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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.420 **New Delhi,** **28 September, 2021**

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963, (38 of 1963) the Tariff Authority for Major Ports hereby disposes of the proposal received from National Industrial Corridor Development Corporation Limited (formerly known as Delhi Mumbai Industrial Corridor Development Corporation Limited) for revision of Mandatory User Charge (MUC) relating to the Logistic Data Bank (LDB) project, as in the Order appended hereto.

(T.S. Balasubramanian)

Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/40/2021-MUC.

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Sunil Kumar Singh, Member (Economic)

O R D E R
(Passed on this 15th day of September 2021)

The National Industrial Corridor Development Corporation Limited (NICDCL) [formerly known as Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDCL)] vide its letter dated 14 July 2021 has submitted a proposal for revision of Mandatory User Charge (MUC) of NLDSL's Logistic Data Bank (LDB) project.

2. It may be recalled that based on the proposal of DMICDCL submitted in January 2019, this Authority vide its Order no. TAMP/12/2019-MUC dated 24 July 2019 has approved the proposal of the DMICDCL to levy an amount of ₹.155/- per container on all containers (except transhipment and coastal) handled at all the Major Port Trusts and BOT terminals operating thereat towards Mandatory User Charge (MUC) for the Logistics Data Bank (LDB) service rendered by NICDCL, for a period of one year thereon. On completion of one year thereafter, ₹. 165/- per container was approved to be levied as MUC for the next period of one year. The said order was notified in the Gazette of India on 21 August 2019 vide Gazette No.297. The order has come into effect after expiry of 15 days from the date of notification of the said Order in the Gazette of India.

3.1 In this backdrop, the NICDCL, vide its letter dated 14 July 2021 has submitted a proposal for renewal of MUC of NICDCL's Logistic Data Bank (LDB). The NICDCL has proposed an uniform MUC of ₹ 170/- for the years 2021-22, 2022-23 and 2023-24.

3.2. The submissions made by NICDCL in its letter dated 14 July 2021 are as follows:

(i). The current TAMP order no. TAMP/12/2019-MUC dated 24 July 2019 for levying MUC across all the Major Ports will expire on 4 September 2021.

(ii). In pursuance of the same, the business proposal for renewal of MUC across all Major Ports in India for the financial years 2021-22, 2022-23 and 2023-24 is being submitted.

(iii). The MUC has been proposed at ₹ 170/- uniformly for all the three years i.e. FY 2021-22, FY 2022-23 and FY 2023-24.

(iv). TAMP is requested to consider and approve the proposal for revision of the Mandatory User Charges (MUC) of NLDSL's Logistic Data Bank (LDB) project.

3.3. The main highlights of the NICDCL proposal dated 14 July 2021 are summarized below:

(i). With a view to reduce the overall transaction cost incurred by the government by bringing in the required Transparency and Visibility across the container transportation supply chain, the government formed "NICDC Logistics Data Services Ltd "(NLDSL), (formerly known as DMICDC Logistics Data Services) a special purpose vehicle represented by National Industrial Corridor Development Implementation Trust (NICDIT) and Japanese IT major, NEC Corporation, to leverage ICT in the Indian Logistics Industry, inculcate best practices across the various processes and work towards bringing in efficiency.

(ii). NLDSL's LDB System provides Export Import (EXIM) Container visibility from Port terminals to Inland Container Depots (ICDs) / Container Freight Stations (CFSs) and across the Toll Plazas and generates various analytics for the trade to streamline the processes by addressing the bottlenecks. The visibility is provided through the LDB Portal www.ldb.co.in and mobile application named "NLDS-LDB".

(iii). The Project has been implemented with the co-operation of Ministry of Shipping, Road Transport & Highways, Ministry of Commerce & Industry, Ministry of Railways and other Government and Private stakeholders.

(iv). To promote "Ease of doing business" by cutting cost and time for exporters and importers, LDB Container tracking service was launched in July 2016 at India's largest container handling Port terminals of Jawaharlal Nehru Port Terminal (JNPT), and started rendering its services to the four port terminals at JNPT.

(v). TAMP has through its Order No. TAMP/49/2014-JNPT dated 29 October 2014, which was notified in the Gazette of India on 14 November 2014 vide Gazette No.328, read with its speaking order dated 13 February 2015, approved the proposal of JNPT for levy of MUC of ₹ 125/- per container in the year 2016-17, ₹ 135/- per container in the year 2017-18 and ₹ 145/- per container in the year 2018-19 at the JNPT Port Terminals. From 01 April 2018, a new Port terminal named Bharat Mumbai Container Terminal ("BMCT)" has also been added amongst the JNPT terminals.

(vi). The same project was extended to other western ports namely Adani Port, Mundra and Hazira Port, Surat covering 4 terminals at Mundra and 1 terminal at Hazira in May 2017.

(vii). Basis the success at these ports, the need was felt to implement LDB project across all major ports in India. In November 2018, LDB was expanded at all major port terminals of southern and eastern India. In November 2020, Pipavav port terminal was covered.

(viii). For Pan-India operation, the Ministry of Shipping (MOS) vide its letter No. PD 14033/34/2017-PD-V dated 06 June 2018 has conveyed to the TAMP to issue a common order applicable to all the major port trusts and the terminals operating thereat, to prescribe a provision towards levy of Mandatory User Charge (MUC) on containers towards the Logistics Data Bank Service to be rendered by DMICDC, in the scale of rates of all the major port trusts and terminals operating thereat for the year 2018-19 at par with Jawaharlal Nehru Port Trust (JNPT) i.e. ₹ 145+GST per container.

(ix). TAMP through its common Order No. TAMP/46/2018-MUC dated 8 June 2018, which was notified in the Gazette of India on 3 July 2018 vide Gazette No.248, directed for levy of Mandatory User Charge (MUC) i.e. ₹ 145/- + applicable taxes per container towards the LDB services to be rendered by NICDCL.

(x). Now, pan India port terminals have been covered and we are handling 100% of India's EXIM container volume. We have provided visibility to over 33 million+ EXIM containers with kind support extended by TAMP.

(xi). LDB services were extended to the other ports in India that includes Deendayal Port, New Mangalore Port, Cochin Port, 2 terminals of Chennai Port, Visakhapatnam Port, Kattupalli Port, 2 terminals of Kolkata Port, 2 terminals of VO Chidambaranar Port, Krishnapatnam Port. In Dec 2017, NICDCL announced the launch of the Pan-India operation of its LDB Service. LDB services has also been extended to the other ports in India that includes 1 terminal of Mormugao Port, 1 terminal of Paradip Port, 1 terminal of Kamarajar Port, 1 terminal of Mumbai Port.

(xii). TAMP has through its Order No. TAMP/46/2018-MUC dated 26 February 2019, which was notified in the Gazette of India on 07 March 2019, extended the validity of the then prevailing tariff for levy of MUC for a period of three months beyond 31 March 2019 i.e. from 01 April 2019 to 30 June 2019. Subsequently, on 25 June 2019, TAMP issued an order extending the validity of the existing tariff towards levy of MUC i.e. ₹ 145/- per container till 30th September 2019.

(xiii). Thereafter, TAMP has through its Order No. TAMP/12/2019-MUC dated 24 July 2019, which was notified in the Gazette of India on 21 August 2019 vide Gazette No.297, approved the proposal of NICDCL for levy of MUC of ₹ 155/- per container in the calendar year 2019-20, ₹ 165/- per container in the calendar year 2020-21 across all the major ports and BOT terminals operating thereat.

(xiv). The benefits delivered by LDB project is as follows -

(a). The overall container handling performance in Western corridor in both import and export cycle has improved by 3% and 1% respectively. In Southern corridor, export cycle has improved by 9.3%, whereas in import cycle, performance has deteriorated by 10.5%

(b). The Container handling at CFS has improved by 3.7% in Western corridor and 15% in Southern Corridor and in Eastern corridor by 7%.

(c). The Container handling at ICD has improved by 2.7% in Western corridor.

(xv). Steps taken by NICDCL towards technology enablement in the logistics sector, project LDB has been proposed with following new and ongoing IT initiatives –

(a). Adoption of new technologies for scaling-up the LDB system and make it inter-operable, faster, more accurate and most importantly address the challenge of compliance.

(b). E-SEAL: To facilitate exports under the "Ease of Doing Business", Exporters are now allowed to self-seal the container at an approved premise using RFID E-seal. The objective is to reduce transaction costs of exporters as well as to reduce the time of transportation.

(c). Integration of LDB with PCS 1x to facilitate enhance coverage to assess the insights and identify bottlenecks in the supply chain. This project will help in reducing India's transaction cost by bringing in information available with various stakeholders on a single platform to help the trade in effective planning, coordination and streamlining of business processes.

(d). Integration with ICD/ CFS Data Systems to enable LDB to provide the visibility of Compliance, Document and Process flow. In addition to this the other initiatives going-on in parallel includes:

(e). Development of Unified Logistics Integrated platform (ULIP) for integration of information generated at various platforms to build the integrated logistics model to uplift the logistics services across the country.

(f). ULIP is designed in such a way that it will enhance efficiency and reduce cost of logistics in India by creating a transparent platform that can provide real time information to all the stakeholders and remove all asymmetric information. The platform will utilize Data Analytics and AI for Smart routing and forecasting of shipments to bring down the cost of logistics in India.

(xvi). NICDCL seeks to enhance the experience of users of LDB and to achieve the same, it would have to evaluate and adopt newer technologies, integration with multiple platforms that in certain ways can improve visibility, accuracy and also reduce operational costs in long run. However, to support the tech refresh, it is imperative that there would be certain additional cost incurred to support the same.

(xvii). In view of the same, MUC is proposed to be increased by ₹ 5/- for the first year and then will be kept constant at ₹ 170/- per container for the rest 2 years, thereby passing the benefit of the cost saving to the trade which would be achieved through tech refresh and integration with various platforms. Integration with multiple platform would ensure maximum coverage and more insightful information to the Trade to improve their operational efficiency.

3.4. The proposal of NICDCL contains workflow of LDB service, current status of the project and its coverage among the various Ports, SEZ, CFS and toll plazas and brief information about LDB for container tracking. The NICDCL proposal also contains information about impact of Covid on logistic and supply chain sector and operations of LDB during lockdown with man power.

3.5. The summary of Financial of LDB project, provided in the proposal is given below:

Particulars	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2018**
II. EQUITY AND LIABILITIES			
1.Shareholder's funds			
(a) Share Capital	8,03,96,000	8,03,96,000	8,03,96,000
(b) Reserve & Surplus	21,14,29,472	6,25,11,115	(5,28,71,556)
2. **Non- Current Liabilities**			
(a). Long Term Borrowings	-	6,75,00,000	12,75,00,000
(b). Deferred Tax Liabilities			70,90,038
3.Current Liabilities			
(a). Trade Payables			
(i) Total outstanding dues of micro enterprise and small enterprise	1,87,53,279	2,09,13,869	4,23,13,762
(ii).Total outstanding dues of creditors other than micro enterprises and small enterprises	70,03,51,512	43,16,79,473	16,10,86,501
b) Other Current Liabilities	3,82,33,003	2,20,88,146	93,05,854
c) Short Term provision	7,91,031	56,22,935	-
TOTAL	1,04,99,84,297	69,07,11,538	37,57,20,599
II. ASSETS			
(1) Non-Current Assets			
(a). Fixed Assets			
(i) Tangible Assets	8,84,613	71,98,692	5,47,22,924
(ii) Intangible Assets	4,36,38,658	6,47,83,406	5,68,74,167
(c) Long-Term Loans and Advances	4,36,78,388	(12,18,307)	98,72,978
(2). Current Assets			
(a) Inventories	1,16,26,504	1,35,43,868	16,90,884
(b) Trade Receivables	42,82,73,147	15,39,68,799	10,16,23,859
(c) Cash and Cash Equivalents	44,90,52,292	32,25,74,404	7,49,61,585
(d) Other Current Assets	7,28,00,695	12,98,60,676	7,59,74,202
TOTAL	**1,04,99,54,297**	**69,07,11,538**	**37,57,20,599**

3.6. The NICDCL in its proposal has furnished the cost statement and the basis of assumptions considered in the preparation of the proposal of LDB services for the next three financial years i.e. 2021-22, 2022-23 and 2023-24. The cost statement as provided in the proposal is given below.

	Years	**FY 2021-22**	**FY 2022-23**	**FY 2023-24**	**Total**
	Months of Operations	12	12	12	
	Revenue Revenue from MUC (A)	979.49	1,018.67	1,059.41	3,057.57
	LDB Package License	23.8	23.8	23.8	71.40
	LDB Package license support	22.19	22.19	22.19	66.57
	RFID Solution development	22.14	22.14	22.14	66.42
	RFID Solution Support	48.42	48.42	48.42	145.26
Direct Cost MDOM	Fast Tag Integration & Support	17.8	17.8	17.8	53.40
	Fast Tag Helpdesk	11.87	11.87	11.87	35.61
	Total Helpdesk cost with COLA	64.29	67.5	70.87	202.66
	Total Hosting Charges	30.81	32.35	33.96	97.12
	Total Project Management Cost with COLA	81.1	85.16	89.42	255.68
	Total Cost of Travel	5.43	5.7	5.98	17.11
	Communication cost + Contingency for RFID	32.57	34.2	35.91	102.68
Direct Cost-	**Total KIOSK Cost**	2.95	2.95	2.95	8.85

RDCF	Total Elec. Cost for deployment of KIOSK	1.48	1.48	1.48	4.44
	RFID Installation +Recurring Cost of Hardware like UPS , Poles, Cables, Fanless PCS	18.53	26.61	35.06	80.20
	RFID Operations + Maintenance	258.06	232.3	245.18	735.54
Hardware + FOIS	RFID Tag Cost	100.02	104.02	108.18	312.22
	RFID Reader Cost	61.26	61.26	61.26	183.78
	Integration Cost	59	59	59	177.00
	Electricity Expense	2.66	2.66	2.66	7.98
	Total Direct Cost (B)	864.38	861.41	898.13	2623.92
Gross Profit	**Gross Profit (C)**	115.11	157.26	161.28	433.65
	Gross Profit (%)	11.75%	15.44%	15.22%	14.18%
SGA Expenses	Staff Salaries	26.55	29.21	32.13	87.89
	Total cost of Marketing Activities	17.7	19.47	21.42	58.59
	Total cost of Travel	3.54	3.89	4.28	11.71
	Total Audit charges	0.59	0.65	0.71	1.95
	Office Rental	4.72	5.19	5.71	15.62
	Other Miscellaneous Expenses	23.6	25.96	28.56	78.12
	Total SGA Expenses (D)	76.7	84.37	92.81	253.88
Operating Profit	Operating Profit (E)	38.41	72.89	68.47	179.77
	Operating Profit (%)	3.92%	7.16%	6.46%	5.88%

(i). **Direct cost- MDOM constitute the IT outsourcing cost for the LDB service.**

Cost Element	**Description**
LDB and RFID Package license	Basic LDB service package including search service an HADOOP analytics platform.
LDB and RFID Package license support	Cost for feature enhancement (Development of new features) and for upgrading (Enhancement existing system new), minor modification and technical support for helpdesk.
Integration with other platforms	To provide better coverage and more meaningful and insightful analytics, it is imperative to integrate LDB system with other platforms. The integration with other platform entails the cost of integration, support, maintenance and day to-day operations for the same
Helpdesk	An information and assistance team that troubleshoots problems with data collection and LDB service to customers via telephone, chat, email etc.
Hosting service	Infrastructure resources and services taken, Operating system, Database & other service like (Jboss, ISS, etc.), maintenance and operation. Data Platform for Hadoop (DPH) is utilized to provide the analytics to various stakeholders.
Project Management	Project management team to supervise the project at all the levels.
Travel cost	Cost of travel for the team managing the operations and IT services at Ports, CFS, ICD, Toll Plazas etc.
Communication and Contingency	The communication cost entails the cost of connectivity between different sites, connectivity cost (leased line) between RFID data centre and LD Data centre as well as the contingency cost for RFID. The contingency cost has been considered at 5%.

(ii). **Direct cost – RDCF constitute the field operation outsourcing cost for the LDB services**

Cost Element	**Description**
Kiosk Cost	Cost for setting up of kiosks at the port terminal premise for stationing the operations staff and RFID Tag inventory of DMICDC
Electrical cost for deployment of Kiosk	The total cost has been calculated by multiplying the electricity requirement (kilowatt hour) with an average per unit rate INR 10.
RFID Installation + recurring cost of hardware	It includes the cost of installation of RFID infrastructure at multiple locations within the country and the recurring

	maintenance cost for the installed infrastructure such as UPS, pole, cables etc.
RFID operations and Maintenance	It is the manpower cost for tagging, operation at the port and filed support service.

(iii). **Hardware and FOIS cost**

Cost Element	**Description**
RFID Tag Cost	It is the cost of RFID tag that will be tagged in all the import containers
RFID Reader Cost	It is the cost of RFID readers procured by the company for setting up the infrastructure at Ports, CFS, ICD, Toll Plazas etc.
Electricity Expense	It includes the electricity expense for running of the RFID readers and other infrastructure 24*7 at all the locations.
FOIS Cost	LDB has an integration with the Indian Railways – Freight Operations Information System (FOIS) for tracking all the Rail-bound containers. It includes the cost payable to Indian Railways for FOIS integration.

(iv) SGA Expenses: It contains the cost of Selling, General and Administration Expenses of the NICDCL.

(v). Both the necessary investment in the infrastructure has already been made and the on-going operation is performed by NICDCL which is external to the Port Terminal Operators. Hence, the recovery of the investments will not be the prerogative of the Port Terminal Operators.

(vi). As a result, every 3 years the proposal has to be accepted by all the relevant stakeholders and in the event of non-acceptance by any one party can lead to financial non-viability of the project.

3.7. In view of the above, the NICDCL has requested Ministry of Shipping and TAMP to take a considerate view of the said proposal of NLSDL and notify the MUC rate of ₹170 for the years 2021-22, 2022-23 and 2023-24.

4.1. The proposal of NICDCL was acknowledged vide letter dated 20 July 2021. In accordance with the consultative procedure prescribed, a copy of the NICDCL proposal was forwarded to all Major Port Trusts, BOT Operators handling containers at Major Port Trusts and relevant users/ user bodies, for their comments, vide letter dated 27 July 2021. In this regard, some of the users have furnished their comments. The comments of the users/ user associations have been forwarded to the NICDCL as feedback information. The NICDCL has responded vide its email dated 18 August 2021.

4.2. The Chennai Port Trust (CHPT) vide its letter dated 29 July 2021 has conveyed that NICDCL is a service provider and the beneficiaries are BOT operators handling containers and their users, whereas the port has no liability over the LDB services rendered by NICDCL. Hence, the CHPT has not offered comments on revision of MUC as proposed by NICDCL.

5.1. During the fixation of MUC vide Order no. TAMP/12/2019-MUC dated 24 July 2019, the MUC of ₹ 155/- per container and ₹ 165/- per container was then determined to be levied during the years 2019-20 and 2020-21, based on the actuals for the years 2017-18 and 2018-19. In the said Order, it was indicated that the rates of ₹ 155/- per container and ₹ 165/- per container shall be reviewed, and based on which the MUC would be fixed for the subsequent tariff cycle. Thus, with a need to review the actuals for the years 2019-20 and 2020-21 and given that the audited accounts/ financial statement furnished by NICDCL for the year 2019-20 reflects the consolidated position of revenue/ expenses towards levy of MUC at both Major Ports & private terminals operating thereat as well as at the non-Major ports, the NICDCL was requested vide letter dated 29 July 2021 to furnish year-wise breakup of income, expenditure, traffic and assets and liabilities for both Major Ports and at the non-Major ports separately, each for the years 2019-20 and 2020-21 respectively.

5.2. Accordingly, the NICDCL vide its email dated 18 August 2020 has furnished yearwise breakup of income, expenditure, traffic for the year 2019-20 and provisional statement for the year 2020-21. Simultaneously, it has also conveyed that, the financial statement of NICDC Logistics Data Services Limited

(NLDSL) is prepared on consolidated basis covering all Major and Minor Ports, as there is no statutory requirement for preparing the financial statements separately for Major and Minor Ports. Further, the NICDCL has requested to consider the consolidated accounts for reviewing the assets and liabilities of the company as NLDSL operates in a single business and geographical segment and therefore, the segment reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standards (AS-17) are not applicable.

5.3. The year-wise breakup of income, expenditure, traffic for the years 2019-20 and 2020-21 is given below:

(i). Income, Expenses and Traffic for the year 2019-20 (audited) **–**

Particulars	Major Ports	Minor Ports	Total
Container Volume	**59,25,413**	**36,33,095**	**95,58,508**
		(amount in ₹)	
Revenue			
Revenue from Operations	84,72,87,952	49,62,25,191	1,34,35,13,143
Other Income	-	-	2,34,46,103
Total Income	**84,72,87,952**	**49,62,25,191**	**1,11,39,30,895**
Expenses			
Direct Expenses	82,67,78,306	28,71,52,590	1,11,39,30,895
Employee Benefit Expenses	67,13,925	41,14,987	1,08,28,912
Finance Cost	34,07,993	20,88,770	54,96,763
Depreciation	1,66,98,574	57,99,667	2,24,98,241
Other Expenses	1,52,26,013	93,32,072	2,45,58,085
Total Expenses	**86,88,24,811**	**30,84,88,086**	**1,17,73,12,896**
Profit before Tax	**-2,15,36,859**	**18,77,37,105**	**18,96,46,350**

(ii). Income, Expenses and Traffic for the year 2020-21 (provisional) **–**

Particulars	Major Ports	Minor Ports	Total
Container Volume	55,81,754	38,98,153	94,79,907
		(amount in ₹)	
Revenue			
Revenue from Operations	85,76,27,436	56,86,69,761	1,42,62,97,197
Other Income	-	-	1,50,91,523
Total Income	**85,76,27,436**	**56,86,69,761**	**1,44,13,88,720**
Expenses			
Direct Expenses	84,39,15,345	29,98,45,889	1,14,37,61,234
Employee Benefit Expenses	1,05,37,413	73,22,609	1,78,60,022
Depreciation	1,60,55,609	57,04,610	2,17,60,219
Other Expenses	1,00,55,958	69,88,039	1,70,43,997
Total Expenses	**88,05,64,325**	**31,98,61,147**	**1,20,04,25,472**
Profit before Tax	**-2,29,36,889**	**34,88,08,614**	**24,09,63,248**

6. In view of the outbreak of COVID **–** 19 and in pursuance of the Ministry of Shipping (MOS) letter No. 11053/30/2020-Coord. dated 16 April 2020 to hold virtual meetings, a joint hearing in this case was held on 11 August 2021 through Video Conferencing. The NICDCL made a brief power point presentation of its proposal. At the joint hearing, the Major Port Trusts and the users/ user organisation bodies have made their submissions.

7. 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.

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

(i). The National Industrial Corridor Development Corporation Limited (NICDCL) [formerly known as Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDCL)], has formed a Special Purpose Vehicle (SPV) titled as NICDC Logistics Data Services Limited (NLDSL). It is a SPV of National Industrial Corridor Development Implementation Trust and NEC Corporation of Japan. The NLDSL's Logistic Data Bank (LDB) integrates the information available with various agencies across the supply chain to provide detailed real time information and visibility of the container movement across the supply chain using RFID technology, within a single window, thereby streamlining the entire container logistics movement. This was initially launched in the Jawaharlal Nehru Port Trust (JNPT) in the year 2016 and thereafter, it has been gradually implemented across the major port trusts and private terminals operating thereat. In this connection, as already brought out in the Order no. TAMP/12/2019-MUC dated 24 July 2019, given that the service rendered by the NLDSL to the Container falls under Section 48(1) (e) [any other service in respect of vessels, passengers or goods] of the Major Port Trusts Act, 1963, tariff for the said service is to be fixed by this Authority. Thus, the levy of Mandatory User Charge (MUC) across all the Major Port Trusts and private terminals operating thereat falls under the regulatory regime of this Authority.

(ii). The MUC was last approved by this Authority vide its Order no. TAMP/12/2019-MUC dated 24 July 2019. Vide the said Order, the MUC was fixed for a period of two years. For the first year, the rate was fixed at ₹ 155/- per container (except transhipment and coastal) handled at all the Major Port Trusts and BOT terminals operating thereat. This rate had come into effect from 05 September 2019. On completion of one year thereon, the MUC was fixed at ₹ 165/- per container. Given that the validity of the MUC fixed vide Order dated 24 July 2019 is expiring on 04 September 2021, the subject proposal has been filed by NICDCL in July 2021, seeking approval for the levy of an uniform MUC of ₹ 170/- per container across all the Major Port Trusts and all the BOT Terminals operating thereat, during the years 2021-22 to 2023-24.

(iii). It is noteworthy that the tariff fixation in respect of Major Ports is governed by the stipulations contained in the Tariff Policy, 2018. The Tariff Policy, 2018, which is applicable in respect of the Major Port Trusts, follows Annual Revenue Requirement (ARR) model, where the ARR is the average of Expenditure as per the Audited Accounts of the last three years and Return at 16% on Capital Employed. Similarly, the tariff fixation in respect of BOT Terminals operating at the Major Port Trusts who were earlier governed by 2005 Tariff Guidelines is now governed by the Tariff Guidelines, 2019, which also follows ARR Model. The NICDCL neither falls under the category of Major Port Trusts nor BOT Terminals. However, for the reasons as brought out in the Order no. TAMP/12/2019-MUC dated 24 July 2019, the MUC for the NICDCL is being determined following the ARR Model.

(iv). Annual Revenue Requirement (ARR) is the average of the sum of Actual Expenditure as per the Audited Accounts of the immediate preceding three years (Y1), (Y2) and (Y3), subject to certain exclusions as prescribed in the Clause 2.2. of the Tariff Policy, 2018 or clause 2.1 of Tariff Guidelines, 2019 plus 16% Return on Capital Employed.

(v). In this regard, it is recalled that during the last fixation of MUC vide Order no. TAMP/12/2019-MUC dated 24 July 2019, the MUC of ₹ 155/- per container and ₹ 165/- per container was then determined to be levied during the years 2019-20 and 2020-21, based on the actuals for the years 2017-18 and 2018-19. In the said Order, it was indicated that the rates of ₹ 155/- per container and ₹ 165/- per container as levied by NICDCL during the years 2019-20 and 2020-21 shall be reviewed and the MUC for the subsequent tariff cycle would be fixed. Thus, the actuals for the years 2019-20 and 2020-21 needs to be reviewed. Accordingly, the NICDCL has made available the Audited Annual Accounts for the year 2019-20 and the provisional Annual Accounts for the year 2020-21.

The Annual Accounts as furnished by the NICDCL were seen to capture the combined operations at both Major Ports and Non-Major Ports. Since the MUC is to be determined in respect of Major Port Trusts and BOT Terminals operating therein, at our request, the NICDCL has furnished the segregated figures for the years 2019-20 and 2020-21, reflecting the financials of the operations of DMICDC at Major Ports and Minor Ports, separately.

However, the NICDCL has requested to consider the consolidated accounts, as it operates in a single business and geographical segment and that the segment disclosures as prescribed by the Accounting Standards (AS) -17 are not applicable in respect of them. In this regard, it is to state that given that this Authority has the mandate as per the Major Port Trusts Act, 1963, to fix the tariff in respect of only Major Port Trusts and Private Terminals operating thereat, the prescription of charges for non-Major Ports is beyond the regulatory framework of this Authority. It is in this context that the NICDCL was requested to furnish the financial position with respect of Major Port Trusts and BOT operators thereon.

(vi). The segregated financial results relating to LDB services rendered by the NICDCL at the Major Port Trusts and BOT Terminals operating thereat at the rate of ₹ 155/- for the year 2019-20 and ₹ 165/- per container for the year 2020-21, as fixed vide the last tariff Order of July 2019, shows an operating deficit of ₹ 2.15 crores and ₹ 2.29 crores. It is noteworthy that the said operating deficit is even prior to allowing return @ 16% on the capital employed, as envisaged in both the Tariff Policy, 2018 as well as the Tariff Guidelines, 2019. In other words, the rate of ₹ 155/- per container levied during the year 2019-20 or ₹ 165/- per container being presently levied by the NICDCL does not appear to be sufficient to enable the NICDCL to render its operations. Therefore, it is not felt appropriate to continue with the existing rate of ₹ 165/- per container for the next tariff cycle. Further, even at the income estimated by the NICDCL based on the proposed rate of ₹ 170/- per container during the years 2021-22 to 2023-24 and considering the estimated expenditure for the said three years, the NICDCL is not estimated to achieve 16% return on capital employed. As such, there appears to be merit in the proposal submitted by NICDCL.

(vii). As stated by the NICDCL, LDB is one of the Indo Japanese Partnership Projects, which is being implemented with the cooperation of Ministry of Ports, Shipping and Waterways, Ministry of Road Transport and Highways, Ministry of Railways, Ministry of Commerce and Industry and other Government stakeholders. Considering the utility of the LDB project and based on the reasoning as brought out in the preceding paragraph, this Authority is inclined to approve the MUC as proposed by the NICDCL at ₹ 170/- per container.

Further, in the last tariff Order of July 2019, it had been conveyed that the rate of ₹ 155/- per container and ₹ 165/- per container, shall be reviewed and tariff shall be fixed for the subsequent three year tariff cycle. In view of the above position, the uniform rate of ₹ 170/- per container is prescribed for a period of three years viz., 2021-22, 2022-23 and 2023-24, as proposed by NICDCL.

Subsequently, based on the actuals for the years 2021-22, 2022-23 and 2023-24, the rate of ₹ 170/- per container approved now, may be reviewed and the said reviewed rate shall be made applicable for the subsequent three year tariff cycle.

(viii). Some of the user associations viz., Tuticorin Ship Agents Association (TSAA) and Federation of Indian Export Organisations (FIEO) have expressed their objection to the levy of the MUC. The objection is more particularly with regard to lack of receipt of any report or analysis from NICDCL.

In this regard, it is to state that based on the levy of ₹ 155/- per container for the year 2019-20 and ₹165/- per container for the year 2020-21, the financial position shows a deficit position, as brought out earlier. Therefore, there is found to be a merit to increase the MUC, as proposed by the NICDCL. Also, as already conveyed by the NICDCL during the last review of the MUC in July 2019, the LDB project has a long gestation period which will require at least 10 years to show healthy returns.

As regards, receipt of any report or analysis from NICDCL, NICDCL has conveyed that it generates reports on various performance parameters, which can be viewed/ downloaded from its website. However, it has also agreed to make the reports available to various user associations. The NICDCL is advised to interact with the various stakeholders at regular intervals, so as to address their concerns.

(ix). As per the prevailing practice, 5% of the total MUC is passed on to the Major Port Trusts and BOT terminal operators as data handling charge for collecting the MUC. The prevailing practice may continue.

(x). The MUC approved vide Order date 24 July 2019 is valid till 04 September 2021. By the time this Order is notified in the Gazette and comes into effect, it would be around October 2021. That being so, the validity of the existing SOR is deemed to have been extended from 05 September 2021 till the revised rate of MUC comes into effect.

9.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority accords approval for the following:

(i). Levy of ₹.170/- per container as Mandatory User Charge across all Major Ports and the BOT terminals operating thereat.

(ii). The levy of ₹ 170/-per container shall come into effect after expiry of 30 days from the date of notification of this Order in the Gazette of India and shall remain valid for a period of three years thereafter. The approval accorded shall automatically lapse unless specifically extended by this Authority.

(iii). Insertion of the following provision in the Scale of Rates of all the Major Port Trusts and all the BOT terminals operating thereat governed by the 2008, 2013 and 2019 (erstwhile 2005) Guidelines for fixation of tariff:

"An amount of ₹ 170/- per container will be levied on all containers (except transhipment and coastal) handled at the Major Port Trusts and BOT terminals operating thereat towards Mandatory User Charge (MUC) for the Logistics Data Bank (LDB) service rendered by NICDCL for a period of three years. The approval accorded would automatically lapse thereafter unless specifically extended by this Authority. "

(iv). The MUC of ₹170/- per container prescribed is at ceiling level. The Major Port Trusts and the private terminals operating thereat can levy lower rates, if authorized by NICDCL.

(v). Tracking and viewing the movement of containers across the ports to the ICDs and end users would be provided to the users against the payment of MUC.

(vi). 5% of the total MUC shall be passed on by the NICDCL to the Major Port Trusts and the BOT Terminals operating thereat for collecting the MUC.

(vii). No royalty/ revenue share is payable by the BOT Terminals operating thereat to the Port Trusts on the MUC collected by the BOT Terminals.

(viii). The rate of ₹ 170/- per container shall be reviewed and the said reviewed rate shall be made applicable for the subsequent three year tariff cycle.

9.2. The DMICDC is advised to come up with a proposal for review of the MUC for the next tariff cycle, based on the actuals for the years 2021-22, 2022-23 and 2023-24, by following the Annual Revenue Requirement (ARR) Model, atleast 2 months prior to the expiry of the rates notified.

9.3. The existing MUC of ₹ 165/- per container is deemed to have been extended beyond 04 September 2021 till the date the revised MUC of ₹ 170/- per container comes into effect across all Major Port Trusts and private terminals operating thereat.

(T.S. Balasubramanian)
Member (Finance)

SUMMARY OF THE COMMENTS RECEIVED FROM THE MAJOR PORT TRUSTS, USERS/ USER ORGANISATIONS AND THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.

F.No.TAMP/40/2021 - MUC	**:**	**Proposal received from National Industrial Corridor Development Corporation Limited for revision of Mandatory User Charge (MUC) of NICDC's Logistics Data Bank (LDB) project.**

The summary of comments received from the user associations and the reply of NICDCL thereon is tabulated below:

Sl. No.	Comments of the users / user organisations	Reply of NICDCL
1.	**Tuticorin Ship Agents Association (TSAA)**	
(i)	MUC of ₹. 165/- per container is collected for every import and export container for the past few years. However, the exporter or the importer has not received any tangible benefit for the cost incurred. We regret to inform that the EXIM trade as well as the Logistics service provider doesn't receive even a single report or analysis from the NICDC Logistics Data Services Ltd.	Exporter and Importer can track their container's information through www.ldb.co.in. The portal doesn't require any login or registration for using the tracking service. The user just has to enter the 11-digit container number to track their container movement. Container movement can also be tracked through LDB App, available for both Android & IOS users in Google and Apple Store. The user can also enable alert system for the container movements in the portal in which the user shall receive automatic emails and SMS whenever the container is being tracked at any of the LDB coverage locations. NICDC's Logistics Data Bank (LDB) helps in generating reports that help to improve EXIM trade in India by providing visibility across different stakeholders. The analytics reports provides insights into the stakeholders performance across the competitive landscape and are being shared on following parameters : **(i). Performance Benchmarking Reports**: Capturing and analyzing the Dwell Time of Ports, CFSs and ICDs helps in bringing in efficiency in operations, compliance across systems and better handshaking between different stakeholders. **(ii). Congestion Analysis Reports**: Capturing and analyzing the transit time helps in identifying reasons for congestion in road and rail movement and in the nearby areas of ports, ICDsand CFSs. (iii). Impact Analysis (iv). Average Custom Clearance Time (v). Heat Map Analysis a. Origin of containers b. Destination of containers

		(vi). Vessel Heat Map Analysis a. Export Destination b. Origin of containers LDB is also providing following advanced analytics which will include analytics on below KPI: i. Average Customs clearance time ii. Impact of Customs clearance time on port operations (congestion gate and parking plaza) iii. Average clearance time based on cargo type iv. Port's handling based on cargo type v. Port's hinterland coverage based on Import, Export and Cargo type vi. Vessel Turn Around Time analysis vii. Heat Maps: a. Origin and destination vista-vis Import and Export b. Cargo type vis-â-vis Origin and destination LDB publishes all the above-mentioned monthly analytics reports for Ministry, Ports, CFS and ICDs on the company website and same can be viewed/downloaded from the website at https://www.1db.co.in/1db/containersearch? Section=reports. LDB is also sharing monthly analytics report to the VOCPT Port Authority and same will be shared with TSAA going forward This reduction in overall lead-time has resulted in substantial cost savings. Decrease in overall lead time for ICD import by 7 days and CFS imports by 2.5 days has been measured for the JNPT region. Similarly, port dwell times have noted 65% and 13% improvements for import and export cycles respectively.
(ii)	Until and unless NICDC come out with shipment tracking reports that benefit the individual importer or the individual exporter, we oppose the levy of MUC on the EXIM trade, leave alone the rate increase from ₹. 165 to ₹. 170 / container.	NLDSL is continuously enhancing the experience of users of LDB and to achieve the same would have to evaluate and adopt newer technologies, integration with multiple platforms that will improve visibility, accuracy, and reduce operational costs in long run. However, to support the tech refresh and value-added services, it is important to mention that there will be certain additional cost for integration and contingency measures for tech-refresh. Moreover, there is an inflation cost for the operating resources which is being incurred year on year during the project operations. In view of the same, MUC is proposed to be increased by Rs.5/- for the first year and then will be kept same at Rs.170/- for the rest 2 years and thus passing the benefit of the cost saving to the trade with technological advancement, extended coverage and value- added
(iii).	On behalf of the EXIM trade, TSAA strongly opposes the collection of MUC charges.	

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<tr><td></td><td></td><td>services by integrating with multiple data sources for additional benefits to the trade.</td></tr>
<tr><td>2.</td><td>Federation of Indian Export Organisations (FIEO)</td><td></td></tr>
<tr><td>(i).</td><td>From the enclosed document, it is observed from Point 15 page 48 that TAMP has approved the proposal of NICDCL of Levy of MUC of 155 per container for Calendar year 19-20 & 165 for 21-22. However, the proposed MUC for 20-21 at page 49, it is proposed at 170.</td><td rowspan="4">The foremost benefit of LDB "One Nation-One Track & Trace" service from port till the ICDs/CFSs/SEZs/Toll Plazas on a common platform wherein exporter-importer do not have to rely on multiple entities for an end- to-end trail. Further, visibility in the high-seastill the next port of call has been added.

The Transparency and visibility created by LDB analytics report has already resulted in substantial reduction in dwell times and transit time across all the corridor in the country.

This reduction in overall lead –time has resulted in substantial cost savings. Decrease in overall lead time for ICD import by 7 days and CFS import by 2.5 days has been measured for the JNPT region. Similarly, port dwell times have noted 65% and 13% improvements for import and export cycles respectively.

NICDCL are continuously making efforts through multiple marketing initiatives to educate customers and other stake holders .LDB tracking link have been incorporated by JNPT, PCS, ICEGATE & Mundra Port on their website.

Across all region, regional advertisements and promotion efforts are being made through conference, webinar and stakeholder meet to propagate the LDB system. Advertisement through FIEO Magazines, Shipping Times and EXIM News Papers are regularly propagate to Increase awareness among EXIM trade. Further, NLDSL is recording more than 18 Lakhs Container searches per month on the LDB site.

Further, NICDCL welcome the feedback from the trade and are eager to support in the additional requirements e.g. customized tracking integration through API directly with the ERP/LMS of the exporter-importer Importers & Exporters have benefitted due to enhanced efficiency in ICDs, CFSs and the Port operation resulting in faster delivery of the consignments. The trade benefits in the longer run due to enhanced efficiency in Port Operations, ICDs, CFSs resulting in faster delivery of consignments and savings in additional transactional costs e.g. container detention, ground rent, storage, charges which offsets the LDB users charges.</td></tr>
<tr><td>(ii).</td><td>As per the enclosed balance sheet, the net profit of the company from the Logistics Data Service increased from INR 11.53 crores in 2019 to INR 14.89 crores for the year ending 31st March, 2020. Reserve of the company also increased substantially during this period.</td></tr>
<tr><td>(iii).</td><td>Since the start of Pandemic, the Exim sector has been severely affected due to supply chain disruption. Exporters are facing huge issues with the steep rise in ocean freight which is over around 300% for certain sectors. Due to shortage of containers, inventories are piling up which is making them incur extra cost on inventory management.</td></tr>
<tr><td>(iv).</td><td>Therefore, in view of the above, we are of the view that any increase in MUC would just add on the cost for exim as they are the ultimate stakeholders who have to finally absorb any price hike. Secondly, we would also appreciate to know how many exporters/importers tracked the container and how they benefited from such tracking. Appreciate a copy of survey/report done in this regard, if any</td></tr>
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6. In view of the outbreak of COVID – 19 and in pursuance of the Ministry of Shipping (MOS) letter No. 11053/30/2020-Coord. dated 16 April 2020 to hold virtual meetings, a joint hearing in this case was held on 11 August 2021 through Video Conferencing. A summary

of the arguments made by the Major Port Trusts and the users/ user organisation bodies during the joint hearing is given below:

National Industrial Corridor Development Corporation Limited

(i). The current MUC being levied across all the Major Ports will expire on 4 September 2021. We have, therefore, submitted a proposal before TAMP. We have proposed to increase the current MUC of ₹ 165/- per container to ₹ 170/- per container. The rate of ₹ 170/- per container shall remain constant over a period of 3 years.

(ii). The MUC shall be levied on all Import and Export containers and on all laden and empty containers, except for the Transhipment, Coastal and Domestic Containers.

(iii). 5% of the MUC levied by the Ports/ terminals is retained by them towards handling and collection charges.

SPMP

The LDB services and operations are found to be satisfactory. We have no issues.

NMPT

We need more coverage of Toll gates between Bangalore and Mangalore.

[NICDCL: We will look into this.]

JNPT

We have no specific complaints/ challenges.

COPT

We use the LDB services and have found them to be satisfactory.

DPT

We have no comments.

VOCPT

We need more toll gates between Madurai and Tirunelveli.

TSAA

We have already given our comments. Please take them on record.

Chennai Custom Brokers Association

We have no objection to the proposed rate of MUC.

Tuticorin Trade users

MUC is being charged on all import and export containers. The charges are being borne by the end user. But, the importer/ exporter is not receiving any reports.

[NICDC: There are lakhs of importers/ exporters in India. It will not be practically feasible for us to forward reports to all importers/ exporters individually. However, if you are part of any organisation/ association, we can definitely forward our reports to them.]

Chennai Steamer Agents Association

The reports may also be forwarded to us.