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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.223 **New Delhi,** **11 June 2021**

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Jawaharlal Nehru Port Trust (JNPT) seeking approval for review of tariff for the services rendered at the JNPT Container Freight Station (CFS)/ Buffer Yard (BY), as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/18/2020 – JNPT

The Jawaharlal Nehru Port Trust **- - -** **Applicant**

QUORUM

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

O R D E R

(Passed on this 13th day of May 2021)

This case relates to a proposal dated 26 May 2020 received from Jawaharlal Nehru Port Trust (JNPT) seeking approval for review of tariff for the services rendered at the JNPT Container Freight Station (CFS)/ Buffer Yard (BY).

2.1. It may be recalled that the tariff for the services rendered at the JNPT CFS/ BY was last approved by this Authority vide Order no. TAMP/69/2015-JNPT dated 4 November 2016 following Tariff Policy, 2015 read with Working guidelines to operationalise the Tariff Policy 2015. The said Order had prescribed a tariff validity upto 31 March 2019.

2.2. Since, no proposal was received from JNPT for review of the tariff at the JNPT CFS/ BY even after the expiry of the tariff validity period, the JNPT was requested vide letter no. TAMP/69/2015-JNPT dated 26 August 2019 to file its proposal for review of the tariff at the JNPT CFS/ BY, following the stipulations contained in the Tariff Policy, 2018. Tariff Policy, 2018 was in succession to Tariff Policy, 2015.

2.3. In this backdrop, the JNPT under cover of its letter no. JNP/Fin/FA/Tariff/SML/2020/69 dated 26 May 2020 has filed a proposal based on Tariff Policy, 2018 read alongwith the Working Guidelines to operationalise Tariff Policy, 2018, along with relevant enclosures seeking approval for revision of tariff for the services rendered at the JNPT Container Freight Station (CFS)/ Buffer Yard (BY) as forwarded by Speedy Multimodes Limited (SML), which is presently operating and managing the Container Freight Station (CFS)/ Buffer Yard (BY).

3.1. The main points made by JNPT in its letter dated 26 May 2020 are as follows:

(i). The ARR has been calculated by M/s. SML under policy for determination of Tariff for Major Port Trusts, 2018. The expenditure figures are certified by the Auditor of SML.

(ii). As per Form 3, M/s. SML has proposed to levy new charges for (i) RFID (ii). Loaded Container Ground Rent- for first three days. In this regard, TAMP is requested to review the same as per the applicable Tariff Guidelines.

(iii). In Form 3, the activity-wise percentage increase of proposed tariff over the existing tariff has been recalculated and furnished.

3.2. In view of the above, JNPT has requested this Authority to process the proposal after due diligence, as the arrangement with M/s. SML is an Operation & Management contract and not a BOT contract.

3.3. The JNPT has furnished requisite documents viz. Highlights of the Proposal, Form 1 - Computation of Annual Revenue Requirement (ARR), Form 2 - Working relating Management and General Overheads, Form 3 - Revenue Estimation at the proposed Scale of Rates, Form 4 - Computation of Working Capital, Form 5 - Comparison of existing SOR and conditionalities vis-à-vis proposed tariff and conditionalities and Proposed Scale of Rates. The JNPT has also forwarded the copy the Audited Annual Accounts of SML for the years 2016-17, 2017-18 and 2018-19.

3.4. The computation of Annual Revenue Requirement (ARR) has been furnished in Form 1. The ARR computation as furnished by JNPT is tabulated below:

Sl. No.	Description	Y1 (2016-17)	Y2 (2017-18)	Y3 (2018-19)
			₹,	
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating Expenses	818,080,075	802,718,800	853,615,711
(ii).	Depreciation	25,161,995	26,808,593	31,318,340
(iii).	Management & General Overheads	97,017,792	68,925,424	38,110,462
(iv).	Finance & Miscellaneous Expenses	26,501,263	25,801,652	30,145,334
	Sub Total 1 = (i)+(ii)+(iii)+(iv)	**966,761,125**	**924,254,469**	**953,189,847**
(2).	**Less Adjustments:**			
(i).	**Estate related expenses**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Management & Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Sub Total 2 (i) = (a)+(b)+(c)+(d)			
(ii).	**Interest on loans**	**21,537,921**	**23,138,918**	**25,782,816**
(iii).	**2/3rd of One Time Expenses, if any like Arrears of Wages, Arrears of Pension / Gratuity, Arrears of Exgratia Payment, etc. (list out each of the items)**			
	(a). Arrears of Wages	-	895,313	-
	(b).			
	(c).			
	Sub Total 2 (iii) = [(a)+(b)+(c)]	**-**	**895,313**	**-**
(iv)	**2/3rd of the Contribution to the Superannuation Fund like pension fund, gratuity fund, and leave encashment fund**	**-**	**35,793**	**-**
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	-	-	-
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2018.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Allocated Management and Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	-	-	-
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	**21,537,921**	**24,070,023**	**25,782,816**
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	**945,223,204**	**900,184,445**	**927,407,031**
(4).	**Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3**		**924,271,560**	
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2019 (As per Audited Annual Accounts)	-	-	-
	(ii). Add:Work in Progress as on 31.03.2019 (As per Audited Annual Accounts)	-	-	221,299,565
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2019 as per Audited Annual Accounts.	-	-	-
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March	-	-	-

	2019 as per Audited Accounts.			
	(v). Less : Net value of fixed assets as on 31 March 2019 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2018.	-	-	-
	(vi). Add : Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines			
	(a). Inventory	-	-	-
	(b). Sundry Debtors	-	-	-
	(c). Cash	-	-	71,134,643
	(d). Sum of (a)+(b)+(c)	-	-	**71,134,643**
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]	-	-	**292,434,208**
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**	-	-	**46,789,473**
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2019 [(4)+ (6)]**	-	-	**971,061,033**
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2019-20**			**3.85%**
(9).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**1,008,446,883**
(10).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sr. No. 9 above**			**1,016,072,153**

3.5. The JNPT has furnished in Form-3, the working of revenue estimation at the proposed level of tariff for the actual traffic handled by the CFS operator (Speedy Multimodes Limited) during the years 2018-19. As per the said form, the total revenue estimation is ₹. 10,160.72 lakhs. Revenue estimation is seen to be more than the ARR by around 0.75%.

3.6. Vide the proposal, an increase ranging from 10% to 130% has been sought in some tariff items and in some tariff items reduction in rates has also been proposed. The JNPT has also proposed changes in some conditionalities.

4. In accordance with the consultative procedure prescribed, a copy of the JNPT proposal has been forwarded to SML as well as the concerned users/ user organizations vide email dated 2 June 2020, seeking their comments. None of the users/ user organizations have given any comments till the case was finalized.

5. In view of the outbreak of Covid-19 and in pursuance of the then Ministry of Shipping letter no. 11053/30/2020- Coord dated 16 April 2020, a joint hearing in this case was held on 14 July 2020 through Video Conferencing. At the joint hearing, the JNPT and the concerned users/ organization bodies have made their submissions.

6.1. On a preliminary scrutiny of the proposal filed by the JNPT, additional information/ clarification was sought from JNPT vide email dated 06 August 2020. After reminders dated 1 October 2020, 25 November 2020 and 6 January 2021, the JNPT has responded vide its letter dated 1 March 2021. The information sought and the response of JNPT thereon are tabulated below:

Sl. No.	Information sought	Response of JNPT
1.	**General:**	
(i).	While forwarding the proposal under cover of its letter dated 26 May 2020, the JNPT has stated, interalia, that it is "forwarding" the tariff revision proposal as submitted by M/s. Speedy Multimodes Limited (SML) to us for scrutiny and disposal. As per clause 6 of the Working Guidelines read with Clause 8 of the Tariff policy, 2018, proposal should be initiated by the JNPT Therefore, JNPT to categorically state that the proposal	The proposal dated 26.05.2020 filed by the JNPT, is the proposal of the Port Trust.

	dated 26 May 2020 filed by the JNPT is the proposal of the Port Trust.	
(ii).	As per Clause 2.1 of the Working Guidelines issued to operationalize the Tariff Policy, 2018, the Port Trust has to assess the Annual Revenue Requirement (ARR). As per clauses 2.7, 2.8 and 2.9 of the Working Guidelines, the Port Trust has to draw the SOR within the ceiling of indexed Annual Revenue Requirement. In the case in reference, the Forms 1 to 4 submitted by the JNPT is seen to have been formulated by the CFS operator at JNPT viz., Speedy Multimodes Limited (SML) and not the Port, as the Forms are not seen to have been authenticated by the JNPT. The Forms 1 to 4 forming part of proposal requires authentication by the JNPT official as stipulated in the Guidelines along with its specific remarks on each of the Forms. Accordingly, JNPT to authenticate all the forms attached to the proposal duly giving its specific remarks on each of the forms.	All the forms viz. I to IV are now authenticated by JNPT.
2.	**Average Annual Revenue Requirements (ARR)**	
(i).	As seen from the details furnished in the statement of expenditure as per Annual Accounts (Note 1) and reconciliation statement of grouping of expenditure shown in Note 1 and grouping of expenditure as per Audited Annual Accounts (Annexure 1 of Chartered Accountant letter dated 26 February 2020), the following expenditure heads as per Audited Annual Accounts are regrouped to arrive at the operating expenditure for computation of Average Annual Revenue Requirement;.	

Sl. NO.	**Expenditure Heads as per Audited Annual Accounts**	**Expenditure Regrouped for arriving at Operating Expenditure for computation of ARR.**
A.	**JNPT Operating Expenses.**	
(i)	Lease Rent & Royalty Charges	a. Lease Rentals b. Royalty
(ii)	Electricity Charges	Electricity Charges
(iii)	Custom Expenses	Custom Expenses
B.	**Equipment Running Expenses.**	
(iv).	a. Container Handling Charges, b. Custom Bottom Seals c. Rent Expenses d. Auction Container Expenses.	a. Fuel, b. Repair & Maintenance, c. RTO, d. Hire charges e. Container Handing Charges.
(v)	Port Handling Charges	Port Expenses Reimbursement
C.	**Employees cost**	
(vi).	a. Salaries, Wages and Bonus b. Leave Encashment Expenses.	Salaries and allowances.
(vii)	Director Remuneration.	Director Remuneration
(viii)	Contribution to Provident Funds and Gratuity Expenses.	Contribution to Provident fund and Other Funds.
ix)	Staff Welfare Expenses	Staff Welfare Expenses.
D	**Total Operating Expenses (A + B + C)**	
E.	**Less : Expenses related to Transportation**	
	(a) Equipment Running Expenses - Fuel Expenses - Repairs and Maintenance - RTO Tax - Container Handling Charges - Trailer Hire Charges **(b) Employee Cost** - Salaries, Wages and allowances - Contributioni to Provident fund and Other Funds	
	(c) Total Expenses related to Transportation (a + b)	
F.	**Net Operating Expenses considered for computation of ARR (D – E)**	

(ii). (a).	In this regard, the JNPT to clarify/ furnish the following; The above table shows that the royalty expenditure incurred by the operator has been considered as a cost of operating expenditure for computation of ARR. In this regard, the JNPT to note that the Ministry of Shipping (MOS) vide its Order No.PR14019/6/2002-PG dated 29 July 2003 has decided that the Royalty/Revenue share payable to the landlord port by the BOT operator will not be allowed as an admissible cost for tariff computation. Only in those cases where bidding process was finalised before 29 July 2003, the tariff computation will take into account royalty / revenue share as cost subject to maximum of the amount quoted by the next highest bidder for tariff fixation. Since, the grant of license for operation and management is after the year 2003, the royalty expenditure payable to JNPT is not admissible as a cost for tariff computation. In view of the above, the JNPT to exclude the royalty expenditure from the operating expenditure for arriving ARR. It is noteworthy that Royalty payment was not allowed as an item of cost in the last revision of tariff of JNPT CFS/ BY in November 2016.	Necessary changes have been made in ARR by excluding the Royalty amount for all three years in TAMP Proposal. It can be seen in Note 1 of ARR. [The revised working of ARR is furnished by JNPT]
(b).	The Annual Accounts for the year 2018-19 includes an amount of Rs. 60.83 lakhs towards “Auction Container Expenses”. However, no expenditure on account of Auction Container Expenses is reflected in the Audited Annual Accounts for the years 2016-17 and 2017-18. The JNPT to explain the nature of the expenditure incurred on account of Auction Container Expenses and to certify that the expenses incurred on the said account is solely related to activities of CFS and Buffer Yard being operated by the authorised service provider.	(i). In terms of the provisions of the Customs Act, 1962, the duty is leviable on imported goods, regardless the same is cleared by the importers or not. Similarly, dues of other agencies, such as, carriers and custodians for carriage and storage of goods respectively, may also arise. Where the importers do not come forward to make payment of such dues, the Customs duty and other dues can be recovered by selling the unclaimed/uncleared goods. (ii). As per section 48, if any goods brought into India from a place outside India are not cleared for home consumption or warehoused or transhipped within 30 days from the date of unloading thereof at a port, such goods can be disposed of by the custodian. The Act, however, stipulates that the goods can be sold only after a notice is issued to the importer and the permission of the Customs is obtained. The provisions relating to manner of disposal of unclaimed/uncleared goods and apportionment of sale proceeds thereof are contained in sections 48 and 150 of the Customs Act, 1962. (iii). JNP CFS being a custodian of cargo is allowed to sell the unclaimed cargo through auction and recover the CFS charges after paying the custom duty and other Auction expenses from the sale proceeds. (iv). Auction is an integral part of CFS activity and its related expenses including the custom duty paid on the cargo are allowable expenses. As per the accounting practice, in FY16-17 & FY17-18, the auction expenses were netted off against the Auction

<table>
<tr><td></td><td></td><td>revenue, hence the expenses were not shown separately in the financial statements. In FY18-19, there is a change in the accounting practice and the auction income and auction expenses are as follows:
(Amount in ₹.)
<table><tr><th>particulars</th><th>Auction Cargo Revenue</th><th>Auction Cargo Expenses</th><th>Net Income</th></tr><tr><td>Mar 17</td><td>5608881</td><td>1368030</td><td>4240851</td></tr><tr><td>Mar 18</td><td>6827780</td><td>2254405</td><td>4573375</td></tr></table>
[The detailed break-up of Auction Income and expenses for FY 16-17 & 17-18 are also given by JNPT].</td></tr>
<tr><td>(c).</td><td>Similarly, the Annual Accounts for the year 2016-17 includes an amount of Rs. 1228.78 lakhs towards Exceptional Items in the respective Audited Annual Accounts. Since the amount reflects the amount paid to Custom Authorities towards shortage of goods found in the containers and is not related to operation of CFS and Buffer Yard, the amount of Rs. 1228.78 lakhs towards exceptional item to be excluded from the operating expenditure for computation of ARR.</td><td>JNP Customer Freight Station (CFS) works as a custodian of goods for the purpose of import and export in terms of section 45 of the Customs Act 1962.
As a Custodian, JNP CFS carries with it certain responsibilities relating to the receipt, storage and movement of the cargo in its possession.

In every business there is an uncontrollable/ uncertain circumstances pertaining the risk associated to business. This risk results into consequential cost and expenses. The above mentioned expenses made to customs is shown as an exceptional item in financial. CFS as a custodian of cargo and handling of containers and the related expenses should be considered as a business expenditure. The above expense is not recurring in nature, hence as per the Audited Financial the auditor has declared it as an exception item. Hence it will be treated as business expense. The relevant extract of Auditor Report for 2016-17 is reproduced below:

“9. We draw attention to Note no. 28 to the financial statements regarding, the Company has paid an amount of ₹ 12,28,77,940/- towards demand raised by the Commissioner of Customs, JNPT, with reference to the Red Sanders stored at company’s CFS by the custom authorities, which was found to be short in weightage by 36.29 MTs. The said shortage was found in six containers and the customs authorities have asked the company to pay the amount being the custodian of the material. Accordingly, the company has paid the amount and disclosed as exceptional items in the statement of profit and loss”.</td></tr>
<tr><td>(d).</td><td>The nature of Expenses under the head ‘Expenses incurred for increase</td><td>The amount is ROC Charges</td></tr>
</table>

	in authorised share capital, to be explained.	towards increase in equity capital. The equity capital infusion by promoter towards working capital requirement of the company. These expenses are in nature of statutory expenditure and the same should be allowable.
(e).	It is seen from the Note 1 to Form 1, that the amount of expenditure grouped under the Equipment Running Expenses and Employee Cost has been apportioned between activities related to CFS & Buffer Yard and transportation. Thereafter, the share of expenditure related to transportation activity has been excluded from the total operating expenses to arrive at the operating expenditure related to CFS and Buffer Yard. The JNPT to furnish the basis of apportionment between activities related to CFS & Buffer Yard and transportation with detailed calculation to arrive at such figures for each of the activities.	The apportionment of Equipment running expenses & employee cost between CFS & Buffer Yard has been prepared in accordance with tariff guidelines and verified by Chartered Accountant.
(f).	The JNPT to review other items of operating expenditure which are not considered for apportionment between activities related to CFS & Buffer Yard and transportation and confirm that such items of expenditure are solely related to operations of CFS & Buffer Yard.	Please refer reply given to Sr. no. ii (e) of ARR.
(g).	The JNPT to confirm that the depreciation considered for computation of ARR as per Capital Asset Schedule as reflected in Audited Annual Accounts for each of the years under consideration except depreciation relating to Truck and Trailers (excluded for computation of ARR) is solely related to activities of CFS & Buffer Yard operated by the authorised licensed operator of JNPT. If any of assets are used for both the activities viz. CFS & Buffer Yard and Transportation, the JNPT to make a necessary apportionment of depreciation between CFS & Buffer Yard ad transportation activities.	As suggested the necessary rectification has been done in Note 1 "Details of expenditure as per Audited Accounts in Sr no. (ii) in ARR. The revised working of ARR is furnished.
(h).	The audited Annual Accounts of SML for year 2016-17 reflect an amount of Rs 567.55 lakhs towards 'Loss of Sale of Investment" under the broad Other Expenses (Note 26). In this regard, it may be noted that the loss on sale of investment is purely a financial transaction. Hence, the said expenditure to be excluded by JNPT from the total expenditure in Form – 1.	In this connection, the loss on sale of Investment amounting to Rs.567.55 Lakhs is excluded in arriving the ARR. Please refer Note 1 Sr no. (iii) of Management and General Overheads in ARR.
(i).	The audited Annual Accounts of SML for each of the year 2017-18 reflects an amount of Rs. 0.41 lakhs towards 'Bad Debts/ Loan & other written off" under the head of Other Expenses (Note 26). The said expenditure has been included as a Management and General Overhead expenses for computation of ARR in Form – 1. The same to be excluded from the total expenditure as inadmissible expenditure for computation of ARR. Similarly, an amount of Rs. 428/- considered as bad debts for the year 2018-19 also to be excluded.	With reference to above, the bad debts written off has been excluded while arriving the ARR. The same can be seen in Note 1 of Management and General Overheads in ARR.
(j).	An amount of Rs. 8.67 lakhs and 22.74 lakhs has been considered towards Interest on Delayed Payments as part of Management and General Overhead and included in the total expenditure for computation of ARR. The JNPT to exclude the interest on delayed payments from the total expenditure.	In this connection, it is submitted that the expenditure is incurred towards interest on delayed payment of Taxes which are compensatory in nature. Further, due to non-availability of working capital, the company has incurred and paid Interest on delayed payment of tax. It is a part of Business activities hence it should be admissible while computing the ARR.
(k).	The Net Capital block of Assets as of 31 March 2019 at Rs. 2212.94 lakhs, as reflected in the Audited Annual Accounts of SML is seen to have been considered for arriving at the Capital Employed. However, the value of capital assets relating to transportation activity is not seen to have been deducted from the net capital block to arrive at capital employed for the CFS and Buffer Yard, as done in the case of the equipment and Running expenses, Employee cost and depreciation.	The value of Net Capital block asset of Rs.2212.99 lakhs has been reduced to Rs.1712.51 lakhs which is arrived after excluding the transportation cost of Rs. 500.48 lakhs in revised ARR. The same, can be seen in Form 1 Sr.no.5 computation of Capital Employed.
(l).	With regard to the Working Capital in Form no. 4, the JNPT is requested to explain the reason for not estimating any allowable Inventory in respect of capital spares as well as other inventory excluding fuel and customized spares as part of Working Capital as per clause 2.5 of the Working Guidelines to operationalize to Tariff Policy, 2018.	In this connection, it is submitted that as per the Management policy, the company has not maintained any capital Inventory in respect of capital spares as well as other inventory excluding fuel and

		customized spares as part of Working Capital. Order of the Inventories are placed as per the requirements.
(m).	The JNPT to also confirm that other components of working capital is in line with clause 2.5 of Working Guidelines.	It is confirmed that other components of working capital i.e cash expenses is taken one month cash expenses as per clause 2.5 of working Guidelines 2018.
(n).	The JNPT to list down the items considered under 'Work in progress' in the year 2018-19 to the tune of ₹ 22.13 crores.	The amount of Rs.22.13 crores which is shown in Form 1 under the head Capital employed as Net Fixed Asset as on 31.3.2019 is now revised to Rs.17.13 crores. This includes only Non-Current asset (Tangible & In-tangible assets).The WIP as per the audited annual accounts provided is NIL. The same can be seen in revised ARR.
(o).	The JNPT has excluded an amount of ₹ 8.95 lakhs and ₹ 0.36 lakhs towards arrears of wages and contribution to superannuation fund respectively in Form 1. In this regard, it may be noted that the adjustments for exclusion of one time expenses should be done in line with clause 2.2 (iii) of the Tariff Policy, 2018. In this regard, note no. 2(ii) of Form – 1 as per the Formats forming part of the Working Guidelines issued to operationalize the Tariff Policy, 2018, may be referred to.	In this connection, it is submitted that the said expenses is in line with clause of 2.2 (iii) of the Tariff Policy, 2018.
3.	**Proposed Scale of Rates.**	
(i).	In the proposed SOR filed along with the proposal in reference, it is seen that the reference of Speedy Multimodes Limited/ DBC Port Logistics Limited is mentioned in the heading of SOR as well as in various clauses of SOR. As mentioned in the earlier paragraph no. 1 (i), the tariff for the CFS/ Buffer yard facility at JNPT is to be fixed without reference to the individual service provider, based on a proposal to be filed by the Port and proposal of the Port Trust should not have any reference to any individual service provider. In view of the above, the JNPT to ensure that the reference of any service provider is not indicated in the proposed Scale of Rates.	It is complied.
(ii).	On comparison of the existing SOR of the CFS and Buffer Yard of JNPT with the proposed SOR filed along with the proposal in reference, it is found that certain definition, conditionalites and notes governing the application of SOR have been modified / introduced in the proposed SOR. Though, the comparison of existing SOR and conditionalities vis-a-vis proposed tariff and conditionalities is seen to be attached as Form 5 along with the proposal, the said Form-5 is seen to have not furnished the comparative details of newly introduced clauses/ proposed modifications to the certain conditionalities/ notes governing the SOR and reasons justifying for introduction of such clauses / modification to the clauses in the proposed clause. The JNPT to furnish a consolidated comparative position for the entire SOR and provide justification for each of the modifications in the proposed SOR.	In this connection, a column has been added regarding change in rate in percentage i.e. existing rates, 2016 and proposed rates. Further, new charge has been introduced in the Import Tariff of RFID Tracker Charges. There are no changes proposed in the other charges. (Refer revised Form 5)
(iii).	The clause 9.8.3. of the working guidelines to operationalise Tariff Policy, 2018 stipulates that a premium upto 50% of the normal container handling and storage charges can be levied in case of Hazardous containers. However, in the proposed SOR of the proposal in reference, it is seen that a premium of 100% of the normal container charges is seen to have been proposed for Hazardous cargo. The JNPT to propose a 50% premium over the normal container charges for hazardous containers. The revenue estimation and the proposed SOR may be revised accordingly.	In this connection, it is submitted that revised working of revenue estimation by taking premium up to 50% of the normal container handling and storage charges in case of Hazardous containers instead of 100% has been made. Please refer Note 2 for the same.
(iv).	The Tariff Policy, 2018 and Working Guidelines to operationalise the Tariff Policy 2018 do not prescribe any premium charges for Reefer Containers except to levy of specialised charges for power supply and monitoring of reefer containers on 4–hourly unit. In the proposed SOR, it is seen that 1.5 times of the normal container charges is proposed to be levied on reefer containers. The JNPT to propose the reefer Containers at same rate of normal container charges.	In this connection, it is submitted that revised working of revenue estimation by taking premium upto 0% of the normal container handling and storage charges in case of reefer containers instead of 50% has been made. (Normal container levy refer the Note 2 in ARR)
(v).	The Clauses relating the Annual indexation and performance standards	Complied in Revised SOR.

	are seen to have not been included in the proposed SOR. The JNPT to incorporate the clauses relating to Annual indexation and performance standards as similar to clauses xvii – Annual Indexation and xviii – Performance Standards prescribed in existing SOR.	
4.	**Revenue Estimation**	
(i).	The share of Over Dimensional containers (ODC) reported to be considered as 1% of total import containers in terms of TEU with a breakup of 36% and 64% for 20 feet and 40 feet containers respectively. However, ODC containers considered for revenue estimation is not matching with the above percentage share. The details are as follows.	In this connection it is submitted that the above observation is partially incorrect. As per Note 2, we have taken the share of Over Dimensional containers (ODC) reported to be considered as 1% of total import containers in terms of TEU with a breakup of 61% and 39% for 20 feet and 40 feet containers respectively instead of 36% & 64%. The said 36% %64% for 20 feet and 40 feet container respectively is related to ODC containers in the case of EXPORT.(Refer Note 2 of revised ARR)

Description	Total Import Containers (in TEUs)	ODC (1%) In TEUs	ODC in Containers				ODC as considered in Revenue Estimation (Containers)	
		Total ODC	20 Foot (36%)	40 Foot (64%)	20 Foot	40 Foot	20 Foot	40 Foot
CFS Destuffing	8792 (11%)	88	32	56	**32**	**28**	**54**	**17**
Factory Destuffing	71139 (89%)	711	256	455	**256**	**228**	**434**	**136**
Total	79931 (100%)	799	288	511	**511**	**256**	**488**	**153**

The JNPT to clarify the reasons for mismatch and consider matching ODC containers considered for revenue estimation with the percentage share reported in Note-2 (Annexure-to Form 3).

(ii).	A lot of arithmetical/ totalling errors are observed in the Income estimation as given in Note-2 (Annexures to Form 3). For example, following discrepancies are noticed in case of revenue estimation for the De-stuffed container delivery charges	It is compiled in revised ARR Note 2.

Destuffed Container Delivery Charges (Sl. No. A (ii) of the Proposed SOR)

Description	No. of containers	Proposed Tariff	Anticipated Revenue	Revenue Estimated in Note 2
	(a).	(b)	(a) x (b) = (c)	(d)
Regular 20 Ft	4612	7660	35327920	35331737
Regular 40 Ft	1474	11490	16936260	16941857
ODC 20 Ft	54	15320	827280	821668
ODC 40 Ft	17	22980	390660	393997
Hazardous 20 Ft	483	15320	7399560	7395015
Hazardous 40 Ft	154	22980	3538920	3545970
Reefer 20 Ft	215	11490	2470350	2465005
Reefer 40 Ft	69	17235	1189215	1181990
Total			**68080165**	**68077239**

Similarly in case of Revenue estimation for factory De-stuffed container delivery the following discrepancies are noticed.

Description	No. of containers	Proposed Tariff	Anticipated Revenue	Revenue Estimated in Note 2
	(a).	(b)	(a) x (b) = (c)	(d)
Regular 20 Ft	37320	6150	229518000	229513722
Regular 40 Ft	11930	9225	110054250	110053711
ODC 20 Ft	434	12300	5338200	5337528
ODC 40 Ft	136	18450	2509200	2559389
Hazardous 20 Ft	3906	12300	48043800	48037756

	Hazardous 40 Ft | 1248 | 18450 | 23025600 | 23034498 Reefer 20 Ft | 1736 | 9225 | 16014600 | 16012585 Reefer 40 Ft | 555 | 13838 | 7679813 | 7678166 **Total** | 57265 | | **442183463** | **442227354** The JNPT to review and recheck every calculation and revise the Note 2 (Annexures to Form-3) accordingly, to avoid any arithmetical errors in the estimation of income at proposed tariff. The JNPT also to provide the excel sheet of the calculations of entire annexures to Form-3, with proper linkages.	
(iii).	The revenue on Custom Examination has been estimated considering proposed base rates only. No premium for ODC, Hazardous and reefer containers as per the proposed notes to item no. A – Handling services in CFS and B – Custom examination of the proposed SOR has been considered. In this regard, JNPT to confirm whether premium charges to ODC, Hazardous and reefer containers is not applicable in case of Custom Examination.	The premium for ODC and Hazardous and reefer container is only applicable for handling charges and not for Custom examination. The same is reflected in revised proposed SOR.
(iv).	The JNPT to modify the proposed Draft Scale of Rates, since the revenue estimation and ARR may undergo change in view of the above observation made by us.	In this connection, the Revised TAMP proposal for Proposed Scale of Rates after incorporating the necessary changes is enclosed.
(v). (a).	The reason for prescribing a new rate towards 'RFID charges' at Sr. no. F (xiv) under Import Tariff of the proposed Scale of rates may be explained. The basis to propose the rate for such activity at ₹.250 per 20 Feet container and ₹. 375 per 40 Feet container to be furnished.	MUC charges and LDB charges are applicable at Terminal and not at CFS. Hence, an independent RFID module has been installed for tracking of container within the CFS. Further, attention is invited on the fact that this is as per the Central Board of Indirect Taxes & Customs guidelines issue vide Handling of Custom Cargo Area Regulation 2009 dated 17th March 2009 clause 5.1-(i)(j). Therefore, this cost is to be considered in the proposed tariff.
(b).	As regards prescription of RFID charges, it is relevant to mention here that the Authority vide its Order no, TAMP/12/2019-MUC dated 24 July 2019 has approved levy of Mandatory user charges (MUC) for DMICDCs Logistics Data Bank (LDB) project across all Major Port Trusts and BOT operators operating thereat. The levy of MUC includes cost of RFID tags. In this backdrop, JNPT to justify proposed prescription of a separate RFID charges in the SOR of JNPT CFS/ BY.	
(vi).	The reason for withdrawing existing 3 free days (1st 3 days) and proposing levy of 'Ground Rent – Loaded containers for first three days also at Sr. C (i) under Import tariff to be explained.	In this connection, it is submitted that for Sr. C (i) 'Ground Rent – Loaded containers under Import tariff for first three days will be Free. This can be seen in revised ARR.
(vii).	In the proposed SOR, it has been mentioned that the Ground Rent for Loaded Containers post 30 days will be levied at 1 handling charges per day additionally instead of prescribing a specific tariff for Ground Rent – Loaded Containers beyond 30 days, as per existing SOR. The reason for the proposed modification to be explained.	In this connection, it is submitted that a separate tariff head cannot be created for those containers stays at CFS beyond 30 days. Further, due to long stay of the said containers in CFS, we have to do multiple handling & shifting and thus we have to occur additional cost on the same.
(viii).	Some new notes from SI.no. (xvi) to (xlii) are seen to have been introduced in the proposed draft SOR under 'General terms & Conditions'. The said Notes are generally seen to be in connection to the operations rendered at the CFS/ BY and are not seen to be in connection with levy of tariff. The JNPT to, therefore, examine these notes and consider proposing only those notes which are found relevant to levy of tariff.	It is submitted that we have added the some new clauses which are majorly related to operations of CFS/BY. Further, the said clauses in General Terms & conditions were also submitted at the time of TAMP proposal, 2016. However, while issuing the order of Tariff by your goodself, the said clauses have not been considered at all. Hence, we have excluded all said clauses from our General Terms & Conditions.
(ix).	The reason for deleting existing note no. (xi) (a) and modifying existing note no.(x) to be explained.	It is submitted that, Port has not deleted existing point no. (xi) (a) is same as point (x) (a) of Proposed SOR.

		Further, it is submitted that, the said point no. (x) in existing SOR is same as point (ix) in general terms & conditions of proposed SOR which is same as published TAMPs Order in Gazette No. 393 dated 28 October 2016.
(x).	The indexed ARR as assessed by JNPT at ₹ 100.84 crores is subject to further indexation as applicable for the year 2020-21. The JNPT, if required, to index the ARR to arrive at the ceiling indexed ARR as of 2020-21.	As per 2018 guidelines, Major Port Trust index their SOR by applying applicable indexation factor of 1.88% for the year 2020-21. Accordingly the same is compiled.

6.2. While furnishing additional information/ clarification, the JNPT has furnished the revised Forms i.e. Form 1- Computation of revised ARR, Form 2 – revised Workings relating Management and General Overheads, Form 3 – Revised Revenue Estimation at the proposed Scale of Rates, Form 4 – revised computation of Working Capital, Form 5 - Comparison of existing SOR and conditionalities vis-à-vis proposed tariff and conditionalities and revised Proposed Scale of Rates along with reconciliation of expenditure as discussed above. The revised ARR computation as furnished by JNPT is given below:

Sl. No.	Description	Y1 (2016-17)	Y2 (2017-18)	Y3 (2018-19)
			₹,	
(1).	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating Expenses	754,810,502	728,284,855	781,419,866
(ii).	Depreciation	25,161,955	26,808,593	31,318,340
(iii).	Management & General Overheads	40,262,789	68,884,159	38,110,034
(iv).	Finance & Miscellaneous Expenses	26,501,263	25,801,652	30,145,334
	Sub Total 1 = (i)+(ii)+(iii)+(iv)	**846,736,549**	**849,779,259**	**880,993,574**
(2).	**Less Adjustments:**			
(i).	**Estate related expenses**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Management & Administrative Overheads	-	-	-
	(d). Allocated FME	-	-	-
	Sub Total 2 (i) = (a)+(b)+(c)+(d)			
(ii).	**Interest on loans**	**21,537,921**	**23,138,918**	**25,782,816**
(iii).	**2/3rd of One Time Expenses, if any like Arrears of Wages, Arrears of Pension / Gratuity, Arrears of Exgratia Payment, etc. (list out each of the items)**			
	(a). Arrears of Wages	-	895,313	-
	(b).			
	(c).			
	Sub Total 2 (iii) = [(a)+(b)+(c)]	**-**	**895,313**	**-**
(iv)	**2/3rd of the Contribution to the Superannuation Fund like pension fund, gratuity fund, and leave encashment fund**	**-**	**35,793**	**-**
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	-	-	-
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2018.**			
	(a). Operating Expenses	-	-	-
	(b). Depreciation	-	-	-
	(c). Allocated Management and Administrative Overheads	-	-	-

	(d). Allocated FME	-	-	-
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]	-	-	-
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)	**21,537,921**	**24,070,023**	**25,782,816**
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**	**825,198,628**	**825,709,236**	**855,210,758**
(4).	**Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3**	**835,372,874**		
(5).	**Capital Employed**			
	(i). Net Fixed Assets as on 31.03.2019 (As per Audited Annual Accounts)	-	-	-
	(ii). Add:Work in Progress as on 31.03.2019 (As per Audited Annual Accounts)	-	-	171,251,176
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31.03.2019 as per Audited Annual Accounts.	-	-	-
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31 March 2019 as per Audited Accounts.	-	-	-
	(v). Less : Net value of fixed assets as on 31 March 2019 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2018.	-	-	-
	(vi). Add : Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines			
	(a). Inventory	-	-	-
	(b). Sundry Debtors	-	-	-
	(c). Cash	-	-	65,118,322
	(d). Sum of (a)+(b)+(c)	-	-	65,118,322
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]	-	-	**236,369,498**
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**	-	-	**37,819,120**
(7).	**Annual Revenue Requirement (ARR) as on 31 March 2019 [(4)+ (6)]**	-	-	**873,191,993**
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year 2019-20**			**1.88%**
(9).	**Ceiling Indexed Annual Revenue Requirement (ARR)**			**889,608,003**
(10).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sr. No. 9 above**			**890,270,806**

7.1. On a comparison of the existing and the proposed Scale of Rates (as furnished by JNPT vide its letter dated 01 March 2021), it is seen that the port has sought the increase in the following tariff items, in its revised proposal, as shown below:

SL No.	Description	Existing Tariff	Proposed Tariff	Unit of Levy	% increase sought over existing tariff
	Import				
1	Handling - De-Stuffed Containers	5388	6671	Per TEU	23.81
2	Cargo Handling Charges - De-Stuffed Cargo	136	136	Per MT	-

3	Custom Examination for CFS De-Stuffed Containers				
	Custom Examination and De-Stuffing upto 5 %	304	385	Per TEU	26.64
	Custom Examination and De-Stuffing above 5 % and less than 25 %	435	555	Per TEU	27.59
	Custom Examination and De-Stuffing above 25 %	1304	1685	Per TEU	29.22
4	Handling - Factory De-Stuffed Containers	4258	5669	Per TEU	33.14
5	Lift on / Off Charges - Loaded Containers	174	315	Per TEU	81.03
	Lift on / Off Charges - Empty Containers	87	140	Per TEU	60.92
6	Grounding the Container for Delivery	521	521	Per TEU	-
7	Shifting the Empty Container for Washing	468	0	Per TEU	(100.00)
8	Reefer Plugging / Monitoring / Pressure Temperature	287	287	Per TEU	-
9	Survey & EIR Charges	217	240	Per TEU	10.60
10	Damaged Container Survey Charges	217	245	Per TEU	12.90
11	RFID Charges	0	250	Per TEU	New
12	Locking Charges	26	50	Per TEU	92.31
13	Shifting Charges for Weighment	1304	1304	Per TEU	-
14	Documentation Charges	217	300	Per TEU	38.25
15	Cargo Storage Charges	124	124	Per Sq. Mtr Per Week	-
16	Loaded Container Ground Rent				
	First 3 days	0	0	Per TEU	
	4th to 7th day	109	300	Per TEU	175.23
	8th to 15th day	217	600	Per TEU	176.50
	16th to 30th day	435	900	Per TEU	106.90
	31st day onwards	869	1200	Per TEU	38.09
17	Empty Container Ground Rent				
	1 to 15 Day	25	50	Per TEU	100.00
	16 day onwards	100	100	Per TEU	-
18	Cargo/Container Insurance Charges				
	Current:- 12.5 Paise per Rs. 1000/- of Assessed Value + Customs Duty on the Cargo				
	Proposed:- 18.00 Paise per Rs. 1000/- of Assessed Value + Customs Duty on the Cargo				
	Bonded Warehouse				
19	Bonded Cargo Storage Charges	124	124	Per Sq. Mtr Per Week	-
	Insurance Charges				
	18 Paise per Rs. 1000/- of Assessed Value + Customs Duty on the Cargo				
	Export				
20	Carting Charges	61	75	Per MT	23.29
21	Empty Transportation	0	0	Per TEU	
22	Loaded Lift on / Off	174	300	Per TEU	72.61
	Empty Lift on / off	87	120	Per TEU	38.09
23	Sweeping Charges	30	40	Per TEU	31.49
24	Empty Container Shifting at Stuffing Point	261	315	Per TEU	20.83
25	Stuffing and Handling	3787	4500	Per TEU	18.83
26	CLP and Bottle Seal	87	125	Per TEU	43.84
27	Survey and EIR	174	240	Per TEU	38.09
28	Reworking	4780	5000	Per TEU	4.61
29	Cargo Storage Charges	87	87	Per Sq Mtr	-
30	Loaded Container Ground Rent Charges				
	First 7 days	109	0	Per TEU	(100.00)

	8th to 15th day	217	400	Per TEU	84.12
	16th to 30th day	435	800	Per TEU	84.12
	31st day onwards	869	1200	Per TEU	38.09
31	Empty Container Ground Rent Charges				
	1st to 30th day	13	50	Per TEU	283.44
	31st day onwards	65	100	Per TEU	53.42
	Buffer Yard				
32	Handling of Factory Stuffed Containers	3042	4150	Per TEU	36.45
33	Lift On / Off	174	315	Per TEU	81.24
34	Ground Rent for Loaded Container				
	1st to 3rd day	0	0	Per TEU	
	4th to 7th day	109	250	Per TEU	130.14
	8th to 15th day	217	500	Per TEU	130.15
	16th to 30th day	435	1000	Per TEU	130.15
	31st day onwards	869	1000	Per TEU	15.07
35	Ground Rent for Empty Containers				
	1st to 15th day	43	50	Per TEU	15.07
	15th day onwards	130	150	Per TEU	15.07

7.2. From the above statement, it is seen that the JNPT has generally sought an increase ranging from 5% to 130% in various tariff items. Status quo has been proposed in some tariff items. The JNPT has also proposed some changes to its existing conditionalities. The total revenue as estimated by JNPT at the proposed level of tariff is ₹ 89.02 crores, which is more than the ARR of ₹.88.96 crores as worked out JNPT, by around 0.07%.

8. The proceedings relating to joint hearing held in this case are available on records at the office of this Authority. An excerpt of the arguments made by the parties will be sent separately to the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

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

(i). The Jawaharlal Nehru Port Trust (JNPT) has authorized a service provider to render services at the JNPT Container Freight Station (CFS)/ Buffer Yard (BY). The said authorization arrangement under Section 42(3) is other than by way of a BOT Concession Agreement. The tariff for the services rendered at the JNPT CFS/ BY was last approved by this Authority vide its Order no. TAMP/69/2015-JNPT dated 4 November 2016. As per Clause 9.2 of the Tariff Policy, 2015, (which was then applicable in respect of Major Port Trusts), for fixation of tariff for the services governed by Clause 9.1 and as relevant to JNPT, the port was to file a proposal with reference to optimal capacity following the principles of 2008 guidelines or based on rated capacity (with reference to the technical specification of the service/ facility/ equipment). However, for the reasons as brought out in detail in the above referred Order of JNPT, the tariff for the JNPT CFS/ BY was fixed in November 2016 following the Annual Revenue Requirement (ARR) Model as prescribed in the Tariff Policy, 2015, read with working guidelines issued to operationalise the Tariff Policy 2015.

Given that the validity prescribed vide the Order of November 2016 has expired on 31 March 2019, the JNPT has come up with a proposal for review of tariff for the JNPT CFS/ BY, by following the ARR Model as prescribed in the Tariff Policy, 2018, read with Working guidelines to operationalise the Tariff Policy 2018 (which is now applicable in respect of Major Port Trusts).

(ii). The initial proposal was filed by JNPT in May 2020. Subsequently, while furnishing the additional information/ clarification in March 2021, the JNPT has rectified some calculation errors as furnished in its initial proposal and has made some changes in its proposed SOR. The rectification/ change in the calculation has no impact on the percentage of increase sought by the Port in the Scale of Rates proposed by the Port. Thus, the proposal filed by JNPT in May 2020 and March 2021 along with submissions made by the Port during the processing of the case is considered in this analysis.

(iii). The JNPT has not furnished copy of the Board Resolution approving proposal by its Board of Trustees along with the proposal in reference. It is recalled that in the previous occasion of revision of SOR for JNPT CFS/BY also, the port had not furnished the copy of the approval of Board of Trustees then, stating that there is no specific delegation under which the proposal for review of tariff of the CFS/ BY is required to be approved by the Board of Trustees before submission to the TAMP. In this regard, it is relevant to mention here that Clause 3.1.2 of the Working Guidelines, finalized and issued in consultation with the Major Port Trusts, including JNPT, to operationalize the Tariff Policy, 2018, requires a port trust to send its proposal to this Authority alongwith the approval of the Board of Trustees. The Working Guidelines also permit a Major Port Trust to furnish the approval of Board of Trustees within one month from the date of submission of its proposal. Nevertheless, Clause 3.1.2 of the Working Guidelines does not prohibit this Authority from entertaining the proposal, submitted by a port trust without the approval of its Board.

(iv). (a). Clause 2.1 of the Tariff Policy, 2018 requires the Major Port Trust to assess the Annual Revenue Requirement (ARR) which is the average of the sum of Actual Expenditure as per the final Audited Annual Accounts of the three years (Y1), (Y2) and (Y3) subject to certain exclusions as prescribed in Clause 2.2 of the Tariff Policy, 2018 and the Working Guidelines issued by this Authority plus Return at 16% on Capital Employed including capital work-in-progress obtaining as on 31st March Y3, duly certified by a practicing Chartered Accountant/ Cost Accountant.

(b). The JNPT has assessed the ARR taking into account the actual cost incurred at JNPT CFS/ BY during the years 2016-17 (Y1), 2017-18 (Y2) and 2018-19 (Y3) based on Audited Annual Accounts subject to excluding the expenses not admissible in ARR computation and Return on capital employed @ 16% and the actual traffic for the year 2018-19, as stipulated in the Tariff policy, 2018 and the Working Guidelines. The adjustments done by JNPT in line with provisions prescribed in Clause 2.2. of Tariff Policy 2018 and Clause 2.2. of Working Guidelines are brought out for specific mention and the additional adjustments in the computation of ARR is discussed in the subsequent paragraphs:

(i). From the audited Accounts furnished by the JNPT, it is seen that the CFS renders ‘Transportation services’, ‘Logistics services’ and ‘Services related to Container Freight Station’. Though the JNPT has considered the expenses as reflected in the annual accounts of the CFS operator, it has excluded the expenses relating to the transportation activity and Logistics services, while arriving at the ARR. In other words, the expenses considered by the JNPT pertains to the services rendered exclusively at the CFS. The figures as excluded by the JNPT and as certified by the Chartered Accountant, are relied upon in the analysis.

(ii). The Government in the then Ministry of Shipping vide its Order No.PR-14019/6/2002-PG dated 29 July 2003, ‘Royalty/ Revenue share’ payable to the landlord port by the private operator is not to be allowed as an admissible cost for tariff computation in those BOT cases where bidding process was finalised after 29 July 2003. Since the authorization granted by the JNPT to the service provider is after 29 July 2003, no royalty/ revenue share is admissible as an item of cost. Accordingly, the JNPT in its revised proposal of March 2021, has excluded the Royalty payment by the JNPT for the purpose of computation of ARR.

(iii). The JNPT has excluded an amount of ₹. 567.55 lakhs reported in the Audited Annual Accounts for the year 2016-17 on account of loss of sale of investments for arriving at the total expenditure for the year 2016-17 in the Form-1 of ARR Statement. Considering that the amount reflected on account of “loss of sale of investment” is a finance related cost and the exclusion of such amount made by JNPT has been certified by the practicing Chartered Accountant, the exclusion of this cost from the expenditure is accepted.

(iv). An amount of ₹ 9.50 lakhs as reflected in the Audited accounts for the year 2016-17 towards expenses incurred for increasing authorized share capital, is seen to have been included in the computation of ARR in Form-1. The expenses are reported to be the charges paid to the Registrar of Companies (ROC) towards increase in equity capital by the promoter.

In this regard it is to state that since Return @ 16% is being allowed on Capital Employed (ROCE), any expenditure in relation to the Share capital, loans etc., is not allowed as an item of cost. Further, in the case in reference, a common tariff is being fixed for the services to be rendered at the JNPT CFS/ BY, without reference to any individual service provider. Thus, consideration of the above said expenditure, which is specific to the existing operator of the JNPT CFS/ BY, is not found appropriate. Hence, the same is excluded from ARR calculation.

(v). The schedule of 'Finance Costs' in the audited Annual Accounts of JNPT CFS/BY reflects an amount of ₹. 75.15 lakhs, ₹. 86.13 lakhs and ₹.106.64 lakhs towards "Interest on borrowing of term loans" for the years 2016-17, 2017-18 and 2018-19 respectively, which has been excluded by the JNPT from the total expenditure in line with the provision of clause 2.2 (ii) of the Tariff Policy, 2018, to arrive at the ARR.

(vi). Similarly an amount of ₹ 140.22 lakhs, ₹ 145.25 lakhs and ₹ 151.18 lakhs reflected on account of "Interest on others" for the years 2016-17, 2017-18 and 2018-19 respectively has been excluded from the total expenditure, to arrive at the ARR.

(vii). An amount of ₹ 8.66 lakhs and ₹ 22.73 lakhs for the years 2016-17 and 2017-18 towards "Interest on delayed payment" is seen to have been included by the JNPT in the computation of ARR in Form-1, on the ground that the said expenditure had been incurred due to non-availability of working capital. Since the Interest on delayed payment" is penal in nature and need not be passed on to the users, the said expenditure is excluded from the total expenditure to arrive at the ARR.

(viii). While calculating ARR, the JNPT has excluded one-time expenses to the tune of ₹ 9,31,106/- being 2/3rd of ₹13,96,658/- towards arrears of remuneration to employees and provident fund arising out of wage revision. Considering that the exclusion of above said expenditure from the ARR calculation by the JNPT has been certified by the Chartered Accountant, the same has been relied upon.

(ix). An amount of ₹ 1228.78 Lakhs for the year 2016-17 towards "Exceptional item" is seen to have been included by the JNPT in the computation of ARR in Form-1. The expenditure is towards the amount paid by the CFS operator to the Custom Authorities towards shortage of goods found in the containers. In this regard, JNPT has stated that the CFS works as a custodian of goods for the purpose of import and export in terms of Section 45 of the Customs Act 1962 and due to which, it carries out certain responsibilities relating to the receipt, storage and movement of the cargo in its possession. Since the said expenditure is not recurring in nature, it is reported to have been shown as an exceptional item in the audited Accounts. The amount paid by the CFS operator to the Customs authorities is penal in nature and need not be passed on to the users. Therefore, an amount of ₹ 12.29 crores, is excluded from the total expenditure in the ARR computation.

(x). Following the provisions prescribed at Clause 2.3. of the Tariff Policy, 2018 and Clause 2.3. of the Working Guidelines, the JNPT has arrived at average expenses for the years 2016-17, 2017-18 and 2018-19 at ₹. 8353.73 lakhs. After excluding the expenditure relating to increase of Authorised Share Capital, Interest on Delayed payments and exceptional items, as brought out above, the revised average expenditure is worked out at ₹. 7863.97 lakhs.

(c). The JNPT has arrived at capital employed in line with provision prescribed in Clause 2.4. of the Working Guidelines. The JNPT has considered the net fixed assets as on 31 March 2019 reported in the Audited Annual Accounts of JNPT CFS/ BY. No capital, work in progress as on 31 March 2019 is reported in the annual accounts. As stated earlier, the JNPT has excluded the value of the capital assets relating to transportation activity.

(d). Working capital comprises of Inventory, Sundry debtors and Cash balances. As per clause 2.5 of the Working Guidelines 2018, in case of inventory other than Capital Spares the limit is six months average consumption.

(i) The JNPT has not considered any Inventory on the ground that the company has not maintained any capital Inventory in respect of capital spares as well as other inventory excluding fuel and customized spares as part of Working Capital as per the Management policy of the JNPT CFS/BY and that Order of the Inventories are placed as per the requirement. The judgment of the Port in this regard is relied upon.

(ii) Similarly, the JNPT has also not considered Sundry Debtors for assessing Working Capital.

(iii). The cash balance is seen to have been calculated by JNPT by taking into account the monthly operating expenses, excluding depreciation. However, the cash balance is reworked to consider one month cash expenses i.e. operating expenditure, Management and General Administration expenses and Finance & Miscellaneous Expenses excluding inadmissible expenditure as discussed above and arrived at ₹. 686.58 lakhs as against ₹ 651.18 lakhs arrived by JNPT.

(e). Return on Capital Employed at 16% has been worked out on the revised Capital Employed at ₹. 2399.09 lakhs which is considered in the ARR computation as against ₹ 2363.69 lakhs as assessed by JNPT.

(xii). The ARR is the average of the expenditure for the three financial years 2016-17 to 2018-19 at ₹. 7863.97 lakhs plus 16% Return on Capital Employed at ₹. 383.85 lakhs, thereby aggregating to ₹. 8247.83 lakhs as on 31 March 2019.

As per Clause 2.7. of Working Guidelines, the said ARR has to be indexed @ 100% of the Wholesale Price Index (WPI) applicable for the year Y4 as communicated by this Authority to the Major Port Trusts.

Accordingly, the said ARR has been indexed @ 100% of the Wholesale Price Index (WPI) as applicable for the years 2019-20 and 2020-21 at 4.26% and 1.88% respectively, so as to arrive at the indexed ARR for 2020-21.

Further, it is to state that considering the time involved in passing an Order in the case in reference, notification of the said Order in the Gazette of India and the lead time for the revised Scale of Rates of JNPT approved to come into effect, it is most likely that the revised Scale of Rates of JNPT CFS/ BY would come into effect only during the months of June/ July 2021. In view of this position, this Authority is inclined to consider an additional escalation factor of 0.55% over the indexed ARR of 2020-21, in the computation of ARR of JNPT. Such an approach has been considered in the general revision proposal of Kolkata Port Trust (KOPT) (Order no. TAMP/34/2019-KOPT dated 20 February 2020) and JNPT (Order no. TAMP/52/2019-JNPT dated 01 June 2020).

Thus, the ceiling indexed ARR works out to ₹ 8809.03 lakhs as against the indexed ARR as assessed by the JNPT at ₹ 8896.08 lakhs.

(xiii). Subject to above analysis, the revised computation of ARR is attached as **Annex – I**. A summary of the ceiling indexed ARR furnished by the JNPT and as considered by us is given below:

(Amount ₹ in lakhs)

Sr. No.	Particulars	As estimated by the JNPT	As considered by us
1.	Average Expenses for the years 2016-17, 2017-18 and 2018-19	8353.72	7863.97
2.	Capital employed including net fixed asset,	2363.69	2399.09

	capital work-in- progress as on 31.03.2019 and working capital as per norms		
3.	Return on capital employed @ 16%	378.19	383.85
4.	ARR as on 31 March 2019 (4=1+3)	8731.92	8247.83
5.a	Indexation in the ARR @ 100% of the WPI applicable for the year 2019-20 (1.88%)	8896.08	8599.18
5.b	Indexation in the ARR @ 100% of the WPI applicable for the year 2020-21 (4.26%)	--	8760.85
6	Indexation in the ARR @ 100% of the WPI applicable for the year 2021-22 (0.55%)	--	8809.03
6.	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**8896.08**	**8809.03**
7.	**Revenue estimated by JNPT at the proposed Scale of Rates**	**8902.71**	**8902.71**

(xiv). As per Clause 2.6 of the Tariff Policy 2018, the Major Port Trusts have the flexibility to determine the rates to respond to the market forces based on commercial judgment and draw the Scale of Rates within the ceiling of indexed ARR, duly certified by a practicing Chartered Accountant.

The Port has given detailed working of revenue estimation indicating each of the tariff items in the proposed SOR for corresponding traffic handled in 2018-19 as required as per Clause 2.9. of the Working Guidelines. As per Clause 2.6. of Tariff Policy 2018, for drawing the SOR, the JNPT has considered the actual container traffic in TEUs handled by the JNPT CFS/BY during the year 2018-19, to draw the proposed SOR within the ceiling indexed ARR. The revenue estimation statement has been duly certified by a Chartered Accountant.

(xv). While drawing up the proposed SOR, the JNPT is seen to have generally proposed an increase ranging from 5% to 130% in various tariff items. Status quo has been proposed in some tariff items. Based on the above position, the Revenue Estimation at the proposed level of tariff has been worked out by JNPT at ₹. 8902.71 lakhs. This is seen to be higher than the Ceiling Indexed Annual Revenue Requirement (ARR) of ₹. 8809.03 lakhs, as discussed earlier.

(xvi). Considering that the indexed ARR determined by JNPT at ₹ 8896.08 lakhs has been reduced to the level of ₹ 8809.03 crores, as brought out earlier, it is not found correct to approve the Scale of Rates as proposed by the Port, as it will lead to JNPT CFS/BY earning an estimated revenue of ₹ 8902.71 lakhs. In other words, the Scale of Rates as proposed by the JNPT has to be modified to such an extent, so as to reduce the estimated revenue to be earned by JNPT CFS/BY by about ₹ 93.68 lakhs (i.e. ₹ 8902.71 lakhs - ₹ 8809.03 lakhs).

This can be done either by effecting an across the board reduction in the proposed Scale of rates to the tune of 1.05% (₹ 93.68 lakhs / ₹ 8902.71 lakhs) or by effecting a reduction in only one of the tariff items in the proposed Scale of Rates. Since effecting a reduction of 1.05% in each of the tariff item of the proposed Scale of Rates is cumbersome, it is felt appropriate to effect a reduction in only one tariff item in such a manner, as to reduce the estimated revenue to be earned by JNPT CFS/BY by about ₹ 93.68 lakhs.

From the revenue estimation statement as furnished by the JNPT, it is seen that JNPT has estimated an income of about ₹ 3839.95 lakhs from Factory De-Stuffed Container Delivery charges from the proposed rates. If the said proposed rates are reduced by 1.87%, it results in a revenue reduction to the tune of ₹ 94.05 lakhs. In other words, the increase in the existing level of Factory De-Stuffed Container Delivery charges is restricted to 30.70% instead of the increase of 33.14%, as proposed by the JNPT.

(xvii). The port is generally seen to have prescribed the container handling tariff for the 20' container and 40' container at the ratio of 1.00 : 1.50 as stipulated at the Clause 9.5 of the Working Guidelines, 2018. However, in respect of handling of export cargo "Placing the empty container for stuffing, providing labour and stuffing the cargo", the Port has proposed a charge of ₹. 4500.00 per container for 20' container and ₹.7,110.00 per container for 40 container. The prescription of the charge for 40' container is seen to be higher than the 1.5 times of 20' container. The said anomaly has been rectified by reducing the charge for 40' container to ₹.6750.00 per container to fall in line with the Clause 9.5 of the Working Guidelines, 2018. This will effect a reduction of revenue to the tune of ₹ 23.55 Lakhs.

(xviii). Clause 2.6 of the Tariff Policy, 2018 gives flexibility to Major Port Trusts to determine the tariff to respond to the market forces based on its commercial judgment and draw the SOR within the ceiling ARR. The revenue estimated by the JNPT at the proposed tariff is within the ceiling ARR and the revenue estimates at the proposed tariff are duly certified by the Chartered Accountant. Also, none of the users who have been consulted in the case in reference has objected to the increase in the rates proposed by the JNPT for the CFS/ BY operations. Hence, this Authority is inclined to approve the increase in existing tariff as proposed by JNPT except to Factory Destuffed Container charges for import operations and handling of export cargo for the empty container for stuffing, providing labour and stuffing the cargo as discussed above.

(xix). A separate statement showing the existing conditionalities and proposed conditionalities wherever the port has proposed amendment/ deletion in the existing conditionalities and insertion of new provisions, along with remarks/ reasoning as furnished by the port during the analysis of the case and updated with brief remarks/ analysis in the last column for accepting or rejecting each of the modifications as proposed by the port is attached **Annex – II.**

(xx). As brought out earlier, the validity of the tariff prescribed vide the Order of November 2016 for the JNPT CFS/ BY has already expired on 31 March 2019. It been two years since the validity has expired. However, the JNPT in its proposal has nowhere sought extension of validity of the SOR for the JNPT CFS/ BY, for the period beyond 31 March 2019, till the revised tariff for the CFS/ BY (to be approved) comes into effect. Given that the JNPT has allowed the operator to levy the tariff beyond the expiry of the original validity period of 31 March 2019 and in order to avoid a vaccum in tariff, this Authority is constrained to extend the validity of the SOR for the JNPT CFS/ BY, for the period beyond 31 March 2019, till the revised tariff for the CFS/ BY comes into effect.

10.1. In the result, and for the reasons give above, and based on a collective application of mind, the revised SOR and the Performance Standards of the JNPT CFS/ BY, which is attached as **Annex– III,** is approved.

10.2. The revised SOR shall come into effect after expiry of 30 days from the date of notification of this Order in the Gazette of India and shall remain in force for a period of 3 years thereafter. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority.

10.3. The JNPT has committed Performance Standards for import movement and export movement at the JNPT CFS/ BY. If the JNPT CFS/ BY does not fulfil the Performance Standards, no indexation is eligible for the next year. The indexation of SOR as provided in Clause 2.8 of the Tariff Policy, 2018 is to be read with Clause 3.2. of Tariff Policy, 2018.

10.4. As per Clause 6 of the Tariff Policy 2018, the JNPT shall furnish to this Authority annual reports on container traffic, import movement, export movement. The annual reports shall be submitted by the Port within 60 days following the end of each of the year. Any other information which is required by this Authority shall also be furnished to them from time to time

10.5. As per Clause 4 of the Working Guidelines, this Authority shall publish all the information received by it from JNPT under clause 6 of the Tariff Policy, 2018 on its website. However, this Authority shall consider a request from JNPT about not publishing certain data/ information furnished which is commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation upon such publication. This Authority's decision in this regard would be final.

10.6. (a). If there is any error apparent on the face of record, the JNPT shall approach this Authority for review of the tariff fixed, giving adequate justification/ reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.

(b). Further, the JNPT shall also for any other justifiable reasons, approach this Authority for review of the tariff fixed giving adequate justification/ reasoning within 30 days from the date of notification of the Order passed in the Gazette of India.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

Sr. No.	Description	Note	Y1 16-17	Y2 17-18	Y3 18-19
	Computation of Annual Revenue Requirement under Policy for Determination of Tariff for Major Port Trusts, 2018, for the JNPT CFS/ BY.				
1	**Total Expenditure (As per Audited Annual Accounts)**	**Note 1**			
(i)	Operating Expenses		1,095,048,375	1,475,556,622	1,471,362,173
(ii)	Depreciation		26,027,921	29,172,813	36,399,560
(iii)	Management & General Overheads		41,990,840	69,690,774	46,291,481
(iv)	Finance and Miscellaneous Expenses (FME)		27,368,194	28,075,525	25,782,816
	Subtotal 1 = (i)+(ii)+(iii)+(iv)		**1,190,435,330**	**1,602,495,734**	**1,579,836,030**
2	**Less : Adjustments :**				
(i)	Transport Related Expenses		220,213,297	672,837,822	617,746,462
	(a) Operating Expenses		-	-	-
	(b) Depreciation		865,926	2,364,220	5,081,220
	(c) Management & Administrative Overheads		2594982	3,039,226	3,818,501
	(d) Allocated FME		-	-	-
	Subtotal 2 (i) = (a)+(b)+(c)+(d)		223,674,205	678,241,268	626,646,183
(ii)	Royalty		63,269,573	74,433,945	72,195,845
(ii)	Interest on Loans		21,537,921	23,138,918	25,782,816
(iii)	Interest on Delayed Payment		866,931	22,273,876	-
(iv)	Expense incurred for increase in Authorised Share Capital		950,000	-	-
(v)	Loss on Sale of Investment		56,755,003	-	-
(vi)	Exceptional items (Amount paid to Customs authorities for shortage of goods)		122,877,940	-	-
(vii)	**2/3rd of one time expenses**				
	(a) arrears of wages		-	895,313	-
				-	-
	Subtotal 2 (vii)		**-**	**895,313**	**-**
(viii)	**2/3rd of the Contribution to the Pension Fund**	**Note 1 (v)**	-	35,793	-
(ix)	**Management and General Overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	**As Per Form 2**	-	-	-
(x)	**Expenses relevant for tariff fixation of Captive Berths, if any governed under clause 2.10 of the Tariff Policy, 2018**		-	-	-
	Total of 2 = 2(i)+ 2(ii)+2(iii)+2(iv)+2(v)+2(vi)+2(vii)+2(viii)+2(ix)+2(x)		**489,931,573**	**799,019,112**	**724,624,844**
3	**Total Expenditure after Total Adjustments (3 = 1 - 2)**		**700,503,757**	**803,476,622**	**855,211,186**
4	**Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3**				**786,397,188**
5	**Capital Employed**				
	(i) Net Fixed Assets as on 31.03.2019 (As per Audited Annual Accounts)				171,251,176
	(ii) Add : Work in Progress as on 31.03.2019 (As per Audited Annual Accounts)				
	(iii) Less : Net Value of fixed Assets related to Estate activity as on 31.03.2019 (As per Audited Accounts)				
	(iv) Less : Net Value of fixed assets, if any, transferred to BOT operator as on 31st March 2019 as per Audited accounts				
	(v) Less : Net Value of fixed assets as on 31st March 2019 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10 of the Tariff policy, 2015				
	(vi) Add : Working Capital as per norms prescribed in clause 2.5 of the working Guidelines	**As per Form 4**			
	(a) Inventory				-
	(b) Sundry Debtors				-
	(c) Cash				68,657,737
	(d)Sum of (a)+(b)+(c)				68,657,737
	(vii) Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]				239,908,913
6	**Return on Capital Employed 16 % on Sl. No. 5 (vii)**				38,385,426
7	**Annual Revenue Requirement (ARR) as on 31st March 2019 [(4) + (6)]**				824,782,614
8	Indexation in the ARR @ 100% of the WPI applicable for the year 2019-20 i.e @ 4.26% [(7) * 1.0426)				859,918,354
9	Indexation in the ARR @ 100% of the WPI applicable for the year 2020-21 i.e @ 1.88% [(8) * 1.0188)				876,084,819
10	Indexation in the ARR @ 100% of the WPI applicable for the year 2021-22 i.e @ 0.55% [(9) * 1.0055)				880,903,285

Annex - I

Computation of Annual Revenue Requirement under Policy for Determination of Tariff for Major Port Trusts, 2018, for the JNPT CFS/ BY.					
Sr. No.	Description	Note	Y1	Y2	Y3
			16-17	17-18	18-19
11	Ceiling Indexed Annual Revenue Requirement (ARR)				880,903,285
12	Revenue Estimation at the Proposed SOR within the Ceiling indexed ARR estimated at Sl. No. 9 above	As per Form 3 & Note 2			890,270,806

Annex- II

Comparison of conditionalities of the existing Scale of Rates (SOR) vis-à-vis Conditionalties of the proposed Scale of Rates.

Sl. No.	Schedule No.	Conditionalities as per existing SOR	Schedule No.	Conditinalities as per proposed SOR	Reasons/ Justification for amendments in conditionalities	Our Remarks
		GENERAL TERMS AND CONDITIONS:				
1	vii	Hazardous container shall attract 1.25 times the normal applicable charges.	vii	Hazardous container shall attract **1.50 times** the normal applicable charges	Premium for Handling Hazardous Container has been increased 1.25 times to 1.5 times of normal container, in line with Tariff Policy 2018	The proposed increase in premium for Hazardous container is in line with Tariff Policy 2018. Hence may be accepted.
2	viii	The 'free time' will commence after the container reaches the CFS from the Port Container Yard.	viii	**--**	**[Deleted]** **[JNPT has not given any specific remarks]**	The JNPT in its initial proposal of May 2020 has proposed the said clause. However it appears JNPT has erroneously omitted the clause in the revised proposal of March 2020. The said Clause is proposed to be retained by us.
	xvi.	Service tax as applicable will be charged extra where ever applicable		Goods & Service Tax (GST) as applicable will be charged extra where ever applicable.		Change is due to introduction of GST in place of Service Tax.
3		**Annual Indexation**				
	(a)	The SOR is subject to automatic annual indexation at 100% of the WPI to be annually announced by the Authority. The next annual indexation will be from 1 April 2017 subject to the CFS/ BY		The SOR is subject to automatic annual indexation at 100% of the WPI to be annually announced by the Authority. The next annual indexation will	**[No change is proposed by JNPT except to the effect that the next annual indexation will be form 1 April 2020] .**	The clause has been slightly changed to the effect that the next annual indexation

		operator achieving the Performance Standards prescribed below. If Performance Standards prescribed in the SOR are not achieved, there will be no indexation in SOR for that particular year.		be from **1 April 2021** subject to the CFS/ BY operator achieving the Performance Standards prescribed below. If Performance Standards prescribed in the SOR are not achieved, there will be no indexation in SOR for that particular year.		will be from 1st May 2022, to fall in line with clause 2.8 of Tariff Policy 2018.
	(b)	The JNPT should declare the Performance Standards achieved by the CFS/ BY operator annually for the period 1 January to 31 December vis-à-vis the Performance Standards notified by the Authority at the level committed by the port within one month of end of the calendar year to the concerned users as well as to the Authority. If the Performance Standards as notified by the Authority are achieved by the port, then the port will automatically index the SOR at 100% of WPI announced by the Authority and apply the indexed SOR w.e.f. 1 April of the relevant year. The indexed SOR to be levied by the CFS/ BY operator is to be intimated by the port to the concerned users and to the Authority.		The JNPT should declare the Performance Standards achieved by the CFS/ BY operator annually for the period 1 January to 31 December vis-à-vis the Performance Standards notified by the Authority at the level committed by the port within one month of end of the calendar year to the concerned users as well as to the Authority. If the Performance Standards as notified by the Authority are achieved by the port, then the port will automatically index the SOR at 100% of WPI announced by the Authority and apply the indexed SOR w.e.f. **1 April** of the relevant year. The indexed SOR to be levied by the CFS/ BY operator is to be intimated by the port to the concerned users and to the Authority.	**[No Change is proposed]**	The clause has been slightly changed to the effect that the the port will automatically index the SOR at 100% of WPI announced by the Authority and apply the indexed SOR w.e.f. 1 May of the relevant year to 30 April of the Following year, in accordance with clause 2.8 of Tariff Policy 2018
		Import Operations		**Import Operations**		
4	A	**HANDLING & TRANSPORATION SERVICES**	A	**Handling Services in CFS**		
	(i).	Import Container FDS Delivery (Loaded Delivery) LOLO, Grounding, stacking, survey, lift-	(i).	Import Container FDS Delivery (Loaded Delivery) **Lift off from Trailer at CFS, Placing the container for Survey, Shifting**	**[JNPT has not given any specific remarks]**	During the Joint Hearing on the case in reference, the Operator of

		on to the party's vehicle for delivery		**Container for weighment, and Shifting Container to Import stacking Yard. Shifting Container to custom examination Area. Opening of seal for container examination.**		JNPT CFS/ BY has stated that some of the services are bundled to arrive at the tariff of various items. JNPT has not objected to the bundling of services nor was there any objection from users. Based on the submissions made by the Operator of JNPT CFS/BY during the Joint Hearing and keeping in view the flexibility available to the port to determine the rates based on the market forces and commercial judgment of the port, the Authority may be inclined to approve the proposed change in nomenclature of tariff items as proposed by Port.
	(ii)	Import Container DDS Delivery (De-stuffed) LOLO, Grounding, stacking, de-stuffing, survey, empty container shifting in the yard, LOLO	(ii).	Import Container DDS Delivery (Destuff Delivery) **Lift off from Trailer at CFS, Placing the container for Survey, Shifting Container for weighment, Shifting Container to Import**	**[JNPT has not given any specific remarks]**	During the Joint Hearing on the case in reference, the Operator of JNPT CFS/ BY has stated that the

				stacking Yard. Shifting Container to custom examination Area. Opening of seal for container examination, arranging labour for destuff, Shifting of Mty container post destuff within CFS Premises for washing and cleaning.		some services are bundled to arrive the tariff of various items. Based on the submissions made by the Operator of JNPT CFS/BY during the Joint Hearing and keeping in view the flexibility available to the port to determine the rates based on the market forces and commercial judgment of the port, the Authority may be inclined to approve the proposed change in nomenclature of tariff items as proposed by Port. Keeping in view the flexibility available to the port to determine the rates based on the market forces and commercial judgment of the port and since there is no pointed objection from any of the users/ user organisation on the proposed note, the Authority may be inclined to
				NOTE: labour charges for destuffing will be charged at 136/MT	**[New Note introduced]** **[JNPT has not given any specific remarks]**	

						approve the proposed note.
		Note				
	(i)	Hazardous container shall attract 1.25 times the normal charges	(i).	Hazardous container shall attract **1.50 times** the normal charges.	Premium for Handling Hazardous Container has been increased 1.25 times to 1.5 times of normal container is in line with Tariff Policy 2018	The proposed increase in premium for Hazardous container is in line with Tariff Policy 2018. Hence may be accepted.
	(ii).	Reefer container shall attract the same as the normal charges.	(ii).	Reefer container shall attract 1.00 times the normal charges.	**[Slightly Modified]**	Existing Clause has been retained
	C	**GROUND RENT – LOADED CONTAINERS**	**C.**	**GROUND RENT – LOADED CONTAINERS**		
	(v).	31st day and beyond (per day)		**NOTE: Post 30 days 1 handling charges per day will be charged additionally.**	**[New Note proposed]** JNPT has submitted that a separate tariff cannot be levied for those containers that stays at CFS beyond 30 days. Further, due to long stay of the said containers in CFS, it has to do multiple handling & shifting and thus have to incur additional cost on the same.	Based on the submissions made by the port and keeping in view the flexibility available to the port to determine the rates based on the market forces and commercial judgment of the port, the Authority may be inclined to approve the proposed note.
		Note				
	(ii).	Hazardous container shall attract 1.25 times the normal charges		Hazardous container shall attract 1.50 times the normal charges.	Premium for Handling Hazardous Container has been increased from 1.25 times to 1.5 times of normal container is in line with Tariff Policy 2018	The proposed increased in premium for Hazardous container is in line with Tariff Policy 2018. Hence may be accepted.

	(iii).	Reefer container shall attract the same as the normal charges.		Reefer container shall attract 1 times the normal charges	**Slightly Modified**	Existing Clause has been retained
	E	**CARGO STORAGE & DEMURAGE**	E	**CARGO STORAGE & DEMURAGE**		
		Note				
			(c).	This Tariff is applicable to activities within CFS Premises.	New Notes proposed	The Proposed note is seen to be prescribed to avoid ambiguity. Hence, may be approved.
			(d).	Any charges related to Transportation & logistics outside facility premises will be exclusive from TAMP rates and will be governed by Market Practices	New Note Proposed	The Proposed note is seen to be prescribed to avoid ambiguity. Further, the Authority does not have jurisdiction to prescribe tariff for the activities undertaken outside JNPT-CFS. Hence, the note may be approved.
	F	**GENERAL OPERATION SERVICES**		**GENERAL OPERATION SERVICES**		
	(iii)	Shifting Empty Container for washing / cleaning		**[Deleted]**		During the Joint Hearing on the case in reference, the Operator of JNPT CFS/ BY has stated that some of the services are bundled to arrive at the tariff of various items. JNPT has not objected to the

						bundling of services nor was there any objection from users. Owing to the bundling, some tariff items have proposed to be deleted. Based on the submissions made by the Operator of JNPT CFS/BY during the Joint Hearing and keeping in view the flexibility available to the port to determine the rates based on the market forces and commercial judgment of the port, the Authority may be inclined to approve the proposed deletion of the tariff item.
			(viii).	RFID Charges	**New Charge** JNPT has stated that MUC charges and LDB charges are applicable at Terminal and not at CFS. An independent RFID module has been installed for tracking of container within the CFS as per the Central Board of Indirect Taxes & Customs guidelines issue vide Handling of Custom Cargo Area Regulation 2009 dated 17th March 2009 clause 5.1-(i)(j). Therefore, this cost is to be considered in the proposed tariff.	Based on the submissions made by the port and keeping in view the flexibility available to the port to determine the rates based on the market forces and commercial judgment of the port, the Authority may be inclined to

						approve the proposed charges towards RFID.
		Export Operation		**Export Operation**		
	2	**Re - working of Export Containers**		**Re - working of Export Containers**		
		NOTE:		**NOTE:**		
	a).	Hazardous Container shall attract 1.25 times the normal charges.		Hazardous Container shall attract 1.50 times the normal charges	Premium for Handling Hazardous Container has been increased 1.25 times to 1.5 times of normal container is in line with Tariff Policy 2018	The proposed increased in premium for Hazardous container is in line with Tariff Policy 2018. Hence may be accepted.
	b).	Reefer Container shall attract the same as normal charges.		Reefer Container shall attract 1 times the normal charges.	**Slightly Modified**	Existing Clause has been retained
	G	**GROUND RENT - LOADED CONTAINERS**		**GROUND RENT - LOADED CONTAINERS**		
		Note:		Note:		
	2	Hazardous container shall attract 1.25 times the normal charges.		Hazardous container shall attract **1.50 times** the normal charges.	Premium for Handling Hazardous Container has been increased 1.25 times to 1.5 times of normal container is in line with Tariff Policy 2018	The proposed increased in premium for Hazardous container is in line with Tariff Policy 2018. Hence may be accepted.
	3	Reefer container shall attract 1.5 times the normal charges.		Reefer container shall attract 1 times the normal charges	**Slightly Modified**	Existing Clause has been retained
		Buffer Yard Operation		**Buffer Yard Operation**		
		HANDLING of Factory Stuffed Containers		**HANDLING of Factory Stuffed Containers**		
		Note;				
	a)	Hazardous Container shall attract 1.25 times the normal charges.		Hazardous Container shall attract 1.50 times the normal charges.	Premium for Handling Hazardous Container has been increased 1.25 times to 1.5 times of normal container is in line	The proposed increased in premium for

					with Tariff Policy 2018	Hazardous container is in line with Tariff Policy 2018. Hence may be accepted.
	b)	Refer Container shall attract the same as normal charges.		Refer Container shall attract 1.00 times the normal charges	**Slightly Modified**	Existing Clause has been retained
		ADDITIONAL CHARGES: Factory Stuff Container Movement on Low Bed Vehicle.		**[Deleted]**		**The Judgement of the Port in this regard is relied upon.**
	C	**GROUND RENT - EMPTY CONTAINERS**		**GROUND RENT - EMPTY CONTAINERS**		**--**
				ADDITIONAL SERVICE CHARGES: Additional Services Other then above will be charged as per Export Tariff.	**New Note**	

<u>Annex-III</u>

SCALE OF RATES FOR THE CONTAINER FREIGHT STATION AND BUFFER YARD OF JAWAHARLAL NEHRU PORT TRUST.

Conditionalities for Proposed Scale of Rates

Definitions

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

i. "**Reefer Container**" shall mean a refrigerated container used for carriage of perishable goods with provision for electrical supply to maintain the desired temperature.

ii. "**Hazardous Container**" shall mean a container containing hazardous goods as classified under IMO.

iii. "**Free period**" shall mean the period during which cargo/container shall be allowed storage free of demurrage charges/ground rent charges and this period shall exclude Sunday(s), customs holidays and CFS's non-working days.

iv. "**Over dimensional container**" shall mean a container carrying over dimensional cargo beyond the normal size of standard containers and needing special devices like slings, shackles, lifting beam etc. They also include damaged containers and other types which require special devices.

v. "**Demurrage**" shall mean charges payable for storage of cargo within CFS's premises beyond free period, as specified in the scale of rates.

vi. "**Full Container Load**" (FCL) shall mean a container containing cargo belonging to one consignee in the vessel's manifest.

vii. "**Less than a Container Load**" (LCL) shall mean a container containing cargo belonging to more than one consignee in the vessel's manifest.

viii. "**Container Freight Station**" (CFS) – shall mean the Container Freight Station of Jawaharlal Nehru Port Trust, located at Sonari Village, Navi Mumbai 400707.

ix. "**Buffer Yard**" (BY) – shall mean the Buffer Yard of Jawaharlal Nehru Port Trust, located at Sonari Village, Navi Mumbai 400707.

x. **TEU** means Twenty Equivalent Units – term for ISO container.

xi. "**Back to Town Cargo**" shall mean a cargo entering the CFS for export but unable to be exported for whatever reason and taken back to town.

GENERAL TERMS AND CONDITIONS

i. Containers less than and upto 20 feet in length will be reckoned as one TEU for the purpose of tariff.

ii. Handling charges for containers more than 20' in length and upto 40' in length will be 150 per cent of the charges applicable to containers upto 20' in length.

iii. Storage/ground rent charges for containers more than 20' in length and upto 40' in length will be 200 per cent of the charges applicable to containers upto 20' in length.

iv. Handling charges for container more than 40' length will be 200 per cent of the charges applicable to containers upto 20' in length.

v. Storage/ground rent charges for containers more than 40' in length will be 300 per cent of the charges applicable to containers upto 20' in length.

vi. Containers other than that of standard size requiring special devices or slings for handling will be charged twice the rate applicable to containers upto 20' in length. Such a container will also include damaged container and any other types requiring special devices.

vii. Hazardous container shall attract 1.50 times the normal applicable charges.

viii. The ‘free time’ will commence after the container reaches the CFS from the Port Container Yard.

ix. CFS shall ensure that the container is available at the ground tier when the importer approaches for clearance of his consignment. The consignee shall not be liable for payment of ground rent until the container is grounded and cleared

x. **Interest on delayed payments / refunds:**

The user shall pay penal interest on delayed payments and the CFS shall pay penal interest on delayed refunds. The rate of interest will be 15% and will apply to both the CFS and the port users equally.

The delay in payments by user will be counted beyond 10 days after the date of raising the bills. This provision will not apply to the case where payment is to be made before availing of the services / use of CFS properties as stipulated in the MPT Act, 1963 and / or prescribed as a condition in the tariff.

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

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

(b). The CFS may, if it so desires, rationalise the prescribed Conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.

(c). The CFS should notify the public such lower rates and/or rationalisation 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 the TAMP.

xii. 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:

(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 CFS premises; and

(b) the line shall pay all CFS 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 de-stuffing. 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 the necessary actions are taken by the shipping lines for de-stuffing of cargo.

(iv). Where the container is seized/confiscated by the Custom Authorities and the same cannot be de-stuffed within the prescribed time limit of 75 days, the ground rent/ 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 de-stuffing. 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.

xiii. Users shall not be required to pay charges for delays beyond a reasonable level attributable to the CFS.

xiv. Ground rent/storage charges shall not accrue for the period during which the CFS is not in a position to deliver the containers for reasons attributable to it when requested by the users.

xv. The handling and transport operations (export operations) shall incorporate provision of labour for chokcing and lashing of cargo

xvi. Goods & Service Tax (GST) as applicable will be charged extra where ever applicable.

xvii. **Annual Indexation**:

(a). The SOR is subject to automatic annual indexation at 100% of the WPI to be annually announced by the Authority. The next annual indexation will be from 1 May 2022 subject to the CFS/ BY operator achieving the Performance Standards prescribed below. If Performance Standards prescribed in the SOR are not achieved, there will be no indexation in SOR for that particular year.

(b). The JNPT should declare the Performance Standards achieved by the CFS/ BY operator annually for the period 1 January to 31 December vis-à-vis the Performance Standards notified by the Authority at the level committed by the port within one month of end of the calendar year to the concerned users as well as to the Authority. If the Performance Standards as notified by the Authority are achieved by the port, then the port will automatically index the SOR at 100% of WPI announced by the Authority and apply the indexed SOR w.e.f. 1 May of the relevant year to 30 April of the following year. The indexed SOR to be levied by the CFS/ BY operator is to be intimated by the port to the concerned users and to the Authority.

xviii. **Performance Standards:**

(a). Import Movement : Import Containers will be moved out of the port within 72 hours of the container being made available by the terminal for delivery to the CFS. Import movement performance will not be met under the following conditions:

i).If congestion is prevalent in the area as notified by the Trailer Operators Association.

ii).If the Port/Terminal is unable to deliver the container.

iii).Defective documentation or other shortcoming that is not under the control of the CFS.

iv). Any restriction due to authorities such as the Port, Terminal, Customs, Police etc. that prevent the container being moved.

v). If the shipping line/ Consignee does not intimate the CFS about job order.

b) Export Movement: Export containers will be moved past the port/terminal gates within 24 hours of the completion of the following:

i). All export documentation.

ii). Availability of Customs LET.

iii). Completion of all payments to the CFS.

Export Movement performance will not be met under the following conditions:

i). If congestion is prevalent in the area as notified by the Trailer Operators Association.

ii). Appropriate documentation, complete in all respects, is submitted to the CFS 24 hours before cut-off.

iii). Any restriction due to authorities such as the Port, Terminal, Customs, Police etc. that prevent the container being moved

IMPORT OPERATIONS

Sr. No.	SERVICE DESCRIPTION		20' (Rs.)	40' (Rs.)
A	**HANDLING SERVICES IN CFS**			
	(I)	Import Container FDS Delivery (Loaded Delivery) Lift off from Trailer at CFS, Placing the container for Survey, Shifting Container for weighment, Shifting Container to Import stacking Yard. Shifting Container to custom examination Area. Opening of seal for container examination.	5565	8348
	(II)	Import Container DDS Delivery (Destuff Delivery) Lift off from Trailer at CFS, Placing the container for Survey, Shifting Container for weighment, Shifting Container to Import stacking Yard. Shifting Container to custom examination Area. Opening of seal for container examination, arranging labour for destuff, Shifting of Mty container post destuff within CFS Premises for washing and cleaning.	6671	10007
Note	(i)	Hazardous container shall attract 1.50 times the normal charges.		
	(ii)	Reefer container shall attract same as normal charges.		
	(iii)	FR/OT/ODC container shall attract 2 times the normal charges.		
	(iv)	45 FEET CONTAINER H & T IS 2 TIMES MORE 20' GENERAL CONTAINER.		
B	**Custom Examination**			
		Destuffing and Restuffing of Cargo, carried out as per request of consignee for Custom Examination		
	(a)	Custom Examination and De-Stuffing upto 5%	385	580
	(b)	Custom Examination and De-Stuffing above 5 % and less than 25%	555	835
	(c)	Custom Examination & De-Stuffing above 25%	1685	2530
	NOTE: labour charges for destuffing will be charged at 136/MT			
C	**GROUND RENT - LOADED CONTAINERS**			
	(i)	1st to 3rd days	Free	Free
	(ii)	4th to 7th day (Per day)	300	600
	(iii)	8th to 15th day (per day)	600	1200
	(iv)	16th to 30th day (per day)	900	1800
	NOTE: Post 30 days 1 handling charges per day will be charged additionally.			
	(i)	Ground Rent for 45' length will be 300% of the charges applicable to containers upto 20' length.		
	(ii)	Hazardous container shall attract 1.50 times the normal charges.		
	(iii)	Reefer container shall attract same as normal charges.		
	(iv)	FR/OT/ODC container shall attract 2 times the normal		

Sr. No.	SERVICE DESCRIPTION		20' (Rs.)	40' (Rs.)
		charges.		
D	**GROUND RENT - EMPTY CONTAINERS**			
	(i)	1st to 15th day (per day)	50	100
	(ii)	16th day onwards (per day)	100	200
E	**CARGO STORAGE & DEMURAGE**			
	(i)	1st 3 days from date of de-stuffing	Free	
	(ii)	1st Week to 4th Week(after free period)	124 Sq Mtr Per Week	
	(iii)	5th Week onwards	187 Sq Mtr Per Week	
	NOTE:			
	(a)	The utilisation of space will be computed on grid area basis. Each grid being 6.25 Sq.Mtrs. Even for utilisation, the demurrage payable will be for full grid as the cargo covered by an ocean BL will be treated as one consignment for the purpose of calculation of space utilised.		
	(b)	The cargo lying unclear beyond 4 week of storage, after the free period, a demurrage to the tune of 50% of the storage would be additionally levied on the consignment from the initial date of container arrival after fifth week onwards.		
	(c)	This Tariff is applicable to activities within CFS Premises.		
	(d)	Any charges related to Transportation & logistics outside facility premises will be exclusive from TAMP rates and will be governed by Market Practices.		
F	**GENERAL OPERATION SERVICES**			
	(i)	Lift-on / Lift-off Loaded Container	315	475
	(ii)	Lift-on / Lift-off Empty Container	140	210
	(iii)	Weightment - Loaded Container	1304	1955
	(iv)	Grounding for container Delivery	521	782
	(v)	Survey and EIR charges Each	240	360
	(vi)	Damage Container Survey Charges	245	368
	(vii)	Documentation Charges	300	450
	(viii)	RFID Charges	250	375
G	**OTHER CHARGES**			
	(i)	Cargo Handling Charges	136 Per MT	
	(ii)	Insurance Charges (per week)	Paise 18.00 per Rs.1,000/- on Value +Duty	
	(iii)	Locking charges	50	
	(iv)	Reefer Plugging / Monitoring Charges	287 Per TEU for Four Hours	
H	**Bonded Warehouse**			
	Storage and Demurrage Charges			
	(i)	1st Week to 4th Week (after free period)	124 Sq Mtr Per Week	
	(ii)	5th Week onwards	187 Sq Mtr Per Week	
	Insurance Charges (per week)		Paise 18.00 per Rs.1,000/- on Value +Duty	
NOTE: GST WILL BE CHARGED EXTRA WHEREEVER APPLICABLE AS PER LAW.				

EXPORT OPERATIONS

Sr. No.		SERVICE DESCRIPTION	Rates in ₹.	
A		**Carting Charges / Cargo Handling Charges**		
	1	Unloading the export cargo from the mouth of road vehicles of party at the export unit / open yard after due inventrorisation and stacking at the storage point / yard (excluding the warai charges)		
		- By Using Labour	75 Per MT	
		- By Using Equipment	90 Per MT	
B		**Handling of Export Cargo**	**20'**	**40'**
	1	Placing Mty container for stuffing, Providing Labour and stuffing the cargo.	4,500.00	6,750.00
	2	**Re - working of Export Containers**		
		Providing Labour / Equipment for taking out required number of packages from the stuffed containers, packing / unpacking for custom examination if required, re-stuffing	5,000.00	7,500.00
NOTE:				
	a)	Hazardous Container shall attract 1.50 times the normal charges.		
	b)	Reefer Container shall attract same as normal charges.		
	c)	FR/OT/ODC Container shall attract 2 times the normal charges.		
C		**CARGO STORAGE & RESERVATION**		
	1	1st 7 Days from date of cargo arrival in CFS	NIL	
	2	1st Week to 4th Week (after free period).	87 Per Sq. Mt Per Week	
	3	5th Week onwards.	131 Per Sq. Mt Per Week	
	4	Reservation Charges (For 400 Sq. Mtrs. & above).	131 Per Sq. Mt Per Week	

	NOTE:	
	a)	The minimum storage charges will be taken for 5 Sq. Mtrs and in multiples thereof.
	b)	In case the area is utilised by the cargo in the general space and if the cargo is not stuffed within the free period of seven days from its receipt; charges will be payable by the party before the stuffing of cargo is taken up.
	c)	The free time will be calculated from the first date of carting against a particular shipping bill irrespective of actual receipt date/s of the entire cargo.
	d)	After allowing seven days free, if the cargo is not stuffed within four weeks of its receipt, a demurrage to the tune of 50% of the storage would be additionally levied from the fifth week onwards.
	e)	Reservation of space will be given for a minimum period of three months on advance payment for three months and in case the party wants to

		withdraw the reservation; one month notice will have to be given to cancel the reservation. The extension will be given on advance payment being made on quarterly basis.		
D	**GENERAL OPERATION SERVICES**			
	1	Lift-on / Lift-off - Loaded Container	300.00	450.00
	2	Lift-on / Lift-off - Empty Container All Types	120.00	180.00
	3	Shifting Empty Container for stuffing - Per Move	315.00	475.00
	4	Sweeping Charges of empty Container	40.00	60.00
	5	CLP and Bottle Seal Charges	125.00	187.50
	6	Survey and EIR Charges	240.00	360.00
	7	Reefer Containe Plugging Charges for four hours	287 Per TEU / four hours	
	8	Shifting Cargo from one place to another within CFS	136 Per MT	
	9	Loading "Back-to-town Cargo" on Party's Vehicle	136 Per MT	
E	**OTHER CHARGES**			
	1	Cargo Handling Charges By Labour	75 Per MT	
	2	Cargo Handling Charges By Equipment	90 Per MT	
	3	Insurance Charges (For BTT Cargo - Per Week)	Paise 18.00 Per Rs.1000/- FOB Value	
F	**GROUND RENT - EMPTY CONTAINERS**			
	1	1st to 15th Day (Per Day)	50.00	100.00
	2	16th Day onwards (Per Day)	100.00	200.00
G	**GROUND RENT - LOADED CONTAINERS**			
	1	1st to 7th Day (Per Day)	Free	Free
	2	8th to 15th Day (Per Day)	400.00	800.00
	3	16th to 30th Day (Per Day)	800.00	1,600.00
	4	31st day and beyond (Per Day)	1,200.00	2,400.00
	NOTE:			
	1	Ground rent for containers more than 40' length will be 300% of the charges applicable to containers upto 20' length.		
	2	Hazardous container shall attract 1.50 times the normal charges.		
	3	Reefer container shall attract same as normal charges.		

	4	FR/OT/ODC container shall attract 2 times the normal charges.
NOTE: GST WILL BE CHARGED EXTRA WHEREEVER APPLICABLE AS PER LAW.		

BUFFER YARD OPERATIONS.

Sr. No.		SERVICE DESCRIPTION	20' (Rs.)	40' (Rs.)
A	**HANDLING of Factory Stuffed Containers**			
	1	Export Container Factory Stuffed Buffer Movement Receiving factory stuffed container at BY. Off-loading from party's vehicle, Stacking, inventorisation, lift-on on cfs vehicle.	4,150.00	6,225.00
	2	Lift On / Lift Off of Loaded Containers	315.00	475.00
	3	Lift On / Lift Off of Empty Containers	140.00	210.00
	Note:			
	a)	Hazardous Container shall attract 1.50 times the normal charges.		
	b)	Reefer Container shall attract same as normal charges.		
	c)	FR/OT/ODC Container shall attract 2 times the normal charges.		
	NOTE: 45 FEET CONTAINER H & T IS 2 TIMES MORE 20' GENERAL CONTAINER			
B	**GROUND RENT - LOADED CONTAINERS**			
	1	1st to 3rd day (per day)	-	-
	2	4th to 7th day (per day)	250.00	500.00
	3	8th to 15th day (per day)	500.00	1,000.00
	4	16th to 30th day (per day)	1,000.00	2,000.00
	5	31st day and beyond (per day)	1,000.00	2,000.00
	NOTE: 45 FEET CONTAINER GROUND RENT IS 300 TIMES MORE GENERAL 20' CONTAINER.			
C	**GROUND RENT - EMPTY CONTAINERS**			
	1	1st to 15th day (per day)	50.00	100.00
	2	16th day onwards (per day)	150.00	300.00
D	**ADDITIONAL SERVICE CHARGES: Additional Services Other then above will be charged as per Export Tariff.**			
NOTE: GST WILL BE CHARGED EXTRA WHEREEVER APPLICABLE AS PER LAW.				

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SUMMARY OF THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.

F.No.TAMP/18/2020 - JNPT	**:**	**Proposal received from Jawaharlal Nehru Port Trust (JNPT) for fixation of tariff for the services rendered at the Jawaharlal Nehru Port Trust (JNPT) Container Freight Station (CFS) / Buffer Yard (BY).**

A summary of the arguments made by the JNPT and the users/ user organisations during the joint hearing held on 14 July 2020 through video conferencing is given below:

Speedy Multimodes Limited (SML)

(i). Briefly explained the methodology followed for formulation of its proposal.

(ii). The proposal has been formulated based on the Tariff Policy, 2018.

(iii). We have considered actual expenditure of the past three years 2016-17, 2017-18 & 2018-19 and return on net capital employed of the last year 2018-19 as per the Tariff Policy 2018 and an indexation factor is applied thereon to arrive at ARR. Actual traffic volume for the year 2018-19 has been taken and adopted to arrive at the tariff to meet the ARR.

(iv). The increase proposed is ranging 10% to 300% in various items. Though the increase proposed appears to be high in some items, the increase is due to bundling of various services in some of tariff items.

[The SML has given on-screen illustration with an example for some of tariff items showing the bundling of various services into a single tariff item]

(v). In the 2016 tariff approved by TAMP, rates were prescribed for some activities/ services, which were not undertaken by SML. We incurred loss. But, in the current proposal, we have indentified the activities carried out in the facility which are expected to happen in future also. We have maintained transparency and listed out all activities.

(vi). The increase in tariff has been proposed considering the trend in tariff volume in exports and imports. As present 11% export and 89% import is being handled. With the increase in trend of DPD volumes, the traffic volumes at our CFS is reducing

(vii). Tariff at other Private CFS's are 3-4 times higher than our rates. We request that the rates proposed by us is approved by TAMP.

<u>TAMP</u>
[Member (Finance)]

(viii). What is the present traffic being handled by you?

[SML : Our traffic is around 1.33 lakh TEUs during 2018-19, around 80,000 TEUs import, 23,000 TEUs Export and 30,000 TEU Buffer Yard. There is a short fall in traffic volume during the current year due to Covid-19 situation]

(ix). What is the Break Even traffic?

[SML- The Break Even for the CFS is around 100000 TEU of loaded containers. Break Even however depends on various permutations and combinations viz. cargo profile, share of export and import etc.]

(x). Why is SML incurring losses for the past years, as can be seen from the Accounts?

[SML : The loss is because we are not in a position to meet the costs. Ours is majority of fixed costs and they increase year on year due to inflation, irrespective of the traffic. JNPT rental has gone up. Customs came out with Parking Plaza concept. We don't have volume in Buffer Yard. The other private CFSs can increase their tariff on their own will. But we cannot do that, we are bound by TAMP rates]

(xi). Our last tariff was in the year 2016. Our cost has gone up. The rates proposed by us may be approved.

(xii). Cost will increase in next 3 years. But volume increase is not certain.

JNPT

(xiii). We have looked into the proposal given by the SML. It is based on the Audited Annual Accounts. The Proposal is as per the Tariff Policy, 2018. We have no further comments.
