

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)
Tariff Authority for Major Ports

G No. 158

New Delhi ,

10 June 2010

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Mormugao Port Trust for general revision of its Scale of Rates as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/57/2008-MOPT

Mormugao Port Trust

Applicant

ORDER

(Passed on this 14th day of May 2010)

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

2. The existing Scale of Rates of the Mormugao Port Trust (MOPT) was last approved by this Authority vide Order dated 30.10.2006. The validity of the SOR is prescribed till 31 March 2009.

3. The MOPT has vide letter dated 23 December 2008 filed its proposal for general revision of its Scale of Rates (SOR) in the prescribed format along with draft SOR.

4.1. The highlights of proposal filed by the MOPT are explained hereunder:

(I). The main reasons warranting revision in tariff for the year 2009-10 to 2011-12 are:

- (i). To cover the rising the cost of operation from individual segments by applying cost recovery principles.
- (ii). To generate adequate internal resources to meet with growing requirements for creation and upgrading the existing port infrastructure.

(II). Cost statements:

- (i). Total traffic handled during the year 2007-08 is 35.13 Million Tonnes (MT) as against the installed capacity of 30 MT. As per the Revised Estimates, the port expects to handle 35.5 MT in the year 2008-09, which includes the traffic of 4.5 MT of cargo expected to be handled by the terminal operator namely South West Port Limited (SWPL).
- (ii). Income and expenditure for the years 2008-09 and 2009-10 are as per RE 2008-09 and BE 2009-10 respectively. For the subsequent years 2010-11 to 2011-12 annual escalation @ 5.45% has been applied on the operating cost over the estimates of the previous year.
- (iii). In compliance with the guidelines Escrow Account is maintained and few assets have been funded / earmarked for funding from this account. The details of the balance in the Escrow account are as below:

(Rs. in lakhs)						
Sl. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
(i).	Balance as on the last day of the financial year	712.71	1432.89	1763.52	723.52	461.52
(ii).	Additions during the year	720.18	1330.63	1260.00	1238.00	1349.00
(iii).	Investment from Escrow Account for creation / modernisation of port infrastructure	0.00	1000.00	2300.00	1500.00	0.00
(iv).	Balance as on last day of the financial year	1432.89	1763.52	723.52	461.52	1810.52

- (iv). ROCE @ 16% and 6.35% on the business and business related assets respectively has been considered as per the tariff guidelines.
- (v). (a). The additions proposed to the Gross Block of assets during the years 2009-10 to 2011-12 are Rs.4282.73 lakhs, Rs.8246.50 lakhs and Rs.4918.00 lakhs respectively. The MOPT has furnished the details of the proposed additions during the three years.
- (b). The port has submitted that the Capital projects and infrastructural developmental schemes were funded from its internal resources, without any financial assistance from Government or other corporate agencies. The Mechanical Ore Handling Plant (MOHP) which was installed way back in 1978/1979 has rendered more than its useful life and due for replacement. It has been decided to revamp the entire MOHP in a phased manner at a total cost of Rs.221 crores. The plan expenditure has been projected at Rs.71 crores, Rs.150 crores, Rs.117 crores for the next three years from 2009-2010 to 2011-12 respectively. The internal resources are not sufficient to fund the capital scheme. The port has to borrow huge loan to meet the requirement.
- (vi). For meeting the pension liability accrued upto 31 March 2006 the Authority has approved in the last tariff revision exercise a special levy of 7% on all the charges notified in the SOR. The special levy was to be levied from 26.12.2006 till 31.3.2009.

The port has earned Rs.432.15 lakhs and Rs.1312.41 lakhs during the year 2006-07 and 2007-08 and estimates to earn Rs.1358.49 lakhs upto 31.3.2009. The pension liability as on 31.3.2008 per the actuarial valuation, done by the LIC at the request of the port, is Rs.35287 lakhs (as per its Report dated 13 October 2008 and 24 November 2008). The balance in the pension fund as on 31.3.2008 is Rs.19381.81 lakhs. Further, as the wage structure of the port is due for revision, the pension liability will increase on implementation of the revised wage structure. Therefore, in anticipation of the approval by the Authority income from this tariff item is recognised at the existing level.

- (vii). The liability towards the gratuity payment as on 31.3.2008 is Rs.3538.37 lakhs as on 31 March 2008 as per the report of the LIC dated 6 October 2008. The liability is stated to increase further after implementation of the revised wage structure. In view of that it has proposed to contribute Rs.250 lakhs per year during the year 2009-10 to 2011-12.

4.2. It has furnished cost statement for the port as a whole and for different principal activities and sub-activities. The overall surplus/ deficit position of the main activities/sub-activities and the tariff hike proposed is tabulated below:

Sl. No.	Activities / sub-activities	Surplus/deficit 2009-10		Surplus/deficit 2010-11		Surplus/deficit 2011-12		Total surplus/ deficit		Tariff revision proposed
		(Rs.in lakhs)	% of income	(Rs.in lakhs)	% of income	(Rs.in lakhs)	% of income	(Rs.in lakhs)	% of income	
1.	Port as a whole	-5732.30	-22.21%	-6668.17	-24.52%	-8201.48	-29.33%	-20601.95	-25.35%	
2.	Cargo/ container handling activity	-2240.76	-14.66%	-2902.79	-18.21%	-4369.04	-26.89%	-9512.59	-19.92%	
	(i).Ore handling activity	-3666.85	-37.34%	-4692.09	-46.96%	-6190.72	-61.12%	-14549.66	-48.47%	40% hike
	(a). MOHP	-5388.10	-84.34%	-6582.74	-97.92%	-8218.92	-116.19%	-20189.76	-99.48%	

	(b). Ore at stream	1721.25	--	1890.65	--	2028.20	--	5640.10	--	
	(ii).General cargo	60.52	3.87%	135.77	8.07%	146.11	8.41%	34.24	6.78%	No hike
	(iii).Warehousing	-179.92	-268.54%	-177.93	-265.57%	-169.74	-249.62%	-527.59	-261.25%	40% hike
	(iv).POL	670.18	77.48%	700.60	77.50%	730.76	77.49%	2101.54	77.49%	No hike
	(v).CHLD	875.31	29.52%	1130.87	34.31%	1114.56	33.05%	3120.74	32.29%	No hike
3.	Vessel related activity	-3979.20	-54.26%	-4247.40	-53.51%	-4365.18	-52.78%	-12591.78	-53.52%	40% hike
	(i).Berthing & Mooring	-781.15	-32.17%	-825.33	-32.88%	-713.51	-27.08%	-2319.99	-30.71%	
	(ii).Pilotage & Towing	-1412.65	-38.22%	-1175.50	-28.54%	-1245.63	-29.25%	-3833.78	-32%	
	(iii).Port Services	-1588.49	-134.54%	-2042.76	-159.71%	-2192.83	-162.69%	-5824.08	-152.31%	
	(iv).Water supply	-196.90	-690.89%	-203.82	-679.39%	-213.21	-710.71%	-613.93	-693.64%	
4.	Railway	1118.96	48.82%	1200.86	50.16%	1302.06	52.21%	3621.88	50.40%	---
5.	Estate	-631.31	-70.01%	-718.82	-77.63%	-769.39	-80.88%	-2119.52	-76.17%	40% hike

4.3. To summarise, increase / decrease in tariff proposed by the MOPT is given below:

- (i). The sub-activities viz. General Cargo, POL and Cargo Handling Labour activity are self-supporting and are in surplus. As such, no upward revision of rates is proposed for these activities.
- (ii). The ore handling activity at port is in deficit to the extent of 48.48% whereas Ore handling at MOHP is in deficit to the extent of 99.49%. The upward revision @ 40% is proposed in respect of wharfage on ore/ pellets other than MOHP including handling charges at MOHP.
- (iii). The principal activity Port and Dock charges for Shipping is in deficit by (-) 53.52%. The cross-subsidisation is allowed within the sub-activities and taking into consideration the anticipated appreciation in rupee value and also what the trade can bear, a upward revision of 40% is proposed in the existing Port and Dock charges.
- (iv). In accordance with Clause 2.16.1 of tariff guidelines, a rebate @ 25% on CHLD levy on cargo handled at Mooring Dolphins has been allowed for a period from November 2008 to April 2009 under Trade Promotion Scheme subject to review thereafter. The rebate allowed on CHLD levy was with the intention to retain the existing traffic as traffic was diverted to Panaji Port during the fair season of previous year where tariffs are comparatively low.
- (v). The activity of Estate Rentals and Warehousing are the supporting activities to Cargo Handling and Storage and therefore, a revision 40% is proposed in the existing rates as against the required rate of (-) 76% and (-) 261% respectively.
- (vi). The existing note no.3 under Schedule C Storage charge about exemption of penal rent during the monsoon period is proposed to be deleted on the grounds that otherwise the port users do not evacuate the cargo for a longer period.
- (vii). The license fee for land situated at Dabolim is proposed to be introduced in the Estate rental.
- (viii). Hire charges for some of the equipment prescribed in the existing Scale of Rates are proposed to be deleted as they are not available with the port for hire.
- (ix). At the proposed tariff, the port estimates to earn addition average revenue of Rs.67 crores per year during the years 2009-10 to 2011-12. It has, however, requested the Authority to consider the net deficit of Rs.76 crores accumulated during the period 2006-07 to 2008-09 while deciding the present proposal.

- (x). The Railway rates are out of jurisdiction of TAMP. However, no increase in the existing rates is proposed as the principal activity is self sufficient.

5.1. In accordance with the consultation process prescribed, the proposal dated 23 December 2008 received from the MOPT was circulated to the concerned users / organisation bodies seeking their comments. The comments received from users / organisation bodies were forwarded to MOPT as feedback information. The MOPT has furnished its comments on the comments of the users / organisation bodies.

5.2. Apart from the above comments on the observation made by the users/ user association, the MOPT has made general comments which are summarised below:

- (i). The port is recently informed by the Trade that the exporters were apprehensive about export of iron ore for the current financial year 2008-09 and as such port was compelled to keep the target of iron ore at 28.45 lakhs Million Tonnes for RE 2008-09. However, MOPT is expected to handle about 35 lakhs tonnes of iron ore during the year 2008-09. Though it is necessary to clarify that there will be only a marginal increase in the revenues from handling iron ore, as the quantity handled at Berth No.9 (MOHP) is only marginally higher than that of 2007-08, and less than that of 2006-07. In any case the levels of iron ore quantities handled in 2008-09 are not expected to be sustained in 2009-10 and thereafter.
- (ii). There was a huge demand for iron ore in China market and the prices of iron ore had touched the sky during the recent past. Such boom conditions had continued for many years, but no benefit was passed on by the Trade to MOPT despite huge gains. This is only for information of the Authority.
- (iii). It has already been decided by the Port to revamp the entire MOHP in a phased manner at a total cost of Rs.221 crores. The Port has to incur heavy expenditure on ongoing Plan Schemes without budgetary support from the Government, even for expansion and modernization of the Port, the benefits of which are also enjoyed by the Trade in a short and long term period by reducing cost and increasing efficiency. Just by way of an example, completion of the balance 5.2 kms of the 4 lane NH-17B, which is necessary to provide proper road connectivity to MOPT, alone will require MOPT to contribute an additional Rs.60 crores to the SPV of NHA and MOPT during financial years 2009-10 and 2010-11. This huge amount will drain the revenues of MOPT.
- (iv). It is also noteworthy that the Major Port Trusts are now brought under Income Tax net, and thus reducing the internal resources at the disposal of the Port to meet the execution of Plan / Non-plan schemes.
- (v). The additional outgo on account of enhancement of wages and remuneration of the Port workers and officers, consequent upon wage revision w.e.f. 1 January 2007 will be a huge burden on the Port's revenues, and will severally impact its developmental plans.
- (vi). It is needless to mention here that the Authority will evaluate the proposal in accordance with tariff guidelines prescribed for the revision of Scale of Rates which is based on the cost plus approach adopted by the Authority.

6.1. Based on a preliminary scrutiny of the proposal, the MOPT was requested vide our letter dated 23 April 2009 to furnish additional information / clarifications. The MOPT vide its letter dated 27 June 2009 has furnished the additional information / clarifications sought by us. The MOPT has also furnished revised cost statements for the years 2009-10, 2010-11 and 2011-12, revised draft (proposed) Scale of Rates and various documents with reference to the capital expenditure projections.

6.2. A summary of the queries raised by us and the clarifications furnished by the MOPT are tabulated here below:

Sl. No.	Queries raised by us	Reply received from MOPT																															
I.	FINANCIAL / COST STATEMENTS:																																
(1).	The total traffic estimated in the cost statement for the year 2008-09 is 35.50 million tonnes based on the projections made in the revised estimates 2008-09. (Reporting by Business Line dated 9 April 2009 and Indian Ports Association website state that the port has handled 41.68 million tonnes in the year 2008-09.) Since the year 2008-09, is already over, the figures for the year 2008-09 may be updated with the actuals available with the port based on provisional accounts. The estimates for the subsequent years may also be modified based on the 2008-09 actuals. While doing so, a copy of the draft Annual Accounts considered for updating the estimates of 2008-09 with the actuals may please be forwarded.	Draft Accounts for the year 2008-09 and modified estimates are furnished.																															
(2). (i).	Confirm whether the traffic forecast for the financial years 2009-10 to 2011-12 is in line with the target fixed by the Ministry and the projections for the succeeding years are in accordance with the five years / Annual plan and current expected growth. The reasons for deviation, if any, in the traffic estimation considered in the cost statement from the projections made in the 5 year plan / annual plan may be explained.	The traffic projection for the five year plan period was 39.24 MMT; 41.69 MMT; 44.55 MMT for the years 2009-10 to 2011-12 respectively as against 43.10 MMT; now considered in the revised proposal for all the three years. The traffic of iron ore is pre-dominant at this Port. It depends on demand/price for iron ore in international market. In the revised budget estimates 2008-09, Port had fixed the iron ore traffic of 28.45 MMT in the original proposal. The GMOEA was apprehensive about the higher target fixed for iron ore on account of meltdown of global economy but due to external factors in international trade, the actual iron ore traffic increased to 33.81 MMT during 2008-09. In the present proposal iron ore is considered at 34.8 MMT for all the 3 years, i.e. 2009-10, 2010-11, and 2011-12.																															
(ii).	The traffic estimates in Form 2B include traffic projections of the port as well as the private operator South West Port Limited (SWPL). Please furnish break-up of the actual traffic handled by the port and by SWPL separately for the years 2006-07 to 2008-09 and estimates for the years 2009-10 to 2011-12. The basis on which the traffic estimation of the SWPL is considered in the cost statement may also be explained.	The actual traffic handled by the Port and by SWPL for the years 2006-07 to 2008-09 including estimates for the year 2009-10 to 2011-12 are furnished below: (in million tonnes) <table><tr><th></th><th>Year</th><th>Port</th><th>SWPL</th><th>Total</th></tr><tr><td rowspan="3">Actual</td><td>2006-07</td><td>30.22</td><td>4.02</td><td>34.24</td></tr><tr><td>2007-08</td><td>30.94</td><td>4.19</td><td>35.13</td></tr><tr><td>2008-09</td><td>37.05</td><td>4.63</td><td>41.68</td></tr><tr><td rowspan="3">Estimated</td><td>2009-10</td><td>38.10</td><td>5.00</td><td>43.10</td></tr><tr><td>2010-11</td><td>38.10</td><td>5.00</td><td>43.10</td></tr><tr><td>2011-12</td><td>38.10</td><td>5.00</td><td>43.10</td></tr></table> The traffic estimates of SWPL is 50 lakhs tonnes as per statement furnished by them. The revenue expected is Rs.12 crores every year. As per agreement with SWPL, the licensee should pay Rs.1200.20 lakhs per year for 50 lakhs MGT.		Year	Port	SWPL	Total	Actual	2006-07	30.22	4.02	34.24	2007-08	30.94	4.19	35.13	2008-09	37.05	4.63	41.68	Estimated	2009-10	38.10	5.00	43.10	2010-11	38.10	5.00	43.10	2011-12	38.10	5.00	43.10
	Year	Port	SWPL	Total																													
Actual	2006-07	30.22	4.02	34.24																													
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	2008-09	37.05	4.63	41.68																													
Estimated	2009-10	38.10	5.00	43.10																													
	2010-11	38.10	5.00	43.10																													
	2011-12	38.10	5.00	43.10																													

(iii).	The cargo traffic estimated in Form 3A (which perhaps refers to the traffic of the port exclusively) is 35.05 million tonnes for each of the years 2009-10, 2010-11 and 2011-12. The reasons for not estimating any growth in the traffic of the port during the years 2010-11 and 2011-12 may be justified in the light of the fact that the past trend show that the port has achieved 18% growth in the traffic in the year 2008-09. Even during the year 2007-08 when one of ship loader (out of the two) at Mechanised Ore Handling Plant had collapsed and the port was operating with only one ship loader for almost six months i.e. from July 2007 to 11 January 2008, the port has reported a growth of 2.5% in traffic. The port may, therefore, review the estimates of traffic for the years 2009-10 to 2011-12 with reference to the past trend of traffic growth achieved by the port and also recognising additional investments proposed to be made by the port during these years. It may be necessary to capture the effect of PPP projects to be commissioned in near future. Consequently, the estimates of income and expenditure may also be suitably modified.	The traffic of 35.05 million tonnes indicated in Form 3A is the designed capacity. Traffic estimated in the original proposal for 2009-10 to 2011-12 is 37.50 Million tonnes, 40.40 million tonnes and 41.75 million tonnes respectively and thus growth over 2009-10 is considered. Iron Ore market is prone to volatility which was observed during 2008-09, when there was sudden slump in August 2008, even achievement of 35 million tonnes was considered unlikely as per indication given by GMOEA. Traffic recovered due to continuity in exports by some leading exporters. However, considering the present trend and expected growth in traffic, estimates of income and expenditure has been modified. The proposed PPP project, viz. development of a Mechanical Coal Terminal at Berth No.7 is envisaged to be operational only after October, 2012, hence revenue estimates is not considered in the proposal. The total traffic considered for the 3 years, including 2009-10 is 43.1 million tonnes, as the infrastructure additions will become operation only after March, 2012. The new Mooring Dolphins will at best add 1.5 million tonnes per annum.
(iv).	The actual coal traffic handled by the MOPT in the year 2008-09 may be indicated. The reasons for estimating drop in the traffic of coal during the years 2009-10, 2010-11 and 2011-12 with reference to the actual coal traffic handled by the MOPT in the year 2007-08 may be explained.	The coal traffic handled by the Port during for 2008-09 was 0.96 million tonnes as against 1.31 million tonnes during 2007-08. The reasons for drop in coal traffic are mainly the resistance from the residents of Goa, and further due to the Goa State Pollution Control Board imposing restrictions, which severely curtails the coal handling capability of MOPT.
(3). (i).	Furnish an analysis of average dwell time of cargo for the past two years 2007-08 and 2008-09. Average dwell time considered for estimating the demurrage and storage income for the years 2009-10 to 2011-12 may also be indicated.	Dwell time for the years 2005-06 to 2008-09 is furnished cargo-wise. It is not appropriate to estimate demurrage and storage income for the years 2009-10 to 2011-12.
(ii).	The foreign exchange rate considered for computation of dollar denominated tariff may be indicated.	Exchange rate considered in the original proposal was Rs.48 per US \$. The revised proposal is based on exchange rate of Rs.46 per US \$.
(iii).	The MOPT has filed a separate proposal for rationalisation of storage charges for open and covered storage area. The additional income likely to accrue from the rationalisation proposed in storage charge may be estimated with reference to the traffic projections made in the general revision proposal for the three years 2009-10 to 2011-12. Furnish detailed computation of the income at the existing tariff and the proposed tariff in line with the format given while raising the queries with reference to the MOPT proposal on rationalisation of storage charge.	Hardly any additional revenue is expected from the proposal for rationalisation of storage charges for open and covered storage area. This is being proposed more as a deterrent to the shippers to discourage them from using the limited Port storage areas for stacking cargoes for longer period of time. The coal traders indulge in speculation at the expense of occupying valuable and extremely limited stacking area of MOPT.

(iv).	Detailed computation done by the MOPT for estimating the income for the years 2009-10 to 2011-12 at the existing tariff level as well as proposed tariff level may also be furnished.	Detail income computation is furnished.
(4). (i).	Please indicate where the revenue share receivable from South West Port Limited is considered in the consolidated cost statement. Revenue share receivable from South West Port Limited may be shown separately in the consolidated cost statement as well as main activity / sub-activity cost statement.	As per tariff guidelines for fixation of tariff the revenue share from South West Port Limited is not accounted in the consolidated cost statement. As desired, revenue share from SWPL has been indicated in statement. However, this element is not considered for computing net surplus/deficit in the rates revision exercise. Revenue Share from SWPL is part of the Cargo Handling Income, but not shown under the Operating Income in Form No.3A as per tariff guidelines.
(ii).	The R.E. 2008-09 and B.E. 2009-10 shows reduction in the revenue share income from South West Port Limited at Rs.1200 lakhs in each of the years 2008-09 and 2009-10 as against actual revenue share of Rs.1278.96 lakhs earned in the year 2007-08. The reasons for estimating reduction in the revenue share income may be explained.	As per agreement with SWPL, the licensee has to pay Rs.1200.20 lakhs per year for minimum guaranteed throughput of 50 lakhs tonnes per year. SWPL considers the year of agreement from 7 th November to 6 th November of the corresponding year while paying revenue to the Port. Accordingly, Rs.1278.96 lakhs was accounted for 2007-08 as against Rs.1195 lakhs for the year 2008-09. The statement indicating the revenue received from SWPL for the years 2007-08 and 2008-09 is furnished. Based on the projection of 5 MMTPA made by SWPL, the revenue share cannot exceed Rs.1200.20 lakhs.
(iii).	The actual revenue share earned from the South West Port Limited during the year 2008-09 may be indicated. The estimates for the subsequent years may be modified in line with the traffic projections made by the South West Port Limited (SWPL). Please furnish detailed computation of revenue share estimation receivable from the SWPL. In this context, it may be noted that the traffic estimated by the South West Port Limited in its last general revision of its Scale of Rates is 6.5 million tonnes for the year 2009-10.	The actual revenue share earned from SWPL for the year 2008-09 was Rs.1195 lakhs.
(5).	Clarify how the income from the ELTS scheme is treated in the cost statement. The MOPT has been advised to maintain separate account for the income earned from the ELTS and all the incremental expenditure incurred to improve the productivity so that a clear picture of the net impact on the port as a result of productivity improvement emerges. Please furnish the details of the separate account maintained by the MOPT in this regard for the last three years i.e. 2006-07 to 2008-09 and reasonable estimates for future 2009-10 to 2011-12.	The supplementary berth hire/anchorage charges under ELT Scheme is falling as part of income under sub-activity Berthing and Mooring. (Accounting Code 102, Sub-code 437 and Code 102, Sub-code 438.) Similarly, rebate under this scheme is also accounted under Berthing and Mooring. The ELTS account for the last three years i.e. 2006-07 to 2008-09 is furnished alongwith estimates for period of 2009-10 to 2011-12. The ELTS Scheme has resulted in net loss of Rs.76.71 lakhs over the years 2006-07, 2007-08 and 2008-09 to the port. The implementation of this scheme is difficult in view of the obsolete/outdated MOHP which is restricted for operation only upto 70% capacity, though we are flogging it and somehow facilitating a higher throughput.

(6).	Expenditure (Form 3B):	
(i).	The MOPT has stated that the operating cost has been escalated @ 5.45% p.a. over the actuals / estimates of the previous year. It is, however, observed that increase in the cost item varies in the range of 6% to 20% for some of the cost items during the year 2009-10 to 2011-12 (though no traffic growth is estimated) and even more than 60% in the year 2008-09 over the actuals/ estimates of the respective previous years. As per clause 2.5.1. of the tariff guidelines, the expenditure projections may be made with reference to the current movement of the Wholesale Price Index for all commodities and adjusted for traffic growth, if any, while furnishing the revised cost statements.	(a). Expenditure on items like dredging do not move on market indices. Rates have moved from Rs.30 per cubic mtr. to Rs.59 per cubic mtr. within a span of 2 years. Maintenance Dredging costs in 2009-10 are likely to be Rs.70/- per cubic metre as per budgetary quotes. The Tender is to be opened on 9th July, 2009. For the years 2010-11 and 2011-12, the quantity of Maintenance Dredging is to increase from 4 million cubic metre per annum to 4.8 million cubic metre on account of capital dredging at the mooring dolphins in 2009-10. (b). Similarly, power cost is dependant on naphta cost and varies from month to month. Power cost had gone up as high as Rs.19.37 per unit in August, 2008. (c). The operating expenditures for 2009-10 to 2011-12 is estimated after considering individual type of expenditure and the prevalent market conditions. The detailed typewise expenditure for the period 2006-07 to 2011-12 is furnished. (d). In the projected cost statement, we have to adopt the same method for escalation. The average escalation at 7% over the previous year excluding depreciation is extremely reasonable. In fact, average escalation @ 7% p.a. on yoy basis is on the lower side, in our opinion, as is borne out by the actuals for 2006-07, 2007-08 and 2008-09.
(ii).	While disposing the last tariff revision proposal in October 2006, the MOPT had stated that the provision for wage revision will be made from the year 2007-08 onwards. Please indicate the provision for wage revision made in the Annual Accounts 2007-08 along with the basis followed for estimating the same. Likewise, the actual salaries and wage cost incurred during the year 2008-09 and provision for wage revision may also be indicated.	The Wage Revision is due from 1.1.2007. For the period from 1.1.2007 to 31.3.2008 a provision @ 20% (Rs.1250 lakhs) was made towards wage revision. Further, for the year 2008-09 a provision @ 25% was made. This is based on the fact that during the BWNC wage negotiations, the Management side (IPA) has accepted a minimum increase of 33% on basic pay. Thus, even though, the BWNC negotiations are not yet finalised, at the worst this minimum enhancement will be given. The basis followed in our estimates is the actual salary for the relevant years. The actual salaries and wages for the year 2008-09 including PLB/PLR, incentive, leave encashment was Rs.80.62 crores, and a provision has been made @ 25% towards wage revision amounting to Rs.16.80 crores.
(iii).	Power and Fuel Cost: (a). The increase estimated in the power cost by 34% and fuel cost by 60% in the year 2008-09 over previous years actuals may be justified with reference to 10% growth estimated in the traffic level (in the cost statement furnished by the MOPT) and the inflation level of the year 2008-09.	(a), (b) and (c) MOPT has entered into an agreement with RSPCL for supply of power. As per an agreement, power cost varies proportionate to cost of naphta in the market. RSPL is a naphta based power plant. Therefore, cost per unit has varied from Rs.7 per unit to Rs.19.37 per unit depending upon

	(b). The actual expenditure on power incurred during the year 2008-09 may be indicated and the estimates for the subsequent years may be suitably modified. As stated earlier, the annual escalation may be considered at the current Wholesale Price Index and adjusted for traffic growth, if any, likely to be projected by the MOPT as per the provisions stipulated in the tariff guidelines. (c). The unit cost of power and fuel presently procured by the MOPT along with the total consumption made by the port during the years 2007-08 and 2008-09 and estimates for the future period 2009-10 to 2011-12 may be updated in Form 3B. (d). The sum of power and fuel cost considered in the cost statement is Rs.2131.13 lakhs as against Rs.2181.97 lakhs reported in the Annual Accounts for the year 2007-08. Likewise, the repairs and maintenance cost and insurance cost considered in the cost statement for the year 2007-08 do not match with the repairs and maintenance cost reported in the Annual Accounts. Similar variations are also found in the cost items considered in the cost statement and the estimates of RE 2008-09 / BE 2009-10. The reasons for these variations may be explained and, if necessary, the estimates may be modified.	cost of naptha. Therefore, increase based on WPI will not be realistic. The main determining factor is cost of naptha, whereas cost of POL products constitutes a very small component of WPI Details of unit cost of power is furnished. The total consumption of power and expenditure thereon have been furnished in Form 3B. Though, the consumption has remained more or less at the same level, the aggregate cost of power to MOPT has gone up to Rs.21.26 crores during 2008-09 from Rs.18.02 crores during 2005-06. (d). In the note to the Annual Accounts, expenditure by type are indicated e.g. salaries and wage, repairs and maintenance, insurance as prescribed by Billimoria Report. On the other hand in the cost statements, this expenditure is segregated into operating expenditure and management and general expenditure. E.g. expenditure on power for the year 2007-08 was Rs.1989.05 lakhs (type). This includes Rs.1932.32 lakhs on cargo handling and storage, Rs.16.95 lakhs on Estate Rentals and Rs.39.78 lakhs on Management and General activity. Thus, in view of the different ways of presentation, both the accounts (Annual Accounts, Expenditure vis-à-vis cost statements), the figures will not be the same.
(iv).	(a). The port has not explained any reasons for estimating the repairs and maintenance cost to increase by 49% in the year 2008-09 over the actuals reported in the year 2007-08 may be explained. As stated earlier, the port may update the cost statements with the actual expenditure incurred during the year 2008-09 and also modify the estimates for the subsequent years if required. (b). The basis of estimating the repairs and maintenance cost during each of the years 2009-10 to 2011-12 may be explained along with the detailed computation thereof.	(a). The estimated expenditure on repairs and maintenance is made based on repairs and maintenance works likely to be taken up during the next years. This includes plant and machinery, residential quarters, roads, wharves, berths, flotilla, administrative buildings, etc. The higher expenditure on R & M was proposed during 2008-09 to take up the repair works at MOHP, at General Cargo Berths, Port crafts residential quarters. The MOHP is 30 years old plant. The Consultant has advised to operate at 70% rated capacity but port is operating more than the rated capacity. The Port has to incur expenditure on R & M to upkeep the assets in good working conditions. The cost statements for 2008-09 have been updated. The actual expenditure for 2008-09 was Rs.15.31 crores. The work projected could not be taken up during 2008-09 for delay in tendering process. This will be taken up during the current year. (b). At the time of preparation of Budget Estimates, various repair works to be taken up are given by Civil and Mechanical Engineering Departments and the same are considered.

	In this regard, it may be relevant that the MOHP would be revamped during this period at a considerable capital cost. (c). The MOPT has reported that there was major repairs and maintenance expense to one of the ship loaders during the year 2007-08 which has been charged to the Profit and Loss account of that year. Please indicate the expenditure incurred by the port for re-commissioning the ship loader in the year 2007-08 and also clarify that such one time major expenditure is excluded/adjusted while estimating the repairs and maintenance cost for the subsequent years 2009-10 to 2011-12.	The estimated repairs and maintenance expenditure for the 3 years under consideration also takes into account the recommendations of the Consultants who have advised extensive repairs and changing of spare parts of the outdated MOHP (more than 30 years old) and other old equipments. The revamping of the MOHP is estimated to cost over Rs.450 crores. In the absence of funds, MOPT is trying for Japanese loan. Thus, the old equipment will continue running till at least 2012. Hence repair and maintenance costs will be huge. (c). Expenditure on replacement of ship loader in 2007-08 was Rs.82 lakhs. It was an unforeseen expenditure. No such expenditures are considered in the proposal.
(v).	(a). The dredging cost is estimated to increase by 61% in the year 2008-09 over the actuals reported in the year 2007-08. Please furnish the actuals and explain the variation, if any. (b). The unit rate of dredging in the last two years 2007-08 and 2008-09 and the rate adopted for estimating this cost item during the years 2009-10 to 2011-12 and the quantum of silt to be dredged may be updated in Form 3B.	(a). In the past two years, severe shortage of dredgers is experienced and therefore there is abnormal increase in dredging rate. During 2007-08, dredging tender had to be invited twice to have atleast 2 bidders. Thus, dredging rate is market driven. The actual expenditure for 2008-09 was Rs.2180 lakhs. (b). The quantum of silt to be dredged and unit rate has been updated. The dredging cost is expected to be in the region Rs.70/- per cubic metre for maintenance dredging for 4 M.T in 2009-10. Since capital dredging is to be carried out in 2009-10, the quantities to be dredged for maintenance dredging in 2010-11 and 2011-12 will be 4.8 cubic metre. The expected rate is Rs.80/- and Rs.85/- per cubic metre respectively for the next 2 years.
(vi).	Since the estimates for the years 2009-10 to 2011-12 are based on the 2008-09 position, the MOPT is advised to update all the expenditure items with reference to the actuals for 2008-09 and suitably modify the estimates for the subsequent years applying the current Wholesale Price Index and adjusted for the traffic growth as per the tariff guidelines.	The actual figure for the year 2008-09 have been updated in the prescribed formats. Consequently, figures for 2009-10 to 2011-12 are appropriately updated applying WPI wherever applicable and on market information wherever actual data are available, like dredging, power cost, etc.
(7).	<u>Finance and Miscellaneous Expenditure (FME):</u>	
(i).	Note 6 of the format prescribed by this Authority states that Pension payment made by the port to the extent it is not drawn from the fund and the contribution made to the pension fund relevant to current year towards pension liability of existing employees based	(a). The Special Rate (Pension Levy) at 7% was sanctioned by the TAMP in the last revision of Scale of Rate so as to build the Pension Fund. The effort is therefore to create a self sustaining Pension Fund at the earliest. The actuarial valuation of pension liability of

	on the actuarial valuation is to be considered. From the break up of Finance and Miscellaneous Expenses furnished by the MOPT, it is understood that the total estimated pension payment are claimed as expense in the cost statement for the years 2008-09 to 2011-12. The port has estimated to contribute Rs.3000 lakhs to the Pension Fund in each of the years 2008-09 and 2009-10 (as per RE 2008-09/ BE 2009-11). The income estimated to be generated from the levy of the existing special rate is Rs.1358.49 lakhs in the year 2008-09, Rs.1436.66 lakhs in the year 2009-10, Rs.1593.30 lakhs in the year 2010-11 and Rs.1627.98 lakhs. Inclusion of the differential between the total estimated contribution to the Pension fund and the amount likely to be recovered from the Pension Fund Levy in the cost statement will defeat the objective of introducing a separate Pension Fund levy as it will perpetuate the shortfall in the Pension Fund in regular tariff which is not in line with clause 2.5.2. of the tariff guidelines.	the employees and pensioners worked out by LIC in 2008 was Rs.352.87 crores subject to increase due to wage revision. The actuarial valuation would now be in the region of Rs.500 crores after wage revision. The pension payments are charged to Profit and Loss Account. (b). The actual pension payments for the year 2008-09 was Rs.31 crores, and further the contribution to the pension corpus was of Rs.28 crores for 2008-09. The closing balance of Pension Fund as on 31.3.2009 is now Rs.229.58 crores. This has to be built up to Rs.500 crores at the earliest. (c). It has been decided by the Port not to withdraw from the Fund, till sufficient amount of corpus is build up to meet the liability. If on the other hand, the income from the fund was utilised for making the pension payments, we will take an inordinately long period to reach the requisite actuarial valuation. (d). On the other hand, Gratuity payments are met from the Gratuity Fund itself during the year 2007-08 and 2008-09. After the proposed contribution of Rs.2.5 crores per year for the next two years, the gratuity fund will become self sufficient from 2012 onwards.
(ii).	Confirm that the one time expenses like arrears in wages / pension, VRS compensation, etc., are not included in the cost statement for tariff revision as per clause 2.5.2. of Revised Tariff Guidelines.	One time expenses like arrears in wages/VRS compensation etc. are not considered in the proposal.
(8).	Please indicate where the income from wharfage on ore loaded in stream / over-side and special charges on transhipper for primary loading / uptooping of the vessels are considered.	Refer to Sr. No.'A' I iron ore, wharfage and handling charges for Form – 2B. The income from wharfage on ore loaded in stream overside and Special Charges on trashippers for primary and uptooping of vessels are considered. However, as mentioned elsewhere, the increase in revenue on account of increase in handling iron ore at mid-stream, is marginal, virtually negligible on account of low wharfage on such cargo handling.
(9).	(i). Justify the reasons for estimating the 17.4% increase in the operating expenses in the cargo handling activity and 40% increase in the vessel related activity in the year 2008-09 over the actuals reported in the previous year. Likewise, also explain the reasons for the share of allocated Management and General Overheads to increase by 9.13% in the cargo handling activity and 40.48% in the vessel related activity in the year 2008-09 over the previous year actuals.	(i). The current proposal, which is a revision of the proposal sent in December, 2008 is based on actuals for the year 2008-09. The major expenditure considered for 2008-09 compared to actuals of 2007-08 are wage revision, higher cost of maintenance dredging and increase in expenditure on power, medical, etc. The expenditures by type are furnished in statement VII. It may please be noted that the actual expenditure for 2008-09 Rs.219.78 crores confirms for the estimated expenditure of Rs.219.41 crores furnished in the original proposal.

	(ii). Explain the reasons why the repairs and maintenance cost for general cargo sub-activity, port services, CHLD, etc. is expected to be reduce in the year 2009-10 over the estimates of the previous year while it increases in some other activities. The basis of allocation of repairs and maintenance cost for each of the activities / sub-activities may be explained.	(ii). Some of the repairs and maintenance work of plant and machinery, administrative building, wharves, craft, quarters are taken up biannually and some are taken up annually e.g. repairs to flotilla are being carried out once in two years. The cost of repairs and maintenance is not allocated but it is directly charged to respective cost centre under the principal/sub-activity. Hence, the cost of repairs and maintenance in 2009-10 may be marginally lower than that of 2008-09. However, the same will go up in 2010-11.
(10).	(i). The basis of allocation of management and general overhead, Finance and Miscellaneous Income and Finance and Miscellaneous Expenditure between various activities / sub-activities may please be indicated. Also, confirm whether it is in line with the General Instructions given in Form 5 of the cost format. (ii). Please confirm whether the cost statement for main activities/ sub-activities are prepared in line with the general instruction given in Form 5 of the cost format.	(i). & (ii). It is confirmed that the general instruction given in Form 5 of the cost Format have been followed for allocation of management and general overhead, finance and miscellaneous income and Finance and miscellaneous expenditure including preparation of cost statement for principal activities/sub-activities.
(11).	<u>Capital Employed:</u>	
(i).	<u>Gross block:</u> (a). The opening gross block of fixed assets considered in Form 4A for the years 2008-09 for some of items like Plant and Machinery, Building, Wharves, Docks, Sea walls, Miscellaneous and also the total gross block of fixed assets do not match with the closing gross block reported in the Annual Accounts for the previous financial year 2007-08. (b). Since the year 2008-09 is already over, the additions proposed to the gross block, depreciation and other related items may be modified with reference to the actuals. (c). Confirm that the additions proposed to the gross block of assets are in accordance with the planned expenditure stated in RE 2008-09 and BE 2009-10 and necessary sanction of the Government, wherever necessary, is obtained in this regard. (d). A copy of the project / feasibility report furnished to the Government / Port Trust Board in case of the new investment proposed by the MOPT may please be furnished. Furnish the present status of execution of the proposed projects and the expected month and year of commissioning of the replaced / new assets proposed to be added to the gross block of assets in 2009-10 to 2011-12. Please furnish supporting documents in this regard.	(a). Three Assets were inter-changed in Group No.4,5 and 7. As such there was a deviation between closing gross of 2007-08 and opening gross block of 2008-09 in Form 4A. This has been corrected in the revised statement. (b). Modified statements are enclosed. (c). Plan expenditures for 2008-09 and 2009-10 are approved by the Central Government and additions to assets are in accordance with capital expenditures projected in RE-2008-09 and BE-2009-10. (d). The copies of feasibility reports in respect of Plan Schemes submitted vide our letter dated. 30.03.2009 are incomplete. A updated list of projects already awarded or on the verge of being awarded like the Capital dredging for the Mooring Dolphins is furnished alongwith relevant evidence of the award of tenders. Projects are in various stages of execution. A summary of the estimated capital cost, the documentary evidence furnished and their present status is tabulated separately.

(e). The major additions proposed to the gross block of assets pertain to the MOHP activity to the tune of Rs.881 lakhs in the year 2009-10, Rs.5000 lakhs in the year 2010-11 and Rs.4918 lakhs in the year 2011-12 for replacement of stackers/ reclaimers, shipping system, etc. The port has, however, not considered any deletion of the existing equipment / facilities from the existing gross block for such assets. The MOPT may review and modify the figures furnished in Form 4A in light of our above observation. The effect of sale value receivable from sale of the existing asset may also be recognised in the cost statement. It may be confirmed that the entire proposed expenditure in each of the years will be capitalised in the books of accounts of the same year and also the assets worth the equal amount will be physically available for operation in the very same year. In this regard, it may be borne in mind that capital work in progress is not counted towards capital employed for the purpose of allowing return thereon. (f). Confirm that the assets likely to be completed and commissioned during the years 2009-10, 2010-11 and 2011-12 are only included in the gross block of the respective years. (g). Reduction in unit operating costs, if any, additional traffic / business projection, improvement in operational efficiency on account of each of the proposed additions to the gross block particularly with reference to the investment proposed in the MOHP may be indicated. (h). The asset register forwarded by the MOPT shows that the construction cost of various items such as auditorium, open air stage, fountain, additional classroom in school, equipment / beds purchased for Hospital are categorized as business related assets and considered under the activity "Management and General". The basis on which the assets have been classified is business assets and business related assets may be explained. Also clarify basis on which some of the social obligation assets are treated as business related assets and confirm whether such categorisation is in line with the Clause 2.9.8. of the tariff guidelines. The basis on which business related assets under the "Management and General" activity are apportioned to each of the activities / sub-activities may also be indicated along with detailed computation.	(e). MOHP plant is 30 years old and is substantially depreciated. Further, the scrap value of such machinery is very negligible as the technology is outdated. Therefore, effect of sale value of existing assets is not considered. All the capital expenditure are subject to completion of the projects in respective years and considering assets as additions, in those financial years. Ports' endeavour will always be to stick to schedule. (f). Yes. It is confirmed that only those assets that are likely to be completed only are included in gross block for the purpose of capital employed. (g). No reduction in unit operating costs are envisaged nor additional traffic envisaged due to replacement of assets in MOHP. (h). Assets like school, hospital are exclusively for the benefit of the employees of MOPT. Such welfare measures also result in higher productivity as the same boosts the morale of the employees. The assets are segregated as business assets, business related assets and social assets in accordance with the Clause 2.9.8 of the tariff guidelines. As per 2.9.8 of guidelines if more than 75% of the users of any social obligations assets created are Port employees, such assets shall be categorised as business related assets. The assets viz. auditorium, open air stage stadium, classroom used by Port employees and hence these are classified under business related assets. The business related assets under the management and general activity are apportioned to other activities/sub-activities on the basis of net block of assets under that activity. The detailed working is enclosed.
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	(i). Confirm that the capital invested in the Special Purpose Vehicle with the National Highway Authority of India for construction of 4 lane road is not accounted in the gross block of assets reported in the Annual Accounts 2006-07, 2007-08 and also in the capital employed considered in the cost statement. (j). Furnish the details of investment proposed to be funded from the escrow account for the years 2008-09 to 2011-12.	(i). The capital investment of Rs.17.48 crores in a Special Purpose Vehicle with the National Highway Authority of India for construction of 4 lane road is not yet capitalised. As such Port is not getting any return on such huge investments. The same is also not accounted for in the gross block in accounts of MOPT for years 2006-07 and 2007-08. Thus, even-though Port has invested substantially in 4 lane road for the benefits of trade, Port is not getting any return. Therefore it is requested that investment related to 4 lane road of 17B may please be included in capital employed. (j). The list of assets proposed to be funded from the Escrow Accounts is furnished by the MOPT which is summarised below: (Rs. in crores) <table><tr><th>Particulars</th><th>Amount</th></tr><tr><td>2008-09</td><td>18.26</td></tr><tr><td>Grab type barge unloader</td><td>16.24</td></tr><tr><td>Computerisation of Port</td><td>2.02</td></tr><tr><td>2009-10</td><td>33.97</td></tr><tr><td>Computerisation of Port</td><td>9.98</td></tr><tr><td>Dredging at Mooring Dolphins</td><td>24.00</td></tr><tr><td>2010-11</td><td></td></tr><tr><td>Reclaimer</td><td>15.00</td></tr><tr><td>2011-12</td><td></td></tr><tr><td>Reclaimer</td><td>15.00</td></tr><tr><td>Total</td><td>82.24</td></tr></table>	Particulars	Amount	2008-09	18.26	Grab type barge unloader	16.24	Computerisation of Port	2.02	2009-10	33.97	Computerisation of Port	9.98	Dredging at Mooring Dolphins	24.00	2010-11		Reclaimer	15.00	2011-12		Reclaimer	15.00	Total	82.24
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(ii).	<u>Working Capital:</u> (a). The average annual consumption of stores other than fuel and customised spares, capital spares and customised spares may be furnished for the past period 2007-08 and 2008-09 and estimates for the years 2009-10 to 2011-12. (b). The basis on which the current liability is considered for computation of working capital may be explained.	(a). The information called for is furnished as under: <table><tr><td>2007-08</td><td>13.33 crores</td></tr><tr><td>2008-09</td><td>13.70 crores</td></tr><tr><td>2009-10</td><td>12.09 crores</td></tr><tr><td>2010-11</td><td>12.82 crores</td></tr><tr><td>2011-12</td><td>13.59 crores</td></tr></table> (b). Considering the past, the current liability was increased by 5% over the previous year which are reasonable estimates.	2007-08	13.33 crores	2008-09	13.70 crores	2009-10	12.09 crores	2010-11	12.82 crores	2011-12	13.59 crores														
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(iii).	The basis of apportionment of capital employed and working capital between various main activities and sub-activities may be indicated.	The working capital is apportioned based on the net block of the individual activity.																								
(12).	Furnish detailed computation of the assessed capacity of the port at the present level as well as the estimated capacity for each of the years 2009-10 to 2011-12 duly taking into consideration the proposed replacement of major facilities envisaged and anticipated productivity improvements.	The statement indicating assessed capacity of the Port for the year 2006-07 to 2011-12 was furnished alongwith the proposal. However, copy of the same is furnished.																								
(13). (i).	The cost statement for estate activity shows an average deficit of 76.17% for the years 2009-10, 2010-11 and 2011-12. Explain why	The Estate activity is the supporting facility to the principal activity of Cargo Handling and Storage. The rates under estate rentals were																								

	this deficit should be subsidised by other activities. This Authority has always held that port estate should be optimally and commercially exploited so that estate revenue can supplement the port's core functioning. The revised tariff guidelines of 2005 also recognise this position. The MOPT to furnish a consolidated cost statement for port as whole excluding the estate and railway activities.	last revised during the year 2000. It is noteworthy that our proposal submitted in 2004 for increase in Estate Rental was turned down by the TAMP. It is not understood how the Port can optimally and commercially exploit the Port estate when the Authority itself had not allowed increase in rental charges. Over the last nine years, operating cost increased without corresponding increase in rental charges. Consequently deficit increased drastically. The consolidated cost statement excluding estate and railway activities is furnished. There is considerable appreciation in the value of the land in Goa. The value in the vicinity has increased 10 fold in the last 7 to 8 years. As far as Port area is considered, there being shortage of land, hardly any land deals have been concluded to take data from State Government. However, valuation given by builders is considered.
(ii).	This Authority in the last tariff Order had categorically mentioned that the proposal for revision of estate rental has to be filed as per the extant guidelines on land policy of Major Port Trusts issued by the Government in March 2004. The guidelines issued by the Government in March 2004 state that proposal for revision of estate rental submitted to TAMP should be based on the recommendation of the Committee headed by the Chairman of the Port Trust. The guidelines also prescribe various methods to be followed for determining the market value of land while proposing revision in the lease rentals. The proposal filed by the MOPT is not found to be inconformity with the Government guidelines of March 2004. The market value of land obtained from some local estate developer is considered for assessing the market value of the port land. Valuation of land based on the State Government ready reckoner and other options prescribed in the guidelines are not considered. In the absence of reliable data from other recognised sources, the port could have appointed an approved valuer for valuation of port land which is one of the options prescribed in the Government guidelines. Since the proposal for revision of estate rental submitted by the MOPT along with the general revision proposal is not found to be inconformity with the Government guidelines of March 2004, it cannot be considered in its present form as a part of general revision proposal. It may be relevant here to highlight that while disposing proposals relating to revision of the lease rentals of Visakhapatnam Port Trust and Kandla Port Trust, this Authority has in	Observations noted for compliance. However, we are unable to appoint an Approved Valuer and could not present a proper proposal in accordance with tariff guidelines but it is a notorious fact that the Estate Rental has increased drastically in all areas including Goa and therefore turning down our proposal for increase in rental merely on technicality will result in further loss to the Port. It is requested that notwithstanding the absence of valuation report, our proposal for 40% increase in rental on the basis submitted in the year 2008 may be accepted.

	Order Nos.TAMP/41/2005-VPT and TAMP/9/2006-KPT both dated 22 April 2008 held that the basic valuation of the land is to be assessed under all the methods prescribed in the Government guidelines of March 2004 and estate rental is to be derived based on the rate beneficial to the port.																
(14).	Form 7:																
(i).	The analysis of actuals vis-à-vis the estimates is not done based on the estimates considered by this Authority in the last tariff Order.	Please refer to the Form No.7 submitted alongwith the proposal, However, copy furnished. There are significant adverse variations to the detriment of MOPT between actuals and estimates in the following areas for the year 2007-08 and 2008-09. <table border="1"> <thead> <tr> <th></th><th>2007-08</th><th>2008-09</th></tr> </thead> <tbody> <tr> <td>(a). Operating Cost</td><td>(+) 15%</td><td>(+) 27%</td></tr> <tr> <td>(b). Net Surplus</td><td>(-) 45%</td><td>(-) 142%</td></tr> <tr> <td>(c). Net Surplus after ROCE</td><td>(-)158%</td><td>(-) 341%</td></tr> <tr> <td>(d). Net Surplus as a % of Operating Income</td><td>(-)157%</td><td>(-) 304%</td></tr> </tbody> </table>		2007-08	2008-09	(a). Operating Cost	(+) 15%	(+) 27%	(b). Net Surplus	(-) 45%	(-) 142%	(c). Net Surplus after ROCE	(-)158%	(-) 341%	(d). Net Surplus as a % of Operating Income	(-)157%	(-) 304%
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(ii).	The MOPT had earlier vide letter Nos.FA/COST/125/XI/2007/45 dated 26 September 2007 and FA/COST/125/XI/2008/30 dated 23 June 2006 furnished the actual financial and physical performance report for the years 2006-07 and 2007-08 vis-à-vis the estimates considered in the last tariff revision. However, the comparative statement of actual vis-à-vis estimates now furnished in Form 7 differs. Further, the actuals for the years 2006-07 and 2007-08 in Form 7 also do not match with the figures reported in Form 3A. Please explain the reason why the actuals reported for these years differs in the various statements.	The actual financial performance reported under Form 7 vide our letter dated 26/9/2007 was based on financial statements for the year 2006-07 whereas actual data furnished under Form 7 alongwith the proposal is based on the cost statements. Further interest on loan was accounted in the Form 7 already furnished but this was excluded in the form sent alongwith the proposal. There is no deviation in the actual figure furnished in Form 7 and Form 3A for the year 2006-07 and 2007-08. In Form 3A CHLD income and expenditure is clubbed under Cargo Handling and Storage activity whereas under Form 7, CHLD income and expenditure are shown separately. The revised statements are enclosed.															
(iii).	Since the year 2008-09, is also over, Form 7 may be updated with the actual physical and financial performance for the year 2008-09 with reference to the estimates considered in the last tariff Order explaining the reasons for the variations, if any, from the estimates.	Revised Form No.7 is furnished.															
(iv).	Please reconcile the actuals considered in the statement with the actuals reported in the Annual Accounts for all the items viz. Operating income, Operating cost, Depreciation, Finance and Miscellaneous Expenditure, Finance and Miscellaneous Income, Management and General Administration facilities, Net fixed assets, etc. for the years 2006-07 to 2008-09.	The reconciliation statement for all the years i.e. 2006-07 to 2008-09, reconciling the actuals considered in the cost statements with actuals in the Annual Accounts is furnished.															
(15).	Form 9:																
(i).	Sl.No.8 in Form 9 shows that investment of Rs.1000 lakhs, 2300 lakhs and 1500 lakhs is proposed to be funded from escrow account for the years 2008-09 to 2010-11. These figures do not match with the investment proposed from Escrow Account shown in	It is clarified that gross amount of investment is indicated at Form 9 whereas under Form 4A net amount of assets after depreciation is shown. Further, amount proposed to be withdrawn during 2008-09, the assets to be procured/ constructed out of the investment															

	Form 4A, Sl. No.VI. Please indicate the correct position.	withdrawn from Escrow account is expected to be put to use during the subsequent years. Hence there is a deviation between these two forms. Revised and updated form 9 as well as form 4A are enclosed. For 2008-09, actual figures have been taken into consideration. For 2009-10 to 2011-12, figures have undergone change due to upward revision of capital dredging costs of the 3 additional mooring dolphins.
(ii).	Confirm that the utilisation of the funds from Escrow Account is for creation / modernisation of port infrastructure facilities in line with the tariff guidelines of 2005.	Yes.
(iii).	Please update the Form 9 with the details of amount transferred to escrow account during the year 2005-06 and utilisation, if any, of any funds from the Escrow Account for creation / modernisation of port infrastructure facilities during the said year.	Revised Form 9 is furnished.
II.	<u>GENERAL:</u>	
(1).	The Management and General Overhead reported in the year 2007-08 as well as the estimates furnished for the years 2009-10 to 2011-12 form almost 50% to 55% of the operating cost. During the last two general revision exercise, this Authority had advised the port (Paragraph No.16 (xix) and Paragraph No.8 (vi) (a)] to seriously identify areas of cost reduction and take immediate steps to introduce corrective measures. The MOPT may indicate the action initiated in this regard and the resultant cost reduction achieved by the port.	It is submitted that management and general overheads for 2008-09 includes expenditure on medical department (16%), store departments (3%), Accounts and Audit (5%), Engineering and workshop (40%), Port Security (14%), Management and Secretarial expenses (14%). Depreciation (3%), Sundry Expenses including legal expenses (5%). It may please be noted that management and general overheads are not purely management expenses. The engineering and workshop overheads itself accounts for 40% of the total Management and General expenditure. It is not feasible to reduce the expenditure as the costs of services in general are increasing due to inflationary trends in the national economy.
(2).	This Authority has allowed flexibility to all major ports to reduce the rates prescribed in the Scale of Rates at their discretion mainly on commercial considerations. Such reduction, if any, effected by the MOPT may be listed out and the consequential effect of such concessions granted on growth of traffic and impact of such reduction on the revenue may be analysed item-wise and furnished.	Under the flexibility in Scale of Rates as allowed by the Authority, the CHLD levy on cargo handled at MOHP was reduced by 25% and Pilotage charges on vessels handled at West of Breakwater was reduced by 90% for the period from October to May. This has resulted in increase in traffic at WoB by 29.63 lakhs tonnes during the year 2008-09 and revenue by Rs.1.49 crores. But, there would be reduction in revenue on cargo handled at Mooring Dolphins compared to traffic handled. However, even though cargo input has increased substantially, there is virtually negligible increase in revenue as the cargo handling activity West of Breakwater yields very low revenues.
(3).	Clause 2.6.2. of the revised tariff guidelines also required the port to regularly review and adjust the manning scales / datum. The steps taken by the Port in this regard may be clarified and if the datum has been revised please furnish the datum prescribed for major	No datums are revised. The matter of datum is under consideration of the Government. Change in datum is still being objected to by Unions who have taken legal recourse. The issues concerning manning scales, revising datum, and curtailment in wages is being

	cargo items, pre-revised datum and the effective date of revision for each of the major cargo items.	discussed between the Management and Federations in the BWNC.
(4).	Clause 2.11.4 of the revised tariff guidelines stipulates that the cross-subsidisation shall be restricted with the objective to ultimately phasing it out. The MOPT is requested to show the flow of cross-subsidisation from surplus generating activities to the activities which are in deficit at the time of last general revision of its Scale of Rates in October 2006 and the position with reference to the tariff level proposed by it.	The cross-subsidisation may be allowed within the sub-activities as they are interrelated to each other. Further, Estate Rental is supporting facility to the cargo handling activity, as such cross-subsidisations may be allowed.
(5).	The port may examine whether any of the services qualifying under Section 42(3) of the Major Port Trusts Act are offered by any service provider authorised by the port. If so, the MOPT may initiate action with reference to Chapter 7 of the tariff guidelines.	Not applicable to our Port.
(6).	The revised tariff guidelines stipulate the tariff should be linked to benchmark levels of productivity. The MOPT has not indicated anything about productivity levels to be maintained for various operations / services. These may be included in the Scale of Rates and the levels so adopted may be explained.	The actual traffic handled for the period from 2006-07 to 2008-09 (actuals) and for the period from 2009-10 to 2011-12 (proposed) is more than the installed capacity of the Port.
(7).	This Authority had vide letter No.TAMP/15/2004-Misc. (MOPT) dated 5 August 2008 advised the port to file a suitable proposal for levy of rates from any floating body occupying the water front area of the port. We have, however, not received any proposal from the port in this regard nor is it included in the general revision proposal.	On a careful examination of the issue of charging tariff from any floating body within Mormugao Port limits, we have found that a majority of such bodies are the barges which carry iron ore from the mines to Mormugao Port as well as Panjim Port. So far as barges bringing iron ore to MOPT are concerned, the composite rate at MOHP (Berth No.9), the wharfage at mooring dolphins and West of Breakwater cover such recoveries. We are working out the levies on the barges which carry cargo to Panjim Port. However, there is strong resistance from the trade and port users in general to such a proposal and the State government is also objecting strongly. Other than barges, the vessels like launches, fishing trawlers, etc., have very low GRT and there will be hardly any recoveries on these vessels. Notwithstanding the above, we are examining further.
III.	SCALE OF RATES:	
(1).	Explain the basis of proposing uniform increase of 40% in the vessel related charges, storage charge, wharfage on iron, pellets etc. when the relevant sub-activity-wise cost statements show different percentage of deficit for each of the above activities.	In the revised proposal, it is suggested 60% increase in iron ore handling at MOHP (Berth No.9). Although the required percentage increase in proposed Scale of Rate varies from 48% to 261%, uniform increase of 40% has been proposed for other activities excluding General Cargo, POL and CHLD.
(2).	Section 1.2 - General terms & conditions The proposed provision vi(b) relating to interest on delayed payments / refunds may be modified by prescribing a specific interest rate based on prevailing Prime Lending Rate of the State Bank of India.	Necessary modification will be made. This will be 2% above SBI PLR.

(3).	Part - I - Vessel Related Charges Section - A - Port Dues Note 3 (v): This Authority while approving the special rate for foreign naval vessels in Order No.TAMP/36/2007-MOPT dated 30 September 2008 has advised the port in para 6(vii) of the Order to examine the circumstances under which the existing condition allowing exemption in port dues to defence vessel of Foreign Government coming on goodwill vessel is introduced in the Scale of Rates initially and whether the prevailing applicable legal provision require them to exempt port dues on certain categories of vessels. Based on such study, the port was advised to propose suitable modification in the general revision of its Scale of Rates. The analysis done by the MOPT in this regard while proposing to delete the exemption in port dues presently available to defence vessels of Foreign Government coming on goodwill visit [as prescribed in the existing Scale of Rates in Note 3 (v)] may be furnished.	MOPT has only 4 operational berths at the moment i.e., 8,9,10 and 11. These cargo handling berths are utilised by the foreign defence vessels and other non-cargo ships. Consequently, there is less revenue to MOPT due to no cargo handling income being available on the above non-cargo ships. Added to that only 50% in port dues is charged. Thus, any further exemption from port dues recoverable from defence vessels from foreign navy vessels will further reduce paltry revenue of MOPT. It is therefore requested that TAMP may not grant any further reductions.
(4).	Section - C, Schedule 1 - Berth Hire Charges The pre-revised Scale of Rates prescribed the berth hire charge in eight tire slabs which was rationalised in the last tariff Order of October 2006 and reduced to two / three tire slabs to smoothen the impact of rationalisation. While doing so, it was also mentioned that further rationalisation of berth hire shall be done as per the tariff guidelines at the time of next general review of Scale of Rates. The port may, examine the possibility of further rationalising the berth hire charge and prescribing a single rate as per the tariff guidelines along with detailed computation. Also, furnish an impact analysis statement indicating the rate as per the existing Scale of Rates, the rate (to be) proposed, impact on each categories of vessel (average GRT) and additional revenue likely to be generated on account of such rationalisation.	In the last rationalisation in Oct 2006, only two tier slabs were fixed by TAMP for POL and General cargo berths while three tier slabs were prescribed for Berth No.9 (MOHP). For pilotage, three tiers have been prescribed. In our opinion there is no further scope for reduction/rationalisation. Further, this rationalisation is strictly according to guidelines. The present proposal has 3 slabs for berth hire charges. Since composition of vessels vastly differ for different positions, it may not be reasonable to have a single rate that will bring volatility in revenue with charges in composition of vessels.
(5).	Part II - Cargo Related Charges	
(i).	<u>Section A - Wharfage Charges</u> (a). Wharfage charge may be proposed based on the cost of handling and special care required to be taken while handling and storage of cargo as prescribed in clause 4.2.2. of the revised tariff guidelines. A brief note may be furnished explaining how the proposed wharfage schedule satisfies the stipulations of the revised guidelines.	(a). Refer para 9 of our letter dated 23.12.08 wherein we have brought out deficit under different activities. Handling at MOHP is our main activity and deficit under this is almost 95%. This is sought to be reduced to 19% in this proposal. In addition, the explanation furnished herein above it is clarified that ore handling activity at berths, mooring Dolphins, stream overside is not considered in isolation.

	(b). Explain the reasons for not proposing any reduction in the wharfage rate for general cargo and POL products when the cost statement pertaining for these activities reflects an average surplus position of 6.78% and 77% respectively for the years 2009-10 to 2011-12. (c). Also, explain the reasons for proposing increase in handling of iron ore pellet at berth stream, overside discharge other than handling at berth no.9 Mechanised Ore Handling Plant (MOHP) when the cost statement for this particular sub-activity reflects a surplus position.	(b). During the last revision of Scale of Rates no pension levy was proposed on this sub-activity including CHLD levy as these activities were resulting in surplus but while sanctioning the pension levy the Authority had considered all activities. (c). The proposed handling charges of RS.104/- per ton at MOHP (Berth No.9) is in line with the prescription in clause 4.2.2 of the revised tariff guidelines as this is a composite charge for receiving the iron ore barges at barge jetties, unloading barges by barge unloaders, conveying and stacking of unloaded iron ore at port plots, reclaiming the iron ore from the stacks, conveying and loading onto ships by ship loaders. Special care in handling is required for this purpose and accordingly 60% increase in handling charges over the tariff fixed in 2000 is proposed. Likewise, proposed wharfage schedule for the POL berth no.8, general cargo berth No.10 & 11 is based on the problems of handling and storage arising in MOPT due to several constraints.
(ii).	<u>Section C - Storage charges for Sheds, Warehouses and Wharves</u> (a). The port has filed a separate proposal in February 2008 for rationalisation of storage charge which is being considered by this Authority separately. It may be noted that the rate (to be) approved by this Authority in that proposal will be incorporated in the Scale of Rates of the MOPT. (b). A comparative tariff leviable at other warehouses in the vicinity of the port may be furnished.	(a). Yes (b). Tariffs of CWC is furnished. This indicates a higher tariff being charged by CWC vis-à-vis that charged by MOPT.
(6).	Section - D - Cargo handling labour charges	
(i).	The port has reported in the proposal that rebate was allowed in the CHLD levy for some period with an intention to retain the existing traffic. In view of this, and also recognising that the cost statement for the CHLD activity reflects a substantial surplus of Rs.31.21 crores for the years 2009-10 to 2011-12, please explain the reasons why no reduction is proposed in this tariff item in the proposed Scale of Rates.	(a). There is no CHLD levy for berth No.9 (MOHP). Similarly, there is no CHLD levy for berth No.8 (POL). CHLD levy at Mooring Dolphin is in the region of Rs.20 per tonne after giving discount of 25% on the prescribed levy of Rs.30 per tonne for the period from October to May. The other recovery by way of cargo handling charges is wharfage at Rs.7 per tonne. These are the only cargo related recoveries for mooring dolphin activity. (b). The expenditure incurred on the three additional mooring dolphins is in the region of Rs.40 crores. Only return on this huge expenditure is by way of CHLD levy and wharfage as above. Any reduction in CHLD levy will cause very low yield on the huge investment made by MOPT.

		(c). Likewise, cost for providing services for other modes of handling cargo at West of Breakwater and at general cargo berths is increasing substantially day by day. Part of this is compensation recovered from CHLD levy. Hence, reduction in CHLD levy will result in deficit. (d). The net surplus of Rs.31.21 crores for 3 years 2009-10 to 2011-12 will only partly fund the deficit in handling iron ore at the Mooring Dolphins and West of Breakwater as well as handling general cargoes at berths 10 & 11.												
(ii).	The average productivity of hooks prescribed in the existing Scale of Rates are almost more than eight years old. The port may review the same in view of change in the operational procedure, change in the equipment / labour deployed and the average productivity of hooks achieved by the port during the last three years in consultation with the concerned users and also adjust the rate suitably.	(a). There has been no change in the operational procedure and change in equipment/labour deployed at MOPT as the nature of cargo and cargo handling activity continues in the same manner as earlier. Therefore iron ore ships and coal vessels which arrive at MOPT are of very old vintage as they carry dirty cargo in a highly competitive international shipping market. (b). Ship's cranes are generally in extremely poor condition and productivity is low. Very recently, even users have recommended the continuance of more or less the earlier manning pattern. There is no scope for revising average productivity of hooks. Therefore, no revision is proposed in CHLD levy. (c). As advised by the Authority, the proposal for revision of average productivity will be taken up with the Port Users.												
IV.	<u>PROPOSAL TO CONTINUE WITH THE EXISTING SPECIAL RATES TO MEET ONE TIME PENSION LIABILITY:</u>													
(1).	A copy of the report of the actuarial valuation of the Pension Fund furnished by the MOPT is as of October 2008 which may be updated till 31 March 2009.	Actuarial valuation report of ICICI Prudential Life Insurance is enclosed. This shows a corpus requirement of Rs.522 crores. We have also asked for actuarial valuation as on 31.3.09 from L.I.C., Panaji-Goa. The same is awaited.												
(2).	A break up of the actuarial valuation of pension fund in respect of existing employees and the pensioners as of 31 March 2009 may be furnished.	Break-up of Pension Fund as given in the report of ICICI Prudential Life Insurance is as follows: <table><tr><th>Particulars</th><th>Rs. in lakhs</th></tr><tr><td>Pensioners</td><td>12081.13</td></tr><tr><td>Family Pensioners</td><td>2915.30</td></tr><tr><td>Sub total</td><td>14996.44</td></tr><tr><td>Existing Employees</td><td>37185.00</td></tr><tr><td>Total</td><td>52181.44</td></tr></table>	Particulars	Rs. in lakhs	Pensioners	12081.13	Family Pensioners	2915.30	Sub total	14996.44	Existing Employees	37185.00	Total	52181.44
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(3).	The actual contribution made to the Pension fund and interest earned in the financial year 2008-09 and the balance available in the pension fund as on 31 March 2009 may be furnished (as per the provisional Annual Accounts).	An amount of Rs.28 crores was contributed to Pension Trust Fund in the financial year 2008-09. Rs.14.47 crores received from Special rate (7% Pension Levy) and further Rs.13.53 crores transferred from the General Fund. The fund balance as on 31.3.2009 was Rs.229.58 crores.												

(4).	The port has proposed to continue with the existing pension levy of 7% but has not furnished any detailed calculation to support its proposal. Please furnish detailed calculation showing the Pension fund balance based on actuarial valuation, actual balance in the pension fund as on 31 March 2009, normal yearly contribution to the pension fund, interest likely to accrue during the next three years on the pension fund balance and shortfall in the pension fund and over how many balance years the short fall is proposed to be recovered.	(a). The actuarial valuation of the requisite corpus in the Pension Trust Fund as on 31.3.2009 would be around Rs.522 crores as per ICICI report wherein only 20% increase in wage revision is considered. The accumulated balance of Pension Fund on 31.3.2009 was Rs.229.58 crores. It is proposed to contribute Rs.28 crores, Rs.27 crores, Rs.26 crores for each year from 2009-10 to 2011-12 respectively. The Pension payment will be charged to Profit and Loss Account for the year 2009-11 to 2011-12. The details are furnished below: <table><tr><th colspan="2">(Rs. in crores)</th></tr><tr><td>Investments as on 31.3.2009 (Rs.210.43)</td><td></td></tr><tr><td>Fund balance as on 31.3.2009</td><td>229.58</td></tr><tr><td>Add: Interest @ 8% p.a.</td><td>16.83</td></tr><tr><td>Add: Accrued interest / Others</td><td>18.63</td></tr><tr><td>Add: Contribution during 2009-10</td><td>28.00</td></tr><tr><td>Add: Interest on contribution</td><td>1.12</td></tr><tr><td>Balance as on 31.2.2010</td><td>294.16</td></tr><tr><td>Add: Interest @ 8% p.a.</td><td>23.53</td></tr><tr><td>Add: Contribution for the year</td><td>27.00</td></tr><tr><td>Add: Interest on contribution</td><td>1.08</td></tr><tr><td>Balance as on 31.3.2011</td><td>345.77</td></tr><tr><td>Add: Interest @ 8% p.a.</td><td>27.66</td></tr><tr><td>Add: Contribution for 2011-12</td><td>26.00</td></tr><tr><td>Add: Interest on contribution</td><td>1.04</td></tr><tr><td>Closing balance as on 31.3.2012</td><td>400.47</td></tr></table> (b). To achieve the required corpus of approximately Rs.522 crores, at least 4 years is required by which time the corpus required would go up further. Thus to meet the requirement of contributions around Rs.28 crores each year it is necessary to collect a pension levy of at least 12%. In the revised proposal the levy is proposed at 12%.	(Rs. in crores)		Investments as on 31.3.2009 (Rs.210.43)		Fund balance as on 31.3.2009	229.58	Add: Interest @ 8% p.a.	16.83	Add: Accrued interest / Others	18.63	Add: Contribution during 2009-10	28.00	Add: Interest on contribution	1.12	Balance as on 31.2.2010	294.16	Add: Interest @ 8% p.a.	23.53	Add: Contribution for the year	27.00	Add: Interest on contribution	1.08	Balance as on 31.3.2011	345.77	Add: Interest @ 8% p.a.	27.66	Add: Contribution for 2011-12	26.00	Add: Interest on contribution	1.04	Closing balance as on 31.3.2012	400.47
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(5).	Please furnish detail calculation of income estimation from the existing special rate (of Pension levy) from the revenue items at the existing rate prescribed in the Scale of Rates as well as the rates proposed by the MOPT.	The income estimation from existing and proposed Special Rate (Pension Levy) is furnished below: <table><tr><th colspan="3">(Rs. in crores)</th></tr><tr><th>Year</th><th>At existing rate of 7%</th><th>At the revised rate proposed at 12%</th></tr><tr><td>2009-10</td><td>25.48</td><td>35.97</td></tr><tr><td>2010-11</td><td>25.56</td><td>36.06</td></tr><tr><td>2011-12</td><td>25.65</td><td>36.15</td></tr></table>	(Rs. in crores)			Year	At existing rate of 7%	At the revised rate proposed at 12%	2009-10	25.48	35.97	2010-11	25.56	36.06	2011-12	25.65	36.15																	
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6.3. The total additions to the gross block proposed by the MOPT in the revised proposal is to the tune of Rs.5756 lakhs in the year 2009-10 Rs.7196.50 lakhs in 2010-11 and Rs.9474.00 lakhs in the year 2011-12. Some of the main projects along with project cost, expected date of commissioning and the documentary support are furnished by the MOPT.

6.4. The other main submissions made by the MOPT in the revised proposal dated 27 June 2009 are as follows:

- (i). The traffic growth is expected mainly at West of Breakwater (WOB) during the years 2009-10 to 2011-12, but revenue income will not increase proportionately. Infact, it will increase in a miniscule proportion, because cargo related charges (wharfage) is only around Rs.7/- per tonne at WOB, as against Rs.64.80 per tonne handling charges at Berth No.9. Further, the wharfage from WOB activity cannot be increased, as otherwise, the traffic will shift to the neighbouring Panjim Port. Any increase in tariff for this activity will promptly send it back to Panjim Port.
- (ii). In order to attract more cargo from the neighbouring Panjim Port, 90% rebate is allowed on the vessels handled at West of Breakwater by the ships' own gears, for the period from October to May. The rebate has to be retained for fear of traffic going back to Panjim Port. Therefore, vessel related income also will not increase in the same ratio as traffic growth.
- (iii). As there is reduction in handling of coal and coke at the general cargo berths due to alleged pollution, and consequent violent protests and agitations by the general public at Vasco city, the cargo incomes arising due to handling general cargo, and the CHLD income per tonne on cargo handled at Berth Nos.10 and 11, are expected to be lower compared to income generated during the year 2008-09.
- (iv). Income projection at proposed tariff is computed for the full period of 12 months for the year 2009-10, whereas 3 months have already gone by, and it may take further time for TAMP to notify the revised tariffs, if any. Thus, the actual income for the current year (2009-10) will be much lower than that projected in the proposal. The present rates of tariff are applicable till 31 July 2009, which means that 4 months of the current year will go by with the present low tariffs.
- (v). Essential development projects of MOPT have suffered due to lack of sufficient funds. The deteriorating infrastructure is leading to the slow but sure demise of the port. The process is likely to become irreversible soon, due to (i) the ever increasing cost of replacing and refurbishing the obsolete, unsafe and highly inefficient infrastructure, (ii) the inability of the port to augment basic port infrastructure due to extremely high costs which are beyond the reach of the port, (iii) creation of private facilities elsewhere, which may not allow increase in throughput at Mormugao Harbour, unless the trade is encouraged to use the port, which is only possible if better services and infrastructure is provided. For all this, MOPT desperately needs funds.
- (vi). Some of the critical infrastructure projects for which internal resources are needed are briefly mentioned below:
 - (a). (i). Replacement of 30 year old Mechanical Ore Handling Plant (MOHP). This is the main bread-earner of the port presently operating at 70% capacity and has been declared unsafe by our Consultants. No funds with MOPT. The port is seeking Japanese Aid, though unlikely.
 - (ii). Completion of 5.2 k.m. of 4-Lane Port connectivity NH-17B which is absolutely essential as port has extremely poor road connectivity. Cost of the balance 5.2 kms. has gone up from Rs.20 crores in 2004 to Rs.121 crores. MOPT's share is Rs.60 crores. Borrowings will be necessary. A copy of Award of Tender by NHAI is furnished.

- (iii). Deepening of Navigational channel of MOPT from existing (-) 14.1 to (-) 15.1 metres below Chart Datum. Cost of the project is Rs.161 crores which is held up due to lack of funds. It appears impossible unless MOPT has sufficient internal resources for leveraging the loan.
- (iv). Construction of non-cargo berth for International Passenger Cruise lines. Cost of the project Rs.46.14 crores. Efforts are on to obtain financial assistance of Rs.25 crores from Ministry of Tourism. Project is in Tendering stage. Balance cost of Rs.21.14 crores are to be met by MOPT out of own resources.
- (b). The above are just some of the absolutely essential projects, if MOPT is to survive and not shut ship. A list of projects to be executed during F.Y. 2009-10 and 2010-11 is attached separately. The total cost of these projects alone is in the region of Rs.250 crores. This cost has to be met out of internal resources. Of these, project worth Rs.141.64 crores have already been awarded and are under execution.
- (vii). Presently, the fund position of MOPT is not even sufficient to leverage loans and borrowings for many essential projects, what to mention about meeting costs out of internal resources. Government grants are not forthcoming. Even loans are difficult to obtain.
- (viii). The ROCE of MOPT for the previous 3 years is shown below:
- | <u>Financial Year</u> | <u>Surplus/Deficit (Rs. in crores)</u> | <u>Capital employed (Rs. in crores)</u> | <u>% ROCE</u> |
|-----------------------|--|---|---------------|
| 2006-07 | 62.16 | 332.92 | 19 |
| 2007-08 | 17.97 | 321.07 | 5 |
| 2008-09 | (-) 12.96 | 320.94 | (-) 4 |
- (ix). While disposing off the last proposal for general revision of Scale of Rates, the Authority, in its Order at para 9.3 has stated that if at any time during the prescribed tariff validity period finds that the actual position varies substantially from the estimates considered or there is deviation from the assumptions accepted therein, the Authority may require the port to file a proposal ahead of the schedule to review its tariff and to set off fully the advantages accrued on account of said variations in the revised tariff.
- (x). In view of the above stipulation, it was brought to the notice of the TAMP vide our letter No.FA/COST/125/2008/88 dated 23 December 2008 that the accumulated deficit of Rs.76 cores for the years 2006-07 to 2008-09 (3 years) may please made good while considering our present proposal for revision of Scale of Rates. This may also kindly be considered when prescribing the tariffs for 8 months of 2009-10.
- (xi). TAMP's decision in 2005-06 of not enhancing the tariffs of MOPT as per our proposal, has caused grievous harm to the port's ability to execute even the projects necessary for survival. It is requested to take a more realistic and holistic view of our present revised proposal. It is also requested that the proposal of MOPT may not be seen in the same light as TAMP views other Major Ports which derive huge income by way of handling liquid cargoes (mainly crude oil) and/or containers, and earn large amounts of way of leave charges, royalty, etc., without much maintenances and operating costs. Here, at MOPT, we have to somehow manage with the most outdated and obsolete equipment; virtual closure of the port for four months during the monsoons; extremely poor road and rail connectivity; and other severe constraints.

6.5. The main modifications made by the MOPT in the revised proposal vis-à-vis the original proposal are as follows:

A. Cost statement:

- (i). The traffic for the years 2009-10 to 2011-12 is projected at 38.10 MMT per annum excluding 5 MMT to be handled by SWPL.
- (ii). The income and expenditure projections have been modified.
- (iii). The net surplus / deficit position reflected in the revised cost statement for port as a whole as well as for main / sub-activities is tabulated below:

Sl. No.	Activities / sub-activities	Surplus/deficit 2009-10		Surplus/deficit 2010-11		Surplus/deficit 2011-12		Total surplus/ deficit	Average %
		(Rs.in lakhs)	% of income	(Rs.in lakhs)	% of income	(Rs.in lakhs)	% of income	(Rs.in lakhs)	% of income
1.	Port as a whole	-4548.42	-17.66%	-7306.98	-28.12%	-9894.94	-37.63%	-21750.3	-27.80%
2.	Cargo/ container handling activity	-1168.27	-7.46%	-2350.07	-14.96%	-3904.15	-24.34%	-7422.49	-15.72%
	(i).Ore handling activity	-2704.90	-26.53%	-3809.87	-37.37%	-5269.36	-51.69%	-11784.13	-38.53%
	(a). MOHP	-5337.08	-82.07%	-6450.40	-93.45%	-8115.02	-109.95%	-19902.6	-95.16%
	(b). Ore at stream	2094.70	--	2094.40	--	2094.40	--	6283.50	--
	(ii).General cargo	98.30	6.2%	70.93	4.42%	21.80	1.34%	191.4	3.99%
	(iii).Wareho using	-136.15	-121.56%	-133.62	-119.30%	-127.90	-114.20%	-397.67	-118.35%
	(iv).POL	564.31	73.38%	558.76	72.66%	550.80	71.63%	1673.87	72.56%
	(v).CHLD	1010.16	--	963.72	--	920.50	--	2894.38	--
3.	Vessel related activity	-3712.24	-52.79%	-5260.39	-74.22%	-6271.49	-86.88%	-15244.12	-71.30%
	(i).Berthing & Mooring	-916.36	-40.73%	-1446.36	-64.16%	-1660.92	-71.16%	-4023.64	-58.68%
	(ii).Pilotage & Towing	-1331.35	-37.50%	-1800.83	-50.11%	-1931.94	-53.07%	-5064.12	-46.89%
	(iii).Port Services	-1247.96	-103.89%	-1793.96	-148.75%	-2452.96	-202.58%	-5494.88	-151.74%
	(iv).Water supply	-216.58	-684.7%	-219.23	-672.90%	-225.67	-672.83%	-661.48	-676.81%
4.	Railway	1046.92	45.68%	1139.23	47.59%	1239.57	49.71%	3425.72	47.66%
5.	Estate	-714.82	-91.01%	-835.74	-105.37%	-958.63	-119.72%	-2509.19	-105.36%

At the proposed tariff level, the port has estimated to generate additional revenue of Rs.81.01 crores in 2009-10, Rs.81.07 crores in 2010-11 and Rs.81.14 crores in 2011-12 i.e. total Rs.243.22 crores as against total net deficit of Rs.217.50 crores estimated at the existing tariff.

B. Scale of Rates:

- (i). The handling charges for Iron Ore at Berth No.9 (MOHP) is proposed to be increased by 60% over the existing tariff as against 40% increase proposed in the original proposal. The MOPT has submitted that this activity has been consistently reflecting deficit over the recent many years. While furnishing the additional information / clarifications vide letter dated 27 June 2009, the MOPT has also revised its original proposal.

The existing wharfage rate for iron ores and pellets exported through MOHP, the rate proposed in the original proposal vis-à-vis the revised proposal is tabulated below:

Sl. No.	Description of Goods	Import / Export Rate per tonne or part thereof (in Rs.)		
		Existing Rate	Proposed in Original proposal	Proposed in Revised proposal
1.	Iron Ore	64.80	90.72	104.00
2.	Iron Ore Pellets			
	(i). During the period June to August each year	69.29	97.01	110.00
	(ii). During the fair season beginning from September to May each year	122.30	171.22	196.00

It has submitted that even at the revised proposed rate, the MOHP activity will continue to be in a deficit to the tune of 18.84% as against deficit of 95.16% at the existing tariff.

- (ii). The proposal filed by the MOPT for rationalisation of storage charge and rentals which is being processed as a separate case has been incorporated in the revised proposed Scale of Rates except for modification in the demurrage proposed in Schedule I (A) for break bulk cargo (import) under Part III Estate Rentals. In the revised proposed Scale of Rates, the MOPT has proposed the rate as 25 per tonne per day for this item for the slab - 31 days and beyond as against Rs.15 per tonne per day proposed in the original proposal.
- (iii). The MOPT has while furnishing the clarification to our queries stated that the special levy to meet the shortfall in the pension fund is revised to 12% as against status quo maintained in the original proposal. The revised proposed Scale of Rates, however, does not reflect the revised rate proposed by it.

7. The revised proposal filed by the MOPT was circulated to the concerned users / user organisations to furnish their comments. We have received comments from Goa Chamber of Commerce & Industry (GCCI) and Goa Mineral Ore Exporters' Association (GMOEA). The comments received from users / user associations were forwarded to the MOPT as feed back information / comments. The GCCI and GMOEA have reiterated some of the points made by it earlier with reference to the initial proposal. With reference to the comments made by the GMOEA, the port has furnished its remarks briefly on some of the points during the presentation made at the joint hearing held on 28 October 2009.

8. Chowgule and Company Private Ltd. (CCPL) vide its letter dated 14 October 2009 objected to the proposal filed by the MOPT.

9.1. A joint hearing in this case was held on 28 October 2009 at the Mormugao Port Trust premises. At the joint hearing, MOPT and the concerned users / organisation bodies have made their submission.

9.2. At the joint hearing, the MOPT was advised to take action on the following points and furnish necessary clarification and additional information by 10 November 2009:

- (i). Update the estimates for 2009-10 in the light of actuals for April 2009 to September 2009. The port should furnish the statement of actuals for April 2009 to September 2009 also. Consequent to the adjustments in the estimates for 2009-10, the port may also review the estimates for the subsequent years.
- (ii). The port has submitted estimates for the years 2009-10 to 2011-12. Since the tariff to be fixed will take effect prospectively for a maximum period of 3 years thereafter, the port may furnish estimates for the year 2012-13 also, if it desires to take advantage of the full validity period of 3 years.

(iii). The cost statements for the years 2008-09 to 2009-10 should be compared item-wise and the reasons for the change in the estimated expenditure level should be explained focussedly.

(iv). A note explaining the productivity improvements excepted and / or reduction in the unit cost of operation envisaged owing to the commissioning of different capital projects in the next 3 year period may be furnished.

In this regard, the MOPT should also furnish the present status of the different capital schemes and documentary evidence to support the actions initiated by the port under each schemes.

(v). Furnish an analysis of the movement of the important performance parameters during the last 3 years and likewise, furnish the performance level anticipated to be maintained in the next 3 years period.

(vi). A detailed note on implementation of the Tribunal Award on manning scale duly bringing out the rationalisation in the wage cost to be achieved on implementation of the Award.

(vii). Confirm that the proposal of the port for revision of Estate Rental is in conformity with the extant Government guidelines and also substantiate its stand of levying the same rate of lease rental for waterfront and the adjoining land with relevant Government orders endorsing such stand.

(viii). Goa Mineral Ore Exporter's Association (GMOEA) was allowed time till 30 October 2009 to furnish written submissions on the proposal of MOPT. The MOPT should within 7 days of receipt of comments of GMOEA furnish its remarks thereon alongwith its observations, if any, on the submissions of GMOEA made at the joint hearing as well as its earlier submissions dated 5 October 2009.

10.1. With reference to the points decided at the joint hearing, the MOPT has furnished its reply vide letter dated 6 November 2009 which is summarised below:

(i). The estimates in respect of traffic, income and expenditure for the year 2009-10 to 2011-12 have been revised considering the actuals upto September 2009 and future anticipated trend. At the tariff proposed, overall deficit is estimated at (-)6.71% as against surplus of (+)5.41% reflected in its proposal of June 2009. The updated cost statement reflects the following position:

	Principal/ Sub activity	Surplus/Deficit		Surplus/Deficit		Surplus/Deficit		Surplus/Deficit		Average
		2009-10 Rs. In Lakhs	% of income	2010-11 Rs. In Lakhs	% of income	2011-12 Rs. In Lakhs	% of income	2012-13 Rs. In lakhs	% of income	% of income
1	Port as a whole	-6858.33	-25.93	-7022.24	-25.34	-999.58	-31.50	-15854.87	-51.38	-33.54
2.	Cargo Handling activity	-1719.57	-10.78	-2192.42	-13.12	-4003.99	-23.23	-10373.31	-60.03	26.79
	a. Ore handling	-3023.91	-29.63	-3846.46	-37.09	-5841.43	-55.61	-11566.50	-110.12	-58.11
	b.General Cargo	108.68	6.14	-57.19	-3.14	-109.16	-5.94	-367.82	-19.89	-5.71
	c. Warehousing	-253.53	-226.36	-125.72	-112.25	-120.14	-107.27	-106.10	-94.73	-135.15
	d. POL	567.22	75.53	572.42	72.83	597.37	72.58	586.68	77.29	73.06
3.	Cargo Handling Labour activity	881.97		1264.53		1469.36		1080.43		

4.	Port & Dock Facility	-4547.19	-61.16	-4456.18	-56.90	-4825.29	-55.45	-6051.43	-66.38	-55.97
	a. Berthing and Moring	-906.54	-37.39	-697.92	-28.58	-1142.96	-39.11	-2043.61	-68.99	-43.52
	b. Pilotage & Towage	-1597.58	-43.11	-1505.08	-37.81	-1410.23	-33.30	-1590.29	-35.52	-37.44
	c. Port Services	-1714.99	-134.69	-1996.99	-145.08	-2002.11	-132.41	-2088.41	-127.03	-134.80
	d. Water Supply	-328.08	-1037.25	-256.19	-786.35	-270.10	-818.49	-329.13	-997.35	-909.86
5.	Estate Activity	-1177.33	-153.64	-1153.87	-149.15	-1242.80	-164.31	-1351.56	-170.74	-159.46
6.	Railway Activity	585.77	25.56	780.23	32.59	872.51	34.72	1921.43	52.36	36.31

- (ii). As advised by the Authority and to take advantage of the full validity period of 3 years of tariff cycle, estimates of traffic, income and expenditure for the year 2012-13 have also been included in revised cost statements. These projections are now for the 4 years block from 2009 to 2013 as advised by TAMP.
- (iii). The comparative cost statement for the year 2008-09 and 2009-10 (typewise expenditure) and reason for variation in the estimated expenditure are furnished. Further, reasons for increase in major expenditures are briefly brought out below:
- (a). Salaries and Wages: Bilateral Wage Negotiation Committee has agreed to enhance wage revision of Class III and IV employees with fitment at 23% with effect from 1 January 2007 for a 5 years and in respect of Class I and II Officers @ 30% increase for the periodicity of 10 years, accepting PSU model of wage structure. In view of this, salaries and wages for the period from 2009-10 to 2012-13 have been enhanced in the revised estimates. The next wage revision of Class III and IV employees would be effective from 1 January 2012 and accordingly salaries and wages of Class III and IV employees, will increase at anticipated 25% for the years 2012-13. This is also included for the year 2012-13.
- (b). Maintenance Dredging: The work of maintenance dredging has been already awarded to Dredging Corporation of India (DCI) vide its letter dated 28 July 2009 for a period of 3 years i.e. 2009-10 to 2011-12 at the cost of Rs.2970 lakhs, Rs.3060 lakhs and Rs.3105 lakhs respectively and the Capital Dredging at Mooring Dolphins at the cost of Rs.4995 lakhs. This has been updated in the revised proposal.
- (c). Power: The expenditure on power cost has been modified due to reduction in cost of Naphtha which may increase in the subsequent years.
- (d). Medical Expenditure: The expenditure on medical and security (CISF) has been enhanced @ 7% for the year 2011-12 to 2012-13 over the previous year.
- (iv). A note explaining the productivity improvement on Effect of Capital Projects during 2009-10, 2010-11, 2011-12 and 2012-13 is as follows:
- (a). Acquisition of Pilot Launches - This is for the facilitation of the smooth shipping movements due to increased marine traffic - There is no direct impact on productivity and revenue.

- (b). Capital Dredging for additional Mooring Dolphins (MDs) - The MDs will be given to Private Terminal Operators on PPP basis. To meet the aggregate cost of Rs.65 Crores, port is taking a loan of Rs.50 Crores. The revenue share from the PPP operators is expected to be grossly insufficient for servicing the interest liabilities and capital repayment of the loan. Hence, though capital employed will increase, the ROCE in respect of the new MDs, will go entirely towards servicing the loan for at least the next 7 years.
- (c). Civil Works/Replacement/additions to building, staff quarters, compound walls, power sub-station equipments, etc - No impact on productivity or revenue.
- (d). Capital expenditure on Security - No improvement in productivity, revenue and through put is expected. On the contrary, there will be additional direct expenditure which will hit the bottom line of the port adversely.
- (e). Computerization and Implementation of ERP is for providing effective and competitive services to Port Users. Does not effectively result in capacity augmentation and productivity, nor on revenues.
- (f). Replacement of Grabs, Machinery etc. - No increase in productivity or revenue is expected.
- (g). Replacement/Refurbishment of 30 years old Mechanical Ore Handling Plant (MOHP) - No capacity addition - no effective increase in revenue. In fact, loan of Rs.302 crores is to be taken from the Japanese International Co-operation Agency (JICA) for replacement and refurbishment - will have to be serviced out of the overall revenues from MOHP.
- (h). Strengthening of Breakwater and Mole - Infrastructure Improvement is necessary for safety and strengthening the break water. There will be no creation of additional capacity or direct augmentation in the revenue.
- (i). Construction of jetty for port crafts - It is Infrastructure up-gradation for operational necessity. No augmentation in capacity or revenue is expected.
- (j). Completion of balance 5.2 Kms. of four lane port connectivity road - Infrastructure Improvement to provide necessary road connectivity. No direct augmentation in revenue or through put of the port. Road Traffic is inadequate for repayment of the port's share of Rs.60 crores from levy of Toll.
- (k). Revamping/Renovating Railway Net work - Infrastructure upgradation - no direct addition to capacity or revenue. On the contrary, loan will have to be taken to make necessary modifications in Port Railway Network.
- (l). Mechanized Coal Terminal at Berth no.7 on PPP basis - will become operational in 2012 -13. Additional through put of 3 MMT is considered in 2012-13 projections.
- (m). Temporary Fishing Jetty - It is necessary for Security of the Port. No direct augmentation in revenue or capacity. Drain on limited resources of the Port.
- (n). Relocation of Khariwado Slums - Necessary for future expansion of Port. No augmentation in capacity or revenue upto 2013. Again drain on the limited financial resources of the Port.

The details of Capital Schemes are furnished.

- (v). As regards physical parameters, the traffic projections as per the prescribed proforma, Form 2A, at existing and proposed tariff which indicate the performance of the port. The performance of cargo ships, berth occupancy and cargo throughput and Dock Labour productivity for the years 2007-08 and 2008-09 are also furnished.
- (a). As regards productivity improvement, it would like to place on record that the Consulting Engineer for the MOHP has advised the port to operate the MOHP at the rated capacity of 70% as plant is 30 year old. Despite this, port has somehow managed to handle 12.5 million tonnes traffic at MOHP in 2006-07 to achieve the target set by the Ministry as against the installed capacity of 9.5 million tonnes. Performance in 2007-08 and 2008-09 are 10.31 million tonnes and 11.51 million tonnes respectively.
- (b). It may be seen from the Form 3A that the proposed capacity utilisation is in the range of 119% to 137% for the years under projection i.e. 2009-10 to 2012-13.
- (vi). The Tribunal Award on manning scales was attempted to be implemented at the port in respect of Cargo Handling Division, in June 2009. Work came to a complete standstill due to strike by the workers. The manning scale award is not applicable to the MOHP and consequently there is no reduction in cost of handling iron ore at Berth No.9 due to the Tribunal Award. After detailed discussions with the Workers' Unions in respect of the cargo handling workers, a marginal reduction in the gang / set strength has been effected for general cargo vessels and iron ore loading at Mooring Dolphins. The benefit of such reduction will be available only to the Stevedores and in turn to the trade in general. Port does not stand to benefit due to the aforesaid reduction in manning strength of cargo handling workers of some of the categories as explained above.

In respect of the Marine staff, the manning scale has been marginally reduced while implementing the award. This is more than compensated due to the overtime payable to the Marine staff.

- (vii). (a). For the foreshore and water areas west of Alparquious Hill, MOPT is already levying applicable rates for land on the waterfront and foreshore area occupied by PPP Concessionaires, BOOT Operators, other lessees. This has been duly accepted by the trade, as generally, the water areas and foreshore allotted to the concessionaires / licensees is reclaimed into land areas. Since this has been duly accepted as per the License Agreements, the practice of levy of land rates to the water areas may not be disturbed.

The last notified rates by TAMP was Rs.30 per sq. mtr. for commercial purposes and Rs.20 per sq. mtr. for non commercial purposes. The port has proposed a general escalation of 40% over the earlier notified rates.

These water areas are eminently served by the MOPT Navigation Channel which is maintained at depths of (-) 14.4 and (-) 14.1 mtrs. below C.D., with yearly maintenance dredging. The channel has been built over many years with capital dredging. Besides, there is direct access to these water areas and foreshore from the land side due to well connected road and rail network.

MPT's request for 40% increase over the last notified rates in respect of area above may be accepted.

- (b). Regarding foreshore and water areas falling between Alparquious Hill and Sancoale, already existing Shipyards are operating, which have been granted short term leases by the port. They are paying the estate rentals

as per the SOR prescribed for land. The same rates are applied for foreshore and water areas. Generally, the lessees are reclaiming the foreshore and water areas and hence, in effect, port is charging rentals on the land areas, and a small component on the water area immediately contiguous to the reclaimed land.

Since the Lessees have accepted the applicability of land rentals on foreshore and water areas, the same principle may be continued in respect of (a) (ii).

The foreshore and water areas have access from a public road running almost contiguous to the port waterfront up to Sancoale.

Port is not maintaining the Channel, or carrying out dredging in the water areas in front of the shipyards.

The port has proposed a 40% increase in rentals in respect of these areas also. The proposal is to enhance the rental of Rs.250 per 10 sq. mtrs. or part thereof per calendar month or part thereof to Rs.350.

- (c). For water and foreshore areas beyond Sancoale up to Cortalim Ferry Point on the southern bank of the Zuari, and the northern bank between Dona Paula and Cortalim Bridge (refer – categorization (a) (iii) above), the foreshore and water areas only come within port jurisdiction. Access from the land side is through private lands. There are tracts of lands between the public road and the port waterfront. All these belong to private parties, and hence access to the port water areas is through private lands. On the water side port does not maintain the Channel. These water areas have remained completely unutilized till now. However, port is attempting to now give them on long term lease, without any other facility, or without providing any facility for access to these areas, either from the land or water sides.

The port has proposed 40% increase on the existing rate of Rs.43.50 per 10 sq. mtrs. per month applicable to land. The earlier rate is applicable to land in port operational areas, i.e. West of Alparquirous Hill, and proposal of port is to apply the same for the water areas beyond Sancoale up to Cortalim and on the Northern Bank of the Zuari.

(d). **GENERAL**

In port's opinion, Sec. 2 (k) of the Major Port Trusts Act, 1963 which defines 'land', includes the bed of the sea or river below the high water mark and also things attached to thereby, or permanently fastened to anything attached to the earth.

Thus, we are of the view that the same rate as applicable to land may be applied to the pure water areas and foreshore.

- (viii). As regards rationalisation of berth hire charges, approved by the Authority in the last revision (w.e.f. 27/12/2006) and subsequent increase in revenue under sub-activity "Berth Hire Charges", it is submitted that there is no increase in revenue under this sub-activity during the year 2008-09 as compared to the year 2006-07 despite growth in traffic, increase in number of vessels and GRT thereof. On the contrary, revenue decreased to Rs.12.77 crores during 2008-09 from Rs.15.60 crores that of 2006-07.
- (ix). We would like to bring to the notice of the Authority that the port has been subject to criticism by the trade on account of higher expenditure on Management and General Administration. This expenditure is on supporting facilities namely; Finance, Stores, Workshops, Vigilance, Planning and Management Services and General Administration to the operating departments. The major components

includes salaries and wages (59%) which is not decided by the port but is in accordance with Bilateral Wage Negotiation Committee (BWNC) negotiations. The breakup of expenditure for the year 2007-08 to 2010-11 is furnished.

- (x). The port has entered into an Agreement with Mudra Mormugao Port Pvt. Ltd. (MMPPL) on 22/09/2009 on PPP project. The operation at PPP project (Berth No.7) is expected to commence during 2012-13. Being a first year of operation, a traffic of 3 MMT is considered for the year 2012-13. As per Agreement, the lease rental applicable on land including water area allotted to the concessionaire for the year 2011-12 and 2012-13 and revenue share @ 20% on the gross earnings of the Concessionaire for the year 2012-13 have been considered in the proposal. The revenue share / royalty will be maintained in the Escrow Account in pursuance of Para 2.8.3. of guidelines for Regulation of Tariff of March, 2005. The accrual of VRC on the vessels to be handled at Berth No.7 and railway earnings have been accounted for the year 2012-13.
- (xi). In order to attract more cargo from neighbouring Panjim Port, 90% rebate is allowed on the vessels handled at West of Break Water by the ships own gear for the period from October to May. Therefore, the vessel related income will not increase in the same ratio as traffic growth. The same rebate has to be retained for fear of traffic going back to Panjim Port. The vessel related charges from 2009-10 to 2013-14 is computed considering dollar exchange rate of Rs.48/- as against Rs.46.73 as on date.
- (xii). As already brought to the notice of the Authority, the accumulated deficit of Rs.76 crores for the year 2006-07 to 2008-09 and Rs.68.58 crores for the year 2009-10 may please be made good while considering the present proposal for revision of Scale of Rates.

10.2. As decided at the joint hearing, Goa Mineral Ore Exporter's Association (GMOEA) has vide letter dated 30 October 2009 furnished its comments on the representation made by M/s.Chowgule & Co. Pvt. Ltd. with regard to setting up of a Marina project in the water areas falling within Notified Port limits. The MOPT vide letter dated 5 November 2009 has furnished its response.

11. Apart from the above, Goa Mineral Ore Exporter's Association (GMOEA) has also furnished additional observations vide letter dated 30 October 2009. The MOPT vide letter dated 5 November 2009 has furnished its remarks.

12.1. The port has filed a separate proposal in February 2008 for rationalisation of storage charges for open and covered areas of the Port. The proposed provisions are included by MOPT in the general revision proposal, which was filed later.

12.2. MOPT has proposed to modify the unit rate of the storage charge and rent on plots from "per 10 sq. mtr. per 10 days or part thereof" basis to "per tonne per day" basis. It has made the following main points in support of proposed rationalization in storage charges and plot rent:

- (i). At its multipurpose general cargo berths no. 10 & 11, the port has about 165,000 sq. mtrs. open storage area and 24,000 sq. mtrs. covered storage area in the declared Customs bound area / zone. This open storage area within the Customs bound is being used by the importers as stacking yard for stacking dry bulk coal, coke, scrap, etc.
- (ii). There is a trend of increase in traffic of general cargo at these berths. However, since the port has limited storage area, slow evacuation of cargo creates obstacles. Dwell time of the cargo is one of the main factors that determine the overall efficiency of the port in handling traffic at the general cargo berths.

- (iii). Under the existing Scale of Rates (SOR), the users have to be billed for storage charges and rent on plots after every 10 days based on the area of plot used for stacking of cargo. The existing rates are very nominal and hence the area is being used by individual importers and exporters as storage yard. This is adversely affecting the flow of traffic of general commodity as evacuation of cargo does not match with discharge rate from vessels.

It is, therefore, necessary to reduce the dwell time of the cargo handled at the port. For the better turnaround of plot, speedy evacuation of the cargo is an essential criterion.

- (iv). An Inter Ministerial Group (IMG) nominated by Secretary (Shipping) has recommended optimisation of cargo handling system and equipment, synchronisation of landside operations with seaside operations, reduction in dwell time cargo, etc.
- (v). In view of the above points, the port has proposed to change the unit of levy from area based to per tonne per day basis with some rationalisation in the tariff structure with the only intention of faster evacuation of cargo from the open plot / covered shed. The port has also submitted that the unit rate of ground rent/storage charges in the existing SOR of the South West Port Limited is on per tonne / per day basis.
- (vi). A meeting was convened by the port in this regard with trade on 7 January 2008. It has furnished a copy the minutes alongwith the proposal. As per the minutes, the Mormugao Port Users Association has welcomed the proposed storage charge on per tonne basis.

12.3. In nutshell, the MOPT has proposed the following amendments to the storage charges for the covered sheds, warehouses and wharves (Part II Section C of SOR) and to the estate rentals (Part III of SOR):

- (i). The existing Scale of Rates does not prescribe differential free period / storage charge for import/export cargo and bulk/break bulk cargo. The port now proposes to make such categorisation in the storage charges / rent on plots and change the unit rate of the charge to per tonne per day.
- (ii). In respect of dry bulk import cargo items it proposes to collect "normal rent" in the range of Re.0.50 to Rs.1.0 per tonne per day after expiry of free storage of three days. After the expiry of "normal rent" (which is linked to the delivery rate), it proposes to levy demurrage charge for stay of cargo.
- (iii). Number of free days for different categories of cargo items is proposed to be modified.

12.4. The port has submitted that the financial implications under "Estate Rentals" activity will be negative if the cargo is cleared within the proposed normal period because additional free days have been proposed as an incentive to the trade for faster evacuation of cargo.

12.5. With reference to the above proposal filed by the MOPT, the port was requested to furnish clarification / information on a few points vide TAMP letter dated 4 March 2008. The MOPT has vide its letter dated 27 June 2008 furnished its response. A summary of queries raised by us and the information furnished by the MOPT is tabulated below:

Sl. No.	Queries raised by us	Reply furnished by MOPT
(i).	The proposed amendment in the rental on plots allotted for merchandised is presently prescribed under the Chapter pertaining to Estate rentals. The major ports are	The proposal is for rationalization of the existing system of charging rent on plots, storage charges for sheds from per square meter basis to per tonne/per day basis. The

	governed by the Government guidelines issued in March 2004 on land and water management policy of major ports for fixation of lease rentals / licensee fee for lands of major ports. The MOPT is, therefore, requested to confirm that the proposed revision in the rent on plots will be hit by the above mentioned Government guidelines.	change of rate of unit will not violate the Government guidelines on Land Policy for Major Port Trusts issued in March 2004.
(ii).	Furnish financial impact of the proposed tariff for each items of cargo.	The proposed amendment is only for rationalization of tariff structure for operational efficiency and as such the financial implication is not to be seen in conventional sense. The whole exercise has to be seen with objective of reducing the dwell time in port. The revenue generated from this service would be negative if the cargo is evacuated within the proposed normal period as additional free days have been proposed for faster evacuation. The whole exercise is to be seen within the objective of reducing the dwell time.
(iii).	Furnish revenue likely to be earned in view of proposed rationalization in storage charges and rent on plots vis-à-vis the revenue at the existing tariff level for each cargo item for the three years 2008-09 to 2010-11. The revenue earned in the existing tariff structure for the past two years 2006-07 and 2007-08 may also be furnished. For this purpose, a format was given to the MOPT to furnish the details.	The port has expressed its inability to furnish the information in the format furnished by us since accounting system maintained by the port does not have such categorisation of revenue. Under the present accounting system, the income from lease rent on import and export cargo including break bulk and dry bulk is booked under the same head. It has also submitted that the revenue likely to be earned for the next three years at the existing tariff and the proposed tariff cannot be quantified on realistic basis as it depends on evacuation of cargo by the port users. It has furnished the details of the revenue likely to earned at the proposed tariff on storage charges/rent on plots vis-à-vis at the existing tariff for two vessels of coal and MOP to substantiate its claim that the impact of the proposed tariff would be negative if the cargo is evacuated within the normal period.
(iv).	(a). Explain the basis for arriving at the proposed demurrage rate per tonne per day for each category of import / export break bulk and dry bulk cargo alongwith the detailed working. (b). Also, furnish detailed working for arriving at the normal rent for each category of cargo included in the schedule. (c). The basis for the proposed delivery norms for different cargo may be explained.	It has submitted that the proposed demurrage charges have been proposed after fixing the delivery norms for each commodity subsequent to discussion with the port users and the type of cargo, parcel size, infrastructure available at the port. The proposed charges are mainly to deter the users from using the port as storage ground. It has not furnished any detailed working for arriving at the demurrage charges and the normal rent.

12.6. In accordance with the consultation process prescribed, the proposal dated 18 February 2008 received from the MOPT as well as clarification furnished by MOPT vide letter dated 27 June 2008 were circulated to the concerned users / organisation bodies seeking their comments. The comments received from users/ organisation bodies were forwarded to MOPT as feedback information. The MOPT has furnished its comments on the comments of the users / organisation bodies.

12.7. The port has subsequently vide letter dated 18 July 2008 stated that the proposal for change of unit rate for charging rent on open plots / shed and warehouses from per square metre basis to per tonne / per day basis was agreed by the Trade and consensus was arrived in the meeting held with the Trade on 7 January 2008.

12.8. In the meanwhile this Authority received a communication from Agarwal Coal Corporation Private Limited (ACCPL) vide letter dated 30 September 2009 addressed to the MOPT with a copy endorsed to TAMP. It appeared from the letter received from the ACCPL that the MOPT has implemented the revised proposed tariff for plot rent and storage charge for storage of coal and coke based on the circular dated 11 June 2009 issued by the port though the proposal was not yet approved by the Authority. Bringing out this position, the MOPT was requested to give its comments on the submissions made by the ACCPL.

12.9. Clarifications were sought from MOPT on the circular issued by it dated 11th July 2009 implementing a revised tariff for demurrage and storage charges for storage of coal and coke and other bulk cargo. MOPT replied on 17th November 2009 giving the impending reasons for implementing the tariff proposal. The Port has cited clauses 2.17(i), 2.17(ii)&2.17 (iii) of Tariff guidelines of 31st March 2005 for implementing of the tariff proposal submitted to TAMP on adhoc basis in the interim until the proposal is approved by TAMP. Further, the port also convened a meeting with the port users importing coal/coke on 5th June 2009 when a consensus was reached with them to implement the proposed tariff. Subsequently TAMP held a joint hearing with Port and the Port users on 28th October 2009. In the joint hearing it was decided that the port would provide the detailed analysis to justify the enhancement of free period proposed, furnishing the financial impact both for the past and the future period (for atleast 3 years) and also give the basis for arriving at the delivery norms.

12.10. The Port on 10th November 2009 furnished the following response:

- (i). The free period has been enhanced from 3 days to 10 days in order to encourage the port users to import cargo through MOPT.
- (ii). They have furnished the calculations on the financial impact which indicates that there would be reduction in revenue in the event of the users clearing the cargo within the normal period allowed.
- (iii). The delivery rate fixed for coal and coke has been done in consultation with the users.

13. The proceedings relating to consultation in this case and in case relating to rationalisation of storage charges and rent on plots 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>.

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

- (i). The existing Scale of Rates of the Mormugao Port Trust (MOPT) was notified by this Authority in November 2006 with a tariff validity upto 31 March 2009. Accordingly, MOPT filed a proposal in December 2008. This proposal was taken up for consultation with the relevant users. Subsequently, while replying to our queries, the MOPT furnished revised cost statements for the years 2009-10 to 2011-12, revised proposed draft Scale of Rates and various documents with reference to the capital projections. The revised proposal was also circulated to

the users. During the joint hearing on the case in reference held on 28 October 2009, the MOPT was, interalia, advised to update the estimates of the year 2009-10 in the light of the actuals for April 2009 to September 2009 and consequent to the adjustments in the estimates for the year 2009-10, the port was advised to review the estimates for the subsequent years. Since the tariff to be fixed will be in force for a period of three years, the port was asked to furnish estimates for the year 2012-13 also, if it desires to take advantage of the full validity period of three years.

Accordingly, the port vide its letter dated 6 November 2009 has furnished the requisite information alongwith the estimates for the year 2012-13. The revised proposal alongwith the cost statements furnished by MOPT under cover of its letter dated 6 November 2009 is considered for the purpose of our analysis.

- (ii). The figures for the year 2009-10 are estimates given by the Port based on actuals for the period April to September 2009. Since the year 2009-10 is already complete, it would have been appropriate to consider the actuals for the year 2009-10. However, considering the fact that the proposal has been pending for a long time, further information was not sought from MOPT. In any case, the actuals for the tariff validity period will be analysed at the next review. The actuals for 2009-10 will also be considered at that juncture and, if any undue advantage is found to have accrued to MOPT on account of considering estimates for the year 2009-10, suitable adjustment will be made at the time of next review of tariff.
- (iii). (a). Clause 2.1.3 of the tariff guidelines mandates a review of the actual physical and financial performance of the port at the end of the prescribed tariff validity period with reference to the projections relied upon at time of fixing the prevailing tariff.

The last review of the Scale of Rates of MOPT was done in October 2006. At that time, this Authority had relied upon the estimated cost position for the years 2006-07 to 2008-09. When the original validity of the tariff expired in March 2009, the validity of the Scale of Rates was extended. Thus, the MOPT has continued to operate during the year 2009-10 at the level of tariff approved in October 2006. The estimated results of 2009-10 are also considered as part of the past period.

- (b). The analysis with reference to the past period relating to the years 2006-07 to 2009-10 is discussed below:
 - (i). The actual aggregate traffic for the port as a whole (excluding the traffic handled by BOT operator) is 982.10 lakh tonnes as against the estimated traffic of 912.90 lakh tonnes during the years 2006-07 to 2008-09. The MOPT has actually handled 7.58% additional traffic as compared to the estimates.
 - (ii). The actual operating income for the port as a whole as reflected in the Annual Accounts is considered subject to exclusion of the income pertaining to Pension Special levy and revenue share received from the BOT operator as shown in the Annual Accounts for the respective years.
 - (iii). The total expenditure (operating costs, depreciation and allocated management & general overheads) as shown in the Annual Accounts less the depreciation worked out by the port for the assets funded from the Escrow account is considered.
 - (iv). In respect of Finance & Miscellaneous Income, Interest on the General Fund Investments is excluded.

- (v). In respect of Finance & Miscellaneous Expenses, Interest on loans, Pension Trust fund, Gratuity Trust Fund and Fringe Benefit Tax as shown in the Annual accounts is excluded.
- (c). In line with Clause 2.8.3 of the tariff guidelines, the MOPT has maintained a separate account with reference to the royalty/ revenue share receivable from the private operator. As stipulated in the guidelines, balance maintained in Escrow Account should be utilised for the purpose of creation and/ or modernization of the port infrastructure facilities. The investment made out of the Escrow Account will not, however, qualify for ROCE when the facilities so funded by this Escrow Account are put into use and tariff thereof is fixed. The port has indicated the amount drawn from the Escrow Account and applied towards financing capital assets. Return for each of the years 2006-07 to 2008-09 is calculated excluding the amount of capital expenses incurred from the escrow account funds.

For the year 2008-09, the port has furnished a classification of its assets into business assets, business related assets and Social obligation assets and calculated the return accordingly. However, for the years 2006-07 and 2007-08, the port has not furnished such classification. For the years 2006-07 and 2007-08, assets are segregated into business assets and business related assets based on the percentage adopted at the time of the last general revision. The Return on Capital employed is calculated @ 15% for business assets and 7.40% for business related assets for the years 2006-07 to 2009-10 as considered in the last general revision Order.

The working capital for the years 2006-07 and 2007-08 has been calculated following the norms specified in the tariff guidelines. The current liabilities have been considered as given in the Annual accounts. Thus, the working capital works out to Rs.275.28 lakhs and Rs.366.14 lakhs respectively for the said years.

The working capital reported by MOPT for the years 2008-09 and 2009-10 does not appear to be in line with the guidelines. The working capital for the said years have been revised following the norms specified in the guidelines. The current liabilities for the year 2008-09 have been considered as given in the Annual Accounts. Accordingly, the working capital for the year 2008-09 works out to Rs.413.81 lakhs.

The current liabilities estimated by the port for the year 2009-10 is Rs.1030.32 lakhs. The basis and break up of the estimate was, however, not furnished. As the actual current liabilities reflected in the Annual Accounts of the port for the years 2006-07 to 2008-09 is at a higher level, the actual current liabilities for the year 2008-09 has been considered for arriving at the working capital for the year 2009-10. The working capital thus worked out for the year 2009-10 is negative and hence considered as NIL in the analysis.

- (d). The statement showing the analysis of the performance of MOPT for the years 2006-07 to 2009-10 is attached as **Annex - I**.

The analysis shows that the total deficit for the years 2006-07 to 2008-09 is Rs.6501.56 lakhs as against the estimated deficit of Rs.955.72 lakhs for the corresponding period. For the year 2009-10, the estimated deficit is Rs.6285.36 lakhs.

The estimates for the years 2006-07 to 2008-09 relied upon by this Authority while fixing tariff during the last general revision are almost comparable to the actuals for the said years, except the items 'Operating Costs' and 'Allocated Management & General Overheads' which have

shot up drastically as compared to the estimates. It may be recalled that this Authority, time and again not only during the last tariff order but also in the tariff Order of 2002 had advised port to review its expenditure and take corrective measures of cost control and cost reduction. As pointed out by GMOEA, if the port has launched a serious cost reduction measures and optimally exploited its estates, the deficit would have been lower. One time major expenses incurred for recommission of the broken down MOHP facility is also a contributing factor to the deficit.

The performance variation between the estimates and the actuals for the years 2006-07 to 2008-09 is not more than 20%. As such no adjustment of the past period appears to be warranted in the future tariff cycle. It is to be noted that the assessed deficit is not a loss to the port trust but only represents achieving return on capital employed less than the maximum permissible level of 16%.

- (iv). The traffic projection given by the Port for the year 2009-10 to 2012-13 and the comparison with the projection made by the port under the five year plan is given below :

Particulars	Traffic in Million Metric Tonnes		
	2010-11	2011-12	2012-13
Projection made in the tariff proposal (including the traffic handled at the BOT berth)	47.97	50.80	53.80
Projection in Five Year plan as given by Port	41.69	44.55	NA
% growth taking the actual traffic of 2008-09 as base as compared to the traffic of the respective previous year	6.98%	5.89%	5.98%

The port has proposed the traffic projections for the years 2010-11 to 2012-13 based on the actuals upto September 2009 and based on the future anticipated trend. The growth in traffic estimated by the port for the year 2009-10 is 7.58% as compared to the actual traffic for the year 2008-09. Similarly, the growth in traffic considered by MOPT for the years 2010-11 to 2012-13 is 6.98%, 5.89% and 5.98% respectively as compared to the respective previous year.

In the backdrop that MOPT has proposed substantial capital expenditure during the years under consideration and also considering the fact that the new machines would operate at a higher efficiency, Goa Mineral Ore Exporters Association (GMOEA) has stated that a traffic growth of about 10% would be justified.

The port has assumed growth in traffic and also reported capacity utilisation of more than 100%. Though the capacity assessment is not supported by any calculation and the productivity levels at which such capacity is assessed is not known, it is reported that the capacity assessment is in line with that maintained by the Government. In this backdrop, this Authority relies upon the traffic estimates furnished by the port. However, if any undue advantage is found to have accrued to MOPT due to wrong estimation of traffic, adjustment will be made in traffic at the time of next review of tariff in line with the revised guidelines.

- (v). The port has not furnished a detailed calculation of estimated income under each tariff category at the existing rates for the anticipated traffic. The port has reportedly assessed income from dollar denominated tariff item by applying an exchange rate of \$1 = Rs.46/-. While concluding this analysis, the exchange rate is hovering around Rs.45/-. No adjustment could be made in this regard, in the absence of detailed income computation.

The port has reported that it had allowed 25% rebate on the CHLD levy on the iron ore vessels handled at Mooring Dolphins and a concession of 90% on pilotage was allowed on vessels exclusively handled at West of Breakwater by ship's gear during the year 2008-09. As prescribed in the tariff guidelines, the ports if they so desire, can allow lower rates and/ or allow higher rebates and discounts. Allowing of rebate is a commercial decision of the port.

The revised Scale of Rates proposed by the port does not seek to formalise the said discounts on CHLD levy and pilotage as allowed by the port in the past. However, the MOPT appears to have considered the reduced level of income realised in the past due to the discounts allowed for estimating its future operating income. That being so, the operating income estimates need to be considered without taking into account the impact of said discount. The MOPT vide its letter dated 31 March 2010 has confirmed that a rebate to the tune of Rs.241.57 lakhs has been allowed during the year 2008-09 on the CHLD levy on iron ore vessels. The rebate allowed has been proportionately added back to the operating income. The amount thus added back to the estimated operating income estimated by the port is Rs.328.34 lakhs, Rs.376.76 lakhs and Rs.376.76 lakhs each for the years 2010-11 to 2012-13.

In case of pilotage charge remission, the port has not quantified the amount of concession allowed. As no information is available on the quantum of concession allowed in pilotage, no adjustment could be made in the income estimate for vessel related services for the years 2010-11 to 2012-13. Nonetheless, this aspect is kept in mind while deciding tariff increase.

- (vi). In terms of the clause 2.5.1 of the tariff guidelines for tariff fixation, expenditure projection should be in line with traffic adjusted for price fluctuation with respect to the current movement of Wholesale Price Index (WPI) for all commodities announced by the Government of India. The WPI for the financial year 2010-11 is reported at 3.76%. Thus, an escalation factor of 3.76% is considered for estimating the expenditure projections.
- (vii). The MOPT has classified its total operating expenditure under the following heads of expenditure viz., Salary & Wages, Power, Fuel, Repairs & Maintenance, Dredging and Others in its Cost statement. The changes made in the operating cost estimates of MOPT are discussed in the following paragraphs:
 - (a). The salary and wages for the years 2009-10 to 2012-13 estimated by MOPT is Rs.5165.14 lakhs, Rs.5491.98 lakhs, Rs.5765.48 lakhs and Rs.7205.48 lakhs. The escalation in expenditure estimates works out to 9.65%, 6.33%, 5% and 25% for the years 2009-10 to 2012-13 respectively as compared to the respective previous year, taking the actual for the year 2008-09 as the base. The increase in the year 2009-10 is reportedly on account of implementation of Wage Agreement for all classes of employees. The estimates for the years 2010-11 and 2011-12 are moderated by applying the escalation factor of 3.76% over the respective previous year.

On the ground that the next wage revision of Class III and IV employees would be effective from 1st January, 2012, the port has estimated an increase of 25% in the salary and wages expenditure for the year 2012-13. Since the quantum of the contemplated increase in wages during the year 2012-13 is not known now, the proposed increase of 25% in the estimated salary and wage cost is not considered by this Authority at this juncture.
 - (b). The repairs and maintenance cost for the years 2009-10 to 2012-13 as estimated by MOPT is Rs.1380.11 lakhs, Rs.1795.80 lakhs, Rs.1772.45 lakhs and Rs.1772.45 lakhs. The escalation of expenses assumed by MOPT works out to 22.93% and 30.12% for the years 2009-10 and 2010-

11 respectively as compared to the respective previous year, taking the actual expenditure for the year 2008-09 as base. For the years 2011-12 and 2012-13, the port has not projected any escalation in the repairs & maintenance expenditure.

GMOEA and other users were critical about the high estimated cost of repairs and maintenance at MOPT. The port has stated that the repairs and maintenance expenses for three years under consideration are based on the recommendations of the consultants, who have advised extensive repairs and changing of spare parts of the outdated MOHP, in order to keep the plant running till 2012. The port has not furnished any documentary evidence in support of its claim for additional repairs and maintenance. The port has also proposed capital expenditure under MOHP activity for each of the year. Refurbishment is expected to bring down revenue maintenance expenses. The estimated repairs and maintenance cost for the years 2010-11 to 2012-13 is, therefore, moderated by allowing increase of 3.76% for each of the year over the respective previous year by keeping the year 2008-09 as the base. While doing so, necessary provisions have been made for the maintenance expenses of the new assets proposed to be added in the relevant years.

- (c). The maintenance dredging cost for the years 2009-10 to 2012-13 is estimated by MOPT at Rs.2977.05 lakhs, Rs.3067.23 lakhs, Rs.3112.32 lakhs and Rs.3207.71 lakhs respectively. The escalation sought by MOPT works out to 35.77%, 3.03%, 1.47% and 3.06% during the years 2009-10 to 2012-13 respectively as compared to the respective previous years, taking the actual expenditure for the year 2008-09 as the base. Some of the user organisations have objected to the steep increase projected in dredging cost during the years 2010-11 to 2012-13 as compared to the cost incurred in previous years. The port has contended that the dredging cost does not move by market indices and is based on the competitive rates based on tenders. The port has further stated that the quantity of dredging will also increase from 4 million cubic meters to 4.8 million cubic meters on account of completion of capital dredging for mooring Dolphin. The work order for dredging has already been issued by MOPT for a three year period from 2009-10 to 2011-12 and the contracted value has been taken into the cost estimates. In view of the reasons explained by the port, the maintenance dredging cost as furnished by MOPT for the years 2010-11 to 2012-13 is considered in our analysis.
- (d). The increase in the estimated expenditure relating to Power cost, Fuel cost and Others considered by MOPT while estimating the said expenditure for the years 2010-11 to 2012-13 have been moderated by considering the escalation factor of 3.76%
- (e). Management & General Overheads estimated by the port for the years 2010-11 to 2012-13 constitute about 60% to 65% of the total operating cost of the port for the respective year. The MOPT has stated that the expenditure of Finance department, Medical department, stores department, vigilance department, port security, workshop and engineering overheads, general administration are accounted under this head of expenditure.

As stated earlier, this Authority during the last two general revision exercise had advised the port to seriously identify areas of cost reduction and take immediate steps to introduce corrective measures. The port has maintained that Management & General Overheads are not purely management expenses and Salaries and wages constitute almost 59% of the total expenditure under this head. As such, it is not feasible for the port to reduce the expenditure as the salaries and wages are in accordance to Bilateral Wage Negotiation Committee. It is noteworthy

that the entire expenditure may not be fully controllable for the port. In order to ensure competitive edge and to reduce transaction cost to the trade, the port should identify the areas where cost reduction is possible and take necessary action to achieve the anticipated level.

The escalation considered by MOPT in the estimates is 11.48%, 4.56%, 5% and 17.15% for the years 2009-10 to 2012-13 respectively as compared to the respective previous year, taking the actual expenditure for the year 2008-09 as the base. The estimated Management & General Overheads for the years 2009-10 to 2011-12 as furnished by MOPT are considered in the analysis and the estimates for the year 2012-13 is moderated by restricting the increase to 3.76% over the estimates for the year 2011-12.

- (viii). The MOPT has proposed the following additions to the gross block of assets during the years 2009-10 to 2012-13:

(Rs. in lakhs)		
Years	Addition to assets	Additional assets proposed to be funded from Escrow A/c.
2009-10	3131.05	997.66
2010-11	5276.50	800.00
2011-12	18494.00	4200.00
2012-13	24700.00	0.00

The port has confirmed that only completed and commissioned assets are considered by it for claiming return thereon.

Out of the estimated additions of Rs.31.31 crores for the year 2009-10, an amount of Rs.9.98 crores towards computerisation of Port (ERP) is proposed to be funded from the Escrow account. Thus the balance additions to the tune of Rs.21.33 crores are considered for allowing ROCE for the year 2009-10.

The total capital additions to the tune of Rs.52.765 crores proposed by the port for the year 2010-11 are towards the following:

Capital Dredging	Rs.800 Lakhs
Replacement of stacker	Rs.900 lakhs
Replacement of grab	Rs.100 lakhs
Mooring Dolphin	Rs.1450 lakhs
Port Craft Jetty	Rs.1280 lakhs

As per the plans furnished, capital dredging will be funded by Escrow account balance. The port while responding to GMOEA's observation has mentioned that capital dredging and new mooring dolphin projects are delayed and that the revenues from these projects have not been considered in its income estimates. Since the projects are admitted to be delayed and will not generate revenue in the current cycle, the proposed capital additions are not considered for allowing return. Barring the capital cost of the above said two projects, the additions proposed by the port during the year 2010-11 is considered in the analysis.

Out of the total additions amounting to 184.94 crores during the year 2011-12, capital dredging expenditure estimated at Rs.42.00 crores is proposed to be funded from Escrow account and hence not considered for allowing ROCE. The expenditure is recognised under escrow account funding as the deferred work of 2010-11 may likely to materialise in the year 2011-12. The port has stated that work order has been issued with reference to Replacement of stackers (Rs.9.18 crores) and strengthening of breakwater mole (Rs.32.76 crores). Investment towards Integration of berth No.8 and 9 and development of Vasco bay together amounting to Rs.21.00 crores is expected to be completed by June and October 2011. Further, replacement of stacker and replacement of ship loading system

pertaining to MOHP and amounting to Rs.80.00 crores have been considered as the additions for the year 2011-12

For the year 2012-13, the port has proposed two new capital projects viz. revamping of existing MOHP at a cost of Rs.202 crores and construction of berth alongside breakwater at a cost of Rs.45.00 crores. The expenditure on revamping of MOHP is reportedly in the form of replacement/ revamping of the existing asset and, therefore, the port has claimed that they will not create any additional capacity. Nor is any reduction in operating cost envisaged by the port.

The proposed capital expenditure at the fag end of the tariff validity period, is not found to contribute towards increase in productivity nor additional revenue. This Authority may not like to burden the users from the very beginning of the tariff cycle for an investment which is proposed to be made almost three years later. As such, the proposed addition is not considered in this analysis.

However, if the Port completes and commission the revamped MOHP during the validity of the current tariff cycle, if it so desires, can come up with a proposal either seeking ahead of schedule review of the Scale of Rates or for a suitable Special levy to cover the cost, atleast four months before the expected commissioning of the project.

In respect of construction of non-cargo berth at West of break water (Rs.45.00 crores) which has been included under the capital block in the year 2012-13, the port has said that this is a new project which is yet to be tendered. The construction period is 24 months after the award of contract. Clause 2.9.5 of the tariff guidelines stipulates that cost of fully commissioned Business assets that can be directly identified as created for the port business, and in use will only be considered while computing allowable depreciation and return on capital employed. Therefore, the cost of this project is excluded from the gross block for the purpose of this analysis.

- (ix). Tariff guidelines require computation of depreciation on straight line method following the life norms adopted as per the Companies Act in case of major ports. The MOPT has confirmed that the depreciation has been computed on straight-line method adopting the life norms prescribed in the Companies Act. Depreciation estimates of the port has been modified in line with the changes carried out in the capital assets.
- (x). As stated in the preceding paragraph, return is not allowed on the capital investments funded from the Escrow account.

The port has segregated the assets into business assets, business related assets and social obligation assets. The port has not furnished the basis adopted by it for segregating its assets. However, the ratio of the business assets and business related assets to the total assets of the port is comparable to the ratio of the assets relied upon during the last general revision.

Further, the port has computed the Return on capital employed on business related assets at 6.35%. In line with Clause 2.9.2 of the tariff guidelines, the rate considered for Return on Capital Employed is reviewed for the year 2010-11 and in the light of changes in the key parameters, the risk free rate (being the rate considered for allowing return on Business related assets) has been revised at 8.40%. However, the rate for the Business assets continues to remain at 16%. Thus, the Return on Business related assets has been recalculated based on the rate of 8.40%.

- (xi). The MOPT has not furnished workings to assess the Working capital estimates made by the Port. The sundry debtors and cash balances forming part of the current assets has been calculated in line with the norms prescribed in Clause 2.9.9 of the revised tariff guidelines. In the absence of relevant information,

inventory has been considered as given by the port. The current liabilities estimated by the port is Rs.1081.84 lakhs for the year 2010-11 and Rs.1135.93 lakhs each for the years 2011-12 and 2012-13. As the actual current liabilities reflected in the Annual Accounts of the port for the years 2006-07 to 2008-09 is at a higher level, the estimated current liabilities for the years 2010-11 to 2012-13 is maintained at the level of actual current liabilities reported in the Annual Accounts of 2008-09. The working capital thus worked out for the year 2010-11 is negative and hence considered as NIL in the analysis. The working capital for the years 2011-12 and 2012-13 works out to Rs.135.35 lakhs and Rs.338.71 lakhs respectively, which is considered in the analysis.

- (xii). The MOPT has maintained a separate Escrow account with reference to the royalty/ revenue share receivable from the private operator. The MOPT has stated that it has utilized the fund available in the Escrow account for the purpose of capital additions. The balance in the Escrow account is summarized below:

(Rs. in lakhs)							
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
1. Opening balance	1149.70	738.12	1458.30	2171.61	2709.57	3387.11	419.66
2.							
(a) Revenue share transferred to Escrow A/c	1200.00	638.48	705.90	1294.00	1200.00	1200.00	2463.00
(b) Interest on investments	12.71	81.70	209.75	221.62	277.54	32.55	257.15
3. Total	2362.41	1458.30	2373.95	3687.23	4187.11	4619.66	3139.81
4. Utilisation for creation of infrastructure	1624.29	--	202.34	977.66	800.00	4200.00	--
5. Closing Balance	738.12	1458.30	2171.61	2709.57	3387.11	419.66	3139.81

- (xiii). In the light of the analysis given above the cost statements for the port as a whole and different main activities have been modified. The modified cost statements for the port as a whole is attached as **Annex - II** and the modified cost statements for the different main activities are attached as **Annex - III to VI** respectively. The summarised position of the results disclosed by the financial / cost statements for the port as a whole and different main activities are tabulated below:

Sl. No	Activities / Sub-activities	Surplus/ deficit 2010-11		Surplus / deficit 2011-12		Surplus / deficit 2012-13		Total Surplus / Deficit	Average %
		Rs. in lakhs	% of income	Rs. in lakhs	% of income	Rs. in lakhs	% of income	Rs. in lakhs	% of income
1.	Port as a whole	-4840.07	-17.26%	-7080.81	-23.93%	-7089.89	-22.70%	-19010.77	-21.30%
2.	Cargo Handling & Storage activity	-895.47	-5.25%	-2581.26	-14.65%	-3562.09	-20.18%	-7038.82	-13.36%
	(a). Ore handling activity	-2883.59	-27.81%	-4822.90	-45.92%	-5721.93	-54.48%	-13428.42	-42.73%
	(b). General Cargo	-67.80	-3.73%	-112.87	-6.14%	-183.68	-9.93%	-364.35	-6.60%
	(c). Warehousing	-109.59	-97.85%	-103.41	-92.33%	-89.19	-79.63%	-302.19	-89.94%
	(d). POL	573.82	73.01%	600.66	72.98%	595.80	72.39%	1770.28	72.79%
	(e). CHLD	1591.69	40.25%	1857.28	42.83%	1836.91	42.05%	5285.87	41.75%
3.	Port & Dock facility	-3902.95	-49.84%	-4452.35	-51.16%	-4551.47	-49.93%	-12906.77	-50.31%
	(a). Berthing & mooring	-616.82	-25.25%	-969.48	-33.17%	-1030.58	-34.79%	-2616.87	-31.07%
	(b). Pilotage & Towage	-1402.08	-35.23%	-1294.52	-30.57%	-1255.70	-28.05%	-3952.29	-31.28%
	(c). Port service	-1630.53	-118.45%	-1923.27	-127.20%	-1990.00	-121.05%	-5543.79	-122.23%
	(d). Water supply	-253.53	-778.17%	-265.09	-803.30%	-275.20	-833.93%	-793.82	-805.14%
4.	Railways	882.48	36.86%	972.28	38.69%	2126.63	57.95%	3981.39	44.50%
5.	Estate	-924.13	-119.46%	-1019.48	-134.79%	-1102.95	-139.33%	-3046.56	-131.19%

- (xiv). The cost summary given in the table above clearly indicates that the port as a whole will be in deficit to the extent of about Rs.190.10 crores for the three years period under consideration at the existing level of tariff. This also points out a need to increase the relevant tariff items to bridge the estimated revenue gap.

Clause 2.11.6. of the tariff guidelines specifies that the financial position of the port as a whole and for each activity / sub-activity is to be considered while determining the extent of tariff revision. At the MOPT, some of the activities are reporting surplus while the rest are in deficit. Therefore, while determining the tariff increase in the deficit making activities the flow of cross-subsidisation needs to be recognised. In this context, it is to be mentioned that though there is a need for phasing out the cross-subsidisation, a sudden withdrawal will have adverse tariff impact on certain activities. For the time being, this Authority, therefore, prefers to contain the cross-subsidisation by not permitting any tariff increase in the surplus making activities without resorting to a reduction of tariff in such activities. Incidentally, the MOPT has also not sought any increase or decrease in the tariff of the surplus making activities.

The surplus in the railway activity can be taken to be compensating the deficit reported in the estate activity. Consequently, the total deficit of about Rs.190 crores is to be met by revising the appropriate tariff heads under the cargo handling and vessel related activities. In this regard, this Authority is well aware that the tariff increase will have only prospective application and therefore the port may not get the benefit of the increased tariff for the full period in the year 2010-11. As against this position, it is also necessary to bear in mind that the port has not filed an appropriate proposal for revision of estate rental following the Government instructions on the subject. When the port files such a proposal it will definitely provide additional income to the port. Further, the entire analysis is carried out based on the position reported for the year 2009-10 which is still based on estimates. The effect of rebate given in the pilotage fee on the vessels working at West of Breakwater could not be assessed in the income estimates for want of information. Most significantly, it is necessary for the port to launch productivity improvement and cost reduction measures on items which are under its control. The combined effect of the various aspects listed above will go to reduce the overall deficit position assessed in this analysis. Therefore, tariff increase in some of the major deficit activities is decided as discussed hereinafter by leaving some revenue gap uncovered.

(a). Ore handling activity:

The port has proposed 60% increase in the tariff applicable at MOHP and 40% hike in ore handling elsewhere. The activity reflects a deficit of about 42%.

It may be relevant here to note that the assessment of tariff increase in the ore handling segment is always done in a comprehensive manner in the past tariff revisions of 2000, 2002 and 2006. The differential requirement of tariff increase at MOHP and at other places was not considered as such in the past. Adopting the same approach, the deficit has been analysed. Considering the flow of cross-subsidisation between activities and recognising the deficit in the iron ore handling segment, it appears that the tariff increase of 30% on all charges recoverable under ore handling activity is justified. It may be relevant here to point out that the ore handling charges of MOPT was not revised upwards for the reasons recorded in the respective tariff Orders since the year 2000.

(b). Vessel related charges:

Vessel relating charges are proposed to be increased by 40%. The different sub-activities under the vessel related activity, however, report different levels of deficit. The combined estimated deficit under port and dock activity is about 50% for the years under consideration. Of the three main sub-activities under the port and dock activity, the sub-activity concerning port conservancy and services reports a huge deficit of 122% whereas the other two sub-activities viz., berthing and pilotage, each

report a deficit of around 31%. Generally, any vessel calling at the port essentially pays port dues, pilotage and berth hire. Since the effect of all the sub-activities is to be met by the common user group i.e. vessel, it may not be necessary to consider different rate of increase in individual sub-activities. Considering the overall deficit in the vessel related activity and the flow of cross-subsidisation between the activities, 30% across-the-broad increase in the vessel related services will suffice.

The tariff guidelines envisage prescription of berth hire in single slab. In the last tariff review in the year 2006, the berth hire charges of MOPT were rationalised into 3 tier slabs for MOHP and into 2 tiers for some other berth handling i.e. POL and general cargo. The MOPT has argued that further rationalisation would not be possible perhaps due to adverse impact of certain segment of vessel. It is noteworthy that none of the users have demanded berth hire in single slab. At some other ports also berth hire has been permitted to be levied in more than one slab in view of the difficulties reported.

The Efficiency Linked Tariff Scheme is in operation at MOHP in relation to berth hire charges. The scheme will continue to be in operation subject to the conditions and clarifications already furnished by this Authority.

(c). Storage charges for Sheds, Warehouses and Wharves and open plots:

- (i). The MOPT had filed a separate proposal for rationalisation of the storage charges leviable at sheds and warehouses and open plots. The proposal covers amendment to Section C of Part II and item (I) of Part III of the existing Scale of Rates. The proposal was filed prior to the general revision proposal filed in December 2008. The MOPT has accordingly included the proposed provisions in the subsequent revised general revision proposal. Though, the proposal of MOPT for rationalisation of storage charges and plot rental was processed separately, since it will form the part of scale of rates of the port, the proposal is considered for disposal in the Order passed in the general revision case.
- (ii). Insofar as the storage charges for sheds, warehouses, etc. are concerned, the port has proposed to introduce a differential tariff structure for import and export commodities. Free period is also proposed to be increased in respect of import break bulk cargo and all categories of export cargo. Clause 4.5 of the tariff guidelines of 2005 specifies that the number of free days may be proposed by the individual ports. In the past also this Authority in various other case relied upon the judgement of the proposing port trusts to prescribe free period for storage of cargo. Though, port has not given any detailed dwell time analysis, the number of free days proposed is to be seen in the light of change in the method of levy of storage charges proposed by the port trust. The port has proposed to charge demurrage on cargo remaining in the storage area after the prescribed free period on the basis of the number of days of such stay and the quantum of cargo. In the existing arrangement storage charges are recoverable on the basis of area allotted. It is noteworthy that some of the user associations like Goa Chamber of Commerce, Mormugao Port Users Association have generally endorsed the proposed change. The revised free period proposed by the port trust is approved.
- (iii). As mentioned earlier, the demurrage charges are proposed to be levied based on 'per tonne per day' basis instead of the area based rates approved in the existing scale of rates. The proposed

change is reportedly to discourage long stay of cargo in the port yard which has limited storage capacity. This Authority has held in many earlier orders that the storage yard of a port trust should be optimally utilised as it is meant for transit storage and not for permanent warehousing purpose. Viewed from this perspective and also the liberal free time proposed by the port trust, there may not be any objection to approve the rate structure proposed by the port. However, it is to be noted that despite of several attempts made by us, the port has steadfastly maintained that the proposed rationalisation of tariff structure would not involve any additional income to the port. This statement is substantiated by the port only in respect of MOP by furnishing working. Though it is difficult to accept that the proposed rationalisation is exactly revenue neutral in the absence of any analysis to prove this assumption, the huge revenue deficit in the warehousing activity is to be noted. The port has revised its claim of seeking 40% increase over the existing rate structure, which was proposed in the initial proposal for general revision, to requesting approval of the rationalised rate structure. This Authority is, therefore, inclined to approve the proposed rationalised tariff structure. The existing Ground Rent and Storage charges for explosives or other dangerous goods is, however, increased by 30%.

- (iv). The proposed rate structure for import dry bulk cargo prescribed certain minimum level of delivery rate per day for determining the normal rent. It is necessary that the delivery rate proposed to be periodically reviewed by the port and if any change is required the port should come up with the proposal for necessary amendments.
 - (v). The same rationalised tariff structure proposed for covered area and warehouses is proposed to be applied to item (I) of Part III of the Scale of Rates which deals with rentals for open plots in the customs bound area. The proposed rental & demurrage rates for dry bulk are lower than those applicable at covered sheds and warehouses. The proposed rationalisation is approved.
 - (vi). It is relevant here to note that storage charges on covered sheds and warehouses are listed under cargo related charges (Part II) in the existing Scale of Rates while rentals on open plots in the customs bound area falls under Estate Rental (Part III). The purpose in both the cases is to levy a charge for storage of cargo in the port area. That being so, there does not appear to be any reasons for classifying storage charges for open plots in custom bound area under Estate Rentals. Such a classification will be even more a misfit after introducing the rationalised structure in which demurrage will be collected on 'per tonne per day' basis after the expiry of the prescribed free period. Consequently the tariff head Rent on open plots in the custom bound area is shifted to Part II - cargo related charges in the revised Scale of Rates.
- (d). Estate Rentals:
- (i). The proposal of the Port is to increase the existing Estate Rentals by 40% and the increase is claimed to cover the revenue deficit in the concerned activity.
 - (ii). Clause 8 of the tariff guidelines 2005 requires this Authority to prescribe estate rentals following the extant Government policy on port land and waterfront management. The instructions of the Government in this regard conveyed in February 2004 and, for

that matter, even prior to that since 1996, do not envisage fixation of lease / licence fees following a cost plus approach. Estate charges are fixed at 6% of the assessed market value following the specific methods elaborated in the Government instructions. There is no reason to believe that MOPT is not aware of the methodology of estate rental fixation as envisaged by the Government instructions. In the tariff order of 2002, and again in the tariff order of 2006, the cost plus approach suggested by MOPT for setting estate rentals was negated by this Authority with a clear direction to follow the Government instructions. In the tariff proceedings of 2006, the Port made a categorical assertion that it would file a separate proposal for revision of estate rentals duly following the Government instructions. The port, however, persists with its own logic even in the proposal under consideration. The port has pleaded its inability to appoint a land surveyor and valuer for this purpose. When some other ports like COPT, KPT and KOPT have filed a detailed proposal based on land valuation carried out by land valuers appointed by them, the difficulties of the port, and for nearly 9 years at that, to arrange for such valuation is not discernable. A mere argument that value of lands everywhere else is going up and, therefore, atleast a 40% increase on adhoc basis should be allowed on its estate cannot be a basis for this Authority to accede to the proposal of the port. Covering up its inaction for about the last 9 years and consequent revenue loss to the Trust, the port raised a sensational and unwarranted question how it can commercially exploit its estate when this Authority had not allowed increase in rental charges. In another place, the port has observed that following the specified methodology for fixing lease rentals is a mere 'technicality' and on that ground alone rate increase proposed by it cannot be denied. A responsible public authority like MOPT must understand that any measure affecting the rights and liabilities of the public and Trade should be introduced in a transparent and pre determined manner if one does not wish to hear the action taken as arbitrary and whimsical. If other port trusts can observe such 'technicalities', then the extraordinary circumstances prevailing in MOPT warranting an exceptional treatment only in its case is not explained. If such extraordinary circumstances indeed prevail and that too for the last 9 years or so, then the port should have approached the Government, which has issued the policy instructions, seeking a special dispensation for it. Nothing is available on record to suggest an action towards this direction was taken by the port. If a Port Trust does not follow the Government instructions and consequently suffer revenue loss, it is the Port and not this Authority will be responsible for the consequence.

- (iii). For the reasons stated above, this Authority rejects the adhoc proposal made by the MOPT contrary to the Government instructions on the subject.
- (iv). As mentioned earlier, the tariff head of 'Rent on storage plots in custom bound' area will be shifted under the cargo related charges. The remaining heads under the estate rentals are included as they are in the revised Scale of Rates. It is to be clarified that this Authority has only negated the increase in rates proposed by the port and not the validity of the existing rates. The existing rates, with annual escalation accrued, can continue till such time the port comes up with a proposal for their revision duly complying with the extant guidelines and instructions governing the subject.

- (v). The existing Scale of Rates prescribes rates for occupation of foreshore lands. An issue has been raised in this proceeding about charging the same rate applicable for the abetting lands on the water area also. This Authority has no reservation in readily accepting the competence of a port trust to levy a charge for usage of its water within the defined port limits. The only issue is whether the same quantum of rate applicable for the abetting lands would apply to water area exclusively used by a lessee. The Government instructions on the subject is silent on this aspect. Only by inference, as made by MOPT that land includes water, one can extend the Government instructions to water area. There is no uniformity in this regard among different ports. At some ports, lease rentals are levied in full for such area and at others, the rentals are a fraction of the rates for the abetting lands. This Authority will refer the matter to the Government for an explicit instruction commonly applicable at all the major ports on the lease rent / licence fee leviable on water area and reclaimed land, where the lessee has reclaimed the land. The MOPT may also forward its case to the Government for clarification or confirmation of the approach adopted by it. Till such time the Government instructions are received, the methodology followed by MOPT can continue provisionally, subject to the condition that the billing made should be adjusted retrospectively in accordance with the instructions to be received.
- (xv). The total revenue impact of the tariff increase allowed will be around Rs.172 crores for the three years under consideration. As mentioned earlier, tariff increase is allowed by leaving a fraction of total deficit uncovered for the reasons given in the earlier part of this note.
- (xvi). **Pension Levy**
- (a). In the last tariff order of 2006, a special levy at the rate of 7% on all revenue earning activities (excluding railway related charges) was introduced to build up a pension fund to meet the pension liability of the port. The necessity had arisen because the contribution made in the past towards the pension fund was not commensurate with the requirement. While according approval, it was stipulated that the port should maintain a separate account of the pension fund and furnish the audited results for scrutiny at the time of the next review.
- (b). The MOPT has not furnished any such separate audited accounts of the pension levy. It has only indicated that the actuarial valuation of the pension liability was Rs.522 crores as of 31 March 2009, against which, the accumulation in the pension fund till date is Rs.229 crores. It has also been pointed out that the requirement of the pension fund would be higher after factoring the revised salaries and wages implemented recently in respect of its employees. Though a separate fund is maintained, the port continues to meet the actual pension pay out from the revenue account on the ground that the pension fund should be augmented fully as per the requirement before the fund itself takes care of pension pay outs. It appears that the whole arrangement is ad-hoc. The port should correctly assess the requirement of the fund upto date and furnish audited report of the collection and contributions made to the fund in the past. The ultimate objective would be to require the revenue account to contribute only towards the liability in respect of the serving employees who would turn into pensioners in future. In the circumstances, it is not possible for this Authority to accede to the request of the port to enhance the pension levy from the existing level of 7% to 12%. It is evident that the pension fund is not sufficient enough to meet the entire liability and therefore, the existing

levy may continue for one more cycle of three years. The tariff increase allowed in some of the activities and the growth in volumes anticipated in the next three years will provide additional contribution to the pension fund even at the existing rate of 7%.

- (c). This port is once again advised to maintain a separate account of the pension fund and furnished the audited details of the fund for scrutiny at the time to next review. If such details are not furnished, this Authority will not be in a position to consider any request for further extension of pension levy.
- (xvii). The penal interest on delayed payments by the user and refunds by the port has been proposed at 13% by the Port. In line with clause 2.18.2. of the tariff guidelines, the interest on delayed payments will be 2 % above the Prime Lending Rate of the State Bank of India. The prevailing Prime Lending Rate of State Bank of India is reported at 11.75%. Accordingly, the rate of penal interest is modified to 13.75%.
- (xviii). This Authority while approving the special rate for foreign naval vessels vide Order No.TAMP/36/2007-MOPT dated 30 September 2008 had advised the port to examine the circumstances under which the existing condition allowing exemption in port dues to defence vessel of Foreign Government coming on goodwill is introduced in the Scale of Rates initially and whether the prevailing applicable legal provision requires MOPT to exempt port dues on certain categories of vessels. Based on such study, the port was advised to propose suitable modification in the general revision of its Scale of Rates.

The port does not appear to have carried out any such study. Instead, the port has reiterated its submissions made in the proceedings of the case mentioned above. In the absence of the port furnishing the requisite details, there is no other option but to continue with the existing provision of allowing exemption in port dues to defence vessel of Foreign Government coming on goodwill visits.

- (xix). Revised tariff guidelines prescribe concessional tariff for coastal cargoes/ containers/ vessels. The coastal cargo/ container/ vessel related charges should not exceed 60% of the normal cargo/ container/ vessel related charges. Importantly, the revised guidelines do not permit restatement of coastal rates with reference to prevailing exchange rate at the time of each general revision of Scale of Rates. The objective of this clause is to ensure that the coastal vessels are not burdened on account of fluctuation in the exchange rate due to such reinstatement. In view of this position, the existing coastal vessel rates are maintained subject to the general decision on increase of 30% in the vessel related charges.

15.1. In the result, and for the reasons give above, and based on collective application of mind, this Authority approves the revised Scale of Rates of the MOPT which is attached as **Annex - VII**.

15.2. The tariff guidelines stipulate that the tariff approved by this Authority will come into effect 30 days from the notification of the Order in the Gazette and shall be in force till 31 March 2013. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

15.3. The tariff of the MOPT has been fixed relying on the information furnished by the port and based on assumptions made as explained in the analysis. If this Authority, at any time, during the prescribed tariff validity period, finds that the actual position varies substantially from the estimations considered or there is deviation from the assumptions accepted herein, this Authority may require the MOPT to file a proposal ahead of the schedule to review its tariff and to setoff fully the advantage accrued on account of such variations in the revised tariff.

15.4. In this regard, the MOPT is requested furnish a report of the actual physical and financial performance within 15 days of completion of each quarter of a year i.e. for the period ending on 30 June, 30 September, 31 December and 31 March of each of the years in the same format in which the cost statement for the tariff proposals are filed. The report should also be accompanied with the reasons for variation from the estimates relied upon for fixing the tariff in force. If a variation of (+)/(-)20% is observed between the actual and the estimates for two consecutive quarterly period, TAMP will call upon the concerned port trust to submit their proposal for an ahead of scheduled review. If the MOPT fails to file a tariff proposal within the time limit to be stipulated by TAMP, this Authority may proceed *suo motu* to review the tariff.

(Rani Jadhav)
Chairperson

Mormugao Port Trust (MOPT)								
Analysis of performance of MOPT for the years 2006-07 to 2009-10.								
Cost statement for the Port as a whole								
(Rupees in Lakhs)								
Sr. No.	Particulars	Estimates considered in the last General Revision Order			Actuals			Estimates/ Actuals**
		2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2009-10
I	Total Traffic handled at MOPT (in Lakh tonnes)	345.80	352.00	359.00	342.41	351.28	416.81	448.40
	Share of Traffic of South West Port Limited (in Lakh tonnes)	43.90	50.00	50.00	40.20	41.90	46.30	50.00
II	Total Operating Income * Operating income (excluding revenue share receivable from South West Port Limited transferred to Escrow Account from the year 2005-06 onwards)	21784.56	22211.70	22969.98	24593.70	22159.97	24906.91	26451.98
III	Operating Costs (excluding depreciation)	9,056.26	9,509.08	9,984.53	9,404.43	11001.21	12,705.65	14188.99
IV	Depreciation	1,275.46	1,492.34	1,552.55	1,250.76	1289.00	1,245.93	1278.75
V	Finance & Miscellaneous Expenses Less Finance & Miscellaneous Income	2,028.00	2,200.26	2,343.46	2,393.61	1977.91	4,069.14	4092.12
VI	Total Expenditure (III + IV + V)	12,359.72	13,201.68	13,880.54	13,048.80	14268.12	18,020.72	19559.86
VII	Surplus (II - VI)	9,424.84	9,010.02	9,089.44	11,544.90	7891.85	6,886.19	6892.12
VIII	Allocated Management & General Overheads	4,651.97	4,962.61	5,210.75	5,328.72	6095.18	7,931.76	8842.82
IX	Net Surplus (VII - VIII)	4,772.87	4,047.41	3,878.69	6,216.18	1796.67	-1,045.57	-1950.70
X	Capital Employed	30,690.09	33,239.36	34,706.79	31,373.47	33052.94	30,471.21	30912.02
XI	Return on Capital Employed	4,350.28	4,736.29	4,568.12	4,452.56	4714.78	4,301.50	4334.66
XII	Net Surplus / (Deficit) after Return (IX - XI)	422.59	(688.88)	(689.43)	1,763.62	-2918.11	-5,347.07	-6285.36
XIII	Net Surplus / (Deficit) as a % of operating income (XII / II in %)	1.94%	-3.10%	-3.00%	7.2%	-13.17%	-21.47%	-23.76%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-1.39%			-9.16%			-23.76%

* The Operating income for the years 2006-07 to 2008-09 also excludes the income arising from the Special Levy towards pension.

** The figures for the year 2009-10 contains actuals upto september 2009.

Mormugao Port Trust (MOPT)
Cost statement for the Port as a whole

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
	Traffic handled at MOPT in lakh tonnes (excluding traffic handled at BOT berth)	429.70	458.00	488.00	429.70	458.00	488.00
I	Operating Income	27713.22	29209.48	30857.12	28041.56	29586.24	31233.88
II	Operating Expenses						
	(i) Salary & wages	5491.98	5765.48	7205.48	5134.53	5327.59	5527.91
	(ii) Power	2360.50	2440.35	2495.62	2360.50	2440.35	2495.62
	(iii) Fuel	275.00	291.48	305.22	275.00	285.34	296.07
	(iv) Repairs and maintenance	1795.80	1772.45	1772.45	1260.60	1367.53	1502.87
	(v) Maintenance Dredging	3067.23	3112.32	3207.71	3067.23	3112.32	3207.71
	(vi) Others	2439.31	2564.22	2707.66	2392.27	2513.00	2645.15
	Total	15429.82	15946.30	17694.15	14490.13	15046.14	15675.33
III	Depreciation	1384.59	1691.84	2941.42	1331.27	1691.84	1979.52
IV	Allocated share of Management and General overheads	9246.07	9708.37	11374.13	9028.07	9518.38	10529.03
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	1652.74	1862.96	-1152.58	3192.09	3329.89	3050.00
VI	Allocated share of FMI	745.87	634.26	681.95	745.87	634.26	681.95
VII	Allocated share of FME	4035.49	4253.65	4475.65	4035.49	4253.65	4475.65
VIII	FMI Less FME (VI) - (VII)	-3289.62	-3619.39	-3793.70	-3289.63	-3619.39	-3793.69
IX	Surplus / deficit (V) + (VIII)	-1636.88	-1756.43	-4946.28	-97.54	-289.51	-743.69
X	Capital Employed for the activity	36409.35	49185.20	70943.79	31814.06	44551.59	41847.96
XI	Return on Capital Employed	5385.36	7443.15	10908.59	4742.53	6791.30	6346.19
XII	Capacity Utilization	137.00	129.00	119.00	137%	129%	119%
XIV	Net surplus / (Deficit) (IX) - (XI)	-7022.24	-9199.58	-15854.87	-4840.07	-7080.81	-7089.89
XV	Net Surplus / (Deficit) as a % of Operating Income (XIV/II in %)	-25.34%	-31.50%	-51.38%	-17.26%	-23.93%	-22.70%
XVI	Average Net Surplus / (Deficit) as a % of operating income	-36.07%			-21.30%		

Mormugao Port Trust (MOPT)
Cost statement for the Cargo handling activity

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	16713.88	17237.30	17279.20	17042.22	17614.06	17655.96
II	Operating Expenses						
	(i) Salary & wages	3888.68	4082.34	5101.95	3533.04	3665.88	3803.72
	(ii) Power	2350.00	2429.50	2479.50	2350.00	2429.50	2479.50
	(iii) Fuel	2.20	2.31	2.41	2.20	2.28	2.37
	(iv) Repairs and maintenance	1081.20	1067.14	1067.14	839.83	929.50	1046.56
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	1151.96	1212.50	1278.71	1129.75	1187.34	1243.77
	Total	8474.04	8793.79	9929.71	7854.82	8214.50	8575.92
III	Depreciation	610.69	846.01	2058.08	610.69	846.01	1096.18
IV	Allocated share of Management and General overheads	5538.82	5815.76	6813.38	5401.21	5688.87	6228.55
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	2090.33	1781.74	-1521.97	3175.51	2864.67	1755.31
VI	Allocated share of FMI	405.59	333.94	337.30	405.59	333.94	337.30
VII	Allocated share of FME	2445.21	2587.62	2749.23	2419.88	2570.64	2715.29
VIII	FMI Less FME (VI) - (VII)	-2039.62	-2253.68	-2411.93	-2014.29	-2236.70	-2377.99
IX	Surplus / deficit (V) + (VIII)	50.71	-471.94	-3933.91	1161.21	627.97	-622.68
X	Capital Employed for the activity	14656.79	22702.80	40886.89	13312.90	20425.10	18853.58
XI	Return on Capital Employed	2243.14	3532.05	6439.40	2056.68	3209.23	2939.41
XII	Capacity Utilization	137.00	129.00	119.00	137%	129%	119%
XIII	Net surplus / (Deficit) (IX) - (XI)	-2192.42	-4003.99	-10373.31	-895.47	-2581.26	-3562.09
XIV	Net Surplus / (Deficit) as a % of Operating Income (XIII / I in %)	-13.12%	-23.23%	-60.03%	-5.25%	-14.65%	-20.18%
XVI	Average Net Surplus / (Deficit) as a % of operating income	-32.13%			-13.36%		

Mormugao Port Trust (MOPT)
Cost statement for total Ore Handling At Port

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	10369.50	10503.50	10503.50	10369.50	10503.50	10503.50
II	Operating Expenses						
	(i) Salary & wages	2372.56	2490.71	3112.80	2017.67	2093.54	2172.25
	(ii) Power	2350.00	2429.50	2479.50	2350.00	2429.50	2479.50
	(iii) Fuel	1.20	1.25	1.30	1.20	1.25	1.29
	(iv) Repairs and maintenance	874.10	862.74	862.74	636.73	729.04	846.10
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	910.24	958.69	1010.40	892.69	940.20	990.92
	Total	6508.10	6742.89	7466.74	5898.29	6193.52	6490.07
III	Depreciation	540.34	778.87	1995.28	540.34	778.87	1033.38
IV	Allocated share of Management and General overheads	4175.23	4383.99	5138.85	4016.33	4234.75	4736.8
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-854.17	-1402.25	-4097.37	-85.46	-703.64	-1756.75
VI	Allocated share of FMI	320.79	263.48	266.62	320.79	263.48	266.62
VII	Allocated share of FME	1487.93	1570.62	1660.23	1444.16	1536.87	1620.94
VIII	FMI Less FME (VI) - (VII)	-1167.13	-1307.14	-1393.61	-1123.37	-1273.39	-1354.32
IX	Surplus / deficit (V) + (VIII)	-2021.30	-2709.39	-5490.98	-1208.83	-1977.03	-3111.07
X	Capital Employed for the activity	11964.90	20137.96	38539.15	10874.40	18117.78	16744.67
XI	Return on Capital Employed	1825.16	3132.04	6075.52	1674.76	2845.87	2610.86
XII	Net surplus / (Deficit) (IX) - (XI)	-3846.46	-5841.43	-11566.50	-2883.59	-4822.90	-5721.93
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-37.09%	-55.61%	-110.12%	-27.81%	-45.92%	-54.48%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-67.61%			-42.73%		

Annex - III (b)

Mormugao Port Trust (MOPT) Cost statement for General Cargo

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	1819.74	1839.20	1849.50	1819.74	1839.20	1849.50
II	Operating Expenses						
	(i) Salary & wages	500.15	525.06	656.20	499.84	518.64	538.14
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	1.00	1.06	1.11	1.00	1.04	1.08
	(iv) Repairs and maintenance	198.00	195.43	195.43	194.18	191.66	191.66
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	80.28	84.29	89.11	78.73	82.66	87.39
	Total	779.43	805.84	941.84	773.75	793.99	818.26
III	Depreciation	38.34	36.27	33.67	38.34	36.27	33.67
IV	Allocated share of Management and General overheads	740.00	777.00	909.53	756.99	794.84	863.89
V	Operating Surplus/ Deficit (I) – (II) (III) - (IV)	261.97	220.09	-35.55	250.65	214.09	133.67
VI	Allocated share of FMI	56.30	46.14	46.95	56.30	46.14	46.95
VII	Allocated share of FME	178.20	187.70	209.42	194.48	202.61	210.97
VIII	FMI Less FME (VI) - (VII)	-121.90	-141.57	-162.47	-138.19	-156.47	-164.03
IX	Surplus / deficit (V) + (VIII)	140.06	78.52	-198.02	112.46	57.62	-30.35
X	Capital Employed for the activity	1270.34	1203.42	1095.72	1150.86	1082.61	984.35
XI	Return on Capital Employed	197.25	187.68	169.80	180.26	170.49	153.33
XII	Net surplus / (Deficit) (IX) - (XI)	-57.19	-109.16	-367.82	-67.80	-112.87	-183.68
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-3.14%	-5.94%	-19.89%	-3.73%	-6.14%	-9.93%
XIV	Average Net Surplus / (Deficit) as a % of Operating Income	-9.66%			-6.60%		

Annex - III (c)

Mormugao Port Trust (MOPT)
Cost statement for Warehouse

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	112.00	112.00	112.00	112.00	112.00	112.00
II	Operating Expenses						
	(i) Salary & wages	0.00	0.00	0.00	0.00	0.00	0.00
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Repairs and maintenance	2.00	1.97	1.97	1.96	1.93	1.93
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	13.28	13.94	14.74	13.02	13.51	13.51
	Total	15.28	15.92	16.71	14.98	15.44	15.44
III	Depreciation	26.09	25.16	23.74	26.09	25.16	23.74
IV	Allocated share of Management and General overheads	7.66	8.04	9.43	7.89	8.28	9.68
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	62.97	62.88	62.12	63.04	63.11	63.13
VI	Allocated share of FMI	3.46	2.81	2.84	3.46	2.81	2.84
VII	Allocated share of FME	3.49	3.71	3.72	3.71	3.90	4.10
VIII	FMI Less FME (VI) - (VII)	-0.03	-0.90	-0.87	-0.25	-1.09	-1.26
IX	Surplus / deficit (V) + (VIII)	62.95	61.98	61.24	62.79	62.03	61.87
X	Capital Employed for the activity	1215.10	1167.81	1079.33	1100.70	1050.54	969.39
XI	Return on Capital Employed	188.67	182.12	167.34	172.38	165.44	151.06
XII	Net surplus / (Deficit) (IX) - (XI)	-125.72	-120.14	-106.10	-109.59	-103.41	-89.19
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-112.25%	-107.27%	-94.73%	-97.85%	-92.33%	-79.63%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-135.15%			-89.94%		

Annex - III (d)

Mormugao Port Trust (MOPT)
Cost statement for POL

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	786.00	823.00	823.00	786.00	823.00	823.00
II	Operating Expenses						
	(i) Salary & wages	0.00	0.00	0.00	0.00	0.00	0.00
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Repairs and maintenance	2.00	1.97	1.97	1.96	1.93	1.93
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	131.39	137.96	145.84	128.86	133.71	133.71
	Total	133.39	139.93	147.82	130.82	135.64	135.64
III	Depreciation	5.92	5.71	5.39	5.92	5.71	5.39
IV	Allocated share of Management and General overheads	36.03	37.83	44.39	38.04	39.95	46.63
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	610.66	639.52	625.40	611.22	641.70	635.34
VI	Allocated share of FMI	24.32	20.64	20.89	24.32	20.64	20.89
VII	Allocated share of FME	30.50	32.59	32.87	32.43	34.26	36.28
VIII	FMI Less FME (VI) - (VII)	-6.18	-11.95	-11.98	-8.11	-13.62	-15.39
IX	Surplus / deficit (V) + (VIII)	604.48	627.57	613.42	603.10	628.09	619.96
X	Capital Employed for the activity	206.45	193.61	172.69	186.94	174.17	155.17
XI	Return on Capital Employed	32.06	30.20	26.75	29.28	27.43	24.16
XII	Net surplus / (Deficit) (IX) - (XI)	572.42	597.37	586.68	573.82	600.66	595.80
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	72.83%	72.58%	71.29%	73.01%	72.98%	72.39%
XIV	Average Net Surplus / (Deficit) as a % of operating income	73.06%			72.79%		

Mormugao Port Trust (MOPT)
Cost statement for CHLD

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	3626.64	3959.60	3991.20	3954.98	4336.36	4367.96
II	Operating Expenses						
	(i) Salary & wages	1015.97	1066.57	1332.95	1015.52	1053.70	1093.32
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Repairs and maintenance	5.10	5.03	5.03	5.00	4.93	4.93
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	16.77	17.61	18.61	16.45	17.27	18.25
	Total	1037.84	1089.21	1356.60	1036.97	1075.90	1116.50
III	Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
IV	Allocated share of Management and General overheads	579.90	608.90	711.17	581.95	611.05	571.55
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	2008.90	2261.49	1923.43	2336.06	2649.41	2679.91
VI	Allocated share of FMI	0.72	0.87	0.00	0.72	0.87	0.00
VII	Allocated share of FME	745.09	793.00	843.00	745.09	793.00	843.00
VIII	FMI Less FME (VI) - (VII)	-744.37	-792.13	-843.00	-744.37	-792.13	-843.00
IX	Surplus / deficit (V) + (VIII)	1264.53	1469.36	1080.43	1591.69	1857.28	1836.91
X	Capital Employed for the activity						
XI	Return on Capital Employed						
XII	Net surplus / (Deficit) (IX) - (XI)						
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)						
XIV	Average Net Surplus / (Deficit) as a % of operating income						

Mormugao Port Trust (MOPT)
Cost statement for the Vessel related activity

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	7831.73	8702.84	9116.32	7831.72	8702.83	9116.32
II	Operating Expenses						
	(i) Salary & wages	1219.17	1279.88	1599.55	1217.34	1263.12	1310.61
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	222.75	236.12	247.25	222.75	231.13	239.82
	(iv) Repairs and maintenance	234.15	231.11	231.11	133.31	139.76	146.83
	(v) Dredging	3067.23	3112.32	3207.71	3067.23	3112.32	3207.71
	(vi) Others	1119.65	1175.63	1242.81	1098.06	1152.97	1218.83
	Total	5862.95	6035.06	6528.43	5738.70	5899.29	6123.80
III	Depreciation	572.29	645.29	694.12	518.97	645.29	694.12
IV	Allocated share of Management and General overheads	2344.25	2461.46	2881.39	2340.65	2472.78	2747.12
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-947.76	-438.96	-987.63	-766.60	-314.53	-448.72
VI	Allocated share of FMI	242.28	218.31	231.40	242.28	218.31	231.40
VII	Allocated share of FME	1340.43	1405.74	1451.60	1396.84	1451.05	1514.21
VIII	FMI Less FME (VI) - (VII)	-1098.15	-1187.43	-1220.19	-1154.55	-1232.74	-1282.80
IX	Surplus / deficit (V) + (VIII)	-2045.91	-1626.40	-2207.82	-1921.15	-1547.27	-1731.52
X	Capital Employed for the activity	15594.00	20509.33	24605.77	12755.14	18445.84	18061.48
XI	Return on Capital Employed	2410.27	3198.90	3843.62	1981.80	2905.08	2819.95
XII	Capacity Utilization	137.00	129.00	119.00	137%	129%	119%
XIV	Net surplus / (Deficit) (IX) - (XI)	-4456.18	-4825.29	-6051.43	-3902.95	-4452.35	-4551.47
XV	Net Surplus / (Deficit) as a % of Operating Income (XIV/II in %)	-56.90%	-55.45%	-66.38%	-49.84%	-51.16%	-49.93%
XVI	Average Net Surplus / (Deficit) as a % of operating income	-59.57%			-50.31%		

Annex - IV (a)

Mormugao Port Trust (MOPT)
Cost statement for Berthing & Mooring

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	2442.39	2922.58	2962.02	2442.39	2922.58	2962.02
II	Operating Expenses						
	(i) Salary & wages	315.96	331.69	414.54	316.00	327.88	340.21
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	25.00	26.50	27.75	25.00	25.94	26.92
	(iv) Repairs and maintenance	18.10	17.86	17.86	17.75	17.51	17.51
	(v) Dredging	613.45	622.46	641.54	613.45	622.46	641.54
	(vi) Others	87.73	92.12	97.38	86.04	90.34	95.50
	Total	1060.24	1090.64	1199.08	1058.24	1084.14	1121.68
III	Depreciation	195.98	272.52	342.48	195.98	272.52	342.48
IV	Allocated share of Management and General overheads	399.51	419.49	488.91	414.12	434.83	467.33
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	786.66	1139.93	931.56	774.05	1131.09	1030.53
VI	Allocated share of FMI	75.56	73.31	75.19	75.56	73.31	75.19
VII	Allocated share of FME	242.40	254.04	266.61	256.46	265.67	276.56
VIII	FMI Less FME (VI) - (VII)	-166.84	-180.73	-191.43	-180.90	-192.36	-201.37
IX	Surplus / deficit (V) + (VIII)	619.82	959.20	740.13	593.15	938.73	829.16
X	Capital Employed for the activity	8677.69	13475.14	17779.45	7890.19	12114.06	11908.50
XI	Return on Capital Employed	1317.74	2102.16	2783.74	1209.97	1908.21	1859.74
XII	Net surplus / (Deficit) (IX) - (XI)	-697.92	-1142.96	-2043.61	-616.82	-969.48	-1030.58
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-28.58%	-39.11%	-68.99%	-25.25%	-33.17%	-34.79%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-43.52%			-31.07%		

Annex - IV (a)

Mormugao Port Trust (MOPT)
Cost statement for Berthing & Mooring

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	2442.39	2922.58	2962.02	2442.39	2922.58	2962.02
II	Operating Expenses						
	(i) Salary & wages	315.96	331.69	414.54	316.00	327.88	340.21
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	25.00	26.50	27.75	25.00	25.94	26.92
	(iv) Repairs and maintenance	18.10	17.86	17.86	17.75	17.51	17.51
	(v) Dredging	613.45	622.46	641.54	613.45	622.46	641.54
	(vi) Others	87.73	92.12	97.38	86.04	90.34	95.50
	Total	1060.24	1090.64	1199.08	1058.24	1084.14	1121.68
III	Depreciation	195.98	272.52	342.48	195.98	272.52	342.48
IV	Allocated share of Management and General overheads	399.51	419.49	488.91	414.12	434.83	467.33
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	786.66	1139.93	931.56	774.05	1131.09	1030.53
VI	Allocated share of FMI	75.56	73.31	75.19	75.56	73.31	75.19
VII	Allocated share of FME	242.40	254.04	266.61	256.46	265.67	276.56
VIII	FMI Less FME (VI) - (VII)	-166.84	-180.73	-191.43	-180.90	-192.36	-201.37
IX	Surplus / deficit (V) + (VIII)	619.82	959.20	740.13	593.15	938.73	829.16
X	Capital Employed for the activity	8677.69	13475.14	17779.45	7890.19	12114.06	11908.50
XI	Return on Capital Employed	1317.74	2102.16	2783.74	1209.97	1908.21	1859.74
XII	Net surplus / (Deficit) (IX) - (XI)	-697.92	-1142.96	-2043.61	-616.82	-969.48	-1030.58
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-28.58%	-39.11%	-68.99%	-25.25%	-33.17%	-34.79%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-43.52%			-31.07%		

Annex - IV (b)

Mormugao Port Trust (MOPT)
Cost statement for Pilotage & Towage

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	3980.25	4235.25	4477.30	3980.25	4235.25	4477.30
II	Operating Expenses						
	(i) Salary & wages	637.23	668.96	836.05	635.27	659.16	683.94
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	194.25	205.91	215.62	194.25	201.55	209.13
	(iv) Repairs and maintenance	117.05	115.53	115.53	27.02	28.59	30.26
	(v) Dredging	1226.89	1244.93	1283.08	1226.89	1244.93	1283.08
	(vi) Others	833.72	875.41	925.43	817.64	858.53	907.57
	Total	3009.14	3110.73	3375.71	2901.07	2992.76	3113.99
III	Depreciation	225.84	217.75	205.43	225.84	217.75	205.43
IV	Allocated share of Management and General overheads	1227.41	1288.78	1509.42	1249.95	1312.44	1443.94
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-482.14	-382.01	-613.26	-396.61	-287.70	-286.06
VI	Allocated share of FMI	123.13	106.24	113.65	123.13	106.24	113.65
VII	Allocated share of FME	687.97	724.58	750.59	709.84	740.52	774.86
VIII	FMI Less FME (VI) - (VII)	-564.84	-618.34	-636.94	-586.71	-634.28	-661.21
IX	Surplus / deficit (V) + (VIII)	-1046.98	-1000.35	-1250.20	-983.32	-921.99	-947.27
X	Capital Employed for the activity	2949.95	2627.68	2201.03	2673.42	2365.20	1985.11
XI	Return on Capital Employed	458.10	409.88	340.09	418.76	372.53	308.43
XII	Net surplus / (Deficit) (IX) - (XI)	-1505.08	-1410.23	-1590.29	-1402.08	-1294.52	-1255.70
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-37.81%	-33.30%	-35.52%	-35.23%	-30.57%	-28.05%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-37.44%			-31.28%		

Annex - IV (c)

Mormugao Port Trust (MOPT)
Cost statement for Port Services

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	1376.50	1512.00	1644.00	1376.50	1512.00	1644.00
II	Operating Expenses						
	(i) Salary & wages	125.78	132.04	165.02	125.88	130.61	135.53
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	3.50	3.71	3.89	3.50	3.63	3.77
	(iv) Repairs and maintenance	98.65	97.37	97.37	88.20	93.32	98.72
	(v) Dredging	1226.89	1244.93	1283.08	1226.89	1244.93	1283.08
	(vi) Others	175.84	184.63	195.18	172.45	181.07	191.42
	Total	1630.66	1662.68	1744.54	1616.92	1653.56	1712.52
III	Depreciation	148.38	153.02	144.31	95.06	153.02	144.31
IV	Allocated share of Management and General overheads	633.12	664.77	779.31	593.49	638.26	746.24
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-1035.66	-968.48	-1024.17	-928.97	-932.85	-959.07
VI	Allocated share of FMI	42.58	37.93	41.73	42.58	37.93	41.73
VII	Allocated share of FME	372.81	387.29	387.90	394.34	406.57	422.47
VIII	FMI Less FME (VI) - (VII)	-330.23	-349.36	-346.17	-351.75	-368.64	-380.73
IX	Surplus / deficit (V) + (VIII)	-1365.89	-1317.84	-1370.33	-1280.73	-1301.49	-1339.81
X	Capital Employed for the activity	3944.97	4389.40	4614.12	2170.71	3950.37	4157.53
XI	Return on Capital Employed	631.10	684.18	718.08	349.80	621.78	650.19
XII	Net surplus / (Deficit) (IX) - (XI)	-1996.99	-2002.01	-2088.41	-1630.53	-1923.27	-1990.00
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-145.08%	-132.41%	-127.03%	-118.45%	-127.20%	-121.05%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-134.80%			-122.23%		

Annex - IV (d)

Mormugao Port Trust (MOPT)
Cost statement for Water supply

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	32.58	33.00	33.00	32.58	33.00	33.00
II	Operating Expenses						
	(i) Salary & wages	140.20	147.18	183.94	140.19	145.46	150.93
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Repairs and maintenance	0.35	0.35	0.35	0.34	0.34	0.34
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	22.36	23.48	24.82	21.93	23.03	24.34
	Total	162.91	171.01	209.11	162.46	168.83	175.61
III	Depreciation	2.09	2.00	1.90	2.09	2.00	1.90
IV	Allocated share of Management and General overheads	84.21	88.42	103.75	83.09	87.25	89.61
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-216.63	-228.42	-281.76	-215.06	-225.08	-234.12
VI	Allocated share of FMI	1.01	0.83	0.84	1.01	0.83	0.84
VII	Allocated share of FME	37.25	39.83	46.49	36.20	38.28	40.32
VIII	FMI Less FME (VI) - (VII)	-36.24	-39.00	-45.66	-35.20	-37.45	-39.48
IX	Surplus / deficit (V) + (VIII)	-252.87	-267.43	-327.42	-250.26	-262.53	-273.61
X	Capital Employed for the activity	21.39	17.11	11.17	20.82	16.21	10.34
XI	Return on Capital Employed	3.32	2.67	1.71	3.27	2.56	1.59
XII	Net surplus / (Deficit) (IX) - (XI)	-256.19	-270.10	-329.13	-253.53	-265.09	-275.20
XIII	Net Surplus / (Deficit) as a % of Operating Income (XII / I in %)	-786.35%	-818.49%	-997.35%	-778.17%	-803.30%	-833.93%
XIV	Average Net Surplus / (Deficit) as a % of operating income	-909.86%			-805.14%		

Mormugao Port Trust (MOPT)
Cost statement for the Estate activity

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	773.62	756.35	791.60	773.62	756.35	791.60
II	Operating Expenses						
	(i) Salary & wages	75.12	78.86	98.56	74.56	77.37	80.27
	(ii) Power	10.50	10.85	16.12	10.50	10.85	16.12
	(iii) Fuel	0.00	0.00	0.00	0.00	0.00	0.00
	(iv) Repairs and maintenance	352.95	348.36	348.36	204.09	211.76	219.73
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	99.12	104.08	110.02	97.21	102.07	107.90
	Total	537.69	542.16	573.06	386.36	402.05	424.02
III	Depreciation	52.43	56.71	53.51	52.43	56.71	53.51
IV	Allocated share of Management and General overheads	855.97	898.77	1054.64	804.08	847.38	989.55
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	-672.47	-741.29	-889.61	-469.25	-549.79	-675.48
VI	Allocated share of FMI	23.93	18.97	20.09	23.93	18.97	20.09
VII	Allocated share of FME	122.93	126.28	127.42	94.53	100.32	107.34
VIII	FMI Less FME (VI) - (VII)	-99.00	-107.31	-107.33	-70.60	-81.35	-87.25
IX	Surplus / deficit (V) + (VIII)	-771.47	-848.60	-996.94	-539.85	-631.14	-762.73
X	Capital Employed for the activity	3907.41	3934.21	3699.11	3704.48	3782.30	3347.22
XI	Return on Capital Employed	382.40	394.20	354.62	384.28	388.34	340.22
XII	Capacity Utilization	137.00	129.00	119.00	137.00	129.00	119.00
XIII	Net surplus / (Deficit) (IX) + (XI)	-1153.87	-1242.80	-1351.56	-924.13	-1019.48	-1102.95
XIV	Net Surplus / (Deficit) as a % of Operating Income	-149.15%	-164.31%	-170.74%	-119.46%	-134.79%	-139.33%
XV	Average Net Surplus / (Deficit) as a % of operating income	-161.40%			-131.19%		

Mormugao Port Trust (MOPT)
Cost statement for the Railways activity

(Rupees in Lakhs)

Sr. No.	Particulars	Estimates furnished by MOPT at existing level of tariff			Estimates considered by TAMP at existing level of tariff		
		2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
I	Operating Income	2394.00	2513.00	3670.00	2394.00	2513.00	3670.00
II	Operating Expenses						
	(i) Salary & wages	309.01	324.40	405.42	309.59	321.23	333.31
	(ii) Power	0.00	0.00	0.00	0.00	0.00	0.00
	(iii) Fuel	50.05	53.05	55.56	50.05	51.93	53.88
	(iv) Repairs and maintenance	127.50	125.84	125.84	83.37	86.50	89.76
	(v) Dredging	0.00	0.00	0.00	0.00	0.00	0.00
	(vi) Others	68.58	72.01	76.12	67.25	70.62	74.65
	Total	555.14	575.30	662.94	510.26	530.29	551.60
III	Depreciation	149.18	143.83	135.71	149.18	143.83	135.71
IV	Allocated share of Management and General overheads	507.03	532.38	624.71	482.14	509.34	563.80
V	Operating Surplus/ Deficit (I) – (II) - (III) - (IV)	1182.65	1261.49	2246.63	1252.43	1329.54	2418.89
VI	Allocated share of FMI	74.06	63.04	93.16	74.06	63.04	93.16
VII	Allocated share of FME	126.92	134.00	147.41	124.24	131.65	138.81
VIII	FMI Less FME (VI) - (VII)	-52.86	-70.97	-54.25	-50.18	-68.61	-45.65
IX	Surplus / deficit (V) + (VIII)	1129.79	1190.52	2192.39	1202.25	1260.93	2373.24
X	Capital Employed for the activity	2251.15	2038.86	1752.02	2041.54	1898.35	1585.68
XI	Return on Capital Employed	349.56	318.01	270.95	319.77	288.65	246.61
XII	Capacity Utilization	137.00	129.00	119.00	137%	129%	119%
XIII	Net surplus / (Deficit) (IX) + (XI)	780.23	872.51	1921.43	882.48	972.28	2126.63
XIV	Net Surplus / (Deficit) as a % of Operating Income	32.59%	34.72%	52.36%	36.86%	38.69%	57.95%
XV	Average Net Surplus / (Deficit) as a % of operating income	39.89%			44.50%		

Mormugao Port Trust

SCALE OF RATES

1.1. Definitions - General

In this scale of Rates unless the context otherwise requires, the following definitions shall apply:

- (i). **"Coastal vessel"** shall mean any vessel exclusively employed in trading between any Port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.
- (ii). **"Cold Move"** shall mean movement without the power of the engine of the vessel.
- (iii). **"Combination Loading"** denotes loading of vessel primarily at berth No. 9 (MOHP) and then uptopping in stream.
- (iv). **"Foreign-going Vessel"** shall mean any vessel other than Coastal vessel.
- (v). **"Stream Loading"** denotes loading of vessel exclusively at places other than at berths.

1.2. General Terms & Conditions

- (i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, is the relevant factor to decide whether vessel is 'coastal' or 'foreign-going' for the purpose of levy of vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ii).
 - (a). A Foreign-going vessel of Indian Flag having a General Trading Licence can convert to coastal run on the basis of a Customs Conversion Order.
 - (b). A foreign-going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.
 - (c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
 - (d). In cases of such conversion coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations, immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.
 - (e). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.
- (iii).
 - (a). Vessel related charges shall be levied on Shipowners/Steamer Agents. Wherever rates have been denominated in US dollar terms the charges shall be recovered in Indian Rupees after conversion of US currency to its equivalent Indian Rupees at the market buying rate notified by the Reserve Bank of India, State Bank of India or its associates or any other Public Sector Bank as may be specified from time to time. The date of entry of the vessel into the port limit shall be reckoned with as the day for such conversion.
 - (b). Container related charges denominated in US dollar terms shall be collected in equivalent Indian Rupees. For this purpose, the market buying rate prevalent on the date of entry of the vessel in case of import containers; and on the date of arrival of the containers in the port premises in case of export containers shall be applied for conversion of dollar denominated charges.

- (iv). A regular review of exchange rate shall be made once in thirty days from the date of arrival of the vessels in cases of vessels staying in the port for more than thirty days. In such cases, the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of the review.
- (v).
 - (a). The vessel related charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels.
 - (b). Cargo/container related charges for all coastal cargo/containers, other than thermal coal, POL, including crude oil, Iron Ore and Iron Pellets, should not exceed 60% of the normal cargo/container related charges.
 - (c). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer, and transfer from / to quay to/from storage yard including wharfage.
 - (d). In case of container related charges, the concession will be applicable on all the relevant charges for ship-shore transfer, and transfer from / to quay to / from storage yard as well as wharfage on cargo and containers.
 - (e). In case container / cargo from foreign port lands at MOPT for subsequent transshipment to an Indian Port on coastal voyages, 50% of the transshipment rate prescribed for foreign going and 50% of that prescribed for coastal leg shall be levied.
- (vi). Interest on delay payments /refunds:
 - (a). The user shall pay penal interest at the rate of 13.75% per annum on delayed payments under this Scale of Rates. Likewise, the MOPT shall pay penal interest at the rate of 13.75% per annum on delayed refunds.
 - (b). The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.
 - (c). The delay in payments by the users will be counted only 10 days after the date of raising the bills by the MOPT. This provision shall, however, not applied to the cases where payment is to be made before availing the services / use of Port Trust's properties as stipulated in the Major Port Trust Act and / or where payment of charges in advance is prescribed as a condition in this Scale of Rates.
- (vii). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.
- (viii).
 - (a). The rates prescribed in the Scale of Rates are ceiling levels, likewise, rebates and discounts are floor levels. The MOPT may, if it so desires, charge lower rates and / or allow higher rebates and discounts.
 - (b). The Port may also, if they so desire, rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.
 - (c). The Port should notify the public such lower rates and / or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

- (ix). Port dues @ 50% shall be levied in case of cruise vessels. Likewise, pilotage fees, Berth Hire & Anchorage Charges @ 70% of applicable rate shall be charged on cruise vessels.
- (x). The users shall not be required to pay charges for delays beyond a reasonable level attributable to the MOPT.

PART - I -VESSEL RELATED CHARGES

SECTION A - PORT DUES

Sr. No.	Particulars	Rate Per GRT		Frequency of payment in respect of the same vessel
		Coastal Vessels (in Rs.)	Foreign-going vessels (in US \$)	
1.	Vessels	4.02	0.146224	Each Entry
2.	(a). Country Crafts, Tugs, Launches, Fishing trawlers, Barges and other vessels not covered in Sl. No. 1 above and not engaged in carrying iron ore.	1.79	0.065572	Each Entry
	(b). Country Crafts, Launches and barges carrying ores.	Free	Free	

Notes:

- (1). Port Dues shall be levied for each entry of a vessel except transhippers in which case the levy will once in thirty days.
- (2). Port Dues shall be levied at 70% of above rates in the following cases:
 - (i). Vessels engaged in loading and unloading parcels of general cargo of the order of not more than 3000 tonnes.
 - (ii). Vessels calling at the Port exclusively for lightering general cargo into other vessels for being carried to any other port in the country.
 - (iii). LASH, container and RO - RO vessels.
- (3). Port Dues shall not be levied on :
 - (i). Any pleasure yacht.
 - (ii). Any vessel, which having left the Port, is compelled to re-enter by stress of weather or in consequence of having sustained any damage.
 - (iii). Vessels belonging to Government and plying blue/white ensigns.
 - (iv). Vessels belonging to other Indian Ports.
 - (v). Research vessels of Govt. of India and defence vessel of Foreign Government coming on goodwill visits.
- (4). A vessel entering the Port in ballast and not carrying passengers shall be charged with only 75% of the Port Dues with which she would otherwise be chargeable.
- (5). A Vessel entering the Port but not discharging or taking in any cargo or passenger therein (with the exception of such unshipment and reshipment as may be necessary for purposes of repair) shall be charged with only 50% of the Port Dues with which she would otherwise be chargeable.

- (6). The cruise vessels where embarking or disembarking of passengers is not involved shall be charged with only 50% of the Port dues.
- (7). For oil tankers with segregated ballast, the reduced gross tonnage that is indicated in the 'Remarks' column of its International Tonnage Certificate will be taken to be its gross tonnage for the purpose of levy of Port Dues.
- (8). The special rate of US \$ 0.01885 per GRT per hour or part thereof shall be levied on foreign naval vessels for occupation of General Cargo Berths and Mooring Dolphins.

SECTION-B - PILOTAGE FEES

The composite Pilotage-cum-towage fee includes one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for 'Port convenience '. Shifting at the request of vessels will attract separate shifting charges.

I. Schedule of Pilotage Fees

Sr. No.	Class of Vessel	Rate Per GRT	
		Coastal Vessels (in Rs.)	Foreign-going vessels (in US \$)
1.	Up to 30000 GRT	8.97	0.327314
2.	30001 to 60000 GRT	7.22	0.261846
3.	60001 GRT & above	6.31	0.229125

II. Schedule of Shifting charges

Sr. No.	Class of Vessel	Rate per GRT per act of shifting	
		Coastal Vessels (in Rs.)	Foreign-going vessels (in US \$)
1.	All vessels upto 30,000 GRT	1.38	0.0502
2.	Vessels of 30,001 to 60,000 GRT	1.11	0.0402
3.	Vessels of 60,001 GRT and above	0.96	0.0351

Notes:

- (1). For shifting a vessel from stream to berth or berth to stream or change of berths or anchorages, separate charges are leviable. The shiftings charges shall be levied on all acts of shiftings, which excludes the inward and outward movements connected with the pilotage.
- (2). Any shifting operation performed for the convenience of the port shall not be charged. Port Convenience is defined to mean any of the following:
 - (i). If a working cargo vessel at berth or any vessel including transhippers at anchorage/mooring buoys is shifted/unberthed for undertaking dredging work/hydrographic survey work or for allotting a berth for the dredger or for attending to repairs to berths, maintenance and such other similar works whereby shifting is necessitated, such shifting shall be considered as "SHIFTING FOR PORT CONVENIENCE". The shifting made to reposition such shifted vessel (s) shall also be considered as "SHIFTING FOR PORT CONVENIENCE".
 - (ii). If a working cargo vessel is shifted from berth to accommodate on ousting priority, vessels which are exempted from bearing the shifting charges, such shifting shall be treated as " Shifting for port convenience".
- (3). In case of transhippers, however, all acts of shifting are chargeable.

- (4). Whenever a vessel is shifted from berth to accommodate another vessel on ousting priority, the vessel shifted is exempted from the payment of shifting charges since the same is paid by the vessel enjoying the ousting priority or the shifting is treated as for PORT CONVENIENCE when the priority vessel is exempted from the payment of such charges. However, this benefit will not be applicable in the following cases:
- (i). Non-Cargo vessels which in any case have to vacate the berth when cargo vessels arrive.
 - (ii). Vessels using the berth exclusively for overside loading/discharge.
 - (iii). Vessels which are idling at berth without doing any cargo handling operations.

(5). **Cancellation Charges:**

In case of Pilots, whose services have been requisitioned for any movement but not utilised, fees as given below shall be levied.

Sr. No.	Description	Coastal Vessel (in Rs.)	Foreign-going vessel (in US \$)
(i).	Cancellation received 2 hrs. before Pilot booked time	NIL	NIL
(ii).	Cancellation received less than 2 hrs but more than ½ hr before Pilot booked time	2642.19	96.29568
(iii).	Cancellation received less than ½ hr before Pilot booked time or if pilot has left station but tugs have not left Station	3302.72	120.3696
(iv).	Cancellation received after pilot boarding and within ½ hr of boarding but tugs have not left station	3963.40	144.44508
(v).	- do - but 1 tug left station	7926.56	288.8886
(vi).	- do - but 2 tugs left station	11889.80	433.33368
(vii).	- do - but 3 tugs left station	15853.05	577.7772
(viii).	After 30 minutes of Pilot boarding (In addition to the detention charges as applicable)	3963.31	144.44508

Note:

The cancellation charges shall not be levied if a booking for vessel's movement is cancelled for reasons attributable to the Port.

(6). **Detention charges –**

If a vessel is not able to move within thirty minutes of pilot's boarding it for the purpose of pilotage, it shall be liable to pay an extra fees @ Rs.2642.06 per half an hour or part thereof in case of coastal vessel or US\$ 96.29 per half an hour or part thereof in case of Foreign going vessel beyond thirty minutes, till it moves. In addition to this, tug hire charges will be payable as given below:

Sr. No.	Description	Coastal Vessel (in Rs.)	Foreign-going vessel (in US \$)
(i).	Without tug per half hr. or part thereof	2642.19	96.2957
(ii).	With 1 tug - do -	7926.56	288.8886
(iii).	With 2 tugs - do -	11889.80	433.3337
(iv).	With 3 tugs - do -	15853.05	577.7772

- (7). If an outward bound vessel carries away a pilot outside the port limits due to the bad weather, compensation @ Rs.3094.65 per day in case of coastal vessel or US\$ 158.13 per day in case of foreign-going vessels shall be payable by the Master of the vessel till

- the pilot reports back for duty at the Port. In addition, the boarding and lodging expenses of the pilot on board the ship and the cost of sending him back to the Port shall be payable by the Master of the Vessel.
- (8). Charges for double banking of transhipper at West of Break water shall be 1 1/2 times the shifting charges applicable.
 - (9). For piloting a vessel on "Cold Move", partly or fully in any operations, pilotage fee shall be levied at double the rates mentioned in the Schedule of Pilotage Fees.
 - (10). The vessel after discharging cargo, goes out of Port limits for cleaning and re-enters the Port limit shall attract pilotage fees. Shifting charges shall be applicable, if cleaning of such vessel is carried out within the Port limits.

III. Special charges for Western India Shipyard Limited Dry dock at Mormugao Harbour

1. Inward and outward Movements into / from WISL Area:

Vessels entering Floating Docks/Lay up Jetty / Slipway:

- | | | |
|-------|---|--|
| (i). | Hot Move | The actual rate of Pilotage Fees as per the Schedule of rates given under section B (I) |
| (ii). | Cold Move (Viz, without the Powers of engines or steering, partly or fully) | Double the rate of Pilotage fees as per the Schedule of rates given under section B(I), if both inward and outward movements are cold movements. If only one is cold then 1 1/2 times the rate of Pilotage fees will be charged. |

2. Other Movements:

From Port area to dry Docks/Slipway and vice versa, Dry Docks/Slipway to Lay-up Jetty and vice versa or from lay-up Jetty to port area or vice versa.

- | | | |
|-------|---|---|
| (i). | Hot Move | 50% of the Pilotage fees as per Schedule of rates for each operation. |
| (ii). | Cold Move
(Viz, without the power of engines or steering, partly or fully) | Charges at double the rates as specified for movements at Hot Move. |

Notes:

- (1). The above charges are in addition to the prescribed Pilotage Fees as per the Scale of Rates & statement of conditions prevailing from time to time.
- (2). All movements for berthing, unberthing or shifting to/from WISL facilities are charged at the rates mentioned above
- (3). Vessels arriving Mormugao port solely for use of the WISL facilities, will initially pay as per rates prescribed in 1 (i) or 1 (ii) above. They will be entitled to one free shiftings not involving movement to/from WISL facilities.

SECTION - C - BERTH HIRE / ANCHORAGE CHARGES

I. BERTH HIRE CHARGES

Sr. No.	Size of Vessel	Rate per GRT per hour or part thereof						
		Berth No.8		Berth No. 7, 10, and 11 (where shore cranes are not provided)		Berth No.9 (MOHP)		
		Coastal vessel (in Re)	Foreign going vessel (in US \$)	Coastal vessel (in Re)	Foreign going vessel (in US \$)	Size of vessel for Berth No.9	Coastal vessel (in Re)	Foreign going vessel (in US \$)
(i)	Vessels upto 15000 GRT	0.06890	0.002535	0.0351	0.001274	(i) Vessels upto 30,000 GRT	0.1391	0.005093
(ii)	Vessels upto 15000 GRT	0.1456	0.0052936	0.0975	0.003543	(i) Vessels upto 30,001 to 60000 GRT	0.3744	0.0136656
						(i) Vessels upto 60,000 GRT	0.1287	0.004703

Notes:

- (1). The above charges are leviable against Masters, Owners or Agents of vessels and other floating crafts approaching or lying at or alongside berths, wharfs, mooring, quay, jetties etc., per GRT per hour or part thereof.
- (2). The rates are applicable to all vessels irrespective of the destination.
- (3). No berth hire shall be levied for the period when the vessel idles at its berth for continuous one hour or more due to breakdown of port equipment or power failure or for any other reasons attributable to the port subject to night navigation & inclement weather.

II. ANCHORAGE CHARGES

1. **Vessels not engaged in loading / unloading operations of cargo or embarking or disembarking passengers :**

Sr. No.	Description	Rate per hour or part thereof	
		Coastal Vessel (in Rs.)	Foreign-going vessel (in US\$)
(a).	Own anchor W/B	53.89	1.96
(b).	Own anchor E/B	75.27	2.74
(c).	Use of mooring Buoys	107.38	3.91

2. **Vessels engaged in loading/unloading of cargo or embarking and disembarking passengers:**

Sr. No.	Class of Vessels	Rate per hour or part thereof			
		Coastal Vessel (in Re.)		Foreign-going vessel (in US\$)	
		East of Break Water	West of Break Water	East of Break Water	West of Break Water
(a).	Rate per GRT	0.0273	0.0208	0.000979	0.000744

3. Other Vessels:

Sr. No.	Description	Rate per hour or part thereof			
		Coastal Vessel (in Rs.)		Foreign-going vessel (in US\$)	
		East of Break Water	West of Break Water	East of Break Water	West of Break Water
(a).	Launches, fishing Trawlers, country crafts, research and survey vessels, barges not engaged in ore carrying & Mini bulk carriers of size up to 1800 GRT.	5.395	5.395	0.19591	0.19591

Notes common to Sections C(I) and C(II):

- (1). Berth hire includes charges for services rendered at the Berth, such as occupation of Berth, overtime at Berth, telephones, rubbish removal, cleaning of Berths, fire watch, etc.
- (2). The period of 1 hour shall be calculated from the time the vessel occupies berth/anchorage.
- (3).
 - (i). Berth hire shall stop 4 hours after the time of the vessel signalling its readiness to sail.
 - (ii). The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting time for want of favourable tidal conditions, inclement weather and due to lack of night navigation.
 - (iii). The master/agent of the vessel shall signal readiness to sail only in accordance with favourable tidal and weather conditions.
 - (iv). There shall be a penal berth hire equal to one day's berth hire charge for a false signal.

 "False signal " would be when a ship signals readiness and asks for a pilot in anticipation even when she is not ready for un-berthing due to engine not being ready or cargo operation not completed or such reasons attributable to the vessel. This excludes the signalling readiness when a ship is not able to sail due to unfavourable tide, lack of night navigation or adverse weather conditions.
- (4). If a vessel is not ready to vacate the berth within 3 hours after the completion of cargo or after the expiry of notice given by the officers authorised by the MOPT, to so vacate the berth, whichever is later, the vessel shall be liable to pay an additional berth hire charge at five times the normal rate, the incidence being reduced to per hour or part thereof.
- (5). The deballasting time allowed at Berth no. 9 shall be 3 hours and beyond that penal Berth hire charges shall be levied at five times the normal berth hire charges, the incidence being reduced to per hour or part thereof, i.e. without any supplementary charge or rebate that may be applicable to the vessel. This will be in addition to the normal berth hire charges applicable for the entire duration of the vessels' stay at the berth.
- (6). If any barge brought to the barge unloading jetties attached to the MOHP does not vacate the jetty within 15 minutes of the completion of unloading or the barge unloader time allotted for the exporter to whom the barge had brought the ore, it shall be liable to pay berth hire charges for the jetty at the rate of Rs.197.34 per hour or part thereof.

- (7). Vessels banked on off-side of another vessel at the Berth, Berth Hire Charges shall be leviable at 50% of charges payable by the vessels.
- (8). Barges, country crafts, tugs or fishing trawlers, etc. which come to berth solely for the purpose of bunkering, taking water, for repairs or landing ship's crew, the minimum prescribed berth hire charges shall not apply.
- (9). Vessel using mooring buoys/dolphins while loading and unloading of cargo or embarking or disembarking passengers, an additional charge of Rs.32.24 per hour or part thereof in case of coastal vessel and US \$ 1.175525 per hour or part thereof in case of foreign-going vessel, shall be levied in addition to anchorage fees prescribed in Schedule 2 under Section C(II).
- (10). Vessels handling cargo or idling at the Mooring Dolphins shall pay Anchorage Charges as prescribed under item no. 2 of Section C(II). In addition to Anchorage charges, the vessels using Mooring Dolphins shall pay additional charges as prescribed under note No. 9 above.
- (11). Rates prescribed at Schedule 3 under section C(II) shall not be applicable in case of launches, fishing trawlers and country crafts duly registered in Goa and licensed to operate within the port limits under the MPT Harbour Craft Rules.
- (12). Priority Berthing
- (i). For providing "Priority Berthing" to any vessel, a fee equivalent to Berth hire charges for a single day or 75% of the berth Hire charges calculated for a total period of actual stay at the Berth whichever is higher, shall be levied.
- (13). Ousting Priority Berthing
- (i). For providing ousting priority to a vessel, a fee equivalent to berth hire charges for single day or 100% of the berth hire charges calculated for the total period of actual stay of the vessels at berth, whichever is higher, shall be levied.
- (ii). In addition, shifting out/in charges of the Vessels shall be levied on the vessels, which are provided ousting priority.
- (iii). Exemptions to the following vessels from the application of charges as per the above schemes:
- (a). Vessels carrying cargo on account of Ministry of Defence, Government of India.
- (b). Defence vessels of Foreign Govt. coming up on goodwill visits.
- (c). Vessels hired for the purpose of Antarctic expedition by Department of Ocean Development and research vessel of Govt. of India.
- (d). Any other vessel for which special exemption has been granted by the Ministry of Shipping.
- (14). Efficiency Linked Tariff Scheme
- (i). This scheme will be applicable to iron ore vessels handled at Berth No.9 (MOHP) during the fair season only, i.e. vessels sailing between 1 October and 31 May.
- (ii). The turnaround time for the purpose of ELT scheme will be reckoned from the time of availability of adequate cargo i.e. 90% of the parcel size in the stack yard and ready for shipment on the basis of stock declared by the concerned exporter and close at the time of departure from berth on completion of cargo operation.

- (iii). The cut off limit, i.e. the norm for any vessel will be determined using the formula given below:

$$\begin{array}{lcl} \text{Cut off limit} & = & \frac{A}{B} + C \\ \text{(for ship X)} & & \end{array}$$

Where

A = Tonnage loaded (into ship X) at berth No. 9

B = Average daily loading rate (Based on the past 5 years data) calculated as

$$\frac{\text{Total tonnage handled at berth No.9}}{\text{Total time (gross) spent by vessels at berth No.9}}$$

C = Average Pre-berthing detention (based on the past 5 years data)

- (iv). For determining the 'norm/cut off time' as well as the actual performance, the total time taken for loading shall be considered when any vessel loads two different parcels by the same or different exporters.
- (v). The aggregate of actual pre-berthing detention time suffered by a vessel and the total time actually spent by the vessel at berth No.9 will be compared with the 'norm/cut off time' computed in the manner set out at (iii) above for that vessel to determine whether the vessel is entitled to a rebate in berth hire charges/anchorage charges or has to pay supplementary berth hire charges / anchorage charges.
- (vi). Supplementary berth hire charges/anchorage charges @ 40% of the normal berth hire charges/anchorage charges for the pre-berthing detention period payable at the prescribed rates shall be levied, in addition, on the vessels which turnaround in lesser time than the 'norm/cut off time' so determined.
- (vii). A rebate @ 40% of the normal berth hire charges/anchorage charges for the pre-berthing detention period, payable at the prescribed rates, shall be granted if the turnaround time of the vessel exceeds the norm/cut off time so determined.
- (viii). Supplementary berth hire/anchorage charges shall be payable in advance along with the normal berth hire/anchorage charges on an estimated basis and will be refunded if the vessels does not achieve the stipulated turnaround time.
- (ix). The MOPT shall revise the Scheme every year based on the preceeding five years' average data by applying the general formula prescribed in sub note (iii) above. While doing so, the MOPT shall furnish the relevant figures to the Goa Mineral Ore Exporters Association.
- (x). The scheme shall be applicable to iron ore vessels loaded at berth No. 9 irrespective of they are first loaded in stream and later on at berth No. 9 (MOHP)

**SECTION - D - CHARGES FOR SUPPLY OF WATER TO VESSELS AND
MISCELLANEOUS SERVICES**

I. (A). Charges for supply of water to vessels:

Sr. No.	Position	Rate per 1000 litres	
		Coastal Vessel (in Rs.)	Foreign-going vessel (in US \$)
1.	At Berth	130.33	4.75023
2.	By Barges		
	(a). Within Break Water	228.15	8.31409
	(b). Beyond Break Water	293.28	10.68865

(B). Charges for cancellation of water supply after barge has left station:

Sr. No.	Description	Coastal Vessel (in Rs.)	Foreign-going vessel (in US \$)
1.	For supply at EOB	3076.45	112.13
2.	For supply at WOB	6152.97	224.25

(C). Detention charges for water barge:

Sr. No.	Description	Rate per half an hour or part thereof	
		Coastal Vessel (in Rs.)	Foreign-going vessel (in US \$)
1.	For supply at EOB	1538.23	56.063
2.	For supply at WOB	3076.52	112.125

Charges for minimum requisition for water supply by barge shall be for 50 tonnes at WOB or 25 tonnes at EOB. However, if lesser quantity is being supplied by the Port due to shortage of water then charges would be as per the quantity.

II. Charges for use of Tugs:

Sr. No.	Description	Rate per hour or part thereof (inclusive of fuel and lubricants)	
		Coastal Vessel (in Rs.)	Foreign-going vessel (in US \$)
1	Tug used for operation other than for assisting berthing, Unberthing, shifting and towage of vessels within Port limits.	12895.35	469.983

PART-II - CARGO RELATED CHARGES

SECTION A - WHARFAGE CHARGES

1. BULK CARGO

Sr. No.	Particulars of Commodities	Unit	Rate in Rs.	
			Import & Export Cargo	Import/Export Coastal Cargo
I.	Bulk Cargoes			
1.	Acids of all kinds	Metric Tonne	67.50	40.50
2.	Animal Products	Metric Tonne		
	(a). Hides & Skin	Metric Tonne	30.00	18.00
	(b). Bone and Bone Meal	Metric Tonne	15.00	9.00

Sr. No.	Particulars of Commodities	Unit	Rate in Rs.	
			Import & Export Cargo	Import/Export Coastal Cargo
3.	Arms, Ammunition, Explosives and Defence Stores	Metric Tonne	60.00	36.00
4.	Asbestos	Metric Tonne		
	(a). Asbestos, unmanufactured	Metric Tonne	18.00	10.80
	(b). Asbestos, manufactured	Metric Tonne	22.50	13.50
5.	Alumina (Bulk)	Metric Tonne	30.00	18.00
6.	Carbon Black Feedstock	Metric Tonne	45.00	27.00
7.	Caustic Soda	Metric Tonne	45.00	27.00
8.	Cement Clinker, Cement & Cement Products	Metric Tonne	30.00	18.00
9.	Coal, Firewood, Coke/Charcoal	Metric Tonne	30.00	18.00
10.	Construction Materials like Sand, Bricks, Tiles, Lime, Clay, etc.	Metric Tonne	9.00	5.40
11.	Cotton	Metric Tonne		
	(a). Raw Cotton and Cotton Yarn	Metric Tonne	45.00	27.00
	(b). Cotton Waste	Metric Tonne	9.00	5.40
12.	Fertilizers & Fertilizer Raw Materials including Sulphur, Rock Phosphates, Manures and other chemicals	Metric Tonne	27.00	16.20
13.	Foodgrains other than Rice & Wheat, Oil Seeds, Cereals, Pulses including Food	Metric Tonne	22.50	13.50
14.	Fruits, Nuts including Raw Cashew, Tapioca, Coconut, Copra, Tamarind Seeds etc.	Metric Tonne		
	(a). Fruits and Vegetables including Coconut and Onions	Metric Tonne	18.00	10.80
	(b). Nuts of all sorts and not otherwise specified	Metric Tonne	36.00	21.60
15.	Jute and Jute Products, Coir and Coir Products	Metric Tonne	15.00	9.00
16.	Granite & Marbles	Metric Tonne		
	(a). Blocks (undressed)	Metric Tonne	15.00	9.00
	(b). Dressed, sculptured or engraved	Metric Tonne	30.00	18.00
17.	Liquid Cargo			
	(a). Mono Ethylene Glycol	Metric Tonne	45.00	27.00
	(b). Other Liquid Cargo	Metric Tonne	45.00	27.00
18.	Logs, Timber, Wood, Bamboos, etc.	Metric Tonne		
	(a). Unprocessed	Metric Tonne	22.50	13.50
	(b). Processed such as Boards, Poles, Plywood etc.	Metric Tonne	30.00	18.00
	(c). Wood Pulp	Metric Tonne	37.50	22.50
19.	Molasses	Metric Tonne	30.00	18.00
20.	Phenol	Metric Tonne	52.50	31.50
21.	Metals (All), Metal Products, Sponge Iron, Hot Briqueted Iron & Scrap, etc.	Metric Tonne	30.00	18.00
22.	Pig Iron	Metric Tonne	26.25	15.75
23.	Oil Cakes, Fodder, Bran, Cattle Feed, etc.	Metric Tonne	24.00	14.40
24.	Paper	Metric Tonne		
	(a). Paper of all kinds other than Waste Paper	Metric Tonne	37.50	22.50
	(b). Waste Paper	Metric Tonne	22.50	13.50
25.	Rubber and Rubber Products	Metric Tonne		
	(a). Rubber-Raw	Metric Tonne	22.50	13.50
	(b). Rubber-Manufactured	Metric Tonne	37.50	22.50
26.	Salt	Metric Tonne	4.35	2.61
27.	Sugar	Metric Tonne	37.50	22.50

Sr. No.	Particulars of Commodities	Unit	Rate in Rs.	
			Import & Export Cargo	Import/Export Coastal Cargo
28.	Synthetic Resin	Metric Tonne	37.50	22.50
29.	Metallurgical Coke	Metric Tonne	45.00	27.00
30.	Liquefied Petroleum Gas	Metric Tonne	125.00	75.00
31.	Rice	Metric Tonne	30.00	18.00
32.	Wheat	Metric Tonne	30.00	18.00
33.	Limestone	Metric Tonne	9.60	5.75
34.	Liquid Ammonia	Metric Tonne	99.00	59.40
35.	Goods not otherwise specified elsewhere	Metric Tonne	30.00	18.00
36.	All live Animals, Birds & Reptiles	Each	7.50	4.50
37.	Baggage and personal effects not accompanying bonafide passengers	Per 50 Kgs or part thereof	3.00	1.80

Notes:

1. The wharfage charges on phosphoric acid when handled in stream, will be 50% of the wharfage prescribed under item no. 1
2. Before classifying any cargo as 'unenumerated goods' the relevant Customs classification shall be referred to find out whether the cargo can be classified under any of the specific categories mentioned in the schedule given above.

II. Mineral Oils / POL Products

Sr. No.	Description	Unit	Rate in Rs.	
			Import /Export Cargo	Import/Export Coastal Cargo
1.	(a). All items with flash Point of 76 deg F (24.44 deg C) & above, including Diesel Oil, Furnace Oil, Fuel Oil, Aviation Turbo Fuel and items not specified herein, except kerosene.	Metric Tonne	70.00	42.00
	(b). Kerosene	Metric Tonne	50.00	30.00
2.	(a). All items with flash point below 76 deg F (24.44 deg C) including Aviation Spirit, Benzene, Petrol, Gasoline, Motor Spirit and items not specified herein except Petroleum Coke.	Metric Tonne	99.00	59.40
	(b). Petroleum Coke	Metric Tonne	24.00	14.40

Note: POL products will not be entitled for concessional wharfage rate for coastal cargo. Wharfage rate prescribed for import/export cargo in column 4 will apply to coastal POL products as well.

III. Mineral Ores and Pellets (Other than Berth No. 9 - MOHP)

Sr. No.	Class of Vessel	Rate per tonne (in Rs.)							
		Position at Berth				Position in Stream / Overside			
		Iron Ore	Iron Ore Pellets	Other ores & Pellets Other than coastal cargo	Coastal Cargo	Iron Ore	Iron Ore Pellets	Other ores & Pellets Other than coastal cargo	Coastal Cargo
1.	Upto 30,000 DWT	12.22	14.56	17.10	10.27	7.54	9.88	11.05	6.63
2.	Above 30,000 DWT but below 1,00,000 DWT	12.22	14.56	17.10	10.27	8.71	11.05	12.22	7.35

3.	1,00,000 DWT & above	12.22	14.56	17.10	10.27	9.88	12.22	14.56	8.71
4.	(i). Perlite Ore			19.24	11.57			19.24	11.57
	(ii). Ferrous metallurgical residue (oxide fine)			14.56	8.71			14.56	8.71
	(iii). Manganese Ore and Ferro-manganese Ore			12.22	7.35			12.22	7.35
5.	Iron Ore pellets (handled by barges for coastal traffic)		21.58						

Notes to Section A- I, II & III:

- (1). The weight to be charged shall be subject to a minimum of 50 Kgs. The Fraction to be rounded off to the next higher multiple of 50 Kgs.
- (2). Goods landed on the quay wall with a declaration made within 24 hours after their arrival or within 48 hours when the day of unloading is a port holiday; that they are intended for transshipment for other ports, such goods being despatched within one month from the date of landing. At two thirds (2/3) of respective wharfage rates for each operation
- (3). Goods from vessels, which being alongside the landing place transhiped into a lighter or vice versa without their being passed over the landing place. At 75% of the wharfage rates.
- (4). The bulk items handled in small lots of less than one metric tonne shall attract wharfage on per tonne basis.
- (5). Wharfage on all the commodities, other than Ores and Pellets, when handled in stream, shall be charged at 60% of the rates applicable at Berth.
- (6). Fee @ Rs.2.15 per tonne on Coal/Coke handled at berth nos. 7, 10 and 11 towards recovery of expenditure on Dust Suppression System. This levy shall not be charged for calcined coke, which is brought in bagged form for export.

IV. Iron Ores and Pellets Handling Charges (Exported through MOHP at Berth no.9)

Sr. No.	Description of Goods	Import/Export Rate per Tonne or part thereof (in Rs.)
1.	Iron Ore	84.24
2.	Iron Ore Pellets	
	(i) During the period June to August each year	90.08
	(ii) During the fair season beginning from September to May each year	158.99

Notes:

- (1). In addition to the above handling charges, minimum surcharge shall be leviable @ Rs.5.85 per tonne, subject to rebate for the plot allottees holding the plot for a minimum period of 1 year from the start of each operational year on the following pattern.

On Achieving a level of turnover	Rate of rebate allowed per 1000 kg or part thereof (in Rs)
8.75 times the normal plot capacity	1.30
9.00 times the normal plot capacity	2.60
9.25 times the normal plot capacity	4.16
9.50 times the normal plot capacity	5.85

- (2). 'Operational Year ' means the period of 12 months beginning with the 1st day of October and ending with 30th September of the following calendar year.
- (3). Rebate to the plot allottee will be paid in two installments as indicated below:
- On the expiry of the first eight months of the operational year, an interim payment of rebate limited to 75% of the amount admissible under note (1) on the turnover actually achieved during this period shall be paid.
 - On the completion of the operational year the rebate admissible on the total turnover during the year shall be paid after adjusting the interim payment made, if any, as per note 3 (i) above.
- (4). The charges for primary loading and uptopping of iron ore through transhippers shall be collected from the transhipper vessel owners @ Rs.7.02 per tonne and Rs.3.51 per tonne respectively.

(The above rates were agreed upon by both the parties through consent terms before the Hon'ble Supreme Court of India during September 1996.)

SECTION - B - CONTAINER HANDLING CHARGES

I. Consolidated charges for handling containers and containerized cargo

Sl. No.	Particulars	Rate per container (in Rs.)			
		Coastal		Foreign	
		20'	40'	20'	40'
1.	Loaded Container	600.00	900.00	1000.00	1500.00
2.	Empty Container	60.00	90.00	100.00	150.00

Note: Consolidated charges prescribed above include handling charges, wharfage for container as well as wharfage on containerised cargo.

II. Storage Charges

Sr. No.	Period	Rate per container per day or part thereof	
		Coastal (in Rs.)	Foreign-going (in US \$)
1.	For the first 30 days - upto 20 ft - above 20 ft	6.55 9.80	0.143 0.214
2.	The above rates shall be increased by :		
(a).	From 31st day to 45th day	: 50%	
(b).	From 46th day to 60th day	: 75%	
(c).	From 61st day to 90th day	: 100%	
(d).	From 91st day & onwards	: 200%	

Notes:

- 1 day Free Period shall be allowed on containers landed/shipped either empty or stuffed. Free period for import containers shall commence from the day after the day of landing of the container and for export containers, the free period shall commence from the time the container enters the terminal.
- Free Period prescribed above excludes Sundays, Customs notified holidays and port's non-working days.

- (3). The Storage charges on abandoned FCL Containers/ Shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the date of landing of container, whichever is earlier subject to the following conditions :
- (i). The consignee can issue a letter of abandonment at any time
 - (ii). If the consignee chooses not to issue such letter of abandonment, the container Agent/MLO can also issue abandonment letter subject to the condition that,
 - (a). the Line shall resume custody of container along with cargo and either take back it or remove it from the port premises; and
 - (b). the line shall pay all port charges accrued on the cargo and container before resuming custody of the container.
 - (iii). The container Agent /MLO shall observe the necessary formalities and bear the cost of transportation and destuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all necessary actions are taken by the shipping lines for destuffing the cargo.
 - (iv). Where the container is seized / confiscated by the Custom Authorities and the same cannot be destuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the date the Custom orders for release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and destuffing. Otherwise, seized / confiscated containers should be removed by the line/consignee from the port premises to the customs bonded area and in that case the storage charge shall cease to apply from the date of such removal.
- (4). Storage charge on container shall not accrue for the period when the port is not in a position to deliver/ship container when requested by the user.
- (5). If operational area is leased on rental to users, storage charge on containers shall not be levied.

III. Electricity charges for reefer containers

Sr. No.	Description	Rate Per 4 hours or Part thereof (in Rs.)
1.	Charges for supply of electricity per reefer container	
(a).	Container of length upto 20'	Rs. 139.00
(b).	Container of length above 20'	Rs. 154.00

General Note to Section B:

- (1). There shall be no shifting charge for shifting of containers due to reasons not attributable to the users.

SECTION - C- STORAGE CHARGES FOR TRANSIT SHEDS.

I. IMPORT

A. Break Bulk Cargo

- (i). Free days - 10 days
- (ii). Demurrage

Demurrage shall be payable on expiry of free days at the following rates:

Period	Rate per tonne per day (Rs.)
1 - 10 days	10.00
11 - 20 days	15.00
21 - 30 days	20.00
31st day onwards	25.00

B. Dry Bulk Cargo

- (i). Free days - 3 days
- (ii). Normal rent

Commodity	Rate per tonne per day (Rs.)
(a). MOP, Rock Phosphate, Urea, etc. (for all types of fertilizers)	1.00
(b). Raw Sugar	1.00
(c). Cement & Others	1.00

Normal rent shall be payable after the expiry of free days which will be calculated based on the daily delivery rate as follows after complete discharge of vessel's cargo.

Commodity	Delivery rate per day
(a). MOP, Rock Phosphate, Urea, etc. (for all types of fertilizers)	750 tonnes
(b). Raw Sugar	500 tonnes
(c). Commodity other than specified above	500 tonnes

- (iii). Demurrage

Demurrage shall be payable after the expiry of normal period at the rate given below:

Period	Rate per tonne per day (Rs.)
1 - 10 days	3.00
11 - 20 days	6.00
21 - 30 days	10.00
31st day onwards	15.00

II. EXPORT

A. BREAK BULK CARGO

(i). Free days - 30 days

(ii). Demurrage

Demurrage shall be payable on expiry of free days at the following rates:

Period	Rate per tonne per day (Rs.)
1 - 10 days	2.00
11 - 20 days	3.00
21 - 30 days	5.00
31st day onwards	10.00

B. DRY BULK CARGO

(i). Free days - 20 days

(ii). Demurrage

Demurrage on all types of cargo shall be payable on expiry of free days at the rate of Rs.2/- per tonne per day.

(iii). Demurrage shall cease from the date of commencement of loading of cargo into the vessel.

(iv). Shut-out Cargo -
The demurrage shall be payable for shut-out cargo from the date of completion of the vessel till the clearance of the cargo at the rate as specified above.

General Notes:

- (1). Free days for import cargo shall be reckoned excluding Customs notified holidays and Port's non- operating days after complete discharge of vessels cargo or the day when the last package was discharged.
- (2). Free days for export cargo shall be calculated from the date of aggregation of the export cargo, excluding Custom notified holidays and Port's non-operating days.
- (3). "Day" for the purpose of free days shall be reckoned as from 07.30 am to 07.30 am on the following day.
- (4). The Cargo stored in Port sheds/open plots on rental basis will be at the risk and responsibility of the shipper/ exporters/ importers.
- (5). Shippers/ Importer/Exporter shall confirm to all safety measures prescribed in the Dock Safety Regulations and they shall be solely responsible for any damages caused to the person and/ or port property.
- (6). The period of storage shall be reckoned from the actual day of receipt of goods or day of allotment of space.
- (7). The rental charges shall be deposited in advance at the Central Documentation Centre of the Port by self assessment which will be adjusted against the actual bills.

III. GROUND RENT / DEMURRAGE

Sr. No.	Description	Rate per 50 kgs. or part thereof per day (in Rs.)
1.	Ground rent for explosives or other dangerous goods.	17.88
	(a). Over 6 to 10 days	
	(b). Over 11 to 15 days	21.45
	(c). Beyond 15 days	28.60

Notes:

- (1). The weight to be charged shall be subject to a minimum of 50 Kgs. To be rounded off to the next higher multiple of 50 Kgs.
- (2). Free days shall be reckoned as 6 working days excluding Sundays, Customs notified holidays and Port's non-operating days after complete discharge of vessels cargo or the day when the last package was discharged.
- (3). "Day" for the purpose of free days shall be reckoned as from 7.30 a.m. to 7.30 a.m. of the following day.
- (4). Storage charge on container shall not accrue for the period when the Port is not in a position to deliver / ship import / export cargo for reasons attributable to the Port.
- (5). If operational area is leased on rental to users, storage charge on Cargo shall not be levied.

SECTION D - RENT ON OPEN PLOTS

Rent on open plot for storing merchandise at open plots in the declared custom bound area.

I. IMPORT

A. BREAK BULK CARGO

- (i). Free days - 10 days
- (ii). Demurrage

Demurrage shall be payable on expiry of free days at the following rates

Period	Rate per tonne per day (Rs.)
1 - 10 days	10.00
11 - 20 days	15.00
21 - 30 days	20.00
31st day onwards	15.00

B. DRY BULK CARGO

- (i). Free days - 3 days
- (ii). Normal Rent

Commodity	Normal Rent Rate per tonne per day (Rs.)
(a). Coal (all types)	0.50

(b). Metallurgical Coke (all other types)	0.50
(c). Limestone	0.75
(d). Scrap	0.75
(e). Any other bulk cargo not specified above	0.75

Normal rent shall be payable after the expiry of free days, which will be calculated based on daily delivery rate as follows after complete discharge of vessels cargo:-

Commodity	Normal Rent Rate per tonne per day
(a). Coal (all types)	1000 tonnes
(b). Metallurgical Coke (all other types)	600 tonnes
(c). Limestone	500 tonnes
(d). Scrap	800 tonnes
(e). Any other bulk cargo not specified above	800 tonnes

(iii). Demurrage

Demurrage shall be payable after the expiry of normal period at the following rates:

Sr. No.	Particulars of Commodity	Rate for the first five days for the balance cargo remaining after the Normal Rent Period	Rate for the sixth day to tenth day for the balance cargo	Rate for eleventh day to twentieth day for the balance cargo	Rate for twenty first day onwards for the balance cargo
		Rs. /MT/DAY	Rs. /MT/DAY	Rs. /MT/DAY	Rs. /MT/DAY
1.	All types of cargoes	4.00	6.00	8.00	10.00

II. EXPORT

A. BREAK BULK CARGO Open & covered Storage

(i). Free days - 30 days

(ii). Demurrage

Demurrage shall be payable on expiry of free days at the following rates

Period	Rate per tonne per day (Rs)
1 - 10 days	2.00
11 - 20 days	3.00
21 - 30 days	5.00
31st day onwards	10.00

**B. DRY BULK CARGO
Open & Cover Storage**

(i). Free days - 20 days

(ii). Demurrage

Demurrage on all types of cargo shall be payable on expiry of free days @ Rs.2/- per tonne per day.

(iii). Demurrage shall cease from the date of commencement of loading of cargo in to the vessel

(iv). Shut-out Cargo

The demurrage shall be payable to shut-cut cargo from the date of completion of the vessel till the clearance of the cargo at the rate as specified above

General Notes

- (1). Free days for import cargo shall be reckoned excluding Customs notified holidays and Port's non- operating days after complete discharge of vessels cargo or the day when the last package was discharged.
- (2). Free days for export cargo shall be calculated from the date of aggregation of the export cargo, excluding Custom notified holidays and Port's non-operating days.
- (3). "Day" for the purpose of free days shall be reckoned as from 07.30 am to 07.30 am on the following day.
- (4). The Cargo stored in Port sheds/open plots on rental basis will be at the risk and responsibility of the shipper/exporters/importers.
- (5). Shippers/ Importer/Exporter shall confirm to all safety measures prescribed in the Dock Safety Regulations and they shall be solely responsible for any damages caused to the person and/ or port property.
- (6). The period of storage shall be reckoned from the actual day of receipt of goods or day of allotment of space.
- (7). The rental charges shall be deposited in advance at the Central Documentation Centre of the Port by self assessment which will be adjusted against the actual bills.

I(B). Rent on plots for storing Bauxite

Sr. No.	Description	Rate per 10 sqm. or part thereof per calendar month or part thereof (in Rs.)
1.	Rent on plots for storing Bauxite.	44.10

SECTION E-CARGO HANDLING LABOUR CHARGES

Sr. No.	Cargo	Average output per hook per vessel	Rate per tonne (in Rs.)	
			Other than Coastal Cargo	Coastal Cargo (except iron ore and iron pellets and thermal coal)
I. STEVEDORING				
1.	Pellets/Ores/Lumpy/ Fines/ Manganese/ Lime Stone/Pig Iron by grabs	Upto 250 tonnes	72.00	43.20
		251 to 500 tonnes	58.50	35.10
		501 to 750 tonnes	40.50	24.30
		751 to 1000 tonnes	32.40	19.45
		1001 to 1250 tonnes	28.80	17.30
		1251 and above	25.20	15.15
2.	Lumpy/Ore/Fines/Pellets by net Slings	Upto 200 tonnes	99.00	59.40
		201 to 250 tonnes	82.80	49.70
		251 and above	70.20	42.15
3.	Coal/Coke by net Slings	Upto 150 tonnes	126.00	75.60
		151 to 200 tonnes	99.00	59.40
		201and above	82.80	49.70
4.	Coal/coke/Met/R.P. Coke by grabs	Upto 250 tonnes	79.20	47.55
		251 to 500 tonnes	54.00	32.40
		501 to 750 tonnes	36.00	21.60
		751 to 1000 tonnes	27.00	16.20
		1001 and above	22.50	13.50
5.	Fertilizers/Foodgrains by grabs	Upto 350 tonnes	96.30	57.80
		351 to 450 tonnes	81.00	48.60
		451 to 550 tonnes	64.80	38.90
		551 and above	58.50	35.10
6.	Fertilizers/Foodgrains with Slings and pay loader/JCB	Upto 200 tonnes	117.00	70.20
		201 to 300 tonnes	99.00	59.40
		301 to 400 tonnes	81.00	48.60
		401 and above	67.50	40.50
7.	Fertilizers/foodgrains by net Slings	Upto 120 tonnes	180.00	108.00
		121 to 150 tonnes	157.50	94.50
		151 and above	126.00	75.60
8.	Bagged cargo fertilizer/sugar/ foodgrains (including stacking in the hatch)	Upto 120 tonnes	171.00	102.60
		121 to 150 tonnes	144.00	86.40
		151 and above	112.50	67.50
9.	Scrap by grabs	Upto 150 tonnes	135.00	81.00
		151 to 250 tonnes	108.00	64.80
		251 to 350 tonnes	81.00	48.60
		351 and above	72.00	43.20
10.	Bauxite	Upto 500 tonnes	54.00	32.40
		501 to 750 tonnes	38.70	23.25
		751 to 1000 tonnes	31.50	18.90
		1001 and above	28.80	17.30
11.	Alumina/C.P. coke in Jumbo bags to sling and open the bags in the hold	Upto 150 tonnes	117.00	70.20
		151 to 200 tonnes	103.50	62.10
		201 to 250 tonnes	94.50	56.70
		251 to 300 tonnes	85.50	51.30
		301 and above	76.50	45.90

Sr. No.	Cargo	Average output per hook per vessel	Rate per tonne (in Rs.)	
			Other than Coastal Cargo	Coastal Cargo (except iron ore and iron pellets and thermal coal)
12.	Alumina/C.P. coke in Jumbo bags	Upto 150 tonnes	106.20	63.75
		151 to 200 tonnes	103.50	62.10
		201 to 250 tonnes	90.00	54.00
		251 to 300 tonnes	76.50	45.90
		301 and above	67.50	40.50
13.	H.R. Coils/Steel Slabs by slings	Upto 350 tonnes	63.00	37.80
		351 to 500 tonnes	54.00	32.40
		501 to 750 tonnes	45.00	27.00
		751 to 1000 tonnes	40.50	24.30

II. SHORE OPERATIONS		Average out put per hook per vessel	Rate per tonne (in Rs.)
14.	Loading/Unloading of Steel Slabs and coils at R & D Yard/Open Plot.	Upto 350 tonnes	13.50
		351 to 500 tonnes	12.60
		501 to 750 tonnes	11.70
		751 to 1000 tonnes	10.80
15.	Loading/Unloading of Alumina/C.P. Coke jumbo bags in sheds/open plot	Upto 120 tonnes	27.00
		121 to 150 tonnes	23.40
		151 to 180 tonnes	21.60
		181 and above	19.80
16.	Bagged Cargo Loading/Unloading of Fertilizers/ Sugar/ Foodgrains etc., into/from trucks/wagons in the shed (one operation)	Upto 120 tonnes	63.00
		121 to 150 tonnes	54.00
		151 and above	45.00
17.	Bagged Cargo (loading in trucks in the shed and for placing on net slings at berths) (two shore operations)	Upto 120 tonnes	126.00
		121 to 150 tonnes	108.00
		151 and above	90.00

III. CONTAINER HANDLING		Average output per hook per trawler	Rate per TEU
18.	Stuffing/de-stuffing from Fishing Trawler	Upto 3 TEUs	9900.00
		4 to 6 TEUs	2700.00
		7 TEUs and above	1800.00
19.	Containers loading/unloading from/into vessels	Upto 30 boxes	450.00 per box subject to a min. of Rs.10,800/-
		31 Boxes and above	Rs.360.00 per box
20.	Containers Stuffing/de-stuffing (manual)	Upto 3 TEUs	5760.00
		4 to 6 TEUs	1440.00
		7 TEUs and above	1080.00
21.	Container Stuffing/de-stuffing (with forklift)	Upto 3 TEUs	2880.00
		4 to 6 TEUs	720.00
		7 TEUs and above	450.00
22.	Containers Stuffing/ de-stuffing (Personal effects)	Upto 3 TEUs	3600.00
		4 to 6 TEUs	900.00
		7 TEUs and above	720.00

Notes:

- (1). In case of handling coastal cargo eligible for concessional tariff and for coastal containers involving ship-shore transfer from/quay to/from storage yard, 60% of the rates prescribed for normal cargo in the above schedules will be levied if not prescribed specifically in this schedule.
- (2). The average output per hook /shift per vessel shall be arrived as follows:
 - (i). The tonnage as per Bill of Lading shall be divided by the number of hooks employed for the vessel to determine the tonnage per hook for the vessel.
 - (ii). In the case of shore operations the shift-wise tonnage as per tally sheet based on the lorry / railway/packing list will be the basis for billing.
 - (iii). The fraction of output below 0.5 shall be ignored and 0.5 and above shall be rounded off to the next higher tonne.
- (3). The handling charges for transshipment container shall be concessional rate not exceeding 1.5 times the handling charges for normal handling operation in loading or unloading cycle.

SECTION F - RATES OF EMBARKATION AND DIS-EMBARKATION OF PASSENGERS FROM CRUISE VESSELS

Ceiling Rate in Rs. per Passenger			
Sr. No.	Particulars	Coastal passenger vessels	Foreign passenger vessels
(i).	For embarkation	Rs. 250/-	Rs. 387/-
(ii).	For disembarkation	Rs. 250/-	Rs. 387/-
(iii).	For transit passenger	Rs. 150/-	Rs. 291/-

PART – III

ESTATE RENTALS

General Note:

All the conditions / notes stated hereinunder to govern the rates prescribed in this Section shall apply to the extent they are not inconsistent with the conditions prescribed in the Land Policy guidelines announced by the Government in February/March 2004. In case of disagreement, the conditions prescribed by the Government in the Land Policy guidelines shall prevail.

I. LICENCE FEE ON PORT LAND FOR OFFICE BUILDING AND OTHER STRUCTURES:

Description	Rate per 10 sqm. or part thereof per calendar month or part thereof (in Rs.)
Licence fee on Port land for maintaining office building & other structures. - At Mormugao Harbour and Vasco at General Wharf level.	292.00
- At Marmugao Headland slopes and Baina	232.00

Notes:

- (1). In case the land is used for building structures for residential purpose, for which approval of the Board is to be obtained, the rate at Mormugao Harbour (MRH) and Vasco at general Wharf level Rs.292.00 per 10 Sq.m. or part thereof per calendar month or part thereof.

- (2). In case the land is licensed for building structures for residential purpose, for which approval of the Board is to be obtained, the rate at Mormugao, Headland slopes and Baina – Rs.232.00 per 10 sq.m. or part thereof per calendar month or part thereof.

II. CHARGES FOR OCCUPATION OF FORESHORE LAND:

Sr. No.	Description	Rate (in Rs)	Unit
1.	For the purpose of carrying out launch/barge repairs or any other industry at Vasco bay.	250.00	Per 10sq.m. or part thereof per calendar month or part thereof.
2.	For locating barge building/ repair workshop or any other industry beyond Vasco Bay upto Port Limits.	43.50	- do -
3.	Licence fee for utilisation of the area falling within the regulatory limits of the Port.		
	- For commercial purpose.	30.00	Per sq.m. subject to minimum of Rs.10000/- once in respect of one utilisation.
	- For non-commercial purpose.	20.00	Per sq.m. subject to minimum of Rs.2000/- Once in respect of one utilisation.

IV. WAY LEAVE CHARGES

Sr. No.	Description	Rate per 10 sqm. or part thereof per calendar month or part thereof (in Rs.)
1.	Way leave charges for areas at Mormugao Harbour, Vasco da Gama	300.00
2.	Way leave charges for areas at Mormugao Headland slopes and Baina	100.00
3.	Way leave charges for land beyond Mormugao Municipal Limit	25.00

Note:

- (1). Area for this purpose shall be arrived at taking into account the external diameter of the pipeline plus 30 (thirty) centimeters as working space as the width and length of the pipeline.

PART – IV

SECTION - C- SUNDRY CHARGES

I. HIRE OF CARGO HANDLING EQUIPMENT

Sr. No.	Description	Rate (in Rs.)	Unit
1	Charges for the use of forklifts		
	- 3 tonnes	518.75	Per hour or part thereof.
	- 2 tonnes	462.50	Per hour or part thereof.

2	Crane-30 tonnes	12,750.00	Per day shift of 8 hours.
		1,593.75	Per hour or part thereof.
		6,375.00	Minimum charges per requisition for 4 hours
3	8 tonnes crane	2,125.00	Per day shift of 8 hours.
		268.75	Per hour or part thereof.
		1060.00	Minimum charges per requisition for 4 hours
4	3 tonnes crane	1,375.00	Per day shift of 8 hours.
		175.00	Per hour or part thereof.
		693.75	Minimum charges per requisition for 4 hours

Notes:

- (1). 1st shift is calculated (standard time) from 7.30 to 12.30 hours & 13.00 to 16.00 hours.
- (2). 2nd shift is calculated from 15.30 to 20.30 hours and from 21.00 to 24.00 hours.
- (3). 3rd shift is calculated from 23.30 to 3.30 hours and from 4.00 to 8.00 hours.
- (4). The period prior to the recess or the period after the recess during any of the three shifts will be considered as half-shift.
- (5). Recess period is reckoned from:
12.30 hours to 13.00 hours during the 1st shift.
20.30 hours to 21.00 hours during the 2nd shift.
03.30 hours to 04.00 hours during the 3rd shift.

II. HIRE OF MACHINERY, EQUIPMENT AND MISCELLANEOUS RATES

Sr. No.	Description	Rate Rs.	Unit
1.	Reach Stacker #	12375.00	Per Shift of 8 hours
		465.00	Per move
2.	Supply of electric energy	4.25	per unit (Rates would be modified as notified by Govt. of Goa from time to time)
3.	Entry of Trucks in Harbour area.	31.25	Per vehicle per each entry

Note:

- # It is mandatory to use only the Port's Reach Stacker subject to its availability to the hirer for operations incases when the Reach Stacker though requisitioned but could not be spared by the MOPT for reason like maintenance, overhaul repairs, non-availability because of being hired by another party etc. as certified by the authorised officer of the MOPT, private equipment will be allowed to be used for operations.

III. HIRE OF FLOTILLA

Sr. No.	Description	Rate Rs.	Unit
1.	Launches (For transporting personnel, provisions, spares, etc.)	15600.00	Per Shift of 8 Hrs.
		8450.00	Minimum charges per requisition for 4 hrs.
		2275.00	For every additional hour or part thereof
2.	Launch (For Survey Work)	31642.00	Per Shift of 8 Hrs.
		16250.00	Minimum charges per requisition for 4 hrs.
		4225.00	For every additional hour or part thereof

3.	Dumb Barge (For Buoy Mooring work, etc.)	31720.00	Per Shift of 8 Hrs.
		16250.00	Minimum charges per requisition for 4 hrs.
		4225.00	For every additional hour or part thereof
4.	Dumb Barge (For transporting goods, slops, etc.)	17745.00	Per Shift of 8 Hrs.
		9100.00	Minimum charges per requisition for 4 hrs.
		2405.00	For every additional hour or part thereof

Note:

Rates are inclusive of fuel and lubricants.

PART - V

SPECIAL RATE

1. (a). To meet the pension liability accrued upto 31st March 2006 based on the actuarial valuation made by the LIC, a special rate as a percentage of the various charges notified in the Scale of Rates under Part I to Part IV shall be levied commencing from the date of implementation of this scale of rates till the financial year 2012-13.
- (b). The special rate shall be applicable on the Estate Rentals prescribed notified in the Scale of Rates under part IV provided that the individual lease agreements contain a special clause permitting revision of rates, from time to time.
2. The special rate shall be @ 7% of the respective charges payable by users from the date of implementation of this Scale of Rates till end of the financial year 2012-13.
3. The Mormugao Port Trust shall apply the revenue generated through this special rate only for the specified purpose.
4. The Mormugao Port Trust shall maintain a separate account covering the receipts and payments in this regard.

SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS AND ARGUMENTS MADE IN THESE CASES DURING THE JOINT HEARINGS BEFORE THE AUTHORITY

F. No.TAMP/57/2008-MOPT - Proposal from the Mormugao Port Trust for general revision of its Scale of Rates.

F. No.TAMP/9/2008-MOPT - Proposal from Mormugao Port Trust for rationalisation of storage charges for open and covered storage area.

I. Proposal from the Mormugao Port Trust for general revision of its Scale of Rates.

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

Sl. No.	Comments of users / organisation bodies	Comments of MOPT
1.	Metals and Minerals Trading Corporation Limited	
(i).	Due to slow down of global economy, there is recession in the steel industry. Iron ore is not an exception for the same. As such, export realisation of iron ore has drastically come down. At this stage, MMTC being the Trading Organisation, cannot afford to bear any increase in infrastructure cost like port charges.	MMTC has stated that there is recession in the steel industry due to slow down of global economy and that has drastically reduced their export realization. In the absence of any information as regards reduction in export realization, the port cannot offer its comments on this para. It is pertinent to mention here that recession has affected all sectors. As Port's tariff structure is not market driven and is cost based, recession need not be a reason for dropping the proposal.
(ii).	The proposed increase of MOHP charges and wharfage for loading the vessel into Mooring Dolphins at 40%, is very much on higher side.	The proposed increase in existing handling charges/wharfage at MOHP and Mooring Dolphins is in accordance with the tariff guidelines prescribed by the Authority which is based on the cost plus principle.
(iii).	Keeping in view high volume of iron ore export through Mormugao Port, it is suggested to drop the proposal of any increase on iron ore operations till there is an improvement in the iron ore market.	
2.	Goa Chamber of Commerce and Industry (GCCCI)	
(i).	(a). The operating expenditure for the year 2008-09 for port as a whole shows an astronomical increase in comparison with expenditure for the year 2006-07. In the Ore handling and berthing and mooring services, the increase in expenditure during the year 2008-09 is 25%, Pilotage activity 62% and around 150% increase in port services (b). <u>Form 5A(iii) – Ore Handling at Port</u> Scrutiny of the expenditure for the year 2008-09 in comparison with 2006-07 for individual activities of ore handling reveals increase in: (i). Salary and wages - 20 crores (13.23 to 15.23) – 15% (ii). Power - 6.6 crores (19.71 to 26.00) – 32% (c). <u>Vessel Related Activity</u> Increase in the expenditure figures for the year 2008-09 in comparison with the year 2006-07 is as follows: (i). Port conservancy - 8.2 crores (4.99 to 13.28) – 166% (ii). Berthing & Mooring-4.00 crores (3.99 to 8.97) – 124% (iii). Pilotage & Tonnage-9.80 crores (9.41 to 19.20) – 104%	The comments given at Sr. No. a, b, c, d are on statistical information of tariff revision proposal and hence no comments.

	(d). The traffic increase is 12% (from 29.50 MT to 33.05 MT). The aforesaid increase in costs in the arithmetic proportion is justified.	
(ii).	<u>Adjustment of cost surplus man power (Form 8)</u> The manpower under Management and General Administration is 1603 and the other cargo / vessel related, railway and estate activities is 1389. Normally the manpower in the Management services is 20% of total manpower or 1:8 of the total manpower on other activities. There is exorbitant cost in view of surplus manpower. Cost control measures were necessary.	It is clarified that the Management and General Administration includes the staff of Medical department, Materials Management department, Finance department, Vigilance department, General Administrative department, etc. This staff strength is approved by the Central Government. There cannot be any reduction in the same. In the last five years, strength of Port employees has reduced from 4500 to less than 3000 due to ban on recruitment. Thus cost on this account is already taken care of due to non-filling of posts.
(iii).	There is, therefore, no justification for an upward revision @40% in the port tariff. We however appreciate the action of the Port in not proposing any upward revision in wharfage charges in the commodities other than ore and in the cargo handling labour charges. The system of rebate offered on CHLD levy at Mooring Dolphins is also appreciated. However, the upward revision proposed in the use of Mooring Buoys where no additional services are provided and its construction cost stands fully recovered is not understood.	GCCI has appreciated the action of the port for not revising of wharfage charges and commodities other than iron ore and cargo handling labour charges including POL. We do not understand why GCCI is apprehensive on 40% proposed increase in port tariff at MOHP which is based on costs plus principle as per guidelines of TAMP.
(iv).	No upward revision has been proposed for general cargo, CHLD activities, POL, as these are self supporting activities and are in surplus. MOPT is requested to furnish this data in regard to revenues, expenses and capital employed at each of these activities.	The relevant data as regards revenue, expenses and capital employed, including reconciliation with audited accounts are submitted to the Authority along with proposal. The details reasoning which warrants upward revision in case of sub-activities/ activities have been already submitted to the Authority along with proposal.
(v).	It is not understood as to how 261.30% increase is required in warehousing when there is no break bulk traffic. What is expenditure booked under this head of account is not clear. Port should clarify the percentage of utilisation of warehouses.	The proposed upward revision of 261.30% in respect of sub-activities, "warehousing" is as per the tariff guidelines.
(vi).	It is also requested to furnish the reconciliation of the sum of all activities with audited accounts.	No comments furnished.
(vii).	The port of Mormugao is suitable for bulk cargo operations only. The trade has been requesting from time to time for installation of shore cranes to attract break bulk cargoes which are presently handled at major/ minor ports. This port cannot survive totally only on vessels fitted with cranes for bulk cargo only in the long run and the upward revision in warehousing is not a justifiable step when no break bulk cargoes, which increases the revenue on this account are not attracted. It is therefore for the port to provide justifiable reasons for upward increase in expenditure and to take cost cutting measures rather than the upward revision in existing port charges in the present global recession.	The suggestion made by GCCI for installation of shore cranes to attract break-bulk cargoes is under consideration of the port management. However, the decision will depend on the guaranteed traffic by the Trade so that the heavy investment on cranes will not be infructuous. As regards increase in expenditure, it is clarified that operating cost for the year under projection (2010-11 to 2012) has been escalated @ 5.45% over the previous year which is reasonable according to us.

		Since port tariff is strictly linked to the cost, external market forces cannot be considered as the only interia for dropping the tariff proposal of the port.
3.	Mormugao Ships' Agents Association	
(i).	It has been noticed from our preliminary study of the proposal that no upward revisions have been proposed for the General Cargo, POL and Cargo Handling Labour activities on the grounds that these are "self supporting" and "are in surplus". However, no data has been furnished to support this statement. It is requested to advise MOPT to furnish the data with regard to the revenues, expenses and capital employed at each of the activities as has been done in the case of activities where upward revision is proposed.	The information sought by Mormugao Ships Agent's Association at para 2 and 3 in their letter on revenue, expenses and capital employed under each sub-activities and principal activities have been furnished to the Authority along with proposal. It is further informed that the reconciliation statement with audited accounts was also submitted to the Authority.
(ii).	Finally, it would be helpful to have a reconciliation of the sum of all the activities as reflected in the accounts for our study of the proposal.	
4.	Mormugao Port Users Association	
(i).	As major portion of production is being exported to various countries, the affect of recession is being felt on import and export front also. With deepening of recession, export market has dried up with cancellation of orders and prices have tumbled to all time low. Industries are not in a position to consume the high value raw material for the production as the price for finished goods has come down drastically.	The Mormugao Port Users Association is worried about the additional burden in case of revision of port tariff. They are apprehensive of increase on estate rental and open plot and storage charges on shed and transit shed. In this connection, it is informed that the proposed upward revision is based on tariff guidelines prescribed by the Authority which is entirely based on cost, revenue and capital employed and ROCE thereon under each sub-activity and principal activity. The asking rate for upward revision has been worked out considering all the tariff guidelines issued by the Authority.
(ii).	The additional financial burden by revising the rates will affect the bottom lines of the industry very badly and many industries in state will be compelled to shut down. Hence, it is suggested that increase on estate rentals on open plots and storage charges on shed / transit shed be kept in abeyance till the global economy melting subsides.	
5.	Goa Mineral Ore Exporters' Association	
(i).	The TAMP vide its Order No.TAMP/42/2005-MOPT dated 30 October 2006 had granted almost 17% increase in respect of vessel related charges, but no revisions were considered necessary in respect of cargo related charges. These revisions were effective 27 November 2006 with validity period upto 31 March 2009. It is, therefore, surprising that MOPT, in its current proposal amongst other things, have sought an increase of 40% each in respect of Handling Charges at MOHP, Wharfage on ores / pellets (other than at MOHP) and vessel related charges, with no clarity on the relationship of factors justifying such a large increase. We were unable to identify the specific explanations and relationships in the proposal, which calls for such hefty increments in tariff.	(i). Goa Mineral Ore Exporter's Association (GMOEA) going back to history to prove their point that what was requested by MOPT was not considered by TAMP is irrelevant. Proposals have been submitted taking into account projections considered reasonable at that point in time and TAMP has evaluated them in their wisdom. TAMP cannot be expected to have a fixed view based on past data. (a). The Tariff Authority for Major Ports (TAMP) vide its Order No.TAMP/42/2005-MOPT dated 30 October 2006, had revised the Scale of Rates w.e.f. 27 December 2006 and NOT from 27 November 2006 as stated by GMOEA. (b). The proposed upward revision by 40% under the activity/sub-activity Handling Charges at MOHP, wharfage on ores/pellets (other that at MOHP) and Vessel Related Charges is totally worked out in accordance with the tariff

		guidelines of TAMP. Although, the required increase is 99.49%, 48.48% and 53.52% respectively in respect of above sub-activities but other sub-activities are rendering in surplus. The Authority is deciding the revision considering the surplus/deficit position of port as a whole. GMOEA is requested to go through the Form NO.5A, Cost statements of individual activities and Form NO.3A consolidated income and cost statement for the port.
(ii).	(a). From MOPT's last financial statements for the year ended 31 March 2008 available with us (which we cannot confirm as audited), it is seen that the average carrying value of fixed assets (capital employed) is Rs.32,704.64 lakhs. The net surplus earned by the port is Rs.3,984.51 lakhs; this surplus was earned despite an extraordinary cost on repair of the damaged ship unloading system and consequential reduced turnover. The average return on capital employed thus works out to 12.18%. (b). In Form 5A, the ratio between business asset, business related assets and social assets of capital employed are in the proportion of 86%, 14% and 0% respectively. TAMP has by circular dated 15 May 2007 stipulated a return of 16% for business assets, 6.35% business related assets and 0% for social assets. (c). Without analysing the classification of fixed assets provided by the port and without making adjustments for significant proposed additions to business assets, the weighted average return on capital employed (ROCE) of the port works out to 14.92% i.e. Rs.4,879.53 lakhs. On this basis, the deficit would work out to 2.74%, which is Rs.895.02 lakhs. (d). Assuming without admitting, that this entire deficit were recovered through increased tariffs of cargo related charges for the iron ore segment and vessel related charges, which for the year 2007-08 shows an aggregate revenue of Rs.14,201.71 lakhs, any increment in excess of 6.30% would result in the port getting significantly higher return than the levels promulgated by TAMP. (e). The proposal nowhere highlights the key reasons causing the "required" increments of 99.49%, 48.48% and 53.52% in respect of Handling charges at MOHP, Wharfage on ores/ pellets other than MOHP and vessel related charges respectively.	(a) and (b). GMOEA has examined the proposal as per financial statements of the Port. The value of the fixed assets as on 31 March 2008 was Rs.32686.80 lakhs and not Rs.32704.64 lakhs as stated by GMOEA. It has been stated by GMOEA that despite an extraordinary expenditure on repairs to the damaged ship unloading system and reduced turnover Port could earn a net surplus of Rs.39.84 crores during the year 2007-08. We do not understand why GMOEA is commenting on the data for the year 2007-08. The proposed revision is entirely based on the income, expenditure and capital employed for the period from 2009-10 to 2011-12. The net deficit for the year 2007-08, 2008-09 was Rs.29.94 crores and Rs.60.37 crores. (c) and (d). The GMOEA has commented on weighted average ROCE, aggregate revenue, net deficit, etc. We request GMOEA to go through the Form 3A and Form 5A and cost statements of individual activities. The net deficit for the year 2009-10 to 2011-12 was Rs.57.37 crores, Rs.66.68 crores and Rs.82.00 crores respectively. Assumptions of GMOEA that increment in excess of 6.3% would result in Port getting significantly higher returns are baseless. Proposal is made in accordance with requirement of Tariff Authority for Major Ports. (e). No comments furnished.
(iii).	During the year 2007-08, MOPT had to incur significant repair expenditure in respect of the ship unloading system. This exceptional expenditure also resulted in a reduction in turnover. How these exceptional items have been adjusted in making the projections for the period 2009-12 has not been highlighted in the proposal. One needs to understand and evaluate all assumptions made, in projecting revenues and costs to analyse the current proposals.	The expenditure on ship loader 2 was Rs.131.07 lakhs during the year 2007-08. The expenditure allocation on ship unloader would be Rs.66.78 lakhs, Rs.192.47 lakhs, Rs.63.00 lakhs and Rs.70.79 lakhs for years from 2008-09 to 2011-12 respectively.

(iv).	The following items listed below under the “other information / documents” category in the list, have not formed a part of the proposal sent to us for our comments: <table><tr><th colspan="2">Other information / documents not furnished</th></tr><tr><th>Sr. No.</th><th>Information / Document</th></tr><tr><td>2</td><td>Annual administration reports with audited annual accounts for the past three years</td></tr><tr><td>4</td><td>MOU with the Ministry</td></tr><tr><td>5</td><td>Copy of project / feasibility report furnished to Government / port trust boards in case of new investment</td></tr><tr><td>8</td><td>Revised budget estimate 2008-09 and budget estimate 2009-10</td></tr><tr><td>9</td><td>Asset Register including segregation of Business Assets, Business Related Assets and Social Assets for 2007-08</td></tr><tr><td>12</td><td>Copy of license agreement</td></tr><tr><td>13</td><td>Reconciliation statement</td></tr><tr><td>15</td><td>Break up of FME & FMI</td></tr><tr><td>16</td><td>CD containing relevant details</td></tr></table> Items under Sr. Nos.2, 5, 8, 9 and 13 are critical for the evaluation of the current proposal. Others may be relevant or desirable or may facilitate a speedy analysis of the proposal.	Other information / documents not furnished		Sr. No.	Information / Document	2	Annual administration reports with audited annual accounts for the past three years	4	MOU with the Ministry	5	Copy of project / feasibility report furnished to Government / port trust boards in case of new investment	8	Revised budget estimate 2008-09 and budget estimate 2009-10	9	Asset Register including segregation of Business Assets, Business Related Assets and Social Assets for 2007-08	12	Copy of license agreement	13	Reconciliation statement	15	Break up of FME & FMI	16	CD containing relevant details	The information / documents called on by GMOEA have been submitted to the TAMP along with the proposal except feasibility reports on capital schemes.
Other information / documents not furnished																								
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(v).	(a). As per Form 3A of the proposal, it is seen that capital employed has moved from Rs.32,543.60 lakhs to Rs.42,595.75 lakhs, a growth of Rs.10,052.12 lakhs. In paragraph 7 of the proposal, MOPT talks of plan expenditure to be incurred at Rs.71 crores in 2009-10, Rs.150 crores in 2010-11 and Rs.117 crores in 2011-12, which is in excess of the growth of Rs.100 crores as well as the revamp of MOHP of Rs.221 crores stated in paragraph 7 of the proposal. These inconsistencies have not been explained. (b). Copies of project feasibility reports submitted by the port to the Government / port trust board should be made available to the users from whom incremental tariff is sought for evaluation of the proposal. This data is so far not made available to us, nor do the proposals highlight or explain the impact of this incremental capital expenditure on the revenues or the costs. Besides, it is also not clear whether these proposals submitted to the Government or the Board, have been approved till date; whether any tenders for acquisition of the said equipment have been floated and if so the lead time required for supply of such equipments; the timing of the replacement and thereby its impact on the regular operations of the port.	(a). The capital employed estimated at a level of Rs.33191.55 lakhs, Rs.38764.01 lakhs and Rs.42212.53 lakhs for the year 2009-10, 2010-11 and 2011-12 respectively and not Rs.32543.60 lakhs to Rs.42595.72 lakhs stated by GMOEA. Although, the plan expenditure projected for the next three years at Rs.71.00 crores, Rs.150.00 crores and Rs.117.00 crores, the addition to fixed assets during the next three years will be Rs.42.83 crores, Rs.82.46 crores and Rs.49.18 crores respectively which has been considered for computation of capital employed and ROCE thereon. (b). No comments furnished.																						
(vi).	The port has built reserves for replacement, rehabilitation and modernisation of capital assets and development, repayment of loans and contingencies which it periodically transfers to its capital reserve. Since these reserves are required to be used for modernisation and development of the port, these balances need to be adjusted against development or modernisation expenditure i.e. the capital employed before the return of capital employed is worked out for tariff purposes, as the users have already paid for these costs. The proposal	In accordance with Section 90 of the Major Port Trusts Act, of 1963 port has to appropriate 3% each of the capital employed to two Statutory Reserves out of its net surplus every year. It has been stated by GMOEA that these reserves had been built up over the years from tariff collected from the users. The contention of the GMOEA is not tenable as this was not accepted by the																						

	does not highlight why these adjustments have not been made.	Authority when it was raised by them during the last revision of port tariff. (para IX(b) of TAMP's Order No.TAMP/42/2005-MOPT dated 30 October 2006). The closing balance of Statutory Reserves was only Rs.23.66 crores as on 31 March 2008. This will be utilized during the year 2008-09. GMOEA is commenting on the proposal without examining it thoroughly. The plan / non-plan expenditure are met from these two Statutory Reserves. We request GMOEA to refer to schedule 1 of Annual Accounts and Form 3 C submitted to the Authority along with the proposal which indicates the fund position in detail.
(vii).	It is seen from Form 3B that power and fuel cost grows from Rs.2,619.00 lakhs to Rs.3,167.71 lakhs and Rs.291.81 lakhs to Rs.329.96 lakhs, respectively, over the period from 2009-12. The crude costs have declined significantly from the 2007-08 levels. The impact of the decline on projections of these costs has nowhere been explained in MOPT's proposal.	The expenditure on power is escalated by 6% over the previous year for the years under projection. The operating costs except depreciation for the years under projection are escalated at 5.45% over the previous year (refer to para no.4 of the proposal). The estimates were prepared during November 2008, but the cost of crude has declined recently.
(viii).	Dredging costs have increased from Rs.2,800 lakhs to Rs.3,820.24 lakhs over the period from 2009 to 2012. The reasons for consistently high dredging costs have not been explained in the proposal. Also, its impact on the revenue is not apparent in the proposal.	The cost of maintenance dredging depends upon quantity to be dredged and rate per cubic metre. Nowadays dredgers are not easily available. The cost on dredging has also increased tremendously. The expenditure on maintenance dredging increased to Rs.17.32 crores during 2007-08 from Rs.8.83 crores during 2006-07. Further, capital dredging will be undertaken at proposed additional mooring dolphins and hence quantity to be dredged would be higher during the next season. Accordingly, higher expenditure is estimated on maintenance dredging. While GMOEA can accept iron prices going up from USD 30 to USD 147 per tone due to market conditions, similar reasons can be attributed to dredging cost going up in coming years. Few dredgers are available for a large amount of dredging lined up in all the ports.
(ix).	Repairs and maintenance has grown from 1,947.90 lakhs to Rs.2,045.46 lakhs over the period from 2009 to 2012. There was an exceptional element of repair costs on account of breakdown of the ship unloader during the year 2007-08. The adjustment of this exceptional item in future projections has not been explained in the proposal. Further, while the port has factored in a significant amount of incremental capital expenditure, the need for consistently high repairs over the period from 2009 to 2012 is not explained.	The repairs and maintenance expenditure has been estimated at Rs.2045.46 lakhs during the year 2011-12 as against Rs.1947.90 lakhs for the year 2008-09 which is not significant. The expenditure incurred on repair to ship loader during 2007-08 was charged to profit and loss account of that year. The expenditure on repair and maintenance Rs.2045.46 lakhs for the year 2011-12 includes Rs.897.36 lakhs towards repairs to machinery.

		Eventhough there will be additions to capital assets, existing assets require maintenance for which inflation also has to be factored in. While arguing case against MOPT concerning ELTS, GMOEA had stated that had the ship loader been maintained properly, there would not have been mishap.																														
(x).	The Management and General Administration Overheads is estimated to increase from Rs.6,824.40 lakhs to Rs.8,119.14 lakhs over the period from 2009 to 2012. The proposal does not explain any attempt at cost reduction. Also, these costs constitute almost 50% of the total operating costs. The table below demonstrates for MOHP activity: <table><tr><th colspan="5">Management & General Administration Overheads</th></tr><tr><th colspan="5">Rs. in lakhs</th></tr><tr><th>Element of cost</th><th>Projection 2008-09</th><th>Projection 2009-10</th><th>Projection 2010-11</th><th>Projection 2011-12</th></tr><tr><td>Operating (Op)</td><td>(13,648.86)</td><td>(14,519.17)</td><td>(15,264.83)</td><td>(16,049.17)</td></tr><tr><td>Allocated Management and General Overheads</td><td>(6,824.40)</td><td>(7,226.01)</td><td>(7,659.57)</td><td>(8,119.14)</td></tr><tr><td>M & GO / Op (%)</td><td>50%</td><td>50%</td><td>50%</td><td>51%</td></tr></table> In comparison, such costs at Chennai Port Trust approximate 11% and at Tuticorin Port Trust around 14%. The high levels of the Management & General Administration Overheads have not been explained in the proposal.	Management & General Administration Overheads					Rs. in lakhs					Element of cost	Projection 2008-09	Projection 2009-10	Projection 2010-11	Projection 2011-12	Operating (Op)	(13,648.86)	(14,519.17)	(15,264.83)	(16,049.17)	Allocated Management and General Overheads	(6,824.40)	(7,226.01)	(7,659.57)	(8,119.14)	M & GO / Op (%)	50%	50%	50%	51%	(a). The expenditure on Finance Department, Medical Department Stores Department, Vigilance Department, Port security, workshop and engineering overheads, general administration are accounted under Management and General Overheads. (b). The GMOEA has stated that such costs at Chennai Port Trust (CHPT) and Tuticorin Port Trust (TPT) are at 11% and 14% respectively. However no details are furnished to supplement their contention. As per Annual Accounts of Chennai Port Trust and Tuticorin Port Trust, the Management and General Overheads constitute 40.28% and 41.79% and 36.64% and 35.63% for the years 2006-07 and 2007-08 respectively of the total operating costs as against 32.40% and 32.14% in respect of our Port.
Management & General Administration Overheads																																
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Element of cost	Projection 2008-09	Projection 2009-10	Projection 2010-11	Projection 2011-12																												
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M & GO / Op (%)	50%	50%	50%	51%																												
(xi).	(a). The port has added the following amounts as a part of its costs towards pension payments / contribution in Form 3A. <table><tr><th colspan="2">Pension payment / contribution</th></tr><tr><th colspan="2">Rs. in lakhs</th></tr><tr><th>Year</th><th>Amount</th></tr><tr><td>2008-09</td><td>1,641.51</td></tr><tr><td>2009-10</td><td>1,563.34</td></tr><tr><td>2010-11</td><td>1,406.70</td></tr><tr><td>2011-12</td><td>1,372.02</td></tr></table> (b). The port has attempted to explain the pension liability and the balance in its fund and tried to explain the deficit in the gratuity fund and has pleaded that this be considered in deciding the upward revision in the proposal. However, the port has not explained how this has been factored in the projected expenditure for the period 2009-12. (c). TAMP had already addressed this issue in its Order dated 27 November 2006, wherein it has held that the past deficit, as at 31 March 2006, may be recovered by way of a levy of surcharge of 7% on the tariffs. This allowance was in the nature of a concession and did not confer a power on the port to recover all future funding deficits in respect of its employee benefits by levying a surcharge on users for future periods. Funding employee benefit schemes such as gratuity and pension would be a matter of exercising a cash flow discipline, as the port recovers all costs including the cost of such employee	Pension payment / contribution		Rs. in lakhs		Year	Amount	2008-09	1,641.51	2009-10	1,563.34	2010-11	1,406.70	2011-12	1,372.02	(a). It is reiterated that GMOEA has not studied the proposal in depth. Form No.3A, Note.6 stipulates that Pensions Payment made by the port to the extent it is not drawn from the fund and the contribution made to the Pension Fund relevant to the current year towards pension liabilities of existing employees based on actuarial valuation shall be considered. (b) and (c). In paras 17 to 20 of the proposal, justification for pension levy has been given in detail. It is further clarified that it has been proposed to contribute Rs.30 crores every year during the years under projection (2008-09 to 2011-12) to build the Pension Fund so as to meet the pension liability from the fund. The revenue generated from special rate (7% pension levy) is estimated at Rs.1358.49 lakhs, Rs.1436.66 lakhs, Rs.1593.30 lakhs and Rs.1627.98 lakhs for the year 2008-09 to 2011-12 respectively. The difference between the yearly contribution to Pension Fund and revenue from special levy has been indicated at Sr. No.VII in Form 3A under pension payment / contribution. GMOEA is requested to																
Pension payment / contribution																																
Rs. in lakhs																																
Year	Amount																															
2008-09	1,641.51																															
2009-10	1,563.34																															
2010-11	1,406.70																															
2011-12	1,372.02																															

	benefits from users through the tariff mechanism. (d). The Accounting Standard on Employee Benefits (AS-15) issued by the Institute of Chartered Accountants of India (ICAI) provides, amongst other things, detailed guidance on the recognition and measurement principles as well as the disclosure requirements in the financial statements in respect of post employment benefits including defined benefit plans such as gratuity and pension funds. The annual charge in the Statement of Profit and Loss is given in paragraph 61 of the standard. Also, paragraphs 117 to 126 of AS-15 none of which have been provided by the port along with its proposals. (e). On perusing the financial statements for the year ended 31 March 2008, it is not clear about the accounting policy of MOPT as to the basis of determination of liabilities in respect of defined benefit plans and the basis of charge to the profit and loss account in respect of these liabilities. Further, no disclosures mandated by AS-15 have been made. Therefore, we do not have any material on record to determine the appropriateness of the amounts included in respect of pension payments / contribution in Form 3A.	refer to the statement of Finance and Miscellaneous Expenditure submitted along with the proposal. The wage revision of Port sector is due for revision with effect from January 2007. The Gratuity payment will enhance further and the Fund balance of Rs.3558.37 lakhs as on 31 March 2008 is not sufficient to meet the additional outflow of Gratuity payment. Therefore, Rs.250 lakhs has been proposed to be contributed to Gratuity Fund during the year from 2008-09 to 2011-12. It is relevant to mention here that Pension and Gratuity liabilities are not fully funded. With wage revision the liability is going to be substantial which will be impossible to fund if Port is deprived of revision in Tariff. Even with revision in tariff, funding may take more than 5-6 years to secure pensionary benefits to employees which is a social obligation. (d) and (e). No comments furnished.
(xii).	There are various references to “explanatory notes”, “Billimoria Report” and “other details”, none of which have not been included in the proposal for our consideration.	It is reiterated that the information in details as per the formats prescribed by the Authority for submission of tariff proposal by Major Port Trusts along with the additional information thereon was submitted to the TAMP. GMOEA is requested to refer to the “check list” furnished along with the proposal.
(xiii).	In view of the above and having regard to the gaps in information furnished, it is our view that MOPT's proposal, in its current form cannot be objectively evaluated. It is, therefore, requested to impress upon the port, the need for the requested explanations / information to enable a reasonable assessment of revisions, if any, required to the existing tariff that would be considered just and fair by all stakeholders.	No comments furnished.

6.	Mormugao Stevedores' Association	
(i).	The port has to fund all its capital and infrastructure projects from its internal resources and without any financial assistance from the Government. The additional liabilities incurred for Pension, Gratuity, etc. on account of Wage Revision also need to be taken into account and provided for accordingly.	We appreciate the statement made by Mormugao Stevedores' Association stating that the port has to fund all its capital infrastructure projects from its internal resources and without any financial assistance from the Government. The additional liabilities incurred for Pension, Gratuity, etc., on account of Wage Revision also need to be taken into account and provided for accordingly.
(ii).	The Mormugao Stevedores' Association is pleased that no upward revision in rates is proposed in General Cargo, POL and Cargo Handling Labour activities as they are self supporting activities and in surplus. This is a very good step and will definitely encourage member stevedores to try and attract more cargo in these difficult times.	
(iii).	The 25% rebates on CHLD Levy at the Mooring Dolphins has been very successful in attracting additional cargo and we are glad to know that this will continue.	The rebate on CHLD levy at Mooring Dolphins and 90% rebate on pilotage fees on vessels handled at west break-water at its own anchorage has resulted into increase in traffic at this port.
(iv).	As regards the proposal for increase in tariff at MOHP and Wharfage on ores / pellets (other than MOHP) we cannot comment at present as the concerned Exporter Association will give their views on the same. However as our association members are handling agents and Stevedores to most of the Exporters, we are directly affected any action that may have an adverse impact on cargo exports. It is, therefore, suggested that the TAMP may consider the current economic environment and the costing structure of iron ore exports before finalising the rates.	The proposed increase in tariff at MOHP and wharfage on Ores / Pellets (other than MOHP) is computed in accordance with tariff guidelines. In the absence of budgetary support, port has to generate its own resources to fund the capital and infrastructure projects in addition to the increasing recurring expenditure.
7.	Zuari Industries Limited	
(i).	The upward revision proposed in Port dues, Pilotage fees and Berth hire by 40% plus other taxes will be prohibitive from them to carry out their imports and they will be forced to look at alternatives.	The rates revision exercise has been undertaken as per the revised tariff guidelines prescribed by the Authority. The asking revised rate in case of principal activity "Vessel Related Charges" is 53.52% whereas 40% upward revision has been proposed as other sub activities are rendering in surplus. As regards to Operating Expenses, M/s.ZIL may refer to the operating expenditure (type wise) for the years 2006-07 to 2008-09, vis-à-vis the cost statement for vessel related services (form 5B). The operating expenses, viz port conservancy, berthing and mooring, pilotage includes expenditure on salaries and wages, stores consumption, repairs and maintenance including dry docking of flotilla, maintenance dredging, general expenses etc. on the sub-activities falling under this activity. The wage revision of port employees is due from January 2007 and accordingly a provision @ 20% has been made. The expenditure on maintenance dredging increased to Rs.2800 lakhs from Rs.883.10 lakhs during 2006-07. The cost of dredging is apportioned on all sub-activities. Incidentally Bilateral Wage Negotiation is in progress between the Labour Federation and the
(ii).	It is not understood as to how the operating expenses in port conservancy is increased from 4.99 crores to 13.28 crores, Berthing and Mooring from 3.99 crores to 8.97 crores and Pilotage from 9.41 crores to 19.20 crores from 2006-07 to 2008-09 respectively. In terms of percentage increase is 166% in Port dues, 124% in Berthing and Mooring and 104% in Pilotage.	
(iii).	The increase in the number of vessels was only 14% for 2006-07 to 2008-09 i.e. from 765 vessels to 825 vessels. The huge increase estimated in operating expenses in vessel related charges are not justified. Proposal for recovery of high operating expenses is a serious concern.	
(iv).	The emphasis should be on increasing volume through efficiency improvement, as such high increase in tariff rate will have a detrimental effect on the traffic.	
(v).	It is, therefore, requested not to approve the proposed 40% upward revision and to advise MOPT to take appropriate action in the expenditure control.	

		Indian Ports Association which is requested by the management of the Major Ports. Accordingly, the Major Ports have agreed to a wage increase of 25%. Hence the earlier proposal containing a 20% increase has to be suitably modified. Depending on the final wage settlement, we would be making another request for revision.
(vi).	Warehousing: (a). M/s.Zuari Industries was the only port user who had made use to the storage space of Port warehouses for their cargo. No other Importer / Exporter was able to make effective use of the port warehouses due to present high cost / charges of the port in warehousing. Fall in general cargo traffic is due to the fact that the MOPT is not suitable for handling break bulk cargoes in absence of shore cranes and port labour or privatization of deployment of labour. This is the only port in India with no shore cranes and no labour, ultimately affecting the efficiency and increasing the cost of operations for bulk / break bulk cargo operations. (b). The increase proposed is unjustified and will have a negative impact on the throughput from the port.	Warehousing is a supporting facility for cargo handling and storage activity. The revenue generated under the sub-activity is negligible compared to the operating cost and capital employed. The warehousing premises remains vacant as recently we are handling coal / coke which is stored on open plots. It is reiterated that the computation of revised tariff rate under this activity is also in accordance with tariff guidelines.
(vii).	It is, therefore, strongly recommended that no upward revision in rates be granted. Instead, the port is requested to have cost savings in the operating expenses to be within the affordable rates that trade can bear at the present stage of recession in the world market.	No separate comments furnished.
8.	MSPL Limited	
(i).	It has reiterated the point made by other users that in view of global economic slowdown, all exporters are finding it difficult to sustain in the international market due to falling international demand and price. Iron industry is not a exception to this and facing the same problem. The FOB price for iron ore has already come down by almost 67% - 70% from its peak.	The contention of reduction in FOB price for iron ore is not tenable as tariff is based on the cost of the services rendered by the port. This is computed in accordance with the guidelines issued by the Authority. It has been stated by MSPL Limited that there is reduction in demand of iron ore in international market, however in the port traffic growth of iron ore is about 27% during the current year compared to previous year.
(ii).	In the present scenario iron ore industry is putting its efforts to sustain rather than making profit. Considering the fact some of the Government departments have already announced relief measures to support the industry viz., Railways have reduced their freight rate to carry iron ore to different ports. The Central Government (Ministry of Finance, Department of Revenue) has already waived off the export duty of 15% from iron ore fines. At this stage it is economically not viable for the industry to absorb any hike in the Scale of Rates. Any such increase will have a negative impact on the business which is already under pressure.	It is needless to mention that the trade is already enjoying the benefits of relief in respect of railway freight, export duty on iron ore fines and proposed increase in port tariff would not affect much to the profitability of the industry.
(iii).	Keeping all these facts in mind, it is requested to not to hike any charges which ultimately increases the total cost.	No separate comments furnished.
9.	Indian Oil Corporation Limited	
(i).	On comparison of MOPT's proposed Scale of Rates with its current Scale of Rates, we find that the proposed rates though being at the same level in respect of wharfage on	The rates revision exercise has been worked out as per the revised guidelines prescribed by the Authority for revision

	petroleum products, there is a high increase proposed in respect of Port dues, Pilotage, Berth hire and anchorage charges of 40% under above heads.	of Scale of Rates.
(ii).	Such a steep increase in the above charges will only result in consequential increase in the overall prices of goods rendering transportation of petroleum products through sea uneconomical. In view of the general slowdown in the economy, the present tariff being charged under above heads also need review and could be reduced from the existing levels.	IOC must appreciate that no upward revision has been proposed on cargo handling charges of POL products whereas 40% upward revision has been proposed in case of principal activity "Vessel Related Charges" wherein asking rate is 53.52%. IOC has objected the proposal upward revision in vessel related charges without substantiating justification/clarification thereto and as such do not deserve any merit. They are only worried about their trade due to consequential increase in the overall prices of POL product and thereby totally neglected the fact that additional resources generated by way of rates revision are ploughed back to provide better infrastructural facilities to the trade in the absence of budgetary support.

2. The revised proposal filed by the MOPT was circulated on 27 July 2009 to the concerned users / user organisations to furnish their comments. We have received comments from Goa Chamber of Commerce & Industry (GCCCI) and Goa Mineral Ore Exporters' Association (GMOEA). The comments received from users / user associations were forwarded to the MOPT as feed back information / comments. The GCCCI and GMOEA have reiterated some of the points made by it earlier with reference to the initial proposal. The main points made by them in the revised proposal and the comments received from the MOPT thereon are tabulated below. With reference to the comments made by the GMOEA, the port has furnished its remarks briefly on some of the points during the presentation made at the joint hearing held on 28 October 2009 which is brought out hereunder:

Sl. No.	Comments of users / organisation bodies	Comments of MOPT
1.	Goa Chamber of Commerce & Industry	
(i).	(a). The operating expenditure for the year 2008-09 had an astronomical increase in comparison with expenditure for the year 2006-07. In the Berthing & Mooring it is 97%, Pilotage-49% and Port services it is 108%. (b). The individual activities of ore handling at port reveals an increase in: (i). Salaries and wages by 40% (ii). Power by 5% (c). Scrutiny of the expenditure figures for the year 2008-09 in comparison with the year 2006-07 for vessel related activity reveals an increase: (i). Port conservancy by 114% (ii). Berthing & Mooring by 102% (iii). Pilotage & Tonnage by 73% (d). The dredging cost has gone up significantly, however reasons for such high cost vis-à-vis incremental benefit has not been indicated. (e). Wages, Repairs & Maintenance also shows a disproportionate increase over the years.	The GCCCI is apprehensive about increasing cost in dredging, salaries and wages, and repairs and maintenance. They are comparing expenditure for the year 2008-09 with that of 2006-07. The proposed tariffs are based on the anticipated expenditure and income generation for the period from 2009-10 to 2011-2012. It is further clarified that the dredging cost has increased abnormally during the last two years. It was brought to the notice of the Authority that during the year 2007-08 dredging tenders had to be invited twice to have atleast two bidders as there was a severe shortage of dredgers. The dredging rates are market driven. The actual expenditure on maintenance dredging for the year 2008-09 was Rs.2180 lakhs as against Rs.883 lakhs during the year 2006-07. The Mechanical Ore Handling Plant (MOHP) was forced to operate beyond its installed capacity to achieve the target fixed by the Ministry. The Consultants have advised the port

		to operate MOHP at 70% rated capacity. The Consultants have also advised extensive repairs and changing of outdated spare parts of MOHP, which is more than 30 years old. On account of this the port has to incur huge expenditure on repairs and maintenance for the upkeep of the plant to maintain it in a working condition, so as to increase production and productivity of the port.
2.	Goa Mineral Ore Exporters' Association	
(i) .	The projections of MOPT with regard to Net deficit were higher by Rs.2,024 lakhs compared to the figures adopted by TAMP for the purpose of computing the tariff for the period from 2006-2009 despite TAMP maintaining the same levels of expenditure with regard to operation costs, depreciation and management and general overheads as projected by MOPT.	No comments furnished.
(ii).	(a).The GMOEA has furnished a table showing the estimates for the years 2006-07 to 2008-09 as adjusted by TAMP in 2006 Order vis-à-vis the actuals as per the Administration Report of the MOPT for corresponding years. As per the table furnished by the GMOEA, the total net deficit as per TAMP's Order is Rs.955 lakhs (-1.39%) for the three years 2006-07 to 2008-09. Whereas, the actuals reported by the MOPT reflect deficit of total net deficit of Rs.5001 lakhs (-6.22%) for the said three years. (b).The differential deficit is Rs.4,046 lakhs between MOPT's projections as modified by TAMP during the last tariff revision Order and the actuals/audited figures for the financial years 2006-07, 2007-08 and 2008-09 for the port as a whole. (c). Infact the port would have had a surplus of Rs.4,147 lakhs had the expenditure on Management & General Administration and Finance and Miscellaneous Expenses (FME) been controlled and maintained within the TAMP modified levels. This has been demonstrated by the GMOEA in the table form in their comments. (d).In the year 2006-07, MOPT had a net surplus before 16% ROCE despite increase in the Operating expenses and Management and General Administration expenses by 20% and 12% respectively and an exceptional increase in the net FME costs of 182% over the projections at the time of last tariff fixation. In the year 2007-08, the net surplus before ROCE as compared to that projected at the time of tariff fixation does not show any significant variation. The net surplus has remained at 16% despite the breakdown of a ship loader in July 2007 and the consequent higher repair costs and loss of revenue. The net surplus before ROCE for 2008-09 has come down drastically (4%) on account of steep increases in expenditure on salaries and wages (including a provision for wage settlement aggregating to Rs.1,680 lakhs), electric power, dredging, repairs and maintenance and security expenses. However, the increase in expenditure on salaries and wages is exceptional being a settlement. Therefore the surplus of 4% is not a representative position. Had the increase in salaries and wages not taken place, the net surplus would have been 12%. Uncontrolled expenditure on Management and General Administration	No comments furnished. GMOEA's conclusion is unwarranted as Salaries and Wages payable at major ports are decided by wage settlements and cannot be controlled by MOPT as suggested by GMOEA.

	overheads and Finance and Miscellaneous expenses appears to be the cause of the deficit.	
(iii).	(a). It has furnished a statement pointing out gaps between the "actual" figures included in the revised proposal for the last three financial years i.e. 2006-09 and the "audited" figures and submitted that MOPT has operated at a surplus of Rs.9,164 lakhs before adjustment of ROCE as against a surplus of Rs.6,717 lakhs mentioned in the revised proposal (difference of Rs.2,447 lakhs). The figures in the revised proposal which form the basis for the proposed revision are therefore not reliable. (b). Form 3A of the revised proposal shows that for the year ended 31st March 2009, the port has incurred a loss of Rs.1,296 lakhs, before adjustment of ROCE, whereas the financial statements presented to and approved by the Board (on 26th June, 2009), show a surplus before adjustment of ROCE of Rs.1,133 lakhs. It therefore appears that there is an understatement of the surplus before ROCE to the extent of Rs.2,429 lakhs.	There will always be a difference in projections and Actual. The same cannot be construed as intentional.
(iv).	TAMP has by circular dated 15 th May 2007 stipulated a return of 16% for business assets, 6.35% business related assets and 0% for social assets (dealt separately in paragraph 18 below) vide its order TAMP 42/2005 – NMPT dated 27 th November, 2006. Without going into the merits of the classification of fixed assets provided by the Port, the weighted average Return on Capital Employed (ROCE) of the Port would work out to 14.91% i.e. Rs.16,290 lakhs. On this basis, the deficit would work out to 19.06%, which is Rs.20,830 lakhs. Assuming, without admitting, that this entire deficit were recovered through increased tariffs of cargo related charges for the iron ore segment and vessel related charges, which for the year 2009-12 shows an aggregate revenue of Rs.51,922 lakhs, any increment in excess of 40% would result in the Port getting higher return than the levels promulgated by TAMP.	No comments furnished.
(v).	The original proposal states that all costs have been escalated by 5.45% over the previous year. However, major items of costs such as repairs and maintenance, dredging expenses and fuel costs as included in Form 3B of the proposal reveal compounded growth rates of 17%, 23% and 8%, respectively.	Expenses like dredging, fuel and repairs and maintenance are market driven and cannot be normative in nature.
(vi).	It has reiterated that the adjustment of the exceptional item i.e. major breakdown of ship unloaders in the years 2007-08 and 2008-09 considered by the MOPT in future projections has not been explained in the proposal. Further, the port having replaced all the grab bucket unloaders and having projected a significant amount of capital expenditure in the proposal, the need for consistently high repairs over the period from 2009-12, needs to be explained.	MOHP is 30 years old plant and requires major overhauling to run at existing capacity. Capital expenditure on MOHP is mainly for replacement and may not result in additional capacity.
(vii).	The maintenance dredging costs were Rs.883 lakhs in 2006-07, which has grown to Rs.2,180 lakhs in 2008-09. The projections for 2009-12 show that these costs will grow to Rs.4,080 lakhs by 2012. These costs are over and above the capital dredging costs of Rs.2,400 lakhs proposed to be spent in 2009-10. The reasons for consistently high dredging costs, both maintenance and capital dredging, have not been explained in the proposal. Also, its impact on the revenues is not apparent in the Proposal. It may therefore, be necessary to go into details of capital and maintenance dredging during the last 3-5 years and make an assessment of the trend and its bearing on the revenue of the port.	Dredging cost is market driven. Incidentally, for Capital Dredging Tender for Mooring Dolphins bid price of DCI is of Rs.51.50 crores.

(viii).	The power costs were Rs.1,992 lakhs in 2006-07, which grew to Rs.2,074 lakhs in 2008-09. The projections for 2009-12 show that power costs will grow to Rs.2,623 lakhs over the period from 2009-12. The crude (naptha) costs have declined significantly from the 2007-08 levels. The impact of the decline on projections of these costs has nowhere been explained in MOPT's proposal.	
(ix).	Salaries and wages account for almost 40% of the total costs. No efforts appear to have been made to curtail these costs inspite of huge investments on upgradation of plants, computerisation etc.	Salaries and wages payable at major ports are decided by wage settlements and cannot be controlled by MOPT as suggested by GMOEA. Majority components are salaries & wages (59%) which are not decided by MOPT, expenditure on CISF (13%), medical (7%), Repairs & Maintenance (4%), Depreciation (3%).
(x).	Form 3A of the revised proposal shows that Management & General Administration Overheads grow from Rs.7,932 lakhs to Rs.8,610 lakhs over the period from 2009-12. The proposals do not explain any attempt at cost reduction of this item which almost constitutes over 50% of the total operating costs.	Classification of M&GA is as per ministry's format which include expenses of supporting activities like workshop, administration, finance vigilance, medical, materials including salaries.
(xi).	It has reiterated its submission made on the pension and gratuity payments after updating figures considered by the MOPT in the revised proposal.	No comments furnished.
(xii).	(a). The port having created a fund by levying 7% surcharge, the pension payments should have been made out of that fund and not charged to operation. This would amount to taxing the trade twice apart from violating the directions of Tariff Authority for Major Ports. (b). In paragraph 9.1 of the revised proposal the port has attempted to explain that its pension liability stands at Rs.52,220 lakhs (the Original proposal stated the liability at Rs.35,287 lakhs as assessed by Life Insurance Corporation vide its report dated 13th October, 2008 and 24th November, 2008) with a corresponding balance in the fund at Rs.22,900 lakhs. The port has not provided the Actuarial Valuation reports to support its liability and fund position of the pension costs. (c). It may be noted that TAMP had already addressed this issue in its order dated 30th October, 2006, wherein it has held that the past deficit in pension fund, as at 31st March 2006, may be recovered by way of a levy of surcharge of 7% on the tariffs. This allowance was in the nature of a concession and did not confer a power on the Port to recover all future funding deficits in respect of its employee benefits by levying a surcharge on users for future periods. (d). The port should maintain a separate account of Pension fund in this regard and furnish the audited details for scrutiny at the time of next review.	No comments furnished.
(xiii).	MOPT has neither furnished the separate account maintained in this regard nor the audited details either in the original proposal or in the revised proposal.	No comments furnished.
(xiv).	As regards contribution of Rs.250 lakhs towards Gratuity fund the notes forming part of the financial statements for the year ended 31 st March 2009, as contained in the Annual Administration Report of 2008-09 state that the said amount has been transferred from the General Fund to the Gratuity Fund. However, it appears from the breakup of FME and FMI, that the same has been charged to operations during 2008-09 and the same treatment has been proposed for the next three years as well. This has not been approved by TAMP so far and hence needs to be	No comments furnished.

	discussed as has been done in the case of pension levy in the past.																																																									
(xv).	It has furnished the following table demonstrating the projected growth in quantities handled and the income projections vis-à-vis the capital employed. <table><tr><th></th><th colspan="3">Actuals</th><th colspan="3">Projections</th></tr><tr><th></th><th>2006-07</th><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr><tr><td>Iron ore handled (million tonnes)</td><td>125</td><td>103</td><td>115</td><td>125</td><td>125</td><td>125</td></tr><tr><td>Growth (YoY)</td><td></td><td>(18%)</td><td>12%</td><td>9%</td><td>0%</td><td>0%</td></tr><tr><td>Income (Rs. In lakhs)</td><td>8,233</td><td>6,668</td><td>7,458</td><td>8,100</td><td>8,100</td><td>8,100</td></tr><tr><td>Growth (YoY)</td><td></td><td>(19)%</td><td>12%</td><td>9%</td><td>0%</td><td>0%</td></tr><tr><td>Capital employed (Rs. in lakhs)</td><td>10,710</td><td>10,417</td><td>10,632</td><td>11,418</td><td>14,367</td><td>19,091</td></tr><tr><td>Growth (YoY)</td><td></td><td>(3%)</td><td>2%</td><td>7%</td><td>26%</td><td>33%</td></tr></table> (a). From Table 6 above it can be seen that while the Capital employed almost doubles over the period 2008-12 (Compounded Annual Growth Rate – CAGR almost 22%), the CAGR for income and the quantities handled is 3%. MOPT has projected the quantities to be handled at the same level as the actual quantities handled in 2006-07 despite replacement to the entire MOHP loading system by 2013. Considering that a substantial capital expenditure would be incurred during the years 2010-2012 and that the new machines will operate at a higher efficiency, a growth in traffic of about 10% in the quantities handled is justified. (b).MOPT has proposed an investment of about Rs.51,073 lakhs (based on MOPT presentation to the delegates of JICA Mission on 7th August, 2009) towards replacement and expansion of its entire MOHP handling system in the year 2010 – 2013. A review of the details of the FME-FMI costs furnished vide MOPT letter dated 1st September, 2009 reveals that MOPT needs to borrow money to fund its expansion project. If MOPT is to borrow money to fund its capital expansion projects then such capital acquisitions need to be excluded for claiming the Return on capital employed. Return on Capital employed is to be claimed only on the assets acquired through internal accruals. However, the interest costs on such borrowed funds should form part of the costs charged to revenue account.		Actuals			Projections				2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Iron ore handled (million tonnes)	125	103	115	125	125	125	Growth (YoY)		(18%)	12%	9%	0%	0%	Income (Rs. In lakhs)	8,233	6,668	7,458	8,100	8,100	8,100	Growth (YoY)		(19)%	12%	9%	0%	0%	Capital employed (Rs. in lakhs)	10,710	10,417	10,632	11,418	14,367	19,091	Growth (YoY)		(3%)	2%	7%	26%	33%	No comments furnished.
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(xvi).	It has furnished following table providing a profile of MOHP costs and made its submission which is given after the table: (Rs in lakhs) <table><tr><th rowspan="2">Elements of cost</th><th colspan="3">Actual</th><th colspan="3">Projection</th></tr><tr><th>2006-07</th><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr><tr><td>Operating (Op)</td><td>4,794</td><td>5,052</td><td>5,478</td><td>6,503</td><td>6,902</td><td>7,381</td></tr><tr><td>Management & General Overheads (M & GO)</td><td>2,973</td><td>3,005</td><td>4,320</td><td>3,895</td><td>4,015</td><td>4,224</td></tr><tr><td>M & GO / Op</td><td>62%</td><td>59%</td><td>79%</td><td>60%</td><td>58%</td><td>57%</td></tr><tr><td>Depreciation</td><td>458</td><td>471</td><td>548</td><td>492</td><td>607</td><td>767</td></tr><tr><td>FME (net of FMI)</td><td>1,141</td><td>791</td><td>1,646</td><td>830</td><td>849</td><td>919</td></tr><tr><td>Net costs</td><td>9,366</td><td>9,319</td><td>11,992</td><td>11,720</td><td>12,373</td><td>13,291</td></tr><tr><td>Increase</td><td></td><td>(0.50%)</td><td>28.68%</td><td>(2.27%)</td><td>5.57%</td><td>7.42%</td></tr><tr><td colspan="7">Source: Data provided by TAMP along with MOPT's proposal</td></tr></table>	Elements of cost	Actual			Projection			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Operating (Op)	4,794	5,052	5,478	6,503	6,902	7,381	Management & General Overheads (M & GO)	2,973	3,005	4,320	3,895	4,015	4,224	M & GO / Op	62%	59%	79%	60%	58%	57%	Depreciation	458	471	548	492	607	767	FME (net of FMI)	1,141	791	1,646	830	849	919	Net costs	9,366	9,319	11,992	11,720	12,373	13,291	Increase		(0.50%)	28.68%	(2.27%)	5.57%	7.42%	Source: Data provided by TAMP along with MOPT's proposal							
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	(a). The operating costs particularly the power and repairs and maintenance costs show a compounded annual growth of 15% and 28% respectively during the period 2009-12. These costs are very high and call for suitable adjustments considering the year 2008-09 as the base year with a cost escalation of 5.45%.																																																																						
	(b).The level of Management and General Overheads vis-à-vis Operating Costs is also alarming. These account for approximately 60% of the operating costs. These are very high overhead levels for absorption by Port users. It is necessary to provide norms for controlling such costs and their growth rate. A norm not exceeding 15% of operating costs may be fixed.																																																																						
	(c). All expenses for cargo handling at mooring dolphins and midstream loading too have been loaded on to MOHP resulting in higher deficit within the MOHP activity and consequently the demand for a higher rate revision.	Expenses of Mooring Dolphins and midstream are not included in MOHP as alleged by GMOEA.																																																																					
	(d).The growth in depreciation is linked to the estimated growth in capital employed. While the average increase in depreciation cost rates seem consistent in the range of 4% to 5%, it is clear that the projected capital employed drives up depreciation cost.																																																																						
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	(i). (a). Upto 2008-09 the capital employed (net fixed assets) aggregated Rs.30,057 lakhs while the total traffic aggregated 416 lakh tonnes. The average cost per tonne worked out to Rs.72.25 per tonne. During the projection period 2009-12, it is proposed that the net increase in capital employed would aggregate Rs.11,648 lakhs which will cater to an additional 14.19 lakh tonne. The cost per ton for the incremental traffic works out to Rs.820.83 per MT a huge increase from the current levels. Only the additional capital, on which return is sought, while having no material impact on the traffic, is expected to raise the average cost to Rs.96.95 per MT i.e. an increase of Rs.24.70 per MT (34.18%).																																																																						
	(b). It has furnished investments proposed by MOPT over the period 2009 to 12 which are largely in the nature of replacements / improvements that do not create additional capacities or result in improved productivity. It has furnished a summary position in this regard. The GMOEA has submitted that there is no growth in additional traffic during the period 2009-12 with additional capital expenditure which is not in the nature of replacement.																																																																						

(c). It has provided an overview of the additional capital employed during the period 2006-09 and the corresponding growth in traffic during this period as given below:

Year	Capital Employed (Rs. lakhs)	Growth %	Traffic (lakh mT)	Growth %	Average traffic per Rs.1 lakh of Capital Employed
MOPT (whole)					
2006-07	34,156		341.15		0.00999
2007-08	32,805	(4%)	349.94	3%	0.01067
2008-09	30,057	(7%)	416.09	19%	0.01384
MOHP					
2006-07	11,225		125.30		0.01116
2007-08	10,614	(6%)	103.09	(18%)	0.00971
2008-09	9,957	(6%)	115.09	12%	0.01156
Port and Dock					
2006-07	9,335		341.15		0.03655
2007-08	13,346	43%	349.94	3%	0.02622
2008-09	12,781	(4%)	416.09	19%	0.03255

It will be seen from above that in the past also, MOPT has sought full return on capital employed which has had no significant impact on capacities or efficiencies.

(ii). (a). As in the past, the proposed fresh investment does not meet any of the reasonableness criteria of fresh investment stipulated in the Guidelines. In the light of this, allowing full return on such proposed incremental capital cannot be considered reasonable.

(b). In the light of the above arguments, a significant part of the incremental capital proposed to be employed during the period 2009-12 seems to be in the nature of replacements, rehabilitation or modernisation. MOPT has, up till the current proposal, built into its return 3% towards replacement, rehabilitation and modernisation of capital assets and the balance 3% towards development, repayment of loans and contingencies.

(c). MOPT's reserves for replacement, rehabilitation and modernization of capital assets aggregated Rs.92 lakhs as at 31st March, 2009 after transfers to Capital Reserve. MOPT periodically transferred its balances in the reserves for replacement, rehabilitation and modernization of capital assets to capital reserve. The reasons for such transfers have not been clarified. The capital reserve aggregated Rs.39,126 lakhs as at 31st March, 2009. If the two figures were added the reserves for replacement, rehabilitation and modernization would aggregate Rs.39,218 lakhs. These reserves have never been adjusted against capital expenditure for the purpose of tariff fixation. As in the case of repairs, replacements and renewals all proposed augmentations to capital employed, which do not result in creation of additional capacities or improved productivity, need to be set off against the reserve created for the purpose of replacements and no return allowed thereon.

(d). Further, the details of fund position in Form 3C of the revised proposal does not give any details of Capital reserve and Capital asset replacement reserve which aggregate Rs.39,126 lakhs and Rs.325 lakhs respectively as at 31st March, 2009 as per the Annual Administration Report for 2008-09.

GMOEA's observation that adequate Reserves exist for MOPT to meet expenses, both capital and revenue is flawed as reserves reflected in the Balance Sheet, largely represented Capital Block, including fixed assets.

In any case, this argument was not accepted by TAMP earlier.

	(e). The lists items of capital expenditure which were proposed in the previous tariff revision in the year 2007-08 however, the same have not been incurred are as follows: (Rs. in lakhs) <table border="1"> <thead> <tr> <th>Description</th><th>Amount proposed in 2006 proposal</th><th>Amount proposed to be spent in 2010-12</th></tr> </thead> <tbody> <tr> <td>Replacement of bucket wheel Reclaimer</td><td>1,500</td><td>1,500</td></tr> <tr> <td>Replacement of one ship loader</td><td>1,500</td><td>2,500</td></tr> <tr> <td>Replacement of 2 nos. Stacker</td><td>1,500</td><td>1,781</td></tr> <tr> <td>Strengthening of break water</td><td>2,000</td><td>3,276</td></tr> </tbody> </table> From the above, it appears that on Rs.6,500 lakhs, the ROCE has been considered while fixing the tariff for 2006-09. However, the capital expenditure has not been incurred as proposed. Therefore, the capital expenditure proposed for the current tariff revisions has to be again viewed with scepticism.	Description	Amount proposed in 2006 proposal	Amount proposed to be spent in 2010-12	Replacement of bucket wheel Reclaimer	1,500	1,500	Replacement of one ship loader	1,500	2,500	Replacement of 2 nos. Stacker	1,500	1,781	Strengthening of break water	2,000	3,276	
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(xviii)	Transshippers are unique to Goa. The present scale of rates does not provide a separate classification for transshippers with respect to the chargeability of port dues. In order to avoid ambiguity about the applicability of the rates to the transhipper, a separate category may be provided in the Scale of Rates for transshippers. The rate could be lower or at the most equal to the coastal rate.																
(xix).	To summarise, it has concluded the following:																
	(a). From all the gaps pointed out above, a pattern seems to emerge i.e. all inconsistencies invariably favour MOPT and are detrimental to its users. This gives the impression that the figures used are not objective but have been drawn up for a predetermined purpose viz., justification of MOPT's proposal for a predetermined level of tariff increase.																
	(b). Based on what is stated in the forgoing paragraphs, if one were to make adjustments to the revenue and cost projections and capital assets that are projected to be employed during the period for which tariff is sought to be revised, the port as a whole does not require any revision.	Assumptions of cost reduction and resultant conclusion by GMOEA is only theoretical.															
(xx).	Assuming, without admitting that the entire deficit is charged to the Iron Ore segment (MOHP activity combine), an increase above 13% would result in the Port earning significantly higher returns than that stipulated by TAMP.																
(xxi).	The main argument of MOPT is that deficit in individual activities should be considered in a stand alone manner and tariff increase should be allowed accordingly. However, Clause 2.11.6 of the revised tariff guidelines clearly states that the financial position of the port as a whole and for each activities / sub-activities is to be considered while determining the extent and need for tariff revision. Also, as mentioned in paragraph 8(xiii) of the TAMP Order dated 30 th October, 2006, it is necessary to make tariff adjustments in such a way that impact of gradual reduction in the tariff of some of the surplus activities matches the increase allowed in some of the activities which consumes such cross subsidisation heavily.																
(xxii).	TAMP may therefore decide if there should be any increase in the tariff for Iron Ore segment.																

3. We have also received a letter dated 14 October 2009 from Chowgule and Company Private Ltd (CCPL) raising objections on the proposal filed by the MOPT. The main points made by the CCPL are summarised below:

- (i). The tariff of Rs.43.50 per 10 sq.mt per month is prescribed as lease rentals for occupation of foreshore land water area coming under jurisdiction of Major Ports in the existing Scale of Rates. We understand that although no separate tariff is fixed by TAMP for water area alone, the MOPT is presently charging the said rate of Rs.43.50 per 10 sq mtrs per month which in our understanding is incorrect, as this is the rate prescribed for land only.

It has also come to our knowledge that there is a proposal to increase the said tariff by 40%.

- (ii). At the outset, we hereby not only object the said proposal for increase in tariff but also put before you our request to reduce the present tariff of Rs.43.50 per 10 sq.mt. per month for the water area to Nil. At Mumbai Port, there is no rental for the water areas at all.
- (iii). We are one of the leading exporters of iron ore from Goa port established over 50 years and are using the port facility for our said export activity, and transport of ore from mines through barges.
- (iv). The water resources coming under MOPT jurisdiction are used by us directly or indirectly for our said business activities.
- (v). There are industrial units wherein they are set up at the water front taking the water areas under lease from MOPT and reclaimed the said water areas. The lease rental is one of the main cost components for all those units which cater to all exporters, shipping, and tourism and fishing activities in Goa.
- (vi). The water areas in the jurisdiction of port is not usable as such MOPT has not provided the required infrastructure particularly water depths, access road, electricity, etc, hence no rentals should be charged for the water areas alone.
- (vii). The siltage is so much that it is becoming very difficult for the people to carry out their activities efficiently and economically. The effect of tides has also affected very much to all these industries, as in low tide there is no water at all in certain areas even within a kilometer distance from the river bank which makes very difficult for all these industrial units to keep the work continuing in low tide and movement of vessels is possible during low tide period, unlike other ports where sufficient water draft is available and there is no effect of tides on the water level and one can continue with its activities without any hindrance.
- (viii). Goa is very much affected by the heavy rains and cyclonic winds from month of May to September, wherein all activities are closed down as to carry out the activities with heavy rains and cyclonic winds is not practically possible. So all these units are getting only half of the year for its operations and even in remaining half considering the statutory holidays, only 40% of the period of the year is available for operational use.
- (ix). Further MOPT is not clearing the main water channel periodically, so the siltage is increasing day by day. All these units are spending lot of money for up keep of water areas like minor removal of siltage and scraps, etc, which is lying in the water areas this increases the cost substantially.

However, if it is felt necessary to have some rentals for the said water area, we humbly request you that the tariff for water area should not exceed Rs.5/- per 10 sq.mt. per month to make the same very cost effective. For remaining shore areas and reclaimed areas tariff may be fixed at Rs.10/- per 10m2. per month. We request you to kindly take up our matter and fix the rentals as requested herein to make the things viable and contribute to the country's economy.

4.1. A joint hearing in this case was held on 28 October 2009 at the Mormugao Port Trust premises. The MOPT made a power point presentation of its revised proposal submitted in June 2009. At the joint hearing, MOPT and the concerned users / organisation bodies have made the following submissions:

Mormugao Port Trust

- (i). The MOHP needs thorough overhauling which may require about Rs.300 crores. Since we don't have adequate internal resources, the only other source of funding is commercial borrowing. Lenders do not derive comfort from the huge revenue deficit under this activity.
- (ii). Salary and Wages account about 59% of the total expenditure. High wage cost is inevitable as it flows from the national level policy. It will reduce only by natural attrition in manpower.
- (iii). Land includes water area as per Section 2(k) of the MPT Act. Therefore, rentals for water area is chargeable at the same rate applicable for lands as approved by TAMP. The arguments of Chowgule and Company Private Ltd. are not correct.
- (iv). We have an accumulation of Rs.230 crores as against the assessed pension liability of Rs.522 crores as of 31 March 2009. We have, therefore, proposed to increase pension levy to 12% to augment the fund.
- (v). Proposed capital expenses at Rs.136 crores, Rs.114 crores and Rs.112 crores for the years 2009-10, 2010-11 and 2011-12 respectively excluding JICA loan of Rs.302 crores for MOHP revamping. We have to generate sufficient fund to meet the capital expenses.

Goa Chamber of Commerce and Industry

- (i). We have given written comments. Please consider.
- (ii). Wage of cost of 59% is very high and requires careful consideration.
- (iii). Capital cost of Dolphin Mooring No.1 appears to have been recovered already. Then why charge should be levied therefor ?

(Chairman MOPT says, these mooring dolphins are in operation and users enjoy the benefit)
- (iv). The port should utilise revenue share received from PPP projects for further development.

(Chairman MOPT clarifies, such receipts are kept in an escrow account and utilised for infrastructure developments).
- (v). Please give tariff revision prospective effect.

Goa Mineral Ore Exporters' Association

- (i). Power point presentation highlights the following aspects:
 - (a). Review of MOPT past actuals
 - (b). Projections Vs. Actuals
 - (c). Inconsistency in the estimates.
- (ii). The port would have ended up with a surplus of about 41 crores for the past cycle if management and general administration, overheads and Finance and Miscellaneous Expense were contained by the port to the level allowed by TAMP in the last Tariff Order.

- (iii). The quality of estimates furnished by MOPT to substantiate its revised proposal is doubtful.
- (iv). Repair and Maintenance expenses grew from Rs.1162 lakhs in 2006-07 to Rs.1531 lakhs in 2008-09 perhaps due to an exceptional item relating to restoring the broken down ship unloaders. Projections for 2009-10 shows steep increase and it becomes Rs.2474 lakhs by 2011-12. Past exceptional item is appeared to have been perpetuated in the future estimates also.
- (v). Sudden increase in dredging cost estimates is not explained - Rs.883 lakhs in 2006-07 to Rs.4080 lakhs in 2011-12. If it relates to any specific project, cost should be recovered from the revenue arising from such project.
- (vi). Salary and wages constitute more than 50%. It is only at 11% at CHPT and 14% at TPT.
- (vii). MGA overhead should be logically and objectively distributed across different activities based on revenue earnings capacity of the activities.
- (viii). The port has levied 7% Pension levy. But charged actual pension payment also as expenses. It is a double penalty on users.
- (ix). The MOPT has neither maintained a separate account nor produced audited accounts of Pension Fund as directed by TAMP in its last Order.
- (x). MOHP traffic growth should atleast be 10%, considering the new investment to be made. The port, however, envisages a static traffic position in future. When new investments are made on replacement, care must be taken that the old assets are removed from the gross block of assets and should not qualify for return again.
- (xi). No income from CRC, VRC and CHLD levy is considered for Dolphin Moorings even though Capex and dredging cost are included. MOPT should account expenditure against income from PPP arrangement for the Dolphin Moorings.
- (xii). Please see TAMP's Order of 2002 where the need to restrict and moderate overheads is stressed. No tangible effect could be seen in MOPT Accounts.
- (xiii). Please provide separate category in Scale of Rates for 'Transhippers' for levying VRCs.
- (xiv). Any tariff increase beyond 13% in MOHP will increase ROCE from MOPT more than the permissible level of 16%.
- (xv). The MOPT cannot equate water area and land for charging, as the port had not done any development on water area.

Barge Owners Association

- (i). Vessels below 2000 T GRT should be exempted from port dues. This will facilitate increase in coastal movement.
- (ii). Earlier MOPT had wagon tippler system which failed miserably. Why again the port proposes to have such system with substantial cost ?
- (iii). Any steep hike in cargo / vessel related charges may divert traffic to neighbouring ports, which will further weaken the financial position of the port.
- (iv). Water area development for marina – the lease rentals for water area should be given at promotional rates, as port has not done any development.

MSPL

- (i). The cost of transporting ore to MOPT is high. High port cost will only add to the woes of the shippers.

Mormugao Ships' Agents Association

- (i). We request TAMP to consider the elaborate views of GMOEA and GCCI, which we endorse.
- (ii). Our request is that retrospective effect should not be given to any tariff increase.

Metals and Minerals Trading Corporation Limited

- (i). We have no further comments to add. Consider our written submissions.

4.2. As decided at the joint hearing, Goa Mineral Ore Exporter's Association (GMOEA) has vide letter dated 30 October 2009 furnished its comments on the representation made by M/s.Chowgule & Co. Pvt. Ltd. with regard to setting up of a Marina project in the water areas falling within Notified Port limits. The MOPT vide letter dated 5 November 2009 has furnished its response. A summary of the comments received from GMOEA and response of MOPT thereon are tabulated below:

Sl. No.	Comments received from GMOEA	Response of MOPT
(i).	Presently, there is no connecting road to the area proposed to be leased and a lot of filling/dredging is involved before setting up the project. Chowgules own about 30,000 sq. mtr. area adjacent to the area proposed to be allotted for this purpose which they would like to use for making suitable roads and building the necessary infrastructure; the advantage no body else would have.	For optimum utilization of water area within the jurisdiction of the Port, and looking at the requirement of a Marina in a tourist place like Goa, port has come up with a proposal for setting up a Marina within its jurisdiction. As per Land Policy Guidelines, estates, including water front, can be leased out on long term basis through Bidding process. It is clearly stated in the tender documents that all facilities have to be created by the bidder and then quote for lease rent for the water area alone, on per annum basis. Therefore, the Marina project has no bearing on the Scale of Rates for water area.
(ii).	The area is totally outside and far away from the operational area of the port and would not be useful to the port for its main operations.	Even though the area may be outside the present Port operational areas, in future for the expansion of the Port, the area may come under the operational area in view of limited land and waterfront area available with the Port.
(iii).	We understand that in similar cases, Bombay Port Trust does not charge any lease rent keeping in view the potentiality of growth of ancillary units in and around the area and employment opportunities to people living nearby and the revenue the port would earn in the years to come.	Comparison with Mumbai Port Trust is irrelevant in this case, because circumstances differ from Port to Port and cannot be compared. If comparison has to be made, the same has to be done in all respects and cannot be done selectively. As far back as 1991, in JNPT, handling charges were Rs.205/- per ton for mechanical handling of foodgrains whereas MOPT is stuck with Rs.64.80 per ton since 2000. MOPT has overall meagre revenue and resources, and therefore any kind of concessions at this juncture will adversely hit port's efforts to garner more revenue. In future when port is in a comfortable position, it will not hesitate to suggest reductions in the estate rentals or even the tariff structure.
(iv).	All other PPP projects are within the operational area and therefore cannot be compared with this project.	Factual.
(v).	If the rental rate applicable to land within the operational area of the port is charged	Marinas are by and large used by High Network Individuals (HNIs) and therefore higher tariff

	to the proposed area to be leased, which is outside the operational area, the whole project would be unviable particularly in view of the long gestation period.	structure should not be a concern for the development of Marinas. Further, it is a fact that cruises and other pleasure projects like yacht and Marina have longer gestation period. In fact for MOPT, cruise activity is not at all a revenue earner. On the contrary, Port suffers loss on its activity. However, as a policy to service cruise industry, Port is handling cruise vessels at negative returns. With increased volume, it will be a revenue earning activity over a period of time.
(vi).	Chowgules, it appears, are prepared to pay a lease rent of, say, Rs.5 per 10 sq. mtr. per month for water area if compelled to do so and Rs.10 per sq. mtr. per month for fore-shore land.	In our opinion, rent indicated by M/s.Chowgule & Co. Pvt. Ltd. appears to be meagre. If at all TAMP decides to levy a lower estate rental for the Water Area alone, it may please be stipulated that to the extent that Water Areas are subsequently reclaimed, with Port's approval, the lease rental applicable to lands in the Port operational areas will be applicable to the specific areas of reclaimed lands. We also draw your kind attention to Section 2 (k) of MPT Act 1963, which is relevant here and reads as follows: "Land" includes the bed of the sea or river below high-water mark, and also things attached to the earth or permanently fastened to anything attached to the earth".

5. Apart from the above, Goa Mineral Ore Exporter's Association (GMOEA) has also furnished additional observations vide letter dated 30 October 2009. The MOPT vide letter dated 5 November 2009 has furnished its remarks. A summary of the observations received from GMOEA and response of MOPT thereon are tabulated below:

Sl. No.	Observations made by GMOEA	Response of MOPT																																																																																																																							
(i).	Impact of income not being shown on the operations: Income taken for the purpose of arriving at the deficit of 10.64% is only Rs.71, 501.34 Lakhs whereas the actual income would work out to Rs.78,094.46 Lakhs for the period 2006-09. Similarly, the income taken for the purpose of arriving at a deficit of 27.80% is only Rs.78,043.93 Lakhs whereas the actual income would work to Rs.89,483.57 for the period 2009-10 as shown in the table below. The Actual deficit would work out to only 1.26% and 11.52%, respectively. (Amount Rs. in Lakhs) <table><tr><th>Particulars</th><th>2006-07</th><th>2007-08</th><th>2008-09</th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr><tr><td>Income as shown in Form 3A</td><td>24540.55</td><td>22104.35</td><td>24856.45</td><td>25759.94</td><td>25988.2</td><td>26295.79</td></tr><tr><td></td><td></td><td></td><td>71501.35</td><td></td><td></td><td>78043.93</td></tr><tr><td>Income shown in Form 2B, but not included in Form 3A</td><td>1253.36</td><td>2646.98</td><td>2692.77</td><td>3805.02</td><td>3813.06</td><td>3821.56</td></tr><tr><td></td><td></td><td></td><td>6593.11</td><td></td><td></td><td>11439.64</td></tr><tr><td>-Handling charges (Berth 5A/6A)</td><td>1200</td><td>1278.96</td><td>1194.96</td><td>1200</td><td>1200</td><td>1200</td></tr><tr><td>-Water charges recoverable</td><td>18.68</td><td>19.25</td><td>16.94</td><td>17</td><td>17</td><td>17</td></tr><tr><td>-Rent from Port trust quarters</td><td>34.68</td><td>36.36</td><td>33.52</td><td>36</td><td>36</td><td>36</td></tr><tr><td>-special rates pension levy</td><td>0</td><td>1312.41</td><td>1447.35</td><td>2552.02</td><td>2560.06</td><td>2568.56</td></tr><tr><td>TOTAL INCOME</td><td>25793.91</td><td>24751.33</td><td>27549.22</td><td>29564.96</td><td>29801.26</td><td>30117.35</td></tr><tr><td><i>(if all incomes were considered)</i></td><td></td><td></td><td>78094.46</td><td></td><td></td><td>89483.57</td></tr><tr><td>Income not included in Form 3A for 3 years</td><td></td><td></td><td>6593.11</td><td></td><td></td><td>11439.64</td></tr><tr><td>Surplus /Deficit (-) as shown in Form 3A</td><td>1503.42</td><td>-2994.4</td><td>-6089.84</td><td>-4548.42</td><td>-7306.98</td><td>-9894.69</td></tr><tr><td></td><td></td><td></td><td>-7580.82</td><td></td><td></td><td>-21750.09</td></tr><tr><td>Actual Net Deficit</td><td></td><td></td><td>-987.71</td><td></td><td></td><td>-</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>10310.45 *</td></tr><tr><td>Deficit as a % of Total Income</td><td></td><td></td><td>-1.26%</td><td></td><td></td><td>-11.52%*</td></tr></table>	Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Income as shown in Form 3A	24540.55	22104.35	24856.45	25759.94	25988.2	26295.79				71501.35			78043.93	Income shown in Form 2B, but not included in Form 3A	1253.36	2646.98	2692.77	3805.02	3813.06	3821.56				6593.11			11439.64	-Handling charges (Berth 5A/6A)	1200	1278.96	1194.96	1200	1200	1200	-Water charges recoverable	18.68	19.25	16.94	17	17	17	-Rent from Port trust quarters	34.68	36.36	33.52	36	36	36	-special rates pension levy	0	1312.41	1447.35	2552.02	2560.06	2568.56	TOTAL INCOME	25793.91	24751.33	27549.22	29564.96	29801.26	30117.35	<i>(if all incomes were considered)</i>			78094.46			89483.57	Income not included in Form 3A for 3 years			6593.11			11439.64	Surplus /Deficit (-) as shown in Form 3A	1503.42	-2994.4	-6089.84	-4548.42	-7306.98	-9894.69				-7580.82			-21750.09	Actual Net Deficit			-987.71			-							10310.45 *	Deficit as a % of Total Income			-1.26%			-11.52%*	The table at para (B) (1) indicates the revenue for the period 2006-09 and 2009-12 including FMI. Net deficit calculations by MOPT are in accordance with the guidelines issued by the TAMP. As per the guidelines, the Royalty from SWPL is not considered. Similarly, Pension Levy is allowed by TAMP for a specific purpose to meet the pension liability, and therefore cannot be considered in the total revenues.
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12																																																																																																																			
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	* Subject to inclusion of income from proposed 3 addition mooring dolphins. Therefore, the deficits in cargo handling, vessel related estate activity and MOHP sub-activity for the period 2006-09 has to be arrived at taking into consideration the incomes not taken into account. The (cumulative) deficit of Rs.75.80 Crores shown by MOPT would thus get reduced to only Rs.987.71 Lakhs. Similarly, for the period 2009-12 the deficits in cargo handling activity, Port and Dock activity, Estate activity and sub-activity at MOHP will have to be reworked, taking into consideration the incomes not taken into account and subject to our various observations regarding income, expenditure, capital employed , ROCE etc.	
(ii).	Income from Additional Mooring Dolphins: In the Board note for approval of loan for capital dredging at the 3 new mooring dolphins, MOPT has projected that after construction of the new mooring dolphins and capital dredging in 2009-10 at a cost of Rs.6500 Lakhs (Rs.1,400 for construction of dolphins and Rs.5,000 Lakhs for capital dredging), MOPT would tender the mooring dolphins out on PPP basis for use by private parties which would handle an estimated cargo of 5 million tons in 100 vessels at these locations. The revenue to MOPT on this account would be Rs.2216 Lakhs per annum (comprising of Rs.1040 Lakhs of license fees, Rs.483 Lakhs from revenue share and Rs.769 Lakhs from VRC). This would enable MOPT to easily service the loan within 7 years as well as to earn revenue for MOPT. It may be noted that MOPT has projected that these projects would not only be self-sustaining but net income generating (after ROCE). However, in the tariff projections, the income from PPP & VRC from these operations (or CRC, CHLD and VRC income if operated by MOPT) has not been considered although the capital cost has been considered for calculation of ROCE and maintenance dredging cost has been considered in operating cost. As the project is self-financing, the associated costs of the project and the ROCE should be recovered from the income earned after the berth becomes operational and not from tariffs of the existing port operations. The facility should be operational in March 2010.	This is a new project which is yet to be even tendered. Construction of new Mooring Dolphins is already delayed due to defaults by the contractor and circumstances beyond the control of the Port. The capital dredging contract was awarded to DCI, but they are not in a position to even commence the same. Even the RFQ for the PPP Project is not yet issued. Therefore, these revenues are not considered in our calculations. Projections of traffic and revenue indicated in the Board Note are from initial study. Therefore, revenues cannot be considered till the project actually takes off. GMOEA is aware that Port is in deficit of over Rs.75 crores for the period 2006-09 based on actual results for which there is no compensation to the Port. This is a substantial loss of revenue for a small Port like MOPT. Even the existing revision which is due from 1.4.2009, is already delayed by over 8 months. MOPT is further deprived of revenue. Therefore, ROCE on capital expenditure may please be taken as per capitilisation plans of the Port. This is also as per the guidelines issued by the TAMP.
(iii).	Income from New Non-Cargo Berth at Break-water: In the Board note for approval of loan for construction of new non-cargo berth at breakwater, MOPT has projected that 130 non-cargo vessels would be handled at the berth with an income generation of Rs.393 Lakhs (comprising of Rs.317 Lakhs VRC and Rs.75 Lakhs passenger levy). In addition, due to shifting of non-cargo vessels to the new berth, an additional cargo of approximately 1.6 million tons would be handled at the general cargo berths resulting in an income generation of Rs.634 Lakhs (comprising of Rs.154 Lakhs VRC and Rs.480 Lakhs CRC). Thus MOPT would service the loan within 7 years as well as earn a ROCE in excess of 16% making the project self-sustaining. However, in the tariff projections, the income from these operations has not been considered although the ROCE on capital and depreciation has been considered. As the project is self-financing, the associated costs of the project and ROCE should be recovered from the income earned after the berth becomes operational and not from tariffs of the existing port operations.	This is a new project which is yet to be tendered. Tendering for the work is in progress. Work has not been awarded as yet. Construction of Non-Cargo Berth is yet to start and commissioning period is 18 months. However, it is likely to take 24 months after award of work. Therefore, these revenues are not considered in our calculations for 2009-12 and even 2012-13. Projections of traffic and revenue indicated in the Board Note are from initial study. Therefore, revenues cannot be considered till the project actually takes off.

(iv).	Income (FMI) from Interest on Fixed Deposits and Cash Balances as per the Financial Accounts has not been considered in the tariff revisions. (Also expenditure on loan from Bank has not been considered, which however can be considered only after decreasing the corresponding ROCE on such borrowed capital which MOPT has considered in its capital expenditure).	Interest on Fixed Deposits and cash balances have been dealt with in accordance with the provisions in the TAMP guidelines.
(v).	New sub-activities need to be included in the tariff proposals such as Berths 5A/6A, Passenger (Non-cargo) Berth at Breakwater mole and possibly Mooring Dolphin (old & new) can be considered as a separate sub-activity. The income from these sub-activities needs to reflect in the tariff proposals.	This point has been dealt with at para 2 and 3.
(vi).	The maintenance dredging cost was Rs.883 Lakhs in 2006-07, which has shot up to Rs.2,180 Lakhs in 2008-09. The projections for 2009-12 have assumed that these costs will be Rs.2,880 Lakhs, Rs.3,840 Lakhs and Rs.4,080 Lakhs in 2009-10, 2010-11 and 2011-12. However, it may be noted that in the recent tender that had been awarded by MOPT to Dredging Corporation of India (DCI), the dredging contract was awarded at a cost of awarded at a cost of Rs.2,970 Lakhs, Rs.3,060 Lakhs and Rs.3,105 Lakhs for 2009-12. The proposal needs to be adjusted by the difference in this cost.	Original proposal for revision of Scale of Rates was submitted by Port to TAMP in December 2008. Further, review of the proposal was made in June 2009, whereas the contract for dredging has been awarded to DCI in September 2009. Suitable adjustments based on the present dredging rates is being made in the proposal.
(vii).	Special Levy for Pension Fund: MOPT has transferred Rs.3,700 Lakhs to the fund in 2006-2007 and in 2008-09 an amount of Rs.1352.65 Lakhs has also been transferred to the fund under FME from the revenue of MOPT. These amounts are in addition to the collection from special levy amounting to Rs.1312.41 Lakhs and Rs.1447.35 Lakhs during 2007-08 & 2008-09 as permitted by TAMP and therefore contribute significantly to the reduction in surplus of MOPT for those years. Further these amounts are in addition to the pension payments for the year made directly from the P&L account. With the current corpus of the fund, the interest on the fund balance should be sufficient to build up the fund over a period aided by some contribution by way of a special levy if required. There is, therefore, need for a comprehensive review of the current deficit in the fund and the future payments to be made from the fund, and in case of need for continuing the special levy, the required rate and period for which it is required, keeping in mind TAMP's earlier remarks that the deficit need not be recovered in a short time frame. TAMP is accordingly requested to specify a fixed amount (collected by way of special levy), if needed, to be paid into the fund every year, with all pension payments in future to be made from the fund so as to avoid multiple debits to the users on this account.	Pension and Superannuation liability of the MOPT is quite huge and Port is unable to fund even 50% of the requirement. Pension Levy of 7% allowed by TAMP in the earlier revision is too meagre to fund the balance, leave alone making the pension payments. As per AS 15, Accounting Standard on Employee Related Liabilities, it is necessary to completely fund the pension and superannuation liabilities. Port had a net surplus of Rs.11.33 crores during the Financial Year 2008-09. With this level of net surplus, it will be very difficult for the Port to fund the capital projects and also to fund the pension liability. It is the endeavour of the Port to meet the pension payments out of the exclusive fund created for the pension. Port is also taking many steps to reduce strain on its FME so as to accumulate sufficient amounts in the General Fund.
(viii).	Computation of ROCE: It is submitted that since there are almost invariably delays in approval and completion of planned projects, and additional time is thereafter taken for commissioning and stabilization of operations, provision of ROCE on planned projects for tariff calculation would only burden users with a ROCE on capital that may not be actually employed at all or not employed productively during the tariff period. Besides, it appears that ROCE is being calculated for the full year on projects that come up during that year. ROCE may therefore be permitted only during the next tariff revision after the project is commissioned and operational, calculated with effect from such date of commencement of operations. This is particularly relevant in the present tariff revision where large capital expenditure has been planned and many of the investments have already been delayed from the time-line projected in the tariff proposals.	Projects are taken up by the MPT in right earnest to complete within the time frame. In this competitive world, it is very important to modernize the facilities and augment infrastructure. In the Government Sector, certain procedures have to be followed which result in delays which cannot be attributed to the inefficiency of the Port. Port is of the view that existing system of computation of ROCE on capitalization of assets in a phased manner should be continued.

(ix).	Deficit in cargo handling operations: The costs especially in the case of the Cargo Handling Operations at MOHP and Vessel Related Activities have been escalated unreasonably in the tariff proposal. It is difficult to understand how the activity Cargo Handling Operations at MOHP which has in earlier years been subsidizing the other activities of MOPT and on which, as lately as in 2006 at the time of the last tariff revision, no tariff revision was deemed necessary by TAMP, can now incur a deficit of 95% of operational income (as projected in the tariff proposal). A higher tariff hike is being sought by projecting a higher deficit for such activities by inflation of the projected costs, projection of no increase in income and loading a disproportionately higher share of M&GA & FME.	In MOPT, operations are carried out at West of Breakwater, at the Mooring Dolphins and Berth Nos. 8, 9, 10 and 11. Operations at West of Breakwater and at the Mooring Dolphins do not require cranes or other machineries from the Port side. Further, Berths Nos. 8, 10 and 11 have no installations like wharf cranes. Only at Berth No. 9, a full fledged Mechanical Ore Handling Plant exists. As per practice followed in the Port, salaries for each activity are segregated and booked to these activities. In the absence of equipment on other berths, majority of the expenditure on maintenance and repairs, power, etc. is on account of MOHP only. Therefore, the argument that MOHP expenditure has been escalated unreasonably is far from the truth. Figures in our Annual Accounts are audited by CAG and the same are compiled in the prescribed formats of TAMP for the years 2006 to 2009. Therefore, there is no unreasonable hike in MOHP expenditure as alleged by GMOEA.
(x).	Distribution of Overheads Activity-wise: While operational costs can be directly attributed to particular activities, the apportionment of Management and General Overheads to various activities/ sub-activities remains a grey area, with the basis of apportionment not clear. In the past when MOHP handled the bulk of MOPT's cargo, the apportionment of the same mainly to MOHP and also to Vessel Related Activity could be understood. However, while the operations and revenue streams of MOPT have become broader based and at the same time the M&GA and FME costs to manage the same have increased substantially, the same activities of mainly MOHP and Vessel Related Activity continue to be saddled with the burden of bearing the cost. Berth No.9 has been allocated a disproportionately large share of nearly 50% of the M&GA and FME costs although its income is presently only 30% of that of MOPT as a whole (even less than 30% if the incomes not considered by MOPT in the tariff proposal are included). In the absence of a direct relationship to each sub-activity, apportioning of M&GA and FME (which is a general charge) proportionately to the income of each sub-activity is the most logical way whereby the cost is distributed over all revenue streams. Over a period as MOPT increases its revenue streams from proposed new projects the ratio of M&GA and FME costs (which are at extremely high levels as compared to other ports) can thus be decreased.	It is clarified that management and overheads pertain to the expenditure related to support services and the majority components of this general and management expenses is salaries which is as high as 59%. Expenses are allocated based on operating expenditure of each activity. Even though activities are diversified, expenses involved in this diversified activities other than MOHP are very less. The same holds good for the revenue for other diverse activities also. Port has been following this system of allocation consistently, and has been accepted by TAMP.
(xi).	Capital Expenditure and ROCE at MOHP: There is significant capital expenditure planned for revamping the MOHP. In our last letter we mentioned that considering substantial capital expenditure during 2010-12 and that the new machines will operate at a higher efficiency, a growth in traffic of about 10% in the quantities handled is justified. In the absence of such growth in volumes being considered, the ROCE should not be considered for tariff fixation until the revamped plant is fully operational. It is to be noted that MOPT has projected an increase in the capital expenditure for this project from Rs.22,100 Lakhs as per the initial proposal to Rs.45,000 Lakhs	Capital expenditure in the year of capitalization has been considered for ROCE. Even though revenue generation starts later, Port has to service the debt in case of borrowings and for that purpose Port is required to have funds. In case ROCE is to be allowed only after projects start yielding revenues, it would be difficult for the Port to meet the expenditure on that project and may result in cross

	as per the revised proposal (and Rs.51,073 Lakhs as per meeting with JICA representatives). This investment envisages an increase in the capacity to 18 million tons (and subsequently to 22 million tons). The ROCE on MOPT's investment on this project needs to be permitted only after the projected increase in the volume materialises. Any increase in the tariff based on increase in cost/ROCE without considering the commensurate increase in volume would result in MOPT earning much larger revenues unduly.	subsidization which is against the principle of TAMP. Therefore, as stated earlier, Port should be allowed to claim ROCE for the year of capitalization of the asset.
(xii).	Difficulties in segregating costs activity wise: It is reiterated that there is a large element of cross-subsidization of various activities/sub-activities in MOPT which is difficult and at times impossible to segregate. Costs of general nature are allocated to sub-activities on an assumed basis although there is no direct linkage that can be determined between the cost and the activity. Also, costs incurred in one activity result in an income generation in another activity. Therefore, it is very necessary for TAMP to take into account primarily the overall deficit of MOPT for considering an increase in tariff, then deficits within main activities and finally within sub-activities.	Costs are being allocated in our calculations on certain basis consistently for the past so many years. In fact this method is being followed in all the Ports. Therefore there is no cross subsidization as alleged by GMOEA.
(xiii).	New Projects : For new projects taken up by MOPT, there is a need for TAMP to vet the financial viability, funding, revenue and tariff model at the project inception and approval stage so that there is no dichotomy between the same at the time of approval of the project and at the time of tariff fixation.	Details of our new projects have been brought out in the proposal as well as in the presentation, just to apprise the TAMP the need for upgrading the present infrastructure as well as augmenting the facilities. Port had no intention of obtaining any kind of vetting from TAMP for the financial liability of the projects taken up by the Port.
(xiv).	Plan Expenditure v/s Infrastructure Augmentation: As regards to slides 19, 22 and 23 of MOPT presentation, there appears to be a difference in the planned expenditure, i.e. Rs.367 crores and infrastructure augmentation of Rs.605 crores. However, there is no time period indicated as to when such augmentation would commence nor the difference in Rs.238 crores. We are, therefore, unable to establish a relationship on the same which would be clarified by MOPT.	Slide No. 19 of MPT's presentation made during the Joint Hearing on 28.10.09, indicates phasing of capital expenditure amounting to Rs.367 crores over a period of 3 years, whereas at slides 22 & 23, we have indicated major projects to be implemented in the next 3 years for the information of TAMP. The projected outlay on this is Rs.605 crores which includes revamping/refurbishing of MOHP at a cost of Rs.302 crores. These 302 crores does not figure in the projected expenditure reflected in slide No. 19. There are few other projects which have not been shown in slides 22 and 23.
(xv).	Internal resources for critical infrastructure projects: With respect to the above, the MOPT in their revised proposal has indicated resources worth Rs.692.14 crores [i.e. (i) replacement of 30 year old MOHP, (ii) completion of 5.2 kms of 4 lane port connectivity, (iii) deepening of navigational channel from existing (-) 14.1 to (-) 15.1 mts. below CD, (iv) construction of non-cargo berth for international passenger cruise liner]. This again does not correspond to breakup of Rs.605 crores as indicated in MOPT presentation of infrastructural augmentation. Further, in the revised proposal, the MOPT also indicated that the above projects as absolutely essential, if MOPT is to survive. We have also not received Annexure B for Rs.250 crores which had skipped our attention earlier to comment. However, would this be over and above to Rs.692.14 crores or in other words would the total cost of critical infrastructure resource shoots upto Rs.942.14 crores? It may be appreciated that as Users we find difficult coordinating such differing expenditure within the same proposal.	As stated earlier, in slides 22 and 23, we have only indicated major projects under infrastructure and augmentation totalling Rs.605 crores. In para 15 of their letter dated 30.10.09, GMOEA is referring to some of the infrastructure projects to be created, as indicated in our letter of 27.6.09 to TAMP. Rs.692.14 crores includes Rs.605 crores detailed in slides 22 and 23, alongwith other small projects. Rs.250 crores indicated in Annexure 'B' is included in the aggregate of Rs.692.14 crores.

(xvi).	Need to have a relook on the methodology of Computing ROCE: When TAMP gave directions for computing ROCE @ 16% for business activities, it appears that the prevailing rate of interest @ 10% per annum, 3% for replacement, rehabilitation or modernization of capital assets and the balance 3% towards development, repayment of loans and contingencies was considered. Since the interest rates having fallen down considerably over the period, it may be necessary to review the methodology of computing ROCE. We once again thank you for the opportunity given to us to respond to MOPT's presentation and also to express our views on points that we had missed earlier.	GMOEA has asked TAMP to have a relook at the method of computing ROCE. GMOEA has requested TAMP for downward revision in ROCE in the event of fall in the interest rates. In our opinion this logic will always put the port in a disadvantageous position. All the stake holders involved should have a level playing field. When the iron ore prices are at its peak, the Trade takes a stand that the TAMP should follow the well framed guidelines without taking cognizance of windfall to the Trade, whereas when the iron ore market is in a slump, argument is that no hike should be given to the Port in view of the adverse economic conditions prevailing in the country. In our opinion all the stake holders in the Port activity should be treated at par.
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6. The GMOEA has also forwarded its reaction on the comments of MOPT on GMOEA letter dated 5 October 2009 which are summarised below:

- (i). GMOEA's intention was only to caution TAMP about the reliability of figures included in MOPT's proposal.
- (ii). The comments of MOPT are not touching all points and therefore incomplete. The MOPT does not deny that expenditure on salaries, electric power, dredging, repairs & maintenance, security expenses have gone up steeply and that the increase in salaries & wages is not exceptional.
- (iii). GMOEA agrees that there could be difference between projections and actuals. However, GMOEA is commenting on the actual figures in the revised proposal for last 3 financial years, i.e. 2006-09 and the audited figures for the same period.
- (iv). GMOEA is only bringing to the notice of TAMP that MOPT's statement in para 4 of original proposal that all costs have been escalated by 5.45% over the previous years has not been strictly followed.
- (v). GMOEA has no comments on the classification / format and what M&GA includes. GMOEA is only pointing out that M&GA constitute over 50% of the total operating costs and that is very high as compared to other ports.
- (vi). GMOEA understands the position with regard to wage settlements. As on 1 January 2009, MOPT has 3819 employees on its roll of which 3670 are permanent. The strength of class IV employees is 1477 of which 1428 are permanent. GMOEA feels that there is some scope for reducing the numbers of employees.

According to GMOEA workings, based on information supplied by MOPT, salaries & wages form about 42%. CISF (< 4%), Medical (< 2.3%), Repairs & Maintenance about 6% and Depreciation about 7%. Totaling to ~61% as against MOPT's figure of ~86%.

- (vii). The Operating expenses in respect to ore handling at Port (combine) exactly matches with the operating expenses of ore handling at MoHP and the operating expenses at Ore handling at streams (others) are shown as Zero. This goes to prove that all expenses of ore handling at stream (others) - which includes mooring dolphins and stream loading – have all been included in the statement "Ore handling at MoHP".

Surprisingly, we note that, the operating expenses for 2009-12 are higher in the case of "Ore handling at MoHP" than "Ore handling at Port (Combine)". MOPT may clarify where else the expenses for mooring dolphins and midstream loading are included.

- (viii). The maintenance dredging quantity has been observed to be going up steeply. The dredging cost /m3 has gone up by 283% in just 5 years as given below:

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Quantum of silt dredged (in m3)	2915075	3201607	4000000	4000000	4800000	4800000
Dredging cost (Rs. Lacs)	883.1	1738.42	2180.28	2880	3840	4080
Worked out rate / m3 (Rs. / m3)	30	54.3	54.5	72	80	85

- (ix). GMOEA feels that atleast 10% increase in the quantity handled should take place considering such large investments in capital employed, apart from the increase in productivity.
- (x). GMOEA's point is that the reserves aggregating to Rs.39,218 lakhs created out of past surplus have never been adjusted against capital expenditure for the purpose of tariff fixation. The reserves have been created out of operational surplus and when such funds are utilized for investment on capital assets, they should not qualify for ROCE again.

II. Proposal from Mormugao Port Trust for rationalisation of storage charges for open and covered storage area.

1.1. The port has filed a separate proposal on 18 February 2008 for rationalisation of storage charges for open and covered areas of the Port. The proposed provisions are included by MOPT in the general revision proposal.

1.2. A summary of comments received from users / organisation bodies and the comments of MOPT thereon are tabulated below:

Sl. No.	Comments of users / organisation bodies	Comments of MOPT
1.	Goa Chamber of Commerce and Industry	
	The port's proposal is to reduce the dwell time including rationalisation of tariff structure and tariff charges as suggested by the Inter Ministerial Group constituted by Secretary, (Ministry of Surface Transport). The change of unit rate from area basis to per tonne / per day with additional free days. The proposed demurrage charges is for faster evacuation of cargo by reducing dwell time. This proposal is good for port as well as for the trade and is more important to stop the present public uprising as the area being used as storage yard, which pollutes Vasco City due to present dwell time of 60/65 days for bulk cargo/coal/coke and scrap as reported by the port.	The Goa Chamber of Commerce and Industry has conveyed that this proposal is good for the port as well as for the trade and is more important to stop the area being used as a storage yard. The longer dwell time of coal / coke cargo, has been said to be one of the reasons for pollution in the vicinity of the port.
2.	Mormugao Port Users Association	
(i).	The issue of rationalisation of storage charges had been discussed by Mormugao Port Trust in the year 2007. For valid	Mormugao Port Users Association has agreed that it would be preferable to charge storage charges on per tonne basis instead of present system of charging on

	reasons, it would be preferable to charge the storage charges on per tonne basis instead of the present system of charging on area basis.	area basis.																				
(ii).	The proposed free as well as allowable period was also agreed upon.	Mormugao Port Users Association has also accepted the proposed free as well as allowable period. They have agreed that it is essential to evacuate the cargo as fast as possible due to constraints in storage area available within the port and also from the environmental angle.																				
(iii).	Proposed rate per tonne during allowable period was also accepted even though it was working out higher than the present cost.	They have agreed that demurrage charges should be sufficiently deterrent to ensure that plots are not used for longer storage.																				
(iv).	What was however not agreed upon was regarding demurrage charges proposed by MOPT. It is essential to evacuate the cargo as fast as possible due to constraints in storage area available in the port and also from environmental angle. The demurrage charges should be sufficiently deterrent to ensure that plots are not used for long storage. However there has to be some reasonableness in the new rates. It has worked out some typical cases of some vessels in the past and it is observed that proposed demurrage rates will be higher by approximately 600% than the present demurrage charges. Such a steep and unreasonable hike will increase the logistic cost of our operation exorbitantly. It is, therefore, requested to kindly revise the rates to some reasonable figures. It is suggested that demurrage rate of plot rent can be as follows: (Rate per tonne / day) <table><tr><td>For first five days</td><td>Rs.1/-</td></tr><tr><td>Next five days</td><td>Rs.2/-</td></tr><tr><td>Next ten days</td><td>Rs.3/-</td></tr><tr><td>Thereafter</td><td>Rs.4/-</td></tr></table>	For first five days	Rs.1/-	Next five days	Rs.2/-	Next ten days	Rs.3/-	Thereafter	Rs.4/-	(a). The apprehension that the proposed demurrage charges would be higher by 600% as compared to the present demurrage charges is not correct. We have gone through the worksheet prepared by them. The cargo of the subject vessel which they have considered in their working was lying in the stackyard for the period from 15 May 2007 to 13 December 2007, i.e. for 212 days. The proposal under consideration is only to discontinue the present practice adopted by the importers who tend to dump their cargo for unreasonable period. The facilities were available with the importer to evacuate the cargo. Despite this, cargo was not cleared within the reasonable period. It is proposed to have delivery rate of 1000 tonnes per day in case of coal which is well below achievable quantity as shown hereunder: <table><tr><th>Date</th><th>Quantity evacuated (MT)</th></tr><tr><td>28 May 2007</td><td>6512</td></tr><tr><td>3 June 2007</td><td>3256</td></tr><tr><td>9 June 2007</td><td>6987</td></tr><tr><td>12 June 2007</td><td>3401</td></tr><tr><td>15 June 2007</td><td>3776</td></tr></table> (b). If the plot occupancy continues beyond 212 days, the proposed demurrage charges would be much more than 600% as contended by MPUA. In the work sheet, MPUA has considered occupancy for 212 days. The storage charges would be Rs.138.70 lakhs as against Rs.20.79 lakhs paid by them for 212 days, including penal rent as contended by MPUA. This practice which the port desires to stop, was also agreed upon by the Trade. (c). Under the proposed scenario, the port could earn a revenue of Rs.6.37 lakhs, in respect of subject vessel of 50002 tonnes cargo after allowing 12 free days. Therefore, there is no basis in the argument made by MPUA that the proposed increase is very steep. (d). The existing Scale of Rates for storage charges were fixed as far back as 2000 and no revision has taken place since then. During the year 2007-08, port handled 1.1 million tonnes of coal and storage charges earned during this period was Rs.239.26 lakhs. In case the same quantity is charged with the proposed rates and evacuation at the rates agreed by the port users, the revenue on account of storage charges will be reduced drastically.	Date	Quantity evacuated (MT)	28 May 2007	6512	3 June 2007	3256	9 June 2007	6987	12 June 2007	3401	15 June 2007	3776
For first five days	Rs.1/-																					
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		(e). The proposed rates do not result into higher income to the port. On the contrary, there will be reduction in the revenue on account of storage charges. As agreed by MPUA, port has a limited storage space and also subjected to criticism on account of pollution due to handling of coal. The main objective of the port in proposing higher demurrage charges is for faster evacuation of cargo so that the problems on account of pollution are resolved. (d). It has furnished the existing storage charges on coal at SWPL stackyard as given below: (i). Three (3) free days are allowed after complete discharge of vessel's cargo (ii).Next five (5) days-Rs.10/- per tonne/per day (iii). Next five (5) days-Rs.25/- per tonne/per day (iv).Next ten (10) days-Rs.50/- per tonne/per day (v).For further period-Rs.100/- per tonne/per day (e). While fixing the upfront tariff for the coal handling terminal at MOPT, TAMP has fixed the rates as follows: 1st 15 days-Free Next 5 days-Rs.12/- per tonne/per day Next 5 days-Rs.24/- per tonne/per day For the balance period-Rs.48/- per tonne/per day (f). To have a uniformity, TAMP may consider the same levels for storage charges within MOPT area.
3.	Metals and Minerals Trading Corporation	
	No comments to offer.	
4.	M/s.Zuari Industries Limited (ZIL)	
(i).	(a). Mormugao Port Trust has proposed (a). the discharge rate of 3000 MT per day of 3 shifts for fertilizers (MOPT/Urea), (b). the evacuation rate of 750 MT per day of 3 shifts and (c). Demurrage beyond free days at 300% - 1 to 10 days, 600% - 11 to 20 days, 1000% - 21 to 30 days.	(a). No comments
	(b). It may be noted that our imports are normally on an average parcel size of 15000 MT. We have difficulties to charter vessels of high discharge rate in the world market, and the vessels which are available are old, which have no capacity to achieve the rate of discharge of 3000 MT.	The statement made by ZIL stating that there are difficulties in chartering the vessels with high discharge rate in world market and only vessels are available with discharge capacity less than 3000 T per day is not correct. From 01.01.2008 till date, ZIL have handled 11 no. of vessels carrying MOP with average parcel size of 19633 MT and the average cargo discharge rate achieved during the period is 3406.19 MT per day.
	(c). Over and above, due to non-availability of port labour during the bunching of vessels in the port, we are forced to reduce the working of vessel's hooks, not being able to achieve the discharge rate of 3000 MT per day.	It may also be seen that (availability of Port Labour is also not a constraint) the average sets engaged during the discharge operation are 30 sets per vessel.
	(d). During the monsoon season (June to September) the discharge operation normally comes to a halt, and there is no way to achieve the proposed discharge rate.	The conditions such as continuous rains during monsoon period etc. are well known factors and due to which if no cargo discharge operations are possible, we do not penalize the importer for the reasons beyond their control.
	(e). A practical view is required to be taken to exclude the days of less discharge when no	

	labour is supplied by the port and non-working days, due to heavy rain.																																														
	(f). It is, therefore, requested to fix the discharge rate per day of 3 shifts as 2500 MT for the monsoon period (June to September) and exclude the days of non-availability of labour and rainy days, for working out the demurrage payment.																																														
(ii).	We maintain a fleet of 25 tippers for evacuation of cargo from port and they can make maximum two trips a day which carry on an average 11.5 MT per trip. Unfortunately there are lot of obstructions for evacuation of cargo and the following ground realities are required to be taken into consideration whilst fixing evacuation rate per day of 3 shifts, (a) Closure of Gate No.9 for entry/departure of tippers from 0700 hrs to 0900 hrs and 1200 hrs to 1400 hrs (four hours a day), (b) For change of CISF guards after every shift 20 minutes (one hour a day), (c) Complete stoppage of movement of tippers through the City of Vasco da Gama on festival days viz. Sapta, Holi, Carnival, Processions etc., (d) Road accidents / blockades on one way road, (e) Delay in weighment, due to failure of Weigh Bridge, etc. We therefore request you to fix the evacuation rate as 550 MT per day of 3 shifts, and to exclude such days of stoppage of movement of tippers through the City due to reasons mentioned above. We, however, state that the evacuation rate of 750 MT can be considered, once the impending highway for heavy traffic is completed.	The subject fertilizer cargo is being stored in Transit shed and due to longer occupation of the shed for storage of subject cargo, no other consigners/consignees are able to store the cargo in the Transit shed. Generally, the Transit sheds are used as a temporary storage only. The dwell time of fertilizer cargo is furnished. This is found very high and it appears that the port storage is being used as an alternate storage area by ZIL for which storage charges are also very nominal. In ideal condition, generally, the evacuation rate should match with the cargo discharge rate. However, keeping in mind the road density restrictions for movement of trucks from city and other relevant factors, the rate of 750 tonne per day is considered quite reasonable. The details of vessels which have achieved the evacuation rate is given below: <table><tr><th>2008</th><th>Arrival</th><th>Quantity</th><th>Dwell Time in days</th><th>Evacuation Rate per day</th></tr><tr><td>Ispat Star</td><td>9.1.08</td><td>25300</td><td>30</td><td>843</td></tr><tr><td>Shabelle</td><td>2.10.08</td><td>25000</td><td>34</td><td>735</td></tr><tr><td colspan="5">Year 2007</td></tr><tr><td>Ocean Frontier</td><td>28.4.07</td><td>12151</td><td>15</td><td>810</td></tr><tr><td>Thor Star</td><td>12.11.07</td><td>15650</td><td>26</td><td>602</td></tr><tr><td colspan="5">Year 2006</td></tr><tr><td>Melina</td><td>1.9.06</td><td>26233</td><td>39</td><td>672</td></tr><tr><td>Thor Transit</td><td>18.10.06</td><td>21050</td><td>31</td><td>679</td></tr></table>	2008	Arrival	Quantity	Dwell Time in days	Evacuation Rate per day	Ispat Star	9.1.08	25300	30	843	Shabelle	2.10.08	25000	34	735	Year 2007					Ocean Frontier	28.4.07	12151	15	810	Thor Star	12.11.07	15650	26	602	Year 2006					Melina	1.9.06	26233	39	672	Thor Transit	18.10.06	21050	31	679
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(iii).	(a). Demurrage charges has been proposed on expiry of normal rent period at 300% - from 1 to 10 days, 600% - from 11 to 20 days, 1000% - from 21 to 30 days and 1500% from 31 st day onwards.	Analysing proposed tariff in terms of percentages could be misleading as the existing rates are extremely low which is encouraging consignees/consignors to use the port area as permanent storage yard. In comparison with neighbouring port of SWPL in Goa, our proposed rates are far less. Comparative rates are as follows: <table><tr><th></th><th>Proposed by MOPT Rs. per tonne/per day</th><th>Existing rates at SWPL Rs. per tonne/per day</th></tr><tr><td>5 days</td><td>4</td><td>15</td></tr><tr><td>6-10 days</td><td>6</td><td>40</td></tr><tr><td>11-20</td><td>8</td><td>75</td></tr><tr><td>Above 20</td><td>10</td><td>150</td></tr></table> Demurrage charges proposed are only to deter the consignee/consigner using the storage area as permanent storage area. It can be seen that the rate proposed for the storage of cargo are so low that if the cargo is evacuated @ 750 tonnes per day the storage charges will be very nominal, i.e. less than 50% of the charges paid presently for the average parcel size of		Proposed by MOPT Rs. per tonne/per day	Existing rates at SWPL Rs. per tonne/per day	5 days	4	15	6-10 days	6	40	11-20	8	75	Above 20	10	150																														
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		19633 tonnes. Further it may be seen that the average cargo evacuation rate maintained by the transporter during monsoon period for past 3 years as given below: <table><tr><td>2006</td><td>June to September</td><td>578 T / per day</td></tr><tr><td>2007</td><td>June to September</td><td>332 T / per day</td></tr><tr><td>2008</td><td>June to September</td><td>341 T / per day</td></tr></table> However, it can be seen that cargo evacuation from the vessel during the monsoon period was more than 650 tonnes / day which is comparable to the average daily evacuation rate fixed while proposing the tariff, as detailed below: <table><tr><th>Sl. No.</th><th>Name of vessel</th><th>Arrival</th><th>Qty in tons</th><th>Avg. output per day gross</th><th>Date cargo stored in shed</th><th>Cargo evacuated on</th><th>Dwell time days</th><th>Evacuation rate per day</th></tr><tr><td>1</td><td>Melina-I</td><td>1.9.06</td><td>26223</td><td>1743.55</td><td>1.9.06</td><td>9.10.06</td><td>39</td><td>672</td></tr><tr><td>2.</td><td>Polar Star</td><td>27.9.06</td><td>15850</td><td>3322.85</td><td>28.9.06</td><td>22.10.06</td><td>25</td><td>634</td></tr></table>	2006	June to September	578 T / per day	2007	June to September	332 T / per day	2008	June to September	341 T / per day	Sl. No.	Name of vessel	Arrival	Qty in tons	Avg. output per day gross	Date cargo stored in shed	Cargo evacuated on	Dwell time days	Evacuation rate per day	1	Melina-I	1.9.06	26223	1743.55	1.9.06	9.10.06	39	672	2.	Polar Star	27.9.06	15850	3322.85	28.9.06	22.10.06	25	634
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	(b). As per the existing Scale of Rates approved by TAMP, the penal rent starts from 31 st day onwards, and that too @ 25%, 50%, 75% and 100% for every subsequent 10 days period. Besides, payment of penal rent is exempted during monsoon period. The monsoon period being defined as the period from 1 st June to 31 st August.	The remarks of ZIL are completely unwarranted and are an unnecessary threat. They have been conveniently using the MOPT facilities to great commercial advantage without contributing in any manner to the growth of the port. They are not doing any favour by bringing fertilizers. The port has enough cargo otherwise and the limited stacking and storage areas are kept occupied by them for longer periods thereby denying other shippers take facilities. The slow rate of discharge of the ships, which they get cheaply, adversely affects the performance parameters of the port, which is a national loss. The low productivity ships remained at berth for longer periods of time, again denying other waiting ships the much needed berthing space. These shortcomings adversely affect the throughput and revenues of the MOPT.																																				
	(c). With the proposed hike in port charges, it is apprehended that the only non-polluted clean commodity (fertilizers), presently handled at Mormugao Port will not be viable to be handled at the port of Mormugao (GOA). It has, therefore, requested to consider the following: (i). To maintain the discharge rate per day of 3 shifts as 3000 MT in fair season and to fix the discharge rate of 2500 MT during monsoon period. (ii). To fix the evacuation rate as 550 MT per day. (iii). To apply demurrage rate at 25%, 50%, 75% and 100% after normal rent period on the balance cargo, as per existing Scale of Rates. (iv). To exempt the monsoon period (1 st of June to 31 st of August) for arriving at demurrage payment.																																					

2. A joint hearing in this case was held on 28 October 2009 at the Mormugao Port Trust premises. The MOPT made a power point presentation of its proposal. At the joint hearing, MOPT and the concerned users / organisation bodies have made the following submissions:

Mormugao Port Trust

- (i). The objective of the proposal is not revenue augmentation but reduction of dwell time and rationalisation of tariff.
- (ii). High dwell time imposes restriction on the throughput of General Cargo.

- (iii). We have proposed increase in free days as an incentive for faster evacuation.
- (iv). The resultant revenue may be negative, if cargo is cleared within the free periods.
- (v). Delivery Rates are arrived at based on consultation with trade and past performance.
- (vi). The rates approved for South West Port Limited are far more higher than those proposed by us now.

Mormugao Port Users Association

- (i). We welcome the proposal to change the unit of levy from “per sq.mt.” to “per tonne”. Tonnage basis is easy to monitor.
- (ii). The rates are proposed to be prescribed in 5 days slab. Please modify the first two slabs to 10 days slab in the case of bulk cargo.
- (iii). We concede that the trade benefits if cargo is cleared within the enhanced free period.
- (iv). Scale of Rates should provide for force majeure clause for application of storage charges.
