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Tariff Authority for Major Ports

G.No.247

New Delhi,

11 July 2019

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 Kolkata Port Trust for fixation of handling charges to be collected from the users of the Floating barge jetty at Haldia Dock Complex, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/68/2018-KOPT

Kolkata Port Trust

Applicant

QUORUM:

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

O R D E R

(Passed on this 14th day of June 2019)

This case relates to a proposal received from Kolkata Port Trust (KOPT) for fixation of handling charges to be collected from the users of the Floating barge jetty at Haldia Dock Complex (HDC).

2.1. The main submission made by KOPT in its letter no. MTO/G/574/GMT-479 dated 5 September 2018 are summarized below:

- (i). A floating barge jetty with crane and conveyor facility has been constructed by Haldia Floating Terminal Pvt. Ltd (HFTPL) at the upstream of the HOJ-III of HDC to handle Mini Bulk Carriers (MBC) of about 10000-12000 MT DWT and barges carrying bulk cargo, primarily coal, from the lighterage points.
- (ii). The said facility envisages supply, installation, operation and maintenance of different cargo handling equipment as well as undertaking all required onboard and onshore cargo handling operations as given below in an integrated manner from unloading upto delivery for import of Dry Bulk Cargo at the cost, charges, expenses, risk, manpower and arrangement of the contractor:
 - (a). Unloading of cargo from the MBC/ barges at the Floating Jetty including operation of Payloaders inside the hatches of the MBC/barge.
 - (b). Transfer of cargo between the Floating Jetty and the immediate back-up hardstand by conveyor system.
 - (c). Transfer of cargo between the immediate back-up hardstand the earmarked storage areas inside General Cargo Berth (GCB) including loading of dumpers at immediate back-up hardstand and unloading at GCB storage area.
 - (d). Storage/ stacking of dry bulk cargo at respective storage area (s) of the receivers, including heaping / high heaping of cargo, as well as all other required on shore operations.
 - (e). Aggregation/ evacuation of cargo to / from storage areas by rail/ road and other allied and associated services in consultation with KOPT and importer / exporter concerned.
 - (f). Despatch related services of wagons / trucks / other road bound vehicles including cleaning of wagons prior to loading, closing of gates of wagon / truck by suitable pegs (to be supplied by the contractor) after loading, lime spraying (lime to be supplied by the contractor) on the wagon and all other allied works required to make the wagon ready for dispatch.
- (iii). The floating barge jetty has been operational from 16.06.2018 and HDC is realizing charges from the users for rendering services as stated in points (ii) above, which is being provided by contractor.
- (iv). The rates for the individual components of the total operations except for transfer of cargo through Conveyor or Hopper being rendered by Contractor are available in the existing SOR.

- (v). In terms of the current SOR of KOPT, the following charges are leviable for discharging import Dry Bulk Cargo at the Floating Jetty except for the transfer of cargo through Hopper and Conveyor –

1.	For Road bound cargo	₹. 257.25 per MT+ ₹. 135229/- per shift for deployment of one crane and one payload for each shift.
2.	For Rail bound cargo	₹. 269.37 per MT+ ₹. 135229/- per shift for deployment of one crane and one payload for each shift.
3.	For Road bound coastal cargo	₹. 179.83 per MT+ ₹. 135229/- per shift for deployment of one crane and one payload for each shift.
4.	For Rail bound coastal cargo	₹. 191.95 per MT+ ₹. 135229/- per shift for deployment of one crane and one payload for each shift.

- (vi). Incidentally, as per the tender, although the contractor is required to put minimum one pontoon mounted crane, yet to ensure minimum productivity of 10000 MT per day, the contractor has put another crane on the jetty and they may render services through both the cranes, if necessary to achieve minimum level of productivity. In that case, the customers will be required to pay for additional crane as well as payload hire charges and thereby applicable port charges will be further increased.
- (vii). The floating barge jetty is new facility and this will primarily cater to the handling of additional cargo generated through lighterage operations at lighterage points, otherwise it would have been handled at neighboring ports.
- (viii). There is no composite rate in the current SOR of KOPT. Accordingly, it is proposed to introduce a promotional composite rate of ₹.250/- per MT and it would be applicable for the entire operations rendered as stated in point (ii). above. The contractor will be paid a composite rate of ₹. 172/- per MT against realization of the composite charges of ₹. 250/- per MT by port.
- (ix). If one or more than one services mentioned in point (ii). is / are not availed by the users for their own convenience, then also the composite charge of ₹. 250/- per MT will be recovered from the users by the port as the contractor will be required to pay ₹. 172/- per MT as the composite charge.
- (x). The proposed composite charge of ₹.250/- per MT is applicable for handling foreign cargo and for handling of coastal Thermal Coal, Iron ore and Iron Ore Pellets.
- (xi). The rate of ₹. 250/- per MT has been approved by the Board of Trustees of KOPT vide Resolution dated 28.05.2018. The said promotional composite rate of ₹. 250/- per MT shall remain valid for a period of one year from the date of commencement of operations at the floating barge jetty and thereafter it will be reviewed.
- (xii). The proposed composite rate of ₹. 250/- per MT includes levy of 100% wharfage against the lightered cargo to be handled at the Floating Jetty and therefore, no additional Wharfage charges would be admissible for lighterage operations at Sagour, Sandheads or any other deep draft locations within the KOPT's limit for the cargo, which will be subsequently brought to the Floating Barge Jetty.

2.2. Accordingly, the KOPT requested to approve the composite rate of ₹. 250/- per MT (including 100% wharfage charges) for handling foreign cargo, which would be realized from the users against the services rendered by the contractor, from discharge from the barges/ MBC's till delivery of the cargo from licensed plot of the importers / their agents covering operations mentioned in para no. 2.1. (ii) above. It is expected to handle around 2.5 MMT of additional cargo annually which would generate additional revenue in terms of vessel/ barge and cargo related charges.

2.3. The KOPT has furnished the copy of the Board Resolution approving the proposal in reference vide its resolution no. R/40/HDC/Sh&CH/3/05/2018 dated 28.05.2018.

3. In accordance with the consultative procedure prescribed, a copy of the KOPT proposal dated 5 September 2018 was forwarded to the concerned users/ user organizations as suggested by KOPT vide our letter dated 14 September 2018, seeking their comments. Only one of the users / user organizations i.e. Steel Authority of India Ltd (SAIL) has furnished its comments. The said comments was forwarded to KOPT as feedback information. However, since the KOPT has revised its proposal, as discussed subsequently, the KOPT has not furnished its comments on the comments of SAIL on its initial proposal.

4. A joint hearing on the case in reference was held on 01 November 2018 at the KOPT premises. At the joint hearing, the KOPT made a brief Power Point presentation of the proposal. During the joint hearing, the KOPT and other users/ user organizations have made their submissions.

5.1. During the joint hearing, the KOPT had conveyed that it would like to review its proposal by considering actual cost of various activities involved in the operation and that the port would come up with a composite rate for a combination of cranes / pay loaders. Accordingly, the KOPT was requested vide our letter dated 13 November 2018 to review its proposal as discussed during the joint hearing.

5.2. The KOPT vide its letter dated 30 November 2018 has sought time till 5 January 2019 to submit its revised proposal for fixation of tariff for the floating Barge jetty.

6.1. After reminder dated 17 January 2019, the KOPT vide its letter no. GMT/38/GMT-597 dated 26 February 2019 had submitted its revised proposal for fixation of tariff to be realized from the users of the Floating barge jetty at Haldia Dock Complex (HDC).

6.2. The submission made by KOPT in its revised proposal dated 26 February 2019 are as follows:

- (a). In terms of the current SOR of KOPT, the following charges against the specified services already exist which are considered for framing the composite rate.

Relevant section of SoR	Heads of Charges	Amount (₹.) per M.T (Rail bound)	Amount (₹.) per M.T. (Road bound)
S.4.1.14	Wharfage charge for Unloading of cargo at Floating Jetty.	53.89	53.89
S.5.1.1	On Board charges for unloading of cargo from MBC/Barges	40.41	40.41
S.16.1.13	Cleaning Charges	1.50	1.50
S.6.1.6(ii)	Shore handling Services involving loading at storage point for deliver	40.01	40.01
	Shore Handling Services involving transfer of cargo from back up area of the Berth to Storage yard	99.26	99.26
S.6.3.1	Heaping / High heaping of cargo at the storage yard.	13.86	13.86
S.6.3.2 a) & b)	Despatch related service	20.44	8.32
S.16.1.12 I)	Deployment of Floating Crane Note: Charges for deployment of floating crane per shift is ₹.1,22,472/- as per section 16.1.12. I) of SoR. As the MLP for the floating crane is fixed at 10,000 MT per day, the charges for deployment of floating crane per MT can be fixed as ₹. 36.74 (₹.1,22,472 x 3 shifts / 10, 000 MT)	36.74	36.74

S.16.1.12 f)	Deployment of pay loader inside MBC/Barge Note: Charges for deployment of payload per shift inside MBC/Barge is ₹.12757/- as per section 16.1.12f) of SoR. The average carrying capacity of barges is 3000 M.T. and the requirement of payload is only for one shift. Therefore, the charges per MT for deployment of payload can be fixed as ₹. 4.25 (₹.12757 x 1 shifts / 3,000 MT)	4.25	4.25
	TOTAL	310.36	298.24

- (b). The operation relating to transfer of cargo between the Floating Jetty and the immediate back-up hardstand by Hopper & Conveyer system is not covered under the existing SoR.
- (c). In mechanized cargo handling Berths at other Ports as well as for loading of Thermal Coal at HDC, the entire cargo handling is done mechanically and the charges are fixed on composite basis. Moreover, the transfer of cargo by Hopper and Conveyer system from the jetty to the immediate back up area is required to facilitate unloading operation only and is a part of a full operation of transportation of cargo from jetty to storage area. In view of the same, no separate charges for transfer of cargo from hoppers to the immediate backup area through conveyor and for unloading of overseas cargo from barges till loading on wagons / trucks has been considered.
- (d). It has been approved in the existing SoR under Section S.4.5 a) that dry bulk cargo discharged at Saugor / Sandheads / Virtual Jetty / any other Anchorage points / Mooring and proceed for subsequent unloading at floating cargo handling facilities up stream of 3rd oil jetty at HDC or vice versa, 25% of the wharfage rate will be leviable for cargo handled at Saugor / Sandheads / Virtual jetty / any other anchorage points / mooring and the balance 75% of the wharfage will be leviable for cargo handled at floating cargo handling facilities at HDC.
- (e). The BOT vide Board Resolution No. R/390/HDC/ADMN/3/09/2015 dated 07.09.2015, approved realization of full wharfage on the cargo unloading at the floating cargo handling facility after lightering at deep draft Location within KOPT limit. The KOPT has furnished the copy of the Board Resolution dated 07.09.2015.
- (f). Accordingly, full wharfage has been considered for framing up the composite rate for handling of Dry Bulk Cargo in an intergrade manner at the Floating Barge Jetty.
- (g). The following composite rates have been derived for the various category of Dry Bulk Cargo covered under Section 4.1.14, 4.1.15 and 4.1.16 of the SOR are shown below:

Category of Cargo as per relevant section of the SoR	Cargo dispatched by Rail	Cargo Dispatched by Road
For Dry Bulk cargo covered u/s 4.1.14	310.36	298.24
For Dry Bulk cargo covered u/s 4.1.15	323.83	311.71
For Dry Bulk cargo covered u/s 4.1.16	350.78	338.66

6.3. Based on the above submission, the KOPT has requested to approve to incorporate following commodity wise composite rates for handling all types of dry bulk cargo at Floating barge jetty at HDC in its General Scale of Rates (SOR).

Sl. No.	Commodities	Cargo dispatched by Rail	Cargo dispatched by Road
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1.	Limestone, Coking Coal, Petroleum Coke, metallurgical Coke, Bauxite, Manganese Ore, All types of Coal / Coke / Ore not specified, Sponge Iron, Pig Iron, All other Dry Bulk Cargo not specified.	310.36	298.24
2.	Wheat, Rice, Pulses, Peas, Rapessed, Cereals & their products, Bulgur wheat, Corn Soya Blend, Milk Powder, Seeds of all kinds sugar (both raw and refined), Bran, Newsprint, Gypsum, Slag, Soda (Caustic or Ash), Cement Clinker	323.83	311.71
3.	Mill Scale, Magnesite, Granite, all types of Scrap, Oil Cake, Bone, & Bone Meal, Mica Block / flake / spitting / waste / scrap / powder, Non – Ferrous metals of all kinds except ingots of Zinc/Aluminum/Copper/Lead, Ammonium Sulphate, Ammonium Nitrate, Lead Concentrate, plywood, Fire Bricks & other Refractory Materials, C.I. Goods, Rock Phosphate, Sulphur & other Fertilizer Raw Materials, MOP, DAP, Urea and other Finished Fertilizer, Asphalt Pitch (including Coal Tar Pitch), Bitumen, Carbon Black	350.78	338.66

6.4. The KOPT has proposed the following operations to be covered for levy of proposed composite rates for handling all types of dry bulk cargo at Floating barge jetty:

- Unloading of cargo from Mini Bulk Carrier / Barge at the Floating Jetty including operation of Payloader(s) inside the hatches.
- Transfer of cargo between Floating Jetty and the immediate back-up hardstand by conveyor system.
- Transfer of cargo between the immediate back-up hardstand to the earmarked hardstand and unloading at storage area.
- Storage / stacking of dry bulk cargo including heaping / high heaping of cargo, as well as other required on shore operation.
- Aggregation / evacuation of cargo to / from storage area(s) by rail / road and other allied and associated services.
- Dispatch related services of wagons / trucks / other road bound vehicle.

7.1 As seen from the revised proposal dated 26 February 2019, the uniform promotional composite charges of ₹.250/- per metric ton (including wharfage charges) for handling foreign cargo as proposed by KOPT vide its letter dated 5 September 2018 has been revised upwards considering the tariff items of the current SOR of KOPT for services mentioned for the framing composite rate. The comparative statement of composite charges are given below:

Sl. No.	Commodities	Proposed Composite Rate as per the Proposal dated 05.9.2018	Proposed Composite Rate as Revised Proposal dated 26.2.2019	
			Cargo dispatched by Rail	Cargo dispatched by Road
		₹. Per MT		
1.	Limestone, Coking Coal, Petroleum Coke, metallurgical Coke, Bauxite, Manganese Ore, All types of Coal / Coke / Ore not specified, Sponge Iron, Pig Iron, All other Dry Bulk Cargo not specified.	250.00	310.36	298.24
2.	Wheat, Rice, Pulses, Peas, Rapessed, Cereals & their products, Bulgur wheat, Corn Soya Blend, Milk Powder, Seeds of all kinds sugar (both raw and refined), Bran, Newsprint, Gypsum, Slag, Soda (Caustic or Ash), Cement Clinker	250.00	323.83	311.71

3.	Mill Scale, Magnesite, Granite, all types of Scrap, Oil Cake, Bone, & Bone Meal, Mica Block / flake / spitting / waste / scrap / powder, Non – Ferrous metals of all kinds except ingots of Zinc/Aluminum/Copper/Lead, Ammonium Sulphate, Ammonium Nitrate, Lead Concentrate, plywood, Fire Bricks & other Refractory Materials, C.I. Goods, Rock Phosphate, Sulphur & other Fertilizer Raw Materials, MOP, DAP, Urea and other Finished Fertilizer, Asphalt Pitch (including Coal Tar Pitch), Bitumen, Carbon Black	250.00	350.78	338.66
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7.2 Further, the KOPT vide its revised proposal has proposed an additional amendment with regard to Wharfage charges for discharge of dry bulk cargo at Saugor / Sandheads / Virtual Jetty / any anchorage point / mooring and proceed for subsequent unloading at Floating Cargo Handling Facilities upstream of 3rd Oil jetty at HDC or vice versa, covered under sec. S.4.5. a) of the existing SOR, the following amendment is incorporated:

Charges leviable at Saugor / Sandheads / Virtual Jetty / any other anchorage point / mooring	Charges leviable at HDC
Nil	100% of the wharfage rate as specified at S.4.1 and 4.4.2.

7.3. Though, the KOPT during the Joint Hearing held on 1 November 2018 has stated that its proposal will be reviewed considering the actual cost of the various activities involved in the operations and come with a composite rate for combination of cranes/pay loader, it has come up with a proposal for a combination of different tariff of the existing SOR and proposed different composite rate for different cargo groups and mode of dispatch i.e. Rail and Road. The revised rate proposed by KOPT is seen to be higher than the tariff proposed by KOPT in its initial proposal dated 5 September 2018 and there is a complete conceptual change in deriving the composite tariff for each of the different cargo as compared to initial proposal.

7.4. Since there was substantial change in the rate structure, it was felt necessary to circulate the revised proposal dated 26 February 2019 among the users of the facility and elicit the views of the users/user organization. Accordingly, a copy of the KOPT revised proposal was forwarded to the concerned users/ user organizations vide our letter dated 12 March 2019, seeking their comments. Again only Steel Authority of India Ltd (SAIL) has furnished its comments. The comments from SAIL was forwarded to KOPT as feedback information. The KOPT has responded vide its letter dated 18 April 2019.

8.1. We have, while acknowledging the revised proposal to KOPT vide our letter dated 12 March 2019, sought certain clarifications/ information on the revised proposal. The KOPT has furnished its reply vide its letter dated 18 April 2019. The information/ clarification sought by us and the response of KOPT thereon are tabulated below:

Sl. No.	Information/ clarification sought by us	Reply of KOPT
1.	The KOPT has proposed an additional amendment with regard to Wharfage charges for discharge of dry bulk cargo at Saugor / Sandheads / Virtual Jetty / any anchorage point / mooring and proceed for subsequent unloading at Floating Cargo Handling Facilities upstream of 3rd Oil jetty at HDC or vice versa, in the revised proposal.	In the earlier proposal dated 5 September 2018, a composite rate of ₹.250 per MT for unloading of Dry Bulk Cargo from the barges including subsequent dispatch by rail / road was proposed. No separate wharfage was proposed at that time as wharfage was included in the composite rate. However, during the joint hearing held on 1 November 2018 by TAMP, KOPT was directed to put up a fresh proposal for fixation of Upfront Tariff

	The amendment was not a subject matter for joint hearing held on 1 November 2018, Hence, it may not be possible to consider the additional amendment proposed in this regard for approval of Authority at this juncture.	considering the rate already approved by TAMP for different services to be undertaken during the unloading of cargo from the barges at the Barge jetty and its subsequent transportation and delivery. Thus, TAMP approved rates (including wharfage) against various services have been considered while fixing the Upfront Tariff of ₹. 310.36/- for unloading of Coking Coal, all types of Coal, Coke Limestone, Manganese Ore etc. from barges for subsequent dispatch by rail. Thus, KOPT has requested to considered the proposed Upfront Tariff of ₹. 310.36/-, which also includes the basic wharfage.
2.	The KOPT to furnish the draft schedule of tariff and conditionalities including foreign tariff and coastal concessional tariff separately.	60% of the proposed tariff will be levied. Therefore, no separate concession has been proposed. [The KOPT has furnished draft Schedule of Tariff and conditionalities including foreign tariff and coastal concessional tariff separately covering the levy of charges for handling Dry Bulk cargo at Floating Jetty.]
3.	The KOPT to furnish the copy of the Board's Resolution approving the revised proposal dated 26 February 2019.	[The KOPT has furnished the Board Resolution no. R/256/HDC/Sh&CH/3/01/2019 dated 31 January 2019 approving the proposed rates for handling dry bulk cargo at the floating jetty]

8.2 The draft Schedule of Tariff and conditionalities governing the levy of charges for handling Dry Bulk Cargo at floating jetty as furnished by KOPT is as follows:

**“Schedule of charges per handling of cargo at Floating Barge Jetty at
Haldia Dock Complex**

Sl. No.	Description of Cargo (in dry bulk cargo)	Rates per M.T. (In ₹) for foreign cargo		Rates per M.T. (in ₹) for Coastal cargo	
1	Limestone, Coking coal, Petroleum Coke, Metallurgical Coke, Bauxite, Manganese Ore, All types of Coal / Coke / Ore not specified, Sponge Iron, Pig Iron, All other Dry Bulk Cargo not specified. N.B.: For handling of Thermal Coal and Iron Ore, no coastal rate will be applicable.	310.36	298.24	186.22	178.94
2	Wheat, Rice, Pulses, Peas Rapeseed, Cereals & their products, Bulgur wheat, Corn Soys Blend, Milk Powder, Seeds of all kinds, Sugar (both raw and refined), Bran, Newsprint, Gypsum, Slag, Soda (Caustic or Ash), Cement	323.83	311.71	194.30	187.02
3	Mil Scale, Magnesite, Granite, all types of Scrap, Oil Cake, Bone & Bone Meal, Mica Block /flake / spitting / waste / scrap / powder. Non Ferrous metals of all kinds except ingots of Zinc /Aluminum / Copper /Lead, Ammonium Sulphate Ammonium Nitrate, Lead Concentrate, Plywood, Fire Bricks & other Refractory Materials, C.I. Goods, Rock Phosphate, Sulphur & other Fertilizer Raw Materials, MOP, dap, Urea and other Finished Fertilizers, Asphalt Pitch (including Coal Tar Pitch), Bitumen, carbon Black.	350.78	338.66	211.47	203.20

Note:

The cargo handling charges prescribed here is a composite charge for the following:

- (i). Unloading of cargo from the MBC / barges at the Floating Jetty including operation of Payloaders(s) inside the hatches of the MBC/barge.
- (ii). Transfer of cargo between the Floating Jetty and the immediate back-up hardstand by conveyer system.
- (iii). Transfer of cargo between the immediate back-up hardstand and the earmarked storage area(s) inside General Cargo Berth (GCB) including loading of dumpers at immediate back-up hardstand and unloading at GCB storage area.
- (iv). Storage / stacking of dry bulk cargo at respective storage area(s) of the receivers, including heaping/ high heaping of cargo, as well as all other required on shore operation.
- (v). Aggregation / evacuation of cargo to / from storage area (s) by rail / road and other allied and associated services in consultation with KOPT and importer / exporter concerned.
- (vi). Despatch related services of wagons/ trucks/ other road bound vehicles including cleaning of wagons prior to loading, closing of gates of wagon / truck by suitable pegs (to be supplied by the contractor) after loading, lime spraying (lime to be supplied by the contractor) on the wagon and all other allied works required to make the wagon ready for dispatch.
- (vii). A productivity of 10000 MT per day is expected to be handled in the said facility.”

9. 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>

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

- (i). A new floating barge jetty with crane and conveyor facility has been made operational at the upstream of the Haldia Oil Jetty (HOJ) -III of Haldia Dock Complex (HDC) of Kolkata Port Trust (KOPT) with effect from 16 June 2018 to handle Mini Bulk Carriers (MBC) of about 10000-12000 MT DWT and barges carrying bulk cargo, primarily coal, from the lighterage points. The facility is primarily envisaged to handle additional cargo of 2.5 MMT per annum generated through lighterage operations, which would otherwise have been handled at neighboring ports. The said facility consists of supply, installation, operation and maintenance of different cargo handling equipment as well as undertaking all required onboard and onshore cargo handling operations as given below in an integrated manner from unloading upto delivery for import of Dry Bulk Cargo. Since there is no composite rate in the existing Scale of Rates (SOR) of KOPT, covering the entire operations, the KOPT has come up with a proposal for fixation of composite handling charges for handling Dry Bulk Cargo at floating jetty.
- (ii). The KOPT in its initial proposal of September 2018 had sought approval for a promotional composite rate of ₹250/- per MT for the entire operations envisaged to be rendered at the Floating Jetty. However, as desired by KOPT at the Joint hearing, the KOPT in February 2019 has come up with a revised proposal. In the revised proposal, the KOPT has consolidated the existing charges as per the Scale of rates of the specified services applicable to the Floating Barge Jetty for handling of Dry Bulk cargo and proposed a composite rate for each of different group of cargo and each of the evacuation mode (Rail bound/ Road bound). The revised proposal of KOPT of April 2019 alongwith information/ clarification furnished by KOPT during the processing of the case, is considered in the analysis.
- (iii). As stated above, the KOPT, in its revised proposal, has consolidated the charges of the specified services as per its existing Scale of rates, as applicable to the Floating Barge Jetty for handling of Dry Bulk cargo and proposed a composite rate for each of different group of cargo and each of the evacuation mode (Rail bound / Road Bound). A statement showing the charges of the specified services as per its existing Scale of

rates alongwith the reference to the specific Section of the SOR of KOPT to arrive at the proposed composite tariff for the cargo group and for each of mode of evacuation mode is attached as **Annex**.

As can be seen from the said Annex, the individual rates of the specified services considered by KOPT for arriving at the composite rate for each of the broad category of the cargo group is seen to be in line with the existing Scale of Rates of KOPT.

The KOPT has reported that in mechanized cargo handling Berths at other ports as well as for loading of Thermal Coal at HDC, the entire cargo handling is done mechanically and the charges are fixed on composite basis. Moreover, the transfer of cargo by Hopper and Conveyer system from the jetty to the immediate backup area is required to facilitate unloading operation only and is a part of a full operation on transportation of cargo from jetty to storage area. In view of the same, no separate charges for transfer of cargo from hoppers to the immediate backup area through conveyer and for unloading of overseas cargo from barges till loading on wagons/ trucks has been considered by KOPT. This position is relied upon.

- (iv). Though the proposal of the port is to consolidate and prescribe a composite rate for handling cargo at the Floating Barge Jetty, the port has, before its Board of Trustees, put up a proposal for levy of a promotional composite rate of ₹ 250/- per MT for handling cargo viz., Limestone, Coking Coal, Petroleum Coke, metallurgical Coke, Bauxite etc. as specified at Item no. 14 of Wharfage Schedule at S.4.1, considering all operations right from unloading of cargo from barges till delivery of cargo by rail/ road after extending a rebate of ₹ 60.36 per MT for all rail bound cargo and ₹ 48.24 per MT for road bound cargo under the provision of Section 53 of the Major Port Trusts Act, 1963. Likewise, the KOPT has also proposed to levy a promotional rate of ₹ 264/- per MT for Wheat, Rice, Pulses, Peas, Rapessed, Cereals & their products, Newsprint, Gypsum, Slag, Soda Cement Clinker etc. as specified at Item no. 15 of Wharfage Schedule at S.4.1 and ₹ 291/- per MT for Mill Scale, Magnesite, Granite, all types of Scrap, Oil Cake, Bone, & Bone Meal, Mica Block/ flake/ spitting/ waste/ scrap/ powder, Non – Ferrous metals of all kinds except ingots of Zinc/ Aluminium/ Copper/ Lead, Rock Phosphate, Sulphur etc. as specified at Item no. 16 of Wharfage Schedule at S.4.1.

The reference to Section 53 of the MPT Act, as given above states that a Board may, in special cases, among other things, remit the whole or any portion of such rate or charge so levied. Accordingly, the Board of Trustees is seen to have accorded approval for levy of the consolidated composite rate as well as the promotional rates.

In this regard, it is relevant here to mention that as per Clause no. 7.1 of the Tariff Policy, 2018, as applicable to the Major Port Trusts, the rates prescribed in the Scale of Rates are ceiling levels and the ports may, if they so desire, charge lower rates. Thus, grant of rebate/ discount is the prerogative of the Ports.

- (v). Given that the proposal of the KOPT for fixation of composite rate for discharge of dry bulk cargo at floating barge jetty is only an aggregation of tariff of specified services applicable to discharge of dry bulk cargo at floating barge jetty based of the existing approved tariff as per the Scale of Rates, which otherwise KOPT can levy as an individual tariff for each of services and since none of the users have objected to proposal of KOPT and also since the proposal of the Port has the approval of the Board of Trustees of KOPT, this Authority is inclined to approve the bundling of the existing tariff items of specified services to arrive at the consolidated composite tariff for handling of dry bulk cargo at the floating barge jetty.
- (vi). The rates for the coastal cargo has been prescribed at 60% of the rates of the foreign cargo, in line with the coastal concession policy issued by the Government.
- (vii). The KOPT has proposed notes to the effect that the cargo handling charges prescribed is a composite charge for the following:

- (a). Unloading of cargo from the MBC / barges at the Floating Jetty including operation of Payloaders(s) inside the hatches of the MBC/barge.
- (b). Transfer of cargo between the Floating Jetty and the immediate back-up hardstand by conveyer system.
- (c). Transfer of cargo between the immediate back-up hardstand and the earmarked storage area(s) inside General Cargo Berth (GCB) including loading of dumpers at immediate back-up hardstand and unloading at GCB storage area.
- (d). Storage / stacking of dry bulk cargo at respective storage area(s) of the receivers, including heaping/ high heaping of cargo, as well as all other required on shore operation.
- (e). Aggregation / evacuation of cargo to / from storage area (s) by rail / road and other allied and associated services in consultation with KOPT and importer / exporter concerned.
- (f). Despatch related services of wagons/ trucks/ other road bound vehicles including cleaning of wagons prior to loading, closing of gates of wagon / truck by suitable pegs (to be supplied by the contractor) after loading, lime spraying (lime to be supplied by the contractor) on the wagon and all other allied works required to make the wagon ready for dispatch.

The said notes are seen to cover the scope of services provided at floating barge jetty and would give clarity and avoid ambiguity. Hence, the proposed notes are approved.

- (viii). The prescription of tariff is accompanied by prescription of performance standards. Accordingly, the KOPT has proposed a note to the effect that a productivity of 10000 MT per day is expected to be handled in the said facility. The SAIL is of the view that in the absence of slabwise rates based on achievement of performance standards, the service provider should maintain guaranteed discharge rate, else users would have to bear additional charges. In this regard, the port is of the view that since the rates proposed by the port are on per tonne basis, the users would have to pay for the cargo handled by them, irrespective of the productivity. The port has stated that it has not proposed slabwise rates based on achievement of performance standards, giving out incentives for better performance and levy of penalty for lower productivity, on the ground that the cargo handling operation undertaken at the floating jetty is a new concept which will require reasonable time to get stabilized. The KOPT is advised to propose incentive for achievement of performance standard and penalty for non-achievement of performance standard once the handling operations get stabilized, if the contract between HFTPL (contractor) and KOPT permits.
- (ix). The KOPT has proposed an additional amendment with regard to Wharfage charges for discharge of dry bulk cargo at Saugor / Sandheads / Virtual Jetty / any anchorage point / mooring and proceed for subsequent unloading at Floating Cargo Handling Facilities upstream of 3rd Oil jetty at HDC or vice versa, in the revised proposal. The amendment was not a subject matter for joint hearing held on 1 November 2018, Hence, it is not possible to consider the additional amendment proposed in this regard for approval of this Authority at this juncture. The KOPT is advised to consider the proposed amendment in the general revision of its SOR.
- (x). It is seen from the proposal of the port that the floating barge jetty has been operational from 16 June 2018 at a tariff of ₹ 250/- per tonne. As per Clause 5.7.1 of the Working Guidelines issued to operationalise the Tariff Policy, 2018, whenever a specific tariff for a service/ cargo is not available in the Scale of Rates of the particular port or any other major port, then the port may file the proposal for notification of tariff for the said new cargo/ service. Further, as per Clause 5.7.3 and 5.7.4 of the Working Guidelines, with the submission of proposal, the port can simultaneously levy the proposed rate on an ad hoc basis in consultation with the concerned users, till the rate is finally notified. In the instant case, the port has submitted its proposal in September 2018, presenting a fait accompli situation to this Authority. It is not unreasonable to expect a port to take timely action for formulation of tariff proposal for a new facility. In any case, the proposal of the port is for approval of the revised proposal.

- (xi). Generally, the order of this Authority has a prospective effect. The Floating Barge Jetty is already in operation since 16 June 2018 and the KOPT is collecting a rate of ₹. 250/- per tonne, though the promotional rate is subject to review by the port after one year from 16 June 2018. Since there is continuity in service and collection of tariff, the proposed (higher) rates shall come into force from the date of notification of the order passed in the Gazette of India without any lead time.

11.1. In the result, and for the reasons given above, and based on collective application of mind, incorporation of the following new section as Part XI – Charges for handling of cargo at Floating Barge Jetty at Haldia Dock Complex (HDC) of Kolkata Port Trust (KOPT), in the existing Scale of Rates of KOPT is approved:

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PART – XI

Charges for handling of cargo at Floating Barge Jetty at Haldia Dock Complex (HDC) of Kolkata Port Trust (KOPT)

Sl. No.	Description of Cargo (in dry bulk cargo)	Rates per M.T. (In ₹) for foreign cargo		Rates per M.T. (in ₹) for Coastal cargo	
		Rail	Road	Rail	Road
1	Limestone, Coking coal, Petroleum Coke, Metallurgical Coke, Bauxite, Manganese Ore, All types of Coal / Coke / Ore not specified, Sponge Iron, Pig Iron, All other Dry Bulk Cargo not specified. N.B.: For handling of Thermal Coal and Iron Ore, no coastal rate will be applicable.	310.36	298.24	186.22	178.94
2	Wheat, Rice, Pulses, Peas Rapeseed, Cereals & their products, Bulgur wheat, Corn Soys Blend, Milk Powder, Seeds of all kinds, Sugar (both raw and refined), Bran, Newsprint, Gypsum, Slag, Soda (Caustic or Ash), Cement	323.83	311.71	194.30	187.02
3	Mil Scale, Magnesite, Granite, all types of Scrap, Oil Cake, Bone & Bone Meal, Mica Block /flake / spitting / waste / scrap / powder. Non Ferrous metals of all kinds except ingots of Zinc /Aluminum / Copper /Lead, Ammonium Sulphate Ammonium Nitrate, Lead Concentrate, Plywood, Fire Bricks & other Refractory Materials, C.I. Goods, Rock Phosphate, Sulphur & other Fertilizer Raw Materials, MOP, dap, Urea and other Finished Fertilizers, Asphalt Pitch (including Coal Tar Pitch), Bitumen, carbon Black.	350.78	338.66	211.47	203.20

Note:

The cargo handling charges prescribed above is a composite charge for the following:

- (i). Unloading of cargo from the MBC / barges at the Floating Jetty including operation of Payloaders(s) inside the hatches of the MBC/barge.
- (ii). Transfer of cargo between the Floating Jetty and the immediate back-up hardstand by conveyer system.
- (iii). Transfer of cargo between the immediate back-up hardstand and the earmarked storage area(s) inside General Cargo Berth (GCB) including loading of dumpers at immediate back-up hardstand and unloading at GCB storage area.
- (iv). Storage / stacking of dry bulk cargo at respective storage area(s) of the receivers, including heaping/ high heaping of cargo, as well as all other required on shore operation.
- (v). Aggregation / evacuation of cargo to / from storage area (s) by rail / road and other allied and associated services in consultation with KOPT and importer / exporter concerned.
- (vi). Despatch related services of wagons/ trucks/ other road bound vehicles including cleaning of wagons prior to loading, closing of gates of wagon / truck by suitable pegs

(to be supplied by the contractor) after loading, lime spraying (lime to be supplied by the contractor) on the wagon and all other allied works required to make the wagon ready for dispatch.

(vii). A productivity of 10000 MT per day is expected to be handled in the said facility.

“

11.2. The KOPT is directed to suitably incorporate the above provision in its Scale of Rates.

11.3. The said charges shall come into effect from the date of notification of the order in the Gazette of India and its validity shall remain co-terminus with the validity of the existing Scale of Rates of KOPT.

(T.S. Balasubramanian)

Member (Finance)

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/68/2018-KOPT	Proposal received from Kolkata Port Trust for fixation of tariff to be realized from the users of the Floating barge jetty at Haldia Dock Complex.
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A summary of comments received from Steel Authority of India (SAIL) on the initial proposal of KOPT dated 5 September 2018 are as follows:

- (i). The productivity norm for barge discharge is 10000 MT per day. However, there is no slab for below/above performance in terms of penalty/premium on rates which is the case for all other berths of HDC where discharge guarantee is provided by deploying Mobile Harbour Crane (MHC). Further, it is mentioned that in case the service provider is deploying two cranes, users have to bear additional charges which is not reasonable. It is the responsibility of the service provider to maintain guaranteed discharge rate irrespective of the no. of cranes they deploy.
- (ii). As there will be handling of cargo multiple times than usual discharge by MHC crane for shore handling operation at berths, HDC should guarantee that no cargo loss will take place during multiple stage of handling based on draft survey quantity.
- (iii). It is envisaged that additional quantity will be imported through HDC by using Floating barge jetty. Since the cargo would be ultimately transferred to exiting GCB siding plot, it will create difficulty in storage of additional quantity. HDC should develop commensurate stacking plot with proper rail siding to handle the additional volume through lighterage route.
- (iv). The scope of work does not mention loading of cargo on rail as per railway norms i.e. as per chargeable weight of the wagons and within free time. Accordingly, HDC may be advised to confirm that cargo will be loaded on to wagons as per railway norm, failing which idle freight/punitive freight shall be borne by the service provider. For similar functions of loading operation in the recent SOR dated 26.2.2018, the contractor has been made liable to load within free time else will pay the demurrage to importer (Cl. S.5.3). This may also be included in the instant SOR notification.
- (v). Other Dispatch related functions which were covered in scope of work of TAMP notified circulars (dtd 26.2.2018) like wagon label pasting is not covered under the present proposal and need to be incorporated.
- (vi). In view of general requirements of any user to handle dry bulk cargo at the Ports and for onward dispatch to manufacturing Plants, HDC may be advised to formulate schemes covering all elements of operation.

Since, the charges in Haldia Port is higher compared to neighbouring major Ports, TAMP may consider more competitive rates for comprehensive service.

1.2. A summary of comments received from Steel Authority of India (SAIL) on the revised proposal of KOPT dated 26 February 2019 and response of KOPT thereon are as follows:

Sr. no.	Comments of Steel Authority of India Ltd	Reply of KOPT
(i).	In the revised proposal of fixation of tariff, the promotional composite rate of ₹. 250/- pmt has been revised upwards to ₹. 310.36 (Dry bulk cargo imported coal through rail dispatch)	In the revised proposal, the composite rate for unloading of Coking Coal, all types of Coal, Coke, Limestone, Manganese Ore etc. from barges at the floating barge jetty for subsequent

	which is an increase of ₹. 60.36/- pmt. Already cargo handling rates at HDC are on higher side in comparison to neighboring ports and such increase in rates will put additional stress on the cost economics for this berth.	dispatch through rail has been kept at ₹. 310.36. However, Board of Trustees for the Port of Kolkata has earlier vide Reso. No. R/256/HDC/Sh&CH/3/01 /2019 dated 31.01.2019 has approved a concession of ₹. 60.36 per MT against the above rate under Section 53 of the MPT Act. Thus, after effecting the concession, the promotional rate of unloading of Coking Coal, all types of coal, Coke, Limestone, Manganese Ore etc. from barges for subsequent dispatch through rail stands at ₹. 250/- per MT. [A copy of the Board Resolution was furnished by KOPT]
(ii).	While calculating the revised tariff specifically for the component of deployment of floating crane the minimum level of productivity (MLP) norm for floating crane discharge has been fixed as 10000 MT per day. However, there is no slab for below/ above performance in terms of penalty / premium on rates which is the case for all other berths of HDC where discharge guarantee is provided by deploying Mobile Harbour Crane (MHC). Hence in case MLP is not able to achieve, reduction in rates is to be considered. Moreover, the MLP of 10000 MT/day is to be ensured by the operator but as mentioned that in case the service provider is deploying two cranes, uses have to bear additional charges which is not reasonable. It is the responsibility of the service provider to maintain guaranteed discharge rate irrespective of the no. of cranes they deploy.	HDC has neither proposed for collection of any additional amount from the users for achieving the productivity above the MLP, nor any amount is proposed for deduction from the Port charges if productivity achieved is lesser than the MLP as the cargo handling operation undertaken at the floating jetty is a new concept which will require reasonable time to get stabilized. Incidentally, during the F. Y. 2018-19, 337 nos. of Barges were handled at the Floating jetty out of which MLP was achieved in 309 barges.
(iii).	As there will be handling of cargo multiple times than usual discharge by MHC crane for shore handling operation at berths, HDC should guarantee that no cargo loss will take place during multiple stage of handling based on draft survey quality.	SAIL engages their own Handling Agent to handle cargo at Lighterage Point and also engage Barge Operator for subsequent transportation of the cargo by Barge to the Haldia Floating Jetty. While the loss of cargo during lighterage operation cannot be controlled by HDC, no cargo loss is ensured during unloading operation at the Floating Jetty as well as during transfer, storage and delivery of cargo, which is undertaken by Port through it's own contractor. Incidentally, no cargo loss has been reported by any Importer since commencement of cargo operation at the Floating Jetty in June, 2018.
(iv).	It is pertinent to mention that HDC finalized other handling schemes at different berths wherein they are charging a composite rate from the uses against a set of work of handling dry bulk cargo. It has been observed that the scope of work indicated by HDC for undertaking such handling jobs of dry bulk cargo in a comprehensive manner does not cover certain essential elements of dry bulk handling which is narrated here under: (a). Stock accounting of receipt and dispatch of cargo and compensation towards loss of	The Upfront Tariff against the shore handling services already approved by TAMP includes various activities like transfer of cargo from Hook Point to Stack Yard or vice-versa, stacking / unstacking at the Storage yard and delivery / receiving of the cargo through road or rail. Most of the activities, which have been mentioned by SAIL are not under the scope of the Port activities as per Section 42 of the MPT Act and thus, not included in the Shore Handling Services for which TAMP has fixed the Upfront Tariff. These activities are specifically required

	cargo beyond permissible handling loss as per industry norms. (b). Loading of wagons as per carrying capacity of wagons in line with railway guidelines. (c). Covering of wagons by tarpaulin as per railway / RPF guidelines. (d). Storage of cargo grade wise to avoid contamination at the stacks. Although, the cargo is stored in the license plot of the users, the actual work of shore clearance, stacking and wagon are executed by the contractor appointed by HDC. Accordingly, the stockyard management services, stock accounting, protection towards loss of cargo due to either handling loss or security related matter should be logically within the scope of HDC. However, there are not specifically incorporated in the scope of HDC contractor. In turn, the users are advised to make alternative arrangement for getting these jobs done as part of bulk cargo handling requirement at an additional cost.	by SAIL, which may be undertaken either by themselves or through engagement of a contractor. Port cannot take liability for undertaking such activities. However, regular sprinkling of water is already undertaken by Port.
(v).	Although, HDC has introduced a guideline for sprinkling water in the cargo stack, approach road, wharf as a mandatory requirement for Pollution Control, the same job is not executed by HDC directory. In turn, the importers like SAIL have to organize undertaking water sprinkling through the HDC contractor at an additional cost.	
(vi).	There are certain minor but common requirement like placing of railway indents on port railways, pasting labels on wagons indicating description of cargo loaded and other associated jobs which are essential for dry bulk cargo handling but are not being carried out by HDC under their comprehensive arrangement. These jobs are necessarily carried out by the importers like SAIL through HDC appointed contractor at an additional cost. In view of general requirements of any user to handle dry bulk cargo at the Ports and for onward dispatch, HDC may be advised to frame schemes covering all elements of operation and not restricting their offer to a truncated service. In other words, the users have to any way make arrangement with HDC appointed contractor through a negotiation process by incurring additional expenses. SAIL, therefore, has requested that to direct HDC to design a comprehensive scheme taking care of general requirement of dry bulk cargo handling at the port.	
(vii).	In the instant case of fixing tariff, the scope of work covers dispatch of cargo, shore clearance and dispatch relegated services without taking care of the associated jobs as	

	mentioned above. HDC is requested to work out there tariff to include all the associated jobs as enumerated above. If required, a consultation process can also be initiated by HDC to get feedback from imports of dry bulk cargo through Haldia Port.	
	Since the charges in Haldia Port is higher compared to neighboring major Ports, TAMP may consider more competitive rates for comprehensive service at all locations of HDC.	

2. A joint hearing on the case in reference was held on 01 November 2018 at the KOPT premises. At the joint hearing, the KOPT made a brief Power Point presentation of the proposal. During the joint hearing, the KOPT and other users/ user organizations have made the following submissions:

Kolkata Port Trust

- (i). To overcome the draft restrictions at HDC, a floating barge jetty with crane and conveyor facility has been constructed by contractor at HOJ-III to handle cargo at lighterage points, carried by Mini Bulk Carriers (MBC)/ barges carrying bulk cargo.
- (ii). A contractor has been authorized for supply, installation, operation and maintenance of different cargo handling equipment and to carry out the entire onboard and onshore cargo handling operations in an integrated manner from unloading from MBC/ barges upto delivery for import. The KOPT will charge directly from the users ₹ 250/- per MT and pay to the contractor a consolidated amount of ₹172/- per MT. The proposal of KOPT seeks approval for ₹ 250/- to be levied by KOPT. With the approval of KOPT Board, the KOPT has already been charging ₹ 250/- per MT since 16.6.18.
- (iii). The rates for the various individual components of the total operation are available in the existing KOPT SOR, except for transfer of cargo through Conveyor and Hopper.
- (iv). We want to review the proposal by considering actual cost of various activities involved in the operation. We would come up with a composite rate for a combination of cranes/ payloaders. We will approach TAMP with the reviewed proposal, after seeking approval from our Board. Till such time the levy of proposed rate of ₹. 250 per tonne will continue.

SAIL

- (i). The productivity norm for barge discharge is 10000 MT per day. Thus, the service provider should maintain guaranteed discharge rate, whether with one crane or two crane. He should not charge for second crane.
[KOPT: We have proposed per tonne rate. Per tonne rate will take care of the issue raised by SAIL].

- (ii). There will be handling of cargo multiple times. HDC should guarantee that no cargo loss will take place during multiple stage of handling. There has to be a mechanism to confirm the volume of cargo delivered at plot.

(KOPT: We will look into this aspect. Anyways, this is not related to tariff. SAIL may comment on the tariff aspect.)

- (iii). We are agreeable to the rate of ₹ 250/- per MT as proposed by the Port.
