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TARIFF AUTHORITY FOR MAJOR PORTS

No.TAMP/56/2020-DPT

Mumbai,

05 January 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 of the Deendayal Port Trust (DPT) for revision of Schedule of Weighment charges prescribed in its Scale of Rates (SOR) under Schedule 4, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No.TAMP/56/2020-DPT

Deendayal Port Trust

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Applicant

QUORUM

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

O R D E R

(Passed on this 28th day of December 2020)

This case relates to the proposal received from Deendayal Port Trust (DPT) for revision of Schedule of Weighment charges prescribed in its Scale of Rates (SOR) under Schedule 4.

2. This Authority had vide Order No.TAMP/28/2019-DPT dated 10 October 2019 passed an Order relating to general revision proposal of DPT along with the revised Scale of Rates. The revised SOR and Performance Standards approved by this Authority vide Order No.TAMP/28/2019-DPT dated 10 October 2019 was notified in the Gazette of India vide Gazette No.377 dated 30 October 2019. Subsequently, a speaking order was notified vide Gazette No.441 dated 02 December 2019. The SOR came into force after expiry of 30 days from the date of notification of the Scale of Rates and Performance Standards in the Gazette of India i.e. from 29 November 2019 and it is valid for a period of 3 years from the effective date of implementation of the said Order i.e. till 28 November 2022.

3.1. The DPT has now, vide its email dated 19 November 2020 under cover of its letter No.FA/COST/1170 dated Nil, submitted its subject proposal. The main points made by the DPT in support of its proposal are as follows:

- (i). The Port has recently developed various infrastructure projects for improvement of operational efficiency and capacity building. It is imperative to post the available operational staff at various functional points on these additional projects also. Further, the staff strength of operational posts had also been reduced considerably due to retirement of staff and also non-filling-up of baseline vacant posts. As such, there is acute shortage of staff to operate all the Port weighbridges.
- (ii). The non-availability of required number of functional weighbridges due to faults, maintenance works, non-availability of operational staff, etc. has caused unrest among the Trade and the Port Users have been time and again raising this issue.
- (iii). Hence, the DPT Board vide resolution No.11 in its meeting held on 18.05.2020 has resolved to approve the proposal for outsourcing of 10 nos. weighbridges on 'Supply, Install, Operate and Maintain road weighbridges inside custom bonded area of port' in

replacement of existing port owned weighbridges on Revenue sharing or Contract basis through open tender.

- (iv). Except three Major Ports, all other Major Ports of India, have outsourced the operation and maintenance of weighbridges including the Port owned weighbridges on revenue sharing basis being a non-core activity.
- (v). While outsourcing the weighbridges, the model of Haldia Dock Complex will be followed and the salient features of the Model are as under:
- (a). In the Haldia Model, the Weighment charges are collected on per ton basis from the users and port shall pay the charges to Contractor based on the rate quoted by the Contractor through tender.
- (b). The contractor shall supply, install, operate and maintain weighbridges along with all associated civil, electrical and other installations at his cost, charges, expenses, risk, responsibilities, manpower and other arrangements for weighment of road-borne vehicles as per the requirement of users in replacement of the existing weighbridges.
- (c). The contractor shall have to buy back the existing weighbridges to be replaced on payment of the depreciated value as well as scrap value as per books of accounts. Further, if the contractor uses the civil structures, he has to pay the depreciated value of the civil structures also.
- (d). The contractor will also remove the port owned weighbridges at his own risk, cost and arrangement to install the new weighbridges within the project stipulated time of 120 days from the date of handing over possession of the land occupied by the port owned weighbridge.
- (vi). As per Chapter IV - Schedule of Weighment charges in the SOR of DPT, there is a provision to collect the weighment charges on per vehicle basis and there is no provision available to levy weighment charges on per ton basis. The relevant part from existing schedule of weighment charges prescribed in the SOR of the port is given below:

4. Schedule of Weighment Charges:

| Sr. No. | Particulars | Unit | Rate (in `) |
|---------|--|-------------|-------------|
| 1. | For use of weigh bridge by trucks & other small vehicles | Per vehicle | 41.26 |
| 2. | For use of weigh bridge by Trailors and other large vehicles | - do - | 82.51 |

- (vii). The tender is prepared by the DPT and as per tender conditions, rate per ton for weighment charges is to be fixed, which shall be recovered by the DPT from users and DPT shall pay to the contractor a ceiling rate either equal to or below `3.00 per ton as quoted by the contractor.
- (viii). A statement showing calculation of rates per ton to be fixed and the expected Revenue generation/weighbridge is given below:

| | | |
|------|--------------------------------------|--------------|
| (a). | Number of Trucks per year | 51,304 |
| (b). | Average weight of Truck (net weight) | 28 ton |
| (c). | Quantity in MT | 14.36 lakhs |
| (d). | Rate @ of `4.00 per ton | `57.44 lakhs |
| (e). | Share of Contractor @ `3.00/ton | `43.08 lakhs |
| (f). | Net Income of DPT | `14.36 lakhs |

- (ix). Total quantity/year which is expected through weigh bridges Owned by DPT plus by Outsourcing are as given below:

| | | |
|--------|--|-----------------|
| (i). | Through Outsourcing (10 nos) | 143.60 lakhs MT |
| (ii). | Through DPT owned weigh bridges (04 nos) | 41.30 lakhs MT |
| (iii). | Total Quantity through weighbridges | 184.90 lakhs MT |

- (x). Therefore, Revenue from Weighbridges shall be `739.60 lacs (184.90 lakh tons @ `4/- M.T.) and expenditure of DPT towards outsourcing of weighbridges @ `3/- per M.T. shall be `430.80 lacs (143.60 lakhs *3) and Net Revenue of DPT shall be `308.80 lacs.
- (xi). Board in its meeting held on 11.09.2020, vide Board Resolution No.57 resolved to approve the proposal for fixing the rate of `4/- per ton for weighment of trucks/vehicles at weighbridges inside port area subject to the approval of TAMP and allotment of 120 sq. mtrs. of land for each weighbridge to the contractor on leave and license basis for a period of 11 months extendable upto 10 years as per the prevailing SOR from time to time.
- (xii). In the existing Scale of Rates approved by TAMP vide its Order dated 10 October 2019 notified vide G.No.377 dated 30 October 2020, revenue estimated from weighment charges as per Schedule 4 of Chapter IV is `404.798 lakhs and average expenses towards weighment charges for the year 2016-17, 2017-18 & 2018-19 was `199.71 lakhs. Average expenses with indexation @ 100% of the WPI applicable for the year 2019-20 i.e. @ 4.26% was `208.22 lakhs.
- (xiii). As per TAMP Order notified vide G.No.441 of 02 December 2019, Para 12(vii), the Ceiling Indexed Annual Revenue Requirement for the year 2019-20 as per TAMP was `1238.04 crores and Revenue Estimation by DPT at proposed rates was `1227.97 crores, leaving a Revenue Gap of `10.07 crores.
- (xiv). Further, correspondence made by DPT vide its letter No.FA/COST/1170/212 dated 31 December 2019 and TAMP reply vide letter No.TAMP/28/2019-DPT dated 21 January 2020 regarding DPT's request for considering entire Railway related expense incurred towards operation and maintenance of Railway lines in Annual Revenue Requirement may please be considered.
- (xv). Considering the increase in Revenue due to introduction of weighment charges on per ton basis @ `4/- per ton instead of per vehicle by `3.35 crore [`7.40 crores (Revised revenue) (-) `4.05 crores (Revenue estimated in existing SOR)] and increase in expected expenditure by `4.31 crores (143.60 lakhs MT*3), revenue gap will increase by `0.96 crore (`4.31 crore increase in expenditure & `3.35 crores increase in income).
- (xvi). In view of the above, TAMP is requested to kindly consider and approve the levy of Weighment charges @ `4/- per ton in place of existing tariff as per Schedule 4 of Chapter (IV) i.e. Schedule of Weighment charges Sr. No.1 & 2 of Deendayal Port Trust as per Tariff Policy 2018 and sections 48, 49, 49(A), 49(B) and 50 of the MPT Act, 1963.
- (xvii). The proposed Schedule of Weighment charges is given below:

4. Schedule of Weighment Charges:

| Sr. No. | Particulars | Unit | Rate(in `) |
|---------|--|---------|------------|
| 1. | For use of weigh bridge by trucks, trailers & other vehicles | Per Ton | 4.00* |

| | | | |
|----|--|---------------------------------|--------|
| 2. | For hiring weights only | For set per day or part thereof | 19.80 |
| 3. | For issuing weighment certificates | Per consignment | 99.01 |
| 4. | For use of InMotion Weighbridge for cargo loaded in Railway wagons | | |
| | (i) Loaded wagon | Per wagon | 110.00 |
| | (ii) Empty wagon | | 55.00 |

[*The Sl. No.1 and 2 of existing Schedule is clubbed and a common per tonne rate is proposed at Sl. No.1. Consequently the existing Sl. Nos.3 to 5 are renumbered as 2 to 4]

3.2. Thus, the DPT has requested to notify the proposed Schedule of Weighment charges (on per ton basis) for implementation by DPT in replacement of existing Schedule of Weighment charges (on per vehicle basis) in its current SOR.

3.3. The DPT has furnished copy of its Board Resolution dated 11 September 2020 approving the proposed rates of weighment charges and also furnished detailed working to justify the said rate.

4. In accordance with the consultation process prescribed, a copy of the DPT proposal received vide its email dated 19 November 2020 was circulated vide our letter dated 04 December 2020 and 09 December 2020 to the users/ user organisations including additional users / user organization intimated by the DPT vide its email dated 08 December 2020 seeking their comments. We have not received any comments till this case is taken up for finalisation.

5. A joint hearing in this case was held on 18 December 2020 through Video Conferencing. The DPT made a power point presentation and has also furnished a copy of the presentation vide its email dated 18 December 2020. The DPT and the concerned users / user organizations have made their submissions.

6. The proceedings relating to consultation in this case are available on records at the office of this Authority. The arguments made by the concerned parties will be sent separately to the relevant parties. These details will also be made available at our website <http://tariffauthority.gov.in>.

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

- (i). The proposal of the Deendayal Port Trust (DPT) is for revision of Schedule of Weighment charges prescribed in its Scale of Rates(SOR) under Schedule 4 of Chapter-IV for Miscellaneous Charges. The DPT has mooted the proposal considering the issues raised by the Trade and the Port users regarding non-availability of required number of functional weighbridges due to faults, maintenance works, non-availability of operational staff, etc. The proposal of the port envisages outsourcing of 10 nos. weighbridges on supply, install, operate and maintain road weighbridges inside custom bonded area of port in replacement of existing port owned weighbridges on revenue sharing or contract basis through open tender. The DPT has followed Haldia Model wherein the Weighment charges are collected by the port on per ton basis from the users and port shall pay the charges to contractor based on the rate quoted by the contractor through tender. The port envisages to retain port owned 4 weighbridges out of existing 14 weighbridges.
- (ii). Clause 2.6 of the Tariff Policy for Major Ports, 2018 stipulates that the Major ports have the flexibility to determine the rates to respond to the market forces based on its commercial judgement and draw the SOR within the ceiling ARR.

In the existing SOR of the DPT, the rate for weighment is prescribed on per vehicle basis viz. `41.26 per vehicle for use by trucks & other small vehicles and (ii). `82.51 per vehicle for use by trailers and other large vehicles. As against the existing prescription, the current proposal of the port is to give the 10 weighbridges on outsourcing model

and the outsourced service provider shall install, operate and maintain road weighbridges at the ceiling rate payable by the DPT at `3/- per tonne. The DPT has proposed a common rate of `4/- 'per tonne' towards weighment charges instead of existing two different rates on per vehicle basis with reference to types of vehicles.

The port has stated that the proposed rate is as in the Haldia Dock Complex. It is seen that in the SOR approved by this Authority vide Order No.TAMP/34/2019-KOPT dated 20 February 2020, the rate approved for weighment charges is `5.98 per tonne subject to minimum of `29.92 for an empty vehicle and `56.58 for a loaded vehicle.

The rate proposed by the DPT is found to be lower than the rates prescribed in the SOR of KOPT for Haldia. Recognizing that the users/ user associations have welcomed the proposal of the port which is expected to increase efficiency in the services and also recognizing that the proposal is approved by the Board of Trustees of the DPT, this Authority approves the proposal of the port.

The weigh bridge operations by the port is presently at a loss. Now, the port estimates to earn at least `1/- per ton on outsourcing model and the net revenue from 10 nos. weigh bridges on outsourcing model and 4 nos. of port owned weighbridges which is well within the revenue gap of `10.07 crores left uncovered during the last general revision Order dated 10 October 2019.

- (iii). Since the proposal of the DPT is to revise the rate for Sl. No.1 and 2 with a common rate, it is not found necessary to prescribe the entire schedule once again as sought by the port. Consequent to proposal of the port for a single rate for use of weigh bridge by trucks, trailers & other vehicles at Sr. No.1 in place of existing Sl. No.1 and 2, the existing Sl. Nos.3 to 5 in the said Schedule stands renumbered as Sl. No.2 to 4.
- (iv). The rate approved by this Authority shall come into effect after expiry of 30 days from the date of notification of the tariff in the Gazette of India. The validity of the rates prescribed is co-terminus with the validity of the existing SOR of DPT which is till 28 November 2022

8.1. In the result, and for the reasons give above, and based on a collective application of mind, this Authority approve to revise the existing Sr.No.1 and 2 under the Schedule 4 –Weighment Charges under Chapter-IV - Miscellaneous charges in the existing SOR of the DPT as follows:

4. Schedule of Weighment Charges:

| Sr. No. | Particulars | Unit | Rate (in `) |
|----------------|--|-------------|--------------------|
| 1. | For use of weigh bridge by trucks, trailers & other vehicles | Per Ton | 4.00 |

8.2. Consequent to above revision in the existing SOR, the existing Sr.no 3 to 5 under the said schedule stands renumbered as Sr. No.2 to 4.

8.3. The rate approved by this Authority shall come into effect after expiry of 30 days from the date of notification of the tariff in the Gazette of India. The validity of the rate prescribed is co-terminus with the validity of the existing SOR of DPT which is till 28 November 2022.

8.4. The DPT is directed to amend the existing SOR suitably.

(T.S. Balasubramanian)
Member (Finance)

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

F.No. TAMP/56/2020-DPT- Proposal from the Deendayal Port Trust for revision of Schedule of Weighment charges prescribed in its Scale of Rates under Schedule 4.

A joint hearing in this case was held on 18 December 2020 through Video Conferencing. The DPT made a power point presentation and has also furnished a copy of the presentation vide its email dated 18 December 2020. The DPT and the concerned users / user organizations have made the following submissions at the joint hearing:

Deendayal Port Trust (DPT)

- (i). Port weigh bridges are not functioning causing delay and there is time and again issues raised by the trade and users.
- (ii). Hence, port has come up with this proposal for deployment of weigh bridge on outsourcing model. Except three, all Major Ports have outsourced the operating and maintenance of weigh bridges.
- (iii). Port is proposing for replacement of existing 10 weigh bridges on outsourcing basis adopting Haldia model.
- (iv). Contractor shall supply, install, operate and maintain the weigh bridge at their cost along with all associated civil and related installation costs.
- (v). In Haldia, the rate is `4/- per tonne. Contractor can quote maximum `3/- per tonne.
- (vi). So, Port has proposed the rate of `4/- per tonne and shall pay ceiling rate of `3/- per tonne for the outsourced services. The Board has approved the proposed rate.
- (vii). Weigh bridge operators was at a loss. Now port will get `1/- per ton without any expenditure. Net revenue from weigh bridges i.e. 10 nos. on outsourcing and 4 nos. port owned weighbridges shall be `308.80 lakhs per annum.
- (viii). TAMP is requested to approve the proposed rate.

Kandla Stevedores Association Ltd. (KSA)

- (i). We welcome the proposal of port.
- (ii). There was delay on account of non functioning of weigh bridges.
- (iii). We are absolutely ok with proposed rate. Outflow for the trade will work out slightly higher than present. But, it will be compensated by increase in efficiency and productivity.

Kandla Custom Brokers Association

- (i). We second the views of KSA.

Gautam Freight Ltd

- (i). We agree with views of KSA.

Deendayal Port Trust (DPT)

- (i). There was long demand from industry. We have finally got it.

- (ii). We are with the industry to make our port more workable.