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TARIFF AUTHORITY FOR MAJOR PORTS

G. No. 376 **New Delhi,** **19 November 2015**

NOTIFICATION

In exercise of the powers conferred under 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 Kandla Port Trust for fixation of reference tariff for award of 13^{th} to 16^{th} Multipurpose Cargo (other than Liquid / Container Cargo) berths by restructuring the berths on BOT basis at Kandla Port under the revised guidelines for Determination of Tariff for Projects at Major Ports, 2013, which were notified vide Notification No.TAMP/18/2013-Misc. dated 30 September 2013 vide Gazette No. 254, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

TARIFF AUTHORITY FOR MAJOR PORTS

No. TAMP/48/2015–KPT

Kandla Port Trust (KPT) - - - Applicant

QUORUM:

(i). Shri. T. S. Balasubramanian, Member (Finance)
(ii). Shri. C. B. Singh, Member (Economic)

O R D E R

(Passed on this 22nd day of September 2015)

This case relates to the proposal received from the Kandla Port Trust (KPT) for fixation of reference tariff for award of 13th to 16th Multipurpose Cargo (other than Liquid / Container cargo) berths by restructuring the berths on Build, Operate, Transfer (BOT) basis at Kandla Port.

2. The Ministry of Shipping (MOS) vide its e-mail dated 16 June 2015 forwarded us the time lines relating to subject proposal. As per the said time lines set by the MOS, the approval of reference tariff for proposal to be filed by KPT is 3 August 2015. For this purpose, the target date for filing the reference tariff proposal by KPT to TAMP is set as 17 June 2015. In this context, the KPT was requested vide our fax dated 17 June 2015 to adhere to the dates set in the time lines by the MOS to enable this Authority to approve the tariff within the prescribed time targeted by the MOS. The KPT was also requested to ensure that the proposal filed is complete in all respects as per the checklist circulated to all Major Port Trusts including KPT vide our letter dated 12 September 2014.

3. In this backdrop, the KPT vide its letter dated 20 June 2015 has filed its proposal for fixation of reference tariff for award of 13th to 16th Multipurpose Cargo (other than Liquid/ Container cargo) berths by restructuring the berths on BOT basis at Kandla Port. However, the KPT did not furnish the proposed Performance Standards and list of users/ prospective applicants to be consulted. After a reminder, the KPT vide its e-mail dated 3 July 2015 has furnished the list of prospective applicants to be consulted on the subject proposal and the Performance Standards.

4.1. The submissions made by the KPT in its proposal dated 20 June 2015 and its letter dated 3 July 2015 are summarized below:

(i). For "Development of 13th to 16th Multipurpose Cargo (other than Liquid/Container cargo) berths on BOT basis" the Authority vide notification no.G No.192 dated 12.11.2008 and its corrigendum no.G No.167 dated 01.09.2009 notified the Upfront Tariff.

(ii). Based on the approved Upfront Tariff, the Port invited bids for 13 to 16 cargo berths. Finally, the Port had entered into Concession Agreement with M/s.RAS Infraport Pvt. Ltd. (RIPL) & M/s.JRE Infra Pvt. Ltd. (JRE) for berth nos.13 & 15 respectively.

(iii). M/s.RIPL and M/s.JRE had commenced the commercial operation of 13 & 15 berths on 18.02.13 & 16.11.13 respectively. M/s.JRE had started commercial operation with the Provisional Certificate (with punch list) issued by Independent Engineer (IE). However, due to non-completion of all the items listed in punch list within the stipulated time period, the Provisional completion certificate was withdrawn and consultation notice was issued to M/s.JRE to complete the punch list and to obtain the completion Certificate. Accordingly, the commercial operation of 15th berth has been suspended w.e.f. 01.11.14.

(iv). After start of commercial operation, both the Concessionaires have raised their various concerns viz. Draft in Access channel, Conditional restriction in handling vessels with draft of 11.5 m & less, Handling of Dry cargo (other than container cargo) on 11^{th} & 12^{th} berths, common rail connectivity, higher approved upfront tariff etc.

(v). To address the concern of the Concessionaires, the Port had taken corrective action viz. achieved the required draft in access channel w.e.f. 01.07.2014, alternate Common Railway line is being laid and revised tariff proposal for storage was submitted to TAMP for approval.

(vi). Moreover, after signing the agreement, both the Concessionaires had paid license fee only for two years. Further, after start of commercial operation, M/s.RIPL had paid Royalty for two months while M/s.JRE had not paid Royalty at all. Accordingly, as per Concession Agreement, the Port had issued Consultation Notice to both the Concessionaires to cure their underlying event of default by paying all outstanding dues.

(vii). However, both the concessionaires failed to cure their underlying event of default. Accordingly, as per agreement, the proposal to terminate the Concession Agreement of both the Berths was submitted before the Board for approval.

(viii). In the meantime, in order to address the concern on various issues of the concessionaires, in the meeting with the Ministry held on 20.03.15, an idea was suggested to restructure both the berths in line with the one of the projects being restructured at Kamarajar Port Ltd.

(ix). Accordingly, after taking views of the concessionaires on restructuring of the berths, a note on restructuring was submitted before the Board as an addendum to earlier submitted proposal for termination of the Concession Agreement. The Board has constituted the Sub-Committee of five trustees to go through the Concession Agreements, analyse the complex issues involved, outstanding dues, etc., in detail and suggest suitable remedial measures for a comprehensive proposal to the Board.

(x). The Sub-Committee, in its two meetings held on 29.04.2015 and 15.05.2015 discussed on various issues and recommended to the Board to approve the restructuring of berth nos.13 & 15. For restructuring these Berths, Sub Committee recommended to the Board to submit the Revised Tariff Proposal to the TAMP for approval. The Sub Committee also recommended to the Board that the revised tariff proposal should be based on optimal capacity assessed on the productivity of the Berths.

(xi). Subsequently, the Board in its meeting held on 08.06.2015 approved the recommendations of Sub-Committee. Both the concessionaires have been requested to furnish their consent on the terms of restructuring of 13^{th} & 15^{th} cargo Berth.

(xii). In consistence with the above decision of the Board, the earlier approved tariff for 13^{th} to 16^{th} berths are revised by Transaction Advisor.

(xiii). Before revision of Tariff for 13 to 16 cargo berths, a joint meeting of Port officials, representative of M/s.RAS Infraport Pvt. Ltd. (RIPL) & M/s.JRE Infra Pvt. Ltd. (JRE) was conducted on 17.06.2015 to seek the views/ suggestions of the Concessionaires on the revised tariff proposal. In the meeting, M/s.RIPL vide letter No.RAS/KPT/2015-16/025 dated 17.06.2015 submitted their suggestions alongwith share & handling rate of various cargo.

4.2. The salient features of tariff proposal submitted by KPT are as follows:

(i). The Tariff proposal is based on the Tariff Guidelines 2008.

(ii). The estimated Project cost is ₹243.57 crores. The cost is worked out on the prevailing market rates & prevailing SOR of KPT. The cost also includes the cost of development of additional land to be handed over to the concessionaries of 13th & 15th cargo berth, after restructuring of the projects, to accommodate one full rake. Accordingly, in the proposal, the License fee for such additional land is also considered.

(iii). The Optimal Capacity of 3 MMTPA is worked out by considering the share & handling rate of cargo furnished by RIPL vide letter dated 17.06.2015.

(iv). The License Fee for the land as on 01.01.2014 with escalation of 2% every year is considered as below, which is approved by the Authority vide G. No.350 dated 04.12.2014.

(a). Land having water front & upto half mile from the shore i.e. the west bank of Kandla creek – ₹ 241.25/m2 / annum

(b). Land beyond a half a mile from the Bank of the creek - plots abutting on main road – ₹ 110.16/m2 / annum.

(v). Based on the optimal capacity of 3 MMTPA, revenue requirement and evacuation of Multipurpose Cargo handled at 1 to 10 berth during 2012-13 to 2014-15, the earlier tariff for storage are reworked and submitted. This will supersede the earlier submitted revised tariff proposal dated 02.08.2014 on Storage.

4.3. The KPT has also made the following submissions:

(i). Reasons for not adopting highest upfront tariff fixed by the Authority under 2008 guidelines in its own Port or any other Major Port Trusts.

For the project "Development of 13th to 16th Multipurpose Cargo (other than Liquid/ Container cargo) berths on BOT basis" the Authority vide Gazette No.192 dated 12.11.2008 notified the upfront tariff. Subsequently vide Gazette No.167 dated 01.09.2009 a Corrigendum to the earlier Order was issued by the Authority. The same handling rates were proposed as per the Tariff Guidelines of 2008. However, due to various concerns raised by the BOT operators of 13th & 15th Cargo Berth, the Sub-Committee of KPT recommended the Board to restructure the berth nos.13th & 15th. The Sub Committee also recommended to the Board that the revised tariff proposal should be based on optimal capacity assessed on the productivity of the Berths. The same was approved by the Board. Hence, the same has been revised as per the letter of M/s.RIPL dated 17.06.2015 and submitted herewith.

(ii). Norms prescribed in the guidelines vis-à-vis deviation, if any, proposed there from along with justification and reasons for each of the deviations made from the prescribed norms.

(a). The number of handling equipments prescribed in the tariff guidelines is 3 Nos. of 20 Tonnes ELL cranes. However, in the tariff proposal, 2 Nos. of Mobile Harbour Cranes (MHC) have been considered which have been already deployed by M/s.RIPL on 13th Cargo Berth. Due to considering of MHC instead of ELL cranes, the handling rates have been changed as compared to norms for handling rates prescribed in the guidelines.

(b). The norms for handling rates to be considered for various commodity groups have been prescribed in tariff guidelines of 2008. However, the actual handling rates provided by the Concessionaire of 13th Cargo Berth, i.e. M/s.RIPL vide its letter dated 17.6.2015 have been considered as the handling rates in the current proposal.

(c). Free period: As per tariff guidelines of 2008, the free period for storage charges is 5 days and 15 days for import & export respectively. However, the free period as suggested by M/s.RIPL vide its letter dated 17.06.2015 has been considered which is also in consistence with the prevailing KPT SOR.

(iii). (a). Optimal Quay Capacity Calculation

Share of cargo/ vessel assumed in capacity calculation is based on the cargo share provided by the Concessionaire of 13th Cargo Berth, i.e. M/s.RIPL vide its letter dated 17.06.2015.

(b). Optimal Yard Capacity

(i). Total area proposed to be allotted by the port (in Sq. mtrs.).
Existing land area = 2,33,335 Sq. m
Area proposed to be allotted for accommodation of full rake length – 36,665 Sq.m
Hence total land area = 2,70,000 Sq.m

[The sum of land area given by KPT does not match with the total land area]

(ii). Area of the yard proposed to be made available by the port for development of the stacking yard (in Sq. mtrs.)
Total existing land area = 2,33,335 Sq.m
Area of berth = 300 x 55 m = 16,500 Sq.m
Hence, the existing area of stack yard = 2,33,335-16,500 = 2,16,835 Sq.m.
Area for stacking yard to accommodate the full rake length to be handed over = 36,665 Sq.m.

5. The highlights of the proposal submitted by KPT are given below:

(i). **Brief Details of Project**:

Name of Project	Development of 13th to 16th Multipurpose Cargo (other than Liquid/ Container cargo) berths on BOT basis
Length of the wharf	300 m
Width of the wharf	55 m
Total Land Area	Existing Land area: 23.33 Ha Additional land to accommodate full rake length: 2.02 Ha Total Land Area: 25.35 Ha
Maximum Vessel Size	75000 DWT
Optimal Capacity	3 MMTPA
Design load for wharf	5T/Sqm
Draught in front of Jetty	13 m
Draught in Approach Channel	13 m with tide
Estimated Capital Cost	243.57 Crores

(ii). **Optimal Capacity**:

The optimal capacity has been worked out as 3.00 MMTPA as given below. For this purpose, the handling rates are not considered as per the norms prescribed in the 2008 guidelines. The share of cargo and the handling rates are considered as per the details of 13th cargo berth given by its Concessionaire, i.e. RIPL.

Particulars	Values
Cargo Share Expected	
Food grains and Fertilisers	30%
Coal (other than thermal coal), Limestone, Minerals, Sugar, Salt, Ores, iron Pallets & Other Dry Bulk.	33%
Project Cargo	4%
Steel pipe, plate, Bagged and other break bulk cargo	18%
Steel Coils, Slab	5%
Timber Logs	10%
Total	100.00%
	Handling Rate tonnes/day
Foodgrains and Fertilisers	15000
Coal (other than thermal coal), Limestone, Minerals, Sugar, Salt, Ores, iron Pallets & Other Dry Bulk.	16500
Project Cargo	1994
Steel pipe, plate, Bagged and other break bulk cargo	8000
Steel Coils, Slab	10000
Timber Logs	6500
Nos. of Days	365.00
Optimal Factor	70%
Optimal Capacity (in MMTPA)	= (365 x 70% x (15000 x 30% + 16500 x 33% + 1994 x 4% + 8000 x 18% + 10000 x 5% + 6500 x 10%))/ 10^6 = 3.22
Say Optimal Project Capacity in MMTPA	**3.00**

(iii). **Capital Cost of Berth**:

Particulars	Unit	Quantity	INR/Unit	₹ crores	Misc.	₹ crores
Civil Assets						
Berth Constructions						
Pile foundation	Nos.	415	1214614	50.41	2.52	52.93
Super Structure	Sqm	16500	21,010.00	34.67	1.73	36.40
Fenders	Nos.	14	1811250	2.54	0.13	2.66
Bollards	Nos.	28	271056	0.76	0.04	0.80
Office building with all amenities/ facilities	Sqm	500	22,230.00	1.11	0.06	1.17
Covered storage godowns	Sqm	4410	10,426.00	4.60	0.23	4.83
Back Up Area Development						
Reclaimation						
Reclamation of OSG/ Backup area	Sqm	253500	2038.00	51.66	2.58	54.25
Custom Fencing	Sqm	300	19310.00	0.58	0.03	0.61

Particulars	Unit	Quantity	INR/Unit	₹ crores	Misc.	₹ crores
Wall						
Temporary fencing wall	Rmt	900	5404.00	0.49	0.02	0.51
Internal Road	Rmt	2400	8217.00	1.97	0.10	2.07
				148.78	**7.44**	**156.22**
Mechanical & Electrical Assets						
Mobile Harbour Cranes	Nos.	2	312144800	62.43	3.12	65.55
Fork Lift Trucks 5 MT	Nos.	4	1899700	0.76	0.04	0.80
Fork Lift Trucks 10 MT	Nos.	2	3696000	0.74	0.04	0.78
Payloader 10 MT	Nos.	3	4015000	1.20	0.06	1.26
Fire fighting Lines at Wharf Structure						
i. 200 mm dia D.I. line	Rmt	278	1904.00	0.05	0.00	0.06
ii. 100 mm dia D.I. line	Rmt	119	1181.00	0.01	0.00	0.01
Fire Fighting Lines in Back up Area						
i. 200 dia DI line	Rmt	2250	1904.00	0.43	0.02	0.45
High Most Towers On wharf structure and in osg and back up area	Rmt	10	700,000.00	0.70	0.04	0.74
Power supply line		LS	3000000	0.30	0.02	0.32
Ancillary Electrical & Mechanical Infrastructure		LS	50000000	5.00	0.25	5.25
Total Cost of Mechanical Assets				**71.63**	**3.58**	**75.21**
Internal Railway for 13th CB	Rmt	2000	56579.00	11.32	0.57	11.88
Environmental measures		LS	2500000.00	0.25	0.01	0.26
Total Block Estimates				**231.97**	**11.60**	**243.57**
Miscellaneous Expenses		**5%**		11.60		
Estimated Project Cost				₹243.57 crores		

Note: The above rates have been supported by the detailed rate analysis furnished along with the proposal.

(iv). **Operating Cost of Berth**:

(a). <u>Berthing Activity</u>:

Sr. No.	Particulars	Unit	Quantity	INR/Unit	₹ Crs.
1	Repairs and Maintenance of Berth	₹ Crs.	50.58	1%	0.51

2	Insurance	₹ Crs.	50.58	1%	0.51
3	License Fee for Berth and Water Area				
	Jetty Area	Sqm	10500.00	241.25	0.25
	Water Area	Sqm	11109.00	120.63	0.13
4	Depreciation	₹ Crs.	50.58	3.34%	1.69
	Total Operating Cost of Berth				**3.09**

(b). <u>Cargo Handling, Storage, Miscellaneous</u>:

Sr. No.	Particulars	Value	Unit	Quantity	INR/Unit	₹ crores
1	Power for illumination	24	Kwh	5793624	9.63*	5.58
	Fuel for Equipments estimated for 4000 hours					
	MHC	33.3	Liters	133200	52.56	0.70
	Fork Lift Trucks 5 MT	7	Liters	28000	52.56	0.15
	Fork Lift Trucks 10 MT	10	Liters	40000	52.56	0.21
	Payloader 10 MT	12	Liters	48000	52.56	0.25
2	Repairs and Maintenance - Civil	1%	₹ Crs.	105.76		1.06
	Repairs & Maintenance – Mech	5%	₹ Crs.	75.34		3.77
	Repairs & Maintenance - Railway	5%	₹ Crs.	11.88		0.59
3	Insurance	1%	₹ Crs.	192.99		1.93
4	Depreciation					
	Civil Assets	3.34%	₹ Crs.	105.76		3.53
	Mechanical, Electrical & Utilities	6.75%	₹ Crs.	75.34		5.09
	Railway Sidings	6.75%	₹ Crs.	11.88		0.80
5	License Fees Land		Sqm	230901	241.25	5.57
	License fees-land beyond half mile		Sqm	28599	110.16	0.32
6	Other Expenses	5%	₹ Crs.	192.99		9.65
	Total Operating Cost of Cargo Handling, Storage & Misc.					**39.19**

*The calculation for unit rate of power which is ₹9.63/ unit has been furnished in Annexure A.

[Note: For estimating the fuel cost, the KPT has not considered the number of each type of equipment.]

(v). **Revenue Requirement for Cargo Handling**:

(**₹ in crores**)

Sl. No.	Item Description	Amount
1	Operating cost	39.19
2	ROCE 16% of Capex	30.88
	Total	70.07

(vi). **Apportionment of Revenue Requirement**:

(**₹ in crores**)

Sl. No.	Item Description	Percentage	Amount
1	Handling Charges	90%	63.06
2	Storage Charges	5%	3.50
3	Miscellaneous charges	5%	3.50
	Total	**100%**	70.07

(vii). **Tariff Calculation for handling of multipurpose cargo**:

Cargo		*Handling	Cargo	Working	%	Revenue	Tonnes to be	Tariff in ₹/

Handling Charges		Rate	to be handled in MT	Days	Working Days	required	handled		tonne	
Particulars	% Share	Per Day in MT					Foreign	Coastal	Foreign	Coastal
Food grains and Fertilisers	30.00%	15000	0.90	60	19%	12.83	810000	90000	141.80	85.08
Coal Limestone, Minerals, Sugar, Salt, Salt, Ores, iron Pellets & Other Dry Bulk, etc.	33.00%	16500	0.99	60	19%	12.83	891000	99000	128.91	77.34
Project Cargo	4.00%	1994	0.12	60	19%	12.87	108000	12000	1066.69	640.01
Steel pipe, plate, Bagged and other break bulk cargo	18.00%	8000	0.54	68	22%	14.43	486000	54000	265.87	159.52
Steel Coils, Slab	5.00%	10000	0.15	15	5%	3.21	135000	15000	212.70	127.62
Timber Logs	10.00%	6500	0.30	46	15%	9.87	270000	30000	327.23	196.34
Total	**100.00%**		**3.00**	**309**	**100%**	**66.03**	**2700000**	**300000**		

Note: 90% foreign cargo and 10% coastal cargo has been considered in the calculations. Also, concessional rates have been considered for coastal cargo which is 60% of the rates for foreign cargo.

(viii). **Berth Hire Charges per GRT per hour**:

Particulars	
Opex (₹ crores)	3.09
ROCE @ 16% (₹ crores)	8.09
Annual Revenue Requirement (₹ crores)	**11.18**
Total GRT Hours (as provided by M/s.RIPL)	161354833
Foreign (Total GRT Hours x 0.9)	145219349.82
Coastal (Total GRT Hours x 0.1 x 0.6)	9681289.99
Sum of Foreign & Coastal GRT hours	154900639.80
Coastal Concession	60%
Berth Hire Charge in ₹/ GRT Hr	
Foreign	= (11.18*10^7)/(154900639.80) = **0.72**
Coastal	= 0.72 x 60% = **0.43**

(ix). **Tariff Calculation for miscellaneous charges**:

Component	**Amount**
Revenue Requirement (in ₹)	35000000
Optimal Capacity	3000000
Miscellaneous Charges ₹ / MT	11.68

(x). **<u>Performance Standards</u>:**

The Performance Standards furnished by KPT on the handling rates and Transit Storage Dwell time are based on the inputs provided by the Concessionaire of 13th

Cargo Berth i.e. RIPL vide its letter dated 17 June 2015. The Performance Standards on turnaround time has been proposed as per Model Concession Agreement of Ports.

Sr. No.	Performance Standard	
1.	**Gross Berth Output**	
	Fertilizer and Food grains	15000 Tons/ Day
	Coal (other than thermal coal), Limestone, Minerals, Sugar, Salt, Ores, iron Pallets & Other Dry Bulk	16,500 Tons/ Day
	Project Cargo	1994 Tons/ Day
	Steel pipe, plate, Bagged and other break bulk cargo	8000 Tons/ Day
	Steel Coils, Slab	10000 Tons/ Day
	Timber Logs	6500 Tons/ Day
2.	**Transit Storage Dwell Time**	
	Import	
(a).	General Cargo	5 days
(b).	Timber logs	8 days
(c).	Export cargo to be stuffed into containers	--
(d).	Export cargo taken back for any reason	--
(e).	Hazardous goods	3 days
	Export	
(a).	General Cargo	15 days
(b).	Timber logs	--
(c).	Export cargo to be stuffed into containers	15 days
(d).	Export cargo taken back for any reason	15 days
(e).	Hazardous goods	3 days
3.	**Turnaround Time for receipt / delivery operation**	
(a).	(i). Truck for conventional cargo (Single operation)	4 Hours
	(ii). Truck for conventional cargo (Double operation)	8 Hours
(b).	(i). Rake for dry bulk cargo (Single operation)	10 Hours
	(ii). Rake for dry bulk cargo (Double operation)	18 Hours

(xi). Accordingly, the port has proposed the following upfront tariff:

(a). Berth hire charges:

Sl. No.	Vessels	Rate per GRT per hour or part thereof	
		Foreign Going Vessel (in Re.)	Coastal Vessel (in Re.)
1.	All vessels	0.72	0.43

(b). Cargo handling charges:

Sl. No.	Commodity	Rate in Rupees (Per Tonne)	
		Foreign	Coastal
(a).	Foodgrains and Fertilisers	141.80	85.08
(b).	Coal (other than thermal coal), Limestone, Minerals, Sugar, Salt, Ores, iron Pallets & Other Dry Bulk	128.91	77.34
(c).	Project Cargo	1066.69	640.01
(d).	Steel pipe, plate, Bagged and other break bulk cargo	265.87	159.52
(e).	Steel Coils, Slab	212.70	127.62

(f).	Timber Logs	327.23	196.34

Note:

The handling charges prescribed above are a composite charge for (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This composite charge includes wharfage and supply of labour, wherever necessary.

(c). Storage charges:

(i). Free period:

Sr. No.	Particulars	Imports	Exports
1.	General Cargo	5 days	15 days
2.	Timber logs	8 days	--
3.	Export cargo to be stuffed into containers	--	15 days
4.	Export cargo taken back for any reason	--	15 days
5.	Hazardous goods	3 days	3 days

(ii). For import:

(**Rate in ₹ per MT per day**)

Sl. No.	**Commodity**	**Rate for 1st week after free period**	**Rate for 2nd week after free period**	**Rate for 3rd week after free period**	**Rate for 4th week after free period**	**Rate for 5th week after free period**	**Rate for 6th week after free period**	**Rate for 7th week after free period**	**Rate for 8th week after free period & onwards**
(a).	All types of cargo	0.27	0.41	0.54	0.54	0.54	0.54	0.54	0.54

(iii). For export:

(**Rate in ₹ per MT per day**)

Sl. No.	**Commodity**	**Rate for 1st week after free period**	**Rate for 2nd week after free period**	**Rate for 3rd week after free period**	**Rate for 4th week after free period**	**Rate for 5th week after free period**	**Rate for 6th week after free period**	**Rate for 7th week after free period**	**Rate for 8th week after free period & onwards**
(a).	All types of cargo	0.27	0.41	0.54	0.54	0.54	0.54	0.54	0.54

(d). Miscellaneous charges:

Sl. No.	**Commodity**	**Rate in Rupees (per tonne)**
(i).	All types of cargo	11.68

The miscellaneous charges prescribed above is a composite charge for provision of all miscellaneous services such as sweeping of cargo on the wharf, weighment of cargo, dust suppression etc.

6. In accordance with the consultative procedure prescribed, a copy each of the KPT's proposal dated 20 June 2015 and KPT's e-mail dated 3 July 2015 was forwarded to the concerned users/ user organisations/ prospective applicants (as suggested by the KPT) seeking

their comments by 13 July 2015 simultaneously to this Authority and to the KPT. We received comments only from M/s.Rishi Shipping and M/s.International Cargo Terminals and Infrastructure Pvt. Ltd. [Formerly, M/s.United Liner Agencies of India (Pvt.) Ltd.] which were forwarded to the KPT as feedback information. The KPT vide its letter dated 15 July 2015 has furnished its remarks on comments of M/s.Rishi Shipping and KPT's remarks on comments of M/s.International Cargo Terminals and Infrastructure Pvt. Ltd. were not received.

7. A joint hearing in this case was held on 16 July 2015 at the KPT premises. The KPT made a brief powerpoint presentation of its proposal. At the joint hearing, the KPT and the concerned users/ organisation bodies/ prospective applicants have made their submissions.

8.1. As agreed at the joint hearing, the KPT was requested vide our letter dated 22 July 2015 to take action on the following points arising out of joint hearing proceedings:

(i). KPT to furnish comments on the written submission and further comments dated 22 July 2015 made by M/s. Rishi Shipping immediately.

(ii). M/s. JRE Infra Pvt. Ltd. (JREIPL) to furnish the submission made by them at the joint hearing in writing within 3 days i.e. by 19 July 2015. The users/ bidders were to furnish their comments, if any, to KPT and to this Authority in 3 days.

(iii). The prospective bidders/ users have made arguments at the joint hearing on the subject proposal. A copy of the notes on arguments made by the stack holders as recorded at the joint hearing was forwarded to KPT. The KPT was to furnish its response on the submissions of stakeholders at the joint hearing by 23 July 2015.

(iv). KPT to furnish response to the additional information/ clarification sought by us vide our letter dated 20 July 2015 by 23 July 2015.

8.2. At the joint hearing, M/s. JRE Infra Pvt. Ltd. (JREIPL) had agreed to furnish the submissions made by them at the joint hearing in writing within 3 days i.e. by 19 July 2015 to KPT and to this Authority. The JREIPL was requested vide our letter dated 22 July 2015 to confirm the submissions made at the joint hearing in writing immediately to KPT and this Authority.

8.3. At the joint hearing, the users/ bidders were allowed to furnish comments, if any, on the subject proposal within 3 days i.e. by 19 July 2015 to KPT and to TAMP.

9. With reference to point of action decided at the joint hearing brought out in para 8.1.(i) above, the KPT vide its letters dated 22 July 2015 and 14 August 2015 has furnished its comments on the written submission made by M/s.Rishi Shipping. The KPT did not furnish its reply on the further comments dated 22 July 2015 made by M/s.Rishi Shipping.

10. With reference to point of action decided at the joint hearing brought out in paras 8.1. (ii), 8.2., 8.3. above, the KPT vide its letters dated 14 August 2015 has responded on the comments of JREIPL and other users.

11. With reference to point of action decided at the joint hearing brought out in para 8.1.(iii) above, the KPT has not furnished its response on the submissions made by the stakeholders at the joint hearing which were forwarded to KPT vide our letter dated 22 July 2015, despite reminders.

12. With reference to point of action decided at the joint hearing brought out in para 8.1.(iv) above, the KPT vide its letter dated 12 August 2015 and email dated 16 September 2015 has furnished its response to the information / clarification sought vide our letter dated 20 July 2015. A summary of the information / clarifications sought by us and reply furnished by KPT thereon are summarised below:

Sl. No.	Information / clarification sought by us	Reply furnished by KPT
(1).	**Pertinent queries relating to restructuring of berth nos.13 to 16**:	

(i).	The proposal of KPT in the covering letter states that the proposal to terminate the Concession Agreement entered with the two BOT operators viz. M/s.RAS Infraport Pvt. Ltd. (RIPL) and M/s.JRE Infra Private Limited (JRE) at berth nos.13 and 15 respectively was submitted for approval of its Board. From the proposal it is not explicit whether termination notice is issued to the two BOT operators. If yes, furnish a copy of the same. If not, then the KPT to note/ clarify the following points:	No. The termination notice has not been issued to the Concessionaires of 13th & 15th Cargo Berth.
	(a). Whether re-inviting bid for the berths already licensed to the two BOT operators viz. RIPL and JRE is permissible under the respective Concession Agreement. It is for the KPT entirely to ensure the legal tenability of its proposal for restructuring its project and retendering for these two berths along with berth nos.14 and 16.	Since the signed Concession Agreement does not spell out the specific provision for re-inviting the bid for the berths already licensed to the two BOT operators viz. RIPL & JRE. However, in order to ensure more effective and efficient utilization of the berths, KPT has decided to restructure the Projects 13th & 15th Cargo Berths. KPT will ensure the legal tenability of proposal for restructuring the project No. 13 & 15. Further, KPT will obtain the approval of Competent Authority before proceeding with the bidding process of restructuring of 13th and 15th Berth.
	(b). It is seen from Annexure B-RIPL letter dated 15 May 2015 addressed to the KPT and Annexure C-JRE letter dated 15 May 2015 to the Sub Committee appointed by KPT for restructuring of berth nos.13 and 15, that both this BOT operators have put various conditions to be adhered to by the KPT for the purpose of retendering the project. The mandate of this Authority is limited to fixation of reference tariff following the applicable Reference Tariff Guidelines in view of the proposal filed by the KPT. The various points made by the RIPL and JRE to the KPT and Sub Committee appointed by KPT for restructuring of berth nos.13 and 15 are solely for the KPT being the Licensor to take care.	The same is noted.
	(c). The KPT has in the proposal stated that both RIPL and JRE have been requested to give their consent for the terms of restructuring of berth nos.13 and 15. The KPT is to furnish the consent of RIPL and JRE obtained by the KPT giving consent to the terms of restructuring of berth nos.13 and 15 and retendering of the of berth nos.13 and 15.	The same has been enclosed as Annex 1.
(ii).	The KPT has at various points stated that its proposal is based on the details given to it by the operator of the 13th berth i.e. M/s. RIPL. For e.g.: the percentage share of cargo, cargo handling rates, GRT hours, free period, etc. Since the proposal is filed under 2013 Guidelines following the principles of 2008 guidelines, the norms prescribed in the 2008 guidelines have to be followed for arriving at the proposed Reference Tariff. The KPT to, therefore, review its proposal and file a revised proposal in compliance with the norms prescribed in the 2008 guidelines instead of relying on the parameters given by an individual operator.	The % share of cargo is based on the actual dry cargo handled at KPT during the last year i.e. 2014-15 except project cargo and the handling rates are considered based on the TAMP guidelines 2008 considering two MHC of 60 T capacity each, except for deviation in few categories of cargo as follows: 'Project Cargo' for which handling rate has been considered based on the actual handling rate achieved at KPT during 2014-15 as the category 'Project cargo' has not been mentioned in the TAMP Guidelines 2008. 'Steel cargo' - Steel cargo like steel coils, steel plates and steel slabs have a greater rate of output as compared to steel cargo viz. steel pipes, steel wire bundles and steel bars. At Kandla, during the year 2014-15, productivity more than of 10,000 T/day has been achieved in handling of steel coils, steel pipes and steel plates. Hence, the rate of such steel cargo has been considered as 11000 T/day. 'Timber logs' - For handling of timber at Berth No. 13 during the year 2013-14, the average output achieved is around 6836 MT/day. For handling of timber at KPT Berths No. 1 to 12 during the year 2014-15, the output achieved varies from 9500 MT / day to 5500 MT/day. The average output of timber vessels wherein single agent is involved at Berth No. 1 to 12 is 6834 MT/day. Hence, average output of 7000 MT/day is considered for timber. GRT hours is also based on the actual handling of

		dry cargo at KPT in the year 2014-15. The free period has been considered as per the TAMP guidelines 2008. The revised proposal in compliance with the norms prescribed in the TAMP Guidelines 2008 has been attached herewith. (* At Kandla Port, % share of coal is on higher side as the coal traffic also includes the cargo discharged by vessels at OTB which otherwise cannot call at Kandla Terminal due to length restrictions and after commissioning Tuna-Tekra , coal traffic may divert to Tuna-Tekra. Further, the project cargo share is very less due to reasons that Kandla Berths have always remained occupied whereas the project cargo vessels cannot afford to call at a Port where there is pre-berthing detention delay. The % share of project cargo is proposed to be taken as 2% and to that extent the coal traffic has been reduced.) NOTE: the supporting documents towards % share of cargo and handling rates are appended as Annex 7)
(2).	**General**:	
(i).	The Annex I in the proposal refers to the two meetings dated 29.4.2014 and 15.05.2015 held by the Sub Committee appointed by the KPT for restructuring berth nos.13 and 15. Whilst the copy of the minutes of the meeting held on 15.5.2015 is received, copy of the minutes of the 29.4.2014 meeting is not found to be attached.	The copy of Minutes of the 29.04.2015 meeting has been enclosed as Annex 2.
(ii).	The KPT to forward a copy of Board Meeting held on 8 June 2015 approving the recommendations of the Sub Committee.	The same has been enclosed as Annex 3.
(iii).	The KPT is to forward a copy of the approval of the Board of Trustees of the port approving the Reference tariff proposal (which the port has agreed to submit in due course of time).	After sending the revised tariff proposal for 13th to 16th Cargo Berth to TAMP on 19.06.2015, no Board Meeting has been conducted. However, the Board Note seeking ratification of Board on the approval of revised tariff proposal for 13th to 16th Cargo Berths has already been circulated among Board of Trustees for its ensuing Board Meeting. After approval of the Board, the same will be communicated to TAMP. The KPT vide its email dated 16 September 2015 has stated that the Board vide Resolution No. 46 in its meeting held on 28 August 2015 has approved the ratification for approving and sending Revised Tariff proposal for 13^{th} to 16^{th} berths to TAMP for approval. A copy of the Board Resolution is furnished.
(iv).	The proposal of KPT states that Feasibility Report is not applicable. Please elucidate why it is not applicable for this restructured project.	Since, this is a proposal for restructuring the projects which are under operations, Feasibility report is not applicable.
(v).	This Authority has vide Order No.TAMP/26/2013-KPT dated 9 October 2013 notified the Scale of Rates (SOR) in the name of the BOT operator i.e. JRE as required under the tariff guidelines of 2008 based on the proposal of JRE in consultation with KPT. In the said Order, the comments of the KPT that the IIT Madras, the Independent Engineer has issued Provisional Completion Certificate for the project was relied upon for notifying the SOR in the name of JRE. In the current proposal, the KPT has reported that it has suspended the operation of berth no 15 of JRE with effect from 1.11.2014. The minutes of the meeting of the Sub Committee dated 15.5.2015 in para (v) (m) states that JRE should complete the project as per the CA and obtain Completion Certificate from the Independent Engineer as per the terms of the agreement. In the above circumstances, the KPT to clarify whether completion certificate of Independent Engineer is obtained. If not, the KPT being a Licensor port may please clarify whether the rates notified for JRE in October 2013 Order needs to be denotified as the operation of JRE is suspended by KPT.	It is to hereby clarify that M/s JRE has not obtained the completion certificate of Independent Engineer for berth no. 15. KPT has decided to restructure the projects while continuing with the operation of the existing berth by the present Concessionaires. Further, as per one of the approved terms of restructuring by KPT, M/s JRE shall complete the Project as per Concession Agreement and obtain the Completion Certificate from Independent Engineer as per the terms of the agreement to operate in future. In this regard, M/s JRE has also given its consent on the terms of restructuring. Hence, it may not be required to denotify the Scale of Rates for Berth No. 15 notified in October 2013 Order.

<table>
<tr><td>(vi).</td><td>This Authority approved “upfront” tariff for development of 13th to 16th multipurpose cargo berths following the provisions of guidelines of 2008 issued by the Government for fixation of upfront tariff. The KPT also awarded the project of 13th and 15th berth on BOT basis. After issue of the “Reference” tariff guidelines by the Government in the year 2013, fixation of “Upfront” tariff no longer exists. That being so, the question of revision of “Upfront” tariff already fixed for the berths already awarded does not arise. That being so, the approval sought by KPT for revised tariff proposal does not fit into the scheme of things existing now. Therefore, the KPT to clarify the reason for proposing a revised tariff instead of filing a “Reference” tariff proposal.</td><td>The proposed revised tariff proposal for 13th to 16th Cargo Berths is filed under Tariff Guidelines 2013, following the principles of 2008 Guidelines by invoking Article 2.2 and 2.4 of Tariff guidelines 2013.</td></tr>
<tr><td>(vii).</td><td>The KPT has stated in the covering letter that an idea was suggested in the Meeting held on 20 March 2015 with the Ministry (of Shipping) to restructure both the berths in line with one of the project being restructured in the Kamarajar Port Ltd. In the context, the KPT to furnish:</td><td></td></tr>
<tr><td></td><td>(i). A copy of the Note on restructuring submitted by KPT before its Board of Trustees along with the observation of the Board on restructuring.</td><td>The same has been enclosed as Annex 4.</td></tr>
<tr><td></td><td>(ii). Terms of restructuring of 13th and 15th cargo berth.</td><td>The terms of restructuring has already been provided under the Minutes of Sub-Committee Meeting of KPT held on 15.05.2015 (approved by Board in its meeting held on 08.06.2015) along with revised tariff proposal.</td></tr>
<tr><td></td><td>(iii). One of the key features of the proposal is allotment of additional land to the concessionaries of 13th and 15th berth to accommodate one full rake. Apart from this, no other aspect of restructuring has been indicated in the proposal. Therefore, the KPT to furnish restructuring envisaged in terms of:

(a). Berth configuration
(b). Deployment of handling equipment
(c). Capacity

If no restructuring in terms of berth configuration, equipment profile and capacity is envisaged, the KPT to clarify as to how the port treats that the project is being restructured. The issues existing between the KPT and the existing operators as listed by the KPT in its proposal may not be justified reasons for seeking revision in tariff.</td><td>The various aspects of restructuring of berth no. 13th and 15th has already been provided under the Minutes of Sub-Committee Meeting of KPT held on 15.05.2015 and also approved by Board in its meeting held on 08.06.2015.
It is to state the following:

(a) Berth configuration remains the same

(b) The following handling equipments have been considered:

Mobile Harbour Cranes of 60 T capacity each – 2 Nos.
Fork Lift 30 MT – 3 Nos.
Fork Lift 35 MT – 3 Nos.
Pay loader 10 MT – 3 Nos.
Hitachi of 200 Tonnes – 2 Nos.
Hitachi 350 T– 2 Nos.
Dumpers 20 MT – 8 Nos.
Trailers – 8 Nos.
Trucks- 8 Nos.
Timber Grabs – 2 nos.
Fork for pay loaders – 6 nos.
Pay loaders for storage area (10 MT) – 3 Nos.

(c) Capacity of the berth has been increased from 1.5 MTPA to 2.94 MTPA.</td></tr>
<tr><td>(3).</td><td><u>Optimal Capacity</u>:</td><td></td></tr>
<tr><td>(i).</td><td>The proposal of KPT considers 2 HMC for each of berth nos.13 to 16. The KPT has stated that the handling rate has been considered based on the actual handling rate provided by the Concessionaire of berth no.13 i.e. M/s.RIPL. However, the Sub Committee has recommended to the Board that the proposal should be based on optimal capacity assessed on the productivity of berths. In this context, following points may be clarified:</td><td></td></tr>
<tr><td></td><td>(a). Indicate the capacity of HMC as the proposal does not mention about the capacity of the HMC.</td><td>The capacity of each MHC is 60 tonnes and the rate for the MHC has been revised accordingly in the cost calculations in the revised tariff proposal as attached.</td></tr>
<tr><td></td><td>(b). The proposal filed following principles of the 2008 guidelines requires to follow the norms prescribed in the ibid guidelines. The optimal capacity</td><td>Kindly refer the reply to Sr. No. 1 (ii) above.</td></tr>
</table>

	assessed by the KPT based on the actual handling rate achieved by the M/s.RIPL, is not found to be in line with the handling rate norms prescribed in 2008 guidelines. Hence, the KPT needs to review the handling rates and reassess the optimal capacity. The output norms prescribed in the 2008 guidelines viz. 10,000 tonnes per day for dry bulk (food grains and fertilizer) for vessel more than 30,000 tonnes parcel size, 10,000 tonnes per day for coal, limestone, minerals, etc., 4,000 tonnes per day for bulk cargo and steel and bagged cargo and 2,500 tonnes per day for other break bulk cargo is reference to 3 nos. of 20 tonnes Level Luffing Crane aggregating to 60 Tonnes. The above norms can be considered if the HMC at each of the berth nos.13 to 16 is a 60T HMC. For 100T HMC, this Authority has considered the handling rate considered for dry bulk cargo at 12,500 tonnes per day, 6,000 tonnes per day for steel and bagged cargo (break bulk) and 3,750 tonnes per day for other bulk break cargo in upfront tariff cases of VPT, VOCPT, etc., involving deployment of 100T HMC. The KPT to, therefore, consider improved handling rate parameters for HMC at the level assumed in the other upfront tariff Orders involving deployment of 100T HMC. The above mentioned handling rate is for 1 HMC of 100 tonnes. If KPT envisages deployment of 2 HMC, the optimal capacity calculation needs to capture the effect of 2 HMCs.	
	(c). As regards, project cargo which is proposed to be handled at the said berths, no specific norms are prescribed in the 2008 guidelines. The KPT has considered the handling rate of 1994T/day for handling project cargo. In this regard, the following points may be clarified: (i). Furnish the basis of adopting the handling rate of 1994 T/ day for project cargo. (ii). The KPT may adequately justify as to why the handling rate for "other cargo" prescribed in 2008 guidelines which is adopted for 60T HMC and handling rate of 3750/T/day for 1 HMC if it is a 100T HMC cannot be considered for project cargo. (iii). Furnish the handling rate achieved by the KPT and other Major Port Trusts where project cargo is handled using one HMC in the last three years to justify the handing rate assumed by the KPT. (iv). In the absence of specific handling rate norms for project cargo in 2008 guidelines, the average handling rate best achieved in the last three years at the KPT or any other Major Port Trusts may be taken for assessing the optimal capacity. (v). The percentage share of cargo considered by KPT is stated to be based on the cargo share handled by one of the BOT operators i.e. M/s.RIPL. However, the KPT has not endorsed the percentage share of cargo handled by the RIPL. KPT, being the licensor port and having experience in handling general cargo in its own berth, is requested to independently assess the percentage share of cargo envisaged to be handled at berth nos.13 to 16 based on its experience and consider same in the optimal capacity calculation.	(i) The handling rate for project cargo has been revised based on the actual handling rate of Project cargo achieved at KPT during the year 2014-15. (ii) The handling rate for project cargo has been considered as 929 tons per day which is as per the actual handling rate achieved at KPT during the year 2014-15. (iii) During last year i.e. in 2014-15, KPT has achieved handling rate of 929 Tons per day for handling Project Cargo. (iv) Please refer the reply to Sr. no. 3 (c) (i) above. (v) KPT has revised the percentage share of cargo based on the actual dry cargo handling achieved at KPT during the year 2014-15. The handling rates have also been revised in the attached revised tariff proposal. For handling rates, kindly refer reply to Sr. No. 1 (ii) above.
(ii).	The KPT has considered optimal capacity of 3 MMTPA as against 3.22 MTPA arrived by it. As observed in our query no.(7)(ii)(c) of this Annex, the optimal capacity may be reassessed for each of the cargo and then aggregated optimal capacity for the berth may be	KPT considers the optimal capacity revised as 2.94 MTPA in the revised proposal as submitted herewith.

	arrived.	
(4).	**Capital Cost**:	
(i).	It may be clarified whether the existing berths 13 to 16 are going to be restructured.	The existing berths 13 and 15 are to be restructured.
(ii).	The capital cost of civil works under the head "Berth Construction" includes capital cost of the office building, covered storage godown, etc. Some of the items included therein appear to be relevant to cargo handling and not for Berth hire. The KPT is requested to segregate the capital cost for berth hire and cargo handling activity. The normative list of capital items in the 2008 guidelines include berth apron. The capital cost for cargo handling activity does not seem to include berth apron cost. The KPT may consider the same explaining the basis thereof.	The Capital cost of Civil works under the head 'Berth Construction' includes the capital cost of 35 m wide wharf structure only. The calculation of capital cost has been attached herewith as Annex 5.
(iii).	The capital cost of berth construction in table 2.1 is estimated as ₹52.53 crores. Whereas for estimation of operating cost at table 2.2, the capital cost of berth is considered as ₹50.58 crores. The mismatch in figures may please be explained/ corrected.	The capital cost of berth construction in Table 2.1 is ₹92.79 crores and not ₹52.53 crores which includes cost of construction of the entire wharf structure of 55 m width. The estimation of operating cost at table 2.2 includes cost of 35 m wide (out of total 55 m wide wharf) wharf structure only.
(iv).	The proposal of KPT states that the capital cost of development of additional land of 2.02 hectares to be handed over to Concessionaire of berth nos.13 and 15 to accommodate one full rake is considered. The capital cost includes ₹11.32 crores towards internal railway (for 13th berth). Consequently, the operating cost linked to the capital cost and license fees for additional land are also captured in the proposed reference tariff. In short, proposal of KPT seeks uniform reference tariff rates for berth nos.13 to 16. Since this additional land is stated to be allotted only for 13th and 15th berths, the operating cost linked to capital cost of additional land and the license fee therefore may not be relevant for berth nos.14th and 16th. That being so, KPT may consider to separately arrive at the reference tariff for berth nos.14 and 16 excluding the capital and operating cost of additional land and capital cost of the internal railways.	For each of the berths 13th, 14th, 15th and 16th Cargo Berths, the total land area requirement is of 27 ha. As per the signed concession agreement, an area of 23.33 ha has been licensed out to berths no. 13th and 15th Cargo berth. As per approved restructuring terms, an additional area of 3.67 ha is to be licensed out to accommodate full rake length for each 13th and 15th Cargo Berth. For 16th Cargo Berth, the RFQ has already been invited wherein the total area of 27 ha has already been considered which shall be licensed out to Concessionaire. Similar provision is being incorporated for 14th Cargo Berth also.
(v).	As regards the capital cost on internal railways estimated as ₹11.32 Crores, the description says it is for berth no.13. In the covering letter, the KPT has stated that additional land is to be handed over to concessionaire of 13th and 15th Cargo berths. The KPT to indicate the correct position whether allotment of additional 2.02 ha of land and capital cost on internal railways are relevant for berth no.15 also. If these items are not relevant for berth no.15 then, the reference tariff for this berth may be arrived at along with berths of similar facilities viz. 14th and 16th berths as stated in the preceding paragraph.	Please refer to above reply at Sr.No. 4 (iv) above. Further, it is to state that the additional land to accommodate full rake length had earlier been considered as 2.02 ha which was a typographical error and was not affecting the calculations of proposed revised tariffs. The same has been corrected as 3.67 ha in the revised proposal attached herewith. The cost of internal railway of ₹ 11.88 crores is relevant to each of the berths 13th, 14th, 15th and 16th Cargo berth.
(vi).	Though the KPT has stated that the capital cost is worked out on prevailing market rate and prevailing SOR of KPT, it is seen from the rate analysis furnished by KPT that capital cost estimates pertaining to the years 2012/ 2013 is taken as the base for many of the items and escalated to arrive of the prevailing rates. The capital cost is not arrived based on the fresh quotation/tender to reflect the prevailing market rates. The KPT to, therefore, once again confirm that the capital cost considered by it reflects the prevailing market rate for all the items.	It is confirmed that the capital cost reflects the prevailing market rates.
(vii).	As per the norms prescribed in 2008 guidelines, the capital cost for railway tracks comes under civil cost. Whereas, the KPT has considered it under Mechanical Equipment. The KPT to categorize capital cost on internal railways under civil works following the normative list of capital items prescribed in the 2008 guidelines.	Irrespective of the consideration of the capital cost of railway tracks as civil or mechanical cost, the capital cost of railway is related to capital cost of cargo handling activity. Further, this is also in line with the approved tariff order for the project "Development of Barge Jetty at Tuna, Kandla Port on BOT Basis" notified vide G. No.150 dated 20 May 2013.
(5).	**Operating Cost- Cargo handling**:	
(i).	Power Cost:	

	(a). The tariff guidelines of 2008 do not prescribe power consumption norms for general illumination for multipurpose cargo berths. Furnish the basis of considering total power consumption of 5793624 units.	The power consumption norms of 2.4 lakhs unit/ annum/ha is in line with the approved tariff order vide G.No.150 dated 20th May 2013, for the project "Development of Barge Jetty at Tuna, Kandla Port on BOT Basis". The total power consumption of 5793624 units has now been corrected to 6480000 units. The calculation of same is submitted below: Total land area: 27 ha (300 x 900 m) Power consumption = 2.4 lakhs/ annum/ha Hence, total power consumption = 2.4 * 27ha = 64.8 lakhs units
	(b). In other upfront tariff cases, this Authority has considered power consumption for general illumination of 2.4 lakhs units/ hectare adopting the norms prescribed for liquid terminal. The KPT may consider to adopt this norm for general illumination. Please furnish detailed working in this regard.	The same has been considered as replied in Sr. no. 5 (i) (a) above.
(ii).	<u>Fuel</u>:	
	(a). Explain the basis of estimating fuel consumption of 33.3 litres/ hour for HMC. If it is a 100T HMC, it may be noted that fuel consumption for 100T HMC has been considered at 70 litres/ hour. The KPT may suitably modify the fuel consumption if it is for 100T HMC.	The calculation of fuel consumption for MHC has been corrected by considering 33.3 litres/ hour for a 60 T MHC.
	(b). The KPT while estimating fuel consumption of HMCs, Fork Lift Trucks, Pay loaders has estimated the fuel cost only for each of the equipment. The fuel consumption for total nos. of each of the equipment proposed to be deployed is not captured in the fuel cost. The fuel cost, therefore, needs to be reassessed.	The same has been corrected in the revised proposal attached herewith.
	(c). The port has estimated fuel consumption for all the equipment viz. HMC, Fork Lift Trucks, Payloaders for 4000 hours. Though the guidelines of 2008 prescribe a norm of 4000 hours of working in a year for estimation of fuel cost of equipment for multipurpose berth, 6132 hours of working are considered by this Authority for a full-fledged berth. The norms of 4000 hours of working is considered for only standalone equipment in other upfront tariff cases. The KPT to, therefore, consider working hours at 6132 for fuel estimation of the various equipment as considered in other upfront/ reference tariff cases.	4000 working hours in a year has been considered for calculating the operating cost for the equipments based on the note under Table 3 under Sr.no. 5 of TAMP Guidelines 2008.
	(d). The unit rate of the fuel consumption at ₹52.56 per litre may be substantiated with the copy of the bill relevant for last 3 months.	The rate of fuel at ₹ 56.69/litre has been considered in the revised tariff proposal as on June 2015. The copy of the same has been attached herewith as an Annex 6.
(iii).	<u>Repairs & Maintenance</u>: In the light of the query at (4) (vii) above, the repair and maintenance cost estimated on railway applying norm for mechanical equipment needs to be modified.	Please refer the reply to Sr. No. 4 (vii) above.
(iv).	<u>Depreciation</u>: The KPT may confirm that the rates for the Depreciation for the Civil, berth cost, Mechanical equipments and Railways are as per the depreciation rate applicable under the Companies Act, 2013.	The rates for the Depreciation for the Civil, berth cost, mechanical equipments and railways are as per the depreciation rates applicable under the Companies Act, 2013.
(v).	<u>License Fees</u>:	
	(a). The total area of the land mentioned in Sr. No.1.1 - Brief details of the project is 23.33 Ha of land and additional land of 2.02 Ha to accommodate rake summing up to 25.35 Ha. The total area considered by KPT in the calculation of license fees under the operating cost is 23.09 Ha for land and 2.85 Ha for land beyond half mile, making the total area of land to 25.94 Ha. The mismatch in the area of land for estimation of license fee may be corrected in the cost statement.	In the brief details in Sr.No. 1.1 which mentions the 2.02 ha for the additional land area to accommodate full rake length is a typographical error which may be read as 3.67 ha. However, this will not affect the calculations of license fee as well as tariffs which are based on the total land area of 27 ha. The break up of area for license fee for land considered in the revised tariff proposal is submitted below: 1. Berthing Activity (Table 2.2) Area: 10500 sqm (300 x 35 m) 2. Cargo handling, Storage and Misc Activity: (of table 2.2) Area : 259500 sqm (300 x 865m)
	(b). Further, the land area furnished in Annexure	Please refer the reply to Sr. no. 5 (v) (a) above.

	A- Checklist Reasoning at Sl.No (iv)(2)(i)(a) and (b) is 27.00 Ha which also does not match with the land area given in the 1.1 Brief details of the Project. The KPT to remove the inconsistency observed in the land area in its proposal.	
	(c). As stated in our earlier query above, if additional land of 2.02 Ha proposed to be allotted by the KPT is not relevant for each of the berth nos.14, 15 and 16, then the KPT may rework the Reference Tariff rates for these berths based on the land proposed to be allotted by KPT for each of the berth.	Please refer the reply to Sr. No.4 (iv) above.
(6).	**<u>Operating Cost- Berth</u>**:	
(i).	The capital cost considered by the KPT at ₹50.58 crores for the estimates of Repairs and Maintenance cost, Insurance and Depreciation do not match with capital cost of the Berth indicated in table 2.1. The KPT is requested to correct the capital cost figures in the estimation of operating cost of berthing services.	Please refer the reply to Sr. no. 4 (iii) above.
(ii).	(a). The proposal does not mention of water/ jetty area proposed to be allotted. The KPT to give the basis of arriving at water area of 11,109 sq. mtrs. and 10,500 sq. mtrs. of jetty area.	Table 2.2(Berthing activity) considers the water area of 11109 sqm and the jetty area of the 10500.The calculation of same is furnished below: Jetty Area: 300 * 35 m = 10500 sqm Water area : 300 * (1.15 times beam of vessel) = 300* (1.15 *32.2) = 11109 sqm.
	(b). The norms prescribed in the upfront tariff do not prescribe estimation of the license fees for the berth hire charges. In other upfront tariff cases, license fee for water/ jetty area is not considered in berth hire computation. They are considered as part of the cargo handling activity based on the proposal of the respective ports including the proposal of KPT for fixation of reference tariff for SPM operations. The approach adopted by KPT of considering licensee fees for water area/ jetty area in berth hire estimation is not as per the norms prescribed in the guidelines or as per the approach followed by KPT itself in the SPM case. The KPT to justify reasons for the deviation from the norms and from the approach adopted in the upfront tariff fixed for other Major Port Trusts, including KPT.	The license fees for the jetty area of 35 m width and water area is considered in the berthing activity because this area will cater to the berthing activity only and not to the cargo handling activity . Further, the approved tariff for SPM does not involve any berthing activity.
(7).	**<u>Annual Revenue Requirement (ARR) & Proposed Tariff Calculation</u>**:	
(i).	<u>Tariff calculation for handling Multipurpose cargo (Table 2.5)</u>: The total ARR considered in the seventh column in Table 2.5 is ₹66.03 crores which is apportioned cargo-wise to arrive at the handling charges. This figure does not match with the ARR apportioned to handling charge at ₹63.06 crores shown in Table 2.4 Sl.no.(1). The KPT to correct the computation in Table 2.5 in the light of the above observation.	The same was a typographical error in the proposal which had no impact in the calculations of tariffs. However, the total ARR figure has now been revised based on the revised calculations.
(ii).	Furnish the basis of considering the share of foreign cargo and coastal cargo at 90:10. The KPT is requested to have an independent assessment in this regard.	Based on the traffic of dry cargo handled at KPT during the last three years, the ratio of foreign cargo: coastal cargo is 95.91%: 4.09%. Accordingly, the tariffs for cargo handling and berth hire charges have been revised in the attached revised tariff proposal.
(iii).	<u>Computation of Berth Hire Charges (Table 2.6)</u>:	
	(a). Explain the basis of vessel parameters viz. Average GRT hours, parcel size of vessel etc. adopted for berth hire computation.	The Average GRT hours has been considered as per the actual dry cargo handling at KPT for the year 2014-15.
	(b). The total tonnage to be handled at the Sl.no.(ii) in the second table shown as 15,00,000 (i.e. 1.5 MMTPA) needs to be corrected so as to match with the optimal capacity.	It was a typographical error which does not impact the calculations. However, the optimal capacity figure has now been revised as attached in the revised tariff proposal attached herewith.
	(c). It is seen that number of working days in the berth hire computation and handling charges considered by KPT comes to 309 days instead of normative number of 255.5 days i.e. (365 days × 70%=255.5 days) prescribed in the 2008 guidelines. This needs to be corrected and considered at 255.50 days. For this purpose, it appears that the optimal capacity will have to be arrived for each cargo category and then aggregated as the optimal capacity	Number of working days in the berth hire computation and handling charges has been revised to 246 days as attached in the revised tariff proposal. Moreover, this calculation is based on the optimal capacity which considers the optimal factor of 45.66%. The optimal capacity has been derived considering the norms of 4000 working hours in a year as per the TAMP norms.

	of the berth. Tariff Order No.TAMP/46/2013-COPT of Cochin Port Trust for Multipurpose Terminal and Order No.TAMP/21/2014-MOPT of Mormugao Port Trust for multipurpose cargo berth may be referred in this regard for guidance.	
	(d). The KPT to make independent assessment of total GRT hours instead of relying on the RIPL.	The GRT hours has now been revised based on the actual dry cargo handling at KPT for the year 2014-15. The same has been incorporated in the attached revised tariff proposal
(8).	**Proposed SOR**:	
(i).	The proposal of KPT states free period is based on the suggestion of RIPL. The tariff guidelines of 2008 prescribes norm for free at 5 days for import cargo and 15 days for export cargo for multipurpose berth. This is uniformly prescribed in the upfront tariff cases of other Major Port Trusts. As stated earlier, since the exercise should be to fix "reference tariff" following the norms prescribed in the guidelines, the KPT may adhere to norms for free period prescribed in the guidelines.	The free period has been considered as per the Tariff guidelines 2008 considering 5 days for import cargo and 15 days for export cargo. The revised proposal incorporating the same has been attached herewith.
(ii).	Whilst the KPT has proposed internal Railway in the Capital Cost, it has not proposed separate rate for cargo envisaged to move by rail. In this regard the following points may be addressed:	The norms for calculation of capital cost as per Tariff Guidelines 2008 specify to consider the cost of rail and road. Accordingly, in the proposed revised tariff proposal, the cost of road and railway is considered. However, Tariff Guidelines 2008 do not prescribe any separate charges for road and rail bound cargo. As per tariff guidelines 2008, the cargo handling charges as proposed is a composite charge of (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This is also in line with the earlier approved upfront approved tariff for 13th to 16th Cargo Berths. which was also based on TAMP Guidelines, 2008. However, for rail bound cargo, additional charge @ ₹ 20/ T over and above the composite tariff for cargo handling charges may be collected from the Users.
	(a). Please clarify whether the entire optimal capacity of cargo will avail the rail related facility envisaged by KPT. If so, the note below the handling rate in Schedule 3 - Cargo handling charge should be modified to include this service.	
	(b). If the KPT envisages part of the optimal capacity to move by road and part by rail, then the Reference tariff may have to be proposed separately for these two cargo movements. This also should be supported with detailed working.	
(9).	**Performance Standards**: The performance standards proposed by KPT may have to be revised in light of observation made in the earlier queries to modify the handling rate in the optimal capacity calculation.	The revised Performance Standards have been enclosed as a part of revised tariff proposal which is submitted herewith.
(10).	M/s.Rishi Shipping in its comments which has already been forwarded to KPT has raised various issues. The KPT is requested to furnish point-wise comments on the comments of the M/s.Rishi Shipping.	The same has already been communicated to TAMP.

13.1. In this backdrop, the KPT vide its letter dated 12 August 2015 has filed its revised proposal for fixation of reference tariff for award of 13th to 16th Multipurpose Cargo (other than Liquid/ Container cargo) berths by restructuring the berths on BOT basis at Kandla Port.

13.2. The highlights of the revised proposal submitted by KPT alongwith information / clarification are summarized below:

(i). **Brief Details of Project**:

Name of Project	Development of 13th to 16th Multipurpose Cargo (other than Liquid/ Container cargo) berths on BOT basis by restructuring.
Length of the wharf	300 m

Width of the wharf	55 m
Total Land Area	Existing Land area: 23.33 Ha Additional land to accommodate full rake length : 3.67 Ha Total Land Area: 27 Ha
Maximum Vessel Size	75000 DWT
Optimal Capacity	2.94 MMTPA
Design load for wharf	5T/Sqm
Draught in front of Jetty	13 m
Draught in Approach Channel	13 m with tide
Estimated Capital Cost	246.35 Crores

(ii). The proposal envisages deployment of 2 nos. of 60T HMC.

(iii). **Optimal Capacity**:

(a). Optimal capacity has been worked out as per TAMP Guidelines 2008 is assessed at 2.94 MMTPA.

(b). The % share of cargo is based on the actual dry cargo handled at KPT during last year i.e. 2014-15 except project cargo. The handling rates are considered as per the TAMP Guidelines 2008 except handling rates for project cargo, timber and steel cargo like steel coil, steel plate & steel slabs.

Particulars	Cargo Share
Cargo Share Expected	
Food grains and Fertilisers (Bulk)	18.98%
Coal (Bulk)	31.83%
Ores & Minerals (Bulk)	7.00%
Steel Cargo (Steel coils, Plates & Slabs)	1.79%
Project cargo (Break bulk)	2.00% *****
Other Bagged cargo (Incl. foodgrain, other steel & scrap)	4.93%
Other dry Bulk cargo	23.86%
Timber logs (Bulk break)	9.61%
Total	**100.00%**
	Handling Rate as per TAMP Guidelines 2008
Food grains and Fertilisers (Bulk)	20000
Coal (Bulk)	20000
Ores & Minerals (Bulk)	20000
Steel Cargo (Steel coils, Plates & Slabs)	11000*
Project cargo (Break bulk)	929**
Other Bagged cargo (Incl. foodgrain, other steel & scrap)	8000
Other dry Bulk cargo	20000
Timber logs (Bulk break)	7000***
Nos. of Days	365.00
Optimal Factor	45.66% ****
Optimal Capacity (in MMTPA)	= (365 x 45.66% x (20000 x 18.98% + 20000 x 31.83 %+ 20000 x 7.00% + 11000 x 1.79% + 929 x 2% + 8000 x 4.93% + 20000 x 23.86% + 7000 x

	9.61%)/ 10^6 = 2.94
Optimal Capacity in MMTPA (per Berth)	**2.94**

Notes:

*Steel cargo like steel coils, steel plates and steel slabs have a greater rate of output as compared to steel pipes, steel wire bundles and steel bars. At Kandla, during the year 2014-15, productivity of more than 10,000 T/day has been achieved in handling of steel coils, steel pipes and steel plates. Hence, the rate of such steel cargo has been considered as 11000 T/day.

** The handling rate for Project Cargo is based on actual handling rate achieved at KPT during last year i.e. 2014-15.

*** For handling of timber at Berth No. 13 during the year 2013-14, the average output achieved is around 6836 MT/day. For handling of timber at KPT Berths No. 1 to 12 during the year 2014-15, the output achieved varies from 9500 MT / day to 5500 MT/day. The average output of timber vessels wherein single agent is involved at Berth No. 1 to 12 is 6834 MT/day. Hence, average output of 7000 MT/day is considered for timber.

**** The optimal hours has been considered as 4000 hours in a year based on note under Table 3 under Sr.no. 5 of TAMP Guidelines 2008.

***** At Kandla Port, % share of coal is on higher side as the coal traffic also includes the cargo discharged by vessels at OTB which otherwise can not call at Kandla Terminal due to length restrictions and after commissioning Tuna-Tekra, coal traffic may divert to Tuna-Tekra. Further, the project cargo share is very less due to reasons that Kandla Berths have always remained occupied whereas the project cargo vessels can not afford to call at a Port where there is pre-berthing detention delay. The % share of project cargo is proposed to be taken as 2% and to that extent the coal traffic has been reduced.

(iv). **Capital Cost of Berth**:

Particulars	Unit	Quantity	INR/Unit	₹ crores	Misc.	₹ crores	Remarks
Civil Assets							
Berth Constructions							
Pile foundation	Nos.	415	1214614	50.41	2.52	52.93	
Super Structure	Sqm	16500	21,010.00	34.67	1.73	36.40	
Fenders	Nos.	14	1811250	2.54	0.13	2.66	
Bollards	Nos.	28	271056	0.76	0.04	0.80	
Office building with all amenities/facilities	Sqm	500	22,230.00	1.11	0.06	1.17	
Covered storage Godowns	sqm	4410	10,426.00	4.60	0.23	4.83	
Back Up Area Development							
Reclamation							
Reclamation of OSG/Backup area	Sqm	253500	2038.00	51.66	2.58	54.25	
Custom Fencing Wall	Sqm	300	19310.00	0.58	0.03	0.61	
Temporary fencing wall	Rmt	900	5404.00	0.49	0.02	0.51	
Internal Road	Rmt	2400	8217.00	1.97	0.10	2.07	
				148.78	**7.44**	**156.22**	
Mechanical & Electrical Assets							

Mobile Harbour Cranes (60 T)	Nos.	2	233134098.8	46.63	2.33	48.96	The rate for MHC has been worked out from the approved TAMP order No. TAMP/8/2011-KPT dated 29.06.2011. Rate for 2 cranes= 3836.21 lakhs as on 2011 3836.21 x cumulative escalation @ 5% per year = 4662.93 lakhs (for two cranes) Therefore, 4662.93/2= 2331.46 lakhs
Fork Lift 30 MT	Nos.	3	12752000	3.83	0.19	4.02	Cost considered as 200000 USD as per secondary research and inputs of users
Fork Lift 35 MT	Nos.	3	15940000	4.78	0.24	5.02	Cost considered as 250000 USD as per secondary research and inputs of users.
Payloader 10 MT	Nos.	3	4015000	1.20	0.06	1.26	As approved by TAMP in Tuna Barge Jetty Project notified vide G. No.150 dated 20 May 2013 and escalated by 5% every year = 36.5 lakhs * 10% = 40.15 lakhs
Hitachi of 200 Tonnes	Nos.	2	4670354	0.93	0.05	0.98	Copy of quotation received from M/s TATA Hitachi enclosed
Hitachi 350 T	Nos.	2	8022504	1.60	0.08	1.68	Copy of quotation received from M/s TATA Hitachi enclosed
Dumpers 20 MT	Nos.	8	2740095	2.19	0.11	2.30	Quotation of chasis amounting to ₹ 2140095 enclosed as received from M/s Cargo Motors + ₹ 6,00,000 added for the body, etc. as per the inputs from the Manufacturer and users of
Trailers	Nos.	8	2640095	2.11	0.11	2.22	Quotation of chasis amounting to ₹ 2140095 enclosed as received from M/s Cargo Motors + ₹ 5,00,000 added for the body, etc. as per the inputs from the Manufacturer and users of
Trucks	Nos.	8	2340095	1.87	0.09	1.97	Quotation of chasis amounting to ₹ 2140095 enclosed as received from M/s Cargo Motors + ₹ 2,00,000 added for the body, etc. as per the inputs from the Manufacturer and users of port
Timber Grabs	Nos.	2	6359846	1.27	0.06	1.34	Based on quotation received from M/s Peiner Smag Lifting Technologies. Copy enclosed.
Fork for payloaders	Nos.	6	250000	0.15	0.01	0.16	Cost considered based on inputs of users of Port
Payloaders for storage area (10 MT)	Nos.	3	4015000	1.20	0.06	1.26	As approved by TAMP in Tuna Barge Jetty Project notified vide G. No.150 dated 20 May 2013 and escalated by 5% every year = 36.5 lakhs * 10% = 40.15 lakhs
Fire fighting Lines at Wharf Structure							
i. 200 mm dia D.I. line	Rmt	278	1904.00	0.05	0.00	0.06	
ii. 100 mm dia D.I. line	Rmt	119	1181.00	0.01	0.00	0.01	
Fire Fighting Lines in Back up Area							
i. 200 dia DI line	Rmt	2250	1904.00	0.43	0.02	0.45	

High Most Towers On wharf structure and in osg and back up area	Rmt	10	700,000.00	0.70	0.04	0.74	
Power supply line		LS	3000000	0.30	0.02	0.32	
Ancillary Electrical & Mechanical Infrastructure		LS	50000000	5.00	0.25	5.25	
Total Cost of Mechanical Assets				**74.28***	**3.71**	**77.99***	
Internal Railway for 13th CB	Rmt	2000	56579.00	11.32	0.57	11.88	
Environmental measures		LS	2500000.00	0.25	0.01	0.26	
Total Block Estimates				**234.62**	**11.73**	**246.35***	
Miscellaneous Expenses		5%		11.73			
Estimated Project Cost				₹246.35 Crores			

Note: The above rates have been supported by the detailed rate analysis as attached in Annexure A.
*[Some minor arithmetical error observed in totals]

(iv). **Operating Cost of Berth**:

(a). Berthing Activity:

Sr. No.	Particulars	Unit	Quantity	INR/Unit	₹ Crs.
1	Repairs and Maintenance of Berth	Rs. Crs.	50.58	1%	0.51
2	Insurance	Rs. Crs.	50.58	1%	0.51
3	License Fee for Berth and Water Area				
	Jetty Area	Sqm	10500.00	241.25	0.25
	Water Area	Sqm	11109.00	120.63	0.13
4	Depreciation	Rs. Crs.	50.58	3.34%	1.69
	Total Operating Cost of Berth				**3.09**

(b). Cargo Handling, Storage, Miscellaneous:

Sr. No.	Particulars	Value	Unit	Quantity	INR/ Unit	₹ crores
	Cargo Handling, Storage, Misc.					
1	Power for illumination	24	Kwh	6480000	9.69	6.28
	Fuel for Equipments					
	MHC (2 Nos.)	33.33	Liters	266640	56.69	1.51
	Fork Lift 30 MT (3 Nos.)	10	Liters	120000	56.69	0.68
	Fork Lift 35 MT (3 nos.)	13	Liters	156000	56.69	0.88
	Payloader 10 MT (6 Nos.)	12	Liters	288000	56.69	1.63
	Hitachi excavator 200 T (2 Nos.)	15	Litres	120000	56.69	0.68
	Hitachi excavator 350 T (2 Nos.)	25	Litres	200000	56.69	1.13
	Dumpers 20 MT (8 Nos.) (considering bulk cargo handling for 18 ton carrying capacity of dumper at a time)			47579.81	56.69	0.27
	Trailers (8 Nos.) (considering timber cargo handling for 15 ton carrying capacity of trailer at a time)			3597.93	56.69	0.02
	Trucks (8 Nos.) (considering bagged cargo handling for 20 ton carrying capacity of truck at a time)			2009.16	56.69	0.01
2	Repairs and Maintenance - Civil	1%	Rs Crs.	105.76		1.06
	Repairs & Maintenance – Mechanical equipments	5%	Rs Crs.	78.12		3.91
	Repairs & Maintenance - Railway	5%	Rs Crs.	11.88		0.59
3	Insurance	1%	Rs Crs.	195.77		1.96
4	Depreciation		Rs Crs.			
	Civil Assets	3.34%	Rs Crs.	105.76		3.53

	Mechanical, Electrical & Utilities	6.75%	Rs Crs.	78.12		5.27
	Railway Sidings	6.75%	Rs Crs.	11.88		0.80
5	License Fees Land		Sqm	230901	241.25	5.57
	License fees-land beyond half mile		Sqm	28599	110.16	0.32
6	Other Expenses	5%	Rs Crs. 9.79	195.77		9.79
	Total Operating Cost of Cargo Handling, Storage & Misc.					**45.90**

*The calculation for unit rate of power which is ₹9.69/ unit has been furnished.
[Note: Fuel cost for HMC, FLTs, Payloader, Hitachi excavator is estimated for 4000 hours for each equipment. For dumpers, Trailers and Trucks fuel cost is estimated (breakup of the same is not provided by port)]

(v). **<u>Annual Revenue Requirement (ARR) for Cargo Handling</u>**:

(**₹ in crores**)

Sl. No.	**Item Description**	**Amount**
1	Operating cost	45.90
2	ROCE 16% of Capex of ₹195.77crores	31.32
	Total ARR	**77.23**

(vi). **<u>Apportionment of Annual Revenue Requirement</u>**:

(**₹ in crores**)

Sl. No.	**Item Description**	**Percentage**	**Amount**
1	Handling Charges	90%	69.50
2	Storage Charges	5%	3.86
3	Miscellaneous charges	5%	3.86
	Total	**100%**	77.23

(vii). **<u>Annual Revenue Requirement (ARR) for Birth hire</u>**:

(**₹ in crores**)

Sl. No.	**Item Description**	**Amount**
1	Operating cost	3.09
2	ROCE 16% of Capex of ₹50.56crores	8.09
	Total ARR	**11.18**

(viii). **<u>Tariff Calculation for berth hire charges per GRT per hour</u>**:

Sr. No.	**Particulars**	**Foodgrains & fertilizer**	**Coal**	**Ores & Minerals**	**Steel Cargo**	**Project Cargo**	**Other Bagged Cargo**	**Other Dry Bulk**	**Timber logs**
1	RATIO	18.98%	31.83%	7.00%	1.79%	2.00%	4.93%	23.86%	9.61%
2	TONNAGE TO BE HANDLED	558097.33	935747.48	205828.75	52646.95	58794.05	144853.47	701562.74	282469.23
3	SHIP DAY OUTPUT	20000	20000	20000	11000	929	8000	20000	7000
4	NO.OF BERTH DAYS (2/3)	27.90	46.79	10.29	4.79	63.29	18.11	35.08	40.35
5	NO OF BERTH HOURS (4*24) AVG. GRT	670	1123	247	115	1519	435	842	968
6	AVG. GRT	26551.13	42927.70	29092.75	14043.78	10947.06	11262.65	24500.46	21293.29
7	TOTAL GRT (6*5)	17781735.83	48203383.74	7185748.119	1613153.92	16627484.98	4894300.192	20626334.76	20621826.97
	GRT FOREIGN	17053870.11	46230258.57	6891611.496	1547122.153	15946866.6	4693960.171	19782030.13	19777706.85
	GRT COASTAL	727865.7199	1973125.174	294136.623	66031.76714	680618.3853	200340.0212	844304.6363	844120.1171

						foreign rate (Re / GRT/ hour)	0.83		
						coastal rate (Re / GRT/ hour)	0.50		

(viii). **Tariff calculation for Storage charges:**

Description of slab period	**2014-15**	**2013-14**	**2012-13**	**Total**	**Average**	**8th week & onwards**	**7th week**	**6th week**	**5th week**	**4th week**	**3rd week**	**2nd week**	**1st week**	**Free period**	**Total Stored**	**Assumed as Stored**
Evacuation in free period	7393077	7814431	7240777	22448285	28.49%	27.85%	6.41%	6.18%	5.22%	5.00%	6.26%	7.04%	7.54%	14.24 %	85.76%	**1st week**
Evacuated in 1st week after free period	2234434	1789400	1919143	5942977	7.54%	27.85%	6.41%	6.18%	5.22%	5.00%	6.26%	7.04%	3.77%		67.74%	**2nd week**
Evacuated in 2nd week after free period	1901581	2016316	1633035	5550932	7.04%	27.85%	6.41%	6.18%	5.22%	5.00%	6.26%	3.52%			60.45%	**3rd week**
Evacuated in 3rd week after free period	1835406	1760414	1340249	4936069	6.26%	27.85%	6.41%	6.18%	5.22%	5.00%	3.13%				53.80%	**4th week**
Evacuated in 4th week after free period	1438412	1631570	871023	3941005	5.00%	27.85%	6.41%	6.18%	5.22%	2.50%					48.17%	**5th week**
Evacuated in 5th week after free period	1392141	1537110	1188014	4117265	5.22%	27.85%	6.41%	6.18%	2.61%						43.05%	**6th week**
Evacuated in 6th week after free period	1843946	1824487	1,200,765	4869198	6.18%	27.85%	6.41%	3.09%							37.35%	**7th week**
Evacuated in 7th week after free period	1956975	2177126	915650	5049751	6.41%	27.85%	3.20%								31.06%	**8th week**
Evacuated from 8th week onwards after free period	9822285	5468167	6659558	21950010	27.85%	13.93%									13.93%	**9th week & onwards**
Total	29818257	26019021	22968214	78805492	100.00%											

(ix). **Tariff Calculation for miscellaneous charges**:

Component	**Amount**
Annual Revenue Requirement (in ₹)	38600000
Optimal Capacity	2940000
Miscellaneous Charges ₹ / MT	13.15

(x). **Performance Standards:**

Sr. No.	**Description**	**Proposed Performance Standards**
1.	**Gross Berth Output**	
	Food grains and Fertilisers (Bulk)	20000 Tons/day
	Coal (Bulk)	20000 Tons/day
	Ores & Minerals (Bulk)	20000 Tons/day
	Steel Cargo (Steel coils, plates & slabs)	11000 Tons/day
	Project cargo (Break bulk)	929 Tons/day
	Other Bagged cargo (Incl. foodgrain, other steel & scrap)	8000 Tons/day
	Other dry Bulk cargo	20000 Tons/day
	Timber logs (Break Bulk Cargo)	7000 Tons/day
2.	**Transit Storage Dwell Time**	

	Import	
(a)	All types of multipurpose dry Cargo	5 days
	Export	
(b)	All types of multipurpose dry Cargo	15 days
3.	**Turnaround Time for receipt / delivery operation**	
(a)	(i) Truck for conventional cargo (Single operation)	4 Hours
	(ii) Truck for conventional cargo (Double operation)	8 Hours
(b)	(i) Rake for dry bulk cargo (Single operation)	10 Hours
	(ii) Rake for dry bulk cargo(Double operation)	18 Hours

(xi). Accordingly, the port has proposed the following reference tariff:

(a). Berth hire charges:

Sl. No.	Vessels	Rate per GRT per hour or part thereof	
		Foreign Going Vessel	Coastal Vessel
1.	All vessels	0.83	0.50

(b). Cargo handling charges:

Sl. No.	Commodity	Rate in Rupees	
		Foreign	Coastal
(a)	Food grains and Fertilisers (Bulk)	143.46	86.08
(b)	Coal (Bulk)	143.46	86.08
(c)	Ores & Minerals (Bulk)	143.46	86.08
(d)	Steel Cargo (steel coils, plates and slabs)	260.84	156.51
(e)	Project cargo (Break bulk)	3088.57	1853.14
(f)	Other Bagged cargo (Incl. foodgrain, other steel & scrap)	358.66	215.20
(g)	Other dry Bulk cargo	143.46	86.08
(h)	Timber logs (Bulk break)	409.90	245.94

Note:

(i). The handling charges prescribed above is a composite charge for (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This composite charge includes wharfage and supply of labour, wherever necessary.

(ii). For Rail Bound Cargo, additional charge @ Rs. 20/ T (as per the inputs of users of port) over and above the composite tariff for cargo handling charges may be collected from the Users.

(c). Storage charges:

(i). Free period:

(a). Five free days for import cargo and
(b). Fifteen free days for export cargo.

(ii). Storage charges:

(**Rate in ₹ per MT per day**)

Sl. No.	Commodity	Rate for 1st week after free period	Rate for 2nd week after free period	Rate for 3rd week after free period	Rate for 4th week after free period	Rate for 5th week after free period	Rate for 6th week after free period	Rate for 7th week after free period	Rate for 8th week after free period & onwards
(a).	All types of cargo	0.31	0.46	0.61	0.61	0.61	0.61	0.61	0.61

(d). Miscellaneous charges:

Sl. No.	Commodity	Rate in Rupees (per tonne)
(i).	All types of cargo	13.15

13.3. The KPT vide its letter dated 12 August 2015 has stated that soft copy of revised proposal dated 12 August 2015 for fixation of reference tariff for subject project is sent to the users/ prospective bidders with request to furnish their comments, if any, to KPT within two days. A copy of same letter was also endorsed to this Authority.

14. With reference to revised proposal filed by the KPT, M/s.Rishi Shipping vide its email dated 14 August 2015 and M/s.RIPL vide its letter dated 11 September 2015 have furnished their comments to this Authority and to KPT. The KPT has not furnished its response on the comments of the Rishi Shipping. It has, however, furnished brief comments on the comments of M/s.RIPL.

15. In view of gaps observed on few vital issues in the information / clarification furnished by KPT along with its revised proposal vide its letter dated 12 August 2015, the KPT was requested vide our letter dated 20 August 2015 to furnish requisite information on a few points. The KPT vide its letter dated 24 August 2015 and vide its email dated 28 August 2015 has responded. A summary of the information / clarification sought by us and reply furnished by KPT thereon are summarised below:

Sl. No.	Information / clarification sought by us	Reply furnished by KPT
(i).	The KPT has proposed certain new equipments viz., Hitachi Excavators (4 Nos.), Dumpers (8 Nos.), Trailers (8 Nos.) and Trucks (8 Nos.). In this regard, the following points to be clarified/ furnished:	
	(a). The workings for arriving at the number of the each additional equipment. Clarify whether the equipment required for movement of cargo from stack yard to railway siding and loading into wagon is captured.	The number of equipments have been arrived at by keeping in view the operations carried at KPT and storage facilities available at berth no.13 and 15. The proposed equipments are not envisaged for loading rakes. [Subsequently, KPT has vide its email dated 28 August 2015 has stated that the equipment proposed are for movement of cargo from ship to shore, vice versa and loading / unloading of cargo in storage area. However, these equipments will not be used for cargo movement through rail.]
	(b). Confirm that the equipments proposed in the revised proposal are adequate for the proposed facility.	It is confirmed that the equipments proposed are the minimum required and indicative.
	(c). The basis for fuel consumption considered for these additional equipment along with detailed workings. The fuel consumption considered for Trucks is 2.4 ltrs. per hour (Order No.TAMP/41/2015-VOCPT), based on the fuel consumptions furnished by the respective ports. The KPT may see that the fuel consumption considered is in line with the fuel consumption considered in the other Major Port Trusts.	(i). The fuel consumption considered for these additional equipments has been considered as follows: Hitachi Excavators- 200T (2 nos.): The fuel consumption of 15 Ltrs/ hour has been considered as per the details provided by the users and transporters of port. The quantity has been considered as per the TAMP norms of 4000 working hours for mechanical equipments. The same has been multiplied by the fuel rate i.e. ₹56.59/ litre. Hence, the final calculation for 2 Hitachi Excavators is = 15 x 4000 x 2 x 56.69 = 0.68 crores. (ii). The same methodology has been adopted for Hitachi 350T considering its fuel consumption of 25 Ltrs/ Hour.

<table>
<tr><td></td><td></td><td>(iii). For other equipments – Trucks, Dumpers and Trailers:

Trucks (8 nos.): Bagged cargo is handled through trucks and hence the share of bagged cargo has been considered in the calculation and considering 20 tons of carrying capacity of truck at a time and fuel consumption of 4.5 km/ litre has been considered as per the inputs of the users of port and transporters. It is assumed that the total to and fro average distance to be travelled by truck is 1.25 km. The fuel rate has been considered as 56.69 ₹/litre. Hence, the calculation for 8 trucks is as shown below:
[(2.94x4.93%x10^6)/(20x8)x(1.25/4.5)]x8x56.69=0.01 crores.

(iv). The similar methodology has been considered in case of dumpers and trailers considering the share of bulk cargo to be handled in dumpers and considering timber cargo to be handled in trailers. The fuel consumption of dumpers is considered as 3.5/litre and for trailers 4km/litre as per the inputs of users of port transporters.</td></tr>
<tr><td>(ii).</td><td>Item 4 (iii): The reply furnished by KPT does not address the query raised by us. Hence, the query is reiterated.</td><td>It is to state that the capital cost of berth construction in Table 2.1 is ₹92.79 crores and not ₹52.53 crores which includes cost of construction of the entire wharf structure of 55 m width. The estimation of operating cost at table 2.2 includes cost of 35 m wide (out of total 55 m wide wharf) wharf structure only. The calculation of 35 m wide wharf structure estimating to ₹50.58 crores is furnished as given below:
Calculation of capital cost of 35 mtr. width berth:
<table>
<tr><th>Particulars</th><th>Unit</th><th>Quantity</th><th>INR/Unit</th><th>₹Crores</th><th>Misc.</th><th>₹crores</th></tr>
<tr><td colspan="7">Berth Construction</td></tr>
<tr><td>Pile foundation</td><td>Nos.</td><td>215</td><td>1214614</td><td>26.11</td><td>1.31</td><td>27.42</td></tr>
<tr><td>Super Structure</td><td>Sqm</td><td>10500</td><td>21,010.00</td><td>22.06</td><td>1.10</td><td>23.16</td></tr>
<tr><td colspan="6">Total</td><td>50.58</td></tr>
</table></td></tr>
<tr><td>(iii).</td><td>Item 8 (ii):</td><td></td></tr>
<tr><td></td><td>(a). The KPT has not clarified whether the entire optimal capacity of the cargo will avail the railway facility envisaged by KPT. Hence, the information / clarification sought at Item 8 (ii) (a) and (b) is reiterated.</td><td>It is hereby clarified that the entire cargo will not avail the railway facilities.
Further, earlier also it was clarified that as per tariff guidelines 2008, the cargo handling charges as proposed is a composite charge of (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring.
Additional charge of ₹20/Ton over and above the composite tariff for cargo handling charges are proposed to be collected for rail bound cargo.

The quotation supporting the above rate provide from the transporters are enclosed herewith as Annexure 2.</td></tr>
<tr><td></td><td>(b). As regards the proposal of KPT to levy an additional charge @ Rs.20/- per tonne over and above the composite cargo handling charges, KPT to explain the rational for the same when the capital cost and operating cost towards Internal Railway is already captured in the Annual Revenue Requirement for arriving at the composite cargo handling charges. The proposed rate of ₹20 / tonne is not arrived based on the norms for optimal capacity as required under the 2008 Guidelines. The approach adopted by KPT for this item does not fit into the 2008 guidelines. The KPT to propose rate in line with the principles of the 2008 guidelines.</td><td>Regarding additional operations required for handling cargo through rail wagons, it is to state that total cost presently incurred for loading the cargo on trucks, transporting cargo to the railway siding and loading the cargo to the rake comes to ₹30/MT i.e. ₹ 10/MT for each operation as per the information obtained from the transporters. As the handling rate for terminal from discharging the vessel, moving cargo to storage area and loading on to trucks covers in the composite charge for cargo handling operations, as such in case of rake loading, only two operations i.e. transportation to railway siding and loading on to rakes have to be added i.e. ₹20/MT. Accordingly, the additional charge of ₹ 20/MT over and above composite tariff for cargo handling charges may be collected for the rail bound cargo.

The quotation supporting the above rate of ₹30/Mt</td></tr>
</table>

		provided from the transporters is furnished.

16. The KPT vide its email dated 28 August 2015 has stated that the equipments proposed are for movement of cargo from ship to shore, vice versa and loading / unloading of cargo in storage area. However, these equipments will not be used for cargo moving through rail.

17. 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.

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

(i). The proposal of the Kandla Port Trust (KPT) is to fix reference tariff for award of 13th to 16th Multipurpose Cargo (other than Liquid/ Container cargo) berths by restructuring the berths on Build, Operate, Transfer (BOT) basis at Kandla Port.

(ii). Before proceeding ahead with the analysis of this case, it is relevant to briefly bring out the following points with reference to the current proposal:

(a). This Authority had passed an Order no.TAMP/35/2008-KPT dated 14 October 2008 fixing Upfront Tariff for development of 13th to 16th Multipurpose Cargo (other than Liquid/Container cargo) berths at KPT. Based on the upfront tariff approved by this Authority for the four berths, the Port invited bids and entered into Concession Agreement with M/s.RAS Infraport Pvt. Ltd. (RIPL) & M/s.JRE Infra Pvt. Ltd. (JREIPL) in respect of berth nos.13 & 15 respectively.

Subsequently, when the concerned BOT operators approached this Authority for notification of Scale of Rates on commencement of commercial operations, this Authority relying on the communication from the Kandla Port Trust that completion Certificate for the project was issued by the Independent Engineer provisionally for these projects, notified the Scale of Rates in the name of the RIPL and JREIPL in compliance with clause 2.9.1. and 2.9.2. of the tariff guidelines of 2008.

(b). For the reasons cited by the KPT which has been brought out in the earlier paragraphs bringing out the factual position, the port has stated that it had earlier proposed to its Board to terminate the Concession Agreement entered by the Port with Concessionaires of both the Berths. However, subsequently, based on a meeting held on this matter at the Ministry of Shipping on 20 March 2015, the KPT has reported to have constituted a Sub-Committee comprising of five trustees in the KPT Board to go through the Concession Agreements and suggest a remedial measure. The Sub-Committee in the presence of Dy. Chairman and Trustees which included representative from the Ministry of Shipping after discussing the issues with the two concessionaries along with their lenders has recommended restructuring of berth nos.13 & 15. The Sub Committee also recommended the KPT Board to submit a Revised Tariff Proposal to this Authority seeking approval of tariff based on optimal capacity assessed on the productivity of the Berths. The Board of Trustees of KPT has approved the recommendations of the Subcommittee. The KPT has clarified that termination notice has not been issued to the Concessionaires of 13th & 15th Cargo Berth.

The KPT has stated that the Concession Agreement signed by it with the RIPL and JREIPL do not spell out the specific provision for re-inviting the bids for the berths already licensed to the two BOT operators. However, in order to ensure more effective and efficient utilization of the berths, KPT has decided to restructure the 13th & 15th Multipurpose Cargo Berths including 14th and 16th berths and it in this context, the KPT has filed a proposal seeking reference tariff from this Authority based on the recommendations of the Sub- Committee and after seeking approval of its Board. Though the KPT has stated that RIPL and JREIPL have given their consent vide letters dated 24 June 2015 and letter no. Nil dated 01 July 2015 respectively on the terms of restructuring of 13th & 15th cargo Berth, it is seen that the consent given by JREIPL and RIPL is subject to certain conditions. It is relevant here to state that it has been explicitly conveyed to the KPT that the mandate of this Authority is limited to fixation of reference tariff following the applicable Reference Tariff Guidelines in view of the proposal filed by the KPT. The various points made by the RIPL and JREIPL to the KPT and Sub Committee appointed by KPT for restructuring of berth nos.13 and 15 and legalities of rebidding the berths which have been already awarded by the KPT and obtaining consent of the existing BOT operators are solely the responsibility of the Concessioning Authority, the KPT. The KPT has also taken note of this position and has assured that it will ensure the legal tenability of proposal for restructuring the project no.13 & 15 and that it will obtain the approval of Competent Authority before proceeding ahead with the bidding process of restructuring of 13th and 15th Berth. Thus, the exercise of restructuring the berth nos.13 to 16 and to take care of legalities involved in this exercise including rebidding of the existing berth nos.13 and 15 which has already been awarded by the KPT and cargo handling operations have already commenced by Concessionaires is solely the responsibility of the Licensor Port, KPT.

(c). During the processing of this case, the KPT has brought out that one of the BOT operators viz. JREIPL of berth no.15 who was issued Provisional Completion Certificate did not complete various items listed in punch list given by the Independent Engineer and hence has not obtained the completion certificate of Independent Engineer. That being so, KPT has during the processing of this case reported to have suspended the operation of berth no.15 by JREPL with effect from 1.11.2014. This position was made known to this Authority not before the processing of this case. When sought clarification whether the rates notified by this Authority for JREIPL in October 2013 based on the clearance from KPT needs to be denotified, as the operation of JRE is suspended by KPT, the KPT has clarified that JREPIL has given its consent on the terms of restructuring. Hence, it may not be required to denotify the Scale of Rates for Berth No.15. This position is relied upon.

(d). The original proposal of the KPT stated that it is has sought revision of "Upfront" tariff already fixed for the berths already awarded. On being pointed out that after issue of the Reference tariff guidelines by the Ministry of Shipping in the year 2013, fixation of "Upfront" tariff no longer exists, the KPT has clarified that the proposal is for fixation of reference tariff for berth nos.13 to 16 by restructuring it under Tariff Guidelines of 2013, following the principles of 2008 Guidelines by invoking Clause 2.2 and 2.4 of Tariff guidelines 2013.

When sought clarification relating to items envisaged to be restructured at the berth nos.13 to 16, the port has clarified that though berth configuration remains the same, the restructured berths involve allotment of additional land to accommodate one full rake, optimal capacity assessment has been increased and involve allotment of various additional equipment.

(e). It can thus be seen that the proposal filed by the KPT is based on the recommendation of the Subcommittee appointed by the KPT constituted by its Board comprising of members from the Trustees which is also represented by one Trustee from Ministry of Shipping. Further, the Ministry of Shipping vide its email dated 16 June 2015 has forwarded the time lines for KPT for restructuring of berth nos.13 and 15 multipurpose berths. The said time lines set by the MOS includes approval of tariff by this Authority by 3 August 2015. In view of the above position and recognising that this Authority under the statute is mandated to determine and notify the reference tariff based on the proposal filed by the concerned Major Port Trusts, this Authority decides to proceed based on the proposal filed by the KPT for fixation of reference tariff for berth nos.13 to 16 by restructuring proposed by the KPT.

(iii). Clause 2.4. of the 2013 guidelines stipulates time period of 45 days for determining the Reference Tariff based on the proposal received from the Major Port Trusts following the principles of tariff guidelines of 2008. As stated earlier, the Ministry of Shipping (MOS) vide its e-mail dated 16 June 2015 has forwarded the target dates set by it, wherein the target date for filing the reference tariff proposal by KPT to this Authority is set as 17 June 2015 and approval of reference tariff by this Authority is set as 3 August 2015.

However, it can be seen from the factual position brought out in the earlier paragraphs that the original proposal filed by KPT vide its letter dated 16 June 2015 had a few gaps. Complete proposal from the KPT was received only on 3 July 2015. During the processing of the case, various users/ prospective bidders pointed out various gaps in the proposal of KPT. Taking into consideration some of the suggestions made by some of the prospective bidders and users/ user association, the KPT filed a revised proposal dated 12 August 2015 proposing deployment of additional equipment, modified optimal capacity, revised the capital cost, revised proposed tariff and new tariff for rail borne cargo. Subsequently, the KPT vide its letter dated 24 August 2015 and 28 August 2015 has furnished additional information / clarification on a few points which arose from its revised proposal. The case could be taken up for finalisation on receipt of additional information/ clarification from the KPT complete in all respects.

The final revised proposal filed by the KPT vide letter dated 12 August 2015 along with the information/ clarification furnished by KPT during the processing of the case in reference are considered in this analysis.

(iv). The proposal of KPT envisages uniform reference tariff for each of the berths 13 to 16. M/s.Rishi Shipping, one of the prospective bidders, was of the view that for fixation of reference tariff berth nos.13 and 15 should not be clubbed with berth nos.14 and 16 and KPT should arrive at the tariff for berth nos.14 and 16 separately following norms prescribed in the 2008 guidelines. The KPT was specifically requested to consider proposing separate reference tariff for berth nos.14 and 16 excluding the capital and operating cost of additional land and capital cost of the internal railways, if these items were not relevant for these two berths. In response, the KPT has categorically stated that the total land area requirement for each of the berth nos.13th to 16th is 27 ha. The KPT has also confirmed that the cost of internal railway estimated at ₹11.88 crores is relevant for each of the berths 13th to 16th. Relying on the above submissions by the KPT, this Authority proceeds based on the proposal of the KPT for uniform reference tariff for each of the berths 13 to 16. Incidentally, one another prospective bidder, RIPL has stated that the tariff for each of the berths 13 to 16 must be uniform.

(v). Clause 2.4 of the Revised Guidelines for Determination of Tariff for Projects at Major Ports, 2013, stipulates that if in the view of the Major Port Trust, the tariff determined for a particular commodity under 2008 guidelines at that Major Port Trust or any other Major Port Trust is not a representative Reference Tariff for that commodity, then the Major Port is free to approach this Authority with a proposal to re-fix Reference Tariff under 2008 guidelines for the project giving detailed and sufficient justification. The KPT has cited the following reasons for not adopting highest upfront tariff fixed by this Authority under 2008 guidelines in its own Port or any other Major Port Trusts but filing the proposal following the principles of 2008 guidelines:

(a). The Sub-Committee appointed by the KPT Board has recommended to restructure the berth nos.13th & 15th. The Sub Committee has also recommended that the revised tariff proposal should be based on optimal capacity assessed on the productivity of the Berths. The KPT Board has approved the recommendations of the Sub-Committee and has filed the current proposal.

(b). The upfront tariff approved by this Authority for development of 13th to 16th Multipurpose Cargo berths in October 2008 covered general cargo items viz., Food grains and Fertilisers, Thermal Coal, Coal (other than Thermal Coal), Limestone, Minerals, Sugar, Salt, Other dry bulk, Steel and Bagged cargo and Timber Logs. Whereas, the cargo profile proposed to be handled under the restructured project are Food Grains and Fertilisers (Bulk), Coal (Bulk), Ores & Minerals (Bulk), Steel Cargo (Steel coils, Plates & Slabs), Project Cargo (Break bulk), Other Bagged Cargo (including foodgrain, other steel & scrap), Other dry Bulk cargo and Timber logs (Bulk break).

(c). The restructured proposal envisages allotment of additional land area to each of the berths to accommodate full rake.

(d). Proposal envisaged deployment of additional equipment like excavators, dumpers, trailers, etc., which are not as per norms prescribed for multipurpose berth.

Citing the above reasons and based on the recommendations of the Sub-Committee to have a revised tariff based on optimal capacity assessed for productivity achieved by the berths, the port has sought reference tariff for the 13th to 16th Multipurpose Cargo (other than Liquid/Container cargo) berths following the principles of 2008 guidelines. In view of the above submissions, the proposal of KPT is taken up for fixing reference tariff under the Tariff Guidelines of 2008 which is generally following the norms prescribed in the upfront tariff guidelines of 2008 for a multipurpose berth.

The KPT has stated that there is deviation in its proposal from the norms prescribed in 2008 guidelines for multipurpose berth with reference to optimal capacity calculation and on equipment profile which are discussed in the subsequent paragraphs.

(vi). Optimal capacity:

(a). The output norms prescribed in the 2008 guidelines viz. 10,000 tonnes per day for dry bulk (food grains and fertilizer) for vessel of more than 30,000 tonnes parcel size, 10,000 tonnes per day for coal, limestone, minerals, etc., 4,000 tonnes per day for bulk cargo and steel and bagged cargo and 2,500 tonnes per day for other break bulk cargo is with reference to 3 nos. of 20 tonnes Level Luffing Crane aggregating to 60 Tonnes. The proposal of KPT envisages 2 HMCs of 60T each. As the aggregate of 3 level luffing cranes comes to 60T which matches with the 60T HMC proposed by the KPT, the KPT has adopted the output norms prescribed in 2008 guidelines subject to updation in the handling rate for deployment of 2 numbers of 60T HMCs.

For 2 HMCs of 60T each, the KPT has considered handling rate for each cargo categories viz. Food Grains and Fertilisers, Coal, Ores & Minerals and other dry bulk cargo at 20000 tonnes/day which is found to be in line with the handling rates prescribed for the said cargo group in the tariff guidelines of 2008.

With respect to Steel Cargo (Steel coils, Plates & Slabs), the KPT has considered handling rate of 11000 tonnes/ day instead of handling rate of 8000 tonnes/ day as per the norms prescribed in 2008 guidelines. For timber log, the KPT has considered a handling rate of 7000 tonnes/ day instead of 5000 tonnes/ day applicable as per norms for other break bulk cargo. The KPT has justified that the steel cargo like steel coils, steel plates and steel slabs have a greater handling rate as compared to steel cargo viz. steel pipes, steel wire bundles and steel bars and the handling rate considered by it is based on the productivity of more than 10,000 tonnes/ day achieved at Kandla during the year 2014-15. Based on the clarification furnished by the KPT which is reportedly based on the actual productivity achieved at its port, the higher level of handling rate considered by KPT for this cargo is accepted.

As regards timber, the KPT has clarified that the average output achieved in handling timber at its berth nos.1 to 12 is around 6836 tonnes/ day and 6834 tonnes in the years 2013-14 and 2014-15 respectively. Thus, the KPT has justified the handling rate of 7000 tonnes /day considered by it for timber in the optimal capacity calculation. Based on the clarification furnished by the KPT which is justified by the actual productivity achieved at its port, the handling rate for this cargo is considered at the level considered by the KPT.

With respect to handling rate for Project Cargo (Break bulk), there are no specific norms prescribed in the 2008 guidelines. The KPT has stated that the handling rate of 929 tonnes/ day considered by it for project cargo is based on the actual handling rate achieved in the year 2014-15. In the absence of specific norms prescribed for project cargo in the 2008 guidelines, the handling rates considered by the KPT which is reportedly based on the actual productivity achieved in handling this cargo category, is relied upon and considered in the analysis.

(b). The KPT has considered the percentage share of the cargoes viz., Food Grains and Fertilisers (Bulk), Coal (Bulk), Ores & Minerals (Bulk), Steel Cargo (Steel coils, Plates & Slabs), Project Cargo (Break bulk), Other Bagged Cargo (including foodgrain, other steel & scrap), Other dry Bulk cargo and Timber logs (Bulk break) at 18.98%, 31.83%, 7%, 1.79%, 2%, 4.93%, 23.86% and 9.61% respectively.

The KPT has stated that percentage share of cargo considered is based on the actual percentage share of dry cargo handled by KPT during the year 2014-15. The percentage share of cargo capacity considered by the KPT is relied upon.

(c). Considering the cargo wise handling rate and the percentage share of cargo, the KPT has applied utilization factor at 45.66% and has determined the optimal capacity for a berth at 29,35,962 Tonnes Per Annum which is rounded off by KPT to 2.94 Million Tonnes Per Annum (MMTPA). As per clause 3 of the tariff guidelines of 2008 multipurpose berth, optimal capacity of the terminal is to be assessed at 70% of the maximum capacity. Further, Clause 3.1. of the 2008 guidelines prescribing the formula and cargo handling norms for assessing the optimal capacity of multipurpose berth, explicitly stipulates utilisation norm at 70% for assessing the capacity of multipurpose berth.

The utilisation factor of 45.66% considered by the KPT is not found to be in line with 70% utilisation norm prescribed in the 2008 guidelines. The utilization norm of 70% has been uniformly followed while determining the upfront / reference tariff of the multipurpose berths at other Major Port Trusts including KPT in the Order No.TAMP/35/2008-KPT dated 14 October 2008. As regards, the argument of KPT that capacity utilisation of 45.66% is based on the norms of 4000 working hours prescribed in 2008 guidelines (i.e. 4000 hours / 8760 hours [365 days *24 hours] = 45.66%), it is relevant to state that the said working hours norm of 4000 hours prescribed in the guidelines for multipurpose berth is for estimation of fuel cost/ power cost. Further, though the 2008 guidelines prescribe 4000 working hour norms for estimation of power and fuel cost, 6132 hours are considered by this Authority for a full-fledged berth. The norm of 4000 working hours is considered only for stand-alone equipment. The KPT was, therefore, specifically requested to consider 6132 working hours for estimation of fuel cost. Instead of modifying the working hours at 6132, the KPT has reduced the capacity utilisation percentage to 45.66% based on 4000 hours which is not in line with clauses 3 and 3.1. of the 2008 guidelines. There is no extraordinary circumstance brought out by the KPT justifying deviation from the prescribed norm on the capacity utilisation. That being so, whilst the handling rate and the cargo share as proposed by the KPT are considered, the utilisation is considered at 70% as per the norms prescribed in the 2008 guidelines. Accordingly, the optimal capacity for each of berth nos.13 to 16 comes to 45,01,036 tonnes per annum (i.e. 4.50 MTPA) as against 2.94 MTPA considered by the KPT.

(vii). Capital Cost:

(a). The capital cost estimated by the KPT is ₹246.35 crores comprising of capital cost for total civil works including berth cost and civil cost related to cargo handling activity at ₹156.22 crores and ₹90.13 crores for mechanical equipment as discussed in the subsequent paragraphs:

(b). Berth Cost:
Of the total capital cost for civil works estimated at ₹156.22 crores, the KPT has considered ₹50.58 crores as berth cost for arriving at the proposed berth hire charges. The capital cost of berth at ₹50.58 crores includes 5% miscellaneous capital cost. This figure did not match with the break up of the berth construction cost furnished by the port. On seeking clarification in the matter, the KPT has stated that the total capital cost of berth construction is ₹92.79 crores which covers construction of the entire wharf structure of 55 m width. For estimation of berth hire, the KPT has furnished break up of capital cost comprising of Pile foundation and super structure of 35 mtrs. width berth and 5% towards miscellaneous capital cost aggregating to ₹50.58 crores. The balance ₹105.64 crores (i.e. ₹156.22 crores - ₹50.58 crores) is considered as part of civil works under cargo handling activity.

The estimate of berth construction cost at ₹50.58 crores includes 5% of the capital cost for berth towards miscellaneous capital cost though there is no specific provision in the 2008 guidelines for considering miscellaneous cost under berthing service. In this context, it is relevant here to mention that though the upfront tariff guidelines of 2008 stipulate estimating miscellaneous capital cost @ 5% of the total of the estimated civil cost in case of handling activity, the guidelines do not specifically provide for estimation of miscellaneous capital cost under berthing service. It is noteworthy that in case of the upfront tariff determined for various projects of Visakhapatnam Port Trust (VPT), Coal terminal at V.O. Chidambaranar Port Trust (VOCPT), Mormugao Port Trust (MOPT), multipurpose and mechanized berths at Kolkata Port Trust (KOPT), this Authority has considered the miscellaneous capital cost at 5% under the berthing service. Keeping in view the position maintained in the above mentioned cases, the miscellaneous capital cost under the berthing activity at 5% of the civil cost of berth is taken into account, as proposed by the port.

The KPT has confirmed that the estimate of the capital cost reflects the prevailing market rates.

In view of the above position, the estimate of berth cost at ₹50.58 crores considered by the KPT is relied upon and considered in the cost statement.

(c). Handling activity:

(i). Civil Cost:
The estimate of civil cost towards handling activity comprises of part of super structure and pile foundation (berth apron) apportioned to cargo handling activity, office building, storage godowns, back up area development, reclamation of back up area development, fenders and bollards, fencing wall and internal road. The civil works considered by the KPT broadly adheres to the normative list prescribed in the 2008 guidelines. The KPT has furnished the rate analysis in support of the unit rate considered for estimating the capital cost for the civil works and has also confirmed that the estimate of the capital cost reflects the prevailing market rates. The estimate of civil cost for cargo handling activity at ₹105.64 crores considered by the KPT is relied upon.

(ii). Mechanical Equipment Cost:

(a). The upfront guidelines of 2008 specify a normative list of equipment for a multipurpose berth which comprises 3 nos. of Level Luffing Wharf crane of 20 Tonne capacity, 4 nos. of 5 T Fork Lift Trucks (FLT) , 2 nos. of 10 T Fork lift truck, 3 nos. of Pay loaders each of 10 T capacity and Power, Lighting & Communication. The original proposal of the KPT envisaged 2 nos. of HMCs, 4 nos. of 5 T Fork Lift Trucks (FLT) and 2 nos. of 10T Fork lift truck, 3 nos. Pay loaders each of 10T capacity and Power, Electrical, internal railways, environmental measures. The mechanised equipment proposed earlier were in line with the norms prescribed in the tariff guidelines of 2008.

One of the prospective bidders viz. M/s.Rishi Shipping (RS) has, however, stated that additional equipment like, Hitachi Excavators, pay loaders, dumpers, grabs, trucks, fork lift trucks, etc., will be required to handle multipurpose cargo proposed to be handled which are not captured in the tariff calculation. The RS has also pointed out that special grabs and special forklifts are required to handle timber log and further of 5T/ 10T forklift proposed by KPT as per norms cannot transport timber log. These are the additional equipment that are required for stevedoring, transportation from wharf to storage yard and loading bulk cargo in to trucks and has requested to consider its impact while arriving at the reference tariff.

Based on the submissions made by RS, the KPT has reviewed the equipment deployment proposed by it in its original proposal and has revised equipment profile in its revised proposal dated 12 August 2015. The mechanical equipment envisaged by the KPT in the revised proposal comprises of cost of 2 Nos. of 60T Mobile Harbour Cranes, 3 Nos. of 30T Fork Lifts, 3 Nos. of 35T Fork Lifts, 3 Nos. of 10T Payloader, 2 Nos. of 200T Hitachi Excavators, 2 Nos. of 350T Hitachi Excavators, 8 Nos. of 20T Dumpers, 8 Nos. of Trailers, 8 Nos. of Trucks, 2 Nos. of Timber Grabs, 6 Nos. of Fork for Payloaders, 3 Nos. of 10T payloaders for storage area, Firefighting system for jetty and in Backup area and others, Power and Electricals and Internal railways. The KPT has clarified that number of equipments have been arrived at keeping in view the operations carried out at KPT and storage facilities available at berth no.13 and 15.

Since the revised equipment profile proposed by the KPT is mainly based on the submissions made by the prospective bidder and is reportedly based on the operations carried by at the port, the deviation proposed by the KPT from the normative list of equipment is accepted by this Authority in exercise of the powers available to this Authority under clause 3.2. of the 2008 guidelines.

(b). As per the norms prescribed in 2008 guidelines, the capital cost for railway tracks comes under civil cost. Whereas, the KPT has considered capital cost of internal railways estimated at ₹11.38 crores under Mechanical Equipment. When requested to categorize capital cost on internal railways under civil works following the normative list of capital items prescribed in the 2008 guidelines, the KPT has clarified that irrespective of the consideration of the capital cost of railway tracks as civil or mechanical cost, the capital cost of railway is related to capital cost of cargo handling activity and hence has not agreed to consider this item under mechanical equipment cost. Based on the submissions made by the KPT, the capital cost of internal railways line is allowed to be considered in the mechanical equipment cost as proposed by the KPT with reference to this proposal in exercise of the powers available under clause 3.2. of the tariff guidelines of 2008.

By way of abundant that caution, it is mentioned that deviation from the norms proposed by KPT and approved in the instant case by this Authority in view of submissions made by the KPT should not be considered as precedence by KPT or by any other Major Port Trusts in any other reference/ upfront tariff cases.

(c). The estimation of equipment cost is based on quotation received from the vendors for a few equipment like Hitachi Excavators, dumpers, trailers, trucks, timber grabs. Capital cost of fork lift truck is estimated based on inputs received from users, and capital cost of few equipment like pay loaders, HMCs is based on the equipment cost considered in the other upfront tariff proposal at Kandla Port Trust suitably escalated to arrive at the prevailing rate. The KPT has confirmed that the estimated capital cost reflects the prevailing market rates. The equipment cost as furnished by the KPT is, therefore, relied upon and considered except for correcting some minor arithmetical error.

(d). The upfront tariff guidelines of 2008 stipulate estimating miscellaneous capital cost @ 5% of the total of the estimated civil and equipment. The KPT has estimated 5% of the miscellaneous cost under the head civil works and 5% of the total of the estimated equipment cost under the head equipment cost which is as per the norms prescribed in the 2008 guidelines and hence is considered in the analysis.

(e). Subject to modifying the arithmetical error in the sequipment cost, the total modified capital cost comes to ₹246.32 crores instead of ₹246.35 crores estimated by the KPT.

(viii). Return on capital employed is calculated at 16% of the estimated capital cost as per the norms prescribed in the guidelines.

(ix). Operating cost:

(a). Cargo Handling activity:

(i). Power cost:

(a). Power cost has been estimated by the port with regard to the illumination of the 27.0 hectares of land proposed to be allotted for each of the berths and considering power consumption of 2,40,000 units per hectare per annum applying the unit rate of power at ₹9.69. It is relevant to mention here that the power consumption of 2.4 lakhs units per annum per hectare adopted by the KPT is based on the power consumption norm prescribed in the guidelines for fixation of upfront tariff for liquid bulk terminal. The Upfront tariff guidelines for the multipurpose berth do not prescribe norms towards consumption of power for illumination. Nevertheless, illumination of the yard is essential. Hence, power consumption of 2,40,000 units per hectare per annum considered by KPT by borrowing the norm prescribed in the upfront tariff guidelines for the liquid bulk terminal is, therefore, considered in the analysis. Such an approach has been adopted in other upfront tariff cases other than liquid cargo terminal including upfront tariff approved vide Order No.TAMP/6/2013-KPT dated 6 May 2013 for barge jetty at KPT.

(b). The KPT has furnished the workings in support of the unit rate of power at ₹9.69. Based on the workings furnished by the KPT, the unit cost of power as estimated by the port at ₹9.69 per unit is considered in this analysis. The power cost is, therefore, considered at the level estimated by the KPT.

(ii). Fuel Cost:

(a). The consumption norm of fuel prescribed in the guidelines for multipurpose cargo terminal is with reference to operation of 3 nos. of luffing cranes. The KPT had estimated the fuel cost for HMC at 33.33 litre per hour. The fuel consumption is found to be in line with fuel consumption considered in the upfront tariff approved for 60T HMC in KPT as well as for 60T port owned MHC. That being so, the fuel consumption of 33.33 litres per hour per HMC is relied upon and considered in the analysis.

(b). Fuel consumption norm prescribed in the 2008 guidelines for 5T forklift truck and 10T forklift truck and 10T payloader is 7 litres per hour, 10 litres per hour and 12 litres per hour respectively considered by KPT is as per the norms. For 10T payloaders, the KPT has considered fuel consumption as per the norms prescribed in 2008 guidelines. For Fork Lift trucks of 30 T and 35T capacity, the KPT has considered fuel consumption of 10 litres/ hour and 13 litres/ hour respectively. There are no adverse remarks from any users/ prospective bidders of the fuel consumption considered by the KPT in the revised proposal. In the absence of any specific fuel consumption norms for fork lift capacity of 30T and 35T fork lift proposed by the KPT and recognising that there are no adverse remarks from the stake holders in this regard, the fuel consumption for fork lift truck estimated by the KPT are relied upon and considered in the analysis.

(c). Fuel consumption estimated by the KPT for 200 T Hitachi excavator and 350T Hitachi excavator are 15 litres/ hour and 25 litres / hour. When sought the basis for fuel consumption, the KPT has clarified that fuel consumption for excavators is based on the details provided by the users and transporters of port for the actual operations. In the absence of any specific fuel consumption norms for excavators prescribed in the 2008 guidelines and recognising that there are no adverse remarks form the stake holders in this regard, the fuel consumption for excavator estimated by the KPT are relied upon and considered in the analysis.

(d). The port has estimated power and fuel consumption for all the equipment for 4000 hours working. Though the guidelines of 2008 prescribe a norm of 4000 hours of working in a year for estimation of power/ fuel cost of equipment for multipurpose berth, as stated earlier 6132 hours of working are considered by this Authority for a full-fledged berth. As stated earlier, the norms of 4000 hours of working is considered by this Authority only for standalone equipment in other upfront tariff cases. The KPT was, therefore, specifically requested to consider working hours at 6132 for fuel estimation of the various equipment as considered in other upfront/ reference tariff cases. The KPT has, however, maintained the working hours as 4000 citing that it is as per the norms prescribed in the 2008 guidelines for calculating the operating cost for the equipment for multipurpose berth. It is relevant here to state that for dedicated terminal handling facility, this Authority estimated power/ fuel cost for 6132 hours i.e. 365 days x 24 hours x 70% for overall capacity of the terminal as against 4000 working hours norms prescribed in the guidelines. The optimal capacity is also assessed for 70% capacity utilisation which works out to 6132 hours i.e. 365 days*70%. That being so, fuel consumption and power consumption for equipment has been estimated for the corresponding working hours of 6132 instead of 4000 hours considered by the KPT.

As regards dumpers and trailers, the KPT has not furnished fuel consumption per equipment. The KPT has estimated fuel consumption for 8 dumpers, 8 trailers at 47,579.81 litres and 3597.93 litres respectively. Since the estimates of fuel cost by KPT for equipment are reportedly for 4000 hours, the total fuel consumption estimated for each of these equipments is modified on proportionate basis for 6132 hours. The modified fuel consumption for dumpers and trailers considered in the calculation is 72940 litres and 5516 litres respectively.

(e). The unit rate of fuel considered by the KPT is ₹56.69 per litre. This has been updated to ₹53.63 per litre based on fuel rate prevailing at the time of analysis of this case.

(f). For trucks, the KPT has furnished detailed working for arriving at fuel cost for 8 trucks. For this purpose, the KPT has considered 4.93% percentage share of bagged cargo of the total optimal capacity, 20 tonnes of carrying capacity of truck at a time, fuel consumption of 4.5 km/ litre as per the inputs of the users of port and transporters and total to and fro average distance to be travelled by truck at 1.25 km. All the parameters considered by the KPT are relied qupon. The optimal capacity is, however, considered at the modified level of 4.501 MTPA for arriving at the fuel cost of trucks. Apart from that the unit rate for fuel is also updated to the prevailing rate, as stated earlier.

(iii). Repairs and maintenance cost has been estimated by the KPT at 1% of the civil assets and 5% of the equipment costs. This is seen to be in line with the norms prescribed in the guidelines.

(iv). Insurance cost at 1% and other expenses at 5% of the gross fixed assets has been estimated by KPT. This is also seen to be in line with the norms prescribed in the guidelines.

(v). Depreciation has been computed by KPT @ 3.34% on civil cost, 6.75% on equipment cost and internal railway facility. The KPT has stated that the rates for the Depreciation considered by it are as per the depreciation rates applicable under the Companies Act, 2013. It is relevant here to state that 3.34% depreciation rate was being considered under the Companies Act, 1956. In the reference tariff approved following the principles prescribed in 2008 guidelines for three of proposals, the V.O. Chidambarnar Port Trust (VOCPT), the port has considered the depreciation rate on civil works at 3.17% based on the depreciation rates applicable under the Companies Act, 2013. For mechanical equipment, the rate of depreciation was considered by VOCPT @ 6.33%. The depreciation rate of 3.17% and 6.33% on civil works and mechanical equipment respectively considered by the VOCPT was found to be based on the rate of depreciation applicable as per the Companies Act, 2013 and hence was considered in those cases. That being so, the rate of depreciation in the instant case is also modified and considered at 3.17% for civil works and 6.33% on all items categorised under mechanical equipment.

(vi). Licence Fee:

(a). The guidelines for upfront tariff stipulate that licence fee for port land is to be estimated based on the rates prescribed in the Scale of Rates of the respective Major Port Trusts.

Licence fee has for land been estimated by the KPT for 25.95 hectares (ha) for land to be allotted for cargo handling activity and 1.05 ha area for berthing activity aggregating to 27.0 ha. For berthing activity, apart from estimating license fee for 1.05 ha of berthing area, the KPT has also estimated license fee for water area of 11,109 sq. mtr. It is relevant to mention that the norms prescribed in the upfront tariff do not prescribe estimation of the license fees for the berth hire charges. In other upfront tariff cases, license fee for water/ jetty area is not considered in berth hire computation. They are considered as part of the cargo handling activity based on the proposal of the respective ports. The approach adopted by KPT of considering licensee fees for water area/ jetty area in berth hire estimation is not as per the norms prescribed in the guidelines or as per the approach followed by KPT itself in the SPM case. When sought clarification from the port for deviation from the prescribed norms, the KPT has clarified that license fees for the jetty area of 35 m width and water area is considered in the berthing activity because this area will cater to the berthing activity only and not to the cargo handling activity. Based on the clarification furnished by the KPT, the license fee for berthing area and water area relating to berthing activity is allowed to be considered as part of the berth hire computation in exercise of the powers available to this Authority under clause 3.2. of the 2008 guidelines.

(b). The unit rate of license fee considered by KPT at ₹241.25 per sq. mtr per annum for land within half a mile from creek and ₹120.63 for land half mile from creek is found to be as per the existing license fee and hence considered. As regards, water area, the KPT has considered 50% of the applicable license fee which is as per the Land Policy Guidelines 2014. The license fee as estimated by the KPT is considered in the analysis.

(b). Berthing activity:

The guidelines require the operating cost for berthing service to be estimated at 1% of the berth cost. In addition to maintenance cost, the KPT has considered insurance and depreciation while estimating the operating cost of berthing service.

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 @ 1% and depreciation are considered in this case also except for modifying the depreciation rate which is considered at 3.17% for reasons explained earlier instead of 3.34% considered by the KPT.

(x). The statement for fixing upfront tariff submitted by the KPT for fixation of Reference tariff for award of 13th to 16th Multipurpose Cargo (other than Liquid/Container cargo) berths by restructuring the berths at Kandla Port Trust has been modified in line with the above analysis. A copy of the modified statement is attached as **Annex – I (a) to (d)**.

(a). Cargo handling activity:

(i). Subject to above analysis, the annual revenue requirement for the cargo handling activity which is the sum of the operating cost and return on capital employed works out to ₹80.14 crores instead of ₹77.23 crores estimated by port.

(ii). The KPT has apportioned 90% of the total revenue requirement towards handling charges, 5% towards Storage Charges and 5% towards miscellaneous charge, as stipulated in the upfront guidelines for multipurpose cargo terminal.

(iii). 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) not exceeding 60% of the normal cargo/ vessel related charges. Accordingly, the KPT has proposed concessional rates for coastal cargo in line with the Government policy. For the purpose of arriving at cargo handling rate for foreign and coastal cargo, the KPT has considered the ratio of foreign cargo at 95.91% and that of Coastal cargo at 4.09% for all the types of cargo envisaged to be handled at 13th to 16th berths which is reportedly based on the traffic of dry cargo handled at KPT during the last three years. The share of foreign and coastal cargo considered by the KPT is relied upon in the analysis.

(iv). The port has furnished detailed computation of per tonne handling rate considering the estimated annual revenue requirement pertaining to the cargo handling activity. On perusing the detailed computation furnished by KPT, it is seen that the port has taken the optimal capacity of 2.94 MTPA assessed by it as the base and arrived at the individual cargo capacity applying the percentage share assumed in the optimal capacity calculation. The approach adopted by the KPT does not capture the varying handling rate for various cargo items proposed to be handled. Further, though the KPT has assessed optimal capacity considering the optimal capacity utilisation at 45.66% considering 4000 hours at which the number of working days should have been 166 days (i.e. 365 days x 45.66%). However, the cargo handling computation of

KPT shows 246 days. Thus, there is some mismatch in number of days as per KPT's working.

The computation done by KPT is modified considering the modified optimal capacity of 4.501 MTPA. The modified optimal capacity is spread over each cargo category taking into considering the varying handling rate adopted by the KPT in the optimal capacity calculation. The no. of working days also thus stands modified at 256 days (365 days x 70% utilisation).

The original proposal of the KPT mentioned that, coal (other than thermal coal) will be handled. In the revised proposal of KPT, cargo description is proposed as "coal". It is silent about thermal coal. One of the prospective bidders M/s.United Liner Agencies of India Pvt. Ltd. (ULAIPL) has pointed out that rates for Thermal Coal was prescribed separately in the earlier Order but is not prescribed in the current proposal and has requested the KPT to include rate for thermal coal as well. Even JREIPL has requested to bring thermal coal under coal. The KPT has agreed to the suggestion. The KPT, has, however, not proposed separate rate for thermal coal in the proposed SOR. Since the KPT has agreed to include thermal coal also under coal category, it is appropriate to prescribe a separate coastal rate for thermal coal (at foreign rate) as thermal coal is not entitled for coastal concession as per the Coastal concession policy of the Government.

Based on the above analysis, the composite per tonne cargo handling rate arrived by us as against the handling rate proposed by the KPT is tabulated below:

(**₹ in per tonne**)

Cargo Description	**Rate proposed by KPT**		**Rate (to be) approved by this Authority**	
	Foreign cargo	**Coastal cargo**	**Foreign cargo**	**Coastal cargo**
Food grains and Fertilisers (Bulk)	143.46	86.08	141.74	85.04
Coal (Bulk)	143.46	86.08	142.62	85.57(coal other than thermal coal). 142.62 (for thermal Coal)
Ores & Minerals (Bulk)	143.46	86.08	144.11	86.47
Steel Cargo (Steel Coils, Plates and Slabs)	260.84	156.51	284.64	170.78
Project cargo (Break bulk)	3088.57	1853.14	3016.48	1809.89
Other Bagged cargo (Including foodgrain, other steel and scrap)	358.66	215.20	369.46	221.68
Other dry Bulk cargo	143.46	86.08	143.28	85.97
Timber logs (Bulk break)	409.90	245.94	416.57	249.94

(vi). As per the Guidelines, Storage charge is leviable for storage of cargoes at the transit area beyond the allowable free period of 5 days for import cargo and 15 days for export cargo. The port has in the revised proposal proposed free period at 5 days for import and 15 days for export.

The KPT has assumed that 67.74%, 60.45%, 53.80%, 48.17%, 43.05%, 37.35%, 31.06% and 13.93% of the optimal capacity of cargo will attract storage charges after the proposed free period for the eight slabs beginning from first slab of one week to the last slab of eight week and thereafter respectively. The KPT has furnished workings for computation of storage charges and has shown that the revenue requirement from the storage charges would be met by the operator at the storage charges proposed by the port. The same approach as followed by the KPT is considered except for modifying the optimal capacity and the modified revenue requirement from storage charge. The modified storage charge after the free period arrived by us is Re.0.21 per tonne/ day for the first slab of first week, Re.0.31 per tonne per day for the second week and Re.0.41 per tonne /day from third slab of third week to the last slab as against as Re.0.31 per tonne/ day, Re.0.46 per tonne per day and Re.0.61 per tonne/ day proposed by the KPT for the corresponding slabs.

(vii). Based on the modified revenue requirement, tariff cap for miscellaneous charge for all cargo items works out to ₹8.90 per tonne as against ₹13.15 per tonne proposed by KPT. The services for levy of miscellaneous charges will include sweeping of cargo on the wharf, weighment, dust suppression etc., The proposed note is slightly elaborated to state that it will also cover any other service not specifically prescribed in the Scale of Rates in line with similar prescription in other upfront tariff cases.

(c). Berthing activity:

(i). The revenue requirement from berthing service works out to ₹11.09 crores as against ₹11.18 crores estimated by the KPT

(ii). The KPT has proposed concessional berth hire charges for coastal vessels as per the Government policy, assuming the share of GRT of coastal vessels and foreign vessels for each cargo category. The port has assumed share of foreign and coastal vessel at 95.95% and 4.09% which is relied upon and considered.

(iii). The KPT has furnished detailed workings for computation of berth hire charges. The methodology followed by the KPT for arriving at the berth hire charge is found to be in line with the general approach followed by this Authority in other upfront tariff cases. The calculation of berth hire charge is done following the approach followed by the KPT except for modification in the optimal capacity and modified revenue requirement.

(iv). Subject to the above modification, the modified tariff cap for Berth hire charge works out to ₹0.62 per GRT per hour for foreign going vessel and ₹0.37 per GRT per hour for coastal vessels, which is prescribed as against ₹0.83 GRT per hour for foreign going vessel and ₹0.50 per GRT per hour for coastal vessel proposed by KPT

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 KPT for rupee denominated berth hire is in line with the decision taken by this Authority in the other upfront tariff cases.

(xi). In the proposed reference tariff schedule, the KPT has proposed definitions for common terms like coastal vessel, foreign vessel, per day. These definitions are found to be in line with the definitions prescribed for the respective terms in the other upfront tariff cases and Scale of Rates of other major ports and private terminals. The KPT has proposed separate definition of day as calendar day from 8 hours to 8 hours for the purpose of storage charge. The proposed definition is incorporated in the Scale of Rates as proposed by the KPT.

(xii). The Government of India in the Ministry of Shipping (MOS) undercover of its letter No. PT-11033/51/2014-PT dated 11 November 2014 has forwarded a copy of the guidelines on priority berthing of coastal vessels at Major Port issued vide letter No.PT-11033/51/2014-PT dated 4 September 2014 to this Authority. Accordingly, this Authority vide its Order no.TAMP/52/2014-Genl. dated 28 November 2014 has, interalia, approved the replacement of definition of 'Coastal Vessel' prescribed in the existing SOR of all the Major Port Trusts as follows:

'*"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 licence issued by the Director General of Shipping/ Competent Authority.***'**

The definition of Coastal Vessel as proposed by the KPT is in line with the definition of 'Coastal Vessel' prescribed by the MOS.

(xiii). The KPT has proposed some general conditionalities like conditionalities governing non-levy of charges for delay beyond a reasonable level attributable to the terminal operator, conditionalities prescribing criteria for categorization of a vessel as a foreign going vessel or coastal vessel, conditionalities prescribing 60% concessional tariff for coastal vessel/ eligible coastal cargo, conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates, which are found to be in line with the general conditionalities prescribed in the Upfront tariff schedule of various major port trusts.

(xiv). In the Berth hire Schedule, the common conditionalities like the period of berth hire to be calculated from the time vessel occupies the berth, Berth hire includes charges for services rendered at the berth, such as occupation of berth, rubbish removal, cleaning of berths, fire watch, etc., and no berth hire to be levied for the period when the vessel idles at the berth for continuous one hour or more due to breakdown of terminal operator's equipment or power failure or for any other reasons attributable to the terminal operator, penal berth hire for false signal which are seen to be in line with the conditionalities prescribed at the Scale of Rates of the port and also in other upfront tariff Schedule and hence incorporated in the Scale of Rates.

(xv). The KPT has not proposed any conditionality relating to priority / ousting priority though it has proposed berth hire charges. The Scale of Rates of KPT prescribes conditions relating to charges for priority berthing and ousting priority. These conditions are not prescribed by KPT in the proposed Scale of Rates. The rates and conditions for granting ousting priority berthing/ priority berthing are governed by the Government guidelines in this regard. A note in this regard along with the conditionalities relating to ousting priority and priority berth hire charges are prescribed in line with the prescription in the Scale of Rates of KPT.

(xvi). One of the prospective bidders, the RIPL has suggested to incorporate following conditionality under the berth hire charge:

(a). A vessel after completion of discharge or loading or ballasting shall call for pilot for sailing within four hours (or within such extension granted by the Kandla Port Trust in writing for stated reasons). If the vessels do not call for the pilot for sailing within the period of four hours after completion of discharge or loading or ballasting or within such extension granted by the

Kandla Port Trust or officials authorized by it, the vessel shall pay additional berth hire charges at the rate of 5 times the normal rate for the period from the time of expiry of four hours or such extended period by the Kandla Port Trust or officials authorized by it till the time of calling the pilot.

(b). The additional berth hire charges specified in the above conditionality shall not be charged for the following cases.

(i). Vessel waiting for tide, draft etc. to sail for the safety of the vessel
(ii). Strike by the port employees
(iii). Loading arm disconnection problem and
(iv). Usage of idle berth with concurrence of Kandla Port Trust or officials authorized by it
(v). Any other reason not attributable to the vessel or its agent

It is relevant to state that such conditions are not found to have been prescribed in the Scale of Rates of KPT or other Major Port Trusts. The proposed conditionality appears to act as a deterrent from the vessel waiting at the berth after completion of loading/ unloading operations except for certain exceptions proposed therein. The proposal of the Jawaharlal Nehru Port Trust (JNPT), which is disposed of simultaneously, for reduction in the turnaround time of liquid bulk vessels was approved by this Authority. In the current scenario, where there are general talks about the Indian ports taking a long time to turnaround the vessels, it is appropriate that such a deterant suggested by RIPL and agreed by KPT would reduce the non-operational time of the vessel at the berth thereby important in the turnaround time of the vessel. The KPT vide letter dated 18 September 2015 has also agreed to the suggestion of RIPL for incorporation of these conditions in the SOR. The KPT has, however, not made suitable modification in the proposed Scale of Rates. Based on the clarification furnished by the KPT, these conditionalities are included in the Scale of Rates as agreed by the KPT.

(xvii). The KPT has proposed a note under the Schedule of Cargo handling charges to state that the handling charges is a composite rate for (a).unloading of the cargo from vessels including stevedoring and transfer of the same up to the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (b). unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days in respect of export cargo, transfer of the cargo to the loading point and loading onto the ship including stevedoring. The proposed note is approved.

(xviii). In the revised proposal, the KPT has proposed a note for levy of ₹20/ tonne (as per the inputs of the users of the port) over and above the composite handling rates for rail borne cargo to be collected from users. It is relevant here to state that the KPT was requested vide our letter dated 20 July 2015 to consider proposing separate rate for rail borne cargo segregating the relevant capex and opex for rail borne cargo. The KPT has, however, not undertaken this exercise. It has proposed a separate rate of ₹20/ tonne for rail borne cargo in the revised proposal of 12 August 2015. With regard to proposal of KPT seeking approval of additional charge @ ₹20/- per tonne over and above the composite cargo handling charge for rail borne cargo, the KPT has not furnished any working for arriving at the proposed rate for the optimal capacity of cargo likely to move by rail despite our request to furnish the working vide our letter dated 20 August 2015 with reference to the optimal capacity. The KPT has stated that the proposed rate is for additional operations required for transporting rail borne cargo to railway siding and loading on to rakes which comes to ₹20/- per MT @ ₹10/- per MT for each operation based on quotation received from the transporters by the port in support of the same. The KPT has further vide its letter dated 28 August 2015 confirmed that the equipments proposed by it as well as the ARR computation do not include equipment required for transport of rail borne cargo to railway siding and loading it onto wagons. The equipment proposed by KPT are not expected to be used for moving cargo to rail siding and loading onto trucks. The Reference Tariff proposed for this service is approved by this Authority as requested by the KPT solely relying on the proposal of the KPT.

(xix). Under the storage charges schedule, the common conditionalities like, free period to exclude Customs notified holidays and terminal's non-working days, Storage charges payable for all days including Terminal's non-working days and Customs notified holidays for stay of cargo, Storage charge not to 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 terminal operator proposed by KPT are seen to be in line with the conditionalities prescribed in the Scale of Rates of other upfront tariff Schedule and hence incorporated.

(xx). RIPL while furnishing its comments has requested to incorporate the following provisions under the storage charge schedule:

(a). For the purpose of calculation of free period, Sundays, customs notified holidays and the terminal operator's non working days shall be excluded.

(b). Free period for imports shall be reckoned with from the date of complete discharge of vessel's cargo.

(c). Free period for exports shall commence from the date on which the cargo is brought in the transit/ port area. The demurrage will cease from the day of berthing of vessel.

The first condition suggested by RIPL is already included in the proposed Scale of Rates and hence need not be duplicated. The other two conditionalities proposed by RIPL appear to be relevant for the purpose of levy of storage charge. The KPT has vide its letter dated 18 September 2015 has agreed to the suggestion of RIPL for incorporation of these conditionalities except for minor modification in the last conditionality. The KPT has requested to modify the last sentence as "The demurrage shall cease from the day following the date of berthing of vessel" in line with prescription available in the Scale of Rates of KPT. Hence, the conditions (b) and (c) above are incorporated subject to modification suggested in clause (c) by the KPT. Further the word "demurrage" in the said note is replaced with "storage charge" as the Reference Tariff schedule prescribes storage charge only.

(xxi). As per clause 2.8 of the upfront tariff Guidelines of 2008, 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 are reportedly at the prevailing rate i.e. of the year 2015, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as on 1 January 2015 as proposed by the KPT.

(xxii). Clause 2.2 of the revised tariff guidelines of 2013 requires this Authority to prescribe the Reference Tariff along with the Performance Standards. Though the revised guidelines of 2013 do not require this Authority to go into the Performance Standards proposed by the port it may not be unreasonable to assume that the ports would propose reasonable and achievable Performance Standard.

The KPT has proposed the Performance Standards in respect of Food Grains and Fertilisers (Bulk), Coal (Bulk), Ores & Minerals (Bulk), Steel Cargo (Steel coils, Plates & Slabs), Project Cargo (Break bulk), Other Bagged Cargo (including foodgrain, other steel & scrap), Other dry Bulk cargo and Timber logs (Bulk break). The cargo items for which Performance Standards are proposed are seen to match with the cargo items for which tariff has been proposed in the Reference tariff schedule. The cargo-wise Performance Standards proposed by KPT are at the par with the handling rate considered in the optimal capacity calculation. The Performance Standards as proposed by the KPT are, therefore, notified along with the Reference tariff schedule.

(xxiii). Rishi Shipping has pointed out requirement of additional equipments viz., bagging, packing etc., for handling fertilizer at the Terminal. In this regard, the KPT has stated that the Port will incorporate appropriate provision in the Draft Concession Agreement to be proposed to Govt. of India to enable the concessionaire to approach this Authority to get the approval of tariff of the additional services, if any, offered by the Concessionaire to the users. In this regard, it is relevant to mention that the tariff fixed under 2013 guidelines for a period of 30 years is subject to only indexation. The tariff guidelines of 2013 do not have provision to approve tariff in a post bid scenario for additional services which are not included upfront as part of the project by the port while determining the reference tariff. The KPT may kindly take note of the above position and intimate the prospective bidders well before the bidding process and also incorporate a suitable provision in the bid document and Concession Agreement to this effect to avoid any issues in future in this regard.

19.1. Subject to above, the Reference Tariff Schedule along with conditionalities governing the Reference Tariff has been modified.

19.2. The modified Reference Tariff Schedule is attached as **Annex - II** and the Performance Standards is attached as **Annex - III**.

19.3. In the result, and for the reasons given above, and based on collective application of mind, this Authority approves the Reference Tariff Schedule for the award of 13th to 16th Multipurpose Cargo (other than Liquid/Container cargo) berths at Kandla Port Trust as per restructuring proposed by the KPT as well as Performance Standards as proposed by the KPT.

19.4. As per clause 2.5 of the Revised Tariff Guidelines 2013, the Reference Tariff and Performance Standards notified by this Authority shall be mentioned in the bid document and subsequently in the Concession Agreement in respect of PPP Projects. Accordingly, the KPT is advised to incorporate the Reference Tariff and Performance Standards, in the bid document and subsequently in the Concession Agreement in respect of PPP Projects.

19.5. From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed Reference Tariff relevant to that year, which would be the ceiling. The aforesaid Reference Tariff shall be automatically revised every year based on an indexation as provided in para 2.2 of the tariff guidelines of 2013 which will be applicable for the entire concession period.

However, the PPP operator would be free to propose a tariff along with Performance Standards (the “Performance Linked Tariff”) from the second year of operation onwards, over and above the indexed Reference Tariff for the relevant financial year, at least 90 days before the 1st April of the ensuing financial year. Such Performance Linked Tariff shall not be higher than 15% over and above the indexed Reference Tariff for that relevant financial year (and this will be the Tariff Cap). The Performance Linked Tariff would come into force from the first day of the following financial year and would be applicable for the entire financial year.

19.6. The proposal shall be submitted to this Authority along with a certificate from the independent engineer appointed under the Concession Agreement of the Project indicating the achievement of Performance Standards in the previous 12 months as incorporated in the Concession Agreement or for the actual number of months of operation in the first year of operation as the case may be.

19.7. On receipt of the proposal, this Authority will seek the views of the Major Port Trust on the achievement of Performance Standards as outlined in para 5 of the tariff guidelines of 2013, within 7 days of receipt.

19.8. In the event of Operator not achieving the Performance Standards as incorporated in the Concession Agreement in previous 12 months, this Authority will not consider the proposal for notifying the Performance Linked Tariff for the ensuing financial year and the Operator shall be entitled to only the indexed Reference Tariff applicable for the ensuing financial year.

19.9. After considering the views of the Major Port Trust, if this Authority is satisfied that the Performance Standards as incorporated in the Concession Agreement have been achieved, it shall notify the performance linked tariff by 15th of March to be effective from 1st of April of the ensuing financial year.

19.10. While considering the proposal for Performance Linked Tariff, this Authority will look into the Performance Standards and its adherence by the Operator. This Authority will decide on the acceptance or rejection of the Performance Linked Tariff proposal based on the achievement or otherwise of the Performance Standards by the operator. Determination of indexed Reference Tariff and Performance Linked Tariff will follow the illustration shown in the Appendix attached to the tariff guidelines of 2013.

19.11. From the third year of operation, the Performance Linked Tariff proposal from the PPP operator shall be automatically notified by this Authority subject to the achievement of Performance Standards in the previous 12 months period as certified by the Independent Engineer. The PPP operator, for the Performance Linked Tariff from the third year onwards, will submit the Performance Linked Tariff proposal along with the achievement certificate from the independent engineer by 1st March and this Authority shall notify by 20th March, the Performance Linked Tariff to be effective from the ensuing financial year.

19.12. In the event any user has any grievance regarding non-achievement by the PPP operator of the Performance Standards as notified by this Authority, he may prefer a representation to this Authority which, thereafter, shall conduct an inquiry into the representation and give its finding to the concerned Major Port Trust. The Major Port Trust will be bound to take necessary action on the findings as per the provisions of the respective Concession Agreement.

19.13. Within 15 (fifteen) days of the signing of the Concession Agreement, the concerned operator will forward the Concession Agreement to this Authority which will host it on its website.

19.14. The PPP operator shall furnish to this Authority quarterly reports on cargo traffic, ship berth day output, average turnaround time of ships, average pre-berthing waiting time as well as the tariff realized for each berth. The quarterly reports shall be submitted by the PPP operator within a month following the end of each quarter. Any other information which is required by this Authority shall also be furnished to them from time to time.

19.15. This Authority shall publish on its website all such information received from PPP operator. However, this Authority shall consider a request from any PPP operator about not publishing certain data/ information furnished which is commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/ operation of upon publication. This Authority's decision in this regard would be final.

(T.S. Balasubramanian)
Member (Finance)

Annex - I (a)

FORMULATION OF REFERENCE TARIFF FOR MULTIPURPOSE CARGO BERTHS 13TH TO 16TH BY RESTRUCTURING AT KANDLA PORT TRUST

Sr. No.	Particulars	As estimated by KPT		As considered by TAMP
		Proposal dated 20 .6.2015	Revised proposal dated 12.8.2015	
I	**Optimal capacity**			
(i)	**Optimal Quay Capacity**			
(a).	Percentage share of capacity of different cargo items			
(i).	Percentage share of foodgrain and fertiliser (Bulk)	30%	18.98%	18.98%
(ii).	Percentage share of Coal (Bulk)	33%	31.83%	31.83%
(iii).	Percentage share of Ores & Minerals (Bulk)	--	7.00%	7.00%
(iv).	Percentage share of Steel Cargo (Steel Coils, Plates & Slabs)	5%	1.79%	1.79%
(v).	Percentage share of Project Cargo	4%	2.00%	2.00%
(vi).	Percentage share of steel pipe, plate, bagged and other break bulk cargo	18%	--	--
(vii).	Percentage share of Other Bagged Cargo	--	4.93%	4.93%
(viii).	Percentage share of Dry Bulk Cargo	--	23.86%	23.86%
(ix).	Percentage share of Timber Logs (Bulk break) Cargo	10%	9.61%	9.61%
(b).	Ship day Output **(in tonnes per day)**			
(i).	Ship day output of foodgrain and fertiliser (Bulk)	15000	20000	20000
(ii).	Ship day output of Coal (Bulk) *	16500	20000	20000
(iii).	Ship day output of Ores & Minerals (Bulk)	--	20000	20000
(iv).	Ship day output of Steel Cargo (Steel Coils, Plates & Slabs) #	10000	11000	11000
(v).	Ship day output of Project Cargo (Break Bulk)	1994	929	929
(vi).	Ship day output of steel pipe, plate, bagged and other break bulk cargo	8000	--	--
(vii).	Ship day output of other Bagged Cargo (incl. foodgrain, other steel & scrap)	--	8000	8000
(viii).	Ship day output of other dry bulk	--	20000	20000
(ix).	Ship day output of Timber Logs (Bulk Break)	6500	7000	7000
(c).	Optimal capacity **(in tonnes)**	3223071	2935962	4501036
		[0.7*365*{(0.30*15000)+(0.33*16500)+(0.04*1994)+(0.18*8000)+(0.05*10000)+(0.10*6500)}]	[0.4566x {0.1898 x 20000 + 0.3183 x20000 +0.07 x20000 + 0.0179 x 11000 + 0.02 x 929 + 0.0493 x 8000 + 0.2386 x 20000 +0.0961 x 7000} x 365]	[0.7x {0.1898 x 20000 + 0.3183 x20000 +0.07 x20000 + 0.0179 x 11000 + 0.02 x 929 + 0.0493 x 8000 + 0.2386 x 20000 +0.0961 x 7000} x 365]
(ii).	**Optimal capacity considered in computation (in tonnes)**	**3,000,000**	**2,940,000**	**4,501,036**
II	**Capital Cost**	₹ in crores	₹ in crores	₹ in crores
A.	**Capital Cost of Berth for berthing services**			
(i)	Cost of construction of Berth:			
(a).	Pile foundation	26.11	26.11	26.11
(b).	Super structure	22.06	22.06	22.06
(ii).	Miscellaneous Cost **{sum of[(II) (A) (i)]*5%}**	2.41	2.41	2.41
	Sub total of **(i + ii)**	**50.58**	**50.58**	**50.58**
B.	**Cargo Handling Activity**			
(i).	**Civil Cost**			
(a).	Civil Structure	**100.61**	**100.61**	**100.61**
(b).	Miscellaneous Cost **{[(II) (B) (i) (a)]*5%}**	**5.03**	**5.03**	**5.03**
	Sub total of **(i + ii)**	**105.64**	**105.64**	**105.64**
(ii).	**Equipment / Mechanical Cost**			
(a).	Mobile Harbour Cranes 60 T - 2nos.	62.43	46.63	46.63
(b).	Fork Lift - 30 MT - 3nos.	0.76	3.83	3.83
(c).	Fork Lift - 35 MT - 3nos	0.74	4.78	4.78
(d).	Payloader 10 MT- 3nos.	1.20	1.20	1.20
(e).	Hitachi excavator of 200 Tonnes-2nos.	--	0.93	0.93
(f).	Hitachi excavator of 350 Tonnes-2nos.	--	1.60	1.60
(g).	Dumpers 20 MT-8nos.	--	2.19	2.19
(h).	Trailers-8nos.	--	2.11	2.11
(i).	Trucks-8nos.	--	1.87	1.87
(j).	Timber Grabs-2nos.	--	1.27	1.27
(k).	Fork for payloaders-6nos.	--	0.15	0.15

FORMULATION OF REFERENCE TARIFF FOR MULTIPURPOSE CARGO BERTHS 13TH TO 16TH BY RESTRUCTURING AT KANDLA PORT TRUST

Sr. No.	Particulars	As estimated by KPT		As considered by TAMP
		Proposal dated 20 .6.2015	Revised proposal dated 12.8.2015	
(l).	Payloaders for storage area (10 MT)-3nos.	--	1.20	1.20
(m).	Fire fighting Lines at Wharf Structure:			
(i).	200 mm dia D.I. line	0.05	0.05	0.05
(ii).	100 mm dia D.I. line	0.01	0.01	0.01
(n).	Fire Fighting Lines in Back up Area:			
(i).	200 dia DI line	0.43	0.43	0.43
(ii).	High Most Towers On wharf structure and in osg and back up area	0.70	0.70	0.70
(o).	Power supply line	0.30	0.30	0.30
(p).	Ancillary Electrical &Mechanical Infrastructure	5.00	5.00	5.00
	Total Cost of Mechanical Assets	**71.63**	**74.28**	**74.25**
(q).	Miscellaneous Cost {sum of [(II) (B) (ii)]*5%}	3.58	3.71	3.71
	Sub total of ((a) to (q))	**75.21**	**77.99**	**77.96**
(iii). (a).	Internal railway for each Berth	11.32	11.32	11.32
(b).	Miscellaneous Cost (**5%)**	0.57	0.57	0.57
	Sub total of (a) + (b)	**11.88**	**11.88**	**11.88**
(iv). (a).	Environmental measures	0.25	0.25	0.25
(b).	Miscellaneous Cost **{[(II) (B) (iv)]*5%}**	0.01	0.01	0.01
	Sub total of **(a) + (b)**	**0.26**	**0.26**	**0.26**
(v)	**Total Capital cost for Cargo handling Activity [sum of (B) (i) to (iv)]**	192.99	195.77	195.74
(vi)	**Total Capital cost (A) + (B)**	**243.57**	**246.35**	**246.32**
III.	**Operating Cost**			
(A).	**For Berth**			
(i).	Repairs and Maintenance	0.51 [₹50.58crores *1%]	0.51 [₹50.58crores *1%]	0.51 [₹50.58crores *1%]
(ii).	Insurance	0.51 [₹50.58crores *1%]	0.51 [₹50.58crores *1%]	0.51 [₹50.58crores *1%]
(iii).	License fee for berth and water area:			
(a).	Jetty area	0.25 (10500sq.m. *241.25/sq.m.)	0.25 (10500sq.m. *241.25/sq.m.)	0.25 (10500sq.m. *241.25/sq.m.)
(b).	Water area	0.13 (11109sq.m * 120.63/sq. m.)	0.13 (11109sq.m * 120.63/ sq. m.)	0.13 (11109sq.m * 120.63/ sq. m.)
(iv).	Depreciation	1.69 (₹50.58crores * 3.34%)	1.69 (₹50.58crores * 3.34%)	1.60 (₹50.58crores * 3.17%)
(vi).	**Total [sum of (III) (A) (i) (iv)]**	**3.09**	**3.09**	**3.00**
(B).	**For Cargo handling, storage, misc.:**			
(i).	Power	5.58 (5793624kwh* 9.63/kwh)	6.28 (6480000kwh* 9.69/kwh)	6.28 (6480000kwh* 9.69/kwh)
(ii).	Fuel cost:			
(a).	Mobile Harbour Cranes	0.70 (33.3ltrs* 4000hrs *52.56/ltr)	1.51 (2Nos. * 33.33 ltrs * 4000hours *56.69/unit)	2.19 (2Nos. * 33.33ltrs * 6132hours *53.63/unit)
(b).	Fork Lift (For proposal dtd 20.6.2015: 5MT and for revised proposal dtd 12.8.2015: 30 MT)	0.15 (7ltrs *4000hrs *52.56/ltr)	0.68 (3Nos. *10ltrs * 4000hours *56.69/unit)	0.99 (3Nos. *10ltrs * 6132hours *53.63/unit)
(c).	Fork Lift (For proposal dtd 20.6.2015: 10MT and for revised proposal dtd 12.8.2015: 35 MT)	0.21 (7ltrs * 4000hrs *52.56/ltr)	0.88 (3Nos. *13ltrs * 4000hours *56.69/unit)	1.28 (3Nos. *13ltrs * 6132hours *53.63/unit)
(d).	Payloader 10 MT-6nos.	0.25 (12ltrs *4000hrs *52.56/ltr)	1.63 (6Nos. *12ltrs * 4000hours *56.69/unit)	2.37 (6Nos. *12ltrs * 6132hours *53.63/unit)

FORMULATION OF REFERENCE TARIFF FOR MULTIPURPOSE CARGO BERTHS 13TH TO 16TH BY RESTRUCTURING AT KANDLA PORT TRUST

Sr. No.	Particulars	As estimated by KPT		As considered by TAMP
		Proposal dated 20 .6.2015	Revised proposal dated 12.8.2015	
(e).	Hitachi excavator of 200 Tonnes-2nos.	--	0.68	1.41
			(2Nos. *15ltrs * 4000hours *56.69/unit)	(2Nos. *15ltrs * 6132hours *53.63/unit)
(f).	Hitachi excavator of 350 T-2nos.	--	1.13	1.64
			(2Nos. *25ltrs * 4000hours *56.69/unit)	(2Nos. *25ltrs * 6132hours *53.63/unit)
(g).	Dumpers 20 MT-8nos.	--	0.27	0.39
			(47579.81 *56.69/unit)	(72940 *53.63/unit)
(h).	Trailers-8nos.	--	0.02	0.03
			(3597.93 *56.69/unit)	(5516 *53.63/unit)
(i).	Trucks-8nos	--	0.01	0.02
			(2009.16 *56.69/unit)	(3080 *53.63/unit)
(iii).	Repairs and Maintenance:			
(a).	For Civil	1.06	1.06	1.06
		[₹105.64 crores *1%]	[₹105.64 crores *1%]	[₹105.64 crores *1%]
(b).	For Mechanical	3.77	3.90	3.90
		[₹75.21crores *5%]	[₹77.99 crores*5%]	[₹77.96 crores*5%]
(c).	For Railway	0.59	0.59	0.59
		[₹11.88crores*5%]	[₹11.88 crores*5%]	[₹11.88 crores*5%]
(iv).	Insurance	1.93	1.96	1.96
		(₹192.99crores *1%)	(₹195.77crores *1%)	(₹195.74crores *1%)
(v).	Depreciation:			
(a).	Civil Assets	3.53	3.53	3.35
		[₹105.64 crores *3.34%]	[₹105.64 crores *3.34%]	[₹105.64 crores *3.17%]
(b).	Mechanical, Electrical & Utilities	5.09	5.27	4.93
		[₹75.21 crores*6.75%]	[₹77.99 crores*6.75%]	[₹77.96 crores*6.33%]
(c).	Railway Sidings	0.80	0.80	0.75
		[₹11.88crores*6.75%]	[₹11.88crores*6.75%]	[₹11.88crores*6.33%]
(vi).	License fees:			
(a).	For Land	5.57	5.57	5.57
		(230901sq.m. *241.25/sq.m.)	(230901sq.m. *241.25/sq.m.)	(230901sq.m. *241.25/sq.m.)
(b).	For land beyond half mile	0.32	0.32	0.32
		(28599sq.m. * 110.16/sq.m.)	(28599sq.m. * 110.16/sq.m.)	(28599sq.m. * 110.16/sq.m.)
(vii).	Other expenses at 5% of capital cost	9.65	9.79	9.79
		(₹192.99crores *5%)	(₹195.77 crores *5%)	(₹195.74 crores *5%)
(viii).	Total Operating cost **[Sum of (III) (b) (i) to (III) (b) (vii)]**	**39.19**	**45.90**	**48.82**
IV.	**Revenue Requirement for cargo handling (Rupees in Crores)**			
(i).	Operating Cost	39.19	45.90	48.82
(ii).	ROCE @ 16% of capital cost	30.88	31.32	31.32
(iii).	**Total Revenue Requirement**	**70.07**	**77.23**	**80.14**
V	**Apportionment of Annual Revenue Requirement for Cargo Handling (Rupees in Crores)**			
(i).	Cargo Handling Charges - 90%	63.06	69.50	72.12
(ii).	Storage Charges - 5%	3.50	3.86	4.01
(iii).	Miscellaneous Charges - 5%	3.50	3.86	4.01

Annex - I (a)

FORMULATION OF REFERENCE TARIFF FOR MULTIPURPOSE CARGO BERTHS 13TH TO 16TH BY RESTRUCTURING AT KANDLA PORT TRUST

Sr. No.	Particulars	As estimated by KPT		As considered by TAMP
		Proposal dated 20 .6.2015	Revised proposal dated 12.8.2015	
VI.	Tariff (₹ per ton)			
(i)	**Handling Charges**			
	(a). Foodgrain and Fertiliser (Bulk)			
	Foreign	141.80	143.46	141.74
	Coastal	85.08	86.08	85.04
	(b). Coal (Bulk) *			
	Foreign	128.91	143.46	142.62
	Coastal	77.34	86.08	85.57
	(c). Ores & Minerals (Bulk)			
	Foreign	--	143.46	144.11
	Coastal	--	86.08	86.47
	(d). Steel cargo (Steel coils, plates & slabs) #			
	Foreign	212.70	260.84	284.64
	Coastal	127.62	156.51	170.78
	(e). Project Cargo (Break Bulk)			
	Foreign	1066.69	3088.57	3016.48
	Coastal	640.01	1853.14	1809.89
	(f). Steel pipe, plate, Bagged and other break bulk cargo			
	Foreign	265.87	--	--
	Coastal	159.52	--	--
	(g). Other Bagged cargo (including foodgrain, other steel & scrap)			
	Foreign	--	358.66	369.46
	Coastal	--	215.20	221.68
	(h). Other dry bulk cargo			
	Foreign	--	143.46	143.28
	Coastal	--	86.08	85.97
	(i). Timber Logs (Bulk break)			
	Foreign	327.23	409.90	416.57
	Coastal	196.34	245.94	249.94
(ii)	**Storge Charges per MT per day**			
	In the revised proposal - Free Period for Import Cargo - 5 days & for Export Cargo - 15 days			
	Storage Charges for First week after free period	0.27	0.31	0.21
	Storage Charges for Second week after free period	0.41	0.46	0.31
	Storage Charges for Third week after free period	0.54	0.61	0.41
	Storage Charges for Fourth week after free period	0.54	0.61	0.41
	Storage Charges for Fifth Week after free period	0.54	0.61	0.41
	Storage Charges for Sixth Week after free period	0.54	0.61	0.41
	Storage Charges for Seventh Week after free period	0.54	0.61	0.41
	Storage Charges for Eighth Week after free period and onwards	0.54	0.61	0.41
(iii)	**Misc. Charges per tonne**			
	All types of Cargo	11.68	13.15	8.90
VII.	**Operating Cost of Berth**			
(i)	Repairs and Maintenance (1% of capital cost)	0.51	0.51	0.51
(ii)	Insurance (1% of capital cost)	0.51	0.51	0.51
(iii)	Depreciation (KPT- 3.34%, TAMP-3.17%)	1.69	1.69	1.60
(iv)	License Fee - Berth & Water Area	0.39	0.38	0.38
	Total	3.09	3.09	3.00
VIII.	**Revenue Requirement for berth operation**			
(i)	Operating Cost	3.09	3.09	3.00
(ii)	ROCE @ 16% on capital cost	8.09	8.09	8.09
	Total Revenue Requirement	11.18	11.18	11.09
VIII.	Tariff (Re)			
(i)	**Berth Hire per GRT per hour**			
	(a) Foreign Going Vessels	0.72	0.83	0.62
	(b) Coastal Vessels	0.43	0.50	0.37

Note: * Original proposal stated coal (other than thermal coal), limestone, minerals, sugar, salt, ores, iron pallets & other dry bulk.

In the original proposal steel plates was given seperately along with other cargo categories.

Annex - I (b)

Statement showing Cargo Handling Charges

As furnished by KPT vide its revised Proposal dated 12 August 2015

Particulars	% Share	Handling Rate Per Day in MT	Cargo to be Handled in	Working Days	Working Days in %	Revenue Required	MTs to be Handled		Tariff in INR/MT	
							Foreign	Coastal	Foreign	Coastal
Food grains and Fertilisers (Bulk)	18.98%	20000	0.56	28	11	7.87	534536	22814	143.46	86.08
Coal (Bulk)	31.83%	20000	0.93	47	19	13.19	896243	38252	143.46	86.08
Ores & Minerals (Bulk)	7.00%	20000	0.21	10	4	2.90	197139	8414	143.46	86.08
Steel Cargo (Steel coils, plates & slabs)	1.79%	11000	0.05	5	2	1.35	50424	2152	260.84	156.51
Project cargo (Break bulk)	2.00%	929	0.06	63	26	17.84	56312	2403	3088.57	1853.14
Other Bagged cargo (Incl. foodgrain, other steel &	4.93%	8000	0.14	18	7	5.10	138738	5921	358.66	215.20
Other dry Bulk cargo	23.86%	20000	0.70	35	14	9.89	671945	28679	143.46	86.08
Timber logs (Bulk break)	9.61%	7000	0.28	40	16	11.37	270544	11547	409.90	245.94
TOTAL	**100.00%**		**2.94**	**246**	**100**	**69.50**	**2815882**	**120183**		

As considered by TAMP

Particulars	% Share	Handling Rate Per Day in MT	Cargo to be Handled	Working Days	Working Days in %	Revenue Required	MTs to be Handled		Tariff in INR/MT	
							Foreign	Coastal	Foreign	Coastal
Food grains and Fertilisers (Bulk)	18.98%	20000.00	969878.00	48	18.75	13.52	930210	39668	141.74	85.04
Coal (Bulk)	31.83%	20000.00	1626513.00	81	31.64	22.82	1559989	66524	142.62	85.57
Ores & Minerals (Bulk)	7.00%	20000.00	357700.00	18	7.03	5.07	343070	14630	144.11	86.47
Steel Cargo (Steel coils, plates & slabs)	1.79%	11000.00	50308.00	5	1.95	1.41	48250	2058	284.64	170.78
Project cargo (Break bulk)	2.00%	929.00	4747.00	5	1.95	1.41	4553	194	3016.48	1809.89
Other Bagged cargo (Incl. foodgrain, other steel &	4.93%	8000.00	100769.00	13	5.08	3.66	96648	4121	369.46	221.68
Other dry Bulk cargo	23.86%	20000.00	1219246.00	61	23.83	17.18	1169379	49867	143.28	85.97
Timber logs (Bulk break)	9.61%	7000.00	171875.00	25	9.77	7.04	164845	7030	416.57	249.94
TOTAL	**100.00%**		**4501036.00**	**256**	**100.00**	**72.12**	**4316944.00**	**184092.00**		

Annex - I (c)

Tariff Calculation for Storage Charges after prescribed free period

As furnished by KPT vide its revised Proposal dated 12 August 2015

Particulars	Cargo to avail	Cargo capacity to	Rate	Rs. In lakhs
Optimal Capacity	**2,936,065**			
Storage Charges for First week after free period	67.74%	1988898	0.31	42.67
Storage Charges for Second week after free period	60.45%	1774883	0.46	57.12
Storage Charges for Third week after free period	53.80%	1579525	0.61	67.78
Storage Charges for Fourth week after free period	48.17%	1414158	0.61	60.68
Storage Charges for Fifth Week after free period	43.05%	1264044	0.61	54.24
Storage Charges for Sixth Week after free period	37.35%	1096639	0.61	47.06
Storage Charges for Seventh Week after free period	31.06%	911864	0.61	39.13
Storage Charges for Eighth Week after free period and	13.93%	408897	0.61	17.55
Total Revenue				**386.22**

As considered by TAMP

Particulars	Cargo to avail	Cargo capacity to	Rate	Rs. In lakhs
Optimal Capacity	**4,501,036**			
Storage Charges for First week after free period	67.74%	3049002	0.21	44.94
Storage Charges for Second week after free period	60.45%	2720876	0.31	59.04
Storage Charges for Third week after free period	53.80%	2421557	0.41	70.23
Storage Charges for Fourth week after free period	48.17%	2168149	0.41	62.88
Storage Charges for Fifth Week after free period	43.05%	1937696	0.41	56.19
Storage Charges for Sixth Week after free period	37.35%	1681137	0.41	48.75
Storage Charges for Seventh Week after free period	31.06%	1398022	0.41	40.54
Storage Charges for Eighth Week after free period and	13.93%	626994	0.41	18.18
Total Revenue				**400.76**

Annex - I (d)

Computation of Berth Hire charges

As furnished by KPT vide its revised Proposal dated 12 August 2015

Sl. No.	PARTICULARS	Foodgrains & fertilizer	Coal	Ores & Minerals	Steel Cargo	Project Cargo	Other Bagged Cargo	Other Dry Bulk	Timber logs	Total
1	RATIO	18.98%	31.83%	7.00%	1.79%	2.00%	4.93%	23.86%	9.61%	100.00%
2	TONNAGE TO BE HANDLED	558097.33	935747.48	205828.75	52646.95	58794.05	144853.47	701562.74	282469.23	2940000
3	SHIP DAY OUTPUT	20000	20000	20000	11000	929	8000	20000	7000	
4	NO.OF BERTH DAYS (2/3)	27.90	46.79	10.29	4.79	63.29	18.11	35.08	40.35	246.59
5	NO OF BERTH HOURS (4*24 hrs)	670	1123	247	115	15190	435	842	968	5918.275
6	AVG. GRT	26551.13	42927.70	29092.75	14043.78	10947.06	11262.65	24500.46	21293.29	0.00
7	TOTAL GRT HOURS (6*5)	17781735.83	48203383.74	7185748.12	1613153.92	16627484.98	4894300.19	20626334.76	20621826.97	137553969
8	GRT FOREIGN	17053870.11	46230258.57	6891611.50	1547122.15	15946866.60	4693960.17	19782030.13	19777706.85	131923426
9	GRT COASTAL	727865.7199	1973125.174	294136.623	66031.7671	680618.3853	200340.0212	844304.6363	844120.1171	5630542
						foreign going vessel	0.83			
						coastal vessel (in Re.	0.50			

Revenue Requirement of Berth Hire charges

As considered by TAMP

Sl. No.	PARTICULARS	Foodgrains & fertilizer	Coal	Ores & Minerals	Steel Cargo	Project Cargo	Other Bagged Cargo	Other Dry Bulk	Timber logs	Total
1	RATIO	18.98%	31.83%	7.00%	1.79%	2.00%	4.93%	23.86%	9.61%	100.00%
2	TONNAGE TO BE HANDLED	969878.00	1626513.00	357700.00	50308.00	4747.00	100769.00	1219246.00	171875.00	4501036
3	SHIP DAY OUTPUT	20000.00	20000.00	20000.00	11000.00	929.00	8000.00	20000.00	7000.00	0.00
4	NO.OF BERTH DAYS (2/3)	48.49	81.33	17.89	4.57	5.11	12.60	60.96	24.55	255.50
5	NO OF BERTH HOURS (4*24 hrs)	1163.76	1951.92	429.36	109.68	122.64	302.40	1463.04	589.20	6132.00
6	AVG. GRT	26551.13	42927.70	29092.75	14043.78	10947.06	11262.65	24500.46	21293.29	0.00
7	TOTAL GRT HOURS (6*5)	30899143.00	83791436.00	12491263.00	1540322.00	1342547.00	3405825.00	35845153.00	12546006.00	181861695
8	GRT FOREIGN	29635368.00	80364366.00	11980370.00	1477323.00	1287637.00	3266527.00	34379086.00	12032874.00	174423551
9	GRT COASTAL	1263775.00	3427070.00	510893.00	62999.00	54910.00	139298.00	1466067.00	513132.00	7438144
						foreign going vessel	0.62			
						coastal vessel (in Re.	0.37			

Sample Working of Foreign / Coastal Rates (Berth

Foreign Vessels - GRT :		174423551	
Coastal Vessels - GRT:		7438144	
Total GRT:		181861695	
Revenue Requirement:		11.09 crores	
174423551 x + 0.6 * 7438144 x = Rs. 11.09 crores			
174423551 x + 4462886 x = Rs. 11.09 crores			
178886437 x = Rs. 11.09 crores	174423551	4462886	178886437
x (Foreign) = Rs. 0.62			
0.60 x (Coastal) = Rs. 0.37		foreign	0.62
		coastal	0.37

Annex - II

KANDLA PORT TRUST

REFERENCE TARIFF FOR MULTIPURPOSE CARGO (OTHER THAN LIQUID/CONTAINER CARGO) BERTHS 13TH TO 16TH AT KANDLA PORT TRUST BY RESTRUCTURING THE BERTHS.

CHAPTER 1 – DEFINITIONS & GENERAL TERMS & CONDITIONS

1.1. DEFINITIONS

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

(i). "**Coastal Vessel**" means 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 / Director General of Shipping.

(ii). "**Foreign Vessel**" means any vessel other than a coastal vessel.

(iii). "**Per day**" means per calendar day unless other wise stated.

(iv). A day shall be reckoned as calendar day from 0800 hours to 0800 hours or part thereof for the purpose of storage charges.

1.2. GENERAL TERMS AND CONDITIONS

(i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, is the relevant factor to decide whether vessel is '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.

(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 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). Cargo from a foreign port, which reaches an Indian Port 'A' for subsequent transhipment to Indian Port 'B' will be, levied the concessional charges relevant for its coastal voyage. In other words, cargo from / to Indian ports carried by vessel permitted to coastal voyage will qualify for the concession.

(iii). 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 Prime Lending Rate of the State Bank of India.

(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. This provision shall, however, not apply to the cases where payment is to be made before availing the services where payment of charges in advance is prescribed as a condition in this Scale of Rates.

(iv). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.

(v). Users will not be required to pay charges for delays beyond reasonable level attributable to the terminal operator.

2. BERTH HIRE CHARGES:

The berth hire charge payable by masters / owners / agents of the vessel and other floating craft approaching or lying alongside the berth shall be as per the rates given below:

Sl. No.	Vessels	Rate in ₹ per GRT per hour or part thereof	
		Foreign Going Vessel (in ₹)	Coastal Vessel (in ₹)
1.	All vessels	0.62	0.37

Notes:

(i) The period of berth hire shall be calculated from the time vessel occupies the berth.

(ii) Berth hire includes charges for services rendered at the berth, such as occupation of berth, rubbish removal, cleaning of berths, fire watch, etc.

(iii) No berth hire shall be levied for the period when the vessels idle at berths for continuous one hour or more due to break down of Terminal Operator's equipment or power failure or any other reasons attributable to the Terminal operator.

(iv). (a). Berth hire shall stop 4 hours after the time of vessel signaling its readiness to sail.

(b). The time limit of 4 hours prescribed for the cessation of berth hire shall exclude the ship's waiting time for want of favorable tide conditions, inclement weather, and due to lack of night navigation.

(c). The master / agent of the vessel shall signal readiness to sail only in accordance with favorable tidal and weather conditions.

(v). The Penal Berth hire shall be equal to one-day's (24 hours) berth hire charge for a false signal.

"False signal" would be when the vessel signals readiness and asks for a pilot in anticipation even when she is not ready for un-berthing due to engine not being ready or cargo operation not completed or such other reasons attributable to the vessels. This excludes the signaling readiness when a vessel is not able to sail due to unfavorable tide, lack of night navigation or adverse weather conditions."

(vi). No berth hire shall be payable for the period when loading / unloading operations cannot be carried out due to non-availibility of the shore cranes / mechanical handling system or due to breakdown or any other reason attributable to the terminal operator.

(vii). (a). A vessel after completion of discharge or loading or ballasting shall call for pilot for sailing within four hours (or within such extension granted by the Kandla Port Trust in writing for stated reasons). If the vessels do not call for the pilot for sailing within the period of four hours after completion of discharge or loading or ballasting or within such extension granted by the

Kandla Port Trust or officials authorized by it, the vessel shall pay additional berth hire charges at the rate of 5 times the normal rate for the period from the time of expiry of four hours or such extended period by the Kandla Port Trust or officials authorized by it till the time of calling the pilot.

(b). The additional berth hire charges specified in Note (a) above shall not be charged for the following cases.

(i). Vessel waiting for tide, draft etc to sail for the safety of the vessel.
(ii). Strike by the port employees.
(iii). Loading arm disconnection problem and.
(iv). Usage of idle berth with concurrence of Kandla Port Trust or officials authorized by it.
(v). Any other reason not attributable to the vessel or its agent.

(viii). Ousting Priority / Priority berth hire:

(a). The rate and conditions for granting ousting priority berthing / priority berthing will be governed by extant Government guidelines in this regard.

(b). For priority berthing, fees equivalent to berth hire charges for a single day or 75% of the berth hire charges for the period of stay, whichever is higher shall be levied extra.

(c). For Ousting priority, fees equivalent to 100% of the normal Berth hire charges for actual period of stay shall be levied extra.

3. CARGO HANDLING CHARGES:

The cargo handling charges shall be payable on the manifested cargo directly by the importer of cargo at the rates specified below:

Sl. No.	Commodity	Rate in ₹	
		Foreign	Coastal
(a)	Food grains and Fertilisers (Bulk)	141.74	85.04
(b)	Coal (Bulk)	142.62	85.57 (for coal other than thermal coal) 142.62 (for thermal coal)
(c)	Ores & Minerals (Bulk)	144.11	86.47
(d)	Steel Cargo (Steel coils, plates and slabs)	284.64	170.78
(e)	Project cargo (Break bulk)	3016.48	1809.89
(f)	Other Bagged cargo (Including foodgrain, other steel and scrap)	369.46	221.68
(g)	Other dry Bulk cargo	143.28	85.97
(h)	Timber logs (Bulk break)	416.57	249.94

Note:

(i). The handling charges prescribed above is a composite charge for (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This composite charge includes wharfage and supply of labour, wherever necessary.

(ii). For Rail Bound Cargo, additional charge @ ₹ 20/ T over and above the composite tariff for cargo handling charges to be collected.

4. STORAGE CHARGES:

The storage charges for the cargo stored in the stackyard beyond the free period allowed shall be as below:

(Rate in ₹ per MT per day)

Sl. No.	Commodity	Rate for 1st week after free period	Rate for 2nd week after free period	Rate for 3rd week after free period	Rate for 4th week after free period	Rate for 5th week after free period	Rate for 6th week after free period	Rate for 7th week after free period	Rate for 8th week after free period & onwards
(a).	All types of cargo	0.21	0.31	0.41	0.41	0.41	0.41	0.41	0.41

Notes for Sections 4 above:

(i). Five free days for import cargo and fifteen free days for export cargo shall be allowed. For the purpose of calculation of free period, Customs notified holidays and Terminal's nonworking days shall be excluded.

(ii). (a). Storage charges shall be payable for all days including Terminal's non-working days and Customs notified holidays for stay of cargo beyond the prescribed free days.

(b). Free period for imports shall be reckoned with from the date of complete discharge of vessel's cargo.

(c). Free period for exports shall commence from the date on which the cargo is brought in the transit/ port area. The Storage charge will cease from the day following the date of berthing of vessel.

(iii). 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 terminal operator.

5. MISCELLANEOUS CHARGES

Sl. No.	Commodity	Rate in ₹ (per tonne)
(a).	All types of cargo	8.90

The miscellaneous charges prescribed above is a composite charge for provision of all miscellaneous services such as sweeping of cargo on the wharf, weighment of cargo, dust suppression etc. and any other service not specifically prescribed in the Scale of Rates.

6. GENERAL NOTE TO SCHEDULE (2) TO (5) 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 2015 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.

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Annex - III

PERFORMANCE STANDARDS

Sr. No.	Description	Performance Standards
1.	**Gross Berth Output**	
	Food grains and Fertilisers (Bulk)	20000 Tons/day
	Coal (Bulk)	20000 Tons/day
	Ores & Minerals (Bulk)	20000 Tons/day
	Steel Cargo (Steel coils, plates & slabs)	11000 Tons/day
	Project cargo (Break bulk)	929 Tons/day
	Other Bagged cargo (Including foodgrain, other steel & scrap)	8000 Tons/day
	Other dry Bulk cargo	20000 Tons/day
	Timber logs (Bulk break)	7000 Tons/day
2.	**Transit Storage Dwell Time**	
	Import	
(a)	All types of multipurpose dry Cargo	5 days
	Export	
(a)	All types of multipurpose dry Cargo	15 days
3.	**Turnaround Time for receipt / delivery operation**	
(a)	(i) Truck for conventional cargo (Single operation)	4 Hours
	(ii)Truck for conventional cargo (Double operation)	8 Hours
(b)	(i) Rake for dry bulk cargo (Single operation)	10 Hours
	(ii) Rake for dry bulk cargo(Double operation)	18 Hours

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/48/2015-KPT	**:**	**Proposal received from the Kandla Port Trust (KPT) for fixation of reference tariff for development of 13th to 16th Multipurpose Cargo (other than Liquid / Container cargo) berths on Build Operator Transfer (BOT) basis at Kandla Port.**

The summary of the comments received from M/s.Rishi Shipping and M/s.International Cargo Terminals and Infrastructure Pvt. Ltd. and reply furnished by KPT thereon are summarised below:

Sl. No.	Comments received from M/s.Rishi Shipping M/s.International Cargo Terminals and Infrastructure Pvt. Ltd.	Reply received from KPT
1.	**M/s.Rishi Shipping**	
(i).	Cargo handling charges:	
(a).	(i). In case importer wants to receive cargo in his trucks on the wharf and our services for transportation from wharf to back up area, storage and again loading in trucks are not required then also whether same is tariff applicable or would it be reduced as customer will not use our terminal if we don't reduce rates for operations not carried out. (ii). In case of liner out shipment, charges are paid by ship owners through agents and receivers to place trucks underneath hook point so owner will not pay transportation from wharf to back up area, storage and re-delivery etc., while receivers will also refuse to pay as they are receiving cargo at hook point. (iii). Similarly, normally shipment of agri product is always on liner terms and, therefore, stevedoring charges is paid by the ship owner through agent. As per charter party agreement, shippers tender cargo at the hook point and stevedore appointed by owners are loading cargo tendered by shippers in their trucks coming from godowns of shippers. Cargo is neither stored in terminal nor shifted by operator from storage godown to wharf, operator is not providing such services including free storage of 15 days, then why shippers have to pay for the notional services.	Tariff Guidelines do not prescribe any separate charges for transportation from wharf to back up area, storage and again loading in trucks. As per tariff guidelines 2008, the cargo handling charges as proposed is a composite charge of (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This is also in line with the earlier approved upfront approved tariff for 13th to 16th Cargo Berths which was also based on TAMP Guidelines, 2008. Moreover, as per Article 8.1.1 of Model Concession Agreement, "*The Tariff Notification prescribes the maximum Tariff that can be levied by the Concessionaire and the Concessionaire may charge lower than the rates prescribed*"
(b).	Above notified rates are for stevedoring, transportation from wharf to back up area and during delivery the operator to load trucks of importers. In case of handling coal, maximum cargo is despatched by Rail while TAMP has not notified rates for cargo dispatched by Rail. Following extra operations are carried out for cargo despatched by Rail: (a). Loading coal from stack yard in to dumpers, transportation from stack yard to Railway siding and unloading on Rail siding. (b). Loading from railway siding in to wagons. (c). Demurrage of the rakes charged by railway if not completed in time. (d). Penalty imposed by Railway for over loading and	Refer above reply at Sr. No. 1. As per Article 9.2 (b) of the Model Concession Agreement, the gross revenue shall be computed on the basis of maximum tariffs leviable for and in respect of the Project Facilities and Services. Further, as regards return on investment for rail is concerned, Railways will share the freight with the Port proportionately for the lines laid by the Port Trust.

	unloading excess cargo loaded after weighment on Railway weigh bridge. (e). Penalty imposed by Railway for detention due to unloading excess cargo. For all operations extra cost is incurred. TAMP has not notified these rates so please clarify whether operator can negotiate and recover these charges from users and also kindly clarify that Kandla port will not demand revenue share later on when port will realise that port spent huge amount on providing rail connectivity. Since rates for loading rakes in terminal is not notified so port is losing money and if notified later on then operator will be in problem so there should be clarity whether port will later on demand any revenue share for above extra operations in terminal for cargo despatched by rail.	As far as revenue is concerned, the same will be governed as per the terms and conditions of the Concession Agreement.
(c).	TAMP has notified rates for handling vessel of Food grain and fertiliser in bulk for same operations like coal handling from stevedoring to transport and free storage for five days in godowns and delivery of bulk fertiliser/ food grain and other dry bulk cargo in to the trucks of the users. Bulk fertiliser can be moved from terminal to private godowns outside terminal in Kandla and Gandhidham where fertiliser will be bagged and despatched but many users would demand for packing and despatch after bagging by road and rail. Maximum quantity move by rail only for which terminal has to arrange following operations and spend on following services: (1). Shifting bulk fertiliser from storage godown to bagging plants (2). Arranging bagging plants for mechanised bagging, standardization and stitching of the bags (3). Manually stacking after packing in godown (4). On placement of the railway rakes, loading bags from stacks in to trucks, transportation to Rail sidings and loading manually from trucks in to wagons Since TAMP has not notified the rates for despatch of fertiliser in bags, cost of bagging, transportation of bulk fertiliser to plants and transportation of bagged fertiliser from plants to Railway siding and loading in to wagons, operators may negotiate with importers and charge for which Kandla port will not at later stage dispute for revenue share for above all operations. These points are necessary to decide at this stage and port to confirm they will not ask TAMP to re-notify later on when project finalised. We, therefore, want confirmation from port that no revenue share payable to Kandla port for despatch of coal in rakes and further no revenue share to charge for extra operations like bagging, shifting of bulk from storage to plants, bagging mechanically and stitching, stacking and then again lifting from stacks manually and loading in to trucks and transportation of bagged fertiliser to railway siding and loading in to rakes.	The cargo handling charges as proposed is a composite charge of (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This is also in line with the earlier approved upfront approved tariff for 13th to 16th Cargo Berths which was also based on TAMP Guidelines, 2008. Moreover, as per Article 9.2 (b) of the Model Concession Agreement, the gross revenue shall be computed on the basis of maximum tariffs leviable for and in respect of the Project Facilities and Services. As far as revenue is concerned, the same will be governed as per the terms and conditions of the Concession Agreement.
(ii).	TAMP has not properly calculated the cost of handling cargo, requirement of the equipments, cost and	No comments furnished by KPT

	profitability as under:-	
(a).	Operator need to make investment of additional equipments like 6 nos. of Hitachi-200 to use 4 Hitachi 200 in cargo holds for making hard cargo free flowing and shift cargo from corners of holds underneath the grabs. Also two Hitachi-200 or Hitachi-300 is needed for high stacking of coal on the plots.	
(b).	Operator need 4 grabs of 12 CBM and 4 grabs of 10 CBM for discharging dry bulk cargo from geared vessels as vessel provide cranes but stevedores to use shore grabs. Also, special grabs are required for handling Timber logs and steel scraps.	
(c).	Operator need minimum 10 Loaders while calculation is made for only 3 loaders.	
(d).	Operator need minimum 25 nos. of dumpers for transport of bulk cargo, 40 nos. of Trailers for carting timber logs, 30 nos. of trucks for carting bagged cargo.	
(e).	Operators need minimum 6 Generators to provide power to shore grabs.	
(f).	Operator need six nos. of steel net fixed on steel platforms to cover hatches for stopping foreign matters from bulk wheat or extraction.	
(g).	Operator need to make investment in buying two Lorry weigh bridge and one Railway wagon weighing machines.	
(iii).	Cost of handling dry bulk cargo is as under:	
(a).	Operation cost: Stevedoring of coal i.e. discharging from holds to wharf — ₹10-00 pmt Cost of the Mobile Harbour cranes — 40-00 pmt Loading coal from wharf in to dumpers — 10-00 pmt Transportation from wharf to back up area — 20-00 pmt High stacking coal after unloading from dumpers on plots — 10-00 pmt Plot rent for 10 days free period — 5-00 pmt Custom O/T, Security, etc. — 5-00 pmt Weighment, plot cleaning, staff, electricity, etc. — 10-00 pmt --------------- 110-00 pmt --------------- Revenue share payable to port 1) Water front around 7 crore rupees for handling 3 million tones — 23-00 pmt 2) Gross revenue share payable to port at 27% — 38-00 pmt --------------- 61-00 pmt ---------------	No comments furnished by KPT
(b).	Interest: Bank interest at 12% on investment of ₹243.57 crore would be ₹29.22 crores. In case operator succeeds in handling 3 million tonnes then interest cost would be ₹97/- per mt.	No comments furnished by KPT

(c).	Depreciation: The operator has to recover full cost and handover terminal to port in 30 years. Therefore, operator has to pay every year ₹8 crore to financial institute to recover cost of terminal. So operator to calculate cost of ₹27/- per mt. Based on the above calculation, total cost of the operator would be as under:- 1) Operation cost 110-00 per mt 2) Revenue share to port 61-00 per mt 3) Interest 97-00 per mt 4) Depreciation 27-00 per mt -------------------- 295-00 per mt --------------------	No comments furnished by KPT
(d).	Based on the above calculation, re-calculate the tariff and allow operator to earn 16% ROCE as per Government guideline.	No comments furnished by KPT
(iv). (a).	We have studied the viability of the project and on going through contents of Revised Tariff Proposal June 2015 to re-structure berth no.13-15 and berth no.14-16 to check viability of the project, we find that total volume projection made is 3 million tones in a year and ROCE of 16% is calculated as per Government guidelines. The Gross Revenue generated and expenses incurred are assessed as under:-	No comments furnished by KPT
(b).	Para no. 2.3 Revenue Requirement for Cargo Handling Operating cost 39.19 crores ROCE 16% of Capex 30.88 crores ----------------- 70.07 crores -----------------	No comments furnished by KPT
(c).	Para no. 2.4 Apportionment of Revenue Requirement Handling charges 90% Revenue 63.07 crores Storage charges 05% Revenue 3.50 crores Miscellaneous charges 05% Revenue 3.50 crores ----------------- 70.07 crores -----------------	No comments furnished by KPT
(d).	The requirement of the investment, in procuring equipments, depreciation value, fuel cost etc., considered based on total volume of 3 million tones cargo are – Food grain and fertilizers 9.00 lacs Coal & other dry bulk cargo 9.90 lacs Project 1.20 lacs Steel 6.90 lacs Timber 3.00 lacs --------------- 30.00 lacs	No comments furnished by KPT

<table>
<tr><td></td><td>---------------</td><td></td></tr>
<tr><td>(e).</td><td>While calculating total investment following equipments suggested and operation cost of these equipments need to be considered for operation cost:-

2 nos. of mobile cranes — 65.55 crores
4 nos. of fork lift (5 mts capacity) — 0.80 crores
2 nos. of fork lift (10 mts capacity) — 0.78 crores
3 nos. of payloaders — 1.26 crores

68.39 crores
----------------</td><td rowspan="2">It is to state that the equipments have been proposed as per the tariff Guidelines 2008, except for one deviation i.e. Considering 2 nos. of MHC instead of 3 nos. of Level Luffing wharf cranes of 20 T capacity.

The same has been deviated from the TAMP Guidelines 2008 to achieve the actual handling output as per the actual handling rates provided by M/s.RIPL for 13th Cargo Berth.

Moreover, Appendix 4 of Concession Agreement prescribes the minimum requirements of equipments to achieve the handling capacity. However, the concessionaire may increase the number of equipments as required to achieve the performance standards.</td></tr>
<tr><td>(f).</td><td>Terminal need to arrange equipments to handle 9 million tonnes of Food grain/ fertilizer, 9.9 million tones of coal & other dry bulk cargo, 1.2 million tones of project cargo, 6.9 million tones of steel and 3 million tones of Timber. Terminal need equipments for stevedoring, transportation from wharf to storage yard and loading bulk cargo in to trucks for which following equipments are needed:-

Loaders — 10 nos.
Hitachi-200 — 4 nos.
Hitachi-110 — 4 nos.
Hitachi-300 — 2 nos.
Grabs of 12 CBM for dry bulk cargo — 6 nos.
Grabs of 10 CBM for dry bulk cargo — 4 nos.
Grabs for timber — 6 nos.
Grabs for steel scrap — 6 nos.
Material handling machines — 3 nos.
Dumpers for shifting bulk cargo — 30 nos.
Trucks for shifting bagged/ steel cargo — 20 nos.
Trailers for shifting timber logs — 30 nos.
Fork lift of 30/35 mts. capacity — 04 nos.
Generators to provide power to shore grabs — 04 nos.

Since above equipments are required for operation of 3 million tones cargo, investment and depreciation for the value of other equipments need to be considered. Also, fuel required to operate above additional equipments, operators salaries and maintenance of equipments are required. Further, life of these equipments is maximum 7/8 years so total value of the equipments will be zero in 7/8 years and new investment is required to replace the above equipments. Also, the life of two Mobile Harbour cranes are of maximum 15 years so replacement cost of the same need to be considered.</td></tr>
<tr><td>(g).</td><td>Since TAMP has not considered the value of above equipments nor operational cost is considered, operator may hire these equipments from equipment suppliers and pay hire charges as under:-

1. Hire charges of 4 Hitachi 200 machines used in cargo holds for dragging to feed grabs — 10-00 pmt
2. Transportation charges from wharf to stack yard
a) Dry bulk cargo — 20-00 pmt
b) Bagged cargo — 25-00 pmt
c) Timber logs — 70-00 pmt</td><td>No comments furnished by KPT</td></tr>
</table>

	d) Steel scrap 60-00 pmt e) Steel plates, coils, angles 50-00 pmt 3. Hitachi-300 for High stacking on plots while storing bulk cargo 10-00 pmt 4. Loader used while loading bulk cargo on wharf 10-00 pmt 5. Loader used while loading timber logs on wharf 30-00 pmt 6. Loader used while loading steel scrap on wharf 20-00 pmt Therefore, total operational cost will be increased if above equipments hired or purchased and cost of the fuel, maintenance and staff salaries calculated.	
(h).	Following expenses incurred by terminal also needs to be added in the terminal cost and same to be recovered in cargo handling charges: 1). Gross Revenue share of ₹10 crores annually payable to Kandla port 2). Bank interest of 12% on capital of 243 crores amounting to ₹30 crores 3). Depreciation of the terminal cost in 30 years so provision of keeping 10 crores every year.	1). As per Clause 3.5.5 of Tariff Guidelines 2008, "Revenue share will not be considered as an item of cost for fixing the upfront tariff." 2). As per Tariff Guidelines 2008, Miscellaneous cost of 5% has been considered which includes the Interest During Construction (IDC). 3). The depreciation has been considered as per TAMP Guidelines 2008.
(i).	TAMP has erred in not notifying the extra tariff for following: 1). Extra cost incurred for dispatching coal by Rail 2). Extra cost of dispatching fertilizer after bagging in terminal and dispatch by rail We request you to kindly examine all above points and make fair calculation so that second time this project may not be failure. In case of failure of the project not only operator is loser but financial institutes and as well as Kandla port will be also in problem because of following reasons: 1). Kandla port spending ₹100 crores on road and rail connectivity. 2). Kandla Port spent ₹300 crores in capital dredging to increase draft of 13 meter in channel. 3). Kandla is port spending every year additional 40 crore rupees to maintain extra one meter draft.	No comments furnished by KPT
2.	**M/s.International Cargo Terminals and Infrastructure Pvt. Ltd.**	
(i).	Kandla Port Trust vide their letter No.EG/WK/4652/13-15 (RE-ST)/TAMP dated 19 June 2015 addressed to TAMP had sent a proposal for refixation of the Reference Tariff for Berth Nos.13 to 16 which are proposed to be put up for rebid. TAMP has forwarded this proposal to all the prospective bidders and the users for their comments. The following Table gives the details of Tariffs earlier approved by TAMP and	No comments furnished by KPT

<table>
<tr><td></td><td>the tariffs now proposed.
<table>
<tr><th rowspan="2">Category</th><th rowspan="2">Unit</th><th colspan="2">Pre-revised</th><th colspan="2">Proposed</th></tr>
<tr><th>Foreign</th><th>Coastal</th><th>Foreign</th><th>Coastal</th></tr>
<tr><td>Berth Hire</td><td>₹/ GRT/ hour</td><td>1.18</td><td>0.71</td><td>0.72</td><td>0.43</td></tr>
<tr><td>Food grains & fertilisers</td><td>₹ / Tonne</td><td>227.22</td><td>136.34</td><td>141.80</td><td>85.08</td></tr>
<tr><td>Coal, limestone, minerals, sugar, salt, ores, iron pellets & other dry bulk cargo</td><td>₹ / Tonne</td><td>170.33</td><td>170.33</td><td>128.91</td><td>77.34</td></tr>
<tr><td>Project cargo</td><td>₹ / Tonne</td><td></td><td></td><td>1066.69</td><td>640.01</td></tr>
<tr><td>Steel pipes, plates, bagged & other break bulk cargo</td><td>₹ / Tonne</td><td></td><td></td><td>265.81</td><td>159.52</td></tr>
<tr><td>Steel coils, slabs</td><td>₹ / Tonne</td><td>425.84</td><td>255.51</td><td>212.70</td><td>127.62</td></tr>
<tr><td>Timber logs</td><td>₹ / Tonne</td><td>681.72</td><td>409.03</td><td>327.23</td><td>196.34</td></tr>
</table></td><td></td></tr>
<tr><td>(ii).</td><td>The proposal has been gone through. We have following comments to offer:</td><td></td></tr>
<tr><td></td><td>(a). The cargo handling rates, berth hire and the storage charges proposed are much less than the original proposed rates. The viability of these Projects at these rates vis-à-vis the traffic availability needs to be established.</td><td rowspan="7">No comments furnished by KPT</td></tr>
<tr><td></td><td>(b). No rate for handling thermal coal has been proposed in the revised tariffs whereas a tariff was available in the previous Notification. The reasons for excluding thermal coal are not clear.</td></tr>
<tr><td></td><td>(c). In the earlier Notification, there was a tariff for ‘other bulk cargo’. This has been excluded in the present proposal. There is a need to have a tariff notified for ‘other bulk cargo’ in order to cater to commodities in future which may not be envisaged at this stage.</td></tr>
<tr><td></td><td>(d). There is rail connectivity envisaged in the Project. However, no rate has been prescribed for rail loading/ unloading of cargo.</td></tr>
<tr><td></td><td>(e). The Project envisages handling of fertilisers and food grains. As rail handling is also envisaged, these commodities need to be bagged before loading for which Operator is required to create bagging facilities. A separate tariff for bagging of such commodities needs to be notified.</td></tr>
<tr><td></td><td>(f). There is a rate prescribed under “Free Period” for export cargo to be stuffed into containers. Are these berths envisaged to handle containers also? It may be worthwhile to mention here Berth Nos.11 and 12 are exclusively meant for handling containers.</td></tr>
<tr><td></td><td>(g). Although the tariff proposal has been prepared on the basis of the tariff guidelines, 2008, this comes under the third option available under the Tariff Guidelines, 2013 only. The Tariff Guidelines, 2013 envisage increase in tariffs the tariffs can be increased upto15% if the laid down productivity parameters are achieved. This provision needs to be incorporated in the present proposal.</td></tr>
</table>

2. A joint hearing in this case was held on 16 July 2015 at the KPT premises. The KPT made a brief powerpoint presentation of its proposal. At the joint hearing, the KPT and the concerned users/ organisation bodies/ prospective applicants have made the following submissions:

Kandla Port Trust (KPT)

(i). TAMP had earlier approved upfront tariff for berth nos.13 to 16 in the year 2008. Based on the approved upfront tariff, the KPT entered into Concession Agreement with M/s.RAS Infraport Pvt. Ltd. (RIPL) and M/s.JRE Infra Pvt. Ltd (JREPL).

(ii). After the commencement of commercial operations, both the Concessionaires have raised concerns about various difficulties faced by them including higher tariff approved for berth nos.13 to 16.

(iii). To address the concern of the Concessionaires, our Board constituted a Sub Committee of Trustees to suggest remedial measures. The Sub Committee has suggested to restructure these berths including revision of tariff based on optimal capacity assessed based on the productivity of the berths.

(iv). We propose to allot additional land area of 2.02 hectares to accommodate full rake in the restructured proposal.

(v). The Optimal capacity is assessed at 3.00 MTPA considering the handling rates given by RIPL.

(vi). Number of equipment considered is as per the norms prescribed in the 2008 guidelines. The tariff proposed is comprehensive tariff for all the services.

(vii). All the cargo profile considered by us in the tariff calculation is in Order.

(viii). ARR is estimated at ₹70.07 crores from cargo handling and ₹11.18 crores from berth hire. We have proposed rates for Cargo handling activities and berth hire to meet the estimated ARR.

(ix). Storage charge is calculated based on evacuation pattern at our berths for the last three years.

(x). Free period is proposed as suggested by RIPL. It is also in line with the free period prescribed in the Scale of Rates of KPT.

(xi). RIPL has accepted the proposal of KPT. They have not objected.

(xii). Proposal is based on normative basis. Different bidders will have different requirements. We cannot go by the requirements of bidders for each of the berths.

(xiii). Lease rent prescribed is based on the Land Policy Guidelines. The rates prescribed in the Scale of Rates of KPT referred by RIPL are for cargo storage. There is no land allotment for that by the KPT. The land allotted by KPT on lease is not comparable to land used for cargo storage. For cargo storage, lower rates are prescribed to attract cargo into the port.

(xiv). We have spent expenditure for laying railway lines. We are going to enter into agreement with Railways for Non-Government Railway Policy. Port will not be at loss.

M/s. Rishi Shipping

(i). We are one of prospective bidders for berth no.16.

(ii). It is not clear whether the terminal is capable to handle the optimal cargo capacity assessed by the KPT at 3 MTPA per berth.

(iii). TAMP fixes tariff for three movements viz. ship to shore, shore to yard and yard to truck only. In the instant case, some of the cargo like, coal is expected to move by rail also. The proposal of KPT does not prescribe any separate rate for cargo movement by rail.

(iv). We will have to put additional equipment like, loaders, Dumpers, grabs, trucks, fork lift truck, etc. Cost of additional equipment required to be deployed is not captured in the tariff calculation. We will have to outsource all these equipments as they are not included in the capex and operating cost. The cost of hiring/ outsourcing additional equipment need to be considered in the tariff calculation. It has to be examined whether the proposed rates are viable.

(v). Timber log is not handled by HMC. It is handled by ship cranes. Special grabs are required to handle timber log. Further, 5T/ 10T Forklift proposed by KPT cannot handle timber log. Special Forklifts are required to handle timber log. Transportation of timber log has to be done by trailer. Capital cost of various equipment required to handle timber log is not considered in the proposal. Additional equipment required for handling steel are also not considered by KPT. KPT should relook at its proposal.

(vi). Fertilizer is not handled in bulk. This cargo has to be bagged which requires bagging plant for mechanized bagging and stitching of bags. Transportation of fertilizer has to be done by railways. The proposal of KPT does not capture the cost involved in the above services for fertilizer handling.

(vii). Since, cost of various operations are not included in the tariff calculation, can we outsource various services not covered in the proposal? Confirm KPT will not ask revenue share on it nor tariff will be notified for the various services not covered in the tariff calculation.

(viii). If land is taken from KPT for cargo storage, ₹4.50/ sq./ month is, charged. But, for land allotted to us KPT levies around ₹300/ sq./ month which is exorbitant.

(ix). Tariff should be arrived for the optimal capacity with reference to the equipment to be deployed.

(x). Berth nos.13 and 15 should not be clubbed with berth nos.14 and 16. KPT should arrive at the tariff for berth nos.14 and 16 separately following norms prescribed in the 2008 guidelines.

M/s. RAS Infraport Pvt. Ltd.

(i). This model is very realistic. We are satisfied with the proposal.

(ii). Rates for berth nos.13 to 16 must be similar.

(iii). If these berths have to do business, the rates have to be comparable to the rates at KPT and neighbouring port.

M/s. JRE Infra Pvt. Ltd.

(i). We operate berth no.15. The exercise is to go for rebidding of 13^{th} to 16^{th} berths.

(ii). The license fee on land allotted to us is very high. Our project is already on jeopardy on account of high license fee. The same has been retained by the KPT in the current proposal.

(iii). Land allotted to us is Kutcha plot. Kutcha plot rental is much more than the developed land. The lease rent has to be brought down. If it is not reduced, the project will go into jeopardy. License fee is perennial cost. We have to pay every year.

[KPT – Chief Engineer - The lease rent fixed for KPT lands is as per the Land Policy Guidelines.]

(iv). ARR of ₹70 crores estimated in the proposal is to recover the operating expenses and 16% ROCE. Apart from that, we have to pay revenue share to KPT. This is not captured in the ARR. How will operator generate this revenue share?

(v). Presently, 750 mtrs. length rake is available. This will increase to 1 km. when additional land is allotted. KPT to make a provision for additional levy at rates prescribed in Scale of Rates for additional land and not at double the rates.

(vi). Fuel consumption should be taken at 70 litres/ hour.

(vii). Agri products can be brought under foodgrains and fertilizer category.
[KPT- We will examine this point and revert back].

(viii). Tariff guidelines does not freeze the equipment requirement. The guidelines allows deployment of additional equipment, if required, for the project.

M/s. United Liner Agencies of India Pvt. Ltd / M/s. J.M. Baxi

(i). The rates proposed are much lower than the upfront tariff approved for these berths in 2008. KPT should examine whether at these rates the project is feasible. If the rates are too low, the project is not feasible. If the rates are high, it will not be competitive. The KPT should review this project completely.

(ii). Include cost of additional labour, additional equipment bagging facility which are not included in the tariff calculation. If it is not considered, the Concessionaire may be allowed to outsource it as submitted by M/s.Rishi Shipping.

(iii). Performance parameters considered by KPT are much higher than the TAMP norms. For foodgrains the norm is 10,000 T/ day but KPT has proposed performance standard of 15,000 T/ day. For other cargo as well the performance standards proposed by KPT are higher than the handling norms prescribed by TAMP.

(iv). Rates for Thermal Coal which was prescribed in the earlier Order is not prescribed in the current proposal. KPT may include rate for thermal coal as well.

(v). There should be nomenclature and tariff to handle other bulk cargo. This was included in the earlier Order.

(vi). Separate tariff need to be prescribed for rail borne of cargo.

(vii). Free period prescribed for export cargo to be stuffed into containers is not relevant and hence it may be deleted.
[KPT- There is a typographical error. It will be corrected.]

(viii). The proposal of KPT falls under 2013 guidelines and performance linked tariff is applicable.

(ix). Tariff for project cargo should be in CBM/ tonne basis.

Kandla Port Steamship Agent's Association

(i). We have no comments except to state that tariff should be viable for all users/ stakeholders.

3. During the joint hearing, the M/s. Rishi Shipping has furnished its written submission which was forwarded to KPT as feedback information. The KPT vide its letters dated 22 July 2015 and 14 August 2015 has responded. A summary of the comments of Rishi Shipping and the comments of KPT thereon are tabulated below:

Sl. No.	Comments of M/s. Rishi Shipping	Comments of KPT
1.	**Written submission dated 16 July 2015**	

<table>
<tr>
<td>(i).</td>
<td>
KPT has projected total requirement of revenue annually as under:-
<table>
<tr><td>Operating cost</td><td>39.19 crore</td></tr>
<tr><td>ROCE 16% OF CAPEX</td><td>30.88 crore</td></tr>
<tr><td></td><td>-----------------</td></tr>
<tr><td></td><td>70.07 crore</td></tr>
<tr><td></td><td>-----------------</td></tr>
</table>
Since the projected total revenue requirement of 70.07 crore out of cargo handling, storage charges and misc. charges, accordingly the proposed tariff is to recover total revenue requirement from following services.
<table>
<tr><td>Revenue from cargo handling</td><td>63.07 crore</td></tr>
<tr><td>Revenue from storage charges</td><td>3.50 crore</td></tr>
<tr><td>Misc. charges</td><td>3.50 crore</td></tr>
<tr><td></td><td>----------------</td></tr>
<tr><td></td><td>70.07 crore</td></tr>
<tr><td></td><td>----------------</td></tr>
</table>
The operator is to earn revenue of ₹63.07 crore from cargo handling after giving discount of 40% to coastal cargo from total volume of 3 million tonnes so tariff proposed is as under.
<table>
<tr><th>Commodity</th><th>Volume</th><th>Rate/mt</th><th>Revenue Generated</th></tr>
<tr><td>Food grain and fertiliser</td><td>9.00 lac mts</td><td>141.80</td><td>12.762 crore</td></tr>
<tr><td>Coal and other dry bulk cargo</td><td>9.90 lac mts</td><td>128.91</td><td>12.762 crore</td></tr>
<tr><td>Project cargo</td><td>1.20 lac mts</td><td>1066.69</td><td>12.800 crore</td></tr>
<tr><td>Steel, coil, slab etc.</td><td>6.90 lac mts</td><td>212.70</td><td>14.676 crore</td></tr>
<tr><td>Timber</td><td>3.00 lac CBM</td><td>327.23</td><td>9.816 crore</td></tr>
</table>
After giving discount of 40% on coastal cargo net realisation from cargo handling of 3 million tonnes the projected revenue will be ₹70.07 crore.
</td>
<td rowspan="2">
It is to state that the equipments have been proposed as per the tariff Guidelines 2008, except for one deviation i.e. considering 2 nos. of MHC instead of 3 nos. of Level Luffing wharf cranes of 20 T capacity. The same has been deviated from the TAMP Guidelines 2008 to achieve the actual handling output as per the actual handling rates provided by M/s.RIPL for 13^{th} Cargo Berth.
Moreover, Appendix 4 of Concession Agreement prescribes the minimum requirements of equipments to achieve the handling capacity. However, the concessionaire may increase the number of equipments as required to achieve the performance standards.
Further, the operating cost has also been calculated as per the TAMP Guidelines 2008.
Regarding additional operations like bagging, packing, etc. required for handling of fertilizers and for additional operations required for handling coal through rail wagons as referred by M/s.Rishi Shipping, it is to state that the cargo handling charges as proposed is a composite charge of (i) unloading of the cargo from the vessel including stevedoring and transfer of the same upto the point of storage, storage at the stackyard upto a free period of 5 days and loading on to trucks in respect of import cargo and (ii) unloading of the cargo from the trucks at the stackyard, storage at the stackyard upto a period of 15 days, transfer the cargo to the loading point and loading onto the ship including stevedoring. This is also in line with the earlier approved upfront approved tariff for 13^{th} to 16^{th} Cargo Berths which was also based on TAMP Guidelines, 2008.
As far as revenue is concerned, the same will be governed as per the terms and conditions of the Concession Agreement.
</td>
</tr>
<tr>
<td>(ii).</td>
<td>
DETAILS OF PROJECTED OPERATING COST OF ₹39.19 CRORE
<table>
<tr><td>1.</td><td>Power for Illumination</td><td></td><td>5.58 crore</td></tr>
<tr><td>2.</td><td>Fuel cost of equipments</td><td>4 fork lift-5 mts capacity
2 fork lift 10 mts capacity
3 payders 10 mts capacity
2 mobile harbour cranes</td><td>1.31 crore</td></tr>
<tr><td>3.</td><td>Repair and maintenance</td><td></td><td>7.35 crore</td></tr>
<tr><td>4.</td><td>Insurance</td><td></td><td>1.93 crore</td></tr>
<tr><td>5.</td><td>Depreciation</td><td></td><td>9.42 crore</td></tr>
<tr><td>6.</td><td>port license fee including land rent</td><td></td><td>5.89 crore</td></tr>
<tr><td>7.</td><td>other expenses</td><td></td><td>9.65 crore</td></tr>
<tr><td></td><td></td><td></td><td>--------------</td></tr>
<tr><td></td><td>Total operating cost of cargo Handling, storage & misc.</td><td></td><td>39.19 crore</td></tr>
<tr><td></td><td></td><td></td><td>--------------</td></tr>
</table>
We as experienced handling agency at Kandla port don’t agree with total expenses of only ₹39.19 crore for handling 3.00 million MT of cargo, because KPT proposes generation of ₹63.07 crore revenue has considered the use of only following meagre equipment in
</td>
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</table>

<table>
<tr>
<td></td>
<td>cargo handling.
Fork lift of 10 mts capacity 2 nos.
Fork lift of 5 mts capacity 4 nos.
Payloaders 3 nos.
Mobile Harbour cranes 2 nos.

Since other essential equipments are not considered, investment cost, interest, maintenance cost, operator salaries and fuel used in other equipments is also not calculated. We handled 9.87 million tonnes coal, timber, fertilizer and agri products during 2014-15 at Kandla port and therefore we are well aware of the infrastructure required for handling three million tonnes of above mix of cargo. However you may kindly ask comments of the Traffic manager who sees daily number of equipments working on each vessel during his morning round in port and he can correct me if our statement is not true.

Since cost of the equipments is not taken in calculation, the BOT operator needs to outsource these equipments ship wise/cargo wise as under.

TAMP projected total operating cost only 39.19 crore by considering the investment in buying following equipments, insurance cost, operational cost of these equipments and salaries of the operators of these equipments:-
<table>
<tr><td>Fork lift of 10 mts capacity</td><td>2 nos.</td></tr>
<tr><td>Fork lift of 5 mts capacity</td><td>4 nos.</td></tr>
<tr><td>Payloaders</td><td>3 nos.</td></tr>
<tr><td>Mobile Harbour cranes</td><td>2 nos.</td></tr>
</table>
These are the only equipments with the Terminal operator to handle 9 lacs mts coal & dry bulk cargo, 9.9 lac mts fertiliser, food grain and agri products, 6.9 lac mts steel, 1.2 lac mts project cargo and 3 lac mts Timber logs. small fork lifts of 5 mts and 10 mts has practically absolutely no use in any of the operation of these cargoes. Fork lifts are used in lifting of the timber logs and steel coils, plates etc. which need fork lifts of 25-35 mts capacity. Only useful equipments proposed for Terminal are 3 loaders and 2 Mobile Harbour cranes.</td>
<td></td>
</tr>
<tr>
<td>(iii).</td>
<td>Kindly refer Guidelines for upfront Tariff setting for PPP projects at Major Ports Trust, 2008.

para no.3.3 - CAPACITY

3.3.1 Optimal capacity of a terminal should be determined taking in to consideration various components of a facility that may be required to be created, equipment and plant and machineries to be provided, productivity level as per the norms prescribed.</td>
<td></td>
</tr>
</table>

	3.3.2 Tariff should be prescribed with reference to the optimal capacity of the terminal irrespective of any tariff forecast. para no. 3.5 - OPERATING COST 3.5.1 The annual operating cost of the terminal shall be estimated following the norms prescribed for operating the terminal at the optimal capacity determined in the terms of clause 3.3.1 above. The Guide line is very clear in para no. 3.5.2 that the operating cost can be grouped under all heads and also other expenses. In case Terminal is not having few of own equipments which are required in cargo handling he will outsource the same and pay the hire charges. These are the other expenses which are to be considered while projecting the operating cost. Further please refer para no. 3.6 which clarify that TAMP in consultation with Port Trust may decide on a particular item of expenditure, which it considers necessary for incorporation, while computing the upfront tariff cap, for which the norms are not explicit in the Guide line. The guide line is very clear that in case port feels particular item of expenditure is necessary for cargo operation then port can suggest the same and TAMP will consider the same in computing the operating cost. Port has engaged the services of the Consultant to know the requirement of the equipments required for operation and therefore it was the basic duty of the consultant to thoroughly study the operation of all cargoes projected and equipments required and guide port for the same which unfortunately not being done. para no. 3.8.3 The conditionalities for providing various services may also be prescribed along with Tariff cap following the existing policy guidelines and the position obtaining at the concerned Major ports. Hence Govt. guideline is very clear that cargo volume of the Terminal should be considered bases optimal capacity of the Terminal should determined considering various components of a facility that may be required to be created, equipments and plant and machines to be provided and not bases forecast of the cargo volume.	
(iv).	Even if there is heavy congestion and customers are after terminal to handle their cargo irrespective of any rate, Terminal cannot handle unless it is fully equipped with	

	the equipments actually required in cargo operation. With proposed equipments Terminal can hardly handle any cargo as following equipments are required for handling cargoes proposed by TAMP:- 1) HANDLING OF IMPORTED COAL AND DRY BULK CARGOES LIKE SHREDDED SCRAP, HEAVY MELTING SCRAP, MINERALS, IRON ORE/PILLETS Terminal operator having two Mobile Harbour cranes attached with grabs of handling bulk cargo so he can very well discharge cargo from centre part of the cargo holds by using grabs but needs to use two Hitachi-200 in each hold for dragging cargo from comings to bring in centre where grab operating. Hitachi also break the lumps and make cargo free flowing to lift by grabs. Hence for stevedoring job terminal operator to procure either own minimum 4 nos. Hitachi-200 or outsource the same. Terminal operator to arrange simultaneously clearance of cargo on landing so use minimum 8 loaders in loading cargo in to dumpers for which he need minimum 30 nos. of dumpers for transportation from wharf to storage yard where he need 2 nos. of Hitachi0-300 and 4 nos. of loaders for high stacking. Terminal having only 3 nos. of loaders while he needs 8 on wharf and 4 on plots so need to outsource remaining 9 loaders and 2 Hitachi. Terminal to load cargo in the trucks for final delivery but maximum customers will need cargo loading in to railway rakes for which Tamp has yet not notified the extra cost of transportation of cargo from stack yard to railway sidings and loading in to Rly wagons. Terminal needs 4 grabs for unloading steel scrap from the ships to shore and need further 3 material handling machines attached with special grabs for lifting scrap from wharf to loaders and also need these machines for high stacking on the plots. 2) HANDLING OF FERTILISERS In case customer want to take delivery of bulk fertiliser in trucks and he will organise bagging of fertiliser outside port in private godowns then no issue except need same equipments which are required in handling coal and other dry bulk cargo but if customer don’t have any arrangements outside port for bagging and despatches by rail then he will need services of the Terminal for bagging and despatches by rail. Terminal must make	

	arrangements otherwise none of the importer of fertiliser will use his services. Terminal require necessary equipments to arrange bagging and despatches by Rail for which TAMP has yet not proposed Tariff. For bagging operation operator need to procure minimum 20 nos. of electronic bagging plants attached with automatic stitching machines. After bagging bags will directly load in to trucks on conveyor if railway rake is waiting for cargo but in case rake not supplied then after bagging the bags will be stored in another godown and unloaded, stacked using private labourers. On placement of the rakes these bags will be lifted from stacks and loaded in to trucks, transported to railway lines and manually loaded in the railway wagons. Terminal to either arrange all these equipments, trucks departmentally or outsource the same. 3) HANDLING OF TIMBER LOGS, STEEL AND PROJECT CARGO None of the infrastructure available in terminal is useful for handling 3 lac mts Timber logs and 6.9 lac mts steel except two mobile harbour cranes will be used in only steel and not used in Timber. Timber is being discharged only by using ship cranes as each log is 40 mts of length and can damage crane cabin so even Kandla port never allowed port cranes to use in handling timber logs. Finger grabs are used in picking logs from holds and from wharf loaded in trailers by using Fork lift of 25 mts capacity. Terminal to arrange own or hired Trailers for transportation to yard, unloading with 25 mts fork lift and at the time of delivery again arrange same fork lift for loading in to trailers of customer. Terminal don't have any equipment for handling timber so he has to outsource of the same. So far steel and project cargo is concerned Terminal need only fork lifts of 35 mts capacity, trailers, loading fork lifts from wharf in trailers, unloading on plots and again loading in to trailers of customers. Without all these equipments Steel, timber logs and project cargo cannot be handled so Terminal to outsource the same and pay the rental charges. The above para no.3.8.3 further authorise TAMP to prescribe along with Tariff cap few services which are rendered in the terminal but not notified be also notified as per system prevailing in the respective port. We sight few of the services required by	

	importers/exporters but the rates are not notified which must be notified as these are extra services required by users and cost involved so recoveries be made from users:- a) LOADING COAL IN RAILWAY WAGONS So far TAMP notified the operations of the cargo handling which are (i) stevedoring i.e. discharge from vessel to shore by using two Mobile Harbour cranes and Hitachi-200 used in cargo holds for dragging cargo from comings in to centre and making hard cargo free flowing so that grab can pick up, (ii) loading of coal from wharf in to dumpers provided by terminal, transportation to storage yard, unloading and high stacking by using Hitachi-300 and loaders and (iii) while effecting delivery of the cargo, loading coal in to trucks of the importer. TAMP has not notified the rates for quantity loaded in to railway wagons in terminal area. The extra operations for loading coal in railway rakes incurred by the Terminal operator in following extra operation are as under:- i) Loading coal in to dumpers of terminal operator by using payloader ii) Transportation cost of dumpers from stack yard to Railway sidings and unloading dumpers near railway line iii) Loading coal from sidings in to wagons using payloaders iv) Use of labourers for cleaning the sweepings from sidings v) use of labourers in covering the wagons after loading vi) Railway detention charges if rakes not completed in 5 hours' time vii) unloading excess loaded coal in any wagon after weighing on railway weigh bridge b) LOADING OF BAGGED FERTILISER IN RAILWAY WAGONS TAMP has notified tariff up to delivery by loading bulk in to customers' trucks but few customers seeking Terminal services for packing in the Terminal and loading bagged fertiliser in the railway wagons for which following additional operations to carried out by Terminal and customer be charged so Tariff to be notified. The operations involved are as under:- i) Terminal to arrange electronic bagging plants attached with automatic stitching machines ii) bulk fertiliser to shift from stored godown to plants located godown and dumpers to unload in the Hoppers of plants iii) On line bagging operation and then bags	

<table>
<tr><td></td><td>are to be stacked in same godown if space available otherwise in other godown by shifting on trucks
iv) On placement of railway rakes bags to load in trucks manually
v) transportation from bagging plants to railway siding and loading bags manually in wagons
vi) detention charges of rakes beyond 11 hours

Since all these equipments are necessary to handle 3 million tones cargo so Terminal to be equipped or arrange outsource and cost involved whether Terminal buy the equipments or outsource the same. Without these equipments Terminal cannot handle proposed cargoes and therefore TAMP to assess cost involved in operations and revenue to generate accordingly.</td><td></td></tr>
<tr><td>2.</td><td>Further comments dated 22 July 2015</td><td></td></tr>
<tr><td>(i).</td><td>We had submitted our written arguments against the un-realistic and lower Tariff proposal of KPT during discussions with the stake holders on 16th July, the clarifications given by the Chief Engineer, incharge of this project were not found to be convincing and therefore we request you to please re-calculate the fair Tariff as per Govt. Guide line and not as per the requirement of Terminal operators of berth nos.13 and 15 who are interested to keep Tariff low for reasons best known to them. While we do not want to comment on the views of other stake holders, but so far as Tariff of Berth no.16 is concerned, please re-calculate the same based on actual requirement of the equipments and the investment required to buy these equipments, depreciations, fuel cost involved and salaries of the operators of these equipments. Also please re-assess the capacity of the Terminal taking into consideration various components of facility that may be required to be created, equipment and plant and machineries to be provided, productivity level and utilization level as per the norms prescribed. Further Tariff should be prescribed with reference to the optimal capacity of the terminal irrespective of any Traffic Forecast. The capacity of the Terminal should be calculated based on availability of the equipment with the Terminal or outsourcing of the same. If outsourced the cost of the same may be taken in operating expenditure.</td><td rowspan="2">The following handling equipments have been considered in the revised tariff proposal sent to TAMP:
Mobile Harbour Cranes of 60 T capacity each- 2 Nos.
Fork Lift 30 MT – 3 Nos.
Fork Lift 35 MT – 3 Nos.
Pay loader 10 MT – 3 Nos.
Hitachi of 200 Tonnes – 2 Nos.
Hitachi 350 T – 2 Nos.
Dumpers 20 MT – 8 Nos.
Trailers – 8 Nos.
Trucks – 8 Nos.
Timber Grabs – 2 Nos.
Fork for pay loaders – 6 Nos.
Pay loaders for storage area (10MT) – 3 Nos.

Further, the operating cost has also been calculated as per the TAMP Guidelines 2008.

Regarding additional operations required for handling cargo through rail wagons, it is to state that the total cost presently incurred for loading the cargo on trucks, transporting cargo to the railway siding and loading the cargo to the rake comes to ₹30/MT i.e. ₹10/MT for each operation as per the information obtained from the transporters. As the handling rate for terminal from discharging the vessel, moving cargo to storage area and loading on to the trucks covers in the composite charge for cargo handling operations, as such in case of rake loading, only two operations i.e. transportation to railway siding and loading on to rakes have to be added i.e. ₹20/MT. Accordingly, the additional charge of ₹20/ Ton over and above the composite tariff for cargo handling charges may be collected for the rail bound cargo. The same has been included in the revised tariff proposal sent to TAMP.

Further, for additional operations like bagging, packing etc. required for handling of fertilizers, it is to state that Port Authority will</td></tr>
<tr><td>(ii).</td><td>The annual operating cost of the terminal shall be estimated following the norms prescribed for operating the terminal at the optimal capacity determined in terms of clause 3.3.1. In para no.3.6 it is also clarified in Govt. guide line that TAMP in consultation with the concerned port Trust may decide on</td></tr>
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<td></td>
<td>a particular item of the expenditure, which it considers necessary for incorporation while computing the upfront tariff cap, for which the norms are not explicit in the Guideline.

The learned Chief Engineer has erred in discussing with traffic department what equipments required for handling proposed 3 million tones cargo and relied only on the transaction advisers who have also not made any attempt to see personally port operation and not studied the equipments required for particular cargo which is already being handled in own port and therefore made mistake in considering the capacity of the Terminal and totally neglected the Govt. guide line.</td>
<td rowspan="3">incorporate appropriate provision in the DCA to be proposed to Govt. of India to enable the concessionaire to approach TAMP to get the approval of tariff of the said additional services, if the Concessionaire wishes to offer the said additional services to the users.

Concessionaire shall have to pay the revenue share on such additional services to the Concessioning Authority as per the tariffs approved by TAMP.

As per Article 9.2 (b) of the Model Concession Agreement, the gross revenue shall be computed on the basis of maximum tariffs leviable for and in respect of the Project Facilities and Services.

As far as revenue is concerned, the same will be governed as per the terms and conditions of the Concession Agreement.</td>
</tr>
<tr>
<td>(iii).</td>
<td>We had challenged the capacity estimated based equipments suggested in the RFQ and cost Of the same. We also challenged the system of calculation of the Tariff which is contrary to the Govt. guide line. Port considered the Capacity of the Terminal based on Traffic forecast and not on the capability of the Terminal. Port also violated the Govt. guide line in calculation of the annual operating cost of the Terminal and also the revenue required. The proposal also failed to specify the rates of the different services required before clearance of cargo from port. Kandla port itself handling ten million tonnes coal, 3 million tones timber and 4 million tones fertiliser. maximum coal is despatched by Rail from port for which service providers are lifting coal from stack yard in their own dumpers and transport to rail sidings, unloading on rail siding and re-loading in the wagons. For these operations extra equipments required and cost involved. Port is handling 4 million tones imported fertiliser which is being packed in 50 kgs bags by electronic bagging plants attached with stitching machines and after packing bags are manually loaded in the trucks for carting to rail sidings and manually bags lifted from trucks and loaded in the wagons. These operations are mandatory but not considered.</td>
</tr>
<tr>
<td>(iv).</td>
<td>We clarified that following equipments were required by any Terminal handling multipurpose cargo and without these equipments Terminal cannot handle even one lac mts cargo while the project is for handling three million tones cargo for which terminal need following equipments:-
<table>
<tr><td>Mobile Harbour Cranes</td><td>2 nos.</td></tr>
<tr><td>Hitachi-200</td><td>6 nos.</td></tr>
<tr><td>Hitachi-110</td><td>4 nos.</td></tr>
<tr><td>Hitachi-350</td><td>3 nos.</td></tr>
<tr><td>Pay Loaders attached with bucket for lifting bulk cargo</td><td>10 nos.</td></tr>
<tr><td>Pay Loaders attached with forks for</td><td>8 nos.</td></tr>
</table>
</td>
</tr>
</table>

lifting Timber logs	
Fork lifts for lifting steel coils and projects of 35 mts capacity	4 nos.
Dumpers for carting bulk cargo like coal, fertiliser & agri products	30 nos.
Trucks for carting bagged fertiliser & agri products	20 nos.
Trailers for carting timber logs, steel coils and project cargo	30 nos.
Electronic bagging plants for packing fertiliser with stitching machine	20 nos.
Generators for providing power to shore grabs	10 nos.
Finger grabs for unloading timber logs	6 nos.
grabs for unloading steel scrap	6 nos.
grabs for unloading dry bulk cargo	6 nos.
material handling machines	2 nos.
Lorry weigh bridge	2 nos.
Wagon weigh bridge for motion loading	1 no.
Hydraulic Hoppers used on wharf	10 nos.

Against above equipments port has calculated use of only two mobile harbour cranes, 3 pay loaders, 4 fork lifts of 5 mts and 2 fork lifts of 10 mts. The fork lifts of 5/10 mts capacity are never used in cargo suggested so no use. Port must assess the capacity of the terminal bases availability of the equipments as per Govt. guide line which is completely neglected and therefore capacity of proposed terminal be calculated bases two Mobile Harbour cranes and 3 payloaders only and not 3 million tones cargo for which above cited equipments are required which are not proposed nor outsource cost calculated to reduce the Tariff to facilitate failed projects of berth no. 13 and 15.

(v). We further clarified that Tariff proposed is for only following operations well mentioned:-

1) Stevedoring i.e. discharge from vessel to shore
2) lifting from shore to load in trucks/ dumpers/ trailers
3) transportation from wharf to storage yard and unloading in yard/ godown
4) loading of bulk cargo in to trucks of importers while effecting delivery by Road.

Proposed Revenue requirement and amount spent for the above operation only, but the customers will ask for following additional services which are not yet being proposed for notification as these are extra services and cost involved and so are to be recovered by charging for extra operations:-

1) DESPATCH BY RAIL

Kandla port has invested huge amount in laying the railway infrastructure but since

	extra charges for these operation are not proposed to notify port will also be deprived of getting revenue share. As per Govt. guide line port is to recover 16% ROCE for amount spent on railway line and Terminal operator is also entitled to receive 16% ROCE of the expenses incurred in loading cargo for despatch by rail. The extra operations are as under:- 1. Loading cargo in to dumpers 2. Transportation from storage yard to rail line and unloading on rail sidings 3. loading bulk cargo in to wagons by using pay loaders 2) BAGGING OF FERTILISER AND DESPTCH BY RAIL The operator need to spend in following additional operations if cargo despatched in bags by rail 1. Shifting bulk fertiliser from storage godown to another godown where bagging plants are fixed 2. Mechanised bagging and stitching by using the bagging plants 3. Loading of bagged fertiliser in to trucks 4. Transportation of bagged fertiliser from plants to Railway sidings 5. Lifting bags from trucks and loading in to wagons. Since Tariff is related to only loading bulk cargo in to users' trucks, above all extra operations are to be carried out for which Tariff required to be fixed and the port is to get the Revenue share from the operator. The Chief Engineer, KPT clarified that composite tariff is for all unspecified activities and therefore extra charges not required to be notified. He further said that Terminal operator may directly collect any extra charges recoverable for those operations which are not notified and later on port will not fix any extra Tariff for the same. He also clarified that port can notify extra operations of despatch of bulk cargo by railway rakes and bagging operation in Terminal because port has not fixed Tariff for cargo despatched by Rail and bagging of fertiliser in Adani Kandla bulk Terminal. The learned CE said port cannot now include these charges in Tariff of 13 to 16 berths and the Operator is free to charge and collect from the cargo as per their cost and requirement as these facilities are already given to Tuna Tekra Project so cannot implement now in Berth no.13-16.	
(vi).	We will participate in RFP based on	

	clarifications given by the Chief Engineer in your presence in open discussion during meeting when all port HODs were present that port will not at any time in future ask for revenue share from extra services of loading in rakes and for using bagging plants in terminal and despatch of bagged fertiliser by Rail and Operator will be free to settle these charges with users amicably and use third agency to recover the same from importers/ users. Terminal operator will be free to keep mediator to collect the charges for extra operation and mediator may pay as per Tamp notified Tariff to the terminal operator. Kandla port will not raise any objection of taking business through mediators and mediators will pay as per notified Tariff only. Port will also not later on at any stage object for doing business through mediator which is not permitted as per concession agreement.	

4. The summary of the comments received from JREIPL and other users and reply furnished by KPT thereon are summarised below:

Sl. No.	Comments of JREIPL and other users	Reply received from KPT
1.	**JREIPL**	
(i).	The rate of license fee of the land allotted to BOT operators of berth no.13 and 15 is a very high compared to the license fee of the land being made available to the trade at the backup area of berth no.1 to 10. The higher land cost is contributing for more than ₹25.00 per metric ton of cargo handled in the terminals even if 3.00 Million MT of cargo is handled per annum. The higher license fee of the land is one of the main reasons for the non-viability of the terminals. Therefore since the tender is being floated for 13 to 16 berths afresh, the port should consider reducing the license fee of the land to comparable rates of KPT berths backup area.	The License fees has been considered as per the Land Policy guidelines and approved SOR of KPT under the categories of "Land having water front and upto half mile from the shore i.e. the west bank of Kandlacreek' and under the category 'Land beyond half a mile from the bank of the creek' as per the Schedule of reserve price for Kandla lands of Kandla Port Trust notified by TAMP vide.G.No.350 dated 04.12.14.
(ii).	Extra land is being allotted by the port at ₹110.00 per sq. mtr. for accommodating full rake inside the terminal. However in future the length of the rakes is going to be One KM long and at that time additional land is required to the terminals. Though KPT is aware that additional land is required by the terminals for accommodating the One KM long rakes, KPT does not intend to offer more land to 13 and 15 berths as similar length of land is not available behind berth no.16. KPT wants to maintain equal land dimensions for all the 4 berths for the sake of obtaining a common tariff for all the 4 berths. We request that since the KPT is aware that additional land is a requirement and sufficient land is available behind our plot they should commit to allot the same at the existing rate of ₹110.00 per sq. mtr. as	The rates of the additional land as mentioned will be governed as per the terms of the Concession Agreement.

	and when allotted in future, should not ask the operators to pay double the SOR for additional land as provided in the Concession Agreement.	
(iii).	The Agri produces like SBM, rapeseed, de-oiled cakes, etc., have to be brought under the group of food grains and fertilizer as the handling style and the output of the Agri produces is similar to that of food grains and fertilizer.	SBM rapeseed, de-oiled cakes are categorized under other dry bulk cargo.
(iv).	Charges for bagging and rake loading etc. are to be specifically notified for the purpose of clarity to avoid ambiguity in future or it shall be clarified that any further services supporting the core activity of cargo handling will not be notified and no revenue share will be demanded at a future date.	Regarding additional operations required for handling cargo through rail wagons, it is to state that the total cost presently incurred for loading the cargo on trucks, transporting cargo to the railway siding and loading the cargo to the rake comes to ₹ 30/MT i.e. ₹ 10/MT for each operation as per the information obtained from the transporters. As the handling rate for terminal from discharging the vessel, moving cargo to storage area and loading on to the trucks covers in the composite charge for cargo handling operations, as such in case of rake loading, only two operations i.e. transportation to railway siding and loading on to rakes have to be added i.e. ₹ 20/MT. Accordingly, the additional charge of ₹ 20/ Ton over and above the composite tariff for cargo handling charges may be collected for the rail bound cargo. The same has been included in the revised tariff proposal sent to TAMP. Further, for additional operations like bagging, packing etc required for handling of fertilizers, it is to state that Port Authority will incorporate appropriate provision in the DCA to be proposed to Govt. of India to enable the concessionaire to approach TAMP to get the approval of tariff of the said additional services, if the Concessionaire wishes to offer the said additional services to the users. Concessionaire shall have to pay the revenue share on such additional services to the Concessioning Authority as per the tariffs approved by TAMP. As per Article 9.2 (b) of the Model Concession Agreement, the gross revenue shall be computed on the basis of maximum tariffs leviable for and in respect of the Project Facilities and Services. As far as revenue is concerned, the same will be governed as per the terms and conditions of the Concession Agreement.
(v).	The thermal coal shall be brought under the group of coal.	Agreed.
(vi).	The diesel consumption per hour is taken as 33 Ltrs., whereas the actual consumption is around 70 Ltrs. per hour. Hence corrected.	The same has been considered based on the fuel consumption for 60 T MHC based on the manufacturer's manual, also in line with the approved tariff order notified vide G.no. 170 dated 17th August 2011 (i.e. TAMP Order for fixation of upfront tariff for mechanization of

		Dry Cargo Berth Nos.7 and 8 at the Kandla Port)
2.	**Kandla Port Steamship Agent's Association**	
(i).	All PPP models should be viable for trade in terms of economical rates of handling of cargo and marine related dues to the vessel which should be at par with nearby private ports and Kandla port's general cargo berths so that ship owners or charterers can have various options. These private berths are more modern with state of the art facilities and can give higher productivity and can compete with nearby private ports.	As M/s. KPSAA is agreeing and endorsing on KPT's revised tariff proposal, hence, no comments are offered.
(ii).	Since this venture of PPP model is partnership between Kandla Port and terminal operators on revenue sharing model, we strongly believe that same should be viable to our trade but regret to state that such good facility is completely underutilized due to very high tariff for cargo handling and berth hire. It is a proven fact that many a times vessels are waiting for berths in Kandla port and accept pre-berthing delays but do not opt for said private berths which is a loss to the nation and also loss to the trade when berths are available in same port but ship owner or exporter or importer prefer to wait for Kandla port general berths or divert to nearby private ports which shows that these berths are not viable for them due to unreasonable higher tariff.	
(iii).	We agree and endorse on KPT's proposal on revised tariff.	
3.	**M/s. ABG Infralogistics Ltd.**	
(i).	On page 6, the Capital cost estimates for Mobile Harbour Cranes (2 Nos.) considered by Kandla Port Trust is ₹65.55 crores. Please confirm:	
	(a). Is the Customs Duty (Import Duty) payable to Indian Customs included the cost estimate of ₹65.55 crores? The case is that the old Foreign Trade Policy (27.08.2009) allowed duty free (EPCG benefits) to Port Services, whereas in the new Foreign Trade Policy (01.04.2015 to 31.03.2015), same is yet to be notified (Appendix 3E).	The Customs Duty is included in the cost estimate of Mobile Harbour cranes.
	(b). Has Kandla Port Trust considered brand new cranes or used/reconditioned/second hand cranes?	Brand new cranes have been considered.

5. With reference to revised proposal dated 12 August 2015 filed by the KPT, M/s.Rishi Shipping vide its email dated 14 August 2015 and M/s.RIPL vide its letter dated 11 September 2015

has furnished its comments to TAMP and to KPT. The summary of the comments made by users and response of KPT thereon is tabulated below:

<table>
<tr><th>Sl. No.</th><th>Comments received from M/s.Rishi Shipping M/s.RAS Infraport Pvt. Ltd.</th><th>Reply received from KPT</th></tr>
<tr><td>1.</td><td>M/s.Rishi Shipping</td><td></td></tr>
<tr><td>(i).</td><td>M/s.Rishi Shipping have gone through the proposed Tariff and they don’t feel it is viable for any investor for following reasons:</td><td rowspan="8">No comments furnished by KPT</td></tr>
<tr><td>(a).</td><td>Tariff for dispatch of Cargo by rail proposed at ₹20 per MT.
Please be informed that Terminal have to spend following amount during delivery of bulk cargo by rail</td></tr>
<tr><td>(i).</td><td>Since rail will not come to cargo but cargo to be taken to railway sidings for loading in wagons and therefore terminal to spend for loading cargo in to dumpers, transportation from stack yard to railway sidings and dumping in railway sidings: ₹30-00 per mt Comments yet not furnished</td></tr>
<tr><td>(ii).</td><td>Loading bulk cargo from siding and loading in to rail wagons: 10-00 per mt.</td></tr>
<tr><td>(iii).</td><td>Provision of railway demurrage for delay in releasing rake taken more time: 10-00 per mt
total .... 50-00 per mt.. Against actual cost incurred at ₹50-00 per mt, Tariff proposed only at ₹20-00 per mt.</td></tr>
<tr><td>(b).</td><td>With proposed infrastructure capacity of terminal is less than 2 million tones a year so Terminal has to outsource the equipment and spend charges which are not taken in calculation. The terminal need following equipments:-
<table>
<tr><td>Dumpers</td><td>30 nos.</td></tr>
<tr><td>Trailers</td><td>20 nos</td></tr>
<tr><td>Pay loaders</td><td>10 Nos.</td></tr>
<tr><td>Hitachi-200</td><td>06 Nos.</td></tr>
<tr><td>Finger grabs for timber discharge</td><td>06 Nos.</td></tr>
</table></td></tr>
<tr><td>(c).</td><td>You have not calculated revenue share payable to Kandla port as the cost of terminal.</td></tr>
<tr><td>(d).</td><td>The operational cost calculated at ₹45.90 crores is imaginary by overlooking the requirement of the infrastructure, operators' salaries, depreciation cost, fuel etc. and ROCE generated at ₹31.32 crores is also imaginary as following cost not calculated:-
(i). Bank interest on capital of ₹240 crores
(ii). Depreciation of the value of the equipments
(iii). Life of the equipments is only 6/7 years and therefore all equipments to replace after 6/7 years and replacement cost not taken
(iv). Revenue share payable to kandla port is not considered in cost so it will reduce the ROCE of 31.32 crores.</td></tr>
<tr><td>2.</td><td>M/s.RAS Infraport Pvt. Ltd.</td><td></td></tr>
<tr><td>(i).</td><td>It is submitted that certain notes as mentioned below have been left out in the revised proposal of KPT and it is requested TAMP be</td><td>The request of M/s.RIPL made vide their letter RAS/KPT/2015-16/059 dtd 11.09.15 may be accepted. Accordingly, the</td></tr>
</table>

	intimated to include the same:	conditions proposed by RIPL in their aforesaid letter may be incorporated in the SOR of reference tariff of subject work. However condition no B (c) may be read as " ….the demurrage will cease from the day following the date of berthing vessel"
(a).	Berth Hire	
(i)	(vi) A vessel after completion of discharge or loading or ballasting shall call for pilot for sailing within four hours (or within such extension granted by the Kandla Port Trust in writing for stated reasons). If the vessels do not call for the pilot for sailing within the period of four hours after completion of discharge or loading or ballasting or within such extension granted by the Kandla Port Trust or officials authorized by it, the vessel shall pay additional berth hire charges at the rate of 5 times the normal rate for the period from the time of expiry of four hours or such extended period by the Kandla Port Trust or officials authorized by it till the time of calling the pilot.	
(ii).	(vii) The additional berth hire charges specified in Note (vi) shall not be charged for the following cases. (a) Vessel waiting for tide, draft etc to sail for the safety of the vessel. (b) Strike by the port employees. (c) Loading arm disconnection problem and. (d) Usage of idle berth with concurrence of Kandla Port Trust or officials authorized by it. (e) Any other reason not attributable to the vessel or its agent.	
(b).	Storage Charges	
	(a) For the purpose of calculation of free period, Sundays, customs notified holidays and the terminal operator's non working days shall be excluded.	
	(b) Free period for imports shall be reckoned with from the date of complete discharge of vessel's cargo.	
	(c) Free period for exports shall commence from the date on which the cargo is brought in the transit/ port area. The demurrage will cease from the day of berthing of vessel.	

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