Kolkata Port Trust
कोलकाता पॅट्लन क्यास
Office of the Traffic Manager
40, Circular Garden Reach Road
Kolkata – 700043

No. Tfc/ G 252 / SOR / DMICDC

Date: 11th July, 2018

CIRCULAR

All concerned

Subject: Implementation DMICDC’s Logistic Data Bank Service across the Major Port Terminal of India – regarding

Ministry of Shipping (MOS) has directed Tariff Authority for Major Ports (TAMP) to issue a Common Order applicable to all the major port trusts and terminals operating thereat to prescribe a provision towards levy of Mandatory User Charge (MUC) on containers for the Logistic Data Bank (LDB) Service to be rendered by Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) for the year at par with Jawaharlal Nehru Port Trust (JNPT).

Accordingly TAMP has passed a Common Order No. TAMP/46/2016-MUC dt 08 June 2018 prescribing a provision towards levy of MUC in the Scale of Rates of all the Major Port Trusts and the private terminals operating thereat. The order has been published in Part - III Section 4 of the Gazette of India, Extraordinary vide G No.248 dt 3rd July 2018. The order is enclosed for information of all concerned. For further details on the MUC and workflow of LDB Project, the Order No. TAMP/49/2014-JNPT dated 13 February 2015 may be referred to.

Enclo: Common Order No. TAMP/46/2016-MUC dt 08 June 2018
& Order No. TAMP/49/2014-JNPT dt 13 February 2015

(Capt. Himanshu Shekhar)
Traffic Manager

Copy to DMD / Secretary for information and necessary action.
Copy to FA&CAO for initiation of necessary software changes that would be required for levy and sharing of the MUC.
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NOTIFICATION

In pursuance to the Ministry of Shipping, Government of India, communication vide letter no. PD-14033/34/2017-PD-V dated 06 June 2018 and in exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963, the Tariff Authority for Major Ports hereby notifies a Common Order incorporating a provision towards levy of Mandatory User Charge (MUC) on containers for the Logistics Data Bank Service to be rendered by Delhi-Mumbai Industrial Corridor Development Corporation in the Scale of Rates of all the Major Port Trusts and BOT operators operating thereat, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)
Tariff Authority for Major Ports

Case No. TAMP/46/2018-MUC.

QUORUM

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

ORDER
(Passed on this 8th day of June 2018)

The Ministry of Shipping (MOS) vide its letter No. PD-14033/34/2017-PD-V dated 06 June 2018 has conveyed to this Authority to issue a common Order applicable to all the Major Port Trusts and the terminals operating thereat, to prescribe a provision towards levy of Mandatory User Charge (MUC) on containers towards the Logistics Data Bank Service to be rendered by Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC), in the Scale of Rates of all the Major Port Trusts and terminals operating therefor for the year 2018-19 at par with Jawaharlal Nehru Port Trust (JNPT).

2.1. In this regard it is to state that the Government of India is developing the Delhi Mumbai Industrial Corridor (DMIC) as a global manufacturing and investment destination and has incorporated a special propose Vehicle (SPV) namely the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) for program managing the development of the DMIC Project. In this connection, to keep a track on the movement of containers across the ports to the ICDs and the end users, the DMICDC has developed the Logistic Data Bank (LDB) to integrate the information available with various agencies across the supply chain to provide detailed real time information within a single window. The project is intended to provide the near real time visibility of the container movement across the supply chain, thereby streamlining the container logistic movement.

2.2. Accordingly, this Authority vide its Order no. TAMP/49/2014-JNPT dated 13 February 2015 has approved the proposal of the JNPT to levy the Mandatory User Charge (MUC) on containers (except transhipment and coastal) handled at JNPT and at other BOT Terminals at JNPT viz., Nhava Sheva International Container Terminal Private Limited (NSICTPL) and Gateway Terminals India Private Limited (GTIPL) for the years 2016-17 to 2018-19. The rate of MUC approved for the year 2018-19 is `145/- per container.

3.1. Now, based on the communication received from the MOS to this Authority to pass a common Order for levy of MUC applicable to all the Major Port Trusts and private terminals operating thereat at par with JNPT, this Authority agrees to incorporate the provision relating to levy of MUC in the Scale of Rates of all Major Port Trusts and private terminals operating thereat, as approved in the Order dated 13 February 2015.

3.2. The collection of the MUC by the Major Port Trusts and private terminals operating thereat is for the service/ facilities made available by the DMICDC. Thus, the Major Port Trusts and private terminals operating thereat would only be collecting the MUC and remitting the same to DMICDC. In other words, the Major Port Trusts and private terminals operating thereat would only be acting as the collection agents on behalf of the DMICDC. Thus, levy of MUC shall not result in additional revenue to the Major Port Trusts and private terminals operating thereat and shall not put them in an advantageous position. Also, since no revenue is being generated on this account to the private terminals, no royalty/ revenue share shall be payable by the private terminals to their respective landlord Ports, on this item. In view of the above position and based on the communication received from the MOS to make the levy of MUC applicable to all the Major Port Trusts and private terminals operating thereat, the levy of MUC is made applicable to all the Major Port Trusts and to all the private terminals operating thereat governed by 2005, 2008 and 2013 Guidelines for fixation of tariff. 5% of the total MUC shall be passed on to the Major Port Trusts and the BOT Terminals operating therefor for collecting the MUC, as recorded in the JNPT Order dated 13 February 2015 vide paragraph no. 6 (ix) (a).

3.3. As a measure of abundant caution it may be noted that the prescription of MUC charge for the private terminals governed by 2008 and 2013 Guidelines shall not be quoted as a precedent for prescription of any other charges for the private terminals governed by 2008 and 2013 Guidelines.
3.4. The MUC Charge has already been approved for JNPT, NSICTPL and GTIPL vide Order No. TAMP/49/2014-JNPT dated 13 February 2015. Hence the MUC Charge is approved for all Major Port Trusts and BOT Terminal Operators operating thereat except JNPT, NSICTPL and GTIPL.

4.1. Accordingly, this Authority directs all the Major Port Trusts and the BOT terminals operating thereat except JNPT, NSICTPL and GTIPL to incorporate the following provision in their respective Scale of Rates:

"An amount of ₹ 145/- per container will be levied on all containers (except transhipment and coastal) handled at the Major Port Trusts and terminals operating thereat towards Mandatory User Charge (MUC) for the Logistics Data Bank (LDB) service to be rendered by DMICDC."

4.2. The MUC of ₹ 145/- per container prescribed is at ceiling level. The Major Port Trusts and the private terminals operating thereat have the liberty to charge lower rates in consultation with DMICDC.

4.3. Tracking and viewing the movement of containers across the ports to the ICDs and end users would be provided to the users against the payment of MUC.

4.4. 5% of the total MUC shall be passed on to the Major Port Trusts and the BOT Terminals operating thereat for collecting the MUC.

4.5. No royalty/revenue share is payable by the BOT Terminals operating thereat to the Port Trusts on the MUC collected by the BOT Terminals.

4.6. The MOS vide its letter no. PD-14033/34/2017-PD-V dated 06 June 2018 has already requested all the Major Port Trusts to coordinate with DMICDC to formulate a suitable proposal for levy of MUC and file the proposal before this Authority for approval of MUC with effect from 01 April 2019. Therefore, the MUC approved in this Order shall come into effect from the date of notification of the Order passed in the Gazette of India and shall remain valid till 31 March 2019. The approval accorded shall automatically lapse unless until specifically extended by this Authority.

5. For further details on the MUC and workflow of LDB Project, the Order No. TAMP/49/2014-JNPT dated 13 February 2015 may be referred to.

6. All the Major Port Trusts and the terminals operating thereat except JNPT, NSICTPL and GTIPL are directed to amend their Scale of Rates accordingly.

(T.S. Balasubramanian)  
Member (Finance)
TARIFF AUTHORITY FOR MAJOR PORTS

G.No.91 New Delhi, 19 March 2015

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Section 48 of the Major Port Trusts Act, 1963, had approved Mandatory User Charges (MUC) for the Logistic Data Bank Project to be set up at Jawaharlal Nehru Port Trust (JNPT), in October 2014. In view of the urgency involved in the matter, the Authority decided to notify the MUC first, without waiting for notification of the detailed speaking Order. Accordingly, the MUC so approved was notified in the Gazette of India on 14 November 2014 vide Gazette No.328 after scrutiny of the proposal filed by JNPT and consultation with relevant Stakeholders. Further, it was stated in the said Notification dated 14 November 2014 that this Authority will notify the speaking Order, in due course of time. Accordingly, this Authority notifies the reasoned Speaking Order connected with disposal of the proposal of the JNPT for fixation of MUC for their Logistic Data Bank Project to be set up at JNPT, as in the Order appended hereto.

(T.S. Balasubramanian)  
Member (Finance)
Tariff Authority for Major Ports
Case No. TAMP/49/2014-JNPT

Jawaharlal Nehru Port Trust

Applicant

QUORUM

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

ORDER

(Passed on this 13th day of February 2015)

This case relates to the proposal received from Jawaharlal Nehru Port Trust (JNPT) for fixation of Mandatory User Charges (MUC) for the Logistic Data Bank Project to be set up at JNPT.

2.1. The Jawaharlal Nehru Port Trust (JNPT) vide its letter dated 18 September 2014 has filed a proposal for fixation of Mandatory User Charges (MUC) for the Logistic Data Bank Project to be set up at JNPT.

2.2. The salient points as seen from JNPT proposal and the documents furnished along with the proposal are summarized below:

(i). The Government of India is developing the Delhi-Mumbai Industrial Corridor as a global manufacturing and investment destination. For this purpose, a Special Purpose Vehicle (SPV) namely the Delhi-Mumbai Industrial Corridor Development Corporation (DMICDC) has been incorporated for managing the development of the DMIC project.

(ii). All the stakeholders involved in the cargo movement have their own standalone information system to manage their operations. Since these systems are not integrated with each other, they do not exchange information on real time basis, and it is found difficult to keep a track on the movement of containers across the ports to the ICDs and the end users.

(iii). To address this issue, the concept of Logistics Data Bank (LDB) has been developed to integrate the information available with various agencies across the supply chain to provide detailed real time information within a single window.

(iv). The project is to provide the near real time visibility of the container movement across the supply chain, thereby streamlining the container logistic movement and tremendously increase the efficiency and competitiveness of the containerised cargo movement, which will ultimately boost the EXIM trade.

(v) (a). The NEC Corporation on behalf of DMICDC, has formulated tariff for LDB service. Their initial operational year has been considered as 2015-16, wherein trial operations would be carried out and no charges are proposed to be levied during the said year. Thereafter, it has been proposed to charge ₹125/- per container in the second year of operation, i.e. 2016-17 and increase the rate by ₹10/- per container in the next two years.

(b). The DMICDC Trust has given a formal clearance to the DMICDC LDB project in March 2013 after the necessary due diligence and approval in its meeting held under the Chairmanship of Secretary, Department of Economic Affairs.

(vi). The meeting held on 13 March 2014 under the Chairmanship of Secretary (Shipping) regarding the project, decided that JNPT will be providing the requisite support for taking the project forward.
The meeting held on 14 June 2014 under the Chairmanship of Chairman, JNPT decided that a formal proposal will be forwarded to JNPT for onward transmission to this Authority. The DMICDC - NEC team had detailed deliberation with the officials of JNPT and other BOT operators at JNPT.

The project will be taken up by a Special Purpose Vehicle (SPV) that will be 50:50 joint venture between DMICDC and NEC Corporation, Japan.

The following stakeholders will be benefited out of the LDB Project:

(a). Government
(b). Shippers / Consignee
(c). Shipping Line
(d). Port Terminal Operator
(e). Container Train Operator
(f). Inland Container Depot
(g). Truck Operator

The salient points conveyed by the Ministry of Shipping to JNPT by its letter No.PT-11033/53/2013-BT dated 5 August 2014 are summarized below:

(a). Logistics Data Bank proposal has been developed by DMICDC as mentioned in the d.o. letter No.CEO/DMICDC/2014/55 dated 7 July 2014 of Shri Amitabh Kant, CEO and MD to Secretary (Shipping).

(b). DMICDC has given formal clearance to Logistic Data Bank Project in March, 2013. DMICDC and Department of Industrial Promotion and Policy (DIPP) had requested Ministry of Shipping to facilitate the Logistic Data Bank Project. In this connection, a meeting was held on 13.03.2014 under the Chairmanship of Secretary (Shipping) in which Secretary, (DIPP), CEO, (DMICDC), Chairman, (JNPT) and other concerned Ministry officers participated. It was decided that JNPT may make a proposal to TAMP for notifying the mandatory user charges for LBD Project as part of scale of tariffs for terminal handling charges.

(c). It is clarified that the import of the instruction of Ministry of Shipping was not to issue any directions but only to facilitate the logistics Data Bank Project which is a project of the DMICDC. However, JNPT may examine the proposal submitted by DMICDC on the basis of project financials, plan and detailed cost and expense statements and other commercial aspects and take an appropriate decision at the Board Level in the best commercial and business interest of the Port. Basis for cost estimation of LBD and the proposed user charges may be examined by JNPT and other commercial aspects may be mutually discussed by JNPT and DMICDC.

The proposal was examined in detail by JNPT in consultation with NEC team members. It was seen that the proposal was not exactly conforming the 2005 Guidelines issue by TAMP. A letter No. JNP/FIN/2014/20 was forwarded to DMICDC Ltd on 22 August 2014, bringing out the discrepancies in detail. DMICDC Ltd has replied vide letter no.CEO/DMICDC/2014 dated 27 August 2014, maintaining their earlier stand not to modify the proposal to bring it in line with the 2005 Guidelines of TAMP, giving the reason that they intend to keep the Mandatory User Charge low for the trade and to make the project self-sustainable. According to them, the project is a cutting edge project and would benefit the supply chain and logistics along the Delhi Mumbai Industrial Corridor.

It is also stated by DMICDC that the project cannot be treated at par with port projects and hence has to be treated separately considering its peculiar nature. Since the project has longer gestation period, even at proposed rates, there is a deficit in the first three years with the proposed traffic. However, over a period of
ten years, the project shows healthy returns. Since preliminary discussions have been held by DMICDC with TAMP, the proposal is forwarded to TAMP for further process of joint hearing with all stakeholders wherein the views of all stakeholders will be considered by TAMP before arriving at a rate.

(xii). The DMICDC Logistics Data Bank Project has been approved by DMIC Trust in March, 2013 under the chairmanship of Secretary, Department of Economic Affairs, Ministry of Finance. All necessary due diligence was conducted in the evaluation of the LDB business plan including but not limited to assessment on behalf of Ministry of Finance by External consultant attached with World Bank.

2.3. The workflow of the LDB Project in the import cycle and export cycle is attached as Annex I(a) and I(b) respectively (Page no.56/c and 57/c), as contained in the proposal.

2.4. The proposal has been formulated by JNPT under 2005 tariff guidelines.

2.5. Subsequently, the JNPT vide its email dated 16 October 2014 has furnished the proposed draft Scale of Rates which is as follows:

“Container Tracking Charge
Notwithstanding anything to the contrary herein, the JNPT shall levy Mandatory User Charge (MUC) of ₹ 125/-, exclusive of service charges for the Logistics Data Bank Service on every Export and Import container at the JNPT Port terminals. The same charge would also be applicable for any new terminal operator commencing its operations from JNPT.

The levy shall be made for a specific period from April 2016 to April 2025. An year on year escalation of ₹ 10/- in the MUC scale of tariff would be applicable for the duration of the enforcement of this MUC.

Tracking and viewing the movement of containers across the ports to the ICD’s and end users would be provided to the users against the paid user charges.

However, the ‘Trans-Shipmet’ containers and the ‘Coastal containers’ would be exempted from the MUC charges.”

2.6. The Proposal of the JNPT has the approval of its Board of Trustees.

2.7. The initial operational year has been considered as 2015-16 and projection for the next three years have been provided. In the first year of operation, DMICDC has proposed to offer the services free of cost. The management of DMICDC have decided to charge ₹125/- per container in 2016-17 and increment the rate by ₹10 per container in the next two years. It can be observed from the summarized cost statement furnished below that DMICDC is left with an average deficit of 40.14% after recovering operating expenditure in the cycle of 3 years after trial operations in the initial year 2015-16.

(₹ in Lakhs)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Unit</th>
<th>Y</th>
<th>Y+1</th>
<th>Y+2</th>
<th>Y+3</th>
<th>Average</th>
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<tr>
<td>No. of Containers</td>
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<td>MUC Proposed</td>
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<td>135</td>
<td>145</td>
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<td>6972.00</td>
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<td>5269.75</td>
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<td>Operating Expenditure</td>
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<td>Operating Surplus</td>
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<td>(3007.68)</td>
<td>(375.66)</td>
<td>(279.34)</td>
<td>(2115.25)</td>
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<td>%</td>
<td>-</td>
<td>(51.25)</td>
<td>(5.39)</td>
<td>(3.39)</td>
<td>(40.14)</td>
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</table>
2.8. The proposal also mentioned about data handling charge to the port terminal operators for collecting the Mandatory User Charge. It has been assumed that 5% of the total MUC shall be passed on to the port terminal operators as data handling charge for collecting the MUC. This has been considered as an element of cost while estimating MUC.

3. In accordance with the consultative procedure prescribed, a copy of the JNPT proposal dated 18 September 2014 was forwarded to the DMICDC, Nhava Sheva International Container Terminal Private Limited (NSICTPL), Gateway Terminal India Private Limited (GTIPL), Nhava Sheva (India) Gateway Terminal Private Limited (NSIGTPL) as well as to the concerned users/ user organisations seeking their comments. The DMICDC as well as the National Association of Container Freight Stations (NACFS) have endorsed the levy of MUC by JNPT. This position was forwarded to JNPT as feedback information.

4. A joint hearing in this case was held on 20 October 2014 at the Office of this Authority. The NEC Technologies, on behalf of JNPT, made a brief power point presentation of JNPT proposal and explained the framework and operational part of the proposal. At the joint hearing, the users and user organisation bodies have made their submissions.

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

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

(i). Under the present scenario, all the stakeholders involved in the cargo movement have their own standalone information system to manage their operations. Since these systems are not integrated with each other, they do not exchange information on real time basis. Therefore, it may not be possible to keep a track on the movement of containers across the ports to the ICDs and the end users. To address this issue, the concept of Logistics Data Bank (LDB) has been developed to integrate the information available with various agencies across the supply chain to provide detailed real time information within a single window. The project is intended to provide the near real time visibility of the container movement across the supply chain, thereby streamlining the container logistic movement. The project is reported to be taken up by a Special Purpose Vehicle (SPV) that will be 50:50 joint venture between DMICDC and NEC Corporation, Japan.

(ii). The Government of India is developing the Delhi Mumbai Industrial Corridor of a global manufacturing and investment destination. For this propose, a special propose Vehicle (SPV) namely the Delhi-Mumbai Industrial consider Development corporation (DMICDC) has been incorporated for program managing the development of the DMIC Project. The DMICDC has developed the Logistic Data Bank (LDB) proposal and its TRUST has given approval under the Chairmanship of Secretary, Department of Economic Affairs, Ministry of Finance after the necessary due diligence. The DMICDC and the Department of Industrial Promotion and Policy (DIPP) have requested the Ministry of Shipping (MOS) to facilitate the LDB Project. The MOS after having a meeting with Secretary (DIPP), CEO (DMICDC), Chairman (JNPT) and the concerned officials of the MOS decided that JNPT may make a proposed to TAMP for notifying the MUC for the LDB project as part of Scale of Rates.

(iii). In this backdrop, a proposal has been received from JNPT in September 2014, for fixation of Mandatory User Charges (MUC) for the LDB Project. The proposal filed by JNPT has the approval of its Board of Trustees.

(iv). In pursuance of the advice rendered by MOS vide MOS letter dated 5 August 2014 to JNPT to examine the proposal submitted by DMICDC, inter alia, the basis of cost estimation of the project and the proposed user charges in discussion with
DMICDC, JNPT has interacted with the DMICDC and filed the proposal in reference under 2005 Tariff Guidelines.

(v). As per Section 42(3) of the Major Port Trusts Act, 1963, the Port Trust Board may, with the previous sanction of the Central Government, authorise any person to perform any of the services listed under Section 42(1) of the Major Port Trusts Act, 1963. The proposal of JNPT is not vocal about the arrangement envisaged between the JNPT and the proposed SPV who will be the service provider of LDB Project. The JNPT is advised to examine the proposed arrangement between the port and SPV in light of the statutory provision and, if necessary, initiate necessary steps for compliance of Section 4 2(3) of the Act.

(vi). The JNPT has prepared this proposal in accordance with the 2005 Tariff Guidelines and has, furnished the Cost statement in the prescribed formats. In this connection, the JNPT has furnished the cost estimations for the years 2015-16 to 2018-19. This proposal of JNPT is considered for the purpose of this analysis. It is presumed that the JNPT would have examined the basis per cost estimates and the proposed user charges in pursuance of the advice rendered by MOS to JNPT. Each of the element forming part of the Cost statement furnished by the JNPT is discussed in the subsequent paragraphs.

(vii). The traffic estimated to utilize the services of tracking and viewing the movement of containers across the ports to the ICDs and end user is projected at 4268020 containers, 4694820 containers, 5164302 containers and 5680732 containers during the years 2015-16 to 2018-19 by JNPT. The said traffic takes into account the container traffic of JNPT as well as of the other two port terminal operators viz., Nhava Sheva International Container Terminal Private Limited (NSICTPL) and Gateway Terminal India Private Limited (GTIPL). The JNPT has projected a 10% year on year increase in traffic during the years 2016-17 to 2018-19. In this connection, it is presumed that the JNPT would have ensured and satisfied itself about the estimated traffic proposed to be utilizing the service, as given above. The traffic projections as estimated by the port are relied upon in the analysis.

(viii). No charges are proposed to be levied in the initial year of trial operation i.e. 2015-16. Thereafter, it has been proposed to levy ₹125/- per container in the year 2016-17, ₹135/- per container in the year 2017-18 and ₹145/- per container in the year 2018-19. Considering the container traffic for the years 2016-17 to 2018-19, as discussed above, and based on the rate per container proposed to be levied in each of the year 2016-17 to 2018-19, the JNPT has estimated the income from the levy of MUC at ₹ 5869 lakhs, ₹ 6972 lakhs and ₹ 8237 lakhs during the years 2016-17 to 2018-19. This estimated income is taken into account.

(ix). In line with the stipulation contained in Clause 2.5.1. of the 2005 tariff guidelines, the operating costs estimated by the JNPT have been moderated by adopting an escalation factor of 6%, being the escalation factor adopted by the Authority for the purpose of projection of expenses in respect of the cases to be decided during the financial year 2014-15, instead of the various escalation factors ranging from 10% to 50% adopted by the JNPT. Each of the component of operating cost is discussed below:

(a). The charge to the Port and BOT operators is for the collection of MUC by them. This cost has been estimated at 5% of the income calculated for each of the year 2016-17 to 2018-19, as discussed above. The basis for 5% is reported to be based on surcharge on online booking as charged by different online systems like online booking for train ticket, cabs, movie ticket booking, Hotel bookings etc. This position is relied upon.

(b). The cost towards Rail Integration and ICD Tag Maintenance has been estimated at 5% of the income each for Railways as well as the ICDs for sharing the container specific data with respect to container-in-time,
container-out-time, container custodian, container next custodian information etc. The sharing of 5% of revenue each with Railways and ICDs for their data sharing is reported to be based on the discussions with these stakeholders. This position is relied upon.

(c). (i). The RFID Operation cost comprises of the cost of operation of Kiosks as well as the salary cost of the operations team at the ports that would be involved in the RFID tagging and de-tagging operations.

(ii). Kiosks are reported to be needed to be set up at the port terminals for stationing the operation staff and the RFID Tag inventory of DMICDC. As observed by JNPT in its interaction with the DMICDC, though the cost of setting up of Kiosk is a capital expenditure, the said expenditure has been considered as revenue expenditure. The DMICDC has clarified in this regard that the LDB project is not an infrastructure project, but is an IT project, thereby being cost driven, resulting in tangible assets not being created. It has also been clarified that in the proposed business model, SPV would outsource the project management development, hosting, maintenance, operation, helpdesk of the LDB business to IT service providers on turnkey basis, whereby the procurement and ownership of the assets would be the responsibility of the service provider. In view of the above position, the DMICDC has clarified that the expenses of setting up of Kiosk including IT hardware and software have been considered as operational expenses and not capital expenses. Based on the reasoning furnished by the DMICDC, and from the SPV point of view it is a revenue expenditure the JNPT also appears to have endorsed this position as it is seen to have gone ahead with the cost estimates as furnished by the DMICDC, in its proposal.

(iii). The cost of Kiosk comprises of cost of Wooden console for Workstation, Ergonomic Chairs, Workstation for Processing, MFD (Printer Cum Scanner), Thermal Printer for Token/ Receipt, 1 kVA online UPS with 1 hour back up, Kiosk Space Rental and Leased Line/ Bandwidth with Wireless functionality.

Considering 3 no. of port terminal operators in the 1st year and 4 no. of port terminal operators from the 2nd year onwards and based on the requirement of 10 no. of each of the items/ facilities as listed above for each of port terminal operators and considering the cost of each of the item, as listed above, the JNPT has arrived at the total cost pertaining to the Kiosk has been arrived at. No documentary evidence has been furnished in respect of the cost of each of the item and the basis for considering 10 no. of each of the items in the cost calculations. The cost estimates for Kiosk has been reported to have been taken from large IT vendors who specialize in setting up of such Kiosks. The information as furnished by the JNPT is relied upon in this analysis, subject to review of the estimates considered in this regard with reference to actuals during the next review of MUC.

(iv). The salary cost of the operations team involved in the RFID tagging and de-tagging operations, is seen to comprise of cost of semi-skilled operator who would be associated with performing the RFID tagging/ de-tagging operations at ₹ 360000/- per annum and cost of one manager at ₹ 800000/- per annum. The JNPT has
considered an escalation factor 5% per annum in the estimation of salary of semi-skilled operator and manager.

With regard to semi-skilled operator, the JNPT has considered the requirement of semi-skilled operator at 5 for every kiosk. The requirement of Manager is based on 1 manager for every 20 semi-skilled operators. This Authority does not go into requirement of number of personnel. It is left to the best judgment of the port. The estimate of JNPT in this regard is relied upon.

No basis has been furnished in respect of the salary cost of semi-skilled operator and Manager. The salary cost of semi-skilled operator and Manager as furnished by the JNPT is relied upon in this analysis, subject to review of the estimates considered in this regard with reference to actuals during the next review of the MUC.

(d). (i). The cost of RFID Tags comprises of cost of RFID tags as well cost related to management of the RFID tags. It can be seen from the cost statement furnished that the said cost constitutes one of the major component of operating cost.

(ii). The containers at the JNPT Port terminal premise would be tagged with passive RFID tags, which will enable in tracking of the containers during transit and enable in providing real time information to LDB. It is reported that all the import containers would be tagged at the ports before moving outside the port premises and all export containers would be de-tagged at the port terminals before loading onto the vessel. Further, it has been reported that for the project in reference, tag from Omni ID (an international brand of repute and supplier of major RFID projects around the world) viz., Omni ID Ultra, priced at about US$ 5 would be suitable.

(iii). To determine the cost of the RFID tags, the number of RFID tags has been estimated on an annual basis. This is seen to have been done by considering the daily container movement based on 45 days of active time for containers (considering an average of 15 days for import, 15 days for export and 15 days for containers in ICD/ CFS), expiry period of 2 years for the tags, Spares, Wear and Tear and cost for coordinating with ICD. The assumptions made with regard to estimation of quantum of tags during each of the year under consideration is relied upon in this analysis.

(iv). The cost of each of the RFID tag is reported to be priced at about US$ 5, as stated above. No documentary evidence has been furnished in support of the cost of the RFID tag. The cost of each of the RFID tag has been considered at ₹ 250/- for the purpose of calculation. The assumption made by the port in this regard is relied upon.

(e). The LBD Package licence cost is seen to comprise of cost of licence at ₹ 40 million per annum and cost of licence support at ₹ 44 million per annum, thereby aggregating to ₹ 84 million i.e. about ₹ 840 lakhs.

The LBD Package licence cost is reported to acquire the proprietary logistics cloud platform (Neo Sarf) from NEC. This logistics cloud platform is reported to be a proprietary item of NEC deployed with multiple Japanese Logistic Companies. The pricing is also reported to be a standard as applicable to Japanese companies.
container traffic in the Western corridor is attributable to JNPT, 60% of the LBD Package licence cost has been apportioned to JNPT which works out to ₹ 200 million. On amortising the apportioned cost over the period of 5 years, the cost per annum works out to ₹ 40 million.

The cost of licence support at ₹ 44 million per annum has been determined based on 22% of the apportioned licence cost applicable to JNPT, towards costing for minor modification, feature enhancement, for upgradation and technical support. The basis for considering 22% is reported to be based on typical support cost for Software Package Licence for the industry. In this regard, the JNPT has furnished a copy of the Quotation for SAP ECC licence and maintenance charge, which reflects a Support fees (AMC) to be charged at 22% of Net Licence fees. The position as estimated and reported by JNPT is relied upon.

(f). (i). The cost of Near Real time Solutions comprises of cost of Tracking Software licence and its support cost, cost of RFID readers, Installation and Maintenance cost etc., Helpdesk cost and Feasibility Study & Proof of concept.

(ii). The Tracking Software Licence is reported to be priced at ₹ 1200 lakhs. Accordingly, the standard licence maintenance and support cost calculated at 22% of the licence cost has been worked out at ₹ 260 lakhs. The basis for considering the support cost at 22% of the licence cost has already been explained earlier and hence relied upon in the analysis.

(iii). Taking into account the number of toll gates, Octroi Check Points and number of ports and ICDs implementing the project, the requirement of RFID readers has been worked out. The assumptions made by the port to determine the requirement of RFID readers is relied upon.

The cost of each of the RFID reader has been considered at ₹ 84000/-. No documentary evidence has been furnished in support of cost of RFID Reader. The cost of the RFID reader as estimated by the port is taken into account, subject to review of the estimates considered in this regard with reference to actuals during the next review of the MUC.

(iv). For synchronisation of container number and RFID Tag, the operational terminal comprising of hardware and software is reportedly required for the purpose. Based on the position that each port/ ICD would require 3 such terminals and cost of each terminal at 725 US$ (considered equivalent to ₹40000/- in the calculations), the cost per ICD/ port has been worked out at ₹120000/- The JNPT has furnished documentary evidence in support of the cost of the terminal at 725 US$.

(v). The cost of Installation of the RFID readers has been considered at ₹ 80000/- per check point. The cost is reported to be towards fabrication, brackets, power conditioning, consultancy charges, travel and manpower charges (in respect of people required to do the installation and commissioning of the readers), payment to toll operators for providing space, power and support to install and maintain the Readers. No documentary evidence has been furnished in support of cost of Installation of the RFID Reader. The cost of Installation as estimated by the port is taken into account, subject to review of the estimates considered in this
regard with reference to actuals during the next review of the MUC.

(vi). Maintenance cost has been determined at 8% of the cost of RFID readers and cost of the terminal taken together. This is reported to be the standard for IT Hardware Maintenance in the industry. The position as reported by the port is taken into account, subject to review of the estimates considered in this regard with reference to actuals during the next review of the MUC.

(g). (i). The Helpdesk is reported to provide helpdesk services related to RFID readers, antennas, RFID tag management, replacement, trouble shooting and coordination with ICDs and port terminal operators for tag inventory management and replacement. The said Helpdesk team is to provide data synchronisation services and is to address any problems being faced by the purveyors for uploading the data into the LDB system, thereby ensuring minimal downtime with reference to readers, tags, antennas alongside the check points in the western corridor.

(ii). In this connection, the cost of Helpdesk has been determined by taking into account Containers moved daily (total containers/365 days), assuming that 1 container takes 15 days, Call volume being 1% of the travelling containers, 1 agent to handle 80 calls (cost of agents @ 15 lakhs p.a with 5% escalation), 1 manager for 20 agents (cost of managers @ 21 lakhs p.a. with 5% escalation).

This Authority does not go into requirement of number of personnel. It is left to the best judgment of the port. The estimate of JNPT in this regard is relied upon.

No documentary evidence has been furnished with reference to the salary cost of the agents as well as Managers. The salary cost of the agents as well as Managers as reported by the port is taken into account, subject to review of the estimates considered in this regard with reference to actuals during the next review of the MUC.

(h). (i). Hosting, tools and communication cost comprises of cost of hosting service, tools for integration and travel expenses in respect of personnel associated with rendering the said services.

(ii). The hosting service includes the cost of hardware components viz., virtual CPU, RAM, HDD, Virtualisation, Cloud enablement, Load balance, Firewall, Internet bandwidth etc. as well as the software components viz., Operating system, database, data backup and recovery cost. Based on the assumption that for handling 500 users, one instance of a standard hardware and software specification would comprise of 1 Virtual unit + Firewall + Load Balancer + OS + Internet Bandwidth and based on a position that at any given point of time, 10% of the users would be concurrently accessing the system, the hardware and software requirement is reported to have been extrapolated for handling the number of LDB users.

The hosting cost along with the software and services for 1 virtual unit has been considered at ₹ 120000/- per month (₹ 30000/- per month for hardware and ₹ 90000/- per month for software licence). The cost for the hardware is supported by documentary evidence. However, no basis/ documentary evidence has been
furnished with reference to the cost of software. The cost for software as reported by the port is taken into account, subject to review of the estimates considered in this regard with reference to actuals during the next review of the MUC.

(iii). The LDB system is reportedly requires development tools like Visual studio, MSDN, database licences etc. for customization and maintenance of the LDB system. In this connection, the cost of such hosting service tools is reported to be at ₹ 100000/- per month with 50% year on year increase in cost due to increased licence requirements. Further, based on the position that 60% of the container traffic in the Western corridor is attributable to JNPT, 60% of the cost of such hosting service tools i.e. ₹ 7.2 lakhs has been considered as cost during the first year and has been escalated by 50% for the subsequent years. The JNPT has not furnished any basis for considering 50% escalation in the estimation of the cost in reference. The escalation is, therefore, considered at 6% per annum. No documentary evidence has been furnished with reference to the cost of hosting service tools. The cost for hosting service tools as reported by the port is taken into account, subject to review of the estimates considered in this regard with reference to actuals during the next review of the MUC.

(iv). The costing for direct travel comprises of cost of airfare, boarding, lodging and other expenses which would be incurred for providing the data linkage services wherein it would be required to visit the client locations, understand their requirements, system study and interface development.

The cost has been estimated considering the cost per travel at ₹ 48000/- (inclusive of airfare, stay and other charges for 4 days stay), for about 25 travels per annum with an increase rate of 50% visits every year.

Based on the above assumption, the cost for the first year would work out to ₹ 12 lakhs per annum. However, the JNPT is seen to have considered the cost of ₹ 2.40 lakhs only for the first year. The basis for considering ₹2.40 lakhs is not made available. The cost estimation made by the port in this regard is relied upon. However, the annual escalation of 50% is restricted to 6%.

(i). As already stated earlier, the LDB project is not an infrastructure project, but is an IT project, thereby being cost driven, resulting in tangible assets not being created. In view of the above position perhaps, the JNPT is not seen to have estimated any depreciation as an item of cost in its estimation. The position of JNPT in this regard is relied upon.

(x). The Management & General Administration Expenses comprises of Sales, General & Administrative Expenses in respect of the Outsourced personnel and in respect of the employees of the SPV as well as provision towards Contingency.

(a). Project envisages that the SPV would outsource the sales and marketing activities to the IT service provider (NEC Corp and its Consortium members).

Sales, General & Administrative Expenses in respect of the Outsourced personnel comprise of Salary (with 5% escalation) of a Director (Japanese origin), various Managers, Accountants etc., Car expenses for use by Management team covering maintenance, fuel expenses, salary of
drivers, insurance (Escalation of 10% considered by JNPT has been moderated and considered at 6%), Communication related expenses pertaining to eased internet line, Voice communication, and various other tools (Escalation in the range of 30%-50% considered by JNPT has been moderated and considered at 6%), Office rental & maintenance comprising of Rental, Office Supplies, Stationery, Maintenance & Housekeeping, Tea & Coffee, IT Setup & Maintenance, Electricity, where the escalation factor has been restricted at 6%.

On the ground that the NEC’s Indian entity would be the local entity for NEC Corporation, which would incur the cost of audit, legal support, handling charges, client management and vendor management, one of the cost item viz., Business Expenses has been estimated at 4% of the Operating expenses by the JNPT. The basis for considering 4% of the Operating expenses has not been explained. In view of this position, the said expenditure has not been taken into account in the analysis.

(b). The Sales, General & Administrative Expenses in respect of the employees of the SPV comprise of cost of Marketing & Branding (Escalation of 10% considered by JNPT has been moderated and considered at 6%), Salary (Escalation of 12% considered by JNPT has been moderated and considered at 6%), Travel Expenses (Escalation of 10% considered by JNPT has been moderated and considered at 6%), Communication Expenses (Escalation of 10% considered by JNPT has been moderated and considered at 6%) and Office Rental & Maintenance comprising of Rentals, Office Supplies, Stationery, Maintenance & Housekeeping, Tea & Coffee, IT Setup & Maintenance, Electricity (Escalation of 10% considered by JNPT has been moderated and considered at 6%) and Business Expenses comprising of Audit and legal expenses (Escalation of 10% considered by JNPT has been moderated and considered at 6%).

(c). The provision towards Contingency has not been taken into account in the calculation, as the said cost does not fall within the ambit of tariff fixation as per the tariff guidelines of 2005.

(xi). No Finance and Miscellaneous Income and Expenditure has been estimated for any of the years under consideration by JNPT.

(xii). Based on the position that the LDB project does not entail high capital expenses or assets and being a IT project, it is more of Operations and Maintenance cost drive. Thus, it is reported that LDB is unlike any infrastructure project wherein a tangible asset is created. Thus, no Return on Capital Employed has been sought by the JNPT. However, Return @ 16% on the Working Capital component (comprising of cash balance calculated at one month estimated operating expenses) has been allowed, as per tariff guidelines of 2005 though not claimed in the proposal.

(xiii). Though no charges are proposed to be levied in the initial year of trial operation i.e. 2015-16, it cannot be denied that operating costs would be incurred to carry out the operations in the year 2015-16 and therefore it may be appropriate to allow recovery of the operating costs incurred during this period also. Based on the above position, the cost estimations furnished by the JNPT for the years 2015-16 to 2018-19 have been moderated. The moderated Cost statement is attached as Annex - II.

(xiv). The moderated average cost position for the years 2015-16 to 2018-19 shows that the service would be in deficit, even after the proposed levy of ₹ 125/- per container in the year 2016-17, ₹ 135/- per container in the year 2017-18 and ₹ 145/- per container in the year 2018-19.
(xv). It is the proposal of the JNPT to not cover the entire deficit pertaining to the service from the levy of the MUC. Therefore, based on the proposal of the port and given that the users have also endorsed the proposed levy of MUC and keeping in view that the DMICDC Trust chaired by the Secretary, Department of Economic Affairs, Ministry of Finance has given approval to the proposal after the necessary due diligence, this Authority is inclined to endorse the proposal of the JNPT for levy of MUC of ₹125/- per container in the year 2016-17, ₹135/- per container in the year 2017-18 and ₹145/- per container in the year 2018-19.

(xvi). The charge to the BOT operators is for collection of MUC by them. Since this cannot be treated as revenue to the BOT operators, the BOT operators are not liable to pay revenue share on the amount collected by them to the JNPT. A Note in this regard is prescribed in the Scale of Rates.

7.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following, as already approved vide the Order dated 29 October 2014:

(i). The proposal of the JNPT to levy the Mandatory User Charge (MUC) of ₹125/- per container in the year 2016-17, ₹135/- per container in the year 2017-18 and ₹145/- per container in the year 2018-19 at the JNPT Port Terminals

(ii). Insertion of the following in the respective Scale of Rates of JNPT, NSICTPL and GTIPL:

“An amount of ₹125/- per container will be levied on all containers (except transhipment and coastal) handled at the respective terminal towards Mandatory User Charge (MUC) with effect from 01 April 2016. Thereafter, it will be increased by ₹10/- per container per annum during the years 2017-18 and 2018-19 respectively.”

(iii). Tracking and viewing the movement of containers across the ports to the ICDs and end users would be provided to the users against the payment of user charges.

(iv). The actual surplus/deficit arising out of the service of LDB by levy of MUC during the period from 2015-16 to 2018-19 will not be dealt in line with the stipulation contained in Clause 2.13 of the 2005 guidelines, but will be carried over to the next tariff cycle.

(v). No royalty/revenue share is payable by the NSICTPL and GTIPL to JNPT, on the revenue collected by them by way of levy of MUC.

7.2. The MUC has been fixed relying on the information furnished by the JNPT and based on assumption made in the proposal as explained in the analysis. If the Authority, at any time, during the prescribed tariff validity period, finds that the actual position varies substantially from the estimates considered or there is deviation from the assumptions accepted herein, the Authority shall require the JNPT to file a proposal ahead of the schedule to review its tariff.

7.3 The validity of the approved rate will automatically expire on 31 March 2019, unless specifically extended by this authority.

(T.S. Balasubramanian)
Member (Finance)
Workflow of the DMICDC LDB Project

Import Case

(i). Once the container offloaded from the vessel the container number & in-time is captured and provide to LDB (would be done through interface with Navis application of the ports, advance info from Shipping Line etc.)

(ii). LDB system records the Port-in information which would be visible to the end user.

(iii). Container is moved to the yard from where it takes one of the below routes:
   (a). Container which would be transported by trucks.
   (b). Container which would be transported by trains.
   (c). Containers which would be moved to another yard of different terminal operator.

(iv). The operational staff of DMICDC SPV will be deployed at the entry and exit gates of the port premises as well as at the railway siding for performing the necessary RFID Tagging/De-tagging operations.

(v). RFID readers would be setup across all the entry and exit gates of the ICD’s, CFS, Toll plazas, for capturing the container information while in transit.

(vi). The container while moving out of the port premises stops at the exit gate and the driver of the truck produces the necessary documents for the customs & the CISF personnel.

(vii). During this time, the operational staff of DMICDC SPV would perform the RFID tagging on the container and sync the tag with the container number using a handheld reader.

(viii). The information captured is then uploaded to the LDB server and accordingly the near real time information is provided to the users of the system via the RFID readers installed across the western corridor.

(ix). Once the container is in transit, the near real time information is captures using the RFID infrastructure setup at the CFS, toll plazas in national highways.

(x). Similarly for the train side operation, once the wagons are loaded onto the containers approximately train takes 1.5 hours before moving out of the port premises.

(xi). During this time period, the operational staff of the DMICDC SPV would attach the RFID tags to the containers and sync the tag number and the container number using the handheld reader.

(xii). RFID readers would be erected alongside the railway siding of the ports to capture when the container is moved out of the port premises.

(xiii). The train related information would be updated using the interface with E-trade system of railways which shall provide the near real time information of the container movement on a regular basis (at all major stations).

(xiv). Once the train reaches the ICD, the readers at ICD would provide the ICD-in information and once container leaves ICD, the ICD-out information is captured using the readers at exit points.

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**Export Case**

(i) The containers which are tagged during their import journey are only de-tagged once their export journey is completed.

(ii) Once the Container begins its export journey from the ICD’s/ factory, RFID reader installed at the ICD’s starts tracking the containers.

(iii) As soon as the container arrives at any of the toll plazas in the highways, the readers installed at the toll gates captures the RFID tag information and is uploaded to the LDB server.

(iv) The operational staff of DMICDC SPV will be deployed at the entry and exit gates of the port premises as well as at the railway siding for performing the necessary RFID Tagging/ De-tagging operations.

(v) The container while moving into the port premises stops at the entry gate and the driver of the truck produces the necessary documents for the customs & the CISF personnel.

(vi) During this time, the operational staff of DMICDC SPV would perform the RFID de-tagging on the container.

(vii) The readers installed at entry gate of the ports will capture the container-in information at the ports.

(viii) When the containers are exported via train, once the train leaves the ICD’s the readers at rail-side provide the ICD out information.

(ix) During the transit, the train related information would be updated using the interface with **E-trade system** of railways which shall provide the near real time information of the container movement on a regular basis(at all major stations).

(x) Once the train arrives the port premise, RFID readers erected alongside the railway siding of the ports would capture when the train arrived in the port premises.

(xi) Approximately the port takes 1.5 hours before containers are offloaded and moved to the yards.

(xii) During this time period, the operational staff of the DMICDC SPV would detach the RFID tags from the containers.

(xiii) The port operators would provide LDB, the port out information whenever the container is loaded onto the vessel using their NAVIS system/ from shipping line.
### Annex - II

**JAWAHARLAL NEHRU PORT TRUST**

Cost statement for the Mandatory User Charge to be levied by the Jawaharlal Nehru Port Trust for the Data Logistics Bank.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Particulars</th>
<th>Estimates furnished by JNPT</th>
<th>Estimates moderated by TAMP</th>
</tr>
</thead>
<tbody>
<tr>
<td>II</td>
<td>Operating Costs (excluding depreciation)</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Handling Charge to the ports</td>
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<td></td>
<td>Rail Integration &amp; ICD Tag Maintenance (For Railways and ICD's)</td>
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<td></td>
<td>RFID Tags</td>
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<td>1592</td>
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<td></td>
<td>LBD Package License &amp; Support</td>
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<td></td>
<td>Realtime Solution</td>
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<td></td>
<td>Helpdesk</td>
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<td></td>
<td>Hosting, Tools &amp; Communication</td>
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<td>III</td>
<td>Depreciation</td>
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<td>IV</td>
<td>Management &amp; General Administration Expenses</td>
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<td>Sales, General &amp; Administrative Expenses - SPV</td>
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<td></td>
<td>Contingency</td>
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<td></td>
<td>Total</td>
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<td>Operating Surplus / (Deficit) (I) – (II) – (III) - (IV)</td>
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<td>-3007</td>
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<td>VI</td>
<td>Finance &amp; Miscellaneous Income (FMI)</td>
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<td>VII</td>
<td>Finance &amp; Miscellaneous Expenses (FME)</td>
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<td>Surplus Before Interest and Tax (V) + (VI) - (VII)</td>
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<td>Return on Capital Employed</td>
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<td>Capacity Utilization</td>
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<td>RoCE adjusted for capacity utilization</td>
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<td>Net Surplus / (Deficit) (VIII) - (XII)</td>
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<td>Net Surplus / (Deficit) as a % of operating income (XIII/I)</td>
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<td>XV</td>
<td>Average Net Surplus/(Deficit) as a % of operating income</td>
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<td>-25.55%</td>
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A summary of comments received from users / user organisations are summarised below:

1. **Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC):**

   (i). The project is a path breaking initiative and would help the entire supply chain with the transparency and visibility that it will bring to the container transportation. With the establishment of Delhi Mumbai Industrial Corridor, the container volume is expected to increase manifold. Along with the physical infrastructure there is a serious need to augment the same with world class IT infrastructure. Logistics Data Bank may be useful to reap the true benefits of the proposed physical infrastructure by bringing in efficiency and comparative performance that can ensure development of the logistics sector.

   (ii). If utilized properly, Logistics Data Bank can result in lot of tangible and intangible benefits to all stakeholders and can also help in the intermodal shift from trucks to rail transport thereby leading to reduced transportation cost as well as environment protection.

   (iii). However, since the financials of the project as per the JNPT proposal show heavy losses in the first three years, it might be prudent to extend the horizon of the project to a minimum period of ten years to make the project financially viable as mentioned in the point no.14 of the agenda note (item no.17) of the proposal.

   (iv). The DMICDC whole heartedly supports this project and would extend all the necessary assistance to fructify the project.

2. **National Association of Container Freight Stations (NACFS):**

   (i). The LDB project is a unique initiative in establishing real time assessment and positioning of container transportation. Container traffic in India is growing at a steady pace of 12-15% year on year basis and the need of the hour would be to provide a fool proof infrastructure supported with real time information on the smooth transition of containers to ensure proper inventory control and tracking of cargo for the trade at large. The Government is laying a lot of stress to implement the dedicated freight corridors as well as road highways and establishing the infrastructure but what is lacking at present is the IT based information on actual movement of containers. Logistics Data Bank would be extremely helpful in achieving this goal by providing efficacy and transparency for the trade and development of the logistics sector.

   (ii). LDB project Mandatory User Charges (MUC) are proposed to be minimal and thus not going to be a burden on the trade and the stakeholders. However, its benefits could be large and have wide ramifications and financial savings for all concerned.

   (iii). The NACFS extends full and whole hearted support to the LDB project and would extend all the necessary assistance for its fruitful implementation pan India.

2. A joint hearing in this case was held on 20 October 2014 at the Office of the Authority. The NEC Technologies, on behalf of JNPT, made a brief power point presentation of JNPT proposal and explained the framework and operational part of the proposal. At the joint hearing, the users and user organisation bodies have made the following submissions:

   **DMICDC**

   (i). Introduction of the LDB project will help in cutting down lead time and cut down costs related to movement of containers. India is still lagging behind, in terms of
movement of containers through rail. We have to strive to move the containers from rail instead of road.

(ii). The data collected through the LDB will be a rich source of information. Ports / Terminals can use the RFID Reader for Gate automation.

(iii). When compared to the operational benefits, the levy of ₹125/- is very less. However, we do not want to have a higher rate in the beginning itself.

**NEC Technologies**

(i). The project will initially cover the Western Corridor. Thereafter, it would be launched on a pan India basis, connecting all major ports as well as the minor ports on a common pricing basis.

(ii). Quality of the service would be maintained.

(iii). No charges would be levied in the first year. Thereafter we have sought ₹125/-, with an year on year increase of ₹10/-. The average cost of an export container is about ₹60,000/- and import container is ₹58000/-. The proposed charge of ₹125/- is less than 0.2%.

(iv). The charges would be levied by the port akin to handling charges and passed on to the SPV formed specifically to monitor and undertake the responsibility of the LDB project.

(v). This is an operation led project. We would be providing a round the clock dedicated help desk.

**CSLA**

(i). The concept is perfect and it will be advantageous. But, with whom responsibility for service will remain.

[NEC Technologies: with SPV]

(ii). Will the project include the Transhipment and Coastal containers.

[NEC Technologies: No, it will not cover the Transhipment and Coastal containers.]

(iii). Who will collect the charge?

[NEC Technologies: Ports/ Terminals will collect the charge. They will retain their portion and pass on the balance to the SPV]

(iv). We have no objection to the proposed levy.

**Mansa**

(i). Mundra and Pipapav container terminals also may be covered by the project.

[DMICDC: Yes, they have also agreed. We want to establish a concept first and expand. We will go on adding more ports]

(ii). We also have no objection to the proposed levy.

**DMICDC**

(i). TAMP can review the rates once in three years. We will come for review as and when required. TAMP can also review the rates *suo motu.*