(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

Tariff Authority for Major Ports

G.No. 253 **New Delhi,** **28 August 2014**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Mormugao Port Trust (MOPT) for fixation of rate for 100 ton Harbour Mobile Crane (HMC) for handling container as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

.

Tariff Authority for Major Ports

Case No. TAMP/25/2013-MOPT

Mormugao Port Trust **- - -** **Applicant**

QUORUM:

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. C.B. Singh, Member (Economic)

O R D E R

(Passed on this 4th day of August 2014)

This case relates to the proposal received from the Mormugao Port Trust (MOPT) for fixation of rate for 100 ton Harbour Mobile Crane (HMC) for handling container.

2. Before proceeding with the highlights of the proposal filed by the MOPT it is relevant here to mention that this Authority has passed an Order No.TAMP/43/2012-MOPT dated 14 June 2013 relating to the General Revision of the Scale of Rates (SOR) of MOPT. In the said Order, this Authority has approved the rate for 100 tonne Harbour Mobile Crane (HMC) under Section C- Part IV and prescribed performance Linked Tariff for Cargo Categories proposed by the MOPT viz. Dry Bulk, Break Bulk and "other Cargo". The rates figuring under "other cargo" are applied for the container handling in the absence of specific rate for container handling operations as stated by the Port.

3.1. The MOPT vide its letter dated 25 July 2013 has filed a proposal for fixation of rate for container handling through 100 tonne HMC. The highlights of the proposal are summarized below:

(i). The MOPT has procured 100 Ton Harbour Mobile Crane and put to use w.e.f. 12 July 2013. The approximate cost is ₹ 2800.00 lakhs.

(ii). In the general revision Scale of Rates (SOR) of MOPT notified on 17 July 2013 the rates for 100 tonne HMC is prescribed under "Section C- Part IV". The rates notified in the Order are for the Dry Bulk, Break Bulk and other Cargo.

(iii). The rate prescribed for "other" in the SOR approved by this Authority is applicable for container handling in absence of specific rate for container handling operations

(iv). The box rates for container handling were not proposed in the General Revision proposal. Now, the Port users have requested for container rates on TEU basis. Accordingly, adhoc rates proposed as per the guidelines of TAMP.

(v). Meeting were held with the port users on 22.6.13 and subsequently on 17.7.13. The issue of availability of HMC rate was discussed with the port users. A copy of each of the minutes of the said meetings is forwarded by MOPT. After deliberation with the trade, the box rate based on the container handling capacity of the crane is fixed on adhoc basis.

(vi). The box rate based on the container handling capacity is arrived at ₹970/- per 20 ft. container per move (lift on/lift off). The charges for different sizes of container are fixed as per clause 5.4. of the 2005 tariff guidelines.

3.2. The other main submission made by the MOPT for arriving at the proposed rate for handling container are given below:

(i). Container handling capacity is arrived at 1,22,640 TEU's per annum considering 20 moves/ per hour per HMC and applying 70% capacity utilization norms.

.

(ii). The Port has purchased the HMC at a cost of € 35 Lakhs, which is equivalent to ₹2800 Lakhs after considering insurance, freight, excluding the Custom duty as per the invoice send by the M/s.Italgru. The Port has availed the duty credit scrip for customs duty exemptions amounting to ₹726 lakhs.

(iii). Fuel consumption, working hours, repairs & maintenance and insurance cost is considered as per the norms prescribed by TAMP in the guidelines of 2008.

(iv). Detailed workings furnished by MOPT for the proposed rate of ₹970 per TEU is given below:

Sr. No.	Particulars		Amount (₹)
(i).	Cost of the HMC		2800,00,000
(ii).	Capacity:		
	Container handling per hour	20	
	Container handling per day	480	
	Days in a year	365	
	Capacity utilization	70%	
	Working hours p.a. (for fuel cost)	6132	
	Annual Container Handling Capacity		**1,22,640**
(iii).	Cost:		
(a).	Fuel	236,08,200	
(b).	Other expenses (5% of capital cost)	140,00,000	
(c).	Repairs & Maintenance (5% of capital cost)	140,00,000	
(d).	Insurance (1% of capital cost)	28,00,000	
(e).	Depreciation (10.34%)	289,52,000	
Total Cost			**833,60,200**
(iv).	ROCE (16%)		355,35,360
(v).	**Revenue Requirement**	**(iii + iv)**	**1188,95,560**
(vi).	**Handling Rate per TEU**	**(v / ii)**	**970**

(v). The rates proposed by MOPT for Container handling by 100 HMC for the Normal container and hazardous container are tabulated below:

<u>Normal Containers Lift On/ lift Off</u>

(Amount in ₹)

SIZE	Foreign		Coastal	
	Loaded	Empty	Loaded	Empty
20' Containers	970	776	582	466
40' Containers	1455	1164	873	698
Above 40' Containers	1940	1552	1164	931

<u>Hazardous Containers Lift on/ lift off</u>
(25% above normal Containers)

(Amount in ₹)

SIZE	Foreign		Coastal	
	Loaded	Empty	Loaded	Empty
20' Containers	1213	970	728	583
40' Containers	1819	1455	1091	873
Above 40' Containers	2425	1940	1455	1164

3.3. The MOPT has subsequently, in its letter dated 17 September 2013 submitted a copy of Board Resolution approving the proposal for fixation of rate for 100 tonnes HMC and for submission of the proposal to the Authority for its approval.

4. It was noted that the existing SOR of MOPT approved by this Authority vide its Order dated 14 June 2013 already prescribed consolidated charges for handling container under section B- Container Handling charges of Part II- Cargo Related charges of the SOR. Hence, it was felt that the proposal of MOPT would tantamount to duplication of charges. The MOPT was, therefore, vide our letter dated 12 August 2013 requested to examine this point as well as other points observed in its proposal and file a well analysed proposal with proper justification and financial implications. The MOPT vide its letter dated 30 August 2013 has furnished its response. A summary of information sought and the reply furnished by the MOPT is tabulated below:

Sr. No.	Information Sought	Reply Furnished
(i).	The existing Scale of Rates (SOR) of MOPT approved by this Authority vide Order No.TAMP/43/2012-MOPT dated 14 June 2013 already prescribes consolidated charges for handling containers (under Section–B - Container Handling Charges of Part II - Cargo Related Charges of the SOR) which includes charges for handling containers also. In view of this position, it is felt that the current proposal of MOPT for levy of charges for use of HMC for handling containers may tantamount to duplication of levy for the same service. If the port desires to propose rate for use of HMC for the service of handling alone, then it may be necessary to propose suitable reduction / rebate in the existing consolidated handling charges to exclude the handling component included therein.	(i) (a). The MOPT has mentioned in its letter that the Port handled containers through ship gears only as there was no shore crane available in the Port. (b). The consolidated charges of handling container in the SOR refers to the operation of handling container through ship's gear and without using shore cranes. (c). These charges also include providing of trailer service to bring container at berth and from berth to container yard, wharfage and trailer movement charges. No other charges are included as handling is done by ships. The MOPT has also furnished a copy of sample bills for operating handling with ships gear. (d). Handling containers with the help of Harbour Mobile Crane is totally separate operation wherein ship's gear will not be used. However, HMC and Ship gears are simultaneously operated to increase throughput of container handling operation. (e). Due to nomination of older ships to Berth No.10 & 11, the ship's gears are not used to their full capacity and break down of ship's gear affects the productivity of the port. In order to overcome the problem and to increase the throughput and improve productivity by enhancing average berth output, 100 tonne Harbour Mobile Crane is deployed by investing over ₹.28 crores. (f). As per MOPT, since this is a separate operation and handling is done by Port's Harbor Mobile Crane a separate rate is required. The tractor facility in any way will be provided.
(ii).	(a). From the copy of the Minutes of Meeting with port users dated 17 July 2013 forwarded by MOPT along with the proposal, it appears that the port proposes to levy the proposed rate on adhoc basis till final approval of this Authority. As per Clause 2.17.1 to 2.17.3 of the tariff guidelines of 2005, Major Port Trusts have the option to levy the adhoc rate proposed for new	(ii). (a). The issue regarding HMC charges was discussed with port users on 22 June 2013. (b). In the general revision of its SOR, the proposed handling charges were included under category as Bulk Cargo, Break bulk cargo and others. (c). The rate indicated in column "Other" would be applicable to the container handling operation through HMC. As the rate worked was high, it was

	service/ facility for which tariff is not prescribed in its Scale of Rates and simultaneously file a proposal to TAMP. As per the said Clause, adhoc rate for the new service must be derived based on the existing notified tariff for comparable service/ cargo and it must be mutually agreed rate with the concerned users. The proposed rate for HMC for handling container is not found to be based on the existing tariff notified for comparable service. Moreover, it is observed that the Minutes of the meeting with the port users held on 29 June 2013 and 17 July 2013 forwarded by the MOPT also do not show that consent of users is obtained to the proposed rate. (b). If the MOPT is collecting the proposed rate on adhoc from users, then it may be noted that this Authority may not be in a position to approve the rates retrospectively as the proposal is not in line with Clause 2.17.1 to 2.17.3 of the tariff guidelines.	proposed to apply rate indicated for break bulk which worked out to ₹. 2429/- per container of 20 feet. The same was discussed in the meeting held on 22 June 2013 with the port users. After considering the views of port users, the box rate per container considering capacity of crane ₹. 970/- per container of 20 feet was worked out. (d). The proposal for handling charges per box rate was not submitted prior to putting the crane to use, assuming that the rates proposed with the general revision proposal for HMC under category "Others" would be applicable. The rates proposed are adhoc rates and any excess amount received from port users over and above notified rates by this Authority will be refunded. (e). It has, therefore, requested to notify the rates of handling charges of container retrospectively.

5. In accordance with the consultative procedure prescribed, the proposal dated 25 July 2013 was circulated to the MOPT and concerned users / user organisations seeking their comments, followed by the reminder dated 6 September 2013. None of the users/ user organizations have furnished their comments except Mormugao Port Users Association (MOPA). The MOPA has stated that it has no comments to offer.

6.1. Based on a preliminary scrutiny of the proposal, the MOPT was requested to furnish additional information / clarifications vide our letter dated 18 June 2014. The MOPT has furnished its reply to our queries vide its e-mail dated 1 July 2014. The additional information / clarifications sought by us and the response of the MOPT are given below:

Sl. No.	Queries raised by us	Response by MOPT
(i).	In our letter of even number dated 12 August 2013, it was pointed out to MOPT that the existing Scale of Rates (SOR) of the MOPT approved by this Authority vide Order No.TAMP/43/2012-MOPT dated 14 June 2013 already prescribes consolidated charges for handling containers (in Section–B-Container Handling Charges under Part II - Cargo Related Charges of the existing SOR of MOPT). With reference to our observations that the current proposal of MOPT for levy of charges for use of HMC for handling containers may tantamount to duplication of levy for the same service and that port may propose suitable reduction /rebate in the existing	Even though the Container Handling Charges under part II – Cargo Related Charges, Section B (I) already prescribes consolidated charges for handling containers, the current proposal of MOPT for levy of charges for use of HMC for handling containers does not tantamount to duplication of levy for the same service, for the simple fact that, prior to the procurement of the 100T HMC, MOPT did not have any shore crane which could load/ unload containers/ cargo from the vessel onto the berth or vice versa and only had to depend on vessel with own gears. The only container handling equipment MOPT had was the Reach Stacker which can only stack/unstack containers in the yard and cannot load/unload containers onto/from the vessel and which has a separate

	consolidated handling charges to exclude the handling component included therein, the MOPT has vide its letter dated 30 August 2013 clarified that consolidated charges prescribed in the existing SOR is with reference to the operation of handling containers through ship's gears and without using shore cranes. The Port has furnished the copies of the sample bills of container handling operations with Ship's gear. Copies of bills forwarded by MOPT, however, do not establish that the rates charged are with reference to handling by Ship's gear. Please elaborate and explain	rate prescribed under part IV Section C (III) – Hire of Machinery, Equipment and Miscellaneous Rates. As such, the possibility of duplication of levy for the same service in the case of MOPT does not exist and the consolidated charges prescribed for containers include only the wharfage and does not include any handling charges.
(ii)	The MOPT to furnish the breakup of the components included in the consolidated container handling rate prescribed in the existing SOR and show that it does not include tariff for ship to shore handling or vice-versa.	The consolidated container handling rate prescribed in the existing SOR has been arrived at based on the consolidated revenue requirement of the cargo related activity which also includes container handling and not on the revenue requirement of only the container handling activity. Also, the overall % increase approved by TAMP for the cargo related charges at the time of each revision is applied to the container rates also and as such breakup of only the container handling activity is not possible.
(iii)	If for the time being it is assumed that the container handling charges prescribed in the existing Scale of Rates of MOPT in Section B under Part II Cargo Related Charges do not cover ship to shore handling charges, the MOPT may propose suitable modification in the existing note prescribed under the above mentioned sections	The Note under Container Handling Charges Part II – Cargo Related Charges, Section B (I) is proposed to be modified as "**The charges prescribed above include only the wharfage for container as well as wharfage on containerized cargo"**.
(iv)	The MOPT has in Annex II of its letter dated 17 September 2013 furnished computation for arriving at the proposed hire charges of HMC for handling container. On perusing the cost calculation it is seen that, the capital cost of HMC is considered at ₹. 28 Crores as against ₹. 27.46 crores considered by this Authority in the tariff Order of 14 June 2013 which was based on the documentary evidence furnished by the MOPT as recorded in para 12 (xvii) of our said Order. Moreover, all other cost components as well as ROCE linked as a percentage to capital cost are also modified by MOPT. Since, Annual Revenue Requirement (ARR) for 100 tonne HMC is already determined as brought out in para 12 (xvii) and detailed working is attached as Annex V of the Order dated 14 June 2013 and recognising that the same HMC is proposed to be deployed for handling container, MOPT to explain the reasons	The actual payments made to the vendor of the HMC are at the Euro exchange rates of 77.99, 78.33, 90.76, 84.90 and 81.08. As such MOPT has considered an exchange rate of ₹.80/- and for the purchase price of 35,00,000 Euros, the amount in INR works out to ₹.28,00,00,000/-, which has resulted in the ROCE and other cost components linked as a percentage to capital cost being modified.

	for re-computing the ARR in the current exercise.	
(v)	The MOPT has arrived at the unit rate of handling container at ₹. 970 Per TEU by dividing the estimated ARR over the optimal capacity of container handling assessed at 1,22,640 TEUs. The MOPT to furnish detailed working of income estimation to show that at the proposed rate and considering the container capacity duly segregated to the different categories of container for which tariff is proposed is expected to meet the ARR estimated for HMC. MOPT also to confirm that at the proposed rates the revenue will not exceed the ARR estimated for HMC.	[The working of income estimation at the proposed rate, estimated container, matching the capacities and tariff proposed by the MOPT is brought out in the subsequent paragraph].
(vi)	The hire charges for the HMC prescribed by this Authority in the Order dated 14 June 2013 is for dry bulk cargo, Break Bulk (steel and bagged cargo) and others is linked to the performance of HMC based on proposal of the MOPT. The MOPT may consider prescription of similar performance linked tariff for handling container as well.	There is no performance linked tariff for handling containers at any of the Ports, As such the same is also not considered for the HMC at MOPT.

6.2. The working of income estimation at the proposed rate and considering the estimated traffic of different category of containers for which the tariff is proposed as furnished by the MOPT is given below:

	Foreign				**Coastal**				**Total**
	20		**40**		**20**		**40**		
	Loaded	**Empty**	**Loaded**	**Empty**	**Loaded**	**Empty**	**Loaded**	**Empty**	
Proposed Rate per TEU	970	776	1455	1164	582	466	873	698	
Capacity wise no. of containers (in TEUs)	49811	40754	14943	12226	2075	1698	623	509	122639
Projected Annual Income (in ₹)	48316670	31625104	21742065	14231064	1207650	791268	543879	355282	118812982
ARR (in ₹)									118895560
Deficit									82578

Notes:
1. The ratio of foreign to Coastal containers is assumed at 96:01
2. The ratio of Loaded to Empty containers is assumed at 55:45
3. The ratio of Loaded 20’ to Loaded 40’ Containers is assumed at 100:30

7. A joint hearing on the case in reference was held on 20 June 2014 at the premises of MOPT. The MOPT made a brief power point presentation of its proposal. At the joint hearing, only the MOPT made the submissions.

8. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpts of arguments made by the MOPT will be sent separately to

the relevant parties. These details will also be made available at our website http://tariffauthority.gov.in.

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

(i). This Authority in the last general revision Order No.TAMP/43/2012-MOPT dated 14 June 2013 has approved the rates for hire of 100 Tonne Harbour Mobile Crane (HMC) for dry bulk cargo, break bulk cargo and others based on the proposal filed by Mormugao Port Trust (MOPT). The MOPT has submitted that per tonne rates prescribed for 'others' was being made applicable for handling container by HMC. The current proposal mooted by MOPT is for prescription of specific rates for container handling using the same 100 Tonne HMC.

(ii). As brought out in the factual position relating to this case, the existing Scale of Rates (SOR) of MOPT approved by this Authority prescribes consolidated charges for handling containers and the note therein stipulates that consolidated charges include handling charge, wharfage for container as well as wharfage on containerized cargo. The MOPT has categorically stated that the current proposal of MOPT does not tantamount to duplication of handling charges for container. The MOPT has clarified that presently, the containers are handled by ship's gear only. The consolidated container handling charges prescribed in the existing SOR of the MOPT reportedly include charges for providing of trailer service to bring container at berth and from berth to container yard, wharfage and trailer movement charges. The port has confirmed that the consolidated charges do not include any charges for movement of container from ship to shore or vice versa as the container handling was being done by ship's gear only. The Port also did not possess any shore crane which could load / unload container from the vessel on to the berth and vice-versa. Citing that ship's gears are not being used to their full capacity due to break down which affects the overall productivity of the port, the port has proposed to use the 100T HMC which has been deployed in July 2013 to handle dry bulk and other cargo to handle container as well so as to improve the productivity of the port. In view of the clarification made by the MOPT, the proposal of the MOPT for fixation of charges for handling container through HMC is proceeded with.

(iii). For arriving at the box rate for handling container through HMC, the MOPT has considered the capital cost of HMC at ₹28 Crores. The operating cost is estimated by MOPT in line with the norms and approach adopted by this Authority while determining the hire charge for HMC at New Mangalore Port Trust, Paradip Port Trust, V.O. Chidambaranar Port Trust for 100 Tonne HMC and 16% return on the capital cost of HMC. The average revenue requirement estimated by the MOPT is ₹1188.95 lakhs. As stated earlier, the hire charge for 100 T HMC for handling dry bulk cargo, break bulk and other cargo was already determined in the last tariff Order. In the said Order the capital cost of 100 T HMC was considered at ₹27.46 crores based on the documentary evidence furnished by the MOPT as recorded in para 12 (xvii) of our said Order. The same 100 T HMC is going to handle container as well. Since the Annual Revenue Requirement (ARR) for 100 tonnes HMC is already determined as brought out in para 12 (xvii) and detailed working is attached as Annex V of the Order dated 14 June 2013 and recognising that the same HMC deployed in July 2013 is proposed to handle container, the question of re-computing the ARR in the current exercise does not arise at all. The ARR estimated in the said Order at ₹1082.31 lakhs is, therefore, taken as the base for fixing the hire charge for container handling by HMC.

(iv). The MOPT has derived the optimal capacity of 100 T HMC for container handling at 1,22,640 TEUs. For this purpose, it has considered handling rate at 20 moves per hour per HMC for 365 days at 70% capacity utilization. It is relevant here to mention that the handling norms prescribed in the 2008 guidelines for three numbers of 20T level luffing crane for multipurpose cargo have been borrowed and upgraded to prescribe handling norms for an 100 T HMC. The said guidelines prescribe norm for handling dry bulk cargo, break bulk cargo and other cargo but do not prescribe container handling norms. The norms of 25 moves per hour per crane prescribed in the 2008 guidelines is for container handling by quay crane for a dedicated container terminal. The said norm is not found to be relevant in the instant case as the subject proposal relates to 100 T HMC and not a quay crane and secondly the equipment is not for a dedicated container terminal but engaged for handling multipurpose cargo including containers. Hence, in the absence of any specific norms, for container handling by HMC, the handling rate of 20 moves per hour assumed by the MOPT in its best judgment is relied upon in the current exercise.

For assessing the container handling capacity using 100T HMC, the port has considered 6132 hours i.e. 365 days * 70% utilisation. It is relevant here to mention that for assessing the capacity of 100T HMC, the total number of working hours assumed in other Major Port Trusts including MOPT is 4000 hours based on the working hours norms prescribed in the 2008 guidelines for multipurpose cargo berth. This is in line with the approach followed in the case of fixation of hire charge for HMC in New Mangalore Port Trust, Paradip Port Trust and V.O. Chidambaranar Port Trust. Even at MOPT, for determination of the hire charge for 100T HMC for handling dry bulk cargo, break bulk and other cargo, the number of working hours considered for assessing the cargo wise capacity of HMC is 4000 hours in the last tariff Order. The operating cost of fuel has also been assessed for 4000 working hours. Hence the same approach needs to be followed for assessing the container handling capacity in the current exercise. Accordingly, considering handling rate of 20 moves per hour per crane as assumed by MOPT, and 4000 working hours, the optimal capacity for container handling by 100T HMC comes to 80,000 TEUs as against 1,22,640 TEUs estimated by the MOPT. The optimal capacity for container handling is considered at 80,000 TEUs for determining hire charges for HMC.

(v). The MOPT has arrived at the unit rate of handling container at ₹970 per TEU by dividing the estimated ARR over the optimal capacity of container handling assessed at 1,22,640 TEUs. The said rate of ₹970 per TEU is proposed for a 20' laden container. The port has proposed rates for 40' and above 40' containers at 1.5 times and 2 times respectively of the rate proposed for a 20' container in line with provisions prescribed in clause 5.4 of the 2005 guidelines. It is seen that the rate for empty container is proposed at 80% of the rate for normal laden containers. The rate of hazardous container is proposed 25% over the rate of normal container as per clause 5.7 of the 2005 guidelines. The unit rate arrived based on the above method has been rounded off to the next rupee by the MOPT. The MOPT has furnished break up of different categories and sizes of containers i.e. laden and empty, 20'/ 40' and above 40' containers in TEUs duly matching the optimal capacity estimated at 1,22,640 TEUs by the MOPT. The income at the proposed tariff is estimated at ₹1188.13 lakhs closely matching with the revenue requirement estimated by MOPT at ₹1188.95 lakhs.

On perusing the income estimation furnished by MOPT, it is observed that the port has not converted the 40' containers into boxes for correct estimation of the income. If this correction is done, the income estimation at the rate proposed by the MOPT will work out to ₹1003.76 lakhs which does not meet the estimated annual revenue requirement of ₹1082.31 lakhs considered by us in this analysis. Hence, the rates proposed by the MOPT need to be revised upwards to meet the estimated annual revenue requirement of ₹1082.31 lakhs. Further since optimal capacity for container handling has been moderated for the reasons explained in the preceding paragraph, it will also have an impact on the proposed rate i.e. upwards revision in the rates proposed by the MOPT.

In short, as per our calculation, all the rates proposed by the MOPT is increased by 65% so as to match the estimated revenue requirement of ₹1082.31 lakhs considered in the analysis. The revised cost statement relating to fixation of hire charge for 100T HMC for container handling along with working of revenue estimation is attached as **Annex - I**. It is reiterated here that the rates proposed by MOPT are required to be revised in view of correction done in the income estimation i.e. converting 40' container traffic given in TEUs into Boxes and also in view of moderation done in the optimal capacity of containers by considering the number of working hours as 4000 as per the norms prescribed in the guidelines. In any case, the rates prescribed by this Authority are ceiling rates and the MOPT has the flexibility to charge rates lower than the level approved by this Authority as per 2005 guidelines. The MOPT can, therefore, based on its commercial judgment if necessary, consider to allow rebate/ discounts on the ceiling rates approved by the Authority complying with the provisions in clauses 2.16.1 to 2.16.3 of the tariff guidelines.

(vi). The existing Scale of Rates of the MOPT under Container Handling Charges, in Part II – Cargo Related Charges, under Section B, Item I prescribes a note stating that the consolidated charges prescribed in the schedule include handling charges, wharfage for container as well as wharfage on containerized cargo. The port has proposed to modify the existing note to state that the charges prescribed above include only the wharfage for container as well as wharfage on containerized cargo. Since the port has during the processing of this case clarified that the consolidated charges include charges for movement of container from berth to container yard or vice versa by trailers, the modified note proposed by the MOPT is partially amended to include this service as well. The note proposed to be modified by MOPT is suitably amended to this extent.

(vii). The hire charges for the HMC prescribed by this Authority in the Order dated 14 June 2013 for dry bulk cargo, Break Bulk (steel and bagged cargo) and others is linked to the performance of HMC based on proposal of the MOPT. When requested to consider prescription of similar performance linked tariff for handling container as well, the port has not proposed performance tariff linked for container handling citing that there is no performance linked tariff available for containers handling at any of the other Major Port Trusts. The point made by the MOPT is correct that there is no performance linked tariff for handling containers by HMC at any of the other Major Ports as there is no tariff for container handling by 100T HMC prescribed in any other Major Port Trusts. It is seen that the MOPT has furnished different categories of containers viz. normal laden and normal empty containers, hazardous laden and empty containers and amongst each categories different sizes of containers viz. 20', 40' and above 40'. It has to be recognised that handling norm of 20 moves per hour per HMC may vary based on the different categories and sizes of containers. Hence the difficulty expressed by the MOPT to prescribe performance linked tariff in the absence of such prescription in any other Major Port Trust, is recognised. The MOPT is, however, requested to file a well analysed performance linked container handling tariff for 100T HMC during the next tariff revision based on the experience gained by the port in the container handling operations using 100T HMC.

(viii). As stated earlier, the existing SOR of the MOPT does not prescribe any rate for handling containers using HMC. The port has after deliberation with the trade reportedly arrived at the proposed box rate for container handling using 100T HMC. The port has reported that the proposed rates are being collected by the port from July 2013 onwards.

If the proposed rates collected from the users is in excess of the final rate notified by this Authority, the MOPT has agreed to refund the excess amount to port users. The MOPT has, therefore, requested to notify the rates of handling charges of container retrospectively.

As per clause 3.2.8. of the tariff guidelines, the rates approved by this Authority have prospective effect. However, as per clause 2.17.1. to 2.17.3. of the tariff guidelines, whenever a specific tariff for services / cargo is not available in the notified Scale of Rates, the port can submit the proposal and levy the rate on an adhoc basis till the rate is finally notified. For this purpose, the adhoc rate must be derived based on the existing notified tariffs for comparable services / cargo and it must be mutually agreed upon by the port and the concerned users. The port has not furnished concurrence from the users for levy of the proposed rate. It is, however, notable that there has been no objection from any users/ user associations about the proposed rate reportedly levied by the port on adhoc basis since July 2013. Clause 2.17.4. of the tariff guidelines of 2005 enables this Authority to recognize the interim rate adopted in an ad-hoc manner retrospectively unless it is found to be excessive requiring some moderation retrospectively. Since the proposed rate levied by the MOPT is not found to be excessive of the final rate approved by this Authority, and recognising that none of the users consulted on the subject proposal have raised any objection of the proposed rates levied by the port, the action of MOPT of implementing the proposed rate on adhoc basis is recognised as such.

(ix). The tariff guidelines stipulate a tariff validity cycle of 3 years. The validity of the hire charge for 100T HMC prescribed in the general revision of the SOR has validity till 31 March 2016. It is, therefore, found appropriate to review this tariff item also along with the review of HMC and other tariff items prescribed in Scale of Rates of MOPT. That being so, the validity of the hire charge for container handling by HMC is prescribed till 31 March 2016 to make it co-terminus with the validity of its existing Scale of Rates of MOPT. Accordingly, the rates approved shall come into force after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force till 31 March 2016.

(x). The hire charge for 100 T HMC for handling container is incorporated in the Scale of Rates of the MOPT at Serial No.(III) in Schedule I.2 – Charges for hire of 100Tonne HMC, under Part IV, Section C- Sundry Charges.

10.1. In the result, and for the reasons given above, and based on the collective application of mind, this Authority approves the following:

"(i). **Insertion of Sr. No (III) in Schedule I.2 – Charges for hire of 100 Tonne HMC, under Part IV, Section C- Sundry Charges**

III. Container Handling:

(**in ₹**)

Container Category	**Foreign**			**Coastal**		
	Up to 20' length	**Above 20' length but up to 40'**	**Above 40' length**	**Up to 20' length**	**Above 20' length but up to 40'**	**Above 40' length**
Normal Container Loaded	1,603.35	2,405.03	3206.70	962.01	1,443.02	1924.02
Normal Container Empty	1,282.68	1,924.02	2565.36	769.61	1,154.41	1539.22
Hazardous Container Loaded	2,004.19	3,006.28	4008.38	1,202.51	1,803.77	2405.03
Hazardous Container Empty	1,603.35	2,405.03	3206.70	962.01	1,443.02	1924.02

"

(ii). **The existing note under Item I, Section B - Container Handling Charges under Part II – Cargo Related Charges is replaced as follows**:
"The charges prescribed above include wharfage for container as well as wharfage on containerized cargo and charges for movement of containers from berth to container yard or vice versa using trailers."

10.2. The rate approved will be effective after expiry of 30 days from the date of notification of the Order in the Gazette of India and shall be in force till 31 March 2016.

10.3. The proposed rate levied by the MOPT on adhoc basis from July 2013 till the rates approved in this case comes into effect, is recognised by this Authority.

10.4. The MOPT is advised to suitably amend its Scale of Rates.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

Cost calculation for fixation of rate for Container Handling using of 100 tonne Mobile Harbour Crane

A. 100 Tonnes Harbour Mobile Crane. **(Rs. in Lakhs)**

		As furnished by		Calcualtion by TAMP.	
Sr. No.	**Particulars**	**Workings**			
I	Cost of Harbour Mobile Crane (Rs. in Lakhs)	-	2800		**ARR of 100T HMC estimated in the TAMP Order No TAMP/43/201**
	B. Capacity in tonnes/ annum				
	Handling rate per hour (in tonnes)		20		20
	Working hours per annum		6132		4000
	Annual Capacity (in TEUs)		**122640**		**80000**
III	**Operating Cost**				
	(a). Fuel cost	70 ltrs per hour	236.08		ARR of 100T HMC estimated in the TAMP Order No TAMP/43/2012 dated 14 June 2013 is considered
	(b). Repairs & Maintenance cost	(5% of capital	140.00		
	(c). Insurance	(1% of capital	28.00		
	(d). Depreciation	As per norms	289.52		
	(f). Other Expense	5% of Gross	140.00		
	Total (a) to (f)		**833.60**		
IV	ROCE	16% on	**355.35**		
V	Total Annual Revenue Requirement (ARR) Rs. in lakhs		**1188.95**	**ARR of 100T HMC estimated in the TAMP Order No**	**1082.31**
VI	Handling rate per TEU in Rs.		**969.47**	**Average handling**	**1352.89**
VI	Rounded off to		**970/-**		

A **Income estimation furnished by MOPT**

	CONTAINER IN TEUs				RATES PROPOSED BY MOPT						REVENUE ESTIMATION in Rs				
	Foreign		Coastal		Foreign			Coastal			Foreign		Coastal		Total
	20ft	40ft	20ft	40ft	20ft	40ft	Above 40ft	20ft	40ft	Above 40ft	20ft	40ft	20ft	40ft	
Normal Container (Loaded)	49,811	14,943	2,075	623	970.00	1,455.00	1,940.00	582.00	873.00	1,164.00	48,316,670	21,742,065	1,207,650	543,879	71,810,264
Normal Container (Empty)	40,754	12,226	1,698	509	776.00	1,164.00	1,552.00	466.00	698.00	932.00	31,625,104	14,231,064	791,268	355,282	47,002,718
Hazardous Container (Loaded)					1,212.50	1,818.75	2,425.00	727.50	1,091.25	1,455.00	-	-	-	-	
Hazardous Container (Empty)					970.00	1,455.00	1,940.00	582.00	873.00	1,164.00	-	-	-	-	
TOTAL Estimated Revenue Requirement											79,941,774	35,973,129	1,998,918	899,161	118,812,982
Container Handling capacity of HMC in TEUs	90,565	27,169	3,773	1,132											122,640

B **If the calcluation furnished by the MOPT is corrected by converting TEUs into boxes to arrive at the correct revenue estimation at the proposed**

	CONTAINERs IN TEUs and in Boxes						RATES PROPOSED BY MOPT				REVENUE ESTIMATION in Rs				
	Foreign			Coastal			Foreign		Coastal		Foreign		Coastal		Total
	20ft	40ft		20ft	40ft		20ft	40ft	20ft	40ft	20ft	40ft	20ft	40ft	
		TEU's	Boxes		TEU's	Boxes									
Normal Container (Loaded)	49,811	14,943	7,472.00	2,075	623	312	970.00	1,455.00	582.00	873.00	48,316,670	10,871,760	1,207,650	271,940	60,668,020
Normal Container (Empty)	40,754	12,226	6,113.00	1,698	509	255	776.00	1,164.00	466.00	698.00	31,625,104	7,115,532	791,268	177,641	39,709,545
Hazardous Container (Loaded)							1,213.00	1,819.00	728.00	1,091.00	-	-	-	-	
Hazardous Container (Empty)							970.00	1,455.00	583.00	873.00	-	-	-	-	
TOTAL Estimated Revenue Requirement															100,377,565
Number of Containers in TEUs/ Boxes matching the optimal capacity	90,565	27,169	13,585	3,773	1,132	566					79,941,774	17,987,292	1,998,918	449,581	122,640

C **Income estimation at the rates approved by TAMP**

(In Rs.)

	CONTAINERs IN TEUs and in Boxes						RATES APPROVED BY TAMP				REVENUE ESTIMATION in Rs				
	Foreign			Coastal			Foreign		Coastal		Foreign		Coastal		Total
	20ft	40ft		20ft	40ft		20ft	40ft	20ft	40ft	20ft	40ft	20ft	40ft	
		TEU's	Boxes		TEU's	Boxes									
Normal Container (Loaded)	32,493	9,748	4,874	1,354	406	203.20	1,603.35	2,405.03	962.01	1,443.02	52,097,272	11,722,853	1,302,144	293,218	65,415,487
Normal Container (Empty)	26,585	7,975	3,988	1,108	332	166.02	1,282.68	1,924.02	769.61	1,154.41	34,099,652	7,672,296	852,449	191,651	42,816,049
Hazardous Container (Loaded)							2,004.19	3,006.28	1,202.51	1,803.77	-	-	-	-	-
Hazardous Container (Empty)							1,603.35	2,405.03	962.01	1,443.02	-	-	-	-	-
															-
TOTAL Estimated Revenue Requirement											86,196,924	19,395,150	2,154,594	484,868	108,231,535*
Number of Containers in TEUs/ Boxes matching the optimal capacity	59,077	17,723	8,862	2,461	738	369									80000 TEU's/ 70770 Boxes

***Note: Revenue Requirement as determined in tariff Order dated 14 June 2013**

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

F. No.TAMP/25/2013- MOPT - Proposal received from the Mormugao Port Trust (MOPT) for fixation of rate for 100 ton Harbour Mobile Crane (HMC) for handling container.

A joint hearing on the case in reference was held on 20 June 2014 at the premises of MOPT. At the joint hearing, only the MOPT has made the following submissions:

Mormugao Port Trust (MOPT)

(i). HMC was installed at Berth no.10 and 11 in July 2013.

(ii). Cost of crane is ₹28 crores. Hire charge of HMC for handling container was not included in the last tariff revision proposal.

(iii). The existing Scale of Rates prescribes rate for container handling. But, it is with reference to handling container through ship's gear.

(iv). Handling capacity of HMC is considered at 20 containers (TEUs)/ hour. Annual capacity for handling container is assessed at 1,22,640 TEUs.

(v). We are charging the proposed rate since July 2013 on adhoc basis.
