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No. 173   New Delhi, the 29 August, 2002

Tariff Authority for Major Ports

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Mumbai Port Trust (MBPT) regarding revision of ship-breaking charges as in the Order appended hereto.

( S. Sathyam )

Chairman

The Mumbai Port Trust (MBPT) - - - Applicant

ORDER

(Passed on this 12th day of August 2002)

This case relates to a proposal received from the Mumbai Port Trust (MBPT) for licensing of plots for ship-breaking and revision of ship-breaking charges.

2.1. The proposal submitted by the MBPT vide its letter dated 23 January 2002 did not contain the Agenda Note and the Resolution passed by the Board of Trustees of the MBPT (stated to have been explaining the details of the proposal). The relevant details were furnished by the MBPT subsequently on 18 February 2002 after being pointed out about the omission.

2.2. The proposal of the MBPT consists of the two components – (a) proposal to change the unit of levy of ship-breaking charges under a ‘Common User’ facility from ‘GRT’ to ‘LDT’ basis; and, (b) proposal to fix charges for licence of the ship-breaking plots.

2.2. The MBPT has made the following main points about its proposal for changing the unit of levy:

(i). In the existing SOR, ship-breaking charges are prescribed in Section III of Bunder Scale of Rates based on the ‘GRT’ of the ship.

(ii). Prior to 1991, the ship-breaking charges were levied based on LDT (Light Displacement Tonnage) of the ship.

(iii). The ship-breaking charges at the other yards are also prescribed based on the LDT.
Various port users have also sent their representations to the port insisting that this charge should be levied on LDT basis.

It has proposed to have the rates under the existing arrangement on 'Common User Basis' in order to ensure that there is an enabling provision in its Scale of Rates in case offers are not received for licensing all the plots or in case a few licenses have to be terminated mid-term.

A ratio of 60:100 based on past average of vessels broken in Mumbai Port during the last three years from 1998 to 2001 have been considered for conversion of the existing ship-breaking charges from GRT to LDT basis.

The existing conditions are proposed to continue without any change.

2.3. The MBPT has given the following main reasons for licencing ship-breaking plots on long term basis:

(i). Ship-breaking activity is carried out on 12 plots at Lakri Bunder (South) and 7 plots at Powder Works Bunder.

(ii). The operations are labour intensive and are carried out by the ship-breakers through contractors’ labourers and equipment.

(iii). The pilotage and towage necessary for beaching of vessel is provided by the MBPT. For breaking operations, necessary equipment are provided by the ship-breakers and their contractors.

(iv). The ship-breaking activity causes lot of environmental pollution due to generation of waste material. This has, therefore, attracted attention of various international organisations who are insisting the need to properly monitor, regulate and control this activity.

(v). Presently, the plots are allotted to ship-breakers for the duration of breaking of the ship. Upon completion of breaking, the plot is handed over to the port. Due to this temporary allotment, a ship-breaker is unable invest in infrastructure development which is essential for better productivity.

(vi). The average revenue earned from this activity during the last three years was to the tune of Rs. 10.52 crores per annum approximately which has now fallen to Rs. 8.11 crores in the year 2000-2001.

(vii). In view of the these circumstances, it has proposed to licence 12 ship-breaking at Lakri Bunder and 7 plots at Powder Works Bunder (PWB) plots for a period of 10 years.

2.4. It is pertinent to note that the MBPT has not sought approval of this Authority as regards the proposed terms and conditions governing the License
scheme. This scheme is proposed for approval of the Central Government only. The salient features of the proposed scheme for licensing plots for ship-breaking are summarised as follows:

(i). The allotment of 19 plots for ship-breaking activities plots will be done in two categories:

(a). Category ‘A’ for the regular / existing ship-breakers of Mumbai Port; and,

(b). Category ‘B’ which shall be open for all ship breakers subject to fulfillment of the criteria prescribed.

(ii). (a). The 12 plots at Lakri Bunder (South) will be reserved for Category ‘A’. The competitive bidding in this category shall be invited only from regular / existing ship-breakers who have broken minimum 10,000 GRT during last three financial years (1998-2000) at the Mumbai Port.

(b). The criteria proposed for the Category ‘B’ is that the applicant must have 3 years of experience in ship-breaking industry; and, should have broken minimum of 10,000 GRT or should enter into a management contract with another ship-breaker who meets the minimum prescribed experience criteria subject to their forming registered firm or company on allotment of the plot within a period of six weeks.

(iii). The basis for allotment of plot has been proposed as follows:

(a). In case, some plots from Category ‘A’ remains unallotted, the same will be included in the Category ‘B’ for allotment.

(b). The basis of allotment of plot in both categories will be in terms of the highest upfront fee offered.

(c). The parties can bid for more than one plot. A maximum of two plots shall be allotted to one ship-breaker under Category ‘A’.

(d). All the other conditions shall remain the same for both categories.

(iv). Non-refundable upfront fee of minimum Rs. 50 lakhs is proposed to be collected from a licensee for allotment of the plot. The basis of acceptance of offer will be the upfront fee quoted over and above the minimum prescribed amount.

(v). It is proposed to grant the license for a period of 10 years subject to a condition that it shall automatically come to an end without any further action by the MBPT, unless the licence is renewed within three months prior to the date of expiry of the licence period.
A minimum committed throughput of 10,000 LDT per year is to be achieved. In case of failure to achieve the minimum committed throughput, the port shall initiate action to terminate the license.

2.5. The MBPT has sought approval of this Authority to the following rates leviable under the licensing scheme:

(i). A license fee of Rs.20 per sq. mtr. per month for the entire area of the licensed plot which is payable quarterly in advance.

(ii). Ship-breaking charge at the rate of Rs. 325/- per LDT of the ship which is payable before beaching of the ship.

(iii). For others vessels broken by the Licensee, at the licensed plots, an additional fee of Rs. 80/- per LDT will be levied before beaching of the ship.

(iv). A discount of 20% is proposed to be offered to the Licensee in the ship-breaking charges payable as at (ii) above, for the excess tonnage broken above 10,000 LDT per year.

2.6. The proposal of MBPT was approved by its Board of Trustees vide Resolution No. 192 dated 11 December 2001.

3. In accordance with the consultative procedure prescribed, a copy of the MBPT proposal was circulated to the concerned port users/representative bodies of port users for their comments. The comments received from them are summarised below:

**Iron Steel Scrap & Shipbreakers Association of India (ISSAI)**

As regards component (a)

(i). Larger size ships will beach in Mumbai port by fixing charges on LDT basis, thereby, resulting in higher revenue for the port.

(ii). The existing ship-breaking charges on ‘Common User Basis’ are proposed to be converted from GRT to LDT basis at Rs. 3.30 per day per LDT from the date of beaching to the date of commencement; and, Rs. 5 per LDT per day for the regulated period which may be revised to Rs. 2 and Rs. 3.50 per LDT respectively.

As regards component (b)

(iii). It is necessary to take a long term perspective and viability of the industry and not short term present scenario. If the proposal is not realistic and reasonable, it will not encourage the entrepreneurs to procure plots.
(iv). The ship breakers prefer to continue with existing policy of causal allotment of plots with the only change in the mode of charging from the existing GRT basis to LDT.

(v). The entire proposal is based on the model followed at the Alang ship-breaking yard. Based on a comparison of the ship-breaking operations at Mumbai with that at Alang the following facts have been presented:

(a). The ship-breaking capacity in India at Alang, Mumbai, Kolkata, Sachana etc. is far in excess. Out of the 165 ship-breaking plots at Alang only 65 plots are operative.

(b). The Mumbai ship-breakers have to compete with Alang ship breakers to get ships apart from competition at international levels with ship-breakers from Bangladesh, Pakistan and China.

(c). Back-up area (40 to 200 mtr.) and infrastructure at Alang are much better than at Mumbai.

(d). Minimum committed throughput of 10,000 LDT per year is allowed to be clubbed with 60,000 tonnes for a block period of 6 years at Alang which is not the case in the instant proposal.

(e). The ship-breaking charges proposed by the MBPT are higher as compared to Alang. The ship-breaking charges at Alang are Rs. 96 per LDT (for wharfage and beaching) and Rs. 60 per 10 sq.mtr. as rent plus Rs. 12 per LDT.

(f). Transfer of plot is permitted at Alang by payment of transfer fee which is not allowed at the Mumbai Port.

(g). There is no need to pay Octroi duty at Alang ship-breaking yard whereas at the MBPT, ship-breakers have to pay 2.25% Octroi.

(h). The actual duty increase following the Budget 2002 is about 9% for Mumbai ship-breakers as compared to 5% at Alang.

(vi). (a). The proposal of the MBPT that the 21 existing ship-breakers will bid for the reserved 12 plots gives a wrong impression. In fact, about 5 out of the 21 are associates of the remaining 16; and, a few ship-breakers are not operative at present. That being so, the contention of the MBPT that there will be competition in bidding for these plots is false.

(b). The representations of a number of ship-breakers to the MBPT to auction all plots without any reservation have not been considered.

(vii). The proposal for minimum committed throughput of 10,000 LDT per year appears to be very high. Inspite of putting best efforts it is
possible that a licensee may fail to meet the target due to unforeseen circumstances. Further, there is no specific provision in the existing Scale of Rates for penalty by way of confiscation of plots. The proposed provision may lead to substantial loss of revenue to the MBPT by non-utilisation of plots.

(viii). In this backdrop, it has also proposed an alternate scheme which will be fair to the existing ship-breakers and other; and, also fetch better revenue in competitive bids to the port.

4. A copy of the comments received from the ISSAI was sent to the MBPT as feedback information. The MBPT has made the following main points with reference to the comments of the ISSAI:

(i). While formulating the instant proposal the revenue of Rs.8.11 crores earned on all the 19 ship-breaking plots in the year 2000 – 2001 was considered. The scheme envisaged that this level of revenue should be maintained and accordingly the proposed charges were framed under two heads, i.e., nominal licensing fees in terms of area occupied and the ship-breaking charges per LDT of ship broken. The annual earnings on account of upfront fee were also considered; and, accordingly, proposed ship-breaking charges were worked out to fetch a total revenue of Rs.8.16 crore.

(ii). The rate of ship-breaking is not proposed to be increased; but, the earning from the ship-breaking activity has been distributed under two different heads that is ‘Common User’ basis and allotment under ‘long term licence’. Thus, the request of ISSAI to limit the ship-breaking charges to Rs.250 per LDT and also the license fee to Rs.10 per square meter per month cannot be acceded to.

(iii). The Ministry of Shipping (MOS) has directed that the proposal for allotment of plots should not be limited to regular ship-breakers operating at Mumbai; but, it should be an open offer to all without any pre-qualification conditions like experience in the ship-breaking activity. Thus, the suggestion of ISSAI cannot be considered. The MOS has, however, been requested to reconsider its proposal regarding reservation of plots to the existing ship breakers.

(iv). The ship-breaking charges on common user basis have been converted from GRT to LDT basis in light of the representation received from the various ship breakers. It has reiterated the other points given in the proposal.

(v). The minimum committed throughput of 10,000 LDT has been prescribed considering the fact that many ship-breakers have achieved this target during last few years. The MOS has also directed to incorporate an automatic termination clause if the minimum throughput of 10,000 LDT per year is not achieved.
(vi). It has no comments to offer on the Associations’ submission that the duty advantage enjoyed by Mumbai ship-breakers has disappeared following the Budget 2002. Further, the Port has no control over the Octroi duty levied by the Municipal Authorities.

(vii). It has followed the direction given by the MOS as regards reservation plots. The MOS has further directed that the allotment of plots at Lakri Bunder should not be limited to twenty one regular ship-breaker operator at Mumbai; but, should be offered to all without prescribing any pre-qualification.

5. Based on a preliminary scrutiny of the proposal the MBPT was requested to furnish additional information / clarification on various points. Some of the main points are summarised as follows:

(i). The cost statements to be updated with reference to revised estimates for the year 2001-02 and projections for the year 2002-03 and 2003-04.

(ii). The discrepancy observed in computation of the Return on Capital Employed (ROCE) and the Capital Employed figures is to be corrected.

(iii). In the light of the surplus financial position reflected in this activity, the basis of proposing the ship-breaking charges on the plots proposed to be leased out may be justified taking into consideration the tariff applicable as per the existing Scale of Rates.

(iv). The basis of proposing an upfront fee of Rs. 50 lakhs per plot.

(v). Confirmation whether the scheme for licensing of plots have been approved by the Government.

(vi). The detailed conditionalties governing the Licenses need to be incorporated in the Scale of Rates.

6.1. A joint hearing in this case was held on 15 May 2002 at the MBPT. At the joint hearing, the following submissions were made:

**Mumbai Port Trust (MBPT)**

(i). This proposal has been mooted by the ship-breakers themselves.

(ii). Frequent shifting from plot to plot leads to operational hassles and has implications on the environment; and, hence, the new approach is proposed.

(iii). When a vessel is due for scrapping the GRT has no meaning. LDT (which represents the weight of the empty vessel) is what is relevant. Hence, the shift in unit of levy is proposed.
(iv). The scheme approved by the Board is sent to the Government for approval. We did receive a reply. There was some ambiguity. We have sought some clarification.

(v). We are following the Government guidelines. We do opt for upfront payment; but, we also want payments on LDT basis. That will help us to monitor better. That will also give us the revenue that we are earning at present. Nevertheless, we will check again and write to you about our stand vis-à-vis the Government guidelines.

(vi). Once the scheme is approved by the Government, we feel, it is not necessary for the TAMP to go into it again.

Iron Steel Scrap and Shipbreakers Association of India (ISSSAI)

(i). The MBPT did not give us complete information. There was a deliberate attempt by the MBPT to give us “half information”. How can we respond now?

(ii). ‘Reserve Price’ need not be confidential. It may not attract meaningful bids.

(iii). The modality of auction will have to be clearly set up. Today, it is not practical.

(iv). For ‘shipping’ cargo carrying capacity is important; For ‘ship breaking’ the weight of the ship is more important. The MBPT choice of LDT is logical. We agree.

(v). The minimum guaranteed performance norms have to be realistic. The proposal for minimum guaranteed throughput of 10,000 LDT per annum is not achievable even in Alang. If at all, it should be for a block of years and not for each year.

(vi). If rates are high in the MBPT, business may not shift from Alang, etc., to the MBPT.

(vii). Infrastructure in Alang is far superior. Productivity there is also far superior. If the business is still to be attracted to the MBPT, at least the rates must be reasonable.

(viii). Long-term approach to lease is required. Everything can not be on the basis of temporary occupation. In Alang, we pay lease rent even if no ship-breaking takes place in a particular year.

(ix). In a recent International developments, norms of operation are being developed. One is about the size of plots which should be big enough for safe operations.

(x). Every plot can not be provided with all facilities. Some ‘Common User facilities’ will have to be established in one plot. The port should spend 20% of the revenue earning on this.
(xi). As regards the allotment of two plots to one ship breaker, the stated purpose is to promote breaking of bigger ships. The two plots must, therefore, be adjacent plots.

(xii). In the lease agreement there has to be a clause providing for renewal after 10 years. The wording at present of the relevant clause is vague.

(xiii). Out of the plots proposed for lease many are too small. Ships cannot beach. The plots have to be of realistic sizes.

(xiv). Permission to transfer plots must be available

(xv). Government guidelines recommends one upfront payment; but, the MBPT has proposed all the three simultaneously- upfront; LDT rates, and plot lease rental. This is unrealistic and unfair.

(xvi). The proposed ship-breaking charges is Rs. 325/- per LDT, at Alang charges are Rs.96/- to 120/-. The MBPT rate is excessive. This rate must be reduced.

(xvii). The ‘Scheme’ at present is unattractive. There may be very few (or, no) bids.

(xviii). Breaking norms, incentives must be available for motivating higher achievements.

(xix). In view of the heavy upfront payment together with the LDT payment, Rs. 20/- per sq. mtr. is very high as lease rent. Why should there be lease rent at all separately?

(xx). Do not borrow out of context the concept of ‘preferential’ and ‘non-preferential’ from Alang. If the MBPT wants to do that, adopt the whole Alang model.

6.2. At the joint hearing, the MBPT have furnished further written submission reiterating the points given by it earlier. In addition to that it has clarified that the scheme for licensing of plots for ship-breaking has not been approved by the MOS. The MOS has further given the following directions:

(i). The scheme of licensing of plots shall be initially limited to twelve plots at Lakri Bunder only.

(ii). The proposal for allotment of plots at Lakri Bunder shall be an open offer to all without any pre-qualification condition, and no experience criteria must be required.

(iii). Upfront fee shall be kept confidential.

(iv). The scheme shall incorporate an automatic termination clause if the minimum throughput of 10,000 LDT per year is not achieved
6.3. The ISSSAI in its written submission at the joint hearing has furnished the statistics of number of ships broken at Alang, Mumbai, Sachana and Calcutta Ports.

6.4. At the joint hearing, it was agreed that the following further action would be taken:

(i). The MBPT would clarify the discrepancies, if any, between the scheme and the Government guidelines; and, also propose conditionalities for incorporation in the SOR.

(ii). The MBPT should decide whether it wished to delink the issue relating to change of unit of levy for immediate consideration.

(iii). The ISSSAI could give written submissions, if any, with reference to the announcement made at the joint hearing by the MBPT about clarification given by the Government relating to the licencing scheme. It could also look into the Government Guidelines, adopted by the TAMP, on lease of port lands.

7.1. As agreed at the joint hearing the ISSSAI has furnished further written submission which are summarised below:

**On component (a) of the proposal**

(i). There is no difference of opinion amongst the MBPT and the industry on the proposal for changing the unit of levy from GRT to LDT.

(ii). The modification in unit of levy may, therefore, be approved pending finalisation of the policies relevant to the long term lease by the Government.

(iii). The ship-breaking charges proposed on LDT basis may, however be reduced from the Rs. 3.30 to Rs. 2 per day per LDT from the date of beaching to the date of commencement; and, for the regulated period the rates proposed at Rs. 5 may be reduced to Rs. 3.50 per day per LDT.

(iv). Apart from this it has reiterated the other points made by it earlier.

**On component (b) of the proposal**

(v). The ship-breaking charges and the rentals to be recovered from licensed plot holders may be revised in line with the Government guidelines referred by the TAMP at the joint hearing.

(vi). The ship-breaking charges may be revised to Rs. 112 per LDT to be in line with the charges levied at Alang and the token rent may be as per the Government guidelines.

(vii). These factors will enable to fetch higher and better premium in the bid prices as the bidders will be taking into consideration the cost of breaking ships in the licensed plots.
8. The MBPT has furnished the additional information sought by us in response to our queries and also with reference to the issues emerged at the joint hearing. Some of these points are given below:

(i). The cost statement for the service ship-breaking facilities has been revised based on the Accounts of 2001-02. The expenditure and income have been projected for the year 2002-03 and 2003-04.

(ii). The proposed licensing scheme will yield an additional income of 5% because of private participation.

(iii). It has clarified that there is no discrepancy in computation of Capital Employed and Return on Capital Employed. It has stated that the port does not work out service-wise capital employed.

For the purpose of revision, Return on Capital Employed is apportioned on the basis of Net Block of each service. The present accounting system of Current Assets and Current Liabilities does not permit capturing data required for arriving the service-wise Working Capital. Since the Authority has insisted for furnishing the details of Working Capital service-wise, it has apportioned the same based on a rough estimation.

(iv). (a). It has reiterated that for the purpose of fixing charges to be levied on the plots under licensing scheme, the revenue earned on all the 19 ship-breaking plots in the year 2000-01 has been considered. It has been envisaged that the existing revenue of Rs. 8.11 crores is retained. The annual earnings on account of upfront fee for 19 plots has also been considered.

(b). In case of ‘Common User’ facility there is no revision in the unit cost and only the basis is proposed to be changed to retain the revenue earned in 2000-01.

(v). The reference given by the Authority is to the guidelines issued by the Ministry for land/water front management at the Major Ports. The instant scheme of licensing ship-breaking plots for period of 10 years is not comparable to these guidelines which is basically for a lease of land or water front for 30 years.

(vi). The scheme of licensing of plots for ship-breaking and conditions governing this scheme needs to be sanctioned by the Government. The TAMP approval is not sought for this purpose.

(vii). It has agreed to delink its proposal about change in unit of levy of ship-breaking charges for ‘Common User’ facility for immediate consideration. It has further clarified that the TAMP approval is sought only in context of its proposal to change the unit of ship-breaking charges from GRT to LDT.

(viii). The scheme for licensing the plots for ship-breaking has not yet been approved by the Government; but, only some observations were conveyed in April 2002.
9. With reference to the totality of information collected during the processing of this case, the following position emerges:

(i). The proposal, as has been explained already, contains two parts. Part I of the proposal envisages a change in the unit of charging the existing ship-breaking charges; it does not involve any increase in the existing rates and changes of the existing conditionalities. Part-II of the proposal seeks approval to the new licence fees and ship-breaking charges under the proposed scheme of licensing different plots.

(ii). As regards Part II of the proposal, it may be relevant to note that the proposed licencing scheme has not yet been approved by the Government. Further, the MBPT has sought inclusion in its Scale of Rates of some of the charges proposed to be levied under the Licencing Scheme; but, no conditionalities are proposed for inclusion in the SOR. The Port has maintained that the conditionalities governing the scheme are to be approved by the Government.

While there can be no dispute that the policy decision of allowing the MBPT to licence the ship-breaking plots and the modalities of the licencing arrangement are to be decided by the Government, it is for this Authority to approve the various charges realisable under the scheme and the conditionalities governing application of such tariffs. Merely because a scheme has been approved by the Government does not mean that various conditionalities approved by the Government as a part of that Scheme can automatically find a place in the Scale of Rates. As a third party neutral regulator, this Authority may not be in a bind to endorse all decisions of the Government and include them as such in the Scale of Rates unless directions under Section 54 or Section 111 of the MPT Act are issued by the Government. Even in such cases prior consultation with this Authority is necessary.

The stand of the MBPT does not appear to have been taken with correct appreciation of the legal position relating to the port tariff setting arrangement envisaged in the Statute. This Authority is not in favour of approving only tariffs without going to the associated conditionalities.

The MBPT has subsequently agreed to delink Part I and Part II of its proposal. In view of this position, Part I of the proposal is now taken up for disposal. Tariff arrangement under the proposed licencing scheme can be considered when the MBPT submits a comprehensive proposal, after obtaining the approval of the Government to the ‘Scheme’.

(iii). Part I of the proposal is about changing the unit of levy from GRT to LDT. The MBPT has sought to explain that ship-breaking charges are levied at other yards on LDT basis; and, its proposal is in deference to a long standing demand from users. The ISSSAI has fully endorsed this change and even anticipates higher business volumes due to beaching of larger size ships in Mumbai as a result of the change in unit of charging. In view of the mutual agreement between the Port and users, this Authority has no reservation to approve this component of the proposal. It may be relevant here to mention that the Kolkata Port Trust also changed over to a LDT based charge since April 2001.
As has been explained already, the proposal does not seek revision of the existing rates. With the change in unit of charging, these rates are only sought to be covered. For the purpose of conversion, the MBPT has applied a ratio of 60:100 between the LDT and the GRT of a vessel. The ratio has been arrived at by considering a 3 year average. The proposal appears to be reasonable; and, it is noteworthy that the users have also endorsed it.

Since the limited issue at consideration is change of unit of charging, the cost statements furnished by the MBPT have not been examined in depth. The arguments of the MBPT about the difficulties in estimation of activity/sub-activitywise capital employed do not appear to be reasonable for to be admitted. When other major port trusts furnish such break up of details, the reasons why the MBPT, which also follows the same accounting system, cannot do so are not easily discernible.

The ISSSAI has demanded reduction in the existing ship-breaking charges. Firstly, this case is only for change in the unit of charging. Secondly, the MBPT proposes to change over to ‘licencing scheme’ shortly and, thereafter, these rates will only be relevant in some stray and isolated cases. This Authority, therefore, finds it difficult to concede to the demand of the ISSSAI at this juncture.

In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves Part I of the proposal of the MBPT about change in the unit of levying ship-breaking charges and amends its Scale of Rates accordingly. The amendments to the Scale of Rates are set out in the statement attached as Annex.

Part – II of the proposal will be taken up afresh for consideration on receipt of a fresh proposal from the MBPT in this regard which must, inter alia, include the conditionalities governing application of the relevant tariffs. Pending such action from the MBPT, this case is treated as closed with the disposal of Part – I of the proposal.

The amendments to the Scale of Rates approved in this Order will come into effect on expiry of 15 days from the date of their notification in the Gazette of India.

(S. Sathyam)
Chairman

Annex

AMENDMENTS TO THE MBPT SCALE OF RATES WITH REFERENCE TO CHARGES FOR SHIP-BREAKING, CONSTRUCTION AND REPAIR OF THE VESSELS IN THE PORT TRUST BUNDERS

The existing item number (I) of Section III- Charges for Ship-breaking, Construction and Repair of the vessels in the Port Trust Bunders is deleted and replaced by the following:
In respect of vessels being broken up on the Port Trust Hards, the charges will be recovered from the date of beaching as under:

1. Rs.3.30 per day per LDT for the period from date of beaching to the date preceding the date of commencement of breaking.

2. Rs.5/- per LDT per day for the regulated period of the vessel. The regulated period shall be one month per 600 LDT.

3. If the vessel continues breaking beyond the regulated period as at (2) above, charges for the extended period shall be Rs.10/- per LDT per day for one month for vessels upto 3000 LDT and for two months for the vessels above 3000 LDT.

4. Rs.20/- per LDT per day for the period beyond the period of extension as at (3) above.

Notes:

(i). Charges mentioned above shall be recovered on the total LDT of the vessel for the entire period of occupation.

(ii). The month for the purpose of regulation shall be reckoned with from the date of commencement of breaking to the preceding date in the following month for example, 10th April to 9th May.

(iii). The initial regulated period is determined considering 600 LDT or part thereof per month. For example,

<table>
<thead>
<tr>
<th>Vessels upto 600 LDT</th>
<th>1 month</th>
</tr>
</thead>
<tbody>
<tr>
<td>601 - 1,200 LDT</td>
<td>2 months</td>
</tr>
<tr>
<td>1,201-1,800 LDT and so on</td>
<td>3 months</td>
</tr>
</tbody>
</table>

(iv). Vessels which are completely broken and removed prior to the expiry of the regulated period will be granted a rebate in the form of part of the charges recovered under (2) above. The percentage of rebate shall be worked out as under:

\[
\frac{\text{Regulated period, in days} - \text{No. of days actually taken}}{\text{Regulated period, in days}} \times 100
\]

The rebate as worked out above will be subject to a ceiling as under depending upon the size of the ship:

<table>
<thead>
<tr>
<th>Size of the ship</th>
<th>Maximum rebate admissible in percent of the total charges recovered</th>
</tr>
</thead>
<tbody>
<tr>
<td>LDT upto 6,000</td>
<td>25%</td>
</tr>
<tr>
<td>LDT above 6,000</td>
<td>40%</td>
</tr>
</tbody>
</table>