TARIFF AUTHORITY FOR MAJOR PORTS

G. No. : 231

New Delhi, 29 August 2001

NOTIFICATION

In exercise of the powers conferred by Sections 48 and 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of the Mormugao Port Trust for revision of its vessel-related charges as in the Order appended hereto.

(S. Sathyam)
Chairman
This case relates to a proposal received from the Mormugao Port Trust (MOPT) regarding revision of Vessel Related Charges (VRC).

2.1. The Vessel Related Charges (VRC) of the port were last revised in July 1998. At that time, the port had proposed an increase of 54.26%; but, this Authority allowed an increase of only 11%. An Efficiency Linked Tariff (ELT) scheme was also introduced which was subsequently reviewed and recast with effect from 1 October 2000.

2.2. In its proposal, the MOPT has now proposed an increase of 50% over the existing VRC. It has also mentioned that the VRCs are to be revised to the extent of 75% to earn a return of 19.5% on capital employed. It has added that an increase of 75% may be high keeping in view the capacity of the Trade to bear; and, hence, the proposal is to restrict the upward revision of charges to the extent of 50%. The MOPT has pointed out that with the proposed increase of tariff it will earn only 13% and 9% return on capital employed for the years 2001-02 and 2002-03 respectively.

2.3. The MOPT has stated the following reasons for an upward revision in the VRC:

(i). The port has ambitious development plans which envisage investments on a massive scale on its infrastructural facilities for it to remain globally competitive.

(ii). An amount of Rs.10 to 12 crores per annum (approximately) has also become payable to employees on account of wage revision, pension, etc.

(iii). The cost of operations has also increased mainly because of increase in the electricity charges to M/s. RSPCL, the manifold increase in the dredging cost and, the cost of water supply from the Goa PWD.

(iv). In order to set off the negative impact arising out of the improved efficiency at Berth number- 9; and, loss suffered on account of change in the unit charge of Berth Hire to an 8-hourly basis.

2.4. The records furnished by the MOPT along with its proposal show that the proposed revision of VRC was discussed in detail by the Board of Trustees of the MOPT to analyse its impact on the iron ore exports which has been the major revenue earning activity of the Port. The relevant points made by the representative of the Goa Mineral Ore Exporters Association (GMOEA) on the Board of the MOPT in his presentation during the Board meeting are summarised as below:-

(i). The current model of tariff fixation is sought to cover the cost and provide a definite Return on Capital Employed (ROCE) as high as 19.5%. The port is itself assuming that the trade can bear that much increase.

(ii). The port has not taken into account its benchmarks in relation to other international iron ore exporting ports and other parameters, like facilities – draft, berth length, stock piling capacity, loading rate per day, average vessel related charges in US$ / tonne loaded.

(iii). Some of the issues relating to the capital employed are as follows:

(a). How much of the capital employed comprises non-operating/low yield assets?

(b). To what extent are social assets included?

(c). What are the bases of determining activity wise working capital?
(d). The port shall reduce its non-operating inventories of assets, stores, restructure its manpower and improve the machinery to increase the berth output per day.

(e). An increment of 6% (3% for replacement, rehabilitation and modernisation and 3% for development, repayment of loans & contingencies) is justifiable only when the cost of the Government loan is subsidised at 6%.

(iv). The business risks of the port are significantly lower than the other infrastructural facilities; also, the port has not justified the economic viability of the project; hence, the proposal shall be deferred.

2.5. The proposal was endorsed by a majority of the Trustees (with the exception of 6 Trustees) of the MOPT in the Board meeting held on 28 February 2001.

3. The proposal submitted initially was incomplete in respect of the details regarding additions to be made to the fixed assets during the year 2002-03. Further, the figures of depreciation and capital employed were stated only on a provisional basis. The revised cost statements incorporating necessary changes were furnished by the port vide its letter dated 25 April 2001.

4. In accordance with the procedure prescribed, the proposal of the MOPT was circulated among concerned port users / representative bodies of port users for comments. The comments received are summarised below:

**The Goa Chamber of Commerce and Industry (GCCI)**

(i). Its representative on the Board of Trustees of the MOPT has dissented in respect of passage of the resolution for increase in the Vessel Related Charges. An increase of 11% in the Vessel Related Charges along with an ELT scheme (which would increase the Vessel Related Charges by an additional 40%) was approved in the last revision of the Vessel Related Charges in 1998. The ELT scheme was further refined and revised to come into effect from 1 October 2000; hence, the port charges can be said to have revised from 1 October 2000 i.e. 5 months ago and, therefore, the 2-3 year criteria for the review does not apply.

(ii). The Tariff Authority has not passed any Order regarding an assured Return on Capital Employed @ 19.5% in the case of VRC.

(iii). The MOPT is practically a mono-commodity port with iron ore as its main source of revenue. Any increase in the total cost to iron ore buyers overseas will only reduce the competitiveness of Goan Iron Ore. The only way to maintain global competitiveness is to slash the costs at a quicker rate. The port must not embark upon any capital expenditure without direct consultation with and acquiescence of the iron ore trade.

(iv). The fact that the port has not availed of any loan from the Central Government since 1982-83 points out that the port has a comfortable surplus position. The capital dredging project cost has been met from the port’s own accrued net surpluses of one year only i.e. Rs.25 crores. This means the port users have already paid for the capital dredging years ago, only that it was not carried out until recently.

(v). The efficiency of the port has improved and in recognition of this, the MOPT has been awarded a very good ELT scheme. The port must augment its revenues further by improving efficiencies and add to its financial reserves.

(vi). A reorganisation of the figures relating to Income & Expenditure of the Vessel Related Charges provided by the port shows the following:

(a). The port cannot claim that it has lost revenue due to the improved turnaround time of ships or rationalisation of unit of berth hire charge because it has been more than compensated in the ELT scheme. The berth hire revenue has increased by 6.1% from 1999-2000 over 1998-99 and further to 35.7% from 2000-01 over 1999-2000.
(b). The datum for cargo turnover at Berth number 9 has no bearing with the argument on the vessel related charges. More so, increase in the turnover of the plots indicates, that more cargo has been shipped through Berth number 9; and, the port has collected extra wharfage for the same. Since, the costs relating to Berth number 9 are largely fixed in nature, the port should consider a further refund to the iron ore exporters for having achieved large exports from Berth number 9.

(c). The revenue for the year 2000-01 has increased by 24% after the last revision of VRC and ELT scheme.

(d). The costs are escalated by 14.9% in 2000 even though the national inflation rate was around 4%.

(vii). The only criterion argued by the Port is the principle of ‘what the trade can bear’. In the year of price cuts, the Port never reduces or cuts back its rates to accommodate the trade. Despite various requests, the port has failed to submit a rate reduction proposal to the Board of Trustees.

(viii). The cost statement for water supply to shipping shows that the port is spending Rs.4 crores on an average per year to supply water to the shipping. Although it charges the ships the highest rates in India for fresh water (Rs.200/- per tonne), it looses on an average Rs.5.5 crores per year on this specific operation, for which, the port does not make any attempt to investigate the cause of this huge loss or control it.

M/s. MMTC Limited

(i). Its representative on the Board of Trustees of the MOPT has strongly protested against this steep increase of 50% in the Board meeting.

(ii). Any increase in the VRC will further reduce the competitiveness of Indian iron ore trade in the international market as compared to other competing countries like Australia, Brazil, South Africa, etc.

(iii). As iron ore exports are being operated with a wafer thin margin, it will not be possible to accept any change in vessel related or cargo related charges at this stage. The proposal of the MOPT for an increase in the port charges must be kept in abeyance for the time being.

The Shipping Corporation of India Limited (SCI)

(i). The measures undertaken and planned by the MOPT for improving the turnaround of the vessels in the port are appreciated.

(ii). The proposal states that with the improvement in the port performance, turnaround time has reduced, leading to an erosion in berth hire income, which is not true because the reduction in the turnaround is more than offset by the increase in number of vessels and cargo handled. The berth occupancy has increased by 2%, which in effect increases the berth hire income rather than reduce it.

(iii). The cargo projections on which the revised tariff structure is based are inconsistent with the actual performance parameters given in the statement of traffic and income projections. The MOHP traffic accounts for more than 50% of the total traffic handled in the port and has shown a consistently growing trend. Despite this, no increase has been projected for this cargo; on the other hand, the general cargo traffic growth, which has actually reduced by 3.15% over the previous year, is projected at 6.3%.

Similarly, it also appears unreasonable to plan 20% increase in transhipment traffic and 8.7% increase in POL cargo against the actual growth rates of 7% and 1.7% respectively.
Since, overall cargo handled has increased by 17% for MOHP and by 11% for MOPT, the MOPT shall base its projections taking into account this growth of traffic and the improved berth occupancy.

(iv). The steep increase in the tariff proposed by MOPT cannot be considered justifiable on economic grounds. The SCI, is therefore, not in favour of the proposal of the MOPT under reference.

Goa Mineral Ore Exporters Association (GMOEA)

A. Costs & Estimates

(i). Regulators all over the world are increasingly using the long run incremental cost instead of the traditional fully allocated costs for costing of the services. Incremental costs are forward looking as opposed to the historical costs.

(ii). The intention of the port to provide a cost effective service and the need to remain globally competitive is not substantiated by figures. The proposal is silent on the cost reduction front and on the contrary seeks to dismantle the efficiency-linked tariffs, which has been in operation for just six months. Two areas where cost-cutting measures could have been adopted are,

(a) restructuring of manpower; and,

(b) exclusion of non-operating fixed and current assets.

(iii). The proposal reflects an attempt of the port at hardening of budgets instead of moving towards performance budgets. The approach of the port is directed towards protecting the remuneration and perquisites of the employees and other costs rather than linking it to performance improvement and cost reduction.

(iv). The handling cost per tonne to the user of the MOHP has grown up by over 50% for the period from 1996 to 2001 with a compounded annual growth rate of 10.86%.

(v). The rise in the cost of the Port & Dock activity has been less than 7% and less than 2% for the MOPT as a whole for the year 1999-2000 over the year 1998-99. Yet, the revised estimates for the year 2000-01 project a growth of over 26% over the year 1999-2000. This spurt in the costs is nowhere explained in the proposal. For 2001-02, the costs have been increased by about 2% over the RE of 2000-01; and, for 2002-03, the port has projected an arbitrary cost increase in excess of 10%; whereas the inflation rate has been consistently below 7% for a considerable period of time.

(vi). The appreciation in the US$ against the Rupee will normally take care of the increase in costs; and, hence, the fact that the VRCs are denominated in US$ terms also needs to be considered.

(vii). The MOPT has treated all the costs as fixed; however, the enhancement method for increasing the variable costs differs from that of the fixed costs.

(viii). The budgeted estimates of operating surplus for 1997-98 of Rs.2393.46 lakhs formed the basis of projections used in Vessel Related Charges revision proposal of the MOPT in December 1997 as against the actuals of Rs.2715.98 lakhs. Similarly, the revised estimates of 1999-2000 with respect to the Operating Surplus of Rs.2782.99 lakhs formed the basis of projections in the Cargo Related Charges revision proposal of the MOPT in December 1999 as against the actuals of Rs.3031.87 lakhs. The favourable variances in respect of the actual operating surplus, when compared to the budgets, shows that the MOPT has consistently been underestimating its income. The cost and revenue estimates of the port have become extremely tentative. The surplus is understated by almost 30% in 1998-99 and around 60% in 1999-2000. There is a difference between the surplus projected in Budget Estimates and Revised estimates for the year 2000-01 and 2001-02 also, though not as large.
(ix). The MOPT has not provided the basis of allocation of its Management and General overhead to its principal activities. There is a disparity in the quantum allocated in the past and allocation in the projection period.

B. Capital Employed

(i). The capital employed by the port in its Port and Dock activity ranges between 53.64% to 59.61% of the total capital employed. This high capital cost has never been explained by the port; and, also, the basis of allocation of capital employed to various activities of the port is not clear.

(ii). Despite the investment of Rs. 11243 lakhs during the period 1999 to 2003, the traffic handled has marginally increased (1.77 MT). There is no reduction in operating costs also. Therefore, the utility of the capital investments by the MOPT has not been established.

(iii). The figure of capital employed furnished by MOPT includes unproductive assets to a significant extent on which a return of 19.5% is also extracted. The Major Port's Reforms Committee (1985) had in the context of 'social assets', recommended that the capital expenditure on the social obligation assets assumed by the port should be met out of an interest free loan from the Port Development Fund, which should preferably run for a period of 20 years with at least 5 years moratorium period. It is inequitable to the users of the MOPT if a return of 19.5% is also allowed on the social assets, as such an expenditure has only a tenuous link with productivity and performance of the MOPT.

(iv). The data furnished in respect of capital employed is incongruent in the sense that the capital employed derived on the basis of surplus sought by the MOPT (i.e. 18% or 19.5%) varies, if compared to the capital employed arrived at by adding the average net block and the allocated working capital employed.

(v). It is not clear whether the allocated working capital employed by the MOPT is the year-end capital or average of the opening and closing figure. The allocation of working capital amongst various activities is another questionable area. The port has over-allocated the working capital to the Port & Dock activities. The requirement for such a high level of working capital by the port when all the dues are collected in advance from the users is not understood.

C. Investment Plan

(i). For the MOPT all the investment justifies a return of 19.5% irrespective of its economic viability, which is contrary to basic economic principles. The investment-plan of the MOPT for the future needs a thorough review. Unless economic viability of a project is established on commercial principles, it will be improper for a Regulatory Authority to allow a return thereon.

(ii). The accumulated surpluses are not the only means of funding development. Internal resources as well as external debt and equity should also be given equal importance. The Planning Commission has required the ports to generate 58.8% of the amount to be invested on the development from its own resources; and, the balance 41.2% is to be provided by the Government. Therefore, with the available alternative sources of funds, the question of level of surplus that is justified must be separated from the level of funds required for investment.

(iii). The depreciation charge also forms a source of funds which can be used for repayment of borrowings while ROCE can take care of the interest element.

D. Return on Capital Employed

(i). When commercial lending rates are used as a base, the enhancement of 6% (3% for replacement, rehabilitation and modernisation of capital assets and another 3% for development, repayment of loans and contingencies) is not warranted. Also, the average borrowing cost of the port for the year ended 31 March 2000 was 8.41%.
(ii). In applying the rate of 19.5%, the impact of gearing is completely ignored. In case of infrastructure projects, like power, pipelines, roads, etc., Debt-Equity ratio of 70:30 is considered reasonable. The relative ROCE of other infrastructure projects is given below:

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost of debt</th>
<th>Cost of Equity</th>
<th>Income Tax rate</th>
<th>Debt: Equity Ratio</th>
<th>ROCE with tax impact</th>
<th>ROCE without tax impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>14%</td>
<td>16%</td>
<td>35.70%</td>
<td>70:30</td>
<td>11.10%</td>
<td>14.60%</td>
</tr>
<tr>
<td>Pipeline</td>
<td>14%</td>
<td>12%</td>
<td>35.70%</td>
<td>70:30</td>
<td>9.90%</td>
<td>13.40%</td>
</tr>
<tr>
<td>Road</td>
<td>14%</td>
<td>20%</td>
<td>35.70%</td>
<td>70:30</td>
<td>12.30%</td>
<td>15.80%</td>
</tr>
</tbody>
</table>

Note: Return on equity is computed on the basis of the prescribed norms.

In the case of pipeline project, which is more akin to the MOPT case, the prescribed norm of 12% relates to net worth which is the aggregate of equity and reserves. As the MOPT does not pay income tax, it will be appropriate to use ROCE without tax impact for comparison. If the projects are equity geared, it will increase the financing cost and will have significant impact on the tariffs charged to the consumer.

(iii). All infrastructure projects like power, pipeline, road, etc. function in a riskier environment than the one in which MOPT operates. Therefore, the ROCE of greater than 12% in the MOPT case is not justified. It is noteworthy that the MOPT had accepted a ROCE of 12% prior to the TAMP order no. MF/MOPT/57/97-TAMP dated 16 April 1998 pursuant to which the ROCE level was hiked to 18% and later to 19.5%.

E. Surcharge on cargo handling charges and plot turnover

(i). The turnover factor relevant for rebate on surcharge was based on the break-even level of the MOHP, which was fixed at 6 times the plot capacity (of 1 million tonne). Based on this break-even level, the current turnover factor of 7.25-8 was fixed.

(ii). The MOPT has handled 10.67 million tonnes during the year 2000-01 which is higher than its break-even capacity by more than 50%. Also, the quantity shipped in the last four years from the port has been consistently higher than the break-even level. Therefore, raising of the turnover factor to 9.25-10 is unclear.

(iii). It will be futile to expect the turnover to fluctuate with the changes in the level of surcharge based on plot turnover as the rebate on plot surcharge is a disincentive for unproductive plot occupation.

(iv). The current proposal regarding the loss suffered due to continuation of the existing datum for rebate on surcharge on plot turnover for the period from October 1999 to September 2000 is only a statement showing the quantum of revenue that could be extracted by hiking the turnover factor from current levels of 7.25-8 to 9.25-10. This can apply to any facility and by no means this can be termed a loss.

(v). The surcharge is in the nature of a cargo related charge and shall not be mixed up with the proposal for revision in the vessel related charges.

F. ELT scheme

(i). The MOPT in its attempt to protect its revenue has furnished a statement showing the loss suffered by it consequent to the change over of the berth hire unit (GRT/Day) from 24 hours to 8 hours. If one goes from the users’ point of view, it only shows the extent of idle time, the user had been paying. In fact the Billimoria Report suggests that the unit shall be 1 hour.

(ii). The MOPT blames the shipper’s inability to arrange the cargo for its having to pay rebate under the ELT scheme. The cut-off points were determined after considering and
analysing 5 years’ data. The shippers are responsible commercial entities competing in
global markets and are driven by commercial principles. The MOPT has not backed its
charge with substantive data. Besides, it is fully aware that its barge unloading facility is
a bottleneck.

(iii). The current proposal does not incorporate the ELT impact on the proposed hike.

G. Other issues

(i). The questionnaire on revision of VRC prepared by the MOPT is an attempt to work out
the economics of the iron ore trade in Goa. The TAMP has in its order no.
MF/MOPT/57/97-TAMP dated 16 April 1998 regarded this issue to be outside its
purview. Therefore, the comments on the said questionnaire are reserved.

(ii). From the gaps pointed out, a pattern seems to emerge that all inconsistencies invariably
favours the MOPT and are detrimental to its users. The current proposal of the MOPT
does not, therefore, merit consideration.

5.1. On a preliminary scrutiny of the proposal, the MOPT was requested to furnish additional
clarifications arising out of its proposal. Some of the important points raised are
summarised below:

(i). Submission of financial / cost statement for the Port as a whole and a separate
consolidated cost statement for the vessel related activities.

(ii). Reasons for keeping the traffic of 2002-03 at the same level as that of 2001-02 and for
not anticipating any increase in general- cargo traffic.

(iii). Sub-activity wise details of the capital employed computation. List of assets expected to
be completed & commissioned during 2000-01, 2001-02 & 2002-03 in support of the
increase anticipated in the capital employed.

(iv). Reasons for projecting lesser increase in each component of Vessel Related Charges
revenue even after substantial additional capital investment.

(v). Revision of income projections considering the effect of foreign exchange fluctuations in
the tariffs denominated in US $ terms.

(vi). To maintain a 30% disparity between the tariffs for foreign-going and coastal vessels and
to incorporate the additional revenue on account of this adjustment.

(vii). Estimation of income of Port Dues in terms of the Order passed by the Authority about
such levy in terms of sections 50A & 50B of the Major Port Trusts Act.

(viii). Explanations on the variations in the estimates submitted at the time of revision of cargo
related charges and estate rentals in May 2000 and as per the present proposal.

(ix). Clarifications on certain conditionalities in the proposed (draft) Scale of Rates.

5.2. The MOPT has responded to the queries raised. The relevant points given by the MOPT
in addition to the submission of the requisite information are as follows:

(i). The approved projected traffic for the year 2002-03 is not available. Therefore, it has
been kept at the same level of 2001-02.

(ii). The net amount of ELT premium (after allowing rebate to the users) after effecting
refunds stands included in the supplementary berth hire and anchorage charges.

(iii). The amount of arrears of wages and pension being past costs has been met out of
reserves.
(iv). The adjustment on account of stock to the extent of Rs.7 crores can be possible only after physical verification of the stores is completed.

The sundry debtors balance includes an amount of Rs. 5 crores which is subject to litigation. The working capital can only be moderated after settlement of the matter.

(v). The estimated operating cost shown in the statement for MOHP furnished at the time of revision of cargo related charges are figures projected based on the trend and previous year’s expenditure. Likewise, figures provided in the present exercise for Vessel Related Charges depend on the trend and previous year’s expenditure. The expenditure towards ore handling facilities include R&M cost which is towards the replacement/renewals of enduring items of stores and maintenance as and when it falls due. With the induction of RSPCL power, the cost of electric power now (2000-01) stands at Rs.1579.14 lakhs as against Rs.979.04 during 1999-2000.

(vi). The transhipper charges for primary loading and uptopping are levied by the Port Trust under an agreement, as TV vessels are operated under permission by the Ministry to the owners for plying and operating the transhippers within the Port limits. The rates for services provided to the TV vessels now in vogue are to be revised and the impact of their operation in the Port will be worked out and a proposal shall be put up during the next few months.

(vii). Vessel Related Charges have gone up in year 2000-01 mainly upon inclusion of licence fees of Rs.170.30 lakhs & 161.80 lakhs received from the WISL and ABG respectively, under this sub-activity as per the TAMP’s suggestion and not due to any increased GRT and enhanced no. of vessels called at the Port. Vessel Related Charges for the year 2000-01 are projected higher at 13% of the actuals of 1999-2000.

(viii). The income projections considering the effect of foreign exchange fluctuations in tariff denominated US$ terms, is not practical in the sense that the extent of fluctuations cannot be predetermined; and hence, not considered.

(ix). Initially, a disparity of 30% between the tariff on foreign-going and coastal vessels was maintained. With the change in exchange parity, this gap has widened, however, the same shall be incorporated in the exercise and submitted.

(x). The reasons for change in the figures of 1998-99 quoted at actuals on two occasions is due to the fact that the depreciation towards Management and General Administration was included in Management and general overheads, whereas the current cost statement indicates the total depreciation including the depreciation on Management and General assets. That being so, overall costs do not vary. Same pattern has been followed in the future projections also. The figures for the year 1999-2000 vary from those indicated in the earlier cost statement which were provisional ones, whereas in the current cost statement, the same is at the level of actuals. The projected figures for 2000-01 are based on the trend of actuals of 1999-2000 and transfer of General Cargo and Ores (iron ore and up-topping charges) and income to MOHP.

(xi). With respect to the conditionality about not charging the port dues on barges carrying ores, the Port has stated that it does not charge from the very beginning the barges which bring ore to the Port. A composite charge is being levied on the exporters towards iron ore handling charges, which includes unloading of cargo, stacking in the plots, reclamations on the conveyor belt and loading into the ships. It was thought to recover the charges on the investment of about Rs.2 crores on dredging of the barge channel in the River Zuari from the barges; however, the Board has taken a decision that the amount should be taken from the generality of charges. The Port is also proposing to spend Rs.121 lakhs on Procurement of 8 Nos. FRP Light Buoys; and, it is felt that there can be a charge on the barges, which utilises the services.

(xii). A concession of 50% in the Port Dues on coastal vessels is allowed only to attract coastal cargo.
(xiii). The Compensation Tonnage Tax is charged at the rate of 28 ps. per 1,000 kgs. or part thereof on all vessels other than coastal vessels. This has been continuing in the Port and can be merged with the port dues subject to no reduction in the revenue of the port.

6.1. A joint hearing in this case was held on 14 May 2001 in Mormugao. At the joint hearing, the following submissions were made:

Mormugao Port Trust (MOPT)

(i). We have got not more than 13% ROCE.Quite often, it is less than that.

(ii). We will give details of the assets. We have gone by all the verifiable figures.

(iii). In the income projections, additional income on account of exchange fluctuation @ 3% has not been taken into account.

(iv). We will soon come up with the proposal for transhippers-operations- surcharge.

(v). The audit objections pertaining to stock and sundry debtors have been adequately explained. The stock is high because of the MOHP. We have to maintain a high stock level due to the geographic position of the MOPT,

(vi). The sundry debtors are mainly long pending recoveries taken up in arbitration cases.

(vii). Iron ore handling is a separate cost centre even now, in our accounts.

(viii). The wage arrears were met out of Reserves.

(ix). (a). In mid-2002, we will come up with a comprehensive proposal.

(b). We will not use section 53 of the MPT Act for a back door method of altering the tariff. If necessary, we will propose a regular reduction in tariff.

(x). The installed capacity of the MOHP is 9.5 MT; whereas, we have done 10.7 MT. This shows our inherent strength and confidence.

(xi). The iron ore exporters have received a price increase of 57 cents per tonne. If the VRCs are increased by 50%, it will amount to 14 cents per tonne, which is only 25% of the price increase they have got.

(xii). Our efficiency has gone up, the traffic has increased, iron ore prices have gone up; and, we have an ISO certificate to prove our quality of performance. Is it wrong for us at this stage to ask for a small increase?

(xiii). There is a big fall in payment of demurrage under charter party because of our efficient cargo handling.

(xiv). This increase will not in any way affect the iron ore traffic at the MOPT.

(xv). Dredging costs are going up, the Zuari river keeps adding siltation. At the request of the GMOEA, we have spread this cost to all cargo, this is our consideration to protect the interests of iron ore.

Goa Mineral Ore Exporters Association (GMOEA)

(The GMOEA made an audiovisual presentation. Hard copies of the slide presentation were given).

(i). The iron ore trade has survived because of its own internal strengths.

(ii). The ports contribution to promoting the iron ore trade is negligible. The contribution of the transhippers is more significant.
Indian National Shipowners’ Association (INSA)

Please take into consideration the points given in our written submissions.

Mormugao Ships’ Agents Association (MSAA)

(i). The water charges are very high and were increased by 100% last time also.

(ii). If the draft at berth number-9 is increased, full loading at the berth should be possible.

(iii). If the MOHP does not work, why the vessel at berth number-9 should pay berth hire? The MOPT should stop berth hire in such cases.

(iv). Please take into account, the other points in our written submissions.

Container Shipping Lines Association (CSLA)

(i). We have given a written submission. Please take that into account.

(ii). As the container vessels do not require deep draughts, we shall not be required to pay the dredging costs.

(iii). Please circulate the TECSOK report, so that we can fully respond.

(iv). Container vessels may be exempted from this increase.

6.2. At the joint hearing, written submissions were furnished by the GCCI, MSAA, INSA, CSLA and GMOEA. Salient points of the comments made by them are summarised below:

Goa Chamber of Commerce and Industry (GCCI)

In addition to reiterating their comments made earlier, they have made the following observations:

(i). The tariff revision proposals are deliberately tabled separately for VRC and CRC so that a huge component of costs viz. finance and administrative charges can be allocated disproportionately to vessel related costs or cargo related costs. In the interest of transparency atleast, the two proposals should be taken up simultaneously for revision.

(ii). In the interest of harmony, commercial peace and price stability in the depressed global economy and keeping in view the last revision of rates have came into effect being less than a year, the next revision for both the CRC and VRC may be taken up for consideration in May 2003. The port will also not be averse to clubbing of the revision since in this proposal, it is seeking revision in respect of MOHP Plot turnover, which is a Cargo Related Charge.

(iii). The Vessel Related Charges are levied in advance, before any service is rendered by the port and yet the port requires the working capital in this respect and charges a hefty return of 19.5% for capital never employed.

Mormugao Ships’ Agents Association (MSAA)

(i). Shipowners are facing a tough situation of drastically falling freights resulting in lowering of income of their voyage accounts, the reason being the slow down in the US economy and the consequential slow down in the Japan and other Asian economies.

(ii). The proposed increase, if effected, will make the trade route to Mormugao unviable and force Shipowners to withdraw their ships from this route leading to shortage in supply of the bottom available for carriage of ore. This in turn will lead to spiraling freight which will have an adverse repercussion for both the iron ore trade and the MOPT.
(iii). There is a serious mis-match between the income generated by the port from handling of iron ore and the other bulk cargo (which constitutes almost 100% of the total cargo handled at the port) and the amount spent on the facilities provided for handling of these cargoes. Presently berths No. 10 & 11 are available for handling general cargo where the facilities earlier provided have now been curtailed by reducing the LOAs/drafts of vessels.

(iv). Considering the net deficit of about Rs.7 crores and an income of Rs.70 lakhs from Water Supply, the charges have to be increased 10 times. Since, the tariff for supply of fresh water was increased by almost 100% during the last revision of VRCs, the deficit may be arising from supply of water to sources other than shipping alone, which needs to be investigated and no increase is justified under this head.

(v). The ELT scheme must not be made applicable on the additional lump sum levy of USD 3956.72 charged from the vessels between 50,000 to 1,00,000 tonnes since such charges are not levied on other category vessels.

(vi). A service tax of 5% has been passed by the Finance Bill 2001 and all port charges will increase by 5%. This will further increase the burden on the Shipowners.

**Indian National Shipowners’ Association (INSA)**

(i). The nearby minor port of Panaji has handled about 2 MT of iron ore besides certain quantities of coal, coke, etc. The traffic has moved from the MOPT to the Panjim Port apparently due to the considerable differences in the port charges.

(ii). Any steep hike will discourage the importers and exporters of other general cargo like coal, coke, aluminium, steel products, etc., which the MOPT is trying to encourage and also adversely affect the existing traffic of POL products, Iron ore pellets, fertilisers, etc.

(iii). The port has also been benefited by about 9% due to fluctuation in foreign exchange rates.

(iv). The INSA broadly supports the views of GMOEA & GCCI in this connection.

**The Container Shipping Lines Association (India) (CSLA)**

(i). The last revision in September 1998 had taken into account the impact of cost escalation due to wage agreement signed in 1997. Hence, this cannot be an excuse for tariff revision.

(ii). It has become a trend to propose a high increase and settle down to a small increase. The port first determines the increase and than hire a consultancy firm to work the figures backward. In 1997, against a proposed increase of 56.26%, only an 11% increase was approved by TAMP and still the port services remained profitable. Also in case of consolidated box rate at MOPT, against the proposed rate of Rs.6000/- per TEU as the box rate, the port settled for Rs.1000/- per TEU.

(iii). The port has got additional berth days due to the increased efficiency at berth No.9 and also the TAMP has in all fairness to the users accepted the change in the basis of charge from 24 hours to 8 hours. It is incorrect on the part of the port to consider these as a loss.

(iv). The present proposal of the port is to recover also a major expenditure of Rs.22.23 crores spent on capital dredging (till 31.03.2001) to facilitate and attract big bulk cargo ships. Since, the container vessels calling at the port are small feeder vessel requiring draft ranging from 8 meters to 10 meters, this will unnecessarily burden the container vessels.

(v). The increase proposed by the port will result in the increase in the cost per TEU by approximately US$ 21 which will guide the trade to shift the container business away from the MOPT.
Goa Mineral Ore Exporters Association (GMOEA)

The GMOEA has submitted hard copies of the slides presentation made at the joint hearing. In their presentation, the GMOEA reiterated the points/issues mentioned in their written submission made earlier.

6.3. Subsequently, the GMOEA has forwarded a copy of the letter received from the Nippon Steel Corporation (NSC), Japan, who are the major buyers and co-ordinators for the Japanese Steel Mills. The important points made in the letter of the NSC are as follows:

(i). The NSC has expressed its concern over the hike and requested to recognise the limitations of the Mormugao Port with regard to the available draft at Berth No.9, seasonality of the port, and loading rate achieved as compared to other sources.

(ii). The Goan iron ore is not at all competitive in the Japanese market and any increase at this juncture will further depress its competitiveness.

7. With reference to the comments made by the MSAA, GCCI and GMOEA, the MOPT has responded with the following arguments.

A. On the comments of Mormugao Ship Agents’ Association (MSAA)

(i). The phenomenon of business cycle affects all concerned in the industry. During the last few months the position of the shipping industry has improved and freight rates have started rising. The port has to keep the facilities competitive, efficient and intact from time to time to meet the needs of the users.

(ii). The users have since long been repeating that any increase in the charges will have an adverse affect on both the iron ore trade and the MOPT. The Port and its users have, however, grown together even after effecting need-based revision in rates from time to time.

(iii). The port is spending more and more on dredging and for provision of mooring buoys to provide deeper drafts for efficient handling at berth No.9. Berths No.10 and 11 have also been deepened.

(iv). The operating income projected for the year 2000-01 incorporates revision of Cargo Related Charges and also the anticipated increase in traffic and is in accordance with the approved budget estimates. The increase in the income is offset by the increased expenditure on account of electric power (from Rs.979.04 lakhs to Rs.1579 lakhs), salary and wages (from Rs.4608.61 lakhs to Rs.6073.06 lakhs), dredging expenditure (from Rs.1010.28 lakhs to Rs.1164.49 lakhs) and sub contract / repair and maintenance stores (from Rs.755.04 lakhs to Rs.736.11 lakhs).

(v). As regards the existence of large deficit in the Water Supply activity in spite of almost a 100% increase in the tariff in the last revision, the operating cost under the sub activity water supply to shipping is being bifurcated to allocate the costs and income strictly related to this activity.

(vi). With respect to the contention of MSAA about the lump sum levy of USD 3956.72 on the vessels ranging between 50,000 to 1,00,000 tonnes, it is to be noted that this rate is a part and parcel of normal berth hire charges leviable.

B. On the comments of Goa Chamber of Commerce & Industry (GCCI)

(i). The revision of July 1998 materialised only after a period of 5 years and that too to the extent of 11% as against the proposal of 54.26%, which is far below even the ordinary rate of national inflation over the years. The revision of the rates is need based and is taken up as and when it becomes necessary and falls due. It is in the interest of the port also to table the Vessel Related Charges and Cargo Related Charges revision at a time to do away the misconceptions made by the users about concealing income and inflating expenditure in ports. Efforts are made to undertake the revision simultaneously.
Keeping in view the depressed global economy, the revision is proposed at 50% as against the required 72%.

(ii). The entire exercise on revision of vessel related charges is based on bridging the gap between income and expenditure, recovery of costs and creation of modern infrastructure as per the TAMP’s directives. The surpluses generated are ploughed back to create modern infrastructure as there is no budgetary support from Govt. There appears nothing wrong in sharing the gains on account of improved efficiency of the port between the partners in Trade. The revision has become necessary mainly due to rising cost and to maintain the level of efficiency in tact.

(iii). The cost of water supply includes cost of Water Supply installation, water barges, water charges paid to Govt. and repairs and maintenance of water supply installation / floating craft. The Goa Govt. has a special rate for charging the MOPT for water supplied to it. The Port quarters, Hospital and sewerage plant do consume a lion’s share of water supplied by the PWD and the water self generated by the Port. As such, the control on expenditure is not as effective as it should be. An exercise based on the exclusive costs and income related to water supply to shipping, bifurcating it to the shipping and other activities is being undertaken in order that better control can be effected.

C. On the comments of Goa Mineral Ore Exporters’ Association (GMOEA)

(i). The quality of estimates of income and expenditure has been fairly adequate to suit the purpose and objective for which it is made. The estimates are based on past years’ actuals and enhanced/decreased according to the volume of operations. The expenditure like dredging, stores, repairs & maintenance, power, sub-contract works have been unpredictable and any noticeable change in the estimates observed is due to reasons beyond Port’s control.

(ii). The Port has no control over the inflation factor which affects the cost of operations through consumables like stores, fuel, salaries and wages and other expenses.

(iii). The allegation that the capital employed does not reflect the impact of traffic volume, does not reduce cost of operation and it includes social assets, non-operating and low yielding assets cannot be ruled out. It is not expected that an infrastructure built at huge cost by the Port for port operations will yield a high volume of traffic only because the facilities are built up. The traffic at the port depends upon many factors including world wide recession in iron ore and general cargo trade.

(iv). The capital employed is worked out based on sound principles adopted at this Port since long years and is subject to alteration on the TAMP’s directives.

(v). The investment plan of the Port is decided considering the needs of the Port and its users for generating better volume of traffic in the Port. The social assets are also required which justifies the interest of the Port employees for their welfare, children’s education and other socially related issues.

(vi). As regards the ROCE, the TAMP’s directives are being followed and GMOEA’s version with respect to the extent and quantum which the Port should bear are not agreed to.

(vii). As regards the justification of the revision of VRCs and the infirmities alleged by the GMOEA, the assumptions and principles adopted are not different in this case as were submitted for the earlier revisions.

(viii). As regards ELT schemes, the Port’s comments and its apprehensions have been expressed to the TAMP and the decision of the TAMP in this regard shall be acceptable to the Port.

(ix). As regards, surcharge on Cargo Handling Charges and plot turn- over, the Port’s intentions are clear and unambiguous and the matter is not mixed with the VRC but is raised at an appropriate time.
8.1. The Port has subsequently sent the additional information/clarifications on the issues raised (Ref. Para 5.1. above), which were not furnished by it earlier. The main clarifications furnished by the port are as follows:

(i). Dual criteria of GRT and DWT was adopted for classification of the vessels in view of the recommendations of the Abraham Committee which gave relief to large size vessels. All port charges including pilotage are levied on a unit measure of GRT only. The lump sum levy was fixed to be charged from the vessels ranging between DWT 50,000 to 1,00,000 to set off the loss on account 25% revision in charges on vessels of sizes 1,60,000 DWT & above.

(ii). Splitting of Berth Hire charges into Vessel Related Charges and Cargo Related Charges was done, at the instance of the INSA, to segregate the cranage element contained therein. There being no cranes provided at General Cargo Berths 10 and 11, the same pattern of charging is continued. The further decision of the TAMP will be acceptable to the port in this regard.

(iii). Penal Berth Hire charges at 10 times the rate is charged to avoid delays of vessel at berth. The port favours stoppage of Berth Hire Charges within 3 hours from the time of readiness of the vessel to sail.

(iv). Charge for maximum number of 4 days was levied on vessels loading iron ore at berth No.9 when up-topped in stream to grant them concession in the past. The same may be reviewed and actual no. of days taken for handling may be charged.

(v). Surcharge on vessels using their own grabs for loading / unloading operations is in addition to Berth Hire; but, it is not on a vessel at a berth. The charge is levied to compensate the port for loading by crane fitted on the vessel itself while in stream.

8.2. On examination of the information / clarification furnished by the MOPT, a number of points were identified which have been either inadequately explained or with reference to which relevant details have not been furnished. Accordingly, further information / elaborations were sought again. Some of the points raised again, in, brief are as below:

(i). Revised income projections to be made by estimating additional revenue on account of foreign exchange fluctuations by considering an escalation @ 3% and 6% for the years 2001-02 and 2002-03 respectively over the relevant income from foreign-going vessels.

(ii). Additional income on account of maintaining the disparity at a level of 100:70 between the foreign going vessels and coastal vessels to be reckoned with in the revenue estimates.

(iii). Estimation of income of port dues is to be made with reference to Section 50B of the MPT Act.

(iv). The MOPT is to propose revised rates of Port Dues by merging the compensation tonnage tax.

8.3. In response, the MOPT has furnished the following replies:

(i). All the existing assets have been identified based on the physical verification by the committee constituted for this purpose; and, the accounting entry consequent to the identification of the assets will be effected in 2001-02.

The physical verification of stock being voluminous and time consuming is under process and is expected to be completed by the year end; hence, the working capital is not adjusted.

(ii). The cost statements on MOHP submitted at the time of CRC revision were based on actuals for 1998-99 and RE & BE for 1999-2000 and 2000-01 respectively; where as, the statements furnished at the time of the VRC revision are based on the actuals for 1999-2000 and RE & BE for 2000-01 and 2001-02 respectively.
FMI/FME are apportioned on the basis of operating income and direct cost. The reason for variation being the estimates considered and the actuals for 1999-2000.

(iii). The suggestion to consider an escalation of 3-6% is ridden with the following discrepancies:

(a). The exchange rate is over fluctuating on account of micro-macro economics of trade, over which the Ports have no control.

(b). The gain or loss on this account is already borne by the parties concerned, with the adoption of the rate on the date of call of the vessels.

(c). Prescription of escalation at 3.5% on prospective fluctuation in exchange rate will only be disadvantageous to the Port(s), and is not called for.

It is requested to reconsider the directions for escalating 3% - 6% revenue in the VRC as incorporated in the cost statement furnished.

(iv). To maintain disparity in tariffs between foreign-going vessels and coastal vessels at the level of 100:70, the option will be to raise the tariff applicable to coastal vessels by 55% without any specific reason. The total income has been bifurcated in the ratio of coastal and non-coastal vessels for the year 2000-01 and the same ratio has been adopted for future years. The cost statement prepared have considered this notional income at 55%.

(v). The TAMP’s order dated 15.5.2001 on levy of Port Dues under Section 50B of Major Port Trusts Act, 1963 is being implemented effective from 5.4.2000 and incorporated in the revised Cost Statements.

(vi). Compensation Tonnage Tax (CTT) is applicable to iron ore vessels only and is levied on quantum of iron ore cargo carried by the vessels, whereas port dues are levied on GRT of the vessels. Since, a straight merger of CTT in the Port Dues does not appear feasible as the Port Dues are applied on all vessels alike both on ore and non-ore vessels, the best solution is to merge it by changing its nomenclature with the wharfage, the rates for which already exist separately and the incidence of charge has a close nexus to the cargo related charge.

8.4. A meeting was held at the official level with the MOPT on 10 July 2001 and 11 July 2001 to discuss various points relevant to its proposal. Based on a detailed discussion, the MOPT has submitted a revised cost statement. The main changes made by the MOPT in the cost statement are as follows:

(i). The port has sent the revised traffic figure for the year 2002-03 as per the five year plan. (The income projections are, however, not revised accordingly.)

(ii). Additional income due to foreign exchange fluctuation at 3% and 6% for the year 2001-02 and 2002-03 respectively.

(iii). The port dues are reduced by Rs. 1 crore in the year 2000-01 as per the actuals and the figures of port dues for the year 2001-02 and 2002-03 are proportionately reduced by Rs. 1.12 crores. This is due to bring in the effect of reduction in the Port Dues realisable as per Section 50 B of the MPT Act.

(iv). The CHLD income and expenditure (including FMI) are added in the operating income.

(v). The net block figures have been moderated for the year 2001-02 and 2002-03.

8.5. The MOPT has also sent a fax on 24 July 2001 giving reconciliation of operating costs as stated in the cost statements with the financial statements.
9. With reference to the totality of information collected during the processing of this case, and based on a collective application of mind, the following position emerges:

(i). The MOPT has formulated this proposal with the objective of increasing return on capital employed which has declined due to spiralling operational costs. The Port has also mentioned that it will not earn the maximum permissible return on capital employed even after revision of the rates as proposed by it. The Port has also added that the revision is primarily required in order to offset the losses due to the ELT Scheme and change introduced by this Authority in the unit of charging berth hire. The ‘loss’ referred to by the MOPT is a notional one with reference to the revenue it would have earned but for the changes introduced by this Authority. The irrelevance of the statement of the MOPT about the losses has been promptly pointed out by the users mainly the GCCI and the GMOEA. It is relevant here to refer to the observations of the GMOEA that the loss projected by the Port on account of change over of the berth hire unit only shows the extent of additional payment the users had to make earlier for services / facilities not availed.

(ii). The last revision of Vessel Related Charges of the MOPT was in July 1998. Considering the normal tariff validity cycle of 2-years allowed by this Authority, these rates should have been reviewed/ revised in July 2000 itself. The proposal under consideration now is, therefore, not for an out-of-turn revision but an already overdue one. The GCCI’s observations in this regard are not correct. It has mixed up the revised ELT Scheme introduced with effect from October 2000 and the general revision of Vessel Related Charges. Refinement of the ELT Scheme made in October 2000 cannot be regarded as a review / revision of Vessel Related Charges.

(iii). Most of the users have questioned the quality of estimates prepared by the MOPT and the variations between its estimates in the past vis-à-vis the actuals. The Port’s explanation about the estimates being variant because of differences in the timing of drawing up these estimates cannot be said to be acceptable. It is to be admitted that the cost statements furnished now by the MOPT vary from those considered at the time of revision of the Cargo Related Charges in June 2000. A cross-check with the estimates considered at the time of revision of the Vessel Related Charges in July 1998, however, reveals that there is no undue advantage accrued to the Port on account of the variation in estimates. Since the instant proposal is for revision of Vessel Related Charges, the effect of estimation errors with reference to Cargo Related activity considered in June 2000 is not adjusted. For the purpose of this analysis, the overall cost position of the Port has been considered, relying on the projections furnished now by the MOPT with some modifications, wherever necessary. If this approach is seen to have given any undue advantage to the Port, at the time of the next general review / revision of tariffs, it will be set off against future accruals.

(iv). It is again to be admitted that variation in estimates prepared by the Port at the time of different tariff revision proposals is mainly due to the approach adopted by the Port in formulating proposals on a piecemeal basis. Also, as pointed out by the GMOEA and other users, piecemeal proposals for revision of tariffs make allocation of costs confusing. It is to be recognised that proposals for comprehensive revision of Scale of Rates do give an opportunity to assess the total impact of the revision at one go and also foreclose opportunities for overlaps in allocation of costs. The MOPT has already been advised by this Authority in its Order relating to revision of the Cargo Related Charges to formulate comprehensive proposals in future.

Since the Port has not followed the advice rendered, it may be appropriate to reduce the normal tariff validity period prescribed so that such corrective actions can be taken by the Port at least before the next review / revision; this Authority does not like to resort to the extreme step of returning this proposal to the Port for formulating a comprehensive proposal. The last revision of Cargo Related Charges was effected in June 2000 with the usual tariff validity period of two years. The revised railway charges and the charges for deployment of cargo handling workers at the MOPT approved by this Authority recently were also ordered to be co-terminus with the validity of the Cargo Related Charges. That being so, it is logical to prescribe the validity of the revised Vessel Related Charges under consideration now also to be co-terminus with the validity of the
Cargo Related Charges so that a coordinated view of all the tariffs at the MOPT will be available at least the next time.

(v). The Port had not initially submitted the cost statement for the Port as a whole. This was, however, received later. Initially, the Port had not projected any increase in traffic for 2002-03. The estimate for traffic 2002-03 was kept at the level of 2001-02. Even the traffic for 2001-02 shows only a marginal increase over that for 2000-01. Subsequently, the Port has projected a traffic of 233.35 lakh tonnes for 2002-03. The Port has, however, not revised the estimated income for the year 2002-03 corresponding to the revised traffic projection.

(vi). The existing Scale of Rates of the MOPT prescribes levy of port dues and pilotage for coastal vessels @ 50% of the notified rupee rate for these components. This concession makes the rates for coastal vessels far less than those for foreign-going vessels. As per the policy of the Government, vessel related charges for coastal vessels are prescribed at 70% of the charges for foreign-going vessels. Further, coastal-vessel-rates are prescribed in rupee terms whereas foreign-going-vessels-rates are denominated in US$ terms. This Authority has already decided in cases relating to other major ports that the disparity which widens due to depreciation of the Indian rupee vis-à-vis the US$ since the last revision is to be restored to the level of 30% at the time of tariff revision. Even if there is no revision of rates for foreign-going vessels, the rates for coastal vessels need to be restated to restore the disparity to the accepted level. This means an additional income to the Port even without revision of the existing Vessel Related Charges on foreign-going vessels. The MOPT initially did not consider this additional income in the cost statements. On being pointed out, the Port has subsequently estimated the additional income at Rs. 201.37 lakhs for each of the year 2001-02 and 2002-03. This additional income has accordingly been included in the respective cost statements to arrive at the final surplus / deficit position.

(vii). The Port had not considered additional vessel related income that would accrue on account of fluctuations in the foreign-exchange rate during 2001-02 and 2002-03. As was done in the case of other major ports, additional income on this account as subsequently estimated by the Port at 3% and 6% of the vessel related income from foreign-going vessels for the year 2001-02 and 2002-03 respectively is included in the cost statement.

(viii). This Authority had already passed an Order prescribing levy of port dues under Section 50 A and 50 B of the MPT Act for common adoption by all the major ports. The MOPT’s request to review that Order has also already been disposed of. It is to be recognised that the concessions in port dues envisaged under Section 50 A and 50 B are statutory in nature and the Port cannot ignore the effect of it while levying port dues and, consequently, in its revenue estimation. The MOPT earlier maintained that it had not implemented the Order of this Authority. Subsequently, the Port has informed that the Order is being implemented and revised the estimated income considering the effect of concession in port dues admissible under Section 50 A and 50 B of the MPT Act. The revised projection given by the Port in this regard has been considered in this analysis.

(ix). The erstwhile Mormugao Dock Labour Board (MDLB) merged with the MOPT in 1998; and, since then the charges relating to deployment of cargo handling workers are being collected by the MOPT. In the event, the Cargo Handling Labour Department (CHLD) is to be seen as an integral part of the MOPT. While arriving at the rates for deployment of cargo handling workers, the Port has considered apportionment of its management and general overheads to this activity. In its estimates in this proposal, the MOPT has not considered the income and expenditure relating to the CHLD. The net financial position of the CHLD shows a surplus. Since this activity is incidental to cargo handling, it is reasonable to consider the financial position of the CHLD under the cargo handling activity. The consolidated cost statements for the Port are modified accordingly. Incidentally, it is relevant here to mention that the financial position of the Registered Cargo Handling Workers Wing at the New Mangalore Port Trust (NMPT), which is akin to the CHLD at the MOPT, has been considered under the cargo handling activity of the Port in the case relating to general revision of the NMPT Scale of Rates.
This Authority has revised the local haulage charges and other miscellaneous charges falling under the railway activity of the MOPT in June 2001. The cost statement for the railway activity submitted now by the Port widely varies from the one which was considered by this Authority while deciding the case mentioned above. Since the revision of railway tariffs has been allowed based on the cost statement considered in June 2001, it is retained for the purpose of this analysis also. It is noteworthy that in the case relating to revision of railway charges, this Authority allowed only 75% of the capital employed for the years 2001-02 and 2002-03 for stated reasons. In the instant proposal, the Port has, however, considered ROCE on the entire capital employed apart from revising the base figure of Capital Employed relating to the Railway activity. That being so, the excess of ROCE considered is deducted with reference to the ROCE allowed in the June 2001 Order about revision of railway tariffs.

In its Order relating to revision of Cargo Related Charges at the MOPT passed in June 2000, this Authority found that it would be logical to consider the income from annual licence fee for the land allotted to the ABG Ltd. under the BOOT scheme and the licence fee on waterfront and foreshore land leased to M/s. Western India Shipyards Ltd. for operating a dry dock facility under the Port and Dock activity. With this observation, the income considered by the Port under the ‘estate rentals’ head was excluded. Since the instant proposal is for Vessel Related Charges, the income from these two sources is considered under the cost statement for Port and Dock facilities. It is to be clarified that the inclusion of this income is only for the purpose of determining the overall surplus/deficit position. Since the licence fees for the lands in question are not proposed for revision, care has been taken to arrive at the percentage of cost deficit based only on the operating income under the activity which excludes the income from licence fee on lands leased.

The net block forming part of the capital employed as reported initially showed an increase from Rs. 136.77 crores as on 31.3.1999 to Rs. 286.54 crores as on 31.3.2003. It can reasonably be expected that the addition to the net block of assets of any organisation must result in additional income or reduction in operating cost. No such effect of the addition of capital assets is, however, noticed in the case of MOPT. The list of assets to be completed and commissioned during each year furnished by the Port earlier included capital works-in-progress also. On being pointed out, the Port has now modified the net block projections and estimated the figure at Rs. 191.22 crores as on 31 March 2003. The Port has, however, not revised the figures for Depreciation based on the modified net block of assets. This modification has been carried out by us. Accordingly, the modified net block of assets and depreciation are considered in this analysis.

The Audit report for the year 1999-2000 indicates that a number of assets included in the net block are not in existence. On being asked to explain, the MOPT has informed that a committee of port officers constituted for the purpose of physical verification of assets had finalised its report giving the details of the assets to be deleted from the net block. The Port has also indicated that the value of assets partly depreciated and proposed deletion works out to Rs. 118.54 lakhs. The Port has not deleted these assets from the net block estimations given by it in the various cost statements. It has mentioned that the deletion of these assets will be effected in its book of accounts during the year 2001-02. Since these assets cannot be allowed to earn any return, the (excess) return on these assets considered in the calculations has been deducted.

(a.). The Port has estimated a very high working capital forming part of the capital employed. The high working capital is on account of a very high balance of stock in hand of Rs. 30.23 crores as on 31.3.2000. The Audit Report for the year 1999-2000 indicates a difference of Rs. 706.37 lakhs between the stores ledger and the general ledger. Further, it has been reported that stores worth Rs. 990.32 lakhs have not moved for the last three years. The average consumption of stores during the past three years from 1997-98 to 1999-2000 is about Rs. 11.00 crores, which can be considered as a reasonable limit for inventory. Even though holding an inventory of one year’s consumption seems too high, it is accepted in the case of the MOPT for the purpose of this analysis considering the ageing MOHP it has to maintain alongwith ‘insurance spares’
therefor. The inventory considered in excess of the average consumption of the past three years is excluded from the computation of working capital.

(b). Another item contributing to the high working capital is sundry debtors, which includes a sum of Rs. 4.83 crores under litigation for a long time. The Port has mentioned that adjustment of this amount at this stage may not be possible unless the matter is settled. While recognising the time involved in settling cases under litigation, it is to be accepted that if a return on such disputed amount is allowed, it will act as a disincentive to pursue the recovery vigorously. Further, the working capital position gets artificially hiked up without reflecting the correct position because of inclusion of such amounts. There is no apparent reason for us to presume that the litigation will not be settled by 2002-03. The users cannot be expected to pay for such amounts under litigation. That being so, a sum of Rs. 4.83 crores relating to long pending litigation is excluded from the computation of the working capital.

The working capital computed subject to the modifications mentioned above works out to a negative figure. This calculation has also been verified by the MOPT subsequently. For the purpose of this analysis, the working capital is, however, considered as ‘nil’.

(xv). The GMOEA has again raised the issue about allowing return on capital employed in relation to social / unproductive assets. It has also suggested reduction in the rate of return allowed citing various reasons. The objections raised by the GMOEA are a repetition of its arguments in the case relating to revision of Cargo Related Charges of the MOPT. Even on these specific points, the GMOEA had requested this Authority to review its Order relating to revision of Cargo Related Charges at the MOPT. These issues have already been considered by this Authority in the respective cases and disposed of. That being so, there is no need to rake up these issues again.

This Authority has adopted the cost-plus system of tariff determination considering the practical difficulties encountered by the Port in adopting any other performance related pricing methods. For the purpose of determining the return on capital employed, the system followed earlier was adopted with minor modifications with reference to the rate of return. This Authority has already recognised the need to review the existing system of allowing return on capital employed. Recently, a different methodology for working out return on investment on BOT projects in major ports has been prescribed. It has also been decided that the ROCE allowed in case of the Major Port Trusts will be reviewed shortly. Not only the issue of non-operative / social assets are relevant in this context but also the matter regarding monitoring of withdrawal of funds from the two mandatory reserves for which contributions @ 3% each is allowed through tariffs.

(xvi). Before this Authority effects any change in the method of allowing ROCE in the cases of Major Ports, it will follow the consultation process adopted by it. When the matter is decided finally for common adoption by all the Major Port Trusts, it will become applicable to the MOPT also. Till such time, the existing system of allowing ROCE will have to continue. That being so, this analysis is made based on the method followed in the case of other Major Port Trusts for allowing ROCE.

(xvii). The GCCI has observed that the Port must not embark on any capital expenditure without direct consultation with the trade. This suggestion is worthy of consideration by the Port since it will give the Port an opportunity to assess the market demand for the proposed facility. The Port’s argument that the traffic will not materialise just because it has created facilities is acceptable. But, the Port must realise that it cannot pass on the cost of such under-utilisation on the existing users. Only when the anticipated traffic (and, therefore, the income) materialise, a port can expect the maximum permissible return on the capital employed in that project. Till such time it has to be content with a return reduced to the extent of capacity not utilised. This principle has been applied in the case of some of the private terminals and Major Port Trusts including MOPT itself in its case relating to revision of railway charges. It is to be admitted that while such capacity linking is possible in case of individual new projects / Terminals, it is not easily assessable in case of the Port as a whole considering the old investments made. The
inadequacy of professional staff support available to this Authority is also to be recognised as a serious constraint in our ability to critically analyse all the finer issues of Port’s financials and investment decisions.

(xviii). Double-counting of interest on loans considered once in the expenditure to arrive at the net surplus and again as a part of the return on capital employed is eliminated.

(xix). Apart from the unyielding capital investments, this Authority is disturbed to note a steep increase of about 52% in the Management and General Administration Overheads during the period 1998-99 to 2002-03. The movement of other operating costs for the corresponding period is about 31% only. This clearly indicates an increasing indulgence in expenditure not directly related to operations and, perhaps, adding irrelevances which are avoidable. Since the figures for 2001-02 and 2002-03 are only estimates, there is still time for the MOPT to have a relook at such proposed expenditure and take mid-term corrective measures of cost control and cost reduction.

(xx). Subject to the analysis given above, the cost statements for the Port as a whole and the vessel related activities are modified. The modified cost statements are attached as Annex-I (a) and I (b) respectively.

(xx). The statement for the entire Port shows a net shortfall of Rs. 339.73 lakhs for the year 2001-02 and Rs. 1692.86 lakhs for the year 2002-03. The consolidated cost statement for the vessel related activities shows a deficit of Rs. 2448.08 lakhs and Rs. 2590.64 lakhs for the corresponding periods.

A summary of the cost position reported by the MOPT and disclosed by the modified cost statements is given below:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost statement furnished by the MOPT</th>
<th>Modified Cost Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001-02</td>
<td>2002-03</td>
</tr>
<tr>
<td>(a). Consolidated vessel related activity [surplus (+)/deficit (-) as a percentage of operating income]</td>
<td>(-) 89.03</td>
<td>(-) 106.54</td>
</tr>
<tr>
<td>(b). Port as a whole [surplus (+) / deficit (-) as a percentage of total income]</td>
<td>(-) 21.18</td>
<td>(-) 34.85</td>
</tr>
<tr>
<td>(c). Port as a whole [surplus (+) / deficit (-) as a percentage of operating income relating to vessel related activities]</td>
<td>(-) 81.59</td>
<td>(-) 134.24</td>
</tr>
</tbody>
</table>

The cost deficit positions disclosed by the cost statement for the Port as a whole and for the vessel related activities clearly indicate the incidence of cross-subsidisation from cargo to vessel related activity. The Port was asked to prepare a separate cost statement for iron ore handling activity as a whole instead of only for the MOHP. Since this has not been done, it is not clear whether iron ore cargo is subsidising the iron ore vessel.

Even though the result disclosed by the cost statements for the vessel related activity may justify an increase of 50% in the Vessel Related Charges proposed by the Port, it is relevant to peg the continuance of cross-subsidisation at the existing level. If the Vessel Related Charges are to be revised upward as proposed by the MOPT, the Cargo Related Charges need to be reduced suitably so that overall the Port does not earn a return more than the maximum permissible level. Since the Port as a whole shows an
average deficit of 5.85% of the total income which translates into an average deficit of
24.59% of the vessel related income under consideration for revision, it is adequate to
consider an upward revision of Vessel Related Charges by 24.59% to ensure that the
Port as a whole earns only the permissible return on the capital employed.

(xxii). Notwithstanding the position explained above, it is relevant here to consider the tariff
validity period to be allowed in case of the charges to be revised now. As has already
been mentioned, it will be logical to coincide the validity of the revised Vessel Related
Charges with the Cargo Related Charges already revised in June 2000 so that a
comprehensive review of the entire Port tariffs can be made next time. In this backdrop,
it is necessary to re-examine the necessity to allow upward revision of 24.59% in the
Vessel Related Charges. The main contributor to the average deficit of 24.59% is the
deficit for the year 2002-03. Since the revised tariff is going to be valid only for a period
of three months during the year 2002-03, it will not be appropriate to decide the
dercentage of increase in Vessel Related Charges considering a simple average of
deficits for the years 2001-02 and 2002-03. If a weighted average is considered, the
deficit will be about 18.12%. Even so, considering the facts that the income projection
on account of increased traffic has not been made by the MOPT and the assets created
are not fully generating the anticipated revenue, it will be reasonable to consider an
upward revision of the Vessel Related Charges only to the extent of 15%.

(xxiii). The different vessel related sub-activities show different levels of shortfall. Considering
the commonality of all the Vessel Related Charges to the users, the existing Vessel
Related Charges are uniformly increased by 15%. This approach is inevitable in the light
of the decision to allow upward revision based on the cost position for the Port as a
whole taking into account the existing level of cross-subsidisation between the activities.
It is to be pointed out that the Port has been allocating dredging expenses to Port
Services and Berth Hire in the ratio 1 : 2. It will be more appropriate if the allocation of
expenditure is made on the basis of the quantum of silt dredged or number of days of
dredging carried out at the respective areas.

(xxiv). The activity of supply of water to shipping shows a huge deficit. As admitted by the Port,
the cost statements have not been prepared by it considering only the expenditure
incurred in supplying water to shipping. It also includes expenditure on water consumed
by the Port for its internal purposes. The Port has mentioned that it will segregate its
accounts in future to reflect the correct cost position of supplying water for shipping. In
any case, the rates for supply of water are not proposed now to be increased in propor-
tion to the deficit disclosed by the cost statement relating to this activity. Even if
the expenditure of water consumed by the Port for its own purposes is segregated, the
cost of such consumption will be borne by all activities by way of distribution of
management and general overhead.

While bifurcating the cost of water supply between shipping and internal consumption, it
is advisable for the Port to include the cost of basic infrastructure for supply of water to
shipping at the berths in the supply-activity berth hire. If this is done, only the variable
cost of supplying water needs to be realised as water supply charges. The MOPT is
advised to refine the cost statement accordingly at the time of the next general revision
of its Scale of Rates.

(xxv). The MOPT levies a surcharge on plots allotted for stacking of iron ore. A rebate over
this surcharge is allowed based on achieving annual turnover in the range of 7.25 - 8
times of the plot capacity. The MOPT has now proposed to revise the datum for allowing
rebate to 9.25 - 10 times of the plot capacity in the light of the increased capacity
available at its MOHP. It is noteworthy that the plot rentals are paid by cargo interests.
As correctly pointed out by the GMOEA, there is no justification for mixing up this Cargo
Related Charge with the proposal for revision of Vessel Related Charges. That being so,
the proposal of the MOPT in this regard is not considered for approval now. The Port is
advised review the entire position and come up with an appropriate proposal in this
regard at the time of the next comprehensive revision of tariffs.
The ELT Scheme, which was last revised in September 2000, is under review based on an application made to this effect by the MOPT. Income from the ELT Scheme is considered under vessel related activity. This has essentially to be so since the expenses incurred to achieve improvements in performance have already been taken under the MOHP activity at the time of revision of Cargo Related Charges in June 2000. The MOPT has already been advised to maintain a separate account for income earned from the ELT Scheme and all incremental expenditure incurred to improve productivity so that a clear picture of the net impact on the port as a result of productivity improvements emerges. Only if this is done, the issue about whether the ELT income and expenditure shall be excluded for deciding normal revision of tariffs can be considered. In order to take an objective decision in this regard, the MOPT is advised once again to maintain a separate account relating to the ELT Scheme; prepare a separate consolidated cost statement for iron ore handling; and, submit them alongwith its proposals for next general revision of its Scale of Rates.

In the context of operation of the ELT Scheme, the point raised by the MSAA about vessels paying berth hire even when the MOHP is not operational does not appear very relevant. If the vessel’s stay at the berth is longer than the cut-off limit prescribed under the ELT Scheme, the Scheme provides for rebate in normal berth hire charges. Also, in the averaging that has been done to compute the cut-off limits, such eventualities have been fully reckoned with.

The existing schedule of berth hire charges for those berths where wharf cranes are provided, categorises the charges into two components, viz. Vessel related berth hire and cargo related berth hire. This segregation is apparently to identify the cranage element. In the light of rationalisation and simplification of rate carried out, it is not necessary to indicate the break-up of berth hire charges. This approach has been adopted by us in the case relating to a representation filed by the Mumbai and Nhava-Sheva Ship-Intermodal Agents’ Association about the composite berth hire charges levied at the Mumbai Port Trust. It is, however, necessary to stress that the berth hire charges leviable shall be commensurate with the services / facilities available at the respective berths; they cannot be a common rate applicable to all berths with reference to a rate arrived at in relation to a berth with best possible facilities.

This Authority has already passed a common adoption order applicable to all major ports prescribing a time limit of four hours after the time of vessel signalling readiness to sail beyond which berth hire shall not apply. This prescription is not included in the draft revised Scale of Rates forwarded by the MOPT. The MOPT has mentioned that it is ready to accept a time limit of three hours in this regard. Since the time limit of four hours prescribed by this Authority is applicable commonly to all major ports, deviation from that only in respect of the MOPT is not necessary. The existing Scale of Rates of the MOPT also prescribes a condition that a penal berth hire at 10 times the normal rate will be levied if a vessel does not vacate the berth within three hours after the expiry of notice given by the Port to vacate the berth. Although the levy of penal berth hire after a stipulated time limit is reasonable for an optimum utilisation of berths, the quantum of such penalty appears very high. Since the incidence of overstay of vessels at the MOPT and the reasons therefor are not readily available to us, reduction in penal berth hire charges is not proposed to be made. Significantly, none of the user organisations have expressed their objection towards the existing penal berth hire charges. This issue will, however, be required to be addressed specifically by the MOPT at the time of its next general revision of tariffs.

The Port levies berth hire charges on GRT basis by classifying the vessels into various groups with reference to their GRT / DWT. In addition, the Port levies a lump sum charge on all iron ore vessels falling under the category of 50,000 to 100,000 DWT. The Port has explained that the lump sum charge for iron ore vessel was introduced in 1990 in consultation with the Japanese Steel Mills Mission and with the approval of the Government. Since the Japan Steel Mills agreed to a revision in charges by US$ 3500 on larger vessels, the Port had introduced a lump sum charge of the same quantum in the berth hire charges without altering the individual vessel related charges. This lump sum charge introduced in the berth hire continues even now. When pointed out, the Port agreed to work out revised GRT based berth hire charges by including the effect of the
lump sum charge on iron ore vessels. The Port has not so far given any such revised working. The suggestion made by us is only towards rationalisation of the existing tariff arrangement. In effect, from the users’ point of view it will not have any financial implication. That being so, the existing system of levying an additional lump sum berth hire charge on iron ore vessels is allowed to continue till the next general revision of tariffs. In view of the position explained, the objection of the MSAA about reckoning with this lump sum berth hire for allowing premium / rebate under the ELT Scheme appears misplaced. Since the lump sum charge is in the nature of berth hire, calculation of premium / rebate under the ELT Scheme will include it also.

(xxx). The existing Scale of Rates provides for a levy of 75% of the applicable berth hire charges on vessels banked on offside of another vessel at berth. In case of most of the other major ports, for such double banking berth hire is levied only at 50% of the applicable rate. That being so, the Scale of Rates of the MOPT are amended to indicate a levy of only 50% of the berth hire charges on vessels double banked.

(xxi). Like other major ports, the MOPT has also a system of priority / ousting priority berthing of vessels for an additional charge. This system is in vogue with reference to a Government instruction on this subject. In the case of general revision of Scale of Rates of some other major ports, this Authority observed that in the context of limited availability of berthing facilities at present, there would always be any a number of vessels ready to pay additional charges; and, this would scope for exploitation of (discretionary) powers. Since a final view on this issues has not yet been taken by this Authority, as was done in the case of other major ports, it does not approve or disapprove the berth reservation / priority berthing arrangement at the MOPT. The MOPT can continue to levy a charge as hitherto till a final view is taken for common adoption by all the major ports.

(xxii). The existing Scale of Rates of the MOPT prescribes levy of anchorage fee for a maximum period of four days only on vessels loading iron ore at berth no. 9 when up-topped in stream. The reasons for limiting the anchorage fee only to a maximum of four days are not discernible. Anchorage fee needs to be levied on the basis of actual occupation of an anchorage. The Scale of Rates of the MOPT are amended to delete the stipulation about the maximum period of four days for levy of anchorage fee.

(xxxiii). The existing Scale of Rates of the MOPT prescribes a 50% reduction in port dues for coastal vessels over the notified coastal vessel rates. The Port has explained that this concession is extended to encourage coastal traffic. As per the policy decision of the Government, only a 30% concession over the foreign-going vessel rate is to be extended to coastal vessels. There appears no justification for deviating from the policy decision already taken which is commonly adopted by all the major ports. The Port has also proposed to levy a concessional port due @ 70% of the applicable rates for RORO / Container / LASH vessels and in some other cases. This concession is proposed to be extended only to foreign-going vessels. If the concession is for commercial reasons, then it shall be applicable to both foreign-going and coastal vessels. That being so, the concession proposed by the MOPT is allowed with a modification that it will be applicable to both foreign-going and coastal vessels.

(xxxiv). The existing Scale of Rates of the MOPT provides for levy of a Compensation Tonnage Tax from the iron ore vessels based on the quantity of iron ore shipped. It is to be recognised in this context that a tariff levied by a Port is a 'fee' for services rendered and not a 'tax'. If it is a tax, it cannot be a part of the Scale of Rates of a Port Trust. The Compensation Tonnage Tax in the instant case is in the form of a levy, although the name describes it as a tax. The name of this levy is changed to a 'special rate' till such time it is merged with other charges. As a matter of fact, this levy is in the nature of a Cargo Related Charge but levied from ship owners / agents. In the case of other iron ore handling ports like the CHPT and the VPT, such charge is / was in existence and named as 'special quay dues'. The CHPT has already been advised to merge this due with berth hire; and, in the case of VPT this merger has already been done. The MOPT was also advised when its proposal was under preliminary scrutiny to merge this charge with berth hire. The Port has, however, indicated that this charge will be merged with the wharfage on cargo at the time of the next revision. Since this charge has for so long
been paid by vessels, there is no apparent justification for shifting the burden to cargo interests. As has been done in the cases of CHPT and VPT, the MOPT is also advised to merge this charge with berth hire for iron ore vessels at the time of the next general revision of its Scale of Rates.

(xxxv). The barges bringing iron ore for shipment are presently exempted from payment of port dues. These barges enter into the port limits and use the facilities. Even though the cost of the facilities used by the barges is seen to be borne by the vessels loading iron ore, it will be a good and transparent practice to charge the actual users instead of resorting to indirect charging. The Port is advised to come up with a suitable proposal for levying port dues on barges carrying iron ore at the time of the next general revision of its Scale of Rates.

(xxxvi). Generally, pilotage fee includes the services of inward and outward pilotage and one act of shifting. Contrary to this accepted position, the existing Scale of Rates of the Port allows two operations of shifting free of charge i.e. taken as included in the pilotage fee. The Scale of Rates of the CPT, VPT and NMPT have already been amended to include the accepted definition of pilotage. That being so, the Scale of Rates of the MOPT is amended to specifically provide for levy of shifting charges for additional shifting in excess of the one shifting included in the pilotage fee.

(xxxvii). The existing Scale of Rates provides for levy of additional surcharge on vessels using their own grabs for loading and unloading operations. The rate prescribed is on a unit of GRT per day. This surcharge is in addition to the normal anchorage charges. The Port has also explained that these charges are not for the vessels at berth but only to compensate the port's revenue for loading / unloading at stream. The Port levies anchorage fees on vessels and a wharfage equivalent to the 60% of the notified rate on cargo other than ore and pellets handled in stream. This is a practice commonly adopted by all ports. Although no services are provided, ports do levy a charge for use of its area for cargo operations. At the anchorage, vessels need to essentially use their own gears for cargo operations, unless the Port provides floating crane. Even if the Port provides floating crane for such operation, charges for such facility are levied separately. That being so, levying an additional charge on vessels at stream loading / unloading with their cranes appears unreasonable. Again, in this case also, the users have not raised any objection. Nevertheless, this provision is deleted from the Scale of Rates since no apparent logic for continuance of the additional charge is explained.

(xxxviii). The Port allows a rebate of 25% on Vessel Related Charges on vessels of size 1,60,000 DWT and above. So far, the Board of Trustees of MOPT has been granting this remission. When pointed out at the time of last revision of Cargo Related Charges that such a long standing remission might not be continued to be allowed forever but should be included in the Scale of Rates, the MOPT requested to include the rebate scheme in the Scale of Rates. Since the concession was allowed by the Board upto 31 Dec. 2000 subject to further review, a provision in the Scale of Rates was introduced accordingly. Since no further proposal for continuance of this concession has been received from the MOPT after a review, it is presumed that the concession is not proposed to be maintained anymore. That being so, the relevant entry in the Scale of Rates is deleted as being redundant.

(xxxix). Iron ore loading is also done at midstream with the help of transhippers. It is to be recognised that the transhippers operate in the port limits with due approval of the Port Trust / the Govt. of India. The transhippers charge the iron ore exporters for services rendered in midstream topping up / primary loading of iron ore vessels. These charges for transhipment operation levied by the transhipper owners are not regulated. While examining the transhippers operation as a part of the proposal for revision of cargo handling charges in June 2000, this Authority found that the transhipper vessel operations would come under the purview of the Section 42 of the MPT Act. The issue of regulation of these charges was, however, left at that time to be examined subsequently. The Port, which has authorised such services, should have come up with a proposal to fix ceiling rates for such operations. Since the Port has not done this so far, the MOPT is advised to examine this aspect and submit appropriate proposals within six months.
While revising the Scale of Rates, various tariff orders passed by this Authority for common adoption by all the major ports as well as the orders passed with specific reference to the MOPT have been included at appropriate places. Likewise, formulations already approved by this Authority in respect of the other major ports’ Scale of Rates are followed, wherever required.

10. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves an increase of 15% over the existing Vessel Related Charges; and, prescribes the validity of the revised charges to be co-terminus with the validity of cargo related charges approved vide its Order dated 2 June 2000. Scale of Rates of the MOPT relating to Vessel Related Charges is accordingly revised and the revised Scale of Rates in this regard is attached as Annex-II. The revised Scale of Rates will come into effect after expiry of 30 days from the date of notification of this Order in the Gazette of India.

(S. Sathyam)
Chairman
## Consolidated Cost Statement for the Port as a whole

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I) Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i) MOHP</td>
<td>5156.00</td>
<td>5193.85</td>
<td>7026.90</td>
<td>7213.90</td>
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<tr>
<td>(ii) General Cargo &amp; Ores</td>
<td>1340.81</td>
<td>1463.64</td>
<td>931.67</td>
<td>967.35</td>
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<tr>
<td>(iii) Warehousing</td>
<td>18.42</td>
<td>24.98</td>
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<tr>
<td>(iv) POL</td>
<td>813.22</td>
<td>863.71</td>
<td>951.00</td>
<td>996.00</td>
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<tr>
<td>(v) Berthing, Mooring &amp; Cranes</td>
<td>1357.53</td>
<td>1440.54</td>
<td>1955.16</td>
<td>2085.11</td>
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<tr>
<td>(vi) Pilotage &amp; Towage</td>
<td>1054.90</td>
<td>1130.57</td>
<td>1236.11</td>
<td>1270.11</td>
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<tr>
<td>(vii) Port Services</td>
<td>514.86</td>
<td>540.05</td>
<td>574.63</td>
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<tr>
<td>(viii) Water Supply to Shipping</td>
<td>50.40</td>
<td>64.23</td>
<td>70.75</td>
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<tr>
<td>(ix) Railway Workings</td>
<td>180.70</td>
<td>388.53</td>
<td>452.00</td>
<td>741.60</td>
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<tr>
<td>(x) Estate Rentals</td>
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<td>965.56</td>
<td>933.33</td>
<td>879.83</td>
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<tr>
<td>(xi) CHLD (incl. FMI)</td>
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<td>1745.42</td>
<td>2107.70</td>
<td>1944.02</td>
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<tr>
<td>(xii) Additional income due to restatement of coastal vessel rates</td>
<td></td>
<td></td>
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<td>201.37</td>
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<tr>
<td>(xiii) Additional income due to exchange rate fluctuations</td>
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<tr>
<td><strong>Total (I)</strong></td>
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<td>13821.08</td>
<td>16311.25</td>
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<td><strong>II) Operating Cost</strong></td>
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<tr>
<td>(i) MOHP</td>
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<td>(ii) General Cargo &amp; Ores</td>
<td>382.61</td>
<td>329.84</td>
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<td>(iii) Warehousing</td>
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<td>17.19</td>
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<td>(iv) POL</td>
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<td>(v) Berthing, Mooring &amp; Cranes</td>
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<td>(vii) Port Services</td>
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<td>529.28</td>
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<td>(viii) Water Supply to Shipping</td>
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<td>(ix) Railway Workings</td>
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<td>(x) Estate Rentals</td>
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<td>1971.04</td>
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<td><strong>Subtotal</strong></td>
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<td>7503.73</td>
<td>9803.70</td>
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<td>(xii) Depreciation</td>
<td>585.49</td>
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<td>(xiii) FME-FMI</td>
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<td><strong>Total (II)</strong></td>
<td>8826.96</td>
<td>9431.61</td>
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<td><strong>III) Surplus (I-II)</strong></td>
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<td>(IV) Management &amp; General Overheads</td>
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<td>1503.30</td>
<td>1805.19</td>
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<td>(VII) Net surplus after interest</td>
<td>126.35</td>
<td>98.20</td>
<td>70.73</td>
<td>46.39</td>
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<td>(VIII) Capital Employed</td>
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<td>(X) Return on capital employed @ 18%/10.5% less interest</td>
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<tr>
<td>Less: Return on extinct assets</td>
<td>2335.45</td>
<td>2060.86</td>
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<td>Less: excess return on capital employed considered</td>
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<td>-20.14</td>
<td>243.18</td>
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<td>Under Railway activity</td>
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<td>(X) Return on Capital employed allowed</td>
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<td>-1177.70</td>
<td>-1194.10</td>
<td>-339.73</td>
</tr>
<tr>
<td>(XII) Net Surplus/Deficit as % of Operating Income</td>
<td>-10.86</td>
<td>-8.52</td>
<td>-7.32</td>
<td>-1.98</td>
</tr>
<tr>
<td>(XIII) Average for two years</td>
<td>-45.36</td>
<td>-37.09</td>
<td>-34.07</td>
<td>-8.41%</td>
</tr>
<tr>
<td>(XIV) Net Surplus as a % of vessel related op. income</td>
<td>-2.59%</td>
<td>-9.73</td>
<td>-8.41%</td>
<td>-40.78%</td>
</tr>
<tr>
<td>(XV) Average for 2001-02 &amp; 2002-03</td>
<td>-24.59%</td>
<td>-9.73</td>
<td>-8.41%</td>
<td>-40.78%</td>
</tr>
</tbody>
</table>
# Consolidated Cost Statement for Port & Dock Facilities

(Rs. in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001-02</td>
<td>2002-03</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I) Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Berthing, Mooring &amp; Craneage</td>
<td>1357.53</td>
<td>1440.54</td>
<td>1623.06</td>
<td>1744.91</td>
</tr>
<tr>
<td>ii) Pilotage &amp; Towage</td>
<td>1054.90</td>
<td>1130.57</td>
<td>1236.11</td>
<td>1270.11</td>
</tr>
<tr>
<td>iii) Port Services</td>
<td>514.86</td>
<td>540.05</td>
<td>574.63</td>
<td>639.70</td>
</tr>
<tr>
<td>iv) Water Supply to Shipping</td>
<td>50.40</td>
<td>64.23</td>
<td>70.75</td>
<td>73.16</td>
</tr>
<tr>
<td>v) Additional income due to restatement of coastal vessel rates</td>
<td></td>
<td></td>
<td></td>
<td>201.37</td>
</tr>
<tr>
<td>vi) Additional income due to exchange rate fluctuations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>2977.69</td>
<td>3175.39</td>
<td>3504.55</td>
<td>4040.30</td>
</tr>
<tr>
<td>vii) Licence Fees (WISL)</td>
<td>0.00</td>
<td>0.00</td>
<td>170.30</td>
<td>170.30</td>
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<tr>
<td>viii) Licence Fees (ABG)</td>
<td>0.00</td>
<td>0.00</td>
<td>161.80</td>
<td>169.90</td>
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<tr>
<td><strong>Total (I)</strong></td>
<td>2977.69</td>
<td>3175.39</td>
<td>3836.65</td>
<td>4380.50</td>
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<tr>
<td></td>
<td>4491.57</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>II) Operating Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Berthing, Mooring &amp; Craneage</td>
<td>812.86</td>
<td>949.07</td>
<td>1084.55</td>
<td>1108.23</td>
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<tr>
<td>ii) Pilotage &amp; Towage</td>
<td>754.74</td>
<td>857.51</td>
<td>905.07</td>
<td>960.21</td>
</tr>
<tr>
<td>iii) Port Services</td>
<td>434.82</td>
<td>529.28</td>
<td>650.91</td>
<td>647.71</td>
</tr>
<tr>
<td>iv) Water Supply to Shipping</td>
<td>482.32</td>
<td>319.05</td>
<td>409.93</td>
<td>432.68</td>
</tr>
<tr>
<td>v) Depreciation</td>
<td>313.57</td>
<td>456.29</td>
<td>509.29</td>
<td>568.71</td>
</tr>
<tr>
<td>vi) FME-FMI</td>
<td>204.09</td>
<td>579.58</td>
<td>476.70</td>
<td>478.67</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>2484.74</td>
<td>2654.91</td>
<td>3050.46</td>
<td>3148.83</td>
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<tr>
<td><strong>Total (II)</strong></td>
<td>3002.40</td>
<td>3690.78</td>
<td>4036.45</td>
<td>4196.21</td>
</tr>
<tr>
<td></td>
<td>4506.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>III) Surplus (I-II)</strong></td>
<td>-24.71</td>
<td>-515.39</td>
<td>-199.80</td>
<td>184.29</td>
</tr>
<tr>
<td><strong>IV) Allocated Management &amp; General overheads</strong></td>
<td>467.47</td>
<td>500.40</td>
<td>605.31</td>
<td>614.40</td>
</tr>
<tr>
<td><strong>V) Net Surplus (III-IV)</strong></td>
<td>-492.18</td>
<td>-1015.79</td>
<td>-805.11</td>
<td>-430.11</td>
</tr>
<tr>
<td><strong>VI) Interest on Loans</strong></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>VII) Net surplus after interest</strong></td>
<td>-492.18</td>
<td>-1015.79</td>
<td>-805.11</td>
<td>-430.11</td>
</tr>
<tr>
<td><strong>VIII) Return on Capital employed</strong></td>
<td>1407.00</td>
<td>1633.53</td>
<td>1673.76</td>
<td>2029.57</td>
</tr>
<tr>
<td>Less return on extinct assets</td>
<td></td>
<td></td>
<td>11.60</td>
<td>11.60</td>
</tr>
<tr>
<td><strong>IX) Net return to be allowed</strong></td>
<td>1407.00</td>
<td>1633.53</td>
<td>1662.16</td>
<td>2017.97</td>
</tr>
<tr>
<td><strong>X) Net Surplus after Interest &amp; return (V-IX)</strong></td>
<td>-1899.18</td>
<td>-2649.32</td>
<td>-2467.27</td>
<td>-2448.08</td>
</tr>
<tr>
<td><strong>XI) Net surplus as a % of operating income</strong></td>
<td>-63.78</td>
<td>-83.43</td>
<td>-70.40</td>
<td>-60.59</td>
</tr>
<tr>
<td><strong>XII) Average for two years</strong></td>
<td></td>
<td></td>
<td></td>
<td>-61.50%</td>
</tr>
</tbody>
</table>
Annex-II

Mormugao Port Trust

Scale of Rates

PART - I – VESSEL RELATED CHARGES

Definitions and General Conditions

(1). "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.

(2). "Foreign-going Vessel" shall mean any vessel other than Coastal vessel.

(3). (i). A foreign-going vessel of Indian Flag having a General Trading Licence can convert to coastal run on the basis of a Customs Conversion Order.

(ii). 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.

(iii). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

(iv). In cases of such conversion coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations, immediately thereafter, foreign-going rates shall be chargeable by the discharge ports.

(v). For dedicated Indian coastal vessels having a Coastal Licence from the Director General of Shipping, no other document will be required to be entitled to Coastal rates.

(4). "COLD MOVE" shall mean movement without the power of the engine of the vessel.

(5). "Combination loading" denotes loading of vessel primarily at berth No.9 (MOHP) and then uptopping.

(6). "Stream Loading" denotes loading of vessel exclusively at places other than at berths.

(7). Interest on delayed payments / refunds:

(i). The user shall pay penal interest at the rate of 18% per annum on delayed payments of any charge under this Scale of Rates.

(ii). The Mormugao Port Trust shall pay penal interest @18% per annum on delayed refunds.

(iii). The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the user whichever is later.

(8). Vessel related charges shall be levied on Shipowners/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 subsidiary or any other Public Sector Bank as may be specified from time to time. The date of entry of the vessel into the port limit shall be reckoned with as the day for such conversion.
A regular review of exchange rate shall be made once in thirty days from the date of arrival of the vessels 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.

### SECTION-A – PORT DUES

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Class of Vessel</th>
<th>Rate Per GRT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Coastal Vessels</td>
</tr>
<tr>
<td>1.</td>
<td>(a) Vessels from 300 to 3000 GRT</td>
<td>Rs. 1.90</td>
</tr>
<tr>
<td></td>
<td>(b) Vessels from 3001 to 10,000 GRT</td>
<td>Rs. 3.09</td>
</tr>
<tr>
<td></td>
<td>(c) Vessels from 10,001 to 30,000 GRT&lt;sup&gt;3&lt;/sup&gt;</td>
<td>Rs. 3.57</td>
</tr>
<tr>
<td></td>
<td>(d) Vessels from 30,001 to 60,000 GRT&lt;sup&gt;4&lt;/sup&gt;</td>
<td>Rs. 3.81</td>
</tr>
<tr>
<td></td>
<td>(e) Vessels of 60,001 GRT and above&lt;sup&gt;4&lt;/sup&gt;</td>
<td>subject to a minimum of Rs. 228600.00</td>
</tr>
<tr>
<td>2.</td>
<td>(a) Country Crafts, Tugs, Launches, Fishing trawlers, Barges and other vessels not covered in Sl. No. 1 above and not engaged in carrying iron ore.</td>
<td>Rs. 1.66</td>
</tr>
<tr>
<td></td>
<td>(b) Country Craft, Launches and barges carrying ores.</td>
<td>Free</td>
</tr>
</tbody>
</table>

**Notes:**

(1). Port dues are chargeable once in thirty days in respect of the same vessel.

(2). Port Dues shall be levied at 70% of above rates in the following cases:

(i). Vessels engaged in loading and unloading parcels of general cargo of the order of not more than 3000 tonnes.

(ii). Vessels calling at the Port exclusively for lightering general cargo into other vessels for being carried to any other port in the country.

(iii). LASH, container and RO-RO vessels

(3). Port Dues shall not be levied on:

(i). Any pleasure yatch.

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

(iii). Vessels belonging to Government and plying blue/white ensign.

(iv). Vessels belonging to other Indian Ports.

(4). 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.
(5). A Vessel entering the Port but not discharging or taking in any cargo or passenger therein (with the exception of such unshipment and reshipment as may be necessary for purposes of repair) shall be charged with only 50% of the Port Dues with which she would otherwise be chargeable.

(6). A LASH vessel making a second call to pick up empty and/or laden fleeting LASH barges shall not be charged any Port Dues.

(7). Vessels which, after paying the port dues as per notes (4) & (5) above, re-enters the Port within the period of 30 days for taking or discharging cargo or passengers shall be charged the difference between the Port Dues at the applicable rates and the concessional Port Dues already levied.

(8). 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 levy of port dues.

I. SECTION-B - PILOTAGE FEES

The fees leviable for pilotage of vessels in and out of the Port includes services of the Port's pilots, pilot launch with crew, launches and tugs engaged in mooring/unmooring, berthing/un-berthing, towing operations and one shifting operation.

**Schedule of Pilotage Fees**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Class of Vessel</th>
<th>Rate Per GRT</th>
<th>Coastal Vessels</th>
<th>Foreign-going vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vessels below 1,00,000 DWT</td>
<td>Rs. 7.14</td>
<td>Rs. 7.14, subject to a minimum of Rs. 3570.00</td>
<td>US $ 0.21691, subject to a minimum of $108.46</td>
</tr>
<tr>
<td></td>
<td>(a). Up to 3000 GRT</td>
<td>Ps.</td>
<td>Rs. 7.14, subject to a minimum of Rs. 3570.00</td>
<td>US $ 0.21691, subject to a minimum of $108.46</td>
</tr>
<tr>
<td></td>
<td>(b). 3,001 to 15,000 GRT</td>
<td>Rs. 7.37</td>
<td>Rs. 7.37, subject to a minimum of Rs. 110550.00</td>
<td>US $ 0.22414, subject to a minimum of $108.46</td>
</tr>
<tr>
<td></td>
<td>(c). 15,001 - 60,000 GRT</td>
<td>Rs. 7.14</td>
<td>Rs. 7.14, subject to a minimum of Rs. 110550.00 and a maximum of Rs. 385560.00</td>
<td>US $ 0.21691, subject to a minimum of $3362.10 and a maximum of $11713.14</td>
</tr>
<tr>
<td></td>
<td>(d). 60,001 GRT and above</td>
<td>Rs. 6.42</td>
<td>US $ 0.19521</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Vessels of 1,00,000 DWT and above.</td>
<td>Rs. 6.42</td>
<td>US $ 0.19521</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a). Combination Loading</td>
<td>Rs. 4.76</td>
<td>US $ 0.14461</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b). Stream Loading</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

II. Schedule of Shifting charges

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Class of Vessel</th>
<th>Rate per act of shifting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coastal Vessels</td>
<td>Foreign-going vessels</td>
</tr>
<tr>
<td>1</td>
<td>Rs. 19,031.00</td>
<td>Rs. 578.45</td>
</tr>
<tr>
<td>2</td>
<td>Rs. 28,546.50</td>
<td>Rs. 867.68</td>
</tr>
</tbody>
</table>
Notes:

(1). For shifting a vessel from stream to berth or berth to stream or change of berths or anchorages, separate charges are leviable. The shifting charges shall be levied on all acts of shiftings, which excludes the inward and outward movements connected with the pilotage and additional one act of shifting.

(2). Any operation as above performed for the convenience of the Port shall not be charged.

Port convenience is defined to mean any of the following:

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

(ii). If a working cargo vessel is shifted from berth to accommodate, on ousting priority, vessels which are exempted from bearing the shifting charges, such shifting shall be treated as PORT CONVENIENCE.

(iii). Any other shifting as decided by the Chairman/MOPT may be treated as PORT CONVENIENCE.

(3). Incase of transhippers, however, all acts of shifting are chargeable.

(4). Whenever a vessel is shifted from berth to accommodate another vessel on ousting priority, the vessel shifted is exempted from the payment of shifting charges since the same is paid by the vessel enjoying the ousting priority or the shifting is treated as for PORT CONVENIENCE when the priority vessel is exempted from the payment of such charges. However, this benefit will not be applicable in the following cases:

(i). Non-Cargo vessels which in any case have to vacate the berth when cargo vessels arrive.

(ii). Vessels using the berth exclusively for overside loading/discharge.

(iii). Vessels which are idling at berth without doing any cargo handling operations.

(5). In case of Pilots, whose services have been requisitioned for any movement but not utilised after the pilot has boarded a vessel, a fee of Rs.1427.14 in case of coastal vessel or US$ 43.38 in case of foreign-going vessels shall be levied. However, the fees shall not be levied, in case of -

(i) cancellations received two hours before the pilot has boarded the vessels, and,

(ii) cancellation of movement caused under exceptional circumstances for reasons that cannot be attributed to the vessel.

(6). If a vessel is not able to move within thirty minutes of pilot’s boarding it for the purpose of pilotage, it shall be liable to pay an extra fee @ Rs. 713.95 per half an hour or part thereof in case of coastal vessel or US$ 21.70 per half an hour or part thereof in case of foreign-going vessel beyond thirty minutes, till it moves.
(7). If an outward bound vessel carries away a pilot outside the port limits due to the bad weather, compensation @ Rs. 2378.69 per day in case of coastal vessel or US$ 72.30 per day in case of foreign-going vessel shall be payable by the Master of the vessel till the pilot reports back for duty at the Port. In addition, the boarding and lodging expenses of the pilot on board the ship and the cost of sending him back to the port shall be payable by the Master of the Vessel.

(8). For piloting a vessel on "Cold Move", namely without the power of the engine of the vessel partly or fully in any operations, pilotage fees shall be levied at double the rates mentioned in the Schedule of Pilotage Fees.

III. Special charges for Western India Shipyard Limited
      Dry dock at Mormugao Harbour

1. Inward and outward Movements:

   Vessels entering Floating Docks/Lay up Jetty / Slipway:

   (a). Hot Move
       The actual rate of Pilotage Fees as per the Schedule of rates given under Section B(1).

   (b). Cold Move
       (Viz, without the Powers of engines steering, partly or fully)
       Double the rate of Pilotage fees as per the Schedule of rates given under Section B(1), if both inward and outward or movements are cold movements. If only one is cold then 1½ times the rate of Pilotage fees will be charged.

2. Other Movements:

   From Port area to dry Docks/Slipway and vice versa, Dry Docks/Slipway to Lay up Jetty and vice versa or from lay-up Jetty to port area or vice versa.

   (a). Hot Move
       50% of the Pilotage fees as per Schedule of rates for each operation

   (b). Cold Move
       Charges at double the rates as specified for shiftings at Hot Move.

Notes:

1. The above charges are in addition to the prescribed Pilotage Fees as per the Scales of rates statement of conditions prevailing from time to time.

2. All Movements for berthing, unberthing or shifting to / from WISL facilities are chargeable as above.

3. Vessels arriving Mormugao Port solely for the use of WISL facilities, will initially pay as in 1(a) or / 1(b) as above. They will be entitled to one free shiftings not involving movement to/from WISL facilities.
### SECTION - C - BERTH HIRE/ANCHORAGE CHARGES

#### SECTION - C (I) - BERTH HIRE CHARGES

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Class of Vessel</th>
<th>Berths where shore cranes are provided</th>
<th>Berth No.9 (MOHP)</th>
<th>Berth No.8</th>
<th>Berths where shore cranes are not provided</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Coastal Vessels</td>
<td>Foreign-going vessels</td>
<td>Coastal Vessels</td>
<td>Foreign-going vessels</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rs</td>
<td>P</td>
<td>US $</td>
<td>Rs</td>
</tr>
<tr>
<td>(a)</td>
<td>Vessels upto 3000 GRT</td>
<td>0.31</td>
<td>0.00944</td>
<td>1.03</td>
<td>0.03134</td>
</tr>
<tr>
<td>(b)</td>
<td>3001 to 10,000 GRT</td>
<td>0.35</td>
<td>0.01066</td>
<td>1.03</td>
<td>0.03134</td>
</tr>
<tr>
<td>(c)</td>
<td>10001 to 15000 GRT</td>
<td>0.54</td>
<td>0.01648</td>
<td>1.03</td>
<td>0.03134</td>
</tr>
<tr>
<td>(d)</td>
<td>15001 to 30000 GRT</td>
<td>0.86</td>
<td>0.02610</td>
<td>1.03</td>
<td>0.03134</td>
</tr>
<tr>
<td>(e)</td>
<td>30001 to 35000 GRT &amp; between 5000 and 70000 DWT</td>
<td>0.86</td>
<td>0.02610</td>
<td>1.03</td>
<td>0.03134</td>
</tr>
<tr>
<td>(f)</td>
<td>35001 to 40000 GRT &amp; between 80000 and 80000 DWT</td>
<td>0.86</td>
<td>0.02610</td>
<td>1.27</td>
<td>0.03856</td>
</tr>
<tr>
<td>(g)</td>
<td>40001 to 50000 GRT &amp; between 70000 and 80000 DWT</td>
<td>0.86</td>
<td>0.02610</td>
<td>1.27</td>
<td>0.03856</td>
</tr>
<tr>
<td>(h)</td>
<td>50001 GRT &amp; above &amp; between 50,001 and 100,000 DWT</td>
<td>0.86</td>
<td>0.02610</td>
<td>1.27</td>
<td>0.03856</td>
</tr>
<tr>
<td>(i)</td>
<td>50001 GRT &amp; above (100001 DWT &amp; above)</td>
<td>0.86</td>
<td>0.02602</td>
<td>1.27</td>
<td>0.03856</td>
</tr>
</tbody>
</table>

**Notes:**

1. The above charges are leviable against Masters, Owners or Agents of vessels and other floating crafts approaching or lying at or alongside berths, wharfs, mooring, quay, jetties etc., per GRT per 8 hours or part thereof.

2. The Berth hire charges leviable is subject to a minimum of Rs 237.70 in case of coastal vessel and US$ 7.225 in case of foreign-going vessels.

3. A lumpsum charge of US$ 4550.23 (Foreign-going) and Rs 149702.50 (Coastal) per vessel is leviable on all iron ore vessels of 50,000 - 1,00,000 DWT size in addition to the berth hire charges as per the Schedule given above.

4. The rates are applicable to all vessels irrespective of the destination.

5. Where a vessel has a DWT of 50,000 tonnes or more but falls under Sl No. (d) of the schedule of Berth hire charges in relation to its GRT, charges will be levied as per Sl. No. (d) plus Rs 149702.50 per coastal vessel and (US$ 4550.23 in case of foreign-going vessels).

6. Where a vessel falls under Sl. No. (e) of the schedule of Berth hire charges but its DWT is less than 50,000 tonnes no additional lumpsum levy of Rs 149702.50 is applicable, and the rate of Rs 1.27 per GRT per 8 hours or part thereof will be applied. US$ 4550.23 in case of foreign-going vessels and the berth hire rate of US$ 0.03856 per GRT per 8 hours or part thereof will be applied.
SECTION – C (ii)- ANCHORAGE CHARGES

1. Vessels not engaged in loading/unloading operations of cargo or embarking or disembarking passengers:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Description</th>
<th>Rate (per 8 hours or part thereof)</th>
<th>Coastal vessel</th>
<th>Foreign-going Vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs. Ps.</td>
<td>US $</td>
</tr>
<tr>
<td>(a).</td>
<td>Own anchor W/B</td>
<td>396.51</td>
<td></td>
<td>12.05</td>
</tr>
<tr>
<td>(b).</td>
<td>Own anchor E/B</td>
<td>555.04</td>
<td></td>
<td>16.87</td>
</tr>
<tr>
<td>(c).</td>
<td>Use of mooring Buoys</td>
<td>792.90</td>
<td></td>
<td>24.10</td>
</tr>
</tbody>
</table>

2. Vessels engaged in loading/unloading of cargo or embarking and disembarking passengers:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Class of Vessels</th>
<th>Rate (per GRT / 8 hours or part thereof)</th>
<th>Coastal vessel</th>
<th>Foreign-going Vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Rs. Ps.</td>
<td>US $</td>
</tr>
<tr>
<td></td>
<td></td>
<td>East of Break Water West of Break Water</td>
<td>East of Break Water West of Break Water</td>
<td></td>
</tr>
<tr>
<td>(a).</td>
<td>Vessels upto 10,000 GRT</td>
<td>0.08 0.04</td>
<td>0.00241</td>
<td>0.00121</td>
</tr>
<tr>
<td>(b).</td>
<td>10,001 to 20,000 GRT</td>
<td>0.12 0.08</td>
<td>0.00381</td>
<td>0.00241</td>
</tr>
<tr>
<td>(c).</td>
<td>20,001 to 40,000 GRT</td>
<td>0.20 0.16</td>
<td>0.00603</td>
<td>0.00482</td>
</tr>
<tr>
<td>(d).</td>
<td>40,001 to 60,000 GRT</td>
<td>0.24 0.20</td>
<td>0.00724</td>
<td>0.00603</td>
</tr>
<tr>
<td>(e).</td>
<td>60,001 to 80,000 GRT</td>
<td>0.28 0.20</td>
<td>0.00843</td>
<td>0.00603</td>
</tr>
<tr>
<td>(f).</td>
<td>80,001 GRT and above</td>
<td>0.32 0.20</td>
<td>0.00964</td>
<td>0.00603</td>
</tr>
</tbody>
</table>

3. Vessels engaged in loading/unloading of cargo or embarking and disembarking passengers:

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Description</th>
<th>Rate (per 8 hours or part thereof)</th>
<th>Coastal vessel</th>
<th>Foreign-going Vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>East of Break Water West of Break Water</td>
<td>East of Break Water West of Break Water</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Launches, fishing Trawlers, country Crafts, research and Survey vessels and Barges not engaged in ore carrying.</td>
<td>39.66 39.66</td>
<td>1.20558</td>
<td>1.20558</td>
</tr>
</tbody>
</table>

Notes common to Sections C(i) and C(ii)

(1). Berth hire includes charges for services rendered at the Berth, such as occupation of Berth, overtime at Berth, telephones, rubbish removal, cleaning of Berths, fire watch, etc.

(2). The period of 8 hours shall be calculated from the time the vessel occupies berth/anchorage.
(3). No berth hire shall be levied on a vessel after expiry of 4 hours from the time of signaling its readiness to sail. Penalties for hire of 3 shifts (3 shifts of 8 hours each) shall be levied for false signal raised.

(4). If a vessel is not ready to vacate the berth within 3 hours after the completion of cargo or after the expiry of notice given by the Traffic Manager or Deputy Conservator, to so vacate the berth, whichever is later, the vessel shall be liable to pay an additional berth hire charge at ten times the normal rate, the incidence being reduced to per hour or part thereof.

(5). If any barge brought to the barge unloading jetties attached to the MOHP does not vacate the jetty within 15 minutes of the completion of unloading or the barge unloader time allotted for the exporter to whom the barge had brought the ore, it shall be liable to pay berthing hire charges for the jetty at the rate of Rs. 151.80/- per hour or part thereof.

(6). Vessels berthed on off-side of another vessel at the Berth, Berth Hire Charges shall be leviable at 50% of charges payable by the vessel.

(7). Barges, country crafts, tugs or fishing trawlers, etc. which come to berth solely for the purpose of bunkering, taking water, for repairs or landing ship’s crew, the minimum prescribed berthing hire charges shall not apply.

(8). Vessel using mooring buoys while loading and unloading of cargo or embarking or disembarking passengers an additional charge of Rs. 237.98 per 8 hours or part thereof in case of coastal vessels and US $ 7,234 per 8 hours or part thereof in case of foreign-going vessels shall be levied in addition to anchorage fees as per Schedule 2 given under Section C(ii).

(9). Rates prescribed in Schedule 3 given under Section C(i) shall not be applicable in case of launches, fishing trawlers and country crafts duly registered in Goa and licensed to operate within the port limits under the MPT Harbour Craft Rules.

(10). Priority Berthing

(i). For providing “Priority Berthing” to any vessel a fee equivalent to Berth hire charges for a single day (3 units of 8 hours each) or 75% of the Berth Hire charges calculated for a total period of actual stay at the Berth whichever is higher, shall be levied.

(11). Ousting Priority Berthing

(i). For providing ousting priority to a vessel, a fee equivalent to berthing hire charges for single day (3 units of 8 hours each) or 100% of the berthing hire charges calculated for the total period of actual stay of the vessels at berth, whichever is higher, shall be levied.

(ii). In addition, shifting out/in charges of the Vessels shall be levied on the vessels, which are provided ousting priority.

(iii). Exemptions to the following vessels from the application of charges as per the above schemes shall be granted:

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

(b). Defence vessels coming up on goodwill visits.

(c). Vessels hired for the purpose of Antarctic expedition by Department of Ocean Development.
(d) Any other vessel for which special exemption has been granted by the Ministry of Shipping.

(12) Efficiency Linked Tariff Scheme

(i) This scheme will be applicable to iron ore vessels handled at Berth No.9 (MOHP) during the fair season only, i.e., vessels sailing between 1 October and 31 May.

(ii) The turnaround time for the purpose of this scheme will commence from the time of entry of the vessel in the Port (i.e., the time a vessel anchors on arrival at the reporting station in the Port) and close at the time of departure from berth on completion of cargo operations.

(iii) The cut off limit, i.e. the norm for any vessel will be determined using the formula given below:

\[
\text{cut off limit (for ship} X) = \frac{A}{B} + C
\]

Where

- \( A \) = Tonnage loaded (into ship X) at berth No.9
- \( B \) = Average daily loading rate (Based on the past 5 years data calculated as Total tonnage handled at berth No.9

\[
\text{Total time (gross) spent by vessels at berth No.9.}
\]

(iv) For determining the 'norm / cut off time' as well as the actual performance, the total time taken for loading shall be considered when any vessel loads two different parcels by the same or different exporters.

(v) The aggregate of actual pre-berthing detention time suffered by a vessel and the total time actually spent by the vessel at BERTHO No.9 will be compared with the 'norm / cut off time' computed in the manner set out at (iii) above for that vessel to determine whether the vessel is entitled to a rebate in berth hire charges/anchor charges or has to pay supplementary berth hire charges/anchor charges.

(vi) Supplementary berth hire charges/anchor charges @ 40% of the normal berth hire charges/anchor charges for the pre-berthing detention period payable at the prescribed rates shall be levied, in addition, on the vessels which turnaround in lesser time than the 'norm/cut off time' so determined.

(vii) A rebate @ 40% of the normal berth hire charges/anchor charges for the pre-berthing detention period, payable at the prescribed rates, shall be granted if the turnaround time of the vessel exceeds the norm/cut off time so determined.

(viii) Supplementary berth hire/anchor charges shall be payable in advance along with the normal berth hire/anchor charges on an estimated basis and will be refunded if the vessels does not achieve the stipulated turn around time.

(ix) The MOPT shall revise the Scheme every year based on the preceding five years' average data by applying the general formula prescribed in sub note (iii) above. While doing so, the MOPT shall furnish the relevant figures to the Goa Mineral Ore Exporters Association.
SECTION – C(iii) - SPECIAL RATE

(1). A special Rate on vessels loading iron ore shall be levied at Rs. 0.32 per 1000 Kgs or part thereof on the quantity of iron ore shipped.

(2). The special rate shall be payable by Masters, owners or agents of vessels loading iron ore.

SECTION – D

CHARGES FOR SUPPLY OF WATER TO VESSELS AND MISCELLANEOUS ITEMS

1. CHARGES FOR SUPPLY OF WATER TO VESSELS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Position</th>
<th>Rate per 1000 litres</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Coastal Vessels (in Rs.)</td>
</tr>
<tr>
<td>(i)</td>
<td>At Berth</td>
<td>80.15</td>
</tr>
<tr>
<td>(ii)</td>
<td>By Barges</td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>Within Break Water</td>
<td>140.27</td>
</tr>
<tr>
<td>(b)</td>
<td>Beyond Break Water</td>
<td>180.34</td>
</tr>
</tbody>
</table>

2. CHARGES FOR USE OF TUGS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Rate per hour or part thereof (inclusive of fuel and lubricants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Tug used for operation other than for assisting berthing, Unberthing, shifting and towing of vessels within Port limits.</td>
<td>Coastal Vessels (in Rs.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11994.19</td>
</tr>
</tbody>
</table>

3. MISCELLANEOUS CHARGES

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description</th>
<th>Rate per each ship</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Buoys and Lighthouse</td>
<td>Coastal Vessels (in Rs.)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1189.42</td>
</tr>
</tbody>
</table>