

(Published in Part - III Section 4 of the Gazette of India, Extraordinary)

TARIFF AUTHORITY FOR MAJOR PORTS

GNo.52

New Delhi

16 February, 2010

NOTIFICATION

In exercise of the powers conferred under Sections 48, 49 and 50 of the Major Port Trust Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of the Mumbai Port Trust (MBPT) for fixation of upfront tariff for conventional cargo terminals at Mumbai Port in pursuance of the guidelines for upfront tariff setting for PPP projects at Major Ports vide this Authority's Notification No. TAMP/52/2007-Misc dated 26 February 2008 as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports

Case No. TAMP/49/2009 - MBPT

The Mumbai Port Trust

- - - - Applicant

O R D E R

(Passed on this 20 day of January 2010)

This case relates to a proposal dated 11 November 2009 which was supplemented by letter dated 18 November 2009, received from the Mumbai Port Trust (MBPT) for fixation of upfront tariff for conventional cargo handling at Mumbai Port in pursuance of the guidelines for upfront tariff setting for PPP projects at Major Ports vide this Authority's Notification No. TAMP/52/2007-Misc dated 26 February 2008.

2. The salient features of the licensing of the Berth Nos. 1 and 2 ID are as follows:-

- | | | | |
|--------|--|---|---|
| (i) | Berth length | : | 338 metres. |
| (ii) | Period of license | : | 20 years. |
| (iii) | Upfront premium fixed | : | Rs. 5 crores. |
| (iv) | Capital investment
expected from bidders | : | Rs. 45 Crores |
| (v) | Bidder to provide | : | Storage facility, compound
and silos, civil work and 4 ELL cranes & 3
FLTS. |
| (vi) | Capacity of the terminal | : | 40.8 lakh M.T as per
tariff guidelines. However, according to
MBPT the optimal capacity will only be
17.5 Lakh MT. |
| (vii) | Open Area behind berth | : | 25000 Sq. metres |
| (viii) | Size of vessel to be berthed | : | 20000 GRT |
| (ix) | Average parcel size | : | 20000 M.T. |
| (x) | MGT | : | 0.62/1.2. million
(1.2. at 9 th year) |
| (xi). | Upfront tariff proposed | | |
| (a). | Foodgrains handling charges including wharfage - Rs. 91.50 per MT,
Fertilizer handling charges including wharfage Rs. 96.00 per MT and
Mineral and other cargo including wharfage Rs 89 per M.T. | | |
| (b). | Storage charges at Rs. 2.70 per MT per day for all types of cargoes for 20
days after the free period. | | |
| (c). | Other charges at Rs. 5.00 per MT for Foodgrains, Minerals and others and
Rs. 5.50 per MT for fertilizers. | | |
| (d). | Storage charges per M.T. per day is applicable beyond the 5 free days in
case of import cargo and 15 free days in case of export cargo. | | |

- (e). Demurrage charges beyond 20 days after the free period is chargeable at Rs. 10/- per day.
- (f). Coastal cargo concession will be allowed at 40 % on the above rates except for storage of cargo.

3. The salient features of the licensing of Berth Nos. 10, 11 and 12 ID are as follows:

- (i) Berth length : 457.2 metres.
 - (ii) Period of license : 20 years
 - (iii) Upfront premium fixed : Rs. 5 crores.
 - (iv) Capital investment expected from bidders : Rs. 30 Crores
 - (v) Bidder to provide : Civil work and 4 ELL cranes & 3 FLTS.
 - (vi) Capacity of the terminal : 22 lakhs M.T as per tariff guidelines.
However, according to MBPT the optimal capacity will only be 20 lakh M.T
 - (vii) Open Area behind berth : 13340 Sq.metres
 - (viii) Open outlying area : 2500 Sq. metres
 - (ix) Covered area : 9752 Sq. metres
 - (x) Size of vessel to be handled : 20000 GRT
 - (xi) Average parcel size : 20000 M.T.
 - (xii) MGT : 0.62/1.2. million
(1.2. at 9th year)
 - (xiii) Upfront tariff proposed :
- (a). Iron and Steel handling charges including wharfage - Rs. 67.50 per MT, Fertilizer handling charges including wharfage Rs.62.85 per MT and other cargo including wharfage Rs 48.40 per M.T.
 - (b). Storage charges at Rs. 3.50 per MT per day for all types of cargoes for 20 days after the free period.
 - (c). Other charges at Rs. 3.75 per MT for Iron and Steel Rs. 3.45 for fertilizers and Rs. 2.65 for other cargoes.
 - (d). Storage charges per M.T. per day is applicable beyond the 5 free days in case of import cargo and 15 free days in case of export cargo.
 - (e). Demurrage charges beyond 20 days after the free period is chargeable at Rs. 10/- per day.
 - (f). Coastal cargo concession will be allowed at 40 % on the above rates except for storage of cargo.

4. MBPT's proposal was registered as a 'tariff case' and the consultation process was initiated on 23 November 2009 by seeking comments from relevant user organizations and short listed bidders, based on the details furnished by MBPT. The comments as and when received from the user organizations / short listed bidders, were forwarded to the MBPT for remarks. MBPT has responded to the comments furnished by the user organizations / short listed bidders on its proposal.

5. Based on the preliminary scrutiny of the proposals, MBPT was requested to furnish the following information / clarification. The MBPT has furnished its reply vide letter dated 19 December 2009. The details called for and the replies received from MBPT are juxtaposed below:

Sl.No.	TAMP's queries	MBPT's comments
1	A. Common to both the terminals:- MBPT has requested this Authority to fix upfront tariffs for the above mentioned two PPP projects. It is, however, clarified that the tariff caps to be prescribed now would not only be applicable to the projects of conventional cargo terminals 10/11/12 ID and Dry Bulk Terminal 1/2 ID but would also be applicable to all the projects bid out subsequently for identical cargoes at the Mumbai Port during the next five years. This Authority will, therefore, prescribe port specific tariffs and not project specific tariffs which MBPT may kindly take note of.	A. Common to both the terminals:- While MBPT may be able to hold on to the upfront tariff for PPP projects for similar cargo inside docks, it may have to re-look on the rates in case of projects having entirely different features and facilities and capital investments outside docks, if any in due course.
2	The two feasibility studies received from MBPT indicate that they have been carried out in September 2009. Kindly confirm that the proposals are based on the updated costs. Documents supporting this statement may be furnished for perusal	The feasibility study has been conducted by Transaction Adviser appointed from the short list made by the Ministry of Shipping. The proposals are based on estimated cost for various components of the project. In case any specific information is required the same can be addressed to.
3	Rs.171.02 lakhs have been considered towards power consumption. A working sheet detailing how this figure has been arrived at may please be furnished. To substantiate the unit rate of power, a bill generated internally has been submitted. The unit rate of Rs. 10.59 shown therein may please be confirmed	The working of fuel consumption and power consumption is furnished. The rate of Rs.10.59 per unit is the rate at which MbPT is supplying power to similar users. A sum of Rs.0.11 per unit has been considered for escalation in rates.
4	Rs.44 lakhs have been considered as fuel cost. A working sheet detailing how this figure has been arrived at may please be furnished. Recent copy of a bill to substantiate the unit rate of fuel may be furnished	The fuel consumption has been worked out considering no. of hours as per norms. The unit rate of fuel is considered as Rs.36.50 per litre as per the current rate of HSD. Documentary evidence for the same is furnished.
5	The Port has considered consumption of water at Rs. 150 per	It is clarified that even though the rate of Rs.150/- per ton has been indicated, water

	tonne. As per the guidelines for upfront tariff setting, the expenditure on water supply is not a separate head of expenses but to be considered under other expenses.	charges has not been considered in the cost computation.						
6	Perusal of Annexure B to letter dated 18 November 2009 reveals that MBPT has reproduced thereat the clauses appearing in the existing SOR. Clauses relating to shippers own containers, advalorem rates, Dollar denominated tariff, regular review of exchange rate are few examples in this connection. Port is requested to redraft the terms and conditions for the proposed SOR restricting the requirements of the terminals under operation in a private public participation environment.	The terminals are Brown Field Projects to be operated parallel to other facilities of MBPT at Indira Dock. The terms and conditions have been specified after considering the requirements of the PPP project. There is also a provision for handling containers in one of these terminals. Any specific exclusion or redrafting can be looked into.						
7	B. Pertaining to Terminal 10, 11 and 12 ID. The capacity calculation furnished by MBPT considers operation of 4 cranes at the performance level of 125 tonnes per hour. In this regard, the following points may be clarified: (a) Justification and basis alongwith calculation for the revised performance norm of 125 tonnes per hour. (b) Justification and reasons for considering 4 cranes as against the normative level of three cranes prescribed in the guidelines, particularly in the background of below norm capacity assessment	B. Pertaining to Terminal 10, 11 and 12 ID. The terminals are located inside the docks having restriction for entry and exit. As such it was felt essential to have minimum 4 cranes in order to ensure that the turnaround of the vessel is not further hampered. The output of 125 tonnes per hour is justifiable with the working conditions prevalent at the docks. The variation from the normal levels as far as number of cranes is concerned and output levels are justifiable with the site conditions. Hence assessment of capacity is felt in order. The computation is as follows : 4 cranes x 12 moves per hour x 10.50 ton per move x 20 hours x 200 days = 20 lakhs metric ton.						
8	As per the feasibility report, Rs. 2 crores would be expended towards berth resurfacing, smoothening and warehouse superstructure strengthening as civil capital cost and Rs. 28 crores towards mechanical and electrical handling equipment (cranes), support equipment and electrical fitment. The feasibility report does not furnish the break-up and the basis of the estimated capex. The following additional details in this respect may please be provided:- (a) Detailed breakup of civil cost, equipment cost and plant and	As stated earlier, the PPP projects proposed are Brown Field and the physical conditions like draft, beam LOA of the vessels and the existing facilities etc. has been considered while arriving at the Capital Expenditure. The details of the capital cost are as follows: Rs in crores <table border="1"> <tr> <td>1</td><td>Civil work consisting of berth, resurfacing and strengthening of super structure of warehouse and capital repairs to the existing facilities</td><td>2</td></tr> <tr> <td>2</td><td>4 ELL cranes of minimum 16 tonnes</td><td>26</td></tr> </table>	1	Civil work consisting of berth, resurfacing and strengthening of super structure of warehouse and capital repairs to the existing facilities	2	2	4 ELL cranes of minimum 16 tonnes	26
1	Civil work consisting of berth, resurfacing and strengthening of super structure of warehouse and capital repairs to the existing facilities	2						
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	machinery cost, etc., along with unit rate, number of equipments, etc. (b) Period to which the unit rate of civil and equipment cost pertains (c) Documentary support of the capital estimates in the form of rate analysis, budgetary quotations, etc.	<table> <tr> <td></td><td>capacity @ Rs.6.5 per crane</td><td></td></tr> <tr> <td>3</td><td>3 FLT's of different capacities</td><td>2</td></tr> <tr> <td></td><td>TOTAL</td><td>30</td></tr> </table>		capacity @ Rs.6.5 per crane		3	3 FLT's of different capacities	2		TOTAL	30
	capacity @ Rs.6.5 per crane										
3	3 FLT's of different capacities	2									
	TOTAL	30									
9	While computing the revenue requirement, Rs. 55 lakhs has been considered as employee cost and Rs.150 lakhs as other expenses. As per para 5 of Annexure V to the guidelines for upfront tariff setting for PPP projects at Major Port Trust, 2008, five percent of gross fixed assets value has to be considered as other expenses consisting of (a) Salaries and wages of operating and maintenance staff including welfare and other expenses towards them (b) Management and general overheads comprising (i) Salaries of management and administration staff including welfare and other expenses towards them (ii) Maintenance of computers and other office equipment (iii) Any other miscellaneous cost.	The salaries and wages and overheads are not being considered as separate item and these have been included in the lump sum provision of 5% under the head other expenses as per norms vide our revised proposal dated 18.11.2009. Hence there is no anomaly.									
10	Depreciation has been considered at Rs.20 lakhs (civil) and Rs. 420 lakhs (mechanical/electrical). Depreciation has to be calculated as per the norms prescribed in Companies Act or any norms prescribed in the license agreement whichever is higher vide table 3 below para 5 of Annexure V ibid. Therefore, detailed calculation of the asset wise depreciation and the basis on which the depreciation has been arrived at may please be furnished.	Depreciation has been worked out as per the rate of the Companies Act. Hence no anomaly.									
11	License fees of Rs. 104.05 lakhs, Rs. 36 lakhs and Rs. 91. 27 lakhs have been considered. How these	Detailed computation of License fee has been furnished. The rates for rentals / License Fee have been taken from the proposed SOR									

	figures have been arrived at may please be detailed with the help of working sheets. Kindly ensure that the license fee is as per the Scale of Rates of the MBPT. In this regard, an analysis showing the reasonableness of area to be allotted with reference to the capacity of the facility and expected dwell time of different cargo may be furnished.	submitted before TAMP except in case of outlying areas which has been arrived at the rate of Rs. 120 per sq. metre per month considering the alternative use of the area. An analysis showing the reasonableness of the area allowed and the capacity computation is furnished.
12	When the terminal capacity is reported to be ranging between 0.77 MMTPA and 2.71 MMTPA, kindly explain why the optimal capacity of the terminal is to be restricted at 20 lakhs MT.	The capacity of the terminal is ranging from 0.77 million metric ton to 2.71 million metric ton per annum. The achievement of 2.71 million metric tonne is highly optimistic and this will require increase in productivity, which is highly sensitive considering the limitations of the facilities available. The project is for a period of 20 years and thus optimal capacity is assessed as 20 lakh metric ton per annum, which is felt realistic.
13	Port has proposed wharfage charges at Rs. 90, Rs. 84 and Rs. 63.50 per MT on iron and steel, fertilizer and other cargoes respectively. The composition of cargo is stated as iron and steel (55%), fertilizers (20%) and other cargoes (25%). The basis on which cargo wise handling charges have been proposed may please be explained with supporting working sheets. It is pointed out that the commodity wise wharfage per tonne to be prescribed should cover the cargo handling charges including the cargo loading or unloading charges (as the case may be) and transportation charges. Kindly confirm that the rates proposed include all the elements including onboard labor charges.	We confirm that the wharfage rate includes all cargo handling charges including loading and unloading charges and transportation charges and cost of On-Board Labour. The cargo mix has been estimated. The level of charges has been fixed on the same proportion as that of MBPT's rates for different cargoes.
14	It has been considered that Rs. 70 lakhs will be realized as storage charges towards keeping the cargoes beyond the free period. Storage charges at the rate of Rs. 4/- per MT per day for all types of the commodities have been proposed. It is not clear how this figure has been arrived at although MBPT has used a formula of 1 lakhs tones x 3.5 hours per day x 20 days. MBPT is requested to elucidate. MBPT is also requested to submit a dwell time analysis of the cargoes to ensure that the revenue requirement and the storage charges proposed even out.	It is estimated that 5% of the optimum throughput (i.e. 20 lakhs tones x 5%) will be the average cargo at the terminal for a period of 20 days beyond the free days. Rs.3.5 is the rate for storage charges per metric ton per day. A working sheet is furnished in this respect.

15	C. Pertaining to Terminal 1 and 2 ID. The capacity calculation furnished by MBPT considers operation of 4 cranes at the performance level of 110 tonnes per hour. In this regard, the following points may be clarified: (a) Justification and basis alongwith calculation for the revised performance norm of 110 tonnes per hour. (b) Justification and reasons for considering 4 cranes as against the normative level of three cranes prescribed in the guidelines, particularly in the background of below norm capacity assessment	The terminals are located inside the docks having restriction for entry and exit for vessels. As such it was felt essential to have minimum 4 cranes in order to ensure that the turnaround of the vessel is not further hampered. The output of 110 tonnes per hour is justifiable with the working conditions prevalent at the docks. The variation from the normal levels as far as no. of cranes is concerned and output levels are justified with the site conditions. Hence the capacity assumptions are felt in order.																								
16	As per the feasibility report, Rs. 14 crores would be expended towards berth upgradation, storage-development and rail and road network as civil capital cost and Rs. 31 crores towards handling equipment, supporting equipment, electrical fitment and other support infrastructure and services. The feasibility report does not furnish the break-up and the basis of the estimated capex. The following additional details in this respect may please be provided:- (a) Detailed breakup of civil cost, equipment cost and plant and machinery cost, etc., along with unit rate, number of equipments, etc. (b) Period to which the unit rate of civil and equipment cost pertains. (c) Documentary support of the capital estimates in the form of rate analysis, budgetary quotations, etc	The breakup of the estimated cost is as follows : Rs in crores <table border="1"> <tr> <td>1</td><td>Civil work consisting of capital repairs of berths and backup area</td><td>2</td></tr> <tr> <td>2</td><td>Storage tanks inclusive of silos including conveyer belt</td><td>10</td></tr> <tr> <td>3</td><td>Additional rail and road works</td><td>2</td></tr> <tr> <td>4</td><td>4 ELL cranes</td><td>26</td></tr> <tr> <td>5</td><td>3 FLT's</td><td>2</td></tr> <tr> <td>6</td><td>Electrical installations</td><td>2</td></tr> <tr> <td>7</td><td>Others</td><td>1</td></tr> <tr> <td></td><td>TOTAL</td><td>45</td></tr> </table> The figures are based on estimates.	1	Civil work consisting of capital repairs of berths and backup area	2	2	Storage tanks inclusive of silos including conveyer belt	10	3	Additional rail and road works	2	4	4 ELL cranes	26	5	3 FLT's	2	6	Electrical installations	2	7	Others	1		TOTAL	45
1	Civil work consisting of capital repairs of berths and backup area	2																								
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17	While computing the revenue requirement, Rs. 102 lakhs has been considered as employee cost and Rs.225 lakhs as other expenses. As per para 5 of Annexure V to the guidelines for upfront tariff setting for PPP projects at Major Port Trust, 2008, five percent of gross fixed assets value has to be considered as other	The proposal dated 18 November 2009 has addressed all the points stated at this para.																								

	expenses consisting of (a) Salaries and wages of operating and maintenance staff including welfare and other expenses towards them (b) Management and general overheads comprising (i) Salaries of management and administration staff including welfare and other expenses towards them (ii) Maintenance of computers and other office equipment (iii) Any other miscellaneous cost	
18	Depreciation has been considered at Rs.140 lakhs (civil) and Rs. 465 lakhs (mechanical/electrical). Depreciation has to be calculated as per the norms prescribed in Companies Act or any norms prescribed in the license agreement whichever is higher vide table 3 below para 5 of Annexure V ibid. Therefore, detailed calculation of the asset wise depreciation and the basis on which the depreciation has been arrived at may please be furnished.	Computation of depreciation is furnished. This is as per Companies Act, 1956 and as per norms.
19	License fee of Rs. 195 lakhs has been considered. How this figure has been arrived at may please be detailed with the help of a working sheet. Kindly ensure that the license fee is as per the Scale of Rates of the MBPT. In this regard, an analysis showing the reasonableness of area to be allotted with reference to the capacity of the facility and expected dwell time of different cargo may be furnished.	The detailed working sheet showing calculation of License fee / rentals is furnished.
20	When the terminal capacity is reported to be ranging between 0.62 MMTPA and 2.02 MMTPA, kindly explain why the optimal capacity of the terminal is to be restricted at 17.50 lakhs MT.	The optimum capacity of the terminal is ranging from 0.61 million metric ton to 2.71 million metric ton per annum. The achievement of 2.02 MMTPA optimistic and this may require increase in productivity, which is highly sensitive considering the limitations of the facilities available. Further, the project is for a period of 20 years and thus optimal capacity is assessed as 17.5 lakh metric ton per annum, which is felt realistic.
21	Port has proposed wharfage	We confirm that the wharfage rate includes all

	charges at Rs. 120, Rs. 126 and Rs. 117 per MT on food grains, fertilizer and minerals and others respectively. The composition of cargo is stated as foodgrains (50%), fertilizers (30%) and mineral and others (20%). The basis on which cargo wise handling charges have been proposed may please be explained with supporting working sheets. It is pointed out that the commodity wise wharfage per tonne to be prescribed should cover the cargo handling charges including the cargo loading or unloading charges (as the case may be) and transportation charges. Kindly confirm that the rates proposed include all the elements including onboard labor charges.	cargo handling charges including loading and unloading charges and transportation charges and cost of On-Board Labour. The cargo mix has been estimated. The level of charges has been fixed on the same proportion as that of MBPT's rates for different cargoes.
22	That Rs. 94.5 lakhs will be realized as storage charges towards keeping the cargoes beyond the free period. Storage charges at the rate of Rs. 3.5/- per MT per day for all types of the commodities have been proposed. It is not clear how this figure has been arrived at although MBPT has used a formula of 1.75 lakhs tonnes x 2.7 x 20 days. MBPT is requested to elucidate. MBPT is also requested to submit a dwell time analysis of the cargoes to ensure that the revenue requirement and the storage charges proposed even out.	It is estimated that 10% of the optimum throughput (i.e. 17.5 lakh tones x 10%) will be the average cargo at the terminal for a period of 20 days beyond the free days. Rs.2.7 is the rate for storage charges per metric tonne per day. A working sheet is furnished.

6.1. A joint hearing in this case was held on 29 December 2009. MBPT, the user organizations and the short listed bidders made their submissions thereat.

6.2. At the hearing, the Port was informed that its letter dated 19 December 2009 in response to the queries raised by this Authority did not frontally address some of the important issues raised particularly with reference to the proposed deviations from the norms given in the guidelines. MBPT was, therefore, advised to revisit the reply furnished by it earlier and explain each of the points with necessary justification and analysis backed by empirical evidence. The Port was also requested to furnish detailed justification for the proposed deviations from the norms particularly in respect of capacity calculation and equipment.

6.3. In its letter dated 7 January 2010, MBPT clarified as under:-

- (i) The capacity has been calculated considering the average output of 125 tons per hour in case of conventional cargo terminal 10, 11 and 12 ID and 110 tons per hour in case of dry bulk terminal 1 and 2 ID. The capacity calculations have been made based on the output per crane. For the conventional cargo terminal there is benefit of better quay length for larger ships and continuous berth length helps in achieving better synergies. Hence, it is assumed that the cranes here in long run (considering overall availability and usability) will show a notch higher productivity as compared to other terminal. The overall terminal capacity is calculated as under:-

Optimal Terminal Capacity = 4 cranes * 4000 Working Hours * 125 tons hourly productivity = 2000000 Tons per year

- (ii) With combined (at right angle to each other) berth length of 357 meters and planned Capex of Rs.45 crore and with the visibly high capex at the terminal 1 and 2 ID is mainly attributed to the larger portion of it earmarked for development of storage facility and civil upgrade. The dry bulk terminal is having smaller berth length, with added disadvantage of both the berth being at right angles to each other thus leaving no freedom for inter berth adjustment of ship size. Considering this fact, it is assumed that the overall productivity of the cranes would be lower at this terminal than compared to the conventional cargo terminal. Hence, the overall productivity at this terminal is calculated at the handling rate of 110 tons per hour as compared to 125 tons per hour for other terminal. The overall terminal capacity is calculated as per below assessment.

Optimal Terminal Capacity = 4 cranes * 4000 Working Hours * 110 tons hourly productivity = 1760000 Tons per year

The capacity of 2 million tons for terminal 10,11 and 12 ID and 1.76 million tons for terminal 1 and 2 ID can be considered reasonable. The standard productivity norms cannot be applied at these terminals.

- (iii) We have reviewed a differential tariff proposed for 'fertilizer' at terminal 1 and 2 ID and terminal 10 11, and 12 ID. The tariff structure has been re-considered and the following amendments are proposed based on the discussions at the joint hearing.
- (a) The cargo handling charges including wharfage for fertilizer is proposed at Rs. 61.58 per ton, common for both the terminals. As a consequence, cargo handling charges including wharfage for foodgrains and other minerals is proposed to be increased to Rs. 102.32 per ton and Rs. 106.11 per ton respectively.
 - (b) The estimated quantity of storage has been considered as 5% of the total cargo for both the terminals.

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

7. With reference to the totality of the information collected during the processing of the case, the following points emerge for consideration:

- (i) Although the MBPT has requested this Authority to fix upfront tariffs for the dry bulk terminal 1 and 2 ID and conventional cargo terminal 10, 11, 12 ID, it was clarified to the port that as per clause 2.2 of the guidelines for upfront tariff setting for PPP Projects at Major Port Trusts of February 2008 the tariff caps to be prescribed now would not only be applicable to the two PPP projects but would also be applicable to all similar projects to be bid out subsequently for handling identical cargoes at the Mumbai Port during the next five years. MBPT in its reply dated 19 December 2009 has informed that it may be able for it to hold on to the upfront tariff for PPP projects for similar cargo inside the docks but it may have to re-look on the rates in case of projects having entirely different features and facilities and capital investments outside docks, if any, in due course.
- (ii) MBPT has claimed that it has adhered to the guidelines notified for upfront tariff setting vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008 issued by this Authority except in regard to the norms prescribed for calculating the capacity of the terminal. In fact, in addition to the capacity calculations, some more deviations have

been observed in the MBPT's proposal. The deviations observed are as discussed below:

- (a) As per the norm for fixation of upfront tariff for services rendered at the multi-purpose berth, to arrive at the optimal capacity of the terminal, the Port has to consider the handling rates of the vessels carrying different types of cargoes as stipulated at para 3.1 of Annex V to the upfront tariff guidelines. MBPT, however, has not furnished the per day handling rates of vessels carrying the different types of cargoes stating that the norms fixed in the guidelines are not workable in its two projects since the terminals situated inside the docks can cater only to vessels having maximum parcel size of 20000 tons due to beam, draft and LOA restrictions. Further, the configuration of Terminal 1 and 2 ID with two berths at right angle to each other will also pose restrictions on manuearability. As per the Port, Terminal 1 and 2 ID, is expected to handle foodgrains, fertilizers and minerals and others cargoes in vessels having 20000 tons parcel size and the composition of cargo would be 50% foodgrains, 30% fertilizers and 20% mineral and others. Terminal 10, 11 and 12 ID is expected to handle Iron and Steel (55%), Fertilizers (20%) and other types of cargoes (25%) in vessels of 20000 tons parcel size.
- (b) Port has proposed to install 4 numbers of level luffing wharf cranes at the Terminal 1 and 2 ID. It has arrived at the optimal capacity of the terminal as 17,60,000 tons, considering the output per crane per hour at 110 tons (4 cranes x 4000 hours x 110 tons). The norm fixed for foodgrains and fertilizer vessels of parcel size below 30000 tons is 7500 ton per day and for vessels carrying minerals and others it is 10000 tons per day irrespective of the parcel size of the vessels. Considering the beam, draft and LOA constraints expressed by the Port, this Authority is inclined to consider the handling rate of all the commodities at 7500 tons per day. However, the reason why hourly productivity of a crane should be lowered on the grounds adduced by the Port is not clearly discernable. If at all, those factors may have some bearing on overall turn around of a vessel. It has to be recognized that, the optimal capacity of the terminal is reckoned at 70% of the maximum capacity. Further, only 4000 working hours have to be considered per year which roughly works out to 45% of the available hours in a year. There will thus be a cushion of about 55 % as idle hours. Considering these factors, the handling rate for optimal working is taken as 160 tons per crane per hour.
- (c) As against the deployment norm of three cranes, the port has proposed to provide four cranes. The normative level prescribed in the guideline generally envisages a single berth configuration of multipurpose terminal. As against the standard berth length of about 250 mtrs to 300 mtrs, the MBPT has considered the existing berth length of 338 mtrs at Berths 1 and 2 ID and 457.2 mtrs at Berths 10, 11 and 12 ID. Further, as noted earlier, the restrictions imposed by physical features of the existing dock system will have an effect on turning around of the vessels. This handicap can be partially overcome by attempting better berth productivity which is possible by inducting adequate handling equipment. Seen in this perspective, the MBPT proposal to consider 4 cranes at each of the terminals deserves to be admitted.
- (d) The optimal capacity of Terminal 1 and 2 ID, therefore, stands revised to 25,60,000 tonnes (4 cranes x 4000 hours x 160 tonne/hour)
- (e) The Port has arrived at the optimal capacity of terminal 10,11 and 12 ID as 20,00,000 tons after considering the output per crane per hour at 125 tons (4 cranes x 4000 hours x 125 tons). The output norm fixed for Iron and Steel vessels, fertilizer vessels and other cargo vessels are 4000 tons , 7500 tons and 10000 tons respectively per day. On this basis, and for the same reasons elaborated in sub-para (b) above, the hourly handling rate of Iron and Steel Vessels, fertilizer vessels and other cargo vessels would be 85 tons, 160 tons and 212 tons respectively. In this terminal also, the port has proposed to provide four cranes as

against the norm of having three cranes per berth. Considering the installation of 4 cranes, the percentage share of the three cargo groups (55% steel, 20% Fertilizer and 25% other cargoes) and the different handling rate of the vessels carrying different types of cargoes, the optimal capacity of the terminal 10, 11 and 12 ID works out to 2108000 tons.

- (f) MBPT has considered a rate of Rs. 65/- per Square Meter per month for open area while arriving at the yearly license fees for lands. The rate adopted in the calculation is the rate proposed by the Port in its impending rate revision. As per the norm, the existing rate in the SOR which is Rs. 50/- per square meter per month has been considered for arriving at the license fees for terminal 1 and 2 ID.
- (g) In respect of terminal 10, 11 and 12 ID, the Port has considered the proposed rates of Rs. 65/- and Rs. 78/- per square meter per month while arriving at the license fees for the open area behind berth and for the covered area respectively. As per the norm, the existing rates of Rs. 50/- and Rs. 60/- per square meter per month has been considered for arriving at the license fees for terminal 10, 11 and 12 ID.
- (h) In respect of terminal 10, 11 and 12 ID, the rentals for outlying area admeasuring 2500/- square meter has been considered by Port at Rs. 120/- per square meter per month stating that this rate has been arrived at after taking into account the alternative use of the area. Since the license fees has to be calculated as per the SOR, the rate of Rs. 60/- per square meter per month, which is the highest license (storage fees) available in the MBPT SOR has been considered.
- (i) As per the guidelines, depreciation should be calculated following the straight line method as prescribed in the Companies Act. MBPT has calculated the depreciation accordingly in respect of civil works at 3.34%. In respect of mechanical equipment, MBPT has only considered a rate of 4.75 % which is the depreciation rate prescribed in the Companies Act for single shift working. Considering that a port terminal works round the clock, depreciation @ 10.34 % has been allowed as prescribed in the Companies Act for 3 shift working.
- (iii) As regards the capital expenditure of Rs. 45 crores for Terminal 1 and 2 ID and Rs. 30 crores for Terminal 10, 11 and 12 ID, detailed item wise break-up is neither available in the feasibility report nor provided by the Port, despite a specific request. The details furnished by the Port are hence relied upon while fixing the upfront tariff of the terminals.
- (iv) Though the proposed upfront premium of Rs. 5 crores per terminal is indicated by the Port in its proposal, the upfront tariff computation does not factor this element.
- (v) (a) A statement, attached as **Annex - I** gives the computation of upfront tariff in respect of the terminal 1 and 2 ID as furnished by MBPT and as modified by us. The statement reveals that after providing ROCE of Rs. 720 lakhs at 16% on a capital base of Rs. 4500 lakhs and taking the operating cost at Rs. 1171.30 lakhs, the annual revenue requirement for cargo handling operation as Rs. 1891.30 lakhs. As per the norm, the port has apportioned this revenue requirement among cargo handling charges, storage charges and miscellaneous charges in the ratio of 90:5:5. Accordingly, Rs. 1702.17 lakhs (90% of Rs. 1891.30 lakhs) is to be raised from cargo handling charges. MBPT has proposed concessional coastal tariff at 60% of the normal cargo related charges, though according to it, the component of coastal cargo is negligent. Assuming that 10% of the vessels calling at the terminal would fall under coastal category, to meet with the revenue requirement of Rs. 1702.17 lakhs per annum, the cargo handling rates work out to Rs. 69.26 (Foreign) and Rs. 41.56 (coastal) for all the three cargo groups. At the joint hearing both the MANSA and CSLA suggested that the services covered by handling charges should be clearly listed out. The cargo handling charges covers charges towards wharfage, loading or unloading the cargo to / from the ship, transfer of the cargo upto the point of storage and storage of the cargo

at the stackyard upto a free period of 15 days for export cargo and five days for import cargo. Further, the MBPT has clarified that on board labour cost is also included in their proposal.

- (b)(i) Storage charge is leviable for storage of cargoes at the transit area beyond the allowable free period of 5 days for import cargo and 15 days for export cargo. The revenue requirement of Rs.94.56 lakhs (5% of Rs.1891.30 lakhs) of terminal 1 and 2 ID towards storage charges has to be met from the cargo that may remain after the permitted free period of 5 days for import cargo and 15 days for export cargo. The Port in its letter dated 7 January 2010 has stated that 5% of the optimum throughput will be the average cargo that will be remaining at the terminal for a period of 20 days beyond the free days. On this basis, for realization of the revenue requirement of Rs. 94.56 lacs, this Authority accords approval to the levy of storage charges at Rs. 3.70 per ton per day for storage of cargo beyond the free period.
- (ii) The Port has proposed to levy demurrage charges at terminal 1 and 2 ID the rate of Rs. 10 per ton per day, if the cargo remains at the terminal beyond 20 days after the free period. No supporting working sheet has been submitted by the Port. Instead of levying a flat rate of Rs. 10/- per day as demurrage for storage beyond 20 days after the free period, the tariff structure of levying double the storage charges for the next ten days and at four times the storage charges thereafter is approved.
- (c) The revenue requirement towards miscellaneous charges also works out to Rs.94.56 lakhs (5% of Rs.1891.30 lakhs). For meeting the expenses not covered under cargo handling and storage charges, this Authority approves a tariff cap of Rs. 3.70 per ton as miscellaneous charges.
- (vi) (a) The statement attached as **Annex - II** gives the computation of upfront tariff in respect of the terminal 10,11 and 12 ID as furnished by MBPT and as modified by us. The statement reveals that after providing ROCE of Rs. 480 lakhs at 16% on a capital base of Rs. 3000 lakhs and taking the operating cost at Rs. 1001.65 lakhs, the annual revenue requirement for cargo handling operation as Rs. 1481.65 lakhs. Here too, as per the norms the port has apportioned this revenue requirement among cargo handling charges, storage charges and miscellaneous charges in the ratio of 90:5:5. Fertilizer is proposed to be handled at both the terminals with percentage share of 30 in terminal 1 and 2 ID and 20 in terminal 10, 11 and 12 ID. As per the MBPT's initial proposal, on fertilizer cargo, the cargo handling rates of Rs. 126/- per ton at 1 and 2 ID and Rs.84 per ton at 10, 11 and 12 ID were to be levied. At the joint hearing, MANSA has pointed out that there could be three different tariffs for the same cargo in the Mumbai Port. As per the upfront tariff guidelines, the rate applicable for identical cargoes in a port has to be common. In view thereof, it is necessary to maintain the cargo handling rate of fertilizer on par at both the terminals. The rate arrived at for fertilizer at Terminal 1 and 2 ID, where the cargo share is 30% is Rs. 69.26 (foreign) and Rs. 41.56 (coastal). The revenue requirement for cargo handling charges at terminal 10, 11 and 12 ID works out to Rs. 1333.48 lakhs (90% of Rs. 1481.65 lakhs stated above). Handling the expected throughput of 4.2 lacs tonnes of fertilizer at the rate of Rs. 69.26 (foreign) and Rs. 41.56 (coastal) per tonne would generate a revenue of Rs. 279.17 crores. The balance revenue requirement of Rs.1054.31 crore can be met from the estimated handling of 11.50 lakh tonnes of Iron and Steel and 5.25 lakhs tonnes of other cargo with the cargo handling charges of Rs. 80.45 per ton for Iron and Steel and Rs. 32.19 per ton for other cargoes. These rates are for "Foreign" category and the corresponding concessional coastal rate per ton (assuming that 10% of the vessels calling at the terminal would fall under coastal category) would be Rs. 48.27 and Rs. 19.31 respectively. The services covered by the handling charges are already listed out in para v (a) above.
- (b)(i) The revenue requirement of Rs. 74.08 lakhs (5% of Rs.1481.65 lakhs) of terminal 10, 11 and 12 ID towards storage charges has to be met from the cargo that may remain after the permitted free period of 5 days for import cargo and 15 days for export cargo. Heretoo according to MBPT, 5% of the optimum throughput will remain at the terminal

for a period of 20 days beyond the free days. On this basis, for realization of the revenue requirement of Rs. 74.08 lakhs, this Authority accords approval to the levy of Rs. 3.70 per ton per day on fertilizers and Rs. 3.51 per ton per day on Iron and Steel and other cargoes for storage beyond the free period.

- (ii) The Port has proposed to levy demurrage charges at terminal 10, 11 and 12 ID the rate of Rs. 10 per ton per day, if the cargo remains at the terminal beyond 20 days after the free period. No supporting working sheet has been submitted by the Port. Instead of levying a flat rate of Rs. 10/- per day as demurrage for storage beyond 20 days after the free period, the tariff structure of levying double the storage charges for the next ten days and at four times the storage charges thereafter is approved.
- (c) The revenue requirement towards miscellaneous charges also works out to Rs.74.08 lakhs (5% of Rs.1481.65 lakhs). For meeting the expenses not covered under cargo handling and storage charges, this Authority approves a tariff cap of Rs.3.53 per ton as miscellaneous charges.

8.1. As per clause 2.8 of the Guidelines, the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2010 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

8.2. As specified in clauses 2.9.1. and 2.9.2. of the guidelines, before commencement of commercial operations, the private operators shall approach this Authority for notification of the Scale of Rates containing the approved ceiling rates and the statement of conditions, as required under Section 48 of the Major Port Trusts Act, 1963.

8.3. As per clause 3.8.5 of the guidelines, if any question arises requiring clarifications or interpretation of the Scale of Rates and the statement of conditionalities, the matter shall be referred to this Authority and its decision in this regard will be binding on the operators.

8.4. The performance norms for the projects should be clearly brought out in the bid documents. The private operators are expected to perform at least at the performance norms brought out in the bid document/concession agreement.

8.5. The actual performance of the private operators will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority will enquire into such allegation and forward its findings to the Mumbai Port Trust. If any action is to be taken against the private operators, the Mumbai Port Trust shall initiate appropriate action in accordance with the provisions of the relevant Concession Agreement.

8.6. During the commercial operation at the terminal, within 15 days from the end of every quarter, the private operator shall submit to this Authority through the Mumbai Port Trust a report containing the terminal's physical and financial performance during the preceding three months.

9. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the tariff caps for the two conventional cargo terminals i.e. 1 and 2 ID and 10,11 & 12 ID at Mumbai Port attached as **Annex - III and Annex - IV** respectively.

(Rani Jadhav)
Chairperson

Annex – I**FORMULATION OF UPFRONT TARIFF FOR MULTIPURPOSE CARGO TERMINAL 1 AND 2, ID AT MUMBAI PORT**

Sr.No.	Particulars	As estimated by MBPT	As considered by TAMP
A.	Capacity		
(a)	Percentage of foodgrain vessels to be handled	50	50
(b)	Percentage of fertilizer vessels to be handled	30	30
(c)	Percentage of minerals and other cargo vessels to be handled	20	20
(d)	Ship day output of foodgrain vessels (tons per hour)	440	640
(e)	Ship day output of Fertilizer vessels (tons per hour)	440	640
(f)	Ship day output of minerals and other cargo vessels (tons per hour)	440	640
(g)	Optimal capacity as worked out by MBPT (4000 x 440) tons	1760000	
(h)	Optimal capacity as worked out by TAMP (4000 x 640) tons		2560000
B.	Capital Cost of the terminal (Rs. in lakhs)		
(i).	Civil Structure	1400	1400
(ii).	Equipment Cost	3100	3100
	Total Cost	4500	4500
C.	Operating Cost of the terminal (Rs. in lakhs)		
	(a). Power	171.20	171.20
	(b). Fuel	44.00	43.80
	(c). Repairs and Maintenance - Civil	14.00	14.00
	(d). Repairs and Maintenance - Mechanical	155.00	155.00
	(e). Insurance	45.00	45.00
	(f). Depreciation	194.01	367.30
	(g). License fee	195.00	150.00
	(h). Other expenses at 5% of capital cost	225.00	225.00
	Total [(a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)]	1043.20	1171.30
D.	Revenue Requirement for cargo handling (Rs. In lakhs)		
(i).	Operating Cost	1043.20	1171.30
(ii).	ROCE @ 16% of capital cost	720.00	720.00
	Total Revenue Requirement	1763.20	1891.30
E.	Tariff (Rs. per tonne)		
(i).	Handling Charges		
	(a). Foodgrain		

	Foreign	102.32	69.26
	Coastal	61.39	41.56
	(b). Fertilizer		
	Foreign	61.58	69.26
	Coastal	36.95	41.56
	(c). Minerals and Other cargo		
	Foreign	106.11	69.26
	Coastal	63.67	41.56
(ii).	Storage Charges		
	(a). Foodgrain	4.46	3.70
	(b). Fertilizer	4.46	3.70
	(c). Minerals and Other cargo	4.46	3.70
(iii).	Miscellaneous Charges		
	(a). Foodgrain	5.68	3.70
	(b). Fertilizer	3.42	3.70
	(c). Minerals and Other cargo	5.89	3.70

FORMULATION OF UPFRONT TARIFF FOR MULTIPURPOSE CARGO TERMINAL 10,11 AND 12 ID AT MUMBAI PORT

Sr.No.	Particulars	As estimated by MBPT	As considered by TAMP
A.	Capacity		
(a)	Percentage of Iron and Steel vessels to be handled	55	55
(b)	Percentage of fertilizer vessels to be handled	20	20
(c)	Percentage of other cargo vessels to be handled	25	25
(d)	Ship day output of Iron and Steel vessels (tons per hour)	500	340
(e)	Ship day output of Fertilizer vessels (tons per hour)	500	640
(f)	Ship day output of other cargo vessels (tons per hour)	500	848
(g)	Optimal capacity as worked out by MBPT (4000 x 500) tons	2000000	
(h)	Optimal capacity as worked out by TAMP [0.55 x 340 + 0.2 x 640 + 0.25 x 848] x 4000		2108000
B.	Capital Cost of the terminal (Rs. in lakhs)		
(i).	Civil Structure	200	200
(ii).	Equipment Cost	2800	2800
	Total Cost	3000	3000
C.	Operating Cost of the terminal (Rs. in lakhs)		
	(a). Power	171.20	171.20
	(b). Fuel	44.00	44.00
	(c). Repairs and Maintenance - Civil	2.00	2.00
	(d). Repairs and Maintenance - Mechanical	140.00	140.00
	(e). Insurance	30.00	30.00
	(f). Depreciation	139.68	296.20
	(g). License fee	231.32	168.25
	(h). Other expenses at 5% of capital cost	150.00	150.00
	Total [(a)+(b)+(c)+(d)+(e)+(f)+(g)+(h)]	908.20	1001.65
D.	Revenue Requirement for cargo handling (Rs. in Lacs)		
(i).	Operating Cost	908.20	1001.65
(ii).	ROCE @ 16% of capital cost	480.00	480.00
	Total Revenue Requirement	1388.20	1481.65
E.	Tariff (Rs. per ton)		

(i).	Handling Charges		
	(a). Iron and Steel		
	Foreign	69.16	80.45
	Coastal	41.50	48.27
	(b). Fertilizer		
	Foreign	61.58	69.26
	Coastal	36.95	41.56
	(c). Other cargo		
	Foreign	48.50	32.19
	Coastal	29.10	19.31
(ii).	Storage Charges		
	(a). Iron and Steel	2.95	3.51
	(b). Fertilizer	2.95	3.70
	(c). Other cargo	2.95	3.51
(iii).	Miscellaneous Charges		
	(a). Iron and Steel	3.84	3.53
	(b). Fertilizer	3.42	3.53
	(c). Other cargo	2.70	3.53

MUMBAI PORT TRUST**Tariff Schedule of Conventional Cargo Terminal 1 and 2 ID****1.1. Definitions**

In this Scale of Rates, unless the context otherwise requires, the following definitions shall apply:

- (i) 'Coastal Vessel' shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having valid coastal licence issued by the competent authority.
- (ii) "Day" means a calendar day i.e. the period from the midnight of a day to the midnight of the following day.
- (iii) "Demurrage" shall mean charges payable for storage of cargo within port premises beyond free period, as specified in the scale of rates.
- (iv) 'Foreign-going Vessel' shall mean any vessel other than Coastal vessel.

1.2. General Terms and Conditions

- (i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for its classification as 'coastal' or 'foreign-going' for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ii).
 - (a). 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 or on filing of Coastal International General Manifest in Coastal Establishment Section of Customs Department.
 - (b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.
 - (c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
 - (d). 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.
 - (e). 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.
- (iii). Users will not be required to pay charges for delays beyond a reasonable level attributable to the port.
- (iv). In case a vessel idles due to non availability or breakdown of the shore based facilities of the terminal operator or any other reasons attributable to the terminal operator, rebate equivalent to berth hire charges payable to MBPT accrued during the period of idling of vessel shall be allowed by the terminal operator.
- (v). Interest on delayed payments / refunds:

- (a). The user shall pay penal interest on delayed payments and Port shall pay penal interest on delayed refunds at the rate of 2% above the prevailing PLR of the State Bank of India.
- (b). The delay in payments by user will be counted beyond 10 days after the date of raising the bills. This provision will not apply to the case where payment is to be made before availing of the services / use of port properties as stipulated in the MPT Act, 1963 and / or prescribed as a condition in the tariff.
- (c). The delay in refunds by the port will be counted beyond 20 days from the date of completion of services or on production of all the documents required from the user, whichever is later.
- (vi). (a). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The terminal operator may, if he so desires, charge lower rates and/or allow higher rebates and discounts.
- (b). The terminal operator may, if he so desires, rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.
- (c). The terminal operator should notify the public such lower rates and/or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and/or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.
- (vii). The minimum charges recovered in any bill shall be Rupees Twenty (Rs.20/-) only.
- (viii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.
- (ix). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.

2. Cargo Handling Charges

The Cargo Handling Charges shall be payable on the manifested cargo directly by the importer / exporter at the rates specified below:-

Sl.No.	Commodity	Rate in Rupees per tonne	
		Foreign	Coastal
(a)	Foodgrains	69.26	41.56
(b)	Fertilizers	69.26	41.56
(c)	Mineral and Other cargoes	69.26	41.56

The above rate is for loading or unloading the cargo to / from the ship including wharfage and onboard labour cost and transfer of the cargo upto the point of storage and storage of the cargo at the stackyard upto a free period of 15 days for export cargo and five days for import cargo

and also for any other related services for which a tariff is not prescribed separately in this schedule.

3. Storage Charges

The Storage charges for the cargo stored in the stackyard beyond the free period allowed shall be as below:

(a) Import

Sl.No.	Commodity	Rate in Rupees per MT per day		
		Rate for 6 th day to 25 th day	Rate for 26 th day to 35 day	Rate for 36 th day onwards
(i)	Foodgrains	3.70	7.40	14.80
(ii)	Fertilizers	3.70	7.40	14.80
(iii)	Mineral and other cargoes	3.70	7.40	14.80

(b) Export

Sl.No.	Commodity	Rate in Rupees per MT per day		
		Rate for 16 th day to 35 th day	Rate for 36 day to 45 day	Rate for 46 day onwards
(i)	Foodgrains	3.70	7.40	14.80
(ii)	Fertilizers	3.70	7.40	14.80
(iii)	Mineral and other cargoes	3.70	7.40	14.80

Note to Schedule 3:-

- (i) Five free days for import cargo and fifteen free days for export cargo shall be allowed. For the purpose of calculation of free period, custom notified holidays and terminals non working days shall be excluded.
- (ii) Storage charges shall be payable for all days including terminals non working days and customs notified holidays for stay of cargo beyond the prescribed free days.
- (iii) Storage charge on cargo shall not accrue for the period when the terminal operator is not in a position to deliver / ship the cargo when requested by the user due to reasons attributable to the terminal operator.

4. Miscellaneous Charges.

Sl.No.	Commodity	Rate in Rupees (per tonne)
(i)	All types of cargo	3.70

The miscellaneous charges prescribed above is a composite charge for provision of all miscellaneous services such as sweeping of cargo on the wharf, weighment of cargo, dust suppression etc.

5. General Note to Schedule 2 to 4 above

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2010 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1st April of the relevant year to 31st March of the following year.

MUMBAI PORT TRUST

Tariff Schedule of Conventional Cargo Terminal 10, 11 and 12 ID

1.1. Definitions

In this Scale of Rates, unless the context otherwise requires, the following definitions shall apply:

- (i) 'Coastal Vessel' shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having valid coastal licence issued by the competent authority.
- (ii) "Day" means a calendar day i.e. the period from the midnight of a day to the midnight of the following day.
- (iii) "Demurrage" shall mean charges payable for storage of cargo within port premises beyond free period, as specified in the scale of rates.
- (iv) 'Foreign-going Vessel' shall mean any vessel other than Coastal vessel.

1.2. General Terms and Conditions

- (i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for its classification as 'coastal' or 'foreign-going' for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (ii).
 - (a). 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 or on filing of Coastal International General Manifest in Coastal Establishment Section of Customs Department.
 - (b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.
 - (c). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.
 - (d). 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.
 - (e). 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.
- (iii). Users will not be required to pay charges for delays beyond a reasonable level attributable to the port.

- (iv) In case a vessel idles due to non availability or breakdown of the shore based facilities of the terminal operator or any other reasons attributable to the terminal operator, rebate equivalent to berth hire charges payable to MBPT accrued during the period of idling of vessel shall be allowed by the terminal operator.
- (v) Interest on delayed payments / refunds:
 - (a). The user shall pay penal interest on delayed payments and Port shall pay penal interest on delayed refunds at the rate of 2% above the prevailing PLR of State Bank of India.
 - (b). The delay in payments by user will be counted beyond 10 days after the date of raising the bills. This provision will not apply to the case where payment is to be made before availing of the services / use of port properties as stipulated in the MPT Act, 1963 and / or prescribed as a condition in the tariff.
 - (c). The delay in refunds by the port will be counted beyond 20 days from the date of completion of services or on production of all the documents required from the user, whichever is later.
- (vi)
 - (a). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The terminal operator may, if he so desires, charge lower rates and/or allow higher rebates and discounts.
 - (b). The terminal operator may , if he so desires, rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.
 - (c) The terminal operator should notify the public such lower rates and/or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and/or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.
- (vii). The minimum charges recovered in any bill shall be Rupees Twenty (Rs.20/-) only.
- (viii). All charges worked out shall be rounded off to the next higher rupee on the grand total of each bill.
- (ix). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.5 shall be taken as 0.5 unit and fractions of 0.5 and above shall be treated as one unit, except where otherwise specified.

2. Cargo Handling Charges

The Cargo Handling Charges shall be payable on the manifested cargo directly by the importer / exporter at the rates specified below:-

Sl.No.	Commodity	Rate in Rupees per tonne	
		Foreign	Coastal
(a)	Iron and Steel	80.45	48.27
(b)	Fertilizers	69.26	41.56
(c)	Other cargoes	32.19	19.31

The above rate is for loading or unloading the cargo to / from the ship including wharfage and onboard labour cost and transfer of the cargo upto the point of storage and storage of the cargo at the stackyard upto a free period of 15 days for export cargo and five days for import cargo and also for any other related services for which a tariff is not prescribed separately in this schedule.

3. Storage Charges

The Storage charges for the cargo stored in the stackyard beyond the free period allowed shall be as below:

(a) Import

Rate in Rupees per MT per day				
Sl.No.	Commodity	Rate for 6 th day to 25 th day	Rate for 26 th day to 35 day	Rate for 36 th day onwards
(i)	Iron and Steel	3.51	7.02	14.04
(ii)	Fertilizers	3.70	7.40	14.80
(iii)	Other cargoes	3.51	7.02	14.04

(b) Export

Rate in Rupees per MT per day				
Sl.No.	Commodity	Rate for 16 th day to 35 th day	Rate for 36 day to 45 day	Rate for 46 day onwards
(i)	Iron and Steel	3.51	7.02	14.04
(ii)	Fertilizers	3.70	7.40	14.80
(iii)	Other cargoes	3.51	7.02	14.04

Note to Schedule 3:-

- (i) Five free days for import cargo and fifteen free days for export cargo shall be allowed. For the purpose of calculation of free period, custom notified holidays and terminals non working days shall be excluded.
- (ii) Storage charges shall be payable for all days including terminals non working days and customs notified holidays for stay of cargo beyond the prescribed free days.
- (iii) Storage charge on cargo shall not accrue for the period when the terminal operator is not in a position to deliver / ship the cargo when requested by the user due to reasons attributable to the terminal operator.

4. Miscellaneous Charges.

Sl.No.	Commodity	Rate in Rupees (per tonne)
(i)	All types of cargo	3.53

The miscellaneous charges prescribed above is a composite charge for provision of all miscellaneous services such as sweeping of cargo on the wharf, weighment of cargo, dust suppression etc.

5. General Note to Schedule 2 to 4 above

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2010 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1st April of the relevant year to 31st March of the following year.

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

No. TAMP/49/2009-MBPT

Proposal from Mumbai Port Trust (MBPT) for fixation of upfront tariff for conventional cargo terminals to be developed on BOT basis at the Mumbai Port.

A summary of the comments received from the user organizations are summarized below:

Sl. No.	Comments by users / user organizations	Reply of MBPT
1	Samsara Shipping Pvt. Ltd. 1) Employee cost is not included in the computation of revenue requirement 2) The administration cost is not included in computation of revenue. 3) Depreciation cost is worked on straight line method which should be on Written down value. 4) Te revenue /profit share to Mumbai Port should also be included while computing revenue requirement. 5) Items covered under other expenses should be specified. 6) Calculations to arrive at fuel and power expenses should be provided. 7) Throughput for revenue requirement is considered as 20 lakhs MT p.a. whereas MGT is 6 lakhs mt for the first year and then incremental @ 20%. Even after 10 years. MGT does not reach 20 lakh MT 8) As per past traffic handled at berth 10, 11, 12 (in between 6 lakhs to 7 lakhs mt pa.) the capacity Calculation of 20 lakhs is too theoretical and incorrect. 9) MBPT has not provided onboard stevedoring rates proposed to the TAMP. 10) Cargo handling charges definition is vague and ambiguous. Transportation of cargo parcels under hook to stacking point should not be included in it. 11) Basis of arriving at Storage charge of Rs.	1) The employee cost has been considered in the proposal as per norms. 2) The administration cost is considered as per norms 3) Depreciation has been correctly worked out as per provision of Company's Act which is as per norms. 4) The revenue share is not considered as cost. 5) Item covered "other expenses" i.e. 5% of the capital cost and the same is as per norms fixed for upfront tariff fixation. 6) Calculations of fuel and power expenses are being submitted to TAMP separately. 7) Capacity of the terminal and justification thereto is also being submitted separately to TAMP. 8) Capacity of the terminal has been considered for the purpose of tariff fixation. 9) The tariff has been arrived at after assessing the revenue requirement as per norms. 10) Cargo handling charges indicates all the charges for loading / unloading transportation and OBL. 11) The storage charges have been

	3.5 per mt per day is not specified. As per present tariff of Mumbai port storage charges after free days upto 20 days is Rs. 37.5 per mt per day increasing to slabs of Rs. 56.25 per mt per day for next 20 days and Rs. 75 per mt per day wef 41st day. 12) Project cargo tariff should be separately specified and not fall in others category 13) There may be some Empty / Laden containers handled by these berths by combi-vessels, a separate handling, storage tariff should be proposed. 14) SOR of private terminal's should be similar to Mumbai Port trust although a vast downward deviation is observed in computation's done by Mumbai Port Trust.	worked out as a percentage of the total revenue requirement as per norms. 12) No comments. 13) The likelihood of container handling is very minimum. Hence no separate rate is proposed and rate for 'others' may have to be applied for containers. 14) The computation has been done as per norms fixed by TAMP for upfront tariff fixation. Hence it has no relevance to a tariff of Mumbai Port even though the element of competition exists.
2	SNB Infrastructure Pvt. Ltd. 1. While amending the tariff the employment cost is omitted. This will be one of the major expenses which need to be addressed. 2. Is stevedoring cost included in the above tariff? Then the tariff provided is far below the existing rate of MBPT. 3. The demurrage is calculated flat rate of Rs. 10/- which is below than existing rates. 4. The stevedoring and alike services are not mentioned. 5. Depreciation is at flat rate of 5% p.a. which is far below than normal. 6. Berth no. 10, 11 & 12 are calculated as an average for three vessel, whereas the length of the pier can accommodate only two vessel. So average should be reduced by 1/3 rd. 7. MBPT have increased tariff on all commodities by 30% which the benefit of wage should be passed on to successor.	1. The salaries and wages and overheads are not being considered as a separate item and these have been included in the lumpsum provision of 5% under the head of other expenses as per norms. 2. Stevedoring cost is not included in the tariff. However, labour cost have been included in other expenses in lumpsum. 3. The cargo is not expected to be stored for longer period at the terminal. 5% of the cargo is estimated to be stored for a period of 20 days. Demurrage charges of Rs. 10/- is considered as a deterrent. 4. It is pertinent to state that operator is expected to employ labour as per conditions of RFP and license agreement. 5. Straight Line Method of depreciation as prescribed in the Companies Act has been considered. 6. The revenue generation at berth No. 10, 11 & 12 I.D. is calculated by considering berthing of 2 vessels. No Comments In view of the above, points raised by the party does not stand merit.

3	Master Marine Services Pvt. Ltd 1. For berths 10, 11 & 12 ID capacity, MBPT's calculation is 20 lakhs tons per annum. However, this seems very high. Based on the historical data provided by the MBPT, volumes at 10, 11 & 12 ID were 732,000, 676,000 and 646,000 tons during 2006-07, 2007-08 and 2008-09, respectively. Based on the above, we feel that the maximum capacity for the three berths should be 12 lakhs tons per annum. 2. In MBPT's Proposed Scale of Rates as per Annexure – A, the cargo handling charges including wharfage is less than the current tariff charged by the Mumbai Port. Cargo handling charges and wharfage should remain at least at the current charges for all types of cargoes handled. 3. The MBPT's calculation of capital expenditure does not include the following expenses required to be undertaken by the private operator: - Resurfacing the roads including laying of the drainage lines - Chain link fencing to be done around the privatized area and the additional open area. - High must lighting around the berth area. - Equipments, such as cranes, forklifts and vehicles - Shifting of the oil pipeline/manifold to avoid hindrance in operating the vessels berthed at the docks. - Leased line costs - Computer hardware and software costs All the above additional expenses are estimated to cost INR 3 crores over the	1. As per the feasibility report the maximum throughput of the Terminal 10,11,12, ID can be 2.71mMT. MbPT is proposing to go for BOT with a clear intention of enhancement of productivity and throughput through existing facility by augmenting the same and improvement in productivity and marketing. In consideration of the above it is submitted that the capacity of 2 mMT per annum is reasonable and justifiable 2. The Tariff proposal has been prepared based on guidelines issued in this regard. Essential variations from the guidelines have been considered in the proposal such as Capacity and No. of Cranes for reasons explained. The proposal include ROCE 16% which works out to Rs.4.5 cr. against the Capital Investment of Rs.30 cr. Enhancement of Tariff may result in deviation from the norm of maximum 16% ROCE. In consideration of above the proposal is justified. 3. The statement that equipments such as Cranes, Forklifts etc. have not been considered, is incorrect. 4 ELL Cranes, 3 FLT and Civil Work have been considered in Capital Expenditure Estimate. Repairs and maintenance of the Assets have been considered in Cost Estimate for Tariff Fixation as per norms. The items such as Restoration of Roads, Chain Linked Fencing, Leased Line Cost, Computer Hardware and Software etc. need to come under Capital Expenditure of Rs.2 cr. or under repairs. It is pertinent to mention here that the Terminal can start earning Revenue being a Brown Field Project even ahead of Capital Expenditure. The increase in Capital Expenditure as per estimate projected by the party is to the amount of Rs.3 cr. upon the estimate of Rs.30 cr. Hence also the estimate be considered reasonable.
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	MBPT's estimated capital expenditure of INR 30 crores. 4. The MBPT assumes a debt-equity ratio of 80:20 and the financing cost at 12% per annum. However, based on the current market scenario, the debt-equity ratio should be assumed at 60:40 and the financing cost at 14% per annum.	4. The Debt Equity Ratio and the interest on the Debt portion does not have impact on the Tariff proposal as Tariff proposal considered 16% ROCE. It is further submitted that MbPT has gone ahead with Tender process for BOT Terminals after due process of consultation with prospective Bidders. The Capital Expenditure has been finalized after due consideration of views of prospective Bidders. In consideration of all the above, it is submitted that the points raised by the party does not stand merit.
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2. A joint hearing in this case was held on 29 December 2009 in the office of this Authority. The MBPT, concerned users organizations and the short listed bidders have made their submissions. The gist of the joint hearing held is as under:

MBPT

- (1) Our proposal covers 1 & 2 ID for conventional cargo and 10, 11, 12 ID for dry bulk.
- (2) Capital cost includes civil cost and equipment as assessed by us.
- (3) The license period is 20 years only and the physical features of the existing facilities place restriction on capacity.
- (4) Handling charges proposed include wharfage, transportation & others.
- (5) It is not practically possible to achieve the normative level of productivity. Parcel size, LOA, beam of vessels, etc are the reasons.
- (6) We have no other option but to treat on-board rates are included in the composite rate.
- (7) Rates for the same commodity are different at these two terminals because of capex & capacity.
- (8) The quay length of both the terminals are almost same. Two vessels can be easily handled at each of the terminal.
- (9) Ships have a choice to elect the terminal where they should be berthed.

MANSA

- (10) Productivity is not affected by LOA & parcel size. If at all, turnaround may be affected.
- (11) In one port there will be 3 different tariff for same cargo We will not know beforehand the tariff payable when a vessel is booked.
- (12) The services covered by handling charges should be clearly listed out.
- (13) Since stevedoring is a cost to Shipping Lines, it should be notified separately and not in a composite manner with handling charges.

CSLA

- (14) The services covered by handling charges should be clearly listed out.

Samsara

- (15) Currently, MBPT handles around 0.5 million tones in a berth. How can they expect a BOT operator to handle 2 million tonnes? It is unfair and unreasonable.

Parekh Marine

- (16) Parcel size of 20000 T is not realistic. MBPT has handled only around 7500 T to 10000 T parcel size in the past.
- (17) Vessels coming to MBPT need not carry full load to this port alone. So, only part offloading takes place at MBPT.