

No. 95

New Delhi, the 11th April, 2001

NOTIFICATION

In exercise of the powers conferred by Sections 48 and 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the representation submitted by the Eastern India Shippers Association (EISA) relating to various charges levied by the Calcutta Port Trust (CPT), as in the Order appended hereto.

(S. Sathyam)

Chairman

Tariff Authority for Major Ports

Case No. TAMP/2/98-CPT

Eastern India Shippers Association (EISA)

...

Applicant

Vs

The Calcutta Port Trust (CPT)

...

Respondent

ORDER

(Passed on this 28th day of March 2001)

This case relates to a representation made by the Eastern India Shippers Association (EISA) about container handling charges, heavy lift charges, on board charges etc. at the CPT.

2. The salient points made in the representations are as follows:

(i). During 1996 revision of the CPT Scale of Rates, for the first time commodity box rates were introduced for containerised

shipments leading to severed impact over the earlier rates to the extent of 300% for engineering goods, 400% for jute goods, 250% for shellac, over 400% for refractories etc. The container box rates are, therefore, required to be scaled down to a reasonable level.

- (ii). Terminal Handling Charges (THC) at the Port of Calcutta is exorbitantly high, making it one of the costliest ports in the country. There is lack of transparency on the part of lines and their agents in giving complete breakup of THC, which is nothing but reimbursement of actual costs incurred. This aspect needs to be studied by the TAMP to bring down cost further.
- (iii). Heavy lift charges levied at the Calcutta Dock System (CDS) and Haldia Dock Complex (HDC) are not uniform. At the CDS heavy lift charges is levied when parcel size is 2 MT and above, and at the HDC, it is 5 MT and above.
- (iv). At the HDC, on export cargo stacked inside the Port, demurrage shall not be levied but licence fee for area allotted shall be collected.
- (v). A relief of 50% of normal charges shall be applicable in case of direct shipment of cargo.

3.1. Responding to the issues raised by the EISA, the CPT has made the following comments:

- (i). High freight level and THC are not under its control and these levies are not made by the CPT.
- (ii). During the 1996 revision of tariffs, two different box rates – one for high value containerised cargo and the other for low value cargo have been introduced for export. The CPT has also received representation from various exporters on this issue. The charges will be rationalised at the time of next revision of rates.

3.2. The CPT also informed during March 99 that it had set up a committee to rationalise port charges and the exercise would be completed by April 1999.

4. Subsequently, the CPT informed that its Board of Trustees had sanctioned remission under Section 53 of the MPT Act in the existing rates for heavy lift consignments of iron and steel handled at the Haldia Dock Complex. Further, it had also informed that the exercise of revision of its Scale of Rates was also completed; and, proposal would be sent to this Authority after obtaining approval of its Board of Trustees.

5.1. 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 did submit its proposal for general revision of tariffs in Sept. 2000. The representation of the EISA has also been considered alongwith the general revision proposal; and, taken up in a joint hearing held on 24 Nov. 2000 in Kolkata.

5.2. The EISA gave a written submission at the joint hearing, It reiterated the points earlier made and also mentioned the following additional points:

- (i). The differential in handling charges between CPY and non CPY does not justify the services not provided at the non CPY.
- (ii). On board charges at the HDC must be segregated into wharfage and stevedoring charges.
- (iii). On board charges at the HDC for fertiliser should be reduced; and, volume discounts must be extended to fertilisers also.
- (iv). Plot rents at the HDC are very high.

6.1. 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. Cost statement for the container handling activity at the CDS, furnished by the CPT along with its proposal for general revision of tariffs, shows a revenue surplus. 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 us. Prima facie, such an elimination at one go have serious repercussions on low value weak commodities. Nevertheless, this 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 increase in container handling charges in its general revision of tariffs proposal, this Authority has not approved such increase.

6.2. Even though no increase in container handling activity is allowed, the CPT has proposed to reduce the box rate for certain commodities. This reduction works out to Rs.500/- per TEU in case of imports and Rs.900/- per TEU in case of exports.

6.3. It is to be admitted that the differential between the CPY and non-CPY rates is not commensurate with the services excluded in the case of the latter. Since the revision of container handling charges is not allowed in this general revision of tariffs, adjustment of these rates has not been carried out in view of its financial implications. This Authority, in its Order relating to general revision of tariffs at the CPT, has already advised the CPT to further rationalise the rates at CPY and non CPY at the time of next general revision of tariffs.

7.1. In its proposal for general revision of tariffs, the CPT has suggested introduction of the following changes which will take care of various issues agitated by the EISA:

- (i). The limit of heavy lift has been enhanced at the HDC from 5 tonnes to 20 tonnes in terms of the common Order issued by the Authority. Heavy lift charges for the category between 20 tonnes to 35 tonnes for iron and steel has been slightly reduced.
- (ii). At the CDS, a limit for lewyng lifting charges has been enhanced to 5 tonnes from the existing level of 2 tonnes and this charges is also proposed to be levied only if port equipment is used at the time of delivery / receiving. Further levy of separate wharfage on heavy lifts has been proposed to be abolished.

- (iii). The volume discount scheme based on the parcel size of the vessel has been extended to fertiliser and fertiliser raw materials.
- (iv). The system of levying demurrage on coal / ore at the HDC has been changed to licence fee for the area allotted for stacking of such cargo.

7.2. 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.

8. The issue relating to the on-board charge at the HDC has already been elaborately dealt with by this Authority in the case relating to general revision of CPT Scale of Rates. As has been decided in that case, segregation of on-board charges at the HDC into 'stevedoring charge' and 'wharfage' will be made at the time of next general revision of tariffs. In the meanwhile, the on-board charges will be termed as 'on board and wharfage charges'.

9. The issues raised by the EISA about the Terminal Handling Charges (THC) are relevant. Subject to fulfillment 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 the 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. This Authority has 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. The CPT is urged to look into this issue immediately and forward its proposal to this Authority for consideration.

10. During the processing of this case, it has come to the knowledge of this Authority that the Board of Trustees of the CPT has reduced some of the charges prescribed in the Scale of Rates of the CPT by invoking the powers conferred to 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 on the Authority in the MPT Act. The Govt. has issued many instructions in the past to the Port Trusts about applying the provision of Section 53. Recently, the Govt. has, at this Authority's instance again written to all the major ports advising them not to apply such provisions to tinker with the rates in their Scales of Rates. 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.

11. Most of the issues raised by the Applicant have been dealt with in the case relating to general revision of Scale of Rates of the CPT. On certain limited issues, the CPT is to take immediate action. The action to be taken by the CPT is not confined only to the representation filed by the EISA but is general in nature.

12. In the result, and for the reasons given above, and based on a collective application of mind, this Authority decides to dispose of the representation of the EISA as superfluous.

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