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Tariff Authority for Major Ports

G.No. 15 **New Delhi,** **12 January 2017**

NOTIFICATION

This Authority, in exercise of the powers conferred on it under Sections 48, 49 & 50 of the Major Port Trusts Act, 1963, had disposed of the proposal received from the Mormugao Port Trust (MOPT) for general revision of its Scale of Rates, on 17 November 2016. Considering the time involved for notifying (Speaking) Order along with the Scale of Rates, approved by this Authority, this Authority decided to notify only the revised Scale of Rates immediately. Accordingly, the Scale of Rates approved by this Authority on 17 November 2016 was notified in the Gazette of India on 30 November 2016 vide Gazette No.434. It was stated in the said Notification that this Authority will notify the Speaking Order, in due course of time. Accordingly, this Authority hereby notifies the Speaking Order connected with disposal of the proposal of the MOPT for general revision of its Scale of Rates as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/38/2016-MOPT

Mormugao Port Trust - - - **Applicant**

QUORUM:

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

O R D E R

(Passed on this 17th day of November 2016)

This case relates to the proposal dated 30 June 2016 received from Mormugao Port Trust (MOPT) for general revision of its Scale of Rates (SOR).

2. The existing Scale of Rates of the MOPT was last approved by this Authority vide Order No.TAMP/43/2012-MOPT dated 14 June 2013 which was notified in the Gazette of India on 19 July 2013 vide Gazette No.196. The validity of Scale of Rates of MOPT prescribed in the said Order was till 31 March 2016.

3.1. The MOPT vide its letter dated 23 March 2016 intimated that the validity of present SOR is expiring on 31March 2016 and it is in the process of preparation of the tariff revision proposal under the Tariff Policy, 2015. Till such time the proposal (to be) filed for revision of its SOR is approved by this Authority, MOPT requested to extend the validity of the existing SOR, including Special rate, upto 30 June 2016 or till notification of the revised SOR, whichever is earlier.

3.2. Based on the request made by the MOPT, this Authority vide its Order No.TAMP/43/2012-MOPT dated 30 March 2016 has extended the validity of existing SOR of MOPT till 30 June 2016 or till the effective date of implementation of the revised Scale of Rates, whichever is earlier, subject to the condition that if any additional surplus accrued to the MOPT for the period beyond 1 April 2016 will be governed by the new Tariff Policy for Major Port Trusts, 2015. The MOPT was directed to file its proposal for general revision of its SOR positively by 30 April 2016.

3.3. However, the MOPT filed the proposal for general revision of its Scale of Rates following Tariff Policy, 2015, vide its letter dated 30 June 2016 with same information gaps as brought out subsequently.

3.4. The main submissions made by the MOPT are summarised below:

(i). The General Revision proposal has been prepared following the Tariff Policy, 2015 and Working Guidelines issued by TAMP. As per the working, the Annual Revenue Requirement is ₹408.29 crores.

(ii). Considering the huge increase required to meet the ARR, Port has interminably discussed and proposed increase in the SOR which the users can bear. The proposal was put up to the Board in its meeting held on 24 May 2016 and the Board approved the proposal for 50% increase in vessel related charges and 40% increase in cargo related charges. The Board also authorized the Chairman to decide the final revision after discussions with Port Users.

(iii). The tariff proposal approved by the Board was discussed with the Port Users in different meetings held with the Vessel Agents, Stevedores, Cargo Importers & Exporters. Based on the discussions, the increase proposed and certain conditionalities have been moderated and certain suggestions of the Users given in the meeting were considered.

3.5. The highlights of the MOPT proposal are as given below: -

(i). Detail computation of Annual Revenue Requirement (ARR) is furnished under Form 1. ARR is estimated at ₹408.29 crores. A summary of the ARR computation furnished by MOPT is tabulated below:

				₹ in lakhs
Sl. No.	**Description**	**Y1 (2011-12)**	**Y2 (2012-13)**	**Y3 (2013-14)**
(1)	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating Expenses (including depreciation)	19734.39	19572.33	17903.48
(ii).	Management & General Overheads	6154.76	6404.06	6204.16
(iii).	Finance and Miscellaneous Expenses (FME)	9446.86	9388.24	11234.75
	Total Expenditure 1=(i)+(ii)+(iii)	**35336.01**	**35364.63**	**35342.39**
(2)	**Less Adjustments:**			
(i).	**Estate Related Expenses**			
	(a) Operating Expenses (including depreciation)	798.01	854.85	699.30
	(b) Allocated Management & Administrative Overheads	248.88	279.71	242.33
	(c) Allocated Finance and Miscellaneous expenses (FME)	291.19	308.96	325.89
	Subtotal 2(i)=[(a)+(b)+(c)]	**1338.08**	**1443.52**	**1267.52**
(ii).	**Railway Related Expenses**			
	(a) Operating Expenses (including depreciation)	783.89	961.06	1111.80
	(b) Allocated Management & Administrative Overheads	244.48	314.46	385.28
	(c) Allocated Finance and Miscellaneous expenses (FME)	286.04	347.34	518.12
	Subtotal 2(ii)=[(a)+(b)+(c)]	**1314.41**	**1622.86**	**2015.20**
(iii).	**Interest on loans**	0.00	0.00	36.71
(iv).	**4/5th 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) Retirement Gratuities (Special Voluntary Retirement Scheme – [SVRS])	0.00	0.00	241.83
	(b) Ex-gratia payments (SVRS)	0.00	0.00	584.94
	Subtotal 2(iii)=[(a)+(b)]	**0.00**	**0.00**	**826.77**
(v).	**4/5th of the Contribution to the Pension Fund**	2120.00	1869.60	1860.00
(vi).	**Management & General Overheads over and above 25% of the Aggregate of the Operating Expenditure and Depreciation**	1123.28	1370.78	1553.45
(vii).	**Expenses relevant for Tariff Fixation of Captive Berth, if any governed under Cl. 2.10 of the Tariff Policy 2015**			
	(a) Operating Expenses	-	-	-

	(b) Depreciation	-	-	-
	(c) Allocated Management & Administrative Overheads	-	-	-
	(d) Allocated Finance and Miscellaneous expenses (FME)	-	-	-
	Subtotal 2(vii)=[(a)+(b)+(c)+(d)]	**0.00**	**0.00**	**0.00**
	Total 2 = 2(i)+2(ii)+2(iii)+2(iv)+2(v)+2(vi)+2(vii)	**5895.77**	**6306.76**	**7559.65**
(3)	**Total Expenditure after Total Adjustments (3 = 1 - 2)**	**29440.24**	**29057.87**	**27782.74**
(4)	**Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3**		**28209.10**	
(5)	**Capital Employed**			
	(i) Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		39552.37	
	(ii) Add: Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)		15276.53	
	(iii) Less: Net Value of Fixed Assets related to Estate Activity as on 31.03.2014 as per Audited Annual Accounts		2312.03	
	(iv) Less: Net Value of Fixed Assets related to Railway Activity as on 31.03.2014 as per Audited Annual Accounts		955.35	
	(v) Less: Net Value of Fixed Assets, if any, transferred to BOT operator as on 31.03.2014 as per Audited Annual Accounts		0.00	
	(vi) Less: Net Value of Fixed Assets as on 31.03.2014 as per Audited Annual Accounts relevant to be considered for captive berths, if any, under Cl. 2.10 of the Tariff Policy 2015		0.00	
	(vii) Add: Working Capital as per norms prescribed in Cl 2.5 of the Working Guidelines			
	(a) Inventory		719.20	
	(b) Sundry Debtors		494.78	
	(c) Cash		2799.57	
	(d) Sum of (a)+(b)+(c)		**4013.55**	
	(viii) Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)-(vi)+(vii)(d)]		**55575.07**	
(6)	**Return on Capital Employed 16% on Sl. No. 5(viii)**		**8892.01**	
(7)	**Annual Revenue Requirement (ARR) as on 31.03.2014 [(4)+(6)]**		**37101.11**	
(8)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**		**39327.18**	
(9)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (8*1.0382)**		**40829.48**	

(10)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2016-17 i.e. @ Nil escalation**	**40829.48**
(11)	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**40829.48**
(12)	**Revenue Estimation at the proposed SOR within the Ceiling Indexed ARR estimated at Sl. No.11 above**	**19,671.24**
Note : 1) 2013-14 FME includes ₹30.00 Crores withdrawn from the Pension Fund for Pension Payments 2) Sl. No. 2(iv) has not been considered for averaging over 3 years and has been deducted after the averaging		

(ii). The increase broadly proposed by MOPT are as given below:

(a). Vessel related charges by 35%
(b). Cargo related charges by 25%
(c). Storage charges by 25%

(iii). The tariff increase as indicated in Form 3 by the MOPT for major items are given below:

Sr.		**Particulars**	**% increase proposed by MOPT in existing tariff**
1		Vessel Related Charges:	
	a.	Port dues	35% increase, 201% increase in country craft, tugs, launches, etc.
	b.	Pilotage	35% increase
	c.	Berth Hire	25% to 39% increase, 191% to 274% increase for vessels upto 15000 GRT at Berth No.5, 8, 10 and 11.
	d.	Tug Hire	40% increase.
2.		Cargo Related Charges:	
	a.	Wharfage	
		(i). Bulk Cargo	21% to 212.50% increase, sugar reduction of 23.81%
		(ii). Mineral Oils/ POL Products	94.95% to 286% increase
		(iii). Iron Ore/ Iron Ore Pellets (Berth)	12.78% to 40.27% increase
		(iv). Iron Ore (Stream/ Overside)	4.12% to 36.36% increase
	b.	Container Handling	9.02% to 19.69% increase
	c.	Storage charge for transit sheds	7% to 128.57% increase, Reduction proposed in few slabs for break bulk cargo in the range of 50% to 33%
	d.	Cargo Handling Labour Charges	4% to 45% increase HR Coils 262.96% increase
	e.	Embarkation and Dis-embarkation	Reduction of 98.15%
	f.	100T HMC	
		(i). Dry Bulk Cargo	20% to 348.79% increase
		(ii). Break Bulk Cargo	1.05% to 29.91% increase Nickel cobalt reduction of 16.64%

		(iii). Granite	Reduction of 20.81% to 33.31%
		(iv). Container	65.21% to 65.34% increase

(iv). The following are the other main modifications in the proposed SOR as furnished by the MOPT:

(a). The structure of Berth Hire charges has been changed from berth wise to vessel type wise. [The Berth Hire has been proposed as per the vessel classification]

(b). Tariff towards Anchorage Charges has been segregated into working anchorage and idle anchorage.

(c). Dredging levy approved by the Authority (i.e. reference tariff) has been incorporated.

(d). Special Levy has been done away with.

(e). Cargo commodities have been rationalised.

(f). Composite container handling charges have been prescribed which includes two Reach Stackers moves.

(g). Container wharfage for empties has been increased to 20% of rates proposed for laden container loaded rates.

(h). CHLD productivity slab rates have been rationalised.

(i). CHLD Levy has been introduced for handling Anchorage.

(j). Tariff for hire of Mobile Harbour Crane (MHC) have been segregated into MHC working together with:
(a). Ships gear and
(b). Gearless vessels.

(k). Weighment charges for Rail/ Road weighbridges has been introduced.

(v). The MOPT has furnished detailed working of revenue estimation considering the existing tariff and the proposed tariff for the actual traffic of 2014-15 in Form 3.

(vi). The Performance Standards proposed by MOPT in Form-6 are as follows:

Sl. No.	Performance Parameters	Proposed performance standards
(1).	**Cargo Related Services**	
(a).	Average Ship Berth day Output (in tonnes) in respect of Major Cargo groups	
	(i). POL Products	6,764
	(ii). Other liquid bulk cargo	8,399
	(iii). Iron ore/Iron ore pellets	14,460
	(iv). Fertilizers - finished	4,054
	(v). Thermal/Steam coal	32,842
	(vi). Coking Coal	32,675
	(vii). Containers	3,091
	(viii). Other Dry bulk cargo	12,849
	(ix). General break bulk cargo	3,778
(b).	Average moves per hour (in TEUs) in respect of Containers	12

(2).	**Vessel Related Services**	
(a).	Average Turnaround Time of Vessels (in days)	3.20
(b).	Average Pre-Berthing Time of Vessels (in days) (Port's A/c)	0.18
(3).	Any other parameters found relevant by the Port	
(a).	Avg. Non-Working time to stay at working berth (in days)	0.40

4.1. The MOPT vide its email dated 1 July 2016 has forwarded its email sent to all stakeholders intimating that the proposed revision of Scale of Rates (SOR) has been uploaded on the website of the port. The said email states that the proposed SOR has been finalised after several round of discussion and consultation with all stakeholders. The MOPT has requested the stakeholders to peruse the revised SOR and furnish comments to TAMP with copy to MOPT.

4.2. The MOPT vide its e-mail dated 11 July 2016 has intimated that certified Form-3 will be sent as soon as it is received from the Chartered Accountant.

5. In view of few gaps in the proposal, the MOPT was requested vide our letter dated 15 July 2016 to take action on the following points:

(i). The MOPT e-mail dated 1 July 2016 states that port has uploaded the draft proposed SOR on its website and intimated to stakeholders. As per clause 5.2. of the Tariff Policy, 2015, the MOPT to confirm hosting of both the draft proposed SOR as well as Performance Standards and intimate the stakeholders.

(ii). The Port to confirm that it has communicated to all users / user organization about the hosting of its draft SOR and proposed performance standards in its website.

(iii). The MOPT to submit its replies on the comments to be received from Port Users to TAMP not later than 15 days from the last date of receipt of comments from the port users as per clause 5.3. of the Tariff Policy, 2015.

(iv). The following information/ documents required to be submitted along with the proposal as per the checklist not submitted. The MOPT to, therefore, furnish the following immediately:

(a). Copy of Board Resolution approving the said General Revision proposal.
(b). The revenue estimates furnished by the MOPT in Form 3 certified by practicing Chartered Accountant/ Cost Accountant, as agreed by the port vide its e-mail dated 11 July 2016.

(v). In the meantime, with reference to the draft proposed SOR hosted by MOPT on the website, M/s.Zuari Agro Chemicals Ltd. (ZACL) has vide their e-mail dated 6 July 2016 furnished comments to TAMP as well as to MOPT. A copy of the comments of ZACL was forwarded to MOPT for comments thereon.

6. The MOPT vide its emails dated 11 July 2016, 22 July 2016 and 26 July 2016 has responded as follows:

(i). The MOPT has confirmed that it has hosted both the draft proposed SOR as well as Performance Standards and intimated the stakeholders about the same through email to the concerned stakeholders / users.

(ii). The MOPT has furnished its comments on comments of M/s.Zuari Agro Chemicals Limited, which is brought out in subsequent paragraphs.

(iii). The port has forwarded Form-1 and Form-3 duly certified by the practicing Chartered Accountant.

(iv). It has forwarded a copy of the Board Resolution no.24 passed by Board of Trustees of the MOPT in the Meeting held on 24 May 2016 approving the general revision proposal of the Port.

7.1. The Goa Mineral Ore Exporters Association (GMOEA) vide its letter dated 20 July 2016, requested for a copy of complete proposal filed by MOPT alongwith Forms / Annexures submitted by the port for revision of its SOR. The GMOEA has also requested to provide the proposal in soft copies with linkage in excel format wherever applicable, so as to enable GMOEA to furnish their comments/ suggestions to TAMP.

7.2. In view of the above said letter of GMOEA, the MOPT was requested vide our letter dated 25 July 2016 to share complete proposal with GMOEA with a request to furnish their comments in a week's time to MOPT and TAMP and also intimate us when the action is done. The MOPT was also requested to share its complete proposal with other user / user organisations as well, if so requested by them.

7.3. The GMOEA vide its email dated 5 August 2016, has forwarded a letter addressed by it to MOPT dated 1 August 2016, requesting port to provide soft copies wherever possible at the earliest so that their views is submitted to TAMP in time.

8. The comments received from the concerned users/ user organisations on the subject proposal were forwarded to MOPT as feedback information. The MOPT vide its letters dated 26 July 2016 and 4 August 2016 and two letters dated 5 August 2016 has furnished its comments thereon.

9.1. The Goa Mineral Ore Exporters Association (GMOEA) vide its letter dated 9 August 2016 has furnished its comments which were forwarded to MOPT. The MOPT has not furnished its comments on this specific letter of GMOEA.

9.2. A joint hearing in this case was held on 22 August 2016 at the MOPT premises. The MOPT made a brief power point presentation of its proposal. The GMOEA also made a power point presentation of their comments furnished to TAMP on 19 August 2016. At the joint hearing, the MOPT and the concerned users/ user organizations have made their submissions.

9.3. As agreed at the joint hearing, the MOPT was requested vide our letter dated 26 August 2016 to take action on the following points:

(i). At the joint hearing, few users/ user association have raised issue relating the notional Cargo Handling Labour Division (CHLD) levy and levy of pilotage fee by the MOPT for pilotage services not rendered at anchorage at West Of Breakwaters (WOB). The MOPT to examine the matter and furnish its response in a week's time i.e. by 29 August 2016 as agreed at the joint hearing.

(ii). Furnish comments on the written submissions made by Mormugao Stevedores' Association (MSA) dated 20 August 2016 and Goa Mineral Ore Exporters' Association (GMOEA) dated 19 August 2016 (which was already sent by GMOEA earlier).

9.4. As agreed at the joint hearing, the GMOEA was requested vide our letter dated 26 August 2016 to furnish hard copy of power point presentation made by GMOEA at the joint hearing.

10.1. With reference to the first point of action decided at the joint hearing brought out in para 9.3. (i) above, the MOPT vide its letter dated 3 September 2016 has revised the CHLD levy and levy of pilotage fee in the Scale of Rates already submitted by the port which is being brought out in the subsequent paragraphs.

10.2. With reference to the second point of action decided at the joint hearing brought out in para 9.3. (ii) above, the MOPT vide its letters dated 29 August 2016 has furnished its reply to written submissions made by MSA.

10.3 With reference to the second point of action decided at the joint hearing brought out in para 9.3. (ii) above, the MOPT vide its letters dated 29 August 2016 has furnished its reply to the comments made by GMOEA. Further, the GMOEA vide its letter dated 3 September 2016 has furnished its further comments on the comments of MOPT. The MOPT vide its letter dated 22 September 2016 has furnished further submissions on the comments of GMOEA dated 3 September 2016.

11. With reference to the para 9.4 above, the GMOEA has vide its letter dated 27 August 2016 furnished hard copy of power point presentation made by GMOEA at the joint hearing held on 22 August 2016.

12. The MOPT vide its letter dated 3 September 2016, has submitted that with reference to GMOEA's and MSA's comments and other considerations, the port has proposed few changes in the proposed SOR already submitted by the port. The Mormugao Ships' Agents Association (MSAA) vide its letter dated 20 September 2016 and GMOEA vide its letter dated 21 September 2016 have furnished their comments. The MOPT vide its letter dated 7 October has furnished its reply on the comments of MSAA and GMOEA.

13.1. Based on the preliminary scrutiny of the proposal dated 30 June 2016, the MOPT was requested to furnish information / clarification on a few points vide our letter dated 12 September 2016 followed by reminder dated 26 September 2016. The MOPT vide its letter dated 6 October 2016 received on 13 October 2016 has responded to the information/ clarifications sought by us. A summary of the information/ clarifications sought by us and the response of MOPT are tabulated below:

Sl. No.	Information/ Clarifications sought by us	Response from MOPT
1.	**Annual Revenue Requirement (FORM NO.1)**:	
(i).	Finance and Miscellaneous Expenses: Sl. No.1 (iii). The Finance and Miscellaneous Expenses (FME) considered in the total expenditure for the year 2013-14 at ₹11,234.75 lakhs do not match the FME reported in the Audited Annual Accounts at ₹8,234.75 lakhs for the year 2013-14. This may be corrected.	**Finance and Miscellaneous Expenses:** The total finance and miscellaneous expenses during the year 2013-14 was ₹11,234.75 lakhs. However, ₹3,000 lakhs was withdrawn from the pension fund to meet the shortfall in cashflow towards pension payment. As such, the actual finance and miscellaneous expenses were ₹11,234.75 crores. The withdrawal of ₹3,000 lakhs to meet the pension expenditure has been disclosed at sl.no.20 to the notes of accounts in the Audited Annual Accounts.
(ii).	The MOPT has shown adjustment (excluded from ARR) of ₹1,314.41 lakhs, ₹1,622.86 lakhs and ₹2,015.20 lakhs for the years 2011-12 to 2013-14 respectively towards Railway related expenses. This adjustment is not in line with the adjustment stipulated in Clause 2.2 of Tariff Policy 2015 and Clause 2.2 of the Working Guidelines. The MOPT to, therefore, modify the proposal following the provisions stipulated in the Tariff Policy, 2015 and the Working Guidelines, 2015 and as per the prescribed format.	Modified Form 1 is enclosed herewith.
(iii).	4/5th of the One time expenses like arrears of wages/ pension/ gratuity/ exgratia Payment etc., (Sl.No. 2 (iv)) of Form-I: The MOPT has excluded ₹241.83 lakhs and ₹584.94 lakhs in the year 2013-14 towards retirement gratuity and ex-gratia	4/5th of the one-time expenses like arrears of wages/ pension/ gratuity/ ex-gratia payment etc. Re-conciliation is furnished below: During the year 2013-14, Port had introduced a Special Voluntary Retirement Scheme

	payment (SVRS) respectively. Note 2 and 3 under Form-3 require the port to furnish a working reconciling the amount reported in the Audited Annual Accounts and the figures considered in the cost statement. The MOPT has not furnished requisite reconciliation/ working. Kindly provide the same.	wherein, 62 employees of the Port had opted for retirement under the scheme. Port has paid ex-gratia of ₹731.18 lakhs, out of which 4/5th of the expenditure amounting to ₹584.94 lakhs has been reduced in the Form 1. Similarly, the total retirement gratuity paid to employees who have opted for retirement under SVRS was ₹302.29 lakhs which is included in the retirement benefits of ₹3,892.38 lakhs alongwith other pension and gratuity payments. Please refer Schedule 15 of Audited Annual Accounts.
(iv).	<u>Average Expenses (Sl. No.4):</u> The MOPT has arrived at the average expenses of the years 2011-12 to 2013-14 at ₹28,209.10 lakhs. For arriving at the average expenses, it is seen that the MOPT has followed Note 2(ii) of the Form 1. It is relevant to state that in the case of general revision of SOR of COPT, NMPT, VPT, and VOCPT the concerned port had considered simple average of three years which has been accepted by the Authority. Say in the case of MOPT it will be ₹28,760.28 lakhs (₹29,440.24 lakhs + ₹29,057.87 lakhs + ₹27,782.74 lakhs/3) instead of ₹28,209.10 lakhs. The MOPT may consider to modify the ARR in the light of the above observation.	<u>Average Expenses:</u> The desired changes in average expenses have been carried out in the modified form 1 attached herewith.
(v).	<u>Capital Employed (Sl.No.5):</u> The MOPT has excluded net fixed assets of ₹955.35 lakhs related to railway activity from the net fixed assets as on 31 March 2014 reported in the Annual Accounts 2013-14. This adjustment is not in line with clause 2.4. of the Working Guidelines. Such an adjustment is not done in any of the Major Port Trusts whose tariff is determined by the Authority under the Tariff Policy, 2015. The MOPT to, therefore, requested to modify the capital employed figure in line with the relevant provision in the Working Guidelines.	<u>Capital Employed:</u> Changes have been incorporated in the revised Form 1.
(vi).	In view of above observation, the MOPT is requested to furnish modified ARR (Form -1) duly certified by the Practicing Chartered Accountant / Cost and Management Accountant.	The modified ARR Form 1 has been furnished and the duly certified copy will follow.
2.	<u>**Working relating Management & General Administrative Overheads (MGAO) (Form-2):**</u>	
	The MOPT at Sl. No.2 has excluded the operating expenditure relating to railway activity as well estate activity to arrive at the admissible MGAO cap at 25% of the operating expenditure. As per the format prescribed by the Authority annexed to the Working Guidelines, only the operating expenditure of Estate is to be excluded and not railways. The MOPT to make	Necessary changes have been made in Form 2.

	necessary correction in the Form 2. Consequent to the above, the MGAO at Sl. No.5 may also undergo a change which may be corrected in Form 2 and the modified corrected MGAO considered for exclusion may be captured in Form 1 at Sl. No.1(vi) as well.	
3.	**Revenue estimation (Form-3):**	
(i).	The MOPT has stated that traffic figures based on 2014-15 actuals are considered for revenue estimation. The MOPT to furnish Administrative Report for the year 2014-15 and furnish the following:	Administration Report for the year 2014-15 is enclosed herewith.
(a).	Confirm that the total GRT vessel considered in the revenue estimates for vessel related charges matches with the actual total GRT of the vessel handled by the port for the year 2014-15. In case of mismatch, the MOPT to reconcile the difference.	The bill register on the basis of which GRT has been arrived at includes vessel related charges such as Port dues, pilotage, berth hire charges wherein, the GRT of the vessel appears multiple times. Also, the GRT of non-commercial vessels such as Coast Guard, Navy, research vessels, etc. do not form part of the administration report figure. The broad reconciliation statement is enclosed.
(b).	Confirm that volume of cargo considered in the revenue estimates matches with the actual cargo handled and reported in the Administrative Report. In case of variation, the difference is to be reconciled.	Reconciliation of cargo considered in the revenue estimates and the cargo reported in the administrative report is attached.
(ii).	It is seen from the revenue estimation at the proposed Scale of Rates (Form 3) that the port has not captured the revenue impact of following tariff items proposed in the Scale of Rates (SOR).	
(i). (a).	1.1. Port Dues (i). Barge carrying Cargo, (ii). Bunker/ Water Barges, (iii). Pleasure Yachts.	(a) As regards Port dues on barge carrying cargo, bunker/water barges, there is no data for estimating the income as these barges were not being charged in the past. The charges are introduced for the first time for the purpose of monitoring and not for generating revenue. At the proposed rate of ₹6000/- per annum on the barges, the revenue will be negligible. As regards Pleasure Yachts, this has been introduced to cover future eventuality. There were no pleasure yachts in the past in the Port.
(ii).	1.3.1. Berth Hire Charges: (a). Cruise Vessels, (b). Foreign Navy / Coast Guard Vessels.	1.3.1 Berth hire income on cruise vessels, foreign navy vessels and Coast Guard vessels are part of the existing berth-wise vessel distribution. However, the revenue estimation at proposed rates on the revised classification is furnished herewith in a separate statement.
(iii).	1.3.2. Mooring Dolphins	1.3.2 The revenue estimation for Mooring Dolphins is incorporated in the revised Form-3.
(iv).	1.4. Anchorage charges: (a). Liquid Bulk Vessels. (b). Cruise Vessels. (c). Navy Vessels	(a)(b) (c) Anchorage revenue estimation at proposed rates on the revised classification is furnished herewith in a separate statement.

(v).	1.5.1.2. Charges for cancellation of water supply after barge has left station.	There has been no instance of cancellation of water supply after barge leaves the station and the rates have just been carried forward from the previous SoR. The same has now been included in revised Form – 3 with nil traffic.
(vi).	1.5.1.3. Detention charges for water barge.	There has been no instance of cancellation of any detention charges for water barges. The same has now been included in revised Form – 3 with nil traffic.
(vii).	1.6. Dredging Levy	Dredging levy has been introduced for the first time.
(viii).	2.1.2. Wharfage rate of Break Bulk Cargo:	All the cargoes have been accounted for in Form 3 as per the previous SoR classification.
(a).	Bars, ingots, pipes of all types, timber/ wooden logs.	
(b).	Mineral and ores of all types in bags, pallets, etc.	
(c).	Machinery and Project Cargo	
(d).	Arms, Ammunitions, Explosives and Defence Stores.	
(e).	All other break bulk cargo not specified above.	
(ix).	2.1.3. Wharfage rate of Liquid Bulk Cargo (a). LPG/ LNG (b). Molasses. (c). Any other liquid bulk cargo not specified above.	These cargoes are not being handled but only rates have been proposed.
(x).	2.3.1.1.2. Cargo storage of Export – Dry Bulk Cargo. [Cargo storage of Export Break Bulk appears to be duplicated]	The same has been incorporated in the revised Form-3.
(xi).	Ground rent/ demurrage on explosive/ dangerous/ hazardous goods.	There has been no instance of any ground rent/ demurrage on explosive/ dangerous/ hazardous goods.
(xii).	2.4.1. Stevedoring Charges for (a) Dry bulk cargo/ Managenese/ cement/ clinker/ nickel/ bentonite/ pig iron (Sl. No.2), (b) Containers stuffing/ de-stuffing and (c) Container/ miscellaneous handling.	(a) Only nickel has been handled which is included in the Form-3 (b) No instances have taken place (c) Container miscellaneous handing charges are already included in Form 3 wherein the actual traffic handled by the Port is 966 (885+58+23) hooks.
(xiii).	2.6.1. For many of the tariff items proposed for Mobile Harbour Crane, revenue is not estimated in the Form 3.	As per the tariff working guidelines for the purpose of arriving at proposed income, the traffic of 2014-15 is to be considered. However, as there was no traffic under that category for the year 2014-15, the same has not been considered.
(xiv).	2.6.3.Transhipper/ trans-loader/ floating crane charges.	The revenue under transhipper is already included with existing tariff as ₹9.83/- .
(xv).	4.1. Hire of equipment and machinery.	Revenue has already been estimated in Form-3.
(xvi).	4.2. Hire of flotilla	There are no instances.
(xvii).	4.3. Weighment charges	Weighment charges have been introduced for the first time.
(iii).	The MOPT vide its letter dated 3 September 2016 has proposed to delete the proposed CHLD levy from the proposed SOR. The revenue estimates	The revenues from CHLD Levy have been excluded in the revised Form 3.

	furnished by the port earlier captures revenue from this item which may be excluded.	
(iv).	The revenue estimates include revenue estimates from CHLD levy for private labour, CHLD levy (SWPL), CHLD levy ores, Transhipper Accord levy. Such tariff items are not approved by the Authority in the existing SOR nor found in the proposed SOR. Hence, the revenue estimates for these items may be excluded from Form 3.	The revenues have been excluded in the revised Form 3.
(v).	The port has proposed a few new tariff items in its letter dated 3 September 2016. The port to include revenue impact thereof in the revenue estimates.	The revenue impact of new charges proposed has been incorporated in the revised form 3.
(vi).	In the light of the above observation, the MOPT is requested to modify the revenue estimates and furnish revised Form 3 duly certified by practicing Cost Accountant/ Chartered Accountant.	The duly certified revised Form 3 will be furnished.
4.	**Scale of Rates**:	
	The MOPT has proposed a few new tariff items / conditions and has proposed lot of rationalisation / simplification of the existing SOR and has also proposed for deletion for few tariff items/ conditions. Clause 2.12. of the revised Working Guidelines stipulates that if a new condition is introduced or if existing condition is modified due to operational contingency, the port may prescribe such modification with reasons thereof and capture the financial / revenue impact in the ARR. The basis adopted for new items is to be furnished and its financial effect to be captured in the revenue estimations in Form-3. In this regard, the MOPT is requested to furnish clarification / information on a few points as given below:	
(i).	Form 5 prescribed by the Authority requires port to furnish comparative position of existing and proposed Scale of Rates. Form 5 furnished by the port does not give comparison of the entire existing SOR along with the conditionalities. The MOPT is, therefore, required to furnish the revised Form 5 as per the format prescribed covering the entire existing SOR juxtaposed with the proposed SOR and furnish reasons for the proposed modification/ deletion/ amendment for ease of understanding.	As per TAMP requirement, the revised Form 5 is attached herewith.
(ii).	**General Terms and Conditions**:	
(a).	Note (vi) (c): The reasons for proposed addition of the last two sentence in the said note to state that the declaration of the containers/cargo meant for transhipment shall be made at the time of filing of Import General Manifest (IGM). Such	Unless a transhipment container is declared before arrival, it would not be possible to identify and segregate such containers. Given the fact that MOPT faces a peculiar situation of restricted space, it becomes imperative that this information is available beforehand

	containers/cargo meant for transhipment shall be transshipped within seven days from the date of their landing may please be explained as it is not in line with the prescription in clause 9.6. of the working guidelines.	so as facilitate yard planning. Therefore, this requirement has been added primarily for ease of operation and is not in violation of the guidelines.
(b).	Note (vii) (c): The proposed addition in note (vii) (c), states that no request for refund will be entertained after 30 days. This is not found to be in line with the stipulation made in section 55 of the Major Port Trust Act (MPT) 1963 which allows six months' time to the users to claim for refund of overcharge from the date of payment. The Major Port Trusts are governed by the provision in the Act in this regard. Hence, the port may continue with the existing provision which is as per clause 5.5.3 of the Working Guidelines and uniformly prescribed in the SOR of all the Major Port Trusts including the existing SOR of the port.	The necessary changes have been carried out in the revised SoR attached herewith.
(c).	Note (vii) (c). (d): The port has proposed to add in the existing note that in case of non-payment within 10 days, the interest shall be calculated from the date of raising the bill. The delay in payments after 10 days would also be applicable for the balance payments resulting from the short estimation of advance payments. The proposed addition to the existing note is not in line with clause 5.5.2. of the Working Guidelines and uniformly prescribed in the SOR of all the Major Port Trusts including the existing SOR of the port. The reasons for proposed addition needs to be adequately justified by the port.	Necessary corrections have been made in the revised SoR.
(iii).	**<u>Section 1.1. – Port Dues</u>**:	
(a).	In the existing SOR, the port dues for country craft, tugs, launches, fishing trawlers and other vessels is prescribed separately at US$0.0852436/ GRT for foreign going vessel. At the proposed uniform port dues rate of US$0.2566/ GRT for foreign going vessel due to rationalisation proposed by the port, the tariff increase works out to 201% for the country craft, tugs, launches, fishing trawlers and other vessels as against 35% increase proposed in vessel related charges. Please justify steep increase for this categories of vessel.	Country crafts and fishing trawlers– a note to exclude from paying port dues is introduced in the revised SoR. Other crafts will be charged as per the rates applicable to vessels. These tugs and other crafts having lesser GRT vessels, the revenue is negligible. Hence, it is proposed to merge this category with the vessels.
(b).	Explain the reason for deletion of the existing note 2, 3 (i), (iii) and (v). In the existing SOR, pleasure yachts are exempted from levy of port dues.	Note 2,3 (i), (ii), (v) – such vessels are not handled at this Port, hence these notes are proposed to be deleted. Pleasure yachts are essentially luxury crafts owned by the affluent. MOPT is in the process of developing a marina which is expected to receive several pleasure yachts from all over.

		It is therefore essential that a rate is prescribed for the port conservancy (port dues) on the same principles as is levied on all cargo vessels. Note 3(v) has been consciously deleted since MOPT is witnessing heightening influx of Coast Guard, Indian/Foreign naval vessels and Research vessels which impairs the port's capability to handle commercial cargo vessels (resource diversion – tugs, pilot launch, berth, etc.) without any commensurate remuneration.
(c).	In the proposed SOR, the port has proposed port dues for barges carrying cargo and Bunker / water barges at ₹6,000/ annum and pleasure yachts at ₹10,000 / month / yatch. Reasons and basis for the proposed rates may be explained.	The object of introducing this clause is to essentially establish a conservancy right over all the crafts and vessels plying in the port waters. Moreover, these crafts are engaged in commercial activities and the port has the right to charge a nominal levy.
(d).	The existing note (5) is as per section 50 (B) of the Major Port Trusts Act. In the proposed note (5), the port has added a sentence stating that however, the vessel arriving at the Western India Shipyard Limited (WISL) for repairs shall pay the Port Dues in full, as provided under 1.1 above. It may be examined whether the proposed note is in line with Section 50B of the Major Port Trusts Act, 1963.	WISL is a commercial establishment operating within the port providing dry dock and repair facility. Section 50(B) would apply for vessels entering the port with an intention to discharge/load cargo but are unable to do so. However, the vessels at WISL enter the port with a specific intention of repairs and dry dock (commercial activity of profit to WISL) and as such this clause would not apply to vessels calling at WISL.
(e).	The existing SOR prescribes a note that a cruise vessels where embarking or disembarking of passengers is not involved shall be charged with only 50% of the Port dues. The reasons for deletion of the existing note may please be explained.	This has already been taken care of. Kindly refer to the Note: The Port Dues for Cruise Vessels above are inclusive of the concession @ 50%.
(f).	Explain the reasons for deletion of the existing concessional port dues (i.e. US$ 0.02451/GRT/hour) on foreign naval vessel occupying General Cargo Berths and Mooring Dolphins in the proposed SOR.	The existing rate of US$ 0.02451/GRT/hour was an additional rate charged for Foreign Naval vessels which has now been incorporated in the proposed rate.
(iv).	**Schedule 1.2.3. Cancellation charges and 1.2.4. Detention charges**:	
(a).	Explain the basis for proposing rationalised cancellation charges and detention charges.	This is a conscious decision driven by commercial consideration
(b).	In view of rationalised tariff the increase works out to more than 35% for some of the existing slabs. The MOPT to justify steep increase in some of the existing slabs.	This is a conscious decision driven by commercial consideration.
(c).	The increase proposed in the detention charges at note 1 if pilot is carried away/ outside the port limit due to bad weather is 143% as against 35% increase proposed in vessel related charges. Justify steep increase proposed in this item. Further, the MOPT may prescribe a specific rate for coastal vessel in note 7 instead of the	This is a conscious decision driven by commercial consideration.

	proposed note that it will be 60% of the rate for foreign going vessel.	
(v).	**<u>Schedule 1.2.5. – Special charges for Western India Shipyard Limited (WISL) Dry dock</u>**:	
(a).	The port has added a note under the title of this schedule that the rates prescribed in this schedule will be in addition to the charges prescribed for pilotage fee in the SOR. In view of that, it appears that for hot move, apart from the proposed pilotage fee, actual rate of pilotage fee will be levied for WIPL. This provision appears to be applicable for cold move also. Hence, the additions of the words under this schedule may be deleted to avoid ambiguity in implementation of the SOR by the port.	Special charges for WISL are levied in units of pilotage rates. Being special charges, these charges are in addition to the normal pilotage already given in the existing SOR and there is no change in the conditions.
(b).	The existing SOR prescribes charges for “Other movements” of vessels under this schedule. The reasons for deletion of the existing tariff for “other movements” in the proposed SOR to be explained. Also, clarify what will be the tariff arrangement for such “other movements”.	The rates have been rationalised to bring clarity and avoid misinterpretation. However, all moves shall be levied with appropriate charges as applicable.
(c).	The port to explain the reasons for deletion of existing notes (1) to (3) under the schedule. The last note allows one free shifting not involving movements to / from WISL facilities. Explain the reasons for deletion of this note.	The rates have been rationalised to bring clarity and avoid misinterpretation. However, all moves shall be levied with appropriate charges as applicable.
(vi).	**<u>Schedule 1.3. Berth Hire Charges</u>**:	
(a).	The existing SOR prescribes berth hire in two to three slabs for (a). Berth No. 8 (b). Berth Nos.10 and 11 and (c). Berth No.9 (MOHP). As against that the MOPT has proposed single slab berth hire for three vessel types viz. (a). Cargo/ container vessels/ Transhippers (b). Liquid Bulk Vessels. (c). Cruise Vessels. Furnish the basis of the proposed rationalised tariff for each item supported with detailed working.	As per clause 10.9 of working guidelines, berth hire is to be charged on single slab of GRT and hence the rationalisation has been proposed in line with the guidelines.
(b).	Please furnish comparative statement showing the berth hire at the existing rate vis-à-vis the proposed rate and the percentage tariff hike for each existing slab at the proposed rationalised tariff.	The comparative statement is furnished.
(c).	From the Form 3, it is seen that the impact of the proposed berth hire for some of the existing slabs is estimated to be in the range 191% to 274% as against 35% increase stated to have been proposed in the vessel related charges. Since the increase at the proposed single tier berth hire charges appears to be steep for some of the existing slabs, the port may consider to moderate it by proposing rationalisation in a phased manner instead of doing it at one go. At other Major Port Trusts like the Visakhapatnam Port Trust, more than one	MOPT has only two active berths under port’s control and this hike has been introduced in order to induce faster turnaround and dissuade any vessel from over-occupying the berth unproductively.

	slab berth hire has been approved by the Authority for the same reasons.	
(d).	Explain the basis of the proposed berth hire charges for cruise vessel, Indian Navy / Coast Guard Vessel / Foreign Navy / coast Guard Vessel at Sl. No.(3), (4) and (5). Further, the revenue estimated by the MOPT does not capture revenue of these item which may please be captured.	MOPT is witnessing heightening influx of Coast Guard, Indian/Foreign naval vessels and Research vessels which impairs the port's capability to handle commercial cargo vessels (resource diversion – tugs, pilot launch, berth, etc.) without any commensurate remuneration. Hence proposed the berth hire for these vessels.
(e).	The port to explain the reasons for deletion of the existing note nos. (1), (2) and (3) under Berth Hire Schedule.	The notes are irrelevant now as the Berth Hire charges are proposed on vessel type wise and not location wise.
(vii).	**Schedule 1.4. Anchorage Charge:**	
(a).	The basis of the proposed anchorage charge on vessel type basis as against the existing anchorage charges for East of Break Water and West of Break Water may be explained. Please furnish working / calculation, if any, in support of the proposed rate.	The rates have been rationalised by proposing 20% of berth hire charges for working anchorage and 10% for idle anchorage. It is also informed that no anchorage takes place at East of Breakwater other than mooring dolphins, for which separate rates have already been proposed.
(b).	The port has proposed new tariff item as idle anchorage charge. Explain the basis of the proposed rate.	This is a request from the trade and has been reintroduced.
(c).	The existing SOR prescribes anchorage charges on per GRT basis for other vessels like launches, fishing trawlers, etc. at East / West of Break Water. It is not clear under which category the anchorage charge for other vessels will fall in the proposed SOR. Please clarify. Also, indicate what will be the percentage increase to this category of vessels at the proposed rationalised tariff. If the increase proposed works out to be steep at one go due to rationalisation, then the MOPT may consider to moderate the same.	It is informed that no anchorage charges have ever been collected from vessels like launches, fishing trawlers, etc. and hence these charges have been deleted.
(d).	Explain the reasons for deletion of each of the existing notes (1), (2), (7), (8) and (9) prescribed under notes common to section C (I) and (II) i.e. Berth Hire and Anchorage Charge.	In the present scenario, these notes are not relevant and hence deleted as part of rationalisation.
(e).	The existing SOR at note 11(iii) lists down the vessels which are granted exemption from ousting Priority Berthing Charges. The port has proposed to delete the said existing note and has stated that vessel for which special exemption is granted by the MOS shall be granted exemption. The MOPT may consider to list down such vessels who have been granted exemption by the MOS in the SOR to avoid ambiguity.	There is no dispensation granted by the MOS as of now and this clause has been retained in order to accommodate any future exemptions given by the MOS.
(f).	The revenue impact of all the tariff items proposed under idle anchorage which is not captured in the revenue estimates may please be captured. Please furnish detailed working of the revenue estimates for this item.	The statement showing the revenue estimates is furnished herewith.
(viii).	**Schedule 1.6. Dredging Levy**:	

	The MOPT has stated that the rates proposed for dredging levy is as approved by the Authority. In this regard the following points may be clarified.	
(a).	The dredging levy approved by the Authority in the Order no.TAMP/69/2014-MOPT dated 25 February 2015 is reference tariff for Public Private Partnership (PPP) project for deepening of inner and outer channel for capesize and mini capesize vessel proposed by the MOPT under Tariff Guidelines of 2013 following the principles of 2008 guidelines. The port to clarify how reference tariff is relevant to be included in the SOR of the port. Please elaborate.	Even though the reference tariff is not relevant, the 2015 guidelines impart flexibility to the Port to fix any rates as long as the revenues generated are within the ARR. The Port has decided to adopt the rate already approved by the Authority.
(b).	Clause 5.7.1. of the Working Guidelines, gives the various option to the port for fixation of tariff for new cargo / service. The port to clarify as to how its proposal of the port to adopt the reference tariff for dredging levy falls under the said clause of the Working Guidelines.	
(c).	The reference rate approved by the Authority in the said Order is for two slabs beginnings from vessel size of 60001 GRT. The draft proposed SOR by the port in the current proposal includes rate for first slab 50,001 to 60,000 which is not included in the reference tariff Order approved by the Authority. Explain the basis of the proposed rate. Further, for the proposed first slab it is stated that it is only from 1 June to 30 September. Explain the reasons for indicating the said period for the first slab.	Heavy siltation takes place during the monsoon period which is from 1st June to 30th Sept. Due to this siltation, before the maintenance dredging takes place, the draft of the channel decreases resulting in smaller or lighter vessels being handled. After dredging the channel to -19.5 mtrs, even vessels handled at areas other than Berth Nos.5, 6 & 7 would benefit during monsoons. Hence the rates for 50001 to 60000 GRT have been proposed during monsoons.
(d).	There is slight inconsistency in the proposed note (3) and the note given in the schedule for the first slab. This may be examined to avoid ambiguity in implementation of the SOR.	There is no ambiguity and the note (3) only clarifies the conditionality.
(e).	While fixing the reference tariff for dredging levy, the GRT of vessels furnished by the port for Berth no.5, 6 and 7 was considered and the note 2 stated that proposed levy shall be applicable for vessels at berths 5, 6 and 7 and not for existing berths Mooring Dolphins but not for Outer Anchorage. The proposed note (2) states that the proposed levy shall be applicable for vessels calling at berths and Mooring Dolphins but not for Outer Anchorage. This is not in line with the note approved in the February 2015 Order. In view of widening the scope for dredging levy to berth nos. other than 5, 6 and 7 and also mooring dolphin for which the tariff was approved, there may be a need to refix the dredging levy. The port may relook at its proposal and if necessary	The Note has been deleted.

	modify the proposed rate supported with detailed calculation.	
(f).	The port to furnish detailed revenue estimation from the proposed tariff item and show that it is within the ARR considered in 15 February 2015 Order.	Due to unforeseen circumstances, the capital dredging project has been delayed. Even in the budget proposal for B.E. 2016-17, the income from dredging levy has been taken as NIL. In R.E 2016-17 and B.E 2017-18 `30 crores has been estimated. [In B.E., port has estimated Nil revenue. In R.E. 2016-17 and B.E. 2017-18, port has estimated ₹30 crores per annum.]
(ix).	**Schedule 2.1.1., 2.1.2. and 2.1.3., Wharfage for Dry Bulk, Break Bulk and Liquid Bulk cargo**:	
(a).	The port has completely rationalised and simplified the existing wharfage schedule. Explain the basis for arriving at the rationalised wharfage rate.	Extensive discussions have been held with the port users and the service providers based on which the wharfage schedule has been rationalised with a view to bring about ease of doing business.
(b).	The existing SOR prescribes separate rates for mineral oils/ POL products linked to flash points. In the proposed SOR, the port has proposed a single uniform tariff for petroleum oil, lubricants and POL products. It is seen from the revenue estimates that the wharfage rate at the proposed rate leads to steep increase for a few cargo item like kerosene by 286%, aviation spirit, benzene petrol, gasoline, etc., by 94.95%. Justify the steep increase for these items and also the basis for arriving at the proposed wharfage rate. The port may examine the possibility to moderate the proposed increase for these items.	Since there are only two berths under Port's control and the liquid bulk cargo vessel takes higher turnaround time, in turn affecting the capability of the port to handle other cargo vessels, it is essential to keep a deterrent tariff.
(c).	Though the port has stated that the increase in the cargo related charges is 25%, the increase in tariff is more than 25% for most of the cargo items as seen from Form 3 furnished by the port. Please justify the proposed increase which exceeds 25% claimed by the port. The port may furnish working to show that the revenue at the proposed wharfage rate shows 25% hike over the corresponding revenue at the existing rate.	The general cargo related charges are proposed to be increased by 25%. Due to the rationalisation, the increase for some cargo has been more than 25% nevertheless, the estimated revenues from increased tariffs are within the ARR.
(d).	The port has proposed tariff for new cargo nickel at par with cement /clinker/ limestone. Please confirm the handling of nickel is same as the cargo group under which it is merged.	Nickel is handled in jumbo bags and the handling is same as any other cargo handled in jumbo bags.
(e).	In the revenue estimates, the revenue from other liquid cargo is estimated at wharfage rate of ₹86/ tonne and ₹52/ tonne for foreign and coastal cargo respectively as against proposed wharfage rate of ₹126/ tonne and ₹77/ tonne for foreign and coastal cargo respectively. The revenue estimates may, therefore, be corrected.	Corrections have been made.

(f).	The existing note 2 under Notes to Section A- I, II & III states that goods landed on the quay wall with a declaration made within 24 hours after their arrival or within 48 hours when the day of unloading is a port holiday, that they are intended for - 20 -eighment- 20 -ent for other ports, such goods being despatched within one month from the date of landing shall be charged at 2/3rd the wharfage rate. The port to explain the reasons for deleting the existing note.	Since - 20 -eighment- 20 -ent activity does not take place at this port, this clause is not relevant.
(g).	The existing note 6 under Notes to Section A- I, II & III prescribes Fee @ ₹3.01 per tonne on Coal/Coke handled at Berth nos.10 and 11 towards recovery of expenditure on Dust Suppression System except for calcined coke, which is brought in bagged form for export. The port to explain the reasons for deleting the existing note.	Coal is not handled at berth no. 10 and 11 due to pollution issues from the locals. [Subsequently, the MOPT vide its letter dated 27 October 2016 has proposed charges for dust suppression also ₹4.00 / tonne which is brought out in subsequent paragraphs]
(h).	In the existing SOR, notes 1 to 5 are prescribed under IV- Iron Ores and Pellets Handling Charges (Exported through MOHP at Berth no.9). Whilst the port has proposed rates, the notes therein are proposed for deletion. Explain the reasons for deleting the existing notes.	MOHP has been handed over to PPP operator and hence not relevant.
(x).	**Schedule 2.2.1 Composite Handling Charges Using Ship's Gears**:	
	The port has proposed a new note under this schedule stating that the containers brought to the Port under - 20 -eighment- 20 -ent permit for Customs verification shall be charged ₹5000/- per container. In addition to this, the charges for the reach stacker moves shall apply for such containers. Explain the reasons and the basis for introduction of the proposed note. The port to capture the impact of the proposed note in the revenue estimates.	Containers are being brought from other ports for Customs inspection at MOPT. The port has to identify a designated area and resource to manage this activity. As such, a new rate has been fixed in consultation with the trade. Revenue impact is likely to be ₹100,000.
(xi).	**Schedule 2.2.2 Storage Charge on containers**:	
(a).	Explain the reasons for reducing the free period for containers from existing 30 days to 5 days for import and 7 days for export containers. The port to capture the additional revenue from storage charge due to proposed reduction in free period.	In the existing SOR the free period for containers is only one (1) day. This has been increased to five (5) days for export and seven (days) for imports.
(b).	In the note the port has proposed free period of 5 days for import and 7 days for export containers. However, in the schedule of storage charge it is shown as 5 days free period and levy of storage charge is from 6th day onwards in 3 slabs for both categories of container. The port to remove this inconsistency by proposing separate schedule for import containers and export containers to avoid ambiguity.	The storage charges are applicable after "*free period"* and hence there is no inconsistency.

(c).	Though the port has stated that the increase proposed in storage charge is 25%, it works out to 450% and even more after considering the reduction proposed in free period. Justify the steep increase in this item. The port to explore the possibility to reduce the steep increase proposed in the container storage charge.	Land is a scare resource at MOPT and port is faced with a severe bottleneck of evacuation leading to higher dwell time. It is therefore imperative that the scarce port space is not used as a storage space by the trade.
(xii).	**Schedule 2.3.1 Cargo Storage Charge – Dry Bulk cargo**:	
(a).	Explain the basis of the proposed improved daily delivery rate for levy of proposed normal rent for import dry bulk cargo and confirm it is at comparable with the average daily delivery rate achieved at the port in the last three years	Port has reiterated its reply furnished at (xi) (a) above.
(b).	Though the port has stated that the increase proposed in storage charge is 25%, it works out to 43%. Justify the reasons for proposing 43% increase in storage tariff which exceeds the claim of the port of 25% increase in storage charge. The port may explore the possibility of moderating the increase proposed.	The higher increase is due to rounding off to nearest Rupee. However, the increase is still justified since the Port is faced with acute space constraint and this increase is necessary to dissuade the trade from using the transit space a storage space.
(xiii).	**Schedule 2.3.1.2.1. & 2 Cargo Storage Charge – Break Bulk cargo**:	
(a).	The reasons for proposing reduction in the free period for import break bulk cargo from existing 10 days to 3 days and for export break bulk from existing 30 days to 12 days to be explained. The port to capture the additional revenue from storage charge due to proposed reduction in free period.	Land is a scare resource at MOPT and port is faced with a severe bottleneck of evacuation leading to higher dwell time. It is therefore imperative that the scarce port space is not used as a storage space by the trade. The additional revenue generation has already been captured in Form-3.
(b).	Though the port has stated that the increase proposed in storage charge is 25%, it works out to 67% for import break bulk cargo. The increase will be even more due to reduction proposed in the free period. Justify the reasons for proposing steep increase for import break bulk cargo which exceeds the claim of the port of 25% increase in storage charge. The port may explore the possibility of moderating the increase proposed.	The higher increase is due to rounding off to nearest Rupee. However, the increase is still justified since the Port is faced with acute space constraint and this increase is necessary to dissuade the trade from using the transit space a storage space.
(c).	The existing general notes 1 and 2 under the cargo storage charge state that free days for import cargo shall be reckoned excluding Customs notified holidays and Port's non- operating days after complete discharge of vessels cargo or the day when the last package was discharged. Free days for export cargo shall be calculated from the date of aggregation of the export cargo, excluding Custom notified holidays and Port's non-operating days. The port has not included the same in the proposed draft SOR. These conditions of excluding customs notified holidays and Port's non- operating days	This provision as per TAMP guidelines has since been incorporated.

	are uniformly prescribed in the SOR of all Major Port Trusts and are as per clause 9.9.1. of the Working Guidelines. The port is, therefore, requested to retain these existing general notes in the proposed SOR.	
(xiv).	**<u>Ground rent/ Demurrage on Explosives/ Dangerous/ Hazardous Goods</u>**:	
(a).	In the existing SOR, demurrage for the above category of cargo is prescribed for package of 50 Kgs or part thereof on per day basis for different slabs and the rate for the first slab is ₹25.03 / per 50 Kgs/ day or part thereof. In the proposed SOR, the port has proposed the unit of levy on per Tonne/ Per TEU and the rate proposed is ₹10000 / tonne / day for bulk / break bulk cargo and ₹5000/ TEU/ day for containers. Explain the basis of arriving at the proposed tariff under this head.	The port is located in the thickly populated area and explosive being a high risk cargo it would entail high cost to arrange for the handling this cargo. As such it is essential that the rates are kept prohibitive.
(b).	The increase will work out manifold at the proposed rate for break bulk cargo. The reasons for manifold increase for this item may be explained.	Same as above
(xv).	**<u>Schedule 2.4.1. Cargo Handling Charges (Stevedoring Charges)</u>**:	
(a).	The port has done lot of rationalisation and restructuring of the existing schedule. Explain the basis for arriving at the proposed rationalised and restructured tariff under this schedule.	Extensive discussions have been held with the stevedores based on which the Cargo Handling Charges schedule has been rationalised with a view to bring about ease of doing business.
(b).	In the existing SOR, the tariff for container stuffing/ destuffing and container handling is linked to the average hook output. In the proposed SOR, the port has not proposed slab wise rate linked to the average hook output. The reasons, therefor, to be explained.	Due to constraint of space, MOPT is not allowing any stuffing/destuffing activity inside the port area. Therefore, these charges are proposed to be deleted.
(c).	As the MOPT may be aware, the Ministry of Shipping (MOS) has recently vide its letter No.PD/11033/73/2013/PT(pt) dated 14 June 2016 issued Stevedoring and Shore Handling Policy for Major Ports, 2016 which is effective from 1 August 2016. Under the said Policy the normative tariff for Stevedoring and Shore Handling activity on normative basis has to be fixed within the prescribed time for all the Major ports on normative basis based on the guidelines which is to be issued by the MOS. A separate communication will be addressed to MOPT to file its proposal under the new guidelines (to be) issued by the MOS for Stevedoring and Shore Handling operations which may kindly be taken note of. In view of the above position, the port to confirm whether the Authority should go ahead with the proposed rationalised tariff for stevedoring proposed in the current proposal.	The Authority may go ahead with the proposed rationalised tariff for stevedoring in the current proposal till such time as the SOR under the new guidelines for Stevedoring and Shore Handling operations is implemented.

(d).	The existing SOR also has prescribed a separate schedule for shore handling operations. Explain the reasons for deleting this schedule. The port to clarify the tariff applicable for shore handling operations if the existing schedule is proposed for deletion. The port may consider to include the tariff for shore handling operations in the proposed SOR till the port files its proposal for normative based tariff based on the guidelines to be issued by the MOS in this regard.	Due to ban in recruitment of workers at entry level, the Port is permitting private stevedores to arrange shore workers on their own.
(xvi).	**Schedule 2.4.2 Electronic Data Interchange Charges**:	
(a).	The port while furnishing comments vide its letter dated 3 September 2016 on the comments of GMOEA has proposed a new schedule towards Electronic Data Interchange Charges. The services offered by the port for levy of this tariff item may be explained. In none of the ports tariff in the name of Electronic Data Interchange Charges is prescribed separately.	The Port has incurred huge expenditure in the past for implementing the ERP software and also for maintaining the same. The ERP software and hardware is also due for upgradation. The Port has been charging EDI charges since 2002 which was not part of the SOR nor were they revised. The same is being sought to be brought into the SOR with the proposed increase. But, the Port is also open for incorporating the same on per Tonne/ GRT basis.
(b).	Explain the basis for arriving at each of the new tariff items under this schedule. Clause 5.7.1. of the Working Guidelines, gives the various options to the port for fixation of tariff for new cargo / service. The port to clarify under which options available in the said clause, the port has proposed the rate for this new service.	The new tariff items do not qualify under clause 5.7.1 of the Working Guidelines as these are not new categories of services provided but are only new charges levied for recovering the costs for services already being provided as long as the total revenues are within the ARR as per the 2015 guidelines.
(c).	Justify with detailed reasoning for proposing dollar denominated tariff for vessel related and container storage charge for foreign category under this head. Justify it with reference to the services rendered by the port to foreign vessel/ container storage.	As per the guidelines, all vessel related charges and container storage charges are to be denominated in US $. The same principle has been extended to EDI charges also.
(d).	The exchange rate considered to arrive at the rate for services to container storage does not take into consideration the prevailing exchange rate. The port to examine it and modify.	The modifications will be done as proposed.
(xvii).	**Schedule 2.5. Cruise Related Charges**:	
	The existing SOR prescribes the charges for embarkation, disembarkation of passengers and for transit passengers in rupee denomination for foreign passenger and coastal passenger. In the proposed SOR the port has proposed these tariff items in dollar denomination for foreign passenger. The reasons for changing the unit of levy to dollar denomination to be explained and justified.	The universal currency for international passengers is US $ and hence the passenger charges for foreign passengers are proposed to be collected in US $.
(xviii).	**Schedule 2.6.1. Mobile Harbour Crane Charges (with Ship gear):**	
	In the existing SOR, the performance linked tariff prescribed for HMC is for three	The rates have been proposed after extensive discussions with the stevedores

	cargo groups viz. For Dry bulk – (a). Food grains & Fertiliser (b). Coal, lime stone, minerals, etc. (c). Break bulk cargo (steel and bagged cargo) (d). Others. As against that, the port has proposed performance linked tariff for different cargo items under Dry bulk cargo, break bulk cargo for operation of 100T HMC with ship gear and with gearless vessels. The proposal is not supported with any working for arriving at the proposal rate nor does it explain the basis. The port to furnish the basis and working for arriving at the proposed rate for each cargo. Also, explain the reasons for the proposed modification of seeking cargo wise tariff and separate tariff for operation of 100T HMC with ship gear and with gearless vessels.	taking into account what the trade can bear but would still not cover the losses in HMC operations. The reasons for the proposed modification of seeking cargo wise tariff and separate tariff for operation of 100T HMC with ship gear and with gearless vessels are as follows: The existing rates approved by the Authority stipulate increasing rates for increased avg. daily performance. This is based on the premise that HMC being Port owned reflects the Port efficiency which should be rewarded by increased rates. However in reality, the stevedores who book the HMC divert majority of the cargo to the Ship's gear thereby ensuring that the Port HMC gets less cargo to handle. This has the double effect of the HMC handling less cargo as also reducing the avg. daily performance and consequently lesser per tonne rate. Hence when the HMC is used in conjunction with the Ship's Gear, it reflects the stevedore efficiency and when used stand alone it reflects the Port efficiency which should be charged accordingly.
(xix).	**Schedule 2.6.3. Transhipper/ Trans-loader/ Floating crane Charges using Own anchor:**	
	The existing SOR prescribes charges for primary loading and uptopping of iron ore through transhippers to be collected from the transhipper vessel owners @ ₹9.83 per tonne and ₹4.91 per tonne respectively. The rates prescribed are based on consent terms agreed upon by both the parties before the Hon'ble Supreme Court of India during September 1996. The port has in the proposed schedule proposed rate by rounding off to ₹10/- tonne and ₹5/- per tonne. Since the rate incorporated is based on the consent terms agreed upon by both the parties before the Hon'ble Supreme Court of India during September 1996, the port may consider to retain the existing rate without rounding off.	The above rates were ₹5.40 per tonne and ₹2.70 per tonne respectively in the SOR approved by the Authority in Dec 2006. The same were increased by TAMP to ₹7.02 per tonne and ₹3.51 per tonne respectively in the SOR approved by the Authority in July 2010 and which were again revised to the current rates in the SOR effective from August 2013.
(xx).	**Schedule 4.1. Hire of Equipment & Machinery for purposes other than cargo handling**:	
(a).	The port has proposed a new tariff item for MHC at ₹23,500 per hour / part thereof. Explain the basis for the proposed new tariff item with justification for the proposed rate.	There is also requirement for the HMC for non-cargo heavy lifting works such as fixing cranes on vessels constructed in goan shipyards and similar other works which cannot be charged on per tonne basis but has to be charged on hourly basis.
(b).	The existing SOR, apart from per hour tariff, prescribes tariff for per shift and minimum charges for equipment. Explain the reasons for deleting the per shift and minimum charges in the proposed SOR.	The minimum charges for 4 hours serves as a deterrent to Port Users who wish to avail Port equipments specially if the work involves less time.

(c).	At the proposed tariff, the increase in hire charge for 8 Tonne TIL Bull cranes is 218% and for other items it is in the range of 34% to 38% and for 75MT TIL crane it is 20%. Justify the reasons for proposing increase beyond 25% stated to have been sought in the cargo handling activity.	All the cranes mentioned above are not cargo handling equipments but are cranes primarily meant for doing Port's work. In case of any external user requirement, Port makes available the cranes at the prescribed rates.
(d).	It appears that the port has shifted the charges for hire of reach stacker from Section C Sundry Charges item III in the existing SOR to container related charges at Section 2.2.4. However, while doing so it appears that note given at # linked to charges for reach stacker is continued under Equipment hire charges. The port may examine and if necessary move the relevant note under Schedule 2.2.4.	The note will be moved to 2.2.4 as proposed.
(xxi).	**Schedule 4.2. Hire of Flotilla**:	
(a).	Explain the reasons for deletion of the existing tariff item for dumb barge from the proposed SOR.	The dumb barge no longer exists in the Port flotilla.
(b).	The existing SOR prescribes tariff on per shift, minimum charges and for every additional hour for hire of launch. As against that in the proposed SOR, the port has proposed a single tariff for shift of 8 hours or part thereof. The tariff increase works out to 143% in the per shift rate at the proposed tariff. Justify the steep increase in this item. The revenue impact from the proposed tariff is not captured in the revenue estimates which may please be captured.	This is a rare requirement, however once requisitioned, the time required is almost 8 hours which also includes fuel. The revenue impact is also negligible.
(xxii).	**Schedule 4.3. Weighment Charges:**	
	The basis of the new tariff proposed by the port at ₹5.50 per tonne under this head may be explained with reference to the options prescribed in the Working Guidelines for new tariff item. In case the proposed tariff is cost based, then the port to furnish the working for the same. The revenue impact from the proposed tariff is not captured in the revenue estimates, which may please be captured.	The Port proposes to outsource the weighment service and this service is proposed to be implemented on revenue share basis. Presently, a weighbridge is by a private operator who is collecting ₹5.50 per ton as weighment charges without any revenue share to the port. The same rate is proposed.
(xxiii).	The Authority vide Order No.TAMP/30/2011-MOPT dated 2 May 2012 had passed an Order prescribing charges for use of Transhipper/ Floating Crane provided by the authorized private operators for cargo operations. This was included in the SOR of the MOPT last approved vide Order No.TAMP/43/2012-MOPT dated 14 June 2013. The port may consider to incorporate the existing approved rate for the authorised service provider in the proposed SOR so that a rate is available in a consolidated manner in the port SOR.	The charges for use of Transhipper/Floating crane provided by the authorised private operators has been reinstated in the proposed SOR.
(xxiv).	The MOPT has proposed to increase the vessel related charges by 35%, cargo	The percentage increase when translated into absolute terms are insignificant when

	related charges and storage by 25%. Whereas, the increased proposed in port dues for country craft, tugs, launches, etc. is 201% for foreign and 203% for coastal vessel as brought out earlier. The detention charges for vessel not moved within 30 minutes is proposed to increase by 242%. The Berth Hire Charges for vessel at Berth No.8 for vessel size upto 15000 GRT is proposed to be increased by 191% to 201%. The storage charges for containers 20' has been proposed to increase by 450% and 435% respectively. The MOPT may consider moderating the increase proposed in these tariff items, which are found to be higher than the general increase proposed by the MOPT in the range of 25% to 35% in the other items.	compared to other statutory levies and as such the Port is justified in enhancing the rates and collecting the same. Further, at the peak of iron ore export trade, while the trade reaped profits, the other statutory agencies such as Customs, Railways, Directorate of Mines, etc., earned revenues in sync with the boom in trade, MOPT could not benefit in any manner as it was impaired from charging any rates other than those notified and could not benefit commercially. Consequently, post the ban on iron ore mining MOPT has suffered severe loss of revenue. Therefore, it is a conscious commercial decision to charge higher tariff and this is within the ARR.
(xxv).	The Authority has passed the following common adoption orders for all Major Port Trusts. Apart from that, the Major Port Trusts were also requested to include suitable note in the SOR vide our letters brought out at Sl. No. © and (d) :	
(a).	Order No.TAMP/52/2014-Genl. dated 28 November, 2014 relating to the guidelines on priority berthing of coastal vessels at Major Port.	The common adoption order has been incorporated in the proposed SoR.
(b).	Order No.TAMP/14/2016-Misc. dated 9 February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating thereat in pursuance of MOS letter No.PD/14033/101/2015-PD.V dated 3 February 2016.	If cargo is evacuated during night from 23.00 to 7.00, a rebate of ₹1.00 per tonne shall be given on the demurrage charges for cargo evacuated by road beyond free days.
(c).	Letter No.TAMP/35/2013-Misc. dated 7 August 2014 directing all Major Port Trusts to prescribe a suitable note in their respective SOR regarding applicability of wharfage rates for Defence Stores in such a way that there is no ambiguity in the mind of users on the application of the prescribed rates.	Separate rates have been prescribed for defence stores in the SoR.
(d).	Letter No. PD-25021/7/2015-PD.1 dated 16 April 2015 of MOS directing to all Major Port Trusts to follow the TAMP letter No.TAMP/53/2002-Misc dated 25 March 2015 regarding wharfage charges on vessel manifested as cargo in the Import General Manifest (IGM) or Export General Manifest (EGM). It is, however, seen that the port has not included the provisions prescribed in the above common adoption Orders / communication in the proposed SOR. The port is requested to incorporate the same in the draft proposed SOR. The impact, if	TAMP directions will be followed.

	any, on the revenue estimates may be captured in Form-3.	
5.	**Adjustment of Additional surplus**:	
	As per clause 4.1 of the Tariff Policy, 2015, (a) additional surplus assessed by TAMP in earlier tariff Orders which remain unadjusted has to be transferred by Major Port Trusts to any fund as desired by the Port Trust. (b) Additional surplus, if any, accruing to the Major Port Trusts during the period of application of existing Scale of Rates till the effective date of implementation of the new Scale of Rates fixed under this policy should be assessed and transferred to the General Reserve and use the funds for the purpose of development, creation and/ or modernization of the port infrastructure facilities. As regard (a) there was no additional surplus remaining unadjusted in the last tariff Order. As regards above, the MOPT is requested to assess the additional surplus, as required under clause 4.1 of the said Tariff Policy and furnish the same for information.	It is to inform that MOPT has suffered huge financial loss on account of ban on export of iron ore imposed by the Hon'ble Supreme Court. The accumulated loss is ₹250 crores. Hence, there was not surplus to be adjusted for the previous period. On the contrary, TAMP should concede to the enhancements proposed in the SOR in order to recover the losses incurred during the previous years; in a true commercial spirit.
6.	**Performance Standards**:	
	Clause 3.2. of the Tariff Policy 2015 stipulates that the indexation of SOR as provided in Clause 2.8 will be subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. The MOPT may, therefore, incorporate a suitable clause in the SOR on indexation in line with the provision stipulated in clause 3.2. For this purpose, the port may refer to the Scale of Rates notified by the Authority for VPT, KPT, MBPT etc., under the Tariff Policy 2015.	A conditionality to give effect to indexation of SOR to achievement of performance standard has been introduced in the revised SOR.

13.2. While furnishing additional information/ clarifications, the MOPT vide its letter dated 6 October 2016 and email dated 8 November 2016 has furnished its revised proposal. The revised ARR and revenue estimates are duly certified by the practicing Chartered Accountant and by the Financial Advisor and Chief Accounts Officer of the MOPT.

14.1. The MOPT has confirmed vide its email dated 2 November 2016 about hosting of the revised SOR and Performance Standards on its website and has confirmed that a communication was sent to all the relevant user organisations / Organisation bodies / BOT Operators with details of designated address mentioning the time frame of 15 days to furnish their comments.

14.2. While furnishing additional information / clarification, the MOPT vide its letter dated 6 October 2016 has also slightly revised draft SOR duly taking into consideration the additional information / clarification sought by us. Some of the main modifications made by the MOPT in the proposed draft SOR dated 6 October 2016 are given below:

(i). The port has deleted the adjustment relating to railway related expenses in Form no.1.

(ii). Modification is done in Form-2 relating to the Management and General Overheads admissible in the ARR subject to a cap of 25% of aggregate of operating expenditure and depreciation.

(iii). Further, there is some minor modification in the capital employed figure as on 31 March 2013 owing to modification in the net fixed assets related to railway Activity which was excluded earlier. The modified capital employed considered in the ARR computation for the purpose of allowing 16% ROCE is ₹56,530.42 lakhs as against ₹55,575.07 lakhs estimated in its original proposal.

(iv). As per the revised computation of ARR, the revised ARR is ₹43,336.61 lakhs for the year 2015-16 as against ₹40,829.48 lakhs arrived by MOPT in its June 2016 proposal.

(v). A summary of revised ARR computation furnished by MOPT is tabulated below:

				₹ in lakhs
Sl. No.	**Description**	**Y1 (2011-12)**	**Y2 (2012-13)**	**Y3 (2013-14)**
(1)	**Total Expenditure (As per Audited Annual Accounts)**	**35336.01**	**35364.63**	**35342.39**
(2)	**Less Adjustments:**			
(i).	**Estate Related Expenses**	**1338.08**	**1443.52**	**1267.52**
(ii).	**Interest on loans**	0.00	0.00	36.71
(iii).	**4/5th 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)**			826.77
(iv).	**4/5th of the Contribution to the Pension Fund**	2120.00	1869.60	1860.00
(v).	**Management & General Overheads over and above 25% of the Aggregate of the Operating Expenditure and Depreciation**	1171.78	1444.98	1660.78
(vi).	**Expenses relevant for Tariff Fixation of Captive Berth, if any governed under Cl. 2.10 of the Tariff Policy 2015**	**0.00**	**0.00**	**0.00**
	Total adjustments	**4629.86**	**4758.10**	**5651.78**
(3)	**Total Expenditure after Total Adjustments (3 = 1 – 2)**	**30706.15**	**30606.53**	**29690.61**
(4)	**Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3**		**30334.43**	
(5)	**Capital Employed**			
	(i) Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		39552.37	
	(ii) Add: Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)		15276.53	
	(iii) Less: Net Value of Fixed Assets related to Estate Activity as on 31.03.2014 as per Audited Annual Accounts		2312.03	
	(iv) Less: Net Value of Fixed Assets, if any, transferred to BOT operator as on 31.03.2014 as per Audited Annual Accounts		0.00	
	(v) Less: Net Value of Fixed Assets as on 31.03.2014 as per Audited Annual Accounts relevant to be considered for captive berths, if any, under Cl. 2.10 of the Tariff Policy 2015		0.00	
	(vi) Add: Working Capital as per norms prescribed in Cl 2.5 of the Working Guidelines.		4013.55	
	(vii) Total Capital Employed		**56530.42**	

(6)	**Return on Capital Employed 16% on Sl. No. 5(vii)**	**9044.87**
(7)	**Annual Revenue Requirement (ARR) as on 31.03.2014 [(4)+(6)]**	**39379.30**
(8)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @ 6% (7*1.06)**	**41742.06**
(9)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @ 3.82% (8*1.0382)**	**43336.61**
(10)	**Indexation in the ARR for the year 2016-17 i.e. NIL**	**43336.61**
(11)	**Ceiling Indexed Annual Revenue Requirement (ARR)**	**43336.61**
(12)	**Revenue Estimation at the proposed SOR within the Ceiling Indexed ARR estimated at Sl. No.10 above**	**19979.63***
Note : 1) 2013-14 FME includes ₹30.00 Crores withdrawn from the Pension Fund for Pension Payments 2) Sl. No. 2(iii) has not been considered for averaging over 3 years and has been deducted after the averaging		

(* Revenue estimated by port includes revenue from Dust Suppression Levy of ₹132.65 Lakhs proposed vide its letter dated 27 October 2016)

(vi). Following conditionalities are proposed in the revised proposal.

(a). Coastal vessels which are accorded priority berthing shall not be liable to pay priority berthing charges. [Clause iii(c) under general terms and conditions].

(b). A coastal vessel shall be liable to pay port charges on coastal rates notwithstanding whether it was berthed on priority or otherwise. [Clause iii(e) under general terms and conditions].

(c). The word “major” has been added under Clause 1.1. note 2(ii) and country craft and fisher trawlers category is added under Clause 1.1. note 2(iii).

(d). Introduced VTMS charges under Clause 1.1.1 under vessel related charges as under:

Sr. No.	Particulars	Rate Per GRT per Entry	
		Foreign-going vessels	Coastal Vessels
		(US $)	(₹.)
1.	Vessels	0.0130	0.50

(e). Under Pilotage Clause 1.2. addition note as given below:
Pilotage is leviable in all cases except for
(a). Vessels which are diverted from outer anchorage without discharging or taking in any cargo or passengers.
(b). Barges passing through port waters without any cargo operations.

(f). Under Clause 1.3. Berth Hire Charges for cruise vessel are inclusive of concession at 30% has been modified to 50%.

(g). At Clause 2.1. the heading “wharfage” to be “replaced with wharfage at berth”.

(h). Under Clause 2.2.2. storage charges the port has proposed to modify the slabs for the storage charges as under:

2.	The above rates shall be increased by	
(a).	From 6th day to 10th day	50%

(b).	From 11th day to 15th day	100%
©.	From 16th day onwards	200%

(k). Under Clause 2.4.2. Introduced Electronic Data Interchange Charges as under:

Type of Document	Rate per Document
Vessel Related (Foreign)	US $ 50
Vessel Related (Coastal)	₹. 2000
Cargo Related/CHLD	₹. 2000
Container Wharfage	₹. 1000
Container Storage (Foreign)	US $ 15
Container Storage (Coastal)	₹. 500

(vii). Following modification / conditionalities proposed in the original proposal dated 30 June 2016 are proposed for deletion in the revised proposal:

(a). All the expenses relating to the Railways which was excluded from the ARR calculations are now considered in the ARR. This is in line with clause 2.2. of the Tariff Guidelines 2015.

(b). CHLD Levy introduced for Anchorage handling abolished.

15.1. Subsequently, the MOPT vide its letter dated 27 October 2016 has proposed to reintroduce the Dust Suppression Levy for keeping the operational areas clean and dust free. The Dust Suppression Levy which is already prescribed in the existing SOR is @ 3.01 per tonne of coal /coke. This was excluded from the proposed SOR submitted to this Authority in June 2016. The port has proposed to provide dust suppression system and provide dust suppression services for all cargoes (excluding containers and liquid cargo) and not only for coal and coke. Hence, MOPT has proposed dust suppression levy @ ₹4.00 per tonne on all cargoes excluding containers and liquid cargo handled at MOPT berths (excluding PPP Operators) towards recovery of expenditure on Dust Suppression levy.

15.2. *2.1.4 DUST SUPPRESSION LEVY*

Rate per Tonne
₹4.00

15.3. The estimated additional revenue to be included in Form 3 is ₹1,32,65,480/- which is supported with detailed working. The port has proposed to introduce schedule 2.1.4 as Dust Suppression Levy.

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

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

(i). The Scale of Rates (SOR) of MOPT was last revised by this Authority in July 2013. The validity of the SOR of MOPT revised by this Authority vide its Order dated 16 July 2013 is till 31 March 2016. The MOPT has filed its proposal for general revision of its SOR under the Tariff Policy, 2015 on 30 June 2016. The port has stated that tariff proposal approved by the Board was discussed with the port users in different meetings held with the vessel agents, stevedores, cargo import and cargo exporters. Based on the discussions the increased proposed and certain conditionalities have been moderated and certain suggestions of the users given in the meetings and during the joint hearing conducted by this Authority are considered by the MOPT in the revised proposal of October 2016. Accordingly, the port has filed a revised proposal on 6 October 2016.

As brought out in earlier paragraphs, MOPT was requested vide our letter dated 12 September 2016 to furnish information / clarification with reference to its proposal dated 30 June 2016. After regular follow up, the port has furnished the requisite information / clarification along with revised Form – I and revised proposed SOR vide its letter dated 6 October 2016. The information / clarification furnished by MOPT vide its letter dated 6 October 2016 alongwith revised proposed SOR and subsequent submissions made by the port vide its letter dated 27 October 2016 during the processing of the case are considered in this analysis. This case could be taken up for finalization only after receipt of complete information/ clarification from the port.

(ii). (a). Clause 2.1 of the Tariff Policy 2015 requires each 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 Accounts of the three years 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) subject to certain exclusions as prescribed the Clause 2.2. of the Tariff Policy 2015 and the Working Guidelines issued by this Authority plus Return at 16% on Capital Employed including capital work-in-progress obtaining as on 31 March 2014, duly certified by a practicing Chartered Accountant/ Cost and Management Accountant.

(b). The MOPT has assessed the Annual Revenue Requirement (ARR) based on Audited Annual Accounts for three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) duly certified by a practicing Chartered Accountant. The MOPT has excluded the expenses not admissible in ARR computation for arriving at the Average annual expenses for the years 2011-12, 2012-13 and 2013-14.

The GMOEA has pointed out that since the current financial year figures and current volume handled are available for computation of ARR it will be more relevant to consider the actuals of years 2013-14, 2014-15 and 2015-16 for arriving at the ARR. In this regard, as rightly stated by the MOPT, the proposal has been formulated by MOPT as per the clause 2.1 of the Tariff Policy 2015 issued by the Ministry of Shipping which stipulates that the ARR is to be assessed based on the average actual expenditures for the period 2011-12 to 2013-14 and arrived at indexed ARR by applying applicable indexation factors notified by this Authority for the years 2014-15 and 2015-16. For the year 2016-17, the indexation factor announced by this Authority under Tariff Policy, 2015 is Nil as rightly considered by MOPT as well.

Nevertheless, the matter for amendment to some of the clauses of Tariff Policy, 2015, including consideration of average of the sum of actual expenditures as per the final audited accounts for the immediate preceding 3 years instead of prescribing the three years i.e. 2011-12 (Y1), 2012-13 (Y2) and 2013-14 (Y3) in the Tariff Policy, 2015 with the Ministry of Shipping (MOS). The response of the MOS in this regard is awaited. Till any amendment is issued by the MOS, both this Authority and the MOPT are bound by the Tariff Policy, 2015 for determining the tariff of Major Port Trusts.

Since the proposal of the port for estimating the ARR is in line with the relevant clause in Tariff Policy, 2015 which has been followed uniformly in determining the SOR of other Major Port Trusts as well i.e. Cochin Port Trust, New Mangalore Port Trust, Visakhapatnam Port Trust, V. O. Chidambaranar Port Trust, Mumbai Port Trust, Kolkata Port Trust, a different approach in this case alone could not be followed. In any case, even at the proposed tariff it can be seen from the subsequent paragraphs that revenue estimated by the MOPT at the proposed tariff is ₹199.80 crores as against estimated ARR of 433.37 crores which still leaves an amount of ₹233.57 crores uncovered.

(iii). The following adjustments done by MOPT in line with provisions prescribed in Clause 2.2. of Tariff Policy 2015 and Clause 2.2. of Working Guidelines in the computation of the ARR are brought out for specific mention:

(a). The MOPT has excluded expenses related to estate activity and interest on loan as per Clause 2.2. (i) and (ii) of the Tariff Policy, 2015 and Working Guidelines notified by this Authority. The treatment given by the MOPT is found to be in order.

(b). (i). As per Clause 2.2(iii) of Tariff Policy 2015 and the Working Guidelines, 1/5 of one-time expenses like arrears of wages, pension/ gratuity, ex-gratia payments arising out of wage revision etc. are to be included in the Annual Revenue Requirement (ARR). Likewise, $1/5^{th}$ of the Contribution to Pension Fund are to be included for the calculation of ARR. This means $4/5^{th}$ of the above mentioned expenses are to be excluded in the ARR computation.

(ii). MOPT has excluded ₹241.83 lakhs in the year 2013-14 towards, 4/5 of the retirement of gratuity of ₹302.29 lakhs paid towards Special Voluntary Scheme reported in the year 2013-14. This is supported with working by MOPT and hence considered.

The MOPT has excluded ₹584.94 lakhs in the years 2013-14 being $4/5^{th}$ towards ex-gratia payment of ₹731.18 lakhs paid in the year 2013-14. The above adjustment done by MOPT is in line with Tariff Policy, 2015 and is supported with working and hence considered.

(c). The port has excluded ₹2,120 lakhs, ₹1,869.60 lakhs and ₹1,860 lakhs in the years 2011-12, 2012-13 & 2013-14 respectively being $4/5^{th}$ of contribution to the pension fund stated to be at ₹2650 lakhs, ₹2,337 lakhs and ₹2,325 lakhs. The above adjustment done by MOPT is in line with Tariff Policy, 2015 and is supported with working and hence considered.

(iv). As per Clause 2.2. (iv) of Tariff Policy 2015 and Clause 2.2. (iv) of the Working Guidelines, Management and General Administration Overheads (MGAO) subject to a cap of 25% of aggregate of the operating expenditure and depreciation is only to be considered in the ARR calculation.

The MGAO reported in the Audited Annual Accounts is ₹6,154.76 lakhs, ₹6,404.06 lakhs and ₹6,204.16 lakhs for the years 2011-12, 2012-13 and 2013-14 respectively.

The MOPT has assessed 25% of the Operating Expenses (including depreciation but excluding operating expenses relating to Estate) at ₹4,734.10 lakhs, ₹4,679.37 lakhs and ₹4,301.05 lakhs for the years 2011-12 to 2013-14 respectively. As per the working furnished by the MOPT in Form-2, the MOPT has identified an amount of ₹1,171.78 lakhs, ₹1,444.98 lakhs and ₹1,660.78 lakhs of Management and General Administration Overheads as excess of 25% of aggregate of operating expenses and depreciation and hence excluded the same from ARR in the years 2011-12, 2012-13 and 2013-14 respectively complying with the provisions of Tariff Policy, 2015.

The above adjustment done by MOPT is in line with Tariff Policy, 2015 and is supported with working and hence considered.

(v). As per Clause 2.2(v) of the Working Guidelines notified by this Authority, all expenses relevant for captive berths are to be excluded from the computation of ARR.

The MOPT has shown Nil exclusion towards expenses relevant for tariff fixation of captive berth which is relied upon.

(vi). Following the provisions prescribed at clause 2.3. of the Tariff Policy 2015 and clause 2.3. of the working guidelines, the average expenses for the years 2011-12, 2012-13 and 2013-14 is arrived at ₹30,334.43 lakhs.

(vii). As per Clause 2.4 of Working Guidelines 2015 for computation of capital employed, the port has to exclude net value of fixed asset related to estate activity and net fixed assets transferred to BOT operators as on 31 March 2014 as per Audited Annual Accounts.

The MOPT has arrived at the capital employed figure based on the Audited Annual Accounts as on 31 March 2014 at ₹56,530.42 lakhs, which comprises of ₹39,552.37 lakhs towards Net fixed assets + ₹15,276.53 lakhs towards value of work-in-progress - ₹2,312.03 lakhs towards net fixed assets related to Estate Activity + working capital of ₹4,013.55 lakhs. Working capital comprises of Inventory, Sundry debtors and Cash balances and the MOPT has computed working capital as per norms prescribed in clause 2.5. of working guidelines at ₹4,013.55 lakhs. The capital employed as furnished by the MOPT is relied upon and considered.

The GMOEA has pointed out that the MOPT has ignored revenues such as licenses fees from PPP's, revenues on account of railways, and other miscellaneous income thereby lowering the revenue streams and projecting a lower income. The GMOEA has suggested that the proportionate share of Management and General Overheads should continue to be apportioned to the PPP projects since some of the overhead expenses of the Port such as building of compound walls, security, etc. continue to be enjoyed by these PPP facilities; and it would be proper to consider the revenue derived by the Port from such projects to offset such expenditure. The point made by the GMOEA to include revenue derived by port from PPP projects and railways is not in line with the Tariff Policy, 2015 and the Working Guidelines issued by this Authority. The Tariff Policy, 2015 requires Major Port Trusts to assess the ARR based on average of expenditure of the three years 2011-12 to 2013-14 plus 16% return on capital employed as explained above. The SOR has to be drawn within the estimated ARR. The port has also justified that proposal has been formulated strictly in compliance with the Tariff Guidelines, 2015 and all inclusions and exclusions are as per the guidelines. Further the Chartered Accountant has certified the Form I and Form 3 is as prescribed by the guidelines which ensures compliance not only to the audited accounts but also compliance to the TAMP Guidelines. That being so, the points made by GMOEA for inclusion of few items which are not in line with the Tariff Policy 2015 and the Working Guidelines cannot be acceded to.

(viii). The total capital employed arrived by MOPT is ₹56,530.42 lakhs. The Returns on Capital Employed at 16% is ₹9,044.87 lakhs which is considered in the ARR computation.

The GMOEA has pointed out that ROCE of 16% is limited to business assets whereas return on capital employed on business-related assets and social assets is considered at 6.35% and 0% as in the past under Tariff Guidelines, 2005. In this regard, it is to state that Clause 2.1. to the Tariff Policy 2015 entitles Major Port Trusts for 16% ROCE on the capital employed. Tariff Policy, 2015 does not envisage segregation of capital employed into business, business related and social obligation of assets for the purpose of ROCE computation. The point made by the GMOEA is not found in line with the Tariff Policy, 2015.

(ix). The ARR estimated by MOPT is the average of the expenditure for the three financial years 2011-12 to 2013-14 at ₹30,334.43 lakhs plus 16% ROCE at ₹9,044.87 lakhs aggregating to ₹39,379.30 lakhs as on 31 March 2014. Further, the MOPT as per Clause 2.7. of Working Guidelines has indexed the said ARR @ 100% of the WPI applicable for the year 2014-15 and 2015-16 at 6% and 3.82% respectively and nil escalation for the year 2016-17 and arrived at ceiling indexed ARR at ₹43,336.61 lakhs for drawing the revised proposed SOR.

(x). The ARR calculation furnished by the MOPT vide its letter dated 6 October 2016 is attached as **Annex.** The ARR computation duly certified by Chartered Accountant is relied upon. A summary of the ceiling indexation ARR furnished by the MOPT duly certified by the Chartered Accountant is given below:

(₹ in lakhs)

Sr. No	Particulars	2011-12	2012-13	2013-14
1	Total Expenditure after all Adjustments	30,706.15	30,606.53	29,690.61
2	Average Expenses [Y1 + Y2 + Y3] / 3		30,334.43	
3	Capital employed as on 31.03.2014 including capital work in progress as on 31.03.2014 and working capital as per norms		56,530.42	
4	Return on capital employed @ 16%		9,044.87	
5	ARR as on 31 March 2014 (5=2+4)		39,379.30	
6	Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 (6%)		41,742.06	
7	Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 (3.82%)		43,336.61	
8	Ceiling Indexed Annual Revenue Requirement (ARR)		43,336.61	
9	**Revenue estimated by MOPT at proposed Scale of Rates.**		**19,979.63**	

(xi). (a). As per Clause 2.6. of Tariff Policy 2015, 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 practising 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 2014-15 as required as per Clause 2.9. of the Working Guidelines. As per Clause 2.5. of Tariff Policy 2015, for drawing the SOR, the MOPT has reportedly considered the actual cargo traffic in tonnes exclusively handled by the MOPT and GRT of vessels handled by the port during the year 2014-15, to draw the proposed SOR within the ceiling indexed ARR.

The traffic figures of cargo and GRT of vessels considered by MOPT which are duly certified by the practicing Chartered Accountant in the revenue estimation at the proposal tariff is, therefore, relied upon.

The GMOEA has stated that consideration of volume of 2014-15 may not be representative trend in future as during that period, iron ore volume was nil or negligible. The GMOEA has requested to consider projected traffic instead of 2014-15 traffic.

As per clause 2.5 of the Tariff Policy 2015 for drawing the SOR, the overall traffic exclusively handled by the port for the year 2014-15 is to be reckoned with. Following the said clause of the Tariff Policy 2015, the port has estimated revenue at the proposed rates at ₹199.80 crores as against estimated ARR of ₹433.37 crores. The MOPT has stated that even if the 2015-16 actual traffic is considered for ARR, the required increase would be 128% and 91% for Cargo related activity and Vessel related activity respectively. The Port has not proposed to cover the entire ARR. The port has stated that it has proposed increase keeping in view what the trade can bear. The MOPT has also stated that when the iron ore trade was booming and GMOEA members were reaping bumper profits, the Port was the only entity which could not increase its rates to build reserves for buffering the bad times which followed. The port has stated that it has given substantial concessions in existing tariffs to attract the iron ore cargo and shall continue to give the same on the revised tariffs depending on the economic / business scenario.

At the proposed tariff and for the traffic handled in the year 2014-15 considered by the MOPT, the revenue estimates estimated by MOPT is ₹199.80 crores as against estimated ARR of 433.37 crores which leaves revenue of ₹233.57 crores uncovered. It is seen that the port has not proposed to fully cover the ARR. The revenue gap of ₹233.57 crores and the concession in tariff which the port has agreed to give for iron ore cargo would subsume the revenue on account of increased volume of iron ore traffic, if any, pointed out by the GMOEA.

(xii). (a). As per Clause 2.6. of Tariff Policy 2015, the Major Port Trusts have the flexibility to determine the rates to respond to the market forces based on its commercial judgment and draw the SOR within the ceiling of indexed ARR, duly certified by a practicing Chartered Accountant. The MOPT has stated it has proposed 35% increase in the vessel related charges and 25% increase in cargo related charges and storage charges. However, it is seen that increase proposed in few items is higher than increase in the tariff stated to have been proposed. To cite some example – The increased proposed in port dues for country craft, tugs, launches, etc. comes to 201% for foreign and 203% for coastal vessel, the detention charges for vessel not moved within 30 minutes is proposed to increase by 242%, the Berth Hire Charges for vessel at Berth No.8 for vessel size upto 15000 GRT the increased is in the range of 191% to 201%, the increase in storage charges for containers 20’ is 450%, etc. The MOPT was, therefore, requested to consider moderating the increase proposed, which are found to be higher than the stated level of increase proposed by the MOPT.

The port has stated that tariff proposal approved by the Board was discussed with the port users in different meetings held with the vessel agents, stevedores, cargo importers and cargo exporters. Based on the discussions, the increased proposed and certain conditionalities have been moderated and certain suggestions of the users given in the meetings and during the joint hearing conducted by this Authority are considered by the MOPT. Based on the points made by users/ user association, the port in its revised proposal dated 6 October 2016 has withdrawn the CHLD levy introduced for handling at Anchorage, and has proposed few modifications in the revised proposed SOR. Further, the port has clarified that the increase proposed in tariff and revenue estimates are within the ARR.

The MOPT has stated that the tariff increase proposed in vessel related charges is by 35%, cargo related charges and storage by 25%. However, since the MOPT has proposed lot of rationalisation and simplification of the existing SOR, the tariff increase in all the vessel related charges and Cargo related charges is not uniform at 35% and 25% respectively. It varies from item to item. The percentage increase in the existing tariff item is furnished by the port in the revenue estimates (Form 3). Considering the position that revenue from the increase in the cargo related charges, the vessel related charges and storage charge as sought by the MOPT and duly certified by the practicing Chartered Accountant is well within the ceiling indexed Annual Revenue Requirement and based on the judgment of the Port, this Authority is inclined to approve the revised tariff as proposed by the MOPT subject to a few modifications which is brought out in the analysis in the subsequent paragraphs.

(b). The revenue estimated by the MOPT at the proposed SOR is ₹199.80 crores. As brought out in preceding paragraphs seeking additional information/ clarification from the port, the MOPT has not quantified revenue for a few tariff items/ conditionalities. The port has stated that there is no data for estimating the income as the tariff items /conditionalities were not charged in the past. Considering the wide revenue gap of ₹233.57 crores (₹433.37 crores - ₹199.80 crores) between the ceiling indexed ARR for the port as whole as assessed in the subsequent paragraph, and revenue estimated at proposed tariff, the income arising on account of few new tariff items/ conditionalities and modification in the existing conditionalities for which income is not estimated would get subsumed in the revenue gap of ₹233.57 crores.

As stated earlier, the MOPT has made lot of modifications, rationalisation and simplification in the revised draft SOR. The port has furnished adequate reasoning for the modification proposed which is brought out in para 13.1. above on the additional information / clarification sought by us. Based on the information / clarification furnished by the MOPT brought out in para 13.1 and recognising that none of the users have raised made any adverse remarks, the modifications, rationalisation and simplification proposed by MOPT in the SOR are approved subject to analysis of those modifications where the users have raised concern and few major modifications which are discussed in the subsequent paragraphs.

(xiii). (a). In the existing SOR under section 1.1., port dues for country craft, tugs, launches, fishing trawlers and other vessels is prescribed separately at US$0.0852436/ GRT for foreign going vessel. At the proposed uniform port dues of US$0.2566/ GRT for foreign going vessel, the tariff increase works out to 201% for the country craft, tugs, launches, fishing trawlers and other vessels as against 35% increase proposed in vessel related charges. On being pointed about steep increase for these categories of vessel the port has clarified that for country crafts and fishing trawlers, a note is inserted at 2(iii) exempting country crafts and fishing trawlers from levy of port dues. As regards other crafts, the port has stated that port dues will be charged as per the rates applicable to vessels. It has clarified that the tugs and other crafts have lesser GRT and the revenue is negligible. Hence, the port has proposed to merge this category with the vessels. The proposed amendments in port dues is approved based on the clarification furnished by the port.

(b). While filing revised proposed SOR, the port has introduced a new tariff in the name of Vehicle Traffic Management System (VTMS) under Schedule Clause 1.1.1 under vessel related charges at US$ 0.0130/ GRT per entry for foreign vessel and 0.50 paise / GRT per entry for coastal vessel on all Vessels excluding Barges.

Mormugao Ships' Agents Association (MSAA) and GMOEA have objected the proposed new item stating that there is no justification to levy such a steep charge which is working out to approximately ₹27,000/- for a Foreign Going Handymax vessel.

As regards the port's view that it incurs huge expenditure in the procurement, installation, commissioning and maintenance of the VTMS system which has to be upgraded periodically every 5 to 6 years due to obsolescence of hardware and software for which a separate levy has been introduced, the MSAA has contended that other increase in tariff sought by the port will adequately cover the requirements to undertake routine upgradation. They have argued that the charges are similar to those under head Port Dues which is charged at "Rate Per GRT per Entry" and should not be introduced as a separate levy.

The port has emphasized the need to include this charge. The port has also estimated revenue from this item at ₹126.93 lakhs. The port is also amenable to merge the VTMS with the Port dues by increasing the Port dues to that extent. The port has argued that even after introduction of VTMS charges, the revenue estimation would still be within the ARR. As stated earlier, VTMS is not proposed as a separate tariff item in the Scale of Rates of any other Major Port Trusts. The service is related to vessel entry into the port and should ideally be a component of the port dues. Recognising that the revenue estimated by the port includes revenue from this item and the proposed tariff is mainly to meet the expenses towards procurement, installation, commissioning and maintenance of the VTMS system in the port, this Authority decides that instead of prescribing it as a separate tariff item, it is more appropriate to merge it with port dues as proposed by the port also. As stated by the port this will not be applicable to barges not undertaking cargo handling operations. That being so, the rates proposed for VTMS is merged with the port dues proposed at schedule 1.1.

(c). The port has proposed deletion of the existing notes 3 (i), (iii), (v) which exempts certain categories of vessels from port dues i.e. (i) pleasure yacht, (iii) vessel belonging to Government and plying blue/ white ensigns, (v) research vessel of Government of India and Defence vessel of foreign Government coming on goodwill visits.

There is no uniformity as such as regards exemption in Port dues in the SOR of Major Port Trusts. The SOR of Kandla Port Trust, V. O. Chidambaranar Port Trust, New Mangalore Port Trust, etc. do not prescribe exemption in port dues to vessel belonging to the Government of India whereas in the SOR of Visakhapatnam Port Trust, the vessels belonging to Foreign Princely State, Central/ State Govt. are exempted from the levy of port dues.

The MOPT has stated that due to heightening influx of Coast Guard, Indian/Foreign naval vessels and Research vessels the port's capability to handle commercial cargo vessels (resource diversion – tugs, pilot launch, berth, etc.) is impaired without any commensurate remuneration. Hence, the port has stated that it has consciously proposed to delete the exemption in port dues prescribed in the existing SOR to these categories of vessels. Based on the submissions made by the port, the proposal of the port for deletion of existing note 3 (iii) and (v) under Port Dues is approved.

As regards pleasure yachts, based on the clarification of the port that pleasure yachts are essentially luxury crafts owned by the affluent people and also that port is in the process of developing a marina which is expected to receive several pleasure yachts from all over, the proposal of the port to delete exemption granted to pleasure yacht and to levy a marginal port dues of ₹10,000 per month is approved.

(d). In the proposed SOR, the port has proposed port dues for barges carrying cargo and Bunker / water barges at ₹6,000 per annum.

GMOEA has requested that introduction of Port dues on barges should be removed. It has submitted that so far barges were not charged since they facilitate the trade which provides business to the port. Citing that this item may not fetch significant revenue to the Port but will result in an additional levy to be paid GMOEA have requested to delete the proposed new item. The Port has stated that it has proposed Port Dues on barges not to earn revenues but to have a registry of all the barges plying in Port waters. Further, the rate proposed is ₹6,000/- per annum which is very negligible. Moreover, as the conservator, MOPT is taking steps to remove the barge wrecks in port limits spending huge money. The MOPT has stated that the object of introducing this clause is to essentially establish a conservancy right over all the crafts and vessels plying in the port waters. Moreover, these crafts are engaged in commercial activities and the port has the right to charge a nominal levy. Based on the justification and clarification furnished by the port, this Authority is inclined to approve the proposed new items.

(e). The existing note (5) states that a vessel entering port but not discharging or taking in any cargo or passengers therein (with exception of such unshipment and reshipment necessary for purposes of repairs) shall be charged 50% of port dues. This is as per section 50 (B) of the Major Port Trusts Act. In the proposed note (5), the port has added a sentence to the existing note stating that however, the vessel arriving at the Western India Shipyard Limited (WISL) for repairs shall pay the Port Dues in full, as provided under 1.1 above. On being requesting whether the proposed note is in line with Section 50B of the Major Port Trusts Act, 1963, the port has clarified that, WISL is a commercial establishment operating within the port providing dry dock and repair facility. Section 50(B) would apply for vessels entering the port with an intention to discharge/load cargo but are unable to do so. However, the vessels at WISL enter the port with a specific intention of repairs and dry dock (commercial activity of profit to WISL) and as such this clause would not apply to vessels calling at WISL. Based on the clarification of the port, this Authority approves the proposed amendment.

(xiv). The port has proposed deletion of the existing note 8 under Port Dues which prescribes special rate of US$ 0.02451/GRT/hour on foreign naval vessel occupying General Cargo Berths and Mooring Dolphins in the proposed SOR. The port has stated that the berth hire applicable for foreign naval vessel is proposed in the berth hire schedule and in mooring dolphin schedule and hence the said separate note is proposed for deletion, which is approved by this Authority.

(xv). The port has completely rationalised cancellation charges and detention charges under Schedule 1.2.3. and 1.2.4. in the proposed SOR. On being asked to clarify the basis for proposed rationalisation as increase works out to more than 35% for some of the existing slabs.

Goa Chamber of Commerce and Industry (GCCI) has requested port to consider reduction in the proposed tariff stating that there is no justification for the proposed increase, and that cancellation takes place under rare unavoidable circumstances.

The port has clarified that pilot cancellation occurs rare and under unavoidable circumstances. As such, it would never be a significant revenue generator for the Port nor any financial burden to the trade. The intention of the Port for the steep increase in the tariff for this item is to deter unnecessary bookings and cancellation which will increase Port efficiency and in turn benefit the trade. Based on the clarification of the port, the rationalised structure towards Pilot Cancellation charges and Pilot Detention charges is approved as proposed by the port.

(xvi). The Tug hire charges have been increased by 40%. The GMOEA has requested to maintain it at the general level of increase permitted. It has argued that it also has a bearing on the pilot cancellation and pilot detention charges in cases where the tugs have been deployed. The Port has stated that it has been relying on two outsourced tugs in addition to the existing port owned two tugs to offer reliable service to the vessels. The increase proposed in Tug Hire Charges is keeping in view the costs incurred by the Port in providing tug services. The port has also estimated revenue from this item. The proposed tariff is approved based on the clarification furnished by the port.

(xvii). The GMOEA has pointed out that vessels working at outer anchorage (WOB) do not avail of pilotage and they anchor in the open sea where there is adequate natural draft without dredging by the Port. The Port incurs negligible expense on such activity. This being a notional activity where no service is rendered, pilotage fee should be waived for vessels at outer anchorage as per Clause 8.4 of TAMP Guidelines 2015. The MOPT has examined and agreed that Pilotage charges will not be levied for vessels at outer anchorage where cargo operations are not carried out. The port has accordingly inserted a suitable note that pilotage will not be leviable in case (a) Vessels which are diverted from outer anchorage without discharging or taking in any cargo or passengers and (b). Barges. The note proposed by MOPT is based on the request of GMOEA and is approved. Thus, the point made by GMOEA is addressed by the port.

The GMOEA's further request not to levy pilotage fee on all vessels at anchorage whether loading cargo or not which do not require to use service of pilotage, has not been acceded by the port. The port has stated that it is well within its right to charge the pilotage fee for vessels at outer anchorage where cargo operations are carried out and also that the revenue estimated at the proposed SOR is far less than the total revenue requirement.

(xviii). (a). Under the schedule 1.3. Berth Hire Charges, the existing SOR prescribes berth hire in two to three slabs for (a). Berth No. 8 (b). Berth Nos.10 and 11 and (c). Berth No.9 (MOHP). As against, that the MOPT has proposed single slab berth hire for three vessel types viz. (a). Cargo/ container vessels/ Transhippers, (b). Liquid Bulk Vessels, (c). Cruise Vessels, (d). Indian Navy/ Coast Guard Vessels and other vessels, (e). Foreign Navy/ Coast Guard Vessels.

From the Form 3 furnished by the port it is seen that the impact of the proposed berth hire for some of the existing slabs is estimated to be in the range 191% to 274% as against 35% increase stated to have been proposed in the vessel related charges. The MOPT was requested to furnish the basis of the proposed rationalised tariff for each items supported with detailed working. Since the increase at the proposed single tier berth hire charges appears to be steep for some of the existing slabs, the port was also requested consider to moderate it by proposing rationalisation in a phased manner instead of doing it at one go. It was also brought out to MOPT that at other Major Port Trusts like the Visakhapatnam Port Trust, more than one slab berth hire has been approved by this Authority for the same reasons.

The MOPT has clarified that as per clause 10.9 of working guidelines, berth hire is to be charged on single slab of GRT and hence the rationalisation has been proposed in line with the guidelines. The port has stated that structure of Berth Hire charges has been changed from berth wise to vessel type wise. The Berth Hire has been proposed as per the vessel classification. The port has also furnished comparative statement showing the berth hire at the existing rate vis-à-vis the proposed rate and the percentage tariff hike for each existing slab at the proposed rationalised tariff. The MOPT has clarified that the port has only two active berths under port's control and the hike has been introduced in order to induce faster turnaround and dissuade any vessel from over-occupying the berth unproductively. The port has also clarified that it is witnessing heightening influx of Coast Guard, Indian/Foreign naval vessels and Research vessels which impairs the port's capability to handle commercial cargo vessels (resource diversion – tugs, pilot launch, berth, etc.) without any commensurate remuneration, the hence separate berth hire charges are proposed for these categories of vessels.

Based on the clarification furnished by the port and recognising that none of the users / users association have objected the proposed restructured berth hire schedule and also recognising that the proposed rationalisation is after consultation by the port with the trade, the berth hire charges with the proposed increase is approved. In any case, the rates approved by this Authority are ceiling rate. The MOPT may exercise the flexibility available to it to charge lower rates and/or allow rebates and discounts based on the judgment of the port.

The port has proposed for deletion of the existing note nos. (1), (2) and (3) under Berth Hire Schedule citing that these existing notes are irrelevant now as the Berth Hire charges are proposed on vessel type wise and not location wise. For the reasons furnished by the port and taking into consideration that the port has rationalised and simplified the SOR, the proposed deletion of the three notes is approved as proposed by MOPT.

(xix). The existing SOR prescribes a single rate for vessels using mooring dolphins for loading and unloading of cargo or embarking or disembarking passengers or idle at mooring dolphins, at ₹0.0248 per GRT per hour or part thereof in case of coastal vessel and US $ 0.0008 per GRT per hour in addition to anchorage charge at US $ 0.011 per GRT per GRT per hour. As against that the MOPT has proposed has rate for occupying mooring dolphin for five different types of vessels. None of the users/ user associations have pointed out any objection on the proposed rates. The port has captured the revenue from Mooring Dolphins in the revenue estimates. Except for cargo vessels, the port has estimated nil revenue from this item. Since the revenue estimates are duly certified by practising Chartered Accountant the same are relied upon.

Recognising that none of the users / users association have objected the proposed restructured rates for mooring dolphin schedule and also recognising that the rationalised simplified rate proposed by port are after consultation held by the port with the trade, the rates proposed by the port are approved. As stated earlier, the rates approved by this Authority are at ceiling levels. The MOPT may exercise the flexibility available to the port to charge lower rates and/or allow rebates and discounts.

Whilst the port has proposed separate rate for foreign going vessel in US$, it has not proposed any rate for coastal category for Sr. No.(5) Foreign Navy/ Coast Guard Vessels. The reasons for not proposing rate for coastal category remains unexplained. In the revised SOR approved, concessional rate for coastal category is prescribed for this vessel group as well.

(xx). (a). In the proposed SOR, the MOPT has proposed anchorage charge on vessel type viz. Cargo/Container Vessels/ Transhippers, Liquid Bulk Vessels and cruise vessel as against the existing anchorage charges for East of Break Water and West of Break Water. Further, in the proposed SOR, the MOPT has proposed separate anchorage charges for working anchorage and idle anchorage charge.

GMOEA has stated that in the last Order, idle anchorage charge on vessel was eliminated. Whereas, now the port has reintroduced anchorage charge for vessel idling at anchorage and the tariff proposed is steep. The Mormugao Ships Agents Association (MSAA) has argued that anchorage charges should not be levied if vessel is awaiting on account of delay caused due to congestion. It has pointed out that MOPT has limited berths which are servicing multiple users, and berthing delays are inevitable and are beyond the control of the user.

In this regard, the MOPT has stated that under the existing SOR, the anchorage charges are same for both idle as well as working anchorage. The port has stated that tariff for idle anchorage charge is reintroduced on the request from the trade. Further, as rightly stated by MSAA, anchorage charge is prescribed in the SOR of few Major Port Trusts like Kandla Port Trust, Visakhapatnam Port Trust, etc., The MOPT has stated that tariff for Idle anchorage is proposed to be introduced flowing from discussion with Ministry of Shipping (MOS). The port wants to discourage waiting of vessels at anchorage.

The port has stated that anchorage rates have been arrived at 20% of the proposed berth hire charges for working anchorage and 10% for idle anchorage. As regards Indian Navy / Coast Guard Vessels and Other vessels including Research vessels, Survey Vessels, etc. and Foreign Navy / Coast Guard Vessels, it is seen that the proposed tariff is 15% and 25% respectively of the proposed berth hire charges. The MOPT has estimated revenue from proposed anchorage charge in the Form 3 which is duly certified by practicing Chartered Accountant.

It is relevant here to state that the MOS vide its letter dated 16 June 2016 has issued Berthing Policy for dry bulk cargo for Major Ports, 2016 wherein the guidelines require anchorage charges to be levied across all Major Ports for the purpose of reducing pre-berthing delay and overall turnaround of the vessel. The said guidelines state that the anchorage should not be higher than 50% of the berth hire charge at any point of time.

The proposed anchorage charge are within the cap prescribed by the MOS. Based on the above position and the clarification of the port, the anchorage charges proposed by the port for two categories is approved. As rightly stated by the MOPT, anchorage fee is being levied in its port since long time based on prescription in the SOR approved by this Authority. That being so, the request of the MSAA not to levy anchorage charge deserves to be rejected.

(b). The existing anchorage charges on per GRT basis for other vessels like launches, fishing trawlers, etc. at East / West of Break are proposed for deletion by the port stating that no anchorage charges have ever been collected from vessels like launches, fishing trawlers, etc. and hence these charges have been deleted. The proposed deletion is accepted.

(c). The port has proposed for deletion of each of the existing notes (1), (2), (7), (8) and (9) prescribed under notes common to section C (I) and (II) i.e. Berth Hire and Anchorage Charge. The port has clarified that in the present scenario, these notes are not relevant and hence deleted as part of rationalisation. Deletion of the existing notes (7), (8) and (9) appears to be in order and hence is accepted. The existing note 1 lists down the services covered under Berth hire includes charges and hence it is proposed to be retained. The existing note 2 states that for levy of berth hire the period of 1 hour shall be calculated from the time the vessel occupies berth/ anchorage. It is found appropriate to retain this note which governs the levy of the berth hire charges.

(d). The existing SOR at note 11(iii) lists down the vessels which are granted exemption from ousting Priority Berthing Charges. The port has proposed to delete the said existing note and prescribed that any vessel for which special exemption has been granted by the Ministry of Shipping shall be granted exemption from the payment of ousting priority charges. The MOPT was requested to consider to list down such vessels who have been granted exemption by the MOS in the SOR to avoid ambiguity. The port has clarified that there is no dispensation granted by the MOS as of now and this clause is proposed in order to accommodate any future exemptions given by the MOS. The modified proposed note by the port in place of existing note 11(iii) is approved based on the clarification furnished by the port.

(xxi). The port has retained the existing charges for supply of water to vessels which is approved. The GMOEA has, however, pointed out that the trade has on multiple occasions experienced that vessels/ transhippers operating at WOB have often faced severe problems of timely supply of Fresh water and Bunkers due to non-performance of vendor holding exclusive rights. They have requested this Authority to direct MOPT to decide on a reasonable Water/Bunker Supply charge at which any interested vendor is permitted to provide essential services so that users do not have to depend exclusively on a single vendor. In this context it is to state that the mandate of this Authority is limited to fixation of tariff for the services provided by Major Port Trusts. Outsourcing or engaging vendors for providing the service falls under the domain of Major Port Trusts. The MOPT has already stated that it will consider and evaluate various feasible options in view of suggestion made by the GMOEA. This will address the concern of the GMOEA.

(xxii). (a). The MOPT has proposed new tariff item Dredging Levy under schedule 1.6. The port has stated that the rates proposed for dredging levy is as approved by this Authority.

In this regard, it is relevant here to state that the dredging levy approved by this Authority in the Order no.TAMP/69/2014-MOPT dated 25 February 2015 is a reference tariff for Public Private Partnership (PPP) project for deepening of inner and outer channel for capesize and mini capesize vessel proposed by the MOPT under Tariff Guidelines of 2013 following the principles of 2008 guidelines.

Clause 5.7.1. of the Working Guidelines, gives the various option to the port for fixation of tariff for new cargo / service . When requested the port to clarify as to how its proposal of the port to adopt the reference tariff for dredging levy falls under the said clause of the Working Guidelines, the port has clarified that even though the adoption of reference tariff is not relevant under the Working Guidelines 2015, the Tariff Policy 2015 imparts flexibility to the Port to fix any rates as long as the revenues generated are within the ARR. That being so, the Port has stated to have adopted the reference rate already approved by this Authority for dredging project at MOPT. It is understood from the port that the dredging project on PPP mode did not work out and the port itself is undertaking this project. The port has also stated that it has taken loan from JNPT and KPT for the dredging project and has to pay interest cost. Hence, dredging cost may go up. But, it has proposed to retain the reference rate as approved by this Authority in February 2015 order.

Based on the clarification furnished by the port and recognising that the one of the methods suggested in clause 5.7.1. allows ports to arrive at tariff for new cargo/ service based on optimal capacity following the principles of 2008 guidelines, the proposal of the MOPT to adopt reference tariff for dredging levy approved in the said Order which was based on the principles of 2008 guidelines and fixed for optimal capacity is accepted.

(b). The reference rate approved by this Authority in the said Order is for two slabs beginnings from vessel size of 60,001 GRT to 75,000 GRT and 7,5001 GRT and above. As against that, the draft proposed SOR by the port in the current proposal proposes dredging levy in three slabs viz. 50,001 to 60,000 GRT (only from 1 June to 30 September), and remaining two slabs as approved in the reference tariff Order. When sought the basis of the proposed rate for the first slab, the port has stated that the heavy siltation takes place during the monsoon period which is from 1st June to 30th Sept. Due to this siltation, before the maintenance dredging takes place, the draft of the channel decreases resulting in smaller or lighter vessels being handled. After dredging the channel to -19.5 mtrs, even vessels handled at areas other than Berth Nos.5, 6 & 7 would benefit during monsoons. Hence the rates for 50,001 to 60,000 GRT have been proposed during monsoons. The port has not furnished any basis for the proposed rate. It is seen that the rate proposed for the first slab is 22% of the rate proposed for the second slab.

As regards the rate for 60,001 GRT to 75,000 GRT and 75,001 GRT and above, it is to state that the reference tariff approved by this Authority is in rupee terms for foreign going vessel for reasons stated in reference tariff Order. As against that, the port has proposed the rate for foreign going vessel in US$ by converting the approved rupee rate into dollar terms applying exchange rate of 1U$= ₹65. Since the revenue estimates is done for all vessel related charges considering exchange rate of 1U$= ₹67, the proposed rate is also slightly modified applying the exchange rate of 1U$= ₹67. In view of the above modification in the rate for the second and third slab, the rate proposed by MOPT for the first slab is also suitably modified maintaining the same percentage as applied by the MOPT. The rate proposed for coastal vessel is found to be as approved by this Authority in the reference tariff Order. Subject to above minor modification, the rates for dredging levy is approved as proposed by the port.

(c). While fixing the reference tariff for dredging levy, the GRT of vessels furnished by the port for Berth no.5, 6 and 7 was considered and the note 2 stated that proposed levy shall be applicable for vessels at berths 5, 6 and 7 and not for those at existing berths, Mooring Dolphins and Outer Anchorage.

In the revised proposed SOR, the said note no.2 is deleted. It is relevant here to state that the note no.2 proposed in the reference tariff schedule was for the PPP project. Now the dredging project is done by the port. The port has stated that the scope of vessels availing dredging facility is wider. Further, the proposed dredging levy is linked to GRT of vessel. This means vessels of 50,000 GRT and above (during 1 June to 30 September), and vessels above 60,000 GRT for the remaining period will have to pay the dredging levy. That being so, the proposal of the port for not incorporating the note 2 prescribed in the reference tariff order is approved. The port has retained the note 1 prescribed in the reference tariff Order which states that dredging levy will apply on total GRT of vessels and it is not for incremental GRT.

The port has not incorporated note nos.(3) and (4) approved in the reference tariff Order. These notes were relevant for reference tariff fixation. Non-inclusion of these two notes in the SOR of MOPT is found to be appropriate.

(d). The GMOEA has pointed out that the revenue from dredging levy needs to be accounted for while setting tariffs. The port was requested to furnish detailed revenue estimation from the proposed tariff item and show that it is within the ARR considered in Order dated 15 February 2015. The port has clarified that due to unforeseen circumstances, the capital dredging project has been delayed. The MOPT has estimated the income from dredging levy ₹30.00 crores each for the years 2016-17 and 2017-18. The port has further stated that levy will be applicable only after dredging of channel is completed and the levy commences. The revenue estimated by the port does not incorporate the revenue estimate from this item. In any case as stated earlier there is revenue gap of ₹233.57 crores and even after the revenue estimate of 30.00 crores from dredging levy there will still be revenue gap to the tune of ₹203.57 crores.

(xxiii). Under the schedule 2.1.1., 2.1.2. and 2.1.3., Wharfage for Dry Bulk, Break Bulk and Liquid Bulk cargo, the port has completely rationalised and simplified the existing wharfage schedule. The port was requested to clarify the basis for arriving at the rationalised wharfage rate. The port has stated that extensive discussions have been held with the port users and the service providers based on which the wharfage schedule has been rationalised with a view to bring about ease of doing business.

The existing SOR prescribes separate rates for mineral oils/ POL products linked to flash points. In the proposed SOR, the port has proposed a single uniform tariff for petroleum oil, lubricants and POL products. It is seen from the revenue estimates that the wharfage rate at the proposed rate leads to steep increase for a few cargo item like kerosene by 286%, aviation spirit, benzene petrol, gasoline, etc., by 94.95%. The port was requested to justify the steep increase for these items and also the basis for arriving at the proposed wharfage rate. The port was also requested to examine the possibility to moderate the proposed increase for these items. The port has stated that since there are only two berths under Port's control and the liquid bulk cargo vessel takes higher turnaround time, in turn affecting the capability of the port to handle other cargo vessels, it is essential to keep a deterrent tariff.

Though the port has stated that the increase in the cargo related charges is 25%, the increase in tariff is more than 25% for most of the cargo items as seen from Form 3 furnished by the port. The port was requested to justify the proposed increase which exceeds 25% claimed by the port. The port clarified that the general cargo related charges are proposed to be increased by 25%. Due to the rationalisation, the increase for some cargo has been more than 25% nevertheless, the estimated revenues from increased tariffs are within the ARR. Further, the port has proposed to include cargo nickel alongwith cement /clinker/ limestone in the wharfage schedule. The port has confirmed that handling of nickel in jumbo bags is same as any other cargo handled in jumbo bags. Hence, the proposal of port to include nickel with related cargo handling is approved.

Based on the clarification furnished by the port and recognising that proposed rationalised wharfage structure is reportedly after extensive discussions held by port with the port users and the service providers and also recognising that the port has estimated revenue for the wharfage and the overall revenue estimates duly certified by practising Chartered Accountant is well within the ARR, the rates as proposed by the port is approved. Accordingly, the wharfage schedule is approved as proposed by the port.

(xxiv). The existing note 6 under Notes to Section A- I, II & III prescribes fee @ ₹3.01 per tonne on Coal/Coke handled at Berth nos.10 and 11 towards recovery of expenditure on Dust Suppression System except for calcined coke, which is brought in bagged form for export. Now, the proposal is to raise the rate to ₹4 per tonne on all cargoes excluding containers and liquid cargo handled at the MOPT berths. The increase works out to 33% and the port has also captured the revenue of ₹1.33 crores from the proposed tariff in the revenue estimates. The tariff is approved as proposed by the port.

(xxv). (a). Based on a communication from the Ministry of Shipping (MOS), the all Major Port Trusts vide letter no.TAMP/35/2013-Misc. dated 7 August 2014 including MOPT were requested to prescribe a suitable note in their respective SOR regarding applicability of wharfage rates for Defence Stores in such a way that there is no ambiguity in mind of users on the application of the prescribed rates. The same point was reiterated during the processing of general revision proposal of MOPT. The port has stated that wharfage rate for defence stores is proposed at ₹147.00/ per tonne for foreign cargo and ₹89.00/ per tonne for coastal cargo which is 75% hike on the existing rate. The port has not handled any traffic of this category and hence revenue impact is estimated to be nil. The proposed rate is approved. It is seen that though the port has proposed specific rate for defence stores equipment, it has, however, not defined Defence Stores so as to avoid ambiguity in the mind of users on the application of the prescribed rates. The Mumbai Port Trust in its general revision proposal proposed a note that "Defence stores" would include 'Bombs, grenades, torpedoes, mines, missiles, and similar munitions of war and part thereof: cartridges and other ammunition and projectiles and parts thereof, including shot and cartridges wads' coming under Arms, Ammunition, parts and accessories thereof but the reference to "parts thereof does not include radio or radar apparatus as per note no.2 of Chapter no.93 of Customs Tariff of India. The said note is also incorporated in the SOR of the VPT and other ports so as to avoid ambiguity in the mind of users on the application of the prescribed rates. The same note is prescribed in the SOR of MOPT as well.

(b). The Ministry of Shipping (MOS) vide its letter no.16/(88)2016-PD-VII dated 20 September 2016 has conveyed its decision that, all the major ports will provide 80% discount with immediate effect for a period of two years w.e.f. 20 September 2016 on the Vessel related charges and Cargo related charges for Coastal transportation of vehicles through Ro-Ro ships to promote the Coastal Ro-Ro ship service of Major Ports. In this regard, this Authority has recently passed a common adoption Order no.TAMP/4/2004-Genl. dated 25 October 2016 directing all Major Ports to include a provision in their SOR. Hence, a suitable note is incorporated in the revised SOR of MOPT also.

(xxvi). The port has proposed a new note under the Schedule 2.2.1 (Composite Handling Charges Using Ship's Gears) stating that the containers brought to the Port under transhipment permit for Customs verification shall be charged ₹5000/- per container. In addition to this, the charges for the reach stacker moves shall apply for such containers.

When sought the basis for the proposed note, the port has clarified that Containers are being brought from other ports for Customs inspection at the port. The port has to identify a designated area and resource to manage this activity. As such, a new rate has been proposed in consultation with the trade. The port has stated that the revenue impact is negligible at ₹1 lakh. Based on the clarification furnished by the port and recognising that the impact on revenue of port is negligible, the proposed new tariff item is approved.

(xxvii). (a). Though port has stated that the increase proposed in cargo handling charge is 25%, it works out 450% in container storage charge. For cargo as well, the increase proposed in storage charge is in the range of 43% to 129%. Moreover, the port has proposed improved daily delivery rate for levy of normal rent for import dry bulk cargo. The free period for import break bulk cargo is proposed to be reduced from existing 10 days to 3 days and for export break bulk from existing 30 days to 12 days. The port was requested to justify the steep increase in the storage charges and for proposing reduction in free period for break bulk cargo. The port was also requested to explore the possibility to reduce the steep increase proposed in the container storage charge.

The port has clarified that land is a scare resource at port and it is faced with a severe bottleneck of evacuation leading to higher dwell time. It is, therefore, imperative that the scarce of port space is not used as a storage space by the trade. The port has stated that the increase is justified since the Port is faced with acute space constraint and proposed increase is necessary to dissuade the trade from using the transit space a storage space. The revenue impact is captured in the revenue estimates. Since the steep increase proposed is mainly to act as a deterrent from using the space as storage, the storage charge is approved as proposed by the port.

(b). Mormugao Stevedores' Association (MSA) has stated that because of road congestion, it is difficult to evacuate cargo within the reduced free period. It has requested port not to increase storage charge. The GMOEA has also requested to maintain the existing free period. It is relevant to state that free period for containers is proposed to be increased by the port from existing 1 day to 3 days for import containers and 7 days for export containers. Only in respect of break bulk, the free period is proposed to be reduced by the port. The port has clarified that the intention of the Port is not to earn revenue from storage charges but to increase the throughput, turnaround and efficiency of the Port. The port has reiterated that there is constraint of space in the port. Of 250 acres of operational area, port has to provide service to maximum customers. Containers/ cargo are kept in port area for months together. Hence, MOPT has justified the proposed storage charge to act as a deterrent. The port has, however, agreed to allow higher free period on case to case basis, if any segment is affected and has also agreed to improve service and deliverables for quick cargo evacuation.

(c). As regards the point made by GMOEA that due to restrictions in movement of vehicles carrying cargo through the town, the effective working hours for movement of vehicles is reduced affecting accumulation of cargo / dispatch of import cargo, the port has clarified that presently there is hardly any evacuation during night time which can be effectively utilised for evacuation of cargo. Keeping this and in view of the Order No.TAMP/14/2016-Misc dated 9 February 2016 of this Authority flowing from the direction of the MOS towards ease of doing business, the Port has proposed a rebate of ₹1.00 per tonne on demurrage charges for cargo evacuated during night from 23.00 hours to 7.00 hours. The prescription of proposed rebate is approved. It is relevant to appreciate that MOPT is the first port which has proposed for prescription of rebate in the rate in demurrage to encourage evacuation of cargo during night.

(d). In the existing SOR, demurrage on Explosives/ Dangerous/ Hazardous Goods is prescribed for package of 50 Kgs or part thereof on per day basis for different slabs and the rate for the first slab is ₹25.03 / per 50 Kgs/ day or part thereof. In the proposed SOR, the port has proposed the unit of levy on per Tonne/ Per TEU and the rate proposed is ₹10000 / tonne / day for bulk / break bulk cargo and ₹5000/ TEU/ day for containers. The port has justified that steep prohibitive rates are proposed because the port is located in the thickly populated area and explosive cargo being a high risk cargo; it entails high cost to arrange for the handling this cargo. Based on the clarification furnished by the port, and recognising that there has not been any pointed objection from users the rates as proposed by the port are approved.

(xxviii). (a). The port has done lot of modification/ rationalisation in the existing Cargo Handling Charges (Stevedoring Charges). The port has stated that extensive discussions have been held with the stevedores based on which the Cargo Handling Charges schedule has been rationalised with a view to bring about ease of doing business. The impact of the proposed rate has been captured by the port in the revenue estimates.

It is relevant here to state that the MOPT has filed a separate proposal based on the Stevedoring and Shore Handling Guidelines issued by the the Ministry of Shipping (MOS) vide its letter No.PD/11033/73/2013/PT(PT) dated 17 October 2016 which has been processed as a separate tariff case and taken on consultation with stakeholders. Subsequent to Work Shop held on 5 November 2016 at the office of this Authority with all the Major Port Trusts, the MOPT expressed that they will have to revisit the proposal and file a revised proposal. Processing of this case may involve some time.

The port has requested this Authority to go ahead with the proposed rationalised tariff for stevedoring in the current proposal till such time the rates (to be) approved by this Authority based on separate proposal filed by MOPT under the new guidelines for Stevedoring and Shore Handling operations is implemented. That being so, and based on the clarification furnished by MOPT that the proposed rates are after extensive discussions held by the port with the stevedores and its revenue impact is captured in the revenue estimates, this Authority approves the proposed schedule.

(b). The existing SOR also prescribes a separate schedule of rates for shore handling operations. The port has, whilst proposing rates for stevedoring operations, proposed for deletion of the existing schedule relating to shore handling operations. When requested the port to include the tariff for shore handling operations in the proposed SOR till the normative tariff based on the Stevedoring and Shore Handling guidelines is determined, the port has stated that due to ban in recruitment of workers at entry level, the Port is permitting private stevedores to arrange shore workers on their own. Hence, it has proposed to delete the schedule of rates for shore handling operations.

Under the new Stevedoring and Shore Handling Guidelines of 17 October 2016 issued by the MOS, the Major Ports have to approach this Authority for fixation of rate for both stevedoring and shore handling operations for the services authorised by the port to service providers. That being so, till such time the rates for shore handling operations are determined under new guidelines for Stevedoring and Shore Handling operations based on separate proposal filed by the port, it is found appropriate to retain the existing schedule for shore handling operations in the revised proposed SOR.

(c). Further, a specific note is prescribed in the SOR to state that the rates prescribed in the revised SOR for Stevedoring and Shore Handling Operations are subject to revision based on a separate proposal filed by the MOPT for fixation of upfront tariff for stevedoring and shore handling operations at MOPT in pursuance of Guidelines issued by Ministry of Shipping for Determination of Upfront Tariff for Stevedoring and Shore Handling Operations authorised by Major Ports.

(xxix). The port has proposed new tariff Electronic Data Interchange vide its letter dated 3 September 2016. When requested the port to clarify the services offered by the port for levy of this tariff item, the Port has stated that port has incurred huge expenditure in the past for implementing the ERP software and also for maintaining the same and the ERP software and hardware is also due for upgradation. The

Port has stated that it has been charging EDI charges since 2002 which is not part of the SOR. The port proposes now to prescribe the tariff for this item in the SOR with increase from charges collected by the port.

As rightly stated by the port, the existing SOR approved by this Authority does not prescribe for this item. It is understood from the comments of GMOEA that though the rate is not prescribed in the SOR the port is collecting EDI charge of ₹750 per bill (US$ 25 per bill in case of VRC on foreign vessels) since 2002. The port has now proposed to incorporate the EDI charges in the SOR and it has proposed the rate on per document basis to keep the cost to the trade as low as possible. The port has stated that if it is levied in the general tariff structure, either on per GRT basis or per tonne basis, the cost to the trade will go up.

The port has proposed US$ 50 per document for foreign going vessel and ₹2000 per document for coastal vessel towards Vessel Related services. Likewise, the port has proposed for cargo related, container wharfage, and container storage as well at ₹1000 and ₹500 per document respectively. The port has stated that ERP software and hardware is also due for upgradation. The port has clarified that as per the guidelines, all vessel related charges and container storage charges are to be denominated in US $. The same principle has been extended by MOPT to EDI charges also. It is relevant to state that in none of the ports tariff in the name of Electronic Data Interchange Charges is prescribed separately. However, since the port has reported that it has already been collecting this tariff since 2002 and the overall revenue estimates which includes this tariff item is within the ARR, rate proposed by the MOPT is approved. By way of abundant caution, this Authority would like to clarify that approval of this rate in the revised SOR is from prospective effect and this should not be construed as concurrence to the rate levied by the MOPT in the past which is not as per the SOR approved by this Authority.

(xxx). The existing SOR prescribes the charges for embarkation, disembarkation of passengers and for transit passengers in rupee denomination for foreign passenger and coastal passenger. In the proposed SOR the port has proposed these tariff items in dollar denomination for foreign passenger. When sought reasons for changing the unit of levy to dollar denomination, the port has clarified that the universal currency for international passengers is US $ and hence the passenger charges for foreign passengers are proposed to be collected in US $. It is relevant to state that at the other Major Ports like Cochin Port Trust, Mumbai port Trust, the prescription of embarkation, disembarkation of passengers is in rupee denomination for foreign passenger. The Tariff Policy, 2015 and the Tariff Guidelines 2005 require vessel related charges to be denominated in US$ terms for foreign going vessel. The proposal of MOPT for prescription of US$ denomination for embarkation, disembarkation fee for foreign passenger is not found to be in line with the Tariff Policy, 2015 and in line with the prescription in other ports. That being so, it is prescribed in rupee terms. The percentage increase proposed by the MOPT for coastal passenger is applied on the existing rate for foreign passenger to arrive at the revised rate.

(xxxi). In the existing SOR, the performance linked tariff prescribed for HMC is for three cargo groups viz. For Dry bulk - (a). Food grains & Fertiliser (b). Coal, lime stone, minerals, etc. (c). Break bulk cargo (steel and bagged cargo) (d). Others. As against that, the port has proposed performance linked tariff for different cargo items under Dry bulk cargo, break bulk cargo for operation of 100T HMC. The port has further proposed separate tariff for hire of Mobile Harbour Crane (MHC) with (a). Ships gear and (b). Gearless vessels. The proposal is not supported with any working for arriving at the proposed rates nor does it explain the basis.

The rate for HMC in other Major Ports is generally prescribed on normative basis and is linked to performance. Higher rate is prescribed for better performance to incentivise productivity improvement and lower rate is prescribed for performance below the benchmark level. However, the rate for HMC proposed by MOPT is otherwise. Lower rate is proposed for higher performance and higher rate is proposed for lower performance.

When requested the port to furnish the basis and working for arriving at the proposed rate for each cargo and explain the proposed modification of seeking cargo wise tariff and separate tariff for operation of 100T HMC with ship gear and with gearless vessels, the port has clarified that the existing rates approved by this Authority stipulate increasing rates for increased avg. daily performance. This is based on the premise that HMC being Port owned reflects the Port efficiency which should be rewarded by increased rates. However in reality, the stevedores who book the HMC divert majority of the cargo to the Ship's gear thereby ensuring that the Port HMC gets less cargo to handle. This has the double effect of the HMC handling less cargo as also reducing the avg. daily performance and consequently lesser per tonne rate. Hence when the HMC is used in conjunction with the Ship's Gear, it reflects the stevedore efficiency and when used stand-alone it reflects the Port efficiency which should be charged accordingly.

The port has clarified that the rates have been proposed after extensive discussions with the stevedores taking into account what the trade can bear. The revenue estimated by the MOPT duly certified by the practising Chartered Accountant includes revenue estimate for the different cargo wise rates proposed for HMC. In view of the above position and recognising that the proposed rate is after extensive discussions the port had with the stevedores and none of the users have raised any objection to the proposed modified rate structure for HMC, the 100T HMC rates is approved as proposed by the port relying on the judgment of the port and flexibility available to it under the Tariff Policy, 2015 to propose rate within the ARR.

(xxxii). (a). The port has proposed a new tariff item under Schedule 4.1. for MHC at ₹23,500 per hour/ part thereof. The port has clarified that there is also requirement for the HMC for non-cargo heavy lifting works such as fixing cranes on vessels constructed in goan shipyards and similar other works which cannot be charged on per tonne basis but has to be charged on hourly basis. The proposed rate is to take care of such needs. Based on the clarification furnished by the port and recognising that none of the users have raised any objection, the proposed rate is approved.

(b). The existing SOR prescribed hire charges for equipment other than for cargo handling purposes on shift basis, per hour basis and minimum charge as well. As against that in the simplified structure, the port has proposed the rate on per hour basis only. The increase in hire charge for 8 Tonne TIL Bull cranes is ₹218% and for other items it is in the range of 34% to 38% and for 75MT TIL crane it is 20%. The port has clarified that the cranes mentioned are not cargo handling equipments but are cranes primarily meant for doing Port's work. In case of any external user requirement, Port makes available the cranes at the prescribed rates. The port has captured the revenue estimates in the Form 3. Based on the clarification furnished by the port, and recognising that the rate is for other than cargo handling purpose and provided at the request of the trade, the proposed hire charge for equipment is approved.

(xxxiii). The port has proposed new tariff Weighment Charges for Rail/Road Weigh bridges at ₹5.50 per tonne. The Port has stated it proposes to outsource the Weighment service and this service is proposed to be implemented on revenue share basis. The port has stated that presently, a weighbridge is provided by a private operator who is collecting ₹5.50 per ton as Weighment charges without any revenue share to the port. Since the proposed Weighment charges is reported to be based on the Weighment charges presently being levied reflecting the market position, the proposed rate in the SOR is approved.

(xxxiv). This Authority vide Order No.TAMP/30/2011-MOPT dated 2 May 2012 had passed an Order prescribing charges for use of Transhipper/ Floating Crane provided by the authorized private operators for cargo operations. The validity of the rates was prescribed for 3 years from the date it came into effect in June 2012. This was included in the SOR of the MOPT last approved vide Order No.TAMP/43/2012-MOPT dated 14 June 2013. Though port has stated that the charges for use of Transhipper/Floating crane provided by the authorised private operators has been reinstated in the proposed SOR, it is not found to have been reinstated. The original validity of the existing rates for this item expired in June 2015. The port has, however, not filed a proposal for revision of this item. The port is, therefore, advised to file the proposal for revision of this item following the principles of May 2012 Order within three months from the date the revised SOR comes into effect failing which the rates will automatically stand expired. A suitable note in this regard is included in the relevant schedule. The existing rates as approved in the Order dated May 2012 is continued to be incorporated in the SOR. This item will, however, not be subject to annual indexation in tariff and Performance Linked Tariff. A suitable note is prescribed in the SOR.

(xxxv). As stated earlier, the existing Special Levy of 9% to meet the pension liability is done away with by the port in the proposed SOR.

(xxxvi).(a). The MOPT has, in the proposed SOR, inserted a note that Vessels which call at Ports, for which IGMs and/or EGMs are filed for the purposes of Customs Act, 1962, cannot be treated as 'cargo', and they are conveyance only, and, the Ports should not charge wharfage on such vessels. This prescription is based on our letter No.TAMP/53/2002-Misc dated 25 March 2015 to all the Major Port Trusts including VPT in pursuance of the MOS letter No.PD-25021/7/2015-PD.1 dated 16 April 2015 of MOS directing to all Major Port Trusts to follow regarding wharfage charges on vessel manifested as cargo in the Import General Manifest (IGM) or Export General Manifest (EGM). This note is not incorporated in revised proposed SOR. The general note in this regard notified by this Authority in the said Order is incorporated in the revised SOR in the wharfage schedule.

(b). This Authority has vide Order No.TAMP/52/2014-Genl. dated 28 November 2014 notified the Guidelines issued by the MOS on priority berthing of coastal vessel for common adoption by all Major Port Trusts and has advised the port to suitably amend their existing SOR. Since the proposed SOR did not incorporate the guidelines on priority berthing of coastal vessels at Major Port, the MOPT was requested to incorporate the same. The port has proposed only two notes and not all the conditions prescribed in the common adoption Order. The guidelines issued by the MOS and notified by this Authority in the said Order are incorporated in the revised SOR in toto.

(c). In pursuance of Ministry of Shipping (MOS) communication vide letter No. PD/14033/101/2015-PD.V dated 3 February 2016 this Authority has passed a common adoption Order No. TAMP/14/2016-Misc dated 9 February 2016 relating to prescription of lower charges for cargo & vessels related services as well as special discount in port charges for the services rendered after regular hours by the Major Port Trusts and BOT Operators operating. The MOPT has proposed that if cargo is evacuated during night from 23.00 to 7.00, a rebate of ₹1.00 per tonne shall be given on the demurrage charges for cargo evacuated by road beyond free days. Apart from the proposed note, a general note as prescribed in the SOR of other Major Port Trusts is incorporated in the SOR of the MOPT in this regard.

(xxxvii). The port had initially proposed a new tariff item as CHLD levy. The GMOEA has pointed out that CHLD workers are no more there and hence objected the proposed levy. In the revised proposed SOR, the port has deleted the CHLD levy. As per

Clause 8.4. of the Tariff Policy 2015, Major Ports shall charge only for services provided for them. No notional booking of labour and other similar notional charges is permitted. The MOPT has, therefore, complied with the said provision of the Tariff Policy, 2015 issued by the Government of India.

(xxxviii). As per clause 4.1 of the Tariff Policy, 2015, (a) additional surplus assessed by TAMP in earlier tariff Orders which remain unadjusted has to be transferred by Major Port Trusts to any fund as desired by the Port Trust. (b) Additional surplus, if any, accruing to the Major Port Trusts during the period of application of existing Scale of Rates till the effective date of implementation of the new Scale of Rates fixed under this policy should be assessed and transferred to the General Reserve and use the funds for the purpose of development, creation and/ or modernization of the port infrastructure facilities. As regard (a) there was no additional surplus remaining unadjusted in the last tariff Order. As regards above, the MOPT was requested to assess the additional surplus, as required under clause 4.1 of the said Tariff Policy and furnish the same for information. The MOPT has stated that it has suffered huge financial loss on account of ban on export of iron ore imposed by the Hon'ble Supreme Court. The accumulated loss is ₹250 crores. Hence, there is no surplus to be adjusted for the previous period. The Tariff Policy, 2015 does not permit to account for the past losses in the tariff fixation exercise.

For the year 2016-17 as well, the port is advised to assess the net surplus/ deficit after admissible cost and 16% return till the revised rates now approved comes into effect and in case of additional surplus, if any the port to transfer the same as per clause 4.1. of the Tariff Policy, 2015 and also report the position to this Authority.

(xxxix). Clause 3.2. of the Tariff Policy 2015 stipulates that the indexation of SOR as provided in Clause 2.8 will be subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. The MOPT was, therefore, requested incorporate a suitable clause in the SOR on indexation in line with the provision stipulated in clause 3.2. Since the port has not incorporated, conditionalities to give effect to indexation of SOR to achievement of performance standard has been included in the revised SOR.

(xl). (a). Minor typographical error observed in the rates proposed for coastal tariff is corrected. Apart from that, there are some arithmetical errors which are corrected in the revised SOR.

(b). The port has proposed a new note stating that all port charges are to be paid in advance before availing the services. Time for payment of charges to Major Port Trust is governed by Sections 58 and 65 of the Major Port Trusts Act, 1963. That being so, it may not be necessary to prescribe the proposed note in the SOR.

(xli). As per Clause 3.1. of the Tariff Policy 2015, the Major Port Trusts shall also commit Performance Standards for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port shall prescribe Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels and any other parameter which is found relevant by the Port. The MOPT has committed Performance Standards for cargo related services in terms of average ship berth day output in tonnes / day including container handling and for vessel side services, port has proposed Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels, percentage of idle time at berth. The performance standard as proposed by the MOPT is approved.

(xlii). As per Clause 2.8. of the Tariff Policy, 2015, SOR will be indexed annually to the inflation to the extent of 100% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January 2016 and 1

January of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Further, as per clause 3.2 of the Tariff Policy, 2015 to be read with clause 2.8 of the Tariff Policy 2015, annual indexation in SOR at 100% of the WPI is applicable subject to achievement of Performance Standards committed by Major Port Trusts. If a particular port does not fulfil the Performance Standard, no indexation would be allowed during the next year. It is relevant to state that in the instant case indexation for the year 2015-16 is already considered in the ARR and for the purpose of drawing the SOR. The next annual indexation in SOR will be applicable from 1 April 2017 subject to achievement of Performance Standards in the year 2016-17. That being so, a note is inserted in the SOR to the effect that the SOR approved by this Authority is subject to automatic annual indexation at 100% of the WPI with effect from 1 April 2017 to be announced by this Authority.

The annual indexation will be from 1 April 2017 subject to the MOPT achieving the Performance Standards notified alongwith the SOR. If Performance Standards prescribed in the SOR are not achieved, there will be no indexation in SOR for that particular year. The Tariff Policy, 2015, stipulates that annual indexation in the SOR will be automatic subject to achievement of Performance Standards. It does not require the Major Port Trusts to approach this Authority for the same. In Order to have transparency, the port is advised to declare the Performance Standards achieved for the period 1 January to 31 December vis-à-vis the Performance Standards notified by this 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 this Authority. If the Performance Standards as notified by this Authority are achieved by the port, then the port can automatically index the rates prescribed in this SOR at 100% of WPI announced by this Authority and apply the indexed SOR MOPT to be intimated by the port to the concerned users and to this Authority.

(xliii). The validity of the existing SOR of the MOPT was last extended till 30 June 2016 or till the effective date of implementation of the revised Scale of Rates, whichever is earlier. On 30 June 2016, the MOPT had filed a proposal for revision of the SOR which has culminated into the revised SOR approved by this Authority. As stated in our Order notifying the revised SOR of the MOPT, the (then) existing Scale of Rates including the Special rate is deemed to have been extended from the date of expiry till the revised SOR comes into effect.

(xliv). As per Clause 3.8. of Working Guidelines, the SOR notified shall remain valid for 3 years after expiry of 30 days from the date of notification of the Order notifying the Scale of Rates in the Gazette of India. Therefore, and since the Tariff Policy, 2015 requires computation of tariff based on ARR on the actuals reported in the Audited Accounts for three years, the validity of the revised SOR is prescribed till 31 March 2019.

(xlv). (a). As per clause 8.1. of the Tariff Policy 2015, the rates prescribed in the Scale of Rates are ceiling levels; rebates and discounts are floor levels. The MOPT may exercise the flexibility to charge lower rates and/or allow higher rebates and discounts.

(b). As stated earlier, as per Clause 2.7. the Tariff Policy 2015, it is for the MOPT to ensure that as a result of revision in the SOR there will not be loss of traffic to the port.

(c). If there is any error apparent on the face of record, the MOPT may 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.

(d). The modification proposed by MOPT in the conditionality governing the Scale of Rates are considered for approval based on justification

/ clarification furnished by MOPT. The MOPT may also for any 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.

18.1. In the result, and for the reasons give above and based on a collective application of mind, this Authority has approved the revised SOR and the Performance Standards of the MOPT which is already notified separately.

18.2. The revised SOR has come into effect after expiry of 30 days from the date of notification of the Scale of Rates in the Gazette of India and is in force till 31 March 2019. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

18.3. The MOPT has committed Performance Standard for cargo related services in terms of average ship berth day output, average moves per hour in case of container handling. For vessel side services, the port has committed Performance Standards in terms of average turnaround time of vessels and average pre-berthing time of vessels.

18.4. The indexation of SOR as provided in Clause 2.8 of the Tariff Policy, 2015 is to be read with Clause 3.2. of Tariff Policy, 2015. If MOPT does not fulfil the Performance Standard, the MOPT is not eligible for indexation during the next year.

18.5. As per Clause 7.1. of the Tariff Policy 2015, Major Port Trust shall furnish to this Authority annual reports on cargo traffic, ship berth day output, average turnaround time of ships, average pre-berthing waiting time as well as the tariff realized for each of its berth. The annual reports shall be submitted by the Ports 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.

18.6. As per Clause 4 of the Working Guidelines this Authority may publish all the information received by it from Major Port Trusts under clause 7.1. of the Tariff Policy, 2015 on its website.

(T.S. Balasubramanian)
Member (Finance)

ANNEX

FORM - 1

Computation of Annual Revenue Requirement under Policy for Determination of Tariff for Major Port Trusts, 2015				
				Rs. in lakhs
Sl. No.	**Description**	**Y1 (2011-12)**	**Y2 (2012-13)**	**Y3 (2013-14)**
(1)	**Total Expenditure (As per Audited Annual Accounts)**			
(i).	Operating Expenses (including depreciation)	19734.39	19572.33	17903.48
(ii).	Management & General Overheads	6154.76	6404.06	6204.16
(iii).	Finance and Miscellanous Expenses (FME)	9446.86	9388.24	11234.75
	Total Expenditure 1=(i)+(ii)+(iii)	**35336.01**	**35364.63**	**35342.39**
(2)	**Less Adjustments:**			
(i).	**Estate Related Expenses**			
	(a) Operating Expenses (including depreciation)	798.01	854.85	699.30
	(b) Allocated Management & Administrative Overheads	248.88	279.71	242.33
	(c) Allocated Finance and Miscellanous expenses (FME)	291.19	308.96	325.89
	Subtotal 2(i)=[(a)+(b)+(c)]	**1338.08**	**1443.52**	**1267.52**
(iii).	**Interest on loans**	0.00	0.00	36.71
(iv).	**4/5th 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) Retirement Gratuities (SVRS)	0.00	0.00	241.83
	(b) Ex-gratia payments (SVRS)	0.00	0.00	584.94
	Subtotal 2(iii)=[(a)+(b)]	**0.00**	**0.00**	**826.77**
(v).	**4/5th of the Contribution to the Pension Fund**	2120.00	1869.60	1860.00
(vi).	**Management & General Overheads over and above 25% of the Aggregate of the Operating Expenditure and Depreciation**	1171.78	1444.98	1660.78
(vii).	**Expenses relevant for Tariff Fixation of Captive Berth, if any governed under Cl. 2.10 of the Tariff Policy 2015**			
	(a) Operating Expenses			
	(b) Depreciation			
	(c) Allocated Management & Administrative Overheads			
	(d) Allocated Finance and Miscellanous expenses (FME)			
	Subtotal 2(vii)=[(a)+(b)+(c)+(d)]	**0.00**	**0.00**	**0.00**
	Total 2 = 2(i)+2(ii)+2(iii)+2(iv)+2(v)+2(vi)+2(vii)	**4629.86**	**4758.10**	**5651.78**
(3)	**Total Expenditure after Total Adjustments (3 = 1 - 2)**	**30706.15**	**30606.53**	**29690.61**
(4)	**Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3**		**30334.43**	
(5)	**Capital Employed**			
	(i) Net Fixed Assets as on 31.03.2014 (As per Audited Annual Accounts)		39552.37	
	(ii) Add: Work in Progress as on 31.03.2014 (As per Audited Annual Accounts)		15276.53	
	(iii) Less: Net Value of Fixed Assets related to Estate Activity as on 31.03.2014 as per Audited Annual Accounts		2312.03	
	(iv) Less: Net Value of Fixed Assets, if any, transferred to BOT operator as on 31.03.2014 as per Audited Annual Accounts		0.00	
	(v) Less: Net Value of Fixed Assets as on 31.03.2014 as per Audited Annual Accounts relevant to be considered for captive berths, if any, under Cl. 2.10 of the Tariff Policy 2015		0.00	
	(vi) Add: Working Capital as per norms prescribed in Cl 2.5 of the Working Guidelines			
	(a) Inventory		719.20	
	(b) Sundry Debtors		494.78	
	(c) Cash		2799.57	
	(d) Sum of (a)+(b)+(c)		**4013.55**	
	(viii) Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)-(vi)+(vii)(d)]		**56530.42**	
(6)	**Return on Capital Employed 16% on Sl. No. 5(vii)**		**9044.87**	
(7)	**Annual Revenue Requirement(ARR) as on 31.03.2014 [(4)+(6)]**		**39379.30**	
(8)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2014-15 i.e. @6% (7*1.06)**		**41742.06**	
(9)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2015-16 i.e. @3.82% (8*1.0382)**		**43336.61**	
(10)	**Indexation in the ARR @ 100% of the WPI applicable for the year 2016-17 i.e. @ 0.00% (9*1.00)**		**43336.61**	
(11)	**Ceiling Indexed Annual Revenue Requirement(ARR)**		**43336.61**	
(11)	**Revenue Estimation at the proposed SOR within the Ceiling Indexed ARR estimated at Sl.No. 10 above**		**19979.63**	

Note :

1) 2013-14 FME includes Rs. 30.00 Crores withdrawn from the Pension Fund for Pension Payments

2) Sl.No. 2(iv) has not been considered for averaging over 3 years and has been deducted after the averaging

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

F.No. TAMP/38/2016-MOPT - Proposal received from the Mormugao Port Trust (MOPT) for revision of its Scale of Rates.

A summary of the comments received from the users/ user organizations and reply furnished by Mormugao Port Trust (MOPT) thereon is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of the users / user organisations</th><th>Reply furnished by MOPT</th></tr>
<tr><td>1.</td><td>Zuari Agro Chemicals Limited</td><td></td></tr>
<tr><td>(i).</td><td>The current rates of wharfage for these Fertilisers and Fertiliser Raw Materials at Goa port are already very much higher than the prevailing rates at other ports across the country.</td><td>No comments furnished by MOPT on this point.</td></tr>
<tr><td>(ii).</td><td>(a). The table below gives the current rates at Goa with proposed revision, along with the corresponding prevalent rates at New Mangalore and Kandla Ports.
<table>
<tr><th colspan="2">WHARFAGE</th><th colspan="2">Goa Port</th><th>Mangalore</th><th>Kandla</th><th>Vizag</th></tr>
<tr><th></th><th></th><th>Existing (₹/ MT)</th><th>Proposed (₹/ MT)</th><th>NMPT Port</th><th>Kandla Port</th><th>VPT Port</th></tr>
<tr><td>2.1.1</td><td>Dry Bulk Cargo (₹/ MT.)</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Sr. No.9</td><td>Fertiliser and Fertiliser Raw Materials.</td><td>37.80</td><td>50.00</td><td>34.45</td><td>24.00</td><td>41.25</td></tr>
<tr><td>2.1.2</td><td>Liquid Bulk Cargo (₹/ MT)</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Sr. No.3</td><td>Liquid Ammonia</td><td>138.60</td><td>188.00</td><td>68.89</td><td>40.00</td><td>39.75</td></tr>
<tr><td>Sr. No.4</td><td>Acids of all kinds (Phos. Acid)</td><td>94.50</td><td>128.00</td><td>59.05</td><td>40.00</td><td>55.50</td></tr>
</table>
Note:
(1). At Goa Port, in addition to the above charges, a 9% additional levy is applicable towards Pension Fund.
(2). Rates of New Mangalore Port have been recently revised on 13 May 2016 and will remain in force till May, 2019.</td><td rowspan="2">There is huge disparity in wharfage rates when compared to other ports pertaining to Dry Bulk Cargo and Liquid Bulk Cargo.

The Dry Bulk Cargo (Fertiliser and Fertiliser Raw Materials) has been increased by 30% which comes to 32.28% due to rounding off to nearest paise. The Liquid Ammonia and Acids of all kinds (Phos. Acid) has been increased by 35% which comes to 35.64% and 35.45% respectively due to rounding off to nearest paise. The percentage increase is in line with increase proposed for Cargo Related Charges. The increase in rates for Dry Bulk Cargo and Liquid Cargo is within the Annual Revenue Requirement (ARR) and as per the Tariff Policy, 2015.</td></tr>
<tr><td></td><td>(b). Identical products must have parity in rates across the ports in order to provide a level playing field.</td></tr>
<tr><td></td><td>(c). The prevailing wharfage rates for Fertilisers and Fertiliser Raw Materials at Goa are already 2 to 3 times higher than that at other ports, and hence further increase is just not sustainable / justifiable.</td><td rowspan="4"></td></tr>
<tr><td></td><td>(d). In view of the difficult situation faced by port due to the ‘stoppage’ of Iron Ore shipments, the then increase was temporary and would be reversed once multi cargo shipments commenced.</td></tr>
<tr><td>(iii).</td><td>It is requested not to proceed with any enhancement in the wharfage rates of Fertilisers (dry bulk) or Fertiliser raw materials (Ammonia/ Phos. Acid) as any further increase will severely affect the viability of their operations.</td></tr>
<tr><td>(iv).</td><td>As can be seen from the tabulated rates, there is a huge disparity in wharfage rates at the other ports</td></tr>
</table>

	when compared to the existing as well as proposed rates at Goa ports.	
2.	**Indian Molasses Company Limited (IMC)**	
(i).	The wharfage and other charges have been increased by 5 to 10%. As stated in our several discussions, drastic reduction in iron ore exports from MOPT has resulted in low throughput from our end. The customer base in Goa is falling due to the higher cost such as the entry tax levied by Government of Goa. They are forced to prefer neighbouring ports for storage as these facilities are available at low cost.	It is stated that the Wharfage charges on dry bulk has been increased by 25% to 30% except Iron Ore. Wharfage charges on break bulk has been increased by 20% except Machinery and Project Cargo and Arms, Ammunitions, etc. and wharfage on liquid cargo has been increased by 35% except Petroleum / POL Products and LPG / LNG. The percentage increase is in line with increase proposed for Cargo Related Charges. The increase in rates for wharfage is within the Annual Revenue Requirement (ARR) and as per the Tariff Policy, 2015. In view of the Annual Revenue Requirement (ARR), SOR needs to be increased.
(ii).	Maintain the SOR at prevailing rates to get better business opportunities for us as well as MOPT.	
3.	**Hindalco Industries Limited (HIL)**	
(i).	Inspite of collapse of metal prices in the global market, Hindalco manages to bag export orders, although of limited quantities only due to superiority of product and competitive pricing. So any increase in the raw material prices like caustic will impact the pricing structure of final product and thereby making the product costly in global and domestic market.	It is stated that the Caustic Soda has been increased by 35% which comes to 36.51% due to rounding off to nearest paise. The percentage increase is in line with increase proposed for Cargo Related Charges. The increase in rates for liquid cargo is within the Annual Revenue Requirement (ARR) and as per the Tariff Policy, 2015.
(ii).	Due to unstable and volatile market, Hindalco have taken various measures to reduce the cost of production and achieved success to certain extent, but increase in Caustic wharfage will directly impact the pricing.	
(iii).	Several meetings were held with MOPT as well as Traffic Manager and based on the assurance, Hindalco has made contract with various suppliers to increase the Import Caustic quantity. Any increase in Wharfage in Caustic will adversely impact the cost and ultimately the Import quantity.	
(iv).	Inadequate infrastructure in transporting the final product from Belgavi to Goa for export is one of the major bottlenecks for Hindalco. MOPT is aware that the conditions of the roads, for transportation is not at all conducive. Hence, it will be an uphill task to dispatch Exports of around 10,000 MT in 20 days (with shipment of the same within 20 days).	With respect to free days period, the free period is decreased from 30 days to 20 days and a nominal charge of ₹1 per tonne per day is proposed from 21 to 30 days.
(v).	Hindalco requests MOPT to maintain the same Wharfage as well as free days of shed as it was earlier, i.e. 30 days to handle hassle free shipments.	--
4.	**Mormugao Ships Agents Association (MSAA)**	
(i).	Proposed SOR: No anchorage charges should be applicable or charged to vessels awaiting berthing due to delay caused due to congestion and lineup for their intended berth. In this we list below a few points to support our request.	Anchorage was charged since longtime. The anchorage charges were same for both idle as well as working anchorage. However, MOPT has rationalised this anchorage charges @ 20% and 10% of berth hire

	(a). Vessel which are waiting at anchorage due to congestion at berth (vessel arriving for berth operations) at the following Major Ports are not charged anchorage dues: (i). JNPT, (ii). Mumbai Port Trust, (iii). New Mangalore, (iv). Cochin, (v). Chennai, (vi). Paradip, (vii). Kakinada.	charges for working and idle anchorage respectively. The rates proposed for idle anchorage have been reduced vis-à-vis existing SOR.
	(b). To MSAA understanding the Ports which charge anchorage dues are as below: (i). Kandla (ii). Vizag However, the ports which are charging may be having a different working situation and may not be affected by the challenges faced at Mormugao Ports as is explained below:	
	(c). Mormugao in particular has limited berths which are servicing multiple users. Thus, berthing delays are inevitable and are beyond the control of the user as they individually cannot anticipate the schedules of other competing vessels. The situation is all the more complex as there are also regular container lines calling and who have been accorded priority and berthing windows. Similarly, Coastal shipping is accorded priority and these vessels tend to call at short notice.	
	(d). The vessel waiting at anchorage is only spending unproductive time at anchorage merely due to non-availability of berth. Thus, most Ship Owners and Charterers are uncomfortable with these charges as they are incurred due to no fault of the vessel as well as the quantum cannot be clearly anticipated in advance.	
(ii).	<u>TAMP Guidelines</u> MSAA also would like to draw MOPT's attention to the method being followed by the port in arriving at cargo handling norms. MSAA are well aware that such process has been initiated by the MOS and TAMP and the port is following the general directives. The following is brought to the kind attention of MOPT as MSAA feels the process do not justify the rationale of setting up such unrealistic parameters.	No comments furnished by the port.
	(a). Most rates have been set up without any enhancement being achieved in the basic infrastructure which remains as before with just the minimum handling criteria being enhanced.	
	(b). The existing handling rates have already been benchmarked with the available port infrastructure being considered.	
	(c). MSAA request that enhancement in handling criteria should go hand in hand with provision of better infrastructure.	

1.2. The Goa Mineral Ore Exporters Association (GMOEA) vide its letter dated 9 August 2016 has furnished its comments which are brought out as given below. The MOPT has not furnished its comments thereon:

(i). As per the Policy for determination of tariff for Major Port Trusts, 2015, each 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 Accounts of the three years 2011-12(Y1), 2012-13(Y2) and 2013-14(Y3) plus Return at 16% on Capital Employed including capital work-in-progress obtaining as on 31st March 2014, duly certified by a practicing Chartered Accountant/ Cost Accountant.

We seek TAMP's clarification whether the financials for the years mentioned in the Tariff Policy i.e. 2011-12 to 2013-14 is to be strictly considered for computing the ARR. Our submission is that since subsequent years financials are now available and the current volumes handled are more relevant for the tariff setting exercise, the years 2013-14, 2014-15, 2015-16 should be the relevant years on which the ARR and tariff setting exercise should be based.

We seek your clarification on the above so that the relevant and latest data can be considered for Tariff setting, prior to submission of our comments which will be provided based on the data to be considered.

(ii). We note that the head 'railways' has been omitted both from the scale of rates as well as from computation of revenue/ expenditure. Similarly revenue from PPP projects is also not considered. However, other expenses such as management and general overheads, FME, etc., which also pertain to railways and other income streams have been considered in the expenditure. Thus, the balance operations for which the income has been considered are saddled with the bulk of the expenditure of the port. The port is instructed to include the omitted revenues as also the related expenditure in the computation statements so that the tariff is not unduly increased on some commodities/ modes of loading, and provide us the workings for our comments.

2.1. A joint hearing in this case was held on 22 August 2016 at the MOPT premises. The MOPT made a brief power point presentation of its proposal. The GMOEA also made a power point presentation of their comments furnished to TAMP on 19 August 2016. At the joint hearing, the MOPT and the concerned users/ user organizations have made the following submissions:

<u>Mormugao Port Trust (MOPT)</u>

(i). Revision of SOR fell due from April 2016. The tariff revision sought is to recover cost of operations and generate adequate internal resources to upgrade the existing port infrastructure.

(ii). Proposal is filed under Tariff Policy, 2015. Annual Revenue Requirement (ARR) is ₹408.29 crores. To meet this ARR, technically cargo related tariff need to be increased by 240% and vessel related charges by 106%.

(iii). However, considering that the increase will be steep for trade, we have proposed moderate increase of 35% in vessel related charges and 25% in cargo related and storage charges.

(iv). Existing Special Levy of 9% is done away with in the proposed SOR. Considering that, the impact of net increase will come to 26 % in vessel related charges and 16% in cargo related charges. We have done lot of rationalisation and simplification in the proposed SOR.

(v). Structure of berth hire charges has been changed from berth wise to vessel type wise.

(vi). Anchorage has been segregated into working anchorage and idle anchorage.

(vii). Tariff approved by TAMP for Dredging Levy has been incorporated in the proposed SOR.

(viii). Cargo commodities have been rationalised.

(ix). CHLD Slab rates have been rationalised.

(x). Charges for MHC have been proposed for ships gears and for gearless vessels.

(xi). Composite container handling charges have been prescribed which includes two Reach Stacker moves.

(xii). The revenue from the tariff increase proposed is within the ceiling ARR.

(xiii). We had extensive discussion with trade. We have accommodated their views. Rationalisation of slabs 06 CHLD was accepted by users. We will examine the point made by users about notional CHLD levy. There are legal decision on CHLD levy. We have to examine.

(xiv). These are 3 wreckages. Port has incurred expenditure of ₹15 crores towards that.

(xv). Port dues proposed on barge is nominal. Tariff is introduced to regulate tariff for this category.

(xvi). There is constraint of space in our port. We have 250 acres of operational area. We have to service maximum customers. Containers are kept in our area for months together. The storage charge is low at ₹20 per container per day. Hence, free period is proposed to be reduced and storage charge is proposed for an increase. MOPT is not a storage port. It is a transit port. We will improve service and deliverables for quick cargo evacuation. We will, consider to allow higher free period on case to case basis, if any segment is affected.

(xvii). Compared to existing SOR, proposed SOR is simplified and rationalised. We have deliberately moderated increase in tariff considering trade cannot bear steep increase.

(xviii). Port has taken loan from JNPT and KPT for the dredging project. Port has to pay interest cost. Dredging cost may go up. But, we have proposed to retain the rate as approved by TAMP.

(xix). As regards the suggestion made by users not to levy pilotage fee if pilotage services are not rendered at anchorage at West of Breakwaters (WOB), we will examine it.

(xx). Tariff for Idle anchorage is proposed to be introduced flowing from discussion with Ministry of Shipping (MOS). We have to discourage waiting of vessels at anchorage.

(xxi). We will examine the point about notional CHLD levy.

(xxii). Discounts offered by MOPT are put on the website of the port.

(xxiii). Port has wage revision impact. Pension revision is not paid by the port. We are trimming down employees' strength.

(xxiv). When mining was suspended, port suffered heavily. When there is boon, the advantage should be shared with the port.

(xxv). If required, we will come for mid-term review of our tariff.

Goa Mineral Ore Exporters' Association (GMOEA)

(i). Port invited trade to discuss its general revision proposal in June 2016.

(ii). Goa Port was earlier an iron ore port. With ban imposed on iron ore exports, since October 2012, iron ore exports from the port halted. From 2014-15, exports of iron ore has slowly commenced and 0.99 MTPA was handled. In 2015-16, 3.77 MTPA of iron ore was handled. Now iron ore exports from the port is picking up and it is expected to reach 20 MTPA in 2016-17. Iron ore volume will increase. Port may increase its revenue through increased volume of iron ore.

(iii). Tariff Policy required ARR is based on expenditure of 2011-12 to 2013-14 and traffic based on 2014-15. Since during that period iron ore volume was nil or negligible, considering volume of 2014-15 may not be representative of the trend in future. Hence, we suggest to consider projected traffic instead of 2014-15 traffic.

(iv). In last three orders of 2006, 2010 and 2013, considerable tariff increase was granted by TAMP. Any further increase will impact us hard.

(v). Income from PPP operators, railway income has not been considered. Railway is a surplus activity. Because of exclusion of railway, tariff hike is high.
[MOPT - As regards point about Railway income not considered, it is to state that even railway expenditure and capex relating to railways are excluded. We are making lot of investment on railway infrastructure. Further, Railway Tariff is fixed by Railway Board.]

(vi). Overall cost of MOPT are stable or fixed even though few berths are proposed on PPP mode. Hence, income from PPP berths should also be adjusted while arriving of ARR.

(vii). Berth Nos.8 and 9 are proposed to be given on PPP basis. The cost relating to these berths should be excluded. The capital employed for these berths and ROCE should also be excluded from ARR.
[MOPT: We have still the work force. We cannot exclude expenditure which we were incurring for PPP.]

(viii). In 2015-16, MOPT has given lot of discount. In April to July 2016, port has handled 9 MTPA. Hence, 20 MTPA is a conservative figure.

(ix). As per our calculation furnished, there will be surplus of 21% over and above 16% ROCE. Hence, no hike in tariff is warranted.

(x). Port has not excluded 4/5th of Gratuity Fund while excluding Pension Fund. 4/5 of Gratuity Fund should also be excluded.

(xi). In the past, return on social assets and assets not related to business were allowed 0%, 6.35% return respectively. This practice is discontinued.

(xii). CHLD workers are no more there. Hence, CHLD levy on Transhippers at anchorage should not be levied. As per Tariff Policy 2015, port shall not charge for notional gang.

(xiii). Vessels at outer anchorage at WOB do not avail pilotage service. This is a notional charge. Hence it should be waived.

(xiv). In the last Order, idle anchorage on vessel was eliminated. Port has now reintroduced anchorage charge for vessel idling at anchorage. Tariff proposed is steep. Waiting at anchorage is due to inability of the port to provide berthing facility for vessels. It is requested to revert to the earlier rate.

(xv). There is steep increase in anchorage at Mooring Dolphins. This should be reduced at par with increase sought in vessel related charges.

(xvi). Port dues on barges should be removed.

(xvii). Port has increased pilot cancellation charge by 51%. Besides tug charges are increased by 40%. Please reduce increase in tug charges.

(xviii). Increase in wharfage on iron ore at stream, is reduced.

(xix). Supply of Fresh Water and Bunker at WOB is essential services. Port has given on revenue share basis. The service given is poor. We request that port may allow any interested party to provide this essential service.
[MOPT - We have given two contracts. This will address the issue raised by users.]

Goa Chamber of Commerce and Industry (GCCI)

(i). GMOEA has covered elaborately all points.

(ii). Idle anchorage charge at about $800 per day proposed by MOPT is reduced little more when vessel are waiting at anchorage.

(iii). The MOPT has proposed dredging levy based on capital cost. This is reviewed.

(iv). Pilotage detention and cancellation charges has been reduced after discussion with the trade. We request port to consider further reduction in the proposed tariff.

(v). CHLD rates is maintained at existing tariff.

Mormugao Stevedores' Association (MSA)

(i). Number of workers in CHLD has reduced drastically. CHLD is in surplus activity. Port collects for gang workers though not deployed. There should be no increase in CHLD.

(ii). Free storage time has been reduced and storage charge has been increased. Because of road congestion, it is difficult to evacuate cargo within the reduced free period. We also request not to increase storage charge.

Zuari Agro Chemicals Limited (ZACL)

(i). Last revision was temporary due to suspension of mining operation. Now mining has been started.

(ii). We look for level playing field. Even the existing wharfage rate is higher than the wharfage at the neighbouring Kandla Port, New Mangalore Port. At proposed rate, it will impact viability of the operations. We request not to increase the tariff.

ACC Cement

(i). Proposed increase in storage charge is high. We are committed to bring more cargo to port. We are directly importing as buyers. We will have to look for other alternative if tariff hike is steep.

South West Port Limited (SWPL)

(i). If surplus activity especially like railway is included, it will reduce the tariff.

(ii). CHLD levy in the port has been arbitrarily levied in the past. This needs to be examined by port. We don't apply CHLD levy in our terminal.

(iii). Iron ore volume is picking up. That should be considered.

(iv). Service level of port has been excellent. Port has helped trade to bring volume.

(v). Tariff has to be competitive

(vi). Port may review the proposal in view of above position.

Indian Molasses Company Limited (IMC)

(i). Existing wharfage rate on liquid cargo itself is high. The increase proposed for liquid cargo is steep. Port may look into it.

Hindalco Industries Limited (HIL)

(i). Free period is proposed to be reduced from 30 days to 20 days. Our factory is in Belgam. To accumulate cargo from there it takes time. Hence, port may re-look into it.

(ii). We also request port to reduce the proposed wharfage rate.

2.2. The summary of the comments made by user / user organizations in response to the action point taken at the joint hearing and the comments furnished by NMPT thereon is tabulated below:

Sl. No.	Written submissions made by MSA	Reply furnished by MOPT
(i).	CHLD:	
	(a). The CHLD has always been in surplus financially with the existing rates.	It is seen that different trade associations keep on objecting based on their own areas of interest. In this case MSA is arguing against cross subsidization of activities whereas GMOEA are vociferously advocating for cross subsidization as can be seen from their comments on the MOPT proposal. Hence, it is not possible for the Port to satisfy both the camps and as such the Port has considered the business scenario and what the trade can bear. It is stated that the Port has formulated the proposal as per the Tariff Guidelines 2015 which imparts flexibility to the Port to sustain, retain and increase the traffic.
	(b). The burden of wages has considerably reduced due to drastic reduction in staff strength.	The MSA has considered the reduction in staff strength but not the drastic increase in Salaries and Wages due to the revisions.
	(c). The rates in the existing SOR for grab operations were formulated by charging a notional levy of 420% for non-employment of gang – workers. However, the gang worker category has since been abolished, but the levy continues to be charged.	The CHLD notional levy at outer anchorage is proposed to be abolished.

	In view of the above, it is kindly requested that the existing CHLD rates be maintained the same without any increase.	
(ii).	STORAGE:	
	(a). It can be seen from the proposed rates that on one hand the rates for storage have been increased and on the other hand the number of days have been reduced for accumulation of cargo for export shipments.	The intention of the Port is not to earn revenue from storage charges but to increase the throughput, turnaround and efficiency of the Port.
	(b). Due to restrictions in movement of vehicles carrying cargo through the town, the effective working hours for movement of vehicles is reduced. In view of this, accumulation of cargo / dispatch of import cargo through port in affected.	It is observed that there is hardly any evacuation during night time which can be effectively utilised for evacuation of cargo. Keeping this and the Authority's directive towards ease of doing business, the Port has proposed a rebate of ₹1.00 per tonne on demurrage charges for cargo evacuated during night from 23.00 to 7.00.
	It is requested that the free days as granted in the existing SOR be maintained.	

2.3. A summary of the comments made by GMOEA, comments of MOPT thereon, further comments of GMOEA thereon and submission / comments of MOPT on the further comments of GMOEA thereon is tabulated below:

Sl. No.	Comments made by GMOEA / dated 19.08.2016	Comments of MOPT thereon dated 29.08.2016	Further comments of GMOEA dated 03.09.2016	Comments of MOPT thereon dated 22.09.2016
(i).	Iron ore exports came to a halt after the Supreme Court ordered suspension of mining operations in Goa in October 2012. Ore exports are now recovering with FY 2016-17 expected to be a year of gaining complete momentum in the ore export volumes. While exports of iron ore commenced in a small way from FY 2014-15 by allowing the Auctioned ore produced before the mining suspension to be exported, exports from fresh mining commenced during FY 2015-16 to add to the volumes. After addressing the problems during restarting of mining/export operations, FY 2016-17 is expected to see a stabilisation in the mining and exports within the present cap of 20 million tons. At the same time, iron ore is facing global oversupply which is projected to continue for the next several years, with the major producers continuing to ramp up production to lower costs in a bid to grab maximum market share. This saw iron ore prices plunge over 70% from the peak in 2011. As Goa produces mostly lower grade of ore, it has to remain cost competitive to compete in the global markets. The resumption of iron ore exports was mainly possible due to support from the Central as well as State Governments to reduce the duties and taxes which had been increased during the times of	(a). MOPT proposal has been formulated as per the Tariff Guidelines 2015 wherein the Annual Revenue Requirement (ARR) has been arrived at by considering the average expenditure for the period 2011-12 to 2013-14 and is ₹408.29 crores. (b). As per the guidelines, the ARR has to be recovered by applying the proposed rates to the 2014-15 traffic. This has resulted in a required increase of 240% and 106% for Cargo		

<table>
<tr><td></td><td>high iron ore prices and thereafter. MOPT also played a role by introducing a scheme to match the port charges available to vessels loading at outer anchorage and thereby to attract cargo to MOPT, particularly as the MOHP Berth No.9 which was a dedicated ore handling facility patronised by iron ore exporters was lately tendered for redevelopment into deep-draft multi-commodity terminals.</td><td>related activity and Vessel related activity respectively. However, the ARR that would be earned at the rates proposed by the Port is only ₹196.71 crores as the Port has proposed its increase keeping in view what the trade can bear.

(c). Even if the 2015-16 actual traffic is considered for ARR, the required increase would be 128% and 91% for Cargo related activity and Vessel related activity respectively. Whereas, the GMOEA's detailed comments are mere objections to the Port's revision proposal without any substance and in contravention to the notified guidelines.

The GMOEA's request of doing away with the CHLD levy at the outer anchorage is agreed to.</td><td></td><td></td></tr>
<tr><td>(ii).</td><td>We have the following observations to make with regard to the proposal:</td><td></td><td></td><td></td></tr>
<tr><td></td><td>(1). Past Increase in SOR:
The increase allowed by TAMP, in the last three tariff proposals of MOPT are tabulated as below:
Table 1
Tariff increase allowed by TAMP in past revision of MOPT's SOR
<table>
<tr><th>Tariff Items</th><th>2006</th><th>2010</th><th>2013</th></tr>
<tr><td>Cargo Related Charges</td><td></td><td></td><td></td></tr>
<tr><td>• Iron ore and pellets exported through Berth # 9</td><td>No increase *</td><td>30%*</td><td>40%</td></tr>
</table></td><td>In this connection it is stated that the present proposal for revision of SOR has discontinued the Special Rate of 9% thereby resulting in a proposed net</td><td>The revenue from iron ore may be quantified and considered as per our submission. The revenue projections are to be calculated at the tariff as per the SOR, rather than on discounts separately given.</td><td>The revenue from iron ore has been quantified and considered as per the Form 3 of the guidelines. It is also informed that</td></tr>
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<tr><td>• General Cargo and Ore – (other than Berth # 9)</td><td></td><td>30%*</td><td>40%</td></tr>
<tr><td>Vessel Related Charges</td><td>17%*</td><td>30%*</td><td>30%</td></tr>
<tr><td></td><td></td><td></td><td>Nil for berthing</td></tr>
<tr><td>Railway rates</td><td>-</td><td>-</td><td>No increase</td></tr>
<tr><td>Estate rental rates including way leave</td><td>10%*</td><td>No increase *</td><td>Not considered in this proposal</td></tr>
<tr><td>CHLD</td><td>-</td><td>-</td><td>Nil</td></tr>
<tr><td>Warehousing</td><td>20%</td><td>40%*</td><td>40%</td></tr>
<tr><td colspan="4">Source: Orders of TAMP for MOPT proposals 2006, 2010 and 2012
*: Additional increase of 7% granted as special levy towards pension fund which was increased to 9% by TAMP order in 2013</td></tr>
</table>

As seen from the above table, a considerable increase has been allowed in the past (emphasis supplied on year 2013) by TAMP in the revision of the tariffs. In current recessionary environment, any further increase needs to be critically examined particularly since the iron ore export volumes are recovering and are expected to touch 20 million tons in the current financial year, adding substantially to the traffic of the port.
</td>
<td>increase as follows:
Vessel Related Charges – 26%
Cargo Related Charges – 16%
Storage Charges – 16%

The proposed increase is much less than the increase approved by TAMP for the previous revisions. It may also be recollected that when the iron ore trade was booming and GMOEA members were reaping bumper profits, the Port was the only entity which could not increase its rates to build reserves for buffering the bad times which followed. As regards, the increase in iron ore volumes, in the absence of MOHP operations, all ore handling will be done at West of Breakwater (WOB) which shall contribute more to the traffic figures than to the revenues.
However, the port has given substantial concessions in existing tariffs to attract the iron ore cargo and shall continue to give the same on the revised tariffs depending on the economic /</td>
<td></td>
<td>the revenue projections have been calculated at the tariff as per the SOR and not on the discounts given separately.</td>
</tr>
</table>

		business scenario.		
	(2). **Period for which ARR and Revenue should be calculated:**			
	(i). GMOEA has reiterated its earlier point that since the latest financial data is now available, latest data should be considered as the basis i.e. the period from FY 2013-14 to FY 2015-16 for ARR computation and FY 2016-17 projected volumes for Revenue estimation at proposed SOR. It may be noted that the last tariff revision was finalised (FY 2012-13) shortly after the suspension of iron ore mining and exports in Goa in September 2012 and TAMP allowed the increase sought by MOPT then, possibly keeping in mind the fall in volumes of cargo/traffic. At a subsequent meeting with the Port, during discussion on our representation to TAMP on the excessive increase allowed by TAMP, we were informed that revision could be considered after resumption of iron ore mining / exports. The iron ore mining has resumed in FY 2015-16 and exports are now gaining momentum from current year i.e. FY 2016-17, having been at a negligible level in FY 2014-15. Therefore, considering Revenue estimates based on traffic handled in FY 2014-15 will not be representative in view of the drastic fall in iron ore volumes and consequent revenue to Port during the suspension of mining in Goa from September 2012 onwards. This will lead to unreasonably high tariff rate. Additionally, from the financial statements of the Port, it can clearly be seen that there has been a substantial increase in revenue of ₹5,610 lacs during FY 2015-16 over FY 2014-15 at constant tariff rates resulting in a net surplus of 569 lacs generated by the Port, which indicated that current revenues are sufficient to cover the expenditure, with the exception of the ROCE and such permissible adjustments to be considered for determining ARR as per the tariff guidelines.	(i). The proposal has been formulated as per the Tariff Guidelines, 2015 which stipulate the ARR to be based on the average actual expenditures for the period 2011-12 to 2013-14 and increased by indexation factors notified by TAMP for the years 2014-15 to 2016-17. The revenues from the proposed tariff applied to the 2014-15 traffic should not exceed the ARR. It is informed that the tariff increase is based on the above requirements and does not depend on the future traffic or revenue projections.	GMOEA maintains its earlier submission and requests TAMP to consider the same.	No comments.
	(3). **Comparison of Projection v/s Actuals:** From Annexure I, it can be seen that, the actual deficit in the FY 2012-13 and FY 2013-14 were significantly higher than those projected by MOPT for the corresponding years on account of mining suspension imposed by the Hon'ble Supreme Court. However, from FY 2014-15 and FY 2015-16, there has been a reduction in deficits and there is even surplus. This can, for a part thereof, be attributed to the resumption of iron ore mining / exports during those years. This is also indicative of the increasing iron ore export trend during the ongoing and the upcoming financial years.	Same as above.	--	--

	(4). **Critical review of Expenditure and Revenue:**			
	(a). **Revenue from License Fees from PPPs, Railway Revenue, Miscellaneous:** Refer Annexure II, wherein we have reviewed MOPT's proposal for revision in tariff rates with our calculations and adjustments. The Annexure has been prepared for the Port as a whole. MOPT has projected Revenues by considering the actual traffic handled by them in the FY 2014-15 with the proposed tariff rates. In doing so, they have ignored significant revenues, which is therefore factually incorrect, such as licenses fees from PPP's, revenues on account of railways, and other miscellaneous income thereby lowering the revenue streams and projecting a lower income. Without prejudice to the above contention, even assuming, that the revenue from PPP projects is to be deducted, the proportionate share of Management and General Overheads should also be deducted proportionate to the volume handled at these berths, since these berths were being allocated such share prior to giving the same on PPP development, and the other users cannot be saddled with such expenses for the mere reason that these facilities are now operated on PPP basis. It is therefore our contention that such expenditure should continue to be apportioned to these projects since some of the overhead expenses of the Port as a whole such as building of compound walls, security, etc. continue to be enjoyed by these PPP facilities; and it would be proper to consider the revenue derived by the Port from such projects to offset such expenditure.	There is no question of ignoring any income as the guidelines prescribe the proposal to be formulated on the basis of expenditures and no revenue either past actuals or future projections can be considered. However, it is pertinent to mention that MOPT has not considered even the railway expenditure despite being allowed by the guidelines due to the fact that railway tariffs are fixed by the Railway Board and not by TAMP. Doing so would have further increased the ARR and consequently the required increase in rates. It is informed that all expenditures including the M&G expenditures have been strictly taken as per the guidelines and the same has been certified by a practicing chartered accountant.	The guidelines broadly stipulate that the ARR is to be calculated and the SOR set such that the revenue at the SOR tariffs is within the ARR. Only Estate related activities are not to be considered. If other net revenue generating activities are removed, this will lead to shortfall in revenue and higher tariffs (even if both income and expenditure are removed). Similarly, inclusion of activities which are not revenue-generating or no longer in use would increase ARR and therefore tariffs. Such items may therefore be appropriately adjusted for. The chartered accountant would have certified the compliance to audited accounts but not compliance to TAMP guidelines on this aspect. Allocation of projects on PPP should result in net addition to income, not in adding the costs/ overheads earlier allocated to that activity to other activities and increasing tariffs for such other activities.	The proposal has been formulated strictly in compliance with the Tariff Guidelines, 2015. As such, all inclusions and exclusions are as per the guidelines. It is further informed that the Chartered Accountant has certified the Form I and Form 3 as prescribed by the guidelines which ensures compliance not only to the audited accounts but also compliance to the TAMP Guidelines.
	(b). **Estimated Revenue from Iron Ore:** (i). Another point of significance, which has been ignored by MOPT in their calculations, is the estimated income from iron ore exports which will significantly increase from the current financial year 2016-17 due to the resumption of iron ore export activity post the lifting of mining ban. The table below (Table 2) depicts a	Port comments are same as point no.2 above. It is also added that as mentioned by GMOEA, MOPT has given major concessions to	The revenues for iron ore have been calculated based on the proposed tariff. For considering lower tariff rates, the SOR needs to be	The revenues from iron ore have been calculated based on the proposed tariff which if approved,

<table>
<tr>
<td></td>
<td>summary of total iron ore export activity taken place during the past years.

Table 2
<table>
<tr><th>Year</th><th>Iron Ore Export (in million tons)</th><th>Handled by MPT (in million tons)</th><th>Percentage handled</th></tr>
<tr><td>11-12</td><td>43.27</td><td>28.97</td><td>67%</td></tr>
<tr><td>12-13</td><td>11.22</td><td>7.94</td><td>71%</td></tr>
<tr><td>13-14</td><td>-</td><td>-</td><td>0%</td></tr>
<tr><td>14-15</td><td>0.99</td><td>0.65</td><td>65%</td></tr>
<tr><td>15-16</td><td>3.77</td><td>3.51</td><td>93%</td></tr>
<tr><td>16-17</td><td>20</td><td>20</td><td>100%</td></tr>
<tr><td>17-18</td><td>20-30</td><td>20</td><td>100%</td></tr>
<tr><td>18-19</td><td>20-30</td><td>20</td><td>100%</td></tr>
</table>

It can be clearly seen that on an average, 60 – 80% of the total export activity is handled by MOPT, with the likelihood of entire quantity being handled through MOPT in the upcoming years. The discount scheme introduced by MOPT during the fair weather season of 2015-16 for handling ores at West of Break Water (WOB) by transhippers/ship’s gears led to MOPT attracting the entire export volume of iron ore from Goa.

(ii). It may be noted that the iron ore exports during the months, April 2016 to July 2016 have been over 4 million tons and with stabilisation in mining is expected to cross 20 million tons during the fiscal year 2016-17, including cargo from e-auctioned ore and previous year’s stocks. Further, the Expert Committee appointed by the Supreme Court has recommended increase in the mining cap to 30 million tons and even beyond on development of infrastructure, which is due to come up before the Supreme Court for acceptance shortly.

(iii). During the last loading season, MOPT has introduced a discount scheme for vessels loading at WOB whereby the Port provided a discount on the various cargo-related and vessel-related charges incurred per ton for loading by Transhippers/ Ship’s cranes at WOB. The undiscounted total rate per ton during the previous year was around ₹70.80 for a Panamax vessel (which was discounted by MOPT by around 75% by means of a trade notice to result in a reduced rate of around ₹18.30 per ton). The corresponding undiscounted rate similarly derived by us based on the new proposed scale of rates works out to be ₹78 per ton. This rate has been used to determine the estimated income from iron ore exports as depicted in Annexure II considering a volume of 20 million tons of iron ore exports. At such tariff rates, the total estimated revenue to the Port on iron ore export works out to be ₹15,600 lacs, resulting in a significant surplus. The proposed tariff, therefore, needs to be revised downwards, which is further elaborated subsequently.</td>
<td>the extent of 75% / 90% to attract cargo, but the pre-concession rates have been considered to compute the revenues based on the 2014-15 traffic. Thus, it is very clear that MOPT revenues for iron ore will be even lesser than projected post concessions.</td>
<td>appropriately modified.</td>
<td>would form the ceiling rates. The Port has been charging lower tariffs by giving concessions duly approved by the Board based on the trade scenario. As such, the SOR has been formulated at the proposed tariff and not at the concessions offered which are temporary in nature.
It may also be noted that at point no.1 above, GMOEA has stated that the revenue projections are to be calculated at the tariff as per the SOR rather than on the discounts given separately but in the current point no.4 GMOEA is stating that for considering lower tariff rates, the SOR needs to be modified i.e. incorporating the concessions in the SOR. Both these stands are contradictory</td>
</tr>
</table>

				in nature and it is the Port's stand that the concessions will not be incorporated in the SOR.
	(c). **Reduction of Capital at MOHP/ B8 & B9:** MOPT has already finalised the tender for redevelopment of Berth No. 8 and 9 (MOHP) on PPP basis and the same will not be in operation in the future, the equipment also already having been auctioned. The relevant capital employed at the MOHP and these two berths need to be correspondingly reduced from the capital employed considered for determination of the ROCE included in the proposed SOR. This adjustment has been missed out by MOPT thus resulting in a higher ARR. We have accordingly deducted 7,278 lacs pertaining to net book value of MOHP as of 31st March 2014. Individual net book value for Berths 8 and 9 were not available with us hence we have not deducted the same. Hence the ROCE has been overstated to this effect and may be adjusted accordingly.	The Capital Employed has been computed as per the guidelines.	Generation of revenue from sale of MOHP equipment of which ₹23 crore on old equipment is finalised and ₹3 crore on new equipment is sought to be raised further as per decision by the Board of MOPT may also be factored in.	Consequent to the award of re-development of berths 8, 9 & 9A to the PPP Operator, the MOHP equipments are proposed to be scrapped/ sold for handling over the area to the PPP Operator. The amount estimated (not yet finalised) is expected to be around ₹23.00 crores as mentioned by GMOEA but it is also important to note that the loss on disposal of the same assets would be to the tune of ₹50.00 crores. This loss also has not been factored while formulating the rate revision proposal as both, the sale proceeds as well as the loss on disposal of assets are irrelevant as per the tariff
	(d). **Increase in Revenue projected by MOPT as per Form 3:** As per Form 3, the increase in revenue to the port by considering the cargo/traffic of FY 2014-15 at the existing and at the proposed revised SOR will be 5298 lacs.	The revenue that would be earned at the rates proposed by the Port is only ₹196.71 crores as against the ARR of ₹408.29 crores (Form 1 & 3).		
	(e). **Effect of above Adjustments to income/expenditure:** With the above adjustments, the Port will earn a surplus of 21% over and above the 16% ROCE allowed by the TAMP guidelines 2015 (Annexure II). Furthermore, following TAMP guidelines, net surplus generated after deducting estate income and estate expenditure works out to be 20% as a percentage of Income after adjustment of ROCE of 16% (Annexure III). In this, reduction of 4/5th of contribution to PF fund, deduction of onetime expenses, etc. as per TAMP guidelines has not been carried out. We have not adjusted any other expenditure or income in this calculation, which may be done by TAMP based on our submissions.	The proposal has been formulated as per the guidelines.		
	(f). **Additional adjustments required:** (i). **Expenditure attributed to MOHP/B8 & B9** Further, as can also be verified from the last tariff proposal of MOPT, MOHP Berth No. 9 had been allocated direct expenses such as operating expenses, depreciation, etc. besides	 (i). Our comments are same as (e) above.		

	a large share of general expenses such as M&GO, FME, etc. which needs to be removed from the ARR computation since this Berth will no longer be available for operation, having been successfully tendered out by MOPT for PPP development and the plant equipment having been auctioned. The Port had earlier conveyed that the MOHP has outlived its useful life and is unsafe to operate. The project was tendered out by deciding to scrap the MOHP despite it then being in an advanced state of revamping with new equipments being installed/ ordered and iron ore users already having partly paid for it through tariff revisions to fund the revamping in progress. Similarly expenses related to Berths 8 and 9 which will not be in operation are required to be deducted from ARR; these berths having been tendered out for PPP development. (ii). **Form I - Computation of ARR** While MOPT has considered 1/5th of the contribution to the pension fund, as per TAMP Guidelines 2015, the same has not been considered in the case of contribution to Gratuity Trust Fund. Necessary adjustments are required to be made for contributions of ₹1,000 lacs in FY 2011-12, ₹795 lacs in FY 2012-2013 and ₹760 lacs in FY 2013-14. (iii). **Computation of Revenue:** As per the Working Guidelines for tariff fixation, based on the Annual Revenue Requirement and taking into account the traffic, the Port requires to fix the SOR within the ceiling of indexed Annual Revenue Requirement. The Port is required to make a detailed working of income estimation indicating each of the tariff items in the proposed SOR for corresponding traffic and establish itself that the sum of the revenue so determined from all the tariff items in the SOR is within the ceiling of the indexed ARR. The statement provided by the Port for revenue estimation therefore needs to clearly show the traffic considered for each activity and sub-activities with the corresponding tariff items/rates with relevant sub-totals and totals so that it can be easily verified by reference to the statement and SOR by any party referring to it. The Port may provide such detailed break-up in a format that enables verification of the traffic considered, the break-up of this traffic by various tariff items (relevant break-up by mode of loading, vessels size, etc. corresponding to tariff items), applicable rates and revenue. This should ensure that all traffic as well as all tariff items are considered TAMP is requested to verify the revenue estimation.	 (ii). Our comments are same as (e) above. (iii). The details are available in Form 3 which has been certified by a practicing chartered accountant.	-- --	guidelines. As such, GMOEA's request of factor in the loss as well as proceeds of MOHP equipments is not tenable. Moreover, the GMOEA's proposal is not as per the revised tariff guidelines.

	(iv). **Computation of ROCE:** GMOEA has reiterated that 16% ROCE is high and it cannot be applied to non-business assets which do not generate returns. The ROCE of 16% as in the past may be limited to business assets whereas capital employed on business-related assets and social assets may be considered at 6.35% and 0% as in the past. Further, details of Capital Employed cannot be verified as the same have not been provided to us. TAMP may kindly verify the same. (v). **Revenue from Dredging Levy:** The Port has introduced a dredging levy on large size vessels above 50,000 GRT at deep draft locations at berths/dolphins due to dredging being carried out to increase the channel depth and draft at these locations. Revenue from the newly introduced dredging levy has not been considered in the revenue projections as no such vessels were loaded during Fiscal Year 2014-15 on which the revenue calculations are based. The levy will be applicable only after dredging of channel and respective berths and revenue will commence from the current year/next year. This revenue needs to be accounted for while setting tariffs.	(iv). Our comments are same as (e) above. (v). Our comments are same as (e) above.	--	
	(5). **CHLD charges for Transhipper/Floating Cranes/Ship's Gears loading at Anchorage - Need to abolish** These charges were levied on Transhippers and vessels loading at anchorage by ship's gears for historical reasons since port crane operators became surplus with the introduction of mechanical loading by Transhipper and such vessels using grabs. Since that period, most of the then existing CHLD workers have retired, which implies that no surplus workers remain on this account and in fact there is currently even shortage of CHLD gangs in the Port. Charging CHLD levy on Transhippers loading at anchorage results in a charge where no service is rendered i.e. the CHLD levy on these operations at anchorage is a notional charge. **<u>The same may therefore be totally abolished</u>**. (It could be retained only where it forms a part of the tariff committed by PPP projects as part of the terms of bidding). The charge was worked out based on the cost for a set of CHLD workers which was revised quarterly based on change in wage cost. The item was earlier not incorporated in the SOR. The port has now proposed to introduce this charge in the SOR at a fixed rate of ₹20 per ton. It may be noted that this will be an additional charge to the rate per ton paid towards wharfage by vessels loading ore and a rate per ton towards Transhipper levy paid on cargo	CHLD levy at anchorage shall be abolished. Accordingly, the CHLD levy proposed at para 2.4.2 of the SOR may be deleted.	GMOEA thanks the Port for acceptance of this point.	No comments.

	loaded by Transhipper, leading to multiplicity of charges. As per clause 8.4 of TAMP Guidelines 2015, *"Major Ports shall charge only for services provided for them. No notional booking of labour and other similar notional charges would be permitted."* In any case these rates were also discounted by 90% by the MOPT in their discount scheme for loading of ore at WOB and therefore abolishing this charge would not affect the revenues of the Port.			
	(6). **Pilotage for vessels loading at outer anchorage:** It may be noted that vessels working at outer anchorage (WOB) do not avail of pilotage and they anchor in the open sea where there is adequate natural draft without dredging by the Port. The Port incurs negligible expense on such activity. This being a notional activity where no service is rendered, pilotage may therefore be waived for vessels at outer anchorage as per Clause 8.4 of TAMP Guidelines 2015. In any case, these rates were further discounted by 90% by MOPT in their discount scheme for loading of ore at WOB and therefore abolishing this charge would not affect the revenues of the Port.	The Pilotage charges will not be levied for vessels at outer anchorage where cargo operations are not carried out. This will be incorporated in the revised SOR.	While the port has agreed not to levy pilotage charges for vessels at outer anchorage where cargo operations are not carried out, GMOEA's request is that all vessels whether loading cargo or not which do not require to use service of pilotage be exempt from this charge, as per the tariff guidelines. TAMP is therefore, requested to consider our earlier submission in this regard.	If the revenue generated by the Port as per the proposed SOR does not exceed the ARR computed as per the guidelines, the Port has the flexibility to decide the charges to be levied. As the estimated revenue from the proposed SOR is much lesser than the ARR, the Port is well within its rights to charge pilotage as per the stipulated conditions. Hence, no change is proposed to the pilotage clause.
	(7). **Concessional rates for vessels loading at West of Break Water (outer anchorage):** (i). For vessels loading at WOB, the existing tariffs are currently at high levels. The loading at this location is done by Transhippers / floating cranes / ship's gears using their own/private workers for which the shipper has to bear the costs whereas the cost to the Port is negligible. Despite these activities being in surplus, these tariff rates have been increased in the past 2	It may be noted that the TAMP approved rates are ceiling rates but the ports can give concessions to attract cargo depending on the traffic position, competition or	GMOEA's request is that since there is a large gap between the proposed rates as per the SOR and the discounted rates, this gap can at least be reduced to a more reasonable level to	Contrary to the GMOEA's contention that the gap between the proposed rates as per the SOR and the discounted

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<td>tariff revisions due to general rate of revision applied across cargo or vessel related charges.

In order to attract traffic, MOPT introduced a discount scheme as per trade notice no. TM/492/2015/1175 dated 31st October/2nd November 2015 and 5th January 2016 implemented by the Port for iron ore vessels and Transhippers during the period November 01, 2015 to May 31, 2016. The discount on the applicable charges is shown in the table below (Table 7) was at an average of around 75%.

In the proposed SOR, the average undiscounted tariff per ton works out to around ₹78 per ton (Annexure IV), the revenue accruing to the Port by handling the expected volume of 20 million tons would amount to 15,600 lacs which indicates that such tariff has been set at an exceptionally high level. At such high tariff level, MOPT is likely to lose the available volume.

(ii). As per the tariff guidelines, while going for a revision in SOR the Major Port Trusts have to ensure that as a result of the changes in SOR there will not be a loss of traffic. This needs to be ensured in this case in the SOR itself rather than in a separate discount scheme. While MOPT has assured that they will continue the discount to ensure a viable rate, this should not be by means of setting a high tariff and giving a discount but needs to be ensured in the SOR itself.

The average tariff after discount scheme on the existing SOR worked out to around ₹18.50 per ton (Annexure IV). The tariff may therefore be set at/or around this level in the Scale of Rates. It may be further noted that at an average tariff of around ₹28 per ton, the revenue breaks even after considering 16% ROCE as per our calculations in Annexure II (it should be still lower after adjusting for some of the other items mentioned in this letter). The tariff can be set at such levels and MOPT can continue to fine-tune the tariff level by notifying their discount scheme on such tariff levels to attract cargo. It may be kept in mind that this reduction should primarily be achieved by abolishing the CHLD levy on vessels loading at WOB (where Port workers are not utilised) and waiving pilotage charges as the same is not used at WOB, as per our points mentioned separately.

Table 3
<table>
<tr><th>Sr. No.</th><th>Item</th><th>Unit</th><th>Existing SoR Rate (WOB)</th><th>Concession</th><th>Concessional Rate</th></tr>
<tr><td>1</td><td colspan="5">Vessel related charges</td></tr>
<tr><td>1 (a)</td><td>Port dues</td><td>Per GRT</td><td>0.19009</td><td>75% (25%*+50%)</td><td>0.04752</td></tr>
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</td>
<td>any other reason. However, if the concessions are built into the SOR then the Port would not be in a position to increase the tariff at a later point of time to participate in an improved trade scenario. Pricing, being a strategic tool, the port cannot lose its flexibility in pricing and as such cannot consider the request to build the concessions into the SOR.</td>
<td>provide some flexibility to the port.</td>
<td>rates, is to be reduced to provide flexibility to the Port, it is stated that a large gap between the proposed SOR and the concessions given by the Port actually offer more flexibility to the Port to react swiftly to changing business scenario.</td>
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<tr><td></td><td></td><td>(US $)</td><td></td><td></td><td></td></tr>
<tr><td>1 (b)</td><td>Pilotage</td><td>Per GRT (US $)</td><td>0.425508 / 0.340400 / 0.29786</td><td>90%</td><td>0.0425508/ 0.0340400/ 0.02979</td></tr>
<tr><td>1 (c)</td><td>Anchorage charges</td><td>Per GRT /Hour (US $)</td><td>0.0009</td><td>50%</td><td>0.00045</td></tr>
<tr><td>2.</td><td colspan="5">Cargo related charges</td></tr>
<tr><td>2 (a)</td><td>Wharfage</td><td>ton</td><td>12.19</td><td>50%</td><td>6.1</td></tr>
<tr><td>2 (b)</td><td>Transhipper charges</td><td>ton</td><td>9.83</td><td>75%</td><td>2.46</td></tr>
<tr><td>2 (c)</td><td>CHLD charges</td><td>ton</td><td>16.63</td><td>90%</td><td>1.66</td></tr>
<tr><td colspan="6">* 25% Concession for vessels in ballast as per existing SOR</td></tr>
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<td>
(8). Re-introduction of rate for idle anchorage:
In the last tariff revision (2013), the rates of idle anchorage paid by vessels that are awaiting loading / not being loaded, which was USD 1.96/hr as per the 2010 SOR was removed from the scale of rates.

The MOPT has now reintroduced idle anchorage in the proposed scale of rates at a rate USD 0.0006 per GRT per hour or part thereof. The increase in idle anchorage from the 2010 rate is shown below Area of operation: WOB Anchorage
Table 4
<table>
<tr><th rowspan="2">Foreign / Coastal</th><th colspan="3" rowspan="2">Idle Anchorage Charges</th><th></th><th>Case 1</th><th>Case 2</th><th>Case 3</th><th>Case 4</th></tr>
<tr><th>DWT</th><th>25410</th><th>52220</th><th>92988</th><th>139600</th></tr>
<tr><th></th><th>Description</th><th>Rate</th><th>Unit</th><th>GRT</th><th>15266</th><th>30968</th><th>51328</th><th>72934</th></tr>
<tr><td rowspan="4">Foreign</td><td>Old rate (2010 SOR)</td><td>$1.96</td><td>US$/hour</td><td rowspan="4"></td><td>47</td><td>47</td><td>47</td><td>47</td></tr>
<tr><td>Proposal rate (2016)</td><td>$0.00</td><td>US$/GRT /hour</td><td>220</td><td>446</td><td>729</td><td>1,050</td></tr>
<tr><td colspan="3">Increase</td><td>173</td><td>399</td><td>692</td><td>1,003</td></tr>
<tr><td colspan="3">Increase %</td><td>367%</td><td>848%</td><td>1471%</td><td>2133%</td></tr>
</table>

The waiting at anchorage is mainly caused due to inability of the Port to provide loading facility for the vessels. Further, the Port does not incur any cost on these vessels waiting at outer anchorage (WOB) where there is ample of area available for anchoring. It is therefore requested that the rate for idle anchorage may be reverted to the earlier rate (converted to US$/GRT/hr.). Even if the escalation of 30% in VRC in the last SOR is applied as also proposed increase of 35% in VRC in this proposal, the resultant rate would be around USD 0.00006 per GRT per hour for a Panamax vessel as against MOPT proposed rate of USD 0.0006 per GRT per hour.
</td>
<td>
(a). It appears that GMOEA have conveniently forgotten that after the 2010 revision, there was another revision in 2013 wherein Idle Anchorage rates of US $ 0.0011 and 0.0009 were approved by the Authority for EOB and WOB respectively. GMOEA, instead of appreciating the Port for considering the views of the trade and proposing reduced Idle Anchorage rates of US $ 0.0006 irrespective of EOB and WOB, has resorted to comparison with the 2010 rates just for the sake of objecting. It appears that the aim of GMOEA is to object without being objective. Hence the port cannot consider GMOEA's request to reduce the Idle Anchorage even further.

(b). It is pertinent to note here that during the
</td>
<td>
(a). GMOEA has during the hearing appreciated Port's reintroduction of idle anchorage after it was deleted it in the last revision (which GMOEA has also objected to). We have requested for further reduction in the proposed rate, keeping in view the earlier rate of idle anchorage and the last increase in VRC as also the current proposed increase in VRC of around 35% as mentioned by the port.

(b). The point raised on SWPL revision proposal is irrelevant
</td>
<td>
The Port has proposed to re-introduce idle anchorage taking into account the trade's concerns and any further reduction in anchorage charges is not possible. It is also stated that the net VRC increase proposed is 26% and not 35% due to the abolition of 9% special rate.
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<td>discussion of SWPL revision, in the joint hearing conducted by TAMP on 22.08.2016, inspite of the existing SWPL berth hire charges being 7 times more than the existing MOPT berth hire charges, not a single association nor any vessel agent's association objected to the proposed hike in SWPL berth hire rates on the premise that SWPL berth hire charges were reasonable and acceptable.
Thus, the intention of the trade in opposing MOPT revision while agreeing to the SWPL berth hire rates which are 7 times more than those of the Port is not clear.</td>
<td>as GMOEA was not party to the hearing, nor is it a user of SWPL berth. The berth is almost entirely used by SWPL for their own cargo, and increase in tariff would thus increase the revenue to the Port from revenue share, which GMOEA hopes will enable it to reduce tariffs elsewhere.</td>
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<td>(9). Steep increase in anchorage charges at Mooring Dolphin:
During the last tariff revision, MOPT had substantially increased the additional anchorage charges at Mooring Dolphins which was in addition to the anchorage charge at MD (EOB). The Port has once again proposed a further large increase in the proposed Berth Hire charge (nomenclature of the charge has been changed) at MD as shown in the following table:
Table 5
Area of operation: Mooring Dolphin
<table>
<tr><th rowspan="2">Foreign / Coastal</th><th colspan="4" rowspan="2">Mooring Dolphin Charges</th><th></th><th>Case 1</th><th>Case 2</th><th>Case 3</th><th>Case 4</th></tr>
<tr><th>DWT</th><th>25410</th><th>52220</th><th>92988</th><th>139600</th></tr>
<tr><th></th><th colspan="2">Description</th><th>Rate</th><th>Unit</th><th>GRT</th><th>15266</th><th>30968</th><th>51328</th><th>72934</th></tr>
<tr><td rowspan="4">Foreign</td><td rowspan="3">Old rate (2013 SOR)</td><td>Anchorage Charges</td><td>$0.0011</td><td>Rate/ GRT/ hour</td><td></td><td>403</td><td>818</td><td>1,355</td><td>1,925</td></tr>
<tr><td>Additional Anchorage Charge</td><td>$0.0008</td><td>Rate/ GRT/ hour</td><td></td><td>293</td><td>595</td><td>985</td><td>1,400</td></tr>
<tr><td colspan="3">Total</td><td></td><td>696</td><td>1,412</td><td>2,341</td><td>3,326</td></tr>
<tr><td>Proposed rate (2016)</td><td>Berth Hire at Mooring</td><td>$0.0031</td><td>Rate/ GRT/ hour</td><td></td><td>1,136</td><td>2,304</td><td>3,819</td><td>5,426</td></tr>
</table>
</td>
<td>The port has rationalised many charges, one of them being the charges at Mooring Dolphins which have been pegged at 50% of the Berth charges. Even with all the rationalisations and increase in rates, the Port has ensured that the revenues earned are very much lesser than the ARR required. Hence the Mooring Dolphin charges are proposed to be</td>
<td>Charges at mooring dolphin need not be pegged at 50% but could also be pegged at a lower proportion of berth charges.</td>
<td>GMOEA's request to peg the mooring dolphin charges at a lower proportion than 50% of berth hire charges is not acceptable.</td>
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<tr><td></td><td></td><td>Dolphins</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td colspan="4">Increase</td><td></td><td>440</td><td>892</td><td>1,478</td><td>2,100</td></tr>
<tr><td></td><td colspan="4">Increase %</td><td></td><td>63.16%</td><td>63.16%</td><td>63.16%</td><td>63.16%</td></tr>
</table>

While the Port has mentioned that they have increased VRC by 35% in their revision proposal, the berth hire at MD has been escalated by 63%. It is requested that any increase in the above charges should be kept in line with the general revision in VRC if at all allowed by TAMP.
</td>
<td>retained as reflected in the proposed SOR.</td>
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<td>(10). Port dues on barges:
So far barges were not charged since they facilitate the trade which provides business to the port. It is requested that the existing practice be continued. It may also be noted that the barge industry is in doldrums and the proposed charge is steep. It may be noted that barges already pay barge tax to the registering authority, Captain of Ports. This item may not fetch significant revenue to the Port but will result in an additional levy to be paid and monitored by the trade and is not in the interest of the Government’s thrust towards the ease of doing business. This tariff item may therefore be removed.</td>
<td>The Port has proposed Port Dues on barges not to earn revenues but to have a registry of all the barges plying in Port waters. It may be noted that the rates proposed are ₹6,000/- per annum is very negligible which GMOEA terms as steep. Moreover, as the conservator, MOPT is taking steps to remove the barge wrecks in port limits spending huge money.</td>
<td>GMOEA maintains its request for removal of the charge on barges, which carry cargo to and from the port on which charges are already collected, in order to avoid multiplicity of charges. Wreck removal needs to be separately addressed.</td>
<td>No further comments furnished.</td>
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<td>(11). Pilot cancellation charges and Pilot detention charges:
The charges for cancellation of pilot have been raised exceptionally high by 51% which need to be lowered as there is no justification for the increase, and cancellation takes place under rare unavoidable circumstances.
Table 6
<table>
<tr><th>Pilot Cancellation Charges</th><th>Present Rate (USD per GRT/HR)</th><th>Proposed Rate (USD per GRT/HR)</th><th>Increase (USD per GRT/HR)</th><th>Percentage Increase</th></tr>
<tr><td>2 HRS BEFORE</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>LESS THAN 2 HOURS</td><td>125.184</td><td>200.295</td><td>63.844</td><td>51%</td></tr>
<tr><td>AFTER BOARDING</td><td>187.779</td><td>300.446</td><td>95.767</td><td>51%</td></tr>
</table>

Further, both in case of pilot cancellation as well as pilot detention, in case the tugs have left the station, further tug hire charges are applicable which were earlier at a low rate (independent of tug hire rate) and charged for every half hour in case of detention. This has been now increased to the hourly rate of tug hire per tug deployed which leads to a substantial increase. Any increase, if granted, needs to be minimized.
Table 7
a) Detention / Cancellation charges for tug deployment - Minimum rate:
</td>
<td>The GMOEA itself has termed the Pilot cancellation as occurring in rare unavoidable circumstances.
As such, it would never be a significant revenue generator for the Port nor any financial burden to the trade. However, if not, then the intention of the Port is to deter unnecessary bookings and cancellation which will increase Port efficiency and in</td>
<td>TAMP may decide.</td>
<td>No comments.</td>
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<table>
<tr><th>Sr. No.</th><th>Description</th><th>At Existing rates (Foreign) - in US$ per half hour</th><th>Proposed rates 2016 (Foreign) - in US$ per hour</th><th>Increase based on minimum rate in US$</th><th>Increase %</th></tr>
<tr><td>1</td><td>With 1 tug</td><td>375.5552</td><td>855.3692</td><td>479.8140</td><td>128%</td></tr>
<tr><td>2</td><td>With 2 tug</td><td>563.3338</td><td>1710.7384</td><td>1147.4046</td><td>204%</td></tr>
<tr><td>3</td><td>With 3 tug</td><td>751.1104</td><td>2566.1076</td><td>1814.9972</td><td>242%</td></tr>
</table>
b) Detention / Cancellation charges for tug deployment - Per Hour:
<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Description</th><th>At Existing rates (Foreign)</th><th>At Proposed rates 2016 (Foreign)</th><th rowspan="2">Increase based on hourly rate in US$</th><th rowspan="2">Increase %</th></tr>
<tr><th>Rate per hour in US$</th><th>Rate per hour in US$</th></tr>
<tr><td>1</td><td>With 1 tug</td><td>751.1104</td><td>855.3692</td><td>104.2588</td><td>14%</td></tr>
<tr><td>2</td><td>With 2 tug</td><td>1126.6676</td><td>1710.7384</td><td>584.0708</td><td>52%</td></tr>
<tr><td>3</td><td>With 3 tug</td><td>1502.2208</td><td>2566.1076</td><td>1063.8868</td><td>71%</td></tr>
</table>
</td>
<td>turn benefit the trade.</td>
<td></td>
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<tr>
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<td>
(12). Tug Hire Charges:
Tug hire charges have been increased by 40% which need to be maintained at the general level of increase permitted. This rate also has a bearing on the pilot cancellation and pilot detention charges in cases where the tugs have been deployed. Increase, if any, may be kept minimal.
For Foreign Vessel:
<table>
<tr><th>Description</th><th>At Existing rates (US$ per hour)</th><th>At Proposed rates (US$ per hour)</th><th>Increase (US$ per hour)</th><th>Increase %</th></tr>
<tr><td>Tug used for operation other than for assisting berthing, Unberthing, shifting and towage of vessels within Port limits</td><td>610.978</td><td>855.3692</td><td>244.3912</td><td>40%</td></tr>
</table>
</td>
<td>The Tug Hire Charges have been proposed keeping in view the costs incurred by the Port in providing tug services. It is pertinent to note that the Port has been relying on two outsourced tugs in addition to the existing port owned two tugs to offer reliable service to the vessels.</td>
<td>TAMP may decide.</td>
<td>No comments.</td>
</tr>
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(13). Wharfage on Iron Ore:
Wharfage on iron ore has been increased by 28.69% at Berth (other than B.9) and 8.38% in stream. It may be noted that there is no increase in cost to the Port at position in stream and the activity is in surplus. Further, the Port had last year considered a discount scheme on the same to attract cargo and no increase is therefore justified.
We also bring to your notice that the Scale of Rates needs to specifically mention that the rates of wharfage specified (₹24 per ton incase of iron ore proposed by MOPT) are applicable at berths, so that 60% of the rate at berths is applicable when loaded in stream (as mentioned in the note following the schedule of Wharfage).
</td>
<td>The increase proposed is well within the ARR. The heading at 2.1 shall be revised from Wharfage to Wharfage at Berth.</td>
<td>TAMP may decide.</td>
<td>No comments.</td>
</tr>
<tr>
<td></td>
<td>(14). CHLD charges for use of CHLD gangs at berths/mooring dolphins:
The rate of CHLD charge for iron ore has increased from ₹25.20 per ton presently to ₹30 per ton for the best performing slab (₹35.31 to ₹47 and ₹31.39 to ₹38 for other lower performance slabs). Since CHLD is generally a revenue surplus operation, no increase is warranted.</td>
<td>The increase proposed is well within the ARR.</td>
<td>TAMP may decide.</td>
<td>No comments.</td>
</tr>
<tr>
<td></td>
<td>(15). Supply of Fresh Water and Bunker at WOB:</td>
<td>The Port is already considering and</td>
<td>Noted</td>
<td>No comments.</td>
</tr>
</table>

	MOPT has some years ago decided to award exclusive rights to the vendor bidding highest revenue share for supply of fresh water and bunkers to vessels/ transhippers at WOB. The trade has on multiple occasions experienced that vessels/ transhippers operating at WOB have often faced severe problems of timely supply of Fresh water and Bunkers due to non-performance of such vendor holding exclusive rights. In spite of advance payment, the supply has been delayed leading to scarcity at the vessels.	evaluating various feasible options, but for the time being the present structure is proposed to be retained.		
	(16). It is requested that instead of the current bidding process, TAMP may instruct MOPT to decide on a reasonable **Water/Bunker Supply** charge at which any interested vendor is permitted to provide essential services such as Fresh Water and Bunker supply and users do not have to depend exclusively on a single vendor.	--	The Port and TAMP to consider removing the separate EDI charge of ₹750 per bill (US$ 25 per bill in case of VRC on foreign vessels) which was levied when EDI was first introduced. This charge is not mentioned in the SOR but is charged on the bill. Removal of this charge will simplify the billing process. The cost of EDI may be absorbed in the general tariff structure and need not be levied as a separate charge.	It has informed that the port has now proposed to incorporate the Electronic Data Interchange Charge (EDI) charges in the SOR (Clause 2.4.2) and it is proposed to be levied on per document basis to keep the cost to the trade as low as possible. If it is levied in the general tariff structure, either on per GRT basis or per tonne basis, the cost to the trade will go up.
	(17). **Conclusion:** It is a practice not to grant any increase in tariff in a particular segment which is in deficit if the overall position of the Port is in positive. This is clearly brought out by us in **Annexure II.** TAMP may therefore decide if there should be any increase in the tariff for the Port as a whole.	No comments.	Noted.	--

3. A summary of changes proposed by MOPT in draft proposed SOR along with the rate revision proposal, comments of MSAA and GMOEA and comments furnished by MOPT thereon is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Changes proposed by MOPT in SOR along with the rate revision proposal</th><th>Comments of MSAA</th><th>Reply furnished by MOPT</th><th>Comments of GMOEA</th><th>Reply furnished by MOPT</th></tr>
<tr><td>(i).</td><td>At para 1.1 Note (2) (ii) Vessels belonging to other Indian Ports to be replaced with Vessels belonging to other Indian Major Ports.</td><td>No comments.</td><td>No comments.</td><td>-</td><td>-</td></tr>
<tr><td>(ii).</td><td>At para 1.1.1 the following to be inserted as follows:

<u>VTMS Charges</u>
<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Particulars</th><th colspan="2">Rate per GRT per Entry</th></tr>
<tr><th>Foreign going Vessels (US $)</th><th>Coastal Vessels (₹)</th></tr>
<tr><td>1</td><td>All Vessels excluding Barges engaged in cargo operations</td><td>0.0130</td><td>0.50</td></tr>
</table></td><td>MSAA do not see the Justification to levy such a steep charge which is working out to approximately ₹27,000/- for a Foreign Going Handymax vessel to call at the Port of Mormugao. The other increases which have already been asked for by the port will already adequately cover their requirements for any modifications they may require to undertake such routine upgradation. There being no need to create a new chargeable category for adding on to the charges already being borne and which will also be enhanced under the new SOR.</td><td>The port incurs huge expenditure in the procurement, installation, commissioning and maintenance of the VTMS system which has to be upgraded periodically every 5 to 6 years due to obsolescence of hardware and software. As such, a separate levy has been introduced for the same. However, the Port is also amenable to merge the VTMS with the Port dues. But, the Port dues should be increased additionally to this extent. Even after introduction of VTMS charges, the revenue estimation would still be within the ARR.</td><td>The VTMS has been installed and commissioned in 2002 and has been upgraded periodically.
The expenses for the same would already be covered in the accounts and ARR calculation.
These charges are similar to those under head Port Dues which is charged at “Rate Per GRT per Entry”. It is submitted that separate VTMS charges should not be introduced as a separate levy.</td><td>The port has reiterated its comments furnished on the comments of MSAA.</td></tr>
<tr><td>(iii).</td><td>At Para 1.2 under Pilotage, additional note 3) to be added as given below:
(3). Pilotage is leviable in all cases except for
(a). Vessels which are diverted from outer anchorage without discharging or taking in any cargo or passengers.</td><td>(a). We welcome this proposal from the Port.</td><td>(a). No comments</td><td>As per our earlier proposal, vessels working at West of Breakwater (WOB) anchorage do not avail of pilotage and hence should</td><td>If vessels working at West of Breakwater are excluded from payment of levy of pilotage fees, this will seriously affect the Port revenues.</td></tr>
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<table>
<tr><td></td><td>(b). Barges passing through Port waters without any cargo operations.</td><td>(b). We find reference to barges to be expunged as Barges have always been kept away from levy of such charges. Firstly because of the administrative difficulty in levying such a charge and also for adversely affecting an already limping industry which is due to gain promence under the Govt’s thrust for inland waterways transportation.</td><td>(b). It is proposed to exclude all barges from the levy of pilotage. Note 1.2 (iii) (b) is to be read as “barges”.</td><td>also be included in the cases for which pilotage charges is exempted. Further, all barges whether carrying cargo or not may be exempted from pilotage as per present practice (these appears to be a drafting error to be corrected).</td><td>Hence, GMOEA’s suggestion is not acceptable. However, GMOEA’s suggestion to exclude barges from levy of pilotage fees has been accepted and the same has been incorporated in the proposed SOR.</td></tr>
<tr><td>(iv).</td><td>At Para 2.1 the heading Wharfage to be replaced with Wharfage at Berth.</td><td>No comments.</td><td>No comments.</td><td>--</td><td>--</td></tr>
<tr><td>(v).</td><td>At Para 2.2.2 Storage Charges, the existing table to be replaced with the following table:
<table>
<tr><th>Sr. No.</th><th>Period</th><th colspan="2">Rate per container per day or part thereof</th></tr>
<tr><th></th><th></th><th>Foreign-going Vessels (US $)</th><th>Coastal Vessels (₹)</th></tr>
<tr><td>1.</td><td>For the first 5 days after free period</td><td></td><td></td></tr>
<tr><td></td><td>- Upto 20 ft</td><td>1.1011</td><td>50.44</td></tr>
<tr><td></td><td>- Above 20 ft</td><td>2.2022</td><td>100.88</td></tr>
<tr><td>2.</td><td colspan="2">The above rates shall be increased by</td><td></td></tr>
<tr><td>(a).</td><td colspan="2">From 6th day to 10th day</td><td>50%</td></tr>
<tr><td>(b).</td><td colspan="2">From 11th day to 15th day</td><td>100%</td></tr>
<tr><td>©.</td><td colspan="2">From 16th day onwards</td><td>200%</td></tr>
</table></td><td>The chargeable ground rent is proposed to be increased by 525% from levels at which it is being charged now. We feel such an increase will have a detrimental effect on the volumes being attracted to our port. As such increases are recovered by the Shipping Lines from the end user who then are forced to search for locations with more optimal charges.</td><td>This is a conscious decision taken by the Port. Land is a scarce resource and MOPT is faced with a severe bottleneck of evacuation leading to higher dwell time. It is therefore, imperative that the scarce Port space is not used as a storage place by the trade.</td><td>--</td><td>--</td></tr>
<tr><td>(vi).</td><td>At Para 2.4.2 CHLD Levy to be deleted and replaced with the following:
Electronic Data Interchange Charges
<table>
<tr><th>Type of Document</th><th>Rate per Document</th></tr>
</table></td><td>Whereas we would normally resist imposition of any additional charge. We choose to offer</td><td>No comments.</td><td>Electronic Data Interchange charges may be absorbed in respective tariff rates as per our</td><td>The EDI charges have always been levied even though they were not part of</td></tr>
</table>

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<tr>
<td></td>
<td>

Vessel Related (Foreign)	US $ 50
Vessel Related (Coastal)	₹2000
Cargo Related/CHLD	₹2000
Container Wharfage	₹1000
Container Storage (Foreign)	US $ 15
Container Storage (Coastal)	₹500

</td>
<td>no comment on this proposal and leave it to you or the port to take a considered decision in this regard.</td>
<td></td>
<td>earlier submission.

It is requested that the port should not levy separate charges for procurement of equipment which is of general nature and not providing direct service to any set of users.

It is further requested that new levies should not be introduced at this stage of the proposal. Besides multiple levies complicate the tariff structure and make transactions difficult and complex.</td>
<td>the SOR. The Port is also open to absorbing the same in the respective tariff rates. However, this per GRT/ Tonne rate has to be included additionally over and above those already proposed by MOPT.</td>
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