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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.512

New Delhi,

18 December 2018

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 approves the proposal of the New Mangalore Port Trust (NMPT) seeking tariff for use of Marshalling Yard for handling Containers, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

TARIFF AUTHORITY FOR MAJOR PORTS
Case No.TAMP/43/2018-NMPT

New Mangalore Port Trust

- - -

Applicant

QUORUM

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

ORDER

(Passed on this 27th day of November 2018)

This case relates to the proposal received from New Mangalore Port Trust (NMPT) seeking approval for revision in existing tariff for Use of Marshalling Yard for handling Containers.

2. This Authority had vide Order No.TAMP/22/2015-NMPT dated 27 February 2016 passed an Order relating to general revision of its Scale of Rates (SOR). This Order was notified in the Gazette of India on 13 April 2016 vide Gazette No.133. The revised SOR of NMPT has validity period till 31 March 2019.

3. The NMPT vide its letter dated 17 May 2018 has now filed a proposal seeking approval for revision of existing tariff for Use of Marshalling Yard for handling Containers. The main points of the proposal submitted by NMPT are summarized below:

- (i). Clause 6.3 of Chapter IV of the existing notified SOR of NMPT prescribes charges for Marshalling Yard as well as use of private siding inside the wharf on Metric Tonne (MT) basis, which is reproduced below.

Clause 6.3 Marshalling Yard usage charges:

Sr. No.	Description	Rate per M.T. (in ₹)
1.	Use of Marshalling yard only	16
2.	Use of Marshalling yard including private siding inside the wharf.	20

- (ii). The activity relating to Container Rake Movement between Inland Container Depot at Whitefield in Bangalore and NMPT Railway Marshalling Yard located inside the port started from January 2018 onwards.

- (iii). NMPT proposes to collect charges from users for the activity of handling containers at Marshalling Yard. The existing SOR of NMPT provides rates for Marshalling Yard only on Metric Tonne basis. However, "unit size" based charges is being levied for all container related activities internationally on TEU basis. Hence, NMPT now proposes to charge Marshalling Yard Charges on "per Container (box)" basis by converting the approximate weight of specified containers from MT to per box.

- (iv). It is proposed to collect container handling charges at Marshalling Yard under Chapter VI clause 6.3 for the new activity as indicated below:

(a). Use of Marshalling yard:

Sr. No.	Types of Container	Proposed Marshalling yard usage Charges on Box basis	Remarks (Approx. Wt.) (Rounded off)
1.	For 20" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹40/- per box	₹16/- X 2.2 MT =₹40/-
2.	For 40" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹60/- per box	₹16/- X 3.7 MT =₹60/-
3.	20" Dry / FR / OT Laden	₹400/- per box	₹16/- X 2.2 MT =₹40/- *

4.	40" Dry / FR / OT Laden	₹500/- per box	₹16/- X 25 MT=₹400/- #
5.	20" Reefer / Tank Container Laden	₹500/- per box	₹16/- X 31 MT=₹500/-
6.	40" Reefer / Tank Container Laden	₹600/- per box	₹16/- X 36 MT=₹600/-

[* There is an error in the multiplying factor 2.2 applied by NMPT for laden container of 20'. In the power point presentation made by NMPT at the Joint hearing, the working shown is ₹16 X 25 MT = ₹400 which matches with the proposed rate of ₹400 per box.

This remark does not match with proposed rate per box. However, in presentation made by NMPT at the joint hearing in front of all concerned users / user organisations, correct working was shown as ₹16/- X 31 MT =₹500/-. (₹16 X 31 MT = ₹496 which is rounded off to ₹500 by NMPT)]
{The port has stated that the resultant figure after multiplication has been rounded off by port to next ten / hundreds.}

(b). Use of Marshalling yard including private siding inside the Wharf:

Sr. No.	Types of Container	Proposed Marshalling yard usage Charges on Box basis	Remarks (Approx. Wt.) (Rounded off)
1.	For 20" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹50/- per box	₹20/- X 2.2 MT =₹50/-
2.	For 40" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹80/- per box	₹20/- X 3.7 MT=₹80/-
3.	20" Dry / FR / OT Laden	₹500/- per box	₹20/- X 25 MT=₹500/-
4.	40" Dry / FR / OT Laden	₹620/- per box	₹20/- X 31 MT=₹620/-
5.	20" Reefer / Tank Container Laden	₹620/- per box	₹20/- X 31 MT=₹620/-
6.	40" Reefer / Tank Container Laden	₹720/- per box	₹20/- X 36 MT=₹720/-

(v). **Based on the above, NMPT requests TAMP to add SL. No. 3 & 4 in clause 6.3 under Chapter VI of the existing General SOR of the port as follows:**

3. Use of Marshalling yard for handling containers:		
Type of container	Rate per box (in ₹)	
For 20" Empty (Flat Rack / Open Top / Dry / RF / Tank)	40	
For 40" Empty (Flat Rack / Open Top / Dry / RF / Tank)	60	
20" Dry / FR / OT Laden	400	
40" Dry / FR / OT Laden	500	
20" Reefer / Tank Container Laden	500	
40" Reefer / Tank Container Laden	600	
4. Use of Marshalling yard including private siding inside the Wharf for handling containers:		
Type of container	Rate per box (in ₹)	
For 20" Empty (Flat Rack / Open Top / Dry / RF / Tank)	50	
For 40" Empty (Flat Rack / Open Top / Dry / RF / Tank)	80	
20" Dry / FR / OT Laden	500	
40" Dry / FR / OT Laden	620	
20" Reefer / Tank Container Laden	620	
40" Reefer / Tank Container Laden	720	

(vi). The Ceiling Indexed Annual Revenue Requirement (ARR) of NMPT in Form – I for the year 2015-16 as per the proposal filed by NMPT and approved by the Authority under the Tariff Policy 2015 was ₹35,353 lakhs. The additional revenue estimation at the proposed SOR is well within the ceiling indexed ARR of ₹35,091.99 lakhs as per Tariff Guidelines, 2015.

[As per Order No.TAMP/22/2015-NMPT dated 27 February 2016, the estimated ARR is ₹35,313.00 lakhs and revenue estimated from proposed SOR at ₹36,324.28 lakhs was allowed for the reasons explained in para 18 (xv) of the said Order.]

- (vii). The additional revenue estimation with the proposed activity of handling containers at Marshalling Yard is estimated at ₹4,60,000/- which is within the ceiling indexed ARR of NMPT.
4. Subsequently, NMPT vide its email dated 13 July 2018 has furnished a copy of Board Resolution No.41/2018-19 of 2nd Ordinary Meeting of Board of Trustees held on 20 June 2018 and list of concerned users/user organisations. The NMPT has intimated that no conditionality is proposed for use of Marshalling Yard for Handling Containers.
5. In accordance with the consultative procedure prescribed, the proposal of NMPT dated 17 May 2018 was forwarded vide our letter dated 16 July 2018 to the concerned users/ user organisations seeking their comments. We have not received comments from any of user / user association on the proposal of the port.
6. The joint hearing in this case was held on 29 August 2018 at the NMPT premises. The NMPT made a brief power point presentation of its proposal. At the joint hearing, the NMPT and the concerned users/ user organizations have made their submissions.
- 7.1. As agreed at the joint hearing, the NMPT vide our letter dated 7 September 2018 was reminded to furnish the basis of the conversion factor applied by it to arrive at the proposed rate for each different types of containers as the NMPT stated that the rates proposed on per box basis in its proposal dated 17 May 2018 for different types of container are arrived taking the existing rate on per tonne as the base and converted it into box rate. The NMPT vide its letter dated 24 September 2018 has stated that the conversion factor applied by the port to arrive the proposed SOR for container handling at Marshalling Yard is by taking into consideration standard container weights in MT obtained from website for "Shipping Container Weights and Measurements" and multiplying it by the existing per tonne rate prescribed in the SOR for Marshalling Yard i.e. ₹20/- PMT and ₹16/- PMT for inside and outside the security compound wall respectively.
- 7.2. Subsequently, in continuation of letter dated 24 September 2018, NMPT vide its email dated 12 November 2018 has made following submissions:
- (i). The container weights taken for calculations are confirmed by the major Main Line Operators (MLO's) operating at NMPT. Average weight there may be a variations of around + -10%. For example: In case of 20' Container, the average tare weight is 2.2MT and for 40' Empty container it is 3.7MT.
- (ii). After the multiplication, the resultant amount is rounded off to the next ten / hundreds. For e.g.: In case of 20" Empty container ₹16 X 2.2 MT is ₹35 which is rounded off to ₹40/- and for 40" Empty ₹16 X 3.7 MT is ₹59.2 which is rounded off to ₹60/-.
8. An excerpt of the 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>.
9. With reference to the totality of the information collected during the processing of the case, the following position emerges:
- (i). The proposal mooted by New Mangalore Port Trust (NMPT) seeking approval for revision in existing tariff for use of Marshalling Yard for handling containers is mainly on account of Concor having started Container Rake Movement between Inland Container Depot, Bangalore and NMPT, at NMPT Railway Marshalling Yard located inside the port started from January 2018. In the existing SOR, the rate prescribed for use of Marshalling Yard is on per tonne basis i.e. ₹16 per tonne for use of Marshalling Yard only and ₹20 per tonne for use of Marshalling Yard including private siding inside the wharf. In view of container movement through rakes by Concor from the Marshalling Yard of NMPT, and citing that unit of levy on container as per best international practice is on "per box basis", the port has proposed to insert new entry as Sl. Nos. 3 and 4 for use of Marshalling Yard for

handling containers and for use of Marshalling Yard including private siding inside the wharf for handling containers respectively.

Under the Sl. Nos. 3 and 4, the NMPT has also proposed rates for different categories of container as tabulated in para 3 (v) in preceding paragraph.

The proposal is also approved by the Board of Trustees of the NMPT.

In view of the above submissions made by the port, there is merit to consider the proposal of NMPT now though the existing SOR is due for review after 31 March 2019.

- (ii). The rates proposed on per box basis for different types of containers are arrived at by the NMPT taking the existing per tonne rate as the base and multiplying it with average standard container weights for different types of container viz., empty, laden, reefer and also for different size viz., 20' and 40' containers. The port has furnished the working for arriving at the proposed rate by way of "Remarks" which is brought out in preceding paragraph 3 (iv) and hence not reiterated for sake of brevity. The port earlier stated that standard weight considered by NMPT as the multiplying factor to arrive at the proposed rate is based on the container weight obtained from website on "Shipping Container Weights and Measurements". Copy of standard weight of different categories of containers furnished by the NMPT from the website, could not be matched with the multiplying factor of tonnage for different categories of container considered by NMPT. The port has subsequently clarified that there is some variation in that and container weight taken for calculation to arrive at the proposed rate has been confirmed by major Main Line Operators (MLO's) operating at NMPT. The port has also stated that the resultant rate arrived by multiplying the existing per tonne rate with average container weight has been rounded off to nearest ten / hundred to arrive at the proposed rate. None of the users / user organization have raised any objection on the proposed rates.

In view of the above position and based on justification and basis for arriving at the proposed rate furnished by the NMPT and since the proposed rate has the approval of the Board of Trustees of NMPT, this Authority is inclined to approve the proposed rates for handling containers at the NMPT at the Marshalling Yard.

- (iii). Association of New Mangalore Port Stevedores (ANMPS) and Kanara Chamber of Commerce & Industry (KCCI) have sought whether there is any chance for coastal concession for this item. The NMPT has clarified that Bulk handling is done through Marshalling Yard and there is no concession for Bulk cargo handled at Marshalling Yard. Hence, for containers also, it is not feasible to grant concession for use of Marshalling Yard facility. It is pertinent to state here that as per the Coastal Concession Policy of Government, Coastal Concession in cargo related charges is for ship to shore and shore to yard movement. The container handling at Marshalling Yard is not entitled for coastal concession as the movement does not fall within ship to shore and shore to yard. In any case, the rates prescribed by this Authority are ceiling rates. The port has flexibility to charge lower than the approved rate based on its commercial judgment.
- (iv). The port has estimated to generate an additional revenue to the tune of ₹4,60,000/- on account of the proposed activity of handling containers at Marshalling Yard. By the time the revised rate comes into effect, it will be around January 2019. Considering that the balance period of three months (January 2019 to March 2019) of the tariff validity cycle, the additional revenue at the proposed tariff will be even less than ₹4.60 lakhs, which may not have any significant impact on the revenue estimated in the last general revision Order at the proposed SOR at ₹36,324.28 lakhs.
- (v). The rates approved by this Authority generally come into effect prospectively after expiry of 30 days from the date of Gazette Notification unless otherwise different arrangement is specifically mentioned in the respective tariff Orders. Accordingly, rates approved for container handling at Marshalling Yard shall come into effect

after expiry of 30 days from the date of Gazette Notification of the Order passed in the Gazette of India.

10.1. In the result, and for the reasons given above, and based on a collective application of mind, the following items are approved for insertion at Sl. Nos. (3) and (4) in existing Schedule 6.3 - Marshalling yard usage charges under Other Charges under Chapter VI in the existing Scale of Rates (SOR) of NMPT:

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Sr. No.	Description	Rate per box (in ₹)
3.	Use of Marshalling yard by containers:	
(i).	For 20" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹40/-
(ii).	For 40" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹60/-
(iii).	20" Dry / FR / OT Laden	₹400/-
(iv).	40" Dry / FR / OT Laden	₹500/-
(v).	20" Reefer / Tank Container Laden	₹500/-
(vi).	40" Reefer / Tank Container Laden	₹600/-
4.	Use of Marshalling yard including private siding inside the Wharf by containers:	
(i).	For 20" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹50/-
(ii).	For 40" Empty (Flat Rack / Open Top / Dry / RF / Tank)	₹80/-
(iii).	20" Dry / FR / OT Laden	₹500/-
(iv).	40" Dry / FR / OT Laden	₹620/-
(v).	20" Reefer / Tank Container Laden	₹620/-
(vi).	40" Reefer / Tank Container Laden	₹720/-

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10.2. The NMPT is advised to suitably incorporate the above provisions in its existing SOR.

10.3. The said charges shall come into effect after expiry of 30 days from the date of notification of the Order in the Gazette of India and their validity will remain co-terminus to the validity of the existing SOR of NMPT i.e. upto 31 March 2019. The approval accorded shall automatically lapse thereafter unless, specifically extended by this Authority.

(T.S. Balasubramanian)
Member (Finance)

**ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE
THE AUTHORITY**

F.No. TAMP/43/2018-NMPT - Proposal received from the New Mangalore Port Trust for seeking approval of revised tariff for Use of Marshalling Yard for handling Containers.

The joint hearing in this case was held on 29 August 2018 at the NMPT premises. The NMPT made a brief power point presentation of its proposal. At the joint hearing, the NMPT and the concerned users/ user organizations have made the following submissions:

New Mangalore Port Trust (NMPT)

(FA & CAO)

- (i). Makes power point presentation of the proposal. Hard copy is given.
- (ii). Concor has taken over Marshalling Yard of NMPT from January 2018. Presently, most of cargo handled at Marshalling Yard is through containers. In the existing SOR, rates for use of Marshalling Yard are prescribed on per tonne basis. So, as per best international practices, the port proposes to have rate on per box basis in addition to existing per tonne rate at the Marshalling Yard.
- (iii). The rates proposed on per box basis are for different types of container. For this, we have taken existing rate on per tonne as the base and converted it into box rate for arriving at the proposed rate. The basis for computation of box rate is given in detail in our proposal.
- (iv). In the existing SOR, per tonne rate is prescribed at Sl. Nos.1 and 2 under Schedule 6.3. as Marshalling Yard usage charges. The proposed rate to be added at Sl. Nos.3 and 4 under Schedule 6.3.

Association of New Mangalore Port Stevedores (ANMPS)

- (i). We did not receive the proposal.
[NMPT: We had already forwarded the proposal to ANMPS. A copy of the proposal is now again given to ANMPS.]
- (ii). There are container of size smaller than 20' container.
- (iii). MOS is supporting coastal movement. Is there are any chance for coastal concession for this item. Port may consider to extend concession.
[TAMP: The Coastal Concession Policy of Government is for ship to shore and shore to yard movement. There is no coastal concession prescribed in existing SOR for Marshalling Yard as this movement is

not covered under the coastal concession policy. In any case, the rates prescribed by the Authority are ceiling rates. The port has the flexibility to charge lower than the approved rate.]

Kanara Chamber of Commerce & Industry (KCCI)

- (i). Coastal concession may be given.

NMPT

- (i). Bulk handling is done through Marshalling Yard. There is no concession for Bulk cargo handled at Marshalling Yard. So, for containers, it may not be feasible to grant concession for containers.
- (ii). Concor has just recently started container movement. It is in infant stage.
