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**Tariff Authority for Major Ports**

G. No. : 148

New Delhi, 17August 2004

**NOTIFICATION**

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Mumbai Port Trust for Amendment to the existing Note (vi) under Section III B of the Bunder Scale of Rates as in the Order appended hereto.

**( A.L. Bongirwar )**  
Chairman

**Tariff Authority for Major Ports**  
**Case No.TAMP/30/2004-MBPT**

The Mumbai Port Trust

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Applicant

**ORDER**

(Passed on this 10 day of August 2004)

This case relates to a proposal received from the Mumbai Port Trust (MBPT) for amendment to the existing Note (vi) under Section III B of the Bunder Scale of Rates relating to the charges for ship-breaking, construction and repair of the vessels in the port trust bunders.

2. This Authority had passed on Order on 6 May 2003 on the MBPT proposal for fixing charges relating to licensing of plots for ship-breaking facilities at Lakri Bunder (South) and Powder Works Bunder. This Order was notified in the Gazette of India on 26 May 2003.

3. The MBPT vide its proposal dated 19 June 2004 has requested this Authority to amend Note (vi) Section III B of the Scale of Rates charged at the Bunder. The MBPT has made the following main points in this regard:

- (i). The existing provisions regarding minimum guaranteed throughput to be achieved by the licensees (ship-breakers) is 7000 LDT per annum for the first block of three years, 8000 LDT per annum for the second block of three years and 10000 LDT per annum for the last block of four years with condition that in the event of the licensee not achieving the guaranteed throughput in a block, he should pay for a shortfall in the committed throughput within one month of the expiry of the block year, failing which the licence will be terminated.
- (ii). While it is possible to enforce the above condition for first and second blocks, it will not be possible for third block of four years, as at the end of the third block period, the licence expires.

3.2. The existing provisions and the proposed amendment are tabulated below:

Existing Provision		Proposed amendment	
1 <sup>st</sup> year – 3 <sup>rd</sup> year of Licence	7000 LDT per annum per plot or 21000 LDT per plot in this block of 3 years.	1 <sup>st</sup> year – 3 <sup>rd</sup> year Licence	7000 LDT per annum per plot or 21000 LDT per plot in this block of 3 years.
4 <sup>th</sup> year – 6 <sup>th</sup> year Licence	8000 LDT per annum per plot or 24000 LDT per plot within this block of 3 years	4 <sup>th</sup> year - 6 <sup>th</sup> year Licence	8000 LDT per annum per plot or 24000 LDT per plot within this block of 3 years.
7 <sup>th</sup> Year – 10 <sup>th</sup> year Licence	10000 LDT per annum or 40000 LDT in this block of 4 years.	7 <sup>th</sup> year – 9 <sup>th</sup> year Licence	10000 LDT per annum per plot or 30000 LDT in this block of 3 years.
In case of failure to achieve this guaranteed level, the licensee shall pay ship-breaking charges for the shortfall in committed throughput within one month of expiry of the block year, failing which the licence shall be terminated.		10 <sup>th</sup> year Licence	10000 LDT per plot in the year.
		In case of failure to achieve this guaranteed level, the licensee shall pay ship-breaking charges for the shortfall in committed throughput within one month of expiry of the block year except in the last and 10 <sup>th</sup> year in which the licensee shall pay ship-breaking charges in advance for the (10 <sup>th</sup> ) year within one month of the commencement of the year. The advance paid will be adjusted against the LDT broken in that year and the penalty for shortfall if any in this year adjusted at the end of the year. In case of non-compliance, the licence shall be terminated.	

4. In the existing arrangement, it is possible to recover the shortfall of the first and second block within one month of the expiry of the block year. Recovery of shortfall in the committed throughput of the third block period will not be possible within the licence period. Notably, the port is allowing one month time from the commencement of the tenth year for advance payment. This Authority is, therefore, inclined to approve the proposed amendment.

5. The port has not proposed any revision of existing charges for ship breaking and there will not be any further burden on the users due to the proposed amendment. The proposed amendment is necessary to remove the difficulties in implementation of the arrangement ordered earlier. Consultation with users is, therefore, not found necessary in this case.

6. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following:

“ To delete the existing Note (vi) under Section III B of the Bunder Scale of Rates and substitute the following:

1 <sup>st</sup> Year – 3 <sup>rd</sup> Year of Licence	7000 LDT per annum per plot or 21000 LDT per plot in this block of 3 years.
4 <sup>th</sup> year – 6 <sup>th</sup> Year of Licence	8000 LDT per annum per plot or 24000 LDT per plot within this block of 3 years.
7 <sup>th</sup> year – 9 <sup>th</sup> Year of Licence	10000 LDT per annum per plot or 30000 LDT in this block of 3 years.
10 <sup>th</sup> year of Licence	10000 LDT per plot in the year.

In case of failure to achieve this guaranteed level, the licensee shall pay ship-breaking charges for the shortfall in committed throughput within one month of expiry of the block year except in the last and 10<sup>th</sup> year in which the licensee shall pay ship-breaking charges in advance for the (10<sup>th</sup>) year within one month of the commencement of the year. The advance paid will be adjusted against the LDT broken in that year and the penalty for shortfall if any in this year adjusted at the end of the year. In case of non-compliance, the licence shall be terminated”.

**( A.L. Bongirwar )**  
Chairman