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Tariff Authority for Major Ports

G No. 38 **New Delhi, 21 February 2012**

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 New Mangalore Port Trust for revision of its Scale of Rates as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports

Case No. TAMP/34/2010-NMPT

New Mangalore Port Trust - - - **Applicant**

O R D E R

(Passed on this 6th day of January 2012)

This case relates to the proposal filed by the New Mangalore Port Trust (NMPT) for revision of its Scale of Rates.

2. The Scale of Rates (SOR) of the New Mangalore Port Trust (NMPT) was last revised by this Authority vide Order dated 11 May 2006 with validity period till 31 March 2009. At the request of the port, the validity of the existing SOR was extended from time to time with direction to the port to file the proposal immediately vide Orders dated 17 June 2009, 23 October 2009 and 31 March 2010.

3.1. After regular follow up, the NMPT vide its letter dated 30 September 2010 has filed its proposal for revision of its Scale of Rates. The main submissions made by the NMPT in the proposal are as follows:

(i). The rate for hire of the harbour mobile crane (HMC) provided by service provider authorised by the NMPT approved by the Authority has not been incorporated in the proposed Scale of Rates.

(ii). The income estimate from RCHW on per tonne basis for which a separate proposal is filed has been considered.

(iii). The Authority vide Order dated 16 June 2010 (notified on 23 July 2010) has revised the lease rentals of NMPT estate with retrospective effect from 20 February 2007. Arrears of income computed thereon is accounted as prior period income under the head FMI.

(iv). For the purpose of wharfage calculations three jetties viz. Jetty no.8, 10 and 11 were earlier covered under Memorandum of Understanding (MOU) and wharfage was calculated annually. With effect from 16 October 2009, jetty no.10 dedicated to cargo handling by the Mangalore Refinery and Petrochemicals Limited (MRPL) is not covered by MOU and qualifies to fall in line with other jetties. All jetties have a common wharfage as such no separate exercise is made for wharfage calculation jetty-wise.

3.2. The highlights of the cost statement filed by the NMPT along with proposal are given below:

A. Cost Statements

(i). The designed capacity of the port as on 31 March 2010 is assessed at 442 Million tonnes (MT). Following capacity addition is expected during the years 2011-12 to 2013-14:

<table>
<tr><th>Year</th><th colspan="2">Project</th><th>Capacity addition in lakh tonnes</th></tr>
<tr><td>2011-12</td><td colspan="2">UPCL</td><td>54</td></tr>
<tr><td rowspan="2">2012-13</td><td>(a). Container terminal</td><td>45</td><td rowspan="2">123</td></tr>
<tr><td>(b). Jetty</td><td>78</td></tr>
<tr><td>2013-14</td><td colspan="2">Mechanised iron ore handling</td><td>66.20</td></tr>
</table>

(ii). As against the designed capacity of 442 MT, the port has handled 336.91 MT and 355.28 MT in the years 2008-09 and 2009-10 respectively. The traffic and income projected for the years 2010-11 and 2011-12 to 2013-14 is tabulated below:

Years	Traffic (in MT)	Income (₹ in lakhs)
2010-11	387.40	38,175.05
2011-12	410.00	41,616.62
2012-13	435.00	44,073.92
2013-14	473.60	47,831.05

Traffic growth of 9% and income growth of 20% is expected in the year 2010-11. For the subsequent years 2011-12 to 2012-13, 6% to 8% growth in traffic is projected over the estimate of the respective previous years. The income is projected to increase by 6% to 9% for the said period.

(iii). The additions proposed to the Gross Block during the years 2010-11 to 2013-14 are ₹4250.00 lakhs, ₹8445.00 lakhs ₹6045.00 lakhs and ₹8600.00 lakhs respectively.

(iv). The overall surplus/ deficit position reflected as per the cost statement at the existing tariff for the port as a whole and the principal activities is tabulated below:

Sl. No.	Particulars	Surplus/ deficit 2011-12		Surplus/ deficit 2012-13		Surplus/ deficit 2013-14		Total surplus/ deficit	Average surplus/ deficit as % of income
		(₹ in lakhs)	% of income	(₹ in lakhs)	% of income	(₹ in lakhs)	% of income	(₹ in lakhs)	
1.	Port as a whole	4158.46	9.99%	2789.54	6.33%	1811.17	3.79%	8759.17	6.70%
2.	Cargo/ container handling income	12099.85	41.03%	11936.41	38.09%	11991.67	35.06%	36027.93	38.06%
3.	Vessel related income	-8475.91	-107%	-9395.99	-112%	-10262.04	-112%	-28133.94	-110.33%
4.	Railway	-27.24	-4.99%	-20.78	-3.63%	-6.02	-1%	-54.04	-3.21%
5.	Estate	561.79	15.28%	269.98	7.20%	87.64	2.29%	919.41	8.26%

B. Scale of Rates

(i). Existing SOR is proposed to be continued for the years 2011-12 to 2013-14. Minor modifications are proposed in a few tariff items and the port has claimed it will not result in substantial revenue to the port.

(ii). For barges, tugs, launches, etc., the existing pilotage charges is proposed to continue but is modified stating that it would apply without use of tugs. If tugs are used, the port has proposed to collect 50% of the pilotage charges additionally.

(iii). 5% increase is proposed in the charges for cancellation of requisition for service of pilot.

(iv). (a). Wharfage for edible oil is proposed to be increased from existing ₹50 to ₹60 per tonne.

(b). Reduction is proposed in the wharfage rate of a few items like granite, zinc, copper concentrate, copper cathode, aluminium and tin, timber and paper.

(c). Advalorem wharfage rate for other non bulk item at Sl. No.6 is proposed to be increased from existing 0.40% to 0.50%.

(v). 25% to 50% increase is proposed in the charges for usage of marshalling yard.

(vi). 5 to 10 times increase is proposed in the Fees for issue of license to steamer agency is proposed at par with stevedoring license leading to issue of temporary license a new entry is introduced.

3.3. The NMPT has requested to approve the revised proposed Scale of Rates from 1 October 2010 and to extend the existing rates till final approval of the revised tariff.

4. It was observed that the cost statements for individual sub-activities under cargo handling activity and vessel related activity are not filed by the New Mangalore Port Trust. The NMPT was, therefore, requested to file the sub-activity-wise cost statements in the prescribed format.

5. In accordance with the consultative procedure prescribed, the proposal of the NMPT was forwarded to the concerned user organisations seeking their comments. The comments received from users/ user organisations were forwarded to NMPT as feedback information. The NMPT has responded to the comments of the users/ user organisations.

6.1. It may be brought out here that prior to the NMPT filing the general revision proposal, the Mangalore Refinery and Petrochemical Limited (MRPL) vide its letter dated 30 March 2010 had made a separate representation regarding fixation of wharfage rate for the period after the loan is repaid i.e. from 16 October 2009. The main points made by MRPL are summarised below:

(i). Clause 4 of the MOU provides for fixation of the wharfage rate so as to enable the NMPT to repay the funds borrowed along with interest thereon. Further, as per clause 4 once the loans are repaid the NMPT agrees to charge normal wharfage charges which will be agreed between them subject to approval of the Government. In case of lack of agreement the decision of the Ministry of Shipping will be final and binding on both of them.

The funds were repaid on 16 October 2009. In view of that, the NMPT started levying normal wharfage charges of ₹70 per tonne prescribed in the Scale of Rates of the NMPT. The NMPT ought to have agreed with the MRPL or approached TAMP for fixing the same. Instead the NMPT informed to pay charges of ₹70 per tonne as prescribed in its Scale of Rates which is applicable for jetty no.12 constructed by NMPT.

(ii). The MRPL submitted that the wharfage charges of ₹70 per ton approved by TAMP is in respect of jetty no.12 which was constructed by port and handles only 10% to 20% of the cargo handled at jetty no.10. Since, while fixing the wharfage charges for jetty no.12 the expenses and volumes at jetty no.10 were not considered, TAMP should fix the wharfage charges for jetty no.10 based on information to be submitted by NMPT.

(iii). The MRPL had requested the Authority to direct the NMPT to submit details for fixation of the wharfage charges for jetty no.10 and to accept ₹25 per tonne as deposit against the wharfage to be adjusted against the final rate to be fixed by TAMP.

6.2. The communication received from the MRPL was forwarded to the NMPT vide our letter dated 2 July 2010 to examine the points made by the MRPL and initiate appropriate action.

6.3. In response to the above, the NMPT vide its letter dated 7 August 2010 proposed to apply wharfage rate for crude and POL at ₹70 per tonne as prescribed in its existing SOR to the cargo handled by the MRPL for the period from October 2009 citing that the advance taken for the construction of infrastructure facility for MRPL have been repaid. The main points made by NMPT are given below:

(i). The actual amount of wharfage charges during the period of operation of MOU is to be fixed under the provisions of MOU and from 16 October 2009 i.e. after the payment of last instalment of MRPL loan, NMPT has come out of the said MOU and from the liability of rupee loan agreement and NMPT is entitled to charge the normal wharfage charges.

(ii). However, MRPL has stated MOU does not mention the rate as per the Scale of Rates should be collected but it shall be mutually agreed rate.

(iii). A proposal on this issue was placed before the Board of Trustees of New Mangalore Port Trust and the Board of Trustees after detailed deliberation on the various aspects resolved to charge TAMP approved Scale of Rates with effect from 16 October 2009.

(iv). In view of the above, it has submitted that MRPL may be advised to pay the wharfage at the TAMP approved Scale of Rates i.e. @ ₹70.00 per MT with effect from 16 October 2009.

6.4. While filing the general revision proposal the NMPT vide its letter dated 30 September 2010 has maintained the position as proposed by them earlier vide its letter dated 7 August 2010 about levy of wharfage rate as per its SOR i.e. ₹70 per tonne.

7.1. With reference to our advice to the NMPT to file cost statements for the individual sub-activities under the cargo handling activity and the vessel related activity as per the format prescribed by this Authority, the NMPT vide its letter dated 16 November 2010 submitted that sub-activity wise cost statements cannot be filed since the costing and accounting procedure prevalent in NMPT do not capture the cost position of individual sub-activities for each major items of cargo under cargo handling activity and port and dock services under the vessel related activity. The port, therefore, requested to consider its original proposal without insisting on sub-activity-wise cost statements.

7.2. In this regard, a letter dated 7 December 2010 was addressed to the NMPT stating that the cost format prescribed by the Authority [note 1 under Form 5 A(i)] require the Major Port Trusts to file separate cost statements if the specific cargo of the port constitutes more than 10% of the total traffic volume. It was emphasised that for carrying out comprehensive tariff revision, the cost position for each of main sub-activities need to be assessed to determine the tariff review/ revision. It was brought out that even prior to filing the general revision proposal, when the NMPT had vide letter dated 7 August 2010 proposed to levy wharfage rate of ₹70 per tonne as per the rates prescribed in its SOR for crude/ POL of the MRPL citing that the advance taken for construction of berth for MRPL was repaid, it was vide our letter No.TAMP/66/2005-Misc dated 23 September 2010 stated that the existing wharfage rate prescribed in its Scale of Rates does not capture the income and expenditure relating to the POL handled by MRPL at berth No.10. The NMPT was in the said letter also advised to file a separate cost statement for POL activity capturing the entire POL traffic handled at the port berth including that handled by MRPL at berth no.10, relevant expenditure and investment, etc.

7.3. To summarise, the NMPT was, therefore, again advised to furnish sub-activity-wise cost statements for the main cargo viz. iron ore handled by the KIOCL and crude/ POL activity of MRPL which is governed by the MOU and the crude/ POL cargo which is not governed by the MOU so as to enable us to examine the proposal comprehensively for revision of its Scale of Rates.

7.4. The NMPT subsequently vide its letter No.TAMP/FIN/REV/SOR/TAMP/2010-11 dated 7 March 2011 has claimed that sub-activity wise statements are filed.

7.5. On perusing the cost statements, it was observed that the NMPT has not filed the sub-activity-wise cost statement as per the format prescribed by the Authority for each cargo items under cargo handling activity and vessel related activity. The sub-activity-wise cost statements filed by the NMPT only give segregation of the overall cost position with reference to total cargo exclusively handled by the port and the cargo crude/ POL handled by the MRPL and iron ore fines/ pellets handled by Kudremukh Iron Ore Company Limited (KIOCL).

The traffic projections in form 2A showed that apart from iron ore handled by KIOCL, the traffic of this commodity handled by the port constitutes more that the 10% of the total traffic for which no sub-activity cost statement is filed. From the year 2010-11 onwards, the crude/ POL cargo pertaining to MRPL with reference to Jetty No.10 is merged with the port cargo volume. But, no separate sub-activity cost statements are filed for Crude/ POL activity or other cargo handled by the port which constitute more than 10% of the total cargo volume.

Fixation of wharfage rate for iron ore pellets handled by the Kudremukh Iron Ore Company Limited (KIOCL) and crude/ POL handled by Mangalore Refinery Petrochemicals Limited (MRPL) are governed by the separate methodology agreed by the respective parties with the NMPT in each of their case. Hence obviously, separate statements with reference to the fixation of wharfage rate of cargo handled by MRPL and KIOCL are essentially to be provided apart from the sub-activity wise cost statements for other cargo handled by the port which constitute more than the stated level.

In view of the above, d.o. letter dated 5 April 2011 was addressed to NMPT to furnish the requisite sub-activity-wise statements as per the format prescribed alongwith additional information and remarks on comments of users.

7.6. The Ministry of Shipping had also intervened in this matter and in the meeting held on 8 April 2011, the NMPT has been advised to furnish the requisite information/ data to the TAMP regarding its general revision proposal by 30 April 2011 and the MRPL was advised to furnish necessary details to NMPT regarding fixation of wharfage rate for Jetty No.10 for the period pre-2009.

8.1. In response, Chairman (NMPT) vide d.o. letter dated 26 April 2011 has submitted the following:

(i). Sub-activity-wise cost statement for Iron Ore and POL Traffic are filed as these are the only two items of cargo accounting 10% or more over the total traffic handled by NMPT as a whole. This includes data for post MOU traffic in respect of POL handled by MRPL after 16 October 2009 for the portion of the year 2009-10 and for entire period thereafter as it accounts for cargo handled by NMPT for the years 2010-11 to 2013-14.

(ii). Similarly, the cargo in respect of Jetty No.11 for the years 2011-12 to 2013-14 is also shown as absorbed with NMPT traffic throughput since the MOU of Jetty 11 also expires on 1 April 2011 and onwards. However, certain criteria adopted in the compilation of data, sub-activity-wise are as below:

(a). Though Operating Income of the concerned traffic (accounting 10% or more of total Traffic) can be worked out, it is not accurately possible to apportion the Operating cost (type-wise).

(b). Cost of channel dredging is to be allocated between port dues and pilotage and the cost of dredging alongside berth should be allocated to the berth line. The above cost bifurcation is not readily available. Hence the Operating Cost for Cargo handling and Port & Dock charges has been considered as per Jetty / berth length ratio.

(c). As regards POL traffic handled in Oil Jetties 10, 11 (both captive Jetties for MRPL cargo under MOU), separate cost statements have already been submitted earlier for the period MOU was in currency. For the full POL cargo accounted after the expiry of MOUs, separate cost statements are furnished now.

(iii). MRPL vide its letter dated 15 March 2010 addressed to TAMP has agreed for the adjustment of ₹2.44 crores due to them as worked out by NMPT on Actuarial liability but disputed the second issue where MRPL is due to pay back ₹8.43 crores on account of interest on escrow account excess adjusted out of the cost assessed. Again MRPL issued one more letter dated 6 July 2010 which is a replica of their comments incorporated in their earlier letter dated 15 March 2010. It may be seen from both these letters that MRPL wants to retain what is advantageous to them and reject what is not so. However, NMPT did not mean that both the issues should remain unresolved. In this perspective a methodology has been worked out and the calculations sheets thereof were made available for reference too. Hence, NMPT is justified in the method adopted for all fairness since the period run for past six years. Therefore, there is no change in the stand taken by NMPT.

8.2. The sub-activity-wise cost statements filed by the NMPT for iron ore and POL activities vide d.o. letter dated 26 April 2011 were not found as per the format prescribed. This has been pointed out in our letter dated 4 May 2011 while raising queries on its proposal.

9. Based on a preliminary scrutiny of the general revision proposal, the NMPT was requested to furnish additional information/ clarifications on various points vide our letter dated 4 May 2011. The NMPT sought additional time to furnish its reply as final accounts of 2010-11 was under preparation. The port was allowed till 13 June 2011 to furnish its response. The NMPT has furnished their reply on the queries raised by us subsequent to the joint hearing which are brought out in the subsequent paragraph.

10.1. A joint hearing in this case was held on 21 June 2011 at the New Mangalore Port Trust (NMPT) premises. The NMPT made a power point presentation of its proposal. At the joint hearing, NMPT and the concerned users/ organisation bodies have made their submissions.

10.2. At the joint hearing, the Mangalore Refinery and Petrochemicals Limited filed their written submissions. The MRPL has referred to the comments furnished by it earlier on the instant proposal bringing out that the port has applied common rate for all POL products as prevailing even before MRPL came into existence in respect of its cargo for the post MOU period. Since these are user funded berths it will not be appropriate to apply the common wharfage rate as for other POL products. Then rate needs to be revised substantially downward, if not atleast notify a rate specific for these jetties.

The loans in respect of Jetty No.10 and 11 have been repaid by NMPT (last instalment repayment received by us on 31 March 2011). Hence, now considering the component of interest on loan and loan repayment as nil, the wharfage rate should become substantially lower, atleast reduced to the extent of approximately ₹20/- per tonne. In view of this, it has once again reiterated that the need to fix a special rate for both Jetty Nos.10 and 11.

11.1. As agreed at the joint hearing, the NMPT was advised to file a complete set of cost statements in the prescribed format with separate activity/ sub-activity-wise cost statements as well as to furnish its reply to our questionnaire dated 4 May 2011. The NMPT was advised to simultaneously circulate the revised proposal, cost statements and clarifications furnished among all the users for their comments, if any, within 10 days thereafter.

11.2. With reference to the points discussed at the joint hearing, the NMPT vide letter dated 6 August 2011 has furnished revised proposal including cost statements in the prescribed format with separate activity/ sub-activity-wise cost statements and Scale of Rates and reply to our queries dated 4 May 2011. The main points submitted by NMPT are summarised below:

(i). Cargo projection has been revised taking into account the cargo actually handled during the year 2010-11.

(ii). Income and expenditure for the concluded financial year 2010-11 have been considered for estimation purpose for the years 2012-13 to 2014 -15. For the year 2011-12, the B.E. figures have been adopted.

(iii). A separate proposal for fixing per tonne levy in the case of cargo handled manually has been submitted to TAMP in the relevant cost statements. Same is required to be updated as per the actuals for the year 2010-11. However, in the cost statements now furnished income and expenditure of RCHW is also captured for balancing the Annual Accounts figures.

(iv). Wharfage in respect of Captive Berths mainly Jetty Nos.10 and 11 has been maintained at ₹70/- per MT after expiry of MOU as per the existing SOR i.e. w.e.f. 16.10.2009 in respect of Jetty No.10 and 1.4.2011 in respect of Jetty No.11.

(v). MRPL has taken a project for executing SPM facilities for handling crude within NMPT limits and the project is expected to be completed by 2012-13 which will have a projection of handling 15/18 MMTPA as against the current capacity of 9 MMPTA. As per their project the MGT offered and confirmed between NMPT & MRPL is as follows:

Sl. No.	Description	15 MMTPA (Capacity of refinery)	18 MMTPA (Capacity of refinery)
1.	Existing POL Berths (for Crude and products)	7.25 MMTPA	8.30 MMTPA

2.	Proposed Single Point Mooring (for crude only)	5.50 MMTPA	7.00 MMTPA
	Minimum Guarantee Through put (MGT)	**12.75 MMTPA**	**15.30 MMTPA**

However, in the cost sheets the optimum projection as per the present handling is considered without taking the MGT.

(vi). One more liquid cargo Jetty No.13 is expected to be completed during 2012-13. Accordingly, the projection of traffic is incorporated as per the capacity addition.

(vii). Depreciation is as per our books of Accounts. For the purpose of projection, NMPT follows the guidelines of the Ministry of Shipping according to which depreciation is calculated adopting Straight Line Method based on life norms.

(viii). NMPT will brief the users specially Steamer Agents and C&F Agents about the implications of the revised proposal. However, it may be seen that except updating the cost statements, no revision is proposed except minor changes proposed on account of issue of licence to Steamer Agents and C & F Agents and Marshalling Yard charges as discussed during the joint hearing.

(ix). Since the statutory Audit on the Annual Accounts for 2010-11 is also going on simultaneously, NMPT could not adhere to submit the proposal on or before 30 July 2011. The delay is unintentional. The copies of MOU submitted to Ministry of Shipping and draft Annual Accounts are furnished.

11.3. A summary of the queries raised by us to NMPT and the corresponding replies furnished by the NMPT is tabulated below:

Sl. No.	Queries raised by us	Reply furnished by NMPT
A.	**GENERAL**	
(1).	Form 1 furnished by the NMPT is not complete. Please furnish revised duly filled Form -1.	This is complied with.
(2).	The tariff guidelines of 2005 stipulate that tariff should be linked to benchmark of the levels of productivity. The NMPT has not indicated anything about productivity levels to be maintained for various operations / services in the current tariff revision proposal. The benchmark level of productivity may be included in the Scale of Rates as a conditionality governing the respective tariff items. The basis adopted for determining the benchmark level of productivity may be explained.	Form I is suitably updated to provide the requisite information under Sl. No.6. (Refer MOU submitted to Government by NMPT).
B.	**FINANCIAL COST STATEMENTS**	
(1).	The NMPT is advised to update the cost statements with the actuals for the year 2010-11 duly tallying the figures with the draft Annual Accounts. A copy of the draft Annual Accounts for the year 2010-11 may also be forwarded. The estimates for the subsequent years viz. 2011-12 to 2013-14 may be reviewed and modified, if necessary, with reference to the actuals for the year 2010-11.	Cost statements are updated with reference to actual for the year 2010-11 and estimates for the subsequent years viz., 2011-12 to 2014-15 are modified. Copy of the Draft Annual Accounts for the year 2010-11 is enclosed which is yet to be audited and certified by the C&AG.
(2).	(i). Chairman NMPT vide d.o. letter dated 26 April 2011 has submitted that iron ore and POL traffic are the only two items cargo accounting more than 10% of the overall traffic and cost statements in respect of these two cargo items handled by the port are filed. He has also submitted that the cost position of Mangalore Refinery Chemicals Limited	All the sub-activity cost statements are submitted as per the Formats prescribed by TAMP taking due care to respective MOUs in regard to Oil cargo handled on behalf of M/s.MRPL and ore cargo handled by M/s.KIOCL.

	(MRPL) and Kudremukh Iron Ore Company Limited (KIOCL) are submitted earlier. In this regard, the following points are observed which may be examined:	
	(a). The sub activity cost statement claimed to have been filed by NMPT vide letters dated 7 March 2011 as well as d.o. letter dated 26 April 2011 are not as per the format prescribed by the Authority.	
	(b). The sub activity cost statement relating to vessel related activity filed by NMPT under the cover of its d.o. letter dated 26 April 2011 is with reference to cargo viz. iron ore and POL vessels which is also not as per format prescribed. The cost format Form 5B requires vessel related activity to be filed for port services such as port conservancy, berth hire, pilotage etc.,	
	(c). The NMPT has in d.o. letter dated 26 April 2011 filed Form 3A which covers iron ore and POL cargo. This is also not as per the format prescribed as Form 3A is a consolidated cost position for the port as a whole. The NMPT has filed different set of cost statements at different points of time in piecemeal which are again not as per the format prescribed. The NMPT is, therefore, again advised to file complete set of cost statements in the format prescribed.	
	(ii). Fixation of wharfage rate for iron ore pellets handled by the Kudremukh Iron Ore Company Limited (KIOCL) and crude/ POL handled by Mangalore Refinery Petrochemicals Limited (MRPL) are governed by the separate methodology agreed by the respective parties with the NMPT. In case of fixation of wharfage rate for cargo handled by MRPL in view of disagreement between the port and the MRPL, the Authority has through various orders (viz. vide Orders dated 27 October 1998, 19 July 2000 and 9 August 2001) prescribed the guidelines to be followed for fixation of wharfage rate for MRPL Jetty. The fixation of wharfage rate for KIOCL has to be based on the principle set by the Secretary (then) MOST on 21 May 1992 in this regard. While filing comprehensive proposal and submitting cost statements for the activity / sub-activity-wise it may be ensured that the expenditure between the MRPL and the KIOCL (only those activities still covered by the MOU) and NMPT cargo are allocated on the basis of respective guidelines available for this purpose and confirmation to this effect may be given. The detailed computation of allocation of actual expenses between NMPT, MRPL and KIOCL may be furnished for the past period 2005-06 to 2008-09 and 2009-10 and 2010-11 and estimates for the years 2011-12 to 2013-14.	Wharfage statements for the years 2007-08 to 2010-11 adopted for Annual Accounts are enclosed as desired. Details of assessments from 2011-12 to 2014-15 are furnished in sub activity-wise statements. (Summary statement of wharfage calculation sheets in respect of KIOCL and MRPL for the years 2005-06 to 2008-09 are furnished)

	Separate statements may be filed with reference to cargo handled by MRPL and KIOCL from 2005-06 till they are governed by the Memorandum of Understanding (MOU). The sub-activity wise cost statements for cargo handling activity may be filed as per the format prescribed with reference to cargo (NMPT Account i.e. not covered by MOUs) which forms more than 10% of the traffic volume. The sub-activity wise cost statements under vessel related activity may be filed as per the format prescribed. The NMPT is again advised to initiate action and file the requisite cost statements in a consolidated manner.	
(3).	**Comparison of actuals vis-à-vis estimates**:	
	(i). The last tariff Order passed by the Authority on 11 November 2006 considered the estimates for the years 2005-06 to 2008-09 for determining the tariff revision. Form 8 furnished by NMPT does not give the comparative position of estimates vis-à-vis actuals for the years 2005-06 and 2006-07. Please update comparative position of actuals vis-à-vis the estimates considered in the last tariff revision Order for the years 2005-06 to 2006-07 as well.	The required information is furnished in Form 7. Form 8 has no relevance.
	(ii). Furnish a statement reconciling the profit before tax reported in the Annual Accounts with the net surplus before ROCE considered in the cost statement for each of the years 2005-06 to 2008-09 and also for the years 2009-10 and 2010-11.	The figures adopted in Cost Formats are based on certified Annual Accounts. The Net surplus before and after tax worked out in cost statements and Annual Accounts are quite independent and are worked out as per the respective Formats. Hence it is felt that reconciliation is not required.
	(iii). The comparative statement of actuals vis-à-vis estimates furnished by the NMPT may be modified in view of the following gaps observed:	
	(a). In the last tariff Order, the Authority had allowed reduction in the wharfage charge for a few items, reduced the RCHW levy and approved rationalisation in pilotage fee and berth hire. The revenue impact of these modifications were estimated at ₹32.62 crores during the last tariff cycle. The income estimates shown in Form 8 may be adjusted to factor the tariff reduction effected in the last tariff Order for a like to like comparison with the actuals.	Form No. 7 indicates the required position.
	(b). Sundry debtors, inventory, cash balance considered for computation of the working capital for the years 2007-08 to 2009-10 as well as 2010-11 may be modified in compliance with the norms prescribed in the tariff guidelines. Workings in this regard may be furnished. Please furnish the working for the years 2005-06 and 2006-07 as well.	All the data indicated are as per the norms prescribed in the tariff guidelines.
	(c). In the last tariff revision, the cost statement for the years 2005-06 to 2008-09 reflected a total surplus of ₹47.38 crores. After considering the effect of reduction in the revenue to the tune of ₹32.62 crores and DA	Cost element in regard to RCHW on tonnage basis is proposed in a separate proposal. Hence it is felt that adjustment of surplus left unadjusted etc., is not necessary.

	arrears pertaining to RCHW workers to the tune of ₹1.42 crores to be met from the surplus, balance surplus of ₹13.34 crores was left unadjusted in view of the submissions made by the NMPT that the traffic and consequently the income anticipated may not materialize. The surplus left unadjusted was subject to review in the next tariff revision (as recorded in last sub para under para 8 (xiii)(b) of the Order). Please give the actual position in this regard.	
	(d). Pension / gratuity contribution allowed in the last tariff Order was ₹600 lakhs in each of the years 2005-06 to 2008-09. The actual Pension/ gratuity contribution considered in the cost statement is ₹3022.72 lakhs in the year 2007-08 and ₹4253.75 lakhs in the year 2008-09. In this regard the following points may be clarified: (i). During the last Order in Para 8 (viii) it is observed that the Annual Accounts for the year 2004-05 show sufficient balance is built up in the Pension Fund to meet the liabilities as per the actuarial valuation as on 31 March 2005. NMPT has stated that nominal contribution will have to be made annually which was allowed. In this context, justify the reasons for steep increase in the actual contribution to pension/ gratuity vis-à-vis the estimates of the NMPT allowed in the last tariff Order. (ii). Furnish working of the Pension Fund Contribution considered in the cost statements as per the actuarial valuation. (iii). The actuals shown in the cost statement for the year 2008-09 at ₹4253.75 lakhs perhaps includes contribution to leave encashment fund to the tune of ₹1132.28 lakhs apart from ₹3121.47 lakhs reported as contribution to the pension/ gratuity fund. During the last tariff revision, the NMPT had not estimated the expense towards leave encashment fund. The nature of the expense and the basis thereof may be explained.	(i). The correctness and adequacy of the Superannuation Fund and Gratuity Fund is critically scrutinised by Statutory Audit at the time of certification of Accounts. It is clarified that suitable action as suggested by Audit has been taken to ensure that sufficient balance is built up in both the Funds. It is also to be noted that actuarial valuation is taken from LIC every year to make good the deficiency, if any. (ii). LIC does the work based on the employees data furnished by NMPT. (iii). This is again based on the actuarial valuation done by LIC. The introduction for the provision of Leave Encashment Fund came into effect from the 2008-09 as suggested by Audit. Hence this was not taken into consideration in the last tariff revision.
	(e). Furnish break up of the Finance and Miscellaneous Income (FMI) and Finance and Miscellaneous Expenditure (FME) for the years 2005-06 to 2008-009 as well as 2009-10 and 2010-11 reconciling it with the FME and FMI figures reported in the Annual Accounts of the respective years.	Please refer reply to Item No.10 (vi) and 11 (v) below
	(f). Perusal of Form 7 shows that variations between the estimates vis-à-vis actuals are more than + or - 20% in respect of income/ expense such as Railway income, Estate income, FMI, FME, etc. The reasons for wide variations have not been explained by the Port. The reasons for variations in the estimates vis-à-vis the actuals may be explained for each of the years 2005-06 to 2008-09.	The variation in Railway and Estate Income is mainly due to additional flow of Iron Ore fine traffic. This activity has resulted in upward variation in the expenditure also.

(4).	**Traffic:**	
	(i). The traffic target in the MOU signed with the Ministry is 38.74 MT for the year 2010-11 and the traffic projected by the NMPT in the cost statement is 38.74 MT for the year 2010-11 and 41.00 MT for the year 2011-12. The actual traffic handled by the NMPT as reported (in the communication received from the Ministry of Shipping on the traffic handled at Major Port Trusts) for the year 2010-11 is 31.55 MT. The reasons for drop in the actual traffic in the year 2010-11 over the previous year traffic/ the target set by the Ministry may be please be explained.	The cost statements have been updated as per actual for the year 2010-11 and BE 2011-12. The drop in traffic between actual for 2010-11 over the previous years traffic/target set by the Ministry is due to reduction in Ore traffic consequent on ban/restriction imposed by Government of Karnataka.
	(ii). The NMPT may confirm whether the traffic estimates are in line in accordance with the five year plan/ annual plan and the business plan of the port. The reasons for deviation, if any, in the traffic estimation considered in the cost statement from the projections made in the five year plan / annual plan/ business plan need to be explained along with the basis of traffic estimation for the years 2011-12 to 2013-14.	Traffic estimates are generally in line with figures adopted for Plan/Non-Plan Budget of the Port which is again linked with Five year Plan and Business Plan as directed by the Ministry.
	(iii). The following other points may be clarified with reference to the traffic projected by the NMPT:	
	(a). Traffic of iron ore (fines) projected in the Form 2A is 52 lakh tonnes, 62.20 lakh tonnes and 62.50 lakh tonnes for the years 2011-12 to 2013-14 respectively as against 67.00 lakh tonnes estimated in the year 2010-11. The actual volume of iron ore (fines) handled in the year 2010-11 may be indicated. The reason for projecting drop in the volume of iron ore (fines) in the year 2011-12 may be explained. Also, explain the reasons for assuming insignificant growth in the traffic for iron ore fines during the year 2013-14 over the projections made for the year 2012-13.	Ore Traffic handled during 2010-11 is 15.68 lakh tonnes indicated in Form 2-A.Variations occur due to conditions of traffic availability and affect of change in the Government policy for movement of cargo viz., restriction of Karnataka State Government on mining and movement of Iron Ore fines by road etc., Significant growth in the traffic is indicated for projections anticipating likely improvement in the Government Policy on iron ore. The traffic of iron ore fines estimated for the years 2011-12 to 2014-15 are 8.35 lakh tonnes, 18.50 lakh tonnes, 20.50 lakh tonnes and 23.50 lakh tonnes respectively.
	(b). The coal/coke cargo projected in the Form 2A is 19.20 lakh tonnes, 15.00 lakh tonnes and 12.00 lakh tonnes for the years 2011-12 to 2013-14 respectively as against 34.00 lakh tonnes estimated in the R.E. 2010-11 and 27.91 lakh tonnes handled in 2009-10. The actual coal/coke handled in the year 2010-11 may be indicated. The reasons for projecting sudden drop in the volume of coal/coke in the year 2011-12 and decreasing traffic pattern assumed for the subsequent years 2012-13 and 2013-14 may please be explained.	Actual coal/ coke handled in the year 2010-11 is 28.56 lakh tonnes. Projections for subsequent years is recast at 25, 17.15, 19.10 and 22.50 lakh tonnes for each of the years 2011-12 to 2014-15 respectively. Traffic for other bulk cargo is also modified in Form 2A.
	(c). The reasons for assuming 28% reduction in the traffic of fertilizer in the year 2011-12 over the estimates of 2010-11 may be explained. The estimate for the years 2011-12 to 2012-13 may be modified, if necessary, with reference to 2010-11 actuals.	
	(d). Other bulk cargo is projected at 19.30 lakh tonnes in the year 2013-14 as against 40.55 lakh tonnes projected in the immediate	

	previous year 2012-13. The reason for estimating sudden reduction of more than 50% in the traffic of other bulk cargo in the year 2013-14 may please be explained.	
	(e). The container traffic projected for the years 2011-12 to 2013-14 is 35000 TEUs, 40000 TEUs, and 40000 TEUs respectively, with the corresponding tonnage values considered 5.40 lakh tonnes, 5.50 tonnes and 5.70 lakh tonnes. Please explain the basis for arriving at the tonnage figure for the projected TEUs and confirm and show that it is in line with the approach followed by the NMPT with reference to actual container traffic (in tonnage) reported in the past years also.	Income on container traffic is based on loaded/empty TEUs. Tonnage value is not considered for the purpose of SOR except for total through put as wharfage charge is not linked to volume of cargo carried in the Containers.
	(f). Explain the reasons for not considering any growth in the container traffic in the year 2013-14.	Revised figures are indicated in the Form 2-A with reference to actual for 2010-11.
	(g). Iron ore traffic expected to be handled by the concessionaire of the iron ore terminal operator and any other PPP projects envisaged in the current tariff cycle may be indicated.	Traffic expected to be handled by PPP and BOT projects are not considered in the cost statements furnished for fixation of SOR. Form No.2 A indicate certain required figures for such projects.
	(h). Explain the basis on which the number of vessels for the years 2011-12 to 2013-14 are projected.	Projection of vessels are made in proportion to actual cargo handled vis-à-vis GRT of vessels called during 2010-11.
	(i). As per the information furnished at Sl. No.VI in Form 2A, the average time spent by a vessel at berth is expected to increase from 56.18 hours reported in 2009-10 to 56.32 hours in 2010-11 and it reaches to 59.21 hours in the year 2013-14. Explain the reasons for projecting increase in the average stay of vessel at berth. Confirm that the said estimate takes into consideration the efficiency parameters agreed by the NMPT fixed by the Ministry in this regard.	Number of vessels and average time spent at berth is assessed based on the cargo projection made compared to the actuals for 2010-11. However, number of vessels may not be strictly as per cargo ratio and may vary depending on the size of vessels expected to call in different groups of GRT.
(5).	**<u>Capacity</u>**: With reference to the break up of addition to the designed capacity furnished by the port (estimated at the level of 442 lakh tones as on 31 March 2010), the following points may be clarified:	
	(i). Furnish the capacity of the port for the years 2005-06 to 2009-10 excluding the berths handling cargo covered by MOU (MRPL and KIOCL) and including the cargo volume covered by MOU.	The capacity of the Port for the years 2005-06 onwards excluding MRPL and KIOCL berths is indicated below: 2005-06 -- 158 LT 2006-07 -- 158 LT 2007-08 -- 180 LT 2008-09 -- 187 LT 2009-10 -- 187 LT 2010 -11 -- 187 LT Including MRPL and KIOCL berths is indicated below: 2005-06 -- 413LT 2006-07 -- 413 LT 2007-08 -- 435 LT 2008-09 -- 442 LT 2009-10 -- 442 LT 2010-11 -- 442 LT

	(ii). The port has estimated 54 lakh tonnes addition to the capacity in the year 2011-12 with reference to cargo of UPCL. Please furnish the details of the proposed project and the full form of UPCL. The port has not proposed any tariff arrangement for the UPCL cargo proposed to be handled. Tariff arrangement applicable for the said cargo of UPCL may please be clarified. Also, indicate the year-wise addition to the traffic considered in the years 2011-12 to 2013-14 in view of the addition to the capacity from the cargo proposed to be handled by the UPCL.	No reply furnished.
	(iii). As regards 78 lakh tonnes additional capacity estimated in the year 2012-13 from oil jetty, please furnish details for the proposed project and the tariff arrangement envisaged for the proposed facility as the port has not filed any separate proposal in this regard. Indicate the year-wise addition in the traffic on account of the proposed facility and confirm whether the traffic estimated by the NMPT captures the same.	No reply furnished.
	(iv). Furnish workings of the designed capacity of the UPCL cargo and oil jetty assessed at 54 lakh tonnes and 78 lakh tonnes respectively in the proposal.	No reply furnished.
	(v). From the proposal it is not clear as to whether the traffic, income projections take into account the BOT projects proposed to be developed on PPP basis and also with reference to the projects relating to oil jetty and UPCL. Please give more details about the treatment given in the cost statement with reference to such four projects.	No reply furnished.
(6).	**<u>Income estimation</u> :**	
	(i). The traffic of iron ore pellets / concentrates is projected to grow by 33% in the year 2011-12 whereas the income projections show 6.6% reduction in the income. The income estimation of this cargo does not commensurate with the growth in the traffic. The NMPT may review and modify the income estimates of this cargo item for the years 2011-12 and consequently for the years 2012-13 and 2013-14 as well.	The iron ore pellet traffic and income anticipated is estimated on cost basis as per MOU with M/s.KIOCL. The income estimation therefore may not commensurate with the growth in traffic as traffic affects only the dredging apportionment and not other costs. The estimation of traffic is done in co-ordination with the user Agency viz. M/s.KIOCL.
	(ii). Advance taken for construction of berth for MRPL for which MOU was entered with the NMPT in January 1995 has been repaid on 15 October 2009 as reported by both the NMPT and the MRPL. In this context, please furnish the wharfage income (year-wise) collected by the port since the loan has been repaid and the estimates for the years 2011-12 to 2013-14. Please furnish working in this regard indicating the unit rate of wharfage and the volume of traffic handled by the MRPL at dedicated for the period 2005-06 onwards till it is covered by the MOU.	Necessary particulars are available in Form 2-A and 2-B. As regards wharfage fixation of MRPL cargo, the same is furnished to TAMP from time to time after the details are verified and confirmed by M/s.MRPL. However working sheets of the wharfage Rates calculated year after years from 2005-06 are separately enclosed which subject to confirmation by MRPL. As regard details of income collected by the port after repayment of complete loan drawn, the same are furnished in Form 5 A(iii) and 5B(iii).

	(iii). The traffic of other bulk cargo is projected to reduce by 21% in the year 2013-14 whereas the estimates of income show an increase of 11% in this year over the estimates of the previous year. The NMPT may verify and confirm that the estimates provided are correct and based on the existing tariff for the throughput projected.	Consequent on updating the Formats as per actual for 2010-11 there has been some change in the traffic and income estimates.
	(iv). Furnish detailed computation of income with reference to the estimated traffic at the existing Scale of Rates and the proposed Scale of Rates for all the years under consideration for each of the tariff items prescribed in the SOR for the years 2011-12 to 2013-14.	The income computation has been made with reference to estimated traffic and existing scale of Rates for each item of cargo. As no change in the SOR is proposed no details are computed.
	(v). (a). As stated earlier furnish separate working of the income estimated with reference to volume of iron ore pellets to be handled by the Kudremukh Iron Ore Company Limited (KIOCL) and crude/ POL handled/ to be handled by Mangalore Refineries Petrochemicals Limited (MRPL) which are governed by the separate MOU giving the volume of traffic, the unit rate of wharfage adopted for the past period 2005-06 to 2010-11 and estimates for the years 20011-12 to 2013-14.	The iron ore pellet traffic and income anticipated is estimated on cost basis as per MOU. Necessary particulars are given in Form 5A(iii). As regards wharfage fixation of KIOCL/MRPL cargo, the same is furnished to TAMP from time to time after the details are verified and confirmed by KIOCL/ MRPL.
	(b). The MOU entered in 1995 with the MRPL does not specifically mention the berth number but it is presumed to be relating to jetty No. 10 dedicated for MRPL cargo. A separate MOU is entered between NMPT and MRPL in February 2000 which is presumably for Jetty No.11. The tariff arrangement followed by the NMPT for MRPL cargo handled at the Jetty No.11 may be explained for the past period as well as in the estimates considered in the current tariff cycle along with separate statement in this regard.	This is purely an administrative issue where separate correspondence is available with the TAMP. However necessary cost statements on pre and post period of MOU have been furnished in the SOR proposal now submitted to TAMP for approval.
	(vi). The income from container handling charge is estimated to increase by 2.9% in the year 2013-14 over the income estimated over the previous year though there is no growth estimated in the throughput presumably due to change in the container mix. Please confirm.	Income on container is charged on loaded/ empty basis. The income is estimated for future years based on the actuals for 2010-11.
	(vii). (a). Explain the reasons for estimating the storage income to reduce from ₹50.71 lakhs in the year 2011-12 to ₹43.10 lakhs in the year 2012-13 when the overall traffic is expected to grow by 6% in the year 2012-13.	There has been some change on updating the estimation with reference to actuals for 2010-11.
	(b). Please furnish an analysis of average dwell time of different cargo for the past two years. Average dwell time considered for estimating the demurrage and storage income for the years 2011-12 to 2013-14 may also be indicated.	Reply not furnished by the port.
	(viii). The basis of estimating income from reefer plugging charges, dwell time, hiring of equipment, etc., may be explained.	This is estimated in proportion to the actuals recorded during the year 2010-11.

	(ix). (a). The income from RCHW is estimated at ₹6052.63 lakhs in 2010-11 and is estimated to reduce to ₹5230.00 lakhs in 2011-12. Explain the reasons for estimating reduction in the RCHW income in the year 2011-12 over the estimates of 2010-11.	RCHW income depends directly on the general cargo handled by the Stevedores by booking of Labour Gangs. The actuals for 2010-11 has been taken as base for estimating the future years income
	(b). The actual income from RCHW shown in Form B for the years 2008-09 and 2009-10 and estimates for the year 20010-11 do not match with the income shown in the cost statements filed by the NMPT in its proposal dated 17 March 2011 for levy of rates of RCHW based on per tonne basis instead of existing levy on percentage of wages. Please ensure all the figures relating to the RCHW in the general revision proposal and the proposal for revision of rates for RCHW match for the past as well as future estimates.	The observation made is noted of for necessary compliance.
	(x). The other income from vessel related activity in Sl. No.B VII in Form 2B is estimated at ₹365.05 lakhs in the year 2011-12 which is around 141% more than the level estimated in the year 2010-11. The basis of estimating the income from other vessel related charges may be explained and basis for projecting increase in the years 2011-12 to 2012-13 may also be explained.	Necessary change is made consequent to updating the data with reference to actual for 2010-11.
	(xi). Form 2B shows that the income from dollar denominated item is estimated adopting the exchange rate of 1 US $ = ₹46.73. The income estimation may be updated based on the prevailing exchange rate.	The income is accounted as per the prevailing dollar exchange rate until 2010-11. Prevailing exchange rate has been adopted for estimation purposes.
	(xii). Please indicate the number of vessels and the vessel related income considered in the income estimation with reference to the container terminal and mechanized iron ore terminal expected to be developed on PPP basis in the current tariff cycle.	Container and Iron ore terminals come under the category of PPP/ BOT basis. These are not considered in the cost assessment.
	(xiii). The rates set by this Authority are ceiling levels only. Please confirm the income reported in the Annual Accounts for the years 2005-06 to 2010-11 which are considered in the cost statement are also at ceiling level. If the port has offered any discount/ concession on the ceiling rates approved by the TAMP and the actual revenue reported in the Annual Accounts of 2005-06 to 2009-10 and 2010-11 (draft Annual Accounts) are net of discounts, the revenue impact of such discounts the allowed by the NMPT may be quantified for each of the past period.	Port Trust Board had accorded Concession to the extent of 25% in respect of Port Dues and Berth Hire for Container Vessels and 50% for Cruise Vessels in respect of Port dues and berth hire. However, no separate data is available to quantify the amount of concession since the vessel related bills are issued at concession rate.
	(xiv). Confirm that the income estimates for the years 2011-12 to 2013-14 are based on the ceiling rates approved by the TAMP in the existing Scale of Rates.	Confirmed that the income estimates are based on the ceiling rates approved by the TAMP in the existing scale of rates.
(7).	**Royalty / Revenue share Receipts** :	
	(i). The other income in Form 2B under cargo handling activity states includes royalty from UPCL. During the last tariff revision the port had not mentioned about royalty receipts from UPCL. In this regard the following points may be clarified:	UPCL project is on BOT basis which is expected to commence functioning from 2011-12.

	(a). Royalty income included in the other income may be segregated and shown separately for each of the past years 2005-06 to 2010-11 and projections for the years 2011-12 to 2013-14.	This is done in the present statements.
	(b). Indicate the period from when the royalty income from the UPCL started to accrue to the port. A copy of the agreement, if any, entered by the NMPT with UPCL in this regard may be provided.	This is to be pursued separately as BOT projects are not taken into accounts for cost Formats.
	(c). Please clarify whether the authorization granted to UPCL is under Section 42(3) of the Major Port Trusts Act or any other arrangement. As per clause 7.1 of the tariff guidelines, charges to be levied by service providers authorised by the Major Port Trust, under Section 42 (3) of the MPT Act, 1963, to provide port services specified in clauses (a) to (e) of section 48 ibid shall be regulated by TAMP. In cases where authorisation arrangement u/s 42(3) is other than by way of a BOT concession agreement, ceiling rates will be prescribed for such services to be applied commonly at the concerned ports without reference to individual service provider based on the proposal to be filed by the NMPT. The NMPT may confirm whether the tariff arrangement followed in case of UPCL is in compliance the tariff guidelines and the relevant statute in the Act in this regard.	
	(d). Year-wise royalty receipts from the UPCL since its accrual may be indicated with the estimates for the current tariff cycle and the treatment given in the cost statement may be indicated.	Does not arise as UPCL is a BOT project.
	(ii). (a). The Authority has already fixed upfront tariff with reference to the two proposals filed by the NMPT viz. for container terminal and mechanized iron ore terminal. The NMPT is requested to furnish the details of the traffic, revenue share, income estimated from the projects already commissioned or likely to be commissioned in the tariff cycle under review. Upfront payment, if any, likely to be received may be indicated along with the treatment given in the cost statement.	Furnished in form No. 9 of the proposal.
	(b). The NMPT proposes to allot land to the successful operator and collect lease rental with reference to the two BOT projects. The income anticipated from such allotments of land made or to be made by the port to PPP operators on BOT basis in this tariff cycle may be indicated for each project alongwith detailed working and its treatment in the cost statement.	The SOR proposal to the extent of BOT/PPP projects are not included in the working of the cost data.
	(iii). Treatment of royalty receipts is governed by clause 2.8.3 of the tariff guidelines of 2005. As per the said guidelines the revenue share/royalty receivable by the landlord Port Trust should be applied first to meet cost of	Details are given in the Form 9. However, Collection of royalty has not yet been commenced.

	surplus labour, if any. At least 50% of the balance should be maintained in an Escrow Account for the purpose of creation and/ or modernization of the port infrastructure facilities within a period of 5 years. The investment made out of this 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. Provided that the entire accrual will be taken as revenue of the port trust for tariff fixation if the funds in the Escrow Account are found to have been not utilized for the stated purpose within the stipulated time. Please show how the said guidelines has been complied with by the port trust. Indicate how the royalty/ revenue share receipts in the past and estimated to be received in the future are treated in the cost statement.	
	(iv). If the NMPT anticipates royalty/ revenue share/ license fee from any other authorization granted by the port to the service provider, the same may be indicated along with detailed calculation of royalty/ revenue share receipts. Confirm the provision stipulated in clause 2.8.3. of the guidelines is complied with in the cost statement in these cases also.	This is not considered in the SOR proposal as BOT/PPP projects are not included in the calculation of cost data.
(8).	**<u>Operating Expenditure</u>** :	
	(i). In terms of the clause 2.5.1. of the 2005 guidelines for tariff fixation, expenditure projection should be in line with traffic projections and adjusted for price fluctuation with respect to the current movement of Wholesale Price Index (WPI) for all commodities announced by the Government of India. Annual escalation adopted by the Port is different for different cost items and varies in the range of 10% to 30%. The average salary and wages per employee is escalated by 16% 29% and 30% in the years 2011-12 to 2013-14. For the same years, the unit cost of power and dredging is escalated by 10% per annum uniformly for all the years and the unit cost of fuel cost is escalated by 5% per annum in the first two years and 2.4% in the year 2013-14. Similarly, the repairs and maintenance cost and management and general overhead is estimated to escalate by 10% per annum and spares, insurance and other expense, are estimated to escalate by more than 10% per annum for each of the years. The port has not explained the basis for adopting the annual escalation in the range of 10% to 30% for different cost items. It may be noted that the WPI for the year 2010-11 as per clause 2.5.1. of the tariff guidelines declared by the Government will be adopted and applied for allowing annual escalation factor in cost estimates for the tariff revision exercise to be undertaken in the year 2011-12.	The expenditure projection for salary and wages for the first year i.e., 2012-13 is escalated by 6% and at 3% for subsequent years. For other items of expenditure the escalation is by 5% annually.

	(ii). **Salaries and Wages** :	
	(a). Clause 2.6.2 of the tariff guidelines require the Major Port Trusts to regularly review and adjust the manning scales / datum. The National Tribunal Award of 2006 on manning scales has already been notified. Please clarify whether the proposal of the NMPT is based on the revised manning scales. If not, please modify the estimates based on the revised manning scales awarded by National Tribunal in 2006 which has already been implemented at many of the Major Port Trusts.	Manning scale has been implemented and the same is considered in the separate proposal for fixation of levy on tonnage basis which is pending finalization.
	(b). Furnish the existing manning scales for different services and the manning scale followed by the NMPT as per the revised manning scale and its impact on the cost thereon for the estimates furnished during the years 2011-12 to 2013-14.	Since this issue is separately pursued and the present SOR is not inclusive of this element, the information is not furnished.
	(c). The number of employees reported at 1786 in the year 2009-10 is estimated to reduce by 4% in 2010-11 and further reduction of 9%, 7.6% and 7% in the work strength is estimated in the next three years. Justify the reasons for estimating the salaries and wages cost to increase by 10% per annum in the year 2011-12 and further increase of 20% per annum in each of the years 2012-13 and 2013-14 despite estimating reduction in the work strength. As stated earlier, the annual escalation in the cost will be governed by clause 2.5.1. of the tariff guidelines.	Some changes have been indicated on updating actual for 2010-11. The increase for salaries and wages is mainly due to Revision of Scales of Pay and consequent increase in Allowances.
	(iii). **Power and fuel Cost** :	
	(a). The power consumption of machinery and equipment furnished in Form 3 B is estimated to decline from 5.8% to 7.5% during each of the years 2011-12 to 2013-14 despite projecting traffic growth by 5.8%, 6% and 8.8% for the corresponding period. The NMPT may examine whether the estimation of power consumption and consequently the power cost is to be modified recognising that generally the power consumption would varying with the traffic projections.	The data is revised with reference to actual for 2010-11.
	(b). The overall fuel consumption is estimated to increase uniformly at the rate of 6.3% per annum as against 5.8%, 6% and 8.8% increase in the traffic projections during the years 2011-12 to 2012-13. The increase in the overall fuel consumption may be modified with reference to the growth projected in the traffic.	
	(c). The cost statement may be updated with reference to the actual power and fuel consumption and cost for the year 2010-11. Estimates for the subsequent years may be modified with reference to 2010-11 actuals.	This is done.
	(iv). **Repairs and Maintenance cost** :	
	(a). Explain the basis of estimating the repairs and maintenance cost for the years 2011-12 to 2013-14.	This is done mainly in comparison to actual of 2010-11.
	(b). The repairs and maintenance cost for the year 2009-10 is ₹286.11 lakhs which is	Figures have been updated to actual of 2010-11.

	estimated to increase to ₹854.27 lakhs in the year 2010-11 and thereafter 10% annual increase is estimated for each of the subsequent years. The actual repairs and maintenance cost for the year 2010-11 may be updated and the estimates for the subsequent years may be justified with reference to the 2010-11 actuals.	
	(c). The NMPT has estimated additions to the gross block of assets to the tune of ₹84.45 crores in the year 2011-12, ₹60.45 crores in the year 2012-13 and ₹86 crores in the year 2013-14. Clarify whether the estimates captures the repairs and maintenance cost, if any, expected on the additions proposed to the gross block during the years 2011-12 to 2013-14.	The estimates have now been revised based on Development Plans during 12th Plan. The estimates includes repairs & maintenance cost also.
	(v). **<u>Other expenses</u>** : The other expenses in Sl. No. A.VIII in Form 3B show a steep increase of 82% i.e. from ₹545.23 lakhs actuals reported for the year 2009-10 to ₹993.10 lakhs estimated in the year 2010-11. Further increase of 13%, 22% and 24% is estimated in this cost item for the next three years viz. 2011-12 to 2013-14 respectively over the estimates of the respective previous years. Specific reasons, if any, for such steep increase in the other expense in the year 2010-11 may be explained. Please give the break-up of the items covered under this head of expenditure.	There is some change in the figures owing to updating the data with reference to actual for 2010-11.
	(vi). Estimation of Management and General Administration expenses shown under Form 3A do not tally with the estimates given in Form 3B. This may be reconciled.	M & GI Admn shown under Form 3A is from Annual Account excluding Depreciation. Where as in Form 3 (B) it is exhibited excluding Power Cost, MGA salary, Stores and Depreciation. Hence the variation.
	(vii). **<u>Depreciation</u>** : In the last tariff revision, the estimation of depreciation based on the life norms prescribed by the Ministry of Shipping followed by the port was accepted and the NMPT was advised to comply with the tariff guidelines for computing the depreciation in the next tariff revision. Please confirm whether the depreciation is computed in line with Clause 2.7.1. of the tariff guidelines.	Depreciation is adopted as accounted in the Audited Annual Accounts which is in conformity with the Rules and Regulation fixed by the Government of India. Accordingly, depreciation is calculated on straight line method adopting the life norms fixed by the Government.
(9).	**<u>Details for Fund Position (Form 3C)</u>** :	
	(i). The following figures indicated in Form 3C do not match with the position reported in the Annual Accounts: (a). Opening balance of Pension Fund in the year 2008-09 ₹21886.89 lakhs (Annual Accounts ₹19063.80 lakhs) (b). Contribution made to Pension fund in the year 2008-09 ₹2800 lakhs (Annual Accounts – ₹5600 lakhs) (c). The entry relating to receipts (interest and others) and payment of pension and gratuity	Form C is drawn correlating with Annual Accounts.

	do not match with the figures reported in the Annual Accounts. (d). Closing balance in the gratuity fund at the end of the year 2009-10 ₹4418.64 lakhs (Annual Accounts – ₹4420.15 lakhs) (e). The Actuarial valuation furnished in Form 3C do not match with the position reported in the notes to Annual Accounts. The NMPT may modify Form 3C duly matching all the figures with the figures reported in the respective Annual Accounts or else reconcile the difference.	
	(ii). As per Item No.9 of the notes attached to the Annual Accounts of the year 2009-10 the pension liability as per actuarial valuation is ₹303.60 crores. As against that, the balance available in the Pension fund is ₹299.03 crores. Thus, short fall in the Pension Fund is ₹4.57 crores as on 31 March 2010 as per the Annual Accounts for the year 2009-10. Whereas cumulative shortfall in the Pension fund shown in Form 3C is ₹39.72 crores. Please explain the reasons for variation in these figures.	It is due to formulae error which has now been corrected.
	(iii). From the position reported in the Annual Accounts it is observed that both the Pension Fund and gratuity fund balance almost match the actuarial valuation done as on 31 March 2010 except for short fall of ₹4.57 crores in pension fund and ₹1.78 crores in the gratuity fund. In this context, please explain as to how the shortfall in the pension fund to bridge the gap is estimated at ₹50.74 crores in 2010-11, ₹60.29 crores in 2011-12 and so on under A-1 Sl. No.(iii) and short fall in the gratuity fund is estimated to the tune of ₹5.69 crores in 2010-11. Furnish detailed working in this regard.	As per actuarial valuation for 2010-11 changes has been made.
	(iv). It may be certified that this provision does not include any liability pertaining to the past. Please furnish a copy of the actuarial valuation report as on 31 March 2010 and also for the subsequent years in support of its estimates. Breakup of the actuarial valuation of the pension / gratuity fund in respect of existing employees and pensioners may also be furnished.	Confirmed that past liability is not included in the provision.
(10).	**Finance & Miscellaneous Income** :	
	(i). The sundry receipts reported in the Annual Accounts is ₹843.39 lakhs in 2007-08, ₹1621.35 lakhs in 2008-09 and ₹1024.05 lakhs in the year 2009-10. As against that, the sundry receipt considered in the cost statement is ₹75.82 lakhs, ₹963.87 lakhs and ₹130.66 lakhs for the corresponding period. The nature of income reported under sundry receipts may be explained. The difference in the figure considered in the cost statement vis-à-vis Annual Accounts may be reconciled for the years 2005-06 to 2010-11.	Out of ₹843.00 lakhs ₹75.82 is exhibited under sundry and balance is exhibited under sale of unserviceable material, adjustment of stores estt. charges to the extent it is admissible for apportionment. The same principle is followed on all the years.

	(ii). The basis of estimating the sundry receipts in the years 2011-12 at ₹100 lakhs and increase of ₹5 lakhs for the subsequent two years may be explained.	Now B.E. figures are adopted for 2011-12.
	(iii). The FMI in the cost statement shows royalty receipt apart from the royalty income considered in the cargo handling income. The nature of the royalty income shown under the head FMI may please be explained. Also explain whether the provision prescribed in clause 2.5.1 of the tariff guidelines on the treatment of royalty receipt is followed in this regard.	The existing terminology adopted in the accounts for accounting the receipts in respect license given for HMC operation.
	(iv). The basis of estimating royalty income under the FMI at a uniform figure of ₹258 lakhs for each of the years 2011-12 to 2013-14 may be explained and furnish a detailed working in this regard.	The estimate is modified.
	(v). Explain the nature of income reported in the Annual Accounts under the head FMI as "prior period income" and the treatment given in the cost statement in the past period 2005-06 to 2009-10 and 2010-11.	Prior period income is that which relate to previous years which are not to be accounted in the current operating income. This income is not taken into account in the cost statements.
	(vi). Furnish breakup of the Finance and Miscellaneous Income shown in the cost statement for the years 2005-06 to 2009-10 and 2010-11 and reconcile it with the items shown in the Annual Accounts. Also, furnish detailed breakup of the FMI estimated for the years 2011-12 to 2013-14.	Break-up as indicated under Item VI of Form 3A is explained below. Items included are: i) Sale of unserviceable scrap materials ii) Adj. of Stores Estt charges iii) Operational License fee on Equipments iv) Sundry receipts mainly consisting of Misc. receipts of minor nature otherwise not classified.
(11).	**Finance & Miscellaneous Expenses** :	
	(i). The reasons for sudden increase in prior period expense in the year 2009-10 at ₹1427.41 lakhs as against ₹447.45 lakhs reported in the year 2008-09 and ₹198.24 lakhs in the year 2007-08 may please be explained.	Complete transactions are available in the Books of Accounts maintained and made available to Statutory Audit for certification. These are the actual figures as exhibited in the Annual Accounts.
	(ii). The basis of estimating the prior period expense at ₹100 lakhs for each of the years 2011-12 to 2013-14 may also be explained.	This is a nominal provision made. There exists no specific guidelines to estimate this item in the RE/BE of the Port Budget.
	(iii). (a). The basis of estimating the contribution to the Pension fund and gratuity fund at ₹3000 lakhs and ₹800 lakhs per annum for each of the years 2011-12 to 2013-14 may be explained.	This is a nominal contribution provided subject to obtaining actuarial valuation.
	(b). From the Annual Accounts furnished for the year 2009-10 it is observed that the balance in the Pension fund and Gratuity fund almost matches the fund liabilities as per the actuarial valuation as on 31 March 2010. The actual pension payment of ₹870.92 lakhs in the year 2009-10 is fully met from the interest received from investments and annuity return. In this context, the proposal of NMPT to continue to contribute ₹3000 lakhs as done in the past may be justified and it may be confirmed that it does not include any additional contribution to the Pension/ Gratuity Fund.	Same as already clarified above.

	(c). Please certify that the contribution to pension and gratuity fund does not include any liability pertaining to the past and the estimated pension/ gratuity contribution liability is based on the actuarial valuation.	Confirmed.
	(d). Note 6 of the format prescribed by the Authority stipulates that pension payments 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 liabilities of existing employees based on actuarial valuation shall be considered. The port may confirm its compliance.	Confirmed.
	(iv). Confirm that other one time expenses such as arrears of wages/ pension, VRS compensation are not included under this head of expenditure in the cost statement as per clause 2.5.2. of the tariff guidelines.	Confirmed.
	(v). The FME is estimated at the same level of ₹4095 lakhs for the three years 2011-12 to 2013-14. Confirm the port does not expect any escalation in this cost item for all the three years under consideration.	This is an estimation hence may be taken accordingly.
(12).	The basis of apportionment of the Finance and Management Income, Finance and Miscellaneous Expenditure and management and general overheads to the main activities/sub activities may be explained. Also confirm, whether it is in line the General Instructions given in Form 4A of the cost formats. If not, the reasons for variations may be explained. Please furnish detailed working of the allocation of these expenditure to the main activities/ sub activities.	Finance and Miscellaneous Income is apportioned in the ratio of Income Operating Income earned in the main activities. Finance and Miscellaneous Expenditure is apportioned in the ratio of Operating Expenditure incurred in the main activities.
(13).	**<u>Capital employed</u>** :	
	<u>Fixed Assets</u> : (i). The additions to gross block as estimated in Form 4-A for the years 2010-11 to 2013-14 are ₹42.50 crores, ₹84.45 crores, ₹60.45 crores, and ₹86.00 crores, respectively. However, the capital expenditure estimated in Revised Estimate for the years 2010-11 and 2011-12 is ₹31.00 crores and ₹36.00 crores in the Plan budget and ₹8.0 crores and ₹10.00 crores in the Non-Plan budget. The difference in the capex projected in the cost statement as against Revised Estimate 2010-11 may be explained. Confirm that the capital outlay in the form of additions to the gross block of assets proposed for the years 2011-12 to 2013-14 is in line with five year plan envisaged by the Port.	 (i). Figures have been modified as per the details of expenditure estimates furnished with reference to Annual Plan/Non Plan Budget and as provided in the Five year Plan estimates envisaged by the Port.
	(ii). Since the F.Y. 2010-11 is already over, the cost statement may be updated with the actual additions to the gross block in the year 2010-11 with corresponding changes, if necessary, in the projections for the subsequent years.	Cost statements have been updated with the actual additions to gross block in the year 2010-11.
	(iii). (a). The details of the additions to the gross block furnished in Form 4B does not seem to cover various additions to the gross block estimated by NMPT in Form 4A during	Necessary data is furnished in Form 4-A and Form 4-B.

	the years 2011-12 to 2013-14 as required in Form 4B of the format prescribed. The NMPT is requested to furnish full details with reference to investments exceeding ₹5 crores proposed by the NMPT during the years 2011-12 to 2013-14 with justification for the proposed investments.	
	(b). Additional traffic capacity, improvement in productivity in absolute terms and reduction in cost, if any, may be quantified and its effects may also be shown in the cost statements.	
	(c). Furnish the status of action initiated, copy of the work awarded and the present status of execution with reference each of the additions proposed to the gross block of assets during the years 2011-12 and 2013-14.	This is separately pursued in Plan/ Non Plan proposals as when taken up for execution.
	(iv). (a). The statement on capital employed shows 'nil' investment under the business-related assets category for the years 2010-11 to 2013-14. However, it is found that there are certain schemes on staff quarters, hospitals, etc., being implemented by the Port in the years 2010-11 and 2011-12 as stated in the RE 2010-11 and BE 2011-12. Please clarify under which category these assets are classified.	Actual wherever available are indicated for the year 2010-11. Estimation for future years have been taken as Nil as the Port does not expect any schemes to be taken up for business related assets.
	(b). Confirm that the classification of capital assets into business assets, business related assets and social obligation assets is done in terms of Clause 2.9.5. 2.9.7. and 2.9.8. of the tariff guidelines for the purpose of computation of ROCE.	Confirmed.
	(v). (a). 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.	Confirmed.
	(b). It may be noted that only completed and commissioned assets should alone be counted for capital employed. Work-in-progress shall not be taken into account. A confirmation in this regard may be furnished.	Noted. This is the prevailing practice followed in NMPT.
	(c). Confirm that the assets, which are rendered surplus/ disposed off, are excluded from the capital employed for the purpose computing the ROCE.	
	(vi). The basis of apportionment of capital employed among the four major activities, viz., cargo-handling, vessel-related, railway and estate, and sub-activities under cargo and vessel related activities may be furnished along with the workings.	The calculation of Capital employed among the four major activities are indicated in the Form 4 A Capex which is with reference to relative assets falling within the activities.
	(vii). Clause 2.8.3 of the tariff guidelines require Major Port Trusts to utilise the funds available in the escrow account (which is created from the receipt of royalty/ revenue share from private operator) for the purpose of creation/ modernisation of port infrastructure facilities within the stipulated time period. Clause 2.8.3 of the tariff guidelines require the major ports to utilise the funds available in the escrow account for the purpose of creation/	It may be noted that the escrow account would generate funds from BOT projects from the year 2012-13 onwards. The accumulation in the escrow Account may not be substantial to earmark schemes of infrastructure facilities to be developed within the available left over period of tariff cycle.

	modernisation of port infrastructure facilities within the stipulated time period. The port may list out the Capex if any, proposed to be funded from the balance available in the Escrow account during the current tariff cycle in accordance with the provision prescribed in the tariff guidelines.	
	(viii). (a). The ROCE computed in Form 4A is @ 16% for the years 2007-08 and 2008-09 as against 15% ROCE allowed in the last tariff Order. This may be corrected.	This has been corrected in the revised cost statement now filed.
	(b). The return on capital employed on business related assets will be considered at the risk free rate applicable for the year 2011-12 based on the review of the parameters of the ROCE to be conducted by the Authority as against 6.35% considered by the NMPT.	This is taken care of in the calculation.
(14).	**Working Capital** :	
	(i). As per working capital norms prescribed in Clause 2.9.9 of the tariff guidelines, sundry debtors is to be estimated at 2 months estate revenue and 2 months railway terminal charges. The port has considered two months railway income which pertains to income from marshalling yard in the computation of sundry debtor. Clarify whether the revenue receipt from marshalling yard is equivalent to railway terminal charge.	No terminal charges on Rail traffic are collected by NMPT, as movement of Cargo and Railway Rakes with in and out of Railway siding (which is called Marshalling Yard) is operated by Rly Admn at the request and cost of the Users. Only per tonne Marshalling Yard charges are collected on the movement of cargo within the Siding area provided and maintained by the Port.
	(ii). Two months labour-handling charges considered by the NMPT for estimating sundry debtors do not comply with the norms prescribed in the guidelines.	This is as per the prescribed norms in the cost sheet.
	(iii). Two months current liability considered by the NMPT in the computation of working capital is also not found to be in line with the norms prescribed in the guidelines.	
	(iv). Breakup of the stores consumption into capital spares, customized spares and other stores excluding fuel and customized spares may be furnished for the years 2007-08 to 2010-11 actuals and estimates for the next three years. Estimation of inventory may be computed as per the norms prescribed in the guidelines for each of these categories of stores.	Break-up of Stores as Capital spares, customized spares is not possible till the spares are actually utilized.
(15).	(i). The cost statement relating to Registered Cargo Handling Wing (RCHW) appears to have been included in the cargo handling activity itself. The NMPT has already filed a separate proposal for fixation of tariff for RCHW on per tonne basis. In the said proposal, the NMPT has filed cost statement for RCHW under various options such as without charge, considering the impact of wage revision arrears, without considering the impact of wage revision arrears. Please furnish separate cost statement for RCHW activity under the cargo handling activity and indicate which of cost statement of RCHW proposal is considered for this purpose.	NMPT has filed separate proposal for fixation of tariff for RCHW on per tonne basis. This means that as and when the change in rate is approved, RCHW will start generating revenue as per the decided Rate. However it is to be noted that this revenue is confined to the extent of manually handled traffic handled by the workers when booked through Gangs. All other expenses borne by the Port as incidental Expenses and wages during non-booking days are to be met out of Port General Fund for which the present SOR Revision is being proposed. Hence there arise the need to include the cost of RCHW vis-à-vis income derived in the SOR Revision.
	(ii). As already pointed out earlier, the actual/estimated income from RCHW considered in the cost statement in Form 2B	The present SOR is updated as per actuals for 2010-11. Hence the variation between the two issues will have to be separately dealt

	does not match with the income indicated in the cost statement of RCHW activity filed in the separate proposal. Please verify and confirm that actuals/ estimates of RCHW activity considered in the cost statement filed in the general revision proposal tallies with the cost statement filed in the RCHW proposal.	with reference to updated cost of Per tonne levy proposal.
	(iii). The income anticipated on account of levy proposed on per tonne basis in the RCHW proposal may be furnished along with detailed working of traffic and the levy proposed alongwith the income from the existing levy for each of the year for the years 2011-12 to 2013-14.	The information relates to another proposal submitted to TAMP which is yet to be finalized.
(16).	The cost statement filed by the NMPT vide its letter dated 7 March 2011 for the years 2011-12 to 2013-14 (excluding KIOCL) show an average surplus of 5.82% and in absolute terms the surplus estimated at the existing tariff is ₹7381.85 lakhs. As per the cost plus return formula prescribed in the guidelines of 2005 there may be a case to reduce the existing tariff to the extent of ₹7381.85 lakhs. Please furnish the year-wise financial impact of modifications in the tariff and conditionalities proposed by the port and also the revenue impact of the per tonne levy proposed for RCHW. If the financial impact does not result in reduction in the revenue to the extent of surplus reflected in the cost statement for the years 2011-12 to 2013-14, the NMPT may consider proposing further suitable reduction in the existing tariff based on its judgment. The impact of such reduced tariff (to be) proposed may also be indicated alongwith detailed working.	The present position may have to be viewed further with reference to updated Data for 2010-11. Revision of General SOR and Fixation to RCHW tonnage levy are two independent proposals. Even though the cost factor of RCHW is taken into account in the present Revision of SOR, the revenue impact of the per tonne levy proposed can be estimated and analysed only when the per tonne rate is finally decided. Hence now it may not be possible to consider suitability of reduction in the existing tariff.
(17).	The fixation of final wharfage rate for Jetty No.10 is pending for the years 2000-01 onwards. The Authority has already advised the NMPT and MRPL (Order No.TAMP/62/2004-NMPT dated 20 January 2005) to sit together and finalise the wharfage rate for Jetty No.10 for the years 2000-01 to 2004-05 and submit the proposal. The NMPT has filed the proposal for fixation of wharfage rate for Jetty No.10 for the years 2001 and 2001-02. But for the remaining years the port has not filed any proposal. Despite several reminders in this regard we have not received any concrete proposal so far. The NMPT is advised to immediately file the proposal for the remaining years as well.	This issue is separately pursued in co-ordination with M/s.MRPL.
C.	**SCALE OF RATES:**	
(1).	Section 1.2. – General Terms & Conditions :	
	The proposed provision at vi(a) and (b) relating interest on delayed payments/refunds may be updated at 2% above the prevailing Prime Lending Rate of State Bank of India as per clause 2.18.2 of the tariff guidelines of 2005.	This is noted for compliance. However we have proposed a fixed rate of 12% in the proposal. TAMP may alter it.
(2).	**Schedule 2.2. – Pilotage**	
	(i). The existing pilotage fee is inclusive of required number of tugs / launches of	This is now modified and applicable Tug hire charges are proposed if Tug services are

	adequate capacity for all categories of vessels apart from other services listed in the SOR. As against this, the port has stated that the pilotage fee under Sr. No.(ii) and (iii) i.e. for barges, tugs, launches etc., and sailing vessel and fishing vessel upto 200 GRT and vessel of 200 GRT and above will exclude provision of tug and the port proposes to levy 50% extra for use of tugs. The port has in the comparative position of the existing vis-à-vis proposed rate explained that the modification proposed is in order to compensate huge cost involved in operation of tug and hence the proposal to levy 50% extra for smaller vessels. In this context the following points may be clarified:	availed at the rate prescribed for tug hire instead of earlier proposed rate of 50% of pilotage fee.
	(a). As per clause 6.4. of the tariff guidelines of 2005, pilotage-cum-towage fee must be composite fee and should include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for 'Port convenience' as per the prevailing practice. The proposal of the port to separately levy the charges for tug at 50% of pilotage fee for a few categories of vessels is not in line with the said provision of the tariff guidelines.	This is now modified and applicable Tug hire charges are proposed if Tug services are availed.
	(b). Detailed cost analysis may be furnished to show that the basic pilotage fee leviable from these categories of vessels excludes cost of providing tugs. The proposed levy of 50% extra pilotage fee may be justified with cost calculation to show that cost of providing tug services to this category of vessels has increased to the extent of the increase proposed.	The cost recoverable by the above provision is meager.
	(c). The cost statement for the port as a whole would which captures the increased cost of tug services reported by the port reflects a surplus position. In this context, justify the increase proposed by the NMPT in the pilotage fee as well as shifting charge on smaller category of vessels.	This has been rectified.
	(ii). Existing Note 3(ii) under schedule 2.2. allows 50% concession in shifting charge if tugs are not used for shifting. The reasons for proposing to delete the said condition may be explained along with the revenue implications thereof.	This has been rectified.
	(iii). For shifting of vessels also the port has proposed to levy tug charges separately at 50% of the shifting charge with reference to launches, tugs, barges and sailing vessel and fishing vessel upto 200 GRT and vessel of 200 GRT and above. Since the existing shifting charge already includes tug charge in view of note at 3 (ii), any modification to levy tug charges separately for these category of vessels should be accompanied with suitable reduction in the shifting charge by excluding the tug element included therein so that there is no double recovery.	This has been rectified.

	(iv). The proposal to levy 50% extra shifting charges for tug services on smaller category of vessels may be justified with reference to increase in the cost for providing the said services. The revenue impact of the proposed modification may also be furnished.	This has been rectified.
	(v). Note (9) – The existing charge prescribed at ₹76 for coastal vessel and US$2.84 for foreign going vessel in the event the vessel carries pilot outside the port limits for unavoidable reasons is proposed to be increased to ₹500 and US$18.52 respectively. The reasons for proposing such steep increase in the existing rate may be explained. Revenue implication of the proposed modification may be indicated for the years 2011-12 to 2013-14.	This has been rectified.
	(vi). Schedule 2.3. Detention Charges for Vessels: The basis of proposing 5% to 8% increase in case of cancellation of a requisition of pilot service and detention of pilot may be explained particularly when the port as a whole reflects a surplus position. The additional revenue on account of the proposed modification may be indicated.	The nominal increase is proposed to discourage cancellations coming on a routine way. Additional revenue would be very meager.
(3).	**Schedule 2.4. – Berth hire Charge**	
	(i). **Schedule 2.4.2. – Oil Tankers and Other Vessels**	
	(a). Explain the basis of arriving at berth hire for new class of vessel at Sl. No.(iv) for wooden rowing boats (with or without auxiliary engines) at US$ 0.24 per vessel/ hour (foreign) and ₹6.50 per vessel/ hour (coastal vessel) may be explained.	This is a non- tariff Rate. Nominal Per Hour Rate is provided to ensure proper charge whenever occasions arise. The usage of rowing boats are done for taking soundings of draught etc., of the Port.
	(b). Indicate under which category these vessels are classified under the existing Scale of Rates for the purpose of levy of berth hire.	This can be classified similar to Fishing vessels/ trawlers.
	(c). Revenue implication of the proposed new entry may be indicated for each of the years 2011-12 to 2013-14.	As the usage is on rare occasions the revenue implication is negligible.
	(ii). Note (vi)- Explain the reasons for proposing increase in the berth hire for lash barge from existing US$ 12.05 to US$ 12.50 per barge per hour (foreign) when otherwise status quo is maintained in the other vessel related charges including berth hire.	The escalation is minimal and frequency of levying it is remote as RORO or LASH Barges call at this Port is not certain in the near future.
(4).	**Chapter – III, Schedule of Wharfage Charges**	
	(i). 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 also be furnished explaining how the proposed wharfage schedule satisfies the stipulations of the revised guidelines.	Handling of cargo in NMPT is done by the User Agencies themselves with the assistance of labour deployed by NMPT for all Export/Import of Goods. Wharfage is collected as a charge for making use of the wharf. The cost of Labour is not covered in wharfage. A separate proposal for fixation of tonnage levy has been sent where some portion of Handling charge is recovered.
	(ii). **Schedule 3.1. – Wharfage charge for Break bulk cargo**	
	(a). Clause 4.2.2. of the tariff guidelines recommends to phase out ad-valorem wharfage rates over a maximum period of 5 years and to determine the rates on the basis	This will be complied in the next revision since a separate exercise is needed to compute the per ton rate based on the average volume of cargo handled during the last three years

	of cost of handling and special care required to be taken while handling and storage of the cargo. During the last tariff revision, port was advised to file a separate proposal for conversion of advalorem rate structure to specific wharfage rate based on weight / unit / volume within a year from the date of implementation of the Order. The port has even after more than four and half years from the date of implementation of the tariff Order not filed any proposal in this regard. In the instant proposal also, the port has continued with the existing tariff arrangement of levy of advalorem rate for break bulk cargo. The NMPT is again advised the propose wharfage rate for break bulk cargo based on weight or volume of cargo with reference to cost of handling the relevant cargo instead of proposing advalorem rate in line with the advice rendered in the last tariff Order and in compliance with the tariff guidelines.	which has to be compiled manually.
	(b). Justify the reasons for proposing increase in the advalorem rate for other non bulk item (at Sr. No.6 of the proposed SOR) from existing 0.40% to 0.50% particularly when the cost statement for cargo handling activity reflects an average surplus of 36.5% for the years 2011-12 to 2013-14.	No increase is proposed except deleting item (6) & (7) and the impact of item (7) is absorbed while retaining item (8) which is now renumbered Sl. No.(6).
	(c). The wharfage rate prescribed for Sl. No.6 and 7 in the existing SOR are proposed to be deleted. The reasons therefor may be explained.	The frequency of these items occurring at this Port is very rare during the last few years and accordingly abolished to bring down the items to the barest minimum.
	(iii). **Schedule 3.2. – Wharfage charge on Bulk cargo**	
	(a). Justify the reasons for proposing increase in the wharfage rate for Edible oil (at sr. No.5 of the proposed SOR) from existing ₹50 per tone to ₹60 per tonne particularly when the cost statement for cargo handling activity reflects an average surplus of 36.5% for the years 2011-12 to 2013-14. Also, furnish revenue impact thereof.	The increase is now deleted.
	(b). The reasons for deleting the wharfage rate for Styrene Monomer from Sl.No.4 under the head "Other Chemicals" may be explained.	It is clubbed in 4(b).
	(c). The wharfage rate for structures loaded at MPL jetty prescribed by the Authority in the Corrigendum dated 11 July 2006 is not found to be included in the proposed SOR. Confirm whether the port proposes to delete this entry from the proposed Scale of Rates.	As the MDL jetty has ceased to function and surrendered the leased working yard, the rate is proposed to be deleted.
	(d). The port has proposed reduction in the wharfage rate for a few items like granite, zinc concentrate, copper cathode, aluminium and tin, timber and paper . The revenue impact of the reduction proposed in the wharfage rate for these cargo items may be furnished for each of the years 2011-12 to 2013-14. Please furnish the working in this regard.	The existing rate is revised downwards due to marketing venture. Since the volume of new additional cargo expected through this Port on reduction cannot be assessed immediately no revenue impact has been worked out.

	(e). Basis of arriving at the proposed wharfage rate for new cargo items viz. rock sand, slag, and mill scale oil under Sl. No.8(e), (n), (14)(i) may be explained. The anticipated traffic and the income from these cargo items may be indicated. Please furnish working in this regard.	This is a new item and low valued cargo and on experimental basis few parcels have been exported. Hence the rate is proposed. The Revenue earned would be negligible considering the volume.
	(iv). Explain the reasons for proposing to increase the fee for amendment in import/ export application under Note 3 from existing ₹10 to ₹20 in view of surplus in the cargo handling activity.	It is a miscellaneous income and does not contribute to cargo handling activity. However the increase is only to discourage the amendments which affects the basic data.
(5).	**4.3. Restowing Charges** Explain the reasons for modifying the title of the schedule from 'Rehandling Charges' to "Re-stowing Charges" in the proposed SOR.	It only a terminology replacement. This is to fall in line with terminology followed in other Port Trust.
(6).	**Chapter – V Demurrage**	
	(i). Note 2 under schedule 5.2. Exports – Justify the reasons for proposing reduction in the number of free period for export cargo from existing twenty one days to fourteen days.	This is to avoid congestion and optimum use of storage space for various export Cargo. Demurrage in terms of percentage of total Income is negligible hence this requirement need not be insisted since it requires manual compilation.
	(ii). The average dwell time of export cargo for the last three years may be furnished.	
	(iii). Additional revenue expected from the proposed reduction in free days may be furnished for the years 2011-12 to 2013-14 along with workings.	
(7).	**Schedule 6.3. – Marshalling Yard usage Charges:**	
	(i). The basis of the proposing increase in the charges for marshalling yard from existing ₹8 tonne to ₹10 per tonne and for use of marshalling yard including private siding from existing ₹10 to ₹15 per tone may be justified with reference to increase in the cost of providing the said service.	Infrastructural for handling through railways have been increased to facilitate the trade for quick evacuation of cargo. Hence the hike proposed.
	(ii). The additional revenue likely to be earned from the proposed increase in the marshalling yard charges may be furnished for the years 2011-12 to 2013-14 along with working.	Since the movement of Iron Ore fines is still not certain the increase in the volume of cargo more than handled during 2010-11 is not envisaged. However Form 2B may be referred
(8).	**Schedule – 6.4.and 6.5. - Fees for issue of licence to C&F Agency and Steamer Agency**	
	(i). The port has proposed steep hike in the fees for issue of license to C&F agency and Steamer Agency. Explain the basis of the proposed increase and justify the same.	Hike in the fees for issue of license to C&F Agency and Steamer Agency is proposed so as to filter genuine people to enter Trade in the security angle.
	(ii). The basis of arriving at the licence fee of ₹5000 for a year for temporary license at Sl.No.4 which is a new entry may be explained.	
	(iii). The reasons for note proposed at Sl. No.4 about issue of temporary pass beyond 24 hours and upto 15 days at ₹50 per permit as against existing fee for temporary pass of ₹12 per permit for 24 hours validity may be explained.	Hike in the fees is proposed so as to filter genuine people to enter Trade in the security angle.

(9).	**Schedule - 6.6. Charges for hire of launches and tugs within the limits of the port and Schedule - 6.7. Hire charges for cargo handling equipment**:	
	(i). Since hire charges are proposed for launches / tugs based on the capacity, it may not be relevant to prescribe the names of these tugs/ launches. The NMPT may, therefore, consider to delete the individual names of equipment in these schedules.	This observation is taken note of. but the names are maintained for easy reference by the officers within the User Depts.
	(ii). Note 5(iii) in the proposed Scale of Rates is found to be incomplete. The NMPT may modify the said note.	This is rectified.
(10).	**Schedule - 6.8. Miscellaneous charges**:	
	(i). **Item No.II - Fees for issue of passes/ licence for entry into the wharf**: The reasons for proposing steep increase in the Sl. No.1, 3 to 5 and 9 for issue of passes in the range of 20% to 150% may be explained and justified with reference to the overall surplus position of the port.	Hike in the fees is proposed so as to filter genuine people to enter Trade in the security angle.
	(ii). **Item No.III - Fees for the hire of weighing scale**: The increase proposed in the hire charges of weighing scale from existing ₹1.00 per tonne to ₹2.00 per tonne may be justified with reference to increase in the cost of services provided.	The proposed increase in the rate is of minor nature which may be accepted.
	(iii). **Item No.IV - Charges for the use of weigh bridges**: The reasons for deleting the existing Sl. No.(3) relating to charges for weighing wagon in Railway weigh bridge may please be explained.	The Rate is proposed for deletion as the facility is not existing at the moment. Necessary Rate fixation would take place whenever the facility is provided.
	(iv). **Item No.V**: The increase proposed in the charges for issue of Entry and Clearance Certificate by 50% may also be justified in view of the overall surplus position of the port.	As this is of rare nature revenue expected from this increase is negligible.
(11).	The Authority vide Order No.TAMP/26/2007-NMPT dated 16 June 2010 has approved ceiling rate for hire of Harbour Mobile Crane commonly applicable at the port for identical facility/ service offered/ to be offered by service providers authorised by the port. The draft proposed Scale of Rates, however, do not incorporate the rates approved by the Authority in the said Order which may please be incorporated alongwith conditionalities.	
(12).	Copies of the comments received from various users / users organisations on the subject proposal have already been forwarded to the NMPT for comments. The NMPT is requested to furnish its comments on the points made by various users / representative bodies of users on which comments of NMPT are awaited.	The port has stated necessary remarks are furnished separately. However, no comments furnished.

11.4. The port has filed revised cost statements updating the estimates for the year 2010-11 with actuals. The estimates for the year 2011-12 is as per BE and it has projected the estimates for the years 2012-13 to 2014-15 based on 2010-11 actuals. The highlights of the revised cost statements is explained below:

(i). The actual traffic handled in the year 2010-11 and estimates for the years 2011-12 to 2014-15 is tabulated below:

(**in lakh tonnes**)

Years	Traffic
2010-11 (actuals)	315.50
2011-12 (estimates)	330.00
2012-13 (estimates)	360.00
2013-14 (estimates)	401.00
2014-15 (estimates)	449.50

(ii). The NMPT has proposed additions to the gross block of assets to the tune of ₹46 crores, ₹60 crores, ₹40 crores and ₹78 crores for the years 2011-12 to 2014-15. The major additions proposed to the gross block of assets is given below:

Years	Particulars	₹ in crores
2011-12	(a). Providing heavy duty pavement behind berth nos.5, 6 and 7	9.15
	(b). Strengthening and extension of container yard	5.91
	TOTAL	**15.06**
2012-13	(a). Construction of POL berth no.13	55.00
	(b). Construction of new warehouse	5.00
	TOTAL	**60.00**
2013-14	(a). Construction of new berth in western dock area	30.00
	(b). Construction of new warehouse	5.00
	(c). Construction of Trade Promotion Centre at Bangalore	5.00
	TOTAL	**40.00**
2014-15	(a). Construction of new berth in western dock area	50.00
	(b). Improvement and strengthening of existing berths	8.00
	(c). Improvement to port internal roads	10.00
	(d). Replacement of Tugs/ Floating crafts	5.00
	(e). Improvement to Railway marshalling yard	5.00
	TOTAL	**78.00**

(iii). It has furnished separate cost statements under cargo handling activity for POL products handled by MRPL (covered by MOU) and iron ore/ iron ore pellets handled by KIOCL for the period from 16 October 2009 onwards (conclusion of MOU with MRPL). The separate cost statement for POL traffic for the entire port has been furnished. A summary of the cost position reflected by the consolidated and activity-wise/ sub-activity-wise cost statements at the existing level of tariff filed by the NMPT is tabulated below:

Sl. No.	Particulars	Operating Income (₹ in lakhs)					Net Surplus (+)/ Deficit (-) (₹ in lakhs)					Net Surplus (+)/ Deficit (-) as a % of operating income				Average Surplus/ Deficit %
		2011-12	2012-13	2013-14	2014-15	Total	2011-12	2012-13	2013-14	2014-15	Total	2011-12	2012-13	2013-14	2014-15	
1.	Consolidated cost statement including MRPL and KIOCL	34799.73	37124.27	40929.87	45434.11	158287.98	(-)3806.22	3566.73	6024.82	8784.24	14569.57	(-)10.94%	9.61%	14.72%	19.33%	8.18%
2.	Cargo handling activity	24223.05	26008.53	28894.31	32294.83	111420.72	5990.91	11402.53	13580.06	15906.85	46880.35	24.73%	43.84%	47.00%	49.26%	41.21%
	(i). Iron ore by KIOCL under MOU	714.00	1015.00	1120.00	1242.50	4091.50	(-)689.38	(-)277.48	(-)168.00	(-)44.05	(-)1178.91	(-)96.55%	(-)27.34%	(-)15.00%	(-)3.55%	(-)35.61%
	(ii).POL (MRPL cargo beyond MOU period) and port cargo	14560.00	15785.00	17626.00	19747.00	67718.00	2135.56	3587.15	4856.96	6304.16	16883.83	14.67%	22.73%	27.56%	31.92%	24.22%
3.	Vessel related activity	6551.01	6999.59	7826.63	8835.19	30212.42	(-)10264.28	(-)8794.57	(-)8540.97	(-)7982.80	(-)35582.60	(-)157%	(-)126%	(-)109%	(-)90%	(-)120.50%
4.	Railway activity	332.13	348.73	366.17	384.48	1431.51	(-)177.90	(-)134.54	(-)118.16	(-)179.29	(-)609.89	(-)53.56%	(-)38.58%	(-)32.27%	(-)46.63%	(-)42.76%
5.	Estate activity	3693.54	3767.41	3842.76	3919.62	15223.33	494.22	1098.69	1109.40	1049.48	3751.79	13.38%	29.16%	28.87%	26.77%	24.55%

12.1. The NMPT has subsequently vide letters dated 5 December 2011 and 8 December 2011 made further submissions/ clarifications with reference to its general revision proposal which are summarised below:

(i). Traffic:

(a). The reduction in coal/coke is due to operation of BOT jetty constructed by M/s.UPCL from November 2011 onwards.

(b). Only 49000 MT is so far handled during the current year upto November end. This indicates that the projection proposed (3.10 lakh tonnes) in the Tariff proposal may not materialize. Hence, the cargo related and vessel related income projected thereof will have to be adjusted for the reduction.

(c). The traffic projection made in the tariff proposal for the next three years (i.e. 12.00, 13.00 and 15.00 lakh tonnes) will not materialize and it may be considered as zero since the ban imposed on iron ore export is continuing and there is uncertainty of lifting it in the near future considering the present scenario. Hence, the cargo related and vessel related income projected thereof will have to be treated as nil. The total reduction in revenue (both cargo & vessel) is furnished by NMPT is given below:

Year	Impact of reduction in revenue of iron ore (₹ in lakhs)
2011-12	219.63
2012-13	1018.91
2013-14	1109.98
2014-15	1287.96

(d). BOT Project under PPP - Royalty revenue in this cycle.

Only one BOT project under PPP is commissioned by M/s.UPCL during November 2011. The traffic is projected for the years 2011-12 onwards separately. However, the projected traffic of 10 lakh tonnes for 2011-12 may not materialize fully as there is considerable delay in the commencement of commercial operation. It is likely that around 4.00 lakh tonnes may be handled during 2011-12 and the net reduction will be 6.00 lakh tonnes. The net royalty reduction will be ₹114 lakhs.

(e). Status of Jetty No.10 and 11:

Jetty No.10 and 11 has separate MOU on identical terms. Based on the loan amount, rate of interest, asset value, depreciation etc. the rate for each year is worked out separately. The MOU for Jetty No.10 expired on 15-10-2009 and Jetty No.11 expired on 31-03-2011. After expiry of MOU Port has no obligation with any party over Jetty No.10 and 11 and therefore normal rate as per SOR is applicable.

(f). Detailed calculations in respect of KIOCL for the year 2006-07 onwards are furnished.

(ii). Income:

(a). RCHW income:

The calculations incorporated in Per Tonne rate and SOR is shown. The only change appeared in Per Ton proposal is that additional levy element is not included whereas in SOR it is part of income.

(b). No additional income from RCHW is there at the proposed rate. It is under deficit only. Further reduction will come because of reduction in iron ore fines due to ban and coal shifting to BOT operation.

(c). It is confirmed that the expenditure of RCHW and Capital employed are all captured in overall cost statement.

(d). This is to confirm that the income from Vessel related charges is estimated at 1UD – ₹45.82 for all years. It is an average rate obtained with reference to the actual for 2010-11.

(e). It is true that a small concession is allowed in Port dues and berth hire at 25% for container vessels and 50% for cruise vessels. Approximately ₹2.00 lakhs each for 2007-08, 2008-09 and ₹10.00 lakh each for 2009-10 and 2010-11 is the amount of concession offered for the container and cruise vessels.

(iii). Major Projects completion:

(a). UPCL project expected to commence in the year 2011-12 has commenced its operations in November 2011.

(b). There will be reduction of 6.00 lakh ton for 2011-12 resulting in reduction of ₹114.00 lakh in the royalty income from UCPL. There is no additional expenditure. However, there will be some reduction in the VR income.

(c). Treatment of Royalty: It will be as per TAMP guidelines. Form 9 shows only UPCL royalty and other income because the Containerised Ore handling facility under PPP has not been materialized yet, due to ban on iron ore export.

(iv). Expenditure:

(a). Port has considered 6% escalation (3% for increment + 3% for IDA) taking the actual expenditure for 2010-11 as the base which is justifiable. But we retained the BE/RE as approved by Government for 2011-12. However, we have not projected the hike which is likely due to wage revision w.e.f. 1-1-2012. For this purpose 15% hike may be considered. In this regard the calculation of wage revision impact based on 2010-11 actual is furnished. The total impact of wage revision estimated by the NMPT for the years 2012-13 to 2014-15 is given below:

Year	**₹ in lakhs**
2012-13	1216.81
2013-14	1289.82
2014-15	1367.21

(b). Further the port has requested to consider the effect of in wage revision on the pension and gratuity contribution at 27% and 8.33% respectively.

(v). Pension Fund:

(a). Actuarial valuation was done by LIC on actual basis of existing employees for 2009-10 and on ad-hoc basis for 2010-11 for want of data of revised wage implementation in respect of RCHW & NMPT separately. This will be done during 2011-12. It is requested that the shortfall to the extent of ₹5.00 crores of 2010-11 may be considered while finalising the tariff proposal.

(b). Normal contribution per year is taken at ₹3000 lakhs. However the addition amount shown in 2011-12 BE/RE is towards purchase of annuity for employees retired between 2008 to 2011 and also re-purchase of annuity already purchased prior to 2007-08.

(c). Subject to (b) above, the provision made would be sufficient. However, the actuarial valuation is done every year to assess the requirements.

(vi). Depreciation:

For the year 2011-12, the port has considered the figure as per the sanctioned budget whereas for all other years the same is worked out based on addition to GB.

(vii). FMI:

(a). License fee may be taken akin to royalty and transferred to escrow a/c by TAMP. However, a small amount of ground rent is also collected from the HMC operators which is included in the general revenue.

(b). HMC is operated on tender basis for a specified term. The Govt. turned down NMPT`s request to renew the HMC on tender basis but advised to adopt PPP model. Hence the reduction.

(viii). Capital Employed:

(a). Major investments – brief details:

		₹ in crores	Date of completion
2012-13	POL Berth (B.No.13)	55.00	2012-13
	Warehouse	5.00	
2013-14	New berth in Western Dock Arm	*30.00	*Project not taken up so far.
	Warehouse	5.00	
	TPC	5.00	
2014-15	New berth in Western Dock Arm	*50.00	
	Improvements to existing berths	8.00	
	Replacement of Floating Crafts	5.00	
	Improvements to Roads	10.00	
	Railway marshalling yard	5.00	

(b). Additional Traffic is considered for projection for the year 2012-13 in respect of new POL Berth (Jetty No.13).

(c). The project of creating anew berth in the Western Dock Arm was planned and accordingly an investment of ₹30.00 crores in 2013-14 and ₹68.00 crores in 2014-15 was exhibited. However, the Government did not approve the investment so far. Hence there is uncertainty of investment. So capacity addition and additional traffic not considered.

(d). The life for Berth is considered as 75 years for the investment proposed in western dock arm and accordingly the percentage of depreciation rate may be arrived at if required to be adjusted.

(e). With regard to ROCE for the past period in respect of MRPL/KIOCL/NMPT the copy of statements are provided for the years 2009-10 & 2010-11 for verification.

(ix). Other issues:

(a). Basis for productivity has been indicated, on an average, taking into account the actual tonnage handled and number of gangs booked in handling that volume of cargo. The data provided in the proposal was based on 2006-07 and 2007-08. The relevant information for the year 2009-10 and 2010-11 is made available.

(b). Impact of Iron ore ban for export may be considered in the income computed on per ton proposal. Similarly, portion of coal shifted from Port handling to BOT operation needs to be adjusted. The total implication is made available.

(c). Maintenance Dredging in the Port is so far accounted on cargo ratio basis as mutually agreed between MRPL, KIOCL and NMPT. On expiry of MOU, it has to be allocated to KIOCL and NMPT only. The basis of allocation shall be cargo ratio since only deep drafted berths are for KIOCL, Oil cargo and one general cargo berth which take maximum expenditure on dredging.

(d). Presently all POL products whether import of crude or export of products is handled in the existing berths and one more product berth will be added (Jetty No.13) in 2012-13. MRPL has commenced a project of building SPM exclusively to handle Crude import in view of enhancing their Refinery capacity in two stages viz. from 12 to 15 MMTPA in 1st stage and then to 18 MMTPA in 2nd stage. The 1st stage of their project is expected to be completed by 2012-13. This has been highlighted in our letter dated 06-08-2011 (ref. para 5) while submitting our revision proposals. It is also highlighted that once MRPL project is commissioned the cargo throughput will reduce in Oil berths and for this purpose, at the instance of MOS, MRPL and NMPT mutually agreed to minimum guaranteed throughput (MGT). However, in NMPT's proposal the oil cargo throughput is considered at optimum level. TAMP may cognize the impact of MGT and afford cushion in the rate since their 1st stage completion falls within the cycle of this revision. For the purpose of calculation of sub activity for POL Port has considered the allocation of expenditure on the basis of Wharf length Ratio, GRT ratio and Cargo ratio. Interest on MRPL loan for Jetty No.10 and 11 for the years 2006-07 to 2010-11 is furnished.

(e). SOR Revision proposals under discussion seek retention of existing rates except upward revision in few minor items. With the changes under discussion NMPT seeks cushion in rates to take care of reduction in the income. Similarly, the deficit in per tone proposal has to be absorbed by the Port from earning elsewhere till it attracts general cargo alternative to Iron Ore Fines. Hence a balanced overall view should be considered in terms of revenue & expenditure vis-à-vis the ROCE.

(x). The NMPT on our request has furnished the cargo-wise average productivity achieved by RCHW for the years 2009-10 and 2010-11.

12.2. To summarise, the following are the main modifications proposed by the NMPT:

(i). The traffic for Iron Ore has been revised taking into account the current scenario and the ban imposed by the Hon'ble Supreme Court of India.

(ii). The traffic projection for the BOT project is commissioned by M/s.UPCL from November 2011. Hence, the traffic (thermal coal) handled by M/s.UPCL has been revised. Accordingly, the royalty projection is also revised.

(iii). The income projection for per tonne rate of RCHW is also proposed to change consequent to change in traffic of iron ore.

(iv). Escalation of 6% may be considered as against 3% envisaged earlier.

(v). 15% increase projected towards salaries and wages consequent to the proposed wage revision w.e.f. 1.1.2012 may be considered.

(vi). The actuarial valuation has been considered only upto 2010-11 and the shortfall to the extent of ₹5 crores may also be considered for finalising the tariff proposal.

(vii). The MGT as mutually agreed between NMPT and MRPL for their commissioning of SPM during 2012-13 needs to be considered by TAMP for a cushion in the POL rate.

12.3. It may be seen that due to the impact of the above proposals, there will be more deficit in the activities warranting revision in rates. Hence, the earlier proposal of port not to affect any change in the tariff except on certain items needs to be reviewed and TAMP is requested to increase the tariff suitably taking into account the proposed changes. Hence, it is requested that the TAMP may kindly consider favourably and take over all view and increase the tariff accordingly including the per tonne rate proposed for the RCHW.

13. The NMPT vide letter dated 22 November 2011 has intimated that port has finalized wharfage rates calculations in respect of Jetty No.10 from the year 2002-03 upto 15 October 2009 (i.e. upto expiry of MOU) and in respect of Jetty No.11 from the year 2002-03 onwards upto 2010-11. These final calculations have been sent to MRPL for verification and confirmation and has agreed to file proposal to TAMP after receiving response from MRPL.

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

15. With reference to totality of information collected during the processing of this case, the following points emerges:

(i). The validity of the Scale of Rates of New Mangalore Port Trust (NMPT) approved by this Authority vide its Order dated 11 May 2006 was till 31 March 2009 which has been extended a couple of times at the request made by the port and the last extension allowed was upto 30 September 2011 subject to the condition of fully adjusting surplus, if any, beyond permissible level in future tariff.

Citing that the accounting procedure followed by the port do not capture the cost position of individual sub activities, the port earlier requested not to insist on sub-activity-wise cost statement in their case. When emphasized the need for filing the sub-activity-wise cost statement as per the format prescribed the port has vide its letter dated 6 August 2011 recast its cost statement based on 2010-11 actuals and has also attempted to file separate sub-activity cost statement for the POL activity and iron ore (KIOCL) under the cargo handling activity. The port has subsequently brought out various recent developments having financial implications viz. fall in iron ore traffic handled in the year 2011-12 due to the ban imposed by the Supreme Court and its consequent effect in the estimates of subsequent years, wage revision of class III and class IV officers due from January 2012, etc. It has requested to consider annual escalation in the cost estimates at 6% instead of 3% considered by the port. The port has not captured the financial impact of these items in the cost statements but has furnished the impact separately.

The revised proposal filed by the NMPT vide its letter dated 6 August 2011, the subsequent submissions made by the NMPT vide its letters dated 5 December 2011 and 8 December 2011 along with submissions made by the port during the processing of the case are considered in this analysis.

(ii). (a). Clause 2.1. of the tariff guidelines mandates 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.

(b). The existing Scale of Rates of NMPT was approved in May 2006 based on the estimated position for the years 2006-07 to 2008-09. In the last tariff Order, cost position of the port as a whole including Mangalore Refinery Petrochemicals Limited (MRPL) and Kudremukh Iron Ore Company Limited (KIOCL) activities (which are governed by separate

MOUs for fixation of wharfage rate) as well as the cost position excluding these two activities were examined to determine the tariff of the NMPT.

(c). Jetty numbers 10 and 11 are used for cargo of the Mangalore Refinery Petrochemicals Limited (MRPL) based on a separate Memorandum of Understanding (MOU) entered between both the parties. This Authority has settled the methodology for computation of wharfage rate as per the MOU, through various orders. The NMPT has reported that MOU in the case of Jetty No.10 ended on 15 October 2009 and in case of Jetty No.11 the MOU came to an end on 31 March 2011.

The NMPT has furnished summary of wharfage calculation for MRPL from the year 2005-06 onwards till 2010 for Jetty No.10 and from 2005-06 onwards till 31 March 2011 for Jetty No.11. The port was advised to confirm whether allocation of expenses between NMPT, MRPL and KIOCL has been done following the methodology prescribed by this Authority for computation of wharfage rate for the MRPL. The port has not given any confirmation in this regard but has stated that it has forwarded the calculation of wharfage rate to the MRPL for verification. A separate proceedings for fixation of wharfage rates for Jetty No.10 and 11 for the period after 2002-03 will be initiated when such proposal is received from the NMPT.

Likewise, wharfage rate for KIOCL are also fixed separately annually with reference to actual expenditure following the methodology decided in the Inter-Secretarial meeting held on 27 May 1992 between the Secretary (Ministry of Surface Transport) and the Secretary (Steel) and mutually agreed proposal from the port and the KIOCL. The wharfage rate for KIOCL has already been fixed till the year 2008-09 based on agreed proposal filed by NMPT. For the subsequent years, proposal from the NMPT is still awaited.

Determination of wharfage rate for the remaining period in the MRPL and for KIOCL cases are separate exercise and can be taken up only when a formal proposals are filed by the NMPT. For the purpose of analysis of past actuals, the cost position for the port as a whole is analysed. The approach followed to analyse the estimated position in the last tariff Order is adopted to analyse the actuals for the years 2006-07 to 2008-09. The analysis for the past period is explained below:

- The income estimates for the years 2006-07 to 2008-09 considered by the NMPT as per the last tariff Order are reduced to the tune of ₹32.62 crores over the three years period with reference to tariff reduction effected in the wharfage rate, RCHW levy and modifications/ changes made in the vessel related and other tariff items.

- The NMPT has stated that it has accorded concession to the extent of 25% in respect of port dues and berth hire for Container Vessels and 50% for Cruise Vessels in respect of Port dues and berth hire. The revenue reported in the Annual Accounts will consider the consequential effect of concession granted to these categories of vessels. For the purpose of analysis of the past period, revenue realisable as per the approved tariff can only be considered and, therefore, the reduction in the revenue due to the concessions granted by the NMPT at its discretion is not considered. The port has indicated the impact of concession allowed in the above tariff items is ₹2 lakhs in each of the years 2007-08 and 2008-09 and ₹10 lakhs in the each of the years 2009-10 and 2010-11. The financial impact of concession/ incentives is added to the actual revenue reported in the respective years.

- Interest income and interest expense (other than the MRPL loan), provision of loss of interest (in the year 2006-07) under the head Finance and Miscellaneous Income (FMI) and Finance and Miscellaneous Expense (FME) are excluded maintaining the position followed in the last tariff Order. The FME reported in the Annual Accounts includes interest component on loan taken for the MRPL jetty as well as interest on other loan and the port has furnished the requisite break up for the years 2006-07 to 2010-11. As per the MOU entered between NMPT with the MRPL, the interest on loan taken from MRPL is admissible for determination of wharfage rate for the Jetties dedicated to the MRPL. Even during the last tariff revision, the interest on the MRPL loan was considered while analyzing the overall cost position of the port. The same approach is followed while analyzing the actuals.

- In the cost statement filed, the port has reported actual income earned by way of license fee to the tune of ₹163.4 lakhs, ₹222.8 lakhs, ₹260.16 lakhs and ₹343.23 lakhs earned during the years 2007-08 to 2010-11 respectively under the head FMI. This pertains to license fee from the authorised service providers deploying Harbour Mobile Crane in the port. During the processing of the proposal for determining hire charge of HMC to be provided by the service provider, this Authority in Order No.TAMP/16/2007-NMPT dated 16 June 2010 has held that the license fee from HMC service provider in their case is akin to royalty in consideration of the licence granted to them to operate in the port and had not admitted that element as a cost in determining the tariff. Clause 2.8.3. of the tariff guidelines stipulates atleast 50% of the royalty/ revenue share is to be transferred to the Escrow Account. The port has taken the license fee from the service provider of HMC to the Escrow Account and stated that the ground rent collected is included in the general revenue of the port. Based on the clarification furnished by the port, the entire license fee from service provider of HMC reported under the FMI is considered to be transferred to the Escrow Account.

- Pension / gratuity contribution allowed in the last tariff Order was ₹600 lakhs in each of the years 2005-06 to 2008-09. The actual pension/ gratuity contribution is reported at ₹2045.18 lakhs, ₹3022.72 lakhs and ₹4253.75 lakhs in the years 2006-07 to 2008-09. The port was requested to explain the reasons for steep increase in the actual contribution to pension/ gratuity vis-à-vis the estimates of the NMPT considered in the last tariff Order. The port has clarified that the correctness and adequacy of the Superannuation Fund and Gratuity Fund has been critically scrutinised by Statutory Audit and suitable action as suggested by Audit has been initiated by the port to ensure that sufficient balance is built up in both the Funds and the contribution made to the two funds is based on actuarial valuation is taken from LIC every year to make good the deficiency. It has also confirmed that no liability pertaining to the past period is included. Based on the clarification furnished by the NMPT, the actual contribution made to the Pension/ Gratuity Fund reported in the Annual Accounts of the respective years is considered.

- The actuals for the year 2008-09 include provision made towards leave encashment to the tune of ₹1132.28 lakhs. The port has clarified that the introduction for the provision of Leave Encashment Fund came into effect from the 2008-09 as suggested by the Audit and hence this was not taken into consideration in the last tariff revision. Since the provision made towards leave encashment in the year 2010-11 is reportedly for the past period and it is not considered for the subsequent years or in the estimates for future years 2011-12 to 2014-15, this item is considered. Even while finalizing the general revision of V.O. Chidambaranar Port Trust, similar provision for leave encashment was allowed while analysing the final cost position for the past period.

- The NMPT has not calculated working capital based on clause 2.9.9. of the tariff guidelines for the years 2006-07 to 2008-09. The current assets in terms of Debtors, Inventory and Cash balances are worked out by us as per the norms stipulated in the guidelines. The items of current liabilities corresponding to the current assets are considered as reflected in the Annual Accounts. The figures of working capital so derived turns out to be negative. As a result, the working capital is considered as NIL. In short, the net fixed assets as reported in the Annual Accounts are considered as the capital employed.

- The designed capacity of the port furnished by NMPT is 435 lakh tonnes in 2007-08 and 442 lakh tonnes per annum for each of the years 2008-09 to 2010-11. The port has not indicated the designed capacity for the year 2006-07 and hence it is considered at 353 lakh tonnes as considered in the last tariff revision. Taking into account the overall traffic handled at NMPT during the said years, the capacity utilization with reference to the total designed capacity of the port works out to above 97.28%, 81.49%, 83.01%, 80.38% and 71.38% in the years 2006-07 to 2010-11 respectively. Since the capacity utilization is more than 60%, the Return on Capital employed i.e. NMPT assets excluding the MRPL and KIOCL assets is calculated @ 15% on the business assets and 6.35% on business related assets as allowed at the level in the last tariff Order for the years 2006-07 to 2008-09. For the years 2009-10 and 2010-11, 16% return on business assets is allowed for both the years and for business related assets 8.40% and 8.14% return is allowed for the said two years.

- The return allowable in the case of the MRPL and the KIOCL are governed by separate MOU arrangements for fixation of wharfage rate and hence this position is to be recognized while analyzing the actuals. It is relevant to state here that the calculation of the wharfage rate for MRPL jetties furnished by the NMPT for the years 2006-07 to 2010-11 has not yet been verified by the MRPL. The position reported by the NMPT is, therefore, relied upon and considered while analysing the actuals.

  The net fixed assets in the Annual Accounts segregates the next fixed assets for the MRPL (both phase I and Phase II) and for the KIOCL. In the case of KIOCL, fixed return of ₹241.80 lakhs is admissible annually @ 6% on ₹40.80 crores following the methodology decided in the Inter-Secretarial meeting held on 27 May 1992 between the Secretary (Ministry of Surface Transport) and the Secretary (Steel) and agreed by both NMPT and the KIOCL in this regard.

  In the case of assets relating to the MRPL, this Authority in the Order No.MF/NMPT/56/97-TAMP dated 19 July 2000 in the Order relating to few items of dispute between the NMPT and the MRPL in the method of calculation of wharfage rate for the MRPL jetty had decided that 3% return should be allowed on the MRPL assets and repayment of the MRPL loan should also be considered in the calculation of the wharfage rate. In the same Order this Authority had held that the port is entitled to claim 18% return on the common assets of the port directly or indirectly relating to handling of the MRPL cargo. Subsequently, in the Order passed on 9 August 2001 relating to general revision of tariff at NMPT, it was clarified that the installment of loan repayment must be considered in computation of wharfage rate only to the extent it is in excess of the depreciation reckoned in the calculation. Wharfage rate determined for the MRPL Jetty No.10 for the years 1996-97 to 1999-2000 and for the years 2000-01 and 2001-02 is based on the above methodology prescribed by this Authority.

Flowing from the decision of this Authority in the earlier Orders, 3% return on the MRPL assets is considered for the past period 2006-07 to 2010-11. Repayment of loan is captured separately from the overall surplus position and explained subsequently.

It may be relevant to state here that 18% return on the port assets then prescribed in this Authority's Order of 19 July 2000 was based on the 3% mandatory contribution required to be made by the port each towards reserve for renewal, replacement and modernisation of capital assets and reserve for development, repayment of loan and contingency and balance 12% being the cost of debt. This was the approach followed for allowing return prior to 2005 guidelines. The tariff guidelines of 2005 announced by the Ministry of Shipping prescribe return to be allowed on Capital Employed (ROCE), both for Major Port Trusts and Private Terminal Operators, at the same pre-tax rate, fixed in accordance with the Capital Asset Pricing Model (CAPM). As per the 2005 tariff guidelines, 15% return is allowed for the years 2005-06 to 2008-09 and 16% from 2009-10 onwards on business assets. The NMPT seems to have computed 18% return on the capital employed on common assets of the port for MRPL activity as against admissible ROCE as per the tariff guidelines of 2005. On the entire NMPT assets, return @ 15% per annum is allowed for the years 2006-07 to 2008-09 as allowed in the last tariff Order. For the subsequent years 2009-10 onwards, 16% return is allowed as decided by this Authority. As stated earlier, working capital calculated by the NMPT is not in conformity with the tariff guidelines of 2005. In our analysis, the working capital is assessed based on the norms prescribed in the tariff guidelines and its comes negative and hence is considered as nil for NMPT as well as for MRPL. To this extent the computation of ROCE has been corrected.

(iii). A summary of the comparison of the aggregate of the estimates considered in the last tariff Order vis-à-vis the estimates for the years 2006-07 to 2008-09 is tabulated below. The actual position with reference to 2009-10 and 2010-11 is shown separately in the table hereunder:

Particulars	Aggregate for the years 2006-07 to 2008-09 (₹ in lakhs)				Aggregate for the years 2009 and 2010-11 (₹ in lakhs)		
	Estimates as per tariff Order	Actuals	Variation in absolute terms	Variation in %	Actuals for 2009-10	Actuals for 2010-11	Total for the years 2009-10 and 2010-11
Traffic (in lakh tonnes)	1185.00	1070.50	(-)114.50	(-)9.7%	355.28	315.50	670.78
Operating Income	79464.74	82827.13	3362.39	4.2%	31855.01	30800.67	62655.68
Total Expenses (including depreciation)	48880.22	52395.13	3514.91	7.2%	22502.05	22796.56	45298.61
Surplus before Return	30584.52	30432.00	(-)152.51	(-)0.5%	9352.96	8004.11	17357.07
Capital Employed (Average)	71361.29	52341.68	(-)19019.61	(-)26.7%	57772.65	57139.23	57455.94
Return on Capital Employed	20884.65	13137.99	(-)7746.66	(-)37.1%	6655.32	7722.25	14377.57
Net Surplus after ROCE	9699.87	17294.01	7594.14	78.3%	2697.64	281.86	2979.50

* *The estimates of operating income are updated to reflect the reduction in revenue due to reduction effected in the last tariff Order in the wharfage, RCHW levy, and other modifications approved in the vessel related and other charges approved in the last tariff revision Order.*

It may be relevant to state here that in the last Order the surplus relating to the MRPL and KIOCL was estimated to the tune of ₹8233.76 lakhs which was towards repayment of loan not captured in the overall cost statement and not considered while determining final tariff reduction effected in the SOR of NMPT. The wharfage calculation of the MRPL is a separate exercise and as mentioned earlier, the NMPT has not filed the proposal for determination of wharfage rate for the Jetty Nos.10 and 11 for the period beyond 2002-03. As per the methodology prescribed for calculation of wharfage rate for MRPL, repayment of loan in excess of depreciation is admissible in the case of MRPL loan. Further interest on escrow account is also to be allowed while determining the tariff of the MRPL. Since these adjustments are not captured in the overall cost statement, they are to be considered from the overall surplus determined for the past period.

The port has furnished the details of loan repayment in excess of depreciation and the interest on escrow account in its calculation of wharfage rate for Jetty Nos.10 and 11 for the year 2005-06 onwards till 2010-11 which are relied upon only for the purpose of analysing the past performance, as no separate proposal in this regard is yet received from the port. The effect of above adjustments as per the details furnished by NMPT is ₹1783.0 lakhs, ₹1008.24 lakhs, ₹1553.36 lakhs for the years 2006-07 to 2008-09 and ₹1848.66 lakhs and ₹632.66 lakhs in the year 2010-11.

Apart from the above, this Authority in the last tariff Order had directed short recovery of D.A. arrears pertaining to RCHW to the tune of ₹142 lakhs to be met from the surplus. Hence while assessing the actual surplus for the past period, the expenditure of ₹1.42 crores towards D.A. arrears is also to be factored.

After the above adjustments, the aggregate surplus for the years 2006-07 to 2008-09 stands at ₹12807.41 lakhs.

As can be seen from the above table, the variation in the physical performance and operating income/ expense is less than + / - 20%. Though the total actual traffic handled for the years 2006-07 to 2008-09 is 9.7% lower than the estimated level, the actual operating income shows a rise of 4.2% during the said period. The operating expense shows a drop of 6.8%. The variation in FME less FMI is found to be 177% higher than the estimated level mainly because the higher contribution made to Pension fund reportedly based on the actuarial valuation to build the fund to meet the liability. The variation in the estimates vis-à-vis the capital employed and return on capital employed is found to be more than 20%. After considering the loan repayment to the MRPL loan, it is observed that the NMPT has on an average earned return of 16.6% on the capital employed as against 10% average overall return allowed in the last tariff Order (considering the reduced rate of return allowable 3%/ 6% on the MRPL and KIOCL assets). As per clause 2.13 of the tariff guidelines, if review of actual physical and financial performance for the previous tariff cycle shows the variation of more than + or - 20%, then 50% of such accrued benefit / loss has to be adjusted in the next tariff cycle. Therefore, there is a case to adjust past surplus in the current tariff cycle of NMPT. The above details are given in the following table:

(₹ in lakhs)

Particulars	2006-07	2007-08	2008-09	Average
(i). Actual Surplus before Return earned by NMPT	9216.87	9898.72	11316.41	10144.00
(ii). Repayment of MRPL Loan for jetty 10 and 11 (in excess of depreciation and after considering interest income on escrow account as furnished by NMPT)	1783.00	1008.24	1553.36	1448.20
(iii). Actual Surplus after adjustment of prepayment of MRPL loan as in (ii) above	7433.87	8890.48	9763.05	8695.80
(iv). Actual Capital Employed	51709.95	52112.89	53202.21	52341.86
(v). Actual Return earned on capital employed	14.4%	17.1%	18.4%	16.6%

The actual return achieved by the NMPT during the said two years is 16.6% as against 9.8% allowed in the last Order (considering the reduced return admissible in the case of MRPL and KIOCL assets as per their respective MOUs) and hence there is a case to adjust 50% surplus earned in this period.

(iv). The validity of the existing Scale of Rates of NMPT has been extended beyond 31 March 2009, subject to the condition that the surplus over and above the admissible cost and permissible return accruing to NMPT for the period after 1 April 2009 will be set-off fully, in the tariff to be fixed for the next cycle. The cost statement for the years 2009-10 and 2010-11 is prepared following the same approach explained in the preceding paragraphs for the period 2006-07 to 2008-09.

As per the cost statement, the NMPT has earned an aggregate additional surplus to the tune of ₹2979.50 lakhs over and above the admissible cost and permissible return, during the years 2009-10 and 2010-11. The NMPT during the processing of this case has stated that the actual contribution made to the Pension Fund during the year 2010-11 is short by ₹5 crores as per the actuarial valuation and hence has requested to consider its effect while revising its tariff. Relying on the position reported by the NMPT, shortfall in the contribution made towards the Pension Fund is allowed from the overall surplus assessed for the years 2009-10 and 2010-11. Repayment of MRPL loan in line with the approach followed in the analysis of the past period 2006-07 to 2008-09 is also considered at ₹2481.30 lakhs as indicated by NMPT. After the above adjustment, there is a deficit of ₹1.80 lakhs which is adjusted from the overall surplus for the past period.

Since the year 2011-12 will draw to a close by the time this Order is implemented, the cost position reflected based on the estimates furnished by the NMPT which is analysed subsequently is also considered as part of the past period adjustment subject to review of actuals during the next tariff revision exercise. If the variation is found to be more than the level prescribed in the revised tariff guidelines, it shall be adjusted in the next tariff validity cycle.

To summarise, the total surplus (after permissible return) for the years 2006-07 to 2010-11 actuals and after adjustment of surplus reflected in the cost statement for the year 2011-12 (estimates) that is being considered for adjustment in the current tariff cycle is as follows:

(₹ in lakhs)

Particulars	**Net Surplus/ Deficit**	**To be set off in future tariff**	**Amount to be set off**
Aggregate actual net surplus for the years 2006-07 to 2008-09	12807.41	50%	6403.70
Aggregate deficit for the years 2009-10 and 2010-11	-1.80	100%	-1.80
Net surplus for the year 2011-12 (estimates)	502.90	100%	502.90
Total past period surplus considered for adjustment			6904.80

It may be relevant to state here that in order to smoothen the fluctuation in tariff and to avoid artificially bringing down the tariff in one cycle, this Authority has decided to adjust past surplus over longer period of five years in some other cases. In the instant case, the adjustable past period surplus of ₹6904.80 lakhs is to be set off over a period of five years beginning from 2012-13 in line with the approach followed in few other cases.

The port is advised to transfer ₹5 crores shortfall to the Pension in the year 2011-12 from the aggregate actuals surplus assessed for the years 2009-10 to 2010-11 as explained earlier.

(v). The tariff guidelines indicate a tariff validity cycle of three years. The tariff proposal initially filed by the NMPT contained projections for three years viz. 2011-12 to 2013-14. Subsequently while updating the estimates of 2010-11 with reference to actuals it has furnished revised estimates for the years 2011-12 to 2012-13 and has also furnished estimates for the year 2014-15. It has to be recognized that year 2011-12 will nearly draw to a close by the time this Order is implemented. Hence as stated earlier the estimates of 2011-12 subject to modification explained in the preceding paragraphs is considered as part of adjustment of past period. The tariff is, therefore, to be determined based on the estimates for the three years 2012-13 to 2014-15.

(vi). The total actual traffic handled at the NMPT during the year 2010-11 is reported to be 315.50 lakh tonnes. As against this, the overall traffic is projected by the NMPT is 330 lakh tonnes, 360 lakh tonnes, 401 lakh tonnes and 449 lakhs tonnes for the years 2011-12 to 2014-15 respectively.

The port has clarified that traffic estimates are generally in line with figures adopted for Plan/ Non-Plan Budget of the Port which is again linked with Five year Plan and Business Plan as directed by the Ministry. It has, however, updated the traffic projections based on the latest position obtained for the iron ore traffic in view of the ban imposed on export of this cargo by the Hon'ble Supreme Court.

The NMPT has stated that the traffic of iron ore (other than KIOCL) projected in the cost statement at 3.1 lakh for the year 2011-12 will not materialize based on the actual position ascertained for the year 2011-12 and has requested to consider it at 0.5 lakh tonnes. The port has stated that iron ore export is banned by the Hon'ble Supreme Court which is likely to continue in the near future. It has, therefore, requested that the iron ore traffic other than KIOCL traffic for the subsequent years estimated at 12.00, 13.00 and 15.00 lakh tonnes earlier may not be considered as this traffic is not likely to come. The position reported by the NMPT is relied upon except considering a nominal traffic of iron ore at 1 lakh tonne per annum for each of the years 2011-12 to 2014-15 based on the actual traffic of 0.49 lakh tonnes reportedly handled by the port in the year 2011-12 till November end 2011.

It is relevant to state here that during the advance stage of processing of this case, the NMPT has stated that the MRPL in view of their project to enhance the refinery capacity proposes to build SPM in the port exclusively to handle Crude import. The port has stated that the first stage of the MRPL SPM project is expected to be completed by 2012-13 and once MRPL project is commissioned, the POL cargo throughput in port oil berths may reduce. Hence, at the instance of Ministry of Shipping, the MRPL and NMPT have mutually agreed to a Minimum Guaranteed Throughput of 7.25 Million tonnes at the port berth and 5.50 Million tonnes at SPM when the refinery capacity of MRPL is increased to 15 MTPA and of 8.30 Million tonnes at the port berth and 7.00 Million tonnes at SPM when the refinery capacity of MRPL is increased to 18 MTPA as against the current refinery capacity of 9 MTPA. The MGT entered by the port is found to be lower than the actual volume of crude and POL handled by the MRPL. The NMPT has confirmed that the oil cargo throughput estimated in the current tariff cycle is at optimum level and not at the MGT level. The traffic of crude and POL projected by the NMPT from the MRPL is in the range of 20.9 million tonnes to 26.14 Million tonnes during the years 2012-13 to 2014-15 which is more than the MGT level agreed by it. The POL traffic projected by the NMPT is considered in this analysis.

The port has projected the volume of POL to increase by 2.8 million tonnes in the year 2012-13 with commissioning of a new Jetty No.13 (POL berth). However, the effect of the new SPMs likely to be operational soon is not considered as stated earlier. Though the Port has not furnished any details of the BOT arrangement, it has confirmed that the BOT operator M/s.UPCL has already commissioned the operations from November 2011 and the thermal coal traffic likely to be handled by UPCL will be 4 lakh tonnes in the year 2011-12 as against 10 lakh tonnes estimated by the port earlier.

Apart from the above modification relating to iron ore traffic (other than KIOCL) the traffic projection assumed by the NMPT for the years 2011-12 to 2014-15 is relied upon. The modified traffic considered in the cost statement is 327.90 lakh tonnes, 349 lakh tonnes, 389.00 lakh tonnes and 435.50 lakh tonnes in the years 2011-12 to 2014-15 respectively.

Based on the above position, the volume of traffic exclusively to be handled by the port (excluding the BOT operator UPCL) shows a growth of 3.9% in the year 2011-12, 6.4% in the year 2012-13, 11.5% and 12% in the subsequent two years 2013-14 and 2014-15 despite significant fall estimated in the iron ore traffic. If any financial advantage is found to have accrued to the NMPT due to wrong estimation or due to relying on the presumption of the NMPT with reference to ban on iron ore traffic, adjustment will be made in the tariff at the time of next tariff review.

(vii). (a). The NMPT has stated that it will receive royalty from the private operator UPCL. Creation and maintenance of a separate escrow account for revenue share/ royalty receipts is mandated by the Government policy as contained in clause 2.8.3. of the revised tariff guidelines from the year 2005-06. As per the clause 2.8.3 of the guidelines for tariff fixation, the revenue share/ royalty receivable from the BOT operators is to be first applied to meet cost of surplus labour, if any, and thereafter at least 50% of the balance should be maintained in an Escrow Account for the purpose of creation and/ or modernisation of the port infrastructure facilities within a period of five years.

(b). The port has furnished the estimation of royalty receipts from the UPCL. There is a mismatch in the traffic of the BOT operator indicated by the port in the traffic projections (Form 2A) and in the royalty calculation. For the year 2011-12, the revised traffic of the BOT operator indicated by the NMPT at 4 lakh tonnes is considered. For the subsequent years, traffic of the BOT operator is considered at 20 lakh tonnes, 22 lakh tonnes and 22.50 lakh tonnes in the years 2012-13 to 2014-15 respectively. The port has indicated the royalty/ revenue per TEU from UPCL is ₹19 per tonne which is relied upon for estimating the income from royalty. Accordingly, the royalty receipt for the years 2011-12 to 2014-15 is estimated at ₹76 lakhs, ₹380 lakhs, ₹418 lakhs and ₹427.50 lakhs respectively.

The NMPT has indicated there is no surplus labour. It has stated that 50% of the royalty will be transferred to the Escrow Account and taken into account for infrastructure development of the port. The port has, however, not treated the balance 50% as revenue of the port under cargo handling income. In our analysis, 50% of the royalty receipt for each of the years is transferred to the escrow account and the balance 50% is treated as income complying the provision in the tariff guidelines.

To our query about revenue share anticipated from the new PPP projects envisaged to be commissioned in this tariff cycle, the NMPT has confirmed that no other PPP project is likely to be implemented in current tariff cycle. The position reported by the NMPT is relied upon.

(c). The guidelines stipulate that the transfers made to the Escrow Account has to be utilised within five years period for creation/ modernisation of port infrastructure. As stated earlier, the license fee received from the service provider of HMC akin to royalty has been transferred to the escrow account from the year 2007-08 onwards. Hence, these receipts are to be transferred to the Escrow Account in the year 2007-08 to the extent of ₹163.4 lakhs is to be utilised within five years period i.e. 2011-12. Like wise, the receipts transferred to the Escrow Account in the years 2008-09 to 2010-11 to the tune of ₹222.88 lakhs, ₹260.16 lakhs and ₹343.23 lakhs are considered to be deployed to meet the capex in each of the years 2011-12 to 2013-14.

The port has not shown withdrawal of any funds from the Escrow Account in the current tariff cycle though it has admitted in the statement giving the royalty calculation from UPCL that the funds will be deployed from the Escrow Account for infrastructure development of the port within five years. In the absence of any information about deployment of funds from the Escrow Account furnished by the NMPT for the years 2011-12 to 2014-15, the funds pertaining to the transfers made to the Escrow Account in the years 2007-08 to 2010-11 are considered to partly meet the capital expenditure under the cargo handling activity where major additions are proposed to the gross block of the assets in this tariff cycle.

(d). The year-wise details of the actual inflows and outflows regarding the royalty receipts and investment from the Escrow Account for the years 2007-08 to 2010-11 and estimated position for the years 2011-12 and 2014-15 are tabulated below:

(**₹ in lakhs**)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
1. Opening balance in Escrow Account	0	163.40	386.28	646.44	989.67	1314.27	1692.10	1983.55
2. Royalty/ revenue share Receipts								
(a). Receipts from HMC operator	163.40	222.88	260.16	343.23	450.00	345.00	258.00	258.00
(b). Royalty receipt estimated from UCPL	0	0	0	0	76	380	418	427.50
3. Revenue share transferred to Escrow Account minimum 50% of royalty receipts	163.40	222.88	260.16	343.23	38	**190**	**209**	**213.75**
4. Interest on royalty receipts computed from 2012-13 with reference to opening balance in Escrow Account balance @ 5% per annum #	-	-	-	-	-	65.71	84.61	99.18
5. Withdrawal from Escrow Account for creation of infrastructure assets	0.00	0.00	0.00	0	163.40	222.88	260.16	343.23
6. Closing Balance (1+3+4-5)	**163.40**	**386.28**	**646.44**	**989.67**	**1314.27**	**1692.10**	**1983.55**	**2211.25**

(# Interest is computed on Escrow Balance from 2012-13 onwards only as the prior period license fee received from HMC akin to royalty is considered to be treated in Escrow Account only in this analysis and has not been actually transferred by the port.)

As per the above table, the balance in the Escrow Account at the end of the financial year 2014-15 is estimated to be ₹2211.25 lakhs.

(viii). (a). The NMPT has stated that the income computation has been made with reference to estimated traffic and existing Scale of Rates for each item of cargo but it has not provided detailed computation of estimated income with reference to the estimated traffic and the existing rate despite request. Modifications done in the estimation of income is explained hereunder.

(b). As stated earlier, the iron ore traffic (other than KIOCL) is considered at 1 lakh tonne per annum based on the traffic handled in the year 2011-12. The NMPT has estimated reduction in the cargo, vessel and RCHW revenue to the tune of ₹219.63 lakhs, ₹1018.91 lakhs, ₹1109.98 lakhs and ₹1287.96 lakhs during the years 2011-12 to 2014-15 respectively due to uncertainty prevailing in handling iron ore traffic.

As stated earlier, iron ore traffic (other than KIOCL) is, however, considered at 1 lakh tonne per annum. Hence, the effect of reduction in the income estimated by NMPT is modified to that extent. Further, as stated earlier, 50% of the royalty receipt from the UPCL is treated as revenue under the cargo handling income and balance 50% is transferred to the Escrow Account.

(c). The existing Scale of Rates of the NMPT prescribes the levy for deployment of labour from Registered Cargo Handling Wing (RCHW) as a percentage of wages. The port has filed a separate proposal for fixation of tariff for RCHW on per tonne basis. The port has not filed separate activity-wise cost statement for the RCHW in the general revision proposal but has confirmed that the overall income and expenditure of the RCHW has been considered as the part of the cargo handling and storage activity. The port has confirmed there is no overlapping of income and cost elements in the two proposals. It is observed that the income from RCHW considered by the NMPT in the general revision proposal is different from the income estimated by the port in the RCHW proposal which is being processed separately.

In the general revision proposal, the port has included income from RCHW which is estimated at the existing levy. In the separate proposal filed by the port, it has proposed to restructure the existing percentage levy system to tonnage basis. The port has furnished detailed working of the income from RCHW at the proposed rate. The income from the RCHW levy estimated by the port at the proposed rate in the separate proposal is modified with reference to the revised iron ore traffic. Further, the rate proposed for deployment of labour from RCHW for a few cargo items like iron ore, coal, coke, limestone handled by HMC is proposed to be corrected in that proposal. Thus, the revised income from RCHW from the proposed per tonne rate estimated at ₹2069.94 lakhs in the year 2012-13, ₹2218.61 lakhs in the year 2013-14 and ₹2586.75 lakhs in the year 2014-15 are considered in this analysis. For the year 2011-12, the revised income estimated in the RCHW proposal at the existing levy i.e. ₹2198.38 lakhs is considered as estimated in the RCHW proposal which takes into consideration the effect of reduction in the iron ore traffic and the annual escalation at 6% instead of 3% on the wage and levy income.

Subject to above modification, the total cargo related income is estimated at ₹24368.67 lakhs for the year 2011-12, ₹25850.56 lakhs in the year 2012-13, ₹28649.82 lakhs in the year 2013-14 and ₹32030.31 lakhs in the year 2014-15.

(d). As regards the estimated vessel related income, the modification is done with reference to the reduced revenue from the iron ore vessels reported by NMPT by including revenue from such vessels to the tune of 1 lakh of iron ore to be handled per annum.

It is seen in the revised proposal filed by the NMPT that the vessel related income for the years 2011-12 and 2014-15 is estimated at exchange rate of 1 US$ = ₹45.82 with reference to the dollar denominated vessel related charges earned from foreign-going vessels. The breakup of the vessel related earnings from foreign going vessel and coastal vessel has been furnished by the NMPT. The vessel related income with reference to foreign going vessel are updated with reference to the average exchange rate obtained for the period April 2011 upto November 2011 is 1 US$ = ₹46.42, instead of solely relying upon the current high level of exchange rate.

When advised to consider the income anticipated from allotments of land made or to be made by the port to PPP operators on BOT basis in this tariff cycle in the cost statement, the port has clarified that the issue of allotment of lands in respect of projects under PPP mode will be only after the current tariff cycle and hence no income from new PPP projects is estimated. The port has estimated income from vessel related charges, marshalling yard as well as from lease rentals on account of the BOT operator (UPCL). But, the port has not captured these income from BOT operator in cost statement, though these revenue will accrue to the Port. Estimated income on this account furnished by the NMPT has, therefore, been factored in the relevant cost statement subject to modifying income from vessel and marshalling yard for the year 2011-12 estimated by the NMPT for full year of 2011-12 to five months in our analysis as the operator is reported to have commenced the operations only in November 2011.

Subject to the modifications explained above, vessel related income is estimated at ₹6859.85 lakhs for the year 2011-12, ₹7882.05 lakhs in the year 2012-13, ₹8740.84 lakhs in the year 2013-14 and ₹9805.59 lakhs in the year 2014-15.

(ix). As per clause 2.6.2. of the tariff guidelines manning scale/ datum for different services has to be reckoned at the levels followed by port based on various settlements. It also states that with the technological changes in operation, the port should take necessary action to conduct time and motion study and regularly adjust manning scale/ datum accordingly after due process of law. The National Tribunal Award of 2006 has been notified on manning scales for implementation by the port. The port has clarified that the revised manning scales has been implemented in its port from 12 August 2009 and the effect is captured in its proposal for fixation of levy on tonnage basis for deployment of workers from Registered Cargo Handling Labour Wing (RCHW) which is being processed separately. Regarding the review of datum, the port has stated that it would take some more time due to impending problems connected with the existing agreements and other labour issues. It has clarified that the matter is being discussed with the Port Users and is being pursued vigorously. The port has stated that non revision of datum will not have any impact on the per tonne rates proposed for RCHW as incentive is not a part of it. This Authority would like to advise the port to take immediate action to revise the datum as stipulated in clause 2.6.2 of the tariff guidelines of March 2005.

(x). Clause 2.7.1 of the Tariff guidelines of March 2005 stipulates that for the purpose of depreciation of assets straight line method following the life norms adopted as per the Companies Act will be allowed in the case of Port Trusts. On a specific query NMPT has clarified that depreciation is adopted as accounted in the Audited Annual Accounts which is in conformity with the Rules and Regulation fixed by the Government of India. Accordingly, depreciation is calculated on straight line method adopting the life norms fixed by the Government. While the estimates of depreciation furnished by the port are relied upon in this analysis, the NMPT is advised to adhere to the norms prescribed in the tariff guidelines during the next review of its tariff. As the additions to capital asset is modified as explained in the later part of this analysis, the depreciation estimate is modified in line with the changes made in the additions to the gross block.

(xi). Clause 2.5.1. of the revised tariff guidelines requires that the expenditure projections of the major ports/ terminal operators should be in line with traffic adjusted for price fluctuations with reference to current movement of Wholesale Price Index (WPI) for all commodities as announced by the Government of India.

The port has stated that expenditure projection for salary and wages for the first year i.e., 2012-13 is escalated by 6% and at 3% for subsequent years. For other items of expenditure the escalation is by 5% annually.

The analysis of the cost statement filed by the NMPT shows that the total operating expenditure and the management and general overheads (excluding depreciation) is estimated at ₹21143.30 lakhs for the year 2011-12 as against the actual expenditure of ₹16638.49 lakhs reported in the previous financial year 2010-11. The increase estimated in expenditure for the year 2011-12 which is considered as the base for estimating the expenditure of future years is 27.07% over the actuals reported in the previous year. For the subsequent year 2012-13, the total expenditure show 17.5% reduction over the previous years estimates and for the years 2013-14 and 2014-15 the increase in the total expenditure is found to be 5.47% and 4.13% over the estimates for the respective previous years.

This Authority has decided to allow an escalation factor of 6% for the expenditure projections in all tariff cases of major ports and private terminals to be decided in the financial year 2011-12 as communicated to all Major Port Trusts and Private Terminal including NMPT under cover of our letter No.TAMP/27/2005-Misc dated 11 July 2011. Accordingly, the estimates furnished by the NMPT are modified applying the annual escalation of 6% for each of the years 2011-12 to 2014-15 over the actuals/ estimates of the respective previous years.

Subsequent to filing the revised cost statement, the NMPT has made further submissions with reference to its proposal wherein it has stated that the estimates furnished by the port do not consider the impact of wage revision for Class III and IV employees from 1 January 2012. It has requested to consider the impact of wage revision at 15% of the wage cost estimated in 2011-12 and has furnished impact at ₹1216.81 lakhs for the year 2012-13. For the subsequent years, 6% annual escalation is estimated. In a recent proposal filed by the Mumbai Port Trust (MBPT), the impact of the wage revision for Class III and Class IV due from January 2012 is considered at 15%. This is also in line with wage revision impact allowed in the other general revision cases of Major Port Trust with reference to earlier wage revision. The impact of wage revision estimated by the NMPT at 15% of the wage cost estimates of the previous year 2011-2012 is captured in the estimated operating expenditure and management and general overheads for the period 2012-13. For the subsequent years 2013-14 and 2014-15, 6% annual escalation in this cost item is considered as estimated by the NMPT.

(xii). The Finance and Miscellaneous Income (FMI) excluding the interest income estimated by NMPT is ₹765 lakhs in 2011-12, ₹743 lakhs for the year 2012-13 and ₹508 lakhs in each of the years 2013-14 and 2014-15 as against actual FMI of ₹1692.55 lakhs considered for the year 2010-11. The port has clarified that the estimates of the FMI are as per revised Budget Estimates of the year 2011-12. In view of the clarification furnished by the NMPT the estimates furnished by the NMPT is relied upon and considered. The port has clarified that the FMI during the years 2013-14 and 2014-15 shows a drop as it estimates reduction in the license fee from the HMC once the existing contract of HMC is over. The new contract is proposed to follow the PPP model and it anticipates reduction in this revenue. As explained in the analysis for the past period, the license fee which the port has also admitted is akin to royalty has been treated as transferred to the Escrow account. Subject to the above modification the FMI considered in the cost statement is ₹315 lakhs in the year 2011-12, ₹398 lakhs for the year 2012-13 and ₹250 lakhs in each of the years 2013-14 and 2014-15.

(xiii). The Finance and Miscellaneous Expenditure (FME), for the year 2011-12 is estimated by NMPT at ₹5895 lakhs as against ₹5662.94 lakhs considered for the previous year 2010-11. For the subsequent three years, the port has estimated FME uniformly at ₹4095 lakhs without considering any annual escalation in this cost item. The estimates furnished by the NMPT is relied upon and considered subject to capturing the effect of the impact of wage revision due for Class III and Class IV officers from 1 January 2012 on the contribution to the Pension Fund at 27% and 8.33% of the wage revision impact as stated by the NMPT.

Based on the above analysis, the modified FME considered by us is ₹4524.90 lakhs, ₹4550.69 lakhs and ₹4578.04 lakhs in the years 2012-13 to 2014-15 respectively.

(xiv). It has clarified that railway handling including movement of cargo and railway rakes with in and out of railway siding is provided by Railways at the request and cost to the users. The port levies marshaling yard charges approved by this Authority and prescribed in its existing Scale of Rates for the port infrastructural facilities provided thereat which is understood to have been captured in the cost statement relating to railway activity. That being so, the cost position relating to the railway activity (i.e. marshaling yard) is considered while determining the tariff based on overall cost position of the port.

(xv). (a). The NMPT has proposed additions to its gross block of assets to the tune of ₹46 crores in year 2011-12, ₹60 crores in the year 2012-13, ₹40 crores in the year 2013-14 and ₹78 cores in the year 2014-15.

(b). Port was requested to indicate the present status of the proposed additions to the gross block of assets in its proposal. The NMPT has clarified that the additions proposed are as per plan/ non-plan expenditure in the Budget Estimates of the year 2011-12. The additions to the gross block proposed during the year 2011-12 are relied upon and recognised as proposed by the NMPT.

(c). Of ₹60 crores additions proposed in the year 2012-13, the major investment of ₹55 crores relates to construction of Jetty No.13 i.e. POL Berth. The port has estimated the capacity additions to increase by 7.8 million tonnes in the year 2012-13 on account of the proposed investment and the traffic estimates of POL is also projected to increase by 2.8 million tonnes in the year 2012-13. Since the effect of the proposed investment on Jetty No.13 is captured in both the capacity and the traffic, proposed investment is considered as estimated by the NMPT.

(d). With reference to the capital cost additions estimated in the years 2013-14 and 2014-15, the major investment proposed relates to construction of new berth on Western Dock estimated at ₹30 crores and ₹50 crores in the years 2013-14 and 2014-15 respectively. The NMPT has indicated that no action has been initiated on this project as the Government has not approved the proposed investment. Since the Government has not approved the proposed project, the additions proposed to the gross block towards construction of Western Dock in the said two years are not considered in the current tariff cycle. Consequently, calculation of depreciation is also suitably modified. In case, the proposed investment materializes and the berth is commissioned in this cycle, then the NMPT is allowed to come up with a suitable tariff proposal.

(e). As stated earlier, in line with the stipulation in the tariff guidelines, the port is not entitled to claim return on assets considered in our analysis to be funded from Escrow Account. The net fixed assets proposed to be utilised from escrow account is separately shown as exclusion from the capital employed and not considered for allowing return in line with the tariff guidelines.

(f). The position in respect to the Capital Employed estimation considered by us in the cost statement for the purpose of allowing return is given in the following table:

(**₹ in lakhs**)

Sr. No.	Particulars	2011-12 (Estimates)	2012-13 (Estimates)	2013-14 (Estimates)	2014-15 (Estimates)
A.	**Capital Employed at the end of the year**	**59185.76**	**62837.46**	**61670.14**	**62280.12**
B.	**Utilisations from Escrow Account**				
(i).	Assets considered to be funded from Escrow Account during the year	163.40	222.88	260.16	343.23
(ii).	Cumulative utilisation from Escrow Account	163.40	386.28	646.44	989.67
(iii).	Depreciation during the year (3.34%)	5.46	12.90	21.59	33.05
(iv).	Cumulative depreciation	5.46	18.36	39.95	73.01
(v).	**Written Down Value of assets funded from Escrow Account (ii) - (iv)**	**157.94**	**367.92**	**606.49**	**916.66**
C.	**Balance capital employed qualifying for return [A-B (v)]**	**59027.82**	**62469.54**	**61063.65**	**61363.45**

(g). The working capital estimated by the NMPT are not found to be in line with the norms prescribed under Clause 2.9.9. of the tariff guidelines. The estimates of sundry debtors and cash balance are, therefore, modified in line with the relevant clause in the tariff guidelines. Estimation of current assets following the norms prescribed in the tariff guidelines of 2005 and taking into account the actual current liability reported in the year 2010-11, the working capital of NMPT becomes negative. As a result working capital is considered as Nil. Thus, the modified net fixed assets is considered as the capital employed.

(h). The port has furnished the break up of business assets and business related assets. It is assumed that the port has followed the provision prescribed in clause 2.9.7. and 2.9.8. of the tariff guidelines for classifying the assets as business related assets. The segregation of assets by the NMPT into two categories is relied upon. Consequent to modification in the estimation of capital employed, the classification of assets into two categories also stands modified maintaining the ratio followed by the port.

(xvi). The designed capacity of the port as on 31 March 2011 is assessed by the port at 442 lakh tonnes and maintained at the same level for the year 2011-12. For the years 2012-13 to 2013-14, the designed capacity is assessed at 520 lakh tonnes per annum. The increase estimated in the capacity is in view of additions proposed due to construction of POL berth (Jetty No.13) in the year 2012-13. Based on the traffic projection considered in the analysis and the designed capacity assessed by the port, the capacity utilization of the port is 74.19%, 67.12%, 74.81% and 83.75% for the corresponding period.

The port has computed return on capital employed at 16% on the business assets and 6.35% on the business related assets for the years 2011-12 to 2014-15. However, return of 16% is admissible only on the modified business assets for all the years excluding the KIOCL assets. In respect of KIOCL assets, uniform ROCE of ₹241.80 lakhs is allowed as per the agreed formula prescribed for calculation of wharfage rate for KIOCL. As stated earlier, the loan pertaining to Jetty Nos.10 and 11 is repaid on 15 October 2009 and 31 March 2011. Hence during the current tariff revision, the assets are treated at par with the NMPT assets and are allowed the entitled ROCE of 16% on the business assets in line with the approach followed by the NMPT. The updated risk free rate of return adopted by this Authority for dealing with the tariff cases in the year 2011-12 is 8.2% which is considered for computing return on the modified business related assets for the years 2011-12 to 2014-15.

(xvii). 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. Even clause 2.11.5. of the tariff guidelines permits the surplus of estate activity to be utilised to offset the deficit in other port operations. In the current tariff revision exercise, the estate activity shows a surplus position at the existing tariff levied by the port. The surplus assessed in the estate activity at the revenue estimated by the NMPT at the existing rates is considered while determining the final tariff of the port in the current tariff cycle.

(xviii). As stated earlier, the port was advised to file sub-activity-wise cost statements under cargo handling activity in the prescribed format. The port has filed cost statement for only two items of cargo i.e. iron ore by KIOCL and POL citing that no other cargo individually constitute more than 10% of the total traffic handled by NMPT.

Wharfage calculation of iron ore by KIOCL is governed by a separate methodology and hence the sub-activity wise cost statement filed by the NMPT for KIOCL is not fully relevant in the current exercise. The port has furnished separate cost statement giving tentative wharfage rate calculation as per the agreed methodology applicable in the KIOCL case. In the said statement, the estimates of cost allocates to KIOCL for the years 2011-12 to 2014-15 are arrived applying 6% escalation over the actuals considered over the respective previous years which is in line with the approach followed by us in this analysis for estimates the cost items. It is seen that the income estimated for the throughput projected for the KIOCL in the calculation furnished by the NMPT is at the level so as to recover the admissible cost and admissible return of 6% in its case as per the agreed formula. There will not be any surplus over and above the admissible cost and return as per its calculation.

As regards the MRPL, the MOU states that once the funds have been repaid, NMPT agrees to charge MRPL the normal wharfage charges and it will be mutually agreed to between the parties and subject to the approval of Government of India. The loan taken for both Jetty no.10 and 11 stands repaid, and hence for the current revision, the wharfage rate for crude and POL handled by MRPL has to be treated at par with the POL cargo handled by the port for determination of the rate. The port has applied the wharfage rate of ₹70 per tonne as per the existing Scale of Rates for estimating the income from POL. It was earlier brought out to the NMPT that the existing wharfage rate of ₹70 per tonne prescribed in its Scale of Rates is not a cost based rate as the volume of POL other than that handled by MRPL was not existing/ insignificant and in this context, a separate cost statement for POL was insisted upon. The NMPT has clarified that cargo handling expenditure are allocated to the POL on the basis of Wharf Length Ratio/ GRT ratio/ Cargo ratio. The cost statement filed by the NMPT show that the port has also allocated maintenance dredging cost to the POL handling activity. Cost of dredging is to be allocated between port dues and berth hire based on the quantity of the silt dredged as per the format prescribed by this Authority. The NMPT has clarified that since deep drafted berths are only for KIOCL, Oil cargo and one general cargo berth which take maximum expenditure on dredging, the dredging cost is allocated to the POL activity.

It is relevant to state here that even when fixing wharfage in case of MRPL cargo by the special arrangement envisaged by the MOU, this Authority decided to consider cargo and vessel related activities together and to take the deficit figure as the wharfage payable by MRPL. In Order No.MF/NMPT/56/97-TAMP dated 19 July 2000 passed by this Authority with reference to determining the wharfage rate for jetty No.10 dedicated to MRPL, it was brought out that the dredging cost incurred by the port is substantial and the extra dredging is done mainly for the MRPL jetty and hence the MRPL has to bear the cost of dredging. This approach has been followed while determining the wharfage rate for the years 1996-97 to 2001-02. In the Scale of Rates of NMPT, the vessel related charges prescribed are common and not with reference to each categories of vessel. That being so, if after the MOU period the entire dredging cost which is mainly incurred for the POL vessels which forms almost 60% to the traffic is considered under the vessel related activity entirely, it will unduly burden the other categories of vessels which may not be the beneficiary of the deep draft. For similar reasons, in case of the Cochin Port Trust also during their earlier tariff revision case maintenance dredging cost was allowed to be allocated to the POL activity since the maintenance dredging was mainly for Oil Tanker Vessels. In view of the position explained above, the approach adopted by the NMPT of allocating part of the maintenance dredging cost to the POL handling need to be allowed.

Notwithstanding the above position, on examining the cost statement filed by NMPT for the POL activity it is observed that almost 40 to 45% of the overall operating cost of the port seems to have been allocated to the POL handling activity. It is understood that the expenses relating to the RCHW activity captured under cargo handling activity are also allocated to the POL activity. Further, the cost allocated to the POL activity relating to salary, management and general overheads, etc., do not seem to be with reference to the relevant cost of handling and investment relating to the POL handling activity. From the year 2012-13 onwards additional Jetty No.13 (POL berth) is also proposed to be added. The port has not furnished any detailed working of basis of allocation of cost items to the POL activity except a general statement that it has been allocated in the ratio of berth length/ traffic handled/ Jetty length. In the absence of detailed working of allocation of cost item to this activity, it may not be possible to modify the statement of the port objectively. However, the following modifications are made in the cost statement relating to the POL activity filed by NMPT to remove certain obvious inconsistencies:

(a). The mismatch in the POL traffic in Form 2A and the POL activity in the year 2011-12 is corrected and considered at 197.45 lakh tonnes instead of 195.50 lakh tonnes considered by NMPT.

(b). For the year 2011-12, the income from POL activity seems to include the income from LPG cargo whereas traffic is with reference to the POL only. The income estimated is corrected with reference to the corrected POL traffic.

(c). The salary cost estimated by the port for the years 2011-12 to 2014-15 is not supported with any basis / calculation of allocation of the expense to the POL activity. The wharfage calculation furnished by the port for the MRPL for the past period show that the expense of traffic department (which would cover salary cost) is allocated to the MRPL cargo while determining the wharfage rate. Though, the POL activity need to share the salary cost, in the absence of any detailed working provided by the port reasonability of the allocation of salary cost to the POL cannot be examined. In the current exercise, the salaries cost as estimated by the port is considered. It may, however, be seen in the later part of the analysis that though separate cost statement is drawn for POL activity, in view of gaps observed in the allocation of cost items to the POL activity, a uniform tariff reduction in all the cargo items is effected based on the overall surplus position and not to the extent of the surplus reflected in the POL activity after meeting the deficit in the vessel related activity.

(d). The modifications done in the estimation of management and general overheads, FMI, FME, capital employed etc., are allocated to the POL handling activity from the cargo handling activity maintaining the ratio of allocation followed by the port.

The cost position reflected by the POL activity subject to the above modifications is brought out in the subsequent paragraph. It is to be noted that the estimates are purely adhoc as detailed working of allocation of cost to this activity is not made available. The NMPT is advised to file the sub-activity wise cost statements under the cargo handling activity relating to the POL on a scientific and rational basis at the time of next tariff review.

(xix). The consolidated cost statement and main activity-wise cost statements and the cost statement for the POL activity filed by the NMPT for the years 2011-12 to 2013-14 are modified, as explained earlier. The modified cost statements are attached as **Annex - I (a) to (f)**. The summarised position of the results disclosed by the financial/cost statements at the existing tariff are tabulated below:

Particulars	Operating Income (₹ in lakhs)				Net Surplus(+)/ Deficit(-) (₹ in lakhs)				Net Surplus(+)/ Deficit(-) as a % of operating Income			Average Surplus/ Deficit %
	2012-13	2013-14	2014-15	Total for 2012-13 to 2014-15	2012-13	2013-14	2014-15	Total for 2012-13 to 2014-15	2012-13	2013-14	2014-15	
(i). Port as a whole	38305.14	42055.98	46596.39	126957.51	3500.38	6280.54	9488.47	19269.39	9.14%	14.93%	20.36%	15.2%
(ii). Cargo handling activity	25850.56	28649.82	32030.31	86530.69	10910.32	13418.39	16423.73	40752.44	42.21%	46.84%	51.28%	47.1%
(a). POL activity	15785.00	17626.00	19747.07	53158.07	3625.67	4835.70	6185.83	14647.20	23.0%	27.4%	31.3%	27.6%
(ii). Port & Dock	7882.05	8740.84	9805.59	26428.48	(-)9007.28	(-)8759.28	(-)8411.33	(-)26177.89	(-)114%	(-)100%	(-)86%	(-)99.1%
(iii). Railway	458.06	475.50	493.81	1427.37	(-)8.61	7.21	(-)60.05	(-)61.46	(-)5.27%	(-)1.75%	(-)15.31%	(-)4.3%
(iv). Estate	4114.47	4189.82	4266.67	12570.96	1605.75	1614.01	1535.93	4755.68	39.03%	38.52%	36.0%	37.8%
(v). Port as a whole excluding KIOCL	36738.07	40421.17	44889.78	122049.02	3500.38	6280.54	9488.47	19269.39	9.5%	15.5%	21.1%	15.8%

It is evident from the table above that the port as a whole shows an average surplus of 15.2% for the three years 2012-13 to 2014-15 at the existing Scale of Rates. The cargo handling and estate activities show an aggregate surplus of ₹40752.44 lakhs and ₹4755.68 lakhs respectively for the three years 2012-13 to 2014-15 which cross subsidizes the deficit of ₹26177.89 lakhs in the vessel related activity and marginal deficit of ₹61.46 lakhs in the railway activity (relating to marshaling yard) and leaves an overall surplus of ₹19269.39 lakhs for the years 2012-13 to 2014-15.

Based on the overall cost position and the surplus emerging in the cargo handling activity, the existing rates prescribed for cargo handling activity needs to be reduced.

The port has, however, proposed status quo in most of the tariff items (both cargo and vessel) except for some modifications in the pilotage fee and shifting fee where the port has proposed to levy separate charges for use of tug, 25% to 50% increase is proposed in marshaling yard charges, increase is proposed in the advalorem wharfage rate for non-bulk item, 25% to 50% increase proposed in the license fees from Steamer Agents and C&F Agents, etc.

Since the Port as a whole is in surplus position there is no case to grant any increase in the tariff proposed by the NMPT. On the contrary, as mentioned earlier, there is a case to reduce the existing tariff of the port under the cargo handling activity.

The port has filed a proposal for fixation of RCHW levy on per tonne basis as against the existing levy linked to wages. The RCHW activity will continue to be in deficit even after introduction of the proposed rate structure. It has to be recognised that making this activity self reliant at one go may have serious implications in tariff. From the position indicated by the NMPT it is clear that the deficit in the RCHW activity is being sought to be cross-subsidised by the cargo handling activity. During the last tariff revision also, the deficit in the RCHW was allowed to be cross-subsidised by the surplus available under the cargo handling activity and the same position is allowed in the current tariff revision also. The port may be advised to make the RCHW activity self-sufficient in a gradual manner.

From the modified statement, it is found that the cargo handling activity as a whole reflects a surplus of 47.1% and the cost statement of POL handling activity shows a surplus of 27.6%. It is relevant to state here that though cargo handling activity reflects a surplus, the vessel related activity is in huge deficit of 99%. Hence, the quantum of reduction in tariff in cargo handling including POL handling activity cannot be decided in isolation without meeting the estimated deficit in the vessel related activity. Significantly, POL vessels constitute the major vessel/ cargo traffic of the port and they enjoy the benefit of cross-subsidisation flowing from cargo handling activity. Since a specific methodology is prescribed to arrive at the wharfage rate for the cargo handled at KIOCL, the quantum of reduction in the existing tariff will exclude revenue from KIOCL. In any case, as mentioned earlier, the position reported for KIOCL does not show any surplus over and above the admissible return. Accordingly, the existing cargo handling charges excluding KIOCL, RCHW, and storage need to be reduced by 26% to offset the surplus of ₹19269.39 lakhs assessed for the three years period.

The port has made a mention that the MRPL is likely to start SPM in the port waters. The port has requested to consider likely reduction in the port POL traffic with MRPL to shifting its major operation to the SPM while determining their tariff. The port has not furnished any details of revenue reduction anticipated due to the commencement of the said SPM operations. As stated earlier, the port has agreed a Minimum Guaranteed Throughput with the MRPL for crude to be handled at the berth and SPM. The port has not proposed any separate rate for SPM operations. The port is advised to file a separate proposal for levy of tariff for SBM operation by MRPL well ahead of commencement of the proposed operation based on cost of such operations. Till a separate rate for SPM is determined, the wharfage rate prescribed for crude and POL in the Scale of Rates of NMPT will apply to crude oil and POL handled at the SPM. In the event of commencement of SPM operations, if any of the port assets become redundant, the port may file a suitable proposal for review of the existing POL wharfage rate.

(xx). The penal interest on delayed payments by the user and refunds by the port has been proposed by the port at 12.00%. 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 14.75%. Accordingly, the rate of penal interest is modified to 16.75%.

(xxi). (a). The existing pilotage fee is inclusive of required number of tugs / launches of adequate capacity for all categories of vessels apart from other services listed in the SOR. As against this, the port has stated that the pilotage fee under Sr. No.(ii) and (iii) i.e. for barges, tugs, launches etc., and sailing vessel and fishing vessel upto 200 GRT and vessel of 200 GRT and above will exclude provision of tug and the port proposes to levy 50% extra for use of tugs. Similar modification is also proposed by the port in shifting charges for these category of vessel.

It has subsequently proposed to levy the tug charges as prescribed separately for hire of tug instead of its earlier proposal of levying 50% of pilotage fee for tug usage. The port has explained that the modification proposed is in order to compensate huge cost involved in operation of tug for smaller vessels and applicable tug hire charges are proposed to be levied only if tug services are availed. As per clause 6.4. of the tariff guidelines of 2005, pilotage-cum-towage fee must be composite fee and should include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for 'Port convenience' as per the prevailing practice. The existing pilotage fee includes provisions of required number of tugs. Despite request, the port has not furnished any cost analysis to show that the basic pilotage fee leviable from these categories of vessels excludes cost of providing tugs. The port has proposed modification in the existing condition without corresponding reduction in the base pilotage fee. Moreover, the proposed modification is not found to be in line with clause 6.4. of the tariff guidelines and hence not accepted.

(b). The existing Note 3(ii) under schedule 2.2. prescribing 50% concession in shifting charge if tugs are not used for shifting is proposed to be deleted. When sought reasons for proposed deletion, it has stated that 'the position has been rectified'. The nature of rectification carried out is not known. In the absence of any logical reasoning provided by the NMPT there does not seem to be any reason to delete the existing condition. The existing provision in this regard is retained.

(c). The port has proposed 5% and 8% increase in case of cancellation of a requisition of pilot service and detention of pilot though otherwise it has maintained status quo in the other vessel related charges. It has clarified that the nominal increase is proposed to discourage cancellations coming on a routine way and that additional revenue would be very meager. Since increase proposed in the tariff is only with the intention to act as a deterrent from cancellation of requisition of pilot service/ detention of pilot, this Authority allows the increase proposed in this item though no increase is allowed in any other tariff items in view of the overall surplus position.

(xxii). A new berth hire for new category viz. for wooden rowing boats (with or without auxiliary engines) is proposed at US$ 0.24 per vessel/ hour (foreign) and ₹6.50 per vessel/ hour (coastal vessel). The port has clarified that nominal per hour rate is provided to ensure proper charge whenever occasions arise. The usage of rowing boats are done for taking soundings of draught etc., of the Port. The port has also stated that it can be classified similar to fishing vessels/ trawlers. The existing berth hire prescribed for fishing trawler is US$ 0.495 per vessel per hour. The rate proposed for the wooden rowing boat is found to be around half of the rate prescribed for fishing vessel/trawler. Based on the clarification furnished by the port and considering that the traffic of such boat is rare and the revenue implication is negligible as stated by the port, the proposed rate is approved.

Increase proposed in the berth hire for lash barge is not allowed recognising that status quo is maintained in the vessel related charge.

(xxiii). (a). Clause 4.2.2. of the tariff guidelines recommends to phase out ad-valorem wharfage rates over a maximum period of 5 years and to determine the rates on the basis of cost of handling and special care required to be taken while handling and storage of the cargo. During the last tariff revision, port was advised to file a separate proposal for conversion of advalorem rate structure to specific wharfage rate based on weight / unit / volume within a year from the date of implementation of the Order. In the instant proposal also, the port has continued with the existing tariff arrangement of levy of advalorem rate for break bulk cargo despite reiterating out advice rendered earlier in this regard. The port has stated that it will comply with the guideline provision in the next revision since a separate exercise is to be undertaken to compute the per ton rate. The port during every revision exercise without making any attempt to shift to specific rate based on weight/ volume of cargo is reiterating its request to continue with advalorem structure for a few cargo items. It is, therefore, brought out to the port that the wharfage items allowed to continue on advalorem basis in this tariff revision exercise will be deleted automatically, if the port does not come up with specific unit based rate at the time of the next tariff revision.

(b). The port has proposed to delete wharfage entry prescribed in the existing SOR under Sl. No.6 and 7 for break bulk cargo citing that the frequency of handling the cargo items is very rare during the last few years. The wharfage rate for structures loaded at MPL jetty is also not included in the proposed SOR as MDL jetty has ceased to function. Based on the clarifications from the port, the proposed deletions from the wharfage schedule are accepted. The port has stated that the existing separate entry for Styrene Monomer under the head “Other Chemicals” is deleted and clubbed with Phosphoric acid under Sl. No.4(b) which has the same wharfage rate. Sl. 4 b in the wharfage schedule for bulk cargo does not mention about Styrene Monomer. In the revised SOR, the cargo Styrene Monomer is included under Sl. 4 b to avoid any ambiguity.

(c). The port has proposed reduction in the wharfage rate for a few items like granite, zinc concentrate, copper cathode, aluminum and tin, timber and paper. The reason for proposing reduction in wharfage rate for selected cargo items by the port is not known. As stated earlier, based on the overall surplus position, it is decided to effect uniform reduction of 26% in all the cargo handling activity other than storage and RCHW. The port has flexibility to offer concession in the revised rate now prescribed if it so desires.

(d). The port has proposed wharfage rate for new cargo items viz. rock sand (₹20 per tonne), slag (₹25 per tonne), and mill scale (₹35 per tonne). It has clarified that these are new items and low valued cargo and on experimental basis few parcels have been exported. It may be noted that the existing wharfage rate prescribed for goods than those specified is ₹65 per tonne (after reduction ₹48.10 per tonne) which would apply to these cargo in the absence of any specific rate for these items. Hence based on the clarification furnished by the port that these are low value cargo items and as none of the users have raised any objection on the rates proposed for these items, the proposed rates for new cargo items is approved as proposed by the port. The port has stated that the revenue earned would be negligible considering low volume of these cargo.

In view of surplus in the cargo handling activity, increase proposed the fee for amendment in import/ export application, reduction proposed number of free period for export cargo from existing twenty one days to fourteen days is not approved. It is retained at the existing tariff level.

(e). M/s.Suzlon Energy Limited (SEL) has submitted that there is no specific entry for wind turbine in the wharfage schedule of the major ports which is a new product of export potential in the non-conventional energy sector. Presently, it is classified as machinery or project material or unenumerated cargo for the purpose of levy of wharfage. Accordingly, wharfage is presently being levied on advalorem basis. The SEL has stated that the wharfage rate for export of wind turbines is 0.28% of FOB value at Mumbai Port Trust, 0.20% at Kandla Port Trust and 0.22% at Chennai Port Trust whereas at the NMPT the wharfage rate is 0.40% of the FOB. It has requested that wind turbines may be classified separately in the wharfage schedule and levied on per tonne basis at ₹50 per tonne instead of present levy on advalorem basis. The port has not addressed the point made by the M/s.Suzlon Energy Limited despite our advice to prescribe specific rate based on the unit of weight instead of advalorem rate structure for break bulk items prescribed in its SOR. In the absence of any details of cost involved for handling this cargo item, this Authority on its own cannot prescribe specific unit rate of wharfage. The general tariff reduction ordered will, however, reduce the existing advalorem rate to 0.29% which will provide immediate relief to the user. The port is advised to examine the representation of M/s.Suzlon Energy Limited further and come up with a suitable proposal to modify the wharfage structure.

(xxiv). The port has proposed increase in the charges for marshalling yard from existing ₹8 tonne to ₹10 per tonne and for use of marshalling yard including private siding from existing ₹10 to ₹15 per tonne. The proposed increase is due to increase in infrastructure for handling through railways and to facilitate the trade for quick evacuation of cargo. Status quo is maintained in view of overall surplus position of the port. For the same reasons, increase in the hire charges of weighing scale from existing ₹1.00 per tonne to ₹2.00 per tonne is also not approved.

(xxv). (a). The port has also proposed steep hike in the fees for issue of license to C&F agency and Steamer Agency. It has also proposed to increase the fee for issue of passes for entry into the wharf, charges for entry and clearance certificate to master/ owner/ agent of the vessel, etc. The port has submitted that the hike in the fees for issue of license to C&F Agency and Steamer Agency, and other fee for entry is proposed so as to filter genuine people to enter from the security angle.

Mangalore Steamer Agent's Association have raised a point that the NMPT do not have jurisdiction to issue license to Steamer Agents and hence question of levy of the fee does not arise. It is relevant to state here that license fee for stevedoring/ other trade license are also prescribed in the Scale of Rates of Visakhapatnam Port Trust. Based on the clarification furnished by the port that the charges levied for use of port facilities, the existing charges for issue of license is allowed to continue without any modification.

(b). The port has proposed a new entry for issue of temporary license to C&F agency and Steamer Agency for a period less than one year at ₹5000 per year. Despite request, it has not furnished the basis of arriving at the proposed new rate. The existing fee for renewal of license is prescribed at ₹1000 and for new of license it is prescribed at ₹5000 for two calendar years. The proposed rate of ₹5000 for a temporary license less than a year seems to be high in comparison to the existing rates mentioned above prescribed in its SOR. In the absence of any basis furnished by the port to arrive at the proposed rate, the existing rate for renewal of license is prescribed as fee for temporary license less than a year. This may not have any significant impact on the revenue as it is only a miscellaneous tariff item.

(xxvi). This Authority vide Order No.TAMP/26/2007-NMPT dated 16 June 2010 has approved ceiling rate for hire of Harbour Mobile Crane commonly applicable at the port for identical facility/ service offered/ to be offered by service providers authorised by the port. The draft proposed Scale of Rates, however, do not incorporate the rates approved by this Authority in the said Order. The performance linked ceiling rate approved in the said Order is incorporated in revised SOR of the NMPT in a separate schedule.

(xxvii). Chapter VIII of the existing Scale of Rates of the NMPT relates to levy of charges for supply of labour from Registered Cargo Handling Wing (RCHW). The port has filed a separate proposal for revision of RCHW rate on per tonne basis which is being dealt with separately. The rates approved in the RCHW case is incorporated in the revised Scale of Rates of the NMPT.

(xxviii). The validity of the existing Scale of Rates of the NMPT was last extended till 30 September 2011. The financial position for the years 2012-13 to 2014-15 is considered in determining the tariff of the NMPT and the estimates for the year 2011-12 is considered as past period analysis. That being so, the revised tariff approved will be effective from 1 April 2012. The port is allowed to continue to levy the existing tariff till the implementation of the revised Scale of Rates approved by this Authority. The tariff guidelines prescribe tariff validity cycle of the three years. As already mentioned earlier, the cost position considered in this analysis is for three years i.e. 2012-13 to 2014-15 hence the validity of the revised Scale of Rates will also expire on 31 March 2015.

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

16.2. The revised Scale of Rates shall come into effect from 1 April 2012 and shall be in force till 31 March 2015. The approval accorded will automatically lapse thereafter unless specifically extended by this Authority.

16.3. The tariff of the NMPT 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 NMPT 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.

16.4. In this regard, the NMPT 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 NMPT fails to file a tariff proposal within the time limit to be stipulated by TAMP, this Authority will proceed *suo motu* review of the tariff.

(Rani Jadhav)
Chairperson

Annex - I (a)

NEW MANGALORE PORT TRUST

Consolidated Income & Cost statement for the port

₹ in lakhs

S. No.		Particulars	Actuals	Actuals	Actuals	Actuals	Actuals	Estimates furnished by NMPT at existing tariff				Estimates modified by TAMP			
			2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
		Traffic (in MTs)	**343.40**	**360.19**	**366.91**	**355.28**	**315.50**	**330.00**	**360.00**	**401.00**	**449.50**	**327.90**	**349.00**	**389.00**	**435.50**
I		**Operating Income**													
	i	Cargo Handling / Container Handling	17,156.02	18,107.76	19,915.98	21,384.14	20,605.46	24,223.05	26,008.53	28,894.31	32,294.83	24,368.67	25,850.56	28,649.82	32,030.31
	ii	Vessel related income	6,136.29	6,373.68	7,045.18	6,843.95	6,257.78	6,551.01	6,999.59	7,826.63	8,835.19	6,859.85	7,882.05	8,740.84	9,805.59
	iii	Railway Income	158.99	354.13	462.79	536.49	316.31	332.13	348.73	366.17	384.48	368.57	458.06	475.50	493.81
	iv	Estate Income	2,147.60	2,283.52	2,685.19	3,090.43	3,621.12	3,693.54	3,767.41	3,842.76	3,919.61	4,040.60	4,114.47	4,189.82	4,266.67
		Total Operating Income (i to iv)	**25,598.90**	**27,119.09**	**30,109.14**	**31,855.01**	**30,800.67**	**34,799.73**	**37,124.26**	**40,929.87**	**45,434.11**	**35,637.69**	**38,305.14**	**42,055.98**	**46,596.39**
II		**Operating cost**													
	i	Cargo Handling & storage	3,483.17	4,016.98	4,953.92	4,953.36	4,186.41	6,210.06	4,267.28	4,479.58	4,635.00	4,437.59	5,164.17	5,474.02	5,802.47
	ii	Port and dock facilities	4,632.46	4,676.70	4,477.78	6,294.53	7,212.16	7,856.28	7,581.38	8,106.41	8,507.44	7,644.89	8,329.59	8,829.36	9,359.13
	iii	Railway Activity	38.07	102.03	80.34	59.84	73.41	90.04	76.82	82.59	80.31	77.81	82.48	87.43	92.68
	iv	Estate Activity	202.65	246.84	209.92	235.31	270.38	573.35	287.06	306.23	311.83	286.60	308.98	327.52	347.17
		Total Operating Cost (i to iv)	**8,356.35**	**9,042.55**	**9,721.96**	**11,543.04**	**11,742.36**	**14,729.73**	**12,212.54**	**12,974.81**	**13,534.58**	**12,446.90**	**13,885.23**	**14,718.34**	**15,601.44**
III		Depreciation	1,805.74	1,949.87	1,894.02	2,116.87	2,120.90	2,521.97	2,348.29	2,207.32	2,296.69	2,678.03	2,348.29	2,167.33	2,150.02
IV		Mgmt & Gen Admn OH	2,773.98	2,994.33	3,578.10	4,666.07	4,896.13	6,413.57	5,230.53	5,422.47	5,621.89	5,189.90	6,026.59	6,388.18	6,771.48
V		**Operating Surplus**	**12,662.83**	**13,132.34**	**14,915.06**	**13,529.03**	**12,041.28**	**11,134.46**	**17,332.90**	**20,325.27**	**23,980.95**	**15,322.86**	**16,045.03**	**18,782.13**	**22,073.44**
		(I) – (II) – (III) - (IV)													
VI		**Finance & Misc Income (FMI)**	**386.39**	**942.04**	**1,791.79**	**943.60**	**1,692.55**	**765.00**	**743.00**	**508.00**	**508.00**	**315.00**	**398.00**	**250.00**	**250.00**
VII		**Finance & Miscellaneous Expenses**	**2,897.57**	**3,408.55**	**4,879.62**	**4,914.50**	**5,662.94**	**5,895.00**	**4,095.00**	**4,095.00**	**4,095.00**	**5,895.00**	**4,524.90**	**4,550.69**	**4,578.04**
		Total FME	**3,832.35**	**4,175.66**	**5,390.44**	**5,119.67**	**5,729.72**	**5,895.00**	**4,095.00**	**4,095.00**	**4,095.00**	**5,895.00**	**4,524.90**	**4,550.69**	**4,578.04**
VIII		FME Less FMI	3,445.96	3,233.62	3,598.65	4,176.07	4,037.17	5,130.00	3,352.00	3,587.00	3,587.00	5,580.00	4,126.90	4,300.69	4,328.04
IX		**Surplus**	9,216.87	9,898.72	11,316.41	9,352.96	8,004.11	6,004.46	13,980.90	16,738.27	20,393.95	9,742.86	11,918.13	14,481.43	17,745.41
X		**Capital Employed**	**51,709.95**	**52,112.89**	**53,202.21**	**57,772.65**	**57,139.23**	**61,493.02**	**65,257.31**	**67,120.48**	**72,693.46**	**59,185.76**	**62,837.46**	**61,670.14**	**62,280.12**
		Business Assets	51,385.59	51,797.59	52,861.97	57,418.84	56,795.70	61,146.58	64,921.77	66,795.67	72,369.75	58,854.13	62,517.73	61,362.31	61,984.19
		Business Assets funded from Escrow Account										157.94	367.92	606.49	916.66
		Business Assets related to KIOCL										2,627.65	2,582.96	2,538.27	2,493.58
		Business Related Assets	324.36	315.30	340.24	353.81	343.53	346.45	335.54	324.81	323.71	331.63	319.73	307.83	295.93
XI		ROCE	4173.35	4349.63	4615.01	6655.32	7722.25	9,810.68	10,414.17	10,713.45	11,609.71	9,239.96	9,798.71	9,581.85	9,637.90
		Business Assets 15%, 16% from 2009-10 onwards	4152.75	4329.61	4593.40	6626.52	7693.39					9,212.77	9,772.50	9,556.61	9,613.63
		Business Related Assets 6.35% till 2008-09, 8.4% and 8.14% for 2009-10 & 2010-11 and 8.2% for future estimates	20.60	20.02	21.61	28.80	28.86					27.19	26.22	25.24	24.27
XII		Capacity Utilization	109.07%	89.66%	92.76%	0.00%	97.28%	74.66%	69.23%	77.12%	86.44%	74.19%	67.12%	74.81%	83.75%
XIII		RoCE adjusted for capacity utilization	**4,173.35**	**4,349.63**	**4,615.01**	**6,655.32**	**7,722.25**	**9,810.68**	**10,414.17**	**10,713.45**	**11,609.71**	**9,239.96**	**9,798.71**	**9,581.85**	**9,637.90**
												-	-	-	-
XIV		**Net Surplus / (Deficit) (IX) - (XIII)**	5,043.52	5,549.09	6,701.41	2,697.64	281.86	(3,806.22)	3,566.73	6,024.82	8,784.24	502.90	2,119.42	4,899.58	8,107.51
		50% of the past surplus till 2008-09 considered for adjustment and 100% of the surplus for the period from 1 April 2009 till 2011-12 considered to be set off in 5 years beginning from 2012-13											**6904.80**		
		Past period surplus set off in five years											1,380.96	1,380.96	1,380.96
		Net Surplus / (Deficit) after adjustment of past surplus										**502.90**	**3,500.38**	**6,280.54**	**9,488.47**
XV		**Net Surplus / (Deficit) as a % of operating income**	19.70%	20.46%	22.26%	8.47%	0.92%	-10.94%	9.61%	14.72%	19.33%	1.41%	9.14%	14.93%	20.36%
XVI		**Average net surplus/ deficit as % of operating income**											**15.2%**		

Consolidated Cost position excluding KIOCL which is covered by a separate MOU

S. No.	Particulars	Summary of Consolidated cost position considered by TAMP as per the above statement			Summary of Cost position of KIOCL furnished by NMPT			Summary of Cost position excluding KIOCL		
		2012-13	2013-14	2014-15	2012-13	2013-14	2014-15	2012-13	2013-14	2014-15
	Traffic (in MTs)	**349.00**	**389.00**	**435.50**	**29.00**	**32.00**	**35.50**	**320.00**	**357.00**	**400.00**
I	**Operating Income**	38,305.14	42,055.98	46,596.39	**1,567.07**	**1,634.81**	**1,706.61**	**36,738.07**	**40,421.17**	**44,889.78**
II	Total Expenses (i.e. Operating Exp, Depreciation and Management and General Overhead and FME less FMI)	26,387.01	27,574.55	28,850.98	**1,325.27**	**1,393.01**	**1,464.81**	**25,061.74**	**26,181.54**	**27,386.17**
III	**Surplus / Deficit before Return**	**11,918.13**	**14,481.43**	**17,745.41**	**241.80**	**241.80**	**241.80**	**11,676.33**	**14,239.63**	**17,503.61**
IV	**Return on Capital Employed**	9,798.71	9,581.85	9,637.90	241.80	241.80	241.80	**9,556.91**	**9,340.05**	**9,396.10**
V	**Net Surplus / (Deficit) (IX) - (XIII)**	2,119.42	4,899.58	8,107.51	(0.00)	(0.00)	(0.00)	2,119.42	4,899.58	8,107.51
VI	**Adjustment of Past period surplus**	1,380.96	1,380.96	1,380.96	-	-	-	**1,380.96**	**1,380.96**	**1,380.96**
VII	**Net Surplus / (Deficit) after adjustment of past surplus**	3,500.38	6,280.54	9,488.47	(0.00)	(0.00)	(0.00)	**3,500.38**	**6,280.54**	**9,488.47**
VIII	**Net Surplus / (Deficit) as a % of operating income**	9.1%	14.9%	20.4%				**9.5%**	**15.5%**	**21.1%**
IX	**Average net surplus/ deficit as % of operating income**		15.2%						15.8%	

Annex - I (b)

NEW MANGALORE PORT TRUST

Cost statement for Cargo handling activity

₹ in lakhs

S. No.		Particulars	Actuals	Estimates furnished by NMPT at existing tariff				Estimates modified by TAMP			
			2010-11	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
I		**Operating Income**									
	i	General Cargo	798.01	1,218.00	1,219.65	1,364.25	1,540.50	1,218.00	1,219.65	1,364.25	1,540.50
	ii	Container Income	248.69	212.80	207.08	233.37	251.12	212.80	207.08	233.37	251.12
	iii	POL including crude oil & LPG	13,798.56	18,268.00	19,448.00	21,683.20	24,176.80	18,268.00	19,448.00	21,683.20	24,176.80
	iv	Other liquid cargo	505.83	687.50	872.00	950.00	1,050.00	687.50	872.00	950.00	1,050.00
	v	Iron Ore / Coal	2,681.49	1,422.50	1,832.50	2,015.00	2,305.00	1,349.00	1,447.50	1,595.00	1,815.00
	vi	50% royalty receivable from BOT operator UPCL treated as revenue and 50% transferred to Escrow Account in our calculation	-	-	-	-	-	38.00	190.00	209.00	213.75
	vii	Others (Furnish break-up)						-	-	-	-
	a	RCHW income	2,209.70	2,017.86	2,032.91	2,252.10	2,575.02	2,198.98	2,069.94	2,218.61	2,586.75
	b	Misc income	353.18	396.39	396.39	396.39	396.39	396.39	396.39	396.39	396.39
		Total	**20,595.46**	**24,223.05**	**26,008.53**	**28,894.31**	**32,294.83**	**24,368.67**	**25,850.56**	**28,649.82**	**32,030.31**
II		**Operating Expenses**									
	i	Handling and Storage of general cargo	3,034.92	4501.96	3093.55	3247.45	3360.12	3,217.02	3,410.04	3,614.64	3,831.52
	ii	Warehousing	151.52	224.76	154.45	162.13	167.76	160.61	170.25	180.46	191.29
	iii	Operation and Maintenance of container	76.74	113.84	78.22	82.11	84.96	81.34	86.23	91.40	96.88
		handling facilities						-	-	-	-
	iv	Administration & General expenses	606.65	899.90	618.37	649.13	671.65	643.05	681.63	722.53	765.88
	v	Others (Furnish break-up)	316.58	469.61	322.70	338.75	350.50	335.57	355.71	377.05	399.67
	vi	Impact of wage revision due from 1.1.2012 (separately furnished by NMPT)						-	460.32	487.94	517.22
		Total (i to vi)	**4,186.41**	**6,210.06**	**4,267.28**	**4,479.58**	**4,635.00**	**4,437.59**	**5,164.17**	**5,474.02**	**5,802.47**
III		Depreciation	1,115.47	1,376.56	1,316.63	1,307.86	1,363.87	1,376.56	1,316.63	1,267.86	1,217.20
IV		Allocated share of M & GA exps	1,745.57	2,709.47	1,827.64	1,872.12	1,925.25	**1,850.31**	2,105.80	2,205.53	2,318.93
V		**Operating Surplus/ Deficit (I) - (II) - (III) - (IV)**	**13,548.01**	**13,926.96**	**18,596.98**	**21,234.75**	**24,370.71**	**16,704.21**	**17,263.95**	**19,702.40**	**22,691.71**
VI		Allocated share of FMI	996.26	568.29	431.66	335.68	335.05	234.00	231.22	165.20	164.89
VII		Allocated share of FME	4,068.40	4,562.43	2,907.66	2,907.67	2,907.67	**4,562.43**	**3,212.91**	**3,231.23**	**3,250.65**
VIII		FME Less FMI	3,072.14	3,994.14	2,476.01	2,571.98	2,572.62	4,328.43	2,981.69	3,066.03	3,085.76
IX		**Surplus / deficit**	**10,475.87**	**9,932.81**	**16,120.97**	**18,662.77**	**21,798.09**	**12,375.78**	**14,282.27**	**16,636.37**	**19,605.95**
X		Capital Employed for the activity	23,492.96	24,638.40	29,491.61	31,768.19	36,821.37	**23,713.95**	**28,398.02**	**27,629.52**	**27,671.33**
		Business Assets						23,711.63	28,395.87	27,627.52	27,669.61
		Business Assets funded from Escrow Account						157.94	367.92	606.49	916.66
		Business Assets related to KIOCL						2,627.65	2,582.96	2,538.27	2,493.58
		Business Related Assets						2.32	2.15	2.00	1.72
XI		RoCE	3,758.63	3,941.91	4,718.44	5,082.71	5,891.24	3,590.16	4,313.17	4,159.21	4,123.44
		Business Assets 16% * KIOCL (Rs.241.80 lakhs i.e. 6% on Rs.40.33 crores)						3,589.97	4,313.00	4,159.04	4,123.30
		Business Related Assets						0.19	0.18	0.16	0.14
XII		Capacity Utilization	100%	100%	100%	100%	100%				
XIII		RoCE adjusted for Capacity utilization	3,758.63	3,941.91	4,718.44	5,082.71	5,891.24	**3,590.16**	**4,313.17**	**4,159.21**	**4,123.44**
XIV		**Net surplus / (Deficit) (IX) - (XIII)**	6,717.24	5,990.90	11,402.53	13,580.06	15,906.86	8,785.63	9,969.09	12,477.16	15,482.51
		Past period surplus considered for adjustment							**4706.12**		
		Past period surplus set off in five years							941.22	941.22	941.22
		Net Surplus / (Deficit) after adjustment of past surplus						8,785.63	10,910.32	13,418.39	16,423.73
XV		**Net Surplus / (Deficit) as a % of operating income**	**32.62%**	**24.73%**	**43.84%**	**47.00%**	**49.26%**	**36.05%**	**42.21%**	**46.84%**	**51.28%**
XVI		**Average net surplus/ deficit as % of operating income**							**47.1%**		

Annex - I (c)

NEW MANGALORE PORT TRUST
Cost statement for POL activity

₹ in lakhs

S. No.		Particulars	Actuals	Estimates furnished by NMPT at existing tariff				Estimates modified by TAMP			
			2010-11	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
		Traffic		**195.50**	**225.50**	**251.80**	**282.10**	**197.45**	**225.50**	**251.80**	**282.10**
I		**Operating Income**	**6,329.22**	**14,560.00**	**15,785.00**	**17,626.00**	**19,747.00**	**13,821.50**	**15,785.00**	**17,626.00**	**19,747.07**
II		**Operating Expenses**									
	i	Salary	1,026.72	2275.75	2127.22	2195.79	2261.90	2,275.75	2,127.22	2,195.79	2,261.90
	ii	Power	93.02	147.56	177.84	186.73	196.07	147.56	177.84	186.73	196.07
	iii	Fuel	109.35	249.37	260.96	275.67	289.54	249.37	260.96	275.67	289.54
	iv	Repairs and maintenance	205.23	146.19	440.93	465.83	489.26	146.19	440.93	465.83	489.26
	v	Dredging	1,046.88	2815.87	2485.64	2626.04	2758.14	2,815.87	2,485.64	2,634.78	2,792.87
	vi	Others	305.55	869.51	684.07	720.31	756.43	869.51	684.07	720.31	756.43
		Less: Expenses of RCHW activity allocated by the NMPT to MRPL						1.52	1.24	1.28	1.32
		Total (i to vi)	**2,786.75**	**6,504.25**	**6,176.66**	**6,470.37**	**6,751.34**	**6,502.73**	**6,175.42**	**6,477.83**	**6,784.75**
III		Depreciation	405.42	364.00	470.57	467.44	487.52	**364.00**	**470.57**	**467.44**	**487.52**
IV		Allocated share of M & GA exps	883.10	1,852.34	1,699.11	1,758.97	1,821.08	**1,264.97**	**1,957.71**	**2,072.23**	**2,193.46**
V		**Operating Surplus/ Deficit**	**2,253.95**	**5,839.41**	**7,438.66**	**8,929.22**	**10,687.06**	**5,689.80**	**7,181.30**	**8,608.50**	**10,281.34**
		(I) - (II) - (III) - (IV)									
VI		Allocated share of FMI	130.93	341.59	261.98	204.77	204.87	**140.65**	**140.33**	**100.77**	**100.82**
VII		Allocated share of FME	1,579.95	2,882.18	2,423.19	2,456.23	2,477.23	**2,882.18**	**2,677.58**	**2,729.56**	**2,769.44**
VIII		FME Less FMI	1,449.02	2,540.59	2,161.21	2,251.46	2,272.36	2,741.53	2,537.25	2,628.79	2,668.62
IX		**Surplus / deficit**	**804.93**	**3,298.82**	**5,277.45**	**6,677.76**	**8,414.70**	**2,948.28**	**4,644.06**	**5,979.71**	**7,612.73**
X		Capital Employed for the activity	4,621.50	7,270.38	10,564.34	11,379.96	13,190.30	**6,997.56**	**10,172.56**	**10,957.72**	**12,725.76**
		RoCE - Maximum permissible -Amt	739.44	1,163.26	1,690.29	1,820.79	2,110.45	**1,119.61**	**1,627.61**	**1,753.24**	**2,036.12**
XI		Capacity Utilization	100%	100%	100%	100%	100%				
XII		RoCE adjusted for Capacity utilization	739.44	1,163.26	1,690.29	1,820.79	2,110.45	**1,119.61**	**1,627.61**	**1,753.24**	**2,036.12**
XIII		**Net surplus / (Deficit) (IX) - (XIII)**	**65.49**	**2,135.56**	**3,587.15**	**4,856.96**	**6,304.16**	1,828.67	3,016.45	4,226.47	5,576.60
XIV		**Past period surplus considered for adjustment**							**3045.45**		
		Past period surplus set off in five years							609.09	609.09	609.09
XV		**Net Surplus / (Deficit) after adjustment of past surplus**						1,828.67	3,625.54	4,835.56	6,185.69
XVI		**Net Surplus / Deficit as a % of Operating income(XIV/I in %)**	1.03%	**14.67%**	**22.73%**	**27.56%**	**31.92%**	**13%**	**23.0%**	**27.4%**	**31.3%**
XVII		**Average net surplus/ deficit as % of operating income**							**27.6%**		

Annex - I (d)

NEW MANGALORE PORT TRUST
Cost Statement for Vessel Related Activity

₹ in lakhs

S. No.		Particulars	Actuals	Estimates furnished by NMPT at existing tariff			Estimates of NMPT modified by TAMP			
			2010-11	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14	2014-15
I		**Operating Income**								
	i	Port dues	1,261.59	1,342.53	1,423.90	1,594.34	1,358.87	1,440.97	1,613.51	1,826.12
	ii	Berth Hire	1,315.59	1,315.59	1,402.31	1,568.70	1,331.25	1,418.66	1,587.06	1,793.18
	iii	Pilotage & Towage	3,534.41	3,737.60	4,005.16	4,475.98	3,780.99	4,050.48	4,526.88	5,105.69
	iv	Others	146.19	155.29	168.22	187.61	155.29	168.22	187.61	210.80
		Additional vessel related income from BOT operator UPCL not captured by NMPT and the effect of reduction in vessel related income due to lower volume of iron ore vessel					233.45	803.71	825.78	869.80
		Total	**6,257.78**	**6,551.01**	**6,999.59**	**7,826.63**	**6,859.85**	**7,882.05**	**8,740.84**	**9,805.59**
II		**Operating Expenses**								
	i	Port conservancy	4,594.90	5,632.00	5,089.50	5,300.00	4,870.59	5,162.83	5,472.60	5,800.96
	ii	Berthing & Mooring	2,173.24	1,778.20	1,999.99	2,261.21	2,303.63	2,441.85	2,588.36	2,743.67
	iii	Pilotage & Towage	283.82	293.15	331.23	376.48	300.85	318.90	338.03	358.32
	iv	Administration & General expenses	99.46	99.09	99.83	99.46	105.43	111.75	118.46	125.57
	v	Others	60.74	53.84	60.83	69.26	64.38	68.25	72.34	76.68
		Impact of wage revision due from 1.1.2012 (seperately furnished by NMPT)					-	226.01	239.57	253.94
		Total	**7,212.16**	**7,856.28**	**7,581.38**	**8,106.41**	**7,644.89**	**8,329.59**	**8,829.36**	**9,359.13**
III		Depreciation	669.37	884.72	682.67	540.47	884.72	682.67	540.47	540.50
		Depreciation (MGA apportioned)						-	-	-
IV		Allocated share of Mg & GI exps	3,007.19	3,415.65	3,247.04	3,387.85	3,187.62	3,741.23	3,991.21	4,256.35
V		**Operating Surplus/ Deficit**	**(4,630.94)**	**(5,605.64)**	**(4,511.50)**	**(4,208.10)**	**(4,857.38)**	**(4,871.44)**	**(4,620.21)**	**(4,350.39)**
		(I) - (II) - (III) - (IV)								
VI		Allocated share of FMI	680.39	184.12	303.96	165.58	75.81	162.82	81.48	81.90
VII		Allocated share of FME	1,624.07	1,302.42	1,160.71	1,160.72	1,302.42	1,282.57	1,289.88	1,297.63
VIII		FME Less FMI	943.68	1,118.31	856.76	995.14	1,226.61	1,119.75	1,208.40	1,215.72
IX		**Surplus / Deficit (V) + (VIII)**	**(5,574.62)**	**(6,723.94)**	**(5,368.26)**	**(5,203.24)**	**(6,083.99)**	**(5,991.19)**	**(5,828.60)**	**(5,566.11)**
X		Capital Employed for the activity	22,416.61	22,267.52	21,550.03	20,991.64	21,432.02	20,750.91	20,212.79	19,674.90
		Business Assets					21,209.12	20,536.65	20,007.17	19,477.07
		Business Related Assets					222.90	214.26	205.62	197.83
XI		RoCE - Amount	3,563.39	3,540.33	3,426.31	3,337.72	3,411.74	3,303.43	3,218.01	3,132.55
		Business Assets (excluding escrow funded)					3,393.46	3,285.86	3,201.15	3,116.33
		Business Related Assets					18.28	17.57	16.86	16.22
XII		Capacity Utilization	100%	100%	100%	100%		100%	100%	200%
XIII		RoCE adjusted for Capacity utilization	3,563.39	3,540.33	3,426.31	3,337.72	3,411.74	3,303.43	3,218.01	3,132.55
XIV		**Net surplus / (Deficit) (IX) - (XIII)**	(9,138.01)	(10,264.28)	(8,794.57)	(8,540.97)	(9,495.73)	(9,294.62)	(9,046.61)	(8,698.66)
		Past period surplus considered for adjustment						**1437.36**		
		Past period surplus set off in five years						287.47	287.47	287.47
		Net Surplus / (Deficit) after adjustment of past surplus					(9,495.73)	(9,007.15)	(8,759.14)	(8,411.19)
XV		**Net Surplus / (Deficit) as a % of operating income**	-146%	-157%	-126%	-109%	-138%	-114%	-100%	-86%
XVI		**Average net surplus/ deficit as % of operating income**						**-99.1%**		

Annex - I (e)

NEW MANGALORE PORT TRUST
Cost statement for Railway activity

₹ in lakhs

S. No.		Particulars	Actuals	Estimates furnished by NMPT at existing tariff				Estimates of NMPT modified by TAMP			
			2010-11	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
I		**Operating Income**									
		Terminal charges (Marshalling Yard)	316.31	332.13	348.73	366.17	384.48	368.57	458.06	475.50	493.81
		Total	**316.31**	**332.13**	**348.73**	**366.17**	**384.48**	**368.57**	**458.06**	**475.50**	**493.81**
II		Direct Operating Expenses									
	i	Salaries & Wages	24.27	25.48	26.76	28.10	29.50	25.73	27.27	28.91	30.64
	ii	General Expenses	49.14	64.56	50.06	54.49	50.81	52.09	55.21	58.53	62.04
		Impact of wage revision due from 1.1.2012 (seperately furnished by NMPT)						-	-	-	-
		Total	**73.41**	**90.04**	**76.82**	**82.59**	**80.31**	**77.81**	**82.48**	**87.43**	**92.68**
III		Depreciation	36.91	39.48	38.66	38.67	46.99	39.48	38.66	38.67	46.99
		Depreciation (MGA apportioned)						-	-	-	-
IV		Allocated share of M & Gl. exps	30.60	39.13	32.90	34.52	33.36	32.44	37.91	40.66	40.18
V		**Operating Surplus/ Deficit**	**175.39**	**163.47**	**200.35**	**210.40**	**223.82**	**218.84**	**299.01**	**308.73**	**313.96**
		(I) - (II) - (III) - (IV)									
VI		Allocated share of FMI	3.40	1.71	1.56	1.43	1.34	0.70	0.84	0.70	0.66
VII		Allocated share of FME	-	-	-	-	-	-	-	-	-
VIII		FME Less FMI	(3.40)	(1.71)	(1.56)	(1.43)	(1.34)	(0.70)	(0.84)	(0.70)	(0.66)
IX		**Surplus / deficit (V) + (VIII)**	**178.78**	**165.18**	**201.91**	**211.83**	**225.16**	**219.54**	**299.84**	**309.44**	**314.62**
X		Capital Employed for the activity	2,056.20	2,144.26	2,102.80	2,062.43	2,527.74	2,063.81	2,024.83	1,985.92	2,438.73
		Business Assets						2,063.81	2,024.83	1,985.92	2,438.73
		Business Related Assets						-	-	-	-
XI		ROCE	328.99	343.08	336.45	329.99	404.44	330.21	323.97	317.75	390.20
		Business Assets						330.21	323.97	317.75	390.20
		Business Related Assets						-	-	-	-
XII		Capacity Utilization	100%	100%	100%	100%	100%				
XIII		RoCE adjusted for Capacity utilization	328.99	343.08	336.45	329.99	404.44	330.21	323.97	317.75	390.20
XIV		**Net surplus / (Deficit) (IX) - (XIII)**	-150.21	-177.90	-134.54	-118.16	-179.29	(110.67)	(24.13)	(8.31)	(75.58)
		Past period surplus considered for adjustment								**77.63**	
		Past period surplus set off in five years							15.53	15.53	15.53
		Net Surplus / (Deficit) after adjustment of past surplus						(110.67)	(8.60)	7.22	(60.05)
XV		**Net Surplus / (Deficit) as a % of operating income**	-47.49%	-53.56%	-38.58%	-32.27%	-46.63%	-30.03%	-5.27%	-1.75%	-15.31%
XVI		**Average net surplus/ deficit as % of operating income**								**-4.3%**	

Annex - I (f)

NEW MANGALORE PORT TRUST
Cost statement for Estate activity

₹ in lakhs

S. No.		Particulars	Actuals	Estimates furnished by NMPT at existing tariff				Estimates of NMPT modified by TAMP			
			2010-11	2011-12	2012-13	2013-14	2014-15	2011-12	2012-13	2013-14	2014-15
I		**Operating Income**									
	i	Rent from land	3,465.62	3,534.93	3,605.63	3,677.74	3,751.29	3,881.99	3,952.69	4,024.80	4,098.35
	ii	Others	155.50	158.61	161.78	165.02	168.32	158.61	161.78	165.02	168.32
		Total	**3,621.12**	**3,693.54**	**3,767.41**	**3,842.76**	**3,919.61**	**4040.60**	**4114.47**	**4189.82**	**4266.67**
II		**Direct Expenses**									
	i	Estate Mtc	243.90	544.22	255.02	270.99	273.06	**258.53**	274.05	290.49	307.92
	ii	Adm & Gen Exps	26.48	29.13	32.04	35.24	38.77	**28.07**	29.75	31.54	33.43
		Impact of wage revision due from 1.1.2012 (seperately furnished by NMPT)						**-**	5.18	5.49	5.82
		Total	**270.38**	**573.35**	**287.06**	**306.23**	**311.83**	286.60	308.98	327.52	347.17
III		**Depreciation**	299.16	377.27	310.33	320.33	345.32	377.27	310.33	320.33	345.32
IV		**Allocated share of M & GA exps**	112.77	249.31	122.95	127.98	129.53	119.53	141.66	150.77	156.01
V		**Operating Surplus/ Deficit**	**2,938.81**	**2,493.61**	**3,047.08**	**3,088.22**	**3,132.94**	**3,257.19**	**3,353.50**	**3,391.19**	**3,418.17**
		(I) - (II) - (III) - (IV)									
VI		**Allocated share of FMI**	12.51	10.88	5.83	5.31	5.18	4.48	3.12	2.61	2.55
VII		**Allocated share of FME**	37.25	30.15	26.62	26.62	26.62	30.15	29.42	29.58	29.76
VIII		**FME Less FMI (VI) - (VII)**	24.74	19.26	20.79	21.31	21.44	25.66	26.30	26.97	27.21
IX		**Surplus / deficit (V) + (VIII)**	**2,914.07**	**2,474.34**	**3,026.28**	**3,066.91**	**3,111.50**	**3,231.53**	**3,327.21**	**3,364.23**	**3,390.96**
X		**Capital Employed for the activity**	11,421.00	12,442.84	12,112.87	12,298.21	12,951.26	11,975.98	11,663.70	11,841.91	12,495.16
		Business Assets						11,869.57	11,560.38	11,741.70	12,398.77
		Business Related Assets						106.41	103.32	100.21	96.39
XI		RoCE	1,816.36	1,980.13	1,927.59	1,957.51	2,062.03	1,907.86	1,858.13	1,886.89	1,991.71
		Business Assets						1,899.13	1,849.66	1,878.67	1,983.80
		Business Related Assets						8.73	8.47	8.22	7.90
XII		Capacity Utilization	100%	100%	100%	100%	100%				
XIII		RoCE adjusted for Capacity utilization	1816.36	1980.13	1927.59	1957.51	2062.03	1,907.86	1,858.13	1,886.89	1,991.71
								-	-	-	-
XIV		**Net surplus / (Deficit) (IX) - (XIII)**	1097.72	494.22	1098.69	1109.40	1049.47	1,323.67	1,469.07	1,477.34	1,399.25
		Past period surplus considered for adjustment							**683.69**		
		Past period surplus set off in five years							136.74	136.74	136.74
		Net Surplus / (Deficit) after adjustment of past surplus						1,323.67	1,605.81	1,614.08	1,535.99
XV		**Net Surplus / (Deficit) as a % of operating income**	30.31%	13.38%	29.16%	28.87%	26.77%	32.76%	39.03%	38.52%	36.00%
XVI		**Average net surplus/ deficit as % of operating income**							**37.8%**		

Annex - II

NEW MANGALORE PORT TRUST

SCALE OF RATES

CHAPTER - I

Definitions and General Terms and Conditions

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). "Foreign - going vessel" shall mean any vessel other than coastal vessel.

1.2. General Terms & Conditions

(i). The status of a vessel as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for its classification as '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). Vessel related charges shall be levied on ship owners/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 Banks as may be specified from time to time. The date of entry of the vessel into the Port Limits 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 containers in the Port premises in the case of export containers shall be reckoned as the day for such conversion of dollar denominated charges.

(iii). A regular review of exchange rate shall be made once in thirty days from the date of arrival of the vessel 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.

(iv). (a). A foreign going vessel of India 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 rate shall be chargeable by the load port from the time the vessel starts loading coastal goods.

(d). In cases of such conversion, coastal rate 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 Director General of Shipping, no other documents will be required to be entitled to coastal rates.

(v). (a). The vessel related charges for all Coastal vessels should not exceed 60% of the corresponding charges for other vessels.

(b). The 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). Cargo/container from a foreign port which reaches an Indian Port "A" for subsequent transhipment to India Port "B" will be levied the concession charges relevant for its coastal voyage. In other words, cargo/containers from/to Indian ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

(f). The charges for coastal cargo/containers/vessels shall be denominated and collected in Indian Rupee.

(vi). Interest on delayed payments/refunds:

(a). The User shall pay interest at the rate of 16.75% per annum, on the delayed payments of any charge under the Scale of Rates.

(b). Likewise, the Port Trust shall pay penal interest at the rate of 16.75% per annum on delayed refunds.

(c). The delay in refunds will be counted beyond twenty days from the date of completion of services or on production of all the documents required from the User whichever is later.

(d). Delay in payments by user will be counted only 10 days after the date of raising the bills by NMPT. This provision will, however, not apply to the cases where payment is to be made before availing the services/use of port properties as stipulated in the MPT Act 1963 and/or where payment of charges in advance is prescribed as a condition in the Scale of Rates.

(vii). No refund shall be made unless the amount refundable is ₹100/- or less. Likewise, NMPT will not raise any supplementary or under charge bills, if the amount due to Port is ₹100/- or less.

(viii). All charges worked out shall be rounded off to the next higher rupees in each category.

(ix). (a). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The NMPT may, if they so desire, 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 Users in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.

(c). The Ports 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.

(x). Users shall not be required to pay charges for delays beyond a reasonable level attributable to the NMPT.

CHAPTER - II

VESSEL RELATED CHARGES

2.1 . PORT DUES

Vessels chargeable (Sea going vessels of 15 tonnes and above)	**Rate per GRT**		**Frequency of payment in respect of the same vessel**	
	Foreign-going Vessels (in US$)	**Coastal vessels (in ₹)**	**Foreign-going vessels (in US $)**	**Coastal vessels (in ₹)**
Ships/Steamers	0.143	2.32	Each entry	Each entry
Tugs, Launches, Barges, etc. not included above	0.040	1.07	Each entry	Each entry

Notes:

1. ‘Ship” means a vessel propelled solely by wind power and ‘Steamer” means any vessel other than a ship. In respect of sailing vessels fitted with auxiliary engines charges shall be levied at the rate applicable to ships.

2. 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.

3. A vessel entering the port but not discharging or taking in any cargo or passenger (with the exception of such un-shipment and reshipment as may be necessary for the purpose of repairs) shall be charged with only 50% of the port dues with which she would otherwise be chargeable.

4. A LASH vessel making a ‘second call’ to pick up empty and/or laden fleeting LASH barges shall be treated as a vessel entering the Port but not discharging or taking any cargo or passengers therein, as described in Section 50B of the Major Port Trusts Act, and shall not be charged any Port Dues.

5. No Port dues shall be levied in respect of:

   (i). any pleasure yatch; or,

   (ii). any vessel which having left the port is compelled to re-enter it by stress of weather = or in consequence of having sustained any damage.

6. 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 levying port dues.

2.2 . PILOTAGE

Classification of the vessels	Rate per GRT	
	Foreign-going vessels (in US $)	**Coastal vessels (in ₹)**
(i). For Pilotage both inward and outward		
(a). Upto 30,000 GRT	0.320 subject to a minimum of US$ 960	8.55 subject to minimum of ₹25,661.00
(b). 30,001 to 60,000 GRT	US $ 9600 + US $ 0.256 per GRT over 30,000 GRT	₹2,56,608 + ₹6.84 per GRT over 30,000 GRT
(c). 60,001 GRT and above	US $ 17280 + 0.224 per GRT over 60,000 GRT	₹4,61,894 + ₹5.99 per GRT over 60,000 GRT
	Rate per vessel	
(ii). (a). Barges, Tugs, Launches, etc., not specified above and sailing vessels [with/without auxiliary engines] and fishing vessels upto GRT 199	US $ 71.34 per vessel	₹1907.00 per vessel
(b). 200 GRT and above	US $ 107.00 per vessel	₹2860.00 per vessel

Notes:

1. Plilotage-cum-towage fee will be composite fee and shall include one inward and one outward movement with services of Port's Pilot for to and fro pilotage and towage with required number of tugs/launches of adequate capacity and shifting/s of vessels for 'Port convenience' and supply of mooring boats.

2. No charges for shifting shall be levied for shifting of a vessel for Port convenience.

   (i). "Port convenience" is defined to mean the following:

   (a). If a working cargo vessel at berth or any vessel at mooring 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/pilotage is necessitated, such shifting/pilotage shall be considered as "SHIFTING FOR PORT CONVENIENCE". The shifting/ pilotage made to reposition such shifted vessel shall also be considered as "SHIFTING FOR PORT CONVENIENCE"

   (b). For shifting/pilotage of any vessel for the convenience of/benefit of another vessel, the vessel benefited is liable to pay the shifting/pilotage charges for shifting and re-positioning of the vessel shifted.

3. (i). Shifting at the request of the vessels will attract separate shifting charges as prescribed below:

   <u>Shifting charges</u>:

Classification of vessels	Rate per GRT	
	Foreign going vessel (in US $)	**Coastal vessel (in ₹)**
(i). (a). Upto 30,000 GRT	0.08 subject to a minimum of US $ 240	2.14 subject to a minimum of ₹6415.20
(b). 30,001 to 60,000 GRT	US $ 2400 + US $ 0.064 per GRT over 30,000 GRT	₹64152 + ₹1.71 per GRT over 30,000 GRT
(c). 60,001 GRT and above	US $ 4320 + 0.056 per GRT over 60,000 GRT	₹115474 + ₹1.50 per GRT over 60,000 GRT

	Rate per vessel	
(ii).(a). Barges, Tugs, Launches, etc., not specified above and sailing vessels [with/without auxiliary engines] and fishing vessels upto GRT 199	US $ 17.84 per vessel	₹477.00 per vessel
(b). 200 GRT and above	US $ 26.75 per vessel	₹715.00 per vessel

(ii). When tugs are not used for shifting, 50% concession shall be given on shifting charges.

4. The shifting charges prescribed above are for the movement of vessels within the dock basin movement from/to anchorage outside the dock basin qualifies for a second set of pilotage fee.

5. If the status of the vessel is changed during its stay in the Port, from foreign run to coastal run or vice versa, then the consolidated pilotage should be divided into two equal halves (i.e. one for inward and other for outward pilotage) which should be charged according to the status of the vessel prevailing at the time of taking place of relevant movement.

6. Where a movement of a vessel is aborted or had to be changed due to reasons like tug failure, insufficiency of length, lack of proper fenders, etc. for which the vessel is not at fault, no charge shall be levied for the unsuccessful operation involved till she occupies allotted berth.

7. For piloting a vessel on COLD MOVE as certified by the Master of the vessel namely without the power of the engine of the vessel partly or fully in any operation, a surcharge of 20% shall be levied over the rates payable as per the Schedule of pilotage charges prescribed above.

8. During the course of hot movements, if a vessel fails to offer its full power for a duration not exceeding five minutes, it shall not be considered as cold move.

9. In the event of the vessel carrying a Pilot outside the Port limits for unavoidable reasons, the Master shall be bound to leave the pilot at the next nearest port and Master, Owner or his representatives shall be responsible for the repatriation and all connected formalities thereof and also be liable to pay all expenses incurred in the matter of boarding, lodging, other reasonable expenses and repatriation of the Pilot thus over carried. In addition, compensation at the rate of ₹76.00 for coastal vessels or US$ 2.84 for foreign going vessel per hour shall be payable by the Master of the vessel till the Pilot reports back to duty at the Port.

2.3 . Detention charges of the vessels:

Sl. No.	Description	Foreign going vessel (in US $)	Coastal vessel (in ₹)
(i).	For cancellation of a requisition for the services of a Pilot with less than 2 hours notice for pilotage between 0600 hours to 1800 hours or with less than 6 hours notice for pilotage between 1800 hours and 0600 hours	75.00	2005.00
(ii).	For detention of Pilot by a Steamer for more than 30 minutes beyond the time or which the requisition was made		
	(a). For 1st hour or part thereof (b). For every subsequent hour or part thereof.	37.50 31.25	1002.00 835.00

Note:

In case where a Pilot boards a Steamer but has to return on being informed that this services are not required, cancellation charges specified in sub-item (i) above shall be levied. If a Pilot is made to wait for more than 30 minutes after boarding the vessel before being informed that his services are not required, charges specified in sub-item (ii) above shall be levied in addition to cancellation charges.

2.4 . Berth Hire charges:

2.4.1. Berth Hire charges for occupation of berths where wharf cranes are not installed

Classification of the Vessel	Rate per hour or part thereof per GRT	
	Foreign going vessel (in US $/cents)	**Coastal Vessel (in ₹)**
Vessel other than oil tanker		
All vessels irrespective of GRT	0.17 cents subject to a minimum of US $ 6	0.045 subject to a minimum of ₹160.40

2.4.2. Oil Tankers and Other vessels

Classification of the Vessel	Rate per hour or part thereof per GRT	
	Foreign going vessel (in US $/cents)	**Coastal Vessel (in ₹)**
(i). Tankers / Oil tankers	0.25 cents subject to a minimum of US $ 4.95	0.067 subject to a minimum of ₹132.30
(ii). Sailing vessels, Barges, Tugs (Vessels other than steamer and Tankers)	US $ 3.096 Per vessel / hour	82.75 Per vessel/hour
(iii). Fishing vessels/ trawlers	US $ 0.495 Per vessel / hour	13.25 Per vessel / hour
(iv). Wooden rowing boat with or without auxiliary engines	US $ 0.24 Per vessel / hour	6.50 Per vessel / hour
(v). Double banking	Whenever a vessel is double banked with other vessel occupying a berth, it will be charged 50% of the berth hire specified above.	

(vi). **Mother Ships:**

(a). If the mother ships are berthed alongside a Wharf, all the charges as applicable to other Merchant vessels shall be recoverable.

(b). If anchored at outer anchorage, there will be no pilotage fees, berth hire, mooring charges and tug hire charges

(c). If anchored at inner anchorage, all applicable vessel related charges excluding berth hire shall be recovered.

(vii). **Lash Barges:**

(a). The berth hire charges shall be levied at the rate of ₹12.05 per barge per hour or part thereof for coastal vessel or US $ 0.45 per barge per hour or part thereof for foreign going during the process of loading and unloading of cargo.

(b). When the barges wait at the safe fleeting area, they shall be charged at ₹4.00 per barge per hour or part thereof for coastal vessel or US $ 0.15 per barge per hour or part thereof for a foreign going vessel.

(c). The charges for towing of barge shall be according to the rate prescribed for tugs or launches, as the case may be.

Notes:

1. Berth hire shall be levied per hour from the time of completion of mooring of a vessel in a berth or when its anchoring is completed, which ever is later.

2. (i). Berth hire shall stop 4 hours after the time of the vessel signaling its readiness to sail. A penal berth hire equal to berth hire charges for one day's berth hire charge (i.e. 24 hours) shall be levied 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 other reasons attributable to the vessel. This excludes the signaling readiness when a ship is not able to sail due to unfavourable tide, lack of night navigation or adverse weather conditions."

(ii). The time limit prescribed for cessation of berth hire shall exclude the ship's waiting time for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

3. A vessel which owing to an impending cyclone, elects to say in the Port after being duly warned by the Port authorities, shall be charged at the specified rates for the period covered by warning and commencing in the case of a vessel which has not completed its loading or unloading at the time of warning, from the day after the loading or unloading has been completed.

4. The vessel for whose convenience an adjacent berth(s) is (are) kept vacant due to the nature of cargo to be handled at that particular berth shall be charged berth hire charges applicable to the berths kept vacant in addition to berth hire charge for the berth occupied by the vessel.

5. Penal charges for unauthorised occupation of berths; without prejudice to any other course of action in accordance with the relevant provisions of law, rules and regulations, berth hire charges for the unauthorised occupation of a berth in the Port shall be levied at the following rates after giving 8 hours advance intimation or notice in writing to the agents / owner of the vessels concerned:

(i).	Upto 3 days or part thereof	:	At three times the rate of berth hire charges
(ii).	Above 3 and upto 6 days	:	At four times the rate of berth hire charges
(iii).	Above 6 and upto 9 days	:	At five times the rate of berth hire charges
(iv).	Above 9 days and so on for subsequent days	:	At six times the rates of berth hire charges and so on

6. No berth hire shall be levied for the period when the vessels idle at its berths due to break down of Port equipments or power failure or any other reasons attributable to the Port.

7. **Priority Berthing or Ousting priority**

(i). For providing priority berthing to any vessel, a fee equivalent to berth hire charges for single day (24 hours) or 75% of the berth hire charges calculated for a total period of actual stay of the vessel at the berth, whichever is higher, shall be charged.

(ii). For providing ousting priority berthing to any vessel, a fee equivalent to berth hire charges for single day (24 hours) or 100% of the berth hire charges calculated for a total period of actual stay of the vessel at the berth, whichever is higher, shall be charged.

(iii). The fee for according 'priority' /ousting as indicated above shall be charged from all vessels, except the following categories:

(a). Vessels carrying cargo on account of the Ministry of Defence

(b). Defence vessels coming on goodwill visits

(c). Vessels hired for the purpose of Antartica expedition by the Department of Ocean Development

(d). Any other vessel for which special exemption has been granted by the Ministry of Shipping

8. **Berth Reservation**

(i). A Shipping line requiring advance reservation for a container ship should give its scheduled arrival of ships at least 3 months in advance. In the case of other vessels, a minimum notice of 1 month should be given. The shipping line should also intimate the expected stay of the ship at the berth at the time of asking for berth reservation.

(ii). A berth reservation equal to berth hire charges for single day (24 hours) or 25% of the berth hire for the expected stay of the ship at the berth, whichever is higher, will be charged.

(iii). If the shipping line does not bring the ship at the pre-reserved time, then the berth reservation fee paid in advance will be forfeited.

(iv). Liner ships should arrive within 6 hours of the commencement of the time reserved for the berths and non-liner ships should arrive within 24 hours of the time indicated for arrival of the ship.

CHAPTER - III

SCHEDULE OF WHARFAGE CHARGES

The rates to be paid for the use of wharves, jetties and landing places (hereinafter referred to as Wharfage dues) on goods landed at or shipped from the Port of New Mangalore shall be as specified below:-

3.1 . Break-Bulk Cargo:

Sl. No.	Description of Cargo Break Bulk Cargo	Advalorem Rate	
		Foreign Rate	Coastal Rate
1.	Spices (cardamom, ginger, turmeric, coriander seed, pepper, chillies etc.	0.015%	0.009%
2.	Fish dried, fresh, salted preserved or frozen prawns, frog legs and lobsters preserved or frozen	0.059%	0.036%
3.	Yarn, cotton and wool raw, waste or manufactured staple fibre	0.059%	0.036%
4.	Arecanuts, beedi leaves and beedies, coffee instant coffee essence or powder, mangnasite illuminates monazite bauxite rutile sand, sandal wood logs, and product, Tea, Coffee/ Coffee husk, tobacco.	0.074%	0.044%
5.	Asphalt, Bitumen	0.237%	0.142%
6.	Any other non-bulk items	0.296%	0.178%

Note:
Advalorem rates shall be based on FOB value for exports, CIF value for imports and the value as given in coastal bill of lading for coastal cargo.

3.2 . Bulk Cargo:

Sl. No.	Cargo	Unit	Foreign (in ₹)	Coastal (in ₹)
1.	**(a). Finished Fertilizers**			
	MOP, Urea, DAP, NPK, CAN Ammonia Sulphate and any other Finished fertilizer	MT	25.90	15.54
	(b). Fertilizer Raw Materials			
	Sulphate/ Rock phosphate	MT	29.60	17.76
2.	**Food Grains and Food Products**			
	(a). Rice, Wheat, Maize, Pulses (bags/bulk)	MT	29.60	17.76
	(b). Sugar, Sugarcandy or Cube	MT	29.60	17.76

Sl. No.	Cargo	Unit	Foreign (in ₹)	Coastal (in ₹)
3.	**P.O.L.**			
	(a). Motor spirit	MT	51.80	51.80
	(b). Superior Kerosene Oil	MT	51.80	51.80
	(c). Diesel Oil	MT	51.80	51.80
	(d). Crude Oil	MT	51.80	51.80
	(e). Naphtha	MT	51.80	51.80
	(f). Furnace Oil	MT	51.80	51.80
	(g). Grease	MT	48.10	48.10
	(h). Asphalt/ coaltar/ bitumen	MT	48.10	48.10
	(i). Others	MT	51.80	51.80
4.	**Other Chemicals**			
	(a). Ammonia Liquid or Gas	MT	51.80	31.08
	(b). Phosphoric Acid and Styrene Monomer	MT	44.40	26.64
	(c). Sulphuric Acid	MT	44.40	26.64
	(d). Orthoxylence	MT	44.40	26.64
	(e). Ethylene Dichloride (E.D.C.)	MT	44.40	26.64
	(f). Cyclohexanone	MT	44.40	26.64
	(g). Cumene	MT	44.40	26.64
	(h). Methanol	MT	44.40	26.64
	(i). Phenol	MT	44.40	26.64
	(j). Caustic Soda Dye	MT	44.40	26.64
	(k). Acids/ Chemicals of all kinds in crystals liquids not specified above	MT	44.40	26.64
5.	**Edible Oil & Other Liquids**			
	(a). Palm oil, vegetable oil etc.	MT	37.00	22.20
	(b). Oil seeds	MT	37.00	22.20
	(c). Molasses	MT	37.00	22.20
6.	**Iron & Steel Materials**			
	(a). Iron and Steel Plates, Pipes, tubes, steel wire coils (irrespective of the weight of individual piece)	MT	37.00	22.20
	(b). Iron and steel scraps and drops	MT	29.60	17.76
	(c). Pig iron/ Sponge iron	MT	37.00	22.20
	(d). Plant and Machinery	MT	96.20	57.72
7.	**Granite in any form**	MT	33.30	19.98
8.	**Ores/ Metals**			
	(a). Manganese ore	MT	22.20	13.32
	(b). Perlite ore	MT	22.20	13.32
	(c). Chromate ore	MT	22.20	13.32
	(d). Bentonate & ballclay sand/ clay of any Class	MT	14.80	8.88
	(e). Rock sand	MT	20.00	12.00
	(f). Zinc concentrate	MT	77.70	46.62
	(g). Copper concentrate	MT	29.60	17.76
	(h). Copper cathode	MT	92.50	55.50
	(i). Copper wire, rods, cables, bars blocks	MT	74.00	44.40
	(j). Limestone	MT	25.90	15.54
	(k). Aluminium and Tin	MT	81.40	48.84
	(l). Iron ore other than KIOCL	MT	25.90	25.90
	(m). Any other ore in bulk	MT	25.90	15.54
	(n). Slag	MT	25.00	15.00
9.	**Gas**			
	LPG/LNG or any gas in any other form	MT	133.20	79.92
10.	**Timber & Allied Products**			
	(a). Timber of all kinds of logs including plywood	CBM	37.00	22.20
	(b). Wood pulp and wood chips	MT	29.60	17.76
	(c). Papers of all kinds including waste papers	MT	37.00	22.20

Sl. No.	Cargo	Unit	Foreign (in ₹)	Coastal (in ₹)
11.	**Coal and Coke in bulk**			
	(a). Thermal Coal	MT	18.50	18.50
	(b). Coal (other than Thermal Coal) and coke	MT	18.50	11.10
12.	**Cement**			
	(a). upto 3.00 lakh tones per annum	MT	44.40	26.64
	(b). Above 3.00 lakhs tones and upto 4.00 lakhs Tones per annum	MT	37.00	22.20
	(c). Above 4.00 lakh tones per annum	MT	29.60	17.76
13.	**Gypsum/ Clinker**	MT	22.20	13.32
14.	**Others**			
	(a). Raw cashew nuts	MT	25.90	15.54
	(b). Cashew kernels	MT	40.70	24.42
	(c). Cashew shell liquid	MT	29.60	17.76
	(d). Coir and coir products	MT	40.70	24.42
	(e). Ferro silicon	MT	29.60	17.76
	(f). Defence stores equipments	MT	96.20	57.72
	(g). Oil cakes and fodder of all kinds	MT	22.20	13.32
	(h). Unaccompanied personal effects	MT	74.00	44.40
	(i). Baggages accompanying passengers or Seamen free and personnel baggages, Horses and carriages/ accompanying Military personnel moving on duty Embarking from vessels and the Animal meats for providing food for them.		Free	Free
	(j). Mill Scale	MT	35.00	21.00
15.	Salt	MT	22.20	13.32
16.	Rice Bran	MT	22.20	13.32
17.	Tapioca chips, flour starch, waste & tamarind Seed powder in bags	MT	37.00	22.20
18.	Onion	MT	22.20	13.32
19.	Unenumerated goods other than the above specified	MT	48.10	28.86

M.T = Metric Tonne CBM = Cubic metre

Notes:

1. No export cargo shall be admitted into the Port premises without the permission in writing of the authorized official of the Port. Normally export cargo for a vessel shall be admitted only after the vessel is opened for export.

2. Wharfage shall be in addition to any charges towards rent for storage of goods in the quays, warehouses, transit sheds or landing places of the Port of New Mangalore.

3. Request for amendment in import / export applications or documents shall be accompanied by a fee of ₹10/- which shall not be refunded.

4. The cargo/container related charges for all coastal cargo/containers, other than thermal coal, POL including crude oil, iron ore and iron ore pellets, should not exceed 60% of the corresponding charges for normal cargo/container related charges.

5. **Method of calculating wharfage:**

   (i). All goods intended for shipment shall be assessed on export application and wharfage shall be paid before the goods are shipped.

   (ii). All goods landed within the limits of the Port of New Mangalore shall be assessed on import application and the wharfage shall be paid before the goods are delivered.

(iii). The wharfage dues shall be calculated on the manifested tonnage of the vessel's cargo in the case of imports, iron and steel scrap, ores and other goods in bulk.

(iv). In the case of cargo other than that mentioned in sub-rule (iii), the wharfage shall be calculated in accordance with the unit specified against each item of the goods in the Schedule of Wharfage given above.

(v). The wharfage dues shall be calculated on the total tonnage of each item of goods. For this purpose, the gross and not the net tonnage of each package as specified in the relative invoice or other shipping document shall be taken, subject to fresh check by the Port if the circumstances so require. In the absence of these documents or in the absence of the specification of gross tonnage therein the tonnage arrived at by actual test-check shall be taken as gross tonnage.

(vi). For the purpose of calculating the dues in the Scale of Rates –

(a). One unit by weight means 1 tonne (1000 kilograms)
(b). One unit by measurement means 1 cubic meter
(c). One unit by liquid measurement (capacity) means 1000 liters

(vii). In calculating the gross weight or measurement by volume or capacity of an individual item, fractions upto and including 0.50 shall be reckoned as 0.50 and fractions over 0.50 shall be reckoned as one unit.

(viii). Assessment on packages containing articles of a miscellaneous character shall be levied based on the rate applicable for individual cargo items.

(ix). Where marks are indistinguishable and the cargo is landed in bulk or under such conditions that the tonnage is not readily ascertainable in that case;

(a). if the cargo is landed at the Wharf, the tonnage shall be ascertained by taking the actual measurement and converting it at one cubic meter to a tonne,

(b). if the cargo is conveyed by craft from a vessel at the outer roads, the licenced carrying capacity of the craft shall be taken as the tonnage.

(x). 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.

6. **Refund**:
No refund of dues shall be made in respect of goods lost over board or jetties within the limits of the Port. However, in the case of goods thrown over board or jettisoned but not salvaged, refund of wharfage will be considered on production of a certificate from the authorized official of the Port Trust, justifying the circumstances under which the goods were jettisoned or thrown over board. In case the goods are salvaged and landed within the port limits, the wharfage dues would be charged on a pro-rata basis.

7. **Porterage (Handling of Cargo) at wharf or jetties**

(i). The Port shall not assume custody of any export cargo and handle the same at the wharf or jetties.

(ii). The Port may assume custody at shore and convey to transit space and sort for delivery all import general cargo and other cargo for which overside delivery direct from ships is permitted in special case by the Port and the Customs except the bulk cargo and for this service in addition to wharfage, the following charges shall be levied namely.

(a). Actual labour charges incurred by the Port plus 20% overhead (b). Crane hire charges as per rates prescribed in the Scale of Rates, if Crane is provided by the Port

(c). Fork lift hire charges as per rates prescribed in the Scale of Rates, if Forklift is provided by the Port

(d). Overtime allowance admissible

(iii). In case of ship to shore transfer and transfer from quay/ to storage yard operations in respect of coastal cargo eligible for concessional tariff, 60% of the rates prescribed in the above schedule will be levied.

8. **Tranship Goods**

(i). Cargo landed on and shipped from the wharf, except as otherwise provided shall be charged full wharfage. The transhipment charges in respect of coastal cargo / vessel shall be at the concessional rate as prescribed for coastal cargo.

(ii). Though cargo originally manifested at Port of shipment for transhipment landed on the Wharf and cargo manifested for local and subsequently amended at the Port of New Mangalore for transhipment shall be charged 85% of the applicable wharfage.

(iii). Cargo discharged overside or shipped overside (ship to ship) shall be charged 50% of the applicable wharfage rate except in respect of food grains manifested for Indian Ports and transhipped to smaller vessels from cargo tankers or bulk carriers within the Port limits.

(iv). Wharfage shall be levied at Re.1/- per tonne on food grains manifested for Indian Ports and transhipped into a smaller vessel from tanker or bulk carrier at the Port. This charge shall not be levied in respect of transhipped quantity landed at this Port.

(v). In case cargo from foreign Port lands at NMPT for subsequent transhipment to an Indian Port on coastal voyages, 50% of the transhipment rate prescribed for foreign going and 50% of that prescribed for coastal leg shall be levied.

9. **Goods exempted from wharfage**

The following categories of goods shall be exempted from the wharfage charges:

(i). Bonafide consumable/non consumable ship stores.

(ii). Passenger and seaman's bonafide baggage and personal effects accompanying them.

(iii). Empty gunnies and twines sent to ship to facilitate landing or loading of cargoes in bulk or for replacing wet or torn bags.

(iv). Goods consigned to or by the New Mangalore Port Trust

(v). Postal Mail bags.

CHAPTER - IV

CONTAINER CHARGES

4.1 . Wharfage charges

Sl. No.	Container Size	Rate per container			
		Empty		Loaded	
		Foreign (in ₹)	Coastal (in ₹)	Foreign (in ₹)	Coastal (in ₹)
1.	Upto 20’	44.40	26.64	222.00	133.20
2.	Above 20’ and upto 40’	66.60	39.96	333.00	199.80
3.	Above 40’	88.80	53.28	444.00	266.40

4.2 . Storage charges

Sl. No.	Container Size	Rate per container per day or part thereof	
		Foreign(in US $)	Coastal (in ₹)
1.	Upto 20’	0.214	9.53
2.	Above 20’ and upto 40’	0.321	14.30
3.	Above 40’	0.428	19.07

Notes:

1. 1 day free period shall be allowed on containers whether landed/shipped either empty or stuffed

2. Free period prescribed above excludes 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 alongwith 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 N.M.P.T is not in a position to deliver/ship container when requested by the user

5. If operational area is licensed on rental terms to users, storage charge on containers/demurrage on cargo stored thereat shall not be levied again.

4.3 . Re-Stow charges:

Container manifested for other destination, unloaded and reloaded in the same vessel in the same voyage, the following rates will be levied:

Sl. No.	Container Size	Rate per container			
		Empty		Loaded	
		Foreign (in ₹)	Coastal (in ₹)	Foreign (in ₹)	Coastal (in ₹)
1.	Upto 20’	22.20	13.32	37.00	22.20
2.	Above 20’ and upto 40’	33.30	19.98	55.50	33.30
3.	Above 40’	44.40	26.64	74.00	44.40

General Notes:

1. Wharfage on containers is collected irrespective of the contents of the containers.

2. The stuffed cargo removed from the container and cargo meant for stuffing in the container stacked in transit area other than the space allotted on lease for that purpose will be liable for demurrage as applicable to the cargo specified in Chapter V Demurrage.

   (i). **Containerised import cargo**
   For levy of demurrage, the free days for import cargo destuffed from the container shall count from the date following the date of destuffing.

   (ii). **Containerised Export cargo**
   For levy of demurrage, the free days for export cargo shall be reckoned from the date on which cargo is admitted in the transit area and demurrage leviable, if any shall be computed from the day following the completion of free days till the cargo has been stuffed into containers.

3. The applicant shall accept all risks and responsibilities for goods stored at the rental space allotted and shall make his own arrangement for security of the goods stored in such spaces. Hire charges for port equipment whenever utilised by the shipper will be charged separately according to the Scale of rates in force from time to time.

4.4 . Hire charges of Spreaders for Container Handling:

Sl. No.	Description	Rate per hour or part thereof
1.	20’ Spreader	111.00
2.	40’ Spreader	166.50

4.5 . Container Handling charges

Sl. No.	Container Size	Rate per container			
		Empty Container		Loaded Container	
		Foreign (in ₹)	Coastal (in ₹)	Foreign (in ₹)	Coastal (in ₹)
1.	Upto 20’	90.28	54.17	189.44	113.66
2.	Above 20’ and upto 40’	135.42	81.25	284.16	170.50
3.	Above 40’	180.56	108.34	378.88	227.33

4.6. Electricity and monitoring charges for Reefer container

Sl. No.	Container Size	Rate per 4 hours or part thereof per container
1.	Upto 20’ containers	₹117.00
2.	Above 20’ and upto 40’ containers	₹142.00
3.	Above 40’containers	₹167.00

Notes:

1. No private equipment shall be permitted into the port premises without prior permission of the NMPT.

2. The hire charges shall commence from the time the equipment is made available for use.

3. If the equipment is detained without use, detention charges shall be leviable at the rate of ₹100 per hour or part thereof.

4. A charge of ₹300 per equipment will be recovered if a requisition is cancelled in writing before the commencement of the period of hire, provided no such charges shall be recovered if the notice of cancellation was received before action was taken by the NMPT to comply with the requisition. In case where no written notice of cancellation is received before the commencement of the period of hire or where the equipment is used only for a portion of the period applied for, charges payable for the full period of requisition shall be recovered. If the NMPT is unable to supply the equipment to suit their convenience either for the entire period of requisition or for a part thereof, no charge shall be recovered for the period of non-supply of the equipment.

5. (i). The hirer shall not put on the equipment hired or cause to be put on them by his agents or employees or other persons working under such hirer, any load heavier than the lifting capacities of the said equipment.

   (ii). The hirer shall be liable to pay a penalty of ₹500 per every breach of the above condition whenever he is found guilty of such breach by the NMPT.

   (iii). The cost of damage, if any, caused to the equipment by its being used in contravention of the above condition, shall, in addition to the penalty referred to above, be recovered from the hirer and shall include even the replacement value of the equipment if the damage caused makes such a recovery necessary. On admittance of the claim of damages of the equipment from the Insurance Company, the same shall be refunded to the hirer from whom the cost of the damage was collected.

6. The NMPT shall not be responsible to the hirer or any person for any loss or damage or injury to the life of the person arising directly or indirectly from the use of the equipment during the period of its supply for hire. The hirer shall indemnify the NMPT against all loss or damage or injury to life arising directly or indirectly from the use of the equipment during the period of the supply on hire to any property belonging to the Port including the equipment, or to any other person or property. The liability of the hirer shall not be affected by the fact that such loss or damage or injury to life may have arisen due to any act or default of any employee of the Port. The hirer shall also indemnify the NMPT for all liabilities under the Workmen's Compensation Act, 1923.

7. When equipment are requisitioned for a specified number of hours but are made available not continuously but at different times to suit the convenience of the Port, charges shall be calculated as if the hire was for a continuous period by totaling up the broken periods of work instead of rounding off each spell of work separately.

8. In case of breakdown of equipment due to mechanical defects, the period taken to repair shall be deducted in calculating the hire charges.

9. Wherever separate rate for coastal container handling are not prescribed, the admissibility and the extent of concession will be governed by clause (v) of Schedule 1.2-General Terms & conditions.

CHAPTER - V

DEMURRAGE

5.1.1 Imports

Demurrage charges at the following rates shall be levied in respect of all goods left in the port's Transit sheds or open space after the expiry of the free days and free periods till their delivery is effected.

Sl. No.	Classification	Unit	Rate
1.	Goods lying in the Transit sheds or in the open transit space except on which the rate of wharfage dues is fixed for each or by number	Per wharfage unit per day	(a). 1^{st} week ₹3.00 (b). 2^{nd} week ₹5.00 (c). Succeeding period ₹7.00
2.	Goods lying in the transit shed on which wharfage is charged on advalorem basis	Per CBM per day	(a). 1^{st} week ₹3.00 (b). 2^{nd} week ₹5.00 (c). Succeeding period ₹7.00

Notes:

1. **Free days**

(i). Free days prescribed below shall exclude customs holidays and Port's non working days.

(ii). Seven working days (excluding customs holidays and Port's non-working days) following the date of the complete discharge of the goods from the vessel on to jetties, quays or wharves shall be allowed as free period.

When goods are landed from the vessel into lighters, barges or other floating craft, the seven working days shall be calculated from the date of complete discharge of goods from the lighters, barges or other floating craft on the jetties, quays or wharves.

(iii). In the case of salvaged goods, the free days shall be reckoned from the day following the date of notification of salvage by the Receiver or wrecks in the Official Gazette of Karnataka State.

2. **Free period**:

The following free periods shall be allowed in addition to the free days prescribed above:

(i). Periods during which the goods are detained by the Collector of Customs for examination under sub-section (3) and (4) of section 144 of the Customs Act 1962 (152 of 1962), other than the ordinary process of appraisement and certified by the Collector of Customs to be not attributable to any fault or negligence on the part of importers, plus one working day. The Customs holidays shall also be treated as free periods in addition.

(ii). Periods during which the goods are detained by any public Health Authority whether cleared or destroyed.

3. **Survey of Goods**

If the goods are detained for survey, then a period not exceeding seven days excluding Customs holidays and Port's non-working days, from the date of completion of discharge from the vessel may be excluded while calculating the demurrage charges provided the goods are removed within twenty four hours after the completion of the survey.

4. **Empty or partially empty packages.**

Demurrage charges shall be payable on packages landed empty or partially empty.

5. **Demurrage charges on Sundays and Port Holidays**

Once demurrage charges begin to accrue, no allowance shall be made for Sundays and port holidays

6. **Delivery of goods**

Goods shall not be delivered to owners or consignees unless all dues leviable thereon, including demurrage charges are paid.

7. **Congestion of goods**

If at any time the Port apprehends a serious congestion in the transit area which may affect rapid transit of goods through the Port, it may direct the owners or consignees of any specified goods to remove such goods from the port premises within a specified period.

8. If the goods are not removed within a specified period, the Port may cause them to be removed and restacked in any other place within the Port premises at the expense and the sole risk of the owner or consignees. Goods so removed shall be charged demurrage charges at the rates prescribed in the Schedule of Demurrage (Imports) at (c) in Sl.No.1 or 2 whichever is applicable.

5.1.2. Exports

Demurrage at the rate of ₹3.00 per wharfage unit and or at ₹3.00 per CBM per day for all cargo charged at Advalorem rate, shall be levied after the expiry of the free days.

Notes:

1. **Free days**

(i). Free days shall exclude the Customs holidays and port non-working days

(ii). All cargo except salvaged goods (a) Twenty one days free days(excluding Customs holidays and Port's non-working days) from the actual date of the receipt of goods in the transit area. (b) From the date the vessel is berthed for working cargo to the date of the vessel completes loading.

(iii). For salvaged goods, three free days (excluding Customs holiday and port's non-working days) from the date on which the goods were actually salvaged.

2. **Shut out cargo**

(i). In the case of goods shut out from shipment and if removed outside, in addition to the free days mentioned in Note 1, the working day next to the date of completion of taking in of the exports by the vessel will also be allowed as a free day.

(ii). In the case of goods shut out by one vessel and subsequently shipped by another vessel the free days shall count from the date of the first shut out, upto ten days excluding Customs holidays and port's non-working days. The total free period, however, shall not be more than 21 days as specified in Note 1.

(iii). Cargo intended for export but not actually shipped will be allowed free days up to only seven days excluding Customs holidays and port's non-working days from the actual date of receipt of the goods in the transit area.

3. **Free periods**

In addition to the free days prescribed above, the period during which goods are detained by the Collector of Customs for examinations under Sub section (3) and (4) of Section 17 and for chemical test under Section 144 of the Customs Act, 1962, other than the ordinary processes or appraisement and certified by the Collector of Customs to be not attributable to any fault or negligence on the part of the exporters, plus one working day shall also be allowed as free period. The Customs holidays shall also be treated as free periods in addition.

4. **Congestion of goods**

If at any time the Port apprehends a serious congestion in the transit sheds or other spaces allotted for the goods in transit to the detriment of the rapid transit of goods through the Port, it may direct the owner or consignor or Agents of any specified goods to remove such goods from the Port premises within a specified period. If the goods are not removed within such period, Port may cause them to be removed and restacked in any other place within the Port premises at the expense and the sole risk of the owner or shipper/agents. Demurrage charges shall be levied on such goods in accordance with the rate specified for demurrage on export cargo.

5. **Transhipment of Goods**

The free period shall be allowed for the transhipment cargo up to 28 days excluding Customs holiday and port's non-working days from the date of receipt of the goods.

General Notes:

1. Demurrage charge on both import and export cargo shall not accrue for the period when the NMPT is not in a position to deliver/ship cargo when requested by the user

2. If operational area is licensed on rental terms to users, demurrage charge on cargo stored there-at shall not be levied again.

CHAPTER - VI

OTHER CHARGES

6.1. Charges for supply of water

Description	**Rate per K.L./Tonne**	
	Foreign-going vessels (in US $)	**Coastal vessels (in ₹)**
Water Charges	3.50	93.55

6.2. Charges for use of bunkering facility alongside berths

Sl. No.	**Description**	**Rate per M.T. (in ₹)**
1.	For providing bunkers alongside berth(s) through fixed pipelines or loading arms or flexible hoses of users or through mobile trucks/trainers	27.00

6.3. Marshalling yard usage charges

Sl. No.	**Description**	**Rate per M.T. (in ₹)**
1.	Use of Marshalling yard only	8.00
2.	Use of Marshalling yard including private siding inside the wharf	10.00

6.4. Fees for issue of Licence to C&F Agency

Sl. No.	Description	Rate (in ₹)
1.	New Licence	5000.00 for two calendar years
2.	Renewal within the period of licence for a further period of two calendar years	1000.00 per licence
3.	For issue of duplicate licence when the original is lost or defaced	200.00 per licence
4.	For temporary licence for a period not exceeding one year	1000.00 for one calendar year

Note:

Renewal of licence shall be effected only if the licence was utilised and transacted activities at the port during the pervious licence period. Failure to renew the licence within the specified period entails cancellation of the licence.

6.5. Fees for issue of licence to Steamer Agency

Sl. No.	Description	Rate (in ₹)
1.	New Licence	5000.00 per licence
2.	Renewal within the period of licence for a further period of two calendar years	1000.00 per licence
3.	For issue of duplicate licence when the original is lost or defaced	200.00 per licence
4.	For temporary licence for a period not exceeding one year	1000.00 for one calendar year

Note:

Renewal of licence shall be effected only if the licence was utilized and transacted activities at the port during the pervious licence period. Failure to renew the licence within the specified period entails cancellation of the licence.

6.6. Charges for hire of launches and tugs within the limits of the Port

I. Tugs

Sl. No.	Name of the vessel	Rate per hour or part thereof	
		Foreign-going vessels (in US $)	Coastal vessels (in ₹)
1.	22.50 T.B.P.	612.75	16,379.00
2.	32.50 T.B.P.	1,187.20	31,734.00
3.	50.00 T.B.P.	1,761.64	47,089.00

Note:
For use of the above tugs by Indian Navy and Coast Guard only 60% of the rate prescribed above shall be levied.

II. Launches

Sl. No.	Name of the vessel	Rate per hour or part thereof	
		Foreign-going vessels (in US $)	Coastal vessels (in ₹)
(a).	**Multi purpose vessel:** M.V. Mallya.	1148.90	30,710.00
(b).	**Mooring Launches**	114.89	3,071.00
(c).	**Pilot Launches**	291.05	7,780.00
(d).	**Survey Launch**	230.82	6,170.00

6.7. Hire charges for cargo handling equipment

Sl. No.	Equipment	Rate per hour or part thereof (in ₹)	
1.	Coles Husky 680S of 75 MT capacity	2,100.00	
2.	TIL – GROVE 75 MT capacity Mobile Crane (RT 880)	3,619.00	
3.	10 MT capacity Fork Lift Truck	530.00 subject to a minimum of ₹2120.00	
4.	Tata Truck Model LPT 909/36	417.00 subject to a minimum of ₹3336.00	
5.	Escorts Model 8100, 10 MT capacity Hydraulic crane	650.00 subject to a minimum of ₹1300.00	
		Foreign-going (in ₹)	**Coastal (in ₹)**
6.	Hindustan 2021 Pay loader	780.00	468.00
7.	3 Ton Forklift Trucks	90.00 subject to a minimum of ₹180.00	54.00 subject to a minimum of ₹108.00

Notes:

1. No private equipment shall be permitted into the port premises without prior permission of the NMPT.

2. The hire charges shall commence from the time the equipment is made available for use.

3. If the equipment is detained without use, detention charges shall be leviable at the rate of ₹100 per hour or part thereof.

4. A charge of ₹300 per equipment will be recovered if a requisition is cancelled in writing before the commencement of the period of hire, provided no such charges shall be recovered if the notice of cancellation was received before action was taken by the NMPT to comply with the requisition. In case where no written notice of cancellation is received before the commencement of the period of hire or where the equipment is used only for a portion of the period applied for, charges payable for the full period of requisition shall be recovered. If the NMPT are unable to supply the equipment to suit their convenience either for the entire period of requisition or for a part thereof, no charge shall be recovered for the period of non-supply of the equipment.

5. (i). The hirer shall not put on the equipment hired or cause to be put on them by his agents or employees or other persons working under such hirer, any load heavier than the lifting capacities of the said equipment.

   (ii). The hirer shall be liable to pay a penalty of ₹500 per every breach of the above condition whenever he is found guilty of such breach by the NMPT.

   (iii). The cost of damage, if any, caused to the equipment by its being used in contravention of the above condition, shall, in addition to the penalty referred to above, be recovered from the hirer and shall include even the replacement value of the equipment if the damage caused makes such a recovery necessary. On the recovery of the claim of damages of the equipment from the Insurance Company, the amount admitted by the Insurance Company shall be refunded to the hirer.

6. The NMPT shall not be responsible to the hirer or any person for any loss or damage or injury to the life of the person arising directly or indirectly from the use of the equipment during the period of its supply for hire. The hirer shall indemnify the NMPT against all loss or damage or injury to life arising directly or indirectly from the use of the equipment during the period of the supply on hire to any property belonging to the Port including the equipment, or to any other person or property. The liability of the hirer shall not be affected by the fact that such loss or damage or injury to life may have arisen due to any act or default of any employee of the Port. The hirer shall also indemnify the NMPT for all liabilities under the Workmen’s Compensation Act, 1923.

7. When equipment are requisitioned for a specified number of hours but are made available not continuously but at different times to suit the convenience of the Port, charges shall be calculated as if the hire was for a continuous period by totaling up the broken periods of work instead of rounding off each spell of work separately.

8. In case of breakdown of equipment due to mechanical defects, the period taken to repair shall be deducted in calculating the hire charges.

9. Wherever coastal rates are not prescribed for cargo/container handling, the admissibility and extent of concession will be governed by clause (v) of Schedule 1.2 – General Terms and conditions.

6.8. Charges for use of Harbour Mobile Cranes installed by the private operators:

(I). For Dry Bulk Cargo

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	Coastal
9500-10499	28.31	16.98
10500-11499	29.98	17.98
11500-12499	31.64	18.98
12500	33.31	19.99
12501-13500	34.97	20.98
13501-14500	36.64	21.98
14501 – 15500	38.34	23.00

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The rate for third thousand tonnes was arrived by enhancing the base rate by 115%. The same methodology shall also be adopted to calculate the rate beyond 15500 tonnes. Likewise, ceiling rates for performance below 9500 tonnes shall be calculated by reducing the base rate accordingly.

(II). For Break-bulk cargo:

(A). Steel and Bagged Cargo

Average daily crane performance (in Metric tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	Coastal
5000-5999	65.95	39.57
6000	69.43	41.66
6001-7000	72.90	43.74

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes. The same methodology shall also be adopted to calculate the rate beyond 7000 tonnes. Likewise, ceiling rates for performance below 5000 tonnes shall be calculated by reducing the base rate accordingly.

(B). Others

Average daily crane performance (in Metric tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	Coastal
2750-3749	105.59	63.35
3750	111.15	66.70
3751-4750	116.70	70.02

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes. The same methodology shall also be adopted to calculate the rate beyond 4750 tonnes. Likewise, ceiling rates for performance below 2750 tonnes shall be calculated by reducing the base rate accordingly.

Notes:

(i). The formula for calculation of average berth-day out put is as follows:

$$\frac{\text{Total Quantity loaded / unloaded by the MHC}}{\text{Total time taken from vessel commencement to completion}} \times 24 \text{ hours}$$

(ii). According to the average berth-day output for the vessel from commencement to completion of loading / discharge of cargo, the appropriate rate of crane hire charge will be chosen for recovery from port users for the full quantity of cargo loaded / discharged.

(iii). If one MHC works with another MHC or ELL crane/s, the Berth-day output for the crane will be ascertained on the basis of the quantity as recorded by the MHC's load meter.

(iv). In case of breakdown of the crane for more than one hour till the vessel leaves the berth, the quantity handled by MHC will be determined taking into account cargo loaded / discharged prior to break-down divided by crane working hours and multiplied by 24.

(v). In case of stoppages of operation of MHC for more than two hours at a stretch for reasons not attributable to the MHC, appropriate allowance will be allowed to the crane while calculating the total time of crane operation in the vessel. Stoppages of MHC for less than 2 hours will not be taken into consideration for the above purpose. No allowance will be allowed for stoppages attributable to the MHC. All stoppages in loading / unloading operations during working of MHC are required to be certified by the Stevedore of the vessel in the daily vessel performance report.

(vi). In case shifting of a vessel becomes necessary due to breakdown / non-performance of MHC, the shifting charges of the vessel from berth to anchorage will be recovered from the crane operator in addition to a penalty of Rs.1,00,000/- (Rupees one lakh only). The shifting charges so recovered will be refunded to the vessel's agent while the penalty will be retained by the port.

(vii). In case of dispute on the average output, the decision of the port trust will be final and binding.

6.9. Miscellaneous Charges

I. Charges for taking photographs or shooting films in the harbour premises:

Sl. No.	Classification	Rate (in ₹)
1.	For shooting of films by film making company or private parties	10,000 per day or part thereof
2.	For still photographs of export/import cargoes	400 per day or part thereof
3.	For taking photographs of the parties or of the crew on Board the ships and in case not covered in clauses (1) & (2) above	50.00 per each time for each party

Notes:

1. The permission shall be issued by the NMPT or any official authorised by it.

2. Still photographs taken and shooting film by the State and Central Govt. for education and scientific purposes and in connection with Govt. Publicity and shipping activities are exempted from paying charges.

3. Any other cases of taking still photographs and shooting of films within the perimeter wall or in the Port premises shall be at the discretion of the NMPT on merit of each case.

4. The charges shall be paid in advance and no refund of such payments shall be allowed for any failure/cancellation of the programme.

5. If the cancellation of programme is at the instance of the Port or under extraordinary circumstances the charges paid shall be refunded subject to the claim in time.

6. The hire charges for any craft and or appliance of the Port if any, that are supplied and used by the film making company or by those taking photographs shall be levied as per the respective provisions of the Scales of Rates in addition to charges payable under this scale.

II. Fees of issue of passes/licence for entry into the wharf:

Sl. No.	Classification	Rate (in ₹)
1.	For issue of temporary pass for admission into the Harbour (per head, per day)	2.00
2.	Temporary pass for bus, authorized trucks carrying passengers (per vehicle per day)	50.00
3.	Temporary pass for trucks/trailers/tippers (per day)	10.00
4.	Temporary pass for Car/Jeep/Van (per day)	6.00
5.	For private cargo handling equipments (per day)	75.00
6.	Issue/renewal of permanent photo pass (per head)	100.00
7.	Issue of duplicate photo pass (per head)	250.00
8. (a).	Permanent vehicle pass for trucks/trailers/tippers	
	For six months	500.00
	For one year	800.00
	For duplicate	250.00
(b).	Permanent vehicle pass for car/jeep/van	
	For six months	380.00
	For one year	600.00
	For duplicate	250.00
9.	Permanent pass for private cargo handling equipments	
	For six months	2500.00
	For one year	4000.00
10.	Entry fees for cargo trucks entering the Bounded area of the Port - payable by C&F Agent per entry	10.00

Notes:

1. The licence shall be issued by the NMPT or any official authorized by it.

2. The payment of the charge will not automatically entitle a person to get a pass.

3. The temporary pass shall be valid for a day for which it is obtained from zero to zero hours.

4. The NMPT may issue temporary passes free of charge to the distinguished guests to the Port, visiting staff of other Major Ports and other Govt. Officers/officials connected with the Port Trust and visiting the Wharf on official duty. No charges shall also be collected from the employees of the Port holding valid identity cards and other shipping interests holding valid photo passes issued by the NMPT.

5. Only persons who have harbour entry passes will be issued with temporary vehicles licence on payment of the above prescribed fee and it is not transferable.

6. No refund will be allowed for the charges once paid for temporary vehicle licences issued by the Port.

7. Drivers of vehicles (with permanent licence) are exempted from the payment for entry into the Wharf.

8. No refund will be allowed for the charges once paid for the licences issued for the vehicles covered by item above for unexpired period of licence.

9. Failure to apply for the renewal of the annual or half yearly licence within 15 days, before the day of expiry thereof may entail cancellation of the licence or levy of penalty of ₹30/- per vehicle in addition to the renewal fee.

10. A fee of ₹30/- shall be charged for transfer of each annual or half yearly licence due to change of ownership of the carriers.

11. A sum of ₹30/- shall be charged for the issue of a duplicate annual or half yearly licence when the original is defaced or illegible or is lost.

12. Vehicles i.e. carriers of goods belonging to the New Mangalore Port Trust and other Major Port Trusts alone shall be exempted from holding a licence.

13. Any other vehicles not covered by above may be exempted from charge under the scale of Rates at the discretion of the NMPT.

14. No refund is permissible for the unexpired period of licence.

15. Whenever damage to the NMPT property is caused by any vehicle plying within the NMPT foreshore premises, the owner of the vehicle shall accept liability thereof and pay the damages resulting therefrom.

III. Fees for the hire of weighing scale and for the issue of certificates of weights:

(1).	For hire of weighing scales	₹1.00 per tonne part thereof
(2).	For issue of certificate of total tonnage of cargo	₹3.00 per tonne or part thereof for weighment of consignment (i.e. for goods covered by one application) subject to a minimum of ₹15/- per certificate

Notes:

1. The attendant labour shall be supplied by the parties concerned in all cases.

2. Charges shall be levied in accordance with the above scale when it is necessary for the Port to weigh goods, e.g. for the purpose of assessing the amount of wharfage payable in respect of the goods.

3. No refund of hire charges shall be allowed in case a notice of cancellation of requisition is not sent to the authorised officer of the NMPT in writing so as to reach him at least 2 hours prior to the commencement of the period of hire.

4. A fee of ₹10/- each shall be levied for a duplicate certificate of payment issued by the port authorities.

IV. Charges for the use of weigh bridges:

(1).	Weighment of cargo on the Port Lorry weigh bridge	:	₹15 per truck both ways
(2).	For issue of weighing Certificate	:	₹25 per Certificate in addition to the charge prescribed at (1) above.

Notes:

1. The weighbridge shall be used only for weighing lorries or carts etc, with or without loads.

2. The fee under item (1) above shall cover hire charges of passing the cart or lorry etc, both empty and loaded over the weighing platform. The fee under item (2) above shall be payable in addition for the issue of certificate showing both the tare and loaded weight of the vehicle.

3. If any empty lorry after recording the tare weight on the ports weigh bridge within the wharf area is not brought to the ports weigh bridge during the same day with a load for recording the gross weight, a fee of ₹5.00 per lorry shall be payable by the party on whose behalf the tare weight is asked to be recorded.

4. The weigh bridge shall be manned by the NMPT

5. The NMPT shall not be responsible to the hirer or any person for any loss or damage or injury to life arising directly or indirectly from the use of the weigh bridge during the period of its hire. The hirer shall indemnify the NMPT against all loss or damage or injury to life arising directly or indirectly from the use of the weigh bridge to any other person or property. The liability of the hirer shall not be affected by the fact that such loss or damage or injury to life may have arisen due to any act or default of any employee of the port. The hirer shall also indemnify the NMPT for all liabilities under the Workmen's Compensation Act, 1923.

V. Charges for issue of Entry & Clearance Certificate:

Charges for issue of entry and clearance certificate to Master/Owner/Agent of vessel which calls at the Port for crew change and anchor within or beyond port limits without discharging or loading any cargo or passenger.	₹1000.00 per Certificate

CHAPTER - VII

Levy for supply of cargo handling worker from Registered Cargo Handling Labour Wing for cargo handing operations

The charges for obtaining services of cargo handling worker from New Mangalore Port Trust Registered Cargo Handling Workers' Administrative Wing shall be as follows:

Sl. No.	Commodity	Foreign Cargo (₹ per tonne)	Coastal Cargo (₹ per tonne)	Benchmark productivity per Gang per shift (in tonnes)
1.	Iron Ore	25	25.00	1644
2.	Coal	25	15.00	1352
3.	Lime stone	25	15.00	1268
4.	Coke	35	21.00	792
5.	Granite	35	21.00	794
6.	MOP	40	24.00	972
7.	Maize	45	27.00	637
8.	Pig Iron	45	27.00	440
9.	DAP	50	30.00	958
10.	Rock Phosphate	50	30.00	944
11.	Urea	50	30.00	733
12.	Clay	30	18.00	220
13.	Machinery	100	60.00	316
14.	Timber	100	60.00	193
15.	Wood pulp	50	30.00	99
16.	Wheat	35	21.00	814
17.	Sulphur	40	24.00	594
18.	M. Logs	100	60.00	94
19.	Bentonite	45	27.00	840
20.	Yellow Peas	25	15.00	1034
21.	Container per TEU	450	270	82 TEU

22.	Other foodgrains and cereals	35	21.00	814
23.	Other Bulk Cargo not classified above	45	27.00	275
24.	Iron ore by HMC	4.83	4.83	4993
25.	Coal (mechanical by HMC)	4.75	2.85	4028
26.	Coke (mechanical by HMC)	6.93	4.16	2787
27.	Lime stone (mechanical by HMC)	5.38	3.23	3772
28.	Urea (mechanical by HMC)	12.48	7.49	1163
29.	MOP (Mechanical by HMC)	4.85	2.91	5422

Notes:

(i). The rate indicated above is in addition to the actual incentives calculated as per the respective clauses of prevailing settlement / scheme and payable to the NMPT by the licensed stevedores.

(ii). Following penalty / incentive in the rate prescribed will apply for performance below / higher than the benchmark level of productivity per gang/ shift prescribed in the schedule :

On achieving productivity higher than the benchmark level of productivity per gang/shift prescribed in the schedule	Rebate on the rate prescribed in the above schedule if the productivity achieved is higher than the benchmark productivity per gang/shift (in %)	On achieving productivity lower than the benchmark level of productivity per gang/shift prescribed in the schedule	Penalty on the rate prescribed in the above schedule if productivity is lower than the benchmark productivity per gang/shift (in %)
Upto 10% higher than the productivity prescribed	10%	Upto 10% lower than the productivity prescribed	10%
Above 10% to 20%	20%	Below 10% to 20%	20%
Above 20% to 30%	30%	Below 20% to 30%	30%

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

F. No.TAMP/34/2010 - NMPT - **Proposal from the New Mangalore Port Trust for general revision of its Scale of Rates.**

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

Sl. No.	Comments of users / user organisations	Comments of NMPT
(1).	**Office of the Naval Officer in Charge (KT)**	
	NMPT has not proposed any upward revision in the scale of rates but to continue with the existing rates with respect to charges applicable to naval movements. There is no change in the port dues, pilotage and berth hire charges and the same is to have negligible impact on charges paid by Indian Navy.	No comments furnished.
(2).	**Mangalore Steamer Agent's Association**	
	The NMPT has proposed to increase Steamer Agency License fee for new licenses from ₹5,000/- to ₹50,000/- and renewal charges of both the new and existing licenses from ₹1,000/- to ₹5,000/-. The NMPT has also proposed to enhance entry/ clearance fees for vessels calling at the port for crew change, where no cargo operations are involved. We totally disagree with the above proposals for the simple reason that both the items do not fall within the purview and jurisdiction of the New Mangalore Port Trust.	
(i).	**Steamer Agency License** (a). The supreme law making authority of this country, as far back as 1962 enacted a legislation titled "the Customs Act 1962" according to which the authority to license the Steamer Agents and C&F Agents (CHAs) in a customs notified area vests with the Custom Houses and not with the Ports. You may recall that a couple of decades back the late Shri. Rajesh Pilot, the then Central Minister for Shipping and Surface Transport introduced a bill in Parliament to license the Steamer Agents. This bill having met with formidable opposition at the introduction itself was referred to a Parliamentary Committee comprising about 42 honourable members of both the Houses who visited all the major ports in the country and interacted with the shipping fraternity, port users and port trusts. (b). Incidentally, New Mangalore was the first port in their itinerary where the Committee held prolonged discussions with the port users for two days in the distinguished presence of the then Chairman, NMPT and departmental heads, the D.G. Shipping, Nautical Advisor to the	It is a fact that the licence to operate steamer agent in the port is governed by Customs Act 1962 for registering and operating as a representative of the carrier and transact business with the Customs and Port authority. This is a procedure to regulate the transactions and to safeguard the interest of the Statutory Authority. The New Mangalore Port is also governed by MPT Act 1963, which empowers the port to frame and regulate the rules and regulations for orderly conduct of all the transactions and safeguard the port from any violation and irregularities committed by the agencies. While framing the regulations, care has been taken to protect the interest of the port both financial and administrative angle. As such this Port has framed Regulation called "New Mangalore Port Trust Rules & Harbour Craft Rules 1983", which has been approved by the Central Government and duly notified in the Gazette. In accordance with this Regulation, New Mangalore Port has framed Regulations for the issue of Steamer Agents Licence for which licence fee is collected and renewed every two years duly collecting the

	Government of India, Senior Officials of the Shipping Corporation of India Limited, etc. While the members of the Committee were not only amused but also astonished on being told of the already existing unique sanctimonious precedent of NMPT issuing Steamer Agency Licenses over and above the one issued by the competent authority under the law of the land. (c). After deliberations with all concerned and giving the considerations to the provision of adequate statutory safeguards in the Customs Act 1962, the Committee did not consider it necessary to enact another legislation to license the Steamer Agents, pursuant to which the Shipping Ministry was left with no option but to withdraw the bill. Now the pertinent question here is that if the Shipping Ministry, Government of India that controls all the Port Trusts in the country is not vested with the power to license the Steamer Agents, then from where and how did NMPT derive its authority? Is it from the archaic provisions of the so called clause 62 of New Mangalore Port Rules 1976? If so it is repugnant to the law established and ipso facto ultra vires. The Port of New Mangalore was elevated to the status of a Port Trust in April 1980 by virtue of which the NMPT has to function under the Major Port Trust Act 1963, which to the best of our knowledge does not empower them to license the Steamer Agents. (d). Informatively, the practice of licensing the Steamer Agents and its yearly renewal was confined to only NMPT till the latter half of the 1990s when the same officer who was mainly instrumental in introducing it at this port did so at Mormugao during his brief stint at that port with an exception that there is no renewal fees applicable. A reference to major port such as Kandla, JNPT, Mumbai, Cochin, Tuticorin, Chennai, Vizag, etc., will reveal that there is no such practice prevailing in those ports. The Chairman NMPT with his vast experience in ports like Chennai, Cochin, Vizag, etc. will no doubt bear testimony to this fact. (e). Having regard to the fact that Steamer Agents are duly licensed by the statutory authority, unwarranted imposition of another license for the same job at the same location will not only be superfluous but also preposterous and uncalled for.	fees as approved and notified by the TAMP. With the issue of licence, Port regulates the conduct of business with the agents in an orderly manner. In the present scenario, wherein the agents have become a stakeholder in the Port Community System, the responsibility on the part of the steamer agents has become more, such as financial transactions with the port, which has to be safeguarded and only e-transactions will be in vogue thereby regulations to regulate the transactions with the port by the agents is essential.
(ii).	**Entry/ Clearance certificate** (a). In accordance with the law established, the Steamer Agents are obliged to file Import/ Export manifests in the stipulated time with the Customs Authority for all vessels calling at the port. Simultaneously, the port authority is kept closely advised of the ship's particulars, cargo details, etc. Vessels upon arrival, are piloted to the	The purpose of issuance of inward and outward entry clearance by the port is insisted in order to see that the vessels and agents comply to all statutory requirements imposed by the Government and other regulatory authority (P&I insurance, marpol regulations, ISPS regulations) and also to monitor the payment of all the financial dues (claims on account of pollution, accidents and wreckage) to the port.

	designated berths where Customs official board and grant entry inwards/ outwards after necessary inspection and permit cargo operation to commence under their continuous supervision. The port as a facilitator and provider of infrastructure collects the vessel related charges from the Steamer Agents and cargo related charges from the Shipper/ Receiver either directly or through their agents as per tariff approved by the TAMP. (b). The Steamer Agents while applying to the Customs Authority for vessel's port clearances submit along with their applications, the "No Objection Certificates" (NOCs) issued by the Port Trust, Immigration, Port Health, MMD and Income Tax Departments. In Ports where MMD is not actively represented, their responsibility of verifying and ascertaining the validity of ships' certificates is entrusted to the port. The Customs after verifying the NOCs and ships' certificates grant Port Clearances. (c). Unfortunately, port's NOCs to vessels to facilitate the Customs to issue Port Clearance are being misconstrued in the NMPT circles as issuing entry/ clearance which for all purposes falls under the exclusive domain of the Custom House. As in the case of NMPT, if the other government establishments listed above also insist for separate licenses to be issued to Steamer Agents to transact their business, it would then end up in a plethora of licenses and perpetuate the anachronistic, abhorrent and detested practice of permit raj and license raj. (d). Of late, international shipping has undergone a sea change. Unlike in the past, these days most of the ships are not operated by the primary owners, but by the time charterers/ disponent owners who hire vessels from the primary owners for specific periods. While the primary owners get the charter hire, the disponent owners oversee the cargo operations, collect freight, appoint agents at the ports of call, remit port charges, etc. These vessels are re-delivered to the primary owners on expiry of hire periods. Subsequently, if any, additional port charges become payable for such vessels as a result of any later revision of port tariff with retrospective effect, then the Steamer Agent has hardly any way to recover such additional sums for the simple reason that the disponent owner whom he represented does not exist any more. We, therefore, request you to only accord approval for any reasonable increase in the port tariff as and when warranted prospectively.	
(3).	**Mangalore Refinery and Petrochemical Limited**	
(i).	Wharfage rate with reference to Berth No.11 is governed by a Memorandum of Understanding and special rate prevails till the expiry of MOU. Regarding Berth No.10, the same was under	No comments furnished.

	MOU till 15/10/2009 and for the period post MOU, as per MOU terms itself, wharfage charges will mutually be agreed to between NMPT and MRPL. However, NMPT has not proposed any such rate specific for this Jetty.	
(ii).	The NMPT has recommended to continue with the existing rates. Further they have mentioned that no separate exercise is made for wharfage calculations jetty wise. We have, prima facie, objection to this as the jetty no.10 of cargo berth was user funded one and as the MOU period is completed, this jetty has to have a separate rate considering the volume of traffic handled.	No comments furnished.
(iii).	(a). NMPT has stated that for the purpose of wharfage calculations three jetties viz. Jetty No.8,10 & 11 were covered under MoU and wharfage was annually being calculated. However, w.e.f. 16.10.2009 onwards Jetty No.10 is not covered under MoU and as such it qualifies to fall in line with other Jetties. In fact, all other jetties have a common wharfage and as such no separate exercise is made for wharfage calculation jetty-wise. But the MRPL has reservations on this issue and therefore, has made requests to TAMP to direct NMPT to fix wharfage charges for berth No.10 subsequent to the MoU period. (b). We have requested TAMP vide our letters dated 30 March 2010, 22 June 2010 and 17 September 2010 to direct NMPT to fix wharfage charge for berth no.10 as per the provisions in the MOU for the period subsequent to the MOU. (c). Fixing separate wharfage rate for cargo handling in Jetty No. 10 is necessary as that jetty is unique and special when compared to all other jetties. As the jetty including capital dredging cost and flotilla required for operation of the jetty and movement of vessels, is funded by MRPL, the port is required to consider a separate rate for cargo handling as the berth in their books is fully paid for by the user. It is, therefore, essential that it should not be generalised by a common wharfage rate and a separate wharfage rate will have to be determined for cargo handling at the relevant berth. It has also made a representation to the Ministry of Shipping in this regard. (d). The NMPT has projected a traffic of 21.5 MMT of POL products. The entire quantum of POL products will be flowing from MRPL, particularly half of this volume will be handled at berth no.10. Considering the volume being handled in the berth, applying a common cargo rate for all POL products as prevailing even before MRPL came into existence/ the user funded berth came into existence, will not be appropriate and needs to be revised substantially downward if not at least notify a rate specific to the jetty.	No comments furnished.

(iv).	(a). The cost statement of cargo handling activity submitted by NMPT shows net surplus as a percentage of operating income is almost 40%, which is considered very high. The high percentage of revenue arises particularly because the wharfage on POL products, which is primarily derived from MRPL activities, is very high as compared to actual cost of operation. The return will be much higher if we were not to consider depreciation on the entire assets covered under the MOU as the entire capital cost of berth no.10 stands paid for by MRPL. (b). It is submitted that the cost of operating berth no.10 is considered, as has been prevailing prior to completion of MOU period excluding depreciation, interest cost and loan repayment element and return on allied assets of NMPT, the wharfage rate for the berth even after considering return on capital employed will not be more than ₹15.00 MT. Therefore, the port needs to consider fixing of specific wharfage as has been spelt under the MOU, as the berth is totally different than the existing berth. In view of this, it has requested TAMP to direct NMPT to fix a specific wharfage for berth no.10 considering the specific nature of the berth, coming into existence, volume of cargo handled in the berth and MOU term that is operative, subsequent to MOU period It has also submitted that general wharfage rate, considering that both POL berth, is user funded and the capital cost of berth no.12 is very low and also the operating cost, the rate indicated by the port does not represent the cost of operation.	No comments furnished.
(4).	**Association of New Mangalore Port Stevedores**	
(i).	The port has not discussed the proposal with port users – the ones who are affected.	No comments furnished.
(ii).	**Chapter-II Vessel Related Charges** (a). It has suggested to round off the following rates for coastal vessel under the schedule 2.3. Detention charges of the vessels: Sl.No.(i) For Coastals Vessels the charge may be rounded to ₹2000/- Sl.No.(ii)a. For Coastals Vessels the charge may be round to ₹1000/- Sl.No.(ii)b. For Coastals Vessels the charge may be rounded to ₹840/- (b). 2.4. Berth Hire Charges Notes No.8 (i) For Berth Reservation of Container Vessel/ any vessel, minimum notice to be given may be prescribed at 7 to 15 days only instead of 3 months/ one month proposed in the Scale of Rates.	No comments furnished.

(iii).	**Chapter III - Schedule of Wharfage charges** 3.2. Bulk cargo (a). Sl.No.1(b) it should be corrected as Fertiliser Raw Materials (instead of Rao). (b). All the Cargo Wharfage charges under Foreign should be in Rupees and not in $.	No comments furnished.
(iv).	**Chapter-V Demurrage** 5.1.1 Imports Notes no.1(ii) Free days should be fifteen working days instead of Seven days.	No comments furnished.
(v).	**Chapter-VI Other Charges** (a). 6.3 Marshalling Yard Usage Charges: NMPT does not have proper infrastructure facilities and no Shelter/ Canopy. Since in Mangalore there is heavy rains for 6 months, its better to maintain earlier rate ₹8/- per MT for use of Marshalling yard outside the wharf and ₹10/- per MT for use of Marshalling yard including private sliding inside the wharf. Only after providing good infrastructure facilities the rate may be increased. (b). 6.4 and 6.5 Fees for issue of Licence for C&F Agency and Steamer Agency Sl.No.2 – The charges for Renewal of Licence for a period of three calendar years may be fixed at ₹3000/- only. (c). 6.7 Hire Charges for Cargo handling Equipment Notes No.5(iii): The omitted clause should be added "on the recovery of claim of damages of the Equipment from the Insurance Company, the amount admitted by the Insurance Company shall be refunded to the hirer". (d). 6.8 Miscellaneous charges II-Fees of issue of passes/ License for entry in the wharf: Sl.No.3: Temporary pass charges for trucks/ trailors/ tippers per day should be retained at ₹10/- per day. Reason: These equipments enable the port to handle cargo, hence no increase may be allowed. III-Fees for hire of weighing scales and issue of certificate of weights: This item should be deleted since port does not own nor propose to own Weighing Scales.	No comments furnished.
(5).	**Kanara Chamber of Chamber & Industry**	
(i).	From time to time in the past, the NMPT has raised the rentals of land leased out for storage by the exporters/ importers and the rentals were increased substantially. The recent increase itself was around 50% of the rentals collected	No comments furnished.

	immediately in the preceding period. In the consolidated income and costs statement for the port at Sr. No.XI, the ROCE permits a maximum percentage of 16%. However, if we calculate the actual percentage of return on capital employed for the years 2007-08 to 2010-11, the same works out to 19.82%, 20.88%, 15.32% and 22.45%. For the next 3 years also, as per the projected existing tariff, the said percentage works out to 22.07%, 19.85% and 18.30%, which definitely is higher than the maximum permissible percentage of 16%.	
(ii).	The fall in the percentage to 15.32 for the year 2009-10 is on account of the fact that prior period expenses was ₹14.27 crores as against the normal average of anywhere between ₹1 to 4 crores. Had a sum of ₹10 crores been spread over the earlier two years, the percentage of ROCE would have been more than 16%.	No comments furnished.
(iii).	The port is a very important facilitator for export of goods to other countries and imports to be used by consumers directly or in the manufacture of products. For our goods to compete with the manufacturers from other countries, a lower rate of tariff has to prevail, failing which, the customers of the port will seek other methods of transport/ export/ import through other ports. This will result in the NMPT to face a situation where it will not be able to attain breakeven in the maintenance cost of running the port efficiently. There is therefore a very strong case for reducing in the rates which will increase the import and the export, resulting in the port getting higher quantum of revenue from the lower scale of rate on a higher turnover which may ultimately result in the port making healthy profits. This aspect has to be seriously viewed by the port. We, therefore urge the TAMP to recommend for a reduction in the scale of rates in such a way that the ROCE will be around 16%.	No comments furnished.
(iv).	Considering the above, the KCCI strongly advocates that all the existing rates be reduced by 10% so as to make the port competitive to attract and retain traffic which at the present is targeted by private ports.	No comments furnished.
(6).	**Suzlon Energy Limited (SEL)**	
(i).	SEL is manufacturer and exporter of wind operated electricity generators in India. Wind energy, which is clean and fuel free, has emerged as one of the most attractive solution to the energy crises of the world.	No comments furnished.
(ii).	Wind turbine being over dimensional, the logistic cost of exporting them is higher compared to other exported products. One of the major cost component is the wharfage levied and collected at the major ports.	No comments furnished.
(iii).	There is no specific entry for wind turbine in the wharfage schedule of the major ports which is a new product of export potential in the non-conventional energy sector. It is classified as machinery or project material or unenumerated cargo for the purpose of levy of wharfage.	No comments furnished.

	Accordingly, wharfage is presently being levied on advalorem basis. The SEL has stated that the wharfage rate for export of wind turbines is 0.28% of FOB value at Mumbai Port Trust, 0.20% at Kandla Port Trust and 0.22% at Chennai Port Trust whereas at the NMPT the wharfage rate is 0.40% of the FOB. The wind turbine being high value product the wharfage collected on advalorem basis is exorbitant.	
(iv).	Wharfage is levied to recover the cost of usage of the berth for loading and unloading and levy should not be linked to the value of the consignment.	No comments furnished.
(v).	Wind turbines may be classified separately in the wharfage schedule and a specific rate may be prescribed on per tonne basis instead of the present levy on advalorem basis. In this connection, it has suggested the wharfage rate of ₹50 per MT.	No comments furnished.
(vi).	Since it has envisaged exporting its product from the NMPT, it would generate substantial revenue to the port in future. In view of that it has requested for preferential treatment.	No comments furnished.

2. A joint hearing in this case was held on 21 June 2011 at the New Mangalore Port Trust (NMPT) premises. The NMPT made a power point presentation of its proposal. At the joint hearing, NMPT and the concerned users/ organisation bodies have made the following submissions:

<u>New Mangalore Port Trust</u>

(i). We have proposed to maintain the existing rates with tariff adjustments in few cases.

(ii). Rock sand, slag and mill scale are new commodities for which no separate wharfage rates are available in the existing Scale of Rates. Therefore, we have proposed new rates.

(iii). We need atleast one month to update the proposal and furnish clarifications to TAMP's queries. Please allow us time till 31 July 2011 to furnish requisite details to TAMP.

(iv). Licence fees from Steamer Agents and C&F Agents are not levied for the licence granted to carry on the said trade. It is levied for using port facilities and doing business inside the port.

(v). Some users attempt to convert port transit area into warehouses by storing export cargo for long time. It affects our productivity. Therefore, we want to reduce free period to discourage long storage of cargo in the transit area.

(vi). We have given Railway handling to Railways. Marshalling rates are for the port infrastructural facilities provided thereat.

<u>Stevedores Association</u>

(i). Proposed reduction in free period for export is detrimental to trade and may hamper the growth of container traffic.

(ii). Trade is not required to pay for marshalling yard. Port should collect the money from Railways.

Mangalore Steamer Agents Association

(i). Steamer Agent licence is issued by Customs. Port can't levy licence fee from us.

Mangalore Custom House Agents' Association

(i). We endorse the views of Steamer Agents Association. Even C&F Agent license is issued to Customs.

Mangalore Refinery and Petrochemical Limited

(i). We have already given a representation for reducing wharfage on POL. Please consider.

M/s. Mineral Enterprise Limited

(i). We provide MHC for operations. The rate fixed is very low and it has become uneconomical to operate at this rate. Please review the existing rates.

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