TARIFF AUTHORITY FOR MAJOR PORTS

G. No. : 182 **New Delhi, 9 July 2001**

NOTIFICATION

In exercise of the powers conferred by Sections 48 and 49 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal of the Mumbai Port Trust for a revision of wharfage charges on crude oil, POL products and chemicals and Pier Dues at the Marine Oil Terminal and Pir Pau as in the Order appended hereto.

(S. Sathyam)

Chairman

Tariff Authority for Major Ports

Case No.TAMP/125/2000-MBPT

The Mumbai Port Trust .... Applicant

O R D E R

(Passed on this 28th day of June 2001)

This case relates to a proposal received from the Mumbai Port Trust (MBPT) for revision of wharfage charges on crude oil, POL products and chemicals; and, Pier Dues at Marine Oil Terminal (MOT) and Pir Pau.

2.1. In its application, the MBPT has proposed the following revision in wharfage and Pier Dues at the Marine Oil Terminal (MOT) and Pir Pau:

(i). Wharfage on Crude and POL Product has been proposed to be increased by 45-48%; and, wharfage on Chemicals has been proposed to be increased by 25%. Wharfage on edible oil handled at old Pir Pau jetty is proposed to be levied at the same rate prescribed in the Dock Scale of Rates (DSR).

(ii). Pier Dues has been proposed to be increased by 25%.

(iii). Existing conditionalities in the Scale of Rates pertaining to these Sections are proposed to be retained.

2.2. The rates proposed by the MBPT are as follows:

(i). Wharfage Charges

Sl. No.	Description of Goods	Basis of Charge	Import Rs.	Export Rs.
1.	POL and POL Products			
	(i). Crude Oil	Tonne	56	56
	(ii). Kerosene and Light Diesel Oil	Tonne	37	37
	(iii) All other POL products viz. Naptha and Solvent, Fluxing and Lubricating, Turpentine and Vapourising Grease, Bitumen, Petroleum Jelly, Motor Gasoline, Motor spirit, Liquefied Petroleum Gas etc.	Tonne	64	64
2.	Chemicals viz. Ammonia, EDC, Ethyle, Benzine, Paxaxylene, M.E.G., N. Paraffin, Orthoxylene and other liquids in bulk	Tonne	110	110

Note : Wharfage on edible oil in bulk handled at old Pir Pau jetty will be as per Section I of the Scale of Rates charged at the Docks.

(ii). Pier Dues

Sl. No.	Vessel Chargeable	Coastal Vessel	Foreign-going Vessel
1.	On every steam and other Mechanically propelled and	Rs.1.50 per GRT for a period of 8 hours or	10 cents per GRT for a period of 8 hours or part

	square rigged vessels berthed at or using the bulk Oil piers at Jawahar Dweep and Pir Pau	part thereof subject to a minimum charge of Rs.1,500.	thereof subject to a minimum charge of US $ 100.
2.	On every boat, barge or country craft (not square rigged)	Rs.31/- for a period of 8 hours or part thereof	US $ 2.00 for a period of 8 hours or part thereof

2.3. The MBPT has made the following main points in support of its proposal:

(i). The existing wharfage charges on crude oil and POL products; and, Pier Dues were last revised in 1996 after construction of a new jetty at Pir Pau. Subsequently, in 1999, the tariff for Pier Dues was prescribed on an 8-hourly basis.

(ii). The main reason for the proposed revision of wharfage is to recover the capital cost of Rs.275 crores incurred for replacement of the submarine pipelines connecting the Marine Oil Terminal (MOT) to the mainland. Another project worth of Rs.215 crores relating to modernisation of MOT berths J1, J2 and J3 has already commenced and is expected to be completed by March 2003. The revision of Pier Dues is necessitated to partly cover the deficit in the service.

(iii). (a). For the purpose of working out the proposed rate the depreciation of assets and return on Capital employed @ 18.5% has been considered on capital cost of Rs.275 crores and also on the existing capital employed since the old pipelines have been decommissioned.

(b). The MBPT has done the working based on the actual figures of the year 1999-2000. The receipts are compared with the total cost and depreciation is considered on historical cost plus escalation.

(c). The cost statement relating to POL services indicates a deficit of 40% and the cost statement pertaining to the service of Berthing and Mooring at Bunders shows a deficit of 127%.

(iv). (a). The wharfage of crude oil, kerosene and diesel oil and POL products is proposed to be increased by 47.3%, 48% and by 45% respectively. Though the proposed wharfage is higher than the JNPT rates, same is justifiable considering the improved discharge rate through the new pipelines.

(b). The wharfage on chemical, however, is proposed to be revised by 25% only from existing wharfage of Rs.88/- to Rs.110/- PMT so as to ensure that the wharfage on chemical does not become unattractive compared to the JNPT rates.

(c). Similarly, the Pier Dues is also proposed to be revised by 25% with a view to keep the rates at a reasonable level compared to the JNPT tariffs.

(v). The existing Scale of Rates does not prescribe any wharfage rate on edible oil at the MOT and Pir Pau. Consequently, wharfage rate of chemical applicable at the MOT is being levied in case of edible oil handled at Pir Pau terminal. The MBPT has, therefore, now proposed to incorporate a note prescribing to levy the wharfage as per the Dock Scale of Rates on edible oil handled at Old Pir Pau jetty. In case the vessels are docked at the new jetty, wharfage will be as per Scale of Rates charged at the MOT.

3. The proposal originally submitted by the MBPT was not as per the format prescribed by the Authority. The MBPT, however, furnished its proposal in the prescribed format along with cost / financial statements subsequently, on being required to do so.

3.1. A copy of the proposal was circulated for comments to all the concerned users / representative bodies of users named by the MBPT. The comments received from them are summarised below:-

<u>The Shipping Corporation of India (SCI)</u>

(i). The MBPT had already hiked the rates for Pilotage in December 1998. Another upward revision of 25% in the Pier Dues as proposed by the MBPT will further penalise the users; and, mainly the SCI.

(ii). The proposed hike on the coastal vessels will not only hamper the growth of coastal shipping but also adversely affect the coastal traffic movement in Mumbai.

(iii). The SCI deploys coastal daughter-tankers at lighterage points to lighten cargo from mother tankers and to discharge the cargo at a specific port. The MBPT levies Pier Dues on these daughter-tankers at foreign rates in spite of it being on a coastal run and plying on the Indian Coast.

(iv). The freight for voyage charter tankers are based on basic World Scale rates issued by Worldscale Association Limited (London) and are compiled on an yearly basis. Any increase in rates of port charges in the middle of the year is unjustified as the burden will have to be shouldered by the shipowners alone without any compensation in freight. It is, therefore, sincerely suggested that Pier Dues shall not be increased at all and in case any revision in rates is implemented it shall be made effective from January 2002.

(v). In case of coastal vessels, increase in pier dues will affect the Indian shipowners directly since the freight rates for coastal tankers are negotiated rates between the charterers and shipowners, which are presently not remunerative.

(vi). Pier Dues may be levied on a 'per hour' basis instead of the present system of levy on an 8-hourly basis.

<u>Oil Coordination Committee (OCC)</u>

(i). The Administered Pricing Mechanism (APM) has been withdrawn, thereby, leading to competition from private sector in the refinery industry. It will be a disadvantage for the PSU refineries to bring in POL products and crude at Mumbai as compared to the new private refineries at Jamnagar and Mangalore.

(ii). The proposed revision in wharfage charges on crude oil and POL products and Pier Dues is the second revision since 1996, the first one being on 14 November 96 after construction of a new jetty at Pir Pau at a total cost of Rs.110 crores. In 1996, wharfage rates were revised upward in the region of about 26%. Compared to pre-1996 rates, the revision proposed now for Crude Oil, LDO/SKO and other POL is 87%, 48%, and 83%, respectively.

(iii). Facilities were available to three POL products namely Lube Oil, LSHS, and FO at the new Pir Pau. The Port, however, levied and collected revenue unjustifiably from other petroleum cargoes to the tune of roughly Rs.39 crores, which needs to be taken into account while revising the Scale of Rates.

(iv). Crude oil is mainly exported through the ONGC pipeline. This pipeline has not been taken up for modernisation by the MBPT. Wharfage rate for the export of crude oil through ONGC line has also been proposed to be increased by 47%, which needs to be reviewed.

(v). The real advantage of new submarine pipeline will be available to the industry only after completion of modernisation of Marine Oil terminal berths J1, J2 and J3, which is expected to be completed only by March 2003. The discharge /loading pressure even after the replacement of the submarine pipeline is restricted to the earlier level of 7.5 kgs/cm^2 only. The MBPT, therefore, cannot claim any increase in wharfage charges on the justification of higher discharge rates.

(vi). The manpower requirement for Oil jetties is far less compared to the jetties handling other products. Hence, the additional cost towards increase in wages and other related labour overhead expenses should not be equally prorated.

(vii). While arriving at the proposed revision of rates the MBPT has considered capital cost plus contribution to reserve @ 3% . The Industry has already borne the expenses by way of contribution to reserve created so far, and the same should be taken into account for arriving at the cost implications for modernisation.

(viii). The industry has suffered heavy financial loss on account of poor health and low discharge rate of these pipelines, which have not been replaced since 1980 in spite of continuous follow up.

(ix). The MBPT would have recovered full replacement cost of the old pipelines by 1980 presuming 30 years of economic life (similar to the life span of new lines considered by the MBPT). The earning since 1980 would have accumulated as reserve. The users seek relief on this ground.

(x). The MBPT has proposed a 25% rise in Pier Dues, whereas the jetties have yet to be revamped.

(xi). With the proposed revision in wharfage rates, industry's additional outflow for Non-APM products will be approximately Rs.26 crores per annum and Rs.4 crores per annum in the case of APM products which industry can ill afford.

The Bombay Dyeing & Manufacturing Co. Ltd.

(i). The MBPT proposal for revision is totally based upon the expenditure of Rs.275 crores incurred in laying new submarine pipelines from the MOT and another Rs.215 crores proposed to be incurred for modernisation at the MOT. These capital expenditure helps the users of the MOT only.

(ii). Chemical tankers mostly use the new Pir Pau jetty only. The Old Pir Pau jetty does not permit berthing of vessels more than 6.5m draft, that too is generally restricted to less than 5.5 to 6.0m, since regular dredging is not carried out.

(iii). Although Pir Pau is basically a chemical jetty; Lube/LSWR vessels also berth here, taking away precious berthing facility. Lube vessels berth at the New Pir Pau jetty only, even though draft may permit berthing at old jetty, thereby, inconveniencing the chemical vessels.

(iv). The 25% rise proposed is very steep.

(v). The entire expenditure by the MBPT is to the advantage of POL and POL product users only. Therefore, the entire burden shall be borne by POL and POL product users.

(vi). The old Pir Pau jetty shall be utilised to its fullest extent which will go long way in saving precious foreign exchange which otherwise is now going away as demurrage to foreign shipping lines for delay in berthing at the new Pir Pau jetty.

Indian Chemical Manufacturers Association (ICMA)

(i). Any increase in wharfage and Pier Dues will affect both import and export of chemicals through Mumbai Port and will be counter productive. The chemical industry as such, is passing through a very critical juncture and is adjusting itself to severe global competition.

(ii). The Mumbai Port is already facing tough competition from the JNPT as well as other private ports in the western coast. It has lost substantial share of its business due to high cost.

(iii). The MBPT has considered revenue of only one year based on the traffic handled in 1999-2000 to justify the proposed increase in wharfage and Pier Dues. The traffic of 1999-2000 has been lower than the earlier years and very much less than the capacity created by replacement of Marine oil terminal pipelines. The additional wharfage and Pier Dues for MOT shall be based on the optimum capacity created, thereby, keeping the dues at a reasonable level and ensuring optimum utilisation of the facilities created.

(iv). The present modernisation of the Marine Oil Terminals berth facility does not provide any benefit or additional facility to Chemical Industry which use Pir Pau facility. MOT berths of Jawahar Dweep are for handling POL products only and no chemicals are allowed to be handled even after upgradation. Therefore, there is no justification for increasing wharfage charges and Pier Dues at Pir Pau. If the Port, however, considers to increase the tariff for Pir Pau berths, then the wharfage increase should be considered only for POL products and not for chemicals.

(v). The cost of import of POL and chemicals through the MBPT is higher compared to the neighbouring ports since the Octroi charges in Mumbai is quite high ranging from 2.25% *ad valorem* for POL products up to a maximum of 7% *ad valorem* for chemicals. All chemical manufacturing units are located outside the municipal limits of Mumbai even though they use the MBPT for import. Brihan Mumbai Nagar Palika (BMC), however, levies Octroi immediately on landing of the product at the port and thereafter refunds 90% of the Octroi charges, keeping 10% as their processing cost. The refund procedure is quite cumbersome and takes between 8-12 months for importers to receive the refund.

(vii). High cost of import has led to fall in imports of bulk liquid cargo through the MBPT and the Pir Pau Jetty as compared to previous year.

All India Liquid Bulk Importers & Exporters Association (AILBIEA)

(i). The proposed increase will adversely affect the already dwindling bulk liquid cargoes through the Mumbai Port and also prove counter effective for the MBPT as gross revenues are likely to fall drastically with the sharp drop of bulk liquid cargo import in the docks and Pir Pau.

(ii). Import of bulk liquid import through the MBPT is already costlier than competitive ports by Rs.130-Rs.300 per ton because of the Octroi levied by the BMC at the time of landing and also due to delay in the refunds. Increase in wharfage as well as Pier Dues will further add substantially to the high cost of import, which cannot be borne by the importers. The private ports and the JNPT offer good services at much less overall cost.

(iii). The replaced pipelines are solely used for import of crude oil, white oil and black oil at the MOT berths. Chemical imports use the Pir Pau jetty and the Docks. The proposal does not mention any upgradation at Pir Pau berths or Docks. Therefore, wharfage and Pier Dues at Pir Pau should not be increased.

(iv). In fact the rates at the Pir Pau berths were increased after the new berth was commissioned. The MBPT must charge lower wharfage on all cargoes at the old Pir Pau.

<u>Aegis Logistics Limited</u>

(i). The increase proposed by the MBPT in the port charges can be generally justified on the following grounds:

(a). Existing port users are provided with better / improved infrastructure facilities.

(b). The new facility has resulted in better economics of operations, thereby, attracting the users of the neighbouring ports.

(ii). None of these criteria are, however, relevant to the users of the Pir Pau Berths as explained below:

(a). The replacement of sub-marine pipelines will benefit the users of Marine Oil terminal berths i.e. the major oil companies in terms of evacuation rate, faster turnaround of the ships, etc.

(b). All the pipelines in the Pir Pau Pier (both new and old) have been laid by individual terminal operators at their cost unlike the Marine Oil Terminals pipelines at Jawahar Dweep, which are laid by the MBPT (at their cost). Thus, this is a good rationale for the Pir Pau Berth users to pay less wharfage as compared to the Marine Oil Terminals.

<u>Chemical Terminal Trombay Limited (CTTL)</u>

(i). The Pir Pau berths are used for handling chemicals. The new submarine pipelines replaced in place of the existing POL pipeline are exclusively for the handling of POL products by the Oil Companies and have nothing to do with the new or old Pir Pau jetties, where chemical tankers berth.

(ii). The MBPT recovers the infrastructure cost by way of appropriate revised Way Leave fees for handling petrochemicals, lube base oils and LPG at the new Pir Pau pier. There is also an annual escalation of 4% every October for this Way Leave fees charged by the MBPT.

(iii). The traffic of bulk liquid chemical handled at the new Pir Pau pier is already on the decline. Any increase in the wharfage and Pier Dues will adversely affect the final landed cost of the product and the end users will be left with no other alternative but to look for other port facilities on the west coast for landing their bulk liquid chemicals.

(iv). The movement of bulk liquid chemicals from the MBPT piers has drastically scaled down because of the existing procedure of payment of octroi in advance and the inordinate delays in refund.

Deepak Fertilisers and Petrochemicals Corp. Ltd.

(i). The existing charges at the MBPT are very high compared to other ports like Kandla, Mundra, Mangalore, Cochin, etc. Any upward revision further in wharfage and Pier charges at the MBPT will force us to seriously consider diverting our cargoes to other ports that offer very competitive rates as compared to the MBPT.

(ii). Submarine pipelines replaced by the MBPT cater exclusively to the Oil Industry and have nothing to do with the new or old Pir Pau jetties where the chemical tankers are berthed.

(iii). Individual companies have laid their own pipelines at their own cost both at the old and new Pir Pau jetties for storage of chemical and lube base products. For this, the terminal companies pay way leave charges to the MBPT.

(iv). They existing wharfage and Pier charges at the MBPT may be lowered instead of the proposed increase the same. This will attract more traffic, thereby increasing the total revenue for the MBPT.

Castrol India Limited

(i). Terminal costs at the Pir Pau are considerably higher than at the JNPT. Besides the existing procedure for payment of Octroi in advance and inordinate delays in refund of the same make it unattractive and uneconomical to bring vessels to Mumbai Pir Pau Jetty. This is one of the main reasons for the decline in traffic at the Pir Pau.

(ii). The additional charges proposed to be levied are for replacement of the MBPT submarine POL pipeline servicing tankers/ships berthed at Jawahar Dweep and are in no way connected with operations at the new Pir Pau jetty where Lube oil vessels berth.

(iii). Levy of Way leave charges by the MBPT gets built up in the terminal cost. Any increase in wharfage and Pier Dues will increase the landed costs of chemicals and POL products adding to the already heavy financial burden of bringing vessels to the Mumbai Port.

JCL International Limited

(i). The tariff revision may be worked out on the basis of inflation and after considering the original cost of the old equipment which has been replaced or depreciated.

(ii). The MBPT has stated that the replacement will provide better facilities and better discharge rate which itself will be able to generate more revenue and business.

(iii). The charges for Kerosene, LDO and POL products may be revised to the extent of 25% and reviewed annually or after 2-3 years.

Supreme Petrochem Limited

(i). There is no direct delivery facility at Pir Pau jetty. Storage tanks have to be hired to store the cargo, which means additional cost followed by Octroi and Stamp duty. The competitors importing through other ports do not incur these additional cost.

(ii). The existing wharfage of Rs.88/-PMT on chemicals may be reduced to Rs.50/-PMT instead of the proposed increase of 25%. With this reduction the MBPT can expect better volumes at Pir Pau, which will take care of the deficit.

(iii). Styrene Monomer vessels can berth only at Pir Pau unless they barge it through Haji Bunder (where the wharfage is Rs.10/- PMT) whereas edible oil which can berth at both the places. Please extend the rebate in wharfage similar to the edible oil.

(iv). Wharfage at other minor ports developing in Maharashtra is as low as low as Rs.5/-PMT.

ESSAR OIL

It has no comments to offer on this proposal

3.2. The HPCL and the IOC have mentioned that the OCC has submitted the comments on the MBPT proposal on behalf of the Oil industry after discussion.

4.1. On a preliminary scrutiny of the proposal, various points emerged requiring additional information/clarification. These points were referred to the MBPT for additional information/clarification. Some of the main points among them are given below:

(i). Cost statement to be recast considering RE of 2000-01 as the base and projections for 2001-02 and 2002-03.

(ii). Basis of traffic projections and the reasons for decline in the traffic.

(iii). The discrepancies in estimation of capital employed and ROCE to be explained and corrected.

4.2. The MBPT has furnished the additional information/clarification which is summarised as follows:

(i). Since cost centre-wise estimates are not compiled by the MBPT, recast cost statements considering RE of 2000-01 and projected cost statement for 2001-02 and 2002-03 cannot be furnished.

(ii). The traffic of crude oil and POL products are declining and is expected to fall by 5% to 15.7 MT in the year 2000-01. This declining trend is expected to continue due to facilities provided at the neighbouring ports. The traffic projected at the time of formulation of investment proposal was 21MT for 1999-2000 and 25.5MT for 2000-01.

(iii). The new pipelines were commissioned in August 2000 and are expected to be capitalised after receiving completion certificate. Capital employed is worked out for the port as a whole and not service-wise. ROCE is apportioned on the basis of net block of each service. It has further stated that the details furnished are in order.

(iv). The cost statements showing break up of operating cost of POL and Berthing and Mooring at Bunders have been submitted.

5.1. A copy of each of the above comments from the user was forwarded to the MBPT as feed back information. The MBPT has given its comments on the notes of SCI, OCC and other chemical users, which are summarised as follows:

(i). Apart from the SCI, private parties are also handling POL traffic at the Jawahar Dweep. The Port has to render services to the trade as a whole and not to individual party.

(ii). The SCI's contention that revision of charges would hamper growth of coastal traffic is not correct. The proposed revision is to recover the capital cost incurred for replacing the submarine pipelines between the MOT and Pir Pau in order to provide improved service to the trade.

(iii). The daughter tankers are levied Pier Dues at foreign rates in accordance with TAMP Order dated 2 June 1998. The daughter tankers are receiving cargo of foreign origin in mid-stream from mother vessels and discharging it at piers.

(iv). In case TAMP is inclined to consider the SCI's request to prescribed Pier Dues on an hourly basis, then the port shall revise the charges by 127% to cover the deficit fully.

(v). The statistics furnished by the OCC about revision of rates is correct.

(vi). Huge investment has now been made for the service of POL handling. It is, therefore, essential to revise the charges upward. There has been considerable escalation in operation and maintenance cost since the last revision in 1996.

(vii). (a). The new submarine pipelines have been joined up at MOT, JD, Manifold with the old band of pipelines. Since the old pipelines have outlived the useful life the pressure restriction of 8 KG/cm^2 has been maintained, therefore, only marginal increase in discharge rate is noticed. Full benefit in the discharge rate will be available only after modernisation of J1, J2 and J3.

(b). The Oil industries except for the BPCL have not provided any of the matching facilities like installation connections with similar pipelines, chartering better tankers with high pressure pumps, etc. to get the benefit of this replacement.

(viii). The pipelines laid down by the ONGC are passing through the MBPT water limits for which neither the ONGC nor users of pipelines are making any payment to the MBPT though way leave fees need to be levied. Cargo passing through the ONGC lines are handled at Piers and, therefore, the wharfage is being recovered.

(ix). Additional cost towards increase in wages and other labour related expenditure has been apportioned to POL only for the service rendered to the POL.

(x). Depreciation on fully depreciated assets has not been considered.

(xi). The cost statement pertaining to the services of Berthing and Mooring at Bunders depicts a deficit of 127%. The proposed revision of 25% in pier dues is insufficient to cover this huge deficit. The revision is, however, proposed to be restricted to 25% after due commercial consideration.

(xii). The old pipelines were commissioned in 1950. The MBPT commenced creating 3% reserve on Net block only from 1976, by then this asset had almost depreciated fully. After they out lived their useful life, no depreciation or reserve has been charged in respect of these assets.

(xiii). A new jetty was constructed in 1996 to handle liquid chemicals and other POL products. The tariff schedules as well as cost of service rendered can not be segregated on pier/jetty basis.

(xiv). Deep draft facilities are provided at New Pir Pau jetty. Old Pir Pau jetty has draft restrictions. Other parameters such as tide, floods, daylight, etc. also restrict the vessels berthing at Old Pir Pau jetty and hence vessels berth at New Pir Pau to facilitate quicker berthing.

(xv). The use of Pir Pau jetties are exclusively managed by Pir Pau users by fixing monthly shipping programme as per their requirement and their contention, therefore, is not correct.

(xvi). It is true that the new Pir Pau jetty is basically constructed for handling of chemicals. It is, however, a multi purpose jetty where other vessels are also allowed to berth for maximum utilisation of berth.

(xvii). The traffic of POL and the chemicals handled by the Port during previous years have not reached the optimum capacity. Proposing revision based on optimum capacity may, therefore, lead to increase in deficit necessitating higher increase in charges.

(xviii). All efforts are being made by the MBPT to mitigate hardships caused to the trade due to recovery of Octroi at the time of landing and inordinate delay in refunds by the BMC.

6.1. A joint hearing in this case was held on 19 April 2001 at the MBPT premises. At the joint hearing, the following submissions were made:

<u>The Bombay Dyeing & Manufacturing Co. Ltd</u>.

(i). Pir Pau is a chemical jetty. POL product vessels also use the Pir Pau jetty.

(ii). Revision is stated to be on account of modernisation. The benefits of modernisation are, however, available only to POL and POL products. Therefore, exempt chemicals from any revision.

<u>Indian Chemical Manufacturers Association (ICMA)</u>

(i). Proposal of the MBPT is based on one-year data. Traffic declined in the year 1999-2000. Reasons have not been stated. It was an unusual year and that cannot be the basis for future projections.

(ii). High Octroi charged by the BMC is not relevant here.

<u>Aegis Logistics Limited</u>

(i). Almost all Pir Pau pipelines are laid by individual terminal operators. No expenditure is incurred by the MBPT. The MBPT, however, collects way leave charge to recover its dues, which needs to be clarified.

Oil Coordination Committee (OCC)

(i). Improvement of facilities is in Jawahar Dweep. Pir Pau does not benefit at all. Why burden these jetties with increase?

(ii). The investment in 1996 did not benefit us fully. The investments on J1 have also not benefited us at all. J2 and J3 have to be ready for that before March 2003. Why shall we pay for that before March 2003?

(iii). Oil industry shall not be required to cross-subsidise other commodities.

(iv). Port has not invested anything from its resources. They continue to earn from the assets that have been fully depreciated. They should plough back (at least) a part of that earning.

(v). In case of import of oil, the proportion of wharfage to freight must be reasonable. The proposed increase in wharfage will upset that proportion.

The Mumbai Port Trust (MBPT)

(i). New investment of Rs. 500 crores has been envisaged and was mainly incurred at the request of oil industry. It was clearly understood by them that the rates would go up.

(ii). Our proposal is based on exact costing.

(iii). We have also compared the rates with the JNPT rates and it compares well.

(iv). Regarding ONGC pipeline, the MBPT provides services at the wharf; and, therefore, wharfage is leviable.

(v). ONGC pipeline has not been modernised. This is not a revision only for ONGC. Everybody has to pay for the upgradation of the facilities.

(vi). We have no cost segregation for MOT and Pir Pau. Accounts are also not maintained separately. We can not deal separately with individual cargoes.

(vii). We do not allocate all port capital cost to Jawahar Dweep and Pir Pau. We allocate only the costs relevant to the service facility.

The Shipping Corporation of India (SCI)

We reiterate the comments given by us earlier in writing.

All India Liquid Bulk Importers & Exporters Association (AILBIEA)

(i). Tariff revenue at Pir Pau is totally at variance with tariffs of major chemical terminals at the KPT, etc. Comparison with the JNPT is not at all correct.

(ii). It is not correct to propose for a revision merely because 5 years have gone by since last revision.

(iii). If at all there is a case for downward revision of tariffs. If rates decrease, traffic will increase and revenue will go up.

Bharat Petroleum Corporation Limited (BPCL)

(i). Oil tankers face draft restrictions. Channel is not deep enough. We carry 70% cargo and 30% of the tanker capacity is wasted. The MBPT must deepen the channel. Unhelpful new investments must not be loaded on us.

(ii). In 1996, additional tariff of Rs.8/- was introduced. There was no improvement for handling crude & POL. That money went to Pir Pau. So, why should the Chemical industries object now.

Hindustan Petroleum Corporation Limited (HPCL)

(i). Let the MBPT give its traffic projections. We will cross check. The base must be correctly established. We can share Oil industry's projections with the MBPT.

Chemical Terminal Trombay Limited (CTTL)

(i). We endorse the views of AILBIEA.

(ii). Reduce the rate. Traffic will increase and the revenue will go up.

(iii). Infrastructure at old jetty at Pir Pau is inadequate. Civil structures are obsolete; Draft is inadequate. Why not fully refurbish the jetty and then think of revision of tariffs.

Indian Merchants' Chamber

The MBPT must seriously consider the important points raised by users and respond to the TAMP.

6.2. At the joint hearing it was decided that the MBPT would furnish notes providing additional information on the following:

(i). The reason for loading the Pir Pau jetties with costs of modernisation of the oil jetty at Jawahar Dweep.

(ii). Confirmation of traffic figures after reconciliation of data with the OCC.

(iii). Revised cost statement for the financial year 2001-02 and 2002-03.

6.3. As discussed in the joint hearing, the MBPT furnished the following information:

(i). The cost data is maintained service-wise and not berth-wise or pier wise. It is, therefore, not practicable to workout exclusively the cost of service rendered at the Pir Pau jetty.

(ii). The investment of Rs.110 crore was made in 1996 for creation of a specialised chemical handling jetty at Pir Pau. Though this facility was created exclusively for chemical vessels, the cost thereof was loaded for the services rendered to vessels entering Jawahar Dweep as the MBPT is not in a position to segregate the cost pier-wise.

(iii). The traffic figures have been reconciled with the OCC/(HPCL) officials. There is a marginal difference in one or two cases. As such, the revenue projected upto the year 2002-03 remains unchanged.

(iv). A major revamping project for upgradation of Bombay High Unit of ONGC is likely to materialise by the end of 2002. Oil industries are not sure of its effect on the MBPT traffic. Cost statement of 2002-03 has been furnished maintaining the same as the projections of 2001-02.

7. 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 proposal is to increase the wharfage rates and Pier Dues at the MOT and Pir Pau jetties in order to recover the capital cost incurred by the Port in replacing submarine pipelines connecting the MOT to the mainland and also to partially wipe out the cost deficit under the activity of Berthing at MOT and Pir Pau.

In some cases, the Port has proposed rates at levels below the increases warranted by cost deficit. The Port has explained that this is a commercial judgement keeping in view the rates prevailing at neighbouring major ports.

The Port has already spent Rs.275 crores in replacing submarine pipelines. Capital works worth about Rs.215 crores are in progress, which relate to modernisation of MOT berths. The users have pointed out that full benefit to them will accrue only after the project of modernisation of the berths is completed in 2003. The Port has sought to justify its proposal by stating that it has to recover the huge investment already made in replacement of pipelines.

It is noteworthy that the project relating to replacement of pipelines is already completed. The Port has included the cost of these new assets put into use (Rs.275 crores) in the cost statement for wharfage charges. The effect of this investment is not considered by the MBPT in the cost statement relating to Pier Dues.

(ii). The SCI has requested to coordinate between the freight rates for tankers notified by World Scale Association and the timing of port tariff revision. Prima Facie, there is no merit in the argument due to the sheer impracticability of the suggestion made in view of multiplicity of such organisations in the freight market.

It is to be recognised that the last revision of these rates was in November 1996. Considering the two year tariff revision cycle prescribed by this Authority, these rates were due for revision / review in November 1998. That being so, the proposal is not for an out-of-turn revision; the revision is already overdue.

(iii). It is relevant in this context to examine the objection of the OCC about full advantage of the facility accruing only after completion of the complementary projects. The MBPT has also not denied this position. It is to be recognised that the assets (submarine pipelines) are already put into use; and, the proposal is with reference to their capital cost. When modernisation of MOT berths is completed, the rates may have to be reviewed, inevitably, with reference to the revised capital cost. These projects are major in nature involving longer gestation period. It is not correct to expect the Port, which has already spent Rs.275 crores (and, commissioned that facility) to wait for two more years to recover its cost.

In the present cost-plus method of tariff setting adopted by this Authority, assets completed and commissioned qualify for inclusion in the 'Capital Employed' component. That being so, there is no reason for not considering the investment made by the MBPT in new submarine pipelines, which are currently in use.

(iv). The OCC has also raised a point about utilisation of reserve funds of the Port for creation of these facilities. The contention is that the users had, through tariffs, contributed to these reserves and when funds are drawn from these reserves for creation / modernisation of assets, costing of such facilities should be made, as understood by us, without considering any return on that portion of the cost of asset financed out of internal resources of the Port.

This argument, prima facie, appears to have some force. Review of the existing method of allowing return on capital employed is engaging the attention of this Authority for sometime now. This will, however, involve extensive consultation and, hence, further time. In any case, till the Authority reviews the present method, it will continue. In the present method, no differential rate of return is allowed for investment made out of internal resources. That being so, the instant proposal of the MBPT is analysed based on the method followed so far.

(v). The point of the OCC about utilisation of the old pipelines beyond its pre-determined economic life period is also not correct. For computation of capital employed, the written down value of the assets only are only considered. That being so, the assets in use beyond their economic life do not get added up to the Capital employed and hence do not contribute to return on capital employed.

(vi). Some of the users have also objected to increase in wharfage for crude oil using ONGC Pipeline. The Port has explained that it handles the cargo at its piers and, therefore, it is entitled to levy wharfage. It has also pointed out that way leave charges are not realised for the ONGC pipelines passing through the MBPT waters.
It is to be recognised that relevant operation and capital cost are considered in fixing tariff. Since ONGC pipelines do not belong to the Port, relevant capital and maintenance cost of this pipeline have not been included by the Port in the cost statement for the activity.

If cargo moving through ONGC pipelines is excluded, the rate for the rest of the cargo handled at the MOT will obviously go up. When the users argue that they pay more for cargo passing through the ONGC pipelines, they must realise that they pay less when they use the MBPT pipelines, because of distribution of costs. Since users are common, differentiation in rates between cargo moving through ONGC pipelines and MBPT pipelines may not be necessary.

(vii). Some of the chemical terminal users have raised an issue regarding high octroi charges and delay in refund of that. Octroi is a levy collected by the Municipal Corporation of Mumbai. It has nothing to do with the MBPT and hence not relevant to the case under consideration. Incidentally, as explained by the MBPT at the joint hearing, they are going out of their way to liaise with the BMC to get this issue sorted out.

(viii). As has been mentioned earlier, the investment made in replacement of submarine pipelines is relevant to the MOT. The objection made by the users of Pir Pau about subjecting them to increase of tariff for investment made elsewhere appears to be genuine and deserves to be admitted. The Ports defence that it cannot segregate the cost between MOT and Pir Pau cannot be accepted.

The weightage for investment on new submarine pipelines has been given in the cost statement relating to wharfage charges. It is to be recognised that wharfage is to be levied with reference to the facilities provided and investments made thereon. As has been pointed out by some of the users, pipelines connecting Pir Pau jetty and tanks are laid by terminal operators and not by the MBPT. Since the investment on submarine pipeline is not relevant to the Pir Pau, upward revision of wharfage rate for chemicals and other POL Products handled thereat is found to be not reasonable and, therefore, cannot be approved.

In the case of Pier Dues, the Port has not considered the investment on submarine pipelines at all. The revision has been proposed to partially reduce the cost deficit. There is a huge cost deficit under this activity. Since the costs include costs at Pir Pau as well as MOT, and historically the Port has been prescribing one single rate of Pier Dues for both the MOT and Pir Pau, we are inclined to agree to the proposal of continuance of a single rate of Pier Dues for both the facilities. This Authority has already directed the MBPT, in a case relating to a representation made by the MANSA about composite berth hire charges, to recast within six months the existing charges with reference to services provided and facilities available at individual berths. This will also include Piers. While submitting its proposal for such a tariff adjustment, the MBPT is advised to propose separate rates of pier dues for the MOT and Pir Pau. Till such time, the common rate of Pier Dues for the MOT and Pir Pau is allowed to continue as an interim arrangement. If by December 2001 the MBPT does not initiate this proposal, the chemical operators at Pir Pau can move this Authority for such *suo motu* action as may be possible in this matter.

It is noteworthy that the MBPT had effected revision of Pier Dues' rates in 1996 (even) at the MOT, although the improvement of facilities and investment thereon were relevant only to the Pir Pau. In this context, the objection made by the OCC about the additional revenue of Rs.39 crores earned by the MBPT is relevant; but, it is too late to be taken into account. The Oil Companies should have agitated this issue at the relevant time. Since the MBPT has all along been considering MOT and Pir Pau together and the revision of Pier Dues approved now is going to be an interim tariff arrangement, the objection of chemical terminal users (Pir Pau jetties) is not very relevant now. It is to be recognised that they have enjoyed the benefits of similar cost distribution arrangement when tariffs were fixed in 1996 due to inclusion of the MOT vessel traffic.

(ix). The MBPT had projected 21 MT and 25.5 MT of crude / POL traffic to be handled in the year 1999-2000 and 2000-01 when this project of replacement of pipelines was envisaged. The total liquid traffic actually handled is 17.14 MT during the year 1999-2000 and 16.28 MT for the year 2000-01. Even if the total liquid traffic is considered to be handled at the MOT, it is still less by 35% of the estimated traffic. Even in the subsequent traffic projections given by the MBPT in consultation with the OCC, the same position is reflected.

This Authority allows a maximum return on capital employed of 19.5% at present. This maximum rate of return can be claimed by a Port Trust when the assets created are fully utilised. When there is an under-utilisation it is not reasonable to load the entire burden of maximum return on capital employed thereby burdening the users. The concept of linking return with the capacity utilisation has already been adopted by this Authority in the case relating to some other Port Trusts / Private Terminal. This issue had also come into consideration in the case of the proposal made by the TPT for a special charge to meet the huge expenditure on capital dredging. In that case, the Port itself had proposed a reduced level of return on capital employed. In the instant case also, therefore, there is no justification for allowing a return on capital employed at the maximum permissible level in view of the under-utilisation of the facilities. Since the capacity utilisation is around 70%, it is logical to consider only 70% of the maximum permissible return on the new investment of Rs.275 crores made for replacement of submarine pipelines. This arrangement can be reviewed after March 2003 when, with completion of all the complementary projects, the new submarine pipelines can be operated to full capacity. The other assets, however, will continue to get the benefit of maximum return on capital employed.

(x). The MBPT has not considered additional income from Pier Dues (denominated in US Dollar terms) due to fluctuation in foreign exchange. The exchange rate fluctuation has, therefore, been considered at the rate of 3% for the year 2001-02 and 6% for 2002-03, as is done in other cases of other major ports.

For estimation of this additional income, the Port Trust has not provided the break up of foreign-going vessels and coastal vessels. As per the statistics available in the Basic Port Statistics 1999-2000 published by the Govt. of India, the ratio of overseas cargo to coastal cargo in crude / POL category handled at the MBPT is at the average of 51% and 49% respectively. In the absence of any other specific information, the same ratio can reasonably be assumed in the case of vessel traffic. The MBPT is, however, levying Pier Dues applicable to foreign-going vessels from daughter vessels on the ground that they receive cargo of foreign origin from the mother vessels. The propriety of this practice followed by MBPT is discussed elsewhere in this order. Nevertheless, for the purpose of estimation of income, the ratio foreign-going vessel to coastal vessel is reckoned with as 85:15 giving the advantage of approximation to the Port. In the cost statements, therefore, the additional income on account of foreign exchange rate fluctuation has been included accordingly.

(xi). As per the general practice followed at all major ports, based on a policy decided by the Govt. of India, coastal vessel tariffs are prescribed at 70% of the foreign going vessel tariff. Coastal rates are, however, prescribed in rupee terms and foreign-going vessel rates are denominated in US dollar terms. This Authority has already decided in cases relating to other major ports, that the disparity is to be restored to the level of 30% at the time of revision, which widens due to depreciation of Indian Rupee vis-à-vis US $ since last revision. The MBPT has not followed the accepted practice of prescribing coastal rates at 70% of the foreign-going vessel rates. The coastal vessel rates, therefore, need to be adjusted to restore the disparity to the level of 30%. This adjustment will result in additional income to the Port. Accordingly, the additional income due to adjustment in the coastal vessel tariff at the existing tariff level has been included in the cost statement.

(xii). The cost statements submitted by the MBPT contain many discrepancies particularly with reference to the computation of capital employed and ROCE. The MBPT has not given any satisfactory clarification to the various queries raised by us in this regard. In this backdrop, the following modifications have been made in the cost statements to reflect a fair and reasonable cost position:

(a). The MBPT has considered the capital employed for year 2002-03 same as capital employed of 2001-02. The depreciation of assets relating to the year 2001-02 has been reduced from the net block figure furnished by the MBPT for the year 2002-03.

(b). The MBPT has not indicated the working capital separately for vessel related and cargo related activity relevant to crude / POL / other liquids handled at the MOT and Pir Pau jetties. Working capital for the year 2001-02 to 2002-03 has also not been furnished. In the absence of any data furnished by the MBPT, the difference between the net block and the capital employed considered by the MBPT is assumed to be the working capital. As has been mentioned, in the absence of data, the working capital for the years 2000-01, 2001-02 and 2002-03 has been kept at the same level as of 1999-2000 since there is no major increase in traffic and income.

(c). The net block plus working capital subject to the modifications give above, has been considered as the capital employed for computation of ROCE.

(d). The MBPT has considered a return on capital employed at the rate of 18.5%. The maximum permissible ROCE has been considered by us at the rate of 19.5% in line with the ROCE considered for the year 2000-01 in case of other major ports.

(xiii). Subject to the analysis made in the foregoing paragraphs, the cost statements for the cargo handling activity at MOT / Pir Pau and berthing at these jetties have been modified. The modified cost statements are attached as Annex-1(a) & (b).

(xiv). A summary of the cost position and the increase in rates approved is given below:

Sr. No.	Activity	Average surplus/ deficit disclosed by the revised cost statements	Increase proposed by the MBPT	Increase in rates approved
1.	Berthing and Mooring at MOT & Pir Pau.	98.62%	25%	25%
2.	Deficit for handling all liquid cargo except POL & chemicals handled at Pir Pau.	36.73%	i) Crude oil – 47.4%. ii). Kerosene & Light diesel oil – 48%. iii) All other POL products viz. Naptha and Solvent, Fluxing and Lubricating, Turpentine and Vapourising Grease, Bitumen, Petroleum Jelly, Motor Gasoline, Motor spirit, Liquefied Petroleum, etc. Handled at the MOT - 45.5% Handled at Pir Pau 45.5% iv) Chemicals viz. Ammonia, EDC, Ethyle, Benzine,	i) Crude oil – 37%. ii).Kerosene & Light diesel oil – 37%. iii) All Other POL products viz. Naptha and Solvent, Fluxing and Lubricating, Turpentine and Vapourising Grease, Bitumen, Petroleum Jelly, Motor Gasoline, Motor spirit, Liquefied Petroleum, etc. (a). Handled at the MOT - 37% (b) Handled at Pir Pau - Nil iv) Chemical viz.

			Paraxylene, M.E.G., N. Paraffin, Orthoxylene and other liquids in bulk - 25%	Ammonia, EDC, Ethyle, Benzine, Paraxylene, M.E.G., N. Paraffin, Orthoxylene and other liquids in bulk – NIL.

As warranted by the cost deficit of cargo handling activity at the MOT, and taking into consideration the incidence of cross-subsidisation (to a limited extent) from Pir Pau to the MOT, an increase is approved of 37% in the wharfage rate of crude oil and POL handled at the MOT. No increase in wharfage rate on cargo handled at Pir Pau is, however, allowed.

In the case of Pier Dues, the cost deficit position warrants an increase in rate by a percentage higher than the proposed level of 25%. Since the proposal has been made by the MBPT on commercial considerations and, as has been explained earlier, this tariff item is going to be an interim arrangement, the proposal of the MBPT is accepted.

(xv). The MBPT has proposed to levy wharfage on edible oil in bulk handled at the old Pir Pau terminal at the same rate prescribed for handling edible oil at the Docks. Generally, this cannot be agreed to since the facilities at the Docks and old Pir Pau are different. Since the rate proposed is an existing rate for edible oil and not proposed for any increase, the proposal of the MBPT in this regard is approved. Significantly, none of the users who participated in these proceedings has objected to this proposal of the MBPT.

The MBPT has proposed to introduce a clause in its Scale of Rates to prescribe that wharfage on edible oil handled at old Pir Pau jetty will be as per Section-I of the Scale of Rates charged at the Docks. Instead of making such a cross reference to the Dock's Scale of Rates, it may be convenient and easily understandable if a specific entry in the wharfage schedule in the Scale of Rates relating to the MOT and Pir Pau is made to indicate the exact rates of wharfage leviable on the edible oil handled in bulk at the old Pir Pau jetties.

(xvi). The SCI has objected to the practice followed by the MBPT with regard to charging the daughter tankers deployed for lightening cargo from mother tankers and then proceed to some other Indian Port for discharge. The MBPT has clarified that these daughter tankers are levied Pier Dues at foreign-going vessel rates in accordance with the TAMP's Order dated 2 June 1998. The MBPT has further argued that the daughter tankers are receiving cargo of foreign-origin in midstream from mother vessels and discharging it at Piers.

The Order of this Authority referred by the MBPT is with reference to levying charges on vessels converting from the foreign-going status to coastal status or vice-versa. There is no other specification about charging coastal vessels carrying foreign cargo at foreign-going vessel rates, as has been wrongly understood by the MBPT.

While deciding a representation received from M/s. Mercator Lines (Case No. TAMP/108/99-CPT) this Authority directed the Calcutta Port Trust (CPT) that the status of vessel was the deciding factor for classifying into 'coastal' or 'foreign-going' category for the purpose of levying charges and the nature of cargo or its origin would not be of any relevance for this purpose.

Subsequently, the CPT had specifically referred to a letter in reference issued by the Authority would be examined by the Govt. in due course and till such time, the Ministry of Surface Transport's instructions given in 1986 would apply. In 1986, the Ministry of Surface Transport advised the ports to levy charges at foreign-going vessel rates on daughter vessel, which carry foreign cargo even if transhipment takes place from a mother vessel at an Indian Port. While considering the representation made by the CPT, we had observed that the communication from the MOST referred by the Port could not be said to have correctly appreciated the legal position. The Authority also observed that the Orders passed by it were quasi- judicial in nature and, once published in the Gazette of India, they stood enforced. In this backdrop, we decided that the communication cited by the CPT should only be seen as an executive instruction which can not supersede a statutory order passed by us.

It is be to be admitted that the decision taken by this Authority about levying charges on daughter vessels at the CPT has not yet been extended to the other major ports through a common adoption order, although the issue is relevant to all major ports. While the matter can be processed further for issuing a common adoption order, the MBPT case can be decided immediately by extending the decision taken in the case of CPT. The MBPT, therefore, is directed to levy only coastal rates on daughter vessels receiving cargo from the mother vessels in midstream and discharging it at the MBPT piers or carrying it to other Indian Ports. It needs to be clarified that this procedure is to be adopted for realising vessel-related charges without prejudice to observance of necessary Customs formalities for clearance of cargo.

(xvii). The OCC has raised a point about apportionment of labour expenses to this activity pointing out that manpower requirement is minimum for oil jetties. The MBPT has not apportioned the entire labour cost to this activity. The increase in the operation cost appears to be due to the wage revision of relevant employees. In the case of expenditure on workers who are not directly connected with any of the activities, it has to be apportioned between all revenue earning activities.

(xviii). The SCI has requested to levy Pier Dues on hourly rates instead of 8-hour unit. Rationalisation of berth hire charges by prescribing hourly rate is the ultimate target envisaged in the guidelines adopted at the Chennai Workshop (Feb. 1998). In the said Workshop, it has also been deliberated and accepted that 8-hour unit for berth hire would be adopted in the interim. Accordingly, the Authority has prescribed a 8-hour unit of charging berth hire for common adoption by all major ports. Shifting from the 8-hour basis to hourly basis requires further financial adjustment by the major ports and the time is not mature enough for bringing further rationalisation within a short span of time. In any case, this rationalisation is not confined only to the MBPT. When introduced, the hourly rate will be made applicable to all major ports including the MBPT. Till such time, the existing system of levying berth hire on 8-hour unit will continue.

(xix). This Authority had already passed an Order prescribing a time limit of 4 hours beyond which berth hire charges would not accrue. This prescription is equally valid in case of Pier Dues also. The MBPT has not proposed to include this prescription as one of the conditionalities in its Scale of Rates. We, therefore, however, include this provision in the revised Scale of Rates of the MBPT.

8.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority deletes the existing Sections I & II of the Scale of Rates charged at the Marine Oil Terminal and Pir Pau of the MBPT and substitutes them with revised provisions as given in the statement attached as **Annex-II.**

8.2**.** The revised wharfage rates will come into effect immediately after notification of this Order in the Gazette of India. The revised rates and conditionalities relating to Pier Dues will come into effect thirty days after notification of this Order in the Gazette of India.

(S. Sathyam)
Chairman

ANNEX—I(a)

REVISED COST STATEMENT FOR BERTHING & MOORINGS CRUDE/POL/ OTHER LIQUID VESSELS AT BUNDERS (MOT & PIR PAU)

Rs. IN LAKHS.

SR NO.	PARTICULARS				Without Change	
		1998-99	1999-2000	2000-01	2001-02	2002-03
I	OPERATING INCOME :					
i).	Pier Dues	2,813.85	2,371.39	2,236.60	2,123.41	2,250.92
ii).	Miscellaneous Income	1.91	9.78	9.29	8.83	8.83
iii)	Additional income from foreign exchange fluctuation				54.15	114.80
iv)	Additional income due to adjustments in coastal vessel tariff				458.66	486.20
	TOTAL OPERATING INCOME I :	2,815.76	2,381.17	2,245.89	2,645.04	2,860.75
II.	OPERATING COST					
i).	Operating cost	1,741.57	1,351.42	1,464.40	1,586.82	1,697.36
ii).	Depreciation	443.71	433.47	433.47	433.47	433.47
	Total Operating Cost	2,185.28	1,784.89	1,897.87	2,020.29	2,130.83
III.	SURPLUS (I-II)	630.48	596.28	348.02	624.75	729.92
IV.	Finance & Miscelleneous (Expenditure - Income)	298.65	257.30	418.11	434.19	450.24
V.	Allocated Management and General Overhead Expenditure'	527.31	388.25	420.71	455.88	49[illegible]
VI.	SURPLUS/ DEFICIT (III-IV-V) Before charging interest on Govt. loans	-195.48	-49.27	-490.80	-265.32	-214.31
VII.	Interest on Govt. Loan - expenditure	0.00	0.00	0.00	0.00	0.00
VIII.	NET SURPLUS/ DEFICIT (VI - VII) After charging interest on Govt. loans	-195.48	-49.27	-490.80	-265.32	-214.31
IX.	Capital Employed	12360.38	13740.54	13307.54	12874.54	12441.07
X.	Return on capital employed @ 19.5%	2410.27	2679.41	2594.97	2510.54	2426.01
	Escalation in costs as given by the MBPT	474.65	423.00			
XI.	NET SURPLUS / DEFICIT - after ROCE and interest on Govt loans (VIII - X)	-3080.40	-3151.68	-3085.77	-2775.85	-2640.32
XII.	SURPLUS/ DEFICIT as a percentage of operating income (XI / I)	-109.40%	-132.36%	-137.40%	-104.95%	-92.29%
XIII.	Average Surplus / Deficit % for the year 2001-02 and 2002-03				-98.62%	

ANNEX—I(b)

REVISED COST STATEMENT FOR HANDLING CRUDE/POL/OTHER LIQUID AT BUNDERS (MOT & PIR PAU)

Rs. IN LAKHS.

SR NO.	PARTICULARS	1998-99	1999-2000	2000-01	Without Change 2001-02	Without Change 2002-03
I	OPERATING INCOME :					
i).	Wharfage on POL	6,462.36	6,376.23	6,027.08	5,725.95	5,725.95
ii).	Wharfage on Chemicals	369.60	508.70	483.12	459.36	459.36
iii).	Miscellaneous Income	97.65	221.48	210.41	199.89	199.89
	TOTAL OPERATING INCOME I :	6,929.61	7,106.41	6,720.61	6,385.20	6,385.20
II.	OPERATING COST					
i).	Operating cost	1,437.56	1,622.88	1,758.55	1,905.56	1,974.16
ii).	Depreciation	182.82	182.82	1,085.00	1,085.00	1,085.00
	Total Operating Cost	1,620.38	1,805.70	2,843.55	2,990.56	3,059.16
III.	SURPLUS (I-II)	5,309.23	5,300.71	3,877.06	3,394.64	3,326.04
IV.	Finance & Miscelleneous (Expenditure - Income)	554.07	489.12	794.63	825.18	855.96
V.	Management and General Overhead Expenditure'	611.32	543.00	588.39	637.58	690.88
VI.	SURPLUS/ DEFICIT (III-IV-V) Before charging interest on Govt. loans	4143.84	4268.59	2494.04	1931.88	1779.20
VII.	Interest on Govt. Loan - expenditure	0.00	0.00	0.00	0.00	0.00
VIII.	NET SURPLUS/ DEFICIT (VI - VII)	4143.84	4268.59	2494.04	1931.88	1779.20
X.	Capital Employed	4066.76	4070.76	30477.76	29384.76	28299.76
XI.	Return on capital employed @ 19.5% Escalation in costs as given by the MBPT	793.02 439.11	793.80 651.51	5943.16	5730.03	5518.45
XIA.	Return on capital employed @ 19.5% linked to the capacity utilised from the year 2000-01			4123.68	3999.32	3876.07
XII.	NET SURPLUS / DEFICIT - after ROCE and interest on Govt loans (VIII - XI or X/A)	2911.71	2823.28	-1629.64	-2067.44	-2096.87
XIII. (a)	SURPLUS/ DEFICIT as a percentage of operating income (XII/ I)	42.02%	39.73%	-24.25%	-32.38%	-32.84%
XIII. (b)	SURPLUS/ DEFICIT as a percentage of operating income from crude/POL handled at MOT				-36.47%	-36.99%
XIV.	Average Surplus/Deficit for the year 2001-02 and 2002-03				-36.73%	

Note:

(i). As per the MBPT the traffic of Crude/POL is 96% and Chemicals is 4%. For the purpose of estimation, however, 95% of crude/POL and 5% of chemicals/other POL (handled at Pir Pau) has been considered on the logic that few POL products are also handled at the Pir Pau. Accordinlgy the POL income to extent of 1% is assumed to be the income at Pir Pau.

ANNEX – II

Mumbai Port Trust
Scale of Rates charged at the Marine Oil Terminal and Pir Pau

Section – I
Wharfage Charges

Sl.No.	Description of Goods	Basis of Charge	Import Rs.	Export Rs.
1.	POL and POL Products			
	(i). Crude Oil	Tonne	52.10	52.10
	(ii). Kerosene and Light Diesel Oil	Tonne	34.25	34.25
	(iii) All other POL products viz. Naptha and Solvent, Fluxing and Lubricating, Turpentine and Vapourising Grease, Bitumen, Petroleum Jelly, Motor Gasoline, Motor spirit, Liquefied Petroleum Gas, etc. (a). Handled at the MOT (b). Handled at the Pir Pau	 Tonne Tonne	 60.30 44.00	 60.30 44.00
2.	Chemicals viz. Ammonia, EDC, Ethyle, Benzine, Paraxylene, M.E.G., N. Paraffin, Orthoxylene and other liquids in bulk	Tonne	88.00	88.00
3.	Edible oil handled in bulk at the old Pir Pau jetty.	Tonne	24	6

Section – II
Pier Dues

Sl. No.	Vessel Chargeable	Coastal Vessel	Foreign-going Vessel
1.	On every steam and other Mechanically propelled and square rigged vessels berthed at or using the bulk Oil piers at Jawahar Dweep and Pir Pau.	Rs. 3.27 per GRT for a period of 8 hrs. or part thereof subject to a minimum charge of Rs. 3,266.20.	10 cents per GRT for a period of 8 hrs. or part thereof subject to a minimum charge of US $ 100.
2.	On every boat, barge or country craft (not square rigged)	Rs. 63.50 for a period of 8 hrs. or part thereof	US $ 2.00 for a period of 8 hrs. or part thereof

NOTES:

1. (a). The charges prescribed for foreign-going vessels in this section will be collected in Indian rupees after conversion of US currency to its equivalent Indian Rupees at the Market Buying rate notified by the Reserve Bank of India, State Bank of India or its subsidiaries or any other Public Sector Banks as may be specified

from time to time. The relevant exchange rate prevailing on the date of entry of the vessel into the port limit shall be reckoned with for such conversion.

(b). A regular review of exchange rate shall be made once in thirty days from date of arrival of the vessels in cases of vessels staying in the Port for more than thirty days. In such cases the basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

2. The Pier Dues shall be levied from the time a vessel takes the berth/Pier till the time it leaves the berth/Pier.

3. No Pier Dues shall be levied on vessels after expiry of 4 hours from the time of signaling its readiness to sail. Penal Pier Dues equal to one day's Pier Dues (i.e. 3 unit of 8 hours each) shall be levied for false signal. The Master/Agents of the vessel shall signal readiness to sail only in accordance with favourable tidal and weather conditions. The time limit of 4 hours prescribed for cessation of berth hire shall exclude the ship's waiting period for want of favourable conditions.

4. Sundays and Dock Holidays declared under Docks Bye-Law No.118 will be treated as normal working days for levy of the above charges and no separate charge will be levied.

5. (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). 'Foreign going Vessel' shall mean any vessel other than Coastal vessel.

(iii). (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.

(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 case of such conversion, coastal rates shall be chargeable by the load Port from the time the vessel starts loading coastal goods.

(d). In case of such conversion coastal rates shall be chargeable only till the vessel completes 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.

6. The status of the vessel, as borne out by its certification, shall be the deciding factor for classifying into 'coastal' or 'foreign-going' category 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.