NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Kolkata Port Trust for general revision of its Scale of Rates as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)
Tariff Authority for Major Ports
Case No. TAMP/23/2016-KOPT

Kolkata Port Trust - - - Applicant

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

ORDER
(Passed on this 17 day of November 2016)

This case relates to the proposal received from Kolkata Port Trust (KOPT) for general revision of its Scale of Rates (SOR).

2.1. The existing SOR of the KOPT was last approved vide tariff Order No. TAMP/8/2013-KOPT dated 21 February 2014. This Order was notified in the Gazette of India on 19 May 2014 vide Gazette no. 152. The said Order prescribed a tariff validity period till 31 March 2016.

2.2. The Ministry of Shipping (MOS), vide its letter No. 8(1)/2014-TAMP dated 13 January 2015 has issued the new “Policy for determination of Tariff for Major Port Trusts, 2015” which was notified in the Gazette of India vide Gazette No. 30 dated 27 January 2015 by this Authority. The new “Policy for determination of Tariff for Major Port Trusts, 2015” has come into effect from 13 January 2015.

2.3. Thereafter, based on the stipulation contained in Clause 1.5 of the Tariff Policy 2015, the Working Guidelines to operationalize the Tariff Policy 2015, were firmed up and notified after consulting all the Major Port Trusts, including KOPT.

3.1. In this backdrop, the KOPT has filed its proposal following Tariff Policy, 2015 vide its letter No. Fin/25/B dated 8 April 2016 for general revision of its SOR.

3.2. At our request vide our letter dated 22 April 2016 followed by reminders dated 2 May 2016 and 17 May 2016, the KOPT vide its letter dated 20 May 2016 has furnished the following:

(i). Highlights of the Proposal;
(ii). Annual Administration Reports with Audited Annual Accounts for the years 2011-12 to 2013-14;
(iii). Proposed Scale of Rates;
(iv). Comparison of existing SOR and conditionalities vis-à-vis proposed tariff and conditionalities i.e Form – 5;
(v). Reconciliation statement relating to expenses considered in the cost statement and total expenses reflected in the Audited Annual Accounts for each of the years under consideration;
(vi). Soft copy of the entire proposal with proper linkage.
(vii). List of users / user organizations to be consulted with contact details.
(viii). Copy of the approval of the Board of Trustees of the Port.

4.1. The submissions made by KOPT in its general revision proposal are summarized below:

(i). Revenue:
   (a). Annual Revenue Requirement (ARR) for the year 2014-15 has been assessed in order to ascertain the revenue gap at the existing tariff level. The ARR for the year 2014-15 for the purpose of fixation of tariff after indexation has been assessed to be ₹1,472.10 crore. Existing income after adjustment for the year 2014-15 is ₹1,078.60. Thus, there is a revenue gap of ₹393.50 crore.

   (b). Through rate revision, an additional income of around ₹185.79 crore from cargo and marine related charges has been proposed, thus leaving an
unrecovered revenue gap of ₹207.71 crore, which may be met through future growth in traffic, improved performance and from other areas of activity.

(c). KOPT does not envisage to cover the entire revenue gap through rate revision as this will put tremendous burden on the port users.

(ii). Expenditure:
(a). In assessing the ARR in terms of Tariff Policy, the following items of expenditures have been excluded:
(i). Expenses related to Estate and proportionate expenses of Management & General Administration Overheads and Finance & Miscellaneous Expenses.
(ii). 4/5th of Contribution to pension fund.
(iii). Management & General Overheads over and above 25% of the aggregate of the Operating expenditure and depreciation.
(iv). Dredging Expenses equivalent to the amount of subsidy received from the Government.

(iii). The payment made to CDLB for supply of on board labour for container operations at MHC berths has been excluded since KDS only collects an equal amount from the concerned users and remit to CDLB. The rate collected is determined by the CDLB regulations, from time to time and not under the Scale of rates of KOPT.

(iv). Presently, the port users are paying rates as provided in SOR plus 5% as Special Rates for the various services. Therefore, for keeping the burden of pay-out by the users at the same level in the proposed Scale of Rates, only this 5% has been added to basic rates to arrive at the revised rate of number of tariff items. Thus, there is no effective increase in rate for those tariff items as far as port users are concerned.

(v). The existing arrangement of having same rates for KDS and HDC for similar services has been maintained in the proposed Scale of Rates, except where differential rates already exist.

(vi). Scale of Rates:
(a). In shore handling charge as well as container box rate, the delivery part of the handling services have been taken out and a separate rate has been proposed for the same as in terms of the tariff guideline issued by the TAMP the coastal concession is limited to handling charges for ship shore transfer and transfer from/to quay to/from storage yard including wharfage.

(b). An amendment has been made in the definition of ‘Coastal Vessel’ to take care of cases like the recent order of the Central Government regarding classification of vessels plying between India and Bangladesh.

(c). The payment of container related charges by ICDs/CFS operators has been withdrawn in the proposed scale of rates in order to facilitate smooth implementation of on-line ‘blocking mechanism’ in the container billing process. Therefore, the port users need not produce the final bill at the port terminal for delivery of their containers and incidence of excess payment and refund claim will be minimized.

(d). The clauses relating to classification of coastal vessel and principles of charging foreign/coastal rate on vessels has been modified and incorporated in terms of TAMP’s order dated 11.12.2015.

(e). The interest for delayed payment /refund has been reduced from the existing rate of 16.75% to 15% in the proposed scale of rates as per new working guideline issued by TAMP.
(f). In case of liquid/gas handled through pipeline, the proposed increase in wharfage rates in effect will burden the trade varying from 4% to 10% only.

(g). In case of the item group consisting of Naptha, LPG, Butadene, etc, the proposed rate will not result in any additional burden to the trade. Due to regrouping of item Carbon Black Feed Stock (CBFS), the wharfage rate of the same in effect has increased by around 11.75%. This higher rate of wharfage for CBFS has been proposed as CBFS carrying vessels enjoy the benefit of highest calling priority.

(h). The wharfage of mechanical handling of Thermal Coal has been prescribed at ₹.75 per MT as against the present rate of ₹.52.49 per MT. This is required as the existing rate is not even allowing recovery of direct cost due to poor utilization of the capacity by TNEB although the said Thermal Coal berth is essentially a captive berth catering to TNEB. However, a productivity linked rate has been proposed for the aforesaid facility.

(i). The wharfage of mechanical handling of all other cargo has been proposed at ₹.150/- per MT as the rate for these items all along consist of wharfage including tipping.

(j). The wharfage rates proposed for all other items will only have effect of 10% increase of cost to Trade.

(k). In order to encourage cargo handling at Floating Cargo Handling Facility at HDC, only one full wharfage has been prescribed which includes handling of dry bulk cargo at anchorage and subsequent discharge of the same at Floating Cargo Handling Facility at HDC (and vice versa).

(l). The on-board charge for unspecified cargo category has been prescribed at ₹.150/- per MT as the cargo falling under this group are mainly project cargo, plant and machineries, etc., which involves special type of handling and considerable manpower. On-board charges for other items prescribed will have effective increase of 10% only to Trade.

(m). In case of various items under shore handling, the proposed rate will have effective increase of 10% only to Trade.

(n). A new Section has been prescribed to deal with Heaping/High Heaping and Despatch related services. In the present SOR the said rates are prescribed in Miscellaneous section. The change has been effected as the said services are part of shore handling services. The rate for all the items covered under these sub sections have been prescribed in such a way so that the effective increase in the cost to the trade vis-à-vis existing charges is 10 % only.

(o). The proposed rates for demurrage, additional services like transportation, loading, unloading will in effect increase the cost to Trade by 10% only against the existing amount payable to port. Further, there is no rate for extra loading / unloading of dry bulk cargo in the existing SOR and accordingly a new rate for the same has been prescribed separately for Wagon loading/unloading and Truck loading/unloading.

(vii). The Mobile Harbour Crane related charges have been prescribed under a separate section instead of Miscellaneous section. The formula to determine productivity has now been included as conditionality to avoid ambiguity/dispute. The productivity linked rate has been prescribed for deployment of two cranes and one crane separately.
In case of container the proposed rate will not increase the cost to Trade except marginally for coastal containers due to delinking of charge for lift-on/lift-off at yard for delivery/receiving from the composite box rate on which coastal concession does not apply.

The penalty for export load containers entering port after cut off period or making ready after the cut off period for readiness has been reduced and prescribed at ₹500/- per TEU as against the present rate of ₹1000/- per TEU.

Under Miscellaneous services rendered to container only for two items i.e., in case of supply of power to reefer containers and where CDLB gang is required for stuffing/de-stuffing operation, around 100% increase has been proposed due to substantial increase in power cost and Dock Labour Board charge for the gang respectively.

The proposed demurrage rates of container will have 10% effective increase of cost to Trade. This increase, however, may have little effect on the Trade as they have the option of removing containers to off-dock CFSs. No separate demurrage rate for coastal containers has been prescribed since as per recent guidelines issued by TAMP, the demurrage rate of coastal containers will now be 60% of the foreign exchange rate applicable to foreign containers.

Substantial increase in the rate of Miscellaneous charges varying from 25% to 100% has been proposed due to high manpower cost, cost of maintenance and operation of equipment. However, for supply of staff for escorting lorry and deployment of extra labour ₹2000/- per shift per labour has been proposed against the present rate of ₹518.40 and ₹388.80 respectively as the cost of deployment of port staff has undergone steep increase due to present salary rate and associated financial overheads.

The permit and licence charges have to be increased substantially in order to recover a part of the security cost and other associated administrative cost.

The license fee for Stevedoring/Handling agents have been prescribed as per the Stevedoring & Shore Handling Policy, 2015.

In case of shipbreaking charges, existing rates have been increased by 25% effectively. The exemption given earlier from paying Port Dues and Towage & Pilotage fees for vessels arriving at KoPT for dismantling only has been withdrawn as this incentive did not result in any appreciable increase in shipbreaking activities.

The existing rates of dry dock charges have been increased by 20% effectively. However, provision has been made that if undocking is deferred on account of KoPT, the dry dock hire charges shall not be chargeable except in case of Saturdays, Sundays and Holidays.

For marine related charges an effective increase of 10% has been proposed except for Towage & Pilotage for which there is no effective increase.

A new note has been inserted for giving concession in the Berth Hire to vessel after signalling of readiness till next tide by way of charging 50% berth hire as against present 100%, in case the vessel is placed in berth.

To accommodate situations of breakdown of MHC at HDC, a new provision has been added to port convenience for exempting the vessel from levy of Shifting charge arising out of such situations at HDC.

Provisions for LASH vessels have been deleted from SOR as the same is found to be redundant in absence of any LASH vessels visiting this port.
(xxi). The provisions of priority berthing of coastal vessel as specified in the order of Central Govt. vide no-PT-11033/51/2014-PP dated 04.09.2014 has been included as new note.

(xxii). A new provision prescribing penal charge for non-achivement of benchmark pumping rate/delayed sailing of tankers has been proposed in line with Clause-10.7 of Working Guidelines of TAMP notified on 4 June 2015.

(xxiii). In case of vessel related charges for Inland Vessels and non-propelled vessels, the effective increase in rates proposed is 10%. However, a rebate on dock toll charges for higher size inland vessels have been proposed.

(xxiv). A new provision has been prescribed for stayal charge of IV class vessels berthed at the forthcoming Floating Cargo Handling Facility at HDC. It has been proposed that berth hire charge at coastal rate shall be applicable for the same.

(xxv). The provision for charging Slipway hire Charge with back-up adjacent land has been deleted as back-up adjacent land is being charged under Schedule of Rent of the port.

(xxvi). A new Section has been included prescribing the rates and conditionality of tariff orders relating to Floating Pipeline and Transloading Tariff notified by TAMP for licensees other than BOT Operators.

4.2. The KOPT has furnished computation of Annual Revenue Requirement (ARR) under Form 1 and Revenue estimation at the proposed rate in Form 3.

(i). A summary position of ARR computation furnished by KOPT for the years 2011-12 to 2013-14 is tabulated below:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1).</td>
<td>Total Expenditure (As per Audited Annual Accounts)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2).</td>
<td>Less Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i).</td>
<td>Estate related expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a).</td>
<td>Operating expenses (including depreciation)</td>
<td>4150.35</td>
<td>4452.84</td>
<td>3848.49</td>
</tr>
<tr>
<td>(b).</td>
<td>Allocated Management &amp; Administrative Overheads</td>
<td>2392.58</td>
<td>2600.71</td>
<td>3107.92</td>
</tr>
<tr>
<td>(c).</td>
<td>Allocated FME</td>
<td>1650.91</td>
<td>1838.23</td>
<td>2518.39</td>
</tr>
<tr>
<td></td>
<td>Subtotal 2 [(i)+(b)+(c)]</td>
<td>8193.85</td>
<td>8891.79</td>
<td>9474.80</td>
</tr>
<tr>
<td>(ii).</td>
<td>Interest on loans</td>
<td>1266.78</td>
<td>1271.91</td>
<td>84.31</td>
</tr>
<tr>
<td>(iii).</td>
<td>4/5th of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(iv).</td>
<td>4/5th of the Contribution to the Pension Fund</td>
<td>7600.00</td>
<td>7680.00</td>
<td>24470.82</td>
</tr>
<tr>
<td>(v).</td>
<td>Management and General overheads over &amp; above 25% of the aggregate of the</td>
<td>3861.12</td>
<td>5807.55</td>
<td>7273.27</td>
</tr>
<tr>
<td>Description</td>
<td>Amount 1</td>
<td>Amount 2</td>
<td>Amount 3</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------</td>
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<td></td>
</tr>
<tr>
<td>(vi). Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2015.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>(vii). Dredging subsidy received from the Ministry:</td>
<td>23768.33</td>
<td>3431.30</td>
<td>37911.00</td>
<td></td>
</tr>
<tr>
<td>(viii). Reimbursement of On Board handling Charge of Container to CDLB</td>
<td>2096.30</td>
<td>2154.47</td>
<td>2113.41</td>
<td></td>
</tr>
<tr>
<td>Total of 2 = (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+2 (vi)+2 (vii)+2 (viii)</td>
<td>46786.38</td>
<td>29237.01</td>
<td>81327.61</td>
<td></td>
</tr>
<tr>
<td>(3). Total Expenditure after Total Adjustments (3 = 1-2)</td>
<td>108709.21</td>
<td>140805.28</td>
<td>115310.01</td>
<td></td>
</tr>
<tr>
<td>(4). Average Expenses of Sl. No. 3 = [ Y1 + Y2 + Y3 ] / 3</td>
<td></td>
<td>121608.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5). Capital Employed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i). Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)</td>
<td>82343.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(ii). Add: Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)</td>
<td></td>
<td>8611.28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2014 as per Audited Annual Accounts.</td>
<td></td>
<td></td>
<td>5805.08</td>
<td></td>
</tr>
<tr>
<td>(iv). Less: Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2014 as per Audited Accounts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(v). Less: Net value of fixed assets as on 31 March 2014 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vi). Add: Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a). Inventory</td>
<td>1634.84</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b). Sundry Debtors</td>
<td>5102.79</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c). Cash</td>
<td>16042.89</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(d). Sum of (a)+(b)+(c)</td>
<td>22780.52</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]</td>
<td>107939.45</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6). Return on Capital Employed 16% on Sl. No. 5(vii)</td>
<td>17268.87</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(7). Annual Revenue Requirement (ARR) as on 31 March 2014 [(4)+(6)]</td>
<td>138877.03</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8). Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)</td>
<td>147209.66</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9). Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (7*1.0382)</td>
<td>152833.07</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
(10). Ceiling Indexed Annual Revenue Requirement (ARR) 152833.07
(11). Revenue Estimation at the Proposed SOR within the Ceiling indexed ARR estimated at Sl No. 10 above 112630.84

(ii). The KOPT in Form 3, has furnished the detailed revenue estimation at the existing tariff and the proposed tariff for the actual traffic of 2014-15.

(iii). The Performance Standards proposed by KOPT in Form - 6 are as follows:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Cargo Related Services</th>
<th>Performance Parameters</th>
<th>Proposed performance standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1).</td>
<td></td>
<td>(a). Average Ship Berth day Output (in tonnes) in respect of Major Cargo groups w.r.t. all bulk</td>
<td>4000 6500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(i). Container</td>
<td>6500 6000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii). Liquid Bulk</td>
<td>2800 6500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iii). Dry Bulk (Mechanical)</td>
<td>1200 11000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iv). Dry Bulk (Conventional)</td>
<td>600 1500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(v). Break Bulk</td>
<td>600 1500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b). Average moves per hour (in TEUs) in respect of Containers</td>
<td>20 18</td>
</tr>
<tr>
<td>(2).</td>
<td>Vessel Related Services</td>
<td>(a). Average Turnaround Time of Vessels (in days)</td>
<td>4.20 4.50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(b). Average Pre-Berthing Time of Vessels (in days)</td>
<td>0.50 1.20</td>
</tr>
<tr>
<td>(3).</td>
<td>Any other parameters found relevant by the Port</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3. On a comparison of the existing SOR and the proposed SOR, it is seen that the KOPT has generally sought an increase of 10% in cargo related charges and vessel related charges, except for a higher increase in some tariff items.

5. Clauses 3.2 and 3.3. of the Tariff Policy, 2015, stipulate that Major Port Trusts shall host the draft SOR along with the proposed Performance Standards on its website, giving the designated email address of Port as well as TAMP for comments of relevant users / User Organisations, within 15 days’ time. The Major Port Trust is to submit its replies on the comments to be received from Port Users to TAMP not later than 15 days from the last date of receipt of comments from the port user. Accordingly, we have vide our letter dated 9 June 2016 requested KOPT to confirm the hosting of draft SOR and performance standards on its website. In this regard, a list of concerned users/ user organisations was also forwarded to KOPT. The KOPT is seen to have hosted the draft SOR and performance standards on its website and has requested the users/ user organizations to furnish their comments to KOPT, with a copy endorsed to TAMP. Accordingly, some of the users/ user organisations have furnished their comments. The KOPT vide its letters dated 20 May 2016 and 15 July 2016 has also responded to the comments of the users/ users organisations.

6.1. The Ministry of Shipping (MOS) vide its letter dated 17 September 2015 had issued a direction to this Authority partially modifying the coastal concession policy issued by the (then) MSRT in January 2005. As per the letter dated 17 September 2015 of the MOS, vessel related charges and container related charges for coastal vessels and coastal containers should take into account the exchange rate fluctuation of Indian Rupee vis-à-vis the US $ so that vessel related charges for all coastal vessels and the container related charges for all coastal containers should not exceed 60% of the corresponding charges. This direction of the MOS was communicated by this Authority by an Order dated 5 October 2015. However, the MOS vide its subsequent letter dated 11 May 2016 has directed to keep its earlier direction dated 17 September 2015 in abeyance. Therefore, this Authority had passed an Order dated 19 May 2016 to keep its Order dated 5 October 2015 also in abeyance which was circulated to all the Ports on 23 May 2016.
6.2. In view of the above, the KOPT vide its letter no. Fin/170/B dated 24 June 2016 has stated that the draft SOR submitted to the Authority earlier has been updated and is being placed for consideration and approval of the Board of Trustees. The KOPT has also stated that the revised draft SOR is being hosted in the website of KOPT inviting for fresh comments of the users. Thus, the KOPT under cover of its letter dated 24 June 2016 has forwarded a revised proposal for general revision of its SOR. The KOPT has also stated that the copy of the Board Resolution will be sent separately immediately after the ensuing Board Meeting.

7.1. The highlights of the revised proposal as given by KOPT are as follows:

(i). The ARR computation furnished by KOPT shows that the ceiling indexed ARR has been retained at ₹1528.33 crores as given in the earlier proposal. However, revenue estimation at the proposed level of tariff has been indicated at ₹1129.31 crores as against ₹1126.31 crores indicated in the earlier proposal.

(ii). It is also seen that in the revised proposal, the KOPT has made changes in the coastal rates in view of the Government policy.

(iii). On a comparison of the existing and the proposed SOR, it is seen that the port has sought the following increase in the following tariff items, in its revised proposal:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Tariff Items</th>
<th>Percentage of increase sought</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cargo related charges</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Cargo</td>
<td>5% to 16%</td>
</tr>
<tr>
<td></td>
<td>- Containers</td>
<td>5% to 60%</td>
</tr>
<tr>
<td></td>
<td>- Miscellaneous charges</td>
<td>5% to 100%</td>
</tr>
<tr>
<td>2.</td>
<td>Vessel Related charges</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Berth hire, Pilotage, Port dues &amp; Others</td>
<td>15% to 16%</td>
</tr>
<tr>
<td></td>
<td>- Dry Docking charges</td>
<td>110%</td>
</tr>
</tbody>
</table>

(iv). KOPT has also proposed changes to the existing conditionalities, a comparison of which is furnished by the KOPT alongwith its revised proposal.

(v). The KOPT has retained the performance standards proposed by it in its initial proposal.

8.1. With regard to the KOPT proposal dated 24 June 2016, we have vide our letter dated 14 July 2016, interalia, requested KOPT to confirm that it has communicated the proposal to all users / user organization about the hosting of its revised draft SOR and proposed performance standards in its website. The KOPT was also requested to furnish the copy of Board resolution approving the revised proposal.

8.2. The KOPT vide its letter dated 15 July 2016 has, interalia, furnished the draft proceedings of the Board Meeting held on 01 July 2016, which reflects that the KOPT proposal dated 24 June 2016 has been sanctioned by the Board of Trustees.

9. Some of the users/ user organisations have furnished their comments on the revised proposal. The KOPT vide its letter dated 15 July 2016 has responded to the comments of the users.

10. Based on a preliminary scrutiny of the proposal, the KOPT was requested vide our letter dated 8 August 2016 to furnish additional information/ clarifications on various issues. The KOPT has responded vide its letter dated 30 August 2016. The information / clarification sought by us and the response of KOPT thereon are tabulated below:

<table>
<thead>
<tr>
<th>Sl. no.</th>
<th>Information sought by us</th>
<th>Reply of KOPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Annual Revenue Requirement (ARR) (FORM NO.1):</td>
<td></td>
</tr>
</tbody>
</table>
In the highlights of the proposal, the Kolkata Port Trust (KOPT) has stated that the payment made to Calcutta Dock Labour Board (CDLB) for supply of on board labour for container operations at MHC berths has been excluded as KDS only collects an equal amount from the concerned users and remits it to CDLB. The KOPT has also stated that the rate considered for collection is determined by the CDLB regulations, from time to time and not under the Scale of rates (SOR) of KOPT. Accordingly, the KOPT is seen to have excluded the Reimbursement of On board handling charge of Container to CDLB to the tune of ₹2,096.30 lakhs, ₹2,154.47 lakhs and ₹2,113.41 lakhs, for the years 2011-12 to 2013-14 respectively. The KOPT to confirm that the said amount is as per the figures in the Annual Accounts for the relevant years.

Working Capital:
As per Clause 2.5 of the working guidelines 2015, the Limit on inventory other than capital spares and excluding fuels is six month average consumption and cash balances will be one month’s cash expenses. The KOPT to furnish the detailed working of the following:

(a) The inventory considered by KOPT in Form 4 at ₹1,634.84 lakhs. Reference to the said figure in the Annual Accounts also to be indicated.

Inventory has been computed as per Clause 2.5 of the working guidelines 2015, in the following manner:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (In Lakh ₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Value of Inventory as on March 31, 2014 as per Audited Accounts</td>
<td>3372.06</td>
</tr>
<tr>
<td>2. Value of Stock of Fuel as on March 31, 2014 as per Audited Accounts</td>
<td>102.39</td>
</tr>
<tr>
<td>3. Value of Inventory other than Stock of Fuel (1-2)</td>
<td>3269.67</td>
</tr>
<tr>
<td>4. Six month’s average consumption of stores excluding fuel</td>
<td>1634.84</td>
</tr>
</tbody>
</table>

It may be mentioned that value of capital spares and customized spares could not be ascertained as the same are not separately maintained in the ledger. Insurance spares, specific to an asset, is capitalized along with the asset and therefore not included in the inventory.

(b) The cash balance considered by the KOPT in Form 4 at ₹5,102.79 lakhs.

Cash balance in Form 4 has been considered as Rs.1,6042.89 lakhs and not ₹5,102.79 lakhs pointed by TAMP. Limit on cash balance is being worked out as follows:

<table>
<thead>
<tr>
<th>Total expenditure as per Audited Accounts for 2013-14</th>
<th>₹1,96637.61 Lakhs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Depreciation as per Audited Accounts for 2013-14</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Total cash exp. after adjustment of depreciation</td>
</tr>
<tr>
<td></td>
<td>One month cash expenditure</td>
</tr>
</tbody>
</table>

2. **Scale of Rates:**

(i). **Section: 3 General Principles. Note. No- (v)**

The KOPT in its draft SOR has proposed deletion of the existing sentence “However, in case of container from/to ICDs/Customs notified CFS, the concerned ICD or CFS operator can also pay the port charges.” The reason for the proposed deletion to be explained.

The amendment proposed will facilitate smooth implementation of online blocking mechanism of port charges for import containers from deposit account maintained by container agents/MLOs. It may be mentioned that CFS/ICD operators are nominated at a later stage by the Lines/Container Agents and, therefore, their details are not available from the very beginning of the import operation cycle.

When the blocking mechanism is implemented, port users need not require to produce final bills at port terminal for delivery. Further, incidence of excess payment and refund claims will be minimised. Introduction of blocking mechanism will enable faster clearance and improve the ease of doing business.

It may be recalled that none of the user organisations have agitated this issue before TAMP in the joint hearing.

(ii). **Section 3: General Principals – Note no. (xxiii)**

In the proposed SOR, the KOPT is seen to have proposed continuation of uniform tariff for both HDC and KDS. However, the KOPT is also seen to have proposed different performance standards for KDS and HDC. As KOPT may be aware, as stipulated in clause 3.2 of the Tariff Policy, 2015, the indexation of SOR to the extent of 100% of variation in Wholesale Price Index (WPI) will be subject to achievement of Performance Standards committed by Major Port Trust. The clause also stipulates that on non-fulfilment of performance standards, no indexation would be allowed in the next year. Given that port has proposed different performance standards for KDS and HDC and in the event of one system achieving the performance standards and the other system not achieving the performance standards, the SOR of one system would get indexed and the SOR of other system would remain static.

Thus, the intention of KOPT to maintain uniform tariff at both HDC and KDS would get defeated. The KOPT to, therefore, examine this matter.

The clause-3.2 of the Tariff Policy provides that indexation benefit will be subject to achievement of performance standards committed by Major Port Trusts.

Accordingly, KOPT will be entitled to get the benefit of indexation if the performance standard committed by it for both the Dock Systems (HDC and KDS) are achieved.

Regarding uniform tariff structure, KOPT’s position has already been clarified to the Authority during past revisions and the position has not changed.
(iii). Though wharfage rate is proposed for the following cargo items in section 4.1 – Wharfage Sl. No. 8,9,11,16 and 20, no income from handling of these cargo has been captured in Form 3. The KOPT to consider the impact of handling of these cargo also in Form 3.

| (a). | Handling of all liquids including ships bunker pipelines at ₹. 100.24 per MT. | Information on all liquids handled other than through pipeline including ship’s bunker is not separately available for fiscal 2014-15 and hence income from handling the same, at proposed rate, is not shown against the account head. However, it may be stated that income from ship’s bunker is included in POL.

(b). Handling of iron ore through mechanical system at ₹. 53.89 per MT.

(c). Handling of all types of coal not specified, fertiliser, fertiliser raw materials, soda ash and all other dry bulk at ₹. 150/- per MT.

(d). Multiple cargo items listed at Sl. No. 16.

(e). Car, any rubber tyred vehicle, cargo moving equipment, earth moving equipment.

(iv). In case of handling of thermal coal through mechanical system, the KOPT has proposed introduction of productivity linked wharfage at Section 4.1 – wharfage – Sl no. 10. The KOPT to furnish the basis and the reason to propose productively linked wharfage charge for thermal coal.

The productivity-linked tariff for mechanical handling was prescribed to facilitate the sole customer of the facility (TANGEDCO). However, during the joint hearing taken by TAMP, the representative of the Customer raised objection against such a productivity linked rate.

Further, the Berth productivity issue is being addressed separately in the Berthing Policy, as per Govt directive.

In view of the above, the proposal for introduction of a productivity-linked tariff for Mechanical handling of Thermal Coal is being withdrawn.

The Relevant Section of the Scale of rates may now be read as below:

| S.4. Wharfage: |
| --- | --- |
| Sl. No. | Description | Rates in ₹. per tonne |
| Cargo handled through mechanical system | | |
| 10. | Thermal Coal | 75.00 |
Section 4.8.
The port has introduced a new conditionality in the draft proposed SOR i.e.

“In case a cargo is unloaded / loaded at anchorages more than once, the whargage shall be levied at 150% of the rate specified at S.4.1 and S.4.2 irrespective of number of handling done at various anchorages.

In addition, if such cargo is carried by barge/ boat/ flat or any other vessel for unloading/ loading at any berth/ jetty/ declared Inland Vessel Wharves belonging to port, wharfage shall be realised for such discharge/shipment at the rates specified against handling at Jetty/Berth of KoPT as per S.4.5 under column (iii).”

The reason for the introducing the said note to be explained.
The tariff arrangement for such type of cases followed by KOPT so far to be brought out.

As per the Scale of Rates, 90% of the wharfage is leviable for each of the anchorage operations. When handling at two anchorages takes place, 180% of the wharfage is leviable. Likewise 270% of the wharfage is applicable when operation takes place at three different anchorages. Based on the representation from the Trade, the Port Trust has taken a view to limit recovery of wharfage at 150% when cargo is loaded/unloaded at anchorages more than once.

The second part of the clause only clarifies the existing position of charging wharfage at jetties, berths or inland wharves of KoPT.

Sr. No. S.6- Shore handling charges
The Shore handling charges in the existing SOR is leviable in respect of “Labour” and “Labour & Equipment”. In the proposed SOR, the KOPT has proposed levy of shore handling charges for two activities viz. (a) Transfer of cargo from / to Hook point to / from storage point, and (b) Loading at storage point for delivery or unloading at storage point to receive. The reason for proposed amendment to be explained.

In actual operation of shore handling, no port equipment is given without port labour. Further, in some components of operation only labour is involved. The proposed rates accordingly capture supply of equipment along with labour and also supply of only labour as the case may be. Consequently, separate rates for ‘labour’ and ‘labour and equipment’ for each component of shore handling operation are not relevant. For clarification, two illustrations are given below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Existing rates</th>
<th>Proposed rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Bagged cargo and packages (where handling is entirely done manually, by using handcart only, if necessary)</td>
<td>29.16</td>
<td>33.67 (22.56+11.11)</td>
</tr>
<tr>
<td>(2)</td>
<td>Iron and Steel; Pipes &amp; Tubes</td>
<td>139.97</td>
<td>161.67 (108.32+53.35)</td>
</tr>
</tbody>
</table>

In case of item (1) in actual operation of shore handling only labour is involved, therefore, the proposed rate is calculated taking rate under the column ‘Labour only’ of the existing rate.
Similarly, in case of item (2) in actual operation of shore handling both labour and equipment are involved, therefore, the proposed rate is calculated taking rate under the column ‘Labour & Equipment’ of the existing rate.

Further, the shore handling charges have now been segregated in two parts with first part covering transfer of cargo between quay and storage yard and second part covering loading for delivery or unloading for receiving. As the first part involves both loading/unloading and transportation while the second part involves only loading/unloading, the rate structure has been proposed in such a manner that the rates of the two parts are in the ratio of 67%: 33%. Only in case of S.6.1(6)(ii), the proportion has to be slightly altered to keep the rate for loading/unloading identical with S.6.1(6)(i).

The above bifurcation has been done as coastal concession is not applicable as per TAMP guidelines on the second part involving loading for delivery or unloading for receiving.

| (vii). | The existing notes (i) and (ii) under Section 6, is seen to have been deleted. The reason for proposed deletion of said notes to explained. | In view of the change in the structure as explained in reply to query no. (vi), the said notes have been deleted. |
| (viii). | The KOPT is not seen to have estimated income arising out of Heaping / high heaping of Dry Bulk Cargo at storage area / Hook Point (S.6.3.1) Despatch related services (S.6.3.2) and Transportation (S.8). The income arising out of these services to also be captured in the Form 3. | KoPT has drawn S.O.R considering traffic exclusively handled by the port's own berths during fiscal 2014-15 in terms of clause 2.8 of the guideline. Income has accordingly been estimated at proposed rate based on cargo / vessels handled and services actually rendered in 2014-15. During 2014-15 no services has been rendered by the port on account of ‘Heaping / Hi-heaping of Dry Bulk cargo’ at storage area / hook point (S.6.3.1), ‘Despatch related services’ (S.6.3.2) and ‘Transportation’ (S.8). Hence income has not been computed at proposed rate against the aforesaid item heads. |
| (ix). | Section 9.1 Loading /Unloading/Restacking charge The KOPT has inserted a tariff item for levy of charges on “Dry bulk Cargo” loading / unloading from truck / wagon. The KOPT has also introduced a note to the effect that the said charge is for use of labour and / or equipment for unloading of dry bulk cargo from dumpers and that for unloading of dry bulk cargo from dumpers without requiring any labour / equipment support, no charges shall be levied. The reason for the proposed amendments to be explained. | The existing SoR does not have any rate for loading/unloading of dry bulk cargo. As KoPT is presently undertaking shore handling operation of dry bulk cargo the need for loading/unloading of such cargo beyond the services covered under the definition of ‘Shore Handling Charge’ may arise. If no rate for the service is there in the SOR, it may create operational problem. KoPT had proposed a rate for the said service during the last revision also. |
With regard to the conditionality governing the rate, it may be mentioned that very often dry bulk is handled by self-unloading dumpers where dumper automatically unloads the cargo. In such cases, no separate charge would be levied by KoPT since no extra service would be involved beyond the transportation charge prescribed under S.8.1.

(x). Sr. No S. 10.1(a) - Rebate. The port has proposed deletion of the note prescribing rebate on wharfage on handling of Crude oil above 6.50 Million tonnes. The reason for the proposed deletion to explained.

After commissioning of the Haldia- Barauni Crude Pipeline, most of crude requirement of IOC refinery is presently being met through the same and the provision of rebate for handling Crude Oil above 6.5 MMT in a year has become redundant. If need arises, KoPT may consider appropriate rebate with approval of its Board.

(xi). Sr. No S. 10.2 - Rebate Similarly, rebate granted to a KDS Importer/Exporter on handling Crude Oil, POL and its products is proposed to be deleted. The reason for the proposed deletion to be explained.

The rebate has not translated into increase in cargo through put or demand in port services by the importers/exporters, therefore, has been discontinued. However, the proposed rate being ceiling rate, KoPT will review the position if demand arises in future.

(xii). In the existing SOR, the composite box rates for ICD containers are lower than composite box rates for normal containers. Now, the KOPT has proposed a common composite box rate to be applicable on both normal and ICD containers. The reason for withdrawing the concessional rates for ICD containers to explained.

The financial benefits so long given to promote ICD traffic in the form of reduction in port charges have not translated into surge in ICD traffic at Kolkata Port. The ICD containers handled at KDS during 2012-13, 2013-14, 2014-15 and 2015-16 were 34126 TEUs, 31836, 36087 TEUs and 33987 TEUs respectively. The same taking KoPT (both KDS and HDC) as a whole were only 41234 TEUs, 37759 TEUs and 41107 TEUs during the year 2012-13, 2013-14 and 2014-15 respectively. Therefore, on reviewing the matter KoPT proposed to discontinue the benefit of lower rates for ICD containers. As the rates notified in the Scale of Rates are ceiling rates, port would have the option of reducing the same in future based on its commercial judgment.

(xiii). The basis and the reason to propose charges for lift on / lift off at yard during delivery / receiving of load / empty containers and over dimensional containers (S.11.3) to be furnished.

Separation made as coastal concession is not applicable on such lift on/lift off. The charges for lift on/lift off has been proposed at around 10% of the total charge for composite handling at KDS.

(xiv). The reason for deleting the provision of granting rebate for lift on / lift off at yard during delivery / receiving by equipment hired by the party [S.12.1(d)] to be explained.

As separate charge for the service has now been proposed, the provision has become redundant. If KoPT does not provide the service then the charge prescribed under S.11.3 will not be levied.

(xv). The basis and the reason to propose charges for Customs inspection [S.14.1(Sl. No. 13)] to be furnished.

Charges for Customs inspection was approved and notified by TAMP vide Gazette No. 296 dated 20 October 2014. In the proposed Scale of Rates the same has been included following the general increase in rates done in other items.

(xvi). The KOPT is not seen to have estimated income from handling of Transhipment During 2014-15, KoPT did not handle any transhipment containers. Accordingly, no
containers (S.13). The income arising out of this service to be captured in Form 3.

(xvii). The KOPT is also seen not to have estimated income from various Miscellaneous services rendered to container / container vessel (S.14) viz. supply of power to reefer Container (Sl. No. 3), use of port equipment (Sl. No. 5), on board lashing / de-lashing of containers, fixing and unfixing of twist lock and ancillary documentations for (HDC) (Sl. no. 11) and export load containers entered after cut off period (Sl. No. 12). The income arising out of all these services to be captured in Form 3.

Income on account supply of power to reefer container (S.14, Sl No 3) for the year 2014-15 was Rs.3.46 crore and the proposed income is estimated to be Rs.6.92 crore. This sub head has not been shown in form 3 due to over sight which is regretted.

With regard to use of port equipment (S 14, Sl no. 5) there was no income during 2014-15 as such no estimation was made in the proposed income.

On board lashing / de-lashing of containers, fixing and unfixing of twist lock and ancillary documentations for (HDC) (S.14, Sl. no. 11): The services were not provided to port users during fiscal 2014-15. Accordingly, no income at proposed rate has been computed against the said account head.

Charges for export load containers entered after the cut off period or export load containers made ready after the cut off period for readiness (S.14, Sl.No.12 ) was not separately captured in the income for 2014-15 and therefore no separate estimation has been made for the same. The income from this head has been included in sundries in the annual accounts. Total income during 2014-15 on account of sundries is Rs.0.81 crore of which this particular item is one of the components.

(xviii). As against the existing provision of prescription of rates for 2 types of pay loaders viz. upto 1 cu.m capacity and above 1 cu.m capacity, the KOPT has now proposed rates for only a Payloader. The basis and reason for such a consolidation to be furnished.

The pay loaders presently used at KoPT are having more than 1 cbm capacity.

(xix). The KOPT is not seen to have captured income from the levy of Berth hire charges on vessel engaged in coastal trade between Andaman and KOPT (S.21.1, Sl. No. 3) and Exhibition Vessel (S.21.21, Sl. No. 4) and from Mooring / Anchorage (S.22.1) out of rending these services, also to be captured in Form 3.

Berth hire charges on vessel engaged in coastal trade between Andaman and KOPT (S.21.1, Sl. No. 3) was not separately captured in the income for 2014-15 but was included in income related to coastal vessel. Therefore, separate estimation of the same in the proposed income has not been made.

Berth hire on Exhibition Vessel (S.21.21, Sl. No. 4) was not shown as there was no income in the year 2014-15 accordingly no estimation in the proposed income has been made.

Mooring / Anchorage (S.22.1) charges of vessels are included in foreign / coastal berth hire depending on the status of the vessel to which the service has been provided.
| (xx). | The KOPT is also not seen to have captured income from levy of charges for various Miscellaneous services rendered to foreign going vessels (S.23.1) as listed as Sl. No. 1 to 10, except of service listed at Sl. No. 6. The income arising out of rendering other miscellaneous services also to be captured in Form 3. | Income from miscellaneous services rendered to foreign going vessels (S.23.1) listed as Sl. No. 1, 3, 4, 6 and 9 has been computed at proposed rate based on incidence of service actually rendered to vessels during 2014-15. Out of the miscellaneous services, income from 'Use of Fire Float', (Sl.No.2), 'Additional labour deployed for diving related work', (Sl.No.5), 'Supply of Electricity', (Sl.No.7) and 'Additional charges on vessels carrying passengers', (Sl.No.8) could not be computed at proposed rate since the said services were not rendered to vessels during 2014-15. It may be mentioned that miscellaneous services rendered to foreign going vessels (S.23.1) are covered under Sl. No. 1 to 9 and not 1 to 10 as pointed by TAMP. |
| (xxi). | Income arising out of the charge for treatment of ballast water on foreign going POL tanker / other vessels (S.23.3) is also not seen to have been captured by KOPT. The same to be captured in Form 3. | Income arising out of the charge for treatment of ballast water on foreign going POL tanker / other vessels (S.23.3) has not been computed at proposed rate since no vessel availed the service during fiscal 2014-15. |
| (xxii). | The income from Towage & Pilotage (S.24.1) captured in Form 3, does not appear to be correct. The rates considered in the calculation, do not appear to be in line with the rates as reflected in proposed SOR. The KOPT is to examine the calculation. | Income from Towage and Pilotage charges has been computed as per rates reflected in proposed S.O.R. |
| (xxiii). | Further, pilotage & Towage income has not been captured in respect of coastal vessel plying between Andaman and KOPT, (S.24.1, Sl. no. 3). The same to be captured. | Pilotage & Towage income on vessel engaged in coastal trade between Andaman and KOPT (S.24.1, Sl. No. 3) was not separately captured in the income for 2014-15 but was included in income related to coastal vessel. Therefore, separate estimation of the same in the proposed income has not been made. |
| (xxiv). | No income from port dues in respect of vessels engaged in Coastal trade between Andaman and KOPT (S.25.1, Sl. No. iii), on vessel entering but not discharging or taking any cargo / passenger (S.25.1, Sl. No. v) and on vessel for lighterage operation (S.25.1, Sl no. vi) is seen to be captured in Form 3. The same to be captured. | Port Dues income on vessel engaged in coastal trade between Andaman and KOPT (S.25.1, Sl. No. iii) was not separately captured in the income for 2014-15 but was included in income related to coastal vessel. Therefore, separate estimation of the same in the proposed income has not been made. |
| (xxv). | No income from stayal charge on inland vessels of 200 tonne and above handled at floating cargo handling facility (S.27.1, Sl. No. 3) is seen to be captured. The same to be captured. | Income at proposed rate is computed based on cargo / vessels actually handled and services rendered in fiscal 2014-15. In the instant case, income from stayal charge on inland vessels of 200 tonne and above, handled at floating cargo handling facility (S.27.1, Sl. No. 3), could not be computed at proposed rate, as the facility did not exist in fiscal 2014-15. |
(xxvi). In case of inland vessel and non-propelled crafts, the existing SOR prescribed levy of 50% of normal towage and pilotage charges as applicable for coastal vessel. Now in the proposed SOR, pilotage and towage for inland vessel and non-propelled crafts is prescribed at the same level as that of coastal vessel (S.30.1). The reason for withdrawing concession for the inland and non-propelled vessels may be furnished. The financial impact of this provision to be captured in Form 3.

Financial impact:
During 2014-15 Towage and Pilotage service has not been provided to any inland vessel and non-propelled crafts. Hence the financial impact of proposed levy of Towage and Pilotage at the same level as that of coastal vessel (S.30.1) could not be worked out.

(xxvii) No income is seen to be captured from handling of Fly Ash vessel (S.31) and Slipway hire charges (S.32) in Form 3. The same to be captured.

Fly ash jetty at HDC did not exist in fiscal 2014-15. Hence income from handling fly ash at the said jetty could not be computed at proposed rate. Handling of Fly Ash vessel at TT Shed: Income from handling of Fly Ash during 2014-15 was Rs.2.69 crore by handling 6.74 lakh tons. The estimated income after proposed rate revision would be Rs.3.10 crore which was inadvertently omitted.

Slipway hire charges: Income from Slipway hire during 2014-15 was Rs.0.09 crore. The estimated income after proposed rate revision which has been omitted would be Rs.0.18 crore at 2014-15 level of operation. However, Slipway hire has reduced to a great extent at present.

(xxviii). In Part IX of the proposed SOR, dealing with the charges for authorised service providers, the tariff fixed for transfer of cargo between Mother vessel and daughter vessel / barges by Floating Crane, fixed vide Order No. TAMP/6/2016-KOPT dated 30 March 2016, is not seen to be incorporated. The same to be suitably incorporated in Part – IX.

The omission is regretted. The charges and conditionalities for inclusion in the revised Scale of Rates under Part-IX, Section -3 is furnished at Appendix-I. TAMP may kindly consider and include the same while notifying the revised Scale of Rates.

11. A joint hearing in this case was held on 26 July 2016 at the KOPT premises. At the joint hearing, the KOPT made a brief power point presentation of its proposal; the KOPT and the concerned users/ user organizations have made their submissions.

12.1. Subsequent to the joint hearing, some of the users / user organizations have given their comments. The KOPT has also furnished its comments on the comments of users / user organizations.

12.2. After joint hearing, MCC PTA India Corporation Pvt Ltd (MCPI) vide its email dated 18 August 2016 has informed us that HDC/ KOPT convened a meeting with all the Users of Haldia Oil Jetties on 10 August 2016 to discuss about the introduction of Benchmark Pumping Rate and imposition of penalty for non-achievement of Benchmark Pumping Rate / Delayed Sailing due to reasons attributable to vessel. During the same meeting the KOPT advised the users to submit its comments on the proposal within 16 to 17 August 2016. Accordingly, MCPI has submitted its comments on the pumping rate to HDC/KOPT vide its email dated 17 August 2016 with copy endorsed to TAMP. We have vide our letter dated 15 September 2016 forwarded this comment to KOPT for its reply. The KOPT has responded. Both the MCPI and KOPT have reiterated their position.
13. Given that the validity of SOR of KOPT was expiring on 31 March 2016, as brought out earlier, and based on the request made by KOPT, this Authority vide its Order dated 30 March 2016 had extended the validity of the SOR of KOPT till 30 June 2016. Thereafter, while submitting its revised proposal, the KOPT vide its letter dated 21 June 2016 has requested to extend the validity of the existing SOR of KOPT (including Special Rate) till notification of revised SOR. Since the validity of SOR of KOPT expired on 30 June 2016 and considering the time required for processing the proposal filed by the KOPT and in order to avoid a vacuum in the SOR of KOPT, based on the request of KOPT, this Authority vide its Order dated 5 July 2016 has extended the validity of SOR of KOPT upto 30 September 2016 or till the implementation of the revised SOR, whichever is earlier. The Order has been notified in the Gazette of India on 22 July 2016 vide Gazette no. 302.

14. 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.

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

(i). The existing SOR of the KOPT was last approved vide tariff Order No. TAMP/8/2013-KOPT dated 21 February 2014. This Order was notified in the Gazette of India on 19 May 2014 vide Gazette No. 152. The said Order prescribed a tariff validity period till 31 March 2016. Vide the said Order, an across the board increase of 20% was granted on the cargo related charges and a 20% increase was granted on the main vessel related charges of tariff items like berth hire, port dues, shifting charges, anchorage etc..

(ii). The MOS, vide its letter No. 8(1)/2014 TAMP dated 13 January 2015 has issued the new “Policy for determination of Tariff for Major Port Trusts, 2015” which was notified in the Gazette of India vide Gazette No. 30 dated 27 January 2015 by this Authority. The new “Policy for determination of Tariff for Major Port Trusts, 2015” has come into effect from 13 January 2015. Thereafter, as stipulated in Clause 1.5. of the Tariff Policy, 2015, the Working Guidelines was issued by this Authority in consultation with all the Major Port Trusts to operationalize the Tariff Policy. The Working Guidelines was notified on 4 June 2015 vide Gazette no.207.

(iii). In this backdrop, given that the validity of the existing Scale of Rates of the KOPT is till 31 March 2016, the KOPT has come up with a proposal for revision of its tariff for the period from 01 April 2016 to 31 March 2019, following the Tariff Policy, 2015 and the Working Guidelines.

(iv). The KOPT had filed its proposal in April 2016. The said proposal was based, interalia, on the direction issued by the MOS vide its letter dated 17 September 2015 to this Authority partially modifying the coastal concession policy issued by the (then) MSRTH in January 2005, which was communicated by this Authority to all Major Port Trusts by passing an Order dated 5 October 2015. As per the said direction of the MOS, vessel related charges for coastal vessel should take into account the exchange rate fluctuation of the Indian Rupee (₹) vs the USD ($) so that vessel related charges for all coastal vessels do not exceed 60% of the corresponding charges for other vessels and these charges will be collected in Indian Rupees at the applicable exchange rate. Also, as regards container related charges denominated in US$ for foreign containers, the tariff for coastal container shall not exceed 60% of the corresponding charges applicable for other foreign containers and these charges will be collected in Indian Rupees at the applicable exchange rate. Based on the direction of the MOS for immediate prescription of rates for coastal vessel and coastal container, this Authority has passed an Order No. TAMP/4/2004-Genl. dated 5 October 2015 incorporating suitable notes in the SOR of Major Ports and private terminal operating thereat and communicated to all the Major Port Trusts including KOPT and concerned BOT operators for implementation. Accordingly, the proposal of April 2016 of KOPT took into account
the coastal revenue arising out of the above policy of the Government. When the MOS was apprised on the impact of restatement of tariff for coastal vessel/container to account for the exchange rate fluctuations, with a request to issue advisory to all Major Port Trusts to exercise caution while applying the coastal tariff, the MOS vide its subsequent letter dated 11 May 2016 has directed to keep its earlier direction dated 17 September 2015 in abeyance, which was again communicated vide an Order dated 19 May 2016 to all the Major Ports including KOPT. In view of the above position, the KOPT vide its letter dated 24 June 2016 has furnished a revised proposal to give effect to the direction of MOS. The proposal dated 24 June 2016 along with the submissions made by KOPT during the processing of the case in reference is considered in the analysis.

(v). (a). Clause 2.1 of the Tariff Policy, 2015 requires each Major Port Trust to assess the ARR which is the average of the sum of Actual Expenditure as per the Audited Accounts of the three years 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) subject to certain exclusions as prescribed the Clause 2.2. of the Tariff Policy 2015 and the Working Guidelines issued by this Authority plus Return at 16% on the Capital Employed including capital work-in-progress obtaining as on 31st March 2014, duly certified by a practising Chartered Accountant/ Cost and Management Accountant.

(b). The payment made to Calcutta Dock Labour Board (CDLB) for supply of onboard labour for container operations at MHC berths has been excluded as KDS only collects an equal amount from the concerned users and remits it to CDLB. The rate considered for collection is determined by the CDLB regulations, from time to time and not under the Scale of rates (SOR) of KOPT. Accordingly, the KOPT is seen to have excluded the Reimbursement of On board handling charge of Container to CDLB to the tune of ₹ 2096.30 lakhs, ₹ 2154.47 lakhs and ₹ 2113.41 lakhs, for the years 2011-12 to 2013-14 respectively. The KOPT has confirmed that the said amount is as per the figures reflected in the Annual Accounts for the relevant years.

(c). The KOPT has assessed the Annual Revenue Requirement (ARR) based on Audited Annual Accounts for three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) duly certified by a practising Chartered Accountant. The KOPT has excluded the expenses not admissible in ARR computation for arriving at the Average annual expenses for the year 2011-12, 2012-13 and 2013-14. The following adjustment done by KOPT in line with provisions prescribed in Clause 2.2. of Tariff Policy 2015 and Clause 2.2. of Working Guidelines are brought out for specific mention:

(i). The KOPT has excluded expenses (i.e. operating expenses, allocated Management & Administrative overheads and allocated Finance and Miscellaneous Expenses) related to estate activity. Interest on loans to the tune of ₹ 1266.78 Lakhs, ₹ 1271.91 Lakhs and ₹ 84.31 lakhs during the years 2011-12, 2012-13 and 2013-14 respectively are also excluded.

(ii). As per Clause 2.2(iii) of Tariff Policy 2015 and the Working Guidelines, 1/5 of one-time expenses like arrears of wages, pension/ gratuity, ex-gratia payments arising out of wage revision etc. are to be included in the Annual Revenue Requirement (ARR). Likewise, 1/5th of the Contribution to Pension Fund are to be included for the calculation of ARR. This means 4/5th of the above mentioned expenses are to be excluded in the ARR computation.

In this connection, the KOPT has excluded ₹76.00 crores, ₹76.80 crores and ₹244.71 crores in the years 2011-12, 2012-13 and 2013-14 respectively being the 4/5th of the contribution to the pension fund as reported in the Annual Accounts of the port. The
above adjustment done by KOPT is in line with Tariff Policy, 2015 and hence considered.

(iii). As per Clause 2.2. (iv) of Tariff Policy 2015 and Clause 2.2. (iv) of the Working Guidelines, Management and General Administration Overheads subject to a cap of 25% of aggregate of the operating expenditure and depreciation is only to be considered in the ARR calculation.

The Management and General Administration Overheads reported in the Audited Annual Accounts is ₹ 244.49 crores, ₹ 271.95 crores and ₹ 310.06 crores for years 2011-12, 2012-13 and 2013-14 respectively. Thereafter, the KOPT has assessed 25% of the Operating Expenses (including depreciation but excluding operating expenses relating to Estate) as per Audited Annual Accounts at ₹205.88 crores, ₹213.87 crores and ₹237.32 crores. As per the working furnished by the KOPT in Form-2, the KOPT has identified an amount of ₹38.61 crores, ₹57.08 crores and ₹72.73 crores of Management and General Administration Overheads as excess of 25% of aggregate of operating expenses and depreciation and hence has excluded the same from ARR in the years 2011-12, 2012-13 and 2013-14 respectively complying with the provisions of Tariff Policy, 2015.

(iv). As per Clause 2.2(v) of the Working Guidelines notified by this Authority all expenses relevant for captive berths are to be excluded from the computation of ARR. The KOPT has not indicated any existence of Captive berths and has, therefore, not estimated any expenditure under this head.

(v). In addition to the above, the dredging expenditure covered by the subsidy grated by the Government has also been reported to have been excluded by KOPT.

(vi). Following the provisions prescribed at Clause 2.3. of the Tariff Policy, 2015 and Clause 2.3. of the Working Guidelines, the KOPT has arrived at average expenses for the years 2011-12, 2012-13 and 2013-14 at ₹ 1216.08 crores.

(vii). (a). The KOPT has arrived at capital employed in line with provision prescribed in Clause 2.4. of the Working Guidelines. The KOPT has considered the net fixed assets plus capital work-in-progress as on 31 March 2014 as reported in the Audited Annual Accounts. The assets pertaining to the Estate activity have been excluded. As stated earlier, the KOPT has stated that there are no fixed assets relating to captive berth.

(b). Working capital comprises of Inventory, Sundry debtors and Cash balances. The Sundry debtors are seen to have been computed as per norms prescribed in clause 2.5. of Working Guidelines.

In the calculation of Inventory, though the KOPT has stated that Inventory has been computed as per Clause 2.5 of the working guidelines, it is seen that to compute the inventory, the KOPT has taken into account, Value of Inventory (other than fuel) as on March 31, 2014 as per Audited Accounts and considered 50% of the value as average consumption of the said balance. This working is not seen to be in line with the Working Guideline provision and, therefore, the same is not taken into account.

In the calculation of Cash balances, the KOPT is seen to have considered all the expenses (excluding depreciation) but including the finance and miscellaneous expenses. To arrive at the cash balance at one month cash
expenses, the finance and miscellaneous expenses is not taken into account. Accordingly, the cash balance is worked out at one month cash expenses excluding finance and miscellaneous expenses. Thus, the cash balance works out to ₹ 104.71 crores instead of ₹ 160.42 crores assessed by the Port.

(c). The total capital employed including the working capital works out to ₹ 1007.25 crores instead of ₹ 1079.30 crores, assessed by the KOPT.

(d). Return on Capital Employed at 16% is worked out on the revised Capital Employed at ₹161.16 crores which is considered in the ARR computation.

(viii). The ARR is the average of the expenditure for the three financial years 2011-12 to 2013-14 at ₹1216.08 crores plus 16% Return on Capital Employed at ₹161.16 crores aggregating to ₹ 1377.24 crores as on 31 March 2014. Further, as per Clause 2.7. of Working Guidelines, the said ARR has been indexed @ 100% of the Wholesale Price Index (WPI) applicable for the year 2014-15 and 2015-16 at 6% and 3.82% respectively. The ceiling indexed ARR works out to ₹1515.64 crores for the year 2015-16, as against ₹ 1528.33 crores assessed by the Port.

The detailed working of ARR calculation given by the port duly certified by Chartered Accountant is relied upon. A summary of certified ceiling indexation ARR is given below:

<table>
<thead>
<tr>
<th>(in crores)</th>
<th>Sr. No</th>
<th>Particulars</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Average Expenses</td>
<td>1216.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>Capital employed as on 31.03.2014</td>
<td>1007.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>including capital work in progress as on</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>31.03.2014 and working capital as per norms</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>Return on capital employed @ 16%</td>
<td>161.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>ARR as on 31 March 2014 (4=1+3)</td>
<td>1377.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 (6%)</td>
<td>1459.88</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 (3.82%)</td>
<td>1515.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>Ceiling Indexed Annual Revenue Requirement (ARR)</td>
<td>1515.64</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(ix). (a). As per Clause 2.6. of Tariff Policy 2015, the Major Port Trusts have the flexibility to determine the rates to respond to the market forces based on commercial judgment and draw the Scale of Rates within the ceiling of indexed ARR, duly certified by a practicing Chartered Accountant. The Port has given detailed working of revenue estimation indicating each of the tariff items in the proposed SOR for corresponding traffic handled in 2014-15 as required as per Clause 2.9. of the Working Guidelines. As per Clause 2.5. of Tariff Policy 2015, for drawing the SOR, the KOPT has considered the actual cargo traffic in tonnes and GRT of vessel handled by the port during the year 2014-15, to draw the proposed SOR within the ceiling indexed ARR.

(b). While drawing up the proposed SOR, though the KOPT has generally proposed a 5% increase in the cargo related charges, it has chosen to propose a higher percentage of increase in few cargo related items. Similarly, though the KOPT has generally proposed an increase of 15% in vessel related charges, it has chosen to propose a higher percentage of increase in few vessel related tariff items. Based on the above position, the Revenue Estimation at the proposed level of tariff has been worked out by KOPT at ₹1129.31 crores. As can be seen, the Revenue Estimation at the proposed level of tariff at ₹ 1129.31 crores is lower than the Ceiling Indexed
ARR of ₹1515.64 crores, as calculated earlier, thereby leaving a revenue gap of ₹ 386.33 crores, which has been left uncovered by the Port. In other words, even with the increase in tariff as proposed by the Port, the income at the proposed level of tariff is not sufficient enough for the Port to even meet the operating costs, not to speak of the return of 16% amounting to ₹ 161.16 crores on the capital employed. The revenue gap is left uncovered to avoid burden to the users. The Port proposes to meet the revenue gap through future traffic growth and improved performance. Some revenue may also accrue to the port from new traffic items for which the KOPT is not in position to estimate the revenue.

(c). Considering the position that the increase in the vessel related charges and cargo related charges as sought by the KOPT is well within the ceiling indexed Annual Revenue Requirement and is based on the judgment of the Port, this Authority is inclined to grant the increase as proposed by the port. It is observed that the impact on revenue on account of the said increase in tariff is that the KOPT would earn about 6.50% additional revenue on account of this tariff revision over the actual cargo related income and vessel related income (except the Government subsidy towards dredging) reported for the year 2014-15.

(e). During the proceedings relating to the case in reference as well as during the joint hearing, majority of the users have objected to the increase in the tariff proposed by the KOPT, on the ground that the tariff at the neighbouring ports is lower than the proposed rates. It is reported by the users, that the cargo will move out of KOPT. However, in this connection, it is to be noted that the increase in vessel related charges and the cargo related charges, as sought by the KOPT, is well within the ceiling indexed ARR. Since the increase sought by the KOPT is within the purview of the stipulations of the Tariff Policy, 2015, the increase granted in the cargo related charges and vessel related charges, is inevitable. In this regard, it is relevant here to mention that as per Clause 8.1. of the Tariff Policy 2015, the rates prescribed in the SOR are ceiling levels; rebates and discounts are floor levels. The KOPT may exercise the flexibility available to it to charge lower rates and/or allow higher rebates and discounts. In fact, the KOPT has committed during the proceedings of this case that like in the past, they will look into having various promotional measures and have assured the trade that if the trade commit volumes, the KOPT look into the rebate aspect. Further, as per Clause 2.7. the Tariff Policy 2015, the KOPT is advised to ensure that as a result of revision in the SOR there will not be loss of traffic to the port.

(x). As stated earlier, in view of the direction of the MOS with regard to the non restatement of the coastal rates, the Ceiling Costal Rates are prescribed upfront in the SOR without taking into account the exchange rate fluctuation of Indian Rupee vis-a-vis the USD ($).

(xi). The Note (v) under Section - 3 of the existing SOR of KOPT states that all charges related to Load / Empty Containers including demurrage thereon shall be levied on Container Agents/ Main Line Operators (MLO). However, in case of container from/to ICDs/ Customs notified CFS, the concerned ICD or CFS operator can also pay the port charges. The note also states that however, after de-stuffing or prior to stuffing, the cargo related charges, if any, shall be levied on the owner of the cargo or his Clearing & Forwarding Agent/ Handling Agent.

The KOPT in its draft SOR has proposed deletion of the existing sentence "However, in case of container from/to ICDs/ Customs notified CFS, the concerned ICD or CFS operator can also pay the port charges", from the above note. In this regard, the KOPT is in the process of introducing blocking mechanism, which will
enable faster clearance and improve the ease of doing business. According to KOPT, on implementation of blocking mechanism, the final bills need not be produced by the users at port terminal for delivery. Since the CFS/ICD operators are nominated at a later stage by the Lines/Container Agents. Therefore, their details are not available from the very beginning of the import operation cycle. The proposed deletion will facilitate smooth implementation of online blocking mechanism of port charges for import containers from deposit account maintained by container agents/ MLOs and incidence of excess payment and refund claims will be minimized. Given that the proposed deletion would result in ease of doing business for the users, the proposed deletion is approved.

(xii). Though the KOPT has proposed wharfage charges in respect of handling of all liquids including ships bunker pipelines, handling of iron ore through mechanical system, handling of all types of coal not specified, fertiliser, fertiliser raw materials, soda ash and all other dry bulk, Car, any rubber tyred vehicle, cargo moving equipment, earth moving equipment and Multiple cargo items listed at Sl. No. 16 of Section 4.1 of the proposed SOR, no income has been estimated by KOPT at the proposed level of tariff in respect of these items, on the ground that such cargo has not been handled during the year 2014-15, but is likely to be handled in future. However, considering the huge gap between the ceiling ARR and the revenue estimation to the tune of ₹ 386.33 crores, the revenue, if any, to be earned by KOPT on account of handling of these cargo items, would get subsumed in the revenue gap. In view of the above position, the proposed rates in respect of the above listed items are approved.

(xiii). In case of handling of thermal coal through mechanical system, the KOPT had proposed introduction of productivity linked wharfage at Section 4.1 – wharfage – Sl no. 10. However, subsequently, the KOPT has proposed to withdraw the productivity-linked tariff for Mechanical handling of Thermal Coal, on the ground that the sole customer of the facility (TANGEDCO) for whom the productivity-linked tariff for mechanical handling was prescribed, has raised objection against such a productivity linked rate and also since the Berth productivity issue is being addressed separately in the Berthing Policy, as per Government directive. As such, the KOPT has proposed to continue with the prescription of a normal wharfage rate for handling of thermal coal through mechanical system, which is approved.

(xiv). The port at Section 4.8. has proposed introduction of a conditionality to the effect that “In case a cargo is unloaded / loaded at anchorages more than once, the wharfage shall be levied at 150% of the rate specified at S.4.1 and S.4.2 irrespective of number of handling done at various anchorages. In addition, if such cargo is carried by barge/ boat/ flat or any other vessel for unloading/ loading at any berth/ jetty/ declared Inland Vessel Wharves belonging to port, wharfage shall be realised for such discharge/ shipment at the rates specified against handling at Jetty/ Berth of KOPT as per S.4.5 under column (iii).”

In support of the proposed amendment, the port has stated that as against the existing provision for levy of 90% of the wharfage for each of the anchorage operations, which results in a wharfage levy of 180% when handling takes place at two anchorages and a wharfage levy of 270% when handling takes place at three different anchorages, the port, based on the representation from the Trade, has taken a view to limit recovery of wharfage at 150% when cargo is loaded/ unloaded at anchorages more than once. The port has also stated that second part of the clause only clarifies the existing position of charging wharfage at jetties, berths or inland wharves of KOPT. The proposed amendment would be in the interest of the trade, and the same is approved.

(xv). In the existing SOR, the Shore handling charges prescribed at Section 6 are leviable in respect of “Labour” and “Labour & Equipment”. In the proposed SOR, the KOPT has proposed levy of shore handling charges for two activities viz. (a) Transfer of
cargo from / to Hook point to / from storage point and (b) Loading at storage point for delivery or unloading at storage point to receive.

In this regard, the KOPT is of the view that in actual shore handling operation, for some cargo, only labour is involved and that further, no port equipment is given without port labour. Thus, according to KOPT, the rates proposed by it, suitably captures supply of equipment along with labour and also supply of only labour as the case may be. Consequently, the KOPT has felt that separate rates for ‘labour’ and ‘labour and equipment’ for each component of shore handling operation are not relevant. Further, the KOPT has proposed segregation of the shore handling charges in two parts in the ratio of 67: 33, with first part covering transfer of cargo between quay and storage yard (involving loading/ unloading and transportation) and second part covering only loading for delivery or unloading for receiving, as coastal concession is not applicable on the second part involving loading for delivery or unloading for receiving. Since the proposed amendment gives clarity to the levy of shore handling charges and is in line with the coastal concession policy, the same is approved.

Further, in view of the above proposed changes, the KOPT has proposed deletion of the relevant existing notes below Section 6, which is also approved.

(xvi). The KOPT is not seen to have estimated income arising out of Heaping / high heaping of Dry Bulk Cargo at storage area / Hook Point (S.6.3.1), Despatch related services (S.6.3.2), Transportation (S.8), handling of Transhipment containers (S.13), use of port equipment (S.14, Sl. No. 5), on board lashing / de-lashing of containers, fixing and unfixing of twist lock and ancillary documentations for (HDC) (S.14, Sl. no. 11) on the ground that no such services have been rendered during the year 2014-15, but is likely to be rendered in future. However, considering the huge gap between the ceiling ARR and the revenue estimation to the tune of ₹ 386.33 crores, the revenue, if any, earned by KOPT on account of handling of these cargo items, would get subsumed in the revenue gap. In view of the above position, the proposed rates in respect of the above listed items are approved.

(xvii). At the proposed Section 9.1 – Loading / Unloading/ Re-stacking charges, the KOPT has proposed introduction of a new tariff item for levy of charges on “Dry bulk Cargo” loading / unloading from truck/ wagon. The KOPT has also introduced a note to the effect that the said charge is for use of labour and/ or equipment for unloading of dry bulk cargo from dumpers and that for unloading of dry bulk cargo from dumpers without requiring any labour/ equipment support, no charges shall be levied.

The KOPT has reasoned that the existing Scale of Rates of KOPT do not have rate for loading/ unloading of dry bulk cargo. Given that the KOPT undertakes shore handling operation of dry bulk cargo, it has felt the need to prescribe the rates for loading/ unloading of such cargo beyond the services covered under the definition of ‘Shore Handling Charge’, so as to avoid any operational problem. Further, the KOPT is also not seen to have estimated income arising out of loading / unloading Dry Bulk Cargo from truck/ wagon, presumably on the ground that such service has not been rendered during the year 2014-15. However, considering the huge gap between the ceiling ARR and the revenue estimation to the tune of ₹ 386.33 crores, the revenue, if any, earned by KOPT on account of loading / unloading Dry bulk Cargo from truck/ wagon, would get subsumed in the revenue gap. In view of the above position, the proposed rate is approved.

With regard to the conditionality governing the rate, the KOPT has clarified that very often dry bulk cargo is handled by dumpers, which automatically unloads the cargo. In such cases, since no extra service would be involved beyond the transportation charge, the KOPT has stated that no separate charge would be levied by it. The proposed note is also approved.
The port has proposed deletion of the note prescribing rebate on wharfage on handling of Crude oil above 6.50 Million tonnes (Sr. No S. 10.1(a) – Rebate). In this regard, the KOPT has reasoned that after commissioning of the Haldia- Barauni Crude Pipeline, the crude requirement of refinery is presently being met through the same, due to which the provision of rebate has become redundant. It has however, assured that appropriate rebate will be granted on a need basis, with approval of its Board.

Similarly, rebate granted to a KDS Importer/ Exporter on handling Crude Oil, POL and its products is proposed to be deleted (Sr. No S. 10.2 – Rebate), on the ground that the said rebate has not translated into increase in cargo throughput or demand in port services by the importers/ exporters. However, the port has assured that it will review the position, if demand arises in future.

Since the users have not objected to the proposed withdrawal of rebates and in view of the assurance given by the port to review the rebate mechanism on need basis, with the approval of its Board of Trustees, the proposed deletion is approved.

In the existing SOR, the composite box rates for ICD containers are lower than composite box rates for normal containers. Now, the KOPT has proposed a common composite box rate to be applicable on both normal and ICD containers, on the ground that the financial benefits so long given to promote ICD traffic in the form of reduction in port charges have not translated into surge in ICD traffic at Kolkata Port.

One of the user Associations viz., National Association of Container Freight Stations (NACFS) has objected to the withdrawal of the concessional rates for ICD containers on the ground that ICD plays a very important role in evacuating the port and that the existing special benefit should be continued.

The existing SOR of KOPT prescribed concessional tariff for the ICD traffic with a view to promote the ICD traffic. Given that the concessional tariff has not translated into surge in ICD traffic, the KOPT has chosen to withdraw the concession. The traffic figures of ICD containers for the past few years furnished by the KOPT do not reflect any significant growth in the ICD traffic. Given that the income estimated based on the proposed tariff of ICD is within the ceiling indexed ARR, this Authority is inclined to approve the proposed rates for ICD. However, it is noteworthy that, since the rates notified in the SOR are ceiling rates, the KOPT has assured to reduce the rates in future based on its commercial judgment.

The KOPT has proposed unbundling of charges for lift on/ lift off at yard during delivery/ receiving of load/ empty containers and over dimensional containers (S.11.3) at around 10% of the total charge for composite handling at KDS, on the ground that coastal concession is not applicable on such lift on/ lift off. Simultaneously, since a separate charge is being proposed, the KOPT has proposed deletion of the provision of granting rebate for lift on / lift off at yard during delivery/ receiving by equipment hired by the party [S.12.1(d)]. According to KOPT, if it does not render the service, then the charge prescribed under S.11.3 will not be levied. Since the proposed amendment is to give effect to the Government policy of coastal concession and gives clarity to the levy of charges, the proposed amendment is approved.

As against the existing provision of prescription of rates for 2 types of pay loaders viz. upto 1 cu.m capacity and above 1 cu.m capacity, the KOPT has now proposed rates for only a Payloader, on the ground that presently only above 1 cu.m capacity pay loaders are used at the port. The proposed modification is approved.

The KOPT is not seen to have captured income from the levy of Berth hire charges on Exhibition Vessel (S.21.21, Sl. No. 4), levy of charges for various Miscellaneous services rendered to foreign going vessels (S.23.1) viz., ‘Use of Fire Float’ (Sl.No.2), ‘Additional labour deployed for diving related work’ (Sl.No.5), ‘Supply of Electricity’
(Sl.No.7) and ‘Additional charges on vessels carrying passengers’ (Sl.No.8), Charge for treatment of ballast water on foreign going POL tanker / other vessels (S.23.3) and stayal charge on inland vessels of 200 tonne and above handled at floating cargo handling facility (S.27.1, Sl. No. 3), on the ground that no such services have been rendered during the year 2014-15. However, considering the huge gap between the ceiling ARR and the revenue estimation to the tune of ₹ 386.33 crores, the revenue, if any, earned by KOPT on account of rendering of these services, would get subsumed in the revenue gap. In view of the above position, the proposed rates in respect of the above listed service items are approved.

(xxiii). In case of inland vessel and non-propelled crafts, the existing SOR prescribes levy of 50% of normal towage and pilotage charges as applicable for coastal vessel. Now in the proposed SOR, pilotage and towage for inland vessel and non-propelled crafts is prescribed at the same level as that of coastal vessel (S.30.1). Insipite of a specific request, the KOPT has not explained the reason for withdrawing concession for the inland and non-propelled vessels. Given that the income estimated based on the proposed towage and pilotage charges for inland vessel and non-propelled crafts is within the ceiling indexed ARR, this Authority is inclined to approve the proposed rates. Nevertheless, the rates prescribed in the SOR are at the ceiling level and the KOPT has the liberty to propose concessional tariff, based on its commercial consideration.

(xxiv). The KOPT has introduced a new note at sl. No. (v) in Section 21.1 to the effect that after completion of cargo work and signalling of readiness if the vessel is shifted to another berth for waiting for sailing, Berth Hire charge at the rate of 50% of the rate specified under S.21.1, shall be levied, provided such waiting has arisen due to non-availability of sailing tide and that the concessional berth hire will be levied only for the period of waiting till the immediate next tide. In other words, incase the vessel is placed in berth, as against the present levy of 100% of the berth hire charges, only 50% berth hire charges will be levied. Since the proposed note will give relief to the users, the proposed note is approved.

(xxv). Shifting of a ship from one MHC berth to another MHC /Non MHC berth/ waiting location, due to breakdown of MHC, as well as shifting of a geared ship from berth/ waiting location to the MHC berth where MHC has suffered breakdown for working, at HDC, has been proposed by the KOPT as Port convenience by the Port and would be exempt from payment of Shifting Charges as prescribed in Section 24.1. Since the proposed introduction would be in the interest of the trade, the proposed note is approved.

(xxvi). Clause 10.7 of the Working Guidelines issued to operationalise the Tariff Policy, 2015, stipulates that objective criteria or loading/ unloading norms to be achieved shall be specified failing which penal berth hire charges will become payable and that the norms will have to take into account cargo type, handling equipment and other facilities at the berth. Accordingly, the KOPT has proposed penal charge for non-achievement of benchmark pumping rate/ delayed sailing due to reasons attributable to vessel, for various types of liquid bulk cargo. In case any liquid bulk cargo vessel working at Haldia Oil jetties fails to achieve the benchmark Pumping Rate, Penal Berth Hire Charge equivalent to the Berth Hire charge payable by the vessel as per Section 21 shall be levied extra.

One of the users viz., MCC PTA India Corp. Pvt Ltd (MCPI) has objected to the benchmark pumping rate of 500 MT per hour in respect of Paraxylene on the ground that it is very high and it should be kept at 400 MT per hour. However, the present pumping rate of MCPI is already in excess of 550 MT per hour and that reducing the pumping rate as suggested by MCPI would encourage poor performance. The KOPT is also of the view that the MCPI with some supervision and due diligence on its part can always achieve the benchmark pumping rates. The introduction of benchmark pumping rate is a welcome move and would bring in discipline in the
handling of cargo and vessels. It would lead to faster turnaround of the vessels. The benchmark pumping rate as proposed by the port is approved.

(xxvii). In case of Inland Vessels of 200 tonne and above handled at the forthcoming Floating Cargo handling Facility at upstream of 3rd Oil Jetty at HDC, the proposed levy of Stayal charge equivalent to Berth Hire Charge applicable to Coastal vessel as per S.21.2 of the Scale of Rates is approved.

(xxviii). The Ministry of Shipping (MOS) vide its Letter No. PD-25021/7/2015-PD.1 dated 16 April 2015 had directed all Major Port Trusts to follow the TAMP letter No. TAMP/53/2002-Misc dated 25 March 2015 regarding wharfage charges on vessel manifested as cargo in the Import General Manifest (IGM) or Export General Manifest (EGM). Accordingly, a note to the effect that Vessels calling the Port on her first voyage, which are declared as cargo in the Import General Manifest or Export General Manifest for the purposes of Customs Act, 1962, shall not be treated as cargo and no wharfage shall be levied on such vessels, if the vessels come into the port on their own steam and sail out of the port limits on their own steam and that, however, when loading or unloading of vessels takes place within the Port limits, wharfage shall be payable on such vessels, is prescribed in the Scale of Rates of KOPT.

(xxix). This Authority has passed the common adoption Order No. TAMP/14/2016-Misc dated 9 February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating thereat in pursuance of MOS letter No. PD/14033/101/2015-PD.V dated 3 February 2016. In pursuance of the said Order, a note to the effect that in order to decongest ports and encourage exporters / importers to utilize the port services beyond regular hours, lower charges will be levied for cargo and vessel related services as well as special discount will be offered in port charges for services rendered after regular hours, is prescribed as note no. (xxii) in Section 3 - General Principles.

(xxx). As per Clause 3.1. of the Tariff Policy 2015, the Major Port Trusts shall also commit Performance Standards for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port shall prescribe Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels and any other parameter which is found relevant by the Port. The KOPT has committed Performance Standards for cargo related services in terms of average ship berth day output in tonnes / day for major cargo items to be handled at KDS and HDC separately. The KOPT has also proposed Performance Standards for vessel related services in terms of average turnaround time of different vessels and average pre-berthing time of different vessels to be handled at KDS and HDC separately. As stipulated in clause 3.2 of the Tariff Policy, 2015, the indexing of SOR to the extent of 100% of variation in Wholesale Price Index (WPI) will be subject to achievement of Performance Standards committed by Major Port Trust. The clause also stipulates that on non-fulfilment of performance standards, no indexation would be allowed in the next year. Given that port has proposed different performance standards for KDS and HDC and in the event of one system achieving the performance standards and the other system not achieving the performance standards, the SOR of one system would get indexed and the SOR of other system would remain static. In this regard, the port has confirmed that KOPT will be entitled to get the benefit of indexation only if the performance standard committed by it for both the Dock Systems (HDC and KDS) are achieved. The Tariff Policy, 2015 does not prescribe any method or basis for proposing performance standards. The performance standards as proposed by the KOPT are prescribed along with SOR.

(yyy). As per Clause 2.8. of the Tariff Policy, 2015, SOR will be indexed annually to the inflation to the extent of 100% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January 2014 and 1
January of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Further, as per clause 3.2 of the Tariff Policy 2015 to be read with clause 2.8 of the Tariff Policy 2015, annual indexation in SOR at 100% of the WPI is applicable subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. It is relevant to state that in the instant case indexation for the year 2015-16 is already considered in the ARR computation and for drawing the SOR. The next annual indexation in SOR will thus be applicable from 1 April 2017 subject to increase in inflation index and achievement of Performance Standards in the year 2016-17. That being so, a note is inserted in the SOR to the effect that the SOR approved by this Authority is subject to automatic annual indexation at 100% of the WPI to be announced by this Authority. The annual indexation will be from 1 April 2017 subject to increase in inflation index to be announced by the Authority and the KOPT achieving the Performance Standards relevant to both KDS and HDC notified alongwith the SOR. If Performance Standards prescribed in the SOR for both KDS and HDC are not achieved, there will be no indexation in SOR for that particular year. The Tariff Policy, 2015 stipulates that annual indexation in the SOR will be automatic subject to achievement of Performance Standards. It does not require the Major Port Trusts to approach this Authority for the same. In Order to have transparency, the port is advised to declare the Performance Standards achieved for the period 1 January to 31 December vis-à-vis the Performance Standards notified by this Authority at the level committed by the port within one month of end of the calendar year to the concerned users as well as to this Authority. If the Performance Standards as notified by this Authority are achieved by the port, then the port can automatically index the rates prescribed in this SOR at 100% of WPI to be announced by this Authority and apply the indexed SOR w.e.f. 1 April of the relevant year. The indexed SOR of the KOPT should be intimated by the port to the concerned users and to this Authority. The Note in this regard as proposed by the Port is modified to reflect this position.

Further, the said indexation factor will not be applicable in respect of Charges prescribed for Authorised Service Providers, which has been incorporated in Part IX of the Scale of Rates.

With regard to the proposal of KOPT seeking approval for the norms for Performance, Incentive/ Penalty, Anchorage charges in respect of handling of Dry Bulk Cargo at Berth no. 9 of HDC, the said proposal is under consultation with the users and Order on the same will be passed separately.

(xxxii). The validity of SOR of the KOPT prescribed vide the last tariff Order was upto 31 March 2016. Thereafter, based on request of the KOPT, this Authority has extended the validity of the existing SOR initially upto 30 June 2016 and subsequently upto 30 September 2016. As per Clause 3.8. of Working Guidelines, the SOR notified shall remain valid for 3 years after expiry of 30 days from the date of notification of the Order in the Gazette of India. Therefore, and since the Tariff Policy, 2015 requires computation of tariff based on ARR on the actuals reported in the Audited Accounts for three years, the validity of the revised SOR is prescribed till 31 March 2019.

(xxxiii). As per clause 8.1. of the Tariff Policy 2015, the rates prescribed in the SOR are ceiling levels; rebates and discounts are floor levels. The KOPT is advised to exercise the flexibility available to it to charge lower rates and/or allow higher rebates and discounts.

(xxxiv). Further, as per Clause 2.7. of the Tariff Policy 2015, it is for the KOPT to ensure that as a result of revision in the SOR, there will not be any loss of traffic to the port.
One of the user Associations viz., Association of Shipping Interests in Calcutta (ASIC) has expressed its contentions with regard to the Tariff Policy, 2015. With regard to the point that the parameters for deriving annual expenditure have not been specified in the policy, it is to state that the Tariff Policy, 2015, clearly lists down the items of expenditure to be excluded by the ports while arriving at their ARR. Overheads are limited to 25% of the operating expenditure. This ensures that only admissible costs are passed on to the users in the port tariff. The ASIC has also remarked that the Tariff Policy, 2015, delegates TAMP’s powers of framing the SOR to the individual Major Port Trusts. In this regard, it is to state that as similar to the Tariff Guidelines of 2005, which were earlier applicable in respect of the major ports, under the Tariff Policy, 2015, also, the Major Ports come up with a proposal for review of their tariff. It is this Authority, which fixes and approves the tariff for the Major Ports. The Tariff Policy, 2015, giving flexibility to the Major Port Trusts to react to the market forces and also encourage the Major Port Trusts for better performance within the ambit of Major Port Trusts Act, 1963 should not be construed as delegating powers to the Major Port Trusts to fix tariff. The ASIC has also brought into fore, about the reported delay in execution of capital projects by KOPT. The KOPT is advised to take steps to execute the planned capital projects in a timely manner so as to improve the overall infrastructure at the port.

15.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the revised SOR and the Performance Standards of the KOPT which has already been notified separately in the Gazette of India.

15.2. As stated in the said notification, the revised SOR shall come into effect after expiry of 30 days from the date of notification of the said Order in the Gazette of India and shall be in force till 31 March 2019. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority. The validity of the existing SOR of KOPT is deemed to have been extended beyond 30 September 2016 till the effective date of implementation of the Order passed notifying the Scale of Rates and Performance Standards.

15.3. The KOPT has committed different Performance Standards for cargo related services in terms of average ship berth day output in tonnes / day for major cargo groups to be handled at KDS and HDC separately. The KOPT has also proposed different Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels handled at KDS and HDC separately.

15.4. The indexation of SOR as provided in Clause 2.8 of the Tariff Policy, 2015 is to be read with Clause 3.2. of Tariff Policy 2015. If KOPT does not fulfil the Performance Standard prescribed both for KDS and HDC, it is not eligible for indexation.

15.5. As per Clause 7.1. of the Tariff Policy 2015, the KOPT shall furnish to this Authority annual reports on cargo traffic, ship berth day output, average turnaround time of ships, average pre-berthing waiting time as well as the tariff realized for each of its berth. The annual reports shall be submitted by the Port within 60 days following the end of each of the year. Any other information which is required by this Authority shall also be furnished to this Authority from time to time.

15.6. As per Clause 4 of the Working Guidelines, this Authority shall publish all the information received by it from KOPT under clause 7.1. of the Tariff Policy, 2015 on its website. However, this Authority shall consider a request from KOPT about not publishing certain data/information furnished which is commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/operation upon such publication. Authority’s decision in this regard would be final.

15.7. (a). If there is any error apparent on the face of record, the KOPT may approach this Authority for review of the tariff fixed, giving adequate justification/reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.
Further, the KOPT may also, for any other justifiable reasons, approach this Authority for review of the tariff fixed giving adequate justification/reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.

(T.S. Balasubramanian)
Member (Finance)
A summary of the comments of users / user organisations and response of Kolkata Port Trust (KOPT) thereon is tabulated below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Comments of the users / user organisations</th>
<th>Reply furnished by KOPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>MCC PTA India Corp. Pvt Ltd (MCPI)</td>
<td>No specific comments furnished by the Port.</td>
</tr>
<tr>
<td>(i).</td>
<td>MCPI is solely dependent on Haldia Dock for survival and growth. However, due to draft limitations at the navigational channel leading to Haldia Dock, tankers carrying Paraxylene are dead freighted up to 35% incurring higher cost. MCPI is also paying an extra premium of $ 4.3 per ton for the tankers to call at Haldia.</td>
<td></td>
</tr>
<tr>
<td>(ii).</td>
<td>Cargo Handling / Wharfage Charge of Paraxylene is proposed to be increased from ₹. 96.39/- (including 5% special Rate) to ₹. 100.24/- per ton i.e. an increase by 4%.</td>
<td></td>
</tr>
<tr>
<td>(iii).</td>
<td>Cargo Handling / Wharfage Charge of Acitic Acid is proposed to be increased from ₹. 73.71/- (including 5% Special Rate) to ₹. 81.08/- per ton i.e an increase by 10%.</td>
<td></td>
</tr>
<tr>
<td>(iv).</td>
<td>Acitic Acid is comparatively low valued cargo which is unable to sustain with the increase of tariff by 10%, there by losing the viability / cost effectiveness. Moreover, Annual Revenue Requirement (ARR) for this commodity is low because all cargo handling operations through pipeline are carried out by Importer or its Agent.</td>
<td>The wharfage rate of acids including Acetic Acids was ₹. 65.00 per MT in the Scale of Rates of 2001. As against the same, the rate proposed is ₹. 81.08 per MT. So in a span of over 15 years the wharfage rate increase is 24% only which translates to an annual increase of 1.6% only. We do not think that such increase can be considered high by any benchmark.</td>
</tr>
<tr>
<td>(v).</td>
<td>Accordingly, MCPI request to make nominal increase of the tariff for Acitic Acid say by 2% instead of 10%. This is more so, because henceforth, an annual escalation clause is being incorporated in the SOR.</td>
<td></td>
</tr>
<tr>
<td>(vi).</td>
<td>Performance Standards especially for Turnaround Time and Pre Berthing Time are very high which needs to be rationalized for the benefit of trade.</td>
<td>The performance standards included in the draft SOR for PBD and TRT in respect of HDC is as below: TRT-4.50 days PBD-1.2 days</td>
</tr>
</tbody>
</table>

The performance standards indicated in the proposed Scale of Rates is the basic requirement for annual indexation of SoR as per Policy for Determination of Tariff for Major Port Trusts, 2015. The indexation of SoR is subject to achievement of Performance Standards committed by the port. The
abovementioned TRT and PBD are overall annual performance standard for HDC and not of any individual users.

2. **Netincon Marketing Pvt.Ltd (NMPL)**

(i). It has been informed that the barge operators have to pay the Toll and Dock Stayal Charges as per new Scale of Rates, and as understood the increment in last two financial years is phenomenal.

(ii). The SOR chart for last two F/Y along with proposed rates (2016-17) is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toll Charges:</td>
<td>₹ 7000/- per barge</td>
<td><strong>Toll Charges:</strong></td>
<td><strong>Toll Charges:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>GRT X ₹ 12.94</td>
<td>DWT X ₹ 15</td>
</tr>
</tbody>
</table>

KoPT has proposed an increase in Dock Toll charge from ₹12.94 per tonne to ₹15.00 per tonne. Further in the existing SOR there is a provision of Special Rate of 5%. Considering the same, the existing total levy is ₹13.58 per tonne. Hence the effective increase in levy on the trade is 10% only, which is considered to be a moderate increase. Even here, KoPT has proposed some rebate for small barges upto 3000 tonne.

(iii). The increase of SOR in 2015-16 was very damaging for the trade and NMPL had requested for the roll back vide letter dated 9 April 2015. It is again requested to look into the issue and to continue with old rates (preferably SOR of 2014-15), as the new rates are too high to carry out the operations smoothly. NMPL is already reeling under tremendous pressure to sustain the barging operation due to cost effectiveness and this increase may further hamper the operation. NMPL needs to convince importer to do more barging and which ultimately would bring more cargo in Haldia Port. Presently, NMPL is not in position to absorb further increase in rate and reasonably the increase will be passed onto the cargo receiver/importer, which may impede the willingness of the receiver/ importer to opt for litarge operation.

(iv) There is no rebate available for barges having DWT of above 3000 MTS which is not encouraging at all, as bringing more cargo at a time should not be on priority and must be rewarded rather then neglected.

Beyond a certain limit, the vessels would require separate lock movement, occupancy of considerable berth front which involves cost. Further, HDC is constructing a Floating Barge handling facility outside Lock gate to handle large size barges. As the facility would be outside the impounded dock, there will not be any levy on account of dock toll charges.

3. **ITT Shipping (P) Ltd. (ITTSPL)**

(i). **PART – I - Charges on Break Bulk and Bulk Cargo.**

<table>
<thead>
<tr>
<th>SL.No.</th>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.4</td>
<td>Wharfage</td>
<td>₹ 1500/-</td>
</tr>
<tr>
<td>S.4.2</td>
<td>Wharfage on coastal cargo landed / shipped</td>
<td>₹ 200/-</td>
</tr>
</tbody>
</table>

**ITTSPL’s Prayer:**

It is requested to levy on coastal cargo to be landed/shipped from/to Andaman vessel plying between KoPT and Andaman & vice versa to
be levied at 50% of the rate applicable for Coastal Cargo.

(ii). **PART - II - Charges on container and containerized cargo.**

S.11. - Composite box rate for container Rates at KDS:

| S.11.1   | SL No.1 - Load container other than over dimensional container. Coastal ₹. 2821.76
|          | SL No.3 - Empty container ₹. 961.82

S.12.1 - In case any of the basic container handling services covered under the composite box rate is not provided by the port, rebates at the following rates shall be allowed on the composite box rate of foreign containers for use of ship’s crane/party hired crane for ship to shore transfer, use of party hired trailer for movement between berth and yard, lift off at yard or vice versa.

**Observation:**
Considering the above facts and after granting of some rebate as stated above, for coastal container the rates of rebate shall be 60% of the rates specified at S.12.1 above applicable for foreign containers as stated in the Notes for Section S.11 and S.12 (v)

In this backdrop, any further relaxation for particularly Andaman Bound containers movement is not seen. It is requested that a consolidated charges for Andaman Bound Containers to be considered as ₹.1200/- for load container + Special rate of 5% + Service Tax as applicable under rule and ₹. 400/- only for empty container.

If the above charges are accepted it will be a great help for Andaman Bound vessel as it will encourage the shippers and consignees to convert movement of containerized cargo.

(iii). **PART - V --- Charges for Dry Docks**

S.19 - Dry Dock charges

S.19.1 - Charges for docking and undocking

<table>
<thead>
<tr>
<th>Say Size of the vessel</th>
<th>Uniform Rate for all Dry Docks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 1000 GRT but below 2000 GRT</td>
<td>USD 4536 for 1000 GRT + USD 1058.4 for every additional 1000 GRT or part thereof</td>
</tr>
</tbody>
</table>

 Govt of India has taken a policy of restating of Coastal vessel charges @ 60% of that of foreign rate. This has resulted in high increase in coastal vessel charges.
Rate for coastal vessel shall be 60% of applicable foreign rate converted to equivalent INR say as on today 1 USD = 68 INR. Total docking and undocking for vessel having 2000 GRT will be as follows:

\[
\begin{align*}
\text{USD } 4536 & \times \text{USD } 1058.4 = \text{USD } 5594.4 \times \text{INR } 68 \\
\text{converted to INR comes to } & \text{INR } 3,80,419.00
\end{align*}
\]

For coastal vessel 60% of applicable foreign rate i.e. INR 2,28,251/-.

**Comparison with Existing Rate.**

Existing scale of rate for coastal vessel at KP Dry Dock ₹.96,380/- for 1000 GRT + ₹.18,000/- for every additional 1000 GRT i.e. for 2000 GRT vessel come to ₹.1,14,380/-

**Observation:**
It appears that the charges of docking and undocking is increased by 100%

**Prayer:**
It is requested to keep the dry dock occupied and more and attract more vessel to Kolkata Port Trust for dry docking and full utilization of dry dock. We suggest that docking and undocking charges should not be more than INR 50,000

<table>
<thead>
<tr>
<th>Say Size of the vessel</th>
<th>At 1 &amp; 2 KP Dry Dock For Foreign Going Vessel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1001 to 2000 GRT</td>
<td>USD 1512 per day</td>
</tr>
</tbody>
</table>

Rate for foreign going vessel USD 1512 per day equivalent to INR 1,02,816/- per day considering USD 1 = INR 68

**Comparison:**
The existing charges as per scale of rates is INR 27,600 per day.

**Observation:**
The rate of increase is 127%

**Prayer:**
It is requested to reduce the Dry Dock hire charges for Andaman Bound Vessel to ₹.20,000/- per day for vessel upto 1000 GRT

Dry dock charges have been enhanced (effective increase is 20%) to compensate the continually increasing cost of operation and maintenance of the dry docks and also to provide improved dry dock services to the users. In this regard, the revised ‘Rules for regulation of Dry Docks’ of “Calcutta Port Rules, 1994” have been approved by the KoPT Board and is awaiting approval of the ministry and gazette notification. Those revised rules will take care of the inconveniences and shortcomings of services as pointed out in the prayer and adequate compensation/relief have already been provided for such cases.
and for every additional 1000 GRT or part thereof ₹5,000/- more.

**Reasons for above Prayer**

From the past experience it is seen that, while going to dry dock and coming out from dry dock, very minimum facilities are provided to the shipowner. Even some time the owner have to compromise with the safety of the vessel, e.g. sometime minimum one fire line is not provided. There is a regular delay in docking and undocking of the vessel. The vessel going to dry dock today will sit in block tomorrow, may be day after tomorrow. There is no cleaning of dry dock floor; regularly substantial water logging in the dry dock remains. Sometime Caisson could not be placed properly or cannot be opened as a result vessel remains in dry dock and the dry dock authority is charging the hire charges of the dry dock for no fault of shipowner. Normally block work is to be carried out by KoPT people which was in force since inception. But for the last 2 years the block work is carried out by private people who are charging abnormally high rates for placing block say around ₹. 2.5 / 3.0 lacs for a small vessel which is a hidden cost not mentioned in the Tariff.

(v). **PART - VI:**

<table>
<thead>
<tr>
<th>Vessel related charges for vessel engaged in foreign trade and vessel engaged in coastal trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.21 - Berth Hire</td>
</tr>
<tr>
<td>S.24 - Towage and Pilotage of vessel</td>
</tr>
<tr>
<td>S.25 - Port Dues</td>
</tr>
</tbody>
</table>

With regard to the above, reference is drawn to the below noted marine dues calculation for a vessel having GRT 1557 and Berth Hire considered as 100 hours style basis.

<table>
<thead>
<tr>
<th>Heads of KoPT charges</th>
<th>Marine dues of Andaman Bound Vessel before revision of charges, effective 1.11.15 Basis bill of October, 2015</th>
<th>Estimated marine dues for Andaman Bound vessels allowing 75% of 60% of Coastal rate as per proposed in revised Draft Scale of Rates.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Dues</td>
<td>9969</td>
<td>22592</td>
</tr>
</tbody>
</table>

Govt of India has taken a policy of restating of Coastal vessel charges @ 60% of that of foreign rate. This has resulted in high increase in coastal vessel charges. This was imperative as the coastal rates were not allowed to increase artificially for over a decade and that resulted in coastal vessel rates being as low as 30% of the foreign rate which is not sustainable. The major part of increase in vessel related charge for Andaman vessels is due to the above.

Further KoPT had earlier adopted a concessional rate for Andaman Vessels which was lower than other coastal vessels. However, at that time Govt of India used to provide 100% subsidy in the dredging cost. With Govt slowly and steadily reducing their support in this account, KoPT is hardly in a position to continue to provide concession in charges.

However, after notification of the new Scale of Rates, which will be the ceiling rates, KoPT may, if required, review the position and suitably consider the matter.
<table>
<thead>
<tr>
<th>In &amp; Outward Pilotage</th>
<th>20286</th>
<th>51320</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berth Hire</td>
<td>5791</td>
<td>28998</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>36046</strong></td>
<td><strong>102910</strong></td>
</tr>
<tr>
<td>Special Rate 5%</td>
<td>1802</td>
<td>5146</td>
</tr>
<tr>
<td>Service Tax 14%</td>
<td>5299</td>
<td>15128</td>
</tr>
<tr>
<td>SB Cess 0.5%</td>
<td>0</td>
<td>540</td>
</tr>
<tr>
<td><strong>Gross Bill amount</strong></td>
<td>43147</td>
<td>123724</td>
</tr>
</tbody>
</table>

The increase of marine dues in the Draft Scale appears to be 187% approx.

**Explanation.**

The Draft Scale of Rate of KoPT will seriously affect the ship-owners directly those who are operating Andaman Bound vessel for carriage of day to day requirement of Inhabitants of A&N Islands, like essential commodities, food items, vegetable, onion potatoes medicines for the people of A&N Islands and other construction materials for development of A&N Islands, the shipping services are considered the life line of A&N Islands. But it is apparent that ultimately this extra liability will be passed on the people of A&N Islands causing increase of prices heavily.

**Prayer:**

Since the last revision of existing scale of KoPT marine dues for A&N Bound vessels was made by Kolkata Port Trust only on 24th February, 2014, it is requested to kindly continue the same rate as incorporated in the said tariff. If not possible, is suggested an increase of 10% to 15%.

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### 4. Haldia Petrochemicals Ltd (HPL) (Letter dated 22 April 2016)

(i). As per TAMP order passed on 21 day of Feb 2014, KOPT is also authorised to charge a special rate of 5% as pension levy over the approved rate which was valid till 31 March 2016. Through the current proposal of KoPT has withdrawn the pension levy of 5% which was earlier charged as a special rate, but on the same breath KoPT has increased the wharfage charge by equivalent percentage thereby negating any relief to the users. HPL had accepted the erstwhile special charge expecting it to be a one of case, which was being levied to enable KoPT to tide over their financial requirements to meet the pension obligations, but the continuation of the levy in a different avatar by increasing the wharfage as per current proposal defies logic.

In respect of HPL cargo like Naphtha, Py Gas etc. the proposed rates proposed in the SoR will not result in any effective increase in levy as Special Rate would not be levied once revised SOR comes in to effect.
Current port rates prevailing at KOPT are about 60% higher than Vizag port and 70% higher than Paradeep which after proposed revision would be 67% higher than Vizag port and 77% higher than Paradeep.

Haldia channel draft has been a major constraint in optimizing the vessel loadability and lowering of unit freight cost. Due to current draft, HPL is forced to charter higher number of smaller MR vessel (25000-44999 DWT) as against LR vessels (45000-79999 DWT) for bringing the same volume. This in turn has increased our costs on account of:

(i). Higher port charges (port dues, pilotage berth hiring etc.) due to increase in number of vessels.

(ii). Additional dead freight.

(iii). Higher demurrage due to increased congestion on account of higher number of vessels.

(iv). Higher inventory cost as we need to maintain additional stock of Naphtha to counter the uncertainty of vessel berthing on account of congestion. On the chemical side the uncertainty of vessel berthing due to congestion also results in high stock holding as well as results in high stock operation which at times restricts our Plant throughput.

(v). In addition to all of above, HPL chemical vessels is further handicapped due to the discriminatory berthing priority norms resulting HPL’s chemical vessels with less than 3000 MT compulsorily waiting for 48 hrs before getting priority at par with POL vessels.

Benchmark for pumping rate: Port also introduced penal charges for non-achievement of benchmark pumping rate/delayed sailing due to reason attributable to vessel without discussion with the user. It is to be appreciated that the pumping rates are limited by the infrastructure facilities already in place and cannot be increased overnight.

HCL therefore proposes the following benchmark pumping rate based on our infrastructure capabilities:-

<table>
<thead>
<tr>
<th>Product</th>
<th>Port Proposed</th>
<th>HPL Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAPHTHA</td>
<td>900 kl/hr</td>
<td>500 kl/hr</td>
</tr>
<tr>
<td></td>
<td>(For Oil Jetty-I) &amp; 1200 kl/hr (For oil Jetty-III)</td>
<td></td>
</tr>
<tr>
<td>PY Gas</td>
<td>500 kl/hr</td>
<td>400 kl/hr</td>
</tr>
<tr>
<td>MS</td>
<td>550 kl/hr</td>
<td>450 kl/hr</td>
</tr>
</tbody>
</table>

The matter has been examined and new benchmark pumping rate is proposed below:

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Cargo</th>
<th>Benchmark Pumping Rate In KL/HR, unless specified otherwise</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AMMONIA ANHYDROUS</td>
<td>1000</td>
</tr>
<tr>
<td>2</td>
<td>AVIATION TURBINE FUEL</td>
<td>450</td>
</tr>
<tr>
<td>3</td>
<td>BUTANE</td>
<td>800</td>
</tr>
<tr>
<td>4</td>
<td>FURNACE OIL</td>
<td>750</td>
</tr>
<tr>
<td>5</td>
<td>HIGH SPEED DIESEL</td>
<td>750</td>
</tr>
<tr>
<td>6 (i)</td>
<td>NAPHTHA [Handled by vessel with GRT upto 22000]</td>
<td>500</td>
</tr>
<tr>
<td>6 (ii)</td>
<td>NAPHTHA</td>
<td>1000</td>
</tr>
</tbody>
</table>
It is assured that HPL shall make all efforts to achieve higher pumping rate in our own interest as it in turn reduces our operation time and likelihood of demurrage.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>[Handled by vessel with GRT above 22000]</td>
<td></td>
</tr>
<tr>
<td>i)</td>
<td>Oil Jetty-1:</td>
<td>2400</td>
</tr>
<tr>
<td>ii)</td>
<td>Oil Jetty-2:</td>
<td>2000</td>
</tr>
<tr>
<td>iii)</td>
<td>Oil Jetty-3:</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>PROPANE</td>
<td>650</td>
</tr>
<tr>
<td>8</td>
<td>PARAXYLENE</td>
<td>500</td>
</tr>
<tr>
<td>9</td>
<td>PY GAS</td>
<td>450</td>
</tr>
<tr>
<td>10</td>
<td>SUPERIOR KEROSENE OIL</td>
<td>550</td>
</tr>
<tr>
<td>11</td>
<td>MOTOR SPIRIT</td>
<td>450</td>
</tr>
<tr>
<td>12</td>
<td>CRUDE OIL (PETROLEUM)</td>
<td>2700</td>
</tr>
<tr>
<td>13</td>
<td>BITUMEN</td>
<td>300</td>
</tr>
<tr>
<td>14</td>
<td>BENZENE</td>
<td>235 MT/Hr</td>
</tr>
<tr>
<td>15</td>
<td>BUTADIENE</td>
<td>180 MT/Hr</td>
</tr>
<tr>
<td>16</td>
<td>BUTENE-1</td>
<td>130 MT/Hr</td>
</tr>
</tbody>
</table>

TAMP may accordingly consider the matter under clause S. 21.5.1

(v). In view of above, it is imperative that instead of the proposed increase in SOR specially Naphtha, Butadiene, Benzene, Butene-1, Pygas as well as berth hiring charges & pilotage charges, KoPT should seriously consider for downward revision of SOR to be comparable with others major ports of India. The impact of the higher SOR (as proposed by Port) on HPL is Apprx. ₹. 2 Cr. HPL also request KoPT to consider introduction of special rebate of ₹.15/MT on wharfage charges for achieving more than 1MMT in a single jetty during a financial year.

With regard to the proposition of volume based discount, the same may be considered by the Board against request to be made by HPL after notification of the rate.

5. **Calcutta Customs House Agents Association letter dated 5 May 2016 (CCHAA)**

Attention is drawn to Sr.No.S.17 - Permit & Licences.

CCHAA has serious objections to the increase in charges in all the charges prescribed under Permit & Licences.

Customs Brokers (Clearing & Forwarding Agent's) are responsible for bringing business from every corner of the country for our mutual benefit. On a day to day basis most of us do not venture in to Port and field boys work at the ground level. However, CCHAA still has to maintain the Licence for the full term.

The ground reality is that CCHAA and field staff, hardly use any facility/amenities from the Port. The basic amenities like, drinking water, Toilets, Seating area with proper shed are not available.

CCHAA would also like to bring notice that Customs only charges a nominal renewal fee of ₹.5000/- for a period of 10 years. This in comparison to fee of ₹. 13,997.00 Plus for a period of only five years is indeed very high.

It may be mentioned that due to various directives of Government of India, Port has to take number of measures in connection with the access control system. As such, to recover at least a portion of the cost there is no other alternative but to increase the permit and license fees of KOPT.
At present SOR of KOPT, the composite box rate for all ICD containers as per para, part S.11.2 is as follows:

For 20' container

<table>
<thead>
<tr>
<th>Present Tariff</th>
<th>Proposed Tariff</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3698.88</td>
<td>4898.88</td>
<td>1200</td>
</tr>
</tbody>
</table>

Nepal & Bhutan have exemption:

For 20' container

<table>
<thead>
<tr>
<th>Present Tariff</th>
<th>Proposed Tariff</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>3328.99</td>
<td>4898.88</td>
<td>903.64</td>
</tr>
</tbody>
</table>

In present tariff, ICD composite box rate is separately shown under serial S.11.2, and there is special benefit for ICD bound traffic for the EXIM trade. This is now proposed to be withdrawn and traders are required to pay more by ₹1200/20' container.

Needless to mention that ICD plays a very important role in evacuating the port and this special benefit should be continued for the trade. The port receives the containers for shipment in less time with completed formalities thus the waiting time is very less for containers at the port & ships get the containers in bulk numbers from ICD. Similarly Import containers are immediately evacuated from port and if it is required to keep the containers at port for ICD clearance that is also taking less number of days. In case of Nepal and Bhutan bounded containers, the exemption in present tariff shown as concession under notes of section S.11 & S.12. Also, in proposed rate the EXIM traders of Nepal and Bhutan will be paying additional ₹903.64/20' container from present rate. Being a landlocked country, Port should consider the same tariff for Nepal & Bhutan and Nepal and Bhutan's tariff should be shown in separate section and not as exemption.

In view of the above, the following is proposed:

(i). In case of ICD:

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Category for ICD</th>
<th>Rate in per TEU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KDS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Foreign</td>
<td></td>
</tr>
</tbody>
</table>

The financial benefits so long given to promote ICD traffic in the form of reduction in port charges have not translated into surge in ICD traffic at Kolkata Port. The ICD containers handled at KDS during 2012-13, 2013-14, 2014-15 and 2015-16 were 34126 TEUs, 31836, 36087 TEUs and 33987 TEUs respectively. The same taking KoPT as a whole were only 41234 TEUs, 37759 TEUs and 41107 TEUs during the year 2012-13, 2013-14 and 2014-15 respectively. Therefore, stage has come to review the same. As the rates notified in the Scale of Rates would be ceiling rates, port would have the option of reviewing the same in future if any reduction is warranted.

In the proposed Scale of Rates import containers of Nepal and Bhutan have continued to enjoy 10% rebate on the Composite Box rates as is being enjoyed presently. Only with the discontinuance of reduced ICD rate they would not be getting the benefit at two stages in some cases like for containers moving through ICDs.

There is no effective increase in the basic container handling composite box rates in the proposed Scale of Rates. The new rates have been proposed only by merging the existing Special Rate of 5% with the existing Composite Box rates. In the proposed Scale of there is no Special Rate.
1. Load Container other than Over Dimensional Container 3698.88

(ii). In case of Nepal/Bhutan:

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Category for Nepal / Bhutan</th>
<th>Rate in per TEU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KDS</td>
<td>Foreign</td>
</tr>
</tbody>
</table>

2. Load Container other than Over Dimensional Container 3329

(iii). The following reasons are considered for continuing the benefits to ICD and Nepal and Bhutan bounded cargos:

(i). ICD:
Policy for development of ICD was made earlier and accordingly the benefits have been proposed. However, these benefits have now established and passed on by shipping lines to the users. At this time, if the policy for promoting of ICD development is withdrawn, it is to be believed that port does not have any particular policy for ICD development in Eastern region. Needless to mention that EXIM trade is paying less transaction cost for EXIM containers if cleared from ICD.

(ii). Nepal & Bhutan:
Both countries economy is substantially depending on Kolkata Port being the nearest port of their countries. So, it is necessary to continue to provide them relief by reducing the box rates i.e. present tariff rate (₹3328.99).

In the proposed Scale of Rates import containers of Nepal and Bhutan have continued to enjoy 10% rebate on the Composite Box rates as is being enjoyed presently. Only with the discontinuance of reduced ICD rate they would not be getting the benefit at two stages in some cases like for containers moving through ICDs.

There is no effective increase in the basic container handling composite box rates in the proposed Scale of Rates. The new rates have been proposed only by merging the existing Special Rate of 5% with the existing Composite Box rates. In the proposed Scale of there is no Special Rate.

7. Alfa Oceanic Shipping Services Private Limited dated 15.04.2016 (Comments not received by us).

(i). The actual meaning and the definition of "inward journey and outward journey", need to be more clarified in detail because "Piloting" of a vessel is always required for - [1] any vessel ARRIVING from Sandheads for HDC, KDS or ANY ANCHORAGE POINT, [2] any vessel SAILING from HDC, KDS or ANY ANCHORAGE POINT to Sandheads, except exceptional cases, AND [3] for SHIFTING ALSO.

QUOTE
S.24 Towage & Pilotage of Vessels

No change in the proposed Scale of Rates has been made in respect of conditionalities of charging towage and pilotage at Clause S. 24.1 as well as in respect of shifting charges. It may be noted that the said conditionalities exist in the Scale of Rates of 2007 and 2010 as well as 2014. Therefore, KOPT is of the opinion that there is no further requirement of defining the same now.
2.1. The Association of Shipping Interest in Calcutta (ASIC) has furnished the following comments:

(i). Under the Tariff policy, 2015, Major Ports have been directed to draw up their own Scale of Rates on the basis of “annual revenue requirement” to be assessed by the Ports.

The parameters for deriving annual expenditure, a key component of the annual revenue requirement, have not been specified in the proposed policy. Rather, the reference to assessment of annual revenue requirement is vague and inadequately described.

Consequently, the approach of different Major Ports to assess their annual revenue requirement can be vastly different, perhaps even in conflict. This cannot result in a uniform policy governing fixation of Scale of Rates from time to time.

Moreover, annual expenditure of any Major Port can well be an endless pit. It is a matter of common experience across the country that Government bodies often indulge in superfluous expenditure, without any commercial justification. What is of paramount importance is the fact that the Port users who are subject to SOR drawn, have no say in deciding whether any expenditure of a particular Port has commercial basis or prudence, yet they are to be compelled to fund for the expenditure on the basis of which annual revenue requirement is proposed to be drawn up.

Indexing the annual revenue requirement on the basis of 100% wholesale price index is also arbitrary and in restraint of trade. The business of transporting cargo through the Port has seasonal implications and fluctuates periodically. No scope to adjust the index ARR with prevailing economic state of affairs at a particular Port has been proposed in the draft policy.

The policy is thus restrictive of trade, other than being unfair to the Port users.

(ii). The question of legality of the scheme envisaged in the policy must also be considered before acting on the same. TAMP is the only authority which can frame rates for services to be rendered by a Port or its authorized agent. The proposed policy seeks to delegate TAMP’s powers substantially to the individual Major Port Trusts, which is impermissible under the Major Port Trust Act, 1963. No right to delegate its powers has been conferred on the TAMP under the Statute. The proposed policy makes it abundantly clear that the Port Trust Authorities will prepare the SOR applicable for them in elaborate detail, including fixation of financial rates, which would then be only left for a formal approval of TAMP. Thus, the TAMP will not be exercising any jurisdiction and will not be framing rates by itself, as has been mandated by Section 48 of Major Port Trusts Act, 1963. Policy will, thus, lead to palpable illegality in addition to creating a platform for arbitrariness and manipulation.
The existing economic trend does not leave any scope for further increase in Port charges. Vessel traffic at Kolkata Dock System and Haldia Dock Complex both under aegis of Kolkata Port Trust have seen a significant rise over the past few years. This is despite the inherent labour and logistical problems and lack of infrastructure support faced in both the Port systems. We feel much credit for such rise in business volume should be given to the agencies working with the Port and facilitating its operations. An unfair cost escalation will, therefore, have a disastrous effect on the Port’s working environment.

The expenses incurred by any vessel calling at Kolkata Port Trust is far higher than neighboring Ports as also the Chennai Port. The rise in costs without any reciprocal benefit passed on to the Port users would be restrictive of trade and discourage further investments. Much of the business presently transacted with the KOPT will, in such an event, be shifted to other Ports causing severe detriment to the interest of all private agencies and entities who depend for their livelihood on Port related operations. The proposal also does not address the lack of professionalism and commercial resolve on part of the Port authorities. The wealth lying in the hands of KOPT, which include valuable land extending to approximately 4576 acres in area find no place of mention in the proposed scheme for ascertain the annual revenue requirement. This is a major defect in the proposed policy.

The policy also does not cast any dictate on the Port Trust to implement their project within a stipulated time and prevent wasteful expenses or escalation of costs of such projects due to delays. Consequently, a Port can act in a lackadaisical manner while pursuing its projects although the expenditure for such project would have been budgeted at the stage of inception and reflected in the Index ARR on the basis of which the Port users would be coerced to pay incremental sums of money under the SOR terms. In this connection, it is specifically pointed out that the non-Jetty based floating stores and regasification unit for import, storage and transfer of LNG in the open sea which was launched with enormous pomp and ambition, is scarcely pursued for implementation in reality.

It is also a matter of serious concern that habitually the Kolkata Port Trust realizes various charges and fees which are beyond the scope and purview of SOR fixed by TAMP. This hidden cost increases the agreed costs of availing Port services to a great extent, contrary to the Legislature. For example, the Kolkata Port realizes fees for onboard handling and CY handling twice over in the most irrational and arbitrary manner. On the one hand CDLB charges are realized from MHC operation at Kolkata Port and at the same time and for the same activity box rates are recovered separately. In addition to the above, the Kolkata Port is also charging for lashing and un-lashing of containers from operators which activity is already covered within the scope of CDLB charges. While considering this issue the TAMP must bear in mind that the Kolkata Port does not provide much capital infrastructure and support to the operators, who have to fund their operations entirely with their own investments. Abrupt increase in the SOR will inevitably expose these private entities to severe hardship and cast a catastrophic effect on their livelihood.

In the end, it is requested to consider the present economic crisis prevailing on Eastern India Ports and the slump in global market economy, due to which any further hike in Port costs would have a disastrous effect on trade. The proposed policy should be dropped, rescinded and withdrawn in entirety in its present form and content.

2.2. The KOPT has responded stating that ASIC has not raised any specific point with respect to proposed SOR rather on general Tariff Policy and other related issues on which KOPT has nothing to comment at this stage.

3. Some of the users/ user organisations have furnished their comments on the revised proposal of KOPT. The KOPT vide its letter dated 15 July 2016 has responded to the comments of the users. The comments of the users/ user organisations and the response of KOPT thereon are tabulated below:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Comments of the users / user organizations</th>
<th>Reply furnished by KOPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Andaman Chamber of Commerce &amp; Industry (Comments not received by us).</td>
<td></td>
</tr>
</tbody>
</table>
Kolkata continues to remain an important port for feeding the Andaman & Nicobar with all essential commodities and construction materials. It is imperative for the islands to have an efficient and cost effective mode of transportation of cargo else the landed cost of all materials can become extremely high resulting in hardship to the common man. Following TAMP’s order to keep in abeyance, their earlier order of linking coastal rate with the exchange rate, KOPT has revisited the earlier proposal on revision of Scale of Rates and modified the same. In the revised Scale of Rates the existing structure of separate concessional rates for Andaman Vessels, which is lower than the coastal rates, have been maintained with a small increase of 10% as has been done in all other cases. Therefore, it may be appreciated that KOPT has continued to support the trade between Andaman and Kolkata.

2. MCC PTA India Corp. Pvt Ltd (MCPI) dated 30 June 2016 to TAMP (MCPI Letter to KOPT on 04.6.2016)

(i). KoPT has now proposed to effect increase in the Towage and Pilotage Charges by 10 %. Incidentally, in KoPT’s proposal dated 1st April, 2016, they did not propose any effective increase in said Towage & Pilotage Charge, which is a major component of vessel related charges of HDC. In the notice issued in the website, KOPT has inter alia, indicated that the change has been necessitated due to notification of TAMP vide Gazette No.230 dated 26.05.2016 on Restatement of Coastal Tariff. This issue has arisen due to recent order of Govt. restoring the earlier position in respect of charges for coastal vessel. As the coastal rates have not been allowed to be restated in relation to exchange rate for over a decade now, a situation has now arisen where the coastal vessel related charges are about 30% of the corresponding foreign vessel related charge.

(ii). Even in the proposal of KoPT dated 1st April 2016, there was a provision of 40% concession in the coastal vessel related tariff, but still, port did not propose any increase in towage & pilotage charge. This means that the increase in the towage and pilotage rate by 10% has been necessitated to cover burden of coastal concession even beyond 40%.

This is detrimental to the interest of such industries who despite severe problems are using the Haldia Port to import raw materials and export finished products.

(iii). In other words to give substantial rebate to the vessels engaged in coastal trade even beyond 40%, the purported loss of revenue from coastal trade is being loaded on the vessels engaged in foreign trade. MCPI are not against the policy of granting concession to coastal shipping but it should be appreciated that the same should not be at the cost of the Industries who require to import raw materials by foreign vessels. This is detrimental to the interest of such industries who despite severe problems are using the Haldia Port to import raw materials and export finished products.

(iv). At Haldia due to draft limitations, MCPI’s tankers carrying Paraxylene are deadfreighted upto 35 % incurring higher cost, over and above payment of extra premium of $ 4.3 per ton for calling a vessel at Haldia. Accordingly, the extra burden on users towards proposed increase of towage & pilotage charge will cause severe hardship.
This is totally unreasonable as the said increase is purportedly necessitated to provide more than 40% subsidy to coastal vessels.

(v). MCPI strongly feels that in case the coastal vessel is to be provided subsidy even beyond 40%, then the same should not be at the cost of the users who are required to import materials by foreign vessels. MCPI accordingly, requests not to consider increase in the Towage & Pilotage Charges, as proposed.

3. I T T SHIPPING (P) LTD. (ITTSPL) dated 8/9 July 2016

(i). ITTSPL like to pray to that the Kolkata Port Trust would be kind enough to grant certain relaxation in the charges for Dry Docks.

In respect of Vessel Related Charges i.e. Berth Hire, Towage and Pilotage and Port Dues, a separate concessional rate is provided in the existing KOPT’s Scale of Rate and this has also been maintained in the proposed Scale of Rates, subject to the general Tariff increase.

(ii). PART - V

1. CHARGES FOR DRY DOCKS.

S.19 - Dry Dock charges
S.19.1 - Charges for docking and undocking.

(i). CHARGES AS PER EXISTING SCALE OF RATE.

<table>
<thead>
<tr>
<th>Size of vessel</th>
<th>1 &amp; 2 N.S. Dry Dock</th>
<th>1 &amp; 2 K.P. Dry Dock</th>
<th>3 K.P. Dry Dock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal vessel</td>
<td>96380.00</td>
<td>96380.00</td>
<td>96380.00</td>
</tr>
<tr>
<td>Coastal vessel</td>
<td>96380.00 + 18000 for every additional 1000 GRT or part thereof</td>
<td>96380.00 + 18000 for every additional 1000 GRT or part thereof</td>
<td>96380.00 + 18000 for every additional 1000 GRT or part thereof</td>
</tr>
</tbody>
</table>

(ii) CHARGES IN THE DRAFT PROPOSAL OF SCALE OF RATE.

<table>
<thead>
<tr>
<th>Size of vessel</th>
<th>1 &amp; 2 N.S. Dry Dock</th>
<th>1 &amp; 2 K.P. Dry Dock</th>
<th>3 K.P. Dry Dock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal vessel</td>
<td>202398.00</td>
<td>202398.00</td>
<td>202398.00</td>
</tr>
<tr>
<td>Coastal vessel</td>
<td>202398.00 + 37800 for every additional</td>
<td>202398.00 + 37800 for every additional</td>
<td>202398.00 + 37800 for every additional</td>
</tr>
</tbody>
</table>

The dry dock charges have been enhanced suitably to compensate the continually increased cost of operation & maintenance of the dry docks and also to provide improved dry dock services to the users by modernization of facilities by way of replacement of some old equipment/machinery/gadgets. The benefit of this modernization will be fully shared by the dry dock users even in the short run. In this regard, it is informed that the revised ‘Rules for regulation of Dry Docks’ of “Calcutta Port Rules, 1994” have been approved by KoPT Board and are awaiting approval of the Ministry and followed by gazette notification. The revised Regulation once in operation is expected to remove the inconveniences and shortcomings of existing dry dock services. Moreover, adequate compensations/reliefs have been introduced through new conditionalities in the Dry Dock Charges for under-performance OR non-performance on account of KoPT.
### Comparison with Existing Rate.

Increase is more than Double.

**Observation:**

The charges as in the existing Scale of Rate is reasonable to promote Coastal Shipping Trade.

**Prayer:**

It is suggested not to increase the docking / undocking charges more than 10% percent over the existing one if at all it is essential to explore the Coastal Shipping Trade.

### 2. DRY DOCK HIRE CHARGES.

#### S.19.2: Dry Dock Hire Charges.

#### (i). CHARGES AS PER EXISTING SCALE OF RATE.

During first 10 days of occupancy of the vessel (per day or part thereof).

<table>
<thead>
<tr>
<th>Size of vessel</th>
<th>1 &amp; 2 N. S. Dry Dock</th>
<th>1 &amp; 2 K. P. Dry Dock</th>
<th>3 K.P. Dry Dock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal vessel</td>
<td>26400</td>
<td>25200</td>
<td>24000</td>
</tr>
<tr>
<td>Coastal Vessel</td>
<td>28800</td>
<td>27600</td>
<td>25800</td>
</tr>
<tr>
<td>Coastal Vessel</td>
<td>31200</td>
<td>30000</td>
<td>26400</td>
</tr>
</tbody>
</table>

#### Comparison with Existing Rate.

Increase is more than Double.

**Observation**

#### (ii). CHARGES IN THE DRAFT PROPOSAL OF SCALE OF RATE.

<table>
<thead>
<tr>
<th>Size of vessel</th>
<th>1 &amp; 2 N. S. Dry Dock</th>
<th>1 &amp; 2 K. P. Dry Dock</th>
<th>3 K.P. Dry Dock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coastal vessel</td>
<td>55440</td>
<td>52920</td>
<td>50400</td>
</tr>
<tr>
<td>Coastal Vessel</td>
<td>60480</td>
<td>57960</td>
<td>54180</td>
</tr>
<tr>
<td>Coastal Vessel</td>
<td>65520</td>
<td>63000</td>
<td>55440</td>
</tr>
</tbody>
</table>

**Comparison with Existing Rate.**

Increase is more than Double.

**Observation**
The charges as in the existing Scale of Rate are reasonable to promote Coastal Shipping Trade.

**Prayer:**
It is requested not to increase the Dry Dock Hire Charges more than 10% percent over the existing one if at all required to explore Coastal Shipping Trade.

(iv).

**PART - III**

**MISCELLANEOUS CHARGES.**

S.16: Miscellaneous charges.

Sl.No. 6  Use of Port's Road Weigh Bridge.

The rate as stated in the Scale of Rate of KoPT is too high in comparison to other Weigh Bridge situated at different places in Kolkata. They are charging as under:

(i)  Load vehicle having upto 6 wheels: @ ₹.100/- per vehicle.

(ii) Load vehicle having more than 6 wheels: @ ₹.150/- per vehicle

**NOTE:**
(i) ABOVE RATE IS IRRESPECTIVE OF WEIGHT OF VEHICLE WHERE MT IS NOT CONSIDERED AT ALL.

(ii) THEY ARE NOT CHARGING FOR WEIGHMENT OF EMPTY VEHICLE BUT IT IS CONDITION WHERE EMPTY VEHICLE IS WEIGHED THE LOADED VEHICLE SHOULD BE WEIGHED AT THAT WEIGH BRIDGE FOR CALCULATION OF TARE WEIGHT OF THE VEHICLE.

**Reasons for above Prayer**

From the past experience it is seen that while going to dry dock and coming out from dry dock, very minimum facilities are provided to the shipowner. Even some time the owner have to compromise with the safety of the vessel, e.g. sometime minimum one fire line is not provided. There is a regular delay in docking and undocking of the vessel. The vessel going to dry dock say today will sit in block tomorrow, may be day after tomorrow. There is no cleaning of dry dock floor; regularly substantial water logging in the dry dock remains. Sometime Caisson could not be placed properly or cannot be opened as a result vessel remains in dry dock and the dry dock authority is charging the hire charges of the dry dock for no fault of ship owner. Normal block work is to be carried out by KoPT people which was in force since inception. But for the last 3 years the block work is carried out by private people who are No change had been proposed in the Proposed Scale of Rates.
charging abnormally high rates for placing block say between Rs.3.5 lacs to Rs.8.0 lacs for a small vessel which is a hidden cost not mentioned in the Tariff.  

**Suggestion:**

1. Last but not the least, ITTSP suggest that a special rate to be incorporated in the Scale of Rates of KoPT for Andaman Bound Coastal Vessel as under:

   (i) Docking/ Un-docking charges : `50,000/-
   
   (ii) Dry Dock Hire Charges : `20,000/- per day for first 30 days.

   (iii) Dry Dock Hire Charges : `25,000/- for 31 days to 60 days.

   (iv) Dry Dock Hire Charges : `30,000/- for beyond 60 days.

2. ITTSP observe that due to encouragement by the Govt. of India now I.V. Coastal Vessel has increased by 10 times at Kolkata. The I.V. Coastal Vessels which are regularly plying between KoPT – Diamond Harbour – Sagar & Haldia have no other alternate but to dry dock the vessel at KoPT Dry Docks. For encouragement and promotion of I.V. Coastal Vessel we suggest the following rates:

   (i) Docking / un-docking charges for I.V. vessels registered under Inland Vessel Act or R.S.V. Act - `25,000/-

   (ii) Dry Dock Hire Charges at the following rates:
   - for first 30 days @ `10,000/- per day.
   - from 31 day upto 60 days @ `15,000/- per day.
   - beyond 60 days @ `25,000/- per day.

It is requested to incorporate the above in the Dry Dock Charges Schedule of KoPT for development of I.V. Coastal Vessel.

**NOTE:** MEANWHILE COASTAL VESSEL REGISTERED UNDER M.S. ACT SHOULD HAVE PRIORITY OVER I.V. VESSEL WHILE SLOT ALLOTMENT FOR DRY DOCKING IS TAKEN INTO ACCOUNT.
4. A joint hearing in this case was held on 26 July 2016 at the KOPT premises. At the joint hearing, the KOPT made a brief power point presentation of its proposal. At the joint hearing, the KOPT and the concerned users/ user organizations have made the following submissions:

**Kolkata Port Trust**

(i). All the users/ user organisations would have gone through the proposal. Nevertheless, we will briefly explain the proposal.

(ii). Makes a brief power point presentation of the proposal.

(iii). The existing SOR had an original validity upto 31 March 2016. The SOR is under extension.

(iv). The proposal was submitted in April 2016. Due to Government policy on the coastal concession, the proposal was revised and submitted on 24 June 2016.

(v). We have followed the Tariff Policy, 2015, and the Working Guidelines, to determine the ARR.

(vi). As per the Guidelines, all expenses relating to Estate activity, interest on loan, 4/5th of Pension fund contribution, one time expenses like arrears have been excluded. Dredging expenditure covered by subsidy has also not been considered.

(vii). The indexed ARR for 2014-15 is ₹ 1472.10 cr. After excluding the component of railway earnings, the ARR from cargo/ vessel activity is ₹ 1334.02 cr., as against the actual earning of ₹ 940.53 cr. Thus, though the port is permitted by the Tariff Policy to generate additional revenue to the tune of ₹ 393.50 cr, KOPT proposes recovery of only around ₹ 188.78 cr. considering the financial position of the port and perspective of the port users. The shortfall is proposed to be bridged through increase in traffic volume and income from additional services.

(viii). The proposed increase is considered over the existing rate plus 5% special levy towards Pension. Pension levy of 5% has been discontinued.

(ix). Increase in wharfage has been proposed 0% – 10%.

(x). Mechanical Handling Charge has been increased by 36%. This relates to the captive berth of TNEB. The increase is sought since the Port has made investment to the tune of ₹ 20 cr in the last year and there is also an increase in productivity from 11000 MT/day to 18000 MT/ day.

(xi). Increase in On Board Charge has been proposed at 10%, except unspecified cargo.
(xii). Unspecified cargo mainly involves project cargo, for which productivity is low and higher manpower is required. Hence the On Board Charge for unspecified cargo has been proposed at ₹ 150/- per MT.

(xiii). The rate for use of MHC has been proposed at ₹ 89.71/MT, since the hiring of MHC has increased substantially.

(xiv). The composite rate for Containers has been increased by barely 2%.

(xv). Vessel related charges have been increased by 10%.

(xvi). Penal berth hire for non achieving benchmark pumping rate is introduced.

(xvii). Charges for inland vessels have been increased by 10%, Dry Docking charges by around 100% and Ship Breaking charges by around 25%. The permit charges have been increased by 25% on account of high increase in cost for various control systems.

(xviii). Gives an insight on the important developments that have happened at KOPT since the past revision.

(xix). Since inception, berth no. 4 is dedicated to TNEB to handle coal. Port has made investment to the tune of ₹ 20 cr in the last year by way of deploying various equipment. This has led to increase in productivity from 11000 MT/day to 18000 MT/day. In this backdrop, the increase in rates for loading/ tippling of coal is reasonable. It may be considered.

(xx). The rates proposed by the port is at a ceiling level. Ports have the option to give rebates and discounts. We have given concessions in the past based on the commitment given to us by the users. We can also look into having various promotional measures. The trade be rest assured that if you commit volumes, we can look into the rebate aspect.

(xxi). The per day productivity of acetic acid is very low, as compared to dry bulk cargo. Hence, for the corresponding period, a higher quantum of dry bulk cargo can be handled. Thus, if the rate for handling of acetic acid is increased only marginally, we cannot sustain.

(xxii). The cleaning charge is envisaged to clean the spillage. This will lead to better port management and would also deal with environmental issues. We are proposing a very marginal rate.

(xxiii). We have given priority to HPL. The increase in tariff should be seen as a complete package.

(xxiv). The financial benefits so long given for a decade to promote ICD traffic in the form of reduction in port charges have not translated into surge in ICD traffic at Kolkata Port. The benefit is not getting passed on to the users. Therefore, it is time to relook at the same.
(xxv). 10% rebate on the containers of Nepal and Bhutan have been continued in the proposed SOR also. However, we have installed RFID's and other access controls, which is bound to increase the cost for use of facilities.

(xxvi). Having different permits for different docks is the requirement of ISPS. It is for the security of the port.

(xxvii). The stevedoring licence of ₹ 50000/- is as per the Stevedoring Policy of the Government issued in 2016.

(xxviii). Telescopic slabwise rates have been prescribed for barges.

**HPL**

(i). Revenue requirement of the port is seen to be the primary criteria for seeking the increase in tariff. This takes into account the cost of the port. In such a scenario, the port will incur any expenditure and pass on the same to the users in the form of increase in tariff. This is not logical. In case of increase in tariff, the traffic will move on to other ports. [KOPT: HPL berth is a dedicated berth. Berth is not fully utilised by HPL. ₹ 150 per tonne is cheap.]

(ii). Current port rates prevailing at KOPT are about 60% higher than Vizag port and 70 % higher than Paradip which after proposed revision would be 67 % higher than Vizag port and 77 %higher than Paradip. How does the port envisage to compete with these ports.

(iii). On the earlier occasion, we have supported the pension levy, recognizing the fact that the port has a huge pension liability, and it was projected that the levy will for a specific period to enable the port to tide over their financial requirements to meet the pension obligations. However, in the current proposal, the port has jacked up its base rate by building the 5% pension levy therein and then seeking an increase. In such a scenario, the pension will indirectly be levied by the port for a long period of time.

(iv). Due to lower draft, HPL is forced to charter higher number of smaller vessels to bring the same volume. This in turn has increased our costs.

(v). The port should explore the means of increasing the efficiency rather than increasing the tariff.

**TANGEDCO**

(i). Cargo related charges pertaining to mechanized system is proposed to be increased by 49.7%. This will lead to an additional expenditure for wagon tippling and shipment charges.
(ii). It takes around 3 days for a vessel to sail out due to draft restriction and waiting for tide. The proposed port dues, pilotage and berth hire are higher and hence will not be economical to TANGEDCO.

(iii). Inspite of completing the loading operations on time, there is no guarantee for the vessel to sail out on time, as the vessels have to wait for tide for movement. This increases the turnaround time of vessels.

(iv). The increase in our costs cannot be passed on to the users by us. We request to maintain the existing rates.

**MCCPTA**

(i). Cargo Handling / Wharfage Charge of Acitic Acid is proposed to be increased by 10%. Acitic Acid is comparatively low valued cargo and hence will not be able to sustain the increase of 10%. Increase of 2% - 4% is reasonable.

(ii). The rebate granted to the vessels engaged in coastal trade is being loaded on the vessels engaged in foreign trade. We are not against the policy of granting concession to coastal shipping but it should not be loaded onto foreign vessels. The foreign vessels should not be made to cross subsidies. The port/ government should bear these costs.

(KOPT: It is required one and half days to handle acitic acid of 3000 units. 30,000 units of Dry Bulk Cargo can be handled in the same period.)

**MSA**

(i). Dry Docking charges are proposed to be increased by 100%. The intention of the port appears to not encourage any private operator to undertake dry docking at the port and only the port vessels would use the facility.

(ii). The rate for Cantilever crane is proposed to be increased from ` 38800/- to ` 81640/-. The Cranes are not used widely as the condition of the Cranes are not good. The port is requested to reconsider the rate proposed for the Cantilever crane.

(iii). Any charge levied by the port should correspond to the services rendered. The port has proposed levy of Cleaning charge of `1.50/MT. However, no service is rendered by the port on this account.

(iv). Why are we made to buy three different permits for the movement of personnel in three Docks of KOPT, when the movement is within the port premises. Now, increase has been proposed even in the permit charges.

(v). As compared to the earlier stevedoring licence of ` 12960/-/licence/ 2 years, it is now proposed to ` 50000/-/licence/ year. This is quite unreasonable.
(vi). The permit is issued after check is done by ISPS. When the ISPS check is done once, why should the port insist for a different permit for different dock. 

[KOPT: We incur heavily on CISF at each gate.]

**ASIC**

(i). We have given our submissions in writing earlier. We have questioned the Tariff Policy, 2015, based on which the proposal has been formulated by KOPT.

(ii). Today, market has a choice. If the rates increase, the users will go to other ports.

(iii). We are subject to a tariff increase every 2-3 years.

(iv). This is against the Government policy of ease of doing business and cutting costs. KOPT has not succeeded in cutting cost.

(v). All the stakeholders should come together and help each other to co-exist. It is requested that status quo in rates be maintained for the next 2-3 years.

**NACFS**

(i). The KOPT has proposed to withdraw the special benefit for ICD bound traffic for the EXIM trade, due to which the traders are required to pay more by ₹ 1200/- for a 20’ container.

(ii). ICDs play an important role in evacuating the port and this special benefit should be continued for the trade.

(iii). The tariff for Nepal & Bhutan should be shown in separate section and not as exemption.

(iv). The economy of both Nepal & Bhutan substantially depends on KOPT, being their nearest port. So, it is necessary to continue to provide them relief by reducing the existing box rates.

**CCHAA**

(i). The increase in charges prescribed under Permit & Licences as proposed by KOPT is not at all solicited.

(ii). None of the neighbouring ports charge licence fees. Why should port levy it, given that we hardly use any port facility/ amenities. Even the basic amenities like, drinking water, toilets, seating area with proper shed are not available. We do not pay licence fee to ICD/CFS.
(iii). It may be noted that Customs charges only a nominal renewal fee of ₹5000/- for a period of 10 years. This in comparison to fee of ₹13,997.00 Plus for a period of only five years is indeed very high.

(iv). This should be rolled back.

**Ripley**

(i). We operate barges and due to lower draft at KOPT, there is more of barge movements.

(ii). If the tariff of the barges is increased, the users will use the neighbouring ports. This will have a hitting impact on everyone.

(iii). It is requested that status quo be maintained.

**Netincon**

(i). We are not in position to absorb further increase in rates.

5. Subsequent to the joint hearing, some of the users / user organizations have given their comments. The KOPT has also furnished its feedback comments on the comments of users / user organizations. The comments of users / user organizations and the comments of the KOPT thereon are tabulated below:

<table>
<thead>
<tr>
<th>Sr. no.</th>
<th>Comments of user / user organisation</th>
<th>Reply of KOPT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>TANGEDCO</td>
<td></td>
</tr>
<tr>
<td>(a).</td>
<td>Cargo Related Charges:</td>
<td></td>
</tr>
<tr>
<td>(i).</td>
<td>It is noted from the proposal that KOPT has proposed an increase in tariff for cargo related charges pertaining to the Mechanized system by 49.7% as tabulated below at Haldia Dock Complex (HDC). TANGEDCO’s linkage is 14.25 lakhs (Linkage) Tons of coal annually through Haldia. If this proposal is implemented TANGEDCO will have to incur an additional expenditure of ₹54.78/MT for wagon tippling and shipment charges amounting to ₹7.81 crores (14.25LT * ₹54.78) per annum.</td>
<td>The KOPT has already withdrawn the productivity linked wharfage rate proposed earlier. The proposed wharfage rate is now stands at ₹75.00 per MT. TANGEDCO has mentioned that KOPT has proposed an increase of 49.7% in the cargo charges for handling of thermal coal (mechanical). This is not correct. Presently, TANGEDCO is paying a total cargo handling charge of ₹110.23 per MT (including the 5% Special rate). KOPT has now proposed a rate of ₹150.00 per MT, which mean an effective increase of 36% only. The Berth No-4 of HDC is effectively a captive berth, exclusively used by TANGEDCO. Over the years, the cargo throughput of the Berth has been reduced considerably and TANGEDCO has given an estimate of 1.44 MMT cargo throughputs for 2016-17. With such low level of cargo throughput, a substantial portion of direct operating costs are not recovered. Hence, a slab rate system is considered necessary.</td>
</tr>
<tr>
<td></td>
<td>Particulars</td>
<td>Present rate (₹/MT)</td>
</tr>
<tr>
<td></td>
<td>Wagon Tippling Charges</td>
<td>55.11</td>
</tr>
<tr>
<td></td>
<td>Shipment Charges</td>
<td>55.11</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>110.22</td>
</tr>
</tbody>
</table>

(ii). KOPT have proposed for introduction of the slab rate system for cargo handled through mechanical system. In this regards, it is proposed to request to revert back to the flat rate system adopted owing to the following reasons.

(i). The rate is fixed in a manner where a better performer is burdened with higher rate and
low performer is enjoying lesser rate which result in achieving lower outputs.

(ii). There is penalty for achieving higher productivity instead of incentive.

(iii). Port is already rewarded with additional revenue for their performance above 11,000 MT/Day through higher cargo related charges for higher volume. Hence further additional incentive need not be provided to the Port through introduction of slab rate system.

(iv). After implementation of slab rate the average daily output may be reduced from 14,00 MT/day to 11,000 MT/day.

cost of running the berth, which has a comprehensive mechanical handling facility from tipping the berth shipment, remains uncovered at the existing rates. The direct operating cost of running the mechanical facility of Berth No. 4 is about ₹ 26.00 crores per annum. If the said direct operating cost is to be recovered from 1.44 MMT of cargo, the rate is to be fixed at about ₹. 180.00 per MT. However, KOPT has not proposed the said rate even, considering that the rate increase would be very high. Further, the proposed rates of Rs 150.00 per MT cannot be considered as high for an end-to-end mechanical facility, under any yardstick. KOPT has recently made substantial investment in the berth by installing a new Stacker cum reclaiming and also made some costly modification in the handling system. While vessels of TANGEDCO are getting the benefit of such investment, the low capacity utilization of the captive facility is making the operation of the berth unremunerative for HDC at the existing rate. Accordingly, the proposed increase in rate to ₹. 150.00 per MT has become inescapable.

(iii). The average performance for the period from January 2016 to June 2016 was about 14,000 MT/day. The charges for loading through mechanical system for a loading rate of 14,000 MT/day at the present rate of ₹55.11/MT is ₹7.72 lakhs/day (₹ 55.11/MT * 14,000MT/day) excluding service tax. Whereas, as per the proposed rate by KOPT, the rate will be ₹12.60 lakhs/day (i.e. 14,000 MT *₹ 90/- per MT) for a loading rate of 14,000 MT/day excluding service tax.

Hence, if the proposed slab rate system is implemented along with the proposed hike in the charges for the cargo handled through Mechanical system, the additional burden to TANGEDCO towards loading of coal through mechanical system would be ₹.34.89/MT (90-55.11) or about ₹4.97 crores/annum (14.25 lakhs tones/annum * ₹34.89/MT).

(b). Vessel related Charges:

The proposed revision of the scale of rates for vessel related charges KOPT at Haldia Port has been scrutinized and the following is stated:

(i). KOPT has proposed revision in the vessel related charges viz. Port dues, Pilotage and Berth hire charges. The proposed rates at Haldia and its comparison with the present rates at Haldia are tabulated below:

<table>
<thead>
<tr>
<th>Vessel related charges</th>
<th>Existing Rate (₹)</th>
<th>Value (for GRT 27385) (₹)</th>
<th>Proposed rate (₹)</th>
<th>Value (for GRT 27385) (₹)</th>
<th>% increase Over existing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port dues</td>
<td>11.301</td>
<td>303405.39</td>
<td>12.80</td>
<td>350528.00</td>
<td>15.51</td>
</tr>
<tr>
<td>Pilotage</td>
<td>13.862</td>
<td>374133.87</td>
<td>15.179</td>
<td>432107.92</td>
<td>15.50</td>
</tr>
<tr>
<td>Berth hire</td>
<td>0.0624</td>
<td>617949.96</td>
<td>0.0865</td>
<td>862717.70</td>
<td>15.46</td>
</tr>
</tbody>
</table>

Considering that a vessel of GRT 27385 calls at HDC for loading, it is seen that the proposed rates for Port dues, Pilotage and Berth hire charges has been increased by about 15.5% in comparison to the existing rates.

TANGEDCO vessels calling at HDC are all coastal vessels and the rates of coastal vessels are presently about 30% of that of foreign vessel. Accordingly, the coastal rates even after the proposed increase would remain abysmally low. TANGEDCO has indicated that the increase in cost because of proposed increase in vessel related charges would be 15%. This is not correct. They have to factor the Special rate of 5% presently being paid, which will no longer be levied after the proposal for revision of SOR is implemented. The effective increase in the vessel related charges would be 10% only if TAMP approved the proposal of KOPT.
Further, it is seen that the % increase in the expenditure towards vessel related charges for TANGEDCO due to the proposed increase comes to around 15.50% (for each shipment) i.e. around ₹ 5.00/MT. It is envisaged that for moving the linkage quantity of about 14.25 LTPA through HDC, approximately 72 shipments have to be programmed resulting in an additional expenditure of about ₹ 71 lakhs per annum.

(ii). Since, the propose Port dues, Pilotage and Berth hire are higher when compared to the existing rates at Haldia port and hence is not economical for TANGEDCO. Hence it is suggested that the present scale of rates may be continued without any enhancement.

(iii). Moreover, Haldia Port is a river port with a declared draft of only 8.23 mts as against the discharge ports draft of about 13.00 mts. Due to this, TANGEDCO vessels could only be partially loaded at Haldia and it has to be necessarily topped up at either Paradip or Vizag leading additional expenditure to TANGEDCO. Further, in addition to the berth occupancy of 40 Hrs at berth, due to riverine nature of the Port, TANGEDCO vessels have to wait for tide for both inward and outward movement which results in increase in turnaround time of the vessels.

(iv). If the above proposed tariff revision in Cargo related and vessels related charges is implemented, the additional financial burden to TANGEDCO will be ₹ 8.52 crores per annum i.e. about ₹ 60/MT.

(v). TANGEDCO is already facing financial crisis and as a result of increase in handling charges at HDC, the cost of Generation of power also goes up consequently affecting the consumers adversely.

(vi). Further, the landed of cost of Haldia coal at KPL/Ennore Port and VOC/Tuticorin Port is already higher than the landed cost of imported coal of similar grade. Any increase in the Vessel related charges and Cargo related charges will greatly impact the landed cost of Haldia coal further which will ultimately lead to increase in the cost of Generation. Now as per the Merit Order Despatch policy, if the variable cost of Generation increase in comparison with other power plants, the thermal power plants will be requested to be backed down / kept as standby which ultimately will lead to decrease in the consumption of coal at the thermal power station and hence evacuation/ procurement of ECL coal through Haldia, leading to decrease in the throughput of the Port.

(vii). In view of the above, at HDC, TAMP is requested to maintain
(i). The existing flat rate of ₹ 55.11/MT for loading of thermal coal using mechanical system and
also wagon tippling charges at the existing rate of ₹.55.11/MT, irrespective of loading rate.
(ii). The existing vessel related charges (Port dues, Pilotage and Berth hire) may be maintained.

2. Additional comments of MCPI

(a). Because of draft limitations, MCPI vessels are dead freighted up to 35% incurring additional cost. MCPI are also paying extra premium of $3-4 per ton for the vessels to call at Haldia. MCPI suffering at present. Introduction of penalty will act as deterrent.

(b). Benchmark Pumping Rate: The proposed benchmark of 500 MT and above per Hour is very high considering the present situation. It should be at best 400 MT per Hour for Paraxylene at the present.

(c). Framing of Transparent Guidelines: A Guidelines should be framed by HDC considering the local conditions and operational problems and the pertinent points raised by MCPI in its mail dated 17 August 2016.

Dread freighting of a cargo in any particular vessel will have no bearing on the pumping rate. Present pumping rate of MCPI are in excess of 550 as of now. As such, any concerns expressed by MCPI in trying to bring it down further would only protect poor performing vessels, which are the reason for having benchmark pumping rates. KOPT have been observing the pumping rate of MCPI vessels carrying Paraxylene and having no doubt that with due diligence and proper supervision, the benchmark pumping rates will always be achieved. Any deviations because of abnormal situations will always be taken in to consideration before levying any penalty.

The benchmark pumping rate is being installed with an objective of ensuring timely sailing of all vessels so that jetty occupancy is kept to the optimum and undue delays do not happen to any vessels on account of other customers.