

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

No. 253

New Delhi, the 24 September, 2001

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 disposes of the proposal of the New Mangalore Port Trust for fixation of hire charges for TIL-GROVE RT 880 75 MT capacity mobile crane and revision of container handling charges as in the Order appended hereto.

(S. Sathyam)

Chairman

Case No.TAMP/14/2001-NMPT

**The New Mangalore Port
Trust**

.....

Applicant

O R D E R

(Passed on this 30th day of August 2001)

This case relates to a proposal received from the New Mangalore Port Trust (NMPT) for fixation of hire charges for a (TIL – GROVE RT 880) 75 MT capacity mobile crane and revision of its container handling charges with retrospective effect from 21 November 2000.

2.1. The NMPT has stated the following main points in its proposal:

- (i). A new tyre mounted (TIL – GROVE RT 880) 75 MT capacity Diesel Hydraulic Mobile Crane has been procured at a total cost of Rs.263.72 lakhs to replace the existing (Coles Husky 680 S) 75 M.T. capacity Mobile Crane.
- (ii). The new crane was put into operation on 27 March 2000; and, after satisfactory completion of the load trials, the crane was taken over by the NMPT with effect from 5 May 2000. During the period from May 2000 to September 2000, the crane had handled 804 TEUs in 223 hours.
- (iii). While working out the hire charges for handling of empty / loaded containers with Coles Husky 680 S 75 M.T. capacity mobile crane, it was assumed that the crane would handle on an average 11 containers per hour.

- (iv). The hire charges of the new crane worked out by the NMPT for different applications [computed in accordance with the guidelines issued by the (then) Ministry of Surface Transport] vis-a-vis the charges of old Coles Husky 680 S Crane are as follows:

Application		Coles Husky 680 S Crane	TIL Grove RT 880 Crane
(i).	Shipping Duties	Rs.2,100.00/hr.	Rs.4,710.00/hr.or part thereof
(ii).	Departmental use	Rs.1,200.00/hr.	Rs.4,375.00/hr.or part thereof
(iii).	Non-shipping Duties	Rs.2,400.00/hr.	Rs.8,750.00/hr.or part thereof.
(iv).	Handling of Containers:		
(a).	20' loaded	Rs.190.00	Rs.430.00
(b).	20' empty	Rs.90.00	Rs.215.00
(c).	Above 20' upto 40'loaded	Rs.275.00	Rs.645.00
(d).	Above 20' upto 40'empty	Rs.135.00	Rs.325.00

2.2. The NMPT has given a detailed calculation of the hire charges and has further submitted the following points in favour of its proposal:

- (i). The proposed hire charges for the new crane are higher than the charges of the old crane because of higher acquisition cost, increase in cost of fuel and crew charges, increase in general overheads and reduction in the economic life of the assets from 15 years to 10 years for this type of equipment.
- (ii). The fuel cost assumed at Rs.15.80 per litre for computation of the hire charges of new crane has further increased to Rs.18.94 per litre with effect from 30 September 2000, the effect of which has not been taken into account in the calculations.
- (iii). Empty containers are handled by the 10 Tonne capacity Godrej FLT in the designated container yard. The hire charges of this 10 tonne capacity Godrej FLT are the same as those for Coles Husky 680 Mobile Crane for handling 20' and 40' empty containers.
- (iv). The existing Coles Husky 680 S Mobile crane was kept as a stand by equipment till 31 May 2001 for handling export / import containers to ensure faster turn-around of feeder vessels and provide reliable service at the container yard.
- (v). The NMPT has compared its proposed charges with the container handling charges approved by this Authority vide its notification dated 27 September 1999 in case of the Cochin Port Trust (COPT).

In line with the hire charges levied at the COPT, the NMPT has proposed to reduce its hire charges further except for 20' loaded container to attract more container traffic at the port.

(vi). The proposal was endorsed by the Board of Trustees of NMPT in its meeting held on 21 November 2000 as follows:

(a). The hire charges of the new crane TIL Grove RT 880 75 MT:

- Departmental use - Rs.4375/- per hour or part thereof
- Shipping duties – Rs.4710/- per hour or part there of
- Non shipping duties – Rs.8750/- per hour or part thereof

(b). Handling of containers:

Application		TIL Grove RT 880 Crane
(a).	20' loaded	Rs.480.00
(b).	20' empty	Rs.150.00
(c).	Above 20' upto 40' loaded	Rs.630.00
(d).	Above 20' upto 40' empty	Rs.225.00

(c). To levy the provisional hire charges as proposed pending TAMP's approval.

(d). To levy charges at a uniform rate irrespective of the type of equipment used for handling loaded / empty containers pending TAMP approval.

2.3. In this backdrop, the NMPT has requested –

- (a) to approve the hire charges as endorsed by its Board of Trustees with retrospective effect from 21 November 2000.
- (b) to levy the charges at a uniform rate irrespective of the type of equipment used for handling loaded / empty containers.

3.1. In accordance with the procedure prescribed, the proposal was circulated to all the concerned representative bodies of port users for comments. The Comments received are summarised below:

Container Shipping Lines Association (CSLA)

The Port has implemented the proposed container handling charges without the approval of the TAMP.

Mangalore Custom House Agents Association (MCHAA)

- (i). The container services have been resumed at the NMPT with tremendous efforts put by the Kanara Chamber of Commerce and Industry, the NMPT and the Port users.
- (ii). The exporters / importers are reluctant to make shipment through the NMPT due to high freight rates.

On the one hand, the Main Line Operators are not able to reduce the freight rate due to less inducement of traffic; and, on the other hand, the exporters are not prepared to make shipment by containers due to high freight rate. Hence, any enhancement in the handling charges will definitely hamper the growth of existing container traffic.

- (iii). Another major draw back is the frequency of feeder vessels calling at the NMPT which is limited to one or two calls once or twice in a month. Further, there is no Broad Gauge Railway facility from Bangalore to Mangalore.
- (iv). The NMPT proposal for an increase in the crane hire charges may, therefore, be dropped.

Association of New Mangalore Port Stevedores (ANMPS)

The KCCI will put forth in their comments our grievances also.

Kanara Chamber of Commerce & Industry (KCCI)

- (i). The NMPT has revised these charges retrospectively from 21 November 2000 and Port Users have been advised to deposit the revised fees accordingly. An order of this type shall be applicable prospectively.
- (ii). In spite of the existing incentives offered to the container traffic, tariffs of container handling are higher at the NMPT as compared to the nearby ports. Containers are sent from Mangalore through the Cochin Port after paying road freight of Rs.17,000/- per container since tariff at the Cochin port is cheaper than that prevailing at the NMPT.

Only a few exporters have started using the NMPT in spite of higher tariff with a hope to get advantage when container traffic increases; therefore, any hike at this stage can send wrong signals to the container traffic.
- (iii). While fixing the tariffs, the aspects of productivity and full utilisation of the mobile crane need to be considered.
- (iv). The ground rent was fixed as a percentage of the market value of the land when the real estate business was in boom. Today, although the land values have crashed by more than 50%, the rents raised have

remained the same. The higher ground rent charged by the port is also a deterrent for the cargoes, that use the heavy lift cranes.

(v). The basis of arriving at the TIL Grove RT 880 Crane charges are arbitrary and shaky for the following reasons:

(a). In the present economic scenario, even the money invested in banks by way of term deposit or investment in the government securities hardly gives a return of 10% and the investment made in residential / commercial complexes fetches a return of 4% net of municipal taxes. Under these circumstances there is no sanctity to allow the port to get a return of 18% on its investment after recovery of depreciation.

The return on investment has to be computed only on the balance capital cost as reduced by the depreciation recovered every year.

(b). Depreciation shall be calculated taking the life of the equipment as 15 years as done earlier instead of 10 years. Even the existing old crane is being used for the last fourteen years and is still in good condition.

The scrap value / sale value of the equipment at the end of its stated life can never be nil. This scrap / sale value of the equipment shall also be considered for computing the depreciation.

(c). 'Repairs and Maintenance' has been computed at 5% of the capital cost i.e., Rs.527/- per working hour, which is very exorbitant. The actual repairs and maintenance cost incurred for the existing old crane for the first ten years of its use must form the basis for estimating the cost of repairs and maintenance of this new mobile crane.

(d). Staff charges have been computed for two shifts whereas the basic presumption made for running the crane for 2500 hours is based on single shift only. Hence, the staff charges need to be reduced to half.

(e). Cost of Lubricants and consumable is also to be computed on the basis of actual expenditure incurred for the existing old crane for the first ten years.

(f). There is no basis for estimating overheads as 23.75% of the variable cost. Since there will be no additional overheads for operating this crane, the same shall be deleted.

(vi). Consideration shall be given to the concept that the crane is part of the infrastructural facilities provided by the port for which wharfage dues are collected.

Mangalore Steamer Agents Association (MSAA)

- (i). Containerisation at the NMPT is at its fledgling stage. It has just started picking up and needs support from all concerned for at least some time.
- (ii). The Shipping Lines are yet to achieve the minimum inducements required to make the container operations viable.
- (iii). The ocean freight from the New Mangalore Port is higher as compared to other nearby Ports, thereby making shipments costlier.
- (iv). It is not advisable at this juncture to hike the crane hire / container handling charges as this will nullify all the efforts made to promote the container operations from the NMPT.

3.2. Comments received from the above representative bodies of port users were sent to the NMPT as feedback information.

4.1. Based on the comments of the CSLA, the Port was requested to clarify about its adoption of the proposed charges provisionally without the TAMP approval.

4.2. In its reply the NMPT has stated that the container handling charges of Coles Husky 680 S were notified in the Karnataka Government Gazette in 1988 to be valid for a period of two years; and, since then they are being levied without any further revision with the sole objective of encouraging the container traffic. The same box rate was charged on the containers handled through this new mobile crane from May 2000 to 20 November 2000 though the new mobile crane was put into operation in March 2000. The proposed charges were worked out as per the guidelines issued by the MOST and keeping in view the principles and rates approved by the TAMP for providing similar services in the COPT case. Subsequent to the Board approval, the proposed hire charge is being provisionally levied with effect from 21 November 2000 pending TAMP approval.

5. A joint hearing in this case was held on 7 April 2001 in Mangalore; and, this case was taken up in the joint hearing along with the general revision proposal of the NMPT. At the joint hearing the following submissions were made with reference to this proposal:

New Mangalore Port Trust (NMPT)

- (i). Life of the equipment considered for fixing the hire charges is according to Government guidelines.
- (ii). We used the new mobile crane from May 2000 at the rate applicable to the old crane. No approval was, therefore, sought then.
- (iii). We want the new proposed rate only from November 2000. Even the old rates were not revised after 1990.

- (iv). TAMP Order in the Cochin Port Trust (COPT) case has highlighted the principle of service. We have borrowed this concept for this case.
- (v). We will refund, if necessary, the provisional charges being collected.
- (vi). The formula for consideration of depreciation in ROCE is different in case of general revision and in case of individual items. (newly acquired); and, therefore we cannot adopt the general revision formula for the individual items.

Container Shipping Lines Association (CSLA)

- (i). TAMP must fix rates, the NMPT must not levy provisional rates.
- (ii). Equipment used for container handling is very old. Investment in the new equipment will increase the productivity dramatically.

6. Subsequent to the joint hearing the CSLA has furnished its comments, which are summarised below:

- (i). The NMPT has implemented the increase in tariff and started invoicing the users at the new rates prior to obtaining the approval from the TAMP, which is contrary the MPT Act.
- (ii). The container handling charges proposed by the NMPT is 67% higher for empty containers, 153% higher for 20' loaded containers and 129% higher for 40' loaded container as compared to the existing charges.
- (iii). The lifting capacity of the new crane (which is replaced) is same as that of the existing old i.e. 75 MT crane. The new mobile crane is not very suitable for handling containers and shall be utilised for different applications in which the container handling usage is currently extremely low. Hence, the port must recover its investment from other applications which form the majority of the usage of crane and not from the container operations.
- (iv). The handling operation involving lifting of the containers with these cranes by fixing wire rope slings or fixed spreader is very slow and affects the feeder vessels operations.
- (v). The usage of higher capacity crane results in higher investment; and, hence, in a higher operating cost as stated as below:
 - (a). An investment of Rs.2.64 crores in this crane is much higher than investing in a reach stacker or a top lift truck for handling containers which costs approximately Rs.2.0 crores.
 - (b). The cost of fuel, lubricant, and other consumables of this mobile crane is almost double than that of a reach stacker.

(c). The actual usage of the crane considered in the computation of hire charges is 2500 hours. Taking two shift working and 15 dock holidays, the percentage of actual utilisation works out to only 45%. This means the users will pay for the high fixed cost of idling equipments.

(d). The users will have to pay 20% towards productivity linked bonus (which is included in the staff charges), while the operations will continue with the traditional crane with no apparent benefit to them in terms of productivity.

- (vi). At the COPT the containers are handled by a rubber tyred gantry crane, reach stackers / top lift trucks; and, the handling is quicker, providing substantial benefit in productivity and cost saving especially during vessels operations; hence, if the proposed increase is approved, the users will be paying extra cost for inferior quality of service.
- (vii). The tariff increase proposed may not be approved; and, the NMPT may be advised to refund the additional charges collected by it without the TAMP approval.

7.1. On a preliminary scrutiny of the proposal, the NMPT was requested to furnished information / clarification on certain points arising out of its proposal. Some of the important points raised are given below:

- (i). Availability and the utilisation level of the existing old crane for the last three years and utilisations norms for the new crane.
- (ii). Repairs and maintenance cost, fuel cost, lubricant cost and overhead cost to be justified in light of the actuals of similar type of equipment.
- (iii). Basis of estimation of 2500 operating hours.

7.2. The NMPT, after several reminders, responded to the queries raised. The main points given by the NMPT are summarised as below:

- (i). The details of availability and utilisation of the cranes are as given below:

Coles Husky – 680 S

Year	% of Availability	% of Utilisation
1997-1998	99.59	6.87
1998-1999	96.75	5.14
1999-2000	99.45	4.95

TIL GROVE RT 880

Year	% of Availability	% of Utilisation
------	-------------------	------------------

2000-2001	99.70	10.62
-----------	-------	-------

(ii). Insurance Cover (under the Motor Vehicles Act 1998) applicable for “Non-Transport Vehicle” is considered at a premium of Rs.610/- per annum. This being a negligible amount, the same is not considered as an element in computation of Hire Charges. Recovery of damages in case of accidents will be governed as per the provisions covered in the Insurance Policy.

(iii). (a). Repairs and Maintenance cost at 5% per annum was considered taking into account the norms adopted by the NMPT for arriving at the Operation and Maintenance cost of mechanical equipment at the time of obtaining sanction of the Competent Authority for new Plan Schemes. The Performance Guarantee given by the supplier is for a period of 12 months from the date of commissioning of the crane.

(b). The Repair and Maintenance costs of Mechanical / Electrical Equipment are not maintained individual equipment-wise; and, hence, the data on such expenditure incurred by the port trust on Coles Husky 680 S Crane are not available.

(iv). The number of operating hours per annum is considered as 2500 hours taking into account 2 shift operation only during 300 working days per year.

(v). Overheads @ 23.75% were adopted by the NMPT based on the CPWD norms. This percentage is also considered for arriving at the charges to be recovered for providing similar type of equipment and other services by the NMPT to any user / Contractor.

(vi). The estimate of staff charges furnished earlier has been corrected considering Productivity Linked Bonus of Rs.6,000/- per each staff per annum is prepared.

(vii). In addition, the following points may be considered:

(a) While computing the Salary of staff, 20% increase was considered on account of anticipated Revision of Wages by WRC; however, the wage increase as per settlement dated 2 August, 2000 works out to 27.5%.

(b) For ensuring safe handling of containers with the Mobile Cranes, the Port Trust has procured one number each 20 ft. and 40 ft. spreaders at a cost of Rs.6,00,000/-; however, in computation of hire charges of the RT 880 – 75 MT Capacity Mobile Crane, the cost of these spreaders is not considered.

8. 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 NMPT has added a new TIL – GROVE 75 MT capacity mobile crane to its fleet of cargo handling equipment. This crane has been put

into service since May 2001 but a separate rate of hire charges for its use was considered only in November 2001.

Even when the order was placed for supply of this mobile crane, the NMPT must have been aware of the capital and estimated running cost of this crane. It could have proposed hire charges at that time itself. What is intriguing is that the NMPT did not consider it fit to propose the hire charge even in March 2000 when the crane was delivered. It is noteworthy that the cost calculation submitted now by the NMPT is not based on actual costs but only on some rough estimates. The Port could have done this much earlier instead of presenting a fait accompli situation before this Authority to approve rates with retrospective effect. As correctly pointed out by the CSLA, a Port Trust has no statutory power to prescribe a provisional rate for its service; working out hire charges based on MOST's guidelines and adopting some approved rates prescribed for a neighbouring port cannot legitimise such levy.

The case could have been considered earlier but for an inordinate delay on the part of the NMPT to furnish certain clarifications to the queries raised by us. It took nearly three months for the Port to furnish some easily available information from its record. This was, possibly, due to the operation of provisional charge which caused complacency in the matter of final settlement of this case at an early date.

In any case, the action of the NMPT to delay submission of this proposal and to collect provisional charges on its own is highly objectionable. The approach adopted by the Port in this case has been somewhat casual.

- (ii). The NMPT's comparison of the rates approved by this Authority at the COPT for lift on / lift off for the purpose of fixing charges for its crane is not relevant. While the rates at neighbouring ports may act as inputs in tariff setting in a port, it cannot be solely dependent on that. The cost of operating a facility / rendering service at the Port cannot be ignored. Further, comparing only one single tariff item out of the entire package is not correct. As pointed out by the CSLA, container handling at the COPT yard is done using RTG and reach stacker which are more efficient. The KCCI's observation that containers from the immediate hinterland of the NMPT move to the COPT even after paying a high road freight is a telling comment in this connection.
- (iii). Almost all user organisations are unanimous in opposing prescribing hire charges for the newly acquired crane at a rate higher than those for the old Coles crane. It is noteworthy that the lifting capacities of the new and old cranes are the same. This Authority has earlier advised some of the major ports to work out 'pool rate' for equipment on the basis of ranges of capacity rather than individual equipment / floating craft. In the instant case, it is to be recognised that the existing rate for

the old crane was fixed more than twelve years ago. Higher capital cost of new crane, revised life norms of assets for calculating depreciation, increase in Operation and Maintenance costs, etc., cannot be ignored. The old crane, though envisaged to be replaced, still remains in operation and the fleet strength of mobile cranes of this capacity is very limited at the NMPT. It is, therefore, reasonable to fix separate hire charges for the newly acquired mobile crane.

(iv). The newly acquired mobile crane is deployed for container as well as other cargo handling. The CSLA observation about suitability (or, lack of it) of this crane for container operation may be relevant; but, it is not for this Authority to go into the issue of equipment selection process. The fact is that this crane is also used for handling containers at the NMPT. That being so, another observation of the CSLA about recovering cost of it from cargo other than containers cannot be said to have any merit warranting consideration. The container handling charges are proposed to be fixed based on hourly hire charges of the crane. So, the entire cost is distributed to actual total usage and not only on containers.

(v). The issue raised by the KCCI about ground rent on containers is not directly relevant to the case under consideration. In any case, this Authority has already decided not to allow any increase in the tariffs of the NMPT, when it considered recently the general revision of Scale of Rates of the Port. It is to be recognised that pegging rates at the 1995 level tantamounts to a reduction, in real terms, in an inflationary economic situation.

(vi). The KCCI has correctly observed that return shall be allowed on the paid up value of asset. This is in fact the method prescribed by this Authority also. But, in the case of tariff fixation for newly acquired equipment / floating crane, the actual cost of acquisition is considered since there is no difference between paid up and original values.

This Authority is presently allowing a ROCE of 19.5% in the case of major port trusts. This has been decided to be reviewed shortly. Till such a review is completed, the existing system has to continue. Since it may not be possible to adopt a different rate of return only in respect of the NMPT, the objections of the KCCI in this regard cannot be accepted.

(vii). The crucial issue in this case is the capacity utilisation of the new crane. The Port has indicated an utilisation of 2500 hours in a year, which is the minimum level of utilisation prescribed in the guidelines issued by the Government. The ground reality may be that even this level may not be achieved; but, the Port cannot seek to maximise return on investment when capacity created is under-utilised. The ROCE of 19.5% is for assets which are utilised nearly to their capacity level.

The Government guidelines stipulate an availability norm of around 85% for mobile cranes assuming 352 working days per annum. Considering a two shift working of the crane reported by the NMPT, the capacity available per annum must be around 4780 hours. This means a capacity utilisation of around 52% in the instant case. That being so, the Return on Capital employed can also be allowed only to the extent of 52% of the prescribed maximum level of 19.5%.

- (viii). Depreciation of capital assets in tariff calculation in the case of major ports is considered on a straight line method following the life norms prescribed by the Government. There is no provision made for recovery of scrap value at the end of the life of the asset. This practice is followed uniformly by all major ports including the NMPT. That being so, the suggestion made by the KCCI in this regard cannot be accepted for deviation only for the NMPT and in the case of only one equipment at that is not appropriate.
- (ix). Based on our query, the NMPT has adjusted the staff cost. But, the calculations do not take into account the wage revision effected recently for Port employees; but, only a provision has been included towards this.

Likewise, the NMPT has considered a fuel cost of Rs.15.80 per litre in its calculation but indicated that the cost has since gone up to Rs.18.94 per litre. In our calculation, the revised cost of fuel has been considered.

- (x). The NMPT has accounted for an overhead expense of 23.5% of Repairs, Staff and fuel costs. The NMPT has not justified this figure with reference to actuals for similar capacity equipment. The figure assumed by the NMPT is based on such overheads prescribed for the CPWD. There is no justification for assuming that overhead of two organisations engaged in different kinds of operations will remain the same.

Overhead expenses remaining constant for the Port as a whole for a given period, if it is allocated to this equipment, then, to that extent there must be a reduction in some other activity. Since such reduction has not taken place elsewhere, inclusion of it here appears to be an excess allocation and double counting. That being so, this element of overhead has not been considered in our calculation.

- (xi). As has been pointed out by the KCCI, an estimated expenditure of 5% of capital cost of the crane towards repairs and maintenance appears to be very high considering the high capital cost of the equipment and its age. We have requested the NMPT to justify this estimate with reference to actuals for similar capacity mobile crane in its fleet. The Port has very causally replied that such information is not available, as the accounting system does not capture such details for

individual equipment. Not only from the tariff setting point of view but also for a proper management control of expenditure, this information is vital. It is difficult to believe that the requisite data cannot be culled out from the equipment history card and associated stores and office records. Eventhough, the position reported by the NMPT may be accepted in the instant case, the Port is advised to strengthen its costing system so that such details are atleast available in future for an objective analysis of the issues.

Be that as it may, the estimate for repair and maintenance furnished by the NMPT is accepted without modification for the following reasons:

- (a). Staff costs projected do not include impact of revised wages.
- (b). Although no overhead is allowed, there may be some incremental expenditure on supervision, record-keeping, etc.
- (xii). The understating of the KCCI that (mobile) crane is a part of port infrastructure for which wharfage is realised is not correct. Provision of wharf crane is considered in Berth hire charges. This is the position in the NMPT also. For other cranes / cargo handling equipment provision of which is not a pre-condition for levy of berth hire, wharfage, handling charge, etc., Ports can reasonably seek recovery of separate hire charges.
- (xiii). The insurance cost indicated by the Port appears very less and unrealistic in comparison with the value of the asset. The Port is advised to consider actual insurance cost in the calculation at the time of the next revision of this tariff item; thereafter, it shall claim damages and compensation only from the insurance company and not from the users. This has already been pointed out in our recent Order relating to general revision of tariff of the NMPT.
- (xiv). The Port has proposed separate hire charges for departmental use, shipping use and non-shipping-use. It has already been decided by this Authority in the case relating to general revision of tariffs at the NMPT that it will be sufficient to prescribe only the rate for hire of equipment for shipping purpose. This decision holds good in the instant case also.
- (xv). Subject to the above, the calculation of hire charges for the 75 MT capacity TIL– GROVE mobile crane has been revised. The revised calculation sheet is attached as **Annex**. The revised working indicates a hire charge of Rs.3619/- per hour or part thereof which is approved.
- (xvi). Based on the hire charge and considering a productivity of 11 TEUs per hour, the Port has proposed to revise container handling charges. It has also proposed that the revised handling charges shall be levied irrespective of the type of equipment used.

The proposal to levy handling charges irrespective of the type of equipment used is in line with the principle prescribed by this Authority, if the equipment deployed are of comparable capacity. But, the handling cost in that case cannot be only with reference to the cost of a newly procured equipment. The handling charges in such cases shall be fixed with reference to the average hire charges of the fleet deployed for such services.

In the NMPT case, both the new crane and old Coles crane are used for handling apart from a FLT for handling empties. The hire charge for the new crane works out to Rs.3619/- per hour and the existing hire charges for the other two equipment is Rs.2100/- per hour. Considering a simple average, the average hire charge is Rs.2860/-.

- (xvii). The existing container handling charges had been worked out based on a crane hire charge of Rs.2100/-. Since the revised average hire charge of equipment used in container handling is Rs.2860/- and no change in the productivity level is envisaged, an increase of 35% in the existing container handling rates is found to be sufficient.
- (xviii). The NMPT has sought revision of charges retrospectively with effect from 21 November 2000. As has already been mentioned, it is a fait accompli position since the equipment had already been put into use for which provisional charges are being levied. That being so, this Authority approves the revised rates with effect from 21 November 2000 and advises the NMPT to refrain in future from introducing any provisional charges fixed on its own.
- (xix). Since the rates approved are less than the provisional charges levied, the NMPT is advised to raise final bills immediately and refund the excess amounts collected.

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

- (i). Hire charge of Rs.3619/- per hour or part thereof for TIL – GROVE 75 MT capacity mobile crane.
- (ii). Revision of container handling charges as follows:
 - (a). 20' loaded - Rs.256/-
 - (b). 20' empty - Rs.122/-
 - (c). 40' loaded - Rs.384/-
 - (d). 40' empty - Rs.183/-

Note: These charges are leviable irrespective of the type of equipment used for handling.

- (iii). Enforce the hire charge and revised container handling charges retrospectively from 21 November 2000.
- (iv). Refund to users of the excess amount collected.
- .2. The NMPT is directed to amend its Scale of Rates accordingly.

(S. Sathyam)

Chairman

Annex

NEW MANGALORE PORT TRUST

Statement showing calculation of the Hire charges for 75 MT capacity rough terrain type mounted mobile crane model TIL grove RT-880

Purchase cost of the crane	Rs.2,62,58,240
Publication of NIT	Rs. 1,13,600

Capital Cost of the crane	Rs.2,63,71,840

Life in years	10
Capacity per annum (16 X 352 X 85%)	4787 hours
Utilisation per annum (as assessed by the NMPT)	2500 hours
A. <u>Annual Capital Cost Recover</u>	
(i). Return on Capital linked to capacity utilisation (26371840 X 19.5% X 52%)	Rs.26,74,105
(ii). Depreciation	Rs.26,37,184
Sub Total (A)	Rs.53,11,289
B. <u>Annual Operation and Maintenance Cost</u>	

(i).	Repair and Maintenance cost @ 5% of Capital cost	Rs.13,12,912
(ii).	Employee cost	Rs.7,18,841
(iii).	Fuel cost	Rs.11,36,400
	(@ 24 litre per hour @ Rs.18.94 per litre for 2500 hours of use)	
(iv).	Cost of Lubricants and Consumables	Rs.5,68,200
	(@ 50% of (iii) above)	
(v).	Insurance	Rs.610
	Sub Total (B)	Rs.37,36,963
	Total annual cost (A) + (B)	Rs.90,48,252
	Cost per hour	Rs.3,619.30
	Hire charges per hour of part thereof	Rs.3619

[[List of Ports](#) | [List of Orders](#)]