No. 158
New Delhi, the 19 August, 2002

Tariff Authority for Major Ports

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Jawaharlal Nehru Port Trust for fixation of rental charges for covered sheds in bulk terminal as in the Order appended hereto.

( S. Sathyam )
Chairman

The Jawaharlal Nehru Port Trust

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Applicant

O R D E R
(Passed on this 12th day of August 2002)

This case relates to a proposal received from the Jawaharlal Nehru Port Trust (JNPT) about fixation of rental charges for storage of export cargo in the covered sheds at its bulk terminal.

2.1. The JNPT has made the following points in its proposal:

(i). Keeping in view the interest envinced by some exporters and the need to improve the utilisation of the covered storage sheds, the rental charges of Rs. 120 per sq. mtr per month for use of space in covered sheds in the bulk terminal were fixed by the Board of Trustees in their meeting held on 27 September 2001 for implementation on experimental basis for a period of two years.

(ii). Taking into account the break bulk cargo currently exported and imported through the JNPT, it is proposed to fix the rental charges for covered sheds in bulk terminal for allocation of storage space. The labour required for the purpose of storage of cargo in the covered sheds, will be provided by the concerned importer/exporter or his handling agent.

(iii). It is proposed to adopt the following storage/reservation charges for export cargo as already approved by the TAMP in respect of export operations at the JNPT CFS:

(a). Storage charges for export cargo will be Rs. 31.25 per sq. mtr. per week. The minimum charges, however, will be taken for 50 sq. mtrs. of space and will be in multiple of 10 sq. mtrs.
(b). In case the reservation is for 400 sq. mtrs. and above, the chargeable rate will be Rs. 100/- per sq mtr. per month.

(c). The reservation of space will be given for a minimum period of three months (13 weeks) on advance payment and in case the exporter intends to withdraw the reservation, one month notice will be given to cancel the reservation. The extension will be made on advance payment being made on quarterly basis.

2.2. In this backdrop, the JNPT has requested this Authority to approve and notify the rental charges for use of storage space in covered sheds at its bulk terminal as specified in para 2.1 (iii) above.

2.3. The proposal was approved by the Board of Trustees of the JNPT in its meeting held on 21 December 2001.

3.1. In accordance with the procedure prescribed, a copy of the proposal was forwarded to various concerned port users REPRESENTATIVE BODIES OF PORT USERS for comments. A list of main users of the facility was obtained from the JNPT. The comments received from them are summarised below:

**Bombay Custom House Agents’ Association (BCHAA)**

(i). We have no objection to the tariff of Rs. 120/- per sq. mtr. per month; however, the time frame for which the space must be reserved or will be charged, needs to be reduced from 13 weeks to 4 weeks and in multiple of 4 weeks thereafter. Quarterly basis in today's economic environment is not viable.

**Jindal Iron & Steel Company Limited (JISCO)**

(i). Steel industry is passing through recession and they are not building up inventories. They will approach the TAMP / JNPT when they have plans to store the cargo at the port in advance prior to shipment.

(ii). The proposed rate of Rs. 120/- per sq. mtr. per month is on a higher side and shall be reviewed.

3.2. A copy each of the comments received from the users was sent to the JNPT as feedback information.


4. A joint hearing in this case was held on 24 April 2002 at JNPT premises in Mumbai. At the joint hearing, the following submissions were made:

**Jawaharlal Nehru Port Trust (JNPT)**
(i). It is a simple proposal. Existing rates for far away places are being applied to covered sheds near the waterfront. The users have no objection.

**Users**

(i). We agree. This is a good proposal.

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

(i). Presently, the JNPT allows storage of export cargo in the covered sheds at its Bulk Terminal on transit terms. The dwell time charges leviable are based on weight of cargo stored and are realised on a ‘per day’ basis. The proposal now is to allow storage of such cargo on rental terms by making short term allotment of storage space to interested exporters. No doubt the users have welcomed this proposal since the proposed arrangement will be financially beneficial and logistically convenient to them.

(ii). There has been some reference from the users indicating rates on a monthly basis. This position is not correct. The proposal is for levying a rate of Rs.31.25 per sq. meter per week. This Authority has prescribed a similar rate for storage of export cargo at the JNPT CFS.

(iii). The JISCO has objected to the proposed rate of Rs.31.25 per sq. meter per week. It has not given any reason for its objection other than merely claiming that ‘the rate is on the higher side’. The proposal is to adopt the rate approved for the JNPT CFS to the storage area at the Bulk Terminal. As has been pointed out by the JNPT, area nearer to the water front is more precious than the one which is situated far away from the operational area. Even though the JNPT could have proposed a higher rate, it appears that for commercial considerations, the Port has decided to adopt the rate applicable for the off-dock CFS. That being so, this Authority is inclined to approve the storage charge proposed by the JNPT.

(iv). The JNPT has proposed that charges will be levied for a minimum area of 50 sq. mtrs; and, the area will be reckoned with in multiples of 10 sq. mtrs or part thereof.

It is noteworthy that storage charges on rental terms at some other major port trusts have been prescribed to be for a unit of 10 sq. mtrs. or part thereof. A similar prescription can be made at the JNPT also. In other words, this Authority finds it reasonable to approve a rate of Rs.312.50 per 10 sq. mtrs. or part thereof per week or part thereof.

The minimum charges are proposed to be calculated based on an area of 50 sq. meters. In the case of the JNPT CFS, minimum charges are levied for an area of 5 sq. mtrs only. While the JNPT can operationally regulate allotment of space by discouraging requests for
smaller area, if the situation warrants, it is not necessary to burden users who are allotted lesser area with a tariff for a minimum of 50 sq. meter. The modified unit of charging for 10 sq. meters or part thereof is, however, sufficient for the accounting convenience of the JNPT.

(v). The JNPT has not proposed any definition for the term 'week'. It is reasonable to define 'week' as seven consecutive calendar days.

(vi). The JNPT has proposed to charge a reduced rate for allotment of storage area measuring 400 sq. mtrs. and above. Since this concession proposed is only to provide incentive for maximum utilisation of the area available, this Authority is inclined to approve the proposal of the JNPT in this regard.

The JNPT has, however, proposed to levy storage charge on a unit of 'per month' in this case. In line with the basic rate, the unit of charging in this case are also retained as 'per week'. This Authority, therefore, approves a storage charge of Rs.250/- per 10 sq. meter or part thereof per week or part thereof, in case the area requisitioned is 400 sq. meters and above.

(vii). The JNPT has proposed that the minimum period of allotment will be 3 months (13 weeks). The BCHAA has, however, suggested that this period may be scaled down to 4 weeks. As has been mentioned in the case of area of allotment, the period of allotment can also be operationally decided by the JNPT. There does not appear to be any need to burden the users with the liability to pay for a period longer than their requirement. Nevertheless, to ensure a guaranteed utilisation of area allotted which is reasonably expected by the Port for allowing storage on rental terms instead of on transit terms, a minimum period of 4 weeks is found to reasonable.

It is noteworthy that the minimum period of reservation of space at the JNPT CFS is prescribed as 13 weeks. In view of the decision taken in this case in this regard, it is necessary to review the arrangement prescribed at the JNPT CFS. This can conveniently be done at the time of next revision/review of the JNPT tariffs. The JNPT is advised to keep this aspect in mind while taking up review of the tariffs levied at the JNPT CFS.

6. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves an amendment to the Scale of Rates of the JNPT to include the following provisions:

"Storage charges on export cargo stored in covered sheds at the Bulk Terminal"

(i). Storage charges for export cargo will be Rs.312.50 per 10 sq. meters or part thereof per week or part thereof.
(ii). In case the reservation of space is for 400 sq. meters and above, the storage charges will be Rs.250/- per 10 sq. meter or part thereof per week or part thereof.

(iii). (a). The reservation of space will be for a minimum period of 4 weeks on payment of storage charges in advance.

(b). The allottee will be eligible for extension of the allotment subject to the condition that storage charges will be paid in advance.

(c). In the case of areas allotted for a period longer than 4 weeks, the allottee shall give at least 4 weeks’ notice to withdraw his reservation.

(iv). For the purpose of this charge, ‘week’ shall mean seven consecutive calendar days.”

7. This Order will come into effect after expiry of 15 days from the date of its notification in the Gazette of India.

(S. Sathyam)
Chairman