

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)  
**TARIFF AUTHORITY FOR MAJOR PORTS**

**G No. 229**

**New Delhi**

**2 September 2013**

**NOTIFICATION**

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes the proposal received from the Kandla Port Trust (KPT) for revision of composite rate for on-board labour in lieu of levy and other charges of Cargo Handling Division of KPT as in the Order appended hereto.

**(T.S. Balasubramanian)**  
**Member (Finance)**

**TARIFF AUTHORITY FOR MAJOR PORTS**  
**Case No. TAMP/41/2012-KPT**

**Kandla Port Trust**

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**Applicant**

**QUORUM:**

- (i). Shri. T.S. Balasubramanian, Member (Finance)
- (ii). Shri. Chandra Bhan Singh, Member (Economic)

**ORDER**

(Passed on 13<sup>th</sup> day of August 2013)

This case relates to a proposal filed by the Kandla Port Trust (KPT) for revision of composite rate for on-board labour in lieu of levy and other charges of Cargo Handling Division of KPT.

2.1. This Authority had passed an Order No.TAMP/37/2007-KPT dated 25 March 2011 approving the proposal of Kandla Port Trust to fix a commodity wise per tonne composite rate for on-board labour in lieu of levy of other charges of its cargo handling division for a period of one year i.e. upto 31 March 2012. The charges were incorporated as clause 3 in Chapter III of the Scale of Rates (SOR) of KPT. In the said Order, the KPT was advised to submit a well analyzed proposal by 31 December 2011 for the rates to be applied with effect from 1 April 2012.

2.2. In this regard, the KPT vide its letter dated 30 March 2012 has, *inter alia*, submitted that the proposal for fixation of revised per ton rate for on-board labour of Cargo Handling Division of KPT is under discussion with the Trade to arrive at consensus before finalization of revision of per tonne rate for on-board labour. The KPT, therefore, requested to allow the port to continue collecting at existing rate provisionally for a further period of three months i.e. upto 30 June 2012 and submitted that the proposal for revision of rate retrospectively w.e.f. 1 April 2012 will be submitted after discussion with Unions/ Trade & Board.

2.3. At the request of KPT, this Authority vide its Order No.TAMP/37/2007-KPT dated 9 April 2012 has extended the validity of the rates for on-board labour beyond 31 March 2012 upto 30 June 2012 subject to the condition that the additional surplus, if any, that may accrue to KPT during the extended period of validity will be adjusted fully in the tariff to be fixed, and advised KPT to file proposal for fixation of on-board labour by 30 April 2012. With regard to retrospective revision of tariff with effect from 1 April 2012, as suggested by KPT, this Authority held that the same may be considered, based on justifications to be furnished by the KPT, in the proceedings to be initiated based on the proposal to be filed by the Port.

2.4. Subsequently, based on the request of the KPT, this Authority further extended the validity of the existing rates till 31 October 2012 vide Order dated 8 August 2012 and later till 28 February 2013 vide Order dated 17 December 2012. The extensions granted were subject to the adjustment of additional surplus, if any, that may accrue to KPT beyond 31 March 2012.

3.1. In this backdrop, the KPT under cover of its letter dated 6 June 2012 and 29 June 2012 has submitted its proposal for revision of per tonne rate for on-board labour in lieu of levy and other charges of Cargo Handling Division of the Port. The main points made by KPT in its proposal are summarised below:

- (i). The rates have been proposed considering the actual income, cost, traffic handled and gang of on-board labour of cargo handling division supplied for a period from 1 April 2012 to 30 June 2012.
- (ii). In the Order dated 25 March 2011, the Authority had directed KPT to implement the Manning Scales. In this regard, it is informed that the first phase of Manning Scale has been implemented with effect from 22 April 2012. As a result of implementation of Manning Scale, the gang strength has been reduced and the

overtime expenditure has been treated as NIL except Overtime in respect of 17 closed Holidays in a year.

- (iii). As decided by the Board, the excess of expenditure over income excluding overtime cost during the six month period from 01.06.2011 to 30.11.2011 amounting to ₹1.25 crores + 0.78 crores (50% of over time amount to be spread out for 5 years) is considered in the current revision proposal and remaining 50% of overtime amount will be considered in the general revision of Scale of Rates.
- (iv). 20% increase in salary and wages cost, due to ensuing wage revision due w.e.f. 01.01.2012 has been factored in the proposal.
- (v). An anticipated 10% increase in Variable DA (VDA) considering average quarterly increase of 2.5% has also been considered. VDA accounts for more than 10% of the operating expenditure of the Cargo Handling Division. Hence, rates are proposed to be revised on a quarterly basis otherwise port will suffer heavy loss till the VDA increase is reflected in the rates.
- (vi). In order to recognise productivity, KPT has proposed the revenue for actual quantity handled by a stevedore to be divided by the actual numbers of gangs supplied to arrive at the per gang cost and compare the same with the revenue requirement per gang. If the revenue per gang is more than the maximum revenue requirement per gang, the surplus will be refunded to the stevedore while in case of shortfall the same shall be recovered from the stevedore. This methodology will not only recognize productivity instantly but will also be very easy to implement and understand by the stevedores and operating staff.
- (vii). A meeting was also held with the concerned user organisations on 9 May 2012 to seek their consent/ comments/ suggestions, before sending the proposal to TAMP. From the copy of the minutes of the meeting, it is seen that all the members of the Stevedoring Associations are opposed to the proposal mainly in terms of its timing as well as loading of shortfall in revenue due to payment of overtime on the proposed rates. However, it has also been decided that the KPT would submit their proposal to TAMP and then the user associations would furnish their views directly to TAMP, when TAMP would seek their comments on the proposal of KPT.

3.2. The existing per tonne rate and the rate proposed by KPT in its proposal dated 6 June 2012 is summarised below:

| Sr. No | Cargo Items                           | Existing rates (per tonne) |           |            |           | Proposed rates(per tonne) |           |            |           |
|--------|---------------------------------------|----------------------------|-----------|------------|-----------|---------------------------|-----------|------------|-----------|
|        |                                       | Bulk                       |           | Break Bulk |           | Bulk                      |           | Break Bulk |           |
|        |                                       | Foreign ₹                  | Coastal ₹ | Foreign ₹  | Coastal ₹ | Foreign ₹                 | Coastal ₹ | Foreign ₹  | Coastal ₹ |
| 1      | Fertiliser/ Fertiliser Raw Material   | 13.96                      | 8.37      | 42.92      | 25.75     | 20.80                     | 12.48     | 111.03     | 66.62     |
| 2      | Rice and other food grains            | 21.62                      | 12.97     | 27.23      | 16.34     | 29.71                     | 17.83     | 49.44      | 29.66     |
| 3      | Cement                                | -                          | -         | 21.05      | 12.63     | -                         | -         | -          | -         |
| 4      | Steel Coils and Steel pipes           | -                          | -         | 17.55      | 10.53     | -                         | -         | 28.34      | 17        |
| 5      | Timber and other logs                 | -                          | -         | 38.64      | 23.18     | -                         | -         | 48.22      | 28.93     |
| 6      | Soda Ash                              | -                          | -         | 60.89      | 36.54     |                           |           |            |           |
| 7      | Machinery Packages and other packages | -                          | -         | 72.84      | 43.71     |                           |           | 117.78     | 70.67     |
| 8      | Iron ore                              | 11.14                      | 11.14     | -          | -         | 22.59                     | 22.59     | -          | -         |
| 9      | Ores other than iron ore              | 12.20                      | 7.32      | -          | -         | 17.57                     | 10.54     | -          | -         |
| 10     | Scraps                                | 20.45                      | 12.27     | -          | -         | 31.99                     | 19.19     | -          | -         |
| 11     | Oil Extractions                       | 18.95                      | 11.37     | -          | -         | 24.47                     | 14.68     | -          | -         |
| 12     | Thermal Coal                          | 10.39                      | 10.39     | -          | -         | 27.33                     | 27.33     | -          | -         |
| 13     | Other Coal                            | 9.11                       | 5.46      | -          | -         | 12.97                     | 7.78      | -          | -         |
| 14     | Salt                                  | 11.12                      | 6.67      | 32.59      | 19.55     | 12.12                     | 7.27      | 23.48      | 14.09     |
| 15     | Sugar                                 | 17.42                      | 10.45     | 25.80      | 15.48     | 36.08                     | 21.65     | 44.34      | 26.60     |
| 16     | All other unspecified goods           | 10.85                      | 6.51      | 36.26      | 21.75     | 19.41                     | 11.65     | 50.78      | 30.47     |

3.3. Subsequently, the KPT vide its letter dated 2 July 2012 has submitted that while confirming the minutes in the Board Meeting held on 30 June 2012, the trustees observed that there was deviation regarding element of Overtime considered for revision at ₹3.91 crores. The port has clarified that the Board decided to recover overtime of ₹3.00 crores over five years period and balance to be adjusted in the general revision of its Scale of Rates. In view of the observation, the KPT filed a revised proposal considering the over time amount to the extent of ₹3.00 crores (spread over 5 years). The KPT has under cover of its letter dated 2 July 2012 furnished the revised calculation to that effect. The revised per tonne rates proposed by the KPT in its letter dated 2 July 2012 vis-à-vis the existing rates for deployment of on-board labour from CHD is tabulated below:

| Sr. No | Cargo Items                           | Proposed rates<br>(As per proposal dated 6 June 2012) |           |            |           | Proposed rates<br>(As per proposal dated 2 July 2012) |           |            |           |
|--------|---------------------------------------|-------------------------------------------------------|-----------|------------|-----------|-------------------------------------------------------|-----------|------------|-----------|
|        |                                       | Bulk                                                  |           | Break Bulk |           | Bulk                                                  |           | Break Bulk |           |
|        |                                       | Foreign ₹                                             | Coastal ₹ | Foreign ₹  | Coastal ₹ | Foreign ₹                                             | Coastal ₹ | Foreign ₹  | Coastal ₹ |
| 1      | Fertiliser/ Fertiliser Raw Material   | 20.80                                                 | 12.48     | 111.03     | 66.62     | 20.68                                                 | 12.41     | 110.37     | 66.22     |
| 2      | Rice and other food grains            | 29.71                                                 | 17.83     | 49.44      | 29.66     | 29.53                                                 | 17.72     | 49.14      | 29.48     |
| 3      | Cement                                | -                                                     | -         | -          | -         | -                                                     | -         | -          | -         |
| 4      | Steel Coils and Steel pipes           | -                                                     | -         | 28.34      | 17.00     | -                                                     | -         | 28.17      | 18.90     |
| 5      | Timber and other logs                 | -                                                     | -         | 48.22      | 28.93     | -                                                     | -         | 47.93      | 28.76     |
| 6      | Soda Ash                              |                                                       |           |            |           |                                                       |           |            |           |
| 7      | Machinery Packages and other packages |                                                       |           | 117.78     | 70.67     |                                                       |           | 117.08     | 70.25     |
| 8      | Iron ore                              | 22.59                                                 | 22.59     | -          | -         | 22.59                                                 | 22.59     | -          | -         |
| 9      | Ores other than iron ore              | 17.57                                                 | 10.54     | -          | -         | 17.46                                                 | 10.48     | -          | -         |
| 10     | Scraps                                | 31.99                                                 | 19.19     | -          | -         | 31.80                                                 | 19.08     | -          | -         |
| 11     | Oil Extractions                       | 24.47                                                 | 14.68     | -          | -         | 24.32                                                 | 14.59     | -          | -         |
| 12     | Thermal Coal                          | 27.33                                                 | 27.33     | -          | -         | 27.33                                                 | 27.33     | -          | -         |
| 13     | Other Coal                            | 12.97                                                 | 7.78      | -          | -         | 12.89                                                 | 7.73      | -          | -         |
| 14     | Salt                                  | 12.12                                                 | 7.27      | 23.48      | 14.09     | 12.05                                                 | 7.23      | 23.34      | 14.00     |
| 15     | Sugar                                 | 36.08                                                 | 21.65     | 44.34      | 26.60     | 35.87                                                 | 21.52     | 44.08      | 26.45     |
| 16     | All other unspecified goods           | 19.41                                                 | 11.65     | 50.78      | 30.47     | 19.30                                                 | 11.58     | 50.48      | 30.29     |

4. In accordance with the consultation process prescribed, the proposal dated 6 June 2012 and the revised proposal dated 2 July 2012 were circulated to the users / user organisations seeking their comments. The comments received from the users / user organisations were forwarded to the KPT as feedback information. The KPT has responded vide its letter dated 7 November 2012.

5. Based on the preliminary scrutiny of the proposal, the KPT was requested vide our letter dated 8 October 2012 to furnish information/ clarifications on various points. The KPT vide its letter dated 24 December 2012 has responded to our queries. A summary of the queries raised by us and the response of KPT are tabulated below:

| Sl. No. | Queries raised by us                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Response from KPT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i).    | On the ground that the Variable DA (VDA) accounts for more than 10% of the operating expenditure of the Cargo Handling Division and to reflect the VDA increase in the rates, the KPT in its proposal has proposed that the rates be revised on a quarterly basis. In this regard, it is relevant to mention here that Clause 3.1.8 of the tariff guidelines of 2005 prescribes a tariff validity period of 3 years. Further, it may be recalled that in the tariff Order of March 2011, it has been indicated that the rates are normally approved for a period of three years and that only for the reasons mentioned in the Order, it was approved for a period of one year with a validity upto 31 March 2012 in case of KPT. In view of the above position, the KPT is requested to furnish the Cost | (a). Since decades, Dock Labour Boards in the country were revising the levy every quarter to factor in the increase / decrease in the VDA rates and the stevedores were paying the same. By doing so the charges for supply of labour were always closer to realistic costs. In fact, the quarterly increase/ decrease in VDA rates when implemented, is already based on the average inflation prevailing during the three months preceding the month from it is paid. For instance, the percentage increase or decrease in VDA rates for the quarter October 2012 to December 2012 is based on historic data for the months of June 2012 – August 2012. The cost increase due to VDA which is directly based on Consumer Price Index (Industrial DA Points) is not susceptible for fair |

|                                  | statements relating to the Cargo handling Division for a period of three years from April 2012 onwards in the prescribed format to determine the per tonne on-board labour levy. The Revised Estimates/ Budget Estimates relied upon by the KPT to formulate its cost statements for a period of 3 years may also be furnished.                                                 | <p>estimation. The change in VDA rate is almost always on the upward side.</p> <p>(b). Cargo Handling Labour Unit being purely a labour supply division the entire operating cost of the unit is the Salaries, Wages and other allowances. When these costs rise a whopping 10-15% every year, the port cannot afford to wait for completion of the tariff validity cycle of three years to absorb the huge increase in cost that would have resulted by the time the next tariff revision cycle is due.</p> <p>(c). Besides, this exercise would unduly enrich present importer / exporter at the cost of the future importer / exporter who may not even handle the particular cargo whereas if the rates are revised on a quarterly / six monthly basis the effect would be evenly spread.</p> <p>(d). Also, if the increase in VDA is carried forward till the next tariff revision cycle the rates that will be obtained will be very high and the trade will not be ready to pay for the same as has happened in the instant case.</p> <p>(e). The tariff guidelines were framed during the year 2005 whereas the merger of many Dock Labour Boards with the respective port trusts has taken place after the formulation of the tariff guidelines. For instance, KDLB was merged with KPT in 2007, VDLB was merged with VPT in 2008. Merger of Tuticorin and Kolkatta DLBs also happened after the formulation of tariff guidelines.</p> <p>Hence, it is felt that the rates for supply of Cargo Handling Labour may be revised every quarter or atleast every six monthly basis.</p> |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
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| (ii).                            | The KPT is also requested to furnish the actuals relating to the Cargo handling Division for the year 2011-12 in the prescribed format. The Annual Accounts relied upon by the KPT to reflect the actuals may also be furnished along with a Reconciliation Statement to reconcile the differences, if any, between the figures in the Annual Accounts and the Cost statements. | <p>The statement showing actual Income &amp; Cost relating to CHD for the year 2011-12 is as given below. The figures taken in statement are as per Annual Accounts; hence reconciliation statement is not required.</p> <p><b><u>ACTUAL INCOME &amp; COST RELATING TO CHD FOR THE YEAR 2011-12:</u></b></p> <table><tr><th>Particulars</th><th colspan="2">₹. in lakhs</th></tr><tr><td>Income</td><td></td><td>4023.77</td></tr><tr><td>Expenditure</td><td></td><td></td></tr><tr><td>Salaries &amp; Wages</td><td>5491.66</td><td></td></tr><tr><td>Stores</td><td>6.98</td><td></td></tr><tr><td>Office &amp; Admin Expenses</td><td>2.82</td><td></td></tr><tr><td>Operation &amp; Maintenance Expenses</td><td>0.86</td><td></td></tr><tr><td>Medical Expenses</td><td>49.10</td><td></td></tr><tr><td>Depreciation</td><td>9.05</td><td></td></tr><tr><td>Pension Gratuity &amp; Commutation</td><td>1012.00</td><td></td></tr><tr><td>Return on Capital Employed @ 16%</td><td>44.07</td><td>6616.55</td></tr><tr><td>Deficit</td><td></td><td>-2592.78</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Particulars | ₹. in lakhs |  | Income |  | 4023.77 | Expenditure |  |  | Salaries & Wages | 5491.66 |  | Stores | 6.98 |  | Office & Admin Expenses | 2.82 |  | Operation & Maintenance Expenses | 0.86 |  | Medical Expenses | 49.10 |  | Depreciation | 9.05 |  | Pension Gratuity & Commutation | 1012.00 |  | Return on Capital Employed @ 16% | 44.07 | 6616.55 | Deficit |  | -2592.78 |
| Particulars                      | ₹. in lakhs                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Income                           |                                                                                                                                                                                                                                                                                                                                                                                 | 4023.77                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Expenditure                      |                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Salaries & Wages                 | 5491.66                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Stores                           | 6.98                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Office & Admin Expenses          | 2.82                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Operation & Maintenance Expenses | 0.86                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Medical Expenses                 | 49.10                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Depreciation                     | 9.05                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Pension Gratuity & Commutation   | 1012.00                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Return on Capital Employed @ 16% | 44.07                                                                                                                                                                                                                                                                                                                                                                           | 6616.55                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| Deficit                          |                                                                                                                                                                                                                                                                                                                                                                                 | -2592.78                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |
| (iii).                           | As mentioned at para 13(vii)(b) of the Order of March 2011, the KPT has been advised to take steps relating to implementation of the Tribunal                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |             |             |  |        |  |         |             |  |  |                  |         |  |        |      |  |                         |      |  |                                  |      |  |                  |       |  |              |      |  |                                |         |  |                                  |       |         |         |  |          |

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|  | award for revision of manning scales and datum. The KPT in its proposal has stated that the Phase I of manning scale has been implemented from 22 April 2012, as a result of which the gang strength has been reduced. In this regard, the KPT is requested to clarify/ furnish the following:                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|  | <p>(a). The extent of reduction in the gang strength on account of implementation of the manning scales has not been furnished, which may be furnished along with the entire effect of phase I implementation of manning scales including reduction in manpower achieved. A comparative position of the manning scale with reference to on-board workers per one hook irrespective of the types of cargo (except salt in bulk) and the manning scale for salt in bulk obtaining prior to implementation and after implementation of the Tribunal award may also be furnished.</p> | <p>(a). It is felt that implementation of manning scale is a policy decision and has far reaching impacts on the working of the port and requires extensive negotiations with the Trade Unions and any hasty decision in this direction can jeopardize the entire functioning of the port.</p> <p>(b). The Report of Working Group for Port Sector for the 12<sup>th</sup> Five year plan prepared by the Ministry of Shipping clearly recognizes at paragraph 11.6.2.1 that the award is yet to be implemented in some of the ports. (The KPT has furnished a copy of the relevant extract of the Report of Working Group for Port Sector for the 12<sup>th</sup> 5 year plan prepared by the Ministry of Shipping.) Thus, Ministry of Shipping is already seized of the matter. The decision with regard to the extent of implementation of the manning scales, the phases of implementation should be left to the port management and should not be linked to Tariff Fixation.</p> <p>(c). In fact, full implementation of the manning scale will result in majority of the workers being surplus. Without a proper planning for their re-deployment or retrenchment via Special Voluntary Retirement Schemes or their retraining, 100% implementation of the manning scales will create chaos in the port and may lead to huge industrial unrest in the port sector. Also, who will bear the cost of their committed Salaries and Wages is a question to be addressed. Port cannot be expected to pay the salaries, wages, allowances and retirement benefits as per wage board settlement without recovering the same from the port users.</p> <p>(d). The KPT has furnished a statement showing the impact of implementation of manning scale based on the actual data for the period from October 2011 to March 2012. It is seen from the statement that 82358 man shifts of RP worker and 1830 man-shifts of Tindal would have been surplus. This amounts to 85% of the available man-shifts of RP Worker and 21% of the available man shifts of Tindal.</p> <p>(e). Hence, till a decision is taken about either retrenchment or redeployment of this huge surplus manpower, KPT has to recover their salaries and wages from the stevedores and cannot be expected to bear their salaries and wages from its reserves.</p> |

|                                       |                                                                                                                                                                                             | <p>(f). Moreover, these workers cannot be retrenched overnight as the Trade Unions will vehemently oppose any such move. Hence, it is felt that TAMP may not associate itself with this policy implementation and the same should be left to the local port managements.</p> <p>(g). A comparative position of the manning scale with reference to on-board workers per one hook irrespective of the types of cargo (except salt in bulk) and the manning scale for salt in bulk obtaining prior to implementation and after implementation of the Tribunal Award is furnished below:</p> <table><tr><th rowspan="2">Type of Cargoes</th><th colspan="3">Gang Composition prior to implementation of Tribunal Award on Manning Scales</th><th colspan="3">Gang Composition after implementation of Tribunal Award on Manning Scales</th></tr><tr><th>RPW*<br/>(Per Hook)</th><th>Tindal<br/>(Per Hook)</th><th>Signalman<br/>(Per Hook)</th><th>RPW<br/>(per Hook)</th><th>Tindal<br/>(Per Shift)</th><th>Signalman<br/>(Per Shift)</th></tr><tr><td>All cargoes (other than salt in bulk)</td><td>10</td><td>1</td><td>1</td><td>5</td><td>1</td><td>1</td></tr><tr><td>Salt in bulk</td><td>2</td><td>1</td><td>1</td><td>2</td><td>1</td><td>1</td></tr></table> <p><b>*RPW – Registered Pool Worker</b></p>                                                                     | Type of Cargoes         | Gang Composition prior to implementation of Tribunal Award on Manning Scales |                       |                          | Gang Composition after implementation of Tribunal Award on Manning Scales |  |  | RPW*<br>(Per Hook) | Tindal<br>(Per Hook) | Signalman<br>(Per Hook) | RPW<br>(per Hook) | Tindal<br>(Per Shift) | Signalman<br>(Per Shift) | All cargoes (other than salt in bulk) | 10 | 1 | 1 | 5 | 1 | 1 | Salt in bulk | 2 | 1 | 1 | 2 | 1 | 1 |
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| Type of Cargoes                       | Gang Composition prior to implementation of Tribunal Award on Manning Scales                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                         | Gang Composition after implementation of Tribunal Award on Manning Scales    |                       |                          |                                                                           |  |  |                    |                      |                         |                   |                       |                          |                                       |    |   |   |   |   |   |              |   |   |   |   |   |   |
|                                       | RPW*<br>(Per Hook)                                                                                                                                                                          | Tindal<br>(Per Hook)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Signalman<br>(Per Hook) | RPW<br>(per Hook)                                                            | Tindal<br>(Per Shift) | Signalman<br>(Per Shift) |                                                                           |  |  |                    |                      |                         |                   |                       |                          |                                       |    |   |   |   |   |   |              |   |   |   |   |   |   |
| All cargoes (other than salt in bulk) | 10                                                                                                                                                                                          | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1                       | 5                                                                            | 1                     | 1                        |                                                                           |  |  |                    |                      |                         |                   |                       |                          |                                       |    |   |   |   |   |   |              |   |   |   |   |   |   |
| Salt in bulk                          | 2                                                                                                                                                                                           | 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 1                       | 2                                                                            | 1                     | 1                        |                                                                           |  |  |                    |                      |                         |                   |                       |                          |                                       |    |   |   |   |   |   |              |   |   |   |   |   |   |
|                                       | <p>(b). It appears that the KPT has envisaged phase wise implementation of manning Scales. Please furnish a detailed note on the remaining phase wise implementation of manning Scales.</p> | <p>In the first phase of implementation of manning scales, the deployment of Registered Pool Workers (RPW) has been halved and deployment has also been continued on Dry Bulk Cargoes. In the second phase, the deployment of RPW will be done keeping in view the demand / supply position with a view to ensure that there are no surplus gangs. The strategy of the port is to gradually achieve the deployment levels as per the manning scale taking into consideration the retirement/ death of workers and ensuring that the gangs are not rendered surplus which may lead to industrial unrest.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                         |                                                                              |                       |                          |                                                                           |  |  |                    |                      |                         |                   |                       |                          |                                       |    |   |   |   |   |   |              |   |   |   |   |   |   |
|                                       | <p>(c). The KPT is silent regarding the revision of datum on account of implementation of the Tribunal award. The KPT is requested to clarify the existing position in this regard.</p>     | <p>The datums have not yet been revised as no consensus has yet been reached with the Major Trade Unions operating at the Port. In this regard a series of meetings have been held with the Trade Unions. However, the Trade Unions are taking a stand that piece rates were finalized 25 years ago and the same rates are continuing even today without any revision despite there being 5 wage revisions during this period. The unions are also taking a stand that revision should lead to more benefit for the worker without which there cannot be any amicable settlement. As this is highly labour sensitive issue the same will have to be sorted out by consultative and bargaining approach so that port operations are not disrupted. In fact the unions agreed for partial implementation of Manning Scale only after being assured that the piece rate incentives being paid presently will be protected. As such being a policy decision, it is felt that TAMP may not associate itself with the same and the issue of implementation should be left to the local port management. Also, there may not be any net financial implication as the Trade Unions will never agree to downward revision of existing benefits. Thus, while on one hand datums will be revised, on the other hand the piece rate will increase leading to neutral impact. Also, the wage</p> |                         |                                                                              |                       |                          |                                                                           |  |  |                    |                      |                         |                   |                       |                          |                                       |    |   |   |   |   |   |              |   |   |   |   |   |   |

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|       |                                                                                                                                                                                                                                                                                                                                                                                                                                         | agreements signed with the unions contain an ubiquitous clause to the effect that existing level of benefits enjoyed by the workmen will invariably be protected.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (iv). | As mentioned at para 13(xviii) of the Order of March 2011, the KPT was advised to consider the various factors as listed in the said paragraph and to submit its proposal linked to productivity levels. In this context, the KPT is requested to clarify / furnish the following:                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|       | (a). Though the KPT has proposed for refund to/ recovery from the stevedore based on the productivity of the gang supplied by the port, it does not appear that the KPT has taken into account the various factors listed in the Order of March 2011 at the above mentioned paragraph to base its proposal linked to productivity as advised by this Authority. The KPT is requested to clarify and review the position in this regard. | <p>Implementation of the National Tribunal Award on Manning Scale has resulted in significant reduction in cost by cutting down the expenditure on overtime. The per ton rates prescribed for various cargoes are based on the actual gangs deployed during the period from May 2011 to November 2011 and already factor in the productivity achieved.</p> <p>Apart from this, the KPT has reiterated its submissions made in its reply to our query at (v) above expressing the difficulties in proposing cargo-wise productivity linked rates.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|       | (b). A draft conditionality towards incentive for better performance and disincentive for under performance for incorporation in the Scale of Rates may be proposed                                                                                                                                                                                                                                                                     | In view of the above no note is required to be given.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| (v).  | As mentioned at para 13(xv) of the Order of March 2011, the KPT was advised to initiate steps to improve efficiency and reduce costs. The steps taken by the port in this regard may be listed and the financial impact on account of taking such steps may be quantified and furnished.                                                                                                                                                | <p>Implementation of the National Tribunal Award on Manning Scale has resulted in significant reduction in cost by cutting down the expenditure on overtime. The per ton rates prescribed for various cargoes are based on the actual gangs deployed during the period from May 2011 to November 2011 and already factor in the productivity achieved.</p> <p>Many cargoes at Kandla are very seasonal in nature. For instance Fertilizer imports rise during the period from May to October after which there is a marked reduction in the imports. Exports of Food grain and soya extractions are very less during July to October. So depending upon the period during which the tariff revision proposal gets approved, the rates could fluctuate heavily. Grouping of the cargoes into various heads becomes a tedious task as there are more than 50 different types of dry cargoes handled at Kandla each having different productivity levels. For instance let us consider Timber Logs. While Pine Timber Logs have less productivity, the other timber logs have much higher productivity. Again, huge windmills being recently imported at Kandla have a very less productivity as discharging takes time while other items of machinery / CKD items have comparatively higher productivity. Prescribing productivity linked rates for each cargo type will also complicate the realization of charges from port users. Even Port users prefer a single</p> |



|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | rate. This is being experienced in case of tariff fixed for Harbour Mobile Cranes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
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| (vi).                   | The proposal of KPT for revision of the existing per tonne rate for on-board labour is with retrospective effect from 1 April 2012. In this regard, it may be recalled that as mentioned at para 4 of the Order of April 2012 extending the validity of the rates of the Cargo handling division, it has been stated that retrospective revision of tariff w.e.f. 1 April 2012, as suggested by KPT, would be considered, based on justifications to be furnished by the KPT, in the proceedings to be initiated based on the proposal to be filed by the Port. The KPT in its proposal under consideration has not justified the retrospective effect for the proposed rates sought by it. | The retrospective revision is absolutely essential as otherwise the port will suffer a huge loss. Even the CAG has adversely commented in this regard. In fact, TAMP while approving the per ton tariff vide its Order No.TAMP/37/2007-KPT passed on 25.03.2011, has also approved the adhoc rate of ₹850/- per worker per shift without piece rate and ₹1084/- per worker per shift with Piece Rate for the entire period from 25.01.2007 till 04.06.2011. During this approximately 58 months period there was a huge rise in the salaries and wages of the dock workers and a huge increase in operating cost of the port and the same has resulted in a massive loss of ₹34.12 crore for the port. The CAG has already raised this issue in its draft inspection report. The rates of ₹850/- and ₹1084/- were purely adhoc rates based on the working results of the erstwhile KDLB during the 9 month period from 01.04.2006 to 31.12.2006 preceding the date of merger w.e.f. 24.01.2007. Thus, by paying a rate based on a nine month cost, the stevedores have made windfall gains. Hence, if the rates are not approved with retrospective effect, it will amount to bleeding the port.                                                                                                                                                                                                                                                                                                                                             |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
| (vii).                  | KPT has adopted an escalation factor of 10% for estimation of VDA increase apart from adopting an escalation factor of 20% to account for the wage revision. While the increase in salary on account of wage revision to be due from 1 January 2012 can be understood, it may be noted that the estimation of all the other expenditure projections in the cost statement would be based on an escalation factor of 6.50% per annum as already communicated by us vide our letter No.TAMP/27/2005-Misc. dated 11 May 2012.                                                                                                                                                                  | <p>It is reiterated that escalation percentages considered for other items of Tariff like Cargo Handling Equipment, Marine Charges may not be applicable to the tariff fixation methodology for Dock Workers. With mounting retirement costs owing to a large chunk of Cargo Handling Workers due for retirement and impending wage revision and keeping in view the current inflationary trends the 10% increase considered is perfectly justified. Further during the past three years the average yearly increase in VDA has been to the tune of 12.67% as detailed below:-</p> <table><tr><th>Year</th><th>Quarter</th><th>Increase in VDA over previous qtr</th><th>Calendar Year Increase</th></tr><tr><td>2010</td><td>Q2</td><td>4.30%</td><td></td></tr><tr><td></td><td>Q3</td><td>0.70%</td><td></td></tr><tr><td></td><td>Q4</td><td>4.00%</td><td>9.00%</td></tr><tr><td>2011</td><td>Q1</td><td>4.10%</td><td></td></tr><tr><td></td><td>Q2</td><td>2.90%</td><td></td></tr><tr><td></td><td>Q3</td><td>1.00%</td><td></td></tr><tr><td></td><td>Q4</td><td>4.00%</td><td>12.00%</td></tr><tr><td>2012</td><td>Q1</td><td>5.00%</td><td></td></tr><tr><td></td><td>Q2</td><td>1.00%</td><td></td></tr><tr><td></td><td>Q3</td><td>3.00%</td><td></td></tr><tr><td></td><td>Q4</td><td>7.00%</td><td>17.00%</td></tr><tr><td colspan="2">Average Yearly Increase</td><td colspan="2">12.67%</td></tr></table> <p><b>Note: The VDA percentage as on 01.01.2010 was 31%. The increase thereafter Q-o-Q is as given above.</b></p> | Year                   | Quarter | Increase in VDA over previous qtr | Calendar Year Increase | 2010 | Q2 | 4.30% |  |  | Q3 | 0.70% |  |  | Q4 | 4.00% | 9.00% | 2011 | Q1 | 4.10% |  |  | Q2 | 2.90% |  |  | Q3 | 1.00% |  |  | Q4 | 4.00% | 12.00% | 2012 | Q1 | 5.00% |  |  | Q2 | 1.00% |  |  | Q3 | 3.00% |  |  | Q4 | 7.00% | 17.00% | Average Yearly Increase |  | 12.67% |  |
| Year                    | Quarter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Increase in VDA over previous qtr                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Calendar Year Increase |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
| 2010                    | Q2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4.30%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0.70%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 9.00%                  |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
| 2011                    | Q1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4.10%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2.90%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 12.00%                 |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
| 2012                    | Q1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 5.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 3.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
|                         | Q4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 7.00%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 17.00%                 |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
| Average Yearly Increase |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 12.67%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |
| (viii).                 | In the revised Statements furnished by the KPT under cover of its letter dated 2 July 2012, it is not clear as to how the KPT has arrived at the amount of ₹31,58,16,098/- being the total expenditure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Statement showing the total expenditure of ₹31,58,16,098/- being the total expenditure incurred in respect of Cargo Handling Division is for the period from June 2011 to 30 November                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |         |                                   |                        |      |    |       |  |  |    |       |  |  |    |       |       |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |      |    |       |  |  |    |       |  |  |    |       |  |  |    |       |        |                         |  |        |  |

|         | <p>incurred in respect of Cargo Handling Division for the period from 1 June 2011 to 30 November 2011 in the Statement – C. The sum total of all the expenditure including escalations as well as the pension/ gratuity amounts as given in the Statement – D (which reflects the Cost details of Cargo Handling Division for the period from 1 June 2011 to 30 November 2011) does not add up to the said amount. The KPT is requested to clarify the position and make suitable changes in the Statements, wherever necessary, to reflect the correct position.</p>                                             | <p>2011 is given below:</p> <table border="1"> <thead> <tr> <th>Sl. No.</th><th>Particulars</th><th>₹ in lakhs</th></tr> </thead> <tbody> <tr> <td>1</td><td>Salaries &amp; Wages (inclusive of Overtime to the tune of ₹782.46 lakhs)</td><td>2590.11</td></tr> <tr> <td>2</td><td>Stores</td><td>13.60</td></tr> <tr> <td>3</td><td>Office &amp; Admin Expenses</td><td>1.29</td></tr> <tr> <td>4</td><td>Operation &amp; Maintenance Expenses</td><td>0.68</td></tr> <tr> <td>5</td><td>Medical Expenses</td><td>21.49</td></tr> <tr> <td>6</td><td>Depreciation</td><td>5.00</td></tr> <tr> <td>7</td><td>Pension Gratuity &amp; Commutation</td><td>526.00</td></tr> <tr> <td></td><td><b>Total</b></td><td><b>3158.16</b></td></tr> </tbody> </table> <p>In the statement 'D' under the head salary &amp; wages, Over Time amount of ₹7,82,46087 has been deducted and as stated under point No. 15, ₹40,00,000 has been added.</p> | Sl. No. | Particulars | ₹ in lakhs | 1 | Salaries & Wages (inclusive of Overtime to the tune of ₹782.46 lakhs) | 2590.11 | 2 | Stores | 13.60 | 3 | Office & Admin Expenses | 1.29 | 4 | Operation & Maintenance Expenses | 0.68 | 5 | Medical Expenses | 21.49 | 6 | Depreciation | 5.00 | 7 | Pension Gratuity & Commutation | 526.00 |  | <b>Total</b> | <b>3158.16</b> |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-------------|------------|---|-----------------------------------------------------------------------|---------|---|--------|-------|---|-------------------------|------|---|----------------------------------|------|---|------------------|-------|---|--------------|------|---|--------------------------------|--------|--|--------------|----------------|
| Sl. No. | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | ₹ in lakhs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 1       | Salaries & Wages (inclusive of Overtime to the tune of ₹782.46 lakhs)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 2590.11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 2       | Stores                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 13.60                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 3       | Office & Admin Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1.29                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 4       | Operation & Maintenance Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 0.68                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 5       | Medical Expenses                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 21.49                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 6       | Depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 5.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| 7       | Pension Gratuity & Commutation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 526.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
|         | <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>3158.16</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| (ix).   | The KPT is requested to clarify the following with reference to Statement – D:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
|         | (a). The reasons for considering a different amount towards Salaries and Wages for fixing rate as compared to the Annual Accounts figure may be brought out.                                                                                                                                                                                                                                                                                                                                                                                                                                                      | In KPT expenditure booking is done firstly at division level and thereafter the same is updated in the centralized accounting system. The annual accounts were not finalized at the time of submission of tariff revision proposal. In case the expenditure figures recorded with the Cargo Handling Division were higher due to non-updation of the accounts ledger, the same have been considered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
|         | (b). With regard to Stores, the KPT has considered an amount of ₹13.60 lakhs for the purpose of fixing tariff which includes an amount of ₹6.62 lakhs towards cash in lieu of uniform cost for the block year 2008-2010. The reason for loading the amount pertaining to the year 2008-2010 in the expenditure for the period from June 2011 to November 2011 may be explained and justified.                                                                                                                                                                                                                     | The cash in lieu of uniform although pertaining to the year 2008-10 has actually been decided to be paid during the year 2011-12.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| (x).    | The approach adopted by KPT to arrive at the revenue requirement for the Cargo handling division in Statement – D takes into account the reported deficit of six months for the period from 1 June 2011 to 30 November 2011. The KPT is requested to clarify whether this approach is in line with the Cost plus method of fixation of tariff envisaged by the tariff guidelines of 2005.                                                                                                                                                                                                                         | KPT cannot afford to bear the deficit and as such there is no other way in which the same can be recovered except to load it in the revised rates. TAMP may suggest any alternate method in which the deficit can be absorbed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |
| (xi).   | (a). The rationale behind factoring only a part of the overtime component out of the total actual overtime amount of ₹7.82 crores relating to the period from 1 June 2011 to 30 November 2011, to arrive at the revenue requirement for the Cargo handling division in Statement – D and the remaining overtime component in the general revision, may be explained. In this regard, it may be noted that by factoring the remaining overtime component in the general revision, the other divisions like Kandla and Vadinar may have to cross subsidise the cargo handling division, which may not be desirable. | KPT would not ideally like to spread the deficit. However, as already brought out, the delay in revision of rates coupled with increasing VDA rates results in huge variation in the rates which the trade cannot afford to bear. It is due to this reason that KPT strongly feels that TAMP should consider allowing increase on a quarterly basis suo motu by the respective ports subject to ratification by the TAMP. This will ensure that the rates are aligned with the costs at all times and even the importers and exporters can predict before hand the likely quantum of increase as the figures of Consumer Price Index is declared every quarter.                                                                                                                                                                                                                                                                           |         |             |            |   |                                                                       |         |   |        |       |   |                         |      |   |                                  |      |   |                  |       |   |              |      |   |                                |        |  |              |                |

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |          |                         |          |                    |          |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------|-------------------------|----------|--------------------|----------|
|                         | (b). The rationale behind spreading such part of the overtime component of ₹3 crores over a period of five years for fixation of rate for Cargo handling division may also be brought out.                                                                                                                                                                                                                                            | Purely with a view to avoid huge variation in the rates the port has consciously taken a decision to spread the deficit over a period of five years on the request of Trade. Also the Board of Trustees of the KPT were of the view that since the stevedoring contracts for the forthcoming years have already been finalized and in the event of huge revision in rates, the stevedores themselves cannot bear the impact of huge increase in rates and cannot pass it on the final users, which may attract commercial consequences and lead to legal problems and hence a conscious decision was taken to spread the loss which will ensure cost effectiveness in view of the competition from neighbouring ports.                                                                                                            |                     |          |                         |          |                    |          |
| (xii).                  | Furnish the basis for the capital employed considered at ₹2.75 crores in the Statement – D. Also, furnish the breakup of the Capital Employed considered in the Statement.                                                                                                                                                                                                                                                            | <div>The statement showing the breakup of the Capital Employed considered in the statement is furnished.<div>(Amt. in ₹)</div><table><tr><td>Opening Gross Block</td><td>44038339</td></tr><tr><td>Less: Acc. Depreciation</td><td>16496878</td></tr><tr><td>Written Down Value</td><td>27541461</td></tr></table></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Opening Gross Block | 44038339 | Less: Acc. Depreciation | 16496878 | Written Down Value | 27541461 |
| Opening Gross Block     | 44038339                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |          |                         |          |                    |          |
| Less: Acc. Depreciation | 16496878                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |          |                         |          |                    |          |
| Written Down Value      | 27541461                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |          |                         |          |                    |          |
| (xiii).                 | Confirm that the gang requirement at 14383 considered in the Statement – D for handling bulk and break bulk cargo is as per the actuals for a period of six months from 1 June 2011 to 30 November 2011.                                                                                                                                                                                                                              | It is confirmed that Gang Requirement of ₹14383 is based on actuals for the six months from 01.06.2011 to 30.11.2011.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                     |          |                         |          |                    |          |
| (xiv).                  | The KPT has not considered cargo throughput of cement and soda ash in its workings and has also not proposed any rates to handle the said cargoes, probably on the ground that these cargoes were not handled during the period of six months for the period from 1 June 2011 to 30 November 2011. In this regard, the KPT is requested to clarify as to what rates it would levy incase it happens to handle such cargoes in future. | Of late Soda Ash is no longer being handled at KPT and the chances of these cargoes being handled also appear to be very remote. A very negligible quantity of 14604 MT has been handled during the six months of the current financial year. As regards the rates that will be levied in case such cargoes are handled it is clarified that, the rates prescribed for “All other unspecified goods” as approved by TAMP will be charged. Further, prescribing separate rates for these cargoes would have lead to very high per ton rates. For instance taking the revenue requirement per gang of ₹21220/- as already proposed, the per ton rate for cement would have been ₹75.37 per MT. This based on 52 gangs actually deployed for handling 14604 MT of Cement. As against the above the port has recovered ₹36.26 per MT. |                     |          |                         |          |                    |          |
| (xv).                   | It appears that the overtime cost of 17 days calculated at ₹36 Lakhs in Statement-E has not been factored in the cost computation furnished in Statement-D. That being so, the relevance of Statement-E may be explained.                                                                                                                                                                                                             | The expenditure on Salaries & Wages amounting to ₹184764814/- considered in the proposal already includes ₹40,00,000/- towards projected OT. Although the OT for 17 days works out ₹36 lacs as reflected at Statement E the same has been rounded and considered as ₹40,00,000/- in Statement –D                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                     |          |                         |          |                    |          |

6.1. A joint hearing in this case was held on 11 January 2013 at the KPT premises. The KPT made a power point presentation of its proposal. At the joint hearing, the KPT and the concerned users/ organisation bodies have made their submissions.

6.2. At the joint hearing the Kandla Port Karmachari Sangh (KPKS) vide its letter dated 11 January 2013 furnished its written submissions on the subject proposal. Subsequently, the Kandla Stevedores' Association Limited (KSA) vide its letter dated 28 January 2013 and the Kandla Port Dock Stevedores Association (KPD SA) vide its letter dated 7 February 2013 addressed to KPT and copy endorsed to the Authority furnished its comments on the subject proposal. A copy each of these submissions were forwarded to the KPT vide our letter dated 30 January 2013 and 18 February 2013 for comments. The KPT has not furnished its comments thereon

7.1. As decided at the joint hearing, the following points were brought to the notice of the KPT with a request to initiate action vide our letter dated 17 January 2013 :

- (i). The proposal of the KPT is to revise the per tonne rates for supply of on-board labour on a quarterly basis to capture the change in the rate of variable Dearness Allowance (VDA). The port has proposed to modify the per tonne rates suo motu every quarter to reflect the change in the VDA and obtain the ratification of the Authority therefor subsequently. In this regard, KPT may note that the tariff guidelines of March 2005 call for fixation of tariff for a tariff cycle of three years.
- (ii). Reformulate its proposal for review of the rates for supply of on-board labour of its CHD covering the tariff cycle of three years viz. 2012-13 to 2014-15 based on realistic estimates. While formulating the proposal, the estimates for the year 2012-13 may be framed on actuals for the period April 2012 to December 2012 and estimates for the subsequent three months of the year 2012-13.
- (iii). The rates for CHD of KPT was last fixed for truncated period of one year 2011-12 for reasons recorded in the concerned tariff Order. The tariff guidelines require review of the actual physical and financial performance at the end of the prescribed tariff validity period. The KPT is, therefore, requested to furnish the details of actual volume of commodity-wise traffic handled, income realised and cost incurred by its CHD during the years 2011-12 supported by Accounts of CHD certified by a Chartered Accountant for the year 2011-12.
- (iv). Examine the suggestion made by the Kandla Ports Stevedores Association to include the on-board labour charge of CHD in the wharfage as agreed at the joint hearing.

7.2. In pursuance to our letter dated 17 January 2013, the KPT vide its letter dated 21 February 2013 has filed its reformulated proposal and has also furnished its response/submissions. The main points made by the KPT are summarised below:

- (i). The revised proposal has been prepared for the tariff cycle of three years 2012-13 to 2014-15 based on realistic estimates. As directed, the estimates for the year 2012-13 has been framed based on actuals for the period April 2012 to December 2012 and the estimates for the subsequent three months of the year 2012-13.
- (ii). The following points have been taken into account in the revised proposal:
  - (a). 20% towards provision for increase in salary and wages due to wage revision due w.e.f.01.01.2012.  
  
VDA increase of 10% on basic pay.
  - (b). Excess of expenditure over income during the year 2011-12 amounting to ₹9,17,01,747/- and ₹11,05,54,557/- for the year 2012-13 has been considered in the year 2012-13 and 2013-14 respectively.
  - (c). Overtime amount of ₹6,00,00,000/- has been spread for 5 years and accordingly ₹1,20,00,000/- has been considered in each years.
  - (d). Increase of 3% has been considered for normal increase in wage bill (other than VDA) in the estimation for the years 2013-14 and 2014-15. Other expenditure has been estimated applying escalation factor of 6.5% as per TAMP Guidelines.

- (iii). The port has filed a revised cost statement of CHD. A summary of the cost position furnished by KPT for the period 2011-12 to 2014-15 is tabulated below:

(in ₹)

| Sr. No | Particulars                                                                                                                                                              | Actuals   | Estimates |           |           |  |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|--|
|        |                                                                                                                                                                          | 2011-12   | 2012-13   | 2013-14   | 2014-15   |  |
| (1).   | Total Expenses                                                                                                                                                           | 420514847 | 496039764 | 524762792 | 554769573 |  |
| (2).   | Gratuity                                                                                                                                                                 | 25372723  | 37146748  | 29002949  | 24648265  |  |
| (3).   | Commutation of Pension                                                                                                                                                   | 12799998  | 18739742  | 18364993  | 14839349  |  |
| (4).   | Pension                                                                                                                                                                  | 63027279  | 92274622  | 103033294 | 120799844 |  |
| (5).   | Excess of Expenditure over income during the year 2011-12 (excluding OT) ₹91701747 + OT amount spread for 5 years as decided by Board i.e. ₹(3 crore * 2/ 5) = ₹12000000 | 108459654 | 103701738 | 122554551 | 12000000  |  |
| (6).   | TOTAL EXPENSES (1+2+3+4+5)                                                                                                                                               | 630174501 | 747902614 | 797718579 | 727057031 |  |
| (7).   | Capital Employed                                                                                                                                                         | 27541000  | 27541000  | 27541000  | 27541000  |  |
| (8).   | Return on Capital Employed @ 16% per annum                                                                                                                               | 4406560   | 4406560   | 4406560   | 4406560   |  |
| (9).   | Revenue Requirement                                                                                                                                                      | 634581061 | 752309174 | 802125139 | 731463591 |  |
| (10).  | Total Gangs Supplied (Nos.)                                                                                                                                              | 27554     | 28139     | 28139     | 28139     |  |
| (11).  | Revenue Expected per Gang                                                                                                                                                | 23030     | 26735     | 28506     | 25995     |  |

- (iv). The port has furnished a working for arriving at commodity-wise per tonne rate to meet expected revenue requirement per gang.
- (v). Accordingly, the revised rates proposed by KPT for on-board labour along with comparative position of the existing rates and the rates now proposed is tabulated below:

| Sr. No | Cargo Items                           | Existing rates (per tonne) |           |            |           | Proposed rates(per tonne) |           |            |           | % of increase |           |            |           |
|--------|---------------------------------------|----------------------------|-----------|------------|-----------|---------------------------|-----------|------------|-----------|---------------|-----------|------------|-----------|
|        |                                       | Bulk                       |           | Break Bulk |           | Bulk                      |           | Break Bulk |           | Bulk          |           | Break Bulk |           |
|        |                                       | Foreign ₹                  | Coastal ₹ | Foreign ₹  | Coastal ₹ | Foreign ₹                 | Coastal ₹ | Foreign ₹  | Coastal ₹ | Foreign ₹     | Coastal ₹ | Foreign ₹  | Coastal ₹ |
| 1      | Fertiliser/ Fertiliser Raw Material   | 13.96                      | 8.37      | 42.92      | 25.75     | 24.36                     | 14.61     | --         | --        | 74.79%        | 74.55%    | --         | --        |
| 2      | Rice and other food grains            | 21.62                      | 12.97     | 27.23      | 16.34     | 40.63                     | 24.38     | 65.63      | 39.38     | 87.92%        | 87.97%    | 141.02%    | 141%      |
| 3      | Cement                                | -                          | -         | 21.05      | 12.63     |                           |           | 129.75     | 77.85     | --            |           | 516.38%    | 516.38%   |
| 4      | Steel Coils and Steel pipes           | -                          | -         | 17.55      | 10.53     | --                        |           | 34.9       | 20.94     | --            |           | 98.86%     | 98.86%    |
| 5      | Timber and other logs                 | -                          | -         | 38.64      | 23.18     |                           |           | 53.13      | 31.88     | --            |           | 37.5%      | 37.53%    |
| 6      | Soda Ash                              | -                          | -         | 60.89      | 36.54     |                           |           | --         | --        | --            |           |            |           |
| 7      | Machinery Packages and other packages | -                          | -         | 72.84      | 43.71     |                           |           | 32.41      | 19.45     | --            |           | (-55.51%)  | (-55.51%) |
| 8      | Iron ore                              | 11.14                      | 11.14     | -          | -         | 22.59                     | 22.59     | --         | --        | 102.78%       | 102.78%   | --         | --        |
| 9      | Ores other than iron ore              | 12.20                      | 7.32      | -          | -         | 22.22                     | 13.33     | --         | --        | 82.13%        | 82.10%    | --         | --        |
| 10     | Scraps                                | 20.45                      | 12.27     | -          | -         | 45.25                     | 27.15     | --         | --        | 121.27%       | 121.27%   | --         | --        |
| 11     | Oil Extractions                       | 18.95                      | 11.37     | -          | -         | 28.31                     | 16.98     | 40.01      | 24.01     | 49.39%        | 49.34%    | --         | --        |
| 12     | Thermal Coal                          | 10.39                      | 10.39     | -          | -         | 27.33                     | 27.33     | --         | --        | 163.04%       | 163.04%   | --         | --        |
| 13     | Other Coal                            | 9.11                       | 5.46      | -          | -         | 12.15                     | 7.29      | --         | --        | 33.36%        | 33.51%    | --         | --        |
| 14     | Salt                                  | 11.12                      | 6.67      | 32.59      | 19.55     | 16.84                     | 10.11     | 35.49      | 21.29     | 51.43%        | 51.57%    | 8.89%      | 8.9%      |
| 15     | Sugar                                 | 17.42                      | 10.45     | 25.80      | 15.48     | 28.16                     | 16.89     | 73.98      | 44.39     | 61.65%        | 61.62%    | 186.74%    | 186.75%   |
| 16     | All other unspecified goods           | 10.85                      | 6.51      | 36.26      | 21.75     | 14.70                     | 8.82      | --         | --        | 35.48%        | 35.48%    | 131.77%    |           |
| 17     | Granites & Marbles                    | --                         | --        | --         | --        | --                        | --        | 50.79      | 30.48     | --            | --        | --         | --        |

- (vi). The KPT has furnished the details of actual volume of commodity-wise traffic handled, income realized and cost incurred by CHD during the year 2011-12.
- (vii). As regard the point made by us on its proposal to revise the rates on quarterly basis to absorb quarterly increase in VDA, the KPT has once again requested to allow fixed percentage increase (on a cumulative basis) on the per tonne rate at the beginning of each year during the three year tariff validity cycle as discussed in the joint hearing held on 11 January 2013. It has stated that this is in line with the annual escalation allowed by TAMP on the lease rentals/ upfront tariff fixation
- (viii). With reference to the suggestion made by the Kandla Port Stevedores Association to include the on-board labour charge of CHD in the wharfage at the joint hearing, the KPT has made following submissions:
  - (a). Stevedoring Charges almost invariably form part of the ocean freight and are usually paid by vessel agents to stevedores, while wharfage charges are reimbursed by the exporter/ importer to the Custom House Agents.
  - (b). Stevedoring Charges form part of "Assessable Value" of goods for the purpose of Custom Duty by virtue of being included in the landing charges which are levied as a percentage of CIF value of the goods by the Custom, whereas wharfage charges do not form part of the assessable value as the same are incurred after landing of the goods. Importers may require separate bills/ receipts issued by Port for wharfage & On Board Labour Charges for their duty claims.
  - (c). Classification of commodities for the purpose of Wharfage Charges and On Board Labour Charges are very much different and if both the charges are to be integrated the classification of commodities has to be uniform.
  - (d). Units of levy of wharfage charges and On- Board Labour Charges are different. While different units are prescribed for levy of wharfage charges like Cubic Meter, Metric Tonnes, Numbers, Ad-valorem, the unit of levy of On Board Labour Charges is Metric Tonne only. Hence, uniformity in the matter of unit of levy has to be ensured prior to integration.
  - (e). The integration of wharfage and stevedoring charges may create some practical difficulties. For instance if the goods are exported from a foreign port to Kandla Port on CIF basis then the Exporter stationed in foreign port would have included the stevedoring charges for unloading of goods at Kandla and in all probability would have already recovered the charges from the importer stationed at Kandla. In such a situation the Stevedore will not agree to pay the Wharfage Charges as he has already paid his stevedoring charges and also the CHA will never agree to pay On Board Labour Charges as he has already paid a consolidated rate to the exporter. Similar situation will arise in case the goods are exported from Kandla to foreign port on CIF basis. This problem will further aggravate if there are some importers who have imported the cargo on CIF basis while some importers have imported the cargo on FOB basis. Hence, it is opined that the issue of inbuilding on-board labour charges into wharfage will be attempted at a later stage after obtaining considered opinion from all concerned.

7.3. The revised proposal received from the KPT was circulated to the user / user association for comments vide our letter dated 27 February 2013. The comments so received were forwarded to the KPT as feedback information. The KPT has, however, not furnished its response thereon.

8. Based on the preliminary scrutiny of the revised proposal dated 21 February 2013, the KPT was requested vide our letter dated 12 July 2013 to clarify a few points. The KPT vide its letter dated 19 July 2013 has responded to our queries. A summary of the queries raised by us and the response of KPT are tabulated below:

| Sl. No.               | Queries raised by us                                                                                                                                                                                                                                                                                                                                                                                                                                            | Response from KPT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|---------------------|---------|------------|------|--------|-----|-----------|------|--------|--------|-----------|--------|-----------------------|--------|-----------|-------|--------|-------|----------------------|--------|--------|-------|-----------|-------|----------|-----|----------|-------|-------|-------|----------|------|------|-----|----------|------|------|-----|----------|------|------|-----|----------|------|------|-----|----------|------|------|-----|
| (i).                  | Please furnish the breakup of ₹10,845,9654 considered in the year 2011-12 in Annexure-I, Sr. No.(k).                                                                                                                                                                                                                                                                                                                                                            | It is submitted that ₹103701747/- has been considered in the year 2012-13 for which the port has furnished the break up.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| (ii).                 | On perusing the figures relating to CHD in RE 2012-13 & BE 2013-14 and RE 2011-12 & BE 2012-13, it is seen that for the year 2011-12 the actual overtime is ₹1675.76 lakhs which forms 85% of actual Basic Salary plus D.A. (₹1959.39 lakhs). In the immediate previous year 2010-11, the overtime expense for CHD is reported at ₹1001.59 lakhs which forms 50% of the basic plus D.A. ₹2041.09 lakhs. In this context, the following points may be clarified: | (a). The primary reason that could be attributable to increase in the overtime expenditure is the excess of demand for CHD gangs vis-à-vis their supply. The month-wise demand v/s supply of CHD gangs and deficit is as under:- <table><tr><th>Month</th><th>Demand of CHD Gangs</th><th>Supply of CHD Gangs</th><th>Deficit</th></tr><tr><td>April 2011</td><td>1928</td><td>1594</td><td>334</td></tr><tr><td>May 2011</td><td>1986</td><td>1643</td><td>343</td></tr><tr><td>June 2011</td><td>2031</td><td>1614</td><td>417</td></tr><tr><td>July 2011</td><td>2350</td><td>1668</td><td>682</td></tr><tr><td>Aug 2011</td><td>2350</td><td>1668</td><td>682</td></tr><tr><td>Sept 2011</td><td>2440</td><td>1620</td><td>820</td></tr><tr><td>Oct 2011</td><td>2161</td><td>1654</td><td>507</td></tr><tr><td>Nov 2011</td><td>2223</td><td>1611</td><td>612</td></tr><tr><td>Dec 2011</td><td>2467</td><td>1672</td><td>795</td></tr><tr><td>Jan 2012</td><td>2200</td><td>1669</td><td>531</td></tr><tr><td>Feb 2012</td><td>2028</td><td>1496</td><td>532</td></tr><tr><td>Mar 2012</td><td>1747</td><td>1544</td><td>203</td></tr></table> | Month   | Demand of CHD Gangs | Supply of CHD Gangs | Deficit | April 2011 | 1928 | 1594   | 334 | May 2011  | 1986 | 1643   | 343    | June 2011 | 2031   | 1614                  | 417    | July 2011 | 2350  | 1668   | 682   | Aug 2011             | 2350   | 1668   | 682   | Sept 2011 | 2440  | 1620     | 820 | Oct 2011 | 2161  | 1654  | 507   | Nov 2011 | 2223 | 1611 | 612 | Dec 2011 | 2467 | 1672 | 795 | Jan 2012 | 2200 | 1669 | 531 | Feb 2012 | 2028 | 1496 | 532 | Mar 2012 | 1747 | 1544 | 203 |
| Month                 | Demand of CHD Gangs                                                                                                                                                                                                                                                                                                                                                                                                                                             | Supply of CHD Gangs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Deficit |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| April 2011            | 1928                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1594                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 334     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| May 2011              | 1986                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1643                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 343     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| June 2011             | 2031                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1614                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 417     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| July 2011             | 2350                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1668                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 682     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Aug 2011              | 2350                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1668                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 682     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Sept 2011             | 2440                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1620                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 820     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Oct 2011              | 2161                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1654                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 507     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Nov 2011              | 2223                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1611                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 612     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Dec 2011              | 2467                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1672                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 795     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Jan 2012              | 2200                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1669                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 531     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Feb 2012              | 2028                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1496                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 532     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Mar 2012              | 1747                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1544                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 203     |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       | (a). Explain the reason for steep increase in the overtime cost in the year 2011-12.                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       | (b). It appears that overtime cost reported in the year 2011-12 includes the impact of wage revision arrears. If so, please indicate the quantum of wage revision arrears of the past period included in this cost.                                                                                                                                                                                                                                             | (b). In addition to the mismatch between demand and supply of gangs, another factor that may have contributed to rise in OT during the year 2011-12 as compared to 2010-11 is the increase in per hour OT rate as a result of Wage Revision. A table showing the per hour OT rate of Senior-most and Junior-Most employee of each of two categories of CHD workers viz. Tindal & RP Worker prior to wage revision and after wage revision is tabulated below:- <table><tr><th rowspan="3">Period</th><th rowspan="3">Month</th><th colspan="4">Per Hour OT Rate</th></tr><tr><th colspan="2">Tindal</th><th colspan="2">RP Worker</th></tr><tr><th>Senior</th><th>Junior</th><th>Senior</th><th>Junior</th></tr><tr><td>After Wage Revision</td><td>Apr-11</td><td>110.25</td><td>52.68</td><td>107.25</td><td>49.61</td></tr><tr><td>Before Wage Revision</td><td>Feb-10</td><td>83.58</td><td>42.75</td><td>78.34</td><td>42.75</td></tr><tr><td>% Change</td><td></td><td>31.91</td><td>23.23</td><td>36.90</td><td>16.05</td></tr></table>                                                                                                       | Period  | Month               | Per Hour OT Rate    |         |            |      | Tindal |     | RP Worker |      | Senior | Junior | Senior    | Junior | After Wage Revision   | Apr-11 | 110.25    | 52.68 | 107.25 | 49.61 | Before Wage Revision | Feb-10 | 83.58  | 42.75 | 78.34     | 42.75 | % Change |     | 31.91    | 23.23 | 36.90 | 16.05 |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Period                | Month                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Per Hour OT Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Tindal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |                     | RP Worker           |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Senior                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Junior  | Senior              | Junior              |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| After Wage Revision   | Apr-11                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 110.25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 52.68   | 107.25              | 49.61               |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Before Wage Revision  | Feb-10                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 83.58                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 42.75   | 78.34               | 42.75               |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| % Change              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 31.91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 23.23   | 36.90               | 16.05               |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Thus, it can be seen that OT rate per hour has increased between 16 to 32% due to wage revision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | (c). Apart from the above the increase in per hour OT rate during the year 2011-12 was due to VDA increase as tabulated below: <table><tr><th rowspan="3">Period</th><th rowspan="3">Month</th><th colspan="4">Per Hour OT Rate</th></tr><tr><th colspan="2">Tindal</th><th colspan="2">RP Worker</th></tr><tr><th>Senior</th><th>Junior</th><th>Senior</th><th>Junior</th></tr><tr><td>Beginning of the year</td><td>Apr-11</td><td>110.25</td><td>52.68</td><td>107.25</td><td>49.61</td></tr><tr><td>End of the year</td><td>Mar-12</td><td>121.56</td><td>56.26</td><td>118.01</td><td>54.63</td></tr><tr><td>% Change</td><td></td><td>10.26</td><td>6.80</td><td>10.03</td><td>10.12</td></tr></table>                                                                                                                                                                                                                                                                                                                                                                                                                                         | Period  | Month               | Per Hour OT Rate    |         |            |      | Tindal |     | RP Worker |      | Senior | Junior | Senior    | Junior | Beginning of the year | Apr-11 | 110.25    | 52.68 | 107.25 | 49.61 | End of the year      | Mar-12 | 121.56 | 56.26 | 118.01    | 54.63 | % Change |     | 10.26    | 6.80  | 10.03 | 10.12 |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Period                | Month                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Per Hour OT Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Tindal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |                     | RP Worker           |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Senior                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Junior  | Senior              | Junior              |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| Beginning of the year | Apr-11                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 110.25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 52.68   | 107.25              | 49.61               |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| End of the year       | Mar-12                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 121.56                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 56.26   | 118.01              | 54.63               |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
| % Change              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 10.26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 6.80    | 10.03               | 10.12               |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |
|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | It can be seen that increase during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |                     |                     |         |            |      |        |     |           |      |        |        |           |        |                       |        |           |       |        |       |                      |        |        |       |           |       |          |     |          |       |       |       |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |          |      |      |     |

|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | owing to VDA increase ranges from 7 – 10%.                                                                                                                                                                                                                                                       |                |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------|--|-----------|---------|------|----------|-------|--------|-------|------------------------|-------|--------|--------|---------|--------|--------|--|--------------|---------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (iii).  | In the proposal dated 2 July 2012, the KPT had considered to spread ₹3 crores as overtime over 5 years period (i.e. annually 60 lakhs) as decided by the Board of Trustees of KPT and balance ₹3 crores was proposed to be recovered from the general revision proposal. As against that in the revised proposal of 21 February 2013, the port has considered overtime of ₹6 crores and proposed to be spread it over five years period (i.e. 120 lakhs per annum). Furnish the reasons for the modification in the overtime cost.                                                                                                                                                                                                                                                                                                                                                                                                                   | With regard to reasons for increase in the overtime expenditure from ₹3 crores to ₹6 crores which to be spread over a period of 5 years it is stated that in the earlier proposal only six months data was considered while in the revised proposal the data of entire 12 months was considered. |                |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (iv).   | <p>The gratuity, commutation of pension and pension payments estimated for 2011-12 in the last Order and the actual payments indicated by KPT in the current proposal is tabulated below:</p> <p style="text-align: right;">(₹ in lakhs)</p> <table><tr><th rowspan="2">Sl. No.</th><th rowspan="2">Particulars</th><th colspan="2">2011-12</th></tr><tr><th>Estimates</th><th>Actuals</th></tr><tr><td>(i).</td><td>Gratuity</td><td>53.11</td><td>253.73</td></tr><tr><td>(ii).</td><td>Commutation of Pension</td><td>15.06</td><td>127.99</td></tr><tr><td>(iii).</td><td>Pension</td><td>392.93</td><td>630.31</td></tr><tr><td></td><td><b>TOTAL</b></td><td><b>461.10</b></td><td><b>1011.98</b></td></tr></table> <p>Please explain the reason for such steep increase in these payments as against the estimated position. If the actual payments include arrears relating to the past period the quantum of the same may be indicated.</p> | Sl. No.                                                                                                                                                                                                                                                                                          | Particulars    | 2011-12 |  | Estimates | Actuals | (i). | Gratuity | 53.11 | 253.73 | (ii). | Commutation of Pension | 15.06 | 127.99 | (iii). | Pension | 392.93 | 630.31 |  | <b>TOTAL</b> | <b>461.10</b> | <b>1011.98</b> | <p>(a). At the time of estimation of Pension payments number of retirees every year due to superannuation, VRS, Medical incapacitation, Deaths, etc. were not considered which is 159 Nos. in the year 2011-12 and 110 Nos. in 2012-13 respectively,</p> <p>(b). Further annual increase in pension payments were considered @ 5.8% which is very meager looking to increase in rate of VDA, which increased by 11% in 2010-11, 13% in 2011-12 and 15% in 2012-13. Restoration of commutation extension of benefits to old aged pensioners and extension of family pension to widowed, unmarried and divorced daughters were extended by Government during the year 2010-11 and benefits were extended w.e.f. 01.01.2007.</p> <p>(c). It is further to add that at the time of estimation of pension payments at the time of submission of proposal, impact of recurring increase in pension payments due to pension revision was not considered.</p> <p>The actual payments does not include arrears relating to past period.</p> |
| Sl. No. | Particulars                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                  |                | 2011-12 |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Estimates                                                                                                                                                                                                                                                                                        | Actuals        |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (i).    | Gratuity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 53.11                                                                                                                                                                                                                                                                                            | 253.73         |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (ii).   | Commutation of Pension                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 15.06                                                                                                                                                                                                                                                                                            | 127.99         |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (iii).  | Pension                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 392.93                                                                                                                                                                                                                                                                                           | 630.31         |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|         | <b>TOTAL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>461.10</b>                                                                                                                                                                                                                                                                                    | <b>1011.98</b> |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (v).    | The gratuity, pension and commutation of pension payments furnished by the KPT in the year 2011-12 cannot be verified with the Annual Accounts as the figures for CHD division in this regard are not reported separately in the Accounts. Please confirm that these figures indicated for the year 2011-12 are as per the details maintained by the port.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The amount of actual pension payment of CHD during 2011-12 and 2012-13 has been worked out on the basis of records identified containing PPO Nos. of Cargo Handling Division as “CHD” in the monthly pension bill.                                                                               |                |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (vi).   | The basis of estimating the gratuity, pension payments and commutation pension in the years 2013-14 and 2014-15 may be indicated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | The calculation showing the Estimation of Gratuity, pension payment and commutation for the year 2013-14 and 2014-15 is furnished.                                                                                                                                                               |                |         |  |           |         |      |          |       |        |       |                        |       |        |        |         |        |        |  |              |               |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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 information collected during the processing of this case, the following position emerges:

- (i). This Authority had fixed composite rate for on-board labour in lieu of levy and other charges of Cargo Handling Division (CHD) of Kandla Port Trust (KPT) vide Order dated 25 March 2011 with the validity period till 31 March 2012. At the request of the KPT, this Authority has extended the validity of the existing composite rate from time to time, the latest being till 28 February 2013 vide Order dated 17 December 2012.
- (ii).
  - (a). The earlier proposal of KPT dated 2 July 2012 was based on six months actuals of 2011-12 i.e. from 1 June 2011 to 30 November 2011. As per clause 3.1.8 of the tariff guidelines of 2005, the tariff to be prescribed by this Authority is for three years validity cycle. The port was, therefore, advised to reformulate the proposal based on realistic estimates for three years i.e. from 2012-13 to 2014-15. The KPT has, accordingly, filed the revised proposal dated 21 February 2013 updating the cost statement with actuals for 2011-12 and estimates for three years viz. 2012-13 to 2014-15 based on nine months actuals for the year 2012-13 i.e. from April 2012 to December 2012. The revised proposal filed by the KPT was taken on consultation with relevant stakeholders. The revised proposal dated 21 February 2013 along with information/ clarifications furnished by KPT during the proceedings of this case are considered in the analysis.
  - (b). The Kandla Stevedores' Association Limited (KSAL) has submitted that the revised proposal dated 21 February 2013 is not accompanied either with Board Agenda or Minutes of the Board Resolution. The revised proposal is, therefore, not approved by the Board of Trustees of the Kandla Port Trust.

In this regard, it is relevant here to mention that Clause 3.1.4 of the tariff guidelines of 2005 requires a port trust to send its proposal to this Authority with the approval of the Board of Trustees of the port. Further, the views of the Board will be considered by this Authority if received within two months of the submission of the proposal. As rightly stated by the KSAL, the board agenda or minutes on the revised proposal dated 21 February 2013 are not received. The port has submitted the minutes of the board meeting on the original proposal of June 2012. Clause 3.1.4 of the 2005 tariff guidelines does not prohibit this Authority from entertaining the proposal submitted by a port trust without the approval of its Board.

- (c). Kandla Port Karmachari Sangh (KPKS) has stated that after merger of KDLB with KPT on 24 January 2007 the process for seeking approval for supply of on-board labour was started on 18 June 2007 and the final rates were approved after 5 years i.e. on 5 May 2011. This has caused financial loss to KPT, according to KPKS because of internal exchange of clarification and piecemeal objections raised by TAMP.

In this regard, it is stated that this Authority always seeks information in a comprehensive manner. The reply to the comprehensive questionnaire issued to the KPT vide letter no. TAMP/37/2007-KPT dated 22 November 2007 was received on 6 June 2008 alongwith revised proposal. In the revised proposal, the port had proposed to recover charges for supply of on board labour on per ton basis against its earlier proposal for recovery on per worker per shift basis. Since the revised proposal of the KPT filed on 8 June 2008 substantially differed from its earlier proposal dated 18 June 2007, the revised proposal was needed to be circulated to the concerned users for their comments. The additional information/ clarification on the revised proposal sought vide our letter no.TAMP/37/2007-KPT dated 29 July 2008 was furnished by KPT on

24 September 2008. The gaps noticed in the information furnished were brought to the notice of the port on 28 November 2008 which were addressed by port on 6 March 2009. Even the action on the decisions taken at the joint hearing held on 8 April 2010 were furnished only on 11 October 2010. Considering the time taken on various fronts for the case to mature for final consideration, it is not appropriate to hold TAMP responsible for the financial loss, if any, to the KPT.

The KPKS has also contented that TAMP has approved rates for the intervening period from 2007 to 2011. The rates approved by the Authority vide Order No. TAMP/37/2007-KPT dated 25 March 2011 notified on 5 May 2011 were effective after expiry of 30 days from the date of notification.

The KPKS has stated that TAMP approved the rates for the intervening period 2007 to 2011 based on the cost prevailing in the year 2007. In this connection, it is noteworthy that the initial fixation for on-board labour after merger of KDLB with KPT was done vide Order dated 25 March 2011. Since this was initial fixation and since there was no specific rate available in the notified SOR, the KPT had proposed ad hoc rate on per worker per shift basis in line with the provisions of the clause 2.17.1. to 2.17.3. of the tariff guidelines of March 2005 based on mutual agreement with the port users. As the rates approved vide Order dated 25 March 2011 were to come into effect after a period of 30 days, this Authority accorded ex-post facto approval for the ad hoc rates proposed till the new rates came into effect.

- (iii). During processing of this case, the KPT while replying to one of our queries relating to manning scale has stated that this Authority should not associate itself with the implementation of manning scale which is a policy matter and should be left to the concerned port trusts. The Kandla Port Karmachari Sangh (KPKS) has also made a remark that this Authority has nothing to do with the internal matters relating to National Agreements with the Workers Federations.

It is relevant to state here that this Authority is a corporate body mandated by Statute to regulate tariff of Major Ports of India and private terminals operating therein. As per clause 2.6.2. of the tariff guidelines of 2005, the Major Port Trusts are required to regularly review the manning scale in view of technological changes and to revise the datum and rates of piece-rate scheme from time to time in terms of the National level Wage Settlements. Implementation of manning scale/ datum has an impact on fixation of port tariff and more particularly CHD which is a labour intensive division. This Authority is bound by the tariff guidelines of March 2005, which is a policy direction of the Government issued to this Authority under Section 111 of the MPT Act, 1963. This Authority, therefore, cannot overlook the position regarding implementation of manning scale and datum.

- (iv). The KPT has stated that datums were fixed in 1979 and unions oppose increase in datum. They demand increase in piece rates. The port has stated that it has given the proposal for revision of datum and it may have to be solved by consultative approach.

As regards manning scale, the KPT has informed that the first phase of manning scale has been implemented with effect from 22 April 2012. It has clarified that in view of implementation of manning scale, the gang strength has been reduced and the overtime cost has also been reduced. The KPT has confirmed that manning scale to the extent of 80% is implemented. It apprehends that full implementation of the manning scale will result in 30% to 40% of manpower rendered surplus and hence without proper planning for their re-deployment or retrenchment or retraining, 100% implementation of the manning scales may

create chaos in the port and lead to huge industrial unrest in the port sector. The port has stated that the second phase of the revised manning scale will be considered for implementation gradually taking into consideration the retirement/ death of workers and ensuring that the gangs are not rendered surplus which may lead to industrial unrest.

Till a policy decision is taken in this matter, the port proposes to recover their salaries and wages from the stevedores.

It is relevant to state that the implementation of manning scale/ datum should ultimately result in reduction in the cost. The view of the KPT to recover cost of labour rendered surplus from stevedores will not serve the desired objective of implementation of the revised manning scale. Clause 2.6.1. of the tariff guidelines of 2005 allows apportionment of cost of surplus labour against non- traffic revenue sources like estate rentals/ premium, accumulated reserves, and balance over the traffic revenue. Clause 2.8.3. of the guidelines mandate the port trusts to apply revenue share receipts first to meet the cost of surplus labour, if any, and at least 50% of the balance should be transferred to the Escrow account. The KPT is advised to meet the cost of surplus labour, if any, in line with the prescription made in the tariff guidelines of March 2005 while implementing the second phase of manning scale.

Notwithstanding the above position, however, in view of the assurance given by the port that the second phase of revised manning scale will be implemented gradually after addressing the issue of surplus manpower in CHD which will involve some time and datum will be revised in consultation with union, this case is analysed to fix per tonne levy proposed by KPT based on the partially revised manning scale and the datum considered in the estimates as reported by the port. The port is advised to initiate necessary steps for full implementation of the revised manning scale and datum before the next revision and capture its effect while formulating proposal for next review of the rates for CHD.

- (v). Kandla Port Stevedores Association (KPSA) and few other user associations have complained about notional booking of gangs for mechanized handling of a few cargo, mandatory booking of notional gang per hook for vessels operating at outer anchorage, etc. The port has not responded to the users comments in this regard. The port is advised to frontally address these issues raised by user associations and eliminate such practice and bring in transparency in their system of working.

KPSA has also submitted that in case of BOT operators like ABG Kandla Container Terminal Limited, RAS Infraport, gangs are not booked as port has signed concessional agreement with the respective BOT operators. They are of the view that the revenue share earned by the port from BOT operators is in lieu of engagement of labourers and wharfage charges and hence KPSA has suggested that port should consider cost of one gang per hook in each shift and debit it from revenue share receipt. The point made by the Association is not found relevant as KPT is governed by individual License Agreement entered by them with the concerned BOT operators. Moreover, BOT operators offer composite container cargo/ handling service for which tariff is determined separately based on the applicable guidelines.

- (vi). Kandla Port Karmachari Sangh (KPKS) has mentioned that a loss of ₹36 crores sustained by KPT is due to change in levy from per worker per shift to per tonne basis. The KPKS has requested to revert to the earlier system of recovery of wages and percentage levy system. The point made by KPKS is mere statement and not established with any analysis.

It is noteworthy that the Ministry of Shipping vide its letter No.LB-13018/4/05-L-II dated 24 June 2009 has advised all the Major Port Trusts to adopt tonnage based charges for stevedoring operations. The proposal of KPT for commodity-wise per

tonne rate for supply of labour from CHD for stevedoring services in the last tariff order as well as the current proposal is in line with the advice rendered by the Ministry. The request of KPKS to change the basis of levy from tonnage to percentage basis is not in line with the advice of the Ministry.

- (vii). (a). Clause 2.13 of the tariff guidelines of March 2005 requires this Authority to review the actual physical and financial performance at the end of the prescribed period with reference to the projections relied upon at the time of fixing the prevailing tariff. If variation in actual performance of more than + or – 20% is observed as compared to the projections, the tariff to be approved has to be adjusted prospectively.
- (b). The composite rate for on-board labour deployed from CHD approved in the last tariff Order dated 25 March 2011 was based on the estimates for the year 2011-12. The approach followed in the last tariff Order to estimate the cost position for the year 2011-12 is adopted to analyse the actuals for the year 2011-12. The following modifications are done in the actuals furnished by the KPT for the year 2011-12:
- (i). While presenting the actual position for the year 2011-12, the expenses viz., stores, office & administration expenses, operation and maintenance expense, medical expense, depreciation are considered by KPT as reported in the Audited Annual Accounts of KPT for the CHD and hence accepted except for a few items which are modified as explained below:
- (a). From the total actual salaries and wage cost reported at ₹5491.66 lakhs in the Annual accounts, the port has considered salaries and wages at ₹3815.91 lakhs excluding the overtime cost of ₹1675.76 lakhs incurred in the year 2011-12. In the earlier proposal dated 2 July 2012, the KPT had proposed to spread over overtime of ₹3 crores as decided by the Board of Trustees of the KPT over five years period and balance was proposed to be adjusted in the general revision of its Scale of Rates.

Subsequently, in the revised proposal of 21 February 2013, the port has considered overtime of ₹6 crores and proposed to spread it over five years period (i.e. 120 lakhs per annum). When sought reasons for increasing the overtime expenditure from ₹3 crores to ₹6 crores in the year 2011-12, the port has clarified that the earlier proposal was based on six months data only while the revised proposal of February 2013 considers the actuals for the full year.

On examining the actuals for the year 2011-12, it is seen that the total salaries and wages including overtime is ₹5491.66 lakhs which is found to be 56% higher than the salaries and wage cost estimated in the last tariff Order. The main reasons for steep increase in actual salaries and wages is attributable to increase in the overtime element. When sought reasons, the port has clarified that excess demand for CHD gangs vis-à-vis their supply, the increase in overtime cost per hour, and the effect of wage revision are the main reasons for steep increase in the overtime cost.

The port has submitted that purely to avoid huge variation in the rates, it has consciously taken a decision to spread

part of the overtime cost over a period of five years on the request made by the Trade. The Board of Trustees of the KPT was also of the view that it may not be feasible for the stevedores to pass it on to the final users, which may attract commercial consequences and lead to legal problems and moreover stevedores themselves cannot bear the huge burden and hence a conscious decision is taken to spread the overtime cost of the year 2011-12 over five years.

(b). The two points to be decided regarding actual overtime cost of the year 2011-12 while analysing the performance are:

(i). Of the actual overtime cost of ₹16.76 crores reported in the Annual Accounts for year 2011-12 pertaining to the CHD, the KPT has considered ₹6 crores in CHD activity and balance ₹10.76 crores is proposed to be considered in the general revision proposal.

(ii). Spreading off the overtime cost of ₹6 crores over five years period.

With reference to (i) above, it is pointed out that the proposal of KPT to consider part of overtime incurred for CHD from general revision proposal will result in flow of cross-subsidy from general revision to CHD. However, attempt of the port to consider part of the overtime cost from general revision proposal is reportedly based on demand from trade and is an attempt to reduce the impact of steep increase in the CHD rates.

It is observed that there is always flow of cross subsidy between the activities/ sub-activities. If this activity was treated as a part of general revision proposal, the flow of cross-subsidy to this activity from other activities could not have been avoided. In view of the above position, the proposal of KPT recover a part of overtime cost i.e. ₹6 crores from CHD and to consider residual overtime cost of ₹10.76 crores in its general revision proposal is allowed by this Authority.

As regard point (ii) above, it is relevant to state that during the last fixation, the overtime cost formed as one of the components of the Salaries cost. The approach adopted by KPT of spreading overtime cost over five years period is not found to be in line with the approach followed in the last tariff Order. Hence, overtime cost is considered as part of the salaries and wage cost for the year 2011-12 in our analysis in line with the approach adopted in the last tariff Order.

(c). The KPT has considered increase in Variable Dearness Allowance (VDA) at 10% of basic pay in the year 2011-12. Since actual salaries and wages reported for CHD for the year 2011-12 is considered which must have already captured the effect of increase in VDA, consideration of the impact of increase in VDA separately for the year 2011-12 does not arise.

- (d). The port has considered the effect of wage revision w.e.f. 1 January 2012 @ 20% of salaries and wages in the year 2011-12. During the last tariff revision as recorded in para 13(xii), the effect of wage revision from 1 January 2012 was not considered. Hence, while comparing the actuals with the estimates, the impact of wage revision is not considered for like to like comparison with the estimates.
- (e). The pension payments, gratuity payments and commutation payment for the year 2011-12 at the actual level is furnished by KPT. These items relating to CHD are not reflected in the Annual Accounts of KPT separately. The port has clarified that the actual payments of pension, gratuity and commutation pension are considered based on records for CHD maintained by the port in the monthly pension bill. In the last tariff Order, this Authority had relied on the estimates furnished by KPT in this regard on similar basis. The KPT has confirmed that the actual payments do not include arrears relating to past period. Based on the clarification furnished by the port, the actual pension, gratuity payments and commutation payments for the year 2011-12 as indicated by the port is relied upon.
- (f). The capital employed i.e. net fixed assets considered by KPT in the cost statement is ₹27,541,000. This amount marginally differs from net value of assets furnished by the KPT in the statement of assets for CHD. The capital employed for the year 2011-12 is considered at ₹27,541,461 as indicated in the statement relating to assets for CHD. Consequently, the return on capital employed at 16% also stands modified.
- (g). During the last tariff revision average revenue per gang was scaled down by 5% towards cost reduction and productivity improvements. The same adjustment is considered while analysing the actuals for like to like comparison with the estimates.
- (viii). A copy of the cost statement for the year 2011-12 vis-à-vis the estimates relied in the last tariff Order is attached as **Annex - I**. A summary of the analysis of the actual financial performance of CHD for the year 2011-12 vis-à-vis the estimates considered in the last tariff Order is tabulated below:

(₹ in lakhs)

| Sl. No. | Particulars                                                                       | Estimates considered in the last Order | Actuals | Variation in % (Rounded off) |
|---------|-----------------------------------------------------------------------------------|----------------------------------------|---------|------------------------------|
|         |                                                                                   | 2011-12                                | 2011-12 |                              |
| (i).    | Total Exps (incl. Depn)                                                           | 4037.78                                | 5496.72 | 36%                          |
| (ii).   | ROCE                                                                              | 45.74                                  | 42.62   | -7%                          |
| (iii).  | Total Revenue Requirement to meet Expense plus ROCE (i + ii)                      | 4083.51                                | 5539.34 | 36%                          |
| (iv).   | Total gangs supplied (in nos.)                                                    | 23843                                  | 27554   | 16%                          |
| (v).    | Revenue expected ₹ per gang (iii/ iv)                                             | 17127                                  | 20104   | 17%                          |
| (vi).   | 5% towards cost reduction/ productivity improvement/ labour rationalisation, etc. | 856                                    | 1005    | 17%                          |
| (vii).  | Revenue expected per gang considered to fix commodity-wise per tonne rate (v-vi)  | 16271                                  | 19098   | 17%                          |

To assess the net deficit in the CHD, the actual revenue earned by CHD in the year 2011-12 is reduced from the total actual expenses plus admissible ROCE and 5% towards cost reduction/ productivity is also considered. The net deficit in the CHD based on actuals is given below:

| (₹ in lakhs) |                                                                                                                               |          |
|--------------|-------------------------------------------------------------------------------------------------------------------------------|----------|
| (i).         | Total Expenses Plus ROCE ( from sl no (iii) in the above table)                                                               | 5539.34  |
| (ii).        | Actual Revenue Generated in 2011-12 (as per Annual Accounts)                                                                  | 4023.77  |
| (iii).       | Net Deficit (ii-i)                                                                                                            | -1515.57 |
| (iv).        | Less: 5% reduction towards cost reduction/ productivity improvement/ labour rationalisation, etc. as considered in last Order | 75.78    |
| (v).         | Net deficit after adjustment at (iv)                                                                                          | -1439.79 |

The variation in the financial parameters considered in the estimates of last tariff Order vis-à-vis the actual parameter is analysed hereunder:

- (a). The cargo-wise levy for CHD determined in the last Order was to recover shortfall of ₹4083.51 lakhs estimated for the year 2011-12. As against that, the actual income earned by the KPT from the levy is ₹4023.77 lakhs for the corresponding period which means a drop of -1.4% from the revenue requirement estimated in the last Order.
- (b). The variation in number of gangs is 16% higher than the estimated number of gangs.
- (c). The variation in the actual capital employed and return thereon vis-à-vis the estimates considered in the last Order is -7%.
- (d). The actual revenue requirement for the year 2011-12 works out to ₹5,539.34 lakhs which is 36% higher than the estimated revenue requirement of ₹4,083.51 lakhs. This is mainly on account of steep variation observed in the overall expenses of CHD which is 36% higher than the estimated level. This variation is after excluding part of the actual overtime expense of ₹10.76 crores proposed to be covered by KPT from general revision proposal. The steep increase in the actual expenses vis-à-vis the estimated expenses is attributable to increase in the salaries and wages, pension, gratuity payments on account of wage revision of the year 2007.

As against the actual revenue requirement of ₹5,534.34 lakhs, the actual revenue earned from CHD is ₹4023.77 lakhs, resulting in deficit in CHD.

- (e). It is relevant here to state that though the variation in number of gangs and return on capital employed is less than +/- 20%, the variation in the actual overall expenses is 36% higher than the estimated level. Moreover, the revenue requirement which formed the basis for determining the rate in actual terms is found to be 36% higher than the estimated level. Since the variation in these two parameters are more than 20% prescribed in the tariff guidelines, there is a case for adjustment of the deficit in the CHD in the future tariff.

The port has claimed for set off of the entire deficit assessed by it at ₹9.17 crores for the year 2011-12 and partial recovery of overtime cost to the tune of ₹6 crores to be spread over five years period i.e. ₹1.20 crores annually aggregating to 10.37 crores in the subsequent year 2012-13 and has reckoned in while arriving at the proposed rate.

In case variation in estimates vis-à-vis actuals in physical/ financial parameters is more than (+)/(-) 20%, Clause 2.13 of the tariff guidelines of 2005 allows adjustment of 50% of the deficit / surplus to be considered in future tariff and not 100% set off as claimed by the port. In accordance with the provision in the guidelines, 50% of actual deficit assessed in the CHD i.e. ₹719.90 lakhs (50% of ₹1439.79 lakhs) is considered for adjustment in the future tariff.

(ix). On our advice, the port has furnished the estimates for the year 2012-13 pro-rata based on nine months actuals for the period April 2012 to December 2012 along with estimates for the years 2013-14 and 2014-15. The analysis / modifications done in the estimates furnished by the KPT for the years 2012-13 to 2014-15 are explained in the subsequent paragraphs.

(x). The KPT has estimated 63.37 lakh tonnes of break bulk cargo and 205.54 lakhs tonnes of bulk cargo to be handled by CHD for the year 2012-13 aggregating to 268.91 lakh tonnes based on the actual traffic handled by the CHD in the nine months from April to December 2012. The traffic as estimated by the KPT for the year 2012-13 is relied upon.

For the years 2013-14 and 2014-15, the port has projected the traffic at the same level as 2012-13. The traffic of a few cargo items like thermal coal and fertilizer estimated by the KPT for the years 2013-14 and 2014-15 are found to be in line with the traffic projected by the KPT in the general revision proposal for these years. For other cargo, detailed commodity-wise detail break up is not available in the general revision proposal. It is seen that the port has not proposed any growth in the traffic of the CHD. This is found to be in line with the general revision proposal where the port has not proposed any growth in overall traffic of the port in the year 2014-15 over the traffic projections of the year 2013-14.

For the purpose of this exercise, the traffic of CHD as projected by the KPT is relied upon and considered. If any undue advantage is accrued to KPT by relying on the traffic estimated by the port, then at the time of next tariff review such undue advantage / gain will be considered for full adjustment in the next tariff revision of CHD.

(xi). The KPT has estimated salaries and wages cost for the year 2012-13 at ₹3974.28 lakhs which is based on nine months actuals for the period April 2012 to December 2012 prorated for the full year. The port has estimated the effect of wage revision at 20% of the Salaries and wage separately for the year 2012-13. For the subsequent year 2013-14, the port has considered 27% increase over the estimates of 2012-13 which includes the effect of wage revision at 20%.

For the year 2014-15, the port has escalated this cost item by 5.8% over the estimates of previous year. Apart from this, the port has also considered increase in Variable Dearness Allowance at 10% of the basic pay for each of the years 2012-13 to 2014-15 to reckon the effect of 2.5% quarterly increase in the VDA. The estimate of salaries and wage related cost estimated by the KPT is analysed and modified wherever found necessary as explained below:

(a). The port has estimated salaries and wages cost for the year 2012-13 prorating the nine months actual salaries and wage cost which reportedly includes overtime cost. The KPT has stated that labour is required to be booked on overtime due to demand and that minimum over time has been considered in the proposal. It is seen that against the actual overtime of ₹16.76 crores reported in the year 2011-12, the overtime considered in the year 2012-13 based on actuals for nine months is ₹6 crores. The estimates of 2012-13 are based on actuals for nine months and hence are relied upon and considered.



- (b). Salaries and wages of the workers are due for revision w.e.f. 1 January 2012. The port has considered the effect of wage revision for the financial year 2012-13 at 20% of the salaries and wages cost and shown it as a separate entry. For the years 2013-14 and 2014-15, the impact of wage revision at the stated level is included as part of salaries and wage cost by the port.

It is relevant to state here that the impact of wage revision for Class III and Class IV employees due from 1 January 2012 was considered at 15% in the general revision proposals of Mumbai Port Trust and New Mangalore Port Trust. This is also in line with wage revision impact allowed in other general revision cases of Major Port Trusts with reference to earlier wage revision of 2007.

The impact of wage revision due from 1 January 2012 is allowed at 15% of the salaries and wage cost in line with the decision taken in earlier tariff cases of Major Port Trusts. The port has not furnished breakup of Class III and Class IV employees. It has to be recognised that CHD being a labour intensive division, it may not be unreasonable to presume that the salaries and wage cost will comprise of these two categories of employees. The impact of wage revision is considered at 15% of the estimated salaries and wages cost from the year 2012-13. For the subsequent years 2013-14 and 2014-15, annual escalation of 7% is allowed in line with the annual escalation decided to be allowed by this Authority in the tariff cases to be decided in the year 2013-14.

Accordingly, the impact of wage revision for the years 2012-13 to 2013-14 is considered at ₹596.14 lakhs, ₹637.88 lakhs and ₹682.52 lakhs respectively. In the cost statement prepared by us the impact of wage revision is shown as a separate entry for each of the three years.

- (c). The cost statement filed by the KPT shows that port has escalated the salaries and wage cost by 5.8% in the years 2013-14 and 2014-15 over the estimates of the respective previous year. Apart from annual escalation of 5.8% per annum, the port has also considered increase in Variable Dearness Allowance (VDA) at 10% of the basic pay for each of the years 2012-13 to 2014-15.

The port has stated that annual escalation applicable for other cost items in tariff revision may not apply to the dock workers of the port as increase in VDA is directly based on Consumer Price Index (Industrial DA Points). The average yearly increase in VDA for the past three years is stated to be 12%. In view of this, considering the current inflationary trends and also considering quarterly increase of 2.5% in VDA, the port has sought to justify that 10% annual increase in VDA claimed by the port is perfect.

Clause 2.5.1 of the tariff guidelines of March 2005 requires the expenditure projections to be in line with the traffic projections and with reference to the Whole Sale Price Index for all commodities. It is relevant here to state that the guidelines do not prescribe any different methodology for allowing annual escalation for Cargo Handling Division at the port. The rates for Cargo Handling Division at other Major Port Trusts like Visakhapatnam Port Trust, New Mangalore Port Trust, etc. have been determined allowing the annual escalation as decided by this Authority for the tariff cases decided in the relevant year. This Authority has decided to allow maximum escalation factor of 7% for the expenditure projections in all the tariff cases to be decided in the financial year 2013-14 to factor the impact of inflation. That being so, the estimates of salaries and wages for the years 2013-14 and 2014-15 are arrived by applying annual escalation

of 7% per annum on the overall the estimates of salaries and wage cost of the respective previous years as against 5.8% annual escalation applied by the KPT.

As stated earlier, cargo handling division is a labour intensive unit and hence its cost elements are fixed in nature and not likely to vary with the traffic. In any case, the port has not projected any growth in the traffic of cargo to be handled by the CHD.

- (d). The other items of expenditure viz. stores, office & administration expenses, operation and maintenance expense, medical expense for the year 2012-13 are pro-rata estimated by the KPT based on the nine months actuals. The estimates of these expenses for the year 2012-13 are relied upon.

For the subsequent two years 2013-14 and 2014-15, the KPT has estimated these expenditure applying annual escalation of 6.5%. The annual escalation of 6.5% is perhaps based on the annual escalation adopted by this Authority for the cases decided in the year 2012-13. As stated earlier, this Authority has decided to adopt escalation factor of 7% for the expenditure projections in all tariff cases of major ports and private terminals to be decided in the year 2013-14. Accordingly, the annual escalation factor of 7% is applied for estimating each of these cost items.

- (e). The port has estimated depreciation for the years 2012-13 to 2014-15 at ₹10 lakhs per annum. It is seen that the port has not proposed any additions/ deletions to the gross block relating to the CHD during this period. That being so, the depreciation for the year 2012-13 to 2014-15 is considered at the level of 2011-12 actuals (i.e.) ₹9,05,441 instead of ₹10,00,000 considered by KPT.
- (f). The port has estimated gratuity payment, pension payment and commutation of pension payment for the year 2012-13 at ₹371.47 lakhs, ₹922.74 lakhs and ₹187.40 lakhs respectively. Each of the estimates are found to be 46.4% higher than the actual payments for the year 2011-12.

The figures relating to pension payments, gratuity payments and commutation of pension payments are not separately indicated in the Annual Accounts for the Cargo Handling Division. The port has confirmed that actual pension payments, gratuity and commutation payment to CHD workers during the year 2012-13 is worked out on the basis of records separately maintained by the port for CHD and has also confirmed that it does not include any arrears relating to the past period. The port has stated that the estimates for the year 2012-13 are based on actual payments done in the year 2012-13 for nine months period from April to December 2012 and it has considered the impact of wage revision due from 1 January 2012 at 20%. Based on the clarification furnished by the port estimates of pension, gratuity payments and commutation of pension payments for the year 2012-13 are considered except moderating the effect of wage revision at 15% in line with the impact of wage revision allowed in salaries and wages.

From detailed working furnished by the port, it is seen that the gratuity payments and commutation of pension payments (excluding the impact of wage revision) in the years 2013-14 and 2014-15 are estimated to reduce over the estimates of the respective previous years. However, the pension payments is estimated to escalate by 11.6% and 17.2% in the years 2013-14 and 2014-15 respectively over the estimates of the respective previous years. The port has stated that it includes VDA

increase @ 3% per quarter. Apart from this, the port has also considered the effect of wage revision at 20% on each of these payments.

The escalation in the estimates of pension payment applied by the KPT for the years 2013-14 and 2014-15 is beyond the admissible limit of 7%. Hence, the annual escalation in the estimates of pension payment for the years 2013-14 and 2014-15 is restricted to 7% per annum over the estimates of the respective previous years. The impact of wage revision on pension payments, gratuity payments and commutation payment is allowed at 15% from the years 2012-13 to 2014-15 in line with the impact of wage revision allowed for salaries and wages.

Since pension and gratuity payments relating to CHD are not reflected separately in the Annual Accounts of KPT, the port is advised to exclude the expenditure on these heads in its general revision proposal to avoid overlapping of expenses.

- (g). The port has considered the capital employed for CHD (i.e. the net fixed assets) at constant figure of ₹275.41 lakhs for the years 2012-13 to 2014-15 based on the actual net fixed assets reported for the year 2011-12. In our analysis, the net fixed assets for the year 2012-13 to 2014-15 are considered at ₹257.31 lakhs, ₹248.25 lakhs and ₹239.20 lakhs after excluding the annual depreciation of ₹90.54 lakhs in each of the years. The KSAL has stated that return may not be allowed on capital employed on the ground that the on board charges are collected prior to supply of labour. Clause 2.9.1. of the tariff guidelines of March 2005 entitles a Port Trust to earn return on the capital employed. This Authority has decided to allow 16% return on the capital employed in the cases to be decided in the year 2013-14. Accordingly, 16% ROCE on the modified capital employed is allowed as considered by the KPT.
- (xii). The KPT has estimated the number of gangs at 28139 for each of the years 2013-14 and 2014-15. The same is relied upon and considered for arriving at the revenue requirement per gang
- (xiii). The KPT has proposed revision in the rates of CHD with retrospective effect from 1 April 2012. KSA and other user associations have strongly objected the proposal of KPT for fixation of rates retrospectively w.e.f. 1 April 2012. They have submitted that past dues cannot be recovered from importers/exporters once a vessel completes discharge/ loading operation. At the same time trade cannot bear the burden of past differential dues as a consequence of fixation of new rates with retrospective effect.

This Authority while extending the validity of the rates of the Cargo handling division in the Order dated 9 April 2012 had held that proposal of the port for retrospective revision of tariff w.e.f. 1 April 2012 would be considered based on justifications to be furnished by the KPT during the proceedings of the case.

With reference to its proposal seeking for retrospective revision w.e.f. 1 April 2012, the KPT has submitted that the CHD division has suffered massive loss of ₹34.12 crores mainly due to huge rise in the salaries and wages of the dock workers. The port has further submitted that during fixation of per tonne rate for CHD rate in the last Order, the piece rate considered at ₹850/- and ₹1084/- were purely adhoc rates based on the working results of the erstwhile KDLB during the 9 month period from 01.04.2006 to 31.12.2006. Moreover, the KPT had not captured the effect of wage revision impact due from 1 January 2007 in the last tariff fixation of CHD. The effect of all the above factors has culminated into huge deficit in the CHD activity and CAG has made adverse remarks in this regard.

As per clause 3.2.8 of the tariff guidelines of 2005, the revised tariff to be approved by TAMP will have prospective effect. In view of constraints explained by KSA and other user association about collection of the past dues if rates are revised retrospectively and also in view of specific clause in the tariff guidelines for prospective revision in tariff, this Authority is not inclined to consider the request made by the port for retrospective revision.

However, at the same time, in view of submissions made by KPT explaining the reasons for huge deficit in the CHD, it is not found appropriate to require the port to bear the loss arising in the CHD on account of increase in the labour related cost incurred by the port in the year 2012-13 which ideally should be borne by the trade for availing services of labour from CHD. In fact even the KPT has claimed adjustment on entire deficit estimated in the year 2012-13 while arriving at the proposed rate.

In view of the position explained above, the entire deficit estimated for the year 2012-13 is considered for adjustment in the tariff to be determined as explained in the subsequent part of the analysis.

The actuals for the year 2012-13 are not available at the time of analysis of this case. The estimates furnished by the KPT are considered subject to certain modifications as explained in the previous part of this analysis. Since the analysis for the year 2012-13 is done based on the estimates, the actual position shall be subject to review during the next revision exercise. If the variation is found to be more than the level prescribed in the tariff guidelines, it shall be adjusted in the next tariff validity cycle as per clause 2.13 of the tariff guidelines.

- (xiv). (a). This Authority vide its Order No.TAMP/37/2007-KPT dated 9 April 2012 has extended the validity of the rates for on-board labour beyond 31 March 2012 upto 30 June 2012 and the last extension was granted till 28 February 2013 subject to the condition that the additional surplus, if any, that may accrue to KPT during the extended period of validity will be adjusted fully in the tariff to be fixed.
- (b). The port has estimated the total cost plus return for the year 2012-13 excluding the past period deficit of 2011-12 at ₹6,486.07 lakhs. After considering the estimated revenue from CHD at ₹5,380.53 lakhs based on the actuals for the nine months, the port has estimated net deficit for the year 2012-13 at ₹1105.55 lakhs.
- The KPT has sought adjustment of entire deficit of ₹1105.55 lakhs estimated for the year 2012-13 and second instalment of spread over of the overtime expense at ₹120 lakhs aggregating to ₹1225.54 lakhs in the year 2013-14. In the year 2014-15, the port has considered the adjustment of ₹120 lakhs towards spread over of the overtime pertaining to the year 2011-12. The treatment of overtime relating to the year 2011-12 is explained in the analysis contained in earlier paragraphs and the adjustment of the deficit for the years 2011-12 and 2012-13 is tabulated and explained in subsequent part of this analysis.
- (c). The cost statement for the CHD drawn by us subject to the modifications explained in the preceding part of the analysis, depicts the total cost plus ROCE at ₹6,088.75 lakhs for the year 2012-13. After reckoning the revenue estimated by the KPT for the year 2012-13 at ₹5,380.53 lakhs, the cost statement reflects a net deficit of ₹708.22 for the year 2012-13.
- (d). In the last tariff Order, 5% reduction was effected in the revenue requirement towards productivity improvement/ labour rationalisation. Keeping in view that the manning scale is still not fully implemented and notional gang booking continues in the port, etc., to factor these issues

5% reduction in the estimated revenue requirement is effected in the years 2012-13 to 2014-15 towards productivity improvement/ labour rationalisation and cost reduction. Such reduction of 5% was also considered in the last tariff Order, as brought out earlier.

- (e). Actual net deficit for the year 2012-13 after adjustment of 5% comes to ₹672.80 lakhs.

For reasons explained in the earlier part of the analysis, the entire deficit estimated for the year 2012-13 is considered for adjustment in the tariff to be determined.

- (f). To summarise, the deficit for CHD for the years 2011-12 and 2012-13 considered for adjustment in the future tariff is given below:

|                                                                                    | (₹ in lakhs) |
|------------------------------------------------------------------------------------|--------------|
| 50% of the Actual Net deficit assessed for the year 2011-12 (₹1439.79 lakhs * 50%) | 719.90       |
| 100% of the deficit estimated for the year 2012-13                                 | 672.80       |
| Total deficit assessed for adjustment in tariff                                    | 1392.70      |

The cost position considered for fixation of levy in this tariff cycle is for two years i.e. 2013-14 and 2014-15. Considering that this Order will come into effect by October 2013, the revised tariff effectively will be for truncated period of eighteen months i.e. from October 2013 to March 2015 as against the usual tariff cycle of three years.

It is relevant here to mention that in order to smoothen the fluctuation in tariff and to avoid artificially bringing down the tariff in one cycle, this Authority in the cases of other Major port Trusts and Private terminals where the surplus assessed was substantial has decided to adjust past surplus over period of five years.

In the instant case, in order to smoothen the impact of steep increase in tariff and to avoid sudden fluctuation in tariff between two cycles, the deficit assessed in the years 2011-12 and 2012-13 at ₹1392.70 lakhs is adjusted over normal tariff validity cycle of three years period instead of restricting it to the current tariff cycle which is for truncated period of eighteen months from October 2013.

Accordingly, ₹696.35 lakhs is adjusted over eighteen months i.e. from October 2013 to 31 March 2015 in this tariff cycle and the residual deficit of ₹696.35 lakhs will spill over for adjustment in the first eighteen months of the next tariff cycle.

- (xv). The cost statement of the CHD filed by the KPT has been modified in line with the above analysis. The cost statement of the Cargo Handling Division is attached as **Annex - II**. A summary of the revenue requirement estimated for the years 2013-14 and 2014-15 in the modified cost statement is given below:

| Sr. No  | Particulars                                                                                                                                  | 2013-14<br>(Estimates) | 2014-15<br>(Estimates) |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| (i).    | Total estimated expenses                                                                                                                     | 6,583.26               | 7,152.03               |
| (ii).   | 16% ROCE                                                                                                                                     | 39.72                  | 38.27                  |
| (iii).  | Revenue requirement (i+ii)                                                                                                                   | 6,622.98               | 7,190.30               |
| (iv).   | Less: 5% adjusted towards cost reduction/<br>productivity improvement                                                                        | 331.14                 | 359.51                 |
| (v).    | Add: Adjustment of past deficit for the years 2011-12<br>and 2012-13 in the year 2013-14 (6 months) from<br>October 2013 onwards and 2014-15 | 232.11                 | 464.23                 |
| (vi).   | Estimated Revenue requirement (iii-iv+v)                                                                                                     | 6,523.95               | 7,295.02               |
| (vii).  | Total gangs supplied (nos.)                                                                                                                  | 28,139                 | 28,139                 |
| (viii). | Revenue requirement per gang (₹/ gang)                                                                                                       | 23,185                 | 25,925                 |
| (ix).   | Average Revenue requirement (₹/ gang)                                                                                                        | 24,555                 |                        |

(xvi). (a). The port has estimated annual revenue requirement per gang at ₹26,735 for the year 2012-13, ₹28,506 for the year 2013-14 and ₹25,995 for the year 2014-15 averaging to ₹27,079 per gang. In our analysis, since the year 2012-13 is already over, the average revenue requirement estimated for the years 2013-14 and 2014-15 at ₹24,555 per gang is considered to arrive at cargo wise per tonne rate.

(b). The KPT has furnished detailed working for arriving at commodity-wise rate to meet the estimated revenue requirement per gang. The methodology adopted by the KPT for arriving at commodity-wise per tonne rate is followed while arriving at the revised rate based on the revised estimated revenue requirement.

The port has presumed 90% of cargo volume as foreign and 10% cargo as coastal for arriving at the per tonne rate except for thermal coal and iron ore where it has projected the entire cargo to be foreign. The cargo and its share as presumed by the KPT is relied upon.

(c). The rate proposed by the KPT for iron ore and thermal coal at ₹22.59 and ₹27.33 respectively do not match with its calculation. The revenue generation at the proposed rate for these two cargo items works out to be higher than the revenue requirement estimated from these cargo category by the port. There seems to be some anomaly in the calculation of port which is corrected in our working. In our working, the rate is arrived so as to match the modified revenue requirement estimated for the cargo items. The working sheet for arriving at per tonne rate for bulk cargo and break bulk cargo is attached as **Annex - III (a) and (b)** respectively.

(d). The last tariff Order prescribed per tonne rate for soda ash, cement, oil extractions (break bulk) among other cargo items. In the initial proposal of KPT dated 2 July 2012, the port had not proposed rate for these three cargo items. On a query raised in this regard, port has clarified that soda ash is no longer being handled at KPT and the chances of these cargoes being handled also appear to be very remote. Hence, no rate is proposed. In view of clarification furnished by the KPT, the tariff item relating to soda ash is deleted from the schedule of rates for CHD.

In the revised proposal dated 21 February 2013, the KPT has proposed to include rate for cement and oil extractions (break bulk) and has included the traffic projected from these cargo items in its working. The revised proposal was taken on consultation with users and there has not been any adverse comments from any user in this regard. Accordingly, cement and oil extractions (break bulk) are considered in our working for arriving at per tonne rate in line with the revised proposal filed by KPT.

(e). In the revised proposal dated 21 February 2013, the KPT has included traffic of granite and marble and proposed to introduce rate for this cargo as well. The revised proposal was taken on consultation with users and there has been no adverse comments from users in this regard. Accordingly, traffic and shift output estimated by the KPT for this cargo relied upon and considered in our working for arriving at the rate for granite and marble.

(xvii). In the initial proposal, the KPT has proposed to revise the per tonne rates for supply of on-board labour on a quarterly basis to capture the change in the rate of Variable Dearness Allowance (VDA). The port has proposed to modify the per tonne rates suo motu every quarter to reflect the change in the VDA and subsequently obtain the ratification of this Authority therefor. The KPT has in the revised proposal of February 2013 requested to allow fixed percentage increase

on a cumulative basis on the per tonne rate at the beginning of each year during the three year tariff validity cycle instead of quarterly increase sought in the earlier proposal to capture the effect of increase in VDA. Clause 3.1.8. of the tariff guidelines of 2005 stipulates that tariff once fixed shall be in force for three years. That being so, the proposal of KPT for increasing the rates quarterly/yearly (cumulative basis) is not found to be in line with the provision in the tariff guidelines of 2005 and hence not accepted. As regards the contention of KPT about quarterly increase in VDA, it is to be noted that the tariff determined is based on the average revenue requirement estimated for the years 2013-14 and 2014-15. The estimation of revenue requirement factors in annual escalation of 7% to meet the inflation cost in all items including VDA which is a component of salary and wages.

- (xviii). The validity of the rates for CHD extended in the last tariff Order dated 17 December 2012 had expired on 28 February 2013. The port has continued to levy the rates approved vide earlier Order dated 25 March 2011. The validity of the existing rates is deemed to have been extended from 1 March 2013 onwards till the effective date of implementation of revised rate approved in this Order.

The tariff guidelines of 2005 stipulate a tariff validity cycle of 3 years. Since the cost position considered for fixation of rate for CHD is for two years i.e. 2013-14 and 2014-15, the tariff prescribed will be for a truncated period of eighteen months. The financial position considered for the purpose of this analysis is only till 31 March 2015, hence the validity of the revised rates will also expire on 31 March 2015.

- (xix). The KPT was advised to examine the suggestion made by Kandla Ports Stevedores Association to include on-board labour charge of CHD in the wharfage. The KPT in this regard has clarified that stevedoring charges invariably forms part of the ocean freight and are usually paid by vessel agents to stevedores whereas wharfage charges are reimbursed by the exporter/ importer to the Custom House Agents. Moreover, it has brought out other practical difficulties like requirement of separate bills/ receipts by importers for wharfage & on-board labour charges for claiming duty, bringing uniformity in classification of commodities for wharfage and on board stevedoring, etc., In view of practical difficulties expressed by KPT in merging the two components, the existing system of separate levy for deployment of on board labour from CHD is allowed to continue for the present. The port is advised to examine the possibility of merging on-board labour charges with wharfage at the time of filing the next review in consultation with the trade, as agreed by the port.

- (xx). The port has expressed difficulties in proposing productivity linked rates citing that there are fifty different types of dry cargoes handled at Kandla each having different productivity levels and grouping these cargo items is a tedious process. The KPT is of view that prescribing productivity linked rates for each cargo type will complicate the realization of charges from port users.

The port has not proposed productivity linked rate, but, has mentioned that this point is taken care in its proposal. The port has stated that if the actual revenue per gang is more than the maximum revenue requirement expected per gang, the surplus will be refunded by the port to the stevedore while in case of shortfall the same shall be recovered from the stevedores. The port opines that this methodology will recognize productivity instantly and is very easy to implement and is understood by the stevedores and operating staff.

The port has, however, not incorporated a suitable condition to operationalise this proposition in the Schedule relating to CHD. The said proposition of the KPT does not appear to be very scientific and well examined proposal. The productivity factor depends upon several factors like availability of grabs with the vessels, the lifting capacity of the grabs, failure of the grabs, failure of other equipment like

crane, unfavourable climatic condition, insufficient cargo, appropriate yard and hatch planning etc. The KPT has not considered these factors relevant for achieving productivity while proposing to refund / collect from stevedores for excess / short recovery from the expected revenue requirement per gang. The KPT is, therefore, again advised to file a well analysed proposal taking into consideration the above factors and propose productivity linked rates to act as an incentive to the stevedores to achieve better productivity and reduce the overall cost of operation at the time of next revision of rates for CHD. Till such time, the productivity linked proposal of KPT is incorporated as a conditionality in the schedule.

11.1. In the result, and for the reasons give above, and based on a collective application of mind, this Authority approves and incorporates the revised composite rate for on-board labour of Cargo Handling Division of KPT attached as **Annex - IV** at Clause 3 in Chapter III of the Scale of Rates of the KPT.

11.2. The revised composite on-board charges for CHD will come into effect after expiry of 30 days from the date of notification in the Gazette of India and shall remain in force till 31 March 2015. The approval accorded thereto will automatically lapse thereafter unless specifically extended by this Authority.

11.3. This Authority has relied upon the estimates for the years 2012-13 to 2014-15. Additional surplus, if any, arising due to variation in actual performance in the said years will be governed by the provisions of Clause 2.13 of the tariff guidelines of 2005 in the next review, unless a different method of treatment of any of the specific items is indicated in the analysis above.

**(T.S. Balasubramanian)**  
**Member (Finance)**



## Annex - I

### Comparision of Actuals vis-à-vis Estimates of 2011-12 for Cargo Handling Division of the Kandla Port Trust

(Amt. in Rupees)

| Sl. No.  | Particulars                                                                                                    | Estimates in TAMP Order dated 25.3.2011 | Actuals for 2011-12 | Variation in % over the moderated figures |
|----------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------|-------------------------------------------|
| <b>1</b> | <b>TOTAL EXPENSES</b>                                                                                          |                                         |                     |                                           |
| (i).     | Salary & Wages (including overtime of Rs 16.76 cores)                                                          | 353,124,503                             | 549,166,577         | 56%                                       |
|          | <b>Less:</b> Overtime of Rs 10.76 cores to be adjusted in the general revision proposal as proposed by the KPT |                                         | 107,576,011         | ---                                       |
|          | Total Salaries and Wages considered for assessing actual cost postion for 2011-12                              |                                         | 441,590,566         | 25%                                       |
| (ii).    | Stores                                                                                                         | 2,441                                   | 697,718             |                                           |
| (iii).   | Office & Administration Exp                                                                                    | 128,310                                 | 282,268             |                                           |
| (iv).    | Operation & Maintenance Exp                                                                                    | 96,737                                  | 86,418              |                                           |
| (v).     | Medical Exp                                                                                                    | 3,325,314                               | 4,910,008           |                                           |
| (vi).    | Depreciation                                                                                                   | 988,412                                 | 905,441             |                                           |
| (vii).   | Gratuity                                                                                                       | 5,310,715                               | 25,372,723          |                                           |
| (viii).  | Commutation of Pension                                                                                         | 1,506,465                               | 12,799,998          |                                           |
| (ix).    | Pension                                                                                                        | 39,293,053                              | 63,027,279          |                                           |
|          | <b>TOTAL</b>                                                                                                   | <b>403,775,950</b>                      | <b>549,672,419</b>  | <b>36%</b>                                |
| <b>2</b> | <b>Capital Employed</b>                                                                                        | <b>28,590,658</b>                       | <b>27,541,461</b>   |                                           |
| <b>3</b> | <b>Return on Capital Employed</b>                                                                              | <b>4,574,505</b>                        | <b>4,261,763</b>    | <b>-7%</b>                                |
| <b>4</b> | <b>Revenue Requirement ( 1 + 3 )</b>                                                                           | <b>408,350,455</b>                      | <b>553,934,182</b>  | <b>36%</b>                                |
| <b>5</b> | <b>Total Gangs Supplied</b>                                                                                    | <b>23,843</b>                           | <b>27,554</b>       | <b>16%</b>                                |
| <b>6</b> | <b>Actual Revenue expected per Gang (4 /5)</b>                                                                 | <b>17,127</b>                           | <b>20,104</b>       | <b>17%</b>                                |
| <b>7</b> | <b>5% Reduction on account of cost reduction / productivity</b>                                                | <b>856</b>                              | <b>1,005</b>        |                                           |
| <b>8</b> | <b>Actual Revenue expected per Gang after 5% reduction as above. (6 - 7)</b>                                   | <b>16,271</b>                           | <b>19,098</b>       | <b>17%</b>                                |

|           |                                                                                                    |             |
|-----------|----------------------------------------------------------------------------------------------------|-------------|
| <b>A.</b> | <b>Summary of Actuals for the year 2011-12</b>                                                     |             |
| (i).      | Actual Total Expenses for 2011-12                                                                  | 553,934,182 |
| (ii).     | Actual Revenue Generated in 2011-12 as per Annual Accounts                                         | 402,377,241 |
| (iii).    | Expenditure in Excess of Revenue                                                                   | 151,556,941 |
| (iv).     | Adjustment of 5% towards cost reduction/productivity improvments, etc. as considered in last order | 7,577,847   |
| (v).      | Actual Loss after above adjustment                                                                 | 143,979,094 |
| (vi).     | 50% of the above loss (sr. no. v) to be adjusted from 01.10.2013 to 30.9.2016 i.e in 36 months.    | 71,989,547  |

| Cost Statement of Cargo Handling Division of the Kandla Port Trust |                                                                                                                                                                                                                                                               |                                |                               |             |             | ANNEX - II                 |             |             |
|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|-------------|-------------|----------------------------|-------------|-------------|
|                                                                    |                                                                                                                                                                                                                                                               |                                |                               |             |             | (Amt. in Rupees)           |             |             |
| Sl. No.                                                            | Particulars                                                                                                                                                                                                                                                   | Actuals 2011-12 from Annex - I | Estimates as furnished by KPT |             |             | Estimated Modified by TAMP |             |             |
| 1                                                                  | TOTAL EXPENSES                                                                                                                                                                                                                                                |                                | 2012-13                       | 2013-14     | 2014-15     | 2012-13                    | 2013-14     | 2014-15     |
| (i).                                                               | Salary & Wages (Estimates of KPT for 2012-13 includes impact of wage revision. In TAMP's statement wage revision considered at sr. no. (xii)                                                                                                                  | 441590566                      | 397427867                     | 504923894   | 534185754   | 397427867                  | 425247818   | 455015165   |
| (ii).                                                              | Stores                                                                                                                                                                                                                                                        | 697718                         | 813795                        | 866691.32   | 923026.2558 | 813795                     | 870761      | 931714      |
| (iii).                                                             | Office & Administration Exp                                                                                                                                                                                                                                   | 282268                         | 139964                        | 149061.66   | 158750.6679 | 139964                     | 149761      | 160245      |
| (iv).                                                              | Operation & Maintenance Exp                                                                                                                                                                                                                                   | 86418                          | 6483                          | 6904.04     | 7352.8026   | 6483                       | 6937        | 7422        |
| (v).                                                               | Medical Exp                                                                                                                                                                                                                                                   | 4910008                        | 3862149                       | 4113189.04  | 4380546.328 | 3862149                    | 4132499     | 4421774     |
| (vi).                                                              | Depreciation                                                                                                                                                                                                                                                  | 905441                         | 100000                        | 1000000     | 1000000     | 905441                     | 905441      | 905441      |
| (vii).                                                             | Gratuity (including wage revision considered at 15% of actuals of 2012-13)                                                                                                                                                                                    | 25372723                       | 37146748                      | 29002949    | 24648265    | 35598966                   | 27794493    | 23621254    |
| (viii).                                                            | Commutation of Pension (including wage revision considered at 15% of actuals of 2012-13)                                                                                                                                                                      | 12799998                       | 18739742                      | 18364993    | 14839349    | 17958920                   | 17599785    | 14221043    |
| (ix).                                                              | Pension (including wage revision considered at 15% of actuals of 2012-13)                                                                                                                                                                                     | 63027279                       | 92274622                      | 103033294   | 120799844   | 88429846                   | 94619935    | 101243330   |
| (x).                                                               | SUB - TOTAL                                                                                                                                                                                                                                                   | 549672419                      | 550511370                     | 661460976   | 700942888   | 545143431                  | 571327430   | 600527389   |
| (xi).                                                              | Add: VDA Increase Expected @ 10% of Basic Pay per annum (Considering 2.5% per qtr)                                                                                                                                                                            | 0                              | 13303933                      | 13703051.28 | 14114143    | 0                          | 0           | 0           |
| (xii).                                                             | Impact of wage revision for the year 2012-13 considered by KPT at 20% of Salaries & wages. In TAMP's statement wage revision is considered at 15% of salaries & wages from 2012-13 to 2014-15.                                                                | 0                              | 79485573                      | 0           | 0           | 59,614,180                 | 63,787,173  | 68,252,275  |
| (xiii).                                                            | Excess of Expenditure over income during the year 2011-12 (excluding OT) ₹91701747 + OT amount spread for 5 years as decided by Board i.e. (₹3 crore * 2/5)=₹12000000. Adjustment of past loss of 2011-12 considered by TAMP as at <u>Sr. No. 9 &amp; 10.</u> | 0                              | 103701738                     | 122554551   | 12000000    | 0                          | 0           | 0           |
| (xiv).                                                             | TOTAL                                                                                                                                                                                                                                                         | 549,672,419                    | 747902614                     | 797718579   | 727057031   | 604757611                  | 658,326,284 | 715,203,025 |
| 2                                                                  | CAPITAL EMPLOYED                                                                                                                                                                                                                                              | 27541461                       | 27541000                      | 27541000    | 27541000    | 25730579                   | 24825138    | 23919697    |
| 3                                                                  | RETURN ON CAPITAL EMPLOYED                                                                                                                                                                                                                                    | 4261763                        | 4406560                       | 4406560     | 4406560     | 4116893                    | 3972022     | 3827152     |
| 4                                                                  | REVENUE REQUIREMENT FOR THE YEAR ( 1 + 3 )                                                                                                                                                                                                                    | 553,934,182                    | 752309174                     | 802125139   | 731463591   | 608874504                  | 662298306   | 719030177   |
| 5                                                                  | REVENUE REALISED DURING 2011-12 and 2012-13                                                                                                                                                                                                                   | 402,377,241                    | 538052885                     | 0           | 0           | 538052885                  | 0           | 0           |
| 6                                                                  | Deficit estimated for the years 2011-12 and 2012-13                                                                                                                                                                                                           | 151,556,941                    | 110554551                     | 0           | 0           | 70821619                   | 0           | 0           |
| 7                                                                  | Less: Effect of adjustment of 5% towards cost reduction/ productivity improvements, etc. as considered in last order                                                                                                                                          | 7,577,847                      | 0                             | 0           | 0           | 3541081                    | 33114915    | 35951509    |
| 8                                                                  | Deficit for the year 2011-12 and 2012-13 after considering effect of 5% reduction as considered in last order                                                                                                                                                 | 143,979,094                    | 0                             | 0           | 0           | 67280538                   | 0           | 0           |
| 9                                                                  | Quantum of Past Period Loss considered for adjustment:                                                                                                                                                                                                        | 0                              | 0                             | 0           | 0           | 0                          | 0           | 0           |
| 10                                                                 | 50% of Actual Deficit of ₹143979094/- for the year 2011-12 Plus 100% of deficit estimated for the year 2012-13 of ₹67280538/-                                                                                                                                 | 0                              | 0                             | 0           | 0           | 139270085                  | 0           | 0           |
| 11                                                                 | Set off of past period loss over 3 year period from 01.10.2013 to 31.3.2015 (current tariff cycle) and the remaining to be adjusted in the next tariff cycle upto 30.9.2016                                                                                   | 0                              | 0                             | 0           | 0           | 0                          | 23,211,681  | 46,423,362  |
| 12                                                                 | Total Revenue to be recovered ( 4 - 7 +11)                                                                                                                                                                                                                    | 0                              | 752309174                     | 802125139   | 731463591   | 0                          | 652,395,071 | 729,502,030 |
| 13                                                                 | Total Gangs Supplied                                                                                                                                                                                                                                          | 27554                          | 28139                         | 28139       | 28139       | 28139                      | 28139       | 28139       |
| 14                                                                 | Revenue expected per Gang ( 9/10 )                                                                                                                                                                                                                            | 19098                          | 26735                         | 28506       | 25995       | 0                          | 23185       | 25925       |
| 15                                                                 | Average Revenue Expected from per gang per commodity per tonne                                                                                                                                                                                                |                                | 27079                         |             |             |                            | 24555       |             |

**ANNEX - III (a)**

**COMMODITY WISE PER TONNE RATE FOR BULK CARGO FOR ON-BOARD LABOUR OF CARGO HANDLING DIVISION**

| Sr. No. | Particulars                         | No. of gangs | Average Revenue Requirement per gang (₹) | Quantity handled (MT) | Gang Shift Output (MT) | Rate per MT (₹) | Foreign Traffic (90%) | Coastal Traffic (10%) | Revenue Requirement (₹) | Proportionate Foreign Traffic | Rate for Foreign cargo (₹) | Rate for Coastal cargo (₹) |
|---------|-------------------------------------|--------------|------------------------------------------|-----------------------|------------------------|-----------------|-----------------------|-----------------------|-------------------------|-------------------------------|----------------------------|----------------------------|
| (i).    | Fertiliser/ Fertiliser Raw Material | 4273         | 24555                                    | 4947647               | 1158                   | 21.21           | 4452882               | 494765                | 104922817               | 4749741                       | 22.09                      | 13.25                      |
| (ii).   | Rice and other foodgrains           | 2429         | 24555                                    | 1686309               | 694                    | 35.37           | 1517678               | 168631                | 59643698                | 1618857                       | 36.84                      | 22.10                      |
| (iii).  | Iron ore                            | 621          | 24555                                    | 1000000               | 1610                   | 15.25           | 1000000               | 0                     | 15248554                | 1000000                       | 15.25                      | 15.25                      |
| (iv).   | Ores other than iron ore            | 661          | 24555                                    | 839067                | 1269                   | 19.34           | 755160                | 83907                 | 16230747                | 805504                        | 20.15                      | 12.09                      |
| (v).    | Scraps                              | 77           | 24555                                    | 48000                 | 623                    | 39.39           | 43200                 | 4800                  | 1890722                 | 46080                         | 41.03                      | 24.62                      |
| (vi).   | Oil Extractions                     | 2531         | 24555                                    | 2522039               | 996                    | 24.64           | 2269835               | 252204                | 62148292                | 2421157                       | 25.67                      | 15.40                      |
| (vii).  | Thermal Coal                        | 1808         | 24555                                    | 3863787               | 2137                   | 11.49           | 3863787               | 0                     | 44395145                | 3863787                       | 11.49                      | 11.49                      |
| (viii). | Other Coal                          | 140          | 24555                                    | 325000                | 2321                   | 10.58           | 292500                | 32500                 | 3437677                 | 312000                        | 11.02                      | 6.61                       |
| (ix).   | Salt                                | 2032         | 24555                                    | 3403000               | 1675                   | 14.66           | 3062700               | 340300                | 49895428                | 3266880                       | 15.27                      | 9.16                       |
| (x).    | Sugar                               | 589          | 24555                                    | 590000                | 1002                   | 24.51           | 531000                | 59000                 | 14462799                | 566400                        | 25.53                      | 15.32                      |
| (xi).   | All other unspecified goods         | 693          | 24555                                    | 1329536               | 1919                   | 12.80           | 1196582               | 132954                | 17016502                | 1276355                       | 13.33                      | 8.00                       |

**ANNEX - III (b)**

**COMMODITY WISE PER TONNE RATE FOR BREAK BULK CARGO FOR ON-BOARD LABOUR OF CARGO HANDLING DIVISION AT KANDLA PORT TRUST**

| Sr. No. | Particulars                           | No. of gangs | Revenue Requirement per gang (₹) | Quantity handled (MT) | Gang Shift Output (MT) | Rate per MT | Foreign Traffic (90%) | Coastal Traffic (10%) | Revenue Requirement (₹) | Proportionate Foreign Traffic | Rate for Foreign cargo (₹) | Rate for Coastal cargo (₹) |
|---------|---------------------------------------|--------------|----------------------------------|-----------------------|------------------------|-------------|-----------------------|-----------------------|-------------------------|-------------------------------|----------------------------|----------------------------|
| (i).    | Fertiliser/ Fertiliser Raw Material   | 0            | 0                                | 0                     | 0                      | 0           | 0                     | 0                     | 0                       | 0                             | 0                          | 0                          |
| (ii).   | Rice and other foodgrains             | 2868         | 24555                            | 1232691               | 430                    | 57          | 1109422               | 123269                | 70423272                | 1183383.36                    | 59.51                      | 35.71                      |
| (iii).  | Cement                                | 69           | 24555                            | 15000                 | 217                    | 113         | 13500                 | 1500                  | 1694284                 | 14400                         | 117.66                     | 70.60                      |
| (iv).   | Steel Coils and Steel pipes           | 1278         | 24555                            | 1032886               | 808                    | 30          | 929597                | 103289                | 31381081                | 991570.56                     | 31.65                      | 18.99                      |
| (v).    | Timber and other logs                 | 5392         | 24555                            | 2862523               | 531                    | 46          | 2576271               | 286252                | 132399680               | 2748022.08                    | 48.18                      | 28.91                      |
| (vi).   | Salt                                  | 161          | 24555                            | 127969                | 795                    | 31          | 115172                | 12797                 | 3953329                 | 122850.24                     | 32.18                      | 19.31                      |
| (vii).  | Sugar                                 | 1600         | 24555                            | 610000                | 381                    | 64          | 549000                | 61000                 | 39287739                | 585600                        | 67.09                      | 40.25                      |
| (viii). | Granites and Marbles                  | 569          | 24555                            | 316000                | 555                    | 44          | 284400                | 31600                 | 13971702                | 303360                        | 46.06                      | 27.63                      |
| (ix).   | Machinery Packages and other packages | 17           | 24555                            | 14796                 | 870                    | 28          | 13316                 | 1480                  | 417432                  | 14204.16                      | 29.39                      | 17.63                      |
| (x).    | Oil Extraction                        | 39           | 24555                            | 27492                 | 705                    | 35          | 24743                 | 2749                  | 957639                  | 26392.32                      | 36.28                      | 21.77                      |
| (xi).   | All other unspecified goods.          | 292          | 24555                            | 98000                 | 336                    | 73          | 88200                 | 9800                  | 7170012                 | 94080                         | 76.21                      | 45.73                      |

**Annex - IV**

Insert the following schedule in Chapter - III of the Scale of Rates of Kandla Port Trust

**CLAUSE 3 - CHARGES FOR COMPOSITE RATE FOR ON-BOARD LABOUR OF CARGO HANDLING DIVISION AT KANDLA PORT TRUST**

| Sr. No | Cargo Items                           | (Rate in ₹ Per MT) |           |            |           |
|--------|---------------------------------------|--------------------|-----------|------------|-----------|
|        |                                       | Bulk               |           | Break Bulk |           |
|        |                                       | Foreign ₹          | Coastal ₹ | Foreign ₹  | Coastal ₹ |
| 1      | Fertiliser/ Fertiliser Raw Material   | 22.09              | 13.25     | -          | -         |
| 2      | Rice and other foodgrains             | 36.84              | 22.10     | 59.51      | 35.71     |
| 3      | Cement                                | -                  | -         | 117.66     | 70.60     |
| 4      | Steel Coils and Steel pipes           | -                  | -         | 31.65      | 18.99     |
| 5      | Timber and other logs                 | -                  | -         | 48.18      | 28.91     |
| 6      | Machinery Packages and other packages | -                  | -         | 29.39      | 17.63     |
| 7      | Iron ore                              | 15.25              | 15.25     | -          | -         |
| 8      | Ores other than iron ore              | 20.15              | 12.09     | -          | -         |
| 9      | Scraps                                | 41.03              | 24.62     | -          | -         |
| 10     | Oil Extractions                       | 25.67              | 15.40     | 36.28      | 21.77     |
| 11     | Thermal Coal                          | 11.49              | 11.49     | -          | -         |
| 12     | Other Coal                            | 11.02              | 6.61      | -          | -         |
| 13     | Salt                                  | 15.27              | 9.16      | 32.18      | 19.31     |
| 14     | Sugar                                 | 25.53              | 15.32     | 67.09      | 40.25     |
| 15     | Granites and Marbles                  | -                  | -         | 46.06      | 27.63     |
| 16     | All other unspecified goods           | 13.33              | 8.00      | 76.21      | 45.73     |

**NOTE:**

The revenue for actual quantity handled by a stevedore to be divided by the actual numbers of gangs supplied to arrive at the per gang cost and compare the same with the revenue requirement per gang. If the actual revenue per gang is more than the maximum average revenue requirement per gang i.e. ₹24,555/-, the surplus will be refunded to the stevedore while in case of shortfall the same shall be recovered from the stevedore.

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

|                                |                                                                                                                                                                         |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>F.No.TAMP/41/2012 - KPT</b> | <b>Proposal from the Kandla Port Trust (KPT) for fixation of per tonne rate for on-board labour in lieu of levy and other charges of Cargo Handling Division of KPT</b> |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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A summary of comments received from users/ user organisations and the response of KPT thereon are tabulated below:

| <b>Sl. No.</b> | <b>Comments of users/ user organisations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Reply of KPT</b>                                                                                                                                                                                                                                                                                               |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1.</b>      | <b>Indian National Shipowners Association</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                   |
| (i).           | The page 3 of the minutes of the meeting held on 9 May 2012 between the Port and Stevedores Association points out that within 6 months i.e. the period under consideration for calculations submitted by KPT, an overtime of 7.82 crores is paid against loss of 9 crores during the same period and is said to be the main reason for the proposal. Apart from this factual position stated, after perusing the supporting data for proposal the following points are urged: |                                                                                                                                                                                                                                                                                                                   |
| (a).           | The port would be providing a one window service to vessel owners/ operators i.e. just the way Marine Services are provided and a vessel owner/ agent doesn't have to deal with vendor engaged by Marine department.                                                                                                                                                                                                                                                           | The per tonne rates for supply of cargo handling labour and on board labour charges are to be payable by stevedores licensed under the Kandla Port Trust (licensing of Stevedores) Regulations 2010. Kandla Port Trust has already provided a single window service for collecting deposits for various services. |
| (b).           | The service and tariff would be with clarity of unconditional fixed cost to be paid for a unit weight of cargo handling that would include all aspects i.e. from vessel hold to Truck/Rail or vice versa, depending on how cargo is handled.                                                                                                                                                                                                                                   | The per tonne rates proposed by KPT are only in respect of supply of on board labour and do not include charges for other services.                                                                                                                                                                               |
| (c).           | The minimum productivity parameters presumed & considered during calculations would be actually monitored and performed by port, without Agent/Vessel having to seek assistance from an outside agency. In case of underperformance there should be a scope of compensating to vessel. Just the way ground rent and demurrages charges are levied for inefficiency in clearance of cargoes.                                                                                    | The proposal of KPT already takes care of productivity aspects. Per gang revenue requirement has been specified and in case of shortfall/ surplus revenue, the charges shall be collected/ refunded as the case may be.                                                                                           |
| (ii).          | With reference to Statement D, the 'TOTAL EXPENSES' {item (k)} provide for Overtime estimates. Since all cost details are provided for 6 months period, Provision of Overtime should be considered for 6 months and not full year i.e. Three crores figure proposed for recovery over period of five years, if apportioned for six months would be ₹30 lakhs and not 60 lakhs as                                                                                               | The above point will be taken into account in line with decision taken in the Board.                                                                                                                                                                                                                              |

|    |                                                                                                                                      |    |
|----|--------------------------------------------------------------------------------------------------------------------------------------|----|
|    | taken therein.                                                                                                                       |    |
| 2. | <b>Kandla Port Stevedores Association (KPSA)</b>                                                                                     |    |
|    | KPSA vide its letter dated 21 August 2012 has stated that it does not have anything to add to the revised proposal submitted by KPT. | -- |

2. A joint hearing in this case was held on 11 January 2013 at the KPT premises. The KPT made a power point presentation of its proposal. At the joint hearing, the KPT and the concerned users/ organisation bodies have made the following submissions:

**Kandla Port Trust**

- (i). Implementation of manning Scale has necessitated over time booking. Labour is required to be booked on overtime due to demand. Minimum over time has been considered in the proposal.
- (ii). The deficit suffered by Cargo Handling Division during the six months period from June 2011 to November 2011 is considered in the proposal. Deficit considered excludes overtime cost.
- (iii). The entire operating cost of the Cargo Handling Division is Salary & Wages and other allowances. Operating Cost increases due to increase in Variable Dearness Allowance (VDA). Provision is made for factoring increase in VDA from time to time. Port cannot wait till completion of the tariff cycle to absorb the increase in operating cost due to increase in VDA. It will unduly enrich present users at the cost of the future users.
- (iv). VDA is based on Consumer Price Index. CPI is declared by Government. Therefore, rates may be revised on quarterly basis.
- (v). Datums were fixed in 1979. Unions oppose increase in Datum. They demand increase in piece rates. We have given a proposal to the unions. The issue of revision of datum may have to be solved by consultative approach and give and take policy. We have implemented manning scale to the extent of 80% assuring unions that present piece rate incentive will be protected.  
If manning scales are fully implemented, around 30% to 40% man power may be rendered surplus.

**Kandla Stevedores' Association Ltd.**

- (i). We shall send our comments on the proposal to TAMP.
- (ii). On-board rates should be a part of KPT SOR.
- (iii). There is inter-activity cross subsidisation. TAMP may not like to have inter-activity cross subsidisation in KPT. This proposal and port's general revision proposal should be considered together.  
[KPT- Due to increase in VDA, Cargo Handling Division suffers loss. Our proposal may be decided independent of our general revision proposal.]
- (iv). Earlier, we agreed to the rates subject to stopping OT and implementation of manning scale and exclusion of ROCE. OT was stopped partially in May 2012 after a gap of 2 years.  
[KPT-We have considered OT 50% only in this proposal and balance 50% is considered in our general revision proposal.]
- (v). We are not agreeable for retrospective implementation of new rates. New rates should take effect prospectively.

- (vi). There is still some element of manning scale to be implemented by the port. So, there is scope for cost reduction.

#### **Kandla Port's Stevedores Association**

- (i). Labour gang is supplied even for barge handling. OT is given. Vessels go to other nearby ports on cost considerations. They do not charge for on-board labour.
- (ii). On-board labour charge may be considered as an element of wharfage. If wharfage increase is upto 20%, it does not matter.  
[KPT-We give minimum OT. We have to examine the impact of including on-board labour charge in wharfage. We will examine.]

#### **Custom House Agents' Association, IFFCO and Regal Shipping**

- (i). We endorse the views of KSA Ltd.

#### **Kandla Port Karmachari Sangh**

- (i). Erstwhile KDLB was forced on KPT in the merger with KPT. Entire liability has come on KPT.
- (ii). KPT has sustained a loss of ₹36 Crores due to change from per worker per shift to per ton system.
- (iii). KPT should go back to the earlier system of recovery of wages and percentage levy system.

3. At the joint hearing the Kandla Port Karmachari Sangh (KPKS) vide its letter dated 11 January 2013 furnished its written submissions on the subject proposal. Subsequently, the Kandla Stevedores' Association Limited (KSA) vide its letter dated 28 January 2013 and the Kandla Port Dock Stevedores Association (KPDOSA) vide its letter dated 7 February 2013 addressed to KPT and copy endorsed to the Authority furnished its comments on the subject proposal. A copy each of these submissions were forwarded to the KPT vide our letter dated 30 January 2013 and 18 February 2013 for comments. The KPT has not furnished its comments thereon. The main points made by KPKS, KSA and KPDOSA are as below:

| Sl. No. | Submission of users/ user organisations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | <b>Kandla Port Karmachari Sangh</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (i).    | Since inception of the KDLB till its merger in KPT on 24.01.2007, the cost of labour were being recovered from trade and user based on realistic formula i.e. per worker per shift because the major expenses were on the supply of labour on board to register Stevedores. It is not understood why and how a proposal was brought in the Board of Trustees to switch over based on tonnage basis? It is also fact that till the Kandla Dock labour Board was not merged, it was making profit because recovery of cost was based on what was incurred on such labour plus percentage levy. |
| (ii).   | Suddenly a proposal was moved in KPT Board to replace the recovery of labour cost plus percentage of levy in to tonnage base based on desire of TAMP. No one has really examined as to how the actual cost of labour plus percentage of levy if changed to tonnage basis and the periodical increase in Variable Dearness Allowance will be inbuilt in so called tonnage based recovery. It is observed that KPT has sustained continuous revenue loss in crores due to lack of examining such factors by the TAMP.                                                                          |
| (iii).  | Record will reveal that after merger of KDLB with KPT i.e. on 24.1.2007, the process of seeking approval of TAMP for fixing the charges to be recovered for the supply of On Board Labour was started on 18.06.2007 and the final rates were notified after laps of about 5 years i.e. 05.05.2011. In this context, if internal exchange of clarification and piecemeal objections raised by TAMP such long time has been taken which has led to huge financial loss because                                                                                                                 |



|           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|           | TAMP approved the rates for the intervening period from 2007 to 2011 based on the cost prevailing in the year 2007. This has caused huge financial loss to KPT at the cost of Stevedores, reason best known to the TAMP (this is despite TAMP being fully aware of the cost increase during this period and must be known to the Stevedores also).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (iv).     | TAMP has nothing to do with the internal matters which are related to National Agreements with the Workers Federations and therefore, if Stevedores link this matter about non-implementation of manning scale whereas in such matter there were other interlinked issues such as revision of datum, absorption of workers and many interlinked issues on which no consensus could arrive due to negative attitude of Stevedores. All such issues were not only at KPT but these same issue were on those Ports which were having Dock Labour Board System.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (v).      | As per MPT Act, Stevedoring being a cargo related service has to be mandatorily provided by the Port Trust or any agency authorized under the MPT Act. Now, while the per ton rates for various cargoes have been notified by the TAMP what are the actual rates being charged by the Stevedores to the end users is not regulated either by KPT or by TAMP or is not known to anybody. Therefore, there is possibility that someone is eating the cream behind curtain.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (vi).     | It feels that existing TAMP order dated 05.05.2011 given effect since 2007 needs to be reviewed and the loss sustained due to unrealistic fixation of rate by TAMP for the period from 2007 to 2011 and now onwards must be rectified and therefore henceforth the original system of charging labour cost plus percentage of levy should be restored. KPKS reserve right to challenge if corrective decision is not taken in any forum including Court of Law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>2.</b> | <b>Kandla Stevedores' Association Ltd.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (i).      | Fixation of On-board labour rates should not be held separate from the fixation of SOR of KPT and should a single exercise where fixation of On-board labour rates should be taken up alongwith SOR of KPT at the same time. Besides other reasons, KSA believe this would not only save time of the Port but also of the Authority in terms of processing separate proposals, separate joint hearings, etc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| (ii).     | <p>In addition, post-merger of the erstwhile Kandla Dock Labour Board with that of the KPT, the On-Board labour has become another activity of the Port and hence added onto the other activities of the Port.</p> <p>Importantly, based on the above, any high increase in the On-Board rates can be averaged out to the desired extent with the Wharfage charges of the Port, as these activities fall within the ambit of Cargo related charges.</p> <p>The above assumes significance in light of the fact that the first proposal of KPT for fixation of On-Board labour per tonne rates dated 06.06.2008 sent to TAMP contained a total of 57 items (Import &amp; Export), besides which the number of items/different categories of Cargoes in the erstwhile Kandla Dock Labour Board were a lot more in comparison to the number of items/cargoes that were finally proposed by KPT i.e. 16 items as reflected in TAMP Order dated 25 March 2011.</p> <p>It is imperative to note here that this decision to align the number of items/cargoes exactly as per the wharfage schedule was taken during the course of one of our meeting with KPT held on 7 July 2010 and 30 September 2010.</p> <p>This was done so as to ensure that the types/description of cargoes for On-Board labour and wharfage are the same as both of these fall under the Cargo Related Charges category, as also the fact that the merger settlement provides for interchangeability between Shore workers and On Board workers, so as to ensure that going forward, adjustments in Tariffs proposed could be made between these two items/activities of wharfage and On-Board labour.</p> <p>Kandla Port, hence decided accordingly and the number of items/cargoes in their earlier proposal were hence consciously aligned exactly as per the wharfage schedule.</p> <p>Keeping the above fact in mind, it is hence essential that in future the proposal for fixation of On-Board labour rates and wharfage charges (which form a part of the KPT SOR) are taken up together/simultaneously enabling an effective mechanism in fixation of Tariffs for both these activities.</p> |

|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| (iii).  | As in case of other activities of the Port, KSA believe that the On-Board activity should not be treated in isolation, and as and when required, also get the benefit of inter activity adjustments, like in the case of other activities of the Port so as to ensure the proposals reflect what the Traffic can bear.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (iv).   | <p>KPT has proposed the current rates to be made applicable from 1 April 2012 onwards.</p> <p>KSA believe that it is a policy of TAMP not to fix any rates with retrospective effect but only with prospective effect. It is requested that TAMP may kindly follow this concept and only fix the rates with prospective effect.</p> <p>KSA oppose the proposal of KPT for fixation of rates w.e.f. 1 April 2012 as recoveries for past dues cannot be made from Importers/Exporters/Principals etc. simply because a contract with them ceases once a vessel has completed its discharge /loading of cargo, hence under no circumstances can any past differential dues (as a consequence of fixation of new rates with retrospective effect) be collected and this burden cannot be borne by the Trade.</p> <p>KSA request that Rates fixed by TAMP may be made applicable from a prospective date only.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (v).    | <p>In addition to above, attention is drawn to Clause (xvii) at page 15 (especially the last three sentences of this Para) TAMP's order dated 25 March 2011, wherein KPT was advised to submit a well analyzed proposal by 31 December 2011 for the rates to be applied w.e.f. 1 April 2012.</p> <p>So while on the one hand KPT has conveniently chosen to partially read from this sentence and requested for approval of revised rates from 1 April 2012 onwards, it has not adhered to the date of submission of their proposal by 31 December 2011. Had this been done, the issue of retrospective applicability of rates would not have been come into picture.</p> <p>Instead KPT sent its proposal to TAMP on 2 July 2012 i.e. seven months later compared to when they were supposed to and infact three months after the date from when they want these new rates to be made applicable (1 April 2012) which KSA believe is not only unfair, but not in the true letter and spirit of the TAMP quoted above.</p> <p>The delay on the part of the KPT in sending the revision proposal as per earlier TAMP order and revision sought even beyond the effective date of applicability and the trade made to bear the burden of this unrecoverable cost caused due to delay on the part of KPT and not the trade may not be overlooked by TAMP.</p> <p>Keeping in view the TAMP Order dated 25 March 2011, it is requested that the rates may be fixed with prospective effect only.</p> |
| (vi).   | <p>Whilst fixation of the Rates for on-board supply of labour earlier, KSA had agreed to the rates proposed by KPT, subject to implementation of manning the scales, stoppage of overtime and exclusion of ROCE.</p> <p>In the TAMP Order dated 25 March 2011 it is seen that Clause 11.2 s.No.7 at Page 10 under the heading of 'Queries raised by TAMP. The reply from KPT to this particular query is completely unanswered.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (vii).  | <p>KSA state that full overtime continued till May 2012 and though it is not completely eliminated even as on the date, partial manning scales were introduced in May 2012 and as consequence, overtime was considerably reduced w.e.f. May 2012.</p> <p>KSA therefore state that imposition of this burden of overtime onto the rates for the period for which KSA had already stated on 30 September 2012 was not acceptable, is unfair and adds a burden onto the cost of handling dry cargoes at Kandla. This element of overtime should be excluded whilst fixation of rates.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (viii). | <p>As it is felt that overtime would be stopped based on KSA agreement with the KPT's earlier proposal, KSA had, based on this premise stated that the Rates fixed may be reviewed every six months as KSA believed that upon stoppage of overtime, the costs would reduce and this cost reduction could be passed onto the Exim trade.</p> <p>It is with the above intention that KSA had sought a six monthly review, which is reflected in</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

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|         | <p>TAMP order dated 25 March 2011 at clause (xvii) at page 15.</p> <p>A reading of this clause makes it amply clear that in normal course, the rates would have fixed with a validity of three years (i.e. till 24 March 2014), it is for the reason explained therein (read as what KSA had raised) that the rates were approved with a validity of only One year.</p> <p>Hence, while on the one hand the existing rates would have remained valid upto 24 March 2014 (Three year validity), in anticipation of a lowered cost structure, due implementation of manning scale and stoppage of overtime, KSA requested for a review every six months, and bearing this in mind TAMP approved the rates only for one year instead of three years.</p> <p>However, KSA now faced with this piquant situation whereby on the one hand overtime continued, so the reasons for asking for a review were negated and on the other, TAMP approved these rates for only one year instead of three years, for this very reason and now instead of March 2014 KSA find itself in this situation of a proposed hike earlier than what would normally have been the case.</p> <p>KSA hence are being burdened earlier for what should have in fact been a reduced cost structure, had overtime been eliminated at that stage itself.</p> <p>KSA firmly believe that the onus of non-stoppage of overtime or reduction in overtime should not be placed on the shoulders of the trade.</p> |
| (ix).   | KSA are unable to agree on the recovery of 16% on Return on Capital employed for the simple reason that on-board labour charges are collected from the Stevedores 'IN ADVANCE' prior to supply of labour, hence the question of either capital employment or investment on the part of KPT on this particular activity does not arise. As such, recovery of 16% ROI on capital employed or 16% ROCE may not be granted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (x).    | Taking into account full implementation of manning scales in the near term and the lowering of costs, this reduction in costs may kindly be factored fixing the on-board labour rates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (xi).   | Dearness allowance etc., payable for the period going forward have already been taken into account at this stage itself. This may kindly be staggered suitably.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (xii).  | KSA views and comments as reflected in the minutes of meeting held by the Traffic Manager on 9 May 2012 be perused and treated in conjunction with these comments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (xiii). | <p>Cargo related charges are proposed to be increased to the extent of 88% in the General revision of the KPT Scale of Rates.</p> <p>This coupled with an increased proposed between 40% and 50% in the current proposal for On Board labour rates, would increase the cargo related charges,/ costs to the extent of almost 125% to 135% in comparison to the existing rates.</p> <p>This could render KPT non-competitive vis-à-vis immediate neighbouring private ports which neither suffer from the legacy of employment of Government labour nor the compulsion of ensuring a return of 16% on their investments or capital employed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 3.      | <b>Kandla Port Dock Stevedores Association (KPDSA)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|         | KPDSA confirms that Traffic Manager had invited this Association along with others to attend the meeting on 7 <sup>th</sup> February, 2013 at KPT to discuss and deliberate the revised proposal prepared by KPT for fixation of per tonne rate for supply of on board labour in lieu of levy and other charges of Cargo Handling Division of the Port. This association outright rejects the calculations made by Kandla Port for the following reasons:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (i).    | The port has made calculation of availability of labours for supply in each shift (average basis) and number of gangs used in a shift (average) from Berth no. 1 to 10. Port has not taken into calculation of gangs required on berth no. 11 and 12 by container terminal as container terminal is exempted from booking the gangs. Port has also not considered requirement of private bulk cargo handling terminals on Berth no. 13 to 16 as these terminals are also exempted from payment of port wharfage and as well as On board labour gangs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (ii).   | As per port calculation based gangs used on berth no. 1 to 10 average cost of one gang of 12 labourers is ₹26735/-. Based on this cost of ₹26735/- per gang and per hook performance achieved calculation is made to arrive at the revised proposed rate. Port has proposed revision of rates even for those cargo items which actually do not need on board labour and pay                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

|                      | notional rate because of ports policy as given below:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                |                     |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------|----------------|---------------------|-------------|-------|-------|--------|------------|-------|-------|---------|---------------------|-------|-------|--------|-----------|-------|-------|--------|----------------------|-------|-------|--------|----------------|-------|-------|--------|
|                      | <table><tr><th>Cargo Item</th><th>Proposed Rates</th><th>Existing Rates</th><th>Percentage Increase</th></tr><tr><td>Fertilisers</td><td>24.36</td><td>13.96</td><td>74.50%</td></tr><tr><td>Steam Coal</td><td>27.33</td><td>10.39</td><td>163.04%</td></tr><tr><td>Timber &amp; other logs</td><td>53.13</td><td>38.64</td><td>37.18%</td></tr><tr><td>Raw sugar</td><td>28.16</td><td>17.42</td><td>61.63%</td></tr><tr><td>Wheat in bulk export</td><td>40.63</td><td>21.62</td><td>87.91%</td></tr><tr><td>Oil Extraction</td><td>28.31</td><td>18.95</td><td>49.38%</td></tr></table>                                                                                                                                                                                                                                                                                                                                    | Cargo Item     | Proposed Rates      | Existing Rates | Percentage Increase | Fertilisers | 24.36 | 13.96 | 74.50% | Steam Coal | 27.33 | 10.39 | 163.04% | Timber & other logs | 53.13 | 38.64 | 37.18% | Raw sugar | 28.16 | 17.42 | 61.63% | Wheat in bulk export | 40.63 | 21.62 | 87.91% | Oil Extraction | 28.31 | 18.95 | 49.38% |
| Cargo Item           | Proposed Rates                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Existing Rates | Percentage Increase |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| Fertilisers          | 24.36                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 13.96          | 74.50%              |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| Steam Coal           | 27.33                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 10.39          | 163.04%             |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| Timber & other logs  | 53.13                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 38.64          | 37.18%              |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| Raw sugar            | 28.16                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 17.42          | 61.63%              |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| Wheat in bulk export | 40.63                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 21.62          | 87.91%              |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| Oil Extraction       | 28.31                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 18.95          | 49.38%              |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| (iii).               | It is mandatory for all vessels berthing on berth no. 1 to 10 irrespective of their requirement or not to book one gang per hook in each shift and without booking one gang of 12 labourers we cannot operate. Thus, for operation of four hooks we have to engage 48 labourers (4 gangs). Stevedores don't need services of any labour for above cargoes being mechanised handled but yet stevedores have to book as notional gangs and pay huge amount in account of importers and exporters and thus increasing inflation and making our export unviable in the international market. Ultimately Govt. has to subsidise cost and pay subsidies on fertiliser and power. Govt. is very serious to export ten million tonnes of wheat and five million tonnes of rice to create storage space in coming bumper crop but by increasing cost like this we are making our export unviable and ultimately Govt. has to subsidise. |                |                     |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| (iv).                | Kandla Port has exempted booking one gang per hook to private operators. The operators of Berth no. 11, 12 and 13 to 16 and Tuna Takra berth operator do not have to book gangs because port has signed concessional agreement with them by which these terminals pay Kandla Port revenue share on their gross revenue.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                |                     |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| (v).                 | Since it is made mandatory for stevedores to book one gang per hook in each shift even if it notional booking, same may be imposed on private operator also. They should also book one gang per hook in each shift and charges be debited to port against revenue share. Port is collecting 49% gross revenue share from Container terminal and 32% from Berth no. 13, 26% from berth no. 15/16 and 41% from berth no. 14. This revenue share being collected from Private terminal against exemption of port wharfage and on board labour charges. Since port is collecting on board labour charges and wharfage from them in separate head of Revenue share, the same should be used against these two services.                                                                                                                                                                                                             |                |                     |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |
| (vii).               | This association strongly protests the proposed rates calculated based on gangs required by only 10 vessels but calculation is made by booking notional gangs on Berth nos.1,12, 13 during 2013-14 and further used by berth no.14, 15, 16 and four berths of Tuna Tekra. Fresh calculation may be made keeping at par all vessels before implementing any revision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                |                     |                |                     |             |       |       |        |            |       |       |         |                     |       |       |        |           |       |       |        |                      |       |       |        |                |       |       |        |

4. The revised proposal dated 21 February 2013 received from the KPT was circulated to the users / user associations for comments vide our letter dated 27 February 2013 . The comments so received were forwarded to the KPT as feedback information. The KPT has, however, not furnished its response there on. The summary of the comments received from some of the users/ user associations on the revised proposal is as below:

| Sl. No. | Comments of users/ user organisations                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.      | <b>Kandla Port Stevedores Association</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (i).    | The suggestion for inclusion of portion of increase in wharfage charges was made by them.                                                                                                                                                                                                                                                                                                                                                                                                              |
| (ii).   | It has reiterated the point made by Kandla Port Dock Stevedores Association (KPDSA) about payment done towards booking of notional gang. It has also submitted that in case of BOT operators like ABG, RAS Infraport, the port is recovering revenue share which is in lieu of engagement of labourers and wharfage charges. Hence, the proportionate quantum of working at abovesaid terminals needs to be considered as an income to come to realistic assessment for revision in CHD, if necessary. |
| 2.      | <b>Kandla Port Karmachari Sangh</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (i).    | At the outset it submits that TAMP has to protect the interest of Port Trust keeping in mind the nearby private port operators and collection of levy and other charges from the Stevedores of KPT before merger settlement. But, it is observed that this has not been taken care of by the TAMP and huge revenue benefit is allowed to be earned by private parties through their associations.                                                                                                      |
| (ii).   | From internal record of the KPT including discussions with the Port users on 07.02.2013 and also keeping in mind the revenue earned by erstwhile KDLB it is proved beyond doubt that previous system of charging levy and other charges in respect of on board labour "as per shift                                                                                                                                                                                                                    |

|         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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|         | basis” was correct and reasonable. From the last three years of changeover and fixation of per tonne rate for on board labour in lieu of levy and other charges of cargo handling division, this division of the Kandla Port Trust has incurred loss of about ₹50 crores and this has been seriously observed by the CAG, Audit. Therefore, how and why TAMP should allow such unreasonable proposals which leads to permanent loss of revenue to the Port at the cost of private parties profits?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (iii).  | Traditionally since decades Dock Labour Boards of the Major Ports have been collecting dock labour levy and per shift basis charges for supply of on board labour. Therefore, switching over to any new system should not be at the disadvantage of the Major Port Trust including Kandla Port.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (iv).   | Kandla Dock Labour Board record will reveal that even one day prior to merger there was quite substantial earnings and surplus with the KDLB. How can such surplus be changed in losses without having reasonable reasons and objectives? This could be seen from the financial statements of the decades and now sustaining losses within 3 years of merger purely due to change to per ton rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (v).    | It is also matter of record that payment of wages is being made on shift basis. How can recovery be proposed on per ton basis which is not only unrealistic but unscientific also. This has led to huge revenue losses for the Port Trust which is not at all the motive for merger of DLBs with Port Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (vi).   | Any private party's income and profits cannot be seen by any Central Government agency. The stevedores are earning profits in crores of rupees wherein KPT or TAMP has neither any control nor any mechanism to see as to what the Stevedores are charging from vessel owners. If such change is necessary that profitable procedure if it is to be changed or modified there should not be any kind of burden on any party as to whether stevedores or Port Trust. Because change is always for the betterment and not for adverse. Therefore, the per ton charges instead of per shift plus levy should not have been acceptable if there would have been losses to trade / stevedores. Thus, existing levy plus per shift basis collection of charges is quite reasonable and was not called for any change.                                                                                                                                                                                                                                                              |
| (vii).  | The major issue is that TAMP is not even allowing Kandla Port to recover actual labour cost plus levy due to quarterly system of VDA increase. This is highly objectionable. It is further to submit that post DLB merger in existing the levy was being revised every three months keeping in view VDA revision by the Central Government and this was never objected by the Stevedores. Hence, how and why the TAMP decided to change the existing method to new method which has sustained not only losses in crores of rupees in 3 years and now also why the same system is being insisted upon knowingly serious observations made by the CAG.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (viii). | The TAMP should have examined such financial related issues with other major ports where the DLBs have been merged with the Port Trust and in some of the ports there are pool worker system like Paradip, New Mangalore etc. but no way the charges have been fixed on tonnage basis from respective existing system. Therefore, TAMP is sole responsible authority to ensure that no charges are fixed resulting in financial revenue loss to the Port Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (ix).   | The TAMP should re-look whenever any existing charges are revised because if any loss is sustained by the Government Agency based on any revised formula, the TAMP should have examined such formula that Port Trust should not sustain atleast any loss but should have earned some minimum revenue from the activity. This is the reason in some of the ports even stevedoring activities have been taken over by the Port Trust management like Mumbai Port.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| (x).    | <p>It is understood that TAMP had constituted a committee for studying the method of recovery of stevedoring and other charges at all major ports, if so, the copies of such reports and its recommendations may please be supplied to our union and for this purpose this submission may please be considered as RTI application.</p> <p>In view of the above facts and circumstances it is also to be seen as to whether Kandla Port Trust management has also closely examined the case of charging of On Board Labour Charges plus levy to fixation of per ton rate when highest authority of Government i.e. CAG has objected and observed huge losses of revenue at the Cost of Others profit. Therefore, we are of the strong opinion that such losses made in the past requires to be recovered from the Stevedores and the past procedure of recovering of changes for labour supplied on board should not be allowed to switch over to any other method including tonnage basis until and unless reasonable revenue profit is earned by the Kandla Port Trust.</p> |

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|           | In case TAMP is still insisting to tonnage basis, we as an important stakeholder of the Kandla Port Trust will reserve our right to challenge such orders before competent authority like CAG or Court of Law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>3.</b> | <b>Kandla Timber Association</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (i).      | Neither on Board nor on shore any use of labour is made in discharge of logs from holds to shore or from shore to trailers. Everything is being done mechanically and KTA pays for the grabs and as well as forklifts and trailers. It is not understood why KTA should pay for onboard labour cost and also for on shore labour cost when labour has no role to play,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (ii).     | Stevedores discharging KTA logs are charging on board labour cost at ₹38.64 per CBM and KTA members also pay port wharfage of ₹42.00 per CBM which includes shore labour cost of ₹16.00 per CBM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (iii).    | Till now, KTA is negotiating with stevedores for unnecessary burden of ₹38.64 per CBM for on board labour cost and ₹18.00 per CBM on shore cost but now port has revised this tariff and proposed to charge ₹53.13 on board against ₹38.64 per CBM and thus additional charges of ₹15.00 per CBM for on board and further increased wharfage from ₹42.00 per CBM to ₹76.00 per CBM which includes on shore labour cost of ₹32.58 per CBM.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| (iv).     | <p>KTA strongly protests the KPT proposal of increasing on board labour cost from ₹38.64 to ₹53.13 per CBM and further onshore labour cost from ₹18.00 per CBM to ₹43.33 per CBM and these charges are also for labour which are never required on timber vessels being mechanically handled cargo. Mundra port and private terminals of Ras infraport, berth no. 13 of KPT are exempted from payment of on board labour cost and shore labour cost, wharfage etc.</p> <p>It is, therefore, requested that KPT should not increase onboard and port wharfage in name of labour cost increase which labourers are not required in handling timber.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>4.</b> | <b>Kandla Port Dock Stevedores Association</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (i).      | This association outright rejects the revised proposal for revision of the rate for on board labour to recover per gang cost of ₹26735 for supply of each gang of 12 labourers. Per gang cost is being calculated based on total wages, over time, bonus, retirement benefits etc., of all available labourers on payroll of Kandla port dividing number of hooks being operated by vessels berthed last year on ten port berths and vessels discharged/loaded at outer anchorage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| (ii).     | <p>Please refer to Record note of discussions held by the FA &amp; CAO with Port users on 7-2-2013 at 1130 hrs in the Board Room regarding Tariff Proposal of Cargo Handling Division. The port has forwarded the minutes of the meeting being recorded and signed by HODs of Kandla Port and trade representatives but the same is not considered nor rejected. Para no.3 of Annex "C" in which FA&amp;ACO has stated is as under:-</p> <p>QUOTE</p> <p>3. While responding to the above suggestions expressed by the Port users, FA&amp;ACO stated that the views of the trade along with the deliberations of the meeting will be sent to TAMP for its consideration. With regard to the suggestion of Shri Mansukhani regarding factoring the revenue share received by the KPT from the BOT operators in the cost structure of CHD, Dy.CAO stated that the present TAMP guideline do not permit such adjustments.</p> <p>The Port authorities have accordingly forwarded the trade views to TAMP without consideration the same for TAMP to decide this issue and accordingly we now request TAMP to consider this issue.</p> <p>Without prejudice to above, the Association submits as under:-</p> <p>That Kandla port has made it mandatory for the stevedores to book one gang of 12 labourers for operation of each crane of the vessels operating on berth no.1-10 and also at the outer anchorage. In spite of the fact that dry bulk cargoes and timber logs are being operated mechanically since decades and neither stevedores need the services of port labourers nor they can enter the holds while cargo discharged using grabs, loaders, and excavators so port labourers have no role to play. Similarly timber logs are also discharged using grabs and</p> |

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|        | <p>during operation nobody can stand near the operation so labour is not required but yet port has made it mandatory to pay ₹26735/- per crane operation in name of the notional gang and increase the logistic costs.</p> <p>That port has also made it mandatory to book one notional gang per hook for vessels operating at outer anchorage, 22 miles away from berths. These labourers and winchmen are not permitted to go to vessels operating at outer anchorage in open Sea but yet stevedores have to pay which ultimately makes port logistic costlier and makes our Indian export un-viable because of notional labour cost.</p>                                                                                                                                                                                                                                                      |
| (iii). | That Kandla port has exempted container terminal operating on Berth no.11 and 12, and dry cargo vessels operating on berth no. 13-16. Against port charges for wharfage and On Board Labour charges, port is recovering Gross Revenue share of 49% from berth no. 11-12 and Gross Revenue share of 32% from dry cargo vessels operating on Berth no.13 which is already in operation and will recover gross revenue share of 27% from berth no.15-16 and 41% from berth no.14. This revenue share being collected is nothing but due to exempting these terminals from liability of booking notional on board labour gangs and port wharfage and thus this amount should be utilized against un-wanted labour gangs.                                                                                                                                                                             |
| (iv).  | Kandla Port cannot have separate rules for port berths and private terminals. Port wants to recover cost of idle labourers and wants to continue this scheme till their retirement then it should be recovered proportionally from all vessels operating in Kandla port and port should share these charges from gross revenue share being received in lieu of on board labour charges.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (v).   | This Association strongly protests the recovery of mandatory notional gang charges and rather requests to kindly club all these costs in port wharfage rather collecting in name of On board labour cost. In today's scenario there is tough competition between ports and trade want stevedores to match total cost with neighbour ports where idle labour cost is not being charged. Port has other income from Vadinar and Real Estate and therefore in the interest of national economy port should be restrained from imposing notional gang costs.                                                                                                                                                                                                                                                                                                                                         |
| (vi).  | <p>(i). Ministry of Shipping had approved the Wage revision subject to unions accepting supply of only four labourers in mechanized handling as notional gangs.</p> <p>(ii). KPT had proposed gang cost of ₹26375 for supply of 12 workers. Based on revised wage tariff and while on acceptance of wage revision, stevedores handling cargoes mechanically are to supply only 4 labourers and accordingly charges for only 4 labourers are payable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (vii). | Under the circumstances even if KPT supply notional gangs for mechanized handled cargoes like import of fertilizer, coal timber and export of wheat, extraction in bulk, it should be gang of only 4 labourers and accordingly charges to be fixed for notional gangs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 5.     | <b>Kandla Stevedores' Association Ltd.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (i).   | From a perusal of the said revised proposal, it seems that the same has not been put up to the Board of Kandla Port Trust, as neither any Board Agenda item nor Minutes nor a Board Resolution is accompanied with the said revised proposal. Hence the said revised proposal is not approved by the Board of Kandla Port Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| (ii).  | It is imperative to highlight that on going through the covering letter dated 21/02/2013 of Kandla Port Trust forwarding the said revised proposal to TAMP, it is observed that Kandla Port Trust has in the revised proposal considered an overtime amount of ₹6,00,00,000/- and spread over a period of 5 years, accordingly ₹1,20,00,000/- has been considered in each year. This is in complete variance to and not in conformity with what was passed by the Board of Kandla Port Trust in the Board Meeting held on 31/05/2012 when the original proposal on the cited subject was brought and approved by the Board of Kandla Port Trust. (Ref.: Your letter No.TAMP/41/2012-KPT dated 4 July, 2012 forwarding therein the then revised proposal dated 2/07/2012 forwarded by Kandla Port Trust to TAMP pursuant to the confirmation of minutes of the Board Meeting held on 30-06-2012.) |
| (iii). | <p>Para 2 &amp; 3 of the covering letter of Kandla Port Trust No. FA/COST/1021-CHD/1881 dated 2-07-2012 categorically states as under:</p> <p>Quote :</p> <p>"In this regard, it is submitted that while confirming the minutes of the meeting in Board Meeting held on 30-06-2012, the trustees observed that there was deviation regarding element of Over Time to be considered for revision as ₹3.91 Crores, in fact, the Board had decided to consider an amount of ₹3.00 Crores only to be recovered over a period of 5 years and the balance be considered for adjustment in General Revision of SOR. Accordingly, the</p>                                                                                                                                                                                                                                                                |

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|       | <p>Minutes have been corrected.</p> <p>In view of above, revised proposal considering the overtime amount to the extent of ₹3.00 Crores (to be spread out for five years), has been prepared and corrected Statements A to F are also enclosed herewith”.</p> <p>Unquote :</p> <p>It is therefore clear, that while the Board of Kandla Port Trust has decided and approved to consider an amount of ₹3.00 crores only to be recovered over a period of Five years (₹ 60,00,000/- Per Year) and the balance be considered for adjustment in General Revision of SOR as per original proposal sent to TAMP, in its revised proposal the KPT has chosen to increase / double the amount of overtime to be recovered at ₹6.00 Crores, which has already highlighted above is at variance to and not in conformity to what has been approved by the Board of Kandla Port Trust.</p> |
| (iv). | <p>KSAL also wish to highlight that we were unable to attend the meeting convened by the Kandla Port Trust on 07.02.2013 to discuss the revised proposal due some emergency. We had therefore telephonically requested that Traffic Manager and FA &amp; CAO to kindly postpone the said meeting by one day, which was unfortunately not acceded to, hence we were unable to attend the said meeting.</p> <p>KSAL wish to also draw your kind attention to our written comments sent to TAMP vide our letter dated 28<sup>th</sup> January, 2013 on the cited subject matter and wish to reiterate its contents once again.</p>                                                                                                                                                                                                                                                 |
| (v).  | <p>In view of the above facts, it is requested that the revised proposal of Kandla Port Trust on the cited subject matter be treated in accordance with and based on what has been approved by the Board of Kandla Port trust is its meeting held on 31/05/2012 and Kandla Port Trust be advised to adhere to the same in absence of them having brought the revised proposal to the Board of Kandla Port Trust.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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