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Tariff Authority for Major Ports

G.No. 190 **New Delhi,** **22 May 2018**

NOTIFICATION

In exercise of the powers conferred by Section 48 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the proposal received from Visakhapatnam Port Trust (VPT) for fixation of upfront tariff for Stevedoring and Shore Handling Operations at VPT, as in the Order appended hereto.

(T.S. Balasubramanian)
Member (Finance)

Tariff Authority for Major Ports
Case No. TAMP/84/2016-VPT

Visakhapatnam Port Trust … Applicant

QUORUM

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

O R D E R

(Passed on this 19th day of March 2018)

This case relates to proposal received from the Visakhapatnam Port Trust (VPT) for fixation of upfront tariff for stevedoring and shore handling operations at VPT.

2. The Ministry of Shipping (MOS) vide its letter No.PD-11033/73/2013-PT (pt) dated 14 June 2016 has forwarded a copy of Stevedoring and Shore Handling Policy for Major Ports, 2016 to be effective from 01 August 2016. Subsequently, the MOS vide its letter No.PD-11033/73/2013-PT (pt) dated 7 October 2016 and 17 October 2016 has issued the Guidelines for determination of Upfront Tariff for Stevedoring and Shore Handling Operations authorized by Major Ports as a Policy direction under Section 111 of the Major Ports Act 1963. The said guidelines have been notified by this Authority vide Gazette No.407 dated 15 November 2016.

3. In pursuance of the said Guidelines issued by the MOS, the VPT has vide its letter of November 2016 filed a proposal for fixation of upfront tariff for stevedoring and shore handling operations. Subsequently, at our request, the VPT vide its letter dated 26 December 2016 has furnished the following:

(i). Proposed Draft Scale of Rates alongwith conditionalities given in the SOR.
(ii). Performance Standards
(iii). List of users / user organizations who are to be taken on consultation on the subject proposal.

4. The main points made by VPT in its proposal are summarised below:

(i). The Ministry vide its communication dated 7.10.2016 forwarded guidelines for calculating Normative tariff, which contain productivity Norms. These norms vary by considerable extent when the actual productivity for the latest year 2015-16 is taken. Further, vide clause 1.8 of the said guidelines approved by the Ministry, the Port Trust can work out norms based on realities and prescribe their own norms with due justification. Hence, 15% value is added to the productivity norm achieved the year 2015-2016 and norms worked out. A detailed justification for considering the norm is explained below:

(a). Cargo volumes at the Port of Visakhapatnam have been on the declining trend during the past 5-6 years. The cargo volume during 2015-16 declined to 57.03 million tonnes from 68.04 million tonnes handled in 2010-11. The main reason for decline was diversion of cargo to the neighbouring ports on cost considerations besides volatility of the economy. The impact of cargo diversion is considerable to the Port of Visakhapatnam in view of the close vicinity of the neighbouring private port i.e., within 15 kms.

(b). Despite measures taken by the port, such as augmentation of capacity, mechanisation of cargo handling facilities, deepening of channels and berths, improvement in logistics i.e., evacuation facilities by rail and road there has been no improvement in the cargo throughput. Significant volumes of certain cargoes like fertilisers, lime stone, steam coal, Gypsum, etc., are being diverted to the neighbouring private ports on cost considerations. The private ports are giving various incentives to the importers/ exporters viz., longer free storage period, reducing the tariff as well as providing credit facilities etc. In view of this, the berths at VPT are increasingly being underutilised. The utilisation of berths which recorded about 70% till 2014-15 declined to 53% during 2015-16. In these circumstances, the policy of the port should be to give priority to retain the existing cargoes immediately and to bring back erstwhile potent cargoes subsequently.

(c). The norms prescribed for different commodity groups indicated in the Guidelines are on higher side as compared to the existing achievement at the port. In the current economic volatility, the logistic cost incurred by the importers/ exporters is getting priority over efficiency in handling at ports. This is more relevant, in view of adoption of low tariff and other sops offered by the private ports. In a situation of aggressive marketing competition from neighbouring private ports and increasing under utilisation of berths, it is felt prudent to adopt realistic productivity norms, rather than impracticable norms, to prevent driving away the cargo to neighbouring ports. Hence, it is proposed to adopt the norm as Average achievement during 2015-16 at the port, plus 15%" initially, so as to retain the existing cargoes and avoid diversion to neighbouring ports. The norms, thus, fixed will be raised progressively depending upon improvement in market potential, cargo volumes and ease in market un-certainties.

(d). The productivity norms considered by VPT are as tabulated below :

(i). Dry Bulk Cargo

Sr. No.	Commodity group	Productivity norms as proposed by Port per hook Per Shift
1	Finished Fertilizers	2504
2	Raw Fertilizer	1938
3	Food Grains	1277
4	Non Coking Coal (Thermal Coal)	4237
5	Coking Coal	3042
6	Iron Ore and Iron Ore Pellets	3708
7	Bentonite, Bauxite, Copper Con Led & Zinc.Ore	3708
8	Shredded Scrap	1053
9	Heavy Melting Scrap	1080
10	Other Ores and Minerals	2490
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	2383
12	Salt	4000
13	Alumina and Pig Iron ingots and similar dry bulk cargo	3726
14	Thermal Coal (Export)	4237

(ii). Break Bulk Cargo

Sr. No.	Commodity group	Productivity norms as proposed by Port per hook Per Shift
1	Bagged cargo	652
2	Jumbo Bags	1400
3	Iron and steel- coils and slabs	1473
4	Iron and steel- pipes, tubes, plates	700
5	Timber logs-Soft	800
6	Timber logs-Hard	643
7	Granites and Marbles	685
8	Project Cargo	400
9	Machinery and Machinery Parts	305

(e). There is a provision in the guidelines in this regard in Clause 1.8 of the Guidelines which states that TAMP may accept necessary adjustments in the norms based on the justification to be furnished by the concerned Port Trust keeping in view the port specific conditions having impact on the norms prescribed in the guidelines.

(ii). Labour Cost: This is the major component of operating cost. Labour cost in respect of vessel using ship gear or shore cranes is the cost in respect of supply of labour gangs comprising of winch man, signal man and mazdoor as per the National Tribunal Award (NTA) manning scales. The rate applicable to the cargo handling worker is considered as the basis inclusive of the levy notified by TAMP. Details of the approximate per ton labour cost at typical productivity levels for each of the cargos is enclosed.

In respect of usage of Harbour Mobile Cranes, the handling rate which is payable by the Importer/ Exporter/ vessel owner as per TAMP notified rate is excluded in the ceiling tariff proposed.

(iii). (a). Cargo handling and Transportation cost are clubbed as "equipment cost": This includes the cost of trucks/ dumpers/ tractor trailers engaged, apart from cost of equipment deployed, such as pay loader/ top lifter/ log grabbers/ mobile cranes, etc. The prevailing rates as on July, 2016 as per the budgetary offers received from the existing material handling agents (Annexure - C) from VPT are considered for calculation of equipment cost.

(b). In respect of distance, it is divided into two parts, within Dock Area and Outside Dock Area for most of the cargo transportation.

(c). In respect of certain commodities such as fertilizers, fertilizer raw materials etc., where the cargo needs to be transported to more than 5 kms, an additional 10% over the applicable rate for outside dock area slab has been considered.

(iv). Shore clearance worker cost in respect of shore handling activities: As the handling agents engage their own private labour, the norm for estimation of this labour cost is considered as 5% of equipment cost for Dry bulk cargo and 10% for break bulk cargo.

(v). Capital Cost: The capital cost for equipments have not been considered as per Section 3.4 of the guidelines as all the equipment are deemed to be on hire charge basis only.

(vi). The operational overheads and Administrative overheads have been considered as cost @ 20% each over equipment and labour costs as prescribed under guidelines 4.5.8 and 4.5.9 respectively.

(vii). Allowable margins have been considered @ 20% of the total operating cost as per the item no.5 of the guidelines as there is no capital investment considered in the upfront tariff determination as explained under 3.4 and 4.4.

(viii). Lease rentals which are payable to the port, are to be paid directly to the port and are not included in the upfront tariff. Wharfage, storage charges and other miscellaneous charges shall continue to be levied by the port as per the prevailing scale of rates and are therefore not included.

(ix). The ceiling upfront tariff prescribed is a composite service charge worked out as per the guidelines.

(x). Service Tax: The ceiling rate is excluding Service Tax. Service Tax has to be paid as per the Govt. directions issued from time to time.

(xi). Revenue share: The Port Trust Board shall separately decide the revenue share payable on the ceiling tariff.

(xii). The activities such as transportation of cargo for rake loading, rake unloading etc., were ignored while calculating the normative tariff in respect of shore handling, as the same are not mentioned in the guidelines. However, such costs have been shown separately. [Annexure – II (Rly), III (Rly), V (Rly) & VI (Rly)].

(xiii). Wherever, there is change in model and type of equipment deployed as per the realistic handling at VPT, the same has been adopted.

(xiv). The loading of Thermal Coal at VPT is peculiar in nature and highly labour intensive. Hence, the wagon unloading cost as per manual unloading route has been considered.

It is suggested to note that CHD labour handling cost which is (%) of the final stevedoring rate. The CHD wages increases every quarter and there is an annual increase in the wages paid on account of annual increments given. Hence factoring through WPI increase will not be sufficient and the stevedores should be allowed to build an escalation clause giving due weightage to CHD labour cost hikes.

(xv). A model calculation sheet is attached (Annexure - E). Copies of Annexure V to X of the approved Govt. guidelines for Normative tariff have been enclosed based on which the Normative ceiling tariff have been worked out.

(xvi). The draft new Stevedoring Regulations have already been approved by the Board and are in the process of notification / approved of the Central Govt.

(xvii). The port has furnished Scale of Rates for Stevedoring and Shore Handling Operations. The tariff proposed by VPT is given below:

1. **Schedule - A**

Ceiling Tariff for Stevedoring Operations at VPT Dry Bulk Cargo (Import / Export) for Geared Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Finished Fertilizers	2504	62.55
2.	Fertilizer Raw materials	1938	68.01
3.	Food Grains	1277	80.54
4.	Non Coking Coal	4237	51.27
5.	Coking Coal	3042	57.07
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	60.69
7.	Shredded Scrap	1053	88.36
8.	Heavy Melting Scrap (HMS)	1080	87.23
9.	Other ores and minerals	2490	62.65
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	63.50
11.	Salt	4000	59.46
12.	Aluminia and pig iron ingots and similar dry bulk cargo	3726	56.41
13.	Thermal Coal (Export)	4237	56.75

2. **Schedule - B**

Ceiling Tariff for Stevedoring Operations for Break Bulk Cargo (Geared Vessel)			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Bagged Cargo	652	87.65
2.	Jumbo Bags	1400	187.60
3.	Iron and Steel-Coil and Slabs	1473	110.45
4.	Iron and Steel, pipes, tubes, plates	700	135.65
5.	Timber logs soft	800	80.71
6.	Timber logs hard	643	87.81
7.	Granites and Marbels	685	112.31
8.	Project Cargo	400	168.10
9.	Machinery and Machinery parts	305	168.10

3. **Schedule – C**

Ceiling Tariff for Stevedoring Operations at VPT using HMC (1 No.) Dry Bulk Cargo (Import / Export) for Gearless Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Finished Fertilizers	2504	6.24
2.	Fertilizer Raw materials	1938	8.06
3.	Food Grains	1277	-

4.	Non Coking Coal	4237	3.69
5.	Coking Coal	3042	5.14
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	4.21
7.	Shredded Scrap	1053	14.84
8.	Heavy Melting Scrap (HMS)	1080	14.47
9.	Other ores and minerals	2490	6.27
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	6.56
11.	Salt	4000	3.91
12.	Aluminia and pig iron ingots and similar dry bulk cargo	3726	-
13.	Thermal Coal (Export)	4237	3.72

* HMC hire charges as per notified Scale of Rates to be paid by the Importer/ Exporter/ Vessel Owner as per the actuals.

4. **Schedule – D**

Ceiling Tariff for Shore handling Operations at VPT for Distance within Dock Area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Finished Fertilizers	2504	58.12
2.	Fertilizer Raw materials	1938	75.08
3.	Food Grains	1277	113.96
4.	Non Coking Coal	4237	57.46
5.	Coking Coal	3042	80.03
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	72.79
7.	Shredded Scrap	1053	201.09
8.	Heavy Melting Scrap (HMS)	1080	83.30
9.	Other ores and minerals	2490	58.44
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	102.14
11.	Salt	4000	60.86
12.	Aluminia and pig iron ingots and similary dry bulk cargo	3726	65.33
13.	Thermal Coal (Export)	4237	57.46

5. **Schedule - E**

Ceiling Tariff for Shore Handling Operations at VPT for Distance outside Dock Area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	*Finished Fertilizers	2504	75.03
2.	*Fertilizer Raw materials	1938	96.92
3.	Food Grains	1277	147.12
4.	Non Coking Coal	4237	69.95
5.	Coking Coal	3042	97.43
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	92.77
7.	Shredded Scrap	1053	231.25
8.	Heavy Melting Scrap (HMS)	1080	112.70
9.	Other ores and minerals	2490	75.44
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	124.34
11.	Salt	4000	74.09
12.	Aluminia and pig iron ingots and similar dry bulk cargo	3726	79.54
13.	Thermal Coal (Export)	4237	69.95

* If the stacking distance is more than 5 km from the berth, 10% addition of the above ceiling tariff is the ceiling tariff.

6. **Schedule – F**

Ceiling Tariff for Shore Handling Operations at VPT within Dock Area			
Break Bulk Cargo			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Bagged Cargo	652	51.02
2.	Jumbo Bags	1400	35.64
3.	Iron and Steel-Coil and Slabs	1473	86.55
4.	Iron and Steel, pipes, tubes, plates	700	152.86
5.	Timber logs soft	800	319.70
6.	Timber logs hard	643	397.97
7.	Granites and Marbels	685	281.05
8.	Project Cargo	400	-
9.	Machinery and Machinery parts	400	-

* For distance more than 1 km, 10% extra in the ceiling rate is to be considered as final ceiling rate.

7. **Schedule – G-Railway Mode of Evacuation**

Ceiling Tariff for Shore Handling Operations at VPT for distance within Dock Area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Finished Fertilizers	2504	58.12
2.	Fertilizer Raw materials	1938	85.08
3.	Food Grains	1277	113.96
4.	Non Coking Coal	4237	67.46
5.	Coking Coal	3042	90.03
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	82.79
7.	Shredded Scrap	1053	216.09
8.	Heavy Melting Scrap (HMS)	1080	98.30
9.	Other ores and minerals	2490	68.44
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	112.14
11.	Salt	4000	70.86
12.	Aluminia and pig iron ingots and similar dry bulk cargo	3726	80.33
13.	Thermal Coal (Export)	4237	459.46

Note: The above rates are exclusive of land license fee payable to C & F agents by the principals as per SOR approved by TAMP.

8. **Schedule – H- Railway Mode of Evacuation**

Ceiling Tariff for Shore Handling Operations at VPT for distance outside Dock area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	*Finished Fertilizers	2504	75.03
2.	*Fertilizer Raw materials	1938	106.92
3.	Food Grains	1277	147.12
4.	Non Coking Coal	4237	79.95
5.	Coking Coal	3042	107.43
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	102.77
7.	Shredded Scrap	1053	246.25
8.	Heavy Melting Scrap (HMS)	1080	127.70
9.	Other ores and minerals	2490	85.44
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	134.34
11.	Salt	4000	84.09
12.	Aluminia and pig iron ingots and similar dry bulk cargo	3726	94.54
13.	Thermal Coal (Export)	4237	471.95

* If the stacking distance is more than 5 km from the berth, 10% addition of the above ceiling tariff is the ceiling tariff.

Note: The above rates are exclusive of land license fee payable to C & F Agents by the principals as per SOR approved by TAMP.

9. In Schedule I relating to ceiling tariff for shore handling operations at VPT within Dock Area, the rates proposed are blank. In any case, rates for the same activity is already proposed in Schedule F.

10. **Schedule - J- Railway Mode of Evacuation**

Ceiling Tariff for Stevedoring Operations at VPT using HMC (1 No.)			
Dry Bulk Cargo (Import / Export) for Gearless Vessel			
Sr. No.	**Cargo**	**Norm per shift in MT**	**Ceiling Tariff in ₹/ MT**
1.	Finished Fertilizers	2504	6.24
2.	Fertilizer Raw materials	1938	18.06
3.	Food Grains	1277	-
4.	Non Coking Coal	4237	13.69
5.	Coking Coal	3042	15.14
6.	Iron ore, Iron ore pellets, Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	3708	14.21
7.	Shredded Scrap	1053	29.84
8.	Heavy Melting Scrap (HMS)	1080	29.47
9.	Other ores and minerals	2490	16.27
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	2383	16.56
11.	Salt	4000	13.91
12.	Aluminia and pig iron ingots and similar dry bulk cargo	3726	-
13.	Thermal Coal (Export)	4237	405.72

***** HMC hire charges as per notified Scale of Rates to be paid by the Importer/ Exporter/ Vessel Owner as per the actuals.

Note: The above rates are exclusive of land license fee payable to C & F Agents by the principals as per SOR approved by TAMP.

(xviii). **Proposed Performance Standard:**

Group		**Output per Ship berth day (OSBD)**
(IPA)	**DRY BULK (CONV)**	**(in tonnes)**
1.	Fertilisers at QB	7512
2.	Sulphur & Rock Phosphate	5815
3.	Food Grains Bulk, pees and maize	3831
4.	Non-coking coal (Thermal Coal, Steam Coal, Anthracite Coal)	12710
5.	Coking Coal	9125
6.	Iron Ore / Pellets, Bauxite, Imp. Iron Ore	11124
7.	Iron Scrap	3158
8.	Other Ores (Manganese Ore etc.,)	7471
9.	Petroleum coke (Imp), Calcined Petroleum Coke (Exp. & Imp), Lime Stone, Ilmenite Sand, Low Ash Metallurgical Coke, Blast Furnace Slag, Gypsum, & Other Dry Bulk	7150
10.	Industrial Salt	11689
11.	Pig Iron and Alumina (Imp)	11178

Group	**Break Bulk**	**OSBD**
(IPA)		**(in tonnes)**
1.	Food Grains, Fertilisers and maize in Bags	1956
3.	Steel (Exp & Imp)	4420
6.	Timber Logs	1928
7.	Granite (Exp)	2054
12.	Gen. Cargo (Exp/Imp)	915

5. In accordance with the consultative procedure prescribed, a copy of the proposal of VPT alongwith subsequent letter dated 26 December 2016 was forwarded to the concerned users/ user organisations seeking their comments. The comments received from users/ user organisations were forwarded to VPT for feedback information. The VPT has not furnished its reply despite reminder.

6. In the meantime, considering that the proposal is under consultation and as it was felt it may take some more time to dispose of the case and keeping in view that the MOS has directed this Authority for immediate action, this Authority has decided to grant adhoc approval to the upfront tariff for stevedoring and shore handling operations and Performance Standards as proposed by the port as an interim arrangement, pending fixation of final rates by the Authority after completion of the consultation process. Accordingly, this Authority had passed an Order on 8 February 2017. This Order has been notified in the Gazette of India on 1 March 2017 vide Gazette No.83.

7. A joint hearing in this case was held on 24 January 2017 at the VPT premises. At the joint hearing, the VPT and users / user associations have made their submissions.

8. As agreed at the joint hearing, the VPT was requested vide our letter dated 31 January 2017 followed by reminder dated 3 March 2017, 8 May 2017, 6 June 2017 and d.o. letter dated 7 July 2017 followed by d.o. reminder dated 9 November 2017 to take action on the following points arising out of joint hearing proceedings:

(i). At the joint hearing, the Orissa Stevedores Limited (OSL) furnished its written comments. A copy of the written comments was forwarded for comments of Visakhapatnam Port Trust (VPT). The VPT was requested to furnish its comments immediately.

(ii). At the joint hearing, OSL has pointed out that in the proposal, VPT has proposed tariff for Alumina and Pig iron ingots by clubbing it together under dry bulk category. Alumina is handled by OSL in bagged form. The OSL pointed out that the proposed productivity and tariff level is not achievable and hence needs to be reviewed. As agreed at the joint hearing, the VPT was requested to examine the matter and propose revised tariff for the same, if justified.

(iii). The VPT, Visakhapatnam Stevedores Association (VSA) and the concerned stakeholders agreed to discuss the proposal. The VPT was requested to file a mutually agreed proposal by 8 February 2017 after consulting VSA and the concerned stakeholders.

9. Subsequent to the joint hearing, the Visakhapatnam Stevedores Association vide its letter dated 4 February 2017 has furnished its comments on the proposed Normative Tariff for Stevedoring and Shore Handling Operations. The comments received from VSA was forwarded to VPT for feedback information. The VPT has not furnished its reply despite reminder.

10. Based on the preliminary scrutiny of the proposal, the VPT was requested vide our letter dated 24 April 2017 to furnish additional information / clarifications on a few points by 28 April 2017. After reminders vide our letters dated 8 May 2017, 6 June 2017 and d.o. letter dated 7 July 2017 followed by d.o. reminder dated 9 November 2017, the VPT vide its letter dated 7 December 2017 has furnished its reply on the additional information/ clarifications sought by us. A summary of the additional information/ clarifications sought by us and reply furnished by VPT thereon is tabulated below:

Sl. No.	Information / clarifications sought by us	Reply furnished by VPT
1.	**General**:	
(i).	The VPT is yet to furnish its comments on the comments received from Orissa Stevedores Limited (OSL), Visakhapatnam Stevedores Association (VSA) a copy of which was forwarded to the VPT vide our letter dated 9 January 2017, 13 January 2017, 31	It is to inform that a careful examination of the representation of M/s. OSL with regard to fixation of ceiling tariff for the item nomenclature "ALUMINA AND PIG IRON INGOTS AND SIMILAR DRY BULK CARGO" was taken up in a meeting held with the

	January 2017, 7 February 2017 and 14 February 2017. The VPT to furnish its comments on comments of OSL and VSA at the earliest.	Stevedoring Agents in which M/s. OSL also participated (Minutes of the meeting enclosed). After discussions, it was agreed that the above nomenclature at Item-12 in Schedules A, B, C, F, G, H & I, does not properly reflect the type of cargo handled and it was decided to remove the word Alumina. It was also agreed to add the word “Aluminium ingots” at Item-7 of Schedules- D and E along with existing nomenclature “GRANITES AND MARBELS”. The confirmation given by M/s. OSL vide their letter dated 7 August 2017 is also enclosed herewith. *(The above schedules referred by VPT are the Schedules approved in the Order dated 8 February 2017 approving Stevedoring and Shore handling rates on adhoc basis)*
(ii).	The VPT has stated that the draft new Stevedoring Regulation have already been approved by the Board and are in the process of notification / approval of the Central Govt. The VPT to furnish the status of notification of Stevedoring Regulation.	Notification in the Gazette and approval of Central Govt. has been requested vide this office letter No.ITRA/GEN/Stev. Policy dated 14 November 2017 is enclosed.
2.	**Productivity Parameters:**	
(i).	The VPT has submitted the sheet about norms adopted by the port as Annex- I. However it does not contain the norms for Dry bulk cargo like Salt (4000), also in case of Break bulk cargo like Jumbo bags (1400), Iron and Steel pipes tubes, plates (700), Timber Log Soft (800) and Project Cargo (400). The VPT to furnish detail calculation sheet for arrival of norms for above cargo items.	Norms copy furnished. *[The VPT has furnished the number of vessels, Tonnage and Av. OSBD of bulk cargoes handled for the year 2015-16 by its R&P division of VPT which is brought out in the reply of the VPT at point 3(ii) below.]*
(ii).	Clause 3.1 of the Stevedoring and Shore handling Guidelines prescribes the classification of commodities for upfront tariff determination under Annex- I and II. The classification of commodities for upfront tariff determination for dry bulk cargo includes Thermal Coal under commodity group of Non Coking Coal. However, the VPT has considered Thermal Coal as separate commodity Group and proposed separate upfront tariff rate. The VPT to furnish the basis for such separate grouping of Thermal Coal and also to furnish the basis for adoption of norms for Thermal Coal of 4237 per shift in MT.	Thermal coal is handled with HMC which gives more output compared to the other cargoes in the group. Further, there is exclusive Railway activity i.e. unloading of cargo from the Railway wagon which involves huge manpower and CHD costs. Hence, shown under separate group.
3.	**A. <u>Equipment hire cost for Stevedoring operations</u>**: Clause 3.4.1 of the Stevedoring and Shore handling guidelines prescribes norms on type and capacity of equipment to be deployed for handling cargo between ship and shore for Stevedoring Operations. The VPT has furnished the calculation for arriving at the proposed tariff for Stevedoring operations with respect to fertilizers cargo only. In this regards following additional information is sought.	
	(i). The VPT to furnish the detail calculation sheet for arrival of equipment cost for each category of cargo.	The same is furnished.
	(ii). The VPT to furnish the list of equipment considered by the port for arrival of upfront tariff rate. If there is any deviation from the norms in consideration of equipment e.g. Deviation in nos. type etc., the reasons	As per the Ministry’s guidelines on Stevedoring Policy 2016, the “Performance Norm policy” is required to be followed while fixing the productivity norms.

also to be furnished with justification for deviation from norms.

The IPA has studied cargo handling at all Major Ports and worked out certain norms in respect of Dry Bulk and Break Bulk cargoes, clubbing them under 12 groups each., which were approved by the Ministry of Shipping as intimated vide letter under reference as a part of the Normative tariff guidelines.

The recommendations of the Boston Consulting Group are at a much higher side and are practically non-achievable with the present infrastructural facilities available at this Port. Further, the trade have also expressed their inability to meet the norms recommended/ worked out according to the BCG's advice. It is also a fact that several operational and local logistic bottle necks are required to be sorted out before imposing the BCGs norms. No specific productivity norms for break bulk cargoes have been prescribed by the BCG group.

However, the Ministry vide its communication dated 7 October 2016 forwarded guidelines for calculating normative tariff, which contain productive Norms. These norms varied by considerable extent when the actual productivity for the latest year 2015-16 is taken. Further, vide clause 1.8 of the said guidelines approved by the Ministry, the Port Trust can work out norms based on the realities and prescribe their own norms with due justification. Hence, 15% value is added to the productivity norm achieved during the year 2015-16. The productivity level achieved by VPT in the year 2015-16 as furnished by the port is given below:

Group (IPA)	**Dry Bulk (CONV)**	**Vessels**	**Tonnage**	**OSBD**	**OSBD (+) 15%**
1	Fertilisers at QB	46	1728102	6533	7512
2	Sulphur & Rock Phos	27	438527	5056	5815
3	Food Grains Bulk (nil) Pees and Maize (nil)	3	41744	3331	3831
4	Non-coking coal (T.Coal, S.Coal, A.Coal)	128	4392840	11052	12710
5	Coking Coal	15	595184	7935	9125
6	Iron Ore/Pellets, Bauxite, IMP.I.Ore	34	1177332	9673	11124
7	Iron Scrap	3	70862	2746	3158
8	Other Ores (M.Ore etc.,)	34	620031	6496	7471
9	P.Coke (IMP), CP Coke (Exp & IMP (nil), L. Stone, I.Sand, LAM Coke, BF Slag (Nil) Gypsum and Other Dry Bulk	118	2626454	6218	7150
10	Industrial Salt	Nil	-	-	-
11	PIG Iron and Alumina (IMP) (nil)	1	43000	9720	11178
Group (IPA)	**(Break Bulk)**	**Vessels**	**Tonnage**	**OSBD**	**OSBD (+) 15%**
1	Food Grains, Fertilisers and Maize in Bags (nil)	25	217759	1701	1956
2	Steel (Exp & Imp)	45	595033	3843	4420
3	Timber Logs	1	7549	1676	1928
4	Granite (Exp)	36	119945	1786	2054
5	Gen. Cargo (Exp / Imp)		65673	796	915

(iii). The VPT has stated that wherever there is change in model and type of equipment deployed as per the realistic handling at VPT, the same has been adopted.

The handling equipment is used as a practice and with which the operators / drivers are conversant since long time which are akin to the equipment

	The VPT to justify the change in the handling equipment considered by it.	description given in the guidelines which was considered.
	B. <u>Equipment hire cost for Shore handling Operations:</u> Clause 4.4.1 of the Stevedoring and Shore handling Guidelines stipulates adoption of different handling methods for shore handling operations. Five methods for bulk cargo and four methods for break bulk cargo have been prescribed for arriving of upfront tariff rates. In this regard, following clarification/ additional information is sought.	
	(i). The VPT has proposed upfront tariff under two methods for shore handling operation (with in dock area and Outside dock area). The VPT to confirm that the other methods are not applicable to the port.	It is to confirm that other methods are not applicable to port.
	(ii). The VPT to furnish the detailed calculation sheet for arrival of equipment cost for each category of cargo along with the list of equipment considered by the port for arrival of upfront tariff rate. If there is any deviation from the norms in consideration of equipment e.g. Deviation in nos., type etc., the reasons may also be furnished with justification for deviation from norms.	The model calculation sheet with the number of units required for the kind of activities duly comparing with the hire charges applicable for the equipment locally, is furnished.
	(iii). The VPT has stated that in respect of certain commodities like fertilizers, fertilizers raw materials etc., where cargo need to be transported to more than 5 kms an additional 10% over the applicable rate for movement outside dock has been considered. The VPT to furnish the basis for such addition of 10%.	Since additional transportation for longer distance is incurred, it is assumed that 10% hike over the applicable rate is reasonable, since the stevedore charges more for the longer distance.
4.	**<u>Labour Cost for Stevedoring Operations</u>**:	
(i).	Annex – VIII of the Stevedoring and Shore handling Guidelines (labour cost estimation) stipulates the norms for deployment of labour per shift in respect of each of the commodity group for stevedoring operation. The VPT has furnished the details of revised rates for collection of advance from employers for stevedoring and shore works w.e.f.16.08.2012 and 01.06.2016. The VPT to furnish the detailed working considered to arrive at labour cost. If there is any deviation from the norms prescribed by the Stevedoring and Shore handling guidelines, the port is requested to furnish the reasons for each of the deviations.	It is to state that the statement furnished to TAMP are the rate at which advance amounts are being collected from stevedores after the handling of several vessels commodity wise which were arrived at by the CHD were taken based on productivity levels achieved by the Stevedores, for the respective cargoes with the infrastructure available, and for which the stevedores are also accepting all these years.
(ii).	The Stevedoring and Shore handling Guidelines prescribe the norms for estimation of labour cost. The Norms for estimation of labour Cost for break bulk cargo prescribe one no. of Tindal per shift for each commodity. However, such Tindal per shift is not prescribed for Dry Bulk Cargo in the guidelines. However, it is understood that the Tindal is a mandatory requirement per shift for bulk cargo. The VPT may examine the issue in light of above and make necessary modification in the proposal in respect of labour cost to handle bulk cargo in Stevedoring operations.	The posting or non-posting of Tindals or any other category is purely as per the manning scales advised by the Tribunal and the approx. cost per tonne (which is collected as advance) is based on such a manning scale only.
(iii).	The guidelines do not prescribe separate Stevedoring / Shore handling tariff based on the usage of handling equipment for ship to shore operations i.e. by using Ship gear,	The proposal send by VPT covered for geared vessels and gear less vessels using HMC will be different from non HMC operations where CHD

	HMC, Wharf cranes etc. However, VPT has, in its proposal, proposed the upfront tariff for stevedoring operations separately with the use of ship cranes and Harbour mobile cranes considering different productivity norms, different equipment norms etc., and stating that the HMC charges will be levied as per the TAMP Order No.TAMP/9/2016-VPT dated 21 June 2016 approved in respect of HMC. In this connection, it is relevant to state that, the Authority had approved the tariff for HMC following the tariff policy guidelines 2005 and subsequently, has approved following the tariff policy guidelines 2015. The methodology followed in approving the tariff for HMC i.e., cost plus return on capital employed method is different from the methodology prescribed by the Ministry in the Stevedoring & Shore handling guidelines i.e., norms based plus hire charges for the equipment. Further, it is brought to the notice that, productivity norms prescribed in the guidelines are based on the normative basis considering the optimal equipment handling (Ship cranes or shore cranes or HMC or combination of equipment). Moreover, the user agency particularly, in the shore handling activity will get the same service whether the cargo handled with HMC or Ship crane etc. Hence, it may not be prudent to have a separate rate based on the equipment available for Shore Handling. Keeping in view of the above position, VPT may consider to propose a single tariff for handling cargo by HMC and by Ship cranes for Stevedoring operations, in consonance with Annex-V of the Stevedoring & Shore handling Guidelines.	labour are deployed. No further consideration is therefore found necessary at this stage.
5.	The Stevedoring and Shore handling Guidelines do not prescribe any rake loading/ unloading charges for arrival of Upfront tariff rates. However, the VPT while arriving at the ceiling tariff for shore handling operations at VPT for a distance within dock area, has considered rake loading / unloading charges to arrive at a Ceiling tariff rate. The VPT to furnish the basis for consideration of such charges.	In the workshop held by TAMP, it was deliberated by some of the ports representative that there is no clarity in the guidelines issued for the preparation of upfront tariff, whether to consider rake loading / unloading activity or not. Hence, in that context separate proposals were sent duly considering with rake loading / unloading activity (Schedule G & H) and without rake unloading / loading activity (Schedule B & C).
6.	**Scale of Rates**:	
(i).	Clause 2.8 of Stevedoring & Shore Handling Guidelines states that Major Port Trusts should comply with the policy direction set out by the Government from time to time like coastal cargo/ containers etc. One of the policy directions issued by the (then) Ministry of Shipping, Road and Transport and Highways (MSRTH) relates to concessional rate for coastal vessel and coastal cargo. As per para 3 (iii) and 5(2.2) of Order No. TAMP/4/2004–Genl. dated 7 January 2005 passed by the Authority based on the said policy direction of the MSRTH, the concessional tariff needs to be prescribed for cargo handling charges at 60% of the rate for	A separate rate for foreign and coastal cargoes will be examined in due course.

	foreign for all the relevant handling charges i.e. ship-shore transfer and transfer from quay to storage yard including wharfage. The policy direction issued by the (then) MSRTH is uniformly applied at all the Major Ports and Private Terminal Operators governed under 2005, 2008 and 2013 guidelines while setting their tariff. The VPT is, therefore, requested to consider proposing separate concessional rate for coastal cargo as per the policy direction issued by the (then) MSRTH and as per clause 2.8 of the Stevedoring and Shore Handling Guidelines issued by the MOS.	
(ii).	While prescribing concessional tariff for coastal cargo to comply with the policy direction of the MOS, the port may suitably adjust the proposed rate (i.e. for foreign cargo) to capture the impact of coastal concession as done in the upfront and reference tariff cases. Please furnish detailed working of the rate (to be) proposed indicating the share of foreign and coastal cargo.	
7.	**<u>Performance Standard</u>**:	
(i).	The VPT has proposed the productivity norms as considered by it for calculation of upfront tariff as performance standards for both dry bulk cargo and break bulk cargo. The Operator is anyhow eligible for 60% WPI indexation even if he is not able to achieve the prescribed performance standards. As per clause 7.1 and 7.2 of Stevedoring and Shore handling guidelines, the operator would be entitled to 100% WPI indexation instead of 60% WPI indexation for the second year of operation on achievement of Performance Standards as prescribed in the Berthing Policy issued by the Ministry of Shipping under letter No.PD-1103/73/2013-PT (pt) dated 16 June 2016 for dry bulk cargo. The VPT, therefore, to propose the performance norms as per the Berthing Policy for Dry Bulk Cargo. The Performance Standards for Break Bulk Cargo may be retained as proposed.	The matter has already been explained at item 2.
(ii).	The VPT has proposed Performance Standard for Dry Bulk Cargo and Break Bulk Cargo. For Dry Bulk Cargoes, performance standard for 12 cargoes has been proposed whereas upfront tariff in the SOR is proposed for 13 items. Further for Break Bulk Cargo performance standard for 5 cargo items has been proposed as against 12 cargo items considered for upfront tariff fixation. The VPT is requested to correct mis-match between the proposed upfront tariff and performance standard.	The performance standard for the five cargo covers all the 12 cargoes items as handled at VPT broadly, since they fall in the same group in terms of output rate. Hence, the same was followed.

11. With reference to the action point no. 4.3. (iv), the VPT has vide its letter No.QTRA/GEN/Stev.Policy dated 28 February 2017 furnished a copy of approval of the Board vide Resolution No.148/2016-17.

12. With reference to point of action decided at the joint hearing brought out in para 8 (i), (ii) and (iii) above, the VPT has conducted a meeting with the Trade on 4 February 2017. A copy of Minutes of the Meeting alongwith Trade members is furnished. The highlights of Minutes of the Meetings are given below:

(i). On the matter relating to nomenclature of the items Alumina and Pig Iron ingots and similar bulk cargo, the representative of M/s. Orissa Stevedores Ltd., stated that the commodity Allumina ingots that they handled at VPT should be grouped into a separate category and should not be merged with Pig Iron as the output of the Alumina and Alumina ingots (bundled) is entirely different from the Pig Iron group. They also requested to modify the O.S.B.D.

(ii). (a). It was clarified by VPT that commodity groups are classified based on guidelines issued in this regard. However, in view of the above justification, the word Alumina that was clubbed with Pig Iron Ingots will be recommended for deletion.

(b). It was decided that the clubbing of nomenclature “Alumina and Pig Ingots and similar dry bulk cargoes” is not appropriate for VPT’s working pattern. The nomenclature should be termed as “PIG IRON AND SIMILAR BREAK BULK CARGO”. This cargo, however, never occurs at VPT.

(iii). Handling of Aluminium Ingots in VPT is carried out as break bulk and M/s.O.S.L stated that handling involves lashing and choking in hatches and is similar to the activity carried our for granite and marble at item-7 of Schedules D and E of the Adhoc upfront tariff for Stevedoring and Shore Handling operations of VPT, the same could be added as an additional item. Hence, OSL was requested to convey their concurrence so as to take up the matter with TAMP.

(iv). Representative of Visakhapatnam Stevedores Association (VSA) reiterated their earlier comments that Stevedoring and Shore handling activity is quite complex with various factors and elements of costing which may not be practically possible to be factored in Normative Tariff structure and requested VPT to have a practical approach while proposing Normative Tariff for various cargoes and to have holistic look for fixation of Tariff.

(v). On the subject issue, it was clarified by VPT that Normative Tariff was worked out based on the guidelines issued by the I.P.A and taking into consideration various activities carried out duly grouping similar cargoes in one group and as such the proposed tariff is an indicative tariff which is at a ceiling rate. The trade can have their own flexibility in quotation of rate basing on the ceiling rate.

(vi). The representative of VSA also requested that in view of present economic condition and competitive environment prevailing in Port Sector, the exercise of fixation of Normative Tariff for Stevedores and Shore Handling Operations at VPT may be dropped for time being, as Port is also going through transformation stage and many of the operation are not yet stabilized.

(vii). After detailed discussion, it was informed to all the Trade representatives and Stevedoring Associations that exercise was made based on the IPA guidelines and recommendation and proper consultations were made in arriving of the indicative norm as well as Tariff and the Trade should cooperate with the fixation. The suggestions brought out will be duly incorporated and proposal will be sent to TAMP for approval.

13.1. On perusing the reply furnished by VPT vide its letter dated 7 December 2017, it was found that port has not addressed vital points raised in our letter. The VPT was, therefore, requested vide our letter dated 11 January 2018 to furnish the additional information/ clarification on the following points arising out of the response of VPT.

Sr. No.	Additional information sought in view of gaps in VPT reply dated 7 December 2017
(i).	**Point No.3 (A) and (B) (ii) Equipment Cost for Stevedoring and Shore handling Operation:**
(a).	The VPT was requested to furnish the detail calculation sheet for arrival of equipment cost for each category of cargo alongwith the list of equipment considered by port for arrival of upfront tariff rates. However, the VPT has furnished the Model calculation sheet for Stevedoring operations- only in respect of Fertilizers. The VPT is requested to furnish the detail calculation sheet alongwith the equipment considered by the port for each cargo items.

(ii).	**Point 6 Scale of Rates:**
(a).	The VPT was requested to intimate the separate upfront tariff rates for Foreign and Coastal Cargo based on the share of foreign and coastal cargo in compliance with directions of the Ministry of Shipping. The VPT has intimated that the issue will be examined and intimated in due course. The reply of VPT is awaited. The VPT is requested to submit the information at the earliest.

13.2. The VPT has not responded despite reminder dated 11 January 2018.

14. Subsequently, the VPT vide its letter dated 17 March 2018 has made following submissions:

(i). The Annexure – VI (Rly) (Schedule – I – Rly in the TAMP Notification No.TAMP/84/2016-VPT dated 10 February 2017) which indicates tariff for Stevedoring Operations at VPT inclusive of railway handling charges, may be treated as "not necessary" since the railway handling charges including that of Thermal Coal were included in the Shore handling operations of the respective cargoes.

(ii). The VPT has furnished following calculation sheet for railway handling charges for Thermal Coal:

		₹.
Average cost of CHD mazdoor / maistry	-	1850
Levy @ 150%	-	2775
Piece rate for workers	-	30
Total cost of 1 workers	-	4655
Cost of gang of 10 workers	-	46550
Tonnage unloaded by gang (10 workers = 2 wagons x 58 T)	-	116 T
Cost of unloading 1 ton	-	₹401.30 Rounded to ₹402

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

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

(i). The VPT had filed a proposal in November 2016 under the ibid guidelines. In view of few points made by the concerned users/ user associations during processing of the case, the VPT had a meeting with trade including Visakhapatnam Stevedores Association (VSA) and Orissa Stevedores Limited (OSL) on 4 February 2017 to discuss its proposal for fixation of upfront tariff for stevedoring and Shore Handling operations. Additional information clarification was sought from VPT vide our letter dated 24 April 2017. After protracted follow up, the VPT has responded vide its letter dated 7 December 2017. While furnishing information/ clarification, the VPT has revised its proposal catering to one of the points made by OSL as regards tariff proposed by VPT for Aluminum and Pig Iron Ingots. Subsequently, the port has vide its letter dated 17 March 2018, clarified that, Annexure – VI relating to upfront ceiling tariff for stevedoring operations for Railway mode of evacuation proposed in its proposal and notified in adhoc rate notified by this Authority as Schedule-I may be treated as not necessary since the railway handling charges including that of Thermal Coal were included in the Shore handling operations of the respective cargoes.

The original proposal of the VPT, and the additional information/ clarification furnished by the VPT vide its letter dated 7 December 2017 along with its revised proposal and submission by VPT dated 17 March 2018 are considered in the analysis.

(ii). As stated earlier, this Authority has vide Order No.TAMP/84/2016-VPT dated 8 February 2017 approved upfront stevedoring and shore handling operations on adhoc basis as an interim arrangement. The current exercise is for fixation of final upfront tariff based on the proposal filed by the VPT.

(iii). Before proceeding to analyze the case, it is relevant to state that the Visakhapatnam Stevedores Association (VSA) has stated that the VPT is not empowered to propose and fix normative tariff through this Authority as per Major Port Trust Act and requested VPT to keep the matter in abeyance. The VSA has also pointed out that stevedoring activity does not come under Section 42(3) of the Major Port Trusts (MPT) Act, 1963. Only services rendered under Section 42(3) are covered under jurisdiction of this Authority. The VSA has also sought to argue that they are authorised under Section 121 of the MPT Act and hence VSA has contended the question of the TAMP fixing rate for stevedoring activity does not arise.

As regards the point made by VSA referring to Section 42(3) of the MPT Act, 1963, it is more relevant to refer to Section 42 of the MPT Act, 1963 which lists down the services that Board of Trustees of a Major Port shall undertake. As per the Stevedoring and Shore Handling Policy issued by the Government in the year 2016, the Stevedoring activity includes loading and unloading and stowage of cargo on board the vessels in Port and the Shore handling activity includes arranging and receiving the cargo to/ from the hook point, inter modal transport from wharf to stack yard and vice-versa and also receiving and delivering of cargo from/ to wagons/ trucks. The gamut of activities covered under Stevedoring and Shore handling operations are the activities listed in Section 42 of the MPT Act, 1963. As stipulated in Section 48 of the MPT Act, 1963, the Major Port Trust may provide the service listed in Section 42 of the MPT Act, 1963 by themselves or authorise any person to perform the services mentioned therein with previous sanction of Central Government. Section 48 of the MPT Act, 1963 empowers this Authority to fix the Scale of Rates and conditionalities for services listed under Section 42 of the MPT Act, 1963 performed by the Major Port Trust or any other person authorised under Section 42(3) of the MPT Act, 1963. Thus, under Section 42 read with 42(3) and 48 of the MPT Act, 1963, fixation of Scale of Rates of Stevedoring and Shore handling operations falls well within the jurisdiction of this Authority. The section 121 of the Major Port Trusts Act 1963 referred by the VSA relates to Protection of acts done in good faith by this Authority, Board of Trustees of Major Ports or employee thereof. The said provision quoted by VSA is not found relevant.

It is relevant here to state that the Ministry of Shipping (MOS) vide its letter No.PD-11033/73/2013-PT (pt) dated 14 June 2016 has forwarded a copy of Stevedoring and Shore Handling Policy for Major Ports, 2016 to be effective from 01 August 2016. After issue of Stevedoring and Shore Handling Policy for Major Port Trusts, the Indian Ports Association, an Apex Body of Ministry of Shipping, was assigned the task of preparation of Guidelines for fixation of normative tariff for Stevedoring and Shore Handling Operations by the MOS. The IPA constituted an expert committee. The Committee had deliberated at length and formulated the Guidelines for fixation of normative tariff for Stevedoring and Shore Handling Operations. The IPA also had meeting with Federation of Association Stevedores while preparing said Guidelines. Based on the Report of the IPA, the Stevedoring and Shore Handling guidelines were issued by MOS as policy direction under Section 111 of the MPT Act, 1963, after ascertaining the views of this Authority. In compliance of the policy direction issued by Government of India in the Ministry of Shipping (MOS) under Section 111 of the Major Port Trusts Act, 1963 (38 of 1963), as conveyed by MOS vide its communication No.PD-11033/73/2013-PT(Pt.) dated 07 October 2016 read with MOS letter dated 17 October 2016, the Tariff Authority for Major Ports has notified the Guidelines for Determination of Upfront Tariff for Stevedoring and Shore Handling Operations authorized by Major Port Trusts under Section 42 (3) of the Major Port Trusts Act 1963. The Stevedoring and Shore Handling guidelines issued by MOS under Section 111 of the MPT Act, 1963 are thus binding on this Authority as well as Major Port Trusts.

As stated earlier, the gamut of activities covered under the stevedoring and Shore handling operations are the activities listed under Section 42 of the Major Port Trusts Act, 1963, for which this Authority is mandated to fix tariff as per Section 48 of the Major Port Trusts Act, 1963. As per clause 3 of the Stevedoring and Shore handling Policy for Major Ports, 2016 issued by the Government vide letter dated 14 June 2016 specifically mentioned that the TAMP shall notify the normative tariff for Stevedoring and Shore handling activities, separately for the Major Port based on a set of guidelines to be issued to TAMP. Thus, it is brought to the notice of VSA that this Authority is well within its statutory powers to fix the tariff for the Stevedoring and Shore handling operations at all the Major Port Trusts including VPT. This Authority has already vide Order dated 8 February 2017 approved adhoc rate for Stevedoring and Shore Handling operations for all Major Port Trusts including VPT. Final rates for Stevedoring and Shore Handling operations following the guidelines issued by the MOS have also been approved by this Authority for all the other Major Port Trusts. In view of the position brought out above, the point made by VSA to keep the proposal of VPT in abeyance does not merit consideration.

(iv). (a). The Guidelines prescribe norms for twelve broad Commodity Group under each dry bulk cargo and break bulk cargo. The VPT has proposed upfront tariff for Stevedoring and Shore handling operations for thirteen dry bulk group viz., (i). Finished Fertilizers, (ii). Fertilizer – Raw Material, (iii). Food Grains, (iv). Non Coking Coal, (v). Coking Coal, (vi). Iron Ore, Iron Ore Pellets, Bentonite, Bauxite, Copper Concentrate, Led & Zinc Ore, (vii). Shredded Scrap, (viii). Heavy Melting Scrap (HMS), (ix). Other Ores & Minerals, (x). Limestone, Dolomite, Clinker, Clay, Sand & other similar Dry Bulk cargo, (xi). Salt, (xii). Alumina & Pig Iron ingots and similar Dry Bulk Cargo, (xiii). Thermal Coal (Export), following the broad cargo classification prescribed in the Guidelines.

It is seen from Annex-I of the guidelines classifying list of commodities for upfront tariff determination for dry bulk cargo, that Thermal Coal is categorised under the commodity group of Non Coking Coal. However, the VPT has considered Thermal Coal (export) as separate category and proposed separate upfront tariff for thermal coal (export). On seeking the basis for such separate grouping of Thermal Coal and the basis for adoption of norms for Thermal Coal at 4237 tonnes per shift, the VPT has stated that Thermal coal is handled with HMC which gives more output compared to the other cargoes in the group. Further, for handling this cargo there is exclusive Railway activity i.e. unloading of cargo from the Railway wagon which involves huge manpower and CHD costs. Hence, Thermal Coal has been categorised separately and separate tariff for thermal coal is proposed by VPT. Clause 1.8 of the guidelines allows this Authority to accept deviation from the prescribed norms based on the local conditions at the port. Relying on justification furnished by VPT based on the method of handling thermal coal at its port, this Authority is inclined to go ahead with the proposal of the VPT for separate categorisation of thermal coal in the upfront tariff determination for stevedoring and shore handling operations.

The nomenclature of Commodity Group at Sl. No.4 of Annex- I of the guidelines is “Non Coking Coal (Thermal Coal) and the cargo under this commodity group mentioned is Thermal coal in the said guidelines. The VPT has in its proposal given nomenclature as Non Coking coal. The words (thermal coal) is not proposed by VPT under this cargo item. The VPT has sought rate for thermal coal (export) separately for which it has furnished the reasons as already stated in earlier paragraphs. Since the guidelines explicitly specify thermal coal under this commodity group, the words “thermal coal” is added to this cargo to be in line with the guideline position.

(b). As regards break bulk cargo, the VPT has proposed upfront tariff for Stevedoring and Shore handling operations for nine break bulk cargo group viz., (i). Bagged cargo, (ii). Jumbo Bags, (iii). Iron and steel- coils & slabs, (iv). Iron, steel- pipes, tubes, plates, (v). Timber logs-Soft, (vi). Timber logs-

Hard, (vii). Granites & Marbles, (viii). Project Cargo, (ix). Machinery and Machinery Parts following the broad cargo classification prescribed in the Guidelines. The port has not proposed rate for the Break bulk Cargo Groups namely Container Empty, Container Laden and Motor Vehicles other than through RORO. If the port authorities stevedores to handle these cargo, then VPT may filed a proposal seeking upfront ceiling tariff for these break bulk cargoes as well with two months from the date of notification of the Order in the Gazette.

(c). In the proposal, there is one cargo categorised as “Alumina and Pig Iron Ingots and similar dry bulk cargo”. In this regard, M/s.Orissa Stevedores Ltd (OSL), has stated that Alumina is handled by it in bagged form. The OSL has stated that the proposed productivity and tariff level for Alumina is not achievable and hence port needs to review it.

As stated earlier, the VPT has conducted a meeting with the trade wherein VSA and OSL have also participated as seen from the minutes of the meeting forwarded by VPT. In the said meeting, the OSL has reiterated that Alumina ingots that they handle should not be merged with pig iron as their productivity levels are entirely different. Alumina ingots is handled as break bulk cargo and handling is similar to granite and marbles. Based on discussion with the trade, the VPT has decided to remove “Alumina” from Sl. No.12 from all the schedules of rates proposed for Dry Bulk cargo and has proposed to add “Alumina ingots” with the cargo nomenclature “Granite and Marble” under Break bulk cargo. In short, Alumina is proposed for deletion from Dry Bulk Cargo and Aluminium ingots is proposed to be added under Break Bulk Cargo under the Commodity Group “Granites and Marbles” on the premise that handling of Alumina ingots in VPT is carried out as break bulk cargo and involves lashing, choking in hatches and handling activity is similar to granite and marbles.

Clause 3.2 of the Stevedoring and Shore handling Guidelines prescribes classification of commodities for upfront tariff determination under two major categories viz. Dry Bulk and Break Bulk. The said clause permits the Major Port Trusts to categorise the cargo under any one of the cargo category based on the nature, physical characteristics and the method of handling of that cargo.

It is change in categorisation of a cargo from dry bulk to break bulk based on handling method followed at VPT on being pointed out by Stevedores Association, OSL who handle this cargo. On reviewing the points made by OSL, the VPT has admitted that the nomenclature of cargo proposed in original proposal as “Alumina and Pig Iron ingots and similar Dry Bulk Cargo” under Dry Bulk Cargo is not appropriate for the working pattern of VPT and the port has revised the nomenclature as “Pig Iron and Similar Break Bulk Cargo”. Further, under the cargo “Granite and Marbles” under break bulk cargo, Alumina ingots have been included for reasons explained earlier.

The categorization of cargo falls in the domain of a Port Trust. Following clause 3.2, which provides parameters to classify a cargo, the VPT has proposed to classify Alumina ingots along with Granite and Marbles based on physical characteristics (Bulk / Break Bulk) and method of handling (similar to granite and marbles). The judgment of VPT in this regard is relied upon.

(d). Apart from the above modification, the port has broadly followed the cargo classification prescribed in the guidelines. The cargo classification proposed by the port is, therefore, considered.

(v). **Productivity Standards for Dry Bulk Cargo and Break bulk Cargo:**

(a). Clause 3.3 of the Guidelines prescribes the productivity norms for dry bulk and break bulk cargoes. The VPT has sought separate upfront for stevedoring operations with geared vessel and gearless vessel using 1 HMC of 100 T capacity.

(b). The VPT has originally proposed Upfront Tariff for stevedoring activity separately under following heads:

(i). For Dry Bulk Cargo (Import /Export) for Geared Vessel
(ii). For Break Bulk Cargo for Geared Vessel
(iii). For Dry Bulk Cargo (Import / Export) for Gearless vessel using HMC (1 No.)
(iv). For Dry Bulk Cargo for Gearless vessels using HMC 1 No.) with evacuation by Railways.

However, the VPT has subsequently vide its letter dated 17 March 2018 clarified that upfront Stevedoring tariff for item no.(iv) above, with reference to evacuation by Railway is not necessary as this activity is covered under upfront tariff proposed for shore handling operations by the VPT. The above clarification furnished by VPT is taken into consideration while fixing the final upfront tariff.

The guidelines do not prescribe separate Stevedoring / Shore handling tariff based on the usage of handling equipment for ship to shore operations i.e. by using Ship gear, HMC, Wharf cranes etc. However, VPT has, in its proposal, proposed separate upfront tariff for stevedoring operations for geared vessel and gearless vessel using Harbour mobile crane. For handling by HMC, the VPT has proposed a note stating that the HMC charges will be levied as per the rates notified by this Authority. This Authority has vide approving the general revision of SOR of VPT vide Order No.TAMP/9/2016-VPT dated 21 June 2016 prescribed hire charge in respect of HMC.

The guidelines prescribe productivity norms on the normative basis for Ship cranes or shore cranes or HMC or combination of equipment. Guidelines do not envisage separate productivity and separate tariff based on each of the above, ship to shore handling equipment. Moreover, the user agency particularly, in the shore handling activity will get the same service whether the cargo is handled with HMC or Ship crane etc. In view of the above position, VPT was requested to consider to propose a single tariff for handling cargo by HMC and by Ship cranes for Stevedoring operations, in consonance with Annex-V of the Stevedoring & Shore handling Guidelines. In this regard, the VPT has justified its proposal stating that productivity level of geared vessels with HMC operations and gear less vessels using HMC will be different as for non HMC operations CHD labour are deployed. Though VPT has stated that productivity will be different for HMC and non HMC operations, the VPT has not considered different productivity level. It is seen from the working furnished by VPT that the productivity for geared vessel and for gearless vessel using one HMC are considered at par. It is only in the equipment cost and labour cost estimation, the VPT has made suitable adjustments for geared and gear less vessels and tariff proposed are different for these two categories. As regards HMC, the VPT has inserted a note that HMC rate will be levied as per HMC rate approved in June 2016 Order which ₹33.23 per tonne for Foreign cargo and ₹19.94 per tonne for Coastal Cargo for dry bulk cargo, ₹69.24 per tonne for Foreign cargo, ₹41.55 per tonne for Coastal cargo for Break Bulk Cargo and ₹110.85 per tonne for foreign cargo and ₹66.51 per tonne for Coastal cargo for other cargo.

As stated earlier, cargo-wise productivity norms prescribed in the guidelines for handling dry bulk cargo and break bulk cargo is a common productivity for handling by ship crane or shore crane or HMC or combination of these. The guidelines do not prescribe equipment wise productivity. The productivity norms prescribed in the guidelines is based on normative basis considering the optimum equipment handling. Moreover, the user agency particularly will get the same service whether cargo in stevedoring operation is handled by HMC or ship crane. The VPT has also categorically stated that no further consideration (for modification) in the proposal is necessary at this stage. None of the users/ user association consulted have raised any objection on the approach adopted by VPT in this regard. It is relevant here to state that Chennai Port Trust (CHPT) had proposed separate productivity norms for handling dry bulk and break bulk cargo by ship cranes and by HMC of 100 T capacity which was accepted by this Authority for the reasons stated in the Order No.TAMP/77/2016-CHPT dated 14 November 2017. The Paradip Port Trust which has filed the proposal for stevedoring and shore handling operations which is being dealt with separately has also proposed equipment-wise tariff (either by HMC or by ship crane).

Based on the reasons given by VPT, this Authority accepts the proposal of VPT for prescription of separate rate for geared vessel and gearless vessel using HMC. For Dry Bulk Cargo for Gearless vessels using 100T HMC 1 No. with evacuation by Railways, the port has proposed productivity at par with the productivity considered by it for handling dry bulk cargo with gearless vessels using 1 no. of HMC of 100T which is also considered as proposed by VPT.

(c). The port has considered productivity for dry bulk and break bulk cargo considering the actual average per day output achieved by the VPT in port in the year 2015-16 plus 15%. The productivity considered by VPT for salt is found to be at par with the productivity norms prescribed in the Guidelines. In respect of Pig iron ingots and similar dry bulk cargo and for thermal coal the productivity with 15% hike is higher by 10.9% and 5.9% than the productivity norms prescribed in the Guidelines. For the other dry bulk cargo, the productivity level considered by the VPT is found to be lower than the prescribed norms. The VPT has stated that the recommendation of the Boston Consulting Group (BCG) are at a much higher side and are practically non achievable with the present infrastructure facilities available at port. Further, the trade have also expressed their inability to meet the norms recommended / worked out according to the BCG advice. The port is of the view that in the current economic volatility, the logistic cost incurred by the importers / exporters is getting priority over efficient handling at port. In a situation of aggressive competition from neighbouring private ports and increasing under utilisation of berths the port has felt prudent to adopt realistic productivity norms, rather than impracticable norms to prevent driving away the cargo to neighbouring ports. Hence the VPT has considered average achievement during the year 2015-16 at the port plus 15% initially so as to retain the exiting cargoes and avoid diversion to neighbouring ports. The port has stated that productivity norms considered will be raised progressively depending upon improvement in market prudential, cargo volumes and ease in market uncertainties.

(d). As regards Break Bulk Cargo, the port has considered higher productivity levels than the norms prescribed in the guidelines.

The guidelines do not prescribe any norms for Project Cargo and Machinery and Machinery Parts in the break bulk category citing that these two cargo are not homogeneous in nature and come in different size, shape and weight. Guidelines require the concerned port to consider productivity based on the best productivity achieved by any of the ports in handling such cargo.

The VPT has considered productivity norms in respect of these two break bulk cargoes at 400 tonnes/ hook/ shift and 305 tonnes/ hook/ shift reportedly based on the prevailing productivity achieved by port in the year 2015-16 plus 15% which is accepted. The port is advised to consider the best productivity achieved by any of the Major Port Trusts in handling such cargo during the next review, when the relevant and better performance level will be available for such cargo.

(e). A comparative position of the normative productivity for dry bulk and break bulk cargo as per the Guidelines, the actual productivity reported by VPT in the year 2015-16, the productivity level considered by the port converting the same per shift, and the justification furnished by the port for deviation i.e. lower level from the normative productivity level for dry bulk cargo and break bulk items is furnished in a statement attached as **Annex - I** for dry bulk cargo and for break bulk cargo.

(f). Clause 1.8 of the Stevedoring and Shore handling Guidelines allows this Authority to accept necessary adjustments in norms based on justification furnished by the port keeping in view the port specific condition having impact on the norm prescribed in the Guidelines. As stated earlier, the port has considered the actual productivity achieved by the port for the year 2015-16 plus 15% improvement over that. In view of the justification furnished by the Port, for deviation from the productivity norms prescribed in the Guidelines for a few cargo as brought out in **Annex - I**, the productivity level as considered by the VPT is considered for fixation of upfront tariff.

The reference made by VPT to the recommendation of Boston Consulting Group regarding productivity is not relevant for this exercise, since the MOS has issued separate guidelines for upfront tariff fixation for Stevedoring and Shore handling which prescribe cargo wise productivity norms. These guidelines have been issued in consultation with Major Port Trusts and with concerned trade as also stated by VPT.

(g). Clause 4.3 of the Guidelines stipulates that optimal capacity for shore handling needs to match with the optimal capacity of the stevedoring operations. Accordingly, the optimal capacity of the shore handling operations for each of the commodity will be same as that for the stevedoring operations. The port has considered optimal capacity for shore handling operations at par with the optimal capacity assessed by it for stevedoring operations.

(h). Apart from upfront proposed tariff for shore handling operations, the port has also proposed shore handling rates for cargo handled at Railway siding. The port has stated that the objective is to consistently improve on higher productivity. In view of above submissions and in the absence of specific norms in the guidelines for this activity, this Authority is inclined to go ahead with the proposal of the port in this regard.

(vi). **Rates for the Stevedoring Operations - Dry bulk and Break bulk:**

(a). As stipulated in Clause 3.5.2 of the Guidelines, the Operating cost for the Stevedoring Operations are grouped under following major heads, viz., Equipment hire cost, Labour cost, Operational Overheads and Administrative Overheads.

(b). Equipment hire charge:

(i). Annex-VII to the Guidelines prescribes norms for estimation of equipment hire cost for stevedoring operations. As per the said Annex, for ship to shore operations, the normative handling equipment are ship crane or shore crane or HMC or combination of these handling equipments.

As regards hatch working, norms prescribe Dozer 5T – 1 number per hatch, grabs 1 no. per hook for a few dry bulk cargo and for a few dry bulk cargo viz. Non coking coal, coking coal, iron ore, shredded scrap and Heavy Melting scrap, it is 1 no. of excavator per hatch, 1 no. of Grab per hook. The VPT has furnished model calculation of equipment cost per tonne considered by it in respect of finished fertilizer wherein the port has proposed deployment of pay loaders in place of dozers. Moreover, as against 5T Dozer the port has considered 10T pay loader as per equipment being used in practice Pay Loader and Dozer more or less do the same job. In this regard, it is relevant here to state that even KPT, had proposed pay loaders in place of dozers/ excavators based on the local condition of the port which was accepted by this Authority. As regards the higher capacity i.e. 10T instead of 5T, the port has justified that it is as per the practice of handling this cargo at VPT.

The port has not furnished calculation of equipment per tonne cost for each cargo considered in its upfront tariff fixation despite reminder. The VPT has stated that the handling equipment considered is as used as a practice and with which the operators/ drivers are conversant since long time. The VPT has confirmed that equipment considered is akin to the equipment description given in the guidelines. The VPT has also stated that the wherever there is change in model and type of equipment deployed as per the realistic handling at VPT, the same has been adopted.

Clause 1.8 of the Stevedoring and Shore handling Guidelines allows this Authority to accept necessary adjustment in norms based on justification furnished by the port keeping in view the port specific conditions.

In view of the above position, and keeping in view that none of the stakeholders consulted in this case have objected to the equipment proposed for stevedoring operations, the equipment for hatch working and number of pay loader proposed by VPT for fertiliser is considered.

In the absence of VPT furnishing details of equipment profile considered by calculation for arrival of equipment cost per tonne, it is found not possible to draw the statement showing the norms prescribed in the stevedoring guidelines, the equipment considered to point out the deviation from the prescribed norm. The VPT has, however, confirmed that the equipment which are used as a practice and with which the operators/ drivers are conversant since long time and which are akin to the equipment description given in the guidelines are considered by the port. This position is relied upon.

(ii). The Orissa Stevedores Ltd. (OSL) has stated that the port has not considered the cost towards Diesel Escalation, cost of dunnage to vessel, vessel demurrage, Survey, Tarpaulin covering cost to arrest pollution, Cost towards Usage of Hoppers and Bins. Further, the OSL has stated that factors such as capacity, condition, cycle time of each cranes/ grabs etc. play a pivotal role in achieving targeted Load Rates and Discharge Rates. Evacuation rate/ feeding rate of cargo from and to the wharf also holds a major part in achieving the desired load/ discharge rate and the same is directly attributed to the distance of the concern stacking plot. Hence, the OSL has stated that proper evaluation of the same needs to be carried out and considered. The port has not submitted its comments on the comments of OSL, in spite of reminders. The comments of the OSL are not with reference to deviation from the equipment norm prescribed in the guidelines. As stated earlier, the port has considered equipment which are used in practice and with which operators/ drivers are conversant since long and port has confirmed that they are akin to equipment description given in the guidelines. This position is completely relied upon.

(iii). As per the Guidelines, the hire charges towards deployment of equipment is to be estimated based on the equipment hire cost prevailing at the relevant port locations or prevailing market based hire cost.

The VPT has, in its proposal, estimated per tonne hire charges for equipments taking into consideration prevailing hire charges rates of equipments as on July 2016 as per budgetary offers received from existing material handling agents. The VPT has furnished documentary evidence in form of equipment hire charges furnished by its Mechanical and Electrical Department in support of the hire charge of equipment considered by it and has, also, confirmed that hire charges reflect the prevailing market rate. The position reported by the port is relied upon.

(iv). As stated earlier, the VPT has not included hire cost of usage of Harbour Mobile Cranes (HMC) in the upfront tariff calculation. The handling rate for usage of the HMC which is payable by the Importer/ Exporter/ vessel owner will be as per the rate notified by this Authority which has been excluded in the ceiling tariff proposed by the port. Even in Cochin Port Trust (COPT) and Mormugao Port Trust (MOPT), this Authority has allowed collection of hire charges prescribed in their respective Scale of Rates for HMC separately based on the proposal of the ports. Hence, the similar prescription proposed by the VPT is accepted.

(c). **Labour Cost:**

(i). As per clause 3.5.7 of the Guidelines, labour deployment shall be as per the norms prescribed by the National Tribunal Award (NTA) as provided in Annex –VIII to the Guidelines and the unit rate will be the prevailing actual cost of labour for the quantum of the labour prescribed in the norms. The Guidelines also state that the prescribed norms and any other norms specifically given for a port shall be followed for calculation of labour cost.

(ii). The port was requested to furnish the detailed working considered to arrive at labour cost and reasons for each of the deviations, if any. The VPT has stated that labour cost in respect of vessel using ship gear or shore cranes in respect of supply of labour gangs comprising of winch man, signal man and mazdoor as per National Tribunal Award (NTA) manning scale is considered. The rate applicable to the cargo handling workers is considered as the basis which is stated to be inclusive of Cargo Handling Division levy notified by this Authority. The existing SOR of VPT approved by this Authority prescribes levy of 150% of the time rate wages for all Cargo availing services of cargo handling worker from Cargo Handling Division including Thermal coal availing services of cargo handling worker for wagon unloading. The labour hire cost for stevedoring (and shore handling) operations have been provided by the port. The port has furnished per tonne cost at productivity level for each cargo. The rate is arrived at based on handling rate of several commodities which were handled at by the CHD and are based on productivity levels achieved by the Stevedores for the respective cargoes with the infrastructure available. Further, per tonne rate arrived by VPT and considered in the upfront tariff calculation have been accepted by stevedores for all these years as reported by the VPT.

The Visakhapatnam Stevedores Association (VSA) has stated that the VPT has not considered the idle labour cost, idle equipment cost for various reasons including rainy seasons. The Stevedores need to incur heavy stevedore damage cost, accidents on board and on shore and payment of huge compensations in cases of injuries and fatal accidents etc. The above points made by VSA are not in line with clause 3.5.7 of the Guidelines which requires port to consider labour deployment as per the norms prescribed by NTA and the unit rate at the prevailing actual cost of labour. The VPT has categorically stated that labour cost considered by it is the average per tonne labour cost based on the advance bill raised by the port which is found to be equal to the final bill. The VPT has stated that it has checked with the few principal importers/ exporters and the port is confident that the proposed upfront tariff rates are higher than what is being collected presently and many factors raised by the VSA has been taken care of.

As regards the point raised by VSA that piece rate wage that is being paid to VPT is not considered, the VPT has confirmed that the per tonne labour cost considered in its upfront tariff calculation includes piece rate wage component. The port has confirmed that both time and piece rate component are included in the labour cost. The port has strongly affirmed that per tonne labour cost considered by VPT is in order.

Based on the above clarification furnished by VPT and recognising that the VPT has confirmed that the labour cost is estimated following the norms as per the National Tribunal Award, the per tonne labour cost considered by VPT is relied upon and considered as estimated by the VPT.

(iii). The Guidelines do not stipulate any norms towards deployment of one Tindal for Dry Bulk operations. It was understood during processing of stevedoring and shore handling proposal of KPT, that Tindal who is the leader of the Gang is a requirement. The VPT was requested to examine the issue in light of above and make necessary modification in the proposal. The VPT has stated that the posting or non-posting of Tindals or any other category is purely as per the manning scales advised by the Tribunal and the cost per tonne (which is collected as advance) is based on such a manning scale only. The point made by VPT is, therefore, accepted.

(iv). As regards stevedoring operations for gearless vessels using HMC, the VPT has not estimated labour cost. As stated earlier, hire charge for HMC is proposed to be recovered separately as per rate prescribed in the Scale of Rates of VPT, which will cover labour cost.

(v). The VSA has pointed out that they have to deploy private labour for sweeping of wharf and for other operations cost is incurred for deployment of private labour. The VSA has stated that 20% overheads is not comfortable to build up this cost. The upfront tariff guidelines prescribe norms for estimation of labour cost as per manning scales prescribed in NTA. The guidelines allow 20% of equipment and labour cost each towards operational overheads and administration overheads and the proposal filed by VPT in this regard is found to be in line with the norms prescribed in the guidelines. The guidelines do not allow consideration of separate labour cost for deployment of private labour for sweeping operations at wharf.

The VPT has stated that the CHD wages increase every quarter and there is an annual increase in the wages paid on account of annual increments given. Hence, VPT has viewed that factoring WPI increase will not be sufficient and the stevedores should be allowed to build an escalation clause giving due weightage to CHD labour cost hikes. As per the stevedoring guidelines, the upfront tariff approved will have validity of three years. Automatic Indexation in the upfront tariff at 60% of the WPI is allowed. This has been followed uniformly for all the Major Port Trusts where the final rates for stevedoring and shore handling operations are approved by this Authority. Apart from the above indexation in tariff, the stevedoring guidelines do not permit escalation on account of annual increment in wages during validity of the prescribed rate.

(d). Each of the Operational Overheads and Administrative Overheads has been estimated by VPT at 20% of the equipment hire cost and labour cost, which is as per the stipulation contained in Clause 3.5.8 and 3.5.9 of the Guidelines. There were minor arithmetical errors in rounding off of the tariff which have been rectified while arriving at the upfront tariff in our calculation.

(e). As stipulated in Clause 5 of the Stevedoring and Shore Handling Guidelines, margin at 20% on the total operating cost has been considered by VPT to arrive at the upfront stevedoring tariff.

(f). A working to arrive at the upfront stevedoring tariff for dry bulk cargo and break bulk cargo as furnished by VPT and considered by us based on the various parameters discussed above is attached as **Annex - II(a), II(b) and II(c).**

(vii). **Rates for the Shore handling Operations:**

(a). As stipulated in Clause 4.5.2 of the Guidelines, the Operating cost for the Shore Handling Operations are grouped under following major heads, viz., Equipment hire cost, Labour cost, Operational Overheads and Administrative Overheads.

(b). Equipment hire cost:

(i). Clauses 4.4.1 and 4.4.2 of the Guidelines list down the five different handling methods for shore handling operations of dry bulk cargo and four methods for handling break bulk cargo. As against the different methods for shore handling operations prescribed in the guidelines for dry bulk cargo and break bulk cargo, the VPT has proposed shore handling rates for the following methods:

1. Shore handling operations for distance within Dock Area.
   - (i) For Dry Bulk Cargo (Import/Export) for Geared / Gearless Vessel.
   - (ii) For Break Bulk Cargo.

2. Shore handling operations for distance Outside Dock Area.
   - (i) For Dry Bulk Cargo (Import/Export) for Geared / Gearless Vessel

3. Shore handling operation for evacuation by Railways
   - (i) Distance with in Dock Area
     - (a) For Dry Bulk Cargo (Import/Export) for Geared / Gearless Vessel

(b) For Break Bulk Cargo.

(ii) Distance outside Dock Area

(a) For Dry Bulk Cargo (Import/Export) for Geared / Gearless Vessel

The port has confirmed that apart from the methods for shore handling operations considered by it, other methods prescribed in the guidelines are not applicable to Port. This position is relied upon.

(ii). Whilst the definition of Stevedoring and Shore Handling Policy issued by the Government covers receiving and delivering of cargo from/ to wagons/ trucks amongst other activities mentioned therein, the Stevedoring and Shore handling Guidelines issued by the MOS and notified by this Authority do not prescribe any separate norms for loading/ unloading onto rakes for railway mode of evacuation. The VPT has arrived at shore handling rate for movement of dry bulk cargo by railways considering per tonne rate for loading/ unloading onto rakes to arrive at a Ceiling upfront tariff rate for shore handling operation for railway mode of evacuation.

For arriving at the upfront rate for railway evacuation of dry bulk cargo within dock area and outside dock area, the VPT has added ₹10/ tonne for dry bulk cargo viz. (i). fertilizer and raw material, (ii). Non-coking coal (thermal coal), (iii). Coking coal, (iv). Iron ore, Iron ore pellets, (v). Benotonite, Bauxite Copper concentrate led and zinc ore, (vi). Other ores and minerals, (vii). Limestone, dolomite, clinker, clay, sand and other similar dry bulk cargo, (viii). Salt, ₹15/ tonne for shredded scrap and Heavy Melting scrap, pig iron ingots and similar dry bulk cargo and ₹402/ tonne for thermal coal (export) towards rake loading/ unloading. The reasons for vast variation in the rate considered by VPT for thermal coal and other dry bulk cargo furnished by VPT has already been explained.

In the absence of any norms specified in the guidelines for loading/ unloading of cargo onto rakes and in view of this operation being carried out at VPT for shore handling operations by railway mode of evacuation, the rates for movement by railways capturing loading/ unloading onto rakes considered by VPT is relied upon.

(iii). Clause 4.5.6 of the Guidelines stipulates that hire cost of Equipment to be taken on hire shall be estimated as per norms prescribed in Annex – IX and X of the Guidelines for dry bulk and break bulk cargo respectively.

(iv). The VPT has not furnished cargo wise list of equipment deployment for Shore handling operation. The VPT has stated that the change in model and type of equipment deployed is as per the realistic handling at VPT and the same has been adopted in the proposal. The VPT has considered per tonne equipment hire charge in arriving at the upfront tariff. The port has confirmed that per tonne equipment cost considered by it is as on July 2016 as per budgetary offers received from existing handling agents and has furnished a copy of equipment hire cost communicated by its Mechanical and Electrical Department.

Clause 1.8 of the Guidelines allows TAMP to accept necessary adjustment in norms based on justification furnished by the port keeping in view the port specific conditions.

Clause 4.5.6. of the guidelines stipulates that the concerned port shall obtain the hire cost of equipment from the market for determination of the upfront tariff.

Relying on the clarification of the VPT that equipment deployment proposed by VPT is as per realistic handling at VPT and based on clarification of VPT on arriving at the per tonne equipment cost, the unit rate of hire charge of equipment considered by VPT is relied upon and considered in arriving at the upfront rate.

(c). Labour Cost:
Clause 4.5.7. of the Guidelines stipulates that the norm for estimating labour cost for shore handling operations at 5% and 10% of the equipment hire cost for dry bulk cargo and break bulk cargo respectively. The labour cost estimated by the VPT at 5% of the equipment hire cost for Dry Bulk Cargo and 10% of the equipment hire cost for Break bulk cargo is per the stipulation contained in Clause 4.5.7.9 of the Stevedoring and Shore Handling Guidelines. There were minor arithmetical errors in rounding off of the tariff which has been rectified while arriving at the upfront tariff in our calculation.

(d). Each of the Operational Overheads and Administrative Overheads have to be estimated at 20% of the equipment hire cost and labour cost, as per the stipulation contained in Clause 4.5.8 and 4.5.9 of the Stevedoring and Shore Handling Guidelines for shore handling operations. The VPT has correctly estimated the Operational Overheads and Administrative Overheads.

(e). As stipulated in Clause 5 of the guidelines margin at 20% on the total operating cost has been considered by VPT to arrive at the upfront shore handling tariff.

(f). The cost statements for determination of the upfront tariff for shore handling operations for dry bulk cargo and break bulk cargo as furnished by VPT and considered by us, based on the various parameters discussed above are attached as **Annex - III(a), III(b), III(c), III(d) and III(e)**.

(viii). The VPT has stated that the lease rental which is payable to the port are to be paid directly to the port and are not included in the upfront tariff, further, wharfage, storage charges and other miscellaneous charges will be continued to be levied by the port as per the prevailing Scale of Rates and therefore not included in the proposed upfront tariff. The above position is in line with clause 4.5.4. of the guidelines.

(ix). Based on the above analysis and taking into consideration the submissions made by the VPT and recognising that the proposal is filed by VPT with the approval of the VPT Board, the upfront Stevedoring and Shore Handling Charges for dry bulk cargo and Break bulk cargo is approved as proposed by the Port in its proposal except for minor arithmetical corrections and prescription of separate rate for foreign and coastal cargo to comply with the coastal concession policy of the Government as brought out in the subsequent paragraph.

(x). As per clause 7.1 of the Guidelines, the operator is entitled for 100% WPI indexation in tariff instead of 60% WPI indexation on achievement of Performance Standards as prescribed in the Berthing Policy issued by the Ministry of Shipping vide letter no.PD-11033/73/2013-PT (pt) dated 16.06.2016 for dry bulk cargo. The port was, therefore, requested to confirm that the proposed Performance Standards are based on the berthing policy issued by MOS dated 16.06.2016 as required in the said guidelines. If not, the port was requested to consider to propose Performance Standards for dry bulk cargo as per the Berthing Policy as provided in the clause 7.1. of the Stevedoring and Shore Handling Guidelines. The VPT has stated that the performance norms worked out by VPT based on the formulae provided by M/s.Boston Consulting Group (BCG) is impractical and not achievable by the port. Therefore, VPT has proposed performance standards based on average achievements during 2015-16 at the port plus 15% initially so as to retain the existing cargo and avoid diversion to neighboring ports. The port has stated that norms thus fixed will be raised progressively depending upon improvement in market potential, cargo volumes and ease in market uncertainties. The performance standards are also approved by Board of Trustees of VPT. The Performance Standards proposed by VPT and our analysis thereon are given below:

(a). Performance Standards proposed by VPT for Dry Bulk Cargo for 100% indexation of Ceiling Tariff.

(i). Clause 7.1 of the Guidelines stipulates that the Performance Standards for dry bulk cargo will be as prescribed in the Berthing Policy vide letter No.PD-11033/73/2013-PT (pt) dated 16 June 2016 for dry bulk cargo for 100% indexation in tariff.

(ii). The Performance Standards proposed by VPT for Dry Bulk Cargo for 100% indexation is only at par with the performance standards considered by the port for fixation of upfront tariff for stevedoring and shore handling operations.

Since Clause 7.1 of the Guidelines stipulates that the Performance Standards for dry bulk cargo will be as prescribed in the Berthing Policy vide letter No.PD-11033/73/2013-PT (pt) dated 16 June 2016 for dry bulk cargo for 100% indexation in tariff, a note is prescribed stating that the Performance Standards for dry bulk cargo shall be as per the Berthing Policy issued by the MOS. This Authority has approved Performance Standards apart from penalty/ disincentive scheme following the Berthing Policy announced by the MOS for other Major Ports viz. Jawaharlal Nehru Port Trust (JNPT), Kolkata Port Trust (KOPT), Cochin Port Trust (COPT) and New Mangalore Port Trust (NMPT) based on the proposals filed by each of these ports. No proposal in this regard is received from VPT. The VPT is advised to file a separate proposal for performance standards for dry bulk cargo under the Berthing Policy issued by the MOS within one month from the date of notification of the Order in the Gazette.

(b). Performance Standards proposed by VPT for Break Bulk cargo:

(i). As per clause 7.1 of the guidelines, Performance Standard for cargo other than Dry Bulk cargo shall be proposed by respective port for 100% indexation in SOR.

(ii). The VPT has proposed Performance standards for five break bulk cargo as given below:

Group (IPA)	**Break Bulk**	**Proposed Performance Standards Ship Berth Day Output (in tonnes)**
1.	Food Grains, Fertilisers and maize in Bags	1956
2.	Steel (Exp & Imp)	4420
3.	Timber Logs	1928
4.	Granite (Exp)	2054
5.	Gen. Cargo (Exp/Imp)	915

It is seen that the performance standards proposed by the VPT are on per day output basis. Since the productivity considered is on per shift basis, the Performance standards proposed by the VPT are also considered at par with the productivity level considered by it on per shift basis.

The VPT has not proposed performance standard for few cargo items namely bagged cargo, Jumbo Bags, Iron and Steel coils and slabs, Iron and steel - Pipes, tubes, plates, Timber Log Soft and Project Cargo.

For break bulk cargo, the guidelines stipulate that the Performance Standards prescribed by the respective ports, will be applicable. Though the Guidelines give flexibility to port to propose performance standard for break bulk cargo for 100%, WPI indexation, it is not unreasonable to assume that the performance standard will be at par with the productivity level considered for arrived at the upfront tariff. That being so, for the above mentioned cargo items, the performance standard proposed by VPT is prescribed at par with the performance standard proposed by VPT for arriving at the stevedoring and shore handling tariff.

The VPT has proposed Performance Standards for Steel (Export) and General Cargo for which port has not sought upfront tariff. Hence Performance Standards for these two cargo items are not prescribed.

(xi). The Visakhapatnam Stevedores Association (VSA) has stated that VPT is operating at a most competitive tariff and the proposed tariff should be realistic. The VPT has responded that the proposed tariff is for end to end service and all likely cost have been captured. The VPT has also stated that if the stevedores are required to charge more than the proposed rate for cargo and if increase is required in any cargo items, trade may come to port with proper justification. The VPT has categorically stated that the contention of VSA is taken care by the VPT while proposing the upfront tariff for Stevedoring and Shore handling operation.

(xii). (a). While approving ad-hoc tariff, this Authority has approved terms and conditions commonly for all Major Port Trusts. The VPT has proposed to define the term ‘Tariff’ means ceiling tariff. The note that Tariff notified is a ceiling tariff is already proposed by VPT under the General conditions which is approved while according adhoc approval. Hence, the definition of the term “Tariff” is not found necessary.

(b). The VPT has proposed to define the term “Board” means Board of Trustees of Visakhapatnam Port Trust. The definition of “Board” is governed by the Major Port Trusts Act, 1963 and hence need not be prescribed in the upfront Scale of Rates for Stevedoring and Shore Handling operations.

(c). The definitions of other relevant terms prescribed by this Authority while approving adhoc upfront tariff schedule for Stevedoring and Shore Handling at VPT are prescribed in the upfront tariff schedule while approving the final rates.

(xiii). The VPT has proposed some notes under the General Terms and Conditions, which are discussed hereunder:

(a). The VPT has proposed a note below the schedule of upfront tariff of Stevedoring and Shore handling for distance outside the dock area stating that if the stacking distance is more than 5 km from the berth, 10% addition over the ceiling tariff prescribed in the schedule will be applicable.

The VPT has stated that in respect of certain cargo such as Fertilizers, Fertilizer raw material etc., where cargo needs to be transported to more than 5 kms, an additional 10% over the applicable rate for has been considered by the VPT since additional transportation cost is incurred for longer distance for movement of cargo outside the dock area. Citing the stevedore charges more for the longer distance, the port has felt that 10% hike over the applicable rate is reasonable. This position is relied upon. Based on the above clarification of the VPT, the proposed note is approved.

(b). The note (i) proposed by the VPT under General Terms & conditions states that the tariff notified is for a period of three years. Since the licence to be issued by VPT to Stevedoring and Shore Handling Agents may be at different point of time prescription of such a note in Scale of Rates is not required. The validity of the Scale of Rates will be for period of 3 years from the date they come into effect.

(c). The VPT has proposed a note that Wharfage, storage charges and other miscellaneous charges shall continue to be levied by the port as per the prevailing scale of rates. This is in line with stevedoring and shore handling guidelines and hence incorporated in the SOR. The port has proposed one more note stating that Services for other miscellaneous activities and also the handling charges for handing specific cargoes when port takes custody of cargo as per Section 42 of MPT Act shall be continued to be carried out by Port as per TAMP notified SOR and continue to be levied by the port as per prevailing Scale of Rates, the proposed note is approved.

(d). Other general terms and conditions prescribed in the ad-hoc upfront tariff approved by this Authority in the Order dated 8 February 2017 is continued to be prescribed in the final upfront tariff schedule as well, as they are found relevant.

(e). Under the schedule of rate for stevedoring operations by gearless vessel using 100T HMC, the port has proposed a note that hire charges as per notified Scale of Rates to be paid by the Importer / Exporter / Vessel Owner as per the actuals. The proposed note is approved with slight modification to state that hire charges for hire of HMC shall be payable as per rates prescribed in the Scale of Rates notified by this Authority by the Importer / Exporter / Vessel Owner.

(f). Under the schedule of rates relating to railway evacuation of cargo, the VPT has proposed a note that the rates prescribed are exclusive of land license fee payable to C & F agents by the principals as per SOR approved by TAMP. The proposed note is approved.

(xiv). As per Clause 2.10 of the Guidelines, tariff caps will be indexed annually to the inflation to the extent of 60% variation in Wholesale Price Indexed (WPI) announced by the Government of India occurring between 1 January and 31 December of the relevant year and the adjusted indexed SOR will come into force from 1 April of the relevant year to 31 March of the following year. Since the proposal of VPT was received in fag end of the calendar year 2016, the base year for WPI escalation is prescribed as 01 January 2017. Accordingly, a suitable note is prescribed in the upfront tariff schedule for Stevedoring and Shore Handling operations.

(xv). Clause 2.8 of the Guidelines states that Major Port Trusts should comply with the policy direction set out by the Government from time to time like coastal cargo/ containers etc. One of the policy directions issued by the (then) Ministry of Shipping, Road and Transport and Highways (MSRTH) relates to concessional rate for coastal vessel and coastal cargo. As per para 3 (iii) and 5(2.2) of Order No.TAMP/4/2004-Genl. dated 07 January 2005 passed by this Authority based on the said policy direction of the MSRTH, concessional tariff need to be prescribed for cargo handling charges at 60% of the rate for foreign for all the relevant handling charges i.e. ship-shore transfer and transfer from quay to storage yard including wharfage except thermal coal, POL including crude oil, iron ore and iron ore pellets which are not eligible for Coastal Concession. The policy direction issued by the (then) MSRTH is uniformly applied at all the Major Ports and Private Terminal Operators governed under 2005, 2008 and 2013 guidelines while setting their tariff.

The VPT in its initial proposal had not proposed separate concessional rate for coastal cargo. On being pointed out, the VPT has stated that the matter for prescription of separate rate for foreign cargo and coastal cargo will be examined in due course. The port has not furnished separate rate for foreign and coastal cargo as per the coastal concession policy of the Ministry of Shipping till finalisation of this case.

In view of Clause 2.8. of the guidelines and also recognising that the Coastal concession policy issued by the Government stipulates grant of coastal concession on charges prescribed for eligible cargo for ship-shore transfer and transfer from quay to yard and since the activities involved under the stevedoring and shore handling operations also include these activities, this Authority is bound to comply with the coastal concession policy while approving upfront tariff for supply & service of equipment in hatches on-board ship for discharging cargo and shore handling operations. The VPT has not furnished the share of foreign cargo and coastal cargo for the Stevedoring and Shore handling operations despite specific request. That being so, the ratio of foreign and coastal cargo at VPT has been taken out from the Administration Report of VPT for the year 2015-16 at 90:10 in respect of dry bulk cargo and 93 : 7 for break bulk cargo. Thus, based on the said ratios, the financial impact of coastal concession has been captured in the proposed foreign rate for Stevedoring and Shore handling operation for supply & service of equipment in hatches on-board ship and for shore handling operations, to fall in line with the coastal concession policy of the MOS for cargo eligible for coastal concession.

It is relevant to state that in view of submission made by Mormugao Port Trust (MOPT) while processing its proposal for fixation of upfront tariff for Stevedoring and Shore handling that coastal concession policy should not be applicable for this exercise and in view of similar request from few other Major Port Trusts, this Authority has requested the Ministry of Shipping (MOS) in January 2017 to examine whether the policy direction for prescription of concessional rate for eligible coastal cargo need to be applied while fixing tariff under the stevedoring and shore handling operations. The response of MOS is awaited. If the response of the MOS to be received on the matter referred to the MOS is different from the approval accorded based on proposal of the KOPT, a suitable amendment may be issued at that point of time.

As regards, non coking coal (Thermal Coal), iron ore and iron ore pellets which are not eligible for coastal concession as per the coastal concession policy of the Government, the VPT has not proposed tariff for both foreign and coastal cargo. That being so, the cost statement furnished by VPT as well as the SOR are corrected by prescription of uniform rate for this cargo item for foreign and coastal category in tandem with the coastal concession policy of the MOS.

(xvi). (a). Clause 2.11. of the Guidelines states that before commencement of the stevedoring and or the shore handling operations, the operator will approach this Authority for notification of the Scale of Rates containing the ceiling rates of the stevedoring and or the shore handling charges and performance standards as required under Section 48 of the Major Port Trust Act, 1963. As per Clause 2.3 of the Stevedoring and Shore Handling Guidelines, once the upfront tariff caps are set out for stevedoring and shore handling operations of various commodities for a port, it will be applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms and will be valid for a period of three years.

(b). It is relevant in the above context to state that this Authority in consultation with all the Major Port Trusts had already, with reference to regulation of rates for provision of services by person authorised under Section 42 of the Major Port Trusts Act, 1963, decided that regulation of tariff can be done for the port as a whole without reference to individual service providers. Accordingly, this Authority had decided that ceiling tariff will be prescribed for a particular port and the port trust concerned will ensure their application to authorised service provider by making it a condition of authorisation in terms of Section 42(3) of the Major Port Trusts Act, 1963, while issuing the license. The said decision of this Authority was communicated to all the Major Ports and MOS vide letter No.TAMP/47/2000-MBPT dated 06 May 2002.

In view of the above position and keeping in view Clause 2.3. of the Guidelines, this Authority advises the port to apply the ceiling rates approved to the authorised individual stevedoring and shore handling operator, by making it as a condition of authorization, while issuing licenses, for a period of 3 years.

(xvii). (a). As per clause 2.7 of the Guidelines, the upfront tariff approved by this Authority are ceiling levels; rebates and discounts are floor levels. The authorised individual stevedoring and shore handling operator may exercise the flexibility to charge lower rates and/or allow higher rebates and discounts.

(b). As per clause 2.9 of the Guidelines, the authorised individual stevedoring and shore handling operator shall charge only for services provided by them. No notional booking of labour and other similar notional charges would be permitted.

(xviii). This Authority while approving upfront tariff for Stevedoring and Shore handling operations on adhoc basis vide Order No.TAMP/84/2016-VPT dated 08 February 2017 has stated that the final rates to be approved by this Authority will have prospective effect. Accordingly, the final rates approved by this Authority in this Order will come into effect prospectively after expiry of 30 days from the date of notification of the Order in the Gazette as per the general approach followed by this Authority and shall remain valid for a period of 3 years from the date they come into effect. As stated in the interim Order dated 08 February 2017, the interim rates adopted in an adhoc basis will be recognized as such. There will not be any question of refund/ recovery, if any, in case of variation between the adhoc rates and final rates as held by this Authority in the interim Order dated 08 February 2017.

(xix). **If any error apparent on the face of record considered or for any other justifiable reasons, the VPT may approach this Authority for review giving adequate justification / reasoning within 30 days of notification of the Order in the Gazette of India. If port users / user association have any issue they may approach the port.**

17.1. In the result, and for the reasons give above, and based on collective application of mind, this Authority approves the schedule of Upfront Stevedoring and Shore Handling Charges alongwith the Performance Standards for the VPT attached as **Annex - IV** and **V** respectively.

17.2. The ceiling rates approved are to be applied to the authorised individual stevedoring and shore handling operator, by making it as a condition of authorization, while issuing licenses, for a period of 3 years. The approval accorded shall automatically lapse thereafter unless specifically extended by this Authority. The port is advised to take necessary action for implementation of the upfront tariff for Stevedoring and Shore Handling operations along with Performance Standards.

17.3. As stipulated in Clause 2.4. of the Guidelines, the upfront tariff and performance standards notified by this Authority will be mentioned in the agreement in respect of the operator.

17.4. The indexation of upfront Stevedoring and Shore Handling Charges as provided in Clause 2.10 of the Guidelines is to be read with Clause 7 of the Guidelines. If the Operator does not achieve the prescribed performance standards as per **Annex - V** in previous 12 months, the operator will not be entitled for 100% WPI indexation and the operator will continue to levy the tariff with 60% indexation as prescribed in Clause 2.10 of the Guidelines.

17.5. As stipulated in Clause 8.1. of the Guidelines, the operator shall furnish to the VPT and to this Authority, annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/ shore handling operations licensed by the port. Any other information which may be required by this Authority shall also be furnished to them from time to time.

17.6. As stipulated in Clause 8.2. of the Guidelines, this Authority shall publish on its website all such information received from operators and Major Port Trusts. However, this Authority shall consider a request from any operator or Major Port Trust about not publishing certain data/information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/information in question and the likely adverse impact on their revenue/operation of upon publication decision of this Authority in this regard would be final.

17.7. (a). As stipulated in Clause 9.1. of the Guidelines, the performance norms prescribed for various commodities shall be the minimum that should be achieved by the Operator. These performance norms shall be incorporated in the agreement in respect of the operator.

(b). As stipulated in Clause 9.2. of the Guidelines, the performance actually achieved by the operator shall be monitored by both the VPT and this Authority on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.

17.8. As stipulated in Clause 10 of the Guidelines, in the event any user has any grievance regarding non-achievement by the operator of the Performance Standards as notified by this Authority, he may prefer a representation to this Authority which, thereafter, shall conduct an inquiry into the representation and give its finding to the VPT. The VPT will be bound to take necessary action on the findings as per the provisions of the contract conditions of the Agreement.

(T.S. Balasubramanian)
Member (Finance)

Annex - I

VISAKHAPATNAM PORT TRUST

Comparative position of the productivity norms prescribed in the Stevedoring and Shore handling guidelines, actual productivity level achieved by VPT in the year 2015-16, 2015-16 productivity +15% considered by VPT, productivity level considered by VPT on per shift basis and justification for deviation from the prescribed norms furnished by VPT.

Stevedoring operations - Productivity norms

Sr. No.	Commodity group	Productivity norms as per Guidelines			Average Productivity level achieved by VPT for the year 2015-16 (output per day in tonnes)	Average Productivity considered by VPT at 15% over 2015-16 actual productivity (output per day in tonnes)	Productivity Norms as Proposed by VPT (Per Shift)	Deviation(Yes/No)	Justification for deviation, if any, as explained by VPT
		Norms in tonnes per Hook per Shift	Average No of Hooks per Shift	Productivity in tonnes Per Shift Per Day					
1	2	3	4	5=3*4	6	7	8=7/3 shift/day	9	10
I	**Dry bulk**								
1	Finished Fertilizers	900	3	2700	6355	7512	2504	Yes	1. The cargo volumes at VPT has been declining during the past 5-6 years. The main reason for diversion of cargo to neighbouring ports is cost and volatility of the economy. 2.The berth at VPT are increasignly being underutilise. 3. A realistic productivity norms has been adopted based on average achievement during 2015-2016 at the port plus 15%.
2	Fertilizer - Raw Material	810	3	2430	5056	5815	1938	Yes	
3	Food Grains	660	3	1980	3331	3831	1277	Yes	
4	Non Coking Coal (Thermal Coal)	1000	4	4000	11052	12710	4237	No	
5	Coking Coal	900	4	3600	7935	9125	3042	Yes	
6	Iron Ore and Iron Ore Pellets	1460	4	5840	9673	11124	3708	Yes	
7	Bentonite, Bauxite, Copper Concentrate Led & Zinc Ore	1460	4	5840	9673	11124	3708	Yes	
8	Shredded Scrap	700	3	2100	2746	3158	1053	Yes	
9	Heavy Melting Scrap	360	3	1080	0	0	1080	No	
10	Other Ores and Minerals	870	3	2610	6496	7471	2490	Yes	
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	1080	3	3240	6218	7150	2383	Yes	
12	Salt	1000	4	4000	0	0	4000	No	
13	Pig Iron ingots and similar dry bulk cargo*	1120	3	3360	9720	11178	3726	No	
14	Thermal Coal (Export)	1000	4	4000	11052	12710	4237	No	
II	**Break Bulk**								
1	Bagged cargo	300		300	1701	1956	652	No	The VPT has considered the productivity higher than the productivity norms Prescibed in the Guideline for all break bulk cargo items based on the productivity achieved by the port in the year 2015-16 plus 15%
2	Jumbo Bags	560		560	0	0	1400	No	
3	Iron and steel- coils and slabs	1360		1360	3843	4420	1473	No	
4	Iron and steel- pipes, tubes, plates	280		280	0	0	700	No	
5	Timber logs-Soft	320		320	0	0	800	No	
6	Timber logs-Hard	480		480	1676	1928	643	No	
7	Granites and Marbles, Alumina ingots*	500		500	1786	2054	685	No	
8	Project Cargo	The Cargo are Homogeneous and they come in different size , shape and weight. Hence no productivity norm prescibed. The tariff to be prescribed in the best productivity achieved by any of the ports in handling such cargo.		Nil	0	0	400	No	
9	Machinery and Machinery Parts			Nil	796	915	305	No	

*The normenclature of cargo under sl No 13 above under dry bulk cargo and sl No 7 under break bulk cargo is based on the VPT letter dated 7.12.2017.

Annex-II(a)

DRY BULK (IMPORT-EXPORT) CARGO-GEARED VESSEL

UPFRONT CEILING TARIFF FOR STEVEDORING OPERATIONS AT VPT

Working to arrive at upfront tariff for STEVEDORING OPERATION at VPT as furnished by VPT and considered by TAMP

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED VESSEL

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift(in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin	Ceiling Tariff considered by VPT	Ceiling Tariff Modified and considered by TAMP Per tonne rate (in Rs.)	Upfront tariff arrived by TAMP considering coastal concession policy Rs/Tonne	
				Equipment hire Cost in Rs. Per MT	Labour cost in Rs/MT	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheads @ 20%	Total Cost						
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	Foreign 15	Coastal 16
1	Finished Fertilizers	2700	2504	11.14	26.09	37.23	7.45	7.45	52.13	10.43	62.56	62.55	62.56	65.17	39.10
2	Fertilizer-Raw Materials	2430	1938	14.39	26.09	40.48	8.10	8.1	56.68	11.34	68.02	68.01	68.02	70.85	42.51
3	Food Grains	1980	1277	21.85	26.09	47.94	9.59	9.59	67.12	13.42	80.54	80.54	80.54	83.90	50.34
4	Non Coking Coal (Thermal Coal)	4000	4237	8.78	21.74	30.52	6.10	6.1	42.72	8.54	51.26	51.27	51.26	51.26	51.26
5	Coking Coal	3600	3042	12.23	21.74	33.97	6.79	6.79	47.55	9.51	57.06	57.07	57.06	59.44	35.66
6	Iron Ore, Iron Ore Pellets,	5840	3708	10.03	26.09	36.12	7.22	7.22	50.56	10.11	60.67	60.69	60.67	60.67	60.67
7	Benotonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	5840	3708	10.03	26.09	36.12	7.22	7.22	50.56	10.11	60.67	60.69	60.67	63.20	37.92
8	Shredded Scrap	2100	1053	26.50	26.09	52.59	10.52	10.52	73.63	14.73	88.36	88.36	88.36	92.04	55.23
9	Heavy Melting Scrap	1080	1080	25.83	26.09	51.92	10.38	10.38	72.68	14.54	87.22	87.23	87.22	90.85	54.51
10	Other Ores and Minerals	2610	2490	11.20	26.09	37.29	7.46	7.46	52.21	10.44	62.65	62.65	62.65	65.26	39.16
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	3240	2383	11.71	26.09	37.80	7.56	7.56	52.92	10.58	63.5	63.5	63.50	66.15	39.69
12	Salt	4000	4000	9.30	26.09	35.39	7.08	7.08	49.55	9.91	59.46	59.46	59.46	61.94	37.16
13	Pig Iron ingots and similar Dry Bulk Cargo	3360	3726	7.49	26.09	33.58	6.72	6.72	47.02	9.4	56.42	56.41	56.42	58.77	35.26
14	Thermal Coal (export)	4000	4237	8.78	21.74	30.52	6.10	6.10	42.72	8.54	51.26	56.75	51.26	51.26	51.26

Annex-II(b)

BREAK BULK CARGO (GEARED VESSEL)

UPFRONT CEILING TARIFF FOR STEVEDORING OPERATIONS AT VPT

Working to arrive at upfront tariff for STEVEDORING OPERATION at VPT as furnished by VPT and considered by TAMP

BREAK BULK CARGO (GEARED VESSEL)

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift (in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin	Ceiling Tariff considered by VPT	Ceiling Tariff considered by TAMP Per tonne rate (in Rs.)	Upfront tariff arrived by TAMP considering coastal concession policy Rs/Tonne	
				Equipment hire Cost in Rs. Per MT	Labour cost in Rs/MT	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheads @ 20%	Total Cost						
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	Foreign 15	Coastal 16
1	Bagged cargo	300	652	0.00	52.17	52.17	10.43	10.43	73.03	14.61	87.64	87.65	87.64	90.16	54.10
2	Jumbo Bags	560	1400	11.61	100.06	111.67	22.33	22.33	156.33	31.27	187.60	187.60	187.60	193.00	115.80
3	Iron and steel- coils and slabs	1360	1473	13.57	52.17	65.74	13.15	13.15	92.04	18.41	110.45	110.45	110.45	113.63	68.18
4	Iron and steel- pipes, tubes, plates	280	700	28.57	52.17	80.74	16.15	16.15	113.04	22.61	135.65	135.65	135.65	139.56	83.73
5	Timber logs-Soft	320	800	35.00	13.04	48.04	9.61	9.61	67.26	13.45	80.71	80.71	80.71	83.03	49.82
6	Timber logs-Hard	480	643	43.57	8.70	52.27	10.45	10.45	73.17	14.63	87.80	87.81	87.80	90.33	54.20
7	Granites and Marbles,Aluminum ingots	500	685	23.37	43.48	66.85	13.37	13.37	93.59	18.72	112.31	112.31	112.31	115.55	69.33
8	Project Cargo	-	400	0.00	100.06	100.06	20.01	20.01	140.08	28.02	168.10	168.10	168.10	172.94	103.77
9	Machinery and Machinery Parts	-	305	0.00	100.06	100.06	20.01	20.01	140.08	28.02	168.10	168.10	168.10	172.94	103.77

Annex-II(c)

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARLESS VESSEL USING HMC 1 NO.

UPFRONT CEILING TARIFF FOR STEVEDORING OPERATIONS AT VPT

Working to arrive at upfront tariff for STEVEDORING OPERATION at VPT as furnished by VPT and considered by TAMP

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARLESS VESSEL USING HMC 1 NO.

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift (in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin	Ceiling Tariff considered by VPT	Ceiling Tariff considered by TAMP Per tonne rate (in Rs.)	Upfront tariff arrived by TAMP considering coastal concession policy Rs/Tonne	
				Equipment hire Cost in Rs. Per MT	Labour cost in Rs/MT	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheards @ 20%	Total Cost						
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	Foreign 15	Coastal 16
1	Finished Fertilizers	2700	2504	3.71	0.00	3.71	0.74	0.74	5.19	1.04	6.23	6.24	6.23	6.49	3.89
2	Fertilizer-Raw Materials	2430	1938	4.80	0.00	4.80	0.96	0.96	6.72	1.34	8.06	8.06	8.06	8.40	5.04
3	Non Coking Coal (Thermal Coal)	4000	4237	2.20	0.00	2.20	0.44	0.44	3.08	0.62	3.70	3.69	3.70	3.70	3.70
4	Coking Coal	3600	3042	3.06	0.00	3.06	0.61	0.61	4.28	0.86	5.14	5.14	5.14	5.35	3.21
5	Iron Ore, Iron Ore Pellets,	5840	3708	2.51	0.00	2.51	0.5	0.5	3.51	0.7	4.21	4.21	4.21	4.21	4.21
6	Benotonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	5840	3708	2.51	0.00	2.51	0.5	0.5	3.51	0.7	4.21	4.21	4.21	4.39	2.63
7	Shredded Scrap	2100	1053	8.83	0.00	8.83	1.77	1.77	12.37	2.47	14.84	14.84	14.84	15.46	9.28
8	Heavy Melting Scrap	1080	1080	8.61	0.00	8.61	1.72	1.72	12.05	2.41	14.46	14.47	14.46	15.06	9.04
9	Other Ores and Minerals	2610	2490	3.73	0.00	3.73	0.75	0.75	5.23	1.05	6.28	6.25	6.28	6.54	3.93
10	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	3240	2383	3.90	0.00	3.90	0.78	0.78	5.46	1.09	6.55	6.56	6.55	6.82	4.09
11	Salt	4000	4000	2.33	0.00	2.33	0.47	0.47	3.27	0.65	3.92	3.91	3.92	4.08	2.45
12	Thermal Coal (export)	4000	4237	2.20	0.00	2.20	0.44	0.44	3.08	0.62	3.70	3.72	3.70	3.70	3.70

HMC hire charges as per notified Scale Of Rates to be paid by the Importer/Exporter/Vessel Owner.

Annex-III(a)

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL

UPFRONT TARIFF FOR SHORE HANDLING OPERATIONS AT VPT FOR DISTANCE WITHIN DOCK AREA

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift(in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin	Ceiling Tariff arrived and rate proposed by VPT	Modified Ceiling Tariff arrived by TAMP	Upfront tariff arrived by TAMP considering coastal concession policy	
				Equipment hire Cost in Rs. Per MT	Labour cost @ 5 %	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheards @ 20%	Total Cost						
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	Foreign 15	Coastal 16
1	Finished Fertilizers	2700	2504	32.95	1.65	34.60	6.92	6.92	48.44	9.69	58.13	58.12	58.13	60.55	36.33
2	Fertilizer-Raw Materials	2430	1938	42.56	2.13	44.69	8.94	8.94	62.568	12.51	75.08	75.08	75.08	78.21	46.92
3	Food Grains	1980	1277	64.60	3.23	67.83	13.57	13.57	94.97	18.99	113.96	113.96	113.96	118.71	71.23
4	Non Coking Coal (Thermal Coal)	4000	4237	32.57	1.63	34.20	6.84	6.84	47.8785	9.58	57.46	57.46	57.46	57.46	57.46
5	Coking Coal	3600	3042	45.37	2.27	47.64	9.53	9.53	66.70	13.34	80.04	80.03	80.04	83.37	50.02
6	Iron Ore, Iron Ore Pellets	5840	3708	41.26	2.06	43.32	8.66	8.66	60.64	12.13	72.77	72.79	72.77	72.77	72.77
7	Benotonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	5840	3708	41.26	2.06	43.32	8.66	8.66	60.64	12.13	72.77	72.79	72.77	75.81	45.48
8	Shredded Scrap	2100	1053	114.00	5.70	119.70	23.94	23.94	167.58	33.52	201.10	201.09	201.10	209.48	125.69
9	Heavy Melting Scrap	1080	1080	47.22	2.36	49.58	9.92	9.92	69.421	13.88	83.30	83.30	83.30	86.77	52.06
10	Other Ores and Minerals	2610	2490	33.13	1.66	34.79	6.96	6.96	48.7065	9.74	58.45	58.44	58.45	60.88	36.53
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	3240	2383	57.90	2.90	60.80	12.16	12.16	85.115	17.02	102.14	102.14	102.14	106.39	63.83
12	Salt	4000	4000	34.50	1.73	36.23	7.25	7.25	50.725	10.15	60.88	60.86	60.88	63.41	38.05
13	Pig Iron ingots and similar Dry Bulk Cargo	3600	3726	37.04	1.85	38.89	7.78	7.78	54.452	10.89	65.34	65.33	65.34	68.06	40.84
14	Thermal Coal (Export)	4000	4237	32.57	1.63	34.20	6.84	6.84	47.8785	9.58	57.46	57.46	57.46	57.46	57.46

Annex-III(b)

BREAK BULK CARGO - WITHIN DOCK AREA

UPFRONT CEILING TARIFF FOR SHORE HANDLING OPERATIONS AT VPT WITHIN DOCK AREA

BREAK BULK CARGO

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift(in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin	Ceiling Tariff arrived and rate proposed by VPT	Modified Ceiling Tariff arrived by TAMP	Upfront tariff arrived by TAMP considering coastal concession policy	
				Equipment hire Cost in Rs. Per MT	Labour cost @ 10%	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheards @ 20%	Total Cost						
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	Foreign 15	Coastal 16
1	Bagged cargo	300	652	27.61	2.76	30.37	6.07	6.07	42.51	8.50	51.01	51.02	51.01	52.48	31.49
2	Jumbo Bags	560	1400	19.29	1.93	21.22	4.24	4.24	29.70	5.94	35.64	35.64	35.64	36.67	22.00
3	Iron and steel- coils and slabs	1360	1473	46.83	4.68	51.51	10.30	10.30	72.11	14.42	86.53	86.55	86.53	89.03	53.42
4	Iron and steel- pipes, tubes, plates	280	700	82.71	8.27	90.98	18.20	18.20	127.38	25.48	152.86	152.86	152.86	157.26	94.36
5	Timber logs-Soft	320	800	173.00	17.30	190.30	38.06	38.06	266.42	53.28	319.70	319.70	319.70	328.91	197.35
6	Timber logs-Hard	480	643	215.35	21.54	236.89	47.38	47.38	331.65	66.33	397.98	397.97	397.98	409.44	245.66
7	Granites and Marbles, Aluminium ingots	500	685	152.09	15.21	167.30	33.46	33.46	234.22	46.84	281.06	281.05	281.06	289.16	173.49

Annex-III (c)

DRY BULK CARGO - OUTSIDE DOCK AREA

UPFRONT CEILING TARIFF FOR SHORE HANDLING OPERATIONS AT VPT FOR DISTANCE OUTSIDE DOCK AREA

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift(in tonne)	Operating Cost: Equipment hire Cost in Rs. Per MT	Operating Cost: Labour cost @ 5%	Operating Cost: Total Equipment hire cost & Labour Cost	Operating Cost: Operational overheads @ 20%	Operating Cost: Administrative overheards @ 20%	Operating Cost: Total Cost	Margin @ 20%	Total Cost including margin	Ceiling Tariff arrived and rate proposed by VPT	Modified Ceiling Tariff arrived by TAMP	Upfront tariff arrived by TAMP considering coastal concession policy: Foreign	Upfront tariff arrived by TAMP considering coastal concession policy: Coastal
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	15	16
1	Finished Fertilizers	2700	2504	42.53	2.13	44.66	8.93	8.93	62.52	12.50	75.02	75.03	75.02	78.14	46.89
2	Fertilizer-Raw Materials	2430	1938	54.94	2.75	57.69	11.54	11.54	80.77	16.15	96.92	96.92	96.92	100.96	60.57
3	Food Grains	1980	1277	83.40	4.17	87.57	17.51	17.51	122.59	24.52	147.11	147.12	147.11	153.24	91.94
4	Non Coking Coal (Thermal Coal)	4000	4237	39.65	1.98	41.63	8.33	8.33	58.29	11.66	69.95	69.95	69.95	69.95	69.95
5	Coking Coal	3600	3042	55.23	2.76	57.99	11.60	11.60	81.19	16.24	97.43	97.43	97.43	101.49	60.89
6	Iron Ore, Iron Ore Pellets	5840	3708	52.59	2.63	55.22	11.04	11.04	77.30	15.46	92.76	92.77	92.76	92.76	92.76
7	Benotonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	5840	3708	52.59	2.63	55.22	11.04	11.04	77.30	15.46	92.76	92.77	92.76	96.62	57.97
8	Shredded Scrap	2100	1053	131.10	6.56	137.66	27.53	27.53	192.72	38.54	231.26	231.25	231.26	240.89	144.53
9	Heavy Melting Scrap	1080	1080	63.89	3.19	67.08	13.42	13.42	93.92	18.78	112.70	112.7	112.70	117.40	70.44
10	Other Ores and Minerals	2610	2490	42.77	2.14	44.91	8.98	8.98	62.87	12.57	75.44	75.44	75.44	78.58	47.15
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	3240	2383	70.49	3.52	74.01	14.80	14.80	103.61	20.72	124.33	124.34	124.33	129.52	77.71
12	Salt	4000	4000	42.00	2.10	44.10	8.82	8.82	61.74	12.35	74.09	74.09	74.09	77.18	46.31
13	Pig Iron ingots and similar Dry Bulk Cargo	3360	3726	45.09	2.25	47.34	9.47	9.47	66.28	13.26	79.54	79.54	79.54	82.86	49.72
14	Thermal Coal (Export)	4000	4237	39.65	1.98	41.63	8.33	8.33	58.29	11.66	69.95	69.95	69.95	69.95	69.95

RAILWAY - Annex-III (d)

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL - WITHIN DOCK AREA

UPFRONT TARIFF FOR SHORE HANDLING OPERATIONS AT VPT FOR DISTANCE WITHIN DOCK AREA

Workings to arrive at upfront tariff for Shore handling operations at VPT as furnished by VPT and considered by TAMP

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift(in tonne)	Operating Cost: Equipment hire Cost in Rs. Per MT	Operating Cost: Labour cost @ 5%	Operating Cost: Total Equipment hire cost & Labour Cost	Operating Cost: Operational overheads @ 20%	Operating Cost: Administrative overheards @ 20%	Operating Cost: Total Cost	Margin @ 20%	Total Cost including margin	Per tonne rate (in Rs.)	Rake Loading / un-loading charges	Ceiling Tariff arrived and rate proposed by VPT	Modified Ceiling Tariff arrived by TAMP after considering rake loading/ unloading as done by VPT	Upfront tariff arrived by TAMP considering coastal concession policy: Foreign	Upfront tariff arrived by TAMP considering coastal concession policy: Coastal
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13 = (12 / 4)	14	15	16=(13+14)	17	18
1	Finished Fertilizers	2700	2504	32.95	1.65	34.60	6.92	6.92	48.44	9.69	58.13	58.13	0.00	58.12	58.13	60.55	36.33
2	Fertilizer-Raw Materials	2430	1938	42.56	2.13	44.69	8.94	8.94	62.57	12.51	75.08	75.08	10.00	85.08	85.08	88.62	53.17
3	Food Grains	1980	1277	64.60	3.23	67.83	13.57	13.57	94.97	18.99	113.96	113.96	0.00	113.96	113.96	118.71	71.23
4	Non Coking Coal (Thermal Coal)	4000	4237	32.57	1.63	34.20	6.84	6.84	47.88	9.58	57.46	57.46	10.00	67.46	67.46	67.46	67.46
5	Coking Coal	3600	3042	45.37	2.27	47.64	9.53	9.53	66.70	13.34	80.04	80.04	10.00	90.03	90.04	93.79	56.27
6	Iron Ore, Iron Ore Pellets	5840	3708	41.26	2.06	43.32	8.66	8.66	60.64	12.13	72.77	72.77	10.00	82.79	82.77	82.77	82.77
7	Bentonite, Bauxite, Copper Concentrate, Led and Zinc Ore	5840	3708	41.26	2.06	43.32	8.66	8.66	60.64	12.13	72.77	72.77	10.00	82.79	82.77	86.22	51.73
8	Shredded Scrap	2100	1053	114.00	5.70	119.70	23.94	23.94	167.58	33.52	201.10	201.10	15.00	216.09	216.10	225.10	135.06
9	Heavy Melting Scrap	1080	1080	47.22	2.36	49.58	9.92	9.92	69.42	13.88	83.30	83.30	15.00	98.30	98.30	102.40	61.44
10	Other Ores and Minerals	2610	2490	33.13	1.66	34.79	6.96	6.96	48.71	9.74	58.45	58.45	10.00	68.44	68.45	71.30	42.78
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	3240	2383	57.90	2.90	60.80	12.16	12.16	85.12	17.02	102.14	102.14	10.00	112.14	112.14	116.81	70.08
12	Salt	4000	4000	34.50	1.73	36.23	7.25	7.25	50.73	10.15	60.88	60.88	10.00	70.86	70.88	73.83	44.30
13	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	3360	3726	37.04	1.85	38.89	7.78	7.78	54.45	10.89	65.34	65.34	15.00	80.33	80.34	83.69	50.21
14	Thermal Coal (Export)	4000	4237	32.57	1.63	34.20	6.84	6.84	47.88	9.58	57.46	57.46	402.00	459.46	459.46	459.46	459.46

RAILWAY - Annex-III (e)

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL - RAILWAY - OUTSIDE DOCK AREA

UPFRONT CEILING TARIFF FOR SHORE HANDLING OPERATIONS AT VPT FOR DISTANCE OUTSIDE DOCK AREA

DRY BULK CARGO (IMPORT/EXPORT) FOR GEARED / GEARLESS VESSEL

(In Rs per tonne)

Sr. No	Cargo Group	Productivity Standards per shift as per guidelines (in tonne)	Productivity considered by VPT per shift(in tonne)	Operating Cost						Margin @ 20%	Total Cost including margin	Per tonne rate (in Rs.)	Rake Loading / un-loading charges	Ceiling Tariff arrived and rate proposed by VPT	Modified Ceiling Tariff arrived by TAMP after considering rake loading/ unloading as considered by VPT	Upfront tariff arrived by TAMP considering coastal concession policy	
				Equipment hire Cost in Rs. Per MT	Labour cost @ 5 %	Total Equipment hire cost & Labour Cost	Operational overheads @ 20%	Administrative overheards @ 20%	Total Cost								
1	2	3	4	5	6	7 = (5+6)	8 = 20% * (7)	9 = 20% * (7)	10 = (7+8+9)	11 = 20% * (10)	12 = (10 + 11)	13	14	15	16	Foreign 17	Coastal 18
1	Finished Fertilizers	2700	2504	42.53	2.13	44.66	8.93	8.93	62.52	12.50	75.02	75.02	0.00	75.03	75.02	78.14	46.89
2	Fertilizer-Raw Materials	2430	1938	54.94	2.75	57.69	11.54	11.54	80.77	16.15	96.92	96.92	10.00	106.92	106.92	111.37	66.82
3	Food Grains	1980	1277	83.40	4.17	87.57	17.51	17.51	122.59	24.52	147.11	147.11	0.00	147.12	147.11	153.24	91.94
4	Non Coking Coal (Thermal Coal)	4000	4237	39.65	1.98	41.63	8.33	8.33	58.29	11.66	69.95	69.95	10.00	79.95	79.95	79.95	79.95
5	Coking Coal	3600	3042	55.23	2.76	57.99	11.6	11.6	81.19	16.24	97.43	97.43	10.00	107.43	107.43	111.91	67.14
6	Iron Ore, Iron Ore Pellets	5840	3708	52.59	2.63	55.22	11.04	11.04	77.30	15.46	92.76	92.76	10.00	102.77	102.76	102.76	102.76
7	Bentonite, Bauxite, Copper Concentrate, Led and Zinc Ore	5840	3708	52.59	2.63	55.22	11.04	11.04	77.30	15.46	92.76	92.76	10.00	102.77	102.76	107.04	64.22
8	Shredded Scrap	2100	1053	131.10	6.56	137.66	27.53	27.53	192.72	38.54	231.26	231.26	15.00	246.25	246.26	256.52	153.91
9	Heavy Melting Scrap	1080	1080	63.89	3.19	67.08	13.42	13.42	93.92	18.78	112.70	112.70	15.00	127.70	127.70	133.03	79.82
10	Other Ores and Minerals	2610	2490	42.77	2.14	44.91	8.98	8.98	62.87	12.57	75.44	75.44	10.00	85.44	85.44	89.00	53.40
11	Limestone, Dolomite, Clinker, Clay, Sand and other similar Dry Bulk cargo	3240	2383	70.49	3.52	74.01	14.8	14.8	103.61	20.72	124.33	124.33	10.00	134.34	134.33	139.93	83.96
12	Salt	4000	4000	42.00	2.10	44.10	8.82	8.82	61.74	12.35	74.09	74.09	10.00	84.09	84.09	87.59	52.56
13	Alumina and Pig Iron ingots and similar Dry Bulk Cargo	3360	3726	45.09	2.25	47.34	9.47	9.47	66.28	13.26	79.54	79.54	15.00	94.54	94.54	98.48	59.09
14	Thermal Coal (Export)	4000	4237	39.65	1.98	41.63	8.33	8.33	58.29	11.66	69.95	69.95	402.00	471.95	471.95	471.95	471.95

Annex -IV

VISAKHAPATNAM PORT TRUST
UPFRONT TARIFF FOR STEVEDORING AND SHORE HANDLING SERVICES

(I). Definitions:

(i). “Coastal vessel” shall mean any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the Directorate General of Shipping/ Competent Authority.

(ii). “Foreign-going vessel” shall mean any vessel other than coastal vessel.

(iii). ‘Stevedoring’ includes loading and unloading and stowage of cargo in any form on board the vessels in Port.

(iv). ‘Shore handling’ includes arranging and receiving the cargo to/from the hook point, inter modal transport from wharf to stack yard and vice-versa and also receiving and delivering of cargo from/to wagons /trucks.

(v). ‘Stevedore’ is an authorized agent for loading and unloading and anchorage of cargo in any form on board the vessels in ports and to whom the licence has been given under regulations.

(vi). ‘Shore handling agent’ is an authorized agent for arranging the receiving the cargo to/ from the hook point, intermodal transport from wharf to stock yard and vice-versa and also receiving and delivering of cargo from/ to wagons/ trucks.

(II). General conditions:

(i). The status of the vessel, as borne out by its certification by the Customs or the Director General of Shipping, shall be the deciding factor for classifying into ‘coastal’ or ‘foreign-going’ category for the purpose of levying vessel related charges; and, the nature of cargo or its origin will not be of any relevance for this purpose.

(ii). System of classification of vessel for levy of Vessel Related Charges (VRC)

(a). A foreign going vessel of Indian flag having a General Trading Licence can convert to coastal run on the basis of a Customs Conversion Order. Such vessel that converts into coastal run based on the Customs Conversion Order at her first port of call in Indian Port, no further custom conversion is required, so long as it moves on the Indian Coast.

(b). A Foreign going vessel of foreign flag can convert to coastal run on the basis of a Licence for Specified Period or voyage issued by the Director General of Shipping and a custom conversion order.

(iii). Criteria for levy of Vessel Related Charges (VRC) at Concessional Coastal rate and foreign rate

(a). In cases of such conversion, coastal rates shall be chargeable by the load port from the time the vessel starts loading coastal goods.

(b). In cases of such conversion coastal rates shall be chargeable till the vessel completes discharging operations at the last call of Indian Port; immediately thereafter, foreign going rates shall be chargeable by the discharge ports.

(c). For dedicated Indian coastal vessels having a Coastal licence from the Director General of Shipping, no other document will be required to be entitled to coastal rates.

(iv). Criteria for levy of Cargo Related Charges (CRC) at Concessional Coastal rate

(a). Foreign going Indian Vessel having General Trading License issued for 'worldwide and coastal' operation should be accorded applicable coastal rates with respect to Handling Charges (HC) i.e. ship to shore transfer and transfer from/ to quay to/ from storage yard including wharfage in the following scenario:

(i). Converted to coastal run and carrying coastal cargo from any Indian Port and destined for any other Indian Port.

(ii). Not converted* to coastal run but carrying coastal cargo from any Indian Port and destined for any other Indian Port.

* The Central Board of Excise and Customs Circular no.15/2002-Cus. dated 25 February 2002 allows carriage of coastal cargo from one Indian port to another port in India, in Indian flag foreign going vessels without any custom conversion.

(b). In case of a Foreign flag vessel converted to coastal run on the basis of a Licence for Specified Period or voyage issued by the Director General of Shipping, and a Custom Conversion Order, the coastal cargo/ container loaded from any Indian Port and destined for any other Indian Port should be levied at the rate applicable for coastal cargo/ container.

(v). (a). The handling charges for all coastal vessels should not exceed 60% of the corresponding charges for other vessels.

(b). The handling charges for all coastal cargo other than thermal coal and POL including crude oil, iron ore and iron ore pellets should not exceed 60% of the normal cargo related charges.

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

(d). All the charges shall be denominated in Indian Rupees.

(vi). This tariff is not applicable for BOT/ BOOT operators or any other arrangement for private sector participation who are governed by the Tariff Guidelines of 2005, 2008 and 2013.

(vii). This tariff is applicable uniformly to the entire port where the stevedoring and shore handling operations are carried out by private agencies or firms.

(viii). The tariff notified is for a period of three years.

(ix). (a). The tariff notified is ceiling level.

(b). The rates prescribed in the Scale of Rates are ceiling levels; likewise, rebates and discounts are floor levels. The authorized agent may, if he so desires, charge lower rates and/or allow higher rebates and discounts.

(c). The authorized agent may also, if he so desire rationalise the prescribed conditionalities governing the application of rates prescribed in the Scale of Rates if such rationalisation gives relief to the users in rate per unit and the unit rates prescribed in the Scale of Rates do not exceed the ceiling level.

(d). The authorized agent 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.

(x). The authorized agent shall charge only for services provided by him. No notional booking of labour and other similar notional charges would be permitted.

(xi). If any new cargo is to be handled which is not notified/ not included in the list, then the port may categorise that cargo under any one of the cargo categories based on the nature, physical characteristics and the method of handling that cargo.

(xii). Wharfage, storage charges and other miscellaneous charges shall continue to be levied by the port as per the prevailing scale of rates.

(xiii). Services for other miscellaneous activities and also the handling charges handing for specific cargoes when port takes custody of cargo as per Section 42 of MPT Act shall be continued to be carried out by Port as per TAMP notified SOR and continue to be levied by the port as per prevailing Scale of Rates.

(xiv). Services for other miscellaneous activities and also the handling charges for specific cargoes when Port takes custody of cargo as per Section 42 of MPT Act shall continue to be levied by Port as per TAMP notified SOR.

(xv). Tariff caps are indexed to inflation but only to an extent of 60% of the variation in the Wholesale Price Index (WPI) occurring between 1st January 2017 and 31st December of the relevant year. Such automatic adjustment of the tariff cap will be made every year and the adjusted tariff cap will come into effect from 1st April of the relevant year till 31st March of the following year.

(xvi). (a). From the date of Commercial Operation (CoD) till 31st March of the same financial year, the tariff would be limited to the indexed upfront tariff relevant to that year, which would be the ceiling. The aforesaid tariff shall be automatically revised every year based on an indexation as provided in para 2.10. of the normative tariff guidelines, 2016 which will be applicable for the entire License period.

(b). The operator, however, is entitled to 100% WPI indexation instead of 60% WPI indexation, from the second year of operation on achievement of performance standards as prescribed in the Berthing Policy vide letter No.PD-11033/73/2013-PT(pt) dated 16 June 2016 for dry bulk cargo as stipulated in clause 7.1. of the guidelines issued by the Ministry of Shipping for fixation of upfront tariff for stevedoring and shore handling operations. For break bulk cargo, the Performance Standards as notified along with the Scale of Rates will be applicable.

(c). For this purpose, the Operator shall approach the concerned Major Port Trust within 30 days of completion of financial year of operation along with details of cargo wise average Performance standard achieved for each cargo for both stevedoring and shore handling operations.

(d). The Major Port Trust shall ascertain the achievement of performance standards claimed to have been achieved by the operator by engaging Consultant if required in one month's time.

(e). The operator can apply 100% indexation instead of 60% on written confirmation by the Major Port Trust to the operator that it has achieved the Performance Standards notified along with the upfront tariff.

(f). In the event the Major Port Trust confirms that the operator has not achieved the Performance Standards as notified by TAMP in previous 12 months, the operator will not be entitled for 100% WPI indexation. The operator will continue to levy the tariff with 60% indexation as prescribed at clause 2.10. of the normative tariff guidelines, 2016.

(xvii). All the operators shall furnish to the Major Port Trust and TAMP annual reports on cargo traffic, ship berth day output, per shift output within a month following the end of financial year in respect of stevedoring/ shore handling operations licensed by the port. Any other information which may be required by TAMP shall also be furnished to them from time to time.

(xviii). TAMP shall publish on its website all such information received from operators and Major Port Trusts. However, TAMP shall consider a request from any operator or Major Port Trust about not publishing certain data/ information furnished which may be commercially sensitive. Such requests should be accompanied by detailed justification regarding the commercial sensitiveness of the data/ information in question and the likely adverse impact on their revenue/ operation of upon publication. TAMP's decision in this regard would be final.

(xix). The performance norms prescribed for various commodities shall be the minimum that should be achieved by the operator. These performance norms shall be incorporated in the bid documents / license.

(xx). The performance actually achieved by the operator shall be monitored by both the Port and the TAMP on a quarterly basis. In the event of any shortfall in achieving the performance prescribed, the Port will initiate action on the operator as per the terms contained in the agreement entered into with the operator by the Port.

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

(xxii). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto 0.50 shall be taken as 0.50 unit and fractions of 0.50 and above shall be treated as one unit, except where otherwise specified.

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

(xxiv). As per coastal policy direction issued by the MOS and notified by this Authority vide Order No.TAMP/4/2004-Genl. dated 7 January 2005 and 15 March 2005 –

(a). The cargo/container related charges for all coastal cargo/containers, other than thermal coal, POL (including crude oil), iron ore and iron ore pellets, should not exceed 60% of the corresponding charges for normal cargo/container related charges.

(b). In case of cargo related charges, the concessional rates should be levied on all the relevant handling charges for ship shore transfer and transfer from/to quay to/from storage yard including wharfage.

(c). In case of container related charges, the concession is applicable on composite box rate. Where itemised charges are levied, the concession will be on all the relevant charges for ship shore transfer and transfer from/to quay to/from storage yard as well as wharfage on cargo and containers.

(As and when there is a change in the policy direction issued by the MOS on the coastal concession policy, the same will be communicated to the port.)

1. **Schedule – A**

(₹ in per MT)

Ceiling Tariff for Stevedoring Operations at VPT			
Dry Bulk Cargo (Import / Export) for Geared Vessel			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	Finished Fertilizers	65.17	39.10
2.	Fertilizer Raw materials	70.85	42.51
3.	Food Grains	83.90	50.34

4.	Non Coking Coal (Thermal Coal)	51.26	51.26
5.	Coking Coal	59.44	35.66
6.	Iron ore, Iron ore pellets,	60.67	60.67
7.	Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	63.20	37.92
8.	Shredded Scrap	92.04	55.23
9.	Heavy Melting Scrap (HMS)	90.85	54.51
10.	Other ores and minerals	65.26	39.16
11.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	66.15	39.69
12.	Salt	61.94	37.16
13.	Pig iron ingots and similarly dry bulk cargo	58.77	35.26
14.	Thermal Coal (Export)	51.26	51.26

2. **Schedule - B**

(₹ in per MT)

Ceiling Tariff for Stevedoring Operations for Break Bulk Cargo (Geared Vessel)			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	Bagged Cargo	90.16	54.10
2.	Jumbo Bags	193.00	115.80
3.	Iron and Steel-Coil and Slabs	113.63	68.18
4.	Iron and Steel, pipes, tubes, plates	139.56	83.73
5.	Timber logs soft	83.03	49.82
6.	Timber logs hard	90.33	54.20
7.	Granites, Marbles and Aluminum ingots	115.55	69.33
8.	Project Cargo	172.94	103.77
9.	Machinery and Machinery parts	172.94	103.77

3. **Schedule – C**

(₹ in per MT)

Ceiling Tariff for Stevedoring Operations at VPT			
Dry Bulk Cargo (Import / Export) for Gearless Vessel Using HMC 1 No.			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	Finished Fertilizers	6.49	3.89
2.	Fertilizer Raw materials	8.40	5.04
3.	Non Coking Coal (Thermal Coal)	3.70	3.70
4.	Coking Coal	5.35	3.21
5.	Iron ore, Iron ore pellets	4.21	4.21
6.	Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	4.39	2.63
7.	Shredded Scrap	15.46	9.28
8.	Heavy Melting Scrap (HMS)	15.06	9.04
9.	Other ores and minerals	6.54	3.93
10.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	6.82	4.09
11.	Salt	4.08	2.45
12.	Thermal Coal (Export)	3.70	3.70

Note: Hire charges for hire of HMC shall be payable by the Importer / Exporter / Vessel Owner as per rates prescribed in the Scale of Rates notified by the Authority.

4. **Schedule – D**

(₹ in per MT)

Ceiling Tariff for Shore handling Operations at VPT for Distance within Dock Area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	Finished Fertilizers	60.55	36.33
2.	Fertilizer Raw materials	78.21	46.92
3.	Food Grains	118.71	71.23
4.	Non Coking Coal (Thermal Coal)	57.46	57.46
5.	Coking Coal	83.37	50.02
6.	Iron ore, Iron ore pellets,	72.77	72.77
7.	Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	75.81	45.48
8.	Shredded Scrap	209.48	125.69
9.	Heavy Melting Scrap (HMS)	86.77	52.06
10.	Other ores and minerals	60.88	36.53
11.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	106.39	63.83
12.	Salt	63.41	38.05
13.	Pig iron ingots and similar dry bulk cargo	68.06	40.84
14.	Thermal Coal (Export)	57.46	57.46

5. **Schedule –E**

(₹ in per MT)

Ceiling Tariff for Shore Handling Operations at VPT within Dock Area			
Break Bulk Cargo			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	Bagged Cargo	52.48	31.49
2.	Jumbo Bags	36.67	22.00
3.	Iron and Steel-Coil and Slabs	89.03	53.42
4.	Iron and Steel, pipes, tubes, plates	157.26	94.36
5.	Timber logs soft	328.91	197.35
6.	Timber logs hard	409.44	245.66
7.	Granites and Marbels and Alumina Ingots	289.16	173.49

Note: For distance more than 1 km, 10% extra in the ceiling rate is to be considered as final ceiling rate.

6. **Schedule – F**

(₹ in per MT)

Ceiling Tariff for Shore Handling Operations at VPT for Distance outside Dock Area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	*Finished Fertilizers	78.14	46.89
2.	*Fertilizer Raw materials	100.96	60.57
3.	Food Grains	153.24	91.94
4.	Non Coking Coal (Thermal Coal)	69.95	69.95
5.	Coking Coal	101.49	60.89
6.	Iron ore, Iron ore pellets,	92.76	92.76
7.	Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	96.62	57.97
8.	Shredded Scrap	240.89	144.53
9.	Heavy Melting Scrap (HMS)	117.40	70.44
10.	Other ores and minerals	78.58	47.15
11.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	129.51	77.71
12.	Salt	77.18	46.31
13.	Pig iron ingots and similar dry bulk cargo	82.86	49.72
14.	Thermal Coal (Export)	69.95	69.95

Notes: (i). ***** If the stacking distance is more than 5 km from the berth, 10% addition of the above ceiling tariff is the ceiling tariff.

(ii). The above rates are exclusive of land license fee payable to C & F agents by the principals as per SOR approved by TAMP.

7. **Schedule – G- RAILWAY**

(₹ in per MT)

Ceiling Tariff for Shore Handling Operations at VPT for distance within Dock Area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	Finished Fertilizers	60.55	36.33
2.	Fertilizer Raw materials	88.62	53.17
3.	Food Grains	118.71	71.23
4.	Non Coking Coal (Thermal Coal)	67.46	67.46
5.	Coking Coal	93.79	56.27
6.	Iron ore, Iron ore pellets	82.77	82.77
7.	Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	86.22	51.73
8.	Shredded Scrap	225.10	135.06
9.	Heavy Melting Scrap (HMS)	102.40	61.44
10.	Other ores and minerals	71.30	42.78
11.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	116.81	70.08
12.	Salt	73.83	44.30
13.	Pig iron ingots and similar dry bulk cargo	83.69	50.21
14.	Thermal Coal (Export)	459.46	459.46

Note: The above rates are exclusive of land license fee payable to C & F agents by the principals as per SOR approved by TAMP.

8. **Schedule – H-RAILWAY**

(₹ in per MT)

Ceiling Tariff for Shore Handling Operations at VPT for distance outside Dock area			
Dry Bulk Cargo (Import / Export) for Geared / Gearless Vessel			
Sr. No.	**Cargo**	**Foreign**	**Coastal**
1.	*Finished Fertilizers	78.14	46.89
2.	*Fertilizer Raw materials	111.37	66.82
3.	Food Grains	153.24	91.94
4.	Non Coking Coal (Thermal Coal)	79.95	79.95
5.	Coking Coal	111.91	67.14
6.	Iron ore, Iron ore pellets	102.76	102.76
7.	Bentonite, Bauxite, Copper, Concentrate, Led and Zinc, Ore	107.04	64.22
8.	Shredded Scrap	256.52	153.91
9.	Heavy Melting Scrap (HMS)	133.03	79.82
10.	Other ores and minerals	89.00	53.40
11.	Lime stone, Dolomite, Clinker, clay, sand and other similar dry bulk cargo	139.93	83.96
12.	Salt	87.59	52.56
13.	Pig iron ingots and similar dry bulk cargo	98.48	59.09
14.	Thermal Coal (Export)	471.95	471.95

Notes: (i). * If the stacking distance is more than 5 km from the berth, 10% addition of the above ceiling tariff is the ceiling tariff.

(ii). The above rates are exclusive of land license fee payable to C & F Agents by the principals as per SOR approved by TAMP.

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Annex - V

Performance Standards

A. **For Dry Bulk Cargo**:

The Performance Standards for dry bulk cargo will be as prescribed in the Berthing Policy vide letter No.PD-11033/73/2013-PT(pt) dated 16 June 2016 for dry bulk cargo as stipulated in clause 7.1. of the guidelines issued by the Ministry of Shipping for fixation of upfront tariff for stevedoring and shore handling operations.

B. **For Break Bulk Cargo**:

Sl. No.	**Description**	**Performance Standards per shift (in tonnes)**
1.	Bagged Cargo	652
2.	Jumbo Bags	1400
3.	Iron and Steel-Coil and Slabs	1473
4.	Iron and Steel, pipes, tubes, plates	700
5.	Timber logs soft	800
6.	Timber logs hard	643
7.	Granites and Marbles & Aluminum ingots	685
8.	Project Cargo	400
9.	Machinery and Machinery parts	305

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

F.No. TAMP/84/2016-VPT - Proposal received from the Visakhapatnam Port Trust (VPT) for fixation of Normative tariff for Stevedoring and Shore Handling Operations at VPT.

1.1. A summary of the comments received from users/ user organisations is summarised below:

Sl. No.	Comments received from users/ user organisations
1.	**Orissa Stevedores Limited (OSL)**
(i).	Escalation cost such as Wages of Cargo Handling Division (CHD) workers, Diesel Escalation, cost of dunnage to vessel, vessel demurrage, Survey, Tarpaulin covering cost to arrest pollution have not been adequately covered and considered.
(ii).	The cargo-wise outputs given in the column mentions “NORM PER SHIFT IN MT”, nonetheless number of hooks to be considered for evaluating the achieved output has not been indicated. Working hooks variably differ from cargo to cargo and the same also needs to be considered appropriately.
(iii).	Cost towards Usage of Hoppers and Bins have not been taken into account in Ceiling Tariff Statements.
(iv).	Factors such as capacity, condition, cycle time of each cranes/ grabs etc play a pivotal role in achieving targeted Load Rates and Discharge Rates. Evacuation rate/ feeding rate of cargo from and to the wharf also holds a major part in achieving the desired load/ discharge rate and the same is directly attributed to the distance of the concerned stacking plot. Hence proper evaluation of the same needs to be carried out and considered.
(v).	Now-a-days all most all contracts are inclusive of Pre-Berthing Delays to Stevedores account.
(vi).	In case of Aluminium Ingots, huge cost of equipment hire such as hydra cranes and forklifts for stowing the cargo in ship’s holds besides carpenter wages, Dunnage and lashing material for securing the cargo is involved for seaworthy sailing of vessel.
(vii).	In case of Jumbo Bags Handling, Semi Break Bulk Operations are involved, therefore the load rate / discharge rate and related expenses for the same shall vary.
(viii).	In view of the above and considering the aforementioned points which form to be imperative for consideration prior to arriving at the ceiling tariffs, OSL has requested to re-evaluate the costing parameters, considering its given points prior to fixation of normative tariff structure for Stevedoring and Shore Handling operation.
2.	**Visakhapatnam Stevedores Association (VSA)**
(i).	VSA is not agreeable with the proposal submitted by VPT, as there are lot of omissions while working out the normative tariff for various cargoes. During the meeting VSA had with VPT on the above subject, VSA made it clear to VPT that VPT is not empowered to propose and fix normative tariff through TAMP as per MPT Act and requested VPT to keep the matter in abeyance. Further VSL brought to the notice of VPT that the Stevedoring and Shore handling activity is quite complex with various variable factors and elements of costing and it may not be practically possible to factor on such variables while fixing the normative tariff.
(ii).	Apart from that, Stevedores had to incur certain expenses as incentives to achieve the desired productivity which have not been reflected in the proposal. Further, idle labour cost, idle equipment cost for various reasons including rainy seasons are not factored in the proposal. The Stevedores need to incur heavy stevedore damage cost, accidents on board and on shore and payment of huge compensations in cases of injuries and fatal accidents etc., which are not factored in the proposal. Further, our Federation of Association of Stevedores has submitted a representation to the Secretary, Ministry of Shipping, New Delhi on 18 July 2016 with a copy to the Chairman, VPT and requested the Ministry to conduct a workshop with all concerned to discuss and understand the difficulties and views of the stake holders prior to fixing up normative tariff. In response to the letter, VPT has communicated vide Notice dated 24 November 2016 that a meeting is going to be organised by IPA and TAMP at Delhi on 29 November 2016 and requested VSA to attend the meeting.

(iii).	However, unfortunately the meeting was cancelled and VSA is awaiting the next date of meeting to express its views on normative tariff. VSA has attached a copy of Federation's letter for information and record.
(iv).	Keeping in view of the above, VSA has requested to keep the matter in abeyance in view of the above reasons and in case if TAMP intends to proceed further, hold a joint meeting with the stakeholders at Visakhapatnam to discuss and express further views before finalising the proposal.

1.2. The VPT has not furnished its reply despite reminder till the case is finalised.

2. A joint hearing in this case was held on 24 January 2017 at the VPT premises. At the joint hearing, the VPT and users/ user associations have made the following submissions:

<u>Visakhapatnam Port Trust</u>

(i). Briefly explained the proposal.

(ii). We have filed the proposal based on the Guidelines for normative tariff for stevedoring and shore handling operations issued by the Ministry of Shipping (MOS) and notified by the Authority.

(iii). Actual Productivity achieved by the port is lower than norms prescribed in guidelines. So, we have considered the productivity level at the productivity achieved in the year 2015-16 plus 15% increase thereover. This is done to retain existing cargo and to avoid diversion of cargo to other ports. Guidelines allow TAMP to accept adjustment in norms based on justification by the port.

(iv). Labour cost is estimated following the norms as per the National Tribunal Award.

(v). The guidelines do not prescribe norms for loading/ unloading cargo onto rakes/ trucks from/ to storage yard. Apart from the tariff proposed for stevedoring and shore handling operations as per the norms prescribed, we have also proposed tariff for loading/ unloading cargo onto truck/ rakes for road/ railway movement from storage yard.

(vi). For shore handling operations, we have assumed two distances one within dock area and the other outside dock area. For arriving at the proposed rate for outside the dock area, 10% premium over the rate arrived for inside the dock area is considered.

(vii). Lease rent is not taken as cost component as per the guidelines.

(viii). Tariff proposed is excluding storage charges. Storage charge is payable as per applicable rates prescribed in the Scale of Rates of the VPT.
[Member (Finance): Guidelines issued by Govt. is binding on both VPT and TAMP].

(ix). There may be many factors involved. We have to see whether overall tariff proposed by the port is comparable to what is collected by Stevedores. For some cargo, the proposed tariff may be economical and for some it may be higher. An overall position is to be seen.

(x). Stevedores and trade may verify whether the rate proposed by port is in tandem with the charges being collected presently.

(xi). We have checked with a few principal importers/ exporters. We are confident that the proposed rates are higher than what is being collected presently. Hence, many factors raised by the VSA will be taken care off.

(xii). The rate proposed are ceiling level. Stevedores can charge lower rate to attract cargo.

(xiii). We have not captured multiple movements for loading/ unloading operations by rail. We have not gone by plotwise. We have gone based on distance from plot.

Visakhapatnam Stevedores Association (VSA)

(i). We had requested the MOS to have a common platform of discussion on the Policy with all Major Ports and Stakeholders. Though IPA convened the meeting it was cancelled.

(ii). We have not applied our mind on individual items. Stevedoring activity does not come under Section 42(3) of the Act. Only services rendered under Section 42(3) are covered under jurisdiction of TAMP. We are authorised under Section 121 of the Major Port Trusts Act. As such TAMP fixing rate for stevedoring activity does not arise. This is the legal position. We at national level are discussing and will take it up legally at an appropriate time.

(iii). When Stevedoring policy was earlier issued by MOS, the word license was used. It did not involve any financial impact.

(iv). It is not clear as to why three terminologies viz. upfront tariff, normative tariff and ceiling tariff are being used.

(v). The VPT has taken average cost as the base for arriving at the proposed tariff which is the ceiling tariff. Average will include worst and the best scenario.

(vi). Definitely it is a normative tariff. However, mathematical averaging will not be correct to arrive at the tariff.
[Traffic Manager (VPT) – For labour cost, we have taken the average per tonne labour cost based on the advance bill raised by the port which is found to be equal to the final bill. The per tonne labour cost considered by the port is found to be in order. We agree labour cost may differ based on productivity level achieved.]

(vii). Tariff is fixed for 3 years. Labour cost increase 5 times in a year. This practice is only in VPT. This peculiarity is not captured in the proposed tariff.

(viii). Timing of the exercise is not good. VPT is yet to stabilize. Three years down the line situation in VPT will stabilize. At present, the vessel to vessel costing is different in VPT at different berths. This issue is limited to VPT.

(ix). Averaging concept is going to hit us all at this juncture.

(x). Taking national level equipment norm is not acceptable at VPT. This type of averaging will impact the trade.

(xi). Equipment hire cost is taken at the prevailing market rates by the VPT. But, we hire equipment depending on the requirement. Hence, the market based rate will differ based on the demand and the availability of equipment. It is, therefore, difficult to match the equipment hire cost taken by the VPT in tariff calculation.

(xii). In VPT itself, deployment of trucks/ loaders differ depending on the distance of the plot.

(xiii). We have to deploy private labour for sweeping of wharf, and other operations. We have to incur cost for deployment of private labour. This cannot be covered as part of 20% overheads. 20% overheads is not comfortable to built up this cost.

(xiv). Piece rate wage that is being paid at VPT is not considered. It is based on datum.
[Traffic Manager, VPT: Per tonne labour cost considered in the proposed tariff includes piece rate wage component. Both, time rate and piece rate component are included in the tariff computation.]

(xv). Considering advance collection as the per tonne labour cost is not relevant. It is realistic to consider final bill and piece rate bill.
[Traffic Manager, VPT: The CHD service is a postpaid service. We have gone vessel-wise and advance collection and final bill are almost the same which are considered.]

(xvi). Lot of components are involved for railway loading / unloading movement of cargo. While giving rate to our principals, we take sufficient cushion as there is no control on a few components. Railway miscellaneous charge is one of the major cost to us. We request to include that in the tariff.

(xvii). VPT is operating at a most competitive tariff. The proposed rate should be realistic.
[Chairman, VPT: The proposed tariff is for end to end services. All likely cost have been captured. Let us know if the stevedores charge more than the proposed rate for any cargo. If increase is required in any cargo item, trade may come to port with proper justification.]

(xviii). For finished fertilizer, the rate for stevedore and shore handling proposed by the port is ₹137/ tonne (i.e. ₹62.55 + ₹75.03). We are, however, presently charging ₹500/ tonne.
[Traffic Manager, VPT: The proposed tariff is only for ship to shore movement and movement to storage yard. It does not include the various services rendered at the godown].

(xix). Wagon damage, labour accidents are not captured in proposed tariff.

(xx). Components covered in tariff and services not included in the tariff need to be listed clearly in the Scale of Rates to avoid confusion.

(xxi). Let the tariff be proposed separately with Railway plot/ without railway plot.

Orissa Stevedores Limited

(i). Sl. No.12 proposes tariff for Alumina and Pig iron ingots. It is not clear whether it is Alumina or Alumina ingots. We are getting Alumina in break bulk cargo form. Proposed productivity and tariff level is not achievable. This item need to be separated from Pig iron ingots.
[Traffic Manager, VPT: We will review and modify it.]

Steel Authority of India Limited (SAIL)

(i). We do not want notes saying the tariff does not include various components. The rate should be composite.

3. Subsequent to the joint hearing, the Visakhapatnam Stevedores Association (VSA) vide its letter dated 4 February 2017 has furnished its comments on the proposed Normative Tariff for Stevedoring and Shore Handling Operations. The comments received from VSA was forwarded to VPT for feedback information. The VPT has not furnished its reply despite reminder. The comments of VSA are summarized below:

(i). As indicated earlier neither VPT or TAMP are empowered to fix Normative Tariff for the Stevedores, as the provisions of the MPT Act Sec. 42 (3) are not applicable for the Stevedoring Activity. Hence, the question of fixing Normative Tariff for Stevedoring Activity does not arise.

(ii). Keeping in view of the above legal position, we request you to kindly drop all your further proceedings in this matter and keep the matter in abeyance.

(iii). In spite of the above, in case you intend to process, kindly record our earlier objections and various other fresh objections that may be raised during the meeting today by us and by the other members of our Association before finalizing the tariff proposal of VPT.

(iv). Stevedoring and Shore Handling Activity is quite complex with various variable factors and elements of costing which may not be practically possible to factor the same in the Normative Tariff structure. VPT has also slipped in reflecting all variable factors while proposing Normative Tariff for various cargoes.

(v). VPT has also omitted certain cost elements while proposing the tariff.

(vi). VPT has not followed guidelines for determination of normative tariff while proposing the tariff. In the Guidelines, the Ministry has given, the handling equipment to be deployed at shore and on board for each and every type of cargo for preparation of cost estimates. However, VPT has not followed the guidelines while proposing the tariff for on board and shore equipment cost.

(vii). Unless the age old datums are revised, the efforts of VPT / TAMP will only serve to increase the illegal demands by the labour which may lead to increase in the transaction cost which may not cover in the proposed tariff structure.

(viii). As performance is linked with tariff, there is every need to ensure 24 hours working by CHD labour before fixing the tariff taking optimal capacity per shift basis of each cargo.

(ix). Since the Stevedores invested crores of rupees in acquiring assets for efficient handling of cargoes, the capital cost has to be taken while fixing the tariff.

(x). The methodology adopted for handling different cargoes at ports are different from one port to other and sometimes liner cargoes are also expected with multiple receivers/ shippers each having different contracts with different companies and different stevedores, in which case the tariff fixation is not possible.

(xi). The method of adopting 15% over and above the average productivity achieved during the last year is not realistic and does not serve any useful purpose.

(xii). Presently the volumes are declined due to diversion of cargoes to other neighbouring ports due to cost variation/ considerations, besides economic recession and with the present normative tariff, the costs will further increase and there is every possibility of further drain out of cargoes form VPT.

(xiii). Considering the above legal position, as well as the constraints involved in tariff fixation, request you to kindly drop the exercise of fixation of Normative Tariff for Stevedoring and shore handling operations at VPT for the time being.

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