent

ORDER

(Passed on this day of 28th March 2001)

This case relates to a representation received from the Engineering Export Promotion Council (EEPC) about high container handling charges at the Calcutta Port Trust (CPT).

2. In its representation, the EEPC has made the following points:

- (i). The export of CI castings and iron and steel products already pay a high sea freight, which constitute about 30% of their value.
- (ii). Frequent hike in port tariffs has rendered these exports uncompetitive in international trade through Calcutta Port Trust. The upward revision of charges for containerised cargo effected from Oct. 1996 is causing great hardships to the engineering exporters from the eastern region using Calcutta Port Trust.
- (iii). Apart from a high wharfage charge, terminal handling charges (THC) at the Calcutta Port are very high.

3. A copy of this representation was forwarded to the CPT for its comments. The CPT, in March 1999, informed that the matter had already been taken up by a committee appointed in connection with revision and rationalisation of port charges; and, the work would be completed by the end of April 1999.

4. Several reminders were issued to the CPT; 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 September 2000. The representation of the EEPCC has also been considered alongwith the general revision proposal and taken up in a joint hearing held on 24 Nov. 2000 in Kolkata.

5.1. The existing container handling charges at the Calcutta Dock System (CDS) have been in force since October 1996; and, a retrospective review and revision is not possible at such a distant date. The cost statement for container handling activity at the CDS, furnished by the CPT along with its proposal for general revision of tariffs, shows a revenue surplus position. This clearly indicates that this activity is cross-subsidising some other activities of the CDS. A final view on complete elimination of cross-subsidisation is yet to be taken by this Authority. Prima facie, such an elimination at one go may have serious repercussions on low value weak commodities. Nevertheless, the Authority has already decided that cross-subsidisation must at least be contained at the present level. In line with this approach, even though the CPT has proposed an increase in container handling charges in its general revision of tariffs proposal, such an increase has not been allowed.

5.2. Although no increase in the tariffs for the container handling activity is approved, the CPT has proposed to reduce the box rates for export of various commodities including CI goods. The reduction proposed is about Rs. 900/- per TEU. In addition, the CPT has also proposed to allow a rebate of 10% on the rates on additional TEUs handled in excess of 1200 TEUs in a financial year.

5.3. Similarly, the Port has also proposed to introduce volume discounts for various types of cargo including iron and steel and CI goods handled as breakbulk. Levy of a separate wharfage on heavy lifts at the CDS has been proposed to be abolished. The lifting charges have also been proposed to be levied only if port equipment are used; and, the limit has been enhanced to five tones at CDS. At the HDC, the heavy lift limit has been increased to 20 tonnes, in terms of the Authority's Order for common adoption by all ports; and, the heavy lift charges for iron and steel have been reduced. The enhancement of the limit for classifying heavy lift alongwith the reduction in heavy lift charges will provide substantial relief to iron and steel consignments.

5.4. 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. When implemented, the revised Scale of Rates will provide, at least partially, the relief the EEPC is looking for.

6. The issues raised by the EEPC about Terminal Handling Charges (THC) are relevant. Subject to fulfilment of certain conditions, regulation of the THC comes under the ambit of this Authority's jurisdiction. Recently, the MBPT has proposed to regulate the THC and requested this Authority to fix the ceiling rates for various service components covered by the THC; and, the Port will enforce such rates while authorising the service providers to render such services within the port limits. We have circulated the MBPT model to all the port trusts and requested them to consider formulating their proposals for regulation of THC in their ports accordingly. Nearly one year has elapsed since such advice was given to the CPT; but, no proposal for regulation of THC at the CPT has been received. At the joint hearing, the Chairman of the Authority had personally drawn this position to the notice of the Chairman of the CPT. The CPT is urged to look into this issue immediately and forward its proposal to this Authority for consideration.

7. In the result, and for the reasons given above and based on a collective application of mind, this Authority disposes of the representation of the EEPC as superfluous since most of the issues raised by it have been dealt with in the context of the general revision of tariffs of the CPT.

(S. Sathyam)

Chairman

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