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TARIFF AUTHORITY FOR MAJOR PORTS

G.No.29 **New Delhi,** **30 January 2019**

NOTIFICATION

In exercise of the powers conferred under Section 50(c) of the Major Port Trusts Act, 1963 (38 of 1963) and in compliance of Clause 1.5 of the "The Tariff Policy for Major Port Trusts, 2018 (Tariff Policy, 2018)", the Tariff Authority for Major Ports hereby notifies the following Working Guidelines to operationalise the Tariff Policy for Major Port Trusts, 2018 for determination of tariff for Major Port Trusts.

Working Guidelines to operationalize the Tariff Policy for Major Port Trusts, 2018 for determination of tariff for Major Port Trusts.

Preamble

In compliance of the policy direction issued by Government of India in the Ministry of Shipping (MOS) under Section 111 of the Major Port Trusts Act, 1963 (38 of 1963), as conveyed by MOS vide its communication No. IWT-11/28/2018-IWT dated 26 November 2018, the Tariff Authority for Major Ports has notified the Tariff Policy for Major Port Trusts called "The Tariff Policy for Major Port Trusts, 2018" herein after named as "Tariff Policy, 2018".

2.1. Clause 1.5 of the "Tariff Policy, 2018 requires this Authority, in consultation with all the Major Port Trusts, to issue Working Guidelines to operationalise the policy frame work.

2.2. The earlier working guidelines to operationalize the Policy for determination of tariff for Major Port Trusts, 2015 was framed after wide consultation with Major Ports. The current amendments to the Tariff Policy 2015 incorporated and issued by the MOS as Tariff Policy, 2018 are also after consultation process carried out by the MOS and after taking into consideration the comments and suggestions made by the Major Port Trusts during the Consultation process. In view of the above, this Authority has felt that fresh consultation for issue of Working Guidelines to operationalize the Tariff Policy for Major Port Trusts, 2018 for determination of tariff for Major Port Trusts, is not found necessary.

3. In compliance with stipulation contained in clause 1.5. of the Tariff Policy, 2018, the Tariff Authority for Major Ports (TAMP) hereby issues the following Working Guidelines to operationalize the said Tariff Policy, 2018. Major Port Trusts shall comply with the Tariff Policy, 2018 and the Working Guidelines while formulating their proposal for tariff revision.

Working Guidelines to operationalize the Tariff Policy for Major Port Trusts, 2018.

I. GENERAL

1. PRELIMINARY

1.1. These Working Guidelines shall apply to all the Major Port Trusts who are governed by the Tariff Policy, 2018.

1.2. The Working Guidelines shall come into effect from the date of implementation of the Tariff Policy, 2018. The validity of the Working Guidelines shall be co-terminus with the validity of Tariff Policy, 2018.

1.3. The Working Guidelines will generally apply, inter-alia, in respect of the following:

(i). regulation of tariff levied by the port for services rendered or facilities provided as specified under section 48 of the MPT Act, 1963.

(ii). fixation of charges, under section 49 of the said Act, for the use of properties belonging to, or in possession or occupation of, the port or any place within the limits of the port or the port approaches. Fixation/ revision of tariff for port lands will continue to be governed by the Land Policy Guidelines issued by the Government from time to time.

(iii). fixation of fees under Section 49(A) and 49(B), of the said Act, for (pilotage, hauling, mooring, re-mooring, hooking and measuring and other services rendered to the vessels) and (port dues on vessels entering the port) respectively.

(iv). fixation, under Section 50 of the said Act, of consolidated Scale of Rates for combination of services.

(v). prescription of the conditionalities governing application of the tariff/ charges/ fees/ dues.

1.4. Unless the context otherwise requires, various terms used herein will have the same definition as in the MPT Act, 1963, and the Indian Ports Act, 1908, as amended from time to time.

1.5. If any difficulty arises in giving effect to the Working Guidelines, the TAMP, in consultation with the Major Port Trusts will issue amendment to this Working Guidelines, not inconsistent with the basic features of the Tariff Policy, 2018, as may be necessary for removing such difficulty.

1.6. The TAMP, for reasons to be recorded in writing, may relax application of any of the provisions of these Working Guidelines to a port or group of ports, on its own or on an application made before it by the concerned Major Port Trust.

2. WORKING GUIDELINES TO MAJOR PORT TRUSTS FOR DETERMINATION OF SCALE OF RATES

2.1. As stipulated in Clause 2.1. of the Tariff Policy, 2018, each Major Port Trust will assess the Annual Revenue Requirement (ARR) which is the average of the sum of Actual Expenditure as per the final Audited Accounts of the immediate preceding three years (Y1), (Y2) and (Y3) at the time of submitting the proposal plus Return at 16% on Capital Employed including capital work-in-progress obtaining as on 31st March Y3, duly certified by a practising Chartered Accountant/ Cost and Management Accountant.

2.2. Actual Expenditure will be the total expenditure as reflected in the Audited Annual Accounts of the Major Port Trusts, subject to the following adjustments:

(i). All expenses relating to Estate related activity to be excluded.

(ii). Interest on loans is to be excluded.

(iii). Only 1/3rd of one time expenses like arrears of wages, arrears of pension/ gratuity, arrears of ex-gratia payments arising out of wage revision, etc. are to be included. Similarly 1/3rd of the contribution to Superannuation Funds are to be included in the calculation of ARR.

(iv). Management and General Administration Overheads subject to a cap of 25% of aggregate of the operating expenditure and depreciation is only to be considered.

(v). All expenses (viz. operating expenses + depreciation + allocated management and general overheads + allocated Finance and Miscellaneous Expenses) and all such expenses which are relevant for captive berths irrespective of whether there is a mutually agreed tariff arrangement between the port and the concerned user or not, are to be excluded.

2.3. Expenditure for each of the three years (Y1), (Y2) and (Y3) to be determined in the above manner. Thereafter, simple average of the expenditure shall be worked out, as indicated herewith [(Y1 + Y2 + Y3) / 3].

2.4. Capital Employed will comprise of Net Fixed assets plus capital work in progress as on 31 March of Y3 reported in the Audited Annual Accounts and working capital as per norms prescribed in clause 2.5. of this Working Guidelines. The net fixed assets as on 31 March of Y3 created from Escrow account will also form part of the capital employed. Net fixed assets related to estate activity as on 31 March of Y3 are to be excluded. Net fixed assets transferred to the BOT operator, if any, but reflecting in the Books of Port Trusts as on 31 March of Y3 should be excluded. Further, book value of net fixed assets, if any, relevant to be considered for tariff fixation of captive berths as per Clause 2.10. of the Tariff Policy should also be excluded.

2.5. Norms for Working capital will comprise of inventory, sundry debtors and cash balances. Limit on inventory for capital spares will be one year's average consumption and in case of other items of inventory the limit will be six months' average consumption of stores excluding fuels. This, however, will not be applicable for customized spares. Insurance on spares shall be part of the equipment procurement cost. Limit on sundry debtors balances will be two months' Estate income & Railway Terminal charges payable by Indian Railways and the limit on cash balances will be one month's cash expenses.

2.6. Return on Capital Employed including capital work-in-progress as on 31 March of Y3 is at 16%.

2.7. As stipulated in clause 2.3. of the Tariff Policy, 2018, the ARR so assessed as on 31st March of Y3 will be indexed by 100% of the Wholesale Price Index (WPI) applicable for the year Y4 as communicated by TAMP to the Major Port Trusts. The indexed ARR determined by the Major Port Trusts as stated above is the ceiling level based on which the Major Port Trusts will draw the Scale of Rates (SOR).

2.8. For drawing the SOR, the traffic to be considered would be the overall actual traffic exclusively for the port for the year Y3.

2.9. Based on the Annual Revenue Requirement as assessed as per Clause 2.7 above and taking into account the traffic as per Clause 2.8 above, the Major Port Trusts will have the flexibility to determine the rates to respond to the market forces based on its commercial judgement and draw the SOR within the ceiling of indexed Annual Revenue Requirement, duly certified by a practising Chartered Accountant/ Cost and Management Accountant. In this regard, Major Port Trusts will make a detailed working of income estimation indicating each of the tariff items in the proposed SOR for corresponding traffic as in clause 2.8 above and establish itself that the sum of the revenue so determined from all the tariff items in the SOR is within the ceiling of the indexed ARR determined in clause 2.7. above duly certified by a practicing Chartered Accountant/ Cost and Management Accountant.

2.10. While drawing up the SOR, Major Port Trusts shall as far as possible do away with advalorem wharfage rate if any, in the existing SOR of the concerned Major Port Trusts and determine specific wharfage rate in these cases taking into consideration special care to be taken for handling this cargo or a market determined tariff.

2.11. While framing the SOR, the Pension Fund Levy approved, if any, in the (then) existing Scale of Rates of Major Port Trusts which was with the intention of meeting one time liability will be done away with. The Major Port Trusts have flexibility to utilise the balance in the Escrow Account maintained by the Major Port Trusts to augment the pension fund, to meet the cost of surplus labour or any other purposes as deemed fit by the port. Further, the surplus in the estate activity can also be utilised for the same purposes.

2.12. Except for the modification prescribed at clauses 2.10. and 2.11. above, status quo shall be maintained in the existing conditionalities prescribed in the SOR of the respective major ports. If the port is of the view that any of the existing conditionalities need to be modified / deleted or new condition to be added due to operational or any other contingency, the port may prescribe such modification for reasons to be recorded and capture the financial / revenue impact, if any, in the indexed ARR.

2.13. As per clause 2.10 of the Tariff Policy, 2018 in case where there is a separate tariff arrangement for captive berths/ facilities by way of mutual agreement entered into by the port and the concerned user, it will continue to be governed by the respective agreement. The concerned Major Port shall approach TAMP for notification of such mutually agreed rate. Tariff for captive berths/ facilities not covered by specific Agreements will continue to be stipulated by TAMP.

3. PROCEDURE FOR FILING AND PROCESSING THE PROPOSAL

3.1.1. The SOR, along-with conditionalities governing them, for services rendered or facilities provided and Performance Standards shall be formulated by the individual Major Port Trust, in accordance with the Tariff Policy, 2018, as amended from time to time and as per the Checklist of documents to be filed and the formats attached as Forms 1 to 6 of this Working Guidelines alongwith such supporting details as prescribed by TAMP.

3.1.2. Each Major Port Trusts shall submit the proposed SOR and Performance Standards, 90 days prior to the expected date of implementation of its SOR. Major Port Trusts shall send their proposal along with the approval of the Board of Trustees. The Major Port Trusts may for reasons to be stated in writing submit a copy of approval of Board of Trustees within one month from the date of submission of its proposal.

3.2. The Major Port Trusts shall host the entire proposal to be filed before TAMP in its website and give the designated email address of Port as well as TAMP for comments of relevant stakeholder / users within 15 days' time. This will also be intimated by the Major Port Trust to the concerned users/ user organisations. Simultaneously, the Major Port Trusts should file the SOR along with the proposed Performance Standards to TAMP within 3 days from the date of its hosting in the cost formats attached to this Working Guidelines.

3.3. The Major Port Trusts shall submit their replies on the comments received from Port Users to TAMP not later than 15 days from the last date of receipt of comments from the port users.

3.4. In case there are no objections from users for a proposal or a case, TAMP need not organize any joint hearing. In case of objections raised by the users, TAMP shall give an opportunity of hearing to the concerned parties and users of the port. Hearing/s of a case or proposal will be organised, jointly with the port and users of the port, either at the Office of the Authority or at the concerned Major Port Trust.

3.5. TAMP may confirm the draft SOR of the Major Port Trust hosted on the website. If required, TAMP may modify any of the proposed tariff or conditionalities in the SOR. In both cases, TAMP will pass a speaking order and notify the SOR along with Performance Standards proposed by the Major Port Trust in the Official Gazette within 60 -75 days from the date of filing.

3.6. The consultative process shall not be followed in a tariff case which is specifically required to be reviewed to implement the Central Government policy directive issued under section 111 of the MPT Act. This would be limited to such items/ part of tariff to which the directive applies.

3.7. Unless otherwise different arrangement is specifically mentioned in the respective tariff orders, revised/ modified charges will come into effect after expiry of 30 days from the date of gazette notification. In exceptional cases retrospective effect may be given for reasons to be recorded.

3.8. The SOR so notified shall remain valid for 3 years subject to annual indexation as mentioned in clause 2.8. of the Tariff Policy, 2018 to be read with Clause 3.2 of the said Tariff Policy.

4. PUBLISHING OF MANDATORY DISCLOSURES BY TAMP

TAMP shall publish all the information received by it from Major Port Trusts under clause 6 of the Tariff Policy, 2018 on its website. However, TAMP shall consider a request from any Major Port Trust about not publishing certain data/information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation upon such publication. TAMP's decision in this regard would be final.

5. OTHER ASPECTS

5.1. The tariff proposal for fixation/ revision of rates received will be registered as a case.

5.2. TAMP will maintain a list of organisations at each port to be consulted on tariff proposals of that port. It will review and update the list from time to time, in consultation with the port.

5.3. Users will not be required to pay charges for delays beyond a reasonable level attributable to the port.

5.4. Users shall pay interest on delayed payments and the port shall pay interest on delayed refunds at the same rate.

5.5.1. The rate of interest will be 15% p.a.

5.5.2. The delay in payments by user will be counted beyond 10 days after the date of raising the bills. This provision will not apply to the case where payment is to be made before availing of the services/ use of port properties as stipulated in the MPT Act, 1963 and/ or prescribed as a condition in the tariff.

5.5.3. The delay in refunds by the port will be counted beyond 20 days from the date of completion of services or on production of all documents required from the user, whichever is later.

5.6.1. All US dollar denominated tariff will be recovered in Indian Rupees after conversion of charges in US dollar terms into its equivalent Indian Rupees at the Reference rate notified by the Reserve Bank of India or the market buying rate notified by State Bank of India as may be specified from time to time. The Major Port Trusts may collect dollar denominated tariff in foreign currency in consultation with the Ministry of Shipping and subject to obtaining permission of RBI under the Foreign Exchange Management Act, 1999 and ensuring compliance of any other Statutory rules/ regulations which are laid down for the same.

5.6.2. The day of entry of the vessel into port limits shall be reckoned as the day for such conversion. In respect of charges on containers, the day of entry of the vessel in the case of import containers and the day of arrival of containers into the port in the case of export containers shall be reckoned as the day for such conversion.

5.6.3. A regular review of exchange rate shall be made once in 30 days from the date of arrival in the cases of vessels staying in the port for longer period. The basis of billing shall change prospectively with reference to the appropriate exchange rate prevailing at the time of review.

5.7.1. Whenever a specific tariff for a new service/ cargo/ equipment/ facility is not available in the SOR, of that particular port, the concerned Major Port Trust, in accordance with the clause 7.6.1 of the Tariff Policy, 2018 can approach TAMP for notification of tariff for the said new cargo/ equipment/ service/ facility adopting the tariff and performance standards, if any, fixed for comparable cargo/ equipment/ service/ facility in any other Major Port Trust. If there is no rate available in any other Major Port Trust or if the rate available is not representative enough of the proposed new cargo/ service/ facility / equipment then the port may file the proposal for notification of tariff for the said new cargo/ equipment/ service /facility with reference to optimal capacity assessed following the principles of 2008 guidelines or based on rated capacity or technical specification of service/ facility/ equipment. If determination of tariff based on the above prescribed options is not possible, then the Major Port Trusts after giving sufficient reasons may propose rates based on Cost plus 16% return formula.

5.7.2. As per Clause 7.6.2 of the Tariff Policy 2018, the proposal for notification of rate for use of a new equipment/ facility or a new service or new cargo shall be forwarded to the TAMP at least 60 days prior to the expected date of commissioning of the new cargo/ facility/ or a new service. For determination of tariff for new cargo / equipment / new service/facility, TAMP will follow normal consultation process as prescribed.

5.7.3. Simultaneously with the submission of proposal, the proposed rate can be levied on an ad hoc basis till the rate is finally notified.

5.7.4. The ad hoc rate to be operated and the Performance Standards to be applied in the interim period must be based on the approach outlined at clause 7.6.1 of the Tariff Policy 2018 read with clause 5.7.1 of this Working Guidelines and it must be in consultation with the concerned user(s).

5.7.5. The final rate fixed by the TAMP for new cargo / service/ equipment / facility for which rate is not prescribed in the SoR, will ordinarily be effective only prospectively. The interim rate adopted in an ad hoc manner will be recognised as such unless it is found to be excessive requiring some moderation retrospectively.

6. REGULATION OF CHARGES LEVIED BY OTHER AUTHORISED SERVICE PROVIDERS

Tariff for services rendered by OTHER AUTHORISED SERVICE PROVIDERS where authorisation arrangement u/s 42(3) is other than by way of a BOT concession agreement, shall be governed by provisions stipulated in clauses 8.1. to 8.3. of the Tariff Policy, 2018. In such cases, the Port Trust concerned will ensure, by suitably including necessary condition in the authorisation arrangement that the authorised service providers do not charge more than the prescribed ceiling rates.

7. REVIEW OF ORDERS

7.1. Application for review of any tariff order will be entertained to the limited extent of errors apparent on the face of records considered in the relevant proceedings, or for any other justifiable reasons provided such an application is filed within 30 days of the notification in the Official Gazette.

II. TECHNICAL

8. CARGO RELATED CHARGES.

8.1. Cargo-related charges shall continue to be denominated in Indian Rupee terms.

8.2.1. Wharfage rates shall be on per unit of either weight or volume of cargo handled.

8.2.2. Before classifying any cargo under “unspecified” category under the wharfage schedule, the relevant customs classification should be referred to find out whether the cargo could be classified under any of the specific categories mentioned in the wharfage schedule.

8.3. Concessional tariff will be prescribed for coastal cargoes/ containers, as per the policy directions of the Government. It is prescribed that the cargo/ container related charges for all coastal cargo/ containers, other than thermal coal and POL including crude oil, iron ore and iron ore pellets should not exceed 60% of the normal cargo/ container related charges. In case of cargo related charges, the concession should be allowed on all the relevant cargo handling charges for ship-shore transfer and transfer from/to quay to/from storage yard including wharfage."

8.4. The Major Port Trusts shall prescribe in their SOR, the guidelines on priority berthing to coastal vessel issued by the Ministry of Shipping on 4 September 2014 which has been notified by TAMP vide its Order No.TAMP/52/2014-Genl dated 28 November 2014, for common adoption by all the Major Port Trusts.

8.5. Major ports should endeavour to adopt sliding scale of rates to motivate greater performance by bulk/ captive facility operators with a view to attract additional cargo. Within the overall ceiling rates prescribed, ports can decide such tariff scheme on non-discriminatory and objective basis.

8.6. For Demurrage/ storage charges, free days allowed shall be exclusive of customs notified holidays and port non-working days. The number of free days may, however, be proposed by individual ports. Once demurrage / storage charge starts accruing no allowance will be made for the customs notified holidays and port non-working days.

8.7. If operational area is leased on rental to users, storage charges on containers/ demurrage on cargo stored therein shall not be levied again.

8.8.1. Charges for stevedoring activity undertaken, or for supply of on-board labour by ports may be included in the Scale of Rates of the port/ shown separately wherever required.

8.8.2. The rates for stevedoring, wherever undertaken by the port as a separate activity, shall be prescribed on per tonne basis. Where only on-board labour is supplied, actual wages plus percentage levy shall be prescribed. In either case, tariff may be linked to productivity.

8.8.3. In the wages plus percentage levy system, piece-rate payments shall also be recovered in addition to actual wages plus percentage levy. Ports should revise the datum and rates of piece-rate scheme from time to time in terms of the National Wage Settlements and Manning Scale based on National Tribunal Award.

9. CONTAINER RELATED CHARGES

9.1. Generally, a composite box-rate, at the option of the port, will be encouraged for basic container handling services such as Ship-Shore transfer, movement between berth and the yard and lift off/ lift on at the yard, with rebate to be allowed when any of these services are not provided. Similar approach will be extended in the case of ICD containers.

9.2. Performance of stowage and lashing/ unlashing of containers shall be treated as essential part of operations in the interest of efficiency/safety. Charges therefor can be levied by ports, if they provide the service.

9.3. Subject to segregation of cargo-related charges (which have to be rupee-denominated) from the composite box rate, container-related charges will continue to be US dollar-denominated in the case of foreign-going vessels and rupee denominated in the case of coastal vessels.

9.4. Charges for ship-shore handling and storage of loaded and empty containers will continue to be the same and not different. However, higher charges would be allowed for containers having hazardous goods, reefer and for any special services.

9.5. While prescribing charges for different sizes of containers, the following ratio shall be maintained:

Charge	Containers of Length upto 20’	Containers of Length above 20’ but upto 40’	Containers of Length above 40’
Handling Charges	X	1.5 X	2 X
Storage Charges	Y	2 Y	3 Y

9.6. The handling charges for transhipment containers shall be concessional. Such charges shall not exceed 1.5 times the handling charges for the normal handling operation in loading or unloading cycle. In case of transhipment of coastal containers, the concession in handling charges prescribed above shall be calculated with reference to the applicable handling charges (which are subject to the concessions specified in clause 8.3 above) for coastal containers for the normal handling operation in loading or unloading cycle.

Illustration

Let X be the handling charges for normal import or export containers and Y be rate for similar operations in respect of coastal containers (where Y is arrived at based on X after giving the concessions specified in clause 8.3 above).

Handling charges for transhipment containers will not exceed 1.5X in case of ex-im containers and 1.5 Y in case of coastal containers.

9.7.1. Wharfage on the containerised cargo should be a fixed lump-sum amount *per TEU* without reference to individual classification in the wharfage schedule.

9.7.2. Demurrage can be charged separately on containerised cargo in addition to ground rent (storage charges) on loaded container, only if additional services to such cargo are required to be provided.

9.8.1. Charges for power supply and monitoring of reefer containers will continue to be US dollar denominated and levied on 4–hourly unit.

9.8.2. Charges for other services to reefer containers shall be levied if the port has rendered the service at the request of users.

9.8.3. Premium upto the extent of 50% on handling and storage charges can be levied in case of hazardous containers. For over dimensional container, the storage charge shall be based on the actual number of ground slots the respective container occupies or as per the existing practice.

9.9.1. Free dwell-time (storage) allowed shall be exclusive of Customs notified holidays and port non-working days. The number of free days may, however, be proposed by individual port.

9.9.2. Free dwell-time (storage) period for import containers shall commence from the day after the day of landing of the container and for export containers the free period shall commence from the time the container enters the terminal.

9.9.3. The storage charges on abandoned FCL containers/ shipper owned containers shall be levied upto the date of receipt of intimation of abandonment in writing or 75 days from the day of landing of the container, whichever is earlier subject to the following conditions:

(i). The consignee can issue a letter of abandonment at any time.

(ii). If the consignee chooses not to issue such letter of abandonment, the container Agent/ MLO can also issue abandonment letter subject to the condition that,

(a). the Line shall resume custody of container along with cargo and either take back it or remove it from the port premises; and

(b). the line shall pay all port charges accrued on the cargo and container before resuming custody of the container.

(iii). The container Agent/ MLO shall observe the necessary formalities and bear the cost of transportation and destuffing. In case of their failure to take such action within the stipulated period, the storage charge on container shall be continued to be levied till such time all necessary actions are taken by the shipping lines for destuffing the cargo.

(iv). Where the container is seized/ confiscated by the Custom Authorities and the same cannot be de-stuffed within the prescribed time limit of 75 days, the storage charges will cease to apply from the day the Custom order release of the cargo subject to lines observing the necessary formalities and bearing the cost of transportation and de-stuffing. Otherwise, seized/ confiscated containers should be removed by the line/ consignee from the port premises to the Customs bonded area and in that case the storage charge shall cease to apply from the day of such removal.

10. VESSEL RELATED CHARGES.

10.1.1. Vessel-related charges for foreign-going vessels will continue to be denominated in US dollars and recovered in Indian rupees.

10.1.2. However, in case of coastal vessels the vessel related charges should not exceed 60% of the corresponding charges for other vessels. Further, these charges should be denominated and collected in Indian Rupees only and restatement of coastal rates with reference to prevailing exchange rate at the time of each general revision of Scale of Rates will not be resorted to.

10.2. Status of a vessel as borne out by its certification is the relevant factor to decide whether vessel is ‘foreign-going’ or ‘coastal’.

10.3. Reduced Gross Tonnage as per the International Tonnage Certificate will be reckoned with for levy of port dues in case of oil tankers with segregated ballast tank.

10.4. Pilotage-cum-towage fee will continue to be composite and shall include one inward and one outward movement with required number of tugs/launches of adequate capacity and shifting/s of vessels for ‘Port convenience.’ Only shifting at the request of vessels will attract separate shifting charges.

10.5.1. Berth hire charges shall be prescribed by grouping berths having comparable services/ facilities with rebate for major components of services/ facilities not provided.

10.5.2. Composite berth hire charges for general cargo or multi purpose berths will continue to include charges for use of wharf cranes (other than special purpose cranes/ handling systems) during the course of import/export operations with a provision for grant of rebate if on any occasion *no* wharf crane could be made available due to breakdown, planned maintenance, or any other reason.

10.5.3. Unit for levy of berth hire charges as well as anchorage fee, mooring fee, roadstead charges, etc. which are linked to the duration of stay of a vessel shall be hourly.

10.6.1. Berth hire shall stop 4 hours after the time of the vessel signaling its readiness to sail. The time limit prescribed for cessation of berth hire shall exclude the ship’s waiting time for want of favorable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

10.6.2. There shall be a penal berth hire equal to one day’s berth hire charge for a false signal.

10.6.3. The Master/ Agents of the vessel shall signal readiness to sail only in accordance with favourable weather conditions and tidal movements as decided by the Ports.

10.7. Objective criteria or loading/ unloading norms to be achieved shall be specified failing which penal berth hire charges will become payable. The norms will have to take into account cargo type, handling equipment and other facilities at the berth.

10.8. Hire charges of equipment/ craft need not be specified individually for the concerned equipment/ craft; they should be prescribed for a group of craft/ equipment based on different capacity ranges.

10.9. The unit for levying vessel related charges will be Gross Registered Tonnage (GRT) of the concerned vessel. In case of port dues and berth hire, there will be a single slab of GRT. Pilotage and shifting charges will be prescribed in three slabs as mentioned below:

(1). Up to 30,000 GRT
(2). 30,001 to 60,000 GRT
(3). Above 60,000 GRT

A reduction of 20% on the unit rate of the first slab will be effected for the second slab and a reduction of 30% on the unit rate of the first slab will be effected for the third slab on the incremental GRT, as illustrated below:

Illustration

Let the pilotage charge for the first slab i.e. upto 30,000 GRT be US$ 1 per GRT for a foreign going vessel and ₹36 per GRT for a coastal vessel. Then the tariff for the three slabs shall be prescribed as follows:

Vessel Size	Rate for foreign-going vessel (in US$)	Rate for coastal vessel (in ₹)
Up to 30,000 GRT	1.00$ per GRT	₹36.00 per GRT
30,001 to 60,000 GRT	US$ 30,000 + US$ 0.80 for vessels above 30,000 GRT and upto 60,000 GRT	₹10,80,000 + ₹28.80 for vessels above 30,000 GRT and upto 60,000 GRT
Above 60,000 GRT	US$ 54000 + 0.70 US$ for vessels above 60,000 GRT	₹19,44,000 + ₹25.20 for vessels above 60,000 GRT

11. TAMP will continue to furnish clarification on matter involving fixation of tariff / Scale of Rates of Major Port Trusts.

12. **LEASE OF PROPERTY**

Guidelines issued by Government in these matters from time to time will be followed by TAMP and Major Port Trusts.

(T.S. Balasubramanian)
Member (Finance)

Checklist of Forms and other information/ documents to be submitted for filing tariff proposals by Major Port Trusts under Tariff Policy, 2018 and Working Guidelines issued by TAMP to operatioanalise the Tariff Policy, 2018.		
Sl. No.	**Title of Tariff Filing Forms**	**Tick**
1	Covering letter - including the undertaking	
2	Highlights of the proposal	
3	Computation of ARR under Policy for Determination of Tariff for Major Port Trusts, 2018 - **Form 1**	
4	Working relating to Management and General Overheads - **Form 2**	
5	Revenue Estimation at the proposed Scale of Rates - **Form 3**	
6	Computation of Working Capital as per norms - **Form 4**	
7	Annual Administration Reports with Audited Annual Accounts for the past three years Y1, Y2 and Y3	
8	Proposed Scale of Rates	
9	Comparision of existing SOR and conditionalities vis-à-vis proposed tariff and conditionalities **- Form 5**	
10	Reconciliation statement relating to expenses considered in the cost statement and total expenses reflected in the Audited Annual Accounts for each of the years under consideration	
11	Proposed Performance Standards - **Form 6**	
12	Documents specified at sl. no. 1,2,3,4,5,6,8,9, 10 and 11 to be furnished in soft copy as well. All forms submitted in Excel format should be with proper linkages.	
13	Any other relevant information (Please specify)	

UNDERTAKING (To be furnished as a part of the covering letter)

We have carefully gone through the Tariff Policy, 2018 issued by the Ministry of Shipping and notified by the Tariff Authority for Major Ports (TAMP) (bearing no. TAMP/79/2018-Misc vide Gazette Notification No. ---- dated --- January 2019) and the Working Guidelines issued by TAMP and have prepared the proposal for fixation of tariff in accordance with the said Tariff Policy and Working Guidelines, in the formats and supporting documents as prescribed by the Tariff Authority for Major Ports. The proposed tariff will have a vailidity period of three years from ...... (specify date) to ...... (specify date) and we would submit a suitable proposal at least three months before the expiry of the validity period.

Signature

Date

Form - 1

Computation of Annual Revenue Requirement under Tariff Policy, 2018 for Determination of Tariff for Major Port Trusts.

Rs. in lakhs

Sl. No.	Description		Y1	Y2	Y3
(1).	**Total Expenditure (As per Audited Annual Accounts)**	**Note 1**			
(i).	Operating expenses (including depreciation)				
(ii).	Management & general Overheads				
(iii).	Finance and Miscellanous expenses (FME)				
	Total Expenditure 1=(i)+(ii)+(iii)				
(2).	**Less Adjustments:**				
(i).	Estate related expenses				
	(a). Operating expenses (including depreciation)				
	(b). Allocated Management & Administrative Overheads				
	(c). Allocated FME				
	Subtotal 2 (i)=[(a)+(b)+(c)]				
(ii).	**Interest on loans**				
(iii).	**2/3rd of One time expenses, if any like arrears of wages, arrears of pension / gratuity, arrears of exgratia payment, etc. (list out each of the items)**	**Note 2**			
	(a).				
	(b).				
	(c).				
	Subtotal 2 (iii) = [(a)+(b)+(c)]				
(iv).	**2/3rd of the Contribution to the Superannuation funds like Pension Fund, Gratuity Fund, and Leave Encashment Fund**	**Note 3**			
(v).	**Management and General overheads over & above 25% of the aggregate of the operating expenditure and depreciation**	**As per Form 2**			
(vi).	**Expenses relevant for tariff fixation of Captive Berth, if any governed under clause 2.10. of the Tariff Policy, 2018.**				
	(a). Operating Expenses				
	(b). Depreciation				
	(c). Allocated Management and Administrative Overheads				
	(d). Allocated FME				
	Subtotal 2 (vi) = [(a)+(b)+(c)+(d)]				
	Total of 2 = 2 (i)+2 (ii)+2 (iii)+2 (iv)+2 (v)+ 2 (vi)				
(3).	**Total Expenditure after Total Adjustments (3 = 1-2)**				
(4).	Average Expenses of Sl. No. 3 = [Y1 + Y2 + Y3] / 3				
(5).	**Capital Employed**				
	(i). Net Fixed Assets as on 31st March Y3 (As per Audited Annual Accounts)				
	(ii). Add:Work in Progress as on 31st March Y3 (As per Audited Annual Accounts)				
	(iii). Less: Net value of Fixed assets related to Estate activity as on 31st March Y3 as per Audited Annual Accounts.				
	(iv). Less : Net value of fixed assets, if any, transferred to BOT operator as on 31st March Y3 as per Audited Accounts.				
	(v). Less : Net value of fixed assets as on 31st March Y3 as per Audited Accounts relevant to be considered for captive berths, if any, under clause 2.10. of the Tariff Policy, 2015.				
	(vi). Add : Working Capital as per norms prescribed in clause 2.5. of the Working Guidelines	**As per Form 4 & Note 4**			
	(a). Inventory				
	(b). Sundry Debtors				
	(c). Cash				
	(d). Sum of (a)+(b)+(c)				
	(vii). Total Capital Employed [(i)+(ii)-(iii)-(iv)-(v)+(vi)(d)]				
(6).	**Return on Capital Employed 16% on Sl. No. 5(vii)**				

					Rs. in lakhs
Sl. No.	**Description**		**Y1**	**Y2**	**Y3**
(7).	**Annual Revenue Requirement (ARR) as on 31 March Y3 [(4)+ (6)]**				
(8).	**Indexation in the ARR @ 100% of the WPI applicable for the year Y4 for example, if Y4 is 2018-19, then the applicable WPI is 3.85% and the indexed ARR for the year Y4 will be (7) x 1.0385)**				
(9).	**Ceiling Indexed Annual Revenue Requirement (ARR)**				
(10).	**Revenue Estimation at the Proposed indexed SOR within the Ceiling indexed ARR estimated at Sl No. 9 above**	**As per Form 3 & Note 5**			

CERTIFICATE

It is certified that the information furnished in the above statement for determination of the Annual Revenue Requirement has been verfied with reference to the Audited Annual Accounts of the respective years of the Port Trust and found to be in order.

Head of the Finance Department of the Major Port Trust

Chartered Accountant or Cost and Management Accountant in practice.

Date

Place

Date

Place

Notes

1 Furnish reconciliation statement reconciling total Expenses as per the Annual Accounts for the respective years with the total expenses considered in the above statement for each of the years.

2 (i). Furnish detailed working reconciling the amount reported in the Audited Accounts and the amount cosidered for each of the one time expenses in the above statement.

(ii)The adjustments for exclusion of one time expenses should be done in line with clause 2.2 (iii) of the Tariff Policy, 2018. While computing the average expenses, 1/3rd of the one time expenses like arrears of wages, arrears of pension/ gratuity, arrears of ex-gratia payments arising out of wage revision etc. and 1/3rd of superannuation fund, should be included. This means, if the figure at Sl No . 2(iii) above for exclusion of 2/3rd of one time expenses is related to only one particular year out of three years , then, for computing the average expenses at Sl No 4, the figure of sl No 2(iii) should not be considered for exclusion. In such a case, 1/3rd of the arrears of one time expense which is pertaining to only one particular year should be captured i.e. added to the average expense at Sl No 4. If the figures at Sr. No 2(iii) above are reported for two out of three years, then average of two years should be finally captured while computing the average expenses at Sl. No 4.

3 Furnish detailed working reconciling the amount reported in the Audited Accounts and the amount cosidered towards Contribution to the Pension Fund, Gratuity Fund and Leave Encashment fund in the above statement.

4 Furnish detailed working for each of the components of the working captial following the norms prescribed in clause 2.5. of the Working Guidelines as per the format prescribed in Form 4.

5 Based on the indexed ceiling ARR computed in the above statement at Sl No.10 above, the Major Ports Trust should draw the Scale of Rates (SOR) complying clauses 2.5. , 2.6., 2.7 of the Tariff Policy, 2018 and Clauses 2.9. to 2.12 of the Working Guidelines.

Form - 2

Working relating Management and General Overheads

(Rs. in lakhs)

Sl. No.	Description	Y1	Y2	Y3
(1).	**Management and General Overheads (inclusive of depreciation) (As per Audited Annual Accounts)**	100		
(2)	Operating Expenditure (including depreciation but excluding operating expenditure relating to Estate) (As per Audited Annual Accounts)	300		
(3)	**25% of 2 above**	75		
(4)	**Management & General Overheads admissible (Lower of (1) and (3) above)**	75		
(5)	**Management & General Overheads considered for adjustment in Form 1 (1 - 4)**	25		
(This is a sample Computation only)				

Form - 3

Revenue Estimation at the proposed Scale of Rates

Sl. No.	Description	Existing tariff	Reference to the schedule and Sl No in existing SOR	Proposed Tariff	Unit of levy	Reference to the schedule and Sl No in proposed SOR	Actual Traffic exclusively handled by the port during the year Y3	Revenue estimation at the proposed tariff (Rs. In lakhs)	% increase over the existing tariff
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) = 5*8	(10) = (5-3)/3
	Total estimated Revenue at the proposed tariff								

CERTIFICATE

It is hereby certfied that the Revenue estimation furnished in the above statement has been verfied and found to be in Order.

Head of the Finance Department of the Major Port Trust

Chartered Accountant/ Cost and Management Accountant in practice

Date
Place

Note: 1. **The Ports may give workings separately in support of the above revenue estimation.**
2. **Revenue from Estate activity for which tariff is governed under Land Policy Guidelines shall not be captured in this Form.**
3. **For miscellaneous items, if detailed computation is not possible, Ports can estimate based on the previous year's actuals.**

Form - 4

Computation of Working Capital as per norms

Rs. in lakhs

Sl. No.	Working Capital items as per norms	As reported in the Audited Annual Accounts as on Year Y3.	Norms as per clause 2.5. of the Working Guidelines	Considered in the Form 2
(i).	**Allowable Inventory**			
(a)	Capital spares		One year average consumption	
(b)	Other Inventory excluding fuel and customized spares		Six months average requirements	
	Sub-total (i) = (a)+(b)			
(ii).	**Allowable Sundry Debtors**			
(a)	*Estate income*		2 months	
(b)	*Terminal charges payable by Indian Railways*		2 months	
	Sub-total (ii) = (a)+(b)			
(iii).	Allowable Cash balance			
	Cash Expenses		One months Cash Expenses	
	Sub-total (iii)			
(iv).	**Total Working Capital as per norms (i+ii+ii)**			

				Form - 5	
Comparision of existing SOR and conditionalities vis-à-vis proposed tariff and conditionalities					
Sr. No.	Existing SOR		Proposed SOR		Reasons/justification for amendments in conditionalities, if any, proposed
	Schedule No.	Tariff and Conditionalities	Schedule No.	Tariff and Conditionalities	

			Form - 6
	Performance Standards		
	Sl. No.	**Performance Parameters**	**Proposed performance standards**
	(1).	**Cargo Related Services**	
	(a)	Average Ship Berth day Output (in tonnes) (Note)	
	(b)	Average moves per hour (in TEUs) in respect of Containers	
	(2)	**Vessel Related Services**	
	(a)	Average Turnaround Time of Vessels (in days)	
	(b)	Average Pre-Berthing Time of Vessels (in days)	
	Note:	**As per clause 3.1 of the Tariff Policy, 2018, it is not necessary to commit cargowise ship berth day output. Instead Major Port Trusts may propose overall ship berth day output. In view of the above flexibility, the port may examine and appropriately propose the performance standards.**	