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Tariff Authority for Major Ports

G No. 16

New Delhi, 22 January 2013

NOTIFICATION

In exercise of the powers conferred under Sections 48 & 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes off the proposal received from the Mumbai Port Trust for fixation of hire charges for Slipway at MBPT Workshops as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/14/2012-MBPT

Mumbai Port Trust

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Applicant

QUORUM:

- (i). Smt. Rani Jadhav, Chairperson
- (ii). Shri. T.S. Balasubramaniam, Member (Finance)

ORDER

(Passed on this 17th day of December 2012)

This case relates to a proposal dated 27 February 2012 received from the Mumbai Port Trust (MbPT) for fixation of hire charges for Slipway at MbPT Workshops.

2. The main points made by MbPT in its proposal are summarized below:

- (i). The Board of Trustees of MbPT has accorded sanction for hire charges for slipway at MbPT Workshops vide T.R. No.151 dated 14 February 2012. A copy of the Resolution is attached with the proposal.
- (ii). The hire charges of Slipway to be prescribed under Miscellaneous Charges in Chapter-IX as Schedule no.9.5 in the proposed Scale of Rates are as follows:

"9.5. The hire charges for slipway

The hire charge of Rs.565/- per shift (8 hours) or part thereof would be levied on slipway.

Note:

- (i). The above hire charge for slipway is exclusive of operational cost and the usual overheads.
 - (ii). The other variable charges (for services provided like supply of labour, electricity etc.) will be recovered separately at actuals, whenever requisitioned by the Party."
- (iii). The MbPT has furnished a statement showing existing and proposed hire charges of Slipway, as given below:

No rate is prescribed in the existing Scale of Rates	CHAPTER-IX – Miscellaneous Charges
Existing	Proposed
The hire charges for Slipway of ₹110/- for each day of 8 hour or part thereof. (exclusive of the operational cost and the usual overheads)	9.5. The hire charges for slipway The hire charge of ₹565/- per shift (8 hours) or part thereof would be levied on slipway. Note: (i). The above hire charge for slipway is exclusive of operational cost and the usual overheads. (ii). The other variable charges (for services provided like supply of labour, electricity etc.) will be recovered separately at actuals, whenever requisitioned by the Party.

- (iv). It is seen from the Resolution that the existing rate of Rs.110/- per 8 hours is levied based on the Trustees' Resolution dated 4.5.1971. Till now no rate is prescribed for this service in the SOR approved by TAMP.

- (v). The port has furnished cost sheet in support of the proposed rate, the details of which are given in the table below:

Sl. No.	Details	2009-10 & 2010-11 (in Rs)
1.	Repairs & Maintenance expenditure (Average cost for 2 years)	3364873
2.	Establishment cost (Average cost for 2 years)	323187
3.	Depreciation	-
4.	ROCE @ 16%	-
	Total Expenditure	3688060
5.	Number of shifts available per year (365 days X 3 shifts X 6 slipway)	6570
6.	Rate per shift based on number of shifts available per year	561
	Rate per shift (8 hours) or part thereof	561
	Rounded off to	565

- (vi). The additional revenue implication on account of the proposed rate reported is as follows:

Year	Additional income from proposed rate (in Rs.)
2011-12	586040
2012-13	644735
2013-14	709345

- (vii). The MbPT has requested to approve the hire charge @ Rs.565/- per shift (8 hours) or part thereof levied on slipway at MbPT workshop (exclusive of operational cost and the usual overheads and other variable charges. Charges for services provided like supply of labour, electricity etc. will be recovered separately at actuals, whenever requisitioned by the Party)
- (viii). The hire charge @ Rs.565/- per shift (8 hours) or part thereof is levied on ad hoc basis from 14 February 2012 till the rate is finally approved by the TAMP as per Clause 2.17.2 of guidelines 2005.
- (ix). The consent of users for mutually agreed rate as per Clause 2.17.3 of guidelines 2005 would be forwarded shortly.

3. In accordance with the consultative procedure prescribed, the proposal of MbPT was forwarded to the users as per the list furnished by MbPT vide its letter dated 20 April 2012 and relevant user associations / organisations, for their comments.

4.1. Since the MbPT informed in its proposal that the proposed hire charge @ Rs.565/- per shift (8 hours) or part thereof will be levied on ad hoc basis from 14 February 2012 till the rate finally approved by the TAMP as per Clause 2.17.2 of guidelines 2005, we have, while acknowledging the proposal of MbPT vide our letter dated 2/3 May 2012, informed to MbPT that as per clause 2.17.3 of the tariff guidelines, the adhoc rate must be derived based on the existing notified tariffs and it must be mutually agreed upon by the port and the concerned users.

4.2. The MbPT vide its letter dated 11 June 2012 has furnished a copy of the consent letters from two users for the proposed rate. Further, the MbPT stated that the hire rate for slipway was fixed in 1971 at Rs.110/- per shift for 8 hours. However, the workings of the said hire rate of slipway are not traceable. The adhoc rate for hire of slipway charge has been revised after more than 40 years and the rate has been worked out based on expenditure (Repair and Maintenance) incurred on 6 slipways.

5.1. A joint hearing in this case was scheduled on 14 August 2012 at the Office of this Authority.

5.2. However, the MbPT vide its letter dated 13 August 2012 requested this Authority to postpone the joint hearing fixed on 14 August 2012 on the subject proposal quoting Para (XLvii) of TAMP's order dated 11 October 2011 that the MbPT workshop area where slipways are installed is not covered under Appendix "G" to the MBPT Docks Bye-laws and the Board's approval is being sought to withdraw the proposal submitted to this Authority for fixation of hire charges for Slipway at MbPT workshops in the Board meeting to be held on 23 August 2012.

5.3. Accordingly, at the request of MBPT, the joint hearing scheduled on 14 August 2012 was postponed.

6.1. Since we did not hear anything from MBPT, the MBPT was requested to convey its position on its proposal for fixation of hire charges for Slipway at MbPT workshops.

6.2. After a reminder, the MBPT has responded vide its letter dated 12 October 2012. The main points made by MBPT in its letter are summarized below:

(i). The proposal for hire charges for slipways at MbPT workshop is based on cost plus approach as per TAMP guidelines. The consent letters received from two users for mutually agreed rate as per Clause no.2.17.3 of TAMP Guidelines 2005 have been forwarded to TAMP.

(ii). However, para (XLvii) of TAMP's order dated 11 October 2011 states as follows:

"if any additional area have to be brought under purview of SOR, they have to be first included in Appendix 'G' with the sanction of the Central Government under Section 124 of MPT Act, 1963"

In view of the above, a clarification is requested from TAMP.

(iii). The MBPT has requested the Authority to take note of the above and take necessary action to process the proposal for fixation of hire charges for Slipway at MbPT workshops.

7. The MBPT allows the users to use Slipways and also the port renders services at the Slipway facility. However, rates for use of Slipways at MBPT are not prescribed in the existing Scale of Rates of MBPT approved by this Authority, as admitted by the MBPT. The rates for use of Slipway are not prescribed in the existing Scale of Rates of the MBPT for want of a proposal from the MBPT. It has to be noted that this Authority is mandated to fix Scale of Rates and conditionalities governing the application of Scale of Rates as per the relevant provisions of Major Port Trusts Act, 1963 for services rendered by the Major Port Trust and for use of its properties. Since the response of the MBPT vide its letter dated 12 October 2012 is not categorical of its stand on the proposal filed by it, this Authority is not in a position to process the proposal further.

8. In the result, and based on a collective application of mind, this Authority decides to close the proceedings initiated based on the proposal dated 27 February 2012 filed by MBPT and directs the MBPT to file a proposal before this Authority expeditiously for prescription of charges for Slipways duly satisfying the statutory requirements, if any, to be complied with by the MBPT at its level. The proposal to be filed by the MBPT in this regard will be processed in a separate proceeding.

(Rani Jadhav)
Chairperson