

Tariff Authority for Major Ports

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby approves the proposal of the Kandla Port Trust for fixation of hire charges of newly acquired crafts and amends the Scale of Rates of the Kandla Port Trust, as in the Order appended hereto.

(S. Sathyam)

Chairman

Tariff Authority for Major Ports

Case No.TAMP/61/2000-KPT

The Kandla Port Trust (KPT)

- - -

Applicant

ORDER

(Passed on this 14th day of February 2001)

This case relates to a proposal received from the Kandla Port Trust (KPT) for approval of hire charges in respect of various newly acquired floating crafts.

2.1. The hire charges proposed in respect of these crafts and approved by the Board of Trustees of the KPT in its meeting held on 29 June 2000 are as follows:

| Sl. No. (as per Scale of Rates) | Name of the Craft | Unit | Coastal Rate (Rs.) | Foreign Rate (US \$) | Effective Date |
|---|--------------------------|--|---|---|---------------------------|
| 25 | M.T. Banni | Per Hour or Part thereof | 6,770/- | 152.34 | 17.6.99 |
| 26 | M.L. Sagarika | Per Hour or Part thereof | 6,300/- | 141.76 | 2.5.98 |
| 27 | M.T. Gajraj | Per Block of 8 hours or part thereof | 2,53,400/- | 5686.7 | 20.4.2000 |
| 8 | M.T. Cheetah | Per Block of 8 hours or part thereof | 2,53,400/- | 5686.7 | 25.4.2000 |
| 29 | M.T. Mehul | Per Hour or Part thereof | 21,770/- subject to a minimum of Rs.65,310/- | 489.87 subject to a minimum of US | 27.1.2000 |

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| | | | | \$ 1469.62 | |
| 30 | M.T. Heera | Per Hour or Part thereof | 22,400/- subject to a minimum of Rs.67,200/- | 504.05 subject to a minimum of US \$ 1512.15 | 18.12.99 |
| 31 | M.T. Kalinga | Per Hour or Part thereof | 22,460/- subject to a minimum of Rs.67,380/- | 505.05 subject to a min.US \$ 1516.20 | 30.10.99 |
| 32 | M.T. Galpadar | Per Hour or Part thereof | 5,980/- | 134.56 | 9.6.99 |
| 33 | M.L. Karishma | Per Hour or Part thereof | 4,025/- | 90.60 | 21.10.99 |
| 4 | M.L. Unnati | Per Hour or Part thereof | 1,350/- | 30.40 | 9.7.99 |
| 35 | M.L. Vaishali | Per Hour or Part thereof | 1,350/- | 30.40 | 29.7.99 |
| 36 | M.L. Vijay | Per Hour or Part thereof | 1,320/- | 29.70 | 19.1.99 |
| 37 | M.L. Megha | Per Hour or Part thereof | 1,320/- | 29.70 | 19.1.99 |
| 38 | M.L. Priyadarshini | Per Hour or Part thereof | 1,320/- | 29.70 | 25.2.99 |
| 39 | M.L. Mrignayani | Per Hour or Part thereof | 1,320/- | 29.70 | 25.2.99 |
| 40 | M.L. Mrinal | Per Hour or Part thereof | 1,250/- | 28.10 | 15.12.98 |

2.2. The KPT has mentioned that the proposed rates are being charged provisionally from the various users and requested this Authority to approve the rates retrospectively from the dates of acquisition of the crafts.

2.3. While working out the hire charges considering 20-year life of the craft, the KPT has reportedly taken into account the following:

- (i). Interest @ 13.5% on the original capital cost.
- (ii). Return @ 6% on the original capital cost.
- (iii). Depreciation (on the original capital cost).
- (iv). Repairs & Renewals (Actuals or 3-1 / 3% of the present day cost)
- (v). Incidental charges @15% of the variable and semi-variable cost.
- (vi). Supervision charges @ 20% of the variable and semi-variable cost.
- (vii). Labour cost (on estimated manning pattern).
- (viii). Management and general Administration overheads, 20% of wage cost, and **fuel cost.**

3.1. A copy of the proposal was circulated to various port users / representative bodies of port users to furnish their comments. The comments received from them are summarised below:

The Shipping Corporation of India (SCI)

(i). Incidental Charges and supervision Charges are taken into account separately at 15% and 20% for both the variable cost and semi variable cost. Also, supervision cost is taken at 20% even on incidental charges, thereby compounding the charges.

(ii). Despite supervision cost being applied at 20%, a further charge of management and general administration charge of 20% is applied. This also has compounded the charges.

(iii). The TAMP may take a view on the method of calculation adopted by the KPT and also whether the percentages of charges for supervision, incidentals and for general administration are as per Government of India norms / guidelines issued to the major ports.

The Kandla Port Steamship Agents' Association (KPSAA)

Inclusion of interest @ 13.5% on capital cost and return @ 6% on capital cost, also supervision charges @ 20% for semi variable cost and variable cost need to be reconsidered, to enable the KPT to compete with the surrounding ports.

The Container Shipping Lines Association (CSLA)

The CSLA has no comments to make.

The Indian National Shipowners' Association (INSA)

They do not have any comments to make on the proposal. They have, however, suggested that savings of the port and consequential reduction in administrative cost from following two steps should be taken into account when finally approving the hire charges:

- (a) Decommissioning of unloading plant for bulk cargoes;
- (b) Awarding of operating contract for container terminal.

The Gandhidham Chamber of Commerce and Industry (GCCCI)

(i). In the fixed cost, the KPT is calculating interest @ 13.50% on capital cost plus 6% return which is too high compared to international market rates and has not been calculated on reducing balance.

(ii). Administrative overheads, incidental charges, supervision charges are duplicated and are on the higher side.

(iii). The KPT calculation is based on 100 days only (250/300 shifts) per year which is very low. The point to be noted is that the Port has resumed night navigation.

(iv). Over and above the proposed charges, the Port will collect 50% additional charges towards non-insurance charges as prescribed in the Scale of Rates. It will be prudent if the KPT insures their craft instead of charging non-insurance charges.

(v). If the proposed charges are accepted the same will lead to escalation of pilotage and other related Port charges.

(vi). The KPT should reconsider their proposal and fix hire charges for newly acquired craft on reasonable and rational basis.

4. A joint hearing in this case was held on 16 September 2000 at the KPT premises. At the joint hearing the following submissions were made:

The Kandla Port Trust (KPT)

- (i). We are required to raise these rates because new crafts have been acquired.
- (ii). Presently provisional collection is being made. Refunds will be given after final Order is notified by the TAMP.
- (iii). Non-insurance charges are levied, as we need to provide a cover for contingencies. We have proposed to discuss on insurance in the Indian Port Association (IPA) meeting and shall decide soon in this regard.
- (iv). 'Pilotage' will not be affected at all with the proposed hire charges for various crafts.
- (v). Allocation of over heads is strictly according to guidelines. Life of craft is strictly according to Government guidelines. Manning is strictly according to DG's circular.
- (vi). Increased scope for utilisation of crafts due to night navigation has been taken into account. We have gone by 3 years figures as a base.

Gandhidham Chamber of Commerce and Industry (GCCI) and Kandla Port Steamship Agents' Association (KPSAA)

- (i). Will only the hire charges rates go up; or the 'pilotage' will also increase?
- (ii). Return on Capital Employed (ROCE) [13.5% + 3% + 3%] is too high and may be reduced with respect to international market conditions.
- (iii). Supervision charges relating to variable / semi variable costs is not correct.
- (iv). The KPT assumes 100 working days which is too less as there is a night shift also. This may be taken into account while working out hire charges. Equipment can (and do) work more.
- (v). 50% non-insurance charges is unjustified. Either the port should insure; or, give option to the user to insure for the period of hire.

5.1. Based on a detailed scrutiny of the working of proposed hire charges, the KPT was requested to furnish additional information / clarification on the following points:

- (i). Justification for the percentages adopted for various overheads.
- (ii). Availability and utilisation norms for the new crafts and similar crafts in the past.

- (iii). The method of treating non-insurance charge presently levied in the books of account i.e. whether it is taken as a revenue item or credited to a separate earmarked reserve.
- (iv). Reasons for considering leave salary contribution separately and also including it in retirement benefits.
- (v). Reasons for excluding operation and maintenance expenditure on tugs and income earned out of it under pilotage activity.
- (vi). Reasons for prescribing hire charges per unit of 8 hours for the tugs Gajraj and Cheetah.

5.2. The KPT has revised the hire charges proposed earlier and also furnished requisite information / clarifications vide its letter dated 7 December 2000.

5.3.1. The revised hire charges for crafts proposed by the KPT are tabulated below:

| Sl. No.(as per Scale of Rates) | Name of the Craft | Unit | Coastal Rate (Rs.) | Foreign Rate (US \$) | Effective Date |
|--------------------------------|-------------------|--------------------------------------|--|---|----------------|
| 25 | M.T. Banni | Per Hour or Part thereof | 7,170/- | 167.10 | 17.6.99 |
| 26 | M.L. Sagarika | Per Hour or Part thereof | 7,320/- | 184.70 | 2.5.98 |
| 27 | M.T. Gajraj | Per Block of 8 hours or part thereof | 2,93,950/- | 6762.00 | 20.4.2000 |
| 28 | M.T. Cheetah | Per Block of 8 hours or part thereof | 2,93,950/- | 6764.00 | 25.4.2000 |
| 29 | M.T. Mehul | Per Hour or Part thereof | 34,740/- subject to a minimum of Rs. 104,220/- | 800.70 subject to a minimum of US \$ 2402.10 | 27.1.2000 |
| 30 | M.T. Heera | Per Hour or Part thereof | 35,386/- subject to a minimum of Rs. 106,158/- | 817.00 subject to a minimum of US \$ 2451.00 | 18.12.99 |
| 31 | M.T. Kalinga | Per Hour or Part thereof | 35,500/- subject to a minimum of Rs. 106,500/- | 820.70 subject to a minimum US \$ 2462.10 | 30.10.99 |
| 32 | M.T. Galpadar | Per Hour or Part thereof | 5,990/- | 139.80 | 9.6.99 |
| 33 | M.L. Karishma | Per Hour or Part thereof | 5,980/- | 138.40 | 21.10.99 |
| 34 | M.L. Unnati | Per Hour or Part thereof | 1,510/- | 34.90 | 9.7.99 |
| 35 | M.L. Vaishali | Per Hour or Part thereof | 1,510/- | 35.00 | 29.7.99 |
| 36 | M.L. Vijay | Per Hour or Part thereof | 1,610/- | 38.00 | 19.1.99 |

| | | | | | |
|----|--------------------|--------------------------|---------|-------|----------|
| 37 | M.L. Megha | Per Hour or Part thereof | 1,610/- | 38.00 | 19.1.99 |
| 38 | M.L. Priyadarshini | Per Hour or Part thereof | 1,610/- | 38.10 | 25.2.99 |
| 39 | M.L. Mrignayani | Per Hour or Part thereof | 1,610/- | 38.10 | 25.2.99 |
| 40 | M.L. Mrinal | Per Hour or Part thereof | 1,670/- | 39.30 | 15.12.98 |

5.3.2. The KPT has revised the proposed hire charges on the following accounts:

- (i). The insurance charges based on quotation from New India Insurance Company has been included in the fixed cost for arriving at the hire charges.
- (ii). The costs of fuel, lubricant and consumables have been revised to reflect the current market price. Quantity of fuel consumption has been revised in case of some of the crafts.
- (iii). Wage cost has also been revised taking into consideration the recent revision of pay and allowances of port employees.
- (iv). The discrepancy in Bonus / ex-gratia noted in the original proposal has been rectified and made uniform in all cases.
- (v). The exchange rate prevailing on the respective date of commissioning of the crafts has been considered for fixing US dollar tariff.

5.4. Alongwith its revised proposal, the KPT has also offered the following clarifications:

- (i). The undermentioned items of overheads are considered on a percentage basis on past actuals:
 - (a). Actual repairs and maintenance expenditure on various crafts for the years 1995-96, 1996-97 and 1997-98 indicates that the repairs and renewals expenditure exceeds 3¹/₃% of the cost in most of the cases. Therefore, repairs and renewals considered at 3¹/₃% of present day cost is very reasonable.
 - (b). Incidental charges @ 15% on repairs and renewal charges represents overtime paid to the staff of Marine Department engaged on repairs and renewals job.
 - (c). Incidental charges @ 15% on wage cost represent over time paid to the staff of Mechanical Department directly involved in operation of the crafts i.e., operational staff.
 - (d). Actual overtime expenditure of Marine Department and Mechanical Department indicates this expenditure has exceeded 20% for the year 1997-98. Thus 15% incidental charges included in hire charges calculation is most reasonable.
 - (e). 15% incidental charges considered in the calculation of wage cost is 3% towards medical reimbursement, 5% towards cost of liveries, cost of LTC to employees and cost of concessional accommodation to the employees.
 - (f). Supervision charges are being received by all the Government Departments at a certain percentage and even the KPT is paying supervision charges on

various works executed through Government agencies like Central Power and Water Institute, Pune. Even CPWD provides for recovery of supervision charges at the rates ranging from 7% to 23¾%. Supervision charges include recovery of cost elements like salaries, wages and overtime of supervisory staff and Accounts and Audit charges. They are indirect charges and cannot be estimated for each craft separately.

- (ii). The non-insurance charges being presently recovered is credited to the Revenue Account. The KPT has decided to go in for insurance of its crafts; and, accordingly, the element of insurance cost has been included in the fixed cost while working out the revised hire charges in respect of each craft.
- (iii). Leave salary contribution @ 11% of the emoluments is included to cover cost of leave salary of the working employees of the Port. The leave salary contribution included in the retirement benefit is towards encashment of earned leave by the employees at the time of retirement.
- (iv). At the KPT only 5% of tugs are utilised for hiring purpose and 95% for shipping purpose. Launches are utilised 50% each for hiring and shipping purposes. Accordingly, operation and maintenance expenditure, income of tugs and launches has been considered in the ratio of their utilisation to different activities.
- (v). The hire charges are proposed to be implemented retrospectively from the date of commissioning of the crafts to avoid any anomaly as regards the rate to be charged during the intervening period i.e. from the date of commissioning of the craft to the date of proposal.
- (vi). The two tugs Gajraj and Cheetah are high capacity tugs of 35 B.P. deployed at Wadinar primarily for pull back operation. It is a continuous process from mooring a vessel to its demoooring from single buoy mooring. They cannot operate for less than a shift due to involvement of huge running cost and fixed cost. Owing to the above reasons the hire charges in respect of these two crafts are proposed on per shift basis.

6. 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 floatilla of the KPT suffered extensive damages during the cyclone of 1998, necessitating bulk procurement of new crafts. The KPT proposal is to fix the hire charges for these new crafts.
- (ii). Ordinarily, this Authority does not encourage fixation of separate rates for floating crafts on a piecemeal basis. Ports are advised to bring up such proposals as a part of their general revision exercise so that cost allocations, reckoning of surpluses / deficits, etc. can be done on an overall basis within the financing model adopted for each general revision. In this case, however, it is to be recognised that a substantial portion of the KPT's fleet of floating crafts were damaged by the cyclone in 1998 requiring wholesale replacements. In the circumstances, this Authority decides to entertain this proposal. In this connection, it is also to be recognised that the KPT has a system of prescribing tariffs for individual crafts instead of opting for a 'pool rate'.

Nevertheless, the KPT is advised to consider the possibility of prescribing tariffs for groups of floating crafts on the basis of ranges of capacities rather than for individual floating crafts. This can be more meaningfully done when the KPT formulates its proposals for next general revision / review of its Scale of Rates.

- (iii). The floating crafts have been acquired on different dates. The KPT has requested this Authority to fix hire charges retrospectively with effect from the respective dates of acquisition of these crafts.

The need to have prescribed hire charges from the date of acquisition of crafts is obvious. What is intriguing is the approach of the KPT in formulating a proposal for fixing hire charges after a lapse of more than two years after acquisition of some of the crafts. Even when orders were placed for building of these crafts, the Port was in the know of cost of acquisition and estimated cost of operation and maintenance and it could have submitted proposals for fixing hire charges at that time itself so that tariffs would have been in place when the crafts were commissioned. Instead of resorting to such an approach, the action of the KPT to delay submission of its proposal and to collect provisional charges on its own is highly objectionable. This Authority finds that the approach adopted by the Port in this case is somewhat casual.

Since the Authority is faced with a *fait accompli* situation, there is no other alternative but to consider the proposal of KPT for a retrospective approval.

- (iv). It is interesting to note that the KPT, which has recently gone to the Gujarat High Court to challenge the competence of this Authority to give retrospective prescriptions, has itself proposed the same retrospective consideration in this case. Since this issue has been elaborately dealt with in this Authority's Order in case No. TAMP/1/98-KPT relating to fixation of inter-transfer charges on POL products for transfer from the Dirty Ballast Tank to Kharirohar, which has been passed earlier today, further elaboration here is not considered necessary.
- (v). The KPT follows a practice of charging non-insurance charges as a percentage of hire charges of crafts instead of considering insurance cost in the working of hire charges. When this practice came into its notice in the 'Surajbari' case, this Authority did not view it favourably. The KPT was required to discontinue the practice at the time of its next general revision of tariffs and consider some other appropriate approach. In this case also, the KPT initially did not consider any other approach and proposed revised hire charges without considering the insurance cost. On being pointed out repeatedly, the KPT has revised its original proposal by including the cost of insurance in the working of hire charges of the floating crafts in reference. That being so, non-insurance charges in respect of these crafts shall not be levied separately by the KPT.

Since insurance cost is recovered by the KPT through hire charges, the KPT must not only stop charging 'non insurance charges' but also stop collecting damages to these floating crafts from users in cases of accidents. It is relevant to note in this context that all the floating crafts are operated by the Port personnel; and, therefore, there will be no scope for their misuse by hirers.

Incidentally, it has been noticed that the KPT is charging the income out of non-insurance charges to its Revenue Account and not maintaining a separate earmarked fund for meeting the unforeseen contingencies which may warrant funds for premature replacement of crafts. Since the KPT is arguing that non-insurance charges are levied to provide a cover for contingencies, it will be appropriate for the KPT to set aside these collections in a separate specific fund.

- (vi). In KPT's own admission, only 5% of tug time is used for hiring purposes and 95% is used for shipping purposes. Likewise utilisation of launches for hiring and shipping purposes is in the ratio of 50 : 50. The tugs and launches are mainly used in Pilotage and towage operation. With the introduction of new crafts, the port has proposed only hire charges, which are obviously higher than the charges for similar capacity old crafts. If cost of operation of new crafts is higher, not only hire charges but also the rates for pilotage & towage need to be adjusted. The Port has, however, not sent any

proposal for revision of the Pilotage rates and has made a categorical statement at the joint hearing that pilotage will not be affected at all with the proposed hire charges. It is not clear, how and where the higher cost of operation of the new floating craft used for shipping purposes is accommodated.

This Authority in its Order relating to the KPT proposal on 'levy of storage charges on cargo lying inside the port for more than 60 days' has already commented upon the approach of KPT in submitting piecemeal tariff revision proposals instead of formulating a proposal for comprehensive review of its Scale of Rates. A comprehensive revision proposal gives an opportunity to assess the total impact of the revision at one go and forecloses opportunities of overlap of allocation of costs. As the position emerging in this case, assessment of overlap of allocations of costs and its recovery is difficult in the absence of a comprehensive proposal. This necessitates reiteration of the advice already rendered by this Authority to the KPT to submit a comprehensive proposal for review of its existing Scale of Rates by May 2001.

- (vii). The return on capital employed is considered by the KPT as 19.5%. Considering the current interest rate of 13.5% on Govt. of India loan available to the Port Trusts and a 3% contribution to each of the two mandatory reserves, the rate of 19.5% is reasonable. In fact, ROCE of 19.5% is allowed by this Authority in case of all tariff revision proposals of Major Port Trusts approved by it during the F.Y. 2000-01. In this backdrop, the objections raised by the users about the ROCE adopted by the KPT is baseless and deserves to be rejected.
- (viii). The Port has considered the life of the crafts as per the norms fixed by the Government for equipment and floating crafts of all major ports. Depreciation has been worked out based on the original cost of acquisition and life of the assets.
- (ix). The KPT has attempted to justify the percentages considered for various overhead expenditure by furnishing corresponding figures with respect to actuals for 1995-96, 1996-97 and 1997-98. The port has, however, expressed its inability to furnish details regarding some of the overhead items since its accounting structure does not capture floating craftwise expenditure particulars. Considering the overall past expenditure, the estimates given now by the port are found to be reasonable. It is noteworthy that the percentage figures considered by the port are the same as those considered by it for arriving at the hire charges for 'ML Surajbari' which have already been approved by this Authority. That being so, the percentages of overheads considered by the KPT are allowed in this case also. This notwithstanding, the following observations need to be made:
 - (a). Repair and Renewal Cost has been estimated by the KPT at $3\frac{1}{3}\%$ of the present day cost. Since all the crafts are new and the hire charges are to be prescribed from the respective dates of their acquisition, reckoning with present day cost is not relevant. In fact, on the date of acquisition, historical and present day costs are same. That being so, historical cost of crafts only have been considered for the purpose of estimating Repair and Renewal cost.
 - (b). The KPT has double-counted leave salary contribution in wage cost-once by way of leave salary contribution towards serving employees and again in Retirement Benefits as leave encashment benefit at the time of superannuation. Leave accumulated during the service period of an employee can only be encashed at the time of his superannuation; and, leave salary contribution for serving employees is correctly taken in wage cost. That being so, there is no justification for making a separate provision for leave encashment allowed on superannuation of employees. In the instant case, however, the impact of

this double counting is negligible; and, hence, no modification in this respect is made in the final calculation.

- (c). The KPT arguments of comparing with CPWD and other agencies with reference to levy of supervision charges are misplaced and out of context. The quantum of supervision charges to be levied by the KPT must be with reference to the position obtaining in the KPT Accounts.

- (x). The KPT has considered 300 effective shifts of utilisation for arriving at per shift rate for all the launches and tugs. The users apprehend that the KPT has not considered the effect of night navigation. The KPT has confirmed during the joint hearing that the increased utilisation on account of night navigation had also been considered. Availability and utilisation norms of the newly acquired crafts, however, indicate that idle and repair hours are very high for a few crafts which bring down the utilisation level of these crafts. The KPT has explained that high repair hours are due to delay in replacing the parts. The users cannot be burdened for such abnormalities. It may be more appropriate to consider average utilisation of similar crafts for the financial years 1996-97, 1997-98 and 1998-99 for arriving at per shift hire charges. The average utilisation of similar crafts in the past comes to 40% in case of tugs and 38% in case of launches. If this yardstick is applied, the number of effective working shifts per annum works out to 438 for tugs and 350 for launches. The calculations given by the KPT have been accordingly revised considering these revised figures for working shifts.

- (xi). In the revised proposal the KPT has revised the fuel and lubricant cost due to hike of 23.7% in fuel price and 25% in lubricant cost. Also, at the same time the consumption of fuel for the tugs Kalinga, Mehul and Heera have been raised to 5600 ltrs. per shift against 2160 ltrs. per shift indicated earlier. The KPT has not given any reason for this upward revision in the quantity of fuel consumption. When compared with the fuel consumption of other similar category tugs, the quantity of fuel consumption considered earlier for these tugs appears to be reasonable. That being so, the fuel consumption of these three tugs has been taken at the level of consumption indicated earlier by the KPT in its original proposal. The increase in unit cost of fuel and lubricant as given by the KPT has, however, been taken into account.

- (xii). In view of the discussion above, the hire charges proposed by the KPT have been revised with respect to the following points:
 - (a). Effective working shift per annum has been considered as 438 for tugs and 350 for launches, based on the past utilisation of similar tugs and launches.
 - (b). Repairs and renewal cost has been estimated as a percentage of original cost of the craft.
 - (c). Fuel consumption of tugs Kalinga, Mehul and Heera is taken as 2160 ltrs per shift as originally indicated by the KPT.

The revised calculations of hire charges for the floating crafts in reference is annexed.

- (xiii). As has been mentioned earlier, the hire charges are to be approved retrospectively from the respective dates of acquisition of crafts. That being so, the US \$ rate prevailing on the dates of commissioning of these crafts have been considered for dollar denomination of these charges. The KPT has not proposed a reduced rate for coastal vessel and instead maintained the equivalent rupee rate for coastal vessel. In accordance with the policy of the Government, a 30% rebate in the foreign going vessel rate is to be allowed for a coastal vessel. In our prescription, this differential has been maintained.

- (xiv). The KPT has proposed tariffs for the two tugs Gajraj and Cheetah on a block of 8 hour basis while the tariff for all other crafts are on per hour basis. The KPT has pointed out that this was the practice followed earlier by the Port with respect to similar capacity crafts. These two tugs are high capacity tugs of 35 tonnes B.P. deployed at Wadinar where VLCCS are handled. These tugs are primarily used for pull-back operations. The Port also incurs a huge establishment and running cost on account of these tugs. The KPT has stated that it may not be economical to hire out the above tugs for less than an 8-hour block. Also, the above tugs are being mostly used by the oil companies, which after completion of pull-back operation hire the above tugs for SBM checking or any other purpose. The KPT has, however, proposed a provision for levy of charges on half of the block basis (i.e. for 4 hours) in case the tug has been taken on hire immediately on completion of the pull-back operation. The explanation given by the KPT for prescribing tariff on per-shift basis for Gajraj and Cheetah is found to be reasonable; and, therefore, deserves to be approved. Likewise, the minimum charges proposed for Mehul, Heera and Kalinga are also approved.
- (xv). As has been indicated by the KPT, it is levying provisional hire charges at the proposed rates. Since the final hire charges are being prescribed by the Authority now, the KPT is directed to raise final bills immediately and refund the excess amounts collected, if any.

7.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the following amendments to the KPT Scale of Rates:

“The following rates and conditions are inserted in Chapter-III miscellaneous charges, Scale-’I’ Schedule of Charges for hire of port’s floating craft and floating dry dock:

| Sl. No | Name of the Craft | Unit | Coastal Rate (in Rs.) | Foreign going vessels Rate(US \$) |
|--------|-------------------|------------------------------------|--|--|
| 25 | M.T. Banni | Per Hour or Part thereof | 3859.00 | 128.43 |
| 26 | M.L. Sagarika | Per Hour or Part thereof | 4519.00 | 163.19 |
| 27 | M.T. Gajraj | Per block of 8 hrs or part thereof | 1,66,168.00 | 5460.84 |
| 28 | M.T. Cheetah | Per Block of 8 hrs or part thereof | 1,66,168.00 | 5462.10 |
| 29 | M.T. Mehul | Per Hour or Part thereof. | 13,115.00 subject to a minimum of Rs. 39,345.00 | 431.71 subject to a minimum of US \$ 1295.13 |
| 30 | M.T. Heera | Per Hour or part thereof. | 13,426.00 subject to a minimum of Rs 40,278.00 | 442.95 subject to a minimum of US\$ 1328.85 |
| 31 | M.T. Kalinga | Per Hour or part thereof. | 13,454.00 subject to a minimum of Rs. 40,362.00 | 445.02 subject to minimum of US\$ 1335.06 |
| 32 | M.T. Galpadar | Per Hour or part thereof. | 3,491.00 | 116.35 |
| 33 | M.L. Karishma | Per Hour or part thereof. | 3815.00 | 126.09 |

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|----|--------------------|---------------------------|---------|-------|
| 34 | M.L. Unnati | Per Hour or part thereof. | 970.00 | 32.09 |
| 35 | M.L. Vaishali | Per Hour or part thereof. | 970.00 | 32.12 |
| 36 | M.L. Vijay | Per Hour or part thereof. | 1024.00 | 34.53 |
| 37 | M.L. Megha | Per Hour or part thereof. | 1024.00 | 34.53 |
| 38 | M.L. Priyadarshini | Per Hour or part thereof. | 1024.00 | 34.58 |
| 39 | M.L. Mrignayani | Per Hour or part thereof. | 1024.00 | 34.58 |
| 40 | M.L. Mrinal | Per Hour or part thereof. | 1001.00 | 33.71 |

Note 1: Hire of MT Gajraj is subject to the following conditions:

- (i). *If the last block of hire is 4 hours or less than 4 hours, the charges for the same will be levied at the rate of Rs 83,084/- for coastal vessel and US\$ 2730.42 in case of foreign-going vessel for the half block.*
- (ii). *If the tug is hired by the oil companies in continuation, before or after pull-back operation, the charges will be levied @ Rs 83084/- for coastal vessel and US\$ 2730.42 per half block of 4 hours or part thereof for foreign-going vessel.*
- (iii). *The aforesaid rate of hire charges will be applicable whenever any tug other than M.T. Kutch Kesari is deployed in place of M.T. Gajraj for pull-back operations of vessel.*

Note 2: Hire charge of M.T. Cheetah is subject to the following conditions:

- (i). *If the last block of hire is 4 hours or less than 4 hours, the charges for the same will be levied at the rate of Rs 83,084/- for a coastal vessel and US\$ 2731.05 in case of a foreign-going vessel for the half block.*
- (ii). *If the tug is hired by the oil companies in continuation, before or after pull-back operation, the charges will be levied @ Rs 83084/- for a coastal vessel and US\$ 2731.05 per half block of 4 hours or part thereof for a foreign-going vessel.*
- (iii). *The aforesaid rate of hire charges will be applicable whenever any tug other than M.T. Kutch Kesari is deployed in place of M.T. Cheetah for pull-back operations of vessel.*

Note 3: Non-insurance charges in respect of crafts mentioned in Sl. No. 25 to 40 shall not be levied separately.

7.2. The Authority also approves the above mentioned rates and conditions with retrospective effect from the date as shown below against the name of the crafts:

| SI. No | Name of the Craft | Effective Date |
|--------|-------------------|----------------|
| 25 | M.T. Banni | 17.6.99 |
| 26 | M.L. Sagarika | 2.5.98 |
| 27 | M.T. Gajraj | 20.4.2000 |
| 28 | M.T. Cheetah | 25.4.2000 |

| | | |
|----|--------------------|-----------|
| 29 | M.T. Mehul | 27.1.2000 |
| 30 | M.T. Heera | 18.12.99 |
| 31 | M.T. Kalinga | 30.10.99 |
| 32 | M.T. Galpadar | 9.6.99 |
| 33 | M.L. Karishma | 21.10.99 |
| 34 | M.L. Unnati | 9.7.99 |
| 35 | M.L. Vaishali | 29.7.99 |
| 36 | M.L. Vijay | 19.1.99 |
| 37 | M.L. Megha | 19.1.99 |
| 38 | M.L. Priyadarshini | 25.2.99 |
| 39 | M.L. Mrignayani | 25.2.99 |
| 40 | M.L. Mrinal | 15.12.98 |

7.3. The KPT is directed to refund the excess amounts of hire charges, if any, collected by it.

7.4. The KPT is directed not to claim damages on these floating crafts in reference due to accidents, since the insurance cost has been included in the computation of the hire charges.

(S. Sathyam)

Chairman