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Tariff Authority for Major Ports

G No. 150

New Delhi,

20 May 2013

NOTIFICATION

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from the Kandla Port Trust (KPT) for fixation of upfront tariff for development of Barge jetty at Tuna, Kandla Port on Build, Operate and Transfer (BOT) basis in pursuance of the guidelines for upfront tariff setting at Major Ports which was notified vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/6/2013-KPT

Kandla Port Trust

Applicant

QUORUM:

- (i). Smt. Rani Jadhav, Chairperson
- (ii). Shri. T.S. Balasubramanian, Member (Finance)

O R D E R

(Passed on this 22nd day of February 2013)

This case relates to the proposal received from the Kandla Port Trust (KPT) for fixation of upfront tariff for development of Barge jetty at Tuna, Kandla Port on Build, Operate and Transfer (BOT) basis.

2.1. The highlights of the proposal dated 27 December 2012 submitted by KPT are given below:

- (i). In light of increasing traffic, the existing dry cargo berths at Kandla Port are heavily utilized. In order to relieve pressure on the existing dry cargo berths and to cope up with the likely demand in later years, the KPT has filed proposal for development of the Barge Handling Facility at Tuna, Kandla Port for handling multipurpose dry cargo (excluding container and liquid cargo) on BOT basis under PPP mode.

The details of the wharfs at Tuna are as follows:

<u>Component</u>	<u>Dimension</u>	<u>Status</u>
Existing wharf	240 m X 9.5 m	Already constructed and completed by the KPT. Total back up area for existing 240 meter barge jetty is 3.5 hectares.
Existing wharf	160 m X 9.5 m	In the proposed project KPT will transfer 160 meter length of barge jetty to BOT operator from the 240 meter barge jetty at tuna and will continue to maintain 80 meter length barge jetty on their own. Hence the cost shall be recovered in form of upfront payment from the BOT operator for the length of 160m barge jetty, back up area of 1.90 hectares and other facilities like electrification, mechanical equipments, etc.
New wharf	500 m X 12 m	Shall be constructed by the BOT operator at its own cost.

- (ii). The already developed Port facilities at Tuna which will be transferred to the BOT operator are as under:
 - (a). A wharf of size 160 m x 9.5 m resting on RCC piles.
 - (b). Stacking area of about 1.90 hectares duly paved with bitumen from the existing back up area of 3.5 hectares shall be handed over to the BOT operator by the KPT.
 - (c). Electrification and illumination which are under notified back up area of 1.90 hectares.

- (iii). The BOT operator shall undertake the following development activities at the Tuna port:
- Construction of wharf size of 500 m x 12 m on pile foundation.
 - Railway siding of approx length of 1.8 km including connectivity of the same with common Rail.
 - Development of internal road and connectivity with common road.
 - Providing Custom fencing wall.
 - Providing firefighting lines
 - Asphalt paving behind wharf portion.
 - Electrification works including development of transformer yard for transmission and power distribution network.
 - Gate office and security check.
 - Development of back up area
 - Installation of necessary Navigational systems in the approach channel.
 - Capital dredging and Maintenance dredging alongside the jetty as well as in the approach channel. The BOT operator shall maintain minimum 0.00 m CD dredging level at the proposed site, but if the BOT operator requires to dredge more than 0.00 m CD considering the technical viability of the jetty in that case the BOT operator shall take the prior permission from the KPT.

Apart from undertaking the above activities, BOT operator shall provide-

- the Floating crane at OTB to carry out the loading /un-loading cargo operations and
 - Cargo handling equipments viz. excavators, payloaders, forklifts etc. at the jetty.
- (iv). KPT has stated that the capacity of the Terminal has been determined based on guidelines notified by TAMP and considering other relevant factors such as Draft and Dimensions of the proposed Barge Jetty, maximum size of the barge which can be accommodated at proposed site (2200 DWT), Floating crane, various equipments viz. excavators, pay loaders, forklifts etc. and Cargo mix ratio viz. all types of dry bulk cargo, steel and bagged cargo and timber logs.

(v). **Optimal Capacity:**

(a). Optimal Capacity of the Terminal:

- (i). Optimal capacity based on movement of barges.

Average parcel size handled by the Barge (2200 DWT)	1500 MTs
Number of barges	6
Number of trips in a day	2
Amount of cargo that could loaded/ unloaded in a day	18000 MTs
Cargo Handling Capacity/Year	18000 x 365 = 6.57 MMTPA

- (ii). Optimal capacity based on the handling rate of Excavators at Tuna barge jetty:

No. of Excavators	4
Cycles/hour	100 cycles/hour
Volume of grab	4.5 cum
Max per hour volume	1800 cum
Operating load factor	0.7
All types of Dry bulk cargo	1260 tons/hour

Steel and Bagged cargo	672 tons/hour
Timber logs and other break bulk	420 tons/hour
Operating hours in a day	24 Hours
Cargo Handling ratios	
All types of Dry Bulk Cargo	71.81%
Steel and Bagged Cargo	1.33%
Timber logs and Other Break Bulk	26.86%
Cargo Handling Rates per day	
All types of Dry Bulk Cargo	30240 Tons/day
Steel and Bagged Cargo	16127 Tons/day
Steel and Bagged cargo	10080 Tons/day
Optimal Capacity of the terminal	6.29 MMTPA $365 \times 0.7 \times (71.81\% \times 30240 + 1.33\% \times 16127 + 26.86\% \times 10080)$ = 6294836 Metric Tonnes Per Annum.

KPT has stated that the optimal capacity of terminal based on norms for fixation of upfront tariff for services rendered at multipurpose berth is worked out as 6.29 MMTPA.

(b). Optimal Capacity of Floating Crane at Outer Tuna Buoy (OTB):

Number of floating cranes	1
Max per hour volume	1300 ton/ hour
Operating Load factor	0.7
All types of Dry bulk Cargo	910 Tons/hour
Break bulk (Steel & Bagged cargo)(53.33% of dry bulk)	485 Tons/hour
Timber logs and other break bulk cargo(33.33% of dry bulk)	303 Tons/hour
Operating hours in a day	24 Hours
Cargo handling ratios (based on the cargo handled through barges at KPT in last four years i.e. 2008-09 to 2011-12)	
Dry bulk	71.81%
Steel & Bagged cargo	1.33%
Timber logs	26.86%
Cargo handling rates per day	
All types of Dry bulk cargo	21840 Tons/day
Steel & Bagged cargo	11640 Tons/day
Timber logs & other Break Bulk	7272 Tons/day
Optimal Capacity of the floating crane (70% of the total capacity)	4.55 MMTPA $365 \times 0.7 \times (71.81\% \times 21840 + 1.33\% \times 11640 + 26.86\% \times 7272)$ = 4545696 Metric Tonnes Per Annum

KPT has stated that currently at KPT more than 90% to 95% vessels are self-gearred vessels and the remaining are non-gearred vessels. Considering the future growth and length of concession period i.e. 30 years, the non geared vessels at KPT will be expected to increase constantly. Hence suitable provision of one floating crane is required for smooth running of operations.

KPT has further stated that there shall be flexibility to BOT operator to increase the number of floating crane at OTB as per the future demand but it shall not be considered as a part of the project cost.

(vi). **Capital Cost:**

(₹ in lakhs)

Sl. No.	Particulars	Capital cost estimation
(A).	Cargo Handling Activity	
(i).	Civil Cost	
	(a). Development of back up area	6138.98
	(b). Development of connecting road	180.00
	(c). Bridge cost	2301.20
	(d). Construction of Office Building	119.40
	(e). Fire fighting arrangement	26.58
	(f). Ancillary infrastructure	432.19
	(g). Upfront payment to KPT (towards custom fencing wall and back up area)	340.75
	(h). Miscellaneous cost	476.96
		10016.06
(ii).	Equipment Cost	
	(a). Excavators- 4 Nos. @ ₹ 621.92 Lacs each	2571.67
	(b). Fork Lift Truck (5MT)- 6 Nos.@ ₹ 24 Lakhs each	103.62
	(c). Fork Lift Truck (10MT)- 2 Nos. @ ₹ 36.50 Lakhs each	100.80
	(d). Pay Loader (10MT)- 12 Nos. @ ₹ 36.50 Lakhs each	438.00
	(e). Excavators for back up area (4 Nos. @ ₹ 33.27 Lakhs each	133.08
	(f). Laying of Railway line (1.78 km)	1424.00
	(g). Electrification	250.00
	(h). Navigation systems	150.00
	(i). Communications systems	35.00
	(j). Weigh Bridge (80T,18m X 3m) (5 Nos.@ ₹ 18.045 lakhs each	90.23
	(k). Front payment to KPT (towards electrification –High Mast Tower)	13.50
	(l). Miscellaneous cost	265.49
		5575.39
	Total Capital cost for Handling Activity [(i) + (ii)]	15591.46
(B).	Capital cost Floating Crane	
(i).	Floating Crane including dump barge, tug and other required components	2837.68
(ii).	Miscellaneous cost	141.88
	Total Capital cost of Floating Crane	2979.56
(C).	Capital cost for construction of berth	
(i).	Pile Foundation 1000mm Dia Pile	3183.17
(ii).	Pile Muff	57.31
(iii).	Main beam	153.80
(iv).	Secondary Beam	86.27
(v).	Precast, Cast-in-situ and wearing coat over slab	319.06
(vi).	Diaphragm wall	125.07
(vii).	Mooring and Berthing Aids (Bollard, Fender & Ladder)	50.00
(viii).	Capital Dredging (Input from OOT) - Apportioned for BOT Operator (For 0.00 m (Assured Depth) 660 length)	3719.81
(ix).	Upfront amount to KPT (towards civil works of jetty)	446.65
(x).	Miscellaneous cost	407.06
	Total Capital cost of Construction of Berth	8548.20
	Total Capital cost of the project (A + B + C)	27119.22

(vii). **Operating Cost:**

(a). Operating cost of cargo handling (excluding berth):

Operating cost of cargo handling (excluding berth):						
Sr	Component	Values				(₹ in lakh)
1	Fuel Consumption	Number	Fuel consumption (Liter)	Rate/liter	Working hours in a year	Amount
1a	Excavator	4	32.00	52.12	6132	409.09
1b	Fork Lift Truck (10 mt)	6	10.00	52.12	6132	191.76
1c	Fork Lift Truck (5 mt)	3	7.00	52.12	6132	67.12
1d	Pay Loader (10MT)	12	12.00	52.12	6132	460.22
1e	Excavators for handling back up area cargo	4	12.00	52.12	6132	153.41
1f	Trucks & Trailers (Rs.15/ton, total cargo 6.29 MMTPA)	15	6294836			944.23
	Sub total					2225.82
2	Power Consumption (16.067 hectares, 240000 units per hectare/annum @ Rs.9.8 per unit	16.067	240000.00	9.8	-	377.90
3	Repair and Maintenance (Civil Assets)	1%	10016.06	-	-	100.16
4	Repair and Maintenance (Mechanical Assets)	5%	5575.39	-	-	278.77
5	Insurance	1%	15591.46	-	-	155.91
6	Depreciation Civil	3.34%	10016.06			334.54
	Depreciation Railway Siding (Mechanical)	13.91%	1495.20			207.98
	Depreciation Mechanical	10.34%	4080.19			421.89
7	License Fee of land for back up area (including bridge and jetty area)	141670	191.65	-		271.52
8	License fee for land within docks (1.9 hectares)	19000	191.65	-		36.41
9	License Fee (water) as per the latest land policy for Major Ports 2010(50% of the Land rates)	9108	95.83	-		8.73
10	Other Expenses	5%	15591.46	-	-	779.57
	Total operating cost (Rs. in lakh)					5199.20

(b). Operating Cost of Floating Crane:

Sr.	Component	Values				(₹ in Lakh)
1	Fuel Consumption	Number	Fuel consumption (Litre)	Rate/ litre	Working hours in a year	Amount
1a	Floating Crane 1 nos @ 96 litre/hour	1	96	52.12	6132	306.82
1b	idle Floating Crane 1 nos @ 12 litre/hour	1	12	52.12	2628	16.44

1c	Tug 1 nos @ 100 liter/ hour	1	100	52.12	6132	319.60
	Sub total					642.85
2	Repair and Maintenance (Mechanical Assets)	5%	2980			148.98
3	Insurance	1%	2980			29.80
4	Depreciation	10.34%	2980			308.09
5	Other Expenses	5%	2980			124.95
	Total Operating Cost (Floating Crane)					1254.66

(c). Operating cost of the Berth:

S. No.	Group	Components	Total berth cost	Estimated Cost (₹ in Lakh)
1	Repair and Maintenance of civil assets	1%	4642.39	46.42
2	Depreciation	3.34%	8548.20	285.51
3	Insurance	1%	8548.20	85.48
4	Maintenance Dredging			2107.89
	Total Operating Cost of the Berth			2525.31

(viii). The return on capital employed is estimated at 16% on the gross block of assets.

(ix). Accordingly, the Annual Revenue Requirement is estimated as follows:

(₹ in lakhs)				
SI No.	Particulars	For cargo handling activity	For Floating Crane	For Berth Hire
(i).	ROCE @ 16%	2494.63	476.73	1367.71
(ii).	Operating cost	5199.20	1254.66	2525.31
(iii).	Total Revenue Requirement	7693.84	1731.39	3893.02

(x). Apportionment of Annual Revenue Requirement (Cargo Handling activity):

(₹ in lakhs)					
SI. No.	Particulars	Apportioned estimated revenue requirement			
		For Cargo Handling		For Floating Crane	
		%	₹ in lakhs	%	₹ in lakhs
(i).	Handling Charges	90%	6924.45	100%	1731.39
(ii).	Storage	5%	384.69	-	-
(iii).	Miscellaneous Charges	5%	384.69	-	-
	Total Revenue Requirement	100%	7693.84		1731.39

(xi). The upfront tariff proposed by the KPT to meet the estimated revenue requirement is as follows:

(a). Berth hire per GRT per hour

Berth hire charges

₹7.05

Berth hire charges shall include the charges for services rendered at the berth, such as occupation of berth, rubbish removal, cleaning of berths, fire watch, etc.

(b). Cargo handling charges:

KPT has stated that 90% foreign cargo and 10% coastal cargo has been used to arrive at the calculations and the concessional rates have been considered for coastal cargo which is 60% of the rates for foreign cargo.

The port has proposed two separate rates for handling of cargo for self-gearred vessels and for handling of cargo for non-gearred vessels. Accordingly, tariff is proposed for:

- (i). Tariff for handling cargo at the Tuna barge jetty for those vessels which are not using floating crane at the OTB

Rate per metric tonne in ₹			
Sl. No.	Commodity	Foreign	Coastal
1.	All types of dry bulk cargo	73.98	44.39
2.	Steel	138.72	83.23
3.	Timber	221.94	133.17

- (ii). Tariff for hiring of floating crane at the OTB

Rate per metric tonne in ₹			
Sl. No.	Commodity	Foreign	Coastal
1.	All types of dry bulk cargo	25.60	15.36
2.	Steel	48.04	28.82
3.	Timber	76.89	46.13

- (iii). Tariff for handling cargo at Tuna barge jetty for those vessels which are using floating crane at the OTB will be the sum of the (i) and (ii) above.

(c). Storage Charges:

Estimation of Storage Charges:

Storage Charges Rate(per ton/day for first 7 days after free period)	1.25
Storage Charges Rate(per ton/day for next 7 days)	1.87
Storage Charges Rate(per ton/day afterwards)	2.49

KPT has stated that the port has arrived at the revenue requirement for storage charges based on the proposed levy of charges for the cargo that may remain in the transit area after the admissible free period and has considered that the 40% of total cargo will attract storage charge and out of that 50% will get cleared in the first week.

(d). Miscellaneous Charges:

Miscellaneous charges for the services such as environment and management, lift on- lift off charges, sweeping of cargo on the wharf, safety measures, etc. ₹6.11 per ton. These charges would cover the charges for the services which are not specifically prescribed in SOR.

2.2. Further, the KPT has stated that as per clause 2.2 of the 2008 guidelines, once tariff caps are set for handling different commodities or providing various services for a port, they would apply to all terminals that are bid out subsequently in the same port during the next five years for handling identical commodity or for providing similar services. Authority has passed Order on 18 June 2012 for the similar project of KPT for Bunder Basin Barge Jetty. However, in this connection, the KPT has sought to clarify that the capital investment for this project as compared to Bunder Basin Barge Jetty project is high due to high capital dredging cost and other

required infrastructure, hence it is not appropriate to apply the rates of the Bunder Basin barge jetty project to the Barge Jetty at Tuna due to change in the capital cost as well as operating cost. Therefore, a separate tariff proposal for development of barge jetty at Tuna has been prepared by the KPT.

3. In accordance with the consultative procedure prescribed, a copy of the proposal was circulated to the user/user organizations/bidders vide letter dated 28 January 2013 as per the list furnished by the KPT. None of the users/ prospective applicants have furnished their comments till finalization of the case except Shipping Corporation of India which has stated that it has no comments to offer.

4. Based on the preliminary scrutiny of the proposal, the KPT was requested to furnish additional information/ clarifications on a few points vide our letter dated 1 February 2013. The KPT has furnished its reply vide its letter dated 5 February 2013. A summary of the queries raised by us and reply of KPT thereon is summarized below:

Sl. No.	Queries raised by us	Reply furnished by KPT
1.	<u>GENERAL</u>	
(i).	It may be recalled that the Authority vide its Order no. TAMP/45/2011-KPT dated 18 June 2012 has fixed upfront tariff for handling all types of dry bulk cargo, timber and steel at the Barge handling facility at Bunder Basin of KPT, based on a proposal filed then by KPT. Vide the said Order, the upfront tariff has also been fixed for handling the above mentioned cargo by Floating crane at the Outer Tuna Buoy (OTB). The upfront tariff for the said facility at Bunder Basin has been envisaged with the deployment of equipment like Excavators, 5 MT and 10 MT Fork Lift Trucks, Pay Loaders, Excavators for handling cargo at backup area and by deploying Floating crane at the OTB. Accordingly, upfront cargo handling charges, storage charges, miscellaneous charges and berth hire charges were approved. The handling charges for the cargo by use of Floating crane was also approved. The proposal now filed by KPT is also for fixing upfront tariff (handling charges, storage charges, miscellaneous charges and berth hire charges) for handling all types of dry bulk cargo, timber and steel at barge handling facilities at Tuna, with the same equipping plan. Further, the KPT in the said proposal has also proposed for fixing charges for handling the above mentioned cargo by Floating crane at OTB. In this regard, it is relevant to mention here that the upfront tariff is not fixed project-wise. As per clause 2.2. of the guidelines for upfront tariff setting, the tariff caps prescribed are for various cargo/ services and would be applicable to all projects to be bid out subsequently for identical cargo/	Though the project structure for proposed project may be considered similar to that of the Project Bunder Basin. However, the Bunder Basin proposal approved but due to no receipt of the offer for the same, it is not expected to be bid out on PPP mode. Hence, in light of this fact and also due to completely different size of the project in terms of capacity, capital investment, etc. the fresh tariffs are proposed for the approval.

	services during the next five years. In other words, the upfront tariff fixed for handling all types of dry bulk cargo, timber and steel at the Barge handling facility at Bunder Basin should apply to all projects bid out till June 2017. The reasoning given by the KPT that it may not be appropriate to apply the rates relating to the Bunder basin in this case also, as the capital investment of the current project is high due to high capital dredging cost and other operating costs does not appear to be relevant as the upfront tariff guidelines do not provide for review of the tariff caps to factor the increase in the capital costs and operating costs. Further, if upfront tariff is fixed based on the current proposal filed by the port, then it may amount to fixing project wise upfront tariff, which is not envisaged by the Upfront tariff guidelines. It therefore, appears that the current proposal of the KPT is premature for consideration within five years from June 2012 as per the Upfront tariff guidelines of 2008.	
(ii).	It is not clear from the proposal as to how much area of land is proposed to be allotted by the KPT, except that in the workings relating to determining the operating costs, the licence fee has been calculated for land area of 160670 sq.m and 9108 sq.m of water front area. The KPT to furnish details of the actual area of land available for use and the distribution of available land in terms of storage facility and auxiliary facility at the proposed facility. The details regarding the waterfront area to be also furnished.	Total Land Area proposed to be licensed out for the project is 160670 sqm which has following break up: Land Area Back Up Area – 15 Ha (13.1 undeveloped + 1.9 developed) Jetty Area – 0.75 Ha (New Jetty (500X12)+Existing Jetty (160X9.5))/10000 2 Nos. Connecting Bridges – 0.32 Ha [(18X125)+(18X50))/10000] Total 16.07 Ha. Water Area = 660 m Jetty length X 12 m beam of barge X 1.15 as per IS code.
(iii).	KPT has stated that in the proposed project, providing/ hiring of barges to user/ vessel owner shall not be the part of scope of work of BOT operator. In this regard, clarification to be furnished regarding who will offer the barge operations services and the tariff arrangement envisaged for the said service.	Barge operations are to be arranged by the users. There are many licensed stevedores who provide these services. Tariff for Services extended by Stevedores are not regulated by any Authority. It may be determined based on market forces. Further, this analogy is similar to the project of Barge Handling facilities at Bunder Basin for which TAMP has already approved the Tariff.
(iv).	The KPT to clarify the tariff arrangement relating to vessel/ cargo related charges leviable on mother vessels at OTB and transloading operation thereat.	Vessel related charges leviable, if any, on mother vessels at OTB shall be collected by KPT as per the Scale of Rates. However, the same are not the part/scope of the services to be rendered by the concessionaire of the proposed project. Query regarding transloading operation thereat is not very clear.
(v).	The optimal capacity of the barge jetty considered by the KPT based on the deployment of 4 nos. of excavators is estimated at 6.29 MMT/PA. The clarification for basis for considering deployment of 4 Excavators is sought in the later part of the	Optimal capacity of barge jetty is determined based on 4 Nos. of Excavators considering various factors as listed below: • Constraints of cargo movement through barges during high tide only. Hence only

(iii).	Floating crane: While the optimal capacity of the barge jetty has been assessed by the port at 6.29 MMPTA, the optimal capacity of the floating crane has been assessed at 4.55 MMPTA. Given that the KPT anticipates increase in the number of gearless vessels (which would be using the floating cranes) calling at the port over the length of the concession period, the KPT to review the capacity calculation in such a manner so as to minimise the gap between the capacity of the barge jetty and that of the floating crane.	As discussed earlier the gearless vessels' visit to KPT may increase. Considering this fact only. Floating crane with such high capacity has been considered. Floating Crane's capacity is around 72% of barge jetty capacity. Thus, such high percentage of gearless vessels coming at KPT shall also take time to come into reality. Moreover, addition of one more floating crane at the moment would increase the total floating crane capacity much more than barge jetty capacity. So, in such scenario also, there will be mismatch between them. Hence, looking to the present scenario of Gearless vessels visiting at KPT, it is better to consider the proposed capacity of 1 Nos. of floating crane. Moreover, gap of handling capacity, if any, may also be taken care by the floating crane being operated at OTB by other parties.															
3.	Capital Cost:																
(i).	Civil costs:																
(a).	Though the KPT in the Rate Analysis has drawn reference to the rates mentioned in the Schedule of Rates, it has not furnished the copy of the Schedule of Rates. The KPT to, therefore, furnish the Schedule of Rates, based on which it has adopted the rates in its capital cost estimation.	The schedule of rates considered for estimation of cost, though stated to have been furnished, has not been furnished. However, subsequently, the KPT has furnished the same.															
(b).	In the Rate Analysis, it is seen that the KPT has stated that the rate considered in the estimation of some of the civil costs are based on the prevailing market rate. Documentary evidence in support of such prevailing market rates considered to be furnished.	Documentary evidences for the prevailing market rates for some of the civil costs have been furnished.															
(c).	The meaning of the term 'RAA' as referred in the Rate Analysis to be explained.	RAA stands for Rate Analysis Attached.															
(d).	In the estimation of civil capital cost relating to the cargo handling activity, the KPT is not seen to have furnished the Rate analysis in respect of development of connecting road (₹1.80 crores), construction of office building (₹1.19 crores). The KPT to furnish the rate analysis in respect of the said civil works.	The rate analysis may be referred as shown below: <table><tr><th>Item</th><th>Quantity</th><th>Rate/ Unit</th><th>Unit</th><th>₹ Lakhs</th></tr><tr><td>Development of connecting road</td><td>6000</td><td>3000</td><td>Sqm</td><td>180.00</td></tr><tr><td>Construction of Office Bldg (incl. canteen, toilet blocks, amenities block, etc)</td><td>995</td><td>12000</td><td>Sqm</td><td>119.40</td></tr></table>	Item	Quantity	Rate/ Unit	Unit	₹ Lakhs	Development of connecting road	6000	3000	Sqm	180.00	Construction of Office Bldg (incl. canteen, toilet blocks, amenities block, etc)	995	12000	Sqm	119.40
Item	Quantity	Rate/ Unit	Unit	₹ Lakhs													
Development of connecting road	6000	3000	Sqm	180.00													
Construction of Office Bldg (incl. canteen, toilet blocks, amenities block, etc)	995	12000	Sqm	119.40													
(e).	The basis for estimating fire fighting arrangement at 0.15% of civil cost and ancillary infrastructure at 2.5% of the civil cost, in the estimation of civil capital cost relating to the cargo handling activity to be explained.	Fire fighting arrangement and ancillary infrastructure costs have to be estimated based on lumpsum consideration. The same were estimated in case of Bunder Basin tariffs approved by TAMP through tariff order TAMP/45/2011/KPT dated 18 June 2012. Hence, the same is justified.															
(f).	The KPT has considered ₹800.90 lakhs towards upfront payment in the total capital cost estimation, which is seen to be payment to be made by the operator to KPT towards the cost of assets like wharf, stacking area, backup area and electrification created by the KPT and to be handed over to the operator. In this connection, the KPT is requested to furnish	Cost of assets to be handed over to the Concessionaire is 800.90 Lakhs as per the Valuation report from Government registered valuer. This has been considered as in the approved tariff case for Bunder Basin Project, the value as per the Valuation Report of the Government Registered valuer was considered. Hence, the same thing has been followed here also.															

	the following: (i). Confirm that the amount represents the cost of assets. (ii). Details of the asset valuation carried out by the port. (iii). The present written down value in respect of each of the above assets.																																		
(g).	In the estimation of civil capital cost relating to the berth, the KPT to furnish the quantum of silt proposed to be dredged and the unit rate of dredging. The unit rate of dredging may be substantiated by documentary proof.	Capital Cost of Dredging has been considered as per the inputs of COM OOT Vadinar. Details including proportionate costing has been provided below: <table border="1"> <thead> <tr> <th>Particulars</th><th>Value</th><th>Unit</th></tr> </thead> <tbody> <tr> <td>For approach channel dredging quantity</td><td>0.30</td><td>Million cum</td></tr> <tr> <td>Total length of barge jetty</td><td>840.00</td><td>Meters</td></tr> <tr> <td>length of BOT barge jetty</td><td>660.00</td><td>Meters</td></tr> <tr> <td>Apportioned quantity for BOT</td><td>0.24</td><td>Million cum</td></tr> <tr> <td>Dredging quantity for berth</td><td>0.15</td><td>Million cum</td></tr> <tr> <td>Total dredging for approach and berth</td><td>0.45</td><td>Million cum</td></tr> <tr> <td>Apportioned dredging for Bot & Berth</td><td>0.39</td><td>Million cum</td></tr> <tr> <td>Dredging rate in approach channel</td><td>965</td><td>₹ / cum</td></tr> <tr> <td>Total amount (₹ in lakh)</td><td>4340.17</td><td>₹ Lakhs</td></tr> <tr> <td>Apportioned amount to BOT Operator</td><td>3720</td><td>₹ Lakhs</td></tr> </tbody> </table>	Particulars	Value	Unit	For approach channel dredging quantity	0.30	Million cum	Total length of barge jetty	840.00	Meters	length of BOT barge jetty	660.00	Meters	Apportioned quantity for BOT	0.24	Million cum	Dredging quantity for berth	0.15	Million cum	Total dredging for approach and berth	0.45	Million cum	Apportioned dredging for Bot & Berth	0.39	Million cum	Dredging rate in approach channel	965	₹ / cum	Total amount (₹ in lakh)	4340.17	₹ Lakhs	Apportioned amount to BOT Operator	3720	₹ Lakhs
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(h).	It appears that a part of the capital dredging cost is proposed to be apportioned to the BOT operator. There is no clarity in this proposition. KPT to clarify.																																		
(i).	The KPT to furnish documentary evidence in support of the cost of Mooring & Berthing aids considered at ₹50 lakhs in the estimation of civil capital cost relating to the berth.	Capital cost of Mooring and Berthing aids like bollards, fender and ladders have been estimated for 25 sets each costing ₹2 Lakhs.																																	
(ii).	Equipment cost:																																		
(a).	The equipping plan proposed for the facility does not seem to be in line with the equipping plan prescribed for the multipurpose terminal in the Upfront Guidelines. In this regard, the KPT to furnish an analysis supported with workings to justify the number of each type of equipment envisaged to be used at the facility to handle the cargo to show that given the productivity of each type of the equipment, the quantity of different equipment commensurate with the quantity of cargo estimated to be handled.	TAMP Guideline 2008 provides equipment plan for the multipurpose cargo terminal for main vessel berthing facilities which is not possible to apply to the barge handling facilities. Hence, Equipment plan approved for the Project of Bunder Basin through TAMP order TAMP/45/2011/KPT dated 18 June has been referred to proposed the equipment plan in proportion to the optimal capacity. Hence, the equipment plan is justified in view of the already approved TAMP order.																																	
(b).	The KPT to furnish documentary evidence in support of the cost of 5MT Forklift trucks, 10MT Forklift trucks, 10MT Pay-loaders and 80T Weigh Bridge. It may be recalled that even during the fixation of upfront tariff for the barge handling facility at Bunder basin, the KPT had not furnished documentary evidence in support of the cost of the above mentioned equipment.	The documentary evidence have been furnished.																																	
(c).	The basis for estimating a lumpsum capital cost in respect of Electrification, Navigation systems and Communication systems to be explained.	The detailed costing at this stage for these ancillary systems may not be possible. Hence, the estimates of cost were inevitable to be considered on lumpsum basis which is determined in general on judgement basis.																																	

(d).	The cost of laying of Railway line does not have a bearing on the direct handling of cargo at the facility. It appears to be a civil cost and hence to be considered under the estimation of civil cost for cargo handling activity.	Irrespective of the consideration of the same as civil or mechanical cost, the capital cost of railway is related to capital cost of cargo handling activity.									
4.	Operating Cost:										
(i).	The KPT has considered 6 Nos. of 5 MT Fork Lift Truck and 3 Nos. of 10 MT Fork Lift Truck in the estimation of Capital cost. However, in the estimation of fuel costs, the KPT has considered 3 Nos. of 5 MT Fork Lift Truck and 6 Nos. of 10 MT Fork Lift Truck. The KPT to effect necessary corrections in the calculation of fuel costs.	In operating cost calculation naming of the Fork Lift Trucks with its capacity has been interchanged. The cost calculation is correct as the 6 Nos. of 5 MT Fork Lifts and 3 Nos. of 10 MT Fork Lifts consumes the fuel 10 liters and 7 liters per hour respectively.									
(ii).	The fuel consumption of 32 litres per hour per excavator, 7 litres per hour per 5MT forklift truck, 10 litres per hour per 10MT forklift truck, 12 litres per hour per 10MT pay loader and 12 litres per hour per excavator at backup area, fuel cost of ₹15 per tonne for trucks and trailers and 100 litres per hour per tug to be justified by way of a detailed analysis in this regard for each type of equipment. It may be recalled that even during the fixation of upfront tariff for the barge handling facility at Bunder basin, the KPT had not furnished any analysis to support the fuel consumption of the above mentioned equipment.	Fuel consumption has been determined based on approved TAMP order for Bunder Basin vide TAMP order TAMP/45/2011/KPT dated 18 June 2012. At that time, it was determined based on supplier discussions.									
(iii).	An amount of ₹944.23 lakhs has been estimated as the fuel cost of trucks & Trailers in operating cost. However, the KPT has not estimated the cost of Trucks and Trailers in the estimation of capital cost of the equipment. The KPT to clarify the position.	Trailers and Trucks are to be involved on hire basis. Thus, there is no capital investment for the same.									
(iv).	The KPT to furnish workings and a copy of the recent electricity bill in support of unit rate of power at ₹9.80, adopted by the KPT for estimation of power cost.	Calculation of power unit rate is furnished based on the electricity tariff schedule of KPT, which reflects a rate of ₹9.38 per unit.									
(v).	In the estimation of lease rentals, the KPT is seen to have adopted the rate of ₹191.65 per sq.m per annum. This appears to be the escalated rate as of the year 2012 relating to the area 'Land within the docks' as prescribed in the Rent Schedule of KPT. Since the year 2013 has already begun, the KPT to consider revising the lease rental calculation by considering the lease rental as applicable for the year 2013.	License fee have been considered as of January 2013. The revised proposal is in line with the same.									
(vi).	The norms prescribed in the guidelines stipulate estimation of maintenance cost of berth at 1% of the total cost. Accordingly, the Maintenance dredging cost will be around ₹37.20 lakhs based on the current estimates furnished by the KPT. As against that, the KPT has estimated maintenance dredging cost at ₹2107.89 lakhs in addition to ₹46.42 lakhs estimated by the KPT as part of repairs and maintenance cost. The	Cost of maintenance dredging has been estimated / suggested by COM, OOT Vadinar. The same is based on model studies and considers the site specific factors. Hence, the same is appropriate and has been estimated as below. <table border="1"> <thead> <tr> <th>Particulars</th><th>Value</th><th>Unit</th></tr> </thead> <tbody> <tr> <td>For approach channel dredging quantity</td><td>0.17</td><td>Mm3</td></tr> <tr> <td>Total length of barge jetty</td><td>840</td><td>meter</td></tr> </tbody> </table>	Particulars	Value	Unit	For approach channel dredging quantity	0.17	Mm3	Total length of barge jetty	840	meter
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	estimation of maintenance dredging cost is not found to be as per the norms prescribed in the guidelines. The reasons for deviation from the norms prescribed in the guidelines for estimating this expense to be justified. Also, the basis for consideration of ₹2107.89 lakhs towards maintenance dredging to be furnished.	<table><tr><td>Length of BOT barge jetty</td><td></td><td>meter</td></tr><tr><td>Apportioned quantity for BOT</td><td>0.13</td><td>Mm3</td></tr><tr><td>Dredging quantity for berth</td><td>0.08</td><td>Mm3</td></tr><tr><td>Total dredging for approach and berth</td><td>0.25</td><td>Mm3</td></tr><tr><td>Apportioned dredging for Channel & Berth</td><td>0.22</td><td>Mm3</td></tr><tr><td>Dredging rate in approach channel</td><td>965</td><td>₹ / cum</td></tr><tr><td>Total amount (₹ in lakh)</td><td>2459.43</td><td>₹ Lakhs</td></tr><tr><td>Apportioned amount</td><td>2107.89</td><td>₹ Lakhs</td></tr></table> 1% norm is already very low for barge jetty projects as it may generally involve cases of frequent siltation. It is pertinent to note that the Tariffs approved for similar project vide case TAMP/45/2011/KPT dated 18 June 2012 had also considered the maintenance dredging at 90% of capital dredging.	Length of BOT barge jetty		meter	Apportioned quantity for BOT	0.13	Mm3	Dredging quantity for berth	0.08	Mm3	Total dredging for approach and berth	0.25	Mm3	Apportioned dredging for Channel & Berth	0.22	Mm3	Dredging rate in approach channel	965	₹ / cum	Total amount (₹ in lakh)	2459.43	₹ Lakhs	Apportioned amount	2107.89	₹ Lakhs																																
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	The ratio of foreign cargo and coastal cargo at 90:10 considered by the KPT to be justified with reference to the year wise ratio of foreign and coastal cargo for all types of dry bulk cargo, timber and steel handled at KPT during the past years 2009-10 to 2011-12 and upto December 2012.	Ratio of 90:10 is historically observed for foreign and coastal cargo. The same was considered for approved tariff for TAMP/45/2011/KPT dated 18 June 2012. Traffic data for 2009-10 to 2011-12 is as follows. There is no coastal cargo being handled at the barge jetty, all the cargo handled may be treated as Foreign. <table><tr><td>Commodity / Category</td><td>2009-10</td><td>2010-11</td><td>2011-12</td></tr><tr><td>A) Dry Bulk</td><td>58938</td><td>165628</td><td>201145</td></tr><tr><td>B) Break Bulk</td><td></td><td></td><td></td></tr><tr><td>Timber logs</td><td>0</td><td>92577</td><td>110784</td></tr></table>	Commodity / Category	2009-10	2010-11	2011-12	A) Dry Bulk	58938	165628	201145	B) Break Bulk				Timber logs	0	92577	110784																																								
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(i).	The actual average dwell time of all types of dry bulk cargo, timber and steel handled at KPT during the past years 2009-10 to 2011-12 and upto December 2012 to be furnished year wise and cargo wise separately.	The dwell time details have not been computed statistically, as the same are not being maintained/ furnished. However, provisionally, the following can be considered: <table><tr><td>Sr.</td><td>Commodity</td><td>Dwell time-No. of days</td><td>Remarks</td><td>Commodity</td><td>Dwell time-No. of days</td><td>Remarks</td></tr><tr><td></td><td>Import</td><td></td><td></td><td>Export</td><td></td><td></td></tr><tr><td>A</td><td>Bulk</td><td></td><td></td><td>Bulk</td><td></td><td></td></tr><tr><td>1</td><td>Coal</td><td>Around 45 to 60 days</td><td>-</td><td>Barley</td><td>Nil</td><td>Nil, as direct loading through Barges into ship.</td></tr><tr><td>2</td><td>Sugar</td><td>Nil</td><td>Nil, as direct loading through Barges into ship.</td><td>Oil Extractions</td><td>Nil</td><td>Nil, as direct loading through Barges into ship.</td></tr><tr><td>3</td><td>I. ore</td><td>Around 90 days</td><td>-</td><td></td><td></td><td></td></tr><tr><td>B</td><td>Break Bulk</td><td></td><td></td><td>Break Bulk</td><td></td><td></td></tr><tr><td>1</td><td>Timber logs</td><td>Around 45 to 60 days</td><td>-</td><td>-</td><td></td><td></td></tr></table>	Sr.	Commodity	Dwell time-No. of days	Remarks	Commodity	Dwell time-No. of days	Remarks		Import			Export			A	Bulk			Bulk			1	Coal	Around 45 to 60 days	-	Barley	Nil	Nil, as direct loading through Barges into ship.	2	Sugar	Nil	Nil, as direct loading through Barges into ship.	Oil Extractions	Nil	Nil, as direct loading through Barges into ship.	3	I. ore	Around 90 days	-				B	Break Bulk			Break Bulk			1	Timber logs	Around 45 to 60 days	-	-		
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(ii).	The actual free days availed by the cargo like all types of dry bulk cargo, timber and steel handled at KPT during the past years 2009-10 to 2011-12 and upto December 2012 to be furnished year wise separately.	Details for Actual Free Days of the said types of cargo for the required period is furnished. <table><tr><td>Sr.</td><td>Category/ Commodity</td><td>Free Days Import (in days)</td><td>Free Days Export (in days)</td></tr><tr><td>A</td><td>Dry Bulk</td><td>5 days</td><td>15 days</td></tr><tr><td>B</td><td>Break Bulk</td><td></td><td></td></tr><tr><td></td><td>- Timber logs</td><td>8 days</td><td>Not applicable</td></tr><tr><td></td><td>- Steel cargoes</td><td>5 days</td><td>15 days</td></tr><tr><td></td><td>- Other Break Bulk</td><td>5 days</td><td>15 days</td></tr></table>	Sr.	Category/ Commodity	Free Days Import (in days)	Free Days Export (in days)	A	Dry Bulk	5 days	15 days	B	Break Bulk				- Timber logs	8 days	Not applicable		- Steel cargoes	5 days	15 days		- Other Break Bulk	5 days	15 days																																
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(iii).	The basis for assuming 40% of cargo capacity to attract storage charge to be explained.	The same is observed to be the prevailing scenario at KPT current operations as discussed with KPT officials as well as industry users. Moreover, this assumption was accepted for approving tariffs vide case TAMP/45/2011/KPT dated 18 June 2012.
(iv).	The basis for assuming that out of 40% cargo attracting storage charges, 50% of the said cargo will get cleared in first week to be explained.	Basis for considering that 40% of cargo to attract the storage charge may be referred as discussed above. Generally within the two weeks after the free days the cargo is cleared based on currently prevailing operations at KPT. Moreover, more importantly, this assumption was accepted for approving tariffs vide case TAMP/45/2011/KPT dated 18th June 2012.
7.	Upfront tariff schedule	
	The KPT under cover of its letter no.EG/WK/4784/TAMP/616 dated 4 January 2013 does not appear to have furnished the proposed Upfront tariff schedule. The KPT to furnish the same.	SOR is furnished along with the revised proposal.

5.1. While responding to the queries under cover of its letter dated 5 February 2013, the KPT has also revised its proposal. A comparative position between the initial proposal dated 27 December 2012 and the revised proposal dated 5 February 2013 is summarized below:

- (i). The capacity of the barge jetty has been maintained at 6.29 million metric tonnes per annum. The optimal capacity of the floating crane has also been maintained at 4.55 million metric tonnes per annum.
- (ii). The total cost of the Project has also been maintained at ₹27119.22 lakhs.
- (iii). Operating Cost:
There is no change in the operating costs estimated earlier except for a change in the licence fees, which is given below:

	Initial proposal dated 27 December 2012			Revised proposal dated 5 February 2013		
License Fee of land for back up area (including bridge and jetty area)	141670	191.65	271.52	141670	195.49	276.95
License fee for land within docks (1.9 hectares)	19000	191.65	36.41	19000	195.49	37.14
License Fee (water) as per the latest land policy for Major Ports 2010 (50% of the Land rates)	9108	95.83	8.73	9108	97.74	8.90
Total Licence Fees			316.66			322.99

- (iv). Annual Revenue Requirement

(₹ in lakhs)							
Sl No.	Particulars	Initial proposal dated 27 December 2012			Revised proposal dated 5 February 2013		
		For cargo handling activity	For Floating Crane	For Berth Hire	For cargo handling activity	For Floating Crane	For Berth Hire
(i).	ROCE @ 16%	2494.63	476.73	1367.71	2494.54	476.73	1367.71
(ii).	Operating cost	5199.20	1254.66	2525.31	5205.63	1254.66	2525.31
(iii).	Total Revenue Requirement	7693.84	1731.39	3893.02	7700.17	1731.39	3893.02

5.2. In view of the above changes in the operating cost of the cargo handling activity, there is change only in the Tariff for handling cargo at the Tuna barge jetty for those vessels which are not using floating crane at the OTB, as given below:

Sl. No.	Commodity	Rate per metric tonne in ₹			
		Initial proposal dated 27 December 2012		Revised proposal dated 5 February 2013	
		Foreign	Coastal	Foreign	Coastal
1.	All types of dry bulk cargo	73.98	44.39	74.04	44.43
2.	Steel	138.72	83.23	138.84	83.30
3.	Timber	221.94	133.17	222.13	133.28

6. Since some gaps were noticed in the reply to the queries furnished by the KPT under cover of its letter dated 5 February 2013, the KPT was requested to furnish additional information/ clarifications vide our letter dated 8 February 2013 and 11 February 2013. The KPT has responded vide its letter dated 14/15 February 2013. A summary of the queries raised by us and the corresponding replies furnished by the KPT are tabulated below:

Sl. No.	Queries raised by us	Reply furnished by KPT
(i).	With reference to reply of the KPT for SI no. (1)(i)- General, the KPT is requested to clarify, whether the provisions of the Upfront tariff guidelines provide for fixation of upfront tariff for handling identical commodity or for providing similar services again within a period of five years, on the ground of non receipt of offer and change in the project parameters like capacity etc., when the tariff for handling identical commodity or for providing similar services is already made available to the port.	Though there may not be such specific provision for setting upfront tariff again for identical commodity or services, but considering the altogether a different investment and capacity for the proposed project, to arrive at appropriate tariffs, the tariff proposal may be considered for fresh and dedicated tariff specific to this project. Moreover, TAMP has already approved separate tariffs for Dry Bulk Terminal at Tekra when the approved tariffs for 13 th to 16 th Cargo berth project were available. At that time also, differences of the location and project being outside the Kandla creek were considered. Thus, the similar reasoning applies here also. Hence, KPT requests TAMP to consider the proposal for tariffs for the proposed project for fresh approval.
(ii).	As requested at SI no. (1)(v)- General, the KPT has not clarified how it envisages to ensure that the operator will not earn windfall profit by deploying Excavators more than 4 no. at the jetty and floating crane more than 1 no. at the OTB.	TAMP Guidelines 2008 for Dry Bulk Terminal suggests the minimum number of handling equipment irrespective of length of wharf. Thus, applying the same concept here also, minimum can be prescribed but not the maximum number, However, to take care that the BOT operator does not earn windfall profit at the cost of users, it is proposed that a provision in the Concession Agreement may be incorporated for tariff revision in case BOT operator handles more traffic than the Optimal Capacities of Barge Jetty as well as Floating Crane.
(iii).	While replying to the query at SI no. (3)(i)(a)- Capital costs – Civil costs, the KPT is stated to have furnished the Schedule of Rent considered in the estimation of civil costs. However, the same is not found attached along with the KPT letter dated 5 February 2013.	The relevant schedule of rates considered for estimation of cost has been furnished.
(iv).	At SI no. (4)(iv)- Operating costs, the KPT has stated that the naming of the forklifts have been interchanged and that the cost calculation is correct as the 6 Nos. of 5 MT Fork Lifts and 3 Nos. of 10 MT Fork Lifts	The necessary corrections have been made in the revised TAMP proposal.

	consumes the fuel 10 liters and 7 liters per hour respectively. In this regard, it is relevant to mention here that during the fixation of upfront tariff for the barge handling facility at Bunder basin, a fuel consumption of 10 litres per hour was considered for 10MT Fork lifts and 7 litres per hour for 5MT Forklifts, as proposed by KPT at that relevant point of time. The KPT to effect necessary corrections in the calculation of fuel costs.																																																			
(v).	In its reply to Sl. No.(3)(i)(h) and Sl. No. 4(ii), the KPT has considered the arte of ₹965/- per cu.m towards dredging rate in approach channel for apportionment towards maintenance dredging. The copy of the Minutes dated 15 July 2010 furnished by the KPT regarding dredging requirement in the approach channel to Tuna jetty makes a reference to an amount of ₹661.80 for dredging. It is not clear whether the rate relates to capital or maintenance dredging. The KPT is requested to furnish documentary evidence like budgetary quotation/ work order in support of the rate of ₹965/- per cu.m considered by it in arriving at the amount of ₹21.07 crores towards maintenance dredging.	With respect to the earlier reply, the documentary evidences provided includes the quotation from 7 Nos. of parties for block estimate for cost of dredging in the approach channel at ₹ 2894.69 lakhs (working provided in documentary proofs) which if divided by the estimated quantity of dredging mentioned in the minutes attached i.e. 3 lakhs cubic meters give the rate of ₹ 964.89 rounded off to ₹ 965/cum. The same has been considered for capital as well as maintenance dredging.																																																		
(vi).	As requested at Sl no. (3)(i)(f)(iii)- Capital costs – Civil costs, the KPT has not furnished the present written down value in respect of each of the assets created by the KPT and proposed to be handed over to the operator	<table><tr><th>Sr. No.</th><th>Detail Construction</th><th>Compl- etion Year</th><th>Book Value as per Completion Year</th><th>Total life of Construc- tion</th><th>Age on Today for Asset</th><th>Deprecia- tion on Rate (%)</th><th>Deprecia- tion on Rate on Today (%)</th><th>Depreciation Value</th><th>Book Value as per 2013</th></tr><tr><td>1</td><td>Civil works - Part A for 160m Jetty to be handed over to BOT (pp.)</td><td>2007</td><td>26825934.11</td><td>50</td><td>6</td><td>2%</td><td>12%</td><td>3219112.093</td><td>23606822.02</td></tr><tr><td>2</td><td>Providing custom fencing wall and improving the storage facilities at Tuna (Calculated proportionately for 1.9 Ha based on Total 3.5 Ha = 25008228.53/35000 *19000)</td><td>2007</td><td>13575895.49</td><td>50</td><td>6</td><td>2%</td><td>12%</td><td>1629107.459</td><td>11946788.03</td></tr><tr><td>3</td><td>Electrification (for 1 Tower out of 2) Hence = 2558268/2</td><td>2008</td><td>1279134</td><td>50</td><td>5</td><td>2%</td><td>10%</td><td>127913.4</td><td>1151220.6</td></tr><tr><td></td><td>Current Book Value of the Asset</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>36704830.65</td></tr></table>	Sr. No.	Detail Construction	Compl- etion Year	Book Value as per Completion Year	Total life of Construc- tion	Age on Today for Asset	Deprecia- tion on Rate (%)	Deprecia- tion on Rate on Today (%)	Depreciation Value	Book Value as per 2013	1	Civil works - Part A for 160m Jetty to be handed over to BOT (pp.)	2007	26825934.11	50	6	2%	12%	3219112.093	23606822.02	2	Providing custom fencing wall and improving the storage facilities at Tuna (Calculated proportionately for 1.9 Ha based on Total 3.5 Ha = 25008228.53/35000 *19000)	2007	13575895.49	50	6	2%	12%	1629107.459	11946788.03	3	Electrification (for 1 Tower out of 2) Hence = 2558268/2	2008	1279134	50	5	2%	10%	127913.4	1151220.6		Current Book Value of the Asset								36704830.65
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7.1. While responding to the queries under cover of its letter dated 14/15 February 2013, the KPT has also again revised its proposal. A comparative position between the initial proposal dated 27 December 2012, the revised proposal dated 5 February 2013 and the revised proposal dated 14/15 February 2013 is summarized below:

- (i). The capacity of the barge jetty has been maintained at 6.29 million metric tonnes per annum. The optimal capacity of the floating crane has also been maintained at 4.55 million metric tonnes per annum.
- (ii). The total cost of the Project has also been maintained at ₹27119.22 lakhs.
- (iii). Operating Cost:
Changes in the operating cost are given below:

	Initial proposal dated 27 December 2012		Revised proposal dated 5 February 2013		Revised proposal dated 14/15 February 2013	
Fork Lift Truck (10 MT)		191.76		191.76		95.88
Fork Lift Truck (5 MT)		67.12		67.12		134.23

License Fee of land for back up area (including bridge and jetty area)	141670	191.65	271.52	141670	195.49	276.95	141670	195.49	276.95
License fee for land within docks (1.9 hectares)	19000	191.65	36.41	19000	195.49	37.14	19000	195.49	37.14
License Fee (water) as per the latest land policy for Major Ports 2010(50% of the Land rates)	9108	95.83	8.73	9108	97.74	8.90	9108	97.74	8.90
Total Licence Fees			316.66			322.99			322.99

(iv). Annual Revenue Requirement

(₹ in lakhs)

SI No.	Particulars	Initial proposal dated 27 December 2012			Revised proposal dated 5 February 2013			Revised proposal dated 14/15 February 2013		
		For cargo handling activity	For Floating Crane	For Berth Hire	For cargo handling activity	For Floating Crane	For Berth Hire	For cargo handling activity	For Floating Crane	For Berth Hire
(i).	ROCE @ 16%	2494.63	476.73	1367.71	2494.54	476.73	1367.71	2494.54	476.73	1367.71
(ii).	Operating cost	5199.20	1254.66	2525.31	5205.63	1254.66	2525.31	5176.77	1254.66	2525.31
(iii).	Total Revenue Requirement	7693.84	1731.39	3893.02	7700.17	1731.39	3893.02	7671.41	1731.39	3893.02

7.2. In view of the above changes in the operating cost of the cargo handling activity, there is change in the Tariff for handling cargo at the Tuna barge jetty for those vessels which are not using floating crane at the OTB, storage charges and Miscellaneous charges as given below:

- (i). Tariff for handling cargo at the Tuna barge jetty for those vessels which are not using floating crane at the OTB

Rate per metric tonne in ₹

SI. No.	Commodity	Initial proposal dated 27 December 2012		Revised proposal dated 5 February 2013		Revised proposal dated 14/15 February 2013	
		Foreign	Coastal	Foreign	Coastal	Foreign	Coastal
1.	All types of dry bulk cargo	73.98	44.39	74.04	44.43	73.77	44.26
2.	Steel	138.72	83.23	138.84	83.30	138.32	82.99
3.	Timber	221.94	133.17	222.13	133.28	221.30	132.78

- (ii). Storage Charges:

	Initial proposal dated 27 December 2012	Revised proposal dated 5 February 2013	Revised proposal dated 14/15 February 2013
Rate per ton/day for first 7 days after free period	₹ 1.25	₹ 1.25	₹ 1.24

(iii). Miscellaneous Charges:

	Initial proposal dated 27 December 2012	Revised proposal dated 5 February 2013	Revised proposal dated 14/15 February 2013
₹. per Ton	₹ 6.11	₹ 6.11	₹ 6.09

8.1. A joint hearing in this case was held on 19 February 2013 at the KPT premises. The KPT made a power point presentation of its proposal. At the joint hearing, KPT and the RFQ applicant have made their submissions.

8.2. At the joint hearing, the KPT was requested to furnish some information/ clarification. The KPT, under cover of its letter dated 19 February 2013 has made its submissions, which are given below:

Sl. No.	Query	Clarification																														
(i).	Justify why upfront tariff for the identical commodity is required at Tuna and how the Tuna project is different from the project envisaged at Bunder Basin.	- Tuna Port is a separate satellite port which is at distance of 20 Kms from Kandla Port. - Moreover, Tuna Port has also been recognized as a separate port by virtue of having separate approved Scale of Rates which are separate than those applicable for Kandla Port. - Barge jetties at Bunder Basin are situated within the basin resembling to “C” shape within the Kandla Creek (which is a large creek emerging from Gulf of Kutch where all the existing Kandla port facilities have been developed) while proposed barge jetties at Tuna are to be located along side a small narrow creek branching from Nakti Creek emerging from Gulf of Kutch. - Geography and topography of both the location are quite different from each other. - Bunder Basin is surrounded by and has access of all basic infrastructure facilities developed at Kandla Port while Tuna Port is just like a Greenfield site. - Maintenance dredging of approach channel in case of Proposed Tuna barge jetties is significant and to cost to the tune of around Rs. 21 Crore/annum at present while the same is not required at Bunder Basin. - Considering the above points, industry stakeholders who participated in the Joint Hearing also agreed to the fact that the approved tariffs for Bunder Basin should not be applied to the proposed Tuna Barge Jetty project. - Moreover, for the Project of Bunder Basin Port had invited the RFP with approved upfront tariff. In response no bids were receive. Considering this KPT Board has already decided to develop the facilities through internal resources of the Port. Accordingly, the process to de-notify the approved upfront tariff is started. - All above techno-commercial parameters can be seen reflected in the difference of Project Costs of these two projects. Moreover, the differences have been analyzed for optimal capacity, jetty length, and the Capital Cost per MMTA also. <table><tr><th>Sr. No.</th><th>Difference in Capital Costs Rs. Lakhs</th><th>Tuna BOT</th><th>Bunder Basin BOT</th><th>Difference</th></tr><tr><td>1</td><td>Berth Construction</td><td>3975</td><td>1024</td><td>2951</td></tr><tr><td>2</td><td>Connecting Bridges</td><td>2301</td><td>0</td><td>2301</td></tr><tr><td>3</td><td>Railway Line</td><td>1424</td><td>0</td><td>1424</td></tr><tr><td>4</td><td>Capital Dredging</td><td>3870</td><td>548</td><td>3322</td></tr><tr><td>5</td><td>Upfront to KPT</td><td>801</td><td>960</td><td>-160</td></tr></table>	Sr. No.	Difference in Capital Costs Rs. Lakhs	Tuna BOT	Bunder Basin BOT	Difference	1	Berth Construction	3975	1024	2951	2	Connecting Bridges	2301	0	2301	3	Railway Line	1424	0	1424	4	Capital Dredging	3870	548	3322	5	Upfront to KPT	801	960	-160
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(ii).	Rationale for considering the berth length 660 mtrs.	Kandla Port has got all its developed facilities within Kandla Creek emerging from the Gulf of Kutch. Kandla Creek has got limitation of draft due its geographical location and the very nature of the harbour. Presently Kandla Creek has draft of 12.5 m with tidal window. As per the techno-economic viability, the draft can be deepened maximum upto 13 m. However, looking to the present shipping market scenario, deep drafted vessels with larger parcel sizes are being deployed to reduce the freight costs. These vessels require draft well in excess of 13 m. To cater such vessels, deep draft dry bulk terminal is being developed by KPT at Tuna Tekra outside the Kandla Creek in Gulf of Kutch on PPP mode. KPT has presently 13 Nos. of Dry cargo berths which shall be increased to 16 Nos. in next two years. These berths can handle vessels with draft up to 12.5 which shall be increased up to 13 m. In order to meet the demand of trade, these berths shall have to handle the deep drafted vessels through mechanism called lighterage through barges at OTB. Considering this, KPT needs to develop the enough barge handling facilities to keep the existing dry cargo berths competitive in the prevailing market scenario. The barge facilities are also required with a view point that even with the highly utilized existing cargo berths, there is a continuous shortage of capacity which could be met by developing barge facilities. Tuna Port, which has currently very minimal development, has got high potential for barge handling. Hence, KPT want to float the project for development of Tuna Barge Jetty with a length of 660 m through PPP route.																																								

		Now, as far as the length of barge Jetty proposed i.e. 660 m is concerned, the jetty length is assessed in terms of accommodation of numbers of barges required to move the cargo volume from OTB to Tuna Barge Jetty which is equivalent or similar to Optimal Capacity of Tuna Barge Jetty. 660 m length is fully justified for accommodating 6 Nos. of barges which are capable to move the cargo volume of 6.57 MMTPA which is slightly above the capacity of barge Jetty at Tuna i.e. 6.29 MMTPA. Moreover, the length of Tuna Barge Jetty is realistic if compared to the already approved tariffs of Bunder Basin Jetty length of 461 m for Optimal Capacity of 4.71 MMTPA.
(iii).	To examine and confirm that the project of development of Barge Jetty at Tuna in its Business Plan.	KPT confirms that the proposed project is as per Five Year Plan of KPT. The copy of the same is furnished.
(iv).	Furnish documentary evidence in support of the unit rate of ₹965 per cubic mtr. towards dredging.	The budgetary quotations received from 7 Nos. of parties and the working of the rate based on the same are enclosed for kind perusal. As observed in the enclosure, the rate arrived at seems to be reasonable and workable in view of the ground realities prevailing at the proposed project site viz. • The narrow width of the Nakti Creek • Limited availability of time due to tidal variations • Type of dredgers which can be accommodated in the Creek. • Already available limited depth

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

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

- (i). The proposal is to fix upfront tariff for all types of dry bulk cargo, break bulk cargo like steel and bagged cargo and timber and other break bulk cargo envisaged to be handled at the Barge handling facility at Tuna at Kandla Port Trust (KPT) to be developed under Public Private Partnership (PPP) mode. The proposed project is as per Five Year Plan of the KPT. The proposal is based on the Guidelines for upfront tariff fixation issued by the (then) Ministry of Shipping, Road Transport and Highways in February 2008.

It may be recalled that this Authority vide its Order no.TAMP/45/2011-KPT dated 18 June 2012 has fixed upfront tariff for handling all the above mentioned similar cargo at the Barge handling facility at Bunder Basin.

As per clause 2.2. of the guidelines for upfront tariff setting, the tariff caps prescribed for the barge handling facility at Bunder Basin are for handling the above mentioned cargo and would be applicable to all similar projects to be bid out subsequently for identical cargo during the next five years. In other words, the upfront tariff fixed in the year 2012 for handling all types of dry bulk cargo, timber and steel at the Barge handling facility at Bunder basin should normally apply to all similar projects bid out till June 2017 at the KPT.

Though Tuna is under the control of KPT, it is a separate satellite port situated at a distance of 20 Kms from Kandla. Tuna is claimed to be a green field site as compared to Bunder Basin which has access to all basic infrastructure facilities. It is also claimed that Geography and topography of Bunder basin and Tuna are

quite different from each other. It is the position of the KPT that the proposed barge facility at Tuna warrants substantial investment in terms of maintenance dredging of approach channel. The techno-economic parameters which govern the formulation of the two projects are seen to be quite different from each other. Tuna and Kandla where Bunder Basin is situated are governed by separate set of Scale of Rates for the services rendered by KPT at Kandla and Tuna. For all practical purposes, Tuna appears to be a separate port though Kandla Port and the facilities at Tuna are under the control of same management. It is noteworthy that the KPT has also reported to have commenced the process to de-notify the upfront tariff approved in June 2012 for the Bunder Basin Barge Jetty, as it envisages to develop the barge handling facility at Bunder Basin by utilizing its own resources.

In view of the above position, we proceed further to analyse the case to fix upfront tariff for the barge handling facility to be developed at Tuna Port.

It is clarified to KPT that as per clause 2.2. of the guidelines for upfront tariff setting for PPP projects of February 2008, the tariff caps to be prescribed now for various cargo/ services would not only be applicable to the proposed project at Tuna but would also be applicable to all projects to be bid out subsequently for identical cargo / services at the KPT during the next five years.

It is also clarified to the KPT that the upfront tariff fixed now is for the cargo operation at the Tuna with barges carrying the dry bulk cargo, break bulk cargo like steel and bagged cargo and timber and other break bulk cargo by using the Excavators and supporting facilities like Floating cranes at Outer Tuna Buoy (OTB). If this method of handling the said cargo at the Tuna formulated by KPT undergoes a change, tariff will have to be reviewed to capture the change in the method, if any.

- (ii). The KPT has filed its proposal in December 2012. Subsequently, based on the information/ clarifications sought by us during the processing of the case, the KPT under cover of its letter dated 15 February 2013 has forwarded a revised proposal, as explained earlier. The proposal has been revised only to incorporate some corrections in the calculation of operating costs, as pointed out by us. The revised proposal of the KPT dated 15 February 2013 along with the information/ clarifications furnished by KPT during the proceedings of the case are considered in this analysis.
- (iii). Due to increase in traffic, the existing dry cargo berths at Kandla Port are heavily utilized. In order to relieve pressure on the existing dry cargo berths at KPT and to cope up with the likely demand and attract the business in future, the KPT has envisaged the handling of cargo through barges at Tuna. The proposal of the port is for handling of cargo brought by vessels both geared and non-geared vessels at Outer Tuna Buoy (OTB). The cargo from the non-geared vessels would be handled by floating crane deployed at OTB. Thereafter, cargo would be brought by barges to the jetty and handled with the help of excavators and accompanied equipment at Tuna.

The KPT is seen to have adopted the norms prescribed in the Upfront Guidelines for the multipurpose berth. Though the upfront tariff guidelines of 2008 prescribe norms for handling the multipurpose cargo, the norms are with reference to the deployment of Electric Level Luffing (ELL) cranes and different set of equipment. No explicit norms to handling cargo by floating crane and Excavators are available in the Guidelines.

As stated by the KPT, the higher capacity vessels would be anchored at Outer Tuna Buoy (OTB) and Floating crane is stated to be essential to unload and load the cargo into the barges from large size mother vessels at OTB to bring the cargo to the barge jetty.

Clause 3.2 of the Guidelines permits this Authority to make necessary adjustments in the norms based on the justification to be furnished by the concerned port trust keeping in view the port specific conditions. Therefore, based on the position explained by KPT about deployment of equipment proposed at the barge jetty and the OTB, though they are different from the ones prescribed in the upfront guidelines for multipurpose berth, they are considered in this analysis.

In this context, it is relevant to mention here that though the upfront guidelines prescribe deployment of ELL cranes at the multipurpose berth, deployment of Harbour Mobile Cranes (HMC) in lieu of ELL Cranes have been adopted in fixation of upfront tariff at some other major port trusts like Visakhapatnam Port Trust (VPT), Paradip Port Trust (PPT), VO Chidambaranar Port Trust (VOCPT), New Mangalore Port Trust (NMPT) and Kolkata Port Trust (KOPT) for cargo operations.

(iv). Optimal capacity:

(a). Barge handling Facility:

- (i). KPT has assessed the optimal capacity of the Tuna facility at 6.29 million tonnes per annum based on the handling rate of cargo by 4 nos. of excavators. No explicit norm is prescribed in the Guidelines for the Excavators. By considering 100 moves per Excavator per hour with a load factor of 70% and by equating 4.5 cum bucket capacity of one excavator to 1 tonne per cum and based on 24 operating hours per excavator per day, the KPT has arrived at the handling rate of dry bulk cargo at 30240 tonnes per day by 4 excavators. The parameters considered are reportedly based on the rated capacity of the equipment and actual performance. By considering the ratio of handling rate of dry bulk cargo, Steel and other cargo as prescribed in the Upfront Guidelines for multipurpose berth, the KPT has arrived at the handling rate of steel and bagged cargo at 16127 tonnes per day and the handling rate of timber logs at 10080 tonnes per day.
- (ii). The KPT has sought to justify the deployment of a maximum 4 nos. of Excavators at Tuna jetty based on the movement of barges. According to KPT, the movement of cargo through barges would be possible only during high tide, resulting in only two trips by each barge in a day. Considering deployment of 6 barges of 1500 MTs for a length of jetty of 660 metres and each barge making two trips in a day, the KPT has worked out the cargo handling capacity of the barges at 6.57 Million Metric Tonnes Per Annum. Accordingly, to handle a corresponding volume, the KPT, based on the handling rate of the Excavators as discussed above, has determined the requirement of Excavators to 4 nos. Further, the KPT has drawn reference to the earlier Order passed by this Authority for the Bunder Basin project, wherein the KPT had confirmed that a maximum of 3 nos. of Excavators can be deployed at Bunder basin, considering the technical parameters like wharf length, layout, cargo mix, positioning of barges with respect to the shape of the wharf, considering total barge jetty length of 460 metres incase of Bunder Basin which took into account 3 no. of Excavators. 4 Nos. of excavators are fully justified for a 660 metres of barge jetty length of proposed project. The argument put forth by KPT is considered.

With reference to the length of the barge jetty proposed at 660 metres, the KPT has assessed the jetty length in order to accommodate 6 no. of barges required to move the cargo from the OTB to Tuna barge jetty.

- (iii). (a). As per the formula prescribed in the guidelines, the factor of 70% is to be applied only once for determining the optimal capacity. For arriving at the optimal capacity of the barge handling facility, the KPT has applied the factor of 70% at two stages. First, as the load factor on number of moves per hour per excavator (i.e. 100 moves * 70%) and the second in the overall capacity calculation as prescribed in the norms.
- (b). The norms do not allow separate cushion in each of the parameters relevant for determining the capacity. As confirmed by KPT in the Bunder Basin case, 100 moves per hour is the rated capacity provided by suppliers and 70% of such rated capacity is to be taken as the working capacity in the calculation to derive optimal capacity of the terminal. In this regard, it is to be noted that by considering 70% efficiency factor, there is a gap between the optimal capacity of the excavators (6.29 MMPTA) and optimal capacity based on movement of barges (6.59 MMPTA). Since there is scope to bridge the gap by more efficient utilisation of excavator, 73% efficiency factor is considered which translates into the capacity of Excavators at 6.57 MMPTA.
- (iv). By considering 100 moves per Excavator per hour with a load factor of 73% and based on operating hours of 24 hours per excavator per day, the handling rate of dry bulk cargo works out to 31536 tonnes per day by 4 excavators. By considering the ratio of handling rate of dry bulk cargo, Steel and other cargo as considered by KPT, the handling rate of steel and bagged cargo works out to 16818 tonnes per day and the handling rate of timber logs works out to 10511 tonnes per day.

It is noteworthy that the deployment of 4 excavators in lieu of 3 ELL cranes at the barge jetty has resulted in considering a higher handling rate of dry bulk cargo, steel and bagged cargo and timber logs when compared with the handling rate of dry bulk cargo, steel and bagged cargo and other cargo as prescribed in the Upfront guidelines for the multipurpose berth.

- (v). The cargo mix of 71.81%, 1.33% and 26.86% of dry bulk cargo, steel and bagged cargo and timber logs respectively considered in the calculation of optimal capacity is reportedly based on the actual cargo handled at the KPT through barges during the last four years i.e. 2008-09 to 2011-12.
- (vi). Thus, based on the percentage of cargo mix and the individual handling rate of dry bulk cargo, steel and bagged cargo and timber logs, the optimal capacity of the barge handling facility at Tuna works out to 6.57 million metric tonnes per annum at 70% utilization instead of 6.29 MMTPA as assessed by KPT.

(b). Floating Crane at Outer Tuna Buoy (OTB):

- (i). Deployment of Floating crane is envisaged to carry out cargo handling operations at OTB. No separate norms are available in the Guidelines for the number/ working of Floating cranes. The Floating crane is envisaged for gearless vessels anchored at OTB. Floating crane is reported to be deployed to encourage the calling of the larger size gearless ships at KPT which can help trade to reduce the cost of the freight. As per KPT, at present

only less than 10% of the total vessels are gearless vessels. Though the share of gearless vessels may increase in future, it is seen to be sufficient considering the gearless vessels scenario at present. Given that the optimal capacity of the Floating crane has been assessed at 4.5 million metric tonnes per annum (as discussed subsequently), one floating crane is sufficient to handle about 72% of the optimal capacity at the barge jetty. The Feasibility Report also proceeds with deployment of one Floating crane to cater to the demand of non-gearless vessels in future. With reference to the gap between the optimal capacity of the barge jetty (6.29 MMTPA) and floating crane capacity (4.5 MMTPA), the KPT is of the view that this gap can be bridged with the use of Floating cranes deployed by other third parties at OTB. Therefore, the gap in capacity does not call for deployment of another floating crane by the BOT operator either on ownership basis or hire basis.

- (ii). KPT has assessed the optimal capacity of the floating crane at 4.55 million tonnes per annum. By considering the handling rate of dry bulk cargo at 1300 tonnes per day with a load factor of 70% and based on 24 operating hours per crane per day, the KPT has arrived at the handling rate of dry bulk cargo at 21840 tonnes per day. Applying the ratio of handling rate of dry bulk cargo, Steel and other cargo as prescribed in the Upfront Guidelines for multipurpose berth, the KPT has arrived at the handling rate of steel and bagged cargo at 11640 tonnes per day and the handling rate of timber logs at 7272 tonnes per day.
- (iii). For arriving at the optimal capacity of the floating crane, the KPT has provided for the cushion factor of 70% at two stages.

On the ground that the handling rate of 1300 tonnes per hour for dry bulk is as claimed by the suppliers, a load factor of 70% was considered in the capacity calculation of Floating crane in the Bunder Basin case of KPT. However, for the reasons given earlier in the case of excavators, the factor of 73% is considered apart from the norm of 70% prescribed in the guidelines. This results in considering handling rate of dry bulk cargo at 22776 tonnes/ day. Applying the ratio of handling rate of dry bulk cargo, steel and other cargo as prescribed in the upfront guidelines for multipurpose berth, the handling rate of steel and other cargo works out to 12144 tonnes/ day and 7584 tonnes/ day respectively.

- (iv). Thus, based on the percentage of cargo mix and the individual handling rate of dry bulk cargo, steel and bagged cargo and timber logs, the optimal capacity of the floating crane works out to 4.74 million tonnes per annum at 70% utilization, instead of 4.55 million tonnes per annum as assessed by the Port.

It may be relevant to mention here that incase of fixation of cargo handling charges for the use of Floating crane provided by the authorised service provider at Mormugao Port Trust (MOPT), the capacity of the Floating crane has been assessed at 4.47 million tonnes per annum. Incase of MOPT, the floating crane is for the purpose of handling dry bulk cargo and incase of KPT, the floating crane is envisaged for handling mixed cargo.

- (c). The KPT has proposed allotment of 16.07 hectares of land area and 0.91 hectares of water area for the proposed facility. Out of the 16.07 hectares of land area, 15 hectares of land is proposed to be utilised as backup area. The balance area is proposed to be utilised for ancillary facilities like Jetty area, Connecting Bridges etc. The judgment of the port for the total area requirement is relied upon in the analysis.

(v). Capital Cost:

- (a). Before we start with the analysis of the capital costs, it is relevant to mention here that the KPT has considered an amount of ₹800.90 lakhs towards upfront payment in the total capital cost estimation. This amount is reported to be the payment to be made by the BOT operator to KPT towards the cost of assets like wharf, stacking area, backup area and electrification created by the KPT and to be handed over to the operator. The KPT has stated that the book value of the said assets as on the year 2013 is ₹367.05 lakhs. The current book value is found to be lower than the value assessed by the valuer. Consideration of lower value in costing will end up in loss to the KPT. Therefore, the value as assessed by the Valuer at ₹800.90 lakhs and considered by the KPT, is taken into account.

The valuation amount of ₹800.90 lakhs has been trifurcated between civil and equipment capital costs relating to cargo handling activity at barge jetty and Berth hire activity in the ratio of 42.55 : 1.69 : 55.77, respectively. This position is also relied upon in the analysis.

(b). Barge handling facility:

The capital cost for the handling activity as estimated by the KPT is ₹155.91 crores of which ₹100.16 crores is estimated towards civil capital costs and the balance ₹55.75 crores is estimated for equipment capital costs, by KPT.

(i). Civil works:

- (a). The upfront tariff guidelines requires considering the civil cost as per the estimates given by the Port Trust. The KPT has estimated the civil costs at ₹100.16 crores. This estimated cost pertains to development of back up area, development of connecting road, Bridge cost, Construction of Office Building, Firefighting arrangement, ancillary infrastructure, Upfront payment to KPT and Miscellaneous cost @ 5%.
- (b). The KPT has furnished the rate analysis for some of the items of civil cost, which is relied upon. As seen from the Rate Analysis, the KPT is seen to have estimated the civil works based on its Schedule of Rates for the year 2011 and prevailing market rates. Firefighting arrangement and ancillary infrastructure costs are reported to be estimated based on lumpsum basis. The civil cost for the Cargo handling activity as estimated by the Port is relied upon.
- (c). The cost of laying of Railway line does not have a bearing on the direct handling of cargo at the facility. That being so, this cost appears to be a civil cost and hence to be considered under the estimation of civil cost for cargo handling activity. In spite of a request to KPT to consider the cost of laying of railway line under Civil costs, the KPT has not done so on the ground that irrespective of the consideration of the same as civil or mechanical cost, the capital cost of railway is related to capital cost of cargo handling activity. However, it has to be borne in mind that the consideration of cost of laying railway line would have

a bearing on the calculation of operating costs like repairs, depreciation etc., which prescribe different percentages for calculation of repairs and depreciation on civil costs as well as equipment costs. The cost of laying railway line is considered under civil costs in our analysis.

- (d). The KPT has considered upfront payment as an item of capital civil cost. The said upfront payment represents the recovery of the cost of civil works like custom fencing wall and works related to back up area, incurred by KPT and which is proposed to be handed over to the BOT operator. For the reasons stated earlier, this position is relied upon in the analysis.
- (e). The KPT has considered miscellaneous capital cost @ 5% of the estimated civil cost and 5% of the estimated equipment cost separately, instead of estimating Miscellaneous capital cost @ 5% of the total of the estimated civil and equipment as prescribed in the Upfront tariff guidelines of 2008. This position is relied upon in the analysis.

(ii). Equipment cost:

- (a). As stated earlier, the configuration of equipment proposed to be deployed by the KPT at the barge handling facility at Tuna is different from the equipping plan stipulated in the Upfront Guidelines of 2008 for handling multipurpose cargo. The KPT has proposed the use of 4 numbers of 4.5 cum excavators, 6 numbers of 5MT Fork lifts, 3 nos. of 10MT forklifts, 12 nos. of 10MT Pay loaders and 4 nos. of excavators for cargo handling at the backup area.

It is noteworthy that Clause 3.2. of the guidelines for upfront tariff setting gives flexibility to this Authority to make necessary adjustment in the norms based on the justification furnished by the port in view of the port's specific conditions having impact on the norms prescribed in the guidelines. Since the equipping plan envisaged at the barge jetty is as per the Feasibility Report and also noting that none of the users/ bidders has raised any objection on the deployment of the equipment proposed by KPT, this Authority is inclined to consider the equipping plan and accept the estimates of numbers of the above said equipment.

- (b). The KPT has furnished budgetary quotation with reference to the cost of the one Excavator at 810000 Euros. The KPT appears to have captured the Custom duty after EPCG benefit in case of excavators. The transportation cost considered is also supported by the quotation. Accordingly, the cost of 4 Excavators at ₹25.72 crores as estimated by the port is seen to be reasonable considering the prevailing exchange rate.
- (c). The cost of 5MT Forklift trucks at ₹17.27 lakhs is supported by a Sales Quotation furnished by the KPT. Sales tax component has been considered. Accordingly, the cost of 6 nos. of 5MT Forklifts has been worked out by the KPT at ₹1.04 crores.

- (d). The cost of 10MT Forklift trucks at ₹33.60 lakhs is supported by a Sales Quotation furnished by the KPT. Sales tax component has been considered. Accordingly, the cost of 3 nos. of 10MT Forklifts has been worked out by the KPT at ₹1.01 crores.
 - (e). The cost of 10MT Payloaders are not supported by any documentary evidence. However, the unit cost of the Payloader considered by the KPT is found comparable to the cost of the similar equipment considered in the cases relating to some other major ports like Visakhapatnam Port Trust (VPT) (Case no.TAMP/39/2008-VPT dated 12 February 2009 fixing upfront tariff for multipurpose handling) and Paradip Port Trust (PPT) (Case no.TAMP/43/2009-PPT dated 19 January 2010 fixing upfront tariff for multipurpose cargo handling). In view of the above, the capital cost of Payloader as furnished by the KPT is considered in the analysis.
 - (f). During the fixation of upfront tariff for Bunder Basin, the KPT had furnished quotation with reference to the cost of the Excavator to be used for handling cargo at the stack yard at ₹29 lakhs. Excise duty and sales tax component had been added by KPT then to the unit cost of excavator, as reflected in the Quotation. Thus, the cost of 3 excavators had worked out to around ₹1 crore, then. Similarly, the KPT has worked out the cost of 4 excavators at ₹1.33 crores, which is considered in this analysis also.
 - (g). The basis for estimating capital cost in respect of Electrification, Navigation systems and Communication systems are reported to be based on lumpsum basis as the detailed costing at this stage for these ancillary systems is not found possible by KPT. The cost estimates in this regard are supported by the Feasibility Report and relied upon in the analysis.
 - (h). The cost of Weigh Bridge at ₹15.30 lakhs is supported by a Quotation furnished by the KPT. Sales tax and VAT component and Installation charges has been considered. Accordingly, the cost of 5 nos. of Weighbridge has been worked out by the KPT at ₹90.23 lakhs.
 - (i). The KPT has considered upfront payment as an item of capital equipment cost. The said upfront payment represents the recovery of the cost of towards Electrification of High Mast Tower from the BOT operator. For the reasons stated earlier, the amount of upfront payment receivable by the port considered as part of the Equipment cost by KPT is relied upon in the analysis.
 - (j). For the reasons explained earlier, Miscellaneous cost @ 5% of the equipment cost considered by KPT is relied upon.
- (c). Floating crane at OTB:
- (i). The KPT has furnished quotation with reference to the cost of the one Floating crane at 1900000 Euros. Custom duty after EPCG benefit appears to have been considered in case of Floating crane. The capital cost of Floating crane includes the cost of

dumb barge and tug. The KPT has furnished quotation with reference to the cost of the dumb barge and tug. Accordingly, the cost of the Floating crane at ₹28.38 crores as estimated by the port is seen to be reasonable considering the prevailing exchange rate.

- (ii). For the reasons explained earlier, Miscellaneous cost @ 5% of the equipment cost considered by KPT is relied upon.

(d). Berthing activity:

- (i). The upfront tariff guidelines require the port to estimate the civil cost. The capital cost relating to berthing activity has been estimated by the KPT at ₹85.48 crores. This cost is towards Pile Foundation, Pile Muff, Main beam, Secondary Beam, Precast, Cast-in-situ and wearing coat over slab, Diaphragm wall, Mooring and Berthing Aids (Bollard, Fender & Ladder), Capital Dredging, Upfront amount to KPT and Miscellaneous cost @ 5%.
- (ii). The KPT has furnished rate analysis for some of the civil work proposed to be carried out for the berthing activity like Pile Foundation, Pile Muff, Main beam, Secondary Beam, Precast, Cast-in-situ and wearing coat over slab, Diaphragm wall. Capital cost of Mooring and Berthing aids like bollards, fender and ladders have been estimated for 25 sets each costing ₹2 Lakhs.
- (iii). The KPT has estimated cost of Capital dredging at ₹37.20 crores. Considering the rate of ₹965/- per cu.m, the KPT has arrived at the total dredging cost at ₹43.40 crores. The KPT has stated that the said cost pertains to the entire jetty of the length of 840 metres. Considering that the jetty for the project under reference is 660 metres, the KPT has proportionately considered an amount of ₹37.20 crores towards capital dredging under the proposal in reference.

The KPT has sought to justify considering the rate of ₹965/- per cu.m on the ground that the deployment of different dredgers would be required on account of narrow width of the creek and limited time availability due to tidal factor. From the documentary evidence furnished by the KPT, it is seen that the KPT has worked out the rate of ₹965/- per cu.m based on the average of the rates quoted by seven parties and after taking into account the provision for contingencies, escalation, establishment charges. Though the constraints may justify a higher rate of dredging, the rate of capital dredging at ₹965/- per cu.m. considered by the KPT appears to be on a higher side when the rate for capital dredging in other ports lie between the range of ₹300/- per cu.m to ₹500/- per cu.m. In view of this position and since competitive rates are available for KPT, it may be appropriate to consider the lowest rate of capital dredging among the rates quoted by the seven parties. This works out to ₹711/- per cu.m, after taking into account the provision for contingencies, escalation, establishment charges at the percentage estimated by the port. Accordingly, the capital dredging cost is considered at ₹27.37 crores instead of ₹37.20 crores estimated by the port, following the approach adopted by the KPT.

- (iv). The amount of upfront payment receivable by the port from the BOT operator is towards the cost of civil works carried out at jetty. For the reasons stated earlier, the amount of Upfront payment as estimated by the port is relied upon in the analysis.

- (v). The KPT has considered miscellaneous capital cost @ 5% of the estimated capital cost relating to berthing activity. Though the Upfront tariff guidelines of 2008 stipulate estimation of Miscellaneous capital cost @ 5% of the total of the estimated civil cost incase 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 mechanised berths at Kolkata Port Trust (KOPT), Barge handling facility to handle liquid cargo at Chennai Port Trust, this Authority has considered the miscellaneous capital cost at 5% to meet contingencies under the Berthing Service. Keeping in view the decision taken by this Authority in the above mentioned cases, the miscellaneous capital cost under the berthing activity at 5% of the capital cost of berth is taken into account, as proposed by the port.

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

- (vii). Operating Cost:
 - (a). Barge handling facility:
 - (i). Fuel cost:
 - (a). The KPT has considered 6132 operating hours (i.e. 365 days * 24 hours * 70%) to determine the fuel cost for each type of equipment .
 - (b). In spite of a specific query in this regard, the fuel consumption of 32 litres per hour per excavator, 12 litres per hour per excavator at backup area and fuel cost of ₹15 per tonne for trucks and trailers are not justified by any analysis. It may be recalled that even during the fixation of upfront tariff for the barge handling facility at Bunder basin, the KPT had not furnished any analysis to support the fuel consumption of the above mentioned equipment. However, on the ground that the fuel consumption is based on the empirical observation and discussion with the manufacturers and based on actual consumption, this Authority had considered the fuel consumption for the above mentioned equipment. Since the KPT has considered the same quantum of fuel consumption for each equipment as considered in the Bunder basin case, the same is relied upon in the case of Tuna barge jetty also.
 - (c). Fuel consumption of 5MT forklift truck, 10MT forklift truck and 10MT payloador at 7 litres per hour, 10 litres per hour and 12 litres per hour respectively considered by KPT is as per the norms prescribed in the upfront tariff guidelines of 2008 and hence considered in the analysis.
 - (d). The unit rate of diesel considered by KPT at ₹52.12 per litre is updated with reference to the rate of diesel prevailing at the time of finalization of the case at ₹53.50 per litre.

- (ii). Power cost:
Power cost has been estimated by the port with regard to the illumination of the 16.067 hectares of land reportedly based on the power consumption of 240000 units per hectare per annum at the rate of ₹9.80 per unit.

It is relevant to mention here that the norm for power consumption of 2.4 lakhs units per annum per hectare adopted by the KPT is 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 of the yard. Nevertheless, illumination of the yard is essential. The power consumption of 240000 units per hectare per annum as considered by KPT by borrowing the norms prescribed in the upfront tariff guidelines for the liquid bulk terminal is, therefore, relied upon in the analysis. Such an approach has been adopted in other upfront tariff cases other than liquid cargo terminal.

The workings furnished by KPT to support the unit cost of power, reflects a rate of ₹9.38 per unit. The same unit of power has been considered in the other upfront proposal of KPT relating to the oil jetty, which is being considered by this Authority simultaneously. The cost of power is, therefore, considered in the analysis at ₹9.38 per unit.

- (iii). Repairs and maintenance cost on civil work is estimated by KPT at 1% on the civil cost and 5% on mechanical equipment, which is in line with the norms prescribed in the guidelines.
- (iv). Insurance cost is estimated at 1% of the gross fixed assets and other expenses are estimated at 5% of the gross value of fixed assets by KPT, which are in line with the norms prescribed in the guidelines.
- (v). Depreciation is computed @ 3.34% on civil cost, 10.34% on equipment cost and 13.91% on railway siding, as per the rates prescribed in the Companies Act, 1956 under the Straight Line Method for the relevant group of assets and is in line with the guidelines for upfront tariff fixation.
- (vi). 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.

It may be recalled that this Authority vide its Order no.TAMP/21/2010-COPT dated 25 March 2011 has fixed lease rentals for the lands belonging to KPT.

Licence fee has been estimated by the port for 141670 sq.m of backup area and 19000 sq.m of land within docks at the rate of ₹195.49 per sq. mtr per annum based on the rates as per the existing Scale of Rates of KPT relevant for the Category 'Land within the Docks', after taking into account the applicable escalation factor. Similarly, licence fee has been estimated by the port for 9108 sq.m of water area at the rate of ₹97.74 per sq. mtr per annum, being 50% of the rate considered applicable for the land area, as stipulated in Clause 6.2.2.3 (k) of the Land Policy Guidelines of 2010. The licence fee as estimated by the port is considered in the analysis.

(b). Floating crane at OTB:

(i). Fuel cost:

(a). The KPT has considered a fuel consumption of 96 litres per hour during working hours and 12 litres per hour during idle hours respectively, as considered by us in the Bunder Basin case. The said fuel consumption was considered then, based on the fuel consumption considered while disposing the proposal received from Mormugao Port Trust (MOPT) for fixation of Cargo Handling Charges for transhippers/ floating cranes vide Order no.TAMP/30/2011-MOPT dated 2 May 2012. According to MOPT, even during idle hours, the generators installed on the crane has to work round the clock for providing lighting for crew accommodation, safety light, and air conditioning, etc. In the absence of the requisite information furnished by the port even now, this Authority relies upon the fuel consumption as furnished by the port, following the approach as adopted in the MOPT case and Bunder Basin case.

(b). In spite of a specific query, the fuel consumption of 100 litres per hour per tug is not justified by any analysis. It may be recalled that even during the fixation of upfront tariff for the barge handling facility at Bunder basin, the KPT had not furnished any analysis to support the fuel consumption of the above mentioned equipment. However, in the absence of requisite details, the same was relied upon then. Even now, in the absence of requisite details, this Authority is constrained to rely upon the fuel consumption of 100 litres per hour per tug considered by KPT in its calculations.

(ii). Repairs and maintenance cost is estimated by KPT at 5% on the cost of Floating cranes, which is in line with the norm of considering repairs and maintenance cost at 5% of the cost of equipment.

(iii). Insurance cost is estimated at 1% of the cost of Floating cranes, which is in line with the norm of considering insurance cost at 1% of the cost of gross fixed assets.

(iv). Depreciation is computed @ 10.34% on the cost of Floating cranes as per the rates prescribed in the Companies Act, 1956 under the Straight Line Method and is in line with the norm of calculating depreciation as per the Companies Act of the cost of equipment.

(v). The upfront guidelines stipulate estimation of 'other expenses' at 5% of the gross fixed assets. The manner in which estimation of other expenses has been made remains unexplained. The other expenses' is, therefore, re-calculated at 5% of the gross cost of equipment.

(c). Berthing activity:

(i). The guidelines require the operating cost for berthing service to be estimated at 1% of the berth cost.

The operating cost estimated by KPT in the Berthing activity comprises of Insurance cost at 1% of the berth cost and depreciation @ 3.34% of the berth cost apart from the prescribed norm of 1% towards maintenance.

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

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

- (ii). Further, in the operating cost estimation for the berthing activity, there is an element of maintenance dredging cost estimated at around 57% of the capital dredging cost due to frequent siltation.

It appears that frequent siltation warrants increased maintenance. In view of the justification furnished by the port and also since the Feasibility Report concurs with the said position, this Authority considers the cost of maintenance dredging at 57% of the capital dredging cost. Thus, maintenance dredging cost is considered at 57% of the modified capital dredging cost in our analysis. It is relevant to mention here that in case of Bunder Basin case, maintenance dredging cost has been considered at 90% of the capital dredging cost.

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

- (a). The annual revenue requirement for the Barge handling facility at Tuna is estimated at ₹7669.64 lakhs which is the sum of the operating cost and return on capital employed as against ₹7671.42 lakhs estimated by the port.

Similarly, the annual revenue requirement for the floating crane at OTB is estimated at ₹1772.44 lakhs which is the sum of the operating cost and return on capital employed as against ₹1731.39 lakhs estimated by the port.

- (b). In line with the guidelines for multipurpose cargo terminal, in respect of the barge handling facility, 90% of the total revenue requirement has been apportioned towards handling charge, 5% each towards storage charge and miscellaneous charge, by KPT. In case of floating crane, the entire revenue requirement would be met from handling of cargo by floating crane at OTB.
- (c). The upfront tariff caps for the barge handling facility and floating crane are determined so as to meet the estimated revenue requirement to operate the terminal at the optimal capacity at barge handling facility and with the help of floating crane at OTB.
- (d). As per policy direction of the Government, concessional tariff are to be prescribed for coastal cargo (other than thermal coal and POL including crude oil, iron ore and iron ore pellets) 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, assuming the share of foreign and coastal cargo in the total optimal capacity as 90% and 10% respectively for each of the three cargo groups.

The port has clarified that the share of coastal/ foreign cargo assumed by it is based on the cargo profile of the KPT in the past. The share of foreign/ coastal cargo assumed by the port is relied upon in this analysis. The KPT has arrived at the handling rate for each cargo category with reference to their individual composition of foreign/ coastal cargo to meet the estimated revenue requirement. The approach followed by the KPT is in line with the approach followed for the fixation of upfront tariff for mechanization of Dry Cargo Berth Nos.7 and 8 at the KPT vide Order no.TAMP/8/2011-KPT dated 29 June 2011. Similar approach was also considered in the case of Bunder Basin.

- (e). In the proposed Scale of Rates, the KPT has envisaged 5 free days in respect of import cargo and 15 free days in respect of export cargo which is in line with the Guidelines. KPT has estimated that 60% of the total cargo would be cleared within the free days and the balance 40% of the total cargo handled at the barge jetty would attract storage charges. Further, out of this cargo, 50% of the cargo is estimated to be cleared within the first week and the balance 50% is expected to remain in the second week. This leads to a position that out of the total cargo estimated to attract storage charges, 100% of the said cargo would attract storage charges in the first week and only 50% would remain in the port during the second week. The KPT has captured the above mentioned position in its workings. The rate so arrived at works out to ₹1.19 per tonne per day during the first week and ₹1.785 per tonne per day during the second week.
- (f). Based on the revenue requirement, the upfront tariff cap for miscellaneous charge is prescribed at ₹5.84 per tonne as against ₹6.10 per tonne proposed by the Port. The miscellaneous charge is a composite charge for providing all miscellaneous services related to handling of cargo such as sweeping of cargo on the wharf, weighment of cargo, dust suppression, environment and management, lift on-lift off charges, safety measures etc.
- (g). The revenue requirement from berthing service is estimated at ₹3126.46 lakhs instead of ₹3893.02 lakhs estimated by the port, for the reasons explained earlier.

Considering the average GRT of the barges at 1500 GRT for 6 barges and for 6132 operating hours, the KPT has arrived at the total GRT hours. Accordingly, the KPT has worked out the berth hire charges at ₹7.05 per GRT per hour to be applicable for barges handled at the jetty, based on the revenue requirement from the berthing activity.

As per policy direction of the Government, concessional tariff is to be prescribed for coastal vessels not exceeding 60% of the corresponding charges for other vessels. For the said purpose, the status of a vessel as borne out by its certification is the relevant factor to decide whether a vessel is 'foreign-going' or 'coastal'. In the instant case, the foreign going vessel or coastal vessels would be handled at the OTB. At the Tuna, for which the upfront berth hire charge is to be fixed, only the barges shuttling between the OTB and the Tuna would be handled. Therefore, the question of prescribing berth hire charges for foreign going vessels and coastal vessels at the Tuna does not arise. Accordingly, the KPT has prescribed only one rate to be applicable to barges handled at the jetty. Based on the modified revenue requirement, the berth hire charge to be levied on the barges works out to ₹5.67 per GRT per hour or part thereof.

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.

- (ix). Definitions of some of the common terms like foreign going vessel, coastal vessel, per day, free period, tonne, Port, TAMP are included in upfront schedule in line with the definitions prescribed in the other upfront tariff cases.
- (x). Some of the common conditions stipulated in the guidelines of 2005 and uniformly prescribed in the Scale of Rates of other major ports/ private terminals and other upfront tariff cases such as conditionalities governing interest on delayed payments, rounding off of bills, users not required to pay charges for delays beyond reasonable level attributable to the private terminal operator, granting of rebate equivalent to berth hire charges incase of idling of barges due to breakdown or non-availability of the shore based facilities of Terminal or any other reasons attributable to Terminal, as proposed by the KPT are incorporated in the upfront tariff schedule.
- (xi). The conditionality governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates, as prescribed in other tariff schedules is prescribed in this case also.
- (xii). In the Berth hire Schedule, the common conditionalities like the period of berth hire to be calculated from the time barge 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 barge idles at its berth for continuous one hour or more due to breakdown of terminal operator's equipment or power or for any other reasons attributable to the terminal operator, 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.
- (xiii). The KPT has proposed a provision to state that the handling charges prescribed shall include the charge for unloading of the cargo from barges 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 rakes/ trucks in respect of import cargo and unloading of the cargo from the rakes/ trucks at the stackyard in respect of export cargo, storage at the stackyard upto a free period of 15 days, transfer the cargo to the loading point, loading onto the barges.
- (xiv). Since the BOT operator would not be responsible for barge operation and stevedoring at OTB, the upfront tariff does not include the stevedoring charges at OTB. Under the schedule of cargo handling charges for hire of floating crane at OTB, the KPT has inserted a note to the effect that stevedoring charges shall be separately borne by the user/ vessel owner and the amount of stevedoring charges shall be paid to the licensed stevedores.
- (xv). Under the storage schedule, the common conditionalities like exclusion of Sundays, Customs notified holidays and the port's non- working days for the purpose of calculation of free period, free period for imports to be reckoned with from the date of complete discharge of vessel's cargo, free period in respect of cargo discharged in lighters in stream to commence from the date of complete landing of the cargo on the wharf from the lighters, incase of import cargo stored in transit terms and then converted into re-export then free period to be considered from the date of filing of export documents like shipping bill, free period for exports to commence from the date on which the cargo is brought in the transit/ port area, free period for export cargo taken back for any reason to commence from the time the export cargo is brought into the port area, inclusion of Sundays and Holidays for the purpose of calculation of free period for

hazardous cargo both for imports and exports, storage charges to be payable for all days including Terminal's non-working days and Customs notified holidays for stay of cargo beyond the prescribed free days, Storage charge to 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 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.

- (xvii). The KPT has proposed a note under Storage Schedule that the demurrage charges on hazardous cargo shall be levied at double the normal rates specified in above schedule. Clause 5.7.3 stipulates prescription of Premium to the extent of 25% on handling and storage charges in case of hazardous containers/ cargo. Accordingly, the said note is modified to reflect the guideline position.

11.1. As per clause 2.8 of the Guidelines, the tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2008 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year. In the instant case, since the estimation of capital cost and unit rate of operating cost considered in the upfront tariff calculation are as of May 2012, it is found appropriate and relevant to prescribe the base WPI to be considered for automatic adjustment every year as 1 January 2012. The note proposed by KPT in this regard is suitably modified.

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

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

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

11.5 The upfront tariff approved by this Authority is with reference to the use of excavators and floating cranes to be deployed by the BOT operator. If any change in the equipping plan considered in this analysis, the upfront tariff will have to be reviewed.

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

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

12. In the result, and for the reasons given above and based on collective application of mind, this Authority approves the upfront tariff caps for handling dry bulk cargo, steel and bagged cargo and timber at the Barge handling facility at Tuna at the Kandla Port Trust, which is attached as **Annex - II**.

(T.S. Balasubramanian)
Member (Finance)

UPFRONT TARIFF CALCULATION FOR THE BARGE HANDLING FACILITY AT TUNA AT KANDLA PORT TRUST.

₹ in lakhs

Sr. No.	Particulars	Revised Estimates furnished by KPT in its proposal of February 2013	Estimates modified by TAMP
I	Optimal capacity of the Barge handling facility		
	Number of excavators (4.5 cum bucket capacity)	4	4
	Moves per hour per Excavator	100	100
	Operating load factor(Cargo lifted in a single move as percentage of maximum possible volume)	0.7	0.7
	Dry bulk cargo handled in one hour by four excavators	$(4.5 \text{ cum}) \times (1 \text{ Ton/cum}) \times 0.7 \times (100 \text{ moves/hour}) \times 4 = 1260 \text{ Tonnes/hour}$	$(4.5 \text{ cum}) \times (1 \text{ Ton/cum}) \times 0.73 \times (100 \text{ moves/hour}) \times 4 = 1314 \text{ Tonnes/hour}$
	Operating hours in a day	24 hours	24 hours
	Handling Rate of 4 excavators		
	- Handling rate/day for bulk cargo	$(1260 \text{ Tonnes/hour}) \times (24 \text{ hours}) = 30240 \text{ Tonnes/day}$	$(1260 \text{ Tonnes/hour}) \times (24 \text{ hours}) = 31536 \text{ Tonnes/day}$
	- Handling rate/day for steel and bagged cargo	$53.33\% \text{ of } 30240 = 16127 \text{ Tonnes/day}$	$53.33\% \text{ of } 31536 = 16818 \text{ Tonnes/day}$
	- Handling rate/day for timber logs	$33.33\% \text{ of } 30240 = 10080 \text{ Tonnes/day}$	$33.33\% \text{ of } 31536 = 10511 \text{ Tonnes/day}$
	Percentage of cargo to be handled		
	- All kinds of Bulk Cargo	71.81%	71.81%
	- Steel and Bagged cargo	1.33%	1.33%
	- Timber Logs	26.86%	26.86%
	Optimal Capacity of the of the Barge Jetty	$365 \times 0.7 \times (71.81\% \times 30240 + 1.33\% \times 16127 + 26.86\% \times 10080) = 6294836 \text{ Tonnes}$	$365 \times 0.7 \times (71.81\% \times 31536 + 1.33\% \times 16818 + 26.86\% \times 10511) = 6564542 \text{ Tonnes}$
	Thus, Optimal capacity of the Barge Jetty (in Million tonnes per annum)	6.29	6.57
II	Optimal Capacity of the Floating crane at Outer Tuna Buoy		
	Number of floating crane	1	1
	Max per hour volume	1300 tonnes/ hour	1300 tonnes/ hour
	Operating Load factor	70%	73%
	Dry bulk (tonnes/ hour)	910 tonnes per hour	949 tonnes per hour
	Break bulk (tonnes/ hour)	485 tonnes per hour	506 tonnes per hour
	Timber logs (tonnes/ hour)	303 tonnes per hour	316 tonnes per hour
	Operating hours in a day	24 hours	24 hours
	Cargo handling ratio		
	Dry bulk	71.81%	71.81%
	Break bulk	1.33%	1.33%
	Timber logs	26.86%	26.86%
	Cargo handling rates per day (tonnes/ days)		
	Dry bulk	21840 tonnes per day	22776 tonnes per day
	Break bulk	11640 tonnes per day	12144 tonnes per day
	Timber logs	7272 tonnes per day	7584 tonnes per day
	Optimal Capacity of the floating cranes	$365 \times 0.7 \times (71.81\% \times 21840 + 1.33\% \times 11640 + 26.86\% \times 7272) = 4545696 \text{ tonnes}$	$365 \times 0.7 \times (71.81\% \times 22776 + 1.33\% \times 12144 + 26.86\% \times 7584) = 4740553 \text{ tonnes}$
	Optimal Capacity of the floating cranes (in Million tonnes per annum)	4.55	4.74
III	Capital Cost	₹ in lakhs	
A.	Cargo Handling Activity at Barge Jetty		
	(i). Civil Cost		
	Development of back up area	6138.98	6138.98
	Development of connecting road	180.00	180.00
	Bridge cost	2301.20	2301.20
	Laying of Railway line (1.78 km)	0.00	1424.00
	Construction of Office Building	119.40	119.40
	Fire fighting arrangement	26.58	26.58
	Ancillary infrastructure	432.19	432.19
	Upfront payment to KPT (towards custom fencing wall and back up area)	340.75	340.75
	Miscellaneous cost @ 5%	476.96	548.16
	Total	10016.06	11511.26

	(ii). Equipment Cost		
	Excavators– 4 Nos.	2571.67	2571.67
	Fork Lift Truck (5MT) - 6 Nos.	103.62	103.62
	Fork Lift Truck (10MT) - 3 Nos.	100.80	100.80
	Pay Loader (10MT) - 12 Nos.	438.00	438.00
	Excavators for back up area - 4 Nos.	133.08	133.08
	Laying of Railway line (1.78 km)	1424.00	0.00
	Electrification	250.00	250.00
	Navigation systems	150.00	150.00
	Communications systems	35.00	35.00
	Weigh Bridge (80T,18m X 3m) - 5 Nos.	90.23	90.23
	Upfront payment to KPT (towards electrification –High Mast Tower)	13.50	13.50
	Miscellaneous cost @ 5%	265.50	194.30
	Total	5575.40	4080.20
	Total Capital Cost for Barge Jetty (i + ii)	15591.45	15591.45
	B. Floating crane at Outer Tuna Buoy		
	- Floating Crane including dumped barge, tug and other required components - 1 No.	2837.68	2837.68
	- Miscellaneous Cost @ 5%	141.88	141.88
	Total	2979.56	2979.56
	C. Berth Hire Activity		
	Pile Foundation 1000mm Dia Pile	3183.17	3183.17
	Pile Muff	57.31	57.31
	Main beam	153.80	153.80
	Secondary Beam	86.27	86.27
	Precast, Cast-in-situ and wearing coat over slab	319.06	319.06
	Diaphragm wall	125.07	125.07
	Mooring and Berthing Aids (Bollard, Fender & Ladder)	50.00	50.00
	Capital Dredging	3719.81	2737.34
	Upfront amount to KPT (towards civil works of jetty)	446.65	446.65
	Miscellaneous cost	407.06	357.93
	Total	8548.20	7516.60
IV	Operating Cost	₹ in lakhs	
	A. Cargo Handling Activity at Barge Jetty		
	(a). Fuel Cost		
	- Excavators	409.09	419.92
	(KPT - 32 ltrs/ hour/ excavator* Rs.52.12 per litre * 6132 hours pa * 4 Excavators) (TAMP - 32 ltrs/ hour/ Excavator * Rs.53.50 per litre * 6132 hours pa * 4 Excavators)		
	- Fork Lift trucks (5 MT)	134.23	137.79
	(KPT - 7 ltrs/ hour/ truck * Rs.52.12 per litre * 6132 hours pa * 6 trucks) (TAMP - 7 ltrs /hour /truck * Rs.53.50 per litre * 6132 hours pa * 6 Trucks)		
	- Fork Lift trucks (10 MT)	95.88	98.42
	(KPT - 10 ltrs/ hour/ truck * Rs.52.12 per litre * 6132 hours pa * 3 trucks) (TAMP - 10 ltrs /hour /truck * Rs.53.50 per litre * 6132 hours pa * 3 Trucks)		
	- Pay Loaders (10 MT)	460.22	472.41
	(KPT - 12 ltrs /hour/ loader * Rs.52.12 per litre * 6132 hours pa * 12 pay loaders) (TAMP - 12 ltrs /hour /loader * Rs.53.50 per litre * 6132 hours pa * 12 pay loaders)		
	- Excavators (for handling backup cargo)	153.41	157.47
	(KPT - 12 ltrs/ hour/ excavator * Rs.52.12 per litre * 6132 hours pa * 4 excavators) (TAMP - 12 ltrs/ hour/ excavator * Rs.53.50 per litre * 6132 hours pa * 4 excavators)		
	- Trucks & Trailers	944.23	985.29
	(KPT - Rs.15 per tonne) (TAMP - Rs.15 per tonne)		
	(b). Power consumption	377.90	361.70
	(KPT - 16.067 hectares * 240000 units per hectare/ annum @ Rs.9.80 per unit) (TAMP - 16.067 hectares * 240000 units per hectare/ annum @ Rs.9.38 per unit)		
	(c). Repair & Maintenance		
	- Civil Assets (1% on civil work)	100.16	115.11
	- Mechanical & Electrical Equipment including spares (5% on equipment cost)	278.77	204.01
	(d). Insurance (1% on Gross fixed assets)	155.91	155.91
	(e). Depreciation		
	- Civil Work @ 3.34%	334.54	334.54
	- Mechanical Work @ 10.34%	421.89	421.89
	- Railway siding @ 13.91%	207.98	207.98
	(f). License Fee		
	As per KPT		
	- On 141670 sq.m @ Rs.195.49 per sq.m for 12 months)	276.95	276.95
	- On 19000 sq.m @ Rs.195.49 per sq.m for 12 months)	37.14	37.14
	- On Water area 9108 sq.m @ Rs.97.74 per sq.m for 12 months)	8.90	8.90
	(g). Other Expenses (5% on gross value of assets)	779.57	779.57
	Total Operating Cost for Barge Jetty	5176.79	5175.01

B.	Floating crane at Outer Tuna Buoy		
(a).	Fuel Cost		
	- Floating crane	323.25	331.81
	(KPT - (For Working hours - 96 ltrs/ hour/ crane * Rs.52.12 per litre * 6132 hours pa for 1 Crane) + (For Idle hours - 12 ltrs/ hour/ crane * Rs.52.12 per litre * 2628 hours pa for 1 Crane))		
	(TAMP - (For Working hours - 96 ltrs/ hour/ crane * Rs.53.50 per litre * 6132 hours pa for 1 Crane) + (For Idle hours - 12 ltrs/ hour/ crane * Rs.53.50 per litre * 2628 hours pa for 1 Crane))		
	- Tugs	319.60	328.06
	(KPT - 100 ltrs/ hour/ tug * Rs.52.12 per litre * 6132 hours pa * 1 tug) (TAMP - 100 ltrs /hour /tug * Rs.53.50 per litre * 6132 hours pa * 1 Tug)		
	(b). Repair & Maintenance on Mechanical assets (5% on equipment cost)	148.98	148.98
	(c). Insurance (1% on Gross fixed assets)	29.80	29.80
	(d). Depreciation (10.34% on equipment cost)	308.09	308.09
	(e). Other Expenses (5% on equipment cost)	124.95	148.98
	Total Operating Cost for Floating crane	1254.66	1295.71
C.	Berth hire activity		
(a).	Repairs & Maintenance Charge (1% on capial cost for berth)	46.42	46.42
(b).	Depreciation (3.34% of berth cost)	285.51	251.05
(c).	Insurance (1% on total cost for berth hire service)	85.48	75.17
(d).	Maintenance dredging	2107.89	1551.16
		2525.31	1923.80
V	Estimated Revenue Requirement & Apportionment		
A.	Cargo Handling Activity at Barge Jetty		
(i).	Revenue Requirement		
(a).	Total Operating Cost	5176.79	5175.01
(b).	Return on capital Employed @ 16%	2494.63	2494.63
(c).	Total Revenue requirement from cargo handling activity	7671.42	7669.64
(ii).	Apportionment of Revenue Requirement		
(a).	Cargo Handling Charges (90% of ARR)	6904.28	6902.67
(b).	Storage Charges (5% of ARR)	383.57	383.48
(c).	Miscellaneous Charge (5% of ARR)	383.57	383.48
(d).	Total Revenue requirement from cargo handling activity	7671.42	7669.64
(iii).	Upfront tariff at Barge Jetty		
(a).	Cargo Handling Charge (Note 1)		
	- Revenue Requirement (₹ in lakhs)	6904.28	6902.67
	- % share of Revenue requirement by each type of cargo based on cargo working days		
	- Bulk cargo (46.36%)	3201.08	3200.34
	- Steel and bagged cargo (1.61%)	111.17	111.15
	- Timber logs (52.03%)	3592.02	3591.19
	- Per tonne handling rate of foreign cargo (in Rs.)		
	- Bulk cargo	73.77	70.68
	- Steel and bagged cargo	138.32	132.52
	- Timber logs	221.30	212.03
	- Per tonne handling rate of coastal cargo (in Rs.)		
	- Bulk cargo	44.26	42.41
	- Steel and bagged cargo	82.99	79.51
	- Timber logs	132.78	127.22
	(b). Storage Charge (Note 3)		
	- Revenue Requirement (₹ in lakhs)	383.57	383.48
	- % of Cargo to attract storage charge	40%	40%
	- Cargo attracting storage charges	2515479	2627430
	- Approximate % Cargo to be cleared in first week	50%	50%
	- Storage charges for seven days	8.70	8.34
	- Storage charges for one day in first week (in Rs. Per tonne)	1.24	1.19
	(c). Miscellaneous Charge		
	- Revenue Requirement (₹ in lakhs)	383.57	383.48
	- Capacity (Lakh Tonnes per annum)	6.29	6.57
	- Miscellaneous Charge (₹ per tonne)	6.10	5.84

B.	Floating crane at Outer Tuna Buoy		
(i).	Revenue Requirement		
	(a). Total Operating Cost	1254.66	1295.71
	(b). Return on capital Employed @ 16%	476.73	476.73
	(c). Total Revenue requirement from cargo handling activity	1731.39	1772.44
(ii).	Apportionment of Revenue Requirement		
	Floating crane charges (100% of ARR)	1731.39	1772.44
(iii).	Upfront tariff for Floating crane (Note 2)		
	- Revenue Requirement (₹ in lakhs)	1731.39	1772.44
	- % share of Revenue requirement by each type of cargo based on cargo working days		
	- Bulk cargo (46.36%)	802.74	821.77
	- Steel and bagged cargo (1.61%)	27.88	28.54
	- Timber logs (52.03%)	900.78	922.13
	- Per tonne handling rate of foreign cargo (in Rs.)		
	- Bulk cargo	25.62	25.13
	- Steel and bagged cargo	48.03	47.15
	- Timber logs	76.85	75.48
	- Per tonne handling rate of coastal cargo (in Rs.)		
	- Bulk cargo	15.37	15.08
	- Steel and bagged cargo	28.82	28.29
	- Timber logs	46.11	45.29
C.	Berthing activity		
(i).	Revenue Requirement		
	(a). Total Operating Cost	2525.31	1923.80
	(b). Return on capital Employed @ 16%	1367.71	1202.66
	(c). Total Revenue requirement from Berthing activity	3893.02	3126.46
(ii).	Apportionment of Revenue Requirement		
	Berth hire charges (100% of ARR)	3893.02	3126.46
(iii).	Upfront berth hire		
	- No. of Barges handled by excavators	6	6
	- Average GRT of Barge	1500	1500
	- No. of available hours at the jetty (365 days * 24 hours * 0.7)	6132	6132
	- Total GRT hours (6 barges * 1500 GRT * 6132 hours)	55188000	55188000
	- Revenue Requirement (Rupees)	389301723	312645647
	- Berth hire charge (Rs. Per GRT hour)	7.05	5.67

**UPFRONT TARIFF SCHEDULE FOR UPGRADATION OF BARGE HANDLING FACILITIES AT
TUNA PORT, AT KANDLA PORT TRUST.**

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.
- (ii). "Foreign Vessel" means any vessel other than a coastal vessel.
- (iii). "Free period" shall mean the period during which cargo shall be allowed storage free of demurrage charges/ ground rent and this period shall exclude Customs notified holidays and Terminal's non-operating days.
- (iv). "Port" shall mean Kandla Port Trust.
- (v). "Per day" means per calendar day unless otherwise stated.
- (vi). "TAMP" shall mean the Tariff Authority for Major Ports constituted under Section 47A of the Major Ports Act, 1963.
- (vii). "Tonne" shall mean one metric tonne or 1,000 kilograms or one cubic metre.

1.2. General Terms and Conditions

- (i). 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.
- (ii). All charges worked out shall be rounded off to the next higher rupee on the grand total of the bill.
- (iii). Users will not be required to pay charges for delays beyond reasonable level attributable to the terminal operator.

- (iv). In case a barge idles due to breakdown or non-availability of the shore based facilities of Terminal or any other reasons attributable to Terminal, rebate equivalent to berth hire charges payable to the concessionaire accrued during the period of idling of barge shall be allowed by the Concessionaire.
- (v). The rates prescribed in the Scale of Rates are ceiling levels: likewise, rebates and discounts are floor levels. The terminal operator may, if he so desires, charge lower rates and / or allow higher rebates and discounts.

The terminal operator may also, if he so desires rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the user in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling levels.

The terminal operator should, however, notify the public such lower rates and / or rationalisation of the conditionalities governing the application of such rates and continue to notify the public any further changes in such lower rates and / or in the conditionalities governing the application of such rates provided the new rates fixed shall not exceed the rates notified by the TAMP.

2. Berth Hire Charges:

The berth hire charge shall be payable by masters/ owners/ agents of the barge and other floating craft approaching or lying alongside the berth at the rate of ₹5.67 per GRT per hour.

Notes:

- (i). The period of berth hire shall be calculated from the time barge 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 barge idles at the berth for continuous one hour or more due to breakdown of terminal operator's equipment or power or for any other reasons attributable to the terminal operator,

3. Cargo Handling Charges:

3.1 Tariff for the handling cargo at Bunder Basin Barge Jetty

(Those vessels which are not using floating crane provided by the concessionaire at OTB)

The cargo handling charges for the handling of multipurpose cargo at Bunder Basin Barge Jetty at the rates specified below:

Sl. No.	Commodity	Rate in ₹ per tonne	
		Foreign	Coastal
1	All types of dry bulk cargo	70.68	42.41
2	Steel	132.52	79.51
3	Timber	212.03	127.22

Note:

The cargo handling charges shall include the charge for:

- (i). unloading of the cargo from barges 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 rakes/trucks in respect of import cargo and
- (ii). unloading of the cargo from the rakes/trucks at the stackyard in respect of export cargo, storage at the stackyard upto a free period of 15 days, transfer the cargo to the loading point, loading onto the barges.

3.2 Tariff for handling cargo by floating crane at Outer Tuna Buoy

Sl. No.	Commodity	Rate in ₹ per tonne	
		Foreign	Coastal
1	All types of dry bulk cargo	25.13	15.08
2	Steel	47.15	28.29
3	Timber	75.48	45.29

*Tariff for cargo handling by floating crane includes the following defined scope of work: Unloading of the cargo from the mother vessel to barge at OTB and vice versa. Stevedoring charges shall be separately borne by the user/ vessel owner and the amount of stevedoring charges shall be paid to the licensed stevedores.

Note:

If a self-geared vessel uses the floating crane at OTB for unloading/ loading of cargo, then it has to pay the charges of floating crane for the cargo handled through floating crane. To make it more clear there should be master's certificate which clearly notifies that this much amount of cargo shall be handled through floating crane only at OTB.

4. Storage Charges:

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

Particulars	Rate per tonne/ day
Storage charge	1 st to 7 th day – ₹1.19
	8 th to 14 th day – ₹1.785
	15 th day onwards – ₹2.38

Note:

- (i). Five free days for import cargo and fifteen free days for export cargo shall be allowed.
- (ii). For the purpose of calculation of free period, Sundays, Customs notified holidays and the port's non- working days shall be excluded.
- (iii). Free period for imports shall be reckoned with from the date of complete discharge of vessel's cargo.
- (iv). Free period in respect of cargo discharged in lighters in stream shall commence from the date of complete landing of the cargo on the wharf from the lighters.
- (v). When import cargo is stored in transit terms and then converted into re-export, free period will be considered from the date of filing of export documents like shipping bill.

- (vi). Free period for exports shall commence from the date on which the cargo is brought in the transit / port area. In case of stream loading, the demurrage will cease from the day of loading of first barge. Demurrage will cease for the total cargo actually loaded through barges to the vessel in the same voyage.
- (vii). Free period for export cargo taken back for any reason shall commence from the time the export cargo is brought into the port area.
- (viii). Sundays and Holidays shall be included for the purpose of calculation of free period for hazardous cargo both for imports and exports. The demurrage charges on hazardous goods shall be levied at 1.25 times the normal rates specified in above schedule.
- (ix). Storage charges shall be payable for all days including Terminal's nonworking days and Customs notified holidays for stay of cargo beyond the prescribed free days.
- (x). 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

The miscellaneous charge at the rate of ₹5.84 per tonne is a composite charge for provision of all miscellaneous services such as sweeping of cargo on the wharf, weighment of cargo, dust suppression, environment and management, lift on-lift off charges, safety measures, etc.

6. General Note to Section 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 2012 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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**SUMMARY OF THE ARGUMENTS MADE IN THIS CASE DURING THE JOINT
HEARING BEFORE THE AUTHORITY**

F. No.TAMP/6/2013 -KPT	-	Proposal from the Kandla Port Trust for fixation of upfront tariff for development of barge handling facilities at Tuna, Kandla Port for handling multipurpose dry cargo (excluding container and liquid cargo) on Built, Operate and Transfer (BOT) basis
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A joint hearing in this case was held on 19 February 2013 at the KPT premises. At the joint hearing, KPT and prospective applicant have made the following submissions:

Kandla Port Trust

- (i). We have upfront tariff for similar project approved in June 2012 for Bunder Basin. Bunder Basin tariff cannot be applied for Tuna. Though Tuna is within Kandla Port, Tuna is situated at around 20 kms. away from main port. It is a satellite port of Kandla Port. Capital cost is high at Tuna as compared to Bunder Basin due to high capital dredging and other required infrastructure.

We plan to operate the proposed Bunder Basin Barge Jetty ourselves. We agree that the upfront tariff fixed for Bunder Basin still survives. But, we want to withdraw the upfront tariff fixed for Bunder Basin. We will send an application to TAMP to de-notify the Order passed in June 2012 for Bunder Basin Barge Jetty.

In fact, TAMP has fixed a separate tariff for operation of the facilities by KPT at Tuna Port. It is different from the tariff fixed for the facilities at Kandla. On the same analogy, a separate upfront tariff for the proposed Barge handling facilities at Tuna is justified. In any case, we will request TAMP to de-notify the upfront tariff fixed for Bunder Basin in June 2012.

- (ii). We will furnish documentary support for the rate of ₹ 965 per cum considered in the proposal for dredging.
- (iii). We will also furnish rationale for considering the jetty length of 660 metres. [Chairman, KPT: KPT is a tidal port. Further, we cannot go beyond 13 metres draft. Future of KPT depends on utilisation of opportunity thrown by Barge handling facilities. Existing dry cargo berths are heavily utilised. We want to relieve pressure on them. So, we want to have lengthy jetty to accommodate more Barges.]
- (iv). We will examine and confirm that Tuna project is in our Business Plan.

IMC Limited

- (i). Tuna is a different satellite port. It is a different location altogether. Separate upfront tariff is required for Tuna.
