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Tariff Authority for Major Ports

G. No. : 85

New Delhi, 22 May 2006

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 fixes the wharfage charges on iron ore / pellets exported by the Kudremukh Iron Ore Company Limited (KIOCL) from the New Mangalore Port Trust during the year 2004-05 as in the Order appended hereto.

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

Tariff Authority for Major Ports
Case No. TAMP/23/2006-NMPT

The New Mangalore Port Trust (NMPT)

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Applicant

ORDER

(Passed on this 11th day of May 2006)

This case relates to the proposal received from the New Mangalore Port Trust (NMPT) for fixation of final wharfage charges for iron ore / pellets exported by the Kudremukh Iron Ore Company (KIOCL) through the NMPT for the year 2004-05.

2. The NMPT has stated that the wharfage rate for the iron ore exported by the KIOCL through the NMPT is calculated with reference to actual expenditure incurred during the year concerned. The methodology of fixation of wharfage rates in respect of the KIOCL ore is in accordance with the decision taken in the Inter-Secretarial meeting between the Secretary (MOST) and the Secretary (Steel) held on 27 May 1992. It was decided in that meeting that the wharfage rate for KIOCL should be fixed annually based on the actual expenditure towards the various components as detailed below:

- (i). Share of operating expenditure of Traffic Department.
- (ii). Dredging expenditure proportionate to the traffic handled.
- (iii). Depreciation.
- (iv). Share of Management and Administration overheads.
- (v). Interest on Capital.
- (vi). Return on Capital @6%.

3. The NMPT has stated that the wharfage rate for 2004-05 has been worked out taking into consideration the sharing of certain elements of expenditure between the MRPL, KIOCL and NMPT as per the respective bilateral agreements. The final rate for the year 2004-05 has been worked out based on the actuals, and has been fixed at Rs.28.90 PMT.

4. The NMPT has also intimated that the calculation of wharfage has been checked by the KIOCL after verification of records and have confirmed the rate in writing.

5. The proposal of the NMPT to fix the wharfage on iron ore exported by the KIOCL through the NMPT for the year 2004-05 @ Rs.28.90 PMT is a case of retrospective approval of rates. It may be relevant here to mention that as per the revised tariff guidelines, the tariff to be approved by this Authority will generally have prospective effect except under special circumstances. In the instant case, since the rate has to be fixed based on sharing of certain elements of expenditure at the actuals, for the year 2004-05 the rate has to be approved with retrospective effect. Further, there is no difference of opinion between the Port and the user in arriving at an agreed rate. This Authority had earlier approved the wharfage rate in respect of iron ore exported by the KIOCL through the NMPT for the years 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000, 2000-2001, 2001-02 2002-03 and 2003-04 on the same analogy. The approved rate of wharfage on Kudremukh iron ore was Rs.30.53 PMT for the year 2003-04.

6. Accordingly, based on a collective application of mind, this Authority approves the proposal of the NMPT for fixation of wharfage rate for iron ore / pellets exported by the KIOCL during the year 2004-05 from New Mangalore Port @ Rs.28.90 PMT.

(A.L. Bongirwar)
Chairman