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Tariff Authority for Major Ports

G No.374 **New Delhi,** **24 December 2014**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act**,** 1963 (38 of 1963)**,** the Tariff Authority for Major Ports hereby fixes wharfage charge for iron ore / pellets handled by the Kudremukh Iron Ore Company Limited (KIOCL) from the New Mangalore Port Trust during the years 2011-12 and 2012-13 as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/47/2014-NMPT

New Mangalore Port Trust (NMPT) - - - Applicant

QUORUM:

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

O R D E R

(Passed on this 28th day of November 2014)

This case relates to the proposal received from the New Mangalore Port Trust (NMPT) for fixation of wharfage charge for shipment of iron ore and pellets from Jetty No. 8 for the years 2011-12 and 2012-13.

2.1. The NMPT has stated that the wharfage rate for the iron ore exported by the KIOCL through the NMPT is calculated with reference to actual expenditure incurred during the concerned year. The methodology of fixation of wharfage rates in respect of the KIOCL ore is in accordance with the decision taken in the Inter-Secretarial meeting between the Secretary (MOST) and the Secretary (Steel) held on 27 May 1992. It was decided in that meeting that the wharfage rate for KIOCL should be fixed annually based on the actual expenditure towards the various components as detailed below:

(i). Share of operating expenditure of Traffic Department.
(ii). Dredging expenditure proportionate to the traffic handled.
(iii). Depreciation.
(iv). Share of Management and Administration overheads.
(v). Interest on Capital.
(vi). Return on Capital @6%.

2.2. Based on the proposal filed by the NMPT, this Authority has approved the wharfage rate for the export of iron ore / pellets by KIOCL through NMPT annually for the year 1995-96 to 2010-2011 following the methodology mentioned in para 2.1 above.

3.1. Now, the NMPT has submitted a proposal vide its letter dated 15 September 2014 for fixation of wharfage charges for shipment of iron ore and pellets at Jetty No. 8 for the years 2011-12 and 2012-13 along with calculation sheet. The port has forwarded a copy of the KIOCL letter dated 9 September 2014 along with its proposal wherein the KIOCL has confirmed the computation of the proposed wharfage charges for the years 2011-12 and 2012-13 subject to their point on one issue which is brought out in subsequent paragraph.

3.2. The main points made by the NMPT in its proposal are summarized below:

(i). The wharfage rate is calculated with reference to the actual expenditure incurred during the concerned year and the final wharfage charge is fixed by the Authority upto 2010-11.

(ii). The port has taken into consideration sharing of certain elements of expenditure between MRPL, KIOCL and NMPT as per the agreements between the concerned users. The methodology for fixation of wharfage rates specially in respect of the iron ore / pellets of KIOCL is in accordance with the decision taken in the inter-secretarial meeting between the Secretary, MOST and Secretary, Ministry of Steel held on 27 May 1992 at New Delhi.

(iii). The methodology of calculation of wharfage has been checked by KIOCL. After verification of records, KIOCL has, vide its letter dated 9 September 2014, confirmed the final rate of ₹52.2869 per MT for the year 2011-12 and ₹59.278 per MT for the year 2012-13 arrived at by NMPT subject to the decision of the

Authority on one issue raised by KIOCL. The issue raised by the KIOCL in its consent letter dated 9 September 2014 and the remarks furnished by the NMPT in its proposal is tabulated hereunder:

Sl. No.	Issue raised by KIOCL in its letter dated 9.9.14	Comments of NMPT in its proposal dated 15.9.14
(i).	(a). To consider deduction of revenue earned by NMPT from other port users for the traffic handled through berth no. 8 from the allocable expenditure to KIOCL since the entire expenses of berth no.8 such as interest on capital, return on capital, depreciation etc. are being borne by KIOCL. (b). Our request for grant of credit for the traffic of other port users handled by NMPT at berth no. 8 is not considered by the port. The matter is referred to TAMP. Pending decision of the Authority the proposed wharfage rate is confirmed.	➢ The statement of KIOCL that they have paid the entire expenditure on Jetty no. 8 is totally incorrect. ➢ The Jetty No. 8 was constructed by NMPT out of the fund granted by Central Govt. The principal amount of loan by Central Govt. has not been borne by KIOCL. KIOCL is not bearing any cost of cargo handling and storage charges except some direct expenditure of Traffic Department, Port and Dock charges, Estate rentals. Also, depreciation on common assets of NMPT is not paid by KIOCL, and the return on investment on common assets of NMPT is not borne by KIOCL. [*Estate rent referred by NMPT here is not included by the NMPT in the wharfage calculation. It appears to be a typographical error.*] ➢ Further, priority berthing is being allowed to KIOCL for Jetty No.8 – captive berth/jetties right from date of agreement. Only when jetty is vacant, NMPT has allotted it to other port users during earlier years and also 2011-12 and 2012-13. ➢ No credit was considered earlier for the calculation of wharfage. TAMP has approved the rate upto 2010-11 without considering the quantity handled by other Port users at Jetty No.8. In view of that, since the priority berthing is already provided to KIOCL, there appears no substance in the argument put forth by KIOCL.

3.3. The NMPT has furnished the calculation sheets for fixation of wharfage for the year 2011-12 and 2012-13, which is summarised below:

Sr. No.	Particulars	2011-12	2012-13
(i).	Traffic department expenses	48,27,827.00	53,10,610.00
(ii).	Revenue dredging expenses	370,39,193.75	298,64,515.02
(iii).	Depreciation	44,68,386.00	44,68,386.00
(iv).	Management expenses	682,17,333.36	749,27,129.51
(v).	Interest on pre-loan	151,64,000.00	151,64,000.00
(vi).	6% return	241,80,000.00	241,80,000.00
(vii).	Total	15,38,96,740.11	15,39,14,640.53
(viii).	Traffic handled	29,43,311.00	25,96,499.00
(ix).	Rate per MT (In ₹)	52.2869	59.278

3.4. In this backdrop, the NMPT has requested this Authority to notify the following wharfage rate for iron ore / pellets handled by KIOCL:

Sl. No.	Year	Proposed wharfage Rate in ₹ per MT
(i).	2011-12	₹ 52.2869
(ii).	2012-13	₹ 59.278

4. In accordance with the consultative procedure prescribed, a copy of the proposal of the NMPT was forwarded to KIOCL seeking its comments by 10 October 2014. The KIOCL vide its dated 8 October 2014 has furnished its comments. The comments received from KIOCL were forwarded to NMPT as feedback information. The NMPT vide its letter dated 15 October 2014 has furnished its comments on the comments of KIOCL.

5. A joint hearing in this case was held on 31 October 2014 at the New Mangalore Port Trust (NMPT) premises. At the joint hearing, the KIOCL has given written submissions vide its letter 31 October 2014. The NMPT and the KIOCL made their submissions at the joint hearing.

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

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

(i). As already brought out in earlier paragraphs, fixation of wharfage rate for iron ore handled by the Kudremukh Iron Ore Company Limited (KIOCL) through the berth no.8 is based on the methodology decided in the Minutes of the Meeting (MOM) of the Inter-Secretarial meeting held on 27 May 1992 by (then) Secretary, Ministry of Surface Transport and (then) Secretary, Ministry of Steel. Following the methodology prescribed in the MOM, this Authority has approved the wharfage rate for iron ore/pellets handled by the KIOCL at jetty no. 8 during the previous years from 1995-96 till the year 2010-11 with due consent given by the KIOCL. The current proposal filed by the New Mangalore Port Trust (NMPT) is for fixation of wharfage rate for iron ore / pellets handled by the KIOCL through the berth no.8 for the years 2011-12 and 2012-13.

(ii). The NMPT has informed that KIOCL has vide its letters dated 9 September 2014 reportedly verified the details and confirmed the calculation of the final wharfage rate of ₹52.2869 per MT for the year 2011-12 and ₹59.278 per MT for the year 2012-13 as arrived by NMPT subject to the decision of this Authority on one issue raised by KIOCL to consider the revenue earned by NMPT from other port users for the traffic handled in berth No. 8 as deduction in the wharfage calculation of KIOCL.

The second issue is only a request to consider wharfage rate applicable for general cargo of the NMPT for the cargo handled by the KIOCL. It does not relate to or dispute the computation of the wharfage rate for the years 2011-12 and 2012-13. The exercise here is limited to the extent of the two issues for consideration of this Authority which is analysed in the subsequent paragraphs.

(iii). **(A). First prayer made by the KIOCL**

(a). Entire expenses of berth no.8 such as interest on capital, return on capital, dredging expenses incurred by NMPT and share of general overheads based on berth length in its wharfage calculations are shared by the KIOCL. Therefore, the revenue earned by NMPT from other port users for the traffic handled in berth No. 8 should be deducted from the wharfage calculation for jetty no. 8 of KIOCL.

(b). Analysis:

(i). Wharfage charge for the iron ore/ pellets handled by the KIOCL at berth no.8 of the NMPT is governed by the methodology decided in the MOM of the inter-secretarial meeting between then Secretary (Steel) and then Secretary (MOST) on 27 May 1992. Following the methodology decided in the said MOM dated 27 May 1992, the wharfage rate for the iron ore / pellets of KIOCL was being determined by this Authority from 1995-96 till 2010-11 after obtaining the consent of the KIOCL.

(ii). As seen from the wharfage calculation furnished by the port, the KIOCL bears only some of the direct expenditure of traffic department, share of port & dock charges, apportioned management and general overheads, depreciation on jetty no. 8, proportionate dredging expenses and 6% return on the capital employed on berth no. 8. The KIOCL does not bear any expense of cargo handling activity nor does it bear depreciation on common assets or 16% return on common assets of the port unlike the case of the Mangalore Refinery and Petrochemicals Limited (MRPL).

Only around 2.5 Million tonnes per annum is handled as against the capacity of around 10 Million tonnes per annum. The MOU entered between the NMPT and KIOCL in May 1978 contains a provision allowing the port to use the berth no. 8 when it is idle. Thus, with a view to optimize the utilisation of the berth and as per the provisions in the MOU, the NMPT has handled other cargo at jetty no. 8. This arrangement in no way has held back the cargo operation of KIOCL as their cargo was given priority berthing and the cargo of other port users was handled at jetty no. 8 only when the jetty was vacant. Even during the past years when the cargo of other port users was handled at jetty no. 8 when it was vacant no credit was considered in those years for calculating the wharfage rate, as reported by the NMPT. Hence, the issue now made by the KIOCL is a new issue which was not flagged in the wharfage calculation for the past period. More significantly, the claim of the KIOCL does not fit into the arrangement envisaged in the minutes of the MOM held on 27 May 1992 based on which the wharfage rate of the KIOCL has been approved till the year 2010-11 by this Authority. Any modification in the approach now at this stage for the years 2011-12 and 2012-13 will be beyond the scope of the MOM.

(iii). It is relevant here to draw reference to the order relating to the last general revision of the Scale of Rates of NMPT passed by this Authority vide Order No TAMP/34/2010-NMPT dated 6 January 2012 covering the period 2011-12 to 2013-14. In the said Order the cost position excluding the income / expenses and return related to the KIOCL and MRPL, which are governed by separate MOUs, were considered for determination of tariff for the NMPT. The suggestion made by the KIOCL to consider the revenue earned by NMPT from other traffic handled at berth No. 8 in the wharfage calculation of KIOCL will call for review of the cost position considered in the last general revision Order for the NMPT and it would not be appropriate to tinker it with now.

(iv). For the reasons stated above and recognising that the wharfage rates are arrived following the approach decided in the said inter-secretarial meeting, there is no any reason for this Authority to deviate from the approach followed so far for fixing the wharfage rate for the KIOCL from 1995-96 to 2010-11 and introduce a new element in the calculation of the wharfage charges. Therefore, the prayer of the KIOCL for deduction of revenue earned by NMPT from handling the traffic of the other port users through berth no. 8 from the allocable expenditure to KIOCL is not accepted.

Since there is drastic reduction in traffic due to ban imposed by the Hon'ble Supreme Court on mining, the wharfage rate for the cargo handled at the berth no.8 of the NMPT shows an increasing trend. Since the Rates fixed by this Authority are at ceiling level, and since the NMPT has handled other cargo at Jetty No.8, the NMPT may, in consultation with KIOCL, consider to exercise flexibility available to it and grant rebate / discount.

(iii). **(B). Second prayer made by the KIOCL**

(a). Apply the general wharfage rate for the KIOCL traffic with the continuation of the priority allotment of berth no.8.

(b). Analysis:

(i). The traffic of iron ore / pellets of the KIOCL handled at the berth no. 8 has reportedly reduced. This has led to increase in the wharfage rate for the KIOCL cargo as compared to the wharfage rate prescribed in the existing SOR of the NMPT for cargo (iron ore / pellets) other than KIOCL traffic. It is in this context, the KIOCL has made this second prayer.

(ii). Interestingly, the KIOCL has reported that in the year 2007, the NMPT had made such a proposal for applicability of the general wharfage rate to the KIOCL traffic which was then rejected by the KIOCL. The KIOCL has now requested to consider the application of the wharfage rate of general cargo for its cargo.

(iii). The NMPT at the joint hearing has expressed willingness to consider the request made by the KIOCL and is also willing to continue to accord priority berthing to the KIOCL as requested by them. The NMPT and the KIOCL are, therefore advised to sit together and come to a mutually agreed arrangement in this regard for the KIOCL traffic handled at berth no.8.

(iv). As per the 2005 tariff guidelines, the tariff to be approved by this Authority generally has a prospective effect except under special circumstances. In the instant case, since the rate has to be fixed based on sharing of certain elements of expenditure at the actuals, the wharfage rate for the years 2011-12 and 2012-13 has to be approved with retrospective effect. The method of according retrospective approval for the wharfage rate for the traffic handled by the KIOCL at berth no. 8 at the NMPT has been in vogue for more than 10 years and hence same is approved for the year 2011-12 and 2012-13 also.

8. In the result, and for the reasons give above, and based on collective application of mind, this Authority approves the wharfage rate of ₹52.2869 per MT and ₹59.278 per MT for the years 2011-12 and 2012-13 respectively for the iron ore / pellets handled by the KIOCL at the berth no.8 of the NMPT.

(T.S. Balasubramanian)
Member (Finance)

\\ddo2\ADF\Agenda\145 Meeting\NMPT--KIOCL\Notification & order (final)

SUMMARY OF THE COMMENTS RECEIVED FROM THE KUDREMUKH IRON ORE COMPANY LIMITED (KIOCL) AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F. No.TAMP/47/2014 - NMPT	**-**	**Proposal received from the New Mangalore Port Trust (NMPT) for fixation of wharfage charges for shipment of iron ore fines and pellets from Jetty No. 8 for the years 2011-12 and 2012-13**.

1. A summary of comments received from Kudremukh Iron Ore Company Limited (KIOCL) and the comments of New Mangalore Port Trust (NMPT) thereon are tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments of KIOCL</th><th>Comments of NMPT</th></tr>
<tr><td>(i).</td><td>Drawing attention to its letter dated 12.9.2013 the KIOCL has stated that they had requested TAMP to advise NMPT to calculate the wharfage rate for the traffic handled by KIOCL during 2011-12 & onwards by considering deduction of the revenue earned by NMPT from other port users for the traffic handled through berth No.8 from the allocable expenditure to KIOCL since the entire expenses of berth No. 8 such as interest on capital, Return on Capital, Depreciation etc. are being borne by KIOCL.</td><td rowspan="4">The NMPT has not furnished point-wise reply. It has furnished comprehensive reply as given below:
(a). The statement of KIOCL that they have paid the entire expenses of Jetty No.8 is totally incorrect. Jetty No. 8 was constructed by NMPT out of the fund granted by the Central Govt. and a portion of which has been settled with interest by NMPT. The principal amount of loan by the Central Govt. has not been borne by KIOCL. Apart from this, KIOCL is not bearing any cost of cargo handling and storage charges except some direct expenditure of Traffic Department, Port & Dock charges and Estate rentals. No depreciation is also paid by KIOCL on common assets of NMPT and no return of investment of 16% is also borne by KIOCL on the common assets of NMPT. It is also to mention that during the past years no credit was considered on this account for calculation of wharfage payable by KIOCL.

(b). It is also a fact that priority berthing is being allowed to KIOCL for Jetty No.8. But, when the jetty is vacant, NMPT used to allot Jetty No.8 to other Port users with a view to optimal utillisation of the berth as per Ministry's Guidelines which in no way holds back the cargo operation of KIOCL. Fixation of wharfage rate for the cargo handled at Jetty No.8 is being worked out every year as per the agreement emerged in the Meeting held on 27.05.1992 under the Chairmanship of Secretary (SFT) along with the officials of Ministry of Steel and KIOCL and deviation from the methodology adopted vide MOM dated 27.05.1992 will change the entire state of affairs including the notion of priority berthing and now being allowed to KIOCL. The calculation statements on the fixation of wharfage for the year 2011-12 & 2012-13 have been conditionally accepted by KIOCL.</td></tr>
<tr><td>(ii).</td><td>The above issue which was referred to TAMP vide our earlier letter dated 12 September 2013 was referred to NMPT for examination. However, NMPT has not agreed to consider its request. During discussion of the issue with NMPT officials, KIOCL was told that the entire expenses of berth No.8 are not being borne by us.

In view of that the NMPT was requested, vide letter dated 30.07.2014, to consider pro-rata credit for the traffic handled by other port users in berth No.8 based on the expenses of berth No.8 being borne by them as percentage of the total expenses being incurred by NMPT for the said berth every year. This has also not been considered by NMPT.</td></tr>
<tr><td>(iii).</td><td>In the above proposal dated 15.09.2014, NMPT has made reference to the following two issues.

(a). Priority allotment of berth No.8 to KIOCL.

(b). The minutes of meeting (MOM) of the Inter-secretarial meeting between the Secretary, MOST and Secretary, Ministry of Steel held on 27.05.1992 at New Delhi.</td></tr>
<tr><td>(iv).</td><td>In this regard, it is stated that berth No.8 was constructed for Kudremukh facilities out of the fund granted by Central Government to NMPT. Accordingly priority</td></tr>
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	berthing is allowed to KIOCL as per MOU dated 31.05.1978. Further, mechanized facility for loading was commissioned by KIOCL and hence loading of iron ore pellets to vessels can be done by KIOCL only through berth No.8.	
(v).	The MOM above referred deals with only the methodology of calculation of wharfage rate and the priority allotment of berth No.8 to KIOCL as per MOU dated 31.05.1978 is not dealt with in the said MOM.	
(vi).	As brought out in KIOCL letter dated 12.09.2013, consequent upon closure of mining activities at Kudremukh w.e.f 01.01.2006 as per the directives of Hon'ble Supreme Court of India, KIOCL had to depend on outsourced iron ore fines for continuing its pellet production activities at Mangalore. Being a Government of India Enterprise, it has been paying the wharfage rate from 2006-07 onwards to NMPT at much higher rate than the general wharfage rate of NMPT for iron ore which is being charged to other port users. Thus, considering various factors, it was decided to switch over from calculation of wharfage rate as per the above mentioned MOM to the wharfage rate as per the schedule of charges of NMPT.	
(vii).	Accordingly, their then Director (Production & Projects), vide letter No. KIOCL/D (P7P)/1769 dated 16.09.2013 addressed to the Chairman, NMPT, had requested NMPT to adopt the same wharfage rate to us which is being charged to other port users for shipment of iron ore pellets and receipt of iron ore fines from 2013-14 onwards. It was also stated therein that the MOM dated 27.05.1992 deals with only the methodology of calculation of wharfage rate and hence other issues such as allotment of berth No. 8 to KIOCL Ltd on priority as per MOU dated 31.05.1978 remain unchanged even after switching over to NMPT schedule of wharfage charges. A copy of the letter is enclosed for reference. However, they have not received any response from NMPT in the matter.	[*The NMPT has not furnished any comments on this point. However, this issue has been addressed by the NMPT at the joint hearing.]*
(viii).	Considering the facts explained above, KIOCL has requested to advise NMPT to calculate the wharfage rate for the traffic handled by KIOCL Limited during 2011-12 & onwards by considering deduction of the revenue earned by NMPT from other port users for the traffic handled through berth No.8 from the allocable expenditure to KIOCL.	

2.1. A joint hearing in this case was held on 31 October 2014 at the NMPT premises. The NMPT has given a copy of the MOU entered into between the Port and the KIOCL on 31 May 1978. At the joint hearing, NMPT and KIOCL Limited have made the following submissions:

NMPT

(i). KIOCL facility is grossly underutilized. Around 2.5 Million tonnes per annum only is handled against the capacity of around 10 Million tonnes per annum. In the main MOU, there is a provision that Port can use the berth when it is idle. We go by MOU provision.

(ii). We want to scrap the MOU. However, we will give priority berthing to KIOCL vessels.

(iii). We are governed by the MOU. MOU prescribes a definite methodology for fixation of tariff.

KIOCL Limited

(i). We present our written submission.

(ii). We request for credit for the cargo of others handled in our berth. Priority berthing may be given to us.

(iii). It is only our request to share revenue realized from other vessel on pro-rata basis.

2.2. At the joint hearing, the KIOCL has given submissions vide its letter 31 October 2014 which are summarised below:

(i). The Kudremukh Project was conceived by the Government of India as a National Project for long terms supply of iron ore concentrate to Iran on the basis of agreements concluded at Government to Government level. The intention of the agreement was that all the port facilities, including mechanical loading berth, deepening of the harbor and provision of navigational aids would be constructed and operated by the Mangalore Port. It was subsequently decided in 1976 by the Government that while mechanical loading facilities at the Port should be installed and operated by KIOCL from the point of view of timely completion of the project and operational conveniences, the port authorities should take care of deepening of the harbor and provision of navigational facilities. It was on this basis that the land required for port facilities i.e. mechanical loading facilities upto the ship loader was taken over by KIOCL from the port authorities.

(ii). In the light of this background and the fact that the entire cost of financing the port facilities was to be provided by Government of India for KIOCL National Project, KIOCL should be viewed more as a co-investor with NMPT and not that the arrangement was a mere commercial deal between KIOCL and NMPT. As per MOU dated 31.05.1978 entered into between KIOCL & NMPT, berth No.8 was constructed for Kudremukh facilities out of the fund granted by Central Government to NMPT.

(iii). KIOCL also commissioned mechanized loading system for loading of iron ore concentrate/pellets to the vessels in berth No.8. Hence KIOCL cannot use any other berth other than berth No.8 for loading of concentrate/pellets. Hence, berth No.8 was allotted to KIOCL on ‘priority basis’.

(iv). A sum of ₹65.16 crores was provided to NMPT upto 31.03.1980 by Central Government as pre-formation amount, which includes ₹27.57 crores provided for Kudremukh Scheme. The request of NMPT to Central Government to treat 25% of the Capital provided as interest free loan and the balance 75% as Grant is pending. In view of pending decision of Central Government, the entire amount of ₹65.16 crores invested by the Central Government is shown as Capital Reserve in the Balance Sheet of NMPT.

(v). The wharfage rate for its traffic handled by KIOCL through berth No.8 from 1992-93 onwards is being finalized as per the guidelines laid down in the minutes of Meeting (MOM) held under the chairmanship of Secretary (SFT) on 27.05.1992. The MOM deals with only the methodology of calculation of wharfage rate.

(vi). The components for calculation of wharfage rate as per MOM dated 27.05.1992 include among other items interest on capital of ₹27.57 crores provided by the Central Government @ 5.5%, return on capital of ₹40.30 crores @ 6% and depreciation of ₹44.68 lakhs per year.

(vii). The KIOCL has furnished the details of the interest on capital, return on capital and depreciation paid to NMPT from 1992-93 to 2012-13. Thus, a sum of ₹31.84 Crore has been already paid to the NMPT as interest on ₹27.57 Crore provided by Central Government to NMPT for Kudremukh Scheme. Although the NMPT has considered the above Government assistance as Capital Reserve, the return on Capital and interest on capital is being collected under wharfage every year.

(viii). Till 1996, KIOCL was sharing 75% of the cost of revenue dredging incurred by NMPT every year. Subsequently, it is based on the traffic handled.

(ix). Consequent upon closure of mining activities at Kudremukh w.e.f. 01.01.2006 as per the directives of Hon'ble Supreme Court of India, KIOCL Limited had to depend on outsourced iron ore fines for continuing pellet production activities at Mangalore. The dependence on outsourced iron ore badly affected the pellet production which in turn resulted in drastic reduction in the traffic handled by KIOCL from 2006-07 onwards.

(x). In view of the above facts, KIOCL justifies for consideration of the following two prayers:-

A: Consider applicability of general wharfage rate to KIOCL Traffic for Berth no. 8

(1). In 2007, a proposal was made by NMPT to KIOCL whether it is willing to accept the rate applicable for general traffic of NMPT for KIOCL cargo. However, at that juncture KIOCL was under the impression that it may revive its captive mines and continue the same traffic and hence not accepted the proposal of NMPT. However, now the issue of revival of captive mines is remote, hence, we request for applicability of general wharfage rate.

(2). The general wharfage rate of NMPT for iron ore / iron ore pellets was revised from ₹ 35.00 per MT to ₹ 25.90 per MT from 2012-13 onwards.

(3). Compared to the general wharfage rate of NMPT, KIOCL has been paying the wharfage at much higher rate from 2006-07 onwards. In this connection, the NMPT has given comparative statement indicating the wharfage rate / charges paid by KIOCL with the wharfage rate of NMPT from 2006-07 to 2012-13 as tabulated below:

Year	Tonnage Handled MT	Total Wharfage charges paid ₹ in lakh	Wharfage Rate/MT ₹	NMPT Wharfage Rate/MT
1	**2**	**3**	**4**	**5**
2006-07	666328	860.60	129.16	35.00
2007-08	2498468	1016.71	40.69	35.00
2008-09	1650418	958.32	59.70	35.00
2009-10	1749165	1179.31	67.42	35.00
2010-11	2802791	1400.93	49.98	35.00
2011-12	2943311	1538.96	52.29	35.00
2012-13	2596499	1539.15	59.28	25.90

(4). Hence, it is prayed before the TAMP to kindly consider "KIOCL traffic" at the rate as applicable to general wharfage rate of NMPT (present rate is ₹25.90 per MT) with continuation of priority allotment of berth No.8 to KIOCL since it cannot use any other berth other than berth No.8 for loading iron ore pellets to vessels.

B: Consider revenue earned by NMPT from other port users for the traffic handled in berth No. 8 as deduction in the wharfage calculation of KIOCL:

(1). It has been reiterated that KIOCL is sharing among other things interest on capital, return on capital, dredging expenses incurred by NMPT and share of general overheads based on berth length in its wharfage calculations. It is requested to consider the revenue earned by NMPT in traffic handled other than KIOCL in berth No. 8 in its wharfage calculations.

(2). Details of the KIOCL and other traffic handled at berth no. 8 during 2011-12 and 2012-13 is furnished which is tabulated below:

Sl. No.	Commodity	Traffic Handled (MT)	
		2011-12	**2012-13**
1	Fertilizer	39280	20927
2	Limestone(KIOCL)	27500	--
3	Cocking Coal	78853	297366
4	M S Powder	9075	--
5	Machinery	--	4957
6	Bentonite	--	5393
7	Gypsum	--	23851
Total		**154708**	**352494**

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