TARIFF AUTHORITY FOR MAJORORTS

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G.No. 37 **New Delhi, 22 February, 2011**

NOTIFICATION

In exercise of the powers conferred under Sections 48, 49 and 50 of the Major Port Trust Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes the proposal of the Kandla Port Trust for general revision of its Scale of Rates (SOR) as in the Order appended hereto.

(Rani Jadhav)
Chairperson

TARIFF AUTHORITY FOR MAJORORTS

Case No. No. TAMP/61/2009-KPT

Kandla Port Trust **…Applicant**

O R D E R

(Passed on 18th day of January 2011)

This case relates to a proposal received from the Kandla Port trust (KPT) for general revision of its Scale of Rates.

2.1. The Scale of Rates (SOR) of the Kandla Port Trust (KPT) was last revised in 2007 vide this Authority's Order No. TAMP/67/2005-KPT dated 15 May 2007. The validity of the said SOR expired on 31 March 2010. It has been extended upto 30 September 2010 vide Order dated 31 March 2010. KPT by letter dated 18 December 2009 has forwarded its proposal for General Revision of its Scale of Rates. The salient features of the proposal are detailed below:-

2.2. KPT has handled 64.92 million tonnes (MT) in 2007 – 08, 72.22 MT in 2008 – 09 and 77.90 MT in 2009-10. KPT has estimated to handle 79.20 MT, 83.70 MT and 83.70 MT respectively during 2010-2011, 2011-2012 and 2012-2013.

2.3. During the last two years the operating cost has increased by 54.10%, mainly due to increase in provision for depreciation, dredging and O & M cost.

2.4. The financial position of 2007 – 08 and 2008 – 09 is as under:

Kandla Division

	(Rs. In Crores)	
	2007-08	**2008 -09**
Operating Income	200.62	233.39
Operating Expenditure	203.19	271.78
Operating Deficit	(-)2.57	(-) 38.39
ROI @ 16%	(-) 102.91	(-) 105.35
Total deficit (A)	(-) 105.48	(-) 143.75

Vadinar Division

	(Rs. In Crores)	
	2007-08	**2008 -09**
Operating Income	78.59	103.29
Operating Expenditure	19.17	24.20
Operating Surplus	59.42	79.09
ROCE @ 16%	(-) 3.58	(-) 3.58
Total surplus (B)	55.84	75.51

TOTAL (A) +(B) (-) 49.64 (-) 68.24

2.5. The tariff revision of estate rental and township has been taken up separately. The financial position of the port as a whole, without considering the estate and township activity, is as follows:

Kandla Division

	(Rs. In Crores)	
	2007-08	**2008 -09**
Operating Income	185.21	213.29
Operating Expenditure	186.27	244.45
Operating Deficit	(-) 1.06	(-) 31.18
ROI @ 16%	(-) 100.50	(-) 101.04
Total deficit (A)	(-) 101.56	(-) 132.22

Vadinar Division

	(Rs. In Crores)	
	2007-08	**2008 -09**
Operating Income	76.94	101.94
Operating Expenditure	17.50	22.80
Operating Surplus	59.44	79.14
ROCE @ 16%	(-) 3.58	(-) 3.58
Total Surplus (B)	55.86	75.56
Total (A) + (B)	-45.70	-56.66

2.6. While formulating the rate revision proposal, the port has considered the following factors:-

(i). Since the projected average deficit for the years 2010-11,2011-12 and 2012-13 amounts to Rs. 240 crores, the additional revenue generation should be around Rs.158 crores per year after taking into account the surplus of about Rs. 60-70 crores from Vadinar.

(ii). Additional revenue generation required for Kandla operations should be Rs. 132.22 crores to ensure recovery of cost and minimum return on investment @ 16%.

(iii). Capital expenditure of Rs. 144.91 crores has been incurred during last two years and Rs. 150.43 crores is proposed to be incurred in next three years.

(iv). Substantial expenditure on dredging is required to be incurred every year.

(v). Wage cost is expected to increase by 20% - 25% due to wage revision.

3.1. After considering the cross subsidization of the surplus of Rs.70.38 crores (approx. per year) from the activities of POL at Kandla and Rs. 70.00 crores from Vadinar to warehousing activity, cranage, berth hire and port dues, the port has proposed the following rate revision.

3.2. Kandla Division:-

Activity	Deficit	Increase proposed
Cargo handling & storage activity	51%	100%
Warehousing	401%	300%
Port Dues	76%	70%
Pilotage	62%	50%
Berth Hire	165%	90%
Dry Dock	359%	300%

Miscellaneous charges	-	50%

3.3. Approximately Rs.80 crores per annum is required to be spent on dredging. This cost has been apportioned 50% to port dues, 20% to pilotage and 30% to berth hire while proposing rate hikes on those services.

3.4. Vadinar Division **-** No rate revision is proposed for Vadinar division.

3.5. Rate of Tuna Port - Rates of Kandla division will also be applicable to Tuna Port.

3.6. Rates of Railway Activity **-** R & M Cost is being incurred on railway activity where huge capital investment has been made. Since no charges are being recovered from the users, port proposes to recover Rs. 5.00 per ton from the cargo to be handled through railway.

3.7. Increase proposed in the wharfage charges are as under:-

(A) LIQUID (IN BULK) : No change in rates
(B) Dry Cargoes

1.	Fertiliser and raw material incl. sulphur	: 50%
2.	Foodgrains, cereals, pluses and oilseeds	: 200%
3.	Cement and clinker	: 100%
4.	Ores & Minerals (in all forms)	: 100%
5.	Granites and marbles	: 100%
6.	Metals (Ferrous/non-ferrous) including pipes, plates, pig iron and coil sheet	: 50%
7.	Metal scrap	: 35%
8.	Animals (small and big)	: 200%
9.	Animals products, bone meal, hides skins	: 30%
10.	Oil cakes and fodder	: 200%
11.	Waste paper and newsprint	: 100%
12.	Construction material and sand	: 100%
13.	Coal and coke (including firewood)	: 100%
14.	Wood, timber and bamboo	: 50%
15.	Jute & jute products and coir products	: 50%
16.	Cotton including cotton waste	: 50%
17.	Synthetic resin and wood pulp	: 50%
18.	Arms, ammunition, explosives	: 30%
19.	Dry chemicals including soda ash, HDPE,PVC, LDPE etc.	: 100%
20.	Passengers (embarking & Disembarking)	: 25%
21.	Empty & loaded containers (upto 20 ft. and above 20 ft.)	: 50%

3.8. Wharfage charges for the following cargoes have been proposed as under:

1.	Salt	:Rs. 20/- per MT
2.	Sugar	:Rs. 20/- per MT
3.	All other unspecified goods	:Rs. 50/- per MT

3.9. The proposal is expected to generate additional revenue of Rs. 157.68 crores per annum. Activity-wise revenue generation is as shown below:

Rs. In Crores

Sr. No.	Activity	Additional Income
1	Cargo Handling and Storage	68.54
2	Warehousing	7.41
3	Port Dues	19.69
4	Berth Hire	25.52
5	Pilotage	28.00
6	Dry Docking	4.14
7	Railway Activity	4.38
	Total	157.68

3.10. KPT has stated that its Board has approved the proposal in the meeting held on 11 December 2009.

4. In accordance with the consultative procedure prescribed, the proposal from KPT was forwarded to the concerned user organizations for comments. Their comments, as and when received, were forwarded to KPT for remarks. The KPT has responded to the comments of the user organizations.

5. On a preliminary scrutiny of the proposal it was found that some additional information / clarification from the port is necessary. By letter dated 26 February 2010, KPT was addressed in this respect. KPT vide its letter dated 29 June 2010 has furnished its reply. The queries raised and the reply received from the port are juxtaposed below:

S.No.	Queries raised by TAMP	Reply furnished by KPT
A	**GENERAL**	
1	At the time of last general revision of the scale of rates in May 2007 review of tariff was based on the projections for 2007-08 to 2009 - 10. Kindly furnish an analysis of variations of actual physical and financial performance of the port as a whole with reference to the projections relied upon at the time of deciding the rates presently prevailing both at Kandla and Vadinar Divisions of the Kandla Port Trust, duly explaining the reasons for such variations.	Statement showing an analysis of variations of actual physical and financial performance with reference to the projections for the year 2007-08, 2008-09 & 2009-10, duly explaining the reasons for such variations is furnished. (Although KPT has stated so, the statement for 2009 – 10 has not been received)
2	The Port's proposal does not indicate anything about the productivity levels to be maintained for various operations/services vide clauses 5.9 & 6.8 of the tariff guidelines.	Various projects like strengthening of berths, development of land, godowns, cranes, dredging of the channel etc. has been taken to off set the congestion. Various measures have been taken by the port like allowing weigh bridges, bagging plants and cargo handling equipments by private people for their own cargo, maximum utilization of storage place, easy movement of the cargo without obstruction, formulation of berthing and storage policies, night navigation etc. It will be difficult to quantify the operational efficiency achieved by each asset developed or each measure taken.

<table>
<tr><td></td><td></td><td>The improvements in efficiency parameters during the three years can be gauged from the statement below:-

<table><tr><td></td><td>2007-08</td><td>2008-09</td><td>2009-10</td></tr><tr><td>Average ship berth day output (in tonnes)</td><td>11079</td><td>12998</td><td>13372</td></tr><tr><td>Average pre-berthing detention of vessels (In days)</td><td>1.36</td><td>1.17</td><td>0.95</td></tr><tr><td>Average Turn around time of vessels (in days)</td><td>3.37</td><td>3.15</td><td>2.89</td></tr></table></td></tr>
<tr><td>3</td><td>The ports have been allowed to charge lower rates and / or allow higher rebates/discounts if they so desire. Kindly indicate item-wise details of reduction in tariff and higher rebates/discounts, if any, allowed and the effect of such steps on traffic growth.</td><td>No lower rates and/or higher rebates/discounts are given to any party since 2007-08.</td></tr>
<tr><td>4</td><td>A brief note on surplus manpower, if any, may be furnished and allocation of expenditure on such manpower explained keeping in mind clause 2.6.1 of the tariff guidelines</td><td>There is no surplus manpower.</td></tr>
<tr><td>5</td><td>As per clause 2.6.2 of the tariff guidelines it is necessary to conduct time and motion study of different operations and regularly adjust manning scales/datum accordingly after due process of law. The action taken in this respect may kindly be informed</td><td>The manning scales for different types of cargoes has been given by National Tribunal in its order dated 30.6.2009. However, the same is under discussion with the unions for implementation. The revision in datums is also being discussed with the unions. At Kandla port, time & motion studies of different operations have not been conducted.</td></tr>
<tr><td>6</td><td>Kindly communicate whether the trade has been taken into confidence about the rate revision proposal</td><td>No extensive consultation was made with the port users as TAMP is conducting joint hearing with the users</td></tr>
<tr><td>B</td><td><u>CAPACITY</u></td><td></td></tr>
<tr><td></td><td>The Handling capacity of the port for the period 2007 – 08 to 2012-13 has been furnished by the Port. KPT is requested to confirm that the year wise capacity shown in the statements are the capacity of the port recognized by the Ministry.</td><td>It is confirmed that the capacity shown for the year 2007-08 and 2008-09 are the capacity of the Port recognized by the Ministry.

Capacity for the years 2009-10 was projected as 67.10 MMTPA. However, capacity of the Port recognized by the Ministry for the year 2009-10 is 78.04 MMTPA .

Capacity for the years 2010-11 to 2012-13 are</td></tr>
</table>

		projected capacity
C	**TRAFFIC**	
1	Form 2-A accompanying the Port's proposal is on traffic projections. It is not clear whether the details given in this form pertain to Kandla Division, Vadinar Division or Port as a whole.	The statement pertains to Kandla Division.
2	The traffic of 2009 – 10 at Kandla Division has been considered at 32.32 Million Tonnes. Since the year is not yet over, it is presumed that it is the estimated traffic. As per the RBE of the port, Kandla Division is to handle 34.40 MT (23.49 MT import, 10.66 MT export and 0.25 MT transshipment cargo). The actual traffic till date may please be furnished and based on it the estimate for the next three years suitably revised.	The statement showing the actual traffic handled at Kandla during the year 2009-10 is submitted. 35.3 MMT cargo is handled at Kandla Division during 2009-10. The Income for 2009-10 has been considered based on RBE traffic and there is only minor variation between the RBE traffic figure and actual traffic handled. Hence there appears no need to revise the estimate for the next three years.
3	The traffic of 2010 – 11 has been estimated at 31.60 MT, a reduction of 2.23% over the presently estimated throughput of the previous year. The fall in traffic is mainly due to lower estimation of "other port specific cargo (foreign)". The reason for estimating lower throughput of this category of cargo may please be analyzed	There were unprecedented imports of other liquids cargo during the year 2009-10, which comprised of all kinds of chemicals. This was due to reductions in import duties on unrefined oils resulting in massive imports. The throughput estimate of 2010 – 11 has been carried out on a conservative basis.
4	The projection for 2011-12 and 2012 – 13 at 33.00 MT per annum is with an increase of about 4.43 % over the estimated throughput of 2010 – 11. Kindly clarify the basis on which the traffic projections have been made for all the years under review.	The traffic projections for 2010-11, 2011-12 & 2012-13 at 31.60 MT, 33.00 MT & 33.00 MT respectively comprise of dry, container and liquid cargo at Kandla. The dry cargo traffic for 2009-10 was projected at 21.00 MT. Since there is no capacity addition during 2010-11, there is no appreciable increase in dry cargo traffic and hence based a moderate throughput figure of 21.50 MT was estimated for 2010-11. The throughput was projected to 23.00 MT during 2011-12 and 2012-13 on account of expected commissioning of the two dry cargo berths. A decrease of 1 MT was anticipated in other liquid category during 2010-11 as against projections of around 1.11 MT during 2009-10. Thus the overall impact of slight increase in dry cargo and a decrease in liquid cargo resulted in a traffic throughput of 31.60 MT during 2010-11, 33.00 MT during 2011-12 & 2012-13.
5	The traffic handled at Vadinar has not been shown anywhere in the tariff proposal. The reason therefor is not clear. As per the RBE 2009 – 10 and BE 2010-11 of the port, Vadinar is expected to handle 41.60 MT and 42.90 MT of cargo during 2009-10 and 2010-11. The Port is requested to furnish a statement showing item wise traffic handled both at Kandla and Vadinar in 2007 – 08 and the projections for the four years of 2009-10 to 2012-13 in the light of budget estimate	The item wise traffic handled both at Kandla and Vadinar in 2007-08 and the projections for 2009-10 to 2012-13 in light of budget estimates and the target fixed by the Ministry are furnished. At Vadinar, KPT has projected to handle 47.60 MT, 50.70 MT and 50.70 MT respectively during 2010 – 11, 2011-12 and 2012 – 13. There are no separate target figures for Kandla and Vadinar and the crude and POL figures for Vadinar are included under the POL head which includes Vadinar and Kandla traffic.

	and the target fixed by the Ministry. While doing so, it is also requested to explain clearly the basis on which the traffic projections have been made for the forthcoming years.	
6	As stipulated in clause 2.5.1 of the tariff guidelines, the traffic projections have to be in line with the projections in the 5 year / annual plan and the current / expected growth. If there is any deviation, the reasons therefor need to be explained	On account of various upcoming projects, the capacity and the throughput of the port have been increasing year after year. While these additions in the capacity may not be strictly in line with anticipated developments in the port, the traffic projections for the port are based on the existing capacity, cargo mix, berth occupancy levels, parcel sizes of ships calling at the Port, extra facilities/ infrastructure created, improvements in existing facilities/ infrastructure and many other factors. However based on inputs from the Port, Ministry of shipping finally decides the port's traffic projections & the capacity for each year and this is reviewed in the light of the five year plan projections by the Ministry. Though KPT projects the traffic throughput annually for the upcoming financial year, the same is reviewed and finally decided by the Ministry. The traffic throughput and cargo mix at the Port also change with the Govt. policies and decisions regarding imports/exports, customs duties, special schemes etc. Since these keep varying from year to year, it becomes difficult for the port to anticipate such changes in cargo mix and the resulting throughput in the beginning of the five year plan period itself. However the port's projections made every year are always either equal or more than what is finalized in the five year plan. It would be difficult for the port to substantiate on the deviations taking place in the yearly traffic projections viz-a-viz those made in the five year plan.
7	In Form 2 – A, the container traffic has been furnished in terms of TEUs. Whether the aggregate tonnage of the container traffic is included in the major items of cargo / other port specific cargoes is not clear.	In form 2A, the container traffic has been furnished in terms of TEU. It is clarified that the aggregate tonnage of container traffic has been included under the other port specific cargo category.
8	The container traffic of 2007 – 08 and 2008 – 09 stood at 1,65,724 TEUs and 1,37,619 TEUs respectively. The container traffic for 2009 – 10 is estimated at 90,000 TEUs. The reason for a drop of about 35% in the traffic over the previous years may be explained. The throughput for the next three years has been projected at 1,20,000 TEUs, 1,50,000 TEUs and 1,50,000 TEUs respectively. The basis of estimation of the container traffic for the years 2009-10 to 2012 – 13 may be elaborated.	The reason for the drop in the container traffic during 2009-10 can be mainly attributed to the impact of the general slowdown in the Indian economy. The throughput for 2010-11 is estimated at 1.20 lakh and further projected at 1.50 lakh TEUs during 2011-12 and anticipated to touch 1.80 lakh TEUs during 2012-13. The license agreement between Kandla Port and ABG, envisages an increase of 0.25 Lakh TEU every year. The present capacity of the Terminal is 6.00 Lakh TEUs. However looking to the anticipated improvement in container trade business at least from the second half of 2010-11, a traffic of 1.20 was forecast for 2010-

		11, and an increase of at least 30000 TEUs for the next two years.
D	**<u>FORMATS</u>**	
1	Only the cost statements pertaining to the Kandla Division for the years from 2007 – 08 to 2012 – 13 have been furnished by the port. Separate cost statements for Kandla Division, Vadinar Division and Port as a whole for the various activities and sub-activities, duly reconciling the figures with the Annual Accounts/ Revised Budget Estimates, may be submitted for the years 2007 -08, 2008 -09 and 2009 – 10. Similar statements for the years 2010 – 11 to 2012-13 may also be furnished detailing the basis on which such statements have been prepared.	Separate Cost Statements for Kandla Division, Vadinar Division & Port as a whole for various activities and sub-activities are submitted. Statements showing the reconciliation of the figures with the annual Accounts/Revised Budget estimates for the year 2007-08 to 2009-10 are also submitted.
2	A separate cost statement for liquid cargo handling activity at Kandla may be furnished.	Separate cost statement for liquid cargo handling activity has been furnished vide our letter dated 18 December 2009.
3	The basis on which the details have been bifurcated in the cost statements between Kandla and Vadinar Divisions may be furnished.	The figures are based on actual amount booked for Kandla & Vadinar Divisions, as separate accounts are maintained for Kandla & Vadinar Division and separate codification for Kandla & Vadinar Divisions is being operated.
4	The annual accounts and the revised budget estimates for 2009 – 10 of the port only were received alongwith its proposal. The annual accounts and budget estimates for 2007 – 08 and 2008 – 09 may be furnished.	The Annual Accounts for 2007-08 and 2008-09 are submitted.
5	A statement indicating the variations in the income, expenditure and capital employed estimated for the years 2007-08 to 2009 - 10 at the time of the last general revision vis-à-vis the actual for these three years may be furnished. The statement should contain the details pertaining to both Kandla and Vadinar Divisions. Also explain the reasons for the deviations, if any, after carrying out the requisite analysis.	A statement indicating the variations in the income, expenditure and capital employed estimated for the years 2007-08 and 2008-09 is submitted.
6	A cost statement in the prescribed format (pertaining to both the divisions) may also be drawn up for the years 2007-08 to 2009 - 10 to quantify the surplus/deficit after accounting for the admissible expenditure and permissible return. These details may be furnished in Form – 7 of the cost formats.	Cost statement in the prescribed format pertaining to Kandla Division for the year 2007-08 and 2008-09 in Form-7 has been sent vide our letter dated 18 December 2009. Cost statement in the prescribe format for Vadinar Division for the years 2007-08 and 2008-09 is furnished. The Cost statement in the prescribed format for the year 2009-10 can only be prepared after finalization of Annual Accounts 2009-10.
7	The Annual financial implication of the tariff proposal, category-wise, for the year 2009-10 and for the subsequent three years may be furnished.	The additional income expected to be generated during 2010-11 to 2012-13 is as under. 2010 -11 Rs. 171.50 crores 2011-12 Rs. 156.54 crores 2011-13 Rs. 152.65 crores

8	A copy of the current MOU entered into with the Ministry may be forwarded.	A copy of MOU entered into with the Ministry for 2010 – 11 is submitted.
E	**INCOME**	
1	Detailed computation of income estimation duly considering individual tariff items may be furnished.	The information on detailed computation of income estimation is furnished.
2	Please furnish the analysis of average dwell time of cargoes and containers for the past three years. Average dwell time considered for estimating the demurrage and storage income for the years 2010-11 to 2012-13 may also be indicated.	The average dwell time for the year 2007-08 is as indicated below : In days <table><tr><td></td><td>Import</td><td>Export</td></tr><tr><td>Containers</td><td>5.00</td><td>6.00</td></tr><tr><td>Dry Bulk</td><td>13.1</td><td>13.8</td></tr><tr><td>Break- Bulk</td><td>13.0</td><td>11.3</td></tr></table> Regarding the average dwell times for dry bulk and break bulk for the years 2008-09 and 2009-10, it is stated that since the mix of cargo in Kandla and its trend of growth and its dwell time remain almost constant, the analysis made for 2007-08 can be treated as valid for the subsequent years upto 2012-13. The demurrage and storage income calculations have been considered based on some practical observations regarding storage of bulk and break bulk cargoes at the Port. The average dwell times for such cargoes have not been considered for computing their demurrage and storage incomes.
3	The foreign exchange rate of 1 US dollar = Rs. 48 has been considered by the port for computation of dollar denominated income. The income estimation may be updated with reference to the prevailing exchange rate vide clause 2.5.1 of the tariff guidelines. The additional income, if any, on account of fluctuation in foreign exchange rate may also be estimated and included in the income statement.	At the time of preparation of the proposal exchange rate of U.S $ was Rs. 48.00. The same has been considered for dollar denominated income.
4	In Form 9, KPT has stated that Rs 1819 lakhs, Rs. 2121 lakhs and Rs. 1591 lakhs have been received as royalty / revenue share during 2007 – 08 to 2009 – 10. The Port has also estimated to receive Rs. 1709 lakhs per annum as royalty for the years 2010 – 11 to 2012 – 13. The treatment given to the income realisable by KPT from the awarded BOT contracts is not clear. The break up of such income receivable under different heads (viz. royalty/revenue share, lease rental, upfront, etc.) may be furnished. KPT is also requested to clarify under which head the income received on this account has been included in the cost statements.	Income shown in Form -9 is of only royalty/revenue share and same has not been included in cost statement. Further, lease rental income is being deposited under the concerned income code of lease rent.

	In this regard, clause 2.8.3. of the tariff guidelines may please be referred to.	
5	Though the container traffic has been considered in the traffic projections, no income has been estimated therefrom in Form 2 – B. It is presumed that nil income is considered due to award of the BOT concession for operation of the container terminal.	Yes, nil income has been considered due to award of BOT concession for operation of the container terminal.
6	The demurrage / storage charges / license fees / plot rentals on cargoes other than iron ore, coal, POL and fertilizers is estimated at 21.12 crores for the year 2009 – 10. For 2010-11, this income has been projected at 21.22 crores. For both 2011-12 and 2012-13, the income has been estimated at 16.47 crores per annum. The reason for estimating the demurrage income lower by about 23% for the forthcoming two years may please be explained.	No separate commodity wise details for demurrage, storage charges and license fees are being maintained. Same has been apportioned to respective commodities on the basis of traffic. Traffic projections for the years 2011-12 & 2012-13 have now been revised and accordingly revised income for those years has been worked out. The year wise estimation of total income of demurrage / storage charges / license fees are as below:- <u>YEAR</u> <u>INCOME (Rs. in Lakhs)</u> 2009 – 10 2537.11 2010 – 11 2559.58 2011 – 12 2614.86 2012 – 13 2683.41
7	The wharfage income is estimated at Rs. 28.53 crores for the year 2009 – 10. For 2010-11 this income has been projected at 32.13 crores. For both 2011-12 and 2012-13, this income has been estimated at 27.71 crores per annum. The reason for estimating the wharfage income lower by about 14% for the two years may please be explained.	Since traffic projection for the years 2011-12 & 2012 – 13 has now been revised, wharfage income for 'other cargo' for these two years has been estimated at Rs. 37.16 crores & Rs. 37.89 crores respectively.
8	The warehousing income is estimated at Rs. 3.10 crores for 2009 – 10. For 2010-11 this income has been projected at 3.16 crores. For both 2011-12 and 2012-13, this income has been estimated at 2.27 crores per annum. The reason for estimating the warehousing income lower by about 28% for the next two years may be explained.	Since the traffic projection for the years 2011 - 12 & 2012-13 has now been revised, warehousing income for these two years is estimated at Rs. 3.29 crores and Rs.3.43 crores respectively.
9	The berth hire income from foreign going vessels is estimated at Rs. 32.67 crores for 2009 – 10. For 2010-11 this income has been projected at 34.98 crores. For both 2011-12 and 2012-13, this income has been estimated at 23.01 crores per annum. The reason for estimating the berth hire income lower by about 34 % may please be informed.	Since the traffic projection for the year 2011-12 and 2012-13 has now been revised accordingly vessel related charges for the year 2011-12 and 2012-13 has also been revised. The berth hire income from foreign going vessels is estimated at Rs. 32.67 crores for the year 2009 -10. For 2010-11 this income has been projected at Rs.33.94 crores and now for the year 2011-12 and 2012-13 this income is estimated at Rs. 32.47 crores and Rs. 33.31 crores. Further, at the time of Budget Estimate (i.e. R.E. 2009 – 10 and B.E. 2010-11) exchange rate has been considered as 1$ = Rs. 48/-. However,

<table>
<tr><td></td><td></td><td>now for the estimation of income for the year 2011-12 and 2012-13 present exchange rate of 1$ = Rs. 46.13/- has been considered. Hence, due to decline in exchange rate, now berth hire income from foreign going vessel for the year 2011-12 and 2012 – 13 comes lower than the year 2010-11.

Since the traffic projections for the year 2011 – 12 and 2012 -13 has been revised, based upon the revised traffic projections, cost statements have also been revised as per prescribed proforma. Accordingly, revised Form – 2-A, Form 2-B, Form 3-A, Form 5-A (i), (ii), (iii), (iv), Form 5-B (i), (ii), (iii), (iv), Form 5-C, Form 5-D, Form 3-A (Kandla + Vadinar) are enclosed herewith.

The calculation of wharfage income for the year 2010-11 to 2012-13 is furnished.
The calculation of vessel related income i.e. berth hire, port dues and pilotage for the year 2010-11 to 2012-13 is furnished.</td></tr>
<tr><td>10</td><td>The dry docking income is estimated at Rs. 90 lakhs for the year 2010 – 11. For both 2011-12 and 2012-13 this income has been estimated at 108 lakhs per annum. The reason for projecting in the income for the two years higher by 20 % may be informed.</td><td>For the accounting years 2009-10 & 2010-11, dry dock is under going special repairs like steel renewal to hollow side walls and sand blasting and painting to hollow side walls. Special repairs of steel renewal of top dock plates and renewal of pipeline/bends are expected in this year. Hence, revenue earning is projected on lower side for 2010-11.</td></tr>
<tr><td>11</td><td>In Form 3-A, under the proposed tariff, the Port has estimated railway income of Rs. 410.25 lakhs, Rs. 430.77 lakhs and Rs. 452.30 lakhs. In the covering letter, the Port has stated that it proposes to recover Rs. 5 per ton from the cargo to be handled through railway to cover its repairs and maintenance cost. KPT may be aware that this Authority does not fix the charges for the railway activity undertaken by the port trusts and the rate therefor is to be fixed by the railway board. KPT is, however, requested to elaborate the additional services it renders to the trade for levying the proposed charges on the rail borne cargo. Port is also requested to examine legally whether the additional services , if any, it renders to the rail borne cargo are such in nature where this Authority is empowered to sanction the rates.</td><td>Port has invested a considerable amount in railway network and its connectivity in the port area. All the investment in railway network inside the port area is being done only by Kandla Port and not by Railways.

Apart from the capital cost, the port is incurring repairs and maintenance expenditure on the railway network inside Port Area. The following figures indicate the expenses incurred on the maintenance of railway track inside the port area during last three years:-

<table><tr><td>Year</td><td>Rs. In Lakhs</td></tr><tr><td>2007-08</td><td>91.28</td></tr><tr><td>2008-09</td><td>28.42</td></tr><tr><td>2009-10</td><td>218.35</td></tr></table>
Since Kandla Port is having comprehensive railway network inside the Port area, it is expected that the maintenance expenditure may increase considerably. So far the evacuation of cargo through railway was very minimal. However in the recent past the evacuation through railway especially cargoes like fertilizer has increased considerably which has lead to additional expenditure on repairs and maintenance of rail tracks inside the port area.</td></tr>
</table>

		Keeping the above into consideration, the Port has proposed to recover Rs. 5 crores to cover its repairs and maintenance cost.
12	The estate income is estimated at Rs. 22.99 crores for the year 2009 – 10 and Rs. 22.96 crores for 2010-11. For 2011-12 and 2012-13 this income has been estimated at Rs. 23.42 crores per annum. Since the lease rental leviable per annum generally contains a built in escalation clause of 2 % per annum, KPT is requested to explain why for both the years of 2011-12 and 2012-13, the estate income has been maintained at a constant figure of Rs. 23.42 crores.	Estate Income for the year 2011-12 and 2012-13 is considered as Rs. 23.42 crores without providing escalation of 2% as lease period of some of the lessees will expire and there is possibility that the lease rent may not be recovered from them.
13	The break up of the components included in “other miscellaneous income” under Finance and Miscellaneous Income for the years 2007-08 to 2012-13 may be furnished	The break-up of the components included in “other miscellaneous income” under Finance and Miscellaneous Income for the years 2007-08 to 2012-13 is furnished.
F	**<u>EXPENDITURE</u>**	
1	The cargo handling expenditure for 2008 – 09 for Kandla Division was Rs. 3893.80 lakhs. The expenditure for 2009 – 10 has been estimated at Rs. 4266.65 lakhs, an increase of about 9.58 %. The reasons therefor may be analyzed and informed. The expenditure on this count for 2010 – 11 has been estimated at Rs. 4779.88 lakhs, an increase of 12.02 %. In fact, there is about 2.23 % decrease in the traffic estimated to be handled for the year 2010-11 at Kandla division over the previous year (From 32.32 MT to 31.60 MT). Having regard to this fact and also recognizing that as per clause 2.5.1. of the tariff guidelines the escalation in the expenditure projections should be with reference to the current movement of whole sale price Index for all commodities which is reported currently at 5.80%, the escalation in cost considered by the KPT beyond the stated level need to be justified particularly with reference to actuals of wage cost, fuel, stores and repairs and maintenance.	The expenditure considered for the years 2009-10 and 2010-11 is the figures of RBE 2009-10 and B.E 2010-11 respectively. The expenditure for 2009-10 and 2010-11 shows an increase of about 9.58% and 12.02% respectively mainly due to wage revision and increase in power and fuel cost. As per clause 2.5.1 of the tariff guidelines, the escalation in the expenditure projections for the year 2011-12 and 2012-13 has been considered at 5.8%.
2	The expenditure on port and dock facilities for 2008 – 09 for Kandla Division was Rs. 12591.51 lakhs. The expenditure for 2009 – 10 has been estimated at Rs. 14676.97 lakhs, an increase of about 16.56 %. The reasons therefor may be analyzed.. The expenditure on this count for 2010 – 11 has been estimated at Rs. 15405.34 lakhs, an increase of 12.02 % over the previous year. The projections for the years 2011-12 and 2012-13 are	The expenditure considered for the years 2009-10 and 2010-11 is the figures of RBE 2009-10 and B.E 2010-11 respectively. The expenditure for 2009-10 and 2010-11 shows an increase of about 16.56% and 12.02% respectively mainly because of wage revision and increase in power and fuel and dredging. The projection for the year 2011-12 also shows increase in expenditure by 11.76%. This is also due to huge increase estimated in dredging cost. Expenditure projections for the year 2012-13

<table>
<tr><td></td><td>Rs. 17218.15 lakhs and 18216.81 lakhs. For the reasons explained in sub-para 1 above, KPT is requested to carry out requisite corrections in the expenditure projections for all the three years of 2010-11 to 2012 -13 as stipulated under clause 2.5.1 of the guidelines.</td><td>has been considered as per clause 2.5.1 of the tariff guidelines.</td></tr>
<tr><td>3</td><td>The expenditure on railway activity for the year 2008 – 09 has been Rs. 28.42 lakhs. The expenditure for 2009 – 10 has been estimated at Rs. 199.19 lakhs, an increase of about 600 %. The reasons for a six fold increase may be analyzed and reported. The expenditure on this head for 2010 – 11 has been estimated at Rs. 51.55 lakhs. The projections for the years 2011-12 and 2012-13 are Rs. 54.54 lakhs and 57.70 lakhs. KPT is requested to carry out requisite corrections in the expenditure projections for all the three years of 2010-11 to 2012 -13 as stipulated under clause 2.5.1 of the guidelines.</td><td>The actual expenditure on railway activity for the years 2008-09 is Rs. 28.42 lakhs. The expenditure for 2009-10 and 2010-11 has been estimated at Rs. 199.19 lakhs and Rs. 51.55 lakhs respectively as per the RBE and B.E. Expenditure for the 2011-12 and 2012-13 has been worked out as per clause 2.5.1 of the tariff guidelines. The details of expenditure considered for RBE 2009-10 and B.E 2010-11 is as under:

Rs.in.Lakhs
<table>
<tr><th>Sr. No.</th><th>Name of Work</th><th>R.B.E 2009-10</th><th>B.E 2010-11</th></tr>
<tr><td>1</td><td>R & M of railway track in cargo jetty area.</td><td>40.19</td><td>36.55</td></tr>
<tr><td>2</td><td>S/R to railway siding of track no. 10 in front of marine unloading godown</td><td>157.00</td><td>10.00</td></tr>
<tr><td>3</td><td>S/R to railway track inside cargo jetty area from 7 to 12 siding</td><td>2.00</td><td>5.00</td></tr>
</table></td></tr>
<tr><td>4</td><td>The expenditure on estate activity for 2008 – 09 is reported at Rs. 2313.56 lakhs. There is an increase in expenditure of about 65.57 % during 2008 - 09 when compared to that of 2007 – 08. The expenditure projected on this head for 2009 – 10, 2010-11, 2011-12 and 2012-13 are Rs. 1856.73 lakhs, Rs. 2098.27 lakhs, 2219.97 lakhs and Rs. 2348.73 lakhs respectively. KPT is requested to carry out requisite corrections in the expenditure projection for all the years as stipulated under clause 2.5.1 of the guidelines.</td><td>The actual expenditure of estate activity for 2008-09 has been Rs. 2313.56 lakhs. The projection for the year 2009-10 and 2010-11 is as per the RBE & B.E. Projection of expenditure for the years 2011-12 and 2012- 13 is as per clause 2.5.1 of the guidelines.</td></tr>
<tr><td>5</td><td>The expenditure on estate activity for 2008 – 09 is reported at Rs. 2313.56 lakhs. There is an increase in expenditure of about 65.57 % during 2008 - 09 when compared to that of 2007 – 08. The expenditure projected on this head for 2009 – 10, 2010-11, 2011-12 and 2012-13 are Rs. 1856.73 lakhs, Rs. 2098.27</td><td>The actual expenditure on management and general administration for 2008-09 is Rs. 5439.06 lakhs. The expenditure of Rs. 6671.93 lakhs for the year 2009-10 and Rs.6623.21 lakhs for the year 2010-11 is RBE 2009-10 and B.E 2010-11 respectively. It is true that there is an increase of about 22.67% in the year 2009-10. It is due to wage revision and increase in</td></tr>
</table>

<table>
<tr><td></td><td>lakhs, 2219.97 lakhs and Rs. 2348.73 lakhs respectively. KPT is requested to carry out requisite corrections in the expenditure projection for all the years as stipulated under clause 2.5.1 of the guidelines</td><td>medical expenses due to introduction of a mew medical scheme to the pensioners. The projections for the years 2011-12 and 2012-13 are as per clause 2.5.1 of the guidelines.</td></tr>
<tr><td>6</td><td>Kindly clarify whether the estimated expenditure on Pension and gratuity represents annual contributions to the Pension/Gratuity Fund based on actuarial valuation or the actual / estimated disbursements during the years. If it represents the annual contribution, please furnish a copy of the actuarial valuation.</td><td>Acturial valuation is carried out every year and annual contribution is given to the respective pension and gratuity funds. Payment of pension & gratuity is released from these funds. Copy of the acturial valuation in respect of Pension & Gratuity Fund for the years 2007-08, 2008-09 and 2009-10 is furnished.</td></tr>
<tr><td>7</td><td>The BE of 2009-10 shows a provision of 50 lakhs towards special VRS. Please confirm that one-time expenses like arrears in wages/pension, VRS compensation, etc., are not included in the cost statement for traffic revision</td><td>It is confirmed that one time expenses like arrears in wages/pension, VRS compensation etc. are not included in the cost statement for tariff revision.</td></tr>
<tr><td>8</td><td>The break up of the components included in “other miscellaneous expenditure” under Finance and Miscellaneous Expenditure for the years 2007-08 to 2012-13 may be furnished.</td><td>The break up of the components included in the other miscellaneous expenditure under finance and miscellaneous expenditure for the years 2007-08 to 2012-13 is furnished</td></tr>
<tr><td>9</td><td>The basis of apportionment of the Finance and Miscellaneous Income, Finance and Miscellaneous expenditure and management and general overheads to the main activities/sub activities may be furnished. Also confirm whether it is in line with the general instructions given in form 5 A of the revised cost formats. If not, the reasons for variations may be explained.</td><td>It is confirmed that the general instructions given in Form-5 of the revised cost formats have been adhered to.</td></tr>
<tr><td>10</td><td>Under the Miscellaneous expenditure, the Port has shown Rs. 610 lakhs and Rs. 2112 lakhs towards “grant in aid” vide RBE 2009 – 10. The nature of this expenditure may be explained.</td><td>The grant in aid considered in RBE 2009-10 and B.E 2010-11 is as under:-
Rs.in.Lakhs.
<table>
<tr><th>Sr. No.</th><th>Name of Work</th><th>R.B.E 2009-10</th><th>B.E 2010-11</th></tr>
<tr><td>1</td><td>Procurement of VTMS</td><td>400</td><td>2112</td></tr>
<tr><td>2</td><td>Setting up of National Maritime Complex</td><td>210</td><td>---</td></tr>
</table></td></tr>
<tr><td>11</td><td>As per RBE 2009 -10, Rs. 31 lakhs have been provided towards fringe benefit tax. Clause 2.9.1 of the tariff guidelines prohibits inclusion of fringe benefit tax as a pass through</td><td>It is confirmed that as per clause 2.9.1 of the tariff guidelines, fringe benefit tax has not been included in the cost statements for tariff revision.</td></tr>
<tr><td>G</td><td><u>CAPITAL EMPLOYED</u></td><td></td></tr>
<tr><td>1</td><td>As per the cost statement furnished by the Port, during 2008 – 09 and 2009 – 10 it has added assets aggregating to Rs. 4714.41 lakhs and Rs. 5052.56 lakhs respectively. As per the annual accounts of the Port, the addition to the gross block</td><td>As per the cost statements furnished, during 2008-09 and 2009-10, port has added assets aggregating to Rs. 4714.41 lakhs and Rs. 5052.56 lakhs respectively at Kandla division whereas Annual Accounts of the Port shows the addition of the Gross Block of Port as a whole</td></tr>
</table>

	during these two years stood at Rs. 4910.53 lakhs and Rs. 3572.75 lakhs. Kindly reconcile.	including Vadinar Division.
2	Port has proposed to add assets worth Rs. 3977.77 lakhs, Rs. 1819. 50 lakhs and Rs. 4194.07 lakhs during 2010-11, 2011-12 and 2012 – 13 respectively. Details of project/feasibility reports relied upon for taking such investment decisions along with the summary of the recommendations contained in those reports may be furnished for perusal. Please furnish the present status of execution of the proposed projects, which are included in capital employed for consideration.	Projects details have been submitted.
3	Reduction in unit operating costs, if any, additional traffic / business projection, improvement in operational efficiency on account of each of the proposed additions to the gross block vide clause 2.6.3 of the tariff guidelines may be indicated.	Various projects like construction of berths, development of land, godowns, cranes, dredging of the channel etc. have been taken up. Thus measures are taken to improve the efficiency to deal with the situation and not vice versa i.e to increase the efficiency to attract cargo. Various measures other than addition of infrastructure have been taken by the Port like allowing weigh bridges, bagging plants and cargo handling equipments by private people for their own cargo, maximum utilization of storage place, easy movement of the cargo without obstructions, formulation of berthing and storage policies, night navigation etc. In view of above it will be difficult to quantify the operational efficiency achieved by each asset developed or each measure is taken.
4	Kindly confirm that only those assets which have been fully commissioned and in use have been included in the net block and the assets which have been disposed off or decommissioned have been excluded from the Net Block.	It is confirmed that only those assets which have been fully commissioned and in use have been included in the net block and the assets which have been disposed off or decommissioned have been excluded from the Net Block.
5	Please confirm whether the depreciation has been computed as per clause 2.7.1. of the tariff guidelines i.e., on straight-line method following the life norms adopted as per the companies Act.	Yes, depreciation has been computed on straight line method based on the life of the assets. However, life norms has been adopted as fixed by Ministry of Shipping, RT&HW.
6	It is observed that while computing working capital, sundry debtors, stores inventory, and cash & bank balances have not been considered according to the limits specified in clause 2.9.9 of the tariff guidelines. Kindly recalculate the figures adhering to the limits specified in the guidelines.	Calculation of working capital as per Tamp guidelines and as per prescribe formats in Form 4-A has been done for the year 2008-09 and the working capital figures comes in the negative. Hence, the working capital is taken as NIL for assessment of capital base.
7	In Form 4 – A the gross block has been considered at Rs. 67311 lakhs. For this year a negative working capital of Rs. 11917 lakhs has been arrived at. Despite	The working capital is taken as NIL for assessment of capital base. Hence the calculation of capital employed as per Form 4-A is in order.

	that the capital employed for 2008 – 09 has been reckoned at 68306.48 lakhs. For the years 2008 – 09 to 2012 – 13, the gross block has been considered at 68392 lakhs, 69078 lakhs, 67877 lakhs and 71385 lakhs. For all these years, though the working capital has been shown as nil, the capital employed has been reckoned at Rs. 70085 lakhs, 70720.30 lakhs, Rs, 69104.09 lakhs and Rs. 69711.64 lakhs. KPT is requested to rectify the obvious error cropped up in arriving at the working capital and capital employed. Port is advised to submit a revised Form 4 –A where the capital employed considered per year tally with the individual capital employed considered for the various activities and sub-activities.	
8	KPT has considered ROCE at 6.35 % on business related assets. The rate applicable for 2009 – 10 is 7.40 %.	TAMP vide its letters NO: TAMP/27/2005-Misc dated: 15 May' 2007, 13 July, 2008 & 30 June , 2009 has informed that maximum ROCE is fixed at 16% for the tariff cases of the Major Port Trust and Private Terminals operating therein to be decided in the financial year 2007-08, 2008-09 and 2009-10 respectively. However, nothing has been mentioned about the rates to be considered as ROCE on business related assets. Accordingly, KPT has considered ROCE at 6.35% on business related assets as per TAMP's guidelines dated: 31st March, 2005. The impact of considering 6.35% ROCE on Business Related Assets instead of 7.40% will be meager. Hence, no change has been made in the cost statements.
9	The basis of apportionment of capital employed i.e., net fixed assets and working capital amongst various activities and sub activities may be indicated.	Capital Employed includes net assets + working capital. Assets have been allocated to the relevant activity. Working capital is taken as NIL for assessment of capital base.
10	Assets handed over to BOT operators and in their control should not be included in the cost statements. Please confirm this position.	It is confirmed that assets handed over to BOT operators and in their control have not been included in the cost statements. However, though 11 and 12 cargo berths have been handed over to BOT operators, same have been included in the cost statements because vessel related charges are being collected by KPT.
11	KPT is requested to inform whether it has opened an escrow account and deposited the entire royalty/revenue share received so far in this account as prescribed in clause 2.8.3 of the tariff guidelines. The utilization details of the royalty amount received for creation of port infrastructure facilities may be furnished.	An escrow account has been opened and the royalty/revenue share are being deposited in the escrow account and the amount of escrow account is being utilized on the scheme deepening of Sogal Channel from 12.8 meters to 13.5 meters draught. During the year 2008-09 Rs. 1310.02 Lakhs and during the year 2009-10 Rs. 950.00 Lakhs have been utilized on this scheme.
12	At the last proceedings for general revision of the port tariff, the issue of	The issue of insurance of assets is still under consideration

	rewording the conditionalities for recovery of cost of damage repairs and recovery of the cost of replacement, in tune with clause 2.14. of the guidelines arose. The port then informed that the issue of insurance of its assets is under consideration. KPT is requested to state how the matter stands.	
H	**<u>SCALE OF RATES</u>**	
1	KPT has formulated its proposal by considering a rate increase ranging between 50% and 300 % over the existing tariff. The additional services/facilities proposed to be provided to the users and the benefit of productivity improvements accruing to users justifying this hike may be listed out.	The projected average deficit for Kandla Division for the years 2010-11,2011-12 and 2012-13 amounts to Rs.216 crores. Considering the surplus of about Rs. 58 crores from Vadinar, the additional revenue generation should be around Rs.158 crores. Capital expenditure to the tune of Rs. 144.91 crores during last two years has been incurred and Rs. 150.43 crores is proposed to be incurred in next three years. Substantial expenditure towards dredging is envisaged. Due to wage revision salary & wage cost will increase by 20% - 25%. Considering the above a rate increase ranging between 50% and 300% is proposed.
2	KPT is requested to submit a draft Scale of Rates alongwith the conditionalities governing application of such charges.	Draft Scale of Rates is submitted.
3	Berth hire charges have been proposed to be increased by 90% stating that the port has strengthened the infrastructure of 1 to 6 berths and as also procured mobile harbour crane. The rationale of increasing the charges for all the berths by 90% may be justified. If the facilities at few berths have been improved, it will be in order to prescribe separate rates for such berths.	As far as Kandla Port Trust is concerned all the berths are in straight line of 2 Kms (approx) and all berths are being used to handle all typed of cargo. Hence the berth hire charges have been made uniform for all berths in case of Kandla Port. All these berths can only be classified as crane berth and non-crane berth and such classification exits in the proposed scale of rates with a facility of rebate for non-crane berth. Since the present practice is accepted by the trade it is felt that the present practice may be continued.
4	Clause 6.5.1. of the tariff guidelines stipulates differential berth hire charges for group of berths having comparable services/facilities with rebates for major components of services and facilities not provided. The Authority has already advised KPT to comply with these stipulations vide para 11 (xxviii) (a) of Order dated 15 May 2007. KPT is requested to confirm that in the draft SOR to be submitted this advise will be	Kindly see reply to (3) above.

	addressed to.	
5	Port has proposed to recover additional berth hire charges at the rate of 5 times the normal rate, if vessels after completion of discharge or loading or ballasting do not call for the pilot for sailing within 4 hours after completion of discharge or loading or ballasting. The proposal appears to be to curb overstay of the vessels. The basis on which the penal provision of the levy of 5 times the normal rate has been arrived at may be explained. The revenue that will be generated in the next three years if such a penal clause is introduced may be worked out.	Section 115 of Major Port Trust Act, 1963 has a provision that says that "Penalty upto 10 times the amount of charges leviable can be imposed for evading the rates'. Based on this it is proposed that 5 times berth hire is a reasonable penalty to discourage overstay of vessels at berth at Kandla Port. No revenue is expected to be generated as this will only work as a deterrent.
6	Please confirm whether wharfage charges have been proposed based on the cost of handling and special care required to be taken while handling and storage of cargo as prescribed in clause 4.2.2. of the revised tariff guidelines	Wharfage charges have been proposed based on the cost of handling. However, with higher fixed cost and lower controllable cost, it is essential for the Port to adopt such a pricing policy that it will generate revenue for the port, sustain in the competition and fetch higher throughput. While considering cost factor, other factors such as what traffic can bear, advantage in handling a particular commodity, cargo mix to be handled in the future, likely competition from the nearby Ports, the necessary care required to be taken in handling of cargo are also taken into consideration while preparing the wharfage charges at Kandla Port.
7	Since KPT has not submitted a draft SOR, it is presumed that as stipulated in clause 4.2.2 of the tariff guidelines, the wharfage rate for all the items would be proposed based on weight or volume of cargo with reference to cost of handling the relevant cargo.	The current and proposed Scale of Rates in the prescribed proforma has been submitted. The project materials, machinery including motor vehicles and auto components/electrical etc. are of varying size and shape and they are required to be handled carefully. Further, the project materials including machinery, CKD and SKD have no uniform/standard unit of measurement except in terms of value. Hence we have proposed to levy wharfage on them on ad valorem basis.
8	The Port has proposed to double the charges for supply of labour (from Rs. 15 to Rs. 30 per MT for foreign and Rs. 9 to Rs. 18 per MT for coastal cargo) vide Note 1 below wharfage charges. The proposal may be justified with cost details. The revenue that will be generated in the next three years, if such a clause is introduced, may please be worked out.	The rate of Rs. 15 for supply of labour is applicable since May'2002. Since then salary and wage cost has increased more than 2.5 times. To recover the cost, it has been proposed to double the charges.
9	KPT has proposed to levy pollution surcharge of Rs. 5 per ton on coal, ores, rock phosphate, sulphur, bentonite, clinker, gypsum and any other dry bulk cargo creating pollution. The proposal may be justified with cost details. The revenue that will be generated in the next three years if such a penal clause is	Most of the bulk cargoes create pollution and hence the pollution surcharge which the Port has proposed seems justified. However, laying down too many parameters in this regard may not be practically feasible and workable.

<table>
<tr><td></td><td>introduced may please be worked out. The port has further proposed that the decision of the Chairman, KPT, as to whether a cargo causes pollution or not will be final. Instead of putting such a subjective clause, port is requested to consider laying down clear cut parameters to determine in a transparent manner the degree of pollution that could be caused by the different cargo groups and the measures in advance to be taken, both by the Port and the trade, to contain the pollution.</td><td></td></tr>
<tr><td>10</td><td>Storage charges have been proposed to be increased by 300 %. The proposal may be justified with cost details. Kindly state whether any investment has been made by the Port for development of storage areas.</td><td>KPT has proposed to increase warehousing charges by 300% and storage charges (open) by 100%. At the existing rate this activity shows an average deficit of 400.65%. Following investment has been made/ to be made by the Port for development of storage areas (covered):-
<table>
<tr><th>Name of the project</th><th>Cost (Rs. In Lakhs)</th><th>Present status</th></tr>
<tr><td>Construction of bulk storage sheds in place of sulphur bins and in Plot A to E in the back up area of Berth No. 3</td><td>2604.00</td><td>Scheme completed in 05/2010</td></tr>
</table></td></tr>
<tr><td>11</td><td>When import cargo is stored in transit terms and then converted into re-export, port has proposed to consider the free period from the date of filing of export documents. The frequency of import cargoes getting converted into re-export cargoes may be stated. The revenue impact per annum of introduction of such a clause may be informed.</td><td>The incident of import cargo getting converted to export cargo is very rare. Therefore the impact on revenue while import cargo is converted to re-export is negligible.</td></tr>
<tr><td>12</td><td>To recover the demurrage till the cargo is lying in the transit area, the Port has proposed to commence the free period for exports from the date on which the cargo is brought in the transit/port area and to recover demurrage till the entire export cargo is loaded and till the import cargo is taken out of the port or shifted to the rental floor. The port has further proposed to recover demurrage on the balance cargo lying in the transit area, if any part loading / delivery has taken place. The existing method of recovery of demurrage and grant of free period may please be elaborated. The reason for proposing such a clause may be elaborated. The revenue impact per annum of introduction of such a clause may be worked out and informed.</td><td>The existing practice for recovery of demurrage and grant of free period is the same as what is proposed. The reason for proposing this clause is only to bring in more clarity and transparency.</td></tr>
</table>

13	Although the Port has stated that it is for administrative convenience, it is not clear why port intends to introduce a condition to the effect that "the cargo is shifted from transit terms to the rental terms only when physical shifting of cargo is carried out". Kindly elucidate. The revenue impact per annum of introduction of such a clause may please be informed.	The present procedure is the same as proposed. The proposal is to bring in more clarity and transparency
14	Although the Port has stated that it is for administrative convenience, it is not clear why port intends to introduce a note to the effect that "in case of cargo shifting from transit to rental or vice versa, such cargo shall not be eligible for free period otherwise provided for cargo stored on transit terms". The existing method of recovery of demurrage and grant of free period may please be elaborated. The per annum revenue impact of introduction of such a clause may please be worked out and communicated.	The Port allows shifting of cargo from transit to rental terms so as to enable the Port User to avoid financial burden in case of unavoidable delays for cargoes lying inside the Port. However, the port does not intend to allow shifting of cargo from rental area to transit, the word 'vice versa' has been inadvertently mentioned. Further, Port also proposed to allow free period in case of cargo shifted from transit to rental areas. In fact, the above note is only for transparency and clear procedure and there will be no revenue impact of the above as we are not introducing any new term/scale. In view of above, it is proposed to introduce a note to the effect that "in case of cargo shifting from transit to rental terms, such cargo shall be eligible for free period and after payment of demurrage till the date of shifting, cargo will be allowed to shift from transit to rental subject to availability of rental space inside the Port area".
15	As per the cost statement furnished by KPT the dry docking activity all along shows heavy deficit. The steps, if any taken/proposed to be taken by KPT to reverse the situation may be explained.	The salary and running and maintenance cost are increasing day by day due to inflation. The dry dock hire charges are not increased to that extent. Accordingly, to recover the cost penalty/additional charges has been suggested.
16	In the existing arrangement, the hirer should do the cleaning of the dry dock at his cost except for the first day. Port has proposed to recover Rs. 5000 per day in case cleaning is not done by the hirer. The basis on which the rate of Rs. 5000 per day has been arrived at may please be explained with cost details. The per annum revenue impact of introduction of such a clause may be made known.	As per existing arrangement of SOR, the hirer should do the cleaning of dry dock at his cost except for the first day. It is experienced that, the hirer does not do cleaning as there is no clause in the SOR to initiate action against non-compliance. To keep the dry dock clean and safe guard from fire hazardous etc., the port employees have to be deputed. If the proposed recovery of Rs. 5000/- is approved, and if the hirer does not clean the dock, the port can get the cleaning work done with available man power or by engaging private labour without any financial burden to the port. There will not be much a revenue impact by introduction of such clause, as it is only chargeable subject to non-compliance of existing arrangements. The rate has been arrived at based on the labour cost of three workers @ of Rs. 1550 per day rounded of to Rs.5000.
17	KPT has proposed to increase the crane hire charges from Rs. 500/- per hour to Rs. 2000 per hour. The basis on which the rate of Rs. 2000/- per hour has been	For the proposed increase in crane hire charges from Rs. 500/- to Rs. 2000/- per hour, a rate analysis is furnished. The increase in rate is proposed due to increase in wages and

	arrived at may please be explained with cost details. The revenue impact of introduction of such a clause may please be worked out for the next three years	increase in electricity charges etc. The incremental income per year based on the proposed increase will be Rs. 97,750/- (approx.)
18	In the existing arrangement, when more than one vessel is docked and also undocked together, the hire charges of the dock shall be shared proportionately on the basis of the displacement of the vessels. The Port has proposed to omit this concession stating that the hire charges are being recovered as per length occupied by the respective vessels irrespective of docking / undocking together. Port has also stated that in the SOR hire charges is prescribed as per length of vessels to be dry docked. The number of occasions during the last three years more than one vessel is docked and undocked together may please be furnished. When such a concession is provided in the SOR, why the port has not extended the benefit to the trade may be clarified. The revenue impact of removal of the existing concessional clause may be worked out and intimated to this Authority.	During the last three years there were 4 occasions when more than one vessel docked and undocked together. The sharing of hire charges on the basis of displacement is not possible as the hire charges are given in SOR as per length of the vessel. Therefore, omitting existing clause as proposed shall not attract any additional income to the port or benefit to the trade. Only the clarity in our condition can be achieved.
19	KPT has proposed to increase the levy of charges prescribed under Note No. 9 of the dry docking schedule by 333 %. The reasons adduced therefor are the increase in pay and allowances, increase in the rate of overtime of employees and the increase in the electricity charges. The proposal may be justified with cost details. The revenue impact of introduction of such a clause may be worked out.	Note no. 9 of SOR imposes an additional charge of 30% of rate prescribed in the dry docking schedule when docking and undocking operations are carried out on Sunday and Holiday. Rarely dry docking operation's are carried out on Sunday or holidays. The employee's are paid 1 ½ wages during Sunday or Holidays while on dry docking operation. Additional charge on 30% of rate prescribed is very small comparing to salary & wages paid on Sundays and Holidays. At Mumbai Port Trust, separate docking and undocking charges are levied apart from dry dock hire charges. At KPT, 1st days hire charges is inclusive of docking and undocking charges.
20	Port has proposed to increase the levy of charges prescribed under Note No. 10 of the Dry docking schedule by 100 %. The reasons adduced therefor by the port are the increase in pay and allowances, increase in rate of overtime of employees and the increase in the electricity charges. The proposal may be justified with cost details. The revenue impact of introduction of such a clause may be worked out.	As per Note No. (10) – 50% of prescribed charges in the dry docking schedule shall be levied in case the requisition for docking or undocking operation is cancelled by the hirer. These charges for cancellation of operation will not be levied if prior notice in writing is furnished to the dock in charge not later than 1400 hours on the day previous fixed for operations. The arrangement of keel blocks as per the dimension of the vessel, engagement of skilled and unskilled manpower, power consumed in sinking and de-sinking operation, stand by Tug for dry docking operation are the cost involved in the prior to dry docking schedule.

		Cancellation without prior notice will result in revenue loss to the port. Main aim is to curb the practice of late submission of cancellation application by port users.
21	The Port has proposed to introduce a clause to levy a penalty of additional charges equivalent to thrice the charges applicable to the first day of docking, if the vessel dry docked is not in a position to vacate it for accommodating emergency docking of the port vessels. The reason adduced therefor is to curb the practice of overstaying of private craft beyond their stipulated period. It is not understood why private craft would resort to overstay at the dry dock beyond their requirements. The number of occasions during the last three years, the port had experienced difficulties in emergency docking of its vessel in its dry dock due to overstaying of the other craft may please be communicated. The revenue impact per annum of introduction of such a clause may be worked out and intimated to this Authority.	Nearly 22 instances are observed during the calendar years 2008, 2009 and 2010 when the private port users overstayed. The main aim of imposing of such a penalty is to curb the practice of overstaying of private craft beyond their required period approved by Competent Authority. Such penalty clause will make impact on port users/owner of the vessel to adjust the stipulated time period required for dry docking and disclose the same in the application for dry dock. The docking operation and available slot can be arranged in resourceful manner as per the requirement of the port craft along with private port users'. The main aim is that vessels requiring same period of dry docking can be docked together to avoid unnecessary frequent docking/undocking operation. No revenue is expected to be generated as this will only work as a deterrent
22	Port has proposed to levy additional charges ranging from 100% to 300% of the charges applicable to the first day of dry docking in case of overstay of vessels, even if port vessels do not require dry docking. The Port has not adduced any reasons for introducing such a clause. The revenue impact of introduction of such a clause may be worked out and communicated	Please refer to para (21) above
23	In the covering letter, port has proposed that the rates of Kandla Division will be applicable to Tuna Port. (The income, cost and capital employed details of the Tuna Port have not been furnished by KPT). The rationale therefor may be justified when this Authority follows a cost plus return on capital employed approach for fixing the tariff for the various services rendered by the Ports.	So far Tuna Port has no full fledged facility to handle cargo. In the recent past investment to the tune of Rs. 85.00 crores has been made to build a concrete jetty, back up area and connecting road to Tuna. All these facilities are part of Kandla Port. Income and operating costs have been merged into cargo handling facility of the port. Since there is no separate rate fixed for Tuna the prevailing rate of Kandla Division will be applicable to Tuna division as well.
I	**<u>MISCELLANEOUS</u>**	
1	The action taken by KPT with reference to clause 7 (Regulation of charges by other authorised service providers) of the tariff guidelines may be explained.	Clause 7 of the revised guidelines is strictly followed by Kandla Port Trust.

6. A Joint hearing was held on 29 July 2010 at Kandla Port. The KPT and the concerned users made their submissions.

7. KPT under letter dated 30 August 2010 submitted revised cost statements with reference to the actuals of 2009 – 10. The summary of the revised cost statements as furnished by KPT is summarized and tabulated below:

Sr. No.	Particulars	Operating Income				Net suplus/ (deficit)				Net surplus/ (deficit) as a percentage of operating income			Average net surplus/ (deficit)
		2010-11	**2011-12**	**2012-13**	**Total**	**2010-11**	**2011-12**	**2012-13**	**Total**	**2010-11**	**2011-12**	**2012-13**	
1	**Port as a whole**	372.92	377.63	386.46	1137.01	-141.49	-167.00	-179.50	487.99	-37.94	-44.22	-46.45	-42.87
2	**Vadinar Division**	107.17	107.17	107.17	321.51	70.44	66.37	68.84	205.65	65.72	61.92	64.24	63.96
3	**Kandla Division**	265.74	270.45	279.29	815.48	-211.95	-234.44	-249.41	-695.80	-79.76	-86.68	-89.30	-85.25
4	- Cargo	114.56	118.07	120.15	352.78	-40.59	-43.03	-52.27	-135.89	-35.43	-36.44	-43.50	-37.91
5	Port & Dock	128.21	128.96	135.72	392.89	-158.52	-177.24	-181.77	-517.53	-123.64	-137.44	-133.93	-131.67
6	Estate	22.96	23.42	23.42	69.80	-9.08	-9.82	-11.10	- 30.00	-39.53	-41.91	-47.40	-42.95
7	Railways	0.00	0.00	0.00	0.00	-3.77	-4.35	-4.27	-12.39	0.00	0.00	0.00	0.00

8. Under letters dated 3 August and 8 September 2010, KPT was requested to comply with the decisions taken at the joint hearing. Details called for and the replies furnished by the port in its letters dated 30 August and 4 October 2010 are as under:-

S.No.	**Queries raised by TAMP**	**Reply furnished by KPT**
1	As decided at the joint hearing, KPT is advised to update the cost statements with reference to 2009-10 actuals and review the estimates for the next three years accordingly.	Cost statements have been updated considering the actuals of 2009-10.
2	KPT is required to ensure that capital expenses incurred on PPP projects are excluded as they are to be accounted against the upfront payment received. Port is requested to furnish the details of such expenditure and explain the treatment given to them in the cost statement	Kandla Port Trust has constructed berth Nos. 11 & 12 and then given them for Container Terminal which is a BOT project. Hence capital expenditure incurred on these berths are considered for the purpose of ROCE as the vessel related charges are being collected by the Kandla Port Trust.
3	At the joint hearing all the users were almost unanimous in voicing their objections about the underutilisation of the private container terminal and high dredging cost which benefits only a few berths. KPT is requested to furnish a detailed note on the alleged disproportionate allocation of dredging cost alongwith its comments on allocation of revenue share from BOT operation of container terminal to the vessel related activity to protect other vessels from the cost of under utilisation of the container berths.	Even though dredging is carried out to maintain a draught of 12.5 mtr and as the users have pointed out that only the berths which have the draught of 12 and 12.5 mtrs. are cargo berth Nos. 7 to 12, it is not the case of under utilization of available draughts . All vessels are brought in with respect to the availability of requisite tidal height at Kandla Port. The draught of 12.5 mtr., if available is at the peak height of tide, and the depths maintained in the channel are in relation to the draught of 12.5 mtr at the peak height of tide. At all other times, the depths maintained in the channel benefit the vessels with lesser draught which can now be handled in a larger window period. If the depths maintained in the channel are lower the window period for even 10 mtr. draught vessels or above will become restricted and then only a limited number of vessels can be brought in at

		all times. As such, higher draughts do not only benefit the high draught vessels but also benefit the lower draught vessels which can sail in or sail out of the port at practically all times. With reference to Berths Nos. 11 and 12, the underutilization claimed is due to the vessels being at berths under the operation of the container terminal operator and as per the agreement, Kandla port does not have control over the utilization of these berths and cannot use them for other cargoes. Revenue share from BOT operation of container terminal is not considered in cost statements. However, vessel related income earned from these berths has been included in the Cost Statement.
4	The logic of proposing to apply Kandla rates at Tuna may be elaborated as the facilities and performance at these places are not comparable.	Till last revision Kandla port had separate rate for Tuna port, as there was no development taken place in the Tuna port andd a simple earthen bun having some mooring facilities were available in Tuna to handle country crafts, mostly carrying the livestock as cargo to the Middle-East. In the recent past, the Kandla Port has developed the facilities at Tuna with an investment of Rs. 5.70 crores to match with the requirement of the trade to handle the cargo through barges. The port has also envisaged to invest further Rs.1074 Crores as under: Barge Handling (As per block estimate) a) Extension of barge jetty Rs.2.00 crores. b) Development of land and fencing Rs.3.00 Crores c) Dredging of Tuna Channel Rs. 9.00 crores. d) Dry bulk Terminal (PPP basis) Rs.1060.00 Crores Rs. 818.16 Cr. (PPP) plus Rs. 241.84 Cr. (IR) As the investments made being made in the Tuna Port are akin to the investments made in Kandla Port, the Port has proposed to apply the Kandla rates to Tuna Port also.
5	Dry dock primarily caters to port craft. The cost statement contains revenue from private crafts but expenses incurred on all crafts which utilised the dry dock, with the predominant user being port crafts. Break up of expenses for port and non port craft should be furnished.	It is true that the dry dock facility is exclusively for port vessels but for gainful utilization of spare slot available at the dry dock, the dry dock facility is provided to private agencies. As per actual 2009-10 figures, utilization of dry dock by port vessels is 24% and private vessels is 76%.

6	The port should list out the efficiency in operation expected to be achieved and improvement in quality of service anticipated in the next three years. Measures taken / to be taken to bring down unit cost of handling of cargo should be explained with supporting figures and analysis.	Looking to the huge traffic expected to be generated at this Port during next few years, various projects like strengthening of berths, development of land, godowns, cranes, dredging of the channel, etc. have been taken to improve the efficiency. Various measures other than addition of infrastructure have also been taken like allowing weigh bridges, installation of bagging plant and cargo handling equipment by users for their own cargo, maximum utilization of storage place, easy movement of cargo, formation of berthing and storage policies, night navigation etc .
7	Please furnish cost based justification for the proposed new railway charge of Rs.5/- per tonne. In this regard, additional railway facilities to be provided in the next three years and improvement in railway operations expected to be achieved may also be furnished	R & M cost is being incurred on railway activity where huge capital investment has been made. Since no charges are being recovered from the users, port proposes to recover Rs. 5.00 per ton from the cargo to be handled through railway. Additional railway facilities to be provided in the next three years are as under:- Name of Scheme Estimated Cost (Rs. In Crores) --- Extension of road and Railway network in the Rear of back up area at Berth No. 11 to 16 at Kandla Rs.17.39 Gandhidham Kandla gauge Conversion Rs.25.00 Railway line from Gandhidham To Tuna Tekra Rs.42.50
8	Many of the users pointed out the need to review and rationalise the existing conditionalities in the Scale of Rates. KPT agreed to hold a meeting with all concerned users and suggest necessary changes in the conditionalities. While furnishing its report, the port is advised to clearly bring out the agreed and disagreed points alongwith reasons for disagreement.	A meeting with all concerned users was held on 17 August 2010. The Gist of discussions held is submitted.
9	Many of the details contained in KPT's letter dated 3 August 2010 differs from the details received under KPT's earlier letter dated 18 December 2009. While the changes in the figures for the year 2009-10 may be due to updating, the reasons for revision of wharfage and the demurrage / storage income from iron ore, coal, POL, fertilisers etc for the years 2007-08 and 2008-09 are not clear. Due to the variations in income figures for	Wharfage income of POL has been changed as wharfage income from IFFCO jetty amounting to Rs. 797.03 lakhs and Rs. 618.37 lakhs for the year 2007-08 & 2008-09 respectively have been deducted being captive user jetty. Hence the wharfage income of POL differs from the earlier figures sent vide letter dated 07.12.2009.

	different cargo groups, the total cargo handling income for 2007-08 and 2008-09 shown differs. KPT is requested to confirm the figures pertaining to the years 2007-08, 2008-09 and revise the cost statement with the correct figures.	
10	In Form 3-A pertaining to the consolidated income and cost statements for both Kandla and the Port as a whole (Kandla + Vadinar), the traffic figures have not been shown. KPT is requested to comply.	The revised traffic figures considering actual traffic of 2009-10 is furnished.
11	The expenditure on cargo handling activity and port and dock activity for 2010-11 has been projected at 15% above that of the actual expenditure of 2009-10. Since the expenditure projection should be with reference to the current movement of wholesale price index, which is at 3.76 %, the escalation in cost considered by KPT beyond the stated level needs to be justified. The expenditure projection for the next two years should also be justified for seeking an escalation beyond the levels permitted by the tariff guidelines	The expenditure considered for the year 2010-11 is of B.E 2010-11 figures. The proposal for revision has been submitted to TAMP in December 2009. Considering the wholesale price index applicable for the year 2009-10, 5.8% escalation is given for the years 2011-12 & 2012-13 . However, as the dredging cost, maintenance cost and power cost is expected to be incurred more, same have been escalated by more than 5.8% in the year 2011-12 whereas cost of 2012-13 has been calculated by giving 5.8% escalation on the cost of 2011-12 as per tariff guidelines.
12	KPT is requested to furnish an analysis of variations of actual physical and financial performance of the port as a whole with reference to the projections relied upon at the time of deciding the rates presently prevailing both at Kandla and Vadinar duly explaining the reasons for such variations.	An Analysis of variations of actual physical and financial performance of the port as a whole with reference to the projections relied upon at the time of deciding the rates presently prevailing for the year 2007-08, 2008-09 and 2009-10 is furnished

9. Subsequent to the joint hearing, the Kandla Custom House Agents' Association, Kandla Port Steamship Agents' Association and Kandla Port Stevedores' Association vide letters dated 29 July, 29 July and 2 August 2010 respectively furnished their further comments on the proposal of KPT. The Port furnished its remarks thereon. The comments of the users and the remarks offered by the port

10. 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 are also available at our website http://tariffauthority.gov.in

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

(i). KPT has revised the cost statements at different periods of time vide its letters dated 18 December 2009, 29 June 2010, 27 July 2010 and 30 August 2010. The analysis has been carried out based on the updated cost statements received under the port's latest letter dated 30 August 2010 and the clarifications furnished during the processing of this case.

(ii). The existing SOR of KPT was approved in May 2007 based on the estimated cost position for the years 2007-08, 2008-09 and 2009-10. Clause 2.13 of the tariff guidelines mandates a review of the actual physical and financial performance of the port at the end of the prescribed tariff validity period with reference to the projections relied upon at the time of fixing the prevailing tariff. The analysis with reference to the past period relating to the years 2007 – 08 to 2009 – 10 is discussed below:-

(a). The actual aggregate traffic stood at 216.64 MMT as against the estimated traffic of 171.10 MMT during the years 2007-08 to 2009-10. At an officer level meeting held on 22 November 2010, KPT informed that the traffic of 216.64 MMT included the throughput handled by ESSAR at their SBM which aggregated 55.83 MMT during the corresponding period. The operation at Vadinar SBM by ESSAR was not brought out by KPT in the last revision. The aggregate traffic of 216.64 MMT, which includes the traffic handled by ESSAR at Vadinar shows an increase of 26.61 % when compared with the estimates.

(b). The aggregate operating income amounted to Rs. 1085.71 crores (which includes Rs. 21.02 crores collected as wharfage from IIFCO jetty and Rs. 73.01 crores collected as wharfage from ESSAR) as against the estimate of Rs. 991.66 crores, an increase of 9.48 %. While carrying out this comparison, the estimated vessel related income of Kandla Division has been increased by 15% in case of port dues, pilotage, supply of water and others and by 50% in case of berth hire with effect from 11 July 2007 to reflect the tariff increase granted in the last general revision.

(c). The aggregate operating expenditure including depreciation and other overheads amounted to Rs. 845.03 crores as against the estimate of Rs. 656.87 crores, an increase of 28.63 %. The increase according to KPT is due to increase in salary and wages and increase in dredging expenditure.

(d). The operating surplus aggregates to Rs. 240.67 crores as against the estimate of Rs. 334.77 crores, a decrease of 28.11 %.

(e). The aggregate capital employed has been Rs. 2133.87 crores as against the estimated capital employed of Rs. 2518.91 crores. The port has attributed the reasons therefor as dropping of its plans to procure five ELL wharf cranes and to construct two cargo berths as it has been decided to execute for these projects through PPP.

(f). The aggregate net deficit amounted to Rs. 138.59 crores during 2007-08 to 2009-10 as against the adjusted estimated net deficit of Rs. 88.08 crores.

(g). A statement showing the analysis for the years 2007 – 08 to 2009 – 10 is attached as **ANNEX - I**. Since the Port has not earned any surplus the issue of adjustment of any surplus of past period does not arise.

(iii). (a). In its proposal dated 18 December 2009, KPT had estimated the traffic to be handled in 2009-10, 2010-11, 2011-12 and 2012-13 at 77.90 MMT, 79.20 MMT, 83.70 MMT and 83.70 MMT. This was subsequently amended by the port to 79.50 MMT, 78.00 MMT, 87.40 MMT and 88.45 MT respectively. The revised cargo-wise and location-wise traffic projection reported by the port for the purpose of tariff fixation is as under:

In lakh tonnes

Details of location	2009-10 Actual	2010-11 Estimate	2011-12 Estimate	2012-13 Estimate
KANDLA - LIQUID CARGO				
IMPORT	80.93	67.85	72.61	72.90
EXPORT	26.72	22.15	25.99	26.30
KANDLA - DRY CARGO				
IMPORT	171.83	173.05	177.10	181.10
EXPORT	74.02	85.95	91.30	97.20
VADINAR	439.03	429.00	507.00	507.00
TRANSSHIPMENT	2.42	2.00		
TOTAL	795.00	780.00	874.00	884.50

(b). Compared to the actual traffic of 79.50 MT in 2009-10, the projection for 2010-11 at 78.00 MT is less by about 2 % The projection for 2011-12 is kept at 87.40 MT i.e., up by 12.05% over 2010-11. The projection for 2012-13 has been kept at 88.45 MT i.e. up by 1.2 % above that of 2011-12.

(c). The total liquid cargo (import and export) to be handled at Kandla in 2010-11 has been projected on a lower side (9.00 MT) though 10.76 MT of this cargo was handled in 2009 – 10. However, KPT has projected higher handling of this cargo in the subsequent two years of 2011 – 12 and 2012 – 13 viz. an increase of 9.55 % and 1.22 % over the respective previous years.

(d). The aggregate dry cargo (import and export) to be handled in 2010-11, 2011-12 and 2012-13 at Kandla division has been projected higher at 5.34%, 3.63 % and 3.68 % over the respective previous years.

(e). The projection for 2010-11 for Vadinar Division has been made by KPT with a marginal decrease of 2.28% over that of 2009-10. For 2011-12 and 2012-2013 the projection is more by 18.18% in comparison to the projection made for 2010-11. The port has not explained the reasons for the drop in the throughput at Vadinar during 2010-11. It is ascertained from the statistics maintained by IPA that during April – November 2010 Kandla Port has handled a throughput of 54.13 MMT of cargo. At this rate, it can be reasonably concluded that the port will handle a throughput of 82 MMT during 2010-11 as against the projection of 78 MMT made by KPT. The throughput of Vadinar has been considered at 46.90 MMT as against 42.90 MMT as projected by the port.

(f). On a specific query from this Authority as to why liquid cargo projections are kept low compared to the actual throughput of 2009-10, the port has informed that there was unprecedented import of liquid cargo during 2009-10 due to reduction in import duties on certain commodities. According to the Port, the projections for 2010 - 11 to 2012 – 13 have been made on a conservative basis.

(g). The traffic projections furnished by KPT in the cost statements for 2010-11 to 2012-2013 are relied upon, except the change as stated at sub-para

(e) above. The revised cargo wise and location wise traffic projection considered in the analysis is shown below:-

In lakh tonnes

Details of location	2009-10 Actual	2010-11 Estimate	2011-12 Estimate	2012-13 Estimate
KANDLA - LIQUID CARGO				
IMPORT	80.93	67.85	72.61	72.90
EXPORT	26.72	22.15	25.99	26.30
KANDLA - DRY CARGO				
IMPORT	171.83	173.05	177.10	181.10
EXPORT	74.02	85.95	91.30	97.20
VADINAR	439.03	469.00	507.00	507.00
TRANSSHIPMENT	2.42	2.00		
TOTAL	795.00	820.00	874.00	884.50

It is noteworthy that none of the users consulted in this proceeding has expressed any reservation on the traffic estimates. Nevertheless, if any undue advantage is found to have accrued to the KPT due to wrong estimation, adjustment will be made in the tariff at the time of next review of tariff in line with the tariff guidelines.

(iv). (a). KPT has informed that excluding the BOT income and the income from cargo handling division, the operating income of the port as a whole for 2009-10 amounted to Rs. 342.51 crore. The operating income projected for subsequent years of 2010-11, 2011-12 and 2012 – 13 is at Rs. 372.91 cr., Rs. 377.62 crores and 386.46 crores respectively. At the discussion held with the officers of KPT, it transpired that though the port has included the wharfage income from IFFCO, it has not included in its cost statements the estimated wharfage income it has received on the throughput handled by ESSAR at Vadinar. On 25 November, 2010 KPT informally stated that the estimated wharfage income from ESSAR for the years 2010-11, 2011-12 and 2012-13 would be Rs 26.19 crore, Rs. 38.29 crore and Rs. 38.29 crore respectively. As already stated in sub-para (iii) (e) above, the throughput at Vadinar for 2010-11 has been considered at 46.90 MMT as against 42.90 MMT projected by the port. The estimated wharfage income of Vadinar Division thus has been considered at Rs. 58.25 crores for 2010-11 and at Rs. 63.49 crores each for 2011-12 and 2012-13 as against Rs. 25.20 crores per annum considered for all the three years by the port.

(b). KPT vide letter dated 29 November 2010 has conveyed its reservation about inclusion of the income generated from the facilities provided by ESSAR and IFFCO. According to the port these facilities are created after entering into agreements with the parties and hence such income should be treated on par with royalty from private operators and should be kept out of the purview of calculating financial implications at the time of the general rate revision. As per the Agreement dated 8 October 1997, ESSAR will pay to the port wharfage charges of Rs.18 per tonne against the then notified charge of Rs.35 per tonne. As far as IFFCO is concerned it will pay full wharfage as per KPT's Scale of Rates in vogue as per the Agreement dated 8 November 1996. Since the income received by the port from ESSAR and IFFCO is in the form of wharfage and this income has been accounted as wharfage in the books of accounts of Kandla Port Trust, the request of the port to exclude it from the rate analysis cannot be accepted. It has to be recognized that both IFFCO and ESSAR are not persons authorized under Section 42 with the prior approval of the Government but users of the port facility. Similar income received by other ports like Paradip Port Trust and New Mangalore Port Trust from bilateral contracts has been considered as revenue while carrying out the general rate revision of those ports and hence no exception can be made in the case of Kandla port trust.

(c). The operating income from cargo handling amounted to Rs. 118.41 crores during 2009-10. The operating income for 2010-11 to 2012 -13 has been estimated by KPT at Rs.139.76 crores, 143.27 crores and Rs. 145.34 crores respectively. For the reasons elaborated in sub-para (iv) (a) above (i.e. considering the operating income of Vadinar at Rs. 58.25 crores for 2010 – 11 and Rs. 63.49 crores each for 2011-12 and 2012-13 as against Rs. 25.20 crores considered by KPT) the estimated operating income has been increased by Rs.33.05 crore, Rs.38.29 crore and Rs. 38.29 crore respectively for the years 2010-11 to 2012-13. Further, Rs. 8.85 crore per annum, being 50% of the royalty estimated to be received from the existing BOT operators has been considered as revenue during 2010-11 to 2012-13 as detailed in a subsequent sub-para xii (c). To sum up the estimated operating income has been reckoned at Rs. 181.36 crores, Rs. 190.11 crores and Rs. 192.18 crores respectively.

(d). For 2010-11 to 2012-13, the operating income from the port and dock activity has been estimated by KPT at Rs. 208.21 crores, Rs. 208.96 crores and Rs. 215.72 crores respectively which includes the vessel related income of Vadinar at Rs. 80.01 crore per annum for all the three years. The port has maintained the same level of income at Vadinar for all the three years though the traffic thereat has been projected at 42.90 MMT, 50.70 MMT and 50.70 MMT respectively for the three years. In tandem with the change in the estimated traffic to be handled at Vadinar vide sub-paras (iii) (e) and (g) above, the income from the port and dock activity of that division for the years 2010-11 to 2012-13 has been reckoned at Rs. 87.47 crore, Rs. 94.55 crore and Rs.94.55 crore respectively. Further, for the tariff fixing exercise, the operating income for 2010-11 to 2012-13 is adjusted towards foreign exchange variation as discussed at sub-para (e) below.

(e). In its income estimates, KPT has considered the exchange rate of 1 US$ = Rs.48.00 for the year 2010-11 and 1 US$ = 46.13 for the years 2011-12 and 2012-13. The exchange rate at the time of finalizing this analysis is around 1 U.S. $ =Rs.45.11. As per Clause 2.5.1. of the tariff guidelines income projections should take into account effect of foreign exchange fluctuations of income from dollar denominated tariff items. Port has indicated that during 2009-10 about 88% of the income from port and dock activity is generated from dollar denominated tariff items (rates for foreign going vessels) and the balance from coastal vessels. Based on this ratio, the vessel related income for the first eight months (April – November) of 2010 – 11 is adjusted considering the average exchange rate of Rs. 45.33 per US Dollar. The vessel related income for the future period commencing from December 2010 till March 2013 is adjusted considering the exchange rate of Rs. 45.11 per US $ prevailing at the time of analysis of this case. Although storage fees on cargo containers is also dollar denominated, no moderation in this regard is carried out since KPT has not projected any container storage income for these years due to the privatization of the container handling activity.

With the above changes, the income from vessel related activities for the years 2010-11 to 2012-13 is considered at Rs. 204.84 crores, Rs. 219.16

crores and Rs. 225.79 crores as against the estimates of KPT at Rs. 208.22 crores, 208.96 crores and Rs. 215.73 crores respectively.

(f). The guidelines do not permit restatement of coastal rates with reference to prevailing exchange rate at the time of each general revision of Scale of Rates. At the last rate revision approved in May 2007 the exchange rate considered was 1 U.S. $ = Rs. 41.20. The exchange rate presently prevailing is 1 U.S. $ = Rs. 45.11. The existing rates of coastal vessels / containers will undergo revision to the extent of general increase in tariff, if any, decided in the respective tariff category.

(g). The operating income from the activity relating to rentable land and building has been estimated by the port in the cost statements at Rs. 24.93 cr., Rs.25.39 cr. and Rs.25.39 cr respectively, for the three years 2010-11 to 2012-13. Compared to the actual income of Rs 17.17 cr. for 2009-10, the income estimate for the above three years is on the higher side. On a specific query made, the port has informed that the increase in estimated income is due to the expected premium on the land auctioned and awaiting CRZ clearance.

Lease rentals receivable from the existing BOT projects have been recognized as revenue and have been included under the head income from the estate rental in this analysis.

The income from estate rentals are considered in this proposal only to ascertain the overall financial / cost position of the port and to see whether the surplus, if any, arising from this activity could be utilized to cross subsidize other deficit making activities, as provided in clause 2.11.5 of the tariff policy guidelines. KPT has submitted a separate proposal for revising the estate rentals of Kandla Port Land. This revision is expected to generate, as per KPT's own estimate, additional revenue of Rs. 35.95 crores per annum. Utilization of this surplus to meet the deficit in the cargo handling activity of Kandla Division has been discussed in a subsequent para xvi (b).

(v). KPT has projected the F&M income for 2010-11 to 2012-13 at Rs. 8.54 crores, 9.21 crores and Rs.9.70 crores respectively. While arriving at the figures, KPT has excluded the income related to previous years (the break-up of which has not been furnished by the port), interest on reserve funds, interest on staff advances, dividend income and income from royalty.

(vi). (a). KPT has projected the F&M expenditure for the years 2010-11 to 2012-13 at Rs. 55.38 crores, Rs.58.60 crores and Rs.62.00 crores respectively. KPT has ensured that the F&M expenditure considered by it excludes payment of interest on capital debt, VRS dues, contribution to pension fund, fringe benefit tax and items related to previous years. In the cost statements the port has considered the F & M expenditure twice to the tune of Rs. 3.00 lakhs, Rs.106.67 lakhs and Rs. 106.67 lakhs for 2010-11, 2011-12 and 2012-13 which has been rectified by us.

(b). KPT has confirmed that it has expended Rs. 23.96 crore during 2009-10 towards payment of pension and this amount does not include the payment of pension arrears sequel to the wage revision / revision of pension payments. Based on the actual pension disbursement of 2009-10, the port has estimated the outgo for 2010-11 to 2012-13 at Rs. 26 crore, Rs. 27.50 crore and Rs. 29.10 crore respectively.

(vii). KPT in the present rate revision proposal has submitted the cost statements considering the railway activity as an independent activity. Since KPT does not generate any separate income from the railway activity, the expenditure incurred on the railway activity has been treated as a part of cargo handling activity till the last general revision. Although no income is generated from railways, yearly expenditure ranging between Rs. 91 lakhs and Rs. 223 lakhs has been incurred during 2007-08 to 2009-10 towards the maintenance of the railway lines situated inside the port area. This expenditure (direct operating expenditure + depreciation) for 2010-11 to 2012-12 is estimated at Rs. 102.38 lakhs, Rs. 118.16 lakhs and Rs. 121.32 lakhs respectively. To cover its repairs and maintenance costs, the port has proposed to recover Rs. 5 per tonne from the cargo to be handled through its railway network. Instead of providing cost details in the prescribed format, KPT has only furnished a statement detailing the cost of handling per tonne of rail borne cargo and rail bound cargo inside the docks. The issue of port's proposal to recover Rs. 5 per tonne from rail bound cargo has been discussed separately vide sub-para (xvi) that follows.

(viii). (a). The aggregate operating expenditure excluding depreciation, management and general overheads and expenditure on cargo handling division for 2009-10 stood at Rs. 219.08 crores. KPT has estimated the operating cost for the years 2010-11, 2011-12 and 2012-13 at Rs.246.13 cr, Rs.269.60 cr. and Rs.285.24 cr. respectively. While projecting the operating expenditure for 2010-11, the port has considered an increase of 12.34 % over the expenditure of 2009-10. The operating expenditure for 2010-11 however has been moderated with an increase of 3.76% as per clause 2.51 of the tariff guidelines. At the discussion held on 22 November 2010 with the officers of KPT, it was informed that the estimated expenditure towards salary for the year 2010 – 11 does not include the impact of revision of pay of Class I and II officers, which will be around Rs. 7 crores excluding arrears and the port has made a request to consider this impact in the estimates for the year 2010-11. Since the pay revision of Class I and II officers is already implemented in the port, the impact of Rs. 7 crores is considered in the salary estimate for 2010 – 11 and estimate for the years 2011 – 12 and 2012 – 13 are moderated applying the annual escalation factor of 3.76%.

(b). The port has considered the maintenance dredging expenditure at Rs. 91.50 crores, Rs. 106 crores and Rs. 112.14 crores for the years 2010-11, 2011-12 and 2012 – 13 respectively. The said expenditure during 2009-10 stood at Rs. 83.99 crore. The officials who discussed the rate revision proposal on 22 November 2010 confirmed that the dredging expenditure as envisaged by the port would be undertaken and in fact a contract therefor has already been awarded with the approval of the Board of Trustees of KPT. The dredging expenditure projections of the port have therefore been accepted. The escalation of this expenditure for 2012-13 made by the port at 5.8 % has been contained at 3.76 % in this analysis.

(ix). The KPT has estimated the management and general overheads for the years 2010-11, 2011-12 and 2012-13 at Rs 75.32 cr, Rs.80.97 cr and Rs.81.04 cr. respectively. The port has increased the expenditure projections on this head at 5.72%, 7.51 % and 0.07% over the respective previous years. The expenditure projections, however, have been moderated by allowing annual escalation of 3.76 % as per clause 2.51 of the guidelines.

(x). As per clause 2.6.2. of the tariff guidelines manning scale/datum for different services has to be reckoned at the levels followed by port based on various settlements. It also states that with the technological changes in operation, the port should take necessary action to conduct time and motion study and regularly adjust manning scale/datum accordingly after due process of law. When the attention was drawn to this clause, the port informed that the manning scales as per the award of the National Tribunal are under discussion with the unions for implementation. The port has also informed that the revision in datum is also being discussed with the unions and no time and motion studies of different operations have been conducted by it. This Authority reiterates that the port should take necessary action as contained in clause 2.6.2. of the tariff guidelines.

(xi). (a). The estimated capital employed considered by KPT for the years 2010-11 to 2012-2013 is at Rs. 733.33 crores, 717.17 crores and 723.24 crores respectively. The year wise capital employed considered by the port does not include any working capital. The guidelines for tariff setting stipulate the norms for the various items of working capital like inventory, sundry debtors, cash balances, etc. Port was, therefore, requested to calculate the working capital forming part of the capital employed. KPT has informed that when the working capital is arrived at after adhering to the limits specified in Clause 2.9.9 of the guidelines for tariff fixation, it turned out to be a negative figure and hence the working capital is taken as nil for assessment of the capital base.

(b). The addition to the net block envisaged by KPT during 2010-11, 2011-12 and 2012-13 amounts to Rs.44.83 crores, Rs. 23.13 crores and Rs. 45.37 crores respectively. The additions proposed in 2010-11 are under the heads sheds and structures (Rs. 24.08 crores), Docks, Piers and Navigational aids (Rs. 15.69 crores) and water, electricity and fire (Rs.5.06 crores). The additions proposed in 2011-12 are on land (Rs. 15 crores) on floating craft (Rs. 4.95 crores) and on Railways (Rs. 3.20 crores). The port has envisaged capital dredging to the tune of Rs. 2.30 crores during 2012-13, in addition to investment in floating craft (Rs.3.43 crores), cranes and vessels (Rs. 39.64 crores). KPT has submitted the project details including copies of documents relied upon for taking most of these investment decisions. It has also confirmed that the assets handed over to BOT operator have not been included in the cost statements. The port has also informed that all the capital addition envisaged will be completed within the time frame indicated in the proposal. The capital employed and the investment estimates furnished by KPT in the cost statements for 2010-11 to 2012-2013 are relied upon for the purpose of this analysis. Nevertheless, if any undue advantage is found to have accrued to KPT due to wrong estimation, adjustment will be made in the tariff at the time of next review.

(c). This Authority in its Order of May 2007 had advised KPT to open an escrow account and deposit the entire royalty/revenue share received in this account and utilize the amount for creation of port infrastructure facilities within the specified time frame. KPT has informed that royalty has been received in 2007-08, 2008-09 and 2009-10 amounting to Rs. 18.20 Crores, Rs. 21.21 crores and Rs. 24.17 crores respectively. During 2008-09 and 2009-10, the port has transferred Rs. 16.78 crores and 19.59 crores respectively to the escrow account. Port has further confirmed that these amounts were utilized for capital dredging in Sogal Channel and construction of a bulk storage shed. Port has further estimated that it would receive Rs. 17.09 crore per annum as royalty during the three years of 2010-11 to 2012-13. For this analysis, it is presumed that 50% of the royalty from the existing BOT operators that would be received during 2010-11 to 2012-13 would be transferred to Escrow Account and utilized for infrastructure development as envisaged in the tariff guidelines. The balance revenue receipt is accounted under income estimates of the respective years. The actual and estimated year wise transfer to escrow account, its utilization and the balance available in the escrow account as at the end of the years from 2008-09 to 2012-13 considered for this analysis are given in the following table.

(**Rs. in crores**)

Particulars	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**
Opening balance	---	---	---	---	0.39
Transfer to Escrow account	16.78	19.59	8.54	8.54	8.54
Utilization for infrastructure developments	16.78	19.59	8.54	8.15	8.93
Closing balance	---	---	---	0.39	---

(d). In the absence of any details from KPT regarding the assets funded/ to be funded during 2010-11 to 2012-13 from the escrow account, it is not possible to make correct adjustment of the resultant capital employed / ROCE division wise and activity wise. However, based on the capital projects proposed by the port in the ensuing three years, Rs.8.54 crores being part of the capital cost relating to Docks, Piers and Navigational aids during 2010-11, Rs.8.15 crores being the cost of proposed additions to Floating Craft (Rs.4.95 crores) and on Railways (Rs.3.20 crores) during 2011-12 and Rs.8.93 crores being part of the capital cost on acquiring cranes and vessels in 2012-13 are proposed to be funded from the balance available in the escrow account. The adjustment of ROCE at 16% per annum on the written down value of assets funded from escrow account is carried out in the major vessel related activities pertaining to port dues and berth hire of Kandla division. It is presumed that Rs.3.20 crores will be invested on rail activity, a cargo related service, during 2011-12. The ROCE thereon works out to Rs.0.51 crores. In view of the smallness of the amount, no adjustment of ROCE has been carried out in cargo related activity but the entire adjustment has been carried out in the vessel related activities as mentioned above. The details of utilization from Escrow Account and the adjustment of ROCE on account of asset funded from the escrow account are tabulated below:-

(Rs. in crores)

Sr. No.	**Particulars of utilisations from Escrow A/c**	**2008-09 (Actuals)**	**2009-10 (Actuals)**	**2010-11 (Estimates)**	**2011-12 (Estimates)**	**2012-13 (Estimates)**
(i)	Assets funded from Escrow A/c during the year	**16.78**	**19.59**	**8.54**	**8.15**	**8.54**
(ii)	Cumulative utilisation	16.78	36.37	44.91	53.06	61.60
	Less: Depreciation on assets funded from Escrow Account					
(iii)	Depreciation during the year	0.00	0.56	1.21	1.50	1.77
(iv)	Cumulative depreciation	0.00	0.56	1.77	3.27	5.04
(v)	**Written Down Value of assets funded from Escrow A/c (ii) -**	16.78	35.81	43.14	49.79	56.56

	(iv)					
(vi)	16% ROCE on W.D.V. of assets funded from ESCROW account	2.68	5.73	6.90	7.97	9.05

(e). Under miscellaneous expenditure, KPT has shown as grant-in-aid Rs. 6.10 crores for 2009-10 and Rs. 21.12 crores for 2010 – 11. Port subsequently informed that Rs. 25.12 crores (Rs. 4 crores in 2009-10 and Rs. 21.12 crores in 2010-11) has to be contributed for installation of VTMS as 25% of its share and the balance to be borne by GMB (25%) and the Directorate General of Lighthouses and Lightships (50%). KPT has confirmed that a policy decision has been taken with the approval of the Central Govt. that the contribution made by it on the installation of the VTMS has to be treated as revenue expenditure since the owner-ship of the asset does not vest with the port. Likewise the expenditure of Rs. 2.10 crores is the port's share for setting up of a National Maritime Complex under the aegis of Indian Maritime University and the expenditure also has to be treated as revenue. For the reasons adduced by the port, the contribution towards VTMS and National Maritime Complex is recognized as revenue expenditure. If, at a later date, any income accrue to the port from these facilities, it will be adjusted accordingly.

(xii). The revised tariff guidelines stipulate that return on capital employed allowed should be linked to the utilization factor of the capacity of the port. KPT initially informed that its aggregate capacity of Kandla and Vadinar for the years 2009-10, 2010-11, 2011-12 and 2012 -13 as 67.10 MMTPA, 67.10 MMTPA, 75.70 MMTPA and 75.70 MMTPA (The capacity of Vadinar is estimated as 33.40 MMTPA for all the three years).
Subsequently, it informed that the aggregate capacity recognized by the Ministry for 2009 – 10 is 78.04 MMTPA. The assessed capacity of the port for this analysis is therefore reckoned as 78.04 MMTPA (44.64 MMTPA for Kandla Division and 33.40 MMTPA for Vadinar) for the three years of 2010-11, 2011-12 and 2012 -13. The estimated traffic considered for the relevant three years is more than the capacity reported and, therefore, full ROCE is allowed."

(xiii). Of the year-wise capital employed of the port, KPT has identified business related assets worth Rs. 44.97 crores, Rs. 43.35 crores and Rs. 41.73 crores respectively for the years 2010-11, 2011-12 and 2012-13. Port has also informed that it has no social obligation assets. A return at risk free rate of Rs. 8.4 % is allowed on the business related assets and the business assets have been allowed a return of 16%.

(xiv). In the light of the analysis given above, the cost statements have been modified. The modified cost statements are attached as **ANNEX - II (a)** to **(n)**.

(a). The summarised position of the results disclosed by the cost statements is given in the table below:

Sr.No	Particulars	Surplus (+) / Deficit (-) as per cost statements				Surplus (+) / Deficit(-) as percentage of operating income			Average
		2010-11	2011-12	2012-13	Total	2010-11	2011-12	2012-13	
	I. Kandla Division								
(i)	Cargo handling including railway and excluding POL	-52.02	-49.37	-58.09	-159.48	-67.71	-61.01	-68.86	-65.86
(ii)	POL	15.87	12.31	13.61	41.79	62.24	53.20	58.54	57.99
(iii)	Port & Dock facilties	-154.41	-154.50	-153.19	-462.10	-126.80	-121.14	-115.07	-121.34
(iv)	Estate	-9.11	-9.32	-10.08	-28.51	-39.68	-39.78	-43.03	-40.83
	Total for Kandla Division	-199.67	-200.88	-207.75	-608.30	-74.55	-72.65	-72.85	-73.35
	II. Vadinar Division (including cargo vessel and estate activities)	106.55	119.32	117.97	343.84	74.36	75.44	75.58	74.79
	III. Port as a whole	-93.12	-81.56	-89.78	-264.46	-22.65	-18.76	-20.25	-20.55

(b). Summarized results of the various sub-activities under cargo handling and vessel related activities at Kandla Division are given below:

Sr. No.	Particulars	Operating Income (Rs.In Crores) (t the existing tariff)			(Net Surplus (+) / Deficit (-) as % of Operating Income (Rs. in Crores)				Net Surplus (+) / Deficit (-) as % of operating Income			Average Surplus / Deficit %
		2010-11	**2011-12**	**2012-13**	**2010-11**	**2011-12**	**2012-13**	**Total**	**2010-11**	**2011-12**	**2012-13**	
1	**Cargo handling Activity**											
	Dry Cargo including demurrage and wharf cranes	94.45	100.18	101.96	-29.00	-25.76	-34.67	-89.43	-30.71	-25.72	-34.01	-30.15
	Warehouse	3.17	3.29	3.43	-19.23	-19.27	-19.20	-57.70	-608.04	-585.76	-560.28	-584.69
	POL	25.50	23.15	23.30	15.87	12.31	13.61	41.79	62.24	53.20	58.54	57.99
	Railway	--	--	--	-3.77	-4.33	-4.25	-12.35	---	---	---	---
	TOTAL	123.12	126.62	128.69	-36.13	-37.05	-44.51	-117.69	-26.31	-25.85	-31.27	-27.81
2	**Port & Dock Activity**											
	Berthing	33.94	33.75	34.59	-64.49	-66.50	-66.85	-197.84	-190.03	-197.07	-193.27	-193.45
	Port Dues	32.52	33.51	34.12	-49.63	-49.07	-49.55	-148.25	-152.60	-146.43	-145.25	-148.09
	Pilotage	54.46	58.13	63.31	-36.48	-35.19	-32.89	-104.54	-66.99	-60.54	-51.94	-59.82
	Dry Docking	0.85	1.06	1.06	-3.80	-3.74	-3.89	-11.43	-445.31	-353.10	-367.93	-388.78
	Total	121.77	126.45	133.08	-154.41	-154.50	-153.19	-462.10	-126.80	-122.19	-115.11	-121.37

(c). The activity-wise additional revenue sought to be generated by the port through the proposed tariff revision vide the cost statements received under letter dated 30 August 2010 from KPT is as follows:

(**Rs. in crores**)

Sl. No.	**Activity/ Sub-activity**	**Additional Income (Rs. in crores)**			**Total**
		2010-11	**2011-12**	**2012-13**	
1.	Cargo handling	85.66	90.38	92.42	268.46
2.	Port & Dock activity	87.50	87.78	91.63	266.91
	Total	173.16	178.16	184.05	535.37

(xv) (a). The proposed increase in rates requires to be justified in terms of the revised tariff guidelines with reference to the cost position obtaining at KPT. KPT has proposed commodity wise increase in wharfages at the Kandla Division ranging from 30 % to 100%. It has not proposed any rate revision in liquid in bulk. It has also not proposed any hike for the services being rendered at Vadinar division. Since the quantum of proposed hike varies with different sub-activities, the summarized results brought out at paragraphs (a) & (b) of (xiv) above are analyzed below for admissibility of the proposed hike in rates for the respective sub-activities of the KPT, reckoning with the estimated additional revenue position brought out at paragraph (xiv) (c) above.

(b). The estimated financial position at the existing level of tariff for the port as a whole shows an aggregate deficit of Rs. 264.46 crores for the three years of 2010-11, 2011-12 and 2012-13. The deficit of Rs. 608.30 crores of Kandla division is partly offset by the surplus of Rs. 343.84 crores of the Vadinar division. The aggregate net deficit amounting to Rs.264.46 crores includes the deficit of Rs. 28.51 crores in the estate activity. KPT's proposal for revision of the rentals of Kandla Port land is under consideration of this Authority. As per the estimation of KPT, the proposed rent revision would generate an additional income of Rs. 35.95 crore per annum during 2011-12 and 2012-13. This rent revision would not only wipe out the estimated aggregate deficit of Rs. 28.51 crores in this activity but will leave an aggregate surplus of Rs. 43.39 crores for the years 2011-12 and 2012-13. Further, as detailed in the sub-para (xvii) below, the recovery of Rs.4 per tonne from the rail bound and rail borne cargo using the port's rail system, KPT is expected to generate an additional income of Rs.8.11 crores during 2011-12 and 2012-13. Moreover, the rationalisation of some of the conditionalities of the proposed dry dock schedule will also result in some additional revenue to the port, which could not be quantified precisely in the absence of any analysis furnished by the port. To sum up the aggregate deficit of Rs. 264.46 crores referred to earlier narrows down to Rs. 184.45 crores for the three years of 2010-11 to 2012-13 which is to be met by revision of the existing tariff.

(c). The Vadinar Division as a whole is in surplus. Though KPT has not proposed any revision in the rates prevailing at this Division, at the meeting held by the port with users in August 2010, the KCHAA has suggested that KPT should consider some increase in the rates in Vadinar Division to grant some relief to the users at Kandla. The position of this Authority being not to allow any increase in tariffs for those activities which show a surplus, there is no case for revision of tariffs in any of the services rendered at Vadinar Division.

(d). Although an additional income of around Rs.535.37 crores is sought to be generated by KPT from the cargo handling and port and docks activities by revising the rates upwards at Kandla division by various percentages, the net deficit to be covered works out to only Rs. 184.45 crores as stated in para (b) above. Since all the activities at Kandla division except POL activity shows deficit, this Authority is inclined to revise upwards the tariff of all the services rendered at Kandla division except the POL activity in such a manner to neutralise the deficit of Rs. 184.45 crores. The aggregate deficit of (i) cargo handling activity excluding POL and (ii) port and dock facilities at Kandla Division work out to Rs. 159.60 crore and Rs. 461.98 crores respectively i.e. in the ratio of 25.68 % and 74.32 %. Hence, it will be in order if the revenue neutralization by way of tariff increase is carried out in the proportion of 25.68 : 74.32 under these two activities at Kandla Division. Considering the time involved in the procedure for notification of the Order (to be passed) in this case, the deficit left uncovered is to be recovered during the period from say February 2011 to March 2013. Taking into account the estimated operating income of the cargo activity other than POL activity at Kandla division for a period of 2 years and 2 months at Rs.225.13 crores, the deficit of Rs. 47.37 crores (25.68 % of Rs. 184.45 crores) is 21.04 %.

Likewise considering the operating income of the vessel related activity at Kandla division for a period of 2 years and 2 months at Rs. 279.82 crores, the deficit of Rs. 137.08 crores (74.32 % of Rs. 184.45 crores) is 48.99%. It is necessary that the Port should strive to achieve cost reduction and productivity improvements which will enable reduction of the estimated deficit. Bearing this position also in mind, this Authority approves an across-the-board increase of 20% in the rates pertaining to cargo handling activity (except POL) in Kandla Division and 48% in the rates pertaining to vessel related activities (including dry docking) at the Kandla Division.

(e). KPT vide letter dated 29 November 2010 expressed its reservation on cross subsidizing the Kandla deficit with the additional income expected to be generated by the rent revision of port lands. KPT is of the view that cargo handling rates at Kandla division should be fixed without considering the additional income expected from the revision of rental of Kandla port land as it would affect the lessees who are residents and small time business men and traders. On this apprehension of the port, it is clarified that the revision in rental of KPT land will be carried out strictly as per the extant guidelines issued by the Government and cross subsidization, if any, even if considered while fixing the cargo handling rate will have no impact on the rentals to be revised of the port land. Further, the tariff guidelines permit for considering the estate income to meet the deficit, if any, in the port operation.

(xvi). KPT has proposed to recover Rs. 5 per ton from the cargo to be handled through railway to cover its repairs and maintenance cost. KPT was informed that this Authority does not fix the charges for the railway activity at the port and was, requested to elaborate the additional services it renders to the trade for levying the proposed charges. In addition KPT was requested to examine legally whether the additional services , if any, it renders to the rail borne cargo are such in nature where this Authority is empowered to sanction the rates. KPT informed that it has invested considerable amount in railway network in the port area and all such investments in railway network is being done only by the Port and not by Railways. Apart from the capital cost, the port is also incurring repairs and maintenance expenditure on the railway network inside port area which works out to about Rs. 1.13 crores on an average per year. KPT has also stated that in the recent past the evacuation through railway cargoes like fertilizer has increased considerably which has lead to additional expenditure on repairs and maintenance. KPSA at the meeting held in August 2010 has opposed the introduction of the proposed levy. The Port has taken the stand thereat that as per Government guidelines separate terminal handling charges have to be levied for usage of railway sidings and its proposal is for recovery of the capital cost involved for creation of additional infrastructure and not to burden the users. It is a fact that KPT presently does not collect any revenue for the railway facilities provided by it within the port area. Prescription of a separate rate will ensure that the actual users will pay for the facility instead of resorting to indirect recovery from all cargo. On an average KPT incurs expenditure of about Rs. 1.19 crores per year. The capital employed for this activity is about Rs. 18.84 crore. At the rate of 16% per annum, KPT is entitled to have a ROCE of Rs. 3.01 crores. The port has estimated that about 10.14 million tonnes of cargoes will be handled through its rail system. Considering the permissible ROCE and the operating expenditure per year, the cost per tonne to provide this service works out to Rs. 4.05. This Authority, therefore, approved a rate of Rs. 4 per tonne to be recovered from the rail bound / rail borne cargo using the railway system inside the docks. It is worthy to mention herein that similar charges are being levied in respect of rail borne and rail bound cargoes at Chennai and Kolkata Port Trusts.

(xvii). In the existing arrangement, when the services of the pilot are requisitioned for inward pilotage or for shifting of a mechanically propelled vessel, a notice of not less than 12 hours and in case of outward Pilotage a notice of not less than 6 hours before the time the pilot is required to board the vessel should be given. If the services of the pilots are requisitioned within less than 12 hours, in case of inward Pilotage or for shifting of a mechanically propelled vessel and 6 hours in case of outward Pilotage, then the Agents have to pay late submission charges of pilotage requisition equivalent to cancellation charges. However in respect of vessels whose ETA is delayed for less than 3 hours and amendment letter to be given atleast 3 hours prior to pilot boarding time then this will not be treated as cancellation. Kandla Port Steamship Agent Association has contended that inward and outward pilot cancellation fees should not to be levied if there is no berthing or sailing movement. According to it, three hours notice for vessel movement, if any, from outer anchorage is acceptable but for the shipping movements from berth or inner harbour anchorages it should be limited to 1 hour, as other than the programme there is no physical activity taking place before 1 hour. At the discussion with the users KPT has agreed to reduce the time for submission for shifting memo to four hours during day time and eight hours during night. According to the Association, the expenses involved for the cancellation should not be imposed on the vessel, if real activity has not taken place. KPT has contended that the cancellation fees are levied as the port has to re-check the posting of pilots due to cancellation of vessel movement and hence loss of revenue is involved considering berthing / unberthing movements of other vessels. KPT has reiterated that the agents have to file cancellation memo within three hours notice and reducing it to one hour is not feasible. Considering the points put forward by the Port, the present practice of levying cancellation charges shall be continued. However as considered by KPT, the time for submission of shifting memo to four hours during day time and eight hours during night time is agreed to.

(xviii). KPT has proposed to increase the berth hire charges interalia stating that the port has strengthened the infrastructure of 1 to 6 berths and has also procured mobile harbour crane. The Port was advised that if the facilities at few berths have been improved, it will be in order to prescribe separate rates for such berths. In reply KPT has informed that all the berths are in straight line of 2 Kms and all of them are being used to handle all types of cargoes and hence the berth hire charges have to be maintained uniformly. The port has further informed that presently all these berths have been classified as crane berth and non-crane berth with the facility of rebate for non-crane berth. Since the present practice is accepted by the trade, this Authority accords approval to the continuance of the present practice with the extent of increase in tariff decided for this activity.

(xix). KPT has proposed to recover additional berth hire charges at the rate of 5 times the normal rate, if vessels after completion of discharge or loading or ballasting do not call for the pilot for sailing within 4 hours after completion of discharge or loading or ballasting. Since the proposal is to curb overstay of the vessels, KPT was requested to elucidate the basis on which the provision of the levy of 5 times the normal rate has been arrived at. The port was also requested to furnish the revenue that will be generated, if such a penal clause is introduced. In reply, KPT has stated that Section 115 of Major Port Trust Act, 1963 provides for imposition of penalty upto 10 times the amount of charges leviable for evading the rates. Port has also stated that no revenue is expected to be generated as the introduction of a penal provision is only to work as a deterrent. Since overstayal cannot be equated to evasion of rates, introduction of a penal clause citing Section 115 of MPT Act 1963 is not in order. The Kandla

Port Steamship Association has objected to this levy stating that at Kandla irrespective of its completion time the Vessel can sail only based on tidal conditions. The matter has been further discussed at a meeting arranged by KPT in August 2010 with relevant users. It has been agreed thereat that the proposed clause be modified to "Any vessel un-necessarily occupying berth after completion of cargo shall pay additional berth hire charge @ of 5 times the normal rate as penalty". The SORs of some of the major Port Trusts like JNPT and CHPT provide for levy of additional berth hire charges when the vessel after completion of discharge or loading or ballasting fails to call for the pilot for sailing within four hours or within such extension granted by the Port. The additional berth hire charges is not chargeable in circumstances such as (a) vessel waiting for tide, draft etc (b) strike by the port employees (c) loading arm disconnection problem and (d) usage of idle berth with concurrence of the authorised port officials to grant such extension. If the vessels do not call for the pilot for sailing within the period of four hours after completion of discharge or loading or ballasting or within such extension granted by the port trust, this Authority accords approval to levy additional berth hire charges by Kandla Port at five times the normal rate for the period from the time of expiry of four hours or such extended period by the port trust till the time of calling the pilot.

(xx). Presently at Kandla port (i) project materials, (ii) machinery including motor vehicles and auto components /electrical and (iii) fruits, nuts, tapioca, coconut, copra, tamarind seed etc., are subjected to the levy of wharfage on advalorem basis. Attention of the port was drawn to clause 4.2.2. of the guidelines, under which ad-valorem wharfage rates have to be phased out over a maximum period of 5 years. KPT, however has informed that these cargoes have no uniform/standard unit of measurement except in terms of value and they are of varying sizes and shape and the project materials, machinery, motor vehicles etc are required to be handled carefully. Considering the request of the port, this Authority agrees for the time being to the port's proposal to continue to levy wharfage on ad-valorem basis on these commodities as has been allowed so in respect of few other major ports.

(xxi). Since asbestos is a banned item KPT has proposed to delete this item from the wharfage schedule. The proposal is agreed to.

(xxii). The Port has proposed to double the charges for supply of labour (from Rs. 15 to Rs. 30 per MT). The port was requested to justify its proposal with cost details. It was also requested to inform the additional revenue that will be generated due to the proposed amendment. KPT did not furnish any revenue details. It, however, stated that the rate of Rs. 15 per MT for supply of labour was fixed as early as in May 2002 and since then the cost of salary and wages has increased by more than 2.5 times. Since considering the overall financial position of the port, which includes the cost of supply of labour, an across the board increase of 20% in the cargo handling activity is to be allowed, this Authority is not inclined to accede to the proposal of the port for a separate 100% increase in these charges on a stand alone basis.

(xxiii). KPT has proposed to levy pollution surcharge of Rs. 5 per ton on coal, ores, rock phosphate, sulphur, bentonite, clinker, gypsum and any other dry bulk cargo creating pollution. Port was requested to justify its proposal with cost details and furnish the additional revenue that will be generated. Port was also requested to lay down clear cut parameters to determine in a transparent manner the degree of pollution that could be caused by the different cargo groups and the measures in advance to be taken, both by the Port and the trade, to contain pollution. KPT instead of justifying its proposal with cost details has merely replied that most of the bulk cargoes create pollution and hence the proposed surcharge seems to be justified. It has also stated that laying down too many parameters may not be feasible. At the meeting held with the users, the Kandla Port Steamship Agents' Association has objected to this levy stating that these cargoes do not cause any pollution. Since the port has not substantiated that these cargoes cause pollution and in the absence of any cost details, it will not be in order to accede to the proposal of the port to levy pollution surcharge. It is noteworthy the financial position as a whole has been assessed to decide upon the tariff increase. The expenditure, if any, incurred / likely to be incurred on pollution control is, therefore, included in the cost analysis. That being so, non-introduction of the proposed charge will not put the port in a financially disadvantageous position.

(xxiv). Port has proposed to consider the free period from the date of filing of export documents like shipping bill, when import cargo is stored in transit terms and then converted into re-export. According to KPT, the incident of import cargo getting converted to export cargo is very rare. This Authority accords approval to the Port's proposal as the intention is to provide the applicable free period in the export cycle from the date of filing of the export documents.

(xxv). KPT has proposed to commence the free period for exports from the date on which the cargo is brought in the transit/port area and to recover demurrage till the entire export cargo is loaded and till the import cargo is taken out of the port or shifted to the rental floor. The port has also proposed to recover demurrage on the balance cargo lying in the transit area, if any part loading / delivery takes place. When the port was requested to elaborate the existing method of recovery of demurrage and grant of free period, it has informed that the existing practice for recovery of demurrage and grant of free period is the same as what it has now proposed. Port has further informed that the reason for proposing this clause is only to bring in more clarity and transparency. However, as per the existing clause in the SOR the demurrage ceases from the date following the date of berthing of the vessel. Since the port's proposal makes material difference of emphasizing on actual loading instead of berthing of the vessel as is the case in the existing conditionalities and the consequences thereof have not been well explained, this Authority is inclined to retain the existing clauses in the SOR.

(xxvi). KPT has proposed to introduce two notes to the effect that (i) in case of cargo shifting from transit to rental or vice versa such cargo shall not be eligible for free period otherwise provided for cargo stored on transit terms and (ii) the cargo will be considered as shifted from transit terms to the rental terms only when physical shifting of cargo is carried out. Since the purpose of introducing these notes was not clear, the port was requested to elaborate. The port was also requested to furnish the revenue impact on the proposed conditionalities. The port has informed that it has not proposed any new terms, as its proposals are only to bring in more clarity and transparency and hence there will be no revenue impact. At the meeting held in August 2010, the KPSAA has pointed out that the port has not earmarked specific areas for rental terms and change of cargo status from transit to rental term occurs rarely and the rental term may not be considered from day one since users will have to incur additional expenditure for the physical shifting of the cargo. Since, according to the port, no change whatsoever is expected to take place by the introduction of the proposed notes, this Authority is inclined not to accord approval to the port's proposals in this regard**.**

(xxvii). In the existing arrangement, the hirer should do the cleaning of the dry dock at his cost except for the first day. Port has proposed to recover Rs. 5000/- per day in case cleaning is not done by the hirer. Port was requested to furnish the basis on which the rate of Rs. 5000 per day has been arrived at. KPT has informed that although as per existing arrangement, the hirer should do the cleaning of dry dock at his cost except for the first day, its experience is that, the hirer never cleans the dry dock as there is no clause in the SOR to initiate action against non-compliance. To keep the dry dock clean, the port has to depute its employees. If the port's proposal is approved, whenever the hirer fails to clean the dry dock, cleaning can be done either with the port labour or by outsourcing, without any financial implication to the port. The port has carried out a rate analysis in this regard after considering the area inside the dry dock and the manpower to be deployed for cleaning. Considering the arguments put forward by the port, this Authority accords approval to the proposal. As agreed to by KPT at the meeting held with the users, the cleaning charges @ Rs. 5,000 per day will commence from the last day of allotted period of dry docking.

(xxviii). KPT has proposed to increase the dry dock crane hire charges from Rs. 500/- per hour to Rs. 2000 per hour. It has also proposed to introduce a conditionality to the effect that the minimum hire period beyond day shift / Sunday and Holiday shall be four hours stating that the overtime paid to the crane operator and the electrician on Sundays / Holidays are more than the income generated from crane which is booked on a hourly basis. The port was requested to furnish the basis on which the rate of Rs. 2000/- per hour has been arrived at. According to the Port, the rate increase is mainly to cover increase in wages of the operators and electrical staff required to be posted for crane operation and increase in electricity charges etc. The port has submitted a working sheet as per which it would suffice to increase the hire charges to Rs. 1270 per hour**.** Considering the explanation furnished by the port, this Authority agrees to raise the dry dock crane hire charges from Rs. 500/- per hour to Rs. 1270 per hour and to incorporate a conditionality to the effect that the minimum hire period beyond day shift / Sunday and Holidays shall be four hours.

(xxix). As per note (6) below the existing dry-dock schedule when more than one vessel is docked and also undocked together, the hire charges of the dock will be shared proportionately on the basis of the displacement of the vessels. The Port has proposed to omit this conditionality stating that the hire charges are being recovered as per length occupied by the respective vessels irrespective of docking/undocking together. To a query, the port has informed that **d**uring the last three years there were 4 occasions when more than one vessel docked and undocked together. According to KPT, the splitting of hire charges on the basis of displacement is not possible, as the hire charges are given in SOR as per length of the vessel. (i.e. craft upto 30 metres, between 30 to 60 meters and above 60 meters) Port is, therefore, of the view that omitting the existing clause shall not attract any additional income to the port or benefit to the trade. The issue raised by the port is genuine since at the dry dock schedule, the unit of levy is the length of the vessel, whereas as per the note below the schedule, it is the displacement of vessel. To remove the inconsistency, this Authority accords approval to replace the existing conditionality for docking / undocking of vessels together by the following conditionality which is akin to a note available in the dry dock schedule of MBPT.

"When two or more vessels are docked together in the dry dock, the dry docking charges will be payable by each vessel separately."

(xxx). For docking/undocking of vessels on Sundays and Holidays, an additional charge equivalent to 30% of the rates prescribed at Sr. No. 1 of the dry dock schedule is presently being recovered. KPT has proposed to increase this levy to 100%. The reasons adduced therefor are the increase in pay and allowances, increase in the rate of overtime of employees and the increase in the electricity charges. Port was requested to justify its proposal with working sheets alongwith the revenue impact. Instead of justifying its proposal with working sheets, it only furnished a statement showing the salary, wages and other payments made to the staff attached to the Dry Docking Division. KPT has further informed that rarely dry docking operations take place on Sundays and holidays, but the additional charge of 30% prescribed in July 2007 is very small compared to the salary and wages paid on Sundays and Holidays. Considering the overall financial position of the port, which includes the salary costs of the attached staff of the dry docking division, an across the board increase of 48% in the vessel related activity including dry docking charges has been proposed. Hence this Authority is not inclined to accord approval to the proposal of the port.

(xxxi). Presently 50% of the docking and undocking charges applicable to the first day is levied in case the requisition for docking or undocking operation is cancelled by the hirer. These extra charges for cancellation of operation will not be levied if prior notice in writing is furnished to the dock in charge not later than 1400 hours on the day previous to the day fixed for operations. KPT has proposed to increase the levy by 100%. Port has stated that the arrangement of keel blocks as per the dimension of the vessel, engagement of skilled and unskilled manpower, power consumed in sinking and de-sinking operation, provision of stand by tug for dry docking operation are the cost involved in the prior to dry docking schedule and cancellation without prior notice will result in revenue loss to the port. Since the main aim is to curb the practice of late submission of cancellation application by the port users and the users having not expressed any reservation on this issue, this Authority accords approval to the proposal of the port in this respect.

(xxxii). The Port has proposed to introduce a clause to levy penalty equivalent to thrice the charges applicable to the first day of docking, if the vessel dry docked is not in position to vacate it for accommodating emergency docking of the port vessels. Port has also proposed to levy additional charges ranging from 100% to 300% of the charges applicable to the first day of dry docking in case of overstay of vessels, even if port vessels do not require dry docking. KPT has stated that the main aim of proposing such a penalty is to curb the practice of overstaying of private craft beyond their required period initially approved by the Competent Authority. The port on a query made has informed that such overstayal takes place, on an average, seven occasions per year. The Kandla Port Stevedores Agents has expressed their opposition to this proposal. The port has not explained as to why private craft would resort to overstayal at the dry dock beyond their requirement. Further, the emergency requirement of repairs of the port craft will not be met merely by levying penalty on those vessels that overstay at the dry dock. The issue need to be addressed administratively by the Port to ensure vacation of dry dock by other vessels, if an emergency arises. This Authority therefore, is not inclined to accede to the request of the port to introduce any new penal provisions in this respect.

(xxxiii). At the joint hearing, KPSAA pointed out that the dry dock is mainly used by the port craft and hence the deficit can't be loaded only to the commercial vessels. Since the cost statement contains only revenue from private craft but expenses incurred on all craft which utilise the dry dock, the port was requested to furnish the break up of expenses incurred on port and non port craft. KPT did not furnish the break-up sought but informed that although the dry dock facility is exclusively for port vessels, for gainful utilization of the spare slot available, this facility is provided to private agencies According to the port, as per the details of 2009-10, utilization of dry dock by port vessels is only 24% whereas the usage by private vessels is 76%. This Authority advises the port to maintain separately the expenditure incurred on port and non-port craft using the dry dock and propose at the time of the next revision the tariff in respect of commercial vessels on the cost plus return on capital employed basis.

(xxxiv). KPT has proposed that the rates of Kandla Division will be applicable to Tuna Port though the income, cost and capital employed details of Tuna Port are not furnished. The rational therefor was sought from the port since this Authority follows a cost plus return on capital employed approach for fixing the tariff for the various services rendered by the Ports. In reply KPT stated that in the recent past investments to the tune of Rs. 85 crores have been made to build a concrete jetty as well as back up area and connecting road to Tuna and since there is no separate rate fixed for Tuna the prevailing rate of Kandla Division will be applicable to Tuna Division as well. The statement of the port that no separate rate is fixed for Tuna is not correct as this Authority has approved a rate schedule for Tuna port vide its order dated 15 May 2007. Port subsequently informed that it has made an investment of about Rs. 5.70 crores during the last three years to develop cargo handling through barges at Tuna. KPT has further stated that it envisages investment of about Rs. 14 crores for extension of a barge jetty, development of land and fencing and dredging the Tuna channel. Port has also stated that a dry bulk terminal is proposed to be created at Tuna under PPP basis at an estimated cost of Rs. 1060 crores. For the dry bulk terminal upfront tariff has already been fixed. The other expenditure of Rs. 14 crores to be incurred at Tuna in the future does not in itself merit the levy of Kandla rates at Tuna. As per the Order passed by this Authority in May 2007, the validity for the rates approved for Tuna port has expired by now. On balance of consideration, this Authority advises the port to submit separately, a well analyzed proposal to revise the existing rates of Tuna port. Till such time the existing rates approved for Tuna may be continued.

(xxxv). The Kandla Port has confirmed that clause 7 (Regulation of charges by other authorised service procedures) of the revised tariff guidelines is strictly followed thereat.

(xxxvi). Presently KPT levies Rs. 15/- per day / Rs. 180/- per month / Rs. 500/- per year for buses and lorries to ply within the docks. KPSA has commented that it is time the port stops levying charges on vehicles plying in the docks. According to it, though the revenue generated under this head is very less, cargo loading – unloading operation usually gets delayed on account of waiting of trucks at entry gate for preparing gate-passes, paying road-tax etc. KPSA has further pointed out that for payment of road-tax usually per truck 30 minutes are wasted, which can be gainfully utilized if trucks are permitted entry only on collecting relevant gate passes issued by the agents. At the discussion with the users, KPT has agreed to discontinue this levy and load it suitably to the wharfage. This Authority accords approval to this mutually agreed proposal and deletes entry no. 1 in schedule 8 of Chapter IV – Miscellaneous Charges.

(xxxvii). At the joint hearing held on 29 July 2010 Kandla Stevedores Association Limited and Gandhidham Chamber of commerce voiced their objections about the underutilisation of the private container terminal and high dredging cost which benefits only a few berths. The KSAL was of the view that KPT should use the revenue share received from the terminal operator to cross subsidize the berthing activity to protect other vessels from bearing the burden of under utilization. KPT was therefore, requested to furnish a detailed note on the alleged disproportionate allocation of dredging cost alongwith its comments on allocation of revenue share from BOT operation of container terminal to the vessel related activity. According to KPT as per the Agreement it has no control over the utilization of berth nos. 11 and 12 which are handed over to the container terminal operator and as per the agreement these berths cannot be used for handling of other cargoes. KPT has also confirmed that only cargo berth nos. 7 to 12 have the draught of 12 and 12.5 mtrs. According to the port even though dredging is carried out to maintain a draught of 12.5 metres, there is no case of under utilization of available draughts. All vessels are brought in with respect to the availability of requisite tidal height at Kandla Port. The draught of 12.5 mtr, if available is at the peak height of tide, and the depths maintained in the channel are in relation to the draught of 12.5 mtr at the peak height of tide. At all other times, the depths maintained in the channel benefit the vessels with lesser draught which can now be handled in a larger window period. If the depths maintained in the channel are lower the window period for even 10 mtr. draught vessels or above will become restricted and then only a limited number of vessels can be brought in at all times. As such, higher draughts do not only benefit the high draught vessels but also benefit the lower draught vessels which can sail in or sail out of the port at practically all times. However, revenue share receivable by port is duly considered in the cost analysis as per tariff guidelines.

11.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the revised Scale of Rates of KPT attached as **ANNEX III.**

11.2. The revised Scale of Rates and Conditionalities governing the rates of the KPT will come into effect after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force till 31 March 2013. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

11.3 The validity of the existing SOR of KPT shall be deemed to have been extended beyond 30 September 2010 till the effective date of implementation of the Order passed.

11.4. The tariff of the KPT has been fixed relying on the information furnished by the port and based on the assumptions made as explained in the analysis.

11.5. In this regard, the KPT is requested to furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year i.e. for the period ending on 30 June, 30 September, 31 December and 31 March of each of the years in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly periods, this Authority may call upon the KPT to submit its proposal for an ahead of scheduled review. If the KPT fails to file a tariff proposal within the time limit to be stipulated by this Authority, this Authority may proceed suo-motu to review the tariff. This apart, analysis of variations will also be made at the time of the next general review at the end of the usual tariff validity period and adjustment of additional surplus, if any, will be made as per the tariff guidelines of March 2005.

(Rani Jadhav)
Chairperson

Annex - I

KANDLA PORT TRUST

Analysis of performance of Kandla + Vadinar for the years 2007-08 to 2009-10.

Rs. In Lakhs

Sr. No.	Particulars	Estimates considered by the Authority in the tariff Order dt 15 May 2007			Actuals		
		2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
	Traffic (In MTs)	52.02	59.54	59.54	64.92	72.22	79.50
I	**Operating Income**						
	(i) Cargo/ Container Handling income	12172.00	14135.00	14559.00	13819.32	16215.22	19049.22
	(ii) Vessel related income *****	13494.12	17563.64	18091.21	14309.65	18916.94	20691.91
	(iii) Railway Income	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Estate Income	2803.00	3125.00	3224.00	1706.01	2144.68	1717.97
	Total Operating Income (i to iv)	**28469.12**	**34823.64**	**35874.21**	**29834.98**	**37276.84**	**41459.10**
II	**Operating cost (excl depreciation)**						
	(i) Cargo Handling & storage	2565.10	2604.60	2685.18	2892.97	3949.95	4200.93
	(ii) Port and dock facilities	10631.97	11263.05	11611.46	9667.29	14029.91	14900.07
	(iii) Railway Activity	0.00	0.00	0.00	91.28	28.42	218.35
	(iv) Estate Activity	286.91	291.33	300.35	1543.33	2450.79	2588.99
	Total Operating Cost (i to iv)	**13483.98**	**14158.98**	**14596.99**	**14194.87**	**20459.07**	**21908.34**
III	Depreciation	2703.00	2824.36	2951.64	3130.8	3206.74	3438.57
IV	Management & General Administration Overheads	4752.00	4990.00	5228.00	4910.41	6129.73	7124.77
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	7530.14	12850.30	13097.58	7598.90	7481.30	8987.42
VI	Finance & Miscellaneous Income (FMI)						
	(i) Profit on sale of assets	---	---	---	---	---	---
	(ii) Other Misc. income	591.00	610.00	615.00	632.08	1007.79	1486.59
	Total	591.00	610.00	615.00	632.08	1007.79	1486.59
VII	Finance & Miscellaneous Expenses (FME)	1274.00	1331.00	1383.00	813.76	3815.92	3689.50
	Total	1274.00	1331.00	1383.00	813.76	3815.92	3689.50
VIII	FMI Less FME (VI) - (VII)	-683.00	-721.00	-768.00	-181.68	-2808.13	-2202.91
IX	**Surplus Before Interest and Tax (V) + (VIII)**	6847.14	12129.30	12329.58	7417.22	4673.17	6784.51
X	Capital Employed	81613.00	84839.00	84839.00	69384.74	70919.77	73082.66
XI	Return on Capital Employed	13027.00	13544.00	13544.00	10632.42	10886.37	11216.33
	Less: Return pertaining to the assets	0.00	0.00	0.00	0.00	268.00	573.00
	Resultant Return on capital	13027.00	13544.00	13544.00	10632.42	10618.37	10643.33
XII	Capacity Utilization	88.84%	73.10%	73.10%	204%	174%	169%
XIII	RoCE adjusted for capacity utilization	13027.00	13544.00	13544.00	10632.42	10618.37	10643.33
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	-6179.86	-1414.70	-1214.42	-3215.20	-6213.20	-4431.82
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	-21.71%	-4.06%	-3.39%	-10.78%	-16.67%	-10.69%

* The estimated Vessel related income related to Kandla Division has been increased by 15% incase of port dues, pilotage, supply of water and others and by 50% incase of berth hire with effect from 11 July 2005.

Annex II (a)

(K A N D L A + V A D I N A R)

Consolidated Income & Cost statement

(Rs. Lakhs)

Sr.No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic (In MMTs)	78.00	87.40	88.45	82.00	87.40	88.45
I	**Operating Income**						
	(i) Cargo/ Container Handling income	13976.53	14327.22	14534.57	18136.53	19011.22	19218.57
	(ii) Vessel related income	20821.83	20896.37	21572.62	20484.39	21916.14	22579.24
	(iii) Railway Income	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Estate Income	2493.34	2539.27	2539.27	2493.34	2539.27	2539.27
	Total Operating Income (i to iv)	**37291.70**	**37762.86**	**38646.46**	**41114.26**	**43466.63**	**44337.08**
II	**Operating cost (excl depreciation)**						
	(i) Cargo Handling & storage	4828.39	5108.43	5404.72	4854.94	5037.49	5226.90
	(ii) Port and dock facilities	17124.49	19037.01	20141.16	16765.06	17395.43	18049.50
	(iii) Railway Activity	51.55	54.54	57.70	51.55	53.49	55.50
	(iv) Estate Activity	2609.11	2760.44	2920.55	2609.11	2707.21	2809.00
	Total Operating Cost (i to iv)	**24,613.54**	**26,960.42**	**28,524.13**	**24,280.66**	**25,193.62**	**26,140.90**
III	Depreciation	3307.01	3406.82	3565.60	3307.01	3406.74	3565.60
IV	Management & General Administration Overheads	7532.20	8098.00	8104.42	7532.20	7815.41	8109.27
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	1838.95	-702.38	-1547.69	5994.39	7050.86	6521.31
VI	**Finance & Miscellaneous Income (FMI)**	854.06	921.71	970.05	854.06	921.71	970.05
VII	**Finance & Miscellaneous Expenses (FME)**	5538.95	5860.20	6200.09	5538.95	5860.20	6200.09
VIII	**FMI Less FME (VI) - (VII)**	-4684.89	-4938.49	-5230.04	-4684.89	-4938.49	-5230.04
IX	**Surplus Before Interest and Tax (V) + (VIII)**	-2845.94	-5640.87	-6777.74	1309.50	2112.37	1291.27
X	**Capital Employed**	73333.59	71717.38	72324.93	73333.59	71717.38	72324.93
XI	**Return on Capital employed**	11302.97	11059.57	11171.98	11311.72	11065.43	11174.96
	Less: Return pertaining to the assets funded from the Escrow account	0.00	0.00	0.00	690.00	797.00	905.00
	Resultant Return on capital Employed	11302.97	11059.57	11171.98	10621.72	10268.43	10269.96
XII	**Capacity Utilization**	164	144	139	105	112	113
XIII	**RoCE adjusted for capacity utilization**	11302.97	11059.57	11171.98	10621.72	10268.43	10269.96
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	-14148.91	-16700.45	-17949.72	-9312.22	-8156.06	-8978.69
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	-37.94%	-44.22%	-46.45%	-22.65%	-18.76%	-20.25%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	**-42.87%**			**-20.55%**		

Annex II (b)

K A N D L A   D I V I S I O N

Consolidated Income & Cost statement

(Rs. Lakhs)

Sr.No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic (In MTs)	34.90	36.70	37.75	35.10	36.70	37.75
I	**Operating Income**						
	(i) Cargo/ Container Handling income	11456.53	11807.22	12014.57	12311.53	12662.22	12869.57
	(ii) Vessel related income	12821.13	12895.67	13571.92	12177.08	12644.75	13307.85
	(iii) Railway Income	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Estate Income	2296.34	2342.27	2342.27	2296.34	2342.27	2342.27
	Total Operating Income (i to iv)	**26574.00**	**27045.16**	**27928.76**	**26784.95**	**27649.24**	**28519.69**
II	**Operating cost (excl depreciation)**						
	(i) Cargo Handling & storage	4776.24	5053.26	5346.35	4802.79	4983.38	5170.75
	(ii) Port and dock facilities	15331.77	17140.31	18134.45	14972.34	15535.30	16119.43
	(iii) Railway Activity	51.55	54.54	57.70	51.55	53.49	55.50
	(iv) Estate Activity	2098.27	2219.97	2348.73	2098.27	2177.16	2259.03
	Total Operating Cost (i to iv)	**22257.83**	**24468.08**	**25887.23**	**21924.95**	**22749.33**	**23604.71**
III	Depreciation	3185.01	3277.74	3429.04	3185.01	3277.74	3429.04
IV	Management & General Administration Overheads	6623.21	7007.36	7413.78	6623.21	6872.24	7130.64
V	**Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)**	-5492.05	-7708.02	-8801.29	-4948.22	-5250.08	-5644.70
VI	**Finance & Miscellaneous Income (FMI)**	787.85	833.55	881.89	787.85	833.55	881.89
VII	**Finance & Miscellaneous Expenses (FME)**	5538.95	5860.20	6200.09	5535.95	5753.53	6093.42
VIII	FMI Less FME (VI) - (VII)	-4751.10	-5026.66	-5318.20	-4748.10	-4919.99	-5211.53
IX	**Surplus Before Interest and Tax (V) + (VIII)**	-10243.15	-12734.68	-14119.50	-9696.32	-10170.06	-10856.23
X	**Capital Employed**	70720.30	69104.09	69711.64	70720.30	69104.09	69711.64
XI	**Return on Capital Employed**	10952.40	10709.00	10821.41	10961.15	10714.86	10824.39
	Less: Return pertaining to the assets funded from the Escrow account	0.00	0.00	0.00	690.00	797.00	905.00
	Resultant Return on capital Employed	**10952.40**	**10709.00**	**10821.41**	**10271.15**	**9917.86**	**9919.39**
XII	**Capacity Utilization**	94.00	78.00	78.00	127.18	121.63	118.25
XIII	**Return on Capital Employed**	10952.40	10709.00	10821.41	10271.15	9917.86	9919.39
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	-21195.55	-23443.68	-24940.91	-19967.47	-20087.93	-20775.62
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	-79.76%	-86.68%	-89.30%	-74.55%	-72.65%	-72.85%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	**-85.25%**			**-73.35%**		

Annex II (c)

V A D I N A R   D I V I S I O N

Consolidated Income & Cost statement

(Rs. Lakhs)

Sr.No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic (In MTs)	42.90	50.70	50.70	46.90	50.70	50.70
I	**Operating Income**						
	(i) Cargo/ Container Handling income	2520.00	2520.00	2520.00	5825.00	6349.00	6349.00
	(ii) Vessel related income	8000.70	8000.70	8000.70	8307.31	9271.39	9271.39
	(iii) Railway Income	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Estate Income	197.00	197.00	197.00	197.00	197.00	197.00
	Total Operating Income (i to iv)	**10717.70**	**10717.70**	**10717.70**	**14329.31**	**15817.39**	**15817.39**
II	**Operating cost (excl depreciation)**						
	(i) Cargo Handling & storage	52.15	55.17	58.37	52.15	54.11	56.15
	(ii) Port and dock facilities	1792.72	1896.70	2006.71	1792.72	1860.13	1930.07
	(iii) Railway Activity	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Estate Activity	510.84	540.47	571.82	510.84	530.05	549.98
	Total Operating Cost (i to iv)	**2355.71**	**2492.34**	**2636.90**	**2355.71**	**2444.28**	**2536.19**
III	Depreciation	122.00	129.08	136.56	122.00	129.00	136.56
IV	Management & General Administration Overheads	908.99	1090.64	690.64	908.99	943.17	978.63
V	Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)	7331.00	7005.64	7253.60	10942.61	12300.94	12166.01
VI	**Finance & Miscellaneous Income (FMI)**	66.21	88.16	88.16	66.21	88.16	88.16
VII	**Finance & Miscellaneous Expenses (FME)**	3.00	106.67	106.67	3.00	106.67	106.67
VIII	FMI Less FME (VI) - (VII)	63.21	-18.51	-18.51	63.21	-18.51	-18.51
IX	**Surplus Before Interest and Tax (V) + (VIII)**	7394.21	6987.13	7235.09	11005.82	12282.43	12147.49906
X	**Capital Employed**	2613.29	2613.29	2613.29	2613.29	2613.29	2613.29
XI	**Return on Capital Employed**	350.57	350.57	350.57	350.57	350.57	350.57
XII	**Capacity Utilization**	70	66	61	140	151	151
XIII	**RoCE adjusted for capacity utilization**	350.57	350.57	350.57	350.57	350.57	350.57
XIV	**Net Surplus / (Deficit) (IX) - (XIII)**	7043.64	6636.56	6884.52	10655.25	11931.86	11796.93
XV	**Net Surplus / (Deficit) as a % of operating income (XIV/I in %)**	65.72%	61.92%	64.24%	74.36%	75.44%	74.58%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	63.96%			74.79%		

Annex II (d)

K A N D L A   D I V I S I O N

Consolidated Income & Cost statement for Estate activity

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	**Operating Income**						
	(i) Rent from land	1184.30	1207.986	1207.986	1184.30	1207.99	1207.99
	(ii) Others	1112.04	1134.28	1134.28	1112.04	1134.28	1134.28
	Total	**2296.34**	**2342.27**	**2342.27**	**2296.34**	**2342.27**	**2342.27**
II	**Direct Expenses**						
	Estate Maintenance	2098.27	2219.9697	2348.7279	2098.27	2177.16	2259.03
	Total	**2098.27**	**2219.97**	**2348.73**	**2098.27**	**2177.16**	**2259.03**
III	Depreciation	204.56	204.56	204.56	204.56	204.56	204.56
IV	Allocated share of Management and General overheads	261.45	276.61	292.66	261.45	271.28	281.48
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	-267.94	-358.88	-503.68	-267.94	-310.74	-402.80
VI	Allocated share of FMI	55.46	58.68	62.08	55.46	58.68	62.08
VII	Allocated share of FME	330.09	349.24	369.49	329.91	342.88	363.13
VIII	FMI Less FME (VI) - (VII)	-274.63	-290.5585	-307.41	-274.451	-284.20	-301.05
IX	**Surplus / deficit (V) + (VIII)**	**-542.57**	**-649.436**	**-811.09**	**-542.39**	**-594.94**	**-703.85**
X	**Capital Employed for the activity**	2379.08	2171.55	1958.66	2379.08	2171.55	1958.66
XI	**Return on Capital employed**	365.22	332.30	299.04	368.74	336.71	304.13
XII	**Capacity Utilization (%)**	94	78	78	127.18	121.63	118.25
XIII	**RoCE adjusted for Capacity utilization**	365.22	332.30	299.04	368.74	336.71	304.13
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	**-907.79**	**-981.73**	**-1110.13**	**-911.13**	**-931.65**	**-1007.98**
XV	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	-39.53%	-41.91%	-47.40%	-39.68%	-39.78%	-43.03%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**		-42.95%			-40.83%	

Annex II (e)

K A N D L A D I V I S I O N

Consolidated Income & Cost statement for Railway activity

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	**Operating Income**						
	(i) Haulage	0.00	0.00	0.00	0.00	0.00	0.00
	(ii) Terminal charges	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Others	0.00	0.00	0.00	0.00	0.00	0.00
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
II	Direct Operating Expenses						
	Maintenance of Yards and Sidings	51.55	54.54	57.70	51.55	53.49	55.50
	Total	**51.55**	**54.54**	**57.70**	**51.55**	**53.49**	**55.50**
III	Depreciation	50.83	63.62	63.62	50.83	63.62	63.62
IV	Allocated share of Management and General overheads	0.00	0.00	0.00	0.00	0.00	0.00
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	-102.38	-118.16	-121.32	-102.38	-117.11	-119.12
VI	Allocated share of FMI	0.00	0.00	0.00	0.00	0.00	0.00
VII	Allocated share of FME	6.15	6.50	6.88	6.15	6.39	6.77
VIII	FMI Less FME (VI) - (VII)	-6.15	-6.50	-6.88	-6.15	-6.39	-6.77
IX	**Surplus / deficit (V) + (VIII)**	-108.53	-124.66	-128.20	-108.53	-123.50	-125.89
X	Capital Employed for the activity	1730.46	1998.04	1924.63	1730.46	1998.04	1924.63
XI	RoCE - Maximum permissible (16% / 6.35%)	268.29	310.01	299.21	268.21	309.80	298.84
XII	Capacity Utilization(%)	94	78	78	127.18	121.63	118.25
XIII	RoCE adjusted for Capacity utilization	268.29	310.01	299.21	268.21	309.80	298.84
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	-376.82	-434.67	-427.41	-376.74	-433.30	-424.73
XV	**Traffic Handled in lakh tonnes**	96.53	101.36	106.42	96.53	101.36	106.42
XVI	**Cost Per Ton**	-3.90	-4.29	-4.02	-3.90	-4.28	-3.99

Annex II (f)

K A N D L A D I V I S I O N

Consolidated Income & Cost statement for Cargo handling activity

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	**Operating Income**						
	(i) General Cargo Handling & Storage charges	8589.98	9163.45	9341.35	9444.98	10018.45	10196.35
	(ii) Warehousing	316.63	329.11	342.82	316.63	329.11	342.82
	(iii) POL including crude oil/ iron Ore	2549.92	2314.66	2330.4	2549.92	2314.66	2330.40
	Total	**11456.53**	**11807.22**	**12014.57**	**12311.53**	**12662.22**	**12869.57**
II	**Operating Expenses**						
	(ii) Cargo Handling and storage charges (including demurrage)	4306.44	4556.21	4820.47	4372.91	4537.34	4707.94
	(ii) Warehousing	228.18	241.41	255.42	230.36	239.02	248.01
	(iv) POL handling	241.62	255.63	270.46	199.52	207.02	214.80
	Total	**4776.24**	**5053.26**	**5346.35**	**4802.79**	**4983.38**	**5170.75**
III	Depreciation	1547.45	1555.48	1687.61	1547.45	1555.48	1687.61
IV	Allocated share of Management and General overheads	3033.02	3208.94	3395.05	3033.02	3147.06	3265.39
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	**2099.82**	**1989.55**	**1585.56**	**2928.27**	**2976.30**	**2745.82**
VI	Allocated share of FMI	356.16	376.82	398.67	356.16	376.82	398.67
VII	Allocated share of FME	2822.22	2985.91	3159.09	2820.69	2931.55	3104.73
VIII	FMI Less FME (VI) - (VII)	-2466.06	-2609.09	-2760.42	-2464.53	-2554.74	-2706.06
IX	**Surplus / deficit (V) + (VIII)**	**-366.24**	**-619.54**	**-1174.86**	**463.74**	**421.57**	**39.76**
X	**Capital Employed for the activity**	23888.37	23826.51	26172.95	23888.37	23826.51	26172.95
XII	**Capacity Utilization (%)**	94	78	78	127.18	121.63	118.25
XIII	**Return on Capital Employed**	3692.67	3683.31	4051.98	3702.53	3694.39	4063.97
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	-4058.91	-4302.85	-5226.84	-3238.79	-3272.83	-4024.21
XV	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	-35.43%	-36.44%	-43.50%	-26.31%	-25.85%	-31.27%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	-31.89%			-27.81%		

Annex II (g)

K A N D L A D I V I S I O N

Cargo Handling Activity

Consolidated Income & Cost statement for Cargo handling, demurrage and Wharf Cranes

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	**8589.98**	**9163.45**	**9341.35**	**9444.98**	**10018.45**	**10196.35**
II	Operating Expenses						
	(i) Salary & wages	2784.27	2945.76	3116.61	2850.75	2957.94	3069.15
	(ii) Power	358.46	379.25	401.25	358.46	371.94	385.92
	(iii) Fuel	4.31	4.56	4.82	4.31	4.47	4.64
	(iv) Repairs and maintenance	794.97	841.08	889.86	794.97	824.86	855.88
	(a) Stores	87.21	92.27	97.62	87.21	90.49	93.89
	(b) Office & Administrative expenses	121.18	128.21	135.64	121.18	125.74	130.46
	(c) insurance	0.21	0.22	0.24	0.21	0.22	0.23
	(d) Other Sundry expenses	155.83	164.87	174.43	155.83	161.69	167.77
	Total	**4306.44**	**4556.21**	**4820.47**	**4372.91**	**4537.34**	**4707.94**
III	Cost of surplus manpower	0.00	0.00	0.00	0.00	0.00	0.00
IV	Depreciation	1328.75	1328.75	1460.88	1328.75	1328.75	1460.88
V	Allocated share of Management and General overheads	2022.49	2139.79	2263.90	2022.49	2098.54	2177.44
VI	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (v)**	932.30	1138.70	796.10	1720.83	2053.83	1850.09
VII	Allocated share of FMI	231.03	244.43	258.61	231.03	244.43	258.61
VIII	Allocated share of FME	2608.72	2760.03	2920.11	2784.57	2776.60	3071.86
IX	FMI Less FME (VII) - (VIII)	-2377.69	-2515.60	-2661.50	-2553.54	-2532.17	-2813.25
X	**Surplus / deficit (VI) + (IX)**	-1445.39	-1376.90	-1865.40	-832.71	-478.34	-963.16
XI	Capital Employed for the activity	13428.81	13612.94	16222.36	13428.81	13612.94	16222.36
XII	Return on Capital Employed	2070.77	2098.9	2506.16	2067.92	2098.17	2504.50
XIII	Capacity Utilization(%)	94	78	78	127.18	121.63	118.25
XIV	RoCE adjusted for Capacity utilization	2070.77	2098.90	2506.16	2067.92	2098.17	2504.50
XV	**Net surplus / (Deficit) (X) - (XIV)**	-3516.16	-3475.80	-4371.56	-2900.63	-2576.51	-3467.66
XVI	**Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)**	-40.93%	-37.93%	-46.80%	-30.71%	-25.72%	-34.01%

XVII	**Average Net Surplus/ (Deficit) as a % of operating income**	-41.89%	-30.15%

Annex II (h)

K A N D L A D I V I S I O N

Cargo Handling Activity

Consolidated Income & Cost statement for Warehousing

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	**2011-12**	**2012-13**	**2010-11**	**2011-12**	**2012-13**
I	Operating Income	316.63	329.11	342.82	316.63	329.11	342.82
II	Operating Expenses						
	(i) Salary & wages	16.01	16.94	17.92	18.19	18.88	19.59
	(ii) Power	34.88	36.90	39.04	34.88	36.19	37.55
	(iv) Repairs and maintenance	5.20	5.50	5.82	5.20	5.40	5.60
	(a) Office & Administrative expenses	62.17	65.78	69.59	62.17	64.51	66.93
	(b.) Other Sundry expenses	109.92	116.30	123.04	109.92	114.05	118.34
	Total	**228.18**	**241.41**	**255.42**	**230.36**	**239.02**	**248.01**
III	Cost of surplus manpower	0.00	0.00	0.00	0.00	0.00	0.00
IV	Depreciation	87.92	95.95	95.95	87.92	95.95	95.95
V	Allocated share of Management and General overheads	377.58	399.48	422.65	377.58	391.78	406.51
VI	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (v)**	-377.05	-407.73	-431.20	-379.23	-397.64	-407.65
VII	Allocated share of FMI	6.90	7.30	7.72	6.9	7.30	7.72
VIII	Allocated share of FME	5.63	5.96	6.30	1.97	4.09	3.52
IX	FMI Less FME (VII) - (VIII)	1.27	1.34	1.42	4.93	3.21	4.20
X	**Surplus / deficit (VI) + (IX)**	-375.78	-406.39	-429.77	-374.30	-394.43	-403.45
XI	Capital Employed for the activity	9924.09	9811.26	9681.61	9924.09	9811.26	9681.61
XII	Return on Capital Employed	1537.31	1520.90	1503.40	1550.93	1533.36	1517.32
XIII	Capacity Utilization(%)	94	78	78	127.18	121.63	118.25
XIV	RoCE adjusted for Capacity utilization	1537.31	1520.9	1503.4	1550.93	1533.36	1517.32
XV	**Net surplus / (Deficit) (X) - (XIV)**	-1913.09	-1927.2904	-1933.174	-1925.235	-1927.7831	-1920.76
XVI	**Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)**	-604.20%	-585.61%	-563.90%	-608.04%	-585.76%	-560.28%

XVII	**Average Net Surplus/ (Deficit) as a % of operating income**	-584.57%	-584.69%

Annex II (i)

K A N D L A D I V I S I O N

Cargo Handling Activity

Consolidated Income & Cost statement for POL

(Rs. Lakhs)

Particulars	**Estimates at existing level of**			**Estimates at the existing level**		
	2010-11	**2011-12**	**2012-13**	**2010-11**	**2011-12**	**2012-13**
Operating Income	2549.92	2314.66	2330.4	2549.92	2314.66	2330.4
Operating Expenses						
(i) Salary & wages	200.47	212.10	224.40	158.37	164.32	170.50
(ii) Power	8.39	8.88	9.39	8.39	8.71	9.04
(iii) Repairs and maintenance	24.36	25.77	27.27	24.36	25.28	26.23
(a) Stores	1.05	1.11	1.17	1.05	1.09	1.13
(b) Office & Administrative expenses	0.00	0.00	0.00	0.00	0.00	0.00
'(c) insurance	0.00	0.00	0.00	0.00	0.00	0.00
(b) Other Sundry expenses	7.35	7.78	8.23	7.35	7.63	7.91
Total	**241.62**	**255.63**	**270.46**	**199.52**	**207.02**	**214.80**
Cost of surplus manpower						
Depreciation	130.78	130.78	130.78	130.78	130.78	130.78
Allocated share of Management and General overheads	632.95	669.66	708.50	632.95	656.75	681.44
Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (v)	1544.57	1258.58	1220.66	1586.67	1320.11	1303.38
Allocated share of FMI	118.23	125.09	132.34	118.23	125.09	132.34
Allocated share of FME	207.87	219.93	232.68	34.15	150.86	29.36
FMI Less FME (VII) - (VIII)	-89.64	-94.84	-100.34	84.08	-25.78	102.98
Surplus / deficit (VI) + (IX)	1454.93	1163.75	1120.32	1670.75	1294.34	1406.36
Capital Employed for the activity	535.45	402.30	268.99	535.45	402.30	268.99
RoCE - Maximum permissible (16% /	84.59	63.51	42.43	83.68	62.87	42.16
Capacity Utilization(%)	94	78	78	127.18	121.63	118.25
RoCE adjusted for Capacity utilization	84.59	63.51	42.43	83.68	62.87	42.16
Net surplus / (Deficit) (X) - (XIV)	1370.34	1100.23	1077.89	1587.07	1231.47	1364.20
Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)	53.74%	47.53%	46.25%	62.24%	53.20%	58.54%
Average Net Surplus/ (Deficit) as a % of operating income	49.18%			57.99%		

Annex II (j)

K A N D L A   D I V I S I O N

Consolidated Income & Cost statement for Vessel related activity

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	**Operating Income**						
	(i) Port dues	3424.18	3417.78	3478.99	3252.17	3351.28	3411.30
	(ii) Berth Hire	3573.43	3441.30	3527.77	3393.92	3374.34	3459.13
	(iii) Dry Docking	90.00	108.00	108.00	85.48	105.90	105.90
	(iv) Pilotage & Towage	5733.52	5928.59	6457.16	5445.51	5813.23	6331.52
	Total	**12821.13**	**12895.67**	**13571.92**	**12177.08**	**12644.75**	**13307.85**
II	**Operating Expenses**						
	(i) Port conservancy	5117.14	5873.59	6214.26	5020.16	5208.92	5404.77
	(ii) Berthing & mooring	5248.37	5828.57	6166.62	5008.59	5196.92	5392.32
	(iii) Pilotage & Towage	4768.98	5229.44	5532.75	4724.51	4902.15	5086.48
	(iv) Dry Docking	197.28	208.72	220.83	219.08	227.32	235.86
	Total	**15331.77**	**17140.31**	**18134.45**	**14972.34**	**15535.30**	**16119.43**
III	Depreciation	1382.17	1454.08	1473.25	1382.17	1454.08	1473.25
IV	Allocated share of Management and General overheads	3328.74	3521.81	3726.07	3328.74	3453.90	3583.77
V	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV)**	-7221.55	-9220.53	-9761.85	-7506.17	-7798.53	-7868.60
VI	Allocated share of FMI	376.23	398.05	421.14	376.23	398.05	421.14
VII	Allocated share of FME	2380.49	2518.56	2664.63	2379.20	2472.71	2618.79
VIII	FMI Less FME (VI) - (VII)	-2004.26	-2120.5071	-2243.4965	-2002.97	-2074.66	-2197.65
IX	**Surplus / deficit (V) + (VIII)**	-9225.81	-11341.036	-12005.348	-9509.143	-9873.1924	-10066.245
X	**Capital Employed for the activity**	42722.41	41108.01	39655.46	42722.41	41108.01	39655.46
XI	**Return on Capital employed**	6626.23	6383.39	6171.19	6621.67	6373.96	6157.45
	Less: Return pertaining to the assets funded from the Escrow account	0.00	0.00	0.00	690.00	797.00	905.00
	Resultant Return on capital Employed	**6626.23**	**6383.39**	**6171.19**	**5931.67**	**5576.96**	**5252.45**
XII	**Capacity Utilization (%)**	94	78	78	127.18	121.63	118.25
XIII	**RoCE adjusted for Capacity utilization**	6626.23	6383.39	6171.19	5931.67	5576.96	5252.45
XIV	**Net surplus / (Deficit) (IX) - (XIII)**	-15852.04	-17724.43	-18176.54	-15440.81	-15450.15	-15318.69
XV	**Net Surplus / (Deficit) as a % of Operating Income (XIV/I in %)**	-123.64%	-137.44%	-133.93%	-126.80%	-122.19%	-115.11%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	-131.67%			-121.37%		

Annex II (k)

K A N D L A D I V I S I O N

Vessel related activity

Consolidated Income & Cost statement for Port Dues

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	**Operating Income**	**3424.18**	**3417.78**	**3478.99**	**3252.17**	**3351.28**	**3411.30**
II	**Operating Expenses**						
	(i) Salary & wages	433.82	458.98	485.60	336.84	349.50	362.64
	(iii) Fuel	20.11	21.28	22.51	20.11	20.87	21.65
	(iv) Repairs and maintenance	40.27	42.61	45.08	40.27	41.78	43.36
	(v) Dredging	4575.00	5300.00	5607.40	4575.00	4747.02	4925.51
	(a) Stores	46.90	49.62	52.50	46.90	48.66	50.49
	(b) Office & Administrative expenses	-11.81	-12.49	-13.22	-11.81	-12.25	-12.71
	(d) Other Sundry expenses	12.85	13.60	14.38	12.85	13.33	13.83
	Total	**5117.14**	**5873.59**	**6214.26**	**5020.16**	**5208.92**	**5404.77**
III	Cost of surplus manpower	0.00	0.00	0.00	0.00	0.00	0.00
IV	Depreciation	841.00	841.00	860.17	841.00	841.00	860.17
V	Allocated share of Management and General overheads	1242.20	1314.25	1390.474	1242.20	1288.91	1337.37
VI	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (V)**	-3776.17	-4611.05	-4985.91	-3851.19	-3987.54	-4191.01
VII	Allocated share of FMI	106.77	112.96	119.51	106.77	112.96	119.51
VIII	Allocated share of FME	148.80	157.43	166.56	148.72	154.56	163.70
IX	FMI Less FME (VII) - (VIII)	-42.03	-44.47	-47.05	-41.95	-41.60	-44.18
X	**Surplus / deficit (VI) + (IX)**	-3818.20	-4655.52	-5032.96	-3893.14	-4029.14	-4235.19
XI	Capital Employed for the activity	9136.21	8239.63	7553.52	9136.21	8239.63	7553.52
XII	Return on capital Employed	1414.63	1276.53	1172.18	1414.63	1276.53	1172.18
	Less: Return pertaining to the assets funded from the Escrow account	0.00	0.00	0.00	345.00	398.50	452.50
	Resultant Return on capital Employed	**1414.63**	**1276.53**	**1172.18**	**1069.63**	**878.03**	**719.68**
XIII	Capacity Utilization(%)	94	78	78	127.18	121.63	118.25
XIV	RoCE adjusted for Capacity utilization	1414.63	1276.53	1172.18	1069.63	878.03	719.68
XV	**Net surplus / (Deficit) (X) - (XIV)**	-5232.83	-5932.05	-6205.14	-4962.77	-4907.17	-4954.87
XVI	**Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)**	-152.82%	-173.56%	-178.36%	-152.60%	-146.43%	-145.25%
XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	-168.25%			-148.09%		

Annex II (L)

K A N D L A   D I V I S I O N

Vessel related activity

Consolidated Income & Cost statement for Berth Hire

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff as given by KPT			Estimates at the existing level of tariff as moderated by us		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	3573.43	3441.3	3527.77	3393.92	3374.34	3459.13
II	Operating Expenses						
	(i) Salary & wages	2082.25	2203.02	2330.80	1842.47	1911.75	1983.63
	(ii) Power	150.75	159.49	168.74	150.75	156.42	162.30
	(iii) Fuel	163.85	173.35	183.41	163.85	170.01	176.40
	(iv) Repairs and maintenance	37.20	39.36	41.64	37.20	38.60	40.05
	(v) Dredging	2745.00	3180.00	3364.44	2745.00	2848.21	2955.30
	(vi) Stores	68.82	72.81	77.03	68.82	71.41	74.09
	(vii) Insurance	0.50	0.53	0.56	0.50	0.52	0.54
	Total	**5248.37**	**5828.57**	**6166.62**	**5008.59**	**5196.92**	**5392.32**
III	Cost of surplus manpower	0.00	0.00	0.00	0.00	0.00	0.00
IV	Depreciation	147.51	219.42	219.42	147.51	219.42	219.42
V	Allocated share of Management and General overheads	315.08	333.35	352.69	315.08	326.93	339.22
VI	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (v)**	-2137.53	-2940.04	-3210.96	-2077.26	-2368.92	-2491.83
VII	Allocated share of FMI	83.83	88.69	93.84	83.83	88.69	93.84
VIII	Allocated share of FME	300.82	318.27	336.73	300.66	312.47	330.93
IX	FMI Less FME (VII) - (VIII)	-216.99	-229.58	-242.89	-216.83	-223.78	-237.10
X	**Surplus / deficit (VI) + (IX)**	-2354.52	-3169.62	-3453.85	-2294.09	-2592.70	-2728.93
XI	Capital Employed for the activity	29026.04	28729.41	28389.77	29026.04	28729.41	28389.77
XII	Return on Capital Employed	4505.15	4465.14	4422.36	4500.25	4455.67	4408.86
	Less: Return pertaining to the assets funded from the Escrow account	0.00	0.00	0.00	345.00	398.50	452.50
	Resultant Return on capital Employed	4505.15	4465.14	4422.36	4155.25	4057.17	3956.36
XIII	Capacity Utilization (%)	94	78	78	127.18	121.63	118.25
XIV	RoCE adjusted for Capacity utilization	4505.15	4465.14	4422.36	4155.25	4057.17	3956.36
XV	**Net surplus / (Deficit) (X) - (XIV)**	-6859.67	-7634.76	-7876.21	-6449.34	-6649.87	-6685.29
XVI	**Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)**	-191.96%	-221.86%	-223.26%	-190.03%	-197.07%	-193.27%

XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	-212.36%	-193.45%

Annex II (m)

K A N D L A   D I V I S I O N

Vessel related activity

Consolidated Income & Cost statement for Pilotage

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of			Estimates at the existing level of		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	5733.52	5928.59	6457.16	5445.51	5813.23	6331.52
II	Operating Expenses						
	(i) Salary & wages	1481.72	1567.66	1658.58	1437.25	1491.29	1547.37
	(iii) Fuel	529.00	559.68	592.14	529.00	548.89	569.53
	(iv) Repairs and maintenance	746.21	789.49	835.28	746.21	774.27	803.38
	(v) Dredging	1830.00	2120.00	2242.96	1830.00	1898.81	1970.20
	(a) Stores	175.29	185.46	196.21	175.29	181.88	188.72
	(b) Office & Administrative expenses	6.76	7.15	7.57	6.76	7.01	7.28
	Total	**4768.98**	**5229.44**	**5532.75**	**4724.51**	**4902.15**	**5086.48**
III	Cost of surplus manpower						
IV	Depreciation	382.97	382.97	382.97	382.97	382.97	382.97
V	Allocated share of Management and General overheads	1648.15	1743.74	1844.88	1648.15	1710.12	1774.42
VI	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (v)**	**-1066.58**	**-1427.56**	**-1303.44**	**-1310.12**	**-1182.01**	**-912.35**
VII	Allocated share of FMI	182.34	192.92	204.10	182.34	192.92	204.10
VIII	Allocated share of FME	1859.85	1967.72	2081.85	1858.84	1931.90	2046.03
IX	FMI Less FME (VII) - (VIII)	-1677.51	-1774.806	-1877.744	-1676.5027	-1738.985	-1841.923
X	**Surplus / deficit (VI) + (IX)**	**-2744.09**	**-3202.37**	**-3181.18**	**-2986.63**	**-2921.00**	**-2754.27**
XI	Capital Employed for the activity	4267.48	3857.86	3443.09	4267.48	3857.86	3443.09
XII	RoCE - Maximum permissible (16% / 6.35%)	661.12	598.17	534.87	661.43	598.18	534.62
XIII	Capacity Utilization (%)	94	78	78	127.18	121.63	118.25
XIV	RoCE adjusted for Capacity utilization	661.12	598.17	534.87	661.43	598.18	534.62
XV	**Net surplus / (Deficit) (X) - (XIV)**	**-3405.21**	**-3800.54**	**-3716.05**	**-3648.05**	**-3519.18**	**-3288.89**
XVI	**Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)**	**-59.39%**	**-64.11%**	**-57.55%**	**-66.99%**	**-60.54%**	**-51.94%**

XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	-60.35%	-59.82%

Annex II (n)

K A N D L A D I V I S I O N

Vessel related activity

Consolidated Income & Cost statement for Dry Docking

(Rs. Lakhs)

Sr. No.	Particulars	Estimates at existing level of tariff			Estimates at the existing level of		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	90.00	108.00	108.00	85.48	105.90	105.90
II	Operating Expenses						
	(i) Salary & wages	50.41	53.33	56.43	72.21	74.93	77.74
	(ii) Power	47.64	50.40	53.33	47.64	49.43	51.29
	(iv) Repairs and maintenance	55.20	58.40	61.79	55.20	57.28	59.43
	(a) Stores	37.59	39.77	42.08	37.59	39.00	40.47
	(b) Office & Administrative expenses	-0.41	-0.44	-0.46	-0.41	-0.43	-0.44
	(c) Other Sundry expenses	6.85	7.25	7.67	6.85	7.11	7.37
	Total	**197.28**	**208.72**	**220.83**	**219.08**	**227.32**	**235.86**
III	Cost of surplus manpower	0.00	0.00	0.00	0.00	0.00	0.00
IV	Depreciation	10.69	10.69	10.69	10.69	10.69	10.69
V	Allocated share of Management and General overheads	123.31	130.46	138.03	123.31	127.94646	132.75724
VI	**Operating Surplus/ Deficit (I) – (II) - (III) - (IV) - (v)**	-241.28	-241.87	-261.54	-267.60	-260.05	-273.41
VII	Allocated share of FMI	3.29	3.48	3.68	3.29	3.48	3.68
VIII	Allocated share of FME	71.02	75.14	79.50	70.98	73.77	78.13
IX	FMI Less FME (VII) - (VIII)	-67.73	-71.66	-75.81	-67.69	-70.29	-74.45
X	**Surplus / deficit (VI) + (IX)**	**-309.01**	**-313.53**	**-337.36**	**-335.29**	**-330.34**	**-347.86**
XI	Capital Employed for the activity	292.68	281.11	269.08	292.68	281.11	269.08
XII	Return on Capital Employed	45.32	43.55	41.75	45.36	43.59	41.78
XIII	Capacity Utilization(%)	94	78	78	127.18	121.63	118.25
XIV	RoCE adjusted for Capacity utilization	45.32	43.55	41.75	45.36	43.59	41.78
XV	**Net surplus / (Deficit) (X) - (XIV)**	**-354.33**	**-357.08**	**-379.11**	**-380.65**	**-373.93**	**-389.64**
XVI	**Net Surplus / (Deficit) as a % of Operating Income (XV/I in %)**	-393.70%	-330.63%	-351.03%	-445.31%	-353.10%	-367.93%

XVI	**Average Net Surplus/ (Deficit) as a % of operating income**	-358.45%	-388.78%

Annex-III

Kandla Port Trust

Scale of Rates

CHAPTER - I

1.1. Definitions - General

In this Scale of Rates unless the context otherwise requires, the following definitions shall apply :

(i). "Coastal vessel" shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.

(ii). "Demurrage" shall mean charges payable for storage of cargo within port premises beyond free period, as specified in the Scale of Rates.

(iii). "Foreign-going vessel" shall mean any vessel other than Coastal vessel.

(iv). "Full Container Load" "(FCL)" shall mean a container having cargo of one Importer/Exporter

(v). "Hazardous Chemicals" mean and include the chemicals referred under Schedule I, Schedule II and Schedule III of Manufacture, Storage and import of Hazardous Chemicals Rules, 1989 framed under Environment (Protection) Act, 1986 and Rules, as applicable from time to time.

(vi). "Less than a Container Load" "(LCL)" shall mean a container having cargo of more than one Importer/Exporter.

(vii). "Port area" means the custom bonded area of the Port.

1.2. General Terms & Conditions

(i). (a). A foreign going vessel of Indian Flag having a General Trading Licence can convert to Coastal run on the basis of a Customs Conversion Order.

(b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.

(c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

(d). In cases of such conversion coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations; immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.

(e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.

(ii). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for classifying into 'coastal' or 'foreign-going' category for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.

(iii). (a). All dollar denominated tariff will be recovered in Indian Rupees after conversion of charges in dollar terms into its equivalent Indian Rupees at the market buying rate notified by the Reserve Bank of India, State Bank of India or its associates or any other Public Sector banks as may be specified from time to time.

(b). The day of entry of the vessel into port limits shall be reckoned as the day for such conversion. In respect of charges on containers, the day of entry of the vessel in the case of import containers and the day of arrival of containers into the port in the case of export containers shall be reckoned as the day for such conversion.

(iv). A regular review of exchange rate shall be made once in 30 days from date of arrival in the cases of vessels staying in the Port for longer period. The basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

(v). For the purpose of calculating the dues the unit by weight shall be 1 tonne or 1,000 kilograms, the unit by volume measurement shall be 1 cubic metre and the unit by capacity measurement for liquids in bulk shall be 1,000 litres.

(vi). Interest on delayed payments / refunds:

(a). The user shall pay penal interest on delayed payments and the Port shall pay penal interest on delayed refunds at the rates of 14.75%

(b). The rate of interest will be 2% above the Prime Lending Rate of the State Bank of India. The penal interest will apply to both the KPT and the port users equally.

(c). The delay in refunds by the port will be counted beyond 20 days from the date of completion of services or on production of all the documents required from the user, whichever is later.

(d). The delay in payments by the users will be counted beyond 10 days after the date of raising the bills by the KPT. This provision shall, however, not apply to the cases where payment is to be made before availing the services / use of Port Trust's properties as stipulated in the Major Port Trust Act, 1963 and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.

(vii). User will not be required to pay charges for delays beyond a reasonable level attributable to the Port.

(viii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.

(ix). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.

(x). An LCL container coming in and going out of the KPT as a unit load will be regarded as an FCL for the purpose of levying charges.

(xi) (a). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebate and discounts are floor levels. The Port Trust may, if so desires, charge lower rates and or allow higher rebates and discounts.

(b). The Port Trust may also, if it so desires, rationalize the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels.

(c). The Port Trust should notify the public such lower rates and/or rationalization of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and/or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by this Authority.

(xii) (a). The vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels.

(b). The cargo/container related charges for all coastal cargo/containers, other than thermal coal and POL including crude oil, iron ore and iron ore pellets should not exceed 60% of the normal cargo/container related charges.

(c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from/to quay to/from storage yard including wharfage.

(d). In case of container related charges, the concession is applicable on composite box rate. Where itemized charges are levied, the concession will be on all the relevant charges for ship-shore transfer, and transfer from/to quay to/from storage yard as well as wharfage on cargo and containers.

(e). Cargo/container from a foreign port which reaches an Indian Port `A' for subsequent transhipment to Indian Port `B' will be levied the concession charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

(f). The charges for coastal cargo/containers/vessels shall be denominated and collected in Indian Rupees.

CHAPTER - II

VESSEL RELATED CHARGES

1. SCHEDULE OF PORT DUES

Sr. No.	*Rate per GRT*						*Frequency of payment in respect of the same vessel*
	Kandla			**Vadinar**			
		Coastal vessel (in Rs.)	**Foreign-going vessel (in US $)**		**Coastal vessel (in Rs.)**	**Foreign-going vessel (in US $)**	
		8.414	0.3404		1.730	0.07	The due is payable on each entry into the port

<u>Notes:</u>

(1). Port Dues of a vessel will be assessed on her total GRT at the rate shown against the relevant vessel group according to GRT of that vessel.

(2). For oil tankers with segregated ballast, the reduced gross tonnage that is indicated in the "Remarks" column of the International Tonnage Certificate will be taken to be its gross tonnage for the purpose of levying Port Dues.

(3). A vessel entering the port in ballast and not carrying passengers shall be charged with only 75% of the Port Dues with which she would otherwise be chargeable.

(4). A vessel entering the port but not discharging or taking in any cargo or passenger therein (with the exception of such unshipment and reshipment as may be necessary for the purposes of repairs) shall be charged with only 50% of the Port Dues with which she would otherwise be chargeable.

(5). A LASH vessel making a 'second call' to pick up empty and / or laden fleeting LASH barges shall be treated as vessel entering a Port, but not discharging or taking any cargo or passenger therein, and shall not be charged any Port Dues.

(6). Port dues shall be levied at 50% of the above rates in the following cases:

(i). Vessel entering the port for taking any provisions, water bunker, etc. for her own consumption.

(ii). Telegraph vessel.

(7). No Port dues shall be chargeable in respect of :

(i). any pleasure-yacht; or,

(ii). any vessel which having left any port is compelled to re-enter it by stress of weather or in consequence of having sustained any damage.

(8). Dedicated daughter vessels employed due to draft restriction at the Kandla port for the purpose of shuttling down between the Vadinar lighterage point and the Kandla port shall be treated as 'coastal vessel' if they possess valid Coastal Licence. Further, no Port Dues shall be levied on them at Kandla if Port Dues are levied at Vadinar.

2.1. SCHEDULE OF PILOTAGE FEES

Sr. No	**Slabs of GRT**	*Rate per GRT*			
		Kandla		*Vadinar*	
		Coastal vessel (in Rs.)	**Foreign-going vessel (in US $)**	**Coastal vessel (in Rs.)**	**Foreign-going vessel (in US $)**
1.	Upto 30,000 GRT	14.1947	0.5742	6.971	0.282
2.	30,001 - 60000 GRT	Rs.4,25,840 + Rs.11.341 per GRT over 30000 GRT	U.S.$ 17,226 + U.S.$ 0.4588 per GRT over 30000 GRT	Rs.2,09,130+ Rs.5.562 per GRT over 30000 GRT	U.S.$ 8460 + U.S.$ 0.225 per GRT over 30000 GRT
,3.	Above 60000 GRT	Rs.7,66,070 + Rs.9.9145 per GRT over 60000 GRT T	U.S.$ 30,990 + U.S.$ 0.401 per GRT over 60000 GRT	Rs.3,75,990+ Rs4.894 per GRT over 60000 GRT T	U.S.$ 15,210 + U.S.$ 0.198 per GRT over 60000 GRT

2.2. MISCELLANEOUS PILOTAGE FEES

Sr.No.	**Items**	**Rate at Kandla Division**		**Rate at Vadinar Division**	
		Coastal vessel (in Rs.)	**Foreign-going vessel (in US $)**	**Coastal vessel (in Rs.)**	**Foreign-going vessel (in US $)**
1	Inward or Outward pilotage cancellation fees (with notice of less than 3 hours).	10013.47	405.076	6765.86	273.70
2	Pilot going to Pilot Station to pilot incoming vessel and returns back due to non-arrival of vessel	16522.41	688.3828	11,163.79	451.61
3	Pilot boarding an outgoing vessel or leaving in the craft for the	16522.41	688.3828	11,163.79	451.61

	vessel in mooring or stream for pilotage and has to return back due to non-readiness of vessel**.**				
4	Cancellation of shifting of vessels (with notice of less than 3 hours)	22827.21	936.7512	15,423.79	632.94
5	Services rendered by Pilot to a vessel at OTB / Pilot Station for double banking**,** etc**.**	**25% of Pilotage fees**		**25% of Pilotage fees**	
6	Attendance fees if Pilot is required to attend a ship at the request of the master or the agent or by the KPT**'**s authorized official for work other than piloting the ship in or out of the harbor or other than berthing or unberthing or shifting of the vessel**.**	1652.57 per hour or part thereof	66.8516 per hour or part thereof	1,116.60 per hour or part thereof	45.17 per hour or part thereof
7	Pilot detained in the Port Launch for more than half an hour before boarding the vessel**.**	2653.91 per hour or part thereof	107.3592 per hour or part thereof	1,793.18 per hour or part thereof	72.54 per hour or part thereof
8	Pilot detained on board the vessel to be piloted in or out or shifted for more than 15 minutes**.**	8286.27 per hour or part thereof	335.2052 per hour or part thereof	5,598.83 per hour or part thereof	226.49 per hour or part thereof

<u>Notes:</u>

(1). Pilotage fees of a vessel shall be assessed on her total GRT (Gross Registered Tonnage) at the rate shown against the relevant vessel groups according to GRT of that vessel.

(2). Pilotage-cum-towage fees shall include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting of vessels for 'Port convenience'.

(3). Shifting within the harbour at the request of the vessel shall be charged at 25% of the Pilotage-cum-towage fees.

(4). No charges shall be levied for shifting of a vessel for port convenience.

(i). "Port convenience" is defined to mean the following:

(a)**.** If a working cargo vessel at berth or /mooring is shifted / inberthed for undertaking hydrographic survey work or for allotting a berth for the dredger or for attending to repairs to berths**,** maintenance and such other similar works whereby shifting is necessitated**,** such shifting shall be considered as **"**SHIFTING FOR PORT CONVENIENCE**". ** The shifting made to reposition such shifted vessel is also considered as **"**SHIFTING FOR PORT CONVENIENCE**".**

(b)**.** If a working cargo vessel is shifted from berth to accommodate on ousting priority**,** vessels which are exempted from bearing shifting charges**,** such shifting shall treated PORT CONVENIENCE**".**

(c)**.** Whenever a vessel is shifted to accommodate another vessel which can not be berthed at other berths due to draft and LOA restrictions vessel is considered as **"**SHIFTING FOR PORT CONVENIENCE**".**

(d)**.** Whenever a vessel is shifted to accommodate another vessel having priority at the adjacent berth and unless that vessel shifts**,** another vessel can not be berthed at the adjacent berth due to length restrictions such shifting is also considered as **"**SHIFTING FOR PORT CONVENIENCE**".**

(e)**.** Whenever a vessel is shifted to accommodate another vessel carrying hazardous cargo which needs adjacent berth to be kept vacant for safety reasons is also considered as **"**SHIFTING FOR PORT CONVENIENCE**".**

(f). Whenever a vessel is shifted to accommodate another vessel on account of commodity restriction on any berth imposed by Port, it be considered as "shifting for Port convenience"

(g). Whenever a vessel is shifted to accommodate another vessel on account of handling restrictions on any berth imposed by Port, it be considered as "shifting for Port convenience".

(h) Whenever a Vessel is shifted to/from anchorage due to tidal restrictions, it will be considered as shifting for Port convenience.

(i) Whenever a Vessel is shifted on account of Draught restrictions in the channel/bar it will be considered as shifting for Port convenience.

(j) Whenever a Vessel is shifted to accommodate any other Vessel due to difference in draught at different berths/moorings it will be considered as shifting for Port convenience.

(k) Whenever a Vessel is shifted to anchorage due to variation in permissible draught for day and night pilotage it will be considered as shifting for Port convenience.

(l) Whenever a Vessel is shifted to anchorage due to allotted berth being occupied it will be considered as shifting for Port convenience.

(m) Whenever a Vessel is shifted to anchorage to prevent idling of berth it will be considered as shifting for Port convenience.

(n) Shifting a Vessel carried out prior and after making fast buoy moorings for reasons other than the Vessel not being in readiness will be considered as shifting for Port convenience.

(o) Shifting a Vessel from anchorage to anchorage for Navigational convenience will be considered as shifting for Port convenience.

(p) If a Vessel is shifted due to mal-functioning of Port equipment, clearance of berth, etc. it will be considered as shifting for Port convenience.

(q) Chairman, KPT is authorised to enlist any eventuality including commodity and handling restrictions as Port convenience based on the recommendation of a Committee constituted for the same from time to time.

(ii). Whenever a vessel is shifted from berth to accommodate another vessel on ousting priority, the vessel shifted is exempted from the payment of shifting charges since the same is paid by the vessel enjoying the ousting priority or the shifting is treated as for PORT CONVENIENCE when the priority vessel is exempted from payment of such charges. However, this benefit will not be applicable in the following cases:

(a). Non-cargo vessel which in any case have to vacate the berth when cargo vessels arrive.

(b). Vessels using the berth exclusively for overside loading/discharge.

(c). Vessels which are idling at berth without doing any cargo handling operations.

(5). Additional Pilotage fees shall be levied for vessels shifting to Outer Tuna Buoy (OTB). This will not be charged, however, if the vessel sails out from OTB.

(6). When the vessel is shifted/removed to OTB for the convenience/ousting priority of another vessel, the vessel for whose convenience the shifting takes place shall pay Pilotage fees, as applicable.

(7). Any pilotage carried out with restricted engine power shall be charged at one-and-half times the rates prescribed in Schedule of Pilotage fees and for piloting a vessel under 'Cold move', Pilotage fees shall be levied at double the rates prescribed in the Schedule of Pilotage fees.

(8). Pilotage will not be compulsory in case of vessels upto and below 200 GRT. Such vessels may, however, ask for pilot if they so desire on payment of fees as specified in the Schedule of Pilotage fees.

(9). Pilotage will not be compulsory for the vessels licenced under the Kandla Harbour Craft Rules, 1955 except at the time of initial entry and final departure outward.

(10). Whenever vessels from the Port are shifted to OTB during exigencies of cyclone/flood/ natural calamities, no Pilotage fees will be recovered for such shifts.

(11). The rates specified in this schedule are for pilotage from upto 3.22 kilometers (two miles) seaward of the pilot station (Outer Tuna Buoy).

If, however, the vessel requires the Pilot to board the vessel beyond a point 3.22 kms seaward from the pilot station (Outer Tuna Buoy), Pilotage fees at double the rates as specified in this schedule shall be levied. Boarding of pilots shall be restricted to maximum of 9.66 kilometers (6 miles) seaward from pilot station (Outer Tuna Buoy).

(12). When the pilot is required to attend the vessels which are grounding, drifting, etc. attendance fees of Rs. 1116.65 per hour or part thereof for coastal vessel and US $ 45.17 per hour or part thereof for foreign-going vessel at Vadinar Division and Rs. 1652.64 per hour or part thereof for coastal vessel and US $ 66.85 per hour or part thereof for foreign-going vessel at Kandla Division shall be levied. For the services of tug requisitioned to attend/tow such vessels, or other vessels for any other reasons, the tug hire charges at the rate prescribed in the Scale of Rates shall be leviable.

(13). *When the services of the pilot are requisitioned for inward pilotage or for shifting of a mechanically propelled vessel, a notice of not less than 4 hours during day time and not less than eight hours during night time shall be given. In case of outward Pilotage a notice of not less than 4 hours during day time and not less than 8 hours during night before the time the pilot is required to board the vessel shall be given. If the services of the pilots are requisitioned within less than the aforesaid 4 hours / 8 hours as the case may be for inward Pilotage or for shifting of a mechanically propelled vessel or for outward Pilotage, then the Agents have to pay late submission charges of pilotage requisition equivalent to cancellation charges.*

However in respect of vessels whose ETA is delayed for less than 3 hours and amendment letter given atleast 3 hours prior to pilot boarding time then this will not be treated as cancellation.

(14). Where the KPT or its authorised official is satisfied that the pilot cannot be posted at the time mentioned in the requisition due to non-availability of berth for the incoming ships or due to tide timings and the like, the time and date for boarding the vessel by the pilot shall be fixed by the KPT or its authorised official.

(15). No requisition will, however, be required if a pilot is required to shift/attend a vessel in an emergency beyond the control of a Master of the vessel, such as fire on board, dragging of anchor, and the like.

3.1. A. SCHEDULE OF BERTH HIRE CHARGES FOR GENERAL CARTGO AND LIQUID CARGO BERTHS AT KANDLA DIVISION.

Sr. No.	Rate per GRT per 1 hour or part thereof			
	General Cargo Berths		Liquid Cargo Berths	
	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
1.	0.1125	0.0046	0.1125	0.0046

3.1. B. SCHEDULE OF BERTH HIRE CHARGES FOR SAILING VESSELS, LAUNCHES, TUGS, SMALL CRAFTS, BARGES ETC AT KANDLA DIVISION.

Sr. No.	***Particulars***	**Coastal Vessel** *(in Rs.)*	**Foreign-going Vessel** *(in US $)*
1.	Sailing vessels, launches, tugs, small crafts, etc. using south, north and west wharves of Bunder Basin, Maintenance Jetty, Ferry Berths and Service Jetty at OOT (per 1 hour or part thereof).	10.8915	0.4406
2.	Vessels licenced under the Kandla Harbour Craft Rules, 1955: For use of quay berth or any berth wharf or jetty (per GRT per 1 hour or part thereof)	0.0292 (subject to a minimum of Rs.83.4152)	0.0012 (subject to a minimum of US$3.3744)
3.	Berth hire and mooring fees for LASH barges (per 1 hour or part thereof).	13.6043	0.5503
4.	Berth hire / mooring fees / stream dues for fishing trawlers (per 1 hour or part thereof).	1.9207	0.0777

<u>Notes:</u>

(1). The Berth hire charges of a vessel shall be assessed on her total GRT (Gross Registered Tonnage) at the rate shown against the relevant vessel group according to GRT of that vessel .

(2). Berth hire charge for non-crane general cargo berths shall be levied at 80% of the rates prescribed in this Schedule.

(3). In the case a vessel is double banked with another vessel occupying General cargo berth or Oil jetty berth, the vessel so double banked will be charged at the rate of 50% the Berth hire charges specified above.

(4). The cranes and equipments are supplied on the condition that the Port shall not take any responsibility for any loss or damage to life or property or break down of it at any stage which may occur or result out of use of equipment owing to any reason and that the liability of such loss/ damage/ break-down shall rest with the user/hirer of the equipment**.** The users will be solely responsible for damages to equipment and Port property that may occur or result during the working of equipment as per requisition on account of any reason**,** such as**,** overloading of crane**,** under coaming**,** improper slinging of cargo etc**.** The parties shall make good of the damages (fair wear and tear excepted) and pay to the Port all cost or repairing of damages and replacement actually incurred**.**

(5). No berth hire shall be levied for the period when the vessels idle at berths due to break down of port equipment or power failure or any other reasons attributable to the Port.

(6). A vessel after completion of discharge or loading or ballasting shall call for pilot for sailing within four hours (or within such extension granted by the Kandla Port Trut in writing for stated reasons). If the vessels do not call for the pilot for sailing within the period of four hours after completion of discharge or loading or ballasting or within such extension granted by the Kandla Port Trust or officials authorized by it, the vessel shall pay additional berth hire charges at the rate of 5 times the normal rate for the period from the time of expiry of four hours or such extended period by the Kandla Port Trust or officials authorized by it till the time of calling the pilot.

(7). The additional berth hire charges specified in Note 6 shall not be charged for the following cases.

(a) Vessel waiting for tide, draft etc to sail for the safety of the vessel.

(b) Strike by the port employees

(c) Loading arm disconnection problem and

(d) Usage of idle berth with concurrence of Kandla Porto Trust or officials authorized by it.

(e) Any other reason not attributable to the vessel or its agent.

3.2. SCHEDULE OF MOORING CHARGES

Sr. No	***Particulars***	Rate per GRT per 1 hour or part thereof	
		Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
1.	Mooring charges at Kandla	0.0256	0.001
2.	For vessels using SBM at Vadinar	0.0103	0.00042

3.3. SCHEDULE OF ANCHORAGE CHARGES

Sr. No	***Particulars***	**Rate per 1 hour *or part thereof***	
		Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
1.	Sea-going mechanically propelled vessels:		
(a).	Kandla OTB	*17.9727*	*0.7271*
(b).	Vadinar	*5.8710*	*0.2375*
2.	Inner Anchorage (per GRT)		
(a).	Kandla	*0.0182*	*0.0007*
(b).	Vadinar	*0.0123*	*0.0005*
3.	Crafts other than sea-going vessels		
(a)	Kandla	3.4024	0.1376
(b)	Vadinar	2.2989	0.093

3.4. **TRANSHIPMENT / LIGHTERAGE FEES FOR VESSELS LYING ON THEIR OWN ANCHORS.**

Particulars	**Rate per GRT per 30 days or part thereof**			
	Mother vessels (vessels arriving with cargo to be transferred)		**Daughter vessel (vessels receiving cargo)**	
	Coastal vessel (in Rs.)	**Foreign-going vessel (in US $)**	**Coastal vessel (in Rs.)**	**Foreign-going vessel (in US $)**
Anchorage fees for vessels lying on their anchors in stream and carrying out transhipment / lighterage operations**.**				
(a) Kandla	2.7439	0.1110	0.6860	0.0277
(b) Vadinar	1.8540	0.0750	0.4635	0.0187

NOTE: This rate is applicable only in case of cargo not manifested for/from Kandla.

3.5. **SCHEDULE OF BEACHING CHARGES**

Particulars	Coastal vessel **(in Rs.)**	**Foreign-going vessel (in US $)**
Vessels lying idle in the beach (rate per GRT per calendar month or part thereof)		
(a) Kandla	2.0853	0.084
(b) Vadinar	1.4090	0.057

General Notes relating to Schedules 3.1 to 3.5:

(1). The period of 1 (one) hour shall be reckoned from the time the vessel occupies berth/mooring/anchorage.

(2). No vessel shall be liable to pay both Mooring fees and Berth hire in 1 hour time if there is a shifting from mooring berth to quay berth or vice versa. The rate applicable at the commencement of the hour shall be charged for that hour and thereafter the rate chargeable at the new place, berth or mooring point shall be applicable.

(3). Launches/crafts belonging to the Central/State Governments engaged in anti-smuggling activities shall be exempted from the levy of Berth hire, Mooring fees and Anchorage charges.

(4). Where vessels are having single tonnage i.e. NRT the same will be treated as GRT.

(5). If during the period of 1 hour time, a vessel lying at anchor at Outer Tuna Buoy or stream in Harbour area is shifted to mooring or at cargo berth, the Anchorage charges only will be charged upto the time of making fast in the mooring or berth as the case may be. The levy of Mooring fees or Berth hire will start from the point of time the vessel is made fast to mooring or berth, upto the time of unmooring or unberthing.

(6). (i). Berth hire shall stop 4 hours after the time of the vessel signaling its readiness to sail. The time limit prescribed for cessation of berth hire shall exclude the ship's waiting time for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

(ii). There shall be a penal berth hire equal to berth hire charges of one days berth hire charge for a false signal.

(iii). The Master / Agents of the vessel shall signal readiness to sail only in accordance with favourable weather conditions and tidal movements.

(7). For priority berthing, fees equivalent to berth hire charges for a single day or 75% of the berth hire charges for the period of stay, whichever is higher shall be levied extra.

(8). For Ousting priority, fees equivalent to 100% of the normal Berth hire charges for actual period of stay shall be levied extra.

CHAPTER - III
CARGO RELATED CHARGES

1. ***SCHEDULE OF WHARFAGE CHARGES***

Sr. No	Particulars of commodities	Unit	Foreign Rates (In Rs.)	Coastal rates (In Rs.)
(A)	**Liquid (in bulk)**			
1.	**POL and products**			
(a).	Crude Oil	M.T.	12.00	12.00
(b).	POL Products	M.T.	26.25	26.20
(c).	LPG	Cu.m.	100.00	60.00
2.	Edible oil – crude and refined	M.T.	30.00	18.00
3.	Non Hazardous chemicals	M.T.	30.00	18.00
4.	Hazardous chemicals	M.T.	40.00	24.00
(B)	**Dry Cargoes**			
1.	Fertiliser and raw material including sulphur	M.T.	24.00	14.40
2.	Food grains, cereals, pulses and oilseeds	M.T.	9.00	5.40
3.	Cement & clinker	M.T.	18.00	10.80
4.	Ores and minerals (in all forms)	M.T.	13.50	8.10
5.	Granites and marbles	M.T.	18.00	10.80
6.	Metals (Ferrous / non- ferrous) (including pipes, plates, pig iron and coil sheet)	M.T.	30.00	18.00
7.	Metal scrap	M.T.	36.00	21.60
8.	Animals (small)	Nos.	6.00	3.60
9.	Animals (big)	Nos.	24.00	14.40
10.	Animal products, bone meal, hides and skins.	M.T.	9.00	5.40
11.	Oil cakes and fodder	M.T.	9.00	5.40
12.	Waste paper and newsprint	M.T.	24.00	14.40
13.	Construction material and sand	M.T.	13.50	8.10
14.	Coal and coke (including firewood)	M.T.	18.00	10.80
15.	Wood, timber and bamboo	Cu.m.	24.00	14.40
16.	Jute & jute products and coir products.	M.T.	18.00	10.80
17.	Cotton including cotton waste	M.T.	18.00	10.80
18.	Salt	M.T.	3.00	1.80
19.	Sugar	M.T.	9.00	5.40
20.	Synthetic resin and wood pulp	M.T.	36.00	21.60
21.	Arms, ammunition, explosives and defence stores	M.T.	78.00	46.80
22.	Dry chemicals including soda ash, HDPE, PVC, LDPE, etc.	M.T.	18.00	10.80
23.	Passengers (Embarking & Disembarking)	Per Person	192.00	115.20

24.	Empty containers (upto 20 feet)	Nos.	144.00	86.40
25.	Empty container (above 20 feet)	Nos.	216.00	129.60
26.	Loaded container (upto 20 feet)	Nos.	720.00	432.00
27.	Loaded container (above 20 feet)	Nos.	1080.00	648.00
28.	Project materials	Ad valorem	0.24%	0.144%
29.	Machinery including motor vehicles and auto components/electrical	Ad valorem	0.24%	0.144%
30.	Fruits, nuts, tapioca, coconut, Copra, tamarind seeds, etc.	Ad valorem	0.78%	0.468%
31.	All other unspecified goods	M.T.	42.00	25.20
(C) 1.	**Miscellaneous** Packing materials, ships' dunnage, ships' fittings fodder accompanying live stock and not manifested as cargo	FREE		
2.	Postal articles, Diplomatic mail, bonafide crew's luggage and personnel effects accompanying them, personnel baggage and military equipment accompanying military personnel moving on duty.	FREE		
3.	Bunkers for central and state government launches engaged in anti-smuggling activities,	FREE		
4.	Bonafide ship's stores including ship's provision.	Rs. 600 per shipping bill		
5.	Ship's Bunkers	50% of normal wharfage		

Notes:

(1). The rates of wharfage charges prescribed above in their application to cargoes other than Bulk, i.e. break bulk and non-containerised cargo shall be charged Rs.18/- per MT for foreign and Rs. 10.80/- per MT for Coastal cargo for supply of Port labour in addition to the above rates.

(2). Wharfage charges for liquid bulk cargo prescribed above are applicable for handling at the Liquid Cargo Berths. If Liquid bulk cargo is handled at General Cargo Berths, 20% additional wharfage will be charged.

(3). 50% of the wharfage charges shall be levied as transhipment charges in the cases where the cargo discharged from the mother vessel to daughter vessel within port limits is destined to other ports. In case of transhipment of crude at Vadinar, transhipment charges of Rs. 5/- per M.T. shall be levied.

(4). Wharfage charges on bulk items of cargo excepting POL products (mineral oil) shall be levied on the manifested tonnage of the vessels. In the case of mineral oils, the quantity shown in out turn reports duly certified by Customs shall be the basis for levy of wharfage charges.

(5). 'Advalorem' charges on imports shall be calculated on CIF value; on the exports on FOB value; and on coastal cargo on value specified in the bill of coastal goods. Customs' Bill of Entry/ shipping bill/ bill of coastal goods shall be the main documents for assessing the value of cargo for wharfage purpose and where it is not available, the value will be determined based on the bill of lading/ invoices, etc.

(6). The advalorem rates prescribed in this Schedule are inclusive of cost of shore labour, handling, etc. Shipping documents such as Bill of lading/shipping bill shall be produced to assess the wharfage charges on CIF/FOB value of the consignments, as the case may be.

(7). Wharfage charges shall be leviable on the goods actually exported. Cargo brought into the Port for export, if removed for any reason, with the prior written permission of Customs Department, a fee equivalent to wharfage charges applicable for such cargo, is payable irrespective of the cargo stored on transit or rental terms.

Fifteen days free period will be allowed to the export cargoes stored on transit terms and removed from the Port area for any reason.

(8). Transhipment cargo, if discharged and re-loaded on to the same vessel, single wharfage shall be leviable for both the movements.

(9). The wharfage shall be calculated on the total tonnage of each item of goods. For this purpose, the gross and not the net tonnage of each package, as specified in the relative invoice or other shipping document, shall be reckoned with subject to fresh check, if the circumstances so require.

(10). Wharfage, as applicable, will be levied on cargo discharged from one hatch of a vessel and reshipped in another for trimming or rearranging the vessel's cargo either by lighters from over side or over the docks wharves.

(11). Before classifying any cargo under 'unspecified category' in the wharfage / on-board and wharfage schedule, the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in those schedules.

(12) For the limited purpose of recovery of wharfage charges only the term 'container' means container other than shippers' own container.

2. SCHEDULE OF DEMURRAGE CHARGES

2.1. Free Period

Sr. No.	*Particulars*	*Imports*	*Exports*
1.	General Cargo	5 days	15 days
2.	Timber logs	8 days	--
3.	Export cargo to be stuffed into containers	--	15 days
4.	Export cargo taken back for any reason.	--	15 days
5.	Hazardous goods	3 days	3 days

Notes:

(1). For the purpose of calculation of free period, Sundays, Customs notified holidays and the port's non working days shall be excluded.

(2). (i). Free period for imports shall be reckoned with from the date of complete discharge of vessel's cargo.

(ii). When a vessel's cargo is partly discharged in stream and partly on wharf, the free period of storage in transit sheds and yards shall be reckoned with separately.

(iii). Free period in respect of cargo discharged in lighters in stream shall commence from the date of complete landing of the cargo on the wharf from the lighters.

(iv). Free period in respect of cargo landed directly on the wharf shall commence from the date of complete discharge of the cargo by the vessel.

(v). In case of removal of the vessel from the berth for any reason whatsoever before complete discharge of the manifested quantity, the free period shall start for the cargo so discharged from the time of the removal of the vessel from the berth.

(vi). When import cargo is stored in transit terms and then converted into re-export, free period will be considered from the date of filing of export documents like shipping bill.

(3). Free period for exports shall commence from the date on which the cargo is brought in the transit / port area. The demurrage will cease from the day following the date of berthing of vessel. In case of stream loading, the demurrage will cease from the day of loading of first barge. Demurrage will cease for the total cargo actually loaded through barges to the vessel in the same voyage.

(4). Free period on export cargo to be stuffed into container shall commence from the date on which the cargo is brought in the transit area. The demurrage shall cease from the day of stuffing (both days inclusive).

(5). Free period for export cargo taken back for any reason shall commence from the time the export cargo is brought into the port area.

(6). Sundays and Holidays shall be included for the purpose of calculation of free period for hazardous cargo both for imports and exports The demurrage charges on hazardous goods shall be levied at double the normal rates specified in above schedule.

(7). **Survey Goods**

Goods detained for survey shall enjoy free storage for a period of seven days from the date of complete discharge of vessels cargo, subject to the conditions that :

(i) Application for survey addressed to the KPT or its authorised official is received within the normal free period applicable.

(ii) The importers shall submit a survey certificate indicating full particulars of cargo surveyed within 21 days after the expiry of normal free period applicable.

(8). **<u>Salvage Goods</u>**

The free period of seven days will be counted from the date on which the goods are actually salvaged.

(9). **<u>Unclaimed Goods</u>**

Unclaimed goods when sold by the Port Administration under the rules in force**,** a free period of seven days shall be allowed from the date of acceptance of the bid by the KPT**.**

(10) For the limited purpose of recovery of demurrage charges only the term 'container' means container other than shippers' own container.

2.2. ***Demurrage Charges***

Demurrage charges shall be levied on all goods left in the Port's transit sheds and yards beyond the free days, including Sundays and Holidays.

(Amount in Rs.)

Sr. No.	*Particulars*	*Unit*	*Covered Area*	*Open Area*
1.	1st week	*Per M.T. or part thereof per day or part thereof.*	3.00	1.50
2.	2nd week	- do -	4.50	2.28
3.	3rd week	- do -	6.00	3.00
4.	4th week	- do -	12.00	6.00
5.	5th week	- do -	24.00	12.00
6.	6th week	- do -	48.00	24.00
7.	7th week and above	- do -	96.00	48.00

<u>Notes:</u>

(1)**.** A day shall be reckoned as calendar day from 0800 hours to 0800 hours or part thereof for the purpose of demurrage charges**.**

(2). Demurrage on goods detained by Customs:

(i). Periods during which goods are detained by the Commissioner of Customs for the purpose of special examination involving analytical or technical test other than the ordinary process of appraisement and certified by the Commissioner of Customs to be not attributable to any fault or negligence on the part of the importers; and

(ii). where goods are detained by Commissioner of Customs on account of Import Control formalities and certified by Commissioner of Customs to be not attributable to any fault or negligence on the part of the importers, for such period of detention under (i) and (ii), the demurrage charges shall be recovered as under:

First 30 days of detention	:	20% of applicable demurrage
31st to 60th day	:	50% of applicable demurrage
Beyond 60 days	:	100% of applicable demurrage

(3) Demurrage charges on both import & export cargo/container shall not accrue for the period when the Port is not in a position to deliver/ship cargo/container when requested by the Users.

2.3. SCHEDULE OF DWELL TIME CHARGES ON CONTAINERS

Period of occupation	*Rate per container per day or part thereof*					
	Upto 20' Container		Above 20' but up to 40'Container		Above 40'Container	
	Foreign U.S. $	Coastal (in Rs.)	Foreign U.S. $	Coastal (in Rs.)	Foreign U.S. $	Coastal (in Rs.)
First 07 days	Free	Free	Free	Free	Free	Free
08 to 15 days	0.60	24.72	1.20	49.44	1.80	74.16
16 to 30 days	1.20	49.44	2.40	98.88	3.60	148.32
31 to 45 days	1.80	74.16	3.60	148.32	5.40	222.48
Above 45 days	3.60	148.32	7.20	296.64	10.80	444.96

Notes:

(1). Import containers removed out of the Port area for destuffing/ stuffing shall be charged dwell time charges from the day following the complete discharge of the vessel till the date of removal (including the date of removal). Similarly, export containers received shall be charged dwell time charges from the date of receipt till the day prior to the date of shipment (excluding the date of shipment).

(2). If a container has already been charged dwell time charges on a particular day, the same unit will not be charged again on the same day even if it is moved between the areas referred to above.

(3). The dwell time charges on a container shall be levied irrespective of whether the container is stored on chassis or on ground or stacked high.

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

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

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

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

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

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

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

2.4. CHARGES FOR SUPPLY OF ELECTRICITY TO REEFER CONTAINERS

Particulars	Rate per container per 4 hours or part thereof					
	Upto 20' containers		Above 20' but upto 40' containers		Above 40' container	
	Foreign U.S. $	Coastal Rs.	Foreign U.S. $	Coastal Rs.	Foreign U.S. $	Coastal Rs.
Charges for supply of electricity to reefer containers.	3.30	135.96	4.95	203.94	6.60	271.92

Notes:

(1). Reefer points will be allotted on per point basis.

(2). (i). The port reserves the right to supply power to reefer containers and shall not be responsible for any loss whatsoever that the user may incur in the event of the following:

(a). Failure of electric supply due to reasons beyond the control of the KPT;

(b). The KPT's inability to supply power in time; and,

(c). Disconnection of the supply of power without assigning any reasons, should this become necessary for smooth operation in the Docks.

(ii). The KPT will permit users to make their own arrangement for alternative power supply by bringing generating sets or otherwise at their own cost when power supply is disrupted / disconnected.

(iii). Additional charges for supply of electricity to reefer points shall not be leviable for the duration of such non-supply of electric power.

2.5. LICENCE (STORAGE) FEES ON GENERAL CARGO

(A). FOR OPEN SPACE

Period of occupation	*Rate per 10 sq. mtr. or part thereof per month or part thereof*		
	Kutchha Plots (uncemented / unasphalted) (in Rs.)	*Pucca Plots (cemented asphalted) (in Rs.)*	*Bins and raised plinth (in Rs.)*
0 – 60 days	42.00	72.00	84.00
61 – 90 days	84.00	144.00	168.00
91 – 180 days	105.00	180.00	210.00
Beyond 180 days	126.00	216.00	252.00

(B). FOR COVERED SPACE

Period of occupation	*Rate per 10 sq. mtr. or part thereof per month or part thereof*
	(in Rs.)
0 – 60 days	180.00
61 – 90 days	360.00
91- 180 days	450.00
Beyond 180 days	540.00

Notes:

(1). Period for the purpose of calculation of Licence (Storage) fees shall be counted taking into account the period of stay of the cargo, both for open and covered areas.

(2). Application for storage spaces shall be made before storage of goods to the KPT or its authorised official. Any unauthorised occupation of storage spaces shall be liable for payment of double the rent, as a penalty.

(3). Licence (Storage) fees shall be paid in advance. Penal interest, as prescribed in point no. (vi) (b) in 1.2. General Terms and Conditions in Chapter I shall be levied on the amount due but not paid from the date on which the amount becomes due till the date of actual payment which shall in no case exceed 7 days. If, for any reason, payment is delayed beyond 7 days from the date of the amount becoming due occupation will be treated as unauthorised.

(4). The space allotted shall be vacated on notice from the KPT or its authorised official failing which it will be treated as unauthorised occupation; and, the Port Authorities shall take other action, as deemed fit.

(5). The KPT shall have the right to take over the spaces, allotted on rental basis, which are unoccupied/empty without any prior notice in the interest of the Port operation. In such cases, proportionate reduction in rent shall be allowed.

(6). The day for the purpose of levy of storage charges will be from 08.00 hrs. to 08.00 hrs.

(7). If operational area is leased on rental to users, storage charges on containers/demurrage on cargo stored therein shall not be levied again.

2.6. *CHARGES FOR OFFICE ACCOMMODATION (INSIDE PORT AREA)*

Basis of charge	*Rate*
Per sq. metre or part thereof per month	*Rs.72.00*

CHAPTER - IV

MISCELLANEOUS CHARGES

1. SCHEDULE OF CHARGES FOR FRESH WATER SUPPLY TO VESSELS

Particulars	**Rate per kilolitre or part thereof**	
	Coastal vessel (in Rs.)	**Foreign-going vessel (in US $)**
Water supplied to vessels / Craft alongside berths		
(a) Kandla	62.671	2.535
(b) Vadinar	42.345	1.713
	Subject to minimum charges for 100 Kls.	

Note:

The minimum charges as prescribed shall be levied if the Owner, Master or Agent or his authorised representative of the vessel refuses to take delivery of water, as requisitioned.

2. SCHEDULE OF CHARGES FOR ISSUE OF ENTRY PERMIT, TOKEN, CERTIFICATES & STATISTICAL STATEMENTS

Sr. No.	*Particulars*	*Rates*
1.	Charges for issue of permanent entry permit and token.	Rs. 90.00
2.	Charges for issue of certificate and Statistical statement by Traffic and Marine departments.	Rs. 60.00

Notes:

(1). No charges shall be levied from non-commercial Department of Government of India, State Governments, Committees appointed by Governments, Press Agencies or their representatives requiring statistics for publication in press.

(2). No fee shall be charged for issue of passes/token to employees of the KPT.

3. ***SCHEDULES FOR HIRE CHARGES FOR MOBILE CRANES, FORKLIFTS, ETC. FOR CARGO HANDLING PURPOSE***

Sr. No.	***Particulars***	***Unit***	***Coastal***		***Foreign***	
			Rate (in Rs.)	***Min. (in Rs.)***	***Rate (in Rs.)***	***Min. (in Rs.)***
1.	Forklift truck of capacity upto 3 tonnes	Per hour or part thereof	201.60	403.20	336.00	672.00
2.	Forklift tuck of capacity above 3 tonnes upto 5 tonnes	-do-	223.92	447.84	373.20	746.40
3.	Pay loader (Front End Loader)	-do-	253.44	506.88	422.40	844.80
4.	Tractor (capacity upto 10 tonne)	-do-	200.16	400.32	333.60	667.20

Notes:

(1). (i). The hire charges will commence from the time of dispatch of the equipment subject to maximum transit time of 30 minutes, provided the equipment so dispatched is made available for operation at work site.

(ii). The period of detention of each occasion of 30 minutes and above on account of break down of equipment and withdrawal of the equipment by the port for its own work during the period of requisition will be excluded for computation of the period of hire.

(2). The parties are required to submit requisition for specified shifts/period for cranes and other cargo handling equipment by 1430 hours on working days for the 3rd shift of the day and 1st and 2nd shift of the following day. The equipment will be provided subject to availability of staff and equipment.

(3). The parties are allowed to cancel the requisition for equipment before or after it is supplied to them by giving one hour's notice.

(4). The conditions specified at 2 and 3 above will also be applicable to supply of wharf cranes to master/owner/agent of the vessel for cargo handling operations for which the charges are included in the Berth hire charges.

4. SCHEDULE OF WEIGHMENT CHARGES

. No.	*Particulars*	*Unit*	*Rate (in Rs.)*
1.	For use of weigh bridge by trucks & other small vehicles	Per vehicle	30.00
2.	For use of weigh bridge by Trailors and other large vehicles	- do -	60.00
3.	For hiring weights only	For set per day or part thereof	14.40
4.	For issuing weighment certificates	Per consignment	72.00

Notes:

(1). The attendant labour shall be supplied by the parties concerned.

(2). No weighment charges are leviable if weighment is done in the interest of the port for the purpose of assessing Port charges.

5. SCHEDULE OF CHARGES FOR DIRTY BALLAST TANK, TRANSFER / INTER-TRANSFER OF POL PRODUCTS

Sr. No.	*Particulars*	*Unit*	*Rate (in Rs.)*
1.	For use of dirty ballast tanks of 4000 tones capacity	per shift of 8 hrs. or part thereof	18,600.00
2. (I).	Transfer of POL products from Dirty Ballast Tank in Old Kandla to the HPCL terminal Kharirohar and vice versa through KPT's 12" dia pipeline.	Per shift of 8 hours or part thereof	6634.80
(ii).	Diesel operated pump (600HP) Connected with 12" dia pipeline.	Per hour or part thereof	700.80
(iii).	Electric pumps (519 HP) with 12" dia pipeline	- do -	405.60
(iv).	Electric pumps (519 HP) with 16/2" dia pipeline	- do -	404.40
3.	Inter-transfer of POL products from M/s.IOC fore shore terminal to Oil companies at Kharirohar and vice versa through Kandla Port Trust pipelines.	Per shift of 8 hours or part thereof	12894.00

General Notes for Schedules 1, 2, 4 and 5

The appliances shall be hired subject to the condition that the Port undertakes no responsibility for any loss or damage to life or property which may directly or be caused due to failure of the appliances at any stage and that the hirer shall keep the appliances in good order and condition and shall make good all damages (fair wear and tear excepted) whether by accident by fire or otherwise in all cases where the appliances are manned by the hirer themselves or otherwise**.** The cost of repairing the damage shall be that actually incurred for the purpose including the usual indirect and centage charges**,** while the cost of replacement will be either the original book value or the replacement cost whichever is higher**.**

6. SCHEDULE OF CHARGES FOR USE OF PORT FLOATING CRAFT

Sr.No.	**Description**	**Unit**	**Rate at Kandla Division**		**Rate at Vadinar Division**	
			Coastal Vessel (In Rs.)	Foreign going vessel (In US$)	Coastal Vessel (In Rs.)	Foreign going vessel (In US$)
A	Crafts	Per hour or part thereof				
	Upto- 200 B.H.P.		983.04	39.767	983.04	39.767
	201 – 400 B.H.P.		2842.80	115.00	2842.80	115.00
	401 – 1500 B.H.P		3458.83	139.920	3458.83	139.920
	1501 – 2000 B.H.P		13503.30	546.25	13503.30	546.25
	Above 2000 B.H.P.		14214.00 (subject to a minimum of Rs. 42642.00)	575.00 (subject to a minimum of US$ 1725.00)	14214.00 (subject to a minimum of Rs. 42642.00)	575.00 (subject to a minimum of US$ 1725.00)
B	Fire fighting craft	Per block of 8 hours or part thereof	52340.78	2117.345	52340.78	2117.345
C	Water barge 'BHIMSEN'	Per hour or part thereof	4614.43	186.668	4614.43	186.668

Notes:

(1)**.** Hire charges of 35 ton BP tug for pull back operations at Vadinar is subject to following conditions **:**

(i)**.** The hire charges shall be levied per hour or part thereof**.** The rate per hour or part thereof shall be Rs**.** 16,877.889 for a coastal vessel and US $ 682.762 in case of a foreign going vessel**.**

(ii). If the tug is hired by the oil companies in continuation before or after pull back operations, the charges will be levied at Rs.16877.889 for coastal vessel and US $ 682.762 per half hour or part thereof for foreign going vessel.

(2). Where the agents, owners/ masters of the vessels or other port users share the launches with the Port Trust's pilots or other officials on duty within Kandla Port Limits, subject to availability, convenience of the time, etc., each party shall pay hire charges for craft at the one third of the rate prescribed in the Scale of Rates.

(3). Charges for hire of general purpose launches by agents or masters owners of the vessels or port users for use within Kandla Division either in mooring or anchorage shall be reduced by 50 percent of the existing rates, subject to minimum charge of US$ 12.684 in case of foreign going vessel and Rs. 313.54 in case of coastal vessel.

(4). Charges for hire of general purpose launches by agents or masters owners of the vessels or port users for use within Vadinar Division either in mooring or anchorage shall be reduced by 50 percent of the existing rates, subject to minimum charge of US$ 8.57 in case of foreign going vessel and Rs. 211.85 in case of coastal vessel

(5). If a craft at Kandla Division is shared by more than one party, the charges payable, subject to minimum charge of US$ 12.684 in case of foreign going vessel and Rs. 313.54 in case of coastal vessel as aforesaid, shall be equally shared by all the parties.

(6). If a craft at Vadinar Division is shared by more than one party, the charges payable, subject to minimum charges of US$ 8.57 in case of foreign going vessel and Rs. 211.85 in case of coastal vessel as aforesaid, shall be equally shared by all the parties.

(7). Charges for hiring of port's tug for towing lash barges within the Kandla Port limits shall be reduced by 50% of the rates prescribed.

7. SCHEDULE OF CHARGES FOR STEEL FLOATING DRY DOCK.

Sr. No.	**Particulars**	**Rate per vessel**					
		Crafts upto 30 mtrs.		**Crafts between 30 to 60 mtrs**		**Crafts above 60 mtrs**	
		Coastal vessel (in Rs.)	**Foreign-going vessel (in US $)**	**Coastal vessel (in Rs.)**	**Foreign-going vessel (in US $)**	**Coastal vessel (in Rs.)**	**Foreign-going vessel (in US $)**
1.	Docking & un-docking the vessel in including 1st day hire and cleaning of dry dock.	61359.90	2481.96	73557.00	2975.61	85817.19	3471.58

2.	Dry dock hire from 2nd day to 8th day (both days inclusive) per day or part thereof	21693.06	877.55	26032.93	1053.11	30372.81	1228.68
3.	Dry dock hire from 9th day to 20th day (both days inclusive) per day or part thereof	32541.28	1316.39	39048.36	1579.63	45557.11	1842.93
4.	Dry dock hire from 21st day or part thereof	52426.78	2120.83	62912.42	2545.00	73397.11	2969.15

Sr. No.	Particulars	Coastal vessel (in Rs.)	Foreign-going vessel (in US $)
5.	Removing and refitting keel blocks in way of repairs. Besides, special blocks, if required to be laid on account of peculiarities in the construction of any vessel	3450.03 per block	139.56 per block

Notes

(1). (a). Berthing and unberthing the crafts alongside the dry dock will be charged as per the Scale of Rates.

(b). The hirer should do the cleaning of dry dock occupied area daily at his cost except for the first day failing which Rs. 5000/- per day shall be recovered from the hirer

(2). Facilities available at dry dock viz. staging, sea water, toilet-bathrooms, etc. will be provided free of charges only during the vessels stay inside the dry dock subject to availability of the same. The Dry Dock cranes will be charged on hourly basis subject to their availability. For provision of dry dock cranes during the day shift, a hire charge @ Rs. 1270/- per hour or part thereof shall be levied. If used beyond day shift, i.e. after 1600 hours, then the charges shall be double the day shift charges including Sunday and holidays. The minimum hire period beyond day shift / Sundays and Holidays shall be four hours.

(3). Hire period shall be counted from 0000 hours of the calendar date on which sinking operation starts and for docking till 2400 hours of the calendar date on which dewatering of the dock after undocking ceases.

(4). Removing of garbage from dry dock will be done by the hirer.

(5). The minimum charges payable shall be for a period of 2 calendar days and fraction of subsequent day shall be counted as one day.

(6). When two or more vessels are docked together in the dry dock, the dry docking charges will be payable by each vessel separately.

(7). Any damages to the dry dock during the docking/undocking operation and also during its stay inside/alongside dry dock will be responsibility of the hirer and the cost of damage/loss will be recovered from the hirer. The KPT shall not accept any responsibility / liability whatsoever for any detention of the vessel using the dry dock on account of any reasons.

(8). The port will not be responsible for any damage/loss to the craft/crew of the craft that dry docked/berthed alongside.

(9). For docking/undocking of vessel on Sunday/Holidays, an additional charge equivalent to 30% of the rates prescribed at Sr.No.1 of this Schedule shall levied.

(10). 50% of the prescribed charges at Sr.No.1 this Schedule shall be levied in case the requisition for docking or undocking operations is cancelled by the hirer.

These extra charges for cancellation of operation will not be levied if prior notice in writing is furnished to the dock incharge not later than 1400 hours on the day previous to the day fixed for operation.

50% extra charges will not be levied if cancellation of docking or undocking operations take place due to late reaching of the craft to the dry dock from OTB or from anchorage since the onus is upon the port to bring the vessel to the dry dock once the vessel reaches the OTB or anchorage for docking as per the slot awarded and the signal for docking operation is issued.

(11). If services of tug, launch, etc. are utilised by the KPT as a requirement of the dry dock during docking / undocking operation, the same will not be chargeable.

(12). While submitting the requisition for the dry dock, the hirer must furnish all the required details of the vessel alongwith the expected period of stay in the dry dock indicating dates.

(13). In a situation, if any vessel is required to be dry docked before the expiry of the regulated period for which a vessel is already in the dry dock, the latter will be charged at 25% of the hire charges applicable to her for those two days viz. the day of operation and the previous day. The former vessel requiring dry dock will, however be charged remaining 75% of the hire charges applicable to the latter vessel for those two days; in addition to the normal charges leviable for her i.e. if another vessel is to be dry docked on 8^{th} day of the stay of the vessel already in the dock, her 7^{th} and 8^{th} day will be charged at 25% of the applicable rate and remaining 75% of this applicable rate will be levied on the vessel requiring dry dock; in addition to normal charges leviable for her operation and stay.

(14). When two or more vessels are occupying the dry dock and if for any reason, one of the vessels is not ready to undock on the expiry of the period for which stay of the vessel alongwith other vessel was regulated and thereby causing detention to the other vessel or vessels occupying the dry dock to undock, the Port may recover from the former vessel, in addition to the normal charges leviable, 75% of the hire charges applicable for the latter vessel or vessels during the period of detention. The vessel or vessels which are detained will, however, pay to the Port remaining 25% of the hire charges applicable for the period of detention.

(15). In case the situation is other way round i.e. if one of the vessels in the dry dock is required to be undocked before the expiry period for which she was regulated, the other vessels occupying the dry dock and within the regulated period will be charged at the rate of 25% of the applicable rate for these two days i.e. the day of operation and the previous day and 75% of this applicable rate will be levied on the vessel requiring to be undocked before her schedule date for these two days, in addition to the normal charges leviable for her.

8. SCHEDULE OF CHARGES FOR VEHICLES FOR PLYING IN DOCKS

Item No.	Classifications	Rate per day (in Rs)	Rate per month (in Rs.)	Rate per year (in Rs.)
1.	Taxis	9.00	90.00	300.00
2.	Auto rickshaws	7.20	36.00	120.00
3.	Carts	1.80	18.00	54.00
4.	Mobile cargo handling equipments (mobile cranes, fork lift, FEL, etc.)	24.00	600.00	----

Notes:

(1). A day shall be considered as a calendar day from midnight to midnight.
(2). The above charges shall not apply at OOT Vadinar.

9. SCHEDULE OF CHARGES FOR HIRE OF ELECTRIC WHARF CRANES IF HIRED FOR HANDLING CARGO OTHER THAN TO AND FROM SHIPS/ BARGES

Per hour per crane	***Foreign***	***Rs. 960.00***
	Coastal	***Rs. 576.00***

Notes:

(1). One hour notice in writing shall be given for cancellation of crane requisitioned as otherwise charges as prescribed for half shift shall be levied except on holidays for which notice of 24 hours is required failing which charges for two shifts will be levied.

(2). Cranes will normally be made available for work during the shift hours as fixed from time to time. If cranes are required during the recess time due notice shall be given to the KPT or its authorised official well in advance; and, compliance with such requisitions will be subject to exigencies and discretion of the KPT.

(3). (i). A load greater than their marked lifting capacities shall not be put on the cranes.

(ii). Sling of import goods shall be made up directly under the open hatch way of any vessel unloading at quays and under no circumstances what-so-ever shall cranes be employed for the purpose of breaking out or removing goods from under the coaming.

(iii). The cranes shall be used alone and no other lifting gear shall be used in conjunction with them on any of lift without the permission in writing of the Traffic Manager.

(iv). Ship's officer must see that the Port crane work quite clear of ship's gear and of all obstructions.

(v). Heavy lifts of over 1,000 kgs. shall be declared by the Master of the vessel who shall be responsible for all accidents arising from mis-declarations.

(vi). Cranes will be supplied only if available on the condition that the port shall not be responsible for any loss, damage or breakdown of any sort which may occur or result from the use of the cranes and that the liability for any such loss, damage or break down shall fall on the vessel for which the crane or cranes may be working for the time being.

(vii). No cargo shall be discharged from any vessel at a quay except under the supervision of the Master or Owner of the vessel or his Stevedores. Such Master or Owner or Stevedores shall be personally responsible to the Port for any loss or damage to life, limb or property arising from the carelessness of importer slinging of goods on board such vessels.

(viii). Master and Owner of vessels lying at a quay and their stevedores will be personally and severally responsible for proper provision of lights in those parts of the ship where work is being carried on in any way connected directly or indirectly with the use of port's quay and other property. In default, they shall be responsible to the port jointly and severally in respect of any loss or damage to life, limb or property which may result.

(ix). After commencement of operations of wharf cranes on hire, if there occurs stoppage of wharf operations due to power shut down or for any other reason not attributable to the hirer for a continuous period of not less than 30 minutes on each occasion the hirer shall be entitled for a deduction at the rate of Rs.84.14/- per hour in respect of foreign going vessel and Rs.56.10/- per hour in respect of coastal vessels for the duration of such stoppage of work. For this purpose, the period of stoppage in excess of 30 minutes will be rounded off to the next quarter of an hour.

CHAPTER - V
RATES FOR TUNA PORT

SCHEDULE I – PORT DUES

Sr. No.	Particulars	Rate per GRT or part thereof		Frequency of levy
		Foreign going vessel (in US$)	Coastal Vessel (in Rs.)	
1.	Vessels of 10 GRT & upwards (except fishing boats)	0.075	1.05	Payable on each entry
2	Sailing vessels of 10 GRT & uards (except fishing boats)	0.045	0.90	

Notes:

(i) Port Dues will be charged based on the status of the vessel at the time of its entry into the port limits.

SCHEDULE II – BERTH HIRE CHARGES

Sr. No.	Particulars	Rate per GRT per hour or part thereof	
		Foreign going vessel (in US $)	Coastal Vessel (in Rs.)
1.	Vessel upto 10 GRT	Free	Free
2.	Vessels above 10 GRT	0.0019	0.03

SCHEDULE III – BEACHING CHARGES

Sr. No.	Particulars	Rate per NRT per month or part thereof	
		Foreign going vessel (in US $)	Coastal Vessel (in Rs.)
1.	Beaching charges	0.015	0.30

SCHEDULE IV - WHARFAGE CHARGES

Sr. No.		*Particulars of commodity*	Unit	Other than Coastal Cargo (in Rs.)	Coastal Cargo (in Rs.)
A	LIQUID CARGO				
	1	POL products in bulk other than crude oil	M.T. or part thereof	15.00	9.00
	2	Other liquid cargo including bunkers	M.T. or part thereof	15.00	9.00
B	DRY CARGO				
	3	Fertilizer and raw material including sulphur	M.T. or part thereof	15.00	9.00
	4	Food grains, cereals, pulses & oil seeds	M.T. or part thereof	7.50	4.50
	5	Cement & clinker	M.T. or part thereof	12.00	7.20

	6	Ores & minerals in all forms	M.T. or part thereof	11.25	6.75
	7	Granites and marbles	M.T. or part thereof	15.00	9.00
	8	Metals (Ferrous/ nonferrous & metals scrap including pipes, plates, pig iron, coil sheets and cokes)	M.T. or part thereof	15.00	9.00
	9	Animals including chicken, sheep and goats	each	5.00	3.00
	10	Animals (other than above)	each	12.00	7.20
	11	Animal product, bone meal, hides and stems	M.T. or part thereof	7.50	4.50
	12	Oil cakes fodder	M.T. or part thereof	7.50	4.50
	13	Waste paper and newsprint	M.T. or part thereof	13.50	8.10
	14	Construction material and sand	M.T. or part thereof	11.25	6.75
	15	Coal and Coke (including firewood)	M.T. or part thereof	12.00	7.20
	16	Wood timber and bamboo	M.T. or part thereof	10.50	6.30
	17	Jute and Jute products and coir products	M.T. or part thereof	10.50	6.30
	18	Cotton including cotton waste	M.T. or part thereof	9.00	5.40
	19	Salt	M.T. or part thereof	2.50	1.50
	20	Sugar	M.T. or part thereof	7.50	4.50
	21	Asbestos	M.T. or part thereof	9.00	5.40
	22	Synthetic resin and wood pulp	M.T. or part thereof	15.00	9.00
	23	Arms, ammunition, explosive and defence stores	M.T. or part thereof	18.00	10.80
	24	Dry chemicals including soda ash, HDPE etc.	M.T. or part thereof	10.50	6.30
	25	Other unspecified goods	M.T. or part thereof	15.00	9.00

Notes

(i) Break bulk cargo shall be charged Rs. 15/- per MT for supply of port labour in addition to the above rates.

(ii) Wharfage charges shall be levied on the goods actually exported.

(iii) Before classifying any cargo under ‘unspecified category’ in the wharfage /on-board and wharfage schedule, the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in those schedules.

SCHEDULE V - RENTAL FEES

Sr. No.	Particulars	Rate per 10 sq. mtr. or part thereof per month or part thereof (in Rs.)
1.	For open space	7.50
2.	For covered space	48.00
3.	Storage of timber on board	Rate per 10 sq. mtr. or part thereof per day or part thereof (in Rs.)
		1.50

SCHEDULE VI - TROLLEY HIRE CHARGES

Sr. No.	Particulars of commodity	Rate per day or part thereof (in Rs.)
1.	Trolley hire charges	15.00

General Notes

(i). Whenever no specific rate is available, the rate prescribed for the corresponding items at Kandla will apply provided the relevant services offered/facilities provided at Tuna Port are at par with those at Kandla Port.

(ii). The terms and conditions of rendering the services at Tuna will be same as prescribed for corresponding services at Kandla provided for comparable services offered/facilities provided.

(iii). The aggregate amount of bill shall be rounded off to the next higher rupee.

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