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

TARIFF AUTHORITY FOR MAJOR PORTS

G.No. 265 **New Delhi,** **12 July 2018**

NOTIFICATION

In exercise of the powers conferred under Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Mumbai Port Trust (MBPT) seeking approval of royalty for stevedoring activity in Lighterage operation at Inner Anchorage and Outer Anchorage and withdrawal of stevedoring charges at 35% of the charges applicable for cargo handled at Docks, for cargo handled at Inner Anchorage, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/14/2018-MBPT

The Mumbai Port Trust - - - Applicant

QUORUM

(i). Shri. T.S. Balasubramanian, Member (Finance)
(ii). Shri. Rajat Sachar, Member (Economic)

O R D E R
(Passed on this 8th day of June 2018)

This case relates to a proposal dated 14 February 2018 received from the Mumbai Port Trust (MBPT) seeking approval of royalty for stevedoring activity in Lighterage operation at Inner Anchorage and Outer Anchorage and withdrawal of stevedoring charges at 35% of the charges applicable for cargo handled at Docks, for cargo handled at Inner Anchorage.

2. Based on the proposal received from the MBPT for general revision of its Scale of Rates (SOR), this Authority had passed an Order No. TAMP/78/2015-MBPT dated 21 June 2016, revising the Scale of Rates and approving the Performance Standards for MBPT. The said order prescribes a tariff validity period upto 31 March 2019.

3.1. In this backdrop, the MBPT vide its letter No. FA/ACC/161(X)/1258 dated 14 February 2018 has come up with the proposal in reference. The submissions of MBPT are summarized below:

(i). MBPT carries out stevedoring operations by itself in Indira Dock for which tariff is approved by TAMP. Further, Scale of Rates prescribes levy of stevedoring charges @ 35% of the charge applicable with reference to the rates for cargo handled at Docks, for cargo handled in stream.

(ii). Cargo handling in stream takes place for cargoes, ultimately destined to (a) Mumbai Port Facilities at Docks, Bunders, etc. and (b) Non-Mumbai Port Facilities, viz., Dharamtar, Tata Coal Jetty, etc.

(iii). The 35% charges are levied only for cargoes destined to Mumbai Port Facilities and not to the Non-Mumbai Port Facilities. This has created abnormality as no additional services are provided by MBPT for cargoes handled in stream and removed to Mumbai Port facilities. However, cargoes handled in stream and removed to Non-Mumbai Port facilities are levied Lighterage charges. The Lighterage charges are not levied for cargo destined to Mumbai Port Facilities.

(iv). The Lighterage charges viz., for dry bulk cargo on an average works out to approx. ₹.20/- per MT whereas stevedoring charges works out to ₹.71.39 per MT. This leads to an anomalous situation for the same services, causing increased cost to the cargo which is ultimately handled in Mumbai Port Facilities.

(v). In both the above cases where Stevedoring charges and Lighterage charges are levied, no labour or equipment or any other service, except anchoring services to vessel is provided.

(vi). Cargo meant for Mumbai is charged very heavily at ₹.71.93 per tonne vis-à-vis cargo removed to Tata Jetty / Dharamtar Port, at approx.. ₹.20/- per ton. There is reluctance on the part of the trade to discharge cargo in Inner Anchorage (stream) for MBPT. Out of 0.8 MMT in 2016-17, only 0.2 MMT is discharged in Inner Anchorage (stream) and rest in outer anchorage (Port Lighterage Area) to save on the stevedoring charges.

(vii). Trade which uses MBPT is agreeable to pay Lighterage Charges but understandably, objects to bring the ship from outer anchorage (PLA) to inner anchorage (stream) for discharge.

(viii). Not to put MBPT cargo to disadvantage vis-à-vis cargo going to Tata Jetty / Dharamtar, it is considered necessary to bring parity. Accordingly, the issue was discussed in various meetings to review inter-alia the charges levied at outer anchorage (PLA) and inner anchorage (stream) for Lighterage operations.

(ix). Ministry of Shipping, GOI, had issued Stevedoring and Shore Handling Policy, 2015 for Major Ports. This policy requires that inter alia, stevedoring activities are to be undertaken by private agencies and the agencies in turn to share revenue with MBPT as Royalty.

(x). In the Docks, stevedoring is performed by MBPT's manpower but in the anchorages, the stevedoring activities are already carried out by private agencies. MBPT gets no royalty. Accordingly, a view was taken that Royalty needs to be recovered from the private agencies undertaking stevedoring.

(xi). Accordingly, the Committee considered comprehensively the various charges levied at Inner Anchorage and PLA (outer anchorage) [including the double banking charges on barges which come alongside the mother ship] and recommended, inter alia, in respect of bringing parity on application of stevedoring charges and Lighterage charges, as below:

(a). Royalty of ₹.5/- per tonne will be introduced on ship undertaking Lighterage operations at PLA. This will be levied on cargo meant for Mumbai Port as well as for any other destination like Dharamtar, Tata Power Jetty, etc.

(b). Royalty of ₹.7/- per tonne will be levied on Lighterage operation at inner anchorage (stream) for cargo to be handled at Mumbai Port as well as for the cargo moving to any other destination like Dharamtar, Tata Power Jetty, etc. In this scenario, stevedoring charge of 35% levied on the cargo meant for Mumbai Port will be removed from the existing Scale of Rates. [The recommendation of Committee is also furnished].

3.2. Accordingly, the proposal of the Port seeks approval for the following-

(a). To recover Royalty towards stevedoring activity @ ₹.5/- per tonne on cargo unloaded / loaded on ship undertaking Lighterage operations at PLA, irrespective of its final place of discharge / origin i.e. MBPT, Tata Power Jetty (TPC) or Dharamtar Port.

(b). To recover Royalty towards stevedoring activity @ ₹.7/- per tonne on cargo unloaded / loaded on ship undertaking Lighterage operations at inner anchorages (stream), irrespective of its final place of discharge / origin i.e. MBPT, Tata Power Jetty (TPC) or Dharamtar Port.

(c). Delete Sr. No. 3.1(D) (15) relating to levy of Stevedoring Charges @35% of the charge application with reference to the rates for cargo handled at Docks, for cargo handled in stream.

3.3. The proposal of MBPT has approval of its Board of Trustees. The MBPT has furnished copy of the Board Resolution.

4. In accordance with the consultative procedure prescribed, a copy of the MBPT letter dated 14 February 2018 was forwarded by letter dated 26 February 2018 to the concerned users/ user organizations seeking their comments. In response, some of the users / user organization have furnished their comments which was forwarded to MBPT as feedback information. The MBPT has responded vide its letters dated 11 May 2018 and 29 May 2018.

5. Based on a preliminary scrutiny of the proposal, the MBPT was requested by letter dated 12 April 2018 to furnish some information. The MBPT vide its letter No. FA/ACC/211/2457 dated 07 May 2018 has responded. The information sought and response of MBPT thereon are tabulated below:

Sr. No.	Information sought by us	Reply of MBPT
(i).	As per Section 3.1 (D) (15) of existing scale of rates approved by the Authority, the Mumbai Port Trust (MBPT) is levying the Stevedoring charges @ 35% of the charges applicable with reference to rates of the cargo handling at docks, for the cargo handled in stream	--
(ii)	The cargo destined for Mumbai Port facilities attracts stevedoring charges at ₹.71.39 per ton whereas cargo destined for non-Mumbai port facilities attracts lighterage charges on an average at ₹.20 per ton. No lighterage charges is levied on the cargo destined for Mumbai Port facilities. The cargo destined for Mumbai Port facilities is in a disadvantageous position as compared to the cargo destined for Non-Mumbai port facilities so far as the tariff is concerned. In order to remove the anomalous position, the MBPT in the proposal in reference dated 14 February 2018 has proposed to delete the above clause existing in the approved Scale of Rates and levy royalty on the Private Agencies who undertake stevedoring activity as given below:	The proposal for deletion of 3.1 (D) (15) of existing Scale of Rate is in any case desired, as MbPT intends to remove the anomalous situation vis-à-vis lighterage charges.
(ii). (a)	To recover Royalty of ₹.5/- per tonne towards stevedoring activity carried out by Private Agencies on cargo unloaded / loaded on ship undertaking Lighterage operations at outer Anchorage (PLA). The cargo meant for Mumbai Port as well as for any other destination like Dharamtar, Tata Power Jetty, etc. will attract this royalty.	
(ii). (b)	To recover Royalty of ₹.7/- per tonne towards stevedoring activity carried out by Private Agencies on cargo unloaded / loaded on ship undertaking Lighterage operation at inner anchorage (stream) for cargo destined for Mumbai Port as well as for the cargo moving to any other destination like Dharamtar, Tata Power Jetty, etc.	
(iii).	In this connection, the MBPT is requested to note that, as per section 42 (1) read with section 48 of the MPT Act, 1963, the Authority is mandated to fix the scale of rates for services performed by the Port Trust Board or any other person authorized by the Port under section 42 (3). The MBPT has stated that no labour	--

	or equipment or any other service is provided for cargo handled in stream. The proposed levy of royalty is to maintain a parity on the application of stevedoring charges and lighterage charges and the rate proposed is not in relation with any services rendered by the Port or any person authorized by the Port.	
(iv).	Further, Clause 3 (v) of the Stevedoring and Shore handling Policy, 2016 requires the port to fix the royalty to be recovered from the private agencies authorized by them. Clause 3.5.5. (a) of the guidelines for determination of Upfront Tariff for Stevedoring and Shore handling operation also stipulates that the Port Trust shall charge a per metric tonne royalty rate from the agents keeping in view the factors listed thereunder. Both the Stevedoring and Shore Handling Policy and Guidelines do not require TAMP to approve Royalty payable by the Stevedoring Agents. No Major Port Trust has approached TAMP for approval of Royalty towards Stevedoring activity carried out by private agencies.	In view of the position in para 4.2 of TAMP's above referred letter, the Port may not require TAMP's approval for the Royalty. However, for any charges recovered from the Port Users, the approval of TAMP is invariably demanded by the Port Users and therefore it is desirable to get it approved from TAMP under the overall ARR requirement of Port. This was also informed to your good self during the Consultative process.
(v).	In this backdrop, the MBPT is requested to review its proposal seeking the approval of the Authority for the levy of royalty. If TAMP is required to approve the proposed rates of Royalty, the MBPT is requested to convey the relevant provisions of the MPT Act, 1963 / Stevedoring Guidelines under which TAMP can approve the rates.	--
(vi).	In this backdrop, the Port is requested to clarify whether this Authority has to proceed with the proposal of MBPT for deletion of 3.1 (D) (15) of existing scale of rates alone, as proposed by the MBPT, if TAMP is not empowered to approve Royalty.	
(viii)	The MBPT has stated that the stevedoring activities in the docks are being performed by MBPT's manpower and that in the anchorages, the stevedoring activities are carried out by private agencies. From the above proposal, the MBPT is seen to have authorized the private operators for carrying stevedoring operations at the anchorages. Considering that Section 48 mandates the Authority to frame SOR for the services performed by a Board or any other person authorized under Section 42 at or in relation to the port or port approaches, it appears that upfront tariff is required to be fixed for the activity of stevedoring on-board ship at Anchorage points. The Board Proceedings forwarded by the MBPT along with the proposal also	MbPT carries out stevedoring activity at the berths and not at anchorages. In next 3-4 years, there will be a substantial reduction in the manpower of MbPT and at that stage, full-fledged implementation of Stevedoring and Shore Handling Policy could be considered. The current proposal is an initial step towards implementation of Stevedoring and Shore Handing Policy, but beginning with operations at Anchorage areas. MbPT has not authorized any private agencies to carry out stevedoring operations at the Anchorage. For lighterage operations at Anchorage, the permission is granted to the ship agents/ cargo consignees to perform the discharge/ loading operations by Marine Department. The Ship agents/ consignees who in turn may be getting it done through

	emphasize the need for approval of TAMP for upfront tariff for stevedoring activity carried out at inner and outer anchorage. Though the Stevedoring and Shore handling Guidelines, 2016, do not prescribe norms for the stevedoring activity undertaken at anchorage points, the Kolkata Dock System (KDS) of Kolkata Port Trust (KOPT) had proposed upfront tariff for anchorage discharge (involving on-board operations), which has been approved by the Authority vide its Order No. TAMP/80/2016-KOPT dated 19 January 2018.	their stevedores. In the current proposal, only partial implementation of Stevedoring Policy is intended in such areas in which MbPT does not perform the Stevedoring activity. In view of above TAMP may reconsider its views regarding approval of Royalty and approve the proposed Royalty and deletion of 3.1 (D) (15) of existing Scale of Rates simultaneously / together. It is reiterated that the proposal be not dealt with in isolation.

6. A joint hearing on the case in reference was held on 16 March 2018 at the office of this Authority in Mumbai. At the joint hearing, MBPT and users/ user organisations have made their submissions.

7. The proceedings relating to consultation in this case are available on records at the office of this Authority. An excerpt of the arguments made by the concerned parties will be sent separately to them. These details will also be made available at our website http://tariffauthority.gov.in.

8. With reference to the totality of information collected during the processing of this case, the following position emerges:

(i). The existing Scale of Rates (SOR) approved by this Authority vide its Order No. TAMP/78/2015-MBPT dated 21 July 2016, with a validity period upto 31 March 2019, *inter alia,* prescribes levy of stevedoring charges @ 35% of the charge applicable with reference to the rates for cargo handled at Docks, for cargo handled in stream.

Further, the cargo handling in stream takes place in respect of cargo destined to MBPT facilities and to non MBPT facilities. For cargo destined to MBPT facilities, the Stevedoring charges at ₹ 73.39 per tonne is being levied. For cargo moved to Non MBPT facilities, lighterage charges are levied at ₹ 20 per tonne.

Since cargo meant for MBPT facilities is charged more than the cargo meant for Non MBPT facilities and since no additional services are provided by MBPT for cargo destined to MBPT, reportedly there is reluctance in the trade to discharge cargo in inner anchorage (Stream) for MBPT. In order to not put the MBPT cargo at a disadvantageous position vis-à-vis cargo going to Non MBPT facilities, MBPT has felt the need to bring parity between the charges for the cargo meant for MBPT facilities and the cargo meant for Non MBPT facilities.

Considering that the Stevedoring and Shore handling policy, 2015 for Major Ports issued by Ministry of Shipping (MOS), Government of India which, *inter alia,* requires stevedoring activities to be undertaken by private agencies and the agencies in turn to share revenue with MBPT as Royalty, the MBPT has taken a view that Royalty needs to be recovered from the private agencies undertaking stevedoring.

(ii). A committee constituted by MBPT to review, *inter-alia,* the charges levied at outer anchorage and inner anchorage (stream) for lighterage operations has made the following recommendations:

(a). Stevedoring charge of 35% levied on the cargo meant for Mumbai Port be removed from the existing Scale of Rates.

(b). Royalty of ₹.5/- per tonne be introduced on ship undertaking Lighterage operations at outer anchorage to be levied on cargo meant for Mumbai Port as well as for any other destination like Dharamtar, Tata Power Jetty, etc. and

(c). Royalty of ₹.7/- per tonne be levied on Lighterage operation at inner anchorage (stream) for cargo to be handled at Mumbai Port as well as for the cargo moving to any other destination like Dharamtar, Tata Power Jetty, etc.

(iii). Trade has welcomed the proposal to withdraw the Stevedoring Charges @ 35% of the charge application with reference to the rates for cargo handled at Docks, for cargo handled in stream. The proposal has the approval of Board of Trustees of MBPT. Accordingly, this Authority is inclined to approve the proposal of MBPT to delete the clause prescribed at Sr. No. 3.1(D) (15) relating to levy of Stevedoring Charges @ 35% of the charge application with reference to the rates for cargo handled at Docks, for cargo handled in stream, from its Scale of Rates.

(iv). (a). The proposal of MBPT also seeks approval for the levy of Royalty towards stevedoring activity on cargo unloaded / loaded on ship undertaking Lighterage operations at Outer anchorage and inner anchorages (stream) at @ ₹. 5/- per tonne and ₹. 7/- per tonne respectively, irrespective of its final place of discharge / origin i.e. MBPT, Tata Power Jetty (TPC) or Dharamtar Port.

(b). As per Section 42 (1) read with Section 48 of the Major Ports Act., 1963, this Authority is mandated to fix scale of rates for the services performed by the Port Trust Board or any person authorised by the Port under Section 42 (3). The clause 3 (i) of the Stevedoring and Shore handling policy, 2016 issued by the Government mandates this Authority to notify only the normative tariff for the stevedoring and shore handling activities. As regards the proposal of the port, it is noted that no labour or equipment or any other service is provided for cargo handled in stream and the rate proposed is not in relation with any services rendered by the Port or any person authorized by the Port. The proposed levy of royalty is intended to remove anomalous position of application of stevedoring charges vis-à-vis lighterage charges Further, the current proposal is reported to be an initial step towards implementation of Stevedoring and Shore Handling Policy, beginning with operations at Anchorages, where MBPT does not perform the Stevedoring Activity.

(c). In this regard, it is relevant here to draw reference to Clause 3 (v) of the Stevedoring and Shore handling Policy, 2016 which empowers the port to fix the royalty to be recovered from the private agencies authorized by them. Further, Clause 3.5.5. (a) of the guidelines for determination of Upfront Tariff for Stevedoring and Shore handling operation issued by the Government also stipulates that the Port Trust shall charge a per metric tonne royalty rate from the agents keeping in view the factors listed thereunder. As such, both the Stevedoring and Shore Handling Policy and the Stevedoring and Shore Handling Guidelines call for the port to fix the royalty. Therefore, the MBPT has only been empowered to fix the royalty. Fixation of rate of royalty is beyond the mandate given to this Authority under the Statute.

(v). The users have objected to the proposed royalty of ₹ 5/- per tonne on the cargo handled at outer anchorage on the ground that it is an additional charge. The Stevedoring activity at the outer anchorage is carried out by the private agencies. One of the factors listed in the stevedoring and shore handling guidelines to decide the quantum of royalty is the profit margin of the stevedoring agents. Since the royalty is to be absorbed in the profit margin of the stevedoring agents, the royalty

does not appear to be an additional burden to the user. This position will come to reality once the tariff for the Stevedoring activity at anchorage is regulated.

(vi). As reported by the MBPT, the MBPT does not undertake stevedoring operations at the anchorages. The private entities undertake stevedores operations at the anchorage. The charges levied by private entities remain unregulated. Clause 1.5 of the Stevedoring and Shore Handling guidelines requires the Major Ports to file a proposal to this Authority for fixation of upfront tariff for stevedores under the guidelines along with performance standards. Accordingly, the MBPT is advised to file a proposal within 3 months from the date of notification of the Order passed in the Gazette of India, for fixation of upfront tariff for stevedoring operations carried out by the private entities at the anchorages.

(vii). Orders of this Authority generally come into effect prospectively after expiry of 30 days from the date of Gazette Notification unless otherwise different arrangement is specifically mentioned in the respective tariff Orders. Accordingly, this Authority is inclined to grant approval for deletion of clause prescribed at Sr. No. 3.1(D) (15) relating to levy of Stevedoring Charges @ 35% of the charge applicable with reference to the rates for cargo handled at Docks, for cargo handled in stream with prospective effect after expiry of 30 days from the date of Gazette Notification of the Order passed in the Gazette of India.

9.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority accords approval for deletion of clause prescribed at Sr. No. 3.1(D) (15) relating to levy of Stevedoring Charges @35% of the charge application with reference to the rates for cargo handled at Docks.

9.2. The deletion of clause prescribed at Sr. No. 3.1 (D) (15) of the SoR of MBPT shall come into force after expiry of 30 days from the date of notification of the Order passed in the Gazette of India.

9.3. The MBPT can fix and collect royalty with the approval of its Board of Trustees on the cargo meant for MBPT as well as any other destinations like Dharamatar, TATA Power Jetty, etc. which are lightered at the outer anchorage and inner anchorage.

(T.S. Balasubramanian)
Member (Finance)

SUMMARY OF THE COMMENTS RECEIVED FROM THE PORT USERS / DIFFERENT USER ORGANISATIONS AND ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY.

TAMP/14/2018-MBPT	**:**	**Proposal received from the Mumbai Port Trust (MBPT) for approval of royalty for stevedoring activity in Lighterage operation at Inner Anchorage and outer Anchorage and withdrawal of stevedoring charges at 35% of the charges applicable for cargo handled at Docks, for cargo handled at Inner Anchorage**

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Some of the users / user organisations have furnished their comments on the MBPT proposal. These comments were forwarded to MBPT as feedback information. The MBPT has responded. A summary of the comments received from these users / user organisations and response of Mumbai Port Trust (MBPT) thereon is tabulated below:

Sl. No.	Comments of users / user organisations	Response of MBPT
1.	**Shree Krishna Stevedores Pvt. Ltd.**	
	We welcome the move to review charges at MBPT and efforts to bring MBPT charges/ tariff in parity to other neighboring ports. Towards this move, replacement of Port Stevedoring charges for vessels discharging at Anchorage with new Royalty is a commendable move and we highly appreciate the same.	M/s Shree Krishna Stevedores Private Ltd. has welcomed the proposal, No comments are offered.
2.	**The Tata Power Company Limited**	
	We are importing about 2.5 Million MT coal for our Trombay Thermal Power Station. We are paying ₹.26.66 per MT to Mumbai Port as wharfage although our coal is brought to our own jetty. We are also paying around ₹.43 Lakhs per month to Mumbai Port Trust as way leave fees for the approach channel and turning circle which are dredged by us. Our vessel owners are also paying the requisite mount by way of Pilotage fees, Anchorage fees etc. The present proposal has been made by MbPT in order to bring parity between cargo destined for MbPT and the cargo destined for Tata Jetty / Dharamtar (para 4 of the said Proposal). In this respect we submit that brining parity in charges cannot be the basis for proposing additional charges. Mb.P.T is entitled to charge only for services provided by them under the quid pro quo principle. We submit that the Mb.P.T does not provide any services during Lighterage / Stevedoring operation. Mb.P.T does not supply any manpower nor any equipment. Further, Mb.P.T has	MBPT does not undertake Stevedoring Operations in Anchorages, i.e. Anchorages as well as Port Lighterage Area (PLA) inter aila, (a) due to shortage of manpower, (b) it will delay the oeprations as MBPT manpower would take time to board launch and reach the anchorages to perform stevedoring operation in anchorages, (c) the charges are much higher @ 120% of the charges at MBPT berths, Consequently, the private entities i.e. Shipping Agents / Consignees are allowed to undertake these operations, which is obviously more cost effective and efficient. The anchorage charges recovered under the Clause 2.15 of SOR pertains to the anchoring services only. MBPT forgoes its right to undertake the stevedoring operations but the activities are carried out in MBPT premises. Therefore, other services ancillary to stevedoring operations are availed by the private stevedores who are engaged by Shipping agents/ consignees. In keeping with the Stevedoring and Shore handling policy, 2016, MBPT is entitled to some royalty on Stevedoring operation performed by private stevedoring agencies at MBPT and accordingly not to burden on trade, MBPT has fixed minimal amount as Royalty of ₹.5/- for stevedoring operations performed at PLA and

	stated that in respect of both Stevedoring Charges and Lighterage operations, the only service that it provides to a vessel is anchoring services and no other. In respect of anchoring services, Mb.P.T already recovers Anchorage Charges under clause 2.15 of the SOR. Therefore, the additional charges amount to a double levy by Mb.P.T for one and the same service which violates the quid pro quo principles and is unlawful. This will have adverse effect on our cost of generation and in turn will affect the end consumer. Also Royalty is a notional charge without any service being provided and hence not tenable in this case. We submit that the Stevedoring and Shore Handling Policy, 2015 has not been made available to us. We request for a copy of the same in order to enable us to effectively respond to the contentions raised. In light of the submissions raised, we submit that the said Proposal may please be rejected.	₹.7/- at inner achorages. In the overall cost of handing of cargo which is in the range of ₹.350/- to ₹. 400/- per tonne, these charges are very nominal and does not adversely affect cost of generation of power and in turn to the end consumer. TPCL's contention that "additional charges of Royalty amount to double levy by MBPT for one and same service which violates the quid pro quo principle and is unlawful" is not correct. MBPT while proposing Royalty towards stevedoring activity to be paid by stevedoring agencies, has proposed simultaneously to Delete Sr. No. 3.1 (15) relating to levy of Stevedoring Charges for cargo handled in Stream @ 35% of the charge applicable with reference to the rates for cargo handled at Docks. [The MBPT vide its e-mail dated 25 April 2018 has forwarded the same to TPCL <u>with copy endorsed</u> to TAMP].
3.	**Rashtriya Chemicals & Fertilizers Limited**	
	RFC has been regularly following up with MBPT since 2008 for waiver of the stevedoring charges applicable for bulk cargo handled at anchorage / mid-stream. RCF has been handling fertilizer raw material vessels in mid-stream / anchorage since 2008 and off-loading the barges at MBPT, Hay Bunder jetty for onward transportation to the factory at chembur. This arrangement was to facilitate handling of large vessels of around 30-35,000 MT due to limitations of handling such vessels at Indira Dock. However, the total handling cost to RCF through Hay Bunder is considerably high due to the various handling cost viz. stevedoring, barging and unloading cost etc. The Stevedoring charges is payable to both MBPT and to the cargo handling agency appointed by RCG. However, the Stevedoring activity is not being performed by MBPT. The Agency appointed by RCF is performing all the activities related to the discharging operations from the Mother vessel to the barges and discharge from barges at the Hay Bunder Jetty. RCF has been continuously discussing and corresponding with MBPT	The proposal submitted by MBPT is in line with the request received from users and in particulars RCF as they have to pay stevedoring charges @35% per ton. In this proposal MBPT has proposed to delete this section and not to levy this rate ₹.71.39/- per ton in lieu recover only ₹.7 per ton when lighterage at PLA. Thus MBPT is extending a huge relief to RCF and such users. The anchorage charges recovered under Clause 2.15 of SOR, pertains to the anchorage services only. MBPT forgoes its right to undertake the stevedoring operations but the activities are carried out in MBPT premises and therefore other services ancillary to stevedoring operations are availed by private stevedores who are engaged by Shipping Agents/ Consignees. In keeping with the Stevedoring and Shore Handling policy, 2016, MBPT entitled to some royalty on stevedoring operations performed by private agencies and accordingly in order not to burden the trade, MBPT has fixed minimal amount as royalty of ₹.5/- for stevedoring operations performed in PLA and ₹.7/- at inner anchorages. In the overall cost of handling of cargo which is in the range of ₹.350/- to ₹.400/- per ton these charges are very nominal and in no way make handling of vessels at anchorage unviable.

	authorities in the past requesting for waiver of the stevedoring charges payable to MBPT for bulk cargo handled at anchorage / mid-stream. Presently, stevedoring @35% of the charges applicable for cargo handled at Indira Dock, i.e. ₹.71.39 PMT plus applicable tax is levied by MBPT for vessels handled at MBPT, Hay Bunder (anchorage/mid-stream). As mentioned above, Port is not deputing any labour / manpower at the anchorage for the stevedoring activities from the vessel. The entire job of stream discharge is carried out by RCF appointed Handling Agency, for which RCF has also to pay Stevedoring charges to the said agency. Thus, RCF is incurring dual cost towards stevedoring activity, which is leading to the handling of vessel at anchorage unviable. Therefore, RCF has been earnestly seeking waiver of stevedoring charges levied by MBPT. In view of the above, the Stevedoring charges applicable for bulk cargo handled at Inner / Outer Anchorage / mid-stream may be fully waived off.	

1.2. Maritime Association of Nationwide Shipping Agencies (MANSA) and M. Dinshaw & Co. Pvt. Limited have also furnished their comments on the proposal of MBPT. The MBPT has not responded to the comments of these users. The summary of comments received from these users / user organisations is furnished below :

(i). Maritime Association of Nationwide Shipping Agencies (MANSA)

MANSA Representatives have conveyed their appreciation on withdrawal of stevedoring charges @ 35% applicable for cargo handling. It was also expressed in lieu of the same MANSA will support the proposed levy of ₹.7 per ton towards stevedoring royalty on cargo handled in inner- Anchorage, whereas at outer Anchorage (PLA) there is absolutely no justification for levying royalty @ ₹.5 per ton on cargo handled since the port does not provide any service like dredging and maintenance.

In view of the above TAMP may take Final decision.

(ii). M. Dinshaw & Co. Pvt. Ltd.

(a). We support withdrawal of 35% stevedoring charges at inner anchorage and the levy @ ₹.7 /- per ton for the cargo Consigned / manifested for Mumbai Port discharge/load.

(b). At outer anchorage (PLA), there is no stevedoring activities involved / neither stevedoring charges imposed till now for the subject activities by MBPT. It will be the additional financial impact on the trade and additional cost effect.

In view of the same we suggest yours good office not to consider the same.

1.3. Further, the JSW Steel Limited has furnished its comments. The MBPT vide its letter dated FA/ACC/211/3021 dated 18 June 2018 has responded on the comments received by JSW. The comments of JSW and the response of MBPT thereon is hereunder:

Sl. No.	Comments of users / user organisations	Response of MBPT
(a)	Please refer MbPT letter dated 14th February 2018 where it is mentioned that out of total cargo of 16.80 Million MT handled at MbPT anchorages during 2016-17, 13.50 Million MT Cargo was meant for Dharamtar jetties of which most of the cargo is of JSW. MBPT is earning lighterage and pilotage, and Port related charges from this operation.	Similar services is availed by the cargo discharged at Inner Anchorages but for the cargo brought at MbPT (Dock and Bunders), stevedoring charges @ ₹.71.39 per tonne is recovered, in case of bulk cargoes. However, the cargo discharged at Inner Anchorages and brought to Dharamtar Port is not levied this amount of ₹.71.39 per tonne. There is obviously an anomaly which is being removed through the above proposal.
(b).	As per the said letter, these additional charges were proposed to bring parity between cargo meant for MbPT and lighterage charges at Anchorage. The Port accepted in their submission that the stevedoring of MbPT bound cargo is charged heavily. As may be seen, out of 0.8 million ton cargo meant for MbPT during 2016-17, only 0.2 million ton was handled at Mumbai anchorage by the port users to avoid stevedoring charges. This has forced the port to rethink to bring down the charges to attract the mere 0.6 cargo to handle at anchorage, burdening the other Port Users who brings 16 MTPA cargo and discharging at PLA/Anchorage. Instead of reducing the stevedoring charges to make it competitive, the proposal of levying additional lighterage charges at PLA and inner anchorage is uncalled for. Moreover, the additional lighterage charges, if levied will surely discourage the Trade and ultimately business loss for the port.	The anchorage charges recovered under clause 2.15 of SOR, pertains to the anchoring services only. MBPT forgoes its right to undertake the stevedoring operations but the activities are carried out in MBPT premises and therefor other services, ancillary to stevedoring operations are availed by the private stevedores who are engaged by Shipping Agents / Consigners. In keeping with the Stevedoring and Shore Handling Policy, 2016, MBPT is entitled to some royalty on Stevedoring operations performed by private agencies and accordingly in order to not to burden the trade, MBPT has fixed minimal amount as royalty of ₹.5/- for Stevedoring operations performed in PLA and ₹. 7/- at inner anchorages. In the overall cost of handling of cargo which is in the range of ₹. 350/- to ₹.400/- per tonne, these charges are very nominal and in no way in handling of vessels at anchorage unviable.
(c).	We are using RSV-IV types vessels for movement of cargo from MbPT anchorage to Dharamtar Port for which MbPT is charging these vessels on voyage basis (Port Dues, Pilotage, anchorage and double banking). These vessels are highly efficient vessels used for Mumbai anchorage operations. Charges should be rationalized to bring to the level of barge (RSV-I/II) movement (pas pilot) to have parity in charges. JSW is the largest user of the Port for its raw material requirement at Doilvi Plant. Simply introducing further levies without any additional activity by MbPT will be detrimental to the coastal trade.In view of the above, our humble submission is to please look in to these proposals in	Instead of Double Banking charges on Pass pilot vessels and barges in the heading of Section 2.2, upward revision of Lighterage dues on Mother Vessels by 10% and water Conveyance charges for Barges and Tugs by 50% in the MbPT SOR are proposed. For detailed justification for proposed, levy, JSW may refer Trustees Resolution No. 182 dated 09.01.2018 and comments of MbPT already sent to TAMP on the observations of users on the MbPT's proposal for revision of Lighterage charges and Water Conveyance charges in the MbPT SOR.

	right perspective and the prevailing competitive environment.	

2. A joint hearing on the case in reference was held on 16 March 2018 at the office of the Authority in Mumbai. At the joint hearing, MBPT and users/ user organisations have made the following submissions:

Mumbai Port Trust (MBPT)

(i). Briefly explains the highlights of the proposal.

(ii). At the anchorages, the stevedoring activities are being carried out by private agencies. MBPT gets no royalty from the said private agencies. Stevedoring and Shore Handling Policy, 2016 for Major Ports issued by the Ministry of Shipping, Government of India, requires that inter alia, stevedoring activities to be undertaken by private agencies and the agencies in turn to share revenue with MBPT as Royalty. Accordingly, a view was taken that Royalty needs to be recovered from the private agencies undertaking stevedoring at MBPT.

(iii). In tune to the above, the approval is being sought to recover Royalty towards stevedoring activity for the Cargo unloaded/ loaded on ship undertaking lighterage operations at PLA, irrespective of its final place of discharge/ origin i.e. MBPT, Tata Power Jetty (TPC) or Dharamtar Port @ ₹.5/- per tonne and at inner anchorages (stream), irrespective of its final place of discharge/ origin i.e. MBPT, Tata Power Jetty (TPC) or Dharamtar Port @ ₹.7/- per tonne..

(iv). We want to do away with Stevedoring Charges @35%, for cargo handled in stream, as no service are being rendered by MBPT.

(v). We request the Trade to welcome the proposal.

IBOA

(i). The reason given by port to initiate the proposal is to bring parity in the charges levied at Outer Anchorage and Inner Anchorage. To bring parity, the rates need not be increased at Inner Anchorage, it can be reduced at Outer Anchorage.

(ii). The proposal of MBPT would take away import cargo from MBPT, mainly coal.

TATA (Power)

(i). We pay wharfage and way leave charges. A levy of ₹.7/- towards royalty will be an additional cost burden for us considering that no services are rendered by MBPT and we have to fend for ourselves at the Inner Anchorage. No service is provided at anchorage. We provide labour. It will put us out of competition, burdening us further.

M.Pallanji (MPLPL)

(i). Though royalty has been proposed at ₹.5/- and ₹.7/-, it may be reviewed keeping in view of the stiff competition and extra burden to the trade.

MANSA

(i). Royalty is to be paid by Stevedore. Port has to decide the Stevedore. We are landing our cargo at the port. We are benefitted by deletion of 35%. We welcome ₹.5/- per tonne till Stevedoring activity is regularized.

(ii). There is nothing at PLA. No dredging. Port used to supply labour for midstream operation. But it is stopped due to shortage of man power. We don't agree with ₹.5/- for PLA. It is fine for inner anchorage, not for PLA.

JSW

(i). Out of 16.80 Million Tonnes of cargo unloaded at the anchorage, we unload in the range of 13.00 to 13.50 Million Tonnes at the anchorage. We bring 25 to 28 maximum size of supramax vessels at the anchorage. We cannot bring these vessels alongside the berth due to lack of sufficient draught. Therefore, we are required to handle at anchorage by compulsion. The port does not have floating crane to unload the cargo. The Port tries to recover the loss of revenue on account of withdrawal of 35% stevedoring charges by levy of royalty for cargo unloaded at the anchorages. The stevedoring charges at 35% realizable from 0.80 Million Tonnes of cargo unloaded at the Port is proposed to be recovered from 16.00 Million Tonnes unloaded in the anchorages which is not correct. We must be incentivized for bringing more cargo at the anchorage instead of penalizing us by way of royalty.

MBPT

(i). The proposal is submitted to improve the productivity of the port and increase in the lightened the ships at the Port inner anchorages and discharge at MBPT berths. In the process, we are rationalizing our Scale of Rates.

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