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Tariff Authority for Major Ports

G No. 63 **New Delhi, 26 February 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 reformulated proposal received from the Visakhapatnam Port Trust for setting 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 in pursuance of the guidelines for upfront tariff setting at Major Ports which was notified vide Notification No.TAMP/52/2007-Misc. dated 26 February 2008, as in the Order appended hereto.

(Rani Jadhav)
Chairperson

Tariff Authority for Major Ports

Case No. TAMP/51/2012-VPT

Visakhapatnam Port Trust **- - - - -** **Applicant**

QUORUM:

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

O R D E R

(Passed on this 21st day of January 2013)

This case relates to a reformulated proposal received from the Visakhapatnam Port Trust (VPT) seeking approval of 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. This Authority had earlier passed an Order No.TAMP/51/2009-VPT on 19 April 2010 fixing upfront tariff for berth nos.WQ-7 and WQ-8 for handling of Alumina and other bulk cargo at Visakhapatnam Port Trust. The Order was notified in the Gazette of Indian on 11 May 2010 vide Gazette no.142.

2.2. Thereafter, VPT filed a reformulated proposal seeking approval of upfront tariff for handling dry bulk cargo like Bauxite, Gypsum, Other Dry Bulk Cargo (Excluding All Types Of Coal And Coke) & Ores (Other Than Iron Ore) at berth no.WQ-7 in the inner harbour with mechanized handling facilities. The said proposal was disposed by this Authority vide Order dated 29 June 2011. This Order was notified in the Gazette of Indian on 17 August 2011 vide Gazette no.17.

3. On the ground that no bidder participated in the price bid due to non-availability of adequate quantities of alumina, the VPT under cover of its letter dated 24 August 2012 had filed a reformulated proposal for fixation of upfront tariff for the development of WQ-8 in inner harbour for handling export dry bulk cargoes like BF Slag, limenite, Ores (Other than iron ore), maize, soya & other dry bulk and import/export break bulk cargo like pig iron, general cargo, timber, bagged cargo and other break bulk cargoes on DBFOT basis. Subsequently, the VPT has withdrawn this proposal, as brought out at later part of this note.

4.1. In this backdrop, the VPT, vide its letter dated 20 October 2012 received by us on 22 October 2012 has filed a reformulated proposal for development of West Quay-North berth (WQ-7 and WQ-8) in the inner harbour for handling dry bulk cargo on DBFOT basis. The main submissions made by the VPT in its letter dated 20 October 2012 are summarised below:

(i). The two projects originally envisaged for handling Alumina and other bulk cargoes viz. Development of WQ-7 berth and development of WQ-8 berth in the inner harbour of Visakhapatnam Port have been reformulated duly changing the cargo profile and equipment, as per the directions of the Ministry of Shipping.

(ii). Accordingly, WQ-7 proposal has been planned for handling import dry bulk cargoes viz. Bauxite, Gypsum, other Ores, and other dry bulk cargoes and WQ-8 is proposed for handling export cargoes viz. BF Slag, other dry bulk, ores, maize and soya, pig iron, import general cargo and timber.

(iii). RFP was issued for WQ-7 project on 28 January 2012 and RFQ for WQ-8 was issued on 30 June 2012. There was no participation for the two projects and the bidders suggested clubbing both the projects to have a larger quay length and consequently the cargoes could be combined which will have a greater availability.

(iv). After detailed discussions, a decision was taken to withdraw the TAMP proposal submitted in respect of WQ-8 in August 2012 and to club both WQ-7 and WQ-8 projects to be developed as a single project on DBFOT basis. The matter was approved by the Board in its meeting held on 25 September 2012. It is, therefore, requested not to consider the proposal for fixation of upfront tariff for WQ-8 submitted on 24 August 2012 and treat it as withdrawn.

(v). Accordingly, the proposal for fixation of upfront tariff for the development of West Quay-North berth (WQ-7 and WQ-8) in the inner harbour for handling dry bulk cargo has been reformulated and submitted.

4.2. The highlights of the reformulated proposal are given hereunder:

(i). The physical features are as follows:

Length	-	560 m
Ultimate draft	-	14 mtrs.

(ii). Proposed mechanical works:

60 tonne Harbour Mobile Crane	-	2 nos.
Mobile Hoppers	-	3 nos.
Conveyor system	-	2 streams of 2 kms. each
1200 TPH Stacker	-	1 no.
10 T Pay loaders	-	8 nos.
Dumpers	-	10 nos.
Electrical works	-	-

With a view to induct modern and higher capacity handling equipment and to provide a long lasting solution to the environmental pollution in handling these cargoes, the above equipment is envisaged to cater to bigger size vessels and to suit the multi cargo composition proposed for the berth

(iii). Capacity of the terminal:

(a). The port has assessed the capacity of the terminal at the proposed WQ-7 and WQ-8 at 47,75,121 tonnes or 4.78 Million Tonnes Per Annum (MTPA) based on the share of cargo to be handled and the ship day output of each type of cargo.

(b). The cargo-wise projections, share of cargo capacity and handling rate considered for each type of cargo is tabulated below:

Sl. No.	Commodity	Cargo projection (Tonnes)	% share of cargo	Handling rate (TPD)
1	Import Manganese Ore	15,00,000	29.13	10,000
2	Import Bauxite	4,00,000	7.77	10,000
3	Import Gypsum	10,00,000	19.42	10,000
4	Import Limestone	8,00,000	15.53	7,500
5	Export B.F. Slag	9,00,000	17.47	10,000
6	Export Other Ores (Manganese ore, Chrome ore, Ferro manganese ore, Ferro products)	1,50,000	2.91	7,500
7	Export Ilmenite Sand	4,00,000	7.77	7,500
	Total	**51,50,000**	**100.00**	

(iv). The total capital cost is estimated at ₹375.99 crores. The break up of the capital cost is as below:

(₹ in lakhs)

Sl. No.	Item of work	Base cost	3% contigen-cies	7% PS charges	2.8% WCT	Total
	Handling Activity:					
A	**Civil works**					
1	Dismantling of existing structures	100.25	3.01	7.23	3.09	113.58
2	Development of back up area including	247.31	7.42	17.83	7.63	280.19

Sl. No.	Item of work	Base cost	3% contigen-cies	7% PS charges	2.8% WCT	Total
	hard surfacing, drainage					
3	Ground improvement	1099.11	32.97	79.25	33.92	1245.25
4	Railway (Civil, S&T and electrification - 3000 meters)	1012.59	30.38	73.01	31.25	1147.23
5	Conveyor gallery	2641.98	79.26	190.49	81.53	2993.26
6	Transfer houses	232.47	6.97	16.76	7.17	263.37
7	Drive houses	259.70	7.79	18.72	8.01	294.22
8	Paved area behind the berth (10000 sqm) @ 2500/sqm	250.	7.50	18.03	7.71	283.24
9	Area illumination	116.57	3.50	8.40	3.60	132.07
10	Internal roads in stack area	800.00	24.00	57.68	24.69	906.37
11	Compound wall and green plantation	1356.02	40.68	97.77	41.85	1536.32
	Sub Total (1 to 11)	**8116.00**	**243.48**	**585.17**	**250.45**	**9195.10**
	Excluding dismantling	**8015.75**	**240.47**	**577.94**	**247.36**	**9081.52**
B	**MECHANICAL & ELECTRICAL WORKS**					
1	2 Nos. 60 T Harbour Mobile crane	4000.00	120.00	288.40	123.44	4531.84
2	3 Nos. Mobile hoppers	210.00	6.30	15.14	6.48	237.92
3	Conveyor system (2 streams of 2 KM each)	5000.00	150.00	360.50	154.29	5664.79
4	1 Stacker of 1200 TPH	1800.00	54.00	129.78	55.55	2039.33
5	8 nos. 10 T pay loaders	256.00	7.68	18.46	7.90	290.04
6	Electrical works	134.00	4.02	9.66	4.14	151.82
7	10 Nos. dumpers	250.00	7.50	18.03	7.71	283.24
	Sub Total (1 to 7)	**11650.00**	**349.50**	**839.97**	**359.51**	**13198.98**
	Total (A+B)	**19766.00**	**592.98**	**1425.14**	**609.96**	**22394.08**
C	**5% Misc. cost on A+B as per TAMP**					**1119.70**
	Total Cost for Handling Activity(A+B+C)					**23513.78**
	(Excluding cost of dismantling)					**23400.20**
D	**BERTH HIRE ACTIVITY**					
1	Construction of berth	10010.23	300.31	721.74	308.90	11341.18
2	Berth fixtures	328.75	9.86	23.70	10.14	372.45
3	Dredging cost	2093.13	62.79	150.91	64.59	2371.42
	Sub Total (1 to 3)	**12432.11**	**372.96**	**896.35**	**383.63**	**14085.05**
	Total Capital Cost (A+B+C+D)					**37598.83**

(v). The capital cost in the reformulated proposal is estimated based on the rates prevailing in August 2012 based on the rate analysis prepared in VPT schedule of rates with effect from June 2008 and with latest amendments and prevailing market rates/ quotations for items where rates are not applicable in respect of civil works. Cost of dredging for soft soil worked out to ₹300/- per cum based on the latest work sanctioned in VPT vide resolution no.80 / 2010-11 dated 21.08.2010 and the same has been considered even for all the ongoing tenders of VPT and in respect of mechanical items, the rates are based on budgetary offers obtained from RITES / firms.

(vi). <u>Operating Cost</u>:

(**₹ in lakhs**)

Sl. No.	Particulars	Amount
A.	**HANDLING ACTIVITY**	
1	**Power** (2.4 lakh units/hectare * 19.64 hectares * ₹ 8.84 per unit)	416.68
	Conveyor system including stacker (34.31 LT * 0.6 units * ₹ 8.84 ps.)	181.98
	Total Power cost	**598.66**
2	**Fuel cost**	
	2 nos, Harbour Mobile Cranes (12462 hrs.x 33.33 ltrs.x ₹ 50.39 ps.)	209.30
	8 nos. 10 T Pay loaders (4000 hrs.x 12 ltrs.x ₹ 50.39 ps.x 8 nos.)	193.50
	10 nos. dumpers (41940 hrs.x 4 ltrs.x ₹ 50.39 ps.x 10 nos.)	84.53
	Total fuel cost	**487.33**

Sl. No.	Particulars	Amount
3	**Repairs and Maintenance cost**	
	(a) 1% on Civil assets (₹ 9081.52 lakhs x 1%)	90.82
	(b) 5% on Mech. & Elelc. Works (₹ 13198.98 X 5%)	659.95
	Total repairs & maintenance cost	**750.76**
4	**Insurance** 1% on gross fixed assets ₹ 23400.20 lakhs x 1%	234.00
5	**Depreciation**	
	(a) Civil assets (3.34% on ₹ 9081.52 lakhs)	303.32
	(b) Mechanical and Electrical works (10.34% on Mech. and Elec. works - ₹ 13198.98 lakhs x 10.34%	1364.77
	Total depreciation	**1668.09**
6	**Licence Fee** (Rentals for land)	224.60
7	**Other Expenses** (5% on gross fixed assets) - 5% x ₹ 23400.20 lakhs	1170.01
B.	**Total Operation cost for handling activity**	**5133.46**
1	**BERTH HIRE ACTIVITY**	
2	Repair & Maintenance of Civil Assets [@1% on ₹ 14085.05 lakhs]	140.85
3	Insurance [@1% on ₹ 14085.05 lakhs]	140.85
	Depreciation [@3.34% on ₹ 14085.05 lakhs]	470.44
C.	**Total operating cost for berth hire activity**	**752.14**
	TOTAL OPERATING COST (A) + (B)	**5885.60**

(vii). The return on capital employed is considered at 16% on the estimated capital cost of the project.

(viii). Annual Revenue Requirement

The Annual revenue requirement for handling activity and berth hire activity is estimated as given below:

(**₹ in lakhs**)

Sl. No.	Particulars	Handling Activity	Berth Hire Activity
1.	Total annual operating cost	5133.46	752.14
2.	Return on capital employed	3744.03	2253.61
	ANNUAL REVENUE REQUIREMENT	**8877.49**	**3005.75**

(ix). The estimated Annual Revenue Requirement (ARR) from the handling services is apportioned as below to main tariff items following the norms prescribed in the guidelines:

(**₹ in lakhs**)

Tariff group	% of revenue allocated	Annual revenue requirement (Rupee)
Handling charges	90%	7989.74
Storage charges	5%	443.87
Miscellaneous charges	5%	443.87
Total	**100%**	**8877.49**

(x). As seen from the proposed draft Scale of Rates, the following rates have been proposed:

(a). Berth hire:

Vessels	Rate per GRT per hour or part thereof (in ₹)	
	Foreign Going Vessel	Coastal Vessel
Vessels carrying import Manganese ore, Bauxite, Gypsum and Limestone and export BF Slag, Ores (other than iron ore) and	1.098	0.659

Ilmenite sand		

(b). Cargo handling charges:

(**Rate per metric tonne**)

Commodity	Unit	Rate in Rupees	
		Foreign	**Coastal**
Imp. Manganese Ore	Per Metric tonne	168.81	101.29
Imp. Bauxite	Per Metric tonne	281.35	168.81
Imp. Gypsum	Per Metric tonne	168.81	101.29
Imp. Limestone	Per Metric tonne	168.81	101.29
Exp. BF Slag	Per Metric tonne	163.51	101.29
Exp. Ores (other than iron ore)	Per Metric tonne	163.51	101.29
Exp. Ilmenite sand	Per Metric tonne	163.51	101.29

(c). Storage charges:

Storage charges after free period (per ton / per day)

Description	Rate in ₹ per tonne per day or part thereof
Import - Free period – 10 days	
First ten days after expiry of free period	5.15
Beyond 20th day	7.72
Export – Free period – 20 days	
First ten days after expiry of free period	5.19
Beyond 30th day	7.79

(d). Miscellaneous charges:

Description	Rate in ₹ Per tonne per day
Import Manganese ore, Bauxite, Gypsums and Limestone and export BF slag, Ores (other than iron ore) and Ilmenite sand	9.30

5. In accordance with the consultation process prescribed, the proposal of the VPT dated 20 October 2012 was circulated to the concerned users / user organisations and RFQ Applicants (as forwarded by VPT) seeking their comments. No comments are received from the users / user organisations / RFQ Applicants.

6. Based on the preliminary scrutiny of the proposal, the VPT was requested vide our letter dated 6 November 2012 to furnish additional information/ clarifications on a few points. The VPT vide its letter dated 4 December 2012 has responded. A summary of the queries raised by us and the replies furnished by the VPT thereon is tabulated below:

Sl. No.	Queries raised by us	Response from VPT
I	**General:**	
(i).	As the VPT is aware, the upfront tariff is not fixed project-wise. As per clause 2.2. of the guidelines for upfront tariff setting, the tariff caps are prescribed for various cargo/ services and would be applicable to all projects to be bid out subsequently for identical cargo/ services during the next five years. In this context, the VPT is requested to confirm that no upfront tariff has been fixed earlier with respect to handling of the cargo as submitted by VPT in its proposal	The current proposal is for fixing upfront tariff for import of manganese ore, bauxite, gypsum and lime stone and export of Blast furnace slag, ilmenite sand and other ores (other than iron ore and pellets). Upfront tariff was fixed by TAMP earlier vide case No.TAMP/51/2009-VPT dt.19.4.2010 for Alumina and other dry bulk viz., BF Slag, Gypsum, Granulated Slag etc., to be handled at WQ-7 and WQ-8 berths. These two projects were reformulated duly changing the cargo profile and equipment as per the directions of the MoS.

<table>
<tr><td></td><td>under reference.</td><td>Subsequently, upfront tariff was fixed by TAMP vide case No.TAMP/16/2011-VPT dated 29.6.2011 for the revised cargo profile of Bauxite, Gypsum other dry bulk (excluding all types of coal and coke) and ores (other than iron ore) for WQ-7.

This project could not materialise as there was no participation from the bidders. As per the suggestion of the bidders, the proposal integrating the two projects viz., WQ-7 and WQ-8 to have a longer quay length is conceptualised. Hence the proposal is submitted for fixation of upfront tariff for the new cargo profile viz., import of manganese ore, bauxite, gypsum and lime stone and export of Blast furnace slag, ilmenite sand and other ores (other than iron ore and pellets).</td></tr>
<tr><td>(ii).</td><td>The VPT has proposed to allot 19.64 hectares of land to the BOT operator. In this regard, the VPT is requested to furnish an analysis to justify the proposed allotment of 19.64 hectares for the proposed facility.</td><td>Break up of proposed allotment of 19.64 hectares of land is given below:
<table>
<tr><th>Purpose</th><th>Area (Sq. Mtrs.)</th></tr>
<tr><td>Conveyor corridor – 2000 m × 2 m</td><td>4,000</td></tr>
<tr><td>Stacking area</td><td>124,053</td></tr>
<tr><td>Operational buildings</td><td>58,380</td></tr>
<tr><td>Paved area behind the berth</td><td>10,000</td></tr>
</table></td></tr>
<tr><td>II</td><td><u>Optimal Capacity:</u></td><td></td></tr>
<tr><td>(i).</td><td>The VPT has estimated the quay capacity based on the assumed percentage share of the various types of cargo and the handling rate of each type of cargo. In this regard, the VPT is requested to clarify/ furnish the following:</td><td></td></tr>
<tr><td></td><td>(a) Percentage share of cargo:</td><td></td></tr>
<tr><td></td><td>(i). The basis to consider the percentage share of Manganese Ore, Bauxite, Gypsum, Limestone, B.F Slag, Other Ores and Leminite Sand at 29.13%, 7.77%, 19.42%, 15.53%, 17.47%, 2.91% and 7.77%, may be explained.</td><td>A traffic projection of 51.50 lakh tonnes was reckoned vide table 3.7 of Chapter-3 “Traffic Analysis and forecast” of the TEFR.
The percentage share of different cargoes considered is the ratio of cargo mix i.e., actual percentage share of each of the cargoes in the total volume of 51.50 lakh tonnes projected.</td></tr>
<tr><td></td><td>(ii). The actual cargo handled by VPT in the last three years and the estimated traffic in future as per the Business Plan of the Port in respect of each of the above mentioned cargo items may be furnished.</td><td>The actual cargo handled by VPT in the last five years for the cargoes envisaged is given below:
(tonnes)
<table>
<tr><th>Sl. No.</th><th>Cargoes</th><th>2011-12</th><th>2010-11</th><th>2009-10</th><th>2008-09</th><th>2007-08</th></tr>
<tr><td>(i).</td><td>Import cargoes</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(a).</td><td>Manganese Ore</td><td>675,035</td><td>801,191</td><td>235,736</td><td>92,319</td><td>148,335</td></tr>
<tr><td>(b).</td><td>Bauxite</td><td>791,395</td><td>323,415</td><td>684,270</td><td>83,811</td><td>115,879</td></tr>
<tr><td>(c).</td><td>Gypsum</td><td>1,192,192</td><td>1,098,110</td><td>1,090,156</td><td>493,144</td><td>435,051</td></tr>
<tr><td>(d).</td><td>Lime stone</td><td>288,723</td><td>493,520</td><td>412,076</td><td>568,794</td><td>561,962</td></tr>
<tr><td>(ii).</td><td>Export cargoes</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>(a).</td><td>B.F. Slag</td><td>54,100</td><td>--</td><td>288,051</td><td>816,416</td><td>947,191</td></tr>
<tr><td>(b).</td><td>Ilmenite Sand</td><td>316,476</td><td>288,455</td><td>115,280</td><td>61,750</td><td>85,800</td></tr>
<tr><td>(c).</td><td>Ores (other than Iron Ore)</td><td>121,300</td><td>145,561</td><td>140,585</td><td>147,977</td><td>73,907</td></tr>
</table>

Business Plan prepared in the year 2006 estimated traffic in respect of principal commodities viz., POL, Other liquids, Iron ore, Thermal coal, Coking coal, Steam coal, Fertilisers and raw materials, Other dry bulks, General cargo/ break bulk and containers. No separate estimates were prepared for the cargoes considered for the current proposal. However the traffic estimated in respect of other dry bulk which includes the cargoes envisaged for the current proposal are: Other dry bulks (MT): 15.6 (2013); 22.1(2017) and 34(2026)</td></tr>
<tr><td></td><td>(b). Handling rate of cargo:</td><td></td></tr>
<tr><td></td><td>(i). In the tariff order no. TAMP/16/2011-VPT dated 29 June 2011, the handling rate</td><td>For the current proposal, the handling rates considered are reckoned per crane per berth.</td></tr>
</table>

<table>
<tr><td></td><td>for Other Ores was considered at 20000 tonnes per day for 2 nos. of HMCs of 60 tonnes capacity. In this context, the scaling down the handling rate to 15000 tonnes per day incase of Other Ores, when the said cargo is proposed to be handled by 2 nos. of HMCs of 60 tonnes capacity need to be justified and substantiated with technical specifications. Else, the VPT is requested to consider revising its capacity based on a handling rate of 20000 tonnes per day, for Other ores proposed to be handled at the said facility.</td><td rowspan="3">The capacity of single HMC of 60 tonne capacity matches with the aggregate capacity of 3 level luffing cranes of 20 tonne each prescribed in the TAMP guidelines for multi cargo terminal. The norms for cargo handling rate as per the TAMP guidelines are therefore considered depending upon the parcel for different cargoes envisaged for the current proposal.

The handling rate of 20000 tonnes considered vide Tariff Order No. TAMP/16 /2011-VPT dated 29 June 2011 relates to Import Manganese Ore, Import Nickel Ore and Import Chrome ore whereas a handling rate of 7,500 tonnes per crane reckoned as per TAMP norms for the current proposal relates to export of ores (other than iron ore and iron ore pellets) basing on the current trend of vessels. However a handling rate of 20000 tonnes per day for 2 nos. of HMCs of 60 tonnes capacity is considered in case of Import Manganese ore which in line with the tariff order dated 29.6.2011.</td></tr>
<tr><td></td><td>(ii). The basis for considering the handling rate of 10000 tonnes per day per HMC incase of Manganese Ore and Export B.F Slag may be justified and substantiated with technical specifications.</td></tr>
<tr><td></td><td>(iii). Similarly, the basis for considering the handling rate of 7500 tonnes per day per HMC incase of Limestone and Leminite Sand may be justified and substantiated with technical specifications..</td></tr>
<tr><td></td><td>(iv). The average actual handling rate for Manganese Ore, Bauxite, Gypsum, Limestone, B.F Slag, Other Ores and Leminite Sand handled by HMCs achieved in the port or by the terminal operator Vizag Seaport Private Limited (VSPL) during the last three years may be furnished.</td><td>The terminal operator i.e., M/s.VSPL deployed 3 nos., HMCs of 104T capacity at their EQ-8 and 9 berths. The actual handling rate achieved by M/s.VSPL during the last three years is given below:

<table>
<tr><th></th><th>2009-10</th><th>2010-11</th><th>2011-12</th></tr>
<tr><td>Import Manganese Ore</td><td>8940</td><td>9956</td><td>14407</td></tr>
<tr><td>Import Bauxite</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td>Import Gypsum</td><td>12785</td><td>14318</td><td>14407</td></tr>
<tr><td>Import Limestone</td><td>7481</td><td>--</td><td>2889</td></tr>
<tr><td>Export B.F. Slag</td><td>--</td><td>--</td><td>9873</td></tr>
<tr><td>Export Ilmenite Sand</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td>Export Other Ores</td><td>8745</td><td>11117</td><td>--</td></tr>
</table></td></tr>
<tr><td></td><td>(v). The specific reasons why 60T MHC is preferred and not any higher capacity, may be explained. It may be clarified whether the technical design of the said berths permits deployment of 100T MHCs.</td><td>Two nos., 60 tonne capacity HMCs are preferred over higher capacity cranes keeping in view the size of the vessels handled at the port during the last five years viz., Handymax vessels in respect of the cargoes envisaged for the current proposal to have greater operational flexibility. Vessel parameters are furnished vide table 3.5 of TEFR under chapter 3 “Traffic analysis and forecast”. However the technical design of the proposed facility permits deployment of 100T MHCs.</td></tr>
<tr><td></td><td>(vi). It may be confirmed that the operator of the proposed facility would not be allowed to deploy higher capacity HMCs at the proposed berth other than the capacity of the HMC considered for the quay capacity calculation.</td><td>As the upfront tariff is based on normative approach, the operator may be allowed to deploy suitable equipment conforming to the performance norms prescribed by TAMP.</td></tr>
<tr><td></td><td>(vii). In the tariff order no.TAMP/16/2011-VPT dated 29 June 2011 regarding fixation of upfront tariff for the multipurpose cargo handled at the WQ-7 berth with a length of 280 metres, the VPT had considered deployment of 2 nos. of 60T HMCs. Now, in the proposal under reference, with a berth length of 560 metres, the VPT still proposes deployment of 2 nos. of 60T HMCs only. Considering that the berth length in the proposal under reference is double, the</td><td>TAMP norms for fixation of upfront tariff for services rendered at multipurpose berth, envisages deployment of 3 nos., of 20T capacity level luffing wharf cranes per berth.

The capacity of single HMC of 60 tonne capacity matches with the aggregate capacity of 3 level luffing cranes of 20 tonne each.

The 2 nos., of 60 tonne capacity HMCs is considered for total berth length of 560 meters keeping in view the traffic potential and vessel deployment pattern.</td></tr>
</table>

	VPT is requested to consider deployment of 4 nos. of 60T HMCs at the proposed facility if technical design of the berth does not permit deployment of 100 HMCs. Accordingly, the optimal capacity of the proposed facility may be revised based on a higher handling rate with the use of 4 nos. of 60T HMCs.	
III	**<u>Capital Cost Estimation</u>**:	
(i).	<u>Civil cost</u>:	
	The proposal of VPT mentions that the cost estimate are prepared on prevalent rates as on August 2012 based on the rate analysis prepared as per Schedule of Rates with effect from June 2008 with latest amendments. Further, in respect of civil works where rates are not applicable, then VPT is stated to have considered the prevailing market rates/ quotations for items. In this regard, the VPT is requested to clarify/ furnish the following:	Basis for cost estimates encompassing the observations at (a), (b) and (c) are furnished. The civil costs have been re-visited keeping in view the technically viable alternative suggested by IIT-Chennai, for the subject location of VPT. The cost for mechanical and electrical components have been revised keeping in view the latest budgetary offer and escalating cost approved by TAMP for similar equipments considered by other major ports.
	(a). The latest Schedule of Rates highlighting the rates considered for estimation of each item of civil cost and capital costs towards berthing activity may be furnished.	
	(b). The documentary evidence to support the prevailing market rates or the quotations based on which the VPT has estimated the civil work costs and capital costs towards berthing activity may also be furnished.	
	(c). Furnish a detailed cost estimate for the civil works proposed to be undertaken at the said facility by giving the details about the quantum of the work to be undertaken alongwith the unit rate considered.	
	(d). For each component of civil construction cost including berthing activity, the VPT has also estimated cost towards contingencies (3%), PS charges (7%) and WCT (2.8%). Please explain the nature of the said charges. Also justify the percentage considered towards the said expenditure.	In addition to the provision for the all expenditure which could be foreseen and incorporated in the detail estimate, a; provision of 3% on the cost of estimate should be added to cover the cost of unforeseen contingencies as per CPWD norms. Break up for 7%: Provision for supervision charges: 5% ¼ % is for preparation of preliminary estimates ¾ % is for preparation of detailed estimates based on the detailed structural drawings 1% for structural designs, and drawings. 2.8% of WCT is as per AP Govt., directions i.e., 4% on 70% of value which works out to 2.8%.
	(e). The VPT has considered the cost of dredging at ₹ 300 per cu.m based on the 2010 rates. The cost of dredging may be updated to reflect the prevailing rates in this regard. The quantum of silt to be dredged may also be furnished.	The cost of dredging of ₹300 per cu.m is in line with the latest on going tenders.
(ii).	<u>Equipment Cost</u>:	
	(a). The upfront tariff guidelines for multipurpose berth stipulate deployment of equipment such as fork lift trucks, pay	The equipment is proposed keeping in view the compatibility for handling and storage of the cargoes envisaged.

	loaders etc. which are not considered by the VPT in the capital cost estimation. The VPT has considered deployment of mobile hoppers, conveyor system, stacker, dumpers which are not included in the normative list of equipment. The reasons for deviation proposed from the norms prescribed in the guidelines may be explained with justification for each item of equipment considered by VPT which are not listed in the guidelines.	Import bulk cargo viz., manganese ore, bauxite, gypsum and limestone is planned to be unloaded by the harbour mobile cranes into the mobile hoppers. Two parallel runs of overhead conveyor of 2km length approximately will do the transfer of cargo from hoppers at the berth to storage yard in a most reliable manner with one end point with stacker for stack piling and another end point of gradient discharge at an ear marked area which will further be collected by pay loaders. Export bulk cargoes viz., B.F. Slag, Ilmenite sand and ores (other than iron ore) are planned to be moved by the dumpers from the stack yard to the berth. Cargo pre stacked at the berth will be loaded into ships' hatches by the harbour mobile cranes. Two harbour mobile cranes of 60T capacity are considered, in place of three 20 T electric level wharf cranes at each berth as per TAMP model for operational flexibility. Three mobile hoppers, 8 nos., 10 T capacity pay loaders and 10 nos., 20 T capacity dumpers and one stacker of 1200 TPH in addition to the two streams of overhead conveyors of length 2 Kms., approximately are planned for carrying out the cargo handling activities. Pay loaders of 10T capacity are considered for handling the cargo and for loading wagons depending on requirement. Provision for forklift trucks was not made as there is no general cargo/break bulk cargo component in the cargo composition at the proposed facility.
	(b). The number/(s) of deployment of each type of equipment may be justified.	
	(c). Based on the change in the number of HMCs as brought out earlier, the VPT is requested to review the requirement of all other equipment like mobile hoppers, conveyor system, stacker, dumpers etc.	
	(d). The proposal mentions that incase of equipment, the rates are based on budgetary offers obtained from RITES/ firms. The VPT has, however, not furnished the budgetary offers relied upon by it to estimate the equipment costs. The VPT is requested to furnish budgetary quotations in support of the cost of each type of equipment.	The cost of 60 T HMC is based on the budgetary offer of M/s.Liebherr (a copy of which is furnished). In case of other equipment the cost approved by TAMP vide Case No. TAMP/58/2008-VPT dt.27.11.2009 duly escalating the cost by 6% annually. The calculations are furnished.
	(e). Workings to arrive at the cost of each type of equipment as considered by VPT in its calculations, from the amount specified in the budgetary quotations.	
	(f). As per the Feasibility Report, the BOT operator is required to install sub-station to draw electrical power. Please confirm that the estimated cost in this regard is considered.	The estimate cost of electrical works has been revised including sub station and allied electrical accessories.
IV	**<u>Operating Cost:</u>**	
(i).	Power cost:	
	(a). Unlike the upfront guidelines for a liquid bulk terminal, the upfront guidelines for a multipurpose berth do not prescribe norms towards calculation of power cost for the purpose of illumination. In this regard, the basis for considering power consumption @ 2.4 lakh units per annum per hectare may be justified with workings. The actual power consumption in this regard may also be furnished for the past three years.	In the absence of norms towards calculation of power cost in respect of multipurpose berth, the norm of 2.4 lakh units per annum per hectare provided for liquid bulk terminal; of which major power consumption is towards lighting is considered. However, power cost for operation of conveyor system including stacker is considered separately. There is no similar facility existing in port to the one proposed now. As such it may not be feasible to furnish actual power consumption for the past 3 years.

<table>
<tr><td></td><td>(b). The reason for calculating the power cost for around 72% of the total assessed optimal capacity may be explained.</td><td>The two streams of overhead conveyors together with stacker run on electrical power. Conveyor system is proposed for import traffic of 34.31 lakh tonnes out of the quay capacity of 47.75 lakh tonnes constituting 72%.</td></tr>
<tr><td></td><td>(c). The power consumption of 0.6 units per tonne may be justified with actuals in this regard for the past three years.</td><td>Based on the actual power consumption of iron ore receiving system including stacker at the existing mechanical Ore Handling Complex of VPT, the specific power consumption has been worked out to 0.6 KWH per tonne.</td></tr>
<tr><td></td><td>(d). From the workings furnished by the VPT to arrive at the power cost of ₹8.84 per unit, it is seen that the rate has been determined by taking the parameters relevant to the proposed facility and is not based on the actuals incurred by VPT in this regard. The unit rate of electricity considered at ₹8.84 per unit may be justified with latest documentary evidence.</td><td>The power cost of ₹8.84 per unit has been worked out basing on the parameters relevant to the proposed facility which include the prevailing unit rate and Maximum Demand charge stipulated in the retail supply tariff schedule for FY 2012-13 of Eastern Power Distribution Company of Andhra Pradesh Ltd.

Calculation of unit rate as specified above with documentary evidence has already been furnished.</td></tr>
<tr><td>(ii).</td><td>Fuel cost:</td><td></td></tr>
<tr><td></td><td>(a). The basis for considering 12462 hours of operation incase of HMCs, 4000 hours of operation in respect of pay loaders and 41940 hours of operation incase of dumpers while calculating the fuel cost may be explained with workings.</td><td>HMCs are proposed for handling all import and export cargoes. As per the berth day outputs adopted for different cargoes, a total of 12,462 hours of operation of HMCs is required, the details of which are already provided under berth hire calculations. The basis for 41940 hours of operation in case of 20 T dumpers is given below:

<table>
<tr><td>Load per cycle</td><td>16 tonnes</td></tr>
<tr><td>Cycle time</td><td>30 minutes</td></tr>
<tr><td>No. of working hours per day</td><td>18 hours</td></tr>
<tr><td>No. of cycles per dumper per hour</td><td>18 x 2 = 36 cycles</td></tr>
<tr><td>Tonnage per dumper per day</td><td>36 x 16 = 576 tonnes</td></tr>
<tr><td>Tonnage by 10 dumpers per day</td><td>5760 tonnes</td></tr>
<tr><td>Export cargo</td><td>1344452 tonnes</td></tr>
<tr><td>Days required</td><td>1344452 / 5760 = 233.41 days</td></tr>
<tr><td>No. of hours requiring operation of 10 dumpers for 18 hours a day</td><td>233 x 18 x 10 = 41940 hours</td></tr>
<tr><td>Total dumper hours</td><td>41940 hours</td></tr>
</table>

In case of pay loaders the guidelines of TAMP have been considered.</td></tr>
<tr><td></td><td>(b). The basis for considering the fuel consumption at 33.33 litres incase of 1 no. of HMC and 4 litres incase of 1 no. of dumper may be explained with workings. In this context, the fuel consumption factor considered for the said equipment may be supported by documentary evidence.</td><td>TAMP vide case No.TAMP/16/2011-VPT dated 29.6.2011 has considered 33.33 liters per hour per 60 tonne HMC which is adopted. The fuel consumption of 4 liters per hour in case of dumper is considered as per the TAMP order in Case No.TAMP/57/2011-KOPT dated 18.6.2012.</td></tr>
<tr><td>V</td><td><u>Cargo handling charges calculation:</u></td><td></td></tr>
<tr><td>(i).</td><td>From the calculation furnished by VPT, it is seen that the VPT has excluded the cost relating to operation of the conveyor while arriving the per tonne handling rate of export cargo like B.F Slag, Ores and Lleminite Sand, presumably on the ground that the handling of the said cargo is by conventional method and Conveyor system would not be used to handle the above mentioned cargo. If that is the case, the return of 16% on the conveyor system (forming part of the total gross block of assets) also is to be excluded to determine per tonne handling rate for the above mentioned cargo.</td><td>The handling rates, storage charges and miscellaneous charges of export cargoes like BF slag, Ores (other than iron</td></tr>
</table>

<table>
<tr><td>(ii).</td><td>Further, it may be appropriate to exclude the component of cost of operation of conveyor and return on cost of conveyor from the total revenue requirement and add the same to the portion of revenue requirement to be generated from import cargo like manganese ore, bauxite, gypsum, limestone etc. As a result, the costs related to the conveyor would not be absorbed in the storage charges and miscellaneous charges of B.F Slag, Ores and Lleminite Sand. Therefore, please furnish revised workings in this regard.</td><td>ore and pellets) and Ilmenite sand have been revised and furnished in the revised upfront calculations.</td></tr>
<tr><td>(iii).</td><td>The basis for considering the entire cargo profile except bauxite to be foreign may be furnished. The basis to consider the bauxite cargo to be coastal only may be furnished. The ratio of similar category of foreign and coastal cargo handled by the port or by the terminal operator Vizag Seaport Private Limited (VSPL) during the last three years may be furnished year wise separately.</td><td>Foreign/coastal distribution during 2011-12 at the port (including the VSPL) in respect of the cargoes proposed to be handled at the facility is furnished below:
(Lakh tonnes)
<table>
<tr><th rowspan="2">Cargo</th><th colspan="3">2011-12</th><th colspan="3">2010-11</th><th colspan="3">2009-10</th></tr>
<tr><th>Foreign</th><th>Coastal</th><th>Total</th><th>Foreign</th><th>Coastal</th><th>Total</th><th>Foreign</th><th>Coastal</th><th>Total</th></tr>
<tr><td>Imp. M.Ore</td><td>6.75</td><td>--</td><td>6.75</td><td>7.69</td><td>0.33</td><td>8.01</td><td>2.36</td><td>--</td><td>2.36</td></tr>
<tr><td>Imp. Bauxite</td><td>--</td><td>7.91</td><td>7.91</td><td>--</td><td>3.23</td><td>3.23</td><td>--</td><td>6.84</td><td>6.84</td></tr>
<tr><td>Imp. Gypsum</td><td>11.92</td><td>--</td><td>11.92</td><td>10.98</td><td>--</td><td>10.98</td><td>10.90</td><td>--</td><td>10.90</td></tr>
<tr><td>Imp. L.Stone</td><td>2.89</td><td>--</td><td>2.89</td><td>4.75</td><td>0.19</td><td>4.94</td><td>4.12</td><td>--</td><td>4.12</td></tr>
<tr><td>Exp. BF Slg.</td><td>0.54</td><td>--</td><td>0.54</td><td>--</td><td>--</td><td>--</td><td>2.95</td><td>--</td><td>2.95</td></tr>
<tr><td>Exp. I.Sand</td><td>3.16</td><td>--</td><td>3.16</td><td>2.88</td><td>--</td><td>2.88</td><td>1.15</td><td>--</td><td>1.15</td></tr>
<tr><td>Exp. Ores</td><td>1.16</td><td>0.05</td><td>1.21</td><td>1.44</td><td>--</td><td>1.44</td><td>1.41</td><td>--</td><td>1.41</td></tr>
</table>
From the above it could be seen that bauxite cargo is entirely coastal. The cargo is meant for the Alumina industries located in Gujarat.</td></tr>
<tr><td>VI</td><td><u>Storage charge calculation:</u></td><td></td></tr>
<tr><td>(i)</td><td>The actual average dwell time of all the cargo proposed to be handled at the said facility at the port or at the VSPL during the last three years may be furnished year wise separately.</td><td>The average dwell time of import cargoes envisaged is observed to be about 30 days and in case of export cargoes it is observed as 40 days. As such the values as observed are considered.</td></tr>
<tr><td>(ii)</td><td>The basis for considering 16% of the total optimal capacity at the proposed facility to attract storage charges may be furnished.</td><td>Basis for considering 16% of the total optimal capacity to attract storage together with the storage calculations is furnished.</td></tr>
<tr><td>(iii).</td><td>The basis for calculating storage charges by considering 350 working days, thereby excluding the 15 days due to bad weather may be justified with actual position obtaining at the VPT in this regard.</td><td>During 2011-12 an average rainfall of more than 1.5 cm was recorded for about 14 days. It is considered that a rainfall of more than 1.5 cm may not be congenial for cargo handling operations. As such 350 working days have been considered for storage/evacuation operations.</td></tr>
<tr><td>(iv).</td><td>The number of free days prescribed in the guidelines is 5 days for import cargo and 15 days for export. As against the above position, the port has proposed a free period of 10 days for import cargo and 20 days for export cargo. Specific reasons for deviations from the guidelines may be explained.</td><td>Many small players, group their cargo in small quantities for export/import to gain economies in scale and keeping in view the operability of vessel charter. Accordingly free period is considered keeping in view the dwell time.</td></tr>
<tr><td>VII</td><td><u>Storage charge calculation:</u></td><td></td></tr>
<tr><td></td><td>The VPT is also requested to establish with workings that with the proposed upfront tariff, the operator would be in a position to achieve the total revenue requirement in respect of handling, storage and Miscellaneous activities.</td><td>The revenue requirement for cargo handling activity (including handling, storage and miscellaneous charges) and berth hire is reckoned duly apportioning the costs for handling activity and berthing activity separately and by providing 16% ROCE. The rates for cargo handling for different cargoes and berth hire have been worked out proportionately according to their share in total. Therefore it is analogous to achieving the total revenue requirement with the proposed upfront tariff. Thus the operator would be in a position to achieve the total revenue requirement</td></tr>
</table>

		for different services.
VIII	**Scale of Rates:**	
	When the VPT envisages the entire cargo profile except bauxite to be handled at the facility to be foreign, the reason for prescribing coastal rates for the foreign cargo may be furnished. Similarly, when bauxite is envisaged to be only coastal in nature, the reason for proposing foreign rates for bauxite may be furnished.	As per Govt., policy, handling rate for coastal cargo should be reckoned as 60% of rate for overseas cargo. Accordingly while calculating handling charges for a cargo under the two categories viz., overseas and coastal; the concession provided to the coastal cargo is loaded to the overseas component. Thus the revenue requirement for different cargoes which is reckoned according to the proportion of quay capacity is distributed to the overseas and coastal components. In the subject case, the entire bauxite cargo is coastal movement. As such there is no scope for loading the concession provided to the coastal cargo to the overseas component to make up the total revenue requirement. It may also not be prudent to load the concession provided to Bauxite to any other cargo.

7.1. While responding to the queries under cover of its letter dated 4 December 2012, the VPT has also revised its proposal. A comparative position between the initial proposal dated 20 October 2012 and the revised proposal dated 4 December 2012 are summarized below:

(i). The capacity of the terminal at the proposed WQ-7 and WQ-8 is maintained at 47,75,121 tonnes or 4.78 million tonnes per annum.

(ii). Capital cost:

(**₹ in lakhs**)

Sl. No.	Item of work	Initial proposal of October 2012	Revised proposal of December 2012
	Handling Activity:		
A	**Civil works**		
1	Dismantling of existing structures	113.58	113.58
2	Development of back up area including hard surfacing, drainage	280.19	280.19
3	Ground improvement	1245.25	1652.11
4	Railway (Civil, S&T and electrification - 3000 meters) Railway (Civil, P.Way, S&T and electrification)	1147.23	 1393.11
5	Conveyor gallery	2993.26	2993.26
6	Transfer houses	263.37	263.37
7	Drive houses	294.22	294.22
8	Paved area behind the berth (10000 sqm) @ 2500/sqm	283.24	283.24
9	Area illumination	132.07	132.07
10	Internal roads in stack area	906.37	906.37
11	Compound wall and green plantation	1536.32	1536.32
	Sub Total (1 to 11)	**9195.10**	**9847.84**
	Excluding dismantling	**9081.52**	**9734.26**
B	**MECHANICAL & ELECTRICAL WORKS**		
1	2 Nos. 60 T Harbour Mobile crane	4531.84	4117.62
2	3 Nos. Mobile hoppers	237.92	229.32
3	Conveyor system (2 streams of 2 KM each)	5664.79	5397.41
4	1 Stacker of 1200 TPH	2039.33	2446.04
5	8 nos. 10 T pay loaders	290.04	366.90
6	Electrical works	151.82	358.01
7	10 Nos. dumpers	283.24	283.24
	Sub Total (1 to 7)	**13198.98**	**13198.54**
	Total (A+B)	**22394.08**	**23046.38**
C	**5% Misc. cost on A+B as per TAMP**	**1119.70**	**1152.32**
	Total Cost for Handling Activity(A+B+C)	**23513.78**	**24198.69**
	(Excluding cost of dismantling)	**23400.20**	**24085.11**
D	**BERTH HIRE ACTIVITY**		
1	Construction of berth	11341.18	10386.50
2	Berth fixtures	372.45	372.45
3	Dredging cost	2371.42	2641.57
	Sub Total (1 to 3)	**14085.05**	**13400.52**
	Total Capital Cost (A+B+C+D)	**37598.83**	**37599.21**

(iii). Operating Cost:

(**₹ in lakhs**)

Sl. No.	Particulars	Initial proposal of October 2012	Revised proposal of December 2012
A.	**HANDLING ACTIVITY**		
1	**Power** (2.4 lakh units/hectare * 19.64 hectares * ₹8.84 per unit)	416.68	416.68
	Conveyor system including stacker (34.31 LT * 0.6 units * ₹8.84 ps.)*	181.98	181.98
	Total Power cost	**598.66**	**598.66**
2	**Fuel cost**		
	2 nos, Harbour Mobile Cranes (12462 hrs.x 33.33 ltrs.x ₹50.39 ps.)	209.30	209.30
	8 nos. 10 T Pay loaders (4000 hrs.x 12 ltrs.x ₹50.39 ps.x 8 nos.)	193.50	193.50
	10 nos. dumpers (41940 hrs.x 4 ltrs.x ₹50.39 ps.x 10 nos.)	84.53	84.53
	Total fuel cost	**487.33**	**487.33**
3	**Repairs and Maintenance cost**		
	(a) 1% on Civil assets	90.82	97.34
	(b) 5% on Mech. & Elelc. Works	659.95	659.95
	Total repairs & maintenance cost	**750.76**	**757.29**
4	**Insurance** 1% on gross fixed assets	234.00	240.85
5	**Depreciation**		
	(a) Civil assets (3.34% on civil works)	303.32	325.12
	(b) Mechanical and Electrical works (10.34% on Mech. and Elec. Works)	1364.77	1364.77
	Total depreciation	**1668.09**	**1689.89**
6	**Licence Fee** (Rentals for land)	224.60	224.60
7	**Other Expenses** (5% on gross fixed assets)	1170.01	1204.26
	Total Operation cost for handling activity	**5133.46**	**5202.88**
B.	**BERTH HIRE ACTIVITY**		
1	Repair & Maintenance of Civil Assets	140.85	134.01
2	Insurance	140.85	134.01
3	Depreciation	470.44	447.58
	Total operating cost for berth hire activity	**752.14**	**715.59**
C.	**TOTAL OPERATING COST (A) + (B)**	**5885.60**	**5918.47**

(iv). Annual Revenue Requirement

(**₹ in lakhs**)

Sl. No.	Particulars	Initial proposal of October 2012		Revised proposal of December 2012	
		Handling Activity	**Berth Hire Activity**	**Handling Activity**	**Berth Hire Activity**
1.	Total annual operating cost	5133.46	752.14	5202.88	715.59
2.	Return on capital employed	3744.03	2253.61	3853.62	2144.08
	ANNUAL REVENUE REQUIREMENT	**8877.49**	**3005.75**	**9056.50**	**2859.67**

(v). Apportionment of Annual Revenue Requirement:

(**₹ in lakhs**)

Tariff group	% of revenue allocated	Annual revenue requirement (Rupee)	
		Initial proposal of October 2012	**Revised proposal of December 2012**
Handling charges	90%	7989.74	8150.85
Storage charges	5%	443.87	452.83
Miscellaneous charges	5%	443.87	452.83
Total	**100%**	**8877.49**	**9056.50**

7.2. In view of the above changes, the upfront tariff proposed by the VPT earlier has also undergone a change. A comparative position with regard to the upfront tariff proposed by the

VPT in its initial proposal of October 2012 and the revised proposal of December 2012 is given below:

(i). Berth hire:

(**Rate in ₹ per GRT per hour or part thereof**)

Description	Initial proposal of October 2012		Revised proposal of December 2012	
	Foreign vessel	Coastal vessel	Foreign vessel	Coastal vessel
Vessels carrying import Manganese ore, Bauxite, Gypsum and Limestone and export BF Slag, Ores (other than iron ore) and Ilmenite sand	1.098	0.659	1.044	0.627

(ii). Cargo handling charges:

(**Rate in ₹ per metric tonne**)

Commodity	Unit	Initial proposal of October 2012		Revised proposal of December 2012	
		Foreign	Coastal	Foreign	Coastal
Imp. Manganese Ore	Per Metric tonne	168.81	101.29	198.52	119.11
Imp. Bauxite	Per Metric tonne	281.35	168.81	330.87	198.52
Imp. Gypsum	Per Metric tonne	168.81	101.29	198.52	119.11
Imp. Limestone	Per Metric tonne	168.81	101.29	198.52	119.11
Exp. BF Slag	Per Metric tonne	163.51	101.29	99.69	59.81
Exp. Ores (other than iron ore)	Per Metric tonne	163.51	101.29	99.69	59.81
Exp. Ilmenite sand	Per Metric tonne	163.51	101.29	99.69	59.81

(iii). Storage charges:
Storage charges after free period (per ton / per day)

Description	Rate in ₹ per tonne per day or part thereof	
	Initial proposal of October 2012	Revised proposal of December 2012
Import - Free period – 10 days		
First ten days after expiry of free period	5.15	6.45
Beyond 20th day	7.72	9.68
Export – Free period – 20 days		
First ten days after expiry of free period	5.19	2.72
Beyond 30th day	7.79	4.08

(iv). Miscellaneous charges:

Initial proposal of October 2012		Revised proposal of December 2012	
Description	Rate in ₹ Per tonne per day	Description	Rate in ₹ Per tonne per day
Import Manganese ore, Bauxite, Gypsums and Limestone and export BF slag, Ores (other than iron ore) and Ilmenite sand	9.30	Import Manganese ore, Bauxite, Gypsum and Limestone	11.03
		Export BF slag, Ores (other than iron ore) and Ilmenite sand	5.54

8. In view of the changes in the proposed Scale of Rates, the revised proposal dated 4 December 2012 was circulated to the users/ user organizations/ RFQ Applicants, advising them to furnish their comments on the revised proposal directly to VPT by 20 December 2012 with a copy endorsed to us. The VPT was also requested to respond to the comments to be received from the users/ user organizations/ RFQ Applicants immediately. We have not received comments from any of the users/ user organizations/ RFQ Applicants on the revised proposal of VPT, nor response from the VPT.

9.1. A joint hearing on the case in reference was held on 18 December 2012 at the VPT premises. The VPT made a power point presentation of its proposal. At the joint hearing, the VPT and the concerned users/ user organisations/ RFQ Applicants have made their submissions.

9.2. As agreed in the joint hearing, the VPT was advised vide our letter dated 26 December 2012 to take action/ furnish information on some points. The VPT vide its e-mail dated 28 December 2012 has responded. The information sought by us from VPT during the joint hearing and the response of VPT thereon are summarized and tabulated below:

Sl. No.	Information sought by us	Response of VPT
(i).	The proposal of the VPT considers two Harbour Mobile Cranes (HMC) of 60 tonnes capacity each for berth length of 560 metres whereas 2 Nos. of HMC had been considered earlier for a lower berth length of 280 metres at VPT. The VPT stated at the joint hearing that 2 Nos. of HMC of 60 tonnes capacity each are considered keeping in view the traffic potential and vessel deployment pattern. However, how the traffic potential and particularly the vessel deployment pattern will not permit the deployment of 4 Nos. of 60 tonnes capacity HMC is not adequately explained. As agreed at the joint hearing, the VPT is requested to explain in detail the constraints that may come in the way of deployment of 4 numbers of 60 tonne crane each though the length of the proposed berth is 560 meters.	The cargoes envisaged for the present proposal are heterogeneous in nature. Seven different commodities consisting of both import and export with a projected throughput of 6.05 million tonnes is envisaged which cannot be accommodated at one berth as these cargoes are handled by Handymax and high Handymax vessels only. As such, a quay length 560 mtrs. is proposed for simultaneous berthing of two vessels. Moreover, the vessels carrying import cargoes (manganese ore and limestone) will have multiple exporter/ importers. (For e.g. the vessel m.v. GOLD GEMINI carrying import manganese ore had the cargo of 7 importers and the vessel m.v. BEAUTIFUL RENA carrying limestone had 4 importers). Cargo belonging to different importers are handled one after the other resorting to handling cargo belonging to one importer at a time to avoid pilferage. As such, deployment of 2 nos. of 60 tonnes cranes at each berth will result in idling and under utilization of equipment. Further, two streams of overhead conveyors are planned for handling import cargo. As such, to have greater operational flexibility only one crane at each facility is considered. Further, the vessels with cargoes viz. export ores, BF slag and limestone will have small parcels for which requirement of one crane at each berth found to be sufficient. However, as suggested by TAMP in the joint hearing held on 18.2.2012, 2 nos. of 100 tonnes HMCs have been considered in place of 2 nos. 60 tonnes HMCs and accordingly, the output rates have been considered accordingly.
(ii).	The VPT is also requested to explore the option of deployment of adequate number of 100 tonne capacity Harbour Mobile Cranes if it is absolutely not possible to deploy 4 numbers Harbour Mobile Cranes of 60 tonne capacity each and berth length of 560 meters cannot be reduced. In the event of the VPT proposing to deploy adequate numbers of Harbour Mobile cranes of 100 tonne capacity, the port should certify that the BOT operator will be allowed to operate the proposed facility only with the equipment profile proposed by the port for fixation of upfront tariff.	
(iii).	The VPT is requested to certify that the physical norms and costing norms prescribed in the 2008 guidelines for fixation of upfront tariff are adhered to in formulating its proposal.	Physical and costing norms as per guidelines for upfront tariff setting for PPP projects at major ports – 2008 and deliberations of joint hearing held on 18.12.2012 are kept in view while formulating the proposal.

9.3. While responding to the information sought by us during the joint hearing, the VPT vide its e-mail dated 28 December 2012 has again revised its proposal. A comparative position between the initial proposal dated 20 October 2012, revised proposal dated 4 December 2012 and the further revised proposal dated 28 December 2012 is summarized below:

(i). The capacity of the terminal at the proposed WQ-7 and WQ-8 is assessed at 47,75,121 tonnes or 4.78 million tonnes per annum in initial proposal dated 20 October 2012 and proposal dated 4 December 2012. In the revised proposal dated 28 December 2012, the capacity of the terminal is assessed at 57,75,145 tonnes or 5.78 million tonnes per annum.

(ii). Capital cost:

(₹ in lakhs)

Sl. No.	Item of work	Initial proposal dated 20 October 2012	Proposal dated 4 December 2012	Revised proposal dated 28 December 2012
	Handling Activity:			
A	**Civil works**			
1	Dismantling of existing structures	113.58	113.58	113.58
2	Development of back up area including hard surfacing, drainage	280.19	280.19	280.19
3	Ground improvement	1245.25	1652.11	1652.11
4	Railway (Civil, S&T and electrification - 3000 meters) Railway (Civil, P. Way, S&T and electrification)	1147.23	 1393.11	 1393.11
5	Conveyor gallery	2993.26	2993.26	2993.26
6	Transfer houses	263.37	263.37	263.37
7	Drive houses	294.22	294.22	294.22
8	Paved area behind the berth (10000 sqm) @ 2500/sqm	283.24	283.24	283.24
9	Area illumination	132.07	132.07	132.07
10	Internal roads in stack area	906.37	906.37	906.37
11	Compound wall and green plantation	1536.32	1536.32	969.84
	Sub Total (1 to 11)	**9195.10**	**9847.84**	**9281.36**
	Excluding dismantling	**9081.52**	**9734.26**	**9167.78**
B	**MECHANICAL & ELECTRICAL WORKS**			
1	2 Nos. 60 T Harbour Mobile crane 2 Nos. 100 T Harbour Mobile crane	4531.84	4117.62	 7384.97
2	3 Nos. Mobile hoppers	237.92	229.32	229.32
3	Conveyor system (2 streams of 2 KM each)	5664.79	5397.41	5397.41
4	1 Stacker of 1200 TPH	2039.33	2446.04	1364.54
5	8 nos. 10 T pay loaders	290.04	366.90	366.90
6	Electrical works	151.82	358.01	358.01
7	10 Nos. dumpers	283.24	283.24	283.24
	Sub Total (1 to 7)	**13198.98**	**13198.54**	**15384.39**
	Total (A+B)	**22394.08**	**23046.38**	**24665.75**
C	**5% Misc. cost on A+B as per TAMP**	**1119.70**	**1152.32**	**1233.29**
	Total Cost for Handling Activity(A+B+C)	**23513.78**	**24198.69**	**25899.03**
	(Excluding cost of dismantling)	**23400.20**	**24085.11**	**25785.45**
D	**BERTH HIRE ACTIVITY**			
1	Construction of berth	11341.18	10386.50	10386.50
2	Berth fixtures	372.45	372.45	372.45
3	Dredging cost	2371.42	2641.57	2641.57
	Sub Total (1 to 3)	**14085.05**	**13400.52**	**13400.52**
	Total Capital Cost (A+B+C+D)	**37598.83**	**37599.21**	**39299.55**

(iii). Operating Cost:

(₹ in lakhs)

Sl. No.	Particulars	Initial proposal dated 20 October 2012	Proposal dated 4 December 2012	Revised proposal dated 28 December 2012
A.	**HANDLING ACTIVITY**			
1	**Power** (2.4 lakh units/hectare * 19.64 hectares * ₹8.84 per unit)	416.68	416.68	416.68
	Conveyor system including stacker	181.98 (34.31 LT * 0.6 units *	181.98 (34.31 LT * 0.6 units *	227.86 (42.96 * 0.6 * 8.84)

Sl. No.	Particulars	Initial proposal dated 20 October 2012	Proposal dated 4 December 2012	Revised proposal dated 28 December 2012
		₹8.84 ps.)	₹8.84 ps.)	
	Total Power cost	**598.66**	**598.66**	**644.54**
2	**Fuel cost**			
	2 nos., Harbour Mobile Cranes	209.30 (12462 hrs. * 33.33 ltrs. * ₹50.39 ps.)	209.30 (12462 hrs. * 33.33 ltrs. * ₹50.39 ps.)	453.61 (12860 hrs * 70 lts * ₹50.39)
	8 nos. 10 T Pay loaders (4000 hrs. * 12 ltrs. * ₹50.39 ps. * 8 nos.)	193.50	193.50	193.50
	10 nos. dumpers	84.53 (41940 hrs.x 4 ltrs.x ₹50.39 ps.x 10 nos.)	84.53 (41940 hrs.x 4 ltrs.x ₹50.39 ps.x 10 nos.)	93.20 (46237 hrs * 4 lt. * ₹50.39)
	Total fuel cost	**487.33**	**487.33**	**740.31**
3	**Repairs and Maintenance cost**			
	(a) 1% on Civil assets	90.82	97.34	91.68
	(b) 5% on Mech. & Elelc. Works	659.95	659.95	769.22
	Total repairs & maintenance cost	**750.76**	**757.29**	**860.90**
4	**Insurance** 1% on gross fixed assets	234.00	240.85	257.85
5	**Depreciation**			
	(a) Civil assets (3.34% on civil works)	303.32	325.12	306.20
	(b) Mechanical and Electrical works (10.34% on Mech. and Elec. Works)	1364.77	1364.77	1590.75
	Total depreciation	**1668.09**	**1689.89**	**1896.95**
6	**Licence Fee** (Rentals for land)	224.60	224.60	224.60
7	**Other Expenses** (5% on gross fixed assets)	1170.01	1204.26	1294.95
	Total Operation cost for handling activity	**5133.46**	**5202.88**	**5920.10**
B.	**BERTH HIRE ACTIVITY**			
1	Repair & Maintenance of Civil Assets	140.85	134.01	134.01
2	Insurance	140.85	134.01	134.01
3	Depreciation	470.44	447.58	447.58
	Total operating cost for berth hire activity	**752.14**	**715.59**	**715.59**
C.	**TOTAL OPERATING COST (A) + (B)**	**5885.60**	**5918.47**	**6635.69**

(iv). Annual Revenue Requirement

(₹ in lakhs)

Sl. No.	Particulars	Initial proposal dated 20 October 2012		Proposal dated 4 December 2012		Revised proposal dated 28 December 2012	
		Handling Activity	Berth Hire Activity	Handling Activity	Berth Hire Activity	Handling Activity	Berth Hire Activity
1.	Total annual operating cost	5133.46	752.14	5202.88	715.59	5920.10	715.59
2.	Return on capital employed	3744.03	2253.61	3853.62	2144.08	4143.85	2144.08
	ANNUAL REVENUE REQUIREMENT	**8877.49**	**3005.75**	**9056.50**	**2859.67**	**10063.95**	**2859.67**

(v). Apportionment of Annual Revenue Requirement:

(₹ in lakhs)

Tariff group	% of revenue allocated	Annual revenue requirement (Rupee)		
		Initial proposal dated 20 October 2012	Proposal dated 4 December 2012	Revised proposal dated 28 December 2012
Handling charges	90%	7989.74	8150.85	9057.55
Storage charges	5%	443.87	452.83	503.20
Miscellaneous charges	5%	443.87	452.83	503.20

Total	**100%**	**8877.49**	**9056.50**	**10063.95**

9.4. In view of the above changes, the upfront tariff proposed by the VPT earlier has also undergone a change. A comparative position with regard to the upfront tariff proposed by the VPT in its initial proposal dated 20 October 2012, revised proposal dated 4 December 2012 and further revised proposal dated 28 December 2012 is given below:

(i). Berth hire:

(Rate in ₹ per GRT per hour or part thereof)

Description	**Initial proposal dated 20 October 2012**		**Proposal dated 4 December 2012**		**Revised proposal dated 28 December 2012**	
	Foreign vessel	**Coastal vessel**	**Foreign vessel**	**Coastal vessel**	**Foreign vessel**	**Coastal vessel**
Vessels carrying import Manganese ore, Bauxite, Gypsum and Limestone and export BF Slag, Ores (other than iron ore) and Ilmenite sand	1.098	0.659	1.044	0.627	1.033	0.620

(ii). Cargo handling charges:

(Rate in ₹ per metric tonne)

Commodity	**Unit**	**Initial proposal dated 20 October 2012**		**Proposal dated 4 December 2012**		**Revised proposal dated 28 December 2012**	
		Foreign	**Coastal**	**Foreign**	**Coastal**	**Foreign**	**Coastal**
Imp. Manganese Ore	Per Metric tonne	168.81	101.29	198.52	119.11	174.57	-
Imp. Bauxite	Per Metric tonne	281.35	168.81	330.87	198.52	-	174.57
Imp. Gypsum	Per Metric tonne	168.81	101.29	198.52	119.11	174.57	
Imp. Limestone	Per Metric tonne	168.81	101.29	198.52	119.11	174.57	
Exp. BF Slag	Per Metric tonne	163.51	101.29	99.69	59.81	105.36	
Exp. Ores (other than iron ore)	Per Metric tonne	163.51	101.29	99.69	59.81	105.36	
Exp. Ilmenite sand	Per Metric tonne	163.51	101.29	99.69	59.81	105.36	

(iii). Storage charges:
Storage charges after free period (per ton / per day)

Description	**Rate in ₹ per tonne per day or part thereof**		
	Initial proposal dated 20 October 2012	**Proposal dated 4 December 2012**	**Revised proposal dated 28 December 2012**
Import - Free period – 10 days			
First ten days after expiry of free period	5.15	6.45	3.50
Beyond 20th day	7.72	9.68	5.25
Export – Free period – 20 days			
First ten days after expiry of free period	5.19	2.72	2.41
Beyond 30th day	7.79	4.08	3.62

(iv). Miscellaneous charges:

Initial proposal dated 20 October 2012		**Proposal dated 4 December 2012**		**Revised proposal dated 28 December 2012**	
Description	**Rate in ₹ Per tonne per day**	**Description**	**Rate in ₹ Per tonne per day**	**Description**	**Rate in ₹ Per tonne per day**
Import Manganese ore, Bauxite,	9.30	Import Manganese ore,	11.03	Import Manganese	9.70

Gypsums and Limestone and export BF slag, Ores (other than iron ore) and Ilmenite sand		Bauxite, Gypsum and Limestone		ore, Bauxite, Gypsum and Limestone	
		Export BF slag, Ores (other than iron ore) and Ilmenite sand	5.54	Export BF slag, Ores (other than iron ore) and Ilmenite sand	5.85

10. Since the reply furnished by the VPT vide its e-mail dated 28 December 2012 did not adequately justify its position of deployment of 2 nos. of 100 tonne HMC at the berth, the VPT was again requested to furnish the requisite justification. Further, the VPT was also requested to justify consideration of handling rate of 7500 tonnes per day per crane incase of Limestone, Other Ores and Ilmenite sand. In this regard, the VPT vide its communication dated 11 January 2013 has submitted the following:

(i). The equipment is planned based on the pattern of vessels being deployed for the cargoes at the proposed facility. As already explained, at this port, cargo belonging to different importers is carried in one parcel in different holds of the ships in respect of certain cargoes like manganese ore, lime stone, ilmenite sand, other ores etc. Cargo of different importers/ exporters is to be stored at different places in the storage area earmarked to them. As such, the cargo belonging to different importers from one vessel cannot be handled simultaneously through the same conveyor. Therefore, it is imperative to handle cargo belonging to different importers one after the other as is being done now at the port. As such, deployment of more than one crane at each berth will only result in creation of idle capacity and underutilization of equipment. Further, the 100 T capacity HMCs are of higher capacity when compared to the norm of TAMP of 3 nos., of 20 tonne ELL Wharf cranes. The output rates have also been considered as 25% more than the norm of 10,000 tonnes in respect of cargoes which are handled in bigger size vessels. However, output rate of 7,500 tonnes per day in case of lower parcels is considered as per TAMP norms for export Illeminite sand, export other ores (other than iron ore) and import lime stone.

These small vessels often have only 2 hatches of very small size having limited scope for increasing the output inspite of deploying higher capacity cranes.

(ii). In case of limestone, small parcel loads of less than 10,000 tonnes are arriving. During 2011-12, 8 vessels of parcel size of less than 10,000 were handled out of the total number of 14 vessels. These vessels are small in size i.e., less than 10,000 DWT with the smaller size hatches. As such, the output rate of 12,500 cannot be achieved. Similarly in case of ilmenite sand out of 26 vessels handled during 2011-12, 22 vessels are of small parcels of less than 15,000 tonnes with a DWT of about 20,000. Incase of other ores, small parcels of ferro chrome etc., are sometimes carried in general cargo vessels along with cargoes such as iron and steel, machinery etc., in different hatches. Accordingly an output of 7,500 tonnes per day is considered as per TAMP norms realistically.

(iii). It is, therefore, reiterated that the equipment planned and the output rates envisaged are only feasible and the same may be considered.

11. The VPT vide its communication dated 15 January 2013 has revised the power cost considered earlier by it in its proposal dated 28 December 2012 as given under:

1.	Unit rate (at 33 KV as per EPDCL tariff)	-	₹ 5.35
2.	MD Charges	-	₹ 250 per KVA
3.	Contracted maximum demand	-	2000 KVA (approx.)
4.	Annual demand charges (Fixed charge)	-	₹ 250 × 2000 × 12 = ₹ 60,00,000

The component of power tariff for mechanical and non-mechanical components works out as follows, as furnished by the VPT:

Description	Mechanical	Non-mechanical	Total
Throughput (tonnes)	42,95,561	14,79,583	57,75,144
Annual demand charges (fixed charge; as such calculated proportionately basing on throughput)	₹ 44,62,808	₹ 15,37,192	₹ 60,00,000
Unit consumption (@ 0.6 units per tonne of cargo handled) and @ ₹ 5.35 per unit	₹ 1,37,88,751	--	₹ 1,37,88,751
Power consumption of which major component is lighting @2.4 lakh units/annum/hectare for 19.64 hectares (fixed charge; as such calculated proportionately basing on throughput)	₹ 1,87,57,100	₹ 64,62,800	₹ 2,52,19,900
Total power cost	₹ 3,70,08,659 (₹ 370.09 lakhs)	₹ 79,99,992 (₹ 80.00 lakhs)	₹ 4,50,08,651

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

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

(i). It may be recalled that this Authority vide its Order no.TAMP/51/2009-VPT dated 19 April 2010 has fixed upfront tariff for handling Alumina and Other dry bulk cargo at Visakhapatnam Port Trust (VPT). Subsequently, based on the reformulated proposal filed by the VPT, this Authority vide its Order no.TAMP/16/2011-VPT dated 29 June 2011 has fixed upfront tariff for handling Bauxite, Gypsum, Other dry bulk (excluding coal and coke) and Ores (other than Iron Ore) at VPT and cancelled the upfront tariff earlier approved vide Order no.TAMP/51/2009-VPT dated 19 April 2010. The proposal now filed by the VPT is to fix upfront tariff for handling different composition of cargo like Manganese Ore, Bauxite, Gypsum, Limestone, BF Slag, Ores (other than iron ore) and Ilmenite sand. Since the tariff caps for handling cargo like Manganese Ore, Bauxite, Gypsum, Limestone, BF Slag, Ores (other than iron ore) and Ilmenite sand at VPT have not been set earlier, the analysis proceeds further to fix upfront tariff for the said cargo items.

(ii). The proposal is to fix upfront tariff for import cargo like Manganese Ore, Bauxite, Gypsum and Limestone and for export cargo like BF Slag, Ores (other than iron ore) and Ilmenite sand envisaged to be handled at a facility at Visakhapatnam Port Trust (VPT) to be developed under Public Private Partnership (PPP) mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis. The proposal is based on the Guidelines for upfront tariff fixation issued by the (then) Ministry of Shipping, Road Transport and Highways in February 2008.

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

It is also clarified to the VPT that the upfront tariff fixed now is for the cargo operation by using the Harbour Mobile Cranes (HMCs) and supporting equipment. If this method of handling the said cargo by use of HMCs formulated by VPT undergoes a change, tariff will have to be reviewed to capture the change in the method, if any.

(iii). The VPT has filed its proposal in October 2012. Subsequently, consequent to the information/ clarifications sought by us during the processing of the case, the VPT under cover of its letter dated 4 December 2012 has revised its proposal.

Thereafter, based on the decisions taken at the joint hearing held on 18 December 2012, the VPT under cover of its letter dated 28 December 2012 has further revised its proposal. The proposal has been revised mainly with reference to deployment of 100 tonne Harbour Mobile Crane (HMC) instead of 60 tonne HMC, thereby resulting in revision of the capacity of the proposed facility, capital cost of the project, operating costs, etc. The revised proposal of the VPT dated 28 December 2012 along with the information/ clarifications furnished by VPT during the processing of the case are considered in this analysis.

(iv). The revised proposal of VPT generally follows the Upfront tariff guidelines prescribed for the multipurpose berth. Deviations from the guidelines, proposed by VPT are, *inter alia*, discussed in the following paragraphs.

(v). Optimal Terminal Capacity:

(a). Initially, the VPT had envisaged deployment of 2 numbers of 60 tonne HMCs for the berth length of 560 metres. However, since in the tariff order no.TAMP/16/2011-VPT dated 29 June 2011 regarding fixation of upfront tariff for handling various dry bulk cargo at the multipurpose berth with a length of 280 metres, deployment of 2 nos. of 60T HMCs was considered as proposed by the VPT then, the VPT was requested to consider deployment of 4 nos. of 60T HMCs at the proposed facility also.

In this regard, the VPT has sought to justify that the cargo envisaged to be handled at the facility is heterogeneous in nature and that the cargo contained in the vessel would belong to different importers and exporters. Since the cargo belonging to different importers of a vessel cannot be handled simultaneously through the same conveyor, it is imperative to handle cargo belonging to different importers one after the other as is being done now at the port. According to VPT, cargo of different importers/ exporters is to be stored at different places in the storage area earmarked to them. Based on the above position, VPT has categorically stated that deployment of more than one crane at each berth will only result in creation of idle capacity and underutilization of equipment. Therefore, to have greater operational flexibility only one crane at each berth is proposed by the port. However, subsequently the VPT has envisaged deployment of higher capacity one 100 tonnes HMC at each berth in place of one 60 tonne HMC.

In this regard, it is noteworthy that at some of the existing facilities at the West Quay and other berths of Visakhapatnam Port Trust (VPT), HMC of 100 tonnes capacity are already put into operation by the port. Other Major Port Trusts such as Paradip Port Trust (PPT), V.O. Chidambaranar Port Trust (VOCPT) and New Mangalore Port Trust (NMPT), Kolkata Port Trust (KOPT), Kandla Port Trust (KPT) had also proposed deployment of HMC of around 100 Tonne capacity for the cargo handling operation. That being so, the proposed deployment of HMC by VPT in lieu of ELL Cranes is in line with the approach adopted by other major port trusts for cargo operations and considered by this Authority in the past in the respective cases. It is noteworthy that the technical design of the proposed facility at VPT also permits deployment of 100T HMC, as confirmed by the port.

With regard to deployment of 2 nos. of 100 tonne HMCs for the berth length of 560 metres, this Authority noted that at some other Major Port Trust deployment of 2 nos. of 100 tonne HMCs was envisaged by KOPT for a berth length of 275 metres. Nevertheless, the peculiar circumstances obtaining at the VPT cannot be brushed aside. The same vessel carries multivarious heterogeneous nature of cargo belonging to multivarious importers/ exporters. This position calls for handling of multivarious cargo one after the other.

If two cranes are deployed for unloading activity of the same vessel, in one berth, and if cargo of different importers is to be unloaded, then, conveyor will be the limiting factor since the cargo belonging to different importers of the same vessel cannot be loaded on to the conveyor simultaneously. Further, it is necessary to ensure smooth handling of cargo at the berth. Therefore, this Authority is inclined to consider the proposal of VPT for deployment of two numbers of 100 tonne HMCs at the proposed facility i.e. one at each berth. However, it is clarified that the consideration of two numbers of 100 tonne HMCs for a berth length of 560 metres should not be quoted as a precedence in the future.

At the same time, it is also stated as an abundant measure of caution, it should be noted that if the BOT operator deploys more than 2 numbers of HMCs at the proposed facility, the upfront tariff fixed now for the facility will have to be reviewed.

(b). VPT has estimated the optimal capacity of the proposed facility by taking into account the handling rate of each type of cargo and the percentage share of each type of cargo proposed to be handled at the facility.

(c). The share of Manganese Ore, Bauxite, Gypsum, Limestone, BF Slag, Other Ores and Ilmenite sand is estimated at 26.45%, 13.55%, 21.49%, 13.22%, 14.88%, 2.48% and 8.26% respectively. The share of each type of cargo assumed by the VPT is reported to be based on the actual percentage share of each type of cargo at VPT, as confirmed by the port. It is noteworthy that none of the users/ prospective bidders have raised a pointed objection on the percentage share of each type of cargo, considered by the VPT in its proposal. The share of each type of cargo as estimated by the VPT is relied upon.

(d). With the proposed deployment of 100 tonne HMCs at the facility, the VPT has considered the following handling rates:

(i). 12500 tonnes per day per crane incase of Manganese Ore, Bauxite, Gypsum and BF Slag
(ii). 7500 tonnes per day per crane incase of Limestone, Other Ores and Ilmenite sand.

In this regard, it is relevant to mention here that the handling norms prescribed in the upfront tariff guidelines for dry bulk cargo such as coal, lime stone, minerals, etc., is 10000 tonnes per day, which is with reference to deployment of three numbers of 20 tonne capacity of level luffing cranes. However, when there were a series of proposals filed by various port trusts for fixation of hire charge for 100 tonne capacity HMCs, the matter relating to handling rate was examined. Considering the higher handling capacity of 100 tonne HMC as compared to the aggregate capacity of the wharf cranes prescribed in the 2008 guidelines, and based on the performance of 100 tonne capacity of HMC reportedly operated in PPT, the handling rate for the dry bulk cargo was considered at 12500 tonnes per day i.e. 25% over the handling rate prescribed in the upfront guidelines. The handling rate of 12500 tonnes per day per 100 tonne HMC for handling dry bulk cargo has been applied in the cases pertaining to NMPT, VPT and upfront tariff determination for mechanization of berth involving deployment of MHC at the VOCPT. Therefore, in the case of VPT also, the handling rate of 12500 tonnes per day per crane considered by the VPT incase of Manganese Ore, Bauxite, Gypsum and BF Slag is taken into account.

With reference to considering a lower handling rate of 7500 tonnes per day per crane incase of cargo like Limestone, Other Ores and Ilmenite sand, the VPT has stated that the said cargo would be in small vessels which would often have only 2 small size hatches and that this would limit the scope for increasing the output inspite of deploying higher capacity cranes. In this regard, it is relevant to mention here that it is in the present scenario that cargo like Limestone, Other Ores and Ilmenite sand are being handled by smaller vessels at VPT. Even in the present scenario, as per the submissions made by the VPT, though the VPT is vocal about handling only smaller size vessels, it is silent on the size of the remaining vessels which handled the above mentioned cargo in the year 2011-12. Infact, in the year 2011-12, the VPT has reported to have handled some vessels of size less than 15000 tonnes incase of Ilmenite sand. That being so, it may not be impossible to achieve the handling rate of 12500 tonnes per day. Further, the position of handling rate brought out by the VPT is with reference to the present scenario. The port has not confirmed whether the same position would continue to be applicable in the future time horizon of 30 years also. Infact, the facility envisages a larger quay length of 560 metres, so as to enable handling of Handymax and high Handymax vessels. It is noteworthy that the equipment profile envisaged by the VPT is to cater to bigger size vessels, as reported by the port in its proposal of October 2012. Therefore, though deployment of higher capacity cranes is envisaged, but at the same time reducing the ship day output of the cranes to suit handling of smaller size vessels based on the present scenario at VPT, for fixation of upfront tariff to be applicable in future, does not appear to be correct.

In view of the above position, a uniform handling rate of 12500 tonnes per day per crane is considered for all types of dry bulk cargo envisaged to be handled at the facility, including Limestone, Other Ores and Ilmenite sand. Thus, a uniform handling rate of 25000 tonnes per day for 2 HMCs has been considered in the analysis.

(e). Considering a handling rate of 25000 tonnes per day for 365 days at 70% utilisation, the optimal terminal capacity of the facility works out to 6.39 million tonnes per annum as against the optimal terminal capacity of 5.78 million tonnes per annum as estimated by the VPT.

(f). The Upfront Guidelines for the multipurpose berth do not require assessment of the yard capacity separately. The VPT has stated that out of the proposed allotment of 19.64 hectares of land, an area of 12.41 hectares of land (63.19%) has been earmarked for the stacking area and the balance 36.81% for ancillary facilities. The judgment of VPT for area requirement of 19.64 hectares of land is relied upon in the analysis.

(vi). Capital Cost:

The capital cost as estimated by the VPT in its revised proposal is ₹393 crores, of which ₹134.01 crores is estimated for the berthing activity and ₹258.99 crores is estimated for cargo handling activity.

(a). Berthing Activity:

(i). As per the upfront tariff guidelines, the capital cost for berth hire services includes cost of construction of berth and cost of dredging, if any, carried out alongside the berth. The guidelines require considering the cost as estimated by the port.

(ii). The total capital cost for berth hire services is estimated at ₹134.01 crores, of which ₹103.87 crores is estimated towards construction of berth, ₹3.72 crores towards Berth fixtures and the balance ₹26.42 crores towards dredging.

The VPT has furnished the rate analysis for the items of civil cost. The rates considered by VPT are reported to be based on the rate analysis prepared in VPT Schedule of Rates with effect from June 2008 and with the latest amendments and prevailing market rates/ quotations. From the rate analysis furnished by the VPT, it is seen that for many of the civil works the VPT has considered the rate of civil works as relied upon in the upfront tariff cases disposed in the past incase of VPT, with an element of escalation.

Provisions have also been made in the estimates towards contingencies, supervision charges, preparation of preliminary estimates, preparation of detailed estimates based on the detailed structural drawings, work contract tax etc. The civil cost for the Berthing activity as estimated by the Port is relied upon.

(b). Cargo handling activity:

(i). Civil Works:

The upfront tariff guidelines broadly indicate the civil works involved for the multipurpose berth and require consideration of the civil cost as per the estimates given by the Port Trust. The items of civil works as estimated by the port generally adhere to normative list of items stipulated in the guidelines for the multipurpose berth. The VPT has estimated the civil costs relating to the cargo handling activity at ₹92.81 crores. This estimated cost pertains to dismantling of existing structures, Development of back up area including hard surfacing, drainage, Ground improvement, Railway, Conveyor gallery, Transfer houses, Drive houses, Paving area behind the berth, Area illumination, Internal roads in stack area and compound wall and green plantation.

The VPT has furnished the rate analysis for the items of civil cost. The rates considered by VPT are reported to be based on the rate analysis prepared in VPT Schedule of Rates with effect from June 2008 and with the latest amendments and prevailing market rates/ quotations. From the rate analysis furnished by the VPT, it is seen that for many of the civil works the VPT has considered the rate of civil works as relied upon in the upfront tariff cases disposed in the past incase of VPT, with an element of escalation.

Provisions have also been made in the estimates towards contingencies, supervision charges, preparation of preliminary estimates, preparation of detailed estimates based on the detailed structural drawings, work contract tax etc. The civil cost for the cargo handling activity as estimated by the Port is relied upon.

(ii). Equipment cost:

(a). The Upfront Tariff Fixation Guidelines for a Multipurpose Berth stipulate deployment of ELL Cranes, Fork Lift Trucks and Pay Loaders. The VPT has envisaged deployment of HMCs, Mobile hoppers, Conveyor systems, Stacker, dumpers and Pay loaders for carrying out the cargo handling activities at the facility. As reported by the VPT in case of import cargo, after unloading of cargo by the HMCs into the mobile hoppers, the overhead conveyors will transfer the cargo from hoppers at the berth to storage yard, which will further be collected by pay loaders. In respect of export cargo, the cargo would be moved by the dumpers from the stack yard to the berth and thereafter, the pre stacked cargo at the berth will be loaded into ships' hatches by the HMCs. The VPT has also stated that since there is no general cargo/ break bulk cargo component in the cargo composition at the proposed facility, it has not considered the deployment of forklift trucks. Further, the VPT has also stated that the fleet of equipment envisaged by it for deployment at the facility would enable it to handle bigger size vessels and to suit the multi cargo composition proposed for the berth.

Even the Techno-Economic Feasibility Report (TEFR) furnished by the Port states that considering the heterogeneous nature of commodities to be handled, distance between stack yard and berth, varying rate of loading/ unloading of different commodities, the above mentioned equipping plan would be essential.

It is noteworthy that Clause 3.2. of the guidelines for upfront tariff setting gives flexibility to this Authority to make necessary adjustment in the norms based on the justification furnished by the port in view of the port's specific conditions having impact on the norms prescribed in the guidelines. In view of clarification furnished by the VPT and also since none of the prospective bidders nor the users have raised any pointed objection to the proposed equipping plan, this Authority is inclined to consider the equipping plan as proposed by the port.

(b). (i). The position with regard to consideration of 2 nos. of 100 tonne HMCs at the facility has been discussed earlier.

(ii). Inspite of a specific request, the VPT has not justified the number/ (s) of deployment of each type of equipment. Nevertheless, given that the number/ (s) of deployment of each type of equipment is as per the TEFR and also since none of the users/ prospective bidders have made a pointed objection with regard to the number of each equipment, the number of each type of equipment as considered by the port is relied upon.

(c). The VPT has not furnished documentary evidence in support of the base cost of one 100 tonne HMC at ₹32.59 crores. In this regard, it may be recalled that this Authority while fixing the hire charge for the 100 tonne HMC at VPT vide Order no.TAMP/56/2008-VPT dated 16 June 2010 had relied upon the cost of the HMC at ₹25.28 crores, (based on an Exchange rate of ₹58.26 per Euro). Considering that the prevailing exchange rate is around ₹71.47 per Euro and also taking into account an escalation component in the cost of HMC during the intervening period, the cost of one 100 tonne HMC at ₹32.59 crores considered by the VPT appears to be reasonable and hence relied upon.

(d). Inspite of a specific request to furnish budgetary quotations to support the base rate of each equipment considered by it in the calculation of capital costs, the VPT has not furnished the same. The VPT has stated that it has relied upon the cost of the equipment as considered for similar equipment in the tariff Order

No.TAMP/58/2008-VPT dated 27 November 2009 as base and thereafter it has considered annual escalation factor of 6%.

The Order referred by VPT above is the Order passed fixing upfront tariff for mechanised handling of coking coal and steam coal at the General Cargo Berth of VPT. It is noteworthy that at the said facility deployment of mobile hoppers, pay loaders, stackers and conveyors had been envisaged. The VPT has considered the cost as relied upon in the said Order and then applied an escalation component of 6% per annum. In this regard, it is relevant to mention here that while fixing upfront tariff for development of Berth No.WQ-7 in the Inner Harbour with Mechanized Handling Facilities for Handling Dry Bulk Cargo earlier vide Order no.TAMP/16/2011-VPT dated 29 June 2011, in the absence of documentary evidence, the cost of Mobile Hoppers and front end loaders were considered as allowed in the other upfront tariff fixation cases of the VPT with escalation.

In view of this position, the cost of each of the equipment as considered by the VPT is relied upon in this analysis.

(e). The cost towards Electrical Works at ₹3.58 crores has been considered at lump sum, as furnished by the Port.

(f). The miscellaneous capital cost is estimated at 5% on civil and equipment cost which is as per the norms prescribed in the guidelines for multipurpose cargo terminal.

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

(viii). Operating Cost:

(a). Power cost:

(i). For illumination:

Power cost has been estimated by the port with regard to the illumination of the 19.64 hectares of land based on the power consumption of 240000 units per hectare per annum at the rate of ₹6.17 per unit.

The power consumption of 2.4 lakhs units per annum per hectare adopted by the VPT is the norm prescribed in the guidelines for fixation of upfront tariff for liquid bulk terminal to quantify the expenses on illumination of yard.

The Upfront tariff guidelines for the multipurpose berth do not prescribe norms towards consumption of power for illumination of the yard. Nevertheless, illumination of the yard is essential. The power consumption of 240000 units per hectare per annum as considered by VPT is, therefore, relied upon in the analysis. It is noteworthy that power cost for illumination of the yard has been considered in the case of fixation of upfront tariff for the multipurpose riverine jetty at Outer Terminal – I of KOPT also.

(ii). For Conveyor system including stacker:

Since the Conveyor system has been envisaged to be utilised for the import cargo, the port has estimated power cost for the import cargo based on the power consumption of 0.6 units per tonne and at the rate of ₹6.17 per unit.

In view of the modification effected in the per day handling rate of Limestone (import cargo), as explained earlier, the total import cargo to be handled by the conveyor works out to 47.51 tonnes instead of 42.96 tonnes as considered by the port.

With regard to power consumption of 0.6 units per tonne, the VPT has stated that it is based on the actual power consumption of iron ore receiving system including stacker at the existing Mechanical Ore Handling Complex of VPT. The position reported by the VPT with regard to the power consumption of 0.6 units per tonne for handling import cargo is taken into account.

(iii). As stated above, the VPT has considered the unit cost of power at around ₹6.17 per unit. The VPT has furnished workings in this regard. The same is considered.

(b). Fuel cost:

(i). HMC:

The consumption norm of fuel prescribed in the guidelines for multipurpose cargo terminal is with reference to operation of 3 numbers of ELL cranes. Since the VPT proposes deployment of 2 numbers of HMCs of 100 tonne capacity for handling cargo, it has estimated fuel cost for the HMCs by assuming fuel consumption of 70 litres per hour by a HMC. Fuel consumption of 70 litres per hour has been allowed with reference to HMC of 100 tonne capacity in the riverine jetty project of KOPT as well as in the multipurpose berths at Shalukkhali.

The fuel cost is estimated by VPT by taking into account 12860 hours of operation for 2 HMCs (6430 hours per HMC). The exact number of hours applying the norms prescribed (i.e. 365 days * 24 hours * 70% utilization) works out to 6132 hours per HMC. Therefore, operational hours are considered at 12264 hours for 2 HMCs instead of 12860 hours considered by VPT.

(ii). Pay loaders:

The consumption of 12 litres per hour per pay loader and the annual usage of each pay loader at 4000 hours are seen to be in line with the norms prescribed in the upfront guidelines for the 10 tonne pay loaders.

(iii). Dumpers:

To estimate the cost of fuel for operation of 10 number of dumpers, the VPT has considered fuel consumption of 4 litres per hour per dumper for 4623.7 hours per annum per dumper.

The consumption of 4 litres per hour per dumper is seen to be in line with the fuel consumption for the tripper trucks considered at the time of fixation of upfront tariff of the riverine jetty at Outer Terminal – I of KOPT and with regard to the fuel consumption for the dumper trucks considered incase of the Multipurpose berths at Shalukkhali at KOPT.

The VPT has considered the annual working hours of 10 dumpers at 46237 hours. It has furnished workings in this regard. As stated earlier, the dumpers are envisaged to move the export cargo from the stack yard to the berth. Accordingly, the working hours assessed take into account the export cargo. In view of increase in the capacity of the facility to handle export cargo due to consideration of higher handling rate incase of export cargo, as explained earlier, working hours are modified to 51140 hours.

(iv). The unit cost of fuel considered by VPT at ₹50.39 per litre is modified to ₹51.35 per litre to reflect the prevailing market rate.

(c). Repairs and maintenance cost on civil work is estimated by VPT at 1% on the civil cost (excluding the cost relating to dismantling of existing structures) and 5% on mechanical equipment and electrical equipment cost, which is in line with the norms prescribed in the guidelines.

(d). Insurance cost is estimated at 1% of the gross fixed assets (excluding the cost relating to dismantling of existing structures) and other expenses are estimated at 5% of the gross value of fixed assets by VPT, which is in line with the norms prescribed in the guidelines.

(e). Depreciation is computed @ 3.34% on civil cost and 10.34% on equipment cost as per the rates prescribed in the Companies Act, 1956 under the Straight Line Method for the relevant group of assets and is in line with the guidelines for upfront tariff fixation.

The VPT has not calculated depreciation on the other assets. Hence, depreciation has been calculated on other assets duly considering the rate in proportion to the component of civil and equipment cost.

(f). It may be recalled that this Authority vide its Order no.TAMP/63/2011-VPT dated 18 June 2012 has fixed lease rentals for the various zones of VPT lands for the quinquennium 2008-2013. The land proposed to be allotted by the VPT to the Concessionaire is seen to be in three zones i.e. Zone – IIA1, Zone - VIII and Zone - IXA. The lease rental fixed by this Authority for Zone – IIA1, Zone - VIII and Zone - IXA are ₹181.52 per sq. yard per annum, ₹82.34 per sq. yard per annum and ₹84.30 per sq. yard per annum respectively, applicable from 1 April 2008. The said rates are to be escalated by 2% per annum till the rates are revised with the approval of the competent authority. The VPT has first converted the said lease rental into sq. mtr. Thereafter, it has escalated the rate by 2% per annum to arrive at the rate to be applicable during the year 2012-13 at ₹235/- per sq. metre per annum, ₹106.60 per sq. metre per annum and ₹109.14 per sq. metre per annum for Zone – IIA1, Zone - VIII and Zone - IXA respectively. Accordingly, the lease rental has been calculated by the VPT for 196433 sq. metres (19.64 hectares) i.e. 10000 sq. m in Zone – IIA1, 93290 sq. m in Zone – VIII and 93143 sq. m in Zone – IXA.

(g). Based on the moderations effected in the operating costs, as explained earlier, the operating cost for the cargo handling activity works out to ₹58.39 crores as against ₹57.25 crores, estimated by the port.

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

The VPT has considered insurance @ 1% and depreciation @ 3.34% on the aggregate capital cost relating to construction of berth and dredging while estimating the operating cost of berthing service apart from the prescribed norm of 1% towards maintenance.

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

In view of the position explained above, the element of insurance cost and depreciation cost are considered in this case also while estimating the operating cost for assessment of the revenue requirement from berth hire service, as also proposed by the port.

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

(a). The annual revenue requirement for the Cargo handling activity which is the sum of the operating cost and return on capital employed is estimated at ₹99.84 crores as against ₹98.69 crores estimated by the port.

(b). In line with the guidelines for multipurpose berth, the VPT has apportioned 90% of the total revenue requirement towards handling charge and 5% each towards storage charge and miscellaneous charge.

(c). As stated earlier, overhead conveyors would be deployed for transfer of the import cargo from mobile hoppers at the berth to storage yard. Since the mobile hoppers, conveyor and stackers are envisaged to be deployed for handling import cargo, the VPT is seen to have excluded all costs relating to the conveyors, mobile hoppers i.e. civil costs relating to Conveyor gallery, Transfer houses, Drive houses, capital cost of mobile hoppers, conveyor and stackers and return on the said equipment, while arriving at the per tonne handling rate of export cargo like BF Slag, Ores and Ilmenite Sand. Similarly, since the dumpers are envisaged to be utilised for handling export cargo only, the capital cost and operating cost of the dumpers have been excluded while arriving at the per tonne handling rate of import cargo. The civil capital costs and cost of other equipment which are common in nature i.e. would be used for handling both import and export cargo, have been apportioned towards import cargo and export cargo in the ratio of import and export cargo i.e. 74.38% and 25.62% respectively. Based on the modifications effected as explained in the earlier part of the analysis, the revenue requirement for the import cargo and export cargo works out to ₹74.34 crores and ₹15.52 crores respectively following the approach adopted by the VPT in this regard, as against ₹73.52 crores and ₹15.30 crores estimated by the VPT for import cargo and export cargo respectively.

(d). Taking into consideration the revenue requirement for the import cargo and the capacity of the import cargo, the per tonne rate for handling import cargo like Manganese ore, Bauxite, Gypsum and Limestone works out to ₹156.47 per MT instead of ₹171.16 per MT proposed by the port. Similarly, taking into consideration the revenue requirement for the export cargo and the capacity of the export cargo, the per tonne rate for handling export cargo like B.F Slag, Other Ores and Ilmenite Sand works out to ₹94.82 per MT instead of ₹103.40 per MT proposed by the port.

(e). The VPT has considered the entire cargo profile at the proposed facility to be foreign in nature except bauxite, which has been considered to be only coastal in nature. Accordingly, the per tonne rate arrived by the VPT is the rate for handling foreign cargo like Manganese ore, Gypsum, Limestone, B.F Slag, Other Ores and Ilmenite Sand and for handling Bauxite, which is coastal in nature. With reference to a specific query to furnish the basis for such an assumption, the VPT has furnished the Foreign/ coastal distribution at the port [including the private operator at VPT viz., Vizag Seaports Limited (VSPL)] for the years 2009-10 to 2011-12 in respect of the cargoes proposed to be handled at the facility, which shows that during the last three years all the cargoes proposed to be handled at the facility had been foreign cargo except for bauxite, which had been only the coastal traffic. The judgement of the port in this regard, is relied upon.

(f). As against 5 free days for import cargo and 15 free days for export cargo, prescribed in the guidelines, the port has proposed a free period of 10 days for import cargo and 20 days for export cargo. With regard to a specific query in this regard, the VPT has sought to justify that in view of the grouping of small quantities of export/ import cargo by small players in order to gain economies in scale and keeping in view the operability of vessel charter, the dwell time and the free days is in order. Based on the justification furnished by VPT, the free period of 10 days for import cargo and 20 days for export cargo is considered in the analysis, as proposed by the port.

(g). Based on an analysis furnished by the port, the VPT has considered 25.21% of the import cargo to attract storage charge beyond the proposed free period of 10 days assuming average dwell time of 30 days. Similarly, the port has considered 22.10% of the export cargo to attract storage charge beyond the proposed free period of 20 days assuming average dwell time of 40 days. The average dwell time of import cargoes at 30 days and of export cargoes at 40 days has been reported to be based on the past trends at VPT.

Further, out of this import cargo, 80% of the cargo is estimated to be cleared within the first ten days and the balance 20% cargo in the next ten days. The calculation furnished by VPT captures this position. The per tonne storage rate based on the modified revenue requirement works out to ₹3.13 per tonne per day during the first ten days after free period for the import cargo proposed to be handled at the facility. The rate for the subsequent slab is prescribed at 1.5 times the rate of the first slab, as proposed by VPT.

Similarly, out of the export cargo, 80% of the cargo is estimated to be cleared within the first ten days and the balance 20% cargo in the next ten days. The calculation furnished by VPT captures this position. The per tonne storage rate based on the modified revenue requirement works out to ₹2.17 per tonne per day during the first ten days after free period for the export cargo proposed to be handled at the facility. The rate for the subsequent slab is prescribed at 1.5 times the rate of the first slab, as proposed by VPT.

(h). Taking into consideration the modified revenue requirement for the import cargo from the miscellaneous activity and the capacity of the import cargo, the per tonne miscellaneous charge for the import cargo like Manganese ore, Bauxite, Gypsum and Limestone works out to ₹8.69 per MT instead of ₹9.51 per MT proposed by the port. Similarly, taking into consideration the modified revenue requirement for the export cargo and the capacity of the export cargo, the per tonne miscellaneous rate for export cargo like B.F Slag, Other Ores and Ilmenite Sand works out to ₹5.27 per MT instead of ₹5.74 per MT proposed by the port.

(i). The revenue requirement from berthing service is estimated at ₹28.60 crores by the port. The VPT has proposed berth hire in rupee terms for foreign going vessel at ₹1.033 per GRT per hour or part thereof and ₹0.62 per GRT per hour or part thereof for coastal vessel.

The methodology followed by the VPT for arriving at the berth hire is in general found to be in line with the approach followed by this Authority in other upfront tariff cases. However, there appears to be some errors in the calculation furnished by the VPT. For example, the VPT has considered a handling rate of only 12500 tonnes per day in case of Manganese ore, Bauxite, Gypsum and BF Slag and handling rate of 7500 tonnes per day in case of Limestone, Other Ores and Ilmenite sand. With the deployment of 2 number of 100 tonne HMCs, the VPT ought to have considered a handling rate of 25000 tonnes and 15000 tonnes per day for the above mentioned category of cargo respectively, in the calculation.

The workings furnished by the VPT are rectified so as to consider a uniform handling rate of 25000 tonnes per day for all types of cargoes, for the reasons explained in the earlier part of the analysis. This has led to change in all the parameters considered in the calculation of GRT hours.

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, as against the berth hire proposed by the VPT for foreign going vessel at ₹1.033 per GRT per hour or part thereof and ₹0.62 per GRT per hour or part thereof.

It has already been decided by this Authority while finalising the upfront berth hire at the other Major Port Trusts to approve the upfront berth hire charge in Rupee term only. The proposal of the VPT for rupee denominated berth hire is in line with the decision taken by this Authority in the other upfront tariff cases.

(xi). In the proposed upfront schedule, the VPT has proposed definitions for common terms like coastal vessel, day and foreign going vessel. The definitions are found to be in line with the definitions prescribed for the respective terms in the Scale of Rates of VPT.

(xii). In the proposed upfront schedule, the VPT has proposed some general conditionalities prescribing criteria for categorizing of a vessel as a foreign going vessel or coastal vessel, conditionalities governing levy of concessional tariff for coastal vessels/ cargo, conditionalities governing levy of interest on delayed payments/ refunds, consideration of gross weight of cargo for the purpose of levy, non levy of charges for delay beyond a reasonable level attributable to the terminal, conditionalities governing the flexibility provided to the terminal operator to levy charges lower than ceiling rates are found to be in line with the general conditionalities prescribed in the Scale of Rates of the port.

(xiii). In the Berth hire Schedule, the common conditionalities like berth hire is to be levied from the time the vessel occupies the berth till she vacates the berth, no berth hire charges to be levied for the period when the vessel idles at the berth for continuous one hour or more due to breakdown of terminal operator's equipment or power failure or for any other reasons attributable to the terminal operator, prescription of penal berth hire charges for over-stayal of vessel, false signal, ousting priority/ priority berth hire are seen to be in line with the conditionalities prescribed at the Scale of Rates of the VPT and also in other upfront tariff Schedules.

(xiv). In the Cargo handling Schedule, the VPT has proposed a note to the effect that the handling charge in respect of import cargo is a composite charge for unloading of the cargo from the vessel including stevedoring and transfer of the same up to the point of storage, storage at stack yard upto a free period of 10 days and loading on the trucks / wagons and that in respect of export cargo for unloading of the cargo from the trucks/ wagons at the stack yard, storage at the stack yard up to free period of 20 days in case of export cargo, transfer the cargo to the loading point and loading onto the ship including stevedoring. The composite charge includes wharfage and supply of labour, wherever necessary and all other miscellaneous charges not specifically prescribed in the Scale of rates.

(xv). Under the Storage Charges Schedule, general conditionalities like exclusion of holidays and port non-working days in the calculation of free period, free period for export cargo commencing from the actual date of receipt of goods in the operator's premises, free period for import cargo to be reckoned from the day following the day of final discharge from vessel, storage charges to not accrue when the terminal operator is not in a position to deliver/ ship the cargo due to reasons attributable to the operator are seen to be in line with the conditionalities prescribed in other upfront tariff Schedule.

(xvi). Under Miscellaneous Charges Schedule, the VPT has proposed a note to the effect that Miscellaneous charge is a Composite charge to cover all miscellaneous services such as environment and management, sweeping of cargo on the wharf, safety measures etc.

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

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

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

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

14.5. The upfront tariff approved by this Authority for the facility is with reference to the use of 2 nos. of HMCs of 100 tonne capacity to be deployed by the BOT operator. If there is any change in the said equipping plan considered in this analysis, the upfront tariff fixed for handling import cargo like Manganese Ore, Bauxite, Gypsum and Limestone and export cargo like BF Slag, Ores (other than iron ore) and Ilmenite sand shall be reviewed.

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

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

15. In the result, and for the reasons given above, and based on a collective application of mind, this Authority approves the upfront tariff schedule for handling import cargo like Manganese Ore, Bauxite, Gypsum and Limestone and export cargo like BF Slag, Ores (other than iron ore) and Ilmenite sand at the Visakhapatnam Port Trust which is attached as **Annex - II**.

(Rani Jadhav)
Chairperson

ANNEX - I

UPFRONT TARIFF CALCULATION FOR THE DRY BULK CARGO TO BE HANDLED AT THE WQ - 7 AND WQ - 8 BERTHS AT INNER HARBOUR OF VISAKHAPATNAM PORT TRUST.

₹ in lakhs

Sr. No.	Particulars	Revised estimates furnished by VPT	Estimates modified by TAMP
I	**Optimal capacity**		
	Optimal Quay Capacity		
(a)	Percentage Share of capacity of different cargo items		
	Manganese Ore (S1)	26.45%	26.45%
	Bauxite (S2)	13.22%	13.22%
	Gypsum (S3)	21.49%	21.49%
	Limestone (S4)	13.22%	13.22%
	B.F Slag (S5)	14.88%	14.88%
	Other Ores (S6)	2.48%	2.48%
	Ilmenite Sand (S7)	8.26%	8.26%
(b)	Handling rate of each type of cargo		
	Manganese Ore (P1)	25000	25000
	Bauxite (P2)	25000	25000
	Gypsum (P3)	25000	25000
	Limestone (P4)	15000	25000
	B.F Slag (P5)	25000	25000
	Other Ores (P6)	15000	25000
	Ilmenite Sand (P7)	15000	25000
(c)	Optimal Capacity of the Terminal = = 0.7*((S1*P1)+(S2*P2)+(S3*P3)+(S4*P4)+(S5*P5)+(S6*P6)+(S7*P7))*365	**5775145**	**6387500**
	Optimal Capacity of the terminal in million tonnes / annum	**5.78**	**6.39**
II	**Capital Cost**		
A.	**Cargo Handling Activity**	₹ in lakhs	
	(i). Civil Cost		
	Dismantling of existing structures	113.58	113.58
	Development of back up area including hard surfacing, drainage	280.19	280.19
	Ground improvement	1652.11	1652.11
	Railway (Civil, P.Way, S&T and electrification)	1393.11	1393.11
	Conveyor gallery	2993.26	2993.26
	Transfer houses	263.37	263.37
	Drive houses	294.22	294.22
	Paved area behind the berth (10000 sqm) @ 2500/sqm	283.24	283.24
	Area illumination	132.07	132.07
	Internal roads in stack area	906.37	906.37
	Compound wall and green plantation	969.84	969.84
	Total	**9281.36**	**9281.36**
	(ii). Equipment Cost		
	100 T Harbour Mobile Crane (2 nos.)	7384.97	7384.97
	Mobile hoppers (3 nos.)	229.32	229.32
	Conveyor system (2 streams of 2 KM each)	5397.41	5397.41
	Stacker of 1200 TPH (1 no.)	1364.54	1364.54
	10 T pay loaders (8 nos.)	366.90	366.90
	Electrical works	358.01	358.01
	Dumpers (10 nos.)	283.24	283.24
	Total	**15384.39**	**15384.39**
	(iii). Miscellaneous		
	- 5% on Civil Cost and Equipment Cost	1233.29	1233.29
	Total Capital Cost for Handling Activity (i + ii + iii)	**25899.04**	**25899.04**
B.	**Berthing Activity**		
	Construction of berth	10386.50	10386.50
	Berth fixtures	372.45	372.45
	Dredging Cost	2641.57	2641.57
	Total capital cost for Berth hire Activity	**13400.52**	**13400.52**
	Total Capital Cost (A + B)	**39299.55**	**39299.56**
III	**Operating Cost for Cargo Handling Activity**	₹ in lakhs	
	(a). Power cost		
	- Illumination	290.83	290.83
	(VPT - 2.4 lakh units per hectare * 19.64 hectares * Rs.6.17 per unit) (TAMP - 2.4 lakh units per hecatre * 19.64 hectares * Rs.6.17 per unit)		
	- Conveyor System including stacker	159.04	175.88
	(VPT - 42.96 lakh tonnes * 0.6 units per tonne * Rs.6.17 per unit) (TAMP - 47.51 lakh tonnes * 0.6 units per tonne * Rs.6.17 per unit)		
	(b). Fuel Cost		
	- Harbour Mobile Crane	453.61	440.83
	(VPT - 70 ltrs/ hour/ crane* Rs.50.39 per litre * 12860 hours pa for 2 HMC) (TAMP - 70 ltrs/ hour/ crane * Rs.51.35 per litre * 12264 hours pa for 2 HMC)		
	- Pay Loaders	193.50	197.18
	(VPT - 12 ltrs /hour/ loader * Rs.50.39 per litre * 4000 hours * 8 pay loaders) (TAMP - 12 ltrs /hour /loader * Rs.51.35 per litre * 4000 hours * 8 pay loaders)		
	- Dumpers	93.20	105.04
	(VPT - 4 ltrs/ hour/ dumper * Rs.50.39 per litre * 46237 hours pa for 10 dumpers) (TAMP - 4 ltrs/ hour/ dumper * Rs.51.35 per litre * 51140 hours pa for 10 dumpers)		

Sr. No.	Particulars	Revised estimates furnished by VPT	Estimates modified by TAMP
	(c). Repair & Maintenance		
	- Civil Assets (1% on civil work excluding the cost of dismantling existing structures)	91.68	91.68
	- Mechanical & Electrical Equipment including spares (5% on equipment cost)	769.22	769.22
	(d). Insurance (1% on Gross fixed assets excluding the cost of dismantling existing structures)	257.85	257.85
	(e). Depreciation		
	- Civil Work @ 3.34% (excluding the cost of dismantling existing structures)	306.20	306.20
	- Mechanical Work @ 10.34%	1590.75	1590.75
	- Miscellaneous Assets @ 3.34% on civil component and 10.34% on equipment component	0.00	94.85
	(f). License Fee	224.60	224.60
	(g). Other Expenses towards salaries and overheads (5% on gross value of assets)	1294.95	1294.95
	Total Operating Cost	**5725.42**	**5839.87**
IV	**Estimated Revenue Requirement & upfront tariff for Cargo Handling Activity**		
A.			
(i).	**Estimated Revenue Requirement**		
	(a). Total Operating Cost	5725.42	5839.87
	(b). Return on capital Employed @ 16%	4143.84	4143.85
	(c). Total Revenue requirement from cargo handling activity	**9869.26**	**9983.72**
(ii).	**Apportionment of Revenue Requirement**		
	(a). Cargo Handling Charges (90% of ARR)	8882.33	8985.35
	(b). Storage Charges (5% of ARR)	493.46	499.19
	(c). Miscelleneous Charge (5% of ARR)	493.46	499.19
	(d).Total Revenue requirement from cargo handling activity	**9869.26**	**9983.72**
(iii).	**Apportionment of Revenue Requirement into import & export cargo**		
	(a). Apportionment of Cargo Handling Revenue Requirement into Import & Export cargo	**8882.33**	**8985.35**
	- Import cargo	7352.42	7433.71
	- Export cargo	1529.92	1551.63
	(b). Apportionment of Revenue Requirement from Storage charges into Import & Export cargo	**493.46**	**499.19**
	- Import cargo	408.47	412.98
	- Export cargo	85.00	86.20
	(b). Apportionment of Revenue Requirement from Miscellaneous charges into Import & Export cargo	**493.46**	**499.19**
	- Import cargo	408.47	412.98
	- Export cargo	85.00	86.20
(iv).	**Cargo Handling charge**		
	(a). Cargo Handling Charge		
	- Revenue Requirement from Import cargo (₹ in lakhs)	7352.42	7433.71
	- Capacity of Import Cargo (Lakh Tonnes per annum)	42.96	47.51
	- Per Tonne rate for handling of import cargo	**171.16**	**156.47**
	- Revenue Requirement from Export cargo (₹ in lakhs)	1529.92	1551.63
	- Capacity of Export Cargo (Lakh Tonnes per annum)	14.80	16.36
	- Per Tonne rate for handling of Export cargo	**103.40**	**94.82**
	(b). Storage Charges		
	- Import cargo		
	- Dwell time	30 days	30 days
	- Free period	10 days	10 days
	- First slab	10 days	10 days
	- Second slab	10 days	10 days
	- % of cargo to attract storage charges	25.21%	25.21%
	- Cargo in tonnes	10.83	11.98
	- Revenue requirement	408.47	412.98
	- Storage charge per tonne per day (1st slab)	**3.43**	**3.13**
	- Storage charge per tonne per day (2nd slab)	**5.14**	**4.70**
	- Export cargo		
	- Dwell time	40 days	40 days
	- Free period	20 days	20 days
	- First slab	10 days	10 days
	- Second slab	10 days	10 days
	- % of cargo to attract storage charges	22.10%	22.10%
	- Cargo in tonnes	3.27	3.62
	- Revenue requirement	85.00	86.20
	- Storage charge per tonne per day (1st slab)	**2.36**	**2.17**
	- Storage charge per tonne per day (2nd slab)	**3.54**	**3.25**
	(c). Miscelleneous Charge		
	- Revenue Requirement from Import cargo (₹ in lakhs)	408.47	412.98
	- Capacity of Import Cargo (Lakh Tonnes per annum)	42.96	47.51
	- Per Tonne rate for handling of import cargo	**9.51**	**8.69**
	- Revenue Requirement from Export cargo (₹ in lakhs)	85.00	86.20
	- Capacity of Export Cargo (Lakh Tonnes per annum)	14.80	16.36
	- Per Tonne rate for handling of Export cargo	**5.74**	**5.27**

B.	**BERTH HIRE CHARGES**		
(i).	**Revenue Requirement**	**₹ in lakhs**	
	(a). Repairs & Maintenance Charge (1% on captial cost for berth)	134.01	134.01
	(b). Depreciation	447.58	447.58
	(c). Insurance (1% on total cost for berth hire service)	134.01	134.01
	Subtotal (i)	**715.59**	**715.59**
(ii).	Return on Capital Employed @ 16%	**2144.08**	**2144.08**
	Total Revenue requirement from Berthing services (i + ii)	**2859.67**	**2859.67**
	Berth hire Charge		
	Foreign going vessel (Rate per GRT per hour) in ₹	**1.033**	**2.132**
	Coastal vessel (Rate per GRT per hour) in ₹	**0.620**	**1.279**

Berth Hire Calculation as furnished by VPT

Sr. No.	Particulars	Unit	Manganese Ore	Bauxite	Gypsum	Limestone	BF Slag	Ores	Ileminite Sand	Total
i	Traffic	Tonnes	1527526	763474	1241079	763474.2	859342	143224	477027	5775145
ii.	Average Parcel Size	Tonnes	25000	40000	35000	25000	25000	30000	15000	
iii.	Average GRT of the Vessel	Tonnes	26000	28000	26000	20000	20000	20000	13000	
iv.	Handling rate	Tonnes/ day	12500	12500	12500	7500	12500	7500	7500	
v.	No. of berth days (i / iv)	days per vessel	122	61	99	102	69	19	64	536
vi.	No. of berth hours (v * 24 hours)	Hours	2933	1466	2383	2443	1650	458	1526	12859
vii.	No. of Vessels (i / ii)	Nos.	61	19	35	31	34	5	32	217
viii.	GRT hours (iii * vi)	GRT Hours	76243364	41054119	61947733	48873951	32989917	9163866	22909665	293182614
ix.	Total GRT hours (v * 24 * i)									
	- Foreign	GRT Hours	76243364	0	61947733	48873951	32989917	9163866	22909665	252128495
	- Coastal	GRT Hours	0	41054119	0	0	0	0	0	41054119
x.	Revenue Requirement									**2859.67**
	Berth hire - foreign going vessel									**1.033**
	Berth hire - coastal vessel									**0.620**

Berth Hire Calculation as per TAMP Estimates

Sr. No.	Particulars	Unit	Manganese Ore	Bauxite	Gypsum	Limestone	BF Slag	Ores	Ileminite 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									**2859.67**
	Berth hire for Foreign going vessel									**2.132**
	Berth hire for Coastal vessel									**1.279**

Annex - II

VISAKHAPATNAM PORT TRUST

UPFRONT TARIFF SCHEDULE FOR
IMPORT MANGANESE ORE, BAUXITE, GYPSUM AND LIMESTONE &
EXPORT BF SLAG, ORES (OTHER THAN IRON ORE) AND ILMENITE SAND.

1.1. DEFINITIONS

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

(i). **"Coastal vessel"** means any vessel exclusively employed in trading between any port or place in India to any other port or place in India having a valid coastal licence issued by the competent authority.

(ii). **"Day**" shall mean the period starting from 6.00 A.M. of a day and ending at 6.00 A.M. on the next day.

(iii). "**Foreign-going vessel**" shall mean any vessel other than Coastal vessel.

1.2 GENERAL TERMS & CONDITIONS

(i). The status of the Vessel as borne out by its certification by the Customs or Director General of Shipping is the relevant factor to decide whether vessel is "Coastal" or foreign-going" for the purpose of levy of Berth hire, and the nature of cargo or its origin will not be of any relevance for this propose.

(ii). (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.

(b). A foreign going vessel of Foreign Flag can convert to coastal run on the basis of a Coastal Voyage Licence issued by the Director General of Shipping.

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

(d). In cases of such conversion, coastal rates shall be chargeable only till the vessel completes coastal cargo discharging operations, immediately thereafter foreign going rates shall be chargeable by the discharge ports.

(e). 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.

(iii). (a). The berth hire for all coastal vessel should not exceed 60% of the corresponding charges for other vessels.

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

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

(d). Cargo from a foreign port which reaches an Indian Port “A” for subsequent transhipment to Indian Port “B” will be levied the 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.

(e). The charges for coastal cargo / containers / vessels shall be denominated and collected in Indian rupee.

(iv). Interest on delayed payments / refunds.

(a). The user shall pay penal interest on delayed payments for any charge under this Scale of Rates. Likewise, the terminal operator shall pay penal interest on delayed refunds.

(b). The rate of penal interest will be 2% above the Prime Lending Rate declared by the State Bank of India from time to time.

(c). The delay on refunds by the terminal operator will be counted only 20 days from the day of completion of services or on production of all the documents required from the users, whichever is later.

(d). The delay in payments by the users will be counted beyond 10 days after the date of raising the bills by the terminal operator. This provision shall, however, not apply to the cases where payment is to be made before availing the services where payment of charges in advance is prescribed as a condition in the scale of rates.

(v). In calculating the gross weight or measurement by volume or capacity of any individual item, fractions upto and inclusive 0.5 shall be taken as 0.5 unit and fractions of above 0.5 shall be treated as one unit, except where otherwise specified.

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

(vii). The rates prescribed in the Scale of Rates are ceiling levels: likewise, rebates and discounts are floor levels. The terminal operator may, if it so desires, charge lower rates and / or allow higher rebates and discounts.

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

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

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

2. BERTH HIRE CHARGES

2.1. Schedule of Berth hire

Sl. No.	Vessels	Rate per GRT per hour or part there of	
		Foreign Going Vessel (in ₹)	**Coastal Vessel (in ₹)**
1.	Vessels carrying import Manganese ore, Bauxite, Gypsum and Limestone and export BF Slag, Ores (other than iron ore) and Ilmenite sand	2.132	1.279

2.2. Penal Berth hire for over-stay of vessel:

(i). Penal berth hire equivalent to normal applicable berth hire shall be levied in addition to the berth hire charge for the period of overstay of vessel for occupancy of the berth beyond the stipulated periods mentioned at (ii) below, provided there is a demand for the berth and a notice is served by the BOT operator or its authorized officials 10 hrs in advance of completion of discharge / shipment operations.

(ii). Vessel shall be permitted to occupy the berth after completion of cargo operation without attracting penalty for period mentioned below:-

(a).	Vessels taking bunkers through barges.	08 hrs
(b).	Vessels taking water through barges.	12 hrs [From the time of placement of barges alongside vessel].
(c).	Vessels taking Water / Bunkers through	08 hrs
(d).	In all other cases	07 hrs

General Notes relating to berth hire:

(i). The time for the purpose of levy of berth hire shall be reckoned from the time the vessel occupies the berth till she vacates the berth.

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

(b). The time limit of 4 hours prescribed for the cessation of berth hire shall exclude the ship's waiting time for want of favourable tidal conditions or on account of inclement weather or due to absence of night navigation facilities.

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

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

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

(iv). No berth hire shall be levied for the period the vessel is compelled to idle at berth for continuously for one hour or more due to non- availability / break down of equipment and any other reasons including power failure attributable to the terminal operator.

(v). Ousting priority / Priority berth Hire:

The rate and conditions for granting ousting priority berthing / priority berthing will be governed by extant Government guidelines in this regard and provisions prescribed, in the Scale of Rates of Visakhapatnam Port Trust.

3. CARGO HANDLING CHARGES:

Commodity	Unit	Rate in Rupees
		Foreign
Imp. Manganese Ore(Foreign)	Per Metric tonne	156.47
Imp. Bauxite(Coastal)	Per Metric tonne	156.47
Imp. Gypsum(Foreign)	Per Metric tonne	156.47
Imp. Limestone(Foreign)	Per Metric tonne	156.47
Exp. BF Slag(Foreign)	Per Metric tonne	94.82
Exp. Ores (other than iron ore) (Foreign)	Per Metric tonne	94.82
Exp. Ilmenite sand(Foreign)	Per Metric tonne	94.82

Notes:

The handling charge prescribed above is a composite charge for (i) unloading of the cargo from the vessel including stevedoring and transfer of the same up to the point of storage, storage at stack yard upto a free period of 10 days and loading on the trucks / wagons in respect of import cargo and (ii) unloading of the cargo from the trucks/ wagons at the stack yard, storage at the stack yard up to free period of 20 days in case of export cargo, transfer the cargo to the loading point and loading onto the ship including stevedoring. This composite charge includes wharfage and supply of labour, wherever necessary and all other miscellaneous charges not specifically prescribed in the Scale of rates.

4. STORAGE CHARGES:

The Storage charges for the cargo stored in the stack yard beyond the free period allowed shall be as follows:

(A). Storage charges after free period (per ton / per day)

Description	Rate in ₹ per tonne per day
Import - Free period – 10 days	
First ten days after expiry of free period	3.13
Beyond 20th day	4.70
Export – Free period – 20 days	
First ten days after expiry of free period	2.17
Beyond 30th day	3.25

Notes:

(i). For the purpose of calculation of free period Customs notified holidays and Terminal's non-working days shall be excluded.

(ii). Free period for export cargo shall commence from the actual date of the receipt of goods in the operator's premises.

(iii). Free period for import cargo shall be reckoned from the day following the day of completion of final discharge from the vessel.

(iv). Storage charge on cargo shall not accrue for the period when the terminal operator is not in a position to deliver / ship the cargo when requested by the user due to reasons attributable to the terminal operator.

5. MISCELLANEOUS CHARGES:

Description	Rate in ₹ per tonne
Import Manganese ore, Bauxite, Gypsum and Limestone	8.69
Export BF slag, Ores (other than iron ore) and Ilmenite sand	5.27

Composite charge for all miscellaneous services such as environment and management, sweeping of cargo on the wharf, safety measures etc.

6. GENERAL NOTE TO SCHEDULE (2) to (5) ABOVE:

The tariff caps will be indexed to inflation but only to an extent of 60% of the variation in Wholesale Price Index (WPI) occurring between 1 January 2012 and 1 January of the relevant year. Such automatic adjustment of tariff caps will be made every year and the adjusted tariff caps will come into force from 1 April of the relevant year to 31 March of the following year.

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

F. No.TAMP/51/2012 - VPT - **Reformulated proposal from Visakhapatnam Port Trust seeking approval of 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.**

A joint hearing on the case in reference was held on 18 December 2012 at the Visakhapatnam Port Trust (VPT) premises. The VPT made a power point presentation of its proposal. At the joint hearing, the VPT and the concerned users/ user organisations/ RFQ Applicants have made the following submissions:

Visakhapatnam Port Trust

(i). 10 to 11 of existing berths of VPT handle the cargo envisaged in the proposed facility. When the BOT operator is there, our berths will cease to handle the said cargo.

It may be difficult to consider 4 HMCs of 60 tonne each in view of cargo volume and vessel deployment pattern. We are not in a position to add any other cargo to the cargo mix envisaged at the proposed facility.

(ii). But, we will consider deployment of HMCs of 100 tonne in lieu of 2 HMCs of 60 tonne each.

(iii). Since WQ-7 & WQ-8 are integrated, we will formally request TAMP to cancel the June 11 Order.

Navayuga Engineering Company

We have no comments to offer.

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