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TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 413

New Delhi,

06 October 2020

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Mumbai Port Trust (MBPT) for fixation of License Fees to carry out specialized jobs on board the vessels at Berth No. 1 to 4, 9 to 24 of Indira Dock, BPS & BPX, Stream and Anchorage, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/9/2020-MBPT

The Mumbai Port Trust

- - -

Applicant

QUORUM

- (i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Rajat Sachar, Member (Economic)

ORDER

(Passed on this 7th day of September, 2020)

This case relates to a proposal received from Mumbai Port Trust (MBPT) vide its letter No. FA/ACC/203(II)/Dry Dock License/440 dated 28 January 2020 for fixation of License Fees to carry out specialized jobs on board the vessels at Berth No. 1 to 4, 9 to 24 of Indira Dock, BPS & BPX, Stream and Anchorage.

2.1. Before we go into the proposal of MBPT, it is relevant here to mention that based on the proposal filed by MBPT, this Authority vide its Order No. TAMP/7/2017-MBPT dated 29 March 2017 had approved insertion of the following provision in the then prevailing Scale of Rates of MBPT:

“

- (a). Fees for issue of Dry Dock license / wet dock permission

Annual Dry Dock License Fees	Activity Fees	
	Per Dry Dock Activity	Per Wet Dock Activity
₹19600/-	₹9800/-	₹2000/-

- (b). Cost of Booklet i.e. of ₹1000/- + VAT.

”

2.2. Subsequently, as part of the general revision proposal filed by MBPT, this Authority vide its Order No. TAMP/5/2019-MBPT dated 24 July 2019 had, *interalia*, considered an increase of 10% over the then prevailing rates and had approved the following at Section 2.18 (III) of the MBPT SOR:

- “(III). (a). Fees for issue of Dry Dock license / wet dock permission.

Annual Dry Dock License Fees	Activity Fees	
	Per Dry Dock Activity	Per Wet Dock Activity
₹ 21560/-	₹10780/-	₹2200/-

- (b). Cost of Booklet i.e. of ₹1100/- + VAT.

”

3.1. In this backdrop, the MBPT has come up with the subject proposal. The main submissions made by MBPT in its proposal are given below:

- (i). The MBPT has entered into a Concession Agreement with Cochin Shipyard Limited (CSL) on 20.10.2018 for a Ship Repair Facility at Hughes Dry Dock and berths 5,6,7 & 8 of Indira Dock and the area has been handed over to CSL on 18.01.2019.
- (ii). Consequent to handing over berths to CSL, the MBPT had stopped issuance of dry dock licenses and wet dock permits to the workshops.

- (iii). However, in view of the difficulties faced by the private workshops for carrying out ship repair activities in port premises, MBPT has decided to issue separate permit to work in areas not covered under the exclusivity clause of the concession agreement with CSL to the workshops who were having permits earlier.
- (iv). Based on the Concession Agreement with CSL, Board vide TR No. 48 dated 31.05.2019 has accorded sanction for upward revision by 25% in the fees for permit to private workshops to carry out specialized jobs on board for vessels in Trustee's Docks Berth No.1 to 4, 9 to 24 of Indira Dock, BPS & BPX w.e.f. financial year 2019-20.
- (v). Scale of Rates of the Port is revised w.e.f. 03.10.2019. The above TR was approved prior to TAMP's approval of proposed SOR and the rates approved therein were worked out based on rates of pay as per the Statement No. 5 of MBPT Administrative Report 2017-18. Also, areas of Stream and Anchorages remained to be included which are now included in this proposal. Also, the cost of booklet is now proposed to be kept same as the booklet will be directly downloaded by the Ship repairs firms / contractors from MBPT website.
- (vi). The fees collection under the said section i.e. License Fees, Activity Fees and cost of booklet for the year 2017-18 is ₹.38,89,940/- (148 Licenses) and for 2019-20 is approx. ₹.30,50,000/- (105 License). It is felt that the downward trend would continue in future due to commencement of operations by CSL. Hence, there is no significant impact on the Annual Revenue Requirement (ARR) and there will not be any additional income generation on account of the proposed charges.
- (vii). TAMP's approval is requested to replace the charges at section 2.18(III) of the revised SOR with the following proposed charges:

“2.18 (III) Fees for License to carry out specialized jobs on board the vessels

- (a). Fees for License to carry out specialized jobs on board the vessels in Trustee's Dock Berth No. 1 to 4, 9 to 24 of Indira Dock, BPS, BPX, Stream and Anchorages.

Annual License Fees	Per on board activity Fees for a year
₹.24500/-	₹.2450/-

- (b). Cost of Booklet i.e. of ₹.1100/- + GST

Note: Above rates as applicable for Licenses issued for carrying out ship repair activities at locations in port premises other than areas handed over to Cochin Shipyard Limited.”

3.2. A statement showing the basis of calculation of Fee to “Permit to Carry out specialized jobs on board the Vessels in MBPT Docks Berth no. 1 to 4, 9 to 24 of Indira Dock, BPS and BPX”, as furnished by MBPT is given below:

Class & No. of employees involved in the processing and duties	No of days per employee consumed in checking the case	Total No. of working days consumed for each case	Rate/ Day (based on 2017-18 MBPT Adm. Report) (₹in lakh/day)	Total in Rupees
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CI.IV-1 No. (office boy-for office assistance)	¼ day for each case	¼ day	C1.VI. 10/365 = ₹2740/- per day	685/-
CI.III-1 No. (office Asstt.-for compiling the files)	2.5 days for each case	2.5 days	C1.III. 11.60/365 = ₹3178/- per day	7945/-
CI.III-1 No. (Typist for preparation of statements)	1 day for each case	1 day	C1.III. 11.60/365 = ₹3178/- per day	N.A.
CI.I-3 Nos. officers. (Committee members for verification visits and checking all documents / recommending)	1/3 day for each case	2 days	C1.I. 18.07/365 = ₹3132/- per day	9902/-
CI.I-1 No. (Dy. CME-for reviewing and recommending)	One sixth day	One sixth day	-- do --	825/-
CI.I-1 No. (CME - for Admin approval on consolidated note)	One eight day	One eight day	-- do --	619/-
Provision for verification site visits @₹1000/- for each committee member for each case)	----	----	----	3000/-
Provision for Stationery /computer related stationery / cyclostyling etc. @ ₹1500 for each case.	----	----	----	1500/-
			Total	24476/-
			Say	24500/-
On board activity fees	@10% of annual License Fees			2450/-

4.1. A comparative position of the existing provision approved in July 2019 and the proposed provision is given below:

Existing provision of MBPT as per SOR approved in October 2019			Proposed provision of MBPT as per proposal dated 28.1.2020	
2.18 (III). Fees for issue of Dry Dock license / wet dock permission.			2.18 (III) Fees for License to carry out specialized jobs on board the vessels	
Annual Dry Dock License Fees ₹	Activity Fees		(a). Fees for License to carry out specialized jobs on board the vessels in Trustee's Dock Berth No. 1 to 4, 9 to 24 of Indra Dock, BPS, BPX, Stream and Anchorages.	
	Per Dry Dock Activity	Per Wet Dock Activity		
21560/-	₹10780/-	₹2200/-		
			Annual License Fees	Per on board activity Fees for a year
			₹.24500/-	₹.2450/-
(b). Cost of Booklet i.e. of ₹1100/- + VAT.			(b).Cost of Booklet i.e. of ₹.1100/- + GST	
			Note : Above rates as applicable for Licenses issued for carrying out ship repair activities at locations in port premises other than areas handed over to Cochin Shipyard Limited.	

4.2. The revised SOR of MBPT has come into effect only in October 2019. The Board of Trustees of MBPT in its meeting held in May 2019 is seen to have sought 25% increase in rates as approved in the year 2017, which was then in the knowledge of MBPT. It is seen that the MBPT has sought an increase of about 13.64% over the rates as approved in October 2019.

5. In accordance with the consultative procedure prescribed, a copy of the MBPT proposal dated 28 January 2020 was circulated to concerned users/ user organisations seeking their comments. In response, some of the users / user organisations have furnished their comments which were forwarded to MBPT as feedback information. The MBPT has responded vide its letter dated 28 May 2020.

6.1. A joint hearing on the case in reference was held on 28 February 2020 at the office of this Authority in Mumbai. At the joint hearing, MBPT made a brief power point presentation of its proposal. The MBPT and the users/ user organisations have made their submissions, at the joint hearing.

6.2. Based on the submissions made by users during the joint hearing, the MBPT had agreed to review its proposed rates. Accordingly, the MBPT was requested vide letter dated 16 March 2020 to review the rates on account of the reduction in the rates proposed for registration fees and fee for wet dock activity and Granting the license for a period of three years.

6.3. In this regard, the MBPT vide its letter dated 28 May 2020, while responding to the comments of the users/ user associations has conveyed that the proposed rate for Annual License Fees and on Board Activity Fees have been agreed upon by the users in principle and that the request to grant License valid for 3 years cannot be considered as most of the requisite documents provided by outside Government Authorities come with a validity of 1 (one) year.

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

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

- (i). The existing Scale of Rates of Mumbai Port Trust (MBPT) at Section 2.18 (III) prescribes an annual Dry Dock License Fees of ₹21560/-, an activity fees of ₹10780/- per dry dock activity and ₹2200/- per wet dock activity. The SOR also prescribes charges towards cost of Booklet at ₹1100/- plus applicable taxes.
- (ii). Since the MBPT has entered into a Concession Agreement (CA) with Cochin Shipyard Limited (CSL) for a Ship Repair Facility at Hughes Dry Dock and berth nos. 5, 6, 7 & 8 of Indira Dock and the area has been handed over to CSL, the MBPT has decided to issue separate permits to work in areas not covered under the exclusivity clause of the CA with CSL, to the Workshops who were having permits earlier. Thus, the MPBT has come with a proposal in reference to prescribe licence fees to carry out specialized jobs on board the vessels in MBPT's Berth Nos. 1 to 4 and 9 to 24 of Indira Dock, BPS, BPX, Stream and Anchorages. In this regard, the MBPT has proposed an annual licence fees of ₹ 24500/- to carry out specialized jobs on board the vessels and an annual fee of ₹ 2450/- per on board activity. Status quo is proposed in the cost of booklet. The proposal of MBPT has the approval of its Board of Trustees.
- (iii).
 - (a). The MBPT has proposed to increase the existing annual Dry Dock License Fees, so as to take into account the cost involved in deployment of various category of manpower and the time that will be devoted by each of the manpower to process a licence. The port has furnished a detailed working in this regard, which has been brought out in the earlier part of this Order.
 - (b). The requirement of number of various categories of manpower and the number of working hours/ days consumed for each case is the judgment of the Port and this Authority does not want to delve in the manpower requirement as proposed by the Port. The cost of each type of manpower

is reported to be based on the actuals for the year 2017-18 and hence relied upon.

- (c). The stationery cost is reported to include the cost towards computer related stationery, cyclostyling. The judgment of the port in this regard is relied upon.
- (d). Thus, the port has proposed the annual licence fees of ₹.24500/- to carry out specialized jobs on board the vessels in place of the existing annual Dry Dock License Fees of ₹21560/-.
- (e). Further, the annual fee of ₹ 2450/- per on board activity has been proposed by the port by prescribing it at 10% of the annual Dry Dock License Fees at ₹24,500 /-. It is noteworthy that even in the existing SOR of the port, the existing fees for Wet dock Activity at Rs. 2200/- has been prescribed closer to 10% of the annual Dry Dock License Fees of ₹21,560/-.
- (iv). Though the users had initially objected to the proposed levy, subsequent to the joint hearing on the case in reference, the MBPT has conveyed that the proposed charges towards Annual License Fees and on Board Activity Fees have been agreed upon by the users in principle. In view of the above submissions made by the Port and also since the Board of Trustees of MBPT have approved the charges, this Authority is inclined to approve the annual licence fees of ₹24500/- to carry out specialized jobs on board the vessels and an annual fee of ₹2450/- per on board activity, as proposed by the MBPT.
- (v). Generally, an increase in rates/ charges results in an increase in the revenue of the Port. However, in the case in reference, though the rates are increased, the MBPT anticipates a fall in the issue of licences, due to commencement of operations by CSL. The MBPT has furnished statistics to support its claim of fall in the issue of licences. Thus, according to MBPT, there will not be any additional income generation on account of levy of the charges approved. The judgment of the port in this regard is relied upon.
- (vi). The heading at clause 2.18 (iii) has been modified as follows;

Existing Heading of Section 2.18 (III) as per existing SOR of MBPT	Proposed Heading of Section 2.18 (III) as per MBPT proposal dated 28.1.2020
Fees for issue of Dry Dock license / wet dock permission.	Fees for License to carry out specialized jobs on board the vessels
	(a). Fees for License to carry out specialized jobs on board the vessels in Trustee's Dock Berth No. 1 to 4, 9 to 24 of Indira Dock, BPS, BPX, Stream and Anchorages.

Also, the MBPT has introduced a note underneath the above proposed section, to the effect that the rates would be applicable for Licenses issued for carrying out ship repair activities at locations in port premises other than areas handed over to Cochin Shipyard Limited.

The proposed modification in the heading and the proposed note are seen to be in line with proposal of MBPT to enable carry out specialized jobs on board the vessels only in the MBPT berths and excluding the areas under the control of CSL. This Authority is inclined to approve the modification to the heading and prescription of a note, as proposed by the Port.

9.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority accords approval for the replacement of existing charges prescribed towards Fees for issue of Dry Dock license / wet dock permission at Section 2.18 (III) in the existing MBPT Scale of Rates (SOR), is approved, as given below:

“2.18 (III) Fees for License to carry out specialized jobs on board the vessels

- (a). Fees for License to carry out specialized jobs on board the vessels in Trustee’s Dock Berth No. 1 to 4, 9 to 24 of Indira Dock, BPS, BPX, Stream and Anchorages.

Annual License Fees	Per on board activity Fees for a year
₹.24500/-	₹.2450/-

- (b). Cost of Booklet i.e. of ₹.1100/- + GST

Note: Above rates as applicable for Licenses issued for carrying out ship repair activities at locations in port premises other than areas handed over to Cochin Shipyard Limited.”

”

9.2 The MBPT is directed to suitably incorporate the above provision in its Scale of Rates.

9.3. The above prescription shall come into effect after expiry of 30 days from the date of notification of the Order passed in the Gazette of India and shall remain valid co-terminus to the validity of the existing Scale of Rates of MBPT. The approval accorded shall automatically lapse unless specifically extended by this Authority.

(T.S. Balasubramanian)
Member (Finance)

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.

TAMP/9/2020-MBPT	:	Proposal received from the Mumbai Port Trust (MBPT) for fixation of License Fees to carry out specialized jobs on board the vessels at Berth No. 1 to 4, 9 to 24 of Indira Dock, BPS & BPX, Stream and Anchorage.
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Some of the users / user organisations have furnished their comments on the MBPT proposal. These comments were forwarded to MBPT as feedback information. The MBPT has responded. A summary of the comments received from these users / user organisations and response of Mumbai Port Trust (MBPT) thereon is tabulated below:

Sr. no	Comments of Users or user organizations	Reply received from MBPT
1.	Electro Communications & Control	
	We have no comments.	
2.	Marco Engineering & Marine Works	MBPT letter dated 28.05.2020
(i).	Hughes Dry Dock and Berths 5, 6, 7 & 8 and outer wall of Indira Dock have been handed over to C.S.L. as per the Agreement. The other Berths 1 to 4 and 9 to 24, BPS, BPX, Stream & Anchorage of Indira Dock are still under the control of the Trustees of M.B.P.T., Then why is it necessary for the workshops Registered with M.B.P.T. to take special permission from C.S.L. to allow them to carry out repairs on Board the vessels at these Berths, which are not under the Purview of C.S.L.	The permit issued for locations enumerated in the subject proposal and the contractor/ permit holder need not obtain NOC from M/s. Cochin Shipyard Limited (CSL) to work at these locations.
(ii).	Regarding issuance of License to carry out specialized jobs on Board the vessels, issuance of the Licenses for a continuous period of 3 years may be considered instead of yearly going through the same process. But can be reviewed yearly with an option to pay either a yearly fee or a 3-year fee.	The request to grant License valid for 3/5 years cannot be considered as most of the requisite documents provided by outside Government Authorities come with a validity of 1 (one) year.
3.	Indian National Shipowners Association (INSA)	MBPT letter dated 28.05.2020
	Ship repairs at Mumbai involves same workshops on continuous basis especially ships dedicatedly are operating in Mumbai High oil field. We therefore feel prescribing License fees with option for longer term i.e. say 3-5 years should be allowed with provision of annual review by the port /agencies to ensure licenses are not misused by workshop/licensees.	The request to grant License valid for 3/5 years cannot be considered as most of the requisite documents provided by outside Government Authorities come with a validity of 1 (one) year.
4.	Mumbai Ship Repair Workshop Owners Welfare Association, C/o Shri Mankeshwar Mechanical Services	MBPT letter dated 28.05.2020
(i)	The annual license fees and the per board activity fees has been revised to more than 25% of the previous year i.e. from INR19600/- to INR24500/- and INR2000/-	The proposed rate for Annual License Fees and on Board Activity Fees have been agreed upon by the Association in principle. With respect to the future revisions of such

	to 2450/- while the revision of rate is very high especially for the smaller workshops, we in principle are agreeable to the same. However, we request if the next revision is not more than 10% and is not before 3 years.	rate, it is to be noted that these proposed rates, if approved, shall be effective till 2 October 2022. However, the port is also eligible for indexation benefit, subject to achievement of performance standards.
(ii)	The process for issuing the license is simplified and the documents and information required to be submitted at a single window rather than at two different offices / authorities. Further, the license once issued be valid for 5 years and the need for submitting the documents each year be done away with.	The request of the Association for single window is under consideration. With regard to request to grant License valid for 5 years, the request cannot be considered as most of the requisite documents provided by outside Government Authorities come with a validity of 1 (one) year.
(iii)	Once the license is issued there shall be no need to obtain any NOC from Cochin shipyard limited nor thererequirement of any further permission / approval for carrying out the works on the basis of classification of the job being specialized or general.	The permit is issued for locations enumerated in the subject proposal and the contractor / permit holder need not obtain NOC from M/s. Cochin Shipyard Limited (CSL) to work at these locations.
(iv)	The NOC issued by the Port Safety and Fire officer to carry out Hot Works at the Docks be issued as per requirement of ship repair activities on board and not to be restricted only to 8 to 10 hours. At times job have to be carried out round the clock in overtime to meet the deadline. The issuance of the aforesaid NOC process be also simplified to a single NOC/ permission rather than our members running around from one officer to another.	Till now the applicants were submitting documents with MEE Dept. and Traffic Dept. separately. The matter is under discussion with the officials of Traffic Dept. to simplify the same. A meeting has already taken place between officials of MEE Dept. & Traffic Dept. and a SOP is being worked out. The request of the Association for single window is under consideration.

1.2 The Super Marine Services vide its letter dated 23 March 2020 has conveyed that since the Vessel calling at MBPT has dropped below 50%, it has become difficult to sustain the activities and has, therefore suggested that the licence fees should not be more than ₹.10000/-. The user has also stated that the licence fees structure can be reviewed later on when the situation improves.

2. A joint hearing on the case in reference was held on 28 February 2020 at the office of the Authority in Mumbai. At the joint hearing, MBPT and users/ user organisations have made the following submissions:

Mumbai Port Trust (MBPT)

- (i). The MBPT has entered into a Concession Agreement with Cochin Shipyard Limited (CSL for a Ship Repair Facility at Hughes Dry Dock and berths 5,6,7 & 8 of Indira Dock and the area has been handed over to CSL.
- (ii). Now, MBPT has decided to issue separate permit to work in areas not covered under the exclusivity clause of the concession agreement with CSL to the workshops who were having permits earlier.

- (iii). The Annual License Fees to carry out specialized jobs on board the vessels has been proposed at ₹.24500/- and per on board activity fees for a year has been proposed at ₹.2450/-. The existing rate towards cost of booklet has been retained at ₹.1100/- + GST.

[MBPT presents a comparative position of the existing and the proposed rates. The proposed rate for registration fees is 13.6% more than the existing rate. Fee for dry dock activity is around 77% less than the existing fee. For wet dock activity it is around 11% more than the existing fee.]

- (iv). Though the rates have been proposed to be revised upwards, the revenue impact would not be significant. Current charge for wet dry dock activity is ₹.2200/-. Last year we received ₹.30 lakhs for 101 application. Now it is ₹.28 lakhs due to reduced application on commencement of CSL operations. We will not get any additional revenue due to increase in per activity rate.

Thakur Engineering & Maintenance Services Pvt. Ltd

- (i). There is no clarity on the per on board activity fees for a year proposed at ₹.2450/-. Will the rate be levied for each activity?

(MBPT: The rate will be levied for each activity. But, the rate once paid will be valid for a period of one year for carrying out same activity)

- (ii). Registration fee and fee for wet dock activity are very high. Kindly consider reducing the rates.

(Member (F), TAMP: Considering the employment potential, MBPT may review the rates.)

(MBPT: We will look into it.)

- (iii). Whether any NOC is required to undertake job?

[MBPT agrees to examine to issue a Trade circular that no separate permission is required after issue of license to undertake the job in its area other than the area allotted to CSL.]

- (iv). The MBPT may also review whether the licence can be granted for a period of 3 years at one go, so as to avoid approaching MBPT for renewal of licence on an annual basis.
