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Tariff Authority for Major Ports

G.No.357 **New Delhi,** **28 September 2016**

NOTIFICATION

In exercise of the powers conferred by Sections 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Kandla Port Trust for fixation of ceiling tariff for grant of license to service provider for supply, installation, commissioning, operation, and maintenance of 6 nos. of 100T or above Mobile Harbour Cranes at Berth No. 7 to 9 inside Kandla Port for a period of 10 years for handling the cargo on common user basis as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports

Case No. TAMP/32/2016-KPT

Kandla Port Trust - - - **Applicant**

QUORUM:

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

O R D E R

(Passed on this 17th day of September 2016)

This case deals with the proposal dated 01 June 2016 received from the Kandla Port Trust (KPT) vide its letter No.FA/COST/1021/05/2016 for fixation of ceiling tariff for grant of License for Supply, Installation, Commissioning, Operation, and Maintenance of 6 nos. of 100T or above, owned / hired Mobile Harbour Cranes (MHC) at Berth No.7 to 9 inside Kandla Port for a period of 10 years for handling the cargo on common user basis.

2. It is relevant here to mention that this Authority had passed an Order No.TAMP/11/2016-KPT dated 30 March 2016 fixing ceiling tariff under Tariff Policy, 2015 following normative approach for grant of license to service provider for Supply, Installation, Commissioning, Operation, and Maintenance of 6 nos. of 100 MT or above, owned / hired MHC at Berth No. 7 to 9 inside Kandla Port for a period of 10 years for handling the cargo on common user basis based on the proposal filed by the KPT vide its letter dated 4 January 2016. The Order dated 30 March 2016 was notified in the Gazette of India on 28 April 2016 vide Gazette No.157.

3.1. Now, the KPT vide its letter No.FA/COST/1021/05/2016 dated 01 June 2016 has again come up with a revised proposal for the same project. The reasons for filing revised proposal as furnished by KPT:

(i). After approval of the Competent Authority, NIT for the subject project was published for online bidding with date of opening of bid as on 04.01.2016. The last date of opening of bid was extended due to non-submission of bid. The last date of submission of bid was kept as 02.05.2016.

(ii). In the meantime, the prospective bidders have started raising various aspects of project, tender conditions as well as tariff approved by the Authority. Some prospective bidders are showing their willingness to handle scrap and timber cargo for which they are asking for inclusion of the cost of such grabs in the capital cost. They are also raising the issue of fixing the tariff taking into account such handling rates which commensurate the actual handling rates at Kandla so that they can get reasonable tariff.

(iii). The pre bid meeting was scheduled on 22 December 2015. Once the tender is issued, the other aspects of project as well as inputs required for preparation of tariff emerge during discussion in the pre-bid meeting. However, no bidder attended the pre-bid meeting. During the meeting with the Authority for fixation of the tariff during the last proceedings, no user raised the issue of inclusion the cost of grabs capable of handling scrap and timber cargo.

(iv). While preparation of tariff proposal earlier only grabs capable of handling break bulk cargo was envisaged. Based on the proposal of the KPT, the tariff has been approved by the TAMP.

(v). The issue of handling rates has also been discussed with the consultant M/s. Boston Consulting Group (BCG) also who has recommended the initiative for licensing of MHCs and have been interacting with the port from time to time, giving their opinion on the revised tariff.

(vi). In this backdrop, the current proposal has been filed seeking approval of revised tariff for MHC. The following are two major aspects which have been considered in the revised proposal:

(a). KPT has included capex and opex of 2 additional grabs and a rotator for handling timber log and scrap which was not included in the capital cost in the tariff approved by the Authority in the Order dated 30 March 2016.

(b). The base of highest handling rate achieved by the private crane operator at Kandla in respect of various cargo for the year 2015-16 is considered while arriving at the proposed rate in the revised proposal.

(vii). The cost of timber motor grab and rotator has been obtained from M/s.Libebher India Private Ltd. vide their email dated 21.04.2016. Regarding cost of the scrap grab, it is to mention that there is not much difference compared to the cost of the timber motor grab. Hence, the cost of timber motor grab has been considered for scrap grab also.

(viii). In order to have more realistic rates, commodity wise rate has been proposed. Moreover, instead of assuming different percentage of cargo share in respect of bulk, break bulk and other cargo, tariff has been fixed assuming percentage share as 100% for every type of cargo.

(ix). The handling rate of project cargo predominantly depends on the dimension of cargo rather than weight of the cargo. Because the weight of the project cargo may be less but the dimension of cargo may be very high which will lead to less per hour handling rates for example Wind blade. Hence, it is appropriate to fix the rates of project cargo on per CBM.

(x). It is noticed that in respect of some commodities such as Thermal coal, fertilizer (DAP+Urea), Salt, Food Grains, met coke, pet coke, Iron ore, Gypsum, MOP, BCG has suggested a methodology of calculating per hour handling rates. BCG representative also stated that this methodology has been proposed by them to TAMP also. Accordingly, per hour handling rates suggested by BCG in respect of above cargo has been considered while calculating tariff.

(xi). For shredded scrap and High Melting Scrap (HMS), the actual per hour handling rate for shredded scrap is low. Hence keeping in view the performance being achieved by Ship's crane, 476 MTPH has been considered instead of 375 MTPH. As regards HMS, handling rate may not be more than 50% of Shredded Scrap. As such 240 MTPH basis 16.8 working hours per day as per TAMP guidelines has been considered.

(xii). Regarding steel and timber log, as suggested by M/s. BCG per hour handling rate achieved by the private crane operator has been increased by 30%.

(xiii). In addition to above, categories of other bulk cargo and other break bulk cargo has been retained considering the handling rates as per the TAMP guidelines.

3.2. The working for arriving at the rate of MHC of 100T or above as given by KPT is as under:

(i). Optimal Capacity:

Type of cargo	Shredded Scrap, High	Project Cargo	Other bulk cargo	Other break bulk cargo	High Melting Scrap (HMS)	Thermal Coal	Salt, Iron ore	Food grains, Pet coke, Met coke	Steel Coil	Gypsum, MOP, Fertilizer (DAP+ Urea)	Timber log
Cargo share	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Per day handling (In MT)	7997	4200	13507	6401	4032	14498	15506	9005	10315	12449	3175
Cargo to be handled (in MMTPA)	1.90	1.00	3.22	1.52	0.96	3.45	3.69	2.14	2.46	2.98	0.76

(ii). Tariffs:

(a). Capital Cost of Crane :

Sr. No.	Item	In Euro	In ₹
(i).	Cost of crane	3808000.00	288189440
(ii)	Cost of four additional grabs	496799.00	37597748.32
(iii)	Cost of power booster and rotator	662544.00	50142086.72
(iv)	Customs Duty @ 27% on item (i), (ii) and (iii)		101500904.26
(v)	Miscellaneous capital cost @ 5% on (i) to iv)		23871508.97
	Total capital cost		501301688.27
	Total capital cost (in cr.)		**50.13**

(b). Operating Cost:

Sr. No.	Item	In ₹ (cr.)
(i).	Fuel cost (70 ltr. Per hour*4000*55.10 per ltr.)	1.54
(ii)	Maintenance and repair @ 5% on capital cost	2.51
(iii)	Insurance @ 1% on capital cost	0.50
(iv)	Depreciation @ 10% on capital cost	5.01
(v)	License fee (₹32.40 per sq. mtrs. Per month*600 sq.mtr*12 month)	0.02
(vi)	Other expenses @ 5% of capital cost	2.51
	Total	**12.09**

(c). Revenue Requirement for Cargo Handling:

Sr. No.	Particulars	In ₹ (cr.)
(i)	Total Operation & Maintenance	12.09
(ii)	16% of ROCE	8.02
(iii)	Total Annual Revenue Requirement (ARR)	20.11

(d). Tariff is proposed cargo wise so as to meet the estimated ARR ₹20.11 crores. The proposed tariff of different commodities are as follows:

Average daily crane performance (IN MT)	Foreign in ₹ / tonnes	Coastal in ₹ / tonnes
Shredded scrap		
8000	**107.38**	**64.43**
8001-9000	112.75	67.65
9001-10000	118.12	70.87
Project cargo (per CBM)		
4200	**204.44**	**122.66**
4201-5200	214.66	128.79
5201-6200	224.88	134.93
Other bulk cargo		
13510	**63.57**	**38.14**
13511-14510	66.75	40.05
14511-15510	69.93	41.95
Other break bulk cargo		
6400	**134.15**	**80.49**
6401-7400	140.86	84.51
7401-8400	147.57	88.54
High Melting Scrap (HMS)		
4030	**212.96**	**127.78**
4031-5030	223.61	134.17
5031-6030	234.26	140.56
Thermal Coal		
14500	**59.23**	**35.54**

14501-15500	62.19	37.32
15501-16500	65.15	39.09
Salt, Iron Ore		
15510	**55.38**	**33.23**
15511-16510	58.15	34.89
16511-17510	60.92	36.55
Food grains, pet coke, met coke		
9005	**95.36**	**57.22**
9006-10005	100.13	60.08
10006-11005	104.90	62.94
Steel coils		
10315	**83.24**	**49.94**
10316-11315	87.4	52.44
11316-12315	91.56	54.93
Gypsum, MOP, Fertilizer (DAP+ urea)		
12500	**68.70**	**41.22**
12501-13500	72.14	43.28
13501-14500	75.57	45.34
Timber logs		
3175	**270.43**	**162.26**
3176-4175	283.95	170.37
4176-5175	297.47	178.49

Note: To calculate the incremental ceiling rates as shown above, the base rate is enhanced to 105% for first thousand tones and for the 2nd thousand ton the rate is enhanced to 110% of the base rate. The methodology shall be adopted to calculate the rate beyond the prescribed performance parameters.

3.3. Performance Standards proposed for above mentioned cargoes are as follows:

Sr.	Description	Performance Standards
1	Shredded scrap	8000 T/Per day
2	Project cargo	4200 CBM/Per day
3	Other bulk cargo	13510 T/Per day
4	Other break bulk cargo	6400 T/Per day
5	High Melting Scrap (HMS)	4030 T/per day
6	Thermal Coal,	14500 T/per day
7	Salt, Iron ore	15510 T/per day
8	Food grains, Pet Coke, Met Coke	9005 T/Per day
9	Steel Coils	10315 T/Per day
10	Gypsum, MOP, Fertilizer (DA + Urea)	12500 T/Per day
11	Timber log	3175 T/Per day

4. The proposal of the KPT dated 01 June 2016 was forwarded by email following the usual consultative procedure seeking comments of the users/ user association/ prospective bidders by 13 June 2016. We have received comments from Balaji Heavy Lifters Pvt. Ltd. (BHLPL) and Gautam Freight Private Limited (GFPL). A copy each of their comments was forwarded to KPT. The KPT has furnished its comments on the comments of GFPL and BHLPL. Apart from the above two users, we have not received comments from any other users/ user association/ prospective bidders.

5.1. On preliminary scrutiny of the proposal, information / clarification was sought from the KPT on a few points vide our letter dated 9 June 2016. The KPT has furnished its response vide its letter dated 10 June 2016 and 13 June 2016. A summary of information / clarification sought from the KPT and the response of the KPT are juxtaposed below:

Sr. No.	Information / clarification sought by us	Reply of KPT
(i).	The KPT in its earlier tariff proposal for MHC for berth Nos.7 to 9 had proposed percentage share of Dry Bulk Cargo, Break Bulk Cargo and Other Cargo at 73.39%, 12.23% and 14.38% aggregating to 100% while assessing	TAMP vide G No. 7 dated 05.01.2015 while approving reference tariff of Paradip Port Trust for fixing ceiling rates for the MHC has considered the same methodology. Moreover, it does not

<table>
<tr><td></td><td>the optimal capacity and the tariff which was considered and approved by the Authority. As against that, in the current proposal, the KPT has considered 100% share for each of the eleven cargo items for assessing the optimal capacity and the tariff. Please clarify the reasons for not considering the percentage share of cargo for each cargo items.</td><td>materially affect the handling charge as annual handling capacity and annual revenue requirement are in proportion to the percentage of cargo share.</td></tr>
<tr><td>(ii). (a).</td><td>The KPT has stated that the capital cost for additional two grabs and rotator for handling timber log and scrap is considered in the current proposal. It is seen that the ARR estimated by KPT at ₹20.11 crores includes the operating cost and ROCE of the two additional two grabs and rotator as well. Since the additional two grabs and rotator may not be relevant for handling cargo items other than the two cargo items, the KPT to delink the operating cost and ROCE of additional two grabs and rotator from the total capital cost while arriving at the tariff for the remaining nine cargo items. The capital cost and operating cost of the additional two grabs and rotator to be considered only for the cargo items likely to use these equipment and furnish revised cost statement and incorporate modification suitably in the proposed SOR.</td><td>The cost of rotator and two of additional grab meant for handling scrap and timber log has been delinked from the capital cost while calculating tariff of remaining nine cargo items. The cost of rotator is considered for handling of timber log only and the cost of one additional grab for timber log and second additional grab for shredded and HMS is considered. Accordingly, revised tariff calculation is submitted.</td></tr>
<tr><td>(b).</td><td>There are two types of shredded scrap and High Melting Scrap. Please clarify whether the additional two grabs and rotator are relevant for both these categories of scrap.</td><td>It is to confirm that rotator and one additional grab are meant for timber log. Whereas second additional grab is relevant for both Shredded and Heavy Melting Scrap.</td></tr>
<tr><td>(c).</td><td>Furnish a copy of the Liebebher email dated 21 April 2016 referred by the KPT containing the estimated cost of additional grabs and rotator in support of the capital cost considered by the KPT.</td><td>A copy of the Liebher email dated 21 April 2016 containing the estimated cost of additional grabs and rotator in support of the capital cost has already been submitted along with the revised tariff proposal. However, a copy of the same is enclosed herewith.</td></tr>
<tr><td>(iii).</td><td>There is slight mismatch between performance standards proposed and per day handling rates considered by the KPT for arriving at optimal capacity and the proposed tariff. The KPT to propose the performance standards totally in tandem with the handling rates as considered for arriving at the optimal capacity.</td><td>As directed the performance standard as per handling rates is proposed which is given below :
<table>
<tr><th>Description</th><th>Performance standard</th></tr>
<tr><td>Shredded scrap</td><td>7997 T/Per day</td></tr>
<tr><td>Project cargo</td><td>4200 CBM/Per day</td></tr>
<tr><td>Other bulk cargo</td><td>13507 T/Per day</td></tr>
<tr><td>Other break bulk cargo</td><td>6401 T/Per day</td></tr>
<tr><td>Heavy Melting Scrap (HMS)</td><td>4032 T/Per day</td></tr>
<tr><td>Thermal Coal</td><td>14498 T/per day</td></tr>
<tr><td>Salt, Iron ore</td><td>15506 T/per day</td></tr>
<tr><td>Food grains, Pet Coke, Met Coke</td><td>9005 T/Per day</td></tr>
<tr><td>Steel Coils</td><td>10315 T/Per day</td></tr>
<tr><td>Gypsum, MOP, Fertilizer (DAP + Urea)</td><td>12499 T/Per day</td></tr>
<tr><td>Timber log</td><td>3175 T/Per day</td></tr>
</table></td></tr>
<tr><td>(iv).</td><td>The proposal of KPT is not accompanied with the approval of its Board. Please furnish the same.</td><td>The approval of the board will be taken in the ensuing board meeting and same will be communicated to TAMP at the earliest.</td></tr>
</table>

5.2. While furnishing the reply, the KPT has furnished revised cost statement and revised proposed rates as given below:

₹/tonne

Average daily crane performance (IN MT)	Foreign	Coastal
(i). Shredded scrap		
7997	**96.16**	**57.70**
7998-8997	100.97	60.59
8998-9997	105.78	63.47
(ii). Project cargo (per CBM)		
4200	**190.92**	**114.55**
4201-5200	200.47	120.28
5201-6200	210.01	126.01
(iii). Other bulk cargo		
13507	**59.37**	**35.62**
13508-14507	62.34	37.40
14508-15507	65.31	39.18
(iv). Other break bulk cargo		
6401	**125.28**	**75.17**
6402-7401	131.54	78.93
7402-8402	137.81	82.69
(v). Heavy Melting Scrap (HMS)		
4032	**190.72**	**114.43**
4033-5032	200.26	120.15
5033-6032	209.79	125.87
(vi). Thermal Coal		
14498	**55.31**	**33.19**
14499-15498	58.08	34.85
15499-16498	60.84	36.51
(vii). Salt, Iron Ore		
15506	**51.71**	**31.03**
15507-16506	54.30	32.58
16507-17506	56.88	34.13
(viii). Food grains, pet coke, met coke		
9005	**89.05**	**53.43**
9006-10005	93.50	56.10
10006-11005	97.96	58.77
(ix). Steel coils		
10315	**77.74**	**46.64**
10316-11315	81.63	48.97
11316-12315	85.51	51.30
(x). Gypsum, MOP, Fertilizer (DAP+ urea)		
12499	**64.15**	**38.49**
12500-13499	67.36	40.41
13500-14599	70.57	42.34
(xi). Timber logs		
3175	**250.53**	**150.32**
3176-4175	263.06	157.84
4176-5175	275.58	165.35

5.3. The KPT has also proposed slightly revised Performance Standards for above mentioned cargoes corresponding with the handling rate considered in the optimal capacity calculation as brought out earlier.

6. The KPT has subsequently vide email dated 13 June 2016 requested to replace the proposed note (xvi) regarding indexation in tariff with the note approved in the tariff Order dated 30 March 2016. The replaced note states that 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 2016 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. The KPT has also requested to insert the note approved in the March 2016 Order stating that rate approved will come into effect after expiry of 30 days from the date of notification of the Order passed in the Gazette of India and shall remain in force for a period of ten years, subject to indexation.

7.1. Before proceeding with the analysis of this case it is to state that Gautam Freight Private Limited (GFPL) while furnishing their comments has requested to grant opportunity for personal submissions to all prospective bidders and decide the case after thorough consultation.

7.2. The KPT has stated that on the basis of the queries of the prospective bidder, a decision was taken to propose revised tariff on the basis of commodity wise different handling rates. The port has requested this Authority to take the proposed tariff for approval on top priority as the project is being closely monitored by the Ministry of Shipping. The proposal of the KPT is reportedly based on the suggestions made by the prospective bidders. The Order earlier passed by this Authority on 30 March 2016 for the same project was based on detailed consultation and after the joint hearing held on 17 February 2016 at KPT premises. At the joint hearing, the KPT and the concerned users/ user organisations bodies/ prospective bidders including GFPL made their submissions. Even the current proposal of the KPT was also circulated to the users/ user association/ prospective bidders including Gautam Freight Private Limited for their comments. The port has furnished its comments on the comments of GFPL and BHLPL which has been examined while disposing of the proposal of the KPT. Since sufficient opportunity has been given by the KPT and by this Authority to the stakeholders to respond on the proposal of the KPT it is not felt necessary to have a joint hearing with the stakeholders for the same project.

8. The proceedings relating to consultation in this case are available on records at the office of this Authority. These details will also be made available at our website http://tariffauthority.gov.in.

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

(i). The proposal from KPT is for fixation of ceiling tariff for grant of License for Supply, Installation, Commissioning, Operation, and Maintenance of 6 nos. of 100T or above, owned / hired MHC at Berth No. 7 to 9 inside Kandla Port for a period of 10 years for handling cargo on common user basis under the Tariff Policy 2015.

(ii). As stated earlier, this Authority had passed an Order No.TAMP/11/2016-KPT dated 30 March 2016 fixing ceiling tariff under Tariff Policy, 2015 following normative approach with respect to grant of license to service provider for Supply, Installation, Commissioning, Operation, and Maintenance of 6 nos. of 100 MT or above, owned / hired MHC at Berth No. 7 to 9 inside Kandla Port for a period of 10 years for handling the cargo on common user basis based on the proposal filed by the KPT vide its letter dated 4 January 2016. The Order dated 30 March 2016 was notified in the Gazette of India on 28 April 2016 vide Gazette No.157.

The KPT had furnished the reasons for not adopting the MHC rate prescribed in other Major Port Trusts which is one of the options available under Tariff Policy 2015. For the reasons cited by the port, the proposal filed by the KPT adopting the principles of 2008 guidelines which is also one of the option available under Tariff Policy 2015 was accepted in the said Order.

Now, the KPT vide its proposal dated 01 June 2016 has again come up with a revised proposal for the same project for the reasons cited by the port which are brought out in para 3.1. above and hence not reiterated for sake of brevity. The core reasons cited by the port are that some of the prospective bidders have expressed willingness to handle scrap and timber cargo for which additional items like rotator and 2 additional grabs are required. The capital cost for these items were not captured in the capital cost considered in the March 2016 Order. Moreover, as against the three broad cargo groups viz. Bulk cargo, Break bulk cargo and other cargo for which tariff was sought by the KPT earlier, the KPT in the revised proposal seeks ceiling tariff for eleven cargo items based on the handling rate for each of the eleven cargo items reportedly proposed based on highest productivity achieved by the operator in the year 2015-16 and the based on the methodology suggested by M/s. BCG to the port.

For the reasons cited by KPT, the current proposal filed by the port seeking ceiling tariff for 100 tonne MHC and above under the Tariff Policy, 2015 and following the principles of 2008 guidelines is taken up.

The KPT in its proposal has stated that during the last proceedings, no user had raised the issue of inclusion of cost of grabs capable of handling scraps and timber cargo. In this context, it is to bring out the factual position that during the proceedings on the earlier proposal of KPT dated 04 January 2016, M/s.Balaji Heavy Lifter Pvt. Limited had in the joint hearing held on 17 February 2016 pointed out that the grabs considered in the proposal are not suitable for all types of cargos viz., Timber Logs, Slag etc., and hence, the capital cost considered by the KPT is not correct. The KPT at that point of time had not responded. Apart from this none of the user/ user association/ prospective bidders had raised the point of additional grab for handling timber as rightly pointed out by the KPT.

(iii). Optimal Capacity of the MHC:

(a). As against the broad three cargo groups for which tariff was sought earlier by the KPT, the port has now sought tariff for eleven cargo items. The ceiling rate for MHC approved by this Authority in March 2016 Order considered handling rate for dry bulk cargo at 13500 T/day, Break bulk cargo at 6400T/ day and other cargo at 3750T/day.

In the current proposal, the port has considered the handling rate for “other bulk cargo” and “other break bulk cargo” at 13507/T day and 6401T/ day which exceeds what was considered in the last tariff Order. In respect of bulk cargo like iron ore, salt, thermal coal, the handling rate considered is higher than 13500T / day. The port has clarified that in respect Thermal coal, fertilizer, Salt, Food Grains, met coke, pet coke, Iron ore, Gypsum, MOP, BCG has suggested a methodology of calculating per hour handling rates and hourly handling rates suggested by BCG in respect of above cargo has been considered while calculating tariff. As regard Project cargo, it is seen that the port has considered improved handling rate of 4200T/day as against 3750 T/day which would have applied as per the March 2016 Order. For shredded scrap and High Melting Scrap, the KPT has stated that actual per hour handling rate for shredded scrap is low. Hence keeping in view the performance being achieved by Ship’s crane, 476 MTPH has been considered instead of 375 MTPH. As regards HMS, the KPT has opined that handling rate may not be more than 50% of Shredded Scrap. As such 240 T/ hour basis has been considered by the KPT. Regarding, steel and timber log, the KPT has considered 30% increase over the handling rate achieved as suggested by M/s. BCG.

Cargo wise Handling rate considered by this Authority in March 2016 Order vis-à-vis the handling rate proposed by KPT in the current proposal is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Cargo Type</th><th>Handling rate considered in the March 2016 Order (Tonnes/ day)</th><th colspan="2">Handling rate now proposed by KPT in the current proposal (Tonnes/ day)</th></tr>
<tr><td rowspan="6">A.</td><td rowspan="6">Bulk Cargo</td><td rowspan="6">13500</td><td colspan="2">A. Bulk Cargo</td></tr>
<tr><td>(i). Foodgrains, pet coke, met coke</td><td>9005</td></tr>
<tr><td>(ii). Other bulk cargo</td><td>13507</td></tr>
<tr><td>(iii). Thermal Coal</td><td>14498</td></tr>
<tr><td>(iv). Salt and Iron Ore</td><td>15506</td></tr>
<tr><td>(v). Gypsum, MOP, Fertilizer (DAP + urea)</td><td>12499</td></tr>
<tr><td rowspan="2">B.</td><td rowspan="2">Break Bulk</td><td rowspan="2">6400</td><td colspan="2">B. Break Bulk Cargo</td></tr>
<tr><td>(i). Other break bulk cargo</td><td>6401</td></tr>
</table>

	Cargo		(ii). Steel coils	10315
C.	Other Cargo	3750	**C. Other Cargo**	
			(i). Shredded Scrap	7997
			(ii). Project cargo	4200
			(iii). Heavy Melting Scrap (HMS)	4032
			(iv). Timber logs	3175

It is relevant to state that the handling norms prescribed in the 2008 guidelines is for two groups (a) Dry Bulk and (b) Break Bulk. Under Dry Bulk cargo, the guidelines prescribe norms for two cargo categories viz. (i) Food grain & Fertiliser and (ii). Coal, Limestone, minerals and under Break Bulk for two cargo items viz. Steel and bagged cargo and others. The tariff fixed for MHC in the other Major Port Trusts is for three broad categories Dry Bulk, Break bulk and other cargo.

As against the broad cargo groups for which norms are prescribed in the 2008 guidelines, the proposal of KPT envisages to fix tariff for eleven cargo items which have been categorized into Dry Bulk (5 cargo items), Break Bulk (2 items) and Other cargo (4 items)in the above table depending on the nature of cargo.

It can be seen from the above table that the Handling rate considered by the KPT for Thermal coal, salt, iron ore is higher than the Handling rate considered in the March 2016 tariff Order; for other bulk cargo it is at par with the handling rate considered in the March 2016 Order; for food grains, pet coke, met coke and Gypsum, Fertiliser the handling rate considered by the KPT is lower than the level considered in the last tariff Order. For the cargo items under break bulk and other cargo, the handling rate considered by the KPT is found to be higher than the level considered in the March 2016 tariff Order except for one cargo item timber. It appears that since the different cargo items may have different density, the KPT proposes to have different productivity level for different cargo items which is reportedly based on the recommendation of the BCG for arriving at the proposed rate. The handling rate considered by the KPT for different cargo groups newly inserted by the KPT is reportedly based on the suggestion/ recommendation of the BCG is fully relied upon.

(b). As approved by this Authority while passing Order No.TAMP/11/2016-KPT dated 30 March 2016, the KPT has assessed optimal capacity of MHC considering 4000 working hours. Even fuel cost is estimated by the KPT at 4000 working hours which is in line with hours prescribed for estimating fuel cost for multipurpose cargo terminal in the tariff guidelines of 2008. Hence, the 4000 hours considered by the KPT are accepted.

(c). Based on the above, the optimal capacity of one 124T MHC is 19,04,000 tonnes per annum for Shredded Scrap, 10,00,000 tonnes per annum for Project Cargo, 32,16,000 tonnes per annum for Other Bulk Cargo, 15,24,000 tonnes per annum for Other Break Bulk Cargo, 9,60,000 tonnes per annum for Heavy Melting Scrap (HMS), 34,52,000 tonnes per annum for Thermal Coal, 36,92,000 tonnes per annum for Salt and Iron Ore 21,44,000 tonnes per annum for Food grains, Pet Coke and Met Coke, 24,56,000 tonnes per annum for Steel Coils, 29,76,000 tonnes per annum Gypsum, MOP and Fertilizer (DAP + Urea) and 7,56,000 tonnes per annum for Timber log as assessed by KPT which is considered.

(d). One of the prospective bidders, Gautam Freight Private Limited (GFPL) has stated that the performance standards for per day handling of various types of cargo are unrealistic and cannot be achieved and thus prior to finalizing any tariff which is ultimately based on these assumption, there is a need to consider downward revision of the per day handling rates as suggested by GFPL.

In this regard, KPT has clarified that the performance standards for various commodities have been finalized based on the suggestions, inputs and methodology provided by M/s. Boston Consultancy who are actively involved in this project. Any reduction in the performance standard and per day handling rates will hike the crane hire charges. The performance standard and per day handling rates have been finalized taking into account all possible aspects. Based on the above clarification, the handling rates considered by KPT which is based on the suggestions, inputs and methodology provided by M/s. Boston Consultancy and is reported to be based on the productivity level achieved at the port, as stated earlier, the handling rates as considered by the port are relied upon.

The KPT while furnishing the comments has made a statement that BCG during their discussions with the KPT has stated that the methodology recommended by them for handling rate to KPT has also been proposed by BCG to TAMP. In this regard, it is to clarify that there is nothing of this sort in the office records of this Authority.

(iv). Capital Cost:

(a). The KPT has estimated total capital cost at ₹46.50 crores comprising of the cost of 1 MHC of 124 T with 1 no of 45 CBM Grab, additional 2 grabs of 55 CBM and 30-34 CBM for eight cargo items viz. (i) Project cargo, (ii) Other bulk cargo, (iii) Other break bulk cargo, (iv) Thermal Coal, (v) Salt, Iron ore, (vi) Food-grains, pet-coke, met-coke, (vii) Steel Coils, (viii) Gypsum, MOP, Fertilisers (DAP+Urea). The Capital cost considered by port for the above eight cargo items is in line with Capex approved in Order No.TAMP/11/2016-KPT dated 30 March 2016 and hence considered now also.

The KPT has considered capital cost of HMC and other allied equipment to handle shredded scrap and heavy melting scrap at ₹44.48 crores and for Timber log the port has considered capital cost at ₹46.12 crores. The modification in the capital cost for these cargo items is on account of modification in grab cost considered for this cargo at ₹0.7492 crores as against grab cost of ₹2.26 crores considered in the capital cost of ₹46.50 crores for eight cargo items. Further, for Timber log, based on the points made by the prospective bidders the port has included the cost of the rotator. The KPT has furnished detailed working and has furnished documentary evidence reflecting the capital cost in Euros and has also considered 27% of the capital cost towards customs duty. The KPT has arrived at the capital cost for these items considering exchange rate of 1 Euro= ₹75.68 as considered in the March 2016 Order for the other items. The capital cost as considered by the KPT is relied upon.

(c). The KPT has considered @ 5% of the cost of capital cost as Miscellaneous capital cost as per the norms prescribed in 2008 guidelines and as has been considered while fixing the upfront tariff in respect of other cases. Hence, it is allowed in this case also.

(v). Operating Cost:

(a). Fuel:

The KPT has considered the fuel consumption cost at the rate of 70 litres per hour and considering the unit price of the diesel at ₹55.10 per litre for 4000 hours per annum estimated fuel cost at ₹1.54 crores. This is same as considered by this Authority while approving March 2016 Order.

(b). Repairs and Maintenance cost, Insurance cost and Other Expenses are estimated at 5%, 1% and 5% of the capital cost estimated by the KPT. This is found to be in line with the percentages considered for estimating the above said expenses at other Major Port Trusts. Depreciation is computed by KPT @ 10% on the cost of equipment as per the rates prescribed in the Companies Act, 2013 and is in line with the guidelines for upfront tariff fixation and it is also in line with last March 2016.

The estimate of Repairs and Maintenance cost, Insurance cost, Other Expenses and depreciation for the eight cargo items are same as considered by this Authority in the estimate of ARR for the three broad cargo groups while approving March 2016 Order. As regards the three cargo items viz. Shredded Scrap, HMS and Timber log, the estimate of Repairs and Maintenance cost, Insurance cost and Other Expenses varies slightly from the estimates considered in the March 2016 Order only due to revised capital cost considered by KPT for these three cargo items in the current proposal. These cost items are considered as estimated by KPT.

(d). License fee:

The KPT has estimated the license fee of ₹32.40 per sq. meter per month amounting to ₹0.02 crores per year (i.e. ₹32.40 per sq. mtr. per month * 600 sq. mtr. * 12 months). The estimate is same as considered by this Authority while approving the Order dated 30 March 2016.

(e). Balaji Heavy Lifters Pvt. Ltd. (BHLPL) has stated that royalty charges payable to KPT should be considered. As rightly stated by KPT as per clause 3.5.5. of the upfront tariff guidelines of 2008, royalty/ revenue share payable to the licensor cannot be a component of operating expenditure for fixation of tariff. The request made by BHLPL is not in line with the Government policy in this regard.

(vi). The return at 16% on the capital employed considered by the KPT is allowed.

(vii). Thus, in short Cost statement as furnished by the KPT has been considered. The Cost statement is attached as **Annex-I.** As per the cost statement, the annual revenue requirement, which is the sum total of the annual operating cost and the return on the capital employed works out to ₹18.01 crores for Shredded scrap and Heavy Melting Scrap and ₹18.63 crores for Timber log as estimated by the KPT. The estimate of Annual revenue requirement of ₹18.78 crores considered by the KPT for the eight cargo items (i) Project cargo, (ii) Other bulk cargo, (iii) Other break bulk cargo, (iv) Thermal Coal, (v) Salt, Iron ore, (vi) Food-grains, pet-coke, met-coke, (vii) Steel Coils, (viii) Gypsum, MOP, Fertilisers (DAP+Urea) is same as considered for arriving at ceiling tariff for MHC for three broad cargo groups in the Order dated 30 March 2016. The cargo wise ARR estimated by the KPT is considered.

(viii). (a). The port has spread over the estimated ARR over normative capacity assessed cargo-wise for eleven cargo items to arrive at the proposed rate. The port has considered share of foreign cargo and coastal cargo at 95.91% and 4.09% as considered in the March 2016 Order. The impact of coastal concession is considered by the KPT while arriving at the proposed rate for foreign cargo in line with the approach followed by this Authority while determining the tariff.

As regards thermal coal and iron ore, it is seen that the port has proposed concessional rate for coastal cargo at 60% of the rate proposed for foreign cargo and captured the impact of coastal concession while arriving at the rate for foreign cargo. These two cargo groups are not entitled for coastal concession as per coastal concession policy of the Government. Hence, suitable correction is done while arriving at the rate for these two cargo items. Consequent to this modification, the rate for thermal coal for productivity of 14498 T/ day comes to ₹54.40 / tonne for both foreign and coastal cargo as against ₹59.23/ tonne for foreign cargo and ₹35.54 / tonne for coastal cargo proposed by the KPT. The rate for iron ore for productivity of 15506 T/day comes to ₹50.87 / tonne for both foreign and coastal cargo as against ₹51.71/ tonne for foreign cargo and ₹31.03 / tonne for coastal cargo proposed by the KPT.

For the other cargo items, the rate as proposed by the KPT is approved by this Authority.

(b). The KPT has stated that handling of project cargo predominantly depends on the dimension of cargo rather than weight of the cargo and hence the port has proposed the rate for project cargo on per CBM. In this connection, it is relevant to state that handling rate, the optimal capacity and the proposed rate arrived by KPT is on tonnage basis. Whilst the port has arrived at the rate on per tonne basis, the port has stated that it proposes to collect the rate on CBM basis without making corresponding adjustment of conversion of the rate from per tonne to per CBM basis. There is no standard conversion factor available for converting from tonne to cubic metre basis. That being so, and since the rate for Project cargo handling is arrived on per tonne basis, it is found appropriate to prescribe the rate on per tonne basis. In case the KPT still wants to have a rate on per CBM basis, it may come up for review of only this item by applying appropriate conversion factor from tonne to cubic metre.

(c). The tariff arrived by the KPT against the handling rate considered for each cargo items and approved by this Authority subject to modification in the rate for thermal coal and iron ore for reasons stated above is tabulated below:

Proposed by the KPT and approved by this Authority			
Cargo	**Handling rateT / day**	**Foreign cargo (in ₹ per tonne)**	**Coastal cargo (in ₹ per tonne)**
(i). Shredded Scrap	14498	96.16	57.70
(ii). Project cargo	4200	190.92 *	114.55*
(iii). Other bulk cargo	**13507**	**59.37**	**35.62**
(iv). Other break bulk cargo	**6401**	**125.28**	**75.17**
(v). Heavy Melting Scrap (HMS)	4032	190.72	114.43
(vi). Thermal Coal	14498	54.40 (KPT – 55.31)	54.40 (KPT – 33.19)
(vii). (a). Salt (b). Iron Ore	15506	51.71 50.87 (KPT – 51.71)	31.03 50.87 (KPT – 51.71)
(viii). Foodgrains, pet coke, met coke	9005	89.05	53.43
(ix). Steel coils	10315	77.74	46.64
(x). Gypsum, MOP, Fertilizer (DAP + urea)	12499	64.15	38.49
(iv). Timber logs	3175	250.53	150.32

* For project cargo, the KPT has stated that the rate is on per CBM basis. The rate approved by this Authority in on per tonne basis for the reasons explained above.

(ix). The tariff proposed by the KPT is benchmarked with the handling rate/ day as given in the para 9 (xi) (c) above which forms the base rate. The rate arrived by the KPT in the cost statement for the benchmark level of handling rate is with reference to 124T MHC. The proposal of the KPT, however, states that approval is for MHC of 100T capacity or above. The port has not proposed separate rate for 100T MHC and the matter has been elaborately dealt with in the Order No.TAMP/11/2016-KPT dated 30 March 2016. For the reasons cited in para 7(xiii) of the said Order, this Authority approves ceiling rate for 124T MHC with slab wise rate which will provide rate for 100T MHC as well. That being so, note prescribed in the Order 30 March 2016 is inserted in the tariff schedule to state that prescription of rate for 124T MHC does not prohibit the Kandla Port Trust to permit deployment of 100T MHC. If a 100T MHC is permitted, the base rate for 100T MHC is the rate indicated in the first slab for each cargo item.

Clause 9.2. of the Tariff Policy, 2015 stipulates that the tariff to be fixed for service provider authorized under section 42(3) other than by way of a BOT concession agreement should be performance linked tariff.

The KPT has proposed performance linked tariff structure proposing a reward by way of 5% increment in the base rate if the performance achieved is 1000 tonnes higher than the bench mark level for each cargo groups. This is in line with the prescription of tariff for MHC in the other Major Ports like the VPT, PPT and the NMPT and the Order dated 30 March 2016.

(x). The KPT has proposed a full-fledged Scale of Rates with definitions relating to foreign going vessel, coastal vessel and per day. The terms defined by the KPT are not used in the schedule of rates for MHC. It is further relevant to state that while prescribing the rate for MHC for authorised service providers other than a BOT arrangement in other Major Port Trusts like NMPT, PPT, etc. including the rate approved by this Authority for transloading operation on license basis for 10 years only the terms and conditions governing the rates are prescribed. The same approach is followed in the instant case also.

(xi). BHLPL has stated that the proposed clause that in case of shifting of vessel due to breakdown/non-performance of MHC, shifting charges of the vessel and additional penalty of INR 1,00,000 to be recovered from crane owners, was supposed to be omitted/deleted in the fresh tender subsequent to previous discussions. In this regard, the KPT has clarified that the penalty clause is justified looking to the fact that the loading and unloading of cargo depends on the efficiency of the cranes. Any break down of the crane during operation may require shifting of vessels to other berth which involves additional cost to the vessel agent which needs to be compensated and penalty should be levied on operator as any such event reduce the productivity of Port. Moreover, similar provision is available in reference tariff approved for PPT, VPT etc. for licensing of MHCs.

(xii). As per clause 9.3. of the said Tariff Policy, 2015, the tariff approved by this Authority for those services shall be subject to automatic indexation as prescribed in clause 2.8 of these guidelines from the second year onwards. The KPT has proposed a note that after completion of one year, the tariff caps will be indexed to meet the cost of inflation to an extent of 100% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2016 and 1 January of the relevant year as per clause 2.8. of the Tariff Policy 2016 subject to achievement of benchmark level of productivity. The note also states that the benchmark level of productivity is to be calculated taking into account the total cargo wise tonnage handled in a year divided by the total time taken cargo wise for respective cargo group 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. The said note proposed by KPT is from the note approved for MHC at the NMPT and approved in the March 2016 Order for KPT.

The other notes governing the schedule of rates for MHC proposed by the KPT are same as prescribed for MHC in the March 2016 Order which has been elaborately dealt with in the said Order. The notes as proposed by the KPT are, therefore, prescribed.

(xiii). Clause 3.8 of the Working Guidelines issued by this Authority to operationalize the Tariff guidelines of 2015 stipulates fixation of tariff for the period of 3 years. Generally, the validity of the SOR to be approved by this Authority has three years validity so that the port, after the end of the validity period gets an opportunity to submit a fresh proposal by factoring into the parameters prevailing then.

In the instant case, the KPT envisages to authorize service provider by way of issue of a licence for a period of 10 years. The port has proposed a note that the rates approved will come into effect after expiry of 30 days from the date of notification of this Order passed in the Gazette of India and shall remain in force for a period of ten years, subject to indexation, as explained above. It is also relevant here to state that for transloading facility to be set up for handling of dry bulk cargo at Haldia Dock Complex (HDC) of KOPT on license basis for 10 years period, this Authority, based on the proposal of the KOPT, has approved the rate for 10 years period with a clause for annual indexation in the rate from second year onwards. Hence, the said note proposed by the KPT, which is in line with the note approved in the March 2016 Order for the same project of the KPT as well as in the KOPT Order, is prescribed.

9.1. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the ceiling tariff for 124 tonne MHC which also provides tariff for 100T MHC in the first slab by way of note (i) in the Scale of Rates attached as in **Annex-II.**

9.2. The rates approved will come into effect after expiry of 30 days from the date of notification of the Order passed in the Gazette of India and shall remain in force for a period of ten years, subject to indexation, as explained earlier.

9.3. The rate approved by this Authority for MHC is a ceiling rate and will apply commonly at the port for identical facility/ service offered at the port without reference to any particular service provider. The Port Trust should ensure by suitably including a necessary condition in the authorization arrangement that the authorized service providers do not charge more than the prescribed ceiling rate for the respective cargo group.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

Fixation of revised Hire charges for 124T Mobile Harbour Crane at berth no. 7 to 9 at Kandla Port Trust for a period of 10 years for handling cargo on common user basis

Sl. No.	Description	Tariff proposed by the KPT and considered by TAMP				
		Shredded Scrap	Project Cargo	Other Bulk cargo	Other break bulk cargo	Heavy Melting Scrap (HMS)
		1	2	3	4	5
I	**Optimal capacity**					
(i)	Cargo Share	100%	100%	100%	100%	100%
(ii)	Cargo Handling rate in tonnes per day	**7997**	**4200**	**13507**	**6401**	**4032**
(iii)	Cargo Handling rate in tonnes per hour (ii/24 hours * 70% =16.8 hours)	476	250	804	381	240
(iv)	Total Working Hours in a year	4000	4000	4000	4000	4000
(v)	Individual cargo capacity	1904000	1000000	3216000	1524000	960000
(vi)	Annual Handling capacity (in lakh Tonnes)	19.04	10	32.16	15.24	9.6
(vii)	Annual Handling capacity (in Million tonnes)	1.90	1.00	3.22	1.52	0.96
II	CAPITAL COST					
(i)	Cost of 124T Mobile Harbour Cranes with 1 no. of 45 CBM Grab [€ 3808000* Rs 75.68]	288189440	288189440	288189440	288189440	288189440
(ii)	Cost of additional Grabs [(€ 158799+140000)* Rs 75.68] =Rs. 226.13 lakhs for cargo other than Shredded scrap (SS), Heavy Melting Scrap (HMS) and timber log Cost of 2 grabs for scrap SS and HMS [€ 99000 * 75.68] = Rs. 74.92 lakhs	7492320	22613108	22613108	22613108	7492320
(iii)	Cost of Power Booster (€ 500520)* Rs.75.68] = Rs. 378. 79 lakhs for all cargo other than Timber Log.	37879354	37879354	37879354	37879354	37879354
(iv)	Custom Duty @ 27% of cost of HMC [27% on item II(i) to II(iii)]	90061501	94144114	94144114	94144114	90061501
(v)	Miscellaneous Capital Cost @ 5% in item no. II(i) to II(iv)	21181131	22141301	22141301	22141301	21181131
	TOTAL CAPITAL COST [II(i) to II(v)]	444803745	464967316	464967316	464967316	444803745
	TOTAL CAPITAL COST (in ` Crores)	**44.48**	**46.50**	**46.50**	**46.50**	**44.48**
III	OPERATING COST PER ANNUM					
		(Rs. in Cr)	(Rs. in Cr)	(Rs. in Cr)	(Rs. in Cr)	(Rs. in Cr)
(i)	Fuel Cost :					
	(70 Ltr per hour * 4000 hrs * Rs.55.10 per ltr)	1.54	1.54	1.54	1.54	1.54
(ii)	Maintenance & Repair @ 5% on Capital Cost	2.22	2.33	2.33	2.33	2.22
(iii)	Insurance @ 1% on Capital cost	0.44	0.47	0.47	0.47	0.44
(iv)	Depreciation: (10% of Capital cost)	4.45	4.65	4.65	4.65	4.45
(v)	License fee (Rs.32.40 per sq.mtr per month * 600 sq.mtr*12mth)	0.02	0.02	0.02	0.02	0.02
(vi)	Other expenses @ 5% of Capital cost	2.22	2.33	2.33	2.33	2.22
	Total Operating Cost [Sum III(i) to III(vi)]	**10.89**	**11.34**	**11.34**	**11.34**	**10.89**
IV	**Return on Capital Employed @ 16%**	**7.12**	**7.44**	**7.44**	**7.44**	**7.12**
V	Estimated Annual Revenue Requirement:					
	(a). Total Operating Cost	**10.89**	**11.34**	**11.34**	**11.34**	**10.89**
	(b). Return on Capital Employed	**7.12**	**7.44**	**7.44**	**7.44**	**7.12**
	(c). Total Revenue Requirement	**18.01**	**18.78**	**18.78**	**18.78**	**18.01**
VI	**Tariff per MT**	**Shredded Scrap**	**Project Cargo**	**Other Bulk cargo**	**Other break bulk cargo**	**Heavy Melting Scrap**
	(a). Total Annual Requirement (Rs. in crores)	**18.01**	**18.78**	**18.78**	**18.78**	**18.01**
	(b). Capacity in tonnes	1904000	1000000	3216000	1524000	960000
	(c). Cost Per MT (in Rs.)					
	(i) As proposed by KPT: (Foreign)	**96.16**	**190.92**	**59.37**	**125.28**	**190.72**
	(Coastal)	**57.70**	**114.55**	**35.62**	**75.17**	**114.43**
	(ii) As considered by TAMP: (Foreign)	**96.16**	**190.92**	**59.37**	**125.28**	**190.72**
	(Coastal)	**57.70**	**114.55**	**35.62**	**75.17**	**114.43**

Cont..

Fixation of revised Hire charges for 124T Mobile Harbour Crane at berth no. 7 to 9 at Kandla Port Trust for a period of 10 years for handling cargo on common user basis

Sr. No.	Description	Tariff proposed by the KPT and considered by TAMP						
		Thermal Coal	Salt, Iron ore		Food grains,Pet Coke, Met Coke	Steel Coils	Gypsum, MOP, Fertilizer (DAP+Urea)	Timber log
		6	7		8	9	10	11
I	**Optimal capacity**							
(i)	Cargo Share	100%	100%		100%	100%	100%	100%
(ii)	Cargo Handling rate in tonnes per day	14498	15506		9005	10315	12499	3175
(iii)	Cargo Handling rate in tonnes per hour	863	923		536	614	744	189
(iv)	Total Working Hours in a year	4000	4000		4000	4000	4000	4000
(v)	Individual cargo capacity	3452000	3692000		2144000	2456000	2976000	756000
(vi)	Annual Handling capacity (in lakh Tonnes)	34.52	36.92		21.44	24.56	29.76	7.56
(vii)	Annual Handling capacity (in Million tonnes)	3.45	3.69		2.14	2.46	2.98	0.76
II	CAPITAL COST							
(i)	Cost of 124T Mobile Harbour Cranes with 1 no. of 45 CBM Grab [€ 3808000* Rs 75.68]	288189440	288189440		288189440	288189440	288189440	288189440
(ii)	Cost of additional Grabs [(€ 158799+140000)* Rs.75.68] =Rs. 226.13 lakhs for cargo other than Cost of 2 grabs for timber log [€ 99000 * 75.68] = Rs. 74.92 lakhs	22613108	22613108		22613108	22613108	22613108	7492320
(iii)	Cost of Power Booster (€ 500520)* Rs.75.68] = Rs. 378. 79 lakhs for all cargo other than Timber Log. Cost of Power Booster+Rotator (€ 500520+162024)* Rs.75.68] =501.41 lakhs for Timber log	37879354	37879354		37879354	37879354	37879354	50141330
(iv)	Custom Duty @ 27% of cost of HMC [27% on item II(i) to II(iii)]	94144114	94144114		94144114	94144114	94144114	93372234
(v)	Miscellaneous Capital Cost @ 5% in item no. II(i) tc	22141301	22141301		22141301	22141301	22141301	21959766
	TOTAL CAPITAL COST [II(i) to II(v)]	464967316	464967316		464967316	464967316	464967316	461155090
	TOTAL CAPITAL COST (in ` Crores)	**46.50**	**46.50**		**46.50**	**46.50**	**46.50**	**46.12**
III	OPERATING COST PER ANNUM							
		(Rs. in Cr)	(Rs. in Cr)		(Rs. in Cr)	(Rs. in Cr.)	(Rs. in Cr.)	(Rs. in Cr.)
(i)	Fuel Cost :							
	(70 Ltr per hour * 4000 hrs * `55.10 per ltr)	1.54	1.54		1.54	1.54	1.54	1.54
(ii)	Maintenance & Repair @ 5% on Capital Cost	2.33	2.33		2.33	2.33	2.33	2.31
(iii)	Insurance @ 1% on Capital cost	0.47	0.47		0.47	0.47	0.47	0.46
(iv)	Depreciation:	4.65	4.65		4.65	4.65	4.65	4.61
(v)	License fee (Rs.32.40 per sq.mtr per month * 600 sq.mtr*12mth)	0.02	0.02		0.02	0.02	0.02	0.02
(vi)	Other expenses @ 5% of Capital cost	2.33	2.33		2.33	2.33	2.33	2.31
	Total Operating Cost [Sum III(i) to III(vi)]	**11.34**	**11.34**		**11.34**	**11.34**	**11.34**	**11.25**
IV	Return on Capital Employed @ 16%	**7.44**	**7.44**		**7.44**	**7.44**	**7.44**	**7.38**
V	Estimated Annual Revenue Requirement:							
	(a). Total Operating Cost	**11.34**	**11.34**		**11.34**	**11.34**	**11.34**	**11.25**
	(b). Return on Capital Employed	**7.44**	**7.44**		**7.44**	**7.44**	**7.44**	**7.38**
	(c). Total Revenue Requirement	**18.78**	**18.78**		**18.78**	**18.78**	**18.78**	**18.63**
VI	**Tariff per MT**	**Thermal Coal**	**Salt, Iron ore**		**Food grains, Pet Coke, Met Coke**	**Steel Coils**	**Gypsum, MOP, Fertilizer (DAP+Urea)**	**Timber log**
	(a). Total Annual Requirement (Rs. in crores)	18.78	18.78		18.78	18.78	18.78	18.63
	(b). Capacity in tonnes	3452000	3692000		2144000	2456000	2976000	756000
	(c). Cost Per MT (in Rs.)		**Salt**	**Iron ore**				
	(i) As proposed by KPT: (Foreign)	**55.31**	**51.71**	**51.71**	**89.05**	**77.74**	**64.15**	**250.53**
	(Coastal)	**33.19**	**31.03**	**31.03**	**53.43**	**46.64**	**38.49**	**150.32**
	(ii) As considered by TAMP: (Foreign)	**54.40**	**51.71**	**50.87**	**89.05**	**77.74**	**64.15**	**250.53**
	(Coastal)	**54.40**	**31.03**	**50.87**	**53.43**	**46.64**	**38.49**	**150.32**

Annex - II

Kandla Port Trust
Scale of Rates

Charges for use of Harbour Mobile Crane (HMC) of 124T capacity to be installed and operated by the private operators:

(i). For Shredded Scrap

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 7996	91.35	54.82
7997	**96.16**	**57.70**
7998-8997	100.97	60.59
8998-9997	105.78	63.47

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 9997 tonnes.

(ii). For Project cargo

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 4199	181.37	108.82
4200	**190.92**	**114.55**
4201-5200	200.47	120.28
5201-6200	210.01	126.01

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 6200 tonnes.

(iii). For Other bulk cargo

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 13506	56.40	33.84
13507	**59.37**	**35.62**
13508-14507	62.34	37.40
14508-15507	65.31	39.18

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 15507 tonnes.

(iv). For Other break bulk cargo

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 6400	119.02	71.41
6401	**125.28**	**75.17**
6402-7401	131.54	78.93
7402-8402	137.81	82.69

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 8402 tonnes.

(v). For Heavy Melting Scrap (HMS)

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 4031	181.18	108.71
4032	**190.72**	**114.43**
4033-5032	200.26	120.15
5033-6032	209.79	125.87

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 6032 tonnes.

(vi). For Thermal Coal

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 14497	51.68	51.68
14498	**54.40**	**54.40**
14499-15498	57.12	57.12
15499-16498	59.84	59.84

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 16498 tonnes.

(vii). (a). For Salt

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 15505	49.12	29.48
15506	**51.71**	**31.03**
15507-16506	54.30	32.58
16507-17506	56.88	34.13

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 17506 tonnes.

(b). For Iron Ore

Average daily crane performance (in Metric Tonne)	**Ceiling rate per tonne (in ₹)**	
	Foreign	**Coastal**
Upto 15505	48.33	48.33
15506	**50.87**	**50.87**
15507-16506	53.41	53.41
16507-17506	55.96	55.96

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2nd thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 17506 tonnes.

(viii). For Food grains, pet coke, met coke

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	**Coastal**
Upto 9004	84.60	50.76
9005	**89.05**	**53.43**
9006-10005	93.50	56.10
10006-11005	97.96	58.77

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2^{nd} thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 11005 tonnes.

(ix). For Steel coils

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	**Coastal**
Upto 10314	73.85	44.31
10315	**77.74**	**46.64**
10316-11315	81.63	48.97
11316-12315	85.51	51.30

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2^{nd} thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 12315 tonnes.

(x). For Gypsum, MOP, Fertilizer (DAP+ urea)

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	**Coastal**
Upto 12498	60.94	36.57
12499	**64.15**	**38.49**
12500-13499	67.36	40.41
13500-14599	70.57	42.34

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2^{nd} thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 14599 tonnes.

(xi). For Timber logs

Average daily crane performance (in Metric Tonne)	Ceiling rate per tonne (in ₹)	
	Foreign	**Coastal**
Upto 3174	238.00	142.80
3175	**250.53**	**150.32**
3176-4175	263.06	157.84
4176-5175	275.58	165.35

Note: To calculate the incremental ceiling rates as shown above, the base rate was enhanced to 105% for first thousand tonnes and for the 2^{nd} thousand tonnes the rate was enhanced to 110% of the base rate. The same methodology shall also be adopted to calculate the rate beyond 5175 tonnes.

Notes:

(i). Prescription of rate for 124T HMC does not prohibit the Kandla Port Trust to permit deployment of 100T HMC. If a 100T HMC is permitted, the base rate for 100T HMC is the rate indicated in the first slab for each cargo group.

(ii). The formula for calculation of average berth-day output is as follows:-

$$\frac{\text{Total Quantity loaded / unloaded by HMC}}{\text{Total time taken from vessel commencement to completion}} \times 24 \text{ hrs.}$$

(iii). According to the average berth-day output for the vessel from commencement to completion of loading / discharge of cargo, the appropriate rate of crane hire charge will be chosen for recovery from Port users for the full quantity of cargo loaded / discharged.

(iv). If one HMC works with another HMC or ELL crane/s, the Berth-day output for the crane will be ascertained on the basis of the quantity as recorded by the HMC's load meter.

(v). In case of breakdown of the crane for more than one hour till the vessel leaves the berth, the quantity handled by HMC will be determined taking into account cargo loaded/ discharged prior to break-down divided by crane working hours and multiplied by 24.

(vi). In case of stoppages of operation of HMC for more than two hours at a stretch for reasons not attributable to the HMC, appropriate allowance will be allowed to the crane while calculating the total time of crane operation in the vessel. Stoppages of HMC for less than 2 hours will not be taken into consideration for the above purpose. No allowance will be allowed for stoppages attributable to the HMC. All stoppages in loading / unloading operations during working of HMC are required to be certified by the Stevedore of the vessel in the daily vessel performance report.

(vii). In case shifting of a vessel becomes necessary due to breakdown / non-performance of HMC, the shifting charges of the vessel from berth to anchorage will be recovered from the crane operator in addition to a penalty of ₹1,00,000/- (Rupees one lakh) only . The shifting charges so recovered will be refunded to the vessel's agent while the penalty will be retained by the Port.

(viii). In case of dispute on the average output, the decision of the Port Trust will be final and binding.

(ix). 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 2016 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.

(x). The rates approved shall remain in force for a period of ten years, subject to indexation from the date the Order come into effect.

SUMMARY OF THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT HEARING BEFORE THE AUTHORITY

F. No.TAMP/32/2016 - KPT - **Proposal received from the Kandla Port Trust for fixation of reference tariff with respect to grant of License for Supply, Installation, Commissioning, Operation, and Maintenance of 6 nos. of 100T or above, owned / hired Mobile Harbour Cranes at Berth No. 7 to 9 inside Kandla Port for a period of 10 years for handling the cargo on common user basis**

1. A summary of comments received from the users/ user organisations/ prospective bidders and response of KPT thereon are summarised below:

Sl. No.	Comments of the users / user organisations	Reply of KPT
1.	**Balaji Heavy Lifters Pvt. Ltd. (BHLPL)**	
(i).	Performance Standards of most of the commodities taken into account is on a higher side hence, need to be re-viewed.	
(ii).	***REF PAGE 8 – Sr.VII :*** In case of shifting of vessel due to breakdown/non-performance of HMC, shifting charges of the vessel and additional penalty of INR 1,00,000 to be recovered from crane owners. Subsequent to previous discussions, this said clause was supposed to be omitted/deleted in the fresh tender.	The penalty clause is justified looking to the fact that the loading and unloading of cargo depends on the efficiency of the cranes. Any break down of the crane during operation may require shifting of vessels to other berth which involve additional cost to the vessel agent which needs to be compensated and penalty should be levied on operator as any such event reduce the productivity of Port. Moreover, similar provision is available in reference tariff approved for PPT, VPT etc. for licensing of HMCs.
(iii).	***REF PAGE 4 – SR.2*** / *Operating cost of crane per annum*: It is observed that, the interest rate on capital cost of the crane which is @ 12.5% has not been considered while evaluating the total operating cost per annum.	Tariff has been fixed as per the laid down guidelines of TAMP which does not accommodate any interest on capital cost as such.
(iv).	***REF PAGE 4 – SR.3 /*** *Revenue requirement for cargo handling*: Royalty charges payable to KPT should be considered on profit earned (ROCE) and not on the capital cost of the crane. The same may be looked into while re-working on the costs so that the final returns should be in line with the total operating cost of the crane.	Payment of royalty to KPT cannot be a component of operating expenditure as per TAMP guidelines.
(v).	**MOST IMPORTANTLY**, The total volume of cargo handled at berths 7 to 9 in the past 2 years should be re-viewed so as to ascertain the anticipated volume of cargo for such 06 nos mobile harbour cranes and the ratio of volume per HMC.	The queries do not relate to Tariff proposal. Hence, no comments.
(vi).	BHLPL would like to putforth the working of one hmc as per the table / rates / performance / cost pmt which is as below : For example, let us consider the cargo as THERMAL COAL. (a) Total working hours in a year as per KPT: 4000 hours which is equal to 167 days.	They have furnished their own calculations. Hence, no comments.

<table>
<tr><td></td><td>(b) With a discharge rate of 15000 tons per day x 167 days working one HMC handles : 25,05,000 M.TONS (ABT 2.5 Mn.tons)
(c) 25,00,000 m.tons x INR 62.19 pmt = INR 15,54,75,000/-
(d) Less royalty to be paid to KPT say @ 26% which works out to : INR 4,04,23,500/-
(e) Net amount : INR 11,50,51,500/-</td><td></td></tr>
<tr><td>(vii).</td><td>As per KPT, Total revenue requirement per HMC IS: INR 20.11 crores. Hence, basis above working, BHLPL observe a shortfall in revenue of about INR 8.61 crores/HMC per annum.
Please note: Over and above, Interest Rate of 12.5% has not been considered in the Operating Costs of the Crane which need to be taken into account while evaluating the Total operating cost of HMC per annum.</td><td></td></tr>
<tr><td>(viii).</td><td>Further, BHLPL request for a PRE-BID MEETING to be called for so that they can express & discuss in detail on other matters if omitted.</td><td></td></tr>
<tr><td>2.</td><td>Gautam Freight Private Limited (GFPL)</td><td></td></tr>
<tr><td>(i).</td><td>GFPL had communicated their comments/ observations earlier in response to TAMP letter TAMP/11/2016 dated 2nd February, 2016 and wish to submit that many of their submissions have not been considered while disposing of the proposal. As such GFPL constrained to reiterate these submissions once again and are thus being repeated in this communication as well.</td><td>--</td></tr>
<tr><td>(ii).</td><td>The performance standards for per day handling of various types of cargo as mentioned on page 3 are unrealistic and cannot be achieved and thus prior to finalizing any tariff which is ultimately based on these assumption, there is need to consider downward revision of the per day handling rates. Based on our past experience of several years and considering the various constraints that are faced in this regard, GFPL suggest that the handling rates may please be reconsidered/revised as tabulated below:
<table>
<tr><th>Type of cargo</th><th>Shredded scrap</th><th>Project cargo</th><th>Other bulk</th><th>Other break bulk</th><th>HMS</th><th>Thermal coal</th><th>Salt Iron ore</th><th>Food Grains</th><th>Pet coke/ Met coke</th><th>Steel Coil</th><th>MOP/DAP</th><th>TIMBER LOGS</th></tr>
<tr><td>Per Day Handling (MT) as per Tender</td><td>7997</td><td>4200</td><td>13507</td><td>6401</td><td>4032</td><td>14498</td><td>15506</td><td>9005</td><td>9005</td><td>10315</td><td>12449</td><td>3175</td></tr>
<tr><td>Per Day Per crane Handling Rate (as requested by GFPL)</td><td>3500</td><td>Depend on Fr.Tonnage of cargo</td><td>Cargo may please be specified.</td><td>Cargo may please be specified</td><td>1500</td><td>9000 depend on vessel quantity</td><td>9000</td><td>2500</td><td>7000</td><td>4000</td><td>3000</td><td>1000</td></tr>
</table>
GFPL wish to further add that the above quantities of cargo handling mentioned by GFPL are estimated considering non use of hopper. In case Hopper is to be used, the quantities may please be halved.</td><td>The performance standard for various commodities have been finalized based on the suggestions, inputs and methodology provided by M/s. Boston Consultancy who are actively involved in this project. As informed by BCG during earlier discussions, the same methodology has been proposed by them to TAMP. The same is indicated in para 11 of KPT's tariff proposal. Any reduction in the performance standard and per day handling rates will hike the crane hire charges. The performance standard and per day handling rates have been finalized taking into account all possible aspects.

The other issues raised in para (c) [substituted vide letter dt. 14.6.2016] regarding fixing handling rate based on tonnage from gearless vessels, etc. are not in line with the TAMP guidelines.</td></tr>
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<table>
<tr><td>(iii).</td><td>In the past, average quantity of cargo handled by GFPL per crane/ year is follows:
<table><tr><td>YEAR 2013</td><td>334508 MTS</td></tr><tr><td>YEAR 2014</td><td>349032 MTS</td></tr><tr><td>YEAR 2015</td><td>498395 MTS</td></tr></table>However, as per your proposal, the cargo quantity needed to be handled to generate the required revenue is far higher than that can be achieved by per crane per year. Since KPT in it recent proposal has taken quantity of different commodities as 100%, to arrive at per crane handling rate GFPL have considered the percentage share of commodities as was assumed by KPT in its earlier proposal to make is comparable. A sheet prepared in this regard is attached with this communication. As would be gathered therefrom, the estimated handling per crane/p.a. is ap.141 MMTs. Thus the assumptions per crane handling per year is exorbitantly high besides being away from the reality and need to be reduced drastically. GFPL therefore to clarify as to how the required amount of revenue will be generated to make this project viable as there is huge difference between the average quantity handled in the past and quantity now required to be achieved for the success of this Project.</td><td></td></tr>
<tr><td>(iv).</td><td><u>Page 4 Point No.2 : OPERATING COST PER ANNUM</u>
The cost of fuel has been taken as Rs. 55.10 per ltr. For estimating the Operating cost p.a as against the present ruling rate being Rs. 60.00 per ltr. At Pump. The cost of fuel further goes up by another sum of Rs. 10/-per liter owing the cost of transportation and handling of fuel to cranes. Thus the cost of fuel as per prevailing rates has to be taken at Rs. 70/per liter.</td><td>The proposal is for revision of tariff which has already approved by TAMP. Therefore, only additional cost of grabs and commodity wise handling rates have been revised and no other components considered by TAMP while approving original Tariff is altered.</td></tr>
<tr><td>(v).</td><td><u>Page No. 4 Point No. 3: REVENUE REQUIREMENT FOR CARGO HANDLING</u>
Model Proposed for revenue generation in the Proposal does not include payment of Royalty to be made to KPT as such the request made by GFPL in their earlier communication for adding this as part of total expenses to be incurred by the Crane operator should be acceded to. Moreover, the amount of Royalty has been made subject to annual escalation, please advise whether the Tariff that would be decided upon by TAMP will also be subject to escalation annually and increase in Royalty will also be made a part thereof.</td><td>Payment of royalty to KPT cannot be a component of operating expenditure as per TAMP guidelines.</td></tr>
<tr><td>(vi).</td><td><u>Page No. 4 point No. 4 : Tariff calculation of different commodities / bunch of commodities / project cargo / other bulk cargo / other break bulk cargo</u>
GFPL request that the tariff calculation may please be revised in the light of request as mentioned above by GFPL in the table for revising the handling rates.</td><td>Kindly seen comments of KPT at (ii).</td></tr>
<tr><td>(vii).</td><td><u>Page No. 6 Point No. 5: PERFORMANCE STANDARDS FOR CRGO :</u>
As request hereinabove, these performance standards may kindly be revised.</td><td>Kindly see reply of KPT at (ii) above.</td></tr>
</table>

(viii).	**<u>Page No. 8 Point vi)</u>** Leaving of a penalty of ₹1.00 lac and recovery of shifting charges proposed in case shifting of the vessel is necessitated due to breakdown/non performance of HMC is unreasonable in view of the fact that the Licensees would always endeavor to provide best of the services and would always ensure uninterrupted working of the HMC. However, it being a machine after all, breakdowns and under-performance cannot be ruled out altogether but levying of any sort of penalty and shifting charges for such unavoidable charges may kindly be done away with.	The penalty clause is justified looking to the fact that the loading and unloading of cargo depends on the efficiency of the cranes. Any break down of the crane during operation may require shifting of vessels to other berth which involve additional cost to the vessel agent which needs to be compensated and penalty should be levied on operator as any such event will reduce the productivity of Port. Moreover, similar provision is available in reference tariff approved for PPT, VPT etc. for licensing of HMCs.
(ix).	**<u>Page No.9 Point vii) & Page No.13 (Point xvi): Indexation of rates</u>** While the tariff caps will be indexed to variation in WPI, GFPL wish to that TAMP should consider inclusion of fluctuations in currency rates along with WPI for automatic adjustment of SOR every year. This is requested in view of the fact that the crane(s) and all its parts are imported and thus are subject to fluctuations in currency rates.	Automatic adjustment of fluctuations of foreign currency rates every year in SOR is not allowed.
(x).	**<u>Page No. 10 & 11 : PROPOSED RATES AND PERFORMANACE STANDARDS</u>** As requested hereinabove, these may kindly be revised based on the revision requested in performance standards by GFPL (vide Table on Page 1).	
(xi).	**<u>OTHER IMPORTANT SUBMISSIONS:</u>**	
(a).	The rate of royalty (revenue share) which was reduced to 25% earlier vide corrigendum-VIII to the tender Notice No. EL/AC/MCHIRE/2015 may please further reduced to below 10% as higher royalty rates would be stumbling block in the way of Crane operators getting require quantity of cargo.	The issue does not relate to Tariff fixation.
(b).	While GFPL do agree that TAMP is concerned with the fixation of tariff and has no concern with the terms and conditions of the Tender as has been pointed out by the Authority in its earlier Order dated 28th April, 2016 vide point no. (ii) (b) on page 12, GFPL feel it would still be worthwhile to request the Authority to consider their undernoted submission and prevail upon the KPT to consider this favorably. The Tender condition No. 4.6: It is stipulated that deployment of cranes of licensee shall be allowed only in situation where ports cranes are not available. It is further stated under condition No.4.7 that vessels calling at berth No. 7 to 9 will use cranes licensed under this contract after exhausting the deployment of two nos. of 63T KPT mobile harbor cranes. The imposition of this condition would be against the rule of level playing field for other crane operators and as such	

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<td>condition need to be removed.

Lastly, GFPL request that the delegation of TAMP should visit Kandla and an opportunity to all the prospective bidders may kindly be extended for personal submissions of various issuing concerning the matter which would ensure that the fixation of tariff is done after thorough consultation with the concerned parties. GFPL look forward to a pragmatic approach from the Authority and a just and fair fixation of tariff which is the ultimate foal of the Authority.</td>
<td></td>
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<tr>
<td>(xii).</td>
<td>Para (iii) of GFPL letter:
Through an oversight, an incorrectly prepared excel sheet was attached with the letter. GFPL regret for the lapse and therefore request TAMP to ignore the contents of this para (also the excel sheet) which now stands substituted as under:
<u>Substituted para:</u>
In the past, average quantity of cargo handled by GFPL per crane/ year is follows:
<table>
<tr><td>YEAR 2013</td><td>334508 MTS</td></tr>
<tr><td>YEAR 2014</td><td>349032 MTS</td></tr>
<tr><td>YEAR 2015</td><td>498395 MTS</td></tr>
<tr><td colspan="2">Quantity handled upto August 2016 : 432812 MTS</td></tr>
</table>

However, as per KPT's proposal, the cargo quantity needed to be handled to generate the required revenue is far higher than that can be achieved by per crane per year. Since KPT in it recent proposal has taken quantity of different commodities as 100%, to arrive at per crane handling rate GFPL have worked out average rate by adding the sum of cargo handling capacity for each of the 11 types of cargo and then dividing the same by number of cranes. Accordingly, a calculation sheet prepared on this basis with suitable remarks mentioned therein is attached herewith.

It would be gathered from the calculations that the estimated handling rate per crane per annum (2.19 MMTS) is exorbitantly high besides being away from the reality and need to be reduced drastically. GFPL therefore request TAMP to delve deeper into the matter by calling for the following details from the KPT:

(a). No. of gearless vessels handled in the past 3 years on berth nos. 7 to 9.
(b). Total tonnage handled by these vessels.

In the last meeting also which was held at KPT when the TAMP delegation visited Kandla, GFPL had requested that the MHCs can be utilized only for handling cargo from the vessels which are gearless and thus the exercise of fixation of tariff should be based only after these data are submitted by KPT for the last 3 years. and exercise done sans these data would be an exercise in isolation based on whatever figures are assumed by KPT which are far away from ground reality.

Once these data are studied and an exercise is based on</td>
<td>The queries raised by M/s. Gautama Freight do not pertain to Tariff fixation. Hence, no comments.</td>
</tr>
</table>

	the basis of past handling figures, it would come to light that it would not be possible to generate required revenue to make the project viable unless the handling rates are revised suitably. It is precisely because of this that GFPL had requested that the KPT should guarantee some minimum cargo per crane.	
(xiii).	Further, during the course of last meeting, GFPL had also requested that appropriate allowance may kindly be considered for any stoppage attributable to the HMC also in view of the fact that HMC is an imported mechanical device and that it is not necessary that all spares etc. will be available all the time to bring the crane into operation within a short span of time. GFPL once again request for due consideration of their request in this respect. GFPL deeply regret for the oversight once again and look forward to meeting the TAMP delegation at Kandla soon.	No comments furnished by port.
