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**Tariff Authority for Major Ports**

**G No. 104**

**New Delhi,**

**9 April 2013**

**NOTIFICATION**

In exercise of the powers conferred by Sections 48, 49 and 50 of the Major Port Trusts Act, 1963 (38 of 1963), the Tariff Authority for Major Ports hereby disposes of the reference received from the Visakhapatnam Port Trust with regard to the upfront tariff fixed for development of West Quay-North berth (WQ-7 and WQ-8) in the inner harbour for handling dry bulk cargo on DBFOT basis, as in the Order appended hereto.

**(T.S. Balasubramanian)**  
Member (Finance)

**Tariff Authority for Major Ports**  
**Case No. TAMP/51/2012-VPT**

Visakhapatnam Port Trust

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Applicant

**QUORUM:**

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

**O R D E R**

(Passed on this 25<sup>th</sup> day of February 2013)

This Authority has passed an Order on 21 January 2013 disposing the proposal filed by the Visakhapatnam Port Trust (VPT) for fixing upfront tariff for development of West Quay-North berth (WQ-7 and WQ-8) in the inner harbour for handling dry bulk cargo on DBFOT basis.

2.1. In this regard, the VPT vide its letter dated 7 February 2013 has made the following submissions:

- (i). The port has submitted a proposal for fixation of upfront tariff for "Development of West Quay-North Berth (WQ-7 and WQ-8)" wherein it has envisaged among other things, development of a quay of length 560 meters consisting of two berths to facilitate handling of two vessels simultaneously.
- (ii). At page no.35 of Order dated 21 January 2013 under berth hire calculations as per TAMP estimates, 1432.18 lakh GRT hours are calculated treating the entire quay as single berthing facility. However, since the quay of 560 meters consists of two berths, the GRT hours are to be doubled and reckoned as  $2 \times 1432.18 = 2864.36$  lakhs. It may be mentioned that the methodology similar to calculation of crane hours adopted while calculating fuel charges for two nos., HMCs ( $2 \times 6132$  berth hours = 12264 hours) under "operating cost for cargo handling activity" at page no.33 of Order dated 21 January 2013 applies to calculation of GRT hours also.
- (iii). The VPT has furnished estimation of GRT hours based on the above considerations.

2.2. In view of the above submissions, the port has requested to review the berth hire charges and issue necessary amendment to the Order dated 21 January 2013.

3. A comparative position of the calculation of the berth hire charges as in the Order of January 2013 and that now furnished by the VPT is given below:

- (i). Berth hire calculation as per Order dated 21 January 2013:

| Sl. No. | Particulars                           | Unit       | Manganese Ore | Bauxite | Gypsum  | Limestone | BF Slag | Ores   | Illeminite Sand | Total   |
|---------|---------------------------------------|------------|---------------|---------|---------|-----------|---------|--------|-----------------|---------|
| i.      | Ship day output                       | Tonnes/day | 25000         | 25000   | 25000   | 25000     | 25000   | 25000  | 25000           |         |
| ii.     | Average GRT                           | Tonnes     | 26000         | 28000   | 26000   | 20000     | 20000   | 20000  | 13000           |         |
| iii.    | Average parcel size                   | Tonnes     | 25000         | 40000   | 35000   | 25000     | 25000   | 30000  | 15000           |         |
| iv.     | Tonnage expected to be handled        | Tonnes     | 1689494       | 844428  | 1372674 | 844428    | 950460  | 158410 | 527608          | 6387500 |
| v.      | Average no. of berth days (iv / i)    | Days       | 68            | 34      | 55      | 34        | 38      | 6      | 21              | 256     |
| vi.     | No. of berth hours {24 x (v)}         | Hours      | 1622          | 811     | 1318    | 811       | 912     | 152    | 507             | 6132    |
| vii.    | Expected number of vessels (iv / iii) | Nos.       | 68            | 21      | 39      | 34        | 38      | 5      | 35              | 240     |

|       |                                     |                    |          |          |          |          |          |         |         |                |
|-------|-------------------------------------|--------------------|----------|----------|----------|----------|----------|---------|---------|----------------|
| viii. | Total GRT hours (ii * vi)           | GRT hours          | 42169764 | 22698211 | 34261937 | 16213008 | 18248832 | 3041472 | 6584542 | 143217766      |
|       | - Foreign                           |                    | 42169764 | 0        | 34261937 | 16213008 | 18248832 | 3041472 | 6584542 | 120519554      |
|       | - Coastal                           |                    | 0        | 22698211 | 0        | 0        | 0        | 0       | 0       | 22698211       |
| ix.   | Revenue Requirement                 | Rupees             |          |          |          |          |          |         |         | <b>2859.67</b> |
|       | Berth hire for Foreign going vessel | ₹ per GRT per hour |          |          |          |          |          |         |         | <b>2.132</b>   |
|       | Berth hire for Coastal vessel       | ₹ per GRT per hour |          |          |          |          |          |         |         | <b>1.279</b>   |

(ii). Berth hire calculation as furnished by the VPT now:  
(Estimation of GRT hours for one berth)

| Sr. No. | Particulars                           | Unit               | Manganese Ore | Bauxite  | Gypsum   | Limestone | BF Slag  | Ores    | Ileminite Sand | Total          |
|---------|---------------------------------------|--------------------|---------------|----------|----------|-----------|----------|---------|----------------|----------------|
| i       | Ship day output                       | Tonnes/day         | 12500         | 12500    | 12500    | 12500     | 12500    | 12500   | 12500          |                |
| ii.     | Average GRT                           | Tonnes             | 26000         | 28000    | 26000    | 20000     | 20000    | 20000   | 13000          |                |
| iii.    | Average parcel size                   | Tonnes             | 25000         | 40000    | 35000    | 25000     | 25000    | 30000   | 15000          |                |
| iv.     | Tonnage expected to be handled        | Tonnes             | 844747        | 422214   | 686337   | 422214    | 475230   | 79205   | 263804         | 3193750        |
| v.      | Average no. of berth days (iv / i)    | Days               | 68            | 34       | 55       | 34        | 38       | 6       | 21             | 256            |
| vi.     | No. of berth hours {24 x (v)}         | Hours              | 1622          | 811      | 1318     | 811       | 912      | 152     | 507            | 6132           |
| vii.    | Expected number of vessels (iv / iii) | Nos.               | 34            | 11       | 20       | 17        | 19       | 3       | 18             | 120            |
| viii.   | Total GRT hours (ii * vi)             | GRT hours          | 42169764      | 22698211 | 34261937 | 16213008  | 18248832 | 3041472 | 6584542        | 143217766      |
|         | - Foreign                             | GRT hours          | 42169764      | 0        | 34261937 | 16213008  | 18248832 | 3041472 | 6584542        | 120519554      |
|         | - Coastal                             | GRT hours          | 0             | 22698211 | 0        | 0         | 0        | 0       | 0              | 22698211       |
| ix.     | Total GRT hours for 2 berths (ix * 2) | GRT hours          | 84339528      | 45396422 | 68523874 | 32426016  | 36497664 | 6082944 | 13169083       | 286435531      |
|         | - Foreign                             | GRT hours          | 84339528      | 0        | 68523874 | 32426016  | 36497664 | 6082944 | 13169083       | 241039109      |
|         | - Coastal                             | GRT hours          | 0             | 45396422 | 0        | 0         | 0        | 0       | 0              | 45396422       |
|         | Revenue Requirement                   | Rupees             |               |          |          |           |          |         |                | <b>2859.67</b> |
|         | Berth hire for Foreign going vessel   | ₹ per GRT per hour |               |          |          |           |          |         |                | <b>1.066</b>   |
|         | Berth hire for Coastal vessel         | ₹ per GRT per hour |               |          |          |           |          |         |                | <b>0.640</b>   |

4.1. From the revised working furnished by the VPT now, it is seen that the VPT has now considering the ship day output for one crane of 12500 tonnes at one berth and by assuming that each berth handles 50% of the optimal capacity has first arrived at the GRT hours of one berth. Multiplying the said GRT hours by a factor of 2, the VPT has arrived at the GRT hours of two berths. And thus, by dividing the revenue requirement to be earned by the port from the berthing activity, the VPT has determined the berth hire charge of ₹1.066 per GRT per hour for a foreign going vessel, which is half the berth hire charge of ₹2.132 per GRT per hour approved in January 2013.

4.2. In a nutshell, by the said calculations, the VPT is trying to show that the berth hire charge as approved in the January 2013 Order is applicable for two berths and that for one berth, the rate would be half of that approved in the January 2013 Order.

4.3. In this regard, as brought out in the Order of January 2013, based on the suggestions of the bidders, the VPT has envisaged clubbing two berths i.e. WQ – 7 and WQ – 8 to have a larger quay length. The aggregate of the length of both the berths was reported to be 560 metres for simultaneous berthing of two vessels.

4.4. In the upfront cases dealt with so far by this Authority, there has not been an instance where two berths have been clubbed together. It has always been one berth with deployment of one no. of 100 tonne Mobile Harbour Crane. So, whenever the upfront berth hire charge has been fixed, it has been for one berth only. In the instant case of VPT, two berths are

involved with deployment of one no. of 100 tonne Mobile Harbour Crane at each berth. The capital cost, operating costs have all been considered with reference to two berths. Therefore, the berth hire charge fixed vide tariff Order of January 2013 also, ought to be for two berths. Thus, incase of occupation of only one berth by a vessel, the rate relevant for one berth should only be applied. However, inadvertently, this position was not included in the Order of January 2013.

5. In the result, and for the reasons given above and based on a collective application of mind, this Authority decides the following:

- (i). The existing 4<sup>th</sup> sub-para of paragraph no. 13(x)(i) of the tariff Order dated 21 January 2013 is replaced with the following paragraph:

“Based on the revenue requirement from berthing service at ₹28.60 crores and considering the enhanced optimal capacity of the berth and considering the uniform handling rate of 25000 tonnes per day for all types of cargo, the upfront berth hire rate works out to ₹2.132 per GRT per hour or part thereof for foreign going vessels and ₹1.279 per GRT per hour or part thereof for the coastal vessels. Incase of occupation of only one berth by a vessel, the upfront berth hire rate of ₹1.066 per GRT per hour or part thereof on foreign vessels and ₹0.640 per GRT per hour or part thereof on coastal vessels will be applicable.”

- (ii). The following note is inserted below Section 2.1 under the Schedule of Berth hire charges at Section 2 of the Upfront tariff Schedule of VPT:

“Incase of occupation of only one berth by a vessel, 50% of the respective berth hire charges as mentioned above are leviable for the foreign going vessels and coastal vessels.”

**(T.S. Balasubramanian)**  
Member (Finance)