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Tariff Authority for Major Ports

G No. 51 **New Delhi, 1 March 2012**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Central Warehousing Corporation for revision of tariff for the services rendered by it at the Container Freight Station at the Kandla Port Trust as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/35/2010-CWC

Central Warehousing Corporation - - - Applicant

O R D E R
(Passed on this 6th day of January 2012)

This case relates to a proposal received from the Central Warehousing Corporation (CWC) for general revision of tariff for the services rendered by it at the Container Freight Station at the Kandla Port Trust (KPT).

2.1. The existing Scale of Rates of the CWC was approved by this Authority vide Order No.TAMP/35/2006-CWC (KPT) dated 28 June 2007 with validity till 31 March 2010.

2.2. The CWC had to file its proposal for review of the Scale of Rates by 30 June 2009. Since no proposal was received, the CWC was advised vide our letter dated 28 August 2009 to file its proposal for revision of SOR immediately.

2.3. Since the validity of the SOR of CWC was expiring on 31 March 2010, this Authority vide its Order dated 31 March 2010 extended the validity of its SOR till 30 September 2010 with a direction to the CWC to file its proposal for revision of the SOR immediately.

2.4. In the meantime the CWC had filed a separate proposal seeking provisional revision in storage charge and ground rent. In this regard, it was pointed out to the CWC vide our letter No.TAMP/77/2002-Misc dated 24 May 2010 that there was no justification to revise only one tariff item without taking into account the comprehensive position for the tariff cycle and CWC was again advised to file comprehensive proposal for revision of the SOR.

3.1. After regular follow up, the CWC vide its letter dated 8 October 2010 has filed the proposal for revision of its Scale of Rates. It has filed the cost statement in the format prescribed by this Authority, the draft proposed Scale of Rates and has submitted the statement of Profit and Loss Account for the period ended 2009-10.

3.2. The main points made by the CWC in its general revision proposal are as below:

A. Cost Statements:

(i). The actual traffic handled at its CFS for the years 2008-09 and 2009-10 and the throughput projected to be handled in the year 2010-11 and for the years 2011-12 to 2013-14 alongwith income estimates is tabulated below:

Years	Traffic (in TEUs)	Income (₹ in lakhs)
2008-09 (Actuals)	62855	963.21
2009-10 (Actuals)	48131	709.42
2010-11 (Estimates)	46400	683.90
2011-12 (Estimates)	49600	731.80
2012-13 (Estimates)	54600	752.35
2013-14 (Estimates)	61700	772.80

(ii). No additions are proposed to the Gross Block during the years 2010-11 to 2013-14.

(iii). The overall cost position reflected as per the cost statement submitted by the CWC for the years 2010-11 to 2013-14 is tabulated below:

(**₹ in lakhs**)

Particulars	2010-11	2011-12	2012-13	2013-14
Traffic (in TEUS)	46400	49600	54600	61700
Income	683.90	731.80	752.35	772.80
Operating expenditure including overheads	794.51	849.55	918.21	1004.72

Depreciation	110.36	108.41	108.46	108.51
ROCE	240.21	305.29	312.43	300.01
Net deficit	(-) 461.18	(-) 531.45	(-) 586.75	(-) 640.44
Net deficit as % of operating income	(-) 67.43%	(-) 72.62%	(-) 77.99%	(-) 82.87%

B. Scale of Rates:

The main modifications proposed in the Scale of Rates are given below:

(i). Charges for handling container at CFS, transportation and other services:

- The increase proposed in tariff for cargo handling and transporting is in the range of 20% to 58%.
- Tariff for cargo delivery (import), Carting (export), lift on/lift off into/ from road vehicles is proposed to increase by 90% to 185%.
- Increase of more than 50% in the existing charges is proposed for most of the items.
- New tariffs for factory destuffing/ stuffing at CWC CFS/ CY at KPT/ any yard at Gandhidham and to any yard at Mundra. New tariff is also proposed for movement of container between CFS and Mundra.
- New tariff is proposed for movement/ shifting of cargo from one place to any other place within the same godown for weighment or any other purpose at par with the rate proposed for movement of cargo from one place/ godown/ CY to any other place/ godown/ CY within the CWC complex.
- The CWC has proposed new tariff item for reworking of container at ₹2000 per TEU and ₹3000 per FEU.
- Charge for Back to town i.e. loading of shut out cargo is also newly proposed at ₹8 per quintal.

(ii). Storage Charges:

30% to 58% increase is proposed in the storages charges for handling import and export containers at the CFS.

(iii). Ground Rent:

- Free period for import containers reduced from existing seven days to five days. Consequently, the existing slabs are proposed to be modified.
- Increase in ground rent is proposed in the range of 28% to 44% for both import and export operations.

4.1. While acknowledging the proposal, the CWC was requested to forward copies of the Annual Accounts for its operations at Kandla CFS for the past three years 2007-08 to 2009-10 and a copy of the recent outsourcing contract awarded by the CWC for Handling and Transportation Contract.

4.2. In response, the CWC vide its letters dated 4 December 2010 and 9 December 2010 stated that it has forwarded the Audited Statement of Profit and Loss Account for the years 2007-08 to 2009-10 and copy of the Agreement executed with Handling and Transport Contractor.

5.1. In accordance with the consultative procedure prescribed, the proposal of CWC was forwarded to the KPT and concerned users / user organisations seeking their comments. The comments received from KPT and users / user organisations were forwarded to CWC as feedback information. The CWC has responded to the comments of the KPT and user/user organisation.

5.2. As per the revised Form 7 furnished by CWC, the summarised position of actuals vis-à-vis estimates furnished for the years 2007-08 to 2009-10 by the CWC is tabulated below:

(**₹ in lakhs**)

Sl. No.	**Particulars**	**2007-08**		**2008-09**		**2009-10**	
		Actuals	**Estimates**	**Actuals**	**Estimates**	**Actuals**	**Estimates**
	Traffic (TEUs)	72853	72030	62855	86440	48131	103750
(i).	Operating Income	1035.23	1306.5	963.21	1512.18	709.42	1794.85
(ii).	Total Cost	1000.01	1498.26	940.44	1578.29	876.8	2155.89
(iii).	Capital Employed	2106.09	2106.09	2546.31	2011.4	2152.56	2113.62
(iv).	ROCE	300.01	300.01	370.62	432.54	293.25	475.2
(v).	Net Surplus/ Deficit	(-)264.79	(-)491.76	(-)347.85	(-)498.65	(-)460.63	(-)836.24

6.1. Based on a preliminary scrutiny of the proposal, a detailed questionnaire was sent to CWC vide our letter dated 21 March 2011 seeking additional information/ clarifications from CWC. The CWC has furnished their reply on the queries raised by us subsequent to the joint hearing.

6.2. The KPT was also requested to furnish some additional information/ clarifications vide our letter dated 21 March 2011. The KPT vide its email dated 21 April 2011 and letter dated 2 July 2011 has furnished its reply. A summary of the queries raised by us and the replies received from KPT is tabulated below:

Sl. No.	**Queries raised by us**	**Reply received from KPT**
(i).	Please furnish specific comments on the reasonableness of the traffic projections made by the Central Warehousing Corporation (CWC) for the years 2010-11 to 2013-14.	Since this department has not been provided with any supporting documents as evidence in support of the figures included in their proposal which has been submitted to TAMP, it would be difficult to give specific comments on the reasonableness of the traffic projections made by CWC for the years 2010-11 to 2013-14. However, based on the proposal received by us, the following remarks are given: (i). In the absence of 'Assumptions made' and the 'Methodology adopted' for arriving at the figures for the financial years 2008-09 & 2009-10, the traffic throughput figures likely to be handled by CWC for 2010-11 till 2013-14 cannot be ascertained, since the figures for 2010-11 till 2013-14 are based on the figures for 2009-10. (ii). There appears to be a discrepancy in the figures reported for the above mentioned period of 4 years (i.e. 2010-11 to 2013-14) in the CWC's proposal sent to TAMP and those furnished to the Traffic department of Kandla Port Trust. The figures reported in the proposal at page 13 under the head 'Traffic (In TEUs)' indicates figures of 46400, 49600, 54600 & 61700 TEUs for the respective years starting from 2010-11 till 2013-14. However, another set of figures that have been communicated to this department by M/s CWC, New Kandla are as follows: 20845, 23728,

		26396 & 28674 TEU (all 'Loaded' figures) for each of the successive years starting from 2010-11 till 2013-14. Moreover, whether the figures submitted in the proposal at page 13 (mentioned above) are loaded TEU or Total TEU (which includes empties) is unclear. All this is adding up to the confusion, as to what set of figures are finally to be considered, as CWC's traffic projections for the 4 successive & continuous years starting from 2010-11. (iii). This department cannot comment / is unable to justify the causes for variation in figures submitted in the proposal by M/s. C.W.C. (to TAMP, New Delhi) and those communicated by their New Kandla office, to the Traffic department (Statistical section) of Kandla Port. (iv). In the CWC's proposal to TAMP, CWC have indicated 'Traffic projections (TEU / Tonnes)' under 'Sr. V - Royalty / Revenue share (i) Rupee Terms'. Here the figures considered for working out the Royalty / Revenue share for each of the four successive years starting from 2010-11 are lower than the traffic figures indicated (projected) for these years under 'Traffic (TEUs)' head at page 13 of their proposal.
(ii).	The CWC vide its letter dated 27 January 2011 (copy enclosed) while furnishing its comments on the points made by the Kandla Port Trust has alleged that the CWC could not achieve the Minimum Guaranteed Throughput prescribed in the Licence Agreement due to reasons attributable to the port: The KPT is requested to examine and furnish its views and the factual position.	CWC is misinterpreting the provisions of MOU. CWC have alleged that they are unable to accomplish the MGT due to non-compliance of the clause no. 3.8.1 (ii) of 'f' & 'm'. These clauses fall under the category of "obligations of the License (3.8.1)", meaning that it is for the CWC themselves to comply with these clauses. From the reading of the letter, it appears that CWC expects KPT to compel trade to route their factory stuffed containers and all import loaded containers through CWC-CFS. There does not seem to be any provision in MOU requiring KPT to compel all users to route all their containers through CWC-CFS in preference to other CFS at Gandhidham. Further, such a compulsion is also not desirable in a competitive business environment. The CWC is required to achieve the MGT by canvassing business, providing cost-efficient service, trade promotion etc. Clauses XII, i(b) & (c) are relevant in this regard. Further, M/s. CWC-CFS being very close to Port area compared to other CFSs they may try to capitalize on this USP by suitably improving their quality of service and cost effectiveness instead of blaming the Port Trust for the shortfall.
(iii).	Clause 3.8.1 of the License Agreement (L.A.) stipulates that the CWC shall guarantee a throughput of 36% of the impex container to be declared by the License Agreement. The CWC has computed the MGT at 36% of the impex loaded container. The KPT while furnishing the	As per clause 5.1 (v) of the license agreement the royalty shall be charged on the loaded containers which have either been stuffed or de-stuffed at CFS. No Royalty shall be charged on empty containers.

	comments vide its letter dated 20 December 2010 has endorsed that the MGT has to be computed at 36% of the loaded container and computed the MGT accordingly on the loaded impex container in column 10 of Annex attached. The position now reported by the KPT and the CWC that the MGT and royalty is to be considered on the loaded container is not found to in not in line with the approach followed by the CWC while processing it's the last tariff revision. Please confirm that computation of MGT based on loaded impex container is in conformity with the provisions in the License Agreement.	
(iv).	The capacity of the CWC-CFS in the last Order was considered at the level of 120000 TEUs per annum for the years 2007-08 and 2008-09 respectively and 140280 TEUs per annum (i.e. 36% of the impex declared by the KPT for the year 2009-10. As against this, the capacity considered by the CWC in the present proposal is at the level of 51600 MT per annum for the years 2008-09 to 2013-14. Please furnish specific comments on the reasonableness of the capacity of the CFS assessed by the CWC for the years 2008-09 to 2013-14 taking into consideration the physical facilities available and the productivity levels achieved.	Again since M/s.C.W.C. has not provided any support documentary evidence in support of the figures mentioned in this point (in the letter received from TAMP), it would be difficult to give specific comments on the reasonableness of the capacity of the CFS assessed by them for the years from 2008-09 till 2013-14. However, following remarks are offered. (i). It is not clear what is meant by 'The capacity of the CWC-CFS in the last Order', since we have neither been conveyed the meaning of the word 'last Order', nor has any supportive information / document furnished to KPT in this regard. (ii). Kandla Port Trust handled a traffic of 137619 TEU during 2008-09. How M/s.C.W.C has considered or arrived at a figure of 140280 TEU (mentioned at line number 3 of point iv of TAMP's letter) for 2008-09, is not clear to us. (iii). Further it is unclear how the capacity of the CWC-CFS is considered at the level of 120000 TEU for 2007-08 & 140280 TEU for 2008-09. (iv). Since the New Kandla office of CWC has furnished to the Traffic department of Kandla Port, their CFS's capacity of 52550 TEU with a break up as : 51600 TEU for CFS-1 & 950 TEU for Scrap yard, it is unclear how they have mentioned their CFS's capacity as 51600 MT in their proposal sent to TAMP, New Delhi. (v). It is also unclear whether this CFS's capacity figure of 51600 MT (as indicated in their TAMP's proposal) is 'Total TEU' capacity or 'loaded TEU' capacity.
(v).	Confirm whether the actual lease rentals payable by CWC reflected in the cost statement for the years 2008-09 and 2009-10 and estimates for the years 2010-11 to 2013-14 are in line with the L.A. terms.	As per TAMP's approved rates the License Fees from 01.01.2009 is ₹89.40 per sq. mtrs. It may be noted that as per clause 5.2 (iii) of License Agreement" The basic License Fee shall be enhanced by 5% per annum (compoundable) and the Licensor shall have an option to refix the said License Fee after every five year as per Government Directives." Moreover, the figures shown in Form-7 under the point (vii) of Operating Cost i.e. Actual Rent paid for the year 2007-08, 2008-09, 2009-10 are correct.

7. A joint hearing in this case was held on 5 May 2011 at the Kandla Port Trust premises. At the joint hearing, CWC, KPT and the concerned users/ organisation bodies have made their submissions.

8.1. As decided at the joint hearing, the CWC was advised to furnish its reply to our questionnaire dated 21 March 2011 and updated cost statements within 15 days from the date of joint hearing. The CWC is also advised to forward a complete set of the documents to KPT for its examination.

The KPT was advised to furnish its comments on the updated cost statements and additional information to be filed by CWC within 7 days after the receipt of the information from CWC.

8.2. The CWC has filed an updated proposal and has also responded to the queries raised by us vide our letter dated 21 March 2011 under the cover of its letter dated 21 June 2011 and enclosed a copy to KPT for perusal and necessary action. The KPT vide its letter dated 26 July 2011 has furnished its reply on response furnished by CWC on the queries raised by us with a copy endorsed to CWC. The CWC vide its letter dated 24 August 2011 has furnished further clarifications on the few points made by the KPT. A summary of the queries raised by us, corresponding replies furnished by the CWC, points observed by KPT on the clarifications furnished by CWC and further remarks of CWC on the points made by KPT is tabulated below:

Sl. No.	Queries raised by us	Reply furnished by CWC	Observations of KPT on the reply of CWC	Further clarification of CWC on points observed by KPT
A.	**GENERAL**			
(1).	By the time the tariff review of CWC is concluded, the year 2010-11 will draw to a close. The CWC may therefore update the cost statements with the actuals for the year 2010-11 duly tallying with the figures reported in the Annual Accounts as certified by its Chartered Accountant. A copy of the Annual Accounts for duly certified by the Chartered Accountant for the year 2010-11 may also be forwarded. The estimates for the subsequent years viz. 2010-12 to 2013-14 may be reviewed and modified, if necessary, with reference to the actuals (to be furnished).	It is correct that the year 2010-11 is over and the actual figures may be intimated to the TAMP. But it should be appreciated that the audit and finalization of accounts i.e. profit/loss account and balance sheet may take some more time i.e. 3-4 months and, therefore, it may not be possible for us to provide the annual accounts duly certified by the Chartered Accountant for the year 2010-11. The estimates for this year are, therefore, submitted on the basis of the information available along with the projections for the years 2011-12 to 2013-2014. It is also to mention here that the CWC is maintaining the accounts not on unit basis, but on the regional basis and, therefore, the profit & loss account in respect of CFS-Kandla Port was got prepared and submitted specifically by deputing a Chartered Accountant. The balance sheet/annual accounts report is in	No Comments	-
(2).	As per the format prescribed by the Authority, the terminal operator is required to submit Annual Reports for the past three years as submitted to the Registrar of Companies / appropriate Government / Ministry. The CWC was specifically advised to forward Annual Accounts/ Report for the three year		No Comments	-

	2007-08 to 2009-10 in our letter dated 26 November 2010. As against the above requirement, the CWC has only forwarded Profit and Loss Statement of the CWC, Kandla Unit duly certified by its Chartered Accountant vide its letter dated 4 December 2010. Balance Sheet and the Auditor report has not been furnished. The CWC is requested to furnish complete Annual Accounts of the CWC along with Balance Sheet and the Auditors report for the CFS at Kandla Unit for each of the years 2007-08 to 2009-10.	respect of the entire region only. However, the Chartered Accountant has been requested to furnish the audited report etc. as required and the same will be furnished to you shortly.		
(3).	The equipment hire charge and lease rental considered in the consolidated cost statement for the years 2008-09 and 2009-10 and depreciation for the year 2008-09 do not match with the actuals reported the Statement of Profit and Loss Account for the respective years furnished by the CWC. The variation in figures may please be reconciled.		No Comments	-
(4).	(i). The CWC has not furnished the requisite at Sl. No.6 of its Form – 1 information except stating that the current facility is running under loss. The CWC is requested to furnishing the requisite information at Sl No.6 and filed an updated Form-1.	Sl.N.6 of Form-1 has been duly filled in and the information required is furnished.	No Comments	-
	(ii). The tariff guidelines of 2005 stipulate that tariff should be linked to benchmark of the levels of productivity. The benchmark level of productivity may be included in the Scale of Rates as a conditionality governing the respective tariff items.	The productivity of CFS is monitored on the basis of equipment deployed. During last three years the deployment of equipments was adequate to handle appx.6000 TEUs per month. However, CFS could not achieve this targeted figure resulting continuous loss to the facility.	No Comments	-

B.	**<u>FINANCIAL COST STATEMENTS</u>**			
(1).	**Traffic :**			
(i).	Clause 3.8(ii) (b) of the License Agreement (L.A) stipulates that the licensee shall guarantee a throughput equivalent to 36% of impex trade container traffic handled by the container operator. As against the above provision in the LA, from the table furnished at the end of Form 2A it is understood that the Minimum Guaranteed Throughput (MGT) is considered at 36% on the actual impex loaded container of the KPT for the years 2008-09 and 2009-10 and for the years 2010-11 to 2013-14, the MGT is projected with 10% annual increase over the MGT estimated for the respective previous years. In this regard the following points may be clarified:			
	(a). The KPT vide its letter No FA/COST/1144/60 dated 20 December 2010 (which was forwarded to CWC vide our letter dated 27 December 2010) has declared the total impex containers handled for the year 2008-09 and 2009-10 at 137619 TEUs and 146777 TEUs respectively. For the years 2010-11 to 2013-14, the total impex container projected by KPT is 160000 TEUs, 170000 TEUs, 175000 TEUs and 192000 TEUS respectively. 36% of the total impex container comes to 49543 TEUS, 52840 TEUs, 57600 TEUs, 61200 TEUs, 63000 TEUs and 69120 TEUs for the years 2008-09 to 2013-14 respectively. The Minimum Guaranteed Throughput indicated by the CWC at	(a). The projections given by the KPT for the year 2009-10 and for the year 2010-11 to 2013-14 were not available with CWC and, therefore, the projections were given on our own estimates. However, the statement has been modified accordingly and MGT on the basis of projections made by the Port has been indicated in the revised Form-2A enclosed.	(a). The traffic projections of the port computed and revised after completion of the financial year, by Kandla Port Trust were never requested by the CWC-CFS at Kandla. Therefore CWC's statement that the projection figures were not available with them does not seem justified. The comments earlier given by Kandla Port were submitted during Dec. 2010. However, after completion of F.Y.2010-11 the projected figures for 2011-12 and 2012-13 have been slightly revised looking to the actual traffic handled during 2010-11, the commodity mix anticipated and the trend. CWC need to further modify its proposal, based on the actual figures handled	(a). The contention of KPT that traffic projection were not asked by CWC is not acceptable since traffic projection are to be declared by licensor not to be given on-demand. However, there is minor increase in traffic declared by KPT after closing of FY-2011. It shall not have any significant change, hence the statement submitted by this office during June-2011 may be considered as valid.

	37151 TEUs, 41365 TEUs for the year 2008-09 and 2009-10 and the estimated MGT 1at 45500 TEUs, 50050 TEUs, 55055 TEUS and 60560 TEUS respectively for the years 2010-11 to 2013-14 does not match with the MGT computed based on the total impex declared by the KPT.		during 2010-11, and revise it based on latest set of projections indicated by Kandla Port for the years 2011-12 and 2012-13.	
	(b). Even during the last tariff revision, the MGT was computed by the CWC on the total impex container declared by the KPT to the CWC and it was not on loaded containers. The position now reported by the CWC that the MGT and royalty is to be considered on the loaded container only in not in line with the approach followed by the CWC while processing its the last tariff revision. Please confirm that computation of MGT based on loaded impex container declared by the KPT is in conformity with the provisions in the License Agreement.	(b). The MGT is to be computed on the total IMPEX container declared by the KPT, as per the terms of the license agreement. However, the royalty is to be paid only on the basis of the loaded containers handled. The position of CWC, in this regard, is clear in both the cases. The above stand is in total conformity with the license agreement with KPT.	(b). No comments are offered.	(b). No comments are offered.
	(c). Since the year 2010-11 is almost nearing to an end, the actual impex containers handled by the KPT in the year 2010-11 may be obtained and the MGT figures in the cost statement may be updated based on the actuals.	(c). The revised cost statement (5-A) is enclosed showing the MGT figure on the basis of the actual IMPEX containers handled by the KPT in the year 2010-11.	(c). As per the information received by Kandla Port Trust, from CWC-CFS (CFS-1) at Kandla and the additional (Scrap) yard, the combined total IMPEX containers (loaded + empty) handled by the CWC during 2010-11 is 25446 TEU.	(c). The CFS-II (Scrap yard) is not covered under license agreement, hence KPT's stand to include figure of CFS-II should not be entertained. The traffic figures of 42,876 TEUs submitted by CWC include containers received and despatched from / to other sources besides Kandla Port.
(ii).	The actual traffic reported for the year 2007-08 and 2008-09 is 72853 TEUs and 62855 TEUs respectively. For the year 2009-10, the actual traffic handled is found to have dropped to 48131 TEUs. The traffic for the years 2010-11 is projected to further reduce to 46400	The actual traffic handled by the CWC has dropped in 2009-10 due to various factors, which are mentioned below: (a). The new CFS's has been set up by the private/public sectors in the Kandla/ Gandhidham, which has taken some of the business, which is the	No comments are offered.	The KPT has not furnished any comments i.e. our stand is acceptable to KPT.

	TEUs and for the subsequent years 2011-12 to 2012-13 growth of 7%, 10% and 13% is projected in the traffic over the estimates of the respective previous years. The KPT has stated out that the share of the CWC traffic to the total traffic of the KPT shows a fall in the past few year. Analysis if any done by the CWC for significant reduction in the traffic of the CWC since the traffic actually handled in the year 2007-08 and 2008-09 and the remedial action taken by the CWC in this regard may be explained.	main cause of fall in business at CWC CFS. (b). KPT is not fulfilling the obligations as per terms of the license agreement. All the factory stuffed containers should be routed through the CWC-CFS and in addition to that all import containers should also be routed through CWC-CFS. However, the Port is showing his inability to implement the terms of the agreement. This is causing loss of business to CWC. (c). The IMPEX container traffic at CFS-Kandla has not increased as per the expectation, as most of the container vessels are being diverted to Mundra and Pipavav Ports. The volume at Mundra and Pipavav has increased manifold, whereas the KPT has not been able to achieve the figure of container handling for 2007 since then. This is one of the major causes of not achieving the MGT figure by the CWC-CFS at Kandla. (d). The private CFS operators are offering the huge incentive to the trade to attract the business. The margin of CWC in view of the increased cost over a period of time, is not permitting to offer any of the incentive to the user agencies.		
(iii).	The traffic handled by the CWC in the past period 2009-10 at 48131 TEUs and the traffic projections for the years 2010-11 to 2013-14 at 46400 TEUs, 49600 TEUs, 54600 TEUS and 61700 TEUs respectively are found to be lower than the MGT assessed as per the	The projections for 2010-11 were made on the basis of the traffic handled during the first six months. A slight increase in the volume of traffic has been projected expecting the improvement in the total throughput of IMPEX containers at KPT.	CWC needs to consider the actual containers handled during F.Y. 2010-11.	Already complied in the revised cost statement.

	provisions in the LA on the total impex container traffic estimated by the KPT. The reasons for projecting the traffic lower than the MGT may be explained.			
(iv).	(a). The CWC has proposed new tariff item at Sl No 8 and 9 for factory destuffing/ stuffing at CWC CFS / CY at KPT/ any yard at Gandhidham and to any yard at Mundra. New tariff is also proposed for movement of container between CFS and Mundra at Sl. No.12. The Kandla Port Trust has in its letter has pointed out that these tariff items proposed by the CWC for providing service to loaded / empty container between CFS and Mundra is a violation of the License Agreement and amounts to serving Mundra Port. The clarification furnished by the CWC vide its letter dated 27 January 2011 in this regard does not appear to address the issue raised. The CWC is again requested to examine the objections of KPT in the light of the provisions in the License Agreement and conclusively establish that its proposal is not in violation to the Licence Agreement.	It has been observed that due to increase in IMPEX container traffic at Mundra as well as development of empty container yards by the shipping lines, some of the shipping lines are requesting for providing the services to transport container to their nominated container yard in and around Mundra. Some of the factories situated between Kandla & Mundra may need the container and on the specific request of the shipping lines and the importers, the containers are being lifted or dropped at the empty container yard in and around Mundra. This facility is proposed to be included as new tariff items keeping in view the requirement of the trade. It is felt that this facility, in no way, violates the condition of the license agreement. The development of facility in and around Mundra is a fact, which has to be admitted by one and all and it is wrong to say that this amounts to serving the Mundra Port. It may be kept in view that the CFS operators has to meet the requirement of the trade in the best interest of all the organizations.	No comments are offered.	No comments are offered.
	(b). If traffic projections include container traffic with reference to new tariff items proposed at Sr. No.8, 9 and 12 then the same may be indicated separately for the year 2011-12 to 2013-14 along with the relevant income and expenditure	The traffic projections made includes the container traffic with reference to the new traffic items also because it is felt that this facility will be availed by a very few number of importers / exporters situated between Kandla &	It may be clarified what CWC intends or means by the sentence 'The traffic projections made includes the container traffic with reference to the new traffic items also ….' If CWC is anticipating new containerised-cargoes,	No comments are offered.

	projections also.	Mundra. It is also felt that this will facilitate the customer of the Kandla Port.	the details of the same may please be furnished.	
	(c). Please confirm that actual traffic, income and the expenses reported for past period 2007-08 to 2009-10 as well as 2010-11 does not include any container traffic handled for movement between CFS of CWC to any yard at Mundra and Gandhidham. If so, the same may be indicated separately for each of the years.	The actual traffic income and expenses reported for the year 2007-08 to 2010-11 does not include in container traffic handled for movement between CWC-CFS to any yard at Mundra and Gandhidham, as this was not provided in the tariff and, therefore, these services could not be offered to the trade by CWC.	No comments are offered.	No comments are offered.
	(d). The KPT has stated that the actual container traffic reported by CWC at 62855 TEUs in 2008-09 and 48131 TEUs in 2009-10 do not match with the actual traffic of 39707 TEUs and 25083 TEUs for the corresponding period reportedly received by the KPT from the CWC. The projections for the years 2010-11 to 2013-14 indicated in the Annex attached to the KPT letter reportedly based on the information furnished by the CWC also do not match with the traffic projections in the cost statement in the current tariff proposal. The reasons for difference in the traffic figures may be explained. The actual position may please be indicated.	The figure furnished to the KPT includes the traffic moved from KPT to CFS or vice-versa. Whereas the CFS is handling some of the containers, which are not going to the Kandla Port, but to the factory premises or to the other CFS/container yard within the Kandla Port area. It may be kept in view that we are having the movement of container in certain cases to the factory/empty container yard in the KPT area and vice-versa also. This is the reason of mis-match between the figures submitted to the KPT by the Manager-CFS and the figures taken by us in our statement.	CWC-CFS at Kandla has not provided KPT with the month wise statistics of the other containers that CWC-CFS is handling i.e. the containers which have not been handled at Kandla Port but are going to the factory premises or to the other CFS / container yard. KPT will be able to give correct projections of CWC-CFS container traffic / offer comments on the same, only after it receives such information from CWC.	The figure furnished to the KPT includes only traffic moved from KPT to CFS or vice-versa. It appears that KPT is taking the issue in other way. CWC stand was that difference in container figure was due to the Empty/ Loaded Container handled for F/S or F/D where movement of subject containers are undertaken by user themselves i.e. loading/ unloading of containers is treated as handling figure and shown at statement No.2A-II-A(2) resulting difference in figures. There is no need to sought comments of KPT on this issue.
(2).	**Capacity :**			
(i).	The designed capacity assessed by the CWC in its initial tariff fixation proposal (letter No.CWC-CD/II-KANDLAPORT/2004-05/626 E dated 17.5.2004) was at the level of 60000 TEUs, 90000 TEUs and 120000 TEUs per annum for the years 2004-05, 2005-06 and 2006-07 respectively. In the last tariff Order, the Authority in para 11.1.	The capacity in respect of CWC centers is taken into metric ton basis and not on TEU basis as has been understood or taken by the TAMP. The capacity of the CFS-KPT is 51,600 metric tone and not 51,600 TEUs as mentioned. It was assessed that in this capacity in the entire complex of having a capacity 51,600 metric ton. CWC can handle	CWC has mentioned the capacity of its CFS's as 51600 MT in the revised proposal. However, since the entire proposal has taken container TEU into consideration, the capacity may be indicated in equivalent TEU terms, for giving further comments. CWC has also mentioned that it can handle upto 140000	The capacity in respect of CWC centers is taken in metric ton basis (For calculation purpose: Cover Area: One MT = Area in SFT/6 and open yard: 10000 SQM space can accommodate 500 TEUs and 1TEU = 25 MT). CFS is having 12000 SQM covered godown and 24000 SQM Open CY and

	(xiv)(b) had raised doubt on the capacity assessed by the CWC at 51600 TEUs. The capacity of the CFS in the last tariff Order was considered at the level of 120000 TEUs per annum for the years 2007-08 and 2009-10 respectively as assessed by the CWC in the initial proposal. Considering the investment proposed on civil work which was to be available to users in 2009-10, the capacity for the year 2009-10 was considered at 140280 TEUs per annum (i.e. 36% of the impex declared by the KPT for that year). Explain the reasons and the basis for considering the capacity of the CWC –CFS at 51600 TEUs per annum for the years 2008-09 to 2013-14 which is lower than capacity considered in the last tariff Order.	upto 60,000 TEUs, 90,000 TEUs and 1,20,000 TEUs per annum depending on the turnover and the requirement of the trade. The capacity of the CFS can still be taken as 1,40,000 lac TEU per annum for the next three years. It has also been mentioned in the license agreement that in this entire area, CWC can handle 1,40,000 TEUs per annum. However, this capacity has not been achieved so far due to lack of business i.e. total handling at KPT.	TEU per annum depending on the turnover and the requirement of the trade. However, based on the design and specification parameters of the CWC-CFS, its rated capacity (in TEU) may please be furnished to KPT, to enable us to give further comments. Further, CWC may also indicate the rated capacity of the additional (Scrap) yard that has been developed as a separate entity at a separate location at Kandla. It may also clarify the reasons for not considering / including the capacity of this additional (Scrap) yard in the initial and revised proposal, alongwith supporting evidence. CWC may kindly clarify the 'Rated capacity' of the additional (Scrap) yard alongwith supporting evidence and calculations.	hence capacity comes to 51600 MT. However, equipment based capacity is already furnished to TAMP. It has also been mentioned in the license agreement that in this entire area. CWC can handled 1,40,000 TEUs per annum. However, this capacity has not been achieved so far due to violation of agreement terms by KPT and lack of business i.e. total handling at KPT. CFS-II (Scrap Yard) is not under purview of agreement hence not considered in proposal. The CME, KPT vide letter No.MS/WK/1021-IX/431 dated 5 January 2006 has clarified that CFS-II (Scrap Yard) does not comes under agreement. Further, as per article-4 of agreement dated 12 February 2002 also provide that licensee shall be entitled to levy tariff approved by TAMP for the project facility which means only CFS Kandla (140000 SQM plot) is covered under agreement and not CFS-II (Scrap Yard). CFS-II (Scrap Yard) is not covered under the proposal, hence no comments.
(ii).	As observed in the last tariff Order, the designed capacity has to be assessed for the physical facilities available and the productivity levels desired/ achieved.	As per the physical facilities available and the productivity level, the capacity assessment as required is enclosed. It is felt that CWC is in a position to handle	The assessed capacity of the terminal as admitted by M/s CWC themselves is 1,40,000 TEUs while the traffic handling projected for various years from	The CWC has reiterated its reply furnished to TAMP on point B 1 (ii) given above on this observation of KPT. It has reiterated that

<table>
<tr>
<td></td>
<td>Keeping this in mind a detailed computation of capacity assessment may be furnished based on the equipment deployed/ facility provided and the productivity levels desired/ achieved.</td>
<td>1,40,000 TEUs in the complex. The computation of capacity of CFS Kandla Port based on equipment (reach stacker) deployment is given below:
<table>
<tr><th>Sl. No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>1.</td><td>Number of Reach Stacker Available</td><td>02</td></tr>
<tr><td>2.</td><td>Average move in one Hrs. by two Reach Stacker</td><td>25</td></tr>
<tr><td>3.</td><td>Working Hrs per shift</td><td>08 Hrs.</td></tr>
<tr><td>4.</td><td>No. of shift per day</td><td>02</td></tr>
<tr><td>5.</td><td>Working Hrs. per day</td><td>16</td></tr>
<tr><td>6.</td><td>No. of TEUs may be handled per day</td><td>400</td></tr>
<tr><td>7.</td><td>No. of TEUs may be handled per month</td><td>12000</td></tr>
<tr><td>8.</td><td>Annual Handling Capacity of CFS</td><td>144000 TEUs per annum</td></tr>
</table>
</td>
<td>2010-11 to 2013-14 is as under:-
<table>
<tr><th>Year</th><th>Traffic (Estimated / Projected TEUs)</th><th>% of Capacity utilization</th></tr>
<tr><td>2010-11</td><td>42876</td><td>29.78</td></tr>
<tr><td>2011-12</td><td>49600</td><td>34.44</td></tr>
<tr><td>2012-13</td><td>54600</td><td>37.92</td></tr>
<tr><td>2013-14</td><td>61700</td><td>42.85</td></tr>
</table>

Thus, it can be seen that capacity utilization ranges from 30-43%. As such maximum ROCE of 15% claimed by M/s CWC is not as per the TAMP guidelines which provide full return of 15% is allowable only when the capacity utilization is 60% and above.

The following points may be kept in view while going through the comments given by Kandla Port.

(i). CWC may also consider the figures for containers handled at the 'Additional (Scrap) Yard' for the entire proposal. Kandla Port has included all the relevant figures of this 'Additional scrap yard' like throughput etc in furnishing its comments.

(ii). Kandla Port Trust has been receiving container throughput figures with respect to containers handled at Kandla Port only, i.e. the inward and outward movement of the containers between Kandla port and CWC-CFC (at Kandla) only. KPT has not been provided any statistics with regard to container movement taking place at the CWC-CFS for containers that were not handled at Kandla Port i.e. movement of</td>
<td>CFS-II (Scrap Yard) is not covered under the License Agreement hence KPT's stand to include CFS-II figures should not be entertained.</td>
</tr>
</table>

			containers between CWC-CFS and the factory / other CFS/Ports etc. Thus all comments against the relevant points from Kandla Port are based on the throughput handling / movements taking place between CWC-CFS and Kandla Port only.	

On the other points, the KPT has not furnished any remarks. Queries raised by us and the reply of CWC is brought out hereunder:

<table>
<tr><th>Sl. No.</th><th>Queries raised by is</th><th>Reply received from CWC</th></tr>
<tr><td>(3).</td><td>Income estimation :</td><td></td></tr>
<tr><td>(i).</td><td>The traffic projections show growth of 6.8% in the year 2011-12, 10% in 2012-13 and 13% in the year 2013-14. Whereas the income projections show 7% increase in the year 2011-12, and 2.7% increase in each of the subsequent years. The income projected for the years 2012-13 and 2013-14 does not correspond with the growth estimated in the traffic. The income estimated for the years 2012-13 and 2013-14 may be reviewed and modified in view of our observation.</td><td>The revised income estimations for the years 2011-12 to 2013-14 are furnished.</td></tr>
<tr><td>(ii).</td><td>The CWC has not furnished detailed computation of estimated income with reference to the traffic projected at the existing Scale of Rates. Please furnish detailed computation of income for the tariff projected at the existing tariff level from each of the tariff items prescribed in the SOR for each of the years 2011-12 to 2013-14. Confirm that the revenue estimated is at the existing ceiling level of tariff prescribed by the Authority.</td><td>The detailed computation of estimated income with reference to the traffic projected at the existing tariff is furnished for the yeas 2011-12 to 2013-14. The computation has been done at the existing ceiling level of tariff prescribed by the TAMP.</td></tr>
<tr><td>(iii).</td><td>As regard the income from storage charge, indicate the average dwell time of cargo / containers for the last two years 2009-10 and 2010-11 and the dwell time considered for the purpose of income estimation.</td><td>The average dwell time of container/cargo is furnished, and the similar period has been taken in computation of income estimation. The average dwell time furnished by CWC is with reference to March 2011 and is given below:
<table>
<tr><th>Sl. No.</th><th>Operation</th><th>Average Dwell Time</th></tr>
<tr><td>1</td><td>Import containers delivery</td><td>8 days</td></tr>
<tr><td>2</td><td>Import cargo delivery</td><td>4 days</td></tr>
<tr><td>3</td><td>Export container movement</td><td>01 day</td></tr>
<tr><td>4</td><td>Export Cargo Stuffing</td><td>05 days</td></tr>
<tr><td>5</td><td>Empty Containers Movement</td><td>03 day</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>Apart from the general increase in rate proposed, the CWC has also proposed introduction of some new tariff items. The year-wise additional revenue implication arising from these new tariff items may be quantified item-wise and furnished for all the years under consideration with workings.</td><td>The new tariff has been proposed in respect of factory stuffed/factory de-stuffing of the containers. Similarly clause of Reworking is also included as per operational needs. The inclusion of these items is a part of any CFS operations. It is understood that these containers are being handled by the parties themselves and, therefore, these services will only facilitate the customers of CWC and will not have any major impact on the total income or volume of containers.</td></tr>
<tr><td>(v).</td><td>(a). The rates set by this Authority are ceiling levels only. CWC may indicate the discount over the ceiling rates, if any, allowed by it during the years 2007-08 to 2010-11. The revenue impact of such</td><td>The CWC has offered discount only in respect of ground rent in respect of empty containers with effect from May-2010. The rate approved by the TAMP was ₹26.15 per TEU per day, which was</td></tr>
</table>

	discounts allowed may be quantified. It may be confirmed that the actual income reported in the Annual Accounts of 2007-08, 2008-09, 2009-10 and 2010-11 (actuals to be furnished by CWC) are revenue realised at the ceiling level of tariff prescribed by the Authority.	reduced to ₹20/- per TEU per day. Free period was also extended from 7 days to 12 days. The income shown in the annual accounts is the actual income realized within the ceiling level of tariff prescribed by the TAMP.
	(b). Confirm that the revenue estimates for the years 2011-12 to 2013-14 are with reference to the existing ceiling rates prescribed by the Authority.	The revenue estimate for the year 2011-12 to 2013-14 are with reference to the existing ceiling rate prescribed by the TAMP.
(4).	**Operating cost :**	
(i).	**Royalty :** As per the revised guidelines for tariff fixation, in case of bids finalised before 29 July 2003, the tariff computation must take into account royalty/ revenue share payable by the private operators to the landlord port as cost for tariff fixation so as to avoid the likely loss on account of this item not being taken into account, subject to maximum of the amount quoted by the next lowest bidder. The L.A. was signed by the CWC in February 2002. During the processing the last tariff revision, CWC had clarified that in the competition bidding, it was the only technically qualified tenderer. Since there is no second bid available for comparison, it had sought pass through of the entire royalty payable to the KPT on the Minimum Guaranteed Throughput envisaged in its proposal. In the current proposal as well the CWC has followed the same approach. Since the Government did not convey its decision in this regard, royalty payable was not allowed as cost in the last tariff revision. In the absence of any specific direction from the Government in this regard, royalty payable by CWC to KPT cannot be admitted as cost in the current tariff revision exercise.	The CWC is required to pay the royalty to the KPT as per the rates prescribed in the license agreement. The license agreement was signed by the CWC in February, 2002 and, therefore, CWC is entitled to take the payment of royalty in our cost for tariff fixation in order to avoid loss on account of this item. The guidelines clearly provides that in case the bid is finalized before 29/07/2003, tariff computation must take in to account royalty payable to the land lord i.e. KPT as per fixation of tariff. In view of above guidelines, it is submitted that the demand of the royalty to the land lord Port i.e. KPT should be taken into account the cost of CWC for fixation of tariff.
(ii).	In terms of the clause 2.5.1 of the tariff guidelines for tariff fixation, expenditure projection should be in line with traffic adjusted for price fluctuation with respect to the current movement of Wholesale Price Index (WPI) for all commodities announced by the Government of India. Annual escalation in the cost estimation will be allowed as per the said provision in the tariff guidelines of March 2005.	2.5.1: The impact of Wholesale Price Index has been considered.
(iii).	**Market Facilitation (MF) Payments :**	
	(a). The MF payments indicated in the cost statement (in the nomenclature of equipment hire) for the years 2008-09 and 2009-10 does not match with the actual MF payments reported in the Statement of Profit and Loss Account. The difference in the figure may be reconciled.	The MF payment in the enclosed statement has been revised and tallied with the profit & loss account.
	(b). Confirm that the copy of the agreement dated 23 July 2010 forwarded by the CWC with the outsourcing contractor vide letter its dated 4 December 2010 is the correct and the final copy as the rates seem to be hand written. If not, a complete final copy of the agreement awarded to the outsourcing contractor may please be forwarded. The terms of conditions of the agreement if any may also be forwarded.	The agreement dated 23/07/2010 forwarded to TAMP earlier is correct and final copy and the rate has been mentioned by the contractor in his own hand-writing. The terms & conditions of the agreement are once again enclosed.

	(c). Confirm that the agreement entered by CWC with the contractor for providing handling and transportation service complies with the provisions in the Income Tax Act relating to arms length relationship of the transaction.	The agreement with the contractor for providing the handling and transportation services complies with the provisions of the income-tax act and necessary deductions under concerned section of income-tax act are being made.
	(d). Agreement dated 23 July 2010 with the contractor does not show any annual escalation in the rate. In this context, the inc1rease estimation in MF payment by 8.3% in the year 2011-12, 10% in the year 2012-13 and 13% in the year 2013-14 may be justified.	The increase in the MF payment is on the basis of the increase in the volume, which has been projected in the year 2011-12, 2012-13 and 2013-14. As regards escalation in the rate is concerned, the contractor is entitled to get the escalation on the basis of increase in the diesel prices as specified in the tender document after a period of two years.
	(e). Detailed working of the MF payments (i.e. equipment hire charge) co-relating it with the rates specified in the outsourcing contracts/agreement entered by CWC for each of the items of services for the traffic projected for the years 2011-12 to 2013-14 may be furnished in support of the estimates considered in the cost statement.	Detailed working of the MF charges payable on the basis of the projection is furnished.
(iv).	**Insurance :**	
	(a). Insurance cost of ₹11 lakhs indicated in the cost statement for the year 2008-09 is found to be different from the figures reported in the Profit and Loss statement. The reasons for the variation may be explained.	The insurance cost of ₹11 lakhs was considered in the cost statement based on the estimated average value. It has been now revised as per the figures reported in the profit & loss account.
	(b). Furnish a copy of the relevant insurance covers taken during the year 2010-11 to justify the figures considered in the cost statement.	Copy of the insurance covers taken by the CWC are furnished. It is mentioned that CWC take the insurance cover on all India basis and the expenditure on this account shown in the statement is on the basis of the actual declared value of the stock in storage for a particular month/year.
	(c). Insurance cost is estimated to increase by ₹0.50 lakhs during each of the years 2011-12 to 2012-13 over the actuals/ estimates of the respective previous years despite the fact that no additions are proposed to the gross block during these years. The insurance cost should in fact reduce since it is computed on the written down value of the asset. The CWC may modify the estimation of insurance cost in the light of our observation.	Insurance cost in case of building etc., has not been reduced by the insurance company and, therefore, the increase has been shown keeping in view the past trend of increase in the insurance premium.
(v).	Confirm the depreciation on assets is as per the straight line method with life norms adopted as per the Companies Act or based on life norms prescribed in the LA, whichever is higher.	It is confirmed that CWC charging depreciation on straight line method on the percentage of depreciation which has been fixed by our Corporate Office considering the life of the assets.
(vi).	The lease rental payable as per the concession agreement indicated in the cost statement does not match with the lease rental reported in the profit and loss statement for the year 2008-09 and 2009-10. The reasons for variation in figures may be explained.	The lease rentals on the basis of the actual has been corrected and shown in the revised statement.
(vii).	Form 3B shows the operating and direct labour and repairs and maintenance cost for the year 2008-09 and 2009-10 and estimates for the years 2010-11 to 2013-14. However, these figures are not reflected in the consolidated cost statement separately. Relevance of operating and direct labour cost when all the services are outsourced by the CWC may be	Repair & maintenance of building and other services is being undertaken by the CWC themselves. Only the equipments hired and the handling operations have been outsourced. The billing cost towards labour, repair and maintenance cost for the year 2008-09, 2009-10 has been considered in other operative expenses

	explained. Clarify whether these expense are clubbed with other items expenses as they are not reflected separately in the consolidated cost statement.	which has been shown separately in the statement.
(5).	**Capital Employed :**	
(i).	As stated earlier, the CWC has not furnished the Audited Balance Sheet for the years 2007-08 to 2009-10 to verify the gross block, net fixed assets and capital employed furnished in Form 4B. The requisite documents may be forwarded. Please ensure that the gross block, additions to the gross block, depreciation and the net block of assets considered in the cost statement duly matches with the figures reported in the Balance Sheet.	The Auditor's Report and Balance Sheet is being submitted. The gross block, net block of the asset and capital employed furnished in form 4B has been verified. The gross block, net block of the assets, addition to the gross block, depreciation have been matched with figure reported in the balance sheet. (The Audited report and the balance sheet for the years 2007-08, 2008-09, 2009-10 and 2010-11 stated to have been furnished by CWC is for the entire region and not for the CFS operations at Kandla Port.)
(ii).	Since the year 2010-11 is drawing to a close, the additions proposed to the gross block, depreciation and other related items may be modified with reference to the actuals.	After audit of accounts of 2010-11, the addition of gross block, depreciation and other related items will be modified with reference to the actual.
(iii).	The net block of assets for the year 2009-10 does not exclude the depreciation reported for the year. The net block of assets and the capital employed for the year 2009-10 may please be verified and corrected with consequent modification in the estimates of the subsequent years.	The net block of assets and the capital employed for the year 2009-10 has been corrected, as advised.
(iv).	(a). Appendix 6 of the LA gives details of the investment to be made in the second phase on various equipment /civil work when the container traffic reaches 5000 per month. During the last tariff revision, the CWC had estimated additions to the gross block of civil works to the tune of ₹9.14 crores as part of second phase of investment which was allowed in the year 2009-10 in the tariff revision exercise. Form 4A now showing the actual capital employed does nor reflect any additions to the gross block. The reasons for variation in the actuals from the estimates considered in the last tariff Order in respect of this item may please be explained.	It was proposed that second phase development would be taken up as traffic reaches 5000 TEUs per month. However, this traffic level has not been achieved so far and, therefore, the development of second phase has not taken place.
	(b). The reasons for variation, if any, in the investment by the CWC vis-à-vis the investment plan envisaged in LA may please be explained.	It was envisaged to develop the second phase as soon as the minimum level is achieved by the CWC for the first phase development. However, due to violation of the agreement by the KPT, the same could not be achieved. Therefore, the investment as envisaged in the license agreement has not been achieved.
(v).	(a). The estimation of Sundry debtors and cash balance by the CWC for determining the working capital is not found to be in accordance with the norms prescribed in clause 2.9.9. of the guidelines.	At CFS-KPT, most of the realization is in cash from the user agencies and the billing is providing only for empty containers to the various shipping lines. Therefore, creation of sundry debtors as per clause 2.9.9 is not applicable to the CFS-KPT.
	(b). The Authority passed an Order on 30 September 2008 announcing refinement in the 2005 guidelines which interalia permits outflow on certain items arising out of the contractual obligations of the LA to be taken as part of the Sundry Debtors. As per Article 5.2. of the LA, the CWC is required to pay lease rent to the KPT for the lands allotted to it before the end of the first month of the year to which such license fee pertains. As per Article 5.1. of the LA Royalty is payable on the 10th of the succeeding month. Since contractual obligations of the LA are	As per clause 5.2 of the license agreement, the CWC is required to pay the lease rent to the KPT in advance at the end of first month of the year. The royalty is also calculated on the basis of the transactions carried out in the previous year and paid in advance for the next year.

	not payable in advance these items cannot be considered for computation of the working capital.	
	(c). The basis of estimation of current liability for the years 2010-11 to 2013-14 may be explained.	The current liability has been created on the basis of lease rent and royalty payable to the KPT as per license agreement.
(vi).	In the last tariff Order, one-time upfront fees of ₹2.80 crores and lease premium of ₹39.22 lakhs paid to the KPT as per terms of the LA was apportioned over the lease period. Whilst the CWC has made this adjustment in the cost statement, the unamortized portion to the extent not written off does not seem to be added to the capital employed at the end of each of the years from 2007-08 to 2009-10 as well as for the years 2010-11 to 2013-14 for computation of return.	The necessary correction has been made in the cost statement by including the unamortized portion to the extent not written off to the capital employed at the end of each year 2007-08 to 2013-14 for computation of return.
(vii).	The CWC has computed 15% return on equity and 11% return on the debt portion. As per clause 2.9.1. of the tariff guidelines of 2005, both Major Port Trusts and Private Terminals are allowed return on capital employed irrespective of sources of fund. The return admitted for the tariff cases decided in the year 2010-11 is 16%. The ROCE will be reviewed by the Authority based on the parameters obtained for the year 2010-11. The computation of return may have to be modified in the light of the above observation.	The computation of return has been modified taken into account the ROCE @ of 16%.
(6).	**Comparison of Actual vis-à-vis the Estimates (Form 7) :**	
(i).	In the revised form 7 filed by CWC vide letter dated 27 January 2011, all the items of estimates viz. operating income, expenses, capital employed, ROCE, net surplus etc., for the years 2007-08 to 2009-10 considered by the CWC are different from the estimates considered in the Order of 28 June 2007. The estimates should be as considered in the TAMP Order. As regards the operating income, the estimates considered in the Order need to be adjusted for tariff increase allowed in the last tariff Order for a like to like comparison with the actuals.	The operating income, expenses, capital employed ROCE and net surplus for the year 2007-08 to 2009-10 considered by CWC base on the estimated income and expenditure of the centers. However, as pointed out the operating income, estimate have been shown as per the tariff increase allowed in the last tariff order of 28th June, 2007.
(ii).	Royalty was not admitted as an item of cost while approving the last tariff Order for reasons explained in the Order in para 11 (xi). The CWC has, however, included royalty as item of cost for the past period. As this exercise is for assessment of the past period with reference to actuals, the approach followed in the last tariff Order should be maintained. In the light of this position, exclude the royalty payment for analysis of the past period maintaining the position considered during the last tariff Order.	The royalty payment should be considered as revenue expenditure in fixation of revised tariff at CFS Kandla since the license agreement between KPT and CWC executed on 12/02/2002 whereas order in this regard were issued on 29/07/2003.
(iii).	As stated earlier, depreciation, MF payment (shown as equipment hire charge), lease rentals do not match with the individual expenses reported in the Annual Accounts for the years 2007-08 to 2009-10. Further, sum of total expenses considered in the cost statement for the years 2007-08 to 2009-10 in Form 7 also do not match with the sum of expenses reported in the Annual Accounts. Please furnish a reconciliation statement for the variation in the figures reported in the Annual Accounts vis-à-vis the cost statement for the years 2007-08 to 2010-11 after updating the statement with 2010-11 actuals.	The cost statement showing figures of depreciation and M.F. payment not match with the individual expenses reported in the annual account for the year 2007-08 to 2009-10 has been modified and matched with the actual.

(iv).	The computation of capital employed and the return on capital employed at actuals for the years 2007-08 to 2009-10 may be considered following the approach followed in the last tariff Order. Please furnish a detailed working in this regard.	The computation of capital employed and return of capital employed for the years 2007-08 to 2009-10 has been considered following the approach followed in the last tariff Order.
(v).	The cost statement does not show the adjustment of the 50% of the surplus assessed for the past period 2005-06 to 2006-07 spread over the period 2007-08 to 2009-10. The estimates furnished in the cost statement in Form 7 may be modified to reflect the approach followed in the last tariff Order.	The estimate furnished in the cost statement in (form no.7) has been modified to reflect the approach followed in the last tariff Order.
(vi).	Prima facia the variation in the actual traffic, income and expenses is found to be more than +/(-) 20% for most of the items as against the estimates considered in the last tariff Order. The CWC is requested to furnish the reasons where the variation in the actuals vis-à-vis the estimates is more than +/(-) 20% for the past period 2007-08 to 2009-10.	As per revised statement, there may not be variation in the actual traffic, income and expenses more than +/(-) 20%.
(7).	**Form 6** – Analysis of Efficiency on Productivity Improvement filled by the CWC states that it has achieved cost reduction in the previous cycle on account of efficiency. The CWC has not established that the cost reduction achieved is on account of efficiency as per clause 2.4.1 of the tariff guidelines of 2005. Clause 2.4.1. of the guideline requires a comparison to be made of the cost reduction achieved in the immediately preceding tariff cycle with that of the tariff cycle, which preceded it. CWC may quantify cost reduction, if any, achieved during the past period and establish that the cost reduction is due to efficiency improvement as per the relevant clause of the revised tariff guidelines and claim its share in the relevant estimates of expenditure for fixing tariff for the tariff validity period under consideration.	No reply furnished by CWC.
C.	**<u>SCALE OF RATES</u>**	
(1).	The CWC has forwarded a comparative position of the tariff prescribed in the existing Scale of Rates and the rates proposed. A proposal of the CWC is not accompanied with a complete draft Scale of Rates with the definitions and the general terms and conditions. The CWC is requested to forward draft proposed Scale of Rates.	Draft of scale of rates, with general terms & conditions and depreciation, has been furnished.
(2).	On examining the comparative position of the existing tariff proposed vis-à-vis the proposed tariff it is observed that the increase proposed in the tariff ranges from 27% to 58% in the storage charge, and for the services proposed in Chapter II for cargo handling and transporting the increase proposed is in the range of 20% to 58% for most of the items. Whereas for Sl. No.3, 4 and 13 the increase proposed in the existing tariff is 90% to 185%. The reasons for proposing differential tariff increase for different services may be explained.	It is a fact that the scale of rates in clause-3, 4 & 13 has increased comparatively higher than the other items. In this regard, it is submitted that the Corporation is loosing heavily at this unit since last 2-3 years due to shrinking of margin and volume both. It was felt that in certain items, such as the clause-3, 4 & 13, the rates can be increased to a competitive level by increasing the margin of CWC. We have tried to cover the gap between the income and expenditure, as a whole, to make the unit financial viable.
(3).	(i). The description of the services in Chapter II has been modified / rationalised by the CWC for most of the items. Please furnish a comparative position of the description of service prescribed in the existing SOR juxtaposing the proposed description of	No reply furnished by CWC.

	services highlighting the changes proposed and explaining the reasons for proposing modification in the description of service for each of the items.	
	(ii). The services prescribed in Sl. No.1 and 7 in the existing Scale of Rates prescribes time limit of 24 hours and 12 hours respectively for completion of service after the receipt of job order. The reasons for deleting the condition about time limit for completion of the services in the proposed SOR for these items may please be explained.	The CWC is completing the operations at Sr. No.1 & 7 within the prescribed time limit of 24 and 12 hours respectively normally. However, it has been felt that due to congestion and break-down of equipment at the Port terminal, the vehicles are being delayed for hours and some time, time limit may not be adhered to by the service provider. The CWC has got the similar time limits in the contract with the service provider and the same would be maintained depending on the situation. However, keeping in view the problems within the Port faced during the last 2-3 years, the time limit has been proposed to be deleted.
(4).	The existing Scale of Rates does not prescribe differential higher tariff under Sl. No.5 for scrap/ heavy cargo. The reasons for proposing the rate for providing service to scrap / heavy cargo at almost 78% more than the rate proposed for general cargo may be justified with reference to increase in the cost involved for providing service to this category of cargo.	The existing scale of rates was prescribed at a time when the CWC was not handling heavy metal scrap cargo on a larger scale. Of late, it has been observed that the cost for handling of scrap and heavy cargo has increased considerably as the labour is demanding higher rate for such a cargo and also the deployment of equipment is also causing financial burden on the service provider. The higher rate for such a heavy and dedicated items is fully justified keeping in view the specific requirement of the users. The comparative position of the description of services prescribed in the existing SOR with proposed description of services highlighting the changes proposed and the reasons for proposing the modifications has been furnished.
(5).	Clause 5.4. of the tariff guidelines stipulates that the handling charge for 40' container shall be 1.5 times the rate for 20' container and for storage charge it shall be 2 times the rate for 20' container. The last tariff Order prescribed the rate for handling including transportation at 1.5 times the rate prescribed for 20' container in case of a 40' container and two times in case of storage charge. The rates proposed by the CWC do not maintain the differential in the tariff of 20' and 40' container at the level followed in the existing Scale of Rates. The CWC may maintain the differential in the rate for 20' and 40' container as per the guidelines wherever such differential is not followed.	In general, the tariff guidelines for keeping the handling charges of 40' container to 1.5 times of 20' containers and the storage charges 2 time rate of 20' containers has been followed. However, it has been observed in the recent contract awarded by the CWC to the service provider, in some of the cases, particularly the heavy cargo, the rates are higher than 1.5 times of the 20' containers. The rate has been proposed keeping in view the fact that CWC has to pay a higher amount in such cases. However, in principle, we may agree to have the handling charges for 40' containers at 1.5 times rates of 20' containers as per guidelines.
(6).	The CWC has proposed new tariff items under Sl No.8, 9 and 12 which has been objected by the land lord port. In this regard our query raised at B(1)(iv)(a) above may be addressed.	
(7).	The existing SOR prescribed rate of ₹8 for movement / shifting of cargo from one place to any other place another within CFS. In the proposed SOR, new entry is proposed at Sl. No.15 for movement / shifting of cargo from one place to any other place within the same godown for weighment or any other purpose at par with the rate proposed for movement of cargo from one place/ godown/ CY to any other place/ godown/ CY within the CWC complex (Sl. No.16). In this context the following points may be clarified:	It is clarified that the cost involved for the clause-15 & 16 has only marginal difference of ₹1/-. However, keeping in view the requirement and the fact that such incidences are very few in numbers, the tariff proposed for both the items has been kept at the same level.

	(i). Clarify whether the cost involved for movement of cargo within the same godown and movement of cargo from one godown/ place/ CY to another place/ godown/ CY within the CWC complex is the same to justify the identical rates proposed for the two services.	
	(ii). Rate proposed for manual movement of cargo and mechanical movement of cargo within the same godown is proposed at par at ₹8 per quintal. Justify the proposed rate with the cost of providing the service for manual/ mechanical movement of cargo.	
(8).	(i). On comparison of the rates as per the last outsourcing contract entered by CWC in July 2004 and the revised contract of July 2010 for handling and transporting services outsourced, it is observed that there is no change in the outsourcing rate for services at Sl. No.3- Cargo delivery, Sl. No.10 - Empty container movement, Sl. No.13- Lift on/ lift off and for some of the services at Sl. No.15 and 16 movement of cargo within CFS complex, Sl. No.14- Shifting of container for washing, Sl. No.18 palletization the revised outsourcing rates are found to be lower than the earlier rates of outsourcing. The CWC has, however, proposed increase in the rates for these tariff items in the range of 30% to 166%. Justify the proposed increase when the main cost of providing the services which is outsourcing cost does not show any increase.	In all these items where the increase been demanded at a higher rate, volumes are not very high. Inspite of low volume, the arrangements for washing of the container, palletization and engagement of labour for cargo delivery etc. is to be made by the Corporation which increases the cost. The CWC has to make arrangement for water supply for container washing if the area ear-marked for the paletization etc., provide labour for cargo delivery etc. though volume in this operation is very low. In order to recover the additional cost for maintaining the services, the CWC has considered to increase the rates. If the volume in this operations increase, we may offer to reduce the rates after some time.
	(ii). The main cost item for the CWC is the MF payment as the entire service is outsourced. On comparing the outsourcing rate with the rates proposed it is observed that the proposed rates are more than 100% of the outsourcing rate for most of the tariff items. Justify the tariff proposed for each of the services with reference to the cost involved for providing the service.	
(9).	The CWC has proposed new tariff item under Sl. No.20 for reworking of container at ₹2000 per TEU and ₹3000 per FEU. Charge for Back to town i.e. loading of shut out cargo is also newly proposed at ₹8 per quintal. The basis of arriving at the proposed tariff item may be explained and justified with reference to the cost involved for providing these services.	No reply furnished by CWC.
(10).	The tariff prescribed under Sl. No.13 in the existing Scale of Rates is not found to be included in the proposal. The reasons for deleting this item may be explained.	The tariff prescribed at Sl. No.13 of existing SOR has been proposed at Sl. No.21 of proposed SOR.
(11).	Please furnish detailed computation of revenue estimation at the proposed rate for each of the tariff items as well as the new tariff items proposed by the CWC for the traffic projected and the additional revenue estimation for the years 2011-12 to 2013-14.	Statement showing revenue estimation of the proposed rate for each of the tariff item for the traffic projected and the additional revenue estimation for the year 2011-12 to 2013-14 is furnished.

8.3. The CWC while furnishing reply to the queries raised has made a few modifications in the draft SOR proposed by them earlier which is summarised below:

(i). The rate proposed for storage of cargo for export operations on reservation basis is proposed to be extended for storage of cargo for import operations as well.

(ii). It has added a new tariff item for storage of import cargo (in open) on volume at ₹11 per cbm/ week and ₹45 per CBM / month. In the comparative position furnished by them about tariff at other CFS near by its operations, the rate for this new items is shown at ₹11 per sq. mtr. / week (for storage on weekly basis) and ₹45 per sq. mtr. / month for storage on monthly basis.

8.4. The KPT vide its letter dated 26 July 2011 has also provided their additional views. The CWC vide letter dated 24 August 2011 has furnished its clarifications on the additional points made by KPT. A summary of the views of KPT and clarifications furnished by CWC are tabulated below:

Sl. No.	Additional views of KPT	Clarifications furnished by CWC
(i).	In the proposal, under FORM-2A, I(C), CWC has indicated traffic figures of 21452, 17110 and 12799 loaded TEU for the years 2008-09 to 2010-11, which do not match with the actual handling of laden containers of 23208, 18235 and 13937 TEUs as reported by the CWC-CFS to Kandla Port Trust. Due to changes in the figures upto 2010-11, the projected figures upto 2013-14 also need to be changed. The figures given by CWC do not seem to be probable in view of the present (declining) trend and other factors.	The figures submitted by KPT appears to include the loaded traffic handled at CFS-II also. As stated earlier, the CFS-II (Scrap yard) is not covered under license agreement, hence KPT's stand to include figure of CFS-II should not be entertained.
(ii).	Under FORM-2A, at II – Container traffic figures of 62855, 48131 and 42876 TEUs do not match with those furnished to Kandla Port at 41562, 26874 and 25446. Further, based on the present (declining) trend, the existing infrastructure and other factors, it seems highly improbable that CWC-CFS would be able to achieve the projected throughput figures of 49600, 54600 and 61700 TEU during the years 2011-12 to 2013-14.	The figures includes Laden Container movement between CFS and Port, empty movement between CFS and Port and Lift-on/ Liff off of containers at CFS for factors stuffing (F/S) and factors destuffing (F/D) operations. The projections have been made including F/S and F/D also. However, if KPT implement all the clauses/ articles of agreement, which are at present being violated by them, CWC expects to achieve the projected figures.
(iii).	The MGT figures provided earlier by Kandla Port for 2010-11, were based on some estimates. Now that FY 2010-11 is complete, the actual figures may be considered for calculating 'Minimum throughput' for 2010-11. It is further stated that after completion of 2010-11, the projections of containers handling at the Kandla Port's container terminal, have been revised to 1.75 lakh TEU from 1.70 lakh TEU for the years 2011-12, and for the year 2012-13 to 1.80 lakh TEUs from the earlier mentioned figures of 1.75 lakh TEU. Accordingly, CWC may also recalculate and furnish the revised MGT in Form-2A.	There is minor increase in traffic declared by KPT after closing of FY 2010-2011 and it shall not have any significant impact, hence the statement submitted by CWC in June 2011 may be considered as valid.
(iv).	Under Form-2A, at IV – Assessed capacity of the terminal (MTs) has been furnished as 51600 MTs from 2008-09 till 2013-14. It may kindly be clarified whether these figures have been assessed by CWC or TAMP. If they have been assessed by CWC, it may further be clarified whether TAMP, has accepted this assessed capacity. The basis and the method of arriving at this figure of 51600 MTs may also be furnished. This assessed capacity in terms of equivalent TEU may also be furnished alongwith supporting calculations. This is required since in the case of the Port's container Terminal operator - M/s.ABGKCTL, the cargo handling capacity of the container terminal, has been assessed by TAMP, in terms of container TEU.	The capacity of 51600 MT is assessed as per formula (not made known to us). Capacity based on equipment utilisation has already been furnished to TAMP.

(v).	The basis, assumptions and the methodology adopted for arriving at capacity utilization figures in Form-2A for past and future years may be communicated for further comments. It may also be clarified whether the capacity and the throughput at the 'Additional (Scrap) yard' at Kandla, have also been incorporated, in arriving at these utilisation figures.	Capacity utilisation is simply arrived by dividing capacity by utilisation. There is no need to seek further comments of KPT in this regard. The CFS-II (Scrap yard) is not covered under license agreement hence KPT's stand to include figure of CFS-II should not be entertained.
(vi).	On checking of the various figures the following discrepancies have been observed:-	
	(a). There is an error in the figures of operating surplus as the 'Other Income' projected at ₹12, ₹12.50, ₹14, ₹14.50 and ₹15 for the years 2010-11 to 2013-14 in Form 2B has not been considered for calculating the operating surplus.	The other income shown in projections is not operating income and is not routine in nature and is nominal. As such, the same has not been considered in computation of operating surplus.
	(b). There is totaling error in working out the figures of Net Surplus.	The annexure is in excel form hence the system itself takes care of totaling, however, total of net surplus has been verified and found in order.
(vii).	There is a wide variation in the projected traffic growth vis-à-vis projected operating income.	The variations in projected income is due to variations in traffic projections.
(viii).	The CWC has crossed the throughput of 5000 TEUs per month in the year 2005-06 itself. Yet it has not projected any significant investment in the year 2011-12 to 2013-14 on equipment/ civil work nor has it proposed any addition to the gross block of assets. The second phase is overdue for development and as such the investment envisaged in the LA during the second phase is required to be incurred by CWC.	KPT is referring traffic of 2005-06, whereas proposal for the period 2008-09 onward and 2008-09 onwards CFS never achieved 5000 TEUs per month and hence does not qualify for IInd phase investment. However, some of the items such as development of one open yard and equipments as per IInd phase are already provided fulfilling criteria for IInd phase.
(ix).	The revenue share payable to KPT has been considered as a part of operating cost which was not allowed by TAMP in its earlier orders.	Revenue expenditure is a part of expenditure and should be considered.
(x).	66% of the total operating cost is equipment hire charges. There is no provision in the LA that allows CWC to hire cargo handling equipment. In fact by incurring a huge expenditure on hire of cargo handling equipment, CWC is in fact avoiding incurrence of capital expenditure on cargo handling equipment. This is nothing but excess claiming of capital expenditure in the form of revenue expenditure.	KPT's stand at this stage should not be considered as existing practice to outsource equipment/ trailers is being exercised since inception of CFS and TAMP have approved/ revised tariff two times. Further, generally at CFSs, the major operative cost is hiring of equipments only. As such, it is on higher side. It is not advisable to acquire such costly equipments and maintenance being Government agency. Hence, operative costs shown in the proposal of CWC is in-order.
(xi).	Since KPT is not entitled to revenue share on empty containers handled at CWC-CFS the charges for the service of transportation of containers from / to container yard to Mundra / nearby CFS for factory stuffing which is not provided for in the LA is a violation of the LA and until the LA is suitably amended and KPT is given its due share on these containers, the same should not be allowed.	No comments.
(xii).	As already stated in the past, the charges for covered storage proposed by CWC are very high as compared to those charges levied by KPT.	KPT's comment is far from the facts as CWC-CFS is running in heavy loss for past two years. Proposed tariff is very competitive as compared to other CFSs. There is no need to compare proposal with KPT's tariff as they have owned the land whereas CWC is paying huge amount in the form license fee, royalty, etc. to KPT.

8.5. The CWC has furnished revised cost statement. It has subsequently furnished updated cost statement with 2010-11 actuals which is brought out in subsequent paragraph.

9. At the joint hearing, users were allowed 7 days time to furnish further comments, if any and forward their comments to TAMP with copies to CWC and KPT. The KPT and CWC were requested to examine the comments of users on receipt of them and furnish their response within 7 days thereafter. The Shipping Corporation of India (SCI) and Northern India Shippers Association (NISA) have furnished their comments. The CWC and KPT have also responded to the comments of SCI and NISA.

10.1. The CWC subsequently vide its letter dated 30 November 2011 has submitted audited Profit & Loss Account and Balance Sheet of CFS Kandla Port duly certified by the Chartered Accountant for the years 2007-08, 2008-09, 2009-10 and 2010-11. It has also updated the cost statements with 2010-11 actuals and has furnished revised cost statement. The CWC has clarified that there is difference in royalty amount reported in Profit & Loss (P/L) Account vis-à-vis statement because in P/L account royalty has been taken on actual basis whereas in the cost statement the royalty is on Minimum Guaranteed Throughput (MGT) basis in anticipation to comply relevant article of agreement between CWC and KPT. Regarding difference in lease rent amount, it has submitted that in the cost statement, the lease rent has been taken on payable/ paid basis in a particular year whereas the profit/ loss account reports lease rent paid in advance basis i.e. for next year. The CWC subsequently vide its letter dated 23 December 2011 intimated the actual containers handled by them for the year 2007-09 is 27941 TEUs. It has reiterated that Phase II investment has not been executed as their turnover is less. It has confirmed that the investments on phase I has been made as per the License Agreement.

10.2. The summary of the revised cost statement filed by the CWC for the years 2010-11 to 2013-14 is tabulated below:

(**₹ in lakhs**)

Particulars	**2010-11 Actuals**	**2011-12 Estimates**	**2012-13 Estimates**	**2013-14 Estimates**
Traffic (in TEUS)	42876	49600	54600	61700
Income	567.09	639.04	703.56	804.74
Operating expenditure including overheads	718.67	807.07	871.66	957.55
Depreciation	110.36	108.41	108.46	108.51
Operating Surplus/ Deficit	(-)261.94	(-)276.44	(-)276.56	(-)261.32
Capital Employed	2061.76	2054.42	2034.26	1926.63
ROCE adjusted for 80% capacity utilisation	240.21	305.29	312.43	300.01
Net deficit	(-)502.15	(-)581.73	(-)588.99	(-)561.33
Net deficit as % of operating income	(-)88.55%	(-)91.03%	(-)83.72%	(-)69.75%

11. 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.

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

(i). The Scale of Rates of Central Warehousing Corporation (CWC) was last revised in June 2007 with validity prescribed period upto 31 March 2010. The validity of the existing tariff of CWC has been extended a couple of times and was last extended till 30 September 2011 vide Order dated 2 May 2011.

(ii). The CWC had revised its cost statement vide its letter dated 21 June 2011. It has subsequently under the cover of its letter dated 30 November 2011 filed revised cost statement updating the cost statements with actuals for the year 2010-11. The original proposal of the CWC along with revised cost statements furnished by CWC under cover of its letter dated 30 November 2011 and additional information/ clarification furnished by CWC during the processing of this case are considered for the purpose of this analysis.

(iii). Clause 2.13 of the tariff guidelines of 2005 mandates review of the actual physical and financial performance of the Major Port Trust and private terminals at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff. During the last review of tariff of CWC, the estimates for the years 2007-08 to 2009-10 were relied upon. As such, it is necessary to make a comparison of the estimates for the years 2007-08 to 2009-10 with the actuals for the said years.

The approach followed in the last Order to arrive at the estimated position is adopted to assess the actual net surplus/ deficit for the years 2007-08 to 2009-10. The analysis of performance of CWC during the years 2007-08 to 2009-10 along with modifications done in the cost statement filed by the CWC is explained below:

(a). The revenue impact of 10% tariff increase granted in the last tariff Order (estimated at ₹4.7 crores for the three years) is adjusted in the income estimation for the years 2007-08 to 2009-10.

(b). The items of actual income and expenditure as well as net fixed assets furnished by the CWC in the cost statement as well as sum of income and expenditure do not match with the figures reported in the Audited Profit and Loss statement and Balance Sheet. Despite request, CWC has not furnished a statement reconciling the net surplus/ deficit in the cost statement with the profit/ loss reported in the Audited Profit and Loss statement of the respective years. The actual figures reported in the Audited Profit and Loss Statement are, therefore, considered to analyse the past performance.

(c). The actual income reported in the Annual Accounts for each of the years 2007-08 to 2010-11 is considered except interest income reported under the head Miscellaneous receipts which is not considered as income in fixation of tariff of major port trusts/ private terminals.

(d). The CWC has stated it has offered discount only in respect of ground rent of empty containers with effect from May 2010. As against the rate approved by the TAMP at ₹26.15 per TEU per day, it has offered at a concessional rate of ₹20/- per TEU per day and also extended free period from 7 days to 12 days. Despite request, the CWC has not furnished the financial revenue impact of such concession allowed by them. Without details of empty containers which stayed beyond free period, the revenue impact of such concession allowed cannot be ascertained. It may, however, be relevant to state here that the average dwell time of empty container is reported to be 3 days by CWC as against prescribed free period of 7 days in the existing Scale of Rates. Based on the above position reported by CWC, it appears that the concessional tariff stated to have been allowed in storage charge for empty container could not have resulted in any significant revenue impact.

(e). The license agreement was signed by the CWC in February 2002. During the processing of the last tariff revision, CWC had clarified that in the competition bidding, it was the only technically qualified tenderer. Since there is no second bid available for comparison, it had sought pass through of the entire royalty payable to the KPT on the Minimum Guaranteed Throughput envisaged in its proposal. In the current proposal as well the CWC has included royalty payable to KPT at that too at the MGT level as a pass through for the past period 2007-08 to 2010-11 as well in the future estimates for the years 2011-12 to 2013-14.
The tariff guidelines of 2005 do not cover the situation where there is single technically qualified bidder and no other bid is available for comparison. During the last tariff, the Government was requested to advice in the matter of treating revenue share/ royalty in such cases for tariff fixation. The Government has not conveyed its decision in this regard.

In the absence of any specific direction from the Government about the treatment of royalty in instant case where no other bid is available for comparison, the royalty payable by CWC is not allowed as pass through for the past period in line with the approach followed in the last tariff Order. The same approach is followed in the future estimates.

If any decision contrary to this position considered in this analysis is received from the Government, this Authority shall undertake to review the tariff of the CWC to correctly reflect the decision of the Government.

(f). The CWC has clarified that the lease rental reported in the Audited Accounts pertains to the amount paid to the KPT in advance for the next year as per the LA. The lease rental considered in the cost statement is stated to be the amount payable by it to KPT for the relevant year as per the License Agreement. The KPT has also endorsed that the lease rental indicated by the CWC in the cost statement for the past period is correct. In view of the clarification furnished by the CWC, lease rent as indicated by the CWC in the cost statement is considered.

(g). In the last tariff Order of July 2009, the upfront fee and lease premium payable to KPT was amortised over the project period at ₹11.40 lakhs per annum. The same approach is followed in the analysis of the actuals for the past period.

(h). The net fixed assets as per Audited Annual Accounts of the respective years are taken except the value of land lease hold reported as part of the net fixed assets. The CWC has included the value of lease hold land as part of the net fixed assets and has also considered depreciation thereon. The land has been leased by KPT to the CWC for 30 years project period. The license fee payable to KPT is captured as revenue expense in the cost statement. Value of lease hold land is excluded from the net fixed assets reported in the Audited Balance Sheet and depreciation account is also suitably modified to this effect.

As was done in the last tariff Order, the un-amortised portion of upfront fee and lease premium is considered as part of capital employed for computation of return.

(i). Working capital is computed as per the norms prescribed in the guidelines. Cash balance has been calculated at one month's cash operating expenses. Inventory is considered as nil as indicated by CWC. Current liability as reported in the Audited Balance Sheet is considered. The CWC has reduced the negative working capital from the net fixed assets while computing the capital employed. Whenever the working capital becomes negative, it is considered as NIL in line with the approach followed in similar circumstances in other cases. Thus, the Capital Employed comprises of only Net Block of Assets and unamortized upfront fee which comes to ₹3637.99 lakhs, ₹3643.73 lakhs, ₹3532.86 lakhs and ₹3424.38 lakhs for the years 2007-08 to 2010-11 respectively.

As per the Order passed by this Authority on 30 September 2008, prepayments of certain expenses which flow from the provisions of the Licence Agreement can be considered as Sundry Debtors. The CWC has stated that as per clause 5.2 of the license agreement it is required to pay lease rentals in advance to KPT. It has also stated that the lease rental reported in the Audited Accounts pertain to advance payment to KPT for the next year. Since the said advance payments are governed by LA provisions there is a case to consider such pre-payments as part of working capital for the purpose of allowing return. Recognising that the advance payment will get adjusted against the rent payable for the respective month and at the year end of the entire advance is adjusted the average of the pre-payment at 50% of the lease rentals reported in the audited accounts in each of the years is considered as part of working capital. This is in line with the approach followed in the case of Chennai Container Terminal Limited, South West Port Limited, etc.

(j). In the last tariff Order of July 2007, the capacity utilisation of the CFS was estimated to be 60%, 72% and 74% for the years 2007-08 to 2009-10 respectively. During the last tariff revision, the capacity of the CWC was considered at 1,20,000 TEUs for the years 2007-08 and 2008-09 as indicated by the CWC in the original proposal and from the year 2009-10 it was considered at 1.40 lakh TEUs. Despite request, the KPT being the Licensor has not indicated the capacity of CWC.

During the processing of this case, the CWC has stated that the capacity of CFS can be taken at 1,40,000 TEUs and even the License Agreement states that in the entire area, CWC can handle 1,40,000 TEUs per annum.

The capacity utilisation for the throughput achieved works out to be 41%, 52% and 34% for the years 2007-08 to 2009-10 and 30.63% in the year 2010-11. The tariff guidelines of 2005 prescribe a minimum capacity utilisation of 60% for claiming full Return on Capital Employed (ROCE). Clause 2.9.11. of the tariff guidelines of 2005 stipulates that if the investment made by the private operator is in accordance with the obligations under the concession agreement it will be considered for ROCE even if full capacity utilisation is not achieved.

Appendix 6 of the LA gives details of the investment to be made in the second phase on various equipment/ civil work when the container traffic reaches 5000 per month. However, development of second phase as envisaged in the license agreement has not been made as volumes have not reached the threshold level. The KPT has stated that in the year 2005-06 CWC achieved 5000 TEUs per month and hence the investment as per second phase is overdue. The CWC has confirmed that 5000 TEUs per month was never achieved by them from 2008-09 onwards and hence it does not qualify for IInd phase investment. Despite that, the CWC claims that some investment on development of one open yard and equipment as per IInd phase are already provided by them. In view of the clarification furnished by the CWC regarding second phase investment and recognising that first phase investments are reportedly as per the Licence Agreement, full return of 16% is allowed on the modified capital employed following the provision prescribed in the tariff guidelines.

(iv). (a). A summary of the comparison of the actuals vis-à-vis the estimates considered in the last tariff Order is tabulated below:

(**₹ in lakhs**)

Particulars	Estimates relied upon in the July 2007 Order				Actuals				% Variation
	2007-08	2008-09	2009-10	Total for the years 2007-08 to 2009-10	2007-08	2008-09	2009-10	Total for the years 2007-08 to 2009-10	
Traffic (in TEUs)	72030	86440	103750	**262200**	27941	62855	48131	**138927**	-47%
Operating Income	1450.68*	1698.44*	1992.58*	**5141.71**	1001.48	957.67	687.04	**2646.19**	-48.5%
Total Exps (incl. Depn)	1260.56	1493.92	1822.46	**4576.95**	927.73	981.07	817.39	**2726.19**	-40.4%
Surplus before Return	190.12	204.52	170.12	**564.76**	73.75	-23.40	-130.35	**-80.00**	-114.2%
Capital Employed	2536.50	2383.60	3144.70	**2688.27@**	3637.99	3673.73	3532.86	**3604.86@**	34.1%
ROCE @ 16%	405.84	381.38	503.15	**430.12@**	582.08	583.0	565.26	**576.78@**	34.1%
Net Surplus after ROCE and adjustment of past period deficit of ₹85.46 lakhs per annum in the estimates	-301.18	-262.31	-418.49	**-981.99**	-508.33	-606.40	-695.61	**-1810.33**	

* The operating income estimates are updated to consider the effect of 10% increase granted in the last tariff Order.

@ Denotes the average for the years 2007-08 to 2009-10.

(b). As seen from the above table, the aggregate of actual net deficit after admissible cost and permissible return for the years 2007-08 to 2009-10 is ₹18.10 crores as against the estimated deficit position of ₹9.82 crores as per the tariff Order of June 2007.

As per clause 2.13. of the tariff guidelines, if review of actual physical and financial performance for the previous tariff cycle shows the variation of more than + or – 20% with reference to the actuals, then 50% of such accrued benefit/ loss has to be adjusted in the next tariff cycle.

(c). The variation in both the physical as well as the financial performance is seen to be more than 20%. As can be seen from the above table, the actual traffic handled is 47% lower compared than the estimated level. The CWC has stated that lower container traffic handled by the Container operator ABGKCTL at KPT and violation of some of the provisions of license agreement by the KPT has resulted in lower volume of container traffic at CWC. The CWC itself admits underutilization of its facilities. Recognising the under utilisation of the capacity of the CFS facilities and also bearing in mind that last tariff Order did not cover the full deficit position reflected by the cost statement while granting tariff revision, it is not found necessary to compensate for past losses suffered for the years 2007-08 to 2009-10. Even the CWC has not claimed to adjust the past period loss over the future tariff.

(v). The validity of the existing Scale of Rates of CWC has been extended beyond 31 March 2010, subject to the condition that the surplus over and above the admissible cost and permissible return accruing to CWC for the period after 1 April 2010 will be set-off fully, in the tariff to be fixed for the next cycle. The cost statement for the year 2010-11 is prepared following the same approach explained in the preceding paragraph for the period 2007-08 to 2009-10. Since the year 2011-12 will draw to a close by the time this Order is implemented, the cost position reflected based on the estimates furnished by the CWC which is analysed subsequently is also considered as part of the past period subject to review of actuals during the next tariff revision exercise. If the variation is found to be more than the level prescribed in the revised tariff guidelines, it shall be adjusted in the next tariff validity cycle.

The modified cost statement reveals a deficit of ₹758.61 lakhs for the year 2010-11 and for the year 2011-12 the estimated deficit is ₹690.06 lakhs over and above the admissible cost and permissible return. Since the activity shows a loss for the years 2009-10 and 2010-11 (estimates) and for the reasons explained in the preceding paragraph no adjustment is required to be done in the future estimates.

(vi). (a). The actual traffic handled by CWC during the year 2010-11 is reported to be 42876 TEUs. As against this, the traffic projected by the CWC 49600 TEUs in the year 2011-12, 54600 TEUs in the year 2012-13 and 61700 TEUs in the year 2013-14. There seems to be some arithmetical error in conversion of FEUs into TEUs in the income calculation sheet furnished separately. Based on the detailed income computation furnished by CWC, the throughput projection comes to 49620 TEUs in the year 2011-12, 54625 TEUs in the year 2012-13 and 63705 TEUs in 2013-14. The corrected position is considered in the cost statement.

(b). The KPT has projected the container throughput for the years 2011-12 to 2013-14 at 1,70,000 TEUs, 1,75,000 TEUs and 1,92,000 TEUs respectively. The container traffic considered in the recent tariff revision case of the Container terminal operator ABGKCTL operating at KPT is 176267 TEUs, 193894 TEUs and 213283 TEUs for the corresponding years. As per the LA, the MGT at 36% of the throughput works out to 63456 TEUs, 69834 TEUs and 76781 TEUs for the years 2011-12 to

2013-14 respectively. The traffic estimated by the CWC is found to be significantly lower than the MGT based on the traffic projection relied upon in the case of ABGKCTL.

(c). The KPT has maintained that based on the present (declining) trend, the existing infrastructure and other factors, it seems highly improbable that CWC-CFS would be able to achieve the projected throughput figures of 49600, 54600 and 61700 TEU during the years 2011-12 to 2013-14.

The CWC has repeatedly alleged that due to violation of the License Agreement by the KPT and also due to lower traffic at the Container terminal operator by ABGKCTL at KPT, the CWC could not achieve the traffic at the MGT level of traffic. The KPT has maintained that no provision in MOU requires KPT to compel all users to route all their containers through CWC-CFS in preference to other CFS at Gandhidham. It is for the CWC to achieve the MGT by canvassing business, providing cost-efficient service, trade promotion etc.

It is not for this Authority to dwell upon these issues of disagreements between the CWC and the KPT. The KPT and the CWC may examine the points of disagreement and resolve the matter amicably or by taking the remedial measures available in the Licence Agreement.

The CWC has contended that inspite of odds brought out by them, it will intensify efforts to achieve the projected traffic. That being so, the traffic as estimated by the CWC is considered. The traffic projections estimated by the CWC subject to correction of calculation/ reporting error shows growth of 15%, 10% and 16% for the years 2011-12 to 2013-14 over the actuals/ estimates of the respective previous years.

The KPT has stated that the traffic figures given to them by CWC include the traffic of the additional scrap yard referred as CFS-II developed at Kandla. The KPT pointed out that the capacity and traffic of the CFS-II should also be considered in the current proposal. The CWC has clarified that the CFS-II (Scrap yard) is not under the purview of the license agreement and hence not considered in its proposal. The tariff arrangement followed for the CFS-II operated by CWC is not known. The KPT has not brought out the nature of arrangement under which the CWC is providing the service at the CFS-II. The KPT is advised to examine the whole matter and initiate appropriate action for fixation of tariff, if it falls within the port limits. As far as this exercise is concerned, it is limited to the initial CWC-CFS being operated under the LA dated 12 February 2002.

(vii). (a). The CWC has furnished workings of income estimation from container / cargo handling based on the existing level of tariff for the traffic projected. The income estimated by the CWC at the existing tariff level is relied upon.

(b). The storage income for the years 2011-12 to 2013-14 shows 7%, 10% and 13% increase over the actual/ estimates of the respective previous year. The income from the storage reported in the past period also indicates that this item of income does not commensurate with the traffic growth. The storage income as estimated by the CWC at the existing tariff is relied upon and considered.

(c). As stated earlier, the CWC has not considered some miscellaneous income in the past period which has been considered by us as part of the FMI. The past trend shows this income is in the range of ₹20 to 30 lakhs per annum. Actual miscellaneous receipt (excluding interest) for the year 2010-11 is maintained for the years 2011-12 to 2013-14.

(d). It may be brought out here that the traffic as well as the income estimation furnished by the CWC does not include any estimates for movement of containers between CWC-CFS and Mudra and their stuffing/ de-stuffing operations for which new tariff items are proposed by the CWC but are not approved for the reasons explained in the subsequent paragraph.

(viii). (a). Clause 2.5.1. of the revised tariff guidelines requires that the expenditure projections of the major ports/ terminal operators should be in line with traffic adjusted for price fluctuations with reference to current movement of Wholesale Price Index (WPI) for all commodities as announced by the Government of India. This Authority has decided to allow an escalation factor of 6% for the expenditure projections in all tariff cases of major ports and private terminals to be decided in the financial year 2011-12.

(b). The major item of expense in CWC is equipment hire which is paid to contractors for the services outsourced. The CWC has furnished detailed computation of the payments at the outsourced rate for the traffic projected. It has substantiated the unit rate adopted for estimating this cost item with a contract copy dated 23 July 2010 entered by CWC with the contractor for the services outsourced. The contract shows that the rates are valid for five years and, therefore, CWC has not considered any escalation in the unit rate of contract.

(c). The analysis of the cost statement filed by the CWC shows that the total operating expenditure and the management and general overheads excluding equipment hire, which will vary with the traffic, depreciation, lease rental and upfront fee ammortisation is estimated at ₹343.90 lakhs for the year 2011-12, ₹358.73 lakhs and ₹373.70 lakhs as against actual expense of ₹343.17 lakhs in the year 2010-11. The expense estimated for the year 2011-12 is almost at the level of 2010-11 and for the subsequent two years the increase is around 4.2% per annum which is well within the admissible 6% annual escalation.

(ix). The lease rentals for the years 2011-12 to 2012-13 is estimated by the CWC applying 5% annual escalation over the actuals/ estimates of the previous year in view of specific provision in the LA. The KPT has endorsed the lease rent considered by the CWC in the cost statement for the past period. It has not made any adverse comments on the lease rental estimated by CWC for future. The lease rent as estimated by CWC is taken into account.

(x). The depreciation for the years 2011-12 to 2013-14 are considered at the level reported in the Annual Accounts in the year 2010-11 as the CWC has not proposed any additions to the gross block of assets.

(xi). The CWC has not estimated any additions to the gross block of assets during the current tariff cycle. The net fixed assets for the years 2011-12 to 2012-13 are considered taking the net fixed assets reported in the Annual Accounts for the year 2010-11 as the base subject to excluding the value of land lease hold for the reason explained earlier. The un-ammortised upfront fee is considered as part of the capital employed for computing return as done for the past period.

(xii). Cash balance has been calculated at one month's of modified cash expenses as per the norms prescribed in the guidelines. CWC has indicated the inventory as nil. The actual current liabilities reported for the year 2010-11 is considered for the years 2011-12 to 2013-14.

The Working Capital results in a negative figure. As stated earlier, the CWC has reduced the net fixed assets to the extent the working capital is negative. Working Capital is, however, taken as NIL.

(xiii). Subject to above modification, the Capital Employed for the years 2011-12 to 2013-14 at ₹3315.42 lakhs, ₹3206.46 lakhs and ₹3097.50 lakhs respectively is considered in this analysis.

(xiv). Based on the capacity of the terminal assessed at 1.4 lakhs TEUs, the capacity utilisation of the CFS comes to 35%, 39% and 46% in the years 2011-12 to 2013-14.

The tariff guidelines of 2005 prescribe a minimum capacity utilisation of 60% for claiming full Return on Capital Employed (ROCE). Clause 2.9.11. of the tariff guidelines of 2005 stipulates that if the investment made by the private operator is in accordance with the obligations under the concession agreement it will be considered for ROCE even if full capacity utilisation is not achieved. The investments made by CWC are found to be as per the Licence Agreement. Hence, 16% return is allowed on the modified capital employed as per the relevant provision of the tariff guidelines.

(xv). Subject to the above discussions, the cost statement filed by the CWC for the years 2011-12 to 2013-14 has been modified. The modified cost statement is attached as **Annex - I**. As stated earlier the estimates of 2011-12 subject to modification explained in the preceding paragraphs shows a deficit which is considered as part of past period analysis as the year will close to an end by the time this Order comes into effect. The revised tariff is, therefore, to be determined based on the estimates for the three years 2012-13 and 2013-14. The results disclosed in the cost statement at the existing tariff level is summarized below:

(**₹ in lakhs**)

Particulars	2012-13	2013-14	Total
Operating Income	703.56	804.74	**1508.30**
Net Deficit	(-) 657.04	(-) 605.89	**(-) 1262.94**
Net Deficit as a percentage of Operating Income	(-) 93.39%	(-) 75.29%	(-) 83.73% (Avg)

(a). As per the position reflected in the cost statement for the years 2012-13 and 2013-14, the existing tariff need to be increased by 84% to meet the deficit of ₹1262.94 lakhs. As against that, the CWC in the current proposal has proposed to increase the existing tariff for movement of import laden container including lift on by 20%, movement of export laden container by 39%, empty container movement by 72%, destuffing by 57% (for general cargo), stuffing by 39%, storage charge by 30% to 58%, ground rent by 44% in the first slab of ground rent and thereafter by 27%, 33% increase in reefer plugging facility, carting and lift on/liftoff by around 90% etc. Thus percentage increase in the existing tariff proposed by the CWC are different for different tariff items. The CWC has clarified that wherever there is scope to increase the existing rates to competitive level for certain tariff items higher increase is proposed by them. The CWC has reported that the increase proposed is mainly to cover the shortfall between the income and expenditure, as a whole, to make the unit financial viable. It can be seen that for the past period from 2007-08 to 2010-11 actuals and 2011-12 estimates, the total deficit assessed is ₹3259 lakhs. The past losses are not considered for adjustment in future tariff.

At the tariff proposed by CWC, the additional income of ₹10.28 crores is likely to be generated for the two years 2012-13 and 2013-14. Thus, even at the tariff proposed by CWC the deficit of ₹2.35 crores would remain uncovered. The position maintained by CWC may be perhaps in realisation of underutilisation of its facilities.

(b). Clause 5.4. of the tariff guidelines stipulates that the handling charge for 40’ container shall be 1.5 times the rate for 20’ container and for storage charge it shall be 2 times the rate for 20’ container. The rates prescribed in the existing SOR maintain the differential in the tariff for 20’ and 40’ at

1.5 times for all the items except for storage where the differential in tariff is prescribed at 2 times as per the guidelines. The rates proposed by the CWC do not maintain the stated differential tariff for 20' and 40' container for most of the items. The CWC has clarified that in the recent contract awarded by the CWC to the service provider, in some of the cases, particularly the heavy cargo, the rates are higher than 1.5 times of the 20' container and the differential in the rate for 20' and 40' is not followed. In principle, it agrees to have the handling charges for 40' containers at 1.5 times rates of 20' containers as per guidelines. The proposed rates for 40' are modified to maintain the differential in the tariff at the level prescribed in the existing SOR. By doing this modification, the additional revenue at the proposed tariff will increase marginally to ₹10.31 crores for the two years period 2012-13 and 2013-14 instead of ₹10.28 crores estimated by CWC.

Subject to this modification, the proposed tariff is approved except those specifically disallowed for reasons given in the subsequent part of the analysis.

The deficit in this case arises mainly because of underutilisation of the capacity created which is admitted by the CWC and as a matter of fact the operator does not even envisage to reach the Minimum Guaranteed Throughput (MGT) prescribed in the Licence Agreement. The CWC may take necessary steps to improve the volumes and thereby reduce the uncovered deficit.

(xvi). (a). The CWC has proposed to rationalize the description of the services in Chapter II for a few items. The users have not pointed out any objections on the modifications/ rationalisation proposed in the description of a few services. The few modifications proposed in description of various services is approved as proposed by the CWC.

(b). The existing Scale of Rates prescribes time limit of 24 hours and 12 hours respectively for completion of service after the issue of job order irrespective of any detention due to offloading / loading delays or traffic congestion for a few services which is proposed to be deleted. CWC has confirmed that it completes the operations within the prescribed time limit of 24 and 12 hours respectively normally. However, it has been felt that due to congestion and break-down of equipment at the Port terminal, the vehicles are being delayed for hours and some time, time limit may not be adhered to by the service provider. The CWC has got the similar time limits in the contract with the service provider and the same would be maintained depending on the situation. It, however, proposes to delete the time limit from the SOR. None of the users have made any objection to the modification suggested by the CWC. The proposed modification is accepted in view of the clarification furnished by the port.

(c). The CWC has proposed separate higher rates for handling heavy cargo/ metal scrap. It has explained that earlier such cargo were not handled but of late such cargo is being handled and the cost for handling scrap and heavy cargo has increased considerably as the labour is demanding higher rate for such a cargo and also the deployment of equipment is also causing financial burden on the service provider. Based on the justification furnished by the CWC and recognising that the contract rate awarded by them also show separate higher rate for handling such cargo, separate rates proposed for these cargo items is approved.

(xvii). (a). Free period for import containers is proposed to be reduced from existing seven days to five days and free period for empty container is proposed to be reduced from ten days to seven days. The tariff guidelines allow the individual port / operator to propose free period. In view of this provision in guidelines and recognising that reduction proposed in the free period is to act as a deterrent from long stay of cargo in the CFS and to encourage the quick clearance of the containers/ cargo, the proposed reduction in the free period for the two category of container is accepted as proposed by the port. The CWC has not quantified any increase in income on account of reduction in the free period. Any revenue arising on this account can go to meet the shortfall in the deficit not covered by the tariff proposed by the CWC.

(b). The existing SOR of CWC prescribes free period of three days on export container after stuffing and destuffing and 7 days free period for parking empty container at CFS under the ground rent and three days free for import LCL cargo in CWC godown in respect of containers received from Kandla Port at CWC CFS in the storage schedule which are not included in the proposed SOR. The condition stating uncleared cargo / container beyond 30 days will be shifted to disposal unit at the cost of importer/ CHA/ shipping lines is also not included in the proposed SOR. The CWC has not given any specific reasons for not retaining these existing conditions. In the revised SOR, the existing conditions are retained. The general conditions that free period shall exclude Custom's notified holidays and non-operating days of the CFS and that the ground rent shall not accrue for the period the CWC is not in a position to deliver/ shift containers/ cargo for reasons attributable to CWC are also retained in the revised Scale of Rates in line with the prescription at all other major ports and private terminals. The other general terms and conditions prescribed in the existing Scale of Rates are retained in the revised Scale of Rates except for updating the penal rate of interest to 16.75% being 2% above the prevailing Prime Lending Rate of the State Bank of India reported at 14.75%.

(c). In the revised proposed SOR filed by CWC dated 21 June 2011, the storage charge for export operation proposed on reservation basis is proposed to be extended to import operations as well. The proposal of the CWC to extend the tariff arrangement on reservation basis applicable for export cargo to import cargo as well is accepted.

(d). The existing SOR prescribes storage charge for import operations for covered area. In the revised SOR filed vide its letter dated 21 June 2011, it has proposed separate storage charge on volume basis at ₹11 per CBM per week or part thereof and ₹45 per CBM per month. In a statement showing the comparative position of CFS tariff of CWC-CFS with other CFS operators nearby its CFS, the proposed rate is shown to apply per sq. mtr. per week or per month instead of per CBM. It is understood from the CWC that the rate has to be on sq. mtr. basis and not on cbm basis. Though the CWC has not explained any basis of arriving at the rate proposed, comparison of this new tariff item with the rate proposed for storage of cargo on reservation basis at ₹170 per sq.mtr/ month shows the conversion to weekly basis comes to ₹42.50 per sq mt/ week as against which the CWC has proposed the rate for storage of cargo on volume basis at ₹11 per sq/ week and ₹45 per sq. mtr./ month for storage of cargo in open area. Based on the comparison and recognising that the proposed rate on volume basis is for storage of cargo in open area and for general storage (i.e. not on reservation basis), the proposed tariff is approved.

(e). The CWC has added a note in the revised SOR stating that the import storage rate shall apply for Public Bonded Warehouse also. The rate prescribed is for storage of cargo and it may not be necessary to indicate any specific name assigned by CWC to the warehouse. The applicable rate prescribed will apply commonly for storage of cargo in the CWC CFS complex in Kandla.

(xviii). The CWC has proposed new tariff items at Sr. No.8, 9 and 12 for factory destuffing/ stuffing at CWC-CFS/ CY and movement to port/ any yard at Gandhidham or Mundra and movement of laden and empty container between CFS and Mundra. The KPT has raised serious objections to the proposed tariff items and stated that as per the LA, the transportation of containers/ cargo is allowed only from Container yard in the port to CFS and back and does not allow transportation/ movement of containers from/ to container yard inside port to Mundra/ nearby CFS for factory stuffing/ de-stuffing. The port has stated that the proposed tariff items are serious violation of the License Agreement and in fact amount to serving Mundra Port and hence should not be allowed.

It is not for this Authority to interpret the provisions of the LA in this matter. The KPT and the CWC may examine and resolve the points of dispute between them as per the LA.

It may, however, be stated here that the point relating to notification of rates for Bonded Trucking services offered by the Chennai Container Terminal Limited (CCTL) for transportation “outside the port area” has been examined in depth by this Authority in its Order no.TAMP/45/2007-CCTL dated 19 June 2008 wherein it is held that the function of transportation of goods offered by CCTL outside the port will not come under the scope of Section 42 of the Major Port Trusts Act and hence does not fall under regulatory oversight of this Authority. If the service is not covered under Section 42, a tariff levied may not require approval of this Authority under Section 48 of the MPT Act. Flowing from the decision taken the CCTL case, the tariff proposed by CWC for movement outside the port area does not fall under the ambit of this Authority and hence not approved. By way of abundant caution, it is mentioned that the decision not to approve the said tariff item should not be construed as an incidental approval of this Authority to the service provided by CWC. The Licensing Authority i.e. the KPT must ensure that its Licencee is functioning within the scope of the licence granted by it. It may be noted that the additional revenue estimation at the proposed tariff does not consider income for these items.

(xix). The existing SOR prescribes tariff for movement / shifting of cargo from one place to any other place within the CFS. In the proposed SOR, new entry is proposed for movement / shifting of cargo from one place to any other place within the same godown (for weighment or for any other purpose) at par with the rate proposed for movement of cargo within the CWC complex. The CWC has clarified that the cost involved is almost the same and hence same tariff is proposed. The proposed tariff is extended to cover the applicable for movement within the same godown or different godown situated within the CWC-CFS premises.

(xx). The CWC has proposed new tariff item under Sl. No.20 for reworking of container at ₹2000 per TEU and ₹3000 per FEU and ₹8 per quintal for Back to town i.e. loading of shut out cargo. The tariff proposed is approved as proposed by CWC.

(xxi). As regards locking charges, the SOR proposed by CWC shows reduction from the existing rate ₹20.90/ TEU per day to ₹20 per TEU/ day. The reasons for proposing reduction only in this tariff item when it has sought increase in all the other items in view of deficit position is not known. In the revised SOR, the existing tariff for this item is increased by 84% to the extent of deficit reflected in the cost statement. In any case this is an optional service offered at the request of users and hence may not have significant financial impact.

(xxii). This Authority vide Order No.TAMP/49/2007-CWC dated 9 July 2010 had approved charges for rendering fumigation service. The CWC has not incorporated the tariff from these services in the proposed SOR. The same are included at the level approved in the July 2010 Order.

(xxiii). The validity of the existing Scale of Rates of the CWC was last extended till 30 September 2011. The financial position for the years 2012-13 to 2013-14 is considered in determining the tariff of the CWC and the estimates for the year 2011-12 is considered as past period analysis. That being so, the revised tariff approved is effective from 1 April 2012. The CWC is allowed to continue to levy the existing tariff till the implementation of the revised Scale of Rates. As already mentioned earlier, the cost position considered in this analysis is for two years i.e. 2012-13 and 2013-14 hence the validity of the revised Scale of Rates will also expire on 31 March 2014.

13.1. In the result, and for the reasons give above, and based on the collective application of mind, this Authority approves the revised Scale of Rates of the CWC which is attached as **Annex - II**.

13.2. The revised Scale of Rates will come into effect from 1 April 2012 and shall be in force till 31 March 2014. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

13.3. The tariff of the CWC has been fixed relying on the information furnished by the port and based on assumptions made as explained in the analysis. If this Authority, at any time, during the prescribed tariff validity period, finds that the actual position varies substantially from the estimations considered or there is deviation from the assumptions accepted herein, this Authority may require the CWC to file a proposal ahead of the schedule to review its tariff and to setoff fully the advantage accrued on account of such variations in the revised tariff.

13.4. In this regard, the CWC requested furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year i.e. for the period ending on 30 June, 30 September, 31 December and 31 March of each of the years in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly period, TAMP will call upon the concerned port trust to submit their proposal for an ahead of scheduled review. If the CWC fails to file a tariff proposal within the time limit to be stipulated by TAMP, this Authority will proceed *suomotu* review of the tariff.

(Rani Jadhav)
Chairperson

ANNEX - I

COST STATEMENT OF CENTRAL WAREHOUSING CORPORATION FOR CFS OPERATIONS AT KANDLA PORT TRUST

(₹ in Lakhs)

Sr. No.	Particulars	2010-11 Actuals	Estimates by CWC 2011-12	Estimates by CWC 2012-13	Estimates by CWC 2013-14	2010-11 Actuals relying on figures reported as per Audited Accounts	Modified estimates 2011-12	Modified estimates 2012-13	Modified estimates 2013-14
	Traffic (in TEUs)	42,876	49600	54600	61700	42876	49620	54625	63705
I	**Total Operating Income**								
	(i). Container Handling income	297.84	345.27	380.37	439.62		345.27	380.37	439.62
	(ii). Cargo handling income	62.30	72.32	79.59	89.85	548.99	72.32	79.59	89.85
	(iii). Others (Storage) income	206.95	221.45	243.6	275.27		221.45	243.6	275.27
	Total (i to iii)	**567.09**	**639.04**	**703.56**	**804.74**	**548.99**	**639.04**	**703.56**	**804.74**
II	**Operating Costs (excluding depreciation)**								
	(i). Repairs & Maintenance	0	0	0	0	11.28	11.96	12.67	13.43
	(ii). Royalty / revenue share	70.22	83.03	98.19	116.11	0.00	0.00	0.00	0.00
	(iii). Market Facilitation Payment (for services outsourced)	264.02	306.21	337.28	386.58	270.91	306.21	337.28	386.58
	(iv). Lease Rentals	57.92	60.82	63.85	67.05	57.92	60.82	63.86	**67.05**
	(v). Insurance	12.50	13.00	13.50	14.00	11.29	11.29	11.29	11.29
	Total (i to v)	**404.66**	**463.06**	**512.82**	**583.74**	**351.40**	**378.32**	**412.43**	**464.92**
III	Depreciation	**110.36**	**108.41**	**108.46**	**108.51**	**97.56**	**97.56**	**97.56**	**97.56**
IV	Overheads								
	(i). Management & Administration overheads	195.00	220.00	230.00	240.00	299.91	220.00	230.00	240.00
	(ii). General Overheads	51.00	56.00	58.00	60.00		56.00	58.00	60.00
	(iii). Preliminary expenses & Upfront Payment write-off	11.40	11.40	11.40	11.40	11.40	11.40	11.40	11.40
	(iv). Contribution of Provident fund	12.51	12.51	13.14	13.79	20.69	12.51	13.14	13.79
	(v). Others	44.10	44.10	46.30	48.62	Treated as part of general overheads	44.10	46.30	48.62
	Total (i to v)	**314.01**	**344.01**	**358.84**	**373.81**	**332.00**	**344.01**	**358.84**	**373.81**
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	**-261.94**	**-276.44**	**-276.56**	**-261.32**	**-231.97**	**-180.85**	**-165.27**	**-131.55**
VI	FMI Less FME	0.00	0.00	0.00	0.00	21.26	21.26	21.26	21.26
VII	**Surplus Before Interest and Tax (V) + (VI)**	**-261.94**	**-276.44**	**-276.56**	**-261.32**	**-210.71**	**-159.59**	**-144.01**	**-110.29**
VIII	Capital Employed	**2061.76**	**2054.42**	**2034.26**	**1926.63**	**3424.38**	**3315.42**	**3206.46**	**3097.50**
IX	RoCE - Maximum permissible considered at 16% as against 15% considered by CWC	300.27	305.29	312.43	300.01	547.90	530.47	513.03	495.60
X	Capacity Utilization	80%	80%	80%	80%	31%	35%	39%	46%
XI	RoCE adjusted for capacity utilization	240.21	305.29	312.43	300.01	547.90	530.47	513.03	495.60
XII	**Net Surplus / (Deficit) (VII) - (XI)**	**-502.15**	**-581.73**	**-588.99**	**-561.33**	**-758.61**	**-690.06**	**-657.04**	**-605.89**
XIII	**Net Surplus / (Deficit) as a % of operating income (XII/I in %)**	**-88.55%**	**-91.03%**	**-83.73%**	**-69.75%**	**-138.18%**	**-107.98%**	**-93.39%**	**-75.29%**
XIV	**Average Net Surplus / (Deficit) as a % of operating income**	**-81.50%**						**-83.73%**	

Annex - II

CENTRAL WAREHOUSING CORPORATION
Scale of Rates

This Scale of Rates sets out the charges payable to the Central Warehousing Corporation for the services and facilities provided at its Container Freight Station at Kandla Port Trust.

General Terms and Conditions:

(1). (i). The user shall pay penal interest @ 16.75% on delayed payments of any charge under this Scale of Rates. Likewise, the CWC shall pay penal interest on delayed refunds.

(ii). The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.

(iii). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the CWC. This provision shall, however, not apply to the cases where payment is to be made before availing the services as stipulated in the Major Port Trusts Act and/or where payment of charges in advance is prescribed in this Scale of Rates.

(2). The storage charges on abandoned FCL containers/shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the date of landing of container, whichever is earlier subject to the following conditions :

(i). The consignee can issue a letter of abandonment at any time.

(ii). If the consignee chooses not to issue such letter of abandonment, the container Agent/MLO can also issue abandonment letter subject to the condition that,

(a). the Line shall resume custody of container along with cargo and either take back it or remove it from the port premises; and

(b). the Line shall pay all port charges accrued on the cargo and container before resuming custody of the container.

(iii). The container Agent/MLO shall observe the necessary formalities and bear the cost of transportation and destuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all necessary actions are taken by the shipping lines for destuffing the cargo.

(iv). Where the container is seized/confiscated by the Custom Authorities and the same cannot be destuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the date the Customs order release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and destuffing. Otherwise, seized/confiscated containers should be removed by the Lines/consignee from the port premises to the Customs bonded area and in that case the storage charge shall cease to apply from the date of such removal.

(3). Users shall not be required to pay charges for delays beyond a reasonable level attributable to the CWC.

CHAPTER - I
GROUND RENT AND STORAGE CHARGES

1.1. Storage Charge

Sl. No.	Description of Service	Rate (in ₹)
1.	**Import Operations**	
	Storage charge (covered area)	
	(a). On General Basis - Upto 30 days - 31st day onwards	 5.00 per MT per day 7.00 per MT per day
	(b). On Reservation Basis	170.00 per sq. mtr. per month
2.	**Export Operations**	
	Storage charge (covered area)	
	(a). On General Basis	5.00 per MT per day
	(b). On Reservation Basis	170.00 per sq. mtr. per month
3.	**Volume Basis (Open)**	
	(a). On Weekly Basis	11.00 per sq. mtr. per week or part thereof
	(b). On Monthly Basis	45.00 per sq. mtr. per month or part thereof

Notes:

(1). First 3 days will be free for the import LCL cargo in CWC godowns, in respect of containers received from Kandla Port at CWC,CFS.

(2). 3 days free period will be allowed for stuffing of export cargo.

(3). While counting free days Customs notified holidays and CFS non- operating days falling in between or succeeding the free period will not be counted.

(4). **INSURANCE:**

It will be presumed that the stock being received at the CFS, Kandla port are adequately insured by the user against all possible risks during storage including interests of the Customs. Thus, in any eventuality, CWC shall not be responsible for any insurable claims/risks including consequential losses. Same assumption will also apply for export cargo warehouses.

However, in case the insurance cover is required by any party against the risk of fire, flood, cyclone, theft, etc., the same will be arranged by the CWC-CFS, Kandla on a written request, for which advalorem charge at the rate of 12.50 paise per ₹1000/- value of the stocks will be levied, per week or part thereof.

(5). For cargo stored in open area at the request of users, storage charges would be 25% less than the rate prescribed for covered area.

(6). Container / Cargo remained un-cleared beyond 30 days shall be liable for shifting to the disposal unit at CFS Gandhidham at the risk and cost of the importer / CHA / Shipping Lines.

(7). 25% extra charges will be levied for hazardous cargo.

(8). Storage charge on cargo shall not accrue for the period when CWC is not in a position to deliver/shift the import/export cargo when requested by the user.

1.2. Ground Rent

Sl. No.	Description of Service	Rate per container per day (in ₹)	
1.	**Import operations**	**20' container**	**40' container**
(A).	Loaded Container		
(i).	1 to 5 days	Free – including date of arrival	Free – including date of arrival
(ii).	6 to 15 days	150.00	300.00
(iii).	16 to 30 days	200.00	400.00
(iv).	31st day onwards	400.00	800.00
2.	**Export operations**		
(B).	Loaded Container		
(i).	1 to 3 days	Free	Free
(ii).	4 days to 15 day	150.00	300.00
(iii).	16th day onwards	200.00	400.00
3.	**Empty Container**	30.00	60.00

Notes:

(1). All empty import containers that are stuffed at CWC-CFS will have 10 days free storage.

(2). Three days free period is allowed on export containers after stuffing and/ or sealing of the container.

(3). Container / Cargo remained un-cleared beyond 30 days shall be liable for shifting to the disposal unit at CFS Gandhidham at the risk and cost of the importer / CHA / Shipping Lines.

(4). Five days free period including date of arrival of the container in the CFS will be allowed for import containers brought from KPT.

(5). While counting free days, Customs notified holidays and CFS non-operating days falling in between or succeeding the free period will not be counted.

(6). For reefer plugging facility charges @ ₹220/-per TEU and ₹330.00 per FEU per 4 hours or part thereof will be levied in addition to ground rent.

(7). 7 days free period will be allowed for parking of empty containers at CFS Kandla Port.

(8). Free period in case of empty containers will commence from the date of parking of empty container at the designated yard of CFS Kandla Port, irrespective of time of arrival of such containers.

(9). **INSURANCE:**
It will be presumed that the stock being received at the CFS, Kandla port are adequately insured by the user, against all possible risks during storage including interests of the Customs. Thus, in any eventuality, CWC shall not be responsible for any insurable claims/risks including consequential losses. Same assumption will apply for export cargo warehouses.

However, in case the insurance cover is required by any party against the risk of fire, flood, cyclone, theft, etc., the same will be arranged by the CWC,CFS, Kandla on a written request, for which advalorem charges at the rate of 12.50 paise per ₹1000/- value of the stocks will be levied, per week or part thereof.

(10). 25% extra charges will be levied for hazardous cargo containers oversized /over dimensional containers.

(11). Ground rent on container shall not accrue for the period when the CWC is not in a position to deliver/shift import/export containers for reasons attributable to the CWC.

CHAPTER-II
CONTAINER/CARGO HANDLING & TRANSPORTATION CHARGE

Sl. No.	Description of Operations	Rate (in ₹)
A.	**Import Operations**	
(1).	**Import Loaded Movement + LO**: Providing road vehicles at Container Yard, Kandla Port and taking over loaded containers placed by Terminal operators on the vehicles provided by the contractor, after due inspection of the condition of the container, the lock & seals and on completion of the required formalities, transporting the same to the Container Freight Station, CWC, Kandla Port (under custom escort wherever/ whenever required), lift-off & stacking in the CY up to three high.	PER TEU ₹1350.00 PER FEU ₹2025.00
(2). (a).	**De-stuffing**: De-stuffing the container as per the procedure laid down; inventorisation of the cargo and stacking the same in the Import Warehouse/ Open Yard (preferably by means of mechanical equipment) and carrying empty containers to the ECY or any other designated area within the CFS Complex and stacking them three high [Irrespective of time lag between different operations].	<u>(i). General cargo</u> PER TEU ₹1150.00 PER FEU ₹1725.00 <u>(ii). Scrap/ Heavy Cargo</u> PER TEU ₹1450.00 PER FEU ₹2175.00
(2). (b).	**Examination**: De-stuffing of the loaded container stacked in the yard by grounding them, wherever necessary (which may include transportation within the complex) for facilitating custom examination and stuffing the cargo back into the same container or any other containers after custom examination or loading the cargo/ container on to road vehicles and stacking the loaded/ empty container as the case may be in the LCY / ECY or any other designated area.	<u>(i). General cargo</u> PER TEU ₹1550.00 PER FEU ₹2325.00 <u>(ii). Scrap/ Heavy Cargo</u> PER TEU ₹1550.00 PER FEU ₹2325.00
(3).	**Cargo Delivery**: Arranging Customs examination of cargo (which would include unpacking and re-packing of packages, providing suitable straps etc, or weightment, sealing wherever required on free of charge), and placing them in the stacks/ open yard, if necessary, and loading the entire consignment in to trucks/ vehicles provided by the importer/ CHA at the import warehouse/ open yard (i). Manual handling (ii). Mechanical handling	 PER QTL ₹6.00 PER QTL ₹8.00

Sl. No.	Description of Operations	Rate (in ₹)
B.	**Export Operations**	
(4).	**Carting:** Unloading the cargo from the trucks/ vehicles provided by CHA/Exporter/User at CWC, CFS complex and stacking the same in the Export Godown/ Open Yard by means of suitable mechanical equipment or by any other appropriate means, after due inventorisation.	
	(i). Manual handling	PER QTL ₹6.00
	(ii). Mechanical handling	PER QTL ₹8.00
(5).	**Examination, Stuffing & LO:** Providing labour or appropriate equipment and arranging custom examination (which would include unpacking and re-packing of packages providing suitable straps / scales or weighment wherever / whenever required on free of cost) and re-stacking, if necessary, and consolidating the stocks / cargo, shifting of nominated empty container after retrieving the same from CFS container yard, placing the container, stuffing, locking & sealing and loading of the container on road vehicles.	(i). General cargo PER TEU ₹1400.00 PER FEU ₹2100.00 (ii). Scrap/ Heavy Cargo PER TEU ₹2500.00 PER FEU ₹3750.00
(6).	**Direct Stuffing and LO:** Unloading the cargo from the vehicles at CFS complex and stacking the same in the yard by means of suitable mechanical equipment or by any other appropriate means, after due inventorization. Providing labour or appropriate equipment for customs examination (which would include weighment wherever/whenever required on free of cost), and consolidating the nominated stocks/cargo, shifting the nominated empty container after retrieving the same from CFS container yard, Placing the container at Stuffing point, stuffing the let-export cargo in to the nominated container by use of suitable mechanical equipment or by other means, locking and sealing container on completion of required formalities after following the prescribed procedure and lift-on/ subsequent internal movement of the loaded container to make space available for keeping the next container for stuffing purpose.	PER TEU ₹1600.00 PER FEU ₹2400.00
(7).	**Transportation of Export loaded container**: Providing road vehicles at CWC-CFS Kandla port, taking over the loaded Export Container and transportation of the same from CFS to CSY, Kandla Port (under custom escort wherever/ whenever required) and handing over the same to the port authorities, obtaining clear "EQUIPMENT INTERCHANGE REPORT" (EIR) & to submit the same to CWC-CFS authorities.	PER TEU ₹1200.00 PER FEU ₹1800.00

Sl. No.	Description of Operations	Rate (in ₹)
C. (8).	**General Operations** **Empty Container Movement**: Providing suitable vehicles and arranging transportation of Empty Container after due inspection about condition of the container (A) from CSY- Kandla Port Trust to CWC-CFS Kandla Port (B) From any other CFS / Container yard within a road distance of 15 kms. from the CFS Kandla Port, to CWC-CFS Kandla Port, (Lift-on/off inside CSY Kandla Port/ Other designated Yard would not be on account of contractor) lift-off & stacking up to three high in CWC-CFS, CY or vice-versa (i). From any yard upto 15 Kms (ii). From CFS-Kandla Port to CFS (vice-versa)	(i). From any yard upto 15 Kms PER TEU ₹1300.00 PER FEU ₹1950.00 (ii). From CFS-Kandla Port to CFS (vice-versa) PER TEU ₹900.00 PER FEU ₹1350.00
(9).	**Inland Container Shifting:** Shifting of empty / loaded containers (including lift on/ lift-off) from one location to another location within the CWC-Container Freight Station Complex at the designated place including stacking the same upto three high by use of appropriate handling equipment. (i) Empty Containers (ii). Loaded Containers **NOTE:** NOT APPLICABLE IF SHIFTING OF CONTAINER IS REQUIRED FOR RETRIEVAL OF THE CONTAINER FOR ONWARD MOVEMENT / ANY DELIVERY THEREOF OR FOR NORMAL HOUSEKEEPING.	(i) PER TEU ₹450.00 PER FEU ₹675.00 (ii) PER TEU ₹650.00 PER FEU ₹975.00
(10).	**Lift on / Lift off:** (including retrieval) of containers into / from road vehicles of parties at the Container Freight Station, CWC, Kandla Port. (i). Empty Containers (ii). Loaded Containers	(i) PER TEU ₹300.00 PER FEU ₹450.00 (ii) PER TEU ₹450.00 PER FEU ₹675.00

Sl. No.	Description of Operations	Rate (in ₹)	
(11).	**Washing, etc.:** Shifting of empty containers from any location within CFS complex to Washing / Cleaning / Repair Yard and back to any location in the CWC, CFS complex as prescribed (washing and cleaning to be done by the contractor with out any extra remuneration).	PER TEU ₹850.00 PER FEU ₹1275.00	
(12).	Movement/shifting of cargo from one place to any other place for weighment or other purpose, within same godown or different godown situated within the CWC-CFC premises.	(i). Manual PER QTL ₹8.00 (ii). Mechanical PER QTL ₹8.00	
(13).	Movement/ shifting of cargo from one place/ godown/ CY to any other place/ godown/ CY for weighment or other purpose, within CWC-CFS complex	PER QTL ₹8.00	
(14).	Supply of casual labour per day per head as prescribed.	As per the rate prescribed in the Minimum Wages Act.	
(15).	**Palletization:** Providing the labour for palletization of cargo including preparation of pallets of appropriate size, strapping as per requirement (material i.e. ready wooden pallets, straps, nails or other material required for the purpose of preparation of pallets will be arranged by the party) & stacking the pallets in the designated stack.	PER QTL ₹8.00	
(16).	**Bagging:** Providing labour for filling up loose cargo/ bag cargo into the fresh bags (materials to be provided by the party), stitching them, weighment (wherever required) & stack the same at the appropriate place.	PER QTL ₹8.00	
(17).	**Reworking of Container:** Providing the labour and appropriate equipment for destuffing of the cargo from the container and restuffing the cargo in the same or other nominated container after completing the formalities as required.	PER TEU ₹2000.00 PER FEU ₹3000.00	
(18).	**Charges for Fumigation**	20'container	40' container
	(a). Fumigation Charges with Methyl Bromide	1150.00	2150.00
	(b). Fumigation Charges with Aluminium Phosphide	375.00	720.00
	Note: This will be an optional service provided at the request of the relevant user.		
(19).	**Back to town** i.e. Loading of Shut out cargo	PER QTL ₹8.00	
(20).	**Locking charges**	PER TEU ₹38.45 per day	

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

F. No.TAMP/35/2010 - CWC - **Proposal from the Central Warehousing Corporation (CWC) for revision of tariff for services rendered by CWC at Container Freight Station at Kandla Port.**

A summary of the comments received from Kandla Port Trust (KPT) and users/ user organisations and comments of Central Warehousing Corporation (CWC) thereon are tabulated below:

Sl. No.	Comments of KPT and users / user organisations	Comments of CWC
1.	**Kandla Port Trust**	
(i).	(a). As per Appendix I of the License Agreement between KPT and CWC, the scope of activities that can be undertaken by M/s.CWC is as under: • Developing land allotted by KPT • Designing, engineering, financing and constructing the CFS • Provision of all necessary equipment and facilities for transportation of containers; (a). from Container Stack Yard in the Port – CFS and back (b). handling of containers and cargo (c). stuffing and de-stuffing of containers as per the terms and conditions of this agreement (d). provision of all ancillary and infrastructural facilities for efficient operation of the CFS (e). efficient operation and maintenance of the CFS Thus, from the foregoing it is very clear that the transportation of containers is allowed only from Container yard in the port to CFS and back and does not include transportation of movement of containers from/ to container yard inside port to Mundra/ nearby CFS for factory stuffing/ de-stuffing. These charges are not there in the current scale of rates of CWC.	(a). These operations of factory stuffing/ de-stuffing are generally carried out at all the CFSs in the country keeping in view the demand of the trade. The tariff does not in any way violate the terms and conditions of the License Agreement entered into between the CWC and KPT. The clause quoted by the KPT nowhere debars the CWC to undertake factory stuffing/ de-stuffing operations and ancillary services, which is being done on the request/ demand of the specific users. It is also pertinent to mention here that the clause no.3.8.1-ii-m of the License Agreement specifically provides that all the factory stuffed containers should be routed through the CWC-CFS-Kandla Port, which is being violated by the KPT so far. In view of the specific clause in the agreement, it is felt that CWC may provide the operations/ facilities for undertaking transportation for stuffing/ de-stuffing containers on the specific request of the importers/ exporters. However, users have option to utilize the service of CWC or move the container on their own.
	(b). In fact by providing a service of Loaded/ Empty Container movement between CFS and Mundra is a serious violation of the License Agreement and in fact amounts to serving Mundra Port. Hence the charges proposed at Sr. No.8, 9 and 12 are violation of the terms and conditions of the License Agreement and should not be allowed. The traffic projections which will presumably include projections on account of these movements will have to be modified accordingly which in turn will require modification of revenue and expenditure estimates.	(b). It is also to point out that all the shipping lines are moving empty containers from one yard to another yard as per their requirement. It must be appreciated that most of the lines are having imbalance between import/ export volume necessitating movement of empty containers as per requirement. The rate has been included in the proposed Scale of Rates keeping in view the requirement of some specific requirement for shifting their empty containers to the yard in Mundra.

<table>
<tr><td></td><td></td><td>This operation does not violate the License Agreement between the KPT and CWC and in no way be considered serving the Mundra Port.</td></tr>
<tr><td>(ii).</td><td>The ground rent charges for storage of containers proposed are almost equal to those being presently charged by M/s.ABGKCTL. Space inside the port area is always precious and carries higher value vis-à-vis space located outside the port area. CWC CFS is located outside the port area. A comparison of the ground rent charges for storage of Coastal Import loaded containers being recovered by ABGKCTL and those proposed by CWC is as under:
<table>
<tr><th rowspan="2">Period of Storage</th><th colspan="2">Rate per day per TEU</th></tr>
<tr><th>ABGKCTL</th><th>CWC (proposed)</th></tr>
<tr><td>01 to 03 days</td><td>0</td><td>0</td></tr>
<tr><td>04 to 05 days</td><td>109.40</td><td>0</td></tr>
<tr><td>06 to 15 days</td><td>109.40</td><td>150</td></tr>
<tr><td>16 to 30 days</td><td>218.85</td><td>200</td></tr>
</table>

It can thus be seen from the above that loaded coastal container staying for 30 days in storage area of ABGKCTL has to incur ground charges of ₹4595/- while the same container staying for 30 days at CWC CFS will incur a storage charge of ₹4500/-. While a container staying for 15 days will in fact incur a charge of ₹1500/- (150*10) at CWC CFS and lesser charge of ₹1312.80 (109.40*12).

Hence the ground rent charges should be reduced to competitive level and the same should be less than those charged by ABGKCTL.

Secondly, it needs to clearly mentioned that the ground charges in case of import shall be from the date of de-stuffing while in case of export the same shall be from the date of carting inside the CFS.</td><td>The storage charges in respect of loaded containers has been proposed to encourage the clearance of the loaded containers/ cargo at the earliest by the depositor. The free time, which is only 3 days in case of ABGKCTL has been proposed as 5 days in respect of CFS. It can be kept in view that during the 5 days a major bulk of the containers are cleared for which no revenue is realized by the CWC. The storage charges accrue only from 6th day onwards and therefore are comparable with the rates of ABGKCTL and would be beneficial to most of the depositors. It may be kept in view that there are very few containers staying upto 30 days in the container yard and most of the containers are being taken delivery by the importers within a period of 7 days. The proposed charges for the CFS for more than 15 days are less than the charges of ABGKCTL. The comparison should be made between CWC-CFS vis-à-vis other CFSs and not with ABGKCTL. A comparison sheet showing Ground Rent and Storage charge as proposed by CWC vis-à-vis other CFSs viz. M/s.AV Josi, M/s.GDPL and ABGKCTL.</td></tr>
<tr><td>(iii).</td><td>Covered storage charges of ₹170 per sq. mtr. proposed by CWC are very high as compared to the charges of covered storage space being charged by KPT. While KPT is charging ₹15 per sq. mtr. per month, CWC has proposed ₹170 per sq. mtr. per month i.e. more than 10 times the charges of KPT. Since no special/ additional service is involved the charges appear to be quite exorbitant when compared to charges levied by KPT.</td><td>Covered storage chares in respect of port is for a minimum 10 sq. mtr. or in the block of 10 sq. mtr. each, whereas in case of CWC-CFS, the area can be reserved/ booked in a multiple of one sq. mtr. The proposed tariff is beneficial for small users and particularly in export. Moreover, KPT is giving space on rent and not responsible for the safety, security of cargo and other services. The tariff proposed by CWC towards storage charges covers all other aspects and CWC is responsible for quality and quantity both. Further, the services being rendered by the ABGKCTL at their yard and CWC-CFS are different one. The comparison should be made between CWC-CFS vis-à-vis other CFSs and not with KPT.</td></tr>
<tr><td>(iv).</td><td>Regarding reasonability of traffic projections following is submitted:</td><td></td></tr>
<tr><td></td><td>(a). As per the License Agreement between CWC and Kandla Port, since the royalty is to be paid on loaded container TEU, the loaded TEU throughput is considered everywhere for comparison and drawing general inferences in the tariff revision proposal.</td><td>No comments</td></tr>
</table>

	(b). For distinction, the CFS's Scrap yard (at Kandla) has been considered as CFS II, while the notified CFS is treated as CFS I, in the submission to follow.	No comments
	(c). It is assumed that the CWC-CFS's are presently handling and in future will handle cargo which, is/ projected to be handled at Kandla Port only. It is also assumed that the figures indicated in the tariff revision proposal, for capacity, actual and projected traffic figures etc. are mentioned taking into account the IMPEX cargo trade at Kandla Port only.	No comments
	(d). The port has projected container traffic of 1.60 lakh TEUs for 2010-11 and thereafter figures of 1.70, 1.75 and 1.92 lakh TEUs for the successive years upto 2013-14. These have been estimated based on the Container Terminal's past performance and the current trend. The estimated loaded TEU indicated is based on the current trend of loaded TEU during 2010-11 (upto October 2010).	The traffic projection as referred in KPT's comments were not intimated to CWC by KPT and more so, this includes Empties also whereas as per the License Agreement, MGT for the royalty purpose is to be calculated on loaded traffic only. The CWC while submitting proposal has considered 10% annual increase on the traffic handled/ to be handled by KPT during 2010-11 and hence there may be difference in the figures. However, considering/ amending relevant figures for MGT may only result in increase in the expenditure segment. Therefore, figures submitted in CWC proposal may need not to be amended at this stage.
	(e). After considering the past trend, in the years 2008-2009, 2009-2010 and 2010-2011 (upto October 2010), it is observed that the percentage share (of actual loaded Container TEU) handled by CWC-CFS's (at Kandla) as against the total loaded Container TEU handled by Kandla Port has not reached 36% - a quantity which needs to be achieved by CWC-CFS's as per the license agreement between CWC and Kandla Port. In fact this percentage share has been falling from around 23% during 2008-09 to around 16% in 2009-10, which has further dipped to around 13% in 2010-2011 (upto October 2010). Owing to this declining trend, it is difficult to believe and it seems highly unlikely, that the projections given by CWC for its CFS's (as per their tariff revision proposal), would show an increasing trend from 2010-2011 till 2013-2014.	It is a fact that CWC-CFS could not achieve loaded throughput of 36% of a total loaded containers handled at KPT, but this may be kept in view that this is because of violation of the License Agreement continuously by the KPT since its beginning, as detailed below: (i). As per the License Agreement, stuffing/ de-stuffing of cargo inside the port should have been stopped by the port after commissioning of the CFS. However, this was continued by the port in violation of the clause 7.2.4 till March 2007. (ii). As per clause 3.8.1-ii-m, all the factory stuffed containers should be routed through the CWC-CFS whereas till date the same are being received directly in the port in violation of the agreement. (iii). As per the License Agreement article no.3.8.1-ii-(e) and (f), all the import loaded containers should be moved directly from the stack yard to the CWC-CFS for further operations. However, in violation of the Agreement, KPT is giving delivery of the loaded containers to the private CFSs causing not only loss in the number of TEUs handled, but also the loss in revenue to both the organisations, as port is also not

<table>
<tr><td></td><td></td><td>getting any royalty for any of such movement.

However, inspite of above facts, we are intend to intensify our efforts to achieve the projected figures to make the unit economically viable. It is also to inform that considering traffic projection as mentioned in comments of KPT only increase the royalty amount i.e. expenditure segment. Hence, projection mentioned in CWC proposal may be considered.</td></tr>
<tr><td></td><td>(f). Even after considering the port's estimated conservative container traffic projections for loaded TEU (made by Kandla Port), for the four years from 2010-2011 to 2013-2014 and the projected traffic throughput (loaded TEU) by the two CWC-CFS's (at Kandla) as received by this department on 26 November 2010, the projected percentage share of CWC is around 20% for each of these years, which is way below 36% as specified in the License Agreement. The details of the projections by KPT and CWC-CFS's (both as per their Tariff proposal and as submitted to the Traffic Department of the Port on 26 November 2010) is furnished. A summary position of the details furnished by KPT is tabulated below:

<table>
<tr><th>Years</th><th>Actual handling by CWC-CFS (at Kandla) loaded TEUs</th><th>Total TEUs (Empty + Loaded) handled by CWC-CFS I and II at Kandla as given by CWC to KPT</th><th>Actual/ Projected total handling at Kandla Port (total TEUs), as per KPT's projections</th><th>Actual/ Projected total handling at Kandla Port (loaded TEUs), as per KPT's projections</th><th>Minimum Guaranteed Traffic for CWC-CFS @ 36% of actual containers handled at Kandla Port</th><th>Shortfall in Minimum Guaranteed Throughput (Actuals/ Projected) as given by CWC to KPT</th><th>Traffic projections by CWC-CFS as per their tariff revision proposal</th></tr>
<tr><td>2008-09 (actuals)</td><td>23208</td><td>39727</td><td>137619</td><td>102126</td><td>49543</td><td>26335</td><td>37151</td></tr>
<tr><td>2009-10 (actuals)</td><td>18235</td><td>25083</td><td>146777</td><td>115130</td><td>52840</td><td>34605</td><td>41365</td></tr>
<tr><td>2010-11 (april-oct.) (actuals)</td><td>9034</td><td>15238</td><td>90739</td><td>68007</td><td>32666</td><td>23632</td><td>Not made available</td></tr>
<tr><td>2010-11 (projected)</td><td>20845</td><td>N.A.</td><td>160000</td><td>120000</td><td>57600</td><td>36755</td><td>45500</td></tr>
<tr><td>2011-12 (projected)</td><td>23728</td><td>N.A.</td><td>170000</td><td>127500</td><td>61200</td><td>37472</td><td>50050</td></tr>
<tr><td>2012-13 (projected)</td><td>26396</td><td>N.A.</td><td>175000</td><td>131250</td><td>63000</td><td>36604</td><td>55055</td></tr>
<tr><td>2013-14 (projected)</td><td>28674</td><td>N.A.</td><td>192000</td><td>144000</td><td>69120</td><td>40446</td><td>60560</td></tr>
</table></td><td>It is once again requested here that the share of the CWC-CFS, which is way below 36% as specified in the license agreement because of the reasons as detailed above. The matter is being taken up with the KPT regularly to stop the violation of the agreement so that both the organisations can curtail their loss.</td></tr>
<tr><td>(v).</td><td>In addition to the above, the following points in their Tariff revision proposal, need to be clarified/ sorted out by CWC:</td><td></td></tr>
<tr><td>(a).</td><td>Form 7: Comparison of actuals vis-à-vis estimates provided earlier.

(i). The information on traffic for the year Y-1 is missing. Actual traffic figures (which are assumed to be Total-TEU) are indicated as 62855 for 2008-2009 and 48131 during 2009-2010 as per their proposal. These however, do not match with the actual traffic of 39727 TEUs during 2008-2009 and 25083 TEUs during 2009-2010 as per the information received by KPT from both CFS's of CWC at Kandla. Further whether the figure implies total TEU or only loaded TEU also needs to be clarified.</td><td>

(i). It appears that there has been some typographical error in the Form submitted by the CWC. The same has been corrected and the corrected information is enclosed. More so, Form-7, relates to set off of losses incurred after last tariff revision. Last proposal contains traffic figure upto 2006-07 and projections for 2007-08, 2008-09, 2009-10. During last revision, actual figures of 2007-08 were not mentioned. Now, this office is having actual and estimate, both for the year 2007-08, which have been incorporated in statement. CWC requires to set off the losses incurred during 2008-09 and 2009-10 and in current year. Hence, revised</td></tr>
</table>

	(ii). **Capacity utilization** in Form 7 for the years 2004-2005 and 2005-2006 is shown as 100%. It is not clear whether the capacity utilization pertains to the storage capacity of the CFS's or their combined yearly throughput handling capacity. If cargo handling throughput is assumed to be the parameter based on which capacity utilization has been indicated in the tariff revision proposal, then the capacity utilization for 2004-2005, on account of handling 20389 TEUs (loaded and empty) against an indicated capacity of 52550 TEUs (51600 TEUs for CFS I & remaining 950 TEUs for scrap yard i.e. CFS II) is just 39% while for 2005-2006, the utilization on account of handling of 35966 TEUs (loaded and empty) is 68%. However, since the figures indicated in the tariff revision proposal are 100% for both these years, the discrepancy in figures need to be clarified.	statement (Form-7) may be considered to set-off losses incurred by CWC during 2008-09 and 2009-10 also. The summarised position of actual vis-à-vis estimates furnished by CWC in the revised Form 7 is tabulated separately in subsequent paragraph. (ii). The capacity by the CWC everywhere is shown in terms of MT and, therefore, 51,600 is the capacity mentioned in our correspondence.
(b).	**Form 6: Analysis of efficiency of productivity improvement** The relevant details pertaining to efficiency and productivity at the CFS's have not been provided to us. Therefore no comments regarding improvement or otherwise can be stated.	No comments
(c).	**Details of expenditure; Sr. No.V – Royalty/ Revenue share – (b) Traffic projections:** (i). It is indicated in the tariff proposal that the CWC-CFS's are projecting a traffic throughput of 37151 TEUs (which is assumed to be total of loaded and empty TEU) during the year 2008-2009 and 41365 TEUs (loaded and empty) for the year 2009-2010. In the tariff revision proposal, the assumptions made, the CFS's current and future trade policies, and the basis on which the projections for various figures have been made, are not communicated to Kandla Port Trust. Hence no comments for the said years can be offered. (ii). Further, for the years 2010-2011 to 2013-2014, the CWC has projected traffic at 45500 TEUs, 50050 TEUs, 55055 TEUs and 60560 TEUs. However, these traffic figures do not match with the (loaded TEU) figures of 20845, 23728, 26396 and 28674 TEUs for the CWC-CFS's at Kandla for the corresponding years, communicated to Kandla Port Trust, by the two CWC-CFS's. Hence the same needs to be sorted out.	(i). The figures mentioned (45500, 50050, 55055 and 60560 TEUs) are given as per the MGT figure for year 2010-11 to 2013-14 as per projection of KPT (laden container traffic) whereas figures as mentioned in KPT's comments (20845, 23728, 26396 and 28674 TEUs) are loaded projection of CWC-CFS reportedly received by KPT. However, due to the facts as explained hereinabove, the CWC is handling considerably less number of TEUs at the CFS-Kandla. More so, royalty has been considered on higher side/ projections, hence the laden container traffic of figures (20845, 23728, 26396 and 28674 TEUs) have no relevance. (ii). As regards KPT's claim that figures submitted by CWC includes CFS Kandla and CFS-II, the position has been ascertained and it is submitted that the figures submitted contains the figures of only CWC-CFS Kandla. The difference is due to the reason that 10% increase is projected every year in the statement of KPT whereas CWC after examining the matter carefully on the basis of traffic actually handled/ to be handled during 2010-11, has considered 7%, 10%

		and 13% increase in the years 2011-12, 2012-13 and 2013-14 respectively. Further, empty container figures as reportedly submitted to KPT are much less than considered by the CWC in the proposal. However, it is submitted that all figures/ projection submitted by CWC in the said tariff proposal need not to be changed at this stage.
(d).	**Actual traffic for the past 2 years and estimates for current year and projections for the next three years.** (i). It has reiterated that the traffic figures of 2008-09 and 2009-10 and projections for the years 2010-11 to 2013-2014 in the tariff revision proposal do not match with the figures received by the KPT, from the respective CFS of CWC. (ii). <u>Sl. No. III - Minimum throughput as per the license agreement</u>. As per the license agreement – "The licensee shall guarantee a throughput equivalent to 36% of the impex (i.e. import and export) trade container traffic handled by the container terminal operator (as declared by the licensor i.e. Kandla Port)". The 36% of the total container traffic at the port during 2008-09 and 2009-10 works out to: 36765 (loaded TEU) derived as 36% of loaded TEU figure at the Kandla Port which is 102126 TEU for 2008-09 and 24868 (loaded TEU) derived as 36% of 115130 TEU for 2009-10. In case total TEU traffic is considered, based on a similar analogy, the total TEU figure works out to 49543 (@0.36*137619) for 2008-09 and 52840 TEU (@0.36*146777) for 2009-10. These figures for the years 2008-09 and 2009-10 do not match with the figures indicated in the tariff revision proposal under question. Moreover, figures for 2010-11 to 2013-14 also do not match.	 (i). The projection has been given keeping in view the assessment of business in future and we are not aware about any such information available with KPT. (ii). The MGT is not being achieved by the CWC-CFS due to violation of the agreement by the KPT continuously for which the matter is being pursued with them. The projected figure of the port takes into account the 10% increase in handling of containers at KPT for the next three years. The royalty for MGT or otherwise is to be paid on loaded containers only and, therefore, that can be considered. While calculating the royalty either MGT or the actual TEU handled has to be taken into account. The figures may vary from any other projections of the port, if any.
(vi).	<u>Capacity Utilization</u>: As pointed earlier, the capacity utilization for all the years from 2008-09 to 2013-14 needs clarification.	The capacity utilization of CWC is calculated on the tonnage basis and, therefore, it may not tally with the calculation made by the port, in this regard.
	(a). In the last Order of TAMP for CWC's tariff dated 28 June 2007, there was one major item viz. "market facilitation payment" which is not found this time and probably has been replaced by the item viz "Equipment hire". Had this been the fact, then it need to be ensured that the Service Tax element is not included as cost structure of the proposal as CWC would have availed the Cenvat Credit for giving their services to the users.	In the last Order of TAMP for CWC's tariff, the "market facilitation charges", it was mentioned under the "Equipment hire". Both are one and the same and they exclude the service tax.
	(b). In the last TAMP's Order dated 28 June 2007, royalty was not considered by the TAMP as part of the cost structure. However, it is found to be included this time, which has effect on the tariff.	The royalty is being paid by the Corporation to the port and, therefore, should be a part of the cost structure.

2. A joint hearing in this case was held on 5 May 2011 at the Kandla Port Trust premises. At the joint hearing, CWC, KPT and the concerned users/ organisation bodies have made the following submissions:

<u>Central Warehousing Corporation</u>

(i). Briefly explains the proposal.

(ii). We don't handle any Mundra containers. We have proposed rates only to meet any contingency.

(iii). Our capacity is 1 lakh TEUs per annum. Our facility is not fully utilised.

(iv). Even with the proposed increase, our rates will be the lowest in the region.

<u>Kandla Port Trust</u>

(i). We will examine the projections and furnish our reply within 1 week.

<u>Kandla Stevedores Association</u>

(i). The service levels at CWC CFS are poor. Therefore, volumes don't increase.

<u>Kandla Steamer Agents Association</u>

(i). There are more than 12 CFSs around Kandla. The proposed tariff increase may not help the cause of CWC CFS to increase utilisation.

3.1. At the joint hearing, users were allowed 7 days time to furnish further comments, if any and forward their comments to TAMP with copies to CWC and KPT. The KPT and CWC were requested to examine the comments of users on receipt of them and furnish their response within 7 days thereafter.

3.2. A summary of comments received from users/ user organisations and reply furnished by CWC vide letter dated 1 July 2011 and KPT vide letter dated 13 July 2011 thereon are tabulated below:

Sl. No.	Comments of users / user organisations	Comments of CWC	Comments of KPT
1.	**Shipping Corporation of India (SCI)**		
	SCI is not directly affected by revision of Tariff for Container Freight Station at Kandla Port. However, it is requested that the existing rate may please be maintained and no revision in tariff at this juncture is recommended.	No comments furnished.	No comments to offer since the views of SCI itself are contradictory. While on the one hand it has been stated by SCI that it is not directly affected by tariff revision proposal of CWC, on the other hand it was suggested for continuing the same rates.
2.	**Northern India Shippers Association (NISA)**		
	We would like to submit that there is no scope for any increase in tariff for the services rendered by Central Warehousing Corporation at the container freight station at the Kandla Port Trust. In fact in the larger interest of exporters and for making them competitive in the international market, there is strong case for reducing these tariffs.	(i). Increase in tariff has been opposed by NISA without going into the merit of the case. This a fact that none of the reasons or merits, compelling the CWC to propose a revision in the existing tariff, has been taken into account by NISA and, therefore, it is not worth considering by the TAMP while examining and taking a	It is seen that the association is of the view that the tariff of CWC should not be increased rather the same should be reduced. However, no justification or supporting statistics/ data in support of NISA's view has been given in absence of which, no comments can be offered.

		decision on the proposal of the CWC. It is, therefore, requested to please ignore the comments of NISA, in this regard, and approve the proposal of CWC, which is competitive as compared to the tariff of the other CFSs in the Kandla / Gandhidham area.	

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