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Tariff Authority for Major Ports

G No. 143 **New Delhi, 4 June 2012**

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 from the Mormugao Port Trust for fixation of Cargo Handling Charges for transhippers/ floating cranes as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/30/2011 - MOPT

Mormugao Port Trust - - - **Applicant**

O R D E R

(Passed on this 2nd day of May 2012)

This case relates to the proposal filed by the Mormugao Port Trust (MOPT) for fixation of charges for cargo handling by the Transhippers and Floating cranes.

2.1. The MOPT, during the revision of its cargo related charges in the year 2000, had stated that transhipper vessels (4 numbers) are operating in the port limits with the approval of the (then) Ministry of Surface Transport. In this regard, this Authority in paragraph 13 (vii) of its Order No.TAMP/4/2000-MOPT dated 2 June 2000 alerted the MOPT that the transhipper vessel operations would come under the purview of Section 42 of the Major Port Trusts Act, 1963 and the charges levied by the transhippers for topping up / primary loading need to be regulated by this Authority. Subsequently, this Authority in its Order No.TAMP/24/2001-MOPT dated 9 August 2001 vide paragraph 9 (xxxix) reiterated the position and advised the MOPT to come up with a proposal for fixation of ceiling rates for all the services covered under Section 42 which are authorized by the port.

2.2. Chapter 7 of the Tariff guidelines notified in March 2005 contains the provisions relating to regulation of tariff for the different services authorized by the Major Port Trust under Section 42 (3) of the MPT Act, 1963. Clause 7.2 of the tariff guidelines of 2005 states that in cases where authorisation arrangement u/s 42(3) is other than by way of a BOT concession agreement, ceiling rates will be prescribed for such services to be applied commonly at the concerned ports without reference to individual service provider. While processing the general revision of the SOR of MOPT in the years 2006 and 2010 also this Authority advised the port to initiate action with reference to Chapter 7 of the tariff guidelines. While in the year 2006, the MOPT had clarified that the guidelines under Chapter 7 are being complied with, in the year 2010, it stated that the guidelines under Chapter 7 are not applicable to its port.

2.3. Subsequently, the MOPT vide its letter No.CPT(98)/2010/800 dated 15 October 2010 addressed to the Ministry with a copy endorsed to this Authority informed the Ministry that proper fixation of tariff on "cost plus" basis is not possible in the case of transshipers / floating cranes for the reasons explained therein. In response, the Ministry vide its letter No.PT-11033/46/2010-PT dated 6 January 2011 directed the MOPT to follow the provisions of MPT Act, 1963 and TAMP guidelines in this regard.

3.1. Based on the directions contained in Ministry's letter cited above, the MOPT, vide its letter dated 28 June 2011, filed a proposal for fixation of charges for cargo handled through transhippers and floating crane owned and managed by private parties. The proposal filed by the MOPT solely relied upon the cost details/ position furnished by the existing service providers of floating crane and transhipper without any independent analysis from the port side on the cost of operating, capital cost, etc. of such crafts. Since clause 7.2 of the tariff guidelines of March 2005 calls for prescription of a common ceiling rate without reference to individual service provider, as stated above, the MOPT was advised, vide letter dated 6 July 2011 to review its proposal and file a well analysed proposal with reference to the standard capacity of the crafts and for normative cost of operation instead of solely relying on the cost position reported by the existing operators.

3.2. In letter dated 6 July 2011, the MOPT was also informed that in the case of the proposals filed by Paradip Port Trust (PPT), New Mangalore Port Trust (NMPT) and V.O. Chidambaranar Port Trust (VOCPT) for fixation of hire charge of Harbour Mobile Crane provided by service provider authorised by the respective Port Trust, the tariff has been determined by this Authority as per clause 7.2 of the tariff guidelines without any reference to the individual service provider. In these cases ceiling rate of hire charges have been determined for a standard capacity of the HMC and for this purpose the norms prescribed in the guidelines of 2008 for assessing the capacity of the equipment and operating cost have been taken into consideration to the extent relevant for arriving at the rate.

4.1. In this backdrop, the MOPT has, vide its letter dated 19 August 2011 filed the proposal for fixation of the cargo handling charges for transhippers and floating crane. The main points made by the port are summarized below:

(i). The norms prescribed in the 2008 guidelines for assessing the capacity of equipment and the operating cost have been considered for computing the proposed rates.

(ii). Transhippers (TV) and Floating Cranes (FC) are two different types of equipment and as such different rates are proposed. The MOPT furnished a note on difference between TV and FC, which is given below:

Description	Floating crane	Transhipper
Capital cost inclusive of towing and duty	₹6660.75 lakhs	₹13370.00 lakhs
No. of Crew	26	24
Fuel consumption	115 litres/hour on full load Generator 12 litres /hr.	Operation 175 litres/hr. Generator 50 litres/hr.
Labour Cost	₹ 101.16 lakhs per annum	₹ 440.00 lakhs per annum
Performance	Average daily rate 15,000 to 20,000 tonne per day (AVR: 17,500 per day)	Capable of loading & unloading of vessel at an average daily rate of 30,000 tonnes per day
Technology	The concept is based on a single crane system in which only 1 crane is mounted on a pontoon and the crane picks cargo from one vessel and loads into the other. There is no storage facility on board both the pontoons. Both pontoons are self-propelled.	The concept to have two cranes to unload cargo from a vessel, transfer the same to a hopper which in turn conveys the cargo directly to the loading vessel by conveyor system and ship loader arm or to the storage hold. The Pontoon is self propelled.

(iii). Capital costs and technical specifications for both the equipment have been considered based on quotations obtained for this purpose. The MOPT furnished a copy each of the two quotations both dated 10 July 2011.

(iv). As both the equipments are engaged in loading iron ore during the period October to May, the traffic for eight months is taken into account for computing the handling charges.

(v). A summary of the working furnished by the port to arrive at the proposed rates is given below:

Sr. No.	Particulars	Transhipper vessel		Floating crane	
		Working	Amount (₹ in lakhs)	Working	Amount (₹ in lakhs)
(i).	**Capital cost**	(US$ 26 million x ₹ 45 per US$) + 10% for customs duty & ₹ 500 lakhs for towing cost	**13370.00**	(US$ 12.85 million x ₹ 45 per US$) + 10% for customs duty and ₹ 300 lakhs for towing cost	**6660.75**
(ii).	**A. Capacity computed**				
	Available shifts per annum	365 * 3	1095.00	365 * 3	1095.00
	Available working shifts per annum (85%)	310 * 3	930.75	310 * 3	930.75
	Norms for utilisation	----	60%	-----	60%
	Capacity in shifts per annum	930.75 * 60%	558.45	930.75 * 60%	558.45
	Expected number of working hours per annum	558.45 * 8	4467.60	558 * 8	4467.60
	Expected nos. of working hours for 8 months in fair season	558.45 * 8 * 8 /12	2978.40	4467.60 *8/ 12	2978.40
	Rated capacity per hour (in tonnes)	30000/24	1250.00	17500/24	729.17
	Rated capacity per annum	-----	10950000	-----	6387500
	Volume considered for calculation of rate (tonnes) (8 months)	TPH * 4467.6	3723000	TPH * 2978.40	2171750

Sr. No.	Particulars	Transhipper vessel		Floating crane	
		Working	Amount (₹ in lakhs)	Working	Amount (₹ in lakhs)
(iii).	**Operating Cost**				
	(a). Fuel Cost @ ₹43.22 : Working (175) * 2978.40 + Idle (50) * 24 * 365	225.27 + 189.30	414.57	148.04 + 45.43	193.47
	(b). Repairs & Maintenance Cost 5% of capital cost	----	668.50	----	333.04
	(c). Insurance 1% of capital cost	----	133.70	----	66.61
	(d). Depreciation @ 10.34%	----	1293.04	----	688.72
	(e). Port Charges	----	9.70	----	5.71
	(f). Direct Labour	----	440.00	----	101.16
	(g). Management & Administrative Overheads @ 10% on operating expenditures except depreciation and port charges		165.68		69.43
	Total (a) to (g)		**3125.19**		**1458.13**
(iv).	ROCE 16% of capital cost	----	2139.20	----	1065.72
(v).	Total Cost plus Return on Investment	----	5264.39	----	2523.85
(vi).	Hire charges per tonne (Foreign)	----	141.40	----	116.21
(vii).	Hire charges per tonne (Coastal)	----	84.84	----	69.73

4.2. The MOPT has proposed the following charges:

(**Rate per tonne**)

	Transhipper	**Floating Crane**
Foreign Cargo	₹ 141/-	₹ 116/-
Coastal Cargo	₹ 85/-	₹ 70/-

5. In accordance with the consultation process prescribed, the proposal dated 19 August 2011 received from the MOPT was circulated to the concerned users / user organisations and additional users furnished by the port for their comments. The comments received from the users / user organisations were forwarded to the MOPT as feedback information. The MOPT has furnished its remarks on comments of the users / user organisations.

6. Based on a preliminary scrutiny of the proposal, the MOPT was requested to furnish additional information/clarifications vide our letter dated 25 November 2011. The MOPT has submitted its reply on 19 January 2012 vide its letter dated 5 January 2012. A summary of the queries raised and reply furnished by MOPT thereon are juxtaposed below:

Sl. No.	Queries raised	Reply furnished by MOPT
(i).	The port has in its proposal stated that the norms prescribed in the 2008 guidelines are borrowed for estimating the capacity, operating cost, etc. for arriving at the proposed charge for hire of transhipper and floating crane for iron ore handling operations in mid-stream. Since the 2008 guidelines do not prescribe any specific norms for similar operation by floating crane/ transhipper, the reasonableness of various parameters adopted in the calculation particularly with reference to handling rate of craft, number of hours of operation by the craft for calculation of the capacity of craft as well as fuel consumption and other cost items assumed by the port need to be justified individually with reference to actual parameters achieved for	The MOPT has not furnished any response.

<table>
<tr><td></td><td>similar operations carried out by the service providers authorised by the port reportedly with necessary approval of the Ministry of Shipping.</td><td></td></tr>
<tr><td>(ii).</td><td>(a). Number of transhippers and floating cranes presently operated by the service providers authorised by port, the capacity and age of each of the craft, number of hours of operation in a year and the iron ore traffic handled by these craft may be furnished for the years 2008-09, 2009-10, 2010-11 and 2011-12 (upto October 2011) for each of the craft. Statistical data may be obtained by the port from the service providers who are already providing this service, wherever necessary.</td><td>The data on Transhippers and Floating Cranes presently operated by service providers are furnished. The details furnished by the MOPT are summarized below:
<table>
<tr><th>Name of Transhipper/ Cranes</th><th>Capacity p.a. (MN)</th><th>Age</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12 (upto Dec. 2011)</th></tr>
<tr><td></td><td></td><td></td><td>Qty handled</td><td>Qty handled</td><td>Qty handled</td><td>Qty handled</td></tr>
<tr><td>Orissa (B 77)</td><td>3.00</td><td>31</td><td>4147271</td><td>4716013</td><td>3702243</td><td>2485286</td></tr>
<tr><td>Maratha Deep (B 75)</td><td>1.50</td><td>38</td><td>911260</td><td>815494</td><td>1106507</td><td>309739</td></tr>
<tr><td>Swati Rani (B 73)</td><td>1.50</td><td>38</td><td>1748611</td><td>1321792</td><td>1211940</td><td>509852</td></tr>
<tr><td>Priyamvada (B 74)</td><td>1.50</td><td>38</td><td>1284029</td><td>2166070</td><td>1624930</td><td>690163</td></tr>
<tr><td>Bulk Prosperity (B 79)</td><td>2.00</td><td>4</td><td>-</td><td>95185</td><td>2028255</td><td>1001440</td></tr>
<tr><td>Floating Cranes *</td><td></td><td></td><td>1490128</td><td>2294121</td><td>2776569</td><td>2298871</td></tr>
</table>
* Floating Cranes "Maria Laura" and "Miramar" have been deployed from November 2011, in addition to "Dona Paula".
(The MOPT has not furnished number of hours of operation of the crafts in each of the years).</td></tr>
<tr><td></td><td>(b). Iron ore traffic estimated to be handled by the transhippers and floating cranes in the current financial year 2011-12 (actuals upto October 2011 and estimates for the remaining period), and estimates for the years 2012-13 to 2014-15 to be furnished along with details of number of transhippers/ floating craft envisaged, their capacity and the productivity.</td><td>Iron ore traffic estimated to be handled by Transhipper and Floating Cranes upto 2014-15 is furnished. Two more floating cranes have been added from November 2011 onwards, by M/s. Marine Infrastructure (Goa) Pvt. Ltd. The expected traffic in case of transhipper for the year 2013-14 and 2014-15 are not furnished by the service providers. The traffic of iron ore is uncertain which is to be decided after release of report from Shaha Commission on Goan Mining Operation.

Subsequently, the MOPT vide its letter dated 14 March 2012 stated that the estimated traffic to be handled by transhippers for the year 2013-14 and 2014-15 is 1.50 million tonnes for each year.

The details furnished by the MOPT are summarized below:
<table>
<tr><th>Type of vessel</th><th>No. of vessel</th><th>Upto Dec. 11</th><th>2011-12</th><th>2012-13</th><th>2013-14</th><th>2014-15</th></tr>
<tr><td>Transhippers</td><td>1</td><td>10,01,440</td><td>11,00,000</td><td>5,00,000</td><td>15,00,000</td><td>15,00,000</td></tr>
<tr><td>Floating Cranes</td><td>3</td><td>7,62,415</td><td>15,00,000</td><td>30,00,000</td><td>30,00,000</td><td>30,00,000</td></tr>
</table></td></tr>
<tr><td>(iii).</td><td><u>Capacity</u>:</td><td></td></tr>
<tr><td></td><td>(a). Average productivity rate achieved for handling iron ore in tonnes/ hour by 30 T Transhipper and 32 T Floating Crane in the last three years 2008-09 to 2010-11 and 2011-12 (upto October 2011) to be furnished.</td><td>The details are not yet furnished by the service providers.

(The MOPT has not furnished the requisite details).</td></tr>
<tr><td></td><td>(b). The basis of adopting the rated capacity of transhipper at 1250 tonnes/ hour and floating crane at 729.17 tonnes / hour in the capacity calculation to be explained and justified with reference to actual productivity achieved by similar crafts presently in operation.</td><td>The rated capacity of transhippers and floating cranes was considered at 1250 Tonnes/ hour and 729.17 tonnes/ hour respectively. The detailed working was furnished to the Authority vide our letter of even number 36 dated 19 August 2011. (The letter dated 19 August 2011 contained workings for arriving at the annual optimal capacity considered by MOPT in which the rated capacity per hour is one of the parameters considered in the workings. The said letter does not contain any workings for the rated hourly capacity considered by the port).</td></tr>
</table>

		Subsequently, the MOPT vide its letter dated 14 March 2012 stated that the rated capacity of 30,000 tonnes per day and 32,000 tonnes per day have been considered based on the technical details furnished in the quotations obtained. (The rated capacity of 1250 tonnes / hour for Transhipper is found to be based on the rated capacity of 30,000 tonnes / day indicated in the quotation. However, in respect of Floating Crane, the copy of the quotation furnished by MOPT does not indicate the rated capacity in terms of daily productivity).
	(c). The MOPT to explain the reason for restricting the capacity of the craft to be deployed at 30 T / 32 T. Confirm whether this is the standard capacity of transhipper / floating crane deployed for similar operations elsewhere in India or in other ports in the world. Higher capacity craft can possibly achieve higher productivity. The MOPT to clarify whether it is technically feasible to deploy higher capacity craft.	The floating cranes are operated at about 5 to 7 nautical miles in mid sea, where the forces acting on the vessel and equipment can vary according to weather conditions. So as a matter of safety, the design of crane working in sea was set to maximum 32 tonnes. Transhipper can have cranes of higher capacities also, however, in case barge feed rate to transhipper is low, it is not commercially justified to install further higher capacity cranes.
	(d). In the tariff fixation cases relating to deployment of Harbour Mobile Crane (HMC) by authorized service provider at the New Mangalore Port Trust (NMPT), V.O. Chidambaranar Port Trust (VOCPT), Paradip Port Trust (PPT) and Kandla Port Trust (KPT), the Authority has prescribed tariff for a standard capacity of HMC of 100 Tonnes capacity and prescribed the tariff linked to the performance of the crane to take care if the actual capacity of the crane deployed by service provider varies within the range of the standard capacity of HMC. Flowing from the decision in the HMC cases, in the instant case for determining tariff for transhipper and floating crane also the MOPT may consider to propose tariff for a standard capacity of craft and the tariff to be linked to the productivity of the craft to take care of a situation if the craft actually deployed by individual service provider varies within the range of the standard capacity of these craft.	The service providers have not yet furnished on linking standard capacity to the productivity achieved. The MOPT has reiterated its position vide its letter dated 14 March 2012 stating that in the absence of past performance data, the port cannot formulate the Scheme on ELTS linking tariff to the benchmark levels of productivity.
	(e). As per the formula prescribed in the 2008 guidelines, the number of working hours will be 6132 (i.e. 365 days x 70% utilisation x 24 hours). The guidelines of 2008 do not prescribe cushion in each parameters for arriving at number of working hours while assessing the capacity. As against the above position in the guidelines of 2008, the MOPT has considered working hours at 2978.40 for arriving at the capacity of each of the craft viz. transhipper and floating crane. For this purpose, MOPT has considered 310 days per annum, then applied 60% utilisation norm and arrived at 558.45 shifts (i.e. 310 days x 60% x 3 shifts per annum). Then	The port has peculiar iron ore handling operation by TV's and floating cranes in mid sea. The operation takes place during fair season, only 8 months in a year from October to May. The operation is also affected due to weather conditions in mid sea. The calculation furnished by the port is appropriate. The actual quantity handled by Transhippers and Floating Cranes during the year 2010-11 and upto December 2011 is furnished. [The details furnished by MOPT in this regard are already brought out in para (ii) (a) above.] Subsequently, in the revised cost sheet furnished by the MOPT vide its letter dated 14 February 2012 (after the joint hearing), considered an additional quantity of 2 lakh tonnes per annum and 3 lakhs tonnes per annum for transhipper and floating crane respectively, for the

	recognising that the cargo handling operation will be carried out only 8 hours a day and that too only during fair season May to October (i.e. 8 out of 12 months), it has further scaled down the number of working hours to 2978.40 hours (i.e. 558.45 shifts x 8 hours x 8/12 months). It thus appears that the port has provided cushion at various places for arriving at the number of working hours which is not envisaged in the guidelines. The port may review the capacity calculation of the transhipper and floating craft in the light of the above observation and allowance, if any, to be provided in view of peculiarity of the iron ore handling operations by these craft to be justified with reference to the actual parameters achieved at the port in the last three financial years.	monsoon period, reportedly based on the actual traffic handled by such crafts during the monsoon period in the years 2010 and 2011. Further, the MOPT vide its letter dated 14 March 2012 revised the annual optimal capacity for Transhippers and Floating Cranes from 39.23 lakh tonnes and 24.72 lakh tonnes to 53.10 lakh tonnes and 32.81 lakh tonnes respectively, adopting the 70% utilization norm prescribed in the 2008 guidelines.
	(f). The letter dated 28 April 2011 of CGU Logistics Limited (one of existing service providers of transhipper) addressed to MOPT attached as Annex-II under the cover of MOPT's letter dated 28 June 2011 states that the said service provider has achieved an average loading rate for transhipper at 14000 tonnes per day (i.e. for 8 hours of working) during the year 2010-11. Even the statistical data provided by the service provider indicates the gross productivity rate achieved by the transhipper is in the range of 11000 to 14000 tonnes/ day on most of the occasions for the period from November 2010 to March 2011. It is notable that the transhipper deployed by the existing service provider may be old craft whereas the tariff proposed by the port is with reference to a new craft (as per the capital cost estimation). Advancement in the technology and new equipment is expected to deliver higher productivity than an old used craft. In the light of the above observation, the productivity of 1250 tonnes/ hour (i.e. 10,000 tonnes/ day for 8 hours operation assumed by the port) needs to be reviewed and reassessed upwards.	As suggested by the Authority, the productivity parameters will be revised after receipt of actual data from the service providers. (The port has not furnished any further details in this regard till the finalization of this case and also not revised the productivity parameters.)
	(g). Basis of assuming the rated capacity of 32 tonne floating craft at 17500 tonnes per day may be explained. The actual productivity achieved by floating crane of similar size deployed in the port for handling iron ore mid-stream to be furnished for the years 2008-09 to 2010-11 and 2011-12 (upto September 2011). For the reasons explained in the previous query, the productivity achieved by the old floating crane may have to be upgraded considering that the new craft can deliver higher productivity than the old one.	The 32 tonne floating crane is capable of loading and unloading of vessel at an average daily rate in the range 15,000 to 20,000 tonnes/ per day. The average works out to 17,500 tonnes per day.

(iv).	**Operating Cost**:	
	(a). Fuel cost:	
	(i). The basis of assuming fuel consumption for transhipper at 175 litres/ hour and floating crane at 115 litres/ hour during the working hours of these craft and 50 litres/ day for transhipper and 12 litres/ day for floating craft during the idle period as well to be explained.	The MOPT in the cost sheet furnished vide its letter dated 14 February 2012 has revised the fuel consumption of floating crane for working hours to 96 litres per hour. Further, the MOPT vide its letter dated 14 March 2012 has stated that the service providers have furnished the fuel consumption for working and idle hours separately for Transhipper and Floating Crane, based on their past experience).
	(ii). The average actual fuel consumption by transhipper and floating crane of similar capacity during the operation of these crafts and in the idle condition may be obtained from service providers for the last three years 2008-09 to 2010-11 and 2011-12 (upto September 2011) and furnished to justify the fuel consumption assumed by the port in the calculation.	The details on fuel consumption are not furnished by the Service Provider. Subsequently, the MOPT vide its letter dated 14 March 2012 stated that the data on fuel consumption by TV / FC, as required by the Authority, is not maintained by the service providers. However, the service providers have furnished the fuel consumption for working and idle hours separately for Transhipper and Floating Crane, based on their past experience. The MOPT has furnished a statement indicating details of fuel consumption for the year 2010-11 in respect of Floating Crane. (The details furnished by the MOPT in the statement could not be correlated to the fuel consumption of 96 litres and 12 litres per hour for working hours and idle hours respectively for the floating crane considered by the port).
	(iii). Fuel cost during the idle period of craft is estimated for 365 days x 24 hours. Since the craft is expected to be in operation for 8 hours a day for 8 months during the fair season (i.e. eight months in a year) for which fuel cost is already estimated in the calculation. The MOPT to confirm that there is no duplication in the estimation of fuel cost for the idling period.	During idle period, Transhippers/ Floating cranes remains in stream. The generators installed on the crafts have to work round the clock for providing lighting for crew accommodation, safety light, and air conditioning, etc. The fuel consumption during idle period is considered separately and there is no duplication of cost and fuel. (Subsequently, in the revised cost sheet furnished vide letter dated 14 March 2012, the MOPT has revised the idle hours to 2628 hours each for Transhipper and Floating Crane, excluding the working hours).
	(iv). Confirm that the fuel rate of ₹43.22 per litre adopted for estimating fuel cost is the prevailing rate and substantiate it with a copy of the recent bill.	The actual rate of fuel per litre is ₹42.63, a copy of which is furnished. (The unit rate of fuel is further revised to ₹42.67 in the revised cost sheet furnished by the port vide its letter dated 14 March 2012).
	(b). Repairs and maintenance cost is estimated at 5% of the relevant capital cost at ₹668.50 lakhs for a transhipper and ₹333.04 lakhs for a floating crane. This cost item appears to be on the higher side in comparison to the actual repairs and maintenance cost of ₹484.45 lakhs in respect of existing old transhipper and ₹88.50 lakhs for floating crane indicated by the port for the year 2010-11 in the cost statement furnished vide its letter dated 28 June 2011. The estimation of repairs and maintenance cost to be justified with reference to the actual repairs and maintenance cost incurred for similar craft in operation for the last three years 2008-09 to 2010-11 and 2011-12 (upto October 2011).	Repairs and Maintenance cost estimates @ 5% on capital cost as per the tariff guidelines. Although, the actual expenditure on Repairs and Maintenance for the year 2010-11 was less as compared to the estimates, this cost will increase subsequently on account of wear and tear of the craft.

	(c). Explain the nature of the expense estimated under the nomenclature of 'port charges'. The basis of estimating this cost item may be explained with workings. Please confirm this expense is not akin to royalty or revenue share payable by the service provider to the port.	The expenses estimated under the nomenclature of port charges are port dues and anchorage charges payable to the port as per Scale of Rates. It is confirmed that the royalty or revenue share payable by service provider is not included under port charges.
	(d). The port has estimated direct labour cost at ₹440 lakhs for transhipper and ₹101.16 lakhs for floating crane. Apart from this, management and general overheads at 10% of the asset value of these respective crafts is separately estimated. In this regard the following points to be clarified:	In the work sheet for computation of rate per tonne in respect of transhipper, we have considered ₹668.50 lakhs (5% of capital cost) toward Repairs and Maintenance, ₹440.00 lakh, direct labour and ₹165.68 lakhs, Management and General Overheads (10% of operating expenditure except Depreciation and port charges). The total works of ₹1,274.17 lakhs. In case of Paradip Port Trust, TAMP has allowed 5% each on capital cost for Repairs and Maintenance and other expenses. The gross value of TV is estimated at ₹13,370 lakhs, 10% of the gross value of TV works out to ₹1,337 lakhs, which is higher than the expenditure estimated by us. There is no duplication of expenditure on labour cost as noticed by the Authority.
	(i). The guidelines for iron ore terminal as well as other cargo terminal except liquid bulk prescribe a norm of 5% of gross asset value for estimating the other expense. As against the above position, estimation of other expense at 10% of the asset value is not in line with the guideline provision. Reasons, if any, for deviating from the prescribed norm may be explained.	
	(ii). As per the guidelines of 2008, the estimation of other expense at the prescribed norm of 5% of the gross asset value covers salaries and wages of the operating and maintenance staff as well as the management & administration staff and other miscellaneous expense. The approach adopted by the port of estimating direct labour cost as well as management and general overheads separately amounts to duplication of the employee cost and is not found to be in line with the guidelines. The duplication in the wage cost of labour and staff needs to be eliminated in the light of the above observation.	
	(e). The existing Scale of Rates prescribe levy of primary loading and up-topping of iron ore through transhipper which shall be collected from transhipper vessel owner @ ₹7.02 and ₹3.51 per tonne respectively as agreed by both the parties through consent terms before the Supreme Court of India in September 1996. Now under the proposed arrangement a composite rate is to be prescribed for handling iron ore through transhipper / floating crane operated by service provider. In this scenario clarify whether the existing charge primary loading and up-topping of iron ore prescribed in the SOR will continue and if so from whom this tariff will be collected.	The existing charges of primary loading and up-topping of iron ore prescribed in the Scale of Rates will continue to be payable by the shippers.
(v).	Capital Cost:	
	(a). The quotation provided by MOPT for a 32 Tonne floating crane indicates the base rate at 128.50 lakh US dollars (i.e. ₹5782.50 lakhs assuming exchange rate of 1US$ = ₹45). In another proposal received	The capital cost of the floating crane is based on specifications such as accommodation, propulsion, engine design, equipments and crane system installation, etc. The budgetary quotations are not furnished by the service providers.

	from Kandla Port Trust relating to the upfront tariff fixation for barge handling facility, the port has envisaged deployment of a floating crane and has furnished quotation of 36 T floating crane of Liebherr with genset, grab at 24.75 lakh Euro (i.e. ₹1901.39 lakhs considering the prevailing Euro rate of 1 Euro = ₹71.08). In view of vast difference observed in the capital cost estimated by the MOPT, the port is advised to obtain budgetary quotations for both the craft from other suppliers as well to have a reasonable assessment of the capital cost which is a vital input in determination of the tariff and accordingly update the capital cost.	(Subsequently, the MOPT vide its letter dated 14 February 2012 furnished a copy of the Customs Bill of Entry in respect of floating crane "M.V.MIRAMAR" to substantiate the capital cost considered by it.)
	(b). The capital cost estimates to be updated with the current exchange rate for US dollar.	The capital costs estimates will be revised after obtaining budgetary quotations from the service providers. (The MOPT has not furnished budgetary quotations.) (Subsequently, the MOPT in the revised cost sheet furnished vide its letter dated 14 March 2012 updated the exchange rate with ₹49.49 per US$.)
	(c). Customs duty on the craft considered in the estimates needs to be reviewed after ascertaining whether any concession / exemption in duty is available to these kind of imports under EPCG, etc.	It is informed by the service providers that no concession/exemption in duty is granted to them under EPCG. (The MOPT vide its letter dated 14 February 2012 furnished a copy of the Customs Bill of Entry in support of the customs duty paid in respect of floating crane "M.V.MIRAMAR").
	(d). As per the tariff guidelines of 2005, the tariff approved by the Authority will have three years validity. Flowing from this provision, the return on the asset value has been allowed on the average Written Down Value of the HMC for the three years period while fixing hire charge of HMC at PPT, NMPT, VPT and VOCPT. The same approach needs to be followed in the instant case.	As advised by the Authority, computation of rate per tonne will be revised. (The revised cost sheets furnished by MOPT vide its letter dated 14 March 2012 complies with the observation.)
(vi).	As already brought out earlier vide our letter of even number dated 6 July 2011, the fixation of tariff for transhipper and floating crane will be governed by clause 7.2. of the tariff guidelines of 2005 which states that in cases where authorization arrangement under section 42 (3) is other than by way of a BOT concession agreement, ceiling rates will be prescribed for such services to be applied commonly at the concerned port without reference to individual service provider. Clause 5.9 of the tariff guidelines of March 2005 recommends linking tariff to the benchmark levels of productivity, providing incentive for better performance and disincentive for performance below the benchmark levels. In view of that and for the reasons explained at para 3(iii)(d) above, the port may propose performance linked tariff for these equipments with	The inputs for deciding the performance linked tariff for the equipments with reference to the benchmark level of productivity for a standard capacity of transhippers/ floating cranes are not yet received from the service providers. Subsequently, the MOPT vide its letter dated 14 March 2012 stated that in the absence of past performance data, the port cannot formulate the Scheme on ELTS linking tariff to the benchmark levels of productivity.

	reference to the benchmark level of productivity for a standard capacity of transhipper / floating crane.	
(vii).	Though the port has proposed concessional handling rate for coastal cargo, the revenue impact of allowing such concession is not considered while arriving at the proposed rates. The workings may have to be modified to capture the revenue impact of coastal cargo if any envisaged. The basis of considering the share of foreign / coastal cargo may be explained and justified with reference to past actuals for similar operations in the port.	It is confirmed by the service providers that, they are only handling foreign going vessels and therefore the rates for coastal cargo need not be prescribed.

7.1. A joint hearing in this case was fixed on 19 January 2012 and the notice of joint hearing was issued to the stakeholders accordingly. In response, GMOEA vide its letter dated 9 January 2012 stated that the clarifications such as the scope and applicability of the guidelines, etc. sought by them vide their earlier letter dated 28 October 2011 were not received by them and therefore, suggested for deferring the joint hearing scheduled to be held on 19 January 2012.

7.2. In this connection, the GMOEA was informed vide letter dated 11 January 2012 that the subject proposal filed by MOPT will be governed by clause 7.2 of the tariff guidelines of March 2005 and joint hearing in this case would be held as scheduled. The GMOEA was also informed that the comments furnished by it vide its letter dated 28 October 2011 was already forwarded to the MOPT for its remarks; and, the MOPT has furnished its comments on the comments of GMOEA.

8.1. A joint hearing in this case was held on 19 January 2012 at the MOPT premises. The MOPT made a power point presentation of its proposal. The GMOEA also made a power point presentation of its views on the proposal of MOPT. At the joint hearing, the MOPT and the concerned users/ organisation bodies have made their submissions.

8.2. The additional submissions made by the GMOEA in its power point presentation, mentioned in paragraph 8.1 above, are summarized hereunder:

(i). Transhippers are total investment of private parties. They have been in operation before the commission of berth No.9. These facilities complement port operations and thereby enhance volumes and revenues to the port.

(ii). GMOEA has no objection to fix a ceiling rate.

(iii). The existing transhipper agreements provide for a ceiling rate to be specified.

(iv). Some of these agreements provide a maximum limit of Berth No.9 handling charge.

(v). If necessary the Berth No.9 handling charges could be taken as a ceiling rate for T/V / F/C loading (excluding the levies/ charges payable to the MOPT on transhipper loading which is an additional cost and will raise the tariff). The MOHP B/9 being a shore-based facility, costs will be much lower. Besides, B/9 has guaranteed cargo volume provided by the port, which directs vessels to MOHP, if idle, before permitting any vessel to load by TV / FC.

(vi). The Scheme of transhipper charges as per some transhipper agreements with MOPT have been filed under the Consent Terms in the Hon'ble Supreme Court. Any changes can have legal implications that need to be considered.

(vii). MOPT already levies charges on transhipper loading by way of transhipper levy, CHLD levy and wharfage and also earns revenue by CRC like pilotage, anchorage charges, etc. Therefore additional revenue share to MOPT on the transhipper loading tariff is not justified.

(viii). There is substantial variation in capital and operational costs among different TVs/ FCs based on the capacity, equipment, safety, certification/ class, pontoon/ vessel on which the equipment is installed, etc. Standardizing the costs is therefore difficult. In any case, costs have been provided to the port by the TV / FC owners.

(ix). In case of fresh data called for by TAMP (such as a revised tariff proposal) or significant change in the basis of determining the tariff, we request TAMP to inform us and provide us an opportunity to give our comments.

9.1. Based on the decisions taken at the joint hearing, the MOPT was advised to initiate action and furnish the requisite information / clarifications vide letter dated 24 January 2012. The MOPT vide its letter dated 14 February 2012 furnished its response. The decisions taken at the joint hearing and response of MOPT are tabulated below:

Sl. No.	Decisions taken at the joint hearing	Response of MOPT
(i).	The reply dated 5 January 2012 furnished by MOPT does not address some of the important issues like justifications for the norms adopted, capital cost, capacity determination, etc. The port to have a comprehensive re-look its response and furnish pointed response to the queries raised.	As advised by the Authority, the cost sheets for computation of rate per tonne in respect of transhipper and floating crane have been reworked. The capital cost of floating crane has been considered as per bill of entry documents submitted by the service provider. (MOPT furnished a copy of the Customs Bill of entry dated 14 October 2011 in respect of import of 32 T Floating Crane "M.V. MIRAMAR" in support of the capital cost of floating crane.) The capacity determination of transhipper/ floating crane has been revised taking into account the actual working hours during monsoon period of previous year (June to September). The additional quantity in metric tonne expected to be handled by transhipper and floating crane would be 2 lakhs metric tonne and 3 lakhs metric tonne respectively during monsoon period. This is adopted considering the actual quantity handled by transhipper and floating crane during the monsoon period from June 2010 to September 2010 and June 2011 to September 2011. During the year 2010 on trail basis, port allowed T.V. Bulk Prosperity, T.V. Priyamvada and floating crane Dona Paula. These vessels handled the total quantity of 97,690 tonne, 69,015 tonne and 1,85,360 tonne respectively, as the vessels were allowed to operate on rotation basis. In the year 2011, only floating crane Dona Paula was allowed to operate at Mooring Dolphin during monsoon which handled a total quantity of 2,89,301 M.T.
(ii).	The port to have a re-look at the tariff calculations to ensure that all the port charges payable by the transhippers/ floating cranes as per the notified Scale of Rates are duly factored in.	In the revised cost statement of transhipper all port charges namely port dues/ anchorage (₹15.37 lakhs), transhipper charges (₹220.79 lakhs) (primary and up-topping charges) CHLD levy (₹463.31 lakhs) and in case of floating crane port dues (₹5.42 lakhs) transhipper charges (₹139.11 lakhs) CHLD levy (₹291.91 lakhs) are accounted for and rate per tonne is worked out accordingly.

<table>
<tr><td></td><td></td><td>(Subsequently, the MOPT vide its letter dated 14 March 2012 revised the port charges considered in the computation of cargo handling charges for transhippers and floating cranes. The details furnished by MOPT are brought out in a subsequent paragraph.)</td></tr>
<tr><td>(iii).</td><td>The port to confirm that the transhippers/ floating cranes in question can operate only for 8 months in a year and they cannot be allowed to operate elsewhere during the remaining 4 months. In this regard, some of the users point out at the joint hearing about operations that take place at the mooring dolphins on an ad-hoc tariff basis by inviting quotations by the port. The port to furnish a detailed note in this regard explaining the statutory validity of the tariff, if any, realised by the port based on bidding.</td><td>During the monsoon period due to bad weather conditions, it is not possible to handle the iron ore traffic at mid stream/ west of break water and hence there is a demand from the trade to handle iron ore traffic at mooring dolphins. During the monsoon season of 2011, port allowed the floating crane Dona Paula to operate at Mooring Dolphin which handled a total traffic of 2,89,301 M.T. Due to non-availability of iron ore cargo and other restrictions, it is not feasible to handle iron ore traffic by transhippers throughout the monsoon period of 4 months. Therefore, 3 months have been considered for handling iron ore during monsoon period and accordingly the capacity of Transhipper / Floating crane has been increased in the revised statements, as mentioned in reply at (i) above.

With reference to the points made by the users on the recovery of adhoc tariff by the port for handling of iron ore at mooring dolphin, the MOPT has furnished a detailed note. The main points made by MOPT in the said note are summarized below:

• Iron ore is being loaded in four different locations at MOPT, viz. Mechanical Ore Handling Plant (MOHP) Berth No.9, Mooring Dolphins, Transhipper / Floating Cranes and loading by ship's own gears at outer anchorage (WOB).
• During the monsoon period (June to September) the transhipper / floating crane operations and ship's own gear loading is closed at outer anchorage.
• In order to meet the demand due to closure of outer anchorage operations, operable transhippers / floating cranes were allowed for cargo operations at Mooring Dolphons since June 2010 by collecting consolidated charges of ₹ 65/- per tonne which includes CHLD levy, wharfage and transhipper charges.
• The proposal was submitted to TAMP for sanction vide letter No.CPT(98)/2010/1335 dated 30 August 2010. The clarifications sought by the Authority was furnished vide our letter of even no.78 dated 24 November 2010.
• The Port users, viz. CGU Logistics Ltd., M/s.Prime Mineral Exports Pvt. Ltd., M/s.Fomento Industries Pvt. Ltd. and M/s.Hiralal & Co. Ltd. had agreed the then fixed tariff by the port.
• In view of the constant demand, the MOPT has taken action to construct two additional mooring dolphins, viz. MD4&5 and MD5&6 which was completed on 8 March 2011 and 11 May 2011 respectively. To increase the ship day output, it was decided to allow the operations by transhippers / floating cranes at the new MD positions.
• A tender was invited for the operations of MD4&5 (MD5&6 not included as dredging was not completed) for the subsequent monsoon period (17 June 2010 to 16 October 2010) on revenue share basis.
• The successful bidder M/s.Marine Infrastructure (Goa) Pvt. Ltd. quoted the highest revenue share of ₹ 34.95 for the operations of their floating crane M.V. Dona Paula at MD4&5 apart from CHLD levy and transhipper</td></tr>
</table>

		charges. [The MOPT stated that a copy of the letter from the successful bidder is enclosed for reference. However, no such enclosure was received by us with MOPT's letter dated 14 February 2012.] • In the meantime, cargo handling charges for the operations of floating crane and transhipper by following the tariff guidelines of TAMP was worked out and forwarded to the Authority for its approval. • Further, a tender was invited for the operations of floating crane and transhipper at MD4&5 and MD5&6 on revenue share basis based on the proposed cargo handling charges sent to TAMP for the last monsoon season from 17 June 2011 to 16 October 2011, but there was no response to this tender.
(iv).	The port has mentioned that the levy of certain charges from the transhippers/ floating cranes at present is based on the consent terms recorded before Hon'ble Supreme Court earlier. The port to furnish a detailed note in this regard and confirm that the present proposal do not in any way alter the said consent terms.	(a). The proposal under consideration, is only for fixation of ceiling rate for cargo handling charges to be collected from the shippers by the transhippers/ floating crane operators. As per the Scale of Rates, the existing rates i.e. charges for primary loading and up-topping of iron ore through transhippers shall be collected from the transhipper vessel / floating crane owners @ ₹7.02 and ₹3.51 per tonne respectively. The above rates were agreed upon by the transhipper owners and the port in the consent terms before the Hon'ble Supreme Court of India during September 1996. The present proposal does not in any way alter the said consent terms filed before the Hon'ble Supreme Court. However, existing licenses to operate transhippers will be reviewed and fresh licensing will be made through tendering, revenue share being the sole determinant so as to be transparent in the selection of operator.

9.2. The MOPT along with its response to the decisions taken at the joint hearing also furnished revised cost sheets for transhipper and floating crane. The main modifications made by the MOPT in the revised cost sheet are summarized below:

(i). The optimal capacity of transhipper and floating crane has been increased with 2 lakh tonnes per annum and 3 lakh tonnes per annum respectively due to inclusion of estimated cargo handling during the monsoon period.

(ii). The capital cost of the floating crane has been revised from ₹66.61 crores to ₹70.64 crores reportedly based on the actual cost of 32 tonne floating crane 'M.V.MIRAMAR' imported during October 2011.

(iii). In the estimation of fuel cost, the working hours of transhipper and floating crane each has been increased from 2978.40 hours to 4095.30 hours which appears to be based on the increased capacity considered by the port. The idle hours in respect of floating crane has been reduced from 8760 hours to 2628 hours.

(iv). The unit rate of fuel has been revised from ₹43.22 per litre to ₹42.67 per litre.

(v). The port charges in respect of transhipper has been increased from ₹9.70 lakhs to ₹699.47 lakhs, by including port dues / anchorage charges, primary loading and uptopping charges, CHLD levy, etc. Likewise, the port charges in respect of floating crane have been increased from ₹5.71 lakhs to ₹436.45 lakhs.

(vi). The management and administration overheads of transhipper has been revised to ₹173.49 lakhs from ₹165.68 lakhs based on 10% of the modified operating expenditure less depreciation and port charges. Likewise, the management & administration overheads of floating crane has been revised from ₹69.43 lakhs to ₹70.77 lakhs.

(vii). As per the revised cost sheets, the MOPT has proposed handling rates at ₹154/- and ₹124/- per tonne in respect of transhipper and floating crane respectively as compared to the earlier proposed rates of ₹141/- and ₹116/- per tonne respectively.

10.1. At the joint hearing, the users were allowed one week time to furnish their written comments, if any, on the subject proposal to this Authority with a copy endorsed to MOPT. CGU Logistics Ltd. and Goa Mineral Ore Exporters' Association furnished their written comments. The MOPT has also furnished its response.

10.2. The Goa Mineral Ore Exporters' Association (GMOEA) vide their letter dated 13 March 2012 have furnished further comments on the MOPT's response vide their letter dated 14 February 2012.

11. After an officer level meeting with a TAMP officer at MOPT premises, the MOPT vide its letter dated 14 March 2012 furnished additional information/ clarifications and also revised the cost sheets. The additional information / clarifications along with the modifications made in the cost sheet are summarized below:

(i). The Iron Ore Traffic estimated to be handled by transhippers for the year 2013-14 and 2014-15 is 1.5 million tonnes each.

(ii). The rated capacity is 30000 tonnes per day & 32000 tonnes per day of transhippers and floating crane respectively. This capacity has been considered based on the quotations obtained.

(iii). The optimal capacity of the transhipper and floating crane have been revised to 53.10 lakh tonnes and 32.81 lakh tonnes respectively, based on 70% capacity utilization prescribed in the norms, as against the actual quantity of 20.28 lakhs tones (Bulk Prosperity) and 22.77 lakhs tones (Dona Paula) for the year 2010-11.

(iv). The Authority is comparing Transhipper/Floating cranes deployed at this Port with the Harbour Mobile Crane at NMPT, PPT & KPT. It is informed that these cranes are of different specification to that of operated at MOPT. These equipments have unique working conditions, and hence same may be not comparable.

(v). The actual vessel related charges i.e. Port dues, pilotage, anchorage, shifting charges, berth hire, etc. for the year 2010-11 in respect of transhipper (Bulk Prosperity) and floating crane (Dona Paula) is adopted. Similarly, in respect of Cargo related charges i.e. transhipper levy (CHLD levy), primary/ uptopping charges including pension levy thereon is also considered as Port charges. The details of Port charges considered in the computation of cargo handling charges are furnished below:

(₹ in lakhs)

Particulars	Transhipper	Floating Crane
Optimal Capacity (in lakh tonnes)	53.10	32.81
Vessel related charges		
Port dues, Anchorage charges, etc. (based on actuals for the year 2010-11	15.37	5.42
Cargo related Charges:		
(i). Transhipper accord levy (CHLD levy) @ ₹11.81 per tonne	627.11	387.47
(ii). Primary loading and uptopping charges @ ₹5.26 per tonne (average)	279.31	172.57
(iii). Pension levy @ 7% on (ii) above	19.55	12.08
Total	**941.34**	**577.54**

(vi). The data on fuel consumption by Transhipper / Floating Crane is not maintained by the service providers. However, the service providers have furnished the fuel consumption for working and idle hours separately for Transhipper & Floating crane, based on their past experience. The MOPT has furnished a copy of statement indicating details of fuel consumption for the year 2010-11 in respect of floating crane. The working hours for fuel consumption in respect of transhippers and floating cranes have been considered based on the optimal capacity and handling rate per hour. The idle hours for fuel consumption has been revised by excluding the operating hours and considered at 2628 hours each for the transhipper and floating crane.

(vii). The budgetary quotations for the both the crafts submitted earlier may be considered for the purpose of tariff fixation. The capital cost of floating craft is updated based on recently imported floating crane of 32 tonnes capacity. The capital cost is also updated with current exchange rate of ₹49.49 / US$.

(viii). For the purpose of ROCE, average Written Down Value for the 3 years is considered as suggested by the Authority.

(ix). As regards to the linking of tariff to the bench mark level of productivity, in the absence of past performance data, Port cannot formulate the scheme on ELTS.

(x). The MOPT furnished revised cost sheets for transhipper & floating crane. The revised working furnished by the port to arrive at the proposed rates is given below:

Sr. No.	Particulars	Transhipper vessel (30 TPD)		Floating crane (32 Tonnes)	
		Working	Amount (₹ in lakhs)	Working	Amount (₹ in lakhs)
(i).	**Total Capital cost**	(US$ 26 million x ₹49.49 per US$) + 10% for customs duty & ₹500 lakhs for towing cost	**14654.14**	(US$ 118.90 million x ₹49.49 per US$) + ₹937.34 lakhs for customs duty + ₹251.28 lakhs for towing cost + ₹13.02 lakhs for insurance	**7050.00**
(ii).	**A. Capacity computed**				
	Available shifts per annum	365 * 3	1095.00	365 * 3	1095.00
	Norms for utilisation	----	70%	-----	70%
	Capacity in shifts per annum	1095 * 70%	766.50	1095 * 70%	766.50
	Expected number of working hours per annum	766.50 * 8	6132.00	766.50 * 8	6132.00
	Expected number of working hours for 8 months in fair season	6132 * 8/12	4088.00	6132 *8/12	4088.00
	Rated capacity per hour (in tonnes)	30000/24	1250.00	17500/24	729.17
	Rated capacity per annum	30000 * 365	10950000	17500 * 365	6387500
	Volume considered for calculation of rate (tonnes) (8 months)	1250 TPH * 4088	5110000	729.17 TPH * 4088	2980833
	Add: Traffic to be handled in Monsoon period (June – September)		200000		300000
	Total volume		**5310000**		**3280833**
(iii).	**Operating Cost**				
	(a). Fuel Cost @ ₹42.67	(175) * (4088 + 160 monsoon operating hrs.) + Idle @ ₹42.67 * 50 * 2628 = 317.21 + 56.07	373.28	(96) * (4088 + 411 monsoon operating hrs.) + Idle @ ₹42.67 * 12 * 2628 = 184.29 + 13.46	197.75
	(b). Repairs & Maintenance Cost 5% of capital cost	----	732.71	----	352.50
	(c). Insurance 1% of capital cost	----	146.54	----	70.50
	(d). Depreciation @ 10.34%	----	1417.23	----	728.97
	(e). Port Charges	----	941.34	----	577.54
	(f). Direct Labour	----	440.00	----	101.16
	(g). Management & Administrative Overheads @ 10% on operating expenditures except depreciation and port charges		169.25		72.19
	Total (a) to (g)		**4220.35**		**2100.61**
(iv).	ROCE 16% of capital cost	----	1924.35	----	829.15
(v).	Total Cost plus Return on Investment	----	6144.70	----	2929.76
(vi).	**Hire charges per tonne (Foreign)**	**----**	**115.72**	**----**	**89.30**

12. 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.

13. With reference to totality of the information obtained during the proceedings of this case, the following position emerges:

(i). The MOPT has permitted deployment of Transhipper Vessel (TV) for loading of iron ore at the Outer Anchorage within the port limits since the year 1981 by entering into agreement with the owners of such crafts with the approval of the Central Government. When the position that the transhipper owners charge the exporters for the services provided in midstream for topping of vessels was brought to the notice of this Authority during the proceedings relating to the general revision of Scale of Rates at MOPT in the year 2000, this Authority immediately alerted the MOPT that these services come under the purview of Section 42 (3) of the MPT Act, 1963 and the charges levied by the transhippers are to be regulated by this Authority. After the notification of March 2005 tariff guidelines, the MOPT was again informed that the charges for the transhipper operations are to be fixed as per clause 7.2 of the said tariff guidelines. The MOPT has finally filed its proposal for fixation of rate by this Authority for transhipper operations at midstream in the year 2011 that too after a direction was received by it from the Ministry of Shipping in this regard.

(ii). Section 42(4) of the Major Port Trusts Act, 1963 read with Section 48 requires this Authority to fix the rates in respect of identified services provided by persons authorised under Section 42(3) of the MPT Act. In cases where the authorization arrangement under Section 42 (3) is other than by way of a BOT Concession Agreement, Clause 7.2 of the tariff guidelines of March 2005 requires this Authority to fix ceiling rates for such services to be applied commonly at the concerned ports without reference to the individual service provider. The arrangement between the MOPT and the Transhipper / Floating Crane operators is reportedly not a BOT arrangement. But, provision of transshipment operations is one of the services listed under Section 42 of the MPT Act and, therefore, the tariff for providing transshipment services needs to be regulated by this Authority. This position will not undergo a change whether the port itself provides this service or has permitted a private operator to do so. This case is, therefore, taken up for prescription of ceiling rates for the cargo handling services provided at midstream using transhipper / floating cranes, following Clause 7.2. of the tariff guidelines of March 2005.

(iii). Clause 2.4.1. of the tariff guidelines of March 2005 calls for attempts to evolve normative cost of each component of port operations. Since no such norms are evolved under Clause 2.4.1. so far, the MOPT has formulated its proposal only to the extent of borrowing the norms and parameters prescribed in tariff guidelines of 2008, wherever relevant, for assessing the capacity of the crafts and operating cost. It is relevant here to mention that this Authority has adopted a similar approach in the fixation of hire charges for use of Harbour Mobile Cranes deployed by the authorized service providers at the Major Port Trusts like Paradip Port Trust, V.O. Chidambaranar Port Trust, New Mangalore Port Trust, Visakhapatnam Port Trust under clause 7.2 of the tariff guidelines of March 2005. Further, this Authority has decided to fix tariff in terms of clause 7.2 of the tariff guidelines of March 2005 in the case relating to fixation of tariff for the services rendered by the private authorized service provider at the CFS and Buffer Yard of JNPT, as recorded in tariff Order dated 30 December 2009.

(iv). The proposal filed by the MOPT in August 2011 along with the revised cost sheets furnished by the port vide its letter dated 14 March 2012 and additional information/ clarification furnished by the port during the processing of the case is considered in this analysis.

(v). The proposal filed by the MOPT in August 2011 was taken into consultation with the relevant users. At the joint hearing, the GMOEA has, inter-alia, made a request that it should be given an opportunity if the MOPT files a revised proposal or there is significant change in the basis of determining the tariff. After the joint hearing, the MOPT has revised some of the parameters like utilization factor leading to increase in optimal capacity, fuel consumption, fuel rate, apart from including port charges like CHD levy, primary loading / uptopping charges in the computation of ceiling rate. Since the changes made by the MOPT in its proposal has resulted in reduction of proposed ceiling rates, it may not substantially affect the interest of the users.

(vi). The GMOEA during the proceedings has stated that charges levied at Mooring Dolphin is adhoc and requested this Authority to fix the rate. When requested to explain the above position, the MOPT has, inter-alia, stated that it had filed a proposal for fixation of rate for cargo handling charges for use of Transhipper/ Floating at Mooring Dolphin during monsoon period of the year 2010. In this connection, it is stated that the above said proposal filed by the port was in complete deviation of the tariff setting arrangement envisaged in the statute which was also pointed out to the port and the port was requested to file a well analysed proposal. While responding to the request, the MOPT admitted vide its letter dated 24 November 2010 that its proposal was not in accordance with the tariff guidelines. MOPT should ensure that tariff for use of mooring dolphins is fixed at the earliest.

(vii). During the proceedings of this case, the users have made a plea that the MOPT should not resort to revenue share model for authorization of the service providers since the authorization is not through BOT agreement. It is further stated that since the port is levying charges like transhipper levy (primary loading / uptopping charges), CHLD levy and wharfage and also earns vessel related charges, additional revenue share to MOPT on the transhipper loading tariff is not justified. The GMOEA has even gone to the extent of claiming that it was confirmed in the joint hearing that MOPT is not allowed revenue sharing as the tariff is fixed following the March 2005 guidelines, which is not factual. The scope of the proceedings in this case is limited to fixation of a common ceiling rate for transhipper / floating crane deployed for midstream cargo operations within the port limits of MOPT and as stipulated in clause 2.8.1 of the tariff guidelines of March 2005, the royalty / revenue share would not be allowed as pass through in the computation of ceiling rate. It is for the MOPT to follow the mechanism/ modalities for authorization of the individual transhipper / floating crane operators in line with the Government directions / instructions in vogue.

(viii). For fixation of a common ceiling rate for transhipper / floating crane operations, the MOPT has considered the standard capacity of 30 tonnes transhipper and 32 tonnes floating crane, reportedly taking into account barge feed rate, weather conditions, etc., as brought out earlier. The position reported by the MOPT is relied upon and this analysis proceeds further for fixation of common ceiling rate for a 30 tonne transhipper and a 32 tonne floating crane.

(ix). The MOPT had initially estimated the optimal annual capacity of the 30 T transhipper and 32 T floating crane at 37.23 lakh tonnes and 21.72 lakh tonnes respectively based on certain assumed norms and parameters. Subsequently, in the revised cost sheet furnished on 14 March 2012, the port revised upward the optimal annual capacity to 53.10 lakh tonnes and 32.80 lakh tonnes for transhipper and floating crane respectively by modifying some of the norms and assumptions based on the queries raised. The optimal capacity considered by the port in the revised cost sheet of 14 March 2012 is discussed below:

(a). The MOPT has considered a handling rate of 1250 tonnes per hour for transhipper and 729.17 tonnes per hour for floating crane in the computation of optimal capacity. The tariff guidelines of 2008 do not prescribe norms for handling rate in respect of transhippers and floating cranes. Despite specific request, the port has not justified the handling rates considered by it with reference to the actual performance of similar capacity cranes during the past period. However, the port has reported that it has considered the handling rates based on the technical specifications mentioned in the budgetary quotation.

The handling rate of 1250 tonnes per hour (arrived based on the daily productivity of 30,000 tonnes per day) for transhipper is supported by the technical specification indicated in the copy of the budgetary quotation furnished by the port. In respect of floating crane, the budgetary quotation for the 32 tonne crane does not indicate the handling rate of the crane. The port has stated that the average productivity of a 32 tonne floating crane is in the range of 15,000 to 20,000 tonnes per day and hence it has considered the average handling rate at 17,500 tonnes per day. The handling rate of 729.17 tonnes per hour (arrived based on the daily productivity of 17,500 tonnes per day) as reported by the port is relied upon.

(b). Based on the handling rates mentioned above, the MOPT has worked out the annual capacity of the crafts at 70% of the capacity utilization, as per the utilisation norm prescribed in the tariff guidelines of 2008, which is considered.

(c). For the purpose of tariff fixation, the MOPT has reduced the annual optimal capacity computed as mentioned above, for 8 months on pro-rata basis, stating that the midstream cargo operations take place only during the fair season from October to May and no such operations are permitted during the monsoon season from June to September. However, in the revised cost sheet of March 2012, the port has considered an additional quantity of 2 lakh tonnes per annum and 3 lakh tonnes per annum for transhipper and floating crane respectively towards cargo likely to be handled during the monsoon period also, reportedly based on actual performance during the monsoon period in the past two years. Relying on the position reported by the port, the approach adopted by the MOPT in computing the optimal capacity for 8 months on pro-rata basis and the additional quantity for monsoon season estimated by the port as stated above is considered.

(d). To sum up, the optimal capacity of 53,10,000 tonnes per annum for the 30 T Transhipper and 32,80,833 tonnes per annum for the 32 T Floating crane, at 70% utilization during fair season and quantity estimated for operation of the crafts during monsoon season, reported by the port in the revised cost sheet of 14 March 2012 is considered in this analysis.

(x). (a). The MOPT has estimated the capital cost of the 30 T Transhipper at ₹14654.14 lakhs, which includes customs duty of ₹1286.74 lakhs (at 10% of the basic cost) and towing cost (freight) of ₹500 lakhs. The basic cost of the Transhipper is supported by budgetary quotation furnished by the MOPT. The exchange rate applied by MOPT for conversion of budgetary quotation in US$ at ₹49.49 is updated to ₹52.88 to reflect the exchange rate prevailing at the time of analysis of this case.

With reference to the objections made by GMOEA on the inclusion of customs duty and towing cost in the capital cost of the Transhipper and Floating crane, the port has substantiated its position with a copy of the Customs Bill of Entry pertaining to import of a Floating Crane in October 2011, which shows levy of customs duty at around 16% of the basic cost and also freight cost at around 3.66% of the basic cost. The MOPT has not furnished any documentary evidence in support of the customs duty and towing cost in respect of transhipper. Taking into the account the position reported for floating crane, the customs duty @ 10% of the basic cost and freight of ₹500 lakhs (which works out to 3.88% of the basic cost) which are included in the estimation of capital cost of transhipper by

MOPT are recognised. The amount of customs duty, however, is modified based on the updated basic cost of Transhipper, as stated above. The modified capital cost of the Transhipper accordingly works out to ₹15623.68 lakhs.

(b). The MOPT has estimated the capital cost of the 32 T Floating Crane at ₹7050.00 lakhs, which includes customs duty of ₹937.34 lakhs, towing cost (freight) of ₹215.28 lakhs and insurance of ₹13.02 lakhs. The basic cost, customs duty, towing cost and insurance cost considered by the port are supported by the Customs Bill of Entry pertaining to import of a 32 T Floating Crane in October 2011.

The exchange rate applied by MOPT for conversion of basic cost and freight cost denominated in US$ at ₹49.49 is updated to ₹52.88 to reflect the exchange rate prevailing at the time of analysis of this case. Likewise, the exchange rate of ₹49.60 per US$ considered for calculation of customs duty, as per the bill of entry, is also updated to ₹52.88 per US$. The modified capital cost of the Floating crane accordingly works out to ₹7529.81 lakhs.

The GMOEA has pointed out that the budgetary quotations for Transhipper / Floating crane do not contain detailed technical specifications of the crafts. From the response of the MOPT in this regard, it appears that the technical specifications of the crafts for which budgetary quotations have been obtained are comparable to the crafts already in operation. It is presumed that MOPT has fully analysed the technical specifications of the crafts and satisfied itself before proposing their adoption for fixing common ceiling rates.

(xi). (a). The MOPT has estimated the consumption of fuel at 175 litres per hour for working hours and 50 litres per hour for idle hours in respect of transhipper. Likewise, it has estimated a consumption of 96 litres per hour for working hours and 12 litres per hour for idle hours in respect of Floating Crane. To a specific query posed to the port to justify the fuel consumption estimates with reference to the actual fuel consumption of similar capacity crafts in the past years, the port has stated that no such details are maintained by the service providers and the fuel consumption estimates considered by the port are furnished by the service providers based on their past experience. The port has reportedly relied upon the information furnished by the service providers. Since no separate norm for fuel consumption by Transhipper / Floating crane is available in the tariff guidelines of 2008 and also keeping in view that none of the users have objected to the fuel consumption considered by the port, the fuel consumption estimated by the port for Transhipper at 175 litres per hour and 50 litres per hour for working hours and idle hours respectively and for Floating Crane at 96 litres per hour and 12 litres per hour for working hours and idle hours respectively are relied upon in this analysis.

The MOPT has considered the working hours for Transhipper and Floating Crane at 4248 hours per annum and 4499 hours per annum respectively in the estimation of fuel cost for working hours, which is found to be in line with the optimal annual capacity and handling rate considered by the port for Transhipper and Floating Cranes. In the revised cost sheet furnished on 14 March 2012, the MOPT has considered the idle time at 2628 hours per annum each for Transhipper and Floating Crane in the estimation of fuel cost for idle hours. The idle hours worked out by the port is seen to be calculated based on total working hours available in a year (365 x 24 = 8170) minus the working hours at 70% utilization (365 x 24 x 70% = 6132), which works out to 2628 hours (8170 – 6132).

The unit cost of fuel is up-dated to ₹43.39 per litre prevailing at the time of analysis of this case, vis-à-vis ₹42.67 per litre considered by MOPT. Accordingly, the modified fuel cost for working hours and idle hours work out to ₹379.58 lakhs per annum and ₹201.09 lakhs per annum for Transhipper and Floating Crane respectively.

(b). The MOPT has estimated repairs and maintenance cost at 5% of the capital cost, which is in line with the norm prescribed for mechanical & electrical equipment at multipurpose berth in the guidelines of 2008. The amount of repairs and maintenance cost is, however, modified based on the updated capital cost of Transhipper and Floating Crane.

(c). The insurance cost estimated at 1% of the capital cost is also found to be in line with the norm prescribed in the guidelines of 2008 for multipurpose berth. The amount of insurance cost is, however, modified based on the updated capital cost of Transhipper and Floating Crane.

(d). The MOPT has calculated the depreciation at 10.34% of the capital cost of the Transhipper and Floating Crane as per the provisions of the Companies Act, 1956, which is found to be in line with the provisions contained in the tariff guidelines. An arithmetical error in the calculation of depreciation for Transhipper is rectified and the depreciation of Transhipper and Floating Crane has been modified based on the updated capital cost of Transhipper and Floating Crane.
With reference to the contention of the GMOEA that the Transhippers and Floating Cranes are classified as vessels and therefore, depreciation @ 5% p.a. applicable to ships as per Companies Act should only be considered, the MOPT has clarified stating that these crafts transfer cargo from one ship to another ship similar to the shore cranes and unlike ships, the crafts do not carry cargo. Accordingly, the port has classified the Transhippers and Floating Cranes as Plant & Machinery and applied the depreciation @ 10.34% p.a. as per Companies Act.

(e). The MOPT has considered direct labour and management and administration overheads under 'other expenses'. While the management and administration overheads are estimated by the port at 10% of the operating expenses excluding depreciation and port charges, the port has not furnished any basis for the direct labour cost estimated by it. The guidelines of 2008 for iron ore terminal as well as other cargo terminal except liquid bulk prescribe a norm of 5% of the value of the gross fixed assets for estimation of other expenses. The aggregate of direct labour cost and management and administration overheads estimated by the port works out to 4.16% and 2.16% of the capital cost of Transhipper and Floating crane respectively, which is well within the limit prescribed in the norms. The estimated other expenses reported by the MOPT is, therefore, considered in this analysis, subject to adjustment of management and administration overheads based on the modified operating expenses. Accordingly, the modified other expenses work out to ₹615.70 lakhs in respect of Transhipper and ₹176.56 lakhs in respect of Floating crane.

(f). In the revised cost sheet furnished on 14 March 2012, the MOPT has considered the port charges at ₹941.34 lakhs for transhipper, towards vessel related charges (Port dues, pilotage, anchorage, berth hire, etc. amounting to ₹15.37 lakhs) and cargo related charges, viz. CHLD levy (₹627.11 lakhs) and Primary loading and uptopping charges including pension levy thereon (₹298.86 lakhs). Likewise, in respect of Floating crane, the MOPT has considered the port charges at ₹577.54 lakhs towards vessel related charges (Port dues, pilotage, anchorage, berth hire, etc. amounting to ₹5.42 lakhs) and cargo related charges, viz. CHLD levy (₹387.47 lakhs) and Primary loading and uptopping charges including pension levy thereon (₹184.65 lakhs).

The vessel related charges considered by the MOPT are the actual amount realized by it from a particular Transhipper and a particular Floating crane during the year 2010-11. The exercise on hand is to prescribe a common tonnage based ceiling rate for using transhipper / floating crane at MOPT based on the standard capacity of the craft. Since the vessel related charges depends on various factors like GRT of vessels, the no. of times a vessel is shifted, etc., it may not be possible to accurately estimate the vessel related charges payable by the transhippers / floating crane to achieve the optimal capacity of the respective crafts. The vessel related charges considered by the MOPT on the basis of actuals of 2010-11 is, therefore, relied upon.

At present, the CHLD levy and primary loading and uptopping charges are payable for the actual traffic handled at the midstream using the crafts. As brought out earlier, the exercise on hand is fixation of a common ceiling rate for use of Transhipper / Floating crane based on the standard capacity of the crafts. Accordingly, the MOPT has calculated the estimated revenue from CHLD levy and Primary loading and uptopping charges for the optimal capacity of the crafts and considered the same as cost in the computation of common ceiling rates.

The MOPT has included the above said charges in the computation of ceiling rate for transhipper / floating crane to ensure that all port charges payable by the transhippers / floating cranes as per the notified SOR are duly factored in. Accordingly, the port charges of ₹941.34 lakhs in the case of Transhipper and ₹577.54 lakhs in the case of Floating Crane as reported by the port is considered in this analysis.

(xii). This Authority has adopted the ROCE at 16% for the tariff cases to be decided in the year 2012-13. The MOPT has estimated the ROCE for Transhipper and Floating crane at ₹1924.35 lakhs and ₹829.15 respectively, calculated at 16% on the average written down value of the respective crafts for the first 3 years. The arithmetical error found in the computation of average written down value of Transhipper as well as Floating crane worked out by the MOPT is rectified. Further, the ROCE is modified based on the updated capital cost of Transhipper and Floating crane respectively. The modified estimated ROCE for Transhipper and Floating crane works out to ₹1982.83 lakhs and ₹955.62 lakhs respectively which is considered.

(xiii). The total Annual Revenue Requirement for operation of Transhipper and Floating crane at MOPT works out to ₹6472.36 lakhs and ₹3141.18 lakhs respectively. Thus, the rate for using Transhipper and Floating crane for cargo operations within the port limits of MOPT works out to ₹121.89 per tonne and ₹95.74 per tonne respectively as against the rates proposed by the MOPT at ₹115.72 and ₹89.30 respectively. The increase in rate is on account updation of the exchange rate for US$ and fuel rate.

(xiv). The cost statements for fixing rate per tonne for use of Transhipper and Floating crane submitted by MOPT are modified in line with the above analysis and the modified statements are attached as **Annex - I** and **II** respectively.

(xv). Clause 4.3. of the tariff guidelines of March 2005 stipulates prescription of concessional tariff for coastal cargo. The said clause further stipulates that the cargo related charges for all coastal cargo, other than thermal coal and POL including crude oil, iron ore and iron ore pellets should not exceed 60% of the normal cargo related charges. Since coastal concession is not applicable for iron ore and since Transhipper and Floating cranes deployed at MOPT are meant for handling iron ore, the MOPT has withdrawn the coastal rates proposed initially for use of Transhipper and Floating crane. Though the cost analysis in this case is done for the use of Transhipper / Floating crane without reference to individual cargo or cargo group, the concessional rate for coastal cargo requires to be determined taking into consideration the share of the estimated capacity of the crafts for handling coastal cargo and suitable adjustment in the rate for handling foreign cargo. That being so, prescription of concessional rate for coastal cargo, without taking into account the cost implications, may not serve any purpose. Accordingly, concessional rate for coastal cargo is not prescribed in this case. It is, however, open for MOPT to come up with a suitable proposal for prescription of rate for coastal cargo in case cargo eligible for coastal concession is likely to be handled using Transhipper / Floating crane.

(xvi). Clause 5.9. of the tariff guidelines of 2005 calls for linking tariff to the benchmark levels of productivity, providing incentive for better performance and disincentive for performance below the benchmark levels. Fixation of tariff based on normative approach linked to performance would encourage an operator to bring efficiency in operations and protects the users from inefficient operations. Since the rate is fixed for the standard capacity, prescription of rate linked to performance is also expected to take care if the actual capacity of the crafts deployed by the service provider varies within the range of standard capacity considered for fixation of tariff. Despite specific advice to the port, highlighting the above points, to come up with a proposal for prescription of performance linked tariff, the MOPT has not come up with such a proposal on the ground of non-availability of past performance data. In the absence of details furnished by the port, it is found not possible to prescribe performance linked tariff. The MOPT is advised to come up with a well analysed proposal in this regard at the earliest.

(xvii). With reference to a clarification sought by GMOEA whether the proposed tariff will be applicable to existing or new vessels, the MOPT has responded stating that the proposed tariff shall be applicable to the new transhippers / floating cranes operated at MOPT. As per clause 7.2 of the tariff policy guidelines of March 2005, the rates approved for the services identified by the port trust and provided by authorized service providers will apply commonly at the port without reference to any particular service provider. Therefore, the question whether the approved rates will be applicable to new operator or existing operator does not arise. It is clarified that the rates approved will be applicable irrespective of the individual operator or specific craft.

(xviii). The tariff guidelines of 2005 stipulate a tariff validity cycle of 3 years. Accordingly, the charge for use of Transhipper / Floating crane fixed by this Authority will be valid for three years from the date of implementation of the Order.

(xix). The MOPT has only proposed rates for Transhipper / Floating crane. It has not proposed any specific conditions governing application of rates. Therefore, the MOPT is advised to come up with a proposal for conditionalities governing the application of rates, if required.

14.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following to be inserted as Section IV - Charges for use of Transhipper / Floating crane for cargo operations at MOPT under Part - IV (Section C Sundry Charges) in the existing Scale of Rates of the Mormugao Port Trust:

"IV. Charges for use of Transhipper / Floating Crane provided by the authorized private operators for cargo operations:

Particulars	Ceiling rate per tonne (Foreign)
Transhipper 30 T	121.89
Floating Crane 32 T	95.74

"

14.2. The ceiling rates fixed now shall come into effect after expiry of 30 days from the date of its notification in the Gazette of India and shall remain valid for 3 years.

14.3. As per clause 7.2. of the tariff guidelines, the rate approved by this Authority for Transhipper / Floating Crane is a ceiling rate and will apply commonly at the port for identical facility / service offered at the port without reference to any particular service provider. As per clause 7.3 of the tariff guidelines, the Port Trust may ensure, by suitably including a necessary condition in the authorisation arrangement that the authorised service providers do not charge more than the prescribed ceiling rates.

(T.S. Balasubramanian)
Member (Finance)

ANNEX - I

Cost calculation for fixation of cargo handling charges for use of Transhipper (30 TPD) provided by authorised service providers at the Mormugao Port Trust

(Rs. in Lakhs)

Sr. No.	Particulars	As furnished by Mormugao Port Trust – Workings		Norms if any prescribed in 2008 tariff guidelines (for multipurpose cargo berth)	Modified Calculation – Workings	
I	**Capital Cost**					
	Basic cost	US$ 26,000,000 x 49.49	12867.40		US$ 26,000,000 x 52.88	13748.80
	Add: Customs duty	10% of basic cost	1286.74		10% of basic cost	1374.88
	Add: Towing Cost	Lumpsum	500.00		Lumpsum	500.00
	Total Capital cost		**14654.14**			**15623.68**
II	**Capacity computation**					
	Available shifts per annum	365 days * 3 shifts per day	1095		365 days * 3 shifts per day	1095
	Norms for utilisation	-	70%		-	70%
	Capacity in shifts per annum	1095 shifts * 70%	766.5		1095 shifts * 70%	766.5
	Expected number of working hours per annum	766.5 shifts * 8 hours	6132		766.5 shifts * 8 hours	6132
	Expected no. of working hours for 8 months in fair season	6132 * 8 / 12	4088		6132 * 8 / 12	4088
	Rated capacity per hour (in tonnes)	30000/24	1250		30000/24	1250
	Rated capacity per annum	1250 * 24 * 365	10950000		1250 * 24 * 365	10950000
	Capacity considered for 8 months - fair season (tonnes)	4088 * 1250	5110000		4088 * 1250	5110000
	Add: Traffic to be handled during monsoon season	Based on past performance	200000		Based on past performance	200000
	Volume considered for calculation of rate (tonnes)	5110000 + 200000	5310000		5110000 + 200000	5310000
	Annual Capacity (in tonnes)		**5310000**			**5310000**
III	**Operating Cost**					
	(a). Fuel cost	Working hours: 175 litres / hour * 4248 hours (4088 fair season + 160 monsoon) * Rs.42.67 per litre	317.21		Working hours: 175 litres / hour * 4248 hours (4088 fair season + 160 monsoon) * Rs.43.39 per litre	322.56
		Idle hours: 50 litres / hour * 2628 hours * Rs.42.67 per litre	56.07		Idle hours: 50 litres / hour * 2628 hours * Rs.43.39 per litre	57.01
		Sub total fuel cost	373.28		Sub total fuel cost	379.58
	(b). Repairs & Maintenance cost	5% of capital cost (Rs.14654.14 lakhs * 5%)	732.71	5% on cost of mechanical equipment	5% * Rs.15623.68 lakhs	781.18
	(c). Insurance	1% of capital cost (Rs.14654.14 lakhs * 1%)	146.54	1% on cost of mechanical equipment	1% * Rs.15623.68 lakhs	156.24
	(d). Depreciation	@ 10.34% p.a.	1417.23	As per norms prescribed in Companies Act	10.34% * Rs.15623.68 lakhs	1615.49
	(e). Port charges	Vessel related charges (Port dues, Pilotage, Anchorage, Berth hire etc.) - based on actuals of 2010-11 in respect of Bulk prosperity	15.37	---	As furnished by MOPT	15.37
		Transhipper accord levy (CHLD levy) - 5310000 * 11.81	627.11		As furnished by MOPT	627.11
		Primary loading / uptopping charges and Pension levy thereon [5310000 * Rs.5.26 (average) * 1.07 (pension levy)]	298.86		As furnished by MOPT	298.86
		Sub total port charges	941.34		Sub total port charges	941.34
	(f). Other Expenses			5% of Gross fixed Asset Value		
	- Direct Labour	---	440.00		As furnished by MOPT	440.00
	- Management and Administration Overheads	10% on operating exp. Except depreciation & port charges - (373.28 + 732.71 + 146.54 + 440) * 10%	169.25		10% of operating expenses excluding depreciation and port charges following the approach adopted by MOPT	175.70
		Sub total other expenses	609.25		Sub total other expenses	615.70
	Total (a) to (f)		**4220.34**			**4489.52**
IV	**Return on Capital Employed**	16% of capital cost	**1924.35**		16% on average WDV of first 3 years (Note 1)	**1982.83**
V	**Total Cost plus Return on investment**		**6144.69**			**6472.36**
VI	**Handling Charge per tonne (Foreign)**	6144.69 lakhs / 5310000 tonnes	**115.72**		Rs.6472.36 lakhs/5310000 tonnes	**121.89**

Note 1 : Workings for capital employed

Capital cost of Transhipper		**Rs.15623.68 lakhs**	
Rate of Depreciation as per provisions of Companies Act		**10.34%**	
	Year 1	**Year 2**	**Year 3**
Value of Transhipper at the beginning of the year	15623.68	14008.19	12392.70
Depreciation	1615.49	1615.49	1615.49
Written down value at the end of the year	14008.19	12392.70	10777.21
Average written down value of first 3 years		**12392.70**	

ANNEX - II

Cost calculation for fixation of cargo handling charges for use of Floating Crane (32 Tonnes) provided by authorised service providers at the Mormugao Port Trust

(Rs. in Lakhs)

Sr. No.	Particulars	As furnished by Mormugao Port Trust		Norms if any prescribed in 2008 tariff guidelines (for multipurpose cargo berth)	Modified Calculation	
		Workings			Workings	
I	**Capital Cost**					
	Basic cost	US$ 11,890,000 x 49.49	5884.36		US$ 11,890,000 x 52.88	6287.43
	Add: Customs duty		937.34		937.34 / 49.60 * 52.88	999.33
	Add: Towing Cost (freight)	US$ 435,000 x 49.49	215.28		US$ 435,000 x 52.88	230.03
	Add: Insurance		13.02		As furnished by MOPT	13.02
	Total Capital cost		**7050.00**			**7529.81**
II	**Capacity computation**					
	Available shifts per annum	365 days * 3 shifts per day	1095		365 days * 3 shifts per day	1095
	Norms for utilisation	-	70%		-	70%
	Capacity in shifts per annum	1095 shifts * 70%	766.5		1095 shifts * 70%	766.5
	Expected number of working hours per annum	766.5 shifts * 8 hours	6132		766.5 shifts * 8 hours	6132
	Expected no. of working hours for 8 months in fair season	6132 * 8 / 12	4088		6132 * 8 / 12	4088
	Rated capacity per hour (in tonnes)	17500/24	729.17		17500/24	729.17
	Rated capacity per annum	729.17 * 24 * 365	6387500		729.17 * 24 * 365	6387500
	Capacity considered for 8 months - fair season (tonnes)	4088 * 729.17	2980833		4088 * 729.17	2980833
	Add: Traffic to be handled during monsoon season	Based on past performance	300000		Based on past performance	300000
	Volume considered for calculation of rate (tonnes)	2980833 + 300000	3280833		2980833 + 300000	3280833
	Annual Capacity (in tonnes)		**3280833**			**3280833**
III	**Operating Cost**					
	(a). Fuel cost	Working hours: 96 litres / hour * 4499 hours (4088 fair season + 411 monsoon) * Rs.42.67 per litre	184.29		Working hours: 96 litres / hour * 4499 hours (4088 fair season + 411 monsoon) * Rs.43.39 per litre	187.40
		Idle hours: 12 litres / hour * 2628 hours * Rs.42.67 per litre	13.46		Idle hours: 12 litres / hour * 2628 hours * Rs.43.39 per litre	13.68
		Sub total fuel cost	197.75		Sub total fuel cost	201.09
	(b). Repairs & Maintenance cost	5% of capital cost (Rs.7050.00 lakhs * 5%)	352.50	5% on cost of mechanical equipment	5% * Rs.7529.81 lakhs	376.49
	(c). Insurance	1% of capital cost (Rs.7050.00 lakhs * 1%)	70.50	1% on cost of mechanical equipment	1% * Rs.7529.81 lakhs	75.30
	(d). Depreciation	@ 10.34% p.a.	728.97	As per norms prescribed in Companies Act	10.34% * Rs.7529.81 lakhs	778.58
	(e). Port charges	Vessel related charges (Port dues, Pilotage, Anchorage, Berth hire etc.) - based on actuals of 2010-11 in respect of Dona Paula	5.42	---	As furnished by MOPT	5.42
		Transhipper accord levy (CHLD levy) - 3280833 * 11.81	387.47		As furnished by MOPT	387.47
		Primary loading / uptopping charges and Pension levy thereon [3280833 * Rs.5.26 (average) * 1.07 (pension levy)]	184.65		As furnished by MOPT	184.65
		Sub total port charges	577.54		Sub total port charges	577.54
	(f). Other Expenses			5% of Gross fixed Asset Value		
	- Direct Labour	---	101.16		As furnished by MOPT	101.16
	- Management and Administration Overheads	10% on operating exp. Except depreciation & port charges - (197.75 + 352.50 + 70.50 + 101.16) * 10%	72.19		10% of operating expenses excluding depreciation and port charges following the approach adopted by MOPT	75.40
		Sub total other expenses	173.35		Sub total other expenses	176.56
	Total (a) to (f)		**2100.61**			**2185.56**
IV	**Return on Capital Employed**	16% of capital cost	**829.15**		16% on average WDV of first 3 years (Note 1)	**955.62**
V	**Total Cost plus Return on investment**		**2929.76**			**3141.18**
VI	**Handling Charge per tonne (Foreign)**	2929.76 lakhs / 3280833 tonnes	**89.30**		Rs.3141.18 lakhs/3280833 tonnes	**95.74**

Note 1 : Workings for capital employed

Capital cost of Transhipper — **Rs.7529.81 lakhs**

Rate of Depreciation as per provisions of Companies Act — **10.34%**

	Year 1	**Year 2**	**Year 3**
Value of Transhipper at the beginning of the year	7529.81	6751.22	5972.64
Depreciation	778.58	778.58	778.58
Written down value at the end of the year	6751.22	5972.64	5194.06
Average written down value of first 3 years		**5972.64**	

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

F. No.TAMP/30/2011 - MOPT - Proposal from Mormugao Port Trust for fixation of cargo handling charges for transhippers / floating cranes.

A summary of comments received from the users / user organisations and the comments of Mormugao Port Trust (MOPT) thereon are tabulated below:

Sl. No.	Comments of users / user organizations	Comments of MOPT
1.	**Goa Mineral Ore Exporters' Association (GMOEA)**	
(i).	The proposal of MOPT does not clearly indicate:- (a). The purpose of tariff fixation (b). The scope of its applicability (which Transhippers/Floating cranes it will be applicable to, whether existing or new) (c). Whether the tariff determined will be the basis for any PPP/Revenue sharing. (d). Duration for which the tariff will be applicable and the frequency of the Tariff revision. The objective of the tariff fixation has to be clearly spelt out, as well as the basis referred above in the form of a background note.	The proposal for fixation of cargo handling charges for transhippers/floating cranes was submitted to the TAMP for its sanction as Ministry of Shipping vide its letter no. PT-11033/46/2010-PT dated 6 January 2010 had asked MOPT to fix cargo handling charges for M.V. Bulk prosperity and Dona Paula as per the provision of MPT Act, 1963 and TAMP guidelines. The Port had requested permission from the Ministry for operation of M.V. Bulk prosperity and Dona Paula. The tariff has been proposed for M.V. Bulk prosperity and Dona Paula. The tariff proposed shall be applicable to the new transhippers/floating cranes operated at MOPT. Port intends to permit floating cranes through tendering. The duration and other terms of the contract will be as per tender on revenue share basis. The duration of the tariff and frequency of the tariff revision will be decided by the Authority. As per tariff guidelines, the tariff once fixed shall be in force for a period of three years. However, TAMP may also take suo motu action for review of its order. (i). The proposal is for fixing of tariff for transhippers/floating cranes. The tariff will be fixed based on the cost plus approach considering the capital cost and running cost as per the guidelines. Since revenue share is not considered as a cost for fixing tariff, the points raised by users on revenue sharing is not valid. (ii). With reference to the points made by the organisations that the proposal under consideration do not fall under the TAMP guidelines of 2008 set for PPP projects at Major Port Trusts and the investment of MPT at West of Breakwater is negligible and therefore, the revenue share to the MOPT would result into further increase in cost of transhippers/ floating cranes to the users, it is clarified that Port has incurred heavy expenditure for providing infrastructure facilities to facilitate the Trade including
(ii).	It may also be pertinent to note that all the transhippers: (a). are working under authorized arrangements u/s 42 (3) of the MPT Act,1963. (b). are not through a BOT concession agreement. (c). there is no investment or participation by MOPT. The above arrangements do not fall under the TAMP guidelines of 2008 set up for PPP projects at Major Port Trusts.	
2.	**Marine Infrastructure (Goa) Private Limited and CGU Logistics Ltd.**	
(i).	Will the fixation of the tariff imply permission for the floating cranes to operate in MOPT? If yes, then what will be the duration / terms of such permissions?	
(ii).	If not, will MOPT go for revenue sharing model to permit floating cranes operations? If the same is true then we would like to draw your kind attention to the following:	
	(a). Generally revenue sharing model is adopted under PPP model where there is contribution from Government as well as private sector. For example in case of MOPT's awarded coal berth project, MOPT provided developed piece of land on lease basis to the	

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<td>tenderer, connectivity to hinterland, maintaining channel depths through maintenance dredging, environmental clearance, customs clearance and other administrative support to execute the project. Against these facilities / investments, MOPT gets revenue share from successful tenderer. However, in case of floating cranes operations especially at West of Breakwaters (WOB) the facilities / investment provided by MOPT are negligible and only limited to water front under its jurisdiction with naturally existing (without any need of dredging) sufficient water depth and some signal services. The critical question then is if revenue share model will be adopted further to tariff fixation what should be a reasonable figure for the same? In light of this we would like to present below a few more observations.</td>
<td rowspan="5">capital dredging, navigational facilities, VTMS etc. However, Trade has completely ignored the facilities provided to them at this Port. It is noteworthy that none of the users had commented on proposed tariff for floating crane/transhippers. They are only raising objections on revenue share to MPT.

(iii). M/s. Marine Infrastructure (Goa) Pvt. Ltd. and M/s. CGU Logistic Ltd. have pointed out that the existing cargo related charges at Vizag Port Trust, Tuticorin Port Trust and Kolkata Port Trust are higher as compared to the charges applicable to the transhippers/ floating cranes at MPT. In this regard, it is stated that the cargo related charges at MOPT are also higher than the existing rates at other Major Port Trusts mentioned herein above. It is also clarified that the charges at MOPT are fixed by the TAMP based on the tariff guidelines. Although the cargo related charges in iron ore at stream is higher compared to the applicable rates at Tuticorin Port Trust, Port dues, pilotages are higher by 75% and 38% at Tuticorin Port Trust as compared to MPT.

Comparing the charges of other Ports on selective basis is incorrect. Further, still there is cross subsidization of charges.

(iv). A discount of 40% to coastal cargo has been proposed in the tariff. This is as per the Govt. guidelines to boost the coastal traffic and it is as per the policy of Govt. of India.

(v). At present there is no rate fixed by the TAMP for transhippers. In view of the Ministry's letter, it is proposed to fix tariff for the same.

The scope of applicability of the proposed tariff will be for all future permissions given by the Port for transhippers/floating cranes.

The relevant data for submission of the proposal was obtained from the transhippers/floating crane owners M/s.Marine Infrastructural (Goa) Pvt. Ltd. and M/s.CGU Logistic Ltd. in case of floating cranes M.V. Dona Paula, Bulk prosperity, respectively.</td>
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<td>(b). Transhippers / floating cranes have been operating in MOPT for significant time in past. Currently, the Transhipper / floating crane owners pay following charges to MOPT for operating in West of Breakwaters:
i. Primary loading charges (in case of full loading of mother vessel) : 7.02 ₹ / MT
ii. CHLD Levy : 10.89 ₹ / MT
iii. Sub Total : 17.91 ₹ / MT
iv. Special Levy @ 7% : 1.25 ₹ / MT
v. Total (i/c Sp. Levy) : 19.16 ₹ / MT
vi. Add service tax @ 10.3%: 1.97 ₹ / MT
vii. Grand Total : 21.13 ₹ / MT

In light of above charges being already paid by transhipper / floating crane owners we would request clarification whether revenue share resulting in further increased cost to transhipper / floating crane owners is justified especially for such meagre facilities/ investments from port's side?</td>
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<td>(c). At this point of time we would also like to draw your attention on comparable charges levied by other major ports.</td>
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<td>(i). Vizag Port Trust - The SoR of the port indicates a lighterage / uptopping fee of ₹3/- MT on non BOT berths. In case of BOT berths this charge is waived off i.e. in case the operator has won BOT berths through revenue share mechanism this charge is not applicable at all. Please note there is a transhipper MV Apollo Grachat already operating in Vizag port.</td>
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<td>(ii). Tuticorin Port Trust (Now V.O. Chidambaranar Port Trust) - The recent Order from Tariff Authority fixed lighterage fee at ₹3 / MT. Please note that though there is no transhipper working presently in Tuticorin port as per our information the transhipment is carried out using ship's gear. Deep draughted mother vessels which cannot berth directly at port, discharge part cargo (lightening) using ship's gear at anchorage. For the same services i.e. use of outer anchorage in Tuticorin Port's jurisdiction where natural water</td>
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	depths are sufficient to accommodate deep drafted vessels and for some signal services Tuticorin port charges ₹3/ MT as opposed to ₹19.16/ MT paid by transhipper/ floating crane owners in MOPT.	
	(iii). Kolkata Port Trust - Kolkata Port Trust levies concessional wharfage @ ₹15/ MT which is all inclusive. Further, Kolkata Port Trust does not charge any anchorage charges on either mother vessel, transloader, barges or daughter vessels as opposed to MOPT where these are charged in addition to charges mentioned in point (ii) above as per prevailing SOR. These examples of other major ports show that comparable charges for providing water front with naturally existing sufficient water depth and some signal services, at MOPT are already on higher side. If further revenue share costs are imposed on transhipper / floating crane owners the same will affect the entire viability of this innovative solution which not only result in increasing the throughput to MOPT but also helps trade in reducing the turn around time for mother vessels and costs. Such mechanism also helps port to accrue increased income by means of port charges levied on transhippers, mother vessels and daughter vessels / barges.	
	(d). If revenue share is imposed the same will result in increased cost (not allowed as pass through in guidelines) to Floating Crane owners thereby reducing the agreed return and more importantly this innovation option would become uncompetitive for trade due to such increased cost. At the same time this revenue share will be paid to MOPT for such little facilities/ investments. The critical question then arises whether such high returns to port at cost of trade are justified.	
(iii).	The proposed rate for coastal cargo is discounted by 40% to proposed ceiling rate. The transhippers / floating cranes are already registered as coastal vessels with concerned government departments. Hence, coastal concession also apply to transhippers / floating crane. If not, why should one coastal asset subsidise other coastal asset? In this case we thus request no further discount for coastal vessels as transhipment services are provided by a coastal vessel not entitled for any discount.	
(iv).	The details of port charges considered in proposed tariff calculations may be furnished.	
(v).	To summarise TAMP is requested to fix the appropriate tariff but the same should automatically imply permission for transhippers / floating cranes to operate at MOPT without any further need for revenue sharing with port especially given the fact that transhipper / floating crane owners are already paying highest charges (w.r.t other major ports) for using MOPT anchorage.	

3.	**Goa Chamber of Commerce & Industry**	
	No comments to offer.	
4.	**Mormugao Port Users Association**	
	No comments to offer.	

2. A joint hearing in this case was held on 19 January 2012 at the MOPT premises. The MOPT made a power point presentation of its proposal. The GMOEA also made a power point presentation of its views on the proposal of MOPT. At the joint hearing, the MOPT and the concerned users/ organisation bodies have made the following submissions:

Mormugao Port Trust

(i). Presently, 5 transhippers and 3 floating cranes are operating. Port levies wharfage, CHLD levy and uptopping charges. Only two transhippers/floating cranes pay revenue share to the port.

Goa Mineral Ore Exporters Association

(i). Transhipper operation is not through BOT agreement. Therefore, transhipper tariff does not fall under PPP model. Transhipper tariff should not have any element of revenue share.

(ii). The cost calculations furnished by MOPT should be carefully checked to ensure the tariff is reasonable. We will give our written comments in a week.

(iii). The transhipper / floating cranes should be allowed to move to other ports also and not confined to MOPT. (MOPT says, the transhippers/ floating cranes covered by agreement with MOPT will not be allowed to work in any other port during the tenure of the agreement.)

(iv). Charges levied at mooring dolphin during monsoon time is adhoc. TAMP should fix the rate.

Marine Infrastructure (Goa) Pvt. Ltd.

(i). Floating cranes/ Transhippers pay certain port charges as per SORs. The tariff calculation does not factor CHLD element.

(ii). We are required to pay adhoc revenue share / royalty. But transhippers which are operating for long do not pay any revenue share to the Port. The terms of agreement for all transhippers / floating cranes should be the same.

(iii). Productivity and operations of floating crane and transhipper are same. Just because capex of floating crane is low, the rates proposed are low, which is unfair.

CGU Logistics Ltd.

(i). We don't have any objection to the capacity, capex and operating costs assumed by MOPT in the tariff calculation.

(ii). We are paying adhoc royalty but many other operators are not required to pay revenue share. There should be uniform treatment.

(iii). There is no concessional rate for coastal iron ore handling as per the policy. But, MOPT has proposed coastal concession on iron ore.

Mormugao Stevedores Association

(i). We welcome the move to introduce more transhippers and floating cranes at port which will improve the turnaround time of vessels.

Goa Chamber of Commerce & Industry

(i). The tariff computation does not capture the effect of individual contracts.

Shipping Corporation of India Limited

(i). No comments.

Mormugao Ship Agents Association

(i). We welcome common rate for transhippers / floating crane.

3. At the joint hearing, the users were allowed one week time to furnish their written comments, if any, on the subject proposal to the Authority with a copy endorsed to MOPT. CGU Logistics Ltd. and Goa Mineral Ore Exporters' Association furnished their written comments. The MOPT vide its letters dated 14 February 2012 and 18 February 2012 has furnished its response. The comments received from users and reply furnished by MOPT thereon are summarised below:

Sl. No.	Comments of users	Reply furnished by MOPT
1.	**CGU Logistics Ltd.**	
(i).	Non applicability of coastal cargo concession – As per TAMP order no 4/2004- General dated 15th March 2005, coastal concession on cargo handling charges is not available in case of handling iron ore. So the tariff should be same for both foreign as well as coastal vessels.	TAMP vide its Order No.TAMP/4/2004-Genl. dated 15 March 2005 had excluded iron ore and iron ore pellets from coastal concession. Therefore, non applicability of concession for coastal cargo as brought out by CGU is factual.
(ii).	Transhipper owners should be allowed to recover the primary loading charges/ uptopping charges (as applicable), CHLD Levy, EDI charges and pension levy charged by Mormugao Port Trust from end users separately. The present tariff workings provided by the Mormugao Port does not include these charges in tariff calculation. Additionally CHLD levy is revised quarterly while the tariff fixed will be escalated annually. This will put additional cost burden on transhipper owners. Since the guidelines allow the operators to recover costs published on port SoR from end user due to typical nature of escalation of these charges we request the same should be allowed for separate recovery from end users.	As brought out by the transhipper/ floating crane owner's during the discussions in the joint hearing held on 19 January 2012, cargo related charges i.e. primary loading, up-topping charges, CHLD levy, pension levy are included in the revised cost sheet for fixation of handling rates for transhipper/ floating cranes submitted to the Authority vide our letter dated 14 February 2012. M/s.CGU are apprehensive as regard revision of CHLD levy, quarterly and that would be the additional burden on transhipper owners. In this regards, it is stated that cost element of CHLD levy included in the cost sheet is 11.87% of the total operating cost and considering annual escalation of 5% on account of D.A., the additional burden would be 0.60% (less than 1%) of the total cost for operations of Transhipper, which is negligible. Further, the CHLD levy also decreases in case of decrease in quarterly D.A.
2.	**Goa Mineral Ore Exporters' Association**	
(i).	At the hearing the following was confirmed: (a). That the transhippers operating in the port are working under authorized arrangements u/s 42(3) of the Major Port Trust Act, 1963. (b). That the purpose of this exercise is solely for fixation of ceiling rate on cargo handled by transhippers based on clause 7.2 of the tariff guidelines of 2005.	The GMOEA has stated that it was confirmed that MOPT is not allowed revenue sharing by way of fixation of tariff guidelines 2005. This statement is incorrect, as in the hearing, it was made clear that the guidelines of TAMP is only in respect of tariff fixation and the hearing is limited to that. Chairperson, TAMP clearly stated that whether revenue sharing model to be adopted by MOPT has to be discussed with Chairman/MOPT and is not within the ambit of TAMP.

	(c). The ceiling rate fixed shall be on cost plus basis with ROCE of 16% (based on TAMP guidelines) (d). That the TAMP guidelines of 2008 set up for PPP proposal at Major Port Trusts are not applicable for the above fixation of ceiling rates. (e). That MOPT is not allowed revenue sharing by way of fixation of tariff guidelines of 2005.	
(ii).	With respect to the ceiling rates proposed by MOPT, vide their letter dated 19 August 2011, enclosing cost calculation for fixation of ceiling rate separately for Transhippers and Floating Cranes, the following anomalies are submitted: (a). The quotations submitted forming part of the documents in justification of cost calculations are devoid of technical specifications of the Transhipper/ Floating Cranes i.e. number of cranes, its capacities, the type of mechanical ore handling systems that is proposed on the same, the dimensions of the vessels, etc. (b). The efficiencies of the above vessels have been maintained very low. (c). Life of the asset has not been indicated in the cost calculations. The depreciation rate assumed at 10.34% is high. Assuming asset life of 20 years and the costs depreciating over time, the depreciation rate needs to be lowered. In view of the above and to facilitate TAMP to arrive at and fix the ceiling rate, based on transhippers currently operating within the port limits, GMOEA has furnished tentative cost calculations, with the following changes in MOPT's proposal in cost workings for transhipper/ floating cranes:	With reference to the comments of GMOEA on the specification of the Transhippers & Floating Cranes, it is stated that the quotation submitted by the supplier is for the Transhipper and Floating cranes with different specification and these are operating within the port operational area. Further, GMOEA has commented that the efficiencies of above vessels have been maintained very low. It is stated that the efficiency has been worked out based on the present working of these Transhippers/ floating cranes that are already operating in the port water. Further, parameter adopted by TAMP in respect of ships, machinery has been taken as a base for arriving at efficiency level. However, the capacity determination has been increased marginally considering operations of Transhippers / floating cranes during monsoon period.
	(a). No customs duty is payable for purchase of transhippers/ floating cranes with cargo holds.	(a). For the purpose of tariff fixation the cost of Transhippers/Floating cranes have been considered for those cranes without cargo hold. It was informed to us by the Trade that currently and in future, transhippers/floating cranes are built and being built without cargo hold.
	(b). In view of the fact that the vessels are self propelled no towing costs are applicable.	(b). Even though that crane are self propelled, the strength of the engine is for propelling for smaller distance and cannot be self propelled like any other vessels. They have to be towed for longer distances. Therefore, considering the towing cost as a part of capital cost is in order.

	(c). The norms for utilisation have been taken as 75% (against 60% assumed) considering the transhippers/ floating cranes are new. (d). Depreciation of the asset has been taken at the rate of 5% as per Companies Act 1963. Based on the above changes, the GMOEA has suggested a rate of ₹ 84.27 per tonne for transhipper and ₹ 66.25 per tonne for floating crane for foreign cargo.	(c). The norms for utilization are taken as 60% for vessels operating in the water and working in inclement conditions. Normal utilization of 75% can be taken only for shore activities. Some allowances has to be given for bad weather, monsoon etc. which does not affect the shore operations. (d). GMOEA has taken depreciation of 5% as per Companies Act, 1956, under the classification of other ships. Now, it is a question as to whether transhippers/floating cranes have to be classified as 'ships' or 'plant and machinery'. If we see the operations of transhippers/floating cranes, it entirely deals with handling of cargo or transfer of cargo from one ship to another ship as an intermediate and does not carry cargo unlike ships. Even though transhippers/floating cranes float in the water, their activity is similar to that of the cranes which operates on the shore, Therefore, it has to be classified as Plant & Machinery and cannot be classified as a ship. In view of this depreciation calculations are in order.
(iii).	Regarding depreciation and ROCE, it has submitted that: (a). The port has considered depreciation based on the asset value of a new transhipper/ floating crane (presumably using WDV method). However, this depreciation is applicable only in the first year of operation and would thereafter reduce in future years as the asset value depreciates. Thus, the average annual depreciation over the life of the asset (20 years) should be considered for determining the tariff rather than the depreciation in the first year or else, straight line depreciation method should be used. (b). Similarly, as the asset value depreciates over the life of the asset, the total Capital Employed and therefore the Return on Capital Employed reduces. Thus, the average annual ROCE over the life of the asset (20 years) should be considered for determining the tariff rather than the ROCE in the first year, as the ROCE in the first year, when the asset is new, would be high. (c). Revision of MOPT's depreciation and ROCE figures as above, leads to substantial reduction in depreciation and ROCE and therefore in the tariff. Since most of the transhippers and floating cranes operating in MOPT are not brand new, with several having already been fully depreciated, MOPT's assumptions in this regard do not hold good.	(a). The depreciation rate has been assumed at 10.34% as the same is applicable of Plant and machinery as per schedule XIV of the Companies Act. 1956. As per the guidelines of the TAMP, depreciation has to be calculated as per the rates prescribed under the Companies Act. Therefore, the depreciation considered in the calculation is in order. (b). In the proposal depreciation has been calculated on Straight Line method and not on WDV method as apprehended by GMOEA. The rate of depreciation under WDV method is 27.82%.

(iv).	In the initial proposal of MOPT, the tariff for Transhipper and Floating Crane were ₹101/- per ton and ₹75/- per ton respectively (before considering 20% revenue share proposed by MOPT which TAMP did not allow) which was later increased to ₹141/- per tone and ₹116/- per ton respectively by MOPT in its proposal to TAMP dated 19 August 2011. GMOEA once again reiterate that the hearing was held without response to its letter dated 28 October 2011. The existing levies on transhipper operations as per the scale of rates would be uniformly applied, and as such levies add to the loading cost to the transhipper/ floating crane owners/ users such existing levies would not form part of the cargo handling charge fixed by TAMP for transhippers/ floating cranes.	The handling rates per tonne for Transhipper and Floating cranes have been revised considering additional capacity and Port charges as advised by the Authority.
(v).	The purpose of the hearing was only to fix a ceiling rate. The existing MOPT agreements with transhippers operating under section 42(3) should continue to remain in force. At the hearing held on 19 January 2012, it was apprehended that the MOPT by virtue of setting a higher ceiling rate should not resort thereafter to levy a revenue share (to be paid out of the tariff to MOPT) through the process of tendering which will amount to imposing a new levy on the trade. Therefore, in the event that the port goes ahead with such proposals, the same should be reviewed by TAMP in consultation with the trade, as the same has tariff implications.	GMOEA has stated that the hearing was only to fix the rate and the existing agreement with transhippers under Section 42(3) of MPT Act, will continue to be in force. MOPT reiterate that the whole exercise has been done as per directions in the Ministry's letter dated 18 January 2011. In the said letter, the Ministry has categorically stated that all the transhippers operating within the port waters should have their tariff fixed by TAMP. Further, it is the prerogative of the port to specify the modalities of the number of transhippers/floating cranes to be allowed to operate within the port waters. All existing agreements shall now be reviewed by the port to have a transparent system of allowing transhipper owners to operate within the port area.

4. The Goa Mineral Ore Exporters' Association (GMOEA) vide their letter dated 13 March 2012 have furnished further comments on the MOPT's response vide their letter dated 14 February 2012, which are summarised below:

(i). The Transhippers operating at the Mormugao Port are operating under authorised arrangements u/s 42(3) of the Major Port Trust Act and since the hearing was called specifically for fixation of ceiling rate based on clause 7.2 of Tariff Guidelines of 2005 the question of having separate revenue sharing arrangements outside the Tariff Guidelines of 2005 does not at all arise as brought out by TAMP vide their letter no.TAMP/30/2011-MOPT dated 6/7/2011.

(ii). Further GMOEA has clearly brought out that the premise on which the entire calculations have been made by MOPT were based on quotations of Orchard Maritime Services dated 10/7/2011 for one floating transhipper unit and one 32 ton floating crane.

The quotes provided were just two pages respectively which were devoid of any technical specification of the Mechanical ore handling plant on board the Transhipper and details of cranes on board.

GMOEA was therefore unable to make any technical evaluation of the proposals submitted and fail to understand how MOPT could have derived their findings from the same.

(iii). The efficiencies of the Transhippers per se are designed and operated at over 75% efficiency provided adequate cargo supply is maintained as is evident from the performance data of some transhippers that are operating at MOPT, which is also available with MOPT.

(iv). Transhippers are primarily registered ships that have propulsion, generators, cargo holds and crew accommodation besides the Mechanical Ore Handling Plant and therefore are classified based on documents, as ships. Further, the Transhippers are classified as ships holding valid class certificates with trading licenses and therefore depreciation applicable as per Company's Act 1963 is @ 5% and therefore the rate of 10.34% considered by MOPT for plant and machinery working on continuous basis on three shifts is not correct. It may also be noted that the transhippers at MOPT do not work when the outer anchorage is closed for operations by MOPT from June to September and thus the operations are seasonal in nature.

(v). Transhippers are ships having cargo holds with floating cranes and are constructed with cargo holds thus having absolutely no incidence of import duty.

(vi). The operations of current transhippers are based on agreements that have been respected all throughout despite their one sided conditions therein. The GMOEA reiterate that the transhippers invested by the exporters contribute to sizeable throughputs annually, loading cape size ships with draft of plus 16mts.

These MOPT Transhipper agreements restrict the transhipper owners from operating in neighbouring ports as well as other stringent conditions which were then agreed upon to mitigate the challenges of loading Cape size vessels in view of limited throughput capacities of 12 MTPA available at MPT berth with a draft of only 14 m. together with no plans to handle the huge anticipated growth of plus 40 MTPA and this aspect requires to be respected by all concerned.

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