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Tariff Authority for Major Ports

G No. 195

New Delhi, 6 October 2011

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Kolkata Port Trust for fixation of upfront tariff for handling coal, iron ore and other dry bulk cargo at the Outer Terminal at the Kolkata Port in pursuance of the guidelines for upfront tariff setting at Major Port Trusts which were notified vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008, as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports
Case No. TAMP/24/2011-KOPT

Kolkata Port Trust

Applicant

O R D E R

(Passed on this 8th day of September 2011)

This case relates to a proposal received from Kolkata Port Trust (KOPT) for fixation of upfront tariff for the project of construction of Outer terminal– I (a riverine multipurpose jetty in the upstream of 3rd Oil jetty) alongwith all the required backup facilities on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

2.1. The main points made by KOPT in its proposal are summarised below:

- (i). Halida Dock Complex (HDC) is favourably located with respect to the steel plants, Coal & Ore Mines, Power Plants and other industries. In view of these advantages coupled with expansion plan of the steel industries and the power utilities in the hinterland of HDC, the prospect of handling substantial volume of import Coking Coal and Non Coking Coal for the steel industries and the power utilities is tremendous at Haldia.
- (ii). The following is the cargo handling potential at HDC in the long term perspective:

(in million tonnes)

Year	Projection
2014-15	70.30
2019-20	87.05
2024-25	98.83

- (iii). Though HDC is the most preferred port of call for import of coking coal, Non Coking Coal, Lime Stone, Coke, Raw Sugar, export of Iron Ore, coastal shipment of Thermal Coal, the exporters/ importers are unable to bring their required volume of cargo at HDC due to draft restrictions. The exporters / importers accordingly lighten or up-top substantial volume of these commodities at neighboring ports which causes various logistic inconveniences as well as leads to a higher transportation cost to the trade. KOPT has taken initiatives for development of transloading facilities at deep draft locations within its limits. On introduction of transloading facilities, the exporters of iron ore will be able to increase their throughput of cargo at HDC and avoid two port handling mechanism.
- (iv). In order to handle incremental dry bulk cargo as well as to cater to the requirements of the proposed transloading facilities, KOPT has decided to construct a riverine terminal for handling additional cargo and also for effective and efficient implementation of transloading facilities by ensuring faster turnaround of the vessels at an indicative Cost of ₹ 290 crores and with a Cargo handling capacity of 4.5 million tonnes per annum.
- (v). The dimension of the proposed Jetty is 270 m x 40 m with a yard area of 183156 sq. mtrs including equipment parking area of 14228 sq. mtrs. The type of vessels to be handled range from average 7000 to 33000 GRT and with DWT range of 11000 to 60000 DWT.
- (vi). Since the jetty has been conceived for loading and unloading of dry bulk cargo, its equipping has been planned differently wherein the project comprises of Mobile Harbour Cranes, Hoppers, Payloaders and Dumpers (tripper trucks) for loading and unloading of cargo at the jetty. For handling cargo at the yard, the equipping plan proposes Payloaders, Dumpers (tripper trucks), Excavators (Poclain) etc.

- (vii). The Cargo likely to be handled at the proposed jetty are Coal (coking & Non Coking), Iron Ore and various types of Dry Bulk cargo.
- (viii). Though the KOPT has proposed rates for coastal cargo, it does not envisage handling of coastal cargo at the proposed terminal.
- (ix). The Optimal Capacity as per the TAMP Guidelines is determined at 45 lakh tonnes. Though the TAMP Guidelines do not provide for calculation of yard capacity for multipurpose terminals, the yard capacity is worked out at 45 lakh tonnes based on certain parameters. Out of this, it is projected that 25% would be Iron ore and the balance would be other cargo put together.
- (x). The breakup of the total project cost of ₹ 290 crores is as follows:

(₹ in crores)	
Civil construction cost	111.77
Mechanical & Electrical Work cost	91.20
Miscellaneous @ 5% of above two items	10.15
Total for Cargo Handling activity (A)	213.12
Berth Facility (B)	76.81
Total Project cost (A + B)	289.93

- (xi). Estimation of the Operating Cost for the Cargo handling activity is ₹ 46.89 crores and ₹ 4.10 crores for the Berthing activity.
- (xii). Estimation of revenue requirement from cargo handling:

Description	Amount (₹ in crores)
Operating cost	46.89
Return on Capital Employed @ 16% of ₹ 213.12 crores	34.09
Revenue requirement	80.98

- (xiii). Estimation of revenue requirement from berthing activity:

Description	Amount (₹ in crores)
Operating and Maintenance cost	4.10
Return on Capital Employed @ 16% of ₹ 76.81 crores	12.29
Revenue requirement	16.39

- (xiv). Apportionment of revenue requirement for cargo handling activities:

Tariff Group	% of total revenue requirement	Amount (₹ in crores)
Cargo Handling Charges	98.27%	79.58
Storage Charges	0.73%	0.59
Miscellaneous Charges	1.00%	0.81

- (xv). The KOPT in its proposal has also furnished the draft Scale of Rates.

2.2. The proposal of KOPT is as given below:

(i). Handling Charges (Section 4 of the proposed SOR)

Commodity	Rate in ₹ per MT	
	Foreign	Coastal
Coking Coal	176.84	106.10
Iron Ore	176.84	176.84
Other Dry Bulk Cargo	176.84	176.84

(ii). Storage Charges (Section 5 of the proposed SOR)

Description	Rate in ₹ per MT per day or part thereof			
	Coking Coal	Iron Ore	Other Dry Bulk Cargo	
			Import	Export
Free Period	5 days	25 days	5 days	25 days
1st 5 days after expiry of free days	0.96	0.58	0.96	0.58
6th – 10th day after expiry of free days	1.92	1.15	1.92	1.15
Beyond 10th day	3.84	2.30	3.84	2.30

(iii). Miscellaneous Charges (Section 6 of the proposed SOR)

Commodity	Rate in ₹ per MT
Coking Coal	1.81
Iron Ore	1.81
Other Dry Bulk Cargo	1.81

(iv). Berth Hire Charges (Section 3 of the proposed SOR)

Description	Rate in ₹ per GRT per hour	
	Foreign	Coastal
Berth hire charges	1.951	1.171

3. In accordance with the consultation process prescribed, the proposal of KOPT was circulated to the concerned users/ user organisations and prospective bidders seeking their comments. The comments received from the users/ user organisations and prospective bidders were forwarded to the KOPT as feedback information. The KOPT has furnished its remarks on the comments of the users/ user organisations and prospective bidders.

4. Based on the preliminary scrutiny of the proposal, the KOPT was requested to furnish additional information/ clarifications on some points, which the KOPT has furnished. The queries raised by us and the reply furnished by the KOPT are tabulated below:

Sl. No.	Queries raised by TAMP	Reply furnished by the KOPT
I.	Optimal Capacity :	
(i).	KOPT has estimated the optimal capacity of the multipurpose terminal based on the assumed handling of vessels of the parcel size of 22000 tonnes. The equipping plan considered by the KOPT for the proposed multipurpose terminal is different	The handling capacity of Mobile Harbour Crane at 12500 per day was considered by TAMP while dealing the proposal of Paradip Port Trust in December 2009. While considering the same, TAMP had observed that “Considering the higher handling capacity of HMC as compared to the aggregate capacity of the wharf cranes prescribed in 2008 guidelines, in absence of any other norms available, it is reasonable to reckon a 25% increase

from the equipping plan prescribed in the upfront tariff guidelines for the multipurpose terminal, as admitted by KOPT. The proposed terminal envisages deployment of two Harbour Mobile Cranes (HMCs). Therefore, the productivity (handling rate) of the HMCs should be the factor, rather than the parcel size of the vessels, for estimation of optimal capacity of the terminal. This Authority has recently fixed ceiling rates following normative approach for use of HMC for common application without reference to individual service providers at the Paradip Port Trust (PPT) and Tuticorin Port Trust (TPT) vide Orders dated 30 December 2009 and at New Mangalore Port Trust (NMPT) and Visakhapatnam Port Trust (VPT) vide Orders dated 16 June 2010. The ceiling rates so fixed for the average daily crane performance is for benchmark level of productivity of 12,500 tonnes for handling of dry bulk cargo with HMC of 100 tonne capacity. The above said tariff Orders are hosted in the website of TAMP. In the case of fixation of upfront tariff at Visakhapatnam Port Trust (VPT) vide Order no.TAMP/54/2009-VPT dated 4 May 2010 and in the case of fixation of upfront tariff at V.O Chidambaranar Port Trust (VOCPT) vide Order no.TAMP/18/2010-TPT dated 23 July 2010 for terminals to be equipped with HMC, working hours of 6132 hours per annum at 70% utilization has been considered for estimation of optimal capacity of the terminal. For the multipurpose terminal of KOPT with two 100 tonne HMCs, the optimal capacity will be 9125000 tonnes, as against 45 lakh tonnes estimated by KOPT. The KOPT may, therefore, review the estimated capacity of the terminal based on the capacity of the HMCs to be deployed and following the methodology adopted by this Authority in fixation of upfront tariff at VPT and VOCPT. The berth hire charges may also be revised accordingly.	over the handling rate of 10000 tonnes per day prescribed for operation of 3 number of 20 tonne ELL cranes. Accordingly, handling rate of 12500 tonnes per day for dry bulk cargo is considered in this analysis.” With regard to KoPT's proposal, the calculation of the handling capacity of the MHC has been indicated under Table-5.2 of the feasibility report. In this regard the following facts are placed for consideration of TAMP: (i). The MHCs are going to be located on the riverine jetty and not within the impounded dock system. Accordingly, the facility will have to cope with up and down movement of the vessel with the change in water level of the river with the tide. This would require continuous adjustment of working of the MHCs, which in turn would reduce the productivity of the cranes. This is not faced in the sea ports. (ii) The vessels come at Haldia after part discharge of cargo at other Ports like Paradip. In case of part discharge of cargo by the mother vessels at the transloading facility, similar situation would prevail. In a Port like Paradip where a vessel comes with full load, the working of MHC for the top cargo is much faster as because in such a situation, the cranes are able to work with much less cycle time. At HDC on the contrary, the entire cargo brought by vessels is bottom cargo and for handling of bottom cargo the productivity of MHC is much less. This is because in this case, the cycle time of the cranes will be slower as the cranes have to reach the bottom level. Further, the cargo has to be accumulated from the sides of the hatches by use of pay loaders to enable MHCs to grab the same. TAMP may accordingly appreciate that the productivity level of MHC, considered for high drafted seaports like Paradip, Vizag etc cannot be applied for a riverine port like Haldia. Besides, HDC has potential to handle various types of dry bulk cargo of valid quantity both for import and export. In keeping with this and the draft constraints at HDC, the development planning at HDC has been based on creation of multipurpose terminals, where all kinds of dry bulk cargo can be loaded as well as unloaded both at the ship face as well as at the railway sidings. As a result, the aggregation and evacuation of cargo to and from the jetty has been planned by using tripper trucks, mobile hoppers, payloaders etc. which can take care of the needs of two way movement of all kinds of dry bulk cargo unlike the conveyor system. The rate at which the trippers are able to aggregate / evacuate cargo also governs the output of the MHCs. Further, against the capacity norm of 12500 MT per day per MHC considered by TAMP for Ports like Paradip; KOPT has considered a productivity of 11200 MT per day per MHC, which is nearly 90% of the said norm. The average ship day output of 8800 MT per day per MHC is emerging out of the following facts:- a) The vessels of parcel load of 22000 tons (to be worked with 2 MHC) and 11000 tons (worked by 1
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		HMC) at OT-I will require 23.52 hrs of actual loading/unloading time at an actual output of 11200 tonnes per day per MHC. b) Each of the vessels will require time for pre commencement and post completion survey of about 4 hrs. c) Hence, the total service time of each vessel will be around 27.52 hours. d) From our experience of handling oil tankers at the three riverine jetties, the following have been ascertained: (i). In case a vessel completes her cargo work and becomes ready for sailing within 20/21 hours, she can sail out within 24 hours. (ii). In case a vessel takes more than 22 hours to complete her cargo work, she takes about 33/35 hours to sail out. (iii). In case a vessel takes more than 35 hours to complete her cargo work and become ready for sailing, she takes about 46/48 hours to sail out. KOPT has furnished details of the tankers handled at the three riverine oil jetties of HDC. It may be seen from the analysis that the average time at berth taken by all vessels together at the oil jetties was 30 hours. The Consultant has taken the average berth time parameter of 30 hours per vessel at the Outer Terminal-1. In this regard it is also pertinent to mention that as the facility would be located on the river itself and not within the impounded dock system, the vessels after completion of work can not be shifted to any other location for accommodating other vessel. It is further added that even if the normative output of 12500 MT per day per MHC is considered, the cargo work with pre and post survey can not be completed within 20 hours for a vessel of 22000 MT parcel load (served by two MHCs) or 11000 MT parcel load (served by one MHC). In such case the vessels would have taken about 25.12 hrs of service time and would still have to wait for another about 5 hours for sailing out after getting favourable tide. Accordingly, it may be seen that even in this case the net average ship day output would remain at 8800 tons per MHC per day or 17600 tonnes by 2 MHCs as against actual output of 11200 tonnes per MHC per day or 22400 tonnes by 2 MHCs per day.
(ii).	The project envisages bringing of cargo by Panamax/ Handimax vessels. The Para 5.3.1 of the Detailed Project Report (DPR) mentions that the parcel load of Panamax / Handimax vessels at 25000 tonnes. However, in the capacity calculation given at Table 5.2 of DPR, the average parcel load	

	is taken at 22000 tonnes. It is further mentioned in Table no. 5.2 that 30 hours would be required for one vessel operation to handle 22000 tonnes. The quantum of cargo that would be handled in a day of 24 hours is calculated at 17600 tonnes, which is taken as base to estimate the capacity of the proposed terminal at 45 lakh tonnes at 70% utilization. In this regard, KOPT to clarify/ furnish the following :																	
	(a). The basis for considering the average parcel load of Panamax/ Handimax vessel at 25000 tonnes.	The Outer Terminal-1 is proposed to handle cargo like Coking Coal, Non Coking Coal, Iron Ore and other dry bulk cargo. The Consultant at para-5.3.1 of the DPR has assumed average parcel load of Panamax Vessels to be 25000 tonnes based on average parcel load carried by the Panamax vessels to Haldia for the period from April to January, 2011 (24312 tonnes). This possible parcel load of the highest class vessel (Panamax type) likely to call at OT-1 was considered by the Consultant for the purpose of project designing.																
	(b). The reason for considering 22000 tonnes, instead of 25000 tonnes as the average parcel load in the capacity calculation.	The project of OT-1 is based on the fact that majority of the cargo at this terminal will be handled to and from small daughter vessels via transloading operations. Only small portion of the cargo are expected to be handled by Handimax and Panamax vessels which will call at OT-1 after partial discharge at the transloader or other ports. As these vessels will call after partial discharge, the Consultant has considered the average parcel load carried by Handimax and Panamax vessels taken together. The Consultant for this purpose has considered the average parcel load of Handimax and Panamax taken together achieved at HDC for the period from April to January, 2011 which was 21586 tonnes i.e. 22000 tonnes approximately, which is also corroborated by the annual figures given below.																
	(c). The annual average parcel size of panamax / handimax vessels and daughter vessels separately called on Haldia Dcok Complex (HDC) with coal, iron ore and other dry bulk cargo during the last three years 2008-09 to 2010-11 and the projections for the next three years.	<table><tr><td></td><td>Panamax</td><td>Handimax</td><td>Average (Handimax & Panamax)</td></tr><tr><td>2008-09</td><td>24304</td><td>20407</td><td>21365</td></tr><tr><td>2009-10</td><td>23574</td><td>19056</td><td>20348</td></tr><tr><td>2010-11</td><td>24239</td><td>18585</td><td>20121</td></tr></table> Projection: At the riverine terminal, the bulk cargo to be loaded will be able to take benefit of the maximum draft available for the day which is not possible in case of loaded bulk carriers moving out with export cargo from the impounded dock because of sailing priorities. Hence, the average parcel load has been projected to be 22000 tonnes (average of Panamax and Handimax) in respect of Outer Terminal-1 which is about 10% higher than the average over last 3 years. The daughter vessels will be utilized for moving cargo between the transloader and Outer Terminal-1. Based on the daughter vessels likely to be placed into service, the Consultant has assumed the average parcel load to be		Panamax	Handimax	Average (Handimax & Panamax)	2008-09	24304	20407	21365	2009-10	23574	19056	20348	2010-11	24239	18585	20121
	Panamax	Handimax	Average (Handimax & Panamax)															
2008-09	24304	20407	21365															
2009-10	23574	19056	20348															
2010-11	24239	18585	20121															

		11000 tonnes								
	(d). The basis for considering the average parcel load of daughter vessel at 11000 tonnes.	The assessment has been done on the basis of average DWT of different daughter vessels viz. Marsol 24 (12000 tonnes), Marsol 23 (12262 tonnes), Marsol 25 (11453 tonnes), Platinum Star (10170 tonnes). These type of daughter vessels are likely to be deployed for conveying cargo to and from transloading operations.								
	(e).(i). KOPT to establish with actuals for the past three years that it has taken 0.98 days to complete cargo operation of a Panamax / Handimax vessels or two daughter vessels.	(i). The dry bulk cargo has never been handled at riverine terminals. However, we have data for handling of oil tankers at the three riverine oil terminals. The operational details of tankers handled at these terminals for the month of April, May and June of the current year are furnished. From the said details, it is stated that the tankers on an average take about 21.42 hours to complete cargo operations from the time of berthing and stay at the berth for about 29.10 hours prior to sailing out. With regard to dry bulk handling at Outer Terminal-1, the entire estimation of 0.98 days is based on loading/unloading of cargo to/ from mother vessels and 2 daughter vessels by using 2 MHC. At HDC, the unloading of cargo from mother vessels by two MHC have only started at berth no. 2 & 8 w.e.f. September, 2010 in integrated manner with other shore equipments. The ship-day output achieved at these berths after stabilization of the system are as follows: <table><tr><th>Month</th><th>Average output (between commenced work to finished work)</th></tr><tr><td>February,2011</td><td>19323</td></tr><tr><td>March, 2011</td><td>20953</td></tr><tr><td>April, 2011</td><td>19661</td></tr></table> In keeping with what has been achieved at berth no. 2 & 8, the output of 22400 tonnes by 2 MHC per day assessed by the Consultant for Outer Terminal-1 for unloading/loading of a mother vessel or 2 daughter vessels is considered to be in order. On the basis of this assessed output of 22400 tons and average parcel load of 22000 tonnes in respect of mother vessel, the average vessel service time comes to 0.98 days. Similarly each of the 2 daughter vessels with parcel load of 11000 tons will be handled by 1 MHC at an output of 11200 tons. This will also require service time of 0.98 days per daughter vessel. (ii). The total time of 6 hours considered by the Consultant for outer terminal 1 cannot be compared with any real life data. This is because dry cargo is not being handled at the riverine terminals. However, from the details of the waiting time of vessels at the three riverine oil terminals, it is seen that the average is about 7.69 hours. In the riverine terminals, a vessel after completing cargo work shall have wait at the berth till such time she gets the required draft and other favourable navigational conditions. Whereas, inside the impounded dock, a vessel after completing cargo work can be taken out of the berth and kept along side other vacant berths or in double banked conditions with other vessels inside the dock which is not possible in case of riverine terminals.	Month	Average output (between commenced work to finished work)	February,2011	19323	March, 2011	20953	April, 2011	19661
Month	Average output (between commenced work to finished work)									
February,2011	19323									
March, 2011	20953									
April, 2011	19661									
	(ii). Likewise, it may be established with actuals for the past three years that it has taken 6 hours for service time to cover berthing/ deberthing, clearance etc and waiting for tide.									

	(iii). The breakup for the service time of 6 hours for berthing/ deberthing, clearance etc and waiting for tide may be furnished. (iv). The service time of 6 hours is captured in the calculation of berth hire charges. The service time of 6 hours includes time involved for berthing/ deberthing of vessels. Berth hire may have to be levied from the time the vessel occupies the berth and till the time she vacates the berth. That being so, the KOPT to explain the rationale behind covering the time involved for berthing/ deberthing of vessels in the berth hire calculation. The practice followed at KOPT for treatment of time involved in berthing/ deberthing of vessels for levy of berth hire charges may be explained.	In case a vessel after berthing in the riverine terminal cannot complete cargo work and become ready for sailing out within 20/ 22 hours, she will have to wait for an average of about 30 hours (1.25 days) for sailing out. As the estimated service time for cargo work comes out to be 0.98 days and therefore, all the vessels on an average will have to stay for 1.25 days. Hence, the net difference of total time and the service time is about 6 hours. In fact, out of these 6 hours of time, about 4 hours will be utilized for pre and post survey of the vessels. (iii). Reply as furnished above at (ii). (iv). The berth hire has been calculated for the entire period of 30 hours for which the vessel will be at berth which includes the 6 hours in question. Regarding the practice followed at HDC in this regard, it may be mentioned that in the impounded docks the Berth Hire charge ceases after four hours of signaling of readiness of the vessel subject to availability of favourable tide. In the riverine Oil Terminals the entire period of stay at berth is considered for levy of berth hire as the vessel sails out immediately upon getting favourable tide after readiness.
	(f). The DPR considers at Para 5.4.3 the ratio of foreign vessels and coastal vessels at 25:75. KOPT to furnish the basis for the said ratio.	It has been assessed by the Consultant that about 75% of the vessels at Outer Terminal-1 will be daughter vessels moving to / from transloading operations and remaining 25% will be mother vessels. The 75% vessels carrying cargo through the transloading operation will be the Coastal vessels. The rest 25% mother vessels will be the foreign vessels.
(iii).	In the context of the equipping plan for provision of two Harbour Mobile Cranes (HMC) capable of loading/ unloading 28 tonnes dry bulk cargo excluding the weight of grab apart from other equipment, the KOPT to furnish/ note the following:	
	(a). KOPT to furnish the individual capacity of the HMCs proposed to be deployed at the terminal. In this connection, it is relevant to mention here that the KOPT has considered fuel consumption of 70 litres per hour per HMC, which is the norm adopted by this Authority in fixation of tariff for HMC of 100 tonne capacity in some of other major port	The project envisages deployment of Mobile Harbour Crane of Liebbher make LHM 420 type or equivalent. These cranes can take load of 104 tonnes at the minimum outreach of 10.5 m for loading / unloading of cargo with hook operation. The same crane at the same outreach can only lift 75 tonnes by grab operation. It may further be stated that the lifting capacity keeps decreasing with the outreach both for grab and hook. The technical details of this crane is furnished, from which the variation of the lifting capacity with outreach can be noted.

	trusts.	It may also be stated that the lifting capacity includes the weights of the grabs/ hooks. Hence, for assessing the actual cargo lifting capacity, the weight of the grabs/ hooks/ spreaders to be used is to be deducted. In this regard it may be mentioned that in the proposal filed by Paradip Port (approved in December 2009) the Port had considered designed loading rate of 20 tonnes per cycle by a MHC whose highest lifting capacity per cycle is 100 tonnes.
	(b). KOPT has considered a handling rate of 8800 tonnes per day per HMC and arrived at a figure of 17600 tonnes per day for 2 HMCs and compared the figure of 17600 tonnes with the output norm of 10000 tonnes as prescribed in the upfront tariff guidelines and claimed that the output considered by them is higher than the norm prescribed. It is to be noted that the rate of 10000 tonnes per day is with reference to the norm of 3 ELL cranes each of 20 tonne capacity.	KOPT has noted the point.
	(c). KOPT has compared the handling rate of 8800 tonnes per day with 7500 tonnes per day and claimed that it has considered a higher handling rate. In this regard, it may be noted that the handling rate of 7500 tonnes per day is with reference to the lower parcel size vessels carrying cargo like food grains and fertilisers and not coal/ iron ore cargo.	It may be seen that due to draft constraints at HDC, the Handimax/ Panamax vessels on an average carry about 22000 tonnes of cargo irrespective of whether such commodities are iron ore, coal or other dry bulk cargo. In view of such low parcel loads achieved at HDC and considering that output varies directly with the parcel load of the vessels, we have compared the average productivity with the ones provided in the upfront tariff guidelines circulated by TAMP. In this regard the constraints of working in a riverine terminal have been indicated while replying to the query under sr.no-1 (i) above, which may be seen.
(iv).	With reference to the calculation of yard capacity, the KOPT to clarify/ furnish the following:	
	(a). While fixing upfront tariff for coal terminal at VPT a stack height of 6 tonnes per Sq. metre was considered as against the norm of 3 tonnes per Sq. metre prescribed in the guidelines. The upfront guidelines for the iron ore terminal prescribe a stack height of 15 tonnes per sq. meter. Considering the stack height considered in case of coal terminal at VPT at 6, and the stack height prescribed for iron ore in the guidelines at 15, and keeping all other parameters as proposed by KOPT for calculation of yard capacity, the optimal yard capacity works out to around 74.45 lakh tonnes. In that case, the stacking area required for the yard capacity of 74.45 lakh tonnes works out to	As advised, the yard capacity calculations have been reviewed. It is stated that the proposed project envisages creation of a multipurpose terminal for handling both export and import cargo. The transfer of cargo between the storage yard and the jetty as well as stacking of cargo will be done with the help of Tripper Trucks, Pay loaders and Excavators (Poclain) instead of fully mechanized system comprising Conveyors and Stacker- cum- Reclaimers. In the mechanized system, the cargo can be stacked at greater height thereby giving better stacking factor as compared to stacking done by Pay loaders, Excavators and Tripper Trucks. It is observed that the stacking factor considered in the feasibility report by the Consultant is in conformity with what are being actually experienced by KOPT in managing stacking areas and railway sidings where cargo like coal, iron ore etc. are loaded/ unloaded/ stacked by conventional means using dumpers, pay loaders, excavators etc.

	only around 12 hectares by adopting the formula prescribed for calculation of optimal yard capacity, as against the area of 16.88 hectares considered by KOPT in its calculation. Therefore, the area proposed to be allotted for the facility may be reviewed.	It is also pertinent to mention that for Coking Coal alone, more than ten different grades of coal is being received which requires separate stacking area. Similar is the same of Iron Ore also where different grades require separate stacking areas. This apart, these commodities are being imported/ exported by a large number of users and separate areas are to be earmarked for them even for same commodity. It has been noted that about 50% of the stacking areas are utilized for creation of railway sidings, maneuvering of the earth moving equipments viz. dumpers, payloaders, excavators etc. Such free space is not required for mechanized system where cargo is stacked/ loaded/ unloaded using conveyor system and fixed equipment like Stacker Reclaimer, Wagon Loaders etc. It is also mentioned that tariff guidelines circulated by TAMP has not given any methodology for computation of yard capacity for multipurpose terminals. However, we have used the methodology prescribed by TAMP in respect of mechanized ore and coal terminals with 50% utilization factor instead of 70% prescribed by TAMP for mechanized terminals for the reasons stated above. It is also added that stacking factor of 15 tonnes in respect of iron ore prescribed by TAMP for mechanized terminals cannot be achieved where stacking is done by payloaders and excavators. This is because these earth moving equipments cannot stack iron ore at a height possible with the help of mechanized system comprising Stacker Reclaimer and Conveyors. At HDC, we have been able to achieve maximum factor of 12 tonnes per sq. meter in stacking of iron ore by mobile earth moving equipments with properly developed hardstand land. All these factors have duly been considered by the consultant in the feasibility report. The layout drawings in the Feasibility Report also gives comprehensive details of the utilization pattern of the total stacking area comprising railway sidings, stacking zones.																									
	(b). The analysis carried out by KOPT to show that out of the total storage area, only 50% would be available for the storage of cargo.	This has been shown in the plans enclosed with the Feasibility Report where dimensions of the roads, railway siding, plots, circulation areas and other facilities proposed to be set up in the back up area have been shown in details.																									
	(c). The stack height of 12 tonnes per sq. mtr considered by KOPT for iron ore, which deviates from the norm of 15 tonnes per sq. mtr, for calculation of yard capacity may be supported with actuals achieved at HDC in the last three years.	At HDC, land is allotted inside the Dock for storage of Iron Ore with MGT equivalent to 12 tons per square meters for hard stand land. This has been fixed by KOPT on the basis of experience gained in proper and safe storage possible with pay loader, excavator combination. This has been taken as the reference for the instant case as the storage area of OT-I are proposed to be made hard stand.																									
(v)	The actual volume of cargo handled by KOPT in the last three years i.e. 2008-09 to 2010-11 and the estimated traffic in future as per the Business Plan of the Port in respect of each of the above mentioned cargo items may be furnished.	Cargo Handled at HDC during the last five years (Fig. In '000 tonnes) <table><tr><th>Year</th><th>Import</th><th>Export</th><th>Total</th><th>% increase in total traffic</th></tr><tr><td>2006-07</td><td>28534</td><td>13920</td><td>42454</td><td>0.28</td></tr><tr><td>2007-08</td><td>28679</td><td>14909</td><td>43588</td><td>2.67</td></tr><tr><td>2008-09</td><td>27872</td><td>13919</td><td>41791</td><td>(-) 4.12</td></tr><tr><td>2009-10</td><td>21581</td><td>11797</td><td>33378</td><td>(-) 20.13</td></tr></table>	Year	Import	Export	Total	% increase in total traffic	2006-07	28534	13920	42454	0.28	2007-08	28679	14909	43588	2.67	2008-09	27872	13919	41791	(-) 4.12	2009-10	21581	11797	33378	(-) 20.13
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		2010-11	23257	11748	35005	(+) 4.87
		KOPT has appointed M/s. Royal Haskoning, Netherlands for carrying out the business plan who had given a traffic projection for HDC. Besides, M/s. Consulting Engineering Services (I) Pvt. Ltd. (CES), appointed for the feasibility study of OT-1 have also given a traffic projection. This apart, M/s. RITES have also undertaken traffic study for assessing requirement of railway facilities at HDC. The projections given by these three reputed Consultants in the recent past are given below. However, KOPT for the purpose of capacity augmentation planning have taken the projections given by CES as the basis. Cargo Traffic projection of Haldia Dock Complex (Fig. in million tonnes)				
		Year	Projection by CES	Projection by Haskoning	Projection by RITES	
		2011-12	57.80	46.10	56.80	
		2014-15	70.30	55.10	-	
		2019-20	87.10	67.70	96.10	
		KOPT is however, following the projection given by CES for undertaking development plans.				
II	Capital Cost Estimation :					
(i).	Civil Cost :					
	(a). The Feasibility Report mentions that the unit rate adopted for estimation of Civil cost have been analysed with the market rate of the constituent elements. The KOPT has furnished Workings to arrive at unit rate for some of the cost elements. However, the KOPT to furnish supporting documents to justify the unit rates considered for estimation of remaining items of civil cost under Ship Berthing facility and Cargo handling activity.	KOPT has furnished the details. (However, rate analysis/ supporting documents for a few of the items are not furnished by KOPT.)				
	(b). The unit cost of dredging considered at ₹ 400 per cubic metre to estimate the capital dredging cost of ₹ 4 crores may also be validated with documentary proof.	At HDC, dredging is done by DCI through a cost plus contract and not on unit rate basis. Hence, no documentary evidence for the rate can be furnished. However, it is mentioned that the Vishakhapatnam Port Trust in their proposal for fixation of upfront tariff for handling steam coal, filed in January 2010, had considered a rate of ₹ 300.00 per cu.m as dredging cost, which was considered by TAMP. Considering the fact that the said rate is already one and half year old and also the fact that in a riverine scenario of working, the dredging contractor has to encounter continuous re-siltation, the rate of ₹400.00 per cu.m has been considered to be reasonable.				
	(c). The basis for the lumpsum considered for utilities like water supply, sewerage system and drainage may be furnished justifying the cost considered in the estimates.	KOPT has furnished the following details. (For water supply – ₹.50/- per sq.m of land area. For drainage – ₹250/- per sq.m of land area.)				
(ii).	Equipment Cost :					
	(a). The guidelines prescribe provision of fork lift trucks for the multipurpose berth. It appears that the said equipments are not	The Forklifts are not required for handling dry bulk cargo. The Excavators (Poclain) are required for unloading of rakes and storage of cargo, Mobile Hoppers are required for unloading dry bulk cargo from vessels and the Tripper				

	envisaged to be used at the proposed facility on the ground that fork lift trucks are not required for handling dry bulk cargo. But the cargo envisaged to be handled at the proposed facility is dry bulk cargo like coal and iron ore. That being so, the reason for considering excavator, mobile hopper and tripper truck instead of fork lift trucks may be explained.	Trucks are required for transportation of cargo between the vessels and the storage area.																
	(b). The upfront tariff guidelines prescribe only Pay loaders to carry out all activities in a multipurpose berth. The KOPT proposal envisages deployment of Excavators, Mobile Hoppers and Tripper Trucks in addition to pay loaders at an estimated cost of ₹9.95 crores. In this context, it may be clarified why pay loaders alone cannot be used for the activities for which excavators, Mobile Hoppers and Tripper Trucks are proposed to be deployed.	The Pay Loaders are required for loading Tripper trucks (at the berth as well as storage area), Wagons, aggregation of cargo in the stacking area as well as at the berth under the grabs, aggregation of cargo inside the ship hatches. The Excavators are required for unloading of rakes and storage of cargo, Mobile Hoppers are required for unloading dry bulk cargo from vessels and the Tripper Trucks are required for transportation of cargo between the vessels and the storage area.																
	(c). The KOPT has stated that the quantity of different equipment have been fixed while keeping in mind the optimal productivity level of such equipment, quantity of cargo to be aggregated/ evacuated. KOPT to furnish an analysis in this regard supported with workings to show that given the productivity of each type of the equipment, the quantity of different equipment are commensurate with the quantity of cargo estimated to be handled.	The project envisages ship day output of 22400 tonnes. Hence at least this amount of cargo is to be either aggregated or evacuated to/ from the berth. The transportation of cargo between the berth and the storage areas are to be done by the Tripper Trucks and Pay Loader combination. The justification for the requirement of 25 Tripper Trucks is given in the Article-5.4.3 and table-5.3 of the DPR. The requirement of 15 Pay loaders of 5 cbm capacity is as follows:- 8 loaders are required for loading 2 rakes simultaneously (120 boxes @ 20 minutes per wagon per pay loader i.e. 3 wagons per pay loader per hour) at a time to ensure completion of loading within projected time of 5 hours to remain within the free time allowed under the railway rules. 5 pay loaders are required to ensure loading of 75 Tripper Load of Coal per hour for achieving ship day output 22400 tons. 2 loaders are required at the stacking area for storage purpose. The justification for the other supporting equipments is as follows: <table><tr><th>Sl. No.</th><th>Equipment</th><th>Number</th><th>Requirement</th></tr><tr><td>1</td><td>Mobile Hopper</td><td>2</td><td>One for each MHC</td></tr><tr><td>2</td><td>Pay Loader 2.5 cbm</td><td>2</td><td>For working inside the hatches of the Vessels</td></tr><tr><td>3</td><td>Proclaim (Excavator)</td><td>3</td><td>For unloading Rakes & storage of Cargo</td></tr></table>	Sl. No.	Equipment	Number	Requirement	1	Mobile Hopper	2	One for each MHC	2	Pay Loader 2.5 cbm	2	For working inside the hatches of the Vessels	3	Proclaim (Excavator)	3	For unloading Rakes & storage of Cargo
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	(d). The DPR at Chapter – 8 states that the rates for electro-mechanical works are based on the information available in the data base of the	KOPT has confirmed.																

	consultants. KOPT to confirm whether the rates considered for electro-mechanical works reflect the current market rates.	
	(e). The documentary evidence furnished by KOPT in support of the cost of Mobile Harbour Crane (MHC) mentions the price of a MHC at Euro 3158000. Considering the exchange rate of around ₹65 per Euro, the cost of a MHC works out to ₹20.37 crores. However, the KOPT has considered the cost of MHC at ₹30 crores. KOPT to justify the unit rate of ₹30 crores considered in the workings	The rate of Euro 3158000 does not include cost of grab, and customs duty. Considering cost of two grabs (one small and one large) at 275000 Euro and Customs Duty (understood to be 23.78% at present), the total landed cost of one crane with grabs is coming to ₹27.62 crores, which has been considered as ₹30.00 crores by consultant considering expected increase of cost upto implementation of the project. However, if considered appropriate, TAMP may consider the budgetary offer for revising the cost estimate.
	(f). The documentary evidence furnished to justify the cost of one pay loader with capacity of 5 cubic metres prescribes the rate as ₹49.98 lakhs, whereas the KOPT has considered the rate as ₹1 crore for one Loader. KOPT to revise the estimates of cost of pay Loaders.	As per budgetary offers received, the cost of payloaders of 5 cbm bucket of leibherr make is 159300 euro or ₹1,03,54,500 (@ ₹65/- per euro). Considering the customs duty at 23.78% the landed cost would be ₹1,28,16,800.00. However, erroneously, the same has been considered as ₹1.00 crore. The budgetary offer of leibherr is furnished. The leibherr make payloaders are predominantly used for efficient cargo handling and are also more versatile as compared to Luigong make whose rate is ₹49.98 lakhs. We have considered liebherr make 5 cbm pay loaders from the point of view of efficiency and other parameters. The budgetary offer collected for the same is furnished, which may be considered for updating the cost estimate. The budgetary offer of Luigong sent earlier may accordingly be ignored.
	(g). KOPT has considered the cost of Pay loader of 2.5 cum capacity at ₹25 lakhs as against the rate of ₹28.56 lakhs mentioned in the document furnished by KOPT. Likewise the KOPT has considered the cost of one tripper truck at ₹25 lakhs whereas, the document furnished by KOPT shows the cost at ₹23.80 lakhs. KOPT to clarify the position.	The Consultant while preparing the upfront tariff has made certain approximation with regard to the procurement prices of the equipments based on their experience. For reasons stated above, we are considering to use Liebherr make payloaders model of L514. The amount in Indian Rupee with 23.78% with customs duty comes to ₹60,74,504/- per payloaders instead of Luigong make payloaders. The budgetary offer is furnished As regards trippers, we have separately amended the cost based on the budgetary offer.
	(h). The documentary evidence stated to have been attached in support of the cost of Mobile Hoppers and Excavators have not been furnished by KOPT. KOPT to furnish.	The cost of Mobile Hoppers has been considered by the consultant from their experience. However, as per budgetary offer of Excavator (A924C Model) received from M/s. Liebherr, the cost of excavator comes to ₹1.73 crores (265700 Euros). With the applicable customs duty, the landed price of excavator would be ₹2,13,77,425.00. A copy of the budgetary offer is furnished. We could not get any budgetary offer for Mobile Hoppers which are basically fabricated items. TAMP may consider the budgetary offer of excavator for revising the estimated cost of equipment.
	(i). The basis for the lumpsum considered for Dust suppression system and electrical and illumination may be furnished	KOPT has furnished the following details: For Dust Suppression – ₹3/- to ₹5/- per tonne capacity. For Electrical Illumination – ₹150/- to ₹200/- per sq.m of land area.

	justifying the cost considered in the estimates.	KOPT has also included cost of one railway bridge and one road weighbridge which were not considered earlier. The budgetary offers in this regard are furnished.
III	<u>Operating Cost :</u>	
(i).	The KOPT has considered fuel consumption of 4 litres per hour for Tippler trucks. KOPT to justify the fuel consumption factor considered for the said equipment with support of a documentary evidence.	The fuel consumption has been considered on the basis of average mileage being obtained by the service providers who provide tripper trucks for cargo handling operations at HDC. According to the service providers, each liter for a tripper truck gives mileage of 4 kms inside the dock. It has been noted that each dumper would have to cover of about 18 kms in giving 3 round trips per hour. On this basis, the hourly consumption of 4 liters per hour has been estimated.
(ii).	The tariff guidelines prescribe a norm of 12 litres per hour for a pay loader of 10 tonne capacity. It appears that the capacity of pay loaders considered by KOPT is lower than the 10 tonne capacity. That being so, the fuel consumption of 12 litres per hour by both types of pay loaders may be justified. Fuel consumption may be revised as per the respective capacity of the pay loaders, supported by documentary evidence.	The payloaders are normally measured in terms of their bucket capacity. Depending upon the density of the dry bulk materials, the weight carried by the payloaders vary widely. It has been gathered from the service providers who are providing payloaders of 5 cbm and 2.5 cbm for dry bulk cargo handling operations at HDC that the payloaders of 5 cbm consume about 14 liters and 2.5 cbm Payloaders consume 12 liters of fuel per hour. KOPT has however considered the lower limit of 12 liters per hour consumption which matches with the norm. KOPT does not have any documentary evidence in this regard.
(iii).	The fuel consumption of 12 litres per hour considered by KOPT for excavators may be justified with documentary evidence	This has been considered on the basis of indications received from the service providers providing excavators for cargo handling operations inside the dock. KOPT does not have any documentary evidence in this regard.
IV	<u>Cargo Handling Charges :</u>	
(i).	The concessional rate for entitled coastal cargo / vessel is prescribed at 60% of the rate for normal cargo in respect of berth hire and handling rate in the proposed Scale of Rates. The revenue model considered for arriving at the upfront tariff, however, does not reckon with this factor. The KOPT may, therefore, examine the ratio of foreign and coastal cargo, if any, expected to be handled at the cargo terminal for arriving at the handling rate and berth hire to ensure that the estimated revenue requirement can be achieved by the BOT operator at the proposed tariff level. The ratio of foreign and coastal cargo considered in the calculation of upfront tariff may be furnished explaining the basis of the ratio adopted.	The instant project is linked with the transloading facility within the Port limit of KOPT. The mother vessels will call at the transloading facility within KOPT limit and discharge either full cargo or part cargo there. In case of part discharge, the mother vessel after attaining Haldia draft will visit the Outer Terminal-I with the foreign cargo. The foreign cargo received at the transloading facility would be transferred to Outer Terminal-I by daughter vessels. The said cargo so transferred would continue to maintain their status of foreign cargo. Considering the above factors, handling of coastal cargo has not been considered in the revenue model. However, rates for coastal cargo as per Govt. guidelines have been prescribed in the Scale of Rates to deal with the eventuality of rare handling of coastal cargo.

(ii).	The proposal of KOPT is for fixation of upfront tariff for a facility to handle coal, iron ore and other dry bulk cargo. The upfront tariff guidelines for a multipurpose berth prescribes norms for apportionment of total revenue requirement at 90%, 5% and 5% towards cargo handling charges, storage charges and miscellaneous charges respectively. The reason for considering a different apportionment norm of 98%, 1% and 1% prescribed for coal/ iron ore terminal may be explained.	While the project is a multipurpose terminal, the same is expected to handle predominantly Coal and Iron Ore and some other dry bulk cargo only. Accordingly, KOPT considered it more appropriate to adopt the apportionment norm prescribed for Coal Terminal and Iron Ore Terminal, instead of multipurpose terminal.
V	<u>Storage Charge Calculation :</u>	
(i).	The actual average dwell time of cargo like coal, iron ore and other dry bulk cargo at KOPT in the last three years may be furnished.	The dwell time of cargo is dependent on various parameters viz. availability of rakes, trucks for evacuation, congestion in the port delaying berthing of export cargo vessels, the availability of railway sidings and other associated infrastructure. Hence, dwell time now being observed now cannot be considered as reference for future analysis. However, the details required by TAMP for last 3 years are not maintained by us for bulk cargo, because all the plots are given on short term licence basis for specific period within which the parties other than long term players like TATA Steel and SAIL who are given land on 11 month licence basis. No specific records of plot wise dwell time of cargo are maintained at HDC. However, we maintain vessel wise stay of cargo in the storage area from the time it has entered into the plot and evacuated / shipped. The vessel wise details of some of the ships handled by SAIL and TATA Steel (major importers) and some important iron ore exporters are furnished It may be seen that SAIL takes about 20 days on an average to evacuate each vessel load of about 20000 tonnes whereas TATA Steel takes on an average of 10/ 12 days to evacuate one vessel load of about 22000 tonnes. In keeping with the evacuation done by TATA Steel and considering that the proposed terminal will have adequate siding facilities for evacuation of dry bulk cargo, the Consultant has assumed 10 days as average dwell time of dry bulk cargo (import). As regards iron ore, it has already been clarified that about 25 days of time is required for aggregation of cargo prior to shipment as because most of the cargo comes by road. This is also corroborated by the details furnished
(ii).	The number of free days prescribed in the guidelines for the export cargo is 15 days. As against the above position, the KOPT has in the proposal proposed a free period	In HDC multiple exporters bring Iron Ore for export. It has been seen from experience that the exporters take around twenty five days for accumulation of cargo for export. Further, we are presently facing a situation where a major part of the Iron Ore Traffic (around 80%) is coming by

	of 25 days for export of iron ore cargo. The number of free days may be modified in line with the guidelines position. The conditionality proposed in the draft Scale of Rates may also be suitable modified.	Road. This is primarily happening due to freight policy adopted by Railways which makes road transport of iron ore has become more economical to the exporters at Haldia. The accumulation of cargo by bringing the same via road takes much more time than Railway movement. In view of the aforesaid factors KOPT has considered it appropriate to take twenty five days free time for Iron Ore prescribed for Iron Ore terminals.																			
(iii).	The basis for considering 37.5% of coal and other dry bulk cargo and 12.5% of iron ore cargo to attract storage charges may be furnished.	The calculation of storage charge with the basis of percentage of cargo attracting storage charge has been indicated under Table-10.3 of the feasibility report. (Subsequently, the KOPT vide its e-mail dated 10 August 2011 (Page no.648-649/C) has stated that on cross checking the calculation of storage charges for iron ore, it has observed some inadvertent mistake. Accordingly, it has furnished revised calculation for storage charges for consideration.)																			
VI	Berth Hire Calculation :																				
(i).	The KOPT has considered the Handimax/ Panamax vessels with a parcel load of 22000 tonnes and daughter barges with parcel load of 11000 tonnes in the ratio of 25:75 in its capacity calculation. In this context, KOPT to clarify the following:	--																			
	(a). The reason for considering vessel of parcel load of 11000 tonnes at 70% and vessel of parcel load of 22000 tonnes at 10% in berth hire calculation as against 75:25.	The assumptions made for calculation of Berth Hire Charge has been indicated under Table-10.2 of the feasibility report. The same is also indicated below: <table><tr><th>Vessel Type</th><th></th><th>7000 GRT Vessel</th><th>PANAMAX</th><th>HANDIMAX</th></tr><tr><td>Vessel GRT</td><td></td><td>7000</td><td>33000</td><td>22000</td></tr><tr><td rowspan="2">Commodity Split</td><td>Coal & Other Dry Bulk - Import</td><td>70%</td><td>20%</td><td>10%</td></tr><tr><td>Iron Ore-Export</td><td>70%</td><td>20%</td><td>10%</td></tr></table>	Vessel Type		7000 GRT Vessel	PANAMAX	HANDIMAX	Vessel GRT		7000	33000	22000	Commodity Split	Coal & Other Dry Bulk - Import	70%	20%	10%	Iron Ore-Export	70%	20%	10%
Vessel Type		7000 GRT Vessel	PANAMAX	HANDIMAX																	
Vessel GRT		7000	33000	22000																	
Commodity Split	Coal & Other Dry Bulk - Import	70%	20%	10%																	
	Iron Ore-Export	70%	20%	10%																	
	(b). The reason for considering parcel size of 33000 tonnes in calculation of berth hire charges, which is not at all considered in capacity calculation.	Parcel size has not been considered at 33000 tonnes for calculation of Berth Hire Charge. The same is the average GRT of the PANAMAX vessels considered for Berth Hire calculation. For Handimax vessels, GRT of 22000 has been considered while for daughter vessels, GRT of 7000 has been considered.																			
(ii).	The KOPT at Para 4.1 of DPR has considered total ship calls of 204 at 70% utilization for the terminal capacity of 45 lakh tonnes per annum. However, in the berth hire calculation, the ship calls for coal and other dry bulk are considered at 268 and for iron ore at 90 calls aggregating to 358 ship calls as against the 204 ship calls considered in the capacity calculation. KOPT to clarify the position and reconcile the difference. Further, the total GRT hours considered in the berth hire calculation, flows from the total ship calls. Since there is difference	Regarding the issue of ship calls, the 204 ship calls considered in capacity calculation envisages two daughter vessels as equivalent to one vessel. The same has been factored in the Table-5.2 (Berth Capacity) by inserting a separate row on number of vessels of each type at berth on a day, which may be seen. Both for considering Berth capacity as well as calculation of Berth Hire charge the following vessel calls have been considered: No of Daughter Vessels (of 7000GRT) for Coal/other dry bulk- 230 No of Daughter Vessels (of 7000 GRT) for Iron Ore - 77 No of Vessels (both Panamx and Handimax) for coal - 38 No of Vessels (both Panamx and Handimax) for Iron Ore - 13 If two Daughter Vessels are considered as equivalent to one vessel, the total number of vessels would come to 204.																			

	between the ship calls considered in capacity calculation and that considered in berth hire calculation, the berth hire calculation may be reviewed. There appears to be some arithmetical error in calculation of GRT hours, which may be rectified.	
VII	<u>Scale of Rates :</u>	
(i).	The KOPT at Section 2(ii) (e) of the proposed draft Scale of rates, has prescribed a conditionality stating that the cargo handled at the Outer terminal I, after being transloaded at any transloading facility within the port limit of KOPT or vice versa incase of exports, would be treated as foreign cargo for the purpose of levy of tariff, irrespective of status of the vessels carrying such cargo. In this context,	--
	(a). KOPT to state how the cargo off loaded at the midstream (within the port limit of KOPT) and brought to HDC or KDS is treated at present for the purpose of allowing coastal concession.	Presently midstream operation are taking place at anchorages where the mother vessel is discharging cargo to small Inland vessels or being top loaded by similar vessels. The cargo related charges for such operation at anchorage is being levied considering the status of cargo of the mother vessel. Till date, all such cases involved foreign cargo only. After unloading to Inland vessels at the anchorages, when the said cargo is coming to HDC for unloading at berths, the same is charged as per rate specifically provided for such movement. [Ref: S.4.5 of the Scale of Rates].
	(b). The reasons why coastal cargo, if any, using the proposed transloading facility should be treated as foreign cargo at HDC may be explained.	KOPT's intention is not as such. If any Coastal Cargo is brought to the transloading facility the same will be treated as coastal cargo when subsequently brought to the Outer Terminal-I. The basic intention of transloading facility is to do away with the requirement of two port handling of foreign cargo like Coking coal/ Non Coking Coal, Limestone etc. It is however seen that there is scope of such confusion in this regard in the wording of S.2 (ii) (e) of the proposed Scale of Rates. To avoid any such confusion the following phrase may be added at the end of the clause: "However, in case any coastal cargo is brought to the transloading facility for subsequent unloading at the Outer Terminal-I, the same would be treated as coastal cargo for the purpose of levy of rates at the Outer Terminal-I."
	(c). KOPT to explain whether the proposed conditionality is in consonance with the Coastal Concession Policy of the Government.	In case of transloading operation, the foreign cargo of a mother vessel is shifted to another vessel (the transloader) and kept there temporarily for being loaded into another vessel within the limits of KOPT only. The cargo is then brought into the Outer Terminal-I again within KOPT limit by the second vessel. Accordingly, the cargo in question is not being moved from an Indian Port to another Indian Port (Outer Terminal-I in this case) requiring the concession of coastal cargo to be applied for the same. The customs formalities for the foreign cargo would be undertaken after the same is brought to Outer Terminal-I.

		Accordingly, KOPT is of the opinion that the status of cargo remains unchanged. However, in all likelihood the vessels to engage for transfer of the cargo between the transloader and the Outer Terminal-I would be under coastal run. As the basic premise for classification of a cargo as coastal (i.e. movement from one Indian Port to another Indian Port) is not arising in the instant case, the mere fact that the cargo would be transferred between the transloader and Outer Terminal-I by a vessel under coastal run would not alter the status of the cargo, as per KOPT' opinion. The clause-2 (ii) (e) has been inserted to avoid any confusion in this regard. The revenue model relied upon in the proposal is based on the aforesaid understanding of KOPT.
(ii).	The conditionality proposed at Section 2(iv) governing the levy of storage charges for the period during which the terminal operator is not in a position to effect delivery of cargo may be modified stating that no storage charge shall accrue for the period during which the terminal operator is not in a position to deliver cargo when requested by the user for reasons attributable to the terminal operator, as prescribed in the Scale of rates relating to upfront tariff fixed at other major port trusts.	The clause has been proposed as per the existing provision of the Scale of Rates of KOPT [S.3 (xi) of the Scale of Rates]. However, in case it is considered appropriate, TAMP may modify the same in line with the Scale of Rates of other BOT Projects.
(iii).	The proposed Note (iii) to Section 5 governing admissibility of free storage period may be modified stating that for the purpose of calculation of free period Customs notified holidays and Terminal's nonworking days shall be excluded, as prescribed in the Scale of rates relating to upfront tariff fixed at other major port trusts.	The clause has been proposed as per the existing provision of the Scale of Rates of KoPT [Note-(ii) of S.7 of the Scale of Rates] only the phrase 'For the purpose of calculation of free time' has been misprinted as 'For the purpose of free time'. However, in case it is considered appropriate, TAMP may modify the same in line with the Scale of Rates of other BOT Projects.

5.1. A joint hearing in this case was held on 7 July 2011 at the Kolkata Port Trust premises. The KOPT made a power point presentation explaining the salient features of its proposal. At the joint hearing, KOPT, concerned users/ user organizations and the prospective bidders have made their submissions.

5.2. At decided at the joint hearing, the KOPT was advised to take the following actions:

- (i). To host in its website, the queries raised by us and the reply furnished by KOPT thereon as well as the observations of KOPT on the comments of the users/ bidders.
- (ii). To furnish a detailed note on the possibilities of increasing the shore handling equipments which would add to the capacity of the proposed terminal.

5.3. The KOPT has confirmed that it has hosted the requisite details in its website alongwith all supporting documents. With regard to the possibilities of increasing the shore handling equipments which would add to the capacity of the proposed terminal, the KOPT has

stated that the matter of installing three Mobile Harbour Cranes on the jetty has also been explored while planning but the same has not been considered for the following reasons:

- (a). It will only add to capacity by 0.8 million tonnes (KOPT has furnished the calculation) at an additional investment of more than ₹30 crores for additional equipments (MHCs, Trippers, Pay loaders, Hoppers, Grabs etc). Besides, there may be additional cost in berth construction for taking incremental load of the additional cranes.
- (b). The Consultant has considered output of 28 tonnes per crane cycle. The cargo will be unloaded into a hopper through which it will be loaded into the trippers for evacuation. 28 tonnes is almost equivalent to 2 tripper load. In order to ensure uninterrupted working of the MHCs, the cargo unloaded by the MHCs have to be evacuated simultaneously. It has been ascertained that to continuously evacuate the cargo unloaded by 3 MHCs, 39 nos. of trippers will be required to be deployed. (KOPT has furnished the detailed calculations).

Movement of so many trippers will cause serious bottleneck on the narrow jetty as well as on the storage area (where other activities like stacking of cargo, loading / unloading of cargo to/ from trucks/ rakes will continue). This may affect the productivity significantly resulting in non attainment of the benefits of the 3rd crane.

- (c). It has already been shown separately that it may not be possible to create yard capacity more than 4.5 million tonnes of cargo to be stacked and stored as well as loaded / unloaded to / from railway rakes with the help of mobile equipments like payloaders, trippers and excavators.

In view of the above, the KOPT has requested this Authority to accept the effective productivity level of MHC as considered by KOPT in quay capacity computation in its proposal.

5.4. The additional submissions made by KOPT are summarized below:

- (a). The entire calculation of upfront tariff furnished by KOPT was based on fuel price of ₹40.06 per litre. It has since been increased to ₹43.74 per litre. Hence the calculation has been revised based on the current fuel price.
- (b). The capital cost of equipment earlier considered has been revised as per queries raised by the Authority on the basis of budgetary offer of OEM and applicable customs duty. Cost of rail and road bridges, which were earlier inadvertently missed, has also been included.

The above has marginally changed the upfront tariff earlier proposed.

6. At the joint hearing, the users and the prospective bidders were advised to go through the information hosted by KOPT in the port's website and furnish their comments, if any. M/s. Capstan Shipping & Estates Limited (CSEL) has furnished its comments. The comments of CSEL were forwarded to the KOPT as feedback information. The KOPT has furnished its comments on the comments of CSEL.

7. The KOPT has subsequently vide its Note dated Nil, which was received in this office on 5 August 2011 furnished further additional information/ clarifications as follows:

- (i). Weighbridge

In the order letter dated 31 December 2010 placed on M/s. Rice Lake for supply of 2 weighbridges, as furnished by KOPT while responding to the queries raised by TAMP, it may be seen that apart from equipment cost, civil foundation and control room costs are to be incurred for installing and operating the road weighbridges. This civil foundation and control room costs is ₹9.98 lakhs as mentioned in the said letter.

(ii). Present CSP of berthing aids

For Bollard Mooring Ring, Pipe railing and ladder – VAT @ 4%

For fendering system – Excise Duty – 10.30% and CST @ 2% against submission of Form-C.

(iii). Capacity Calculation

Each vessel carrying 22000 tonnes or two daughter vessels (cumulatively carrying 22000 tonnes) will be at the berth on an average for 30 hours (1.25 days) of which 23.52 hours (0.98 days) would be used for actual cargo handling and the remaining time of about 6 hours will be for pre and post survey and waiting for tide.

In view of the above, it is stated that for berth occupancy of 1.25 days, 22000 tonnes of cargo will be loaded/ unloaded. This corresponds to loading/ unloading of 4.488 (i.e. 4.5) million tonnes of cargo in over all berth occupancy of 255 days (255 X 22000 / 1.25).

This is a peculiar situation for riverine port like KOPT and cannot be compared with other sea ports.

(iv). Shipday output

The feasibility report shows two outputs as follows:

- (a). Effective output – when the cargo will be actually unloaded/ loaded by the cranes i.e. within 0.98 days of the total ship time of 1.25 days. This figure is 22400 tonnes by two MHCs and 11200 tonnes by one MHC.
- (b). Net output – Net output is the total cargo loaded/ unloaded from a ship divided by the total ship time at the berth. As already stated, 22000 tonnes cargo will be loaded/ unloaded in total ship time of 1.25 days. This corresponds to 17600 tonnes. As the berth occupancy of 255 days is based on actual time of ships at the berth and therefore, ship day output of 17600 tonnes has been considered to arrive at the capacity of 4.5 million tonnes.

(v). Requirement of trippers:

Trippers are primarily required for transportation of cargo between the berth and the stacking area. It is true that about 21 trippers will be required for transportation of cargo between jetty and the stacking area.

It is further added that 4 trippers will be required for carriage of export cargo (iron ore) from the railway siding to the storage area after unloading by excavators.

Hence, 25 trippers are inescapable for ensuring sustained operations.

8. The revised upfront tariff proposed by KOPT vide its letter dated 19 July 2011 vis-à-vis its upfront tariff proposal dated 3 May 2011 is tabulated below:

(a). Berth Hire Charges

Earlier Proposal dated 3 May 2011		Revised proposal dated 19 July 2011	
<i>Foreign going vessel (in ₹)</i>	<i>Coastal Vessel (in ₹)</i>	<i>Foreign going vessel (in ₹)</i>	<i>Coastal Vessel (in ₹)</i>
1.951	1.171	1.49	0.896

(b). Handling Charges

	Earlier Proposal dated 3 May 2011		Revised proposal dated 19 July 2011	
Commodity	Rate in ₹ per tonne		Rate in ₹ per tonne	
	Foreign going	Coastal	Foreign going	Coastal
Coking coal	176.84	106.70	181.37	108.82
Iron Ore	176.84	176.84	181.37	181.37
Other dry bulk cargo	176.84	176.84	181.37	108.82

(c). Storage Charges

Description	Earlier Proposal dated 3 May 2011				Revised proposal dated 19 July 2011			
	Rate in ₹ per MT per day or part thereof				Rate in ₹ per MT per day or part thereof			
	Coking coal	Iron Ore	Other Dry Bulk cargo		Coking coal	Iron Ore	Other Dry Bulk cargo	
			Import	Export			Import	Export
Free days	5	25	5	25	5	25	5	25
1 st 5 days after expiry of free days	0.96	0.58	0.96	0.58	0.987	0.592	0.987	0.592
6 th day to 10 th day after expiry of free days	1.92	1.15	1.92	1.15	1.974	1.184	1.974	1.184
Beyond 10 th day after expiry of free days	3.84	2.30	3.84	2.30	3.948	2.369	3.948	2.369

(d). Miscellaneous Charges:

Commodity	Earlier Proposal dated 3 May 2011	Revised proposal dated 19 July 2011
	Rate in ₹ per MT	Rate in ₹ per MT
Coking Coal	1.81	1.85
Iron Ore	1.81	1.85
Other Dry bulk cargo	1.81	1.85

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

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

- (i). The proposal is to fix an upfront tariff for coal, iron ore and other dry bulk cargo which are envisaged to be handled at the riverine multipurpose jetty at the Kolkata Port Trust (KOPT) to be developed under Public Private Partnership (PPP) mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The proposal is based on the Guidelines for upfront tariff fixation issued by the (then) Ministry of Shipping, Road Transport and Highways in February 2008.

It has already been clarified to KOPT that as per clause 2.2. of the guidelines for upfront tariff setting for PPP projects of February 2008, the tariff caps to be prescribed now for various cargo/ services would not only be applicable to the proposed project at the Outer terminal – I but would also be applicable to all similar projects to be bid out subsequently for identical cargo / services at the KOPT during the next five years.

It is also clarified to the KOPT that the upfront tariff fixed now is for the cargo operation at the riverine jetty for the cargo of coal, iron ore and other bulk cargo by using the Mobile Harbour Cranes (MHCs) and supporting equipment like pay loaders etc. If this method of handling the said cargo at the riverine jetty by use of MHCs formulated by KOPT undergoes a change, tariff will have to be reviewed to capture the effects of such changes.

(ii). The KOPT has filed its proposal in May 2011. Subsequently, based on the information/ clarifications sought by us during the processing of the case and based on the discussions held during the joint hearing on 7 July 2011, the KOPT under cover of its letter dated 19 July 2011 has revised its proposal. The KOPT has mainly updated the fuel price, revised the capital cost estimates of some of the equipment and included cost of Rail and Road Weigh Bridges, which is reported to have been omitted by the port earlier. The revised proposal of the KOPT dated 19 July 2011 along with the information/ clarifications furnished by KOPT are considered in this analysis.

(iii). The revised proposal of KOPT generally follows with the Upfront tariff guidelines prescribed for multipurpose berths. Deviations from the guidelines proposed by KOPT are, inter alia, discussed in the subsequent paragraphs.

(iv). Optimal Terminal Capacity:

(a). The equipping plan considered by the KOPT for the proposed multipurpose terminal, inter alia, takes into account deployment of 2 numbers of 104 tonne capacity MHCs, instead of 3 numbers of 20 tonne capacity Electric Level Luffing (ELL) Cranes. At some of the existing facilities at the West Quay and other berths of Visakhapatnam Port Trust (VPT), MHC of 100 tonnes capacity are already put into operation by the port. Other Major Port Trusts such as Paradip Port Trust (PPT), VO Chidambaranar Port Trust (VOCPT) and New Mangalore Port Trust (NMPT) have also allowed deployment of private MHCs of around 100 Tonne capacity for the cargo handling operation. Even at HDC, coking coal is handled by MHCs at berth nos.2 and 8. That being so, the proposed deployment of MHC by KOPT in lieu of ELL Cranes is in line with the approach adopted by other major port trusts for cargo operations.

(b). To a query to examine the possibilities of adding to the capacity of the proposed terminal with an increase in the shore handling equipment, the KOPT has shown that the additional investment in the form of MHCs, Trippers, Pay loaders, Hoppers, Grabs etc., will increase the capacity by only 0.8 million tonnes.

It appears that the movement of additional tripper trucks will cause serious bottleneck on the narrow jetty as well as on the storage area, which may affect the productivity significantly resulting in non-attainment of the benefits of the 3rd crane, as reported by the port. Further, according to KOPT, it may not be possible to create yard capacity more than 4.5 million tonnes of cargo to be stacked and stored with the help of mobile equipment like pay loaders, trippers and excavators.

In view of the above position and based on the clarification furnished by KOPT, this Authority is inclined to consider the proposal of KOPT for deployment of two numbers of MHCs at the proposed terminal.

(c). KOPT has estimated the optimal capacity of the proposed terminal based on the anticipated handling of vessels of the average parcel size of 22000 tonnes for completion of cargo handling operations in 30 hours (1.25 days) which includes 6 hours towards service time and waiting time for the favorable tide. This translates into a ship day output of 8800 tonnes per day per MHC i.e. 17600 tonnes for 2 MHCs.

There have been series of proposals filed by various port trusts for fixation of hire charge for MHCs. The matter relating to handling rate was examined while approving the hire charge for standard capacity of 100 tonne capacity MHC at the PPT. Considering the higher handling capacity of 100 tonne MHC as compared to the aggregate capacity of the wharf cranes prescribed in the 2008 guidelines, and based on the performance of 100 tonne capacity of MHC reportedly operated in PPT for bulk cargo was considered at 12500 tonnes per day i.e. 25% over the handling rate prescribed in the upfront guidelines. The handling rate of 12500 tonnes per day per 100 tonne MHC has been applied in the cases pertaining to NMPT, VPT and upfront tariff determination for mechanization of berth involving deployment of MHC at the VOCPT.

Compared with the handling rate of 12500 tonnes per day per crane of 100 tonne capacity, which has been adopted elsewhere, the handling rate of 8800 tonnes per day per crane of around similar capacity as considered by KOPT is seen to be on a lower side. However, in view of the peculiarity of the situation anticipated at the proposed riverine facility such as the continuous adjustment of working of the MHC to cope up with the up and down movement of vessels due to tidal variations and handling of mainly bottom cargo vessels, as stated by the KOPT, the MHC may not be in a position to achieve the productivity level of 12500 tonnes per day.

But, it is to be noted that during the proceedings relating to the tariff case for general revision of the Scale of rates of KOPT which culminated into tariff Order no.TAMP/6/2010-KOPT dated 29 November 2010, in the context of improvement in bulk/ break bulk vessel productivity with the introduction of MHCs at Berth no. 2 and 8 of Haldia Dock Complex (HDC), the KOPT stated that the private party engaged by the port at Berth no. 2 and 8 for handling of cargo with the use of MHCs is required to ensure a productivity of 20000 tonnes per day. As explained in the later part of the analysis, the KOPT has adopted the quantum of fuel consumption as experienced by the service providers who provide tripper trucks and excavators for cargo handling operations at HDC for operation of similar equipment at the proposed facility. That being so, it is not unreasonable to adopt the productivity level of 20000 tonnes per day at the proposed facility, which is already a contractual obligation commanded by the KOPT from the private party for handling of cargo with the use of MHCs at berth no. 2 and 8 at HDC.

- (d). In the opinion of Capstan Shipping & Estates Limited (CSEL), the proposed facility can be created with a capacity in the range of 6 – 8 million tonnes per annum albeit with different equipment plan, instead of the 4.5 million tonnes estimated by the port. However, the CSEL has not furnished any workings in support of its statement. Though the KOPT during the joint hearing has conceded that traffic projection at the level of 5 million tonnes is conservative, it has neither revised the original estimated capacity of 4.5 million tonnes nor the equipment plan in its revised proposal furnished after the joint hearing. Based on the proposed equipping plan, the handling rate of 20000 tonnes per day is considered to revise the optimal capacity of the terminal. The revised optimal capacity of the proposed facility thus works out to 5110000 tonnes per annum at 70% utilization.

(v). Capital Cost:

The capital cost as estimated by the KOPT in its revised proposal is ₹293.81 crores of which ₹76.80 crores is for berthing activity and ₹217.01 crores is estimated for cargo handling services.

(a). Civil Cost:

(i). Berth Activity:

- (a). As per the upfront tariff guidelines, the capital cost for berth hire services includes cost of construction of berth and cost of dredging, if any, carried out alongside the berth. The guidelines require considering the cost as estimated by the port.
- (b). The capital cost for construction of berth is estimated at ₹69.15 Crores. The KOPT has furnished the rate analysis for majority of the items of civil cost, which is relied upon. As far as the estimated civil cost for berthing aids like bollard is concerned, the KOPT has not considered the tax component. Based on the information furnished subsequently by KOPT, the tax component on the cost of bollard is also considered. As far as another item of berthing aids like dual fendering system is concerned, the KOPT had considered unit cost at ₹27 lakhs whereas the documentary evidence produced by the port disclosed a figure of ₹20.70 lakhs. Subsequently, the KOPT has informed that it will have duty and tax component. Therefore, excise duty and sales tax component are added to the unit cost of fendering system as reflected in the documentary evidence.
- (c). As far as the estimated dredging cost is concerned, the KOPT has considered unit rate of ₹400 per cubic meter for a quantity of 1 lakh cubic meter. Despite a request to furnish documentary evidence, to support the unit rate of ₹400 the KOPT has sought to justify the proposed rate by drawing reference to the rate considered in case of fixation of upfront tariff in the case of VPT which was ₹300 per cubic meter with escalation of rate.

In this regard, it is stated that based on the quantum estimated to be dredged and the total estimated cost estimated to be incurred for that activity in the case of fixation of upfront tariff for WQ-7 berth for handling cargo at VPT, decided by this Authority recently vide Order No. TAMP/16/2011-VPT, dated 29 June 2011, a rate of ₹340 per cubic meter was considered for capital dredging, which is adopted in this case also, in the absence of any separate estimate with justification furnished by the KOPT.

- (d). The port has also estimated miscellaneous capital cost at 5% of the total berth construction cost plus dredging cost towards contingency etc. The upfront tariff guidelines do not specifically provide for estimation of miscellaneous capital cost under berthing service. It is noteworthy that in case of the upfront tariff proposals determined for various projects of VPT, Coal terminal at VOCPT and MOPT, this Authority has considered the miscellaneous capital cost at

5% to meet contingencies under the Berthing Service. Keeping in view the decision taken by this Authority in the above mentioned cases, it is not unreasonable to allow 5% of the berth construction cost plus dredging cost towards miscellaneous capital cost.

(ii). Cargo handling activity:

The upfront tariff guidelines broadly indicate the civil works involved for the multipurpose berth and require the port to estimate civil cost. The items of civil works generally adhere to normative list of items stipulated in the guidelines for the multipurpose berth. The KOPT has furnished the rate analysis for major of the items of civil cost, which is relied upon.

(b). Equipment Cost:

- (i). The position regarding deployment of 2 MHCs is already explained in the previous paragraphs. The upfront tariff guidelines for multipurpose berth prescribe 6 numbers of fork lift trucks. However, the KOPT has proposed the use of 3 numbers of excavators, 2 numbers of mobile hoppers and 25 numbers of tripper trucks in lieu of fork lift trucks. To a query in this regard, the KOPT has clarified that the Mobile Hoppers are proposed to be used for unloading cargo from vessels, Tripper Trucks are required for transportation of cargo between the vessels and the storage area and Excavators are required for unloading of rakes and storage of cargo.

Noting that neither the prospective bidders nor the users have raised any pointed objection to the proposed equipping plan, this Authority is inclined to consider the equipping plan as proposed by the port, which is based on the Detailed Project Report (DPR).

- (ii). When asked to justify the number of above said equipment proposed to be deployed at the terminal, the KOPT has stated that each MHC would require one Mobile Hopper. It is relevant to mention here that this Authority in its Order No.TAMP/16/2011-VPT dated 29 June 2011 while fixing revised upfront tariff for development of Berth No.WQ-7 in the Inner Harbour with Mechanized Handling Facilities for handling Dry Bulk Cargo at VPT, has considered two numbers of Mobile Hoppers for 2 MHCs. Following this approach adopted in the case of VPT, the proposal of the KOPT to deploy two numbers of mobile hoppers for 2 MHCs is considered in this analysis.
- (iii). As far as the proposal of KOPT to deploy 3 excavators, the port has not furnished any analysis to justify the numbers. No specific norms are prescribed in the guidelines for the use of excavators. The deployment of excavators is supported by the Detailed Project Report furnished by the port and hence relied upon.
- (iv). 25 numbers of tripper trucks are proposed to be deployed for transfer of cargo between the jetty and yard. Considering the load carried by one truck per trip and the position that one truck will make 3 trips per hour and taking into account the discharge rate of the MHCs per hour, it is seen that the proposed facility would theoretically require a minimum of 19 number of tripper trucks to transfer the ship day output of 20000 tonnes to the yard. However, it is relevant to mention here that the theoretical requirement of 19 number of tripper trucks may not be sufficient,

since a cushion in the requirement of trucks may have to be maintained for any contingency like break down of the trucks and repairs and maintenance etc. In view of the above, the number of 25 numbers of tripper trucks as proposed by KOPT for an optimal capacity of 4.5 million tonnes is maintained, even for a higher optimal capacity of 5.11 million tonnes.

- (v). The upfront tariff guidelines for multipurpose berth prescribe 3 numbers of pay loaders of 10 tonne capacity each. As brought out earlier, the KOPT has proposed use of 2 numbers of pay loaders of 2.5 cu.m capacity and 15 numbers of pay loaders of 5 cu.m capacity. According to KOPT, the pay loaders of 2.5 cu.m capacity are required for working inside the hatches of the vessel. As regard the pay loaders of 5 cu.m capacity, the KOPT has stated that 8 pay loaders are proposed to be used for loading of cargo in the rakes, 5 pay loaders for loading of cargo in the tripper trucks and 2 pay loaders for use in the stacking area for storage of cargo. In total, the proposal of KOPT is to deploy 17 numbers of pay loaders.

The position that 2 numbers of pay loaders of 2.5 cu.m capacity for working inside the hatches of the vessels and 2 numbers of 5 cu.m capacity to be used at stacking area for storage purpose, as reported by the KOPT is relied upon.

The proposal envisages evacuation of import coal cargo by rakes. The port has stated that two rakes consisting of 60 wagons each are to be loaded simultaneously and that the loading of cargo is to be completed within 5 hours of free time allowed by the Railways. Considering the weight carried by one wagon and the position that one pay loader will load three wagons in one hour and 15 wagons will have to be loaded by one loader and taking into account the discharge rate of the MHCs per hour, it is seen that the proposed facility would theoretically require 5 numbers of 5 cu.m pay loaders to load the ship day output of 20000 tonnes to the wagons. However, it is relevant to mention here that the theoretical requirement of 5 numbers of pay loaders may not be sufficient if a provision is to be kept for any contingency like break down of the pay loaders and their repairs and maintenance. In view of this position, the 8 numbers of 5 cu.m pay loaders as proposed by KOPT for the optimal capacity of 4.5 million tonnes is maintained, even for a higher optimal capacity of 5.11 million tonnes.

This analysis considers the requirement of 25 tripper trucks for carriage of 22000 tonnes of cargo from jetty to storage yard per day. Considering 3 trips per truck per hour, 25 trucks would make 75 trips per hour and as estimated by KOPT and to match with 75 trips of trucks per hour, it would require 5 numbers of pay loaders. This estimation of requirement of 5 numbers of pay loaders is also relied upon.

- (vi). It is noteworthy that Clause 3.2. of the guidelines for upfront tariff setting permits this Authority to make necessary adjustment in the norms based on the justification furnished by the port in view of the port's specific conditions having impact on the norms prescribed in the guidelines. In view of clarification furnished by the KOPT and also recognizing that none of the users/ bidders has raised any objection on the complement of the equipment proposed by KOPT, this Authority is inclined to accept the estimates of numbers of the above said equipment.

- (vii). The KOPT had initially proposed the cost of one MHC of 104 tonne capacity at ₹30 Crores. Since the documentary evidence furnished by KOPT did not support the cost of ₹30 Crores and when this was pointed out to KOPT, the KOPT has clarified that if the cost of two grabs at 2,75,000 Euro and the customs duty at 23.78% is considered the total landed cost of one MHC works out to ₹27.62 Crores based on the exchange rate of ₹65 per Euro.

With reference to the component of Customs duty @ 23.78% which is added to the basic capital cost of the import equipment, it is relevant to mention here that in cases relating to fixation of upfront tariff for the container handling terminal at New Mangalore Port Trust (NMPT) (Order no. TAMP/33/2009-NMPT dated 30 December 2009) and at Jawaharlal Nehru Port Trust (JNPT) (Order no. TAMP/40/2008-JNPT dated 25 February 2009), it was assumed by the concerned port trusts that the developer will avail the Scheme of Export Promotion for Capital Goods (EPCG) and as such they had proposed customs duty on import equipment at 3%, which was considered by this Authority. There is no reason why the developer of the proposed facility at KOPT should not avail the benefit under the said Scheme.

Therefore, the cost of MHC estimated by the KOPT is moderated and considered at around ₹23.24 Crores taking into account 3% Customs duty and by considering exchange rate of ₹65.738 per Euro prevailing at the time of analysis of this case. Thus, the cost of two MHCs works out to about ₹46.48 Crores.

As regards the cost of two numbers of Mobile hoppers the KOPT has stated that the equipment is the fabricated item and, therefore, it is not in a position to furnish budgetary offer. The cost has been estimated based on the experience of the consultant. The position reported by KOPT is relied upon and the estimated cost of ₹70 lakhs for two Mobile hoppers is considered in the analysis.

With regard to the cost of 25 tripper trucks, the KOPT had earlier considered the unit cost at ₹25 lakhs. Since the documentary evidence furnished by KOPT did not support this estimate and when it was pointed out to KOPT, it has amended the unit cost at ₹23.80 lakhs based on the budgetary offer. Hence, the total cost for 25 tripper trucks works out to ₹ 595 lakhs.

The KOPT had estimated the unit cost of pay loaders of a particular make of 5 cu.m capacity at ₹1 Crore whereas the documentary evidence showed the unit cost at only ₹ 49.98 lakhs. When asked to clarify, the KOPT has reviewed the position and decided to opt for a more versatile and efficient pay loader of different make with a unit cost of 159300 Euros supported by documentary evidence which alongwith the Customs duty of 23.78% and an exchange rate of ₹ 65 per Euro works out to ₹1.28 Crores each.

The unit cost of the 5 cu.m capacity pay loader is considered at around ₹1.08 Crores by considering Customs duty @ 3% and exchange rate of ₹65.738 per Euro. The total cost of 15 number of 5 cu.m capacity pay loaders thus works out to ₹16.18 crores.

The KOPT had estimated the unit cost of pay loaders of a particular make of 2.5 cu.m capacity at ₹25 lakhs whereas the

documentary evidence showed the unit cost at ₹28.56 lakhs. For the reasons mentioned above, the KOPT has reviewed the position and has now considered a rate of ₹60.75 lakhs per pay loader (inclusive of customs duty at 23.78% and by considering an exchange rate of ₹63.534 per Euro), based on the documentary evidence.

The unit cost of the 2.5 cu.m capacity pay loader is considered at around ₹51.12 lakhs by considering Customs duty at 3% and exchange rate of ₹65.738 per Euro. The total cost of 2 number of 2.5 cu.m capacity pay loaders thus works out to ₹1.02 crores.

With reference to the cost of Excavators, the KOPT has furnished the budgetary offer of one excavator to the tune of 265700 Euros. By considering the customs duty at 23.78% and an exchange rate of ₹65 per Euro, it has estimated the cost of one excavator at ₹2.14 crores.

The estimate of KOPT is moderated with reference to the Customs duty and exchange rate as considered for other equipment. The total cost of three excavators works out to ₹5.40 crores.

The estimated cost of Rail and Road Weigh Bridges at ₹41 lakhs is supported by documentary evidence.

The estimates of lumpsum amount considered towards dust suppression system at ₹150 lakhs and electrical illumination at ₹425 lakhs is found reasonable as per the details given by the KOPT reportedly based on the database of the consultant.

- (c). The miscellaneous capital cost is estimated at 5% on civil and modified equipment cost which is as per the norms prescribed in the guidelines for multipurpose cargo terminal as well as other cargo terminals.
- (viii). Return on capital employed is calculated at 16% of the estimated revised capital cost as per the norms prescribed in the guidelines.
- (ix). Operating Cost:
 - (a). Fuel Cost:

MHC:

The consumption norm of fuel prescribed in the guidelines for multipurpose cargo terminal is with reference to operation of 3 numbers of ELL cranes. Since the KOPT proposes deployment of 2 numbers of MHCs for handling cargo, it has estimated fuel cost for the MHCs assuming 70 litres of consumption of fuel per hour by a MHC. It is relevant to state that fuel consumption of 70 litres per hour has been allowed by this Authority with reference to MHC of 100 tonne capacity. Hence, the estimation of fuel consumption of 70 litres per hour per MHC is considered, as proposed by the port.

The fuel cost is estimated by KOPT by taking into account 4884 hours per MHC. It appears that KOPT has considered the effective usage of MHC. The exact number of hours applying the norms prescribed (i.e. 365 days * 24 hours * 70% utilization) works out to 6132 hours per MHC. As stated earlier, the entire cargo operation of a vessel would require 30 hours (including the waiting period of 6 hours). This means that cargo operation will take place for 80% of the total time and the equipment will remain idle

for the balance 20% of time. This is because, unless the vessel which has completed the cargo operation vacates the berth, another vessel cannot be accommodated in the berth. Thus, the effective time of operation of MHC will be 80% of the total time i.e. (80% of 6132 hours), which works out to 4905.6 hours per MHC (rounded off to 4906 hours per MHC). That being so, the fuel consumption should be related to the actual operation of the MHC of 4906 hours. Therefore, 4906 hours per MHC has been considered instead of 4884 hours per MHC considered by KOPT.

Tripper Trucks:

The KOPT has considered fuel consumption of 4 litres per hour per truck to estimate the cost of fuel for operation of 25 numbers of tripper trucks. This is reportedly based on the average mileage obtained from the service providers who provide tripper trucks for cargo handling operations at HDC. As stated by KOPT, one litre of diesel would give a mileage of 4 kilometres and to cover a distance of 18 kilometres per hour (i.e. 3 round trips), it has estimated a fuel consumption of 4 litres per hour. The KOPT has not furnished any documentary evidence in support of its estimate of consumption. Though the FIMI has stated that the fuel consumption should not be based on the details of the service providers and that the consumption should be based on norms, it is to be noted that the guidelines do not prescribe norms of fuel consumption for tripper trucks. The FIMI has also not furnished any norms for the purpose. In the absence of fuel consumption norms for tripper trucks, the position as reported by KOPT is relied upon in this analysis.

For the reasons stated earlier, the operating hours is considered as 4906 hours per truck instead of 4884 hours per truck as considered by KOPT.

Pay loaders and Excavators (Poclain):

The tariff guidelines prescribe a norm of 3 numbers of pay loaders of 10 tonne capacity and prescribe fuel consumption of 12 litres per hour for a pay loader. The KOPT has considered fuel consumption of 12 litres per hour per pay loader to estimate the fuel cost of lower capacity pay loaders. The fuel consumption for low capacity pay loaders may be lower than the norm of 12 litres per hour. To a query in this regard, the KOPT has clarified that the fuel consumption is based on the information gathered from the service providers who are providing pay loaders of 5 cbm and 2.5 cbm for dry bulk cargo handling operations at HDC. In the absence of separate norm for fuel consumption for lower capacity pay loaders, the position as reported by the KOPT is relied upon.

The KOPT has considered fuel consumption of 12 litres per hour per excavator to estimate the fuel cost of 3 excavators. Though one of the users has pointed out that the fuel consumption in respect of pay loaders and excavators cannot be the same, it has not indicated the fuel consumption applicable for excavators. The upfront guidelines do not contain fuel consumption norms for excavators. In the absence of norms and keeping in view that the KOPT has estimated the fuel consumption for excavators based on the information obtained from the service providers providing excavators for cargo handling operations inside the dock at HDC, this Authority is inclined to rely upon the fuel consumption of 12 litres per hour per excavator.

The working hours of 4000 considered by KOPT for the pay loaders and excavators is less than the working hours of 4884 hours considered by it for the operation of the MHC. The KOPT has not furnished any basis for consideration of 4000 working hours per pay loader and excavator. The working hours of 4906 hours per MHC considered by us could not be

considered for pay loaders and excavators for the reason that working hours of pay loaders and excavators does not appear to be in relation to the working hours of MHC, as per the approach followed by KOPT. Since 4000 hours of working is the judgement of KOPT, it is relied upon in the analysis for estimation for fuel cost for pay loaders and excavators.

The unit rate of fuel at ₹43.74 per litre considered by KOPT is seen to the prevailing rate of diesel, which is considered in the estimation of fuel cost of MHC, Tripper Trucks, Pay loaders and Excavators in the analysis.

- (b). As per the norms prescribed in the guidelines for multipurpose berth, the repairs and maintenance cost on civil work is estimated by KOPT at 1% on the civil cost and 5% on mechanical equipment and electrical equipment cost. In addition, the KOPT has also estimated repairs and maintenance cost at 5% on the miscellaneous assets. The norms prescribed in the upfront tariff guidelines do not provide for estimation of repairs and maintenance cost on the miscellaneous assets. As seen from the Detailed Project Report, the miscellaneous assets are towards fire fighting, appurtenances, interest during construction etc. However, it is relevant to mention here that the cost of miscellaneous assets would get added to the capital cost of relevant main assets. Therefore, the estimation of repairs and maintenance cost is considered at 1% on the component of civil assets and 5% on the component of equipment cost forming part of the miscellaneous assets, instead of 5% on the entire amount of miscellaneous assets proposed by the port.
- (c). Insurance cost is estimated at 1% of the gross fixed assets and other expenses are estimated at 5% of the gross value of fixed assets by KOPT, which is in line with the norms prescribed in the guidelines.
- (d). Depreciation is computed @ 3.34% on civil cost and 10.34% on equipment cost as per the rates prescribed in the Companies Act, 1956 under the Straight Line Method for the relevant group of assets and is in line with the guidelines for upfront tariff fixation. In addition, the KOPT has also estimated depreciation at 10.34% on the miscellaneous assets. For the reasons stated in the preceding paragraph, the estimation of depreciation on the miscellaneous assets is considered at 3.34% on the component of civil assets and 10.34% on the component of equipment cost forming part of the miscellaneous assets, instead of 10.34% on the entire amount of miscellaneous assets proposed by the port.
- (e). The guidelines for upfront tariff stipulate that lease rent for port land is to be estimated based on the rates prescribed in the Scale of Rates of the respective Major Port Trusts. Lease rental is estimated by the port for an area of 196149 square metres. Out of the total area, 194419 square metres of land is proposed to be allotted in the Dock Interior Zone towards Backup area (183156 square metres) and Connecting road (11263 square metres) and the balance 1730 square metres of land is proposed to be allotted in the Foreshore area towards encroachment of Berth.

Out of the backup area of 183156 square metres, the KOPT has earmarked an area of 14338 square metres as parking area for cargo handling equipment. The balance area of 168818 square metres is considered by KOPT as yard area for storage of cargo. Out of this area, the KOPT has considered 50% utilization for storage of cargo, as against the norm of 70% prescribed for calculation of yard capacity for mechanized iron ore and coal terminal. The KOPT has sought to justify consideration of 50% utilization of area for storage purpose instead of 70% on the ground that about 50% of the stacking area will be required for creation of railway sidings, maneuvering of the earth moving equipments viz. dumpers, payloaders, excavators etc.

As pointed out by ICCI, the KOPT has considered 50% of the area (excluding parking area) for construction of roads and railway siding. This works out to around 8.4 hectares. The balance area of 8.4 hectares is considered by KOPT for storage of cargo, as brought out above. 8.4 hectares of area for construction of roads and railway siding is substantial in the opinion of ICCI.

The norms for estimation of yard capacity prescribed for mechanized iron ore and coal terminals provides for a cushion of around 50%, to meet the requirement of area for ancillary facilities. That being so, the balance 50% is required to be considered for stacking purpose. Against this position, the KOPT has considered 65% of the total area for ancillary facilities and has considered only the balance 35% of the area for the purpose of stacking of cargo. Taking into account the factors of stacking height and the turnover ratio as proposed by the port, it is seen that the stacking area of around 13.36 hectares is sufficient for handling the cargo traffic of 51.10 lakh tonnes, as against the stack area of 16.88 hectares considered by KOPT.

In view of the above, an area of 133595 square metres of land is considered as yard area. Considering the area of land for parking of equipment, connector road and foreshore encroachment area as proposed by the port, the total area of land works out to 160926 square metres. The area of 160926 square metres is considered for estimation of the licence fee.

This Authority vide Order no. TAMP/7/2010-KOPT dated 19 January 2011 has revised the Rent Schedule for the land and buildings of KOPT at Haldia and Kolkata. The revised lease rental for the Dock Interior Zone at Haldia is ₹2202 per 100 square metres of land. The KOPT has applied this rate for the area forming part of the Dock Interior Zone. As far as the area of 1730 square metres of Foreshore encroachment area for berth construction, the KOPT has considered a rate of ₹1101 per 100 square metres as rent for water area, which is 50% of ₹2202/- per 100 square metres. It is relevant to mention here that the rent schedule for estates of KOPT at Kolkata, though not for estates for Haldia, provides for levy of rate of rent for water bodies/ water areas to be taken as 50% of the corresponding rate of rent applicable for land area. It is noteworthy that clause 6.2.2.3 (k) of the Land Policy for major ports of 2010 prescribes that licence fee for water area would be 50% of the licence fee of abutting land, as pointed out by KOPT.

Based on the above analysis, the licence fee of ₹516 lakhs, as calculated by KOPT, is moderated and considered at ₹422.94 lakhs in the analysis.

- (x). The guidelines requires the operating cost for berthing service to be estimated at 1% of the berth cost.

The KOPT has considered insurance @ 1% and depreciation @ 3.34% on the aggregate capital cost relating to construction of berth and dredging while estimating the annual revenue requirement of berthing service apart from the prescribed norm of 1% towards maintenance.

Although the guidelines restrict the operating cost at 1% of the berth cost, the asset requires adequate insurance coverage and the fact that the value of the asset will depreciate due to wear and tear can also not be denied. While fixing upfront berth hire at the other Major Port Trusts, this position was recognised and the cost of insurance and depreciation were considered to assess the annual revenue requirement from berthing service.

In view of the position explained above, the element of insurance cost and depreciation cost are considered in this case also while estimating the operating cost for assessment of the revenue requirement from berth hire service.

(xi). The statement for fixing upfront tariff submitted by the KOPT has been modified in line with the above analysis. A copy of the modified statement is attached as **Annex - I**.

- (a). The annual revenue requirement for the Cargo handling activity which is the sum of the operating cost and return on capital employed is estimated at ₹7660.25 lakhs as against ₹8322.12 lakhs estimated by the port.
- (b). The guidelines for multipurpose cargo terminal require 90% of the total revenue requirement to be apportioned to handling charge, 5% each towards storage charge and miscellaneous charge. As against this, the KOPT has proposed to apportion 98% of the estimated revenue requirement towards handling charges, and 1% each from storage charges and miscellaneous charges. Though the envisaged facility is a multipurpose terminal, the cargo to be handled is predominantly Coal and Iron Ore. Accordingly, the KOPT has followed the apportionment ratio as prescribed for the Coal and Iron Ore terminal. Apportionment of the total revenue requirement between the three tariff heads is accepted as proposed by the port.
- (c). The upfront tariff caps are determined so as to meet the estimated revenue requirement to operate the terminal at the optimal capacity. Since the handling rate for all the three cargo groups proposed to be handled at the envisaged facility is assumed to be the same, the proposal of KOPT to have uniform rate for all the cargo items, is found to be logical.
- (d). As per policy direction of the Government, concessional tariff are to be prescribed for coastal cargo (other than thermal coal and POL including crude oil, iron ore and iron ore pellets) and coastal vessels not exceeding 60% of the normal cargo/ vessel related charges. As clarified by the KOPT, the mother vessels will call at the transloading facility within KOPT limit and discharge either full cargo or part cargo there. The foreign cargo received at the transloading facility would be transferred to Outer Terminal-I by daughter vessels. The said cargo so transferred would continue to maintain their status as foreign cargo. As such, handling of coastal cargo has not been envisaged by the KOPT in this case.

In few cases relating to fixation of upfront tariff at VPT, such as handling of coal at General Cargo Berth, mechanised fertiliser handling facilities, etc., where the entire cargo was expected to be foreign, the upfront tariff was determined to meet the cargo capacity from foreign cargo. Concessional upfront rates for coastal cargo were prescribed to comply with the Government guidelines though it did not have any impact on the revenue realisation. In the instant case also, the KOPT has proposed to realize the estimated revenue requirement from the foreign cargo and has proposed rates for coastal cargo except iron ore to comply with the Government guidelines.

- (e). The KOPT has proposed a provision to state that the composite handling charges for coal and other dry bulk cargo is for unloading of the cargo including stevedoring, transportation of the cargo upto the point of storage, storage at stack yard upto a free period of 5 days and loading on to trucks/ wagons. Similarly, in respect of export cargo of iron ore, the composite handling charge is for unloading of the cargo from trucks/ wagons at the stack yard, storage at stack yard upto a free period of 25 days, transportation of the cargo upto the loading point at jetty and loading on to the ship including stevedoring.

The composite charge for coal, other dry bulk and iron ore includes wharfage and supply of labour and/ or equipment, wherever necessary and all other miscellaneous charges not specifically prescribed in the Scale of Rates.

- (f). In the proposed Scale of Rates, the KOPT has proposed a free period of 5 days for coal and other dry bulk cargo and a free period of 25 days for iron ore. Prescription of free period of 5 days in respect of import cargo of coal and other dry bulk cargo is as per the norms prescribed for import cargo in the multipurpose berth. As far as the export cargo is concerned, the norm prescribed in the guidelines is 15 days. When asked to clarify, the port has stated that based on the past experience, it has noticed that multiple exporters bring iron ore for export and the exporters take around twenty five days for accumulation of cargo for export. Further, since the iron ore cargo is brought by road to the port on economic consideration, accumulation of cargo takes more time than by the railway movement. Based on the justification furnished by KOPT and considering that free period of 25 days is prescribed as norm for iron ore terminal, the free period of 25 days for iron ore cargo is considered in the analysis, as proposed by the port.

The port has considered 37.50% of the cargo share capacity of coal & dry bulk cargo to attract storage charge beyond the proposed free period of 5 days assuming average dwell time of 10 days. The port has considered 12.50% of the cargo share capacity of iron ore cargo to attract storage charge beyond the proposed free period of 25 days assuming average dwell time of 30 days.

The port has proposed differential rates for the storage of coal and iron ore cargo. In order to prescribe differential rates, the estimated total revenue requirement from storage charges is proposed to be recovered from coal cargo and iron ore cargo in the ratio of 75 : 25. Since the coal is the predominant cargo to be handled at the facility, it appears that the intention of the port is to recover 75% of the storage revenue requirement from storage of coal and the balance 25% from the storage of iron ore. This has led to prescription of differential rates for storage of coal and iron ore i.e. a lower rate for coal and a higher rate for iron ore. It does not appear appropriate to have differential rate for different cargo for area with similar facilities. Hence uniform rates are prescribed for the storage of coal and iron ore. In view of modification in the estimated annual revenue requirement, the rate for the first slab of 5 days after the expiry of free days is calculated at ₹0.96 per tonne per day. The rate for the subsequent slabs is prescribed at 2 times and 4 times the rate of the first slab, as proposed by KOPT.

- (g). Based on the modified revenue requirement, the upfront tariff cap for miscellaneous charge is prescribed at ₹1.50 per tonne as against ₹1.85 per tonne proposed by the Port. The miscellaneous charge covers miscellaneous services such as environment and management, sweeping of cargo on the wharf, safety measures, etc.
- (h). The revenue requirement from berthing service is estimated at ₹1639.03 lakhs by the port. The KOPT has proposed berth hire in rupee terms for foreign going vessel at ₹1.951 per GRT per hour or part thereof.

The berth hire calculation of KOPT is with reference to 7000 GRT vessel, 33000 GRT of Panamax vessel and 22000 GRT of Handymax vessel. The 7000 GRT vessel is considered to be Coastal vessel and the Panamax / Handymax vessel is considered to be Foreign going vessel. Out of the total cargo proposed to be handled at the terminal, the KOPT has

considered that 70% of the cargo would be handled by Coastal Vessels and the balance 30% of the cargo would be handled by Foreign going vessels.

With respect to the composition of the foreign going vessels and coastal vessels proposed to be handled at the facility, the KOPT has stated that 75% of the vessels would be foreign going vessels and the balance 25% to be coastal vessels. However, it has to be kept in view that 75% of the vessels will be lower GRT coastal vessels and 25% of the vessels will be higher GRT foreign going vessels. Hence it is not appropriate to consider the ratio of 75 : 25 as the ratio of coastal vessel and foreign vessel. Instead, the ratio of the GRT hours of the coastal vessels and GRT hours of foreign vessels is considered in the calculation of berth hire charges by us.

With the average parcel size of 22000 tonnes and the cargo handling rate of 20000 tonnes in 24 hours, a vessel will require 26.40 hours to complete its cargo operations. However, the vessel will continue to stay for 30 hours for favorable tidal conditions to sail out. As confirmed by KOPT, the berth hire is leviable on a vessel for the entire stay of 30 hours. Hence, the additional time of 3.60 hours also needs to be captured in the berth hire calculation, to arrive at the total GRT hours.

Based on the revised revenue requirement from berthing service at ₹1613.46 lakhs and considering the ratio of the GRT hours of the coastal vessels and GRT hours of foreign going vessels, the upfront berth hire rate works out to ₹1.577 per GRT per hour or part thereof for foreign going vessels and ₹0.946 per GRT per hour or part thereof for the coastal vessels, as against the berth hire proposed by the KOPT at ₹1.951 per GRT per hour or part thereof for foreign going vessel and ₹1.171 per GRT per hour or part thereof for the coastal vessels.

It has already been decided by this Authority while finalising the upfront berth hire at the other Major Port Trusts to approve the upfront berth hire charge in Rupee term only. The proposal of the KOPT for rupee denominated berth hire is in line with the decision taken by this Authority in the other upfront tariff cases.

- (xii). In the proposed upfront schedule, the KOPT has proposed definitions for common terms like coastal vessel, day, month and week. The definitions are found to be in line with the definitions prescribed for the respective terms in the Scale of Rates of KOPT.

With reference to the definition for foreign going vessel, the proposed definition excludes inland vessel, boat and flat apart from coastal vessel. This definition is not found to be in line with the definition prescribed for foreign going vessel in the Scale of Rates of other upfront tariff cases. The definition is therefore, suitably modified, so as exclude only coastal vessels.

- (xiii). In the proposed upfront schedule, the KOPT has proposed some conditionalities like minimum weight/ measurement for chargeable purpose, consideration of gross weight of cargo for the purpose of levy, conditionalities governing levy of concessional rates for coastal vessels, non levy of storage charges when delivery of cargo cannot be effected due to strike of the employees of the terminal operator, penal berth hire charges for a false signal, conditionalities governing levy of interest on delayed payments/ refunds, conditionalities prescribing criteria for categorizing of a vessel as a foreign going vessel or coastal vessel, conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates, condition for levy of berth hire for not working on a holiday booking, which are found to be in line with the general conditionalities prescribed in the Scale of Rates of the port. It has also proposed conditions

relating to non-levy of additional cargo handling charges for shut out cargo when the cargo is exported through another vessel, levy of 50% of the cargo handling charges when the shut out cargo is taken back by the exporter without shipping it through the terminal, non-exclusion of Sundays for calculation of free period, inadmissibility of any allowance for terminal's non working days and customs notified holidays for computation of storage charge after storage charges begin to accrue, are also found to be in line with the conditionalities in this regard prescribed in the Scale of Rates of the port.

(xiv). The other general conditionalities proposed in the upfront Schedule are discussed in the following paragraphs.

(a). The KOPT at Section 2(ii) (e) of the proposed Upfront Schedule has prescribed a conditionality stating that the cargo handled at the Outer terminal I, after being transloaded at any transloading facility within the port limit of KOPT or vice versa incase of exports, would be treated as foreign cargo for the purpose of levy of tariff, irrespective of status of the vessels carrying such cargo. In this regard, the KOPT has explained that for midstream operation which take place at anchorages, it levies the cargo related charges considering the status of cargo of the mother vessel and it has reported that till date, all such cases involved foreign cargo only. However, the KOPT is agreeable to treat the cargo as coastal cargo which is brought to the transloading facility as coastal cargo for subsequent unloading at the Outer Terminal-I and has also proposed a suitable additional clause to the proposed conditionality to avoid any confusion. In other words, the foreign/ coastal cargo brought to the transloading facility for subsequent unloading at the Outer Terminal-I will be charged at the rates applicable for foreign/ coastal cargo respectively.

In view of the above position, the proposed conditionality alongwith the additional clause proposed by KOPT subsequently is prescribed.

(b). The KOPT has proposed a general condition stating that vessel related charges for all vessels other than foreign going vessels would be levied at the rates specified for coastal vessel. That means, the KOPT proposes to apply the coastal rates to the inland vessel, boat and flat also for the purpose of levy of rates, for the reason that the movement of cargo is predominantly between the transloading facility and the proposed riverine jetty. The proposed conditionality to levy coastal rates for the inland vessel, boat and flat are, therefore, approved.

(c). The KOPT has proposed a general condition to enable it to review dollar denominated tariff once in every 30 days based on the applicable exchange rate. Since the upfront tariff is prescribed in Rupee terms, it may not be essential to prescribe the said conditionality in the upfront tariff Schedule.

(d). The KOPT has prescribed a conditionality stating that Berth hire shall stop 4 hours after the time of the vessel signaling its readiness to sail subject to availability of favourable tide. This prescription is in line with Clause 6.6.1 of the tariff guidelines of 2005.

(e). The KOPT has proposed a general condition defining the term 'False signal'. The proposed conditionality is found to be in line with the condition approved in respect of upfront tariff cases of other major port trusts like VPT.

(f). Recognising that conditionalities fixed now would be applicable for a time frame of 30 years, the provision relating to penal rate of interest for delayed payment by users and delayed refund by the operator, is prescribed at 2% above the Prime Lending rate of the State Bank of India

in line with the provision prescribed in other upfront tariff cases decided by this Authority.

- (xv). The port has proposed a condition stating that the rate and conditions for granting ousting priority berthing/ priority berthing will be governed by extant Government guidelines. Though a similar conditionality has been prescribed in the upfront tariff case of multipurpose cargo terminal at VPT, the conditionality also includes a provision to link the provisions approved in the Scale of Rates of VPT. In line with this position, the proposed conditionality is modified suitably to link the rate and conditions for granting ousting priority berthing/ priority berthing with the Scale of Rates of KOPT.
- (xvi). Some of the common conditions stipulated in the guidelines of 2005 and uniformly prescribed in the Scale of Rates of other major ports/ private terminals such as users should not be required to pay charges for delays beyond reasonable level attributable to the private terminal operator, non accrual of berth hire charges incase a vessel idles due to non availability or breakdown of equipment of the operator, power failure at the jetty or for any other reasons attributable to the operator, as proposed by the KOPT are incorporated in the upfront tariff schedule. However, the other common condition that storage charge on cargo shall not accrue for the period when the terminal operator is not in a position to deliver/ ship the cargo when requested by the user due to reasons attributable to the operator, not proposed by the port is incorporated in the upfront tariff schedule.
- (xvii). The KOPT has proposed to prescribe a few conditions regarding the commencement of free period for import cargo and export cargo which are in line with the prescription at the other major ports/ private terminals.

10.1. As per clause 2.8 of the Guidelines, the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2008 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year. In the instant case, since the estimation of capital cost and unit rate of operating cost considered in the upfront tariff calculation are as of April 2011 as reported by the KOPT, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2011. The KOPT has also proposed 1 January 2011 as the base WPI for such automatic adjustment every year which is approved.

10.2. As specified in clauses 2.9.1. and 2.9.2. of the guidelines, before commencement of commercial operations, the private operator shall approach this Authority for notification of Scale of Rates containing the approved ceiling rates and the statement of conditions, as required under Section 48 of the Major Port Trusts Act, 1963.

10.3. As per clause 3.8.5 of the guidelines, if any question arises requiring clarifications or interpretation of the Scale of Rates and the statement of conditionalities, the matter shall be referred to this Authority and its decision in this regard will be binding on the operator.

10.4. The performance norms for the project should be clearly brought out in the bid documents. The private operator is expected to perform at least at the performance norms brought out in the bid document/ concession agreement.

10.5. The upfront tariff approved by this Authority is with reference to the use of 2 numbers of Mobile Harbour Cranes of 104 tonnes capacity each to be deployed by the BOT operator. If there is any change in the equipping plan considered in this analysis, the upfront tariff will have to be reviewed.

10.6. The actual performance of the private operator will be monitored by this Authority. If any complaint regarding quality of service is received, this Authority will enquire into such allegation and forward its findings to the Kolkata Port Trust. If any action is to be taken against the private operator, the Kolkata Port Trust shall initiate appropriate action in accordance with the provisions of the relevant Concession Agreement.

10.7. During the commercial operation at the terminal, within 15 days from the end of every quarter, the private operator shall submit to this Authority through the Kolkata Port Trust a report containing the terminal's physical and financial performance during the preceding three months.

11. In the result, and for the reasons given above, this Authority approves the upfront tariff caps for handling coal, iron ore and other dry bulk cargo at the Outer Terminal at the Kolkata Port Trust which is attached as **Annex - II**.

(Rani Jadhav)
Chairperson

UPFRONT TARIFF CALCULATION FOR THE OUTER TERMINAL – I (A RIVERINE MULTIPURPOSE JETTY IN THE UPSTREAM OF 3RD OIL JETTY) AT KOLKATA PORT TRUST.

₹ in lakhs

Sr. No.	Particulars	Revised estimates furnished by KOPT	Estimates modified by TAMP
I	<u>Optimal capacity</u>		
	<u>Optimal Quay Capacity</u>		
(a)	Share of capacity of different cargo items		
	Percentage share of capacity of Coal (S1)	70%	70%
	Percentage share of capacity of Iron Ore (S2)	25%	25%
	Percentage share of capacity of Other dry bulk cargo (S3)	5%	5%
(b)	Handling rate of Vessels		
	- Handling rate of vessels carrying Coal (P1)	17600	20000
	- Handling rate of vessels carrying Iron Ore (P2)	17600	20000
	- Handling rate of vessels carrying Other dry bulk cargo (P3)	17600	20000
(c)	Optimal Capacity of the Terminal = $0.7*((S1*P1)+(S2*P2)+(S3*P3))*365$	4496800	5110000
	Optimal Capacity of the terminal in million tonnes / annum	4.50	5.11
II	<u>Capital Cost</u>		
A.	<u>Cargo Handling Activity</u>	₹ in lakhs	
	<u>(i). Civil Cost</u>		
	- Approach Trestle	929.10	929.10
	- Connecting Road	334.70	334.70
	- Site clearance and Land Development	950.00	950.00
	- Boundary Wall, Gate and Fencing	342.80	342.80
	- Concrete paved Railway yard including Rails	3759.10	3759.10
	- Yard paving	4021.00	4021.00
	- Buildings	200.00	200.00
	- Water supply, Sewerage system and Drainage	640.00	640.00
	Total	11176.70	11176.70
	<u>(ii). Equipment Cost</u>		
	- 104 tonne Mobile Harbour Crane (2 nos.)	5524.18	4648.98
	- Mobile Hoppers (2 nos.)	70.00	70.00
	- 20 tonne Tripper Truck (25 nos.)	595.00	595.00
	- 5 cu.m Pay Loaders (15 nos.)	1922.55	1617.93
	- 2.5 cu.m Pay Loaders (2 Nos.)	121.50	102.24
	- Poclain (Excavators) (3 nos.)	641.31	539.72
	- Railway Bridge & Road Bridge (1 no. each)	41.00	41.63
	- Dust Supression System	150.00	150.00
	- Electrical works & Illumination	425.00	425.00
	Total	9490.54	8190.50
	<u>(iii). Miscellaneous</u>		
	- 5% on Civil Cost and Equipment Cost	1033.36	968.36
	Total Capital Cost for Handling Activity (i + ii + iii)	21700.60	20335.56
B.	<u>Berth Hire Activity</u>		
	- Construction of berth	6914.80	6855.07
	- Cost of dredging	400.00	340.00
	- Miscellaneous (5% of berth construction and dredging cost)	365.74	359.75
	Total capital cost for Berth hire Activity	7680.54	7554.82
	Total Capital Cost (A + B)	29381.14	27890.38
III	<u>Operating Cost for Cargo Handling Activity</u>	₹ in lakhs	
	<u>(a). Fuel Cost</u>		
	- Harbour Mobile Crane	299.05	300.42
	(KOPT - 70 ltrs/ hour/ crane * Rs.43.74 per litre * 9767 hours pa for 2 HMC) (TAMP - 70 ltrs/ hour/ crane * Rs.43.74 per litre * 9812 hours pa for 2 HMC)		
	- Tripper Trucks	213.61	214.59
	(KOPT - 4 ltrs/ hour/ truck * Rs.43.74 per litre * 122093 hours pa for 25 trucks) (TAMP - 4 ltrs/ hour/ truck * Rs.43.74 per litre * 4906 hours * 25 Trucks)		
	- Pay Loaders	356.92	356.92
	(KOPT - 12 ltrs/ hour/ loader * Rs.43.74 per litre * 68000 hours pa for 17 pay loaders) (TAMP - 12 ltrs/ hour/ loader * Rs.43.74 per litre * 4000 hours * 17 pay loaders)		
	- Excavators (Poclain)	62.99	62.99
	(KOPT - 12 ltrs/ hour/ excavator * Rs.43.74 per litre * 12000 hours pa for 3 excavators) (TAMP - 12 ltrs/ hour/ excavator * Rs.43.74 per litre * 4000 hours * 3 excavators)		
	<u>(c). Repair & Maintenance</u>		
	- Civil Assets (1% on civil work)	111.77	111.77
	- Mechanical & Electrical Equipment including spares (5% on equipment cost)	474.53	409.53
	- Miscellaneous Assets (@ 5% of miscellaneous asset cost)	51.67	26.06
	<u>(d). Insurance (1% on Gross fixed assets)</u>	217.01	203.36
	<u>(e). Depreciation</u>		
	- Civil Work @ 3.34%	373.30	373.30
	- Mechanical Work @ 10.34%	981.32	846.90
	- Miscellaneous Assets @ 3.34% on civil component and 10.34% on equipment component	106.85	61.01
	<u>(f). License Fee</u>	516.00	422.94
	<u>(g). Other Expenses towards salaries and overheads (5% on gross value of assets)</u>	1085.03	1016.78
	Total Operating Cost	4850.03	4406.56

Sr. No.	Particulars	Revised estimates furnished by KOPT	Estimates modified by TAMP
IV	Estimated Revenue Requirement & upfront tariff for Cargo Handling Activity		
A.			
(i).	Estimated Revenue Requirement		
	(a). Total Operating Cost	4850.03	4406.56
	(b). Return on capital Employed @ 16%	3472.09	3253.69
	(c). Total Revenue requirement from cargo handling activity	8322.12	7660.25
(ii).	Apportionment of Revenue Requirement		
	(a). Cargo Handling Charges (98% of ARR)	8155.68	7507.05
	(b). Storage Charges (1% of ARR)	83.22	76.60
	(c). Miscellaneous Charge (1% of ARR)	83.22	76.60
	(d). Total Revenue requirement from cargo handling activity	8322.12	7660.25
(iii).	Cargo Handling charge		
	(a). Cargo Handling Charge		
	- Revenue Requirement (₹ in lakhs)	8155.68	7507.05
	- Capacity (Lakh Tonnes per annum)	44.97	51.10
	- Per Tonne rate for handling of cargo	181.37	146.91
	(b). Storage Charge		
	- Revenue Requirement (₹ in lakhs)	83.22	76.60
	- % of Cargo to attract storage charge		
	- Coal & Dry Bulk cargo Import	37.50%	37.50%
	- Iron Ore Export	12.50%	12.50%
	- Capacity of cargo to attract storage charge (lakh tonnes)		
	- Coal & Dry Bulk cargo Import	12.65	14.37
	- Iron Ore Export	1.41	1.60
	(i) Storage Charge (beyond the free period) for Coal & Dry Bulk Cargo	Rate Per tonne per day or part thereof	Rate Per tonne per day or part thereof
	-Free period	5 days	5 days
	-First five days	0.99	0.96
	-6th day to 10th day	1.97	1.92
	-11th day onwards	3.95	3.84
	(ii) Storage Charge (beyond the free period) for Iron Ore	Rate Per tonne per day or part thereof	Rate Per tonne per day or part thereof
	-Free period	25 days	25 days
	-First five days	2.96	0.96
	-6th day to 10th day	5.92	1.92
	-11th day onwards	11.84	3.84
	(c). Miscellaneous Charge		
	- Revenue Requirement (₹ in lakhs)	83.22	76.60
	- Capacity (Lakh Tonnes per annum)	44.97	51.10
	- Miscellaneous Charge (₹ per tonne)	1.85	1.50

B. BERTH HIRE CHARGES		
(i). Revenue Requirement	₹ in lakhs	
(a). Repairs & Maintenance Charge (1% on capital cost for berth)	76.81	76.81
(b). Depreciation	256.53	252.33
(c). Insurance (1% on total cost for berth hire service)	76.81	75.55
Subtotal (i)	410.14	404.68
(ii). Return on capital Employed @ 16%	1228.89	1208.77
Total Revenue requirement from Berthing services (i + ii)	1639.03	1613.46
Berth hire Charge		
Foreign going vessel (Rate per GRT per hour) in ₹	1.951	1.577
Coastal vessel (Rate per GRT per hour) in ₹	1.171	0.946

Berth Hire Calculation as furnished by KOPT

Sr. No.	Particulars	Unit	7000 GRT Coastal Vessel	Panamax Foreign Vessel	Handimax Foreign Vessel	Total
i	Vessel GRT	Tonnes/day	7000	33000	22000	
ii.	Commodity Split	Percentage				
	- Iron Ore Export		70%	20%	10%	
	- Coal & Other Dry Bulk Import		70%	20%	10%	
iii.	Ship day at Berth	days per vessel	1.25	1.25	1.25	
iv.	Ship calls per year	Nos.				
	- Iron Ore Export		77	9	4	
	- Coal & Other Dry Bulk Import		230	27	11	
v.	Vessel day at berth per annum	Days				
	- Iron Ore Export		95	11	5	111
	- Coal & Other Dry Bulk Import		287	33	14	334
vi.	Total GRT hours (v * 24 * i)	GRT hours	64260000	35343000	10098000	109701000
vii.	Revenue Requirement					1639.03
	Berth hire - foreign going vessel					1.951
	Berth hire - coastal vessel					1.171

Berth Hire Calculation as per TAMP Estimates

Sr. No.	Particulars	Unit	7000 GRT Coastal Vessel	Panamax Foreign Vessel	Handimax Foreign Vessel	Total
i	Ship day output	Tonnes/day	20000	20000	20000	
ii.	Average GRT	Tonnes	14000	33000	22000	
iii.	Average parcel size	Tonnes	22000	22000	22000	
iv.	Tonnage expected to be handled	Tonnes	3577000	1022000	511000	5110000
v.	Average no. of berth days (iv / i)	Days	179	51	26	256
vi.	No. of berth hours {24 x (v)}	Hours	4292	1226	613	6132
vii	Additional hours towards waiting time {3.6 x (viii)}	Hours	585	167	84	836
viii.	Expected number of vessels (iv / iii)	Nos.	163	46	23	232
ix.	Total GRT hours (ii * vi)	GRT hours	68288182	45990000	15330000	129608182
x.	Revenue Requirement					1613.46
	Working for foreign vessel 47.31% and coastal vessel 52.69%					
	$129608182 * 47.31\% * x + 129608182 * 52.69\% * 0.6x =$					1613.46
	$61317631 x + 68290551 * 0.6x =$					1613.46
	$x = \text{Foreign going vessel rate}$					1.577
	Coastal vessel Rate = 0.6 x foreign going vessel rate					0.946

KOLKATA PORT TRUST

UPFRONT TARIFF SCHEDULE FOR HANDLING OF COKING COAL, IRON ORE AND OTHER DRY BULK CARGO AT OUTER TERMINAL-I, UPSTREAM OF THIRD OIL JETTY OF HALDIA DOCK COMPLEX.

S.1 Definitions:

In this Scale of Rates, unless the context otherwise requires, the following definitions shall apply:

- (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 a valid coastal license issued by the competent authority.
- (ii) 'Day' shall mean the period starting from 6 am of a day and ending at 6 am on the next day.
- (iii) 'Foreign Going Vessel' shall mean any vessel other than coastal vessel.
- (iv) 'Month' shall mean 30 consecutive calendar days including holidays unless otherwise specified.
- (v) 'Week' shall mean 7 (seven) consecutive calendar days including holidays.

S.2 General Principles of Assessment:

- (i) The minimum weight /measurement chargeable shall be 1 tonne although the gross weight/measurement may be less than 1 tonne. In case where the charge is on weight basis and the gross weight is not an exact multiple of 100 Kgs, the same will be rounded off to the next higher multiple of 100 Kgs.
- (ii)
 - (a) The Vessel related charges for all Coastal vessels should not exceed 60% of the corresponding charges for other vessels.
 - (b) The cargo related charges for all Coastal cargo, other than thermal coal, POL including crude oil, Iron Ore and Iron pallets, should not exceed 60% of the normal cargo related charges.
 - (c) In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship-shore transfer and transfer from/ to quay to/from storage yard including wharfage.

- (d) For the purpose of this concession, cargo from a foreign port which reaches an Indian Port 'A' for subsequent transshipment to Indian Port 'B' will also qualify insofar as the charges relevant for its coastal voyage.

In other words, cargo from / to Indian Ports carried by vessels permitted to undertake coastal voyage will qualify for the concession.

- (e) The cargo handled at the Outer Terminal-I, after being transloaded at any transloading facility within the port limit of Kolkata Port Trust or vice versa in case of export, would be treated as 'Foreign' cargo for the purpose of levy of tariff, irrespective of the status of the vessels carrying such cargo. However, in case any coastal cargo is brought to the transloading facility for subsequent unloading at the Outer Terminal-I, the same would be treated as coastal cargo for the purpose of levy of rates at the Outer Terminal-I.
 - (f) The vessel related charges for all vessels other than 'Foreign' vessels, would be levied at the rates specified for 'Coastal' vessel.
- (iii) No storage charge shall be charged for the days during which delivery cannot be effected due to strike by the employees of the Terminal Operator provided the concerned Importer or his Authorized Agent files the complete delivery documents on payment of all Terminal charges prior to commencement of the strike.
 - (iv)
 - (a) 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.
 - (b) There shall be penal berth hire equal to berth hire charges of one days berth hire charge for a false signal.
 - (c) 'False signal' would be when the vessel signals readiness even when she is not ready for un-berthing due to engine not being ready or cargo operation not being completed or such other reasons attributable to the vessel.
 - (v) Interest on delayed payments / refunds:
 - (a) The user shall pay penal interest on delayed payments under this Scale of Rates. Likewise, the Terminal Operator shall pay penal interest on delayed refunds.

- (b) The rate of penal interest will be 2 % above the Base Rate declared by the State Bank of India. The penal interest rate will apply to both the Terminal Operator and the user equally.
- (c) The delay in refunds will be counted only 20 days from the date of completion of services or on production of all the documents required from the users, whichever is later.
- (d) The delay in payments by the users will be counted only 10 days after the date of raising the bills by the Terminal Operator.
- (vi) (a) A foreign going vessel of Indian flag having a General Trading License 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 License issued by the Director General of Shipping.
- (c) For dedicated Indian coastal vessels having a Coastal License from the Director General of Shipping, no other document will be required by her to be entitled for coastal rates.
- (d) The status of the vessel, as borne out by its certification by the Customs or Director General of Shipping, shall be the deciding factor for its classification as 'Coastal' or 'Foreign-going' for the purpose of levy of vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.
- (e) The corresponding vessel related rates should be applied depending on the status of the vessel at the time of the incidence of such charge.
- (vii) For all types of cargo, cargo related charges shall be levied on the gross weight of the consignment.
- (viii) Users will not be required to pay charges for delays beyond a reasonable level attributable to the Terminal Operator.
- (ix) (a) The rates prescribed in this Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The Terminal Operator may, if it so desires, charge lower rates and/ or allow higher rebates and discounts.
- (b) The Terminal Operator may also, if he so desires, rationalize the prescribed conditionality governing the application of rates prescribed in the Scale of Rates, if such rationalization gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels.

- (c) Provided that the Terminal Operator should notify the public such lower rates and / or rationalization of the conditionality governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionality governing the application of such rates, provided the new rates fixed shall not exceed the rates notified by the TAMP.

S.3 Berth Hire

Berth hire on vessel at the Riverine jetty shall be levied at the following rates:

Sl. No.	Description of vessel	Rate in ₹ per hour per GRT
1.	Vessel engaged in Foreign trade	1.577
2.	Vessel engaged in Coastal trade	0.946

Notes to S.3:

- (i) If any vessel does not work against its booking for work on Holiday due to reasons not attributable to Terminal Operator, the Berth Hire for the shifts in which it does not work against such booking shall be levied at twice the rates specified at S.3.
- (ii) In case a vessel idles due to non-availability or breakdown of the equipment of Terminal Operator or power failure at the Jetty or any other reasons attributable to the Terminal Operator, rebate equivalent to berth hire charges accrued during the period of idling of vessel shall be allowed.
- (iii) Ousting priority / Priority berth Hire:
The rate and conditions for granting ousting priority berthing / priority berthing will be governed by extant Government guidelines/ orders in the matter and the provisions prescribed in the Scale of Rates of Kolkata Port Trust.

S.4 Cargo Handling Charges:

Sl. No.	Commodity	Unit Rate in ₹ per Metric Tonne	
		Foreign	Coastal
(1)	Coking Coal	146.91	88.14
(2)	Iron Ore	146.91	146.91
(3)	Other Dry Bulk Cargo	146.91	88.14

Notes to S.4:

- (i) The Cargo handling charges prescribed under S.4 is a composite charge for :

- (a) unloading of the cargo from the vessel including stevedoring and transfer of the same up to the point of storage, storage at stack yard upto a free period of 5 days and loading on the trucks / wagons in respect of import cargo, and
- (b) unloading of the cargo from the trucks/ wagons at the stackyard, storage at the stackyard up to a free period of 25 days, transfer the cargo to the loading point at the jetty and loading onto the ship including stevedoring, in respect of Export cargo.

This composite charge includes wharfage and supply of labour and/ or equipment wherever necessary and all other charges not specifically prescribed in the Scale of Rates.

- (ii) In case export cargo, after being transported to loading point at the jetty, is not loaded to vessel and is required to be transported back to storage yard for export through another vessel, no additional charge shall be levied.
- (iii) In case export cargo, after being received at the terminal, is taken back by the exporter without being shipped through the terminal, 50% of the cargo handling charges specified under S.4 shall be levied, in addition to applicable storage charge, without allowing any free time.

S.5 STORAGE CHARGES:

The Storage charges for the cargo stored in the stack yard beyond the free period allowed shall be as follows:

Description	Rate in Rupees per MT per Day or part thereof			
	Coking Coal	Iron Ore	Other Dry Bulk Cargo	
			Import	Export
Free period	5 days	25 days	5 days	25 days
First five days after expiry of free period	0.96	0.96	0.96	0.96
6th day to 10th day after expiry of free period	1.92	1.92	1.92	1.92
Beyond 10th day	3.84	3.84	3.84	3.84

Notes to S.5:

- (i) Free period for export cargo shall commence from the actual date of the receipt of goods in the operator's premises.

- (ii) Free period for import cargo shall be reckoned from the day following the day of completion of final discharge from the vessel.
- (iii) For the purpose of free time, terminals non working days and Custom's notified holidays shall be excluded. Sundays shall not be excluded for the purpose of calculation of free time unless terminals non working days and Custom's notified holidays fall on Sundays.
- (iv) After storage charge begins to accrue, no allowance would be made for terminals non-working days and Custom's notified holidays for computation of storage charge.
- (v). Storage charge on cargo shall not accrue for the period when the terminal operator is not in a position to deliver/ ship the cargo when requested by the user due to reasons attributable to the operator.

S.6 MISCELLANEOUS CHARGES:

Composite charge for all the miscellaneous services such as environment and Management, sweeping of cargo on the wharf, safety measures etc.

Sl. No.	Commodity	Unit Rate in ₹ Per Metric Tonne
(1)	Coking Coal	1.50
(2)	Iron Ore	1.50
(3)	Other Dry Bulk Cargo	1.50

S.7. GENERAL NOTE TO SECTION-3 TO SECTION-6 ABOVE:

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2011 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

**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/24/2011-KOPT	:	Proposal from the Kolkata Port Trust for fixation of upfront tariff for the project of construction of Outer Terminal-1 (a riverine multipurpose jetty in the upstream of 3rd oil jetty) alongwith all the required backup facilities on DBFOT basis.
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A summary of main comments received from the users / user organisations and prospective bidders and the comments of KOPT thereon is tabulated below:

Sl. No.	Comments of users / user organisations and prospective bidders	Response of KOPT
1.	<u>ABG-LDA Bulk Handling Private Limited (ABHPL)</u>	
(i).	<u>Shipday Output :</u> (a). The said figures are randomly taken without any explanation. Kindly provide the detailed explanation that how the said figures had been arrived at. (b). The per day output is taken as 17600 tons / day; please explain why higher parcel size is considered, instead of average value for all the three parcel size. The evaluated output should be revised considering the available and reducing draft in the navigable channel.	The figures given in the table not arbitrary as the figures given in the first row depicts what are provided in the Upfront Tariff Guidelines issued by TAMP. The figures in second row depict the ship day output assessed by the consultant, details of which are given in the article 5.4.3 and table 5.2 of the Feasibility Report. It has been explained in detail in respect of the queries raised by TAMP that bulk of the commodities likely to be loaded/ unloaded at OT-I will be handled through transloading operations. On this basis the consultant has assessed that about 75% of the vessels at OT-I will be daughter vessels carrying 11000 tons of cargo and the rest 25% will be the mother vessels (Panamax/ Handimax) carrying average parcel load of 22000 tons of cargo (average of Panamax/ Handimax). The mother vessels will be worked with 2 MHCs and each of the two daughter vessels (to be worked simultaneously) will be handled with 1 MHC. In view of tidal and other navigational constraints unique to riverine port like Kolkata Port Trust, these vessels will have to wait for about 30 hours prior to sailing. This will lead to average ship day output of 17600 tons (22000tons / 1.25 days).
(ii).	<u>Fuel Consumption :</u> (a). The fuel consumption for the excavators and pay loaders can never be	The fuel consumption of the different equipments proposed for the project have been assessed by the consultant on the basis

	same. The design and carrying capacity of both the equipment is different. The same may be revised. (b). Fuel consumption of the said equipments are the one quoted by manufacturers/ suppliers. The actual parameters from the stevedores should be taken and accordingly the same may be revised.	of the fuel being consumed by same type of equipments deployed by the private service providers at HDC for cargo handling operations. Further, no indication of the fuel consumption recorded by the intending bidder has been indicated by them. Hence, no action can be taken on the basis of the said observation.
(iii).	<u>Optimal Terminal Capacity Calculation :</u> (a). The minimum turnaround time for the said daughter vessel is 30 hrs (i.e. 1.25 days). The turnaround of 3 nos of daughter vessel/ barges can never be achieved in such a short time. (b). Optimal Yard Capacity Calculation – The staking height for the said cargo is not furnished. The per ton per sq. meter of storage shall depend upon the stacking height. The allowable stacking height may be furnished. (c). The Annual handling capacity should be calculated based on the space available behind the existing berth and the average productivity/ performance. In case of poor evacuation due to poor infrastructure of HDC, which is a factor beyond the control of the concessionaire, the concessionaire should not be penalised for inefficiencies of other port operators. It is thus obvious that in calculating the annual handling capacity, the evacuation rate from the berth is a key factor and cannot be ignored.	The project capacity has been assessed by the consultant considering that one Panamax/ Handimax or two Daughter vessels will turn around in 1.25 days. This has been established at article 5.4.3 and table 5.2 of the Feasibility Report . We have considered 3m stack height for iron ore. This has been assessed on the basis of stack height possible with the conventional equipment like pay loaders, trippers and excavators. The Yard Capacity has been calculated on the basis of the formula prescribed by TAMP which takes into account turn round time of cargo at the yards. The turn round time of different cargo at the yard considered by KOPT is given at page 7 { para (d) } of the proposal which M/s ABG has not properly noted. Secondly, the question of alleged 'poor evacuation due to poor infrastructure of HDC' does not arise at all in this case as the entire stack yard and connecting road would be built, maintained and managed by the BOT Operator.
(iv).	General :	
	(a). The cost of performance parameter for Transloader is not provided in the proposal; Please provide the same.	The proposal is for setting up of Upfront Tariff for providing services at Outer Terminal -I which is independent of the capital cost of Transloader. Hence this cost is irrelevant in this context.
	(b). The cost related to nos. of grabs is not considered in the entire proposal. At least 3-4 nos of grabs would be required per crane/ HMC to handle different types of bulk cargoes envisaged for the proposed project.	The cost of grabs was not included earlier. However the same has been included in the revised proposal.
	(c). We request HDC to kindly enlist the foot notes/ guidelines that are to be followed for the allotment of vessels, for the better understanding of the entire process	This will be dealt through the Concession Agreement, the draft of which will be furnished to the short listed applicants only.

	and to avoid any confusion amongst the Port, Private operator and the end users.	
	(d). Grab hire charges, handling capacity etc is not evaluated, but the requirement is for 3 Nos of grab with 3 different specifications or more to handle different type of cargoes. It must be checked to ensure how many grabs are required for the proposed facility to handle different cargoes proposed for the project.	Reply as given in (b) above.
	(e). The proposal and tariff is evaluated on maximum capacity of the cranes/ equipment, the maximum capacity can never be achieved.	The tariff has not been evaluated on maximum capacity of the cranes/ equipment, as may be seen from the analysis given at article 5.4.3 and table 5.2 of the Feasibility Report.
	(f). The cost assumed for operating and maintenance is unrealistic, it can never be a percentage. HDC should get the actual figures from the existing operators for existing/ actual cost for operating and maintenance of the crane/ proposed equipment. The operating and maintenance cost of the cranes/ proposed equipment increases during the operating period and never remains same throughout the life cycle of crane.	The costing has been done following the guidelines prescribed by TAMP in upfront Tariff setting for PPP projects. It is also pertinent to mention that the guidelines for fixation of upfront tariff require the upfront tariff to be revised every year by 60% of the increase in the WPI. In fact TAMP notifies the rate at which the upfront tariff set earlier is to be revised every year.
	(g). Fuel consumption values, Optimal Capacity etc indicated in the proposal are the figures provided by manufacturer, which can never be achieved.	Already been replied above.
	(h). TAMP may please get the latest budgetary offers from the MHC's/ proposed equipment suppliers, as per our review/ market information the rates have been hiked by 20 – 30%.	The Budgetary offers of Liebherr make are furnished.
	(i). The current prevailing rates for 1 ltr of diesel is ₹ 47/ltrs. The same would be hiked by ₹ 3-5/- in few days as per the indication given by GOI. TAMP should consider this and should incorporate fuel escalation clause in addition to the existing annual escalation clause.	The unit rate of fuel (Diesel) was taken as ₹40.06/- at the time of preparing the initial proposal. The price of fuel (Diesel) has since increased to ₹43.74/- per liter. A copy of the rate indicated in IOCL website is furnished. TAMP is requested to factor the revised Fuel cost while finalizing the upfront tariff.
	(j). What arrangement is envisaged to unload the rake : Option: 1. <i>Tipler (fully mechanised)</i> 2. <i>Combination of Material Handler (Sennebogen – Model 880 EQ or equivalent)</i> <i>(Semi mechanised) with sufficient numbers of Pay loaders.</i> 3. <i>Combination of manual unloading with sufficient numbers of Pay loaders.</i>	By using excavators (Material Handler) with pay loaders.

2.	<u>Tamil Nadu Generation and Distribution Corporation Limited (TNGDCL)</u>	
(i).	TNGDCL is utilising Haldia port for shipment of coal received from Eastern Coal fields Ltd. through rails. As of now, TNGDCL is topping up the vessels at Paradip and Visakhapatnam ports which are underloaded at Haldia port due to lesser draft. Therefore, we welcome the new transloading facility introduced at Haldia port, which will reduce the turnaround time of TNGDCL vessels.	The thermal coal vessels of TANGEDCO are loaded at mechanized coal terminal (Berth No. 4) of HDC inside the impounded dock dedicated for loading thermal coal only. This berth is fully operated by KOPT. The charges realized by KOPT for rendering services to TANGEDCO at this berth are as per Scale of Rates approved by TAMP.
(ii).	However, it is felt that the rates proposed by HDC for utilising the new terminal for loading of TNGDCL / PSC vessels to Haldia draft is very high when compared to the rates for utilising the Berth at inner harbour.	The proposed Outer Terminal-1 is a multipurpose terminal meant for handling various types of dry bulk cargo both for import and export. This terminal is going to be set up on PPP basis for which tariff is to be fixed following the upfront tariff guidelines circulated by TAMP.
(iii).	Therefore, TNGDCL may consider utilising the new facility, if the tariff rates are same as that of the rates charged for loading the vessels at the inner harbour at Haldia Dock Complex.	It may be pertinent to mention that the Coal handling plant of HDC is quite old and has been considerably depreciated. Consequently, the allowable return on capital against the plant is also considerably low. Further, the productivity of the plant is also much less than that of the proposed terminal. Hence the two plants are not comparable in any way. In view of the above, the handling rate of the proposed terminal can not be same as that of the coal berth inside dock.
3.	<u>The Liberty Marine Syndicate Private Limited</u>	
(i).	There is already a major dispute raised by the Orissa State Government against the back up facility which encroaches the coast of Orissa but justified by KOPT as their extended port limits.	This issue is not related to fixation of upfront tariff. However, it is stated that the replies to all the queries received from the intending applicants against the RFQ have been hosted in the website of KOPT. A press notification in this regard was also made by KOPT for general information of all the interested parties so that they refer to the replies to the queries given by KOPT in the matter. Incidentally, these replies were also sent to all the parties who participated in the pre bid meeting including M/s. Liberty Marine by separate emails.
(ii).	The tariff for this shore based facility for cargo / vessel cannot be fixed unless the Transshipment contract / cost are defined and finalised. In all probabilities there has to be some subsidies extended towards the port dues in order to attain an overall competitiveness and sustainability in comparison with adjacent deep draft ports. Under the above circumstances, we can conclude that this whole exercise of fixation of upfront tariff will be un-reasonable and ultimately the objectives will remain unfulfilled.	The issue raised by M/s. Liberty Marine is irrelevant in the context of fixation of upfront tariff of Outer Terminal-1. The proposal of KOPT is for fixation of upfront tariff for the private operator to render relevant services based on capital cost, O&M cost and return on investment in respect of Outer Terminal-1 as per guidelines circulated by TAMP. Hence, the issue raised by M/s. Liberty Marine is not relevant in this regard.

4.	<u>National Thermal Power Corporation Limited (NTPCL)</u> It is observed that the berth hire charges and cargo handling charges have been recommended for foreign vessels and coastal vessels. Generally the charges for coastal vessels are 60% of the charges for foreign vessels. Since there is no mention of charges for inland vessels, it is suggested that the charges for inland vessels may also be included which should be substantially less than the charges for coastal vessels.	The proposed Scale of Rates at clause-S.2 (f) clearly stipulates the following:- “The vessel related charges for all vessels other than ‘Foreign’ vessels, would be levied at the rates specified for ‘Coastal’ vessel.”
5.	<u>Capstan Shipping and Estates Limited (CSEL)</u>	
(i).	The DPR is based on a conventional concept of Bulk Cargo Handling in a multipurpose riverine jetty.	It appears that the party has no issues on the proposal of KOPT for fixing up of upfront tariff. However, the party has stated that the project could have been designed differently with different investment etc. This issue is not relevant at this stage as because this could have been raised by the party at the time of pre application conference in response to the RFQ. Incidentally, KOPT has already received 4 applications on the basis of the RFQ and clarifications/ addendum issued thereof. All these applications have been opened. Hence, there is no scope for revisiting the model adopted by KOPT for setting up of multipurpose Outer Terminal-1 for handling various types of dry bulk cargo both for import and export.
(ii).	KOPT has given liberty to the participants for the Haldia Dock Complex Tender to make their own innovative design to achieve high volume handling capacity through introduction of state of the art equipments for environment friendly bulk cargo handling like coal with high discharging cadence and matching railway evacuation.	
(iii).	The conventional equipments suggested by Kolkata Port Trust has not addressed the pollution hazards, adequate flexibility for fast turn round of shallow drafted flat bottomed barges of anything between 11000 – 18000/ 20000 DWT, scientific stackyard management to ensure fast loading of railway rakes and also discharge and transfer of export cargo through mechanical system.	
(iv).	The investment risk optimization will be to introduce fully mechanical system to handle a high volume of bulk cargo import traffic. For this Capital expenditure, Operating expenditure and revenue model will be substantially different and will demand a per ton revenue structure of well over ₹230 per ton as against around ₹180 per ton revenue structure projected by KOPT.	
(v).	We appreciate that after submission of the RFQ and short listing of the parties by KOPT- the full jetty designing, equipment planning, etc will be done by the short listed parties in more details when cost and revenue stream will emerge more accurately.	
(vi).	Tender award by KOPT will be made on “Maximum Revenue Sharing Percentage	

	Basis – (H-1)". Therefore, whatever rate TAMP approves, may have to be revisited after tender award based on actual performance of the jetty operator on the Capital expenditure. Operating expenditure and cargo volume focused revenue model.	
(vii).	Based on Estimated Total Capital Cost of Rs 290 Crores, Equipments' listed like Mobile Harbour Cranes, dumpers, pay loaders, fork lifts, hoppers, grabs, conventional wagon loading without deployment of stacker reclaimers, operating cost and revenue model have been structured and FIRR computation both for BOT operators and for HDC has been presented. Traffic analysis and Projection have been elaborately done with authentic table from reliable Government sources.	
(viii).	In the above context, KOPT proposal based on Tariff Guidelines for PPP projects have been scientifically articulated with a reasonable tariff structure both cargo related and berth hire which will be the tariff limit of Design, Build, Finance, Operate and Transfer (DBFOT) bid winner.	
(ix).	DBFOT is supposed to have primary focus on innovative design of the participating bidder with extensive experience and expertise in state of the art bulk terminal designing and operation in major ports – Nationally and Internationally.	
(x).	Therefore, without raising any question on the rationality or viability of the proposal sent by Port which is supporting a combination of myriad equipments mostly manual handling focused with high labour component, we would like to seek clarification from TAMP during Joint Hearing, whether any private bidder will be permitted to bring in their own design where prime focus will be on mechanization of the unloading part of the project involving import coal which according to KOPT will cover over 70% of the total traffic in the berth and then decide on mechanical or semi-mechanical device for loading part of the export cargo by investing on reversible conveyor loaders or cranes with grabs using hoppers with conveyors. Very fast wagon loading / unloading devices will also be designed to ensure matching evacuation.	
(xi).	No doubt, investment and return calculations by the participating bidders will have to remain within the limit of the TAMP approved rate which in our opinion could be	

	more in the region of ₹220/- per ton to justify a viable investment to create anything between 6-8 MMTPA handling capacity instead of 4.5 MMTPA capacity projection by KOPT in their proposal.	
(xii).	It is therefore important that TAMP approve a reasonable tariff structure for OT-1 to induce participants for large size investments to create state of the art mechanical bulk cargo handling facilities in this OT-1 Riverine Jetty Project.	
6.	Federation of Indian Mineral Industries	
(i).	The traffic of bulk commodities like coal and iron ore may attain the level as estimated. This could only be achieved if the present trend of traffic is diverted from Paradip Port and Vizag Port and that could be possible if tariff is attractive to the users and also the linking infrastructure in future can take the load.	
(ii).	Growth trend of cargo beyond 2020 to 2040 is based on the perception of the consultant. This need to be scientifically assessed otherwise this might affect the optimal utilization of the created capacity. The secondary sector growth in West Bengal, particularly manufacturing sector has always been low, therefore, projection beyond 2020 for future traffic forecast need to be re-looked.	
(iii).	In the short / medium term also the consent of the users like NTPC, SAIL & TATA Steel, etc. for diverting cargo from Paradip and Vizag port to HSD may be taken.	
(iv).	What is the basis for projecting cargo handling potential in the long run say 2024-25 (98.33 MTPA) by CES?	
(v).	Equipping plan is different from the TAMP guidelines. What is the basis for adopting equipments from dry cargo?	
(vi).	Fuel consumption for equipments like Tipper, Trucks and Excavators should not be based on different service providers but be based on norms.	
(vii).	The KOPT may clarify the yard capacity-183156 sq. mtr. including parking area. [Sl.No.(iii), while calculation says 168818 sq. mtr. excluding ear for equipment parking (Sl. No.(v)(1)(a)]	
(viii).	Area proposed to be made available by the Port Development is 1,83,156 sq. mtr. (including 14388 parking). It is not clear whether the entire land required for the project is available with port authority or it is to be acquired.	KOPT has not furnished its comments on the points made by FIMI.

(ix).	Depreciation rate of equipment like dumper, excavator, hopper has been considered on the basis of 3.34% / 10.34% where as for these equipment, Income Tax Act, 1961 and Income Tax Rules, 1962 consider as 15% and in the SCHEDULE XIV to the Companies Act, 1956 as per WDV method rate of depreciation applicable is 30%.	
7.	<u>Indian Chamber of Commerce and Industry (ICCI)</u>	
(i).	The proposed facility is definitely going to add to the capacity of the Haldia Dock which is the closest port for a large hinterland in the eastern region. As this facility will be outside the lock gates of the Haldia Dock which has limited capacity as far as vessel movements are concerned inside Haldia Dock, it will be capable of handling cargo volume beyond the constraints of the lock gate.	KOPT has not furnished its comments on the points made by ICCI
(ii).	The berth day output of 10000 mt for all cargo with 2 mobile harbour cranes is on a lower side. Such cranes each are expected to deliver 10000 mt per day. 10000 mt per day of ship day output considered in the Guidelines is based on 3 ELL cranes of total combined capacity of 60 mt whereas the proposal considers 2 Mobile Harbour Cranes model LHM 420 having total combined capacity of more than 240 mt.	
(iii).	In any event, the productivity for iron ore export is bound to be more than that for coal import due to reasons that a) bulk density of iron ore is more than coal and b) the productivity for import dry bulk cargo falls during hatch finishing stage when the cargo volume inside hatch is inadequate to all full grab bite which is not the case for iron ore exports.	
(iv).	While calculating the yard capacity, the proposal considers that about 50% of the area excluding parking area i.e. about 8.4 hectares will be used for construction of roads and railway sidings etc. This is substantial area and the Authority may take a look at it on the basis of designs and drawings of the master plan.	
(v).	The logic for higher storage charge for the coal and lower for the iron ore is not clear. Whatever logic may be applied, it should be reasonable and fair and there should not be a cross-subsidizing effect.	
(vi).	The cargo dwell time considered in the proposal as 10 days for coal import and 30 days for iron ore export at table 10.3. While	

	for iron ore it is in line with the turnover ratio of 12 but for coal the turnover ratio considered is 18 meaning about 20 days of dwell time in calculation of capacity. Thus 10 days considered for coal is on a lower side. Moreover, % cargo suffering storage considered as 37.50% for imports and 12.5% for exports is not as per the guidelines. Normally, 100% of cargo should be considered suffering storage charges excluding cargo cleared within free period. For example in case of coal, if the dwell time is 20 days against free days of 5 days, then the % of coal attracting storage charges works out to be 75% (15 days chargeable period divided by 20 days of total dwell time). Similarly for iron ore it works out as 17%. This aspect may be looked at by the authority.	
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2. A joint hearing in this case was held on 7 July 2011 at the Kolkata Port Trust premises. The KOPT made a power point presentation explaining the salient features of its proposal. At the joint hearing, KOPT, concerned users/ user organizations and the prospective bidders have made the following submissions:

Kolkata Port Trust

- (i). The traffic projection relied upon by us is conservative at 5 million tonnes. It is possible that volumes might double within 5 to 6 years.
- (ii). HDC has huge cargo potential. The main issue in attracting cargo volumes is our cost structure. By providing cost effective service, we can tap the full market potential. At the same time, the investor should also earn reasonable return on his investment.
- (iii). Our optimal capacity of land side facilities is limited by draft in the channel. Ships cannot navigate in the channel without tide support. Therefore, they have to wait for high tide.
- (iv). Tidal variation affects crane productivity also as a crane has to reach far down to lift cargo in low tide situation.
- (v). The option of handling cargo and decide the cargo mix rests with the operator.

M/s. Capstan Shipping & Estates Limited

- (i). We have already suggested to consider a fully mechanised facility with conveyor system, etc.

- (ii). We find the proposed rates are on the lower side. A rate of above ₹200/- PMT is necessary for achieving break-even.
- (iii). The cost will go down only if we could handle 6 to 8 million tonnes. Handling a traffic of 4.5 million tonnes with the estimated capital investment may not reduce the cost of handling.

The Shipping Corporation of India Limited

We endorse the views of Capstan Shipping.

M/s. International Seaports (Haldia) Private Limited

- (i). RFQ specifically states the capacity to be created as 4.5 million tonnes and estimated capex as ₹290 crores. Beyond this, we do not have any information on cost structure.
- (ii). Mixing iron ore and coal to be handled together, drastically brings down the capacity in real life situation. If only import coal is handled, it will improve capacity and it may enable installation of unidirectional conveyor system for cargo transfer.

Tamil Nadu Electricity Board

We welcome the project but the proposed rate is very high.

3. At the joint hearing, the users and the prospective bidders were advised to go through the information hosted by KOPT in the port's website and furnish their comments, if any. M/s. Capstan Shipping & Estates Limited (CSEL) has furnished its comments. The comments furnished by the CSEL and the response of the KOPT thereon are tabulated below:

Sl. No.	Comments of users / user organisations and prospective bidders	Response of KOPT
1.	<u>M/s. Capstan Shipping & Estate Limited (CSEL)</u>	
(i).	At the Joint Hearing, CSEL has strongly argued on the need for mechanization, effective and efficient stack yard management for handling different grades of coking coal and thermal coal import cargo and creation of matching mechanical railway evacuation system – direct rail car loading.	(i). The query/ issue raised by CSEL is not related with the upfront tariff proposed by the KOPT based on the feasibility report prepared by its technical consultant.
(ii).	TAMP Chairperson appreciated and interacted with KOPT regarding increase in productivity to 1000/ 1200 MT per hour through mechanization which will enhance	

	the handling capacity of the terminal to 10 MMT PA basis 250 days working.	(ii). The query/ issue by the CSEL is relating to whether KOPT will give liberty to the invertors so that they may exercise their option to mechanize Outer Terminal-1 in the manner best suited to them within the tariff to be approved by TAMP.
(iii).	KOPT Chairman also confirmed to TAMP Chairperson that Port will have no objection in allowing exclusive handling of import coal both coking as well as non-coking in this terminal if it helps augmentation of traffic/ revenue for the port and justifies superior mechanized berth designing and investment by the participating bidders so long as the final approved rate structure permits such investment through optimization of risk management.	(iii). The KOPT has received 4 applications against the RFQ document in respect of this project. M/s.CSEL is neither an applicant nor a consortium member. Therefore, they have no locus standi in raising the issue concerned. However, KOPT will address this issue within the framework of the Concession Agreement and Project Requirements to be mentioned as an Appendix to the Concession Agreement.
(iv).	Moreover, this berth terminal is linked with Transloading investment which is likely to have 10 / 12 MMT PA import coal handling capacity which will require matching onshore handling facility at OT-1 in Haldia.	
(v).	Inspite of above, we find the Port's comments against our letter dated 1 st July 2011 slightly confusing. Although KOPT had received 4 applications on the basis of the RFQ, it is our understanding that full liberty is given to the bidder and investor to do their own designing, building, investment and operation to secure best productivity and optimize investment risk. This was clarified in the Pre Bid Meeting also.	
(vi).	We have no issues on the KOPT proposal regarding the rate approval they are seeking from TAMP which, if we take both berth hire and cargo handling revenue including storage charges which the investors will be permitted to collect – ₹180 per MT for cargo handling and ₹36 per MT for berth hire – total ₹216 per MT.	
(vii).	If a bidder is creating 10 MMT PA capacity with state of the art mechanical equipments including Transloading barge discharging, direct wagon loading mechanically from barges to rail cars by conveyor system and proper stackyard/ storage management through different types of stackers and reclaimers, then it will be incumbent on the investor to handle higher volume cargo through marketing of an efficient Service Product to coal importers like SAIL, TISCO & other coking coal users and NTPC, CESC and other power plant users.	
(viii).	The investor/ operator will make their own rate structure within the TAMP approved rate parameters as a part of their marketing strategy to secure full utilization of the handling capacity. In the process, this will benefit the trade, port and investors/	

	various links of the Transportation Supply Chain Management of coking coal and thermal coal from source to Destination.	
(ix).	After the Pre Bid Meeting, Joint Hearing of TAMP on 7 th July 2011 and various discussions with KOPT, the CESL is clear about above understanding. But in view of somewhat confusing comments in KOPT website, CESL requests TAMP to clarify mechanization option/ liberty to investors as aforementioned when giving approval to the consolidated tariff limit for cargo handling plus berth hire for the aforementioned project.	

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